

**CITY OF SUFFOLK, VIRGINIA**

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL  
YEAR ENDED  
JUNE 30, 2024**



 [www.suffolkva.us](http://www.suffolkva.us)

**CITY OF SUFFOLK, VIRGINIA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED**  
**June 30, 2024**

**Prepared by:**  
**The Department of Finance**

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

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**CITY MANAGER**

December 2, 2024

The Honorable Council  
City of Suffolk, Virginia

To the Honorable Mayor, City Council, and Citizens of Suffolk:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the period of July 1, 2023 through June 30, 2024. The code of the Commonwealth of Virginia and the charter of the City of Suffolk, Virginia (the City) require the City to publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with *Government Auditing Standards* by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance and complies with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia.

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

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

According to Section 8.08 of the City Charter and Section 15.2-2511 of the 1950 Code of Virginia, as amended, an annual audit by an independent auditor of the City is required. The City's financial statements have been audited by Cherry Bekaert LLP. As a result of an audit of the City's financial records and transactions of all funds, component units, and departments of the City, Cherry Bekaert LLP has concluded that the financial statements are in compliance with GAAP and has issued an unmodified opinion of the City's financial statements, as of and for the year ended June 30, 2024. The report of the independent auditor is presented as the first component of the financial section of this report.

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

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

### **Profile of the City**

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

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

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

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

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

The City maintains budgetary controls, the objective of which is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by City Council. Budgetary control is maintained at the expenditure level of each department using an encumbrance accounting system. Open encumbrances are reported within the appropriate classification of fund balance at June 30, 2024. A description of the procedures utilized to establish budgetary data is presented in Note 1D within the Notes to Financial Statements tab.

### **Economic Activity – Calendar Year 2023**

The City experienced another strong year of economic growth in 2023 with 795 new jobs created and over \$300 million in capital investment from both domestic and international companies across various business sectors including logistics, healthcare, food and beverage, retail, and technology.

Birdsong Peanuts completed a \$25.1 million project to modernize and automate its production lines at its Suffolk peanut shelling facility. With this innovation, the Suffolk facility is now one of the most modern and efficient of the company's five shelling plants that stretch from Virginia to Texas.

Massimo Zanetti Beverage USA (MZB-USA) invested more than \$29 million to simultaneously consolidate its local roasting and production operations, while also creating a new distribution center. The project created 79 new jobs.

Solenis, a leading global producer of specialty chemicals for water intensive industries, announced they will invest \$193 million to expand their operation in the City. The company will build a new 80,000 square foot production facility, packaging facility, and tank farm, and add a new rail spur to accommodate production of polyvinylamine (PVAm) products, which are used in paper and cardboard manufacturing. The project is expected to create 34 new jobs.

Automatic Coating Ltd., headquartered in Toronto, Canada, invested \$22.8 million to locate its U.S. operation in the City to support an existing contract with the U.S. Navy and expand to new industrial and commercial customers in the U.S. This investment resulted in the creation of 50 new jobs.

ESKA USA, a 140 year old manufacturer headquartered in the Netherlands is expanding to the City. The move will bring existing machinery for the manufacture of solid board used in packaging for cosmetics, perfume, and other luxury goods, hardcover books, and games. The company expects an initial creation of 39 new jobs with anticipated future expansion.

Nansemond Pre-Cast Concrete Inc. (NPCC) is expanding their existing concrete pipe manufacturing site to increase production of reinforced concrete pipe that is manufactured on-site. NPCC is only one of two manufacturers of reinforce pipe in the Commonwealth, producing sanitary sewer and storm drainage products for infrastructure development.

Several warehousing projects are underway across the City including Coastal Logistics Center II, Virginia Port Logistics Park, Northgate Commerce Center, and Port 460 Logistics Center. The Port of Virginia provides direct access to efficient movement of goods for businesses throughout the City. The Port also reached a significant milestone to become the first major port on the East Coast to fully operate on clean energy.

In December 2023, Bon Secours celebrated the "topping out" of its new Harbour View Hospital. This new state-of-the-art facility costing nearly \$80 million to construct, joins the Bon Secours Health Center at Harbour View campus. The facility will provide 98,000 square feet of space to extend the hospital's offering including the addition of 18 medical/surgical beds and four operating rooms.

The City recently completed construction of the new Downtown Suffolk Festival Park, which provides green space in the core downtown area, and will serve as a venue for concerts, festivals, vendor markets, holiday events, and more. The creation of this space will ultimately attract more people downtown and provide additional support to downtown businesses, restaurants, and shops. The grand opening is slated for Summer 2024.

The construction of the new Central Library is underway on West Washington Street in downtown Suffolk. The new modern library will serve as a hub for community activity further supporting and invigorating downtown. The Suffolk Center for Cultural Arts is nearing completion of a comprehensive restoration and preservation of the 100-year-old building. Since opening in 2006 in the fully transformed former Suffolk High School, the Suffolk Center for Cultural arts has educated, entertained, and enlightened thousands of guests through outstanding performances, visual and performing arts classes, workshops, gallery exhibits, and special events.

The Suffolk Towers at 118 North Main Street began life in 1925 as The Elliott Hotel during the heyday of Suffolk's peanut industry. The hotel was converted into apartments in the 1980s and the building slowly deteriorated over time. Breathing new life into the building, a fast-tracked renovation and revival project, the Elliott Lofts, began in Summer 2023 with a goal of creating 45 apartment units to be available for rent in 2024. The first floor of the building is occupied by the existing Baron's Pub and Restaurant.

In North Suffolk, the Bridgeport Mixed-Use Development will soon open the Silos, a sister business to Westside Burgers and will feature multiple bars and an outdoor stage for music and entertainment. Also coming to Bridgeport Mixed-Used Development is the Sojourn Fermentory, a new brewery concept featuring a tasting and dining room, full kitchen, and outdoor beer garden. Nearby in Harbour View, New Realm Brewing will soon open their new brewery and restaurant the Blue Point at the Riverfront development. The 6,000 square-foot facility will include a five-barrel brewhouse, restaurant, covered rooftop patio, bar, and 8,000 square-foot beer garden.

Overall, 2023 proved to be a successful year for Suffolk businesses. Capital investments totaled over \$300 million, 795 new jobs were created, and over 2 million square feet of space were added in Suffolk throughout the year.

#### **New and Expanding Industry (Calendar Year 2023)**

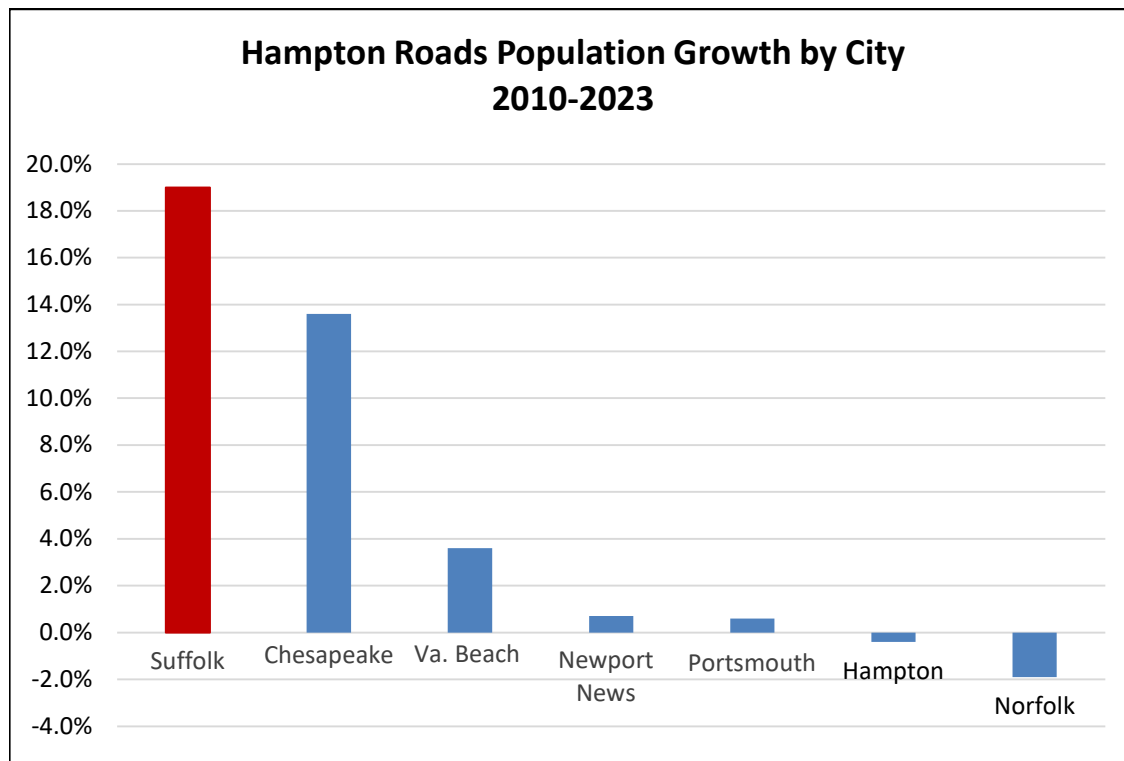
	<b><u>Number of Jobs</u></b>	<b><u>Square Feet</u></b>	<b><u>Approximate Capital Investment</u></b>
Advanced Manufacturing	149	30,567	\$62,360,700
Warehousing & Distribution	160	1,855,816	\$106,386,072
Medical	46	115,266	\$91,155,575
Retail	408	155,589	\$35,746,811
Office & Administration	12	3,000	\$1,194,758
Hospitality & Other	<u>20</u>	<u>79,224</u>	<u>\$9,671,000</u>
<b>TOTAL</b>	<b>795</b>	<b>2,239,462</b>	<b>\$306,514,916</b>

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

In addition to the growth of new and expanding businesses, Suffolk has continued to experience sustained population growth. Suffolk's population increased to 100,690 residents in 2023, a 19.0% increase since 2010. The City leads the region in population growth among the seven major cities in Hampton Roads. This positive trend is anticipated to continue in the years ahead with the City reaching 112,920 residents by 2030, according to projections by the Weldon Cooper Center at the University of Virginia.

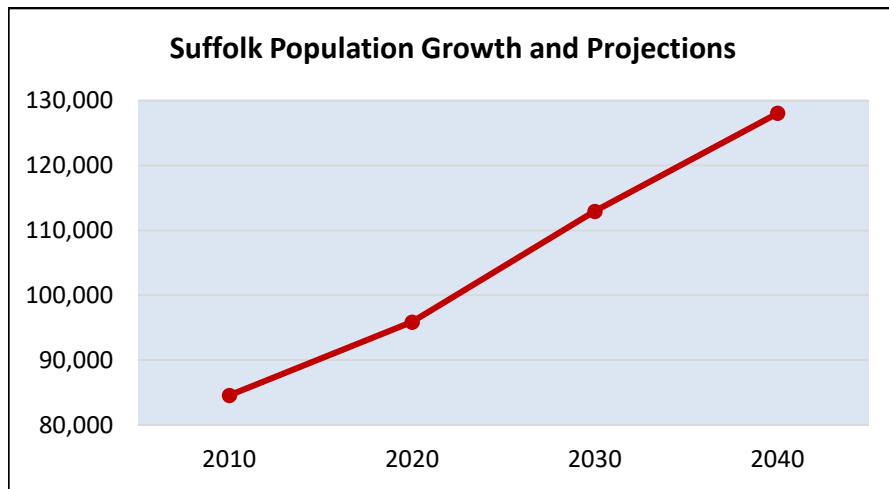
City	2010 Census	2023	Percent Change (2010 -2023)
<b>Suffolk</b>	<b>84,585</b>	<b>100,690</b>	<b>19.0%</b>
Chesapeake	222,209	252,478	13.6%
Virginia Beach	437,994	453,605	3.6%
Newport News	180,966	182,268	0.7%
Portsmouth	95,535	96,085	0.6%
Hampton	137,467	136,895	-0.4%
Norfolk	242,803	238,112	-1.9%

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



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





Source: Weldon Cooper Center for Public Service, Population Estimates

The City of Suffolk also has the second highest median household income (MHI) in the region (\$87,758) and higher than the state (\$87,249) and national (\$75,149) MHI.

Suffolk's central location in the Hampton Roads region has made it a top choice for businesses and families. The City is proactive in planning for the future through strategic management of residential and commercial development and planned infrastructure improvements. As a result, the City provides efficient and effective service delivery and a high quality of life for citizens.

### **Long-Term Financial Planning**

City Council and City Management have established a vision for the future of the City along with target areas which serve as guiding principles to move the City forward and include Public Safety, Financial Stability, Growth Management and Comprehensive Planning, Civic Engagement and Responsive City Services, Expanded Economic Development, Public Education, Leisure, Health, and Wellness, and Transportation.

In planning for the specific initiatives under these priorities, the City's adopted ten-year Capital Improvements Program and Plan represents a planned schedule of the City's needed expenditures for physical improvements over the next decade. The Capital Improvements Program and Plan, which covers the ten-year period from fiscal year 2025 through fiscal year 2034, totals approximately \$1.5 billion. Of this amount, utilities, stormwater, fleet, and transit projects are estimated at \$213.3 million while general government projects are estimated at \$1.3 billion.

Financial policies are vital to maintaining the City's overall financial health and stability. The City's financial policies are reviewed annually by City Management and the City's independent financial advisor. The financial policies include key financial indicators which are incorporated into the decision making process when developing the Capital Improvements Program and Plan and annual operating and capital budget. One of the most important indicators is the unassigned general fund balance which is used to assess the ability of the City to cope with unexpected financial challenges or emergencies. It is the ratio of the percentage of budgeted governmental funds expenditures (net of the general fund contribution to the Schools, transfers to other governmental funds, and Capital Projects fund expenditures), plus the budgeted expenditures in the School Operating and Food Service Funds. The City has set the unassigned fund balance percentage at 20%. Any surplus amounts over 20% are put into a budget stabilization fund until it reaches 2.5% based on the same ratio and the remaining go to a capital reserve fund. At June 30, 2024, the unassigned fund balance ratio met the 20% target level. The

budget stabilization fund is at 2.5% and the capital reserve fund totals \$60.7 million.

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

### **Awards and Recognition**

#### **Bond Ratings – Maintain rating of AAA**

In August 2024, the City's bond ratings were reaffirmed by all three rating agencies: Moody's (Aaa), Fitch Rating Agency (AAA), and Standard and Poor's (AAA). These ratings reflect the City's commitment to strong financial management.

#### **Annual Comprehensive Financial Report**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate) to the City of Suffolk, Virginia for its annual comprehensive financial report for the fiscal year ended June 30, 2023, representing the 39<sup>th</sup> consecutive year that the City has received this award. The Certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

#### **Citizen Reporting**

The City of Suffolk received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for fiscal year ended June 30, 2023. This is the eighth year that the City received the award. The report provides an overview of the City's financial results and is designed to increase awareness throughout the community of the City's financial operations in a user-friendly manner. The information is derived from the audited financial statements in the City's 2023 Annual Comprehensive Financial Report.

#### **Annual Budget**

The City operates on a July 1 to June 30 fiscal year in accordance with state law and the City's Charter. The annual operating and capital budget must be adopted by a majority vote of the City Council before July 1. The proposed budget submitted by the City Manager takes effect in the event that the City Council does not adopt a budget prior to July 1. The budget must be balanced with revenues equal to expenditures. Budgeted funds are appropriated by ordinance at the Fund level. Additional budget appropriations may be authorized by City Council ordinance during the fiscal year if received from grants, donations, proffers, or other outside funding sources; from excess revenues, or fund balance. The City Manager may authorize budget transfers between line items within each budgeted Fund. City Council authorization is required by ordinance to make budget transfers across Funds and between capital projects. Appropriations lapse at the close of business on June 30 with the exception of certain unexpended balances which are authorized to be carried forward to the next fiscal year in the budget appropriation ordinance and funds lawfully obligated or encumbered.

The GFOA presented a Distinguished Budget Presentation Award to the City of Suffolk, Virginia for its annual budget for the fiscal year beginning July 1, 2023. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This is the sixteenth consecutive year for this recognition and it is valid for a one-year period.

### **Suffolk's Future is Bright**

The City of Suffolk continues to grow and prosper each year as more businesses and citizens take advantage of the unique opportunities and quality of life that Suffolk has to offer. With strong financial management, strategic growth plans, and a diverse urban, suburban, and rural landscape, Suffolk is poised to continue to be a top choice community in the Hampton Roads region.

### **Acknowledgments**

We would like to recognize the hard work of the Department of Finance staff in coordinating the preparation of the Annual Comprehensive Financial Report (ACFR). This document is the product of many long hours and dedication to ensuring the City's finances are well-managed in accordance with generally accepted accounting principles.

We also commend the Mayor and City Council for their fiscal oversight and establishment of policies which have resulted in the City's strong financial position.

Respectfully,



Albert S. Moor II, P.E.  
City Manager



Charles Meek  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Suffolk  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO

**CITY OF SUFFOLK, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**

*AS OF JUNE 30, 2024*

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**MEMBERS OF CITY COUNCIL**

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

**CONSTITUTIONAL OFFICERS**

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

**CITY ADMINISTRATION**

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

**CITY OF SUFFOLK, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**

*AS OF JUNE 30, 2024*

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**SUFFOLK PUBLIC SCHOOLS – SCHOOL BOARD**

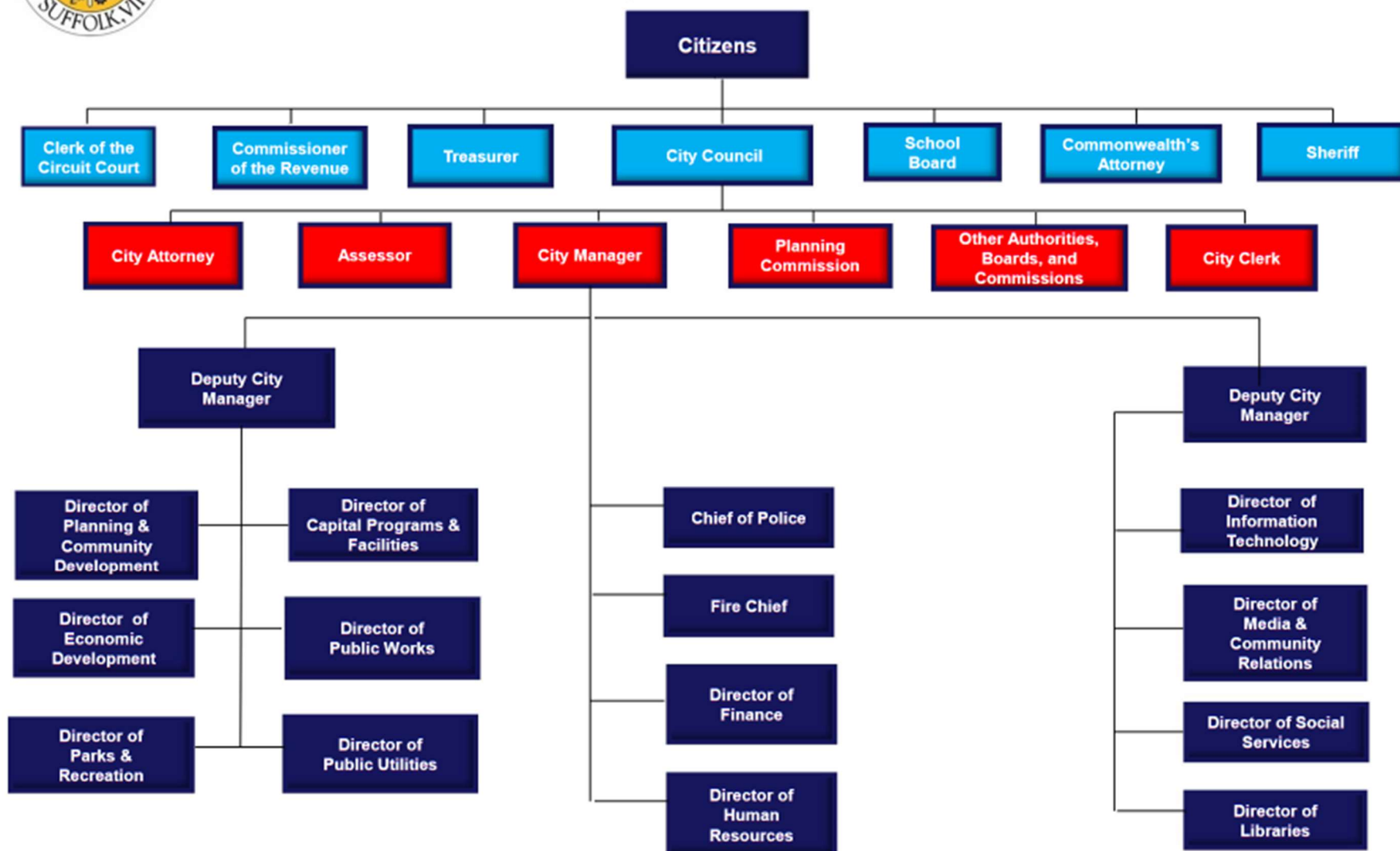
Karen L. Jenkins.....	Chairman
Heather S. Howell .....	Vice Chairman
Phyllis C. Byrum .....	Board Member
Tyron D. Riddick.....	Board Member
Dawn Marie Brittingham, Ed.D .....	Board Member
Dr. Judith Brooks-Buck.....	Board Member
Kimberly A. Slingluff .....	Board Member

**SUFFOLK PUBLIC SCHOOLS – ADMINISTRATION**

Dr. John B. Gordon III.....	School Superintendent
Wendy Forsman .....	Chief Financial Officer



# City of Suffolk FY 2023-2024 Operating and Capital Budget Organizational Chart



■ Elected Officials  
■ Appointed Officials

## FINANCIAL SECTION

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## **Report of Independent Auditor**

To the City Council  
City of Suffolk, Virginia  
Suffolk, Virginia

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

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

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

**Other Supplementary Information**

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

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Virginia Beach, Virginia  
December 2, 2024

# CITY OF SUFFOLK, VIRGINIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management of the City of Suffolk, Virginia (the "City") presents this narrative discussion and analysis of the City's financial performance as of and for the fiscal year ended June 30, 2024. To enhance your understanding of the City's financial performance, please read this discussion and analysis in conjunction with the transmittal letter in the front of this report, the City's basic financial statements, and supporting notes following this section.

### FINANCIAL HIGHLIGHTS

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

- The City's total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) on a government-wide basis was \$884.2 million at June 30, 2024. Of this balance, \$668.7 million is attributed to the governmental activities and \$215.5 million to the business-type activities.
- For fiscal year 2024, taxes, other general revenues net of transfers of the City's governmental activities amounted to \$333.7 million and net program expenses \$219.0 million, which resulted in an increase from 2024 in net position for the City's governmental activities of \$114.7 million.
- Revenues of the City's business-type activities were \$95.2 million, expenses were \$73.1 million and net transfers to the General Fund were \$1.4 million, which resulted in an increase of net position for the City's business-type activities of \$20.6 million.
- The City is rated AAA with Fitch, Standard and Poor's and Moody's.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

# CITY OF SUFFOLK, VIRGINIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Government-wide Financial Statements

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

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

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

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

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

### Fund Financial Statements

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

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable

## CITY OF SUFFOLK, VIRGINIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	<b>Net Position (In Millions)</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Other Assets	\$ 452.1	\$ 391.3	\$ 113.9	\$ 104.1	\$ 566	\$ 495.4
Capital assets	664.1	601.0	461.8	459.3	1,125.9	1,060.3
Total Assets	<u>1,116.2</u>	<u>992.3</u>	<u>575.7</u>	<u>563.4</u>	<u>1,691.9</u>	<u>1,555.7</u>
Deferred Outflows of Resources	35.7	36.5	24.2	25.5	59.9	62.0
Total Assets and Deferred Outflows of Resources	<u>1,151.9</u>	<u>1,028.8</u>	<u>599.9</u>	<u>588.9</u>	<u>1,751.8</u>	<u>1,617.7</u>
Current and other liabilities	89.5	72.1	27.1	23.5	116.6	95.6
Long-term liabilities	365.7	355.0	354.0	365.6	719.7	720.6
Total Liabilities	<u>455.2</u>	<u>427.1</u>	<u>381.1</u>	<u>389.1</u>	<u>836.3</u>	<u>816.2</u>
Deferred Inflows of Resources	27.9	47.7	3.4	4.9	31.3	52.6
Total Liabilities and Deferred Inflows of Resources	<u>483.1</u>	<u>474.8</u>	<u>384.5</u>	<u>394.0</u>	<u>867.6</u>	<u>868.8</u>
Net Position:						
Net investment in capital assets	427.3	344.4	164.0	137.4	591.3	481.8
Restricted	38.2	32.4	4.5	2.8	42.7	35.2
Unrestricted	<u>203.2</u>	<u>177.2</u>	<u>47.0</u>	<u>54.7</u>	<u>250.2</u>	<u>231.9</u>
Net Position	<u>\$ 668.7</u>	<u>\$ 554.0</u>	<u>\$ 215.5</u>	<u>\$ 194.9</u>	<u>\$ 884.2</u>	<u>\$ 748.9</u>

The City's combined net position (which is the City's "bottom line") increased by \$135.3 million in fiscal year 2024 of which approximately 4.49% represents resources that are subject to external restrictions or enabling legislation. Net investment in capital assets (land, buildings, infrastructure, improvements, machinery and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets) of \$591.3 million comprises 66.87% of the net position. These assets are not available for future spending because they are assets used to provide services to citizens.

The City has a solid financial position with 28.30% of net position, or \$250.2 million, as unrestricted. The unrestricted portion of net position is available to allow the City to provide services to citizens.

**CITY OF SUFFOLK, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Statement of Activities**

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

	<b>Change in Net Position (In Millions)</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenues:						
Program revenues:						
Charges for services	\$ 11.3	\$ 10.5	\$ 80.7	\$ 76.4	\$ 92.0	\$ 86.9
Operating grants and contributions	53.1	51.8	-	-	53.1	51.8
Capital grants and contributions	35.1	36.3	8.1	2.7	43.2	39.0
General revenues:	-	-	-	-	-	-
Real estate and property taxes	207.2	176.3	-	-	207.2	176.3
Other taxes	65.1	61.2	-	-	65.1	61.2
Grants and contributions, not restricted	14.7	14.5	-	-	14.7	14.5
Unrestricted Investment earnings	21.0	11.2	4.7	2.9	25.7	14.1
Miscellaneous	25.0	7.7	1.7	2.7	26.7	10.4
Total Revenues	<u>432.5</u>	<u>369.5</u>	<u>95.2</u>	<u>84.70</u>	<u>527.7</u>	<u>454.2</u>
Expenses:						
General government	36.7	29.4	-	-	36.7	29.4
Judicial	12.3	11.1	-	-	12.3	11.1
Public safety	87.3	78.9	-	-	87.3	78.9
Public works	52.9	49.1	-	-	52.9	49.1
Health and welfare	19.5	19.7	-	-	19.5	19.7
Transportation	2.3	1.7	-	-	2.3	1.7
Education	71.7	66.5	-	-	71.7	66.5
Parks, recreation, cultural	16.0	14.1	-	-	16.0	14.1
Community development	11.0	9.3	-	-	11.0	9.3
Interest on long-term debt	8.9	8.9	-	-	8.9	8.9
Utility	-	-	57.2	56.4	57.2	56.4
Refuse collection services	-	-	10.4	10.2	10.4	10.2
Stormwater utility	-	-	5.5	5.1	5.5	5.1
Total Expenses	<u>318.5</u>	<u>288.7</u>	<u>73.1</u>	<u>71.7</u>	<u>391.7</u>	<u>360.4</u>
Excess of revenues over expenses	114.0	80.8	22.1	13.0	136.0	93.8
Loss on disposal of assets	(0.7)	(0.7)	-	-	(0.7)	(0.7)
Transfers	1.4	1.5	(1.4)	(1.5)	-	-
Change in net position	114.7	81.6	20.7	11.5	135.3	93.1
Net position - beginning	554.0	472.4	194.8	183.3	748.8	655.7
Net position - ending	<u>\$ 668.7</u>	<u>\$ 554.0</u>	<u>\$ 215.5</u>	<u>\$ 194.8</u>	<u>\$ 884.2</u>	<u>\$ 748.8</u>

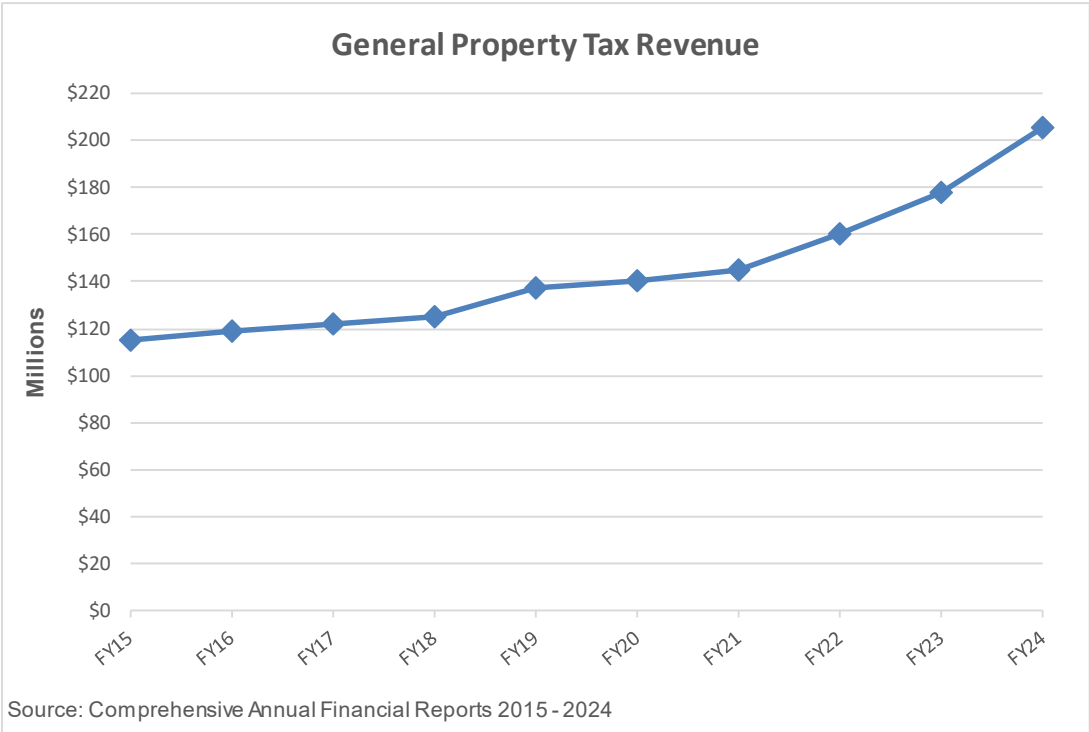


CITY OF SUFFOLK, VIRGINIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS

**Governmental Activities**

Revenue Highlights:

Real estate and personal property tax revenues, the City’s largest revenue source, totaled \$205.7 million and \$178.4 million in fiscal years 2024 and 2023, respectively. The chart following indicates the growth in the General Property Taxes revenue over the past ten years. The assessed value of real estate and personal property have increased over the last 10 years. The real estate tax rate was increased in FY 2016 and FY 2019 to fund public education and public safety operating needs. In FY 2023, the City reduced the real estate tax rate by \$.02 from \$1.11 to \$1.09 due to the growth in assessed values.



Other Local Taxes are comprised of revenue from local sales tax, meals, lodging, and utilities increased from fiscal year 2023 to fiscal year 2024. The City experienced growth in sales, meals, business license, and lodging tax revenue, new businesses, and an increase in population.

Expense Highlights:

The City is committed to ensuring the highest level of safety for its citizens and has expended \$87.3 million towards public safety efforts; this represents 27.41% of the governmental expenses.

Education continues to be one of the City's highest priorities and commitments representing \$71.7 million, this amount is an increase from fiscal year 2023 and represents 22.51% of governmental expenses.

Public Safety and Education together make up 49.92% of total governmental expenses for the City.

# CITY OF SUFFOLK, VIRGINIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### **Business-type Activities**

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

### **Revenue Highlights:**

Charges for services, including water and sewer fees, Stormwater utility fees and refuse collection fees represent 84.77% of the total revenues collected. These revenues increased slightly from fiscal year 2023 to 2024 due to increased water and sewer connections, equivalent residential units, additional households, and refuse host fee revenue.

### **Expense Highlights:**

Utility Fund expenses were \$57.2 million of which 35.62% is depreciation and amortization expenses. There is an increase in total expenditures. Stormwater expenses were \$5.4 million for fiscal year 2024, which is an increase in expenditures as compared to fiscal year 2023. The refuse fund expenses were \$10.4 million in fiscal year 2024, which is a slight increase from fiscal year 2023.

## **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$360.4 million. Approximately 29.6% of this amount is available for spending at the government's discretion (unassigned fund balance). Fund Balance is divided into five classifications: non-spendable, restricted, committed, assigned and unassigned.

**General Fund:** The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund balance was \$202.9 million of which \$106.7 million represents unassigned fund balance. Fund Balance in the General Fund increased from fiscal year 2023. This increase is attributable to better than anticipated collections of local taxes such as sales tax and business license taxes as well as rising interest rates, which resulted in an increase of interest revenue, earned on the City's cash balances.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total budgeted expenditures. The City has a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget. The City also has a policy that any excess amounts over the 20% is dedicated to a budget stabilization fund, until that reaches 2.5% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The restricted portion of fund balance, \$1.4 million reflects restricted cash for unspent grant funds and developer deposits. The committed portion, \$88.7 million, is comprised of funds committed for by the City Council for economic

## CITY OF SUFFOLK, VIRGINIA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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development incentives and cash funded capital, unspent funds re-appropriated to the School board, the budget stabilization funds and the capital reserve funds.

**General Fund Budget analysis:** The general fund final amended budget for fiscal year 2024 revenue excluding transfers was \$292.5 million. The total revenue collected in the general fund was \$321.4 million, which resulted in a revenue surplus over the budget of \$28.9 million. This surplus is primarily due to an increase in the assessed values of real and personal property over what was estimated during the budget development process. In addition, the other local taxes experienced increases due to increased economic development and population growth in the City. The other area of significant surplus over the budget was in the interest earnings, due to rising interest rates. On the expenditure side, the total actual expenditures on a budgetary basis were \$237.7 million compared to the final amended budget excluding transfers of \$252.6 million; this resulted in an expenditure savings of \$14.9 million. The expenditure savings is primarily due to savings in salary line items.

**Debt Service Fund:** The Debt Service Fund has a fund balance of \$595 thousand. The General Fund routinely transfers monies to this fund to meet debt service requirements. The fund balance in the Debt Service fund decreased slightly as compared to the prior year.

**Road Maintenance Fund:** The Road Maintenance Fund has a fund balance of \$18.8 million. The Road Maintenance Fund accumulates resources from the Virginia Department of Transportation for the maintenance of roadways in the City. The fund balance in the fund increased by \$2.9 million from the prior year. The increase is a result of revenue received for additional lane miles added to the City and the collection of automated enforcement fines which are used to maintain roadways and bridges throughout the City and enhance traffic and roadway safety.

**Grants Fund:** The grants fund has a fund balance of \$3.6 million. The Grants fund accumulates resources from various state and federal agencies in the form of grant for specific purposes. The majority of the activity in the grants fund in fiscal year 2024 was for pandemic response related grants. The fund balance in the grant fund decreased by \$138 thousand from the prior year.

**Capital Projects Fund:** The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$123.9 million, \$38.6 million was committed for contracts and purchase orders in process, and the remaining balance of \$85.3 million is restricted, as it consists of unspent bond proceeds, grant funding and cash proffers for subsequent years' projects. The overall fund balance increased in the current year, as there are several large projects that are getting started that have funds accumulated.

Four of the City's significant capital projects are the following in fiscal year 2024:

- Shoulders Hill Intersection Improvements
- New Central Library
- New Fire Station
- Replacement of John F. Kennedy Middle School

# CITY OF SUFFOLK, VIRGINIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Enterprise funds:** The City's enterprise funds account for its water and sewer operations, stormwater utility efforts, and refuse collection services. The net position of the enterprise funds at the end of the current fiscal year totaled \$215.5 million.

**Internal service funds:** The internal service funds are used to account for entity-wide fleet management, information technology and risk management programs. The total net position at the end of the current fiscal year was \$42.2 million.

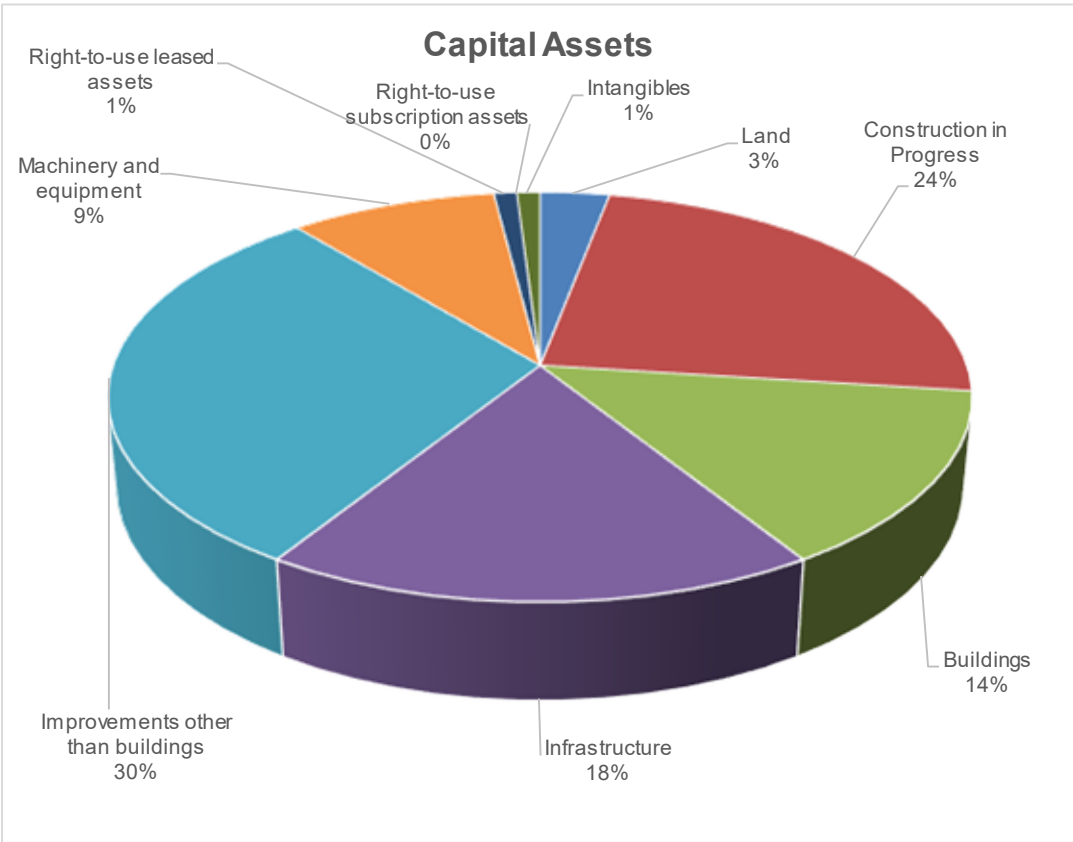
**Trust funds:** In fiscal year 2024, the City fully funded its annual contribution to the fund as calculated by the actuaries and there is currently a balance of \$55.1 million cash and cash equivalents in the OPEB Trust Fund.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets:** The City's capital assets for its governmental and business-type activities as of June 30, 2024, totaled \$1,125.9 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, intangibles, the intangible right to use assets, and construction in progress.

Capital Assets (net of depreciation) (in Millions)						
	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 25.2	\$ 25.1	\$ 4.7	\$ 4.7	\$ 29.9	\$ 29.8
Construction in Progress	246.8	185.0	22.8	20.9	269.6	205.9
Buildings	83.3	86.8	69.5	71.6	152.8	158.4
Infrastructure	201.4	204.3	2.6	-	204.0	204.3
Improvements other than buildings	47.6	42.8	293.8	290.5	341.4	333.3
Machinery and equipment	35.8	30.2	60.8	63.6	96.6	93.8
Right-to-use leased assets	20.0	22.5	2.8	3.6	22.8	26.1
Right-to-use subscription assets	0.3	0.3	-	-	0.3	0.3
Intangibles	3.6	4.0	4.9	4.4	8.5	8.4
Net Capital Assets	<u>\$ 664.0</u>	<u>\$ 601.0</u>	<u>\$ 461.9</u>	<u>\$ 459.3</u>	<u>\$ 1,125.9</u>	<u>\$ 1,060.3</u>

CITY OF SUFFOLK, VIRGINIA  
MANAGEMENT’S DISCUSSION AND ANALYSIS



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

**Long-term debt:** At the end of the current fiscal year, the City had total outstanding debt of \$696.7 million. Claims payable, compensated absences and pension and OPEB liabilities are not included in these figures.

	Outstanding Debt (in millions)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Bonds Payable	\$ 295.3	\$ 289.3	\$ 348.1	\$ 358.4	\$ 643.4	\$ 647.7
Bond Premiums	17.3	18.0	13.7	14.3	31.0	32.3
Lease Liabilities	19.0	21.4	2.8	3.6	21.8	25.0
Subscription Liabilities	0.3	0.2	-	-	0.3	0.2
Total Bonds	<u>\$ 331.9</u>	<u>\$ 328.9</u>	<u>\$ 364.6</u>	<u>\$ 376.3</u>	<u>\$ 696.5</u>	<u>\$ 705.2</u>

The Commonwealth of Virginia limits the amount of general obligation debt outstanding to 10% of the locality’s assessed value of real property, which is \$1.6 billion for 2024. The City Charter further limits this general obligation limit to 7% of the City’s assessed value of real property or \$1.1 billion. Of the debt shown above, only \$474.6 million is general obligation debt that is applicable to the legal debt limits. The City has met both of the legal debt limits.

## **CITY OF SUFFOLK, VIRGINIA**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The City has a financial policy that further restricted the debt ratio of general government debt, not pledged by other revenue sources, to 4% or \$629.2 million to reflect its conservative use of borrowed monies. The City has met this policy limit as well. Achieving these limits represents the City's conservative debt borrowing policy.

Additional information on the City's long-term debt can be found in Note 8.

#### **ECONOMIC FACTORS**

- The City's economic development initiatives created 795 new jobs and over \$384 million dollars in new and expanding capital investment in the City during the calendar year 2023.
- For fiscal year 2024, the City's tax rate was \$1.09 per \$100 and remains the third lowest tax rate in the region. A \$.02 real estate tax relief credit was also provided in FY 2024 as adopted by City Council.
- Population in the City has increased 12.4% in the last ten years.
- The City has achieved bond ratings from Moody's Investor Service of Aaa, and from Fitch Rating Agency and Standard and Poor's Ratings Services of "AAA". These ratings reflect the City's continued commitment to strong financial management.

#### **REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF SUFFOLK, VIRGINIA**  
**STATEMENT OF NET POSITION**

**EXHIBIT 1**

*JUNE 30, 2024*

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 283,450,227	\$ 53,174,856	\$ 336,625,083	\$ 20,171,889	\$ 3,309,170
Receivables (net of allowance for uncollectibles):					
Property taxes	5,629,664	-	5,629,664	-	-
Due from other governments	10,325,459	-	10,325,459	12,376,468	-
Accounts receivable	2,196,438	9,006,508	11,202,946	538,226	147,188
Other receivables	1,609,685	-	1,609,685	-	-
Due from component units	1,904,805	-	1,904,805	-	-
Inventories	760,747	358,084	1,118,831	476,278	8,201,280
Prepaid items	-	-	-	195,000	-
Lease receivables	282,682	-	282,682	-	1,083,042
Total current assets	306,159,707	62,539,448	368,699,155	33,757,861	12,740,680
Noncurrent assets:					
Cash and cash equivalents, restricted	136,097,999	49,962,811	186,060,810	-	2,331,902
Lease receivable, non-current	1,278,915	-	1,278,915	-	15,667,864
Net OPEB asset - local trust	8,560,241	1,446,431	10,006,672	8,496,575	-
Net OPEB asset - state plans	-	-	-	12,738	-
Net pension asset	-	-	-	106,607	-
Capital assets:					
Assets not being depreciated	272,014,458	27,439,181	299,453,639	6,387,523	1,435,662
Assets being depreciated, net	392,085,494	434,396,250	826,481,744	153,989,367	19,599,842
Total noncurrent assets	810,037,107	513,244,673	1,323,281,780	168,992,810	39,035,270
Total assets	1,116,196,814	575,784,121	1,691,980,935	202,750,671	51,775,950
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pension plan	18,500,136	2,670,200	21,170,336	31,485,042	-
Deferred outflows related to OPEB local trust	9,025,060	1,524,969	10,550,029	2,990,136	-
Deferred outflows related to OPEB state plans	4,780,648	127,332	4,907,980	4,481,272	-
Deferred charge on refunding	3,360,048	19,865,146	23,225,194	-	25,580
Total deferred outflows of resources	35,665,892	24,187,647	59,853,539	38,956,450	25,580
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	17,049,055	5,705,335	22,754,390	2,938,829	-
Accrued payroll and related liabilities	3,344,307	426,743	3,771,050	17,854,413	-
Due to Primary Government	-	-	-	67,239	239,255
Deposits and amounts held for others	18,294	13,500	31,794	-	7,500
Accrued interest payable	3,789,576	3,180,948	6,970,524	-	6,866
Arbitrage liability	914,000	-	914,000	-	-
Prepaid taxes	1,507,347	-	1,507,347	-	-
Unearned revenues	29,934,441	51,391	29,985,832	-	-
Noncurrent liabilities:					
Due within one year	33,004,716	17,685,200	50,689,916	308,767	1,178,452
Due in more than one year	311,486,345	347,918,230	659,404,575	3,526,484	842,774
Net pension liability	40,080,709	5,605,527	45,686,236	93,792,839	-
Net OPEB liability - state plans	14,161,430	507,853	14,669,283	16,768,684	-
Total liabilities	455,290,220	381,094,727	836,384,947	135,257,255	2,274,847
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to leases	1,470,557	-	1,470,557	-	16,459,121
Deferred inflows related to pension plan	7,093,577	992,081	8,085,658	13,963,818	-
Deferred inflows related to OPEB local trust	13,747,088	2,322,856	16,069,944	3,482,729	-
Deferred inflows related to OPEB state plans	5,577,327	81,610	5,658,937	2,251,904	-
Total deferred inflows of resources	27,888,549	3,396,547	31,285,096	19,698,451	16,459,121
<b>NET POSITION</b>					
Net investment in capital assets	427,273,581	163,995,859	591,269,440	160,376,890	19,039,859
Restricted for:					
Operating reserves	-	3,030,843	3,030,843	-	-
Cemetery care	931,208	-	931,208	-	-
Debt service	594,736	-	594,736	-	-
Various grants	19,608,257	-	19,608,257	-	-
Deposits and proffers	8,517,058	-	8,517,058	-	-
OPEB	8,560,241	1,446,431	10,006,672	12,738	-
Other governmental purposes	-	-	-	8,603,182	2,325,036
Unrestricted	203,198,856	47,007,361	250,206,217	(82,241,395)	11,702,667
Total net position	\$ 668,683,937	\$ 215,480,494	\$ 884,164,431	\$ 86,751,415	\$ 33,067,562

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



**CITY OF SUFFOLK, VIRGINIA**  
**STATEMENT OF ACTIVITIES**

**EXHIBIT 2**

YEAR ENDED JUNE 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			School Board	Economic Development Authority
					Governmental Activities	Business-Type Activities	Total		
Primary Government:									
Governmental activities:									
General government administration	\$ 36,737,918	\$ 5,886,906	\$ 915,473	\$ 313,312	\$ (29,622,227)	\$ -	\$ (29,622,227)		
Judicial administration	12,179,031	183,762	4,072,324	-	(7,922,945)	-	(7,922,945)		
Public safety	87,344,733	3,070,113	2,212,308	-	(82,062,312)	-	(82,062,312)		
Public works	52,940,289	1,321,746	32,475,180	32,451,543	13,308,180	-	13,308,180		
Health and welfare	19,449,700	-	10,560,612	2,303,415	(6,585,673)	-	(6,585,673)		
Transportation	2,287,672	60,045	1,466,234	12,721	(748,672)	-	(748,672)		
Education	71,669,409	-	-	-	(71,669,409)	-	(71,669,409)		
Parks, recreation, and cultural	15,993,004	782,731	449,720	-	(14,760,553)	-	(14,760,553)		
Community development	11,045,776	-	994,996	-	(10,050,780)	-	(10,050,780)		
Interest on long-term debt	8,875,859	-	-	-	(8,875,859)	-	(8,875,859)		
Total governmental activities	318,523,391	11,305,303	53,146,847	35,080,991	(218,990,250)	-	(218,990,250)	-	-
Business-type activities:									
Utility	57,237,253	60,907,210	-	8,065,954	-	11,735,911	11,735,911		
Stormwater utility	5,445,210	9,279,346	-	-	-	3,834,136	3,834,136		
Refuse	10,442,002	10,484,648	-	-	-	42,646	42,646		
Total business-type activities	73,124,465	80,671,204	-	8,065,954	-	15,612,693	15,612,693	-	-
Total Primary Government	\$ 391,647,856	\$ 91,976,507	\$ 53,146,847	\$ 43,146,945	\$ (218,990,250)	\$ 15,612,693	\$ (203,377,557)	\$ -	\$ -
Component Unit:									
School Board	\$ 222,957,953	\$ 234,242	\$ 156,287,265	\$ -	\$ -	\$ -	\$ -	\$ (66,436,446)	\$ -
Economic Development Authority	2,519,058	1,720,821	957,073	-	-	-	-	-	158,836
Total component units	\$ 225,477,011	\$ 1,955,063	\$ 157,244,338	\$ -	\$ -	\$ -	\$ -	\$ (66,436,446)	\$ 158,836
General revenues and transfers									
General revenues:									
Property taxes					207,191,310	-	207,191,310	-	-
Sales and use taxes					18,356,678	-	18,356,678	-	-
Business license taxes					13,259,460	-	13,259,460	-	-
Meals taxes					16,582,151	-	16,582,151	-	-
Utility taxes					5,076,743	-	5,076,743	-	-
Communication taxes					2,306,793	-	2,306,793	-	-
Motor vehicle license taxes					2,881,656	-	2,881,656	-	-
Tobacco taxes					1,452,903	-	1,452,903	-	-
Lodging taxes					2,362,048	-	2,362,048	-	-
Recordation taxes					1,738,684	-	1,738,684	-	-
Other local taxes					1,038,870	-	1,038,870	-	-
Grants and contributions not restricted to specific programs					14,691,756	-	14,691,756	-	-
Miscellaneous					25,016,017	1,688,704	26,704,721	4,360,903	272,202
Unrealized gain on land held for sale					-	-	-	-	643,594
Contribution from primary government					-	-	-	72,996,677	-
Unrestricted revenues from use of money and property					21,032,372	4,728,789	25,761,161	95,750	298,881
Loss on disposal of assets					(741,297)	-	(741,297)	(12,775)	-
Transfers					1,406,835	(1,406,835)	-	-	-
Total general revenues and transfers					333,652,979	5,010,658	338,663,637	77,440,555	1,214,677
Change in net position					114,662,729	20,623,351	135,286,080	11,004,109	1,373,513
Net position at July 1					554,021,208	194,857,143	748,878,351	75,747,306	31,694,049
Net position at June 30					\$ 668,683,937	\$ 215,480,494	\$ 884,164,431	\$ 86,751,415	\$ 33,067,562

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

**CITY OF SUFFOLK, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

**EXHIBIT 3**

*JUNE 30, 2024*

	<b>Major Funds</b>					<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Road Maintenance</b>	<b>Consolidated Grants</b>	<b>Debt Service</b>		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 200,499,585	\$ 31,896,892	\$ 6,284,742	\$ -	\$ -	\$ 8,979,623	\$ 247,660,842
Cash and investments – restricted	1,214,403	98,441,600	14,587,954	19,608,257	594,736	1,207,135	135,654,085
Receivables (net of allowance for uncollectibles):							
Property taxes	5,622,058	-	-	-	-	7,606	5,629,664
Due from other governments	3,022,331	3,054,356	-	3,747,187	-	501,585	10,325,459
Accounts receivable	1,977,887	-	-	-	-	-	1,977,887
Other receivables	1,200,462	-	293,235	56,601	-	57,746	1,608,044
Lease receivable	959,170	-	-	-	-	559,522	1,518,692
Inventories	123,814	-	-	-	-	98,866	222,680
Due from component units	1,904,805	-	-	-	-	-	1,904,805
Total assets	<u>216,524,515</u>	<u>133,392,848</u>	<u>21,165,931</u>	<u>23,412,045</u>	<u>594,736</u>	<u>11,412,083</u>	<u>406,502,158</u>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	3,732,940	10,639,152	1,029,245	256,627	-	165,641	15,823,605
Accrued payroll and related liabilities	2,908,871	-	250,430	8,360	-	12,493	3,180,154
Unearned grant receipts	-	-	-	19,579,195	-	-	19,579,195
Unavailable revenues - taxes	3,388,025	-	-	-	-	6,158	3,394,183
Prepaid taxes	1,507,347	-	-	-	-	-	1,507,347
Proffers received	-	7,302,655	-	-	-	-	7,302,655
Deposits	1,214,403	-	1,104,876	-	-	-	2,319,279
Deposits and amounts held for others	-	-	-	-	-	18,294	18,294
Total liabilities	<u>12,751,586</u>	<u>17,941,807</u>	<u>2,384,551</u>	<u>19,844,182</u>	<u>-</u>	<u>202,586</u>	<u>53,124,712</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows related to leases	909,426	-	-	-	-	538,231	1,447,657
Total deferred inflows of resources	<u>909,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,231</u>	<u>1,447,657</u>
<b>FUND BALANCES</b>							
Nonspendable	123,814	-	-	-	-	98,866	222,680
Restricted	1,428,394	76,831,622	18,781,380	3,567,863	-	1,210,808	101,820,067
Committed	88,697,747	38,619,419	-	-	594,736	9,361,592	137,273,494
Assigned	5,927,503	-	-	-	-	-	5,927,503
Unassigned	106,686,045	-	-	-	-	-	106,686,045
Total fund balances	<u>202,863,503</u>	<u>115,451,041</u>	<u>18,781,380</u>	<u>3,567,863</u>	<u>594,736</u>	<u>10,671,266</u>	<u>351,929,789</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 216,524,515</u>	<u>\$ 133,392,848</u>	<u>\$ 21,165,931</u>	<u>\$ 23,412,045</u>	<u>\$ 594,736</u>	<u>\$ 11,412,083</u>	<u>\$ 406,502,158</u>

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

**CITY OF SUFFOLK, VIRGINIA**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**

**EXHIBIT 3**

JUNE 30, 2024

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

Total fund balance – governmental funds		\$ 351,929,789
Capital assets of \$1,014,529,574, net of accumulated depreciation of \$369,393,530, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		645,136,044
Unavailable revenues represent amounts that were not available to fund current expenditures and, therefore, are not reported in the funds.		3,394,183
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.		(3,727,701)
Deferred charges on refunding are not current outflows of resources and not reported in the governmental funds		3,360,048
Differences between expected and actual experiences, assumptions changes and net differences between project and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of on the Statement of Net Position.		
Deferred outflows - pension plan	17,639,750	
Deferred outflows - OPEB Local trust	8,616,090	
Deferred outflows - OPEB state plans	4,739,349	
Net pension liability	(38,349,160)	
Net OPEB asset - local trust	8,172,335	
Net OPEB liability - state plans	(13,998,395)	
Deferred inflows - pension plan	(6,787,125)	
Deferred inflows - OPEB Local trust	(13,124,141)	
Deferred inflows - OPEB state plans	(5,551,128)	
Total deferred outflows and inflows related to postemployment benefits		(38,642,425)
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.		
Unearned revenues not recorded in the funds as it did not arise from current financial resources relating to the golf course lease agreement.		(733,312)
Internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service fund are included in governmental activities in the statement of net position.		42,189,118
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the fund statements:		
General obligation bonds	(292,299,497)	
Lease liabilities	(17,253,668)	
Unamortized premiums and other credits on bonds	(17,255,850)	
Arbitrage liability	(914,000)	
Compensated absences	(6,498,792)	
Total long-term liabilities		(334,221,807)
Net position of governmental activities		<u>\$ 668,683,937</u>

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

**CITY OF SUFFOLK, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

**EXHIBIT 4**

YEAR ENDED JUNE 30, 2024

	Major Funds					Total Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Projects	Road Maintenance	Consolidated Grants	Debt Service		
<b>REVENUES</b>							
Taxes:							
Real estate and personal property taxes	\$ 202,696,934	\$ -	\$ -	\$ -	\$ -	\$ 2,971,007	\$ 205,667,941
Other local taxes	65,055,986	-	-	-	-	-	65,055,986
Intergovernmental:							
Revenue from the Commonwealth	24,507,729	241,946	32,259,107	1,055,528	-	387,702	58,452,012
Revenue from the Federal government	5,872,437	32,522,909	-	4,822,985	-	1,102,670	44,321,001
Permits, privilege fees and regulatory licenses	2,001,395	-	522,738	-	-	-	2,524,133
Fines and forfeitures	575,183	-	13,820,816	-	-	-	14,395,999
Revenue from use of money and property	15,095,370	-	911,040	1,766,591	381,122	794,805	18,948,928
Charges for services	4,446,388	-	920,022	-	-	669,749	6,036,159
Miscellaneous	1,115,682	6,924,290	28,011	146,581	-	27,902	8,242,466
Total revenues	321,367,104	39,689,145	48,461,734	7,791,685	381,122	5,953,835	423,644,625
<b>EXPENDITURES</b>							
Current:							
General government administration	24,405,161	-	-	-	-	985,549	25,390,710
Public safety	86,034,446	-	-	2,011,333	-	-	88,045,779
Community development	9,271,249	-	-	994,996	-	-	10,266,245
Transportation	-	-	-	373,568	-	1,978,713	2,352,281
Parks, recreation, and cultural	15,295,029	-	-	200,217	-	52,084	15,547,330
Public works	1,173,094	-	39,671,198	-	-	219,397	41,063,689
Judicial administration	11,671,827	-	-	979,057	-	-	12,650,884
Health and welfare	16,181,671	-	-	3,919,034	-	-	20,100,705
Education	73,644,025	-	-	-	-	-	73,644,025
Nondepartmental	46,701	-	-	-	-	-	46,701
Capital outlay	-	80,470,626	-	-	-	-	80,470,626
Debt service:							
Principal	-	-	-	-	21,938,678	-	21,938,678
Bond issuance costs	-	-	-	-	684,572	-	684,572
Interest and other charges	-	-	-	-	9,191,957	-	9,191,957
Total expenditures	237,723,203	80,470,626	39,671,198	8,478,205	31,815,207	3,235,743	401,394,182
Excess (deficiency) of revenues over/(under) expenditures	83,643,901	(40,781,481)	8,790,536	(686,520)	(31,434,085)	2,718,092	22,250,443
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers from other funds	6,342,946	30,695,368	-	576,807	31,006,181	931,990	69,553,292
Transfers to other funds	(56,139,072)	(2,000,000)	(5,906,222)	(28,029)	-	(3,410,063)	(67,483,386)
Premiums on bonds issued	-	-	-	-	379,629	-	379,629
General obligations bonds issued	-	30,000,000	-	-	-	-	30,000,000
Total other financing sources (uses)	(49,796,126)	58,695,368	(5,906,222)	548,778	31,385,810	(2,478,073)	32,449,535
Net change in fund balances	33,847,775	17,913,887	2,884,314	(137,742)	(48,275)	240,019	54,699,978
Fund balances at July 1	169,015,728	97,537,154	15,897,066	3,705,605	643,011	10,431,247	297,229,811
Fund balances at June 30	\$ 202,863,503	\$ 115,451,041	\$ 18,781,380	\$ 3,567,863	\$ 594,736	\$ 10,671,266	\$ 351,929,789

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

## CITY OF SUFFOLK, VIRGINIA

## EXHIBIT 4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

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

Net change in fund balances--total governmental funds	\$ 54,699,978
---	---------------

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses. This is the amount in which capital outlays exceeded depreciation expense in the current period.

Capital outlay	86,704,065
Depreciation expense	(25,298,618)
Loss on disposal of assets	(475,949)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Unavailable revenues	1,523,369
Lease revenue paid in form of leasehold improvements	356,000

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

Principal repayment and payments to escrow agent	24,402,073	
Net change in deferred bond charges from refunding	(951,150)	
Proceeds from issuance of new debt	(29,248,114)	
Net change in bond premiums	<u>179,216</u>	(5,617,975)

Record the net flow of resources in the current year related to the Pension Plan	676,719
--	---------

Record the net flow of resources in the current year related to the OPEB City trust fund	1,591,783
--	-----------

Record the net flow of resources in the current year related to the state OPEB plans	(626,569)
--	-----------

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

Accrued interest payable	(193,982)
Change in compensated absences	(71,829)

The internal service funds are used by management to charge the costs of information technology, fleet management and insurance to the individual funds. The change in net position of the internal service funds are reported with governmental activities.

	<u>1,395,737</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ 114,662,729</u></b>

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

**CITY OF SUFFOLK, VIRGINIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

**EXHIBIT 5**

YEAR ENDED JUNE 30, 2024

	Major Funds		Totals	
	Utility Fund	Nonmajor Enterprise Funds	Enterprise Funds	Governmental Activities - Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 29,027,744	\$ 24,147,112	\$ 53,174,856	\$ 35,789,385
Accounts receivable (net of allowance for uncollectibles)	8,035,168	971,340	9,006,508	218,551
Lease receivables	-	-	-	42,905
Other receivables	-	-	-	1,641
Inventories	358,084	-	358,084	538,067
Total current assets	37,420,996	25,118,452	62,539,448	36,590,549
Noncurrent assets:				
Cash and cash equivalents, restricted	40,834,806	9,128,005	49,962,811	443,914
Net OPEB asset local trust	841,560	604,871	1,446,431	387,907
Capital assets:				
Assets not being depreciated	24,192,257	3,246,924	27,439,181	1,934,122
Assets being depreciated, net	431,478,349	2,917,901	434,396,250	17,029,786
Total noncurrent assets	497,346,972	15,897,701	513,244,673	19,795,729
Total assets	534,767,968	41,016,153	575,784,121	56,386,278
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	19,865,146	-	19,865,146	-
Deferred outflows related to pension plan	1,585,927	1,084,273	2,670,200	860,386
Deferred outflows related to OPEB local trust	887,256	637,713	1,524,969	408,970
Deferred outflows related to OPEB state plans	75,457	51,875	127,332	41,299
Total deferred outflows of resources	22,413,786	1,773,861	24,187,647	1,310,655
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	5,191,056	514,279	5,705,335	1,225,450
Accrued payroll and related liabilities	239,958	186,785	426,743	164,155
Claims payable	-	-	-	2,802,530
Customer deposits	13,500	-	13,500	-
Accrued interest payable	3,051,658	129,290	3,180,948	61,875
Unearned revenues	51,391	-	51,391	-
Compensated absences - current	24,664	24,178	48,842	22,825
Subscriptions payable	-	-	-	89,955
Bonds and leases payable	17,264,033	372,325	17,636,358	2,001,474
Total current liabilities	25,836,260	1,226,857	27,063,117	6,368,264
Noncurrent liabilities:				
Claims payable	-	-	-	3,099,265
Compensated absences	608,219	316,057	924,276	298,376
Net pension liability	3,369,564	2,235,963	5,605,527	1,731,548
Net OPEB liability state plans	304,538	203,315	507,853	163,034
Subscriptions payable	-	-	-	170,927
Bonds and leases payable, less current portion	337,198,452	9,795,502	346,993,954	2,697,903
Total noncurrent liabilities	341,480,773	12,550,837	354,031,610	8,161,053
Total liabilities	367,317,033	13,777,694	381,094,727	14,529,317
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to leases	-	-	-	22,900
Deferred inflows related to pension plan	596,354	395,727	992,081	306,452
Deferred inflows related to OPEB local trust	1,351,480	971,376	2,322,856	622,947
Deferred inflows related to OPEB state plans	48,938	32,672	81,610	26,199
Total deferred inflows of resources	1,996,772	1,399,775	3,396,547	978,498
<b>NET POSITION</b>				
Net investment in capital assets	158,870,846	5,125,013	163,995,859	14,647,403
Restricted				
Operating reserves	3,030,843	-	3,030,843	-
OPEB	841,560	604,871	1,446,431	387,907
Unrestricted	25,124,700	21,882,661	47,007,361	27,153,808
Total net position	\$ 187,867,949	\$ 27,612,545	\$ 215,480,494	\$ 42,189,118

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

## CITY OF SUFFOLK, VIRGINIA

## EXHIBIT 6

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2024

	Major Funds		Totals	
	Utility Fund	Nonmajor Enterprise Funds	Enterprise Funds	Governmental Activities- Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 60,907,210	\$ 19,763,994	\$ 80,671,204	\$ 46,322,573
Lease	54,085	-	54,085	-
Other	96,609	1,538,010	1,634,619	1,134,567
Total operating revenues	61,057,904	21,302,004	82,359,908	47,457,140
<b>OPERATING EXPENSES:</b>				
Personnel services	8,451,263	5,456,213	13,907,476	4,592,004
Contractual services	586,103	5,817,782	6,403,885	8,543,008
Administration	3,949,576	3,291,872	7,241,448	1,278,576
Supplies	1,478,000	349,618	1,827,618	72,728
Repairs and maintenance	3,249,350	19,017	3,268,367	970,763
Utilities	1,786,514	63,919	1,850,433	273,933
Computers and equipment	-	-	-	827,675
Vehicle and power equipment - fuel	-	-	-	3,179,962
Vehicle and power equipment - supplies	-	-	-	2,257,939
Self-insured claims	-	-	-	17,083,693
Insurance	-	-	-	2,475,808
Bulk-water purchases	9,643,793	-	9,643,793	-
Depreciation and amortization	16,579,681	58,639	16,638,320	4,530,395
Building and equipment rental	71,112	89,628	160,740	96,367
Operations	35,770	-	35,770	-
Other charges	704,960	106,988	811,948	660,345
Total operating expenses	46,536,122	15,253,676	61,789,798	46,843,196
Operating income	14,521,782	6,048,328	20,570,110	613,944
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment earnings	3,321,695	1,407,094	4,728,789	1,727,444
Interest expense and other charges	(10,679,592)	(633,536)	(11,313,128)	(16,586)
Interest and other charges - leases	-	-	-	(646)
Contribution to WTWA infrastructure	(21,539)	-	(21,539)	-
Loss on disposal of capital assets	-	-	-	(265,348)
Total nonoperating revenues (expenses), net	(7,379,436)	773,558	(6,605,878)	1,444,864
Income before capital contributions and transfers	7,142,346	6,821,886	13,964,232	2,058,808
Capital grants and contributions	8,065,954	-	8,065,954	-
Transfers to other funds	(788,942)	(617,893)	(1,406,835)	(663,071)
Changes in net position	14,419,358	6,203,993	20,623,351	1,395,737
Total net position at July 1	173,448,591	21,408,552	194,857,143	40,793,381
Total net position at June 30	\$ 187,867,949	\$ 27,612,545	\$ 215,480,494	\$ 42,189,118

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

**CITY OF SUFFOLK, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

**EXHIBIT 7**

*YEAR ENDED JUNE 30, 2024*

	<b>Major Funds</b>		<b>Totals</b>	
	<b>Utility Fund</b>	<b>Non-major Enterprise Funds</b>	<b>Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 61,099,548	\$ 21,274,356	\$ 82,373,904	\$ 47,319,102
Payment to suppliers	(17,747,212)	(9,627,024)	(27,374,236)	(35,656,110)
Payments to employees	(8,702,586)	(5,955,976)	(14,658,562)	(4,815,059)
Net cash flows provided by operating activities	34,649,750	5,691,356	40,341,106	6,847,933
<b>Cash flows from noncapital financing activities:</b>				
Transfers to other funds	(788,942)	(617,893)	(1,406,835)	(663,071)
Net cash flows used in non-capital financing activities	(788,942)	(617,893)	(1,406,835)	(663,071)
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(18,141,406)	(1,045,717)	(19,187,123)	(6,691,304)
Proceeds from issuance of debt	-	4,865,000	4,865,000	-
Proceeds from capital grants	8,044,415	-	8,044,415	-
Principal paid on capital debt, net	(16,511,115)	(38,499)	(16,549,614)	(1,769,120)
Interest and other charges paid on capital debt	(10,679,592)	(633,536)	(11,313,128)	(17,230)
Net cash flows provided by (used in) capital and related financing activities	(37,287,698)	3,147,248	(34,140,450)	(8,743,002)
<b>Cash flows from investing activities:</b>				
Interest received	3,321,692	1,407,097	4,728,789	1,727,443
Net cash provided by investing activities	190,623	17,773	399,019	28,093
Net change in cash and cash equivalents	(105,198)	9,627,808	9,522,610	(830,697)
Beginning, July 1	69,967,748	23,647,309	93,615,057	37,063,996
Ending, June 30	\$ 69,862,550	\$ 33,275,117	\$ 103,137,667	\$ 36,233,299

(Continued)

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



**CITY OF SUFFOLK, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**

**EXHIBIT 7**

*YEAR ENDED JUNE 30, 2024*

	<b>Major Funds</b>		<b>Totals</b>	
	<b>Utility Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income	\$ 14,521,782	\$ 6,048,328	\$ 20,570,110	\$ 613,944
Adjustments to reconcile operating income to net cash flows provided by operating activities:				
Depreciation and amortization	16,579,681	58,639	16,638,320	4,530,395
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	28,144	(27,648)	496	(95,139)
Inventories	(89,147)	-	(89,147)	27,320
Increase (decrease) in:				
Accounts payable and accrued liabilities	3,975,447	111,800	4,087,247	465,129
Accrued payroll and related liabilities	(366,157)	(499,763)	(865,920)	(360,405)
Estimated claims payable	-	-	-	1,666,689
Total adjustments	<u>20,127,968</u>	<u>(356,972)</u>	<u>19,770,996</u>	<u>6,233,989</u>
Net cash flows from operating activities	<u>\$ 34,649,750</u>	<u>\$ 5,691,356</u>	<u>\$ 40,341,106</u>	<u>\$ 6,847,933</u>
<b>Reconciliation of cash and investments:</b>				
Cash and investments:				
Unrestricted	\$ 29,027,744	\$ 24,147,112	\$ 53,174,856	\$ 35,789,385
Restricted	<u>40,834,806</u>	<u>9,128,005</u>	<u>49,962,811</u>	<u>443,914</u>
Total cash and cash equivalents	<u>\$ 69,862,550</u>	<u>\$ 33,275,117</u>	<u>\$ 103,137,667</u>	<u>\$ 36,233,299</u>

Concluded

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

**CITY OF SUFFOLK, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

**EXHIBIT 8**

*JUNE 30, 2024*

	<b>OPEB Trust Fund</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 55,144,978	\$ 159,475
Total assets	55,144,978	159,475
<b>LIABILITIES</b>		
Accounts payable	-	10,298
Amounts held for others	-	30,764
Total liabilities	-	41,062
<b>NET POSITION</b>		
Restricted for:		
Postemployment benefits other than pensions	55,144,978	-
Individuals and organizations, and other governments	-	118,413
Total net position	\$ 55,144,978	\$ 118,413

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

**CITY OF SUFFOLK, VIRGINIA****EXHIBIT 9****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS***YEAR ENDED JUNE 30, 2024*

	<b>OPEB Trust Fund</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Gain on investments	\$ 4,776,644	\$ -
Permits and fees	-	38,016
Miscellaneous revenue	-	38,953
Total additions	4,776,644	76,969
<b>DEDUCTIONS</b>		
Administrative fees	39,348	-
Special welfare agency payments	-	52,011
Payments to other governments	-	17,874
Total deductions	39,348	69,885
Change in net position	4,737,296	7,084
Net Position at July 1	50,407,682	111,329
Net Position at June 30	\$ 55,144,978	\$ 118,413

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

# **CITY OF SUFFOLK, VIRGINIA**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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### **Note 1. Nature of operations and summary of significant accounting policies**

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

#### **A. Reporting Entity**

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

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

The accompanying financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units, although legally separate entities, are in substance part of the City’s operations and, as such, are included in the reporting entity. The City’s discretely presented component units are reported in separate columns in the City’s financial statements in order to emphasize that they are legally separate from the City.

Included within the reporting entity are:

#### **City of Suffolk Public Schools (the “School Board”)**

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

#### **Economic Development Authority of the City of Suffolk (the “EDA”)**

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

# CITY OF SUFFOLK, VIRGINIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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### **Note 1. Nature of operations and summary of significant accounting policies (continued)**

#### **A. Reporting Entity (Continued)**

Not included within the reporting entity are:

#### **Jointly Governed Organization**

##### **Western Tidewater Water Authority (the “Water Authority”)**

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

##### **Western Tidewater Regional Jail Authority (the “Jail Authority”)**

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

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

##### **Southeastern Public Service Authority of Virginia (the “PSA”)**

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

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

# CITY OF SUFFOLK, VIRGINIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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### Note 1. Nature of operations and summary of significant accounting policies (continued)

#### A. Reporting Entity (Continued)

##### Related Organization

##### **Suffolk Redevelopment and Housing Authority (the “SRHA”)**

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

#### B. Government-wide and Fund Financial Statements

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

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

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

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

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation Governmental Fund Types:

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

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**Note 1. Nature of operations and summary of significant accounting policies (continued)**

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

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

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

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's proprietary funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City presents the following major governmental funds:

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

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

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

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 1. Nature of operations and summary of significant accounting policies (continued)**

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

The City presents the following non-major governmental funds:

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

**Proprietary Fund Types:**

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

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

The City presents the following major enterprise fund:

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

The City presents the following non-major enterprise funds:

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

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

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

The City has the following internal service funds:

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

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



# CITY OF SUFFOLK, VIRGINIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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### Note 1. Nature of operations and summary of significant accounting policies (continued)

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

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

#### Fiduciary Fund Types:

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

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

Custodial Funds – *Custodial Funds* accounts for assets held by the City as an agent for individuals, private organization, and other governments.

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

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

#### D. Stewardship, Compliance, and Accountability

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

#### Financial Policies

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

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

#### E. Cash and Cash Equivalents

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 1. Nature of operations and summary of significant accounting policies (continued)**

**F. Investments**

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

**G. Receivables**

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

**H. Inventories and Prepaid Items**

Inventories of materials and supplies and fuel are recorded at cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method) on a first in, first out basis.

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

**I. Leases Receivable**

The City is a lessor for non-cancellable lease. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is recognized as revenue over the life of the lease term.

**J. Capital Assets**

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

Buildings, improvements, machinery and equipment, intangible, and infrastructure capital outlays are recorded as capital assets and depreciated over their useful lives on a straight-line basis in both the proprietary fund's and the government-wide statements.

The City's capitalization policy threshold is \$5,000. All capital assets are valued at historical costs or estimated historical cost if actual cost was not available. Donated assets are valued at their estimated acquisition value on the date donated.

The right to use assets are initially measured as an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight line basis over the life of the related arrangement.

The estimated useful lives of capital assets are as follows:

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 1. Nature of operations and summary of significant accounting policies (continued)**

**J. Capital Assets (continued)**

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

**K. Unearned Revenues**

Grants and entitlements received before the eligibility requirements are met have been recorded as unearned revenues. Unearned revenues in the government-wide statements also consists of lease payments credited for future years relating to certified capital improvements at the golf course.

**L. Deferred Outflows of Resources**

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

**M. Deferred Inflows of Resources**

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

Unavailable revenues in the governmental funds consists of monies that are measurable but not available for use during the current period. Property taxes receivable at June 30 but not collected within 45 days after that date, are reported as unavailable revenues in the governmental funds' financial statements. Unavailable revenues arise when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 1. Nature of operations and summary of significant accounting policies (continued)**

**M. Deferred Inflows of Resources (continued)**

Deferred Inflows of resources recorded related to leases are recorded at the initiation of the lease in the amount equal to the initial recording of the lease receivable. The deferred inflow of resources are recognized on a straight-line basis over the term of the lease.

**N. Compensated Absences**

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

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

**O. Long-Term Liabilities**

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

In the governmental funds' financial statements, bond premiums, discounts, and bond issuance costs, are expensed when incurred. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**P. Pension Plan**

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 1. Nature of operations and summary of significant accounting policies (continued)**

**Q. VRS Sponsored OPEB Programs**

***Group Life Insurance (GLI)***

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

***Line of Duty Act Program (LODA)***

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

***Virginia Local Disability Program (VLDP)***

The VRS VLDP is a multiple-employer, cost-sharing plan. For purposes of measuring the VLDP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB, and the Teacher Employee VLDP OPEB expense, information about the fiduciary net position of the VRS VLDP and the additions to/deductions from the VLDP net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Teacher Employee Health Insurance Credit Program (THIC)***

The VRS HIC Program is a multiple-employer, cost-sharing plan. The THIC Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The THIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net THIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the THIC Program OPEB expense, information about the fiduciary net position of the VRS THIC Program; and the additions to/deductions from the VRS THIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# CITY OF SUFFOLK, VIRGINIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

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### Note 1. Nature of operations and summary of significant accounting policies (continued)

#### Q. VRS Sponsored OPEB Programs (continued)

##### ***Non-Teacher Employee Health Insurance Credit Program (NTHIC)***

The VRS NTHIC Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired school board non-teacher employees. The NTHIC Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net NTHIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the NTHIC Program OPEB, and the NTHIC Program OPEB expense, information about the fiduciary net position of the VRS NTHIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **R. Fund Balance**

Fund Balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources:

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

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

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

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 1. Nature of operations and summary of significant accounting policies (continued)**

**R. Fund Balance (Continued)**

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

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

The budget stabilization fund is established by City Council and will be added to as necessary each year with excess fund balance to maintain 2% of the budgeted revenue; the stabilization fund can be spent with approval of council. As of June 30, 2024, the balance is \$13,335,756.

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

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

**S. Net Position**

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

**T. Component Unit-School Board Capital Asset and Debt Presentation**

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

# **CITY OF SUFFOLK, VIRGINIA**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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### **Note 1. Nature of operations and summary of significant accounting policies (continued)**

assets. During the construction of the School Board assets, they are reflected in the City's construction in progress balance.

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

### **Note 2. Deposits and Investments**

#### **Deposits**

Deposits with banks are covered by the Federal Deposit Insurance Corporation (the "FDIC") and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

#### **Investments**

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

#### **Credit Risk**

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

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (the "World Bank"), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (the "LGIP"), and the State Non-Arbitrage Program (the "SNAP").

The City's policy emphasizes the use of securities of high credit quality and marketability, and follows statute, but does not specify minimum credit ratings.

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

#### **Interest Rate Risk**

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

The City Treasurer's policy states that the investment portfolio shall be designed to attain a market rate of return, taking into account investment risk constraints and liquidity needs.



# **CITY OF SUFFOLK, VIRGINIA**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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### **Note 2. Deposits and Investments (Continued)**

The portfolio shall be structured so that securities mature concurrent with estimated cash needs and remain sufficiently liquid to meet anticipated operating requirements. Investment of current operating funds shall have maturities of no longer than 24 months.

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

#### **External Investment Pool**

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

#### **Concentration of Credit Risk**

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

#### **Fair Value Disclosures**

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

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 2. Deposits and Investments (Continued)**

**Restricted Cash**

The City has restricted cash as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Primary Government</b>
Unspent debt proceeds	\$ 91,582,859	\$ 12,615,864	\$ 104,198,723
Capital Projects	594,736	34,316,104	34,910,840
Cemetery	930,675	-	930,675
Escrow/bond/customer deposits	9,621,934	-	9,621,934
Other external purposes	33,367,795	3,030,843	36,398,638
Total	<u>\$ 136,097,999</u>	<u>\$ 49,962,811</u>	<u>\$ 186,060,810</u>

**Cash and Cash Equivalents**

	<b>Component Units</b>		
	<b>Primary Government</b>	<b>School Board</b>	<b>Economic Development Authority</b>
Deposits and Investments:			
SNAP	\$ 104,198,723	\$ -	\$ -
Deposits	418,487,170	20,171,889	5,641,072
	<u>\$ 522,685,893</u>	<u>\$ 20,171,889</u>	<u>\$ 5,641,072</u>
Statement of Net Position:			
Cash and cash equivalents	336,625,083	20,171,889	3,309,170
Cash and cash equivalents, restricted	186,060,810	-	2,331,902
Total	<u>\$ 522,685,893</u>	<u>\$ 20,171,889</u>	<u>\$ 5,641,072</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 3. Receivables**

Receivables are as follows:

Governmental Activities							
	General	Capital Projects	Road Maintenance	Consolidated Grants Fund	Non-Major Governmental Funds	Internal Service Funds	Total
Taxes	\$ 10,137,470	\$ -	\$ -	\$ -	\$ 10,653	\$ -	\$ 10,148,123
Accounts	4,777,857	-	293,235	56,601	57,746	220,192	5,405,631
Due from other governments	3,022,331	3,054,356	-	3,747,187	501,585	-	10,325,459
Leases	959,170	-	-	-	559,522	42,905	1,561,597
Subtotal	18,896,828	3,054,356	293,235	3,803,788	1,129,506	263,097	27,440,810
Less Allowance	(6,114,920)	-	-	-	(3,047)	-	(6,117,967)
Receivables, net	<u>\$ 12,781,908</u>	<u>\$ 3,054,356</u>	<u>\$ 293,235</u>	<u>\$ 3,803,788</u>	<u>\$ 1,126,459</u>	<u>\$ 263,097</u>	<u>\$ 21,322,843</u>

Business-type Activities			
	Utilities	Non-Major Enterprise Funds	Component Unit - School Board
Accounts	\$ 8,462,125	\$ 1,221,411	\$ 9,683,536
Less Allowance	(426,957)	(250,071)	(677,028)
Receivables, net	<u>\$ 8,035,168</u>	<u>\$ 971,340</u>	<u>\$ 9,006,508</u>

**Allowances for Uncollectible Accounts**

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

	Governmental Activities	Business-type Activities
General Fund - Taxes receivable	\$ 4,515,412	\$ -
General Fund - EMS receivable	1,599,508	-
Non-major Funds - Taxes receivable	3,047	-
Utility Fund - Accounts receivable	-	426,957
Non-major Proprietary Funds - Accounts receivable	-	250,071
	<u>\$ 6,117,967</u>	<u>\$ 677,028</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 3. Receivables (Continued)**

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

**City as a Lessor – Leases Receivable:**

The City has recorded over seventy (70) leases where the City is a lessor, ranging in terms from 5-10 years. The revenues are received for leasing airport hangars, farmland, and communications antenna space. The discount rate for all leases is based on the average of the City's Municipal Market Data (MMD) rate. The discount rates assigned to each lease is the average MMD rate from 7/1/2023 – 02/01/2024 and the number of years of the lease. The lease is measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate equal to the average MMD rate for the City. At June 30, 2024, the City recorded a receivable related to leases in the amount of \$1,561,597, with a corresponding deferred inflow of resources in the amount of \$1,470,555.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 4. Due from Other Governments**

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

**Primary Government:**

	General	Capital Projects	Consolidated Grants	Non-Major Governmental Funds	Total
<u>Commonwealth of Virginia:</u>					
State sales tax	\$ 1,532,071	\$ -	\$ -	\$ -	\$ 1,532,071
Communication sales tax	190,607	-	-	-	190,607
Non-categorical state aid	262,493	-	-	-	262,493
Shared expenses	321,973	-	-	-	321,973
VA Department of Transportation	-	713,583	-	-	713,583
Various other state aid and grants	1,527	19,896	1,310,530	-	1,331,953
	<u>2,308,671</u>	<u>733,479</u>	<u>1,310,530</u>	<u>-</u>	<u>4,352,680</u>
<u>Federal Government:</u>					
Social services reimbursement	713,660	-	-	-	713,660
Department of Transportation	-	2,320,877	-	-	2,320,877
Various grants	-	-	2,436,657	501,585	2,938,242
	<u>713,660</u>	<u>2,320,877</u>	<u>2,436,657</u>	<u>501,585</u>	<u>5,972,779</u>
Total due from other governments	<u>\$ 3,022,331</u>	<u>\$ 3,054,356</u>	<u>\$ 3,747,187</u>	<u>\$ 501,585</u>	<u>\$ 10,325,459</u>

**Component Unit – School Board:**

	<u>Total</u>
<b>Commonwealth of Virginia:</b>	
State technology	\$ 549,573
Sales tax	1,846,002
	<u>2,395,575</u>
<b>Federal Government:</b>	
School improvement grant	560
RIPE	40,000
Title I	1,120,647
Title II	394,018
Title III	2,857
Title IV-A	98,966
CARES III	5,806,402
Title VI-B	1,026,661
USDA reimbursement meals	1,201,905
Various grants	256,818
	<u>9,948,834</u>
<b>Local</b>	<u>32,059</u>
<b>Total due from other governments</b>	<u><u>\$ 12,376,468</u></u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 5. Interfund Transactions**

Transfers In						
	General Fund	Capital Projects	Consolidated Grants	Debt Service	Nonmajor Governmental Funds	Transfers Out
General fund	\$ -	\$ 25,341,174	\$ 569,519	\$ 29,296,389	\$ 931,990	\$ 56,139,072
Capital Projects	2,000,000	-	-	-	-	2,000,000
Road Maintenance	1,989,006	2,586,053	-	1,331,163	-	5,906,222
Consolidated Grants	28,029	-	-	-	-	28,029
Non-major Governmental Funds	263,293	2,768,141	-	378,629	-	3,410,063
Utility Fund	788,942	-	-	-	-	788,942
Non-major enterprise funds	610,605	-	7,288	-	-	617,893
Internal service funds	663,071	-	-	-	-	663,071
Total	\$ 6,342,946	\$ 30,695,368	\$ 576,807	\$ 31,006,181	\$ 931,990	\$ 69,553,292

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

**Note 6. Transactions between Primary Government and Component Units**

**Significant Transactions of the City and Component Unit – School Board**

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

1. The School Board can neither levy taxes nor incur debt under Virginia Law. Therefore, the City issues debt “on behalf” of the School Board. The debt obligation is recorded as a liability of the City. The proceeds from the debt issued “on behalf” of the School Board are recorded in the City’s General Fund. This fund then accounts for capital expenditures relating to major school construction projects.

2. Debt service payments for school related bonded debt are reported as part of the City in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund.

3. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board - Component Unit	\$ 232,394,485
Repayment of School Board debt	<u>11,507,691</u>
	<u>\$ 243,902,176</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 7. Capital Assets**

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

	Governmental Activities		
	Beginning Balance	Increases	Decreases
Capital assets, non-depreciable:			
Land and improvements	\$ 25,074,361	\$ 99,300	\$ -
Construction in progress	184,980,440	83,042,513	21,182,156
Total capital asset, non-depreciable	210,054,801	83,141,813	21,182,156
Capital assets, depreciable:			
Buildings	135,337,184	-	1,026,903
Infrastructure	440,908,378	10,908,002	-
Improvements other than buildings	64,364,006	7,134,873	96,110
Machinery and equipment	119,913,965	13,034,828	2,162,222
Right-to-use leased assets	27,577,183	293,114	35,723
Right-to-use subscription assets	426,849	209,663	-
Intangibles	7,675,559	120,578	-
Total capital asset, depreciable	796,203,124	31,701,058	3,320,958
Less accumulated depreciation/amortization for:			
Buildings	48,525,556	3,049,491	595,696
Infrastructure	236,600,600	13,832,396	-
Improvements other than buildings	21,539,165	2,346,960	87,090
Machinery and equipment	89,726,249	7,152,127	1,903,118
Right-to-use leased assets	5,070,390	2,752,840	-
Right-to-use subscription assets	132,669	162,428	-
Intangibles	3,653,750	539,013	-
Total accumulated depreciation/amortization	405,248,379	29,835,255	2,585,904
Total capital assets, depreciable, net	390,954,745	1,865,803	735,054
Governmental activities capital assets, net	\$ 601,009,546	\$ 85,007,616	\$ 21,917,210

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

Governmental Activities:

General government	\$7,564,564
Judicial administration	13,344
Public safety	2,480,978
Public works	17,657,939
Education	5,091
Community development	1,133,137
Parks, recreation, and cultural	980,202
	<u>\$ 29,835,255</u>

Government activities included depreciation of \$3,068,267 for the Fleet Maintenance fund, \$130,171 for the Risk Management fund, and \$1,331,957 for Information Technology fund.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 7. Capital Assets (Continued)**

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

	<b>Business-type Activities:</b>		
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>
Capital assets, non-depreciable:			
Land and improvements	\$ 4,675,235	\$ -	\$ -
Construction in progress	20,944,441	11,780,875	9,961,370
Total capital asset, non-depreciable	25,619,676	11,780,875	9,961,370
Capital Assets, Depreciable:			
Buildings	109,051,123	400,000	-
Infrastructure	24,656	2,628,406	-
Improvements other than buildings	428,591,191	12,758,692	1,003,753
Machinery and equipment	126,075,620	1,679,353	46,655
Right-to-use leased assets	5,456,087	112,144	29,780
Intangibles	18,630,877	752,128	-
Total capital asset, depreciable	687,829,554	18,330,723	1,080,188
Less Accumulated Depreciation/Amortization for:			
Buildings	37,405,222	2,543,089	-
Infrastructure	3,544	616	-
Improvements other than buildings	138,147,115	8,411,667	-
Machinery and equipment	62,476,488	4,464,271	46,655
Right-to-use leased assets	1,861,801	968,196	70,429
Intangibles	14,268,433	250,481	-
Accumulated Depreciation/Amortization, Net	254,162,603	16,638,320	117,084
Capital Assets, Depreciable, Net	433,666,951	1,692,403	963,104
Buisness-Type Activities Capital Assets, Net	\$ 459,286,627	\$ 13,473,278	\$ 10,924,474



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 7. Capital Assets (Continued)**

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

	<b>Component Unit - School Board</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets, Non-Depreciable:				
Land	\$ 6,387,523	\$ -	\$ -	\$ 6,387,523
Total Capital Assets, Non-Depreciable	6,387,523	-	-	6,387,523
Capital Assets, Depreciable:				
Buildings	257,318,416	2,836,799	65,453	260,089,762
Improvements other than buildings	22,300,442	918,725	-	23,219,167
Machinery and equipment	66,281,965	5,836,370	3,902,942	68,215,393
Total Capital Assets, Depreciable	345,900,823	9,591,894	3,968,395	351,524,322
Less Accumulated Depreciation for:				
Buildings	124,899,299	5,031,333	55,527	129,875,105
Improvements other than buildings	14,360,425	708,065	-	15,068,490
Machinery and equipment	51,653,613	4,837,840	3,900,093	52,591,360
Total Accumulated Depreciation	190,913,337	10,577,238	3,955,620	197,534,955
Totals Capital Assets, Depreciable	154,987,486	(985,344)	12,775	153,989,367
Component Unit - School Board Capital Assets, Net	<u>\$ 161,375,009</u>	<u>\$ (985,344)</u>	<u>\$ 12,775</u>	<u>\$ 160,376,890</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 8. Long-Term Liabilities**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion of Balance</b>
<u>Governmental Activities:</u>					
Bonds and notes payable:					
General obligation bonds	\$ 285,908,984	\$ 28,955,000	\$ 22,514,487	\$ 292,349,497	\$ 23,449,497
Bonds from direct borrowing and direct placements	3,335,000	-	415,000	2,920,000	415,000
Add bond premiums and other credits	17,994,255	1,424,629	2,163,034	17,255,850	1,971,520
	<u>307,238,239</u>	<u>30,379,629</u>	<u>25,092,521</u>	<u>312,525,347</u>	<u>25,836,017</u>
Lease liabilities	21,393,976	293,114	2,704,045	18,983,045	2,079,809
Subscription liabilities	<u>239,354</u>	<u>209,663</u>	<u>188,135</u>	<u>260,882</u>	<u>89,728</u>
	328,871,569	30,882,406	27,984,701	331,769,274	28,005,554
Compensated absences payable	6,713,883	858,058	751,948	6,819,993	2,146,632
Claims payable	4,235,105	19,711,143	18,044,454	5,901,794	2,852,530
Net pension liability	31,841,965	31,956,139	23,717,395	40,080,709	-
Net OPEB liability state plans	<u>13,423,855</u>	<u>11,504,969</u>	<u>10,767,394</u>	<u>14,161,430</u>	
<b>Total governmental activities</b>	<u>\$ 385,086,377</u>	<u>\$ 94,912,715</u>	<u>\$ 81,265,892</u>	<u>\$ 398,733,200</u>	<u>\$ 33,004,716</u>
<u>Business-Type Activities:</u>					
Bonds and notes payable:					
General obligation bonds	\$ 154,821,018	\$ -	\$ 8,535,515	146,285,503	\$ 8,840,503
Revenue bonds	196,160,000	-	5,759,000	190,401,000	6,616,000
Bonds from direct borrowing and direct placements	7,391,000	4,865,000	800,000	11,456,000	340,000
Add bond premiums and other credits	<u>14,322,050</u>	<u>185,895</u>	<u>832,324</u>	<u>13,675,621</u>	<u>832,322</u>
	372,694,068	5,050,895	15,926,839	361,818,124	16,628,825
Lease liabilities	<u>3,620,860</u>	<u>-</u>	<u>808,672</u>	<u>2,812,188</u>	<u>1,007,533</u>
	376,314,928	5,050,895	16,735,511	364,630,312	17,636,358
Net pension liability	4,713,812	4,208,734	3,317,019	5,605,527	-
Compensated absences payable	941,042	72,904	40,828	973,118	48,842
Net OPEB Liability state plans	<u>525,339</u>	<u>187,244</u>	<u>204,730</u>	<u>507,853</u>	<u>-</u>
<b>Total business-type activities</b>	<u>\$ 382,495,121</u>	<u>\$ 9,519,777</u>	<u>\$ 20,298,088</u>	<u>\$ 371,716,810</u>	<u>\$ 17,685,200</u>

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 8. Long-Term Liabilities (Continued)**

Details of long-term indebtedness are as follows:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Bonds Payable:						
General Obligation Bonds:						
2011 VPSA Local School Bond	12/15/11	06/30/31	4.97	7,500,000	2,920,000	-
2013 Public Improvement and Refunding Bonds	07/30/13	12/01/32	3.00 - 5.00	64,415,000	1,959,497	855,503
2014 Public Improvement and Refunding Bonds	07/30/15	02/01/42	2.00-5.00	124,820,000	-	-
2015 Public Improvement and Refunding Bonds	07/08/15	02/01/35	2.00-5.00	41,170,000	6,750,000	-
2016 Public Improvement and Refunding Bonds	07/14/16	02/01/36	1.50-5.00	51,085,000	34,575,000	-
2016 Refunding Bonds -- Taxable	07/14/16	02/01/35	1.10-4.00	25,745,000	15,045,000	-
2017A Public Improvement and Refunding Bonds	07/27/17	02/01/42	3.125-5.00	69,775,000	21,405,000	33,200,000
2017B Taxable Refunding Bonds	07/27/17	02/01/32	2.25-3.36	20,245,000	440,000	18,810,000
2018 Public Improvement Bonds	08/14/18	02/01/38	2.95 - 5.00	18,530,000	15,040,000	-
2019 Public Improvement Bonds	09/26/19	02/01/40	2.50 - 5.00	21,705,000	17,795,000	320,000
2019B Taxable Refunding Bonds	09/26/19	02/01/33	1.87 - 2.76	52,335,000	23,140,000	16,935,000
2020A Public Improvement Bonds	09/15/20	02/01/41	1.125 - 5.00	25,635,000	20,330,000	-
2020AB Public Improvement Refunding bonds	09/15/20	02/01/42	0.18 - 2.41	115,800,000	35,780,000	75,250,000
2021A Public Improvement Bonds	10/05/21	02/01/42	1.625 - 5.00	27,305,000	26,115,000	-
2021AB Public Improvement Refunding Bonds	10/05/21	02/01/35	0.10 - 2.00	18,970,000	17,285,000	915,000
2022 Public Improvement Bonds	08/24/22	02/01/43	4.00 - 5.00	27,735,000	27,735,000	-
2023 Public Improvement Bonds	10/17/23	06/30/44	4.38 - 5.00	28,955,000	28,955,000	-
Total general obligation bonds					<u>295,269,497</u>	<u>146,285,503</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 8. Long-Term Liabilities (Continued)**

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

	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Authorized and Issued</b>	<b>Business-Type Activities</b>
<b>Bonds Payable:</b>					
<b>Pledged Revenue Bonds:</b>					
2015B VRA Revenue and Refunding Bonds	11/18/15	10/01/45	3.12-5.12	81,125,000	34,500,000
2016C VRA Revenue and Refunding Bonds	11/16/16	10/21/43	2.12-5.12	92,795,000	75,855,000
2017C VRA Revenue Bonds	11/01/17	10/01/42	3.012-5.125	14,355,000	12,705,000
2019 VRA Refunding Bonds (a)	08/08/19	10/01/25	1.88	4,854,000	1,636,000
2020 VRA Revenue Bonds	07/22/20	10/01/46	2.125 - 5.125	14,020,000	13,060,000
2020 VRA Refunding Bonds	10/27/20	10/01/45	0.374 - 2.954	41,585,000	39,635,000
2021 VRA Refunding Bonds	11/17/21	10/01/37	1.485 - 2.818	15,190,000	14,835,000
<b>Pledged Stormwater Revenue Bonds:</b>					
2022 Stormwater Revenue Bonds	08/23/22	11/01/41	3.39	4,955,000	4,766,000
2023 Stormwater Revenue Bonds	11/15/23	04/01/44	4.429-5.125	4,865,000	4,865,000
Total pledged revenue bonds					<u>\$ 201,857,000</u>

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

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

	<b>Governmental Activities</b>			
	<b>General</b>		<b>Bonds from direct</b>	
	<b>Obligation Bonds</b>		<b>borrowings or placements</b>	
<b>Year(s) Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 23,449,497	\$ 9,143,283	\$ 415,000	\$ 318,750
2026	24,140,000	8,357,455	415,000	318,750
2027	23,825,000	7,628,407	415,000	318,750
2028	23,750,000	6,877,708	415,000	318,750
2029	20,045,000	6,144,529	420,000	318,750
2030-2034	94,835,000	21,411,310	840,000	478,125
2035-2039	54,955,000	9,514,907	-	-
2040-2043	27,350,000	2,537,969	-	-
	<u>\$292,349,497</u>	<u>\$ 71,615,568</u>	<u>\$ 2,920,000</u>	<u>\$ 2,071,875</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 8. Long-Term Liabilities (Continued)**

	<b>Business-type Activities</b>					
	<b>General Obligations Bonds</b>		<b>Revenue Bonds</b>		<b>Revenue Bonds from Direct Placement</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
<b>Business-type Activities:</b>						
<b><u>Year(s) Ending June 30,</u></b>						
2025	\$ 8,840,503	\$ 3,399,012	\$ 6,616,000	\$ 6,449,756	\$ 340,000	\$ 393,390
2026	9,020,000	3,221,113	6,895,000	6,175,583	352,000	379,102
2027	9,235,000	3,033,958	7,210,000	5,882,894	369,000	364,192
2028	8,195,000	2,818,290	8,505,000	5,590,730	386,000	348,532
2029	8,810,000	2,654,700	8,385,000	5,308,030	404,000	332,105
2030-2034	46,625,000	10,720,940	45,180,000	22,408,800	2,276,000	1,389,367
2035-2039	40,970,000	5,588,598	64,625,000	13,811,169	2,810,000	860,661
2040-2044	14,590,000	945,972	38,680,000	3,373,356	2,694,000	260,065
2040-2044	-	-	4,305,000	135,789	1,825,000	57,564
	<u>\$146,285,503</u>	<u>\$ 32,382,583</u>	<u>\$190,401,000</u>	<u>\$ 69,136,107</u>	<u>\$ 11,456,000</u>	<u>\$ 4,384,978</u>

**Pledge-Revenue Bond Restrictions:**

The City's Utility fund has outstanding obligations with VRA for which revenue has been pledged to secure the obligations. The net revenues of the Utility Fund have been pledged to meet the debt service requirement of these bonds. The bonds have been issued to finance the capital improvements and construction of the water and sewer systems. The total amount remaining debt service to be paid over the life of these VRA bonds is \$261,419,669 through 2047.

In accordance with the master trust indenture, the revenue covenant has been met for the pledged-revenue bonds. Net revenues are required to be no less than greater of (i) the sum of 1.5 times senior debt service and 1.0 times subordinate debt service for the fiscal year (ii) net revenues are not less than 1.0 times the funding requirements for transfers from the revenue fund to the bond fund, the parity debt service fund, the debt service reserve fund, the subordinate debt service fund, the repair and replacement reserve fund, and the rate stabilization fund. This coverage ratio for the current year is 2.63, which exceeds the requirement. Furthermore, there has been no occurrence of any condition or event which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default within the terms of the master trust indenture.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 8. Long-Term Liabilities (Continued)**

**Pledge-Revenue Bond Restrictions (continued):**

The City's Stormwater fund has outstanding revenue bonds for which revenue has been pledged to secure the obligations. The net revenues of the Stormwater Fund have been pledged to meet the debt service requirement of these bonds. The bonds have been issued to finance the capital improvements of the Stormwater Utility system. The total amount remaining debt service to be paid over the life of these revenue bonds is \$14,375,194 through 2044.

In accordance with the master trust indenture, the revenue covenant has been met for the pledged-revenue bonds. Net revenues are required to be no less than greater of (i) the sum of 1.5 times senior debt service and 1.0 times subordinate debt service for the fiscal year (ii) net revenues are not less than 1.0 times the funding requirements for transfers from the revenue fund to the bond fund, the parity debt service fund, the debt service reserve fund, the subordinate debt service fund, the repair and replacement reserve fund, and the rate stabilization fund. This coverage ratio for the current year is 10.38, which exceeds the requirement. Furthermore, there has been no occurrence of any condition or event which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default within the terms of the master trust indenture.

**General Obligation Bonds and the Legal Debt Limit:**

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

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

The Commonwealth of Virginia imposes a legal limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which may be outstanding by the City. The City has independently set a lower debt limit of 7% of the assessed valuation. As of June 30, 2024, the City's aggregate general obligation indebtedness is approximately \$1.1 billion less than the Commonwealth's limit and \$636.5 million less than the City's independent limit.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 8. Long-Term Liabilities (Continued)**

**School Board Long-Term Liabilities:**

Following is a summary of changes in noncurrent liabilities of the School Board for the year ended June 30, 2024:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<u>Component Unit - School Board</u>					
Other postemployment benefits, net	\$ 17,249,097	\$ -	\$ 480,413	\$ 16,768,684	\$ -
Net pension liability	87,093,484	6,699,355	-	93,792,839	-
Compensated absences	3,529,049	2,252,295	1,946,093	3,835,251	308,767
Total School Board activities	<u>\$ 107,871,630</u>	<u>\$ 8,951,650</u>	<u>\$ 2,426,506</u>	<u>\$ 114,396,774</u>	<u>\$ 308,767</u>

**Direct Borrowings or Placements:**

The City has outstanding bonds from direct borrowings and placement related to governmental activities and Business-type activities of \$2,920,000 and \$11,456,000 respectively. The full faith and credit of the City's or the pledged revenue of the Utility or Stormwater fund secure all of the bonds from direct borrowings. A portion of the direct borrowing bonds in the amount of \$2,920,000 are bonds issued with the Virginia Public School Authority (VPSA). These VPSA bonds contain 1) a provision that if a default exists the governor of the State of Virginia may intercept other state aid to the City to pay the bonds and 2) a clause that allows the lender to require redemption in whole or part if it is necessary to maintain the bonds as qualified tax credit bonds, the lender may, with 90 days written notice require redemption if there are amendments to the applicable tax section or there is a reduction or elimination of the refundable credit received by the lender.

**Prior Year Defeasances:**

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2024, the balance of these defeased bonds was \$61,135,000.

**Lease Liability:**

The City has entered into various agreements to lease certain equipment, buildings, office space and land. The lease agreements have been recorded at the present value of the expected lease payments as of the date of each lease inception. The agreements have varying contractual dates.

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 8. Long-Term Liabilities (Continued)**

**Lease Liability (continued):**

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

<b>Lease Classification</b>	<b>End Dates</b>	<b>Number of Individual Leases</b>
Buildings	6/30/2035 & 5/31/2044	2
Land	6/30/2026 & 6/30/2025	2
Copiers	2/28/2025, 4/30/2025, 6/30/2025	317
Generators	Various Through 2032	66
Public Safety Equipment	8/31/2026 & 6/30/2026	2
Mailing Equipment	Various through 2026	6
Buildings	6/30/2035 & 5/31/2044	2
Land	6/30/2026 & 6/30/2025	2

<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025	\$ 3,087,342	\$ 333,696	\$ 3,421,038
2026	2,781,412	294,913	3,076,325
2027	1,542,722	268,846	1,811,568
2028	1,418,228	247,188	1,665,416
2029	1,352,910	226,852	1,579,762
2030-2034	4,291,710	888,585	5,180,295
2035-2039	3,940,123	530,992	4,471,115
2040-2044	3,380,786	154,251	3,535,037
	<u>\$ 21,795,233</u>	<u>\$ 2,945,323</u>	<u>\$ 24,740,556</u>

**Subscription Liabilities:**

The City has entered into various agreements for subscription based information technology agreements (SBITA) that have been recorded at the present value of the expected subscription payments as of the date of inception. The agreements have varying contractual dates.

The discount rate is based on the average of the City's Municipal Market Data (MMD) rate. The discount rate assigned to each lease is the average MMD rate from 7/1/22 – 2/1/23 and the number of years of the agreement.



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 8. Long-Term Liabilities (Continued)**

**Subscription Liabilities (continued):**

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

<b>Agreement description/purpose</b>	<b>End Dates</b>
Public Safety	6/14/2025
Lease Tracking	1/31/2025
Time and Attendance	3/31/2025
IT Servers	6/30/2025
Public Safety and Communication	6/30/2026
Public Safety Equipment Support	8/31/2026
Grant Tracking	10/13/2028

<b><u>Year Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2025	\$ 89,728	\$ 3,880	\$ 93,608
2026	85,937	2,046	87,984
2027	43,797	1,106	44,903
2028	39,904	246	40,150
2029	1,515	7	1,522
	<u>\$ 260,882</u>	<u>\$ 7,285</u>	<u>\$ 268,167</u>

CITY OF SUFFOLK, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

Note 9. Defined Benefit Pension Plan

**Plan Description:**

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

**Benefits Provided:**

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

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

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

**Benefit Terms, and Contribution Requirements**

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

# CITY OF SUFFOLK, VIRGINIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

### Note 9. Defined Benefit Pension Plan (continued)

#### Benefit Terms, and Contribution Requirements (continued)

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

# CITY OF SUFFOLK, VIRGINIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

### Note 9. Defined Benefit Pension Plan (continued)

#### Benefit Terms, and Contribution Requirements (continued)

Plan 1	Plan 2	Hybrid
<b>Elements of the Pension Formula:</b>	<b>Elements of the Pension Formula:</b>	<b>Elements of the Pension Formula:</b>
Average Final Compensation: <ul style="list-style-type: none"> <li>The average of the 36 consecutive months of highest compensation as a covered employee.</li> </ul>	Average Final Compensation: <ul style="list-style-type: none"> <li>The average of the 60 consecutive months of highest compensation as a covered employee.</li> </ul>	Average Final Compensation: <ul style="list-style-type: none"> <li>Same as Plan 2 for the Defined Benefit Component.</li> </ul>
Service Retirement Multiplier: <ul style="list-style-type: none"> <li>Non-hazardous duty members is 1.7%</li> <li>Sheriffs and regional jail superintendents is 1.85%</li> <li>Hazardous duty members other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</li> </ul>	Service Retirement Multiplier: <ul style="list-style-type: none"> <li>For service earned, purchased or granted prior to 1/1/13, and hazardous duty members it is the same as Plan 1.</li> <li>For service earned, purchased or granted after 1/1/13 for non-hazardous duty members it is 1.65%</li> </ul>	Service Retirement Multiplier: <ul style="list-style-type: none"> <li>Defined Benefit Component: 1.0%</li> <li>For members who opted into this plan, the retirement multiplier for their previous plan will be used for service credited in those plans.</li> </ul>
Creditable Service: <ul style="list-style-type: none"> <li>Earned for each month employed in a covered position</li> </ul>	Creditable Service: <ul style="list-style-type: none"> <li>Same as Plan 1 Cost-of Living Adjustments: <ul style="list-style-type: none"> <li>Matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) for a maximum of 3%.</li> </ul> </li> </ul>	Creditable Service: <ul style="list-style-type: none"> <li>Defined Benefit Component: Same as Plan 1</li> </ul>
Cost-of-Living Adjustments: <ul style="list-style-type: none"> <li>Matches the first 3% increase in the Consumer Price Index for all Urban consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum of 5%</li> <li>Eligible July 1 of the 2<sup>nd</sup> calendar year of retirement.</li> </ul>	Eligibility is the same as Plan 1.	Cost-of Living Adjustments: <ul style="list-style-type: none"> <li>Defined Benefit Component: Same as Plan 2</li> <li>Eligibility is the same as Plans 1 and 2.</li> <li>Defined Contribution Component: Not applicable</li> </ul>
<b>Contribution Requirements:</b> Employees are required to contribute 5% of their compensation toward the plan, through a pre-tax salary deduction. Beginning July 1, 2012 for members in the plan, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years, the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. All employees will be paying the full 5% by July 1, 2016.  The employer makes a separate actuarially determined contribution to VRS for all covered employees.	<b>Contribution Requirements:</b> Same as Plan 1.	<b>Contribution Requirements:</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan and the employer is required to match those voluntary contributions according to specified percentages.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 9. Defined Benefit Pension Plan (continued)**

	<b>City</b>	<b>School Board - Non Teacher Plan</b>
Retirees or beneficiaries currently receiving benefits:	867	218
Inactive Members:		
Vested inactive members	236	46
Non-vested inactive members	462	146
Inactive members active elsewhere in VRS	470	68
Total inactive members	1,168	260
Active Employees:	1,263	320
Total	3,298	798

**Contributions:**

Members and employers are required to contribute to the retirement plans as provided by Title 51.1 of the Code of Virginia (1950), as amended. The member contribution is 5% of compensation contributed by members or employers. The City and School Board are required to contribute the remaining amounts necessary to fund the pension plans using the entry age normal actuarial cost method adopted by the VRS Board of Trustees. The System's actuary computed the amount of contributions to be provided by the City and School Board. The contribution rates for fiscal year 2024 were based on the actuary's valuation as of June 30, 2022. In addition, the actuary computed a separate contribution requirement for the School Board for the teacher cost-sharing pool using the same valuation date.

The City's contractually required contribution rate for the year ended June 30, 2024 was 13.88% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan for the years ended June 30, 2024 and June 30, 2023, respectively were \$11,866,022 and \$11,027,523.

The School Board's contractually required contribution rate for the Teacher Retirement Plan for the year ended June 30, 2024 was 16.62% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2021.

The School Board's (non-teacher plan) contractually required contribution rate for the year ended June 30, 2024 was 4.40% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of section 51.1-145 of the Code of Virginia, as amended, the contributions were funded at 100% of the actuarial rate for the year ended June 30, 2024. Contributions to the Teacher Retirement pension plan for the years ended June 30, 2024 and June 30, 2023, respectively were \$15,909,644 and \$14,811,454. Contributions to the Non-Teacher pension plan for the years ended June 30, 2024 and June 30, 2023, respectively were \$379,260 and \$356,654. In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a nonemployer contribution.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 9. Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions**

The most recent actuarial valuation to determine the net pension liabilities for the City and School Board was prepared as of June 30, 2022. The total pension liability was determined based on that actuarial valuation using updated actuarial assumptions applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2023. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement:**

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

**Public Safety Employees:**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post – Disablement:**

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 9. Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions (continued)**

Beneficiaries and Survivors:

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

Mortality Improvement:

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

School Board Teacher Retirement Plan employees:

Pre-Retirement:

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

Post-Retirement:

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

Post – Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Except the change in the discount rate which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

- Update Mortality Rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- No change in disability rates
- No change in Line of Duty Disability rates.
- No change in discount rate of 6.75%

Public Safety Employees

- Updated mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted Retirement Rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change in disability rates
- No change in Line of Duty Disability rates.
- No change in discount rate of 6.75%

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 9. Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions (continued)**

School Board Teacher Retirement Plan Employees:

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change in disability rates.
- No change in discount rate of 6.75%.

**Net Pension Liability**

The net pension liability (NPL) for the teacher retirement plan is calculated separately for each system and represents that particular system's total pension liability, less that system's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b>Teacher Employee Retirement Plan</b>
Total Pension Liability	\$ 57,574,610
Plan Fiduciary Net Position	47,467,405
Employer's Net Pension Liability	<u>\$ 10,107,205</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.45%

**Long-Term Expected Rate of Return**

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

<b>Asset Class (Strategy)</b>	<b>Long-Term Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
	Inflation		2.50%
	Expected arithmetic nominal return**		<u>8.25%</u>



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 9. Defined Benefit Pension Plan (continued)**

\* The above allocation provides a one-year return of 8.25%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

\*\*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**Discount Rate**

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

**Changes in the Net Pension Liability**

	<b>City Pension Plan</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at June 30, 2022	\$ 382,287,019	\$ 345,731,241	\$ 36,555,778
Service Cost	10,017,571	-	10,017,571
Interest	25,927,892	-	25,927,892
Differences between expected and actual experience	9,941,153	-	9,941,153
Contributions - employer	-	10,653,472	(10,653,472)
Contributions - employee	-	3,888,274	(3,888,274)
Net investment income	-	22,426,052	(22,426,052)
Benefit payments including refunds of			
employee contributions	(16,375,344)	(16,375,344)	-
Administrative expenses	-	(219,410)	219,410
Other changes	-	7,770	(7,770)
Net Change	29,511,272	20,380,814	9,130,458
Balances at June 30, 2023	\$ 411,798,291	\$ 366,112,055	\$ 45,686,236

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 9. Defined Benefit Pension Plan (continued)**

**Changes in the Net Pension Liability (continued)**

	<b>School Board (non-teacher) Plan</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Asset</b>
Balances at June 30, 2022	\$ 33,036,021	\$ 35,289,400	\$ (2,253,379)
Service Cost	846,978	-	846,978
Interest	2,222,287	-	2,222,287
Differences between expected and actual experience	2,107,743	-	2,107,743
Contributions - employer	-	356,879	(356,879)
Contributions - employee	-	444,504	(444,504)
Net investment income	-	2,250,734	(2,250,734)
Benefit payments including refunds of employee contributions	(1,920,451)	(1,920,451)	-
Administrative expenses	-	(22,782)	22,782
Other changes	-	901	(901)
Net Change	3,256,557	1,109,785	2,146,772
Balances at June 30, 2023	\$ 36,292,578	\$ 36,399,185	\$ (106,607)

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

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

	<b>1% Lower (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Higher (7.75%)</b>
City's net pension liability (Asset)	\$ 102,800,763	\$ 45,686,236	\$ (1,200,648)
School Board's (non-teacher) Net Pension Liability (Asset)	4,347,572	(106,607)	(3,874,406)
School Board's Teacher Retirement Plan Net Pension Liability	166,261,250	93,792,839	34,217,844

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 9. Defined Benefit Pension Plan (continued)**

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

For the year ended June 30, 2024, the City recognized pension expense of \$10,156,506.

For the year ended June 30, 2024, the School Board (non-teacher) plan recognized pension expense of \$622,726.

At June 30, 2024, the School Board Teacher Retirement Plan reported a liability of \$93,792,839 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023.

The School Board's proportion of the Net Pension Liability was based on the School Board Teacher Retirement Plan's actuarially determined employer contributions to the pension plan for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board Teacher Retirement Plan's proportion was 0.92798% as compared to 0.91479% at June 30, 2022.

For the year ended June 30, 2023, School Board's Teacher Retirement plan recognized pension expense of \$8,979,258. Since, for the School Board's Teacher Retirement Plan there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2024, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City Pension Plan		School Board Non-teacher Plan		School Board Teacher Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,955,822	\$ 2,792,634	\$ 1,297,073	\$ 93,901	\$ 8,056,885	\$ 3,660,197
Changes of assumptions	2,348,492	-	-	-	4,251,958	-
Net difference between projected and actual earnings on pension plan investments	-	5,293,024	-	552,173	-	6,098,427
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	1,590,222	3,559,120
Contributions to the plan subsequent to the measurement date	11,866,022	-	379,260	-	15,909,644	-
Total	<u>\$21,170,336</u>	<u>\$ 8,085,658</u>	<u>\$ 1,676,333</u>	<u>\$ 646,074</u>	<u>\$29,808,709</u>	<u>\$13,317,744</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 9. Defined Benefit Pension Plan (continued)**

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

\$10,780,759, \$379,260, and \$15,909,644 reported as deferred outflows of resources related to pensions resulting from the City's, School Board (non-teacher) plan and School Board's Teacher Retirement plan (respectively) contributions subsequent to the measurement date will be recognized as a reduction of the respective Net Pension Liability in the year ended June 30, 2025.

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

<b><u>Years Ended June 30:</u></b>	<b><u>City Pension Plan</u></b>	<b><u>School Board (non-teacher) Plan</u></b>	<b><u>School Board Teacher Retirement Plan</u></b>
2025	\$ (593,626)	\$ 314,530	\$ (2,600,191)
2026	(4,283,689)	(190,523)	(5,940,068)
2027	5,927,615	508,434	7,073,982
2028	168,356	18,558	2,047,598
2029	-	-	-
Total	<u>\$ 1,218,656</u>	<u>\$ 650,999</u>	<u>\$ 581,321</u>

**Pension Plan Fiduciary Net Position**

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

**Note 10. Other Postemployment Benefits Program – Local Trust**

**Plan Description**

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

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

Participants in the City's OPEB plans must have attained 15 years and five years of full-time consecutive service. Participants in the School Board's OPEB plans must have attained 20 years of full-time service. Participants in the City's and School Board's OPEB plans must have been enrolled in the group health (City or School Schools) insurance plan for the 24 months prior to their retirement date to be eligible. Coverage ceases at age 65 for the school board employees.

The amount the city contributes towards the retiree's health insurance will be equal to 50 percent of the current city contribution for the lowest-tier employee-only coverage.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 10. Other Postemployment Benefits Program – Local Trust (continued)**

For employees hired prior to July 1, 2017, the city shall make its contribution towards Medicare supplement coverage only for all city retirees who are age 65 or older. The city shall not include a city retiree's spouse who is age 65 or older in any group health or Medicare supplement insurance program. For employees hired on or after July 1, 2017, the city will not make a contribution towards the retiree's health insurance when the retiree becomes eligible for Medicare.

**Plan Membership**

	<b>Number of Employees by Class:</b>	
	<b>City</b>	<b>School Board</b>
Inactive members and beneficiaries currently receiving benefits	146	61
Active Employees:	1,325	2,033
Total	1,471	2,094

**Contribution Requirements**

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

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

For the fiscal year ended June 30, 2024, the City contributed \$1,395,187 toward OPEB costs representing claims paid on behalf of retirees, net of premiums paid by retirees. The School Board contributed \$622,884 toward OPEB costs representing claims paid on behalf of retirees.

**Plan Investments**

The Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board will monitor and evaluate the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective of the fund is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 10. Other Postemployment Benefits Program – Local Trust (continued)**

**Plan Investments (continued)**

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

<b>Asset Class</b>	<b>Target Allocation</b>
Domestic Equity	31.00%
International Equity	13.00%
Emerging Markets Equity	5.00%
Long/Short Equity	6.00%
Private Equity	10.00%
Fixed Income	20.00%
Real Estate	15.00%
Total	100.00%

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

For the year ended June 30, 2024, and June 30, 2023 the annual money-weighted rate of return on investments, net of investment expense was 9.36% and 9.76% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net OPEB Liability for the Plan**

The City's net OPEB Asset was measured as of its fiscal year end June 30, 2024, based on a valuation date of August 16, 2022. The School Board net OPEB Liability was measured as of its fiscal year end of December 31, 2023 based on a valuation date of February 1, 2024. The components of the Plans' net OPEB Asset were as follows:

	<b>Net OPEB Asset</b>	
	City	School Board
Total OPEB liability	\$ 41,740,843	\$ 13,942,067
Plan fiduciary net position	55,144,978	22,438,642
Net OPEB asset	<u>\$ (13,404,135)</u>	<u>\$ (8,496,575)</u>
Fiduciary net position as a percent of total OPEB asset	132.11%	160.94%

CITY OF SUFFOLK, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

**Note 10. Other Postemployment Benefits Program – Local Trust (continued)**

**Actuarial Assumptions and Other Inputs**

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

The total OPEB liability for the City as part of the actuarial valuation performed as of April 1, 2024 for the City and February 1, 2024 for the School Board, using the following actuarial assumptions:

	City	School Board
Investment rate of return	6.75%	6.75%
Actuarial Cost Method	Entry Age Normal, level percentage of pay.	Entry Age Normal, level percentage of pay.
Inflation Rate	2.50%	2.50%
Projected salary increases	3.5% - 5.35%	3.5% - 5.95%
Real Wage Growth Rate	1.00%	2.50%
Health care cost trend rate:		
Initial	6.00%	7.50%
Ultimate (year of ultimate trend rate)	3.94%	4.00%

Mortality rates were based on amount-weighted Pub-2010 mortality tables with generationally project mortality improvements using Scale MP-2021. Generationally projected healthy and disabled mortality rates reflect differences for males and females, and for general and safety (i.e. enhanced hazardous duty) employment classifications.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GAAP. The projection's basis was an actuarial valuation performed as of April 1, 2024 for the City and February 1, 2024 for the School Board. The fiduciary net position projections are based upon the Plan's financial status on the measurement date, the indicated set of methods and assumptions, and the requirements of GAAP. The long-term expected rate of return on plan investments is 6.75%. The long-term expected rate of return was applied to the periods of projected benefit payments and it is not anticipated that the plan's assets will be exhausted. The expected municipal bond rate was not applied to determine the discount rate.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 10. Other Postemployment Benefits Program – Local Trust (continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The net OPEB asset is shown below as calculated at the current discount rate and current health care cost trend rate as indicated and also calculated using rates 1% lower and 1% higher. The City's net OPEB asset for the plan was based on a valuation date of April 1, 2024 and rolled forward to a measurement date of June 30, 2024 for the City. The School Board had a valuation date of February 1, 2024 and with a measurement date of December 31, 2023.

Net OPEB Asset analysis using discount rate:			
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's Plan	\$ (6,779,704)	\$ (13,404,135)	\$ (18,783,246)
School Board	\$ (7,528,131)	\$ (8,496,575)	\$ (9,402,556)

Net OPEB Asset analysis using the health care cost trend rate:			
	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Ultimate Trend			
City's Plan	\$ (19,363,478)	\$ (13,404,135)	\$ (5,939,345)
School Board	\$ (7,528,131)	\$ (8,496,575)	\$ (9,402,556)

**Sensitivity of the Net OPEB Liability – for the Employer**

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

Net OPEB Asset analysis using discount rate:			
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's Plan	\$ (3,673,990)	\$ (10,006,672)	\$ (15,156,804)
School Board	\$ (7,528,131)	\$ (8,496,575)	\$ (9,402,556)

Net OPEB Asset analysis using the health care cost trend rate:			
	1% Decrease (2.94%)	Current Discount Rate (3.94%)	1% Increase (4.94%)
Ultimate Trend			
City's Plan	\$ (16,103,209)	\$ (10,006,672)	\$ (2,349,978)

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Ultimate Trend			
School Board	\$ (7,528,131)	\$ (8,496,575)	\$ (9,402,556)



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 10. Other Postemployment Benefits Program – Local Trust (continued)**

**Changes in Net OPEB Liability**

	<b>City Plan</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension OPEB Asset</b>
Balances at June 30, 2022	\$ 37,963,277	\$ 46,171,950	\$ (8,208,673)
Service Cost	885,615	-	885,615
Interest	2,529,533	-	2,529,533
Differences between expected and actual experience	688,028	-	688,028
Contributions - employer	-	2,394,963	(2,394,963)
Net investment income	-	3,506,212	(3,506,212)
Benefit payments including refunds of employee contributions	(1,665,443)	(1,665,443)	-
Net Change	2,437,733	4,235,732	(1,797,999)
Balances at June 30, 2023	\$ 40,401,010	\$ 50,407,682	\$ (10,006,672)

	<b>School Board Plan</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension OPEB Asset</b>
Balances at December 31, 2022	\$ 11,580,042	\$ 20,202,206	\$ (8,622,164)
Service Cost	381,263	-	381,263
Interest	759,038	-	759,038
Differences between expected and actual experience	1,137,344	-	1,137,344
Change in assumption	707,264	-	707,264
Contributions - employer	-	622,884	(622,884)
Net investment income	-	2,244,818	(2,244,818)
Benefit payments including refunds of employee contributions	(622,884)	(622,884)	-
Administrative expenses	-	(8,382)	8,382
Net Change	2,362,025	2,236,436	125,589
Balances at December 31, 2023	\$ 13,942,067	\$ 22,438,642	\$ (8,496,575)

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 10. Other Postemployment Benefits Program – Local Trust (continued)**

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

	City		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,332,928	\$ 15,642,135	\$ 1,198,060	\$ 3,482,729
Change in assumptions	5,384,552	427,809	757,965	-
Net difference between projected and actual earnings on plan investments	1,437,362	-	1,034,111	-
Contributions to the plan subsequent to measurement date	1,395,187	-	-	-
Total	<u>\$ 10,550,029</u>	<u>\$ 16,069,944</u>	<u>\$ 2,990,136</u>	<u>\$ 3,482,729</u>

Deferred outflows in the amount of \$1,395,187 for the City, related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

<u>Year Ended June 30:</u>	<u>City OPEB Plan</u>	<u>School Board OPEB Plan</u>
2025	\$ (1,030,193)	\$ (490,669)
2026	(1,359,128)	(166,165)
2027	(156,548)	582,241
2028	(2,302,051)	(342,104)
2029	(2,165,470)	(75,896)
Thereafter	98,288	-
	<u>\$ (6,915,102)</u>	<u>\$ (492,593)</u>

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

**Note 11. Other Postemployment Benefits Program – VRS Plans**

**Plan Description**

***Group Life Insurance Program:***

All full-time, salaried permanent employees of the City and School Board, including the teachers are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the basic group life insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the optional group life insurance program. Since this is a separate and fully insured program, it is not included as part of the GLI.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Plan Description (continued)**

***Line of Duty Act Program:***

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

***Employee Virginia Local Disability Program):***

All full-time, salaried permanent (professional) employees of the School Board who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt of the VRS-sponsored program are automatically covered by the VLDP. This plan is administered by VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their hybrid employees either through a local plan or through the VLDP.

***Teacher and Non-Teacher Employee Health Insurance Credit Programs:***

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher and NTHIC Programs. This plan is administered by the System, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

<b>Group Life Insurance</b>	<b>Line of Duty Act</b>	<b>Health Insurance Credit Programs</b>	<b>Virginia Local Disability Program</b>
<b>Eligible Employees:</b>	<b>Eligible Employees:</b>	<b>Eligible Employees:</b>	<b>Eligible Employees:</b>
GLI was established July 1, 1960, for state employees, teachers and employees of political subdivision that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employee who leave their position before retirement eligibility or who take a refund of their contributions and interest.	Paid employees and volunteers in hazardous duty position in the City and hazardous duty employees who are covered under the VRS, the State Police Officer's retirement system (SPORS), or the Virginia Law Officers Retirement System (VaLORS) are automatically covered by LODA.	THIC: Retired teacher employees who retire with at least 15 years of service credit. Enrolled automatically upon employment if they are full-time permanent professional salaried employees covered under VRS. <b>NTHIC:</b> Full-time permanent salaried employees who are covered under the VRS pension plan.	Eligible employees are enrolled automatically upon employment. Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Plan Description (continued)**

<b>Group Life Insurance</b>	<b>Line of Duty Act</b>	<b>Health Insurance Credit Programs</b>	<b>Virginia Local Disability Program</b>
<b>Benefit Amounts:</b>	<b>Benefit Amounts:</b>	<b>Benefit Amounts:</b>	<b>Benefit Amounts:</b>
<p><i>Natural Death Benefit:</i> equal to the employees' covered compensation rounded to the next highest thousand then doubled.</p> <p><i>Accidental Death Benefit:</i> double the natural death benefit</p> <p><i>Other Benefit Provisions:</i> other benefits provided under specific circumstances, including, accidental dismemberment, safety belt benefit, repatriation benefit, felonious assault and accelerated death benefit option.</p>	<p><i>Death:</i> A one-time payment made to the beneficiary of a covered individual. Amounts vary as follows:</p> <p>\$100,000 when a death occurs as a direct or proximate result of performing duty as of 1/1/06 or after, or \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than 5 years after retirement. An additional \$20,000 benefit is payable when certain members of the National Guard and U.S Military reserves are killed in action after 10/7/01.</p>	<p><b>THIC: At retirement:</b> Monthly benefit is \$4.00 per year of servers per month with no cap on the benefit amount.</p> <p><i>Disability retirement:</i> If retire on disability or go on long-term disability under VLDP the benefit is either: (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</p>	<p><i>Short-Term Disability:</i> Beginning after a 7 calendar-day waiting period from the first day of disability. Employees are eligible for non-work related coverage after one year of continuous participation with their current employer. During the first 5 years of continuous participation employees are eligible for 60% of their pre- disability income. Once the eligibility period is satisfied employees are eligible for higher income replacement levels.</p>
<p>The benefit amounts are subject to a reduction factor. The amount reduced by 25% on January 1 following one calendar year of separation, and an additional 25% reduction on each January 1 until it reached 25% of its original value.</p>	<p><i>Health Insurance:</i> beginning July 1, 2017 the health insurance benefits are managed through the Virginia department of human resource management and modeled after the state employee plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals must continue to meet eligibility requirements as defined by the Act.</p>	<p><b>NTNHC: At retirement:</b> Monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.</p> <p><i>Disability retirement:</i> For employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is \$45.00 per month.</p>	<p><i>Long-Term Disability:</i> Begins after 125 workdays of short-term disability. Eligible if member is unable to work at all or less than 20 hours per week. Members will receive 60% of their pre-disability income and will be offset by any worker's compensation benefit.</p>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Plan Description (continued)**

<b>Group Life Insurance</b>	<b>Line of Duty Act</b>	<b>Health Insurance Credit Programs</b>	<b>Virginia Local Disability Program</b>
<b>Minimum benefit and COLA:</b>	<b>Program Notes:</b>	<b>Program Notes:</b>	<b>Program Notes:</b>
For members with at least 30 years of creditable service there is a minimum benefit set and is increased annually based on the VRS Plan 2 cost of living adjustment.		The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for HIC as a retiree.	If the member is aged 60 or older will be eligible for the benefit provided they remain medically eligible.

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

<b>Membership (as of the valuation data)</b>	<b>School Board</b>
Number of	
Retirees and Beneficiaries	31
Inactive Vested Members	10
Active Employees	388
Total	429

**Contribution Requirements**

***Group Life Insurance Program:***

The contribution requirements for GLI are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to GLI from the City were \$456,844 and \$423,066 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to GLI for the School Board were \$1,493,479 and \$1,371,082 for the years ended June 30, 2024 and June 30, 2023 respectively.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

***Line of Duty Act Program:***

The contribution requirements for LODA are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for LODA for the year ended June 30, 2024 was \$830.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the City were \$518,665 and \$351,318 for the years ended June 30, 2024 and June 30, 2023, respectively.

***Virginia Local Disability Program:***

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 0.47% of covered employee compensation for employees in the VLDP Teacher plan and 0.83% of covered employee compensation for the non-teacher employees covered in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VLDP were \$240,602 and \$197,414 for the years ended June 30, 2024 and June 30, 2023, respectively.

***Teacher and Non-Teacher Employee Health Insurance Credit Programs:***

The contribution requirement for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024 was 1.21% of covered employee compensation for employees in the THIC Program and 0.81% for employees in the NTHIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 for the THIC plan and June 30, 2021 for the NTHIC plan. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS THIC Program were \$1,208,608 and \$1,111,707 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the school division to the VRS NTHIC program were \$87,760 and \$79,788 for the years ended June 30, 2024 and June 30, 2023, respectively.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Long-Term Expected Rate of Return**

***GLI, THIC, NTHIC and VLDP:***

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

<b>Asset Class (Strategy)</b>	<b>Long-Term Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	Expected arithmetic nominal return**		8.25%

\* The above allocation provides a one-year return of 8.25%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

\*\*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.5%.

***LODA:***

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Net OPEB Liability**

The net OPEB liability (NOL) for the GLI, HIC, LODA and VLDP represents the programs' total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the four programs are as follows (in thousands):

	<b>City and School - GLI</b>	<b>City - LODA</b>	<b>School - THIC</b>	<b>School - VLDP</b>
Total OPEB liability	\$ 3,907,052	\$ 406,211	\$ 1,475,471	\$ 10,672
Plan fiduciary net position	2,707,739	5,311	264,054	10,007
Net OPEB Liability	<u>\$ 1,199,313</u>	<u>\$ 400,900</u>	<u>\$ 1,211,417</u>	<u>\$ 665</u>
Plan fiduciary net position as a percentage of the total OPEB liability	69.30%	1.31%	17.90%	93.77%

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

**Actuarial Methods and Assumptions**

The total GLI, THIC, NTHIC LODA and VLDP, OPEB liabilities were based on actuarial valuations as of June 30, 2022, 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, 2023.

	<b>City and School - GLI</b>	<b>City LODA</b>	<b>School, THIC, NTHIC and VLDP</b>
Investment rate of return	6.75%	3.86%*	6.75%
Health Care cost trend rate:			
Under age 65	n/a	7.00%-4.75%	n/a
Age 65 and older	n/a	5.25%-4.75%	n/a
Inflation Rate	2.50%	2.50%	2.50%
Projected salary increases:			
Locality - general	3.5% - 5.35%	n/a	3.5% - 5.35%
Locality - hazardous duty	3.5% - 4.75%	n/a	3.5% - 4.75%
Teachers	3.5% - 5.95%	n/a	3.5% - 5.95%

\* **LODA**: Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Actuarial Methods and Assumptions (continued)**

Mortality Rates are as follows for all plans:

Mortality Rates – Teachers:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Mortality rates – General Employees:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Mortality rates – Hazardous Duty and Public Safety Employees:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Actuarial Methods and Assumptions (continued)**

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Actuarial Methods and Assumptions (continued)**

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

**Discount Rate**

***Group Life Insurance Program:***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

***Line of Duty Act Program:***

The discount rate used to measure the total LODA OPEB liability was 3.86%. 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, 2023, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

***Virginia Local Disability Program:***

The discount rate used to measure the total School Board Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the school division for the VRS VLDP will be subject to the portion of the VRS-Board certified rates that are funded by the Virginia General Assembly. From July 1, 2023 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Discount Rate (continued)**

Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

***Teacher and Non-Teacher Employee Health Insurance Credit Program:***

The discount rate used to measure the total Teacher and Non-Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023 the rate contributed by each school division for the VRS Teacher and Non-Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2023, on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher and Non-Teacher Employee HIC OPEB liability.

	<b>School Board Non-Teacher HIC</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension OPEB Liability</b>
Balances at June 30, 2022	\$ 785,995	\$ 105,291	\$ 680,704
Service Cost	8,393	-	8,393
Interest	52,976	-	52,976
Differences between expected and actual experience	(280,480)	-	(280,480)
Contributions - employer	-	79,857	(79,857)
Net investment income	-	9,017	(9,017)
Benefit payments including refunds of employee contributions	(19,129)	(19,129)	-
Administrative expenses	-	(254)	254
Other Changes	-	2	(2)
Net Change	(238,240)	69,493	(307,733)
Balances at June 30, 2023	\$ 547,755	\$ 174,784	\$ 372,971

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

**Sensitivity of the Net OPEB Liability**

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

	<b>Net OPEB Liability (asset) analysis using Discount rate:</b>		
	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
City - GLI	\$ 6,012,375	\$ 4,056,078	\$ 2,474,399
School - GLI	\$ 7,721,333	\$ 5,208,978	\$ 3,177,722
School - THIC	\$ 12,626,702	\$ 11,163,090	\$ 9,922,807
School - NTHIC	\$ 435,393	\$ 372,971	\$ 320,004
School - VLDP	\$ 59,973	\$ 10,907	\$ (31,800)
	<b>1% Decrease (2.86%)</b>	<b>Current Discount Rate (3.86%)</b>	<b>1% Increase (4.86%)</b>
City - LODA	\$ 11,899,928	\$ 10,613,205	\$ 9,524,658

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

	<b>1% Decrease (6.00% decreasing to 3.75%)</b>	<b>Medical Trend (7.00% decreasing to 4.75%)</b>	<b>1% Increase (8.00% decreasing to 5.75%)</b>
City - LODA	\$ 9,000,357	\$ 10,613,205	\$ 12,611,777

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

At June 30, 2024, the City and School Board reported liabilities for the four various OPEB plans in the amount shown in the table on the next page for their proportionate share of the OPEB plans. The OPEB Liabilities were measured as of June 30, 2023 and the total OPEB liabilities used to calculate the Net OPEB Liabilities were determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The City and School Board's GLI, THIC and VLDP OPEB liabilities were based on the covered employer's actuarially determined employer contributions to the plans for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

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

The City's proportion of the Net LODA OPEB liability was based on the City's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you go employer contributions for all participating employers.

At June 30, 2023, the City and School Board's respective proportions of the various programs as compared to the proportions for June 30, 2022 are shown in the table below.

	City - GLI	City - LODA	School - GLI	School - THIC	School - VLDP	School - NTHIC
Net OPEB Liability	\$ 4,056,078	\$ 10,613,205	\$ 5,208,978	\$ 11,163,090	\$ 10,907	\$ 372,971
TOTALS FOR CITY AND SCHOOL	\$14,669,283			\$16,755,946		
6/30/23 Proportionate share of contributions	0.33820%	2.64735%	0.43433%	0.92149%	4.35302%	n/a
6/30/22 Proportionate share of contributions	0.33359%	2.62447%	0.43367%	0.90842%	4.15872%	n/a

For the year ended June 30, 2024, the City and School Board OPEB expense for the various plans as shown below. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee VLDP and LODA Net OPEB expense was related to deferred amounts from changes in proportion.

<u>OPEB Plan:</u>	<u>OPEB Expense</u>
<u>City - GLI</u>	182,124
<u>City - LODA</u>	1,372,531
<u>Total</u>	<u>1,554,655</u>
 <u>School - GLI</u>	 207,458
<u>School - THIC</u>	788,467
<u>School - NTHIC</u>	7,011
<u>School - VLDP</u>	157,858
<u>Total</u>	<u>1,160,794</u>

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

For the year ended June 30, 2024, the City and School Board recognized OPEB expense in the amount of (\$550,756) and (\$1,081,423) respectively. The aggregate amount of OPEB Expense for the City and School Board plans, including the local trust and Virginia Retirement System (VRS) plans are as follows:

<u>OPEB Plan:</u>	<u>City OPEB Expense</u>	<u>School OPEB Expense</u>
Local Trust	(550,756)	(1,081,423)
VRS Plans: (note 11)		
GLI	182,124	207,458
LODA	1,372,531	-
HIC	-	788,467
VLDP	-	157,858
TOTAL:	<u>1,003,899</u>	<u>72,360</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 11. Other Postemployment Benefits Program – VRS Plans (continued)**

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

At June 30, 2024, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plans from the following sources:

	City - GLI		City - LODA		School - NTHIC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 405,103	\$ 123,123	\$ 566,122	\$ 1,998,458	\$ -	\$ 221,043
Net difference between projected and actual earnings on plan investments	-	162,996	-	31,049	2,471	-
Changes in assumptions	86,700	281,021	2,357,316	2,188,500	37,641	-
Changes in proportion	51,732	84,647	465,498	789,143	-	-
Employer contribution subsequent to measurement date	456,844	-	518,665	-	87,760	-
Total	<u>\$ 1,000,379</u>	<u>\$ 651,787</u>	<u>\$ 3,907,601</u>	<u>\$ 5,007,150</u>	<u>\$ 127,872</u>	<u>\$ 221,043</u>

	School Board - GLI		School Board - THIC		School Board - VLDP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 520,250	\$ 158,119	\$ -	\$ 491,344	\$ 108,553	\$ 18,300
Net difference between projected and actual earnings on plan investments	-	209,326	5,602	-	763	-
Changes in assumptions	111,344	360,898	259,858	11,249	10,365	1,167
Changes in proportion	132,946	234,527	259,001	541,218	2,029	4,713
Employer contribution subsequent to measurement date	1,493,479	-	1,208,608	-	240,602	-
Total	<u>\$ 2,258,019</u>	<u>\$ 962,870</u>	<u>\$ 1,733,069</u>	<u>\$ 1,043,811</u>	<u>\$ 362,312</u>	<u>\$ 24,180</u>

The amounts shown in the totals earlier reported as deferred outflows of resources related to the OPEB from the City and School Boards contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

	City - GLI	City - LODA	School - GLI	School - THIC plan	School - NTHIC plan	School - VLDP
2025	\$ (54,663)	\$ (102,468)	\$ (53,688)	\$ (117,425)	\$ (45,462)	\$ 9,194
2026	(182,012)	(101,495)	(255,045)	(98,323)	(45,464)	6,517
2027	66,957	(87,060)	66,146	(84,467)	(49,280)	14,395
2028	11,824	(146,856)	(8,535)	(112,581)	(40,725)	10,300
2029	49,642	(166,208)	52,792	(94,714)	-	9,539
Thereafter	-	(1,014,126)	-	(11,840)	-	47,585
	<u>\$ (108,252)</u>	<u>\$ (1,618,213)</u>	<u>\$ (198,330)</u>	<u>\$ (519,350)</u>	<u>\$ (180,931)</u>	<u>\$ 97,530</u>

**Plan Fiduciary Net Positions**

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 12. Commitments and Contingencies**

**Federally Assisted Programs:**

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

**Construction Commitments:**

The City has authorized expenditures for capital additions and construction of various governmental, stormwater, grant (ARPA), and utility capital projects. At June 30, 2024, projects expected to be completed at various dates through 2025 had a total unexpended balance of \$77,547,558 (governmental), \$783,036 (stormwater), \$770,851 (grant – ARPA) and \$8,960,940 (utility).

**Encumbrances:**

The City has the following encumbrances as of June 30, 2024:

<b>General Fund</b>	<b>Road Maintenance Fund</b>	<b>Capital Projects Fund</b>	<b>Special Revenue Governmental Funds</b>	<b>Utility Fund</b>	<b>Non-Major Enterprise Fund</b>	<b>Internal Service Funds</b>
\$ 5,944,283	\$ 2,018,669	\$ 77,547,558	\$ 1,877,755	\$ 9,222,817	\$ 1,215,869	\$ 2,186,392

**Litigation:**

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

**Note 13. Risk Management**

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

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

**Self-Insurance – City:**

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



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

**Note 13. Risk Management (continued)**

Claims payable reported in the Risk Management Fund at June 30, 2024 consists of all current self-insured claims payable, including an estimate of incurred but not reportable claims amounting to \$5,901,795, the current portion of which is \$2,852,530. Claims payable for health insurance are based on current enrollment and benefits and historical experience.

Claims payable for workers' compensation and property and liability are based on insurance coverage and specific claims, which have presented. Following is a summary of changes in claims payable for the fiscal years ended June 30, 2024 and 2023:

	<b>Beginning Balance</b>	<b>Claims and Reserves</b>	<b>Claim Payments</b>	<b>Ending Balance</b>
Workers' Compensation				
2024	\$ 2,968,179	\$ 1,365,799	\$ 834,713	\$ 3,499,265
2023	\$ 2,050,939	\$ 1,642,220	\$ 724,980	\$ 2,968,179
Property and Liability				
2024	\$ 318,472	\$ 770,555	\$ 921,852	\$ 167,175
2023	\$ 864,896	\$ 131,950	\$ 678,374	\$ 318,472
Health Insurance				
2024	\$ 948,454	\$ 15,373,996	\$ 14,802,150	\$ 1,520,300
2023	\$ 1,119,910	\$ 15,397,610	\$ 15,569,066	\$ 948,454

**Self-Insurance – School Board:**

The School Board is self-insured for workers' compensation benefits. Charges are made to the School Operating, Grants, and Food Service Funds as approved by City Council in the annual operating budgets. Any excess charges are reflected as nonspendable balance for workers' compensation claims in the School Operating Fund. At June 30, 2024, \$225,000 of fund balance was allocated for purposes of funding future claims.

Claims are paid by a third-party administrator acting in behalf of the School Board under terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The plan pays all claims up to \$600,000 for each covered accident. Any claims exceeding \$600,000 for each covered accident are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2024, the workers' compensation benefit obligation consisted of \$650,960 in reported unpaid claims and estimated incurred but not reported claims.

**Workers' Compensation Self-Insurance Coverage – School Board**

Changes in the balance of claims liabilities during the years ended June 30, 2024 and 2023, are as follows:

	<b>Beginning Balance</b>	<b>Claims and Reserves</b>	<b>Claim Payments</b>	<b>Ending Balance</b>
Workers' Compensation				
2024	\$ 627,978	\$ 795,165	\$ 772,183	\$ 650,960
2023	\$ 498,943	\$ 953,702	\$ 824,667	\$ 627,978

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 13. Risk Management (continued)**

**Health Insurance Self-Insurance Coverage – School Board**

Claims are paid by a third-party administrator acting on behalf of the School Board under terms of a contractual agreement. The plan pays all claims up to \$125,000 for each participant. Any claims exceeding \$125,000 for each participant are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2024, School Operating Fund prepaids of \$195,000 were held for purposes of funding the School Board's future claims liabilities. As a result, \$185,122 of the School Operating Fund balance is allocated for payment of future claims liabilities.

**Note 14. Subsequent Events**

On September 4, 2024, the City issued \$10,040,000 of authorized Tax-Exempt General Obligation, with maturity dates of February 1, 2045. These bonds were issued to finance capital projects approved in the FY2025 Capital Improvements Plan.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

JUNE 30, 2024

**Note 15. Fund Balances**

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

	General Fund	Capital Projects Fund	Road Maintenance	Consolidated Grants	Debt Service Fund	Non-major Governmental Funds
Nonspendable:						
Inventories	\$ 123,814	\$ -	\$ -	\$ -	\$ -	\$ 98,866
Total Nonspendable	123,814	-	-	-	-	98,866
Restricted for:						
Judicial Administration	-	-	-	703,840	-	279,600
Public Safety	213,991	-	-	-	-	-
Public Works	1,214,403	-	18,781,380	56,616	-	-
Cemetery Care	-	-	-	-	-	931,208
Health and Welfare	-	-	-	2,234,028	-	-
Community Development	-	-	-	383,671	-	-
Parks and Recreation	-	-	-	189,708	-	-
Capital Outlay:	-	2,951,751	-	-	-	-
Roadway Projects	-	24,032,897	-	-	-	-
Schools	-	16,415,967	-	-	-	-
Public Facilities	-	16,912,661	-	-	-	-
Aviation	-	76,225	-	-	-	-
Recreation facilities	-	16,442,121	-	-	-	-
Total Restricted	1,428,394	76,831,622	18,781,380	3,567,863	-	1,210,808
Committed to:						
General Government	16,207	-	-	-	-	-
Judicial administration	244,477	-	-	-	-	-
Public Safety - Police	423,698	-	-	-	-	-
Public Safety - Fire	1,827,853	-	-	-	-	-
Transportation	-	-	-	-	-	3,755,948
Public Works	-	-	-	-	-	347,142
Aviation	-	-	-	-	-	722,032
Route 17 Taxing District	-	-	-	-	-	4,536,470
Economic Development Incentives	1,640,227	-	-	-	-	-
Budget Stabilization fund	13,335,756	-	-	-	-	-
Capital Outlay	7,810,987	38,619,419	-	-	-	-
Capital Projects Reserve	63,398,542	-	-	-	-	-
Debt Service	-	-	-	-	594,736	-
Total Committed	88,697,747	38,619,419	-	-	594,736	9,361,592
Assigned to:						
General Government Administratio	13,759	-	-	-	-	-
Judicial Administration	62,171	-	-	-	-	-
Public Safety - Police	176,673	-	-	-	-	-
Public Safety - Fire	1,830,229	-	-	-	-	-
Public Works	171,791	-	-	-	-	-
Social Services	16,231	-	-	-	-	-
Parks, Recreation and Cultural	126,045	-	-	-	-	-
Community Development	3,530,604	-	-	-	-	-
Total Assigned	5,927,503	-	-	-	-	-
Unassigned	106,686,045	-	-	-	-	-
Total Fund Balance	\$ 202,863,503	\$ 115,451,041	\$ 18,781,380	\$ 3,567,863	\$ 594,736	\$ 10,671,266

CITY OF SUFFOLK, VIRGINIA  
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2024

**Note 15. Fund Balances (continued)**

The City Council has adopted a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget. The adopted policy also established a budget stabilization fund the policy states that any excess amounts over the 20% will be dedicated to the budget stabilization fund, until that reaches 2.5% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The amounts in the budget stabilization fund can only be drawn with the approval of City Council in an emergency situation, that would result in increased expenditures over budgeted amount or significant shortfalls in revenue.

**Note 16. Tax Abatement Agreements**

As of June 30, 2024, the City provides tax abatement through two programs -- the land use program and the rehabilitated structures program.

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

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

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

Tax Abatement Program	Amount of Taxes Abated	
	City Wide Real Estate	Downtown Business Overlay District
Land Use program	\$ 3,473,751	\$ -
Rehabilitated Structures	\$ 46,467	\$ 223,262

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

*JUNE 30, 2024*

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**Note 17. Future Accounting Standards**

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

**GASB Statement No. 101**, *Compensated Absences*, the primary objective of which is to better meet the needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. This statement is effective for the fiscal year ending June 30, 2025.

**GASB Statement No. 102**, *Certain Risk Disclosures*, the primary objective of which is to improve financial reporting by providing users of financial statements with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. This statement is effective for the fiscal year ending June 30, 2025.

**GASB Statement No. 103**, *Financial Reporting Model Improvements*, the primary objective of which is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement is effective for the fiscal year ending June 30, 2026.

**GASB Statement No. 104**, *Disclosures of Certain Capital Assets*, the primary objective of which is to provide users of government financial statements with essential information about certain types of capital assets. This statement is effective for fiscal year ending June 15, 2026.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

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## CITY OF SUFFOLK, VIRGINIA

EXHIBIT 10

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
General property taxes:				
Real estate	\$ 156,989,609	\$ 156,989,609	\$ 153,330,439	\$ (3,659,170)
Personal property	32,000,000	32,000,000	39,785,291	7,785,291
Public service corporations	4,800,000	4,800,000	5,338,750	538,750
Machinery and tools	-	-	1,903,570	1,903,570
Payments in Lieu of Taxes	3,000	3,000	-	(3,000)
Penalties	1,600,000	1,600,000	2,338,884	738,884
Total general property taxes	195,392,609	195,392,609	202,696,934	7,304,325
Other Local Taxes				
Sales and use	16,500,000	16,500,000	18,356,678	1,856,678
Utility tax	4,700,000	4,700,000	5,076,743	376,743
Communication taxes	2,000,000	2,000,000	2,306,793	306,793
Business and occupational licenses	11,000,000	11,000,000	13,259,460	2,259,460
Motor vehicle license	2,500,000	2,500,000	2,881,656	381,656
Bank stock	706,203	706,203	795,464	89,261
Recordation	2,200,000	2,200,000	1,738,684	(461,316)
Tobacco	1,600,000	1,600,000	1,452,903	(147,097)
Lodging	1,800,000	1,800,000	2,362,048	562,048
Meals	14,500,000	14,500,000	16,582,151	2,082,151
Admission	100,000	100,000	243,406	143,406
Total other local taxes	57,606,203	57,606,203	65,055,986	7,449,783
Permits, fees, and licenses				
Animal license	25,000	25,000	22,703	(2,297)
Permits and other licenses	1,454,800	1,454,800	1,978,692	523,892
Total permits, fees, and licenses	1,479,800	1,479,800	2,001,395	521,595
Fines and forfeitures	695,000	695,000	575,183	(119,817)
Revenue from use of money and property:				
Revenue from use of money	2,000,000	2,000,000	14,682,165	12,682,165
Revenue from use of property	369,423	369,423	413,205	43,782
Total use of money and property	2,369,423	2,369,423	15,095,370	12,725,947
Charges for services:				
Court costs	203,787	203,787	142,455	(61,332)
Commonwealth's Attorney fee	8,000	8,000	6,347	(1,653)
Police and traffic control	35,000	35,000	17,213	(17,787)
Charges for fire and rescue service	2,883,408	2,883,408	3,015,974	132,566
Charges for other protection	50,000	50,000	36,926	(13,074)
Charges for parks and recreation	600,000	600,000	884,770	284,770
Charges for library	15,000	15,000	12,990	(2,010)
Charges for tourism	23,000	23,000	21,000	(2,000)
Charges for planning and community development	50	50	-	(50)
Charges for other services	267,500	267,500	308,713	41,213
Total charges for services	4,085,745	4,085,745	4,446,387	360,643

(Continued)

## CITY OF SUFFOLK, VIRGINIA

EXHIBIT 10

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES (Continued)</b>				
Miscellaneous revenues				
Recovered Costs	882,050	882,050	838,098	(43,952)
Miscellaneous	526,000	566,188	277,584	(288,604)
Total revenue from local sources	263,036,830	263,077,018	290,986,937	27,909,919
Revenue from the Commonwealth:				
Noncategorical aid:				
Tax on deeds	450,000	450,000	492,013	42,013
Railroad rolling stock tax	125,000	125,000	146,357	21,357
House bill 599 funds	3,380,652	3,380,652	3,555,718	175,066
PPTRA	10,169,730	10,169,730	10,169,730	-
Mobile home titling tax	25,000	25,000	37,184	12,184
Vehicle rental tax	200,000	200,000	290,755	90,755
Games of skill	-	-	-	-
Total noncategorical aid	14,350,382	14,350,382	14,691,756	341,374
Categorical aid:				
Commonwealth's Attorney	1,225,673	1,225,673	1,335,016	109,343
Commissioner of the Revenue	253,810	253,810	237,984	(15,826)
Treasurer	306,662	306,662	363,761	57,099
Sheriff	1,209,916	1,209,916	1,257,077	47,161
Circuit Court Clerk	668,220	675,220	686,520	11,300
Registrar	106,071	106,071	182,311	76,240
Total categorical aid	3,770,352	3,777,352	4,062,670	285,317
Other categorical aid:				
Public assistance and welfare administration	4,758,626	4,758,626	4,322,571	(436,055)
Police	400,000	400,000	546,693	146,693
Fire and rescue	472,331	472,331	516,392	44,061
Library	210,931	210,931	247,648	36,717
Economic Development	-	120,000	120,000	-
Total other categorical aid	5,841,888	5,961,888	5,753,304	(208,584)
Total categorical aid	9,612,240	9,739,240	9,815,974	76,733
Total revenue from the Commonwealth	23,962,622	24,089,622	24,507,730	418,107
Revenue from the Federal government				
Categorical aid:				
Public assistance and welfare administration	5,326,119	5,326,119	5,844,589	518,470
Public Safety	-	-	5,851	5,851
Parks, recreation and cultural	20,000	20,000	21,997	1,997
Total revenue from the Federal government	5,346,119	5,346,119	5,872,437	526,318
Total revenues	292,345,571	292,512,759	321,367,104	28,854,344

(Continued)



## CITY OF SUFFOLK, VIRGINIA

EXHIBIT 10

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>EXPENDITURES</b>				
General Government administration:				
Legislative:				
City Council	\$ 765,188	\$ 765,188	\$ 694,679	\$ 70,509
General and financial administration:				
City Manager	1,371,649	1,385,749	1,349,659	36,090
Budget and strategic planning	420,789	420,789	383,806	36,983
City Attorney	1,507,740	1,507,740	1,432,860	74,880
Human Resources	2,053,812	2,092,712	1,927,380	165,332
Commissioner of the Revenue	1,355,067	1,355,067	1,342,816	12,251
City Assessor	2,562,643	2,562,643	2,338,247	224,396
City Treasurer	2,053,704	2,053,704	2,047,705	5,999
Finance	2,162,778	2,190,263	2,100,633	89,630
Purchasing	412,155	412,155	407,619	4,536
Capital program management	5,530,135	5,734,006	5,674,432	59,574
Media and community relations	1,196,820	1,203,687	1,203,686	1
Local and regional organizations	1,885,955	2,121,857	2,119,791	2,066
Board of Elections:				
Registrar	1,263,980	1,475,915	1,404,009	71,906
Total general government administration	24,542,415	25,281,475	24,427,320	854,153
Judicial administration:				
Courts:				
Circuit Court	342,245	342,245	251,347	90,898
District Court	87,246	87,246	72,952	14,294
Magistrate	17,975	17,975	14,814	3,161
Juvenile and Domestic Relations Court	17,939	17,939	13,301	4,638
Juvenile and Domestic Relations Court Service Unit	973,885	1,339,524	1,337,453	2,071
Circuit Court Clerk	2,015,767	2,068,201	2,023,599	44,602
Sheriff	4,032,012	4,104,660	4,104,659	1
Commonwealth's Attorney	4,244,911	4,517,973	3,915,873	602,100
Total judicial administration	11,731,980	12,495,763	11,733,998	761,765
Public safety:				
Police	32,190,511	32,979,126	31,553,569	1,425,557
Communications	2,606,831	2,757,178	2,742,505	14,673
Property seizure program - Federal	-	211,391	-	211,391
Police E-ticketing	-	215,279	1,288	213,991
Confiscation program - State	-	121,250	14,500	106,750
DARE	-	2,850	-	2,850
Community Safety	-	1,410,416	237,995	1,172,421
Fire	45,156,595	48,218,134	47,756,646	461,488
Western Tidewater Regional Jail	4,560,701	4,560,701	4,560,701	-
Animal shelter and management	1,145,391	1,252,363	1,253,009	(646)
Emergency services	15,617	15,617	13,521	2,096
Total public safety	85,675,646	91,744,305	88,133,735	3,610,571
Public works:				
Administration	1,378,627	1,499,824	1,336,485	163,339
Total public works	1,378,627	1,499,824	1,336,485	163,339

(Continued)

## CITY OF SUFFOLK, VIRGINIA

EXHIBIT 10

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
GENERAL FUND

YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>EXPENDITURES (Continued)</b>				
Health and welfare:				
Western Tidewater Health Department	\$ 1,245,000	\$ 1,245,000	\$ 1,245,000	\$ -
Western Tidewater CSB	600,000	600,000	600,000	-
Social Services	13,451,270	13,493,099	11,666,483	1,826,616
Comprehensive Services Act	2,811,757	2,811,757	2,686,419	125,338
Total health and welfare	18,108,027	18,149,856	16,197,902	1,951,954
Education:				
Contributions to component unit school board	69,332,201	72,997,751	72,997,751	-
Lease rent of building	442,979	646,274	646,274	-
Total education	69,775,180	73,644,025	73,644,025	-
Parks, recreation, and cultural:				
Parks and recreation	3,630,476	3,645,562	3,429,252	216,310
Parks and recreation maintenance	3,850,403	3,976,169	3,838,532	137,637
Parks and recreation - recreation	4,091,301	4,078,066	3,876,297	201,769
Public libraries	4,173,548	4,276,994	4,276,994	-
Total parks, recreation, and cultural	15,745,728	15,976,791	15,421,075	555,716
Community Development:				
Planning and community development	6,666,016	7,473,312	7,129,152	344,160
Economic development	2,718,905	4,874,230	4,651,086	223,144
Tourism	892,154	905,654	879,767	25,887
Cooperative extension services	79,117	79,117	66,245	12,872
Total community development	10,356,192	13,332,313	12,726,250	606,063
Nondepartmental:				
Salary, fringe benefits and insurance	1,525,366	234,893	20,981	213,912
Other Miscellaneous	1,360,000	247,364	25,715	221,649
Total nondepartmental	2,885,366	482,257	46,696	435,561
Total expenditures	240,199,161	252,606,609	243,667,486	8,939,123
Excess of revenues over expenditures	52,146,410	39,906,150	77,699,618	(37,793,468)
<b>OTHER FINANCING SOURCES (USES)</b>				
Fund Balance Surplus	-	11,866,010	-	11,866,010
Transfers in	2,904,500	6,342,945	6,342,946	(1)
Transfers out	(55,050,910)	(58,115,105)	(56,139,072)	(1,976,033)
Total other financing uses, net	(52,146,410)	(39,906,150)	(49,796,126)	9,889,976
Net change in fund balances	\$ -	\$ -	\$ 27,903,492	\$ (27,903,492)
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ 27,903,492	
Encumbrances			5,944,283	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 4)			\$ 33,847,775	

## CITY OF SUFFOLK, VIRGINIA

EXHIBIT 11

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
ROAD MAINTENANCE FUND

YEAR ENDED JUNE 30, 2024

	Road Maintenance			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<b>REVENUES</b>				
Permits, fees and licenses	\$ 395,000	\$ 395,000	\$ 522,738	\$ 127,738
Fines and forfeitures	250,000	1,660,416	13,820,816	12,160,400
Revenue from use of money and property	20,000	20,000	911,040	891,040
Charges for services	1,387,687	1,387,687	920,022	(467,665)
Miscellaneous	22,500	22,500	28,011	5,511
Intergovernmental:				
Revenue from the Commonwealth	27,303,484	32,259,113	32,259,107	(6)
Fund balance (rollover/appropriations)	2,741,166	9,554,387	-	(9,554,387)
Total revenues	32,119,837	45,299,103	48,461,734	3,162,631
<b>EXPENDITURES</b>				
Current:				
Public Works	29,476,107	39,687,881	41,689,867	(2,001,986)
Total expenditures	29,476,107	39,687,881	41,689,867	(2,001,986)
Excess of revenues over expenditures	2,643,730	5,611,222	6,771,867	1,160,645
<b>OTHER FINANCING USES</b>				
Transfers out	(2,643,730)	(5,611,222)	(5,906,222)	(295,000)
Total other financing uses	(2,643,730)	(5,611,222)	(5,906,222)	(295,000)
Net change in fund balances	\$ -	\$ -	\$ 865,645	\$ 865,645
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ 865,645	
Encumbrances			2,018,669	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 4)			\$ 2,884,314	

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

**EXHIBIT 12**

*LAST TEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>										
Service cost	\$ 10,017,571	\$ 8,374,519	\$ 8,280,040	\$ 8,132,336	\$ 7,567,281	\$ 7,533,051	\$ 7,259,255	\$ 7,104,813	\$ 7,018,182	\$ 6,994,155
Interest	25,927,892	25,051,249	22,671,297	21,574,861	20,613,324	19,140,479	18,400,909	17,359,071	16,812,748	15,882,027
Changes in assumptions	-	-	14,289,977	-	9,986,163	-	(690,942)	-	-	-
Difference between expected and actual experience	9,941,153	(5,678,453)	(2,470,637)	1,274,360	651,344	6,884,588	(2,868,934)	1,303,368	(5,841,034)	-
Benefit payments, including refunds of employee contributions	(16,375,344)	(16,430,793)	(15,342,506)	(14,133,599)	(13,199,609)	(11,835,331)	(11,234,683)	(10,533,021)	(9,837,539)	(9,322,789)
Net Change in Total Pension Liability	29,511,272	11,316,522	27,428,171	16,847,958	25,618,503	21,722,787	10,865,605	15,234,231	8,152,357	13,553,393
Total pension liability - beginning	382,287,019	370,970,497	343,542,326	326,694,368	301,075,865	279,353,078	268,487,473	253,253,242	245,100,885	231,547,492
Total pension liability - ending	<u>\$411,798,291</u>	<u>\$382,287,019</u>	<u>\$370,970,497</u>	<u>\$343,542,326</u>	<u>\$326,694,368</u>	<u>\$301,075,865</u>	<u>\$279,353,078</u>	<u>\$268,487,473</u>	<u>\$253,253,242</u>	<u>\$245,100,885</u>
<b>Plan Fiduciary Net Position:</b>										
Contributions - employer	10,653,472	8,744,931	8,393,781	7,256,065	7,031,636	7,172,294	6,958,618	7,519,618	7,327,510	7,684,006
Contributions - employee	3,888,274	3,524,800	3,350,831	3,361,141	3,260,682	3,241,083	3,248,534	2,962,118	2,851,871	2,877,613
Net investment income	22,426,052	(361,724)	76,007,281	5,284,646	17,460,442	18,158,127	26,854,025	3,824,803	9,496,953	28,132,949
Benefit payments, including refunds of employee contributions	(16,375,344)	(16,430,793)	(15,342,506)	(14,133,599)	(13,199,609)	(11,835,331)	(11,234,683)	(10,533,021)	(9,837,539)	(9,322,789)
Administrative expense	(219,410)	(217,054)	(187,378)	(178,495)	(171,506)	(154,614)	(152,890)	(132,646)	(127,715)	(149,011)
Other	7,770	8,124	7,191	(6,273)	(11,042)	(16,278)	(24,013)	(1,608)	(2,019)	1,483
Net Change in Plan Fiduciary Net Position	20,380,814	(4,731,716)	72,229,200	1,583,485	14,370,603	16,565,281	25,649,591	3,639,264	9,709,061	29,224,251
Plan fiduciary net position – beginning	345,731,241	350,462,957	278,233,757	276,650,272	262,279,669	245,714,388	220,064,797	216,425,533	206,716,469	177,492,218
Plan fiduciary net position – ending	<u>366,112,055</u>	<u>345,731,241</u>	<u>350,462,957</u>	<u>278,233,757</u>	<u>276,650,272</u>	<u>262,279,669</u>	<u>245,714,388</u>	<u>220,064,797</u>	<u>216,425,530</u>	<u>206,716,469</u>
Total net pension liability – beginning	<u>\$ 36,555,778</u>	<u>\$ 20,507,540</u>	<u>\$ 65,308,569</u>	<u>\$ 50,044,096</u>	<u>\$ 38,796,196</u>	<u>\$ 33,638,690</u>	<u>\$ 48,422,676</u>	<u>\$ 36,827,709</u>	<u>\$ 38,384,416</u>	<u>\$ 54,055,274</u>
Total net pension liability – ending	<u>\$ 45,686,236</u>	<u>\$ 36,555,778</u>	<u>\$ 20,507,540</u>	<u>\$ 65,308,569</u>	<u>\$ 50,044,096</u>	<u>\$ 38,796,196</u>	<u>\$ 33,638,690</u>	<u>\$ 48,422,676</u>	<u>\$ 36,827,712</u>	<u>\$ 38,384,416</u>
Plan fiduciary net position as a percentage of total pension liability	88.91%	90.44%	94.47%	80.99%	84.68%	87.11%	87.96%	81.96%	85.46%	84.34%
Covered payroll	\$ 79,565,797	\$ 72,395,220	\$ 69,212,248	\$ 69,343,981	\$ 67,256,705	\$ 67,302,874	\$ 64,085,203	\$ 59,144,296	\$ 63,639,606	\$ 55,954,879
Net pension liability as a percentage of covered payroll	57.42%	50.49%	29.63%	94.18%	74.41%	57.64%	52.49%	81.87%	57.87%	68.60%

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

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S (NON-TEACHER)**  
**NET PENSION LIABILITY (ASSET) AND RELATED RATIOS**

**EXHIBIT 13**

*LAST TEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>										
Service cost	\$ 846,978	\$ 636,507	\$ 669,620	\$ 687,145	\$ 642,823	\$ 648,762	\$ 668,468	\$ 733,174	\$ 713,970	\$ 738,127
Interest	2,222,287	2,162,362	2,025,076	1,921,663	1,849,648	1,742,804	1,706,059	1,650,099	1,537,449	1,455,330
Changes in assumptions	-	-	899,673	-	801,043	-	(209,695)	-	-	-
Difference between expected and actual experience	2,107,743	(354,739)	(796,573)	148,865	(42,381)	270,296	(515,637)	(570,559)	304,251	-
Benefit payments, including refunds of employee contributions	(1,920,451)	(1,613,180)	(1,187,694)	(1,263,572)	(1,147,613)	(1,123,413)	(1,125,127)	(901,450)	(991,325)	(1,049,323)
Net Change in Total Pension Liability	3,256,557	830,950	1,610,102	1,494,101	2,103,520	1,538,449	524,068	911,264	1,564,345	1,144,134
Total pension liability - beginning	33,036,021	32,205,071	30,594,969	29,100,868	26,997,348	25,458,899	24,934,831	24,023,567	22,459,222	21,315,088
Total pension liability - ending	\$ 36,292,578	\$ 33,036,021	\$ 32,205,071	\$ 30,594,969	\$ 29,100,868	\$ 26,997,348	\$ 25,458,899	\$ 24,934,831	\$ 24,023,567	\$ 22,459,222
<b>Plan Fiduciary Net Position:</b>										
Contributions - employer	356,879	446,099	381,546	351,095	356,625	395,475	393,829	663,115	477,042	587,401
Contributions - employee	444,504	409,545	353,744	339,946	341,637	324,119	324,226	314,507	312,739	330,019
Net investment income	2,250,734	(38,447)	7,850,056	548,651	1,823,319	1,910,589	2,848,179	405,924	1,014,884	3,042,856
Benefit payments, including refunds of employee contributions	(1,920,451)	(1,613,180)	(1,187,694)	(1,263,572)	(1,147,613)	(1,123,413)	(1,125,127)	(901,450)	(991,325)	(1,049,323)
Administrative expense	(22,782)	(22,513)	(19,450)	(18,730)	(18,028)	(16,379)	(16,505)	(14,198)	(13,901)	(16,345)
Other	901	829	741	(679)	(1,148)	(1,688)	(2,534)	(171)	(215)	161
Net Change in Plan Fiduciary Net Position	1,109,785	(817,667)	7,378,943	(43,289)	1,354,792	1,488,703	2,422,068	467,727	799,224	2,894,769
Plan fiduciary net position - beginning	35,289,400	36,107,067	28,728,124	28,771,413	27,416,621	25,927,918	23,505,850	23,038,123	22,238,899	19,344,130
Plan fiduciary net position - ending	36,399,185	35,289,400	36,107,067	28,728,124	28,771,413	27,416,621	25,927,918	23,505,850	23,038,123	22,238,899
 Total net pension liability (asset) - beginning	 \$ (2,253,379)	 \$ (3,901,996)	 \$ 1,866,845	 \$ 329,455	 \$ (419,273)	 \$ (469,019)	 \$ 1,428,981	 \$ 985,444	 \$ 220,323	 \$ 1,970,958
Total net pension liability (asset) - ending	\$ (106,607)	\$ (2,253,379)	\$ (3,901,996)	\$ 1,866,845	\$ 329,455	\$ (419,273)	\$ (469,019)	\$ 1,428,981	\$ 985,444	\$ 220,323
 Plan fiduciary net position as a percentage of total pension liability	 100.29%	 106.82%	 112.12%	 93.90%	 98.87%	 101.55%	 101.84%	 94.27%	 95.90%	 99.02%
 Covered payroll	 \$ 9,859,115	 \$ 8,968,585	 \$ 7,502,569	 \$ 7,228,784	 \$ 7,179,989	 \$ 6,718,706	 \$ 6,556,134	 \$ 7,303,711	 \$ 6,271,733	 \$ 6,739,997
 Net pension liability (asset) as a percentage of covered payroll	 -1.08%	 -25.13%	 -52.01%	 25.83%	 4.59%	 -6.24%	 -7.15%	 19.57%	 15.71%	 3.27%

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

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**SCHOOL BOARD TEACHER RETIREMENT PLAN**

**EXHIBIT 14**

*LAST TEN FISCAL YEARS*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer's proportion of the net pension liability	0.92798%	0.91479%	0.95117%	0.94792%	0.98036%	0.95078%	0.95248%	0.94584%	0.91814%	0.93031%
Employer's proportionate share of the net pension liability	\$ 93,792,839	\$ 87,093,484	\$ 73,840,253	\$ 137,947,254	\$ 129,020,948	\$ 111,812,000	\$ 117,136,000	\$ 132,551,000	\$ 115,560,000	\$ 112,425,000
Employer's covered payroll	\$ 91,882,191	\$ 84,666,483	\$ 83,522,903	\$ 82,806,334	\$ 81,801,705	\$ 76,657,195	\$ 73,624,141	\$ 71,032,824	\$ 68,193,037	\$ 89,528,345
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	102.08%	102.87%	88.41%	166.59%	157.72%	145.86%	159.10%	186.61%	169.46%	125.57%
Plan fiduciary net position as a percentage of the total pension liability	84.14%	95.51%	88.61%	91.63%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS**

**EXHIBIT 15**

*LAST TEN FISCAL YEARS*

		<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>City Pension Plan:</b>						
2015	\$	8,171,325	\$ 8,321,012	\$ (149,687)	\$ 63,639,606	13.08%
2016		7,662,022	8,035,838	(373,816)	59,144,296	13.59%
2017		7,068,598	7,030,967	37,631	64,085,203	10.97%
2018		423,507	7,309,368	(6,885,861)	67,302,574	10.86%
2019		7,243,547	7,200,075	43,472	67,256,705	10.71%
2020		7,468,347	7,462,406	5,941	69,343,981	10.76%
2021		8,630,767	8,610,229	20,538	69,212,248	12.44%
2022		8,992,126	8,992,126	-	72,395,220	12.42%
2023		11,027,523	11,027,523	-	79,565,797	13.86%
2024		11,860,022	11,860,022	-	85,577,066	13.86%
<b>School Board (non-teacher) Pension Plan:</b>						
2015	\$	747,583	\$ 747,583	\$ -	\$ 6,271,733	11.92%
2016		701,325	701,325	-	7,303,711	9.60%
2017		586,121	586,121	-	6,556,134	8.94%
2018		395,660	395,660	-	6,718,706	5.89%
2019		356,136	356,136	-	7,179,989	4.96%
2020		350,347	350,347	-	7,228,784	4.85%
2021		420,144	420,144	-	7,502,569	5.60%
2022		444,256	444,256	-	8,968,585	4.95%
2023		356,654	356,654	-	9,859,115	3.62%
2024		379,260	379,260	-	10,811,181	3.51%
<b>School Board Teacher Retirement Plan:</b>						
2015	\$	11,594,588	\$ 11,594,588	\$ -	\$ 68,193,037	17.00%
2016		11,533,874	11,533,874	-	71,032,824	16.24%
2017		11,760,656	11,760,656	-	73,624,141	15.97%
2018		12,290,506	12,290,506	-	76,657,195	16.03%
2019		12,543,319	12,543,319	-	81,801,705	15.33%
2020		12,616,285	12,616,285	-	82,806,334	15.24%
2021		13,881,507	13,881,507	-	83,522,903	16.62%
2022		13,650,009	13,650,009	-	84,666,483	16.12%
2023		14,811,454	14,811,454	-	91,882,191	16.12%
2024		15,909,644	15,909,644	-	99,927,633	15.92%

# CITY OF SUFFOLK, VIRGINIA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

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### **Notes to the Required Supplementary Information related to Pensions**

#### **Changes in Benefit terms**

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

#### **Changes of assumptions**

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Change to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

##### **General City and School Board (non-teacher) Employees:**

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Lowered retirement rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No change to line of duty disability rates.
- No change to discount rate of 6.75%

##### **Public Safety Employees:**

- Updated mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to line of duty disability rates.
- No change to discount rate of 6.75%

##### **School Board Teacher Retirement Plan Employees:**

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



**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY (ASSET)**  
**AND RELATED RATIOS - PLAN REPORTING**  
**CITY OPEB TRUST**

**EXHIBIT 16**

*LAST EIGHT FISCAL YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability:</b>								
Service cost	\$ 920,508	\$ 885,615	\$ 1,250,647	\$ 972,561	\$ 936,260	\$ 835,242	\$ 646,056	\$ 886,026
Interest	2,688,336	2,529,533	3,143,180	3,568,007	3,435,345	2,976,786	2,369,007	2,225,368
Difference between expected and actual experience	(3,762,680)	688,028	(21,471,616)	(109,112)	(479,096)	576,876	5,564,681	-
Changes in assumptions	2,888,856	-	5,714,895	-	(863,241)	3,129,118	289,822	-
Benefit payments, including refunds of employee contributions	(1,395,187)	(1,665,443)	(1,073,690)	(1,242,451)	(1,349,107)	(1,655,212)	(1,454,455)	(1,060,396)
Net Change in Total OPEB Liability	1,339,833	2,437,733	(12,436,584)	3,189,005	1,680,161	5,862,810	7,415,111	2,050,998
Total OPEB liability - beginning	40,401,010	37,963,277	50,399,861	47,210,856	45,530,695	39,667,885	32,252,774	30,201,776
Total OPEB liability - ending	\$ 41,740,843	\$ 40,401,010	\$ 37,963,277	\$ 50,399,861	\$ 47,210,856	\$ 45,530,695	\$ 39,667,885	\$ 32,252,774
<b>Plan Fiduciary Net Position:</b>								
Contributions - employer	1,395,187	2,394,963	1,803,211	1,742,451	1,349,107	1,655,212	2,488,905	3,340,696
Net investment income	4,737,296	3,506,213	(4,707,020)	11,551,219	1,131,826	1,629,195	3,045,950	3,390,546
Benefit payments, including refunds of employee contributions	(1,395,187)	(1,665,443)	(1,073,690)	(1,242,451)	(1,349,107)	(1,655,212)	(1,454,455)	(1,060,396)
Administrative fees	-	-	-	(36,394)	(33,677)	(32,333)	(31,912)	-
Net Change in Plan Fiduciary Net Position	4,737,296	4,235,733	(3,977,499)	12,014,825	1,098,149	1,596,862	4,048,488	5,670,846
Plan fiduciary net position – beginning	50,407,683	46,171,950	50,149,449	38,134,624	37,036,475	35,439,613	31,391,125	25,720,279
Plan fiduciary net position – ending	55,144,979	50,407,683	46,171,950	50,149,449	38,134,624	37,036,475	35,439,613	31,391,125
 Total net OPEB liability (asset) – beginning	 \$ (10,006,673)	 \$ (8,208,673)	 \$ 250,412	 \$ 9,076,232	 \$ 8,494,220	 \$ 4,228,272	 \$ 861,649	 \$ 4,481,497
Total net OPEB liability (asset) – ending	\$ (13,404,136)	\$ (10,006,673)	\$ (8,208,673)	\$ 250,412	\$ 9,076,232	\$ 8,494,220	\$ 4,228,272	\$ 861,649
 Plan fiduciary net position as a percentage of total OPEB liability	 132.11%	 124.77%	 121.62%	 99.50%	 80.78%	 81.34%	 89.34%	 97.33%
 Covered payroll	 \$ 85,577,066	 \$ 78,923,637	 \$ 75,470,202	 \$ 69,886,884	 \$ 69,886,884	 \$ 61,416,353	 \$ 67,302,874	 \$ 58,111,943
 Net OPEB liability (asset) as a percentage of covered payroll	 -15.66%	 -12.68%	 -10.88%	 0.36%	 12.99%	 13.83%	 6.28%	 1.48%

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB ASSET**  
**AND RELATED RATIOS - PLAN REPORTING**  
**SCHOOL BOARD OPEB TRUST**

**EXHIBIT 17**

*LAST SEVEN FISCAL YEARS*

	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability:</b>							
Service cost	\$ 381,263	\$ 366,810	\$ 532,956	\$ 474,424	\$ 458,381	\$ 456,968	\$ 518,107
Interest	759,038	727,741	869,162	1,124,926	1,024,964	1,034,554	1,168,697
Change in benefit terms	-	-	-	-	-	-	(391,210)
Difference between expected and actual experience	1,137,344	(154,315)	(1,920,563)	(4,196,230)	695,593	(651,244)	(2,060,226)
Changes in assumptions	707,264	-	79,997	26,928	-	34,634	1,303,406
Benefit payments, including refunds of employee contributions	(622,884)	(435,346)	(304,691)	(267,861)	(1,435,329)	(588,348)	(1,323,985)
Net Change in Total OPEB Liability	2,362,025	504,890	(743,139)	(2,837,813)	743,609	286,564	(785,211)
Total OPEB liability - beginning	11,580,042	11,075,152	11,818,291	14,656,104	13,912,495	13,625,931	14,411,142
Total OPEB liability - ending	<u>\$ 13,942,067</u>	<u>\$ 11,580,042</u>	<u>\$ 11,075,152</u>	<u>\$ 11,818,291</u>	<u>\$ 14,656,104</u>	<u>\$ 13,912,495</u>	<u>\$ 13,625,931</u>
<b>Plan Fiduciary Net Position:</b>							
Contributions - employer	622,884	435,346	304,691	267,861	1,435,329	588,348	1,323,985
Net investment income	2,244,818	(2,858,127)	3,020,825	2,533,238	2,823,320	(699,998)	2,073,264
Benefit payments, including refunds of employee contributions	(622,884)	(435,346)	(304,691)	(267,861)	(1,435,329)	(588,348)	(1,323,985)
Administrative fees	(8,382)	(17,949)	(18,731)	(15,718)	(15,166)	(14,727)	(14,546)
Net Change in Plan Fiduciary Net Position	2,236,436	(2,876,076)	3,002,094	2,517,520	2,808,154	(714,725)	2,058,718
Plan fiduciary net position - beginning	20,202,206	23,078,282	20,076,188	17,558,668	14,750,514	15,465,239	13,406,521
Plan fiduciary net position - ending	<u>22,438,642</u>	<u>20,202,206</u>	<u>23,078,282</u>	<u>20,076,188</u>	<u>17,558,668</u>	<u>14,750,514</u>	<u>15,465,239</u>
 Total net OPEB asset - beginning	<u>\$ (8,622,164)</u>	<u>\$ (12,003,130)</u>	<u>\$ (8,257,897)</u>	<u>\$ (2,902,564)</u>	<u>\$ (838,019)</u>	<u>\$ (1,839,308)</u>	<u>\$ 1,004,621</u>
Total net OPEB asset - ending	<u>\$ (8,496,575)</u>	<u>\$ (8,622,164)</u>	<u>\$ (12,003,130)</u>	<u>\$ (8,257,897)</u>	<u>\$ (2,902,564)</u>	<u>\$ (838,019)</u>	<u>\$ (1,839,308)</u>
 Plan fiduciary net position as a percentage of total OPEB liability	160.94%	174.46%	208.38%	169.87%	119.80%	106.02%	113.50%
 Covered payroll	\$ 102,506,109	\$ 94,222,692	\$ 90,628,803	\$ 84,334,164	\$ 81,801,705	\$ 80,618,413	\$ 79,940,967
 Net OPEB asset as a percentage of covered payroll	(8.29%)	(9.15%)	(13.24%)	(9.79%)	(3.55%)	(1.04%)	(2.30%)

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS - OPEB PLAN**  
**LOCALLY OWNED OPEB TRUST**

**EXHIBIT 18**

*LAST TEN FISCAL YEARS*

		<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>City Plan:</b>						
	2015	\$ 3,077,600	\$ 3,503,479	\$ (425,879)	\$ 53,941,000	6.50%
	2016	3,182,500	3,501,603	(319,103)	58,111,943	6.03%
	2017	1,083,859	3,340,696	(2,256,837)	58,111,943	5.75%
	2018	734,245	2,488,906	(1,754,661)	67,302,874	3.70%
	2019	1,330,615	1,655,212	(324,597)	61,416,353	2.70%
	2020	1,330,615	1,349,107	(18,492)	69,886,884	1.93%
	2021	1,702,081	1,742,451	(40,370)	69,886,884	2.49%
	2022	1,702,081	1,803,210	(101,129)	75,470,202	2.39%
	2023	-	2,394,963	(2,394,963)	78,923,637	3.03%
	2024	-	2,748,278	(2,748,278)	85,577,086	3.21%
<b>School Board:</b>						
	2015	\$ 1,339,100	\$ 1,631,285	\$ (292,185)	\$ 55,537,800	2.94%
	2016	112,200	1,578,887	(1,466,687)	55,537,800	2.84%
	2017	613,629	1,822,143	(1,208,514)	79,940,967	2.28%
	2018	613,629	1,063,180	(449,551)	80,618,413	1.32%
	2019	588,348	1,053,194	(464,846)	81,801,705	1.29%
	2020	1,435,329	621,810	813,519	84,334,164	0.74%
	2021	-	267,861	(267,861)	90,628,803	0.30%
	2022	-	304,691	(304,691)	94,222,692	0.32%
	2023	-	435,346	(435,346)	102,506,109	0.42%
	2024	-	622,884	(622,884)	111,084,098	0.56%

**CITY OF SUFFOLK, VIRGINIA****EXHIBIT 19****REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF ANNUAL MONEY WEIGHTED RATE OF  
RETURN ON OPEB PLAN INVESTMENTS  
LOCALLY OWNED OPEB TRUST***LAST EIGHT FISCAL YEARS*

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	<b>City OPEB Trust</b>	<b>School Board OPEB Trust</b>
2017	13.04%	15.52%
2018	9.52%	9.52%
2019	4.67%	4.67%
2020	4.88%	4.88%
2021	30.05%	30.05%
2022	-9.28%	-9.28%
2023	9.76%	9.76%
2024	9.36%	9.36%

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

*JUNE 30, 2024*

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

**Changes in Benefit Terms:**

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

**Changes to assumptions or other inputs**

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**LINE OF DUTY ACT PROGRAM (LODA) FOR THE CITY**

**EXHIBIT 20**

*LAST SEVEN FISCAL YEARS*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Employer's proportion of the net LODA OPEB liability	2.64735%	2.62447%	2.78220%	2.75114%	2.62930%	2.86170%	2.76316%
Employer's proportionate share of the net LODA OPEB liability	\$ 10,613,205	\$ 9,932,449	\$ 12,269,269	\$ 11,522,199	\$ 9,433,565	\$ 8,972,000	\$ 7,261,000
Employer's covered payroll	\$ 35,391,248	\$ 31,137,183	\$ 27,241,531	\$ 29,370,754	\$ 28,324,247	\$ 24,288,204	\$ 23,102,737
Employer's proportionate share of the net LODA OPEB liability as a percentage of its covered payroll	29.99%	31.90%	45.04%	39.23%	33.31%	36.94%	31.43%
Plan fiduciary net position as a percentage of the total LODA OPEB liability	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

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

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

**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**GROUP LIFE INSURANCE PROGRAM (GLI) FOR THE CITY**

**EXHIBIT 21**

*LAST SEVEN FISCAL YEARS*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Employer's proportion of the net GLI OPEB liability	0.33820%	0.33359%	0.33366%	0.33753%	0.34159%	0.34952%	0.34781%
Employer's proportionate share of the net GLI OPEB liability	\$ 4,056,078	\$ 4,016,745	\$ 3,918,355	\$ 5,632,832	\$ 5,558,578	\$ 5,308,000	\$ 5,234,000
Employer's covered payroll	\$ 79,663,713	\$ 72,564,393	\$ 69,484,722	\$ 69,692,322	\$ 66,963,814	\$ 66,461,255	\$ 64,154,851
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.09%	5.54%	5.64%	8.08%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**GROUP LIFE INSURANCE PROGRAM (GLI) FOR THE SCHOOL BOARD**

**EXHIBIT 22**

**LAST SEVEN FISCAL YEARS**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Employer's proportion of the net GLI OPEB liability	0.43433%	0.43367%	0.44273%	0.43943%	0.45715%	0.44079%	0.40934%
Employer's proportionate share of the net GLI OPEB liability	\$ 5,208,978	\$ 5,221,805	\$ 5,154,577	\$ 7,333,367	\$ 7,439,047	\$ 6,695,000	\$ 6,704,000
Employer's covered payroll	\$ 102,306,872	\$ 94,334,223	\$ 91,407,110	\$ 90,437,143	\$ 89,616,947	\$ 83,814,437	\$ 82,175,449
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.09%	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

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

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

**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**HEALTH INSURANCE CREDIT PLANS (THIC) FOR THE SCHOOL BOARD -- TEACHERS**

**EXHIBIT 23**

**LAST SEVEN FISCAL YEARS**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Employer's proportion of the net HIC OPEB liability	0.92149%	0.90842%	0.94441%	0.94455%	0.97557%	0.94832%	0.95031%
Employer's proportionate share of the net HIC OPEB liability	\$ 11,163,090	\$ 11,346,588	\$ 12,122,156	\$ 12,321,811	\$ 12,771,160	\$ 12,040,000	\$ 12,056,000
Employer's covered payroll	\$ 91,882,191	\$ 84,666,483	\$ 83,522,903	\$ 82,806,334	\$ 81,827,304	\$ 76,694,389	\$ 74,998,650
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	12.15%	13.40%	14.51%	14.88%	15.61%	15.70%	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) - SCHOOL BOARD TEACHERS**

**EXHIBIT 24**

*LAST SEVEN FISCAL YEARS*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Employer's proportion of the net VLDP OPEB liability	4.35302%	4.18720%	4.07483%	4.10950%	4.50925%	4.37837%	4.31966%
Employer's proportionate share of the net VLDP OPEB liability	\$ 10,907	\$ (8,608)	\$ (30,600)	\$ 34,104	\$ 34,661	\$ 34,000	\$ 25,000
Employer's covered payroll	\$ 38,102,735	\$ 30,691,112	\$ 25,736,865	\$ 23,040,664	\$ 20,626,222	\$ 15,699,589	\$ 11,799,069
Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	0.03%	-0.03%	-0.12%	0.15%	0.17%	0.22%	0.21%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	93.78%	101.57%	114.46%	78.28%	74.12%	46.18%	31.96%

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

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



**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS - OPEB CITY STATE VRS PLANS**

**EXHIBIT 25**

*LAST TEN FISCAL YEARS*

		<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>City Group Life Insurance Program (GLI)</b>						
2015	\$	275,235	\$ 275,235	\$ -	\$ 57,340,704	0.48%
2016		283,950	283,950	-	59,156,221	0.48%
2017		333,605	333,605	-	64,154,851	0.52%
2018		345,599	345,599	-	66,461,255	0.52%
2019		348,212	348,212	-	66,963,814	0.52%
2020		432,439	432,439	-	69,692,322	0.62%
2021		375,217	375,217	-	69,484,722	0.54%
2022		385,940	385,940	-	72,564,393	0.53%
2023		423,066	423,066	-	79,663,713	0.53%
2024		456,844	456,844	-	79,663,713	0.57%
<b>City Line of Duty Act Program (LODA)</b>						
2015	\$	274,077	\$ 274,077	\$ -	\$ 21,823,152	1.26%
2016		270,316	270,316	-	21,832,593	1.24%
2017		298,011	298,011	-	23,102,737	1.29%
2018		304,819	304,819	-	24,288,204	1.26%
2019		352,885	352,885	-	28,324,247	1.25%
2020		373,881	373,881	-	29,370,754	1.27%
2021		383,044	383,044	-	27,241,531	1.41%
2022		358,834	358,834	-	31,137,183	1.15%
2023		351,318	351,318	-	35,391,248	0.99%
2024		518,665	518,665	-	36,806,898	1.41%

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS - OPEB CITY STATE VRS PLANS**

**EXHIBIT 26**

*LAST TEN FISCAL YEARS*

	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b>School Board Group Life Insurance Program (GLI)</b>					
2015	\$ 366,410	\$ 366,410	\$ -	\$ 76,335,421	0.48%
2016	386,299	386,299	-	80,479,145	0.48%
2017	427,312	427,312	-	82,175,449	0.52%
2018	435,835	435,835	-	83,814,437	0.52%
2019	466,008	466,008	-	89,616,947	0.52%
2020	470,273	470,273	-	90,437,143	0.52%
2021	493,598	493,598	-	91,407,110	0.54%
2022	509,405	509,405	-	94,334,223	0.54%
2023	552,457	552,457	-	102,306,872	0.54%
2024	542,703	542,703	-	100,500,589	0.54%
<b>School Board Health Insurance Credit Program (THIC) - Teachers</b>					
2015	\$ 737,927	\$ 737,927	\$ -	\$ 69,615,713	1.06%
2016	779,951	779,951	-	73,580,311	1.06%
2017	932,485	932,485	-	74,998,650	1.24%
2018	943,341	943,341	-	76,694,389	1.23%
2019	981,928	981,928	-	81,827,304	1.20%
2020	993,676	993,676	-	82,806,334	1.20%
2021	1,010,627	1,010,627	-	83,522,903	1.21%
2022	1,024,485	1,024,485	-	84,666,483	1.21%
2023	1,111,707	1,111,707	-	91,882,191	1.21%
2024	1,208,608	1,208,608	-	99,927,633	1.21%
<b>School Board Virginia Local Disability Program (VLDP)</b>					
2015	\$ 13,200	\$ 13,200	\$ -	\$ 4,464,403	0.30%
2016	23,681	23,681	-	7,814,391	0.30%
2017	38,690	38,690	-	11,799,069	0.33%
2018	52,058	52,058	-	15,699,589	0.33%
2019	88,363	88,363	-	20,626,222	0.43%
2020	101,154	101,154	-	23,040,664	0.44%
2021	129,938	129,938	-	25,736,865	0.50%
2022	158,126	158,126	-	30,691,112	0.52%
2023	197,414	197,414	-	38,102,735	0.52%
2024	156,309	156,309	-	33,257,196	0.47%

# CITY OF SUFFOLK, VIRGINIA

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

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### **Notes to the Required Supplementary Information related to Pensions**

#### **Changes in Benefit terms**

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

#### **Changes of assumptions**

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Change to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

##### **General City and School Board GLI plan Employees:**

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

##### **Public Safety Employees GLI and LODA plans:**

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

#### **School Board Teacher GLI, HIC and VLDP:**

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

**CITY OF SUFFOLK, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY**  
**AND RELATED RATIOS - PLAN REPORTING**  
**CITY OPEB TRUST**

**EXHIBIT 27**

*LAST FOUR FISCAL YEARS*

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total OPEB Liability:</b>				
Service cost	\$ 8,393	\$ 9,501	\$ 10,909	\$ -
Interest	52,976	46,945	42,022	-
Changes of benefit terms	-	-	-	622,573
Difference between expected and actual experience	(280,480)	(839)	-	-
Changes in assumptions	-	51,707	17,815	-
Benefit payments, including refunds of employee contributions	(19,129)	(14,603)	(35)	-
Net Change in Total OPEB Liability	(238,240)	92,711	70,711	622,573
Total OPEB liability - beginning	785,995	693,284	622,573	-
Total OPEB liability - ending	547,755	785,995	693,284	622,573
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer	79,857	62,759	52,520	-
Net investment income	9,017	(1,673)	6,756	-
Benefit payments, including refunds of employee contributions	(19,129)	(14,603)	(35)	-
Administrative fees	(254)	(201)	(232)	-
Other changes	2	-	-	-
Net Change in Plan Fiduciary Net Position	69,493	46,282	59,009	-
Plan fiduciary net position - beginning	105,291	59,009	-	-
Plan fiduciary net position - ending	174,784	105,291	59,009	-
 Total net OPEB liability - beginning	 680,704	 634,275	 622,573	 -
Total net OPEB liability - ending	\$ 372,971	\$ 680,704	\$ 634,275	\$ 622,573
 Plan fiduciary net position as a percentage of total OPEB liability	 31.91%	 13.40%	 8.51%	 0.00%
 Covered payroll	 \$ 9,859,115	 \$ 8,968,585	 \$ 7,502,569	 \$ 7,502,569
 Net OPEB liability as a percentage of covered payroll	 3.78%	 7.59%	 8.45%	 8.30%

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

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

**CITY OF SUFFOLK, VIRGINIA****EXHIBIT 28****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF CONTRIBUTIONS - SCHOOL BOARD NON-TEACHER****HEALTH INSURANCE CREDIT OPEB PLAN****LAST FOUR FISCAL YEARS**

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	<b>Actuarially Determined Contribution</b>	<b>Contribution in Relation to Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2021	\$ 52,518	\$ 52,518	\$ -	\$ 7,502,569	0.70%
2022	62,748	62,748	-	8,968,585	0.70%
2023	79,857	79,857	-	9,859,115	0.81%
2024	87,760	87,760	-	10,811,181	0.81%

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

*JUNE 30, 2024*

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

**Changes in Benefit Terms:**

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

**Changes to assumptions or other inputs**

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

## OTHER SUPPLEMENTARY INFORMATION

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## OTHER SUPPLEMENTARY INFORMATION: NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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



**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**EXHIBIT 29**

*JUNE 30, 2024*

	Special Revenue Funds							Total Nonmajor Governmental Funds
	Suffolk Taxing District	Downtown Business Overlay District	Law Library	Route 17 Taxing District	Cemetery	Transit	Aviation	
<b>ASSETS</b>								
Cash and cash equivalents	\$ -	\$ 367,030	\$ -	\$ 4,535,271	\$ -	\$ 3,397,681	\$ 679,641	\$ 8,979,623
Cash and equivalents – restricted	-	-	276,460	-	930,675	-	-	1,207,135
Receivables (net of allowance for uncollectibles):								
Property taxes	-	801	-	6,805	-	-	-	7,606
Due from other governments	-	-	-	-	-	501,585	-	501,585
Other receivables	-	-	3,140	-	533	1,045	53,028	57,746
Lease receivable	-	-	-	-	-	-	559,522	559,522
Inventories	-	-	-	-	-	-	98,866	98,866
Total assets	-	367,831	279,600	4,542,076	931,208	3,900,311	1,391,057	11,412,083
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	-	20,137	-	-	-	142,029	3,475	165,641
Accrued payroll and related liabilities	-	-	-	-	-	2,334	10,159	12,493
Unavailable revenue	-	-	-	-	-	-	18,294	18,294
Total liabilities	-	20,137	-	-	-	144,363	31,928	196,428
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable revenues - taxes	-	552	-	5,606	-	-	-	6,158
Deferred inflows related to leases	-	-	-	-	-	-	538,231	538,231
Total deferred inflows of resources	-	552	-	5,606	-	-	538,231	544,389
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	-	-	98,866	98,866
Restricted	-	-	279,600	-	931,208	-	-	1,210,808
Committed	-	347,142	-	4,536,470	-	3,755,948	722,032	9,361,592
Total fund balances	-	347,142	279,600	4,536,470	931,208	3,755,948	820,898	10,671,266
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 367,831	\$ 279,600	\$ 4,542,076	\$ 931,208	\$ 3,900,311	\$ 1,391,057	\$ 11,412,083

**CITY OF SUFFOLK, VIRGINIA**
**EXHIBIT 30**
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS**

YEAR ENDED JUNE 30, 2024

	Special Revenue Funds							Total
	Suffolk Taxing District	Downtown Business Overlay District	Law Library	Route 17 Taxing District	Cemetery	Transit	Aviation	Non-major Governmental Funds
REVENUES								
Real estate taxes	-	240,232	-	2,730,775	-	-	-	\$ 2,971,007
Revenue from use of money and property	-	17,374	12,226	214,684	94,890	146,065	309,566	794,805
Charges for services	-	-	34,960	-	-	60,045	574,744	669,749
Intergovernmental:								
Revenue from the Commonwealth	-	-	-	-	-	376,285	11,417	387,702
Revenue from the Federal Government	-	-	-	-	-	1,102,670	-	1,102,670
Miscellaneous	-	-	-	-	19,734	8,168	-	27,902
Total revenues	-	257,606	47,186	2,945,459	114,624	1,693,233	895,727	5,953,835
EXPENDITURES								
Current:								
General government administration	-	-	-	-	-	-	985,549	985,549
Transportation	-	-	-	-	-	1,978,713	-	1,978,713
Parks, recreation, and cultural	-	-	-	-	52,084	-	-	52,084
Public Works	-	219,397	-	-	-	-	-	219,397
Total expenditures	-	219,397	-	-	52,084	1,978,713	985,549	3,235,743
Excess (deficiency) of revenues over expenditures	-	38,209	47,186	2,945,459	62,540	(285,480)	(89,822)	2,718,092
OTHER FINANCING SOURCES (USES)								
Transfers from other funds	10,819	-	-	-	-	753,056	168,115	931,990
Transfers to other funds	-	-	-	(3,001,629)	(145,141)	(167,731)	(95,562)	(3,410,063)
Total other financing sources (uses), net	10,819	-	-	(3,001,629)	(145,141)	585,325	72,553	(2,478,073)
Net change in fund balances	10,819	38,209	47,186	(56,170)	(82,601)	299,845	(17,269)	240,019
Fund balances, at July 1	(10,819)	308,933	232,414	4,592,640	1,013,809	3,456,103	838,167	10,431,247
Fund balances, at June 30	\$ -	\$ 347,142	\$ 279,600	\$ 4,536,470	\$ 931,208	\$ 3,755,948	\$ 820,898	\$ 10,671,266

**CITY OF SUFFOLK, VIRGINIA**
**EXHIBIT 31**
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
DEBT SERVICE FUND**
**YEAR ENDED JUNE 30, 2024**

	<b>Debt Service</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 381,122	\$ 381,122
Total revenues	-	-	381,122	381,122
<b>EXPENDITURES</b>				
Current:				
Principal	23,087,161	23,087,161	21,938,678	1,148,483
Bond issuance costs	600,000	600,000	356,306	243,694
Bond arbitrage rebate and yield	-	-	328,267	(328,267)
Interest and other fiscal charges	9,756,960	9,756,960	9,191,956	565,004
Total expenditures	33,444,121	33,444,121	31,815,207	1,628,914
Deficiency of revenues under expenditures	(33,444,121)	(33,444,121)	(31,434,085)	2,010,036
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium on bonds issued	-	-	379,629	379,629
Transfers in	33,444,121	33,444,121	31,006,181	(2,437,940)
Total other financing sources, net	33,444,121	33,444,121	31,385,810	(2,058,311)
Net change in fund balances	\$ -	\$ -	\$ (48,275)	\$ (48,275)

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**SPECIAL REVENUE FUNDS**

**EXHIBIT 32**

YEAR ENDED JUNE 30, 2024

	Route 17 Taxing District				Aviation			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
<b>REVENUES</b>								
Real estate taxes	\$ 2,565,433	\$ 2,565,433	\$ 2,730,775	\$ 165,342	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	214,684	214,684	264,204	264,204	309,566	45,362
Charges for services	-	-	-	-	695,000	695,000	574,744	(120,256)
Miscellaneous								
Intergovernmental:								
Revenue from the Commonwealth	-	-	-	-	-	5,378	11,417	6,039
Fund balance (rollover/appropriations)	-	2,623,000	-	(2,623,000)	-	26,483	-	(26,483)
Total revenues	<u>2,565,433</u>	<u>5,188,433</u>	<u>2,945,459</u>	<u>(2,242,974)</u>	<u>959,204</u>	<u>991,064</u>	<u>895,727</u>	<u>(95,338)</u>
<b>EXPENDITURES</b>								
Current:								
General government administration	-	-	-	-	1,031,757	1,063,617	985,549	78,069
Total expenditures	-	-	-	-	1,031,757	1,063,617	985,549	78,069
Excess (deficiency) of revenues over (under) expenditures	<u>2,565,433</u>	<u>5,188,433</u>	<u>2,945,459</u>	<u>(2,242,974)</u>	<u>(72,553)</u>	<u>(72,553)</u>	<u>(89,822)</u>	<u>(17,269)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	168,115	168,115	168,115	-
Transfers out	(2,565,433)	(5,188,433)	(3,001,629)	2,186,804	(95,562)	(95,562)	(95,562)	-
Total other financing sources (uses), net	<u>(2,565,433)</u>	<u>(5,188,433)</u>	<u>(3,001,629)</u>	<u>2,186,804</u>	<u>72,553</u>	<u>72,553</u>	<u>72,553</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,170)</u>	<u>\$ (56,170)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,269)</u>	<u>\$ (17,269)</u>
Reconciliation to Governmental Fund Statement:								
Total net change in fund balance			\$ (56,170)				\$ (17,269)	
Encumbrances			-				-	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 30)			<u>\$ (56,170)</u>				<u>\$ (17,269)</u>	

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**SPECIAL REVENUE FUNDS**

**EXHIBIT 32**

YEAR ENDED JUNE 30, 2024

	Law Library				Downtown Business Overlay District			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
<b>REVENUES</b>								
Real estate taxes	\$ -	\$ -	\$ -	\$ -	\$ 230,842	\$ 230,842	\$ 240,232	\$ 9,390
Revenue from use of money and property	-	-	12,226	12,226	-	-	17,374	17,374
Charges for services	28,000	28,000	34,960	6,960	-	-	-	-
Fund balance (rollover/appropriations)	22,719	22,719	-	(22,719)	-	-	-	-
Total revenues	50,719	50,719	47,186	(3,533)	230,842	230,842	257,606	26,764
<b>EXPENDITURES</b>								
Current:								
Judicial administration	50,719	50,719	-	50,719	-	-	-	-
Public works	-	-	-	-	230,842	230,842	219,397	11,445
Total expenditures	50,719	50,719	-	50,719	230,842	230,842	219,397	11,445
Excess of revenues over expenditures	-	-	47,186	47,186	-	-	38,209	38,209
<b>OTHER FINANCING SOURCES</b>								
Transfers in	-	-	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ 47,186	\$ 47,186	\$ -	\$ -	\$ 38,209	\$ 38,209
Reconciliation to Governmental Fund Statement:								
Total net change in fund balance			\$ 47,186				\$ 38,209	
Encumbrances			-				-	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 30)			\$ 47,186				\$ 38,209	

## CITY OF SUFFOLK, VIRGINIA

## EXHIBIT 32

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS  
SPECIAL REVENUE FUNDS

YEAR ENDED JUNE 30, 2024

	Transit			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 146,065	\$ 146,065
Charges for services	61,000	61,000	60,045	(955)
Miscellaneous	10,000	10,000	8,168	(1,833)
Intergovernmental:				
Revenue from the commonwealth	582,813	1,980,944	376,285	(1,604,659)
Revenue from the federal government	1,028,755	3,714,842	1,102,670	(2,612,172)
Grants to be anticipated	-	-	-	-
Fund balance (rollover/appropriations)	-	37,559	-	(37,559)
Total revenues	<u>1,682,568</u>	<u>5,804,345</u>	<u>1,693,233</u>	<u>(4,111,113)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	<u>2,267,893</u>	<u>6,389,670</u>	<u>3,085,617</u>	<u>3,304,053</u>
Total expenditures	<u>2,267,893</u>	<u>6,389,670</u>	<u>3,085,617</u>	<u>3,304,053</u>
Deficiency of revenues under expenditures	<u>(585,325)</u>	<u>(585,325)</u>	<u>(1,392,384)</u>	<u>(807,060)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	753,056	753,056	753,056	-
Transfers out	<u>(167,731)</u>	<u>(167,731)</u>	<u>(167,731)</u>	-
Total other financing sources, net	<u>585,325</u>	<u>585,325</u>	<u>585,325</u>	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (807,059)</u>	<u>\$ (807,059)</u>
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ (807,059)	
Encumbrances			1,106,904	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 30)			<u>\$ 299,845</u>	

## OTHER SUPPLEMENTARY INFORMATION: NON-MAJOR PROPRIETARY FUNDS

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Enterprise Funds are used to account for:

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**

**EXHIBIT 33**

*JUNE 30, 2024*

	<b>Stormwater Utility</b>	<b>Refuse</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and equivalents	\$ 17,120,154	\$ 7,026,958	\$ 24,147,112
Accounts receivable (net of allowance for uncollectibles)	199,883	771,457	971,340
Total current assets	17,320,037	7,798,415	25,118,452
Noncurrent assets:			
Cash and equivalents - restricted	9,128,005	-	9,128,005
Net OPEB asset City trust	341,884	262,987	604,871
Capital assets:			
Assets not being depreciated	3,246,924	-	3,246,924
Assets being depreciated, net	2,916,849	1,052	2,917,901
Total noncurrent assets	15,633,662	264,039	15,897,701
<b>Total assets</b>	<b>32,953,699</b>	<b>8,062,454</b>	<b>41,016,153</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension plan	687,323	396,950	1,084,273
Deferred outflows related to OPEB City trust	360,446	277,267	637,713
Deferred outflows related to OPEB state plans	32,932	18,943	51,875
Total deferred outflows of resources	1,080,701	693,160	1,773,861
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	207,893	306,386	514,279
Accrued payroll and related liabilities	91,050	95,735	186,785
Accrued Interest payable	129,290	-	129,290
Compensated absences	15,281	8,897	24,178
Bonds and leases payable, current	371,265	1,060	372,325
Total current liabilities	814,779	412,078	1,226,857
Noncurrent liabilities:			
Compensated absences	199,756	116,301	316,057
Net pension liability	1,409,619	826,344	2,235,963
Net OPEB liability state plans	127,857	75,458	203,315
Bonds and leases payable, less current portion	9,795,502	-	9,795,502
Total noncurrent liabilities	11,532,734	1,018,103	12,550,837
<b>Total liabilities</b>	<b>12,347,513</b>	<b>1,430,181</b>	<b>13,777,694</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension plan	249,478	146,249	395,727
Deferred inflows related to OPEB City trust	549,039	422,337	971,376
Deferred inflows related to OPEB state plans	20,546	12,126	32,672
Total deferred inflows of resources	819,063	580,712	1,399,775
<b>NET POSITION</b>			
Net investment in capital assets	5,125,013	-	5,125,013
OPEB	341,884	262,987	604,871
Unrestricted	15,400,927	6,481,734	21,882,661
Total net position	<b>\$ 20,867,824</b>	<b>\$ 6,744,721</b>	<b>\$ 27,612,545</b>



**CITY OF SUFFOLK, VIRGINIA****EXHIBIT 34****COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS***YEAR ENDED JUNE 30, 2024*

	<b>Stormwater Utility</b>	<b>Refuse</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 9,279,346	\$ 10,484,648	\$ 19,763,994
Other operating revenue	180,934	1,357,076	1,538,010
Total operating revenues	9,460,280	11,841,724	21,302,004
<b>OPERATING EXPENSES</b>			
Personnel services	3,272,753	2,183,460	5,456,213
Contractual services	225,034	5,592,748	5,817,782
Administration	893,463	2,398,409	3,291,872
Supplies	180,227	169,391	349,618
Repairs and maintenance	6,414	12,603	19,017
Utilities	39,064	24,855	63,919
Depreciaton and amoritization	57,061	1,578	58,639
Building and equipment rental	89,628	-	89,628
Other charges	48,039	58,949	106,988
Total operating expenses	4,811,683	10,441,993	15,253,676
Operating income	4,648,597	1,399,731	6,048,328
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	1,151,947	255,147	1,407,094
Interest expense	(633,527)	(9)	(633,536)
Net nonoperating revenues, net	518,420	255,138	773,558
Income before transfers	5,167,017	1,654,869	6,821,886
Transfers out	(348,922)	(268,971)	(617,893)
Changes in net position	4,818,095	1,385,898	6,203,993
Total net position at July 1	16,049,729	5,358,823	21,408,552
Total net position at June 30	\$ 20,867,824	\$ 6,744,721	\$ 27,612,545

**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**

**EXHIBIT 35**

*YEAR ENDED JUNE 30, 2024*

	<b>Stormwater Utility</b>	<b>Refuse</b>	<b>Total Nonmajor Enterprise Funds</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 9,513,239	\$ 11,761,117	\$ 21,274,356
Payments to suppliers	(1,361,850)	(8,265,174)	(9,627,024)
Payments to employees	(3,684,065)	(2,271,911)	(5,955,976)
Net cash flows provided by operating activities	<u>4,467,324</u>	<u>1,224,032</u>	<u>5,691,356</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers to other funds	(348,922)	(268,971)	(617,893)
Net cash flows used in non-capital financing activities	<u>(348,922)</u>	<u>(268,971)</u>	<u>(617,893)</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(1,045,717)	-	(1,045,717)
Proceeds from issuance of debt	4,865,000	-	4,865,000
Principal paid on debt	(36,916)	(1,583)	(38,499)
Interest and other charges paid on debt	(633,527)	(9)	(633,536)
Net cash flows provided by (used in) capital and related financing activities	<u>3,148,840</u>	<u>(1,592)</u>	<u>3,147,248</u>
<b>Cash flows from investing activities:</b>			
Interest received	<u>1,151,947</u>	<u>255,150</u>	<u>1,407,097</u>
Net cash provided by investing activities	<u>1,151,947</u>	<u>255,150</u>	<u>1,407,097</u>
Net change in cash and cash equivalents	8,419,189	1,208,619	9,627,808
Cash and cash equivalents, beginning July 1	<u>17,828,970</u>	<u>5,818,339</u>	<u>23,647,309</u>
Cash and cash equivalents, ending June 30	<u>\$ 26,248,159</u>	<u>\$ 7,026,958</u>	<u>\$ 33,275,117</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 4,648,597	\$ 1,399,731	\$ 6,048,328
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	57,061	1,578	58,639
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	52,959	(80,607)	(27,648)
Increase (decrease) in accounts payable	120,019	(8,219)	111,800
Decrease in accrued payroll and related liabilities	(411,312)	(88,451)	(499,763)
Total adjustments	<u>(181,273)</u>	<u>(175,699)</u>	<u>\$ (356,972)</u>
Net cash provided by operating activities	<u>\$ 4,467,324</u>	<u>\$ 1,224,032</u>	<u>\$ 5,691,356</u>
<b>Reconciliation of cash and cash equivalents:</b>			
Cash and investments:			
Unrestricted	\$ 17,120,154	\$ 7,026,958	\$ 24,147,112
Restricted	<u>9,128,005</u>	<u>-</u>	<u>9,128,005</u>
Total cash and cash equivalents	<u>\$ 26,248,159</u>	<u>\$ 7,026,958</u>	<u>\$ 33,275,117</u>

## OTHER SUPPLEMENTARY INFORMATION: INTERNAL SERVICE FUNDS

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Internal Service Funds are used to account for:

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

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**

**EXHIBIT 36**

*JUNE 30, 2024*

	Information Technology	Fleet Management	Risk Management	Total Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,879,803	\$ 17,280,348	\$ 16,629,234	\$ 35,789,385
Accounts receivable (net of allowance for uncollectibles)	37,362	181,189	-	218,551
Lease receivables	42,905	-	-	42,905
Receivables other, net	-	-	1,641	1,641
Inventories	-	538,067	-	538,067
Total current assets	1,960,070	17,999,604	16,630,875	36,590,549
Noncurrent assets:				
Cash and cash equivalents, restricted	443,914	-	-	443,914
Net OPEB asset City trust	197,241	138,068	52,598	387,907
Capital assets:				
Assets not being depreciated	1,636,122	298,000	-	1,934,122
Assets being depreciated, net	4,081,855	12,303,774	644,157	17,029,786
Total noncurrent assets	6,359,132	12,739,842	696,755	19,795,729
Total assets	8,319,202	30,739,446	17,327,630	56,386,278
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension plan	442,341	283,117	134,928	860,386
Deferred outflows related to OPEB City trust	207,952	145,565	55,453	408,970
Deferred outflows related to OPEB state plans	21,131	13,688	6,480	41,299
Total deferred outflows of resources	671,424	442,370	196,861	1,310,655
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	838,151	326,238	61,061	1,225,450
Accrued payroll and related liabilities	58,945	20,163	85,047	164,155
Claims payable - current	-	-	2,802,530	2,802,530
Accrued interest	61,875	-	-	61,875
Compensated absences - current	11,388	8,859	2,578	22,825
Subscriptions payable	89,955	-	-	89,955
Bonds and leases payable - current	1,941,029	60,445	-	2,001,474
Total current liabilities	3,001,343	415,705	2,951,216	6,368,264
Noncurrent liabilities:				
Claims payable	-	-	3,099,265	3,099,265
Compensated absences	148,862	115,809	33,705	298,376
Net pension liability	848,493	612,662	270,393	1,731,548
Net OPEB liability state plans	80,399	57,095	25,540	163,034
Subscriptions payable	170,927	-	-	170,927
Bonds and Leases payable, less current portion	2,622,149	75,754	-	2,697,903
Total noncurrent liabilities	3,870,830	861,320	3,428,903	8,161,053
Total liabilities	6,872,173	1,277,025	6,380,119	14,529,317
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related leases receivable	22,900	-	-	22,900
Deferred inflows related to pension plan	150,168	108,430	47,854	306,452
Deferred inflows related to OPEB City trust	316,754	221,727	84,466	622,947
Deferred inflows related to OPEB state plans	12,920	9,175	4,104	26,199
Total deferred inflows of resources	502,742	339,332	136,424	978,498
<b>NET POSITION</b>				
Net investment in capital assets	1,337,830	12,465,575	644,157	14,447,562
Unrestricted (deficit)	277,881	17,099,884	10,363,791	27,741,556
Total net position	\$ 1,615,711	\$ 29,565,459	\$ 11,007,948	\$ 42,189,118

**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**

**EXHIBIT 37**

*YEAR ENDED JUNE 30, 2024*

	<b>Information Technology</b>	<b>Fleet Management</b>	<b>Risk Management</b>	<b>Total Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 14,848,052	\$ 11,403,797	\$ 20,070,724	\$ 46,322,573
Other operating revenue	3,083	468,526	662,958	1,134,567
Total operating revenues	14,851,135	11,872,323	20,733,682	47,457,140
<b>OPERATING EXPENSES</b>				
Personnel services	2,442,224	1,410,729	739,051	4,592,004
Self-insured claims	-	-	17,083,693	17,083,693
Contractual services	8,368,558	4,044	170,406	8,543,008
Administration	305,002	920,415	53,159	1,278,576
Supplies	8,992	61,323	2,413	72,728
Repairs and maintenance	913,029	57,734	-	970,763
Vehicle and power equipment - fuel	-	2,257,939	-	2,257,939
Vehicle and power equipment - supplies	-	3,179,962	-	3,179,962
Computers and Equipment	827,675	-	-	827,675
Utilities	225,497	40,704	7,732	273,933
Insurance	-	-	2,475,808	2,475,808
Building and equipment rental	75,438	(1,001)	21,930	96,367
Depreciation	1,331,957	3,068,267	130,171	4,530,395
Other charges	41,709	26,584	592,052	660,345
Total operating expenses	14,540,081	11,026,700	21,276,415	46,843,196
Operating income (loss)	311,054	845,623	(542,733)	613,944
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	101,282	877,618	748,544	1,727,444
Interest expense	(16,586)	-	-	(16,586)
Interest and other charges - leases	-	(646)	-	(646)
Loss on disposal of capital assets	-	(262,829)	(2,519)	(265,348)
Total nonoperating revenues, net	84,696	614,143	746,025	1,444,864
Net income before transfers	395,750	1,459,766	203,292	2,058,808
Transfers:				
Transfers out	(337,321)	(239,199)	(86,551)	(663,071)
Change in net position	58,429	1,220,567	116,741	1,395,737
Total net position at July 1	1,557,282	28,344,892	10,891,207	40,793,381
Total net position at June 30	\$ 1,615,711	\$ 29,565,459	\$ 11,007,948	\$ 42,189,118

**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**

**EXHIBIT 38**

*YEAR ENDED JUNE 30, 2024*

	<b>Information Technology</b>	<b>Fleet Management</b>	<b>Risk Management</b>	<b>Total Internal Service Funds</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 14,811,660	\$ 11,775,401	\$ 20,732,041	\$ 47,319,102
Payments to employees	(2,574,116)	(1,485,933)	(755,010)	(4,815,059)
Payments to suppliers	(10,472,875)	(6,370,849)	(18,812,386)	(35,656,110)
Net cash flows provided by operating activities	<u>1,764,669</u>	<u>3,918,619</u>	<u>1,164,645</u>	<u>6,847,933</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers to other funds	(337,321)	(239,199)	(86,551)	(663,071)
Net cash flows used in non-capital financing activities	<u>(337,321)</u>	<u>(239,199)</u>	<u>(86,551)</u>	<u>(663,071)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(981,577)	(5,288,169)	(421,558)	(6,691,304)
Principal paid on capital debt	(1,723,937)	(45,183)	-	(1,769,120)
Interest and other charges paid on debt	(16,584)	(646)	-	(17,230)
Net cash flows used in capital and related financing activities	<u>(2,722,098)</u>	<u>(5,596,827)</u>	<u>(424,077)</u>	<u>(8,743,002)</u>
<b>Cash flows from investing activities:</b>				
Interest earned	101,282	877,617	748,544	1,727,443
Net cash flows provided by investing activities	<u>101,282</u>	<u>877,617</u>	<u>748,544</u>	<u>1,727,443</u>
Net change in cash and cash equivalents	(1,193,468)	(1,039,790)	1,402,561	(830,697)
Cash and cash equivalents - beginning July 1	3,517,185	18,320,138	15,226,673	37,063,996
Cash and cash equivalents - ending June 30	<u>\$ 2,323,717</u>	<u>\$ 17,280,348</u>	<u>\$ 16,629,234</u>	<u>\$ 36,233,299</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 311,054	\$ 845,623	\$ (542,733)	\$ 613,944
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities:				
Depreciation and amortization	1,331,957	3,068,267	130,171	4,530,395
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	3,424	(96,922)	(1,641)	(95,139)
Inventories	-	27,320	-	27,320
Increase (decrease) in:				
Accounts payable and accrued liabilities	301,704	226,851	(63,426)	465,129
Accrued payroll and related liabilities	(183,470)	(152,520)	(24,415)	(360,405)
Estimated claims payable	-	-	1,666,689	1,666,689
Total adjustments	<u>1,453,615</u>	<u>3,072,996</u>	<u>1,707,378</u>	<u>6,233,989</u>
Net cash provided by operating activities	<u>\$ 1,764,669</u>	<u>\$ 3,918,619</u>	<u>\$ 1,164,645</u>	<u>\$ 6,847,933</u>
<b>Reconciliation of cash and investments:</b>				
Cash and investments:				
Unrestricted	\$ 1,879,803	\$ 17,280,348	\$ 16,629,234	\$ 35,789,385
Restricted	443,914	-	-	443,914
Total cash and cash equivalents	<u>\$ 2,323,717</u>	<u>\$ 17,280,348</u>	<u>\$ 16,629,234</u>	<u>\$ 36,233,299</u>

## OTHER SUPPLEMENTARY INFORMATION: CUSTODIAL FUNDS

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

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

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

**CITY OF SUFFOLK, VIRGINIA****EXHIBIT 39****COMBINING STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUNDS  
FIDUCIARY FUNDS***JUNE 30, 2024*

	<b>Special Welfare Fund</b>	<b>Commonwealth of Virginia Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 72,239	\$ 87,236	\$ 159,475
Total assets	<u>72,239</u>	<u>87,236</u>	<u>159,475</u>
<b>LIABILITIES</b>			
Accounts payable	1,372	8,926	10,298
Amounts held for others	<u>30,764</u>	<u>-</u>	<u>30,764</u>
Total liabilities	<u>32,136</u>	<u>8,926</u>	<u>41,062</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations or other governments	<u>40,103</u>	<u>78,310</u>	<u>118,413</u>
Total net position	<u>\$ 40,103</u>	<u>\$ 78,310</u>	<u>\$ 118,413</u>

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



**CITY OF SUFFOLK, VIRGINIA****EXHIBIT 40****COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUNDS  
FIDUCIARY FUNDS***YEAR ENDED JUNE 30, 2024*

	<b>Special Welfare Fund</b>	<b>Commonwealth of Virginia Fund</b>	<b>Total</b>
<b>ADDITIONS</b>			
Permits and fees	\$ 38,016	\$ -	\$ 38,016
Miscellaneous revenue	-	38,953	38,953
Total additions	38,016	38,953	76,969
<b>DEDUCTIONS</b>			
Special welfare agency payments		52,011	52,011
Payments to other governments	17,874	-	17,874
Total deductions	17,874	52,011	69,885
Net change in fiduciary net position	20,142	(13,058)	7,084
Net Position at July 1	19,961	91,368	111,329
Net Position at June 30	\$ 40,103	\$ 78,310	\$ 118,413

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

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

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

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

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING BALANCE SHEET**  
**GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**

**EXHIBIT 41**

JUNE 30, 2024

	School Operating Fund	School Grants Fund	School Food Service Fund	School Student Activity Funds	Total School Board
<b>ASSETS</b>					
Cash and cash equivalents	\$ 17,350,703	\$ -	\$ 1,217,114	\$ 1,604,072	\$ 20,171,889
Receivables, net	381,135	151,683	5,408	-	538,226
Due from other funds	2,402,695	-	-	-	2,402,695
Due from other governments	1,861,152	9,313,411	1,201,905	-	12,376,468
Inventories	340,777	-	135,501	-	476,278
Prepaid items	195,000	-	-	-	195,000
Total assets	<u>\$ 22,531,462</u>	<u>\$ 9,465,094</u>	<u>\$ 2,559,928</u>	<u>\$ 1,604,072</u>	<u>\$ 36,160,556</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,705,904	\$ 1,087,447	\$ 145,478	\$ -	\$ 2,938,829
Accrued payroll and related liabilities	16,820,579	744,679	289,155	-	17,854,413
Due to the Primary Government	67,239	-	-	-	67,239
Due to other funds	-	2,402,695	-	-	2,402,695
Total liabilities	<u>18,593,722</u>	<u>4,234,821</u>	<u>434,633</u>	<u>-</u>	<u>23,263,176</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories and prepaids	535,777	-	135,501	-	671,278
Premiums held for workers' compensation claims	225,000	-	-	-	225,000
Premiums held for health insurance claims	380,122	-	-	-	380,122
Assigned:					
Special revenue	-	5,230,273	-	1,604,072	6,834,345
Food service	-	-	1,989,794	-	1,989,794
Encumbrances	2,796,841	-	-	-	2,796,841
Total fund balances	<u>3,937,740</u>	<u>5,230,273</u>	<u>2,125,295</u>	<u>1,604,072</u>	<u>12,897,380</u>
Total liabilities and fund balance	<u>\$ 22,531,462</u>	<u>\$ 9,465,094</u>	<u>\$ 2,559,928</u>	<u>\$ 1,604,072</u>	<u>\$ 36,160,556</u>
<b>Reconciliation to the Statement of Net Position (Exhibit 1)</b>					
<b>Total fund balance</b>					\$ 12,897,380
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
School Board					160,376,890
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					
Compensated absences					(3,835,251)
Net pension and OPEB liability (asset) and pension and OPEB deferred inflows and outflows are not due and payable in the current period and, therefore, not reported in the governmental funds:					
Net pension asset - Schools					106,607
Net pension liability - Schools					(93,792,839)
Deferred outflows - pension					31,485,042
Deferred inflows - pension					(13,963,818)
Net OPEB asset - School Trust					8,496,575
OPEB Deferred outflows - School Trust					2,990,136
OPEB Deferred inflows - School Trust					(3,482,729)
Net OPEB asset - State Plans					12,738
Net OPEB liability - State Plans					(16,768,684)
OPEB Deferred Outflows - State Plans					4,481,272
OPEB Deferred Inflows - State Plans					(2,251,904)
<b>Net position of governmental activities</b>					<u>\$ 86,751,415</u>

## CITY OF SUFFOLK, VIRGINIA

EXHIBIT 42

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

## GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

YEAR ENDED JUNE 30, 2024

	School Operating Fund	School Grants Fund	School Food Service Fund	School Student Activity Funds	Total School Board
<b>REVENUES</b>					
Revenue from use of money and property	\$ 45,210	\$ 5,236	\$ 45,304	\$ -	\$ 95,750
Charges for services	2,448	-	231,794	-	234,242
Miscellaneous	416,743	677,323	393,311	2,873,526	4,360,903
Intergovernmental:					
City contribution	72,996,677	-	-	-	72,996,677
Revenue from the Commonwealth	115,210,268	7,148,785	217,121	-	122,576,174
Revenue from the Federal Government	998,899	24,517,326	8,194,866	-	33,711,091
Total revenues	189,670,245	32,348,670	9,082,396	2,873,526	233,974,837
<b>EXPENDITURES</b>					
Current:					
Education	187,232,686	32,503,909	10,009,549	2,648,341	232,394,485
Total expenditures	187,232,686	32,503,909	10,009,549	2,648,341	232,394,485
Excess (deficiency) of revenues over (under) expenditures	2,437,559	(155,239)	(927,153)	225,185	1,580,352
Other financing sources (uses):					
Transfers in	-	294,958	-	-	294,958
Transfers out	(294,958)	-	-	-	(294,958)
Total other financing sources (uses), net	(294,958)	294,958	-	-	-
Net changes in fund balances	2,142,601	139,719	(927,153)	225,185	1,580,352
Fund balances at July 1	1,795,139	5,090,554	3,052,448	1,378,887	11,317,028
Fund balances at June 30	\$ 3,937,740	\$ 5,230,273	\$ 2,125,295	\$ 1,604,072	\$ 12,897,380

**Reconciliation to the Statement of Activities (Exhibit 2)****Net change in fund balance - governmental funds**

\$ 1,580,352

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense for the School Board

(10,577,238)

Capitalized expenditures

9,591,894

Loss on disposal of capital assets

(12,775)

Record the net flow of resources in the current year related to the Pension Plan

7,892,839

Record the net flow of resources in the current year related to the OPEB School trust

1,704,307

Record the net flow of resources in the current year related to the OPEB State plans

1,130,932

Compensated absences and other postemployment benefits

are not due and payable at June 30, and, therefore, are not reported in the fund statements.

This amount represents the current year change in those items for the School Board - compensated absences

(306,202)

**Change in net position of governmental activities (Exhibit 2)**\$ 11,004,109

## EXHIBIT 43

	School Operating Fund			School Grants Fund			School Food Service Fund		
	Budget Based			Budget Based			Budget Based		
	Total Exhibit 44	Items	Total Exhibit 42	Total Exhibit 44	Items	Total Exhibit 42	Total Exhibit 44	Items	Total Exhibit 42
Total revenues	\$ 189,670,245	\$ -	\$ 189,670,245	\$ 32,348,670	\$ -	\$ 32,348,670	\$ 9,082,396	\$ -	\$ 9,082,396
Total other financing sources	-	-	-	294,958	-	294,958	-	-	-
Total revenues	189,670,245	-	189,670,245	32,643,628	-	32,643,628	9,082,396	-	9,082,396
Total expenditures	187,232,686	-	187,232,686	32,503,909		32,503,909	10,009,549		10,009,549
Total other financing uses	294,958	-	294,958	-	-	-	-	-	-
Total expenditures	187,527,644	2,382,723	187,527,644	32,503,909	-	32,503,909	10,009,549	-	10,009,549
Net changes in fund balances	\$ 2,142,601	\$ (2,382,723)	\$ 2,142,601	\$ 139,719	\$ -	\$ 139,719	\$ (927,153)	\$ -	\$ (927,153)
	CY encumbrance	\$ 2,796,841		CY encumbrance	\$ -		CY encumbrance	\$ -	
	PY encumbrance	(414,118)		PY encumbrance	-		PY encumbrance	-	
		\$ 2,382,723			\$ -			\$ -	

## CITY OF SUFFOLK, VIRGINIA

EXHIBIT 44

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Non-GAAP Budgetary Basis)  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

YEAR ENDED JUNE 30, 2024

	School Operating Fund				School Grants Fund				School Food Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget -	Budgeted Amounts		Actual	Variance with Final Budget -	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final			Original	Final			Original	Final		
<b>REVENUES</b>												
Revenue from use of money and property	\$ 35,000	\$ 35,000	\$ 45,210	\$ 10,210	\$ -	\$ -	\$ 5,236	\$ 5,236	\$ 8,800	\$ 8,800	\$ 45,304	\$ 36,504
Charges for services	130,000	130,000	2,448	(127,552)	-	-	-	-	50,000	50,000	231,794	181,794
Miscellaneous	641,880	641,880	416,743	(225,137)	-	6,216,347	677,323	(5,539,024)	1,427,696	1,427,696	393,311	(1,034,385)
Intergovernmental:												
Contribution from the City of Suffolk	69,332,201	72,997,751	72,996,677	(1,074)	-	-	-	-	-	-	-	-
Revenue from the Commonwealth	113,369,213	115,119,374	115,210,268	90,894	7,437,775	8,472,933	7,148,785	(1,324,148)	216,000	216,000	217,121	1,121
Revenue from the Federal Government	1,092,000	1,092,000	998,899	(93,101)	22,395,000	29,266,366	24,517,326	(4,749,040)	7,865,100	7,865,100	8,194,866	329,766
Total revenues	184,600,294	190,016,005	189,670,245	(345,760)	29,832,775	43,955,646	32,348,670	(11,606,976)	9,567,596	9,567,596	9,082,396	(485,200)
<b>EXPENDITURES</b>												
Current:												
Education	184,600,294	190,500,721	187,232,686	(3,268,035)	-	-	-	-	-	-	-	-
Grant expenditures	-	-	-	-	29,832,775	43,955,646	32,503,909	11,451,737	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	9,567,596	9,567,596	10,009,549	(441,953)
Total expenditures	184,600,294	190,500,721	187,232,686	(3,268,035)	29,832,775	43,955,646	32,503,909	11,451,737	9,567,596	9,567,596	10,009,549	(441,953)
Excess (deficiency) of revenues over (under) expenditures	-	(484,716)	2,437,559	(3,613,795)	-	-	(155,239)	(155,239)	-	-	(927,153)	(927,153)
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	-	-	-	-	294,958	294,958	-	-	-	-
Transfers out	-	-	(294,958)	294,958	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	(294,958)	294,958	-	-	294,958	294,958	-	-	-	-
Net change in fund balances	\$ -	\$ (484,716)	\$ 2,142,601	\$ (3,318,837)	\$ -	\$ -	\$ 139,719	\$ 139,719	\$ -	\$ -	\$ (927,153)	\$ (927,153)

**CITY OF SUFFOLK, VIRGINIA****EXHIBIT 45****STATEMENT OF NET POSITION****OPEB FUND – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD***JUNE 30, 2024*

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	<b>OPEB Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 23,517,891</u>
Total assets	<u>23,517,891</u>
<b>Net Position</b>	
Held in trust for OPEB benefits	<u>23,517,891</u>
Net position	<u><u>\$ 23,517,891</u></u>

**CITY OF SUFFOLK, VIRGINIA****EXHIBIT 46****STATEMENT OF CHANGES IN NET POSITION****OPEB FUND – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD***YEAR ENDED JUNE 30, 2024*

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	<u><b>School Board</b></u>
<b>Additions:</b>	
Gain on investments	<u>\$ 2,020,422</u>
Total additions	<u>2,020,422</u>
<b>Deductions:</b>	
Administrative fees	<u>334</u>
Total deductions	<u>334</u>
Change in net position	2,020,088
Net position - beginning of year	<u>21,497,803</u>
Net position - end of year	<u><u>\$ 23,517,891</u></u>



## STATISTICAL SECTION

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

### **Contents:**

### **Table**

#### **Financial Trends**

**1-4**

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

#### **Revenue Capacity**

**5-12**

These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes, as well as revenues from its water and sewer operations.

#### **Debt Capacity**

**13-15**

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

**16-17**

These tables offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparison over time and with other governments.

#### **Operating Information**

**18-20**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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

**CITY OF SUFFOLK, VIRGINIA**  
**NET POSITION BY COMPONENT**

**Table 1**

*LAST TEN FISCAL YEARS*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 294,142,955	\$ 323,431,229	\$ 318,746,466	\$ 335,967,276	\$ 301,764,919	\$ 312,862,208	\$ 318,301,547	\$ 325,875,876	\$ 344,406,401	\$ 427,273,581
Restricted:										
Capital projects	1,270,512	1,626,277	1,934,672	618,062	-	-	-	-	-	-
Debt Service	392,299	392,424	393,352	397,267	-	-	-	-	-	-
Other Purposes	3,374,719	2,514,171	6,554,243	1,071,735	1,638,228	9,549,799	12,168,525	28,450,136	32,369,348	38,211,500
Unrestricted	46,662,695	41,928,355	61,188,152	66,603,036	76,528,512	83,422,805	86,760,259	118,098,831	177,245,458	203,198,856
Total Governmental Activities Net Position	<u>\$ 345,843,180</u>	<u>\$ 369,892,456</u>	<u>\$ 388,816,885</u>	<u>\$ 404,657,376</u>	<u>\$ 379,931,659</u>	<u>\$ 405,834,812</u>	<u>\$ 417,230,331</u>	<u>\$ 472,424,843</u>	<u>\$ 554,021,207</u>	<u>\$ 668,683,937</u>
<b>Business-type Activities:</b>										
Net investment in capital assets	\$ 125,468,343	\$ 116,807,623	\$ 108,816,928	\$ 108,549,474	\$ 104,233,265	\$ 107,008,077	\$ 111,034,005	\$ 128,990,591	\$ 137,366,371	\$ 163,995,859
Restricted:										
Other Purposes	2,195,062	2,299,048	2,911,089	2,501,238	2,527,027	2,583,899	2,559,990	2,651,628	2,832,420	4,477,274
Unrestricted	20,915,542	28,611,789	38,601,383	43,538,079	46,309,138	45,555,329	54,713,620	51,720,022	54,658,352	47,007,361
Total Business-type Activities Net Position	<u>\$ 148,578,947</u>	<u>\$ 147,718,460</u>	<u>\$ 150,329,400</u>	<u>\$ 154,588,791</u>	<u>\$ 153,069,430</u>	<u>\$ 155,147,305</u>	<u>\$ 168,307,615</u>	<u>\$ 183,362,241</u>	<u>\$ 194,857,143</u>	<u>\$ 215,480,494</u>
<b>Primary Government:</b>										
Net investment in capital assets	\$ 419,611,298	\$ 440,238,852	\$ 427,563,394	\$ 444,516,750	\$ 405,998,184	\$ 419,870,285	\$ 429,335,552	\$ 454,866,467	\$ 481,772,772	\$ 591,269,440
Restricted:										
Capital Projects	1,270,512	1,626,277	1,934,672	618,062	-	-	-	-	-	-
Debt Service	392,299	392,424	393,352	397,267	-	-	-	-	-	-
Other Purposes	5,569,781	4,813,219	9,465,332	3,572,973	4,165,255	12,133,698	14,728,515	31,101,764	35,201,768	42,688,774
Unrestricted	67,578,237	70,540,144	99,789,535	110,141,115	122,837,650	128,978,134	141,473,879	169,818,853	231,903,810	250,206,217
Total Primary Government Net Position	<u>\$ 494,422,127</u>	<u>\$ 517,610,916</u>	<u>\$ 539,146,285</u>	<u>\$ 559,246,167</u>	<u>\$ 533,001,089</u>	<u>\$ 560,982,117</u>	<u>\$ 585,537,946</u>	<u>\$ 655,787,084</u>	<u>\$ 748,878,350</u>	<u>\$ 884,164,431</u>
	(1)		(2)							

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**CHANGES IN NET POSITION**

**Table 2**

**LAST TEN FISCAL YEARS**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$ 18,757,768	\$ 22,013,103	\$ 23,932,608	\$ 17,264,292	\$ 18,671,840	\$ 24,148,299	\$ 39,918,523	\$ 27,864,340	\$ 29,364,108	\$ 36,737,918
Judicial	8,031,886	8,153,863	8,867,642	8,806,323	9,323,342	10,446,204	10,860,585	10,536,210	11,073,827	12,179,031
Public Safety	48,708,228	49,908,535	58,213,081	63,472,949	63,195,836	66,848,213	69,025,111	72,861,636	78,899,315	87,344,733
Public Works	36,760,229	38,037,370	40,501,580	37,224,174	39,080,373	42,200,323	44,417,911	61,008,906	49,098,480	52,940,289
Health and Welfare	12,536,910	11,901,139	13,162,760	13,044,274	13,260,821	15,192,043	15,114,251	14,673,123	19,749,753	19,449,700
Transportation	908,293	960,983	1,005,429	997,267	1,300,636	1,511,098	1,426,778	1,631,135	1,750,556	2,287,672
Education	51,093,179	53,440,550	54,983,835	57,818,350	60,358,348	58,464,243	65,531,837	65,382,786	66,512,206	71,669,409
Parks, Recreation and Cultural	9,750,157	10,318,851	12,111,876	11,737,262	12,621,117	12,333,012	12,100,733	12,265,195	14,057,260	15,993,004
Community Development	9,933,559	8,621,160	10,563,461	7,323,375	6,472,008	8,481,703	8,205,329	9,261,924	9,336,334	11,045,776
Interest on Long-Term Debt	10,065,468	9,419,498	8,849,091	9,765,103	9,663,773	9,095,957	8,047,611	8,570,572	8,858,680	8,875,859
Total Governmental Activities Expenses	206,545,677	212,775,052	232,191,363	227,453,369	233,948,094	248,721,095	274,648,669	284,055,827	288,700,519	318,523,391
<b>Business-type Activities:</b>										
Utilities	49,334,155	51,423,536	49,295,373	52,035,621	55,186,848	56,508,083	56,442,957	53,977,360	56,493,225	57,237,253
Refuse collection	5,772,239	5,718,442	5,320,570	6,713,015	8,458,504	9,194,200	5,044,152	9,419,082	10,072,140	10,442,002
Stormwater management	3,734,024	4,450,559	4,749,518	4,912,097	4,830,797	4,989,456	9,566,700	5,087,932	5,091,000	5,445,210
Total Business-type Activities Expenses	58,840,418	61,592,537	59,365,461	63,660,733	68,476,149	70,691,739	71,053,809	68,484,374	71,656,365	73,124,465
Total Primary Government Expenses	\$ 265,386,095	\$ 274,367,589	\$ 291,556,824	\$ 291,114,102	\$ 302,424,243	\$ 319,412,834	\$ 345,702,478	\$ 352,540,201	\$ 360,356,884	\$ 391,647,856
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for Services:</b>										
General Government Administration	\$ 5,044,744	\$ 4,887,432	\$ 4,659,243	\$ 4,880,782	\$ 5,035,626	\$ 4,478,205	\$ 4,100,866	\$ 4,527,721	\$ 4,480,553	\$ 5,886,906
Judicial Administration	286,398	304,129	272,141	313,092	274,208	288,709	323,618	352,911	254,891	183,762
Public Safety	1,864,675	1,885,914	1,948,166	1,836,661	2,199,385	2,272,912	2,337,613	2,716,979	3,268,111	3,070,113
Public Works	1,479,054	899,794	990,045	988,507	1,288,947	1,243,877	1,318,980	1,877,344	1,555,254	1,321,746
Transportation	53,055	67,759	76,099	71,652	87,229	68,430	5	64,817	65,326	60,045
Parks, Recreation and Cultural	982,354	1,108,862	1,056,185	1,020,013	1,009,068	727,136	284,721	759,552	921,014	782,731
Community Development	85	70	107	16,447	24,742	40,069	-	-	-	-
Total Charges for Services	9,710,365	9,153,960	9,001,986	9,127,154	9,919,205	9,119,338	8,365,803	10,299,324	10,545,149	11,305,303
<b>Operating Grants and Contributions:</b>										
General Government Administration	636,628	1,503,473	1,477,767	450,386	456,759	2,355,721	12,928,654	9,474,000	635,285	915,473
Judicial Administration	3,017,272	2,047,647	2,170,053	3,410,191	3,318,391	2,209,983	2,424,511	2,437,198	3,843,402	4,072,324
Public Safety	818,251	1,057,389	1,347,604	1,145,864	1,271,752	1,218,376	1,416,529	4,803,818	2,404,123	2,212,308
Public Works	21,534,701	22,758,708	23,496,157	23,395,546	24,220,184	24,434,363	25,076,636	28,013,220	29,637,125	32,475,180
Health and Welfare	7,557,634	7,598,958	8,088,860	7,452,411	9,237,862	8,984,117	9,379,042	9,481,473	11,780,622	10,560,612
Transportation	152,565	141,002	188,364	186,942	984,425	1,571,026	1,501,150	2,146,421	2,273,206	1,466,234
Education	20,000	-	-	-	-	3,724	-	-	-	-
Parks, Recreation and Cultural	521,608	287,351	295,998	275,996	377,344	310,848	292,180	287,343	246,906	449,720
Community Development	1,128,636	1,032,855	2,725,076	1,209,289	1,116,646	719,004	984,074	878,525	950,140	994,996
Total Operating Grants and Contributions	35,387,295	36,427,383	39,789,879	37,526,625	40,983,363	41,807,162	54,002,776	57,521,998	51,770,809	53,146,847
<b>Capital Grants and Contributions:</b>										
General Government	973,634	3,077,758	2,548,273	4,248,322	1,407,912	376,848	543,372	433,763	2,586,696	313,312
Public Works	2,869,669	5,006,683	6,800,136	10,824,821	6,101,699	8,725,657	2,469,464	24,728,332	29,303,248	32,451,543
Health and Welfare	-	-	-	-	-	-	-	-	4,433,808	2,303,415
Transportation	206,665	49,422	50,259	59,508	40,683	62,052	324	65,360	2,419	12,721
Parks, Recreation and Cultural	474,341	1,028,457	1,660	414,599	23,647	-	774,910	-	-	-
Community Development	-	-	-	93,400	-	-	-	-	-	-
Total Capital Grants and Contributions	4,524,309	9,162,320	9,400,328	15,640,650	7,573,941	9,164,557	3,788,070	25,227,455	36,326,171	35,080,991
Total Governmental Activities Program Revenues	\$ 49,621,969	\$ 54,743,663	\$ 58,192,193	\$ 62,294,429	\$ 58,476,509	\$ 60,091,057	\$ 66,156,649	\$ 93,048,777	\$ 98,642,129	\$ 99,533,141
	(1)									

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

Continued

**CITY OF SUFFOLK, VIRGINIA**  
**CHANGES IN NET POSITION**

**Table 2**

*LAST TEN FISCAL YEARS*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Program Revenues: (Continued)</b>										
Business-type Activities:										
Charges for Services:										
Utility	41,209,347	46,876,297	47,818,262	48,999,436	51,703,463	51,378,596	61,760,354	58,898,742	57,440,756	60,907,210
Non-major	12,012,686	11,877,376	12,288,034	13,765,024	13,972,060	15,157,707	17,077,913	19,036,742	18,953,331	19,763,994
Total Charges for Services	53,222,033	58,753,673	60,106,296	62,764,460	65,675,523	66,536,303	78,838,267	77,935,484	76,394,087	80,671,204
Operating Grants and Contributions:										
Utility	-	-	88,315	-	-	-	-	-	-	-
Total Operating Grants and Contributions	-	-	88,315	-	-	-	-	-	-	-
Capital Grants and Contributions:										
Utility	565,595	3,682,628	1,870,646	5,483,390	579,166	4,990,101	5,457,474	5,269,223	2,652,117	8,065,954
Total Capital Grants and Contributions	565,595	3,682,628	1,870,646	5,483,390	579,166	4,990,101	5,457,474	5,269,223	2,652,117	8,065,954
Total Business-type Activities Program Revenues	\$ 53,787,628	\$ 62,436,301	\$ 62,065,257	\$ 68,247,850	\$ 66,254,689	\$ 71,526,404	\$ 84,295,741	\$ 83,204,707	\$ 79,046,204	\$ 88,737,158
Total Primary Government Program Revenues	\$ 103,409,597	\$ 117,179,964	\$ 120,257,450	\$ 130,542,279	\$ 124,731,198	\$ 131,617,461	\$ 150,452,390	\$ 176,253,484	\$ 177,688,333	\$ 188,270,299
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (156,923,708)	\$ (158,031,389)	\$ (173,999,170)	\$ (165,158,940)	\$ (175,471,585)	\$ (188,630,038)	\$ (208,492,020)	\$ (191,007,050)	\$ (190,058,390)	\$ (218,990,250)
Business-type Activities	(5,052,790)	843,764	2,699,796	4,587,117	(2,221,460)	834,665	13,241,932	14,720,333	7,389,839	15,612,693
Total Primary Government Net Expense	\$ (161,976,498)	\$ (157,187,625)	\$ (171,299,374)	\$ (160,571,823)	\$ (177,693,045)	\$ (187,795,373)	\$ (195,250,088)	\$ (176,286,717)	\$ (182,668,551)	\$ (203,377,557)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes	152,576,375	160,158,953	166,579,230	173,015,098	182,439,367	187,808,386	199,820,382	222,616,258	237,483,468	272,247,296
Grants and Contributions Not Restricted to Specific Programs	13,385,064	13,545,057	13,589,564	13,726,367	14,011,120	14,094,789	14,530,452	14,422,449	14,515,047	14,691,756
Revenue from use of money and property	1,167,212	1,374,395	1,837,341	2,892,413	5,524,760	4,067,125	1,702,489	1,735,694	11,270,149	21,032,372
Gain (Loss) on disposal of capital assets	242,375	(1,904,854)	-	-	-	-	(2,905,626)	(484,909)	(758,836)	(741,297)
Capital assets donated to Component Unit	(18,234,608)	(185,632)	-	-	(57,874,651)	-	-	-	-	-
Transfers/Miscellaneous	7,139,716	9,092,746	10,917,464	7,742,293	6,645,272	8,562,891	6,739,842	6,801,975	9,144,926	26,422,852
Total Governmental Activities	156,276,134	182,080,665	192,923,599	197,376,171	150,745,868	214,533,191	219,887,539	245,091,467	271,654,754	333,652,979
Business-type Activities:										
Investment Earnings	562,699	983,001	935,690	970,727	2,020,795	1,128,542	210,580	150,244	2,938,084	4,728,789
Transfers/Miscellaneous	(1,609,882)	(2,687,252)	(1,024,546)	121,844	(1,318,696)	114,668	(292,202)	(218,278)	1,166,979	281,869
Total Business-type Activities	(1,047,183)	(1,704,251)	(88,856)	1,092,571	702,099	1,243,210	(81,622)	(68,034)	4,105,063	5,010,658
Total Primary Government	\$ 155,228,951	\$ 180,376,414	\$ 192,834,743	\$ 198,468,742	\$ 151,447,967	\$ 215,776,401	\$ 219,805,917	\$ 245,023,433	\$ 275,759,817	\$ 338,663,637
Change in Net Position										
Governmental Activities	\$ (647,574)	\$ 24,049,276	\$ 18,924,429	\$ 32,217,231	\$ (24,725,717)	\$ 25,903,153	\$ 11,395,519	\$ 54,084,417	\$ 81,596,364	\$ 114,662,729
Business-type Activities	(6,099,973)	(860,487)	2,610,940	5,679,688	(1,519,361)	2,077,875	13,160,310	14,652,299	11,494,902	20,623,351
Total Primary Government	\$ (6,747,547)	\$ 23,188,789	\$ 21,535,369	\$ 37,896,919	\$ (26,245,078)	\$ 27,981,028	\$ 24,555,829	\$ 68,736,716	\$ 93,091,266	\$ 135,286,080
(1)										

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

Concluded

**CITY OF SUFFOLK, VIRGINIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**

**Table 3**

*LAST TEN FISCAL YEARS*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Nonspendable	\$ 42,454	\$ 24,905	\$ 47,669	\$ 37,908	\$ 64,993	\$ 73,373	\$ 95,434	\$ 100,474	\$ 132,357	\$ 123,814
Restricted	668,506	1,162,069	1,528,879	1,552,547	1,614,632	1,455,994	1,401,576	1,324,839	1,373,625	1,428,394
Committed	6,285,381	4,472,517	5,920,555	6,633,215	4,237,613	9,022,280	25,260,455	38,290,681	66,624,120	88,697,747
Assigned	701,393	425,008	2,609,232	426,564	748,518	526,269	1,500,527	1,862,146	2,871,082	5,927,503
Unassigned	48,647,116	56,491,224	58,392,937	65,326,008	73,858,094	86,344,490	81,006,638	93,931,500	98,014,544	106,686,045
Total General Fund	<u>\$ 56,344,850</u>	<u>\$ 62,575,723</u>	<u>\$ 68,499,272</u>	<u>\$ 73,976,242</u>	<u>\$ 80,523,850</u>	<u>\$ 97,422,406</u>	<u>\$ 109,264,630</u>	<u>\$ 135,509,640</u>	<u>\$ 169,015,728</u>	<u>\$ 202,863,503</u>
All Other Governmental Funds:										
Nonspendable	\$ 38,309	\$ 30,776	\$ 45,654	\$ 45,654	\$ 45,654	\$ 45,654	\$ 45,654	\$ 164,694	\$ 90,766	\$ 98,866
Restricted	60,045,985	67,568,640	63,765,980	56,841,100	56,027,201	65,409,783	67,810,242	85,261,656	99,942,644	100,391,673
Committed reported in:										
Capital Projects Funds	1,972,667	5,914,066	7,319,905	10,890,140	9,448,361	6,777,753	10,232,234	9,966,324	18,443,404	38,619,419
Nonmajor Governmental Funds	2,170,497	2,516,047	3,498,144	2,599,519	3,240,732	4,436,654	5,974,413	7,642,579	9,105,077	9,361,592
Other Governmental Funds	2,822,872	2,148,460	99,368	95,453	492,720	492,720	492,720	492,720	643,011	594,736
Unassigned	(10,951)	(10,945)	(10,818)	(10,819)	(10,819)	(10,819)	(10,819)	(10,819)	(10,819)	-
Total All Other Government Funds	<u>\$ 67,039,379</u>	<u>\$ 78,167,044</u>	<u>\$ 74,718,233</u>	<u>\$ 70,461,047</u>	<u>\$ 69,243,849</u>	<u>\$ 77,151,745</u>	<u>\$ 84,544,444</u>	<u>\$ 103,517,154</u>	<u>\$ 128,214,083</u>	<u>\$ 149,066,286</u>
Component Unit (School Board)										
Nonspendable	\$ 1,563,699	\$ 1,134,919	\$ 1,125,204	\$ 1,118,041	\$ 1,222,261	\$ 1,206,139	\$ 1,179,061	\$ 1,201,469	\$ 1,515,015	\$ 1,276,400
Committed	477,237	417,309	433,862	420,990	490,778	721,628	-	-	-	-
Assigned	9,091,818	7,125,361	7,682,280	9,170,789	10,150,397	9,978,500	10,977,207	11,863,486	9,802,013	11,620,980
Unassigned	-	154,815	-	-	-	-	-	-	-	-
Total Component Unit	<u>\$ 11,132,754</u>	<u>\$ 8,832,404</u>	<u>\$ 9,241,346</u>	<u>\$ 10,709,820</u>	<u>\$ 11,863,436</u>	<u>\$ 11,906,267</u>	<u>\$ 12,156,268</u>	<u>\$ 13,064,955</u>	<u>\$ 11,317,028</u>	<u>\$ 12,897,380</u>
	{1}									

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

**CITY OF SUFFOLK, VIRGINIA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

**Table 4**

*LAST TEN FISCAL YEARS*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
General Property Taxes	\$ 112,558,761	\$ 118,076,619	\$ 123,457,208	\$ 127,047,858	\$ 135,696,638	\$ 141,959,059	\$ 146,642,458	\$ 158,483,622	\$ 178,439,927	\$ 205,667,941
Other Local Taxes	39,723,172	42,544,952	43,202,375	45,768,255	46,261,507	48,737,290	53,092,031	61,403,956	61,187,205	65,055,986
Licenses, Permits and Fees	1,436,613	1,589,474	1,678,881	1,825,728	1,723,958	2,141,327	2,484,061	2,811,187	2,381,976	2,524,133
Fines and Forfeitures	1,254,627	1,042,219	983,988	1,142,491	1,179,110	1,012,104	1,068,804	1,013,613	847,986	14,395,999
Use of Money and Property	1,118,245	1,289,414	1,775,226	2,708,976	3,965,689	3,516,133	1,610,402	1,648,532	10,267,409	18,948,928
Intergovernmental	52,623,910	58,698,660	62,362,464	66,206,954	62,089,557	64,516,765	71,603,311	96,690,342	101,135,805	102,773,013
Charges for Services	5,344,154	5,018,523	4,827,273	4,770,834	5,508,401	5,104,191	4,743,554	6,501,353	6,791,496	6,036,159
Miscellaneous	1,981,761	2,482,439	1,983,706	3,794,081	2,076,460	3,331,856	1,269,900	1,252,595	3,535,587	8,242,466
<b>Total Revenues</b>	<b>216,041,243</b>	<b>230,742,300</b>	<b>240,271,121</b>	<b>253,265,177</b>	<b>258,501,320</b>	<b>270,318,725</b>	<b>282,514,521</b>	<b>329,805,200</b>	<b>364,587,391</b>	<b>423,644,625</b>
<b>Expenditures</b>										
General Government Administration	15,717,849	15,511,299	16,302,909	17,074,074	17,062,724	18,200,342	28,646,499	27,772,839	22,829,636	25,390,710
Judicial Administration	8,308,093	8,467,689	8,896,483	9,051,250	9,624,709	10,133,068	10,430,783	10,917,499	11,454,656	12,650,884
Public Safety	49,275,180	50,488,261	57,115,046	60,265,740	62,900,211	63,883,434	64,154,020	72,428,273	79,030,097	88,045,779
Public Works	22,352,347	23,038,899	25,102,596	23,998,099	22,333,618	24,421,117	24,658,890	25,772,021	33,671,378	41,063,689
Health and Welfare	12,813,152	12,219,597	13,256,252	13,319,870	13,634,568	14,670,632	14,580,535	14,961,450	20,102,737	20,100,705
Transportation	1,209,090	1,033,663	1,079,339	1,090,607	1,592,193	1,898,154	1,420,397	2,045,390	1,753,973	2,352,281
Education	51,134,708	53,435,459	54,900,377	56,467,515	60,353,258	58,106,679	65,526,746	65,377,695	66,507,115	73,644,025
Parks, Recreation and Cultural	9,382,259	9,835,503	10,576,486	11,147,634	12,281,589	11,331,545	10,854,151	11,558,710	13,569,804	15,547,330
Community Development	9,355,031	7,948,520	9,844,679	6,686,201	5,846,241	7,305,136	6,752,880	8,302,351	8,481,148	10,266,245
Non-Departmental	1,848,130	466,002	323,725	226,481	675,842	594,989	759,119	1,356,352	46,701	
Capital Outlay	32,536,679	28,950,011	46,189,812	56,107,239	37,532,944	30,648,655	33,190,478	48,026,860	49,043,204	80,470,626
Debt Service:										
Other	497,736	446,658	720,840	323,069	245,499	582,569	409,738	506,360	470,758	684,572
Interest	10,334,731	10,346,003	9,388,267	10,319,538	10,535,818	9,579,925	9,519,802	8,801,914	9,013,974	9,191,957
Principal	16,435,462	17,015,462	16,781,132	15,767,400	17,815,620	18,118,620	18,774,488	19,074,488	20,809,488	21,938,678
<b>Total Expenditures</b>	<b>241,200,447</b>	<b>239,203,026</b>	<b>270,477,943</b>	<b>281,844,717</b>	<b>272,434,834</b>	<b>269,474,865</b>	<b>289,678,526</b>	<b>316,219,188</b>	<b>338,094,320</b>	<b>401,394,182</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(25,159,204)</b>	<b>(8,460,726)</b>	<b>(30,206,822)</b>	<b>(28,579,540)</b>	<b>(13,933,514)</b>	<b>843,860</b>	<b>(7,164,005)</b>	<b>13,586,012</b>	<b>26,493,071</b>	<b>22,250,443</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds of Refunding Bonds	20,160,000	20,176,111	47,215,000	3,395,000	575,000	31,345,000	36,855,000	17,990,000	-	-
Proceeds of Bonds Issued	28,820,000	20,360,000	26,380,000	26,665,000	17,370,000	18,965,000	22,000,000	27,090,000	27,735,000	30,000,000
Premiums on Debt	6,695,020	3,955,535	7,912,562	2,313,366	1,182,718	2,323,802	2,163,968	2,928,122	2,646,705	379,629
Transfers In	38,022,629	37,593,204	36,594,695	37,425,621	39,252,347	37,704,027	40,940,955	39,721,127	47,554,804	69,553,292
Payment to Refunded Bonds Escrow Agent	(23,830,555)	(22,362,261)	(51,298,280)	(3,734,892)	(600,000)	(31,033,899)	(36,743,990)	(17,754,699)	-	-
Transfers Out	(38,243,395)	(33,903,324)	(34,122,417)	(36,264,770)	(38,516,141)	(35,341,338)	(38,817,005)	(38,342,842)	(46,226,563)	(67,483,386)
<b>Total Other Financing Sources, net</b>	<b>31,623,699</b>	<b>25,819,265</b>	<b>32,681,560</b>	<b>29,799,325</b>	<b>19,263,924</b>	<b>23,962,592</b>	<b>26,398,928</b>	<b>31,631,708</b>	<b>31,709,946</b>	<b>32,449,535</b>
<b>Net Change in Fund Balance</b>	<b>\$ 6,464,495</b>	<b>\$ 17,358,539</b>	<b>\$ 2,474,738</b>	<b>\$ 1,219,785</b>	<b>\$ 5,330,410</b>	<b>\$ 24,806,452</b>	<b>\$ 19,234,923</b>	<b>\$ 45,217,720</b>	<b>\$ 58,203,017</b>	<b>\$ 54,699,978</b>
Capital outlay (1)	36,911,941	31,474,338	48,309,227	58,064,359	39,808,562	32,231,862	34,373,563	52,498,272	52,222,998	86,704,065
<b>Debt Service as a percentage of non-capital expenditures (1)</b>	<b>13.10%</b>	<b>13.17%</b>	<b>11.78%</b>	<b>11.66%</b>	<b>12.19%</b>	<b>11.68%</b>	<b>11.08%</b>	<b>10.57%</b>	<b>10.43%</b>	<b>9.89%</b>
<b>Add'l School Operating &amp; Food Service Expenditures (2)</b>	<b>82,309,125</b>	<b>88,999,257</b>	<b>88,031,891</b>	<b>90,729,115</b>	<b>96,781,541</b>	<b>99,580,517</b>	<b>102,129,429</b>	<b>108,480,077</b>	<b>124,478,636</b>	<b>222,957,953</b>
<b>Debt Service as a percentage of non-capital plus school expenditures (2)</b>	<b>9.34%</b>	<b>9.22%</b>	<b>8.44%</b>	<b>8.29%</b>	<b>8.61%</b>	<b>8.22%</b>	<b>7.92%</b>	<b>7.49%</b>	<b>7.27%</b>	<b>5.79%</b>

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS**

**Table 5**

*LAST TEN FISCAL YEARS*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Property Tax	\$ 112,558,761	\$ 117,651,210	\$ 123,411,724	\$ 127,047,858	\$ 135,696,638	\$ 141,959,059	\$ 146,689,685	\$ 161,212,302	\$ 176,258,134	\$ 205,667,941
Other Local Taxes:										
Sales and Use	9,397,170	9,904,693	10,399,254	10,977,388	10,421,185	12,626,601	15,618,307	16,370,461	18,035,988	18,356,678
Utility Tax	4,509,480	4,478,378	4,447,778	4,839,131	4,799,814	4,755,918	4,864,689	5,024,008	5,034,466	5,076,743
Communication Taxes	3,492,721	3,115,672	3,311,375	3,212,841	3,001,565	2,890,793	2,627,477	2,499,745	2,434,071	2,306,793
Business and Occupational License	6,928,327	7,680,254	6,891,756	7,552,220	8,095,262	8,412,262	9,212,742	10,964,624	11,819,247	13,259,460
Motor Vehicle License	2,301,259	2,449,544	2,436,079	2,354,440	2,472,521	2,624,213	2,682,701	2,709,174	2,837,185	2,881,656
Bank Stock	529,855	564,037	629,727	675,738	691,626	582,250	706,211	747,889	768,872	795,464
Recordation	1,456,395	1,466,044	1,477,475	1,866,957	1,697,180	2,513,189	2,448,497	3,279,397	1,851,695	1,738,684
Tobacco	1,391,263	2,050,259	2,069,356	1,971,283	1,955,756	1,920,427	2,028,076	1,831,481	1,849,863	1,452,903
Lodging	1,172,193	1,484,031	1,706,709	1,787,927	1,762,778	1,470,419	1,657,435	2,206,627	2,067,131	2,362,048
Meals	8,329,490	8,996,483	9,432,240	10,111,438	10,996,828	10,749,762	11,278,549	15,592,762	14,299,363	16,582,151
Admission	215,019	318,348	365,757	418,892	366,992	191,456	6,013	177,788	227,453	243,406
Total	<u>\$ 152,281,933</u>	<u>\$ 160,158,953</u>	<u>\$ 166,579,230</u>	<u>\$ 172,816,113</u>	<u>\$ 181,958,145</u>	<u>\$ 190,696,349</u>	<u>\$ 199,820,382</u>	<u>\$ 222,616,258</u>	<u>\$ 237,483,468</u>	<u>\$ 270,723,927</u>

**CITY OF SUFFOLK, VIRGINIA**

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**Table 6**

**LAST TEN FISCAL YEARS**

Fiscal Year	Real Property					Personal Property				Total	
	Assessed Value			Estimated Actual Value	City Wide Rate	Assessed Value			Tax Rate	Assessed Value	
	Citizens	Public	Total			Citizens	Public	Total			
	Property (1)	Service (2)				Property (3), (4)	Service				
2015	\$ 8,802,263,400	\$ 28,123,794	\$ 8,830,387,194	\$ 9,266,762,600	\$ 1.03	\$ 885,552,076	\$ 308,852,863	\$ 1,194,404,939	\$ 4.25	\$ 10,024,792,133	
2016	9,012,246,300	30,898,516	9,043,144,816	9,423,596,600	1.07	941,845,500	329,961,909	1,271,807,409	4.25	10,314,952,225	
2017	9,234,719,500	37,249,670	9,271,969,170	9,591,955,500	1.07	985,809,155	346,169,603	1,331,978,758	4.25	10,603,947,928	
2018	9,536,521,300	44,371,412	9,580,892,712	9,874,324,100	1.07	1,002,785,230	360,467,216	1,363,252,446	4.25	10,944,145,158	
2019	9,758,914,800	43,055,984	9,801,970,784	10,211,179,800	1.11	1,074,774,050	370,951,482	1,445,725,532	4.25	11,247,696,316	
2020	10,041,879,300	43,414,519	10,085,293,819	10,513,127,400	1.11	1,178,762,000	370,348,948	1,549,110,948	4.25	11,634,404,767	
2021	10,550,088,600	46,398,554	10,596,487,154	11,024,342,300	1.11	1,237,467,530	388,395,491	1,625,863,021	4.25	12,222,350,175	
2022	11,389,979,300	44,111,509	11,434,090,809	11,865,794,500	1.11	1,390,991,290	390,958,029	1,781,949,319	4.25	13,216,040,128	
2023	13,257,772,600	45,049,752	13,302,822,352	13,735,927,200	1.09	1,566,913,590	404,249,850	1,971,163,440	4.25	15,273,985,792	
2024	15,730,764,300	46,697,648	15,777,461,948	16,175,311,900	1.09	1,619,230,360	442,554,115	2,061,784,475	4.25	17,839,246,423	

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

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

(3) Vehicles are assessed at 100% of clean loan value; recreation vehicles are assessed at 100% of lowest NADA value; and machinery and tools are assessed at 20% of original cost for the first five years and 10% thereafter. Source: City Commissioner of the Revenue's Office.

(4) In Fiscal Year 2023, a 75% assessment ratio was applied to the value of personal property due to increased market values of cars and trucks. A 90% assessment ratio was applied in Fiscal Year 2024.



**CITY OF SUFFOLK, VIRGINIA**  
**DIRECT PROPERTY TAX RATES (PER HUNDRED) (1)**

**Table 7**

**LAST TEN FISCAL YEARS**

Fiscal Year	Real Property (2)						Minimum Total Direct Rate (5)
	City Wide	Route 17 Taxing District	Downtown Business Overlay District	Personal Property (3)	Machinery and Tools (4)		
2015	\$ 1.03	\$ 0.24	\$ 0.11	\$ 4.25	\$ 3.15	\$	5.28
2016	1.07	0.24	0.11	4.25	3.15		5.28
2017	1.07	0.24	0.11	4.25	3.15		5.28
2018	1.07	0.24	0.11	4.25	3.15		5.28
2019	1.11	0.24	0.11	4.25	3.15		5.28
2020	1.11	0.24	0.11	4.25	3.15		5.28
2021	1.11	0.24	0.11	4.25	3.15		5.28
2022	1.11	0.24	0.11	4.25	3.15		5.28
2023	1.09	0.24	0.11	4.25	3.15		5.28
2024	1.09	0.24	0.11	4.25	3.15		5.28

(1) The City is not a component of any overlapping governments; therefore, it does not share any overlapping tax rates nor debt.

(2) Real property is assessed at 100% of estimated actual value, except land use property which approximates 30%.

(3) Vehicles are assessed at 100% of clean loan value per JD Power. In FY 23, a 75% assessment ratio was applied to cars and trucks less than two tons. In FY 2024, a 90% assessment ratio was applied to cars and trucks less than two tons.

(4) Assessed at 20% of original cost during the first five years of life; 10% thereafter.

(5) The district tax rates include the City-wide rate. Additionally, districts overlap some properties, resulting in those properties being taxed at the City rate plus the additional rate for each applicable district. Therefore, only the City-wide rate is used with the personal property rate to calculate the Minimum Total Direct Rate.

(6) In FY 2024, a \$.02 real estate tax relief credit was adopted to provide tax relief to property owners due to a significant increase in real estate assessments.

**CITY OF SUFFOLK, VIRGINIA**  
**PRINCIPAL PROPERTY TAX PAYERS**

Table 8

**CURRENT YEAR AND NINE YEARS AGO**

Real Property					
Taxpayer	Type of Business	2024		2015	
		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)
Amazon.com Services Inc	Retail Merchandise	\$ 354,940,700	2.26%	\$ -	0.00%
SE VA Suffolk Property Owner LLC	Real Estate Holding Company	175,834,600	1.12%	-	0.00%
Monroe Lot 8 Owner LLC	Real Estate Holding Company	107,022,000	0.68%	-	0.00%
Target Corporation	Distribution Warehouse	94,875,600	0.60%	39,245,000	0.46%
Coastal Logistics Owner LLC	Real Property Management	89,259,300	0.57%	-	0.00%
Q Owner SCVA 001 LLC	Real Estate Holding Company	82,931,500	0.53%	-	0.00%
BEC Investors LLC	Real Property Management	76,058,500	0.48%	-	0.00%
2152 LLC	Apartment Complex	71,842,700	0.46%	-	0.00%
Port 58 LLC	Apartment Complex	57,613,000	0.37%	-	0.00%
Hampton Roads Crossing LLC	Apartment Complex	56,022,500	0.36%	-	0.00%
EGP 116 Suffolk LLC /116 Lakeview Parkway, LLC	Joint Military Training Facility	-	0.00%	54,180,500	0.63%
QVC of Suffolk Inc. / CVN Distribution	Distribution Warehouse	-	0.00%	44,294,900	0.51%
TowneBank	Financial Institution	-	0.00%	36,721,800	0.43%
Sysco Food Services of Hampton Roads	Food Service Distribution	-	0.00%	42,381,300	0.49%
Centerpoint Properties Trust	Real Property Management	-	0.00%	41,236,600	0.48%
Belleville Widow & Orphans	Counseling Services	-	0.00%	30,317,400	0.35%
Lake View Development Group LLC	Joint Military Training Facility	-	0.00%	27,315,400	0.32%
Inland American Suffolk LV, LLC	Joint Military Training Facility	-	0.00%	25,852,800	0.30%
		<u>\$ 1,166,400,400</u>	<u>7.41%</u>	<u>\$ 341,545,700</u>	<u>3.97%</u>
(1) Total Assessed Value (does not include public service corporations)		\$ 15,730,764,300		\$ 8,612,541,300	

Source: City of Suffolk Assessor's Office

Personal Property					
Taxpayer	Type of Business	2024		2015	
		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Amazon.com Services LLC	Distribution Warehouse	\$ 49,261,730	3.04%		
Ekaterra Tea Manufacturing USA/Unilever/Lipton, Inc.	Beverage Company	15,709,520	0.97%	\$ 9,562,190	1.11%
Target Corporation	Distribution Warehouse	11,715,710	0.72%	3,679,930	0.43%
Solenis LLC/BASF Corporation/CIBA	Chemical Plant	14,200,480	0.88%	5,810,300	0.67%
Hormel Foods Corporation/Planters/Kraft Foods	Food Processing	7,641,750	0.47%	8,244,730	0.95%
Spectrum Southesast LLC/Charter Communications	Cable Products	7,439,380	0.46%	2,801,150	0.32%
Lockheed Martin Corporation	Technology Company	6,465,170	0.40%	5,469,110	0.63%
Massimo Zanetti Beverage USA	Beverage Company	5,593,710	0.35%	5,008,610	0.58%
QVC of Suffolk Inc. / CVN Distribution	Distribution Warehouse	5,528,140	0.34%	7,589,110	0.88%
Sysco Food Services of Hampton Roads	Food Service Distribution	3,747,650	0.23%	3,783,780	0.44%
JM Smucker Company	Beverage Company		0.00%	5,454,520	0.63%
		<u>\$ 127,303,240</u>	<u>7.86%</u>	<u>\$ 57,403,430</u>	<u>6.64%</u>
(2) Total Assessed Value (does not include public service corporations)		\$ 1,619,230,360		\$ 864,971,340	

Source: City of Suffolk, Commissioner of Revenue's Office

**CITY OF SUFFOLK, VIRGINIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**

Table 9

LAST TEN FISCAL YEARS

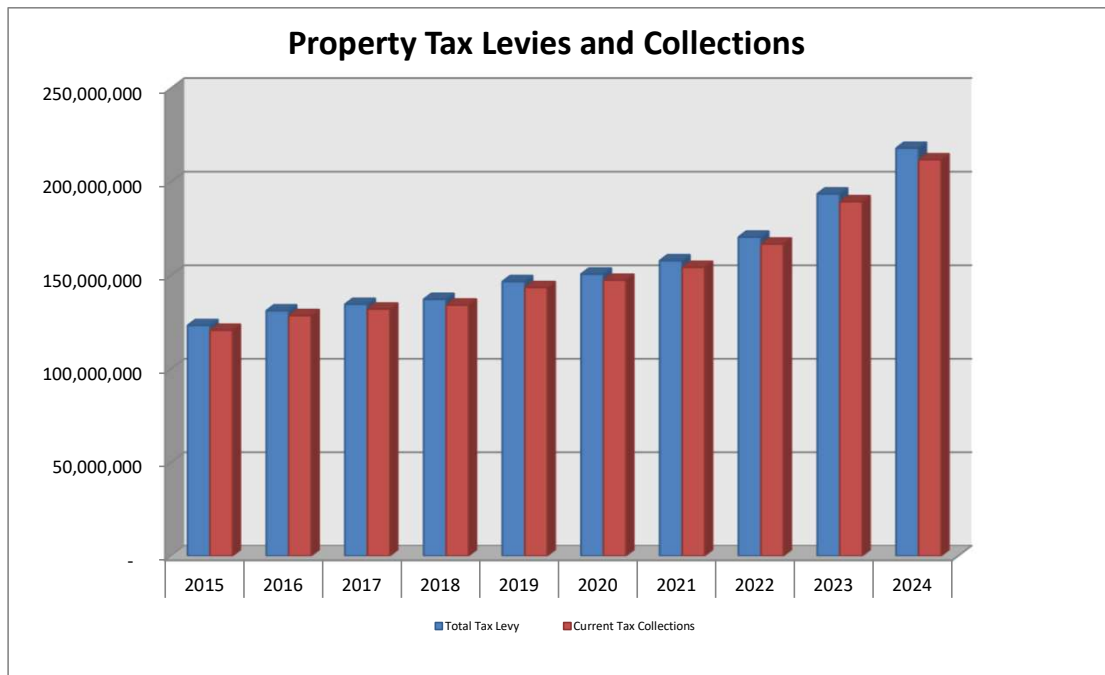
Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Tax Collections				Outstanding Delinquent Taxes At End of Fiscal Year (2)
				Delinquent		Total		
				Delinquent Tax Collections	As Percent of Outstanding Delinquent Taxes	Total Tax Collections (2)	Total Collections as a Percent of the Levy	
2015	123,326,675	120,807,937	97.96%	1,919,984	45.51%	122,727,921	99.51%	4,218,636
2016	131,208,221	128,655,899	98.05%	1,880,684	44.26%	130,536,583	99.49%	4,249,557
2017	134,647,214	132,124,360	98.13%	1,856,687	43.57%	133,981,047	99.51%	4,261,779
2018	137,308,853	134,243,292	97.77%	1,639,344	32.58%	135,882,636	98.96%	5,032,040
2019	146,769,909	143,637,167	97.87%	2,796,009	60.97%	146,433,176	99.77%	4,585,660
2020	150,738,427	147,518,704	97.86%	1,920,465	41.63%	149,439,169	99.14%	4,612,663
2021	157,939,087	154,394,883	97.76%	3,010,123	59.28%	157,405,006	99.66%	5,077,608
2022	170,525,879	166,849,227	97.84%	3,563,113	60.15%	170,412,340	99.93%	5,923,453
2023	193,627,936	189,435,697	97.83%	2,767,297	42.15%	192,202,994	99.26%	6,565,975
2024	217,994,469	211,858,939	97.19%	2,179,765	21.48%	214,038,704	98.19%	10,148,123

Note A: Delinquent real property taxes not collected within three years, a lien is recorded on the property of the collection thereof. Collections in subsequent years represent delinquent accounts collected during the course of that fiscal year for all prior fiscal years.

(1) Beginning in the year ended June 30, 2000, the tax levy includes the Commonwealth's reimbursement.

(2) Adjusted for collections through August 15.

Source: City Treasurer



**CITY OF SUFFOLK, VIRGINIA**  
**PROPERTY VALUE AND CONSTRUCTION**

**Table 10**

**LAST TEN FISCAL YEARS**

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Real Property Value (2)				Total
	Number of Permits	Value	Number of Permits	Value	Residential	Commercial	Agricultural	Nontaxable	
2015	173	75,494,303	694	86,837,291	6,649,577,300	1,938,055,900	679,129,400	1,016,443,600	10,283,206,200
2016	152	58,345,994	691	79,256,973	6,739,083,100	2,023,675,300	660,838,200	1,026,465,000	10,450,061,600
2017	158	160,651,157	914	95,043,903	6,868,962,400	2,065,945,200	657,047,900	1,077,730,700	10,669,686,200
2018	295	739,050,509	894	106,647,685	7,067,095,400	2,158,117,900	667,451,000	1,106,232,700	10,998,897,000
2019	256	58,233,219	866	108,747,841	7,337,983,600	2,203,841,700	669,354,500	1,107,389,400	11,318,569,200
2020	192	318,398,197	1,067	119,255,504	7,537,092,200	2,239,871,900	736,163,300	1,117,665,100	11,630,792,500
2021	166	79,712,825	1,644	359,505,429	7,912,235,000	2,387,318,000	724,789,300	1,103,723,400	12,128,065,700
2022	246	170,488,979	1,760	345,748,542	8,528,616,800	2,651,573,500	685,604,200	1,107,563,400	12,973,357,900
2023	782	1,092,802,776	5,829	181,266,282	9,738,276,800	3,297,165,000	700,485,400	1,129,089,900	14,865,017,100
2024	290	789,441,286	1,293	177,311,393	11,290,604,800	4,186,411,600	698,295,500	1,214,487,400	17,389,799,300

(1) Department of Planning and Community Development

(2) City Assessor's Office, estimated actual value (only residential, commercial, and Agricultural are reflected in Table 6)

**CITY OF SUFFOLK, VIRGINIA**  
**PRINCIPAL COMMERCIAL/INDUSTRIAL WATER AND SEWER CONSUMERS**

Table 11

YEAR ENDED JUNE 30, 2024

Water Consumers	Type of Business	Annual Consumption (Hundred Cubic Feet)	% of Total Annual Consumption (1)
Western Tidewater Water Authority	Regional Water Supply	245,827	9.27%
Sentara/Obici Hospital	Hospital	28,518	1.08%
Western Tidewater Regional Jail	Jail-Regional Facility	25,527	0.96%
Suffolk Public Schools	Education	25,180	0.95%
Wanchese Fish Company	Seafood Processing	20,221	0.76%
Suffolk Operations LLC	Assisted Living	17,830	0.67%
Planters/Hormel	Food Processing	17,248	0.65%
Harbour Breeze Apartments	Real Property Management	17,168	0.65%
Ekaterra Tea Manufacturing	Beverage Company	14,823	0.56%
Solenis LLC	Chemical Plant	11,146	0.42%
		<u>423,488</u>	<u>15.97%</u>
(1) Total annual consumption (all water customers)		2,651,824	
Sewer Consumers	Type of Business	Annual Consumption (Hundred Cubic Feet)	% of Total Annual Consumption (2)
Ekaterra Tea Manufacturing	Beverage Company	31,240	1.40%
Sentara/Obici Hospital	Hospital	28,518	1.28%
City of Suffolk	Water Production	27,049	1.22%
Western Tidewater Regional Jail	Jail-Regional Facility	25,527	1.15%
Suffolk Public Schools	Education	25,180	1.13%
Wanchese Fish Company	Seafood Processing	20,221	0.91%
Suffolk Operations, LLC	Assisted Living	17,830	0.80%
Harbour Breeze Apartments	Real Property Management	17,168	0.77%
Belleville Harbour Apts	Real Property Management	11,037	0.50%
Autumn Care	Assisted Living	9,908	0.45%
		<u>213,678</u>	<u>9.61%</u>
(2) Total annual consumption (all sewer customers)		2,224,579	

Source: Department of Public Utilities

**CITY OF SUFFOLK, VIRGINIA**  
**WATER AND SEWER RATE SCHEDULE**

**Table 12**

**LAST TEN FISCAL YEARS**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>WATER</b>										
<b>Water Rate per 100 cubic feet</b>	\$ 8.29	\$ 8.86	\$ 9.03	\$ 9.20	\$ 9.71	\$ 9.71	\$ 9.71	\$ 10.31	\$ 10.43	10.63
Minimum Bi-monthly Charge (5 ccf)	-	-	-	-	-	-	-	-	-	-
<b>Meter Service Charge (per month)</b>										
5/8 inch meter	6.40	7.00	8.40	8.40	10.00	11.25	11.25	12.75	13.25	15.25
<b>Water Connection Charge (installed by city)</b>										
5/8 inch meter	1,100	1,100	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
<b>Water Connection Charge (installed by developer)</b>	50	50	50	50	50	50	50	50	50	50
<b>Water Availability Charge (residential)</b>										
Single Family	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
<b>Water Availability Charge (commercial)</b>										
5/8 inch meter	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
3/4 inch meter	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
1 inch meter	13,520	13,520	13,520	13,520	13,250	13,250	13,250	13,250	13,250	13,520
1½ inch meter	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950
2 inch meter	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120
3 inch meter	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850
4 inch meter	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750
<b>WTA Wholesale Water Rate</b>										
Water Rate (CCF)	4.46	4.67	4.56	4.55	4.76	4.84	4.84	4.84	5.09	5
Fixed Capacity Charge (Per Month)	210,994	204,959	222,995	202,454	197,983	199,026	200,470	176,896	172,836	176,248
<b>SEWER</b>										
<b>Sewer Collection (per 100 cubic feet)</b>	6.47	6.74	6.97	7.21	7.27	7.27	7.27	7.27	7.27	7.56
Minimum Bi-monthly period (5 ccf)	-	-	-	-	-	-	-	-	-	-
<b>Sewer Connection Charge (installed by city)</b>										
4 inch lateral size	1,450	1,450	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800
6 inch lateral size	2,650	2,650	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
<b>Sewer Connection Charge (installed by developer)</b>	50	50	50	50	50	50	50	50	50	50
<b>Sewer Availability Charge (residential)</b>										
Single Family	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
<b>Sewer Availability Charge (commercial)</b>										
5/8 inch meter	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
3/4 inch meter	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
1 inch meter	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
1½ inch meter	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500
2 inch meter	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100
3 inch meter	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100
4 inch meter	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800

Source: Department of Public Utilities

**CITY OF SUFFOLK, VIRGINIA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**

**Table 13**

*LAST TEN FISCAL YEARS*

<b>Fiscal Year **</b>	<b>General Obligation Bonds General Gov't (2)</b>	<b>General Obligation Bonds Business-type activities</b>	<b>Literary Bonds</b>	<b>Total General Bonded Debt</b>	<b>Percentage of Estimated Actual Taxable Value of Property (3)</b>	<b>Per Capita (4)</b>	<b>Lease and subscription Liabilities (6)</b>	<b>Section 108 Loan Payable</b>
2015	249,478,100	259,509,734	-	508,987,834	5.49%	5,795	11,537,472	2,301,000
2016	259,928,278	253,567,653	-	513,495,931	5.45%	5,679	9,183,208	2,108,000
2017	276,109,544	194,329,673	-	470,439,217	4.90%	5,129	6,163,199	1,915,000
2018	286,010,859	191,436,465	-	477,447,324	4.84%	5,205	3,537,987	1,722,000
2019	284,948,761	182,347,200	-	467,295,961	4.58%	5,050	2,057,108	-
2020	287,124,014	177,851,721	-	464,975,735	4.42%	5,015	1,487,534	-
2021	293,516,607	174,674,835	-	468,191,442	4.25%	4,930	1,283,236	-
2022	301,243,843	163,989,241	-	465,233,084	3.87%	4,783	21,644,960	-
2023	307,238,239	157,785,846	-	465,024,085	3.39%	4,689	21,633,330	-
2024	312,525,347	146,285,503	-	458,810,850	2.84%	4,557	19,243,927	-

<b>Fiscal Year **</b>	<b>Lease and Lease Liabilities (6)</b>	<b>Senior Revenue Bonds</b>	<b>Presentation only Subordinate: GO Bonds (5)</b>	<b>Total Governmental Activities</b>	<b>Total Business-type Activities</b>	<b>Grand Total</b>	<b>Percentage of Personal Income (4)</b>	<b>Total Per Capita (4)</b>
2015	1,432,958	81,143,931	25,150,000	263,316,572	342,086,622	605,403,195	14.45%	6,758
2016	1,166,659	117,709,923	24,505,000	271,219,486	372,444,235	643,663,721	14.88%	7,118
2017	987,740	199,345,172	23,840,000	284,187,743	394,662,585	678,850,327	15.11%	7,401
2018	785,452	213,022,740	700,000	291,270,846	405,244,657	696,515,503	14.75%	7,527
2019	562,671	210,667,350	-	287,005,869	393,577,221	680,583,090	13.75%	7,341
2020	454,908	207,712,784	-	288,611,548	386,019,413	674,630,961	13.63%	7,190
2021	411,085	223,268,539	-	294,799,843	398,354,459	693,154,302	14.68%	7,299
2022	4,133,310	219,099,622	-	322,888,803	387,222,173	710,110,976	14.24%	7,330
2023	3,620,860	214,908,222	-	328,871,569	376,314,928	705,186,497	14.25%	7,110
2024	2,812,188	215,532,621	-	331,769,274	364,630,312	696,399,586	11.63%	6,916

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) GO Bonds include Utility GO Bonds (with or without an additional revenue pledge). They exclude the unamortized premiums and deferred amounts for advance refunding.  
This change required restating previous years' balances.

(3) See Table 6 for estimated actual taxable value of property data.

(4) See Table 16 for personal income and population data. The most recent personal income data available from the Bureau of Economic Analysis is 2011  
and is used to analyze years 2011 through 2013.

(5) The subordinate GO bonds are "double-barreled", they have a revenue pledge, but are backed by the City's general obligation. They are presented under Business-type  
activities, but are actually included in the General Bonded Debt total.

(6) GASB 87 was implemented for leases in FY2022

\*Previous years restated to include Utility GO bond debt in General bonded debt.

\*\* Previous years restated to include the related premiums, discounts and adjustments.

**CITY OF SUFFOLK, VIRGINIA**  
LEGAL DEBT MARGIN

Table 14

LAST TEN FISCAL YEARS

Legal Debt Margin Calculation	City's Financial Policy Goal	City's Legal Debt Limit	Commonwealth's Legal Debt Limit (1)							
Assessed value (as of July 1) - taxable real property, including public service corporations (2)	\$ 15,730,764,300	\$ 15,730,764,300	\$ 15,730,764,300							
Adopted and Legal debt limits:										
4% of assessed value (authorized limit adopted by City Council 2010)	\$ 629,230,572									
7% of assessed value (authorized limit imposed by City Charter)		\$ 1,101,153,501								
10% of assessed value (authorized by the Commonwealth for all cities)			\$ 1,573,076,430							
Deduct amount of debt applicable to debt limit:										
Gross general bonded debt (includes bonds and notes payable)	(4) 315,243,984	474,620,000	474,620,000							
	<u>\$ 313,986,588</u>	<u>\$ 626,533,501</u>	<u>\$ 1,098,456,430</u>							
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>City's Legal Debt Margin</b>										
Debt Limit	618,127,104	633,020,137	649,037,842	670,662,490	686,137,955	705,970,567	741,754,101	800,386,357	931,197,565	\$1,101,153,501
Total Net Debt Applicable to Limit*	452,589,444	456,621,633	413,420,487	442,666,000	434,875,002	436,105,000	446,880,000	441,510,000	444,065,002	474,620,000
Legal Debt Margin	165,537,660	176,398,504	235,617,355	227,996,490	251,262,953	269,865,567	294,874,101	358,876,357	487,132,563	626,533,501
Total Net Debt Applicable to Limit as percentage of Debt Limit	73.2%	72.1%	63.7%	66.0%	63.4%	61.8%	60.2%	55.2%	47.7%	43.1%
<b>Commonwealth's Legal Debt Margin</b>										
Debt Limit	883,038,719	904,314,482	927,196,917	958,089,271	980,197,078	1,008,529,382	1,059,648,715	1,143,409,081	1,330,282,235	\$1,573,076,430
Total Net Debt Applicable to Limit*	452,589,444	456,621,633	413,420,487	442,666,000	434,875,002	436,105,000	446,880,000	441,510,000	444,065,002	474,620,000
Legal Debt Margin	430,449,275	447,692,849	513,776,430	515,423,271	545,322,076	572,424,382	612,768,715	701,899,081	886,217,233	1,098,456,430
Total Net Debt Applicable to Limit as percentage of Debt Limit	51.3%	50.5%	44.6%	46.2%	44.4%	43.2%	42.2%	38.6%	33.4%	30.2%

- Notes:
- (1) Virginia state statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the City (including Utility GO Bonds--with or without an additional revenue pledge, see table 13). Prior fiscal years have been restated in order to accommodate this determination. The calculation excludes the unamortized premiums and deferred amounts for advance refunding, installment purchase contracts, accrued sick and annual leave, landfill liability, and net pension and OPEB obligations.
  - (2) See Table 6 for assessed value of real property data.
  - (3) There are no overlapping or underlying tax jurisdictions.
  - (4) The debt applicable to the City's financial policy limit is only the General Obligation bonds and leases that are payable with general government funds, Stormwater and Refuse funds (excluding Utility fund debt) and the General Obligation debt of the City's Economic Development Authority issued to fund the Health and Human Services Building



**CITY OF SUFFOLK, VIRGINIA**  
**PLEDGE-REVENUE COVERAGE**

**Table 15**

**LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)			Coverage (4)
				Principal	Interest	Total	
UTILITY REVENUE BONDS (WATER AND SEWER)							
2015	41,928,618	19,255,373	22,673,245	2,135,000	5,385,232	7,520,232	3.01
2016	48,200,503	23,090,668	25,109,835	1,135,000	5,158,290	6,293,290	3.99
2017	49,516,030	21,945,068	27,570,962	1,240,000	6,226,515	7,466,515	3.69
2018	50,195,913	21,952,124	28,243,789	1,820,000	8,398,014	10,218,014	2.76
2019	54,500,177	25,205,851	29,294,326	2,230,000	9,061,412	11,291,412	2.59
2020	53,256,705	25,665,502	27,591,203	2,001,000	8,043,368	10,044,368	2.75
2021	62,511,014	25,746,183	36,764,831	4,597,000	7,853,326	12,450,326	2.95
2022	59,243,844	23,752,023	35,491,821	5,725,000	7,282,489	13,007,489	2.73
2023	59,942,670	27,162,864	32,779,806	6,145,000	6,930,484	13,075,484	2.51
2024	64,379,599	29,956,441	34,423,158	6,370,000	6,697,029	13,067,029	2.63
Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)			Coverage (4)
				Principal	Interest	Total	
UTILITY REVENUE BONDS (STORMWATER)							
2024 <sup>(a)</sup>	10,612,227	4,754,622	5,857,605	204,000	287,517	491,517	10.38

(1) Gross revenues include operating revenues, miscellaneous revenues, transfers in, interest income and BAB interest subsidy.

(2) Operating expenses are exclusive of depreciation, amortization, interest expense, debt issuance costs and loss on disposal of capital assets.

(3) Includes principal and interest of revenue debt that falls under the debt covenant requirements of the master indenture and other agreements.  
(Capitalized interest paid by bond proceeds is excluded from the interest)

There were significant changes in debt service requirements from previous years because they now exclude GO-bonded debt.

(4) The debt service coverage ratio is calculated as Net Revenue Available for Debt Service divided by Total Debt Service Requirements  
(For the Utility (Water and Sewer) fund the coverage must be over 1.15; since 2009, Suffolk's financial policy has recommended a target of 1.30, including all non-parity debt which has not been included in this analysis)

**CITY OF SUFFOLK, VIRGINIA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**Table 16**

**LAST TEN FISCAL YEARS**

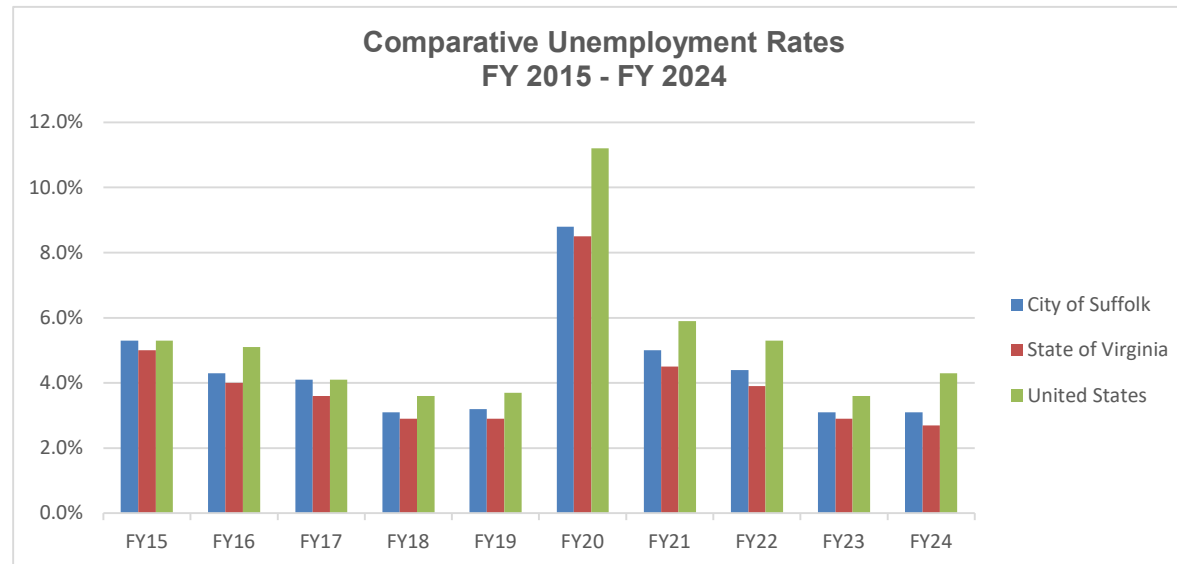
Fiscal Year	Population (1)	Personal Income (2) In Thousands	Per Capita Income (2)*	Schools: Average Daily Membership (3)	Unemployment Rate (4)		
					City of Suffolk	State of Virginia	United States
2015	89,586	\$ 4,190,597	\$ 47,533	13,762	5.30%	5.00%	5.30%
2016	90,426	4,326,809	48,467	13,837	4.30%	4.00%	5.10%
2017	91,722	4,491,916	49,779	13,760	4.10%	3.60%	4.10%
2018	92,533	4,723,202	51,798	13,630	3.10%	2.90%	3.60%
2019	92,714	4,949,924	53,740	13,543	3.20%	2.90%	3.70%
2020	93,825	5,217,894	55,561	13,308	8.80%	8.50%	11.20%
2021	94,960	5,705,145	59,309	13,357	5.00%	4.50%	5.90%
2022	96,130	5,988,090	60,770	12,934	4.40%	3.90%	5.30%
2023	99,179	not available	not available	13,330	3.10%	2.90%	3.60%
2024	100,690	not available	not available	13,450	3.10%	2.70%	4.30%

(1) Weldon Cooper Center for Public Service

(2) Bureau of Economic Analysis based on calendar year

(3) City of Suffolk Public Schools

(4) Virginia Employment Commission - Area Unemployment Statistics, based on calendar year. 2021 rate as of June 2021



**CITY OF SUFFOLK, VIRGINIA**  
**PRINCIPAL EMPLOYERS**

Table 17

**CURRENT YEAR AND NINE YEARS AGO**

Employer	Type of Business	2024	
		Employees	Percentage of Total City Employment
Navy Information Dominance Forces Commands (Cyber Force)	ModSim & Technology	2,250	5.07%
Sentara Health Systems	Medical	1,503	3.39%
Target	Warehousing & Distribution	1,300	2.93%
CVN Distribution / QVC, Inc	Warehousing & Distribution	700	1.58%
Towne Bank	Banking	600	1.35%
J-7 Joint Staff	ModSim & Technology	550	1.24%
Wal-Mart Stores	Retail	336	0.76%
Hormel/Planters/Kraft Foods	Food Processing	380	0.86%
Massimo Zanetti Beverage USA	Beverage Company	315	0.71%
Sysco Food Services of Hampton Roads	Food Service Distribution	275	0.62%
		<b>8,209</b>	<b>18.51%</b>
Total Employment by Industry in City of Suffolk for fiscal year		44,400	
Employer	Type of Business	2015	
		Employees	Percentage of Total City Employment
Navy Information Dominance Forces Commands (Cyber Force)	ModSim & Technology	1,500	5.50%
Sentara Health Systems	Medical	1,300	4.77%
J-7 Joint Staff	ModSim & Technology	1,200	4.40%
CVN Distribution / QVC, Inc	Warehousing & Distribution	900	3.30%
SYSCO Food Services of Hampton Roads	Food Service Distribution	500	1.83%
Wal-Mart Stores	Retail	450	1.65%
Planters/Kraft Foods	Food Processing	340	1.25%
Unilever/Lipton Inc.	Beverage Company	300	1.10%
Towne Bank	Banking	300	1.10%
Lakeview Medical Center	Medical	270	0.99%
		<b>7,060</b>	<b>25.89%</b>
Total Employment by Industry in City of Suffolk for fiscal year		27,276	

The Suffolk Public Schools (2,300 employees) and the City of Suffolk (1,479 employees) have not been included to give a clearer reflection of community activity.

**Source: Economic Development Department and Virginia Employment Commission**

**CITY OF SUFFOLK, VIRGINIA**

Table 18

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**
**LAST TEN FISCAL YEARS (2)**

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Fund:</b>										
General Government:										
City Council	2	2	2	2	2	2	2	3	3	3
City Manager	7	7	7	7	7	7	7	8	8	8
Budget and Strategic Planning	4	3	3	3	3	3	3	3	3	3
City Attorney	9	9	9	9	9	9	9	9	10	10
Human Resources	10	7	7	7	7	7	7	10	13	14
Commissioner of the Revenue	12	12	12	12	12	12	12	13	13	13
City Assessor	17	17	18	17	17	19	19	21	21	22
Treasurer	15	16	16	16	16	17	17	17	17	17
Finance - Administration and Accounting	16	17	15	16	15	15	15	16	16	16
Finance - Purchasing	4	4	4	4	4	4	4	4	4	4
Registrar	2	2	3	3	3	3	3	3	4	4
Total	98	96	96	96	95	98	98	107	112	114
Judicial:										
Circuit Court	2	2	2	2	2	2	2	2	2	3
Circuit Court - Clerk's Office	14	14	14	14	14	15	15	15	16	16
Sheriff	25	25	25	25	25	25	25	27	28	30
Commonwealth's Attorney	24	24	24	24	25	26	26	26	26	26
Total	65	65	65	65	66	68	68	70	72	75
Public Safety:										
Police										
Administration and Officers	213	213	213	215	216	227	227	229	233	237
Emergency Communications	27	27	27	28	27	29	29	29	29	30
Animal Shelter and Management	10	10	10	10	10	10	10	10	11	11
Fire										
Fire and Rescue	252	252	252	255	274	274	279	297	316	318
Community Development (5)	26	26	26	26	-	-	-	-	-	-
Total	528	528	528	534	527	540	545	565	589	596
Public Works:										
Public Works										
Administration	2	2	2	2	2	3	3	3	3	3
Capital Programs and Facilities	24	24	24	24	24	25	25	25	27	28
Total	26	26	26	26	26	28	28	28	30	31

## CITY OF SUFFOLK, VIRGINIA

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Table 18

## LAST TEN FISCAL YEARS (2)

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Fund:</b>										
Health and Welfare:										
Social Services	103	103	103	103	102	102	102	102	104	107
Comprehensive Services Act	2	2	2	2	2	2	2	2	2	2
Total	105	105	105	105	104	104	104	104	106	109
Parks, Recreation and Cultural:										
Parks and Recreation										
Administration	4	4	4	4	13	13	13	13	14	12
Office on Youth (4)	2	2	1	1	-	-	-	-	-	-
Support Services (4)	6	6	7	7	-	-	-	-	-	-
Parks, Gateway and Facility Maintenance	19	19	19	18	22	22	22	22	26	29
Grounds Maintenance (3) (4)	4	4	4	4	-	-	-	-	-	-
Recreation	21	21	21	22	22	22	22	29	29	32
Library	31	31	32	32	32	32	32	33	33	33
Total	87	87	88	88	89	89	89	97	102	106
Community Development:										
Planning	14	14	15	15	41	44	44	46	51	54
Economic Development	5	5	5	5	5	6	6	6	6	6
Tourism	3	3	3	3	3	3	3	3	3	3
Media and Community Relations	6	6	6	6	6	6	6	6	6	8
Total	28	28	29	29	55	59	59	61	66	71
Total General Fund	937	935	937	943	962	986	991	1,032	1,077	1,102
<b>Special Revenue Fund:</b>										
Transit	-	-	-	1	1	1	1	1	1	1
Road Maintenance										
Road Maintenance	99	100	101	102	102	102	102	105	107	108
Traffic Engineering	23	24	25	25	25	25	25	26	30	30
Aviation Facilities	3	3	3	3	3	3	2	2	2	2
Total Special Revenue Fund	125	127	129	131	131	131	130	134	140	141
<b>Enterprise Fund:</b>										
Public Utilities										
Administration	9	9	9	8	8	8	8	7	7	7
Customer Service	18	20	22	23	23	23	23	23	23	23
Line Maintenance	27	28	28	28	29	29	29	30	30	29
Maintenance	25	25	25	25	25	26	26	26	26	26
Water Production	30	28	28	28	28	28	28	28	28	28
Engineering	15	15	14	14	14	14	14	14	14	15
Stormwater Utility										
Stormwater Utility	38	38	41	40	40	41	41	41	43	45
Mosquito Control	7	7	7	7	7	7	7	7	7	7
Refuse	40	40	40	42	42	40	40	40	40	40
Total Enterprise Fund	209	210	214	215	216	216	216	216	218	220
<b>Internal Service Funds:</b>										
Fleet Management	21	21	21	21	21	21	21	21	21	21
Information Technology	25	25	26	26	26	27	28	29	28	30
Risk Management	4	6	6	6	6	6	6	8	8	8
Total Risk Management	50	52	53	53	53	54	55	58	57	59
<b>Total</b>	<b>1,321</b>	<b>1,324</b>	<b>1,333</b>	<b>1,342</b>	<b>1,362</b>	<b>1,387</b>	<b>1,392</b>	<b>1,440</b>	<b>1,492</b>	<b>1,522</b>

**CITY OF SUFFOLK, VIRGINIA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**Table 19**

**LAST TEN FISCAL YEARS**

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>General Government:</b>										
Building permits issued	867	843	1,072	1,189	1,122	1,259	1,810	2,006	6,611	1,583
Value of permits issued (millions)	\$ 162.3	\$ 137.6	\$ 255.7	\$ 845.7	\$ 167.0	\$ 437.7	\$ 439.2	\$ 516.2	\$ 1,274.0	\$ 966.7
Number of registered voters	56,268	58,141	60,652	62,458	62,334	64,780	67,706	69,886	71,493	75,080
Taxable retail sales (millions)	\$ 821.3	\$ 873.0	\$ 895.5	\$ 956.9	\$ 976.1	\$ 1,033.1	\$ 1,154.8	\$ 1,246.2	\$ 1,319.2	**Not Available
Taxable retail sales per capita	\$ 9,083	\$ 9,654	\$ 9,763	\$ 10,341	\$ 10,404	\$ 10,879	\$ 12,013	\$ 12,565	\$ 13,102	**Not Available
<b>Parks, Recreation and Cultural:</b>										
Library volumes in collection (thousands)	286.8	827.1	291.2	178.0	168.3	133.2	133.2	143.4	138.6	165.5
Circulation (thousands)	335	339	322	303.5	304.0	223.0	216.0	345.7	331.8	373.7
<b>Transit</b>										
Number of Service days (not including ADA service)	253	257	257	252	305	308	306	305	307	307
Number of Routes (not including ADA service)	6	6	6	6	7	7	6	6	3	6
Vehicle Trips (not including ADA service)	13,004	13,856	13,825	13,589	18,602	18,791	18,663	19,979	20,181	22,455 (1)
Passenger Trips (not including ADA service)	77,631	101,616	113,084	110,569	128,845	111,114	106,739	73,369	72,551	75,436 (2)
Vehicle Trips (ADA Service)	1,081	1,271	1,450	1,025	1,565	1,919	1,605	1,738	2,228	2,275 (1)
Passenger Trips (ADA Service)	1,353	1,537	1,917	1,247	1,565	1,919	1,919	1,897	2,526	2,391 (2)
<b>Enterprise Fund:</b>										
<b>Public Utilities</b>										
Customers - Water	24,912	24,868	25,237	25,576	25,936	25,952	27,037	27,550	28,037	28,486
Customers - Sewer	21,486	21,770	22,160	22,506	22,851	23,272	23,865	24,350	24,853	25,305
Average daily production (mgd)	6.82	6.77	6.88	6.86	6.58	6.84	7	7.26	7.38	7.76
Treatment Capacity daily (mgd)	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.63	17.63
<b>Stormwater</b>										
Billed customers	31,395	31,470	31,752	32,126	32,866	33,179	33,652	34,188	34,957	36,189
<b>Refuse collection</b>										
Customers	28,046	28,311	28,618	28,895	29,409	29,720	30,040	30,493	31,067	32,080
Recycled (tons)	5,534	5,878	5,821	5,511	5,842	6,075	6,085	5,472	5,503	**Not Available

**Sources: Various City Departments**

\*\* Data is not available as this is shown on a calendar year basis

(1) A vehicle trip is defined as a bus completing the route one time.

(2) A Passenger trip is defined as a passenger boarding a bus at one point and disembarking at another. A passenger taking a trip with a transfer in the middle would count as two passenger trips.

**CITY OF SUFFOLK, VIRGINIA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

Table 20

**LAST TEN FISCAL YEARS**

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety:										
Police Stations	5	5	5	5	5	5	5	5	5	5
Fire and Rescue Stations	10	10	10	10	10	10	10	9	9	9
Public Works:										
State maintained road miles	18	18	18	18	18	18	18	18	18	18
City maintained road miles	1,626	1,596	1,621	1,632	1,650	1,660	1,660	1,669	1,671	1,681
Streetlights	8,593	8,657	8,913	8,988	9,136	9,217	9,288	9,571	9,890	9,790
Bridges and Culverts	150	149	151	151	151	152	151	151	151	151
Traffic Signals	96	98	99	99	100	100	101	102	102	105
Education:										
Elementary Schools	12	12	11	11	11	11	11	11	11	11
Middle Schools	4	4	4	4	4	4	4	4	4	4
High Schools	3	3	3	3	3	3	3	3	3	3
Alternative Schools	1	1	1	1	1	1	1	1	1	1
Number of Teachers, Principals, and Assistants	1,345	1,383	1,380	1,380	1,464	1,410	1,422	1,444	1,456	1,495
Average Daily Membership	13,762	13,837	13,760	13,630	13,543	13,308	13,357	12,934	13,330	13,450
Capacity of Schools	14,590	14,590	14,205	14,205	16,005	16,005	16,005	16,005	16,005	16,918
Enterprise Fund:										
Public Utilities										
Miles of Water Main	467	475	482	486	487	490	497	501	503	508
Miles of Sanitary Sewers	344	352	355	361	363	367	375	378	380	385
Pump Stations	144	146	147	150	150	152	154	154	154	156
Storage Tanks	10	10	10	10	10	11	11	11	11	11
Stormwater Utility										
Miles of Storm Sewers	294	333	396	407	412	420	428	433	435	444
Parks, Recreation and Cultural:										
Parks and Recreation										
Number of major parks and recreation facilities	50	50	50	52	52	52	54	56	57	58
Acreage of major parks and recreation facilities	2,031	2,042	2,092	2,118	2,118	2,118	2,111	2,216	1,928	1,930
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of branch libraries	3	3	3	3	3	3	3	3	3	3
Number of bookmobiles	1	1	1	1	1	1	1	1	1	1
Transit (1)										
Buses	6	8	9	9	10	14	14	12	12	10
Bus Stops with Shelters	8	8	8	10	11	11	10	16	16	16

**Sources:** Various City Departments

1. In Fiscal year 2015 The City added a route serving the northern end of the City and one that connects the north and south routes, as well as to HRT in Chesapeake.

## **COMPLIANCE SECTION**

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**Report of Independent Auditor on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

To the City Council  
City of Suffolk, Virginia  
Suffolk, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the “Specifications”), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia (the “City”), as of and for the year ended June 30, 2024, 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 2, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and one instance of noncompliance that is required to be reported under the Specifications, which is described in the accompanying schedule of findings and questioned costs as items 2024-001.

**City's Response to Finding**

*Government Auditing Standards* require the auditor to perform limited procedures on the City's response to finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 script is cursive and fluid, with the letters "Cherry" and "Bekaert" being more prominent than "LLP".

Virginia Beach, Virginia  
December 2, 2024

## **Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the City Council  
City of Suffolk, Virginia  
Suffolk, Virginia

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the City of Suffolk, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Virginia Beach, Virginia  
December 2, 2024

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR PERIOD ENDING JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
<b><u>U.S. Department of Agriculture</u></b>						
Passed Through Commonwealth of Virginia:						
Department of Agriculture and Department of Education						
Child Nutrition Cluster						
School Breakfast Program (SBP)	10.553			\$ 2,559,566	\$ 2,559,566	
National School Lunch Program (NSLP)	10.555				278,824	
National School Lunch Program	10.555			5,149,091	4,870,267	
Summer Food Service Program for Children (SFSP)	10.559			97,214	97,214	
Total Child Nutrition Cluster		\$ 7,805,871				
Team Nutrition Training Program	10.574			1,400	1,400	
Child & Adult Food Program	10.558			21,544	21,544	
Pandemic EBT Administrative Costs	10.649			6,180	6,180	
Department of Social Services						
SNAP Cluster						
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561			1,685,658	1,685,658	
Total SNAP Cluster		\$ 1,685,658				
Total U.S. Department of Agriculture						<u>\$ 9,520,653</u>
<b><u>U.S. Department of Defense</u></b>						
Direct Program:						
JROTC Instruction	12.000			\$ 146,670	\$ 146,670	
Total U.S. Department of Defense						<u>\$ 146,670</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>						
Direct Program:						
CDBG - Entitlement Grants Cluster						
Community Development Block Grants/Entitlement Grants	14.218			\$ 329,628	\$ 329,628	
Total CDBG - Entitlement Grants Cluster		\$ 329,628				
ForKids		\$ 961				
SRHA Emergency Repair		118,492				
The Genieve Shelter		177,065				
Western Tidewater Clinic		22,000				
Boys & Girls Club of Southeastern VA		11,109				
Home Investment Partnerships Program	14.239			190,733	190,733	
City of Franklin		24,077				
Isle of Wight County		45,214				
Southampton County		279				
CHDO		121,164				
Total U.S. Department of Housing and Urban Development						<u>\$ 520,361</u>

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR PERIOD ENDING JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
<b><u>U.S. Department of Justice</u></b>						
Direct Program:						
Bullet Proof Vest Partnership Program	16.607			\$ 67,597	\$ 67,597	
Passed Through Department of Criminal Justice Services						
Crime Victim Assistance	16.575			433,019	433,019	
Violence Against Women Formula Grants	16.588			63,197	63,197	
Edward Byrne Memorial Justice Assistance Grant Program	16.738			49,220	49,220	
Equitable Sharing Program	16.922			5,851	5,851	
Total U.S. Department of Justice						\$ 618,884
<b><u>U.S. Department of Transportation</u></b>						
Direct Program:						
Airport Improvement Program	20.106			\$ 241,946	\$ 241,946	
Highway Safety Grant - Selective Enforcement - Speed	20.607			7,202	7,202	
Federal Transit Cluster						
Federal Transit - Capital Investment Grants	20.507			\$ 1,093,671	\$ 1,093,671	
Total Federal Transit Cluster			\$ 1,093,671			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			9,000	9,000	
Highway Planning and Construction Cluster						
Passed Through Commonwealth of Virginia:						
Highway Planning and Construction						
Citywide Signal Timings UPC 108983 #2230	20.205				10,011	
CMAQ Bridge Road Traffic Signal Upgrades UPC #102991 #2199	20.205				201	
CMAQ Nansemond Pkwy Traffic Signal Upgrades UPC #102990 #2215	20.205				528,682	
CMAQ Nansemond Pkwy/Wilroy Road Overpass UPC #110634 #2198	20.205				12,713,266	
CMAQ Rt. 17 Crittenden Rd. UPC 111089 # 2193	20.205				212,627	
CMAQ Shoulders Hill Road UPC #102992 #2222	20.205				529,503	
CMAQ Suffolk Transportation Op. Center UPC #108982 #2231	20.205				22,182	
Godwin Blvd Improvements #120648 #2254	20.205				59,373	
Godwin Blvd Improvements #119334 #2255	20.205				258,653	
HSIP Portsmouth Boulevard Sidewalk, Phase II UPC #110999 #2202	20.205				1,765	
RSTP Suffolk Bypass ITS UPC #102994 Project #2200	20.205				744,825	
RSTP Suffolk Bypass/Godwin Blvd/Wilroy Rd/Pruden Blvd UPC #111036 #2240	20.205				345,056	
Rte. 17 Bridge Road Widening UPC #120649 #2256	20.205				376,499	

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR PERIOD ENDING JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
Rte.58/Holland Rd Corridor Improvements UPC #100937 #3015	20.205				11,655,728	
Seaboard Coastline Trail Phase I #115525 #3115	20.205				167,856	
Seaboard Coastline Trail IIIA #119230 #3116	20.205				2,572	
Seaboard Coastline Trail IIIA #108717 #3516	20.205				46,034	
Seaboard Coastline Trail IIIB #121109 #3113	20.205				85,205	
Shoulders Hill Road Reconstruction UPC #69050 #2173	20.205				3,520,549	
Turlington Rd. Over Kilby Creek UPC #113701 #2214	20.205			\$ 31,403,202	122,615	
Highway Planning and Construction Cluster						
Total U.S. Department of Transportation						\$ 32,755,021
<b><u>U.S. Department of Treasury</u></b>						
Passed Through Virginia Department of Accounts						
ARPA	21.027			3,642,121	3,642,121	
Total U.S. Department of Treasury						\$ 3,642,121
<b><u>U.S. Department of Education</u></b>						
Direct Program:						
Impact Aid Award #S041B-2015-5303	84.041			\$ 642,967	\$ 642,967	
Passed Through Commonwealth of Virginia:						
Career and Technical-Basic Grants to States #V048A150046	84.048			263,522	263,522	
School Based Mental Health Grant	84.184			180,711	180,711	
Title III Grant	84.365			13,635	13,635	
Title II-A #S367A150044	84.367			665,590	665,590	
Title IV-A Grant	84.424			290,316	290,316	
RIPE Grant	84.425				40,000	
Cares III Before and After Care	84.225X			74,462	74,462	
Cares Act II	84.425D				3,012,232	
Cares Act III	84.425U			16,662,041	13,609,809	
School Improvement 1003A	84.010				76,293	
Title I Grants to Local Educational Agencies #S010A150046	84.010			4,113,966	4,037,673	
Special Education Cluster (IDEA)						
Special Education - Grants to States #H027A150107	84.027			3,571,695	3,571,695	
Special Education - Preschool Grants #H173A150112	84.173			118,450	118,450	
Special Education Cluster Total			\$ 3,690,145			
Total U.S. Department of Education						\$ 26,597,355

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR PERIOD ENDING JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
<b><u>U.S. Department of Health and Human Services</u></b>						
Direct Payments:						
Medical Assistance Program #1003996083	93.778				\$ 209,262	
Passed Through Commonwealth of Virginia:						
Medicaid Cluster						
Medical Assistance Program	93.778			\$ 1,532,961	1,323,699	
Medicaid Cluster Total		\$	1,532,961			
Guardianship Assistance	93.090			10,699	10,699	
Title IV -E Prevention Program	93.472			17,840	17,840	
Promoting Safe and Stable Families	93.556			9,418	9,418	
Temporary Assistance for Needy Families	93.558			732,789	732,789	
Refugee & Entrant Assistance	93.566			2,381	2,381	
Low-Income Home Energy Assistance	93.568			176,183	176,183	
ILP Education & Training	93.599			927	927	
Child Welfare Services	93.645			810	810	
Foster Care - Title IV-E	93.658			577,385	577,385	
Adoption Assistance	93.659			307,241	307,241	
Social Service Block Grant	93.667			802,165	802,165	
Foster Care Independent Living	93.674			8,514	8,514	
Children's Health Insurance Program	93.767			15,268	15,268	
CCDF Cluster						
Child Care and Development Block Grant	93.575			(4,794)	(4,794)	
Child Care Mandatory & Matching Funds for Child Care Dev Fund	93.596			178,405	178,405	
CCDF Cluster Total			\$ 173,611			
Total U.S. Department of Health and Human Services						\$ 4,368,192
<b><u>U.S. Department of Homeland Security</u></b>						
Passed Through Department of Criminal Justice:						
Port Security Grant Program	97.056			157,215	157,215	
Total U.S. Department of Homeland Security						\$ 157,215
<b>Grand Total</b>					<b>\$ 78,326,472</b>	<b>\$ 78,326,472</b>



CITY OF SUFFOLK, VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR PERIOD ENDING JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
Note 1: <u>Basis of Accounting</u> This schedule was prepared on the modified accrual basis of accounting.						
Note 2: <u>Nonmonetary Assistance:</u> Nonmonetary assistance is reported in the Schedule of Federal Awards at the fair market value of the food commodities. At June 30, 2024, the School Board had USDA food commodities totaling \$149,261 in inventory.						
Note 3: <u>Reporting Entity:</u> The Schedule of Expenditures of Federal Awards reports the expenditures for the City of Suffolk, Virginia and it's component unit the School Board.						
Note 4: <u>De minimis cost rate:</u> The City did not elect to use the 10% de minimis cost rate.						

**CITY OF SUFFOLK, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2024**

**A. Summary of Auditor's Results**

1. The type of report issued on the basic financial statements: **Unmodified**
2. Significant deficiencies in internal control over financial reporting: **None reported**
3. Material weaknesses in internal control over financial reporting: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified**
8. Any audit findings which are required to be reported under Uniform Grant Guidance: **No**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.027/84.173	Special Education Cluster
84.425/ 84.425D/84.425U	Education Stabilization Fund

10. Dollar threshold used to distinguish between type A and type B programs: \$2,349,794
11. City of Suffolk, Virginia (the "City") qualified as a low-risk auditee under Uniform Grant Guidance: **Yes**

**B. Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards**

None reported

**C. Findings and Questioned Costs Relating to Federal Awards**

None reported

**D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

**Finding:** 2024-001 (Repeat Finding – 2023-001)

**Department:** Suffolk Department of Social Services ("DSS")

**Compliance Requirement:** Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

**Type of Finding:** Non-material Noncompliance

**Criteria:** Section 63.2 of the Code of Virginia requires the Local Department of Social Services ("DSS") to remove access privileges for terminated users from all systems they were authorized to use within three (3) working days of employment termination.

**Condition:** While performing our audit procedures to ensure compliance with Section 3-15 of the Specifications, we identified one (1) employee in our sample of three (3) that did not have their access removed within three (3) working days.

**Cause:** The DSS is responsible for communicating all employee terminations to the Information Technology ("IT") Department to ensure all system access is promptly removed. They did not properly communicate employee terminations within the required timeframe to remove system access compliantly.

**CITY OF SUFFOLK, VIRGINIA**  
**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2024**

**Effect:** The City is not in compliance with Section 63.2 of the Code of Virginia and is potentially at risk of terminated employees having access to DSS systems. Additionally, noncompliance may result in action by the Commonwealth of Virginia.

**Auditor's Recommendation:** We recommend the City ensure the IT Department is notified of an employee's termination immediately upon the termination to ensure access is removed in accordance with the prescribed requirements.

**Management's Response:** Management agrees with this finding. DSS, the Finance Department, Information Technology Department and Human Resources Management Department experienced turnover this fiscal year. However, each department will review and strengthen the notification process to the IT Department of an employee's termination immediately upon the employee's termination to ensure access is removed in accordance with the prescribed requirements.

**E. Status of Prior Year Findings:**

**Finding 2023-001 – Non-material Noncompliance Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

**Status:** Finding repeated in the current year. See Finding 2024-001



**CITY OF SUFFOLK  
DEPARTMENT OF FINANCE**

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