

# Comprehensive Annual Financial Report 2021



**Chesapeake**  
VIRGINIA

For Fiscal Year Ended June 30, 2021

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Comprehensive Annual  
Financial Report  
of the  
City of Chesapeake, Virginia  
for Fiscal Year Ended  
June 30, 2021



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

# City of Chesapeake, Virginia

## **Mission**

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

## **Code of Ethics**

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

## **Acknowledgments...**

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

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

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Tamara Walters  
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Matthew Wong

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

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

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# INTRODUCTORY SECTION



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December 15, 2021

To the Honorable Mayor, Members of City Council and the Citizens of Chesapeake, Virginia:

We are pleased to submit the Comprehensive Annual Financial Report for the City of Chesapeake, Virginia (the City) for the fiscal year ended June 30, 2021. The financial statements included in this report conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB). Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Management's Discussion and Analysis (MD&A) immediately follows the Report of Independent Auditor and provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

### The Reporting Entity and Its Services



The present City of Chesapeake was formed on January 1, 1963 by the merger of Norfolk County and the City of South Norfolk. This merger created the second largest city in the Commonwealth with 353 square miles, surrounded by the cities of Norfolk, Portsmouth, Virginia Beach, Suffolk and the North Carolina state line. With the latest estimated population of 249,521 as of June 30, 2021, the City is also the second largest city in the Commonwealth of Virginia in terms of population.



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

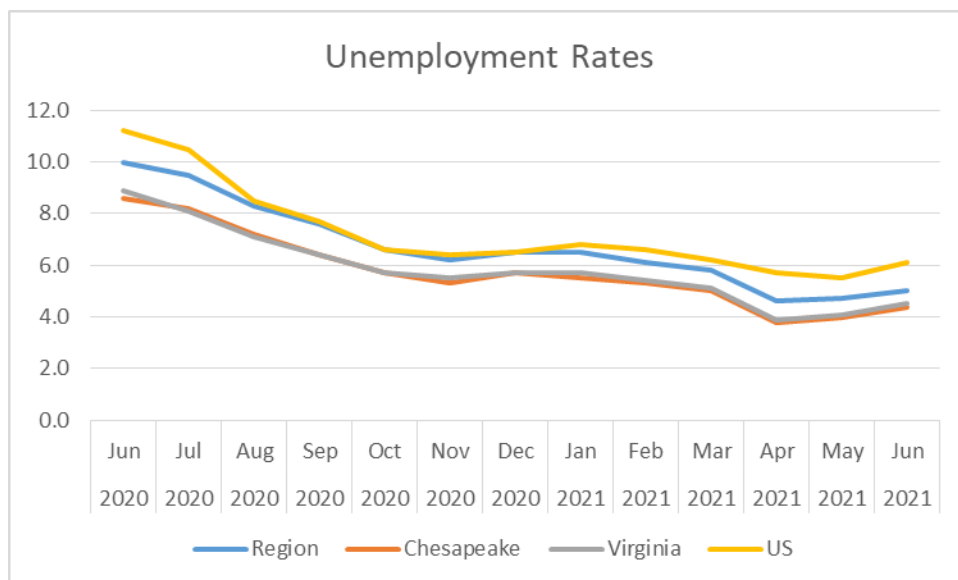
Cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation. In accordance with the requirements of GASB, the financial reporting entity consists of the Primary Government (the City of Chesapeake), as well as its component units, which are legally separate organizations for which the City Council is financially accountable.

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

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

## Economic Condition and Outlook

FY2021 has proven to be a successful recovery year for the City of Chesapeake. While impacts of COVID-19 are still present in today's economy, the City and regional economies continued to improve in FY2021. Unemployment rates were significantly impacted by COVID-19 in 2020. The City unemployment rate reached a high of 14.8% in April 2020 as a direct result of COVID-19. While the consequences of the pandemic are still visible in the unemployment rate, Chesapeake has been trending down from 8.6% in June 2020 to 4.4% in June 2021. The downward trend in unemployment rates mimics those of the Hampton Roads region, the State, and the United States with the Chesapeake monthly unemployment rate the lowest for most of 2021.



Chesapeake has seen a decrease in demand for office and retail space which is expected to last in the near term while the pandemic persists, and work-from-home continues. However, industrial (especially from the strong international base in Chesapeake), healthcare, and distribution/logistics (especially port related) activity have increased.

Though many segments of the regional economy have suffered negative impacts during the pandemic, sales of new and existing homes have significantly increased. A pandemic driven decrease in the supply of housing for sale in the spring of 2020 amidst constant demand for housing across Hampton Roads has had lasting impact on home sale prices. In Chesapeake, the median sale price of homes has increased 6.4% from 2019 to 2020. In addition, regional consumer spending amidst the COVID-19 pandemic has outperformed expectations due to significant boosts to household income in the form of stimulus payments, tax credits, and increased unemployment benefits and financial assistance to businesses like the Paycheck Protection Plan.

In FY2021, the City continued to utilize the \$42.8 million in Coronavirus Relief Funds (CRF) to offset the costs of the City's response to the pandemic by investing in technology to facilitate distance learning for students, teleworking and telemedicine, providing direct assistance to small businesses, not-for-profits and citizens negatively impacted by COVID-19 and covering payroll and hazard pay costs, purchases of personal protective equipment (PPE) and facility improvements. Citizens were provided assistance through rental, mortgage and utility grants and funds were provided to high-risk residents experiencing homelessness.

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law and the City was allocated \$76.0 million which will be disbursed in two installments. The City received the first installment of \$38.0 million in June 2021. The second installment is scheduled for June 2022. On June 22, 2021, City Council appropriated the \$38.0 million to go to the City's grant fund to continue to offset the costs of the City's response to the pandemic.

Chesapeake's General Obligation bonds continue to hold the highest bond ratings available from all three bond rating agencies, AAA ratings from Fitch Ratings and S&P Global Ratings and Aaa rating from Moody's Investors Service. The bond ratings reflect the City's continued growth and diversification of its sizeable tax base, its healthy resident income levels, the strong and improving financial position supported by formal fiscal policies and conservative budget assumptions, a manageable debt burden with modest future borrowing plans and an above-average yet manageable pension liability. The region and the City also benefit from proactive long-range capital planning and regionalized infrastructure resiliency efforts. Fitch Ratings upgraded to 'BBB+' from 'BBB' the Chesapeake Transportation System's (CTS) \$168 million outstanding senior toll road revenue bonds series 2012A and 2012B in April 2021. Fitch viewed CTS's strong traffic and revenue recovery through January 2021, from peak declines at the outset of the pandemic and substantial liquidity position as stabilizing elements of the financial profile, as the system recovers from the coronavirus pandemic.

## **Major Initiatives**

At the start of FY2021, the Chesapeake City Council held a retreat and affirmed the following strategic anchors for the City. These strategic anchors will serve as the decision-making framework for City staff in day-to-day operations and as a cornerstone as the City embarks on the FY2023 budget process and long-range financial planning.

- STRATEGIC ANCHOR #1
  - We help make Chesapeake an exceptional place to live, learn, work, farm, and play.
- STRATEGIC ANCHOR #2
  - We provide outstanding service to our community, our customers, and each other.

- STRATEGIC ANCHOR #3
  - We will be fiscally responsible and sustainable.

The success of these three anchors is defined through the following strategic areas: economic prosperity, connectivity, cultural diversity, environmental sustainability, and safety and security.

## Economic Prosperity

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

- Strong financial performance resulted from continued cost containment and the careful management of resources. Specifically, General Fund expenditures, encumbrances and other financing uses of \$560.8 million were \$52.9 million or 8.6% below the revised budget, primarily related to transfer of public safety costs related to the pandemic to the CARES grant, a hiring freeze and the school reversion. Total General Fund revenues and other financing sources of \$644.6 million exceeded the revised budget by \$57.6 million or 9.8% primarily related to increases in property and other local taxes.
- The City's Operating and Capital budgets adopted by the City Council preserved core services, funded strategic initiatives and selected services. In fiscal year 2021, the tobacco tax remained unchanged at sixty-five cents per pack and these proceeds continue to be allocated to efforts that improve the health of residents and the economy.
- Planning Commission public hearing agendas have remained robust throughout the pandemic, despite cancelled and virtual meetings. The Planning Department's coordination of land planning functions during fiscal year 2021 included the review of 356 total public hearing and administrative application reviews which included 91 Planning Commission public hearing item reviews, 54 Chesapeake Bay Preservation Area related reviews, 63 administrative plan reviews and 148 historic district architectural reviews.
- The Chesapeake Census 2020 Complete Count Committee (CCC) conducted outreach activities from July 2019 through September 2020, with the Census ultimately concluding on October 16, 2020. The purpose of the CCC was to increase the 2020 Census self-response participation rate by identifying opportunities for partnerships to raise awareness of the 2020 Census and to educate residents on the importance of participating. Ultimately, Chesapeake had a self-response rate of 76.6%, higher than its 76.3% rate in 2010. This is particularly impressive due to the circumstances, a world-wide pandemic, surrounding the 2020 Census and contributed to Virginia having the 6<sup>th</sup> highest self-response rate in the country.
- There have been multiple large residential developments proposed or submitted in calendar years 2020 and 2021. In particular, the development community has shown particular interest in the Portsmouth Boulevard corridor, Military Highway Corridor, Dominion Boulevard corridor, South Battlefield Boulevard corridor, Johnstown Road corridor, Greenbrier Planning Area, and Edinburgh areas. The City expects the increasing numbers of development proposals being submitted for review and beginning construction to continue.
  - In FY21, the City of Chesapeake received \$1.2 million in Community Development Block Grant (CDBG) and \$0.5 million in HOME Investment Partnership Program (HOME) entitlement funds to address goals identified in the City's Program Year (PY) 2020 Annual Action Plan. CDBG and HOME funds were allocated for housing rehabilitation, affordable housing development and homebuyer assistance; rental assistance; emergency shelter, transitional housing, rapid rehousing, permanent supportive housing, homeless prevention case management; early childhood enrichment and youth development; public facility improvements and public park improvements; and housing code enforcement and resolutions. These funds were also used to partially cover the costs incurred by the Chesapeake Planning Department and Chesapeake Redevelopment and Housing Authority for administration and compliance monitoring.



- In addition, the City of Chesapeake received over \$1.5 million over FY2020 and 2021 in CDBG-CV (CARES Act) funding disbursed over two funding cycles. These funds were designated for the following activities: Facility improvements, the purchase and installation of equipment and protective supplies and materials to expand and carry out services in municipal facilities, libraries and community centers located in the City's CDBG eligible census tracts that primarily serve low and moderate-income residents; provide grants to small women-owned and minority-owned businesses to help avoid closure and to retain employment of low-moderate income employees; purchase supplies, equipment, and materials to serve meals at mobile or fixed locations in designated economically challenged areas.
- Some notable accomplishments were: provision of Economic Development grants to SWaM businesses via a \$0.4 million CARES Act funding allocation; the expansion of community programs to provide hot meals to elderly Chesapeake residents and expansion of childcare services to Chesapeake families, due to the funding provided by the CDBG-CV via a \$0.1 million CARES Act funding allocation; the infrastructural improvement of the Chesapeake Care Clinic via a \$0.1 million CDBG funding allocation; housing program expansion of the ForKids facility via a \$0.3 million CARES Act funding allocation; the completion of the Portlock Park Field Lighting infrastructural project via a \$0.1 million CDBG funding allocation.
- The City continued to support and coordinate efforts with the Chesapeake Land Bank Authority (CLBA), which was established by City Council in June 2018 for the purpose of addressing vacant, abandoned, and tax delinquent properties in key strategic areas. The CLBA was also tasked with administering the newly created South Norfolk Residential Rehabilitation Grant Program and began making grants in the past year.
- Efforts continued to administer the Great Bridge Historic Gateway overlay district, established by City Council in June 2020. Over 16 development applications have been reviewed in the past year under the overlay standards in an effort to preserve and promote the Great Bridge Village historic character and to promote economic vitality along the Battlefield Boulevard corridor.
- Chesapeake's attractiveness as a well-balanced commercial center continued. The City's central location in Hampton Roads, proximity to the Ports of Hampton Roads, good transportation network, available land, and strong employee pool continued to encourage a strong international business presence. As the City continues to grow, it will be a progressive and well-connected community of treasured rural areas, vibrant residential neighborhoods and thriving commercial and industrial centers. As a result of these qualities, the Chesapeake civilian labor force has grown from 112,472 in 2010 to 120,670 in July 2021, per the Bureau of Labor Statistics. In July 2019 the labor force was as high as 127,035, and the City is now recovering, along with the rest of the nation, from the economic effects of the COVID-19 pandemic. Median household income has risen from \$67,855 in 2010 to \$78,640 in 2019, per the U.S. Census Bureau.

The Chesapeake Economic Development Department's 2021 Annual Report (highlighting 2020 business announcements and job creation) noted the following accomplishments:

- Investment in Chesapeake totaled \$271.0 million during 2020, a slight increase from the previous year investment of \$270.0 million. The City investment led to the creation of 2,680 new jobs, an increase from 1,686 in the prior year.
- The Economic Development Department assisted existing Chesapeake businesses by launching the "Chesapeake Small Business COVID-19 Recovery" Grant. Grant awards of up to \$12,500 were given to 469 small businesses that were financially impacted by COVID-19. In total, \$5.4 million dollars were awarded to Chesapeake small businesses.
- Chesapeake Regional Medical Center broke ground in January on an expansion that includes the addition of 94 beds in their critical care unit, and represents a capital investment of \$85.0 million. The critical care tower expansion will add 72,000 square feet to the hospital's footprint, and the space will double the size of the Cancer Treatment Center, and renovate the Intensive Care Unit & Obstetrics rooms.

- Amazon announced and broke ground in March of 2020 on a 615,000 square foot, state of the art fulfillment center in the Western Branch area of Chesapeake. This development represents approximately \$50.0 million in capital investment in the building and equipment. The announcement included the creation of 500 new jobs, and a commitment to employee education by having up to 95% of tuition pre-paid for courses related to in-demand fields.
- At the annual State of the City address in February 2020, the Mayor announced that Total Fiber Recovery will be joining the Chesapeake business community. Their \$49.0 million capital investment will also create 68 new jobs with an average salary of \$48,000.
- In October 2020, Plasser American announced their expansion in the South Norfolk area of Chesapeake. Plasser American, will expand both their manufacturing facility, industrial paint booth, as well as their North American corporate offices. The 82,000 square-foot expansion, representing a capital investment of \$52.6 million, will create an additional 98 jobs with an average salary of \$65,000. Plasser American's goal is to complete the facility by December 2021 to celebrate 60 years of business in Chesapeake, Virginia.
- Chesapeake was awarded the Department of Veterans Affairs (VA) Outpatient Clinic from the General Services Administration (GSA). Announced in June 2021, the new VA Clinic will service Southside Hampton Roads veterans in their 196,000 square-foot facility, and create an additional 400 healthcare jobs. The capital investment surpasses \$200.0 million and the expected completed date is in spring of 2024.
- Existing Chesapeake businesses continue to flourish and expand, including YUPO Corporation America. In July 2021, YUPO expanded an additional 100,000 square-feet and invested \$7.85 million.

#### ***For the Future***

- The City continues its efforts to manage growth to achieve a balance between employment opportunities, an expanding tax base, housing that meets the needs of a diverse population, and a healthy natural environment. The City plans to continue to make the best use of land resources and infrastructure so that growth will include revitalization and redevelopment, as well as development of new areas in a manner that will preserve rural, historic, and environmental assets. Such efforts have helped to better manage the City's annual growth rate from an average of 3.2% between 1985 and 1995, to an average annual growth rate of roughly 1.0% since 2001. According to the Hampton Roads Transportation Planning Organization (forecast produced in 2017), Chesapeake is projected to have a total population of 317,206 in 2045. Additionally, total households are projected to be 111,673, while total employment will be 138,475. This yields 1.24 jobs per household, which is a sustainable balance.
- The City is conducting a comprehensive Classification and Compensation Study to ensure the City stays competitive in this challenging labor market.
- The City continues to promote the Dominion Boulevard Corridor (U.S. Route 17 South) as a key strategic economic development area for Chesapeake. Since the adoption of the Dominion Boulevard Corridor Study (the Study) by City Council in 2016, the City has focused on leveraging the Study's key aspirational development standards as part of the review process for new development. In accordance with the Study's recommendations to maximize the economic potential of the area as a regional commercial destination and employment center, the City is working to develop a set of architectural design guidelines to ensure a high quality and aesthetically pleasing development. An accompanying set of development timing policies is being created which will seek to maintain recommended land use ratios within the Study's master land use plan and a fiscally balanced development pace.
- The City continues to plan for and implement key catalyst activities for revitalization in South Norfolk, including reallocating Tax Increment Financing (TIF) funds authorized for use in the South Norfolk TIF District to the Chesapeake Land Bank Authority for strategic property acquisitions. Additionally, a satellite municipal facility to be located on property acquired by the City in the Poindexter Street corridor is planned and under design.
- New residential construction continues in Culpepper Landing, Bryan's Cove, and the Estates at Hickory. Edinburgh continues to have commercial development and the Planned Unit Development (PUD) has recently been expanded on the north and south perimeters. The Grove at Western Branch has had multiple

plan approvals and is under construction. The Amazon Fulfillment center is complete. Summit Pointe is very active with leasing in completed buildings, buildings under construction and plans for future expansion. Multiple large PUD developments are under review and pending approval.

- The Planning Department is currently finalizing a proposal for the Industrial Waterfront Study, for which \$0.4 million has been allocated in fiscal year 2022. The goal of this project is to understand the highest and best use of the industrial land around the Southern Branch of the Elizabeth River and address any concerns related to coastal water hazards (such as recurrent flooding) that may impact those properties.
- The Planning Department is preparing to undertake the next update of the City's *Moving Forward Chesapeake 2035 Comprehensive Plan*. The most recent review of the Comprehensive Plan indicated that while some updates are needed, no major overhauls are anticipated. It is anticipated that the next update of the Comprehensive Plan will consist mainly of: revisions to the Land Use Plan map and definitions; Master Transportation Plan; various demographic and statistical data; incorporation of state mandates; and utilizing key small area plans and studies as geographic-based major policies for the Comprehensive Plan, in keeping with City Council's Strategic Plan.
- At the request of City Council, efforts are underway to develop specific action plans for implementing key catalytic elements of several small area plans and special policy areas, including the Great Bridge Historic Gateway Overlay District; Portsmouth Boulevard corridor; Indian River Planning Area Study; South Military Highway Corridor Study; and Deep Creek Village.

## **Connectivity**

### ***For the Fiscal Year***

- The Planning Department received capital budget funds of \$0.3 million for a small area plan and corridor study for the Indian River Planning Area. Although delayed by the pandemic, the project continued throughout FY2021, and staff expects to bring a final plan to City Council for adoption in late 2021.
- The City continues its participation in the Portsmouth-Chesapeake Joint Land-Use Study (JLUS). This is the City's second JLUS effort, following the Hampton Roads JLUS completed in 2005. The scope of this JLUS includes Saint Juliens Creek Annex, located in Chesapeake, and six other Navy facilities in Portsmouth. The Portsmouth-Chesapeake JLUS is focused primarily on identifying the impacts of recurrent flooding and sea level rise in the communities and transportation networks surrounding the designated Navy facilities and recommending projects, programs, and policies to address impacts. While the project experienced significant delays due to COVID-19, it is expected to wrap up late 2021.
- The COVID-19 pandemic highlighted the need for equitable citizen access to improved broadband capability. The City currently plans to use the first installment of ARPA funds for this initiative, however as new Treasury guidance is updated, the City will monitor any newly released guidance in order to fully comply.

### ***For the Future***

- The City is working with neighboring localities to improve broadband access. The City is a member of the Southside Network Authority which was established to develop and operate a regional fiber-optic network ring that will interconnect the region and serve as the backbone for the region's digital ecosystem, improving municipal services, promoting regional collaboration, and driving economic development. Although Chesapeake's share of the costs to build and operate the regional fiber-optic network ring has yet to be defined, the City's share is estimated to be between \$2.5 and \$5.0 million. In addition to collaborating with the region on developing a regional fiber-optic network ring, the City is working to develop a city-wide fiber optic and wireless network that will connect all city, school, and library facilities to high-speed broadband services. Once implemented this network will provide long-term operational efficiencies, enhance municipal operations and resiliency, promote economic development, and encourage the expansion of broadband offerings to citizens and businesses by the private sector. Cost is estimated at

approximately \$42.0 million to design, construct, deploy, and migrate sites to the new, city-owned network. City Council has approved the project. Construction is estimated to start in early 2022.

- The Citywide Trails and Open Space Connectivity Plan is being developed, for which \$0.4 million has been allocated between fiscal year 2022 and 2023. This will be the City's first effort to create a citywide planning and policy document dedicated solely to the future of biking, walking, and other forms of active transportation and recreational mobility, and will be an important piece of the foundation of the Comprehensive Plan update.

## **Cultural Diversity**

### ***For the Fiscal Year***

- In June of 2020, a Chief Equity Officer (CEO) was designated for the City by assigning one of the Deputy City Managers (DCM) to the role. The CEO was tasked with looking at City services, programs, and projects through "an equity lens". The City has always implemented and enforced local, state, and federal requirements and laws such as Equal Employment Opportunity when considering hiring practices. In order to improve this practice we are focused on casting a wider net, especially for positions which are considered non-traditional for certain populations. An example would be a concerted effort to include minority community organizations, historically Black Colleges and Universities (HBCU), as well as women colleges and universities in the recruitment of jobs that tend to lack diversity in race and gender.
- As previously discussed, Small Business COVID-19 Recovery grants totaling \$5.4 million were awarded to 469 small businesses of which 201 were for SWaM eligible or certified businesses and 51 were veteran-owned. A portion of the total awarded was from \$0.4 million of CDBG grant money which benefited 54 businesses that were all SWaM eligible or certified.

### ***For the Future***

- The City will integrate Cultural Diversity Programming across platforms by continuing to use our CARES (Courteous, Attentiveness, Responsiveness, Empowerment, and Stewardship) standards as the means to address our strategic anchors. The CARES standards are also integrated in the goals and outcomes set by City Council. Through these standards, the ideals of diversity, equity and inclusion serve as the foundation to ensure all (citizens, employees or visitors) have a feeling of belonging whether at work or in the community.
- The Historic Village at the Dismal Swamp will showcase the many diverse stories of the resilient people who inhabited present-day Chesapeake. The village will include narratives that reflect the indigenous groups, like the Nansemond, who first occupied the swamp and continue to act as environmental stewards for the area. The swamp began to be developed following European colonization. Before navigable canals were constructed, the first commercial products to emerge were shingles and barrel staves. Over 6 million wooden pieces were produced annually by the enslaved. The expansive timber ventures allowed unique economic conditions to arise. Trade and Commerce in the swamp will be discussed along a restored Superintendent's House. The distinct economy of the swamp provided opportunities for Black Americans to self-emancipate from bondage. Exhibits and narratives on the Underground Railroad will be installed around the village. The swamp provided temporary refuge for many individuals, like Moses Grandy, as they journeyed northwards via the Dismal Swamp Canal and other waterways towards slavery-free locales. The Maroon Communities of the swamp will also be represented with displays. Reconstructions based on archaeological evidence recovered within the swamp will demonstrate how the Maroon groups lived exclusively in the swamp for generations, exemplifying resistance to the institution of American slavery. The restored, historically registered Cornland School will be the centerpiece of the village and illustrate the legacy of Black education from the Reconstruction Era through the dawn of the Civil Rights Era. The village will also include trails and an outdoor classroom to host programs and lectures that delve further into the rich history of the swamp. The village will serve as an educational attraction drawing residents and tourists to see how their forbearers lived, learned, worked, played and farmed.

- The City of Chesapeake was the first in Virginia and the fourth in the Nation, to enter into a Fair Share Statement of Cooperation with the NAACP in August of 1989. Its purpose was to ensure City employment, procurement, financial institutions, and businesses increased in minority participation. Each year the City reviews data and information to assess areas of success, improvement and challenges. Over the past 2 years, the NAACP has worked on updating the Fair Share Statement to be more than a document of equality and become an action for equity. On November 9, 2021, the NAACP provided Council with an updated draft agreement which consisted of a cooperative plan with the City to increase minority entrepreneurship through SWaM certification and financial literacy course and training.

## **Environmental Responsibility**

### ***For the Fiscal Year***

- A consolidated land conservation program application period ran from mid-September through the end of October 2020. The various programs are detailed below. The City received 22 applications and is in the process of completing due diligence necessary for property acquisition on high-ranking applications (among all programs). The City has three outstanding offers on properties and is waiting to hear back from the owners.
- The City established the Naval Auxiliary Landing Field (NALF) Fentress Encroachment Protection Acquisition Program (FEPAP) in 2014 with the purpose of acquiring property rights from willing property owners to prevent incompatible land uses and encroachment within the Fentress Airfield Overlay District. The program is funded through a 50/50 matching Encroachment Grant from the Commonwealth of Virginia and the City of Chesapeake. In total, the program has allowed for acquisitions of seven properties totaling over 429 acres. The City currently has an outstanding offer for acquisition of a property, as well as an outstanding offer for a restrictive easement over a property and is waiting on the property owners' responses. In addition, utilizing the Multi-Year Agreement for encroachment protection between the U.S. Navy and the City for the NALF Fentress, the City is poised to sell easements over two properties should Readiness and Environmental Protection Integration (REPI) funding become available to our local Navy partners again.
- The City continues its mission of protecting and preserving Chesapeake's unique environmental assets for future generations through the Open Space and Agriculture Preservation (OSAP) Program. The City applied for and received matching grant funds from the Virginia Department of Agriculture and Consumer Services for Purchase of Development Rights activities. The City is undergoing due diligence on priority properties currently to determine whether acquisition is advisable.
- The City continues its partnership with the U.S. Navy to acquire property interests under multi-year encroachment protection agreements for the NALF Fentress and Naval Support Activity Norfolk Northwest Annex. Under these agreements, the Navy agrees to reimburse the City up to half of the purchase price of the property in exchange for a restrictive use or conservation easement. These purchases bolster the City's support of each installation's mission and furthers its commitment to environmental stewardship. Acquisition of properties in these areas also adds to the network of conservation lands in southern Chesapeake. In April 2021 the City and Navy agreed to merge these two separate multi-year agreements into one agreement that would cover both facilities. This allows the Navy greater flexibility in purchasing easements from one shared funding source and allow for shifting of City priorities from one installation to the other based on needs and the availability of willing sellers. The City currently has an outstanding purchase offer on a property in the vicinity of the Northwest Annex.

### ***For the Future***

- The City continues to receive applications for utility scale solar energy facilities of varying sizes. As recommended by the City Council's adopted Solar Energy Policy, applicants will typically make contributions to the City's Open Space and Agricultural Preservation Fund for open space preservation as offsets to the impact of projects on existing agricultural and open space lands.

- The City continues to provide guidance and assistance to the Coastal Virginia Offshore Wind (CVOW) Project, led by Dominion Energy. The project involves the installation of wind turbines off the coast of Virginia Beach, which will ultimately generate up to 8.8 million megawatts of clean, renewable energy that will tie into the electrical grid through the Fentress power substation.

## **Safety and Security**

### ***For the Fiscal Year***

- The City of Chesapeake led the Commonwealth in response to the COVID pandemic. The City was the first municipality in the Commonwealth to reopen to the public, the day the Governor allowed us to. At 20 months into the pandemic, there are still localities that have not reopened their facilities to their citizens. We did this in a way that was safe as possible for our employees and our customers. The City continues to operate in a Unified Command structure, linking the Department of Health, our schools, Chesapeake Regional Hospital, and our city staff, to respond to the constantly changing guidance and information from the state and federal level.
- The City has continued to focus on responding to the needs of our citizens in a way that is efficient and effective. Our Chesapeake Fire Department was the winner of the Virginia Municipal League Public Safety Innovation Award. The statewide competition recognizes innovative problem-solving, excellence in management, citizen participation, and improved services to citizens. Additionally, our Fire Chief, Ed Elliott, was selected to receive the 2020 Governor's Virginia Fire Chief of the Year Award, in recognition of his excellence in leadership and guidance and, the Chesapeake Fire Department was awarded the national Heart Safe Community Award for 2020.

### ***For the Future***

- A cornerstone of public safety is the ability to respond quickly to an emergency situation, when every second counts. The FY2022 budget funds six positions for a medic unit in the new Station 10 in Bowers Hill, which serves Bowers Hill, Airline Boulevard, Deep Creek and the Western Branch/Joliff areas that have experienced significant growth.
- The City will replace Fire Station 11 at Dock Landing. The new station will have significant safety upgrades important to long-term health of the staff including a modern ventilation system in the apparatus bays and will more comfortably accommodate staff allowing gender separation.
- The City has hired a new Emergency Management Coordinator to develop and manage a comprehensive disaster and emergency management program for the City, including disaster mitigation, preparedness, planning, training, education, response and recovery.
- The work of our Police Officers is at the forefront of keeping our community safe and secure. To significantly increase the efficiency and reduce time spent writing reports and notes by 33%, the Police Department will implement software to translate spoken words into written text for officers and detectives.
- The City has a strong cybersecurity program today but as cyber-attacks increase for major corporations and government entities world-wide, ongoing efforts to fortify the City against cyber-attacks include a number of new initiatives. The City will implement an "Enterprise-Wide Next Generation Identity Access Management" suite of tools and technologies to improve Identity Access Management (IDAM) across the enterprise. This project will aid with the management of secure user authentication, user management, user authorization and user access rights. Another project is "Data Access Governance Design and Implementation" which will implement a data governance system that will reduce the risk of exposure of sensitive information and combat both external and internal threats.

## Financial Information

### *Financial Information and Significant Financial Policies*

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

**Minimum Fund Balance Policy.** The City Council adopted a resolution effective July 1, 2014, to maintain an Unassigned Fund Balance in the General Fund at a minimum of 10.0% of the General Fund Revenues and Tax Revenues Committed to Special Revenue Funds, including Tax Increment Financing Funds. The City Council consistently budgets 12.0% of Unassigned Fund Balance to ensure compliance. In the event that the Unassigned Fund Balance shall fall below 10.0% due to unexpected operating emergencies or emergency event response, the City shall develop a plan to replenish the balance to 10.0% within three years. Funds in excess of 10.0% may be retained in the Unassigned General Fund Balance, may be designated as Committed for capital projects or other non-recurring expenditure requirements or high priority needs. Currently, this policy is in addition to the 6.0% of General Fund revenue restricted for cash flow emergencies required by the City's Charter. In the upcoming General Assembly session, the City will be requesting the removal of the 6% to bring the City more in line with the rest of their peers as no other City in Virginia appears to have this requirement.

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

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

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

appropriations that are greater than \$250,000 and transfers between funds. The City Manager has been delegated authority to approve transfers of \$250,000 or less with the exception of transfers between the capital and operating budgets and between capital projects.

## Other Information

**Single Audit.** As a recipient of federal and state financial assistance, the City is also responsible for establishing and maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the City Auditor. As part of the City's Single Audit, tests are performed to determine the adequacy of internal controls and of its compliance with applicable laws and regulations, including that portion related to federal awards. The testing of major federal award programs for the fiscal year ended June 30, 2021 disclosed no material internal control weaknesses or violations of applicable laws and regulations.

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

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the thirty-ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The GFOA also presented the Distinguished Budget Presentation Award to the City for its annual budget for the fiscal year beginning July 1, 2020.

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

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

Very truly yours,



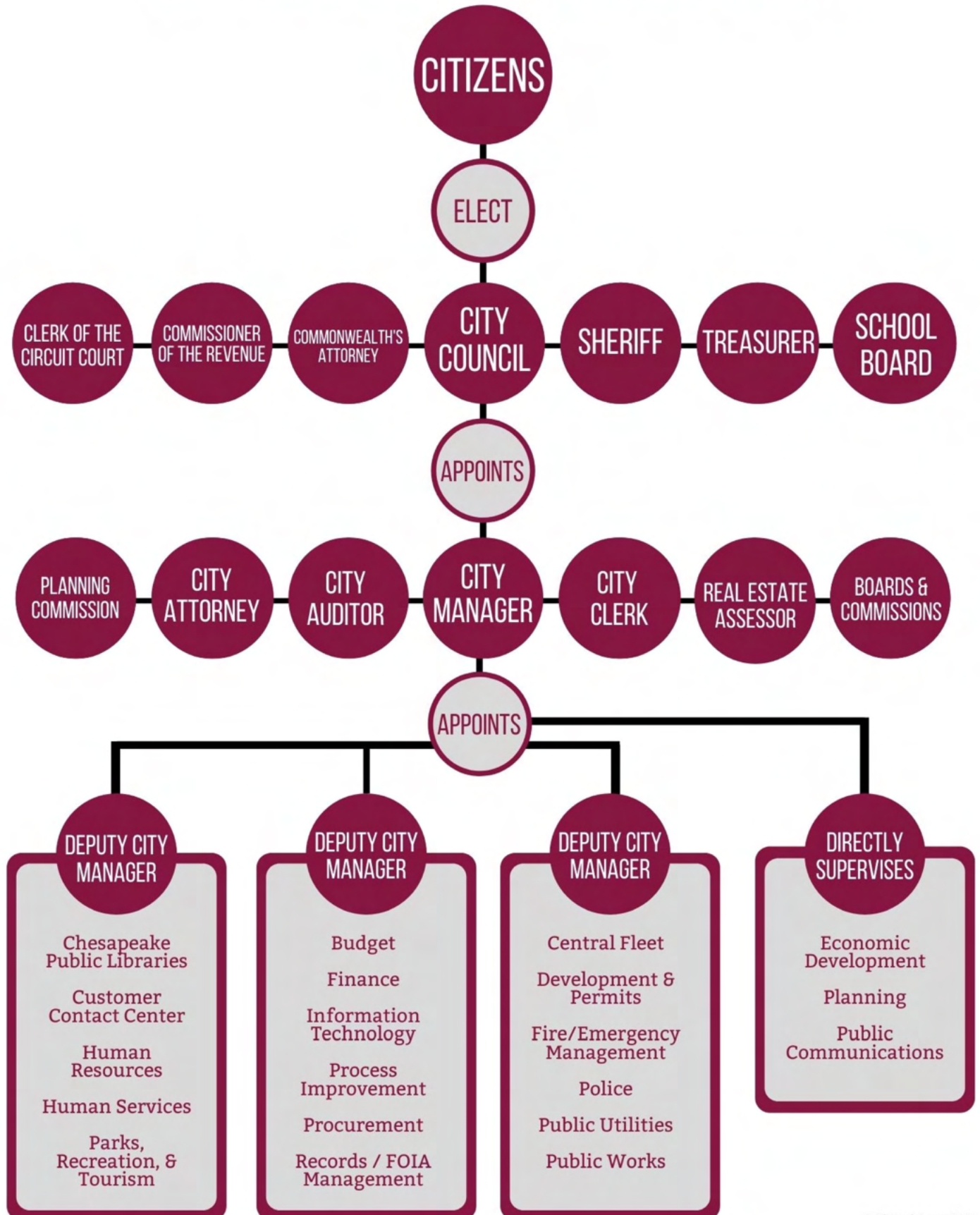
Christopher M. Price  
City Manager



Nancy C. Tracy  
Director of Finance



# CITYWIDE ORGANIZATIONAL CHART



Updated June 2021

# CITY OF CHESAPEAKE, VIRGINIA

City Officials  
June 30, 2021

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## City Council

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

Mayor  
Vice Mayor

R. Stephen. Best, Sr.  
Don J. Carey, III  
Matthew R. Hamel  
Robert C. Ike, Jr.  
S.Z. “Debbie” Ritter  
Susan R. Vitale  
Dr. Ella Ward

## Other Officials

Barbara O. Carraway  
Frank X. King  
Nancy G. Parr  
James O’Sullivan  
Christopher M. Price  
Jacob P. Stroman  
Darren Padilla  
Sandy Madison  
Gregory H. Daniels  
Robert Geis  
Dr. Wanda Barnard-Bailey  
Laura Fitzpatrick  
John W. Brown  
Marjorie T. Arrington, Rufus A. Banks, Jr., Robert G. MacDonald and Stephen J. Telfevan  
Alan P. Krasnoff  
Erin L. Evans  
Linda L. Bryant, Michael R. Katchmark and Tanya L. Lomax  
Glynis G. Townsend  
David J. Whitted  
Lori B. Galbraith, Andrew Kubovcik, and Larry D. Willis  
Bonnie Coffey  
Watson Lawrence  
Jonathan Hobbs  
Joseph J. Scislowicz  
Elizabeth F. St. John  
Jay B. Tate  
Steven C. Wright  
Nancy C. Tracy  
Edmund E. Elliott, Jr.  
Dr. Nancy M. Welch  
Allison Myers  
Jill Baker  
Scott D. Fairholm  
Amanda B. Jackson  
Michael D. Barber  
James McNamara  
Colonel Kelvin L. Wright

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

# CITY OF CHESAPEAKE, VIRGINIA

City Officials  
June 30, 2021

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Heath Covey  
David Jurgens  
Earl Sorey  
Anthony E. Cannon

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

## School Board

Victoria L. Proffitt  
Colleen C. Leary

Chairman  
Vice Chairman

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

## Other School Board Officials

Dr. Jared A. Cotton  
Dr. Angie Smith  
Dr. LaToya Harison  
Dr. Jacqueline C. Miller  
Dr. Brian Austin  
Victoria Lucente  
J. Paige Stutz  
Jeff Faust

Superintendent  
Chief of Staff / Clerk of the Board  
Chief Academic Officer  
Chief Student Support Services  
Chief Human Resources Officer  
Chief Financial Officer  
Chief Operations Officer  
Chief Technology Innovation Officer

## Supplemental Listing

Donald H. Britt  
Steven C. Wright  
Lisa Vanlandingham  
Nancy Tarkenton  
Raimundo Rivera

Lisa Wagenbrenner  
David Perry

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



Government Finance Officers Association

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

Presented to

**City of Chesapeake  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

## FINANCIAL SECTION



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## Report of Independent Auditor

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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Chesapeake, Virginia, (the "City"), as of and for the year ended June 30, 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 Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc., which represent 2.46%, 4.47%, and 0.33%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards* or 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 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 17 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 ("MD&A") and required supplementary information other than MD&A, as listed on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

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



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 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 15, 2021

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



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## **CITY OF CHESAPEAKE, VIRGINIA**

### **Management's Discussion and Analysis Year Ended June 30, 2021**

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The discussion and analysis of the financial performance of the City of Chesapeake, Virginia (the City) provides an overall review of the City's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

#### **FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2021**

- The total net position of the City on a government-wide basis, excluding component units, was \$2.2 billion. Of this amount, \$343.2 million was unrestricted.
- The City's government-wide total net position increased by \$129.9 million from the prior year. The governmental activities' net position increased by \$108.9 million and business-type net position increased by \$21.0 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$605.4 million, an increase of \$90.7 million from the prior year. Approximately \$526.9 million or 87.0% of this amount was unrestricted (committed, assigned or unassigned).
- The General Fund, on a current financial resources basis, reported a net increase in fund balance of \$90.0 million. The original budget projected a deficit of \$15.8 million. The final amended budget resulted in a revised deficit projection of \$26.7 million. A combination of strong revenue performance of \$56.9 million or 9.9% greater than the amended budget and expenditures, exclusive of payments to Chesapeake Public Schools (CPS), of \$36.6 million or 11.6% lower than the amended budget resulted in the increase in fund balance. The expenditure performance resulted from management focus on operational efficiency and cost containment efforts to offset potential impacts of the COVID-19 pandemic coupled with employment vacancies.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$78.3 million or 16.4% of total General Fund expenditures (including payments to CPS).
- The total fund balance of the General Fund of \$361.6 million increased \$90.0 million from the prior year. Fund balance composition at year end was 0.4% nonspendable, 11.1% restricted, 58.8% committed, 8.0% assigned and 21.7% unassigned.
- The City's total bonded debt, excluding, literary loans and installment purchase agreements, decreased by \$37.3 million from fiscal year 2020 (approximately 5.5%).
- In FY2021, the City continued to use the \$42.8 million in Coronavirus Relief Funds (CRF) to offset costs of the City's response to the pandemic, including technology and facility improvements to facilitate distance learning, public safety labor reimbursement, hazard pay, teleworking and telemedicine and to provide direct assistance to small businesses, not-for-profits, and citizens impacted by COVID-19.
- The City was allocated \$76.0 million from the American Rescue Plan Act of 2021 (ARPA) in March 2021, which will be disbursed in two installments. The City received the first installment of \$38.0 million in June 2021. The second installment is scheduled for June 2022. On June 22, 2021, City Council voted to amend the FY2022 Operating Budget and appropriate \$38.0 million to the City's grant fund to continue to offset the cost of the City's response to the pandemic. The City currently plans to use the first installment of ARPA funds to ensure equitable citizen access to improved broadband capability, however as new Treasury guidance is updated, the City will monitor any newly released guidance in order to fully comply.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

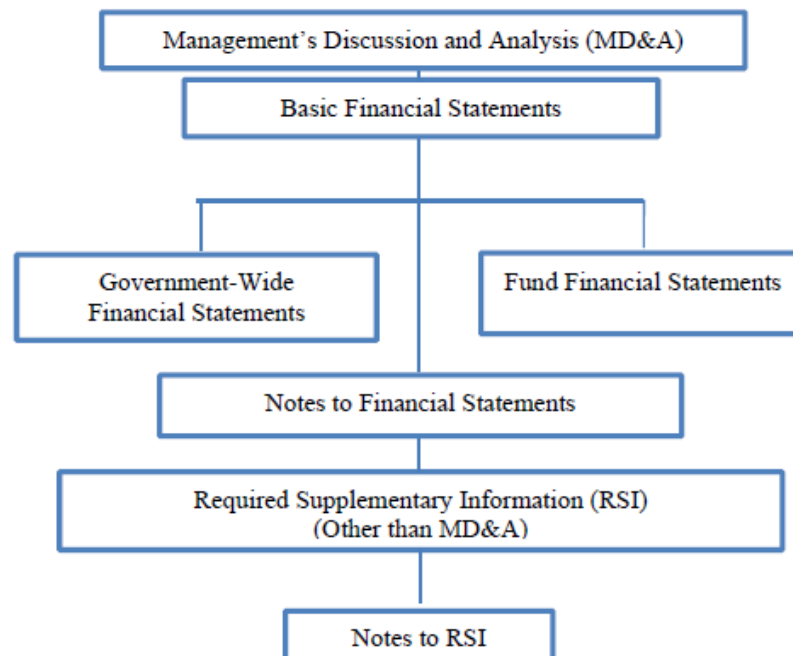
The following graphic shows how the required parts of this *Management's Discussion and Analysis* and the City's *basic financial statements* are arranged and relate to one another.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

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



The City's financial statements present two kinds of statements, each with a different snapshot of the City's finances. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the City's accountability.

#### Government-Wide Statements

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

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

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

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

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- *Business-type activities* – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and sewer system, Chesapeake Transportation System, stormwater system and the Economic Development Authority are included in this category.
- *Component units* – The City includes five (5) discretely presented component units, separate legal entities, in its report – the Chesapeake Public Schools, the Chesapeake Mosquito Control Commission, the Chesapeake Airport Authority, Elizabeth River Properties of Chesapeake, Inc. and the Chesapeake Land Bank Authority. Although legally separate, these component units are important because the City is financially accountable for them and provides operating funding.

### Fund Financial Statements

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

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements. The City includes in its governmental fund statements a blended component unit, CSB of Chesapeake, Inc., because it provides services entirely for the benefit of the City.
- *Proprietary funds* – The City's proprietary funds consist of enterprise funds and internal service funds. Proprietary funds, like the government-wide statements, provide both short and long-term financial information. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private sector entities in which costs are recovered mainly through user fees. The City includes in its proprietary fund statements the blended component unit the Economic Development Authority of the City of Chesapeake (the EDA) because of its financial dependence on the City. The City's internal service funds are the same as its business-type activities, with the exception of the allocation of the funds' gains or losses. The internal service funds are used to report activities that provide supplies and services for the City's other programs and activities – such as the City Garage Fund and the Information Technology Fund.
- *Fiduciary funds* – The City is the trustee, or fiduciary, for certain donated funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are reported in a separate Statement of Fiduciary Net Position. The City excludes these activities from its government-wide financial statements because the City cannot use these assets to finance its operations. The City includes in its fiduciary fund statements the City of Chesapeake Other Postemployment Benefits Trust Fund (OPEB Trust Fund).

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



## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position totaled \$2.2 billion at the close of fiscal year 2021, an increase of \$129.9 million from the net position at June 30, 2020. By far the largest portion of the City's net position (67.6%) is net investment in capital assets (e.g., land, buildings, equipment and infrastructure), less accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

#### Statement of Net Position

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

June 30, 2021 and 2020  
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2021	FY2020	FY2021	FY2020	FY2021	FY2020
<b>Assets and deferred outflows of resources</b>						
Current and other assets	\$ 812.4	687.2	312.8	304.1	1,125.2	991.3
Capital assets	1,234.9	1,242.0	878.3	877.3	2,113.2	2,119.3
Total assets	2,047.3	1,929.2	1,191.1	1,181.4	3,238.4	3,110.6
Deferred outflows of resources	96.3	68.4	9.7	7.2	106.0	75.6
<b>Total assets and deferred outflows of resources</b>	<b>2,143.6</b>	<b>1,997.6</b>	<b>1,200.8</b>	<b>1,188.6</b>	<b>3,344.4</b>	<b>3,186.2</b>
<b>Liabilities and deferred inflows of resources</b>						
Current and other liabilities	128.3	113.7	38.3	38.2	166.6	151.9
Long-term liabilities	534.2	517.3	459.3	468.4	993.5	985.7
Total liabilities	662.5	631.0	497.6	506.6	1,160.1	1,137.6
Deferred inflows of resources	22.6	17.0	9.6	9.4	32.2	26.4
Total liabilities and deferred inflows of resources	685.1	648.0	507.2	516.0	1,192.3	1,164.0
<b>Net position</b>						
Net investment in capital assets	992.1	974.4	462.3	458.6	1,454.4	1,433.0
Restricted	83.8	88.1	270.7	248.8	354.5	336.9
Unrestricted (deficit)	382.6	287.1	(39.4)	(34.8)	343.2	252.3
Total net position	1,458.5	1,349.6	693.6	672.6	2,152.1	2,022.2
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 2,143.6</b>	<b>1,997.6</b>	<b>1,200.8</b>	<b>1,188.6</b>	<b>3,344.4</b>	<b>3,186.2</b>

Approximately 16.5% of the City's net position is subject to external restrictions. The remaining balance of unrestricted net position (\$343.2 million or 15.9%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the Primary Government as a whole. In addition, all categories of net position for its separate governmental and business-type activities are positive balances except for the unrestricted deficit for business-type activities of \$39.4 million. Total unrestricted net position increased by \$90.9 million or 36.0% from the prior year. Total restricted net

## **CITY OF CHESAPEAKE, VIRGINIA**

### **Management's Discussion and Analysis Year Ended June 30, 2021**

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position increased \$17.6 million or 5.2%, primarily due to restricted funds for capital projects for business-type activities. Lastly, net investment in capital assets increased \$21.4 million or 1.5%. The City's total net position increased by \$129.9 million or 6.4% during the fiscal year.

#### **Governmental Activities**

The increase in net position from the prior fiscal year was \$108.9 million, as shown on the Statement of Activities. This increase is attributable to the excess of revenues over expenses of \$118.4 million net of \$9.5 million of transfers.

Revenues for the City's governmental activities were \$779.6 million, representing an increase of \$61.4 million over fiscal year 2020. The net increase was due to increases in both program revenues and general revenues. Program revenues included an increase in operating grants and contributions of \$41.3 million offset by decreases in capital grants and contributions of \$8.5 million and charges for services of \$2.5 million. Total donated land and infrastructure assets, including roads, were reported in the public works function in the prior fiscal year for \$8.6 million versus close to zero in the current fiscal year. General revenues increased \$31.2 million over the prior year. Real and personal property taxes, the largest source of City revenues, showed an increase of \$23.3 million or 6.3%. This increase is primarily due to an increase in real estate and personal property assessed values of 4.1% and 9.7%, respectively.

Expenses decreased by \$27.8 million or 4.0%. Major increases are in the following functional areas: \$21.1 million in general government and \$5.1 million in public safety. These were offset by decreases of \$11.5 million in public works and \$41.4 million in education. The decrease in education is primarily due to federal "No Loss Funding" from the State along with unexpended appropriation.

#### **Business-type Activities**

The increase in net position from the prior fiscal year was \$21.0 million. These resources cannot be used to offset any net deficit in governmental activities. The City generally can only use this net position to fund the continuing operations of its enterprise operations, which include Public Utilities, Chesapeake Transportation System (CTS), Stormwater Management and the EDA, which was classified as a blended component unit on the enterprise fund statements beginning in fiscal year 2019. The net increase in capital assets was comprised of an increase in Public Utilities of \$16.3 million offset by decreases in Stormwater Management of \$0.2 million and in CTS of \$15.1 million. Total revenues increased \$1.0 million or 0.6% for business-type activities primarily due to a \$3.5 million increase in capital grants and contributions offset by a \$2.6 million decrease in operating grants and contributions. Total expenses are consistent between FY2021 and FY2020.

# CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

## Statement of Activities

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

**Year Ended June 30, 2021 and 2020**  
**(in millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Activities</b>	
	<b>FY2021</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2020</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 19.3	21.8	125.9	125.9	145.2	147.7
Operating grants and contributions	160.7	119.4	2.7	5.3	163.4	124.7
Capital grants and contributions	14.4	22.9	9.7	6.1	24.1	29.0
General revenues						
Property taxes	393.7	370.4	-	-	393.7	370.4
Other taxes	151.3	138.0	-	-	151.3	138.0
Grants and contributions not restricted to specific program	33.5	32.4	-	-	33.5	32.4
Unrestricted investment earnings	0.9	8.2	-	-	0.9	8.2
Other	5.8	5.1	-	-	5.8	5.1
Total revenues	779.6	718.2	138.3	137.3	917.9	855.5
<b>Expenses</b>						
General government	227.1	206.0	-	-	227.1	206.0
Public safety	116.5	111.4	-	-	116.5	111.4
Public works	11.3	22.7	-	-	11.3	22.7
Parks and recreation	7.6	9.7	-	-	7.6	9.7
Public welfare	60.6	56.3	-	-	60.6	56.3
Education	209.4	250.8	-	-	209.4	250.8
Public utilities	-	-	66.1	66.7	66.1	66.7
Chesapeake Transportation System	-	-	38.0	38.5	38.0	38.5
Stormwater management	-	-	15.3	14.4	15.3	14.4
Economic Development Authority	-	-	7.4	7.1	7.4	7.1
Interest on long-term debt	12.6	12.5	-	-	12.6	12.5
Depreciation and amortization unallocated	16.1	19.6	-	-	16.1	19.6
Total expenses	661.2	689.0	126.8	126.7	788.0	815.7
Excess (deficiency) before transfers	118.4	29.2	11.5	10.6	129.9	39.8
Transfers	(9.5)	(3.6)	9.5	3.6	-	-
Increase (decrease) in net position	108.9	25.6	21.0	14.2	129.9	39.8
Net Position - beginning	1,349.6	1,324.0	672.6	658.4	2,022.2	1,982.4
Net Position - ending	\$ 1,458.5	1,349.6	693.6	672.6	2,152.1	2,022.2

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

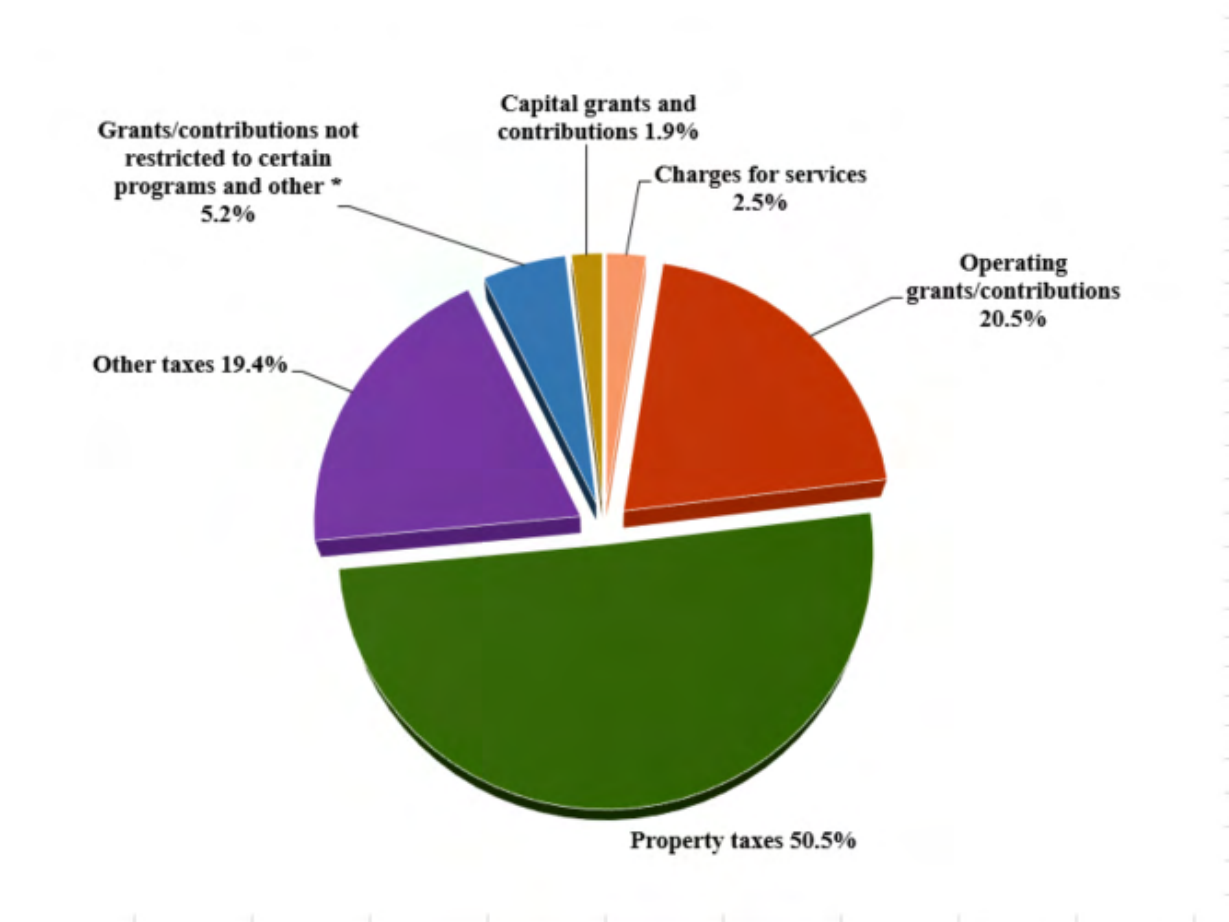
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### Governmental Activities

The City's total revenues from governmental activities were \$779.6 million for the fiscal year ended June 30, 2021. The largest source of revenue for the City, property taxes (composed of real estate and personal property taxes) totaled \$393.7 million and accounted for 50.5% of total revenues. Property taxes increased \$23.3 million or 6.3% from the prior year, primarily due to an increase in assessments of 4.1% in real estate coupled with other property taxes increasing 9.7%. Both the personal property tax and the real estate tax rates remained unchanged in fiscal year 2021.

Revenues from other taxes, \$151.3 million, make up 19.4% of the City's revenues and increased 9.6% from the prior fiscal year. This revenue increase was primarily due to consumer spending activity reflected in increased tax collections on local sales taxes, business license, taxes on recordations, restaurant meals and hotel/motel rooms. Approximately 69.9% of the City's revenue from governmental activities comes from some type of tax and 2.5% comes from fees charged for services.

### Revenues by Source – Governmental Activities – Year Ended June 30, 2021



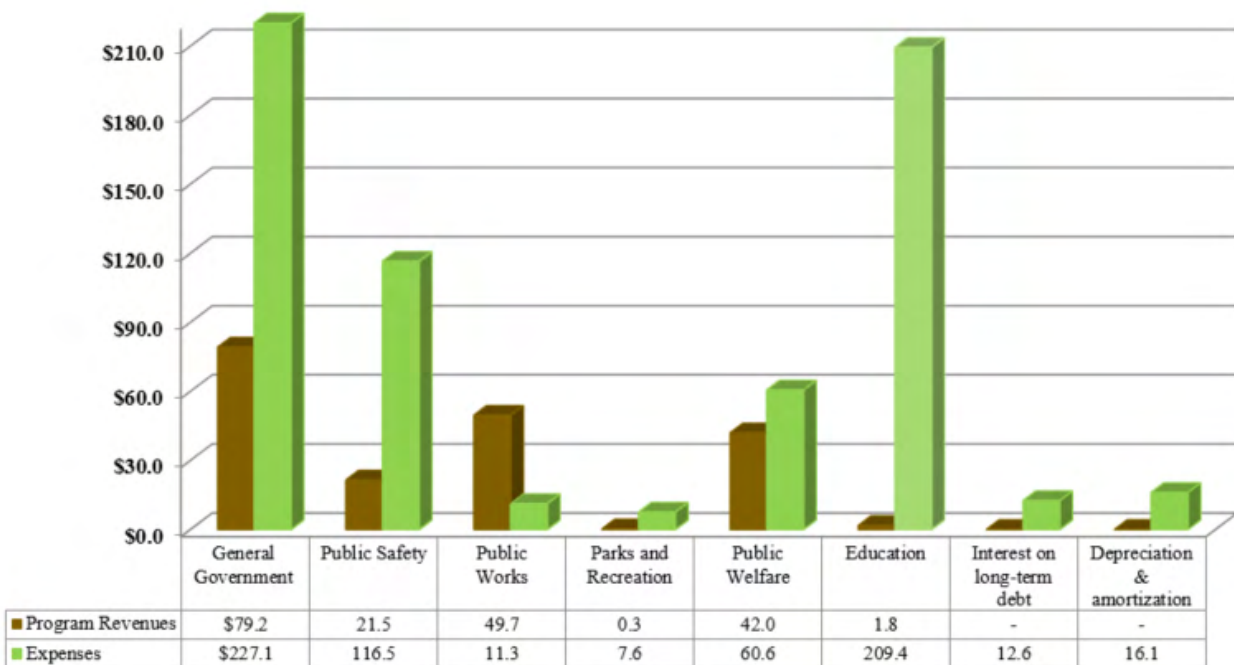
\* "Other" includes unrestricted investment earnings and other general revenues.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

The City's expenses for governmental activities cover a wide range of services, with \$227.1 million or 34.3% related to general government, \$116.5 million or 17.6% related to public safety, \$60.6 million or 9.2% for public welfare and \$11.3 million or 1.7% for public works. Overall, expenses for governmental activities decreased by \$27.8 million or 4.0% from fiscal year 2020, primarily due to costs being offset by federal grant revenue the City and Schools received for the pandemic. Expenses decreased \$41.4 million in education and \$11.4 million in public works, offset by an expense increase of \$21.1 million in general government and \$5.1 million in public safety. Education continues to be the City's largest program. Education expenses totaled \$209.4 million or 31.7% (including payments to the Chesapeake Public Schools, a component unit) in fiscal year 2021. Education expenses decreased by \$41.4 million or 16.5% over fiscal year 2020 while other governmental expenses increased by \$13.6 million or 3.1%.

### Expenses and Program Revenues – Governmental Activities Year Ended June 30, 2021 (in millions)



### Business-type Activities

Net position for the City's business-type activities reached \$693.6 million, an increase of \$21.0 million from the prior year. For fiscal year 2021, total revenues of business-type activities increased \$1.0 million mainly due to a \$3.6 million increase in capital grants and contributions. Charges for services, including water and sewer utility fees, toll revenues and stormwater fees made up 91.0% of total revenues for business-type activities but remained consistent with fiscal year 2020. Operating grants and contributions decreased \$2.6 million or 49.1%. Additionally, transfers of \$9.5 million increased \$5.9 million from the prior year primarily due to an increase in transfer of \$5.6 million to the EDA. Total expenses for fiscal year 2021 were \$126.8 million, which is consistent with fiscal year 2020.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

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### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

#### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of net resources available at the end of a fiscal year. For the fiscal year ended June 30, 2021, the governmental funds reported combined ending fund balances of \$605.4 million, an increase of \$90.7 million from the prior year. Included in this increase are the following major transactions in governmental funds for the year ended June 30, 2021:

- \$197.0 million contributed from the City's General Fund to finance the Public School operations
- \$45.8 million spent in the Capital Projects Fund to fund capital items
- \$18.9 million of tax revenues generated by incremental increases in property values within the City's Greenbrier and South Norfolk Tax Increment Financing Districts

The City's OPEB Trust Fund, established in 2008, committed to fund the fiscal year 2021 City OPEB Plan for pay-go costs during the year in lieu of contributing the \$3.4 million annual actuarially determined contribution to the OPEB Trust. Therefore, at June 30, 2021 the OPEB Trust has recorded a \$1.6 million net payable due to the City.

Approximately \$526.9 million of the combined total fund balances constitute unrestricted fund balance, which is comprised of funds committed at the discretion of City Council, as well as assigned and unassigned funds. The \$319.9 million unrestricted funds in the General Fund represents 67.2% of total General Fund expenditures and provide some measure of the General Fund's liquidity. Committed and assigned portions of the unrestricted governmental funds balances at June 30, 2021 were as follows:

- \$110.0 million committed for one time projects
- \$36.3 million committed for current capital projects
- \$38.1 million committed for future capital projects
- \$75.7 million committed for various programs and projects
- \$119.1 million assigned for future capital projects
- \$14.1 million assigned for debt service
- \$55.2 million assigned for various other purposes

The remainder of the unrestricted fund balance at June 30, 2021, the unassigned fund balance, includes \$78.3 million in the General Fund, the City's chief operating fund, and is in compliance with the City's fund balance policy. The restricted fund balance totals \$76.9 million at year end and includes \$39.2 million for General Fund cash flow emergencies (6.0% of revenue as required by City Charter).

Total fund balance of the General Fund increased by \$90.0 million during fiscal year 2021, primarily due to the excess of revenues over expenditures of \$157.7 million, an increase of \$68.8 million or 77.5% from the prior year, while other net transfers totaled \$67.7 million, an increase of \$3.4 million or 5.3% from the prior year. The excess of revenues over expenditures can be attributed to revenue increases of \$23.2 million or 6.7% in property taxes and \$12.9 million or 10.0% in revenues from other local taxes, while total expenditures decreased by \$35.4 million or 6.9% from the prior fiscal year. The major contributing factors to decreased expenditures over the prior year (including related capital outlay) are costs being transferred to grant funds related to federal aid for the pandemic which resulted in public safety decreases of \$15.6 million or 15.5% and education decreases of \$19.0 million or 8.8%.

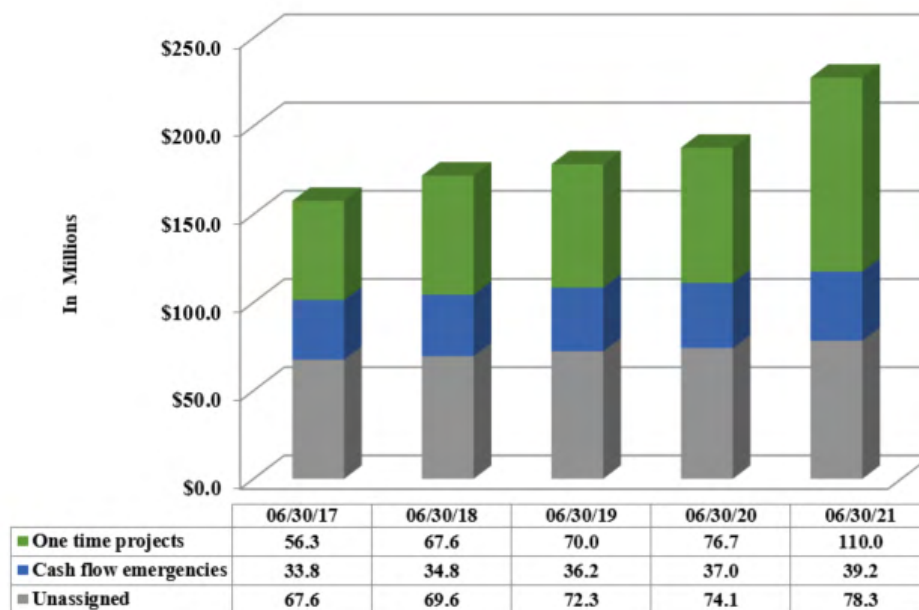
## CITY OF CHESAPEAKE, VIRGINIA

### Management's Discussion and Analysis Year Ended June 30, 2021

The City Charter requires that a minimum of 6.0% of total General Fund revenues be set aside in fund balance for emergency cash flow needs which may arise throughout the fiscal year. The restriction for cash flow emergencies totaled \$39.2 million at June 30, 2021. The City maintains a fund balance policy that was updated most recently to be effective beginning fiscal year 2015. This policy requires the maintenance of an unassigned fund balance equal to at least 10.0% of General Fund revenues and tax revenues committed to certain special revenue funds. City Council budgets for a 12.0% year-end unassigned fund balance to ensure compliance.

The fund balance policy implemented in fiscal year 2015 also created a committed fund balance category for one time projects. In addition to \$110.0 million committed for one time projects, \$102.6 million has been committed for other purposes including \$57.6 million set aside for lockbox funds for School and City capital projects to be used for future debt service and pay-as-you go financing.

#### General Fund Selected components of the City's fund balance (in millions)



The unassigned fund balance of the General Fund, which represents available current financial resources, totaled \$78.3 million at June 30, 2021. A healthy fund balance allows the City to provide adequate services for the citizens, plan for future projects and retain its sound financial position.

## CITY OF CHESAPEAKE, VIRGINIA

### Management's Discussion and Analysis Year Ended June 30, 2021

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

Year ended June 30, 2021

(in Millions)

Unassigned fund balance at June 30, 2020	\$	74.1
Revenues	\$	633.9
Expenditures:		
Current, Capital Outlay and Debt Service		476.2
Other financing sources (uses)		(67.7)
Net Change in fund balance		90.0
Increase in reservations (Restricted, Committed and Assigned)		(85.8)
Increase in unassigned fund balance		4.2
Unassigned fund balance at June 30, 2021	\$	78.3

The Debt Service Fund ended the year with \$14.2 million in total fund balance, an increase of \$1.6 million from 2020. The increase is mainly due to a \$2.9 million planned use of fund balance offset by \$4.2 million in expenditure savings from interest and principal payments on bonds due to refunding. The assigned fund balance of \$14.1 million is for the payment of debt service as directed by City Council.

The total fund balance of the Capital Project Fund increased by \$6.2 million as a result of \$12.1 million of revenues (primarily intergovernmental revenues) and \$39.8 million in interfund transfers to fund various capital projects offset by \$45.8 million in capital outlay.

#### Proprietary Funds

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

For fiscal year 2021, Public Utilities reported an increase in net position of \$25.6 million to \$548.8 million at June 30, 2021. Total operating revenues of \$81.2 million were \$2.7 million more than the prior year primarily due to increases in water sales and sewer service charges. Total operating expenses for fiscal year 2021 were \$62.1 million, an increase of \$1.8 million from the prior year. Additional funding was received in a CARES Municipal Utility Relief grant to assist customers impacted by COVID-19.

Chesapeake Transportation System reported operating revenues for fiscal year 2021 of \$29.3 million versus \$25.5 million for fiscal year 2020. The increase is due to a 15.0% increase in traffic numbers for the Expressway in fall of 2020 and from March to June 2021 along with a rate increase effective May 2021. Operating expenses for the year amounted to \$24.7 million, with \$14.8 million from depreciation and amortization. Net position decreased by \$8.7 million from the prior year.

Stormwater Management had \$50.1 million in restricted net position at June 30, 2021, an increase of \$3.6 million from fiscal year 2020. Operating revenues were \$16.4 million. Operating expenses totaled \$14.6 million, a 12.0% increase from the previous fiscal year. Any fees collected in excess of current operating needs are restricted for use on future Stormwater projects around the City. Stormwater utility fees remain unchanged from January 1, 2010.

The EDA reported operating revenues for fiscal year 2021 of \$0.5 million, a decrease of \$6.0 million from fiscal year 2020. Operating expenses totaled \$0.6 million, a decrease of \$5.2 million from fiscal year 2020. These decreases are a result of land sales.



## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

### GENERAL FUND BUDGETARY HIGHLIGHTS

**General Fund**  
**Year Ended June 30, 2021**  
**(in millions)**

	<b>Original Budget*</b>	<b>Amended Budget</b>	<b>Actual</b>
Revenues:			
Taxes	\$ 464.5	464.6	512.3
Intergovernmental	89.4	89.7	97.6
Other	22.8	22.7	24.0
Total	576.8	577.0	633.9
Expenditures and transfers:			
Expenditures *	533.6	535.0	476.2
Transfers (net)	59.0	68.7	67.7
Total	592.6	603.7	543.9
Change in fund balance	\$ (15.8)	(26.7)	90.0

\* The City's budget ordinance includes, as a part of the original budget for expenditures, the amount of \$4.7 million for encumbrances reappropriated from June 30, 2020.

Differences between the original budget and the final amended budget for the City's General Fund included additional revenues of \$0.2 million, a \$1.4 million increase in appropriations and a net increase of \$9.6 million in transfers resulting in a \$10.9 million increase to the change in fund balance. Major changes included the following:

- Appropriation of \$1.8 million for emergency power supplies for shelters
- Appropriation of \$2.3 million of fund balance for purchase of 411 Cedar Road
- Appropriation of \$1.8 million for IT projects
- Appropriation of \$2.9 million for emergency Centerville Turnpike Bridge repairs
- Appropriation of \$0.4 million for one-time pay to employees

Actual total revenues were above the amended budget by \$56.9 million, primarily due to general property taxes and other local taxes exceeding the amended budget by \$21.8 million and \$26.0 million, respectively. The remaining favorable variance was comprised of \$2.1 million in other local revenues and \$7.8 million in revenues from the Commonwealth. The favorable budget variance was offset by an unfavorable variance of \$0.8 million in investment income.

Expenditures and transfers to other funds were below the amended budget by \$59.1 million or 9.6%, prior to encumbrances. The general government category returned \$2.7 million or 2.3% of its budget, in part due to cost savings resulting from unused appropriations for general expenses. Departments with notable savings include Sheriff with \$2.4 million, Treasurer with \$1.3 million, and Public Library with \$1.0 million. Public Works departments were \$9.9 million or 13.5% below the amended budget mainly in street maintenance with \$3.0 million, bridges and structures with \$1.3 million, traffic engineering with \$1.3 million, drainage with \$1.3 million, solid waste collection with \$0.9 million and buildings maintenance with \$0.9 million. Public Safety departments were \$20.2 million or 19.1% below the amended budget due to payroll costs moved to the CARES grant. The Police and Fire departments generated savings of \$10.5 million and \$8.7 million, respectively. Additionally, the Parks and Recreation departments were \$3.7 million or 24.7% below the amended budget.

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

### CAPITAL ASSETS AND LONG-TERM DEBT

#### Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounts to approximately \$2.1 billion (net of accumulated depreciation). This investment includes land, intangibles, municipal and school buildings, improvements, machinery and equipment, drainage and water/sewer systems, roads, bridges and construction in progress. The total change in the City's investment in capital assets for the current year was a net decrease of \$5.9 million or 0.3% – a decrease of \$7.0 million or 0.6% for governmental activities and an increase of \$1.1 million or 0.1% for business-type activities, primarily due to the decrease of construction expenditures and the completion of various projects, including donated infrastructure from local developers as well as various construction projects in progress.

**Capital Assets (net of accumulated depreciation)**  
**June 30, 2021 and 2020**  
**(in millions)**

	Governmental Activities		Business-Type Activities		Total Primary Government Activities	
	2021	2020	2021	2020	2021	2020
Land	\$ 74.5	72.7	96.4	96.3	170.9	169.0
Intangibles	362.4	362.4	18.8	18.7	381.2	381.1
Construction in progress	63.8	94.8	74.5	69.1	138.3	163.9
Buildings	356.8	349.5	3.8	4.0	360.6	353.5
Improvements other than buildings	41.3	37.1	3.6	3.2	44.9	40.3
Software, equipment and vehicles	78.8	73.5	13.0	14.3	91.8	87.8
Infrastructure	257.4	252.0	668.3	671.7	925.7	923.7
Total	\$ 1,235.0	1,242.0	878.4	877.3	2,113.4	2,119.3

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

- Completed capital projects totaling \$77.7 million for governmental activities.
- Completed capital projects totaling \$16.3 million for business-type activities.
- Construction in progress totaled \$63.8 million for governmental activities at the end of the fiscal year.
- Construction in progress totaled \$74.5 million for business-type activities, which includes Public Utilities, CTS and Stormwater projects.

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

The City's fiscal year 2022 capital budget provides approximately \$140.9 million for various capital projects. Some of the major categories include \$18.1 million for community facilities projects, \$2.7 million for Economic Development projects, \$37.0 million in school-related projects, \$10.5 million for public safety projects, \$27.2 million for transportation projects and \$20.8 million for Public Utilities projects. Projects budgeted to commence in fiscal year 2022 include:

- Dock Landing Fire Station #11 replacement
- Northwest River Water Treatment Plant - Switchgear replacement
- Elbow Road Bridge replacement

## CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis  
Year Ended June 30, 2021

### Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding (including literary loans and an installment purchase agreement) of \$641.6 million. Of this amount, \$314.2 million comprises debt backed by the full faith and credit of the City and \$327.4 million is debt secured by revenues of the Water and Sewer System, CTS toll revenues and certain revenues from the Greenbrier TIF pursuant to the terms of a Cooperation Agreement on behalf of the EDA.

#### City of Chesapeake Outstanding Debt June 30, 2021 and 2020 (in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government Activities	
	2021	2020	2021	2020	2021	2020
General obligation bonds*	\$ 261.2	287.6	51.7	57.6	312.9	345.2
Revenue bonds*	-	-	327.4	332.4	327.4	332.4
Installment purchase agreement	1.3	1.3	-	-	1.3	1.3
	\$ 262.5	\$ 288.9	\$ 379.1	\$ 390.0	\$ 641.6	\$ 678.9

\*does not include bond premiums and discounts.

Chesapeake's total debt decreased by \$37.3 million during fiscal year 2021. Long-term debt for governmental activities decreased by \$26.4 million along with long-term debt for business-type activities which decreased by \$10.9 million. The CTS Convertible Capital Appreciation Bonds increased \$3.0 million due to accreted interest. The Virginia Transportation Infrastructure Bank (VTIB) subordinate bonds decreased \$3.9 million due to a principal payment of \$0.1 million along with a supplemental principal payment of \$3.8 million from excess revenues.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.0% of its total assessed valuation of real property. The current debt limitation for the City is \$3.01 billion, which is significantly in excess of the City's total outstanding debt subject to the legal debt limit.

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

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

- Revenue collection and projections for fiscal year 2022 and 2023 have been conservatively budgeted and will require vigilant monitoring and reassessment. COVID-19 presents uncertain economic conditions for the foreseeable future making it challenging to accurately forecast revenues.
- The average unemployment rate for fiscal year 2021 for the City was 5.5%, an increase over the 2020 rate of 4.4%, primarily due to the emergence of the delta variant causing a dip from the recovery from the pandemic. This compares to the average unemployment rates of 6.5% for the region, 5.6% for Virginia and 6.9% nationally for the same time period.
- The Weldon Cooper Center for Public Service, Chesapeake projects the City's total population for 2045 will be approximately 296,616.
- The City's real estate tax base increased by \$1.2 billion or 4.1% from the prior year. Personal property taxes experienced a \$236.3 million or 9.6% increase from fiscal year 2020 to fiscal year 2021.
- Taxable retail sales for calendar year 2020 increased by \$110.8 million or 3.1%.

## **CITY OF CHESAPEAKE, VIRGINIA**

Management's Discussion and Analysis  
Year Ended June 30, 2021

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

All of these factors will be considered in preparing the City's budget for fiscal year 2023. Additionally, the City's operating budget will focus on aligning programs to outcomes and illustrating the impacts of budgetary decisions on customers and the overall community. The Capital Improvement Program (CIP) will focus on aligning projects to the City's Comprehensive plan as well as the City Council's strategic anchors. These actions will further support the alignment of the City's resources to approved strategic plans, helping the City to maintain fiscal stability and a strong financial position.

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

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

## Basic Financial Statements



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# Government-Wide Financial Statements



## CITY OF CHESAPEAKE, VIRGINIA

Schedule A

Statement of Net Position  
June 30, 2021

				Discretely Presented Component Units	
	Governmental Activities	Business-type Activities	Total Primary Government	Public Schools	Other
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and temporary investments (note 2)	\$ 512,645,260	100,998,953	613,644,213	67,803,606	10,973,429
Receivables, net of allowance for uncollectible amounts (note 3)	117,240,090	26,729,941	143,970,031	39,078,454	183,661
Due from component unit, net of allowance for uncollectible amounts (note 7)	88,100	-	88,100	-	-
Internal balances (note 8)	9,309,603	(9,309,603)	-	-	-
Inventories	2,004,007	1,425,872	3,429,879	3,067,387	354,102
Prepaid expenses	3,734,293	167,315	3,901,608	1,389,268	149,649
Restricted assets (note 2):					
Cash and temporary investments with trustee	-	52,987,254	52,987,254	-	-
Cash restricted for debt service	-	5,527,932	5,527,932	-	-
Cash restricted for debt service with trustee	-	17,832,250	17,832,250	-	-
Cash with State Set-Aside	1,010,828	-	1,010,828	-	-
Capital construction:					
Cash and temporary investments	156,101,389	93,817,056	249,918,445	-	-
Cash and temporary investments with trustee	209	15,411,997	15,412,206	-	-
Cash restricted for improvement and redemption	-	1,000,000	1,000,000	-	-
Investment - zero coupon bond	1,148,551	-	1,148,551	-	-
Capital Assets (notes 4, 6 and 9):					
Land	74,504,493	96,376,744	170,881,237	18,304,610	3,685,406
Intangibles	362,436,291	18,766,667	381,202,958	-	-
Construction in progress	63,811,431	74,536,786	138,348,217	36,258,703	654,016
Buildings	692,727,302	6,839,870	699,567,172	289,535,775	3,988,393
Improvements other than buildings	75,766,532	5,238,354	81,004,886	6,848,285	22,863,994
Software, equipment and vehicles	229,470,737	39,680,257	269,150,994	88,119,659	2,010,398
Infrastructure	1,280,801,725	1,094,134,098	2,374,935,823	-	-
Accumulated depreciation	(1,544,596,034)	(457,247,348)	(2,001,843,382)	(106,716,447)	(20,973,026)
Land and improvements held for sale	-	5,431,857	5,431,857	-	309,952
Net OPEB asset (note 11)	9,107,299	826,418	9,933,717	-	81,787
Total assets	2,047,312,106	1,191,172,670	3,238,484,776	443,689,300	24,281,761
Deferred outflows of resources (note 5)	96,251,243	9,666,335	105,917,578	151,438,117	681,385
Total assets and deferred outflows of resources	\$ 2,143,563,349	1,200,839,005	3,344,402,354	595,127,417	24,963,146
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
Liabilities					
Accounts payable, deposits and accrued expenses (notes 3 and 16)	\$ 71,849,133	19,254,560	91,103,693	63,830,348	394,821
Unearned revenues	5,426,834	1,078,682	6,505,516	-	14,086
Due to Primary Government (note 7)	-	-	-	-	88,100
Long-term liabilities (notes 6, 9, 10, 11 and 16):					
Due within one year	51,011,461	17,965,874	68,977,335	4,015,738	153,471
Due in more than one year	534,160,288	459,270,020	993,430,308	754,149,260	1,942,033
Total liabilities	662,447,716	497,569,136	1,160,016,852	821,995,346	2,592,511
Deferred inflows of resources (note 5)	22,611,297	9,637,867	32,249,164	37,817,879	135,806
Net position					
Net investment in capital assets	992,050,786	462,305,755	1,454,356,541	316,781,088	11,711,081
Restricted for:					
Capital projects	6,634,647	119,247,076	125,881,723	-	-
Debt service	1,014,188	46,735,246	47,749,434	-	-
Other purposes:					
Expendable:					
General Fund - state and federal restrictions	39,165,685	-	39,165,685	-	-
Special projects	36,532,957	-	36,532,957	-	-
Educational purposes	195,062	-	195,062	62,287,061	-
Public Works	209	-	209	-	-
Public Utilities Operations	-	70,504,637	70,504,637	-	-
Chesapeake Transportation System Operations	-	26,655,682	26,655,682	-	-
Stormwater Management Operations	-	7,620,840	7,620,840	-	-
Chesapeake Airport Authority	-	-	-	-	217,955
Nonexpendable - Special projects	240,988	-	240,988	-	-
Nonexpendable - Permanent Funds	12,795	-	12,795	-	-
Unrestricted (deficit)	382,657,019	(39,437,234)	343,219,785	(643,753,957)	10,305,793
Total net position	1,458,504,336	693,632,002	2,152,136,338	(264,685,808)	22,234,829
Total liabilities, deferred inflows and net position	\$ 2,143,563,349	1,200,839,005	3,344,402,354	595,127,417	24,963,146

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



## CITY OF CHESAPEAKE, VIRGINIA

Schedule B

Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Units	
					Governmental Activities	Business-type Activities	Total	Public Schools	Others
PRIMARY GOVERNMENT									
Governmental activities:									
General government	\$ 227,160,269	3,932,636	75,044,175	267,336	(147,916,122)	-	(147,916,122)	-	-
Public safety	116,541,499	7,015,743	14,289,717	192,139	(95,043,900)	-	(95,043,900)	-	-
Public works	11,253,379	376,963	37,044,136	12,237,003	38,404,723	-	38,404,723	-	-
Parks and recreation	7,552,991	260,869	45,255	-	(7,246,867)	-	(7,246,867)	-	-
Public welfare	60,594,825	7,689,761	34,299,177	-	(18,605,887)	-	(18,605,887)	-	-
Education	209,415,524	-	22,293	1,736,703	(207,656,528)	-	(207,656,528)	-	-
Interest on long-term debt	12,568,282	-	-	-	(12,568,282)	-	(12,568,282)	-	-
Depreciation and amortization - net unallocated portion (note 4)	16,085,590	-	-	-	(16,085,590)	-	(16,085,590)	-	-
Total governmental activities	661,172,359	19,275,972	160,744,753	14,433,181	(466,718,453)	-	(466,718,453)	-	-
Business-type activities:									
Public Utilities	66,126,598	80,024,669	2,079,337	9,661,238	-	25,638,646	25,638,646	-	-
Chesapeake Transportation System	37,952,259	29,267,552	150,927	-	-	(8,533,780)	(8,533,780)	-	-
Stormwater Management	15,310,180	16,148,628	398,565	-	-	1,237,013	1,237,013	-	-
Economic Development Authority	7,393,129	477,000	79,896	-	-	(6,836,233)	(6,836,233)	-	-
Total business-type activities	126,782,166	125,917,849	2,708,725	9,661,238	-	11,505,646	11,505,646	-	-
Total Primary Government	\$ 787,954,525	145,193,821	163,453,478	24,094,419	(466,718,453)	11,505,646	(455,212,807)	-	-
COMPONENT UNITS									
Public Schools	\$ 569,668,829	18,453,780	140,962,991	20,500				(410,231,558)	-
Chesapeake Mosquito Control Commission	4,391,365	-	5,327,816	-				-	936,451
Chesapeake Airport Authority	1,184,417	496,246	872,533	-				-	184,362
Elizabeth River Properties of Chesapeake, Inc	266,521	176,954	134,799	-				-	45,232
Chesapeake Land Bank Authority	164,814	-	15,997	-				-	(148,817)
Total component units	\$ 575,675,946	19,126,980	147,314,136	20,500				(410,231,558)	1,017,228
General revenues:									
Taxes:									
Property taxes, levied for general purposes				\$ 393,652,325	-	393,652,325		-	-
Local sales and use taxes				51,037,755	-	51,037,755		-	-
Consumer utility taxes				10,919,483	-	10,919,483		-	-
Communication sales tax				8,756,173	-	8,756,173		-	-
Business license taxes				29,019,712	-	29,019,712		-	-
Local utility consumption tax				942,995	-	942,995		-	-
Bank stock taxes				1,668,382	-	1,668,382		-	-
Taxes on recordation and wills				6,387,934	-	6,387,934		-	-
Tobacco taxes				4,778,931	-	4,778,931		-	-
Hotel and motel room taxes				6,446,084	-	6,446,084		-	-
Restaurant food taxes				29,993,173	-	29,993,173		-	-
Admission taxes				244,532	-	244,532		-	-
Short-term rental taxes				1,073,665	-	1,073,665		-	-
Pari-mutuel wagering pool tax				30,749	-	30,749		-	-
Payment from City				-	-	-		197,047,317	-
Grants and contributions not restricted to specific programs				33,534,249	-	33,534,249		189,216,555	-
Unrestricted investment earnings				882,532	-	882,532		(5,050)	-
Miscellaneous				5,798,646	-	5,798,646		5,039,653	-
Transfers				(9,508,520)	9,508,520	-		-	-
Total general revenues and transfers				575,658,800	9,508,520	585,167,320		391,298,475	-
Change in net position				108,940,347	21,014,166	129,954,513		(18,933,083)	1,017,228
Net position - beginning, as restated (note 17)				1,349,563,989	672,617,836	2,022,181,825		(245,752,725)	21,217,601
Net position - ending				\$ 1,458,504,336	693,632,002	2,152,136,338		(264,685,808)	22,234,829

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## Fund Financial Statements



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# Governmental Funds Financial Statements

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

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



## CITY OF CHESAPEAKE, VIRGINIA

## Schedule C

Balance Sheet  
Governmental Funds  
June 30, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and temporary investments (note 2)	\$ 360,574,631	14,111,982	-	76,212,139	450,898,752
Intergovernmental revenues due from (note 3):					
Commonwealth of Virginia:					
Local sales tax	4,374,062	-	-	-	4,374,062
State categorical aid	1,981,118	-	-	-	1,981,118
Personal property tax relief act	28,590,001	-	-	-	28,590,001
Other	362,605	-	2,406,560	2,314,525	5,083,690
Federal government	-	-	478,953	1,718,638	2,197,591
Receivables (note 3):					
Property taxes	55,544,706	-	-	-	55,544,706
Accounts receivable	11,530,148	-	-	5,632,307	17,162,455
Utility taxes	2,485,865	-	-	-	2,485,865
Interest	54,171	2,563	-	100	56,834
Ambulance fees	4,628,720	-	-	-	4,628,720
Restaurant and food tax	2,978,994	-	-	-	2,978,994
Other	3,429,175	13,497	-	442,192	3,884,864
Allowance for uncollectible amounts	(8,105,056)	-	-	(3,968,089)	(12,073,145)
Inventory	1,401,392	-	-	6,620	1,408,012
Prepaid expenditures and other assets	7,515	-	-	234,368	241,883
Restricted assets (note 2):					
Cash with state set-aside (note 6)	1,010,828	-	-	-	1,010,828
Capital construction:					
Cash and temporary investments	-	-	156,101,389	-	156,101,389
Cash and temporary investments with trustee	-	-	209	-	209
Investments	-	-	-	1,148,551	1,148,551
Advances to component units (note 7)	37,002	51,098	-	-	88,100
Advances to other funds, net of allowance (note 8):	7,080,812	-	-	-	7,080,812
<b>Total assets</b>	<b>\$ 477,966,689</b>	<b>14,179,140</b>	<b>158,987,111</b>	<b>83,741,351</b>	<b>734,874,291</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable (note 3)	\$ 5,012,044	2,089	-	5,764,068	10,778,201
Deposits (note 3)	2,367,917	-	-	-	2,367,917
Accrued expenditures (note 3)	6,452,099	-	-	904,514	7,356,613
Unearned revenues	191,809	-	1,213,818	128,460	1,534,087
Other liabilities (note 3)	833,200	-	-	5,932	839,132
Payables from restricted assets:					
Construction projects payable (note 3)	-	-	2,471,457	-	2,471,457
Due to Commonwealth of Virginia	585	-	-	2,555,291	2,555,876
Due to Federal government	38,012,949	-	-	-	38,012,949
Total liabilities	52,870,603	2,089	3,685,275	9,358,265	65,916,232
<b>Deferred Inflows of Resources (note 5)</b>	<b>63,517,125</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,517,125</b>
<b>Fund Balances (note 12)</b>					
Nonspendable	1,408,907	-	-	253,783	1,662,690
Restricted for cash flow emergencies	39,169,785	-	-	-	39,169,785
Restricted other	1,057,828	-	209	36,676,919	37,734,956
Committed for one time projects	110,027,039	-	-	-	110,027,039
Committed other	102,622,128	51,098	36,251,211	11,200,742	150,125,179
Assigned	28,953,705	14,125,953	119,050,416	26,251,642	188,381,716
Unassigned	78,339,569	-	-	-	78,339,569
Total fund balances	361,578,961	14,177,051	155,301,836	74,383,086	605,440,934
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 477,966,689</b>	<b>14,179,140</b>	<b>158,987,111</b>	<b>83,741,351</b>	<b>734,874,291</b>

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

(Continued)

Balance Sheet  
Governmental Funds  
June 30, 2021

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

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

Ending fund balance - governmental funds \$ 605,440,934

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Total capital assets used in governmental activities as reported in note 4 to the financial statements also include assets of \$58,487,669 associated with the internal service funds (ISF) as indicated below.

Capital assets 1,176,434,808

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

Net OPEB asset (net of ISF) 8,697,477

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

Pension and OPEB deferred outflows (net of ISF) \$ 90,810,760  
Unamortized deferred loss on refundings 1,684,655 92,495,415

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

Governmental funds' deferred inflows 63,517,125  
Pension and OPEB deferred inflows (net of ISF) (21,774,072)  
Unamortized deferred gain on refundings (88,657) 41,654,396

Internal service funds (ISF) are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the ISF are included in governmental activities in the Statement of Net Position as detailed below. The total amount included in governmental activities does not include the portion allocable to business-type activities of \$2,228,791 as noted on Schedule E.

Current assets 66,179,248  
Capital assets 58,487,669  
Net OPEB asset 409,822  
Pension and OPEB deferred outflows 3,755,828  
Current liabilities (15,959,524)  
Noncurrent liabilities (31,759,727)  
Pension and OPEB deferred inflows (748,568)  
Net cumulative profit(loss) allocation 2,228,791 82,593,539

Unmatured interest payable reported in governmental activities will not be paid with current financial resources and, therefore, is not reported in the funds. (5,210,769)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Total long-term obligations for governmental activities as reported in footnote 6 to the financial statements also include long-term obligations of \$41,570,285 associated with the ISF as indicated above.

General obligation bonds (289,671,302)  
Net pension liability (net of ISF) (189,695,592)  
Net OPEB liability (net of ISF) (38,527,616)  
Compensated absences (net of ISF) (22,469,670)  
Installment Purchase Agreement (1,342,284)  
Supplemental Payments Agreement (1,895,000) (543,601,464)

**Net position of governmental activities** **\$ 1,458,504,336**

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

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule D

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General property taxes	\$ 370,255,848	-	-	19,383,489	389,639,337
Other local taxes	142,078,480	-	-	9,221,088	151,299,568
Licenses, permits and fees	9,913,564	-	-	206,192	10,119,756
Fines and forfeitures	989,652	-	-	1,019,118	2,008,770
Investment income	105,828	91,405	523,192	33,496	753,921
Revenues from use of property	456,852	54,889	-	96,340	608,081
Charges for services	11,273,356	-	-	8,327,175	19,600,531
Miscellaneous local revenues	981,974	586,267	565,077	3,497,158	5,630,476
Recovered costs	218,010	-	-	2,707,768	2,925,778
Program income	-	-	-	151,626	151,626
Revenues from local developers	-	-	1,021,026	-	1,021,026
Intergovernmental revenues:					
Commonwealth of Virginia	97,502,382	-	9,399,379	25,882,781	132,784,542
Federal government	64,692	-	638,821	58,025,694	58,729,207
Federal government - American Reinvestment and Recovery Act	-	501,008	-	-	501,008
Chesapeake Public Schools	10,918	11,375	-	-	22,293
Total revenues	633,851,556	1,244,944	12,147,495	128,551,925	775,795,920
<b>EXPENDITURES</b>					
Current:					
General government	116,476,190	-	-	16,447,305	132,923,495
Public safety	85,321,438	-	-	28,289,209	113,610,647
Public works	63,231,694	-	-	1,339,408	64,571,102
Parks and recreation	10,987,965	-	-	93,793	11,081,758
Public welfare	-	-	-	56,789,675	56,789,675
Education	197,047,317	-	-	6,164,565	203,211,882
Capital outlay	1,180,379	-	45,754,745	6,383,361	53,318,485
Debt service	1,984,750	39,041,098	-	-	41,025,848
Total expenditures	476,229,733	39,041,098	45,754,745	115,507,316	676,532,892
<b>Excess (deficiency) of revenues over (under) expenditures</b>	157,621,823	(37,796,154)	(33,607,250)	13,044,609	99,263,028
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds (note 8)	10,732,329	39,376,839	43,034,125	18,746,783	111,890,076
Transfers to other funds (note 8)	(78,357,790)	-	(3,202,169)	(38,851,009)	(120,410,968)
Total other financing sources (uses), net	(67,625,461)	39,376,839	39,831,956	(20,104,226)	(8,520,892)
<b>Net change in fund balance</b>	89,996,362	1,580,685	6,224,706	(7,059,617)	90,742,136
<b>Fund balance - beginning</b>	271,582,599	12,596,366	149,077,130	81,442,703	514,698,798
<b>Fund balance - ending</b>	\$ 361,578,961	14,177,051	155,301,836	74,383,086	605,440,934

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

(Continued)



Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 Year Ended June 30, 2021

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

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

Net change in fund balances - total governmental funds \$ 90,742,136

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The Statement of Activities also includes expenses which relate to current-year closed projects that included assets that are no longer capitalizable at the time of project closure. In addition, donated assets and gains and losses on disposal of assets are not reported in governmental funds, but are reported as revenues (expenses) in the Statement of Activities. This represents the net effect of the donated assets plus the difference between depreciation expense and capital outlay expenditures. The details of this difference are as follows:

Depreciation expense	\$ (44,385,700)	
Capital outlay expenditures	53,318,484	
Donated assets	8,265	
Noncapitalizable expenses related to closed projects	(9,993,402)	
Asset transfers	(284,243)	
Disposal of assets	(5,598)	
		(1,342,194)

Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues changed by this amount this year. 3,688,429

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

Principal repayments	32,083,849	
Arbitrage rebate and yield restriction	277	
		32,084,126

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

Accrued interest	289,605	
Compensated absences	(1,352,045)	
Pension and OPEB expenses	(15,092,817)	
		(16,155,257)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses), excluding capital contributions from the Primary Government, of certain activities of the internal service funds are reported with governmental activities. (284,632)

Interfund loan activity that does not contribute to current financial resources and, therefore, is not reported in the funds. 207,739

**Change in net position of governmental activities \$ 108,940,347**

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

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# Proprietary Funds Financial Statements

## **Major Enterprise Funds:**

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

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

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

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

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



## CITY OF CHESAPEAKE, VIRGINIA

Schedule E

Statement of Net Position  
 Proprietary Funds  
 June 30, 2021

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets						
Current assets:						
Cash and temporary investments (note 2)	\$ 78,493,124	645,299	12,287,284	9,573,246	100,998,953	61,746,508
Receivables (note 3):						
Accounts	17,045,087	2,184,363	9,726,531	2,924,806	31,880,787	407,040
Interest	9,198	-	2,222	-	11,420	4,658
Allowance for uncollectible amounts	(3,411,619)	(1,519,109)	(231,538)	-	(5,162,266)	(67,363)
Inventory of materials and supplies	1,425,872	-	-	-	1,425,872	595,995
Prepaid expenses	164,241	3,074	-	-	167,315	3,492,410
Total current assets	93,725,903	1,313,627	21,784,499	12,498,052	129,322,081	66,179,248
Noncurrent assets:						
Restricted assets (note 2):						
Cash and temporary investments with trustee	-	52,973,999	13,255	-	52,987,254	-
Cash restricted for debt service	5,527,932	-	-	-	5,527,932	-
Cash restricted for debt service with trustee	4,773,569	13,058,681	-	-	17,832,250	-
Capital construction:						
Cash and temporary investments	53,353,882	368,017	40,095,157	-	93,817,056	-
Cash and temporary investments with trustee	157,386	15,254,611	-	-	15,411,997	-
Cash restricted for improvement and redemption	1,000,000	-	-	-	1,000,000	-
Total restricted assets	64,812,769	81,655,308	40,108,412	-	186,576,489	-
Capital assets (note 4):						
Land	11,068,494	84,667,793	640,457	-	96,376,744	-
Intangibles	2,929,953	-	1,732,067	14,104,647	18,766,667	-
Construction in progress	64,243,722	-	10,293,064	-	74,536,786	5,160,611
Buildings	1,098,644	5,389,295	351,931	-	6,839,870	648,167
Improvements other than buildings	4,467,114	439,273	331,967	-	5,238,354	4,582,725
Software, equipment and vehicles	26,370,169	13,034,738	275,350	-	39,680,257	151,362,909
Infrastructure	685,376,967	361,587,165	47,169,966	-	1,094,134,098	77,584
Less accumulated depreciation	(305,435,658)	(138,652,344)	(13,159,346)	-	(457,247,348)	(103,344,327)
Total capital assets, net of accumulated depreciation	490,119,405	326,465,920	47,635,456	14,104,647	878,325,428	58,487,669
Land and improvements held for sale	-	-	-	5,431,857	5,431,857	-
Net OPEB asset (note 11)	535,788	74,145	216,485	-	826,418	409,822
Total noncurrent assets	555,467,962	408,195,373	87,960,353	19,536,504	1,071,160,192	58,897,491
Total assets	649,193,865	409,509,000	109,744,852	32,034,556	1,200,482,273	125,076,739
Deferred Outflows of Resources (note 5)	6,997,265	697,730	1,971,340	-	9,666,335	3,755,828
Total assets and deferred outflows of resources	\$ 656,191,130	410,206,730	111,716,192	32,034,556	1,210,148,608	128,832,567
LIABILITIES, DEFERRED INFLOWS AND NET POSITION						
Liabilities						
Current liabilities:						
Accounts payable (note 3)	\$ 4,385,016	572,760	89,190	401,051	5,448,017	2,045,926
Accrued expenses and other liabilities (notes 3, 6 and 16)	2,530,910	6,334,076	113,187	18,694	8,996,867	210,293
Deposits (note 3)	1,036,465	-	-	-	1,036,465	-
Unearned revenues	920,077	-	-	-	920,077	3,892,747
Construction projects payable (note 3)	3,479,177	-	294,034	-	3,773,211	-
Current portion of long-term debt (note 6)	7,427,468	9,142,931	-	760,000	17,330,399	-
Current portion of accrued vacation, sick pay and overtime leave (note 6)	431,869	64,457	139,149	-	635,475	300,554
Current portion of liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	9,510,004
Total current liabilities	20,210,982	16,114,224	635,560	1,179,745	38,140,511	15,959,524
Noncurrent liabilities:						
Unearned revenues	158,605	-	-	-	158,605	-
General obligation bonds (note 6)	46,448,857	-	-	-	46,448,857	-
Revenue bonds (note 6)	27,140,000	289,325,109	-	5,221,000	321,686,109	-
Due to Commonwealth of Virginia (note 6)	-	70,766,661	-	-	70,766,661	-
Loan payable (note 6)	-	-	-	1,319,095	1,319,095	-
Advances from other funds (note 8)	-	7,080,812	-	-	7,080,812	-
Accrued vacation, sick pay and overtime leave (note 6)	691,736	91,113	218,864	-	1,001,713	477,358
Liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	22,296,480
Net pension liability (note 10)	11,052,254	1,523,782	4,338,696	-	16,914,732	8,467,558
Net OPEB liability (note 11)	745,426	100,066	287,361	-	1,132,853	518,331
Total noncurrent liabilities	86,236,878	368,887,543	4,844,921	6,540,095	466,509,437	31,759,727
Total liabilities	106,447,860	385,001,767	5,480,481	7,719,840	504,649,948	47,719,251
Deferred Inflows of Resources (note 5)	973,202	135,448	8,529,217	-	9,637,867	748,568
Net Position						
Net investment in capital assets	409,732,933	(3,186,281)	47,635,456	8,123,647	462,305,755	58,487,669
Restricted for:						
Capital projects	60,419,322	16,377,556	42,450,198	-	119,247,076	-
Debt service	8,113,176	38,622,070	-	-	46,735,246	-
Other purposes - Expendable	70,504,637	26,655,682	7,620,840	-	104,781,159	-
Unrestricted (deficit)	-	(53,399,512)	-	16,191,069	(37,208,443)	21,877,079
Total net position	548,770,068	25,069,515	97,706,494	24,314,716	695,860,793	80,364,748
Total liabilities, deferred inflows and net position	\$ 656,191,130	410,206,730	111,716,192	32,034,556	1,210,148,608	128,832,567

Net position of enterprise funds, Schedule E \$ 695,860,793  
 Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (2,228,791)  
 Net position of business-type activities, Schedule A \$ 693,632,002

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

## CITY OF CHESAPEAKE, VIRGINIA

Schedule F

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 Year Ended June 30, 2021

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
<b>OPERATING REVENUES</b>						
Licenses, permits and fees	\$ -	-	202,323	-	202,323	-
Charges for services:						
Sale of water	44,061,191	-	-	-	44,061,191	-
Billings to departments	-	-	-	-	-	85,829,461
Billings to outside agencies and component units	-	-	-	-	-	410,309
Sewer service charges	30,690,757	-	-	-	30,690,757	-
Stormwater management fees	-	-	16,144,128	-	16,144,128	-
Tolls and tickets	-	29,267,552	-	-	29,267,552	-
Rental fees	1,203,700	-	-	-	1,203,700	405,416
Connection fees	3,736,387	-	-	-	3,736,387	-
Miscellaneous	332,634	-	4,500	477,000	814,134	5,760
Recovered costs	5,857	10,728	-	-	16,585	3,689,969
Other	1,185,897	-	-	60,590	1,246,487	9,839
Total operating revenues	81,216,423	29,278,280	16,350,951	537,590	127,383,244	90,350,754
<b>OPERATING EXPENSES</b>						
Cost of materials billed	-	-	-	-	-	1,934,600
Purchases for resale	15,892,434	-	-	318,908	16,211,342	3,060,604
General and administrative	7,297,630	466,062	2,261,389	257,247	10,282,328	928,385
Other salaries and wages	10,511,031	1,483,108	4,023,032	-	16,017,171	7,519,214
Other fringe benefits	6,262,303	845,101	2,368,798	-	9,476,202	3,979,883
Self-insurance losses	-	-	-	-	-	(516,728)
Indemnity and medical claims	-	-	-	-	-	48,934,498
Other repairs and supplies	5,277,834	4,832,116	92,074	-	10,202,024	7,145,813
Equipment rental	80,964	5,379	28,975	-	115,318	6,034
Other contractual services	2,220,515	2,238,166	4,446,337	25,928	8,930,946	3,327,233
Depreciation and amortization	14,578,571	14,825,751	1,389,148	-	30,793,470	11,606,310
Insurance premiums	-	-	-	4,321	4,321	3,922,691
Other	-	30,775	-	1,452	32,227	-
Total operating expenses	62,121,282	24,726,458	14,609,753	607,856	102,065,349	91,848,537
<b>Operating income (loss)</b>	19,095,141	4,551,822	1,741,198	(70,266)	25,317,895	(1,497,783)
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	282,794	122,924	195,332	19,306	620,356	103,836
Interest expense	(3,070,896)	(13,377,488)	-	(258,177)	(16,706,561)	-
Gain on sale of equipment	52,050	17,275	910	-	70,235	448,452
Loss on sale of equipment	(836,598)	(59,037)	(715,526)	-	(1,611,161)	(122,199)
Build America Bonds subsidy reimbursement - American Reinvestment and Recovery Act	552,739	-	-	-	552,739	-
Grants to businesses	-	-	-	(6,524,436)	(6,524,436)	-
Other	(134,204)	-	-	(2,660)	(136,864)	-
Total nonoperating revenues (expenses), net	(3,154,115)	(13,296,326)	(519,284)	(6,765,967)	(23,735,692)	430,089
<b>Income (loss) before transfers and contributions</b>	15,941,026	(8,744,504)	1,221,914	(6,836,233)	1,582,203	(1,067,694)
Transfers in (note 8)	-	-	2,300,000	7,634,187	9,934,187	250,782
Transfers out (note 8)	(10,000)	-	(392,571)	(100,000)	(502,571)	(1,161,906)
Capital contributions	9,661,238	-	284,643	-	9,945,881	11,449,855
<b>Increase (decrease) in net position</b>	25,592,264	(8,744,504)	3,413,986	697,954	20,959,700	9,471,037
<b>Total net position - beginning</b>	523,177,804	33,814,019	94,292,508	23,616,762	674,901,093	70,893,711
<b>Total net position - ending</b>	\$ 548,770,068	25,069,515	97,706,494	24,314,716	695,860,793	80,364,748

Change in net position of enterprise funds, Schedule F	\$ 20,959,700
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	54,466
Change in net position of business-type activities, Schedule B	<u>\$ 21,014,166</u>

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

## CITY OF CHESAPEAKE, VIRGINIA

Schedule G

Statement of Cash Flows  
 Proprietary Funds  
 Year Ended June 30, 2021

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from customers	\$ 80,234,813	29,176,857	17,107,053	(2,110,805)	124,407,918	4,400,115
Cash received from interfund services provided	-	-	-	-	-	85,829,461
Payments to suppliers	(27,584,779)	(7,415,937)	(4,982,471)	(217,668)	(40,200,855)	(69,700,444)
Payments to employees	(15,859,720)	(2,357,344)	(5,971,686)	-	(24,188,750)	(10,778,707)
Payments for interfund services	(3,284,270)	(188,374)	(2,043,663)	-	(5,516,307)	-
Net cash provided by (used in) operating activities	33,506,044	19,215,202	4,109,233	(2,328,473)	54,502,006	9,750,425
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	-	-	2,300,000	6,641,722	8,941,722	250,782
Transfers out	-	-	(392,571)	(100,000)	(492,571)	(1,161,906)
Noncapital financing activity - outflow	-	-	-	(6,527,096)	(6,527,096)	-
Net cash provided by (used in) noncapital financing activities	-	-	1,907,429	14,626	1,922,055	(911,124)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Transfers in	-	-	-	992,465	992,465	-
Transfers out	(10,000)	-	-	-	(10,000)	-
Acquisition of capital assets	(23,080,446)	(92,041)	(913,855)	-	(24,086,342)	(4,145,320)
Proceeds from Federal government	552,739	-	-	-	552,739	-
Proceeds from sale of capital assets	52,051	-	(714,616)	-	(662,565)	326,253
Increase (decrease) in construction project payable	(1,871,532)	-	(496,355)	-	(2,367,887)	-
Principal payment of long-term debt	(6,830,000)	(6,370,469)	-	(732,000)	(13,932,469)	-
Interest paid	(3,025,879)	(9,398,414)	-	(260,465)	(12,684,758)	-
Deferred bond costs associated with debt refunding	(186,499)	-	-	-	(186,499)	-
Due to other funds	-	207,739	-	-	207,739	-
Net cash provided by (used in) capital and related financing activities	(34,399,566)	(15,653,185)	(2,124,826)	-	(52,177,577)	(3,819,067)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	401,932	122,924	218,749	19,306	762,911	163,650
Net cash provided by investing activities	401,932	122,924	218,749	19,306	762,911	163,650
Net increase (decrease) in cash and temporary investments	(491,590)	3,684,941	4,110,585	(2,294,541)	5,009,395	5,183,884
<b>Cash and temporary investments beginning of year</b>	143,797,483	78,615,666	48,285,111	11,867,787	282,566,047	56,562,624
<b>Cash and temporary investments end of year</b>	\$ 143,305,893	\$ 82,300,607	\$ 52,395,696	\$ 9,573,246	287,575,442	\$ 61,746,508
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>						
Operating income (loss)	\$ 19,095,141	4,551,822	1,741,198	(70,266)	25,317,895	(1,497,783)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	14,578,571	14,825,751	1,389,148	-	30,793,470	11,606,310
Pension expense	933,162	125,781	378,429	-	1,437,372	695,649
OPEB expense	(117,477)	(16,551)	(47,344)	-	(181,372)	(91,450)
Change in assets and liabilities increasing (decreasing) cash and temporary investments:						
Receivables	(1,123,731)	(101,423)	706,046	(2,924,806)	(3,443,914)	(205,713)
Prepaid expenses and other assets	(32,854)	(3,074)	-	-	(35,928)	531,727
Inventory of materials and supplies	9,474	-	-	-	9,474	45,410
Land and improvements held for sale	-	-	-	276,411	276,411	-
Accounts payable	(76,292)	(28,739)	(202,215)	390,188	82,942	(1,017,725)
Deposits	(39,647)	-	-	-	(39,647)	-
Unearned revenues	181,768	-	-	-	181,768	84,821
Deferred inflows	-	-	50,056	-	50,056	-
Accrued expenses and other liabilities	-	(165,834)	4,856	-	(160,978)	25,052
Liability for self-insurance losses	-	-	-	-	-	(516,727)
Accrued vacation, sick pay and overtime leave	97,929	27,469	89,059	-	214,457	90,854
Total adjustments	14,410,903	14,663,380	2,368,035	(2,258,207)	29,184,111	11,248,208
<b>Net cash provided by (used in) operating activities</b>	\$ 33,506,044	\$ 19,215,202	\$ 4,109,233	\$ (2,328,473)	54,502,006	\$ 9,750,425
<b>Supplemental information on significant noncash transactions:</b>						
Contributions of capital assets	\$ 9,661,238	-	284,643	-	9,945,881	11,449,855

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

# Fiduciary Funds Financial Statements

**Custodial Fund** – Includes Special Welfare Fund.

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



## CITY OF CHESAPEAKE, VIRGINIA

## Schedule H

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2021

	<b>Custodial Special Welfare</b>	<b>Other Postemployment Benefits Trust</b>
<b>ASSETS</b>		
Cash and temporary investments (note 2)	\$ 63,111	-
Investments with trustee, at fair value (note 2)		
Stocks	-	79,107,753
Taxable bonds	-	35,194,855
Money market	-	235,320
<b>Total assets</b>	<b>\$ 63,111</b>	<b>114,537,928</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities</b>		
Accounts payable	\$ -	1,669,786
<b>Total liabilities</b>	<b>-</b>	<b>1,669,786</b>
<b>Net Position</b>		
Restricted for:		
Other postemployment benefits	-	112,868,142
Individuals	63,111	-
<b>Total liabilities and net position</b>	<b>\$ 63,111</b>	<b>114,537,928</b>

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



## CITY OF CHESAPEAKE, VIRGINIA

## Schedule I

Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 Year Ended June 30, 2021

	<b>Custodial Special Welfare</b>	<b>Other Postemployment Benefits Trust</b>
<b>ADDITIONS</b>		
Deposits received on behalf of others	\$ 32,985	-
Contributions from employer (note 11)	-	3,359,000
Contributions from plan members (note 11)	-	1,204,540
Investment income:		
Interest and dividend income	93	8,201,083
Net appreciation (depreciation) in fair value of investments	-	15,851,961
Less investment expenses	-	184,337
Net investment income	93	23,868,707
Total additions	93	28,432,247
<b>DEDUCTIONS</b>		
Administrative expenses	260	25,800
Benefits and refunds paid on behalf of plan members and beneficiaries (note 11)	-	6,207,193
Total deductions	260	6,232,993
<b>Change in net position</b>	32,818	22,199,254
<b>Net position - beginning, restated (note 17)</b>	30,293	90,668,888
<b>Net position - ending</b>	\$ 63,111	112,868,142

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

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## Other Discretely Presented Component Units

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

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

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

**Chesapeake Land Bank Authority** – To account for the operation of the Chesapeake Land Bank Authority.



## CITY OF CHESAPEAKE, VIRGINIA

Schedule J-1

Combining Statement of Net Position  
Other Discretely Presented Component Units  
June 30, 2021

	Governmental Activities		Business-type Activities			
	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.	Chesapeake Land Bank Authority	Total	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>Assets</b>						
Cash and temporary investments (note 2)	\$ 7,021,349	978,508	463,240	2,510,332	10,973,429	
Receivables, net of allowance for uncollectible amounts (note 3)	-	183,661	-	-	183,661	
Inventories	354,102	-	-	-	354,102	
Prepaid expenses	135,230	-	14,419	-	149,649	
Capital assets:						
Land	530,778	2,512,641	641,987	-	3,685,406	
Construction in progress	-	654,016	-	-	654,016	
Buildings	2,405,297	-	1,583,096	-	3,988,393	
Improvements other than buildings	8,302	22,824,605	31,087	-	22,863,994	
Software, equipment and vehicles	1,731,172	279,226	-	-	2,010,398	
Less accumulated depreciation	(2,339,472)	(17,885,630)	(747,924)	-	(20,973,026)	
Land and improvement held for sale	-	-	-	309,952	309,952	
Net OPEB asset	81,787	-	-	-	81,787	
Total assets	9,928,545	9,547,027	1,985,905	2,820,284	24,281,761	
Deferred Outflows of Resources (note 5)	681,385	-	-	-	681,385	
Total assets and deferred outflows of resources	\$ 10,609,930	9,547,027	1,985,905	2,820,284	24,963,146	
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>						
<b>Liabilities</b>						
Current liabilities:						
Accounts payable, deposits and accrued expenses (notes 3 and 16)	\$ 119,787	264,088	10,946	-	394,821	
Unearned revenues	-	6,861	7,225	-	14,086	
Due to primary government	-	88,100	-	-	88,100	
Long-term liabilities (notes 6, 10 and 11):						
Due within one year	48,471	105,000	-	-	153,471	
Due in more than one year	1,617,033	325,000	-	-	1,942,033	
Total liabilities	1,785,291	789,049	18,171	-	2,592,511	
Deferred Inflows of Resources (note 5)	135,806	-	-	-	135,806	
<b>Net Position</b>						
Net investment in capital assets	2,336,077	7,866,758	1,508,246	-	11,711,081	
Restricted	-	217,955	-	-	217,955	
Unrestricted	6,352,756	673,265	459,488	2,820,284	10,305,793	
Total net position	8,688,833	8,757,978	1,967,734	2,820,284	22,234,829	
Total liabilities, deferred inflows and net position	\$ 10,609,930	9,547,027	1,985,905	2,820,284	24,963,146	

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

Combining Statement of Activities  
 Other Discretely Presented Component Units  
 Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position				Total
		Charges for Services	Operating Grants and Contributions	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.	Chesapeake Land Bank Authority	
<b>Governmental Type Activities</b>								
Chesapeake Mosquito Control Commission	\$ 4,391,365	-	5,327,816	936,451	-	-	-	936,451
<b>Business-type Activities</b>								
Chesapeake Airport Authority	1,184,417	496,246	872,533	-	184,362	-	-	184,362
Elizabeth River Properties of Chesapeake, Inc.	266,521	176,954	134,799	-	-	45,232	-	45,232
Chesapeake Land Bank Authority	164,814	-	15,997	-	-	-	(148,817)	(148,817)
<b>Total component units</b>	\$ 6,007,117	673,200	6,351,145	936,451	184,362	45,232	(148,817)	1,017,228
	<b>Change in net position</b>			\$ 936,451	184,362	45,232	(148,817)	1,017,228
	<b>Net position - beginning</b>			7,752,382	8,573,616	1,922,502	2,969,101	21,217,601
	<b>Net position - ending</b>			\$ 8,688,833	8,757,978	1,967,734	2,820,284	22,234,829

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

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## Notes to Basic Financial Statements



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**(1) Summary of Significant Accounting Policies*****The Reporting Entity***

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

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

The accompanying financial statements present the City (the Primary Government) and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

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

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

*(Continued)*

Notes to Basic Financial Statements  
June 30, 2021

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**(1) Continued**

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

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

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(1) Continued**

EDA's outstanding debt is expected to be repaid entirely or almost entirely with the resources of the primary government. Separate audited financial statements for the EDA are available through the City's Department of Economic Development at 676 Independence Parkway, Suite 200, Chesapeake, Virginia 23320.

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

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Included in direct expenses are certain indirect costs that have been allocated to the various programs. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(1) Continued

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following proprietary funds:

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

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(1) Continued

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

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

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

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

Additionally, the City reports the following fund types:

Nonmajor governmental funds:

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

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

Fiduciary funds:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's public utility function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(1) Continued**

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

***Cash and Temporary Investments***

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

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

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

***Receivables and Payables***

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

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

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

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

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

***Real Estate***

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(1) Continued**

Real estate taxes are collected in quarterly payments due September 30, December 30, March 30 and June 5. During the fiscal year, the current year real estate taxes reported as revenue are the levies on assessed valuation on July 1, 2021, less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2021 was \$1.04 per \$100 of assessed value with an additional \$.01 per \$100 of assessed value for mosquito control services.

*Personal Property*

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1 with payment due the following June 5. The current year personal property taxes reported as revenue are the levies on assessed valuation at January 1, 2021 less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2021 was \$4.00 per \$100 of assessed value with an additional \$.08 per \$100 of assessed value for mosquito control services.

*Inventories and Prepaids*

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

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

*Land and Improvements Held for Sale*

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

*Capital Assets*

Capital assets, which include land, intangible assets, buildings, improvements, equipment, vehicles and infrastructure assets (i.e. roads, bridges, drainage and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Drainage infrastructure assets are capitalized in the Stormwater Management Fund to the extent they are funded with stormwater fees. All other drainage is capitalized in the governmental activities column in the government-wide financial statements. Assets which are funded either in full or in part by one fund but are managed and controlled by another fund are capitalized in the corresponding fund which purchased them and immediately transferred to the managing fund for reporting.

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

(1) Continued

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

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

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

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

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

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

***Long-term Obligations***

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

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

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

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**(1) Continued**

Additional essential information related to debt is disclosed in the notes to the financial statements, including information on direct borrowings and placements, unused lines of credit, assets pledged as collateral, significant events of default with finance-related consequences and significant subjective acceleration clauses.

***Encumbrances***

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

***Net Position***

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

***Fund Balances***

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

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

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

***Committed*** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council, the highest level of decision making authority for the City. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (such as an ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(1) Continued**

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

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

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

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

***Minimum Fund Balance Policy***

The City Charter requires that a minimum of 6% of specified revenues of the General Fund and Special Revenue funds be restricted for emergency use and cash flow needs, which may occur throughout the fiscal year. In an upcoming General Assembly session, the City will be requesting the removal of the 6% (see Note 18 - Subsequent Events). In addition, the City shall budget for 12% of these same revenues as unassigned fund balance in the General Fund in order to maintain the policy requirement of a minimum 10% as adopted by resolution of City Council on June 10, 2014.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(2) Deposits and Investments**

***Deposits***

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

The carrying value of pooled deposits, as of June 30, 2021 is \$128,695,780 including petty cash of \$44,824 and cash in the special welfare fiduciary fund of \$63,111. Cash of \$1,010,828 is being held by the Commonwealth of Virginia.

***Investments***

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

***Fair Value Measurements:***

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

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

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

*(Continued)*

Notes to Basic Financial Statements  
June 30, 2021

**(2) Continued**

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

<b>Investments by Fair Value Level (Market Approach: maturity &gt;1yr)</b>	<b>Active Markets For Identical Assets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Total</b>
Debt Securities:			
U. S. Treasury Notes	\$ 907,381	-	907,381
Commercial Paper Discount-Amortizing	-	53,962,220	53,962,220
Federal Agency Coupon Securities	-	8,684,049	8,684,049
Certificates of Deposit	-	7,207,757	7,207,757
Taxable Municipal Bonds	-	51,055	51,055
<b>Total investments by fair value level (a)</b>	<b>907,381</b>	<b>69,905,081</b>	<b>70,812,462</b>
<b>Investments measured at Amortized Cost (Book Value: maturity &lt;1yr)</b>			
Money Market Fund			741,831,342
Federal Agency Coupon Securities			2,444,822
Corporate Notes			2,000,000
Non-Taxable Municipal Bonds			879,368
U. S. Treasury Notes			475,950
Taxable Municipal Bonds			125,643
<b>Total investments at amortized cost (b)</b>			<b>747,757,125</b>
<b>Total Pool and Directed Investments (a+b)</b>			<b>\$ 818,569,587</b>

The City has investments, other than commercial paper, which are valued at \$16,850,242. These investments are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to the benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(2) Continued**

*Credit Risk*

Generally credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented at the end of this footnote are the specifically identified investment ratings as of June 30, 2021.

*Custodial Credit Risk – Deposits*

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

*Custodial Credit Risk – Investments*

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

*Concentration of Credit Risk*

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

The City held no investments by any one issuer that represented over 5.0% of the City's total investments other than U.S. Treasury securities, mutual funds and external investment pools.

*Interest Rate Risk*

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits U.S. Treasury and U.S. Agency securities to maturities of less than five years; guaranteed investment contracts to maturities of less than 30 years; bankers' acceptances to maturities of less than 180 days; commercial paper to maturities of less than 270 days; and corporate notes to maturities of less than five years.

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(2) Continued**

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

*Foreign Currency Risk*

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

*Amounts Relating to Component Units*

The cash and investments of the Schools and the Mosquito Control Commission component units, along with the OPEB fiduciary trust fund have been pooled with the cash and investments of the Primary Government and, therefore, are included in the above information. The remaining component units, with cash and investments amounting to \$3,952,080 have been excluded because risk information is not available.

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

Deposits and investments:	
Pooled deposits	\$ 128,695,780
State set-aside fund	1,010,828
Restricted deposits	1,000,000
Investments	925,917,229
Restricted cash and investments	87,366,084
Other Component Units	3,952,080
<b>Total deposits and investments</b>	<b>\$ 1,147,942,001</b>
Per Schedules A and H:	
Cash and temporary investments	\$ 688,566,607
Cash and temporary investments with trustee	167,525,182
Cash restricted for debt service	5,527,932
Cash restricted for debt service with trustee	17,832,250
Cash with state set-aside	1,010,828
Cash restricted for Public Utilities improvement and redemption	1,000,000
Investment - zero coupon bond	1,148,551
Capital construction - cash and temporary investments	249,918,445
Capital construction - cash and temporary investments with trustee	15,412,206
<b>Total cash and temporary investments per Schedules A and H</b>	<b>\$ 1,147,942,001</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(2) Continued**

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

		Amount	Rating	Weighted Average Maturity (Months)
Investments:				
Bank Money Market Accounts	\$	21,788,770	AAA	0.0
Caprin Money Market Mutual Fund - First American Government		9,330	AAA	0.0
Commercial Paper		53,962,220	AAA	5.4
Municipal Bonds - Non-Taxable		879,729	AAA	1.4
Municipal Bonds - Taxable		176,783	AAA	7.0
Local Government Investment Pool		670,402,807	AAA	0.0
Virginia State Non-Arbitrage Program		49,630,434	AAA	0.0
OPEB - Irrevocable Trust at Local Government Investment Pool		22	AAA	0.0
U. S. Government-Sponsored Coupon Securities		10,681,318	N/A	27.7
U. S. Government-Sponsored Coupon Securities		450,032	N/A	27.7
Corporate Notes		2,012,740	AA-	2.7
U. S. Treasury Coupon Securities		1,385,138	N/A	16.0
Total Investments		811,379,323		
Restricted investments:				
Money market deposit		4,103,091	Unrated	0.0
Wells Fargo Advantage Heritage - Money Mkt Institutional (VML)		209	AAA	0.0
U.S. Government-sponsored discount securities		1,148,551	N/A	117.2
PFM - SNAP (Virginia State Non-Arbitrage Program)		66,556,112	AAA	0.0
PFM - SNAP First Americ Treas Oblig Fd - CI D-Toll Road Bonds		15,558,121	AAA	0.0
Total Restricted Investments		87,366,084		
Total Investments and Restricted Investments		898,745,407		
Portfolio weighted average maturity (months)				0.9
Irrevocable Trust:				
OPEB - Diversified Portfolio		114,537,906	Various	
Total		114,537,906		
Total Investments, Restricted Investments and Irrevocable Trust	\$	1,013,283,313		
	Investments	Restricted Investments	Irrevocable Trust	Total
Investment totals by rating:				
AAA	\$ 796,850,095	83,262,993	-	880,113,088
AA-	2,012,740	-	-	2,012,740
Unrated	-	4,103,091	-	4,103,091
Various	-	-	-	-
Not Applicable	12,516,488	-	114,537,906	127,054,394
Total	\$ 811,379,323	87,366,084	114,537,906	1,013,283,313

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(3) Accounts Receivable and Payable**

Accounts receivable, net of allowance for uncollectibles, for the Primary Government in the Statement of Net Position as of June 30, 2021 are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Due from Commonwealth of Virginia	\$ 40,028,871	-
Due from Federal government	2,197,591	-
Due from customers	3,928,954	26,718,521
Property taxes receivable	52,747,784	-
Interest receivable	61,492	11,420
Other	18,275,398	-
<b>Total accounts receivable</b>	<b>\$ 117,240,090</b>	<b>26,729,941</b>

Accounts receivable, net of allowance for uncollectibles, for the discretely presented component units in the Statement of Net Position as of June 30, 2021 are as follows:

	<b>Public Schools</b>	<b>Other</b>
Due from Commonwealth of Virginia	\$ 10,976,389	-
Due from Federal government	26,132,463	-
Other	1,969,602	183,661
<b>Total accounts receivable</b>	<b>\$ 39,078,454</b>	<b>183,661</b>

Accounts receivable, net of allowance for uncollectibles, in the governmental funds as of June 30, 2021 are as follows:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>
Due from Commonwealth of Virginia	\$ 35,307,786	-	2,406,560	2,314,525
Due from Federal government	-	-	478,953	1,718,638
Property taxes receivable	52,747,784	-	-	-
Interest receivable	54,171	2,563	-	100
Other	19,744,768	13,497	-	2,106,410
<b>Total accounts receivable</b>	<b>\$ 107,854,509</b>	<b>16,060</b>	<b>2,885,513</b>	<b>6,139,673</b>

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

**(3) Continued**

Property taxes receivable in the General Fund as of June 30, 2021 are as follows:

	<b>Taxes Receivable</b>	<b>Allowance for Uncollectible Amounts</b>	<b>Net Taxes Receivable</b>
Real property	\$ 8,536,069	173,919	8,362,150
Personal property	47,008,637	2,623,003	44,385,634
Total property taxes receivable	\$ 55,544,706	2,796,922	52,747,784

The total allowance for uncollectible receivables in the General Fund is \$8,105,056, which includes a \$2,796,922 allowance for uncollectible taxes, a \$699,940 allowance for uncollectible emergency medical service fees, a \$641,923 allowance for uncollectible vehicle license fees, a \$2,457,681 allowance for uncollectible miscellaneous City invoices, a \$674,590 allowance for red light admin fees and a \$834,000 allowance for the Gateway at SoNo receivable. The allowance for uncollectible accounts in the other governmental funds consists of \$2,428,857 in uncollectible client fees from CIBH, \$1,419,565 in the Fee Supported Fund for red light cameras and other charges, and \$119,667 in miscellaneous uncollectible invoices for various other Special Revenue funds.

Accounts receivable, net of allowance for uncollectibles, in the proprietary funds as of June 30, 2021 are as follows:

	<b>Public Utilities Fund</b>	<b>Chesapeake Transportation System</b>	<b>Stormwater Management Fund</b>	<b>Economic Development Authority</b>	<b>Internal Service Funds</b>
Due from customers and others	\$ 13,633,468	665,254	9,494,993	2,924,806	339,677
Interest receivable	9,198	-	2,222	-	4,658
Total accounts receivable	\$ 13,642,666	665,254	9,497,215	2,924,806	344,335

Accounts payable, deposits and accrued expenses for the Primary Government in the Statement of Net Position as of June 30, 2021 are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Accounts payable	\$ 12,824,127	5,448,017
Deposits	2,367,917	1,036,465
Accrued expenses, excluding interest	7,566,906	438,264
Accrued interest payable	5,210,769	7,463,124
Other liabilities	839,132	1,095,479
Construction projects payable	2,471,457	3,773,211
Due to Commonwealth of Virginia	2,555,876	-
Due to Federal government	38,012,949	-
Total accounts payable, deposits and accrued expenses	\$ 71,849,133	\$ 19,254,560

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(3) Continued**

Accounts payable, deposits and accrued expenses for the discretely presented component units in the Statement of Net Position as of June 30, 2021 are as follows:

	<b>Public Schools</b>	<b>Other</b>
Accounts payable	\$ 11,475,124	252,304
Deposits	-	29,520
Accrued expenses, excluding interest	45,891,434	108,082
Accrued interest payable	5,875	4,915
Claims payable	6,457,915	-
Total accounts payable, deposits and accrued expenses	\$ 63,830,348	394,821

Accounts payable, deposits and accrued expenditures in the governmental funds as of June 30, 2021 are as follows:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>
Accounts payable and deposits	\$ 7,379,961	2,089	-	5,764,068
Accrued expenditures, excluding interest	6,452,099	-	-	904,514
Other liabilities	833,200	-	-	5,932
Construction projects payable	-	-	2,471,457	-
Due to Commonwealth of Virginia	585	-	-	2,555,291
Due to Federal government	38,012,949	-	-	-
Total accounts payable, deposits and accrued expenditures	\$ 52,678,794	2,089	2,471,457	9,229,805

Accounts payable, deposits and accrued expenses in the proprietary funds as of June 30, 2021 are as follows:

	<b>Public Utilities Fund</b>	<b>Chesapeake Transportation System</b>	<b>Stormwater Management Fund</b>	<b>Economic Development Authority</b>	<b>Internal Service Funds</b>
Accounts payable and deposits	\$ 5,421,481	572,760	89,190	401,051	2,045,926
Accrued expenses, excluding interest	283,659	41,418	113,187	-	210,293
Accrued interest payable	1,152,521	6,291,910	-	18,694	-
Other liabilities	1,094,730	748	-	-	-
Construction projects payable	3,479,177	-	294,034	-	-
Total accounts payable, deposits and accrued expenses	\$ 11,431,568	6,906,836	496,411	419,745	2,256,219

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(4) Capital Assets**

Capital asset activities for the year ended June 30, 2021 are as follows:

**Primary Government  
Governmental activities:**

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 69,666,022	1,822,390	-	71,488,412
Land - School	3,016,081	-	-	3,016,081
Intangibles	362,425,847	10,444	-	362,436,291
Construction in progress	91,556,488	47,726,042	(80,631,710)	58,650,820
Construction in progress - ISF	3,233,929	1,931,752	(5,070)	5,160,611
Total capital assets, not being depreciated	529,898,367	51,490,628	(80,636,780)	500,752,215
Capital assets, being depreciated:				
Buildings	271,939,644	22,225,880	-	294,165,524
Buildings - ISF	648,167	-	-	648,167
Buildings - School	397,913,611	-	-	397,913,611
Improvements other than buildings	63,479,468	7,704,339	-	71,183,807
Improvements other than buildings - ISF	4,582,725	-	-	4,582,725
Software, equipment and vehicles	69,366,840	17,108,374	(8,367,386)	78,107,828
Software, equipment and vehicles - ISF	142,664,815	13,840,512	(5,142,418)	151,362,909
Infrastructure	1,255,336,132	25,672,652	(284,643)	1,280,724,141
Infrastructure - ISF	77,584	-	-	77,584
Total capital assets being depreciated	2,206,008,986	86,551,757	(13,794,447)	2,278,766,296
Less accumulated depreciation for:				
Buildings	(121,590,586)	(7,508,565)	-	(129,099,151)
Buildings - ISF	(312,031)	(17,008)	-	(329,039)
Buildings - School	(199,103,615)	(7,405,217)	-	(206,508,832)
Improvements other than buildings	(27,173,467)	(3,342,008)	-	(30,515,475)
Improvements other than buildings - ISF	(3,773,994)	(209,871)	-	(3,983,865)
Software, equipment and vehicles	(46,020,565)	(6,329,821)	592,337	(51,758,049)
Software, equipment and vehicles - ISF	(92,577,272)	(11,387,483)	4,983,604	(98,981,151)
Infrastructure	(1,003,333,696)	(20,036,504)	-	(1,023,370,200)
Infrastructure - ISF	(45,119)	(5,153)	-	(50,272)
Total accumulated depreciation	(1,493,930,345)	(56,241,630)	5,575,941	(1,544,596,034)
Total capital assets being depreciated, net	712,078,641	30,310,127	(8,218,506)	734,170,262
Capital assets, net	\$ 1,241,977,008	81,800,755	(88,855,286)	1,234,922,477

The increases to accumulated depreciation include current year depreciation of \$55,992,010 along with accumulated depreciation related to assets that were transferred in of \$249,620. The increases and decreases to assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(4) Continued**

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

General Government Capital Assets, net	\$	1,176,434,808
Internal Service Fund Capital Assets, net		58,487,669
Total	\$	1,234,922,477

Depreciation expense for governmental activities was charged to functions of the Primary Government for the year ended June 30, 2021 as follows:

General government	\$	13,523,712
Public safety		869,930
Public works		1,886,750
Parks and recreation		537,783
Public welfare		125,804
Education		7,405,217
Net unallocated portion (depreciation of general infrastructure assets)		20,036,504
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		11,606,310
Total depreciation expense, governmental activities	\$	55,992,010

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

Function	Project Authorization	Expended to June 30, 2021	Committed
General government	\$ 113,440,393	37,245,054	16,363,693
Public safety	24,640,995	6,330,919	4,378,956
Public works	113,774,504	14,413,219	7,035,671
Parks and recreation	13,438,185	2,837,496	1,572,852
Public welfare	11,391,772	2,984,743	265,392
Total	\$ 276,685,849	63,811,431	29,616,564

The construction in progress consists of \$58,530,346 from capital projects, \$9,692 from grants, \$110,782 from operating funds and \$5,160,611 from internal service funds.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 96,319,244	57,500	-	96,376,744
Intangibles	18,739,746	27,321	(400)	18,766,667
Construction in progress	69,115,654	21,923,467	(16,502,335)	74,536,786
Total capital assets, not being depreciated	184,174,644	22,008,288	(16,502,735)	189,680,197
Capital assets, being depreciated:				
Buildings	6,839,870	-	-	6,839,870
Improvements other than buildings	4,696,320	542,034	-	5,238,354
Software, equipment and vehicles	38,200,401	3,030,542	(1,550,686)	39,680,257
Infrastructure	1,068,758,211	25,686,895	(311,008)	1,094,134,098
Total capital assets, being depreciated	1,118,494,802	29,259,471	(1,861,694)	1,145,892,579
Less accumulated depreciation for:				
Buildings	(2,852,000)	(202,529)	-	(3,054,529)
Improvements other than buildings	(1,541,880)	(131,393)	-	(1,673,273)
Software, equipment and vehicles	(23,892,318)	(2,832,588)	8,625	(26,716,281)
Infrastructure	(397,073,979)	(28,971,194)	241,908	(425,803,265)
Total accumulated depreciation	(425,360,177)	(32,137,704)	250,533	(457,247,348)
Total capital assets being depreciated, net	693,134,625	(2,878,233)	(1,611,161)	688,645,231
Capital assets, net	\$ 877,309,269	19,130,055	(18,113,896)	878,325,428

The increases and decreases to assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy.

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

Public Utilities Fund	\$ 15,629,163
Chesapeake Transportation System	15,119,393
Stormwater Management Fund	1,389,148
Total depreciation expense, business-type activities	\$ 32,137,704

Depreciation and amortization expense for business-type activities of \$30,793,470 includes unallocated portion of depreciation expense noted above of \$32,137,704 net of amortization of deferred bond premiums and refunding costs of \$1,344,234.

The estimated cost to complete the construction in progress of the business-type activities amounted to approximately \$163.1 million at June 30, 2021.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 11,013,494	55,000	-	11,068,494
Intangibles	2,920,624	9,329	-	2,929,953
Construction in progress	56,848,237	18,601,202	(11,205,717)	64,243,722
Total capital assets, not being depreciated	70,782,355	18,665,531	(11,205,717)	78,242,169
Capital assets, being depreciated:				
Buildings	1,098,644	-	-	1,098,644
Improvements other than buildings	4,196,814	270,300	-	4,467,114
Software, equipment and vehicles	24,940,592	2,250,555	(820,978)	26,370,169
Infrastructure	662,882,105	22,761,015	(266,153)	685,376,967
Total capital assets, being depreciated	693,118,155	25,281,870	(1,087,131)	717,312,894
Less accumulated depreciation for:				
Buildings	(173,531)	(50,526)	-	(224,057)
Improvements other than buildings	(1,495,656)	(101,612)	-	(1,597,268)
Software, equipment and vehicles	(15,034,046)	(1,771,122)	8,625	(16,796,543)
Infrastructure	(273,353,795)	(13,705,903)	241,908	(286,817,790)
Total accumulated depreciation	(290,057,028)	(15,629,163)	250,533	(305,435,658)
Total capital assets being depreciated, net	403,061,127	9,652,707	(836,598)	411,877,236
Capital assets, net	\$ 473,843,482	28,318,238	(12,042,315)	490,119,405

The increases and decreases to assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy.

The construction in progress consists of \$57,726,714 from capital projects, \$5,496,073 from capitalized interest (prior to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 89) and \$1,020,935 from operating funds.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 84,667,793	-	-	84,667,793
Total capital assets, not being depreciated	84,667,793	-	-	84,667,793
Capital assets, being depreciated:				
Buildings	5,389,295	-	-	5,389,295
Improvements other than buildings	439,273	-	-	439,273
Software, equipment and vehicles	12,984,459	109,316	(59,037)	13,034,738
Infrastructure	361,587,165	-	-	361,587,165
Total capital assets, being depreciated	380,400,192	109,316	(59,037)	380,450,471
Less accumulated depreciation for:				
Buildings	(2,469,073)	(134,732)	-	(2,603,805)
Improvements other than buildings	(25,801)	(24,493)	-	(50,294)
Software, equipment and vehicles	(8,628,052)	(1,054,184)	-	(9,682,236)
Infrastructure	(112,410,025)	(13,905,984)	-	(126,316,009)
Total accumulated depreciation	(123,532,951)	(15,119,393)	-	(138,652,344)
Total capital assets being depreciated, net	256,867,241	(15,010,077)	(59,037)	241,798,127
Capital assets, net	\$ 341,535,034	(15,010,077)	(59,037)	326,465,920

The increases and decreases to assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 637,957	2,500	-	640,457
Intangibles	1,714,475	17,992	(400)	1,732,067
Construction in progress	12,267,417	3,322,265	(5,296,618)	10,293,064
Total capital assets, not being depreciated	14,619,849	3,342,757	(5,297,018)	12,665,588
Capital assets, being depreciated:				
Buildings	351,931	-	-	351,931
Improvements other than buildings	60,233	271,734	-	331,967
Software, equipment and vehicles	275,350	670,671	(670,671)	275,350
Infrastructure	44,288,941	2,925,880	(44,855)	47,169,966
Total capital assets, being depreciated	44,976,455	3,868,285	(715,526)	48,129,214
Less accumulated depreciation for:				
Buildings	(209,396)	(17,271)	-	(226,667)
Improvements other than buildings	(20,423)	(5,288)	-	(25,711)
Software, equipment and vehicles	(230,220)	(7,282)	-	(237,502)
Infrastructure	(11,310,159)	(1,359,307)	-	(12,669,466)
Total accumulated depreciation	(11,770,198)	(1,389,148)	-	(13,159,346)
Total capital assets being depreciated, net	33,206,257	2,479,137	(715,526)	34,969,868
Capital assets, net	\$ 47,826,106	5,821,894	(6,012,544)	47,635,456

The increases and decreases to assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy.

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

**(4) Continued**

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

	<b>Balances at July 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances at June 30, 2021</b>
Capital assets, not being depreciated:				
Intangibles	\$ 14,104,647	-	-	14,104,647
Total capital assets, not being depreciated	14,104,647	-	-	14,104,647
Capital assets, net	\$ 14,104,647	-	-	14,104,647

In July 2018, the EDA acquired, by restrictive covenant, a possessory interest in 1,000 public parking spaces in the parking garage adjacent to the Dollar Tree Headquarters.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021
Capital assets, not being depreciated:				
Land and land improvements	\$ 18,304,610	-	-	18,304,610
Construction in progress	20,168,150	34,098,264	(18,007,711)	36,258,703
Total capital assets, not being depreciated	38,472,760	34,098,264	(18,007,711)	54,563,313
Capital assets, being depreciated:				
Buildings	272,772,119	16,763,656	-	289,535,775
Improvements other than buildings	5,604,230	1,244,055	-	6,848,285
Furniture and equipment	77,952,865	3,966,079	(1,053,721)	80,865,223
Textbooks	5,610,458	2,381,964	(737,986)	7,254,436
Total capital assets, being depreciated	361,939,672	24,355,754	(1,791,707)	384,503,719
Less accumulated depreciation for:				
Buildings	(41,592,084)	(5,390,405)	-	(46,982,489)
Building improvements	(4,659,826)	(163,711)	-	(4,823,537)
Furniture and equipment	(49,834,048)	(4,728,851)	1,032,877	(53,530,022)
Textbooks	(996,293)	(1,122,092)	737,986	(1,380,399)
Total accumulated depreciation	(97,082,251)	(11,405,059)	1,770,863	(106,716,447)
Total capital assets being depreciated, net	264,857,421	12,950,695	(20,844)	277,787,272
Capital assets, net	\$ 303,330,181	47,048,959	(18,028,555)	332,350,585
Depreciation expense was charged to governmental functions for the year ended June 30, 2021 as follows:				
Instruction			\$	7,241,567
Administration				7,070
Attendance and health services				4,898
Pupil transportation				2,810,330
Operations and maintenance				230,049
School technology services				1,053,750
Food services				57,395
Total depreciation expense, governmental activities				\$ 11,405,059

At June 30, 2021, the Schools had contractual commitments of approximately \$14.8 million for work remaining to be performed under capital projects.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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

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

Deferred outflows of resources for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission, in the Statement of Net Position as of June 30, 2021 are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Other</b>	<b>Total</b>
Pension	\$ 23,385,197	2,130,934	192,729	25,708,860
Pension - experience	9,594,574	874,288	79,074	10,547,936
Pension - change in assumptions	12,494,151	1,138,507	102,970	13,735,628
Pension - investment experience	23,377,249	2,130,209	192,663	25,700,121
OPEB	2,071,494	103,886	9,396	2,184,776
OPEB - investment experience	393,406	35,849	3,242	432,497
OPEB - experience	14,276,072	1,047,574	94,746	15,418,392
OPEB - change in proportion	1,321,081	14,004	1,267	1,336,352
OPEB - change in assumptions	7,653,364	58,575	5,298	7,717,237
Unamortized deferred loss on refundings	1,684,655	2,132,509	-	3,817,164
Total deferred outflows of resources	\$ 96,251,243	9,666,335	681,385	106,598,963

Deferred outflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2021 are as follows:

	<b>Public Schools</b>
Pension - contributions subsequent to measurement date	\$ 43,104,525
Pension - investment experience	2,765,946
Pension - experience	33,690,790
Pension - change in proportion	5,347,739
Pension - change in assumptions	29,876,115
OPEB - contributions subsequent to measurement date	9,985,900
OPEB - investment experience	785,408
OPEB - experience	4,359,573
OPEB - change in proportion	496,795
OPEB - change in assumptions	21,025,326
Total deferred outflows of resources	\$ 151,438,117

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(5) Continued**

Deferred outflows of resources in the proprietary funds as of June 30, 2021 are comprised of the following:

	<b>Public Utilities Fund</b>	<b>Chesapeake Transportation System</b>	<b>Stormwater Management Fund</b>	<b>Internal Service Funds</b>
Pension	\$ 1,381,121	192,222	557,591	1,062,332
Pension - experience	566,652	78,865	228,771	435,858
Pension - change in assumptions	737,900	102,699	297,908	567,578
Pension - investment experience	1,380,651	192,156	557,402	1,061,970
OPEB	67,332	9,371	27,183	51,790
OPEB - investment experience	23,235	3,234	9,380	17,871
OPEB - experience	678,964	94,496	274,114	522,246
OPEB - change in proportion	9,077	1,263	3,664	6,982
OPEB - change in assumptions	37,964	5,284	15,327	29,201
Unamortized deferred loss on refundings	2,114,369	18,140	-	-
Total deferred outflows of resources	\$ 6,997,265	697,730	1,971,340	3,755,828

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

Deferred inflows of resources for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission, in the Statement of Net Position as of June 30, 2021 are as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Other</b>	<b>Total</b>
OPEB - investment experience	\$ 12,330,021	1,120,158	101,311	13,551,490
OPEB - experience	3,794,254	20,417	1,847	3,816,518
OPEB - change in proportion	933,157	11,675	1,056	945,888
OPEB - change in assumptions	5,465,208	349,305	31,592	5,846,105
Unamortized deferred gain on refundings	88,657	-	-	88,657
Stormwater management fees	-	8,136,312	-	8,136,312
Total deferred inflows of resources	\$ 22,611,297	9,637,867	135,806	32,384,970

Deferred inflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2021 are as follows:

	<b>Public Schools</b>
Pension - experience	\$ 24,882,859
Pension - change in proportion	1,916,127
OPEB - experience	3,855,561
OPEB - change in proportion	317,928
OPEB - change in assumptions	6,845,404
Total deferred inflows of resources	\$ 37,817,879

Notes to Basic Financial Statements  
June 30, 2021

**(5) Continued**

Deferred inflows of resources in the governmental funds as of June 30, 2021 are comprised of the following:

	<b>General Fund</b>
Taxes receivable	\$ 50,057,702
Personal Property Tax Relief Act	3,209,133
EMS fees receivable	3,167,886
Solid waste fees receivable	1,592
Advance to CTS (note 8)	7,080,812
Total deferred inflows of resources	\$ 63,517,125

Deferred inflows of resources in the proprietary funds as of June 30, 2021 are comprised of the following:

	<b>Public Utilities Fund</b>	<b>Chesapeake Transportation System</b>	<b>Stormwater Management Fund</b>	<b>Internal Service Funds</b>
OPEB - investment experience	\$ 726,007	101,044	293,107	558,431
OPEB - experience	13,233	1,842	5,342	10,178
OPEB - change in proportion	7,567	1,053	3,055	5,820
OPEB - change in assumptions	226,395	31,509	91,401	174,139
Stormwater management fees	-	-	8,136,312	-
Total deferred inflows of resources	\$ 973,202	135,448	8,529,217	748,568

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (6) Long-Term Obligations

A summary of changes in long-term obligations for governmental activities for the year ended June 30, 2021 follows:

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Due Within One Year
Bonds and loans payable:					
General obligation bonds	\$ 287,576,911	-	(26,332,935)	261,243,976	26,158,976
Installment Purchase Agreement - direct placement	1,342,284	-	-	1,342,284	-
	288,919,195	-	(26,332,935)	262,586,260	26,158,976
Deferred amounts:					
Plus bond premiums	32,624,930	-	(4,197,604)	28,427,326	4,307,503
Total bonds and loans payable	321,544,125	-	(30,530,539)	291,013,586	30,466,479
Other long-term obligations:					
Supplemental payments agreement (SPA)	3,695,000	-	(1,800,000)	1,895,000	1,895,000
	3,695,000	-	(1,800,000)	1,895,000	1,895,000
Arbitrage rebate and yield restriction	277	-	(277)	-	-
Liability for self-insurance losses	32,323,211	48,417,770	(48,934,497)	31,806,484	9,510,004
Compensated absences	21,804,682	16,475,078	(15,032,178)	23,247,582	8,595,262
Subtotal before Pension and OPEB Liabilities	379,367,295	64,892,848	(96,297,491)	347,962,652	50,466,745
Net pension liability	149,731,890	102,011,912	(53,580,652)	198,163,150	-
Net OPEB liability - VRS directed	36,238,889	19,190,585	(16,383,527)	39,045,947	544,716
Net OPEB liability - City directed*	3,957,232	16,732,799	(20,690,031)	-	-
Total long-term obligations	\$ 569,295,306	202,828,144	(186,951,701)	585,171,749	51,011,461

\* The City directed OPEB plan has a net OPEB asset of \$9,107,299 at June 30, 2021.

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (6) Continued

A summary of changes in long-term obligations for business-type activities for the year ended June 30, 2021 follows:

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Due Within One Year
Public Utilities:					
Bonds payable:					
General obligation bonds	\$ 57,575,000	-	(5,895,000)	51,680,000	5,990,000
Revenue bonds	29,040,000	-	(935,000)	28,105,000	965,000
	86,615,000	-	(6,830,000)	79,785,000	6,955,000
Deferred amounts:					
Plus bond premiums	2,040,171	-	(808,846)	1,231,325	472,468
Total bonds payable	88,655,171	-	(7,638,846)	81,016,325	7,427,468
Compensated absences	1,025,676	742,016	(644,087)	1,123,605	431,869
Subtotal before Pension and OPEB liabilities	89,680,847	742,016	(8,282,933)	82,139,930	7,859,337
Net pension liability	8,177,946	6,016,404	(3,142,096)	11,052,254	-
Net OPEB liability - VRS directed	740,710	217,499	(212,783)	745,426	-
Net OPEB liability - City directed <sup>5</sup>	230,024	983,714	(1,213,738)	-	-
	98,829,527	7,959,633	(12,851,550)	93,937,610	7,859,337
Chesapeake Transportation System:					
Revenue Bonds Payable:					
Senior Bonds	105,870,000	-	(2,435,000)	103,435,000	3,300,000
Capital Appreciation Bonds <sup>1</sup>	61,670,411	3,019,469	-	64,689,880	-
	167,540,411	3,019,469	(2,435,000)	168,124,880	3,300,000
VTIB Bonds - Subordinate Lien <sup>2 3</sup>	129,093,351	-	(3,935,469)	125,157,882	5,588,203
	296,633,762	3,019,469	(6,370,469)	293,282,762	8,888,203
Deferred Amounts:					
Plus bond premiums	5,496,246	-	(310,968)	5,185,278	254,728
Total bonds payable	302,130,008	3,019,469	(6,681,437)	298,468,040	9,142,931
Direct Placement and direct borrowings:					
Due to Commonwealth of Virginia <sup>4</sup>	69,807,056	959,605	-	70,766,661	-
	69,807,056	959,605	-	70,766,661	-
Compensated absences	128,101	126,063	(98,594)	155,570	64,457
Subtotal before Pension and OPEB Liabilities	372,065,165	4,105,137	(6,780,031)	369,390,271	9,207,388
Net pension liability	1,120,897	835,642	(432,757)	1,523,782	-
Net OPEB liability - VRS directed	99,197	30,116	(29,247)	100,066	-
Net OPEB liability - City directed <sup>5</sup>	31,263	135,991	(167,254)	-	-
	373,316,522	5,106,886	(7,409,289)	371,014,119	9,207,388
Stormwater Management:					
Compensated absences	268,954	232,717	(143,658)	358,013	139,149
Net pension liability	3,179,445	2,429,669	(1,270,418)	4,338,696	-
Net OPEB liability - VRS directed	285,545	87,873	(86,057)	287,361	-
Net OPEB liability - City directed <sup>5</sup>	93,176	397,528	(490,704)	-	-
	3,827,120	3,147,787	(1,990,837)	4,984,070	139,149
Economic Development Authority					
Revenue Bond Payable - Direct Placement	6,713,000	-	(732,000)	5,981,000	760,000
Loan payable	1,319,095	-	-	1,319,095	-
	8,032,095	-	(732,000)	7,300,095	760,000
Total long-term obligations	\$ 484,005,264	16,214,306	(22,983,676)	477,235,894	17,965,874

<sup>1</sup> The increase is the accreted interest amount which is reflected in the June 30, 2021 balance.

<sup>2</sup> The current amount of \$5,588,203 reflects an unscheduled prepayment of \$5,484,872 from excess revenues.

<sup>3</sup> The accrued interest of \$15,317,294 on the VTIB Bonds was added to the balance on July 15, 2019.

<sup>4</sup> The amount due to the Commonwealth of Virginia includes accrued interest of \$443,639 at June 30, 2021.

<sup>5</sup> The City directed OPEB plan has a net OPEB asset of \$535,788 for Public Utilities, \$74,145 for Chesapeake Transportation System and \$216,485 for Stormwater Management at June 30, 2021.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(6) Continued**

A summary of changes in long-term obligations for the discretely presented component unit - Public Schools for the year ended June 30, 2021 follows:

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Due Within One Year
Net pension liability	\$ 394,348,224	114,785,115	(62,454,899)	446,678,440	-
Net OPEB liability - Schools directed plans	167,782,534	26,850,621	(6,455,239)	188,177,916	-
Net OPEB liability - VRS directed plans	59,054,694	12,121,698	(8,765,187)	62,411,205	-
Compensated absences	41,563,274	24,645,624	(23,469,286)	42,739,612	1,013,200
Liability for self-insurance losses	2,557,500	850,202	(819,374)	2,588,328	-
Capital leases	16,752,872	2,031,003	(3,214,378)	15,569,497	3,002,538
Total long-term obligations	\$ 682,059,098	181,284,263	(105,178,363)	758,164,998	4,015,738

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

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

A summary of changes in long-term obligations for the other discretely presented component unit for the year ended June 30, 2021 follows:

	Balances at July 1, 2020	Increases	Decreases	Balances at June 30, 2021	Due Within One Year
Governmental Activities:					
Chesapeake Mosquito Control Commission:					
Compensated absences	\$ 135,461	50,615	(54,585)	131,491	48,471
Net pension liability	1,033,366	867,769	(513,701)	1,387,434	
Net OPEB liability - VRS directed	149,438	32,911	(35,770)	146,579	
Net OPEB liability - City directed	44,512	152,479	(196,991)	-	
	1,362,777	1,103,774	(801,047)	1,665,504	48,471
Business-type Activities:					
Chesapeake Airport Authority:					
General obligation bonds	530,000	-	(100,000)	430,000	105,000
	\$ 530,000	\$ -	\$ (100,000)	430,000	105,000
Total long-term obligations	\$ 1,892,777	1,103,774	(901,047)	2,095,504	153,471

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

## (6) Continued

Outstanding bonds, and installment purchase agreement for governmental activities at June 30, 2021 are comprised of the following issues:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Governmental activities - General Obligation bonds					
2001A VPSA School Bonds	5.10%	\$ 530,000	530,000	-	.00% - 2.00%
2001B VPSA School Bonds	3.10 - 5.10%	98,976	-	98,976	-
2002A VPSA School Bonds	5.10%	810,000	810,000	-	-
2003A VPSA School Bonds	4.10-5.10%	500,000	500,000	-	-
2005A VPSA School Bonds	4.10 - 5.10%	6,730,000	6,730,000	-	.00% - 1.00%
2005B VPSA School Bonds	4.60 - 5.10%	3,325,000	3,325,000	-	.00% - 1.00%
2006A VPSA School Bonds	4.48 - 5.10%	7,115,000	7,115,000	-	.00% - 1.00%
2006B VPSA School Bonds	4.35 - 4.60%	7,060,000	7,060,000	-	.00% - 1.00%
2007A VPSA School Bonds	4.10 - 5.10%	4,885,000	4,885,000	-	.00% - 1.00%
2007B VPSA School Bonds	4.35 - 5.10%	4,445,000	4,445,000	-	.00% - 1.00%
2009A VPSA School Bonds	4.05 - 5.05%	19,450,000	19,450,000	-	.00% - 1.00%
2010A Tax Increment RZED Bonds	4.61 - 6.07%	1,320,000	1,320,000	-	-
2010A VPSA School Bonds	3.05 - 5.05%	7,445,000	7,445,000	-	.00% - 1.00%
2010C-2 Tax Increment Financing Bonds (Taxable BABs)	3.41 - 5.36%	3,610,000	3,610,000	-	-
2011A Public Improvement Refunding Bonds	3.00 - 4.00%	2,050,000	-	2,050,000	-
2011A VPSA School Bonds	3.30 - 4.05%	6,115,000	5,675,000	440,000	.00% - 1.00%
2011B VPSA School Bonds (QSCB)	2.00 - 4.00%	2,650,000	-	2,650,000	-
2012A Public Improvement Refunding Bonds	2.00 - 4.00%	3,785,000	1,960,000	1,825,000	-
2012D Public Improvement Refunding Bonds	3.00 - 5.00%	5,420,000	3,375,000	2,045,000	-
2013A VPSA School Bonds	3.05 - 5.05%	13,715,000	11,235,000	2,480,000	.00% - 1.00%
2013B VPSA School Bonds	4.05 - 5.05%	2,935,000	-	2,935,000	-
2014A Public Improvement Refunding Bonds	2.00 - 3.38%	2,255,000	1,565,000	690,000	-
2016A VPSA School Bonds	2.05 - 5.05%	3,660,000	2,280,000	1,380,000	.50% - 1.00%
2016B VPSA School Bonds	5.05%	4,550,000	-	4,550,000	-
2017A Public Improvement Refunding Bonds	3.00 - 5.00%	4,310,000	635,000	3,675,000	-
2017A Public Improvement Bonds (5 Year)	3.00 - 5.00%	780,000	-	780,000	-
2017A Public Improvement Bonds (20 Year)	4.00 - 5.00%	53,505,000	30,090,000	23,415,000	-
2017B Tax Increment Financing Bonds	3.00 - 5.00%	4,950,000	3,120,000	1,830,000	-
2019B VPSA School Bonds (10 Year)	2.80 - 5.05%	4,215,000	-	4,215,000	-
2019A VPSA Schools Bonds (20 Year)	5.05%	18,840,000	-	18,840,000	-
2020A Public Improvement Bonds (20 Year)	5.00%	28,500,000	15,000,000	13,500,000	-
2020A BABs Refunding Bonds	5.00%	22,665,000	-	22,665,000	-
2020B Tax Increment Refunding Bonds	5.00%	5,720,000	-	5,720,000	-
2020B BABs Refunding Bonds	5.00%	3,300,000	-	3,300,000	-
		261,243,976	142,160,000	119,083,976	
Add unamortized bond premiums		28,427,326	n/a	n/a	n/a
Total general obligation bonds, governmental activities		\$ 289,671,302	142,160,000	119,083,976	
Governmental activities - direct placement					
Installment purchase agreement	4.80%	\$ 1,342,284	-	1,342,284	n/a
Total Installment purchase agreement		\$ 1,342,284	-	1,342,284	-

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(6) Continued**

Outstanding bonds for business-type activities at June 30, 2021 are comprised of the following issues:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Business-type activities					
Public Utilities - General Obligation bonds					
2017C Water and Sewer Refunding bonds	4.00 - 5.00%	\$ 20,005,000	-	20,005,000	-
2020C Water and Sewer Refunding bonds	1.43 - 2.12%	31,675,000	31,675,000	-	-
Total Public Utilities - General Obligation bonds		51,680,000	31,675,000	20,005,000	-
Public Utilities - Revenue bonds					
2010B Water and Sewer Revenue bonds	5.04 - 6.28%	28,105,000	28,105,000	-	-
Total Public Utilities - Revenue bonds		28,105,000	28,105,000	-	-
Add unamortized bond premiums		1,231,325	n/a	n/a	n/a
Total Public Utilities bonds		81,016,325	59,780,000	20,005,000	-
Chesapeake Transportation System (CTS) - Revenue bonds:					
2012A - Refunding	3.00 - 5.00%	11,010,000	-	11,010,000	-
2012A - New Money	4.00 - 5.00%	92,425,000	92,425,000	-	-
2012B - Convertible CABS	4.75 - 4.88%	64,689,880	61,577,515	3,112,365	-
2012C - VTIB - Direct Placement	3.33%	125,157,882	125,157,882	-	-
Total CTS Toll Road Revenue bonds		293,282,762	279,160,397	14,122,365	-
Add unamortized bond premiums		5,185,278	n/a	n/a	n/a
Total CTS - Revenue bonds		298,468,040	279,160,397	14,122,365	-
Economic Development Authority (EDA) - Revenue Bond					
2018 Public Facility bond - Direct Placement	3.88%	5,981,000	5,981,000	-	-
Total EDA Public Facility bond		\$ 5,981,000	5,981,000		

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

	Governmental Activities			
	General Obligation Bonds		Direct Placement Installment Purchase Agreement	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2022	\$ 26,158,976	11,671,885	-	64,430
2023	25,300,000	10,465,854	-	64,430
2024	24,730,000	9,300,786	-	64,430
2025	24,285,000	8,143,164	-	64,430
2026	24,015,000	7,003,213	-	64,430
2027-2031	86,235,000	20,857,115	-	322,148
2032-2036	36,600,000	6,391,564	1,342,284	64,430
2037-2041	13,920,000	906,332	-	-
	\$ 261,243,976	74,739,914	1,342,284	708,728

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

(6) Continued

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

Business-type Activities									
Public Utilities		Chesapeake Transportation System				Economic Development Authority			
Bonds		Senior Revenue Bonds		Direct Placement VTIB Bonds <sup>1</sup>		Direct Placement Revenue Bond			
		Accreted Interest on Convertible							
Principal	Interest	Principal	CABs	Interest	Principal	Interest	Principal	Interest	
Year ending June 30:									
2022	\$ 6,955,000	3,058,014	3,300,000	-	4,930,900	5,588,203	4,167,757	760,000	232,062
2023	7,170,000	2,825,418	4,130,000	-	4,745,150	106,771	3,981,670	790,000	202,574
2024	7,510,000	2,560,231	4,975,000	-	6,242,656	110,326	3,978,115	820,000	171,922
2025	7,710,000	2,260,682	2,185,000	-	7,799,713	114,000	3,974,441	852,000	140,107
2026	8,000,000	1,945,967	2,400,000	-	7,708,013	117,796	3,970,645	885,000	107,049
2027-2031	19,775,000	7,433,364	12,188,140	4,616,860	36,588,050	830,407	19,791,242	1,874,000	109,965
2032-2036	13,445,000	4,213,037	15,685,684	10,409,316	31,378,866	7,856,578	19,278,234	-	-
2037-2041	9,220,000	1,496,296	20,043,696	13,461,304	24,162,884	18,180,711	17,367,079	-	-
2042-2046	-	-	45,245,000	-	15,036,875	36,289,899	13,332,880	-	-
2047-2051	-	-	36,115,000	-	2,148,375	54,459,922	6,050,202	-	-
2052	-	-	-	-	-	1,503,269	50,059	-	-
	79,785,000	25,793,009	146,267,520	28,487,480	140,741,482	125,157,882	95,942,324	5,981,000	963,679
Accreted interest on CABS through June 30, 2021									
	-		21,857,360			-		-	
Principal outstanding as of June 30, 2021									
\$ 79,785,000		168,124,880			125,157,882		5,981,000		

<sup>1</sup> The future debt service requirements for the Chesapeake Transportation System incorporates the revised Minimum Payment Schedule for VTIB. FY2021 includes a prepayment of \$5,484,872 from excess revenues.

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

- (a) On November 10, 2020, the Virginia Public School Authority refunded bonds and the City will be receiving approximately \$1.3 million in savings that will be allocated over the remaining amortization period of the City's bonds through fiscal year 2033 per the table below.

VPSSA Series	Refunding Credits	Credits Commence	Final Maturity
2005D	\$ 138,997	FY2022 7/15/2021	7/15/2025
2005C	295,015	FY2022 7/15/2021	7/15/2025
2013A	891,079	FY2022 7/15/2021	7/15/2033
	\$ 1,325,091		

- (b) In March 2020, the City issued \$54.59 million of general obligation public improvement and refunding bonds Series 2020A with a true interest cost of 1.52% and an original issue premium of \$14.01 million. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments prior to the call date on the refunded Series 2010A2 bonds, which are considered to be defeased and the liabilities were removed from the Statement of Net Position.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(6) Continued**

The City also issued \$9.64 million of general obligation (Greenbrier Tax Increment Financing) refunding bonds Series 2020B with a true interest cost of 0.86% and an original issue premium of \$2.02 million. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments prior to the call date on the refunded Series 2008B and Series 2010B2 bonds, which are considered to be defeased and the liabilities were removed from the Statement of Net Position. The aggregate difference in debt service between the refunding debt and the refunded debt was \$1.69 million. In addition to the full faith and credit of the City, the City has pledged certain incremental tax revenues derived from the Greenbrier District to pay principal and interest on the bonds.

In March 2020, the City issued \$32.25 million of general obligation water and sewer refunding bonds Series 2020C (Federally taxable) with a true interest cost of 1.92%. The bonds were issued to advance refund the remaining outstanding general obligation water and sewer bonds, Series 2011B & Series 2012B. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds prior to the call date, which are considered to be defeased and the liabilities were removed from the business-type activities column of Statement of Net Position and from the Statement of Net Position of the Public Utilities Fund. The aggregate difference in debt service between the refunding debt and the refunded debt was \$4.82 million.

- (c) In October 2019, the City sold \$19,835,000 of 2019A general obligation school bonds to VPSA at a true interest cost of 2.3533% and a premium of \$2,733,203. The bonds were issued to fund modernization and expansion projects for several schools. The City also sold \$4,685,000 of 2019B general obligation school bonds to the Virginia Public School Authority (VPSA) at a true interest cost of 1.5600% and a premium of \$833,262. The bonds were issued to finance non-routine school renewal and replacement projects.
- (d) In July 2018, the Economic Development Authority (EDA) issued an \$8.1 million taxable public facility revenue bond, Series 2018 (Garage Project) that was privately-placed with a local banking institution. The bond had a true interest cost of 4.15% and matures on June 1, 2028. The net bond proceeds after closing costs were, in conjunction with approximately \$6 million funded by the Greenbrier TIF, used to acquire by restrictive covenant a possessory interest in 1,000 public parking spaces in the Parking Garage adjacent to the Dollar Tree Headquarters.

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

- (e) In November 2012, the City issued \$150,722,520 of Chesapeake Transportation System Senior Toll Road Revenue Bonds. The bonds were issued in part to finance a portion of the construction costs of the Dominion Boulevard project improvements. Additionally, a portion of the bonds refunded the 1999A Chesapeake Expressway Toll Road Revenue bonds for the purpose of being incorporated into the Chesapeake Transportation System Plan of Finance and Indenture of Trust. The aggregate difference in debt service between the refunding debt and the refunded debt was \$10 million. Chesapeake Transportation System (CTS) Toll Road Revenue bonds and other obligations of CTS are payable solely from net toll revenues as defined in the Master Indenture of Trust.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(6) Continued**

The issuance included \$42,832,520 of Convertible Capital Appreciation Bonds (CABS) that will have accreted interest of \$28,487,480 comprised of \$8,378,891 on the 2032 maturity at 4.750% and \$20,108,589 on the 2040 maturity at 4.875%, for a total value at conversion and maturity of \$71,320,000. Interest on the CABS is compounded semi-annually and added to the value of the bonds until the conversion date of July 15, 2023 at which time the interest will be payable semi-annually. The accreted interest on the CABS through June 30, 2021 is \$21,857,360.

In November 2012, a Bond Purchase and Loan Agreement was made between the Virginia Transportation Infrastructure Bank (VTIB), acting through its Manager, Virginia Resources Authority and the City. VTIB agreed to lend the City an amount not to exceed \$151,893,495 as evidenced by the purchase of the Chesapeake Transportation System Subordinate Toll Road Revenue Bond, Series 2012C. The VTIB Bond is subordinate to the 2012A and 2012B senior bonds and repayment began on July 15, 2019. Final completion of the Dominion Boulevard Project was certified complete as defined in the Master Indenture on June 1, 2018 and the total loan amount including accrued interest was \$134,454,435. The minimum principal and interest payments schedule that was established at the time of issuance was revised to reflect the actual aggregate amount of advances, accrued interest through the first payment date to be added to the advances and any prepayments. Beginning in February 2019, which was the second anniversary of the substantial completion date, revenues remaining after the requirements are met for operations, debt service, all associated reserves, and renewal and replacement must be used to prepay the outstanding principal amount of the VTIB bond on the next payment date. As of June 30, 2021, a total of \$10,013,625 in principal has been prepaid.

- (f) In November 2012, an amended and restated “City-State Agreement” between the City and the Commonwealth of Virginia, Department of Transportation (VDOT) was executed. No repayments with respect to the 1999 Toll Facilities Revolving Account (TFRA) Payments, the Urban Allocation Payments or the City contribution shall be made until the VTIB loan has been paid in full. The 1999 TFRA payment and the City contribution shall accrue interest at a rate of 3% per year, compounded semi-annually on each interest payment date. The Urban Allocation payments to be replenished as provided in the 2012 Indenture shall not accrue interest. State contributions to be repaid as of June 30, 2021 are \$70,766,661, which is comprised of \$32,708,315 due to TFRA and \$38,058,346 in Urban Allocation payments.
- (g) In November 2011, the Airport Authority (Airport), a discretely presented component unit of the City, sold its \$1,220,000 revenue refunding bonds to the Virginia Resources Authority (VRA) as administrator of the Virginia Airports Revolving Fund. The purpose of the 2011 bonds was to refund the outstanding 1999 bonds to achieve debt service savings and restructure the payments by extending final maturity by five years. The principal of and interest on the bonds is not subject to acceleration upon the occurrence or continuation of an Event of Default as defined in the Master Indenture of Trust. As part of this transaction, the City Council approved a new support agreement for the 2011 bonds, which pledges the City’s moral obligation with respect to replenishing the debt service reserve. At June 30, 2021, \$430,000 of the bonds remain outstanding, all of which are callable.
- (h) The City issued \$32,525,000 in Water and Sewer System Revenue Bonds, Series 2010B (Taxable – Build America Bonds). Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the Public Utilities System (the PU System), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and the services furnished by the PU System so as to produce revenues sufficient to meet its

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(6) Continued**

cash requirements and debt covenants detailed in its Agreement of Trust. Additionally, revenues from the PU System shall also be pledged on a subordinate lien basis for all general obligation bonds issued for the purpose of the PU System. In the event of continued default, the Water and Sewer Revenue Refunding Bonds (Bonds) are subject to an acceleration clause under the Indenture of Trust. The Trustee may and if requested by the holders of 25% of the aggregate principal amount of Bonds outstanding, declare the entire unpaid principal and interest on the Bonds due and payable, but only from the revenues and other funds specifically pledged for such purpose.

- (i) On February 26, 2003, City Council adopted an ordinance establishing the Open Space and Agricultural Preservation Program (OSAP). The purpose of the program is to encourage and promote the conservation of open space and agricultural land to preserve the rural character of Chesapeake. In January 2007, the City entered into its initial Installment Purchase Agreement in the amount of \$1,342,284 for the acquisition of development rights through the purchase of preservation easements on land meeting the eligibility criteria. The agreement provides for the payment of the principal balance in a single installment due in 2032, with interest on the unpaid balance payable semi-annually until that date. This obligation represents general obligation debt that will be repaid from maturing zero coupon Treasury securities.
- (j) In July 1997, the Commonwealth Transportation Board (CTB) issued \$33,075,000 of Commonwealth of Virginia Transportation Program Revenue Bonds, Series 1997A (Oak Grove Connector, City of Chesapeake). These bonds are not obligations of the City. However, at the time of issuance, the City entered into a Supplemental Payments Agreement (SPA) with the CTB to make annual payments equal to the debt service payments on the bonds. In May 2006, the CTB partially refunded \$23,830,000 of the outstanding 1997 bonds.

In January 2016, the CTB refunded the 2006 bonds maturing in the years 2017-2022 in the amount of \$11,300,000. The SPA was adjusted accordingly to reflect a total debt service savings of \$1,586,875. The SPA is being paid from recordation tax revenues of the City which have been set aside for such purpose in the Commonwealth's Transportation Improvement Program Set-Aside Fund for the account of the City. The SPA states that if the City's portion of State recordation taxes dedicated by the City Council to pay the debt service for the project is not sufficient to cover the projected annual debt service on the bonds, the City will allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual debt service on the bonds, less the City's share of State recordation taxes already dedicated to the Set-Aside Fund. Payments on the SPA are not secured by a pledge of the City's full faith and credit. The City allocated \$980,000 to cover the recordation tax shortfall in the Transportation Improvement Program Set-Aside Fund in Fiscal Year 2021 for the \$1,800,000 principal payment. The final payment of \$1,895,000 principal and \$94,750 interest will be made in FY 2022.

*(Continued)*

Notes to Basic Financial Statements  
June 30, 2021

**(6) Continued**

## Computation of Legal Debt Margin (per Constitution of Virginia)

Assessed valuation - real estate	\$	30,088,250,673
Legal debt limit - 10.0% of assessed valuation	\$	3,008,825,067
Amount of debt applicable to legal debt limit:		
General bonded debt	\$	635,654,023
Less:		
Self-supporting revenue bonds	(353,062,763)	
Subordinate double barrel bonds	(20,005,000)	
Amounts available for repayment	(12,592,331)	249,993,929
Legal debt margin available	\$	2,758,831,138
Percent of:		
Legal debt margin outstanding	8.31%	
Legal debt margin available	91.69%	
	100.00%	
Summary of assessed valuation:		
Public service real estate	\$	1,086,619,473
Other city real estate		29,001,631,200
	\$	30,088,250,673

- (k) Under a City charter amendment approved by the General Assembly of Virginia during 1994, City Council may authorize issuance of bonds or notes in any calendar year in an amount not to exceed \$4,500,000 plus the amount of all bonds and notes retired in the prior calendar year, provided that the amount of such bonds or notes together with existing indebtedness of the City does not exceed 8% of the assessed valuation of real estate in the City subject to taxation, as shown by the last preceding assessment for taxes. The charter bond authorization for the calendar year ended December 31, 2020 was \$33,750,000. Any bonds or notes in excess of this amount must either be intended to refund other debt or be supported by a referendum, except as noted in Chapter 6, Section .05 of the City Code. Contractual obligations, other than bonds and notes, are excluded from the City's annual borrowing limit. The total charter bonds authorized but unissued are \$388,270,000 as of June 30, 2021.
- (l) The City Council adopted affordability policies in 2007 that further restricted the amount that can be borrowed to a ceiling of \$3,000 of overall net debt per capita and a threshold of 3.5% of overall net debt to assessed value of taxable real property. Effective July 1, 2015, the City Council amended the policies to limit the City's tax-supported debt service to 10.0% of budgeted general governmental revenues. For fiscal year 2021, management believes the City is in compliance with these policies. Management believes the City is in compliance, in all material respects, with all significant financial covenants contained in the bond indentures and SEC Rule 15c.2-12 regarding municipal securities disclosure.
- (m) The future payments by year of accumulated vacation, sick pay, paid time off and accrued overtime leave, arbitrage, net pension liability, net OPEB liability and liability for self-insurance losses are not determinable. However, amounts due within one year for each of these liabilities have been estimated with the exception of the net pension liability and the net OPEB liability, which cannot be estimated. The portion of net OPEB liability - VRS Directed reported as due within one year represents the City's proportionate share of the OPEB Line of Duty Act Program fiduciary net position at June 30, 2021 that is less than the

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(6) Continued**

projected fiscal year 2021 benefit expense. The accumulated vacation, sick pay, paid time off and accrued overtime leave liability is generally liquidated by the department for which the employee works for the General Fund, Public Utilities, Chesapeake Transportation System and Stormwater Management. The arbitrage liability for governmental activities is generally liquidated by the Debt Service Fund. The net pension liability and net OPEB liability are liquidated by the correlating funds in respect to the departmental costs and are reflected, based on allocation, on Internal Service Fund, Enterprise Fund and Entity-Wide Fund statements. The liability for self-insurance losses is liquidated by the Self-Insurance Fund and the Self-Funded Health Fund.

- (n) From time to time, the EDA has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the EDA, the City, the Commonwealth nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.
- (o) The City has no outstanding lines of credit or other short-term borrowings as of June 30, 2021.



Notes to Basic Financial Statements  
June 30, 2021

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

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

In September 2008, the City Council authorized the restructuring of two previous advances made to the Airport Authority with different repayment terms. The restructuring allowed both note terms to run simultaneously, with a 15-year repayment. The remaining balances of the two notes were cancelled and a new note for \$439,100 was executed. Semi-annual payments of \$13,500 began in fiscal year 2009 with a final balloon payment of \$47,600 on June 15, 2023. A committed classification of fund balance has been made in the General Fund for \$37,002 and in the Debt Service Fund for \$51,098 for the balance outstanding at June 30, 2021 of \$88,100.

The General Fund also budgeted and made payments of \$296,459 on behalf of the Airport Authority during fiscal year 2021. The City does not intend to collect these payments from the Airport Authority, as they were not part of a note or loan.

**(8) Interfund Balances and Transfers**

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

***Chesapeake Transportation System***

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

According to Section 4.2 (b) of the new 2012 Indenture, there shall be no repayment of the City contribution until the Virginia Transportation Infrastructure Bank (VTIB) loan has been repaid in full. The City contribution accrues interest at a rate of 3.0% per year, compounded semi-annually on each interest payment date. As of June 30, 2021, the amount currently outstanding on this loan is reported in the General Fund as Advances to other funds and totals \$7,080,812, which includes principal of \$6,779,850 and accrued interest of \$300,962.

***Internal Service Funds Allocation***

Internal service funds (ISF) are used by management to charge the costs of certain activities to individual funds and provide services to both governmental and business-type activities. The assets and liabilities of the internal service funds are included in governmental activities with a portion allocated to the business-type activities and reflected as part of the internal balances. As of June 30, 2021, this amount is \$2,228,791.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

(8) Continued

***Blended Component Unit – Economic Development Authority of the City of Chesapeake***

The City budgeted and made payments of \$7,634,187 on behalf of the EDA during fiscal year 2021. The City is not anticipating the collection of these payments from the EDA.

In connection with the addition of a new Cinemark 12 screen, state of the art, stadium seating theater in the Western Branch section of the City, the EDA committed to acquire the old theater in the event it did not sell within a reasonable time of the opening of the new theater. The City acquired the property in August 2013. In 2016, the former theater building was demolished after the EDA determined that the specialized use for the building reduced the value of the property. During 2019, a developer purchased the adjacent property and, in fiscal year 2020, the EDA finalized an agreement with the developer for an access easement in order to make the property more marketable. The developer continues to express the desire to acquire the City's property at a later date. EDA continues to market the property to the public as well. Construction has begun on the adjacent property and the access. The work is expected to be completed by the end of calendar year 2021.

***Chesapeake Public Schools***

The City budgeted and made payments of \$203,211,882 for educational purposes during the fiscal year 2021. This consisted of payments of \$197,047,317 made directly to the Schools and additional expenses of \$6,164,565 which were paid out of the CARES Act Grant funds.

***Interfund Transfers***

Individual fund interfund transfers for the Primary Government were made for budgeted operating, debt service and capital purposes. In the year ended June 30, 2021, City Council approved transfers totaling \$25,152,125 to the Capital Projects Fund from the General Fund. Included in these transfers were funding for various capital projects, which came from prior years' resources. Major projects included \$2,860,000 for Centerville Bridge Emergency Repairs, \$2,280,000 for 411 Cedar Road Acquisition, \$2,180,000 for Facilities High Priority Renewal and Replacement, \$2,000,000 for Residential Street Repaving, \$1,760,000 for ARC GIS Enterprise System Implementation, \$1,574,107 for Broadband Wireless System, \$1,500,000 for Fire Vehicle Replacement, \$1,155,000 for Traffic Signal Reconstruction and \$1,000,000 for Tax System Modernization. Additionally, there was a transfer of \$400 from the Stormwater Fund to the Governmental General Fixed Asset Accounting Group for a contribution to a capital asset which is not included below.

Interfund transfers for the year ended June 30, 2021 are as follows:

Transfers To Other Funds	Transfers From Other Funds					Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	Internal Service Funds	
General Fund	\$ -	523,273	9,629,979	502,171	76,906	10,732,329
Debt Service Fund	36,153,125	520,956	2,702,758	-	-	39,376,839
Capital Projects Fund	25,152,125	-	16,797,000	-	1,085,000	43,034,125
Nonmajor Governmental Funds	15,649,469	1,857,940	1,239,374	-	-	18,746,783
Enterprise Funds	1,152,289	300,000	8,481,898	-	-	9,934,187
Internal Service Funds	250,782	-	-	-	-	250,782
Total	\$ 78,357,790	3,202,169	38,851,009	502,171	1,161,906	122,075,045

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(9) Leases**

The City and the Schools, a component unit, lease certain property under non-cancelable capital leases and certain facilities under non-cancelable operating leases with scheduled rent increases. As of June 30, 2021, there were no outstanding capital leases for the City's capital assets from governmental activities.

The future minimum operating lease payments for the City as of June 30, 2021 are as follows:

	<b>Operating</b>
Fiscal years:	
2022	\$ 771,282
2023	523,231
2024	199,754
2025	104,357
2026	66,425
Total future minimum lease payments	\$ 1,665,049

The total City operating lease payments for the year ended June 30, 2021 were \$1,071,953.

At June 30, 2021, the Schools' capital assets include \$27,585,969 of equipment financed under capital leases. Current year amortization expense for leased assets is \$2,318,182. Accumulated amortization expense for these assets is \$11,532,045. The future minimum capital lease payments and the present value of minimum capital lease payments for the Schools as of June 30, 2021 are as follows:

	<b>Capital</b>
Fiscal years:	
2022	\$ 3,372,190
2023	2,845,756
2024	2,611,901
2025	2,490,626
2026-2029	5,634,731
Total future minimum lease payments	16,955,204
Less amounts representing interest	1,385,707
Present value of minimum capital lease payments	\$ 15,569,497

**(10) Retirement Plans**

***Plan Description***

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

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. These plans are administered by VRS along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active duty military service, certain periods of leave and previously refunded service.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(10) Continued**

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

**VRS PLAN 1**

***About VRS Plan 1***

VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.

***Eligible Members***

Employees are in VRS Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013, and they have not taken a refund.

***Hybrid Opt-In Election***

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

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

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

***Retirement Contributions***

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.

***Service Credit***

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

***Vesting***

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(10) Continued

***Calculating the Benefit***

The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

***Average Final Compensation***

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

***Service Retirement Multiplier***

The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

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

The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

***Retirement Age***

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

***Earliest Unreduced Retirement Eligibility***

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

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

***Earliest Reduced Retirement Eligibility***

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

Political subdivision hazardous duty employees may retire with a reduced benefit as early as age 50 with at least five years of service credit.

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

The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(10) Continued**

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

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

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.
- The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

***Disability Coverage***

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

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

***Purchase of Prior Service***

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

**VRS PLAN 2**

***About VRS Plan 2***

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

***Eligible Members***

Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010 and they were not vested as of January 1, 2013.

***Hybrid Opt-In Election***

Eligible VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(10) Continued**

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

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

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

***Retirement Contributions***

Same as VRS Plan 1.

***Service Credit***

Same as VRS Plan 1.

***Vesting***

Same as VRS Plan 1.

***Calculating the Benefit***

See definition under VRS Plan 1.

***Average Final Compensation***

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

***Service Retirement Multiplier***

Same as VRS Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.

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

***Normal Retirement Age***

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

***Earliest Unreduced Retirement Eligibility***

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

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

***Earliest Reduced Retirement Eligibility***

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

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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

The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

***Eligibility:***

Same as VRS Plan 1.

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

Same as VRS Plan 1.

***Disability Coverage***

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

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

***Purchase of Prior Service***

Same as VRS Plan 1.

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

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

The defined benefit is based on a member's age, 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.

***Eligible Members***

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

- Political subdivision employees\*
- School division employees
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

\*Non-Eligible Members – Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

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

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

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(10) Continued

***Retirement Contributions***

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan and the employer is required to match those voluntary contributions according to specified percentages.

***Service Credit***

**Defined Benefit Component:**

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

**Defined Contributions Component:**

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

***Vesting***

**Defined Benefit Component:**

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

**Defined Contributions Component:**

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

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

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distributions not required, except as governed by law.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(10) Continued

***Calculating the Benefit***

**Defined Benefit Component:**

See definition under VRS Plan 1.

**Defined Contribution Component:**

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

***Average Final Compensation***

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

***Service Retirement Multiplier***

**Defined Benefit Component:**

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

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

**Defined Contribution Component:**

Not applicable.

***Normal Retirement Age***

**Defined Benefit Component:**

Same as VRS Plan 2.

**Defined Contribution Component:**

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

***Earliest Unreduced Retirement Eligibility***

**Defined Benefit Component:**

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

**Defined Contribution Component:**

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

***Earliest Reduced Retirement Eligibility***

**Defined Benefit Component:**

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

**Defined Contribution Component:**

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

***COLA in Retirement***

**Defined Benefit Component:**

Same as VRS Plan 2.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

(10) Continued

**Defined Contribution Component:**

Not applicable.

**Eligibility:**

Same as VRS Plan 1 and VRS Plan 2.

**Exceptions to COLA Effective Dates:**

Same as VRS Plan 1 and VRS Plan 2.

**Disability Coverage**

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

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

**Purchase of Prior Service**

**Defined Benefit Component:**

Same as VRS Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

**Defined Contribution Component:**

Not applicable.

**Employees Covered by Benefit Terms**

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

	City	Schools' Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefits	2,406	768
Inactive members not currently receiving benefits:		
Vested inactive members	455	126
Non-vested inactive members	901	287
LTD	3	1
Active elsewhere in VRS	874	171
Total inactive members not currently receiving benefits	2,233	585
Active members	3,288	1,019
Total covered employees	7,927	2,372

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(10) Continued**

***Contributions***

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

The City's contractually required contribution rate for the year ended June 30, 2021 was 15.64% 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, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$25,708,860 and \$23,743,613 for the years ended June 30, 2021 and June 30, 2020, respectively.

Each school division's contractually required 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$41,069,791 and \$38,607,353 for the years ended June 30, 2021 and June 30, 2020, respectively.

In addition, for the Nonprofessional (non-teacher) employees, Schools' contractually required contribution rate for the year ended June 30, 2021 was 10.15% 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, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$2,034,734 and \$1,811,015 for the years ended June 30, 2021 and June 30, 2020, respectively.

***Net Pension Liability***

The City's net pension liability was calculated separately and represents the City's total pension liability determined in accordance with GASB Statement No. 68, less the City's fiduciary net position. For the City, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. At June 30, 2021, the City reported a net pension liability of \$216,465,316.

At June 30, 2021, Schools reported a net pension liability of \$424,265,808 for its proportionate share of the net pension liability of the Teacher Retirement Plan (Professional). The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. Schools' proportion of the net pension liability was based on the Schools' actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, Schools' proportion was 2.91539% compared to 2.87783% at June 30, 2019.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(10) Continued**

In addition, Schools' net pension liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2020. 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. At June 30, 2021, Schools reported a liability of \$22,412,632 for the Nonprofessional (non-teacher) Retirement Plan.

***Actuarial Assumptions – General Employees***

The total pension liabilities for General Employees in the City's and Schools' nonprofessional Retirement Plans were based on an actuarial valuations as of June 30, 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%
Salary increases, including inflation	3.5% – 5.35%
Investment rate of return	6.75%, 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 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 pension liabilities.

**Mortality rates - Non-Hazardous Duty: 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 70-90.
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, except for the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(10) Continued****Non-Hazardous Duty**

Mortality Rates:	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates:	Lowered retirement 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
Salary Scale:	No change
Disability Rates:	Lowered disability rates
Line of Duty Disability:	Increase rate from 14% to 15%
Discount Rate:	Decrease rate from 7.00% to 6.75%

**Actuarial Assumptions – Public Safety Employees with Hazardous duty Benefits**

The total pension liability for Public Safety employees in the City 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 %
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, 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 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 pension liabilities.

**Mortality rates - Hazardous Duty: 45% of deaths are assumed to be service related**

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(10) Continued**

Hazardous Duty	
Mortality Rates:	Update 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 year age and service through 9 years of service
Salary Scale:	No change
Disability Rates:	Adjusted rates to better fit experience
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate:	Decrease rate from 7.00% to 6.75%

***Actuarial Assumptions – Schools Teachers***

The total pension liability for the VRS 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	2.50%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	6.75%, 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 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 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:

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(10) Continued**

Mortality Rates:	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates:	Lowered retirement 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
Salary Scale:	No change
Disability Rates:	Adjusted to better match experience
Discount Rate:	Decreased rate from 7.00% to 6.75%

***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)	Long-Term Target Asset 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%	N/A	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%. The VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of the expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for FY2020 actuarial valuations, provide a median return of 6.81%.

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

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

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with the opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined contribution rate from the June 30, 2017 valuation whichever was greater. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

City	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 1,024,112,570	860,869,026	163,243,544
Changes for the year:			
Service cost	23,197,245	-	23,197,245
Interest	67,336,814	-	67,336,814
Differences between expected and actual experience	10,568,314	-	10,568,314
Contributions - employer	-	23,814,509	(23,814,509)
Contributions - employee	-	8,283,225	(8,283,225)
Net investment income	-	16,369,883	(16,369,883)
Benefit payments, including refunds of employee contributions	(53,060,290)	(53,060,290)	-
Administrative expense	-	(562,434)	562,434
Other changes	-	(24,582)	24,582
Net changes	48,042,083	(5,179,689)	53,221,772
Balances at June 30, 2020	\$ 1,072,154,653	855,689,337	216,465,316

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(10) Continued**

Schools - Nonprofessional	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 108,713,165	93,103,722	15,609,443
Changes for the year:			
Service cost	1,968,095	-	1,968,095
Interest	7,136,628	-	7,136,628
Differences between expected and actual experience	2,232,491	-	2,232,491
Contributions - employer	-	1,814,702	(1,814,702)
Contributions - employee	-	1,037,991	(1,037,991)
Net investment income	-	1,744,842	(1,744,842)
Benefit payments, including refunds of employee contributions	(5,970,683)	(5,970,683)	-
Administrative expense	-	(61,365)	61,365
Other changes	-	(2,145)	2,145
Net Changes	5,366,531	(1,436,658)	6,803,189
Balances at June 30, 2020	\$ 114,079,696	91,667,064	22,412,632

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

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (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%)
Net Pension Liability - City	\$ 345,819,104	216,465,316	108,185,801
Net Pension Liability - Schools Nonprofessional			
Schools' proportionate share of the VRS	35,122,907	22,412,632	11,697,907
Teacher Employee Retirement Plan Net Pension Liability	622,493,225	424,265,808	260,306,674

***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 \$43,555,757. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,547,936	-
Change in assumptions	13,735,628	-
Net difference between projected and actual earnings on pension plan investments	25,700,121	-
Employer contributions subsequent to the measurement date	25,708,860	-
Total	\$ 75,692,545	-

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(10) Continued**

Deferred outflows of resources resulting from the City's contributions subsequent to the measurement date of \$25,708,860 will be recognized as a reduction of the Net Pension Liability in the year ended 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 as follows:

Year ended June 30,	
2022	\$ 12,307,216
2023	18,597,958
2024	10,876,217
2025	8,202,294
Thereafter	-
	<u>\$ 49,983,685</u>

For the year ended June 30, 2021, Schools recognized a total pension expense of \$54,323,312.

For the year ended June 30, 2021, Schools recognized pension expense of \$49,960,024 for the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2021, Schools recognized pension expense of \$4,363,288 for the Nonprofessional (non-teacher) Retirement Plan.

At June 30, 2021, for the Teacher Retirement Plan (Professional), Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,270,114	24,868,517
Changes in proportion and differences between employer contributions and proportionate share contributions	5,347,739	1,916,127
Changes in assumptions	28,961,462	-
Employer contributions subsequent to the measurement date	41,069,791	-
Total	\$ 107,649,106	26,784,644

\$41,069,791 reported as deferred outflows of resources related to pensions resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(10) Continued**

Year ended June 30,	
2022	\$ 832,937
2023	12,365,249
2024	15,076,580
2025	11,811,901
2026	(291,996)
Thereafter	-
	<u>\$ 39,794,671</u>

In addition, at June 30, 2021, for the Nonprofessional (non-teacher) Retirement Plan, Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,420,676	14,342
Change in assumptions	914,653	-
Net difference between projected and actual earnings on pension plan investments	2,765,946	-
Employer contributions subsequent to the measurement date	2,034,734	-
Total	\$ 7,136,009	\$ 14,342

\$2,034,734 reported as deferred outflows of resources related to pensions resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2022	\$ 1,771,481
2023	1,483,460
2024	945,537
2025	886,455
Thereafter	-
	<u>\$ 5,086,933</u>

***Payables to the Pension Plan***

The City and Schools reported payables of \$2,147,404 and \$4,325,097 respectively, due to the VRS at June 30, 2021 which represent the June 2021 employer contributions for all plans not contractually required to be remitted until July 2021.

VRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500 or from the VRS website at

<http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (11) Other Postemployment Benefits

### Plans Offered by the City and Schools

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

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

### SINGLE-EMPLOYER CITY ADMINISTERED OPEB PLAN

#### PLAN DESCRIPTIONS AND GENERAL INFORMATION

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

#### Membership and Eligibility

OPEB Plan membership as of June 30, 2021, consisted of 3,313 active service participants and 389 retirees and beneficiaries currently receiving benefits. In order to be eligible for coverage, retirees must enroll at the time of retirement. Therefore, there are no retirees entitled to benefits that are not already receiving the benefits. However, a plan change was made effective June 25, 2020 and communicated July 8, 2020 to allow former qualifying employees, who have maintained continuous health care coverage to defer enrollment.

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

#### CONTRIBUTIONS

Amounts contributed to the Trust by the City are irrevocable and must be used solely to discharge the City's obligations for other postemployment benefits and pay for reasonable expenses of the Trust. The OPEB Trust is included as a fiduciary fund in the City's financial statements. The contribution requirements of plan members and the City are established and may be amended by the City's administrative regulations. The required contribution is based on projected pay-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council-approved Operating Budget. These amounts are offset by any amounts determined to be funded by the OPEB Trust. For fiscal year 2021, the City contributed \$5,002,653 to the plan for current premiums (80.6% of total premiums). The OPEB Trust reimbursed the City for the current premiums portion of the pay-go in the amount of \$3,359,000 by recognizing that amount as a payment in lieu of receiving the actuarial determined contribution (ADC) and at June 30, 2021 has recorded a payable to the City for the net of the two amounts.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(11) Continued**

Plan members with greater than 19 years of service at retirement contribute based on the active employee contribution rate and plan members with 15 to 19 years of service contribute the entire premium. Plan members receiving benefits contributed \$1,204,540, or 19.4% of the total premiums, through their required monthly contributions. Member contributions are 0.71% of covered payroll. Costs to administer current benefits are paid from the general fund.

For the year ended June 30, 2021, the City's contribution was 2.95% of covered employee payroll.

**ACTUARIAL ASSUMPTIONS – CITY DIRECTED PLAN**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, based on the measurement date of June 30, 2021, unless otherwise specified:

Inflation	2.50%
Investment rate of return	7.00%
Health care trend rates	4.70% initially. The ultimate trend is 4.00%
Mortality Table	Society of Actuaries study for general and public safety employees and mortality improvement (MP2019) scale

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 through June 30, 2021.

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

**LONG-TERM EXPECTED RATE OF RETURN**

***Investments***

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

The adopted asset allocation policy as of June 30, 2021 was as follows:

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(11) Continued**

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 26.05%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for amounts actually invested.

**DISCOUNT RATE**

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

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

Rate of Inflation	2.50%
Rate of Growth in Real Income / GDP per capita	1.50%
Extra Trend due to Technology and other factors	1.10%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2075

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

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

The following table presents the total and net OPEB liability of the City, as well as what the City's total and net OPEB liability (asset) would be if calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate of 7.0%:

	1% Decrease (6.00)%	Current Discount Rate (7.00%)	1% Increase (8.00)%
Discount Rate			
Total OPEB liability - City directed plan	\$ 112,627,214	104,522,424	97,186,245
Net OPEB liability (asset) - City directed plan	\$ (1,910,714)	(10,015,504)	(17,351,683)

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

The following table presents the total and net OPEB liability of the City, as well as what the City's net OPEB liability (asset) would be if calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current health care cost trend rate of 4%:

	1% Decrease (3.00)%	Current Medical Trend (4.00%)	1% Increase (5.00)%
Ultimate trend			
Total OPEB liability - City directed Plan	\$ 95,811,408	104,522,424	114,553,305
Net OPEB liability (asset) - City directed plan	\$ (18,726,520)	(10,015,504)	15,377

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (11) Continued

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

City	Total OPEB Liability	Plan OPEB Net Position	Net OPEB Liability(Asset)
Balances at June 30, 2020	\$ 96,881,023	92,524,816	4,356,207
Changes for the year:			
Service cost	2,948,154	-	2,948,154
Interest	6,517,501	-	6,517,501
Differences between expected and actual experience	3,178,399	-	3,178,399
Contributions - employer	-	3,189,391	(3,189,391)
Net investment income	-	23,826,374	(23,826,374)
Changes in assumptions	-	-	-
Benefit payments, net of retiree contributions	(5,002,653)	(5,002,653)	-
Net changes	7,641,401	22,013,112	(14,371,711)
Balances at June 30, 2021	\$ 104,522,424	114,537,928	(10,015,504)

Fiduciary net position as a percentage of  
total OPEB liability

109.58%

For the year ended June 30, 2021, the City recognized OPEB expense related to the City directed plan of \$1,410,667. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to City directed OPEB from the following sources:

City directed plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,655,308	-
Changes of Assumptions	-	3,914,318
Net difference between projected and actual earnings on OPEB plan investments	-	13,514,257
Total	\$ 11,655,308	17,428,575

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

Year ended June 30,	
2022	\$ (1,641,713)
2023	(1,431,450)
2024	(993,060)
2025	(2,236,778)
2026	529,734
Thereafter	-
	<u>\$ (5,773,267)</u>

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

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(11) Continued

***Significant Accounting Policies***

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

**SCHOOLS DIRECTED OPEB PLAN**

**PLAN DESCRIPTIONS AND GENERAL INFORMATION**

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

***Membership and Eligibility***

Plan membership as of July 1, 2019 consisted of 5,324 active service participants and 1,193 retirees and beneficiaries currently receiving benefits.

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

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

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

***Benefits Provided***

Schools provides a flat dollar subsidy to eligible employees. The full subsidy for Pre-Medicare retirees is \$11,400 per year and the subsidy for Medicare eligible retirees is \$2,400 per year. Eligible participants receive a portion of this dollar subsidy based on their date of hire and years of service with VRS and Schools.

Non-professional employees are also eligible to receive \$2.50 per year of VRS service when certain conditions are met. VRS will provide a benefit of \$1.50 per year of service capped at 30 years. CPS will pay the remaining \$2.50 per month per year of service, plus \$4 per year of service exceeding 30 years. Surviving spouses are not eligible to receive a flat dollar subsidy from Schools but are allowed to continue coverage under the Medicare Advantage plan if they are over 65. Deferred retirements are not allowed to elect coverage at the time of retirement.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

(11) Continued

**CONTRIBUTIONS**

The contribution requirements of plan members and Schools are established and may be amended by Schools. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the School Board. For fiscal year 2021, Schools contributed \$4,868,389 to the plan to pay for current premiums (58% of total premiums). Plan members receiving benefits contributed \$3,546,295 or 42% of the total premiums, through their required monthly contributions. Costs to administer current benefits are paid from the General Fund.

**ACTUARIAL ASSUMPTIONS – SCHOOLS DIRECTED PLAN**

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

Inflation	2.50%
Investment rate of return	3.58%

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

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

The Entry Age Normal cost method was used for OPEB plan valuation. There were not additional post employment increases assumed. The amortization period is closed and equal to 29 years as of June 30, 2017.

**LONG-TERM EXPECTED RATE OF RETURN**

***Investments***

The Trust's Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Board established and maintains investment policies and objectives. Within this framework, the Board monitors and evaluates investment managers, bank custodian and other parties to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective of the Trust is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and secondarily, principal protection. The adopted asset policy as of June 30, 2021 was as follows:

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(11) Continued**

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense was 11.67%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**DISCOUNT RATE**

The discount rate used to measure the total OPEB liability was 1.92% at June 30, 2021 and 2.45% at June 30, 2020. The projection of cash flows used to determine the discount rate assumed the Schools' contribution will be made on a pay-as-you-go basis. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate used to determine the liabilities is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of the Net OPEB Liability to changes in the discount rate***

The following presents the June 30, 2021 net OPEB liability of the Schools', as well as what the Schools' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (.92%) or one percentage point higher (2.92%) than the current discount rate.

	1% Decrease (.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Net OPEB liability - Schools Administered Plan	\$ 229,371,043	202,167,603	179,661,787

The following presents the June 30, 2020 net OPEB liability of the Schools', as well as what the Schools' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate.

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Net OPEB liability - Schools Administered Plan	\$ 212,672,269	188,177,916	167,798,992

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

***Net OPEB Liability of Schools OPEB Plan***

The components of the net OPEB liability as of June 30, 2021 and June 30, 2020 are as follows:

	June 30, 2021	June 30, 2020
Total OPEB liability	206,970,558	191,874,497
Plan fiduciary net position	4,802,955	3,696,581
CPS' net OPEB liability	202,167,603	188,177,916
Plan fiduciary net position as a percentage of total OPEB liability	2.32%	1.93%

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (11) Continued

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

Schools	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2019	\$ 171,373,828	3,591,294	167,782,534
Changes for the year:			
Service cost	5,258,384	-	5,258,384
Interest	5,240,229	-	5,240,229
	(3,033,535)		(3,033,535)
Changes of assumptions	14,887,367	-	14,887,367
Differences between expected and actual experience	3,168,388	-	3,168,388
Contributions - employer	-	5,020,164	(5,020,164)
Net investment income	-	105,287	(105,287)
Benefit payments, including refunds of employee contributions	(5,020,164)	(5,020,164)	-
Net changes	20,500,669	105,287	20,395,382
Balances at June 30, 2020	\$ 191,874,497	3,696,581	188,177,916

For the year ended June 30, 2021, the Schools recognized OPEB expense related to the Schools directed plans of \$8,288,423. At June 30, 2021, the Schools reported deferred outflows of resources and deferred inflows of resources related to Schools directed OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,715,761	3,127,953
Changes of assumptions	19,160,167	6,173,798
Net difference between projected and actual earnings on OPEB plan investments	106,304	-
Employer contributions subsequent to the measurement date	4,868,389	-
Total	\$ 26,850,621	9,301,751

\$4,868,389 reported as deferred outflows of resources related to the Schools OPEB Plan resulting from the Schools' contributions subsequent to the measurement date, will be recognized as a reduction of the Schools OPEB Plan liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Schools directed OPEB plans will be recognized in OPEB expense as follows:

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

(11) Continued

Year ended June 30,	
2022	\$ 1,074,736
2023	1,106,706
2024	1,122,062
2025	3,215,093
2026	3,582,493
Thereafter	2,579,391
	<u>\$ 12,680,481</u>

**Significant Accounting Policies**

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

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

VRS directs other employee and postemployment benefit plans for City and Schools active, deferred and retired members of VRS. These plans include the GLIP, the VLDP, the LODA Program and the HIC. Contributions and payments for other employee benefit plans for active VRS members occur on a current basis; therefore, the net position of these plans is not reported.

**PLAN DESCRIPTIONS AND GENERAL INFORMATION**

**Group Life Insurance Programs**

The GLIP is a cost-sharing, multiple-employer plan. It provides coverage to state employees, teachers and employees of participating political subdivisions. The GLIP was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended and which provides the authority under which benefit terms are established or may be amended. The GLIP is a defined benefit plan that provides a basic group life insurance benefit.

**Plan Description:**

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered upon employment. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from 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 GLIP.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(11) Continued

Specific information about the plan is as follows:

***Eligibility:***

The GLIP was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment.

Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

***Benefit Amounts:***

The benefits payable under the GLIP have several components.

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

Accidental Death Benefit - Double the natural death benefit

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

***Reduction in Benefit Amounts:***

The benefit amounts provided to members covered under the GLIP are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLIP. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,616 effective June 30, 2021.

**Virginia Local Disability Programs**

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

***Plan Description:***

All full-time, salaried general employees; including local law enforcement officers, firefighters or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; and all full-time, salaried permanent (professional) employees of public school divisions and who are in the VRS Hybrid Retirement Plan and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered. These programs are directed by the VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions and School divisions are required by Title 51.1 of the *Code of Virginia*, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDPs.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(11) Continued

Specific information about the plans is as follows:

***Eligibility:***

The VLDPs were implemented January 1, 2014 to provide short term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible full-time general employees of public political subdivisions including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; and teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS, are automatically enrolled upon employment, unless their employer has elected to provide comparable coverage.

***Benefit Amounts:***

The benefits provided under the VLDPs include the following:

Short-Term Disability - The VLDP Programs provide short-term disability benefits beginning after a seven-calendar-day waiting period from the first day of disability.

- Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP Programs with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

Long-Term Disability -The VLDP Programs provide long-term disability benefits beginning after 125 workdays of short-term disability.

- Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

***Other Plan Information:***

Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.

**Line of Duty Act Program**

The LODA Program is a cost-sharing, multiple-employer plan. The LODA Program was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members.

***Plan Description:***

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(11) Continued

***Eligibility:***

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

***Benefit Amounts:***

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

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

- \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
- \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement data.
- An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. Military reserves are killed in action in any armed conflict on or after October 7, 2001.

***Health Insurance -***

- Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed by the LODA Program.
- Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined under the LODA Act.

***Health Insurance Credit Program***

The Virginia Retirement System Teacher Employee Health Insurance Credit Program is a cost-sharing, multiple-employer plan. 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 HIC is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers.

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision 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.

Specific information about the plans is as follows:

***Plan Description:***

All full-time, salaried permanent employees of public school divisions are automatically covered by the HIC (professional employees) or VRS Political Subdivision HIC (nonprofessional employees). This plan is directed by VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC 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.

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

(11) Continued

***Eligibility:***

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

***Benefit Amounts - Professional Employees:***

The HIC provides the following benefits for eligible employees:

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

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

- \$4.00 per month, multiplied by twice the amount of service credit, or
- \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

***Benefit Amounts - Nonprofessional Employees:***

The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

*At Retirement* - For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.

*Disability Retirement* - For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

***Other Plan Information:***

The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree. No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.

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

Active members	1,019
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**CONTRIBUTIONS**

**Group Life Insurance Programs**

The contribution requirements for the GLIPs are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLIPs was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%).

Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 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 for the years ended June 30, 2021 and June 30, 2020 to the GLIPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(11) Continued

**Virginia Local Disability Programs**

The contribution requirements for active Hybrid employees of the City and Schools are governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions and school divisions by the Virginia General Assembly. The contractually required employer contribution rates as a percentage of covered employee compensation for the year ended June 30, 2021 was 0.83% for City and Schools Nonprofessional employees and 0.47% for Schools Teacher employees in the VLDPs. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2019. The actuarially determined rates were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance unfunded accrued liabilities. Contributions for the years ended June 30, 2021 and June 30, 2020 to the VLDPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

**Line of Duty Act Program**

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 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 for the years ended June 30, 2021 and June 30, 2020 from the City to the LODA Program follow in a summary of contributions for the VRS directed OPEB Plans.

**Health Insurance Credit Program**

Nonprofessional - The contribution requirement for active employees is governed by Section 51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was .93% of covered employee compensation for employees in HICP. 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 for the years ended June 30, 2021 and June 30, 2020 from Schools to the HIC follow in a summary of contributions for the VRS directed OPEB Plans.

Professional - The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the HIC. 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 for the years ended June 30, 2021 and June 30, 2020 from Schools to the HIC follow in a summary of contributions for the VRS directed OPEB Plans.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (11) Continued

Contributions for the years ended June 30,	City 2021	City 2020	Schools 2021	Schools 2020
GLIPs - City and Nonprofessional Schools	\$ 924,169	\$ 897,695	115,793	115,459
GLIP - Professional employees Schools	N/A	N/A	1,376,761	1,313,971
VLDPs - City and Nonprofessional Schools	329,180	271,012	57,858	47,941
VLDP - Professional employees Schools	N/A	N/A	294,965	213,321
LODA Program	931,427	849,747	N/A	N/A
HIC - Nonprofessional employees Schools	N/A	N/A	197,417	-
HIC - Professional employees Schools	N/A	N/A	3,074,717	3,025,386
Total VRS OPEB Contributions	\$ 2,184,776	2,018,454	5,117,511	4,716,078

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

The OPEB liabilities of the VRS directed plans of the City and Schools were based on actuarial valuations as of June 30, 2019, using the Entry Age Normal actuarial cost method. The following assumptions and methods were used for the VRS directed OPEB Plans of the City and Schools and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions and Methods	GLIPs	VLDPs	LODA Program	HIC
Valuation Interest Rate	6.75%	6.75%	4.75%	6.75%
Salary Scale Inflation Factor	2.50%	2.50%	2.50%	2.50%
City - Non-Hazardous Duty	3.50% to 5.35%	3.50% to 5.35%	N/A	N/A
City - Hazardous Duty	3.50% to 4.75%	N/A	N/A	N/A
Schools - Non-professional	3.50% to 5.35%	3.50% to 5.35%	N/A	N/A
Schools - Professional	3.50% to 5.95%	3.50% to 5.95%	N/A	N/A
Amortization Method	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Open	Level % of Pay Closed
Payroll Growth Rate	3.00%	3.00%	3.00%	3.00%
Assets Valuation Method	5 Year Smoothed	5 Year Smoothed		
City	Market	Market	Market Value	N/A
Assets Valuation Method	5 Year Smoothed	5 Year Smoothed		5 Year Smoothed
Schools	Market	Market	N/A	Market

Additional information about actuarial assumptions and methods is available from the VRS website at <http://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.

**LONG-TERM EXPECTED RATE OF RETURN**

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

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (11) Continued

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	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%	649.00%	0.19%
Total	100.00%	N/A	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%. 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%

The long-term expected rate of return on LODA Program 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**

The discount rate used to measure the GLIP, the VLDPs and HIC portions of the VRS administered OPEB liability, was 6.75%. The projection of cash flows used to determine the discount rate assumed City and Schools contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by the City and Schools will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia Assembly, which was 100.0% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100.0% of the actuarially determined contribution rates. Based on those assumptions, the City's and Schools' GLIP, VLDP and HIC OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total City's and Schools' GLIP, VLDP and HIC OPEB liabilities.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(11) Continued**

The discount rate used to measure the LODA Program portion of the VRS administered 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 rates 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 of the proportionate share of net OPEB liability to changes in the discount rate***

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

	Employer Proportionate Share	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability				
City GLIP	0.84104%	\$ 18,450,849	14,035,581	10,449,970
City VLDP	10.26223%	137,399	102,442	71,992
Schools GLIP Nonprofessional	0.10789%	2,366,905	1,800,507	1,340,539
Schools GLIP Professional	1.22781%	26,935,861	20,490,139	15,255,609
Schools VLDP Nonprofessional	1.78686%	23,924	17,838	12,536
Schools VLDP Professional	8.79621%	109,876	70,571	36,648
Schools HIC Nonprofessional	N/A	2,778,672	2,516,734	2,291,437
Schools HIC Professional	2.87581%	41,994,597	37,515,416	33,708,437

	City Proportionate Share	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Proportionate share of Net OPEB Liability				
City LODA Program	6.25720%	\$ 31,084,036	26,187,356	22,496,344

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

Because the LODA Program contains a provisions for the payment of health insurances premiums, the liabilities are also impacted by the health care trend rate. The following presents the covered employer's proportionate share of the net LODA Program OPEB liability using a health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were 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% to 3.75%)	Current Discount Rate (7.00% to 4.75%)	1% Increase (8.00% to 5.75%)
Proportionate share of Net OPEB Liability			
City LODA Program	\$ 21,644,706	26,187,356	32,129,083

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (11) Continued

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

As of June 30, 2021, the City and Schools reported the following OPEB liabilities for their proportionate shares of VRS directed OPEB plans.

OPEB Liabilities as of June 30, 2021	City	Schools
GLIPs - City and Nonprofessional Schools	\$ 14,035,581	1,800,507
GLIP - Professional employees Schools	N/A	20,490,139
VLDPs - City and Nonprofessional Schools	102,442	17,838
VLDP - Professional employees Schools	N/A	70,571
LODA Program	26,187,356	N/A
HIC - Nonprofessional employees Schools	N/A	2,516,734
HIC - Professional employees Schools	N/A	37,515,416
Total VRS OPEB Liabilities	\$ 40,325,379	62,411,205

## Nonprofessional - Changes in Net HIC OPEB Liability

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at July 1, 2019	\$ -	-	-
Changes for the fiscal year:			
Change in benefit terms	2,516,734	-	2,516,734
Balances at June 30, 2020	\$ 2,516,734	\$ -	\$ 2,516,734

For the year ended June 30, 2021, the City and Schools recognized the following OPEB expenses for their proportionate shares of VRS directed OPEB plans.

OPEB Expenses for the year ended June 30, 2021	City	Schools
GLIPs - City and Nonprofessional Schools	\$ 578,638	41,120
GLIP - Professional employees Schools	N/A	829,908
VLDPs - City and Nonprofessional Schools	295,399	51,448
VLDP - Professional employees Schools	N/A	192,779
LODA Program	2,458,617	N/A
HIC - Nonprofessional employees Schools	N/A	2,516,734
HIC - Professional employees Schools	N/A	3,122,608
Total VRS OPEB Expenses	\$ 3,332,654	6,754,597

Since there was a change in proportionate share between measurement dates a portion of the City and Schools net OPEB expense was related to deferred amounts from changes in proportion.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(11) Continued**

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

	City		Schools	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience				
GLIPs - City and Nonprofessional Schools	\$ 900,253	126,064	115,486	16,172
GLIP - Professional employees Schools	N/A	N/A	1,314,254	184,038
VLDPs - City and Nonprofessional Schools	82,994	120,255	14,451	20,940
VLDP - Professional employees Schools	N/A	N/A	33,368	5,455
LODA Program	2,779,837	3,570,199	N/A	N/A
HIC - Professional employees Schools	N/A	N/A	166,253	501,003
Changes of assumptions				
GLIPs - City and Nonprofessional Schools	701,941	293,071	90,046	37,596
GLIP - Professional employees Schools	N/A	N/A	1,024,743	427,846
VLDPs - City and Nonprofessional Schools	4,742	6,840	826	1,191
VLDP - Professional employees Schools	N/A	N/A	7,917	-
LODA Program	7,010,554	1,631,876	N/A	N/A
HIC - Professional employees Schools	N/A	N/A	741,627	204,973
Net difference between projected and actual earnings				
GLIPs - City and Nonprofessional Schools	421,616	-	54,086	-
GLIP - Professional employees Schools	N/A	N/A	615,506	-
VLDPs - City and Nonprofessional Schools	10,881	-	1,895	-
VLDP - Professional employees Schools	N/A	N/A	7,617	-
LODA Program	-	37,233	N/A	N/A
HIC - Professional employees Schools	N/A	N/A	-	-
Changes in proportion				
GLIPs - City and Nonprofessional Schools	166,939	139,588	-	109,415
GLIP - Professional employees Schools	N/A	N/A	119,598	25,130
VLDPs - City and Nonprofessional Schools	2,017	1,261	448	408
VLDP - Professional employees Schools	N/A	N/A	6,178	-
LODA Program	1,167,396	805,039	N/A	N/A
HIC - Professional employees Schools	N/A	N/A	370,571	182,975
Employer contributions subsequent to the measurement date				
GLIPs - City and Nonprofessional Schools	924,169	-	115,793	-
GLIP - Professional employees Schools	N/A	N/A	1,376,761	-
VLDPs - City and Nonprofessional Schools	329,180	-	57,858	-
VLDP - Professional employees Schools	N/A	N/A	294,965	-
LODA Program	931,427	-	N/A	N/A
HIC - Nonprofessional employees Schools	N/A	N/A	197,417	-
HIC - Professional employees Schools	N/A	N/A	3,074,717	-
Total	\$ 15,433,946	6,731,426	9,802,381	1,717,142

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(11) Continued**

Employer contributions subsequent to the measurement date reported as deferred outflows of resources for the City and Schools totaled \$2,184,776 and \$5,117,511 respectively and will be recognized as a reduction of the OPEB liabilities in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's and Schools' OPEB expense in future reporting periods as follows:

Year ended June 30,	2022	2023	2024	2025	2026	Thereafter	Total
GLIP - City	254,809	373,875	463,015	447,725	90,758	1,844	1,632,026
VLDP - City	10,121	9,916	10,009	8,649	(13,924)	(52,493)	(27,722)
LODA - City	674,728	681,606	688,942	691,104	693,403	1,483,657	4,913,440
Total City	939,658	1,065,397	1,161,966	1,147,478	770,237	1,433,008	6,517,744
GLIP - Nonprofessional Schools	(422)	14,852	30,648	41,772	9,108	477	96,435
GLIP - Professional employees Schools	357,160	530,981	677,635	679,491	177,387	14,433	2,437,087
VLDP - Nonprofessional Schools	1,775	1,740	1,774	1,610	(2,474)	(9,344)	(4,919)
VLDP - Professional employees Schools	5,121	4,945	4,887	4,970	3,077	26,625	49,625
HIC - Professional employees Schools	50,338	66,817	61,295	80,957	86,397	43,696	389,500
Total Schools	413,972	619,335	776,239	808,800	273,495	75,887	2,967,728

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

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

**Payables to the VRS Directed OPEB Plans**

The City and Schools reported payables \$106,432 and \$499,560, respectively, due to the VRS at June 30, 2021 which represent the June 2021 employer contributions for all plans not contractually required to be remitted until July 2021.

VRS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained by writing to the System's Chief Financial Officer at P.O. box 2500, Richmond, VA, 23218-2500 or from the VRS website at

<http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>.

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>					
Inventory	\$ 1,401,392	-	-	6,620	1,408,012
Prepaid expenditures and other assets	7,515	-	-	234,368	241,883
Education permanent funds - principal	-	-	-	12,795	12,795
<b>Total nonspendable</b>	<b>1,408,907</b>	<b>-</b>	<b>-</b>	<b>253,783</b>	<b>1,662,690</b>
<b>Restricted for cash flow emergencies</b>	<b>39,169,785</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,169,785</b>
<b>Restricted other:</b>					
General Government:					
Chesapeake Bay Preservation Areas	47,000	-	-	-	47,000
Tax increment financing - Greenbrier	-	-	-	12,791,525	12,791,525
Tax increment financing - South Norfolk	-	-	-	4,361,166	4,361,166
Proffers	-	-	-	2,004,813	2,004,813
Grants	-	-	-	2,076,367	2,076,367
Total General Government	47,000	-	-	21,233,871	21,280,871
Public Safety:					
Proffers	-	-	-	870,006	870,006
Grants	-	-	-	973,612	973,612
Total Public Safety	-	-	-	1,843,618	1,843,618
Public Works:					
Proffers	-	-	-	1,969,430	1,969,430
Grants	-	-	-	18,431	18,431
Total Public Works	-	-	-	1,987,861	1,987,861
Parks and Recreation:					
Grants	-	-	-	228,043	228,043
Total Parks and Recreation	-	-	-	228,043	228,043
Public Welfare:					
Integrated behavioral healthcare	-	-	-	1,077,288	1,077,288
Grants	-	-	-	9,293	9,293
Total Public Welfare	-	-	-	1,086,581	1,086,581
Education:					
Proffers	-	-	-	10,101,883	10,101,883
Education permanent funds interest	-	-	-	195,062	195,062
Total Education	-	-	-	10,296,945	10,296,945
Oak Grove connector	1,010,828	-	-	-	1,010,828
Poindexter Street construction	-	-	209	-	209
<b>Total restricted other</b>	<b>1,057,828</b>	<b>-</b>	<b>209</b>	<b>36,676,919</b>	<b>37,734,956</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (12) Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Committed for one time projects</b>	<b>110,027,039</b>	-	-	-	<b>110,027,039</b>
<b>Committed other:</b>					
General Government:					
Advances to component units and other	37,002	51,098	-	-	88,100
Law Library	177,345	-	-	-	177,345
Technology fees	704,000	-	-	-	704,000
Treasurer's EGOV	132,499	-	-	-	132,499
Treasurer's late license fee	4,647,651	-	-	-	4,647,651
Litigation reserve	1,252,558	-	-	-	1,252,558
Treasurer's EZ Pass	17,335	-	-	-	17,335
Juvenile services	-	-	-	375,000	375,000
Open space agriculture preservation	-	-	-	5,490,185	5,490,185
Total General Government	6,968,390	51,098	-	5,865,185	12,884,673
Public Safety:					
Radio system (800 MHZ)	3,310,702	-	-	-	3,310,702
Total Public Safety	3,310,702	-	-	-	3,310,702
Public Works:					
Roads/Transportation	535,279	-	-	-	535,279
Excavation fees	326,749	-	-	-	326,749
Prorata drainage	-	-	5,588,933	-	5,588,933
Total Public Works	862,028	-	5,588,933	-	6,450,961
Parks and Recreation:					
Open space	-	-	1,045,714	-	1,045,714
Total Parks and Recreation	-	-	1,045,714	-	1,045,714
Public Welfare:					
Public assistance	-	-	-	186,338	186,338
Community development	-	-	-	139,706	139,706
CSB of Chesapeake, Inc.	-	-	-	365,749	365,749
Housing trust	-	-	-	57,589	57,589
Total Public Welfare	-	-	-	749,382	749,382
City future capital projects	19,752,283	-	-	-	19,752,283
Encumbrances	6,237,071	-	29,616,564	4,586,175	40,439,810
Economic development investment program	1,163,038	-	-	-	1,163,038
Public health initiative	837,002	-	-	-	837,002
Community housing initiative	333,399	-	-	-	333,399
Schools' future capital projects	37,888,150	-	-	-	37,888,150
Schools' revenue sharing	6,875,000	-	-	-	6,875,000
Schools' reversion	18,395,065	-	-	-	18,395,065
<b>Total committed other</b>	<b>102,622,128</b>	<b>51,098</b>	<b>36,251,211</b>	<b>11,200,742</b>	<b>150,125,179</b>

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

## (12) Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
<b>Assigned:</b>					
General Government:					
Clerk of the Circuit Court - technology	109,893	-	-	-	109,893
Sheriff - work release	209,705	-	-	-	209,705
Local developers	-	-	224,296	-	224,296
Conference Center	-	-	-	9,116,301	9,116,301
Juvenile services	-	-	-	1,408,566	1,408,566
Chesapeake Land Bank Authority	450,000	-	-	-	450,000
Other	107,095	-	-	-	107,095
Total General Government	876,693	-	224,296	10,524,867	11,625,856
Public Safety:					
E-911	-	-	-	6,499,410	6,499,410
Fee supported activities	-	-	-	1,669,939	1,669,939
Total Public Safety	-	-	-	8,169,349	8,169,349
Public Works:					
Street maintenance	4,368,859	-	-	-	4,368,859
Prorata drainage	-	-	1,521,121	-	1,521,121
Jordan Bridge	-	-	300,000	-	300,000
Total Public Works	4,368,859	-	1,821,121	-	6,189,980
Parks and Recreation:					
Open space	-	-	13,150	-	13,150
Total Parks and Recreation	-	-	13,150	-	13,150
Public Welfare:					
Public assistance	-	-	-	4,247,673	4,247,673
Integrated behavioral healthcare	-	-	-	2,710,910	2,710,910
Interagency consortium	-	-	-	598,843	598,843
Total Public Welfare	-	-	-	7,557,426	7,557,426
Education:					
Revenue sharing	19,068,969	-	-	-	19,068,969
Cash reversion	4,639,184	-	-	-	4,639,184
Total Education	23,708,153	-	-	-	23,708,153
Debt service payments	-	14,125,953	-	-	14,125,953
City future capital projects	-	-	116,991,849	-	116,991,849
Total assigned	28,953,705	14,125,953	119,050,416	26,251,642	188,381,716
<b>Unassigned:</b>	78,339,569	-	-	-	78,339,569
Total fund balance	\$ 361,578,961	14,177,051	155,301,836	74,383,086	605,440,934

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

### (13) Deferred Compensation Plan

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by a third party for the participants. Therefore, the assets are not included in the accompanying financial statements as of June 30, 2021.

### (14) Commitments

#### *Capital Improvements Program*

The City Council adopted a five-year capital improvements program on May 11, 2021, which was later amended on June 8, 2021. The total estimated cost of this program amounted to \$1,272,027,463 to be funded from anticipated state and federal funds, debt financing, local fees and funds on hand, both appropriated and unappropriated. The first year of the plan was appropriated on the same date.

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

Funds Previously Appropriated	\$	710,535,702
General Fund - Committed for City Capital Projects		46,157,950
General Fund - Committed for Schools		46,000,000
General Fund - Committed for One Time Projects		57,013,338
Capital Projects Fund Balance		2,985,000
Open Space and Agricultural Preservation Cash		2,440,000
Information Technology Fund Balance		2,000,000
Other Funds - Fund Balance		2,098,000
SoNo TIF Fund Cash		8,000,000
State Revenue Sharing		8,097,000
State Grants		30,769,000
Federal Grants		10,170,000
Other Grants		647,000
Proffers		2,040,000
Public Utilities Operations		67,769,530
Public Utilities - Fund Balance		1,402,770
Stormwater Management Operations		8,850,925
Stormwater Management - Fund Balance		5,069,075
Chesapeake Transportation System - Fund Balance		13,000,000
Borrowing Authority - Unissued		58,444,137
Borrowing Authority - South Norfolk TIF		423,360
Borrowing Authority - Short Term Financing		13,932,676
Borrowing Authority - VPSA		122,500,000
Public Utilities -Borrowing Authority Revenue Supported		51,682,000
	\$	1,272,027,463

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

(14) Continued

***Dollar Tree***

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

The EDA sold \$8.1 million of revenue bonds in July 2018 that, together with \$6 million funded from the Greenbrier TIF, were used to acquire a possessory interest in 1,000 public parking spaces within a parking garage.

The following provides progress on the project as of June 30, 2021:

- Garage – In fiscal year 2019, the EDA paid \$14.1 million, consisting of \$8.1 in revenue bonds and \$6.0 million from Greenbrier TIF funds, to acquire possessory interest in 1,000 public parking spaces within the parking garage. An additional \$0.58 million has been committed for work that is scheduled to be completed in fiscal year 2022.
- Offsite Improvements – In fiscal year 2019, the City paid \$2.4 million towards off-site improvements. On February 5, 2020, City Council approved a second amendment to the Development Agreement transferring responsibility from Dollar Tree to the City for the completion of all future offsite improvements. At the end fiscal year 2021, the City committed \$1.8 million towards offsite public roads and other public infrastructure improvements.
- Onsite Improvements - at the end of the current fiscal year, the City paid a total of \$7.2 million for onsite public road improvements and other public infrastructure enhancements.

***Encumbrances***

Encumbrances outstanding at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders and other commitments in process of completion at fiscal year-end. Outstanding encumbrances as of June 30, 2021 for the Governmental Funds of the City and Schools are as follows:

<b>City</b>		<b>Schools</b>	
<u>Governmental Funds</u>		<u>Governmental Funds</u>	
General Fund	\$ 6,237,071	General Fund	\$ 3,067,101
Capital Projects	29,616,564	Capital Projects	14,822,193
Other Governmental Funds	4,586,175	Other Governmental Funds	-
Total	\$ 40,439,810	Total	\$ 17,889,294

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(15) Related Parties**

**Joint Venture**

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

Southeastern Public Service Authority (SPSA) is a joint venture of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the counties of Isle of Wight and Southampton, created for the purpose of providing, operating and maintaining a regional system for the collection, transfer, processing and disposal of solid waste refuse. 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 at June 30, 2021.

The City is party to two contracts with SPSA described below.

- Use and Support Agreement was originally executed on August 9, 1983 with an expiration date of January 24, 2018. On April 26, 2016, City Council approved a new Use and Support Agreement for service from January 25, 2018 through June 30, 2027. This agreement automatically renews in 10 year increments unless terminated following procedures outlined therein.
- Lease Agreement was originally executed on June 12, 1984, for property located at 901 Hollowell Lane in the Washington Borough of the City. This property is utilized by SPSA as a waste transfer station. The City uses this transfer station for 87% of its waste disposal tonnages. The remaining utilization is divided among the Wheelabrator plant in Portsmouth, the Norfolk transfer station and the Suffolk transfer station. On January 17, 2018, the City entered into a new lease agreement that commenced January 24, 2018 and expires on January 25, 2023 and may be renewed for 4 renewal periods of 5 years each.

Complete audited financial statements for SPSA are available from the administrative office at 723 Woodlake Drive, Chesapeake, Virginia 23320.

**Jointly Governed Organizations**

***Hampton Roads Regional Jail Authority (HRRJA)***

On October 1, 2014, the City was inducted as a member of the Hampton Roads Regional Jail Authority (HRRJA). HRRJA is a regional organization which includes the cities of Chesapeake, Hampton, Newport News, Norfolk and Portsmouth and is governed by a 15 member Board of Directors, consisting of three representatives appointed by each of the member cities. The Authority was created for the purpose of providing, operating and maintaining a regional jail facility for the correctional overflow from each community. Chesapeake is responsible for paying the Authority a per diem charge per inmate. Chesapeake guarantees a payment for 250 inmates per day. In March 2021, Chesapeake announced plans to begin pulling inmates back because of the revocation of HRRJA's accreditation by the American Correctional Association, severe staffing shortages and federal oversight for the facility's treatment of inmates.

*(Continued)*

Notes to Basic Financial Statements  
June 30, 2021

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**(15) Continued**

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

***Hampton Roads Transit (HRT)***

Hampton Roads Transit (HRT), incorporated on October 1, 1999, began through the voluntary merger of PENTRAN (Peninsula Transportation District Commission) and TRT (Tidewater Regional Transit a.k.a. Tidewater Transit District Commission). HRT provides public transportation facilities and services within the cities of Norfolk, Chesapeake, Hampton, Newport News and Virginia Beach, Virginia. In 1999, a Cost Allocation Agreement (CAA) was adopted that defined how state and federal funds received by HRT were allocated to the participating cities and required HRT to distribute these funds to each city on a pro-rata basis based on each city's respective share of service. Legislation from the 2020 Virginia General Assembly Session, initiated as HB1726 and SB1083, resulted in the creation of the Hampton Roads Regional Transit Program and Fund. The goal of this new program is to provide a modern, safe and efficient core network of transit services across Hampton Roads. The dedicated funds are to be used solely for the development, operation, and maintenance of the regional network and the needed associated infrastructure. The funding mechanism resulted in a diversion of Recordation Tax revenues formerly distributed to localities under the CAA. This resulted in a diversion of approximately \$1,060,000 from the City's share of Recordation Tax to the new Hampton Roads Regional Transit Fund.

HRT's CAA was amended in fiscal year 2020 by the adoption of a resolution by all six participating cities. The resolution allows HRT to strategically allocate state and federal funds in order to "hold the cities harmless" in regard to lost Recordation Tax. The amendment in the resolution is for a period of one fiscal year and will expire at the end of FY2021.

Oversight responsibility for HRT is exercised by the participating localities through their designated representatives. Responsibility for the day-to-day operation HRT rests with professional management. HRT was constructed the City's light rail system. The participating governments do not have an equity interest in TDC, and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2021. Complete financial statements for HRT can be obtained from the administrative office at 3400 Victoria Blvd., Hampton, Virginia 23661.

***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 for HRTAC are available from the administrative office at 700 Woodlake Drive, Chesapeake, Virginia 23320.

*(Continued)*

Notes to Basic Financial Statements  
June 30, 2021

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(15) Continued

***Hampton Roads Planning District Commission (the Commission)***

A regional planning agency, authorized by the Virginia Area Development Act of 1968, was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. The Commission performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, and the counties of Gloucester, Isle of Wight, James City, Southampton and York. Revenue of the Commission is received primarily from member contributions and various state and federal grant programs. The participating governments do not have an equity interest in the Commission, and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2021. Complete financial statements for the Commission can be obtained from the administrative office at 723 Woodlake Drive, Chesapeake, Virginia 23320.

***Hampton Roads Economic Development Alliance (HREDA)***

The HREDA is a non-profit, public-private partnership founded in 1997 to globally market Hampton Roads as the primary region of choice for economic investment. Its membership consists of 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 50 or more than 300 Directors. Separate financial statements for HREDA are available from the administration office at 500 Main Street, Suite 1300, Norfolk, Virginia 23510.

***Southside Network Authority (Authority)***

The Southside Network Authority (Authority) was created on November 15, 2019 by the cities of Chesapeake, Norfolk, Portsmouth, Suffolk and Virginia Beach pursuant to the provisions of the Virginia Wireless Service Authorities Act, Chapter 54.1 of Title 15.2 of the Code of Virginia, 1950, as amended to build and operate a regional high-speed broadband Internet fiber ring. The creation of the Authority is to serve an essential public purpose by increasing the speed and availability of broadband internet and information services, enable private investment in the marketplace to be better targeted to serving the public, as well as creating jobs and increasing the tax base of the Cities and the region as a whole. The fiber ring is designed to attract additional internet service providers who will enable increased competition, faster speeds and lower-cost services to the region. The Hampton Roads Planning District Commission is providing financial and administrative support to the Authority. The participating governments do not have an equity interest in the Authority and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2021. Complete financial statements for the Authority can be obtained from the administrative office at 723 Woodlake Drive, Chesapeake, Virginia 23320.

***Eastern Virginia Regional Industrial Facility Authority (EVRIFA)***

On February 4, 2020, the City was inducted as a member of the EVRIFA. EVRIFA is a regional organization which includes the cities of Chesapeake, Franklin, Hampton, Newport News, Poquoson and Williamsburg and the counties of Gloucester, Isle of Wight, James City and York, created for the purpose of providing a regional authority mechanism to enhance the economic base of the member localities on a cooperative basis. The Authority is governed by a twenty (20) member Board of Directors consisting of two (2) members appointed by the governing body of each member locality. One Board member from each locality shall be an elected member of the locality's governing body. The participating governments do not have an equity interest in the Authority, and accordingly, no equity interest has been reflected in the City's financial statements as of June 30, 2021.

(Continued)



Notes to Basic Financial Statements  
June 30, 2021

# **(16) Contingent Liabilities**

## ***Self-Insurance***

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

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

\* \$2,000,000 retention for presumptions claims

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

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

The claims liability of \$27,205,169 reported in the Self-Insurance Fund at June 30, 2021 is based on the requirements of GAAP. It requires that a liability for claims should be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability includes an amount for claims that have been incurred but not reported (IBNR).

Changes in the Self-Insurance Fund's liability amount during the fiscal years ended June 30, 2021 and 2020 were as follows:

<b>Fiscal Year Ended</b>	<b>Beginning Balance</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
June 30, 2021	\$ 27,721,896	4,949,175	5,465,902	27,205,169
June 30, 2020	27,680,572	5,211,335	5,170,011	27,721,896

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

**(16) Continued**

Effective January 1, 2016 the City began self-funding health insurance coverage for its participating employees and retirees and established the Self-Funded Health Fund for reporting of these activities. The City-provided health insurance has a specific stop loss limit of \$350,000 per member covering both medical and drug expenses, and aggregate coverage is capped at 120% of expected claims as determined during the annual rate setting process in consultation with the City's third-party administrator and health benefits consultant. The City purchases commercial insurance coverages for excess amounts. Claims processing and payments for self-funded health claims are made through a third-party administrator. Amounts due as of June 30, 2021 are recognized as the current portion of a long-term liability in the statement of net position. The City uses information provided by the third-party administrator and health benefits consultant to aid in the determination of self-funded health insurance liabilities. The total computed liability as of June 30, 2021 is \$4,601,315. Other health related insurance coverages (dental and vision) are provided on a fully insured basis.

<b>Fiscal Year Ended</b>	<b>Beginning Balance</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
June 30, 2021	\$ 4,601,315	43,468,598	43,468,598	4,601,315
June 30, 2020	4,601,315	38,372,105	38,372,105	4,601,315

The Schools component unit is self-insured for its workers' compensation, health and dental insurance. Workers' compensation has an \$800,000 limit per claim. Health insurance has a specific stop loss limit of \$300,000 per member covering both medical and drug expenses. Dental care has a cap at 120% of expected claims as calculated by the third-party administrator. Commercial insurance is purchased to cover other types of losses. The insurance coverage is substantially the same as in prior fiscal years. Claims processing and payments for workers' compensation, medical and dental claims are made through a third-party administrator. The settlements using commercial insurance did not exceed insurance coverage for each of the past three years. Amounts due in future years on claims as of June 30, 2020 are recognized as a long-term liability in the statement of net position. The Schools use the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. The total computed liability as of June 30, 2021 is \$9,046,243.

Changes in the Schools' self-insurance program liability amount during the fiscal years ended June 30, 2021 and 2020 were as follows:

<b>Fiscal Year Ended</b>	<b>Beginning Balance</b>	<b>Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Ending Balance</b>
June 30, 2021	\$ 8,320,149	69,653,670	68,927,576	9,046,243
June 30, 2020	9,226,939	64,982,472	65,889,262	8,320,149

The liability at June 30, 2021 is comprised of \$2,588,328 in workers' compensation liabilities and \$6,457,915 in accounts payable and accrued expenses related to medical and dental claims.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(16) Continued

***Public Utilities Pro-Rata***

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

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

In fiscal year 2021, DPU staff has continued to evaluate the program for revisions to enhance the reporting and financial accountability as it relates to the Pro Rata Liabilities. Further research of Pro Rata records and historical data, as well as some fiscal year 2021 activity, has the liabilities further refined. At the year-end, the recorded liability totaled \$1.1 million for amounts received, but not yet reimbursed to installing developers who signed an agreement with the City and have met all five required conditions for Pro Rata reimbursement under the program. The amount payable to installing developers for whom the City has not yet received cash from subsequent developers or connection fees (depending on selection), but with whom the City has executed agreements is approximated herein as a contingent liability and is roughly estimated as approximately up to \$5.5 million. Upon receipt of cash from subsequent developers or connection fees, these payments will be made, and the contingent liability reduced. The estimated contingent liability for reimbursements that are due to installing developers wherein payments have already been received from subsequent developers, but that have not been paid by the City as a result of the five conditions not yet having been met, total approximately \$3.2 million.

There was an amendment of the City of Chesapeake's Code of Ordinances (Section 70-123) effective October 15, 2020 (effective date). The installing developer's Pro Rata agreement and reimbursement obligation shall expire twelve (12) years from the date of utility activation for any projects with activations after the effective date.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(16) Continued

***Federal Award Programs***

The City and the Schools participate in a number of federal and state award, assistance and grant programs. These programs are subject to financial and program compliance audits by the applicable agency or their representative. In addition, federal grants programs, including the financial assistance of Coronavirus Relief Funds received under the CARES Act, and Local Fiscal Recovery Funds received under the American Rescue Plan Act (ARPA) have been audited in accordance with the provisions of the Uniform Guidance as it existed at the date of the report, prior to any supplemental specific guidance for CARES and ARPA Act funding. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, management believes such disallowances, if any, will not be significant.

***Litigation***

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

***Pollution Remediation***

The City of Chesapeake is under a Commonwealth of Virginia Department of Environmental Quality Consent Order Dated December 19, 2014, relating to sanitary sewer overflows. This order applies to 14 localities in the Hampton Roads Area. The Consent Order reflects a February, 2014 Memorandum of Agreement (MOA) between all of the Localities and the Hampton Roads Sanitation District (HRSD) and assigns responsibilities to each party. HRSD assumes responsibility for all wet weather and capacity based on sanitary sewer overflows and their associated repairs. The City of Chesapeake assumes responsibility for dry weather, maintenance and operations based sanitary overflows and their associated remediation and repair. The HRSD is also subject to a USEPA Consent Decree relating to the same issue, which also identifies responsibilities per the February, 2014 MOA. Per this Consent Decree, HRSD has submitted a Regional Wet Weather Management Plan that identifies what work tasks need to be completed when HRSD and localities' sewer systems relating to capacity. Once this plan is approved, each locality, including the City of Chesapeake, will be able to complete development of their own plan identifying what work needs to be completed in order to comply with the DEQ Consent Order. An amendment to the 2014 MOA is being considered by all 14 localities and HRSD that updates the MOA and incorporates proposed changes to USEPA-HRSD Consent Decree that include the impacts of the Sustainable Water Initiative for Tomorrow (SWIFT) aquifer injection program currently being pilot tested by HRSD. Meanwhile, Chesapeake has already undertaken a great deal of sanitary sewer system evaluation and rehabilitation, coordinating with HRSD so as to not duplicate effort that is or will be their responsibility. These rehabilitation projects are making constant progress, even as the system evaluation is ongoing and helps to target areas to prioritize future rehabilitation.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(17) Fund Results and Reconciliation**

***GASB 84 Restatement***

In fiscal year 2021, the City, including component units, implemented GASB Statement No. 84 (GASB 84) "Fiduciary Activities". This Statement establishes criteria for indentifying and reporting fiduciary activities. The review of fiduciary activities resulted in the reclassification and restatements below.

The City reclassified the Special Welfare from an agency fund to a custodial fund. As a result, the beginning net position for the fund was restated from zero to \$30,293 because Agency Funds did not require the presentation of net position.

The Schools have a net position/fund balance restatement due to their custodial fund for Student Activities, which was transferred to the Schools General Fund. Net position/fund balance at the beginning of the year would have been (\$250,507,137) for governmental activities but is restated by the Student Activity fund of \$4,754,412. The restated net position/fund balance for the beginning of the year is (\$245,752,725).

***Fund Deficits***

The Chesapeake Public Schools, a component unit, had a net position deficit of \$264,685,808 at June 30, 2021. The deficit is primarily due to a steady increase of Schools' net OPEB obligation and net pension liability. At June 30, 2021, the Schools' net OPEB liability and net pension liability were \$250,589,121 and \$446,678,440 respectively.

**(18) Subsequent Events**

***COVID-19***

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law and the City was allocated \$76.0 million which will be disbursed in two installments. The City received the first installment of \$38.0 million in June 2021. The second installment is scheduled for June 2022.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the City is taking appropriate actions to mitigate negative impacts to operating results. However, as there is still a significant level of uncertainty associated with the pandemic, the City continues to actively monitor developments and will take steps to respond accordingly. Revenue collection and projections for fiscal year 2022 have been conservatively budgeted and will require vigilant monitoring and reassessment.

***Council***

Council Member Matthew R. Hamel resigned from City Council effective November 11, 2021, citing his future installation as the Commonwealth Attorney. City Council took action on November 16, 2021, to appoint Dwight M. Parker to fill the vacancy.

***Commissioner of the Revenue***

The Commissioner of the Revenue, Frank King, retired on July 31, 2021, prior to the end of his elected term. The position was on the November 2021 ballot. Victoria L. Proffitt was elected by the citizens of Chesapeake on November 2, 2021. She will begin her term on January 1, 2022.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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**(18) Continued**

***Human Resources Classification and Compensation Plan for Sworn Public Safety Employees***

At their November 16, 2021 meeting, City Council requested that the City Manager bring forward the actions necessary to implement amendments to the Human Resources Classification and Compensation Plan (the Plan) for sworn public safety employees. City Council is scheduled to vote on December 14, 2021 to formally adopt the Plan and to identify the funding sources. The cost of the changes to the Plan for sworn public safety employees for a full fiscal year is estimated to be \$13.1 million.

***Fund Balance Requirement for Cash Flow Emergencies***

Currently, the City has a requirement to reserve a minimum of 6% of the total general fund revenue upon the adoption of the City's annual operating budget to be restricted for emergency use and cash flow needs. In the upcoming General Assembly session, the City will be requesting the removal of the 6% to bring the City in line with the rest of its peers as no other city in Virginia appears to have this requirement.

***Water and Sewer System Revenue Refunding Bonds***

On August 25, 2021, the City issued \$21,775,000 in Water and Sewer System Revenue Refunding Bonds, Series 2021 to redeem all outstanding Water and Sewer System Revenue Bonds, Series 2010B (Taxable - Build America Bonds). The true interest cost (TIC) for the transactions was 1.568169%. The System achieved debt service savings of \$10.8 million as a result of the refunding. The net present value savings was \$6.6 million and all 2010B bonds were redeemed on August 26, 2021.

***Virginia Public School Authority Bonds***

On November 9, 2021, the City sold the \$43,750,000 Series A general obligation bonds to the Virginia Public School Authority (VPSA) at a TIC of 1.816% and received a premium of \$5,592,120. The City also sold the \$10,660,000 Series B general obligation bonds to VPSA at a TIC of 1.0065% and received a premium of \$2,183,722. The Series A bonds were issued to finance modernization and expansion projects while the Series B bonds financed non-routine renewal and replacement projects.

**(19) Accounting Pronouncements**

***Adoption of New Accounting Statement***

During the year ended June 30, 2021, the City implemented the provisions of the following Governmental Accounting Standard Board (GASB) statement:

GASB Statement No. 84, *Fiduciary Activities*.

***Future Accounting Pronouncements***

The GASB has issued the following pronouncements prior to June 30, 2021, which have effective dates that may impact future presentations. Management has not currently determined what impact the implementation of these statements may have on the financial statements of the City.

GASB Statement No. 87, *Leases* will be effective for the City beginning with the year ending June 30, 2022.

(Continued)

Notes to Basic Financial Statements  
June 30, 2021

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(19) Continued

GASB Statement No. 91, *Conduit Debt Obligations* will be effective for the City beginning with the year ending June 30, 2023 although early implementation is encouraged.

GASB Statement No. 92, *Omnibus 2020* was effective for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments upon issuance on January 2020. The requirements related to intra-fund transfers of assets, applicability of Statements No. 73 and No. 74, application of Statement No. 84 to postemployment benefit arrangements, nonrecurring fair value measurements of assets or liabilities, and measurement of liabilities and assets associated with asset retirements obligations in a government acquisition will be effective for the City beginning with the year ending June 30, 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* will be effective for the City beginning with the year ending June 30, 2021, with the exception of paragraphs 11b, 13 and 14 which will be effective for the City beginning with the year ending June 30, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will be effective for the City beginning with the year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for the City beginning with the year ending June 30, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement will be effective for the City beginning with the year ending June 30, 2022. All other requirements of this Statement will be effective for the City beginning with the year ending June 30, 2022.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym ACFR. The requirements of this Statement are effective for fiscal years ending after December 31, 2021.

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## Required Supplementary Information



## CITY OF CHESAPEAKE, VIRGINIA

Schedule L-1

Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund - unaudited  
 Year Ended June 30, 2021

	General Fund			Variance
	Original Budget	Revised Budget	Actual	Positive (Negative)
<b>REVENUES</b>				
General property taxes	\$ 348,421,871	348,421,871	370,255,848	21,833,977
Other local taxes	116,103,593	116,103,593	142,078,480	25,974,887
Licenses, permits and fees	8,833,079	8,833,079	9,913,564	1,080,485
Fines and forfeitures	1,186,955	1,186,955	989,652	(197,303)
Investment income	950,000	950,000	105,828	(844,172)
Revenues from use of property	735,028	735,028	456,852	(278,176)
Charges for services	10,950,441	10,950,441	11,273,356	322,915
Miscellaneous local revenues	94,648	94,648	981,974	887,326
Recovered costs	-	-	218,010	218,010
Intergovernmental revenues:				
Commonwealth of Virginia	89,408,871	89,670,256	97,502,382	7,832,126
Federal government	35,000	35,000	64,692	29,692
Chesapeake Public Schools	-	-	10,918	10,918
Total revenues	576,719,486	576,980,871	633,851,556	56,870,685
<b>EXPENDITURES</b>				
Current:				
General government	118,484,521	119,287,582	116,790,226	2,497,356
Public safety	105,474,937	105,816,988	85,571,405	20,245,583
Public works	73,175,882	73,411,876	63,507,298	9,904,578
Parks and recreation	14,996,590	15,045,524	11,328,737	3,716,787
Education	219,213,614	219,213,614	197,047,317	22,166,297
Debt Service	2,221,750	2,221,750	1,984,750	237,000
Total expenditures	533,567,294	534,997,334	476,229,733	58,767,601
<b>Excess (deficiency) of revenues over (under) expenditures</b>	43,152,192	41,983,537	157,621,823	115,638,286
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	10,025,707	10,037,707	10,732,329	694,622
Transfers to other funds	(69,046,206)	(78,693,086)	(78,357,790)	335,296
Total other financing sources (uses), net	(59,020,499)	(68,655,379)	(67,625,461)	1,029,918
<b>Net change in fund balance</b>	(15,868,307)	(26,671,842)	89,996,362	116,668,204
<b>Fund balance - beginning</b>	271,582,599	271,582,599	271,582,599	-
<b>Fund balance - ending</b>	\$ 255,714,292	244,910,757	361,578,961	116,668,204

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

**CITY OF CHESAPEAKE, VIRGINIA****Schedule L-2**

Schedule of Employer Pension Contributions - Virginia Retirement System - unaudited  
Year Ended June 30, 2021

**City**

<b>For Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2021	\$ 25,708,860	25,708,860	-	169,612,145	15.16%
June 30, 2020	23,743,613	23,743,613	-	171,271,305	13.86%
June 30, 2019	23,030,212	23,020,212	-	165,769,435	13.89%
June 30, 2018	21,536,320	21,536,320	-	158,317,359	13.60%
June 30, 2017	20,969,936	20,969,936	-	153,143,100	13.69%
June 30, 2016	23,566,227	23,566,227	-	147,330,182	16.00%
June 30, 2015	23,293,190	23,293,190	-	144,086,821	16.17%
June 30, 2014	21,787,520	21,787,520	-	138,455,434	15.74%

**Schools' Nonprofessional Employees**

<b>For Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2021	\$ 2,034,734	2,034,734	-	21,166,859	9.61%
June 30, 2020	1,811,015	1,811,015	-	24,324,677	7.40%
June 30, 2019	1,763,262	1,763,262	-	21,167,806	8.33%
June 30, 2018	1,867,510	1,867,510	-	21,169,819	8.82%
June 30, 2017	1,936,293	1,936,293	-	21,645,530	8.95%
June 30, 2016	2,290,138	2,290,138	-	21,335,475	10.73%
June 30, 2015	2,321,931	2,321,931	-	21,478,860	10.81%
June 30, 2014	2,399,609	2,399,609	-	21,063,314	11.39%

**Schools' Professional Employees**

<b>For Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2021	\$ 41,069,791	41,069,791	-	254,021,185	16.17%
June 30, 2020	38,607,353	38,607,353	-	251,983,078	15.32%
June 30, 2019	36,815,952	36,815,952	-	238,636,634	15.43%
June 30, 2018	37,345,663	37,345,663	-	231,560,514	16.13%
June 30, 2017	32,815,991	32,815,991	-	225,349,626	14.56%
June 30, 2016	30,557,558	30,557,558	-	218,100,620	14.01%
June 30, 2015	31,725,142	31,725,142	-	219,173,315	14.47%
June 30, 2014	25,246,663	25,246,663	-	216,535,628	11.66%

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

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

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-3

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited  
Year Ended June 30, 2021

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

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

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-3, Continued

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited  
Year Ended June 30, 2021

<b>City Employees</b>	<b>2019*</b>	<b>2020*</b>	<b>2021*</b>
<b>Total pension liability</b>			
Service cost	20,662,658	21,283,410	23,197,245
Interest cost	62,557,454	65,066,734	67,336,814
Changes of Assumptions	-	28,194,184	-
Difference between expected and actual experience	979,966	5,243,769	10,568,314
Benefit payments, including refunds of employee contributions	(46,305,819)	(50,400,608)	(53,060,290)
<b>Net change in total pension liability</b>	<b>37,894,259</b>	<b>69,387,489</b>	<b>48,042,083</b>
<b>Total pension liability - beginning</b>	<b>916,830,822</b>	<b>954,725,081</b>	<b>1,024,112,570</b>
<b>Total pension liability - ending</b>	<b>954,725,081</b>	<b>1,024,112,570</b>	<b>1,072,154,653</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	21,536,966	23,141,407	23,814,509
Contributions - employee	7,846,621	8,054,466	8,283,225
Net investment income	57,749,705	54,452,765	16,369,883
Benefit payments, including refunds of employee contributions	(46,305,819)	(50,400,608)	(53,060,290)
Administrative expense	(502,161)	(546,363)	(562,434)
Other	(51,279)	(34,366)	(24,582)
<b>Net change in plan fiduciary net position</b>	<b>40,274,033</b>	<b>34,667,301</b>	<b>(5,179,689)</b>
<b>Plan fiduciary net position - beginning</b>	<b>785,927,692</b>	<b>826,201,725</b>	<b>860,869,026</b>
<b>Plan fiduciary net position - ending</b>	<b>826,201,725</b>	<b>860,869,026</b>	<b>855,689,337</b>
<b>Net pension liability - ending</b>	<b>128,523,356</b>	<b>163,243,544</b>	<b>216,465,316</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>86.54%</b>	<b>84.06%</b>	<b>79.81%</b>
<b>Covered payroll</b>	<b>158,317,359</b>	<b>165,769,435</b>	<b>171,271,305</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>81.18%</b>	<b>98.48%</b>	<b>126.39%</b>

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

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

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

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

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-4

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited  
Year Ended June 30, 2021

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

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-4, Continued

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited  
Year Ended June 30, 2021

<b>Schools' Nonprofessional Employees:</b>	<b>2019*</b>	<b>2020*</b>	<b>2021*</b>
<b>Total pension liability</b>			
Service cost	1,999,505	1,907,133	1,968,095
Interest cost	6,796,198	6,993,180	7,136,628
Difference between expected and actual experience	(213,340)	(7,036)	2,232,491
Change in assumption	-	2,840,241	-
Benefit payments, including refunds of employee contributions	(5,690,801)	(5,845,861)	(5,970,683)
<b>Net change in total pension liability</b>	<b>2,891,562</b>	<b>5,887,657</b>	<b>5,366,531</b>
<b>Total pension liability - beginning</b>	<b>99,933,946</b>	<b>102,825,508</b>	<b>108,713,165</b>
<b>Total pension liability - ending</b>	<b>102,825,508</b>	<b>108,713,165</b>	<b>114,079,696</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	1,858,617	1,764,432	1,814,702
Contributions - employee	1,015,533	1,006,106	1,037,991
Net investment income	6,334,762	5,917,505	1,744,842
Benefit payments, including refunds of employee contributions	(5,690,801)	(5,845,861)	(5,970,683)
Administrative expense	(55,879)	(60,104)	(61,365)
Other	(5,606)	(3,717)	(2,145)
<b>Net change in plan fiduciary net position</b>	<b>3,456,626</b>	<b>2,778,361</b>	<b>(1,436,658)</b>
<b>Plan fiduciary net position - beginning</b>	<b>86,868,735</b>	<b>90,325,361</b>	<b>93,103,722</b>
<b>Plan fiduciary net position - ending</b>	<b>90,325,361</b>	<b>93,103,722</b>	<b>91,667,064</b>
<b>Net pension liability - ending</b>	<b>12,500,147</b>	<b>15,609,443</b>	<b>22,412,632</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>87.84%</b>	<b>85.64%</b>	<b>80.35%</b>
<b>Covered payroll</b>	<b>21,169,819</b>	<b>21,167,806</b>	<b>24,324,677</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>59.05%</b>	<b>73.74%</b>	<b>92.14%</b>

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

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

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

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-5

Schedule of Employer's Share of Net Pension Liability - unaudited  
VRS Teacher Retirement Plan  
Year Ended June 30, 2021

<b>Schools' Professional Employees:</b>	<b>2015*</b>	<b>2016*</b>	<b>2017*</b>	<b>2018*</b>	<b>2019*</b>	<b>2020*</b>	<b>2021*</b>
Employer's Proportion of the Net Pension Liability (Asset)	2.96080%	2.94792%	2.86078%	2.87861%	2.89014%	2.87783%	2.91539%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 357,804,000	371,035,000	400,913,000	354,010,000	339,880,000	378,738,781	424,265,808
Employer's Covered Payroll	\$ 216,535,628	219,173,315	218,100,620	225,349,626	231,560,514	238,636,634	251,983,078
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165.24%	169.29%	183.82%	157.09%	146.78%	158.71%	168.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%	71.47%

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

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

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



## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-6

Schedules of Employer Contributions - Other Postemployment Benefits - City and Schools Directed - unaudited  
Year Ended June 30, 2021

**City Directed**

<b>Fiscal year ended June 30:</b>		<b>Actuarial Determined Contribution</b>	<b>Actual Amount Contributed in Dollars</b>	<b>Contribution Deficiency (Excess) **</b>	<b>Covered Payroll</b>	<b>Percentage of Covered Payroll</b>
2021	\$	3,359,000	3,189,391	169,609	169,612,145	1.88%
2020		2,753,000	2,558,807	194,193	171,271,305	1.49%
2019		2,005,000	2,005,000	-	165,769,435	1.21%
2018*		2,557,000	2,557,000	-	158,317,359	1.62%
2017		3,089,000	3,089,000	-	153,143,100	2.02%
2016		7,851,000	7,851,000	-	147,326,696	5.33%
2015		10,615,000	10,615,000	-	144,086,821	7.37%

**Schools Directed**

<b>Fiscal year ended June 30:</b>		<b>Annual Determined Contribution</b>	<b>Actual Amount Contributed in Dollars</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Percentage of Covered Payroll</b>
2021+	\$	N/A	4,868,389	N/A	275,188,044	1.77%
2020+		N/A	5,020,164	N/A	276,307,735	1.82%
2019+		N/A	5,223,504	N/A	259,804,440	2.01%
2018*+		N/A	5,481,286	N/A	252,730,333	2.17%
2017		12,990,000	5,681,682	7,308,318	246,995,156	2.30%
2016		12,377,878	6,100,004	6,277,874	239,436,096	2.55%
2015		12,017,270	6,637,601	5,379,669	240,652,174	2.76%

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

\*\* Beginning in FY2020 the funding deficiency/(excess) was changed from accrual to cash basis. The net difference between the ADC and the Paygo is recorded as payable to the City and reimbursed in the following fiscal year. The effective deficiency excess is the difference between these reimbursements year over year and in FY2020 a \$2,678 adjustment.

+ Actuarial Determined Contribution is not currently available for this plan

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-7

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios - unaudited  
Year Ended June 30, 2021

City Directed OPEB Plan	2018	2019	2020	2021
<b>Total OPEB liability</b>				
Service cost	\$ 2,470,272	2,622,677	2,840,269	2,948,154
Interest cost	5,541,256	5,405,083	5,969,997	6,517,501
Change of benefit terms				
Difference between expected and actual experience	1,925,666	6,721,119	7,506,290	3,178,399
Changes in Assumptions	(5,323,681)	-	(3,209,635)	-
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)	(5,002,653)
<b>Net change in total OPEB liability</b>	<b>(1,586,829)</b>	<b>8,146,399</b>	<b>8,537,647</b>	<b>7,641,401</b>
<b>Total OPEB liability - beginning</b>	<b>81,783,807</b>	<b>80,196,978</b>	<b>88,343,377</b>	<b>96,881,023</b>
<b>Total OPEB liability - ending</b>	<b>\$ 80,196,978</b>	<b>88,343,377</b>	<b>96,881,024</b>	<b>104,522,424</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 6,200,342	5,120,704	2,558,807	3,189,391
Net investment income	6,556,557	5,272,630	5,541,530	23,826,374
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)	(5,002,653)
<b>Net change in plan fiduciary net position</b>	<b>6,556,557</b>	<b>3,790,854</b>	<b>3,531,063</b>	<b>22,013,112</b>
<b>Plan fiduciary net position - beginning</b>	<b>78,646,342</b>	<b>85,202,899</b>	<b>88,993,753</b>	<b>92,524,816</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 85,202,899</b>	<b>88,993,753</b>	<b>92,524,816</b>	<b>114,537,928</b>
<b>Net OPEB liability (asset) - ending</b>	<b>(5,005,921)</b>	<b>(650,376)</b>	<b>4,356,208</b>	<b>(10,015,504)</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability (asset)</b>	<b>106.24%</b>	<b>100.74%</b>	<b>95.50%</b>	<b>109.58%</b>
<b>Covered payroll</b>	<b>\$ 158,317,359</b>	<b>165,769,435</b>	<b>171,271,305</b>	<b>169,612,145</b>
<b>Net OPEB liability (asset) as a percentage of covered payroll</b>	<b>-3.16%</b>	<b>-0.39%</b>	<b>2.54%</b>	<b>-5.90%</b>
<b>Expected average remaining service years of all participants</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Annual money - weighted rate of return, net of investment expense</b>	<b>7.98%</b>	<b>6.48%</b>	<b>6.38%</b>	<b>26.05%</b>

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

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

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-8

Schedule of City of Chesapeake Proportionate Share of Net OPEB Liability - VRS Directed Programs - unaudited  
Year Ended June 30, 2021

	2018	2019	2020	2021
<b>Virginia Local Disability Program</b>				
Employers Proportion of the Net VLDP OPEB Liability	9.82223%	10.44129%	10.23567%	10.26223%
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability	\$ 56,000	81,000	207,356	102,442
City of Chesapeake Covered Payroll	17,984,904	24,838,835	31,630,332	38,240,626
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll	0.31%	0.33%	0.66%	0.27%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	38.40%	51.39%	49.19%	76.84%
<b>Group Life Insurance Program</b>				
Employers Proportion of the Net GLIP OPEB Liability	0.84410%	0.84669%	0.85198%	0.84104%
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability	\$ 12,702,000	12,859,000	13,863,982	14,035,581
City of Chesapeake Covered Payroll	153,143,100	158,317,359	165,769,435	171,271,305
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll	8.29%	8.12%	8.36%	8.19%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability	48.86%	51.22%	52.00%	52.64%
<b>Line of Duty Act</b>				
Employers Proportion of the Net LODA OPEB Liability	6.09451%	6.18415%	6.53382%	6.25720%
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability	\$ 16,016,000	19,387,000	23,442,441	26,187,356
City of Chesapeake Covered Payroll	153,143,100	158,317,359	165,769,435	171,271,305
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability as a Percentage of its covered payroll	*	*	*	*
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.30%	0.60%	0.79%	1.02%

\* Contributions to the Line of Duty Trust Fund are based on the number of participants in the program using a per-capita based contribution versus a payroll-based contribution.

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

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-9

Schedule of Changes in the Net OPEB Liability and Related Ratios - unaudited  
Year Ended June 30, 2021

<b>Schools Directed OPEB Plan</b>	<b>2018*</b>	<b>2019*</b>	<b>2020*</b>	<b>2021*</b>
<b>Total OPEB liability</b>				
Service cost	\$ 5,640,881	4,948,794	4,726,009	5,258,384
Interest cost	4,683,042	5,496,930	5,633,989	5,240,229
Change in benefit terms	-	-	-	(3,033,535)
Difference between expected and actual experience	(1,299,051)	(2,077,490)	(1,937,712)	3,168,388
Change in assumption	(13,473,773)	(698,818)	8,959,393	14,887,367
Benefit payments	(5,681,682)	(5,481,286)	(5,223,504)	(5,020,164)
<b>Net change in total OPEB liability</b>	<b>(10,130,583)</b>	<b>2,188,130</b>	<b>12,158,175</b>	<b>20,500,669</b>
<b>Total OPEB liability - beginning</b>	<b>167,158,106</b>	<b>157,027,523</b>	<b>159,215,653</b>	<b>171,373,828</b>
<b>Total OPEB liability - ending</b>	<b>\$ 157,027,523</b>	<b>159,215,653</b>	<b>171,373,828</b>	<b>191,874,497</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 5,681,862	5,481,286	5,223,504	5,020,164
Net investment income	354,865	296,635	153,792	105,287
Benefit payments	(5,681,862)	(5,481,286)	(5,223,504)	(5,020,164)
<b>Net change in plan fiduciary net position</b>	<b>354,865</b>	<b>296,635</b>	<b>153,792</b>	<b>105,287</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,786,002</b>	<b>3,140,867</b>	<b>3,437,502</b>	<b>3,591,294</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 3,140,867</b>	<b>3,437,502</b>	<b>3,591,294</b>	<b>3,696,581</b>
<b>Net OPEB liability - ending</b>	<b>\$ 153,886,656</b>	<b>155,778,151</b>	<b>167,782,534</b>	<b>188,177,916</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	<b>2.00%</b>	<b>2.16%</b>	<b>2.10%</b>	<b>1.93%</b>
<b>Covered payroll</b>	<b>\$ 246,995,156</b>	<b>252,730,333</b>	<b>259,804,440</b>	<b>276,307,755</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>62.30%</b>	<b>61.64%</b>	<b>64.58%</b>	<b>68.10%</b>
<b>Expected average remaining service years of all participants</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Annual money - weighted rate of return, net of investment expense</b>	<b>13.04%</b>	<b>9.52%</b>	<b>9.00%</b>	<b>5.90%</b>

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

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

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

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-10

Schedule of City of Chesapeake Schools' Proportionate Share of Net OPEB Liability - VRS Directed Programs -  
unaudited

Year Ended June 30, 2021

	2018	2019	2020	2021
<b>Virginia Local Disability Program</b>				
Employers' Proportion of the Net VLDP OPEB Liability				
Nonprofessional employees	1.77573%	1.75555%	1.82867%	1.78686%
Professional employees	7.09952%	7.69735%	8.22729%	8.79621%
Schools' Proportionate Share of the Net VLDP OPEB Liability				
Nonprofessional employees	\$ 10,000	14,000	37,046	17,838
Professional employees	42,000	58,000	47,828	70,571
Schools' Covered Payroll				
Nonprofessional employees	3,260,758	4,262,590	5,650,999	6,658,479
Professional employees	20,034,887	28,701,027	39,452,671	52,029,564
Schools' Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll				
Nonprofessional employees	0.31%	0.33%	0.66%	0.27%
Professional employees	0.21%	0.20%	0.12%	0.14%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability				
Nonprofessional employees	38.40%	51.39%	49.21%	76.84%
Professional employees	31.96%	46.18%	74.07%	78.28%
<b>Group Life Insurance Program</b>				
Employers' Proportion of the Net GLIP OPEB Liability				
Nonprofessional employees	0.11811%	0.11253%	0.10886%	0.10789%
Professional employees	1.22538%	1.22538%	1.22286%	1.22781%
Schools' Proportionate Share of the Net GLIP OPEB Liability				
Nonprofessional employees	\$ 1,777,000	1,709,000	1,771,442	1,800,507
Professional employees	18,440,000	18,568,000	19,899,187	20,490,139
Schools' Covered Payroll				
Nonprofessional employees	21,784,960	21,396,564	21,340,312	22,203,675
Professional employees	226,026,199	232,470,818	239,721,566	252,686,782
Schools' Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll				
Nonprofessional employees	8.16%	7.99%	8.30%	8.11%
Professional employees	8.16%	7.99%	8.30%	8.11%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability				
Nonprofessional employees	48.86%	51.22%	52.00%	52.64%
Professional employees	48.86%	51.22%	52.00%	52.64%
<b>Health Insurance Credit Program - Professional Employees</b>				
Employers' Proportion of the Net HICP OPEB Liability	2.85627%	2.86573%	2.84923%	2.87581%
Schools' Proportionate Share of the Net HICP OPEB Liability	\$ 36,235,000	36,386,000	37,299,191	37,515,416
Schools' Covered Payroll	225,417,292	231,762,672	238,983,997	252,115,534
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	16.07%	15.70%	15.61%	14.88%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	7.04%	8.08%	8.97%	9.95%
<b>Health Insurance Credit Program - Non-professional Employees*</b>				
Schools' Proportionate Share of the Net HICP OPEB Liability	\$ -	-	-	2,516,734
Schools' Covered Payroll	-	-	-	21,554,429
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	N/A	N/A	N/A	11.68%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	N/A	N/A	N/A	31.58%

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

\*2021 is the first year for the Health Insurance Credit Program - Non-professional Employees.

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

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-11

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited  
Year Ended June 30, 2021

<b>Fiscal year ended June 30:</b>	<b>Annual Required Contribution</b>	<b>Actual Amount Contributed in Dollars</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>City - VRS Directed Programs</b>					
<b>Virginia Local Disability Program</b>					
2021	\$ 329,180	329,180	-	40,810,710	0.81%
2020	271,012	271,012	-	38,240,626	0.71%
2019	221,571	221,571	-	31,630,332	0.70%
2018	148,817	148,817	-	24,838,835	0.60%
2017	108,219	108,219	-	17,984,904	0.60%
2016	68,377	68,377	-	8,027,845	0.85%
<b>Group Life Insurance</b>					
2021	\$ 924,169	924,169	-	169,612,145	0.54%
2020	897,695	897,695	-	171,271,305	0.52%
2019	866,852	866,852	-	165,769,435	0.52%
2018	834,086	834,086	-	158,317,359	0.53%
2017	809,643	809,643	-	153,143,100	0.53%
2016	716,757	716,757	-	147,330,182	0.49%
<b>Line of Duty Act *</b>					
2021	\$ 931,427	931,427	-	169,612,145	0.55%
2020	849,747	849,747	-	171,271,305	0.50%
2019	768,062	768,062	-	165,769,435	0.46%
2018	658,716	658,716	-	158,317,359	0.42%
2017	657,156	657,156	-	153,143,100	0.43%
2016	583,954	583,954	-	147,330,182	0.40%

\*The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

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

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule L-11, Continued

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited  
Year Ended June 30, 2021

Fiscal year ended June 30:	Annual Required Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
<b>Schools - VRS Directed Programs</b>					
<b>Virginia Local Disability Program</b>					
Nonprofessional employees					
2021	\$ 57,858	57,858	-	6,970,810	0.83%
2020	47,941	47,941	-	6,658,479	0.72%
2019	35,036	35,036	-	5,650,999	0.62%
2018	25,576	25,576	-	4,262,590	0.60%
2017	19,565	19,565	-	3,260,758	0.60%
2016	13,986	13,986	-	2,330,961	0.60%
Professional employees					
2021	294,965	294,965	-	62,758,457	0.47%
2020	213,321	213,321	-	52,029,564	0.41%
2019	161,756	161,756	-	39,452,671	0.41%
2018	88,973	88,973	-	28,701,027	0.31%
2017	62,108	62,108	-	20,034,887	0.31%
2016	30,785	30,785	-	10,615,473	0.29%
<b>Group Life Insurance</b>					
Nonprofessional employees					
2021	\$ 115,793	115,793	-	21,443,236	0.54%
2020	115,459	115,459	-	22,203,675	0.52%
2019	110,970	110,970	-	21,340,312	0.52%
2018	111,262	111,262	-	21,396,564	0.52%
2017	113,282	113,282	-	21,784,960	0.52%
2016	103,034	103,034	-	21,465,516	0.48%
Professional employees					
2021	1,376,761	1,376,761	-	254,955,804	0.54%
2020	1,313,971	1,313,971	-	252,686,782	0.52%
2019	1,246,552	1,246,552	-	239,721,566	0.52%
2018	1,208,848	1,208,848	-	232,470,818	0.52%
2017	1,175,336	1,175,336	-	226,026,199	0.52%
2016	1,050,010	1,050,010	-	218,752,180	0.48%
<b>Health Insurance Credit Program - Professional Employees</b>					
2021	\$ 3,074,717	3,074,717	-	254,108,820	1.21%
2020	3,025,386	3,025,386	-	252,115,534	1.20%
2019	2,867,808	2,867,808	-	238,983,997	1.20%
2018	2,850,681	2,850,681	-	231,762,672	1.23%
2017	2,502,132	2,502,132	-	225,417,292	1.11%
2016	2,312,292	2,312,292	-	218,140,798	1.06%
<b>Health Insurance Credit Program - Non-professional Employees*</b>					
2021	\$ 197,417	197,417	-	21,227,603	0.93%

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

\*2021 is the first year for the Health Insurance Credit Program - Non-professional Employees.

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

Notes to Required Supplementary Information  
June 30, 2021

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**(1) Budgets and Budgetary Accounting**

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

Annual budget requests of the General Fund, Special Revenue Funds (except the Community Development Fund, Grants Fund, Open Space Agriculture Preservation Fund, Proffers Fund, Housing Trust Fund and CSB of Chesapeake, Inc., a blended component unit), Debt Service Fund and Enterprise Funds (excluding construction funds) for the ensuing fiscal year are submitted to the City Manager by department or agency heads during the second quarter of the fiscal year. The City Manager reviews the requests and meets with department heads to discuss the requests. The General Capital Projects Fund, Public Utilities Construction Funds, Chesapeake Transportation System Construction Fund, Stormwater Management Construction Fund, Grants Fund, Open Space Agriculture Preservation Fund, Proffers Fund, Housing Trust Fund and the Community Development Fund utilize project budgets in lieu of legally adopted annual budgets. The City Council does not adopt a budget for CSB of Chesapeake, Inc.

Section 5.02 of the City Charter states that “the City Manager shall submit to the Council an operating budget and a budget message at least 90 days prior to the beginning of each fiscal year”. This budget includes the Public Schools budget request as adopted by the School Board which is by law a separate and autonomous “body politic”. The City Manager can recommend a revision only in the total estimated resources and requirements in the School Board budget request. The City Council makes an annual appropriation to the Public Schools but is prohibited from exercising any control over specific expenditures of the Public Schools operating funds.

The budget is required to be adopted at the fund level by a majority vote of the City Council at least 47 days prior to the end of the current fiscal year.

After work sessions and public hearings, the City Manager’s recommended budget may be amended as necessary by the City Council and an appropriations ordinance, tax levy and other revenue enhancements as may be necessary to balance the budget are adopted. Tax rates are established prior to the beginning of the fiscal year.

The City Council may authorize supplemental appropriations during the fiscal year based on the availability of financial resources. Effective with budget year beginning July 1, 2016, the City Manager is authorized by City Council to make transfers of funds between funds, departments and programs up to \$250,000 and is required to notify City Council. For any budget transfers greater than \$250,000, cross capital projects or cross between operating and capital budgets, the requests must be authorized by City Council. Any revisions that alter total appropriations must be approved by City Council. The legal level of budgetary control rests at the fund level.

Each appropriation in a legally adopted annual budget lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Because encumbrances outstanding at year end are reappropriated under the following year’s budget adoption process, encumbrances are considered expenditures (for budgetary purposes) in the year that the expenditure is incurred.

Appropriations for funds utilizing capital or project budgets do not lapse at year end but are multi-year and continue until the purpose of the appropriation has been fulfilled or abandoned. Appropriations under the capital improvement program are considered abandoned if three years pass without any disbursement or encumbrance of the appropriation. The level of budgetary control is on a project basis with additional controls being exercised administratively, as reasonable and necessary.

Unaudited - see accompanying auditors' report

*(Continued)*



Notes to Required Supplementary Information  
June 30, 2021

The General Fund budget is adopted on a modified accrual basis consistent with accounting principles generally accepted in the United States of America.

The original budget includes the adjustments necessary to bring forward the reappropriated encumbrances as authorized in the annual budget resolution.

**(2) Retirement Plans**

**Changes of benefit terms – All Plans**

There have been no actuarially material changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – 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 for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Schools Professional Employees (Teachers)**

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

**City Employees and Schools Nonprofessional Employees**

**Non-Hazardous Duty**

- Updated 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 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%

**Hazardous Duty**

- Updated to a more current mortality table – RP-2014 projected to 2020
- Retirement rates - increased 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 experience
- Adjusted disability rates to better fit experience
- Decreased Line of Duty disability rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%

**(3) Other Postemployment Benefit Plans**

**Changes of benefit terms – All VRS Plans**

There have been no actuarially material changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

Unaudited - see accompanying auditors' report

(Continued)

Notes to Required Supplementary Information  
June 30, 2021

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**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 July 1, 2012 through June 30, 2016, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019 (not applicable to the Line of Duty Plan). Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**VRS Plans-**

**Health Insurance Credit Program-**

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

**Group Life Insurance Program-**

**General Employees**

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

**Hazardous Duty Employees**

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

**Teachers**

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

**Line of Duty Act Plan-**

**General Employees**

- Updated to a more current mortality table – RP-2014 projected to 2020
- Increased age 50 rates and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each age and service year
- Adjusted disability rates to better match experience
- Decreased Line of Duty disability from 60% to 45%

**Virginia Local Disability Program-**

**General Employees**

- Updated to a more current mortality table – RP-2014 projected to 2020

Unaudited - see accompanying auditors' report

(Continued)

Notes to Required Supplementary Information  
June 30, 2021

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- Lowered retirement rates at older ages and extended final retirement age from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- Increased Line of Duty disability from 14% to 15%
- Decreased the discount rate from 7.00% to 6.75%

**Teachers**

- Updated 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 termination rates to better fit experience at each age and service year.
- Adjusted disability rates to better match experience.
- Increased Line of Duty disability rate from 14% to 15%.
- Decreased discount rate from 7.00% to 6.75%

**City Directed OPEB Plan-**

**Changes of benefit terms** - There have been no actuarially material benefit changes.

**Changes of assumptions** - There have been no actuarial changes of assumptions.

Unaudited - see accompanying auditors' report

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Other Supplementary Information -  
Combining and Individual Fund  
Schedules



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# General Fund

**General Fund** – To account for all revenues and expenditures of the City which are not accounted for in other funds. Revenues are primarily derived from general property taxes, other local taxes, charges for services and revenue from state and federal grants.

A significant part of the General Fund's revenue is transferred to component units and other funds, principally to fund operations of the Chesapeake Public Schools, the Virginia Public Assistance Fund, the Community Services Fund, debt service requirements for the City and Public Schools and to fund construction projects.



## CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1

General Fund  
 Schedule of Revenues and Other Financing Sources -  
 Budget and Actual  
 Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
<b>General property taxes</b>			
Current taxes on real property	\$ 272,583,864	277,285,726	4,701,862
Current taxes on public service corporations	10,504,495	11,329,477	824,982
Current taxes on personal property	44,917,190	54,581,813	9,664,623
Delinquent taxes on real property	2,775,000	2,577,376	(197,624)
Delinquent taxes on personal property	14,570,322	20,712,407	6,142,085
Penalties, interest and advertising	3,071,000	3,769,049	698,049
<b>Total general property taxes</b>	<b>348,421,871</b>	<b>370,255,848</b>	<b>21,833,977</b>
<b>Other local taxes</b>			
Local sales and use taxes	41,031,632	51,037,755	10,006,123
Consumer utility taxes	10,879,803	10,919,483	39,680
Communications sales tax	4,590,802	3,808,175	(782,627)
Business license taxes	24,930,752	29,019,712	4,088,960
Local utility consumption tax	885,800	942,995	57,195
Bank stock taxes	1,300,500	1,668,382	367,882
Taxes on recordation and wills	2,617,280	6,387,934	3,770,654
Tobacco taxes	4,955,000	4,778,931	(176,069)
Lodging tax	3,990,000	4,878,278	888,278
Restaurant food tax	19,560,075	27,287,889	7,727,814
Admission taxes	551,800	244,532	(307,268)
Short-term rental taxes	760,000	1,073,665	313,665
Pari-mutuel wagering pool tax	50,149	30,749	(19,400)
<b>Total other local taxes</b>	<b>116,103,593</b>	<b>142,078,480</b>	<b>25,974,887</b>
<b>Revenues from local sources</b>			
Licenses, permits and fees:			
Bicycle licenses	-	7	7
Building structure and equipment permits	954,295	1,426,242	471,947
Precious metals and gems permits	2,970	2,800	(170)
Highway and driveway permits	22,248	19,800	(2,448)
Transfer fees	6,715	8,608	1,893
Zoning inspection fees	70,592	60,148	(10,444)
Building inspection fees	104,380	89,070	(15,310)
Electrical inspection fees	320,742	338,779	18,037
Elevator inspection fees	14,832	14,680	(152)
Plumbing inspection fees	176,130	227,233	51,103
Mechanical permits	389,340	563,731	174,391
Subdivision review fees	169,920	261,959	92,039
Solicitors permits	2,070	1,949	(121)
Taxi operators licenses	360	50	(310)
Motor vehicle license	6,347,520	6,652,417	304,897
Inspection fees - gas appliances	64,890	79,971	15,081
Animal license and fees	174,024	160,372	(13,652)
Rodent free certification fee	4,635	4,585	(50)
Hunting and fishing license	-	8	8
Rental inspection fees	7,416	1,155	(6,261)
<b>Total licenses, permits and fees</b>	<b>8,833,079</b>	<b>9,913,564</b>	<b>1,080,485</b>
Fines and forfeitures	1,186,955	989,652	(197,303)
Investment income	950,000	105,828	(844,172)

(Continued)



## CITY OF CHESAPEAKE, VIRGINIA

## Schedule M-1, Continued

General Fund  
 Schedule of Revenues and Other Financing Sources -  
 Budget and Actual  
 Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues from local sources, continued:</b>			
Revenues from use of property:			
Rental of general property	\$ 210,400	184,466	(25,934)
Rental of recreational properties and facilities	473,688	251,994	(221,694)
Library rental revenue	17,640	(959)	(18,599)
Rental of showmobile	33,300	21,351	(11,949)
Total revenues from use of property	735,028	456,852	(278,176)
Charges for services:			
Special court costs	47,685	32,013	(15,672)
Law library fees	106,250	77,347	(28,903)
Accident report fees	38,250	25,969	(12,281)
Municipal court fees	33,915	18,821	(15,094)
Civil penalties	65,535	72,707	7,172
Non-support fees	103,870	193,582	89,712
Commonwealth's Attorney fees	22,610	17,869	(4,741)
Police escort fees	21,250	72,409	51,159
Sale of service - police	258,825	179,822	(79,003)
Fire report fees	850	290	(560)
Sheriff fees	19,433	22,861	3,428
Inmate medical fees	31,263	24,202	(7,061)
Sale of service - jail	51,979	105,924	53,945
Sale of service - jail inmates	29,378	67,034	37,656
Inmate phone system - jail	754,800	1,040,239	285,439
Sale of service - Sheriff	784,448	600,911	(183,537)
Sale of service - public works	285,867	292,034	6,167
Recreation fees	1,070,726	233,339	(837,387)
Sale of food and beverages	21,292	17,342	(3,950)
Library fines and fees	193,050	28,587	(164,463)
Lot processing fees	87,550	49,925	(37,625)
Sale of service - planning	3,825	9,590	5,765
Returned check fees	11,050	16,098	5,048
Custodian service	97,750	80,980	(16,770)
Wage assignment fees	-	6,526	6,526
Sale of service - assessor	1,360	2,394	1,034
Emergency medical service fees	5,434,922	6,363,899	928,977
Administration collected fees	691,730	691,930	200
Wetland Board civil fees	23,001	21,100	(1,901)
Passport application fee	25,500	32,643	7,143
Sale of service - Commissioner of the Revenue	109,905	121,000	11,095
Subdivision inspection fees	306,425	461,232	154,807
Fire plan review fees	34,000	36,197	2,197
Zoning fees	20,136	30,710	10,574
Building plan fees	56,907	84,455	27,548
Inspections technology fee	68,639	92,360	23,721
E-Government subscription fee	24,055	38,774	14,719
Other charges for services	12,410	10,241	(2,169)
Total charges for services	10,950,441	11,273,356	322,915

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund  
Schedule of Revenues and Other Financing Sources -  
Budget and Actual  
Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues from local sources, continued:</b>			
Miscellaneous local revenues:			
Payments in lieu of taxes	\$ -	78,568	78,568
Sale of ARC - public works	24,906	68,807	43,901
Sale of junk and salvage	-	498,360	498,360
Escheated funds	-	157,948	157,948
Other revenue	69,742	178,291	108,549
Total miscellaneous local revenues	94,648	981,974	887,326
Recovered costs:			
Other recoveries and rebates	-	217,757	217,757
Recoveries - Jury	-	253	253
Total recovered costs	-	218,010	218,010
<b>Total revenues from local sources</b>	<b>487,275,615</b>	<b>536,273,564</b>	<b>48,997,949</b>
<b>Revenues from the Commonwealth</b>			
Noncategorical aid:			
Motor vehicle carrier taxes	157,225	159,026	1,801
Mobile home titling taxes	34,770	24,819	(9,951)
Indirect costs	230,000	245,043	15,043
Daily rental taxes - auto	1,206,000	1,561,322	355,322
Deed taxes	912,095	1,390,278	478,183
Personal Property Tax Relief	25,159,201	28,590,001	3,430,800
Games of skill taxes	-	563,760	563,760
Total noncategorical aid	27,699,291	32,534,249	4,834,958
Categorical aid:			
Shared expenses:			
Commonwealth's Attorney	1,979,132	2,070,842	91,710
Sheriff	12,026,443	12,652,884	626,441
Commissioner of the Revenue	354,380	378,145	23,765
Treasurer	382,956	400,712	17,756
Registrar/Electoral Board	76,516	80,599	4,083
Circuit Court Clerk	1,219,161	1,218,875	(286)
Agriculture	94,700	95,869	1,169
Total shared expenses	16,133,288	16,897,926	764,638

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund  
Schedule of Revenues and Other Financing Sources -  
Budget and Actual  
Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>Revenues from the Commonwealth, continued:</b>			
Other categorical aid:			
Local jail	\$ 1,959,417	2,042,905	83,488
Police	7,255,789	7,255,788	(1)
Street and highway maintenance	36,171,166	37,044,136	872,970
Library	196,305	215,156	18,851
Excess fees	255,000	512,222	257,222
Transportation improvement set-aside	-	1,000,000	1,000,000
Total other categorical aid	45,837,677	48,070,207	2,232,530
Total categorical aid	61,970,965	64,968,133	2,997,168
<b>Total revenues from the Commonwealth</b>	<b>89,670,256</b>	<b>97,502,382</b>	<b>7,832,126</b>
<b>Revenues from the Federal Government</b>			
Noncategorical aid - Refuge Revenue Sharing Act	29,000	27,959	(1,041)
Categorical aid:			
Other federal grants	6,000	33,653	27,653
Emergency reimbursement - Federal	-	3,080	3,080
<b>Total revenues from the Federal Government</b>	<b>35,000</b>	<b>64,692</b>	<b>29,692</b>
<b>Revenues from Chesapeake Public Schools</b>	<b>-</b>	<b>10,918</b>	<b>10,918</b>
<b>Total revenues</b>	<b>576,980,871</b>	<b>633,851,556</b>	<b>56,870,685</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers from other funds	10,037,707	10,732,329	694,622
<b>Total other financing sources</b>	<b>10,037,707</b>	<b>10,732,329</b>	<b>694,622</b>
<b>Total revenues and other financing sources</b>	<b>\$ 587,018,578</b>	<b>644,583,885</b>	<b>57,565,307</b>

## CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2

General Fund  
Schedule of Expenditures, Encumbrances and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2021

	Appropriations	Expenditures			Balance	Encumbrances	Unencumbered Balance
		Operating	Capital Outlay	Total			
<b>EXPENDITURES</b>							
<b>General government:</b>							
Legislative Department - City Council	\$ 1,073,787	978,024	-	978,024	95,763	312	95,451
Executive Department:							
City Manager	3,041,434	2,660,053	-	2,660,053	381,381	13,821	367,560
Public communications	1,791,829	1,645,170	-	1,645,170	146,659	7,778	138,881
Contingencies	(9,925,610)	-	-	-	(9,925,610)	-	(9,925,610)
Environmental emergencies	150,000	-	-	-	150,000	-	150,000
Emergency event - COVID 19	250,000	202,471	-	202,471	47,529	43,224	4,305
Department of Law - City Attorney	2,958,272	2,424,906	-	2,424,906	533,366	3,903	529,463
Department of Finance:							
Commissioner of the Revenue	4,111,705	3,679,900	-	3,679,900	431,805	3,414	428,391
Real Estate Assessor	2,855,660	2,717,516	-	2,717,516	138,144	625	137,519
Board of Equalization	4,744	2,608	-	2,608	2,136	-	2,136
City Treasurer	6,277,149	4,976,868	-	4,976,868	1,300,281	8,111	1,292,170
Director of Finance	2,896,351	2,559,304	-	2,559,304	337,047	72,156	264,891
Economic development	2,510,558	2,166,555	-	2,166,555	344,003	191,995	152,008
Budget Director	853,844	766,318	-	766,318	87,526	423	87,103
City Auditor	710,622	666,429	-	666,429	44,193	-	44,193
Independent auditors	309,174	298,208	-	298,208	10,966	3,000	7,966
Department of Human Resources:							
Human resources	3,328,057	2,553,966	-	2,553,966	774,091	476,383	297,708
Judicial Department:							
Circuit court	777,818	722,798	-	722,798	55,020	300	54,720
Magistrates office	74,001	53,727	12,460	66,187	7,814	5,453	2,361
General district court	362,008	179,318	-	179,318	182,690	8,604	174,086
Juvenile and domestic relations court	151,130	116,197	20,725	136,922	14,208	455	13,753
Court services unit	357,532	211,960	-	211,960	145,572	-	145,572
Commonwealth's Attorney	5,592,294	5,282,826	-	5,282,826	309,468	648	308,820
Circuit Court Clerk	2,871,613	2,677,670	-	2,677,670	193,943	-	193,943
Sheriff	52,372,146	49,768,156	196,558	49,964,714	2,407,432	441,901	1,965,531
Purchasing	1,146,859	972,181	-	972,181	174,678	1,407	173,271
Department of Public Health:							
General clinics	2,406,163	2,285,559	-	2,285,559	120,604	-	120,604
OSHA services	538,647	276,414	-	276,414	262,233	7,566	254,667

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2, Continued

General Fund  
Schedule of Expenditures, Encumbrances and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2021

	Appropriations	Expenditures			Balance	Encumbrances	Unencumbered Balance
		Operating	Capital Outlay	Total			
General government, continued:							
Department of Public Library:							
Public library	\$ 10,534,938	9,474,313	76,093	9,550,406	984,532	334,780	649,752
Public library state aid	227,077	227,077	-	227,077	-	-	-
Law library	44,520	26,845	-	26,845	17,675	-	17,675
Boards and Commissions:							
Planning department	2,739,370	2,426,881	-	2,426,881	312,489	22,743	289,746
Planning commission	64,608	40,754	-	40,754	23,854	-	23,854
Electoral board	1,722,450	1,412,734	-	1,412,734	309,716	3,850	305,866
Department of Agriculture	465,329	462,260	-	462,260	3,069	1,166	1,903
Department of Human Services							
Division of Community Programs	2,465,949	1,853,639	-	1,853,639	612,310	661	611,649
Customer Contact Center	1,017,007	978,551	-	978,551	38,456	2,702	35,754
Department of Development and Permits	7,874,636	7,392,172	8,200	7,400,372	474,264	14,266	459,998
Nondepartmental:							
Support of civic and community organizations	2,101	-	-	-	2,101	2,100	1
Regional cooperation and support	1	-	-	-	1	-	1
Other nondepartmental support	1,985,350	1,039,403	-	1,039,403	945,947	500	945,447
Chesapeake regional airport	296,459	296,459	-	296,459	-	-	-
Debt service	2,221,750	1,984,750	-	1,984,750	237,000	-	237,000
Total general government	121,509,332	118,460,940	314,036	118,774,976	2,734,356	1,674,247	1,060,109
Public Safety:							
Police department	50,202,221	39,629,390	111,118	39,740,508	10,461,713	458,900	10,002,813
Animal control	2,124,882	1,811,558	-	1,811,558	313,324	27,863	285,461
Public safety training	1,467,905	1,135,943	-	1,135,943	331,962	97,076	234,886
Fire department	49,034,444	40,249,420	53,358	40,302,778	8,731,666	28,484	8,703,182
Fire prevention bureau	1,877,017	1,777,819	-	1,777,819	99,198	-	99,198
Emergency management operations	523,938	462,527	-	462,527	61,411	3,385	58,026
Mobile integrated healthcare	586,581	254,781	85,491	340,272	246,309	184,122	62,187
Total public safety	105,816,988	85,321,438	249,967	85,571,405	20,245,583	799,830	19,445,753
Public works:							
Engineering and administration	6,301,251	5,768,859	-	5,768,859	532,392	26,056	506,336
Traffic engineering	7,834,677	6,502,485	60,506	6,562,991	1,271,686	102,524	1,169,162
Street maintenance	15,755,094	12,713,182	-	12,713,182	3,041,912	1,652,275	1,389,637
Bridges and structures	4,337,449	3,065,541	19,600	3,085,141	1,252,308	286,600	965,708

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2, Continued

General Fund  
Schedule of Expenditures, Encumbrances and Other Financing Uses -  
Budget and Actual  
Year Ended June 30, 2021

	Appropriations	Operating	Expenditures		Balance	Encumbrances	Unencumbered Balance
			Capital Outlay	Total			
<b>Public works, continued:</b>							
Bureau of drainage	\$ 3,133,987	1,766,108	36,405	1,802,513	1,331,474	558,950	772,524
Buildings maintenance	8,138,840	7,265,941	-	7,265,941	872,899	280,774	592,125
Facilities Management - building	2,083,290	1,466,456	159,093	1,625,549	457,741	119,480	338,261
Public works operations	1,956,250	1,775,934	-	1,775,934	180,316	10,750	169,566
Solid waste collection	21,874,166	20,925,405	-	20,925,405	948,761	369,586	579,175
Hampton Road Transit	1,996,872	1,981,783	-	1,981,783	15,089	-	15,089
<b>Total public works</b>	<b>73,411,876</b>	<b>63,231,694</b>	<b>275,604</b>	<b>63,507,298</b>	<b>9,904,578</b>	<b>3,406,995</b>	<b>6,497,583</b>
<b>Parks and recreation:</b>							
Administration	3,022,700	2,417,785	-	2,417,785	604,915	1,509	603,406
Community centers	2,589,399	2,037,498	40,001	2,077,499	511,900	83,994	427,906
Parks operations	1,761,207	1,393,442	5,165	1,398,607	362,600	40,150	322,450
Parks and grounds maintenance	3,984,405	3,264,998	295,606	3,560,604	423,801	215,624	208,177
Parks, grounds and building maintenance - warehouse and work order	159,303	96,917	-	96,917	62,386	-	62,386
Recreation programs	1,235,408	632,571	-	632,571	602,837	6,972	595,865
Special programs	2,205,627	1,077,738	-	1,077,738	1,127,889	7,750	1,120,139
Fine arts programs	87,475	67,016	-	67,016	20,459	-	20,459
<b>Total parks and recreation</b>	<b>15,045,524</b>	<b>10,987,965</b>	<b>340,772</b>	<b>11,328,737</b>	<b>3,716,787</b>	<b>355,999</b>	<b>3,360,788</b>
<b>Education - payments to public schools</b>	<b>219,213,614</b>	<b>197,047,317</b>	<b>-</b>	<b>197,047,317</b>	<b>22,166,297</b>	<b>-</b>	<b>22,166,297</b>
<b>Total expenditures and encumbrances</b>	<b>534,997,334</b>	<b>475,049,354</b>	<b>1,180,379</b>	<b>476,229,733</b>	<b>58,767,601</b>	<b>6,237,071</b>	<b>52,530,530</b>
<b>OTHER FINANCING USES</b>							
Transfers to other funds:							
Debt Service Fund	36,153,125	36,153,125	-	36,153,125	-	-	-
Capital Projects Fund	25,152,125	25,152,125	-	25,152,125	-	-	-
Virginia Public Assistance Fund	4,514,011	4,514,011	-	4,514,011	-	-	-
Integrated Behavioral Healthcare Fund	6,802,332	6,802,332	-	6,802,332	-	-	-
Conference Center Fund	4,307	4,307	-	4,307	-	-	-
Juvenile Services Fund	509,793	509,793	-	509,793	-	-	-
Interagency Consortium Fund	2,552,238	2,552,238	-	2,552,238	-	-	-
E-911 Operations Fund	1,273,034	1,273,034	-	1,273,034	-	-	-
Fee Supported Activities Fund	809	809	-	809	-	-	-
Grants Fund	73,530	(7,055)	-	(7,055)	80,585	-	80,585
Economic Development Authority	1,407,000	1,152,289	-	1,152,289	254,711	-	254,711
Information Technology Fund	205,188	205,188	-	205,188	-	-	-
City Garage Fund	42,794	42,794	-	42,794	-	-	-
Self-Insurance Fund	2,800	2,800	-	2,800	-	-	-
<b>Total transfers to other funds</b>	<b>78,693,086</b>	<b>78,357,790</b>	<b>-</b>	<b>78,357,790</b>	<b>335,296</b>	<b>-</b>	<b>335,296</b>
<b>Total other financing uses</b>	<b>78,693,086</b>	<b>78,357,790</b>	<b>-</b>	<b>78,357,790</b>	<b>335,296</b>	<b>-</b>	<b>335,296</b>
<b>Total expenditures, encumbrances and other financing uses</b>	<b>\$ 613,690,420</b>	<b>553,407,144</b>	<b>1,180,379</b>	<b>554,587,523</b>	<b>59,102,897</b>	<b>6,237,071</b>	<b>52,865,826</b>

# Debt Service Fund

**Debt Service Fund** – To account for the accumulation of resources for the payment of principal, interest and related costs on long-term financial obligations of governmental funds.



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## CITY OF CHESAPEAKE, VIRGINIA

Schedule N

Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget and Actual  
Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	91,405	91,405
Revenues from use of property	49,400	54,889	5,489
Miscellaneous local revenues	498,326	586,267	87,941
Intergovernmental revenues:			
Federal government - American Reinvestment and Recovery Act	806,218	501,008	(305,210)
Revenues from Chesapeake Public Schools	-	11,375	11,375
Total revenues	1,353,944	1,244,944	(109,000)
<b>EXPENDITURES</b>			
Debt service			
Interest on general obligation bonds	14,095,558	12,608,708	1,486,850
Interest on open space agriculture preservation	64,430	64,430	-
Other debt expenditures	55,000	35,025	19,975
Redemption of general obligation bonds	29,060,412	26,332,935	2,727,477
Total debt service	43,275,400	39,041,098	4,234,302
Total expenditures	43,275,400	39,041,098	4,234,302
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(41,921,456)</b>	<b>(37,796,154)</b>	<b>4,125,302</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	38,978,881	39,376,839	397,958
Total other financing sources (uses), net	38,978,881	39,376,839	397,958
<b>Net change in fund balance</b>	<b>(2,942,575)</b>	<b>1,580,685</b>	<b>4,523,260</b>
<b>Fund balance - beginning</b>	<b>12,596,366</b>	<b>12,596,366</b>	<b>-</b>
<b>Fund balance - ending</b>	<b>\$ 9,653,791</b>	<b>14,177,051</b>	<b>4,523,260</b>

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## Capital Projects Funds

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

**Public Utilities Capital Projects Fund** – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Public Utilities.

**Chesapeake Transportation System Capital Projects Fund** – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for the Chesapeake Transportation System.

**Stormwater Management Capital Projects Fund** – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Stormwater Management.



## CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1

General Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2021

Project		Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
			Prior Years	Current Year	Total			
General construction projects:								
General Government:								
1011500100	Public Works/Public Utilities Operation Relocation Ph I	\$ 9,700,000	2,570,038	-	2,570,038	7,129,962	18,400	7,111,562
1011600100	Mosquito Control Facility Relocation	1,254,816	12,775	(12,775)	-	1,254,816	12,875	1,241,941
1011600100	Mosquito Control Facility Relocation	344,590	344,590	-	344,590	-	-	- *
1011800100	Compressed Natural Gas (CNG) Fueling Station # 2	1,380,937	1,380,937	-	1,380,937	-	-	- *
1012200100	ADA Facility and Infrastructure Retrofits	200,000	-	-	-	200,000	-	200,000
1021500100	High Priority Renewal and Replacements III	27,956	27,956.00	-	27,956	-	-	-
1021500100	High Priority Renewal and Replacements III	46,163	46,163	-	46,163	-	-	- *
1021510100	High Priority Renewal and Replacements III	1,076,535	-	95,149	95,149	981,386	531,439	449,947
1021510100	High Priority Renewal and Replacements III	4,384,106	2,297,496	2,086,610	4,384,106	-	-	- *
1021600100	Solid Waste Facility Relocation	5,470,000	139,456	-	139,456	5,330,544	83,794	5,246,750
1021700100	Dominion Boulevard Corridor	12,824	7,089	3,868	10,957	1,867	-	1,867 *
1021800100	Jordan Bridge Memorial	100,000	-	-	-	100,000	-	100,000
1022010100	Voting Equipment Replacement	4,518	-	-	-	4,518	-	4,518
1022010100	Voting Equipment Replacement	95,482	95,482	-	95,482	-	-	- *
1022200100	Facility - Capital Improvement and Utilization Study	175,000	175,000	-	175,000	-	-	- *
1022300100	Feasibility Study - New Facility for City Records Storage	100,000	-	-	-	100,000	-	100,000
1022400100	LED Lighting Retrofits - Various Buildings	100,000	14,325	-	14,325	85,675	-	85,675
1032000100	City Manager & City Attorney Redesign/Expansion	100,000	-	-	-	100,000	-	100,000
1032200100	Public Infrastructure&Utility Imprv - Dollar Tree (GB TIF)	10,309,087	3,134,714	6,594,201	9,728,915	580,172	-	580,172
1032210100	Public Infrastructure&Utility Imprv - Dollar Tree/Crossways	1,786,266	21,112	242,400	263,512	1,522,754	104,115	1,418,639
1041510100	Municipal Parking Lots and Sidewalks II	450,175	294,793	43,740	338,533	111,642	8,205	103,437
1041700100	South Norfolk - Strategic Acquisition of Real Property	837,170	454	27,175	27,629	809,541	9,000	800,541
1042000100	Juvenile Services Building Renovations	3,200,000	2,303,623	251,645	2,555,268	644,732	268,583	376,149
1042100100	Social Services Building Restroom Renovation	100,000	57,596	42,403	99,999	1	-	1
1042200100	Broadband Wireless	5,574,107	307,537	1,749,362	2,056,899	3,517,208	181,606	3,335,602
1042400100	Bowers Hill Yard Facility Renovations	300,000	-	-	-	300,000	-	300,000
1042500100	Great Bridge Village Plan Implementation Seed Funding	100,000	-	-	-	100,000	-	100,000
1052200100	Citizen Engagement Systems	400,000	303,051	-	303,051	96,949	-	96,949 *
1052400100	Greenbrier Yard Storage Building	735,000	48,380	8,499	56,879	678,121	67,088	611,033
1061710100	Enterprise Financials PeopleSoft/PeopleTools Upgrade	462,626	-	-	-	462,626	102,586	360,040
1062200100	Citywide ERP Solution	2,750,000	736,932	171,969	908,901	1,841,099	114,645	1,726,454
1062300100	Study/Small Area Plan - Indian River Rd & Military Hwy	162,779	52,055	86,093	138,148	24,631	15,882	8,749
1062400100	Security Improvements - Various Facilities	444,148	80,810	257,719	338,529	105,619	105,615	4
1062400100	Security Improvements - Various Facilities	5,852	-	5,852	5,852	-	-	- *
1062500100	Industrial Waterfront Study	400,000	-	-	-	400,000	-	400,000
1071700100	Enterprise Wide Technology Improvement - Phase III	2,152	-	-	-	2,152	2,152	-
1071700100	Enterprise Wide Technology Improvement - Phase III	705,665	693,704	11,961	705,665	-	-	- *
1072400100	Greenbrier Redevelopment Study	200,000	-	-	-	200,000	-	200,000
1081600100	Project 25 Radio System	1,680,481	1,468,617	81,575	1,550,192	130,289	15,902	114,387
1081600100	Project 25 Radio System	51,659	-	51,659	51,659	-	-	- *
1081900100	Public Health Center/Health Department Expansion	354,495	-	-	-	354,495	286,137	68,358
1081900100	Public Health Center/Health Department Expansion	5,566,331	3,806,641	1,759,690	5,566,331	-	-	- *
1082100100	Enterprise Wide Technology - Phase III	250,000	91,014	46,991	138,005	111,995	27,931	84,064
1082400100	Western Branch Redevelopment Study	200,000	-	-	-	200,000	-	200,000
1082500100	ArcGIS Enterprise Implementation	200,000	-	112,840	112,840	87,160	63,915	23,245
1091700100	Kronos Upgrade	400,000	118,572	133,527	252,099	147,901	74,588	73,313

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2021

Project		Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
			Prior Years	Current Year	Total			
General construction projects, continued:								
General Government, continued:								
1092300100	Enterprisewide Next Generation Identity Access Mgmt	300,000	-	151,960	151,960	148,040	-	148,040
1092400100	Revise 2035 Comprehensive Plan	400,000	-	-	-	400,000	-	400,000
1092500100	Data Access Governance Design and Implementation	285,000	-	-	-	285,000	-	285,000
1101900100	Fentress Encroachment Protection	1,626,177	22,400	13,922	36,322	1,589,855	-	1,589,855
1101900100	Fentress Encroachment Protection	57,463	28,244	29,219	57,463	-	-	- *
1102400100	Citizen Experience Study - City Digital Content	250,000	-	-	-	250,000	-	250,000
1102500100	DIT Building Space and Condition Study	40,000	-	-	-	40,000	-	40,000
1111900100	Citizen Mobile Apps Project	150,000	80,475	-	80,475	69,525	-	69,525 *
1112000100	Information Technology Help Desk Software Replacement	325,043	217,297	21,405	238,702	86,341	30,573	55,768
1112200100	PeopleSoft Update Manager & PeopleTools Upgrade	400,000	-	-	-	400,000	-	400,000
1112400100	Citywide Security Assessment & Court Security Upgrade	800,000	401,413	128,621	530,034	269,966	12,167	257,799
1112500100	Cybersecurity Incident Reponses Planning & Review	120,000	-	-	-	120,000	-	120,000
1121700100	Real Estate Assessor Computer Assisted Mass Appraisal	240,942	189,616	-	189,616	51,326	15,406	35,920 *
1122000100	Conference Center Renovation	2,890,480	197,580	129,151	326,731	2,563,750	292,399	2,271,351
1122200100	Replacement of Network Equipment - Phase II	1,200,000	433,355	501,612	934,967	265,033	34,241	230,792
1132200100	Website Redesign	300,000	21,678	7,590	29,268	270,732	110,223	160,509
1142100100	Replace Existing PBX Telephone System with VoIP	2,633,000	883,659	79,930	963,589	1,669,411	214,738	1,454,673
1152100100	Replacement of Network Equipment	440,000	430,740	8,688	439,427	573	-	573 *
1152500100	Mt. Pleasant Rd. Widening - Fiberoptic Conduit	60,000	-	-	-	60,000	-	60,000
1162500100	Standardized Interactive Displays	50,000	-	-	-	50,000	-	50,000
1181300100	Greenbrier TIF - Woodlake Drive Expansion	3,374,912	-	-	-	3,374,912	-	3,374,912
1191200100	South Norfolk TIF - Poindexter Street Scape	248,127	24,023	-	24,023	224,104	-	224,104 *
1211200100	22nd Street Bridge Replacement	2,287,804	-	3,353	3,353	2,284,451	1,911,188	373,263
1211200100	22nd Street Bridge Replacement	15,907,802	13,919,896	1,987,906	15,907,802	-	-	- *
1212000100	ADA Door & Restroom Retrofits at Various Facilities - Ph I	332,783	29,960	57,183	87,143	245,640	21,363	224,277
1352400100	Regional Broadband Ring	160,000	-	160,000	160,000	-	-	-
1392400100	BMP and Parking at old South Norfolk Library	269,369	-	66,810	66,810	202,559	24,662	177,897
1411300100	Risk Management Software I	134,169	-	-	-	134,169	-	134,169 *
1412400100	CNG Modification - City Garage	329,780	-	43,085	43,085	286,695	270,728	15,967
1441300100	Fast Payback Energy Conservation	546,825	546,789	-	546,789	36	-	36 *
1482000100	SoNo Municipal Facility Development Strategy	8,554	-	-	-	8,554	-	8,554
1482300100	Joint City/School Garage Facility	19,000,000	963,085	212,019	1,175,104	17,824,896	11,096,304	6,728,592
1491700100	Street Light Improvements - South Norfolk TIF	296,400	296,400	-	296,400	-	-	- *
1492300100	Joint Study for School Facilities & Redistricting	1,000,000	584,803	75,949	660,752	339,248	63,250	275,998
1512300100	South Norfolk Municipal Building	16,461,187	3,492,848	71,964	3,564,812	12,896,375	19,039	12,877,336
1532300100	Airport Authority Improvements and Expansion Ph II	587,500	183,282	13,586	196,868	390,632	-	390,632
1561700100	Electronic Plan & Permitting System	1,359,390	882,050	57,293	939,343	420,047	20,665	399,382
1812500100	Municipal Center Master Plan Update	150,000	-	-	-	150,000	-	150,000
1842500100	411 Cedar Road Acquisition	85,141	-	-	-	85,141	-	85,141
1842500100	411 Cedar Road Acquisition	2,194,859	-	2,194,859	2,194,859	-	-	- *
1911200100	Personal Property System Rewrite	700,000	700,000	-	700,000	-	-	- *
Total General Government		140,203,627	45,160,503	19,868,259	65,028,762	75,174,865	16,231,405	58,943,460

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2021

Project		Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
			Prior Years	Current Year	Total			
General construction projects, continued:								
Department of Public Safety:								
1041800200	Jail Expansion to Address Overcrowding	1,663,407	593,774	-	593,774	1,069,633	67,695	1,001,938
1041800200	Jail Expansion to Address Overcrowding	120,383	84,911	35,472	120,383	-	-	- *
1071100200	Fire Station #10 - Design	860,794	-	275,581	275,581	585,213	219,897	365,316
1071100200	Fire Station #10 - Design	10,173,734	8,589,066	1,584,668	10,173,734	-	-	- *
1072100200	CAD Sheriff/Police Interface	33,241	-	4,800	4,800	28,441	12,749	15,692
1082200200	Fire Station Alerting System	50,164	-	-	-	50,164	-	50,164
1082200200	Fire Station Alerting System	1,449,836	1,448,986	850	1,449,836	-	-	- *
1101600200	Combined Fire Station #7/Police Precinct #6	636,993	-	42,830	42,830	594,163	514,057	80,106
1101600200	Combined Fire Station #7/Police Precinct #6	7,501,673	3,959,296	3,542,377	7,501,673	-	-	- *
1102100200	Fire - Telestaff Kronos Interface	75,000	1,639	-	1,639	73,361	-	73,361
1112100200	Tri-City Automatic Aid CAD Interface (Regional 911)	50,000	-	-	-	50,000	-	50,000
1122100200	Jail - Data Center	100,000	87,554	-	87,554	12,446	-	12,446
1132300200	Door Card Control Panel Replacement and Fire Station Access	133,500	54,113	-	54,113	79,387	-	79,387
1152300200	Police, Fire, and Sheriff - New World App	129,625	-	129,625	129,625	-	-	- *
1162100200	Sheriff Automated Rounds Software	200,000	187,716	9,528	197,244	2,756	2,669	87
1162200200	Fire Station #4 Replacement	900,000	-	5,344	5,344	894,656	-	894,656
1162300200	Public Safety Facility Issue Studies - Feasibility & Design	750,000	215,289	309,283	524,572	225,428	211,377	14,051
1172000200	Fire Alarm and Public Address System	45,372	-	-	-	45,372	-	45,372
1172000200	Fire Alarm and Public Address System	104,628	104,628	-	104,628	-	-	- *
1172200200	FS #16-Joint Fire & Police Stn-Grassfield/Scenic Pkwy.	500,000	-	-	-	500,000	-	500,000
1172300200	Public Safety Two Factor Authentication System Upgrade	100,000	-	-	-	100,000	-	100,000
1182300200	Public Safety Vehicle Network Connection Upgrade	175,000	45,887	34,610	80,497	94,503	-	94,503
1192300200	Sheriff - Civil Papers Software Replacement	130,000	129,535	-	129,535	465	-	465 *
1202400200	Fire Station Exhaust Removal Systems Replacement	300,000	-	-	-	300,000	-	300,000
1212400200	Jail Booking Area Facility Renovation	150,000	-	16,381	16,381	133,619	115,701	17,918
1222100200	Jail Kitchen Equipment Replacement	194,484	24,034	123,670	147,704	46,780	46,780	-
1222400200	Virtual Firearm Training/Safety Awareness System	108,409	-	-	-	108,409	-	108,409
1222400200	Virtual Firearm Training/Safety Awareness System	231,591	231,591	-	231,591	-	-	- *
1242500200	Fire - Enclosed Air Trailer	150,000	-	-	-	150,000	141,950	8,050
1252100200	Jail Surveillance System Digital Conversion & Cameras	21,594	-	-	-	21,594	-	21,594
1252100200	Jail Surveillance System Digital Conversion & Cameras	700,406	657,722	42,684	700,406	-	-	- *
1262100200	Jail and Sheriff HQ Renewal and Replacements	2,156,569	1,339,773	607,680	1,947,453	209,116	70,385	138,731
1262100200	Jail and Sheriff HQ Renewal and Replacements	138,204	-	138,204	138,204	-	-	- *
1271900200	Deep Creek Fire Station #8 - Relocate	9,248,093	501,436	37,109	538,545	8,709,548	176,880	8,532,668
1281900200	Dock Landing Firestation #11 Replacement	662,327	-	160	160	662,167	-	662,167
1302500200	P25 Radio System Upgrade	1,100,000	-	218,798	218,798	881,202	875,191	6,011
1342400200	Electronic Summons Collection	200,000	13,696	172,856	186,552	13,448	12,205	1,243
1371400200	Animal Services Facility	133,659	-	-	-	133,659	-	133,659
1371400200	Animal Services Facility	1,254,174	1,254,174	-	1,254,174	-	-	- *
1391400200	Public Safety Headquarters EOC/EDC Phase I	651,745	-	-	-	651,745	43,467	608,278
1391400200	Public Safety Headquarters EOC/EDC Phase I	396,093	391,514	4,579	396,093	-	-	- *
1392000200	Fire Vehicle Replacement	1,519,220	4,588	1,391,867	1,396,455	122,765	107,952	14,813
1392000200	Fire Vehicle Replacement	1,507,770	1,356,993	150,777	1,507,770	-	-	- *
1432500200	Sheriff - Radio Replacement	504	-	-	-	504	-	504
1432500200	Sheriff - Radio Replacement	89,496	-	89,496	89,496	-	-	- *
1802500200	Emergency Power Supply - Shelters	1,760,000	-	-	-	1,760,000	1,760,000	-
Total Department of Public Safety		48,557,687	21,277,914	8,969,231	30,247,145	18,310,542	4,378,956	13,931,586

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2021

Project		Expenditures			Unexpended	Encumbrances	Unencumbered Balance
		Appropriations	Prior Years	Current Year			
General construction projects, continued:							
Department of Public Works:							
1021900300	Bruce Road Safety Improvements	70,690	70,690	-	70,690	-	- *
1031900300	Centerville Bridge Rehabilitation	1,046,504	-	-	-	1,046,504	1,046,504
1031900300	Centerville Bridge Rehabilitation	9,813,549	9,419,388	394,161	9,813,549	-	- *
1071900300	Residential Street Repaving	5,391,400	-	-	-	5,391,400	5,175,720
1071900300	Residential Street Repaving	1,936,353	-	1,936,353	1,936,353	-	- *
1081800300	DC AIW Bridge Replacement	20,274,900	66,196	-	66,196	20,208,704	20,061,290
1091800300	Freeman Ave Railroad Overpass	3,750,000	-	409,060	409,060	3,340,940	2,942,355
1171300300	Repair & Maintenance Roads/Bridges II	5,990	-	-	-	5,990	5,990
1171300300	Repair & Maintenance Roads/Bridges II	192,109	192,109	-	192,109	-	- *
1200510300	Gum Road Multi-Use Path	79,573	1,164	1,200	2,364	77,209	77,209 *
1210820300	Traffic Signals and Intersection Improvements	6,795	2,340	-	2,340	4,455	4,455
1210820300	Traffic Signals and Intersection Improvements	37,148	27,298	9,850	37,148	-	- *
1222000300	Benefit Road Ditch and Shoulder Improvements	45,030	-	-	-	45,030	45,030 *
1232000300	Right Turn Lane Ext: Battlefield Blvd at Hickory High	100,000	-	-	-	100,000	100,000
1252200300	Citywide Guardrail Installation & Replacement	1,200,000	-	-	-	1,200,000	1,200,000
1262200300	Citywide Sidewalk Installation	1,000,000	82,676	8,100	90,776	909,224	898,670
1270710300	Master Drainage Improvement II	51,066	-	470	470	50,596	19,012
1270710300	Master Drainage Improvement II	284,643	234,742	49,901	284,643	-	- *
1272200300	Left Turn Lane/Signal Mod: Volvo Pkwy. at Greenbrier Pkwy.	350,000	-	-	-	350,000	350,000
1282200300	Traffic Signals and Intersection Improvements - Phase III	900,000	-	-	-	900,000	900,000
1292200300	Turn Lanes and Signal Modification: Hanbury Rd.	1,501,000	104,794	116,160	220,954	1,280,046	1,110,458
1292400300	Edwin Drive Improvements	1,800,000	4,465	233,143	237,608	1,562,392	1,549,672
1302200300	Expressway Improvements at Mount Pleasant	1,575,948	1,546,745	9,681	1,556,426	19,522	19,522 *
1302300300	Advanced Right-of-Way Acquisition Program	1,100,000	34,171	174,460	208,631	891,369	891,369
1302400300	Johnstown Road Ditch and Shoulder Improvements	5,000,000	-	-	-	5,000,000	5,000,000
1312200300	Traffic Signal Retiming Ph I	115,000	-	-	-	115,000	112,057
1312300300	Centerville Turnpike Bridge Feasibility Study	500,000	231,073	176,717	407,790	92,210	92,210
1322200300	Expressway Guardrail Improvements	86,760	-	(3,566)	(3,566)	90,326	90,326 *
1332200300	Battlefield Blvd Flashing Yellow Signals	275,393	-	-	-	275,393	275,393 *
1332400300	Pedestrian Sidewalk - Seaboard & Industrial Ave.	763,000	-	-	-	763,000	148,589
1341100300	Various Drainage Improvements	44,490	-	729	729	43,761	43,761
1342200300	Portsmouth Blvd Flashing Yellow Signals	144,704	-	-	-	144,704	144,704 *
1351000300	Portsmouth Boulevard Phase 4	172	-	172	172	-	- *
1352300300	Elbow Rd. Widening - Phase 2	20,200,000	508,880	450,885	959,765	19,240,235	479,255
1362100300	Mt. Pleasant Rd. Widening	3,394,326	479,181	45,537	524,718	2,869,608	2,836,612
1372100300	Repair & Maintenance Roads and Bridges Phase IV	1,640,573	475,187	153,742	628,929	1,011,644	124,573
1372300300	George Washington Hwy. (US Route 17) Widening	2,500,000	-	-	-	2,500,000	562,766
1382100300	Right Turn Lane and Signal Modification: Woodlake Dr.	2,160,000	317,128	277,363	594,491	1,565,509	35,775
1382300300	Gilmerton Auxiliary Counterweights Bridge Repairs	1,514,913	217,880	12,338	230,218	1,284,695	68,355
1382400300	Elbow Rd. Bridge Replacement	813,000	197,676	70,424	268,100	544,900	331,829
1392300300	Intersection Improv: Battlefield Blvd at Albemarle Dr	1,350,000	170,904	823,325	994,229	355,771	50,503
1402300300	Intersection Improv: Battlefield Blvd at Volvo Pkwy	1,350,000	-	137,269	137,269	1,212,731	139,224
1402400300	Emergency Vehicle Pre-emption Ph II	234,655	4,248	219,898	224,146	10,509	-
1412100300	Rural Roads Safety Improvement Program	2,550,000	7,606	45,585	53,191	2,496,809	-
1412300300	Intersection Improv: Butts Station Rd at Kempsville Rd	1,150,000	7,355	-	7,355	1,142,645	-
1422300300	Mt. Pleasant Rd. Widening - Phase 2	3,750,000	-	-	-	3,750,000	-
(Continued)							

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2021

Project	Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance		
		Prior Years	Current Year	Total					
General construction projects, continued:									
Department of Public Works, continued:									
1422400300	Cedar Road Repaving	997,280	-	704,948	704,948	292,332	-	292,332	*
1432000300	Ballahack Boat Ramp Area Improvements	359,791	795	5,780	6,575	353,216	-	353,216	
1441700300	Centerville Bridge Super Structure Repairs	150,000	-	-	-	150,000	-	150,000	
1442300300	Pedestrian Sidewalk & Street Lighting-Poindexter St.@I-464	548,500	-	200,352	200,352	348,148	58,276	289,872	
1451700300	Sunray Overpass Rehabilitation	4,238,600	3,321,358	-	3,321,358	917,242	38,292	878,950	
1452300300	Right Turn Lane Ext: Greenbrier Pkwy. @ Kempsville Rd.	350,000	-	1,962	1,962	348,038	-	348,038	
1461700300	Triple Decker Bridge Rehabilitation	8,901,000	937,622	262,726	1,200,348	7,700,652	243,327	7,457,325	
1462300300	Right Turn Lane: Campostella Rd. @ Sunrise Ave.	150,000	-	106,870	106,870	43,130	-	43,130	
1472300300	Right Turn Lanes: Deep Creek Area	338,000	-	-	-	338,000	-	338,000	
1541700300	Traffic Management Center and System Addition	90,856	-	-	-	90,856	-	90,856	*
1542300300	Intersection Improvements: Battlefield Blvd. @ GB Blvd.	1,210,000	96,142	141,258	237,400	972,600	49,620	922,980	
1552300300	Kempsville Road Repaving Project	999,000	804,245	-	804,245	194,755	-	194,755	*
1562300300	Oaklette Bridge (Indian River Road)	1,682,000	-	75,024	75,024	1,606,976	348,806	1,258,170	
1572300300	Old Mill Road – Bridge at Deep Creek	1,153,000	-	6,528	6,528	1,146,472	67,377	1,079,095	
1582300300	Number Ten Lane – Bridge over Lindsey Drainage Canal	161,000	112,626	-	112,626	48,374	48,374	-	
1592300300	Flashing Yellow Lights - Western Branch	159,000	-	4,184	4,184	154,816	-	154,816	
1602300300	Flashing Yellow Lights - Cedar Rd.	313,000	-	4,440	4,440	308,560	-	308,560	
1612300300	Flashing Yellow Lights - Providence and Mt Pleasant	467,000	-	4,056	4,056	462,944	-	462,944	
1622300300	Citywide Signal Timing	450,000	-	-	-	450,000	-	450,000	
1632500300	Master Transportation Plan Update	250,000	-	-	-	250,000	-	250,000	
1652500300	Pavement Condition Data Collection Project	300,000	-	279,052	279,052	20,948	20,948	-	
1671210300	Traffic Signal / Intersection Improvement	67,381	55,451	-	55,451	11,930	-	11,930	*
1672500300	Right Turn Lane: Johnstown Rd. at Battlefield Blvd.	750,000	-	397,560	397,560	352,440	-	352,440	
1702500300	Traffic Signal Reconstruction Project	1,155,000	-	295,383	295,383	859,617	106,975	752,642	
1822500300	Flashing Yellow Lights - S. Military & George Washington	321,000	-	3,993	3,993	317,007	-	317,007	
1852500300	Centerville Bridge Emergency Repairs	2,860,000	-	1,888,545	1,888,545	971,455	85,804	885,651	
Total Department of Public Works		130,471,093	19,732,133	10,135,618	29,867,751	100,603,342	7,035,671	93,567,671	
Department of Parks and Recreation:									
1112300400	Northwest River Park Improvements	1,125,367	-	942,087	942,087	183,280	139,352	43,928	
1112300400	Northwest River Park Improvements	650,180	241,273	408,907	650,180	-	-	-	*
1112310400	Northwest River Park Improvements	600,000	-	-	-	600,000	286,475	313,525	
1122300400	Parks - Improvements, Additions & Expansions	1,107,480	-	13,865	13,865	1,093,615	166,004	927,611	
1122300400	Parks - Improvements, Additions & Expansions	262,520	-	262,520	262,520	-	-	-	*
1132000400	Western Branch Trail Commonwealth/Seaboard	600,000	600,000	-	600,000	-	-	-	*
1142200400	Dismal Swamp Canal Trail Renovation	800,000	-	789,320	789,320	10,680	10,680	-	
1152200400	Northwest River Park Water & Sewer System Improv - Ph I	146,051	103,064	16,042	119,106	26,945	9,809	17,136	
1152200400	Northwest River Park Water & Sewer System Improv - Ph I	178,106	178,106	-	178,106	-	-	-	*
1152400400	Heron Landing Park on the Indian River	381,000	-	63,773	63,773	317,227	39,950	277,277	
1161920400	Athletic Field Improvements	1,307	-	-	-	1,307	-	1,307	
1161920400	Athletic Field Improvements	388,483	-	388,483	388,483	-	-	-	*
1170510400	Parks Land Acquisition	320,299	-	236,115	236,115	84,184	-	84,184	
1170510400	Parks Land Acquisition	52,604	51,354	1,250	52,604	-	-	-	*
1172100400	Chesapeake Arboretum	763,659	-	-	-	763,659	87,467	676,192	
1172100400	Chesapeake Arboretum	18,140	-	18,140	18,140	-	-	-	*
1181920400	Park Program Improvements	114,540	-	114,540	114,540	-	-	-	*
1181930400	Park Program Improvements	127,732	-	91,132	91,132	36,600	36,600	-	

(Continued)



## CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, continued

Capital Projects Fund  
 Schedule of Expenditures and Encumbrances - Budget and Actual  
 Year Ended June 30, 2021

Project		Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
			Prior Years	Current Year	Total			
General construction projects, continued:								
Department of Parks and Recreation, continued:								
1181930400	Park Program Improvements	188,635	-	188,635	188,635	-	-	- *
1182100400	Commonwealth/Seaboard Multi-City Rail Trail	655,000	13,070	272,788	285,858	369,142	338,233	30,909
1191920400	Facility Improvements on Recreational Buildings	90,574	84,570	6,004	90,574	-	-	- *
1191930400	Facility Improvements on Recreational Buildings	169,005	-	32,088	32,088	136,917	131,922	4,995
1191930400	Facility Improvements on Recreational Buildings	134,265	-	134,265	134,265	-	-	- *
1192100400	Dismal Swamp Canal Trail Phase III	353,791	-	-	-	353,791	-	353,791
1211910400	Parking Lot Improvements	109,610	-	22,251	22,251	87,359	76,221	11,138
1211920400	Parking Lot Improvements	90,000	-	-	-	90,000	-	90,000
1212500400	New Athletic Field Lighting	96,007	-	-	-	96,007	-	96,007
1212500400	New Athletic Field Lighting	403,993	-	403,993	403,993	-	-	- *
1221200400	Johnson Park Improvements	170,353	20,730	-	20,730	149,623	11,628	137,995
1221910400	ADA Facility Compliance	19,350	-	19,350	19,350	-	-	- *
1221920400	ADA Facility Compliance	104,922	-	53,520	53,520	51,402	2,817	48,585
1231900400	Oak Grove Lake Park Additional Parking	60,000	-	-	-	60,000	-	60,000
1241910400	Security Improvements Parks & Recreation	31,825	-	31,825	31,825	-	-	- *
1241920400	Security Improvements Parks & Recreation	48,175	-	10,288	10,288	37,887	31,814	6,073
1260700400	Battlefield Visitor Center	88,147	-	-	-	88,147	-	88,147 *
1362400400	Enhanced Entrances to the City	200,000	-	-	-	200,000	-	200,000
1472000400	Open Space and Recreation Funded Projects	1,456,133	-	-	-	1,456,133	-	1,456,133
1472000400	Open Space and Recreation Funded Projects	1,384,377	1,214,420	169,957	1,384,377	-	-	- *
1472010400	Open Space and Recreation Funded Projects	1,000,000	-	-	-	1,000,000	-	1,000,000
1682300400	Great Bridge Battlefield Monument Plaza	142,600	-	-	-	142,600	-	142,600
1832500400	Phase I Deep Creek Village Historical Site	3,400,000	-	130,760	130,760	3,269,240	203,881	3,065,359
Total Department of Parks and Recreation		18,034,232	2,506,587	4,821,899	7,328,486	10,705,746	1,572,852	9,132,894
Department of Public Welfare:								
1012300500	CIBH - Study of 224 Great Bridge Blvd. Building Annex	6,709,700	71,339	-	71,339	6,638,361	28,586	6,609,775
1141900500	Psychosocial Support Building Expansion	3,031,112	1,354,899	1,330,893	2,685,792	345,320	180,560	164,760
1151900500	Intellectual Disability Support Building Renovation	1,575,513	143,443	25,632	169,075	1,406,438	56,246	1,350,192
Total Department of Public Welfare		11,316,325	1,569,681	1,356,525	2,926,206	8,390,119	265,392	8,124,727
Department of Libraries:								
1022101000	Library Customer Service Desk Replacements	176,931	46,331	104,313	150,644	26,287	1,524	24,763
1022101000	Library Customer Service Desk Replacements	5,569	-	5,569	5,569	-	-	- *
1032101000	Library Russell Memorial Parking Addition	500,000	35,600	217,138	252,738	247,262	130,182	117,080
1032401000	Library Book Lockers	148,223	-	121,600	121,600	26,623	-	26,623
1062001000	Library-Integrated Library System (ILS) Hosting	175,000	93,100	81,900	175,000	-	-	- *
1082001000	Library Tablet Lending System	1,725	-	931	931	794	583	211
1082001000	Library Tablet Lending System	58,275	-	58,275	58,275	-	-	- *
1092201000	Library - Data Center Redundancy/DIT Colocation	12,000	-	12,000	12,000	-	-	-
1092201000	Library - Data Center Redundancy/DIT Colocation	6,317	4,830	1,487	6,317	-	-	- *
1102201000	Library - Technology Upgrade/Replacement - Phase III	510,000	-	-	-	510,000	-	510,000
1121911000	Library Automated Materials Handling System Ph II	353,539	-	-	-	353,539	-	353,539
1121921000	Library Automated Materials Handling System Ph III	300,350	-	-	-	300,350	-	300,350
Total Department of Libraries		2,247,929	179,861	603,213	783,074	1,464,855	132,288	1,332,567
Total expenditures and encumbrances		350,830,893	90,426,679	45,754,745	136,181,424	214,649,469	29,616,564	185,032,905
Less completed projects		79,560,298			77,651,078			
Construction in progress		\$ 271,270,595			58,530,346			

\* Completed Projects

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule O-2

Public Utilities Capital Projects Fund  
Schedule of Expenses and Encumbrances - Budget and Actual  
Year Ended June 30, 2021

Project	Appropriations	Expenses			Unexpended Balance	Encumbrances	Unencumbered Balance	
		Prior Years	Current Year	Total				
1010900800	Northwest River WTP Membrane Replacement Ph III	\$ 122,365	122,365	-	122,365	-	-	- *
1011500800	PW/PU Operations Facilities Relocation Ph I	4,000,000	121,262	-	121,262	3,878,738	-	3,878,738
1041400800	Sewer System Repairs Ph II	1,875	-	1,875	1,875	-	-	- *
1051800800	Sewer Renewal - Add'l Consent Order Capital Requirement	987,839	-	-	987,839	-	-	987,839
1051810800	Sewer Renewal - Add'l Consent Order - Cloverdale	2,312,749	949,301	-	949,301	1,363,448	9,623	1,353,825
1051820800	Sewer Renewal - Add'l Consent Order - Decatur	3,181,230	231,080	2,119	233,199	2,948,031	143,684	2,804,347
1051830800	Sewer Renewal - Add'l Consent Order - Virginia Avenue	1,579,791	1,492,290	87,501	1,579,791	-	-	- *
1051840800	Sewer Renewal - Add'l Consent Order - Maint & Op Mgmt	1,292,906	-	165,585	165,585	1,127,321	315,190	812,131
1051840800	Sewer Renewal - Add'l Consent Order - Maint & Op Mgmt	1,722,680	436,073	1,286,607	1,722,680	-	-	- *
1051870800	Sewer Renewal - Regional/Local Hydraulic Model	9,823	-	-	-	9,823	11	9,812
1051870800	Sewer Renewal - Regional/Local Hydraulic Model	50,177	-	50,177	50,177	-	-	- *
1051900800	Oak Grove Elevated Tank Standpipe Replacement	330,164	330,164	-	330,164	-	-	- *
1061000800	Force Main Upgrade - Greenbrier Parkway	2,700,389	47,898	-	47,898	2,652,491	-	2,652,491
1131600800	Sewer Management Operations and Maintenance	60,580	-	60,580	60,580	-	-	- *
1141600800	Water Renewal & Waterline Upgrade - Ph II	2,324,776	7,666	375,461	383,127	1,941,649	-	1,941,649
1151700800	Sewer Renewal - 18th Street	1,124,270	122,952	2,099	125,051	999,219	21,813	977,406
1181700800	Sewer Renewal - Chesapeake Ave - Guerriere to Ohio Sewer	616,797	54,391	-	54,391	562,406	-	562,406
1191300800	Northwest River WTP Misc Modifications	901,973	396,686	-	396,686	505,287	-	505,287
1191310800	Northwest River WTP Misc Modifications	1,000,000	-	-	-	1,000,000	-	1,000,000
1222200800	Sewer System Redesign/Construction: Albemarle Dr.	700,000	19,721	-	19,721	680,279	-	680,279
1222300800	Lake Gaston Pipeline - Capital Cost Sharing with VA Beach	885,000	321,580	309,862	631,442	253,558	-	253,558
1231700800	Sewer and Water Renewal: Elbyrne Dr.	2,155,000	161,271	25,416	186,687	1,968,313	100,440	1,867,873
1232300800	Northwest River Lakes & Pump Station	2,000,000	68,797	45,358	114,155	1,885,845	321,355	1,564,490
1241200800	Water System Renewal	507,672	507,672	-	507,672	-	-	-
1241200800	Water System Renewal	15,230	-	15,230	15,230	-	-	- *
1242000800	Water Renewal - Buchanan Street	3,306,870	283,607	17,969	301,576	3,005,294	106,634	2,898,660
1242300800	Replacement of Lead Service Lines	100,000	100,000	-	100,000	-	-	-
1252000800	Unserved Areas/Cost Participation - Phase II	170,902	170,861	(170,861)	-	170,902	-	170,902
1252010800	Unserved Areas/Cost Participation - Phase II - Cedar Road	656,122	-	-	-	656,122	-	656,122
1252010800	Unserved Areas/Cost Participation - Phase II - Cedar Road	1,052,176	871,440	180,736	1,052,176	-	-	- *
1252020800	Unserved Areas/Cost Participation - Phase II - Willow Lake	3,100,000	89,605	15,730	105,335	2,994,665	104,720	2,889,945
1261700800	Sewer Renewal - Liberty Street (500 Block to Collingswood)	2,753,902	1,269,058	30,144	1,299,202	1,454,700	-	1,454,700 *
1271200800	Sanitary Sewer Evaluation	8,072,570	7,334,437	491,560	7,825,997	246,573	20,558	226,015
1281700800	Manhole Rehabilitation - 1709 vertical ft	9,390	-	-	-	9,390	9,390	-
1281700800	Manhole Rehabilitation - 1709 vertical ft	42,322	-	42,322	42,322	-	-	- *
1290500800	Jolliff Road Waterline Ph II	653,781	-	-	-	653,781	-	653,781
1292000800	Northwest River WTP Ground Storage Tank	1,680,000	29,930	52,591	82,521	1,597,479	82,811	1,514,668
1302000800	Northwest River WTP Replace Bulk Chemical Storage Tanks	1,200,000	246,717	511,352	758,069	441,931	441,448	483
1302100800	Public Utilities CIS Upgrade	100,000	21,174	-	21,174	78,826	-	78,826

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule O-2, Continued

Public Utilities Capital Projects Fund  
 Schedule of Expenses and Encumbrances - Budget and Actual  
 Year Ended June 30, 2021

Project		Expenses				Unexpended Balance	Encumbrances	Unencumbered Balance
		Appropriations	Prior Years	Current Year	Total			
1311200800	Sewer System Repair	46,554	-	46,554	46,554	-	-	- *
1312000800	Water Production Security System Upgrades	400,000	374,116	-	374,116	25,884	-	25,884
1312400800	South Central Water Transmission Main & Loop - Phase I	17,607,000	120,402	-	120,402	17,486,598	3,042	17,483,556
1321200800	Sewer Renewal - SSES Ph I	1,159,047	-	-	-	1,159,047	-	1,159,047
1322000800	Water Residuals Disposal	320,000	-	-	-	320,000	-	320,000
1322100800	Water & Sewer Pump Station Telemetry Installation/Upgrade	88,655	88,604	51	88,655	-	-	-
1331200800	Sewer Renewal - SSES Ph II	5,379,737	1,114,431	1,844,364	2,958,795	2,420,942	1,900,259	520,683
1331700800	Raleigh Place Sewer (Pump Station #7)	4,400,000	-	-	-	4,400,000	-	4,400,000
1332000800	Western Branch Elevated Tank Rehabilitation	439,136	-	-	-	439,136	47,742	391,394
1332000800	Western Branch Elevated Tank Rehabilitation	760,864	84,067	676,797	760,864	-	-	- *
1332100800	Water System Planning and Upgrades	1,150,000	11,455	2,800	14,255	1,135,745	-	1,135,745
1341200800	Customer Service Billing System	1,077,502	154,768	-	154,768	922,734	73,852	848,882
1341200800	Customer Service Billing System	8,226	8,226	-	8,226	-	-	- *
1342000800	Force Main Replacement - Dominion Blvd. and I-64	3,738,700	344,468	50,767	395,235	3,343,465	94,285	3,249,180
1351700800	Service Area Gravity Sewer	9,732,978	511,776	5,058,135	5,569,911	4,163,067	1,795,086	2,367,981
1352000800	Sewer Pump Station Safety Improvements	120,381	-	19,175	19,175	101,206	77,105	24,101
1352000800	Sewer Pump Station Safety Improvements	536,833	10,850	525,983	536,833	-	-	- *
1372000800	Lake Gaston WTP Miscellaneous Modifications	3,870,000	900,587	1,241,406	2,141,993	1,728,007	711,836	1,016,171
1372400800	Fentress NALF Water Transmission Main	13,000,000	7,171	211,255	218,426	12,781,574	847,322	11,934,252
1382000800	Lake Gaston Water Treatment Plant Expansion	1,000,000	853,960	58,053	912,013	87,987	28,543	59,444
1391200800	Raw Water Transmission Main	26,967,394	14,520,439	31,882	14,552,321	12,415,073	202,768	12,212,305
1421700800	Sewer Renewal: Westwood Ave. and Redstart Ave.	1,106,000	1,100,398	5,000	1,105,398	602	-	602 *
1431200800	Centerville Turnpike Loop 3	9,462,030	1,074,913	30,115	1,105,028	8,357,002	221,766	8,135,236
1451200800	South Norfolk Improvements	1,480,068	-	-	-	1,480,068	-	1,480,068
1471200800	Western Branch Interconnect to Lake Gaston WTP	5,155,564	1,987,931	(213,212)	1,774,719	3,380,845	312,671	3,068,174
1471210800	Goose Creek Water Main	1,774,010	1,642,912	131,098	1,774,010	-	-	- *
1471220800	Willow Lake Interconnect	368,426	1,700	82,374	84,074	284,352	-	284,352
1511290800	Unserved Areas - Battlewood Meadows	7,871,868	7,543,050	43,613	7,586,663	285,205	90,251	194,954
1522300800	Water Franchise Acquisition and System Renewals	890,566	50,566	(9,581)	40,985	849,581	-	849,581
1522300800	Water Franchise Acquisition and System Renewals	460,073	460,073	-	460,073	-	-	- *
1522310800	Indian River Estates - Water Main Improvements	3,432,252	99,817	1,990,331	2,090,148	1,342,104	1,117,109	224,995
1531200800	Replace Meter Reading Equip	7,399,623	85,129	699,511	784,640	6,614,983	81,537	6,533,446
1642300800	Volvo & Executive PS & Force Main (Summit Pointe)	3,100,000	1,244,291	1,683,954	2,928,245	171,755	55,194	116,561
1652300800	Philmont Ave Septic Disconnect	650,000	-	380	380	649,620	-	649,620
1711200800	Water Renewal - Water Line Upgrade	751,126	671,685	9,235	680,920	70,206	60,468	9,738
1782500800	West Road Force Main	2,500,000	-	-	-	2,500,000	-	2,500,000
Total project expenses and encumbrances		191,685,934	50,875,782	17,819,452	68,695,234	122,990,700	9,398,513	113,592,187
Less completed projects		12,423,821			10,968,520			
Construction in progress - construction		179,262,113			57,726,714			
Capitalized interest expenses			5,505,126		5,505,126			
Less closed capitalized interest					9,053			
Construction in progress - capitalized interest					5,496,073			
Total construction in progress		\$			63,222,787			

\* Completed Projects

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## CITY OF CHESAPEAKE, VIRGINIA

Schedule O-3

Chesapeake Transportation System Capital Projects Fund  
 Schedule of Expenses and Encumbrances - Budget and Actual  
 Year Ended June 30, 2021

Project	Appropriations	Expenses			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
1342300300 DBVB - Closed Circuit Television (CCTV)	340,000	-	-	-	340,000	-	340,000
1352100300 Chesapeake Transportation System Renewals - Phase II	754,927	-	-	-	754,927	-	754,927
1462000300 Expressway Admin Building Modifications	301,516	-	-	-	301,516	8,314	293,202
Total expenses and encumbrances	1,396,443	-	-	-	1,396,443	8,314	1,388,129
Less completed projects	-			-			
Total construction in progress	\$ 1,396,443			-			

\* Completed Projects

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule O-4

Stormwater Management Capital Projects Fund  
Schedule of Expenses and Encumbrances - Budget and Actual  
Year Ended June 30, 2021

Project	Appropriations	Expenses			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
1011100300	Halifax Street Outfall Improvement	\$ 1,144,187	-	-	1,144,187	-	1,144,187
1031600900	Citywide Outfall Regrading & Restoration	2,141,818	1,410,074	200,221	1,610,295	277,572	253,952
1031600900	Citywide Outfall Regrading & Restoration	18,562	18,562	-	18,562	-	- *
1041300900	D Street Drainage Improvements	370,000	-	-	370,000	-	370,000
1051210300	Neighborhood Drainage Improvements	16,597	925	-	925	15,672	15,672
1051210300	Neighborhood Drainage Improvements	263,355	263,355	-	263,355	-	- *
1051220300	Neighborhood Drainage Improvements	160,005	136,714	4,827	141,541	18,464	18,464
1051400900	VPDES Compliance	2,683,591	115,237	20,440	135,677	2,547,914	52,542
1051400900	VPDES Compliance	1,336,770	1,277,116	59,654	1,336,770	-	- *
1051420900	Meads Court BMP (DEQ)	1,336,815	6,636	3,190	9,826	1,326,989	56,605
1051430900	New Mill Regional BMP (DEQ)	2,045,950	73,517	14,897	88,414	1,957,536	23,271
1061200900	Stormwater Mapping & Master Drainage Plan	79,029	-	-	79,029	-	79,029
1061200900	Stormwater Mapping & Master Drainage Plan	920,971	852,738	68,233	920,971	-	- *
1061400900	Border Road Area Drain Improvement	699,328	-	684,717	684,717	14,611	12,850
1061400900	Border Road Area Drain Improvement	44,855	-	44,855	44,855	-	- *
1071300900	Lamberts Trail Area Drain Improvement	1,259,804	3,255	-	3,255	1,256,549	1,256,549
1071500900	Citywide Undesignated Drainage Phase III	842,743	822,337	20,400	842,737	6	-
1071510900	Citywide Undesignated Drainage Phase III	100,000	-	1,829	1,829	98,171	98,171
1071800900	Major Equipment Purchases	341,249	-	-	341,249	-	341,249
1071800900	Major Equipment Purchases	385,304	230,106	155,198	385,304	-	- *
1071810900	Major Equipment Purchases	200,000	-	-	200,000	-	200,000
1081500900	Neighborhood Drainage Improvements II	3,799,600	1,002,921	985,978	1,988,899	1,810,701	213,116
1091500900	Oakdale Area BMP and Drainage Improvements	5,000,000	426,056	169,448	595,504	4,404,496	307,441
1101300900	Royce Drive Drainage Improvements	550,000	2,691	15,029	17,720	532,280	-
1101500900	Stormwater Mapping & Master Drainage Plan III	601,124	301,419	121,515	422,934	178,190	34,749
1111500900	Stormwater Quality Program Phase II	4,140,565	575,013	38,811	613,824	3,526,741	202,287
1131300900	Sunray Area Outfall Re-Grading	268,009	-	-	268,009	-	268,009
1131300900	Sunray Area Outfall Re-Grading	151,251	475	150,776	151,251	-	- *
1192000900	Welch Lane Drainage Improvements	480,000	34,211	5,086	39,297	440,703	32,079
1202000900	Whittamore Rd. Outfall Improvements	300,000	76,152	207,848	284,000	16,000	-
1242200900	Old Mill Rd. Drainage Improvements (Crossing Replacement)	750,000	123,717	9,191	132,908	617,092	59,655
1252300900	Elmwood Landing Area Drainage Improvements	1,550,000	42,298	35,901	78,199	1,471,801	10,717
1252400900	John Street Area Outfall Improvements	800,000	-	55,079	55,079	744,921	53,911
1262300900	Forest Lakes Outfall Improvements	900,000	37,879	48,080	85,959	814,041	51,074
1262400900	Greenbrier Outfall Improvements	1,100,000	-	-	-	1,100,000	-
1272400900	Nina Drive Area Outfall Improvements	1,500,000	216,302	-	216,302	1,283,698	-

(Continued)

## CITY OF CHESAPEAKE, VIRGINIA

Schedule O-4, Continued

Stormwater Management Capital Projects Fund  
Schedule of Expenses and Encumbrances - Budget and Actual  
Year Ended June 30, 2021

Project	Appropriations	Expenses			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
1282300900 Parkview Area Drainage Improvements	650,000	-	-	-	650,000	-	650,001
1292300900 Resiliency & Reliability Program	1,600,000	23,462	66,013	89,475	1,510,525	3,126	1,507,399 *
1342100900 Liberty St. Drainage System Replacement & Upgrade	170,643	-	-	-	170,643	-	170,643
1342100900 Liberty St. Drainage System Replacement & Upgrade	679,357	669,826	9,531	679,357	-	-	-
1402100900 Master Drainage Improvements II	7,472	-	-	-	7,472	7,100	372
1402100900 Master Drainage Improvements II	1,082,268	1,079,928	2,340	1,082,268	-	-	-
1431700900 Citywide System Rehab	2,088,826	250,235	1,054	251,289	1,837,537	1,313,968	523,569
1492500900 Arboretum Channel Improvements	300,000	-	-	-	300,000	-	300,000
1502500900 Chesapeake Ave. Area Drainage Improvements	2,000,000	-	-	-	2,000,000	-	2,000,000
1512500900 Cooper's Ditch Re-Grading, Phase II	1,000,000	-	-	-	1,000,000	-	1,000,000
1652300900 Philmont Ave Septic Disconnect	675,000	-	396	396	674,604	-	674,604 *
1721200900 Colony Manor Outfall Improvements	415,000	413,924	-	413,924	1,076	-	1,076
1731200900 BMP Restoration Citywide	1,668,820	240,767	-	240,767	1,428,053	23,890	1,404,163
1751200300 Partridge/Cloverdale Area Improvements	290,544	212,102	-	212,102	78,443	35,120	43,323
1761200300 Scenic Blvd Improvements	260,000	-	-	-	260,000	-	260,000
1771200900 Shillelagh Road Drainage Outfall Improvement	3,100,000	1,294,965	121,727	1,416,692	1,683,308	27,403	1,655,905
1781200300 Shillelagh Roadside Ditch Improvements	32,502	32,502	-	32,502	-	-	-
Total expenses and encumbrances	54,301,914	12,267,417	3,322,265	15,589,682	38,712,232	2,798,476	35,913,756
Less completed projects	5,297,694			5,296,618			
Construction in progress	\$ 49,004,220			10,293,064			

\* Completed Projects

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# Special Revenue and Permanent Funds

## Special Revenue Funds:

**Tax Increment Financing Funds** – To account for incremental tax revenues generated in designated commercial areas of the City, Greenbrier and South Norfolk, and to fund improvements in the relevant areas through the use of those revenues.

**Virginia Public Assistance Fund** – To account for the rendering of economic aid to qualifying citizens.

**Integrated Behavioral Healthcare Fund** – To account for revenues and expenditures to provide services for mental health, intellectual disability and substance abuse programs.

**Conference Center Fund** – To account for the operation of the City's Conference Center and the City's Conventions and Tourism programs.

**Juvenile Services Fund** – To account for revenues and expenditures related to the operation of a regional detention facility.

**Interagency Consortium Fund** – To account for revenues and expenditures of the delivery system for severely emotionally and/or behaviorally disturbed children.

**E-911 Operations Fund** – To account for revenues and expenditures related to the emergency call center.

**Fee Supported Activities Fund** – To account for revenues and expenditures related to fee supported activities.

**Grants Fund** – To account for revenues and expenditures related to specific grant activities.

**Community Development Fund** – To account for revenues and expenditures under the Community Development Block Grant Program.

**Open Space Agriculture Preservation Fund** – To account for the revenues and expenditures related to the purchase of development rights from willing sellers who own qualified agriculture land or open space.

**Proffers Fund** – To account for cash proffers provided to the City from developers for specific purposes.

**Housing Trust Fund** – To account for revenues and expenditures to provide services for temporary and permanent housing.

**CSB of Chesapeake, Inc.** – To account for the issuance of debt and the rental of a community services facility for the Community Services Board.

## Permanent Funds:

**Poor Fund and Carney Fund** – To account for the investment of funds donated to the City. The expenditures of the income earned by these endowments are to be used for education.



## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
<b>ASSETS</b>					
Cash and temporary investments	\$ 12,791,525	4,361,166	3,276,452	4,101,063	9,084,062
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	572,994	15,000	-
Federal government	-	-	990,835	-	-
Receivables:					
Accounts receivable	-	-	534	3,726,358	5,005
Interest	-	-	-	-	-
Other	-	-	1,244	-	439,989
Allowance for uncollectible amounts	-	-	(9,265)	(2,428,857)	(6,036)
Inventory of materials and supplies	-	-	-	-	6,620
Prepaid expenditures and other assets	-	-	-	-	234,368
Restricted asset:					
Investments	-	-	-	-	-
<b>Total assets</b>	\$ 12,791,525	4,361,166	4,832,794	5,413,564	9,764,008
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	-	59,119	519,344	78,347
Accrued expenditures	-	-	280,277	346,364	65,105
Unearned revenues	-	-	-	-	89,185
Other liabilities	-	-	3,388	1,918	125
Due to Commonwealth of Virginia	-	-	25,328	-	-
Total liabilities	-	-	368,112	867,626	232,762
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	240,988
Restricted	12,791,525	4,361,166	-	1,077,288	-
Committed	-	-	217,009	757,740	173,957
Assigned	-	-	4,247,673	2,710,910	9,116,301
Total fund balances	12,791,525	4,361,166	4,464,682	4,545,938	9,531,246
<b>Total liabilities and fund balances</b>	\$ 12,791,525	4,361,166	4,832,794	5,413,564	9,764,008

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2021

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
<b>ASSETS</b>					
Cash and temporary investments	1,914,695	10,607	8,068,457	1,623,051	10,950,038
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	1,133,073	-	-	593,458
Federal government	-	15,101	-	-	494,928
Receivables:					
Accounts receivable	61,750	7,791	95,871	1,564,521	170,477
Interest	-	-	-	-	-
Other	959	-	-	-	-
Allowance for uncollectible amounts	(2,090)	(2,915)	-	(1,419,565)	(99,361)
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-
Restricted asset:					
Investments	-	-	-	-	-
<b>Total assets</b>	<b>1,975,314</b>	<b>1,163,657</b>	<b>8,164,328</b>	<b>1,768,007</b>	<b>12,109,540</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	49,280	558,327	25,846	53,980	4,257,851
Accrued expenditures	97,509	6,380	67,200	8,391	26,668
Unearned revenues	39,275	-	-	-	-
Other liabilities	-	-	-	-	501
Due to Commonwealth of Virginia	-	-	-	-	2,529,963
Total liabilities	<b>186,064</b>	<b>564,707</b>	<b>93,046</b>	<b>62,371</b>	<b>6,814,983</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	3,305,746
Committed	380,684	107	1,571,872	35,697	1,988,811
Assigned	1,408,566	598,843	6,499,410	1,669,939	-
Total fund balances	<b>1,789,250</b>	<b>598,950</b>	<b>8,071,282</b>	<b>1,705,636</b>	<b>5,294,557</b>
<b>Total liabilities and fund balances</b>	<b>1,975,314</b>	<b>1,163,657</b>	<b>8,164,328</b>	<b>1,768,007</b>	<b>12,109,540</b>

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2021

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
<b>ASSETS</b>					
Cash and temporary investments	107,118	4,346,678	14,946,132	57,589	365,749
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	-	-	-
Federal government	217,774	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Allowance for uncollectible amounts	-	-	-	-	-
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-
Restricted asset:					
Investments	-	1,148,551	-	-	-
<b>Total assets</b>	<b>324,892</b>	<b>5,495,229</b>	<b>14,946,132</b>	<b>57,589</b>	<b>365,749</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	156,930	5,044	-	-	-
Accrued expenditures	6,620	-	-	-	-
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to Commonwealth of Virginia	-	-	-	-	-
Total liabilities	<b>163,550</b>	<b>5,044</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	14,946,132	-	-
Committed	161,342	5,490,185	-	57,589	365,749
Assigned	-	-	-	-	-
Total fund balances	<b>161,342</b>	<b>5,490,185</b>	<b>14,946,132</b>	<b>57,589</b>	<b>365,749</b>
<b>Total liabilities and fund balances</b>	<b>324,892</b>	<b>5,495,229</b>	<b>14,946,132</b>	<b>57,589</b>	<b>365,749</b>

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
<b>ASSETS</b>			
Cash and temporary investments	192,706	15,051	76,212,139
Intergovernmental revenues due from:			
Commonwealth of Virginia	-	-	2,314,525
Federal government	-	-	1,718,638
Receivables:			
Accounts receivable	-	-	5,632,307
Interest	67	33	100
Other	-	-	442,192
Allowance for uncollectible amounts	-	-	(3,968,089)
Inventory of materials and supplies	-	-	6,620
Prepaid expenditures and other assets	-	-	234,368
Restricted asset:			
Investments	-	-	1,148,551
<b>Total assets</b>	<b>192,773</b>	<b>15,084</b>	<b>83,741,351</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	-	-	5,764,068
Accrued expenditures	-	-	904,514
Unearned revenues	-	-	128,460
Other liabilities	-	-	5,932
Due to Commonwealth of Virginia	-	-	2,555,291
Total liabilities	-	-	9,358,265
<b>Fund Balances</b>			
Nonspendable	11,295	1,500	253,783
Restricted	181,478	13,584	36,676,919
Committed	-	-	11,200,742
Assigned	-	-	26,251,642
Total fund balances	<b>192,773</b>	<b>15,084</b>	<b>74,383,086</b>
<b>Total liabilities and fund balances</b>	<b>192,773</b>	<b>15,084</b>	<b>83,741,351</b>

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2021

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
<b>REVENUES</b>					
General property taxes	\$ 11,861,782	7,011,934	-	-	-
Other local taxes	-	-	-	-	4,273,090
Licenses, permits and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	13,511	1,879	21,090	13,944	-
Revenues from use of property	-	-	-	-	52,013
Charges for services	-	-	1,281	7,683,030	135,762
Miscellaneous local revenues	-	-	-	-	449
Recovered costs	-	-	46,010	41,074	-
Program income	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	-	4,717,209	9,835,121	-
Federal government	-	-	10,443,510	1,753,621	-
Total revenues	11,875,293	7,013,813	15,229,100	19,326,790	4,461,314
<b>EXPENDITURES</b>					
Current:					
General government	-	2,165	-	-	2,699,921
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	-	-	21,473,052	26,085,125	-
Education	-	-	-	-	-
Capital outlay	-	-	-	197,966	-
Total expenditures	-	2,165	21,473,052	26,283,091	2,699,921
<b>Excess (deficiency) of revenues over (under) expenditures</b>	11,875,293	7,011,648	(6,243,952)	(6,956,301)	1,761,393
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	1,725,530	14,799	4,544,011	6,889,943	4,307
Transfers to other funds	(9,169,269)	(13,718,262)	(1,122,196)	(6,301,343)	(310,000)
Total other financing sources (uses), net	(7,443,739)	(13,703,463)	3,421,815	588,600	(305,693)
<b>Net change in fund balance</b>	4,431,554	(6,691,815)	(2,822,137)	(6,367,701)	1,455,700
<b>Fund balance - beginning</b>	8,359,971	11,052,981	7,286,819	10,913,639	8,075,546
<b>Fund balance - ending</b>	\$ 12,791,525	4,361,166	4,464,682	4,545,938	9,531,246

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule P-2, Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2021

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
<b>REVENUES</b>					
General property taxes	-	-	-	-	-
Other local taxes	-	-	4,947,998	-	-
Licenses, permits and fees	-	-	-	206,192	-
Fines and forfeitures	-	-	-	1,019,118	-
Investment income	8,393	1,067	25,513	4,998	3,562
Revenues from use of property	-	-	-	-	-
Charges for services	28,193	5,450	-	306,227	167,232
Miscellaneous local revenues	-	-	-	-	109,103
Recovered costs	1,563,540	18,807	150	73	-
Program income	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	2,552,787	3,501,755	1,121,736	-	4,154,173
Federal government	-	181,253	-	-	43,247,829
Total revenues	4,152,913	3,708,332	6,095,397	1,536,608	47,681,899
<b>EXPENDITURES</b>					
Current:					
General government	6,932,384	-	-	-	6,806,191
Public safety	-	-	5,606,312	1,283,242	21,399,655
Public works	-	-	-	-	1,339,408
Parks and recreation	-	-	-	-	93,793
Public welfare	-	5,839,278	-	-	1,521,475
Education	-	-	-	-	6,164,565
Capital outlay	-	-	27,875	-	6,063,190
Total expenditures	6,932,384	5,839,278	5,634,187	1,283,242	43,388,277
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(2,779,471)	(2,130,946)	461,210	253,366	4,293,622
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	1,591,775	2,552,238	1,273,034	809	150,337
Transfers to other funds	(8,393)	(1,067)	(2,480,603)	(47,353)	(5,173,402)
Total other financing sources (uses), net	1,583,382	2,551,171	(1,207,569)	(46,544)	(5,023,065)
<b>Net change in fund balance</b>	(1,196,089)	420,225	(746,359)	206,822	(729,443)
<b>Fund balance - beginning</b>	2,985,339	178,725	8,817,641	1,498,814	6,024,000
<b>Fund balance - ending</b>	1,789,250	598,950	8,071,282	1,705,636	5,294,557

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2021

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
<b>REVENUES</b>					
General property taxes	-	509,773	-	-	-
Other local taxes	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	(65,382)	-	192	1,176
Revenues from use of property	-	44,327	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous local revenues	-	21,916	3,365,690	-	-
Recovered costs	-	1,038,114	-	-	-
Program income	151,626	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	-	-	-	-
Federal government	2,399,481	-	-	-	-
Total revenues	2,551,107	1,548,748	3,365,690	192	1,176
<b>EXPENDITURES</b>					
Current:					
General government	-	6,644	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	1,870,720	-	-	-	25
Education	-	-	-	-	-
Capital outlay	85,002	9,328	-	-	-
Total expenditures	1,955,722	15,972	-	-	25
<b>Excess (deficiency) of revenues over (under) expenditures</b>	595,385	1,532,776	3,365,690	192	1,151
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(444,303)	(74,818)	-	-	-
Total other financing sources (uses), net	(444,303)	(74,818)	-	-	-
<b>Net change in fund balance</b>	151,082	1,457,958	3,365,690	192	1,151
<b>Fund balance - beginning</b>	10,260	4,032,227	11,580,442	57,397	364,598
<b>Fund balance - ending</b>	161,342	5,490,185	14,946,132	57,589	365,749



## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 Year Ended June 30, 2021

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
REVENUES			
General property taxes	-	-	19,383,489
Other local taxes	-	-	9,221,088
Licenses, permits and fees	-	-	206,192
Fines and forfeitures	-	-	1,019,118
Investment income	3,500	53	33,496
Revenues from use of property	-	-	96,340
Charges for services	-	-	8,327,175
Miscellaneous local revenues	-	-	3,497,158
Recovered costs	-	-	2,707,768
Program income	-	-	151,626
Intergovernmental revenues:			
Commonwealth of Virginia	-	-	25,882,781
Federal government	-	-	58,025,694
Total revenues	3,500	53	128,551,925
EXPENDITURES			
Current:			
General government	-	-	16,447,305
Public safety	-	-	28,289,209
Public works	-	-	1,339,408
Parks and recreation	-	-	93,793
Public welfare	-	-	56,789,675
Education	-	-	6,164,565
Capital outlay	-	-	6,383,361
Total expenditures	-	-	115,507,316
Excess (deficiency) of revenues over (under) expenditures			
	3,500	53	13,044,609
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	18,746,783
Transfers to other funds	-	-	(38,851,009)
Total other financing sources (uses), net	-	-	(20,104,226)
Net change in fund balance	3,500	53	(7,059,617)
Fund balance - beginning	189,273	15,031	81,442,703
Fund balance - ending	192,773	15,084	74,383,086

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule P-3

Tax Increment Financing Greenbrier Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
General property taxes	\$ 11,176,320	11,861,782	685,462
Investment income	-	13,511	13,511
Total revenues	11,176,320	11,875,293	698,973
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	1,725,530	1,725,530
Transfers to other funds	(9,279,478)	(9,169,269)	110,209
Total other financing sources (uses), net	(9,279,478)	(7,443,739)	1,835,739
<b>Net change in fund balance</b>	1,896,842	4,431,554	2,534,712
<b>Fund balance - beginning</b>	8,359,971	8,359,971	-
<b>Fund balance - ending</b>	\$ 10,256,813	12,791,525	2,534,712

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule P-4

Tax Increment Financing South Norfolk Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
General property taxes	\$ 6,677,417	7,011,934	334,517
Investment income	-	1,879	1,879
Total revenues	6,677,417	7,013,813	336,396
<b>EXPENDITURES</b>			
General government	25,000	2,165	22,835
Total expenditures	25,000	2,165	22,835
<b>Excess (deficiency) of revenues over (under) expenditures</b>	6,652,417	7,011,648	359,231
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	14,799	14,799
Transfers to other funds	(13,715,814)	(13,718,262)	(2,448)
Total other financing sources (uses), net	(13,715,814)	(13,703,463)	12,351
<b>Net change in fund balance</b>	(7,063,397)	(6,691,815)	371,582
<b>Fund balance - beginning</b>	11,052,981	11,052,981	-
<b>Fund balance - ending</b>	\$ 3,989,584	4,361,166	371,582

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-5

Virginia Public Assistance Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	21,090	21,090
Charges for services	425	1,281	856
Recovered costs	39,622	46,010	6,388
Intergovernmental revenues:			
Commonwealth of Virginia	4,788,157	4,717,209	(70,948)
Federal government	9,880,971	10,443,510	562,539
Total intergovernmental revenues	14,669,128	15,160,719	491,591
Total revenues	14,709,175	15,229,100	519,925
<b>EXPENDITURES</b>			
Public welfare:			
Bureau of Public Assistance	3,083,220	3,051,454	31,766
Joint Administration	4,067,241	3,634,102	433,139
Service Administration	8,304,614	8,183,560	121,054
Eligibility Administration	6,106,417	6,074,372	32,045
Other special programs	669,783	529,564	140,219
Total expenditures	22,231,275	21,473,052	758,223
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(7,522,100)	(6,243,952)	1,278,148
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	4,514,011	4,544,011	30,000
Transfers to other funds	(1,103,182)	(1,122,196)	(19,014)
Total other financing sources (uses), net	3,410,829	3,421,815	10,986
<b>Net change in fund balance</b>	(4,111,271)	(2,822,137)	1,289,134
<b>Fund balance - beginning</b>	7,286,819	7,286,819	-
<b>Fund balance - ending</b>	\$ 3,175,548	4,464,682	1,289,134

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule P-6

Integrated Behavioral Healthcare Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	13,944	13,944
Charges for services:			
Mental health fees	4,622,688	3,079,906	(1,542,782)
Intellectual disability fees	5,443,147	4,298,394	(1,144,753)
Substance abuse fees	160,000	304,730	144,730
Sale of food and beverages	9,350	-	(9,350)
Total charges for services	10,235,185	7,683,030	(2,552,155)
Recovered costs	28,000	41,074	13,074
Intergovernmental revenues:			
Commonwealth of Virginia:			
Mental health grants	7,266,212	7,401,160	134,948
Intellectual disability grants	1,371,835	1,371,834	(1)
Substance abuse grants	1,071,433	1,062,127	(9,306)
Total from the Commonwealth of Virginia	9,709,480	9,835,121	125,641
Federal government:			
Substance abuse, mental health and intellectual disability grants	1,746,121	1,753,621	7,500
Total revenues	21,718,786	19,326,790	(2,391,996)
<b>EXPENDITURES</b>			
Public welfare	29,764,958	26,085,125	3,679,833
Capital outlay	281,965	197,966	83,999
Total expenditures	30,046,923	26,283,091	3,763,832
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(8,328,137)	(6,956,301)	1,371,836
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	6,802,332	6,889,943	87,611
Transfers to other funds	(6,287,400)	(6,301,343)	(13,943)
Total other financing sources (uses), net	514,932	588,600	73,668
<b>Net change in fund balance</b>	(7,813,205)	(6,367,701)	1,445,504
<b>Fund balance - beginning</b>	10,913,639	10,913,639	-
<b>Fund balance - ending</b>	\$ 3,100,434	4,545,938	1,445,504

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-7

Conference Center Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other local taxes	\$ 3,097,755	4,273,090	1,175,335
Revenues from use of property	193,500	52,013	(141,487)
Charges for services	1,363,809	135,762	(1,228,047)
Miscellaneous revenue	8,160	449	(7,711)
Total revenues	4,663,224	4,461,314	(201,910)
<b>EXPENDITURES</b>			
General government	4,209,468	2,699,921	1,509,547
Total expenditures	4,209,468	2,699,921	1,509,547
<b>Excess (deficiency) of revenues over (under) expenditures</b>	453,756	1,761,393	1,307,637
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	4,307	4,307	-
Transfers to other funds	(310,000)	(310,000)	-
Total other financing sources (uses), net	(305,693)	(305,693)	-
<b>Net change in fund balance</b>	148,063	1,455,700	1,307,637
<b>Fund balance - beginning</b>	8,075,546	8,075,546	-
<b>Fund balance - ending</b>	\$ 8,223,609	9,531,246	1,307,637

## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-8

Juvenile Services Fund  
Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual  
Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	8,393	8,393
Charges for services	14,000	28,193	14,193
Recovered costs	1,495,000	1,563,540	68,540
Intergovernmental revenues:			
Commonwealth of Virginia	3,501,000	2,552,787	(948,213)
Total revenues	5,010,000	4,152,913	(857,087)
<b>EXPENDITURES</b>			
General government	7,161,932	6,932,384	229,548
Total expenditures	7,161,932	6,932,384	229,548
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(2,151,932)	(2,779,471)	(627,539)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	1,591,775	1,591,775	-
Transfers to other funds	-	(8,393)	(8,393)
Total other financing sources (uses), net	1,591,775	1,583,382	(8,393)
<b>Net change in fund balance</b>	(560,157)	(1,196,089)	(635,932)
<b>Fund balance - beginning</b>	2,985,339	2,985,339	-
<b>Fund balance - ending</b>	\$ 2,425,182	1,789,250	(635,932)

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule P-9

Interagency Consortium Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Investment income	\$ -	1,067	1,067
Charges for services	-	5,450	5,450
Recovered costs	-	18,807	18,807
Intergovernmental revenues:			
Commonwealth of Virginia	3,827,112	3,501,755	(325,357)
Federal government	-	181,253	181,253
Total revenues	3,827,112	3,708,332	(118,780)
<b>EXPENDITURES</b>			
Public welfare:			
Administrative expenses	6,477,957	5,839,278	638,679
Total expenditures	6,477,957	5,839,278	638,679
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(2,650,845)	(2,130,946)	519,899
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	2,552,238	2,552,238	-
Transfers to other funds	-	(1,067)	(1,067)
Total other financing sources (uses), net	2,552,238	2,551,171	(1,067)
<b>Net change in fund balance</b>	(98,607)	420,225	518,832
<b>Fund balance - beginning</b>	178,725	178,725	-
<b>Fund balance - ending</b>	\$ 80,118	598,950	518,832



## CITY OF CHESAPEAKE, VIRGINIA

Schedule P-10

E-911 Operations Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Other local taxes	\$ 4,947,998	4,947,998	-
Investment income	-	25,513	25,513
Recovered costs	-	150	150
Intergovernmental revenues:			
Commonwealth of Virginia	999,392	1,121,736	122,344
Total revenues	5,947,390	6,095,397	148,007
<b>EXPENDITURES</b>			
Public safety	7,524,141	5,606,312	1,917,829
Capital outlay	333,333	27,875	305,458
Total expenditures	7,857,474	5,634,187	2,223,287
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,910,084)	461,210	2,371,294
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	1,273,034	1,273,034	-
Transfers to other funds	(2,542,258)	(2,480,603)	61,655
Total other financing sources (uses), net	(1,269,224)	(1,207,569)	61,655
<b>Net change in fund balance</b>	(3,179,308)	(746,359)	2,432,949
<b>Fund balance - beginning</b>	8,817,641	8,817,641	-
<b>Fund balance - ending</b>	\$ 5,638,333	8,071,282	2,432,949

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule P-11

Fee Supported Activities Fund  
 Schedule of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 Year Ended June 30, 2021

	Revised Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Licenses, permits and fees	\$ 193,500	206,192	12,692
Fines and forfeitures	1,274,400	1,019,118	(255,282)
Investment income	-	4,998	4,998
Charges for services	357,000	306,227	(50,773)
Recovered costs	5,000	73	(4,927)
Total revenues	1,829,900	1,536,608	(293,292)
<b>EXPENDITURES</b>			
Public safety	1,460,754	1,283,242	177,512
Total expenditures	1,460,754	1,283,242	177,512
<b>Excess (deficiency) of revenues over (under) expenditures</b>	369,146	253,366	(115,780)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	809	809	-
Transfers to other funds	(45,044)	(47,353)	(2,309)
Total other financing sources (uses), net	(44,235)	(46,544)	(2,309)
<b>Net change in fund balance</b>	324,911	206,822	(118,089)
<b>Fund balance - beginning</b>	1,498,814	1,498,814	-
<b>Fund balance - ending</b>	\$ 1,823,725	1,705,636	(118,089)

## Internal Service Funds

**Information Technology Fund** – To account for the operation of the City’s central information technology, including technology development and support, and radio and communications operations.

**City Garage Fund** – To account for the maintenance and repair of City-owned vehicles.

**Self-Insurance Fund** – To account for the City’s self-insurance program.

**Self-Funded Health Fund** – To account for the City’s self-funded health insurance program.



## CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-1

Combining Statement of Net Position  
Internal Service Funds  
June 30, 2021

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
<b>Assets</b>					
Current assets:					
Cash and temporary investments	\$ 10,486,610	12,391,584	25,811,909	13,056,405	61,746,508
Receivables:					
Accounts	16,227	1,353	-	389,460	407,040
Interest	-	-	4,658	-	4,658
Allowance for uncollectible amounts	-	-	-	(67,363)	(67,363)
Inventory of materials and supplies	-	595,995	-	-	595,995
Prepaid expenses	602,600	38,054	2,841,956	9,800	3,492,410
Total current assets	11,105,437	13,026,986	28,658,523	13,388,302	66,179,248
Noncurrent assets:					
Capital assets:					
Construction in progress	5,149,691	10,920	-	-	5,160,611
Buildings	489,072	159,095	-	-	648,167
Improvements other than buildings	4,399,546	183,179	-	-	4,582,725
Software, equipment and vehicles	22,460,236	128,562,107	340,566	-	151,362,909
Infrastructure	-	77,584	-	-	77,584
Less accumulated depreciation	(24,181,296)	(78,822,465)	(340,566)	-	(103,344,327)
Total capital assets, net of accumulated depreciation	8,317,249	50,170,420	-	-	58,487,669
Net OPEB asset	201,621	184,026	24,175	-	409,822
Total noncurrent assets	8,518,870	50,354,446	24,175	-	58,897,491
Total assets	19,624,307	63,381,432	28,682,698	13,388,302	125,076,739
<b>Deferred Outflows of Resources</b>	1,862,404	1,674,677	218,747	-	3,755,828
<b>Total assets and deferred outflows of resources</b>	\$ 21,486,711	65,056,109	28,901,445	13,388,302	128,832,567
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>					
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 528,297	795,707	556,668	165,254	2,045,926
Accrued expenses and other liabilities	101,580	98,650	10,063	-	210,293
Unearned revenues	-	-	-	3,892,747	3,892,747
Current portion of accrued vacation, sick pay and overtime leave	158,141	124,028	18,385	-	300,554
Current portion of liability for self-insurance losses	-	-	4,908,689	4,601,315	9,510,004
Total current liabilities	788,018	1,018,385	5,493,805	8,659,316	15,959,524
Noncurrent liabilities:					
Accrued vacation, sick pay and overtime leave	242,391	203,353	31,614	-	477,358
Liability for self-insurance losses	-	-	22,296,480	-	22,296,480
Net pension liability	4,703,809	3,345,453	418,296	-	8,467,558
Net OPEB liability	278,205	208,560	31,566	-	518,331
Total noncurrent liabilities	5,224,405	3,757,366	22,777,956	-	31,759,727
Total liabilities	6,012,423	4,775,751	28,271,761	8,659,316	47,719,251
<b>Deferred Inflows of Resources</b>	371,193	333,777	43,598	-	748,568
<b>Net Position</b>					
Net investment in capital assets	8,317,249	50,170,420	-	-	58,487,669
Unrestricted (deficit)	6,785,846	9,776,161	586,086	4,728,986	21,877,079
<b>Total net position</b>	15,103,095	59,946,581	586,086	4,728,986	80,364,748
<b>Total liabilities, deferred inflows and net position</b>	\$ 21,486,711	65,056,109	28,901,445	13,388,302	128,832,567

## CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-2

Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
Year Ended June 30, 2021

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
<b>OPERATING REVENUES</b>					
Billings to departments	\$ 14,527,009	15,837,857	9,209,336	46,255,259	85,829,461
Billings to outside agencies and component units	336,656	73,653	-	-	410,309
Rental fees	405,416	-	-	-	405,416
Miscellaneous charges for services	5,760	-	-	-	5,760
Recovered costs	313	460,778	195,547	3,033,331	3,689,969
Other	-	9,839	-	-	9,839
Total operating revenues	15,275,154	16,382,127	9,404,883	49,288,590	90,350,754
<b>OPERATING EXPENSES</b>					
Cost of materials billed	-	1,934,600	-	-	1,934,600
Purchases for resale	-	3,060,604	-	-	3,060,604
General and administrative	794,515	120,003	1,897	11,970	928,385
Other salaries and wages	3,638,031	3,437,193	443,990	-	7,519,214
Other fringe benefits	1,759,893	2,012,491	207,499	-	3,979,883
Self-insurance losses	-	-	(516,728)	-	(516,728)
Indemnity and medical claims	-	-	5,465,902	43,468,596	48,934,498
Other repairs and supplies	5,767,512	1,309,443	68,858	-	7,145,813
Equipment rental	2,215	2,791	1,028	-	6,034
Other contractual services	1,239,327	61,796	122,199	1,903,911	3,327,233
Depreciation and amortization	1,483,973	10,122,337	-	-	11,606,310
Insurance premiums	-	-	1,876,956	2,045,735	3,922,691
Total operating expenses	14,685,466	22,061,258	7,671,601	47,430,212	91,848,537
<b>Operating income (loss)</b>	589,688	(5,679,131)	1,733,282	1,858,378	(1,497,783)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	25,593	39,313	(78)	39,008	103,836
Gain on sale of equipment	-	448,452	-	-	448,452
Loss on sale of equipment	(8,442)	(113,757)	-	-	(122,199)
Total nonoperating revenues (expenses), net	17,151	374,008	(78)	39,008	430,089
<b>Income (loss) before transfers and contributions</b>	606,839	(5,305,123)	1,733,204	1,897,386	(1,067,694)
Transfers in	205,188	42,794	2,800	-	250,782
Transfers out	(1,122,593)	(39,313)	-	-	(1,161,906)
Capital contributions	4,938,192	6,511,663	-	-	11,449,855
<b>Change in net position</b>	4,627,626	1,210,021	1,736,004	1,897,386	9,471,037
<b>Total net position - beginning</b>	10,475,469	58,736,560	(1,149,918)	2,831,600	70,893,711
<b>Total net position - ending</b>	\$ 15,103,095	59,946,581	586,086	4,728,986	80,364,748

## CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-3

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2021

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 752,905	545,058	195,547	2,906,605	4,400,115
Cash received from interfund services provided	14,527,009	15,837,857	9,209,336	46,255,259	85,829,461
Payments to suppliers	(7,585,523)	(7,232,255)	(7,437,454)	(47,445,212)	(69,700,444)
Payments to employees	(5,049,103)	(5,127,133)	(602,471)	-	(10,778,707)
Net cash provided by (used in) operating activities	2,645,288	4,023,527	1,364,958	1,716,652	9,750,425
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	205,188	42,794	2,800	-	250,782
Transfers out	(1,122,593)	(39,313)	-	-	(1,161,906)
Net cash provided by (used in) noncapital financing activities	(917,405)	3,481	2,800	-	(911,124)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(46,905)	(4,098,415)	-	-	(4,145,320)
Proceeds from sale of capital assets	(8,442)	334,695	-	-	326,253
Net cash provided by (used in) capital and related financing activities	(55,347)	(3,763,720)	-	-	(3,819,067)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	25,593	39,313	59,736	39,008	163,650
Net cash provided by investing activities	25,593	39,313	59,736	39,008	163,650
Net increase (decrease) in cash and temporary investments	1,698,129	302,601	1,427,494	1,755,660	5,183,884
<b>Cash and temporary investments beginning of year</b>	<b>8,788,481</b>	<b>12,088,983</b>	<b>24,384,415</b>	<b>11,300,745</b>	<b>56,562,624</b>
<b>Cash and temporary investments end of year</b>	<b>\$ 10,486,610</b>	<b>12,391,584</b>	<b>25,811,909</b>	<b>13,056,405</b>	<b>61,746,508</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 589,688	(5,679,131)	1,733,282	1,858,378	(1,497,783)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,483,973	10,122,337	-	-	11,606,310
Pension expense	329,549	322,629	43,471	-	695,649
OPEB expense	(46,105)	(40,164)	(5,181)	-	(91,450)
Change in assets and liabilities increasing (decreasing) cash and temporary investments:					
Receivables	4,760	788	-	(211,261)	(205,713)
Prepaid expenses and other assets	438,474	19,027	74,226	-	531,727
Inventory of materials and supplies	-	45,410	-	-	45,410
Accounts payable	(220,428)	(807,455)	25,159	(15,001)	(1,017,725)
Unearned revenues	-	-	-	84,821	84,821
Accrued expenses and other liabilities	17,905	8,462	(1,030)	(285)	25,052
Liability for self-insurance losses	-	-	(516,727)	-	(516,727)
Accrued vacation, sick pay and overtime leave	47,472	31,624	11,758	-	90,854
Total adjustments	2,055,600	9,702,658	(368,324)	(141,726)	11,248,208
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 2,645,288</b>	<b>4,023,527</b>	<b>1,364,958</b>	<b>1,716,652</b>	<b>9,750,425</b>
<b>Supplemental information on significant noncash transactions:</b>					
Contributions of capital assets:	\$ 4,938,192	6,511,663	-	-	11,449,855

# Chesapeake Public Schools Component Unit

## *Major Governmental funds*

**Schools General Fund** – To account for the general operations of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

**Schools Food Services Fund**– To account for the operations of the Schools’ cafeterias.

**Schools Textbooks Fund** – To account for the operation of the School Textbook program.

**Schools Capital Projects Fund** – To account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance of the school plant (other than those financed by the other funds or the City).

## *Fiduciary Funds:*

**Schools OPEB Trust Fund** – To account for assets accumulated to fund other postemployment benefit (OPEB) obligations of the Schools.



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**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule R-1*

Balance Sheet  
Governmental Funds  
Year Ended June 30, 2021

	General	Food Services	Textbooks	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and temporary investments	\$ 51,668,353	5,017,968	11,117,285	-	67,803,606
Receivables	1,964,098	2,773	2,731	-	1,969,602
Due from federal government	23,218,685	2,913,778	-	-	26,132,463
Due from Commonwealth of Virginia	10,976,389	-	-	-	10,976,389
Due from Capital Projects Fund	19,147,476	-	-	-	19,147,476
Prepaid insurance	1,389,268	-	-	-	1,389,268
Inventory	2,044,993	1,022,394	-	-	3,067,387
<b>Total assets</b>	<b>\$ 110,409,262</b>	<b>8,956,913</b>	<b>11,120,016</b>	<b>-</b>	<b>130,486,191</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 48,043,443	505,402	-	8,817,713	57,366,558
Health claims payable	6,457,915	-	-	-	6,457,915
Due to other funds	-	-	-	19,147,476	19,147,476
<b>Total liabilities</b>	<b>54,501,358</b>	<b>505,402</b>	<b>-</b>	<b>27,965,189</b>	<b>82,971,949</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenues - sales taxes	2,667,222	-	-	-	2,667,222
Unavailable revenues due to timing - federal	1,299,213	-	-	-	1,299,213
<b>Total deferred inflows of resources</b>	<b>3,966,435</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,966,435</b>
<b>Fund Balances</b>					
Nonspendable:					
Prepaid insurance	1,389,268	-	-	-	1,389,268
Inventory	2,044,993	1,022,394	-	-	3,067,387
Restricted:					
Food services	-	7,429,117	-	-	7,429,117
School textbook	-	-	11,120,016	-	11,120,016
Future health, dental and workers' compensation	40,831,966	-	-	-	40,831,966
Technology	1,323,261	-	-	-	1,323,261
Transportation	204,762	-	-	-	204,762
Instruction	1,377,939	-	-	-	1,377,939
Assigned to:					
Instruction	5,606,914	-	-	-	5,606,914
Unassigned	(837,634)	-	-	(27,965,189)	(28,802,823)
<b>Total fund balances</b>	<b>51,941,469</b>	<b>8,451,511</b>	<b>11,120,016</b>	<b>(27,965,189)</b>	<b>43,547,807</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 110,409,262</b>	<b>8,956,913</b>	<b>11,120,016</b>	<b>-</b>	

**Adjustments for the Statement of Net Position:**

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	332,350,585
Long-term liabilities are not reported as liabilities in the governmental funds.	(60,897,437)
Net OPEB liabilities are not reported as liabilities in the governmental funds.	(250,589,121)
Deferred outflows are not reported in the governmental funds.	151,438,117
Net pension liabilities are not reported in the governmental funds.	(446,678,440)
Deferred inflows are not reported in the governmental funds.	(37,817,879)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(5,875)
Assets are not available to pay current period expenditures and, therefore, are reported as unavailable in the governmental funds.	3,966,435
<b>Net position of governmental activities</b>	<b>\$ (264,685,808)</b>

**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule R-2*

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2021

	General	Food Services	Textbooks	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Intergovernmental revenues:					
City of Chesapeake	\$ 192,292,479	-	-	-	192,292,479
Commonwealth of Virginia	275,414,988	146,775	2,720,477	-	278,282,240
Federal government	35,875,327	13,573,168	-	-	49,448,495
Donated commodities from Federal government	-	1,100,891	-	-	1,100,891
Total intergovernmental	503,582,794	14,820,834	2,720,477	-	521,124,105
Charges for services	18,442,187	11,593	-	-	18,453,780
Interest	10,918	(10,818)	(16,525)	11,375	(5,050)
Miscellaneous	4,995,758	49,316	10,891	-	5,055,965
Total revenues	527,031,657	14,870,925	2,714,843	11,375	544,628,800
<b>EXPENDITURES</b>					
Education:					
Administration	10,745,457	-	-	-	10,745,457
Instruction	417,066,693	-	51,780	-	417,118,473
Attendance and health services	8,502,831	-	-	-	8,502,831
Pupil transportation	23,948,078	-	-	-	23,948,078
Operations and maintenance	47,099,569	-	-	-	47,099,569
School facilities services	605,377	-	-	-	605,377
School technology services	22,472,056	-	-	-	22,472,056
Total education	530,440,061	-	51,780	-	530,491,841
Food services	-	12,299,174	-	-	12,299,174
Debt service	3,633,513	-	-	-	3,633,513
Payment to primary government – return of interest income	10,918	-	-	11,375	22,293
Capital outlay	2,031,003	-	-	39,849,385	41,880,388
Total expenditures	536,115,495	12,299,174	51,780	39,860,760	588,327,209
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(9,083,838)</b>	<b>2,571,751</b>	<b>2,663,063</b>	<b>(39,849,385)</b>	<b>(43,698,409)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from capital leases	2,031,003	-	-	-	2,031,003
Payment from primary government for capital outlay	-	-	-	4,754,838	4,754,838
Transfers in	-	-	-	2,245,162	2,245,162
Transfers out	(2,245,162)	-	-	-	(2,245,162)
Total other financing sources (uses), net	(214,159)	-	-	7,000,000	6,785,841
<b>Net change in fund balance</b>	<b>(9,297,997)</b>	<b>2,571,751</b>	<b>2,663,063</b>	<b>(32,849,385)</b>	<b>(36,912,568)</b>
<b>Fund balance - beginning, as restated (note 17)</b>	<b>60,622,064</b>	<b>5,764,819</b>	<b>8,456,953</b>	<b>4,884,196</b>	<b>79,728,032</b>
Increase (decrease) in reserve for inventory	617,402	114,941	-	-	732,343
<b>Fund balance - ending</b>	<b>\$ 51,941,469</b>	<b>8,451,511</b>	<b>11,120,016</b>	<b>(27,965,189)</b>	<b>43,547,807</b>

(Continued)

**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule R-2, Continued*

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2021

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

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

Net change in fund balances - total governmental funds	\$ (36,912,568)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded depreciation expense in the current period.	29,041,248
In the Statement of Activities, the loss on the sale of equipment is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the equipment sold.	(20,844)
Some capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. Capital leases are not revenues in the Statement of Activities.	(2,031,003)
Repayment of debt principal is an expenditure in the governmental funds, but does not affect the Statement of Activities.	3,214,378
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due. In the Statement of Activities, however, interest expense is recognized as the interest accrues.	48,473
Because some sales taxes and revenues will not be received for several months after the fiscal year ends, they are reported as unavailable revenue in the governmental funds.	1,368,420
Change in reserve for inventory from governmental funds is included in expenditures in the Statement of Activities.	732,343
Changes in net OPEB liability and related deferred outflows and inflows are reported only in the Statement of Activities.	(5,053,642)
Changes in net pension liabilities and related deferred outflows and inflows of resources are reported only in the Statement of Activities.	(8,112,722)
In the Statement of Activities, certain operating expenses are measured by the liabilities incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This year, compensated absences liabilities incurred exceeded the amount used by \$1,176,338 and self-insurance amount paid exceeded claims incurred by \$30,828.	(1,207,166)
Change in net position of governmental activities	\$ (18,933,083)

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**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule R-3*

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2021

	<b>Other Postemployment Benefits Trust Fund</b>
<b>ASSETS</b>	
Investments, at fair value	
Mutual funds	\$ 4,802,955
<b>Total assets</b>	<b>\$ 4,802,955</b>
<b>LIABILITIES AND NET POSITION</b>	
<b>Liabilities:</b>	
Total liabilities	\$ -
<b>Net position:</b>	
Restricted for other postemployment benefits	4,802,955
Total net position	4,802,955
<b>Total liabilities and net position</b>	<b>\$ 4,802,955</b>

**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule R-3A*

Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 Year Ended June 30, 2021

	<b>Other Postemployment Benefits Trust Fund</b>
<b>ADDITIONS</b>	
Contributions from employer	\$ 4,868,389
Contributions from plan members	3,546,295
Investment income:	
Interest and dividends	1,111,061
Net investment income	1,111,061
<b>Total additions</b>	<b>9,525,745</b>
<b>DEDUCTIONS</b>	
Administrative expenses	4,687
Benefits and refunds paid on behalf of plan members and beneficiaries	8,414,684
<b>Total deductions</b>	<b>8,419,371</b>
<b>Change in net position</b>	<b>1,106,374</b>
<b>Held in trust for other postemployment benefits - beginning of year</b>	<b>3,696,581</b>
<b>Held in trust for other postemployment benefits - end of year</b>	<b>\$ 4,802,955</b>

**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule R-4*

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - Schools General Fund  
 Year Ended June 30, 2021

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental revenues:				
City of Chesapeake	\$ 214,458,776	214,458,776	192,292,479	(22,166,297)
Commonwealth of Virginia	260,799,225	261,052,967	275,414,988	14,362,021
Federal government	37,782,366	44,554,379	35,875,327	(8,679,052)
Charges for services	2,530,800	2,530,800	18,442,187	15,911,387
Interest	-	-	10,918	10,918
Miscellaneous	10,589,135	10,745,135	4,995,758	(5,749,377)
Total revenues	526,160,302	533,342,057	527,031,657	(6,310,400)
<b>EXPENDITURES</b>				
Education:				
Administration	10,039,270	10,875,730	10,745,457	130,273
Instruction	435,514,724	435,812,697	417,066,693	18,746,004
Attendance and health services	8,458,544	8,558,544	8,502,831	55,713
Pupil transportation	35,590,464	34,265,464	23,948,078	10,317,386
Operations and maintenance	46,281,782	48,357,613	47,099,569	1,258,044
School facilities services	3,176,282	931,120	605,377	325,743
School technology services	19,490,991	22,759,892	22,472,056	287,836
Total education	558,552,057	561,561,060	530,440,061	31,120,999
Debt service:				
Principal	2,726,194	2,726,194	3,214,378	(488,184)
Interest	369,408	369,408	419,135	(49,727)
Total debt service	3,095,602	3,095,602	3,633,513	(537,911)
Payment to primary government – return of interest income	-	-	10,918	(10,918)
Capital Outlay	-	-	2,031,003	(2,031,003)
Total expenditures	561,647,659	564,656,662	536,115,495	28,541,167
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (35,487,357)</b>	<b>(31,314,605)</b>	<b>(9,083,838)</b>	<b>22,230,767</b>
Other financing sources (uses):				
Proceeds from capital leases			2,031,003	
Transfer to School Capital Projects Fund			(2,245,162)	
Total other financing uses			(214,159)	
<b>Net change in fund balance</b>			(9,297,997)	
<b>Fund balance - beginning, as restated (note 17)</b>			60,622,064	
<b>Increase (decrease) in reserve for inventory</b>			617,402	
<b>Fund balance - ending</b>			<u>\$ 51,941,469</u>	

**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule R-5*

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - Schools Food Services Fund  
 Year Ended June 30, 2021

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ 174,180	374,180	146,775	(227,405)
Federal government	9,004,582	8,804,582	13,573,168	4,768,586
Charges for services	4,242,370	-	11,593	11,593
Interest	68,000	-	(10,818)	(10,818)
Miscellaneous	16,666	5,666	49,316	43,650
Total revenues	13,505,798	9,184,428	13,770,034	4,585,606
<b>EXPENDITURES</b>				
Operating costs:				
Purchases for resale	3,815,000	3,875,200	3,659,524	215,676
Food service salaries and fringe benefits	6,609,056	6,609,056	5,611,979	997,077
General and administrative	2,368,542	2,334,942	1,734,984	599,958
Other repairs and supplies	296,200	299,700	154,094	145,606
Capital outlay	398,000	367,900	19,130	348,770
Other expenditures	19,000	19,000	18,572	428
Total expenditures	13,505,798	13,505,798	11,198,283	2,307,515
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ -	(4,321,370)	2,571,751	6,893,121
<b>Fund balance - beginning</b>			5,764,819	
<b>Increase (decrease) in reserve for inventory</b>			114,941	
<b>Fund balance - ending</b>			<u>\$ 8,451,511</u>	

**CITY OF CHESAPEAKE, VIRGINIA**  
**CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

*Schedule R-6*

Schedule of Revenues, Expenditures and Changes in Fund Balances -  
 Budget and Actual - Schools Textbooks Fund  
 Year Ended June 30, 2021

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ 2,859,603	2,859,603	2,720,477	(139,126)
Interest	15,000	15,000	(16,525)	(31,525)
Miscellaneous	15,000	15,000	10,891	(4,109)
Total revenues	2,889,603	2,889,603	2,714,843	(174,760)
<b>EXPENDITURES</b>				
Instruction				
Textbooks	3,490,077	3,490,077	-	(3,490,077)
Expendable workbooks	2,869,603	2,921,383	51,780	(2,869,603)
Total expenditures	6,359,680	6,411,460	51,780	(6,359,680)
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ (3,470,077)</b>	<b>\$ (3,521,857)</b>	<b>\$ 2,663,063</b>	<b>6,184,920</b>
<b>Net change in fund balance</b>			2,663,063	
<b>Fund balance - beginning</b>			8,456,953	
<b>Fund balance - ending</b>			<u>\$ 11,120,016</u>	



## Other Component Unit

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



## CITY OF CHESAPEAKE, VIRGINIA

## Schedule S-1

Balance Sheet and Statement of Net Position  
Chesapeake Mosquito Control Commission  
June 30, 2021

	Chesapeake Mosquito Control Commission
<b>ASSETS</b>	
<b>Assets</b>	
Cash and temporary investments	\$ 7,021,349
Inventory of materials and supplies	354,102
Prepaid expenses	135,230
Total current assets	7,510,681
<b>Total assets</b>	<b>\$ 7,510,681</b>
<b>LIABILITIES, FUND BALANCE AND NET POSITION</b>	
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 119,747
Other liabilities	40
Total current liabilities	119,787
<b>Total liabilities</b>	<b>119,787</b>
<b>Fund Balance</b>	
Nonspendable:	
Inventory	354,102
Prepaid	135,230
Committed:	
Biology testing	68,910
Future capital improvements	1,000,000
Operations	1,093,728
Unassigned	4,738,924
<b>Total fund balance</b>	<b>7,390,894</b>
<b>Total liabilities and fund balance</b>	<b>\$ 7,510,681</b>
<b>Reconciliation to Net Position:</b>	
Total fund balance	\$ 7,390,894
Capital assets - net of depreciation	2,336,077
Net OPEB asset	81,787
Deferred outflows	681,385
Long-term liabilities	(131,491)
Net pension liability	(1,387,434)
Net OPEB liability - VRS directed	(146,579)
Deferred inflows	(135,806)
<b>Net Position</b>	<b>\$ 8,688,833</b>

## CITY OF CHESAPEAKE, VIRGINIA

## Schedule S-2

Statement of Revenues, Expenditures and Changes in Fund Balance  
Chesapeake Mosquito Control Commission  
Year Ended June 30, 2021

	Chesapeake Mosquito Control Commission
<b>REVENUES</b>	
Property taxes	\$ 5,147,839
Investment income	17,118
Other	162,859
Total revenues	5,327,816
<b>EXPENDITURES</b>	
Other salaries and wages	1,742,765
Other fringe benefits	863,902
Other repairs and supplies	815,743
Insurance premiums	260,433
Capital outlay	112,285
Other	359,494
Total expenditures	4,154,622
<b>Excess (deficiency) of revenues over (under) expenditures</b>	1,173,194
<b>Net change in fund balance</b>	1,173,194
<b>Fund balance - beginning</b>	6,217,700
<b>Fund balance - ending</b>	\$ 7,390,894

**Reconciliation to Change in Net Position:**

Governmental funds report capital outlay as expenditures. However, when reporting net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net change in fund balance	\$ 1,173,194
Compensated absences	3,970
Pension expense	(197,876)
OPEB expense	13,063
Depreciation expense	(167,443)
Loss on disposal	(742)
Capital outlay expenditures	112,285
<b>Change in Net Position</b>	<b>\$ 936,451</b>

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# STATISTICAL SECTION

This part of the City of Chesapeake's Comprehensive Annual Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures and required supplementary information depict the government's overall financial health.

**Financial Trends** – These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

**Revenue Capacity** – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

**Debt Capacity** – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

**Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.



# CITY OF CHESAPEAKE, VIRGINIA

Net Position by Component  
Last Ten Fiscal Years - Unaudited

	Fiscal Years			
	2012	2013	2014	2015
<b>Governmental Activities</b>				
Net investment in capital assets	762,765,688	715,309,724	725,639,898	751,215,126
Restricted for:				
Capital projects	7,541,231	7,945,218	7,730,629	9,289,916
Debt service	2,974,020	3,051,674	1,104,771	524,780
Other purposes:				
Expendable	66,019,778	65,320,915	71,603,633	73,178,331
Nonexpendable	12,795	12,795	12,795	12,795
Unrestricted (deficit)	180,953,477	194,955,789	212,685,592	100,085,810
<b>Total governmental activities net position</b>	<b>1,020,266,989</b>	<b>986,596,115</b>	<b>1,018,777,318</b>	<b>934,306,758</b>
<b>Business-type Activities</b>				
Net investment in capital assets	286,255,165	338,956,191	363,131,229	380,994,500
Restricted for:				
Capital projects	1,765,682	4,909,101	4,192,551	10,285,096
Debt service	10,331,849	40,167,626	36,168,752	33,995,534
Other purposes:				
Expendable	116,409,613	112,058,449	133,882,562	135,829,971
Unrestricted (deficit)	(1,543,594)	(1,170,944)	(18,150,568)	(28,147,438)
<b>Total business-type activities net position</b>	<b>413,218,715</b>	<b>494,920,423</b>	<b>519,224,526</b>	<b>532,957,663</b>
<b>Primary Government</b>				
Net investment in capital assets	1,049,020,853	1,054,265,915	1,088,771,127	1,132,209,626
Restricted for:				
Capital projects	9,306,913	12,854,319	11,923,180	19,575,012
Debt service	13,305,869	43,219,300	37,273,523	34,520,314
Other purposes:				
Expendable	182,429,391	177,379,364	205,486,195	209,008,302
Nonexpendable	12,795	12,795	12,795	12,795
Unrestricted (deficit)	179,409,883	193,784,845	194,535,024	71,938,372
<b>Total Primary Government net position</b>	<b>1,433,485,704</b>	<b>1,481,516,538</b>	<b>1,538,001,844</b>	<b>1,467,264,421</b>
<b>Component Units</b>				
Net investment in capital assets	218,780,868	226,212,630	231,613,876	240,465,301
Restricted for:				
Capital projects	15,625,180	27,122,536	22,562,553	17,708,059
Other purposes:				
Expendable	38,848,921	36,950,588	27,909,453	22,479,251
Unrestricted (deficit)	(286,045,269)	(303,617,981)	(298,929,160)	(692,757,169)
<b>Total component units' net position</b>	<b>(12,790,300)</b>	<b>(13,332,227)</b>	<b>(16,843,278)</b>	<b>(412,104,558)</b>

**Table 1**

<b>Fiscal Years</b>					
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
803,408,601	917,873,047	948,007,008	988,305,860	974,415,246	992,050,786
9,496,284	7,573,672	7,295,431	7,214,178	6,913,621	6,634,647
572,809	800,317	975,681	1,580,849	1,205,480	1,014,188
79,026,265	86,689,437	81,470,421	75,208,171	79,622,155	75,893,913
12,795	184,459	203,604	243,494	336,821	253,783
127,611,781	166,360,668	204,538,067	251,402,063	287,070,666	382,657,019
1,020,128,535	1,179,481,600	1,242,490,212	1,323,954,615	1,349,563,989	1,458,504,336
374,310,640	398,107,933	424,400,639	446,770,028	458,647,190	462,305,755
13,054,525	97,882,413	108,317,526	128,596,183	110,548,561	119,247,076
33,421,662	33,684,535	34,184,641	40,716,139	52,744,206	46,735,246
149,570,921	79,037,754	79,578,055	68,198,534	85,511,407	104,781,159
(4,026,298)	(4,182,599)	(32,028,285)	(25,806,606)	(34,833,528)	(39,437,234)
566,331,450	604,530,036	614,452,576	658,474,278	672,617,836	693,632,002
1,177,719,241	1,315,980,980	1,372,407,647	1,435,075,888	1,433,062,436	1,454,356,541
22,550,809	105,456,085	115,612,957	135,810,361	117,462,182	125,881,723
33,994,471	34,484,852	35,160,322	42,296,988	53,949,686	47,749,434
228,597,186	165,727,191	161,048,476	143,406,705	165,133,562	180,675,072
12,795	184,459	203,604	243,494	336,821	253,783
123,585,483	162,178,069	172,509,782	225,595,457	252,237,138	343,219,785
1,586,459,985	1,784,011,636	1,856,942,788	1,982,428,893	2,022,181,825	2,152,136,338
238,621,923	245,580,745	257,008,802	280,922,718	297,819,879	328,492,169
23,976,510	18,863,830	9,210,779	-	-	-
22,906,943	26,003,608	38,675,687	46,569,857	70,288,004	62,505,016
(673,085,649)	(685,656,442)	(600,527,120)	(606,678,614)	(597,397,419)	(633,448,164)
(387,580,273)	(395,208,259)	(295,631,852)	(279,186,039)	(229,289,536)	(242,450,979)

**CITY OF CHESAPEAKE, VIRGINIA**

Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2012	2013	2014	2015
<b>Program Revenues</b>				
Governmental activities:				
Charges for Services:				
General government	\$ 15,655,753	19,070,413	17,991,011	17,221,747
Public safety	8,004,960	4,552,411	4,930,678	6,065,257
Public works	572,422	491,789	579,655	423,362
Parks and recreation	1,185,891	1,119,617	1,199,110	1,179,898
Public welfare	3,634,765	3,876,330	4,730,175	6,036,692
Operating grants and contributions	114,361,618	95,148,851	94,884,033	94,843,600
Capital grants and contributions	2,971,533	7,941,256	4,135,767	7,297,723
Total governmental activities' program revenues	\$ 146,386,942	132,200,667	128,450,429	133,068,279
Business-type activities:				
Charges for Services:				
Public Utilities	\$ 63,871,301	59,999,277	66,585,995	69,235,499
Chesapeake Transportation System	10,488,113	10,310,889	10,475,725	11,101,413
Stormwater Management	14,833,052	14,973,046	15,183,909	15,644,842
Economic Development Authority	-	-	-	-
Operating grants and contributions	1,309,146	1,501,314	1,132,388	1,210,881
Capital grants and contributions	2,662,708	32,250,518	7,412,395	7,932,525
Total business-type activities' program revenues	\$ 93,164,320	119,035,044	100,790,412	105,125,160
Total Primary Government Activities' program revenues	\$ 239,551,262	251,235,711	229,240,841	238,193,439
Component Units:				
Charges for Services:				
Public Schools	\$ 7,097,754	7,628,806	14,692,607	16,611,124
Chesapeake Port Authority	36,210	39,400	42,135	35,905
Chesapeake Airport Authority	424,813	434,049	429,444	427,789
Elizabeth River Properties of Chesapeake, Inc.	100,730	97,283	110,753	124,003
Operating grants and contributions	112,735,654	93,629,158	99,476,140	93,982,567
Capital grants and contributions	1,541,294	1,204,851	1,311,294	1,190,330
Total component units' program revenues	\$ 121,936,455	103,033,547	116,062,373	112,371,718
Total Primary Government and component units' program revenues	\$ 361,487,717	354,269,258	345,303,214	350,565,157



Table 2

Fiscal Years					
2016	2017	2018	2019	2020	2021
17,919,246	18,626,308	18,369,446	16,642,078	4,803,523	3,932,636
6,327,000	6,842,159	6,958,674	7,404,405	6,911,297	7,015,743
397,605	433,412	567,340	319,224	365,218	376,963
1,325,959	1,273,734	1,260,627	1,193,031	845,041	260,869
8,128,191	7,269,310	7,549,567	9,733,420	8,847,162	7,689,761
108,437,341	111,174,626	111,552,585	115,178,823	119,403,089	160,744,753
23,145,655	107,671,523	22,555,997	20,986,036	22,827,863	14,433,181
165,680,997	253,291,072	168,814,236	171,457,017	164,003,193	194,453,906
71,895,798	75,891,505	76,927,836	74,669,373	77,993,495	80,024,669
11,938,642	17,591,317	24,825,405	26,500,786	25,505,079	29,267,552
15,661,983	16,031,408	16,115,527	16,141,817	15,833,474	16,148,628
-	-	-	-	6,519,130	477,000
1,419,816	1,723,497	3,305,879	7,418,684	5,317,512	2,708,725
12,942,811	19,668,084	5,040,018	10,215,794	6,112,838	9,661,238
113,859,050	130,905,811	126,214,665	134,946,454	137,281,528	138,287,812
279,540,047	384,196,883	295,028,901	306,403,471	301,284,721	332,741,718
18,998,372	18,635,543	18,870,975	19,686,232	22,445,856	18,453,780
39,722	1,200	-	-	-	-
434,638	466,335	473,455	472,310	499,493	496,246
111,979	106,776	117,546	115,352	151,957	176,954
97,479,921	103,321,427	111,090,487	112,804,840	122,980,668	147,314,136
1,163,712	392,204	2,020,383	361,869	2,747,149	20,500
118,228,344	122,923,485	132,572,846	133,440,603	148,825,123	166,461,616
397,768,391	507,120,368	427,601,747	439,844,074	450,109,844	499,203,334

(Continued)

# CITY OF CHESAPEAKE, VIRGINIA

## Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2012	2013	2014	2015
<b>Expenses</b>				
Governmental activities:				
General government	\$ 144,974,198	149,330,767	152,704,171	129,569,793
Public safety	100,787,254	83,454,031	93,375,929	91,413,819
Public works	47,637,435	40,647,017	38,746,709	58,920,091
Parks and recreation	7,804,170	9,693,509	2,516,007	2,439,039
Public welfare	44,804,508	40,991,944	42,027,655	44,174,172
Education	203,047,686	208,985,915	189,942,276	191,962,233
Interest on long-term debt	17,885,365	15,821,682	15,001,553	13,597,584
Depreciation and amortization - net unallocated portion	20,169,069	19,429,215	18,824,944	16,215,291
Total governmental activities	\$ 587,109,685	568,354,080	553,139,244	548,292,022
Business-type activities:				
Public Utilities	\$ 56,133,023	54,559,573	57,339,899	59,665,753
Chesapeake Transportation System	10,587,608	11,981,231	10,430,045	8,973,844
Stormwater Management	7,761,421	9,256,065	8,755,098	11,578,159
Economic Development Authority	-	-	-	-
Total business-type activities	\$ 74,482,052	75,796,869	76,525,042	80,217,756
Total Primary Government	\$ 661,591,737	644,150,949	629,664,286	628,509,778
Component units				
Public Schools	\$ 472,886,416	449,879,147	444,265,205	442,852,339
Chesapeake Mosquito Control Commission	4,630,205	4,520,768	4,018,404	4,033,457
Economic Development Authority	2,364,300	883,000	789,713	686,818
Chesapeake Port Authority	44,866	50,187	53,350	46,498
Chesapeake Airport Authority	1,324,282	1,285,463	1,359,188	1,583,143
Elizabeth River Properties of Chesapeake, Inc.	145,536	188,512	179,427	190,881
Chesapeake Land Bank Authority	-	-	-	-
Total component units	\$ 481,395,605	456,807,077	450,665,287	449,393,136
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (440,722,743)	(436,153,413)	(424,688,815)	(415,223,743)
Business-type activities	18,682,268	43,238,175	24,265,370	24,907,404
Total Primary Government net expense	\$ (422,040,475)	(392,915,238)	(400,423,445)	(390,316,339)
Total component units net expense	\$ (359,459,150)	(353,773,530)	(334,602,914)	(337,021,418)

*Table 2, Continued*

<b>Fiscal Years</b>					
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
125,133,326	145,413,520	154,492,115	164,759,758	205,972,104	227,160,269
90,907,369	93,094,728	94,172,297	103,262,634	111,433,764	116,541,499
52,877,267	58,915,648	47,580,380	38,099,274	22,716,126	11,253,379
8,423,774	3,415,829	7,730,292	8,812,469	9,682,309	7,552,991
45,705,033	48,443,596	47,746,439	49,972,356	56,260,276	60,594,825
208,466,021	207,382,512	217,851,053	217,100,015	250,803,232	209,415,524
12,228,723	12,696,190	13,797,966	12,651,370	12,423,557	12,568,282
15,331,944	15,216,230	19,448,199	20,245,562	19,620,117	16,085,590
559,073,457	584,578,253	602,818,741	614,903,438	688,911,485	661,172,359
59,789,391	61,195,818	68,295,315	63,598,130	66,708,533	66,126,598
8,987,678	20,513,144	36,979,915	37,904,311	38,492,069	37,952,259
11,541,070	12,825,364	11,027,245	13,156,095	14,484,056	15,310,180
-	-	-	6,723,039	7,100,135	7,393,129
80,318,139	94,534,326	116,302,475	121,381,575	126,784,793	126,782,166
639,391,596	679,112,579	719,121,216	736,285,013	815,696,278	787,954,525
435,759,664	488,960,206	470,920,045	483,006,298	520,397,810	569,668,829
5,181,759	4,013,749	3,693,645	3,719,396	4,290,575	4,391,365
3,322,203	642,787	1,329,256	-	-	-
46,795	19,642	1,696	-	-	-
1,340,246	1,270,448	1,340,143	1,368,689	1,252,267	1,184,417
223,076	225,496	225,065	229,936	299,146	266,521
-	-	-	-	86,948	164,814
445,873,743	495,132,328	477,509,850	488,324,319	526,239,798	575,675,946
(393,392,460)	(331,287,181)	(434,004,505)	(443,446,421)	(524,908,292)	(466,718,453)
33,540,911	36,371,485	9,912,190	13,564,879	10,496,735	11,505,646
(359,851,549)	(294,915,696)	(424,092,315)	(429,881,542)	(514,411,557)	(455,212,807)
(327,645,399)	(372,208,843)	(344,937,004)	(354,883,716)	(377,501,623)	(409,214,330)

*(Continued)*

# CITY OF CHESAPEAKE, VIRGINIA

## Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2012	2013	2014	2015
<b>General Revenue and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 293,799,799	288,743,868	298,879,122	305,738,657
Local sales and use taxes	33,751,538	34,451,337	35,389,855	37,236,136
Business license taxes	24,752,986	24,268,792	25,068,518	25,684,602
Consumer utility taxes	10,027,978	10,258,697	10,450,356	10,624,686
Other taxes	50,533,368	50,956,443	50,985,268	52,988,967
Grants and contributions not restricted to specific programs	31,646,114	31,739,924	31,725,721	31,873,268
Unrestricted investment earnings	2,400,850	162,669	1,538,560	1,688,206
Miscellaneous	3,123,243	2,961,604	2,871,351	3,718,394
Transfers	471,873	5,295,381	(38,733)	190,553
Total governmental activities revenues & transfers	\$ 450,507,749	448,838,715	456,870,018	469,743,469
Business-type activities:				
Unrestricted investment earnings	\$ -	-	-	-
Transfers	(471,873)	(5,295,381)	38,733	(190,553)
Total business-type activities revenues & transfers	\$ (471,873)	(5,295,381)	38,733	(190,553)
Total Primary Government revenues & transfers	\$ 450,035,876	443,543,334	456,908,751	469,552,916
Component Units:				
Payment from City	\$ 195,333,708	201,293,387	182,260,318	184,457,843
Grants and contributions not restricted to specific programs	137,894,439	151,059,807	147,665,810	155,306,935
Unrestricted investment earnings	333,931	86,192	168,006	242,790
Miscellaneous	1,188,152	792,217	1,046,806	1,146,129
Total component units	\$ 334,750,230	353,231,603	331,140,940	341,153,697
<b>Change in Net Position</b>				
Governmental activities	\$ 9,785,006	12,685,302	32,181,203	54,519,726
Business-type activities	18,210,395	37,942,794	24,304,103	24,716,851
Total Primary Government net change in net position	\$ 27,995,401	50,628,096	56,485,306	79,236,577
Total component units net change in net position	\$ (24,708,920)	(541,927)	(3,461,974)	4,132,279

*Table 2, Continued*

<b>Fiscal Years</b>					
<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
311,753,152	323,945,517	339,175,321	355,881,792	370,371,068	393,652,325
38,134,836	39,192,394	40,912,255	41,660,626	43,593,597	51,037,755
25,432,077	26,124,990	27,319,871	28,048,966	27,781,280	29,019,712
10,549,605	10,631,194	10,856,726	10,828,586	10,809,020	10,919,483
55,170,564	55,182,708	55,699,035	57,560,084	55,908,436	60,322,618
32,200,518	32,146,547	32,144,107	32,448,856	32,370,647	33,534,249
2,212,618	2,307,567	4,642,652	9,670,264	8,232,271	882,532
3,593,743	2,936,430	3,789,863	3,519,909	5,098,170	5,798,646
167,124	(1,827,101)	(1,351,488)	(14,708,259)	(3,646,823)	(9,508,520)
479,214,237	490,640,246	513,188,342	524,910,824	550,517,666	575,658,800
-	-	-	-	-	-
(167,124)	1,827,101	1,351,488	14,708,259	3,646,823	9,508,520
(167,124)	1,827,101	1,351,488	14,708,259	3,646,823	9,508,520
479,047,113	492,467,347	514,539,830	539,619,083	554,164,489	585,167,320
200,669,966	199,801,485	210,380,798	209,686,756	244,072,634	197,047,317
154,989,654	163,341,019	163,273,264	174,766,903	182,235,069	189,216,555
262,926	450,365	982,738	1,168,677	73,596	-5,050
950,105	987,988	1,525,959	1,455,757	1,016,827	5,039,653
356,872,651	364,580,857	376,162,759	387,078,093	427,398,126	391,298,475
85,821,777	159,353,065	79,183,837	81,464,403	25,609,374	108,940,347
33,373,787	38,198,586	11,263,678	28,273,138	14,143,558	21,014,166
119,195,564	197,551,651	90,447,515	109,737,541	39,752,932	129,954,513
29,227,252	(7,627,986)	31,225,755	32,194,377	49,896,503	(17,915,855)

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**CITY OF CHESAPEAKE, VIRGINIA**  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years - Unaudited

**Table 3**

	Fiscal Years				
	2012	2013	2014	2015	2016
<b>General Fund</b>					
Nonspendable	\$ 1,128,589	1,173,244	1,189,121	1,433,615	\$ 1,559,275
Restricted for cash flow emergencies	30,923,382	30,923,382	31,310,247	31,981,331	32,623,282
Restricted other	1,011,910	833,686	700,071	468,823	540,507
Committed for operating emergencies	25,769,311	25,769,311	26,091,873	-	-
Committed for emergency event response and recovery	20,000,000	20,000,000	20,000,000	-	-
Committed for one time projects	-	-	-	34,275,685	46,901,273
Committed other	21,354,919	19,799,695	19,669,549	21,351,556	30,964,586
Assigned	1,288,513	4,364,542	1,677,416	5,416,979	9,832,438
Unassigned	33,445,706	40,797,644	52,230,084	63,962,662	65,246,428
Total General Fund	\$ 134,922,330	143,661,504	152,868,361	158,890,651	\$ 187,667,789
All Other Governmental Funds <sup>1</sup>					
Nonspendable	215,768	203,387	593,670	422,548	402,847
Restricted	38,624,448	34,357,794	40,383,450	39,598,073	46,583,273
Committed	35,592,442	27,181,725	25,246,730	54,059,196	48,759,647
Assigned	108,523,321	116,794,758	107,129,606	77,828,467	62,346,748
Unassigned	(21,229)	(146,211)	-	-	-
Total all other governmental funds	\$ 182,934,750	178,391,453	173,353,456	171,908,284	\$ 158,092,515
<b>Total Governmental Funds</b>	<b>\$ 317,857,080</b>	<b>322,052,957</b>	<b>326,221,817</b>	<b>330,798,935</b>	<b>\$ 345,760,304</b>

	Fiscal Years				
	2017	2018	2019	2020	2021
<b>General Fund</b>					
Nonspendable	\$ 1,311,843	1,508,708	1,439,572	1,133,586	1,408,907
Restricted for cash flow emergencies	33,795,931	34,786,564	36,173,619	37,036,302	39,169,785
Restricted other	4,725,626	4,794,161	908,488	1,049,782	1,057,828
Committed for operating emergencies	-	-	-	-	-
Committed for emergency event response and recovery	-	-	-	-	-
Committed for one time projects	56,288,856	67,624,832	69,990,232	76,698,340	110,027,039
Committed other	37,702,547	36,344,926	55,107,370	67,821,526	102,622,128
Assigned	5,292,608	7,382,231	11,019,850	13,770,559	28,953,705
Unassigned	67,591,862	69,573,129	72,347,237	74,072,504	78,339,569
Total General Fund	\$ 206,709,273	222,014,551	246,986,368	271,582,599	361,578,961
All Other Governmental Funds					
Nonspendable	184,459	203,604	243,494	336,821	253,783
Restricted	48,811,144	42,612,835	38,989,829	42,540,130	36,677,128
Committed	51,053,591	26,152,649	52,646,232	36,007,397	47,503,051
Assigned	132,555,851	151,752,426	121,746,212	164,231,851	159,428,011
Unassigned	-	-	-	-	-
Total all other governmental funds	\$ 232,605,045	220,721,514	213,625,767	243,116,199	243,861,973
<b>Total Governmental Funds</b>	<b>\$ 439,314,318</b>	<b>442,736,065</b>	<b>460,612,135</b>	<b>514,698,798</b>	<b>605,440,934</b>

<sup>1</sup> Total Governmental Funds expendable minus General Fund expendable.

**CITY OF CHESAPEAKE, VIRGINIA**

Statement of Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years - Unaudited

	Fiscal Years			
	2012	2013	2014	2015
<b>REVENUES</b>				
General property taxes	\$ 293,402,936	290,256,858	295,012,634	303,776,731
Other local taxes	119,065,871	119,935,269	121,893,999	126,534,391
Licenses, permits and fees	8,307,084	8,091,767	8,526,755	8,744,557
Fines and forfeitures	2,675,066	3,000,462	2,689,990	2,585,943
Investment income	2,252,138	220,723	1,417,282	1,533,894
Revenues from use of property	898,374	895,198	946,050	876,770
Charges for services	17,862,425	17,754,480	18,047,555	19,459,056
Miscellaneous local revenues	2,129,706	2,400,427	4,542,690	3,080,064
Recovered costs	2,036,718	1,736,917	1,853,213	2,790,430
Program income	158,692	69,815	649,715	138,654
Revenues from local developers	585,076	669,054	809,803	1,617,834
Intergovernmental revenues:				
Commonwealth of Virginia	106,086,317	103,681,099	105,987,373	108,369,232
Federal government	35,562,794	19,525,713	15,611,161	15,175,831
Federal government - American Reinvestment and Recovery Act	2,262,536	1,769,751	1,853,891	888,431
Mosquito Control Commission	-	-	-	-
Chesapeake Public Schools	269,357	119,662	146,377	213,430
Total revenues	593,555,090	570,127,195	579,988,488	595,785,248
<b>EXPENDITURES</b>				
Current:				
General government	118,108,161	114,270,761	116,553,224	112,021,828
Public safety	97,250,186	90,042,746	89,357,145	94,467,782
Public works	49,987,411	53,610,904	50,867,236	60,880,687
Parks and recreation	8,251,131	8,237,407	8,705,783	9,767,667
Public welfare	44,353,875	41,062,109	41,755,349	44,677,723
Public welfare - Payment to Elizabeth River Properties of Chesapeake, Inc.	33,625	-	-	-
Education - Payments to Public Schools	195,333,708	201,293,387	182,260,318	184,457,843
General government - Payments to Mosquito Control Commission	347,408	-	-	-
Capital outlay	67,227,782	26,928,990	27,565,329	29,755,807
Debt service:				
Principal <sup>1</sup>	40,084,951	42,023,919	56,969,642	41,354,583
Interest	18,612,948	16,496,449	15,151,883	14,093,015
Total expenditures	639,591,186	593,966,672	589,185,909	591,476,935
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(46,036,096)</b>	<b>(23,839,477)</b>	<b>(9,197,421)</b>	<b>4,308,313</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	95,800,084	97,153,386	82,474,033	95,845,901
Proceeds from equipment capital leases	-	-	-	(383,863)
General obligation bonds issued	-	-	-	-
General obligation school bonds issued	-	-	-	-
General obligation refunding bonds issued	76,840,000	-	13,175,000	-
Transfers to other funds	(95,643,209)	(99,773,872)	(82,721,065)	(95,193,233)
Payment to refunded bond escrow agent	(84,369,830)	-	-	-
Premiums on general obligation bonds issued	5,786,007	-	438,313	-
Premiums on general obligation school bonds issued	-	-	-	-
Premiums on refunding bonds issued	-	-	-	-
VPSA bond proceeds	14,170,000	26,690,000	-	-
Premiums on VPSA bonds	832,673	3,997,373	-	-
Total other financing sources (uses)	13,415,725	28,066,887	13,366,281	268,805
<b>Net change in fund balances</b>	<b>\$ (32,620,371)</b>	<b>4,227,410</b>	<b>4,168,860</b>	<b>4,577,118</b>
<b>Debt service as a percentage of noncapital expenditures <sup>2</sup></b>	<b>10.26%</b>	<b>10.32%</b>	<b>12.84%</b>	<b>9.87%</b>

<sup>1</sup> Includes other debt related expenses

<sup>2</sup> Debt service as a percentage of noncapital expenditures is calculated as follows: (debt service payments (principal and interest) / total expenditures less capital outlay expenditures)



Table 4

Fiscal Years					
2016	2017	2018	2019	2020	2021
309,687,694	321,436,947	336,040,424	351,530,642	364,197,736	389,639,337
129,287,082	131,131,286	134,787,887	138,098,262	138,092,333	151,299,568
8,984,478	8,976,982	9,005,712	9,472,695	9,652,515	10,119,756
2,497,583	2,324,124	1,984,717	2,064,005	2,283,217	2,008,770
2,026,798	2,122,324	4,164,768	8,689,159	7,392,384	753,921
953,199	963,352	1,089,188	1,118,058	799,213	608,081
22,356,868	22,919,619	23,452,511	23,545,932	22,220,374	19,600,531
3,791,848	3,820,723	3,906,796	4,058,261	4,245,181	5,630,476
2,188,833	1,842,339	2,324,958	2,013,914	2,039,138	2,925,778
257,538	640,718	462,012	130,249	144,848	151,626
1,062,059	1,135,388	721,759	656,179	824,443	1,021,026
116,529,745	121,239,674	118,276,206	126,804,447	131,264,365	132,784,542
19,863,946	18,526,865	21,939,696	15,749,222	19,233,079	58,729,207
892,605	889,080	889,902	876,007	550,227	501,008
1,250,000	-	-	-	-	-
235,270	404,392	841,381	1,656,215	84,782	22,293
621,865,546	638,373,813	659,887,917	686,463,247	703,023,835	775,795,920
112,965,759	118,097,428	122,583,859	127,987,878	130,384,491	132,923,495
93,772,637	97,964,884	99,550,223	106,366,094	111,536,156	113,610,647
59,339,632	59,041,469	59,096,571	57,885,633	62,805,322	64,571,102
10,382,616	10,479,224	11,325,996	11,455,395	11,379,680	11,081,758
46,735,975	48,235,096	48,973,078	52,022,091	54,982,527	56,789,675
-	-	-	-	-	-
200,669,966	199,801,485	210,380,853	210,428,306	244,072,634	203,211,882
-	-	-	-	-	-
56,329,436	58,432,829	58,753,654	49,402,878	60,664,095	53,318,485
28,911,589	24,816,589	30,268,297	26,693,440	26,124,163	28,167,960
12,608,768	11,832,061	13,725,307	13,100,430	11,512,957	12,857,888
621,716,378	628,701,065	654,657,838	655,342,145	713,462,025	676,532,892
149,168	9,672,748	5,230,079	31,121,102	(10,438,191)	99,263,028
71,832,037	81,270,597	95,988,015	86,774,280	89,514,095	111,890,076
-	-	-	-	-	-
-	76,640,000	-	-	30,005,000	-
-	-	-	-	24,520,000	-
-	5,190,000	-	-	34,215,000	-
(71,117,755)	(83,542,939)	(97,796,347)	(100,019,312)	(91,649,941)	(120,410,968)
-	(5,915,421)	-	-	(41,674,983)	-
-	9,478,205	-	-	8,377,934	-
-	-	-	-	3,566,465	-
-	760,824	-	-	7,651,284	-
12,170,000	-	-	-	-	-
1,927,919	-	-	-	-	-
14,812,201	83,881,266	(1,808,332)	(13,245,032)	64,524,854	(8,520,892)
14,961,369	93,554,014	3,421,747	17,876,070	54,086,663	90,742,136
7.34%	6.43%	7.38%	6.57%	5.77%	6.58%

## CITY OF CHESAPEAKE, VIRGINIA

Table 5

Assessed and Estimated Actual Value of Taxable  
Property  
Last Ten Fiscal Years - Unaudited

	Fiscal Years				
	2012	2013	2014	2015	2016
Real Property Assessed Value <sup>1</sup>	\$ 23,821,885,769	23,197,467,449	23,391,965,862	23,905,386,600	24,370,701,634
Real Property Estimated Actual Value <sup>1</sup>	23,821,885,769	23,197,467,449	23,391,965,862	23,905,386,600	24,370,701,634
Personal Property Assessed Value <sup>1</sup>	1,821,013,997	1,880,111,642	1,965,284,896	2,003,412,774	2,125,717,799
Personal Property Estimated Actual Value <sup>1</sup>	1,821,013,997	1,880,111,642	1,965,284,896	2,003,412,774	2,125,717,799
Total Assessed Value	25,642,899,766	25,077,579,091	25,357,250,758	25,908,799,374	26,496,419,433
Total Direct Tax Rate <sup>2</sup>	1.25	1.26	1.27	1.27	1.28
Estimated Actual Value	25,642,899,766	25,077,579,091	25,357,250,758	25,908,799,374	26,496,419,433
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

	Fiscal Years				
	2017	2018	2019	2020	2021
Real Property Assessed Value <sup>1</sup>	\$ 25,174,589,034	26,241,692,929	27,624,978,340	28,910,752,624	30,088,250,673
Real Property Estimated Actual Value <sup>1</sup>	25,174,589,034	26,241,692,929	27,624,978,340	28,910,752,624	30,088,250,673
Personal Property Assessed Value <sup>1</sup>	2,125,088,965	2,256,293,543	2,343,369,694	2,449,445,877	2,685,732,144
Personal Property Estimated Actual Value <sup>1</sup>	2,125,088,965	2,256,293,543	2,343,369,694	2,449,445,877	2,685,732,144
Total Assessed Value	27,299,677,999	28,497,986,472	29,968,348,034	31,360,198,501	32,773,982,817
Total Direct Tax Rate <sup>2</sup>	1.27	1.27	1.27	1.27	1.28
Estimated Actual Value	27,299,677,999	28,497,986,472	29,968,348,034	31,360,198,501	32,773,982,817
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

<sup>1</sup> Source: City of Chesapeake Commissioner of the Revenue

<sup>2</sup> The Direct Tax Rate is calculated using a formula that includes the City's actual current tax rates which are \$1.04 per \$100 for real property and \$4.00 per \$100 for personal property.

## CITY OF CHESAPEAKE, VIRGINIA

Table 6

Direct and Overlapping Property Tax Rates <sup>2 3</sup>  
 Last Ten Fiscal Years - Unaudited  
 (rate per hundred)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Real Estate <sup>1 2</sup>	\$ 1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Motor Vehicles	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Motor Vehicles Disabled Vets	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Motor Carriers	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Recreation Vehicles <sup>4</sup>	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Handicap Vehicles	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Boats	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Business Personal Property <sup>4</sup>	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mobile Homes <sup>5</sup>	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Machinery & Tools <sup>4</sup>	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Farm <sup>4</sup>	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Airplanes <sup>4</sup>	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Data Center Computers <sup>7</sup>	-	-	-	-	-	-	0.40	0.40	0.40	0.40
Total Direct Rate <sup>6</sup>	1.25	1.26	1.27	1.27	1.28	1.27	1.27	1.27	1.27	1.28

<sup>1</sup> Assessment of Real Estate is 100 percent of fair market value.

<sup>2</sup> The general City real estate tax levy is currently \$1.04 per \$100 assessed value. An additional \$0.01 per \$100 assessed value is imposed for mosquito control services.

<sup>3</sup> The general City personal property tax levy is currently \$4.00 per \$100 assessed value. An additional \$0.08 per \$100 assessed value is imposed for mosquito control services.

<sup>4</sup> Boats and vehicles are assessed using 100% of the loan value from a recognized pricing guide. Boats and vehicles that are not found in a recognized pricing guide are assessed as a percentage of their original cost. Airplanes, business personal property and machinery and tools are assessed at 20% of their original cost. Farm equipment is assessed at 12% of its original cost.

<sup>5</sup> Mobile home assessments are based on per square foot values provided by a recognized pricing guide.

<sup>6</sup> The Direct tax rate is calculated using a weighted formula that includes the current tax rates of \$1.04 for real property and \$4.00 for personal property.

<sup>7</sup> Data Center Computer equipment is currently \$.40 per \$100 assessed value. Added February 2018.

SOURCE: City of Chesapeake, Ordinances

## CITY OF CHESAPEAKE, VIRGINIA

Table 7

Principal Property Taxpayers  
Current Year and Nine Years Ago - Unaudited

Principal Taxpayer	Type of Business	Fiscal Year 2021		Fiscal Year 2012	
		Real Property Assessed Value	Percent of Total Assessed Value	Real Property Assessed Value	Percent of Total Assessed Value
Dominion Virginia Power	Electric Utility	\$ 723,487,025	2.40%	\$ 680,385,983	2.86%
Dollar Tree Distribution Inc	Retail, Distribution	139,182,100	0.46%	-	-
Greenbrier Mall II LLC	Shopping Mall & Vacant Land	78,350,200	0.26%	93,540,600	0.39%
CP Venture Two LLC	Shopping Mall	72,892,900	0.24%	52,420,800	0.22%
ICON Mars Prop Owner Pool	Warehouse/Office/Industrial Properties	56,812,500	0.19%	-	-
JLP Chesapeake LLC	Retail and Vacant Land	56,613,900	0.19%	39,811,300	0.17%
Wal-Mart Stores East LP	Shopping Center	54,130,600	0.18%	61,274,300	0.26%
Greenbrier Square Chesapeake LLC	Shopping Center	39,789,500	0.13%	-	-
Hampton Roads V Owner LLC	Commercial Offices	39,590,100	0.13%	-	-
Wal-Mart Real Estate Business Tr	Shopping Mall	35,422,300	0.12%	-	-
Liberty Property LTD Partnership	Shopping Center & Office Bldg	-	-	80,357,600	0.34%
Chesapeake Mall LLC	Shopping Mall	-	-	67,228,700	0.28%
Chesapeake CVSD LN Apt Prop Own	Apartment Complex	-	-	51,892,800	0.22%
Woodlake Company Limited Partnership	Apartment Complex	-	-	47,810,600	0.20%
352 LLC	Apartment Complex	-	-	40,297,200	0.17%
Total Top Ten Principal Taxpayers <sup>1</sup>		\$ 1,296,271,125	4.30%	\$ 1,215,019,883	5.11%
Total Assessed Valuation <sup>2</sup>		\$ 30,088,250,673		\$ 23,821,855,769	

Source: <sup>1</sup> City of Chesapeake Real Estate Assessor

<sup>2</sup> City of Chesapeake Commissioner of Revenue

Property Tax Levies  
Last Ten Fiscal Years - Unaudited

		2012	2013	2014	2015	2016
Real Property <sup>1</sup>	\$	239,592,086	232,728,788	234,953,853	240,400,500	246,824,270
Motor Vehicles		57,005,425	58,046,052	60,253,531	61,865,858	65,747,073
Motor Carriers		832,321	1,078,933	1,096,643	1,231,613	1,487,378
Recreation Vehicles		428,150	434,856	468,503	495,862	564,838
Boats		38	16,577	25,467	19,677	28,080
Business		10,871,320	10,823,401	11,393,593	11,588,129	11,514,150
Motor Homes		150,445	145,410	133,526	133,987	135,097
Machinery & Tools		2,525,561	2,807,478	2,840,962	2,697,358	2,803,960
Farm		125,153	137,745	136,734	145,217	160,854
Airplanes		44,540	40,719	51,540	45,349	51,958
		2017	2018	2019	2020	2021
Real Property <sup>1</sup>	\$	254,741,865	265,497,154	279,719,056	292,702,992	304,517,552
Motor Vehicles		65,520,521	69,393,003	71,566,602	74,753,543	84,851,001
Motor Carriers		1,551,850	1,692,336	1,652,944	1,706,075	1,578,821
Recreation Vehicles		579,382	666,676	723,342	737,332	895,690
Boats		17,996	23,607	28,021	27,332	25,224
Business		12,497,273	12,786,377	13,667,431	14,177,862	14,365,029
Motor Homes		89,304	132,888	132,617	137,225	143,559
Machinery & Tools		2,666,692	2,855,192	2,995,448	2,907,802	3,295,136
Farm		150,138	141,963	146,680	146,624	138,153
Airplanes		45,729	41,117	27,457	27,529	26,051

<sup>1</sup> Public service corporation property is not included

Source: City of Chesapeake Commissioner of the Revenue

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**CITY OF CHESAPEAKE, VIRGINIA**
**Table 9**
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years - Unaudited**

<b>Fiscal Years</b>	<b>Original Levy</b>	<b>Adjusted Levy <sup>3</sup></b>	<b>Collected in Initial Period <sup>1 2</sup></b>	<b>Percent of Levy Collected Within Fiscal Year of Levy</b>	<b>Collections in Subsequent Years <sup>1</sup></b>	<b>Cumulative Tax Collections</b>	<b>Cumulative Collections as a Percent of Adjusted Tax Levy <sup>4</sup></b>
2012	\$ 322,131,965	322,915,229	307,325,140	95%	15,036,017	322,361,157	100%
2013	317,138,129	318,754,040	303,370,705	96%	14,881,616	318,252,321	100%
2014	322,052,626	323,134,607	309,803,612	96%	14,966,193	324,769,805	100%
2015	329,262,203	331,910,156	315,733,576	96%	16,224,344	331,957,920	100%
2016	338,408,560	340,880,764	323,578,869	96%	16,724,933	340,303,802	100%
2017	347,470,586	351,863,685	333,495,476	96%	17,289,976	350,785,452	100%
2018	363,286,184	365,728,582	347,048,456	96%	18,993,076	366,041,532	100%
2019	381,019,427	384,440,496	362,170,574	95%	17,738,591	379,909,165	99%
2020	398,276,635	399,444,448	347,427,397	87%	26,617,580	374,044,977	94%
2021	421,264,210	423,013,242	367,218,571	87%	-	367,218,571	87%

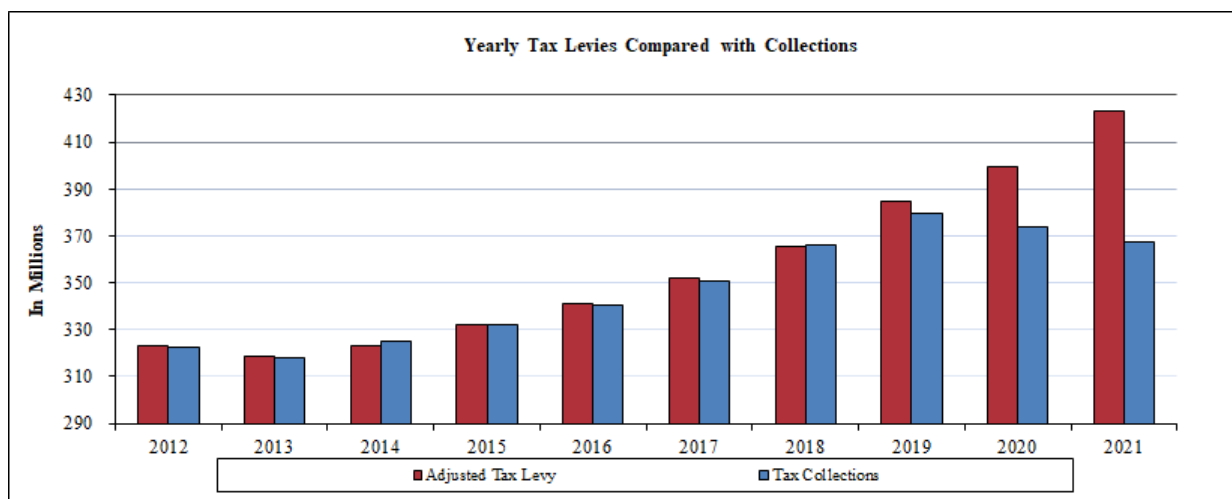
<sup>1</sup> Includes tax collections recorded by Chesapeake Mosquito Control Commission, a component unit, and the Tax Increment Financing Funds.

<sup>2</sup> Collections include amount reimbursed by the State for Personal Property Tax under the Personal Property Tax Relief Act (PPTRA) of 1998.

<sup>3</sup> Adjusted Levy reflects residual amount after exonerations and reassessments.

<sup>4</sup> For FY2020 property tax due dates were moved from June 5 to June 30 which impacted the timing of tax collections.

**Source: City of Chesapeake Commissioner of the Revenue**



# CITY OF CHESAPEAKE, VIRGINIA

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years - Unaudited

	Governmental Activities			
	2012	2013	2014	2015
General Obligation Bonds <sup>5 6</sup>	\$ 379,311,630	374,250,425	330,377,432	289,178,539
School Literary Loans	1,920,312	1,596,819	1,272,785	997,681
Installment Purchase Agreement	1,342,284	1,342,284	1,342,284	1,342,284
Section 108 Loans	-	-	-	-
Edinburgh Loan Payable	3,566,037	3,372,767	2,918,727	2,546,285
Supplemental Payments Agreement	17,190,000	15,825,000	14,390,000	12,885,000
Capital Leases to Component Unit	3,905,000	1,740,000	-	-
Capital Leases	2,713,052	1,717,634	756,950	-
Total Governmental Activities <sup>1</sup>	409,948,315	399,844,929	351,058,178	306,949,789

	Business-type Activities			
	2012	2013	2014	2015
General Obligation Bonds <sup>2 5 6</sup>	104,530,235	102,400,760	96,811,378	90,125,836
Revenue Bonds <sup>5 6</sup>	54,994,987	193,293,117	205,804,863	249,214,950
Due to the Commonwealth of Virginia	63,210,753	63,483,912	64,252,400	65,044,115
Total Business-type Activities	222,735,975	359,177,789	366,868,641	404,384,901
Total Primary Government Activities	632,684,290	759,022,718	717,926,819	711,334,690

Percent of Personal Income <sup>3</sup> 6.20% 7.39% 6.74% 6.46%

All Debt Per Capita <sup>3 4</sup> 2,765 3,322 3,101 3,041

<sup>1</sup> Represents total direct debt.

<sup>2</sup> In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.

<sup>3</sup> See Table 17 Demographic and Economic Statistics for personal income and population data.

<sup>4</sup> All Debt Per Capita is calculated by [sum of governmental activities + business-type activities] / population

<sup>5</sup> General obligation bonds and revenue bonds for governmental and business-type activities include any premium or discount associated with the debt.

<sup>6</sup> GASB 65 was implemented in fiscal year 2013 which requires unamortized deferred gains/losses on refunding (previously referred to as "refunding gains/costs") to be reflected as deferred inflows/outflows of resources on the financial statements and are no longer included in the outstanding debt amount.

n/a = not yet available.



**Table 10**

Governmental Activities					
2016	2017	2018	2019	2020	2021
274,392,374	336,429,602	305,469,994	278,226,151	320,201,841	289,671,302
798,144	598,607	399,070	199,533	-	-
1,342,284	1,342,284	1,342,284	1,342,284	1,342,284	1,342,284
-	-	-	-	-	-
1,946,273	1,226,520	485,413	-	-	-
10,100,000	8,615,000	7,055,000	5,415,000	3,695,000	1,895,000
-	-	-	-	-	-
-	-	-	-	-	-
288,579,075	348,212,013	314,751,761	285,182,968	325,239,125	292,908,586

Business-type Activities					
2016	2017	2018	2019	2020	2021
83,545,253	78,431,500	72,228,594	65,861,260	59,615,171	52,911,325
300,932,845	313,548,582	320,618,478	328,407,940	337,883,008	332,554,040
65,859,760	66,700,057	67,565,753	68,457,615	69,376,432	70,766,661
450,337,858	458,680,139	460,412,825	462,726,815	466,874,611	456,232,026
738,916,933	806,892,152	775,164,586	747,909,783	792,113,736	749,140,612
6.57%	6.91%	6.32%	5.89%	n/a	n/a
3,124	3,370	3,199	3,057	3,208	3,002

Ratios of Outstanding General Bonded Debt  
Last Ten Fiscal Years - Unaudited

General Bonded Debt Outstanding								
Fiscal Year	Governmental Activities General Obligation Bonds <sup>1 5</sup>	Business-type Activities General Obligation Bonds <sup>1 4 5</sup>	Total General Obligation Bonds	School Literary Loans	Installment Purchase Agreement <sup>6</sup>	Total	% of Actual Taxable Value of Property <sup>2</sup>	Per Capita <sup>3</sup>
2012	\$ 379,311,630	104,530,235	483,841,865	1,920,312	1,342,284	487,104,461	1.90%	2,129
2013	374,250,425	102,400,760	476,651,185	1,596,819	1,342,284	479,590,288	1.91%	2,099
2014	330,337,432	96,811,377	427,148,809	1,272,785	1,342,284	429,763,878	1.69%	1,856
2015	289,178,539	90,125,836	379,304,375	997,681	1,342,284	381,644,340	1.47%	1,632
2016	274,392,374	83,545,253	357,937,627	798,144	1,342,284	360,078,055	1.36%	1,522
2017	336,429,602	78,431,500	414,861,102	598,607	1,342,284	416,801,993	1.53%	1,741
2018	305,469,994	72,228,594	377,698,588	399,070	1,342,284	379,439,942	1.33%	1,566
2019	278,226,151	65,861,260	344,087,411	199,533	1,342,284	345,629,228	1.15%	1,413
2020	320,201,841	59,615,171	379,817,012	-	1,342,284	381,159,296	1.22%	1,544
2021	289,671,302	52,194,367	341,865,669	-	1,342,284	343,207,953	1.05%	1,375

<sup>1</sup> General Obligation Bonds for Governmental and Business-type Activities are reported net of premiums, discounts and refunding costs.

<sup>2</sup> Refer to Table 5 Assessed and Estimated Actual Value of Taxable Property for assessed value data.

<sup>3</sup> Refer to Table 17 Demographic and Economic Statistics for population information.

<sup>4</sup> In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.

<sup>5</sup> GASB 65 was implemented in fiscal year 2013, which requires unamortized deferred gains/losses on refunding (previously referred to as "refunding gains/costs") to be reflected as deferred inflows/outflows of resources on the financial statements and are no longer to be included in the outstanding debt amount.

<sup>6</sup> The Installment Purchase Agreement provides for the payment of the principal balance in a single installment due in 2032 that will be repaid from maturing zero coupon Treasury securities.

Debt Affordability Indicators  
Last Ten Fiscal Years - Unaudited

*The City's overall net debt to assessed value of taxable real property will not exceed 3.5% nor will the City's overall net debt per capita exceed \$3,000. The City's tax-supported debt service shall be limited to 10% of budgeted general governmental revenues.<sup>1</sup>*

Fiscal Year	Overall Net Debt <sup>2 6</sup>	Assessed Value of Taxable Real Property <sup>3</sup>	Overall Net Debt to Assessed Value of Taxable Real Property	Population <sup>4</sup>	Overall Net Debt Per Capita	Budgeted General Governmental Revenues <sup>5</sup>	Overall Net Debt Service	Overall Net Debt Service to Budgeted General Governmental Revenues
2012	\$ 400,308,060	23,821,885,769	1.68%	228,835	1,749	513,630,194	61,313,863	11.94%
2013	382,862,836	23,197,467,449	1.65%	228,513	1,675	513,377,029	60,627,222	11.81%
2014	337,333,541	23,391,965,862	1.44%	231,542	1,457	533,122,006	60,853,346	11.41%
2015	295,259,842	23,905,386,600	1.24%	233,908	1,262	542,235,502	56,086,868	10.34%
2016	276,830,385	24,370,701,634	1.14%	236,538	1,170	552,192,580	42,008,224	7.61%
2017	327,984,560	25,174,589,034	1.30%	239,399	1,370	571,599,873	36,853,676	6.45%
2018	297,005,670	26,241,692,929	1.13%	242,336	1,226	589,122,079	44,704,137	7.59%
2019	277,277,671	27,624,978,340	1.00%	244,657	1,133	612,166,942	40,841,869	6.67%
2020	299,327,195	28,910,752,624	1.04%	246,912	1,212	637,644,657	37,961,781	5.95%
2021	270,462,260	30,088,250,673	0.90%	249,521	1,084	611,290,886	41,983,287	6.87%

<sup>1</sup> Policy adopted by resolution on February 27, 2007 and amended on May 12, 2015, commencing FY 2016 to include overall net debt service to budgeted general governmental revenues.

<sup>2</sup> Overall net debt excluding premiums, discounts and refunding costs.

<sup>3</sup> Source: City of Chesapeake Commissioner of Revenue.

<sup>4</sup> Population figures acquired from City of Chesapeake Planning Department estimates.

<sup>5</sup> General Governmental revenues include General Fund, Greenbrier TIF Fund, South Norfolk TIF Fund, Conference Center Fund, Debt Service Fund, E-911 Operations Fund, Parks and Recreation Fund and Mosquito Control Fund.

<sup>6</sup> Beginning FY 2019 includes 2018 EDA Taxable Facility Revenue Bond supported by Greenbrier TIF revenues.

**CITY OF CHESAPEAKE, VIRGINIA**

**Table 13**

Ratio of Annual Debt Expenditures for General Obligation  
Bonded Debt to Total General Governmental Expenditures  
Last Ten Fiscal Years - Unaudited

<b>Fiscal Year</b>	<b>Total General Governmental Expenditures <sup>1</sup></b>	<b>Bonded Debt Expenditures <sup>2</sup></b>	<b>Ratio of Bonded Debt Expenditures to General Governmental Expenditures</b>
2012	\$ 804,601,179	54,520,530	6.78%
2013	790,069,938	54,617,831	6.91%
2014	823,228,739	68,534,817 <sup>3</sup>	8.33%
2015	827,830,607	52,540,073	6.35%
2016	815,582,062	39,459,982	4.84%
2017	840,174,358	36,648,650	4.36%
2018	871,770,408	42,002,854	4.82%
2019	898,432,498	37,801,120	4.21%
2020	926,146,293	43,147,254 <sup>4</sup>	4.66%
2021	972,623,596	39,041,098	4.01%

<sup>1</sup> This table includes the expenditures from the following funds: General, Special Revenue, Permanent, Chesapeake Mosquito Control Commission - component unit, Debt Service and Chesapeake Public Schools - component unit. Excluded are Capital Projects - Primary Government and Public Schools Capital Projects - component unit.

<sup>2</sup> Expenditures for general obligation bonds, excluding those reported in Enterprise Funds.

<sup>3</sup> Includes \$13.5 million of bonded expenditure for the redemption of bonds that were refunded in April 2014.

<sup>4</sup> Restated, includes \$7.5 million in bonded debt expenditure for the redemption of bonds that were refunded in 2020.

**CITY OF CHESAPEAKE, VIRGINIA****Table 14**

Ratio of Bonded Debt Expenditures to Local Revenues  
Last Ten Fiscal Years - Unaudited

<b>Fiscal Year</b>	<b>Local Revenues <sup>1</sup></b>	<b>Bonded Debt Expenditures <sup>2</sup></b>	<b>Ratio of Bonded Debt Expenditures To Local Revenues</b>
2012	\$ 549,969,765	68,582,088	12.47%
2013	542,272,274 <sup>4</sup>	66,406,955	12.25%
2014	560,717,795	79,181,410 <sup>3</sup>	14.12%
2015	588,067,951	65,684,722	11.17%
2016	604,791,609	49,316,405	8.15%
2017	630,347,714	48,814,491	7.74%
2018	657,210,227	65,807,468	10.01%
2019	688,187,136	63,956,762	9.29%
2020	708,745,165	75,215,352 <sup>5</sup>	10.61%
2021	738,435,699	69,326,885	9.39%

<sup>1</sup> Includes local revenues of the following funds: General, Special Revenue, Permanent, Debt Service, Chesapeake Fund, Chesapeake Transportation System and Stormwater Fund. Excluded are Capital Projects - Primary Government, Chesapeake Public Schools Capital Projects - component unit and transfers/expenditures/revenues between the City, Chesapeake Public Schools and Elizabeth River Properties of Chesapeake.

<sup>2</sup> Includes bonded debt expenditures for governmental and business-type activities.

<sup>3</sup> Includes \$13.5 million in bonded debt expenditure for the redemption of bonds that were refunded in April 2014.

<sup>4</sup> Amount restated.

<sup>5</sup> Restated, includes \$7.5 million in bonded debt expenditure for the redemption of bonds that were refunded in 2020.

**CITY OF CHESAPEAKE, VIRGINIA**  
Legal Debt Margin Information  
Last Ten Fiscal Years - Unaudited

**Table 15**

Fiscal Year	Debt Limit <sup>1</sup>	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
2012	\$ 2,382,188,577	386,127,534	1,996,061,043	16.2%
2013	2,319,746,745	375,857,548	1,943,889,197	16.2%
2014	2,339,196,586	336,424,470	2,002,772,116	14.4%
2015	2,390,538,660	299,396,296	2,091,142,364	12.5%
2016	2,437,070,163	286,138,466	2,150,931,697	11.7%
2017	2,517,458,903	340,363,489	2,177,095,414	13.5%
2018	2,624,169,293	311,267,004	2,312,902,289	11.9%
2019	2,762,497,834	284,886,193	2,477,611,641	10.3%
2020	2,891,075,262	310,440,524	2,580,634,738	10.7%
2021	3,008,825,067	249,993,929	2,758,831,138	8.3%

<sup>1</sup> Under state law, the City's outstanding general obligation debt should not exceed 10 % of total assessed real property value. However, the City has adopted three affordability ratios that further restrict the debt below the amount indicated by the Legal Debt Margin.

## CITY OF CHESAPEAKE, VIRGINIA

Table 16

Revenue Bond Coverage (Pledged-Revenue)  
Last Ten Fiscal Years - Unaudited

Water and Sewer Systems				SENIOR BONDS DEBT SERVICE REQUIREMENTS <sup>3</sup>			
Fiscal Year	Revenues <sup>1</sup>	Operating Expenses <sup>2</sup>	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage <sup>4</sup>
2012	\$ 61,960,470 <sup>5</sup>	38,720,225	23,240,245	750,000	1,947,443	2,697,443	8.62
2013	60,824,884	38,852,321	21,972,563	770,000	1,930,568	2,700,568	8.14
2014	67,418,806	41,653,842	25,764,964	790,000	1,911,318	2,701,318	9.54
2015	70,193,594	40,046,910	30,146,684	815,000	1,887,618	2,702,618	11.15
2016	72,939,176	40,362,445	32,576,731	835,000	1,865,206	2,700,206	12.06
2017	77,077,017	43,585,633	33,491,384	860,000	1,833,308	2,693,308	12.44
2018	78,917,902	43,610,138	35,307,764	880,000	1,799,002	2,679,002	13.18
2019	78,001,428	42,764,707	35,236,721	910,000	1,760,820	2,670,820	13.19
2020	81,405,526	45,761,466	35,644,060	935,000	1,719,041	2,654,041	13.43
2021	82,051,956	47,542,711	34,509,245	965,000	1,674,713	2,639,713	13.07

Chesapeake Expressway/Chesapeake Transportation System <sup>6</sup>				SENIOR BONDS DEBT SERVICE REQUIREMENTS <sup>7</sup>			
Fiscal Year	Toll Revenues	Operating Expenses <sup>2</sup>	Net Toll Revenue Available for Debt Service	Principal	Interest	Total	Coverage <sup>8</sup>
2012	\$ 10,393,888	2,760,383	7,633,505	480,000	1,108,688	1,588,688	4.80
2013	10,275,031	2,817,156	7,457,875	-	466,388	466,388	15.99
2014	10,450,019	2,683,507	7,766,512	-	707,318	707,318	10.98
2015	11,024,004	3,165,665	7,858,338	-	724,250	724,250	10.85
2016	11,835,168	3,452,690	8,382,478	-	724,250	724,250	11.57
2017	17,334,638	5,612,099	11,722,539	-	1,296,320	1,296,320	9.04
2018	24,638,185	8,943,040	15,695,145	445,000	4,995,667	5,440,667	2.88
2019	26,215,490	9,390,213	16,825,277	1,575,000	4,830,101	6,405,101	2.63
2020	25,505,079	9,355,031	16,150,048	2,435,000	4,890,350	7,325,350	2.20
2021	29,267,552	9,821,967	19,445,585	3,300,000	4,989,260	8,289,260	2.35

<sup>1</sup> The definition of revenues for the Water and Sewer System includes interest, 100% of connection fees and the Build America Bonds subsidy reimbursement. Capital grants and revenues transferred to the rate stabilization fund have been excluded from the calculation.

<sup>2</sup> Operating expenses are exclusive of depreciation and amortization and renewal and replacement costs.

<sup>3</sup> Revenue bonds were issued in April 2010 under a new Indenture of Trust requiring net revenues to be sufficient in each fiscal year to equal 120% (or 1.2) of annual debt service for senior debt.

<sup>4</sup> Debt payments made on July 1 are treated as due the previous fiscal year.

<sup>5</sup> A transfer to the Rate Stabilization Fund for the fiscal year 2012 of million \$3.0 million was excluded from Revenues.

<sup>6</sup> Beginning with fiscal year 2013, the financial information is presented to be consistent with the Indenture of Trust created for the Chesapeake Transportation System when all outstanding Chesapeake Expressway bonds were refunded.

<sup>7</sup> Beginning with fiscal year 2013, debt payments made July 15 are treated as due the previous fiscal year. Additionally, debt service shall not include the principal and interest on outstanding bonds to the extent that they are paid from bond proceeds or investment earnings on such proceeds

<sup>8</sup> From 2007 to 2012, net toll revenues were required to be sufficient in each fiscal year to equal 125% (or 1.25 times) annual debt service. Beginning in fiscal year 2013, the Indenture of Trust requires net toll revenues to be sufficient in each fiscal year to equal 130% (or 1.3 times) annual debt service.

**CITY OF CHESAPEAKE, VIRGINIA**

**Table 17**

Demographic and Economic Statistics  
Last Ten Fiscal Years - Unaudited

Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup> (in thousands)	Per Capita Income <sup>2</sup>	School Enrollment <sup>3</sup>	Chesapeake Unemployment Rate <sup>4</sup>	Virginia Unemployment Rate <sup>4</sup>
2012	228,835	\$ 10,205,818	44,681	38,421	6.3%	6.0%
2013	228,513	10,274,744	44,562	38,591	5.8%	5.6%
2014	231,542	10,645,488	45,616	38,685	5.3%	5.3%
2015	233,908	11,010,828	46,769	38,678	5.0%	4.9%
2016	236,538	11,254,969	47,302	38,935	4.3%	4.1%
2017	239,399	11,675,805	48,569	39,153	4.2%	4.0%
2018	242,336	12,196,879	50,326	39,497	3.5%	3.4%
2019	244,657	12,700,597	51,874	40,898	3.0%	2.9%
2020	246,912	n/a	n/a	41,597	4.4%	4.4%
2021	249,521	n/a	n/a	39,673	5.5%	5.6%

n/a - Information not yet available

Sources:

<sup>1</sup> City of Chesapeake Planning Department Estimates (2012 - 2021). The 2010 Census counts are the basis for future population estimates generated by the Planning Department during this decade.

<sup>2</sup> Bureau of Economic Analysis an agency of the U.S. Department of Commerce (restated as of November 2012)

<sup>3</sup> Chesapeake Public Schools

<sup>4</sup> U. S. Department of Labor Bureau of Labor Statistics (average for fiscal year, not seasonally adjusted - restated through December 2014)



## CITY OF CHESAPEAKE, VIRGINIA

Table 18

Principal Employers

Current Year and Nine Years Ago - unaudited

Principal Employers	Type of Business	Fiscal Year 2021		Fiscal Year 2012	
		Employees	Percent of Total City Employment	Employees	Percent of Total City Employment
City of Chesapeake Public Schools <sup>1</sup>	Government	6,220	5.39%	5,729	5.01%
City of Chesapeake <sup>4</sup>	Government	3,898	3.38%	3,550	3.11%
Chesapeake Regional Medical Center	Hospital and healthcare services	2,061	1.79%	2,300	2.01%
Walmart Associates, Inc.	Discount department retailer	1,870	1.62%	-	0.00%
Sentara Health System	Home care nursing	1,458	1.26%	1,100	0.96%
Dollar Tree Management, Inc.	Corporate headquarters/distribution facility	1,445	1.25%	660	0.58%
QVC Chesapeake, Inc.	Phone center/order processing facility	1,027	0.89%	300	0.26%
Cox Communications	Hampton Roads headquarters/customer care center	1,008	0.87%	1,600	1.40%
Tidewater Staffing, Inc.	Professional services	960	0.83%	-	0.00%
Capital One Services LLC	Credit intermediation and related activities	914	0.79%	650	0.57%
Food Lion, LLC	Grocery store company	871	0.75%	-	0.00%
USAA	Financial services group	700	0.61%	-	0.00%
General Dynamics Advanced, Inc.	Engineering and technical services	634	0.55%	780	0.68%
Home Depot USA, Inc.	Home improvements supplies retailer	538	0.47%	-	0.00%
Priority Auto Group	Automotive sales and services	536	0.46%	-	0.00%
Kroger	Grocery store company	509	0.44%	-	0.00%
United States Coast Guard	Government agency	467	0.40%	-	0.00%
Lowe's	Home improvements supplies retailer	459	0.40%	-	0.00%
Tecnico Corporation	Support activities for water transportation	445	0.39%	-	0.00%
Oceaneering International	Transportation equipment manufacturing	415	0.36%	360	0.31%
Total Employment <sup>2 3</sup>		115,397		114,308	

Source: City of Chesapeake Economic Development Department unless otherwise noted.

<sup>1</sup> Source is Chesapeake Public Schools' Comprehensive Annual Financial Report<sup>2</sup> Source is Virginia Employment Commission, Local Area Unemployment Statistics (2021)<sup>3</sup> Source is Bureau of Economic Analysis, an agency of the U.S. Department of Commerce (2010)<sup>4</sup> Source is Budget Department - Data provided is the budgeted full time equivalents and includes part-time employee equivalents. Total employees tie to the approved Operating Budget documents.

# CITY OF CHESAPEAKE, VIRGINIA

Table 19

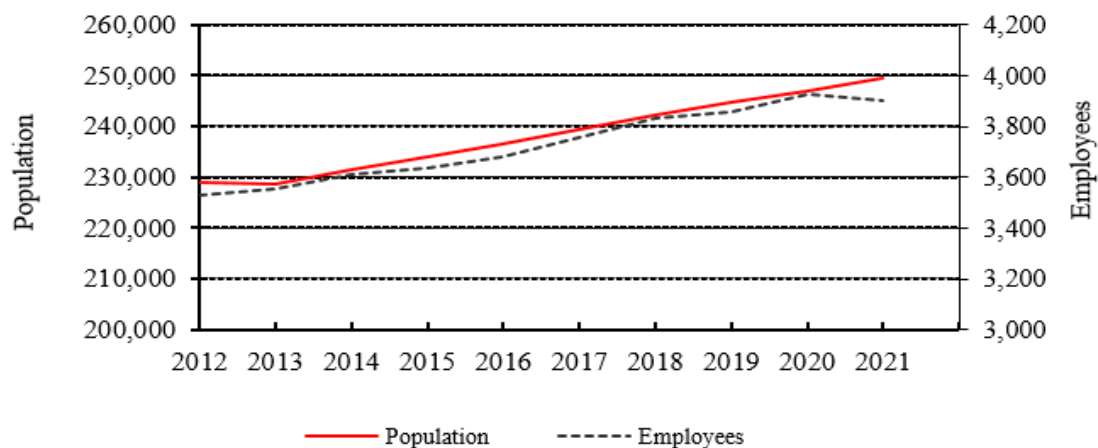
## Municipal Employment Statistics Last Ten Fiscal Years - Unaudited

Fiscal Year	Population <sup>1</sup>	Total Employees <sup>2</sup>	Employees Per 1,000 Population
2012	228,835	3,530	15.4
2013	228,513	3,555	15.6
2014	231,542	3,608	15.6
2015	233,908	3,636	15.5
2016	236,538	3,680	15.6
2017	239,399	3,758	15.7
2018	242,336	3,831	15.8
2019	244,657	3,860	15.8
2020	246,912	3,927	15.9
2021	249,521	3,898	15.6

Sources: <sup>1</sup>City of Chesapeake Planning Department Estimates (2012 - 2021)

<sup>2</sup>Data provided is the budgeted full-time equivalents and includes part-time employee equivalents. Total employees tie to the approved Operating Budget documents.

### Population and Employee Figures



**Note:** With the implementation of the City's payroll system during fiscal year 2011, the data provided is the budgeted full-time equivalents instead of the actual filled positions. Also, data is now available to convert part-time employees to full-time employees and is included in fiscal years 2011 and subsequent years. Total employees has been represented for fiscal years 2012 through 2021 to tie to the approved Operating Budget documents.

## CITY OF CHESAPEAKE, VIRGINIA

Table 20

Authorized Full-Time Equivalent City Government Employee Positions by Department  
Last Ten Fiscal Years - Unaudited

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>Department</u></b>										
General Government										
Management Services	42	42	41	43	45	48	47	47	50	50
Economic Development <sup>2</sup>	76	80	44	34	34	35	36	37	38	37
Finance	25	24	27	28	28	29	29	29	29	29
Information Technology	61	58	56	57	57	54	55	56	57	55
Human Resources	21	20	21	23	24	23	22	23	23	23
Budget	7	6	6	6	6	6	6	6	7	7
Agriculture <sup>5</sup>	2	2	2	2	2	2	2	2	2	2
Development & Permits	77	75	73	80	80	75	76	76	80	76
Other	235	240	251	246	245	251	254	256	256	255
Police	552	548	549	552	552	564	577	581	583	584
Sheriff	406	398	400	400	404	417	428	433	451	442
Fire	438	443	443	446	446	447	449	449	454	452
Integrated Behavioral Health	210	248	245	245	246	266	291	297	299	306
Community Programs <sup>4</sup>	24	23	10	11	11	11	11	11	13	13
Public Works <sup>1</sup>	446	451	451	463	468	476	478	484	489	487
Parks, Recreation & Tourism <sup>1 2 3</sup>	177	172	246	230	236	242	245	245	251	242
Library	122	123	123	125	125	125	126	127	127	126
Public Utilities	208	208	209	212	222	233	246	253	260	261
General Services <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Justice	84	84	84	84	83	83	84	84	86	90
Health & Human Services <sup>4</sup>	312	306	323	345	362	367	365	360	368	361
<b>Total</b>	<b>3,525</b>	<b>3,551</b>	<b>3,604</b>	<b>3,632</b>	<b>3,676</b>	<b>3,754</b>	<b>3,827</b>	<b>3,856</b>	<b>3,923</b>	<b>3,898</b>

**Source:** Authorized full time equivalent positions per approved fiscal year Operating Budgets for the year indicated.

<sup>1</sup> The Department of General Services was absorbed into Parks and Recreation, Economic Development and Public Works in fiscal year 2012.

<sup>2</sup> Conference Center and Conventions & Tourism were moved from Economic Development to form the Department of Parks, Recreation and Tourism during fiscal year 2014.

<sup>3</sup> A contractor was hired by the City to manage the Conference Center in April 2014.

<sup>4</sup> Community Programs became a division of the Human Services Department in fiscal year 2014.

<sup>5</sup> The Department of Agriculture currently has 2 City employees and 4 State employees. Effective fiscal year 2021, the State employees are no longer shown in the FTE complement for budget purposes (restated FY12 through FY20).

**CITY OF CHESAPEAKE, VIRGINIA**

Operating Indicators by Function/Program  
Last Ten Fiscal Years - Unaudited

	Fiscal Year				
	2012	2013	2014	2015	2016
<b>Function/Program</b>					
General Government					
Building Permits Issued	4,199	3,940	3,602	3,900	4,758
Building Inspections Conducted	8,744	9,933	10,301	9,414	8,780
Electrical Permits Issued	2,911	2,994	3,000	2,846	3,181
Electrical Inspections Performed	7,968	9,151	7,810	8,586	9,283
Plumbing Permits Issued	1,402	1,260	1,389	1,722	2,312
Plumbing Inspections Performed	5,261	5,724	5,743	6,298	9,275
Mechanical/Gas Permits Issued	4,268	5,016	5,339	5,279	6,945
Mechanical/Gas Inspections Performed	7,821	8,678	10,040	9,767	11,145
Code Compliance Inspections	16,612	14,397	13,775	16,500	12,875
Police					
Calls for Police Service <sup>3</sup>	126,508	124,261	128,733	130,371	129,340
Part I Law Violations	7,914	7,122	7,431	7,375	6,203
Total Criminal Charges (primary and secondary)	16,773	17,078	15,681	14,358	15,363
Total Traffic Charges (moving/ non-moving/excludes DUI)	35,666	35,976	35,011	35,310	33,201
DUI Arrests	1,216	1,187	1,004	622	638
Fire					
Calls answered for Fire Protection Services	25,268	26,508	26,784	27,838	30,072
Public Works					
Refuse Collected (tons per year)	94,184	91,908	91,313	95,950	95,309
Street Resurfacing (miles)	44.33	50.00	29.21	38.10	67.00
Potholes Repaired	8,367	11,110	10,777	13,463	11,765
Water					
Active Service Accounts	62,333	62,504	63,090	63,491	64,171
Daily Average Consumption in Gallons (in mgd)	16.30	15.57	16.44	15.27	14.64
Daily Average Water Provided by Chesapeake (in mgd)	10.10	11.27	11.42	9.06	8.66
Daily Average Water Purchased from other localities (in mgd)	6.19	5.81	6.43	6.21	5.98
Wastewater					
Active Service Accounts	60,449	60,831	61,426	61,822	62,514
Parks and Recreation					
Youth Athletics - Participants <sup>6</sup>	4,884	4,279	4,401	4,314	4,780
Youth Athletics - Teams <sup>6</sup>	413	370	406	379	433
Youth Athletics - Coaches <sup>6</sup>	664	612	487	674	708
Adult Athletics - Participants <sup>6</sup>	3,070	2,560	2,256	2,363	2,947
Adult Athletics - Teams <sup>6</sup>	189	172	151	162	164
Special Programs Athletics - Programs <sup>1 6</sup>	2	3	6	4	5
Leisure Classes - Youth Participants <sup>6</sup>	1,159	1,196	1,371	1,025	1,272
Leisure Classes - Adult Participants	787	712	718	619	609
Leisure Classes - Community Program Participants <sup>6</sup>	3,644	3,773	4,434	1,955	1,794
Special Events - PR&T Sponsored Attendance <sup>2 6</sup>	20,525	29,375	31,025	44,525	83,141
Community Center Attendance <sup>6</sup>	425,108	407,456	409,178	410,657	408,274
Community Center ID Sales <sup>6</sup>	7,060	6,474	6,561	6,499	6,927
Community Center Rentals <sup>6</sup>	2,092	2,054	1,929	1,590	1,546
Senior Program Participants <sup>6</sup>	21,664	19,855	16,475	15,030	13,686
Therapeutic Program Participants <sup>6</sup>	1,094	1,707	2,968	3,493	3,716
Library					
Items Checked Out <sup>6</sup>	2,561,515	2,352,046	2,208,274	2,021,708	1,954,756
Interlibrary Loans - Borrowed <sup>6</sup>	311	216	259	252	226
Interlibrary Loans - Loans <sup>6</sup>	878	246	293	145	101
Library Collection	580,046	534,037	493,340	471,183	451,422
Patron Visits <sup>6</sup>	1,410,177	1,287,912	1,255,427	1,176,510	1,124,284
Website Visits <sup>5</sup>	472,836	453,106	406,741	408,087	603,517
Registered Patrons	154,252	162,903	158,952	163,502	186,336
Total Programming <sup>6</sup>	3,054	3,928	4,332	4,220	3,810
Total Programming - Participants <sup>6</sup>	58,945	78,575	100,217	133,221	64,031
Typewriter Use <sup>6</sup>	660	880	371	144	82
Public Computer Use <sup>6</sup>	565,386	541,384	437,362	462,942	374,827
Bookmobile - Patrons <sup>4 6</sup>	9,645	10,232	11,605	6,718	6,649
Bookmobile - Number of Stops <sup>4 6</sup>	492	515	576	862	323
Bookmobile - Miles Driven <sup>4</sup>	2,339	1,982	1,444	1,478	1,487
Schools					
Student Enrollment	38,421	38,591	38,685	38,678	38,935

Source: Various City Departments

n/a - Information not available

<sup>1</sup> Beginning in FY14, this number includes all events instead of just tournaments (restated FY12 and FY13)

<sup>2</sup> Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.

<sup>3</sup> Beginning in FY17, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.

<sup>4</sup> Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.

<sup>5</sup> Between FY18 and FY20, this number was restated to reflect the number of website sessions for consistency with other periods presented.

<sup>6</sup> From FY20 - FY21, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

Operating Indicators by Function/Program  
Last Ten Fiscal Years - Unaudited

Function/Program	Fiscal Year				
	2017	2018	2019	2020	2021
<b>General Government</b>					
Building Permits Issued	4,758	4,551	4,830	5,946	6,587
Building Inspections Conducted	13,311	12,573	10,885	15,574	17,758
Electrical Permits Issued	3,148	3,039	3,136	3,495	4,144
Electrical Inspections Performed	8,641	7,889	7,639	8,296	9,331
Plumbing Permits Issued	1,869	1,765	1,992	1,873	2,258
Plumbing Inspections Performed	8,377	7,499	7,095	7,107	7,537
Mechanical/Gas Permits Issued	5,713	5,626	5,378	5,303	5,826
Mechanical/Gas Inspections Performed	10,832	10,781	9,812	10,162	9,975
Code Compliance Inspections	14,678	17,195	16,418	22,738	18,437
<b>Police</b>					
Calls for Police Service <sup>3</sup>	102,041	104,092	148,388	140,668	117,547
Part I Law Violations	6,439	6,423	6,871	6,811	5,121
Total Criminal Charges (primary and secondary)	16,894	13,939	11,406	14,682	17,188
Total Traffic Charges (moving/ non-moving/excludes DUI)	32,627	29,750	25,220	18,116	10,508
DUI Arrests	606	530	551	635	656
<b>Fire</b>					
Calls answered for Fire Protection Services	29,914	29,559	30,021	31,390	32,598
<b>Public Works</b>					
Refuse Collected (tons per year)	94,148	91,239	109,574	119,394	123,924
Street Resurfacing (miles)	45.67	31.00	31.00	68.54	73.62
Potholes Repaired	10,438	13,008	12,440	10,688	7,858
<b>Water</b>					
Active Service Accounts	66,249	67,983	69,133	69,141	68,173
Daily Average Consumption in Gallons (in mgd)	14.83	15.23	14.97	15.38	16.63
Daily Average Water Provided by Chesapeake (in mgd)	8.55	9.57	9.73	10.38	12.39
Daily Average Water Purchased from other localities (in mgd)	6.13	5.65	5.23	5.00	4.24
<b>Wastewater</b>					
Active Service Accounts	64,422	66,693	67,329	67,388	66,694
<b>Parks and Recreation</b>					
Youth Athletics - Participants <sup>6</sup>	5,351	5,391	5,856	3,292	940
Youth Athletics - Teams <sup>6</sup>	473	482	413	304	78
Youth Athletics - Coaches <sup>6</sup>	838	835	811	532	156
Adult Athletics - Participants <sup>6</sup>	2,230	2,094	2,145	570	2,047
Adult Athletics - Teams <sup>6</sup>	149	141	143	38	111
Special Programs Athletics - Programs <sup>1 6</sup>	4	5	5	3	-
Leisure Classes - Youth Participants <sup>6</sup>	1,588	1,529	2,396	1,091	959
Leisure Classes - Adult Participants	287	238	344	300	492
Leisure Classes - Community Program Participants <sup>6</sup>	1,225	1,235	1,721	1,029	306
Special Events - PR&T Sponsored Attendance <sup>2 6</sup>	101,350	105,350	102,400	63,500	17,000
Community Center Attendance <sup>6</sup>	413,252	449,729	462,634	288,458	50,649
Community Center ID Sales <sup>6</sup>	6,409	6,234	6,309	4,617	2,408
Community Center Rentals <sup>6</sup>	1,455	1,737	1,994	1,434	181
Senior Program Participants <sup>6</sup>	10,786	11,672	16,916	7,152	5,697
Therapeutic Program Participants <sup>6</sup>	3,611	3,595	1,029	377	309
<b>Library</b>					
Items Checked Out <sup>6</sup>	1,782,003	1,625,698	1,558,711	1,228,360	478,123
Interlibrary Loans - Borrowed <sup>6</sup>	204	278	258	117	-
Interlibrary Loans - Loans <sup>6</sup>	174	324	313	175	55
Library Collection	429,825	478,315	444,622	510,118	441,052
Patron Visits <sup>6</sup>	1,150,782	1,054,839	1,029,251	737,153	392,802
Website Visits <sup>5</sup>	699,502	556,423	382,888	325,581	509,269
Registered Patrons	185,417	188,511	205,982	149,434	144,238
Total Programming <sup>6</sup>	3,852	2,854	3,149	1,486	353
Total Programming - Participants <sup>6</sup>	103,252	72,089	92,294	44,182	12,758
Typewriter Use <sup>6</sup>	117	76	57	10	12
Public Computer Use <sup>6</sup>	309,202	282,288	253,397	150,470	61,931
Bookmobile - Patrons <sup>4 6</sup>	n/a	11,227	9,146	7,481	2,338
Bookmobile - Number of Stops <sup>4 6</sup>	n/a	414	203	196	33
Bookmobile - Miles Driven <sup>4</sup>	n/a	3,610	2,023	2,225	320
<b>Schools</b>					
Student Enrollment	39,153	39,497	40,898	41,597	39,673

Source: Various City Departments

n/a - Information not available

<sup>1</sup> Beginning in FY14, this number includes all events instead of just tournaments (restated FY12 and FY13)<sup>2</sup> Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.<sup>3</sup> Beginning in FY17, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.<sup>4</sup> Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.<sup>5</sup> Between FY18 and FY20, this number was restated to reflect the number of website sessions for consistency with other periods presented.<sup>6</sup> From FY20 - FY21, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

## CITY OF CHESAPEAKE, VIRGINIA

Table 22

Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years - Unaudited

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b><u>Function/Program</u></b>										
<b>Police</b>										
Precincts	5	5	5	5	5	5	5	5	5	6
Marked Patrol Units	198	222	206	213	206	221	229	226	212	211
<b>Fire Stations</b>	15	15	15	15	15	15	15	15	15	15
<b>Public Works</b>										
<b>Refuse Collection</b>										
Collection Trucks	52	61	57	60	57	57	56	57	58	58
<b>Other Public Works</b>										
Storm Sewers (miles) <sup>2</sup>	1,100	1,150	1,200	1,650	1,684	1,730	1,544	1,550	1,565	1,572
Streets (miles)	2,361	2,700	2,366	2,372	2,376	2,364	2,378	2,395	2,395	2,395
Streetlights	23,759	23,706	23,790	24,045	24,457	24,785	25,106	25,665	26,026	26,324
<b>Water</b>										
Water Mains (miles)	829	832	833	840	844	853	859	872	879	949
Fire Hydrants <sup>1</sup>	5,365	5,398	5,411	5,508	5,592	5,681	5,765	5,821	5,913	5,999
<b>Wastewater</b>										
Sanitary Sewers (miles)	1,060	1,062	1,065	1,072	1,083	1,091	1,096	1,101	1,108	1,114
Sewage Pumping Stations	262	262	269	271	271	273	273	274	277	281
<b>Parks and Recreation</b>										
Park Acreage	2,322	2,349	2,349	2,450	2,450	2,454	2,454	2,458	2,733	2,852
Parks and Play Areas	70	71	71	71	72	77	77	79	77	80
Athletic Fields/Tennis Courts	228	228	228	228	239	239	239	245	192	192
Community Centers	8	8	8	8	8	8	8	8	8	8
Specialized Centers	5	5	5	5	5	5	5	5	5	5
<b>Schools</b>										
Elementary Schools	28	28	28	28	28	28	28	28	28	28
Secondary Schools	17	17	17	17	17	17	17	17	17	17
Educational Centers	3	3	2	2	2	2	2	2	2	2

Source: Various City Departments

<sup>1</sup> Updated in FY 2016 per Public Utilities GIS system (2015 and prior)

<sup>2</sup> Updated in FY 2020 per Public Works GIS system (restated FY 2018 - FY 2019).

## COMPLIANCE SECTION



**CITY OF CHESAPEAKE, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Period Ended June 30, 2021

*Schedule T-1*

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Pass-Through Total	Assistance Listing # Total
Department of Agriculture:						
Direct payments:						
Food and Nutrition Service:						
Summer Food Program for Children (Child Nutrition Cluster)		10.559	\$ 120,508			
Pass-through payments:						
Virginia Department of Education:						
Child and Adult Care Food Program	700270, 700280	10.558	1,446,487			1,446,487
Summer Food Service Program for Children (Child Nutrition Cluster)	603020, 603030	10.559	11,201,712			
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	601750, 601760	10.559	926,818			12,249,038
Virginia Department of Agriculture and Consumer Services:						
Food Distribution - commodities value - Schools' Food Services (Child Nutrition Cluster)	N/A	10.555	1,100,891			
Food Distribution - commodities value - Detention Home (Child Nutrition Cluster)	N/A	10.555	7,653			1,108,544
Virginia Department of Social Services:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	0010120, 0040120, 0050120, 0010121, 0030121, 0040121, 0050121	10.561	3,006,593			3,006,593
Total Child Nutrition Cluster (10.555, 10.559)				13,357,582		
Total SNAP Cluster (10.561)				3,006,593		
Total Department of Agriculture			17,810,662	16,364,175	-	17,810,662
Department of Defense:						
Direct payments - Navy:						
Department of Defense Impact Aid		12.558	1,416,494			1,416,494
Pass-through payments:						
Department of Education:						
Payments to States in Lieu of Real Estate Taxes	N/A	12.112	37,110			37,110
Total Department of Defense			1,453,604	-	-	1,453,604
Department of Housing and Urban Development:						
Direct payments:						
Community Development Block Grant (CDBG - Entitlement Grants Cluster):	B-16/18/19/20-MC-51-0010	14.218	578,989			
Passed through to STOP (CDBG - Entitlement Grants Cluster)	B-17-MC-51-0010	14.218	26,755		26,755	
Passed through to CRHA (CDBG - Entitlement Grants Cluster)	B-18/19/20-MC-51-0010	14.218	69,168		69,168	
Passed through to Children's Harbor (CDBG - Entitlement Grants Cluster)	B-19/20-MC-51-0010	14.218	40,350		40,350	
Passed through to Boys and Girls Clubs of Southeast VA (CDBG - Entitlement Grants Cluster)	B-20-MC-51-0010	14.218	15,000		15,000	
Passed through to Chesapeake Care Clinic (CDBG - Entitlement Grants Cluster)	B-20-MC-51-0010	14.218	100,000		100,000	
Passed through to Chesapeake Homeless Response Center (CDBG - Entitlement Grants Cluster)	B-20-MC-51-0010	14.218	9,685		9,685	
Passed through to ForKids, Inc. (CDBG - Entitlement Grants Cluster)	B-20-MC-51-0010	14.218	105,927		105,927	
Passed through to Habitat for Humanity (CDBG - Entitlement Grants Cluster)	B-20-MC-51-0010	14.218	48,481		48,481	
Passed through to Heron's Landing (CDBG - Entitlement Grants Cluster)	B-20-MC-51-0010	14.218	20,000		20,000	
COVID-19 - Community Development Block Grant (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	527,902			
COVID-19 - Passed through to Boys and Girls Clubs of Southeast VA (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	677		677	
COVID-19 - Passed through to Buffalo Family (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	15,197		15,197	
COVID-19 - Passed through to Children's Harbor (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	20,000		20,000	
COVID-19 - Passed through to ForKids, Inc. (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	250,000		250,000	
COVID-19 - Passed through to Heron's Landing (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	20,000		20,000	1,848,131
HOME Investment Partnerships Program:						
Passed through to CRHA	M-16/18/19-MC-51-0200	14.239	114,666		114,666	
Passed through to HRPDCHD	M-17/18-MC-51-0200	14.239	64,281		64,281	
Passed through to ForKids, Inc.	M-18/19-MC-51-0200	14.239	235,879		235,879	
Passed through to Habitat for Humanity	M-18/19-MC-51-0200	14.239	67,525		67,525	



**CITY OF CHESAPEAKE, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Period Ended June 30, 2021

*Schedule T-1, Continued*

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Pass-Through Total	Assistance Listing # Total
Passed through to Chesapeake Home	M-19-MC-51-0200	14.239	69,000		69,000	551,351
Total CDBG-Entitlement Grants Cluster (14.218)				1,848,131		
Total Department of Housing and Urban Development			2,399,482	1,848,131	1,292,591	2,399,482
Department of the Interior:						
Direct payments:						
Payment in Lieu of Taxes		15.226	7,253			7,253
U.S. Fish and Wildlife Service - Department of the Interior:						
National Wildlife Refuge Sharing Fund		15.659	27,959			27,959
Total Department of the Interior			35,212	-	-	35,212
Department of Justice:						
Direct payments:						
COVID-19 - BJA FY20 Coronavirus Emergency Supplemental Funding Program	2020-VD-BX-0541	16.034	216,891			216,891
Edward Byrne Memorial Justice Assistance Grant	2017-DJ-BX-0434, 2018-DJ-BX-0203, 2019-DJ-BX-0829, 2020-DJ-BX-0904	16.738	97,599			
Drug Control and System Improvement:						
Forfeited Asset Sharing Program - Drug Enforcement		16.922	52,465			52,465
Pass-through payments:						
Virginia Department of Criminal Justice Services						
Victim Witness	21-A8571VG19	16.575	533,939			
Court Appointed Special Advocates	21-A8550CA21	16.575	41,491			575,430
State Criminal Alien Assistance Program	2019-AP-BX-0317	16.606	3,080			3,080
Officer Overtime	20-A4830AD16	16.738	8,294			105,893
Virginia Association of Chiefs of Police						
Project Safe Neighborhoods		16.609	5,478			5,478
Total Department of Justice			959,237	-	-	959,237
U.S. Department of Transportation:						
Pass-through payments:						
Virginia Department of Transportation:						
Federal Highway Administration - Planning and Construction:						
Western Branch Rail Trail (Highway Planning and Construction Cluster)	106145	20.205	218,231			
Elbow Road over Spillway at Norfolk Reservoir (Highway Planning and Construction Cluster)	113694	20.205	214,480			
Emergency Vehicle Preemption Deployment (Highway Planning and Construction Cluster)	113828	20.205	175,918			
Traffic Mgmt Center and System (Highway Planning and Construction Cluster)	100538	20.205	2,059			
Ballahack Area Boatramp (Highway Planning and Construction Cluster)	106470	20.205	4,624			
S. Military & George Washington Hwy (Highway Planning and Construction Cluster)	113825	20.205	3,993			
Old Mill Road @ Deep Creek (Highway Planning and Construction Cluster)	113695	20.205	6,528			
Safe Routes to School Division Coordinator (Highway Planning and Construction Cluster)	111896	20.205	41,375			667,208
Department of Motor Vehicles - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants:						
Selective Enforcement Occupant Protection (Highway Safety Cluster)	FOP-2020-50251-20251, FOP-2021-51041-21041	20.600	15,581			
Selective Enforcement - Speed (Highway Safety Cluster)	FSC-2021-51074-21074	20.600	5,231			20,812
Selective Enforcement - Alcohol (Highway Safety Cluster)	M6OT-2019-59215-9215, M6OT-2020-50252-20252, FM6OT-2021-51040-21040	20.616	13,161			13,161
Total Highway Planning and Construction Cluster (20.205)				667,208		
Total Highway Safety Cluster (20.600, 20.616)				33,973		
Total U.S. Department of Transportation			701,181	701,181	-	701,181

**CITY OF CHESAPEAKE, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Period Ended June 30, 2021

*Schedule T-1, Continued*

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Pass-Through Total	Assistance Listing # Total
Department of Treasury:						
Pass-through payments:						
Virginia Department of Accounts						
COVID-19 - Coronavirus Relief Fund	SLT0022	21.019	46,602,457			46,602,457
Total Department of Treasury			46,602,457	-	-	46,602,457
Department of Education:						
Direct payments:						
Impact Aid		84.041	5,120,341			5,120,341
Pass-through payments:						
Virginia Department of Education:						
Adult Education - State Grant Program	V002A170047	84.002	175,147			175,147
Title I Grants to Local Educational Agencies	S010A170046	84.010	7,563,554			7,563,554
Special Education - Grants to States (Special Education Cluster IDEA)	H027A170107	84.027	6,416,249			6,416,249
Vocational Education - Basic Grants to States	V048A170046	84.048	967,649			967,649
Special Education - Preschool Grants (Special Education Cluster IDEA)	H173A170112	84.173	203,552			203,552
Part C Funds	430800090	84.181	361,088			361,088
Title III, Part A - English Language Acquisition Grants	S365A170046	84.365	141,047			141,047
Title II, Part A - Improving Teacher Quality State Grants	S367A170044	84.367	471,375			471,375
Title IV, Part A - Student Support and Academic Enrichment Program	S424A170048	84.424	561,236			561,236
COVID-19 - Education Stabilization Fund - Governor's Emergency Education Relief Fund	700370	84.425C	482,505			482,505
COVID-19 - Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	601770	84.425D	5,064,519			5,064,519
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief	501930	84.425U	7,828			7,828
Total Special Education Cluster IDEA (84.027, 84.173)				6,619,801		
Total Department of Education			27,536,090	6,619,801	-	27,536,090
Department of Health and Human Services:						
Pass-through payments:						
Virginia Department of Behavioral Health and Developmental Services	580010090	93.665	90,681			90,681
COVID-19 - SAMHSA Emergency Grant						
Department of Mental Health, Mental Retardation and Substance Abuse:						
Regional Opioid Treatment	530030090, 530230090, 530330090	93.788	415,000			415,000
Block Grants for Community Mental Health Services	522000090, 501290090, 522000090	93.958	166,313			166,313
Block Grants for Prevention and Treatment of Substance Abuse	502500090, 502700090	93.959	720,539			720,539
Virginia Department of Social Services:						
Promoting Safe and Stable Families	0950119, 0950120	93.556	60,050			60,050
Temporary Assistance for Needy Families	0400120, 0400121	93.558	1,292,304			1,292,304
Refugee and Entrant Assistance State Administered Programs	0500120, 0500121	93.566	2,275			2,275
Low-Income Home Energy Assistance	0600420, 0600421	93.568	187,101			187,101
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	0760120, 0760121	93.596	273,508			273,508
Chafee Education and Training Vouchers Program	9160119	93.599	871			871
Stephanie Tubbs Jones Child Welfare Services Program	0900120, 0900121	93.645	1,041			1,041
Foster Care Title IV-E	1100120, 1100121, 1110121	93.658	1,450,776			1,450,776
Adoption Assistance	1120120, 1120121	93.659	1,102,563			1,102,563
Social Services Block Grant	1000120, 1000121	93.667	1,007,417			1,007,417
Chafee Foster Care Independence Program	9150119, 9150120	93.674	29,034			29,034
Children's Health Insurance Program	0540120, 0540121	93.767	32,827			32,827
Medical Assistance Program (Medicaid Cluster)	1200120, 1200121	93.778	2,321,471			

**CITY OF CHESAPEAKE, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Period Ended June 30, 2021

*Schedule T-1, Continued*

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Pass-Through Total	Assistance Listing # Total
Virginia Department of Education: Medical Assistance Program (Medicaid: Title XIX) (Medicaid Cluster)	N/A	93.778	655,881			2,977,352
Total CCDF Cluster (93.575, 93.596)				273,508		
Total Medicaid Cluster (93.778)				2,977,352		
Total Department of Health and Human Services			9,809,652	3,250,860	-	9,809,652
Office of National Drug Control Policy Pass-through payments: Mercyhurst University: Washington/Baltimore High Intensity Drug Trafficking Area	G20WB0004A, G21WB0004A	95.001	9,777			9,777
Total Office of National Drug Control Policy			9,777	-	-	9,777
Social Security Administration: Direct payments: Social Security-Work Incentives Planning and Assistance Program		96.008	26,400			26,400
Total Social Security Administration			26,400	-	-	26,400
Department of Homeland Security: Direct payments: 2019 Assistance to Firefighters Grant 2018 Staffing for Adequate Fire and Emergency Response	EMW-2019-FG-06839 EMW-2018-FH-00532	97.044 97.083	1,118,633 223,065			1,118,633 223,065
Pass-through payments: Virginia Department of Emergency Management: FEMA Flood Mitigation FEMA Hazard Mitigation Local Emergency Management Planning Grant COVID-19 - Emergency Management Performance Grant - Supplemental SHSP Special Ops State Hazmat Team SHSP All Hazards Citizen Preparedness and Engagement SHSP Incident Management Team SHSP Foam Team Sustainment SHSP Foam Team Training SHSP Radio Cache Team Hampton Roads Urban Area Security Initiative	FMA-PJ-03-VA-2018-005 DR-4291-VA-006 7762, 8403 8267 8200, 8634 8202 8219, 8556 7925 8160 8209, 8570 7965, 8226, 8571	97.029 97.039 97.042 97.042 97.067 97.067 97.067 97.067 97.067 97.067 97.067 97.067	830,901 17,449 90,853 74,804 17,778 12,515 126,366 24,995 4,408 100,570 92,149			830,901 17,449  165,657         378,781
Total Department of Homeland Security			2,734,486	-	-	2,734,486
			\$ 110,078,240	\$ 28,784,148	\$ 1,292,591	\$ 110,078,240

**CITY OF CHESAPEAKE, VIRGINIA****Schedule T-2**

Notes to Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

**(1) General**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federally assisted programs of the City's Reporting Entity as defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

**(2) Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

**(3) Relationship to Financial Statements**

Federal expenditures, revenues and capital contributions are reported in the Reporting Entity's basic financial statements as follows:

Intergovernmental revenues per the basic financial statements:

Primary Government:	
General Fund	\$ 64,692
Capital Projects Fund	638,821
Special Revenue Funds:	
Virginia Public Assistance Fund	10,443,510
Grants Fund	43,247,829
Community Development Fund	2,399,481
Interagency Consortium	181,253
Intergrated Behavioral Healthcare Fund	1,753,621
Enterprise Funds	723,381
<b>Total primary government</b>	<b>59,452,588</b>
Component unit - Public Schools:	
School Operating Fund	35,875,327
School Food Services Fund	14,674,059
<b>Total component unit - Public Schools</b>	<b>50,549,386</b>
<b>Total federal expenditures from intergovernmental revenues</b>	<b>110,001,974</b>
Water and sewer federal bond subsidy (not subject to single audit)	(552,739)
Firm Fixed Price contract with US Navy	(170,642)
Other reconciling items	799,647
<b>Total federal expenditures per the Schedule of Expenditures of Federal Awards</b>	<b>\$ 110,078,240</b>

**(4) Subrecipients**

The Chesapeake Redevelopment and Housing Authority, Children's Harbor, ForKids, STOP, Boys and Girls Clubs of Southeast VA, Chesapeake Care Clinic, Chesapeake Homeless Response Center, Habitat for Humanity and Heron's Landing are the subrecipients for federal awards of \$741,240 from the Community Development Block Grant Program. Chesapeake Redevelopment and Housing Authority, The Hampton Roads Planning District Commission (Housing Division), ForKids, Habitat for Humanity and Chesapeake Home are the subrecipients of \$551,351 from the HOME Investment Program received from the U.S. Department of Housing and Urban Development.

**(5) Indirect Cost Rate**

The City did not elect to use a 10% de minimis indirect cost rate allowed under section 2 CFR 200.331(a)(4).

**Report of Independent Auditor on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Chesapeake, Virginia (the “City”), as of and for the year ended June 30, 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 15, 2021. Our report includes a reference to other auditors who audited the financial statements of the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards* or 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the 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 Counties, Cities, and Towns*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
December 15, 2021

**Report of Independent Auditor on Compliance for Each Major  
Federal Program and Internal Control over Compliance  
Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Chesapeake, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 material weaknesses. 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 CPA". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
December 15, 2021



**City of Chesapeake, 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:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>None reported</b>
Noncompliance material to the financial statements noted?	<b>No</b>

Federal Awards:

Type of auditor's report issued on compliance for major programs:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>None reported</b>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<b>No</b>

Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Agriculture:	
Child Nutrition Cluster	10.553-CL
Department of Housing and Urban Development:	
CDBG – Entitlement Grants Cluster	14.218-CL
Department of Treasury:	
Coronavirus Relief Fund	21.019
Department of Education:	
Education Stabilization Fund	84.425C/D/U
Title I	84.010

Dollar threshold to distinguish between Types A and B Programs:	<b>\$3,000,000</b>
The City of Chesapeake was qualified as a low risk auditee?	<b>Yes</b>

**2) Findings – Financial Statement Audit Performed in Accordance with *Government Auditing Standards***

None

**3) Findings and Questioned Costs – Major Federal Awards**

None

**4) Findings and Questioned Costs – State Compliance**

None

**5) Resolution of Prior Year's Findings**

None

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*End of Comprehensive Annual Financial Report Of  
the City of Chesapeake, Virginia  
For the Fiscal Year Ended  
June 30, 2021*



Comprehensive Annual  
Financial Report 2021



**Chesapeake**  
VIRGINIA