

Annual Comprehensive Financial Report

For Fiscal Year Ended June 30, 2021

Virginia Beach, Virginia



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

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

**PREPARED BY
DEPARTMENT OF FINANCE**

ACKNOWLEDGEMENTS

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Department of Finance. I would also like to thank the City Auditor's Office for their assistance in managing the audit and audit contract. The contributions of all are invaluable and sincerely appreciated and clearly reflect the high standards which have been set by the City of Virginia Beach.

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(in alphabetical order)

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

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

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INTRODUCTORY SECTION

CITY OF VIRGINIA BEACH, VIRGINIA

PRINCIPAL OFFICIALS

AS OF JUNE 30, 2021

CITY COUNCIL

Robert M. Dyer Mayor
James L. Wood, Vice Mayor..... Lynnhaven District
Norman D. HolcombKempsville District
Sabrina WootenCenterville District
Michael Berlucchi Rose Hall District
Guy King Tower Beach District
Barbara M. Henley Princess Anne District
Louis R. Jones Bayside District
John D. Moss At-Large
Rosemary Wilson At-Large
Aaron R. Rouse At-Large

CONSTITUTIONAL OFFICERS

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

APPOINTED OFFICERS

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

CITY LEADERS

Taylor Adams..... Deputy City Manager
Kenneth L. Chandler..... Deputy City Manager
Ronald H. Williams, Jr..... Deputy City Manager

SCHOOL BOARD

Carolyn T. Rye , Chair Lynnhaven District
Kimberly A. Melnyk, Vice Chair ..Princess Anne District
Trenace B. Riggs Centerville District
Jennifer Franklin..... Kempsville District
Carolyn D. Weems..... Bayside District
Beverly M. Anderson..... At-Large
Sharon R. Felton Beach District
Jessica L. Owens Rose Hall District
Dorothy M. Holtz At-Large
Laura K. Hughes At-Large
Victoria C. Manning..... At-Large

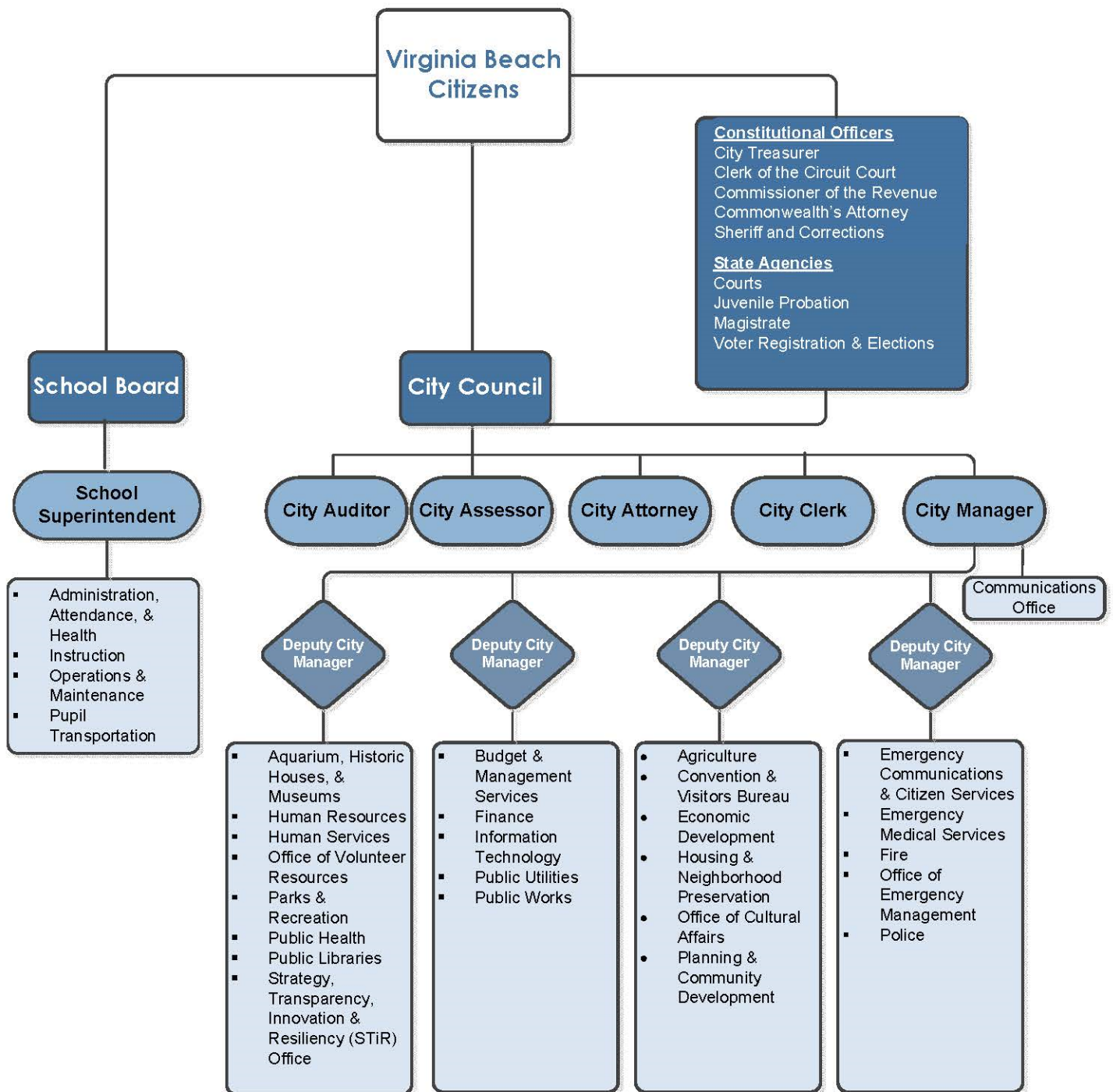
VIRGINIA BEACH DEVELOPMENT AUTHORITY

Lisa M. Murhpy Chair
Joseph E. Strange Vice Chair
David L. Bernd Secretary
William Brunke Treasurer
W. Taylor Franklin Assistant Secretary
Dr. William Brown Commissioner
Nneka Chiazor Commissioner
Penny Morgan..... Commissioner
Michael J. Standing Commissioner
Guenter H. Weissenseel..... Commissioner
Dorothy L. Wood Commissioner

VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

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

City Organization





City of Virginia Beach

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

December 9, 2021

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

The Annual Comprehensive Financial Report (ACFR) of the City of Virginia Beach, Virginia (City), for the fiscal year ended June 30, 2021, is hereby submitted. The City is required by the Code of the Commonwealth of Virginia and by the City Charter to publish at the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with *Government Auditing Standards* by a firm of independent certified public accountants. This report has been prepared by the Department of Finance and complies with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia. It includes all financial activities of the financial reporting entity, which consists of the City as well as its component units including: City School Board, Virginia Beach Economic Development Authority and Community Development Corporation.

Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported to present fairly the financial position of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

REPORT CONTENTS

The ACFR consists of three main sections: Introductory, Financial, and Statistical. In addition, the Single Audit and Continuing Disclosure sections are included at the end of the document. The Single Audit section presents the City's federal expenditures by grantor agency in accordance with Subpart F of 2 CFR 200. The Continuing Disclosure section provides certain annual financial information and material event notices as required by Rule 15c2-12 of the Securities and Exchange Commission. GAAP requires that management provide a narrative explanation of the financial statements and other statistical data which will enhance a readers' understanding of the City's financial condition, changes in financial condition and results of operation in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

CITY PROFILE AND SERVICES

The City of Virginia Beach, Virginia was established on January 1, 1963, by the merger of Princess Anne County and the former, smaller City of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia that covers 310 square miles and 38 miles of shore line on the Atlantic Ocean and the Chesapeake Bay. The City encompasses the entire eastern border of Virginia south of the Delmarva Peninsula and includes all of the area from the Chesapeake Bay to the North Carolina border. Based on the 2020 Decennial Census, the latest estimated population as of April 1, 2020 for the City of Virginia Beach is 459,470, which makes the City the most populated city in Virginia and third most populated locality behind Fairfax County and Prince William County.

The City of Virginia Beach derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia. The governing body of the City is the City Council, which formulates policies for the administration of the City. The City Council has 11-members and, historically, each member of the City Council has been elected on an “at large” basis; however, seven seats must be filled by individuals who reside in the seven residence districts of the City. The City Charter was amended in 1995 to provide that the City’s seven boroughs would be replaced by these approximately equally populated residence districts. There is no district residency requirement for the remaining four seats. The Mayor is elected by the voters and occupies one of these four seats. The City Council elects a Vice-Mayor from among its members. All members of the City Council are elected for four-year terms. The City’s electoral system will undergo changes in the future. Based on action of the General Assembly in the 2021 Special Session, the City’s former seven residence districts will become single member districts or wards wherein the members are elected only by the voters of the relevant district. This legislation is effective January 1, 2022.

In addition, in March 2021, the Eastern District of Virginia Federal Court found the City’s election system violated Section 2 of the Voting Rights Act of 1965. The City has appealed the liability decision by the District Court. Notwithstanding the appeal of liability, the District Court has indicated it will proceed to fashion a remedy for the violation of Section 2. The City was required to submit a recommended remedial plan by July 1, 2021. Ultimately, the Court will fashion a remedy to the Section 2 violation, which is anticipated in the fall of 2021, subject to the appeal rights of either party.

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



The City Council also appoints members to certain boards, commissions, and authorities as it deems necessary to the operation of the City. The School Board is made up of 11 members. Seven seats must be filled by individuals who reside in the seven respective residence districts of the City but each of the eleven elected School Board members are elected by the voters of the City at large. The School Board members serve four-year terms. The School Board exercises all of the powers conferred and performs all of the duties imposed upon them by general law. It does not have taxing authority. The same 2021 legislation referred to above will change the residency districts for the School Board to single member districts or wards. The School Board was not a party to the litigation in the Eastern District of Virginia, but the election system of the School Board may change to align the School Board's system of election with that of the City Council.

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

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

LOCAL ECONOMY – COVID-19, MAJOR INDUSTRIES, ECONOMIC CONDITIONS AND OUTLOOK

COVID-19, Economic Conditions and Outlook

On March 13, 2020, the President of the United States issued a National Emergency concerning the Novel Coronavirus Disease (COVID-19) outbreak. The COVID-19 pandemic has quickly and significantly changed the economic outlook across the country and the world, including the City of Virginia Beach. Because the duration and extent of the impact of COVID-19 on the City's revenues, expenses and cashflow are unknown and uncertain, the City instituted a variety of relief programs and initiatives to help mitigate the impact, maintain critical services, and keep residents and employees safe. The City has received \$78.5 million in Coronavirus Aid, Relief and Economic Security (CARES) Act – Coronavirus Relief Funds (CRF) for COVID-19 related expenses and awarded \$136.4 million in American Rescue Plan Act's Coronavirus State and Local Fiscal Recovery Funds to address fiscal effects from the pandemic from the U.S. Department of Treasury. The first half of funds was received in June 2021 and the second half of funds will be released under the second tranche one year after the disbursement of the first allocation. In addition, there were several smaller pass-through grants awarded to the Departments of Housing and Neighborhood Preservation as well as the Office of Emergency Management. Further information regarding COVID-19 can be found in Notes 9 of the Notes to the Financial Statements.

According to Old Dominion University's 22nd annual State of the Region Report, increased vaccination rates have aided economic resurgence and it is anticipated that the region will "grow faster in 2021 than at any time in the previous decade, and conditions are favorable for continued growth in 2022." Through FY 2022, the regional economy is anticipated to benefit from continuing growth with region-wide defense-related spending, improvements in tourism, and increased trade volume at the Port of Virginia. The report cautions "that vaccine hesitancy and resistance continue to challenge public health efforts and the economic recovery" if virus outbreaks occur in the unvaccinated population leading to more infectious virus variants that reduce efficacy of the vaccines. Over the long-term, the report recommends the region must continue economic diversification in areas such as education-medical research, renewable energy, cybersecurity, advanced manufacturing, and aerospace to build resilience in the economy to counterbalance future economic downturns that would impact the three main regional industry sectors of defense, tourism, and international trade through Port of Virginia.

The Virginia Beach economy continues to improve as real estate and personal property assessments continue to increase, some consumer-driven revenues including general sales continue to perform well, and hotel/short-term rental and restaurant meal taxes continued to recover during 2021. There are also continued recovery trends in the areas of job growth, tourism, and building activity. However, as a result of the pandemic the City like the region, state and nation is experiencing a decline in the size of the civilian labor force through June 2021 according to data from the U.S. Department of Labor, Bureau of Labor Statistics as people stopped seeking employment/left the job market. As noted in local news coverage and by the ODU State of the Region Report, this labor shortage has affected the leisure and hospitality sector, limiting economic recovery. Employers in the City, excluding the military, provided jobs for 165,638 persons through the first quarter (January through March not seasonally adjusted) of calendar year 2021 (197,587 including the military) compared with 175,525 in the first quarter of 2020 (207,474 including the military) resulting in a decrease of 9,887 jobs or 4.8% over this period, which reflects the lingering impact of the Covid-19 pandemic. The largest employment sectors in Virginia Beach are the Service sector (primarily Health Care, Social Assistance, Accommodation, and Food Services), Military, Wholesale and Retail Trade, and Local Government. As shown in the following table, comparison of the first quarter 2020 with the first quarter 2021, job losses occurred primarily in the Services (mainly Accommodation and Food Services, Administrative and Support and Waste Management and Remediation Services, and Health Care and Social Assistance), and Local Government sectors. Whereas, small job gains occurred primarily in the Transportation and Warehousing, Construction, and Agriculture sectors. According to data from BLS, the City's labor market tends to be seasonal with employment and labor force peaking in July (e.g. July 2021 employment of 220,170 and labor force of 228,731). Updated military employment data was not available prior to mid-November, so no changes in military employment are reflected (*Sources: Virginia Employment Commission (VEC), Navy Region Mid-Atlantic FFY 2019 Economic Impact Report*).

**City of Virginia Beach
Average Employment by Industry Sector*
As of First Quarter 2021 and 2020**

Industry Sector	2020	2021	Change in Jobs	% Change	% of Total Employment for 2021
<u>Private</u>					
Services	86,919	80,514	(6,405)	(7.4)	40.7
Wholesale and Retail Trade	25,426	24,887	(539)	(2.1)	12.6
Construction	10,036	10,231	195	1.9	5.2
Financial, Insurance and Real Estate	12,856	12,046	(810)	(6.3)	6.1
Manufacturing	6,245	5,859	(386)	(6.2)	3.0
Transportation and Warehousing	2,074	2,295	221	10.7	1.2
Information	2,954	2,568	(386)	(13.1)	1.3
Agriculture, Forestry, Fishing and Mining	62	73	11	17.7	0.0
Total Private*	146,572	138,473	(8,099)	(5.5)	70.1
<u>Public – Civilian</u>					
State Government	1,689	1,559	(130)	(7.7)	0.8
Local Government	20,745	19,050	(1,695)	(8.2)	9.6
Federal Government	6,519	6,556	37	0.6	3.3
Total Public – Civilian	28,953	27,165	(1,788)	(6.2)	13.7
Total Civilian Employment	175,525	165,638	(9,887)	(5.6)	83.8
Military	31,949	31,949	-	0.0	16.2
Total Employment	207,474	197,587	(9,887)	(4.8)	100.0

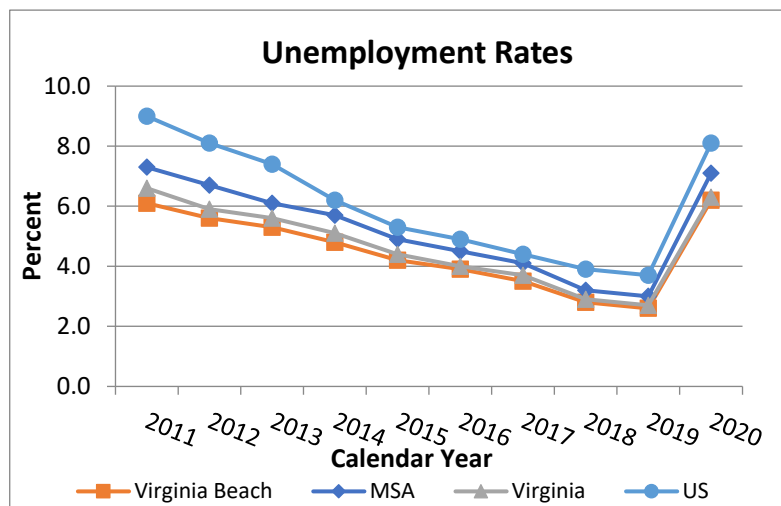
Sources:

Virginia Employment Commission, Economic Information Services Division, Quarterly Census of Employment and Wages Report (QCEW); latest data available

U.S. Department of the Navy, NRMA (Navy Region Mid-Atlantic) Integrated Shore Requirements Office (N5), Navy Region Mid-Atlantic FFY 2019 Economic Impact Report (December 21, 2020); based upon most current and available information.

* Per the VEC, excludes unclassified businesses, and immaterial amounts have been suppressed in certain industry sub-categories, which are included in the total amounts.

Annual average **unemployment rates** for 2020 were 6.2% for Virginia Beach, 7.1% for the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA), 6.3% for Commonwealth of Virginia, and 8.1% for the U.S. Unemployment rates have increased in 2020 compared with 2019 for the City, MSA, Commonwealth and nation due to the impacts of COVID-19 pandemic. There has been a steady decline in the unemployment rate in Virginia Beach from 2011 through 2019. The shock of COVID-19 caused unemployment to increase in Virginia Beach to 12.5% in April 2020 with gradual decline to 3.6% in August 2021 as the economy was recovering. Likewise, for the MSA, the unemployment rate rose to 12.4% in April 2020 and declined to 4.4% by August 2021. For the Commonwealth, the unemployment rate was 11.0% in April 2020 and decreased to 3.8% in August 2021. For the U.S., the unemployment rate was 14.4% in April 2020 and decreased to 5.3% in August 2021. (Source: U.S. Department of Labor, Bureau of Labor Statistics (BLS))

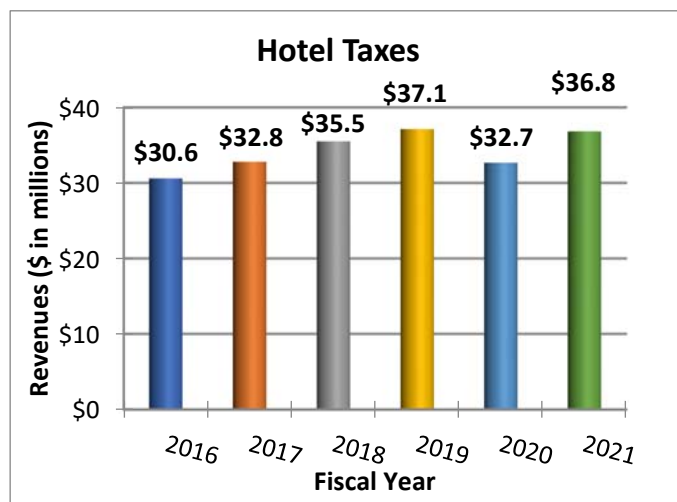


The average number of Virginia Beach residents employed in 2020 was 215,991 from an average labor force of 230,322. This reflects a decrease from 2019 in average employment (229,159) and average labor force (235,249) of 5.7% and 2.1%, respectively. (Source: BLS)

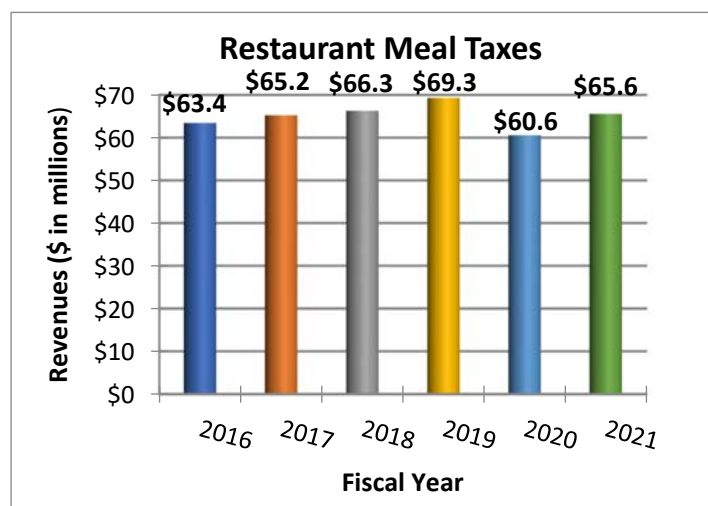
Based on the most recent data available, the **per capita personal income** for 2020 was \$60,796 for Virginia Beach, \$53,310 for the MSA, \$61,958 for Virginia, and \$59,510 for the U.S. Over the 5-year period from 2015 to 2020, the per capita personal income for Virginia Beach has increased an average of 3.0% per year. (Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA)) Also, based on the latest data available, the **median household income** continues to increase for Virginia Beach in 2019 to \$79,054 compared with \$77,059 in 2018. Median household income for the City has increased an average of 3.9% per year since 2013. (Source: US Census Bureau, 2019 American Community Survey)

Hotel/Lodging tax revenue (including taxes produced by non-hotels/short-term rental properties) collected in FY 2021 was \$36.8 million, an increase of \$4.1 million (12.7%) compared with \$32.7 million collected in FY 2020 and nearing the pre-pandemic level of \$37.1 million in FY 2019. Over the longer term, hotel tax revenues rose 3.8% annually from 2016 to 2021 on average, which is indicative of the strength of the tourism industry in Virginia Beach. The citywide hotel tax rate remained at 8.0% plus the \$2.00/room night charge throughout FY 2021. However, there is an

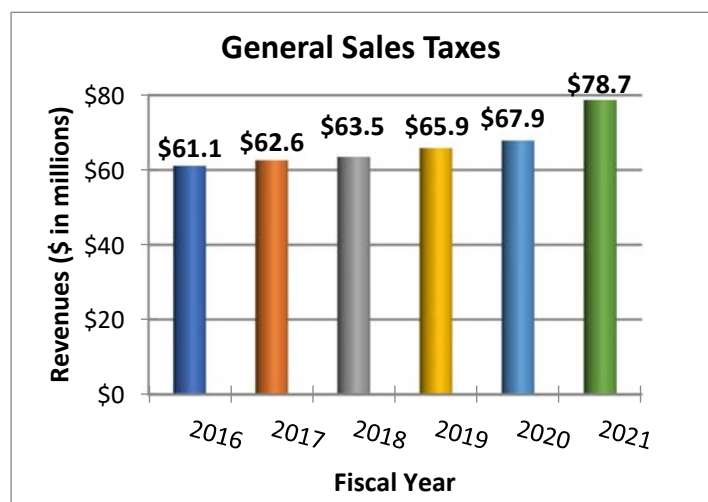
additional 1.5% tax assessed for short-term rentals in the Sandbridge Special Service District for use for beach replenishment and maintenance, for a total of 9.5%. Also, effective May 1, 2021 an additional 1% was added to the citywide rate per 2020 legislation from the General Assembly to be remitted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



Restaurant meals tax revenue collected in FY 2021 was \$65.6 million, an increase of \$5.0 million (8.3%) compared with \$60.6 million collected in FY 2020, but still less than pre-pandemic collections in FY 2019. Over the long term, restaurant meals tax revenue has been a consistent performer and has increased annually 0.7% on average over the last six years. The restaurant tax rate remained 5.5% throughout this period.



General sales tax revenue reflects the City's 1% share of the State sales tax. The amount collected in FY 2021 was \$78.7 million, an increase of \$10.9 million (16.0%) compared with \$67.9 million collected in FY 2020. This revenue stream has been increasing annually over the last six years by 5.2% on average.



Virginia Beach **real estate assessments** are projected to total \$63.7 billion in FY 2022, an increase of roughly 4.0% following a 3.3% increase in FY 2021. The City's tax base has steadily grown from FY 2016 through FY 2022 (projected) with

annual increases of 3.4% on average. (Source: Real Estate Assessor's Office, Annual Report)

Residential and commercial building activity has continued to grow. The number of building permits issued net of demolition permits as of Calendar 2020 totaled 7,173 valued at \$1.2 billion compared with 6,631 and \$433.1 million for calendar 2019. According to the Office of the Real Estate Assessor, for the first quarter of 2021, expansion in the tax base continued but at a slower pace with the value of new construction of \$55.9 million compared with \$66.2 million for the first quarter of 2020. New construction was primarily residential totaling \$38.8 million (69.4%) with \$17.1 million (30.6%) being commercial construction. (Source: Department of Planning and Community Development, Office of the Real Estate Assessor, Quarterly Report).

Major Industries – The strength of the city's economy lies in its diversification including construction/real estate, light industry, technology services, wholesale and retail sales, agriculture, advanced manufacturing, healthcare, four major military bases, and resort and convention trade. The City encourages and supports this diversification. Defense and Tourism are the largest industries in the City. Agriculture is the City's third largest industry comprising over 27,000 acres of farmland and over 200 farms and farm related businesses that generated \$134.4 million in economic impact in 2020. It is a diverse agricultural business sector including production agriculture (soybeans, corn, and wheat), fruits and vegetables (over 24 different locally grown products including the area's highly regarded strawberry crop), equine, livestock, and agritourism. Defense Spending, the Port of Virginia and Tourism continue to be stabilizers of and sources of growth in the Hampton Roads regional and Virginia Beach local economies. Virginia Beach generates about 22.4% of the regional Gross Domestic Product (GDP) based on the latest data available from the U.S. Bureau of Economic Analysis from 2019 (in inflation adjusted dollars) indicating GDP for Virginia Beach at \$19.8 billion and the region at \$89.5 billion.

Defense Spending - According to ODU's 2021 State of the Region report, the Department of Defense direct spending in Hampton Roads in FY 2021 is projected to be \$24.8 billion reflecting an increase of \$1.3 billion or 6.3% increase over the 2020 level of \$23.5 billion. According to ODU, defense-related spending accounts for 40% of the regional economy or 4 of every 10 dollars spent in the region. On September 30, 2021 the President signed into law: H.R. 5305, the "Extending Government Funding and Delivering Emergency Assistance Act" which provides federal fiscal year (FFY) 2022 appropriations to Federal agencies through December 3, 2021, for continuing projects and activities of the Federal Government under FFY 2021 funding levels; includes supplemental appropriations for disaster relief; includes supplemental appropriations for Afghanistan evacuees; and extends several expiring authorizations. The FFY amount for the Department of Defense was \$703.7 billion.



The region and Virginia Beach have experienced increased direct defense spending in recent years. Based on the latest economic data from the U.S. Department of the Navy, the total direct economic

impact of military bases Naval Air Station Oceana and Joint Expeditionary Base Little Creek-Fort Story on the regional economy was \$3.7 billion for FFY 2019, an increase of approximately \$88 million or 2.4% over FFY 2018. This impact includes payroll and expenditures for the procurement of goods and services to support operations of the military bases. Given the increase in federal defense budget in FFY 2021 and increased defense spending in the region estimated by ODU, it is anticipated that Virginia Beach also experienced an increase in defense spending in FFY 2021.

In conjunction with defense spending, defense contract spending has a sizable impact on the economy. Based on the latest analysis by the U.S. Department of Defense, Office of Local Defense Community Cooperation report “Defense Spending by State Fiscal Year 2019”, defense contract spending totaled \$41.6 billion in FFY 2019 for Virginia, an increase of 11.5% compared with \$37.3 billion in FFY 2018. For FFY 2019, defense contract spending totaled \$2.1 billion for Virginia Beach, an increase of 28.1% compared with \$1.6 billion in FFY 2018.

The Port of Virginia – The Port of Virginia, the third largest container port on the East Coast, is a vital segment of the Hampton Roads economy. The Virginia Port Authority is the owner/operator of the Port facility whose private company, Virginia International Terminals, LLC oversees the operations. With 50-foot channels, six marine terminals, and the largest container cranes in the world, the Port of Virginia connects global businesses to their customers anywhere, as well as being one of the nation’s 16 strategic ports for deploying military personnel and equipment worldwide. Based on data from the Port of Virginia, the number of 20-foot equivalent unit (TEU) containers shipped through the Port in FY 2021 totaled 3.22 million, a 16.8% increase over FY 2020 (2.76 million) and 9.6% increase over the pre-pandemic level in FY 2019 (2.94 million).



Photo of Virginia International Gateway © The Port of Virginia

The increase in TEUs was comprised of 316,841 loaded containers reflecting a 14.3% increase and 146,535 empty containers reflecting a 27.2% increase. Cargo tonnage moving through the port grew to 23.5 million tons in FY 2021 compared with 20.9 million in FY 2020 and 22.1 million tons in FY 2019. Ship calls increased to 1,538 in FY 2021 (7% growth) compared with 1,438 in FY 2020 and nearing pre-pandemic total in FY 2019 of 1,570. The growth in trade activity at the Port in terms of TEUs, cargo tonnage and ship calls continued into FY 2022 from July through September compared with the same period in FY 2021 (25.0%, 23.3%, 9.5%, respectively). Based on TEU trade data (i.e. imports, exports, loaded and empty TEUs) for the four east coast ports for Calendar Years 2020 and 2021 (through May), the Port of Virginia ranks third in market share (16.2% and 16.7%, respectively), compared with New York/New Jersey (43.6%, 43.3%), Savannah (26.9%, 27.3%) and Charleston (13.3%, 12.7%) (source: U.S. Dept of Transportation, Bureau of Transportation Statistics). According to ODU in its 2021 State of the Region Report, the Port has not been able to gain market share of loaded TEUs, having the same market share in 2020 as in 2011. Various businesses in Virginia Beach supply cargo to the Port, such as the World Distribution Services. The Port’s ability to compete may be bolstered by the major capital investment of \$400 million that began in 2016 and completed in FY 2020 that expanded and

upgraded its two largest terminals, increasing container capacity over 46%. Of critical importance to the Port and region is the U.S. Army Corps of Engineers Norfolk Harbor \$350 million project that will deepen the Norfolk Channel to 55', the Thimble Shoals channel to 56', and the Atlantic Ocean channel to 59', and widen the channel to permit two-way navigation, which will be a benefit to U.S. Naval operations. The Port anticipates the channel project to be completed in 2024. This project will improve the competitiveness of the Port, enabling it to regain its status as the deepest port on the east coast, and attract more ultra large container vessels (transporting over 15,000 TEUs), helping to diversify the regional economy. (source: The Port of Virginia, Monthly Statistics and 2020 Annual Report)

Tourism - Tourism is an important industry in Virginia Beach and a vital component in the City's economy producing revenues supporting the provision of City services and capital projects including the convention center, sports center, and Pacific Avenue improvements. Pre-pandemic, according to the Virginia Tourism Corporation 2019 Economic Impact of Domestic Travel on Virginia and Localities report by U.S.



Travel Association, tourism and the convention industry supported 13,618 jobs with a payroll of \$305.3 million in 2019, a decrease of 2.7% and increase of 1.2%, respectively, over 2018 levels of 13,999 jobs with \$301.6 million payroll. Data for 2020 tourism impact to Virginia localities is currently under review by the Virginia Tourism Corporation and is anticipated to show economic declines in the tourism industry due to impacts of the coronavirus pandemic.

With improvements in the rate of community transmission of the coronavirus and increased inoculations from the coronavirus vaccines enabling more businesses to open, special events to be held and travel to resume, the Tourism industry continued to recover during FY 2021 from the adverse impacts of the travel decline resulting from business closings and travel restrictions caused by the coronavirus pandemic and state/city disease mitigation responses incurred in FY 2020. According to Smith Travel Research data provided to the Virginia Tourism Corporation, from January through August 2021 compared with the same period in 2020, citywide hotel performance has improved as indicated by room demand increasing 36.1%, supply increasing 4.5%, occupancy increasing from 50.6% to 65.9%, average daily rate paid per room increasing 34.6% from \$128.24 to \$172.55 and revenue per available room increasing by 75.3% from \$64.90 to \$113.77. To aid in the recovery of the tourism industry, City Council provided additional funding in FY 2020 (\$2 million) and FY 2021 (\$1.4 million) for tourism advertising to support the industry as the City's beaches reopened May 22, 2020. The advertising campaign targeted nearby driving markets including major cities in North Carolina, Maryland, and Pennsylvania. Like other industries, the Tourism industry has experienced a worker shortage that reduced the industry's capacity to service the demand by visitors. To assist in preserving the City as a premium destination for visitation, City Council approved a grant of \$400,000 on July 6, 2021 to the Hampton Roads Workforce Council consisting of \$250,000 for a "back to work" cash incentive (\$1,000 per incentive), \$100,000 marketing campaign, and \$50,000 for administrative expenses.

KEY INITIATIVES

The FY 2021 financial report reflects the use of resources to achieve the City government's vision as defined by City Council in its five strategy areas developed in its past Annual Goal Setting Workshops: 1) 21st century infrastructure, 2) safe and healthy communities, 3) growing economic opportunity, 4) thriving neighborhoods, and 5) innovative and sustainable government. To ensure that Virginia Beach remains a preferred coastal city to attract residents, businesses and visitors, the City balances its efforts and use of resources to sustain the important components that make the City livable and successful. City Council's vision and strategies provide direction for these efforts. Highlights of some key initiatives during FY 2021 impacting the success and sustainability of the City are shown below.

Resiliency

Sea Level Rise/Recurrent Flooding Comprehensive Analysis - Flood protection associated with more frequent and intense storm events, sea level rise and land subsidence has become a critical issue in the Hampton Roads region and for the City. As a coastal community, Virginia Beach is proactively assessing its vulnerability, developing strategies, and implementing policy and engineering measures to increase its resiliency to reduce the impacts of severe storm events and tidal and storm surge flooding. The City's approach to resiliency incorporates the City's Stormwater Master Drainage Plan, the Sea Level Wise Adaptation Strategy Plan, and Water Quality Regulations.



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

The Sea Level Wise Adaptation Strategy Study is complete. It outlines a proactive, long-term approach to enable Virginia Beach to adapt to changing environmental conditions to ensure a vibrant future. This plan is the culmination of five years of work that included input from technical experts, community participants, and regional partners to gain a full understanding of flood risk and anticipated changes that will occur over time. The plan outlines policy and engineering strategies to reduce short and long-term impacts and creates city-wide and watershed-level 'action plans' to guide strategy implementation. Furthermore, the plan aims to improve Virginia Beach's overall flood resilience by using natural mitigations to lessen the magnitude and extent of flooding events through open space nature-based features in addition to engineered solutions to prevent the

passage of floodwater into inhabited areas. On June 16, 2020, City Council adopted and incorporated the Sea Level Wise Adaptation Strategy report in the City's Comprehensive Plan. The final Sea Level Wise Adaptation Strategy plan is posted on the City's website and can be found at this link [Sea Level Wise](#).

Since 2014, the City has performed numerous scientific studies to determine the correct design standards which should be utilized for future projects. The new Public Works Design Standards contain more stringent stormwater requirements including Modeling, Increased Design Rainfall Depths, Starting Tailwater elevations, Groundwater Baseflow and Sea Level Rise. These design standards were adopted by City Council on June 16, 2020 for incorporation into the City Code.

The City has developed a funding strategy using a combination of property tax increases and stormwater utility fee rate increases to fund an aggressive operations and maintenance program and Capital Improvements Program. The Capital Improvements Program is planning to spend \$792 million over the next 6 years to address recurrent flooding capital maintenance and other storm water system needs. These tax and fee increases were approved by City Council in the Adopted FY 2020 Budget; however, the stormwater ERU rate increases for July 1, 2020 and July 1, 2021 were postponed until FY 2023 to provide relief to residents and businesses due to the impacts of COVID-19. In addition to accelerate the flood protection capital projects, on July 13, 2021 City Council approved the Flood Protection Program Bond Referendum question for the November 2, 2021 General Election ballot to obtain voter approval to issue \$567.5 million in General Obligation Bonds for design and construction of twenty-one storm water flood mitigation projects within 10-years for Phase 1 of a multi-phase flood protection program. Based on election data results from the Virginia Department of Elections, Virginia Beach voters approved the bond referendum by a wide margin with 72.7% of ballots (110,834) cast voting "yes" versus 27.3% (41,669) voting "no". The debt service for these referendum bonds would be paid by future increases in the real estate tax rate of 4.3-cents to 6.4-cents.

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



experiences moderate beach erosion resulting from wind and wave action. Cost-effective periodic beach nourishment at Virginia Beach has been demonstrably successful in combating natural erosion and stabilizing the shoreline position. Beach nourishment is acknowledged as an important element in adaptation strategies to combat sea level rise.

Between May 2018 and August 2022, six City public beaches will have been bolstered with sand as beach nourishment:

- Resort Beach and North End – last renourished in 2019 with 1.4 million cubic yards of sand totaling \$22.7 million (\$14.8 million Federal/\$7.9 million City) through a 50-year partnership with the U.S. Army Corps of Engineers (USACE); the USACE documented that this project prevented more than \$450 million in coastal infrastructure damage.
- Sandbridge Beach – last renourished in 2020 with 1.7 million cubic yards of sand totaling \$20.6 million (\$18.7 million City Sandbridge Tax Increment Financing District and Sandbridge Special Service District Funds/\$1.9 million Federal); the USACE documented that this on-going project prevented more than \$140 million in coastal infrastructure damage.
- **Bay Beaches** - The beaches adjacent to the Lynnhaven Inlet, Cape Henry, and Ocean Park Beaches, have been nourished multiple times using sand from the federal/USACE Lynnhaven Inlet maintenance dredging project. The most recent replenishment of Cape Henry Beach was accomplished in June 2019 with nearly 180,000 cubic yards placed on the beach from the inlet dredging project. Chesapeake Beach (the westernmost bay beach) nourishment project was completed in May 2018 where over 430,000 cubic yards of sand were mined from a nearshore borrow site and placed on the beach. A project to continue maintenance of the restored Chesapeake Beach is funded in the Capital Improvement Program, with the next replenishment programmed for 2022. Beach nourishment projects are being designed for Ocean Park and Cape Henry Beaches through capital project “100030 - Bay Beaches Restoration”. These efforts will go beyond periodic beach nourishment associated with maintenance of Lynnhaven Inlet, by creating higher and wider beach profiles and dune features. Ocean Park Beach will be the first beach to be improved to a higher and wider dimension with a major beach and dune restoration project, anticipated to begin in early 2022 as a partnership with the Virginia Port Authority making use of sand mined from their Norfolk Harbor and Channels Deepening project. The City cost for the Ocean Park restoration sand placement is \$6.14 million to place 400,000 cubic yards of sand. A stand-alone restoration project for Cape Henry Beach is programmed to follow in 2024.
- **Croatan Beach** - The City completed significant dune restoration work at Croatan Beach in December 2018, which will be followed by a 50,000-cubic yard beach nourishment to be included in an upcoming federal/USACE Rudee Inlet maintenance dredging project to be performed in January 2022.

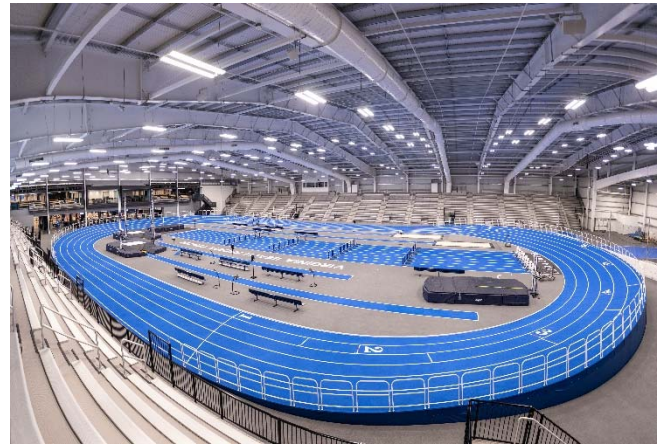
Tourism

To expand the tourism sector of the economy, City Council has supported and/or funded multiple initiatives.

Convention quality hotels – According to Smith Travel Research data, as of July 2021 the available hotel room inventory in the City consisted of 10,762 hotel rooms located in 143 properties (excluding approximately 924 timeshare units rented as hotel rooms), reflecting an increase of 205 (3.1%) hotel rooms compared with July, 2020 (10,437 hotel rooms in 141 properties); this inventory will fluctuate throughout the year due to hotel renovations, new construction, and seasonal and weather closures. There are several key tourism-related projects,

in various stages of discussion and review, intended to continue the forward momentum of the industry. These include two hotel projects including Embassy Suites at the Cavalier Hotel complex and Homewood Suites by Hilton at the Oceanfront; and a potential Entertainment Complex at the eastern end of the 19th Street Corridor including the Atlantic Park project at the Dome site. The City has offered incentives for the development of convention quality hotels, including restoration of the historic Cavalier Hotel (opened in March 2018) and its two companion hotels, the Oceanfront Marriott Hotel with parking garage (adding 305 rooms and opened in May 2020), and Embassy Suite Convention Hotel Campus (anticipated to open during 2022). It is anticipated that these three hotels will produce annual revenues of \$2 million to the City in Year 1 growing to \$6 million by Year 7 with net present value over 20-years to the City of \$65 million, net of City incentives.

Sports Center - On July 10, 2018, the City Council authorized the design-build of the Virginia Beach Sports Center. Construction of the 285,000 square-foot facility began in August 2018 with completion ahead of schedule and on budget at a total project cost of \$68 million. The sports tourism facility featuring 119,000 square-feet of hardwood (12 basketball courts convertible to 24 volleyball courts), a 200-meter world class, hydraulically banked track, and seating for 5,000 spectators. The Center is City-owned and privately operated, and the debt for the project will be paid by tourism funds through the Tourism Investment Program Fund, which includes primarily hotel and restaurant meal taxes generated by visitors. This project is designed to attract tournament events from outside the region and provide an amenity for local events. It is anticipated to add 68 sporting events annually having a fiscal impact of \$4.2 million by the fifth year of operation. The Center opened in October 2020 during the COVID pandemic. From October 2020 through September 2021, despite operating under strict COVID capacity limitations and mitigations, the facility booked 66 events for Year 1 of operations of which 58 were new events to the market involving approximately 76,000 athletes. In addition, the VB Sports Marketing team successfully bid and was awarded the opportunity to the nation's premier indoor track and field event, the NCAA Division I, II and III Championship for 2023-2026.



Aquarium - Findings from an FY 2018 economic impact study conducted by Sage Policy Group, Inc. revealed that the Virginia Aquarium & Marine Science Center generates \$257 million in economic impact (direct, indirect, and induced) in Virginia Beach annually including 3,250 jobs, and that each Aquarium visitor generates \$12 in tax revenues to the City. In FY 2021, a financial analysis of the Aquarium's long-range plans by Davenport & Company LLC identified



funding options to support the plans and highlighted the need for feasibility and operational impacts studies for the main building renovation and future expansion as well as a new parking structure to accommodate the project's footprint.

The City continues to reinvest in the Aquarium with various projects:

- Construction of the Darden Marine Animal Conservation Center (began September 2018 with completion and opening June 2021) totaling \$18.1 million, of which \$4.5 million is from the Virginia Aquarium & Marine Science Center Foundation. The project consists of two buildings totaling 18,000 square-feet. This facility provides seawater access; animal care areas to support acquisitions/quarantine for animal exhibits and stranded animal rehabilitation; support areas for stranding response and research; laboratory spaces; and office/technical spaces for staff and volunteers.
- Concurrent construction of two Aquarium projects for the Owls Creek Marsh Pavilion facility, rebranded the South Building, with a total project cost of \$28.9 million of which the Virginia Aquarium & Marine Science Center Foundation provided \$9.3 million, began in May 2020 with opening expected Spring 2022. One project renovated the Aquarium's 22-year-old Marsh Pavilion including new exhibits funded by the Aquarium & Marine Science Center Foundation and expanded parking. The second project constructed an adjacent Veterinary Care Center needed to meet the Association of Zoos and Aquariums accreditation standards for animal care. These new spaces will provide additional ways to expand the Aquarium's conservation initiatives, provide educational resources for school children and adults, and draw new visitors to the Aquarium to promote return visitation, and help position Virginia Beach as a year-round destination.

The Aquarium began an aggressive Master Planning process in 2019, and future plans include a 1,052-space parking structure, a new state-of-the-art exhibit building on the current surface parking lot, and renovations of the existing 30-year-old Main Building exhibits that are nearing the end of their expected life. These future plans enable the Aquarium to remain open and to expand exhibits while addressing critical infrastructure needs within the Main Building. The option of closing the Main Building for a renovation would necessitate relocating exhibit animals and closing to the public; according to Davenport & Company LLC, the net effect of that closure would be an operating loss of \$18 million over a three-year period, and the loss of the \$257 million in annual economic impact to the Virginia Beach economy.

Atlantic Park (Dome site) – The Virginia Beach Development Authority negotiated a development agreement with Venture Realty Group for a \$325 million mixed-use, multi-venue entertainment complex on the former Dome site, a 10.35-acre site over three blocks between 18th and 20th Streets at the oceanfront. The development agreement was approved by City Council in November 2019 with the goal of making the Oceanfront area a year-round destination. The complex will include retail, multi-family housing, a Wavegarden Surf Park, and a 3,500-seat



music venue. The project will involve private financing of \$230 million and a City contribution of approximately \$95 million for parking, streetscapes, and an entertainment venue. The City's contribution will be funded by the City's Tourism Investment Program Fund. The agreement will entail a performance grant of \$5 million over 20 years from the project generated tax revenues. Construction is anticipated to begin in 2022 with completion by 2025.

Education

Virginia Beach Public Schools is the largest school division in the region, with March 31 average daily membership totaling 63,452 for FY 2020-21 school year, a decrease of 4.89% compared with the previous year (66,714). The Virginia Beach Public School system consists of 55 elementary schools, 14 middle schools, 11 high schools, and a number of secondary/post-secondary specialty centers. The Virginia Beach City Public School (VBCPS) division is one of four school divisions in the region to be 100% fully accredited for its 82 schools for the fourth consecutive year. For the 13th consecutive year, VBCPS has reached a record-high On-Time Graduation rate of 94.9% (compared with 94.2% in 2020) while its drop-out rate decreased to 2.7%% (compared with 2.9% in 2020) the lowest on record.

The Virginia Beach Public Schools continues to modernize or replace school facilities. Currently construction is progressing on three schools totaling \$103.7 million:

- The \$77.24 million replacement of Princess Anne Middle School, which was completed in 2021.
- The \$13.75 million renovation of Plaza Annex was completed in 2021.
- The \$12.75 million Lynnhaven Middle School Expansion (Achievable Dream Academy) is estimated to be completed in late 2022.

With these three schools, 35 school facilities have been modernized or replaced in the past two decades: a capital investment of more than three quarters of a billion dollars. With these three schools, Virginia Beach City Public Schools will have a total of 14 facilities that are LEED Certified, representing 2.1+ million SF of space that is LEED Certified, or about 20% of School assets

Economic Development

In order to meet the City's goal to grow the tax base, the City has an ongoing Economic Development Incentive Program (EDIP) to promote business development and expansion. Since the inception of EDIP in 1994, the City and VBDA have awarded 315 EDIP grants totaling \$66.6 million, which was intended to generate more than \$2.6 billion in private investment and create and retain 39,408 jobs. For FY 2021, a total of \$929,500 in EDIP grants were approved for 6 projects, which are intended to leverage more than \$68 million in private investment (ratio of \$73 of private investment to \$1 of public investment) and the creation/retention of 482 jobs in the City. In addition, Virginia Beach has eight opportunity zones that are uniquely positioned and ready for investment and growth. These Opportunity Zones, created as a result of the Federal Tax Cuts and Jobs Act of 2017, are designed to encourage long-term investments in designated portions of a community. Tax incentives are provided to investors who reinvest their unrealized capital gains into one of the designated zones. To promote economic growth, enhance access to economic opportunity for Virginia Beach residents and remove barriers to employment – such as transit,

training, and childcare – that prevent individuals from attaining and retaining good paying jobs, the City offers several tax abatement programs – real estate, sales tax, and business licenses.

In response to the impacts of the COVID-19 pandemic on small businesses, City Council provided an additional \$1 million of tax relief in FY 2021 for small businesses through the Small Business Emergency Assistance Program. During the COVID-19 pandemic, business and industry continued to grow. There were nine announcements of new businesses or business expansions that anticipate generating 450 new jobs and \$190 million in capital investment. These include various sectors: manufacturing (Project Savanna, BMK, Forbes Candies, Intrepid Powder Coating), agriculture (Sunny Farms), defense/manufacturing (ZeroPoint), warehousing/distribution/logistics (project Door), and information technology (ACA International).

The City continues initiatives to diversify the local economy beyond defense and tourism industries with the development of technology, bioscience, advanced manufacturing, and offshore wind energy industries. Highlights of these efforts are as follows:

Digital Port - The City is a growing international digital port for high-speed fiber-optic subsea telecommunication cables and associated data centers, which create higher-paid tech jobs as well as attract new businesses requiring high-speed data transmission. Subsea cables serve as the major carriers of the internet and are responsible for the majority of the world's digital traffic. Corporate Landing Business Park, a 325-acre, light industrial, research and data center park, is the city's hub for the digital port. In order to attract this industry, the City is offering reduced tax rates on data center equipment, fiber access hubs, streamlined permitting process, and available data center sites certified by Dominion Energy. The Virginia Beach Development Authority owns the conduit system supporting the data centers. This \$1.2 million project was recently completed on Corporate Landing Parkway with diverse conduit runs consisting of 2 X 8 (total 16 conduits) 4" conduits which include three 1.25" inner-ducts located in each conduit. Three cables have recently been constructed (MAREA, BRUSA, and DUNANT), and two additional cable projects (SA-Ex and CONFLUENCE-1) have been announced and are in various stages of planning and development. One data center has been constructed (Globalinx) and three additional projects (PointOne, NxtVN, and SIMIS) announced and are in various stages of planning and development. The three existing cables are depicted in the following map:



Microsoft, Facebook and Telxius constructed the first sub-sea cable, **MAREA**, connecting Bilbao Spain to Virginia Beach (a distance of 4,000 miles) that became operational during fall 2017. This cable can transport 200 terabytes per second (Tbps). It is operated and supported by Telxius Data Center/Cable Landing Station providing a key connectivity point within the U.S. with direct connection to one of the largest concentration of data centers in the world, located in Ashburn, Virginia.

Telxius has completed a second under-sea cable, **BRUSA**, connecting Rio De Janeiro, Brazil and Puerto Rico to Virginia Beach (a distance of 6,800 miles), which became operational in 2018. It is supported by Telxius Data Center/Cable Landing Station that has a direct connection to one of the largest concentration of data centers in the world, located in Ashburn, Virginia. This cable can transport 160 Tbps and was designed to adapt and evolve with the growing demand for technology.

Google announced in 2018 the construction of its **Dunant** cable from France's Atlantic coast to Virginia Beach to expand its network and support growth of the Google Cloud, which became operational in 2020. It is a 6,600 km long cable designed to deliver capacity of 300 Tbps and will land at the Telxius Data Center/Cable Landing Station.

Assured Communications Advisors (ACA) International LLC and South Atlantic Express International Ltd announced in 2018 a new cable, **SAEx**, to link Cape Town, South Africa to Virginia Beach (a distance of 8,000 miles), which is projected to land in 2026. This cable is designed with minimum capacity of 108 Tbps.

Confluence – 1 is a proposed undersea cable system linking the largest recently installed cable landing stations on the east coast of the United States. The CONFLUENCE-1 connects Wall, New Jersey with Sunny Isles, Florida, with branching units to Virginia Beach, Myrtle Beach and Jacksonville Beach.

Data centers are being constructed in Virginia Beach to support the industry and newly constructed cables. Some of the new projects include:

Globalinx completed a 10,750 square-foot carrier-neutral colocation carrier hotel facility and data center (Phase I) that opened in the first quarter of 2019. An expansion comprising of a 22,000 square foot data center is underway with design complete and construction anticipated to occur in late 2021. As proposed, this is a four-phase 21-acre data center campus that at completion, will consist of a carrier hotel and four data center buildings totaling over 280,000 square feet. Globalinx has entered into a purchase agreement to acquire 10 acres from the VBDA at \$200,000 per acre to build Phase IV of their data center campus.

NxtVn Virginia Beach DigiPorts acquired 10 acres with an option to purchase a total of 219 acres across Dam Neck Road from Corporate Landing Business Park to develop a data center campus of up to 1.4 million square feet at estimated cost of \$1.5 to \$2 billion. Planning and development is underway to build a 170,000 square-foot data center.

PointOne, a hyperscale data center developer headquartered in Alberta, Canada, will invest \$80 million in Virginia Beach with the acquisition of 10.4 acres from the VBDA for \$2.08 million and construction of NAP (Network Access Point) of Virginia Beach, enterprise-class data center and cable landing station campus. It will consist of two 39,530 square-foot data facilities that will house edge computing data centers, a cable landing station for eight-plus future subsea cables and an international internet business exchange. Located across the street (400 yards) from the Telxius Cable Landing Station, this data center will have direct tie-in access to the MAREA and BRUSA cables. The \$60-million Phase I construction began in summer 2019, encountered delays in 2020 related to the Covid-19 pandemic, and will restart later in 2021. The facility is designed to withstand up to 200-mph winds and is being built at 15-feet above sea level.

SimIS Inc. (a simulation and modeling and information security company) was granted an Option to purchase four acres of land located in Corporate Landing Business Park to build a data center/data-ecosystem facility.

Innovation Park - The 155-acre Innovation Park, owned by the Virginia Beach Development Authority, is located in the Princess Anne Commons Area, which is a multi-function commercial corridor with strong long-term development potential. The City of Virginia Beach identified the area as the ideal location for the Innovation Park because of its proximity to neighboring assets such as educational institutions, national and regional retailers, and dense workforce. In July 2021 Acoustical Sheetmetal Company (ASC) celebrated the opening of its new \$15.8 million 100,000 square-foot facility which more than doubles the company's manufacturing capacity and will add as many as 200 full-time advanced manufacturing jobs. As evidence of the continuing strength of industrial activity in the community, all of Innovation Park's Phase I was obligated within 100 days.

Also, in the Princess Anne corridor in the vicinity of the Nimmo Parkway/West Neck Road intersection, the State Department of Veterans Services began construction in summer 2019 of a 150,000 square-foot 128-bed rehabilitation and nursing facility for retired veterans, known as The Jones & Cabacoy Veterans Care Center. The facility will be located on 24-acres donated by the City to the Commonwealth of Virginia and is scheduled to open in 2022. The City is extending

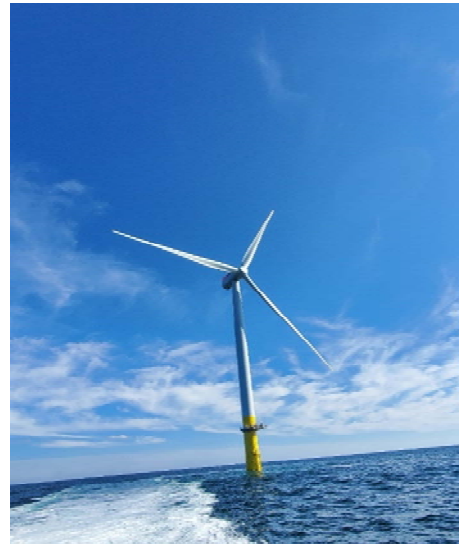
Nimmo Parkway (\$4.5 million total project cost) to access the facility, with estimated completion in December 2021.

Bioscience Business Development - In March, 2019 with the culmination of the first VABeachBio Innovation Challenge, a business development challenge for biotech startup companies that began in fall 2017, 19 teams were selected to become new Virginia Beach bio-tech companies in fields such as cancer, diabetes, therapeutics, and medical device development. The City is leasing up to 5,706 square feet of space for the Bio Accelerator, a new space at Convergence Center II. The space will be available to both small and growing companies and winners of the VABeachBio Innovation Challenge — an incubator program for life sciences startups. Industry experts will nurture these companies and help them grow in the hopes that they will create new jobs and provide breakthroughs in medicine. It is anticipated that the Bio Accelerator will open in January 2021.

Town Center - Town Center, an emerging downtown core in the heart of Virginia Beach's Central Business District, features a vibrant urban mix of upscale retail, Class A office space, luxury residential units, entertainment, two performing arts centers, a central park, and other cultural facilities. The 25-acre development spans 17 city blocks. The ongoing mixed-use development encompasses more than 800,000 square feet of Class A office space, 700,000 square feet of upscale retail, dining, and business-class hotels. To date, Armada Hoffler has invested nearly \$487.8 million in the Town Center of Virginia Beach and the City has contributed \$108 million of public investment. On April 20, 2021, City Council approved a resolution for an extension of the Town Center Option Agreement, which authorizes the VBDA to approve a 3-year extension to April 20, 2024 for Armada Hoffler to exercise an option to develop the last remaining parcel at Town Center at Block Two (1.4-acre surface parking lot formerly the site of the Beacon Building/The Virginian Pilot's Virginia Beach Office at 4565 Virginia Beach Boulevard between Market and Bank Streets). The success of Town Center has been a catalyst for other projects in the area. Construction of a \$19 million, 14-story, 120-room Hampton Inn by Hilton is currently under development and is expected to generate \$30 million in revenue over 25 years, which would generate about \$9 million in tax revenue that would be reinvested into Town Center. The Central Business District will be home to two business accelerators: Small Business Resource Center (SBRC - Hive) and Bio Accelerator for supporting innovation and entrepreneurship. The SBRC - HIVE will serve as a business incubator to develop business competitiveness, jobs creation, investment opportunities, infrastructural improvements, global inclusion, and participation within the Hampton Roads community. SBRC – HIVE will strive to be recognized as the entrepreneurial, small business change-agent for the Hampton Roads business community. It is designed and developed to support an innovative and entrepreneurial ecosystem in Hampton Roads through collaboration with the City of Virginia Beach, academic institutions, other cities in Hampton Roads, Small Business Association, and other entrepreneurial related organizations.



Offshore Wind Energy - On August 7, 2018, City Council adopted a resolution expressing its support for and commitment to the creation of an offshore wind energy industry and reaffirmed this commitment on August 6, 2019 in a second resolution. On September 16, 2019, Governor Northam issued Executive Order 43 calling on state agencies to develop a plan for Virginia to produce 30% of its electricity from renewable sources by 2030 and to be fully carbon-free by 2050. Thereafter on September 19, 2019, Dominion Energy announced a \$7.8 billion project to expand its \$300 million wind energy demonstration project under construction on 27 miles off the Virginia Beach coast. The expanded project will involve the construction of up to 220 giant wind turbines to generate 2,600 megawatts of electricity by 2026 enough to power 650,000 homes.



Virginia/Carolina Offshore Wind Energy projects underway:

- **Coastal Virginia Offshore Wind-Dominion Energy:** Development of two 6-megawatt turbines on 2,135-acre site which lies 27 miles off the coast of Virginia Beach, generating about 12 megawatts to power 3,000 homes at peak wind speeds. The project's capital cost is \$300 million and the major participants are Ørsted for the offshore installation and L.E. Meyers for the onshore installation. Project ground-breaking occurred on July 1, 2019. Dominion Energy announced on June 29, 2020, the successful installation of Coastal Virginia Offshore Wind pilot project. The first offshore wind farm to be approved by the Bureau of Ocean Energy Management and installed in federal waters, and second constructed in the United States, was built safely and on schedule despite the worldwide impact from the coronavirus pandemic. Several Virginia-based companies contributed to the pilot project and Dominion Energy remains committed to creating the expertise to position Virginia Beach to be a supply chain hub for U.S. offshore wind efforts and create thousands of clean energy jobs in Virginia. Along with clean energy, this pilot project provided Dominion Energy with critical operational, weather, and environmental experience needed for large-scale development.
- **Dominion Energy Commercial Coastal Virginia Offshore Wind Development:** Building on the experience gained from the CVOW pilot, in September of 2019, Dominion Energy filed a request with PJM Interconnection for a commercial-scale offshore wind farm. The commercial project is scheduled to be built in three 880-megawatt phases, from 2024 to 2026, and would bring an additional 2.64 gigawatt (GW) of offshore wind energy online. In a commercial-scale buildout such as this, approximately 180 turbines can be erected; however, the exact quantity is subject to final project site conditions and the design layout of the wind farm. As currently envisioned, this \$7.8 billion project will be capable of generating enough electricity to power 660,000 homes (Source Dominion Energy).
- **Kitty Hawk Offshore Wind:** Kitty Hawk Offshore is a wind project of Avangrid Renewables and will be the second commercial offshore wind project to bring offshore wind power to Virginia Beach. This \$5-\$8 billion project has the potential to yield 2.5 GW

of electricity which would be enough to power approximately 700,000 homes. As part of the onshore project, Avangrid Renewable had secured options from Virginia Beach to acquire 20 acres of land in the Princess Anne Commons area and 30 acres in Corporate Landing Business Park to locate two substations. The regional investment is estimated to be between \$60 -to- \$310 million including the creation of 11,500 jobs. The construction is anticipated to begin in 2024 with completion in 2026 (Source: Kitty Hawk Offshore Wind).

Advanced Manufacturing

Virginia Beach is continuing its effort to enhance the industrial ecosystem. The continued industrial attraction is dependent on more sites inventory Tier rating. Virginia Beach is working closely with Hampton Roads Economic Development Alliance and Virginia Economic Development Partnership (VEDP) through VEDP Business Ready Sites Program. The program has two components: (i) site characterization to ascertain and designate a site's level of development and (ii) site development to further develop the sites. The goal of site development is to develop a pool of potential sites in the City that are well prepared and positioned for selection and development by prospective economic development projects that are ready to commit to the construction of a facility. These potential sites are typically at a site characterization Tier Level 4 or 5. Corporate Landing Business Park received a Tier 4 site rating. The VBDA was granted a GO Virginia Grant to complete Phase 2, of infrastructure work in the Innovation Park to get the remaining eighty acres to Tier 4 site rating, a site readiness program in collaboration with Virginia Economic Development Partnership, Hampton Roads Planning District Commission, Reinvent Hampton Roads and Hampton Roads Alliance. This effort will assist in promoting the availability of shovel-ready sites to prospective businesses.

INTERNAL CONTROL AND BUDGETARY ACCOUNTING

The City's management team is responsible for establishing and maintaining an internal control structure to protect the assets of the government from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the un-liquidated balance of encumbrances at year-end.

FINANCIAL MANAGEMENT POLICIES

The City employs several policies to provide the framework for sound financial management. City Council's continuing fiscal policies include maintaining existing services to the extent possible; positioning the City to withstand local and regional economic disruptions; meeting the demands of natural growth, decline and change; ensuring that citizens understand and support the need for fiscal sustainability and the policies through which it is achieved; maintaining a diverse tax base; maintaining and monitoring existing debt policies; and providing for special services and projects through special dedicated revenue generation (e.g. Tourism Investment Program and the Tourism

Advertising Program Special Revenue Funds). City Council's policies provide overall direction and guidance for resource management. In addition, these policies resulted in the high level of financial strength that led to and continue to support the City's bond rating on its General Obligation Bond debt of Triple-A by S&P Global Ratings (S&P), Moody's Investors Service (Moody's), and Fitch Ratings Inc. (Fitch).

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

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

DEBT MANAGEMENT POLICIES

The City has developed a series of Debt Management Policies to provide a functional tool for debt management and capital planning. The policies reiterate the City's commitment to rapid principal retirement, maintaining sufficient working capital to avoid the use of short-term borrowing for operating purposes, and the use of self-supporting or revenue-supported debt where appropriate. The policies also establish target levels for key debt ratios as shown below. As shown in the following table, all debt affordability indicators were within the established guidelines for FY 2021.

Ratio Description	Established Guidelines	As of June 30, 2021
Annual Debt Service to General Government Expenditures	No greater than 10%	7.4%
Overall Net Debt to Estimated Full Value of Taxable Property	No greater than 3.5%	1.4%
Overall Net Debt Per Capita	No greater than \$3,000	\$1,977
Overall Net Debt Per Capita to Per Capita Personal Income	No greater than 6.5%	3.3%

For the twelfth consecutive year, three major rating agencies, Fitch, Moody's, and S&P, affirmed the City's triple-A ratings with stable outlooks on its General Obligation Bonds. Ratings for Public Facility Revenue Bonds (appropriations supported) were generally one notch below the General Obligation rating at AA+/Aa1 and Aa2/AA+ by Fitch, Moody's, and S&P, respectively. Moody's assigned a rating of Aa2 to the Series 2020B reflecting the less essential nature of the financed projects and the underlying rating of the refunded Series 2010B&C bonds. Water and Sewer Revenue Bonds were rated in September/October 2020 at AAA by Fitch and S&P and Aa1 by Moody's with stable outlooks. Storm Water Revenue Bonds were rated in September 2020 by Fitch and Moody's at AAA and Aa1, respectively, with stable outlooks.

LONG TERM FINANCIAL PLANNING

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

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

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

CERTIFICATE OF ACHIEVEMENT AND AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR as of the fiscal year ended June 30, 2020. This reflects the 42nd time that the City has achieved this prestigious award over many years. To be awarded a Certificate of Achievement, a government must publish an efficiently organized ACFR providing full disclosure and transparency. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes its current ACFR continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate. In addition, the City was awarded a Certificate of Achievement for Excellence in Financial Reporting by the GFOA for its Popular Annual Financial Report (PAFR) for fiscal years ended June 30, 2019 and 2018. The City believes that its PAFR for the fiscal year ended June 30, 2020 continues to meet the award for Outstanding Program's requirements and has submitted the report to the GFOA for consideration. Also, it will make a similar application to GFOA for the current year's PAFR.

The GFOA also presented a Distinguished Budget Presentation Award to the City of Virginia Beach for its annual budget for the fiscal year beginning July 1, 2020 (FY 2021). This reflects the 35th time the City has achieved this prestigious award over many years. To receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device. The award is valid for a period of one year only. The City believes its current budget continues to conform to program requirements and has submitted it to GFOA to determine its eligibility for another award.

The National Institute of Governmental Purchasing's Outstanding Agency Accreditation Award (OA4) was awarded to the City of Virginia Beach from 2016 through 2022. This OA4 accreditation formally recognizes excellence in public procurement through the establishment of a body of standards that evidence sound procurement practice. The City of Virginia Beach is part of an elite group of procurement organizations as one of only 151 government agencies that have attained this distinction in the United States and Canada. Additionally, in 2019, the City was awarded the Achievement of Excellence in Procurement from the National Procurement Institute for the fourth consecutive year. The City of Virginia Beach is one of only eight agencies in Virginia and one of only 65 cities in the United States and Canada to receive the award. The Purchasing Division also received the Excellence in Achievement Award from Universal Public Procurement Certification Council in 2019. The award recognizes exceptional agencies that achieve a fully certified procurement staff.

ACKNOWLEDGMENTS

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

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

Respectfully submitted,



Patrick A. Duhaney
City Manager



Letitia L. Shelton
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Virginia Beach
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia, (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Beach Community Development Corporation, which represent 3.8%, 41.0%, and 1.0%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Virginia Beach Community Development Corporation were not audited in accordance with the *Specifications for Audits of Counties, Cities, and Towns*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11.C to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. As a result, related net position and fund balance have been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021, 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 black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
December 9, 2021

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Virginia Beach (City) provides this narrative overview and analysis of the City's financial performance during the fiscal year that ended June 30, 2021. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

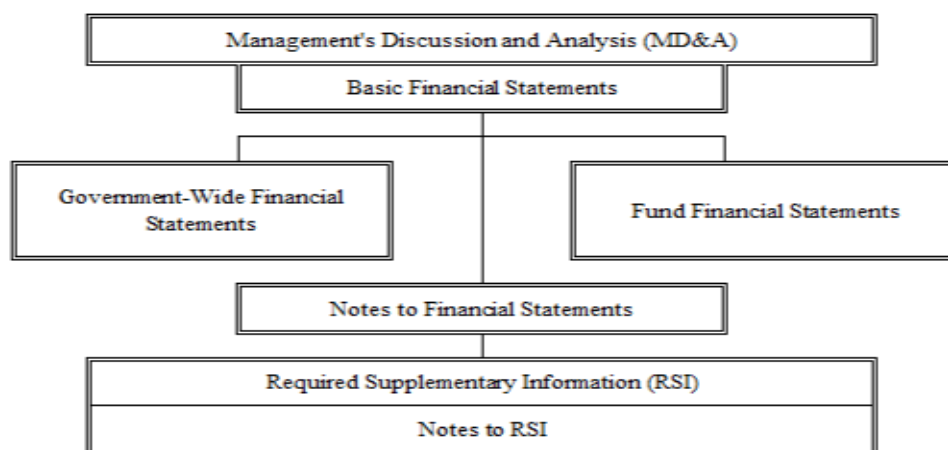
- At the end of the fiscal year 2021, the total net position of the City on a government-wide basis, excluding component units, was \$4.0 billion. Of this amount, the unrestricted net position totals \$627.2 million. Total net position increased by \$121.1 million from the prior fiscal year end's net position.
 - The total net position for governmental activities was \$2.7 billion, an increase of \$78.8 million over the prior year's net position.
 - The business-type activities net position was \$1.3 billion, an increase of \$42.3 million over the prior year's net position.
- As of the close of fiscal year the City's governmental funds reported combined ending fund balances of \$742.1 million a decrease of \$(12.5) million in from the prior year.
 - \$10.4 million, or 1.4%, is considered nonspendable (inventories and loans receivable)
 - \$68.4 million, or 9.2%, is restricted by outside agencies
 - \$334.3 million, of 45.0%, is committed for the capital improvement program, education and outside agencies
 - \$219.0 million, or 29.5%, is assigned for specific purposes as identified by the City
 - \$110.0 million, or 14.8%, is unassigned in the General Fund and is available for spending at the City's discretion
- The City's total bonded debt increased by \$7.5 million, or 0.6% from fiscal year 2020.
- For the twelfth consecutive year, all three major rating agencies, Standard & Poor's, Moody's Investor Service and Fitch Ratings, affirmed the City's triple-A ratings on its General Obligation bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Figure 1: Components of the Financial Section



Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

Fiduciary funds - Used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The City's Fiduciary funds are divided into two separate fund types: the Other Postemployment Benefits Trust Fund and the Custodial Funds (Special Welfare, Sheriff's Inmate Fund and Escheat Funds). Fiduciary funds are reported using the full accrual basis of accounting and the economic resources measurement focus. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS WHOLE

Net Position

The *Statement of Net Position* serves as a useful indicator of a government's financial position. At the end of the fiscal year, the City's total net position was \$4.0 billion. This amount represents an increase of \$121.1 million, or 3.1%, over the prior year's net position. The net position for governmental activities increased by \$78.7 million and the business-type activities net position increased by \$42.3 million.

The City's total assets were \$6.2 billion. This amount includes \$4.7 billion of capital assets, net of accumulated depreciation, which include roads, bridges, parks, utilities (water, sewer and storm water) infrastructure, land, other long-lived assets, and projects in the construction in progress program. Under the "tenancy in common" with the School Board, the City has included \$329.1 million of net book value of School Board property equal to the total outstanding principal balance of the "on behalf" debt at June 30, 2021.

The largest component of the City's net position (\$3.3 billion or 81.7%) is the investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets for business-type activities represents, for the most part, the capital assets of the water, sewer, and storm water utilities.

At June 30, 2021, the City reported \$627.2 million in the unrestricted category of its net position. This is \$(114.2) million lower than last year's net position of \$513.0 million. The unrestricted category includes fund balances of the general fund, capital projects, and special revenue funds that have been committed or assigned at the fund level.

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 992.8	\$ 916.0	\$ 466.1	\$ 334.7	\$ 1,458.9	\$ 1,250.7
Capital Assets	3,427.1	3,423.0	1,313.8	1,289.4	4,740.9	4,712.4
Total Assets	4,419.9	4,339.0	1,779.9	1,624.1	6,199.8	5,963.1
Deferred Outflows of Resources	177.8	126.8	15.9	11.5	193.7	138.3
Long-Term Debt Outstanding	1,702.8	1,706.3	492.1	364.9	2,194.9	2,071.2
Other Liabilities	130.8	69.4	25.0	33.9	155.8	103.3
Total Liabilities	1,833.6	1,775.7	517.1	398.8	2,350.7	2,174.5
Deferred Inflows of Resources	37.8	42.6	3.9	4.2	41.7	46.8
Net Position						
Net Investment in Capital Assets	2,394.3	2,304.4	873.6	966.4	3,267.9	3,270.8
Restricted	77.9	70.4	28.1	25.8	106.0	96.2
Unrestricted	254.2	272.7	373.0	240.3	627.2	513.0
Total Net Position	<u>\$ 2,726.3</u>	<u>\$ 2,647.6</u>	<u>\$ 1,274.7</u>	<u>\$ 1,232.4</u>	<u>\$ 4,001.1</u>	<u>\$ 3,880.0</u>

Changes in Net Position (Statement of Activities)

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

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	83.5	90.8	221.1	220.8	304.6	311.6
Operating Grants & Contributions	234.0	230.8	-	-	234.0	230.8
Capital Grants & Contributions	1.4	9.4	3.1	5.0	4.5	14.5
General Revenues:						
Property Taxes	779.3	705.6	-	-	779.3	705.6
Other Taxes	333.8	290.3	-	-	333.8	290.3
Other	73.5	74.3	7.1	5.0	80.6	79.3
Total Revenues	1,505.5	1401.2	231.3	230.9	1,736.8	1,632.1
Expenses:						
Legislative	1.2	1.2	-	-	1.2	1.2
Executive	5.1	5.1	-	-	5.1	5.1
Law	4.7	4.6	-	-	4.7	4.6
Finance	23.5	19.6	-	-	23.5	19.6
Human Resources	4.7	12.3	-	-	4.7	12.3
Judicial	70.8	67.3	-	-	70.8	67.3
Health	4.0	3.7	-	-	4.0	3.7
Police	111.0	90.2	-	-	111.0	90.2
Human Services	126.4	125.7	-	-	126.4	125.7
Public Works	180.8	184.5	-	-	180.8	184.5
Parks & Recreation	47.4	53.8	-	-	47.4	53.8
Library	17.8	18.3	-	-	17.8	18.3
Planning	10.1	19.6	-	-	10.1	19.6
Agriculture	1.0	3.5	-	-	1.0	3.5
Economic Development	10.3	0.1	-	-	10.3	0.1
Convention & Visitor Bureau	25.8	26.0	-	-	25.8	26.0
Cultural Affairs	2.0	3.2	-	-	2.0	3.2
Information Technology	40.5	37.0	-	-	40.5	37.0
Emergency Communication & Citizen Services	8.8	7.7	-	-	8.8	7.7
Boards and Commissions	-	23.0	-	-	-	23.0
Fire	66.7	52.2	-	-	66.7	52.2
Budget and Management Services	1.2	1.3	-	-	1.2	1.3
Education	393.8	444.6	-	-	393.8	444.6
Housing & Neighborhood Preservation	38.4	33.5	-	-	38.4	33.5
Museums	10.5	10.3	-	-	10.5	10.3
Emergency Medical Services	16.2	11.5	-	-	16.2	11.5
General Government	151.9	55.8	-	-	151.9	55.8
Water & Sewer	-	-	128.4	122.9	128.4	122.9
Storm Water	-	-	28.4	33.3	28.4	33.3
Development Authority	-	-	14.2	11.8	14.2	11.8
Waste Management	-	-	39.9	34.9	39.9	34.9
Parking	-	-	3.5	3.3	3.5	3.3
Interest on Long-Term Debt	26.7	24.5	-	-	26.7	24.5
Total Expenses	1,401.3	1,340.1	214.3	206.3	1,615.7	1,546.4
Excess Before Transfers	104.2	61.1	17.0	24.6	121.1	85.7
Transfers	(25.4)	(11.2)	25.4	11.2	-	-
Change in Net Position	78.7	49.9	42.4	35.8	121.1	85.7
Net Position – Beginning	2,647.6	2,597.7	1,232.4	1,196.6	3,880.0	3,794.3
Net Position – Ending	\$ 2,726.3	\$ 2,647.6	\$ 1,274.8	\$ 1,232.4	\$ 4,001.1	\$ 3,880.0

Revenues

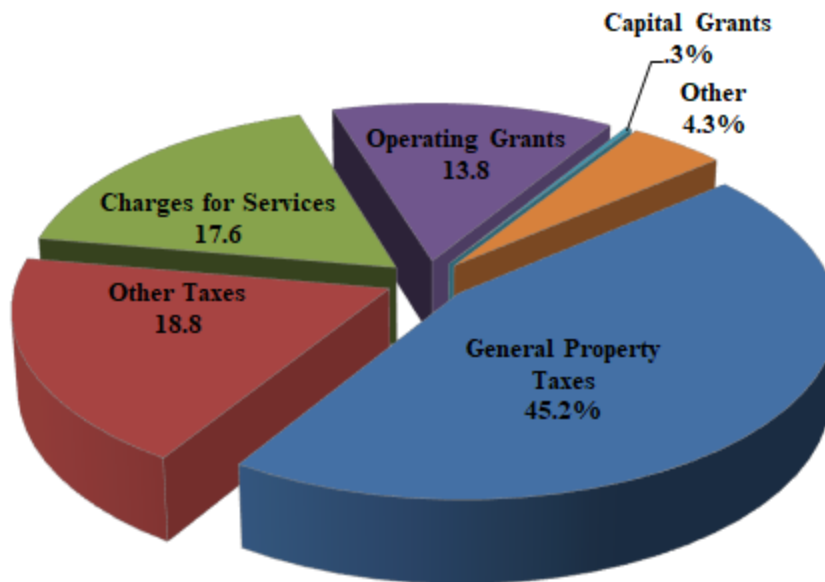
The City's total revenues were \$1.7 billion, an increase of \$104.7 million over the revenues from prior year primarily due to increases in property tax and other taxes. These revenues consist of program and general revenues. Program revenues are derived from the program itself and reduce the reliance on the City's general revenues; these include charges for services, operating and capital grants and contributions. General revenues are all other revenues and include property and other taxes, and interest earnings.

For *Governmental Activities*, program revenues totaled \$318.9 million, compared to \$331.1 million from the prior year. There was a decrease in revenues for charges for services for Museums and Parks and Recreation and a decrease in capital grants and contribution receipts for roadways.

General revenues totaled \$1.2 billion. This represents a increase of \$116.4 million over the prior year.

Business-type Activities generated program and general revenues of \$231.3 million, primarily from charges for services were \$221.1 million and capital grants and contributions were \$3.1 million.

Figure 1: Revenues by Source - Primary Government as of June 30, 2021



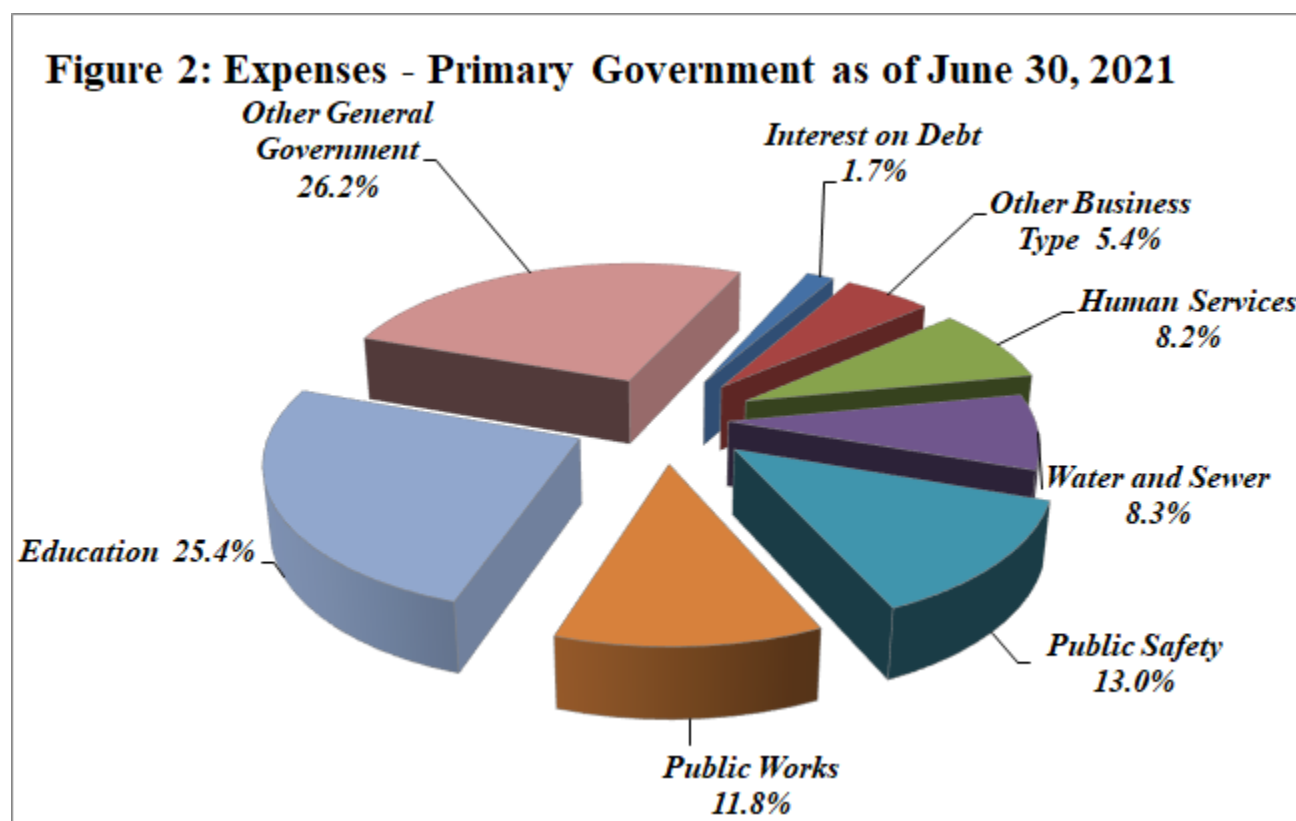
Expenses

The City's total cost of all programs and services was \$1.6 billion, a \$69.3 million increase over expenses from the prior year. Figure 2 shows the breakdown of major expenses by function.

Expenses (before transfers) for *Governmental Activities* totaled \$1.4 billion, an increase of \$61.2 million over the prior year. The increase in current year expenses are due mainly to public safety and general government expenditures in the General Fund.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education totaled \$393.8 million (net of the adjustment to account for the tenancy-in-common legislation). This amount represents a decrease of \$50.8 million over prior year due to no new debt issued in FY 2021.

Expenses for the *Business-type Activities* include those related to water, sewer, storm water, and waste management utility services as well as parking operations and certain economic development functions (blended component unit). For the current fiscal year these totaled \$214.3 million, a \$8.0 million increase from prior year.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

At the end of the fiscal year, the total fund balance for the City's governmental funds was \$742.1 million, compared to \$754.6 million in the prior fiscal year, an decrease of \$12.5 million.

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

- \$10.4 million is nonspendable which consists of loans and inventories in the General Fund.
- \$68.4 million is restricted, which can be spent only for the specific purposes stipulated by external providers, such as grantors or restricted through legislation. In the General Fund, this amount is for community services programs \$2.9 million and economic development \$1.8 million. Non-major governmental funds consisted mainly of debt service costs \$43.8 million and other federal and state grants funds \$19.9 million.
- \$334.3 million is committed, which can only be used for the specific purposes imposed by the formal action of City Council. In the General Fund committed balance of \$16.2 million is for education. The non-major governmental funds consisting of \$22.2 million for convention and visitor development, \$15.3 million for the agriculture reserve program activities, \$10.2 million for parks and recreation, \$0.8 million for public safety, & education activities and \$5.7 million for Central Business District South Tax Increment Financing fund.

Included in the committed fund balance is \$263.3 million for the capital improvement programs consisting of:

- Engineering and Highways - \$67.9 million
- Buildings - \$58.8 million
- Parks & Recreation - \$6.9 million
- Communications and Technology - \$14.0 million
- Coastal - \$1.5 million
- Economic and Tourism - \$8.0 million
- General Government - \$106.2 million

\$219.0 million is assigned, which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For example, this amount includes \$78.2 for the FY 2021's capital program and \$54.9 million for education, which includes unspent funding by the schools and reverted to the City.

- \$110.0 million is unassigned, which is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

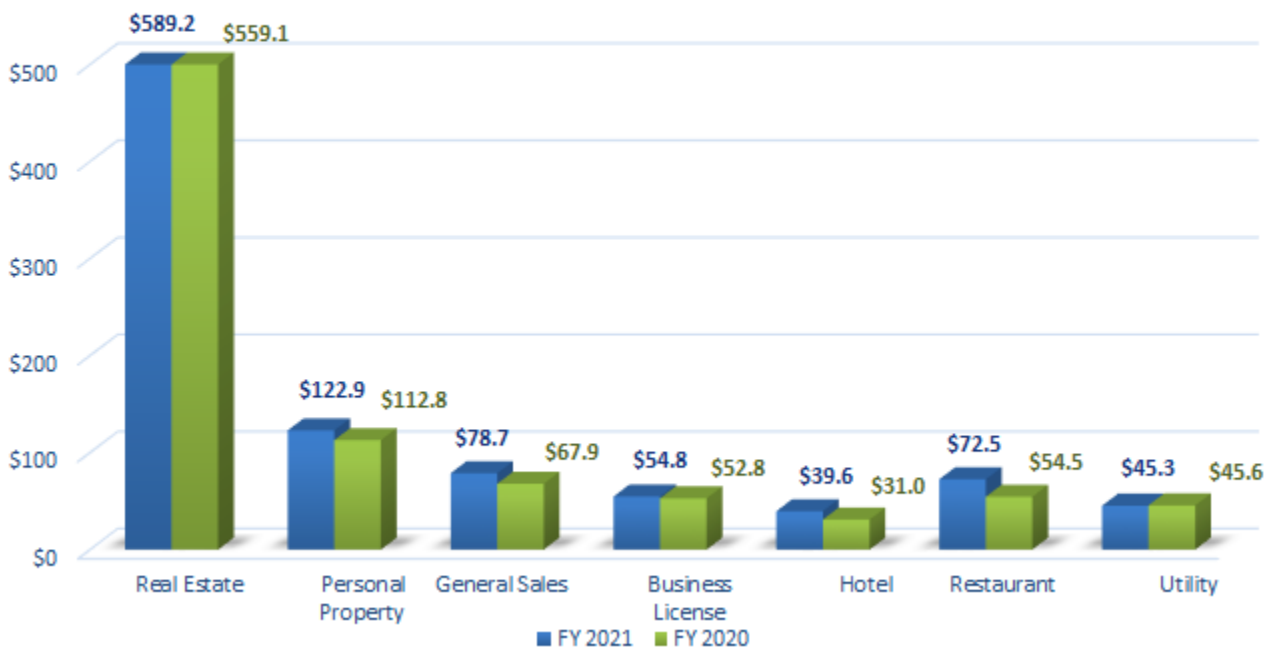
Items to be noted include:

- Real estate taxes of \$631.5 million increased by \$28.4 million from prior year. Real estate revenues are the City's single largest revenue source and comprised 43.1% of total revenues received for the year. This is mainly due to an increase of 3.4% in real estate assessed values.
- Revenues recorded for personal property taxes of \$122.9 million were higher than prior year by \$10.1 million. This is mainly due to an increase of 2.2% in personal property tax assessed values. The City continues to

receive PPTRA (personal property tax relief program) reimbursements from the State of \$53.4 million, which are reported as state revenues.

- Other Taxes revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meal, amusement, business licenses, deeds, wills, and automobile licenses totaled \$323.2 million. This represents a \$25.1 million increase over the previous year mainly due to COVID-19 pandemic temporary shut down of local businesses in FY 2020.
- Revenues from federal and state funding of \$297.4 million were higher than prior year by \$3.2 million which compares favorable to prior year's \$294.2 million.
- Full-time city employees did not receive a pay increase in FY2021 due to economic uncertainty due to COVID-19.
- Revenues received in the capital projects fund from the federal and state governments were \$1.1 million and \$2.8 million, respectively, which were mostly in support of transportation projects. The capital projects fund received cash funding totaling \$67.1 million from the General Fund, other special revenue funds, and the Parking Enterprise Fund.

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



Proprietary funds

The City's proprietary fund statements offer short and long-term financial information about the activities that the government operates as a business, such as the water and sewer system, storm water, waste management, parking, and development authority funds. These statements provide the same type of information found in the government-wide financial statements, but in more detail. The ending net position for the proprietary funds totals \$1.3 billion.

Notable items are as follows:

- The Water and Sewer fund's net position increased by \$5.8 million continues to reflect strong financial management and the continuing acquisition and construction of capital assets to help address continued compliance with federal consent order on sanitary sewer overflows. Water and Sewer fees of \$4.90 per thousand gallons remain in effect.
- The net position for the Storm Water fund increased by \$22.8 million, which provides funding to continue addressing backlogs in the areas of flood control and water quality over the next several years. Total operating revenues of \$45.8 million were \$1 million more than the prior year. Total operating expenses were \$25.0 million, a decrease of \$6.0 million from the prior year primarily due to the decrease in other charges. In the current fiscal year, the equivalent residential unit fee of .493 cents per day remain in effect.
- The net position for the Waste Management fund, increased by \$1.1 million. The fund accounts for the annual operating expenses of the waste management functions, including recycling activities, waste collection, and disposal at the landfill. Waste collection fees of \$25/month will remain in effect.
- The net position for the Development Authority, which is the City's blended component unit, increased by \$9.2 million which is attributable to increased contributions from the City.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in the current fiscal year. During the fiscal year, City Council approved various modifications to the original adopted budget. Major budget adjustments include:
 - ⇒ \$13.0 million to the School's operating fund for the one time bonus to full time employees and stipends for teachers providing dual instruction
 - ⇒ \$2.0 million to the Schools Risk Management Fund
 - ⇒ \$5.5 million to be reserved in the School's reserve special revenue fund to cover possible shortfalls in fiscal year 2021.
 - ⇒ \$15.8 million for various schools renovations and replacement projects.
 - ⇒ \$28 million contribution to United Way

Actual total revenues were greater than the amended budget by \$54.8 million primarily due to increase in other local taxes, (\$36.6 million) and general property taxes, (\$26.3 million).

General fund expenditures totaled \$1,199.8 million, which was \$122.3 million lower than the amended budget.

- Significant positive variances were the result of the following:
 - ⇒ Public safety departments were (\$13.3 million) or (7.5%) below the amended budget. The Police, Fire and EMS departments generated savings of \$9.6 million, \$1.9 million, and \$1.8 million, respectively. This was attributed to lower personnel costs due to salary reimbursements through the CARES Act and conservative spending on non-essential expenditures at department levels due to the uncertainty of the COVID-19 pandemic.
 - ⇒ Human Services was (\$14.9 million) or (11.1%) below the amended budget - due to lower expenditures in personnel charges, reduction of client services offered by outside vendors and suspended operations of city offered programs with the reassignment of personnel.
 - ⇒ Public Works was (\$11.4 million) or (12.8%) below the amended budget - due to savings in personnel charges (\$1.5 million), timing of pavement maintenance projects that were not completed during the fiscal year (\$3.3 million), and under utilization of Storm Water departments budgeted in General Fund in FY2021 (\$2.6 million).
 - ⇒ Education was (\$25.7 million) or (5.8%) - mainly due to the reversion funds that were returned to the City's general fund at year-end. This amount will be submitted to City Council in the next fiscal year for re-appropriation to the Schools' funds.
 - ⇒ The General Government category did not utilize (\$15.4 million) of appropriations for Contingencies.
 - ⇒ All departments experienced overall positive variances due to a citywide hiring freeze and the cut back of non-essential expenditures due to economic uncertainty in the wake of the COVID-19 pandemic.

At the end of the fiscal year, unassigned fund balance for the general fund was \$111.0 million or 10.35% of next fiscal year's budgeted revenues, and is within the City's fund balance policy.

CAPITAL ASSETS

During the current fiscal year, the City's investment in capital assets of \$4.7 billion increased by \$28.5 million from prior year (Table 3). This investment includes a broad range of capital assets (e.g. land, equipment, buildings, park facilities, roads, bridges, water and sewer lines, and construction in progress).

Major capital projects placed in service during the year included:

- Virginia Beach Sports Center (\$58 million) will provide a 285,000 square feet of column-free program space to include 12 regulation (high school) basket ball courts convertible to 24 volleyball courts; flexible court layout and use of multi-purpose flooring/mat options to accommodate a variety of sport applications including gymnastics, wrestling, cheer, dance and others. There is a articulated tract to accommodate indoor track and field events. The building has a combination of seating systems, an elevated mezzanine level, food service facilities, official's locker rooms, storage space, public restrooms, administrative offices and sufficient "camping" space for family, spectator and participants to accommodate up to 5,000 people.
- Witchduck Road Phase II (\$55.3 million) will provide a six-lane divided roadway from I-264 to Virginia Beach Boulevard. Improvements and modifications to several intersections. Aesthetic improvements include 16-foot benches comprised of 8-foot wide concrete sidewalks and 8-foot wide brick pavers with tree wells. Existing aerial utilities were relocated to a new underground ductbank.
- Princess Anne Road Phase VII (\$20.2 million) will provide a four-lane roadway within a 143-foot right-a-way with a bike path, from General Booth boulevard to Fisher Arch, a distance of approximately 1.25 miles. Included are improvements at several intersections and aesthetic upgrades.
- Virginia Aquarium Marine Animal Care Center (\$18.4 million) this project is the relocation from a leased building to a 3 acre site to be purchased from the Navy on Bells Road. This secure location has access to

seawater and will include: two building totaling 18,000 square feet, parking and staging areas, sea water collection system, and utility extension.

Capital Project expenditures for the fiscal year totaled \$145.8 million for general government, \$24.5 million for water/sewer and \$34.0 million for storm water projects.

Major current year general government expenditures include:

- City Hall Replacement (\$21.1 million) will provide the additional space needed and flexibility to support the staff and City government
- Various Buildings HVAC (\$6.4 million) for the rehabilitations & renewals of systems for city owned facilities
- Operations Facilities Renovations (\$8.2 million) to three office buildings located at the City Municipal Center
- Aquarium Marsh Pavilion Enhancements (\$6.4 million) will include updates to the pavilion to entice more visitors
- Aquarium Marsh Pavilion Veterinary Clinic (\$5.5 million) needed to meet the accreditation standards for the care of animals and contribute to inspiring young scientists with observation and hands on opportunity with these animals
- Network Infrastructure Replacement Program (\$5.8 million) provides replacement, recurring maintenance, and upgrades to IT equipment
- Witchduck Road Project (\$5.7 million) to improve capacity
- Princess Anne Road Project (\$4.2 million) to improve capacity
- Dome Site Development (\$5.5 million) is the voluntary acquisition of property surrounding the Dome

Water/Sewer Utility Projects are throughout the city to meet the needs of a given service area. Projects include:

- Expenditures to upgrade, rehabilitation of existing and the construction of new water system transmission mains and storage tanks (\$8.4 million)
- Modifications and rehabilitation of sewer pump stations (\$5.5 million)
- Sanitary sewer system revitalizations (\$10.6 million)

Storm Water Utility Projects include:

- Expenditures for maintenance of city lakes, including dredging and structural repairs/upgrades of dams and spillways and drainage improvements (\$12.9 million)
- Utility infrastructure rehabilitation and improvements to minimize flooding (\$2.8 million)
- Upgrades and renovations to existing infrastructure (\$18.3 million)

Table 3
Capital Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Non-Depreciable Assets:						
Land	\$ 1,051.8	\$ 1,030.0	\$ 177.5	\$ 171.9	\$ 1,229.3	\$ 1,201.9
Agriculture Reserve Program	51.4	48.7	-	-	51.4	48.7
Construction in Progress	234.2	303.6	63.9	45.7	298.1	349.3
Other Capital Assets:						
Infrastructure	2,389.2	2,333.5	-	-	2,389.2	2,333.5
Buildings	1,259.8	1,220.7	165.0	165.0	1,424.8	1,385.7
Machinery and Equipment	392.6	360.9	74.3	68.8	466.9	429.7
Utility System	-	-	1,586.7	1,548.6	1,586.7	1,548.6
Site Improvements	356.7	338.0	1.2	1.1	357.9	339.1
Less: Accumulated Depreciation	(2,308.6)	(2,212.4)	(754.9)	(711.8)	(3,063.5)	(2,924.2)
Totals	<u>\$ 3,427.1</u>	<u>\$ 3,423.0</u>	<u>\$ 1,313.7</u>	<u>\$ 1,289.3</u>	<u>\$ 4,740.8</u>	<u>\$ 4,712.3</u>

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

LONG TERM LIABILITIES

At the end of the fiscal year 2021, the City had \$1.3 billion in bonds and notes outstanding and \$886.7 million in other liabilities for a total of \$2.2 billion (Table 4).

The state constitution limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. At the end of the fiscal year, the City's assessed value of real property was \$62.5 billion, which makes the City's debt less than the current debt limitation of \$6.3 billion.

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

Water and Sewer Revenue Bonds were rated AAA by Fitch and Standard & Poor's, and Aa1 by Moody's Investor Service in 2020 on the City's \$209.9 million in outstanding bonds. Storm Water Revenue Bonds were rated AAA by Fitch and Aa1 by Moody's Investors Service in 2020 on the City's \$139.2 million in outstanding bonds.

On October 7, 2020, the City issued Storm Water Utility Revenue Bonds consisting of \$77.4 million of new money bonds and \$14.2 million refunding bonds to achieve debt service savings of \$2.85 million over the next 16 years.

On October 22, 2020, the City issued Water & Sewer System Revenue Bonds consisting of \$45.6 million of new money bonds and \$51.1 million refunding bonds to achieve debt service savings of \$11.2 million over the next 16 years.

On October 30, 2020, the City issued General Obligation Refunding Bonds consisting of \$3.4 million to achieve debt service saving of \$340,110 over the next 10 years.

Estimated claims and judgments reflect estimated unpaid losses and ALAE (allocated loss adjustment expenses) as of the end of the year. The projected liability by line of business consists of 78.5% for workers compensation, 20.0% for general liability, and 1.5% for automobile liability. Landfill closure and post-closure care liability of \$21.9 increased \$0.3 million during the current fiscal year due to inflation.

Table 4
Long Term Liabilities
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General Obligation Bond	\$ 523.2	\$ 580.2	\$ -	\$ -	\$ 523.2	\$ 580.2
State Literary Fund Loans	0.4	0.8	-	-	0.4	0.8
Public Facility Revenue Bonds	341.0	367.4	43.0	50.4	384.0	417.8
Revenue Bonds	-	-	349.1	250.4	349.1	250.4
Agriculture Reserve Program	51.5	48.7	-	-	51.5	48.7
Sub-total	916.1	997.1	392.1	300.8	1,308.2	1,297.9
Other Long-Term Liabilities:						
Landfill Closure & Post-closure Care	21.9	21.7	-	-	21.9	21.7
Premium/Discount on Bonds Sold	105.5	116.9	44.3	18.4	149.8	135.3
Net Pension Liability	479.1	380.8	46.3	36.8	525.4	417.6
Net OPEB Liability	88.9	98.8	5.3	4.9	94.2	103.7
Accrued Compensated Leave	45.6	46.4	4.1	4.1	49.7	50.5
Estimated Claims & Judgments	45.7	44.6	-	-	45.7	44.6
	786.7	709.2	100.0	64.2	886.7	773.4
Totals	\$ 1,702.8	\$ 1,706.3	\$ 492.1	\$ 365.0	\$ 2,194.9	\$ 2,071.3

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The impacts of the COVID-19 pandemic are still being felt throughout the City. Stay at home orders and social distancing measures have introduced a significant amount of uncertainty in the local economy. Even with the vaccine rollout, it is still unclear when the economy and employment will return to pre-COVID-19 levels. This has led the City to adjust both revenue estimates and tax policies to help ease the burden on local taxpayers who are feeling the impacts of the pandemic.

The above indicators were taken into account when adopting the budget for fiscal year 2022. The adopted budget includes the following highlights:

- Real estate tax rate was decreased to \$0.99 per \$100 valuation. This is a 2.75 cent decrease in the rate and is intended to ease the burden of increasing home values in the City. Despite this reduction, the real estate tax remains the single largest revenue source for the City, generating 28% of the City's total revenue and 48% of the General Fund revenue. Assessments have steadily been increasing over the past eight years.
- Personal property tax rate of \$4.00 per \$100 of assessed value will remain the same in FY 2021-2022.
- The storm water daily ERU (equivalent residential units) fee of 3.5 cents for FY 2021-2022 has been suspended in an effort to minimize the impact of taxes and fees on households and businesses in the wake of COVID-19.
- Hotel tax budgeted revenues total \$27.2 million, a decrease of 28.3% over the prior year. There are two components making up this revenue: the 8% hotel tax rate and the flat tax, which generates an additional \$2 per room night.
- The adopted Capital Improvement Program (CIP) for fiscal years 2022 through 2027 established six-year programmed funding of \$3.7 billion. For year one, the amount appropriated was \$431.9 million. The six-year program provides scheduled funding for the construction of projects for roadways \$741.3 million, storm water \$792.1 million, utilities \$373.1 million, schools \$620.1 million, economic and tourism development \$256.8 million, buildings \$390.1 million, coastal development \$175.6 million, information technology \$232.9 million, and recreation \$150.9 million.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
ASSETS					
Cash and Investments	\$ 735,764,451	\$ 174,554,533	\$ 910,318,984	\$ 271,148,749	\$ 2,607,457
Restricted Cash & Cash Equivalents	68,272,342	202,067,494	270,339,836	-	-
Receivables (net)	109,383,663	35,493,477	144,877,140	2,336,609	4,686,107
Due from Other Governments	80,207,258	491,333	80,698,591	26,330,011	137,799
Internal Balances	(9,210,033)	9,210,033	-	-	-
Inventories	7,405,952	3,035,588	10,441,540	803,694	-
Other Assets	975,592	-	975,592	661,362	800
Land Held for Resale	-	41,295,864	41,295,864	-	975,391
Capital assets (net of accumulated depreciation):					
Land and Improvements	1,103,213,277	177,538,885	1,280,752,162	38,968,372	9,674,067
Buildings and Improvements	863,098,643	101,770,361	964,869,004	419,112,420	17,584,210
Improvements other than Buildings	227,329,556	546,528	227,876,084	21,622,813	-
Machinery and Equipment	85,157,174	18,209,263	103,366,437	46,500,171	193,521
Infrastructure	914,127,626	951,824,021	1,865,951,647	-	-
Construction in Progress	234,156,155	63,875,688	298,031,843	71,961,464	-
Total Capital Assets	3,427,082,431	1,313,764,746	4,740,847,177	598,165,240	27,451,798
Total Assets	4,419,881,656	1,779,913,068	6,199,794,724	899,445,665	35,859,352
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows from Pensions	140,784,250	13,618,306	154,402,556	184,202,119	-
Deferred Outflows from OPEB	34,507,211	1,716,276	36,223,487	29,553,919	-
Deferred Outflows from Debt Refunding	2,554,560	622,478	3,177,038	-	-
Total Deferred Outflows of Resources	177,846,021	15,957,060	193,803,081	213,756,038	-
LIABILITIES					
Accounts Payable	39,206,192	14,890,305	54,096,497	21,886,199	401,284
Accrued Liabilities	91,542,805	10,122,418	101,665,223	96,739,321	266,812
Due to Other Governments	-	-	-	105,000	-
Long-term Liabilities:					
Due Within One Year	144,269,219	29,392,216	173,661,435	22,553,274	5,279,795
Due in More Than One Year:					
Compensated Absences	17,611,423	1,360,392	18,971,815	34,584,051	-
Claims and Contingencies	34,913,303	-	34,913,303	4,648,773	-
Bonds and Notes Payable	916,084,773	409,771,584	1,325,856,357	-	14,806,048
Landfill	21,928,744	-	21,928,744	-	-
Net Pension Liability	479,120,478	46,346,157	525,466,635	748,825,120	-
Net OPEB Liability	88,892,931	5,274,459	94,167,390	147,744,327	-
Total Liabilities	1,833,569,868	517,157,531	2,350,727,399	1,077,086,065	20,753,939
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows from Pensions	-	-	-	60,161,355	-
Deferred Inflows from OPEB	34,181,181	2,666,934	36,848,115	27,902,501	-
Deferred Inflows from Debt Refunding	3,634,052	1,266,531	4,900,583	-	-
Total Deferred Inflows of Resources	37,815,233	3,933,465	41,748,698	88,063,856	-
NET POSITION					
Net Investment in Capital Assets	2,394,262,385	873,636,000	3,267,898,385	598,165,240	7,365,955
Restricted for:					
Future Debt Service	43,755,064	21,372,865	65,127,929	-	-
Special Projects	34,130,005	6,747,813	40,877,818	24,560,987	-
Unrestricted (Deficit)	254,195,122	373,022,454	627,217,576	(674,674,445)	7,739,458
Total Net Position	\$ 2,726,342,576	\$ 1,274,779,132	\$ 4,001,121,708	\$ (51,948,218)	\$ 15,105,413

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative	\$ 1,150,487	\$ -	\$ -	\$ -	\$ (1,150,487)	\$ -	\$ -	-
Executive	5,061,684	-	-	-	(5,061,684)	-	-	-
Law	4,700,230	3,215	-	-	(4,697,015)	-	-	-
Finance	23,525,882	2,269,905	1,220,006	-	(20,035,971)	-	-	-
Human Resources	4,714,497	68,862	-	-	(4,645,635)	-	-	-
Judicial	70,800,824	4,952,035	24,886,377	-	(40,962,412)	-	-	-
Health	3,987,416	327	374,658	-	(3,612,431)	-	-	-
Police	111,032,033	1,465,641	753,211	-	(108,813,181)	-	-	-
Human Services	126,378,186	23,856,142	67,035,461	-	(35,486,583)	-	-	-
Public Works	180,759,392	7,386,964	45,903,375	1,003,057	(126,465,996)	-	-	-
Parks & Recreation	47,365,473	6,879,205	5,685,224	159,565	(34,641,479)	-	-	-
Library	17,775,399	200,103	255,960	-	(17,319,336)	-	-	-
Planning	10,136,563	4,552,407	-	-	(5,584,156)	-	-	-
Agriculture	989,561	57,515	-	-	(932,046)	-	-	-
Economic Development	10,270,726	239,772	-	-	(10,030,954)	-	-	-
Convention & Visitor Development	25,827,302	843,577	10,000	-	(24,973,725)	-	-	-
Cultural Affairs	2,030,069	4,867	4,500	-	(2,020,702)	-	-	-
Information Technology	40,478,404	6,602,555	-	-	(33,875,849)	-	-	-
Emergency Communications and Citizen Services	8,810,286	141,423	1,350	-	(8,667,513)	-	-	-
Fire	66,743,662	323,464	4,079,559	-	(62,340,639)	-	-	-
Budget and Management Services	1,199,201	-	-	-	(1,199,201)	-	-	-
Education	393,805,472	-	-	-	(393,805,472)	-	-	-
Housing & Neighborhood Preservation	38,434,839	3,576,731	28,000,279	-	(6,857,829)	-	-	-
Museums	10,524,870	9,514,580	-	-	(1,010,290)	-	-	-
Emergency Medical Services	16,191,211	10,950	389,097	-	(15,791,164)	-	-	-
General Government	151,934,189	10,590,920	55,378,257	262,501	(85,702,511)	-	-	-
Interest and Fiscal Charges	26,720,618	-	-	-	(26,720,618)	-	-	-
Total Governmental Activities	1,401,348,476	83,541,160	233,977,314	1,425,123	(1,082,404,879)	-	-	-
Business-type Activities:								
Water and Sewer	128,355,819	130,577,433	-	2,309,213	-	4,530,827	4,530,827	-
Storm Water	28,399,383	46,283,817	-	834,329	-	18,718,763	18,718,763	-
Waste Management	39,922,657	37,841,799	40,955	-	-	(2,039,903)	(2,039,903)	-
Development Authority	14,201,332	1,061,751	-	-	-	(13,139,581)	(13,139,581)	-
Parking	3,554,852	5,271,225	-	-	-	1,716,373	1,716,373	-
Total Business-type Activities	214,434,043	221,036,025	40,955	3,143,542	-	9,786,479	9,786,479	-
Total Primary Government	1,615,782,519	304,577,185	234,018,269	4,568,665	(1,082,404,879)	9,786,479	(1,072,618,400)	-
Component Units:								
Virginia Beach School Board	881,553,759	3,408,114	201,162,593	-	-	-	(676,983,052)	-
Virginia Beach Community Development Corporation	7,472,000	4,712,424	4,217,871	-	-	-	-	1,458,295
Total Component Units	\$ 889,025,759	\$ 8,120,538	\$ 205,380,464	\$ -	\$ -	\$ -	\$ (676,983,052)	\$ 1,458,295

General Revenues:	
Taxes:	
Real Estate Property Taxes	
Personal Property Taxes	
Sales	
Utility	
Business Licenses	
Meal	
City Tax on Deeds and Wills	
Cigarette	
Automobile Licenses	
Amusement	
Lodging	
Bank Stock	
Total City Taxes	
Grants and contributions	
Investment earnings	
Miscellaneous	
Transfers	
Total General Revenues and Transfers	
Change in Net Position	
Net Position - Beginning - Restated	
Restatement adjustment	
Net Position - Ending	

\$		- \$	638,904,724 \$	- \$	
		-	140,346,237	-	
		-	79,932,540	-	
		-	45,595,676	-	
		-	53,804,526	-	
		-	72,458,074	-	
		-	13,988,672	-	
		-	9,651,125	-	
		-	11,075,156	-	
		-	4,074,079	-	
		-	39,580,825	-	
		-	3,696,076	-	
		-	1,113,107,710	-	
		-	53,412,868	285,827,876	
		-	1,911,998	313,213	26,678
		-	5,200,484	3,141,506	409,833
		-	25,433,254	416,765,494	
		-	32,545,736	706,048,089	436,511
		-	42,332,215	29,065,037	1,894,806
		-	1,232,446,917	(85,463,669)	9,481,920
		-		4,430,609	3,728,687
		-		(51,945,218)	15,105,413

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CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 345,986,879	\$ 262,484,129	\$ 77,758,515	\$ 686,229,523
Cash and Investments - Restricted	-	18,840,118	49,432,224	68,272,342
Cash Advances	95,943	-	-	95,943
Receivables (net of allowance for collectibles, where applicable):				
Property Tax	70,023,564	-	-	70,023,564
Accounts	2,498,903	81,005	190,097	2,770,005
Loans	6,392,499	-	5,147,019	11,539,518
Due from:				
Due from Other Funds	5,440,050	-	139,376	5,579,426
Due from Commonwealth	69,789,333	124,187	1,775,109	71,688,629
Due from Federal Government	1,451,172	185,342	6,882,115	8,518,629
Inventories	4,239,848	-	162,681	4,402,529
Total Assets	505,918,191	281,714,781	141,487,136	929,120,108
LIABILITIES				
Vouchers and Accounts Payable	27,925,753	12,302,810	4,687,573	44,916,136
Deposits Payable	5,539,318	-	-	5,539,318
Due to Other Funds	276,501	6,142,943	3,263,699	9,683,143
Intergovernmental Payables	247,412	13,500	2,826	263,738
Unearned Revenues	70,772,812	-	4,179,163	74,951,975
Total Liabilities	104,761,796	18,459,253	12,133,261	135,354,310
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	51,665,111	-	-	51,665,111
Total Deferred Inflows of Resources	51,665,111	-	-	51,665,111
FUND BALANCES				
Nonspendable:				
Nonspendable Inventories	4,239,848	-	-	4,239,848
Loans Receivable	6,142,499	-	-	6,142,499
Restricted for:				
Debt Service	-	-	43,755,064	43,755,064
Community Services Board	2,901,470	-	-	2,901,470
Economic and Tourism	1,800,000	-	-	1,800,000
General Government	-	-	872,678	872,678
Housing and Community Development	-	-	9,990,042	9,990,042
Judicial	-	-	470,031	470,031
Public Safety	-	-	2,267,678	2,267,678
Special Service District	-	-	6,318,437	6,318,437
Committed to:				
Agriculture	-	-	15,272,124	15,272,124
Convention and Visitor Development	-	-	22,241,567	22,241,567
Education	16,249,308	-	29,346	16,278,654
Judicial	-	-	522,500	522,500
Capital Improvement Program:				
Engineering and Highways	-	67,854,511	-	67,854,511
Buildings	-	58,826,242	-	58,826,242
Communications and Information Technology	-	14,028,505	-	14,028,505
Parks and Recreation	-	6,878,771	10,237,455	17,116,226
Public Safety	-	-	762,600	762,600
Coastal	-	1,524,589	-	1,524,589
Economic and Tourism	-	7,966,057	-	7,966,057
General Government	-	106,176,853	-	106,176,853
Tax Increment Financing	-	-	5,719,578	5,719,578
Assigned to:				
Agriculture	-	-	491,543	491,543
Education	54,938,822	-	-	54,938,822
Convention and Visitor Development	-	-	11,014,043	11,014,043
Parks and Recreation	-	-	49,901	49,901
Special Service District	-	-	312,344	312,344
General Government	74,020,038	-	-	74,020,038
Capital Improvement Program - General	78,199,589	-	-	78,199,589
Unassigned	110,999,710	-	(973,056)	110,026,654
Total Fund Balances	349,491,284	263,255,528	129,353,875	742,100,687
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 505,918,191	\$ 281,714,781	\$ 141,487,136	\$ 929,120,108

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

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balances - Governmental funds (Exhibit 3)	\$	742,100,687
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		3,424,378,471
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Other long-term assets are not available to pay for current period expenditures and, therefore, are offset by unearned revenue in the governmental funds.		79,290,118
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Deferred Inflows and Outflows of Resources used to reflect deferred gains and losses on debt refunding bonds are not reported in the governmental funds.		(1,079,492)
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Deferred Inflows and Outflows of Resources used to reflect differences between expected and actual earnings on pension plan investments and other postemployment benefits are not reported in the governmental funds (net of ISF).		138,455,714
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Internal Service Funds (ISF) are used by management to charge the costs of risk management, information technology, and city garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. (Exhibit 1)		(1,125,784)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General Obligation Bonds	(523,236,804)	
Net Pension Liability (net of ISF)	(469,294,251)	
Net Other Postemployment Benefits Liability (net of ISF)	(87,601,545)	
State Literary Fund Loans	(375,000)	
Accrued Interest on Bonds Sold	(10,262,675)	
Agriculture Reserve Strips	(51,440,318)	
Public Facility Revenue Bonds	(341,000,882)	
Premium on Bonds Sold	(105,543,724)	
Compensated Absences (annual and sick leave) (net of ISF)	(44,993,195)	
Landfill Closure and Post-Closure Care	(21,928,744)	
	(1,655,677,138)	

Total Net Position - Governmental Activities (Exhibit 1)	\$	<u>2,726,342,576</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
General Property Taxes:				
Real Estate property taxes	\$ 589,186,894	\$ -	\$ 42,360,373	\$ 631,547,267
Personal property taxes	122,853,013	-	-	122,853,013
Other Local Taxes	266,215,100	-	57,020,683	323,235,783
Permits, Privilege Fees, and Regulatory Licenses	6,748,562	-	175,886	6,924,448
From Use of Money and Property	4,614,656	157,010	481,924	5,253,590
Charges for Services	50,632,485	-	13,145,336	63,777,821
Miscellaneous	7,660,803	3,813,955	1,182,789	12,657,547
From Commonwealth	165,668,974	2,838,438	25,090,874	193,598,286
From Federal Government	23,593,442	1,145,199	79,031,892	103,770,533
Total Revenues	<u>1,237,173,929</u>	<u>7,954,602</u>	<u>218,489,757</u>	<u>1,463,618,288</u>
<u>EXPENDITURES</u>				
Current Operating:				
Legislative	1,148,867	-	-	1,148,867
Executive	5,121,254	-	229,320	5,350,574
Law	4,648,025	-	-	4,648,025
Finance	20,007,256	-	2,478,381	22,485,637
Human Resources	4,294,707	-	346,666	4,641,373
Judicial	16,029,171	-	54,869,595	70,898,766
Health	3,584,850	-	392,982	3,977,832
Police	91,283,834	-	13,422,249	104,706,083
Human Services	118,939,944	-	7,558,834	126,498,778
Public Works	77,379,088	-	7,387,518	84,766,606
Parks and Recreation	14,201,033	-	27,570,315	41,771,348
Library	17,548,390	-	244,566	17,792,956
Planning	16,845,347	-	1,299,047	18,144,394
Agriculture	815,896	-	170,032	985,928
Economic Development	5,726,907	-	4,534,814	10,261,721
Convention and Visitor Development	7,781,468	-	15,741,470	23,522,938
Cultural Affairs	2,810,624	-	1,255,896	4,066,520
Information Technology	28,133,451	-	1,019,173	29,152,624
Emergency Communications and Citizen Services	8,887,214	-	3,758	8,890,972
Fire	52,625,369	-	14,334,383	66,959,752
Budget and Management Services	1,176,117	-	-	1,176,117
Education	415,985,447	-	-	415,985,447
Housing and Neighborhood Preservation	6,547,267	-	31,862,442	38,409,709
Aquariums	10,528,265	-	14,732	10,542,997
General Registrar	2,814,054	-	201,803	3,015,857
General Government	60,406,204	-	1,777,733	62,183,937
Emergency Medical Services	13,600,548	-	2,648,046	16,248,594
Capital Outlay	-	145,763,843	-	145,763,843
Debt Service:				
Principal Retirement	35,436,581	-	55,330,549	90,767,130
Interest and Fiscal Charges	16,295,014	-	26,914,142	43,209,156
Total Expenditures	<u>1,060,602,192</u>	<u>145,763,843</u>	<u>271,608,446</u>	<u>1,477,974,481</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>176,571,737</u>	<u>(137,809,241)</u>	<u>(53,118,689)</u>	<u>(14,356,193)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	6,287,483	67,059,380	82,844,437	156,191,300
Transfers Out	(139,176,242)	-	(15,205,682)	(154,381,924)
Issuance of Refunded Debt	334	-	3,444,666	3,445,000
Payment to Refunding Bonds Escrow Agent	-	-	(3,438,666)	(3,438,666)
Total Other Financing Sources (Uses)	<u>(132,888,425)</u>	<u>67,059,380</u>	<u>67,644,755</u>	<u>1,815,710</u>
Net Change in Fund Balance	43,683,312	(70,749,861)	14,526,066	(12,540,483)
Fund Balance at Beginning of Year	305,807,972	334,005,389	114,827,809	754,641,170
Fund Balance at End of Year	<u>\$ 349,491,284</u>	<u>\$ 263,255,528</u>	<u>\$ 129,353,875</u>	<u>\$ 742,100,687</u>

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

**CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in fund balance - total governmental funds (Exhibit 4)	\$	(12,540,483)
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Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

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

General Government Capital Outlay Expenditures	\$	145,763,843	
General Government Expenditures		(22,032,474)	
Non-Capitalizable Capital Outlay Expenditures		(18,020,806)	
Depreciation on General Government Assets		(115,107,492)	
Loss on Disposition of Assets		(585,018)	(9,981,947)

Revenues in the fund statements which were subject to accrual in the prior year are additions to beginning net position and, therefore, are not reported as revenues in the Statement of Activities.		32,434,243
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The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		99,815,512
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Certain net expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences		712,683	
Pension Expense		(36,570,998)	
Other Postemployment Benefits		4,642,898	

Internal Service Funds are used by management to charge the costs of fleet management and management systems to individual funds and customers. Losses arising from the internal customers are added as expenditures on the Statement of Activities as charge backs. Revenues and expenditures with outside customers are included also, as are non-operating revenues and expenses. This amount is the effect of reporting Internal Service Funds with governmental activities.		265,609
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Change in net position of governmental activities (Exhibit 2)	\$	78,777,517
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The accompanying notes are an integral part of the financial statements.

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
<u>ASSETS</u>		
Current Assets:		
Cash and Investments	\$ 115,643,766	\$ 31,540,032
Accounts Receivable - Net	19,685,798	6,586,094
Intergovernmental Receivables	491,333	-
Inventory	3,035,588	-
Total Current Assets	138,856,485	38,126,126
Noncurrent Assets:		
Cash and Investments - Restricted	100,502,390	95,278,762
Due From Other Funds	-	-
Notes Receivable	-	-
Land Held for Resale	-	-
Capital Assets:		
Land	14,562,826	133,318,193
Site Improvements	-	-
Buildings	18,940,552	664,899
Utility System	1,231,690,658	355,027,890
Construction in Progress	19,901,027	43,299,090
Machinery and Equipment	34,674,948	17,792,866
Less: Accumulated Depreciation	(599,386,049)	(94,421,418)
Total Capital Assets	720,383,962	455,681,520
Total Noncurrent Assets	820,886,352	550,960,282
Total Assets	959,742,837	589,086,408
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Debt Refundings Resulting in Loss Transactions	-	-
Deferred Outflows for Pensions	7,936,291	3,520,378
Deferred Outflows for OPEB	1,050,521	250,607
Total Deferred Outflows of Resources	8,986,812	3,770,985
<u>LIABILITIES</u>		
Current Liabilities:		
Vouchers and Accounts Payable	4,369,334	1,567,025
Deposits Payable	151,101	654
Accrued Interest Payable	2,070,631	642,209
Construction Contracts Payable	878,825	2,158,211
Due to Other Funds	-	-
Unearned Revenue	2,029,706	-
Current Portion of Long-term Liabilities	14,334,713	5,883,574
Total Current Liabilities	23,834,310	10,251,673
Long-term Liabilities:		
Compensated Absences	832,254	250,353
Claims and Contingencies	-	-
Bonds and Notes Payable	222,654,484	150,335,463
Net Pension Liability	27,008,985	11,980,639
Net OPEB Liability	3,228,467	770,165
Total Long-term Liabilities	253,724,190	163,336,620
Total Liabilities	277,558,500	173,588,293
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Debt Refundings Resulting in Gain Transactions	146,283	493,850
Deferred Inflows for OPEB	1,632,415	389,420
Total Deferred Inflows of Resources	1,778,698	883,270
<u>NET POSITION</u>		
Net Investment in Capital Assets	484,025,135	297,135,533
Restricted for:		
Future Debt Services	17,979,295	3,393,570
Special Projects	-	-
Unrestricted (deficit)	187,388,021	117,856,727
Total Net Position	\$ 689,392,451	\$ 418,385,830

Reconciling Items:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
Total Net Position of Business-type activities (Exhibit 1)

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

Business-Type Activities - Enterprise Funds				Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
\$ 12,203,773	\$ 9,294,572	\$ 5,872,390	\$ 174,554,533	\$ 49,534,928
6,232,273	3,424,148	-	35,928,313	53
-	-	-	491,333	-
-	-	-	3,035,588	3,003,423
18,436,046	12,718,720	5,872,390	214,009,767	52,538,404
-	6,286,342	-	202,067,494	-
-	5,984,609	-	5,984,609	-
-	665,719	-	665,719	-
-	41,295,864	-	41,295,864	-
-	29,657,866	-	177,538,885	-
393,389	-	779,517	1,172,906	265,782
8,730	145,408,109	-	165,022,290	-
-	-	-	1,586,718,548	-
-	675,571	-	63,875,688	-
19,832,560	1,900,510	118,481	74,319,365	9,111,874
(12,941,698)	(47,653,759)	(480,012)	(754,882,936)	(6,673,696)
7,292,981	129,988,297	417,986	1,313,764,746	2,703,960
7,292,981	184,220,831	417,986	1,563,778,432	2,703,960
25,729,027	196,939,551	6,290,376	1,777,788,199	55,242,364
-	622,478	-	622,478	-
2,038,114	-	123,523	13,618,306	2,887,326
397,428	-	17,720	1,716,276	420,208
2,435,542	622,478	141,243	15,957,060	3,307,534
1,515,833	9,700,715	390,863	17,543,770	815,526
-	-	-	151,755	-
-	564,723	-	3,277,563	-
-	-	-	3,037,036	-
-	-	-	-	800,780
-	-	-	2,029,706	-
707,773	8,472,655	27,782	29,426,497	10,888,268
2,223,606	18,738,093	418,645	55,466,327	12,504,574
256,152	-	21,633	1,360,392	487,224
-	-	-	-	34,913,303
-	37,447,356	-	410,437,303	-
6,936,160	-	420,373	46,346,157	9,826,227
1,221,370	-	54,457	5,274,459	1,291,386
8,413,682	37,447,356	496,463	463,418,311	46,518,140
10,637,288	56,185,449	915,108	518,884,638	59,022,714
-	626,398	-	1,266,531	-
617,564	-	27,535	2,666,934	652,968
617,564	626,398	27,535	3,933,465	652,968
7,292,981	84,764,365	417,986	873,636,000	2,703,959
-	-	-	21,372,865	-
-	6,747,813	-	6,747,813	-
9,616,736	49,238,004	5,070,990	369,170,478	(3,829,743)
\$ 16,909,717	\$ 140,750,182	\$ 5,488,976	1,270,927,156	\$ (1,125,784)
			3,851,976	
			\$ 1,274,779,132	

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
<u>OPERATING REVENUES</u>		
Charges for Services	\$ 129,173,798	\$ 45,765,222
Insurance Recovery	-	-
Miscellaneous	540,725	-
Total Operating Revenues	129,714,523	45,765,222
<u>OPERATING EXPENSES</u>		
Cost of Goods Sold	30,463,308	-
Personal Services	30,866,024	6,902,658
Contractual Services	8,304,140	3,269,776
Internal Services	3,016,092	1,110,150
Other Charges	20,169,062	5,472,976
Leases and Rentals	-	-
Depreciation	29,045,785	8,266,150
Total Operating Expenses	121,864,411	25,021,710
<u>OPERATING INCOME (LOSS)</u>	7,850,112	20,743,512
<u>NONOPERATING REVENUES (EXPENSES)</u>		
From Commonwealth	-	-
Interest Income	1,068,016	735,529
Gain (Loss) From Sale of Assets	83,494	40,251
Payment Under Support Agreement	-	-
Interest and Fiscal Agent Fees	(6,006,431)	(3,295,809)
Total Nonoperating Revenues (Expenses)	(4,854,921)	(2,520,029)
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	2,995,191	18,223,483
Capital Contributions	2,486,656	440,850
Capital Contributions - Federal Government	492,428	834,329
Capital Contributions - Transfers In	-	3,140,041
Transfers In	-	990,000
Transfers Out	(192,915)	(800,000)
<u>CHANGE IN NET POSITION</u>	5,781,360	22,828,703
Total Net Position at Beginning of Year	683,611,091	395,557,127
Total Net Position at End of Year	\$ 689,392,451	\$ 418,385,830

Reconciling Items:

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Business-Type Activities - Enterprise Funds				Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
\$ 37,316,219	\$ 1,987,705	\$ 5,271,225	\$ 219,514,169	\$ 45,292,681
-	-	-	-	824,688
973,933	2,078,179	-	3,592,837	-
38,290,152	4,065,884	5,271,225	223,107,006	46,117,369
243,835	2,716,596	-	33,423,739	8,437,564
11,769,083	-	561,475	50,099,240	11,266,770
15,244,587	7,078,103	2,134,599	36,031,205	4,430,751
5,415,652	-	64,602	9,606,496	864,680
3,298,486	-	220,046	29,160,570	16,739,396
-	-	38,361	38,361	-
3,593,951	3,815,677	28,536	44,750,099	662,121
39,565,594	13,610,376	3,047,619	203,109,710	42,401,282
(1,275,442)	(9,544,492)	2,223,606	19,997,296	3,716,087
40,955	-	-	40,955	-
60,380	18,412	29,658	1,911,995	499,953
(94,523)	-	-	29,222	64,545
-	20,335,725	-	20,335,725	-
-	(1,647,352)	(507,233)	(11,456,825)	-
6,812	18,706,785	(477,575)	10,861,072	564,498
(1,268,630)	9,162,293	1,746,031	30,858,368	4,280,585
3,908	-	-	2,931,414	-
-	-	-	1,326,757	-
-	-	-	3,140,041	-
2,400,000	-	68,500	3,458,500	-
-	-	(565,000)	(1,557,915)	(6,850,000)
1,135,278	9,162,293	1,249,531	40,157,165	(2,569,415)
15,774,439	131,587,889	4,239,445		1,443,631
\$ 16,909,717	\$ 140,750,182	\$ 5,488,976		\$ (1,125,784)
			2,175,050	
			\$ 42,332,215	

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	Storm Water
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from Customers and Users	\$ 124,459,388	\$ 45,282,010
Receipts from (Payments for) Interfund Services Provided	3,725,701	-
Other Operating Cash Receipts (Disbursements)	540,725	-
Cash Payments to Suppliers of Goods and Services	(61,231,187)	(9,298,257)
Cash Payments to Employees for Services	(27,686,535)	(6,600,656)
Net Cash Provided By Operating Activities	<u>39,808,092</u>	<u>29,383,097</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Intergovernmental Receipts	-	-
Receipts from Other Funds	-	990,000
Payments Under Support Agreement	-	-
Payments to Other Funds	(192,915)	(800,000)
Net Cash Provided By (Used in) Noncapital Financing Activities	<u>(192,915)</u>	<u>190,000</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Capital Contributions	2,441,365	4,415,220
Interest on Long-term Debt	(5,951,737)	(2,977,158)
Acquisition and Construction of Capital Assets	(26,287,325)	(36,548,595)
Proceeds (Loss) from Sale of Salvage	83,494	40,251
Proceeds from Sale of Bonds	57,504,064	92,474,860
Principal Paid on Capital Debt	(19,065,000)	(5,170,000)
Net Cash Provided By (Used in) Capital and Related Financing Activities	<u>8,724,861</u>	<u>52,234,578</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest and Dividends Received	<u>1,068,016</u>	<u>735,529</u>
Net Increase (Decrease) in Cash and Investments	49,408,054	82,543,204
Cash and Investments, July 1	166,738,102	44,275,590
Cash and Investments, June 30	<u>\$ 216,146,156</u>	<u>\$ 126,818,794</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ 7,850,112	\$ 20,743,512
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided By Operating Activities:		
Depreciation and Amortization Expense	29,045,785	8,266,150
Changes in assets and liabilities:		
Accounts Receivable	(2,821,683)	(806,158)
Intergovernmental Receivables	1,832,974	322,946
Inventory	276,615	-
Deferred Outflow of Resources	(2,776,352)	(1,214,205)
Vouchers and Accounts Payable	(142,080)	554,254
Deposits Payable	18,261	391
Unearned Revenue	568,619	-
Deferred Inflow of Resources	(417,529)	(251,942)
Estimated Claims and Judgments	-	-
Accrued Compensated Leave	25,988	23,298
Net Pension Liability	5,539,607	2,457,257
Net OPEB Liability	807,775	(712,406)
Net Cash Provided (Used) By Operating Activities	<u>39,808,092</u>	<u>29,383,097</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Capital Contributions of Capital Assets	<u>\$ 537,719</u>	<u>\$ -</u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Business-Type Activities - Enterprise Funds				Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
\$ 36,509,885	\$ 6,341,104	\$ 5,271,225	\$ 217,863,612	\$ 46,117,347
-	(2,563,417)	-	1,162,284	-
973,933	(8,891)	-	1,505,767	-
(24,325,132)	(10,580,971)	(2,343,688)	(107,779,235)	(31,762,741)
(10,911,632)	-	(507,375)	(45,706,198)	(9,119,294)
<u>2,247,054</u>	<u>(6,812,175)</u>	<u>2,420,162</u>	<u>67,046,230</u>	<u>5,235,312</u>
40,955	-	-	40,955	-
2,400,000	-	68,500	3,458,500	(6,850,000)
-	-	(507,233)	(507,233)	-
-	-	(565,000)	(1,557,915)	800,780
<u>2,440,955</u>	<u>-</u>	<u>(1,003,733)</u>	<u>1,434,307</u>	<u>(6,049,220)</u>
-	14,743,167	-	21,599,752	-
-	(2,738,884)	-	(11,667,779)	-
(4,839,242)	(533,780)	(18,591)	(68,227,533)	(1,788,600)
(94,523)	-	-	29,222	64,545
-	-	-	149,978,924	-
-	(7,373,672)	-	(31,608,672)	-
<u>(4,933,765)</u>	<u>4,096,831</u>	<u>(18,591)</u>	<u>60,103,914</u>	<u>(1,724,055)</u>
60,380	18,412	29,658	1,911,995	499,953
(185,376)	(2,696,932)	1,427,496	130,496,446	(2,038,010)
12,389,149	18,277,846	4,444,894	246,125,581	51,572,938
<u>\$ 12,203,773</u>	<u>\$ 15,580,914</u>	<u>\$ 5,872,390</u>	<u>\$ 376,622,027</u>	<u>\$ 49,534,928</u>
\$ (1,275,442)	\$ (9,544,492)	\$ 2,223,606	\$ 19,997,296	\$ 3,716,087
3,593,951	3,815,677	28,536	44,750,099	662,121
(806,334)	-	-	(4,434,175)	(22)
-	458,302	-	2,614,222	-
-	2,664,960	-	2,941,575	(631,658)
(723,262)	-	(43,323)	(4,757,142)	(1,013,130)
(122,572)	(4,206,622)	113,920	(3,803,100)	(658,692)
-	-	-	18,652	-
-	-	-	568,619	-
(67,677)	-	(6,074)	(743,222)	(140,123)
-	-	-	-	1,055,585
(79,823)	-	3,653	(26,884)	(101,968)
1,422,623	-	86,219	9,505,706	2,015,383
305,590	-	13,625	414,584	331,729
<u>2,247,054</u>	<u>(6,812,175)</u>	<u>2,420,162</u>	<u>67,046,230</u>	<u>5,235,312</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,719</u>	<u>\$ -</u>

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	<u>Trust Funds</u>	<u>Custodial Funds</u>
<u>ASSETS</u>		
Cash and Investments	\$ -	\$ 475,864
Fixed Income	12,408,426	-
Stocks	31,907,381	-
Real Estate	4,136,142	-
Alternative Investments	10,635,793	-
Total Assets	<u>59,087,742</u>	<u>475,864</u>
<u>LIABILITIES</u>		
Due to Commonwealth	<u>-</u>	<u>25,728</u>
<u>NET POSITION</u>		
Restricted for OPEB	59,087,742	-
Restricted for Individuals, Organizations & Others	<u>-</u>	<u>450,136</u>

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Trust Funds	Custodial Funds
<u>ADDITIONS</u>		
Contributions From Primary Government	\$ 7,269,625	\$ -
Custodial Fund Additions	-	1,875,977
Investment Income (Loss):		
Increase (Decrease) in the Fair Value of Investments	13,666,374	-
Total Investment Income (Loss)	13,666,374	-
Total Additions	20,935,999	1,875,977
<u>DEDUCTIONS</u>		
Benefits	7,269,625	-
Administrative Expenses	39,313	-
Custodial Fund Deductions	-	1,794,247
Total Deductions	7,308,938	1,794,247
Net Increase (Decrease) in Net Position	13,627,061	81,730
<u>RESTRICTED NET POSITION:</u>		
Beginning of Year - Restated	45,460,681	368,406
End of Year	\$ 59,087,742	\$ 450,136

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. The Financial Reporting Entity

The financial reporting entity consists of the Primary Government (City), as well as its component units that are legally separate organizations for which the City Council is financially accountable. The accompanying financial statements present the financial data of the City and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Unit

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

The VBDA was established for the specific purpose of attracting new industries and the expansion of existing industries. The VBDA's Commissioners are appointed by the City Council. The VBDA is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the VBDA facilitates economic development projects as needed by City Council. Complete financial statements of the VBDA may be obtained by writing to the Virginia Beach Development Authority, 4525 Main Street, Suite 700, Virginia Beach, VA 23462.

Discretely Presented Component Units

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

- a. Schools - The Schools is a legally separate entity that is responsible for elementary and secondary education within the City. The members of the School Board are elected by the voters;

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

however, the School Board is fiscally dependent upon the City because the City Council annually approves its budget, levies the necessary taxes to finance operations and approves the borrowing of money and issuance of bonds. Separate financial statements including statistical information of the School Board may be obtained by writing to the Virginia Beach School Board, 2512 George Mason Drive, Virginia Beach, VA 23456.

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

Joint Venture

Southeastern Public Service Authority (SPSA) - SPSA is a joint venture of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the counties of Isle of Wight and Southampton, created for the purpose of providing, operating and maintaining a regional system for the collection, transfer, processing and disposal of solid waste refuse. SPSA is a primary government, with no component units, that is a public body politic and corporate created pursuant to the Virginia Water and Sewer Authorities Act. It is governed by a sixteen (16) member Board of Directors consisting of eight (8) members appointed by the Governor and eight members appointed by each of the member cities or counties. Budgeting and financing of SPSA is subject to the approval of the Board of Directors with each representative having a single vote. SPSA is responsible for its own financial matters, maintains its own books of accounts and is audited annually by independent accountants that it engages. The participating governments do not have an equity interest in SPSA, and accordingly, no equity interest has been reflected in the City's financial statements June 30, 2021. Complete financial statements of the SPSA can be obtained from SPSA, 730 Woodland Drive, Chesapeake, VA 23320.

Jointly Governed Organizations

Hampton Roads Planning District Commission (HRPDC) - A regional planning agency authorized by the Virginia Area Development Act of 1968, it was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. HRPDC performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, plus the counties of Gloucester, Isle of Wight, James City, Southampton, and York. Revenue of the HRPDC is received primarily from local governmental (member) contributions and various state and federal grant programs. The participating governments do not have an equity interest in the HRPDC and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2021. Completed financial statements of the HRPDC can be obtained from the HRPDC, 730 Woodlake Drive, Chesapeake, VA 23320.

Transportation District Commission (TDC) - The TDC was formed on June 29, 1999 to effect the merger of the Peninsula Transportation District Commission and the Tidewater Transportation District Commission effective October 1, 1999. The TDC was established in accordance with the Chapter 45 of Title 15.2 of the Code of Virginia. The TDC provides public transportation facilities and services within the cities of Chesapeake, Hampton, Norfolk, Portsmouth, Newport News and Virginia Beach. Oversight responsibility is exercised by all of the participating localities through their designated representatives. Responsibility for the day-to-day operations of the TDC rests with professional management. The TDC is the governing body of Hampton Roads Transit (HRT). The participating governments do not have an equity interest in the TDC and accordingly no equity

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interest has been reflected in the city's financial statements at June 30, 2021. Completed financial statements of the TDC can be obtained from the TDC at HRT 509 E 18th Street, Norfolk, VA 23510.

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

Hampton Roads Economic Development Alliance (HREDA) The HREDA is a non-profit, initiatives and activities are designed to promote the jurisdictions of Chesapeake, Franklin, Hampton, Isle of Wight, Newport News, Norfolk, Poquoson, Portsmouth, Southampton County, Suffolk and Virginia Beach, Virginia. The business affairs are managed by a Board of not less than fifty (50) or more than three hundred (300) Directors. The participating governments do not have an equity interest in HREDA and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2021. Separate financial statements are available from the HREDA, 500 Main Street, Suite 1300, Norfolk, VA 23510.

B. Government-Wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

The program revenues must be directly associated with the function (police, public works, etc.) or a Business-type activity (water & sewer, waste management, etc.). Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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The City reports the following major Governmental Funds:

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

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

The City reports the following major Proprietary Funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or for individuals, private organizations and other governmental units. The City's Fiduciary Funds are divided into two separate fund types: the Other Postemployment Benefits (OPEB) Trust Fund and the Custodial Funds (Special Welfare, Sheriff's Inmate Fund and Escheat Property Funds). The Custodial Funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. The OPEB Trust Fund accounts for the assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

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C. Basis of Accounting

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

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

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

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

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

Unearned revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the Balance Sheet, or Statement of Net Position, and revenue is recognized.

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

As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's Water and Sewer Function, Storm Water Function, Waste Management Function, Parking Function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and the City's Internal Service Funds

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are charges to customers for sales and service. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, personnel, contractual services, land structures and improvements, other charges, internal service charges and depreciation. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

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

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

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

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

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

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

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

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

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

E. Operating Budget Process

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

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1. The City Manager is required by the City Charter to present a proposed operating budget at least 90 days before the beginning of each fiscal year which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper unassigned fund balances. The necessary budget ordinances are also submitted at this time.
2. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment. The notice of the time and place must be published at least seven days prior to the hearing. In addition, City Council holds budget workshops with the City Manager that are open to the media and public.
3. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.
4. The City Manager or the Director of Budget and Management Services is authorized to approve transfers of appropriations in an amount up to \$100,000 between any Appropriation Units included in the budget ordinance. The City Manager shall make a monthly report to the City Council of all transfers between \$25,000 and \$100,000. In addition, the City Manager may transfer, in amounts necessary, appropriations from all Reserves for Contingencies except Reserve for Contingencies - Regular, within the intent of the Reserve as approved by City Council. Additional appropriations require one reading of the ordinance for approval and must be offset by additional estimated revenues and/or a transfer from the proper unassigned fund balances. Additional appropriations that exceed 1% of the total estimated expenditures shown in the adopted budget require a public hearing and one reading of the ordinance for approval by City Council.
5. Annual budgets are adopted for the General Fund, Enterprise Funds and all Special Revenue Funds except for Wetlands Board Mitigation, Development Authority and the Grants Consolidated Fund. The City's Capital Project Fund and the Grants Consolidated Fund's budgets are adopted on a project basis. The budgets for these funds are adopted in conformity with the GAAP.
6. The accounting system is employed as a budgetary management control device to monitor the individual departments or bureaus/divisions within departments. The legal level of budgetary control is at the organizational unit level as noted in the separately issued budget report. Additional controls are exercised administratively on some budget units, personnel positions and capital outlay items and the appropriations related thereto. A budget unit is an activity (e.g. Street Maintenance) of an organizational unit (e.g. Public Works Department). Department Directors are authorized to make spending adjustments within non-controlled accounts (operating support accounts including contractual services, internal service charges, other charges and supplies) that do not exceed the scope or intent of the department's approved budget. The non-controlled accounts for the appropriation unit must balance in total, but do not have to balance individually. The City Manager or the Director of Budget and Management Services is authorized to transfer appropriations up to a maximum of \$100,000 through the accrual period.
7. The City Manager or the Director of Budget and Management Services is authorized to change the Estimated Revenues included in the annual Budget Ordinance to reflect expected collections. If the Estimated Revenue in support of an Operating Appropriation Unit declines, the City Manager or the Director of Budget and Management Services is authorized to reduce, subject to any other provision of law, those appropriations to equal the decline in Estimated Revenue. The City Manager shall give prior notice to the City Council of any reduction to total appropriations exceeding \$100,000. The notice to City Council shall identify the basis and amount of the appropriation reduction and the Appropriation Units affected.

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8. Unexpended appropriations lapse (except for the City Capital Projects and Grants Funds) and are closed to the proper fund balances at the end of each fiscal year (June 30). However, appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30. The current operating budget ordinance approved by City Council stipulated that the city shall maintain an unassigned General Fund Balance of 8% to 12% of the following years' budgeted revenues for contingency and emergency situations. These shall not to be used to support appropriations already approved, except upon subsequent authorization by City Council.
9. Capital Projects for the City are budgeted separately from the Operating Budget. Since the City has over three hundred (300) projects in its Capital Improvements Program and an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for the City's Capital Improvement Program require a public hearing and one reading of the ordinance for approval. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.
10. Many of the Federal and state grants in the Grants Consolidated Fund are budgeted separately from the Operating Budget and do not parallel the City's fiscal year. Expenditures are restricted by the grantor agency and are subject to financial and compliance audits. Annual revenues and expenditures are reported within the applicable Special Revenue Funds.
11. All expenditures were within existing appropriations for the governmental major funds.

F. Inventories

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

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

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

G. Land and Building Inventory Held For Resale

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

H. Accrued Compensated Leave

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

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participate in the Hybrid Plan shall accrue and use Paid Time Off. Those participating in the Hybrid Plan may carry-forward a maximum of twenty-four (24) days.

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

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

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

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

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

I. Fund Balances

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental

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funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council, the City Manager or by a City official delegated that authority by appropriate action.

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

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

J. Use of Estimates

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

K. Fund Balance Policy

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

L. Miscellaneous

1. Cash and Investments

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

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

2. Proprietary Funds' Other Charges

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

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3. Statement of Cash Flows

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

4. Bond Premiums and Discounts

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

5. Internal Balances

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

M. Net Position

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

N. Long-Term Obligations

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

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

O. Restricted Assets - Cash and Investments

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

P. Unrestricted Net Position - Governmental Activities

Inclusive in Governmental Activities unrestricted net position are ending committed fund balances of certain Special Revenue Funds, which have been earmarked for specific purposes by City Council. These

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funds include, but are not limited to, Agriculture Reserve Fund, Tax Increment Financing Funds, Open Space Fund, Parks and Recreation Fund, Tourism Investment Program Fund, Tourism Advertising Program Fund and the Capital Projects Fund.

Q. Restricted Net Position

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

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

R. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and as such will not be recognized as an expense or expenditure until then. The City's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt, Pension and OPEB activities and contributions made subsequent to the measurement date. The deferred outflow related to debt is being amortized over the remaining life of the refunded debt or the life of the new debt, whichever is shorter.

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

S. Pensions

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

T. Other Postemployment Benefits (OPEB)

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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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U. New Accounting Standards

In Fiscal Year 2021, the City implemented the GASB Statement No. 84, *Fiduciary Activities*. (see Note 11 for additional information regarding the implementation of GASB No. 84 and the resulting restatements for the City and the School Board.)

V. Pronouncements Issued but not Yet Effective

GASB has issued the following pronouncements prior to June 30, 2021 that may affect future financial position, results of operations, cash flows or financial presentation of the City upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB STATEMENT NO.	GASB ACCOUNTING STANDARD	EFFECTIVE FISCAL YEAR
87	<i>Leases</i>	2022
91	<i>Conduit Debt Obligations</i>	2022
92	<i>Omnibus 2020</i>	2022
93	<i>Replacement of Interbank Offered Rates</i>	2022
94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	2022
96	<i>Subscription Based on Information Technology Arrangements</i>	2023

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

2. FUND BALANCES – GENERAL FUND AND NONMAJOR GOVERNMENTAL FUNDS

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

GENERAL FUND:

Nonspendable:

Inventories	\$ 4,239,848
Housing and Volunteer Rescue Squad Loans	6,142,499
Total Nonspendable	<u>10,382,347</u>

Restricted:

Community Services Board	2,901,470
Economic and Tourism	1,800,000
Total Restricted	<u>4,701,470</u>

Committed

Education	16,249,308
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Assigned:

Community Programs	\$ 197,704
Judicial	632,203
Library	306,166
Living Shorelines Program	10,722
Maritime Forest Program	43,512
Oyster Heritage Program	145,412
Public Safety	28,976
Other General Programs	<u>104,065</u>
Total Special Programs	1,468,760
General Government	<u>72,551,278</u>
Total General Government	74,020,038
Education	54,938,822
Capital Improvement Program - General	<u>78,199,589</u>
Total Assigned	207,158,449

Unassigned:

General Government	<u>110,999,710</u>
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Total Fund Balance

<u><u>\$ 349,491,284</u></u>

NONMAJOR GOVERNMENTAL FUNDS:

Restricted:

General Government	\$ 872,678
Housing and Community Development	9,990,042
Forfeited Assets - Judicial	470,031
Forfeited Assets - Police	1,476,300
Public Safety	791,378
Special Service Districts	<u>6,318,437</u>
Total Special Revenue Funds	19,918,866
Future Debt Service	<u>43,755,064</u>
Total Restricted	63,673,930

Committed:

Agriculture Program	15,272,124
Convention and Visitor Development	22,241,567
Educational	29,346
Forfeited Assets - Judicial	522,500
Parks and Recreation Activities	10,237,455
Public Safety	762,600
Central Business District TIF Program	<u>5,719,578</u>
Total Committed	54,785,170

Assigned:

Agriculture Program	491,543
Convention and Visitor Development	11,014,043
Forfeited Assets - Police	49,901
Special Service Districts	<u>312,344</u>
Total Assigned	11,867,831

Unassigned:

General Government	<u>(973,056)</u>
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Total Fund Balance

<u><u>\$ 129,353,875</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

3. RECEIVABLES AND ACCRUED LIABILITIES

A. Receivables

Receivables at June 30, 2021 consist of the following:

Primary Government

	Governmental Activities	Business-type Activities	Total
Real Estate Taxes	\$ 19,191,177	\$ -	\$ 19,191,177
Personal Property Taxes	74,564,537	-	74,564,537
Loans	11,289,518	-	11,289,518
Due from Other Government	80,207,258	491,333	80,698,591
Accounts	38,860,828	38,589,799	77,450,627
Gross Receivables	224,113,318	39,081,132	263,194,450
Less: Allowance for Uncollectibles	(34,522,397)	(3,096,322)	(37,618,719)
Net Receivables - Entity Wide	<u>\$ 189,590,921</u>	<u>\$ 35,984,810</u>	<u>\$ 225,575,731</u>

Major Funds – Governmental

	General Fund	Capital Projects	Total
Real Estate Taxes	\$ 19,191,177	\$ -	\$ 19,191,177
Personal Property Taxes	74,564,537	-	74,564,537
Accounts	2,498,903	81,005	2,579,908
Loans	6,392,499	-	6,392,499
Due from Other Funds	5,440,050	-	5,440,050
Intergovernmental Accounts	71,240,505	309,529	71,550,034
Gross Receivables	179,327,671	390,534	179,718,205
Less: Allowance for Uncollectibles	(23,732,150)	-	(23,732,150)
Net Receivables	<u>\$ 155,595,521</u>	<u>\$ 390,534</u>	<u>\$ 155,986,055</u>

Major Funds – Proprietary

	Water and Sewer	Storm Water	Waste Management	Virginia Beach Development Authority	Total
Accounts	\$ 21,983,883	\$ 6,826,403	\$ 6,790,201	\$ 3,424,148	\$ 39,024,635
Intergovernmental Accounts	491,333	-	-	-	491,333
Gross Receivables	22,475,216	6,826,403	6,790,201	3,424,148	39,515,968
Less: Allowance for Uncollectibles	(2,298,085)	(240,309)	(557,928)	-	(3,096,322)
Net Receivables	<u>\$ 20,177,131</u>	<u>\$ 6,586,094</u>	<u>\$ 6,232,273</u>	<u>\$ 3,424,148</u>	<u>\$ 36,419,646</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Component Units

Receivables at June 30, 2021 consist of the following:

	School Board	Community Development Corporation	Total
Notes, Deed of Trust	\$ -	\$ 4,345,015	\$ 4,345,015
Accrued Interest	-	169,330	169,330
Intergovernmental Accounts	26,330,011	137,799	26,467,810
Due from Affiliate	-	-	-
Accounts	2,336,609	171,762	2,508,371
Net Receivables	<u>\$ 28,666,620</u>	<u>\$ 4,823,906</u>	<u>\$ 33,490,526</u>

B. Property Taxes Receivable

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

The City calculates its allowance for uncollectible taxes by using historical collection data. Furthermore, the taxes receivable amount which remains uncollected after the 45 day accrual period is recorded as unearned revenue for the fund financial statements.

Fiscal Year 2021 real property rate was \$1.0175 per \$100 of assessed valuation, except for public service corporation properties. In addition there are Special Service Districts that were charged an additional rate, these districts and rates are as followed:

<u>Special Service District</u>	<u>Additional Tax Rate</u>
Bayville Creek Special Service District	\$ 0.472
Chesapeake Colony Special Service District	0.2913
Gills Cove Special Service District	0.063
Harbour Point Special Service District	0.120
Hurds Cove Special Service District	0.438
Old Donation Special Service District	0.184
Sandbridge Special Service District	0.040
Schilling Point Special Service District	0.404
Shadowlawn Special Service District	0.1594
Town Center Special Service District	0.450

Additionally, the real property tax rate on all real estate that has been classified as an energy efficient building, not exempt from taxation, was \$0.84 on each \$100 of assessed valuation thereof. Taxes on buildings that are individually listed on the Virginia Landmarks Register, not including the real estate or

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

land on which the building is located, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Register, were at a rate of \$0.52 on each \$100 of assessed valuation thereof. The personal property rate was \$4.00 per \$100 of assessed valuation (100% of fair market value). Other personal property tax rates exist for qualified equipment. There are no limits currently on the property tax rates which may be established by the City Council. City Council is the only governmental entity that has the local taxing authority.

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

1. The following revenues were due from the Commonwealth of Virginia at June 30, 2021:

Primary Government

	Governmental Activities
General Sales Tax	\$ 6,967,972
Telecommunications Tax	1,569,881
Personal Property Tax Relief Act	53,412,868
Other Grants, Entitlements, & Shared Revenues	4,986,325
General Fund Salary Reimbursements	533,861
Sheriff's Department	1,372,741
Capital Projects	124,187
Other	2,720,794
Total Due from Commonwealth	<u>\$ 71,688,629</u>

School Board Component Unit

State Share Sales Tax	\$ 6,999,804
Special Education-Regional Program	2,423,996
Juvenile Detention Center	302,749
Other Grants, Entitlements and Shared Revenues	42,788
Total Due from Commonwealth-Governmental Funds	<u>\$ 9,769,337</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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2. The following revenues were due from various Federal agencies at June 30, 2021:

Primary Government

	Governmental Activities
Human Services	\$ 1,442,557
Community Development	2,533,550
Grants Consolidated	2,259,434
Housing Assistance	877,646
Emergency FEMA	1,211,485
Capital Projects	185,342
Other	8,615
Total Due from Federal Government	<u>\$ 8,518,629</u>

School Board Component Unit

Adult Basic Education	\$ 74,956
CARES	4,661,417
Carl Perkins	760,353
McKinney Homeless	23,162
NJROTC	86,611
Preschool Incentive	81,200
Startalk	6,969
Summer Feeding Program	1,859,956
Child and Adult Care Program	271,637
Title I	4,576,555
Title II	440,598
Title III	32,332
Title IV	821,137
Title VI-B	2,861,081
Other Grants, Entitlements, and Shared Revenues	2,710
Total Due from Federal Government	<u>\$ 16,560,674</u>

3. The following revenues were due from Other Governments at June 30, 2021:

Business - Type Activities

The Water and Sewer fund was due \$491,333 from the City of Chesapeake in June operations, maintenance, and capital improvement costs for the Lake Gaston Water Supply Project.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

D. Allowances For Uncollectible Accounts Receivable

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent cash receipts. The allowances at June 30, 2021 are as follows:

General Fund	\$ 5,910,457
Water and Sewer Fund	2,298,085
Storm Water Fund	240,309
Waste Management Fund	557,928
Special Revenue Funds	94,769
Total	<u>\$ 9,101,548</u>

E. Major Components of Accrued Liabilities at June 30, 2021 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Accrued Interest Payable	\$ 10,262,675	\$ 3,277,563	\$ 13,540,238
Unearned Revenue	69,223,879	2,029,706	71,253,585
Other Accrued Liabilities	12,056,251	\$ 4,815,149	16,871,400
Total Accrued Liabilities	<u>\$ 91,542,805</u>	<u>\$ 10,122,418</u>	<u>\$ 101,665,223</u>

Component Units

	School Board	Community Development Corporation	Total
Accrued Interest Payable	\$ -	\$ 125,157	\$ 125,157
Unearned Revenue	13,479,869	141,655	13,621,524
Accrued Salaries	83,259,452	-	83,259,452
Total Accrued Liabilities	<u>\$ 96,739,321</u>	<u>\$ 266,812</u>	<u>\$ 97,006,133</u>

4. UNEARNED REVENUES

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available.

Unearned revenues consist of the following as of June 30, 2021:

A. General Fund

Unspent ARPA Relief Funds	\$ 68,214,851
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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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Human Services - Advance program receipts	\$ 2,044,000
Aquarium - Advance ticket receipts	513,961
Total General Fund	<u>\$ 70,772,812</u>

B. Nonmajor Special Revenue Fund

Grants Consolidated - Unspent CARES Relief Fund	\$ 3,205,589
Parks and Recreation - Advance Customer Receipts	488,265
Housing and Neighborhood Preservation - Unspent CARES Grant	50,000
Federal Section Eight Program - Unspent CARES Grant	372,659
Federal Section Eight Program - Advanced Program Receipts	61,250
Federal Section Eight Program - FY 2022 Portability Revenue	1,400
Total Special Revenue Funds	<u>\$ 4,179,163</u>

C. Enterprise Funds

Water and Sewer - Customers and Developers tap and meter fees	<u>\$ 2,029,706</u>
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D. School Board Component Unit

School Operating Fund - Summer School Tuition	\$ 265,458
School Grants Fund - Early Reading Intervention, Algebra Readiness, VA Initiative at Risk Four Year Old, 2Revolutions, and other Grants	4,235,353
Other Governmental Funds - School Cafeterias - Charges for Services	<u>714,346</u>
Total Unearned Revenue - Governmental Funds	5,215,157
School Health Insurance Internal Service Fund - Prepayment of July health insurance premiums	8,264,712
Total Unearned Revenue - Governmental Activities	<u>\$ 13,479,869</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

5. CAPITAL ASSETS AND LAND HELD FOR RESALE

A. Governmental Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 1,029,941,948	\$ 22,378,543	\$ 547,532	\$ 1,051,772,959
Agriculture Reserve Program	48,746,276	2,694,042	-	51,440,318
Construction in Progress	303,604,491	129,761,385	199,209,721	234,156,155
Total Capital Assets Not Being Depreciated	<u>1,382,292,715</u>	<u>154,833,970</u>	<u>199,757,253</u>	<u>1,337,369,432</u>
Other Capital Assets:				
Buildings and Improvements	789,076,924	76,538,146	-	865,615,070
School Buildings	431,630,448	-	37,425,305	394,205,143
Site Improvements	337,738,467	18,685,603	-	356,424,070
Site Improvements - ISF	265,782	-	-	265,782
Equipment	353,513,074	33,277,440	3,295,592	383,494,922
Equipment - ISF	7,446,718	1,815,738	150,582	9,111,874
Roadway Network	2,057,763,898	53,727,742	-	2,111,491,640
Landfill Network	18,694,498	-	-	18,694,498
Bridge Network	159,297,880	2,000,811	-	161,298,691
Hurricane Protection Network	97,680,665	-	-	97,680,665
Total Other Capital Assets at Historical Cost	<u>4,253,108,354</u>	<u>186,045,480</u>	<u>40,871,479</u>	<u>4,398,282,355</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	313,895,872	17,759,861	-	331,655,733
School Buildings	72,245,812	8,396,719	15,576,694	65,065,837
Site Improvements	120,939,411	8,156,475	-	129,095,886
Site Improvements - ISF	264,174	236	-	264,410
Equipment	280,042,993	24,255,016	3,257,673	301,040,336
Equipment - ISF	5,870,846	661,885	123,445	6,409,286
Roadway Network	1,318,468,642	50,859,520	-	1,369,328,162
Landfill Network	18,676,153	-	-	18,676,153
Bridge Network	47,081,670	3,064,166	-	50,145,836
Hurricane Protection Network	34,934,103	1,953,614	-	36,887,717
Total Accumulated Depreciation	<u>2,212,419,676</u>	<u>115,107,492</u>	<u>18,957,812</u>	<u>2,308,569,356</u>
Total Capital Assets Being Depreciated, Net	2,040,688,678	70,937,988	21,913,667	2,089,712,999
Governmental Activities Capital Assets, Net	<u>\$ 3,422,981,393</u>	<u>\$ 225,771,958</u>	<u>\$ 221,670,920</u>	<u>\$ 3,427,082,431</u>

Governmental Activities capital assets net of accumulated depreciation at June 30, 2021 are comprised of the following:

General Government Capital Assets, Net	\$ 3,424,378,471
Internal Service Fund Capital Assets, Net	<u>2,703,960</u>
Total	<u>\$ 3,427,082,431</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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Depreciation was charged to governmental functions as follows:

Finance	\$ 2,435
Judicial	279,166
Police	3,331,709
Public Works	80,654,635
Parks and Recreation	4,520,584
Libraries	112,600
Planning	42,450
Economic Development	27,530
Convention & Visitors Bureau	306,469
Information Technology	11,249,970
Boards and Commissions	199,706
Emergency Communications	20,649
Fire	3,805,818
Human Services	342,907
Education and Transfer to School	8,396,719
Housing & Neighborhood Preservation	17,126
Museums	119,900
General Government	744,248
Emergency Medical Services	932,871
Total	<u>\$ 115,107,492</u>

B. Component Unit - School Board

Capital Assets activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 38,968,372	\$ -	\$ -	\$ 38,968,372
Construction in Progress	91,935,123	30,364,941	50,338,600	71,961,464
Total Capital Assets Not Being Depreciated	<u>130,903,495</u>	<u>30,364,941</u>	<u>50,338,600</u>	<u>110,929,836</u>
Capital Assets Being Depreciated				
Buildings	682,894,580	93,304,596	-	776,199,176
Improvement Other Than Buildings	68,918,757	4,222,737	-	73,141,494
Machinery and Equipment	132,528,663	9,624,502	5,917,334	136,235,831
Total Capital Assets Being Depreciated	<u>884,342,000</u>	<u>107,151,835</u>	<u>5,917,334</u>	<u>985,576,501</u>
Less Accumulated Depreciation For:				
Buildings	326,874,080	30,212,676	-	357,086,756
Improvement Other Than Buildings	49,269,091	2,249,590	-	51,518,681
Machinery and Equipment	87,187,932	8,340,902	5,793,174	89,735,660
Total Accumulated Depreciation	<u>463,331,103</u>	<u>40,803,168</u>	<u>5,793,174</u>	<u>498,341,097</u>
Total Capital Assets Being Depreciated, Net	<u>421,010,897</u>	<u>66,348,667</u>	<u>124,160</u>	<u>487,235,404</u>
Component Unit School Board, Capital Assets, Net	<u>\$ 551,914,392</u>	<u>\$ 96,713,608</u>	<u>\$ 50,462,760</u>	<u>\$ 598,165,240</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

C. Business-Type Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 171,946,327	\$ 5,592,558	\$ -	\$ 177,538,885
Construction in Progress	45,658,080	58,978,444	40,760,836	63,875,688
Total Capital Assets Not Being Depreciated	217,604,407	64,571,002	40,760,836	241,414,573
Capital Assets Being Depreciated				
Buildings	165,022,290	-	-	165,022,290
Improvement Other Than Buildings	1,146,408	26,498	-	1,172,906
Utility System	1,548,531,679	38,186,869	-	1,586,718,548
Machinery and Equipment	68,815,183	7,582,788	2,078,606	74,319,365
Total Capital Assets Being Depreciated	1,783,515,560	45,796,155	2,078,606	1,827,233,109
Less Accumulated Depreciation For: *				
Buildings	58,638,398	4,613,531	-	63,251,929
Improvement Other Than Buildings	463,732	162,646	-	626,378
Utility System	601,579,238	33,315,289	-	634,894,527
Machinery and Equipment	51,085,540	6,658,633	1,634,071	56,110,102
Total Accumulated Depreciation	711,766,908	44,750,099	1,634,071	754,882,936
Total Capital Assets Being Depreciated, Net	1,071,748,651	1,046,056	444,535	1,072,350,173
Business-Type Activities Capital Assets, Net	\$ 1,289,353,059	\$ 65,617,058	\$ 41,205,371	\$ 1,313,764,746

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

Water and Sewer	\$ 29,045,785
Storm Water	8,266,150
Waste Management	3,593,951
Development Authority	3,815,677
Parking	28,536
Total	\$ 44,750,099

D. Major Fund - Water and Sewer Enterprise Fund

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 14,562,826	\$ -	\$ -	\$ 14,562,826
Construction in Progress	18,189,967	24,725,604	23,014,544	19,901,027
Total Capital Assets Not Being Depreciated	32,752,793	24,725,604	23,014,544	34,463,853
Other Capital Assets:				
Buildings and Improvements	18,940,552	-	-	18,940,552
Utility System	1,210,431,647	21,259,011	-	1,231,690,658
Machinery and Equipment	33,931,897	1,465,853	722,802	34,674,948
Total Other Capital Assets at Historical Cost	1,263,304,096	22,724,864	722,802	1,285,306,158
Less Accumulated Depreciation For:				
Buildings and Improvements	15,193,907	814,007	-	16,007,914
Utility System	528,594,950	26,430,626	-	555,025,576
Machinery and Equipment	27,206,732	1,801,152	655,325	28,352,559
Total Accumulated Depreciation	570,995,589	29,045,785	655,325	599,386,049
Total Capital Assets Being Depreciated, Net	692,308,507	(6,320,921)	67,477	685,920,109
Water and Sewer Capital Assets, Net	\$ 725,061,300	\$ 18,404,683	\$ 23,082,021	\$ 720,383,962

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

E. Major Fund – Storm Water Enterprise Fund

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 133,318,193	\$ -	\$ -	\$ 133,318,193
Construction in Progress	27,087,635	33,957,747	17,746,292	43,299,090
Total Capital Assets Not Being Depreciated	160,405,828	33,957,747	17,746,292	176,617,283
Other Capital Assets:				
Buildings and Improvements	664,899	-	-	664,899
Utility System	338,100,032	16,927,858	-	355,027,890
Machinery and Equipment	17,688,352	686,383	581,869	17,792,866
Total Other Capital Assets at Historical Cost	356,453,283	17,614,241	581,869	373,485,655
Less Accumulated Depreciation For:				
Buildings and Improvements	83,112	41,556	-	124,668
Utility System	72,984,288	6,884,663	-	79,868,951
Machinery and Equipment	13,649,303	1,339,931	561,435	14,427,799
Total Accumulated Depreciation	86,716,703	8,266,150	561,435	94,421,418
Total Capital Assets Being Depreciated, Net	269,736,580	9,348,091	20,434	279,064,237
Storm Water Capital Assets, Net	\$ 430,142,408	\$ 43,305,838	\$ 17,766,726	\$ 455,681,520

F. Major Fund – Waste Management

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Other Capital Assets:				
Buildings	8,730	-	-	8,730
Site Improvements	366,891	26,498	-	393,389
Machinery and Equipment	15,433,218	5,173,277	773,935	19,832,560
Total Other Capital Assets at Historical Cost	15,808,839	5,199,775	773,935	20,234,679
Less Accumulated Depreciation For:				
Buildings	182	436	-	618
Site Improvements	93,460	143,158	-	236,618
Machinery and Equipment	9,671,415	3,450,357	417,310	12,704,462
Total Accumulated Depreciation	9,765,057	3,593,951	417,310	12,941,698
Total Capital Assets Being Depreciated, Net	6,043,782	1,605,824	356,625	7,292,981
Waste Management Capital Assets, Net	\$ 6,043,782	\$ 1,605,824	\$ 356,625	\$ 7,292,981

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

G. Major Fund - Virginia Beach Development Authority

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 24,065,308	\$ 5,592,558	\$ -	\$ 29,657,866
Construction in Progress	380,478	295,093	-	675,571
Total Capital Assets Not Being Depreciated	24,445,786	5,887,651	-	30,333,437
Other Capital Assets:				
Buildings and Improvements	145,408,109	-	-	145,408,109
Machinery and Equipment	1,661,825	238,685	-	1,900,510
Total Other Capital Assets at Historical Cost	147,069,934	238,685	-	147,308,619
Less Accumulated Depreciation For:				
Buildings and Improvements	43,361,197	3,757,532	-	47,118,729
Machinery and Equipment	476,885	58,145	-	535,030
Total Accumulated Depreciation	43,838,082	3,815,677	-	47,653,759
Total Capital Assets Being Depreciated, Net	103,231,852	(3,576,992)	-	99,654,860
Development Authority Capital Assets, Net	<u>\$ 127,677,638</u>	<u>\$ 2,310,659</u>	<u>\$ -</u>	<u>\$ 129,988,297</u>

H. Component Unit - Virginia Beach Community Development Corporation

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 8,838,960	\$ 835,107	\$ -	\$ 9,674,067
Total Capital Assets Not Being Depreciated	8,838,960	835,107	-	9,674,067
Other Capital Assets:				
Buildings and Improvements	34,743,151	1,447,577	-	36,190,728
Machinery and Equipment	145,676	47,845	-	193,521
Total Other Capital Assets at Historical Cost	34,888,827	1,495,422	-	36,384,249
Less Accumulated Depreciation For:				
Component Unit-VA Beach Community Dev.	17,041,674	1,564,844	-	18,606,518
	<u>\$ 26,686,113</u>	<u>\$ 765,685</u>	<u>\$ -</u>	<u>\$ 27,451,798</u>

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

Oceana West Corporate Park	\$ 1,555,548
Corporate Landing Office Park	9,434,877
London Bridge Commerce Park	1,624,500
Town Center Beacon Building	4,877,946
Hunt Club 2	200,305
Historic Kempsville	1,296,118
Bio-Med Park	22,306,570
Total Land Held for Resale	<u>\$ 41,295,864</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

J. Construction in Progress

1. Governmental Activities and School Board Component Unit

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

	Expended through June 30, 2021	Outstanding Commitments	Unobligated Balance
<u>Government Activities</u>			
Engineering and Highways	\$ 77,341,464	\$ 67,854,511	\$ 293,029,753
Buildings	107,696,058	72,700,827	79,223,239
Parks and Recreation	13,565,294	6,878,771	34,207,223
Coastal	781,180	1,524,589	53,395,952
Economic and Tourism	34,772,159	8,122,441	160,548,232
Total Other Capital Assets at Historical Cost	<u>\$ 234,156,155</u>	<u>\$ 157,081,139</u>	<u>\$ 620,404,399</u>
<u>School Board Component Unit</u>			
Buildings and Improvements Other than Buildings	<u>\$ 71,961,464</u>	<u>\$ 16,663,598</u>	<u>\$ -</u>

2. Business-Type Activities

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress into the various capital asset accounts until substantially completed. Construction in Progress for Business-Type Activities is comprised of the following at June 30, 2020:

	Expended through June 30, 2021	Outstanding Commitments	Unobligated Balance
Water & Sewer Utility Projects	\$ 19,901,027	\$ 21,178,807	\$ 74,326,669
Storm Water Projects	43,299,090	46,281,662	99,304,449
Development Authority	675,571	-	-
Total Business-Type Activities	<u>\$ 63,875,688</u>	<u>\$ 67,460,469</u>	<u>\$ 173,631,118</u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

6. LONG-TERM DEBT

A. Summary of Changes in Long-Term Liabilities

1. Primary Government - Governmental Activities

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
General Obligation Bonds	\$ 580,233,933	\$ 3,445,000	\$ 60,442,129	\$ 523,236,804	\$ 54,070,434
State Literary Fund Loans	750,000	-	375,000	375,000	375,000
Public Facility Revenue Bonds	367,387,211	-	26,386,329	341,000,882	37,011,626
Agriculture Reserve Program	48,746,276	2,694,042	-	51,440,318	2,211,066
Total Tax Supported Debt	997,117,420	6,139,042	87,203,458	916,053,004	93,668,126
Other Debt:					
Landfill Closure & Post-Closure Care	21,668,720	260,024	-	21,928,744	-
Premiums	116,859,115	-	11,315,391	105,543,724	11,843,829
Net Pension Liability	380,851,729	98,268,749	-	479,120,478	-
Net OPEB Liability	98,756,055	-	9,863,124	88,892,931	-
Accrued Compensation Leave	46,403,538	27,323,237	28,099,448	45,627,327	28,015,904
Estimated Claims & Judgements	44,599,078	11,314,899	10,259,314	45,654,663	10,741,360
Governmental Activities Long-Term Debt	\$ 1,706,255,655	\$ 143,305,951	\$ 146,740,735	\$ 1,702,820,871	\$ 144,269,219

2. Primary Government - Business-Type Activities

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Revenue Bonds	\$ 250,380,000	\$ 188,225,000	\$ 89,495,000	\$ 349,110,000	\$ 15,065,000
Public Facility Revenue Bonds	50,367,790	-	7,373,672	42,994,118	8,438,374
Total Self/Tax Supported Debt	300,747,790	188,225,000	96,868,672	392,104,118	23,503,374
Less/Add Deferred Amounts:					
For Issuance Premiums	18,380,309	30,300,730	4,337,501	44,343,538	3,172,698
Total Bonds Payable	319,128,099	218,525,730	101,206,173	436,447,656	26,676,072
Net Pension Liability	36,840,451	9,505,706	-	46,346,157	-
Net OPEB Liability	4,859,875	414,584	-	5,274,459	-
Accrued Compensated Leave	4,103,420	2,689,202	2,716,086	4,076,536	2,716,144
Business-Type Activities Long-Term Debt	\$ 364,931,845	\$ 231,135,222	\$ 103,922,259	\$ 492,144,808	\$ 29,392,216

Note: \$700,000 Notes Payable for Development Authority was eliminated in Business Type Activities as it is a Loan due to the City

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Revenue Bonds	\$ 183,395,000	\$ 96,710,000	\$ 70,175,000	\$ 209,930,000	\$ 10,800,000
Add Deferred Amounts:					
For Issuance Premiums	13,645,938	14,308,597	2,550,816	25,403,719	1,879,235
Total Bonds Payable	197,040,938	111,018,597	72,725,816	235,333,719	12,679,235
Net Pension Liability	21,469,378	5,539,607	-	27,008,985	-
Net OPEB Liability	2,420,692	807,775	-	3,228,467	-
Accrued Compensated Leave	2,461,744	1,681,467	1,655,479	2,487,732	1,655,478
Water and Sewer Long-Term Liabilities	\$ 223,392,752	\$ 119,047,446	\$ 74,381,295	\$ 268,058,903	\$ 14,334,713

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Revenue Bonds	\$ 66,985,000	\$ 91,515,000	\$ 19,320,000	\$ 139,180,000	\$ 4,265,000
Add Deferred Amounts:					
For Issuance Premiums	2,097,915	15,992,133	1,376,122	16,713,926	1,293,463
Total Bonds Payable	69,082,915	107,507,133	20,696,122	155,893,926	5,558,463
Net Pension Liability	9,523,382	2,457,257	-	11,980,639	-
Net OPEB Liability	1,482,571	-	712,406	770,165	-
Accrued Compensated Leave	552,167	348,408	325,111	575,464	325,111
Storm Water Long-Term Liabilities	\$ 80,641,035	\$ 110,312,798	\$ 21,733,639	\$ 169,220,194	\$ 5,883,574

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Net Pension Liability	\$ 5,513,537	\$ 1,422,623	\$ -	\$ 6,936,160	\$ -
Net OPEB Liability	915,780	305,590	-	1,221,370	-
Accrued Compensated Leave	1,043,748	627,949	707,772	963,925	707,773
Waste Management Long-Term Liabilities	\$ 7,473,065	\$ 2,356,162	\$ 707,772	\$ 9,121,455	\$ 707,773

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

	Balance			Balance	Amounts
	July 1, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Public Facility Revenue Bonds	\$ 50,367,790	\$ -	\$ 7,373,672	\$ 42,994,118	\$ 8,438,374
For Issuance Premiums	2,636,456	-	410,563	2,225,893	-
Notes Payable	-	700,000	-	700,000	34,281
Virginia Beach Development Authority					
Long-Term Debt	\$ 53,004,246	\$ 700,000	\$ 7,784,235	\$ 45,920,011	\$ 8,472,655

7. Component Unit - School Board

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

	Balance			Balance	Amounts
	July 1, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Net Pension Liability	\$ 678,824,810	\$ 273,762,204	\$ 203,761,894	\$ 748,825,120	\$ -
Net OPEB Liability	152,746,121	57,692,766	62,694,560	147,744,327	-
Accrued Compensated Leave	38,968,412	12,660,784	8,438,190	43,191,006	8,606,955
Estimated Claims and Judgements	16,063,151	155,340,335	152,808,394	18,595,092	13,946,319
School Board Long-Term Liabilities	\$ 886,602,494	\$ 499,456,089	\$ 427,703,038	\$ 958,355,545	\$ 22,553,274

8. Component Unit - Virginia Beach Community Development Corporation

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

	Balance			Balance	Amounts
	July 1, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Notes Payable	\$ 19,539,787	\$ 1,174,215	\$ 628,159	\$ 20,085,843	\$ 5,279,795

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CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

B. Bonds, Notes and Loans Payable

Details of long-term indebtedness are shown below with outstanding balance as of June 30, 2021:

Bond Issue/Purpose	Dated	Issue Amount	True Interest (%)	Proprietary Percentage	Outstanding Balance
				VBDA %	City
General Obligation Public Improvement (PI)					
Bonds and Loans:					
2020 GO Refunding	10/30/2020	\$ 3,445,000	1.280000	-	\$ 3,140,505
2019A PI	7/31/2019	101,210,000	2.260682	-	95,720,000
2019B PI Refunding	7/31/2019	54,915,000	1.376528	-	40,490,000
2018A PI	3/13/2018	67,595,000	2.885678	-	56,350,000
2017A PI Refunding	12/28/2017	71,530,000	2.253621	-	71,530,000
2016A PI	2/9/2016	61,255,000	2.437448	-	45,960,000
2016B PI Refunding	2/9/2016	50,430,000	1.771418	-	13,320,000
2015A PI	4/21/2015	51,295,000	2.617345	-	35,910,000
2015B PI Refunding	4/21/2015	56,530,000	1.989322	-	49,235,000
2014A PI	4/22/2014	85,050,000	2.920553	-	55,850,000
2013A PI	4/17/2013	22,885,000	2.587348	-	14,885,000
2013B PI Refunding	4/17/2013	33,795,000	2.143873	-	18,965,000
Pleasure House Point	7/10/2012	6,000,000	0.250000	-	956,862
2012A PI	4/18/2012	65,000,000	2.849726	-	3,250,000
2012B PI Refunding	4/18/2012	19,630,000	2.413515	-	13,165,000
2010-1 QSCB*	7/8/2010	4,875,000	5.310000	-	1,740,000
2008 VPSA*	12/1/2008	6,350,705	-	-	2,769,437
2002 State Literary	1/1/2002	7,500,000	3.000000	-	375,000
Total General Obligation Bonds and Loans					523,611,804
Revenue Bonds:**					
2020A W&S Revenue	10/22/2020	45,600,000	1.813325	-	45,600,000
2020B W&S Refunding	10/22/2020	51,110,000	1.268969	-	51,110,000
2020A Storm Water Revenue	10/7/2020	77,365,000	2.013284	-	77,365,000
2020B Storm Water Refunding	10/7/2020	14,150,000	1.246522	-	14,150,000
2019 Storm Water Revenue	2/27/2019	29,525,000	3.139267	-	28,150,000
2016A W&S Revenue	6/8/2016	46,560,000	2.711344	-	42,005,000
2016B W&S Refunding	6/8/2016	42,865,000	1.813975	-	34,375,000
2015A Storm Water Revenue	1/28/2015	23,500,000	2.829639	-	19,515,000
2013 W&S Revenue	11/13/2013	44,845,000	3.641572	-	36,840,000
Total Revenue Bonds					349,110,000
Public Facility Revenue Bonds:					
2020A Public Facility Revenue	6/17/2020	158,960,000	1.7175703	-	158,960,000
2020B Public Facility Refunding	6/17/2020	37,620,000	0.2897591	32.40	37,620,000
2018A Public Facility Revenue	3/28/2018	33,395,000	3.0289500	8.85	26,750,000
2016A Public Facility Revenue	11/3/2016	21,225,000	2.4588020	-	16,165,000
2016B Public Facility Revenue	11/3/2016	7,880,000	2.1224430	100.00	4,240,000
2015A Public Facility Revenue	6/25/2015	48,245,000	3.0509530	-	29,590,000
2015B Public Facility Revenue	6/25/2015	34,885,000	2.6779800	27.05	26,505,000
2014A Public Facility Revenue	6/18/2014	44,975,000	2.9840410	41.76	26,995,000
2014B Public Facility Revenue	6/18/2014	20,320,000	2.4309790	25.62	11,080,000
2013A Public Facility Revenue	6/19/2013	20,960,000	2.5996020	-	11,385,000
2012A Public Facility Revenue	6/20/2012	22,580,000	2.5996020	-	12,845,000
2012B Public Facility Refunding	6/20/2012	25,640,000	2.4489560	21.12	21,860,000
Total Public Facility Revenue Bonds					383,995,000
Other Long-Term Debt:					
Agricultural Reserve Program	Various	48,746,276	Various	-	51,440,318
Total Other Long-Term Debt					51,440,318
Grand Total Bonds, Notes and Loans Payable					\$ 1,308,157,122

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

** Water and Sewer and Storm Water Enterprise Funds

Defeased Debt - In current and prior years as a result of debt refunding, the City defeased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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liabilities for the defeased debt are not included in the City's financial statements. At June 30, 2021, the outstanding balance of the defeased debt is \$32.5 million, and is considered defeased.

C. Summary of Recent Refundings

Periodically, the City issues debt to refund amounts outstanding on prior bond issuances to reduce interest payment costs. The details of these refunding issuances are as follows.

1. Current Refunding of General Obligation Bonds (Recovery Zone Economic Development Bonds), Series 2010A

On October 30, 2020, the City issued \$3.4 million in a General Obligation Refunding Bond, Series 2020 to refund the remaining portion of the Series 2010A General Obligation Bonds (Recovery Zone Economic Development Bonds). The refunding bond was placed in an irrevocable trust for the purpose of payment of future debt service payments of \$3.4 million of refunded General Obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities and government activities columns of the statement of net position. The net carrying amount of the old debt was \$50,000 less than the reacquisition price. This current refunding was undertaken to reduce total debt service payments over a 10-year period by \$340,110 and will result in an economic gain of \$301,973. The escrow agent called the 2010A refunded bonds on November 4, 2020.

2. Current Refunding of Water and Sewer System Revenue Bonds, Series 2010A-2 (Taxable), Water and Sewer System Refunding Revenue Bonds, Series 2010B (Tax Exempt), and Water and Sewer System Refunding Revenue Bonds 2010C (Tax Exempt)

On October 22, 2020, the City issued \$51.1 million of Water and Sewer System Refunding Revenue Bonds, Series 2020B to refund the remaining balances of the Water and Sewer System Revenue Bonds, Series 2010A-2 (Taxable) and the Water and Sewer Refunding Revenue Bonds, Series 2010B and 2010C (both Tax Exempt). The refunding bonds combined with \$9.82 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$77.36 million of refunded Water and Sewer System Revenue and Refunding Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$9.02 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next 16 years by \$11.15 million and resulted in an economic gain of \$9.93 million. The escrow agent called the series 2010A-2, 2010B and 2010C refunded bonds on November 23, 2020.

3. Current Refunding of Storm Water Utility Revenue Bonds, Series 2010A-2 (Taxable - Build America Bonds), Storm Water Utility Refunding Revenue Bonds, Series 2010B (Tax Exempt)

On October 7, 2020 the City issued \$14.1 million of Storm Water Utility Refunding Revenue Bonds, Series 2020B to refund the remaining balances of the Storm Water Utility Revenue Bonds, Series 2010A-2 (Taxable - Build America Bonds) and the Storm Water Utility Refunding Revenue Bonds, Series 2010B (Tax Exempt), other than the Series 2010B bonds maturing on November 15, 2020. The refunding bonds combined with \$3.16 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$21.66 million of refunded Storm Water Utility Revenue and Refunding Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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\$2.55 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next 16 years by \$2.85 million and resulted in an economic gain of \$2.58 million. The escrow agent called the series 2010A-2 and 2010B refunded bonds on November 15, 2020.

4. Advance Refunding of General Obligation Public Improvement Bonds, Series 2011A and 2012A

On December 28, 2017, the City issued \$71.53 million of General Obligation Public Improvement Refunding Bonds, Series 2017A to refund a portion of the 2011A and the remaining balance of the 2012A Series General Obligation Public Improvement Bonds. The refunding bonds combined with \$13.59 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$109.91 million of refunded General Obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$6.93 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$8.3 million and resulted in an economic gain of \$6.8 million. The escrow agent called the series 2011A refunded bonds on June 1, 2021 and will call the 2012A refunded bonds on April 1, 2022.

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

Annual Debt Service requirements to maturity for General Obligation Bonds and State Literary Fund Loans are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 54,445,434	\$ 22,467,257	\$ 76,912,691
2023	50,512,897	19,845,423	70,358,320
2024	48,399,239	17,457,513	65,856,752
2025	48,485,117	15,057,856	63,542,973
2026	45,421,103	12,746,769	58,167,872
2027-2031	166,783,014	36,791,011	203,574,025
2032-2036	84,175,000	10,930,356	95,105,356
2037-2041	25,390,000	1,472,456	26,862,456
Totals	<u>\$ 523,611,804</u>	<u>\$ 136,768,641</u>	<u>\$ 660,380,445</u>

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2022	\$ 15,065,000	13,052,063	\$ 28,117,063
2023	15,875,000	12,298,681	28,173,681
2024	16,745,000	11,498,781	28,243,781
2025	17,675,000	10,646,406	28,321,406
2026	17,995,000	9,763,131	27,758,131
2027-2031	81,550,000	37,357,244	118,907,244
2032-2036	81,545,000	21,342,288	102,887,288
2037-2041	61,945,000	10,036,434	71,981,434
2042-2047	40,715,000	2,565,113	43,280,113
Totals	<u>\$ 349,110,000</u>	<u>\$ 128,560,141</u>	<u>\$ 477,670,141</u>

CITY OF VIRGINIA BEACH, VIRGINIA
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Annual Debt Service requirements to maturity for Public Facility Revenue Bonds are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022	\$ 37,011,626	\$ 13,807,607	\$ 8,438,374	\$ 1,716,049	\$ 45,450,000	\$ 15,523,656	\$ 60,973,656
2023	36,270,063	11,969,590	8,454,937	1,311,241	44,725,000	13,280,831	58,005,831
2024	35,670,785	10,255,058	5,484,215	1,015,598	41,155,000	11,270,656	52,425,656
2025	25,572,081	8,803,117	4,902,919	789,965	30,475,000	9,593,082	40,068,082
2026	21,243,942	7,599,685	2,826,058	576,021	24,070,000	8,175,706	32,245,706
2027-2031	85,048,905	25,381,766	9,011,095	1,437,334	94,060,000	26,819,100	120,879,100
2032-2036	64,908,480	10,315,224	3,586,520	328,201	68,495,000	10,643,425	79,138,425
2037-2041	35,275,000	1,881,181	290,000	14,319	35,565,000	1,895,500	37,460,500
Totals	\$ 341,000,882	\$ 90,013,228	\$ 42,994,118	\$ 7,188,728	\$ 383,995,000	\$ 97,201,956	\$ 481,196,956

Debt service requirements for general obligation bonds are principally met by the General Fund. The Governmental Activities, Landfill Closure and Post-Closure Care, Federal Arbitrage Rebate (there are no set maturity dates for these liabilities) will also be liquidated by the General Fund. Compensated absences (except School Board and most Proprietary funds) will be liquidated by the General Fund. Internal Service Funds predominately serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities in Note 6A1. The net pension liability and net OPEB liability are liquidated by the correlating funds in respect to the departmental costs and are reflected, based on allocation, on Internal Services Fund, Enterprise Fund and Entity-Wide Fund statements. Claims and Judgments are liquidated by the Risk Management Fund. Total interest expense incurred on the various types of debt shown in Note 6D for the year ended June 30, 2021, was \$52,348,498 as reflected in Note 6I.

E. Agricultural Reserve Program

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

These agreements provide for the payment of the principal balance of each agreement in a single installment due approximately twenty-five years after execution of the agreement. Interest on the unpaid principal balance is payable semi-annually. On May 9, 1995, the City Council originally dedicated a one and one-half cent increase in the real estate tax to finance the program, and has made the following changes to the tax rate dedication and/or uses of ARP funds.

- On May 11, 2004, the Council reduced the amount to one cent.
- On May 9, 2006 the Council reduced the amount to nine tenths of one cent.
- On May 12, 2015, the Council reduced the amount to 56 one-hundredths of one cent.
- On May 9, 2017, the Council increased the amount to nine tenths of one cent to preserve property in the Transition Area of the City and other Agricultural Reserve Program costs.

CITY OF VIRGINIA BEACH, VIRGINIA
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- On May 15, 2018, the Council expanded the use of ARP funds to provide support for storm water capital projects benefiting the southern portion of the City including \$990,000 annually in cash funding for project 7-024, "Southern Canal/Lead Ditch and Culvert Improvements" and a one-time contribution of \$1.5 million to project 7-047, "Ashville Park Drainage Improvements" (currently, projects 100390 and 100022, respectively).

These obligations constitute indebtedness within the meaning of Article VII, Section 10 of the Virginia Constitution and will be general obligations of the City, pledging the full faith and credit and unlimited taxing power of the City. By policy, interest and principal payments will be paid from a dedicated portion of real estate taxes. Principal payments will be made from maturing zero coupon Treasury securities purchased using funds provided by the dedicated portion of real estate taxes; the term to maturity is 25-years.

As of June 30, 2021, 103 installment purchase agreements totaling 10,235 acres with a total purchase price of \$51,440,318 have been executed. During FY 2021, two installment purchase agreements were executed totaling \$2,694,042 for 387.12 acres. No principal was retired in FY 2021; principal will be retired beginning in FY 2022. Interest expense incurred on this debt for the year ended June 30, 2021 was \$2,460,112.

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

Year Ending June 30	Principal	Interest	Total
2022	\$ 2,211,066	\$ 2,500,054	\$ 4,711,120
2023	6,949,719	2,059,031	9,008,750
2024	1,034,361	1,867,549	2,901,910
2025	2,442,859	1,829,623	4,272,482
2026	2,166,758	1,631,071	3,797,829
2027-2031	7,838,663	6,264,527	14,103,190
2032-2036	15,722,086	4,241,729	19,963,815
2037-2041	4,008,686	1,564,602	5,573,288
2042-2046	9,066,120	579,499	9,645,619
Totals	<u>\$ 51,440,318</u>	<u>\$ 22,537,685</u>	<u>\$ 73,978,003</u>

F. Legal Debt Limit

The Constitution of Virginia (article VII, section 10) and the City Charter (section 6.05:1) impose a legal limit on the amount of general obligation debt that the City may issue without referendum; this legal limit is 10% of the total assessed value of taxable real property. At June 30, 2021, the City's debt limit was \$6.2 billion of which \$5.7 billion was available for the issuance of additional debt (which is known as the legal debt margin).

G. Water and Sewer Enterprise Revenue Bonds

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

- \$44.8 million in Water and Sewer System Revenue Bonds issued on November 13, 2013. The bonds are payable solely from water and sewer customer net revenues and are payable through 2039. At June 30, 2021, the total principal and interest remaining to be paid on the bonds is \$51,703,425.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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- \$46.7 million in Water and Sewer System Revenue Bonds issued on June 8, 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2042. At June 30, 2021, the total principal and interest remaining to be paid on the bonds is \$58,149,863.
 - \$42.9 million in Water and Sewer System Refunding Revenue Bonds issued on June 8, 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2031. At June 30, 2021, the total principal and interest remaining to be paid on the bonds is \$41,384,113.
 - \$45.6 million in Water and Sewer System Revenue Bonds issued on October 22, 2020. The bonds are payable solely from water and sewer customer net revenues and are payable through 2045. At June 30, 2021, the total principal and interest remaining to be paid on the bonds is \$61,926,775.
 - \$51.1 million in Water and Sewer System Refunding Revenue Bonds issued on October 22, 2020. The bonds are payable solely from water and sewer customer net revenues and are payable through 2035. At June 30, 2021, the total principal and interest remaining to be paid on the bonds is \$65,267,700.

The aforementioned Water and Sewer System Revenue Bonds were issued for rehabilitation of aging infrastructure, neighborhood improvement projects, system expansion, and roadway and storm water coordination projects adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Water and Sewer Revenue Bonds is \$278,431,876. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year. Furthermore, City Council set a goal of debt service coverage on its water and sewer revenue bonds at not less than 1.50-times of net revenues to debt service. At June 30, 2021, the debt service coverage on the water and sewer revenue bonds is 2.5-times. The total principal and interest expense for the current year and net available customer operating income were \$17,715,002 and \$44,318,417, respectively.

H. Storm Water Revenue Bonds

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

- \$23.5 million in Storm Water Revenue Bonds issued on January 28, 2015. The bonds are payable solely from storm water customer net revenues and are payable through 2040. At June 30, 2021, the total principal and interest remaining to be paid on the bonds is \$25,841,109.
- \$29.5 million in Storm Water Utility Revenue Bonds issued on February 27, 2019. The bonds are payable solely from storm water customer net revenues and are payable through 2043. At June 30, 2021, the total principal and interest remaining to be paid on the bonds is \$41,049,781.
- \$77.4 million in Storm Water Utility Revenue Bonds issued on October 7, 2020. The bonds are payable solely from storm water customer net revenues and are payable through 2045. At June 30, 2021, the total principal and interest remaining to be paid on the bonds is \$113,824,575.
- \$14.1 million in Storm Water Utility Refunding Revenue Bonds issued in October 7, 2020. The bonds are payable solely from storm water customer net revenues and are payable through 2035. At June 30, 2021, the total principal and interest remaining to be paid on the bonds is \$18,522,800.

The aforementioned Storm Water Utility Revenue Bonds were issued to address flood control, water quality and capital maintenance adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Storm Water Revenue Bonds is \$199,238,265. The City will fix,

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charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year. Furthermore, the City has a policy of debt service coverage on its storm water revenue bonds at not less than 1.5-times of net revenues to debt service. At June 30, 2021, the debt service coverage on the storm water revenue bonds is 4.5-times. The total principal and interest expense for the current year and net available customer operating income were \$6,659,434 and \$29,745,191, respectively.

I. Debt Service Expenditures

Summarized below are the annual requirements to pay debt service costs on all outstanding long-term debt as of June 30, 2021.

	Principal Retirement¹	Interest and Fiscal Charges²	Total
<u>General Government City:</u>			
General Obligation Bonds	\$ 57,047,129	\$ 25,115,198	\$ 82,162,327
State Literary Fund Loans	375,000	22,500	397,500
Public Facility Revenue Bonds	26,386,329	13,564,301	39,950,630
Agriculture Reserve Program	-	2,460,112	2,460,112
Bank Charges & Bond Issuance Costs	-	275,473	275,473
Total Tax Supported Debt Service	<u>83,808,458</u>	<u>41,437,584</u>	<u>125,246,042</u>
	Principal¹ Retirement	Interest and Fiscal² Charges	Total
<u>Enterprise Funds:</u>			
Revenue Bonds	12,665,000	11,782,696	24,447,696
Public Facility Revenue Bonds	7,373,672	1,863,803	9,237,475
Bank Charges & Bond Issuance Costs	-	1,069,528	1,069,528
Total Enterprise Debt Service	<u>20,038,672</u>	<u>14,716,027</u>	<u>34,754,699</u>
Total Debt Service	<u><u>\$ 103,847,130</u></u>	<u><u>\$ 56,153,611</u></u>	<u><u>\$ 160,000,741</u></u>

¹ Excludes bonds refunded

² Excludes Premium from bond sales

J. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2021.

	Primary Government			
	Governmental Activities	Business-Type Activities	School Board Component Unit	Total
City - Annual	\$ 34,181,656	\$ 3,149,169	\$ -	\$ 37,330,825
City - Compensatory	8,628,684	545,439	-	9,174,123
City - Sick	2,816,987	381,928	-	3,198,915
School - Annual	-	-	14,896,312	14,896,312
School - Sick	-	-	19,676,924	19,676,924
School - Personal	-	-	8,617,770	8,617,770
Total	<u><u>\$ 45,627,327</u></u>	<u><u>\$ 4,076,536</u></u>	<u><u>\$ 43,191,006</u></u>	<u><u>\$ 92,894,869</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
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K. Authorized But Unissued Bonds

A summary of debt authorized by City Council, as of June 30, 2021, but not yet issued is listed below. The City's practice is to issue debt on a reimbursement bases after capital project expenses have been incurred.

Charter Based Debt:

General Obligation Debt:

2015 Charter Bonds	\$ 4,013,438
2016 Charter Bonds	44,435,081
2017 Charter Bonds	36,972,406
2018 Charter Bonds	40,623,457
2019 Charter Bonds	65,332,867
2020 Charter Bonds	69,741,841
2021 Charter Bonds	61,678,775
Total General Obligation Debt	<u>322,797,865</u>

Revenue Bond Debt:

Water and Sewer Debt:

2015 W & S Revenue Bonds	7,082,666
2019 W & S Revenue Bonds	14,373,971
2020 W & S Revenue Bonds	1,318,515
2021 W & S Revenue Bonds	9,993,368
Total Water and Sewer Debt	<u>32,768,520</u>

Storm Water Utility Debt:

2018 Storm Water Utility Revenue Bonds	6,711,726
2019 Storm Water Utility Revenue Bonds	25,000,000
2020 Storm Water Utility Revenue Bonds	34,708,495
2021 Storm Water Utility Revenue Bonds	50,545,315
Total Storm Water Utility Debt	<u>116,965,536</u>

Total Authorized and Unissued Charter & Revenue Bond Debt - June 30, 2021	<u>472,531,921</u>
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Appropriation-Supported Debt:

Public Facility Revenue Bonds

Total Authorized and Unissued Debt - June 30, 2021	<u>336,974,187</u>
	<u>\$ 809,506,108</u>

L. Revenue Covenants

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

M. Compliance

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

N. Public Facility Revenue Bonds and Associated VBDA Support Agreements

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

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

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

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

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

7. ASSETS AND OBLIGATIONS UNDER LEASES

The City is leasing the Social Services Facility through a financing arrangement with the VBDA. Under the arrangement, the Authority issued \$9,800,000 in tax-exempt Lease Revenue Bonds to finance the Facility. In December 2018, the remaining balance of the Lease Revenue Bonds for Social Services was retired. The leasing arrangement is for monthly payments of \$47,910 to be placed in a reserve and used as needed for capital and structural improvements, maintenance and repair of the facility.

8. DEPOSITS AND INVESTMENTS

All cash of the City including the School Board Component Unit (excluding the School Board Activity Funds) is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by Federal depository insurance. Funds deposited in accordance to the Virginia Security for Public Deposits Act are considered to be insured, thereby reducing custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

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

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

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As of June 30, 2021, the City had the following recurring investments. Except for the investments in the SNAP, Virginia Investment Pool (VIP), and LGIP, all investments are in an internal investment pool.

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Weighted Average Maturities (in months)
Investments at Fair Value:	June 30, 2021				
Money Market funds	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	0.01
Negotiable Certificates of Deposits	130,063,059	-	130,063,059	-	0.95
Commercial Paper	14,994,061	-	14,994,061	-	0.04
U. S. Government Securities	54,987,649	-	54,987,649	-	1.56
Miscellaneous Coupon Securities	198,224,973	\$ -	198,224,973	-	4.33
	<u>\$ 408,269,742</u>	<u>\$ -</u>	<u>\$ 408,269,742</u>	<u>\$ -</u>	<u>0.04</u>
Investments Measured at amortized Cost:					
Certificates of Deposits	\$ 65,265,666				0.11
SNAP	51,639,273				0.04
LGIP	352,000,000				0.28
VIP	11,095,699				0.01
VIP - Liquidity Pool	349,158,472				0.28
Total Fair Value	<u>\$ 829,159,110</u>				
Total Investments					
Portfolio Weighted Average Maturity	<u>\$ 1,237,428,852</u>				<u>1.03</u>

The City has investments in U.S. Government securities valued at \$55.0 million (Level 2 inputs). These investments are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

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

The remaining investments, measured in accordance with GAAP and at amortized costs, totaled \$829.2 million at June 30, 2021. Investments within the SNAP Investment Pool are held there to meet the debt service reserve requirements of the bond covenants and therefore cannot be withdrawn for any other purpose. Investments within the LGIP have no restrictions on withdrawals and can be obtained upon demand. Investments in the VIP fall within two primary funds, 1-3 Year High Quality Bond Fund and Stable NAV Liquidity Pool. The 1-3 High Quality Bond Fund redemptions are available twice a month and participants are required to provide 5 days' notice. Redemptions greater than \$5 million are requested to be submitted 60 days in advance and if the redemption is greater than 10% of the portfolio's net asset value without the 60 days' notice, the redemption can be executed over time. The Stable NAV Liquidity Pool has no restrictions on withdrawals and funds are available the same day.

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Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2021:

	Primary Government	School Board Component Unit	Total
Cash and Investment	\$ 910,318,984	\$ 271,148,749	\$ 1,181,467,733
Restricted Cash and Cash Equivalents	270,339,836	-	270,339,836
Fiduciary Funds	59,312,272	43,858,083	103,170,355
Total	<u>\$ 1,239,971,092</u>	<u>\$ 315,006,832</u>	<u>1,554,977,924</u>
Less: Cash on Deposit			<u>(317,549,072)</u>
Total Fair Value of Investment at June 30, 2021			<u>\$ 1,237,428,852</u>

Interest Rate Risk:

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

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

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

Credit Risk:

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

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

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

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The City's rated debt investments as of June 30, 2021 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

	<u>AAA</u>	<u>A1/P1/F1+</u>
State LGIP	\$ 352,000,000	\$ -
U. S. Government Securities	54,987,649	-
SNAP	51,639,273	-
Commercial Paper	14,994,061	-

Concentration of Credit Risk: Concentration of credit risk represents the risk of investments in any one issue that represents five percent or more of investments. The City's investment policy limits the amount it can invest in commercial paper and bankers' acceptance instruments. By policy, investments in commercial paper are limited to 35% of the total available for investment, and not more than 5% of the total available for investment can be invested in any one issuing corporation. Bankers' acceptance instruments shall not exceed 50% of the total investment portfolio's book value on the date of acquisition.

All City and School Funds participate in a centralized cash and investment pool. Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund.

9. COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

Furthermore, Federal grant programs in which the City participates have been audited in accordance with the provisions of the Office of Management 2 CFR 200, Uniform Administrative Requirements. The amounts, if any, of expenditures which may be disallowed by these audits cannot be determined at this time although the City expects such amounts, if any, would not have a material adverse effect on the City's financial position.

C. Salaries Payable

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

D. Landfill Closure and Environmental Trust Fund Claims

On May 24, 2016, the City entered into a use and support agreement with Southeastern Public Service Authority of Virginia (SPSA). Under this agreement, effective January 1, 2018 which continues until June 2027, the City agreed to use SPSA's solid waste disposal system to dispose of solid waste generated within and collected by the City. For this service, the City agreed to pay tipping fees to SPSA.

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The total remaining capacity as of January 1, 2021 of the permitted cells at the City landfill is 1.73 million tons. Total usage to date has been estimated at 8.30 million tons. Estimated remaining life of the landfill, based on current fill rates is 23 years for the existing developed capacity and 72 years for the permitted capacity.

As of January 1, 2021, approximately 83 percent (by tonnage) of the permitted landfill has been used. Based on a June 2021 analysis, the present value of the estimated cost for both closure and post-closure care is \$21,928,744, an amount based on landfill capacity used to date. Until another cell of the landfill is opened, no additional estimated closure and post-closure care costs will be recognized, except for the effects of inflation, changes in landfill conditions, changes in estimates, changes in technology or changes in laws or regulations. This amount is reflected in the government-wide financial statements. The City is required by law to submit a worksheet that demonstrates the ability to fund landfill closure and post-closure care costs.

The Environmental Trust Funds were established through agreements between the City, Suffolk and SPSA which include the Suffolk Environmental Trust fund and the Virginia Beach Environmental Trust Fund. The purpose of these accounts are to provide for all costs relating to legal suits and other similar claim activity relating to environmental pollution that are made against the Regional Landfill and the Virginia Beach Landfill during a thirty (30) year period after cessation of each landfill's operation. The City's proportionate share of the funds, held by SPSA, total \$308,812 as of June 30, 2021.

E. Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation is used as an extension of formal budgetary control by the City. At June 30, 2021 the City had outstanding encumbrances as follows:

General Fund		
General Government	\$	1,060,026
Aquarium		463,980
Computer Replacement Program		1,178,404
Convention and Visitors Bureau		280,638
Cultural Affairs and Historic Houses		1,305,610
Economic Development		741,295
Emergency Communications and Citizen Services		298,575
Finance		291,148
Housing		725,534
Human Resources		226,362
Human Services		4,221,142
Information Technology		4,539,359
Library		451,737
Parks and Recreation		318,096
Police		1,782,962
Public Works		3,455,509
Vehicle Replacement		616,807
Total General Fund		<u>21,957,184</u>
Capital Projects Fund		
Engineering and Highways		67,854,511
Buildings		58,826,242
Information Technology		13,874,585
Parks and Recreation		6,878,771
Coastal		1,524,589
Economic and Tourism		8,122,441
Total Capital Projects Fund		<u>157,081,139</u>
Nonmajor Special Revenue Funds		
		<u>4,328,325</u>
Total	\$	<u><u>183,366,648</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
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F. COVID-19

On March 11, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic significantly affected global markets, supply chains, businesses, and communities.

In response to COVID-19, the City instituted a variety of relief programs and initiatives to help mitigate the negative impacts of the pandemic, maintain critical services, and keep residents and employees safe. The City received \$78.5 million from the federal Coronavirus Act Relief and Economic Stimulus (CARES) funds for medical expenses, public health initiatives, and payroll, etc. Of the \$78.5 million, approximately \$56.1 million of the CARES funds was utilized on allowable payroll expenses for public safety employees substantially dedicated to mitigating or responding to COVID-19. The remaining \$9.4 million is expected to be spent by the year end. In addition, there were several smaller passthrough grants awarded to the Departments of Housing and Neighborhood Preservation as well as the Office of Emergency Management. Though the City reimbursed public safety salaries through the grant, general fund operating results are expected not to be influenced. The City used these savings to then address a number of priorities including giving \$28.8 million to the United Way of South Hampton Roads to provide economic support to businesses, families, and local non-profits.

The federal American Rescue Plan Act of 2021, which was enacted on March 12 of 2021, will provide the City with \$136.4 million of additional federal Coronavirus State and Local Recovery funds. These funds are earmarked for fiscal effects stemming from the COVID pandemic. According to the Interim Final Rule issued by the U.S. Department of Treasury, funds can be used to pay for direct responses to the Public Health Emergency, including negative economic effects, premium pay for public and private employees, revenue loss for local government, and infrastructure improvements for water, sewer, and broadband. On June 14, 2021, the City received the first payment totaling \$68.2 million, which includes the Coronavirus State Recovery Fund of \$43.7 million (County Allocation) and the Coronavirus Local Recovery Fund of \$24.5 million (City Allocation).

The COVID-19 outbreak is ongoing, and its duration and severity and economic effects are uncertain in many respects. The ultimate impact of COVID-19 on the City's operations, and finances, the economy, and development within the City is not fully known. It may be some time before the full adverse impact of the COVID-19 outbreak is known.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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10. TAX ABATEMENTS

Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach	
	Tourism Development Financing Program (TDFP)	Business License Incentive Program (BPOL)
	Cavalier	
1) Purpose of Program	Provides incentive payment annually of "but for" project revenues after a project is operational and has paid sales taxes. This annual incentive payment is to assist in closing a financing gap between debt and equity a developer currently has and the total financing required by a tourism project.	Incentive program providing partial tax exemption for new businesses, and will foster business development and encourage entrepreneurialism.
2) Tax being abated	1% local sales tax	Business License Tax
3) Authority under which abatement agreements are entered into	VA Code 58.1-3851.1 City Code Chapter 35.4	City Code Chapter 18.202-208
4) Criteria to be eligible to receive abatement	Capital investment greater than \$30 million and taxable sales greater than \$1 million annually. Compensates for a shortfall in project funding, not to exceed 30% of a qualified project's total cost.	A qualifying business that locates in the City of Virginia Beach for the first time and anticipates gross receipts greater than \$100K.
5) How recipients' taxes are reduced	Through sales tax dedication based on generated sales.	Pay maximum license fee of \$60 for the first 2 calendar years.
6) How amount of abatement is determined	1) 1% of local sales tax generated on-premise is paid to developer as an incentive payment - total of \$8.17M 2) 1% of state sales tax generated on-premise is paid to developer as an incentive payment - total of \$8.17M 3) 1% developer access fee that is paid to the state is provided to the developer as an incentive payment - total of \$8.17M	Business License Tax reduced to \$50.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	1) Economic Development Investment Program Grant - \$8.2M (FY 2014) 2) Green Space/Historic Preservation Easement - \$2.37M (FY2014) 3) Cavalier Drive Improvements - \$2.45M (FY2014 and 2017) 4) Annual Grants based on increased Real Estate Tax Revenues - capped at \$5M in total; fully paid as of 6/30/21	Eligible for Economic Development Investment Program Grant: FY2021 - \$989,594 FY2020 - \$687,262
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Real Estate Tax: FY2021 - \$1,509,882 FY2020 - \$1,401,369 Sales Tax: FY2021 - \$417,173 (City's portion only) FY2020 - \$174,943 (City's portion only)	Business License Tax: FY2021 - \$350,220 FY2020 - \$516,954

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach	
	Yes Oceana APZ-1 Incentives	ViBE Creative District
1) Purpose of Program	Developed to meet the requirements of the Base Realignment and Closure (BRAC) Commission to protect our citizens and keep the Navy's East Coast master jet base, Naval Air Station (NAS) Oceana, in Virginia Beach. Consists of zoning ordinances and incentives to foster the conversion of nonconforming businesses in APZ-1 into conforming ones and relocating ones that cannot be converted to another part of Virginia Beach.	To attract creative industries to the City, new establishments at which creative activities are carried on, establish framework for broadening economic development through creative endeavors, and to encourage creative activities at existing venues.
2) Tax being abated	Real Estate Tax; Business License Tax and Fees	Real Estate Tax; Business License Tax and Fees
3) Authority under which abatement agreements are entered into	VA Code 58.1-3220.1 and 58.3221 Ord. No. 2786, 9-23-03 Ord. No. 2932, 3-28-06 VB Code 35-72.1, 35.2-11	VB Code Section 9-1 through 9-9. Ord. No. 3402
4) Criteria to be eligible to receive abatement	The assessed value after the rehabilitation, renovation, or replacement of the structure shall be at least 20% greater than the base assessed value; for commercial or industrial use; consistent with the City's Comprehensive Plan and Zoning Ordinances; result in conversion of a nonconforming use to a conforming use.	Being a qualifying organization including one that is intended for unique production of works created by artists, a museum, theater, entity engaged in architecture, culinary arts, design, film, publishing, and software development, etc.; and shall be physically located within a Creative District designated by the City Council.
5) How recipients' taxes are reduced	Credit on tax bill, rebate, and reimbursements of fees. All last 15 years.	Credit on bill for real estate tax. Through reimbursement of business, professional, and occupational license taxes. Reimbursement of fees.
6) How amount of abatement is determined	The difference between the taxes computed upon the base value and the initial rehabilitated assessed value of the property for each year of the partial exemption from real estate taxes; credit shall not increase. 90% of business license taxes imposed by Chapter 18.	Real estate credit is amount equal to the greater of initial increase in assessed value of the structure above its base value resulting from the rehabilitation of the structure or an amount equal to fifty percent of the qualifying costs of rehabilitating the structure, for 10 years. Entitled to reimbursement for up to 10 years of BPOL taxes. Total reimbursement of fees if qualified.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	Eligible for Economic Development Investment Program Grant: FY2021 - \$81,436 FY2020 - \$3,232	Eligible for Economic Development Investment Program Grant. FY2021 - \$ - FY2020 - \$30,925
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Business License Tax: FY2021 - \$55,647 FY2020 - \$56,204 No Real Estate Taxes have been credited to-date	There are currently four qualifying establishments under this program and due to Virginia Law this amount cannot be disclosed, therefore it is included with the amount in APZ-1.

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Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach
	25th Street Parking Garage and iFLY
1) Purpose of Program	The City partnered with a private company to develop a unique tourism amenity and to provide public parking in the resort area. The project includes a public garage, and privately owned entertainment facility and apartments. The project is aligned with Council's Resort Strategic Action Plan (2008) for year-round entertainment, a year-round residential development/presence, and public parking. The Venue opened in 2016 and had private investment of \$21.66 million.
2) Tax being abated	Admissions Tax
3) Authority under which abatement agreements are entered into	Virginia Public-Private Education Facilities and Infrastructure Act of 2002
4) Criteria to be eligible to receive abatement	The project's comprehensive agreement was approved by City Council February 2013.
5) How recipients' taxes are reduced	Company receives a rebate/incentive payment.
6) How amount of abatement is determined	90% of admission taxes remitted to the City are rebated back as an incentive payment (but for revenues) until a total of \$1.6 million have been returned.
7) Provisions for recapturing abated taxes	N/A
8) Types of commitments made by the City other than to reduce taxes	The City sold the 25th Street parking lot to the developer for \$7.65 million. After the developer built 147 apartment units, 2,500 square feet of retail space, "iFLY" entertainment facility, and a 565-space garage, the City purchased the parking garage for \$7.65 million. Also, the City contributed approximately \$250,000 towards landscaping and \$586,000 for streetscape improvements.
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Admission Tax: FY2021 - \$91,003 FY2020 - \$61,155

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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11. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2021 were made up of the following:

Transfer To:	General Fund	Nonmajor Governmental	Water & Sewer Enterprise	Storm Water Enterprise	Nonmajor Parking Enterprise	Internal Service	Total
General Fund	\$ -	\$ 1,494,567	\$ 192,915	\$ -	\$ -	\$ 4,600,000	\$ 6,287,482
Capital Projects Fund	52,902,784	10,606,596	-	800,000	500,000	2,250,000	67,059,380
Storm Water Fund	3,140,041	990,000	-	-	-	-	4,130,041
Waste Management Fund	2,400,000	-	-	-	-	-	2,400,000
Nonmajor Governmental	80,733,417	2,046,019	-	-	65,000	-	82,844,437
Nonmajor Enterprise Funds	-	68,500	-	-	-	-	68,500
Total	\$ 139,176,242	\$ 15,205,682	\$ 192,915	\$ 800,000	\$ 565,000	\$ 6,850,000	\$ 162,789,840

Purpose:

Transfers From General Fund:

\$ 52,902,784	Capital Projects Fund: Funding for Pay-As-You-Go Capital Projects Fund
3,140,041	Storm Water Projects Fund: Funding for Pay-As-You-Go Storm Water Projects Fund
2,400,000	Waste Management Enterprise: Vehicle Replacements
80,733,417	Nonmajor Governmental Funds: Funding for Special Revenue programs and Debt Fund

Transfers From Nonmajor Governmental Funds:

\$ 1,494,567	General Fund: Special Revenue Funds, Primarily Dredging Fund Reimbursements
10,606,596	Capital Projects Fund: Funding for Pay-As-You Go capital projects.
990,000	Storm Water Fund: Funding for support of Storm Water operations.
2,046,019	Nonmajor Governmental Funds: Funding for support of existing programs
68,500	Nonmajor Enterprise Funds: Funding for Parking support.

Transfer From Water & Sewer Enterprise Fund:

\$ 192,915	General Fund: COVID-19 Utility Assistance Program
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Transfer From Storm Water Enterprise Fund:

\$ 800,000	Capital Projects: Building
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Transfer From Nonmajor Enterprise Fund:

\$ 500,000	Capital Project Funds: Economic and Tourism.
65,000	Nonmajor Governmental Funds: Funding for support of existing programs.

Transfer From Internal Service Fund:

\$ 4,600,000	General Fund: Subscriptions ISF for Data Center Relocation
2,250,000	Capital Project Funds: Funding for support of Information Technology Capital Projects

CITY OF VIRGINIA BEACH, VIRGINIA
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B. Net Position Deficit

The following funds have deficit balances in Fund Balance or Net Position at June 30, 2021:

Governmental Funds

Sheriff's Department Fund	\$	(973,056)
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Proprietary Funds:

Risk Management Fund	\$	(7,619,540)
Subscriptions Fund	\$	(676,217)

The deficit in the Sheriffs Department Fund is a result of court closures due to COVID-19 for part of the year, resulting in a loss of state revenues and the timing of federal reimbursements.

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

The deficit in the Subscriptions Fund is due to the consolidation of this fund to be absorbed fully into the General Fund in FY 2022.

C. Restatement

1. City - Special Welfare Fund

The beginning net position of the Special Welfare was restated due to the implementation of GASB No. 84. The amount held for others reported as a liability in fiscal year 2020 has been moved to net position. The following table reflects adjustments to the FY 2020 ending balances for liabilities and net position:

	FY 2021 Beginning Balance Prior to Restatement		FY 2021 Beginning Balance After Restatement	
		Restatement		Restatement
Vouchers and Accounts Payable	\$	189,804	\$	(189,804)
Net Position		-		189,804

2. Sheriff's Inmate Accounts

The beginning net position of the Sheriff's Inmate Accounts was restated due to the implementation of GASB 84. The following table reflects the change to the FY 2021 beginning net position.

	FY 2021 Beginning Balance Prior to Restatement		FY 2021 Beginning Balance After Restatement	
		Restatement		
Net Position	\$	-	\$	178,602

CITY OF VIRGINIA BEACH, VIRGINIA
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3. Component Unit - School Board

The beginning net position of the School Board was restated due to the implementation of GASB 84. The following table reflects the change on the School Board's June 30, 2021 financial statements.

FY 2021 Beginning Net Position Prior to Restatement	Restatement	FY 2021 Beginning Net Position Restated
\$ (85,463,864)	\$ 4,450,609	\$ (81,013,255)

4. Component Unit - Virginia Beach Community Development Corporation

On March 17, 2021, Second Act Communities (SAC) merged with VBCDC. As a result of the merger, all assets and liabilities were transferred to VBCDC. The financial activity of SAC for the year ended June 30, 2021 is included in the consolidated financial statements. Financial activity for SAC through the year ended June 30, 2021 is included as an adjustment to net position on the VBCDC's June 20, 2021 statement of activities.

FY 2021 Beginning Net Position Prior to Restatement	Restatement	FY 2021 Beginning Net Position Restated
\$ 9,481,919	\$ 3,728,687	\$ 13,210,606

12. RISK MANAGEMENT

A. Primary Government Self-Insurance Program

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During Fiscal Year 1973, the City established an internal service Risk Management Fund to account for and finance its uninsured risks of loss. Under this program, the Fund provides coverage for up to a maximum of \$1,250,000 for each workers' compensation claim, \$2,000,000 for each general and auto liability claim, \$50,000 for each fire and property claim (\$100,000 for schools), and \$2,000,000 for each public officials (errors and omissions) claim.

The City is also exposed to the risk of loss for employee medical benefits. These medical benefits are accounted for in the School Health Insurance Internal Service Fund. This fund accounts for and finances this joint self-insured program between the City and the School Board.

The insurance coverage for each major category of risk is the same as those reported in the prior fiscal year. There have not been any reductions in commercial insurance coverage from the prior year and the amount of settlements applied against this coverage in each of the past three years did not exceed the commercial insurance. The City has \$10,000,000 of excess insurance coverage per claim and \$20,000,000 aggregate. In addition, the City purchased Cyber insurance with a \$10,000,000 limit for each claim and in aggregate policy. These coverages include data breach incident response, network security, privacy liability, data breach liability, regulatory liability, business interruption, data restoration, cyber extortion and media liability. At this time, the claims received and exposure from COVID-19 have had minimal impact on the City and the Self-Insurance Program.

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

The claims liability of \$45,654,663 is based on the ultimate cost of settling the claims, which includes incremental claim adjustment expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GAAP. The City prepares an update of the actuarial liability annually, and believes the estimates contained herein substantially reflect estimated claims and judgments for the period ending June 30, 2021.

Fiscal Year	Beginning Liability	Claims & Changes in Estimates	Claims Payments	Balance at Year-End
2020	41,453,521	13,609,333	10,463,776	44,599,078
2021	44,599,078	11,314,899	10,259,314	45,654,663

B. School Board Self-Insurance Program

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

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

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2020	8,597,000	5,931,000	6,719,849	7,808,151
2021	7,808,151	7,974,335	5,725,394	10,057,092

Self-Insured Health Care Benefits Program

Effective January 1, 2000, the School Board and City Council established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each

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employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$600,000. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2020	9,430,162	126,801,000	127,976,162	8,255,000
2021	8,255,000	147,366,000	147,083,000	8,538,000

C. Surety Bonds

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

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

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
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13. RETIREMENT

A. Virginia Retirement System

Plan Description

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

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

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

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

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

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

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

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

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

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

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

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

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplemental information for VRS. A copy of the most recent report may be obtained from the VRS website at <https://employers.varetire.org/pdfs/gasb/actuarial/gasb-68-2020.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500 Richmond, VA., 23218-2500.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>City</u>	<u>School Board Non Professional</u>
Inactive Members or Their Beneficiaries Currently Receiving Benefits	4,396	1,713
Inactive Members:		
Vested	860	310
Non-Vested	1,411	931
Long Term Disability	7	4
Active Elsewhere in VRS	932	392
Total Inactive Members	3,210	1,637
Active Members	6,071	1,969
Total	<u>13,677</u>	<u>5,319</u>

Contributions

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

The City's contractually required employer contribution rate for the year ended June 30, 2021 was 16.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The School Board Professional VRS plan's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The School Board Non Professional VRS pension plan's contractually required contribution rate for the year ended June 30, 2021 was 8.04% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

CITY OF VIRGINIA BEACH, VIRGINIA
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Contributions made by the Employer and Employee for the years ended June 30, 2021 and June 30, 2020 are listed in the table below:

Fiscal Year	City		School Board - Professional		School Board - Non-Professional	
	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions
2021	\$ 52,803,308	\$ 16,422,289	\$ 67,989,422	\$ 65,059,491	\$ 3,404,642	\$ 2,928,810
2020	\$ 48,245,963	\$ 16,153,428	\$ 65,059,491	\$ 63,710,000	\$ 2,906,100	\$ 2,885,000

Net Pension Liability

The City's net pension liability measured as of June 30, 2020 totaled \$525,466,635. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

As of June 30, 2020, the School Board Professional Retirement Plan reported a liability of \$714,726,039 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 4.91132% as compared to 4.99839% at June 30, 2019. The School Board's net pension liability for the Non Professional Retirement Plan measured as of June 30, 2020 totaled \$34,099,081. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions – City General Employees

The total pension liability for general employees in the City's Retirement Plans was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
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Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; 110% of rates; females 125% of rates.

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

Largest 10-Non-LEOS:

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rates from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

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

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rates from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

**CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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Actuarial Assumptions – City Public Safety Employees

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% of male.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

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Largest 10-LEOS:

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service year
- Increased disability rates
- Increased line of duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

All Others (Non 10 Largest) – LEOS:

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Increased retirement age 50 rates and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better fit experience
- Decreased line of duty disability rates from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%

Actuarial Assumptions – School Board

Professional/Teacher Retirement Plan

The total pension liability for the VRS Professional/Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

Mortality rates:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65-70 and 2.0% increase compounded from ages 75-90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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

- Updated mortality rates to a more current mortality table - RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- No change to salary scale
- Decrease discount rate from 7.00% to 6.75%

Non Professional Retirement Plan

The total pension liability for Non Professional (Non Teacher) Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

Mortality rates:

Largest 10 - 20% of deaths are assumed to be service related

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality rates to a more current mortality table - RP-2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement age from 70 to 75
- Adjusted termination rates to better fit experience at each age and service year
- Lowered disability rates

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Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. 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 7.11%, 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%,

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 member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the City and School Board's Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Net Pension Liability

City	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2019	<u>\$ 2,153,122,365</u>	<u>\$ 1,735,430,185</u>	<u>\$ 417,692,180</u>
Changes for the Year:			
Service Cost	42,513,760	-	42,513,760
Interest	141,392,693	-	141,392,693
Difference between expected and actual experience	20,475,089	-	20,475,089
Contribution - Employer	-	48,245,963	(48,245,963)
Contribution - Employee	-	16,422,289	(16,422,289)
Net Investment Income	-	33,123,371	(33,123,371)
Benefit payments, including refunds of			
Employee Contributions	(116,831,594)	(116,831,594)	-
Administrative Expense	-	(1,141,131)	1,141,131
Other Changes	-	(43,405)	43,405
Net Changes	<u>87,549,948</u>	<u>(20,224,507)</u>	<u>107,774,455</u>
Balances at June 30, 2020	<u><u>\$ 2,240,672,313</u></u>	<u><u>\$ 1,715,205,678</u></u>	<u><u>\$ 525,466,635</u></u>

School Board Non Professional	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2019	<u>\$ 241,683,296</u>	<u>\$ 220,675,014</u>	<u>\$ 21,008,282</u>
Changes for the Year:			
Service Cost	3,961,923	-	3,961,923
Interest	15,856,267	-	15,856,267
Difference between expected and actual experience	2,409,511	-	2,409,511
Contribution - Employer	-	2,906,100	(2,906,100)
Contribution - Employee	-	2,209,656	(2,209,656)
Net Investment Income	-	4,171,983	(4,171,983)
Benefit payments, including refunds of			
Employee Contributions	(13,083,421)	(13,083,421)	-
Refunds of contributions	(467,858)	(467,858)	
Administrative Expense	-	(145,905)	145,905
Other Changes	-	(4,932)	4,932
Net Changes	<u>8,676,422</u>	<u>(4,414,377)</u>	<u>13,090,799</u>
Balances at June 30, 2020	<u><u>\$ 250,359,718</u></u>	<u><u>\$ 216,260,637</u></u>	<u><u>\$ 34,099,081</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.75)%	Current Discount Rate (6.75%)	1% Increase (7.75)%
City's Net Pension Liability	\$ 794,027,674	\$ 525,466,635	\$ 300,590,979
School Board's Non Professional Net Pension Liability	\$ 61,985,164	\$ 34,099,081	\$ 10,560,185
School Board's Proportionate Share of the Professional/Teacher Retirement Plan	\$ 1,048,663,618	\$ 714,726,039	\$ 438,517,446

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

For the year ended June 30, 2021, the City recognized pension expense of \$93,746,290. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,357,379	\$ -
Changes of assumptions	30,892,045	-
Net difference between projected and actual earnings on plan investments	51,349,824	-
Employer contributions subsequent to the measurement date	52,803,308	-
Total	\$ 154,402,556	\$ -

The \$52,803,308 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:	
2022	\$ 23,065,489
2023	37,172,568
2024	24,866,595
2025	16,494,596
2026	-
Thereafter	-
	<u>\$ 101,599,248</u>

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

For the year ended June 30, 2021, the School Board recognize pension expense of \$74,195,158 for the Professional/Teacher Retirement Plan. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board Professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 41,893,962
Change of assumptions	48,789,015	-
Net difference between projected and actual earnings on plan investments	54,362,831	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	18,267,393
Employer contributions subsequent to the Measurement Date	67,989,442	
Total	<u>\$ 171,141,288</u>	<u>\$ 60,161,355</u>

The \$67,989,442 reported as deferred outflows of resources related to pensions resulting from the contributions by the School Board for the Professional/Teachers plan subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:	
2022	\$ (5,235,743)
2023	14,056,389
2024	19,917,115
2025	15,567,659
2026	(1,314,929)
Thereafter	-
	<u>\$ 42,990,491</u>

In addition, for the year ended June 30, 2021, the School Board recognized pension expense was \$9,574,155 for the Non Professional Retirement Plan. At June 30, 2021, the School Board Non Professional Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board Non Professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,849,519	\$ -
Changes in Assumptions	1,340,731	-
Net difference between projected and actual earnings on plan investments	6,465,959	-
Employer contributions subsequent to the measurement date	3,404,642	-
Total	<u>\$ 13,060,851</u>	<u>\$ -</u>

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The \$3,404,642 reported as deferred outflows of resources related to pensions resulting from the contributions by the School Board Non Professional plan made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:		
2022	\$	2,908,949
2023		2,434,831
2024		2,225,671
2025		2,086,758
2026		-
Thereafter		-
	\$	<u>9,656,209</u>

B. Sheriff's Supplemental Retirement Plan

1. Description of the Plan

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

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

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

The Virginia Cash Match Plan provides an opportunity for the City of Virginia Beach to make a discretionary contribution on behalf of employees. The investment options for the plan are organized into three pathways to make it easier for participants to implement investment decisions according to their knowledge of investments and investment style. The *Do-It-For-Me Path* includes the target date portfolios for participants who prefer a pre-mixed portfolio that is already diversified. The *Help-Me-Do-It Path* includes a carefully selected menu of ten funds for participants who prefer to take a more active role in investing and want to construct a portfolio that addresses their individual needs. The *Do-It-Myself Path* includes a self-directed brokerage account (SDBA) for those who believe that are skilled and knowledgeable about investments. Investments for the SDBA include mutual funds, exchange-traded funds (ETFs) and individual securities.

Plan financials for the year ended June 30, 2021 are presented in accordance with GAAP accrual accounting.

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As of June 30, 2020, the composition of participants was as follows:

Active Not Contributing	256
Separated from Service	118
Total	<u>374</u>

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

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

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

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

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

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

Forfeitures - During the year ended June 30, 2021, there were no forfeited non-vested accounts. Forfeitures of the Plan's contribution are reallocated to eligible participants.

2. Summary of Significant Accounting Policies

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

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

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

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

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

Benefit Payments – Benefit payments are recorded when paid.

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

3. Investments

The Board has adopted an investment policy that sets forth the goals and objectives of the investment options available to the Plan. The Board chooses which investment options will be available under the Plan and monitors the investment options' compliance to the investment policy. The Plan's authorized investments allows for funds within fifteen major asset classes defined by either investment objective or risk category.

The Plan had the following investments as of June 30, 2021:

Mutual funds, at fair value:		
Bond Fund	\$	221,363
Global Real Estate Fund		596
High-Yield Bond Fund		376
Inflation-Protected Bond Fund		2,214
International Stock Fund		150,812
Money Market Fund		2,131
Retirement Portfolio		125,603
Small/Mid-Cap Stock Fund		511,686
Stable Value Fund		832,252
Stock Fund		1,216,005
Target Date 2025 Portfolio		99,495
Target Date 2030 Portfolio		174,734
Target Date 2035 Portfolio		148,553
Target Date 2040 Portfolio		209,492
Target Date 2045 Portfolio		86,516
Target Date 2050 Portfolio		28,896
Target Date 2055 Portfolio		55
	\$	<u>3,810,779</u>

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of the investment of collateral securities that are in the possession of an outside party. The Plan limits its exposure to custodial credit risk by maintaining its investments in

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custodial accounts. Wells Fargo Bank, N.A. serves as custodian to the Plan. The Sheriff's Plan is self-trusted and thus does not have a Plan custodian. Securities that exist in book entry form are held in trust by the custodian in the name of the Plan.

4. Fair Value Measurements

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan has the following recurring fair value measurements as of June 30, 2019:

Assets at Fair Value as of June 30, 2021				
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 3,810,779	\$ -	\$ -	\$ 3,810,779
Total	\$ 3,810,779	\$ -	\$ -	\$ 3,810,779

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14. OTHER POSTEMPLOYMENT BENEFITS

A. Single-Employer, Defined Benefit Plan

Plan Description

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

In accordance with Article 8, Chapter 15, Subtitled II of Title 15.2 of the Virginia Code, the City and School Board have elected to establish a trust for the purpose of accumulating and investing assets to fund OPEB. In accordance with the election, the City and School Board have joined the Virginia Pooled OPEB Trust Fund (Trust), which was established by the Virginia Municipal League and the Virginia Association of Counties in 2008 for the purpose of accumulating and investing assets to fund OPEB other than pensions for counties, cities, towns, school divisions and other authorized political subdivisions of the Commonwealth of Virginia. The Pooled OPEB Trust issues a publicly available ACFR that includes financial statements are required supplemental information for the OPEB Trust Fund. A copy of the most recent report may be obtained from the VML VACo website at <http://valocalfinance.org/opeb>.

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

Plan Membership

The membership as of January 1, 2020 includes:

	<u>City</u>	<u>School Board</u>
Active Participants	5,999	10,312
Retirees and Surviving Spouses	727	618
Spouses of Current Retirees	89	53
Total	<u>6,815</u>	<u>10,983</u>

Benefits Provided

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

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Contributions

Contribution requirements of the City, School Board and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2021 the actuarially determined contribution was set at \$4,657,600 for the City and at \$5,835,800 for the School Board. Plan members from each organization contributed \$3,054, \$2,257 and \$1,729 for the POS Premier, POS Standard, and POS Basic plans, respectively, annually for retiree-only point of service coverage. City and School Board retirees with coverage for their spouses contributed \$10,284, \$8,019 and \$6,519 for the POS Premier, POS Standard, and POS basic plans, respectively, annually until Medicare eligibility. The City and School Board have determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. Rates are calculated by an actuary with the City and School Board health care consultant and finalized by the Benefits Executive Committee, comprised of City and School Board executive leadership.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2021.

The following is for the City and School Board:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Expected Geometric Real Rate of Return
US Core Fixed Income	21.00%	0.83%	0.76%
US Large Caps	26.00%	3.93%	2.74%
US Small Caps	10.00%	5.09%	3.08%
Foreign Developed Equity	13.00%	5.73%	4.16%
Emerging Markets Equity	5.00%	7.51%	4.70%
Private Real Estate Property	7.00%	3.89%	3.18%
Private Equity	5.00%	8.99%	5.19%
Commodities	3.00%	2.29%	0.68%
Hedge FOF Strategic	10.00%	2.71%	2.20%
Assumed Inflation		2.40%	2.40%
Portfolio Real Mean Return		3.93%	3.27%
Portfolio Nominal Mean Return		6.33%	5.74%
Portfolio Standard Deviation			11.60%
Long-Term Expected Rate of Return			6.50%

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Net OPEB Liability

The City's Net OPEB Liability was measured as of June 30, 2021 and totaled \$24,582,633. The School Board's Net OPEB Liability was measured as of June 30, 2021 and totaled \$39,940,993. The City and School Board's Total OPEB Liability was determined by an actuarial valuation as of the valuation date, calculated based of the discount rate and actuarial assumptions below, and projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end.

Changes in Net OPEB Liability

	City		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2020	\$ 84,039,198	\$ 45,460,321	\$ 38,578,877
Changes for the year:			
Service Cost	1,568,824	-	1,568,824
Interest on Total OPEB Liability	5,331,978	-	5,331,978
Benefit Payments	(7,269,625)	(7,269,625)	-
Employer Contributions	-	7,269,625	(7,269,625)
Net Investment Income	-	13,666,374	(13,666,374)
Administrative Expenses	-	(38,953)	38,953
Balances as of June 30, 2021	\$ 83,670,375	\$ 59,087,742	\$ 24,582,633

	School Board		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances as of June 30, 2020	\$ 82,719,596	\$ 33,743,173	\$ 48,976,423
Changes for the year:			
Service Cost	1,934,661	-	1,934,661
Interest on Total OPEB Liability	5,305,457	-	5,305,457
Benefit Payments	(6,160,668)	(6,160,668)	-
Employer Contributions	-	6,160,668	(6,160,668)
Net Investment Income	-	10,143,922	(10,143,922)
Administrative Expenses	-	(29,042)	29,042
Balances as of June 30, 2021	\$ 83,799,046	\$ 43,858,053	\$ 39,940,993

Sensitivity Analysis

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

	1% Decrease	Discount Rate	1% Increase
	5.50%	6.50%	7.50%
City's Net OPEB Liability	\$ 31,041,886	\$ 24,582,633	\$ 18,727,956
School Board's Net OPEB Liability	\$ 46,237,372	\$ 39,940,993	\$ 34,118,606

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
City's Net OPEB Liability	\$ 16,694,365	\$ 24,582,633	\$ 33,698,220
School Board's Net OPEB Liability	\$ 31,595,101	\$ 39,940,993	\$ 49,593,472

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

For the year ended June 30, 2021 the City's and School Board's recognized OPEB expenses was \$1,659,875 and \$4,539,722 respectively.

At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between Expected and Actual Experience	\$ 2,096,593	1,661,138
Changes in Assumptions	8,966,818	15,873,757
Net Difference between Projected and Actual Earnings	-	7,452,593
Total	<u>\$ 11,063,411</u>	<u>\$ 24,987,488</u>

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

Year Ended June 30:	
2022	\$ (2,326,206)
2023	(2,127,362)
2024	(2,329,981)
2025	(4,385,100)
2026	(2,755,428)
Thereafter*	-
	<u>\$ (13,924,077)</u>

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

At June 30, 2021 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 2,341,232	\$ -
Changes in Assumptions	11,149,413	16,545,916
Net Difference between Projected and Actual Earnings	-	5,545,255
Total	<u>\$ 13,490,645</u>	<u>\$ 22,091,171</u>

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

Year Ended June 30:		
2022	\$	(537,062)
2023		(401,977)
2024		(547,777)
2025		(3,266,901)
2026		(2,747,719)
Thereafter*		(1,099,090)
	\$	<u>(8,600,526)</u>

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

Actuarial Assumptions

The demographic assumptions used are predominately consistent with those used in the City's June 30, 2019 VRS valuations. The following represent the summary of information included in the January 1, 2020 actuarial valuation prepared for Milliman, Inc. for the period:

Measurement Date:	June 30, 2021
Inflation:	2.50%
Actuarial Cost Method:	Entry Age Normal
Salary Increases Per Year of Service (Including Inflation):	General Employees with 1 to 19 years of service, the increases range from 5.35% to 3.65% and for those with 20 or more years of service the increase is 3.50%.
Healthcare Cost Trend Rate	Law Officers with 1 to 19 years of service, the increases range from 4.75% to 4.00% and for those with 20 or more years of service the increase is 3.50%.
Mortality Rates	Based on the RP-2014 Employee Mortality Rates for males and females, as appropriate, with adjustment for mortality improvements based on scale BB to 2020.

B. Multiple Employer, Cost Sharing Defined Benefit Plans

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

Plan Descriptions

Group Life Insurance

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended.

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts The benefits payable under the GLI Program have several components</p> <p><u>Natural Death Benefit</u> The natural death benefit is equal to the employee's covered compensation rounded to the nearest highest thousand and then doubled</p> <p><u>Accidental Death Benefit</u> The accidental death benefit is double the natural death benefit.</p> <p><u>Other Benefit Provisions</u> In addition to the basic natural and accidental death benefit, the program provides additional benefits under specific circumstance. These Include: Accidental dismemberment benefit Safety Belt benefit Repatriation benefit Felony assault benefit Accelerated death benefit option</p>
<p>Reduction in Benefit Amounts The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.</p>

Line of Duty Act Program

The Line of Duty Act (LODA) Program was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety

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officer. All paid employees and volunteers in hazardous duty positions in the City are automatically covered by the Line of Duty Act Program. As required by statute, VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by VRS's actuary using anticipating program cost and the number of covered individuals associated with all participating employers. Specific information for the Line of Duty Act Program, including eligibility, coverage and benefits is set out in the table below.

LINE OF DUTY ACT PROGRAM PLAN PROVISIONS	
Eligible Employees	The eligible employees of the Line and Duty Act Program (LODA) are paid employees and volunteers in hazardous duty position in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).
Benefit Amounts	<p>The LODA Program provides death and health insurances for eligible individuals:</p> <p>Death Benefit - The LODA Program death benefit is a one-time payment made to the beneficiary or beneficiaries of a vocered individual. amounts vary as follows:</p> <ul style="list-style-type: none"> • \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. • \$25,000 when the cause of death is attributed to one of the applicable resumptions and occurred earlier than five years after the retirement date. • An additional \$20,000 benefit is payable when certain members of the National Guard and US military reserves are killed in action in any armed conflict on or after October 7, 2001. <p>Health Insurance - The LODA Program provides health insurance for eligible individuals:</p> <ul style="list-style-type: none"> • Prior to July 1, 2017, these benefits were managed through carious employer plans and maintained the beenfits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. • Beginning July 1, 2017, the health insurance benefits are managed throug the Virginia Department of Human Resources Management. The health benefits are modeled after the State Employee health benefits program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act.

Virginia Local Disability Program

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

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POLITICAL SUBDIVISION EMPLOYEE AND TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Teachers Employee and Political Subdivision Employee LLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <p>Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.</p> <p>Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.</p>
<p>Benefit Amounts</p> <p>The Teacher Employee and Political Subdivision Employee (VLDP) provides the following benefits for eligible employees:</p> <p>Short-Term Disability</p> <ul style="list-style-type: none"> • The program provides short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. <p>Long-Term Disability</p> <ul style="list-style-type: none"> • The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. • Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.
<p>Virginia Local Disability Program Notes:</p> <ul style="list-style-type: none"> • Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. • VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Health Insurance Credit Program

The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is administered by the 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.

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The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees The Teacher Employee Retiree HIC was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</p>
<p>Benefit Amounts The Teacher Employee Retiree HIC provides the following benefits for eligible employees: At Retirement – For Teacher and other professional school employees who retire, the monthly benefit is \$1.50 per year of service per month with a benefit of \$45.00 per month. Disability Retirement – For Teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is \$45.00 per month.</p>
<p>HIC Notes: The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.</p>

Contributions

Group Life Insurance

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split. 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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program for the City were \$1,786,400 and \$4,492,958 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the GLI Program for the School Board for combined professionals and nonprofessionals were \$2,553,681 and \$2,507,975 for the years ended June 30, 2021 and June 30, 2020, respectively.

Line of Duty Act Program

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program for the City were \$1,347,490 and \$1,347,489 for the years ended June 30, 2021 and June 30, 2020, respectively.

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Virginia Local Disability Program

The contribution requirements for active hybrid employees is governed by §51.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended for the year ended June 30, 2021 was 0.83% of covered employee compensation for employees in the VRS Political Subdivision Employee VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VLDP for the City were \$536,612 and \$533,352 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Teacher Employee VLDP for the School Board were \$553,806 and \$423,008 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Political Subdivision Employee VLDP for the School Board were \$145,229 and \$122,065 for the years ended June 30, 2021 and June 30, 2020, respectively.

Health Insurance Credit Program

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 Teacher Employee HIC program were \$5,143,628 and \$5,148,298 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the School Board to the Political Subdivision HIC Program were \$400,904 and \$- for the years ended June 30, 2021 and June 30, 2020, respectively.

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

As June 30, 2021, the City and School Board reported the following liabilities for their proportionate share of the multiple-employer, cost sharing plans administered by VRS:

	<u>City</u>	<u>School Board</u>
Net OPEB Liabilities:		
Group Life Insurance Program	\$ 27,858,552	\$ 38,718,670
Line of Duty Act Program	41,526,639	-
Virginia Local Disability Program	199,566	184,441
Health Insurance Credit Program	-	68,900,223
	<u>\$ 69,584,757</u>	<u>\$ 107,803,334</u>

The net OPEB liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The City and School Board's proportion of the Net OPEB liabilities were based on the City and School Board's contributions to VRS for the above plans for the year ended June 30, 2020 relative to the total of the employer contributions for all participating employers. A comparison of the City's and School Board's proportion of the City and School Board's contribution from June 30, 2020 to June 30, 2019 were as followed:

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	<u>City</u>	<u>School Board</u>
Proportionate Share of Contributions as of June 30, 2020		
Group Life Insurance	1.66934%	2.32010%
Line of Duty Act Program	9.91526%	N/A
Virginia Local Disability Program - Political Subdivisions	19.991723%	4.54891%
Virginia Local Disability Program - Teachers	N/A	17.32958%
Health Insurance Credit Program	N/A	4.87922%

Proportionate Share of Contributions as of June 30, 2019		
Group Life Insurance	1.70784%	2.36880%
Line of Duty Act Program	10.27005%	N/A
Virginia Local Disability Program - Political Subdivisions	19.66871%	4.62460%
Virginia Local Disability Program - Teachers	N/A	16.94127%
Health Insurance Credit Program	N/A	4.96761%

For the year ended June 30, 2020, the City and School Board recognized OPEB expenses were as followed:

Recognized Net OPEB Expense:	<u>City</u>	<u>School Board</u>
Group Life Insurance	\$ 1,023,496	\$ 1,248,014
Line of Duty Act Program	3,780,431	-
Virginia Local Disability Program - Political Subdivision	575,678	130,220
Virginia Local Disability Program - Teachers	-	378,862
Health Insurance Credit Program	-	10,084,768
Total	<u>\$ 5,379,605</u>	<u>\$ 11,841,864</u>

Since there were changes in the proportionate shares between measurement dates of the City and School Board's contribution a portion of the Net OPEB expense were related to deferred amounts from changes in proportion.

At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Group Life Insurance		
Difference between Expected & Actual Experience	\$ 1,786,869	\$ 250,217
Net Difference between Projected and Actual Earnings	836,846	-
Changes in Assumptions	1,393,248	581,703
Changes in Proportionate Share	197,240	696,511
Employer Contributions subsequent to the Measurement Date	1,786,400	-
Total Group Life Insurance	<u>6,000,603</u>	<u>1,528,431</u>
Line of Duty Act		
Difference between Expected & Actual Experience	4,408,131	5,661,449
Net Difference between Projected and Actual Earnings	-	59,042
Changes in Assumptions	11,116,996	2,587,750
Changes in Proportionate Share	1,553,056	1,776,369
Employer Contributions subsequent to the Measurement Date	1,347,490	-
Total Line of Duty Act	<u>18,425,673</u>	<u>10,084,610</u>

Virginia Local Disability Program - Political Subdivision

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Difference between Expected & Actual Experience	161,683	234,259
Net Difference between Projected and Actual Earnings	21,194	-
Changes in Assumptions	9,237	13,327
Changes in Proportionate Share	5,074	-
Employer Contributions subsequent to the Measurement Date	536,612	-
Total Virginia Local Disability Program	733,800	247,586
 Grand Total	 \$ 25,160,076	 \$ 11,860,627

Employer Contributions subsequent to the measurement date totaled \$3,670,502 will be recognized as a reduction of the City's OPEB liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense in future reporting periods as follows:

Fiscal Year			
Ended June 30:	GLI	LODA	VLDP
2022	\$ 380,771	\$ 951,626	\$ 19,929
2023	617,072	962,532	19,529
2024	802,703	974,166	19,913
2025	776,111	977,594	18,142
2026	114,874	981,240	(26,833)
Thereafter	(5,759)	2,146,415	(101,078)
	<u>\$ 2,685,772</u>	<u>\$ 6,993,573</u>	<u>\$ (50,398)</u>

At June 30, 2020 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Group Life Insurance		
Difference between Expected & Actual Experience	\$ 2,483,446	\$ 477,613
Net Difference between Projected and Actual Earnings	1,163,075	-
Changes in Assumptions	1,936,379	808,468
Changes in Proportionate Share	-	1,160,650
Employer Contributions subsequent to the Measurement Date	2,553,681	-
Total Group Life Insurance	8,136,581	2,446,731

Virginia Local Disability Program - Political Subdivision		
Difference between Expected & Actual Experience	36,788	53,304
Net Difference between Projected and Actual Earnings	4,823	-
Changes in Assumptions	2,102	3,032
Changes in Proportionate Share	-	2,666
Employer Contributions subsequent to the Measurement Date	145,229	-
Total Virginia Local Disability Program	188,942	59,002

Virginia Local Disability Program - Teachers		
Difference between Expected & Actual Experience	65,739	10,748
Net Difference between Projected and Actual Earnings	15,007	-
Changes in Assumptions	15,598	-
Changes in Proportionate Share	2,722	-
Employer Contributions subsequent to the Measurement Date	553,806	-
Total Virginia Local Disability Program	587,133	10,748

Health Insurance Credit Program

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Difference between Expected & Actual Experience	-	850,022
Net Difference between Projected and Actual Earnings	282,072	-
Changes in Assumptions	1,258,275	347,766
Changes in Proportionate Share	-	2,226,913
Employer Contributions subsequent to the Measurement Date	5,544,532	-
Total Group Life Insurance	<u>7,084,879</u>	<u>3,424,701</u>
 Grand Total	 <u>\$ 15,997,535</u>	 <u>\$ 5,941,182</u>

Employer Contributions subsequent to the measurement date totaled \$8,797,248 will be recognized as a reduction of the School Board's OPEB liability in the Fiscal Year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the School Board's OPEB expense in future reporting periods as follows:

Fiscal Year	
Ended June 30:	
2022	\$ (10,150)
2023	345,826
2024	651,283
2025	781,520
2026	(36,213)
Thereafter	(277,570)
	<u>\$ 1,454,696</u>

Actuarial Assumptions

The total Cost sharing OPEB liabilities administered by VRS were based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50 percent
Salary increases, including inflation –	
General state employees	3.50 percent – 5.35 percent
Teachers	3.50 percent – 5.95 percent
SPORS employees	3.50 percent – 4.75 percent
VaLORS employees	3.50 percent – 4.75 percent
JRS employees	4.50 percent
Locality – General employees	3.50 percent – 5.35 percent
Locality – Hazardous Duty employees	3.50 percent – 4.75 percent
Investment rate of return – GLI, VLDP and HIC	6.75 Percent, net of investment expenses, including inflation*
Investment rate of return – LODA	2.21 Percent, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

Mortality rates – General State Employees

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Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Mortality rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Largest Ten Locality Employers - General Employees

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Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except that 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)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Line of Duty Act

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Mortality rates – Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty	Increase rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

Net OPEB Liability

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The net OPEB liability (NOL) represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for each program are as follows (amounts expressed in thousands):

	Group Life Insurance	Line of Duty Act	Virginia Local Disability - Political Subdivision	Virginia Local Disability - Teachers	Health Insurance Credit
Total OPEB Liability	\$ 3,523,937	\$ 423,147	\$ 4,317	\$ 3,687	\$ 1,448,676
Plan Fiduciary Net Position	1,855,102	4,333	3,317	2,886	144,160
Employers' Net OPEB Liability	<u>\$ 1,668,835</u>	<u>\$ 418,814</u>	<u>\$ 1,000</u>	<u>\$ 801</u>	<u>\$ 1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.64%	1.02%	76.84%	78.28%	9.95%

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

Long-Term Expected Rate of Return

Group Life Insurance, Virginia Local Disability Program and Health Insurance Credit Program

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

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Expected Geometric Real Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.70%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide median returns of 7.11%, 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

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Line of Duty Act Program

The long-term expected rate of return on LODA OPEB investments was set at 2.21% 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 2.21% was used since it approximates the risk-free rate of return. The Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2020.

Discount Rate

Group Life Insurance, Virginia Local Disability Program, and Health Insurance Credit Program

The discount rate used to measure the City and School Board's GLI and VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the City and School Board for the VRS GLI and VRS VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, all employer are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI and VLDP OPEB plan'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 and VLDP OPEB liability.

Line of Duty Act Program

The discount rate used to measure the total LODA OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rate equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity Analysis

The following presents the City and School Board's proportionate share of the Net OPEB liabilities using the current discount rate, as well as what the City and School Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current.

	1% Decrease 5.75%	Discount Rate 6.75%	1% Increase 7.75%
Group Life Insurance:			
City	\$ 36,622,205	\$ 27,858,522	\$ 20,741,645
School Board	50,898,665	38,718,670	28,827,373
Virginia Local Disability Program - Political Subdivision:			
City	\$ 267,667	\$ 99,566	\$ 40,245
School Board	60,904	45,409	31,911
Virginia Local Disability Program - Teachers:			
School Board	\$ 216,469	\$ 139,032	\$ 72,200
Health Insurance Credit Program:			
School Board	\$ 77,028,901	\$ 68,900,223	\$ 61,984,545

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Line of Duty Act Program

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Line of Duty Act			
City	\$ 41,526,639	\$ 41,526,639	\$ 35,673,611

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

	1% Decrease 6.00% decreasing to 3.75%	Health Care Trend Rates 7.00% decreasing to 4.75%	1% Increase 8.00% decreasing to 5.75%
Line of Duty Act:			
City	\$ 34,323,125	\$ 41,526,639	\$ 20,948,742

OPEB Plan Fiduciary Net Position

Detailed information about the Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (ACFR). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at PO Box 2500, Richmond, VA, 23218-2500.

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

15. SUBSEQUENT EVENTS

Flood Mitigation Bond Referendum

On November 2, 2021, a referendum was passed that will allow the City to issue up to \$567.5 million in bonds to cover the cost of accelerating a flood protection program designed to deal with stormwater and sea-level rise problems.

Bond Sale

On August 18, 2021, the City issued \$94.9 million in General Obligation Bonds, Series 2021A for various City and School capital improvement projects. The bonds will bear interest at a rate of 1.44% per annum.

Agricultural Reserve Program

On October 19, 2021, City Council approved an ordinance authorizing the acquisition of an Agricultural Land Preservation Easement from Bonnie Woodhouse Crane and the issuance of a Contract Obligation in the maximum principal amount of \$561,680.

On November 9, 2021, City Council approved an ordinance authorizing the acquisition of an Agricultural Land Preservation Easement from Melvin H. Eaton II and the issuance of a Contract Obligation in the maximum principal amount of \$238,784.

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**REQUIRED
SUPPLEMENTAL
INFORMATION
(Unaudited)**

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL FUND - BUDGET TO ACTUAL

VIRGINIA RETIREMENT SYSTEM PENSION

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(UNAUDITED)

In accordance with the Governmental Accounting Standards Board, the following information is a required part of the Basic Financial Statements.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General Property Taxes:				
Real Estate property taxes	\$ 580,989,105	\$ 580,989,105	\$ 589,186,894	\$ 8,197,789
Personal property taxes	104,740,863	104,740,863	122,853,013	18,112,150
Other Local Taxes	229,634,268	229,634,268	266,215,100	36,580,832
Permits, Privilege Fees, and Regulatory Licenses	8,031,552	8,031,552	6,748,562	(1,282,990)
From Use of Money and Property	7,428,545	7,428,545	4,614,656	(2,813,889)
Charges for Services	57,199,972	57,265,693	50,632,485	(6,633,208)
Miscellaneous	5,842,462	6,527,841	7,660,803	1,132,962
From Commonwealth	161,656,373	164,773,061	165,668,974	895,913
From Federal Government	22,960,050	22,960,050	23,593,442	633,392
Total Revenues	1,178,483,190	1,182,350,978	1,237,173,929	54,822,951
EXPENDITURES				
Legislative	1,251,857	1,262,040	1,148,867	113,173
Executive	5,376,576	5,364,467	5,121,254	243,213
Law	4,787,252	4,737,571	4,648,025	89,546
Finance	21,968,437	22,003,531	20,007,256	1,996,275
Human Resources	5,618,321	5,921,715	4,294,707	1,627,008
Judicial	16,955,865	17,557,095	16,029,171	1,527,924
Health	3,739,464	3,709,501	3,584,850	124,651
Police	104,579,075	100,856,342	91,283,834	9,572,508
Human Services	125,345,215	133,859,814	118,939,944	14,919,870
Public Works	85,081,841	88,781,234	77,379,088	11,402,146
Parks and Recreation	15,354,375	15,247,325	14,201,033	1,046,292
Library	18,743,469	19,118,705	17,548,390	1,570,315
Planning	17,429,964	18,395,308	16,845,347	1,549,961
Agriculture	951,469	951,469	815,896	135,573
Economic Development	6,291,390	7,658,518	5,726,907	1,931,611
Convention and Visitor Development	10,169,725	10,150,458	7,781,468	2,368,990
Cultural Affairs	3,131,065	4,484,818	2,810,624	1,674,194
Information Technology	27,806,243	34,239,197	28,133,451	6,105,746
Emergency Communications and Citizen Services	10,916,018	10,649,780	8,887,214	1,762,566
Fire	58,292,605	54,566,517	52,625,369	1,941,148
Budget and Management Services	1,444,473	1,424,883	1,176,117	248,766
Education	410,890,848	441,694,125	415,985,447	25,708,678
Housing and Neighborhood Preservation	6,441,849	8,339,205	6,547,267	1,791,938
Aquariums	11,600,993	11,732,776	10,528,265	1,204,511
General Registrar	2,236,574	3,102,885	2,814,054	288,831
General Government	37,400,083	84,338,308	60,406,204	23,932,104
Emergency Medical Services	13,348,600	14,790,309	13,600,548	1,189,761
Debt Service:				
Principal Retirement	39,049,549	37,888,262	35,436,581	2,451,681
Interest and Fiscal Charges	19,798,574	19,798,574	16,295,014	3,503,560
Total Expenditures	1,086,001,769	1,182,624,732	1,060,602,192	122,022,540
Excess (Deficiency) of Revenues over (under) Expenditures	92,481,421	(273,754)	176,571,737	176,845,491
OTHER FINANCING SOURCES (USES)				
Transfers In	1,438,259	8,494,568	6,287,483	(2,207,085)
Transfers Out	(130,892,990)	(139,467,242)	(139,176,242)	291,000
Issuance of Refunded Debt	-	-	334	334
Use of Fund Balance	36,973,310	131,246,428	-	(131,246,428)
Total Other Financing Sources (uses)	(92,481,421)	273,754	(132,888,425)	(133,162,179)
Net Change in Fund Balance	-	-	43,683,312	43,683,312
Fund Balance at Beginning of Year	305,807,972	305,807,972	305,807,972	-
Fund Balance at End of Year	\$ 305,807,972	\$ 305,807,972	\$ 349,491,284	\$ 43,683,312

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total Pension Liability							
Service Cost	\$ 35,838,242	\$ 35,932,562	\$ 36,304,048	\$ 36,385,569	\$ 38,749,786	\$ 39,607,023	\$ 42,513,760
Interest	114,650,965	119,573,242	122,642,141	127,496,045	132,764,815	137,584,382	141,392,693
Changes in assumptions	-	-	-	7,551,961	-	58,968,730	-
Differences between expected and actual experience	-	(24,723,400)	3,527,958	1,570,175	2,420,090	6,189,119	20,475,089
Benefit Payments, including refunds of employee contributions	(77,985,409)	(82,356,519)	(91,525,484)	(94,739,837)	(100,731,357)	(109,436,121)	(116,831,594)
Net change in total pension liability	72,503,798	48,425,885	70,948,663	78,263,913	73,203,334	132,913,133	87,549,948
Total pension liability - beginning	1,676,863,639	1,749,367,437	1,797,793,322	1,868,741,985	1,947,005,898	2,020,209,232	2,153,122,365
Total pension liability - ending (a)	\$ 1,749,367,437	\$ 1,797,793,322	\$ 1,868,741,985	\$ 1,947,005,898	\$ 2,020,209,232	\$ 2,153,122,365	\$ 2,240,672,313

Plan Fiduciary Net Position							
Contributions - employer	\$ 45,827,648	\$ 48,703,360	\$ 49,521,364	\$ 43,305,500	\$ 44,514,635	\$ 47,363,487	\$ 48,245,963
Contributions - employee	14,813,559	14,937,006	15,185,917	15,780,809	16,102,282	16,153,428	16,422,289
Net investment income	194,451,721	64,442,330	24,961,833	175,963,753	117,134,461	109,869,540	33,123,371
Benefit Payments, including refunds of employee contributions	(77,985,409)	(82,356,519)	(91,525,484)	(94,739,837)	(100,731,357)	(109,436,121)	(116,831,594)
Administrative expenses	(1,053,309)	(887,459)	(910,017)	(1,029,901)	(1,022,764)	(1,110,715)	(1,141,131)
Other	10,242	(13,597)	(10,675)	(156,044)	(103,817)	(71,080)	(43,405)
Net change in plan fiduciary net position	176,064,452	44,825,121	(2,777,062)	139,124,280	75,893,440	62,768,339	(20,224,507)

Plan fiduciary net position - beginning	1,239,531,415	1,415,595,867	1,460,420,988	1,457,643,926	1,596,768,206	1,672,661,646	1,735,430,185
Plan fiduciary net position - ending (b)	\$ 1,415,595,867	\$ 1,460,420,988	\$ 1,457,643,926	\$ 1,596,768,206	\$ 1,672,661,646	\$ 1,735,430,185	\$ 1,715,205,678

Net pension liability, ending	\$ 333,771,570	\$ 337,372,334	\$ 411,098,059	\$ 350,237,692	\$ 347,547,586	\$ 417,692,180	\$ 525,466,635
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Net position as a percentage of the total pension liability	80.9%	81.2%	78.0%	82.0%	82.8%	80.6%	76.5%
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Covered payroll	\$ 292,873,927	\$ 299,462,518	\$ 305,412,468	\$ 317,193,072	\$ 328,337,502	\$ 333,558,319	\$ 342,477,093
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City's net pension liability as a percentage of covered payroll	114.0%	112.7%	134.6%	110.4%	105.9%	125.2%	153.4%
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*Schedule is intended to show information for 10 years. Additional years will be included as they become available.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	School Board Non Professional					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Total Pension Liability						
Service Cost	\$ 4,171,321	\$ 4,089,939	\$ 4,079,432	\$ 4,027,098	\$ 3,831,060	\$ 3,788,974
Interest	13,051,394	13,574,596	14,020,741	14,519,133	14,994,765	15,432,954
Differences between expected and actual experience						
Changes in assumptions	-	(747,303)	264,387	1,300,649	(114,972)	2,127,992
Benefit Payments, including refunds of employee	-	-	-	(1,332,150)	-	6,306,405
contributions	(9,473,141)	(10,023,655)	(11,063,812)	(11,425,531)	(12,014,444)	(12,468,334)
Refunds of contributions	(469,524)	(465,012)	(482,631)	(358,994)	(461,154)	(419,254)
Net change in total pension liability	7,749,574	6,893,577	7,300,748	7,089,199	6,696,409	14,768,737
Total pension liability - beginning	191,183,052	198,934,626	205,828,203	213,128,951	220,218,150	226,914,559
Total pension liability - ending (a)	\$ 198,934,626	\$ 205,828,203	\$ 213,128,951	\$ 220,218,150	\$ 226,914,559	\$ 241,683,296
Plan Fiduciary Net Position						
Contributions - employer	\$ 3,646,317	\$ 3,739,486	\$ 3,876,348	\$ 2,959,847	\$ 2,967,419	\$ 2,880,916
Contributions - employee	2,000,972	2,041,468	2,113,676	2,124,981	2,121,653	2,161,296
Net investment income	25,850,848	8,507,018	3,214,427	22,825,346	15,092,474	14,049,158
Benefit Payments, including refunds of employee						
contributions	(9,003,617)	(9,558,643)	(10,581,181)	(11,066,537)	(11,553,290)	(12,468,334)
Refunds of contributions	(469,524)	(465,012)	(482,631)	(358,994)	(461,154)	(419,254)
Administrative expenses	(141,126)	(118,985)	(120,635)	(135,200)	(133,315)	(143,574)
Other	1,363	(1,792)	(1,394)	(20,191)	(13,321)	(8,810)
Net change in plan fiduciary net position	21,885,233	4,143,540	(1,981,390)	16,329,252	8,020,466	6,051,398
Plan fiduciary net position - beginning	166,226,515	188,111,748	192,255,288	190,273,898	206,603,150	214,623,616
Plan fiduciary net position - ending (b)	\$ 188,111,748	\$ 192,255,288	\$ 190,273,898	\$ 206,603,150	\$ 214,623,616	\$ 220,675,014
Net pension liability - ending	\$ 10,822,878	\$ 13,572,915	\$ 22,855,053	\$ 13,615,000	\$ 12,290,943	\$ 21,008,282
Plan fiduciary net position as a percentage of total pension liability	94.56%	93.41%	89.28%	93.82%	94.58%	91.31%
Covered payroll	\$ 40,017,176	\$ 40,970,605	\$ 42,344,732	\$ 42,112,697	\$ 42,303,998	\$ 42,872,651
Net pension liability as a percentage of covered payroll	27.05%	33.13%	53.97%	32.33%	29.05%	49.00%

*Schedule is intended to show information for 10 years. Additional years will be included as they become available.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
JUNE 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contributions (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
City					
June 30, 2012	\$ 49,052,965	N/A	N/A	\$ 284,200,896	-
June 30, 2013	44,694,773	N/A	N/A	285,349,525	-
June 30, 2014	45,827,648	\$ 45,827,648	\$ -	292,873,927	15.65%
June 30, 2015	48,703,360	48,703,360	-	299,462,518	16.26%
June 30, 2016	49,847,919	49,847,919	-	305,412,468	16.32%
June 30, 2017	43,919,386	43,919,386	-	317,193,072	13.85%
June 30, 2018	44,501,507	44,501,507	-	328,337,502	13.55%
June 30, 2019	47,366,085	47,366,085	-	333,558,319	14.20%
June 30, 2020	48,251,362	48,251,362	-	342,477,093	14.08%
June 30, 2021	52,803,308	52,803,308	-	335,108,903	15.76%
School Board Non Professional					
June 30, 2012	\$ 2,495,274	N/A	N/A	\$ 39,860,613	-
June 30, 2013	3,671,537	N/A	N/A	40,302,269	-
June 30, 2014	3,645,565	\$ 3,645,565	\$ -	40,017,176	9.11%
June 30, 2015	3,732,422	3,732,422	-	40,970,605	9.11%
June 30, 2016	3,857,605	3,857,605	-	42,344,732	9.11%
June 30, 2017	2,956,311	2,956,311	-	42,112,697	7.02%
June 30, 2018	2,969,741	2,969,741	-	42,303,998	7.02%
June 30, 2019	2,885,329	2,885,329	-	42,872,651	6.73%
June 30, 2020	2,928,810	2,928,810	-	43,518,726	6.73%
June 30, 2021	3,404,642	3,404,642	-	42,346,298	8.04%
School Board Professional / Teacher					
June 30, 2012	\$ 23,959,120	N/A	N/A	\$ 378,501,098	-
June 30, 2013	44,228,510	N/A	N/A	379,318,265	-
June 30, 2014	43,992,831	\$ 43,992,831	\$ -	377,297,007	11.66%
June 30, 2015	55,858,551	55,858,551	-	385,231,385	14.50%
June 30, 2016	54,463,409	54,463,409	-	387,364,218	14.06%
June 30, 2017	57,698,763	57,698,763	-	393,579,555	14.66%
June 30, 2018	65,402,518	65,402,518	-	400,750,722	16.32%
June 30, 2019	63,710,358	63,710,358	-	406,316,058	15.68%
June 30, 2020	65,059,491	65,059,491	-	414,920,223	15.68%
June 30, 2021	67,989,422	67,989,422	-	409,081,963	16.62%

Schedule is intended to show information for 10 years. Since 2015 is the first year of this presentation, not all data is available. However, additional years will be included as they become available.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-LEOS:

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rate from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

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

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

Largest 10 –LEOS:

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- Increased line of duty disability rate from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

All Others (Non 10 Largest) – LEOS:

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Increased retirement 50 rates, and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Decreased line of duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
JUNE 30, 2021

School Board Professional / Teacher					
Date	Employer's Proportion of the Net Pension Liability (a)	Employer's Proportionate Share of the Net Pension Liability (b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the NPL as a % of its Covered Payroll (d)	Plan Fiduciary Net Position as a % of the Total Pension Liability (e)
June 30, 2015	5.19364%	\$ 653,690,000	\$ 385,231,385	169.69%	70.68%
June 30, 2016	5.12286%	717,924,000	387,364,218	185.34%	68.28%
June 30, 2017	5.08685%	625,579,000	393,579,555	158.95%	72.92%
June 30, 2018	5.07577%	596,910,000	400,750,722	148.95%	74.81%
June 30, 2019	4.99839%	657,816,528	406,316,058	161.90%	73.51%
June 30, 2020	4.91132%	714,726,039	414,920,223	172.26%	71.47%

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

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

	City				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total OPEB Liability					
Service Cost	\$ 2,092,692	\$ 1,452,138	\$ 2,038,460	\$ 2,124,026	\$ 1,568,824
Interest	5,784,254	5,558,785	6,656,348	6,702,911	5,331,978
Economic/Demographic Gains or Losses	-	(3,737,558)	-	-	-
Assumption Changes	-	15,718,896	3,781,224	(19,288,032)	-
Benefit Payments	(6,074,717)	(7,387,237)	(7,894,660)	(7,013,877)	(7,269,625)
Net change in total OPEB liability	1,802,229	11,605,024	4,581,372	(17,474,972)	(368,823)
Total OPEB liability - beginning	83,525,542	85,327,774	96,932,798	101,514,170	84,039,198
Total OPEB liability - ending (a)	<u>\$ 85,327,771</u>	<u>\$ 96,932,798</u>	<u>\$ 101,514,170</u>	<u>\$ 84,039,198</u>	<u>\$ 83,670,375</u>
Plan Fiduciary Net Position					
Employer Contributions	\$ 6,074,717	\$ 7,387,237	\$ 7,894,660	\$ 7,013,877	\$ 7,269,625
Benefit Payments	(6,074,717)	(7,387,237)	(7,894,660)	(7,013,877)	(7,269,625)
Net Investment Income	4,405,718	3,693,879	1,942,585	1,349,790	13,666,374
Administrative Expenses	(34,423)	(35,921)	(36,956)	(37,255)	(38,953)
Net change in plan fiduciary net position	4,371,295	3,657,958	1,905,629	1,312,535	13,627,421
Plan fiduciary net position - beginning	34,212,904	38,584,199	42,242,157	44,147,786	45,460,321
Plan fiduciary net position - ending (b)	<u>\$ 38,584,199</u>	<u>\$ 42,242,157</u>	<u>\$ 44,147,786</u>	<u>\$ 45,460,321</u>	<u>\$ 59,087,742</u>
Political subdivisions's net OPEB liability, ending (a) - (b)	\$ 46,743,572	\$ 54,690,641	\$ 57,366,384	\$ 38,578,877	\$ 24,582,633
Fiduciary net position as a percentage of the total OPEB liability	43.58%	43.58%	43.49%	54.09%	70.62%
Covered Payroll	\$ 306,050,000	\$ 327,257,500	\$ 327,257,500	\$ 340,412,201	\$ 340,412,201
City's OPEB liability as a percentage of covered payroll	15.27%	16.71%	17.53%	11.33%	7.22%
Net Money-Weighted Rate of Return	12.89%	9.58%	4.60%	3.06%	30.08%

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money weighted rate of return is calculated net of investment expenses.

** Schedules are intended to show information for 10 years. The first year for this presentation is 2017; additional years will be included as they become available*

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

	School Board				
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total OPEB Liability					
Service Cost	\$ 1,529,672	\$ 1,239,627	\$ 2,429,766	\$ 2,566,620	\$ 1,934,661
Interest	4,928,893	5,027,382	6,508,729	6,616,759	5,305,457
Economic/Demographic Gains or Losses	-	1,400,273	-	2,340,909	-
Assumption Changes	-	20,370,070	3,705,597	(22,674,032)	-
Benefit Payments	(5,661,710)	(6,679,101)	(6,650,666)	(5,945,243)	(6,160,668)
Net change in total OPEB liability	796,855	21,358,251	5,993,426	(17,094,987)	1,079,450
Total OPEB liability - beginning	71,666,051	72,462,906	93,821,157	99,814,583	82,719,596
Total OPEB liability - ending (a)	\$ 72,462,906	\$ 93,821,157	\$ 99,814,583	\$ 82,719,596	\$ 83,799,046
Plan Fiduciary Net Position					
Employer Contributions	\$ 5,661,710	\$ 7,369,401	\$ 6,650,666	\$ 6,950,743	\$ 6,160,668
Benefit Payments	(5,661,710)	(6,679,101)	(6,650,666)	(5,945,243)	(6,160,668)
Net Investment Income	3,098,316	2,597,704	1,397,854	997,100	10,143,922
Administrative Expenses	(24,357)	(25,409)	(26,592)	(27,508)	(29,042)
Net change in plan fiduciary net position	3,073,959	3,262,595	1,371,262	1,975,092	10,114,880
Plan fiduciary net position - beginning	24,060,265	27,134,224	30,396,819	31,768,081	33,743,173
Plan fiduciary net position - ending (b)	\$ 27,134,224	\$ 30,396,819	\$ 31,768,081	\$ 33,743,173	\$ 43,858,053
Political subdivision's net OPEB liability, ending (a) - (b)	\$ 45,328,682	\$ 63,424,338	\$ 68,046,502	\$ 48,976,423	\$ 39,940,993
Fiduciary net position as a percentage of the total OPEB liability	37.45%	32.40%	31.83%	40.79%	52.34%
Covered Payroll	\$ 426,884,300	\$ 444,517,100	\$ 444,517,100	\$ 466,464,228	\$ 466,464,228
School Board's OPEB liability as a percentage of covered payroll	10.62%	14.27%	15.31%	10.50%	8.56%
Net Money-Weighted Rate of Return	12.89%	9.56%	4.60%	3.04%	30.08%

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money weighted rate of return is calculated net of investment expenses.

** Schedules are intended to show information for 10 years. The first year for this presentation is 2017; additional years will be included as they become available*

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB ANNUAL CONTRIBUTIONS

City					
Fiscal Year Ending June 30	Actuarially Determined Contributions	Actual Employer Contribution 1	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percent of Covered Payroll
2012	\$ 8,714,600	\$ 8,714,600	\$ -	\$ 283,026,400	3.08%
2013	8,871,000	8,871,000	-	283,026,400	3.13%
2014	7,101,900	7,101,900	-	290,297,000	2.45%
2015	7,259,200	7,259,200	-	290,297,000	2.50%
2016	5,186,400	5,998,200	(811,800)	306,050,000	1.96%
2017	5,296,700	6,074,700	(778,000)	306,050,000	1.98%
2018	6,296,000	7,387,237	(1,091,237)	327,257,500	2.26%
2019	6,405,600	7,894,660	(1,489,060)	327,257,500	2.41%
2020	4,571,500	7,013,877	(2,442,377)	340,412,201	2.06%
2021	4,657,600	7,269,625	(2,612,025)	340,412,201	2.14%

School Board					
Fiscal Year Ending June 30	Actuarially Determined Contributions	Actual Employer Contribution 1	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percent of Covered Payroll
2012	\$ 7,721,500	\$ 7,721,500	\$ -	\$ 409,662,700	1.88%
2013	7,858,100	7,858,100	-	409,662,700	1.92%
2014	5,700,900	5,700,900	-	421,065,100	1.35%
2015	5,832,200	5,832,200	-	421,065,100	1.39%
2016	4,462,800	5,748,000	(1,285,200)	426,884,300	1.35%
2017	4,542,400	5,661,700	(1,119,300)	426,884,300	1.33%
2018	7,369,400	7,369,400	-	444,517,100	1.66%
2019	7,656,200	6,650,666	1,005,534	444,517,100	1.50%
2020	5,704,500	6,950,743	(1,246,243)	466,464,228	1.49%
2021	5,835,800	6,160,688	(324,888)	466,464,228	1.32%

1 Employer contributions include trust contributions and explicit subsidy payments provided directly to retirees from the City and School Board own resources. They also include estimated implicit subsidy payments for retirees from the City and School Board own resources

Valuation Timing	Actuarial valuations for OPEB funding purposes are performed biennially as of January 1. The most recent valuation was performed as of January 1, 2020.
Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Amortization Period	25 years remaining as of January 1, 2021
Asset Valuation Method	5-year asset smoothing
Inflation	2.50%
Salary Increases	Not applicable.
Discount Rate	6.50%
Healthcare Trend Rates	Please see 01/01/2020 OPEB valuation report

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY

City:	For Measurement Dates	6/30/2020	6/30/2019	6/30/2018	6/30/2017
	<u>Group Life Insurance (GLI)</u>				
	Employer's Portion of the Net GLI OPEB Liability	1.66934%	1.70784%	1.72678%	1.71960%
	Employers Proportionate Share of the Net GLI OPEB Liability	\$ 27,858,552	\$ 27,791,102	\$ 26,225,000	\$ 25,877,000
	Employer's Covered Payroll	\$ 343,539,339	\$ 334,796,183	\$ 328,337,502	\$ 317,193,072
	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.11%	8.30%	7.99%	8.16%
	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	54.00%	52.00%	51.22%	48.86%
	<u>Line of Duty Act (LODA)</u>				
	Employer's Portion of the Net LODA OPEB Liability	9.91526%	10.27005%	10.29832%	9.48107%
	Employers Proportionate Share of the Net LODA OPEB Liability	\$ 41,526,639	\$ 36,847,507	\$ 32,288,000	\$ 24,916,000
	Employer's Covered Employee Payroll	\$ 109,959,120	\$ 110,370,707	\$ 110,808,888	\$ 103,532,167
	Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered Payroll	37.77%	33.39%	29.14%	24.07%
	Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%	0.79%	0.60%	1.30%
	<u>Virginia Local Disability Program (VLDP) - Political Subdivision</u>				
	Employer's Portion of the Net VLDP OPEB Liability	19.99173%	19.66871%	19.35404%	18.65503%
	Employers Proportionate Share of the Net VLDP OPEB Liability	\$ 657,261	\$ 398,444	\$ 156,000	\$ 100,000
	Employer's Covered Payroll	\$ 74,495,268	\$ 60,780,141	\$ 46,992,859	\$ 34,255,962
	Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.88%	0.66%	0.33%	0.29%
	Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	76.84%	49.19%	51.39%	38.40%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY

For Measurement Dates	6/30/2020	6/30/2019	6/30/2018	6/30/2017
School Board:				
<u>Group Life Insurance (GLI)</u>				
Employer's Portion of the Net GLI OPEB Liability	2.32010%	2.36880%	2.39294%	2.41666%
Employers Proportionate Share of the Net GLI OPEB Liability	\$ 38,718,670	\$ 38,546,680	\$ 36,342,000	\$ 36,367,000
Employer's Covered Payroll	\$ 477,484,009	\$ 464,367,468	\$ 455,011,974	\$ 435,693,000
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.11%	8.30%	7.99%	8.35%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%
<u>Health Insurance Credit (HIC)</u>				
Employer's Portion of the Net HIC OPEB Liability	4.87922%	4.96761%	5.04954%	5.06312%
Employers Proportionate Share of the Net HIC OPEB Liability	\$ 63,650,230	\$ 65,030,846	\$ 64,113,000	\$ 64,231,000
Employer's Covered Payroll	\$ 427,749,309	\$ 416,667,852	\$ 408,375,692	\$ 393,580,000
Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered Payroll	14.88%	15.61%	15.70%	16.32%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	9.95%	8.97%	8.08%	7.04%
<u>Virginia Local Disability Program (VLDP) - Political Subdivision</u>				
Employer's Portion of the Net VLDP OPEB Liability	4.54891%	4.62460%	4.93874%	5.20662%
Employers Proportionate Share of the Net VLDP OPEB Liability	\$ 45,409	\$ 93,686	\$ 38,000	\$ 30,000
Employer's Covered Payroll	\$ 16,950,791	\$ 14,290,947	\$ 11,991,585	\$ 9,515,500
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.27%	0.66%	0.32%	0.31%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	78.28%	49.19%	51.39%	38.40%
<u>Virginia Local Disability Program (VLDP) - Teachers</u>				
Employer's Portion of the Net VLDP OPEB Liability	17.32958%	16.94127%	16.82241%	16.44512%
Employers Proportionate Share of the Net VLDP OPEB Liability	\$ 139,032	\$ 98,486	\$ 127,000	\$ 98,000
Employer's Covered Payroll	\$ 102,504,393	\$ 81,239,317	\$ 62,725,531	\$ 49,489,310
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.14%	0.12%	0.20%	0.21%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	78.28%	74.12%	46.18%	31.96%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB GROUP LIFE INSURANCE ANNUAL CONTRIBUTIONS

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Primary Government					
2012	\$ 1,250,484	\$ 795,763	\$ 454,721	\$ 284,200,896	0.28%
2013	1,512,352	1,369,678	142,674	285,349,525	0.48%
2014	1,552,232	1,405,795	146,437	292,873,827	0.48%
2015	1,587,151	1,437,420	149,731	299,462,518	0.48%
2016	1,618,686	1,465,980	152,706	305,412,468	0.48%
2017	1,649,404	1,649,404	-	317,193,072	0.52%
2018	1,707,355	1,707,355	-	328,337,502	0.52%
2019	1,740,935	1,740,935	-	334,796,183	0.52%
2020	1,786,400	1,786,400	-	343,539,339	0.52%
2021	1,786,400	1,786,400	-	336,346,740	0.53%
School Board - Nonprofessional					
2012	\$ 177,366	\$ 112,869	\$ 64,497	\$ 40,310,446	0.28%
2013	214,874	194,603	20,271	40,542,262	0.48%
2014	214,578	194,335	20,243	40,486,356	0.48%
2015	221,058	200,204	20,854	41,709,123	0.48%
2016	231,831	209,960	21,871	43,741,730	0.48%
2017	230,517	230,517	-	44,330,131	0.52%
2018	234,625	234,625	-	45,120,109	0.52%
2019	242,000	242,000	-	46,160,454	0.52%
2020	250,065	250,065	-	47,915,825	0.52%
2021	251,112	251,112	-	46,503,477	0.54%
School Board - Teachers					
2012	\$ 1,670,960	\$ 1,063,338	\$ 607,622	\$ 379,763,714	0.28%
2013	2,020,542	1,829,925	190,617	381,234,424	0.48%
2014	2,011,839	1,822,043	189,796	379,592,250	0.48%
2015	2,053,604	1,859,868	193,736	387,472,533	0.48%
2016	2,079,432	1,883,259	196,173	392,345,632	0.48%
2017	2,087,447	2,087,447	-	401,432,134	0.52%
2018	2,131,438	2,131,438	-	409,891,865	0.52%
2019	2,190,000	2,190,000	-	418,203,923	0.52%
2020	2,257,910	2,257,910	-	429,568,184	0.53%
2021	2,302,569	2,302,569	-	426,407,218	0.54%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB LINE OF DUTY ANNUAL CONTRIBUTIONS

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Payroll
Primary Government					
2012	\$ 399,191	\$ 399,191	\$ -	\$ 90,230,497	0.44%
2013	849,069	849,069	-	90,935,125	0.93%
2014	984,695	984,695	-	91,967,153	1.07%
2015	957,130	957,130	-	94,604,103	1.01%
2016	968,155	968,155	-	96,868,601	1.00%
2017	1,022,399	1,022,399	-	103,532,167	0.99%
2018	1,097,008	1,097,008	-	110,808,888	0.99%
2019	1,378,367	1,378,367	-	110,370,707	1.25%
2020	1,368,198	1,368,198	-	109,959,120	1.24%
2021	1,347,490	1,347,490	-	107,799,200	1.25%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB VIRGINIA LOCAL DISABILITY PROGRAM ANNUAL CONTRIBUTIONS

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government					
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	\$ 8,612	\$ 8,612	\$ -	\$ 1,435,308	0.60%
2015	68,668	68,668	-	11,444,652	0.60%
2016	137,137	137,137	-	22,856,172	0.60%
2017	205,536	205,536	-	34,255,962	0.60%
2018	281,957	281,957	-	46,992,859	0.60%
2019	376,838	376,838	-	60,780,141	0.62%
2020	536,372	536,372	-	74,495,268	0.72%
2021	536,612	536,612	-	79,188,866	0.68%
School Board - Nonprofessional					
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	\$ 1,611	\$ 1,611	\$ -	\$ 268,436	0.60%
2015	18,242	18,242	-	3,040,304	0.60%
2016	40,146	40,146	-	6,691,000	0.60%
2017	57,365	57,365	-	9,560,850	0.60%
2018	71,950	71,950	-	11,991,585	0.60%
2019	102,908	102,908	-	14,290,947	0.72%
2020	122,065	122,065	-	16,950,791	0.72%
2021	145,229	145,229	-	17,491,581	0.83%
School Board - Teachers					
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	\$ 2,253	\$ 2,253	\$ -	\$ 776,969	0.29%
2015	14,772	14,772	-	15,383,610	0.10%
2016	80,152	80,152	-	27,638,756	0.29%
2017	143,865	143,865	-	46,408,200	0.31%
2018	194,449	194,449	-	62,725,531	0.31%
2019	333,000	333,000	-	81,239,317	0.41%
2020	423,008	423,008	-	102,504,393	0.41%
2021	553,806	553,806	-	117,813,537	0.47%

**FY 2014 was the first year for the Virginia Local Disability Program

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB HEALTH INSURANCE CREDIT PROGRAM ANNUAL CONTRIBUTIONS

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
School Board - Nonprofessional					
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	N/A**	N/A**	N/A**	N/A**	N/A**
2015	N/A**	N/A**	N/A**	N/A**	N/A**
2016	N/A**	N/A**	N/A**	N/A**	N/A**
2017	N/A**	N/A**	N/A**	N/A**	N/A**
2018	N/A**	N/A**	N/A**	N/A**	N/A**
2019	N/A**	N/A**	N/A**	N/A**	N/A**
2020	N/A**	N/A**	N/A**	N/A**	N/A**
2021	\$ 400,904	\$ 400,904	\$ -	\$ 46,081,028	0.87%
School Board - Teachers					
2012	\$ 4,075,643	\$ 2,264,246	\$ 1,811,397	\$ 377,374,381	0.60%
2013	4,440,741	4,213,011	227,730	379,550,508	1.11%
2014	4,417,613	4,191,068	226,545	377,573,722	1.11%
2015	4,556,498	4,093,125	463,373	386,143,862	1.06%
2016	4,609,056	4,140,339	468,717	390,598,006	1.06%
2017	4,914,862	4,435,363	479,499	399,582,254	1.11%
2018	5,023,021	5,023,021	-	408,375,692	1.23%
2019	4,997,000	4,997,000	-	416,667,852	1.20%
2020	5,148,298	5,148,298	-	427,749,309	1.20%
2021	5,143,628	5,143,628	-	425,016,085	1.21%

** FY 2021 was the first year for the Health Insurance Credit Program for School Board Nonprofessional.

Detailed information about the individual Cost sharing OPEB plans are available in the seperately issued VRS 2021 Annual Comprehensive Annual Financial Report (ACFR). A copy of the 2020 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NONMAJOR
GOVERNMENTAL FUNDS**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than capital projects) which are legally restricted to be expended for specific purposes.

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

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and Investments	\$ 77,389,557	\$ 368,958	\$ 77,758,515
Cash and Investments - Restricted	6,046,118	43,386,106	49,432,224
Receivables (net of allowance for uncollectibles, where applicable):			
Accounts	190,097	-	190,097
Loans	5,147,019	-	5,147,019
Due from:			
Due from Other Funds	139,376	-	139,376
Commonwealth	1,775,109	-	1,775,109
Federal Government	6,882,115	-	6,882,115
Inventories	162,681	-	162,681
Total Assets	<u>97,732,072</u>	<u>43,755,064</u>	<u>141,487,136</u>
<u>LIABILITIES</u>			
Vouchers and Accounts Payable	4,687,573	-	4,687,573
Due to Other Funds	3,263,699	-	3,263,699
Intergovernmental Payables	2,826	-	2,826
Unearned Revenue	4,179,163	-	4,179,163
Total Liabilities	<u>12,133,261</u>	<u>-</u>	<u>12,133,261</u>
<u>FUND BALANCES</u>			
Restricted for:			
Debt Service	-	43,755,064	43,755,064
General Government	872,678	-	872,678
Housing and Community Development	9,990,042	-	9,990,042
Judicial	470,031	-	470,031
Public Safety	2,267,678	-	2,267,678
Special Service District	6,318,437	-	6,318,437
Committed to:			
Agriculture	15,272,124	-	15,272,124
Convention and Visitor Development	22,241,567	-	22,241,567
Education	29,346	-	29,346
Judicial	522,500	-	522,500
Parks and Recreation	10,237,455	-	10,237,455
Public Safety	762,600	-	762,600
Tax Increment Financing	5,719,578	-	5,719,578
Assigned to:			
Agriculture	491,543	-	491,543
Convention and Visitor Development	11,014,043	-	11,014,043
Parks and Recreation	49,901	-	49,901
Special Service District	312,344	-	312,344
Unassigned	(973,056)	-	(973,056)
Total Fund Balances	<u>85,598,811</u>	<u>43,755,064</u>	<u>129,353,875</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 97,732,072</u>	<u>\$ 43,755,064</u>	<u>\$ 141,487,136</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<u>REVENUES</u>			
General Property Taxes - Real Estate	\$ 42,360,373	\$ -	\$ 42,360,373
Other Local Taxes	57,020,683	-	57,020,683
Permits, Privilege Fees, and Regulatory Licenses	175,886	-	175,886
From Use of Money and Property	2,927,711	(2,445,787)	481,924
Charges for Services	13,145,336	-	13,145,336
Miscellaneous	1,182,789	-	1,182,789
From Commonwealth	25,090,874	-	25,090,874
From Federal Government	78,786,833	245,059	79,031,892
Total Revenues	<u>220,690,485</u>	<u>(2,200,728)</u>	<u>218,489,757</u>
<u>EXPENDITURES</u>			
Current Operating:			
Executive	229,320	-	229,320
Finance	2,478,381	-	2,478,381
Human Resources	346,666	-	346,666
Judicial	54,869,595	-	54,869,595
Health	392,982	-	392,982
Police	13,422,249	-	13,422,249
Human Services	7,558,834	-	7,558,834
Public Works	7,387,518	-	7,387,518
Parks and Recreation	27,570,315	-	27,570,315
Library	244,566	-	244,566
Planning	1,299,047	-	1,299,047
Agriculture	170,032	-	170,032
Economic Development	4,534,814	-	4,534,814
Convention and Visitor Development	15,741,470	-	15,741,470
Cultural Affairs	1,255,896	-	1,255,896
Information Technology	1,019,173	-	1,019,173
Emergency Communications and Citizen Services	3,758	-	3,758
Fire	14,334,383	-	14,334,383
Housing and Neighborhood Preservation	31,862,442	-	31,862,442
Aquariums	14,732	-	14,732
General Registrar	201,803	-	201,803
General Government	1,777,733	-	1,777,733
Emergency Medical Services	2,648,046	-	2,648,046
Debt Service:			
Principal Retirement	25,085,219	30,245,330	55,330,549
Interest and Fiscal Charges	11,681,407	15,232,735	26,914,142
Total Expenditures	<u>226,130,381</u>	<u>45,478,065</u>	<u>271,608,446</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(5,439,896)</u>	<u>(47,678,793)</u>	<u>(53,118,689)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	35,756,588	47,087,849	82,844,437
Transfers Out	(15,205,682)	-	(15,205,682)
Issuance of Refunded Debt	-	3,444,666	3,444,666
Payment to Refunding Bonds Escrow Agent	-	(3,438,666)	(3,438,666)
Total Other Financing Sources and (Uses)	<u>20,550,906</u>	<u>47,093,849</u>	<u>67,644,755</u>
Net Change in Fund Balance	15,111,010	(584,944)	14,526,066
Fund Balance at Beginning of Year	70,487,801	44,340,008	114,827,809
Fund Balance at End of Year	<u>\$ 85,598,811</u>	<u>\$ 43,755,064</u>	<u>\$ 129,353,875</u>

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GENERAL FUND

GENERAL FUND

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

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>General Property Taxes</u>				
Real Estate	\$ 579,631,101	\$ 579,631,101	\$ 585,730,554	\$ 6,099,453
Personal Property	103,254,589	103,254,589	118,690,541	15,435,952
Interest and Penalties on Personal Property	1,486,274	1,486,274	4,162,472	2,676,198
Interest and Penalties on Real Estate Taxes	1,358,004	1,358,004	3,456,340	2,098,336
Total General Property Taxes	685,729,968	685,729,968	712,039,907	26,309,939
<u>Other Local Taxes</u>				
General Sales	63,159,899	63,159,899	78,732,948	15,573,049
Utility	45,760,883	45,760,883	45,536,508	(224,375)
Business Licenses	46,289,549	46,289,549	54,766,642	8,477,093
Automobile Licenses	11,578,052	11,578,052	11,009,970	(568,082)
Bank Stock	3,655,093	3,655,093	3,696,076	40,983
City Tax on Deeds	7,218,385	7,218,385	13,867,356	6,648,971
City Tax on Wills	100,070	100,070	121,316	21,246
Cigarette	9,043,505	9,043,505	9,030,360	(13,145)
Amusement	-	-	6,289	6,289
Hotel Taxes	5,799,968	5,799,968	7,561,788	1,761,820
Restaurant Meals	37,028,864	37,028,864	41,885,847	4,856,983
Total Other Local Taxes	229,634,268	229,634,268	266,215,100	36,580,832
<u>Permits, Privilege Fees, and Regulatory Licenses</u>				
Police Permits and Licenses	499,865	499,865	621,845	121,980
Planning Permits and Licenses	4,484,595	4,484,595	3,807,545	(677,050)
Other Permits, Fees and Licenses	2,825,221	2,825,221	2,174,352	(650,869)
Public Works Fees	1,871	1,871	9,250	7,379
Fire Permits	220,000	220,000	135,570	(84,430)
Total Permits, Privilege Fees, and Regulatory Licenses	8,031,552	8,031,552	6,748,562	(1,282,990)
<u>From Use of Money and Property</u>				
<u>Revenue from Use of Money:</u>				
Interest on Bank Deposits	3,378,613	3,378,613	3,802,050	423,437
<u>Revenue from Use of Property:</u>				
Farmers Market Fees	20,066	20,066	11,329	(8,737)
Photocopying Machines	100,134	100,134	39,892	(60,242)
Convention Center Rent	1,779,963	1,779,963	235,889	(1,544,074)
Convention Center Concessions	1,078,865	1,078,865	-	(1,078,865)
Lease of Land and Property	1,070,904	1,070,904	525,496	(545,408)
Total from Use of Money and Property	7,428,545	7,428,545	4,614,656	(2,813,889)
<u>Charges For Services</u>				
Court Costs	3,562,031	3,562,031	3,090,119	(471,912)
Police - False Alarm Fees	530,000	530,000	467,503	(62,497)
Fire Services	374,000	374,000	163,136	(210,864)
Animal Adoption Fees	25,000	25,000	23,648	(1,352)
Other Charges and Fees	2,839,601	2,847,564	2,070,894	(776,670)
Human Services	27,825,587	27,825,587	23,546,993	(4,278,594)
Aquarium and Historical Houses	8,694,020	8,694,020	9,357,990	663,970
Planning Maps, Publications, and Fees	316,580	316,580	275,364	(41,216)
Convention Center	163,223	163,223	22,116	(141,107)
Other Services Provided	1,022,545	1,022,545	247,455	(775,090)
Reimbursement - Freedom of Information Act Costs	27,400	27,400	34,970	7,570
Water and Sewer Direct Charges	10,001,286	10,059,044	9,513,598	(545,446)
Storm Water Direct Charges	1,818,699	1,818,699	1,818,699	-
Total Charges for Services	57,199,972	57,265,693	50,632,485	(6,633,208)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Miscellaneous Revenue</u>				
Returned Check Processing Charges	66,000	66,000	30,213	(35,787)
Donations	1,342,400	1,419,900	976,857	(443,043)
City Treasurer Charges	1,145,000	1,145,000	1,426,094	281,094
Sale of Salvage Materials	502,000	1,109,879	1,612,578	502,699
Miscellaneous	<u>2,787,062</u>	<u>2,787,062</u>	<u>3,615,061</u>	<u>827,999</u>
Total Miscellaneous Revenue	<u>5,842,462</u>	<u>6,527,841</u>	<u>7,660,803</u>	<u>1,132,962</u>
<u>From Commonwealth</u>				
Rolling Stock Tax	23,886	23,886	14,693	(9,193)
Mobile Homes Sales Tax	46,273	46,273	10,691	(35,582)
Passenger Car Rental Tax	1,193,950	1,193,950	1,234,486	40,536
Reimbursement - Treasurer	693,000	693,000	667,152	(25,848)
Reimbursement - Commissioner of the Revenue	740,000	740,000	737,212	(2,788)
Reimbursement - General Registrar's Salary	76,954	76,954	138,497	61,543
Reimbursement - Clerk of Circuit Court	2,138,058	2,138,058	2,117,756	(20,302)
Reimbursement - Commonwealth's Attorney	2,876,872	2,876,872	2,810,094	(66,778)
Reimbursement - Health Department Automobile	120,099	120,099	15,747	(104,352)
Reimbursement - State Aid Law Enforcement	12,162,602	12,612,602	12,662,870	50,268
Personal Property Paid by Commonwealth	53,412,868	53,412,868	53,412,868	-
State Prisoner Transportation	350,000	350,000	191,923	(158,077)
Mental Health, Developmental Services and Substance Abuse	13,111,644	13,111,644	14,420,415	1,308,771
Juvenile Justice Block Grant	4,021,856	4,021,856	3,672,669	(349,187)
Circuit Court Clerk Technology	-	-	320,225	320,225
Maintenance of Roads	52,007,032	52,007,032	51,569,360	(437,672)
Public Assistance Grants	16,680,751	19,251,945	19,299,643	47,698
DMV Select Program	150,000	150,000	155,155	5,155
Virginia Commission For The Arts	4,500	4,500	4,500	-
Wireless E-911 Services Board	1,289,702	1,289,702	1,637,136	347,434
State Aid Library	233,326	233,326	255,960	22,634
Other State Revenues	<u>323,000</u>	<u>418,494</u>	<u>319,922</u>	<u>(98,572)</u>
Total From Commonwealth	<u>161,656,373</u>	<u>164,773,061</u>	<u>165,668,974</u>	<u>895,913</u>
<u>From Federal Government</u>				
Public Law 95-469 - Refugee Revenue Sharing Act	-	-	77,628	77,628
Indirect Costs - Social Services	927,906	927,906	1,001,223	73,317
SEVAMP Grant	87,500	87,500	148,506	61,006
Mental Health, Developmental Services and Substance Abuse	60,196	60,196	33,112	(27,084)
USDA Juvenile Detention	99,471	99,471	83,108	(16,363)
Public Assistance Grants	21,502,214	21,502,214	22,232,423	730,209
Federal Reimbursement of Interest	<u>282,763</u>	<u>282,763</u>	<u>17,442</u>	<u>(265,321)</u>
Total From Federal Government	<u>22,960,050</u>	<u>22,960,050</u>	<u>23,593,442</u>	<u>633,392</u>
TOTAL REVENUES	<u>1,178,483,190</u>	<u>1,182,350,978</u>	<u>1,237,173,929</u>	<u>54,822,951</u>
<u>Other Financing Sources</u>				
Transfers In	1,438,259	8,494,568	6,287,483	(2,207,085)
Use of Fund Balance	36,973,310	131,246,428	-	(131,246,428)
Premium on Bonds Sold	-	-	334	334
Total Other Financing Sources	<u>38,411,569</u>	<u>139,740,996</u>	<u>6,287,817</u>	<u>(133,453,179)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,216,894,759</u>	<u>\$ 1,322,091,974</u>	<u>\$ 1,243,461,746</u>	<u>\$ (78,630,228)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Legislative Department</u>				
Municipal Council	\$ 663,242	\$ 668,083	\$ 590,811	\$ 77,272
City Clerk	588,615	593,957	558,056	35,901
Total Legislative Department	<u>1,251,857</u>	<u>1,262,040</u>	<u>1,148,867</u>	<u>113,173</u>
<u>Executive Department</u>				
City Manager	2,499,679	2,499,703	2,454,373	45,330
Office of Accountability	658,290	612,944	569,502	43,442
Media and Communication Group	1,900,629	1,847,405	1,709,463	137,942
Volunteer Council	317,978	404,415	387,916	16,499
Total Executive Department	<u>5,376,576</u>	<u>5,364,467</u>	<u>5,121,254</u>	<u>243,213</u>
<u>Law Department</u>				
City Attorney	<u>4,787,252</u>	<u>4,737,571</u>	<u>4,648,025</u>	<u>89,546</u>
<u>Finance Department</u>				
Director of Finance:				
Director's Office	647,535	663,193	710,395	(47,202)
Controller's Office	1,276,474	1,191,042	1,111,001	80,041
Payroll	832,103	823,668	858,743	(35,075)
Purchasing	2,185,440	2,254,262	1,898,680	355,582
Local Vehicle Registration	<u>2,363,649</u>	<u>2,402,029</u>	<u>1,476,978</u>	<u>925,051</u>
Total Director of Finance	7,305,201	7,334,194	6,055,797	1,278,397
Commissioner of the Revenue	5,098,349	5,240,896	5,086,408	154,488
Board of Equalization	2,920	2,920	1,818	1,102
City Real Estate Assessor	3,266,458	3,263,458	3,146,110	117,348
Treasurer	<u>6,295,509</u>	<u>6,162,063</u>	<u>5,717,123</u>	<u>444,940</u>
Total Finance Department	<u>21,968,437</u>	<u>22,003,531</u>	<u>20,007,256</u>	<u>1,996,275</u>
<u>Human Resource Department</u>				
Director's Office	598,391	708,459	671,277	37,182
Employee Relations	3,372,719	3,546,022	2,311,897	1,234,125
Occupational Safety	<u>1,647,211</u>	<u>1,667,234</u>	<u>1,311,533</u>	<u>355,701</u>
Total Human Resources Department	<u>5,618,321</u>	<u>5,921,715</u>	<u>4,294,707</u>	<u>1,627,008</u>
<u>Judicial Department</u>				
Circuit Court	3,451,916	1,232,388	1,184,966	47,422
General District Court	-	464,441	263,104	201,337
Juvenile and Domestic Relations - District Court	-	177,254	121,751	55,503
Commonwealth's Attorney	9,634,176	9,565,583	9,216,677	348,906
Clerk of the Circuit Court	<u>3,869,773</u>	<u>4,605,349</u>	<u>4,220,300</u>	<u>385,049</u>
Magistrates	-	53,761	37,069	16,692
Juvenile Probation	-	1,458,319	985,304	473,015
Total Judicial Department	<u>16,955,865</u>	<u>17,557,095</u>	<u>16,029,171</u>	<u>1,527,924</u>
<u>Health Department</u>				
Preventive Medicine	<u>3,739,464</u>	<u>3,709,501</u>	<u>3,584,850</u>	<u>124,651</u>
<u>Human Services Department</u>				
Administration	10,775,398	11,600,484	8,068,124	3,532,360
Developmental Services	28,784,112	28,257,791	26,245,018	2,012,773
Mental Health/Substance Abuse	29,823,126	29,146,299	25,183,470	3,962,829
Social Services	36,787,975	42,056,555	36,466,526	5,590,029
Comprehensive Services Act Administration & Social Services	13,499,954	17,174,335	17,200,420	(26,085)
Juvenile Detention Center	<u>5,674,650</u>	<u>5,624,350</u>	<u>5,776,386</u>	<u>(152,036)</u>
Total Human Services Department	<u>125,345,215</u>	<u>133,859,814</u>	<u>118,939,944</u>	<u>14,919,870</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Police Department</u>				
Director's Office	19,359,545	13,517,725	8,667,695	4,850,030
Personnel and Training	13,523,602	15,776,014	9,620,990	6,155,024
Crime Prevention	71,695,928	71,561,575	68,760,441	2,801,134
Investigative Division	-	1,028	4,234,708	(4,233,680)
Total Police Department	104,579,075	100,856,342	91,283,834	9,572,508
<u>Public Works Department</u>				
Director's Office	6,777,175	8,328,425	7,916,514	411,911
Real Estate Office	11,777,246	11,332,076	9,485,044	1,847,032
Customer Service/Administration	66,527,420	69,124,123	59,977,530	9,146,593
Total Public Works Department	85,081,841	88,784,624	77,379,088	11,405,536
<u>Library Department</u>				
Law Library	1,702,235	1,891,744	1,542,095	349,649
Program Operations	12,547,233	12,411,839	11,539,072	872,767
Support Services	4,494,001	4,815,122	4,467,223	347,899
Total Library Department	18,743,469	19,118,705	17,548,390	1,570,315
<u>Planning Department</u>				
Director's Office	1,405,161	1,508,496	1,156,322	352,174
Environment and Sustainability	-	-	3,700	(3,700)
Development Services	3,608,942	4,362,066	4,292,261	69,805
Current Planning	2,732,608	2,775,293	2,589,484	185,809
Building Permits and Inspection	4,192,922	4,024,295	3,408,106	616,189
Transportation Program	5,490,331	5,725,158	5,395,474	329,684
Total Planning Department	17,429,964	18,395,308	16,845,347	1,549,961
<u>Agriculture Department</u>				
Agriculture Reserve Program	326,108	326,108	329,128	(3,020)
Virginia Cooperative Extension	318,371	318,371	285,990	32,381
Farmers Market	306,990	306,990	200,778	106,212
Total Agriculture Department	951,469	951,469	815,896	135,573
<u>Economic Development Department</u>				
Director of Economic Development	6,291,390	7,658,518	5,726,907	1,931,611
<u>Convention and Visitor Development</u>				
Tourism and Convention Advertising	3,332,550	3,257,073	2,732,211	524,862
Sports Marketing	6,837,175	6,889,995	5,049,257	1,840,738
Total Convention and Visitor Development	10,169,725	10,147,068	7,781,468	2,365,600
<u>Parks and Recreation Department</u>				
Landscape Administration	15,354,375	15,247,325	14,201,033	1,046,292
Total Parks and Recreation Department	15,354,375	15,247,325	14,201,033	1,046,292
<u>Cultural Affairs</u>				
Cultural Affairs	744,300	828,478	495,640	332,838
Sandler Center	1,751,765	3,021,340	1,681,451	1,339,889
Arts & Humanities Commission	635,000	635,000	633,533	1,467
Total Cultural Affairs	3,131,065	4,484,818	2,810,624	1,674,194

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>General Registrar Department</u>				
General Registrar	2,236,574	3,102,885	2,814,054	288,831
<u>General Government</u>				
Audit Services	984,496	842,957	817,933	25,024
Community Organization Grants	3,377,139	32,897,139	31,938,788	958,351
Lease/Rent of Facilities	5,404,389	5,690,640	4,804,706	885,934
Computer Replacements	1,728,171	2,294,714	561,408	1,733,306
Vehicle Replacements	4,357,514	5,678,192	4,578,129	1,100,063
Revenue Reimbursements	12,634,917	12,634,917	10,246,781	2,388,136
Independent Financial Services	164,999	167,848	134,278	33,570
Special Benefits	8,748,458	8,759,906	7,324,181	1,435,725
Contingencies	-	15,371,995	-	15,371,995
Total General Government	37,400,083	84,338,308	60,406,204	23,932,104
<u>Fire Department</u>				
Fire Marshall's Office	3,258,203	3,258,203	3,569,489	(311,286)
Fire Operations	54,290,208	50,145,443	48,287,942	1,857,501
Emergency Management	744,194	1,162,871	767,938	394,933
Total Fire Department	58,292,605	54,566,517	52,625,369	1,941,148
<u>Information Technology</u>				
IT Business Center	15,520,350	16,859,451	14,566,969	2,292,482
Applications Support	12,285,893	17,379,746	13,566,482	3,813,264
Total Information Technology	27,806,243	34,239,197	28,133,451	6,105,746
<u>Emergency Communications and Citizens Services</u>				
Emergency Communications	8,493,039	7,868,923	6,645,790	1,223,133
Director's Office	1,448,929	1,808,628	1,443,029	365,599
Citizen Services	974,050	972,229	798,395	173,834
Total Emergency Communications and Citizen Services	10,916,018	10,649,780	8,887,214	1,762,566
<u>Housing and Neighborhood Preservation</u>				
Rental Subsidy Program	6,441,849	8,339,205	6,547,267	1,791,938
<u>Aquarium</u>				
Aquarium and Marine Science Center	11,600,993	11,732,776	10,528,265	1,204,511
Total Museum Department	11,600,993	11,732,776	10,528,265	1,204,511
<u>Budget and Management Services Department</u>				
Director's Office	1,444,473	1,424,883	1,176,117	248,766
<u>Emergency Medical Services</u>				
Director's Office	1,137,590	3,063,118	2,662,213	400,905
Operations	9,656,134	9,174,555	8,268,239	906,316
Lifeguard Services	2,287,476	2,285,236	2,409,692	(124,456)
Regulation & Enforcement	267,400	267,400	260,404	6,996
Total Emergency Medical Services	13,348,600	14,790,309	13,600,548	1,189,761
<u>Debt Service</u>				
Principal Retirement	39,049,549	37,888,262	35,436,581	2,451,681
Interest and Fiscal Charges	19,798,574	19,798,574	16,295,014	3,503,560
Total Debt Service	58,848,123	57,686,836	51,731,595	5,955,241
<u>Education</u>				
School Operating	393,733,625	408,733,625	383,024,947	25,708,678
School Capital Projects	11,357,223	27,160,500	27,160,500	-
School Operating from Reserves	5,800,000	5,800,000	5,800,000	-
Total Education	410,890,848	441,694,125	415,985,447	25,708,678
Total Department Expenditures	1,086,001,769	1,182,624,732	1,060,602,192	122,022,540

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Other Financing Uses</u>				
Transfers Out:				
General Debt Service	45,227,006	45,227,006	45,227,006	-
General Government Capital Projects	48,844,368	52,902,784	52,902,784	-
Grants Consolidated	1,027,816	1,145,223	1,145,223	-
Sheriff's Department	25,299,753	26,830,915	26,830,915	-
Tourism Growth Investment Program	-	300,000	9,000	291,000
Parks and Recreation	6,706,444	6,903,150	6,903,150	-
Storm Water Utility Capital Projects	3,140,041	3,140,041	3,140,041	-
Federal Section 8	80,000	80,000	80,000	-
Waste Management	-	2,400,000	2,400,000	-
Housing and Neighborhood Preservation	567,562	538,123	538,123	-
Total Other Financing Uses	<u>130,892,990</u>	<u>139,467,242</u>	<u>139,176,242</u>	<u>291,000</u>
 TOTAL EXPENDITURES AND OTHER FINANCING SOURCES	 <u><u>\$ 1,216,894,759</u></u>	 <u><u>\$ 1,322,091,974</u></u>	 <u><u>\$ 1,199,778,434</u></u>	 <u><u>\$ 122,313,540</u></u>

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**NONMAJOR
SPECIAL REVENUE FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS

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

The City has the following Nonmajor Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	Agriculture Reserve Program	Central Business District South Tax Increment Financing	Combined Area Dredging Projects	Emergency FEMA
<u>ASSETS</u>				
Cash and Investments	\$ 15,763,916	\$ 5,719,578	\$ 385,493	\$ -
Restricted Cash	-	-	-	-
Accounts Receivable	-	-	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Commonwealth	-	-	-	-
Due from Federal Government	-	-	-	1,211,485
Inventories	-	-	-	-
Total Assets	<u>15,763,916</u>	<u>5,719,578</u>	<u>385,493</u>	<u>1,211,485</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	249	-	-	2,620
Due to Other Funds	-	-	-	417,487
Intergovernmental Payables	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>249</u>	<u>-</u>	<u>-</u>	<u>420,107</u>
<u>FUND BALANCES</u>				
Restricted for:				
General Government	-	-	-	-
Housing and Community Development	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	791,378
Special Service District	-	-	291,290	-
Committed for:				
Agriculture	15,272,124	-	-	-
Convention and Visitor Development	-	-	-	-
Education	-	-	-	-
Judicial	-	-	-	-
Parks and Recreation	-	-	-	-
Public Safety	-	-	-	-
Tax Increment Financing	-	5,719,578	-	-
Assigned to:				
Agriculture	491,543	-	-	-
Convention and Visitor Development	-	-	-	-
Parks and Recreation	-	-	-	-
Special Service District	-	-	94,203	-
Unassigned	-	-	-	-
Total Fund Balances	<u>15,763,667</u>	<u>5,719,578</u>	<u>385,493</u>	<u>791,378</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 15,763,916</u></u>	<u><u>\$ 5,719,578</u></u>	<u><u>\$ 385,493</u></u>	<u><u>\$ 1,211,485</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

Federal Section Eight Program	Forfeited Assets	Grants Consolidated	Housing and Neighborhood Preservation	Law Library
\$ 1,666,683	\$ -	\$ 2,615,618	\$ 85,231	\$ 40,684
128,642	3,233,285	-	2,684,191	-
2,180	-	-	-	-
-	-	-	5,147,019	-
-	-	-	-	-
-	281	402,087	-	-
76,620	-	2,259,434	3,334,576	-
-	-	-	-	-
<u>1,874,125</u>	<u>3,233,566</u>	<u>5,277,139</u>	<u>11,251,017</u>	<u>40,684</u>
186,662	2,135	1,198,872	302,101	11,338
-	-	-	2,158,202	-
2,826	-	-	-	-
435,309	-	3,205,589	50,000	-
<u>624,797</u>	<u>2,135</u>	<u>4,404,461</u>	<u>2,510,303</u>	<u>11,338</u>
-	-	872,678	-	-
1,249,328	-	-	8,740,714	-
-	470,031	-	-	-
-	1,476,300	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	29,346
-	522,500	-	-	-
-	-	-	-	-
-	762,600	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,249,328</u>	<u>3,231,431</u>	<u>872,678</u>	<u>8,740,714</u>	<u>29,346</u>
<u>\$ 1,874,125</u>	<u>\$ 3,233,566</u>	<u>\$ 5,277,139</u>	<u>\$ 11,251,017</u>	<u>\$ 40,684</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

	Open Space	Parks and Recreation	Sandbridge Special Service District	Sheriff's Department
<u>ASSETS</u>				
Cash and Investments	\$ 2,380,259	\$ 8,357,700	\$ 3,143,543	\$ -
Restricted Cash	-	-	-	-
Accounts Receivable	-	187,917	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	-	139,376	-	-
Due from Commonwealth	-	-	-	1,372,741
Due from Federal Government	-	-	-	-
Inventories	-	-	-	162,681
Total Assets	<u>2,380,259</u>	<u>8,684,993</u>	<u>3,143,543</u>	<u>1,535,422</u>
<u>LIABILITIES</u>				
Vouchers and Accounts Payable	2,849	728,382	616	1,820,468
Due to Other Funds	-	-	-	688,010
Intergovernmental Payables	-	-	-	-
Unearned Revenues	-	488,265	-	-
Total Liabilities	<u>2,849</u>	<u>1,216,647</u>	<u>616</u>	<u>2,508,478</u>
<u>FUND BALANCES</u>				
Restricted for:				
General Government	-	-	-	-
Housing and Community Development	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Special Service District	-	-	2,924,786	-
Committed for:				
Agriculture	-	-	-	-
Convention and Visitor Development	-	-	-	-
Education	-	-	-	-
Judicial	-	-	-	-
Parks and Recreation	2,327,509	7,468,346	-	-
Public Safety	-	-	-	-
Tax Increment Financing	-	-	-	-
Assigned to:				
Agriculture	-	-	-	-
Convention and Visitor Development	-	-	-	-
Parks and Recreation	49,901	-	-	-
Special Service District	-	-	218,141	-
Unassigned	-	-	-	(973,056)
Total Fund Balances	<u>2,377,410</u>	<u>7,468,346</u>	<u>3,142,927</u>	<u>(973,056)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,380,259</u>	<u>\$ 8,684,993</u>	<u>\$ 3,143,543</u>	<u>\$ 1,535,422</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2021**

Tourism Advertising Program	Tourism Investment Program	Town Center Special Service District	Wetlands Board Mitigation	Totals
\$ 6,207,708	\$ 27,396,226	\$ 3,185,318	\$ 441,600	\$ 77,389,557
-	-	-	-	6,046,118
-	-	-	-	190,097
-	-	-	-	5,147,019
-	-	-	-	139,376
-	-	-	-	1,775,109
-	-	-	-	6,882,115
-	-	-	-	162,681
<u>6,207,708</u>	<u>27,396,226</u>	<u>3,185,318</u>	<u>441,600</u>	<u>97,732,072</u>
251,318	97,006	82,957	-	4,687,573
-	-	-	-	3,263,699
-	-	-	-	2,826
-	-	-	-	4,179,163
<u>251,318</u>	<u>97,006</u>	<u>82,957</u>	<u>-</u>	<u>12,133,261</u>
-	-	-	-	872,678
-	-	-	-	9,990,042
-	-	-	-	470,031
-	-	-	-	2,267,678
-	-	3,102,361	-	6,318,437
-	-	-	-	15,272,124
1,985,912	20,255,655	-	-	22,241,567
-	-	-	-	29,346
-	-	-	-	522,500
-	-	-	441,600	10,237,455
-	-	-	-	762,600
-	-	-	-	5,719,578
-	-	-	-	491,543
3,970,478	7,043,565	-	-	11,014,043
-	-	-	-	49,901
-	-	-	-	312,344
-	-	-	-	(973,056)
<u>5,956,390</u>	<u>27,299,220</u>	<u>3,102,361</u>	<u>441,600</u>	<u>85,598,811</u>
<u>\$ 6,207,708</u>	<u>\$ 27,396,226</u>	<u>\$ 3,185,318</u>	<u>\$ 441,600</u>	<u>\$ 97,732,072</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Agriculture Reserve Program	Central Business District South Tax Increment Financing	Combined Area Dredging Projects	Emergency FEMA
REVENUES				
General Property Taxes	\$ 5,418,916	\$ 11,825,441	\$ 651,552	\$ -
Other Local Taxes	-	500,000	-	-
Permits, Privilege Fees, and Regulatory Licenses	-	-	-	-
From Use of Money and Property	105,683	2,171	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
From Commonwealth	-	-	-	-
From Federal Government	-	-	-	441,060
Total Revenues	<u>5,524,599</u>	<u>12,327,612</u>	<u>651,552</u>	<u>441,060</u>
EXPENDITURES				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Human Resources	-	-	-	-
Judicial	-	-	-	-
Health	-	-	-	-
Police	-	-	-	-
Human Services	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Library	-	-	-	-
Planning	-	-	-	-
Agriculture	170,032	-	-	-
Economic Development	-	-	-	-
Convention and Visitor Development	-	-	-	-
Cultural Affairs	-	-	-	-
Information Technology	-	-	-	-
Emergency Communications and Citizen Services	-	-	-	-
Fire	-	-	-	212,430
Housing and Neighborhood Preservation	-	-	-	-
Aquariums	-	-	-	-
General Registrar	-	-	-	-
General Government	-	-	-	-
Emergency Medical Services	-	-	-	-
Debt Service:				
Principal Retirement	-	6,013,672	-	-
Interest and Fiscal Charges	2,462,532	1,630,437	-	-
Total Expenditures	<u>2,632,564</u>	<u>7,644,109</u>	<u>-</u>	<u>212,430</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,892,035</u>	<u>4,683,503</u>	<u>651,552</u>	<u>228,630</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	35,177
Transfers Out	(2,850,843)	(150,000)	(760,040)	(52,131)
Total Other Financing Sources (Uses)	<u>(2,850,843)</u>	<u>(150,000)</u>	<u>(760,040)</u>	<u>(16,954)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	41,192	4,533,503	(108,488)	211,676
FUND BALANCES - JULY 1	<u>15,722,475</u>	<u>1,186,075</u>	<u>493,981</u>	<u>579,702</u>
FUND BALANCES - JUNE 30	<u>\$ 15,763,667</u>	<u>\$ 5,719,578</u>	<u>\$ 385,493</u>	<u>\$ 791,378</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Section Eight Program	Forfeited Assets	Grants Consolidated	Housing and Neighborhood Preservation	Law Library
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
10,997	23,176	509	27,434	786
3,178,937	-	55,981	-	170,912
48,828	-	780,000	86,551	-
-	248,220	4,550,170	1,233,240	-
20,223,775	17,911	54,200,310	3,872,858	-
<u>23,462,537</u>	<u>289,307</u>	<u>59,586,970</u>	<u>5,220,083</u>	<u>171,698</u>
-	-	229,320	-	-
-	-	2,478,381	-	-
-	-	346,666	-	-
-	74,107	3,959,048	-	-
-	-	392,982	-	-
-	453,510	12,968,739	-	-
-	-	7,558,834	-	-
-	-	1,570,449	-	-
-	-	38,748	-	-
-	-	52,737	-	191,829
-	-	27,757	-	-
-	-	-	-	-
-	-	4,534,814	-	-
-	-	139,178	-	-
-	-	900,896	-	-
-	-	1,019,173	-	-
-	-	3,758	-	-
-	-	14,121,953	-	-
23,550,613	-	3,833,953	4,477,876	-
-	-	14,732	-	-
-	-	201,803	-	-
-	-	-	-	-
-	-	2,648,046	-	-
-	-	-	-	-
-	-	-	-	-
<u>23,550,613</u>	<u>527,617</u>	<u>57,041,967</u>	<u>4,477,876</u>	<u>191,829</u>
<u>(88,076)</u>	<u>(238,310)</u>	<u>2,545,003</u>	<u>742,207</u>	<u>(20,131)</u>
80,000	-	1,145,223	538,123	-
(3,468)	(560,040)	(301,734)	(135,794)	(40,000)
<u>76,532</u>	<u>(560,040)</u>	<u>843,489</u>	<u>402,329</u>	<u>(40,000)</u>
(11,544)	(798,350)	3,388,492	1,144,536	(60,131)
<u>1,260,872</u>	<u>4,029,781</u>	<u>(2,515,814)</u>	<u>7,596,178</u>	<u>89,477</u>
<u>\$ 1,249,328</u>	<u>\$ 3,231,431</u>	<u>\$ 872,678</u>	<u>\$ 8,740,714</u>	<u>\$ 29,346</u>

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Open Space	Parks and Recreation	Sandbridge Special Service District	Sheriff's Department
REVENUES				
General Property Taxes	\$ -	\$ 20,929,057	\$ 546,768	\$ -
Other Local Taxes	5,211,166	-	5,000,134	-
Permits, Privilege Fees, and Regulatory Licenses	-	38,689	-	3,359
From Use of Money and Property	-	1,591,262	12,480	5,340
Charges for Services	-	4,780,111	-	4,748,250
Miscellaneous	-	13,398	-	1,939
From Commonwealth	-	10,239	-	19,049,005
From Federal Government	-	-	-	30,919
Total Revenues	5,211,166	27,362,756	5,559,382	23,838,812
EXPENDITURES				
Current:				
Executive	-	-	-	-
Finance	-	-	-	-
Human Resources	-	-	-	-
Judicial	-	-	-	50,836,440
Health	-	-	-	-
Police	-	-	-	-
Human Services	-	-	-	-
Public Works	-	2,895,312	326,109	-
Parks and Recreation	302,201	26,519,839	-	-
Library	-	-	-	-
Planning	-	-	-	-
Agriculture	-	-	-	-
Economic Development	-	-	-	-
Convention and Visitor Development	-	-	-	-
Cultural Affairs	-	-	-	-
Information Technology	-	-	-	-
Emergency Communications and Citizen Services	-	-	-	-
Fire	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
Aquariums	-	-	-	-
General Registrar	-	-	-	-
General Government	-	-	-	-
Emergency Medical Services	-	-	-	-
Debt Service:				
Principal Retirement	1,973,093	2,640,113	-	-
Interest and Fiscal Charges	328,611	1,452,271	-	-
Total Expenditures	2,603,905	33,507,535	326,109	50,836,440
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,607,261	(6,144,779)	5,233,273	(26,997,628)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	6,903,150	65,000	26,830,915
Transfers Out	(1,547,409)	(4,538,961)	(2,592,797)	-
Total Other Financing Sources (Uses)	(1,547,409)	2,364,189	(2,527,797)	26,830,915
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,059,852	(3,780,590)	2,705,476	(166,713)
FUND BALANCES - JULY 1	1,317,558	11,248,936	437,451	(806,343)
FUND BALANCES - JUNE 30	\$ 2,377,410	\$ 7,468,346	\$ 3,142,927	\$ (973,056)

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Tourism Advertising Program	Tourism Investment Program	Town Center Special Service District	Wetlands Board Mitigation	Totals
\$ -	\$ -	\$ 2,988,639	\$ -	\$ 42,360,373
12,032,209	34,277,174	-	-	57,020,683
-	56,670	45,599	31,569	175,886
31,439	1,013,566	99,953	2,915	2,927,711
97,559	6,197	107,389	-	13,145,336
8,312	1,620	242,141	-	1,182,789
-	-	-	-	25,090,874
-	-	-	-	78,786,833
12,169,519	35,355,227	3,483,721	34,484	220,690,485
-	-	-	-	229,320
-	-	-	-	2,478,381
-	-	-	-	346,666
-	-	-	-	54,869,595
-	-	-	-	392,982
-	-	-	-	13,422,249
-	-	-	-	7,558,834
-	2,595,648	-	-	7,387,518
-	669,199	40,328	-	27,570,315
-	-	-	-	244,566
-	1,271,290	-	-	1,299,047
-	-	-	-	170,032
-	-	-	-	4,534,814
10,162,928	5,439,364	-	-	15,741,470
-	355,000	-	-	1,255,896
-	-	-	-	1,019,173
-	-	-	-	3,758
-	-	-	-	14,334,383
-	-	-	-	31,862,442
-	-	-	-	14,732
-	-	-	-	201,803
-	-	1,777,733	-	1,777,733
-	-	-	-	2,648,046
-	14,458,341	-	-	25,085,219
-	5,807,556	-	-	11,681,407
10,162,928	30,596,398	1,818,061	-	226,130,381
2,006,591	4,758,829	1,665,660	34,484	(5,439,896)
-	9,000	150,000	-	35,756,588
(56,838)	(981,401)	(634,226)	-	(15,205,682)
(56,838)	(972,401)	(484,226)	-	20,550,906
1,949,753	3,786,428	1,181,434	34,484	15,111,010
4,006,637	23,512,792	1,920,927	407,116	70,487,801
\$ 5,956,390	\$ 27,299,220	\$ 3,102,361	\$ 441,600	\$ 85,598,811

CITY OF VIRGINIA BEACH, VIRGINIA
AGRICULTURE RESERVE PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 5,357,364	\$ 5,357,364	\$ 5,418,916	\$ 61,552
From Use of Money and Property	107,579	107,579	105,683	(1,896)
Total Revenues	5,464,943	5,464,943	5,524,599	59,656
<u>EXPENDITURES</u>				
Agriculture Reserve Program	228,765	228,765	170,032	58,733
Debt Service:				
Interest and Fiscal Charges	4,904,488	3,043,645	2,462,532	581,113
Total Expenditures	4,904,488	3,043,645	2,462,532	581,113
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	331,690	2,192,533	2,892,035	699,502
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(990,000)	(2,850,843)	(2,850,843)	-
Use of Fund Balance	658,310	658,310	-	(658,310)
Total Other Financing Sources (Uses)	(331,690)	(2,192,533)	(2,850,843)	(658,310)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	41,192	41,192
<u>FUND BALANCE - JULY 1</u>	15,722,475	15,722,475	15,722,475	-
<u>FUND BALANCE - JUNE 30</u>	\$ 15,722,475	\$ 15,722,475	\$ 15,763,667	\$ 41,192

CITY OF VIRGINIA BEACH, VIRGINIA
CENTRAL BUSINESS DISTRICT SOUTH TAX INCREMENT FINANCING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 8,839,635	\$ 8,839,635	\$ 11,825,441	\$ 2,985,806
Other Local Taxes	500,000	500,000	500,000	-
From Use of Money and Property	2,000	2,000	2,171	171
Total Revenues	<u>9,341,635</u>	<u>9,341,635</u>	<u>12,327,612</u>	<u>2,985,977</u>
<u>EXPENDITURES</u>				
Contingencies	876,606	876,606	-	876,606
Debt Service:				
Principal Retirement	6,494,285	6,494,285	6,013,672	480,613
Interest and Fiscal Charges	1,820,744	1,820,744	1,630,437	190,307
Total Expenditures	<u>8,315,029</u>	<u>8,315,029</u>	<u>7,644,109</u>	<u>670,920</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>150,000</u>	<u>150,000</u>	<u>4,683,503</u>	<u>4,533,503</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(150,000)	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>-</u>	<u>-</u>	<u>4,533,503</u>	<u>4,533,503</u>
<u>FUND BALANCE - JULY 1</u>	<u>1,186,075</u>	<u>1,186,075</u>	<u>1,186,075</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,186,075</u>	<u>\$ 1,186,075</u>	<u>\$ 5,719,578</u>	<u>\$ 4,533,503</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINED AREA DREDGING PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 669,508	\$ 669,508	\$ 651,552	\$ (17,956)
Total Revenues	669,508	669,508	651,552	(17,956)
<u>EXPENDITURES</u>				
Contingencies	142,258	142,258	-	142,258
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	527,250	527,250	651,552	124,302
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(760,040)	(760,040)	(760,040)	-
Use of Fund Balance	232,790	232,790	-	(232,790)
Total Other Financing Sources (Uses)	(527,250)	(527,250)	(760,040)	(232,790)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	(108,488)	(108,488)
<u>FUND BALANCE - JULY 1</u>	493,981	493,981	493,981	-
<u>FUND BALANCE - JUNE 30</u>	\$ 493,981	\$ 493,981	\$ 385,493	\$ (108,488)

CITY OF VIRGINIA BEACH, VIRGINIA
FEDERAL SECTION EIGHT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ 10,997	\$ 10,997
Charges for Services	3,573,880	3,573,880	3,178,937	(394,943)
Miscellaneous	-	-	48,828	48,828
From Federal Government	19,186,309	20,013,085	20,223,775	210,690
Total Revenues	22,760,189	23,586,965	23,462,537	(124,428)
<u>EXPENDITURES</u>				
Rental Subsidy Program	22,821,161	23,902,181	23,550,613	351,568
Contingencies	19,028	19,028	-	19,028
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(80,000)	(334,244)	(88,076)	246,168
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	80,000	80,000	80,000	-
Transfers Out	-	(3,468)	(3,468)	-
Use of Fund Balance	-	257,712	-	(257,712)
Total Other Financing Sources (Uses)	80,000	334,244	76,532	(257,712)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	(11,544)	(11,544)
<u>FUND BALANCE - JULY 1</u>	1,260,872	1,260,872	1,260,872	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,260,872</u>	<u>\$ 1,260,872</u>	<u>\$ 1,249,328</u>	<u>\$ (11,544)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
FORFEITED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
From Use of Money and Property	\$ -	\$ -	\$ 23,176	\$ 23,176
From Commonwealth	-	-	248,220	248,220
From Federal Government	-	-	17,911	17,911
Total Revenues	-	-	289,307	289,307
EXPENDITURES				
Commonwealth's Attorney	100,000	522,213	74,107	448,106
Director's Office-Police	-	110,000	75,283	34,717
Personnel and Training	-	68,700	2,623	66,077
Crime Prevention	-	314,104	375,604	(61,500)
Total Expenditures	100,000	1,015,017	527,617	487,400
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(100,000)	(1,015,017)	(238,310)	776,707
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(10,404)	(560,040)	(549,636)
Use of Fund Balance	100,000	1,025,421	-	(1,025,421)
Total Other Financing Sources (Uses)	100,000	1,015,017	(560,040)	(1,575,057)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	-	-	(798,350)	(798,350)
FUND BALANCE - JULY 1				
	4,029,781	4,029,781	4,029,781	-
FUND BALANCE - JUNE 30				
	\$ 4,029,781	\$ 4,029,781	\$ 3,231,431	\$ (798,350)

CITY OF VIRGINIA BEACH, VIRGINIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ 2,000	\$ 2,000	\$ 786	\$ (1,214)
Charges for Services	255,000	255,000	170,912	(84,088)
Total Revenues	257,000	257,000	171,698	(85,302)
<u>EXPENDITURES</u>				
Law Library	214,578	218,717	163,088	55,629
Program Operations	-	-	28,741	(28,741)
Contingencies	2,422	2,422	-	2,422
Total Expenditures	217,000	221,139	191,829	29,310
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	40,000	35,861	(20,131)	(55,992)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(40,000)	(40,000)	(40,000)	-
Use of Fund Balance	-	4,139	-	(4,139)
Total Other Financing Sources (Uses)	(40,000)	(35,861)	(40,000)	(4,139)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	(60,131)	(60,131)
<u>FUND BALANCE - JULY 1</u>	89,477	89,477	89,477	-
<u>FUND BALANCE - JUNE 30</u>	\$ 89,477	\$ 89,477	\$ 29,346	\$ (60,131)

CITY OF VIRGINIA BEACH, VIRGINIA
OPEN SPACE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Other Local Taxes	\$ 4,645,629	\$ 4,645,629	\$ 5,211,166	\$ 565,537
Total Revenues	4,645,629	4,645,629	5,211,166	565,537
<u>EXPENDITURES</u>				
Landscape Administration	231,118	231,118	124,943	106,175
Open Space Program	183,030	184,208	177,258	6,950
Contingencies	553,280	553,280	-	553,280
Debt Service:				
Principal Retirement	2,044,134	2,044,134	1,973,093	71,041
Interest and Fiscal Charges	386,658	386,658	328,611	58,047
Total Expenditures	2,430,792	2,430,792	2,301,704	129,088
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	1,247,409	1,246,231	2,607,261	1,361,030
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(1,547,409)	(1,547,409)	(1,547,409)	-
Use of Fund Balance	300,000	301,178	-	(301,178)
Total Other Financing Sources (Uses)	(1,247,409)	(1,246,231)	(1,547,409)	(301,178)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	1,059,852	1,059,852
<u>FUND BALANCE - JULY 1</u>	1,317,558	1,317,558	1,317,558	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,317,558</u>	<u>\$ 1,317,558</u>	<u>\$ 2,377,410</u>	<u>\$ 1,059,852</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 20,691,331	\$ 20,691,331	\$ 20,929,057	\$ 237,726
Permits, Privilege Fees, and Regulatory Licenses	38,250	38,250	38,689	439
From Use of Money and Property	1,649,241	1,649,241	1,591,262	(57,979)
Charges for Services	14,455,490	14,455,490	4,780,111	(9,675,379)
Miscellaneous	55,400	59,410	13,398	(46,012)
From Commonwealth	11,000	11,000	10,239	(761)
Total Revenues	36,900,712	36,904,722	27,362,756	(9,541,966)
<u>EXPENDITURES</u>				
Customer Service/Administration	3,253,602	3,339,141	2,895,312	443,829
Landscape Administration	4,089,941	4,082,607	3,170,302	912,305
Administration, Marketing, and Building Systems	28,684,898	28,662,531	22,193,404	6,469,127
Programming and Operations	668,272	665,233	447,420	217,813
Open Space Program	704,843	702,468	708,713	(6,245)
Contingencies	575,554	865,580	-	865,580
Debt Service:				
Principal Retirement	2,640,113	2,640,113	2,640,113	-
Interest and Fiscal Charges	1,454,440	1,454,440	1,452,271	2,169
Total Expenditures	42,071,663	42,412,113	33,507,535	8,904,578
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(5,170,951)	(5,507,391)	(6,144,779)	(637,388)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	6,706,444	6,903,150	6,903,150	-
Transfers Out	(4,535,493)	(4,538,961)	(4,538,961)	-
Use of Fund Balance	3,000,000	3,143,202	-	(3,143,202)
Total Other Financing Sources (Uses)	5,170,951	5,507,391	2,364,189	(3,143,202)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	(3,780,590)	(3,780,590)
<u>FUND BALANCE - JULY 1</u>	11,248,936	11,248,936	11,248,936	-
<u>FUND BALANCE - JUNE 30</u>	\$ 11,248,936	\$ 11,248,936	\$ 7,468,346	\$ (3,780,590)

CITY OF VIRGINIA BEACH, VIRGINIA
SANDBRIDGE SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 519,024	\$ 519,024	\$ 546,768	\$ 27,744
Other Local Taxes	2,473,912	2,473,912	5,000,134	2,526,222
From Use of Money and Property	3,017	3,017	12,480	9,463
Charges for Services	65,000	65,000	-	(65,000)
Total Revenues	3,060,953	3,060,953	5,559,382	2,498,429
<u>EXPENDITURES</u>				
Customer Service/Administration	476,507	474,093	326,109	147,984
Contingencies	1,524	1,524	-	1,524
Total Expenditures	478,031	475,617	326,109	149,508
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	2,582,922	2,585,336	5,233,273	2,647,937
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	65,000	65,000
Transfers Out	(2,582,922)	(2,592,797)	(2,592,797)	-
Use of Fund Balance	-	7,461	-	(7,461)
Total Other Financing Sources (Uses)	(2,582,922)	(2,585,336)	(2,527,797)	57,539
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	2,705,476	2,705,476
<u>FUND BALANCE - JULY 1</u>	437,451	437,451	437,451	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 437,451</u>	<u>\$ 437,451</u>	<u>\$ 3,142,927</u>	<u>\$ 2,705,476</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SHERIFF'S DEPARTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Permits, Privilege Fees, and Regulatory Licenses	\$ 4,000	\$ 4,000	\$ 3,359	\$ (641)
From Use of Money and Property	14,000	14,000	5,340	(8,660)
Charges for Services	5,276,608	5,276,608	4,748,250	(528,358)
Miscellaneous	3,000	3,000	1,939	(1,061)
From Commonwealth	20,085,626	20,288,546	19,049,005	(1,239,541)
From Federal Government	150,000	150,000	30,919	(119,081)
Total Revenues	<u>25,533,234</u>	<u>25,736,154</u>	<u>23,838,812</u>	<u>(1,897,342)</u>
<u>EXPENDITURES</u>				
Judicial	<u>50,832,987</u>	<u>52,593,906</u>	<u>50,836,440</u>	<u>1,757,466</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(25,299,753)</u>	<u>(26,857,752)</u>	<u>(26,997,628)</u>	<u>(139,876)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	25,299,753	26,830,915	26,830,915	-
Use of Fund Balance	-	26,837	-	(26,837)
Total Other Financing Sources (Uses)	<u>25,299,753</u>	<u>26,857,752</u>	<u>26,830,915</u>	<u>(26,837)</u>
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	<u>-</u>	<u>-</u>	<u>(166,713)</u>	<u>(166,713)</u>
<u>FUND BALANCE - JULY 1</u>	<u>(806,343)</u>	<u>(806,343)</u>	<u>(806,343)</u>	<u>-</u>
<u>FUND BALANCE - JUNE 30</u>	<u>\$ (806,343)</u>	<u>\$ (806,343)</u>	<u>\$ (973,056)</u>	<u>\$ (166,713)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM ADVERTISING PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Other Local Taxes	\$ 9,602,237	\$ 9,602,237	\$ 12,032,209	\$ 2,429,972
From Use of Money and Property	77,100	77,100	31,439	(45,661)
Charges for Services	12,500	12,500	97,559	85,059
Miscellaneous	7,000	7,000	8,312	1,312
Total Revenues	9,698,837	9,698,837	12,169,519	2,470,682
<u>EXPENDITURES</u>				
Tourism and Convention Advertising	13,488,236	13,500,421	9,652,022	3,848,399
Sports Marketing	1,153,763	1,155,339	510,906	644,433
Total Expenditures	14,641,999	14,655,760	10,162,928	4,492,832
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(4,943,162)	(4,956,923)	2,006,591	6,963,514
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	5,000,000	5,000,000	-	(5,000,000)
Transfers Out	(56,838)	(56,838)	(56,838)	-
Use of Fund Balance	-	13,761	-	(13,761)
Total Other Financing Sources (Uses)	4,943,162	4,956,923	(56,838)	(5,013,761)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	1,949,753	1,949,753
<u>FUND BALANCE - JULY 1</u>	4,006,637	4,006,637	4,006,637	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 4,006,637</u>	<u>\$ 4,006,637</u>	<u>\$ 5,956,390</u>	<u>\$ 1,949,753</u>

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM INVESTMENT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Other Local Taxes	\$ 29,634,271	\$ 29,634,271	\$ 34,277,174	\$ 4,642,903
Permits, Privilege Fees, and Regulatory Licenses	84,150	11,070	56,670	45,600
From Use of Money and Property	886,887	886,887	1,013,566	126,679
Charges for Services	230,420	3,500	6,197	2,697
Miscellaneous	1,760	1,760	1,620	(140)
Total Revenues	30,837,488	30,537,488	35,355,227	4,817,739
<u>EXPENDITURES</u>				
Customer Service/Administration	3,321,004	3,695,274	2,770,871	924,403
Transportation Program	1,271,290	1,271,290	1,271,290	-
Tourism and Convention Advertising	698,618	929,767	561,833	367,934
Sports Marketing	4,720,041	2,028,866	2,935,612	(906,746)
Landscape Administration	895,740	895,740	669,199	226,541
Sandler Center	355,500	355,500	355,000	500
Recycling	102,000	102,000	74,155	27,845
Resort Management	-	3,753,931	1,692,541	2,061,390
Contingencies	750,000	660,000	-	660,000
Debt Service:				
Principal Retirement	19,944,422	19,944,422	14,458,341	5,486,081
Interest and Fiscal Charges	7,649,678	7,649,678	5,807,556	1,842,122
Total Expenditures	39,708,293	41,286,468	30,596,398	10,690,070
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(8,870,805)	(10,748,980)	4,758,829	15,507,809
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	300,000	9,000	(291,000)
Transfers Out	(5,977,933)	(5,981,401)	(981,401)	5,000,000
Use of Fund Balance	14,848,738	16,430,381	-	(16,430,381)
Total Other Financing Sources (Uses)	8,870,805	10,748,980	(972,401)	(11,721,381)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	3,786,428	3,786,428
<u>FUND BALANCE - JULY 1</u>	23,512,792	23,512,792	23,512,792	-
<u>FUND BALANCE - JUNE 30</u>	\$ 23,512,792	\$ 23,512,792	\$ 27,299,220	\$ 3,786,428

CITY OF VIRGINIA BEACH, VIRGINIA
TOWN CENTER SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Real Estate Property Taxes	\$ 2,390,683	\$ 2,390,683	\$ 2,988,639	\$ 597,956
Permits, Privilege Fees, and Regulatory Licenses	-	-	45,599	45,599
From Use of Money and Property	365,500	365,500	99,953	(265,547)
Charges for Services	194,300	194,300	107,389	(86,911)
Miscellaneous	-	-	242,141	242,141
Total Revenues	2,950,483	2,950,483	3,483,721	533,238
<u>EXPENDITURES</u>				
Landscape Administration	62,438	62,438	40,328	22,110
Town Center Parking Operations	2,403,819	2,415,259	1,777,733	637,526
Total Expenditures	2,466,257	2,477,697	1,818,061	659,636
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	484,226	472,786	1,665,660	1,192,874
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	150,000	150,000	150,000	-
Transfers Out	(634,226)	(634,226)	(634,226)	-
Use of Fund Balance	-	11,440	-	(11,440)
Total Other Financing Sources (Uses)	(484,226)	(472,786)	(484,226)	(11,440)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	1,181,434	1,181,434
<u>FUND BALANCE - JULY 1</u>	1,920,927	1,920,927	1,920,927	-
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 1,920,927</u>	<u>\$ 1,920,927</u>	<u>\$ 3,102,361</u>	<u>\$ 1,181,434</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WETLANDS BOARD MITIGATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance
	Original	Final		Final Budget Positive (Negative)
<u>REVENUES</u>				
Permits, Privilege Fees, and Regulatory Licenses	\$ -	\$ -	\$ 31,569	\$ 31,569
From Use of Money and Property	-	-	2,915	2,915
Total Revenues	-	-	34,484	34,484
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	34,484	34,484
<u>FUND BALANCE - JULY 1</u>	407,116	407,116	407,116	-
<u>FUND BALANCE - JUNE 30</u>	\$ 407,116	\$ 407,116	\$ 441,600	\$ 34,484

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DEBT SERVICE FUND

DEBT SERVICE FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
From Use of Money and Property	\$ -	\$ -	\$ (2,445,787)	\$ (2,445,787)
Federal Reimbursement of Interest	-	-	245,059	245,059
Total Revenues	-	-	(2,200,728)	(2,200,728)
<u>EXPENDITURES</u>				
Contingencies	-	368,956	-	368,956
Principal	31,710,478	31,710,478	30,245,330	1,465,148
Interest	15,919,850	15,919,850	15,232,735	687,115
Total Expenditures	47,630,328	47,999,284	45,478,065	2,521,219
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(47,630,328)	(47,999,284)	(47,678,793)	320,491
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	47,630,328	47,999,284	47,087,849	(911,435)
Issuance of Refunded Debt	-	-	3,444,666	3,444,666
Payment to Refunding Bonds Escrow Agent	-	-	(3,438,666)	(3,438,666)
Total Other Financing Sources (Uses)	47,630,328	47,999,284	47,093,849	(905,435)
<u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u>	-	-	(584,944)	(584,944)
<u>FUND BALANCE - JULY 1</u>	44,340,008	44,340,008	44,340,008	-
<u>FUND BALANCE - JUNE 30</u>	\$ 44,340,008	\$ 44,340,008	\$ 43,755,064	\$ (584,944)

GENERAL GOVERNMENT

CAPITAL PROJECTS

GENERAL GOVERNMENT CAPITAL PROJECTS

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

CITY OF VIRGINIA BEACH, VIRGINIA
ENGINEERING AND HIGHWAYS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100041	BIRDNECK ROAD - PHASE II	\$ 8,415,975	\$ 129	\$ 8,069,815	\$ -	\$ -	\$ 346,160
100045	BUCCANEER ROAD BULKHEAD REPLACE	4,500,000	-	2,672,619	2,672,619	9,838	1,817,543
100050	BUS STOP INFRASTRUCTURE-ACCESS IMP	1,667,126	308	357,328	357,328	39,421	1,270,377
100055	CAVALIER DRIVE IMPROVEMENTS	2,449,040	-	2,059,972	-	-	389,068
100057	CENTERVILLE TURNPIKE - PHASE II	44,077,711	51,882	3,466,825	3,466,825	509,578	40,101,308
100058	CENTERVILLE TURNPIKE - PHASE III	18,753,387	193,774	1,597,109	1,597,109	651,307	16,504,971
100122	STREET LIGHTING IMPROVEMENTS - PHASE II	820,000	5,685	647,353	354,140	25,751	146,896
100123	CLEVELAND STREET IMPROVEMENTS IV	1,761,000	-	1,200	1,200	-	1,759,800
100159	ELBOW ROAD EXTENDED - PHASE II-C	500,000	309,509	353,041	353,041	146,959	-
100171	FERRELL PARKWAY	3,882,500	19,250	19,958	19,958	398,944	3,463,598
100183	FIRST COLONIAL RD-VB BLVD INTERSECTION	30,913,201	168,696	11,866,775	4,632,159	1,446,190	17,600,236
100192	GENERAL BOOTH-CAMP PENDLETON INTERS IMPR	1,779,000	112,322	149,439	149,439	199,632	1,429,929
100199	GREENWICH RD-CLEVELAND ST CROSSOVER	14,881,314	600,020	8,513,304	8,513,304	89,795	6,278,215
100205	HOLLAND ROAD - PHASE VI	5,632,883	6,231	5,294,581	-	-	338,302
100211	I-264 INDEPENDENCE INTERCHANGE IMPROVEMENTS	500,000	-	-	-	-	500,000
100212	INDEPENDENCE BLVD-BAXTER RD SIDEWALK	1,631,809	23,942	171,754	171,754	18,864	1,441,191
100213	INDIAN RIVER ROAD - PHASE VII-B	3,028,400	-	-	-	-	3,028,400
100214	INDIAN RIVER ROAD-KEMPSVILLE ROAD IMPROVEMENT	23,113,848	185,220	19,633,463	408	546,677	2,933,708
100217	INDIAN RIVER ROAD - PHASE VII-A	48,600,183	58,974	7,949,959	7,949,959	743,312	39,906,912
100218	INDIAN RIVER-PROVIDENCE INTER IMPROVE	2,052,200	737	480,911	480,911	66,408	1,504,881
100235	LANDSTOWN ROAD IMPROVEMENTS PHASE I	4,457,565	438,003	1,216,860	1,216,860	78,181	3,162,524
100239	LASKIN ROAD PHASE I-B	2,278,981	-	2,266,061	2,266,061	-	12,920
100240	LASKIN ROAD BRIDGE REPLACEMENT	20,308,078	218	218	625,683	19,833,647	474,213
100242	LASKIN ROAD - PHASE I-A (VDOT)	23,396,961	197	197	197	23,219,035	177,729
100246	LESNER BRIDGE REPLACEMENT	113,804,439	584,449	110,192,033	-	7,522	3,604,884
100261	LYNNHAVEN PARKWAY - PHASE XI	1,769,125	-	1,402,919	-	-	366,206
100268	MAJOR BRIDGE REHABILITATION - PHASE II	11,200,284	443,375	4,436,738	4,436,738	537,479	6,226,067
100276	NIMMO PARKWAY PHASE II-A	4,527,261	905,253	1,265,218	1,265,218	1,438,756	1,823,287
100278	NIMMO PARKWAY - PHASE VII-B	3,656,477	19,455	1,088,896	1,088,896	504,340	2,063,241
100296	PACIFIC AVENUE IMPROVEMENTS	15,080,000	6,752	14,386,144	-	100	693,756
100301	PARLIAMENT DRIVE SIDEWALK PHASE II	966,353	109,763	111,090	111,090	95,887	759,376
100306	PLEASURE HOUSE ROAD STREET IMPROVE - PHASE II	707,376	-	-	-	-	707,376
100317	PRINCESS ANNE ROAD - PHASE V11-A	350,000	681	218,763	218,763	-	131,237
100318	PRINCESS ANNE PHASE VII	33,609,843	4,208,046	24,034,288	-	5,706,578	3,868,977
100319	PRINCESS ANNE-KEMPSVILLE ROAD INTERSECTION	86,171,045	63,792	86,063,292	56,116	-	107,753
100322	PROVIDENCE ROAD SIDEWALK	1,099,000	42,526	172,460	-	15,685	910,855
100328	PUNGO FERRY BRIDGE REHAB	3,850,000	1,416,362	1,416,362	-	1,663,197	770,441
100329	INDIAN RIVER RD/PRINCESS ANNE RD INT IMP	210,211	-	210,211	210,211	-	-
100340	ROSEMONT ROAD - PHASE V	19,690,000	145,047	952,331	952,331	726,204	18,011,465
100347	RURAL ROAD IMPROVEMENTS - PHASE II	1,554,424	7,502	21,556	21,556	3,105	1,529,763
100348	RURAL ROAD RECURRING FLOODING, SLR & RES	500,000	-	-	-	-	500,000
100354	SANDBRIDGE RD-NIMMO - PHASE VII-A SLR RE	500,000	54,366	54,366	54,366	64,155	381,479
100355	SANDBRIDGE ROAD BRIDGE REPLACEMENT	7,887,467	881,466	7,479,389	7,479,389	408,078	-
100356	SANDBRIDGE ROAD-NIMMO - PHASE VII-A	18,880,000	37,523	1,310,045	1,310,045	550,855	17,019,100
100379	SHIPPS CORNER ROAD IMPROVEMENTS	2,779,050	6,392	357,843	357,843	391,797	2,029,410
100381	SHORE DRIVE CORRIDOR IMPRV-PHASE III	29,159,102	61,468	2,175,938	2,175,938	99,213	26,883,951
100383	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	2,025,076	-	398,437	398,437	351,639	1,275,000
100401	STREET RECONSTRUCTION - PHASE II	17,200,000	3,265,670	15,071,567	6,630,750	1,231,970	896,463
100422	TRAFFIC CALMING	350,000	-	-	-	-	350,000
100423	TRAFFIC SAFETY IMPROVEMENTS - PHASE IV	12,063,964	1,252,313	4,879,088	4,879,088	651,788	6,533,088
100424	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	17,062,305	93,498	15,961,224	14,488	88,187	1,012,894
100425	TRAFFIC SIGNAL REHAB - PHASE II	3,030,250	63,372	1,426,762	1,426,762	461,819	1,141,669
100428	TRANSPORTATION NETWORK ANALYSIS	2,632,250	4,557	2,444,486	24,229	46,658	141,106
100429	UPTON DR EXT-DAM NECK IMPROVEMENTS	1,300,000	-	13,219	13,219	-	1,286,781
100447	VAR COST PARTICIPATION PROJECTS II	275,000	-	-	-	-	275,000
100481	WEST GREAT NECK RD SIDEWALK	1,042,869	59,500	803,455	803,455	46,544	192,870
100483	WEST NECK ROAD - PHASE IV	9,366,533	67,541	1,427,545	1,427,545	325,614	7,613,374
100484	WETLANDS MITIGATION BANKING - PHASE II	800,000	-	-	-	-	800,000
100492	WITCHDUCK ROAD - PHASE II	59,288,998	5,663,549	55,308,736	-	3,980,262	-
100501	LASKIN ROAD - PHASE II	783,111	-	625,465	-	-	157,646
100502	CITY WIDE STREET LIGHTING IMPROVEMENTS III	70,000	-	-	-	-	70,000
100522	TRAFFIC SIGNAL RETIMING II	150,000	-	-	-	-	150,000
100524	PLEASURE HOUSE ROAD STREET IMPROVEMENTS - PHASE I	150,000	-	-	-	-	150,000
100529	ELBOW ROAD EXTENDED - PHASE II - B	44,857,400	230,913	7,156,036	7,156,036	433,540	37,267,824
100554	INDEPENDENCE BLVD-COLUMBUS ST PEDESTRIAN IMP	158,529	-	-	-	-	158,529
100555	PARLIAMENT DR-SIDEWALK PHASE I	335,849	-	-	-	-	335,849
100556	SANDBRIDGE RD-SIDEWALK	244,155	-	-	-	-	244,155
TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS		\$ 800,538,908	\$ 21,870,228	\$ 439,654,644	\$ 77,341,464	\$ 67,854,511	\$ 293,029,753

**CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100015	AQUARIUM MARSH PAVILION ENHANCEMENTS	\$ 15,252,933	\$ 6,404,517	\$ 13,426,511	\$ 13,131,589	\$ 1,826,422	\$ -
100016	AQUARIUM MARSH PAVILION - PHASE II	13,437,869	5,495,240	10,939,156	10,639,156	1,699,000	799,713
100019	ARC FLASH MITIGATION	4,780,000	358,963	2,877,712	-	645,699	1,256,589
100042	BUILDING 2 ELECTRICAL UPGRADE	75,054	-	67,778	-	-	7,276
100047	BUILDING SECURITY	250,000	103,652	180,374	-	3,311	66,315
100060	CENTRAL PLANT GENERATOR	4,925,585	495,505	4,871,863	4,871,863	38,854	14,868
100120	CITY HALL REPLACEMENT	50,250,000	21,000,079	35,732,673	35,443,989	9,804,098	4,713,229
100138	CONVENTION CENTER CAPITAL MAINTENANCE	6,786,429	1,286,540	4,581,746	1,286,540	489,671	1,715,012
100140	CORRECTION CENTER MASTER CONTROL UPGRADE	5,000,000	3,501,916	4,138,223	4,138,223	861,777	-
100164	ENERGY PERFORMANCE CONTRACTS - PHASE I	5,459,915	28,366	4,637,142	28,366	822,496	277
100165	ENERGY PERFORMANCE CONTRACTS - PHASE II	1,100,000	-	-	-	910,655	189,345
100166	EOC SPACE REVISION, TECH & SECURITY UPGRADE	545,000	-	525,814	-	-	19,186
100168	EUCLID YARD FACILITY REPLACEMENT	225,000	-	-	-	-	225,000
100170	FACILITIES PLANNING SERVICES	620,467	127,618	269,882	-	81,804	268,781
100175	FIRE APPARATUS - PHASE IV	9,332,925	2,186,441	7,709,908	3,820,974	52,528	1,570,489
100176	FIRE FACILITY REHAB & RENEWAL - PHASE III	5,315,791	377,384	4,944,129	377,384	307,487	64,175
100178	FIRE TRAINING CENTER IMPROVEMENTS - PHASE IV	1,673,155	-	-	-	1,673,155	-
100180	FIRE TRAINING CENTER IMPROVEMENTS - PHASE III	5,152,170	60,239	723,223	723,223	3,223,746	1,205,201
100181	FIRE-RESCUE STATION BURTON STATION	7,810,000	63,256	700,208	700,208	5,958,980	1,150,812
100202	HERITAGE BUILDING MAINTENANCE - PHASE I	2,094,746	185,646	2,051,443	185,646	24,225	19,078
100203	HERITAGE BUILDING MAINTENANCE - PHASE II	2,175,000	364,822	416,864	-	583,119	1,175,017
100207	HOUSING RESOURCE CENTER 3503	24,440,288	29,880	23,945,340	29,880	3,110	491,838
100224	INTERMEDIATE CARE FACILITIES REN-REP - PHASE I	1,549,776	6,480	196,511	6,480	7,036	1,346,229
100225	JUDICIAL CENTER MAINTENANCE	649,356	164,692	597,630	164,692	2,369	49,357
100233	LANDFILL #2 - PHASE I CAPPING	15,435,000	157,789	7,786,307	7,786,307	534	7,648,159
100248	LIBRARY ENHANCEMENTS	5,496,039	323,010	3,414,780	323,010	432,346	1,648,913
100291	OPERATIONS FACILITIES RENOVATIONS	34,000,000	8,176,404	10,627,899	10,627,899	23,372,101	-
100308	POLICE DEPT HELICOPTER	9,127,667	4,556,561	8,890,650	4,556,561	-	237,017
100309	POLICE FOURTH PRECINCT-REPLACEMENT	9,051,779	55,615	8,781,872	-	160,076	109,831
100325	PUBLIC SAFETY EQUIPMENT REPLACEMENT	6,922,385	1,819,776	4,970,328	4,808,323	181,595	1,770,462
100435	VA AQUARIUM ANIMAL CARE ANNEX	19,251,914	2,816,883	18,359,245	1,087	892,669	-
100436	VA AQUARIUM BLDG SYS REHAB & RENEWAL	13,706,589	2,133,048	13,180,160	-	138,443	387,986
100437	VA AQUARIUM BUILDING SYSTEMS & FACILITY	2,869,080	1,556,978	1,615,349	-	821,897	431,834
100441	VAR BLDGS HVAC REHAB & RENEWAL - PHASE III	11,259,331	108,481	11,207,299	108,481	22,623	29,409
100444	VAR BLDGS REHAB & RENEWAL - PHASE III	14,289,599	124,650	14,115,855	124,650	85,324	88,420
100445	VAR BLDGS HVAC REHAB & RENEWAL - PHASE IV	7,500,000	2,392,952	4,774,115	-	854,585	1,871,300
100446	VAR BLDGS REHAB & RENEWAL - PHASE IV	13,445,572	3,742,472	9,175,228	1,701	2,120,121	2,150,223
100454	VARIOUS SITE ACQUISITIONS PHASE - II	9,737,716	-	8,748,525	-	-	989,191
100455	VARIOUS SITE ACQUISITIONS PHASE - III	1,687,288	-	3,300	3,300	-	1,683,988
100457	VETERANS MEMORIAL SUSTAINMENT	700,000	103,422	134,706	103,422	278,224	287,070
100463	VIRGINIA AQUARIUM RENEW & REPLACE - PHASE III	1,368,600	81,310	142,028	81,310	53,979	1,172,593
100503	JUDICIAL CENTER ESCALATOR REPLACEMENT	500,000	63,016	63,016	63,017	384,263	52,721
100513	VIRGINIA AQUARIUM MONUMENT SIGNS	600,000	-	-	-	7,920	592,080
TOTAL BUILDINGS CAPITAL PROJECTS		<u>\$ 345,850,018</u>	<u>\$ 70,453,603</u>	<u>\$ 249,524,792</u>	<u>\$ 104,137,281</u>	<u>\$ 58,826,242</u>	<u>\$ 37,498,984</u>

CITY OF VIRGINIA BEACH, VIRGINIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100067	NEXT GENERATION CONTENT MANAGMENT	\$ 275,000	\$ 71,083	\$ 191,453	\$ -	\$ 22,582	\$ 60,965
100068	SHERIFF INMATE TRACKING & STATUS M	988,009	723,205	729,684	729,684	258,325	-
100072	CIT FIRE ASSET MGT SYSTEM	518,827	237,540	237,540	237,540	247,759	33,528
100073	CIT POLICE SPECIAL INVESTIGATIONS VIDEO	926,248	344,372	366,768	344,372	153,239	406,241
100074	21ST CENTURY ENTERPRISE RESOURCE (HCM)	3,875,000	-	-	-	-	3,875,000
100075	21ST CENTURY ENTERPRISE RESOURCE (ERP)	13,617,284	3,842,843	10,988,209	-	1,238,592	1,390,483
100076	ACCELA SUSTAINMENT	846,532	467,981	771,643	-	74,889	-
100081	BUS REV-PERS PROP RACS IMPLEMENTATION	4,300,500	13,068	4,158,554	13,068	140,632	1,314
100082	CABLE ACCESS INFRASTRUCTURE REPLACE - PHASE I	3,797,261	637,958	2,512,777	-	151,318	1,133,166
100083	CABLE ACCESS INFRASTRUCTURE REPLACE - PHASE II	945,000	-	-	-	-	945,000
100084	CITY SOFTWARE UPGRADE-REPLACE	7,695,800	1,868,618	5,902,138	-	1,282,542	511,120
100086	COMMUNICATION INFRASTRUCTURE REPLACE - PHASE II	32,106,051	1,192,877	29,493,704	-	52,520	2,559,827
100087	COMMUNICATION INFRASTRUCTURE REPLACE - PHASE III	10,751,374	413,144	427,895	-	849,347	9,474,132
100095	ENTERPRISE SCHEDULING-TIMEKEEPING SY	3,638,659	1,843,180	2,636,523	-	757,616	244,520
100097	FIRE MOBILE RADIO REPEATERS	475,520	275,558	308,208	308,208	24,177	143,135
100100	HS COMPREHENSIVE HEALTH RECORDS SYSTEM	1,374,168	281,398	509,300	281,398	123,984	740,884
100103	IT SERVICE CONTINUITY - PHASE II	5,390,223	1,228,811	4,547,457	1,248,811	177,145	665,621
100105	MAINTAIN & SECURE CORPORATE DATA	766,960	76,960	536,960	-	-	230,000
100106	NEXT GENERATION NETWORK	11,134,989	1,311,058	7,220,663	129,369	2,130,760	1,783,566
100107	NETWORK INFRASTRUCTURE REPLACE - PHASE III	11,508,935	5,796,463	6,747,018	42,000	161,007	4,600,910
100110	POLICE OCEANFRONT CAMERAS	4,665,400	241,713	3,151,781	-	339,391	1,174,228
100112	POLICE RADIO ENCRYPTION	3,314,668	-	12,240	12,240	138,982	3,163,446
100113	ENTERPRISE PUBLIC SAFETY SYSTEMS	17,630,162	747,417	8,874,001	-	4,566,786	4,189,375
100116	STORM SURGE AND SUSTAIN MODELING	306,158	36,227	234,129	-	537	71,492
100118	TELECOMMUNICATIONS REPLACEMENT - PHASE II	3,454,494	486,344	2,714,917	806	190,404	549,173
100412	E-BUSINESS SUITE UPGRADE	1,199,188	203,124	203,124	-	593,532	402,532
100514	REAL ESTATE SOFTWARE REVITALIZATION	250,000	-	-	-	-	250,000
100533	NEXT GENERATION 911	1,561,397	76,281	76,281	76,281	198,519	1,286,597
100579	JUVENILE DETENTION CENTER SECURITY REPLACEMENT	600,000	-	-	-	-	600,000
100580	GUNSHOT DETECTION SYSTEM	756,000	-	-	-	-	756,000
100581	CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN	617,000	135,000	135,000	135,000	-	482,000
TOTAL COMMUNICATIONS AND INFORMATION TECHNOLOGY CAPITAL PROJECTS		<u>\$ 149,286,807</u>	<u>\$ 22,552,223</u>	<u>\$ 93,687,967</u>	<u>\$ 3,558,777</u>	<u>\$ 13,874,585</u>	<u>\$ 41,724,255</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100023	ATHLETIC FIELDS LIGHTING-RENOV - PHASE III	\$ 2,602,277	\$ 182,987	\$ 1,822,499	\$ 1,822,499	\$ 32,339	\$ 747,439
100040	BIKEWAYS-TRAILS REPAIRS-RENOVATIONS - PHASE I	1,680,000	12,357	464,559	134,361	199,274	1,016,167
100056	CENTERVILLE COMMUNITY RECREATION CENTER	100,000	-	-	-	-	100,000
100119	CITY BIKEWAYS & TRAILS PLAN IMLEM - PHASE II	2,932,978	148,949	2,185,473	2,185,473	306,282	441,223
100127	RECREATION CENTERS REPAIRS & RENOV - PHASE III	20,087,768	661,746	9,687,572	-	702,290	9,697,906
100190	FOXFIRE TRAIL PEDESTRIAN BRIDGE	1,123,530	107,231	122,429	122,429	120,544	880,557
100194	GOLF COURSES CONTRACTUAL OBLIGATIONS	1,200,000	245,751	852,889	-	7,167	339,944
100198	GREENWAY SCENIC WATER & NAT AREA - PHASE III	2,475,000	736,375	1,389,805	1,389,805	128,000	957,195
100249	LITTLE ISLAND PARK PARKING LOT IMPROVEMENTS	797,400	266,802	266,802	266,802	-	530,598
100256	LYNNHAVEN BOAT RAMP-BEACH FAC REP-RENOV	487,221	98,810	248,326	-	12,142	226,753
100289	OPEN SPACE PARK DEVELOPMENT-MAINT-PHASE II	16,171,100	1,470,128	9,558,555	2,705,564	2,785,966	3,826,579
100295	PAAC MULTI-PURPOSE ATHLETIC FIELD RENOV	5,250,000	-	5,229,681	-	6,676	13,643
100299	PARK PLAYGROUND RENOVATIONS - PHASE III	4,667,327	452,004	3,395,143	691,556	438,953	833,231
100320	PARKS-SPEC USE FACILIT DEV-RENOV-PHASE III	14,840,381	400,276	9,704,184	2,138,783	345,306	4,790,891
100393	SPORTSPLEX-NATL TRNG CTR REN & REPLACE	6,857,633	1,136,763	4,763,957	1,531,075	1,668,691	424,985
100402	STUMPY LAKE GOLF COURSE LEASE OBLIGATION	296,503	28,321	116,772	101,358	57,857	121,874
100413	TENNIS COURT RENOVATIONS - PHASE III	2,475,000	-	1,596,288	-	-	878,712
100415	THALIA CREEK GREENWAY - PHASE I	3,400,157	16,661	475,589	475,589	54,715	2,869,853
100495	WOODSTOCK COVE SHORELINE RE-CONSTRUCT	742,623	-	712,067	-	-	30,556
100496	WOODSTOCK PARK HRSD COST CONTRIBUTION	2,000,000	-	-	-	12,569	1,987,431
100511	SOUTHERN RIVERS WATERSHED SITE ACQUISITION PRG	2,000,000	-	-	-	-	2,000,000
100532	PARKS INFRASTRUCTURE RENEWAL OR REPLACEMENT	3,676,723	-	3,570,910	-	-	105,813
100558	VIOLET BANK TRAIL	900,000	-	-	-	-	900,000
100559	THREE OAKS PATH	485,873	-	-	-	-	485,873
TOTAL PARKS AND RECREATION CAPITAL PROJECTS		<u>97,249,494</u>	<u>\$ 5,965,161</u>	<u>\$ 56,163,500</u>	<u>\$ 13,565,294</u>	<u>\$ 6,878,771</u>	<u>\$ 34,207,223</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
COASTAL CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100030	BAY BEACHES RESTORATION	\$ 4,125,000	\$ 76,625	\$ 363,941	\$ -	\$ 93,339	\$ 3,667,720
100036	BEACH PROFILE MONITORING - PHASE II	520,000	126,338	431,766	-	72,273	15,961
100038	BEACH REPLENISHMENT - PHASE II	10,791,921	32,067	8,240,773	-	-	2,551,148
100064	CHESAPEAKE BEACH RESTORATION	5,878,079	39,736	5,804,351	-	7,978	65,750
100065	CHESOEIAN COLONY NEIGHBORHOOD DREDG II	2,677,034	-	2,647,641	-	7,370	22,023
100142	CROATAN BEACH RESTORATION	1,760,000	3,603	227,300	227,300	22,914	1,509,786
100149	DREDGE OPERATIONS REHAB & MODIFICATIONS	250,000	-	-	-	-	250,000
100152	EASTERN BRANCH LYNNHAVEN RIVER DREDGING	5,214,935	76,977	682,497	492,238	802,944	3,729,494
100193	GILLS COVE NEIGHBORHOOD DREDGING	781,786	5,930	134,012	-	79,230	568,544
100201	HARBOUR POINT NEIGHBORHOOD DREDGING I	257,100	-	257,099	-	-	1
100210	HURDS COVE NEIGHBORHOOD DREDGING	3,462,000	63,203	390,116	-	57,946	3,013,938
100258	LYNNHAVEN INLET MAINT DREDGING - PHASE II	2,342,450	309,439	1,267,727	-	-	1,074,723
100274	NEIGHBORHOOD DREDGING SPUR CHANNELS	303,660	7,653	16,061	16,061	31,754	255,845
100304	PLEASURE HOUSE POINT MITIGATION - PHASE I	426,493	-	385,420	-	41,073	-
100305	PLEASURE HOUSE POINT MITIGATION - PHASE II	230,000	-	225	-	-	229,775
100334	RUDEE INLET DREDGE REPLACEMENT	1,291,536	-	-	-	-	1,291,536
100344	RUDEE INLET FEDERAL DREDGING - PHASE II	4,560,000	1,633,312	4,118,516	-	11,965	429,519
100345	RUDEE INLET OUTER CHAN MAINT - PHASE II	6,275,000	-	2,569,841	-	-	3,705,159
100349	SANDBRIDGE BEACH ACCESS IMPROV - PHASE II	2,675,000	333,263	2,063,655	-	154,192	457,153
100351	SANDBRIDGE BEACH RESTORATION - PHASE III	53,983,152	-	39,133,051	-	-	14,850,101
100352	SANDBRIDGE BEACH RESTORATION - PHASE II	22,550,000	89,210	21,906,354	-	47,393	596,253
100364	SCHILLING POINT NEIGHBORHOOD DREDGING	137,718	10,123	45,581	45,581	18,583	73,554
100450	VAR MINOR DREDGING - PHASE II	2,675,000	315,254	2,518,604	-	75,635	80,761
100510	SANDBRIDGE BEACH RESTORATION IV	14,850,101	-	-	-	-	14,850,101
100534	OLD DONATION CREEK AREA DREDGING-PHASE II	107,107	-	-	-	-	107,107
TOTAL COASTAL CAPITAL PROJECTS		<u>\$ 148,125,072</u>	<u>\$ 3,122,733</u>	<u>\$ 93,204,531</u>	<u>\$ 781,180</u>	<u>\$ 1,524,589</u>	<u>\$ 53,395,952</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100001	17TH STREET IMPROVEMENTS - PHASE I	\$ 8,500,000	\$ 837,549	\$ 837,549	\$ 837,549	\$ 289,594	\$ 7,372,857
100002	17TH STREET IMPROVEMENTS - PHASE II	250,000	244,219	244,219	244,219	5,616	165
100006	19TH STREET INFRASTRUCTURE IMPROVEMENTS	14,926,700	2,286,779	13,418,761	-	1,507,939	-
100008	29TH STREET IMPROVEMENTS	2,504,771	83	1,847,127	1,847,127	158,425	499,219
100014	APZ-1 ECONOMIC INCENTIVES	1,857,692	76,831	628,954	-	-	1,228,738
100048	BURTON STATION ROAD IMPROVEMENTS-PHASE III	5,541,465	-	2,484,194	2,484,194	27	3,057,244
100049	BURTON STATION ROADWAY IMPROVEMENTS	12,989,931	1,787,732	10,515,770	10,515,770	364,579	2,109,582
100059	RESORT PARKING DISTRICT	11,125,000	3,253,143	9,753,309	9,753,309	-	1,371,691
100145	DOME SITE DEVELOPMENT SITE ACQUISITION	21,700,000	5,562,940	5,562,940	5,562,940	2,948,785	13,188,275
100146	DOME SITE ENTERTAINMENT VENUE	39,225,000	408,257	408,257	408,257	-	38,816,743
100147	DOME SITE PARKING	49,500,000	264,016	278,502	278,502	-	49,221,498
100148	DOME SITE STREETScape	7,500,000	5,337	5,337	5,337	-	7,494,663
100156	ECONOMIC DEVELOPMENT INVEST PRG - PHASE I	57,892,016	67,087	51,919,253	-	-	5,972,763
100204	HISTORIC KEMPSVILLE	4,550,000	90,366	4,353,599	-	2,998	193,403
100206	HOUSING & NEIGHBORHOOD STRATEGY	200,000	-	-	-	-	200,000
100251	LONDON BRIDGE COMMERCE CENTER - PHASE I	3,895,100	-	90,754	90,754	-	3,804,346
100262	LYNNHAVEN PARKWAY CORRIDOR IMPROVEMENTS	4,000,000	85,322	462,568	462,568	80,966	3,456,466
100282	OCEANA & ITA CONFORMITY & ACQUIS - PHASE II	7,335,177	123,865	4,525,610	335,603	86,310	2,723,257
100283	OCEANFRONT CAPITAL PROJECTS REINVEST	5,380,877	634,315	4,901,604	-	479,273	-
100284	OCEANFRONT GARAGES CAPITAL MAINTENANCE	6,337,991	371,235	6,117,254	6,320	108,020	112,717
100285	OCEANFRONT PARKING FACILITY CAP MAIN-DEV	2,831,269	418,509	1,078,272	-	19,939	1,733,058
100286	OCEANFRONT RESTROOM	750,000	300,446	334,890	-	176,874	238,236
100300	ATLANTIC AVENUE STREET IMPROVEMENTS	1,000,000	-	-	-	-	1,000,000
100330	RAIL-TO-TRAIL SHARED USE PATH DEVELOPMENT	1,000,000	-	733,897	-	-	266,103
100399	STRATEGIC GROWTH AREA PROGRAM	10,329,687	394,725	9,936,059	-	90,805	302,823
100419	TOWN CENTER GARAGE & PLAZA MAINT - PHASE I	3,368,179	80,436	2,227,658	-	283,362	857,159
100420	TOWN CENTER GARAGE & PLAZA MAINT - PHASE II	1,058,178	-	-	-	-	1,058,178
100421	TOWN CENTER REINVESTMENT	450,000	94,686	239,726	-	6,626	203,648
100456	VB AMPHITHEATER CAPITAL MAINTENANCE	2,441,446	79,074	2,138,366	-	-	303,080
100459	VIBE DISTRICT STREET INF - PHASE I	8,801,058	96,330	1,275,910	1,275,910	1,236,379	6,288,769
100489	WINSTON-SALEM AVENUE IMPROVEMENTS	8,320,000	49,538	663,800	663,800	182,649	7,473,551
100509	RESORT MOBILITY PLANNING	200,000	106,725	106,725	-	93,275	-
TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS		<u>\$ 305,761,537</u>	<u>\$ 17,719,545</u>	<u>\$ 137,090,864</u>	<u>\$ 34,772,159</u>	<u>\$ 8,122,441</u>	<u>\$ 160,548,232</u>

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES
FOR THE YEAR ENDED JUNE 30, 2021

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 140,104,282	\$ 119,766,313	\$ 1,145,199	\$ 120,911,512
STATE FUNDING	225,534,662	120,130,241	2,838,438	\$ 122,968,679
LOCAL FUNDING	1,481,172,892	1,017,825,224	70,876,411	\$ 1,088,701,635
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 1,846,811,836</u>	<u>\$ 1,257,721,778</u>	<u>\$ 74,860,048</u>	<u>\$ 1,332,581,826</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021**

Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
ENGINEERING AND HIGHWAYS	\$ 800,538,908	\$ 21,870,228	\$ 439,654,644	\$ 77,341,464	\$ 67,854,511	\$ 293,029,753
BUILDINGS	345,850,018	70,453,603	249,524,792	104,137,281	58,826,242	37,498,984
COMMUNICATIONS & INFORMATION TECHNOLOGY	149,286,807	22,552,223	93,687,967	3,558,777	13,874,585	41,724,255
PARKS AND RECREATION	97,249,494	5,965,161	56,163,500	13,565,294	6,878,771	34,207,223
COASTAL	148,125,072	3,122,733	93,204,531	781,180	1,524,589	53,395,952
ECONOMIC AND TOURISM	<u>305,761,537</u>	<u>17,719,545</u>	<u>137,090,864</u>	<u>34,772,159</u>	<u>8,122,441</u>	<u>160,548,232</u>
GENERAL GOVERNMENT EXPENDITURES	<u>\$ 1,846,811,836</u>	141,683,493	<u>\$ 1,069,326,298</u>	<u>\$ 234,156,155</u>	<u>\$ 157,081,139</u>	<u>\$ 620,404,399</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		<u>4,080,350</u>				
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES AND OTHER FINANCING USES		<u>\$ 145,763,843</u>				
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES			\$ 1,332,581,826			
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES			<u>(1,069,326,298)</u>			
GENERAL GOVERNMENT CAPITAL PROJECT FUND BALANCE			<u>\$ 263,255,528</u>			

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WATER AND SEWER

ENTERPRISE FUND

WATER AND SEWER ENTERPRISE FUND

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

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Current Assets:	
Cash and Investments	\$ 115,643,766
Accounts Receivable - Net of Estimated Uncollectibles	19,685,798
Intergovernmental Receivables	491,333
Inventory	3,035,588
Total Current Assets	<u>138,856,485</u>
Noncurrent Assets:	
Cash and Investments - Restricted	100,502,390
Capital Assets:	
Land	14,562,826
Buildings	18,940,552
Utility System	1,231,690,658
Machinery and Equipment	34,674,948
Construction in Progress	19,901,027
Less: Accumulated Depreciation	(599,386,049)
Total Capital Assets	<u>720,383,962</u>
Total Noncurrent Assets	<u>820,886,352</u>
Total Assets	<u>959,742,837</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows for Pensions	7,936,291
Deferred Outflows for OPEB	1,050,521
Total Deferred Outflow of Resources	<u>8,986,812</u>

LIABILITIES

Current Liabilities:	
Vouchers and Accounts Payable	4,369,334
Deposits Payable	151,101
Accrued Interest Payable	2,070,631
Construction Contracts Payable	878,825
Unearned Revenue	2,029,706
Current Portion of Long-term Liabilities	14,334,713
Total Current Liabilities	<u>23,834,310</u>
Long-Term Liabilities:	
Compensated Absences	832,254
Bonds and Notes Payable	222,654,484
Net Pension Liability	27,008,985
Net OPEB Liability	3,228,467
Total Long-Term Liabilities	<u>253,724,190</u>
Total Liabilities	<u>277,558,500</u>

DEFERRED INFLOWS OF RESOURCES

Debt Refundings Resulting in Gain Transactions	146,283
Deferred Inflows for OPEB	1,632,415
Total Deferred Inflow of Resources	<u>1,778,698</u>

NET POSITION

Net Investment in Capital Assets	484,025,135
Restricted for Debt Service	17,979,295
Unrestricted	<u>187,388,021</u>
Total Net Position	<u>\$ 689,392,451</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

<u>OPERATING REVENUES</u>	
Service Charges	\$ 75,729,941
Sale of Water	51,364,820
Tap Fees	90,236
Fire Hydrant Rental	1,245
Navy Wheelage Charges	94,829
Interfund Services Provided	1,892,727
Miscellaneous	540,725
Total Operating Revenues	<u>129,714,523</u>
<u>OPERATING EXPENSES</u>	
Cost of Goods Sold - Water Purchases	30,463,308
Personal Services	30,866,024
Contractual Services	8,304,140
Internal Services	3,016,092
Other Charges	20,169,062
Depreciation	29,045,785
Total Operating Expenses	<u>121,864,411</u>
<u>OPERATING INCOME (LOSS)</u>	<u>7,850,112</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	1,068,016
Gain From Sale of Assets	83,494
Interest and Fiscal Charges	(6,006,431)
Total Non Operating Expenses, net	<u>(4,854,921)</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS</u>	<u>2,995,191</u>
Capital Contributions	2,486,656
Capital Contributions - Federal Government	492,428
Transfers Out	(192,915)
<u>CHANGE IN NET POSITION</u>	<u>5,781,360</u>
<u>TOTAL NET POSITION - BEGINNING</u>	<u>683,611,091</u>
<u>TOTAL NET POSITION - ENDING</u>	<u>\$ 689,392,451</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 124,459,388
Receipts from Interfund Services Provided	3,725,701
Other Operating Cash Receipts	540,725
Cash Payments to Suppliers of Goods and Services	(61,231,187)
Cash Payments to Employees for Services	(27,686,535)
Net Cash Provided By Operating Activities	<u>39,808,092</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Payments to Other Funds	(192,915)
Net Cash Used in Noncapital Financing Activities	<u>(192,915)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Receipts of Capital Contributions	2,441,365
Interest on Long-term Debt	(5,951,737)
Acquisition and Construction of Capital Assets	(26,287,325)
Proceeds from Sale of Salvage	83,494
Proceed from Sale of Bonds	57,504,064
Principals Paid on Capital Debt	(19,065,000)
Net Cash Used in Capital and Related Financing Activities	<u>8,724,861</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	1,068,016
Net Increase (Decrease) in Cash and Investments	49,408,054
Cash and Investments, July 1	166,738,102
Cash and Investments, June 30	<u>\$ 216,146,156</u>

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

Operating Income	\$ 7,850,112
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	29,045,785
Net changes in assets and liabilities:	
Accounts Receivable	(2,821,683)
Intergovernmental Receivables	1,832,974
Inventory	276,615
Deferred Outflow of Resources	(2,776,352)
Vouchers and Accounts Payable	(142,080)
Deposits Payable	18,261
Unearned Revenue	568,619
Deferred Inflow of Resources	(417,529)
Accrued Compensated Leave	25,988
Net Pension Liability	5,539,607
Net OPEB Liability	807,775
Net Cash Provided (Used) By Operating Activities	<u>39,808,092</u>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Capital Contributions of Capital Assets	<u>\$ 537,719</u>
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**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget	Actual	Variance
<u>Administration and Support</u>			
Personal Services	\$ 272,765	\$ 274,683	\$ (1,918)
Fringe Benefits	98,695	120,525	(21,830)
Contractual Services	12,250	694	11,556
Internal Services	14,235	13,595	640
Other Charges	66,285	34,994	31,291
Total Administration and Support	<u>464,230</u>	<u>444,491</u>	<u>19,739</u>
<u>Business Services</u>			
Personal Services	3,270,525	2,579,453	691,072
Fringe Benefits	1,224,132	1,932,211	(708,079)
Contractual Services	3,383,597	2,039,100	1,344,497
Internal Services	244,162	196,401	47,761
Other Charges	33,005,973	31,359,510	1,646,463
Total Business Services	<u>41,128,389</u>	<u>38,106,675</u>	<u>3,021,714</u>
<u>Employee Services</u>	<u>-</u>	<u>2,105,354</u>	<u>(2,105,354)</u>
<u>Engineering</u>			
Personal Services	5,531,985	3,160,131	2,371,854
Fringe Benefits	1,761,643	1,715,090	46,553
Contractual Services	8,418,635	3,539,188	4,879,447
Internal Services	318,103	217,063	101,040
Other Charges	2,263,823	792,476	1,471,347
Total Engineering	<u>18,294,189</u>	<u>9,423,948</u>	<u>8,870,241</u>
<u>Operational Management</u>			
Personal Services	12,742,029	11,168,645	1,573,384
Fringe Benefits	4,462,145	3,935,754	526,391
Contractual Services	5,477,751	2,683,649	2,794,102
Internal Services	2,691,968	2,585,671	106,297
Other Charges	8,767,310	6,162,314	2,604,996
Total Operational Management	<u>34,141,203</u>	<u>26,536,033</u>	<u>7,605,170</u>
<u>Technical Services</u>			
Personal Services	1,766,132	1,423,874	342,258
Fringe Benefits	531,472	429,654	101,818
Contractual Services	176,532	41,496	135,036
Internal Services	-	2,756	(2,756)
Other Charges	114,524	11,743	102,781
Total Technical Services	<u>2,588,660</u>	<u>1,909,523</u>	<u>679,137</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund Charges			
Building Maintenance	\$ 167,848	\$ 167,866	\$ (18)
Direct Cost	141,396	141,396	-
DSC	339,042	339,042	-
Indirect Cost	2,100,000	1,729,568	370,432
Landscape Services	609,000	589,273	19,727
Occupational Health	39,000	19,950	19,050
Office Rent	112,118	112,118	-
Right of Way	4,000,000	4,000,000	-
Technology and Support	1,947,063	1,947,063	-
Treasurer Support	317,467	317,467	-
Unspecified Programs	36,110	36,110	-
Water Assistance	250,000	113,745	136,255
Total General Fund Charges	<u>10,059,044</u>	<u>9,513,598</u>	<u>545,446</u>
Other Charges			
Retiree Health Insurance	550,500	307,504	242,996
CIP Annual Expenditures	-	2,757,748	(2,757,748)
Net Deferred OPEB Contributions	-	(390,995)	390,995
Net Deferred Pension Contributions	-	2,104,747	(2,104,747)
Reserves	1,749,587	-	1,749,587
Total Other Charges	<u>2,300,087</u>	<u>4,779,004</u>	<u>(2,478,917)</u>
Total Budgeted Operating Expenses	<u>\$ 108,975,802</u>	<u>\$ 92,818,626</u>	<u>\$ 16,157,176</u>

Note: Total General Fund Charges reclassified as Other Charges.

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

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100013	ADVANCED WATER METERING	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000
100052	CAMP PENDLETON IMPROVEMENTS - WATER	530,000	-	517,003	-	-	12,997
100124	CLEVELAND STREET IMPROVEMENTS - WATER	700,000	-	508,775	502,921	-	191,225
100144	CUSTOMER INFO SYSTEM VERSION MIGRATION- WATER	1,850,000	465,636	1,121,871	1,121,871	499,927	228,201
100158	ELBOW ROAD EXT - PHASE I & II	1,179,663	62,224	458,623	78,961	8,983	712,057
100185	FIRST COLONIAL RD-VB BLVD INTERSECTION - WATER	1,095,000	-	40,648	40,648	-	1,054,352
100196	GREAT NECK WATER TANK REPLACEMENT	5,000,000	160,810	354,164	354,164	91,193	4,554,643
100216	INDIAN RIVER ROAD - WATER	253,548	-	58,224	-	10,324	185,001
100230	LAKE GASTON RAW WATER TRANSMISSION SYSTEM	8,700,000	1,921,854	5,291,841	-	2,936,268	471,891
100236	LANDSTOWN ROAD IMPROVEMENTS - WATER	720,000	-	13,700	13,700	4,300	702,000
100238	LANDSTOWN YARD IMPROVEMENTS IV – WATER	6,084,000	107,628	2,531,712	-	133,022	3,419,266
100293	PRINCESS ANNE ROAD IMPROVEMENTS - SEWER	1,130,000	-	22,621	22,621	-	1,107,379
100303	PEMBROKE MEADOWS NEIGHBORHOOD WATER REHAB	5,500,000	32,803	32,803	32,803	287,608	5,179,589
100337	RESORT AREA NEIGHBORHOOD REVITALIZATION - WATER	7,446,636	1,494	4,669,006	-	1,534	2,776,096
100341	ROSEMONT ROAD - PHASE V - WATER	1,740,000	-	-	-	-	1,740,000
100369	SERVICE ORDER AUTOMATION SOLUTION PHASE II WATER	488,095	75,163	158,604	-	36,978	292,514
100386	SHORE DRIVE WATER LINE IMPROVE - PHASE IV	175,000	-	-	-	-	175,000
100387	SHORE DRIVE WATER LINE IMPROVEMENTS - PHASE V	3,385,000	3,456	103,896	103,896	38,964	3,242,140
100408	SYSTEM EXP COST PARTIC AGREE - PHASE II - WATER	520,000	-	151,000	-	-	369,000
100432	UTILITIES TECHNOLOGY SUPPORT PROGRAM – WATER	700,000	98,692	100,754	100,754	15,693	583,553
100451	VAR ROADWAY STORM WATER - PHASE VI	3,850,000	564,378	1,979,010	-	310,198	1,560,792
100460	VIBE DISTRICT WATER IMPROVEMENTS	1,700,000	-	-	-	-	1,700,000
100464	VIRGINIA BEACH BLVD WATER SYSTEM IMPROVE	350,000	-	-	-	-	350,000
100469	WATER LINE EXT, REPLACE, REHAB PROGRAM	8,035,000	592,500	6,406,702	-	927,300	700,998
100470	WATER LINE EXT, REPLACE, REHAB PROGRAM II	500,000	32	32	32	468	499,500
100471	WATER PUMP REPAIRS AND REPLACEMENTS	605,000	-	75,799	-	-	529,201
100478	WATER TAP INSTALLATION PROGRAM - PHASE II	2,539,754	197,131	1,839,496	-	303,206	397,053
100479	WATER TRANSMISSION SYSTEM UPGRADE PRG - PHASE II	2,220,000	1,208,299	1,232,769	-	128,813	858,419
100490	WITCHDUCK RD - PHASE II - WATER	1,787,000	-	1,777,655	1,777,655	9,345	-
100498	WATER PUMP STATION-TANK UPGRADE PRG - PHASE I	18,699,996	1,532,885	17,543,738	-	500,750	655,508
100507	PUBLIC UTILITIES OFC SPACE ACQ & IMPRV - WATER	1,050,000	946,663	946,663	946,663	28,950	74,387
100518	ROYAL PALM ARCH WATER SYSTEM REHAB	1,650,000	306,760	306,760	306,760	4,622	1,338,618
100530	LASKIN ROAD PHASE I – WATER	3,310,458	574	2,410,214	2,254,609	17,263	882,980
TOTAL WATER CAPITAL PROJECT EXPENDITURES		<u>\$ 93,794,150</u>	<u>\$ 8,278,982</u>	<u>\$ 50,654,083</u>	<u>\$ 7,658,058</u>	<u>\$ 6,295,709</u>	<u>\$ 36,844,360</u>
CLOSED WATER CAPITAL PROJECTS EXPENDITURES			84,019				
TOTAL CURRENT YEAR CAPITAL PROJECT EXPENDITURES			<u>\$ 8,363,001</u>				

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
SEWER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100021	ARROWHEAD SUSQUEHANNA SS REHAB PHASE III	\$ 250,000	\$ -	\$ 205,713	\$ 205,713	\$ -	\$ 44,287
100027	AUX POWER PRG-SEWER PUMP STATIONS-PHASE III	13,706,075	296,835	10,333,576	-	292,529	3,079,970
100051	CAMP PENDLETON IMPROVEMENTS - SEWER	770,000	-	765,714	-	-	4,286
100143	CUSTOMER INFO SYSTEM VERSION MIGRATION - SEWER	1,850,000	465,636	1,103,640	1,103,640	499,927	246,433
100186	FIRST COLONIAL RD-VB BLVD INTERSECTION - SEWER	1,510,000	-	40,648	40,648	-	1,469,352
100215	INDIAN RIVER ROAD - SEWER	129,717	-	9,473	9,473	-	120,244
100220	INFILTRATION INFLOW & REHAB - PHASE V	28,155,000	169,359	27,646,722	-	23,554	484,724
100237	LANDSTOWN ROAD IMPROVEMENTS - SEWER	370,000	-	18,040	18,040	5,960	346,000
100302	PEMBROKE MEADOWS NEIGHBORHOOD SS REHAB	810,000	3,981	3,981	3,981	36,168	769,851
100326	PUMP STATION MODIFICATIONS - PHASE V	74,695,640	1,094,521	73,082,235	-	883,775	729,630
100327	PUMP STATION PROGRAM - PHASE VI	16,919,398	3,677,133	4,068,504	-	6,421,035	6,429,859
100342	ROYAL PALM ARCH SANITARY SEWER REHAB	9,350,000	1,358,301	5,326,216	5,326,216	589,909	3,433,875
100361	SANITARY SEWER REVITALIZATION PROGRAM III	9,816,539	3,747,778	3,863,785	-	3,385,594	2,567,160
100362	SANITARY SEWER SYS REVITAL PRG - PHASE II	29,465,736	449,995	28,395,555	-	126,284	943,897
100371	SEWER PUMP REPAIRS AND REPLACEMENTS	1,720,000	431,557	1,312,485	-	407,093	422
100374	SEWER TAP INSTALLATION PROGRAM - PHASE II	3,971,811	351,837	2,922,316	-	481,903	567,592
100375	SGA SANITARY SEWER SYSTEM IMPROVEMENTS	2,943,738	1,769,992	2,277,918	2,277,918	297,487	368,333
100409	SYSTEM EXP COST PARTIC AGREE - PHASE III - SEWER	3,270,000	422	2,169,873	422	-	1,100,127
100440	VACUUM VALVE MONITORING SYSTEM	2,345,000	92,529	1,426,536	-	31,979	886,485
100448	VAR HRSD COORDINATION	2,378,000	-	-	-	583,892	1,794,108
100452	VAR ROADWAY-STRM WTR COORDINATION - PHASE VI	5,100,000	907,741	2,442,806	-	196,362	2,460,832
100458	VIBE DISTRICT SEWER IMPROVEMENTS	2,100,000	-	807,304	807,304	2,790	1,289,906
100494	WITCHDUCK ROAD - PHASE II - SEWER	1,706,499	18,018	1,656,443	-	23,406	26,650
100506	PUBLIC UTILITIES OFC SPACE ACQ & IMPRV- SEWER	1,050,000	942,545	942,545	-	28,950	78,505
100519	SANITARY SEWER FORCE MAIN REHAB I	250,000	84,635	84,635	84,635	121,100	44,265
100523	CLEVELAND STREET IMPROVEMENTS – SEWER	1,000,000	-	250,338	250,338	72,953	676,709
100525	LANDSTOWN YARD IMPROVEMENTS IV – SEWER	5,268,000	110,992	2,030,445	-	142,888	3,094,667
100526	UTILITIES TECHNOLOGY SUPPORT PROGRAM – SEWER	700,000	98,329	100,392	100,392	13,789	585,819
100527	SERVICE ORDER AUTO SOLUTION - PHASE II – SEWER	487,895	74,928	158,369	-	36,978	292,548
100528	RESORT AREA NEIGHBORHOOD REVITALIZATION – SEWER	15,883,000	49,268	14,096,419	-	161,886	1,624,695
100531	LASKIN ROAD PHASE I – SEWER	3,950,264	1,666	2,014,279	2,014,249	14,907	1,921,078
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		\$ 241,922,312	\$ 16,197,998	\$ 189,556,905	\$ 12,242,969	\$ 14,883,098	\$ 37,482,309
CLOSED SEWER CAPITAL PROJECT EXPENDITURES			\$ 164,605				
TOTAL CURRENT YEAR SEWER CAPITAL PROJECTS EXPENDITURES			\$ 16,362,603				
WATER AND SEWER CAPITAL PROJECTS		\$ 335,716,462	\$ 24,725,604	\$ 240,210,988	\$ 19,901,027	\$ 21,178,807	\$ 74,326,669
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES				\$ 321,167,624			
TOTAL WATER AND SEWER CAPITAL PROJECTS EXPENDITURES				(240,210,988)			
WATER AND SEWER CASH RESTRICTED FOR CAPITAL PROJECTS				\$ 80,956,636			

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2021**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 372,245	\$ 372,245	\$ -	\$ 372,245
STATE FUNDING	90,121	90,121	-	90,121
LOCAL FUNDING	336,093,973	270,701,542	50,003,716	320,705,258
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES	<u>\$ 336,556,339</u>	<u>\$ 271,163,908</u>	<u>\$ 50,003,716</u>	<u>\$ 321,167,624</u>

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STORM WATER
ENTERPRISE FUND

STORM WATER ENTERPRISE FUND

The Storm Water Enterprise Fund accounts for revenues and expenditures generated by the storm water utility fee for operational and capital needs for storm water management in the city. The storm water CIP is designed to create an effective drainage and storm water management system, protect natural resources, enhance quality of land and waterways, maintain the city's utility systems, encourage development only in accordance with principles of natural environment protection, and provide adequate resources to maintain existing infrastructure.

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

Current Assets:

Cash and Investments	\$ 31,540,032
Accounts Receivable - Net of Estimated Uncollectibles	6,586,094
Total Current Assets	<u>38,126,126</u>

Non-current Assets:

Cash and Investments - Restricted	95,278,762
Capital Assets:	
Land	133,318,193
Buildings	664,899
Utility System	355,027,890
Machinery and Equipment	17,792,866
Construction in Progress	43,299,090
Less: Accumulated Depreciation	(94,421,418)
Total Capital Assets	<u>455,681,520</u>
Total Non-current Assets	<u>550,960,282</u>
Total Assets	<u>589,086,408</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows for Pensions	3,520,378
Deferred Outflows for OPEB	250,607
Total Deferred Outflows of Resources	<u>3,770,985</u>

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	1,567,025
Deposits Payable	654
Accrued Interest Payable	642,209
Construction Contracts Payable	2,158,211
Current Portion of Long-term Liabilities	5,883,574
Total Current Liabilities	<u>10,251,673</u>

Compensated Absences	250,353
Bond and Notes Payable	150,335,463
Net OPEB Liability	770,165
Net Pension Liability	11,980,639
Total Long-term Liabilities	<u>163,336,620</u>
Total Liabilities	<u>173,588,293</u>

DEFERRED INFLOWS OF RESOURCES

Debt Refundings Resulting in Gain Transactions	493,850
Deferred Inflows for OPEB	389,420
Total Deferred Inflows of Resources	<u>883,270</u>

NET POSITION

Net Investment in Capital Assets	297,135,533
Restricted for Future Debt Services	3,393,570
Unrestricted	<u>117,856,727</u>
Total Net Position	<u>\$ 418,385,830</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

<u>OPERATING REVENUES</u>	
Service Charges	\$ 45,765,222
Total Operating Revenues	<u>45,765,222</u>
<u>OPERATING EXPENSES</u>	
Personal Services	6,902,658
Contractual Services	3,269,776
Internal Services	1,110,150
Other Charges	5,472,976
Depreciation	<u>8,266,150</u>
Total Operating Expenses	<u>25,021,710</u>
<u>OPERATING INCOME (LOSS)</u>	<u>20,743,512</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	735,529
Gain (Loss) From Sale of Assets	40,251
Interest and Fiscal Charges	<u>(3,295,809)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,520,029)</u>
<u>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</u>	18,223,483
Capital Contributions	440,850
Capital Contributions - Federal Government	834,329
Capital Contributions - Transfers In	3,140,041
Transfers In	990,000
Transfers Out	<u>(800,000)</u>
Total Transfers and Contributions	<u>4,605,220</u>
<u>CHANGE IN NET POSITION</u>	22,828,703
<u>TOTAL NET POSITION - BEGINNING</u>	<u>395,557,127</u>
<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ 418,385,830</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 45,282,010
Cash Payments to Suppliers of Goods and Services	(9,298,257)
Cash Payments to Employees for Services	(6,600,656)
Net Cash Provided By Operating Activities	<u>29,383,097</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Receipts from Other Funds	990,000
Payments to Other Funds	(800,000)
Net Cash Provided By Noncapital Financing Activities	<u>190,000</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Receipts of Capital Contributions	4,415,220
Interest on Long-term Debt	(2,977,158)
Acquisition and Construction of Capital Assets	(36,548,595)
Proceeds from Sale of Salvage	40,251
Proceeds from Sale of Bonds	92,474,860
Proceeds from Bond Issuance	(5,170,000)
Net Cash Provided By Capital and Related Financing Activities	<u>52,234,578</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>735,529</u>
Net Increase (Decrease) in Cash and Investments	82,543,204
Cash and Investments, July 1	<u>44,275,590</u>
Cash and Investments, June 30	<u><u>\$ 126,818,794</u></u>

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

Operating Income	\$ 20,743,512
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	8,266,150
Net changes in assets and liabilities:	
Accounts Receivable	(806,158)
Intergovernmental Receivables	322,946
Deferred Outflow of Resources	(1,214,205)
Vouchers and Accounts Payable	554,254
Deposits Payable	391
Deferred Inflow of Resources	(251,942)
Accrued Compensated Leave	23,298
Net Pension Liability	2,457,257
Net OPEB Liability	(712,406)
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 29,383,097</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Infrastructure Maintenance</u>			
Personal Services	4,563,523	4,101,259	462,264
Fringe Benefits	1,469,642	713,748	755,894
Contractual Services	6,030,396	3,258,870	2,771,526
Internal Services	1,187,397	1,083,195	104,202
Other Charges	1,441,039	1,750,354	(309,315)
Total Infrastructure Maintenance	<u>14,691,997</u>	<u>10,907,426</u>	<u>3,784,571</u>
<u>Operational Management</u>			
Personal Services	992,745	793,266	199,479
Fringe Benefits	364,687	284,747	79,940
Contractual Services	3,804	159	3,645
Internal Services	27,982	26,955	1,027
Other Charges	18,081	1,269	16,812
Total Operational Management	<u>1,407,299</u>	<u>1,106,396</u>	<u>300,903</u>
<u>Stormwater Operations</u>			
Personal Services	-	2,658	(2,658)
Contractual Services	22,725	10,747	11,978
Other Charges	-	-	-
Total Stormwater Operations	<u>22,725</u>	<u>13,405</u>	<u>9,320</u>
<u>General Fund Charges</u>			
Direct Cost	53,691	53,691	-
Indirect Cost	1,495,682	1,495,682	-
Landscape Services	62,661	62,661	-
Occupational Health	10,650	10,650	-
Regulations	142,324	142,324	-
Technology and Support	53,691	53,691	-
Total General Fund Charges	<u>1,818,699</u>	<u>1,818,699</u>	<u>-</u>
<u>Other Charges</u>			
Retiree Health Insurance	177,092	73,356	103,736
CIP Annual Expenditures	-	1,782,901	(1,782,901)
Water and Sewer Account Management Charges	206,754	206,754	-
Water and Sewer Billing System Charges	911,378	911,378	-
Net Deferred OPEB Contributions	-	(998,378)	998,378
Net Deferred Pension Contributions	-	933,623	(933,623)
Total Other Charges	<u>1,295,224</u>	<u>2,909,634</u>	<u>(1,614,410)</u>
Total Budgeted Operating Expenses	<u>\$ 19,235,944</u>	<u>\$ 16,755,560</u>	<u>\$ 2,480,384</u>

Note: Total General Fund Charges reclassified as Other Charges.

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

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
100010	42ND STREET PUMP STATION OUTFALLS	\$ 4,476,522	\$ 202,046	\$ 487,266	\$ -	\$ 39,449	\$ 3,949,807
100018	ARAGONA DRAINAGE IMPROVEMENTS	4,400,000	2,639,282	3,415,305	3,415,305	984,695	-
100022	ASHVILLE PARK DRAINAGE IMPROVEMENTS PHASE I	12,000,000	1,747,964	4,145,056	1,032,849	7,854,944	-
100026	ATLANTIC OCEAN WATERSHED STORMWATER PROJ	500,000	-	-	-	-	500,000
100029	BAKER ROAD CULVERT AND DITCH IMPROVEMENT	450,000	16,380	381,579	381,579	64,242	4,179
100032	BAYVILLE LAKE WATER QUALITY IMPROVEMENT	1,000,000	-	-	-	-	1,000,000
100043	BMP MAINTENANCE PROGRAM PHASE I	1,000,000	273,852	299,852	273,852	400,250	299,898
100053	CANAL MANAGEMENT PHASE I	500,000	7,981	468,729	-	13,900	17,371
100061	CENTRAL RESORT DISTRICT - 24TH ST CULVER	100,000	-	-	-	-	100,000
100062	CENTRAL RESORT DISTRICT DRAINAGE IMPROVEMENT	800,000	117,079	274,783	-	235,878	289,339
100126	COLLEGE PARK DRAINAGE IMPROVEMENTS	2,289,000	172,000	839,093	-	227,690	1,222,217
100150	EASTERN SHORE DRIVE - LYNNHAVEN DRIVE PUMP	3,000,000	711	4,085	4,085	-	2,995,915
100153	EASTERN SHORE DRIVE - CAPE HENRY CANAL PHASE II	3,800,000	-	-	-	-	3,800,000
100154	EASTERN SHORE DRIVE DRAINAGE	17,500,000	2,716,142	10,320,758	223,804	5,080,884	2,098,358
100161	ELIZABETH RIVER WATER QUALITY	13,235,150	13,405	4,688,416	4,688,416	540,490	8,006,244
100167	LYNNHAVEN COLONY PARK PUMP STATION	500,000	-	-	-	-	500,000
100187	FLOOD MITIGATION ASSIST GRANT PROGRAM - PHASE I	1,227,144	21,000	1,227,144	-	-	-
100188	FLOOD MITIGATION ASSIST GRANT PROGRAM - PHASE III	2,914,976	364,946	2,331,502	-	499,137	84,337
100189	FLOOD MITIGATION ASSIST GRANT PROGRAM - PHASE II	874,061	20,962	800,467	-	12,861	60,733
100229	LAKE CHUBB-BRADFORD LAKE	4,336,400	937,986	1,349,447	1,349,447	766,491	2,220,462
100231	LAKE MANAGEMENT - PHASE I	6,953,735	-	6,898,268	-	43,284	12,183
100232	LAKE MANAGEMENT - PHASE II	42,103,084	4,676,643	32,208,848	-	4,891,141	5,003,095
100263	LYNNHAVEN RIVER BASIN ECOSYSTEM RESTORATION	9,000,000	5,457	4,075,370	-	-	4,924,630
100264	LYNNHAVEN RIVER WATER QUALITY II	3,733,367	90,198	280,988	280,988	165,402	3,286,977
100265	LYNNHAVEN RIVER WATERSHED - PHASE I	780,000	-	-	-	-	780,000
100269	ARCTIC AVE DRAINAGE IMPROVEMENTS	2,000,000	1,993,480	1,993,480	1,993,480	-	6,520
100273	NEIGHBORHOOD STORMWATER INF IMP - PHASE II	5,772,401	187,386	3,844,450	-	260,589	1,667,362
100280	NORTH LAKE HOLLY WATERSHED	24,071,135	16,954	16,498,104	16,954	854,439	6,718,592
100287	OCEANFRONT STORM WATER FACILITIES MAINT	8,030,740	1,559,131	6,533,377	-	430,752	1,066,611
100314	PRIMARY SYSTEM INFRASTRUCTURE IMP - PHASE II	15,160,000	1,355,224	11,403,385	291,523	2,552,090	1,204,525
100315	PRINCESS ANNE PLAZA DRAINAGE AREA	5,073,597	1,333,593	4,080,832	4,080,832	639,946	352,819
100335	RESIDENTIAL DRAINAGE COST PART PRGM - PHASE II	400,000	31,846	261,761	-	31,928	106,311
100365	SEA LEVEL RISE-RECURRENT FLOODING ANALYS	4,304,447	249,371	3,689,000	-	571,017	44,430
100378	SHERWOOD LAKES DRAINAGE	3,400,000	10,556	3,109,244	-	17,686	273,070
100380	CAVE-IN REPAIR PROGRAM	2,000,000	575,723	575,723	575,723	770,219	654,058
100388	SOUTH LAKE HOLLY WATERSHED	15,276,130	881,535	15,261,601	-	14,528	1
100390	SOUTHERN CANAL-LEAD DITCH & CULVERT IMP	8,520,000	440,351	3,194,297	-	3,277,907	2,047,796
100391	SOUTHERN RIVERS WATER QUALITY	3,200,000	156,460	1,044,736	1,044,736	4,583	2,150,681
100395	STORM WATER PUMP STATION MODIFICATIONS	8,775,229	1,032,167	7,183,777	201,328	753,740	837,712
100397	STORM WATER QUALITY ENHANCEMENTS - PHASE II	10,417,948	546,414	6,931,549	1,024,717	1,071,981	2,414,418
100404	SURFACE WATER REGULATORY COMPLIANCE PRGM	11,231,942	1,417,422	7,179,563	7,179,563	859,528	3,192,851
100405	SW INFRASTRUCTURE REHAB & IMPROV-PHASE II	51,356,982	3,698,193	42,213,308	-	2,385,887	6,757,787
100406	SWM MSTR PLANNING, ANALYSIS & INVENTORY	10,245,801	750,817	7,061,014	750,817	2,206,186	978,601
100417	THE LAKES DRAINAGE IMPROVEMENTS	2,000,000	242,643	1,522,012	1,522,012	306,776	171,212
100472	WATER QUALITY & RESTORE PARTICIPATION	166,773	-	-	-	-	166,773
100486	WINDSOR WOODS DRAINAGE	17,175,237	1,770,362	10,561,864	10,561,864	4,368,536	2,244,837
100487	WINDSOR WOODS PUMP STATION	500,000	-	-	-	338,934	161,066
100488	WINDSOR WOODS TIDE GATE	9,350,000	404,820	1,123,767	1,123,767	507,685	7,718,548
100504	PARCEL LEVEL FLOOD MITIGATION PROGRAM	1,500,000	42,254	42,254	42,254	4,808	1,452,938
100505	PINEWOOD RD DRAINAGE IMPROVEMENTS	1,000,000	102,090	102,090	102,090	897,910	-
100512	USACE REGIONAL COASTAL STORM STUDY	1,500,000	-	-	-	-	1,500,000
100513	VIRGINIA AQUARIUM MONUMENT SIGNS	1,237,158	-	-	-	-	1,237,158
100515	ENHANCED NEIGHBORHOOD REHABILITATION	1,237,158	30,532	30,532	30,532	1,059,101	147,525
100516	PAP GOLF COURSE CONVERSION	3,000,000	-	-	-	-	3,000,000
100517	PRINCESS ANNE PLAZA NORTH LONDON BRIDGE	7,500,000	1,018,680	1,018,680	1,020,862	-	6,481,320
100519	SANITARY SEWER FORCE MAIN REHAB I	250,000	-	-	-	-	250,000
100520	SOUTHERN RIVERS WATERSHED STORMWATER PRGM	500,000	85,011	85,011	85,011	273,218	141,771
100521	THE LAKES-SOUTH LONDON CREEK BRIDGE CREEK	2,200,000	-	-	-	-	2,200,000
100557	FLOOD MITIGATION ASSISTANCE GRANT IV	803,061	700	700	700	950	801,411

TOTAL STORM WATER EXPENDITURES \$ 376,629,178 \$ 33,957,749 \$ 231,043,067 \$ 43,299,090 \$ 46,281,662 \$ 99,304,449

STORM WATER CAPITAL PROJECTS \$ 376,629,178 \$ 33,957,749 \$ 231,043,067 \$ 43,299,090 \$ 46,281,662 \$ 99,304,449

TOTAL STORM WATER CAPITAL PROJECTS REVENUES \$ 316,852,899
TOTAL STORM WATER CAPITAL PROJECTS EXPENDITURES (231,043,067)
STORM WATER CASH RESTRICTED FOR CAPITAL PROJECTS \$ 85,809,832

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2021**

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 14,044,420	\$ 6,500,353	\$ 735,220	\$ 7,235,573
STATE FUNDING	431,153	411,821	-	411,821
LOCAL FUNDING	362,153,605	205,008,701	118,223,168	323,231,869
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	\$ 376,629,178	\$ 211,920,875	\$ 118,958,388	\$ 330,879,263

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WASTE MANAGEMENT

ENTERPRISE FUND

WASTE MANAGEMENT ENTERPRISE FUND

The Waste Management Enterprise Fund provides citywide residential automated, manual and special solid waste collections, providing containers for residents to dispose of large quantities of yard debris, centralizing the City's recycling effort, operating a city landfill, and serving as a conduit between the City and the Southeastern Public Service Authority, which is the agency responsible for the regional waste disposal program.

**CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

Current Assets:

Cash and Investments	\$ 12,203,773
Accounts Receivable - Net of Estimated Uncollectibles	6,232,273
Total Current Assets	<u>18,436,046</u>

Non-current Assets:

Capital Assets:

Machinery and Equipment	19,832,560
General Site Improvements Other Than Buildings	393,389
Building	8,730
Less: Accumulated Depreciation	<u>(12,941,698)</u>
Total Capital Assets	<u>7,292,981</u>
Total Non-current Assets	<u>7,292,981</u>
Total Assets	<u>25,729,027</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows for Pensions	2,038,114
Deferred Outflows for OPEB	397,428
Total Deferred Outflow of Resources	<u>2,435,542</u>

LIABILITIES

Current Liabilities:

Vouchers and Accounts Payable	1,515,833
Current Portion of Long-term Liabilities	707,773
Total Current Liabilities	<u>2,223,606</u>

Long-Term Liabilities (less current portion):

Net OPEB Liability	1,221,370
Net Pension Liability	6,936,160
Accrued Compensated Leave	256,152
Total Long-Term Liabilities (less current portion)	<u>8,413,682</u>
Total Liabilities	<u>10,637,288</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows for OPEB	617,564
Total Deferred Inflow of Resources	<u>617,564</u>

NET POSITION

Net Investment in Capital Assets	7,292,981
Unrestricted (deficit)	<u>9,616,736</u>
Total Net Position	<u>\$ 16,909,717</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

<u>OPERATING REVENUES</u>	
Service Charges	\$ 37,316,219
Miscellaneous	973,933
Total Operating Revenues	<u>38,290,152</u>
<u>OPERATING EXPENSES</u>	
Cost of Goods Sold	243,835
Personal Services	11,769,083
Contractual Services	15,244,587
Internal Services	5,415,652
Other Charges	3,298,486
Depreciation	3,593,951
Total Operating Expenses	<u>39,565,594</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(1,275,442)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest Income	60,380
Gain (Loss) From Sale of Assets	(94,523)
From Commonwealth	40,955
Total Nonoperating Revenues (Expenses)	<u>6,812</u>
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	<u>(1,268,630)</u>
Capital Contributions	3,908
Transfers In	2,400,000
<u>CHANGE IN NET POSITION</u>	<u>3,908</u>
<u>TOTAL NET POSITION - BEGINNING</u>	<u>15,774,439</u>
<u>TOTAL NET POSITION - ENDING</u>	<u>\$ 16,909,717</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 36,509,885
Other Operating Cash Receipts	973,933
Cash Payments to Suppliers of Goods and Services	(24,325,132)
Cash Payments to Employees for Services	(10,911,632)
Net Cash Provided (Used) By Operating Activities	<u>2,247,054</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Intergovernmental Receipts	40,955
Receipts from other Funds	2,400,000
Net Cash Provided (Used) By Noncapital Financing Activities	<u>2,440,955</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and Construction of Capital Assets	(4,839,242)
Lost from Sale of Salvage	(94,523)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(4,933,765)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>60,380</u>
Net Increase (Decrease) in Cash and Investments	(185,376)
Cash and Investments, July 1	<u>12,389,149</u>
Cash and Investments, June 30	<u>12,203,773</u>

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

Operating Income (Loss)	(1,275,442)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	3,593,951
Net changes in assets and liabilities:	
Accounts Receivable	(806,334)
Deferred Outflow of Resources	(723,262)
Vouchers and Accounts Payable	(122,572)
Deferred Inflow of Resources	(67,677)
Accrued Compensated Leave	(79,823)
Net Pension Liability	1,422,623
Net OPEB Liability	305,590
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,247,054</u>

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Positive (Negative)
<u>Program Support</u>			
Personal Services	\$ 700,429	\$ 572,304	\$ 128,125
Fringe Benefits	273,537	233,018	40,519
Contractual Services	288,465	150,344	138,121
Internal Services	87,646	75,753	11,893
Other Charges	132,038	34,388	97,650
Total Program Support	1,482,115	1,065,807	416,308
<u>Bureau of Waste Disposal</u>			
Personal Services	777,790	780,749	(2,959)
Fringe Benefits	207,803	203,541	4,262
Contractual Services	8,888,134	10,051,901	(1,163,767)
Internal Services	378,949	356,837	22,112
Other Charges	251,850	198,370	53,480
Total Bureau of Waste Disposal	10,504,526	11,591,398	(1,086,872)
<u>Bureau of Waste Collections</u>			
Personal Services	6,094,684	6,059,035	35,649
Fringe Benefits	2,219,476	2,223,622	(4,146)
Contractual Services	162,133	138,670	23,463
Internal Services	5,114,884	4,836,844	278,040
Other Charges	387,623	702,301	(314,678)
Total Bureau of Waste Collections	13,978,800	13,960,472	18,328
<u>Yard Debris & Hazardous Household Waste</u>			
Personal Services	358,758	351,247	7,511
Fringe Benefits	82,139	91,590	(9,451)
Contractual Services	1,703,310	561,125	1,142,185
Internal Services	154,168	145,609	8,559
Other Charges	37,491	8,886	28,605
Total Yard Debris & Hazardous Household Waste	2,335,866	1,158,457	1,177,409
<u>Recycling</u>			
Personal Services	182,160	146,350	35,810
Fringe Benefits	56,153	54,021	2,132
Contractual Services	4,324,234	4,342,546	(18,312)
Internal Services	1,414	609	805
Other Charges	45,154	39,645	5,509
Total Recycling	4,609,115	4,583,171	25,944
<u>General Fund Charges</u>			
Direct Costs Allocation	1,897,952	1,555,829	342,123
Landfill	228,307	228,307	-
Total General Fund Charges	2,126,259	1,784,136	342,123
<u>Other Charges</u>			
Retiree Health Insurance	173,929	116,333	57,596
Water and Sewer Billing System Charges	774,595	774,595	-
Net Deferred Retirement Contributions	-	1,085,195	(1,085,195)
Net Deferred OPEB Contributions	-	(147,921)	147,921
Total Other Charges	948,524	1,828,202	(879,678)
Total Budgeted Operating Expenses	\$ 35,985,205	\$ 35,971,643	\$ 13,562

Note: Total General Fund Charges reclassified as Other Charges.

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

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DEVELOPMENT AUTHORITY
ENTERPRISE FUND

DEVELOPMENT AUTHORITY ENTERPRISE FUND

The Development Authority Enterprise Fund (Authority) was established for the specific purpose of attracting new industries and the expansion of existing industries. The Authority's Commissioners are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the Authority facilitates economic development projects as approved by City Council. The Development Authority is presented as a blended component unit and is included in the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the Authority's financial records.

**CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2021**

ASSETS

Current Assets:	
Cash and Investments	\$ 9,294,572
Accounts Receivable - Net	3,424,148
Total Current Assets	<u>12,718,720</u>
Non-current Assets:	
Cash and Investments - Restricted	6,286,342
Due From Other Funds	5,984,609
Notes Receivable	665,719
Land Held for Resale	41,295,864
Capital Assets:	
Land	29,657,866
Buildings	145,408,109
Construction in Progress	675,571
Machinery and Equipment	1,900,510
Less: Accumulated Depreciation	<u>(47,653,759)</u>
Total Capital Assets	<u>129,988,297</u>
Total Non-current Assets	<u>184,220,831</u>
Total Assets	<u>196,939,551</u>

DEFERRED OUTFLOWS OF RESOURCES

Debt Refundings Resulting in Loss Transactions	<u>622,478</u>
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LIABILITIES

Current Liabilities:	
Vouchers and Accounts Payable	9,700,715
Accrued Interest Payable	564,723
Current Portion of Long-term Liabilities	<u>8,472,655</u>
Total Current Liabilities	<u>18,738,093</u>
Long-Term Liabilities:	
Notes Payable to City of Virginia Beach	665,719
Public Facility Revenue Bonds	34,555,744
Premium on Revenue Bonds	<u>2,225,893</u>
Total Long-Term Liabilities	<u>37,447,356</u>
Total Liabilities	<u>56,185,449</u>

DEFERRED INFLOWS OF RESOURCES

Debt Refundings Resulting in Gain Transactions	<u>626,398</u>
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NET POSITION

Net Investment in Capital Assets	84,764,365
Restricted for Debt Service	6,747,813
Unrestricted	<u>49,238,004</u>
Total Net Position	<u>\$ 140,750,182</u>

CITY OF VIRGINIA BEACH, VIRGINIA
 DEVELOPMENT AUTHORITY ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES

Charges for Services	\$ 1,987,705
Miscellaneous	2,078,179
Total Operating Revenues	<u>4,065,884</u>

OPERATING EXPENSES

Contractual Services	7,078,103
Cost of Land Sold	2,716,596
Depreciation	3,815,677
Total Operating Expenses	<u>13,610,376</u>

OPERATING INCOME (LOSS)(9,544,492)**NONOPERATING REVENUES (EXPENSES)**

Interest Income	18,412
Payment Under Support Agreement	20,335,725
Interest and Fiscal Charges	(1,647,352)
Total Nonoperating Revenues	<u>18,706,785</u>

CHANGE IN NET POSITION

9,162,293

TOTAL NET POSITION - BEGINNING131,587,889**TOTAL NET POSITION - ENDING**\$ 140,750,182

**CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from Customers and Users	\$ 6,341,104
Payments for Interfund Services Provided	(2,563,417)
Other Operating Cash Receipts (Disbursements)	(8,891)
Cash Payments to Suppliers of Goods and Services	<u>(10,580,971)</u>
Net Cash Provided (Used) By Operating Activities	<u>(6,812,175)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital Contributions	14,743,167
Acquisition of Capital Assets	(533,780)
Interest Paid on Long-term Debt	(2,738,884)
Principal Paid on Capital Debt	<u>(7,373,672)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>4,096,831</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest and Dividends Received	<u>18,412</u>
Net Increase (Decrease) in Cash and Investments	(2,696,932)
Cash and Investments, July 1	<u>18,277,846</u>
Cash and Investments, June 30	<u><u>15,580,914</u></u>

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

Operating Income (Loss)	(9,544,492)
Adjustments to Reconcile Operating Loss to Net Cash Provided By Operating Activities:	
Depreciation Expense	3,815,677
Net changes in assets and liabilities:	
Intergovernmental Receivables	458,302
Land Inventory	2,664,960
Vouchers and Accounts Payable	<u>(4,206,622)</u>
Net Cash Provided (Used) By Operating Activities	<u><u>(6,812,175)</u></u>

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>City Garage</u>	<u>Risk Management</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Investments	\$ 4,948,847	\$ 38,783,767
Accounts Receivable	-	-
Inventory	3,003,423	-
Total Current Assets	<u>7,952,270</u>	<u>38,783,767</u>
Noncurrent Assets:		
Capital Assets:		
Site Improvements	265,782	-
Machinery and Equipment	5,339,143	-
Less: Accumulated Depreciation	<u>(3,424,174)</u>	<u>-</u>
Net Property, Plant and Equipment	<u>2,180,751</u>	<u>-</u>
Total Assets	<u>10,133,021</u>	<u>38,783,767</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows for Pensions	1,682,987	154,402
Deferred Outflows for OPEB	<u>205,041</u>	<u>17,720</u>
Total Deferred Outflows of Resources	<u>1,888,028</u>	<u>172,122</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Vouchers and Accounts Payable	290,439	298,242
Due to Other Funds	-	-
Current Portion of Long-term Liabilities	<u>-</u>	<u>10,756,022</u>
Total Current Liabilities	<u>290,439</u>	<u>11,054,264</u>
Noncurrent Liabilities:		
Compensated Absences	437,840	403
Claims and Contingencies	-	34,913,303
Net Pension Liability	5,727,586	525,467
Net OPEB Liability	<u>630,136</u>	<u>54,456</u>
Total Noncurrent Liabilities	<u>6,795,562</u>	<u>35,493,629</u>
Total Liabilities	<u>7,086,001</u>	<u>46,547,893</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows for OPEB	<u>318,616</u>	<u>27,536</u>
Total Deferred Inflows of Resources	<u>318,616</u>	<u>27,536</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	2,180,751	-
Unrestricted (deficit)	<u>2,435,681</u>	<u>(7,619,540)</u>
Total Net Position	<u>\$ 4,616,432</u>	<u>\$ (7,619,540)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 2,357,416	\$ 3,444,898	\$ -	\$ 49,534,928
-	53	-	53
-	-	-	3,003,423
<u>2,357,416</u>	<u>3,444,951</u>	<u>-</u>	<u>52,538,404</u>
-	-	-	265,782
2,855,523	-	917,208	9,111,874
(2,504,819)	-	(744,703)	(6,673,696)
<u>350,704</u>	<u>-</u>	<u>172,505</u>	<u>2,703,960</u>
<u>2,708,120</u>	<u>3,444,951</u>	<u>172,505</u>	<u>55,242,364</u>
756,572	293,365	-	2,887,326
172,133	25,314	-	420,208
<u>928,705</u>	<u>318,679</u>	<u>-</u>	<u>3,307,534</u>
134,202	44,701	47,942	815,526
-	-	800,780	800,780
72,895	59,351	-	10,888,268
<u>207,097</u>	<u>104,052</u>	<u>848,722</u>	<u>12,504,574</u>
-	48,981	-	487,224
-	-	-	34,913,303
2,574,787	998,387	-	9,826,227
529,001	77,793	-	1,291,386
<u>3,103,788</u>	<u>1,125,161</u>	<u>-</u>	<u>46,518,140</u>
<u>3,310,885</u>	<u>1,229,213</u>	<u>848,722</u>	<u>59,022,714</u>
267,480	39,336	-	652,968
<u>267,480</u>	<u>39,336</u>	<u>-</u>	<u>652,968</u>
350,703	-	172,505	2,703,959
(292,243)	2,495,081	(848,722)	(3,829,743)
<u>\$ 58,460</u>	<u>\$ 2,495,081</u>	<u>\$ (676,217)</u>	<u>\$ (1,125,784)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>City Garage</u>	<u>Risk Management</u>
<u>OPERATING REVENUES</u>		
Billings to Departments	\$ 18,544,598	\$ 17,016,452
Insurance Recovery	9,884	814,804
Total Operating Revenues	<u>18,554,482</u>	<u>17,831,256</u>
<u>OPERATING EXPENSES</u>		
Cost of Goods Sold	8,437,564	-
Personal Services	6,370,558	483,519
Contractual Services	799,817	55,603
Internal Services	339,437	10,719
Other Charges	852,023	14,281,260
Depreciation	481,098	-
Total Operating Expenses	<u>17,280,497</u>	<u>14,831,101</u>
<u>OPERATING INCOME (LOSS)</u>	<u>1,273,985</u>	<u>3,000,155</u>
<u>NONOPERATING REVENUES (EXPENSES) AND TRANSFERS</u>		
Interest Income	99,102	327,713
Gain (Loss) on Disposition of Assets	65,003	-
Transfers Out	-	-
Total Nonoperating Revenues (Expenses)	<u>164,105</u>	<u>327,713</u>
<u>CHANGE IN NET POSITION</u>	<u>1,438,090</u>	<u>3,327,868</u>
<u>TOTAL NET POSITION - BEGINNING</u>	<u>3,178,342</u>	<u>(10,947,408)</u>
<u>TOTAL NET POSITION - ENDING</u>	<u><u>\$ 4,616,432</u></u>	<u><u>\$ (7,619,540)</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 4,479,888	\$ 2,943,592	\$ 2,308,151	\$ 45,292,681
-	-	-	824,688
4,479,888	2,943,592	2,308,151	46,117,369
-	-	-	8,437,564
3,280,308	1,132,385	-	11,266,770
501,317	592,063	2,481,951	4,430,751
485,862	28,662	-	864,680
290,230	494,738	821,145	16,739,396
144,360	-	36,663	662,121
4,702,077	2,247,848	3,339,759	42,401,282
(222,189)	695,744	(1,031,608)	3,716,087
16,635	16,308	40,195	499,953
(458)	-	-	64,545
-	(2,250,000)	(4,600,000)	(6,850,000)
16,177	(2,233,692)	(4,559,805)	(6,285,502)
(206,012)	(1,537,948)	(5,591,413)	(2,569,415)
264,472	4,033,029	4,915,196	1,443,631
\$ 58,460	\$ 2,495,081	\$ (676,217)	\$ (1,125,784)

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	City Garage	Risk Management
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers and Users	\$ 18,554,482	\$ 17,831,256
Cash Payments to Suppliers of Goods and Services	(11,325,629)	(14,491,824)
Cash Payments to Employees for Services	(5,806,849)	634,620
Net Cash Provided (Used) By Operating Activities	<u>1,422,004</u>	<u>3,974,052</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>		
Receipts from Other Funds	-	-
Payments to Other Funds	-	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>-</u>	<u>-</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition and Construction of Capital Assets	(1,589,162)	-
Proceeds from Sale of Salvage	65,003	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(1,524,159)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and Dividends Received	99,102	327,713
Net Increase (Decrease) in Cash and Temporary Investments	(3,053)	4,301,765
Cash and Temporary Investments, July 1	4,951,900	34,482,002
Cash and Temporary Investments, June 30	<u>4,948,847</u>	<u>38,783,767</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating Income	1,273,985	3,000,155
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Depreciation Expense	481,098	-
Net Changes in assets and liabilities:		
Accounts Receivable	-	-
Inventory	(631,658)	-
Deferred Outflow of Resources	(587,331)	(53,796)
Vouchers and Accounts Payable	(265,130)	(144,242)
Net Pension Liability	1,174,741	107,775
Net OPEB Liability	166,282	13,625
Deferred Inflow of Resources	(94,037)	(8,965)
Estimated Claims and Judgments	-	1,055,585
Accrued Compensated Leave	(95,946)	3,915
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,422,004</u>	<u>\$ 3,974,052</u>

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 4,479,888	\$ 2,943,570	\$ 2,308,151	\$ 46,117,347
(1,192,914)	(1,077,812)	(3,674,562)	(31,762,741)
(2,922,731)	(1,024,334)	-	(9,119,294)
364,243	841,424	(1,366,411)	5,235,312
-	(2,250,000)	(4,600,000)	(6,850,000)
-	-	800,780	800,780
-	(2,250,000)	(3,799,220)	(6,049,220)
458	-	(199,896)	(1,788,600)
(458)	-	-	64,545
-	-	(199,896)	(1,724,055)
16,635	16,308	40,195	499,953
380,878	(1,392,268)	(5,325,332)	(2,038,010)
1,976,538	4,837,166	5,325,332	51,572,938
2,357,416	3,444,898	-	49,534,928
(222,189)	695,744	(1,031,608)	3,716,087
144,360	-	36,663	662,121
-	(22)	-	(22)
-	-	-	(631,658)
(270,463)	(101,540)	-	(1,013,130)
84,495	37,651	(371,466)	(658,692)
528,095	204,772	-	2,015,383
132,358	19,464	-	331,729
(17,498)	(19,623)	-	(140,123)
-	-	-	1,055,585
(14,915)	4,978	-	(101,968)
\$ 364,243	\$ 841,424	\$ (1,366,411)	\$ 5,235,312

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TRUST AND CUSTODIAL FUNDS

TRUST FUNDS and CUSTODIAL FUNDS

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

The City has the following Trust Funds:

Other Postemployment Benefits – established by the City in accordance with Article 8, Chapter 15, Subtitle II of Title 15.2, of the Virginia Code, for the purpose of accumulating and investing assets to fund OPEB obligations.

The City has the following Custodial Funds:

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

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

Sheriff's Inmate Fund - funds are held on behalf of the inmates to cover charges while they are in jail. Funds are returned directly to the inmates upon their removal from jail.

**CITY OF VIRGINIA BEACH, VIRGINIA
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Sheriff's Inmate Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Investments	\$ 25,728	\$ 198,802	\$ 251,334	\$ 475,864
<u>LIABILITIES</u>				
Due to Commonwealth	25,728	-	-	25,728
<u>NET POSITION</u>				
Restricted for Individuals, Organizations & Others	\$ -	\$ 198,802	\$ 251,334	\$ 450,136

**CITY OF VIRGINIA BEACH, VIRGINIA
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Sheriff's Inmate Accounts</u>	<u>Total</u>
ADDITIONS				
State Receipts for Other Individuals	\$ -	\$ 285,113	\$ -	\$ 285,113
Deposits on Accounts	-	-	1,590,864	1,590,864
Unclaimed Property Transfers from City and School Funds	1,560,402	-	-	1,560,402
Total Additions	<u>1,560,402</u>	<u>285,113</u>	<u>1,590,864</u>	<u>3,436,379</u>
DEDUCTIONS				
Payments to Other Individuals	-	276,115	1,518,132	1,794,247
Unclaimed Property Remittance to State	1,560,402	-	-	1,560,402
Total Deductions	<u>1,560,402</u>	<u>276,115</u>	<u>1,518,132</u>	<u>3,354,649</u>
 Change in Net Position	 <u>-</u>	 <u>8,998</u>	 <u>72,732</u>	 <u>81,730</u>
 Net Position - Beginning - Restated	 <u>-</u>	 <u>189,804</u>	 <u>178,602</u>	 <u>368,406</u>
Net Position - Ending	<u>\$ -</u>	<u>\$ 198,802</u>	<u>\$ 251,334</u>	<u>\$ 450,136</u>

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DISCRETELY PRESENTED

SCHOOL BOARD

COMPONENT UNIT

DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT

Major Governmental Funds:

School Operating Fund - is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

School Grants Special Revenue Fund - accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

School Textbooks Special Revenue Fund - accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

School Capital Projects Fund - accounts for all revenues and expenditures related to the construction of the School's fixed assets and infrastructure.

Nonmajor Governmental Funds:

School Cafeterias - accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

School Communication Towers/Technology - accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

School Vending Operations - accounts for the receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

School Equipment Replacement - accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

Internal Service Funds:

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

School Health Insurance - provides health insurance and the administration thereof for the School Board and City employees.

Fiduciary Funds:

Other Postemployment Benefits Trust Fund - accounts for assets held by the School Board in a trustee capacity for others

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
<u>ASSETS</u>	
Current Assets:	
Cash and Temporary Investments	\$ 271,148,749
Accounts Receivable	2,336,609
Due from Commonwealth	9,769,337
Due from Federal Government	16,560,674
Inventories	803,694
Prepaid Items	661,362
Total Current Assets	<u>301,280,425</u>
Noncurrent Assets:	
Capital Assets:	
Land	38,968,372
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)	487,235,404
Construction in Progress	71,961,464
Total Noncurrent Assets	<u>598,165,240</u>
Total Assets	<u>899,445,665</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows from Pensions	184,202,119
Deferred Outflows from OPEB	29,553,919
Total Deferred Outflows of Resources	<u>213,756,038</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Salaries Payable	83,259,452
Vouchers and Accounts Payable	21,811,199
Deposits Payable	75,000
Due to Commonwealth	17,086
Due to Federal Government	87,914
Unearned Revenue	13,479,869
Long-term Liabilities (due within one year)	22,553,274
Total Current Liabilities	<u>141,283,794</u>
Noncurrent Liabilities:	
Net Pension Liability	748,825,120
Net OPEB Liability	147,744,327
Long-term Liabilities (due in more than one year)	39,232,824
Total Liabilities	<u>1,077,086,065</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows from Pensions	60,161,355
Deferred Inflows from OPEB	27,902,501
Total Deferred Inflows of Resources	<u>88,063,856</u>
<u>NET POSITION</u>	
Investment in Capital Assets	598,165,240
Restricted for:	
Grants	2,911,234
Cafeterias	8,899,538
Textbooks	8,291,593
School Activities	4,458,622
Unrestricted	<u>(674,674,445)</u>
Total Net Position (Deficit)	<u>\$ (51,948,218)</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expenses)
		Charges for	Operating	Capital	Revenues and
	Expenses	Services	Grants and	Grants and	Change In
			Contributions	Contributions	Net Position
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 614,301,579	\$ 1,320,810	\$ 153,684,408	\$ -	\$ (459,296,361)
Admin, Attendance, & Health	39,059,615	-	4,148,755	-	(34,910,860)
Pupil Transportation	38,763,178	422,965	-	-	(38,340,213)
Operations and Maintenance	105,015,813	167,000	48,319	-	(104,800,494)
Cafeterias	29,494,063	632,945	25,957,348	-	(2,903,770)
Technology	54,919,511	864,394	17,323,763	-	(36,731,354)
Total Governmental Activities	\$ 881,553,759	\$ 3,408,114	\$ 201,162,593	\$ -	\$ (676,983,052)

General Revenues:

Local Sources:

Local Government	\$ 416,765,494
Miscellaneous	2,792,203
Sale of Capital Assets	349,303

Federal and State Aid not Restricted to Specific Purposes:

State Basic Aid	183,758,757
State Sales Tax	87,120,778
Federal Impact Aid	14,948,341

Interest Earnings

	313,213
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Total General Revenues	<u>706,048,089</u>
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Change in Net Position	29,065,037
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Total Net Position - July 1	(85,463,864)
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Restatement adjustment	\$ 4,450,609
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Total Net Position - June 30	<u>\$ (51,948,218)</u>
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	School Operating	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and Investments	\$ 110,106,614	\$ -	\$ 8,819,016	\$ 25,825,562	\$ 17,650,122	\$ 162,401,314
Accounts Receivable	169,259	94,704	65,633	-	-	329,596
Due from Other Funds	3,050,670	-	-	-	-	3,050,670
Due from Commonwealth	9,423,800	345,537	-	-	-	9,769,337
Due from Federal Government	86,611	14,342,470	2,131,593	-	-	16,560,674
Inventories	-	-	803,694	-	-	803,694
Prepaid Items	396,015	-	249	-	-	396,264
Total Assets	<u>123,232,969</u>	<u>14,782,711</u>	<u>11,820,185</u>	<u>25,825,562</u>	<u>17,650,122</u>	<u>193,311,549</u>
<u>LIABILITIES</u>						
Salaries Payable	78,628,235	3,400,625	1,202,782	22,493	-	83,254,135
Vouchers and Accounts Payable	6,929,500	1,180,331	199,576	10,887,731	51,961	19,249,099
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds	-	3,050,670	-	-	-	3,050,670
Due to Commonwealth	12,588	4,498	-	-	-	17,086
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenues	265,458	4,235,353	714,346	-	-	5,215,157
Total Liabilities	<u>85,835,781</u>	<u>11,871,477</u>	<u>2,116,704</u>	<u>10,998,138</u>	<u>126,961</u>	<u>110,949,061</u>
<u>FUND BALANCES</u>						
Nonspendable	396,015	-	803,943	-	-	1,199,958
Restricted	-	2,911,234	8,899,538	-	12,750,215	24,560,987
Committed	-	-	-	14,827,424	4,772,946	19,600,370
Assigned	37,001,173	-	-	-	-	37,001,173
Total Fund Balances	<u>37,397,188</u>	<u>2,911,234</u>	<u>9,703,481</u>	<u>14,827,424</u>	<u>17,523,161</u>	<u>82,362,488</u>
Total Liabilities and Fund Balances	<u>\$ 123,232,969</u>	<u>\$ 14,782,711</u>	<u>\$ 11,820,185</u>	<u>\$ 25,825,562</u>	<u>\$ 17,650,122</u>	<u>\$ 193,311,549</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 44)
are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$	82,362,488
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Capital assets used in governmental activities are not financial resources and, therefore,
are not reported in the governmental funds.

Cost of Capital Assets	1,096,506,337	
Less: Accumulated Depreciation	(498,341,097)	598,165,240

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

Compensated Absences	(43,191,006)
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Internal Service Funds are used to account for the risk management and health insurance
programs; and related charges to the various governmental funds. The assets and
liabilities of the Internal Service Funds are included in governmental activities in the
Statement of Net Position.

Total Assets	111,019,546	
Less: Total Liabilities	(29,427,221)	81,592,325
Total Net Position		

GAAP accounting for Pensions was implemented in Fiscal Year 2015. Pensions are not
reported in the governmental funds.

Net Pension Liability	(748,825,120)	
Deferred Outflows of Resources	184,202,119	
Deferred Inflows of Resources	(60,161,355)	(624,784,356)

GAAP accounting for OPEB was implemented in Fiscal Year 2018. OPEB is not reported
in the governmental funds.

Net OPEB Liability	(147,744,327)	
Deferred Outflows of Resources	29,553,919	
Deferred Inflows of Resources	(27,902,501)	(146,092,909)

Total Net Position - Governmental Activities (Exhibit 42)	\$	(51,948,218)
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CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	School Operating	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
From Use of Money and Property	\$ 167,000	\$ -	\$ 60,081	\$ -	\$ 739,873	\$ 966,954
Charges for Services	561,027	-	154,096	-	70,263	785,386
Miscellaneous	1,673,825	461,612	583,121	-	2,504,245	5,222,803
From Local Government	389,560,485	-	-	27,205,009	-	416,765,494
From Commonwealth	383,043,717	8,674,069	350,119	-	4,035,589	396,103,494
From Federal Government	18,243,225	46,574,908	25,607,229	-	-	90,425,362
Total Revenues	793,249,279	55,710,589	26,754,646	27,205,009	7,349,970	910,269,493
<u>EXPENDITURES</u>						
Current:						
Instruction	570,086,492	41,213,311	-	2,076,352	3,561,779	616,937,934
Admin, Attendance, & Health	35,037,931	2,402,346	-	-	-	37,440,277
Pupil Transportation	35,476,247	41,033	-	-	-	35,517,280
Operations and Maintenance	87,876,518	2,391,334	-	9,859,400	-	100,127,252
Cafeterias	-	317,909	27,536,051	-	-	27,853,960
Technology	36,838,772	12,780,208	91,887	344,016	2,834,231	52,889,114
Capital Outlay	-	-	-	40,808,970	-	40,808,970
Total Expenditures	765,315,960	59,146,141	27,627,938	53,088,738	6,396,010	911,574,787
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	27,933,319	(3,435,552)	(873,292)	(25,883,729)	953,960	(1,305,294)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	-	3,994,446	-	-	-	3,994,446
Transfers Out	(5,994,446)	-	-	-	-	(5,994,446)
Sale of Capital Assets	347,855	-	-	1,448	-	349,303
Total Other Financing Sources (Uses)	(5,646,591)	3,994,446	-	1,448	-	(1,650,697)
<u>NET CHANGES IN FUND BALANCES</u>	22,286,728	558,894	(873,292)	(25,882,281)	953,960	(2,955,991)
<u>FUND BALANCES - JULY 1</u>	15,110,460	2,352,340	10,576,773	40,709,705	12,118,592	80,867,870
<u>RESTATEMENT OF FUND BALANCE</u>	-	-	-	-	4,450,609	4,450,609
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 37,397,188</u>	<u>\$ 2,911,234</u>	<u>\$ 9,703,481</u>	<u>\$ 14,827,424</u>	<u>\$ 17,523,161</u>	<u>\$ 82,362,488</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 45) are different from amounts reported for governmental funds in this exhibit because:

Net Change in Fund Balances - Governmental Funds (this exhibit)	\$	(2,955,991)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.

24,402,237

Compensated absences (annual, sick, and personal leave) are reported in governmental funds as expenditures, which are measured by the amount of financial resources used (essentially, the amounts actually paid). However, for governmental activities, those costs are shown and measured by the net of the amounts of leave used and earned for the fiscal year in the Statement of Activities.

Leave Used	8,438,190	
Leave Earned	<u>(12,660,784)</u>	(4,222,594)

Internal Service Funds are used to account for the risk management and health insurance programs, and related charges to the various governmental funds. The change in net position for the Internal Service Funds for the fiscal year is reported with governmental activities in the Statement of Activities.

Risk Management Transfer	2,000,000	
Risk Management	(1,498,687)	
Health Insurance	<u>3,197,726</u>	3,699,039

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf" of debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf" of debt at June 30, 2021. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.

21,848,611

GAAP accounting for Pensions was implemented in Fiscal Year 2015. This amount is the Pension Expense and Deferred Outflow (pension contributions paid) for the fiscal year.

Pension Expense	(70,000,120)	
Deferred Inflow	14,725,645	
Deferred Outflow	<u>43,029,119</u>	(12,245,356)

GAAP accounting for OPEB was implemented in Fiscal Year 2018. This amount is the OPEB Expense and Deferred Outflow (OPEB contributions paid) for the fiscal year.

OPEB Expense	5,001,673	
Deferred Inflow	(2,808,501)	
Deferred Outflow	<u>(3,654,081)</u>	(1,460,909)

Change in Net Position of governmental activities in the Statement of Activities (Exhibit 43)

\$ 29,065,037

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	School Activity	Totals
<u>ASSETS</u>						
Cash and Investments	\$ 8,322,373	\$ 3,791,446	\$ 104,007	\$ 973,674	\$ 4,458,622	\$ 17,650,122
Total Assets	8,322,373	3,791,446	104,007	973,674	4,458,622	17,650,122
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Vouchers and Accounts Payable	30,780	-	-	21,181	-	51,961
Deposits Payable	-	75,000	-	-	-	75,000
Total Liabilities	30,780	75,000	-	21,181	-	126,961
Fund Balances:						
Restricted	8,291,593	-	-	-	4,458,622	12,750,215
Committed	-	3,716,446	104,007	952,493	-	4,772,946
Total Fund Balances	8,291,593	3,716,446	104,007	952,493	4,458,622	17,523,161
Total Liabilities and Fund Balances	\$ 8,322,373	\$ 3,791,446	\$ 104,007	\$ 973,674	\$ 4,458,622	\$ 17,650,122

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	School Activity	Totals
<u>REVENUES</u>						
From Use of Money and Property	\$ 45,011	\$ 677,578	\$ 7,972	\$ 7,446	\$ 1,866	\$ 739,873
Charges for Services	-	-	70,263	-	-	70,263
Miscellaneous	2,982	-	-	-	2,501,263	2,504,245
From Commonwealth	4,035,589	-	-	-	-	4,035,589
Total Revenues	4,083,582	677,578	78,235	7,446	2,503,129	7,349,970
<u>EXPENDITURES</u>						
Instruction	1,030,663	-	36,000	-	2,495,116	3,561,779
Technology	2,634,696	-	-	199,535	-	2,834,231
Total Expenditures	3,665,359	-	36,000	199,535	2,495,116	6,396,010
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	418,223	677,578	42,235	(192,089)	8,013	953,960
<u>NET CHANGE IN FUND BALANCES</u>	418,223	677,578	42,235	(192,089)	8,013	953,960
<u>FUND BALANCES - JULY 1</u>	7,873,370	3,038,868	61,772	1,144,582	-	12,118,592
RESTATEMENT OF FUND BALANCE	-	-	-	-	4,450,609	4,450,609
<u>FUND BALANCES - JUNE 30</u>	<u>\$ 8,291,593</u>	<u>\$ 3,716,446</u>	<u>\$ 104,007</u>	<u>\$ 952,493</u>	<u>\$ 4,458,622</u>	<u>\$ 17,523,161</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	School Risk Management	School Health Insurance	Totals
<u>ASSETS</u>			
Cash and Investments	\$ 17,846,580	\$ 90,900,855	\$ 108,747,435
Accounts Receivable	3,943	2,003,070	2,007,013
Prepaid Items	265,098	-	265,098
Total Assets	<u>18,115,621</u>	<u>92,903,925</u>	<u>111,019,546</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Salaries Payable	870	4,447	5,317
Vouchers and Accounts Payable	329,305	2,232,795	2,562,100
Unearned Revenues	-	8,264,712	8,264,712
Estimated Claims and Judgments (due within one year)	7,542,819	6,403,500	13,946,319
Total Current Liabilities	<u>7,872,994</u>	<u>16,905,454</u>	<u>24,778,448</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	2,514,273	2,134,500	4,648,773
Total Liabilities	<u>10,387,267</u>	<u>19,039,954</u>	<u>29,427,221</u>
<u>NET POSITION</u>			
Unrestricted	<u>\$ 7,728,354</u>	<u>\$ 73,863,971</u>	<u>\$ 81,592,325</u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	School Risk Management	School Health Insurance	Totals
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 6,805,724	\$ 152,020,702	\$ 158,826,426
Miscellaneous Revenues	373,292	-	373,292
Total Operating Revenues	<u>7,179,016</u>	<u>152,020,702</u>	<u>159,199,718</u>
<u>OPERATING EXPENSES</u>			
Personnel Services	332,251	476,533	808,784
Fringe Benefits	113,410	186,518	299,928
Purchased Services	380,344	1,337,154	1,717,498
Other Charges	7,974,335	147,366,296	155,340,631
Total Operating Expenses	<u>8,800,340</u>	<u>149,366,501</u>	<u>158,166,841</u>
<u>OPERATING INCOME (LOSS)</u>	<u>(1,621,324)</u>	<u>2,654,201</u>	<u>1,032,877</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest Income	122,637	543,525	666,162
Total Nonoperating Revenues (Expenses)	<u>122,637</u>	<u>543,525</u>	<u>666,162</u>
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	(1,498,687)	3,197,726	1,699,039
<u>TRANSFERS IN</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
<u>CHANGE IN NET POSITION</u>	501,313	3,197,726	3,699,039
<u>TOTAL NET POSITION - JULY 1</u>	<u>7,227,041</u>	<u>70,666,245</u>	<u>77,893,286</u>
<u>TOTAL NET POSITION - JUNE 30</u>	<u>\$ 7,728,354</u>	<u>\$ 73,863,971</u>	<u>\$ 81,592,325</u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	School Risk Management	School Health Insurance	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from Customers and Users	\$ 7,180,371	\$ 152,503,679	\$ 159,684,050
Payments to Vendors for Goods and Services	(5,947,855)	(150,259,980)	(156,207,835)
Payments to Employees for Services	(444,927)	(658,744)	(1,103,671)
Net Cash Provided (Used) By Operating Activities	<u>787,589</u>	<u>1,584,955</u>	<u>2,372,544</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Intergovernmental Receipts	2,000,000	-	2,000,000
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest Received on Investments	<u>122,637</u>	<u>543,525</u>	<u>666,162</u>
Net Increase (Decrease) in Cash and Investments	2,910,226	2,128,480	5,038,706
Cash and Temporary Investments, July 1	<u>14,936,354</u>	<u>88,772,375</u>	<u>103,708,729</u>
Cash and Temporary Investments, June 30	<u><u>17,846,580</u></u>	<u><u>90,900,855</u></u>	<u><u>108,747,435</u></u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	(1,621,324)	2,654,201	1,032,877
Adjustments to Reconcile Operating Income (Loss) to Net Changes in Assets and Liabilities:			
Accounts Receivable	1,355	400,586	401,941
Prepaid Items	40,534	-	40,534
Salaries Payable	734	4,307	5,041
Vouchers and Accounts Payable	117,349	(1,839,530)	(1,722,181)
Unearned Revenue	-	82,391	82,391
Estimated Claims and Judgments	<u>2,248,941</u>	<u>283,000</u>	<u>2,531,941</u>
Total Adjustments	<u>2,408,913</u>	<u>(1,069,246)</u>	<u>1,339,667</u>
Net Cash Provided By Operating Activities	<u><u>\$ 787,589</u></u>	<u><u>\$ 1,584,955</u></u>	<u><u>\$ 2,372,544</u></u>

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Other Postemployment Benefits Trust Fund
<hr/>	
<u>ASSETS</u>	
Fixed Income	\$ 9,210,191
Stocks	23,683,348
Real Estate	3,070,064
Alternative Investments	7,894,450
Total Assets	<u>43,858,053</u>
<u>NET POSITION</u>	
Restricted for Postemployment Benefits Other than Pensions	<u><u>\$ 43,858,053</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	Other Postemployment Benefits Trust Fund
<hr/>	
<u>ADDITIONS</u>	
Contributions:	
Employer	\$ 6,160,668
Investment Earnings:	
Increase in Fair Value of Investments	10,143,922
Total Additions	16,304,590
<u>DEDUCTIONS</u>	
Benefits	6,160,668
Administrative Expenses	29,042
Total Deductions	6,189,710
Change in Net Position	10,114,880
Net Position at Beginning of Year	33,743,173
Net Position at End of Year	\$ 43,858,053

STATISTICAL SECTION

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends	249
These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	
Revenue Capacity	255
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	261
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	266
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	269
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	
Schedule of the Treasurer's Cash Accountability	271
This schedule contains information about the City's deposits and investments.	

Sources: Unless otherwise noted, the information in these schedules is derived from the ACFR for the relevant year.

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Table 1

CITY OF VIRGINIA BEACH, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 2,383,146,998	\$ 2,428,253,890	\$ 2,273,830,446	\$ 2,252,154,557	\$ 2,286,145,556	\$ 2,324,672,499	\$ 2,382,782,109	\$ 2,382,782,109	\$ 2,304,432,557	\$ 2,393,257,601
Restricted	38,529,754	40,925,256	272,044,037	343,675,422	362,820,736	347,382,648	67,047,985	68,166,411	71,573,421	77,885,069
Unrestricted	216,468,300	203,260,167	168,304,006	(171,554,644)	(122,670,333)	(84,470,897)	147,877,239	146,768,813	271,559,081	255,199,906
Total Governmental Activities Net Position	2,638,145,052	2,672,439,313	2,714,178,489	2,424,275,335	2,526,295,959	2,587,584,250	2,597,707,333	2,597,717,333	2,647,565,059	2,726,342,576
Business-type Activities										
Net Investment in Capital Assets	740,710,253	790,083,898	716,074,522	758,928,371	760,003,698	813,703,550	920,273,999	920,273,999	966,433,599	873,636,000
Restricted	134,288,475	132,851,393	249,548,491	212,357,644	259,716,984	246,364,646	25,178,718	25,178,718	25,757,255	28,120,678
Unrestricted	32,339,713	23,258,816	29,249,082	30,523,779	31,289,060	33,551,935	251,112,602	251,112,602	240,256,063	373,022,454
Total Business-type Activities Net Position	907,338,441	946,194,107	994,872,095	1,001,809,794	1,051,009,742	1,093,620,131	1,196,565,319	1,196,565,319	1,232,446,917	1,274,779,132
Primary Government										
Net Investment in Capital Assets	3,123,857,251	3,218,337,788	2,989,904,968	3,011,082,928	3,046,149,254	3,138,376,049	3,303,056,108	3,303,056,108	3,270,866,156	3,266,893,601
Restricted	172,818,229	173,776,649	521,592,528	556,033,066	622,537,720	593,747,294	92,226,703	93,345,129	97,330,676	106,005,747
Unrestricted	248,808,013	226,518,983	197,553,088	(141,030,865)	(91,381,273)	(50,918,962)	398,999,841	397,881,415	511,815,144	628,222,360
Total Primary Government Net Position	\$ 3,545,483,493	\$ 3,618,633,420	\$ 3,709,050,584	\$ 3,426,085,129	\$ 3,577,305,701	\$ 3,681,204,381	\$ 3,794,282,652	\$ 3,794,282,652	\$ 3,880,011,976	\$ 4,001,121,708

Source: City Department of Finance

Table 2

CITY OF VIRGINIA BEACH, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
Legislative	\$ 1,090,648	\$ 1,273,769	\$ 1,189,512	\$ 1,186,251	\$ 1,199,261	\$ 1,181,030	\$ 1,197,802	\$ 1,137,306	\$ 1,186,759	\$ 1,150,487
Executive	2,780,170	2,596,006	2,498,694	2,621,111	3,788,704	4,185,699	4,291,911	4,989,525	5,148,732	5,061,684
Law	3,666,859	3,679,233	3,937,096	3,776,063	3,763,766	3,978,553	4,407,207	4,398,166	4,646,337	4,700,230
Finance	17,775,815	18,012,581	18,521,840	17,241,258	17,077,306	18,382,696	18,914,577	19,369,244	19,589,053	23,525,882
Human Resources	9,055,986	9,916,732	10,479,994	11,031,258	11,750,627	11,264,020	11,839,137	12,409,897	12,303,650	4,714,497
Judicial	51,871,482	53,427,866	56,389,216	54,160,608	56,308,364	61,622,028	61,571,616	63,543,647	70,800,824	70,800,824
Health	2,931,361	2,871,475	3,126,176	3,215,269	3,179,240	3,391,817	3,438,812	3,702,796	3,690,540	3,987,416
Police	89,806,841	94,306,684	98,885,662	96,431,059	93,988,335	101,644,605	99,016,027	97,153,874	90,164,472	111,032,033
Human Services	112,331,388	108,913,384	110,266,430	110,140,108	109,133,459	116,434,440	114,896,878	121,506,719	125,692,508	126,378,186
Public Works	195,557,135	197,205,942	201,565,478	151,146,960	175,477,790	173,634,278	182,099,702	221,572,129	184,476,409	180,759,392
Parks and Recreation	42,619,362	44,461,864	46,944,369	46,372,607	45,082,490	47,512,722	52,804,501	53,773,326	53,769,232	47,365,473
Library	15,639,419	16,135,167	17,811,215	17,581,450	17,001,977	18,354,780	16,876,449	16,876,449	18,321,890	17,775,399
Planning	9,454,772	9,390,272	9,788,352	9,963,622	9,689,950	11,162,446	19,392,297	18,951,218	19,600,411	10,136,563
Agriculture	811,303	882,778	889,198	1,249,439	1,427,900	4,605,108	3,327,833	3,429,550	3,505,824	989,561
Economic Development	2,195,509	942,848	1,531,524	1,624,276	2,076,114	1,562,948	4,463,692	2,460,004	130,286	10,270,726
Convention and Visitor Development	25,211,870	24,259,211	21,970,212	29,153,694	25,836,560	28,761,957	29,398,089	30,880,566	25,952,164	25,827,302
Cultural Affairs	-	-	-	-	-	-	-	-	3,156,488	2,030,069
Information Technology	27,113,853	28,524,903	35,271,946	33,630,014	33,641,832	38,964,868	43,482,116	38,010,079	37,031,425	40,478,404
Emergency Communications and Citizen Services	8,644,135	8,585,726	8,948,709	8,750,026	8,140,536	8,970,142	8,883,445	8,883,445	7,651,383	8,810,286
Boards and Commissions	30,813,011	28,150,540	28,205,251	29,450,284	30,230,164	34,738,707	26,461,340	28,038,995	23,022,240	-
Fire	48,604,326	49,299,627	52,577,157	49,680,380	50,306,088	57,104,376	58,983,144	59,205,902	52,187,797	66,743,662
Budget and Management Services	1,488,732	1,600,743	1,466,132	1,420,917	1,415,041	1,365,506	1,341,640	1,263,505	1,304,787	1,199,201
Education	346,343,221	371,831,366	376,409,572	390,015,055	398,127,741	396,304,003	423,487,979	430,808,133	444,610,435	393,805,472
Housing and Neighborhood Preservation	25,102,010	27,094,230	26,185,221	26,348,557	26,300,165	28,328,394	28,485,380	31,587,077	33,576,690	38,434,839
Museums	9,524,054	9,557,237	10,314,480	10,704,799	10,841,342	11,113,741	10,775,551	11,115,822	10,318,444	10,524,870
Emergency Medical Services	8,667,955	8,911,501	10,052,359	10,028,682	10,201,025	12,532,240	12,591,888	13,018,124	11,506,086	16,191,211
Strategic Growth Area	1,011,323	940,819	1,254,362	1,102,864	638,519	-	-	-	-	-
General Government	6,689,626	7,285,087	1,657,913	2,095,946	1,826,647	29,602,051	3,705,291	8,269,691	55,756,467	151,934,189
Interest on Long-term Debt	48,481,522	35,483,724	32,290,625	33,395,513	33,580,400	29,625,762	24,905,558	24,541,657	24,527,747	26,720,618
Total Governmental Activities Expenses	\$ 1,145,283,688	\$ 1,161,044,015	\$ 1,190,428,695	\$ 1,153,518,070	\$ 1,182,031,334	\$ 1,247,625,917	\$ 1,271,935,584	\$ 1,330,896,846	\$ 1,340,095,749	\$ 1,401,348,476
Business-Type Activities:										
Water and Sewer	\$ 102,310,240	\$ 103,110,267	\$ 107,549,122	\$ 110,779,437	\$ 109,232,931	\$ 107,922,521	\$ 115,336,137	\$ 139,843,870	\$ 122,936,990	\$ 128,355,819
Storm Water	15,650,645	16,592,160	19,561,223	22,908,803	23,288,944	34,666,545	33,518,183	38,120,181	33,328,873	28,399,383
Development Authority	-	11,210,520	10,154,302	11,025,011	9,920,441	39,724,605	17,545,543	12,383,812	11,848,737	14,201,332
Waste Management	-	-	-	41,907,754	39,965,302	12,582,903	37,051,532	34,569,612	34,898,954	39,922,657
Parking	1,973,867	1,668,933	1,902,855	4,419,983	3,770,402	3,383,691	3,984,236	4,211,205	3,279,464	3,554,852
Total Business-Type Activities Expenses	\$ 119,934,752	\$ 132,581,880	\$ 139,167,502	\$ 191,040,988	\$ 186,178,020	\$ 198,280,265	\$ 207,435,631	\$ 229,128,680	\$ 206,293,018	\$ 214,434,043
Total Primary Government Expenses	\$ 1,265,218,440	\$ 1,293,625,895	\$ 1,329,596,197	\$ 1,344,559,058	\$ 1,368,209,354	\$ 1,445,906,182	\$ 1,479,371,215	\$ 1,560,025,526	\$ 1,546,388,767	\$ 1,615,782,519
Program Revenues										
Governmental Activities:										
Charges for services:										
Judicial	\$ 5,377,347	\$ 3,688,139	\$ 3,101,433	\$ 3,735,209	\$ 3,549,429	\$ 4,907,694	\$ 5,409,133	\$ 5,439,707	\$ 4,970,675	\$ 4,952,035
Police	3,670,550	3,747,317	3,472,080	3,854,581	3,965,201	3,308,747	2,967,178	2,897,398	2,895,919	1,465,641
Human Services	24,322,382	23,782,371	25,031,069	25,615,214	24,956,662	25,167,062	25,755,690	26,226,827	24,294,428	23,856,142
Public Works	13,465,436	30,845,235	44,380,916	2,766,927	3,564,521	4,058,165	2,193,888	4,244,989	2,178,507	7,386,964
Parks and Recreation	13,876,204	14,891,219	15,114,163	14,974,524	15,569,444	15,021,272	16,988,062	17,445,906	12,115,841	6,879,203
Library	706,607	728,317	760,734	789,508	726,001	695,152	671,348	557,576	446,146	200,103
Planning	4,265,630	4,432,198	4,496,079	5,226,904	5,020,717	5,097,944	5,431,804	5,051,831	5,313,031	4,552,407
Agriculture	170,091	52,893	55,585	72,725	62,171	86,449	115,176	135,819	97,087	57,515
Economic Development	-	-	-	-	367,208	-	-	163,000	163,000	239,772
Convention and Visitor Development	5,313,030	5,437,203	5,484,357	5,270,419	5,904,184	6,620,853	5,174,206	5,334,377	3,142,035	843,577
Fire	346,680	414,091	404,789	404,789	413,115	665,923	717,111	480,369	422,241	323,464
Housing and Neighborhood Preservation	1,170,964	1,831,674	2,033,427	2,300,624	2,427,410	2,841,867	182,387	247,121	438,279	3,576,731

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Museums	\$ 7,548,640	\$ 8,073,443	\$ 7,701,899	\$ 8,343,814	\$ 9,171,646	\$ 9,679,208	\$ 9,856,700	\$ 10,181,856	\$ 6,366,013	\$ 9,514,580
General Government	7,395,885	7,535,955	7,532,896	7,480,645	6,690,903	6,795,827	11,561,559	17,187,437	22,781,929	10,590,920
Other Activities	497,376	551,983	3,590,913	4,088,006	3,867,123	3,726,144	3,644,173	3,675,786	5,120,589	9,102,104
Operating grants and contributions	169,430,851	166,149,172	163,734,763	167,099,983	176,554,087	180,792,670	182,245,742	189,379,234	230,763,053	233,977,313
Capital grants and contributions	41,572,819	37,502,486	69,771,674	49,910,249	49,358,726	30,380,171	32,129,238	22,413,389	9,443,815	1,425,123
Total Governmental Activities	\$ 299,130,492	\$ 309,663,696	\$ 356,403,735	\$ 301,934,121	\$ 312,168,549	\$ 299,790,140	\$ 305,043,395	\$ 310,916,122	\$ 330,986,382	\$ 318,943,597
Business-type Activities:										
Charges for services:										
Water and Sewer	\$ 109,200,204	\$ 115,160,670	\$ 122,079,274	\$ 122,609,520	\$ 124,303,922	\$ 125,124,505	\$ 127,939,734	\$ 127,220,550	\$ 130,615,326	\$ 130,577,433
Storm Water	27,841,165	32,721,540	37,087,519	39,048,824	39,522,703	40,164,454	41,715,744	42,192,454	44,779,183	46,283,817
Development Authority	-	2,650,055	189,011	4,665,161	4,999,007	35,390,065	7,721,739	6,115,757	3,374,565	1,061,751
Waste Management	-	-	-	43,457,679	37,766,169	2,859,707	34,225,087	37,369,824	37,841,799	37,841,799
Parking	2,879,725	3,134,711	2,879,228	4,535,524	3,824,504	5,235,807	6,014,164	5,408,631	4,701,165	5,271,225
Operating grants and contributions	1,306,092	1,945,692	-	90,237	72,740	319,888	42,871	45,382	35,658	40,955
Capital grants and contributions	974,355	1,945,692	7,507,130	7,413,070	8,175,896	6,611,382	28,258,904	27,124,075	5,013,019	3,143,542
Total Business-type Activities	\$ 142,201,541	\$ 155,592,668	\$ 169,742,162	\$ 221,920,015	\$ 218,664,941	\$ 215,705,808	\$ 245,918,243	\$ 242,157,436	\$ 225,888,740	\$ 224,220,522
Total Primary Government Program Revenues	\$ 441,332,033	\$ 465,256,364	\$ 526,145,897	\$ 523,754,136	\$ 530,833,490	\$ 515,495,948	\$ 550,961,638	\$ 553,073,558	\$ 556,875,122	\$ 543,164,119
Net (Expenses) Revenues										
Governmental Activities	\$ (846,153,196)	\$ (851,380,319)	\$ (834,024,960)	\$ (851,583,949)	\$ (869,862,786)	\$ (947,835,777)	\$ (966,892,189)	\$ (1,019,980,724)	\$ (1,009,109,367)	\$ (1,082,404,879)
Business-type Activities	22,266,789	23,010,788	30,574,660	30,779,027	32,486,921	17,425,543	38,482,612	13,028,756	19,595,722	9,786,479
Total Primary Government Net Expenses	\$ (823,886,407)	\$ (828,369,531)	\$ (803,450,300)	\$ (820,804,922)	\$ (837,375,865)	\$ (930,410,234)	\$ (928,409,577)	\$ (1,006,951,968)	\$ (989,513,645)	\$ (1,072,618,400)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
General Property Taxes -	\$ 537,843,813	\$ 551,950,361	\$ 543,960,594	\$ 574,064,411	\$ 622,389,162	\$ 645,972,461	\$ 673,006,832	\$ 696,206,555	\$ 705,605,610	\$ 779,250,961
Real Estate & Personal Property										
Sales	53,038,789	55,995,114	55,990,140	58,521,297	61,409,466	66,262,790	63,647,610	65,946,655	68,531,053	79,932,540
Utility	43,074,104	46,635,170	42,665,494	44,724,955	40,961,377	48,275,048	48,908,305	47,636,484	45,593,676	45,593,676
Business Licenses	41,205,981	44,671,818	43,657,877	45,155,698	44,956,510	47,143,398	48,777,766	49,129,284	53,879,101	53,804,526
Meal	53,540,559	55,296,252	57,041,072	59,693,981	63,538,427	68,900,065	66,608,924	69,540,210	54,489,832	72,458,074
Lodging	25,624,528	26,265,622	26,252,617	28,216,513	29,999,408	32,385,074	36,467,582	37,085,103	30,962,264	39,580,825
Amusement	5,617,464	5,365,290	6,247,637	6,001,024	6,953,928	7,032,632	7,295,403	7,295,403	5,196,698	4,074,079
City Tax on Deeds and Wills	6,284,635	7,530,469	6,377,834	7,044,958	7,299,045	7,858,406	7,565,471	8,554,150	13,988,672	13,988,672
Cigarette	12,213,135	11,748,003	12,073,540	12,983,847	10,950,799	12,060,433	11,447,553	10,309,971	10,477,789	9,651,125
Automobile Licenses	8,947,535	10,278,790	9,421,028	9,048,539	10,867,860	11,762,967	11,147,509	11,232,389	10,014,639	11,075,156
Other Taxes	10,770,992	11,049,732	10,231,840	11,460,710	13,480,842	10,937,880	5,783,324	3,348,538	3,696,076	3,696,076
Grants and contributions not restricted	53,414,000	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868
Investment Earnings	9,351,455	199,920	3,557,973	3,956,635	7,172,459	2,255,088	6,488,405	15,272,598	14,404,603	4,679,808
Miscellaneous	11,093,317	20,533,875	22,454,268	14,876,713	14,369,406	17,446,147	16,732,791	7,464,961	6,576,999	15,413,264
Transfers	(1,303,678)	(15,258,704)	(17,580,646)	(15,850,873)	(15,898,147)	(22,611,189)	(23,409,462)	(22,248,564)	(11,245,196)	(25,433,254)
Total Governmental Activities	\$ 870,716,629	\$ 885,674,580	\$ 875,764,136	\$ 913,311,276	\$ 971,883,410	\$ 1,009,094,068	\$ 1,033,091,216	\$ 1,059,700,628	\$ 1,058,957,093	\$ 1,161,182,396
Business-type Activities:										
Investment Earnings	\$ 264,732	\$ 586,174	\$ 522,661	\$ 660,764	\$ 814,880	\$ 2,573,657	\$ 4,196,130	\$ 5,046,919	\$ 4,234,320	\$ 1,911,998
Transfers	1,303,678	15,258,704	17,580,646	(478,876)	-	21	1,115,089	997,384	806,360	5,200,484
Total Business-type Activities	\$ 1,568,410	\$ 15,844,878	\$ 18,103,328	\$ 16,032,761	\$ 15,898,147	\$ 22,611,189	\$ 23,409,462	\$ 22,248,564	\$ 11,245,196	\$ 25,433,254
Total Primary Government	\$ 872,285,039	\$ 901,519,458	\$ 893,867,464	\$ 929,344,037	\$ 988,596,437	\$ 1,034,278,914	\$ 1,061,811,897	\$ 1,087,993,495	\$ 1,075,242,969	\$ 1,193,728,132
Change in Net Position										
Governmental Activities	\$ 24,563,433	\$ 34,294,261	\$ 41,739,176	\$ 61,727,327	\$ 102,020,624	\$ 61,258,291	\$ 66,199,027	\$ 39,719,904	\$ 49,847,726	\$ 78,777,517
Business-type Activities	23,835,199	38,855,666	48,677,988	46,811,788	49,199,948	42,610,389	67,203,293	41,321,623	35,881,598	42,332,215
Total Primary Government	\$ 48,398,632	\$ 73,149,927	\$ 90,417,164	\$ 108,539,115	\$ 151,220,572	\$ 103,868,680	\$ 133,402,320	\$ 81,041,527	\$ 85,729,324	\$ 121,109,732

Source: City Department of Finance
Note: Strategic Growth Area merged with Planning in 2018

CITY OF VIRGINIA BEACH, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

General Fund	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Nonspendable	\$ 506,339	\$ 581,099	\$ 7,482,460	\$ 7,093,861	\$ 10,937,946	\$ 10,647,511	\$ 11,088,350	\$ 10,934,636	\$ 11,259,961	\$ 10,382,347
Restricted	721,002	892,701	892,701	1,080,998	675,616	2,047,751	2,201,965	2,901,470	1,460,287	4,701,470
Committed	16,397,989	19,310,560	16,616,865	12,299,308	12,299,308	17,299,308	17,299,308	17,299,308	16,549,308	16,549,308
Assigned	69,462,951	65,524,909	50,789,758	46,342,481	54,485,191	69,793,355	85,216,602	78,139,398	123,695,484	207,158,449
Unassigned	103,961,151	102,363,793	96,084,791	97,004,933	107,119,381	118,396,300	114,298,452	121,304,984	152,842,932	110,699,710
Total General Fund	\$ 191,049,432	\$ 188,673,062	\$ 171,866,575	\$ 163,821,581	\$ 185,517,442	\$ 218,184,225	\$ 230,104,677	\$ 230,579,796	\$ 305,807,972	\$ 349,491,284
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 6,453,867	\$ 6,488,666	\$ -	\$ -	\$ 47,307	\$ -	\$ -
Restricted	42,910,053	40,032,555	41,303,255	36,878,328	43,568,700	49,567,841	49,242,719	54,282,998	58,853,173	63,673,930
Committed	337,853,345	302,868,839	321,477,382	337,402,946	357,531,393	336,873,103	387,589,280	311,654,234	391,054,880	318,040,698
Assigned	6,583,170	3,841,898	8,601,614	9,047,083	6,154,607	2,273,180	1,052,730	2,361,660	2,464,037	11,867,831
Unassigned	-	-	(554,019)	(391,769)	-	-	-	(1,118,426)	(3,538,892)	(973,056)
Total All Other Governmental Funds	\$ 387,346,568	\$ 346,743,292	\$ 370,828,232	\$ 389,390,455	\$ 413,743,366	\$ 388,714,124	\$ 437,884,729	\$ 367,227,773	\$ 448,833,198	\$ 392,609,403

Source: City Department of Finance



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Table 4

CITY OF VIRGINIA BEACH, VIRGINIA
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
REVENUES										
Real Estate Taxes	\$ 461,480,333	\$ 476,217,120	\$ 464,439,667	\$ 481,774,192	\$ 526,451,909	\$ 544,302,460	\$ 567,573,017	\$ 586,407,784	\$ 603,119,216	\$ 631,547,267
Personal Property Taxes	73,705,379	74,723,035	78,678,322	90,898,635	95,930,682	100,075,205	108,123,397	106,029,083	112,728,082	122,853,013
Total General Property Taxes	535,185,712	550,940,155	543,117,989	572,672,827	622,382,591	644,377,665	675,696,414	692,436,867	715,847,298	754,400,280
Other Local Taxes:										
General Sales	53,375,318	54,978,531	56,431,418	58,164,569	61,099,407	62,614,614	63,511,403	65,851,817	67,855,536	78,732,948
Utility	45,254,169	44,623,292	44,050,182	43,308,157	42,658,906	44,829,994	49,832,408	47,636,484	45,584,479	45,536,508
Business Licenses	41,129,895	44,224,356	44,027,381	44,586,110	45,301,911	47,009,925	48,676,655	49,141,505	52,759,292	54,766,642
Franchise Taxes-Cox Communications	6,962,320	7,192,940	7,531,593	7,939,584	8,115,171	5,163,159	-	-	-	-
Automobile Licenses	-	-	-	-	10,862,073	11,189,995	10,961,726	11,260,550	10,112,035	11,009,970
Bank Stock	2,615,883	2,354,647	2,151,058	2,739,645	3,023,394	3,100,922	3,469,803	3,607,656	3,348,538	3,696,076
City Tax on Deeds	6,203,751	7,458,847	6,297,952	6,970,299	7,222,757	7,755,788	7,475,502	7,708,985	8,494,352	13,867,356
City Tax on Wills	80,884	71,622	79,882	74,659	76,288	102,618	89,969	99,895	59,798	121,316
Cigarette	12,182,212	11,953,020	11,693,536	13,707,486	10,164,199	11,906,282	11,406,153	10,568,721	10,353,589	9,702,875
Amusement	5,472,204	5,482,948	6,015,026	5,902,807	7,034,792	6,811,740	6,349,234	6,762,346	6,300,510	3,407,997
Hotel Taxes	25,003,788	26,049,027	26,643,369	27,914,212	29,780,108	29,196,087	35,494,796	37,127,745	32,682,467	36,821,128
Restaurant Meals	53,254,313	55,122,465	56,872,794	59,968,375	63,437,485	65,207,699	66,264,685	69,278,652	60,561,741	65,572,967
Transient Occupancy Taxes	1,106,769	1,178,742	761,557	771,695	815,025	3,609,510	-	-	-	-
Total Other Local Taxes	252,641,506	260,690,437	262,555,748	272,047,598	289,591,516	298,498,333	303,532,334	309,044,356	298,112,337	323,235,783
Fines and Forfeitures	6,821,979	6,902,298	5,443,331	7,359,085	6,417,007	5,507,315	5,749,252	5,784,450	3,841,464	-
Permits, Privilege Fees, and Regulatory Licenses	4,239,786	4,222,312	6,312,079	5,138,080	4,922,398	5,250,146	5,260,171	4,948,973	5,291,220	6,924,448
From Use of Money and Property	15,495,687	8,486,602	9,281,953	9,706,351	15,856,367	8,910,323	20,766,143	20,766,143	18,434,539	5,253,590
Charges for Services	68,489,147	85,837,389	110,064,203	72,565,586	70,998,949	71,800,886	72,356,349	74,794,925	64,290,614	63,777,821
Miscellaneous	15,900,634	25,744,605	18,041,512	11,935,463	11,148,714	13,723,105	12,917,055	13,245,098	12,503,197	12,657,547
From Other Local Governments	247,709	2,595,294	98,153	49,077	-	-	-	-	-	-
From Commonwealth	183,494,275	176,215,187	178,507,205	199,209,892	216,035,262	204,502,438	187,643,619	196,365,167	199,406,262	193,598,286
From Federal Government	73,006,854	64,423,364	59,113,705	65,227,667	57,728,271	56,119,173	77,856,895	62,086,134	94,757,533	103,770,533
Total Revenues	\$ 1,155,523,289	\$ 1,186,057,643	\$ 1,192,535,878	\$ 1,215,911,626	\$ 1,295,081,075	\$ 1,308,689,384	\$ 1,356,601,158	\$ 1,379,472,113	\$ 1,412,484,464	\$ 1,463,618,288
EXPENDITURES										
Legislative	\$ 1,078,747	\$ 1,298,568	\$ 1,184,883	\$ 1,208,704	\$ 1,233,934	\$ 1,173,001	\$ 1,248,240	\$ 1,144,252	\$ 1,180,302	\$ 1,148,867
Executive	2,697,088	2,605,143	2,528,002	2,615,031	3,998,371	4,093,880	4,488,041	5,013,472	5,150,430	5,350,574
Law	3,640,226	3,697,386	3,913,804	3,919,348	4,022,217	3,969,488	4,477,543	4,529,203	4,595,060	4,648,025
Finance	16,600,949	16,993,124	17,367,222	17,815,815	18,062,607	18,207,252	19,293,822	19,694,983	22,485,637	22,485,637
Human Resources	9,010,045	9,924,243	10,416,987	11,174,602	11,914,851	11,245,572	11,912,017	12,545,582	12,308,232	4,641,373
Judicial	51,006,576	53,276,187	55,458,238	55,398,991	58,516,561	61,187,703	63,333,087	65,909,658	67,994,838	70,898,766
Health	2,926,650	2,866,304	3,113,772	3,213,191	3,177,862	3,376,761	3,442,478	3,716,750	3,689,009	3,977,832

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police	\$ 87,210,424	\$ 91,048,023	\$ 95,036,357	\$ 94,259,577	\$ 95,179,158	\$ 97,550,859	\$ 99,210,134	\$ 99,395,675	\$ 87,195,246	\$ 104,706,083
Human Services	111,828,043	109,136,160	110,005,531	112,506,829	112,944,110	115,193,857	117,245,898	124,188,922	125,796,095	126,498,778
Public Works	99,611,309	103,023,351	104,583,810	63,701,224	66,744,291	73,368,698	71,637,743	72,246,833	78,688,736	84,766,606
Parks and Recreation	42,677,953	45,253,417	48,891,417	46,973,301	43,265,384	43,768,393	48,547,482	50,723,021	50,284,384	41,771,348
Library	15,475,052	16,033,907	17,381,850	17,618,171	17,368,746	17,615,908	18,018,356	17,274,298	18,190,701	17,792,956
Planning	9,379,626	9,289,151	9,291,336	9,874,195	9,741,864	10,993,105	19,193,976	19,296,051	19,507,678	18,144,394
Agriculture	2,958,894	3,040,599	3,389,546	3,503,327	1,468,560	4,607,650	969,705	1,043,558	1,056,388	985,928
Economic Development	2,210,063	2,343,970	3,018,382	3,037,408	3,949,271	3,749,275	4,242,488	5,577,029	2,936,165	10,261,721
Convention and Visitor Development	50,515,866	51,583,205	52,048,685	50,793,408	26,306,456	27,050,391	27,058,450	27,868,190	22,513,470	23,522,938
Cultural Affairs									3,156,488	4,066,520
Information Technology	20,992,614	22,348,352	22,249,372	22,008,128	20,463,895	22,132,288	24,774,178	25,707,312	25,166,518	29,152,624
Emergency Communications and Citizen Services	8,644,135	8,585,726	9,033,409	8,985,726	8,609,489	8,859,237	9,122,044	9,147,638	7,631,901	8,890,972
Boards and Commissions	34,730,107	33,495,194	34,742,684	35,603,080	35,367,590	60,714,680	33,601,257	36,875,467	25,951,685	-
Fire	44,898,737	45,434,088	47,774,858	49,212,062	51,237,605	55,117,288	58,151,454	59,007,138	48,921,561	66,959,752
Budget and Management Services	1,471,547	1,595,914	1,481,262	1,526,664	1,485,496	1,409,775	1,365,183	1,323,859	1,324,913	1,176,117
Development Authority		55,539	736,650	400,429	-	55,008	-	-	-	-
Education	399,636,831	364,589,660	382,971,859	372,506,081	388,092,326	407,548,658	436,811,968	401,945,731	527,340,170	415,985,447
Housing and Neighborhood Preservation	25,057,346	27,088,836	26,138,828	26,490,648	26,550,331	28,246,526	28,499,449	31,727,306	33,420,457	38,409,709
Museums	9,430,030	9,542,960	10,225,773	11,435,283	11,140,739	10,961,337	10,880,638	11,318,527	10,151,547	10,542,997
General Registrar		-	-	-	-	-	-	-	-	3,015,857
General Government	8,293,239	8,014,133	7,489,469	11,482,238	2,566,531	2,331,474	4,685,528	3,641,535	42,058,231	62,183,937
Emergency Medical Service	8,302,029	8,501,568	9,500,960	9,508,751	10,111,253	11,405,734	12,213,689	12,637,136	10,799,955	16,248,594
Strategic Growth Area	1,011,323	940,819	1,223,232	1,136,261	746,889	-	-	-	-	-
Capital Outlay	134,374,158	132,201,426	142,572,128	180,758,500	148,425,984	75,596,098	127,054,115	180,430,527	169,446,236	145,763,843
Debt Service:										
Principal Retirement	28,759,234	59,341,275	58,392,964	61,522,444	86,698,132	88,609,860	87,908,194	91,689,035	93,299,097	90,767,130
Interest and Fiscal Charges	16,496,683	31,147,744	29,114,205	32,248,023	45,188,801	46,498,278	42,872,488	42,773,286	41,008,013	43,209,156
Total Expenditures	\$ 1,250,925,524	\$ 1,274,295,972	\$ 1,321,277,475	\$ 1,322,437,466	\$ 1,314,579,304	\$ 1,316,638,034	\$ 1,392,259,645	\$ 1,438,741,574	\$ 1,560,458,489	\$ 1,477,974,481
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (95,402,235)	\$ (88,238,329)	\$ (128,741,597)	\$ (106,525,840)	\$ (19,498,229)	\$ (7,948,650)	\$ (35,658,487)	\$ (59,269,461)	\$ (147,974,025)	\$ (14,356,193)
OTHER FINANCING SOURCES (USES)										
Transfers In	\$ 79,048,006	\$ 134,706,391	\$ 131,854,570	\$ 142,195,756	\$ 151,503,513	\$ 153,805,994	\$ 160,358,211	\$ 161,180,542	\$ 175,293,404	\$ 156,191,300
Transfers Out	(80,346,618)	(149,713,095)	(130,979,095)	(144,189,251)	(156,245,123)	(166,095,354)	(170,748,899)	(172,092,918)	(173,201,224)	(154,381,924)
Agriculture Reserve Agreement	-	-	270,504	344,842	565,264	3,728,464	-	-	-	-
Issuance of Debt	118,596	83,640,000	111,248,370	99,540,000	111,685,000	21,225,000	98,035,000	-	260,170,000	-
Premium on Bonds Sold	132,850,000	7,342,754	16,096,112	29,213,786	13,623,894	2,922,087	22,476,887	-	51,237,936	-
Proceeds of Refunding Bonds	-	-	20,320,000	91,415,000	-	-	71,530,000	-	80,329,587	3,445,000
Increase (Decrease) in Treasury Strips	23,194,107	(2,225,854)	-	-	-	-	-	-	-	-
Payment to Refunding Bonds Escrow Agent	(55,071,638)	(37,929,148)	(22,353,602)	(109,664,176)	(55,585,547)	-	(84,900,655)	-	(89,022,077)	(3,438,666)
Total Other Financing Sources (Uses)	\$ 99,792,453	\$ 35,821,048	\$ 126,456,859	\$ 108,855,957	\$ 65,547,001	\$ 15,586,191	\$ 96,750,544	\$ (10,912,376)	\$ 304,807,626	\$ 1,815,710
Net Change in Fund Balance	\$ 4,390,218	\$ (52,417,281)	\$ (2,284,738)	\$ 2,330,117	\$ 46,048,772	\$ 7,637,541	\$ 61,092,057	\$ (70,181,837)	\$ 156,833,601	\$ (12,540,483)
Debt Service as a Percentage of Noncapital Expenditures	4.1%	7.9%	7.4%	8.2%	11.3%	10.9%	10.3%	10.7%	9.7%	10.1%

Source: City Department of Finance

Note: Franchise Tax was combined with Utility Tax beginning in FY2018

Table 5

CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE
 Last Ten Fiscal Years
 (Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City Taxes										
Real Estate	\$ 461,480,333	\$ 476,217,120	\$ 464,439,667	\$ 481,774,192	\$ 526,451,909	\$ 544,302,460	\$ 567,573,017	\$ 586,407,784	\$ 603,119,216	\$ 631,547,267
Personal Property	73,705,379	74,723,035	78,678,322	90,898,635	95,930,682	100,075,205	108,123,397	106,029,083	112,728,082	122,853,013
General Sales	53,375,318	54,978,531	56,431,418	58,164,569	61,099,407	62,614,614	63,511,403	65,851,817	67,855,536	78,732,948
Utility	45,254,169	44,623,292	44,050,182	43,308,157	42,658,906	44,829,994	49,832,408	47,636,484	45,584,479	45,536,508
Business Licenses	41,129,895	44,224,356	44,027,381	44,586,110	45,301,911	47,009,925	48,676,655	49,141,505	52,759,292	54,766,642
Franchise Taxes	6,962,320	7,192,940	7,531,593	7,939,584	8,115,171	5,163,159	-	-	-	-
Automobile Licenses	8,970,535	9,437,635	9,346,971	9,225,176	10,862,073	11,189,995	10,961,726	11,260,550	10,112,035	11,009,970
Bank Stock	2,615,883	2,354,647	2,151,058	2,739,645	3,023,394	3,100,922	3,469,803	3,607,656	3,348,538	3,696,076
City Tax on Deeds	6,203,751	7,458,847	6,297,952	6,970,299	7,222,757	7,755,788	7,475,502	7,708,985	8,494,352	13,867,356
City Tax on Wills	80,884	71,622	79,882	74,659	76,288	102,618	89,969	99,895	59,798	121,316
Cigarette	12,182,212	11,953,020	11,693,536	13,707,486	10,164,199	11,906,282	11,406,153	10,568,721	10,353,589	9,702,875
Amusement	5,472,204	5,482,948	6,015,026	5,902,807	7,044,913	6,811,740	6,349,234	6,762,346	6,300,510	9,752,814
Hotel Taxes	26,110,557	27,227,769	27,404,926	28,685,907	30,595,133	32,805,597	35,493,796	37,127,745	32,682,467	36,821,128
Restaurant Meals	53,254,313	55,122,465	56,872,794	59,968,375	63,437,485	65,207,699	66,264,685	69,278,652	60,561,741	65,572,967
Total	\$ 796,797,753	\$ 821,068,227	\$ 815,020,708	\$ 853,945,601	\$ 911,984,228	\$ 942,875,998	\$ 979,227,748	\$ 1,001,481,223	\$ 1,013,959,635	\$ 1,083,980,880

Source: City Department of Finance

Note: Franchise Tax was combined with Utility Tax beginning in FY2018
 Hotel Taxes include Transient Occupancy Taxes

Table 6

CITY OF VIRGINIA BEACH, VIRGINIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Real Property			Total Taxable		Direct Tax Rate	Personal Property		Total Taxable Personal Property Assessed Value	Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Public Service*	Real Property Assessed Value	Assessed Value		Public Service					
2012	\$ 42,582,797,354	\$ 7,925,225,472	\$ 937,565,594	\$ 51,445,588,420	\$ 0.8900	\$ 3,225,216,284	\$ 1,079,909,616	\$ 761,493	\$ 4,305,887,393	\$ 3.7000	\$ 55,751,475,813	100.0%
2013	40,815,993,416	8,036,001,242	929,117,285	49,781,111,943	0.9500	3,306,948,272	942,744,260	725,885	4,250,418,417	3.7000	54,031,530,360	100.0%
2014	40,590,297,065	8,147,317,125	888,427,995	49,626,042,185	0.9300	3,362,985,338	971,033,585	622,805	4,334,641,728	3.7000	53,960,683,913	100.0%
2015	42,110,642,755	8,466,636,425	873,940,844	51,451,220,024	0.9300	3,446,918,395	1,122,915,183	1,555,727	4,571,389,305	4.0000	56,022,609,329	100.0%
2016	43,302,214,028	8,714,160,476	893,717,743	52,910,092,247	0.9900	3,552,544,174	1,029,515,444	1,762,202	4,583,821,820	4.0000	57,493,914,067	100.0%
2017	45,017,777,981	8,822,768,056	943,063,814	54,783,609,851	0.9900	3,612,948,282	1,079,435,074	2,030,566	4,694,413,922	4.0000	59,478,023,773	100.0%
2018	46,426,321,920	9,094,379,313	981,368,382	56,502,069,615	1.0025	3,662,270,285	1,124,495,564	2,239,486	4,789,005,335	4.0000	61,291,074,950	100.0%
2019	47,819,472,210	9,479,885,409	1,017,679,883	58,317,037,502	1.0025	4,465,618,146	1,181,448,770	2,499,889	5,649,566,805	4.0000	63,966,604,307	100.0%
2020	49,373,623,875	9,975,795,660	1,043,594,888	60,393,014,423	1.0175	4,570,825,950	1,410,040,850	3,326,909	5,984,193,709	4.0000	66,377,208,132	100.0%
2021	51,177,172,399	10,254,365,192	1,107,286,164	62,538,823,755	1.0175	5,151,658,034	744,898,436	4,468,203	5,901,024,673	4.0000	68,439,848,428	100.0%

Sources:
Office of Real Estate Assessor
Commissioner of the Revenue
City Adopted Resource Management Plan

Notes:
1 - The City is the only entity with local taxing authority within its boundaries.
2 - See Table 7 for revenue rates
* The assessed value includes Public Service Personal Property taxed at the same rate as Real Estate

CITY OF VIRGINIA BEACH, VIRGINIA
REVENUE RATES FOR REAL ESTATE AND FOR PERSONAL PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Personal Property Tax Rate
		Sandbridge SSD	Town Center SSD	Old Donation SSD	Bayville Creek SSD	Shadowlawn SSD	Chesapeake SSD	Harbor Point SSD	Gills Cove SSD	Hurds Cove SSD	Schilling Point									
2012	\$ 0.8900	\$ 0.0600	\$ 0.4500	\$ 0.1840	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	- \$	3.700
2013	0.9500	0.0600	0.4500	0.1840	0.3630	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.700
2014	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	-	-	-	-	-	-	-	-	-	-	-	-	-	3.700
2015	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	-	-	-	-	-	-	-	-	-	-	4.000
2016	0.9900	0.0600	0.4500	0.1840	0.3630	0.1840	0.2913	0.1594	0.0630	0.4380	-	-	-	-	-	-	-	-	-	4.000
2017	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	0.4380	-	-	-	-	-	-	-	-	-	4.000
2018	1.0025	0.0600	0.4500	0.1840	0.5690	0.1594	0.2913	0.0790	0.0630	0.4380	-	-	-	-	-	-	-	-	-	4.000
2019	1.0025	0.0600	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	-	-	-	-	-	-	-	-	-	4.000
2020	1.0175	0.0400	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	-	-	-	-	-	-	-	-	-	4.000
2021	1.0175	0.0400	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	-	-	-	-	-	-	-	-	-	4.0000

Source: City Adopted Resource Management Plan

- Notes:
- 1 - The City is the only entity with local taxing authority within its boundaries.
 - 2 - Real Property Tax Rate is applied to Real Estate such as land and buildings.
 - 3 - Personal Property Tax Rate is applied to personal property such as automobiles and equipment.
 - 4 - The tax bases are mutually exclusive.

Table 8

**CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank		Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
	2021				2012		
Armada Hoffer	\$ 523,505,500	0.85	% 1		\$ 302,501,600	0.59	% 2
Dominion Energy	490,984,178	0.80	2		294,279,082	0.57	3
Ramon W. Breeden, Jr.	384,950,700	0.63	3		251,093,938	0.49	5
A.D. & L.E. Fleder & J.M. & R.J. Caplan	336,425,400	0.55	4		201,192,900	0.39	7
E. C. & A. F. Ruffin & B. L. Thompson	275,411,300	0.45	5		302,501,600	0.59	1
Lynnhaven Mall LLC	248,130,100	0.40	6		288,402,800	0.56	4
Pembroke Square Associates	189,242,600	0.31	7		168,734,700	0.33	8
W. Taylor Franklin	177,803,500	0.29	8		-	-	-
Cheryl P. McLeskey	161,846,200	0.26	9		136,537,824	0.27	9
Watergate Treehouse Associates LP	150,604,600	0.25	10		-	-	-
Verizon Virginia LLC	-	-	-		203,597,461	0.40	6
Christian Broadcasting Associates/Net, Inc.	-	-	-		127,291,300	0.25	10
Totals	<u>\$ 2,938,904,078</u>	<u>4.79</u>	<u>%</u>		<u>\$ 2,276,133,205</u>	<u>4.44</u>	<u>%</u>

* Formerly Virginia Electric & Power Company

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

Table 9

**CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Total Real Estate Tax Levy ¹	Total Personal Property Tax Levy ¹	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 443,160,075	\$ 79,426,777	\$ 501,282,299	95.9 %	\$ 15,960,863	\$ 517,243,162	99.0 %
2013	457,287,081	79,331,585	516,542,429	96.3	16,456,038	532,998,467	99.3
2014	446,015,531	81,020,900	509,339,982	96.6	16,193,709	525,533,691	99.7
2015	463,184,807	95,236,086	537,056,367	96.2	18,365,505	555,421,872	99.5
2016	510,528,757	102,577,135	589,411,524	96.1	18,629,325	608,040,849	99.2
2017	528,410,384	106,583,082	609,085,906	95.9	19,983,532	629,069,438	99.1
2018	551,883,966	110,388,668	636,789,707	96.2	22,187,597	658,977,304	99.5
2019	570,105,091	117,968,242	638,348,095	92.8	23,473,695	661,821,790	96.2
2020	596,677,843	125,943,586	631,762,062	87.4	66,091,985	697,854,047	96.6
2021	616,188,945	167,235,010	687,116,605	87.7	-	687,116,605	87.7

Source: Comissioner of Revenue, Real Estate Assessor's Office and City Department of Finance

Note: Collections in subsequent years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years.

¹ Includes Public Service.

CITY OF VIRGINIA BEACH, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year ¹	Governmental Activities					Business Type Activities					Ratio of Net Debt Per Capita to Per Capita Personal Income ⁶		
	General Obligation Bonds	State Literary Fund Loans ²	Public Facility Revenue Bonds	Obligations Under Capital Leases	Certificates of Participation	Williams Farm Property	Agriculture Reserve Program	Virginia Beach Development Authority ³	General Obligation Bonds	Revenue Bonds	Total Primary Government ⁴	Net Debt Per Capita ⁵	
2012	\$ 727,274,597	\$ 4,750,000	\$ 281,315,118	\$ -	\$ -	\$ 637,500	\$ 38,799,844	\$ 81,434,386	\$ 528,450	\$ 203,108,752	\$ 1,337,848,647	\$ 2,244	4.6%
2013	686,544,346	4,125,000	283,928,041	-	-	212,500	41,193,588	77,990,571	222,016	194,536,062	1,288,752,124	2,162	4.5%
2014	720,118,515	3,500,000	290,013,866	-	-	-	41,464,092	93,124,312	-	232,774,217	1,380,995,002	2,256	4.5%
2015	716,612,342	2,875,000	320,169,585	-	-	-	41,808,934	85,183,901	-	246,792,383	1,413,442,145	2,258	4.3%
2016	721,310,401	2,250,000	294,372,839	-	-	-	42,374,198	78,760,588	-	283,555,487	1,422,623,513	2,195	4.1%
2017	655,854,925	1,875,000	288,582,663	-	-	-	46,102,662	71,945,485	-	272,759,201	1,337,119,936	2,040	3.7%
2018	664,558,868	1,500,000	292,789,906	-	-	-	46,102,662	67,524,535	-	260,914,896	1,333,390,867	2,056	3.7%
2019	600,663,013	1,125,000	261,569,221	-	-	-	47,710,144	60,053,224	-	279,691,851	1,250,812,453	1,856	3.2%
2020	649,974,113	750,000	415,534,711	-	-	-	48,746,276	51,975,681	-	266,123,853	1,433,104,634	2,174	3.6%
2021	585,872,515	375,000	383,908,895	-	-	-	51,440,318	45,220,011	-	391,227,645	1,458,044,384	1,975	3.2%

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² The State Literacy Fund Loan program is part of the Virginia Public School Authority (VPSA) pooled bond program and is not a loan. It is General Obligation debt for the City.

² The State Literacy Fund Loan program is part of the Virginia Public School Authority (VPSA) pooled bond program and is not a loan. It is General Obligation debt for the City.

³ Includes balances of VBDA Note Payable secured by a surety agreement provided by Town Center Associates, L.L.C. for FY 2013 and FY 2014. Note was paid off during FY 2015. For FY 2021, excludes \$700,000 Notes Payable for the VBDA as it is a Loan due to the City.

⁴ Total Primary Government Debt for FY 2012 excludes 1998 Social Services Lease Revenue Bond, as it is Virginia Beach Development Authority debt service. This revenue bond was paid off in FY 2012.

⁵ For calculation of Net Debt Per Capita, the population is per Table 15: FY 2021 population is based on the April 1, 2020 Decennial Census Count estimate. FY 2020 re-stated using April 1, 2020 Decennial Census Count estimate. In addition, Net Debt Per Capita excludes Revenue Bonds, Agriculture Reserve, and the premiums and discounts included in this table presentation.

⁶ For calculation of Debt Per Capita to Per Capita Personal Income, the per Capita Personal Income information through FY 2021 is per Table 15. Since data from the Bureau of Economic Analysis (BEA) is not yet available, a projection of \$60,796 is used for per capita personal income for FY 2021, which is based on the BEA estimate for FY 2020.

FY 2021 Premium detail and reconciliation to Note 6A1 & 6A2:

	Governmental Activities						
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Agriculture Reserve Program	Governmental Activity	Total Business Activity	Total Primary Government (1)
Principal	\$ 523,236,804	\$ 375,000	\$ 341,000,882	\$ 51,440,318	\$ 916,053,004	\$ 392,104,118	\$ 1,308,157,122
Premium	\$ 62,635,711	-	\$ 42,908,013	-	\$ 105,543,724	\$ 44,343,538	\$ 149,887,262
Total	<u>\$ 585,872,515</u>	<u>\$ 375,000</u>	<u>\$ 383,908,895</u>	<u>\$ 51,440,318</u>	<u>\$ 1,021,596,728</u>	<u>\$ 436,447,656</u>	<u>\$ 1,458,044,384</u>
				Tax Supported Debt subtotal per 6A1			\$ 916,053,004
				Premiums per 6A1			\$ 105,543,724
				Self/Tax Supported Debt subtotal per 6A2			\$ 392,104,118
				Premiums per 6A2			\$ 44,343,538
				Total per note 6A1 & 6A2			<u>\$ 1,458,044,384</u>

Table 11

CITY OF VIRGINIA BEACH, VIRGINIA
RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year ¹	General Obligation Bonds ²	State Literary Fund Loans ²	Appropriation Backed Debt ³	Total	Percentage of Estimated Actual Full Value of Property ⁴	Net Debt Per Capita ⁵
2012	\$ 727,803,047	\$ 4,750,000	\$ 363,387,004	\$ 1,095,940,051	2.0	\$ 2,244
2013	686,766,362	4,125,000	362,131,112	1,053,022,474	1.9	2,162
2014	720,118,515	3,500,000	383,138,178	1,106,756,693	2.1	2,256
2015	716,612,342	2,875,000	405,353,486	1,124,840,828	2.0	2,258
2016	721,310,401	2,250,000	373,133,427	1,096,693,828	1.9	2,195
2017	655,854,925	1,875,000	360,528,148	1,018,258,073	1.7	2,040
2018	664,558,868	1,500,000	360,314,441	1,026,373,309	1.7	2,056
2019	600,663,013	1,125,000	321,622,445	923,410,458	1.4	1,856
2020	649,974,113	750,000	467,510,392	1,118,234,505	1.7	2,174
2021	585,872,515	375,000	383,908,895	970,156,410	1.4	1,975

¹ Fiscal Years 2012-2020 have been adjusted to reflect the related unamortized premiums and discounts.

² Per Table 10. The State Literary Fund Loan program is part of the Virginia Public School Authority (VPSA) pooled bond program and is not a loan. It is General Obligation debt for the City.

³ Includes all Governmental Public Facility Revenue Bonds, Capital Leases, COP's, Williams Farm Loan, and Business Type Virginia Beach Development Authority Debt as per Table 10.

⁴ Actual Full Value of property is from Table 6.

⁵ Population is from Table 15. Computation of Net Debt Per Capita is net of premiums and discounts in the above numbers.

Table 12

CITY OF VIRGINIA BEACH, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 5,144,671,623	\$ 4,978,183,783	\$ 4,962,666,499	\$ 5,145,277,575	\$ 5,291,185,445	\$ 5,478,360,985	\$ 5,650,206,962	\$ 5,831,703,750	\$ 6,039,301,442	\$ 6,253,886,891
Total Net Debt applicable to limit ¹	716,177,198	685,988,698	712,384,323	697,079,775	697,520,721	641,749,326	646,061,132	590,409,579	629,730,209	575,052,122
Legal Debt Margin	\$ 4,428,494,425	\$ 4,292,195,085	\$ 4,250,282,176	\$ 4,448,197,800	\$ 4,593,664,724	\$ 4,836,611,659	\$ 5,004,145,830	\$ 5,241,294,171	\$ 5,409,571,233	\$ 5,678,834,769
Total Net Debt applicable to the limit as a percentage of debt limit	13.92%	13.78%	14.35%	13.55%	13.18%	11.71%	11.43%	10.12%	10.43%	9.20%
Legal Debt Margin Calculation For Fiscal Year 2021										
Assessed Value of Real Property (Taxable) ² :										
Regular										\$ 61,431,537,591
Public Service (excluding vehicle assessments)										1,107,331,325
Total Assessed Value of Real Property										<u>62,538,868,916</u>
Debt limit (10% of Total Assessed Value)										6,253,886,891
Total Net Debt applicable to limit										<u>575,052,122</u>
Legal Debt Margin										<u>\$ 5,678,834,769</u>

Notes:

¹ Total net debt applicable to the limit is tax-supported debt, which includes General Obligation Bonds, State Literary Fund debt for Public Schools, and Agricultural Reserve Program installment purchase agreements. Under State law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value. In addition, the City has established financial affordability indicators to restrict debt as follows:

- The total annual debt service for general government supported debt will not exceed 10% of general government expenditures (excluding interfund transfers).
- The City's overall net debt will not exceed 3.5% of the estimated full value of taxable real property.
- The City's overall net debt per capita will not exceed \$3,000.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

² Assessed value of real property based on data from Table 6; the assessed value is based on June 30th of each fiscal year including supplements and exonerations.

Sources: The following sources were used in compiling the above information:

City Department of Finance
Office of the Real Estate Assessor
Virginia State Corporation Commission, Public Service Corporations Report Real and Personal Property Assessment

Table 13

CITY OF VIRGINIA BEACH, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Water and Sewer Revenue Bonds							
	Water and Sewer Charges and Other	Less: Operating Expenses ¹	Net Available Revenue	Debt Service			Coverage	
				Principal	Interest ²	Total		
2012	\$ 109,514,875	\$ 72,319,602	\$ 37,195,273	\$ 7,022,735	\$ 6,959,920	\$ 13,982,655	2.66	
2013	115,249,243	73,834,321	41,414,922	7,251,071	6,697,692	13,948,763	2.97	
2014	121,766,102	72,145,813	49,620,289	7,796,175	7,231,505	15,027,680	3.30	
2015	127,007,164	75,396,537	51,610,627	9,083,131	8,091,897	17,175,028	3.00	
2016	128,045,227	73,930,294	54,114,933	9,371,805	8,202,712	17,574,517	3.08	
2017	130,403,502	72,814,216	57,589,286	7,812,706	7,808,592	15,621,298	3.69	
2018	130,905,466	79,514,710	51,390,756	8,820,728	8,160,477	16,981,205	3.03	
2019	130,015,725	80,883,044	49,132,681	9,215,276	7,791,849	17,007,125	2.89	
2020	136,972,800	84,039,313	52,933,487	9,625,000	7,398,916	17,023,916	3.11	
2021	133,137,043	88,818,626	44,318,417	10,045,000	7,670,002	17,715,002	2.50	

¹ Operating expenses exclude depreciation and right of way utility cost, see Exhibit 21.

² Includes bank and fiscal charges and issuance costs. Interest amounts shown for 2012-2021 are net of federal subsidy. As such, the coverage ratios shown on this table may be different from the amounts shown on Continuing Disclosure Schedule 2-4 that are calculated based on gross interest. FY 2021 was the last year the subsidy was received due to the refunding of the outstanding Water and Sewer System Revenue Bonds, Series 2010A-2 (Taxable) and Water and Sewer System Refunding Revenue Bonds, Series 2010B&C (Tax Exempt) by the Series 2020B Bonds.

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

Coverage: The Master Water and Sewer Revenue Bond Resolution, Section 601, dated February 11, 1992, as amended and supplemented, states that the City shall fix, charge and collect such rates, fees, and other charges for the use of and for the services furnished by the system and and collect such rates, fees, and other charges for the use of and for the services furnished by the system and shall from time to time and as often as shall appear necessary, revise such rates, fees and other charges so as to meet two independent requirements.

Source: City Department of Finance

Table 14

CITY OF VIRGINIA BEACH, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Storm Water Utility Revenue Bonds											
Fiscal Year	Storm Water Charges and Other ¹		Less: Operating Expenses	Net Available Revenues	Debt Service			Coverage ³			
					Principal	Interest ²	Total				
2012	\$	27,892,419	\$	13,311,162	\$	1,404,020	\$	1,097,204	\$	2,501,224	5.83
2013		32,954,179		14,317,957		1,296,433		1,058,805		2,355,238	7.91
2014		37,150,524		15,366,723		1,232,016		1,026,704		2,258,720	9.64
2015		39,294,658		17,489,866		1,030,000		1,228,238		2,258,238	9.66
2016		39,648,163		18,385,165		1,660,000		1,733,570		3,393,570	6.27
2017		40,471,105		26,074,915		1,700,000		1,692,383		3,392,383	4.24
2018		42,158,382		26,051,322		1,740,000		1,647,563		3,387,563	4.75
2019		43,419,299		29,702,205 ⁴		1,795,000		1,745,480		3,540,480	3.87
2020		45,816,512		23,692,462 ⁴		2,525,000		2,402,590		4,927,590	4.49
2021		46,500,751		16,755,560 ⁴		2,620,000		4,039,434		6,659,434	4.47

¹ Storm Water Charges and Other include interest income, see Exhibit 24.

² Interest amounts shown for 2012-2018 are at gross. Beginning in FY 2019, interest shown net of federal subsidy and includes bank and fiscal charges and issuance costs. FY 2021 was the last year the subsidy was received due to the refunding of a portion of the outstanding Storm Water Utility Revenue Bonds, Series 2010A-2 (Taxable) Bonds and Storm Water Utility Refunding Revenue Bonds, Series 2010B (Tax-Exempt), other than the Series 2010 Bonds maturing on November 15, 2020, by the Series 2020B Bonds.

³ Revenue coverage ratios for debt service shown on this table may differ from amounts shown on the Continuing Disclosure Schedule 3-4 due to differences in the basis for the calculations regarding operating expenses and debt service. The calculation shown in this table reflects annual gross debt service, whereas the calculation in Schedule 3-4 reflects maximum annual debt service per bond issue.

⁴ Beginning in FY 2019, operating expenses are based on Exhibit 26, which include annual Capital Improvement Program (CIP) expenditures. Operating expenses for prior fiscal years excluded annual CIP expenditures based on terms set forth in the Master Agreement of Trust.

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

Source: City Department of Finance

Table 15

**CITY OF VIRGINIA BEACH, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Population*	Personal Income**I	Per Capita Personal Income**	Median Age	Number of City Employees	Education Level In Years of Formal Schooling	School Enrollment	Unemployment Rate
2012	447,489	\$ 21,677,217	\$ 48,708	34.7	7,477	13.8	68,977	5.5%
2013	449,628	21,616,863	48,284	35.0	7,477	13.9	68,614	5.6%
2014	451,672	22,768,499	50,725	35.7	7,669	13.9	68,569	5.5%
2015	453,500	23,857,409	52,981	35.9	7,560	14.0	68,351	4.4%
2016	453,628	24,286,519	53,852	35.9	7,370	13.9	67,890	3.8%
2017	454,448	25,213,295	56,042	36.4	7,087	13.9	67,152	3.8%
2018	453,410	26,092,866	58,004	36.4	7,255	13.9	67,091	2.8%
2019	452,643	26,910,910	59,805	36.4	7,332	13.9	66,593	2.7%
2020	454,209	27,432,835	60,397	36.9	7,410	14.0	66,714	8.2%
2021	459,470	***	***	36.6	7,388	14.2	63,452	4.2%

Sources: City Department of Finance
City Department of Economic Development
Weldon Cooper Center for Public Service
Virginia Employment Commission
Bureau of Economic Analysis
United States Census Bureau

Notes: * Weldon Cooper Center for Public Service; except for 2020 which is a projection.
 ** Figures were updated to reflect the latest data released by the Bureau of Economic Analysis on November 16, 2021.
 *** Information Unavailable
 I In thousands of dollars

Table 16

**CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2021			2012		
City of Virginia Beach / Schools	17,960	7.91	1	17,227	7.39	1
* Naval Air Station Oceana-Dam Neck	8,891	3.91	2	-	-	-
* Joint Expeditionary Base Little Creek/ Ft. Story	6,473	2.85	3	-	-	-
Sentara Healthcare	4,900	2.16	4	4,600	1.97	2
GEICO General Insurance Company	3,600	1.58	5	2,300	0.99	5
Lynnhaven Mall	2,600	1.14	6	2,600	1.12	3
Gold Key/PHR Hotels and Resorts	2,365	1.04	7	1,943	0.83	8
STIHL Inc	2,113	0.93	8	2,052	0.88	6
Amerigroup (Anthem)	1,850	0.81	9	1,850	0.79	9
Navy Exchange Service Command	1,550	0.68	10	2,000	0.86	7
SAIC	-	-	-	2,500	1.07	4
Christian Broadcasting Network, Inc.	-	-	-	1,000	0.43	10
Totals	52,302	23.02		38,072	16.33	

Sources: City Department of Economic Development
City Department of Finance
City Department of Budget and Management Services

* Information not available for 2012.

Table 17

CITY OF VIRGINIA BEACH, VIRGINIA
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Agriculture	12.0	12.0	12.0	12.0	12.0	12.0	12.5	9.0	9.0	9.0
Budget and Management Services	15.0	15.0	14.0	15.0	15.0	14.0	14.0	14.0	14.0	13.0
City Attorney	39.0	39.6	39.6	39.6	39.6	40.6	42.6	42.6	43.6	43.0
City Auditor	6.0	6.0	6.0	6.0	7.0	7.0	7.0	8.0	8.0	8.0
City Manager's Office	21.0	19.5	19.5	20.5	34.0	33.0	16.5	20.0	19.0	21.0
City Real Estate Assessor	34.0	34.3	34.3	34.3	34.3	34.0	34.0	34.0	35.0	35.0
City Treasurer	72.0	71.8	75.8	76.8	74.6	74.6	74.6	74.6	77.6	76.6
Commissioner of the Revenue	60.9	62.9	63.9	64.9	64.9	64.9	65.5	64.9	64.9	63.9
Commonwealth's Attorney	84.0	85.3	86.3	86.7	87.4	94.9	94.8	97.8	103.8	102.8
Communications Office ¹	-	-	-	-	-	-	18.5	20.5	20.5	20.0
Convention and Visitor Bureau	113.5	113.5	110.5	106.7	106.3	120.3	120.3	120.3	120.3	109.3
Courts and Courts' Support	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	74.0	73.5
Cultural Affairs	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0	12.0
Department of Aquarium and Museums	153.0	155.5	155.9	161.0	164.5	156.8	153.6	151.2	131.0	127.0
Economic Development	16.0	18.0	18.0	18.0	18.0	18.0	19.0	20.0	21.0	32.0
Emergency Communications & Citizen Services	123.5	122.8	127.8	131.8	131.8	130.8	137.8	137.8	135.8	133.8
Emergency Medical Services	65.3	65.3	69.3	73.3	75.1	80.1	87.6	89.6	95.6	101.6
Finance	55.0	56.0	57.0	57.0	57.0	57.0	59.0	59.0	62.0	62.0
Fire	466.0	479.7	479.7	485.7	485.7	501.7	521.7	523.2	528.2	555.2
Health	10.8	9.1	9.1	9.1	9.1	9.1	9.0	9.1	7.4	6.4
Housing and Neighborhood Preservation	66.0	64.0	63.0	62.0	61.0	64.0	79.0	80.0	80.0	87.0
Human Resources	47.0	47.0	47.0	47.0	47.0	47.0	49.0	50.0	57.0	62.0
Human Services	1,066.4	1,069.4	1,081.4	1,115.2	1,094.9	1,099.0	1,148.7	1,177.7	1,188.7	1,175.2
Information Technology	183.0	178.5	180.5	183.5	168.0	175.0	184.0	193.0	252.5	189.0
Legislative ²	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Library	227.5	265.5	260.0	255.0	253.5	251.5	251.5	253.0	252.5	241.5
Office of Emergency Management	-	-	-	-	-	4.0	5.0	6.0	8.0	8.0
Office of Performance and Accountability	-	-	-	-	-	4.0	6.0	6.0	6.0	8.0
Parks and Recreation	843.4	846.9	843.9	838.1	830.1	882.3	886.2	886.5	870.1	869.1
Planning	110.0	108.0	109.0	116.0	115.5	133.0	134.0	137.0	141.0	132.0
Police	1,007.4	1,007.4	1,009.4	1,015.8	1,015.8	1,028.8	1,040.8	1,048.5	1,048.5	1,042.1
Public Utilities	412.0	411.0	412.0	415.0	418.0	414.0	417.0	415.0	415.0	415.0
Public Works	882.0	890.4	890.4	893.9	902.9	902.9	925.9	938.9	950.9	977.9
Resort Management Office	-	-	-	-	-	-	-	-	10.0	10.0
Sheriff's Office	519.6	524.4	525.4	525.4	514.4	526.4	532.8	536.8	535.8	536.0
Strategic Growth Areas ³	15.0	17.0	17.0	18.0	20.0	-	-	-	-	-
Voter Registration & Elections	12.0	12.0	12.0	11.9	11.9	12.0	12.0	12.0	12.0	13.0
Total City Positions	6,833.3	6,902.8	6,924.7	6,990.2	6,964.3	7,087.7	7,254.9	7,331.9	7,419.7	7,387.9
Total School Positions	10,387.3	10,326.5	10,190.9	10,220.0	10,034.3	10,154.8	10,207.8	10,333.4	10,549.0	10,571.9
TOTAL POSITIONS	17,220.6	17,229.3	17,115.6	17,210.2	16,998.6	17,242.5	17,462.7	17,665.3	17,968.7	17,959.8

Source: City of Virginia Beach Resource Management Plans

¹ Communications Office was previously reported as part of the City Manager's Office.

² City Clerk and Council are reported in Legislative.

³ Strategic Growth Area was consolidated with Planning in 2017.

Table 18

CITY OF VIRGINIA BEACH, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

FUNCTION	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Number of physical adult arrests	23,705	23,633	22,224	21,698	19,042	17,933	18,307	16,971	17,415	12,732
Number of calls for service	195,156	187,884	179,974	176,474	173,451	178,929	173,602	167,598	163,134	150,674
Number of traffic accidents	8,102	8,169	8,138	7,913	8,368	8,813	8,290	7,916	7,637	6,693
Fire										
Number of structure fire incidents	474	430	410	396	463	398	398	406	389	403
Number of non-structure fire incidents	714	535	614	546	543	542	543	379	449	447
Number of medical assisted incidents	20,727	25,656	26,099	26,952	27,786	27,854	27,257	27,141	22,989	26,614
Number of other incidents	13,166	13,307	13,379	13,679	16,309	17,031	14,597	13,688	14,552	15,475
Public Utilities										
Number of water connections	132,010	132,324	132,615	132,940	133,411	133,777	134,076	137,375	134,665	134,887
Number of sewer connections	129,150	129,417	129,639	129,908	130,599	130,926	131,186	131,464	131,747	131,933
Planning and Community Development										
Number of building permits issued	8,003	7,956	7,607	8,192	8,349	8,450	10,461	6,222	3,429	7,788
Storm Water										
Number of storm water services	***	***	***	***	***	***	***	132,176	134,261	134,471
Waste Management										
Number of homes receiving refuse collection	124,171	124,536	124,634	122,041	122,282	122,369	122,622	122,942	123,294	123,600
Number of tons of garbage collected	137,413	133,958	130,245	208,917	211,004	180,757	171,315	178,590	187,416	148,000
Public Libraries										
Number of items circulated	3,614,378	3,573,663	3,269,563	3,076,575	2,777,954	2,557,104	2,478,687	2,482,408	1,932,701	1,634,295
Number of visits to libraries	1,741,936	1,624,940	1,784,513	1,808,352	1,916,430	1,672,127	1,431,773	1,270,459	863,206	354,173
Culture and Recreation										
Number of visits to recreation centers	1,614,682	1,795,782	1,871,312	1,896,615	2,004,301	1,905,763	2,598,493	1,779,107	1,244,091	563,638
Number of recreation centers	7	7	7	7	7	7	7	7	7	7
Education										
Student enrollment	68,614	68,569	68,351	67,890	67,152	67,091	66,593	66,714	63,452	63,452
Number of elementary schools	55	55	55	55	55	55	55	55	55	55
Number of secondary schools	24	24	24	24	25	25	25	25	25	25
Number of specialty schools	7	9	8	8	8	7	7	7	7	7

Sources: Various City Departments
 *** Information not available.

Table 19

**CITY OF VIRGINIA BEACH, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

FUNCTION	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	269	262	262	246	230	206	227	222	222	228
Helicopter	2	2	2	2	2	2	2	2	2	2
Watercraft:										
Boats	8	8	6	8	9	8	9	9	9	9
Fire										
Stations	19	19	19	19	19	19	20	20	20	20
Fire Trucks	46	45	45	45	47	49	52	57	60	60
Public Works										
Miles of streets:										
Lane miles:										
Arterial	738	744	744	745	750	712	717	717	722	729
Collector/Local	2,676	2,680	2,686	2,714	2,726	2,701	2,704	2,705	2,710	2,721
Center Lane miles:										
Arterial	192	192	192	193	193	173	174	174	174	176
Collector/Local	1,308	1,312	1,312	1,326	1,330	1,322	1,324	1,324	1,327	1,333
Number of Street Lights	48,277	48,418	48,747	48,788	49,118	49,285	49,342	49,335	49,335	49,301
Collection Trucks	109	100	100	100	103	99	84	84	84	90
Public Library										
Number of Branches	10	10	10	10	10	10	10	10	10	10
Number of Physical Items	910,470	866,255	858,784	757,209	717,734	678,122	683,371	587,946	525,265	522,917
Number of Electronic Items	***	***	***	***	***	***	***	720,473	889,374	1,047,068
Culture and Recreation										
Number of Developed District Parks	8	8	8	8	8	8	8	8	8	8
Number of Developed Community Parks	13	11	11	11	13	13	13	13	11	11
Number of Developed Neighborhood Parks	181	182	179	179	169	167	167	167	167	166
Number of Natural Parks	5	5	5	5	5	5	5	5	6	6
Other Park Areas	46	47	48	48	48	48	48	50	83	89
Number of Acres in Developed Parks	3,648	3,648	3,649	3,661	3,664	3,685	3,685	3,927	3,676	2,668
Golf Courses (City Owned)	5	5	5	5	5	5	5	5	5	5
Recreation Centers	7	7	7	7	7	7	7	7	7	7
Water										
Miles of Water Lines	1,490	1,492	1,496	1,499	1,499	1,501	1,503	1,505	1,504	1,507
Water Pumping Stations	9	9	9	10	10	10	10	10	11	10
Sewer										
Miles of Sewer Lines	1,635	1,639	1,646	1,653	1,646	1,646	1,648	1,649	1,648	1,672
Sewer Pumping Stations	405	406	407	408	408	408	410	412	412	412
Storm Water*										
Miles of Pipe Lines	***	***	***	***	***	***	1,109	1,156	1,165	1,200
Miles of Ditches	***	***	***	***	***	***	717	657	755	719
Storm Water Pumping Stations	***	***	***	***	***	***	16	16	16	17

Source: Various City Departments

*** Information not available.

Note: Ambulances are not included in the above information as they are privately owned by the Volunteer Rescue Squads.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF THE TREASURER'S CASH ACCOUNTABILITY
JUNE 30, 2021
(UNAUDITED)

Table 20

<u>Cash in Office</u>		\$ 6,100
<u>Cash With</u>		
Bank of America:		
Regular	85,853,950	
Investments	8,000,000	
Welfare	535,872	
School Board Empl Salary Escrow	198,336	
Truist:		
Collateralized Deposit Program	10,000,000	
School Payroll	6,024,094	
Truist Capital Markets:		
Investments	10,000,000	
Raymond James		
Investments	389,689,741	
SunTrust Bank:		
City Payroll	19,563,593	
Towne Bank:		
Investments	55,000,000	
Treasurer of Virginia:		
Investment Pool	352,000,000	
Union Bank:		
Investment	10,265,666	
VML/VACO:		
Virginia Investment Pool	11,095,699	
Virginia Investment Pool - Liquidity Pool	349,158,472	
Total Deposits and Investments		1,307,385,423
<u>Cash with Trust Agents</u>		
Cash With SNAP Program	51,639,273	
Cash With Trustee - Debt Service	29,014,684	
Cash With Trustee - Treasury Strips	43,386,106	
Total Cash with Trust Agents		124,040,063
Total Cash Accountability		1,431,431,586
<u>Add:</u>		
Accrued Interest on Investments	2,882,426	
Commonwealth of Virginia - Deferred Debits	12,225	
Deposits in Transit	6,270,974	
		9,165,625
<u>Deduct:</u>		
Commonwealth of Virginia - Current Credits	7,967	
Treasurer Restitution	37,462	
Treasurer Court Costs & Fines	9,264	
Treasurer - Deferred Account	5,183	
Over and Short	11,748	
Outstanding Checks:		
Bank of America	8,088,352	
Bank of America - Welfare	322,479	
Truist - School Payroll	8,200	
SunTrust - City Payroll	113,593	
		(8,604,248)
Total Cash Accountability		1,431,992,963
<u>Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2021 as reported in Note 8:</u>		
Balance of City and School funds		1,431,992,963
Funds for which the Treasurer does not act as fiscal agent:		
City OPEB Trust Fund		59,087,742
School OPEB Trust Fund		43,858,083
School Activity Funds		4,458,622
Development Authority		15,580,914
Other		(400)
Total deposits and investments of the government-wide financial statements		\$ 1,554,977,924

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SINGLE AUDIT SECTION

**Report of Independent Auditor on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 9, 2021. Our report includes a reference to other auditors who audited the financial statements of the Virginia Beach Development Corporation. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Virginia Beach Development Corporation were not audited in accordance with the *Specifications for Audits of Counties, Cities and Towns*. That report also recognizes that the City restated certain net position and fund balance amounts due to the implementation of a new accounting standard, effective July 1, 2020.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards or the Specifications for Audits of Countries, Cities, and Towns*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
December 9, 2021

**Report of Independent Auditor on Compliance for Each Major
Federal Program and on Internal Control over Compliance
Required by the Uniform Grant Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Virginia Beach, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
December 9, 2021

CITY OF VIRGINIA BEACH, VIRGINIA SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

1) Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Any audit findings disclosed that are required to be reported in Accordance with 200.516(a) of the Uniform Guidance?	No

Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Agriculture:	
SNAP Cluster	10.551-CL
Child and Adult Care Food Program	10.558
Department of Labor:	
WIOA Cluster	17.258-CL
Department of Treasury:	
Coronavirus Relief Fund	21.019
Department of Education:	
Education Stabilization Fund	84.425C/D

Dollar threshold to distinguish between Types A and B Programs:	\$3,000,000
The City of Virginia Beach was qualified as a low risk auditee Accordance with Section 200.520 of the Uniform Guidance?	Yes

**CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None noted.

3) Findings and Questioned Costs Relating to Federal Awards

None noted.

4) Findings and Questioned Costs Relating to *Specifications of Audits of Counties, Cities and Towns*

None noted.

5) Resolution of Prior Year's Findings

2020-01 Status: Corrected and not repeated.

2020-02 Status: Corrected and not repeated.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

	Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Numbers	Pass Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Cluster Total (\$)	Program Total (\$)	Passed through to Sub-Recipients (\$)
DEPARTMENT OF AGRICULTURE								
<u>Direct Payments:</u>								
	COVID-19 Child and Adult Care Food Program ¹	10.558		10,048				
	Child and Adult Care Food Program ¹	10.558		73,060			83,108	
	Total Child and Adult Care Food Program ¹	10.558						
<u>Pass Through Payments:</u>								
	Virginia Department of Education							
	National School Lunch Program (Child Nutrition Cluster)	10.555	202121N109941	1,715,616				
	Child and Adult Care Food Program ¹	10.558	202121N202041/202121N119941	3,778,856				
	COVID-19 Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	202020N6850341	2,697,290				
	Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	202120N119941/202121N109941	17,415,467			20,112,757	
	Total Summer Food Service Program for Children (Child Nutrition Cluster)	10.559						
	Virginia Department of Social Services							
	State Administrative Matching Grants for SNAP (SNAP Cluster)	10.561		4,952,287		21,828,373	3,778,856	
	<i>Total for Child Nutrition Cluster (10.553, 10.555 and 10.559)</i>							
	<i>1 - Total for Child and Adult Care Food Program (10.558)</i>							
DEPARTMENT OF DEFENSE								
<u>Direct Payments:</u>								
	Promoting K-12 Student Achievement at Military Connected Schools	12.556	HE1254-16-1-0026	310,156		-		
	Department of Defense Impact Aid	12.558		4,838,753				
	Department of the Navy	12.001		356,099				
	Military Spouse Career Advancement	12.002		1,000				
<u>Pass Through Payments:</u>								
	National Security Agency							
	Language Grant Program	12.900		6,969				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
<u>Direct Payments:</u>								
	COVID-19 Community Development Block Grants/Entitlement Grants (CDBG - Entitlement Grants Cluster) ³	14.218	B-20-MC-51-0021	1,528,408				345,911
	Passed through to - PIN Minuties ³							
	Community Development Block Grants/Entitlement Grants (CDBG - Entitlement Grants Cluster) ³	14.218	B-13-MC-51-0021/ B-155 thru 19-MC-51-0021	1,699,647			3,228,055	
	Total Community Development Block Grants/Entitlement Grants (CDBG - Entitlement Grants Cluster) ³	14.218						
	Passed through to - Seton House ³	14.218						10,000
	Passed through to - LGBT Life Center ³	14.218						28,277
	Passed through to - FORKIDS Inc ³	14.218						84,958
	Passed through to - Samaritan House - Family Shelter ³	14.218						3,375
	Community Development Block Grants/Entitlement Grants - Loans (CDBG - Entitlement Grants Cluster)	14.218		2,656,237				
	Loans beginning balance ³	14.218			2,656,237			
	COVID-19 Emergency Solutions Grant Program ⁴	14.231	E-20-MW-51-0021	976,500				108,000
	Passed through to - ICOC ⁴							106,157
	Passed through to - Samaritan House ⁴							
	Emergency Solutions Grant Program ⁴	14.231	E-19-MC-51-0021	158,090				27,373
	Passed through to - LGBT Life Center ⁴	14.231						77,261
	Passed through to - Samaritan House ⁴	14.231						37,253
	Passed through to - ICOC ⁴	14.231						6,651
	Passed through to - Forkids ⁴							
	Home Investment Partnerships Program ⁵	14.239	M-16 thru 20-MC-51-0207	888,576				404,087
	Passed through to - Recovery for Life ⁵	14.239						147,981
	Passed through to - VBCDC							
	Home Investment Partnerships Program - Loans	14.239		2,634,786				
	Loans beginning balance ⁴	14.239			2,202,286			
	New loans ⁴	14.239			432,500			

	Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Numbers	Pass Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Cluster Total (\$)	Program Total (\$)	Passed through to Sub-Recipients (\$)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)								
<i>Direct Payments:</i>								
	COVID-19 Housing Opportunities for Persons with AIDS ⁶	14.241	VAH20FH002	261,454				261,454
	Passed through to - LGBT Life Center ⁶	14.241						
	Housing Opportunities for Persons with AIDS ⁶	14.241	VAH19F002	1,363,160				
	Passed through to - LGBT Life Center ⁶	14.241						
	Section 8 Moderate Rehab Single Room Occupancy	14.249	VA039SR0002/VA039SR0003	142,033				1,319,615
	Continuum of Care Program	14.267	VA035SL3F031800	46,814				
	Section 8 Housing Choice Voucher (Housing Voucher Cluster)	14.871	VA039FP0001	19,895,649				
	Mainstream 5 Program (Housing Voucher Cluster)	14.879		132,360				
	COVID-19 HCV CARES ACT FUNDING (both HAP & AF) (Housing Voucher Cluster)	14. U01		265,549				
	<i>Total for Housing Voucher Cluster (14.871 and 14.879)</i>					20,028,009	2,656,237	
<i>3 - Total for Community Development Block Grants/Entitlement Grants (14.218)</i>								
<i>4 - Total for Emergency Solutions Grant Program (14.231)</i>								
<i>5 - Total for Home Investment Partnership Program (14.239)</i>								
<i>6 - Total for Housing Opportunities for Persons with AIDS (14.241)</i>								
DEPARTMENT OF INTERIOR - U.S. FISH AND WILDLIFE SERVICE								
<i>Pass Through Payments:</i>								
	Virginia Department of Game and Inland Fisheries	15.659	540722061141600	77,628			1,134,531	
	Refuge Revenue Sharing Act (Public Law 95-469)						3,523,362	
DEPARTMENT OF INTERIOR - U.S. DEPARTMENT OF NATIONAL PARK SERVICES								
<i>Pass Through Payments:</i>								
	Virginia Department of Game and Inland Fisheries	15.904	P20AR00055	12,768			1,624,614	
	Historic Preservation Fund Grants-In-Aid							
DEPARTMENT OF JUSTICE								
<i>Direct Payments:</i>								
	Body Worn Camera Policy and Implementation Program	16.835	2017-BX-BX-0020	91,273				
	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0091	48,785				
	Statewide Automated Victim Information Notification (SAVIN) Program	16.740	2017-DJ-BX-0596/2019 DJ-BX-0767	8,439				
	Assistance to Localities for Administration	16. U02		30,919				
	<i>Pass Through Payments:</i>							
	Office of the Attorney General	16.320	2016-VT-BX-K012	7,265				
	Services for Trafficking Victims							
	Virginia Department of Criminal Justice Services	16.034	20-AS119CE20	32,529				1,920,510
	COVID-19 Coronavirus Emergency Supplemental Funding	16.540	104-JFFX0036-86816	1,750				1,377,324
	Juvenile Justice and Delinquency Prevention	16.575	2018-V2-GX-0011/20-A4820VB18	1,285,524				
	Crime Victim Assistance	16.922	VA1260001	17,911				16,343
	Equitable Sharing Program							868,681
DEPARTMENT OF LABOR								
<i>Pass Through Payments:</i>								
	Virginia Community College System	17.258	AA-33260-19-55-A51	1,920,510				
	Workforce Innovation and Opportunity Act (WIOA Adult Programs)							
	Passed through to - Hampton Roads Workforce Council (WIOA Cluster)							
	Workforce Innovation and Opportunity Act (WIOA Youth Activities)							
	Passed through to - Hampton Roads Workforce Council (WIOA Cluster)							
	Workforce Innovation and Opportunity Act (WIOA Adult Programs)							
	Passed through to - Hampton Roads Workforce Council							
	Workforce Innovation and Opportunities Act (WIOA Dislocated Workers)							
	Passed through to - Hampton Roads Workforce Council (WIOA Cluster)							
	<i>Total for WIA/WIOA Cluster (17.258, 17.259 and 17.278)</i>					4,166,515		

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

	Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Numbers	Pass Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Cluster Total (\$)	Program Total (\$)	Passed through to Sub-Recipients (\$)
DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION								
Pass Through Payments:								
Virginia Department of Motor Vehicles								
	Alcohol Open Container Requirements	20.607	154AL-2020-5014520145/154AL-2021-51130-21130	33,021				
	State and Community Highway Safety (Highway Safety Cluster)	20.600	FOP-2020-50148-20148/FOP-2021-51133-21133/69A37519300004020VAO	80,081				
Virginia Department of Transportation								
	Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	UPCs: 103005/113469/110803/111308/109053/15829/113468/109054/103583/ 107956/105828/113821/109055/113821/109055	1,145,199				
DEPARTMENT OF TREASURY								
Pass Through Payments:								
Virginia Department of Education								
	COVID-19 Coronavirus Relief- CARES	21.019	VA1280001	11,652,273				
Virginia Department of Finance								
	COVID-19 Coronavirus Relief-CARES	21.019	15006	44,606,642				
	Total Coronavirus Relief - CARES	21.019					56,258,915	
DEPARTMENT OF VETERANS AFFAIRS								
Direct Payments:								
	Post-9/11 Veterans Educational Assistance	64.027		1,626				
DEPARTMENT OF EDUCATION								
Direct Payments:								
	Impact Aid	84.041B		10,109,588				
	Federal Pell Grant Program (Student Financial Aid Cluster)	84.063		46,634				
Pass Through Payments:								
Virginia Department of Education								
	Adult Education - Basic Grants to States	84.002A	V002A1200047	285,613				
	Title 1 Grants to Local Education Agencies	84.010A	S010A180046/S010A190046/S010A200046	11,503,110				
	Title 1 State Agency Program for Neglected and Delinquent Children and Youth	84.013A	S013A190046	15,904				
	Special Education Grants to States (Special Education Cluster - IDEA)	84.027A	H027A180107/H027A190107/H027A200107	14,252,304				
	Career and Technical Education-Basic Grants to States	84.048A	V048A190046, V048A200046	939,019				
	Special Education Preschool Grants (Special Education Cluster - IDEA)	84.173A	H173A190112, H173A200112	457,894				
	Special Education - Grants for Infants and Families	84.181	720-4515-38	483,465				
	Education for Homeless Children and Youth	84.196A	G12819/G12820	36,221				
	English Language Acquisition State Grants	84.365A	S365A190046, S365A200046	133,264				
	Supporting Effective Instruction Grants	84.367A	S367A190044, S367A190044, S367A200044	1,418,962				
	Student Support and Academic Enrichment Program	84.424A	S424A180048/S424A190048/S424A200048	821,137				
	Education Stabilization Fund	84.425	S425C200008	163,115				
	COVID-19 Education Stabilization Fund	84.425C	S425C200042	455,581				
	COVID-19 Education Stabilization Fund	84.425D	S425D200008	4,042,722				
	Total Education Stabilization Fund	84.425					4,661,418	
	Total for Special Education Cluster - IDEA (84.027 and 84.173)					14,710,198		
ELECTION ASSISTANCE COMMISSION								
Pass Through Payments:								
Virginia Department of Elections								
	COVID-19 Help America Vote Act	90.404		201,803				

Federal Grantor/Pass-Through Entity/Program Title	Assistance Listing Numbers	Pass Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Cluster Total (\$)	Program Total (\$)	Passed through to Sub-Recipients (\$)
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
<u>Pass Through Payments:</u>							
Virginia Department of Behavioral Health and Developmental Services							
Projects for Assistance in Transition from Homelessness (PATH)	93.150		126,949				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		30,258				
Opioid STR	93.788		467,621				
Block Grants for Community Mental Health Services	93.958		259,879				
Block Grants for Prevention and Treatment of Substance Abuse	93.959		1,739,887				
COVID-19 Provider Relief Fund	93.498		27,942				
Medical Assistance Program (Medicaid Cluster)	93.778	1346250065	2,968,440				
Virginia Department of Health							
HIV Prevention Activities Health Department Based	93.940		1,400				
Virginia Department of Social Services							
Promoting Safe and Stable Families	93.556		164,828				
Temporary Assistance for Needy Families	93.558		1,979,370				
Refugee and Entrant Assistance State Administered Programs	93.566		3,839				
Low-Income Home Energy Assistance	93.568		305,207				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596		418,969				
Chafee Education and Training Vouchers Program (ETV)	93.599		19,827				
Stephanie Tubbs Jones Child Welfare Services Program	93.645		1,535				
Foster Care Title IV-E	93.658		2,903,455				
Adoption Assistance	93.659		2,869,440				
Social Services Block Grant	93.667		2,174,873				
Chafee Foster Care Independence Program	93.674		61,899				
Children's Health Insurance Program	93.767		43,791				
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)							
<u>Pass Through Payments:</u>							
Virginia Department of Behavioral Health and Developmental Services							
Medical Assistance Program (Medicaid Cluster)	93.778		3,687,325		418,969		
<i>Total for CCDF Cluster (93.575 and 93.596)</i>							
DEPARTMENT OF HOMELAND SECURITY							
<u>Direct Payments:</u>							
National Urban Search and Rescue Response System	97.025	VARIOUS	1,939,008				
Assistance to Fire Fighter Grants	97.044	EMW-2018-FO-01591	41,828				
Port Security Grant Program	97.056	EMW-2018-PU-00080/EMU-2019-PU-00069/EMU-2019-PU-00251/EMU-2020-PU-00076/EMUI-2020-PU-00177	422,437				
<u>Pass Through Payments:</u>							
Virginia Department of Emergency Management							
Homeland Security Grant	97.067	8639/8653/8654/EMW-2018-SS-00093-S01/EMW-2019-00079-S01/8211	298,760				
Hazard Mitigation Grant Program	97.039	FEMA-DR-4291-VA-010	9,903				
Flood Mitigation Assistance	97.029	FMA-PJ-03VA-2013-7/FMA-PJ-03VA-2015-003/FMA-PJ-03VA-2016/FMA-PJ-03VA-2019-6	407,608				
Emergency Management Performance Grants	97.042	EMP-2019-EP-00006-S01	102,914				
TOTAL FEDERAL EXPENDITURES							
			\$ 200,966,823				
			\$	\$ 7,151,211			

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. General

The accompanying Schedule of Expenditures of Federal Awards presents federally assisted programs of the City of Virginia Beach, Virginia and the City's Component Units. The City's reporting entity is disclosed in Note 1A to the City's basic financial statements. Federal awards received directly from federal agencies as well as through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1C to the City's basic financial statements.

3. Loans

The City of Va. Beach provides loans to qualified low income borrowers through CFDA #14.239, Home Investment Partnerships Program, to promote home ownership and provide assistance with down payments and closing costs. The outstanding principal balance of the HOME loans was \$2,634,786 at June 30, 2021.

The City of Va Beach provides loans to qualified low income homeowners or homeowners living in areas targeted for improvement, resulting in the elimination of health or safety code violations, through CDFA #14.218, Community Development Block Grants. The outstanding principal balance of \$2,656,237 at June 30, 2021.

4. Relationship to Financial Statements

Revenues from federal awards are reported in the City's basic financial statements as follows:

General Fund	\$ 23,593,442
Capital Projects Fund	1,145,199
Non Major Governmental Funds	79,031,892
Enterprise Funds	1,326,757
School Board Funds	90,425,362
	<hr/>
Total federal awards reported in basic financial statements	\$ 195,522,652

Less: Revenue closed to fund balances from the following:

Food and Nutrition Service	10.561	13,232,061
Community Development Block Grants	14.218	(121,249)
Community Development Block Loans	14.218	(2,656,237)
Emergency Solution Grants	14.231	(3,551)
Home Investment Partnerships Program Grants	14.239	(122,523)
Home Investment Partnerships Program Loans	14.239	(2,634,786)
HOPWA Total	14.241	(131,425)
Mainstream 5 Program	14.HCC	97,725
Section 8 Housing Choice Voucher	14.871	(330,038)
Section 8 /HCV	14.879	20,497
Historic Preservation Fund Grants-In-Aid	15.904	(12,768)
Victims of Crim Act Grant Program (Victim Witness Program)	16.575	(947,617)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(25,210)
Edward Byrne Memorial Justice Assistance Grant Program	16.740	(1,663)
Body Work Camera Policy and Implementation	16.835	(45,637)
DMV Seat Belt Enforcement	20.600	(26,009)
DMV Select DUI	20.607	(13,775)
DEA Shared Seized Assets - Passed Attorney General	21.016	
Special Education - Grants for Infants and Families	84.181	15,554
Supporting Effective Instruction State Grants	93.150	4,534
Promoting Safe and Stable Families	93.556	(50,230)
Temporary Assistance for Needy Families	93.558	(1,979,370)
Refugee and Entrant Assistance_State Administered Programs	93.566	(3,839)

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Low-Income Home Energy Assistance	93.568	(305,205)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	(418,969)
Chafee Education and Training Vouchers Program (ETV)	93.599	(19,827)
Stephanie Tubbs Jones Child Welfare Services Program	93.645	(1,535)
Foster Care Title IV-E	93.658	(2,903,455)
Adoption Assistance	93.659	(2,869,440)
Social Services Block Grant	93.667	(669,064)
Chafee Foster Care Independence Program	93.674	(61,899)
Children's Health Insurance Program	93.767	(43,791)
Medical Assistance Program	93.778	(3,687,325)
Opioid STR	93.788	(362,621)
Block Grants for Prevention and Treatment of Substance Abuse	93.959	678,791
National Urban Search & Rescue Response System	97.025	136,401
Flood Mitigation Assistance	97.029	327,612
Hazard Mitigation Grant Program	97.039	110,001
Emergency Management Performance Grants	97.042	(102,914)
Assistance to Firefighters Grant	97.044	(5,884)
Port Security Grant Program	97.056	(404,995)
State Homeland Security Grant	97.067	(110,810)
		<u>\$ (6,450,484)</u>

Less: Revenue not subject to Single Audit:

Federal Reimbursement for Police OT	\$ 152,276
General Fund Federal Bond Subsidy	17,441
Water & Sewer EF Federal Bond Subsidy	492,428
Storm Water EF Federal Bond Subsidy	99,109
Debt Service SRF Federal Bond Subsidy	<u>245,059</u>
	<u>\$ 1,006,313</u>

Total Federal Expenditures	<u><u>\$ 200,966,823</u></u>
----------------------------	------------------------------

5. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule substantially agree with the amounts reported in the related federal financial reports except that certain federal financial reports are prepared on the cash basis of accounting and the Schedule of Expenditures of Federal Awards is prepared on the basis of accounting described in Note 2 above.

6. Highway Planning and Construction Grants

The City's Highway Planning and Construction Grants are typically multi-year projects with flexible funding sources that result in funding allocation changes throughout the life of the project. Accordingly, due to the inherent nature of these transportation grants, the City prepares the accompanying Schedule using the best information received at the time of reporting. In cases where it is difficult to identify the mix of Federal and State money under the Highway Planning and Construction program, the expenditures are reported on the accompanying schedule.

7. Indirect Cost Rate

The City does not elect to use a 10% de minimis indirect cost rate allowed under section §200.414(f).

CONTINUING DISCLOSURE

Continuing Disclosure

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information with regards to Rule 15c2-12 promulgated by the Securities and Exchange Commission to provide certain annual financial information and material event notices.

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Schedule 3-6 Storm Water Rate History	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAXPAYERS¹
FISCAL YEAR ENDING JUNE 30, 2021
(UNAUDITED)

	Taxpayer	Business Type	Real Property Assessed
1	Armada Hoffer	Office/ Apartments/ Hotel/ Retail/ Restaurant/ Bank/ Shopping Centers/ College/ Parking Garage/ Vacant Commercial Land/ Single Family Residence	\$ 523,505,500
2	Dominion Energy, Inc.	Utility	490,984,178 ²
3	Ramon W. Breeden, Jr.	Apartments/ Shopping Centers/ Fast-Food/ Restaurant/ Office/ Vacant Residential Land/ Single Family Residence	384,950,700
4	A.D. & L.E. Fleder & J.M. & R.J. Caplan	Shopping Centers/ Retail/ Bank/ Fast-Food/ Apartments/ Condominiums/ Vacant Commercial & Residential Land	336,425,400
5	E. C. & A. F. Ruffin & B. L. Thompson	Hotels/ Apartments/ Shopping Center/ Retail/ Restaurant/ Beach Club/ Laundry Plant/ Offices/ Parking Garage/ Vacant Commercial Land/ Single Family Residences	275,411,300
6	Lynnhaven Mall LLC	Shopping Mall	248,130,100
7	Pembroke Square Associates LLC	Shopping Mall/ Retail/ Bank/ Restaurants/ Fast Food/ Shopping Centers/ Office/ Apartments/ Condominium/ Warehouse/ Vacant Residential Land	189,242,600
8	W. Taylor Franklin	Apartments/ Single Family Residence	177,803,500
9	Cheryl P. McLeskey	Shopping Centers/ Townhouses/ Condominiums/ Marinas/ Retail/ Fast-Food/ Car Dealership/ Vacant Commercial, Industrial & Residential Land/ Single Family Residences & Lots	161,846,200
10	Watergate Treehouse & Chanticleer Associates LP	Apartments	150,604,600
11	Verizon Virginia, LLC	Utility	136,809,696 ²
12	Virginia Natural Gas, Inc.	Utility	131,056,414 ²
13	Christian Broadcasting Associates, Inc./Network, Inc.	Broadcasting/ Office/ Apartments/ Hotel	130,625,700
14	Thomas J. Lyons, Jr. & Joan N.	Hotels/Office/ Outdoor Cafes/ Single Family Residence	128,953,500
15	Windsor Lake Apartments LLC.	Apartments/ Shopping Centers/ Restaurant/ Vacant Commercial Land	125,297,600
16	Shamin Hotels	Hotels	120,278,700
17	Potter Properties	Shopping Centers/ Banks/ Fast-Food/ Restaurant/ Retail/ Vacant Residential Land/ Single Family Residence	103,967,200
18	Sifen, Michael D.	Shopping Centers/ Restaurant/ Retail/ Parking Garage/ Vacant Commercial & Residential Land/ Industrial Office Warehouse/ Single Family Residence	101,188,900
19	Westminster Canterbury of Etc.	Retirement Center/ Condominiums/ Vacant Commercial Land with Asphalt Parking Only	91,893,700
20	Landstown Commons Owner LLC	Shopping Center	86,809,500
21	Paul Van	Apartments/ Single Family Residence	86,703,500
22	Occidental Development, Ltd.	Apartments	75,974,500
23	Wal Mart Real Estate Business Trust	Retail Stores	73,275,200
24	T.J. & A. Stiffler & M.B. & M.J. Stone Lewis	Offices/ Hotesl/ Retail/ Shopping Center/ Single Family Residences	73,194,400
25	CGC Sun Union Maple Bay LLC	Apartments	68,731,500
	Total		<u>\$ 4,473,664,088</u>

¹ Twenty-five of the principal taxpayers are shown for consistency with past Official Statements. Also see Statistical Table 8.

² For Public Service Corporations, reflects real estate assessments (excludes personal property assessments taxed as real estate).

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX RATES AND CHANGE IN TAX LEVY
FISCAL YEARS 2011 THROUGH 2021
(UNAUDITED)

Fiscal Year ¹	Tax Rate on Real Property ²	Real Property Tax Levy ³	Percentage Annual Change in Tax Levy
2011	\$ 0.8900	\$ 456,029,699	(6.10)
2012	0.8900	443,160,075	(2.82)
2013	0.9500	457,057,821	3.14
2014	0.9300	446,015,531	(2.42)
2015	0.9300	463,184,807	3.85
2016	0.9900	510,528,757	10.22
2017	0.9900	528,410,384	3.50
2018	1.0025	551,883,966	4.44
2019	1.0025	570,105,091	3.30
2020	1.0175	596,677,843	4.66
2021	1.0175	616,188,945	3.27

Source: City Department of Finance

¹ Eleven years of data are shown for consistency with past Official Statements.

² Tax rate per \$100 per assessed value. See Statistical Table 7.

³ Calculation of the Real Property Tax Levy begins with the Real Property Assessed Value on Schedule 1-3 and then is adjusted by Supplements, Exonerations, Special Service District additional levies and other miscellaneous adjustments to arrive at the Tax Levy. See Statistical Table 9.

CITY OF VIRGINIA BEACH, VIRGINIA
HISTORICAL ASSESSED VALUE
FISCAL YEARS 2011 THROUGH 2021
(UNAUDITED)

Fiscal Year ¹	Real Property Assessed Value ²	Percentage Change From Prior Year	Personal Property Assessed Value	Percentage Change From Prior Year	Public Service Property Assessed Value ³	Percentage Change From Prior Year	Total Assessed Value	Percentage Change From Prior Year
2011	\$ 51,975,401,446	(6.15)	\$ 4,078,095,291	12.91	\$ 927,509,746	4.19	\$ 56,981,006,483	(4.84)
2012	50,508,022,826	(2.82)	4,305,125,900	5.57	938,327,087	1.17	55,751,475,813	(2.16)
2013	48,851,994,658	(3.28)	4,249,692,532	(1.29)	929,843,170	(0.90)	54,031,530,360	(3.09)
2014	48,737,614,190	(0.23)	4,334,018,923	1.98	889,050,800	(4.39)	53,960,683,913	(0.13)
2015	50,577,279,180	3.77	4,569,833,578	5.44	875,496,571	(1.52)	56,022,609,329	3.82
2016	52,016,374,504	2.85	4,582,059,618	0.27	895,479,945	2.28	57,493,914,067	2.63
2017	53,840,546,037	3.51	4,692,383,356	2.41	945,094,380	5.54	59,478,023,773	3.45
2018	55,520,701,233	3.12	4,786,765,849	2.01	983,607,868	4.08	61,291,074,950	3.05
2019	57,299,357,619	3.20	5,647,066,916	17.97	1,020,179,772	3.72	63,966,604,307	4.37
2020	59,349,419,535	3.58	5,980,866,800	5.91	1,046,921,797	2.62	66,377,208,132	3.77
2021	61,431,537,591	3.51	5,896,556,470	(1.41)	1,111,754,367	6.19	68,439,848,428	3.11

¹ Eleven years of data are shown for consistency with past Official Statements.

² Real Property is assessed at 100% of fair market value.

³ Includes both real estate and personal property assessment. All public service property is taxed at the real estate tax rate, except for vehicles.

Source: City Department of Finance, Statistical Table 6

**CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2011 THROUGH 2021
(UNAUDITED)**

Fiscal Year ¹	Total Tax Levy ²	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 523,586,269	\$ 504,769,073	96.4	\$ 15,200,927	\$ 519,970,000	99.3
2012	522,586,852	501,282,299	95.9	15,960,863	517,243,162	99.0
2013	536,618,666	516,542,429	96.3	16,456,038	532,998,467	99.3
2014	527,036,431	509,339,982	96.6	16,193,709	525,533,691	99.7
2015	558,420,893	537,056,367	96.2	18,365,505	555,421,872	99.5
2016	613,105,892	589,411,524	96.1	18,629,325	608,040,849	99.2
2017	634,993,466	609,085,906	95.9	19,983,532	629,069,438	99.1
2018	662,272,634	636,789,707	96.2	22,187,597	658,977,304	99.5
2019	688,073,333	638,348,095	92.8	23,473,695	661,821,790	96.2
2020	722,621,429	631,762,062	87.4	66,091,985	697,854,047	96.6
2021	783,423,955	687,116,605	87.7	-	687,116,605	87.7

Source: City Department of Finance

Note: Collections in Subsequent Years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years. FY 2012 through FY 2020 updated since last schedule.

¹ Eleven years of data are shown for consistency with past Official Statements.

² Includes both Real and Personal Property including Public Service Corporations. See Statistical Table 9. For FY 2021, the breakdown is as follows:

Real Property tax levy (includes Public Service Corporation real property):	\$ 616,188,945
Personal Property tax levy (includes Public Service Corporation personal property):	167,235,010
	<u>\$ 783,423,955</u>

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAX REVENUES BY SOURCE
FISCAL YEARS 2011 THROUGH 2021
(UNAUDITED)

Fiscal Year ¹	Real Property Taxes ²	Personal Property Taxes ^{2,3}	General Sales Tax	Utility Tax	Restaurant Meal Tax	Other Taxes	Total Taxes Assessed
2011	\$ 474,474,648	\$ 65,943,535	\$ 51,743,905	\$ 45,129,301	\$ 50,594,181	\$ 108,691,603	\$ 796,577,173
2012	461,480,333	73,705,379	53,375,318	45,254,169	53,254,313	109,728,241	796,797,753
2013	476,217,120	74,723,035	54,978,531	44,623,292	55,122,465	115,403,784	821,068,227
2014	464,439,667	78,678,322	56,431,418	44,050,182	56,872,794	114,548,325	815,020,708
2015	481,774,192	90,898,635	58,164,569	43,308,157	59,968,375	119,831,673	853,945,601
2016	526,451,909	95,930,682	61,099,407	42,658,906	63,437,485	122,405,839	911,984,228
2017	544,302,460	100,075,205	62,614,614	44,829,994	65,207,699	125,846,026	942,875,998
2018	567,573,017	108,123,397	63,511,403	49,832,408 ⁴	66,264,685	123,922,838 ⁴	979,227,748
2019	586,407,784	106,029,083	65,851,817	47,636,484	69,278,652	126,277,403	1,001,481,223
2020	603,119,216	112,728,082	67,855,536	45,584,479	60,561,741	124,110,581	1,013,959,635
2021	631,547,267	122,853,013	78,732,948	45,536,508	65,572,967	139,738,177	1,083,980,880

Source: City Department of Finance, see Statistical Table 5

Note: Real and Personal Property Tax Revenues include collections for Current Year and Prior years levies collected within the Current Fiscal Year.

¹ Eleven years of data are shown for consistency with past Official Statements.

² Includes taxes, penalty & interest (\$10 minimum) on delinquent collections from prior years.

³ Excludes personal property tax reimbursement from the Commonwealth of Virginia under the Personal Property Tax Relief Act of 1998. The amount has consistently been \$53,412,868 since FY 2012 (see Exhibit 12, revenue "From Commonwealth").

⁴ Franchise Taxes were included in Other Taxes prior to FY 2018. Beginning FY 2018, Franchise Taxes are included with Utility Taxes.

**CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST UTILITY (WATER) CUSTOMERS
FISCAL YEAR 2021
(UNAUDITED)**

	Customer	Annual Consumption in 1,000 Gallons	Type of Customer
1	Virginia Beach Correction Center	56,968	City Correction Center
2	Sentara Princess Anne Hospital	43,278	Hospital
3	Dragas Management Corporation	30,196	Real Estate Asset Manager
4	Westminster-Canterbury of Hampton Roads	30,097	Retirement Community
5	County View Mobile Court	26,502	Mobile Home Park
6	S L Nusbaum Realty	26,389	Apartments
7	Sentara Virginia Beach General Hospital	26,242	Hospital
8	City of Virginia Beach	23,819	Municipal Government Complex
9	Colony Mobile Home Park	21,978	Mobile Home Park
10	Occidental Development	19,983	Apartments

Source: City Department of Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
OUTSTANDING DEBT BY ISSUE
AT JUNE 30, 2021
(UNAUDTED)**

2020B Water and Sewer Refunding Revenue Bonds	\$ 51,110,000
2020A Water and Sewer Revenue Bonds	45,600,000
2016B Water and Sewer Refunding Revenue Bonds	34,375,000
2016A Water and Sewer Revenue Bonds	42,005,000
2013 Water and Sewer System Revenue Bonds	<u>36,840,000</u>
 Total Water and Sewer Debt Outstanding ¹	 <u><u>\$ 209,930,000</u></u>

¹ All Water & Sewer Bonds listed above are Parity Debt.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER RESOURCE RECOVERY FEES
HISTORY OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR 2016 THROUGH 2021
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)**

	Fiscal Year					
	2016	2017	2018	2019	2020	2020
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Received	2,414	2,796	2,046	2,107	2,143	1,174
Disbursements	<u>2,414</u>	<u>2,796</u>	<u>2,046</u>	<u>2,107</u>	<u>2,143</u>	<u>1,174</u>
Balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: City Departments of Finance and Public Utilities.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SYSTEM OPERATING REVENUES, EXPENSES AND COVERAGE
FOR FISCAL YEAR JUNE 30, 2021
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Fiscal Year				
	2017	2018	2019	2020	2021
<u>Operating Revenues</u>					
Service Charges	\$ 75,767	\$ 77,126	\$ 77,256	\$ 76,803	\$ 75,730
Water Usage	45,599	45,485	44,679	49,652	51,365
Interfund Services Provided	1,497	1,421	1,082	3,225	1,893
Miscellaneous	1,616	1,297	1,008	829	726
Total Operating Revenues	124,479	125,329	124,025	130,509	129,714
<u>Operating Expenses</u>					
Water Acquisition	24,722	24,811	27,529	29,914	25,463
Water Distribution	7,189	7,187	6,576	6,791	5,300
Sewer Collection	14,494	14,329	13,547	13,305	13,093
Administration and Engineering	16,708	22,349	22,801	23,242	27,889
Customer Services	9,701	10,839	10,430	10,787	17,074
Total Operating Expenses	72,814	79,515	80,883	84,039	88,819
Net Operating Income	51,665	45,814	43,142	46,470	40,895
<u>Non-Operating Revenues/(Expense)</u>					
Interest	2,082	2,640	2,981	3,290	1,068
Water Resource Recovery Fee	2,796	2,046	2,107	2,143	1,174
Connection Fees	1,047	890	903	1,031	1,180
Norfolk Water True-Up	-	-	-	-	-
Total Non-Operating Income	5,925	5,576	5,991	6,464	3,422
Income Available For Debt Service	\$ 57,590	\$ 51,390	\$ 49,133	\$ 52,934	\$ 44,317
Annual Debt Service¹					
Water and Sewer Revenue Bonds	\$ 16,569	\$ 17,918	\$ 17,921	\$ 17,913	\$ 18,509
<u>Coverage of Debt Service on Water and Sewer Revenue Bonds</u>	² 3.48 x	2.87 x	2.74 x	2.96 x	2.39 x

¹ Includes Principal, Interest at gross, and Bank Charges

² The Water and Sewer has Master Bond Resolution dated February 11, 1992, as amended and supplemented that sets the debt service coverage and revenue requirements at 115% of maximum annual debt service for Water and Sewer revenue bonds and 1.0 times for Water and Sewer General Obligation Bonds. City Council set the revenue coverage goal of not less than 1.5x annual debt service for Water and Sewer Bonds and 1.2x for total debt (combined Water and Sewer Revenue Bonds and any Water and Sewer General Obligation Bonds) May 14, 2002 in the FY 2003 Operating Budget.

Source: City Departments of Finance and Public Utilities.

**CITY OF VIRGINIA BEACH
WATER AND SEWER ENTERPRISE FUND
DEBT SERVICE REQUIREMENTS
AS OF JUNE 30, 2021
(UNAUDITED)**

Fiscal Year	Principal	Interest	Total Debt Service	Principal Outstanding
2022	\$ 10,800,000	\$ 8,012,525	\$ 18,812,525	\$ 199,130,000
2023	11,405,000	7,457,400	18,862,400	187,725,000
2024	12,045,000	6,871,150	18,916,150	175,680,000
2025	12,720,000	6,252,025	18,972,025	162,960,000
2026	13,445,000	5,597,900	19,042,900	149,515,000
2027	11,470,000	4,992,675	16,462,675	138,045,000
2028	11,960,000	4,464,787	16,424,787	126,085,000
2029	10,075,000	3,984,075	14,059,075	116,010,000
2030	10,555,000	3,529,375	14,084,375	105,455,000
2031	11,000,000	3,075,675	14,075,675	94,455,000
2032	8,985,000	2,660,775	11,645,775	85,470,000
2033	9,400,000	2,289,100	11,689,100	76,070,000
2034	9,775,000	1,960,194	11,735,194	66,295,000
2034	10,125,000	1,669,988	11,794,988	56,170,000
2036	10,460,000	1,387,250	11,847,250	45,710,000
2037	6,985,000	1,133,006	8,118,006	38,725,000
2038	7,210,000	911,250	8,121,250	31,515,000
2039	7,435,000	685,025	8,120,025	24,080,000
2040	4,740,000	509,800	5,249,800	19,340,000
2041	4,855,000	387,775	5,242,775	14,485,000
2042	4,985,000	262,500	5,247,500	9,500,000
2043	2,300,000	176,000	2,476,000	7,200,000
2044	2,350,000	128,031	2,478,031	4,850,000
2045	2,400,000	77,563	2,477,563	2,450,000
2046	2,450,000	26,031	2,476,031	-
Totals	\$ 209,930,000	\$ 68,501,875	\$ 278,431,875	

All Water & Sewer Debt is comprised of Revenue Bonds and Notes issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
WATER AND SEWER RATE HISTORY ¹
(UNAUDITED)**

Effective Date of Rate Adjustment	Water Commodity Rate (per 1,000 gallons)	Water Service Availability Charge (5/8" meter)	Sanitary Sewer Service Charge Single Family Residence (per month)
July 1, 2011	\$ 4.41	\$ 4.41	\$ 22.12
July 1, 2012	4.41	4.41	24.86
July 1, 2013	4.41	4.41	27.76
July 1, 2014	4.41	4.41	30.81
July 1, 2015	4.41	4.41	30.81
July 1, 2016	4.41	4.41	30.81
July 1, 2017	4.41	4.41	30.81
July 1, 2018	4.41	4.41	30.81
July 1, 2019	4.90	4.41	30.81
July 1, 2020	4.90	4.41	30.81
July 1, 2021	4.90	4.41	30.81

¹ Reflects eleven-year rate history consistent with time-span shown in Official Statements for outstanding Water and Sewer System Refunding and Revenue Bonds, series 2013, 2016 A&B and 2020 A&B.

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST STORM WATER UTILITY ACCOUNTS
FOR BILLING PERIOD ENDING JUNE 30, 2021
(UNAUDITED)

Customer	Fees Billed
Lynnhaven Mall Group	\$ 240,401
Stihl, Inc.	179,295
Virginia Wesleyan College	151,566
Spence Crossing Res Inc	147,392
Sentara Healthcare	131,526
City of Virginia Beach	126,481
Pembroke Square Associates	94,069
Evergreen Virginia LLC	85,355
Emerald Point LLC	84,235
Sentara Virginia Beach General Hospital	82,965

Source: City Department of Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY
DISTRIBUTION BY TYPE OF PROPERTY
AS OF JUNE 30, 2021
(UNAUDITED)**

Type of Property	FY 2020
	Percent of Equivalent Residential Units (ERU)
Residential	47.6%
Multi-Family	12.5%
Non-Residential	39.9%

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FEE COLLECTIONS
AS OF JUNE 30, 2021
(UNAUDITED)

Fiscal Year	Assessed fees¹	Collected fees ¹	% Collected
2012	\$ 27,632,407	\$ 27,541,919	99.67
2013	32,006,788	31,852,199	99.52
2014	36,709,700	36,537,711	99.53
2015	39,055,783	38,684,230	99.05
2016	39,804,972	39,530,243	99.31
2017	39,738,434 ²	39,593,321 ²	99.63
2018	43,099,967 ²	42,896,849 ²	99.53
2019	41,918,755	41,579,356	99.19
2020	44,935,049	41,267,793 ³	91.84
2021	45,877,894	45,335,509 ³	98.82

¹ Represents billings and collections of Equivalent Residential Unit (ERU) Fees through June 30th of each Fiscal Year. Storm Water billing is part of a combined utility service bill including water, sewer and waste management. The City anticipates that for each of the recent years, collection rates will be consistent with earlier years.

² The City included incorrect amounts for FY 2017 and FY 2018 in previous schedules provided in its annual continuing disclosure reports as well as the Official Statement for the Series 2019 Storm Water Utility Revenue Bonds. Previously, Assessed Fees and Collected Fees were shown as \$39,854,926 and \$40,046,975 with 100.48% collected for FY 2017 and \$42,654,304 and \$41,579,356 with 98.12% collected for FY 2018, respectively.

³ Fee collection for FY 2021 and FY 2020 declined year-over-year as a result of the suspension of water service disconnections from June 2019 to December 2019 due to staffing shortages after the May 31st mass shooting incident and from March 2020 – August 2021 due to the state's moratorium on water service disconnections in response to the COVID-19 (coronavirus) pandemic. The City resumed delinquent disconnections on August 30, 2021 resulting in a high rate of payment and/or application for bill assistance.

Source: City Departments of Public Works/Storm Water Management and Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
PRO FORMA CALCULATION OF REVENUE COVENANTS
(UNAUDITED)

Revenue Requirement A	Fiscal Year					
	2017	2018	2019	2020	2021	2022 Budget
Total Revenues:						
System Revenues (including interest income)	\$ 40,471,105	\$ 42,148,983	\$ 43,419,253	\$ 45,815,995	\$ 46,500,751	\$ 46,964,564
Budgeted Operating Expenses	26,074,916	26,383,086	25,697,342	14,900,439	15,037,414	13,046,610
Revenues Available for Debt Service	<u>14,396,189</u>	<u>15,765,897</u>	<u>17,721,911</u>	<u>30,915,556</u>	<u>31,463,337</u>	<u>33,917,954</u>
Maximum Principal and Interest Requirement on Revenue Bonds ¹	\$ 3,399,201	\$ 3,393,984	\$ 3,393,984	\$ 5,180,749	\$ 10,556,775	\$ 9,355,925
Debt Service Coverage Ratio ²	4.2 x	4.6 x	5.2 x	6.0 x	3.0 x	3.6 x
Revenue Requirement B ³	Fiscal Year					
	2017	2018	2019	2020	2021	2022 Budget
Total System Revenues (including interest income)	\$ 40,471,105	\$ 42,148,983	\$ 43,419,253	\$ 45,815,995	\$ 46,500,751	\$ 46,964,564
Less:						
Budgeted Operating Expenses	26,074,916	26,383,086	25,697,342	14,900,439	15,037,414	13,046,610
Revenue Bond Debt Service ⁴ :						
Requirement on Series 2010A Bonds	1,391,695	1,386,025	1,382,793	1,376,896	642,600	-
Requirement on Series 2010B Bonds	641,581	641,481	645,475	642,881	558,250	-
Requirement on Series 2015 Bonds	1,359,106	1,360,056	1,358,631	1,359,256	1,360,606	1,359,200
Requirement on Series 2019 Bonds	-	-	-	1,786,638	1,787,262	1,786,137
Requirement on Series 2020A Bonds	-	-	-	-	1,711,996	4,552,900
Requirement on Series 2020B Bonds	-	-	-	-	382,287	1,606,300
Parity Double Barrel Bond Fund	-	-	-	-	-	-
Subordinate Debt Fund (Prior Bonds)	-	-	-	-	-	-
Total Debt Service	3,392,382	3,387,562	3,386,899	5,165,671	6,443,001	9,304,537
Capital Improvement Account (Cash) ⁴	7,500,000	7,500,000	8,000,000	21,554,151	22,511,777	18,464,685
Deposit to Debt Service Reserve Fund ⁵	-	-	-	-	-	-
Total Expenditures	<u>36,967,298</u>	<u>37,270,648</u>	<u>37,084,241</u>	<u>41,620,261</u>	<u>43,992,192</u>	<u>40,815,832</u>
Surplus Revenue	<u>\$ 3,503,807</u>	<u>\$ 4,878,335</u>	<u>\$ 6,335,012</u>	<u>\$ 4,195,734</u>	<u>\$ 2,508,559</u>	<u>\$ 6,148,732</u>
Reconciliation of Expenses to ACFR						
Total Operating Expenses (per ACFR)	\$ 33,123,109	\$ 32,853,281	\$ 36,161,097	\$ 31,002,402	\$ 25,021,710	NA
Add (Subtract):						
Depreciation	(5,466,520)	(5,670,476)	(6,458,891)	(7,309,940)	(8,266,150)	
Annual CIP Expense	(1,091,586)	(1,131,483)	(4,447,355)	(8,134,590)	(1,782,901)	
Net Deferred Retirement Contribution	(490,087)	283,027	433,800	(482,704)	(933,623)	
OPEB Expenditures	-	48,737	8,691	(174,729)	998,378	
Total Budgeted Expenses (Pro Forma Requirement)	<u>\$ 26,074,916</u>	<u>\$ 26,383,086</u>	<u>\$ 25,697,342</u>	<u>\$ 14,900,439</u>	<u>\$ 15,037,414</u>	

¹ All Interest is presented at "gross", and does not reflect the United States Treasury subsidy payment to be received for a portion of the series 2010A-2 bonds issued as "Build America Bonds. FY 2021 was the last year the subsidy was received due to the refunding of a portion of the Series 2010A-2 Bonds and Series 2010 Bonds by the Series 2020B Bonds.

² Per the Agreement of Trust dated January 1, 2000, as amended and supplemented, pledged revenues will be sufficient to equal the sum of (1) the Operating Expenses shown in the Annual Operating Budget and (2) 115% of Maximum Annual Debt Service.

³ Also per the Agreement of Trust, system revenues will be sufficient to equal the sum of (1) the Operating Expenses payable from System Revenues shown in the Annual Operating Budget, (2) the amount required to be paid into the Bond Fund, (3) the amount (if any) required to be paid into the Parity Double Barrel Bond Fund, (4) the amount (if any) required to be paid into the Subordinate Debt Fund, (5) the amount of any other indebtedness of the City attributable to the System required to be paid from Pledged Revenues, (6) the amount transferred to the Capital Improvement Account as may be determined by the Director of Public Works and (7) any amount necessary to be paid into the Debt Service Reserve Fund to restore the amount on deposit therein to the amount of the Debt Service Reserve Requirement.

⁴ Reflects use of current year pay-go/cash and excludes use of net position.

⁵ Deposits to the Storm Water Debt Service Reserve required as a result of new bond issuances are made from the Storm Water Enterprise Fund and not from system revenues, and are not reflected under Revenue Requirement B. The amounts deposited from the Storm Water Enterprise Fund for Storm Water Utility Revenue Bonds, Series: 2015 issued January 28, 2015 - \$1,353,563; 2019 issued July 31, 2019 - \$1,786,637.51; and 2020 issued October 7, 2020 - \$4,140,050.

NA = Not applicable

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
DEBT SERVICE REQUIREMENTS
AS OF JUNE 30, 2021
(UNAUDITED)

Fiscal Year	Principal	Interest	Total
2022	\$ 4,265,000	\$ 5,039,538	\$ 9,304,538
2023	4,470,000	4,841,281	9,311,281
2024	4,700,000	4,627,631	9,327,631
2025	4,955,000	4,394,381	9,349,381
2026	4,550,000	4,165,231	8,715,231
2027	4,800,000	3,940,306	8,740,306
2028	5,035,000	3,708,231	8,743,231
2029	5,290,000	3,469,006	8,759,006
2030	5,550,000	3,222,982	8,772,982
2031	5,815,000	2,970,131	8,785,131
2032	6,100,000	2,704,606	8,804,606
2033	6,345,000	2,468,381	8,813,381
2034	6,565,000	2,269,731	8,834,731
2035	6,780,000	2,069,556	8,849,556
2036	7,010,000	1,862,706	8,872,706
2037	6,035,000	1,666,163	7,701,163
2038	6,220,000	1,478,894	7,698,894
2039	6,410,000	1,284,209	7,694,209
2040	6,615,000	1,083,425	7,698,425
2041	5,440,000	896,888	6,336,888
2042	5,615,000	724,013	6,339,013
2043	5,795,000	544,538	6,339,538
2044	5,980,000	359,288	6,339,288
2045	4,355,000	199,875	4,554,875
2046	4,485,000	67,275	4,552,275
	<u>\$ 139,180,000</u>	<u>\$ 60,058,266</u>	<u>\$ 199,238,266</u>

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
STORM WATER RATE HISTORY
(UNAUDITED)

Effective Date	Rate per day per ERU
7/1/2012	\$ 0.366
7/1/2013	0.416
7/1/2014	0.433
7/1/2015	0.433
7/1/2016	0.433
7/1/2017	0.458
7/1/2018	0.458
7/1/2019	0.493
7/1/2020	0.493
7/1/2021	0.493

Source: City Department of Public Works/Storm Water Management

Code of the City of Virginia Beach, Section 32.5-2



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