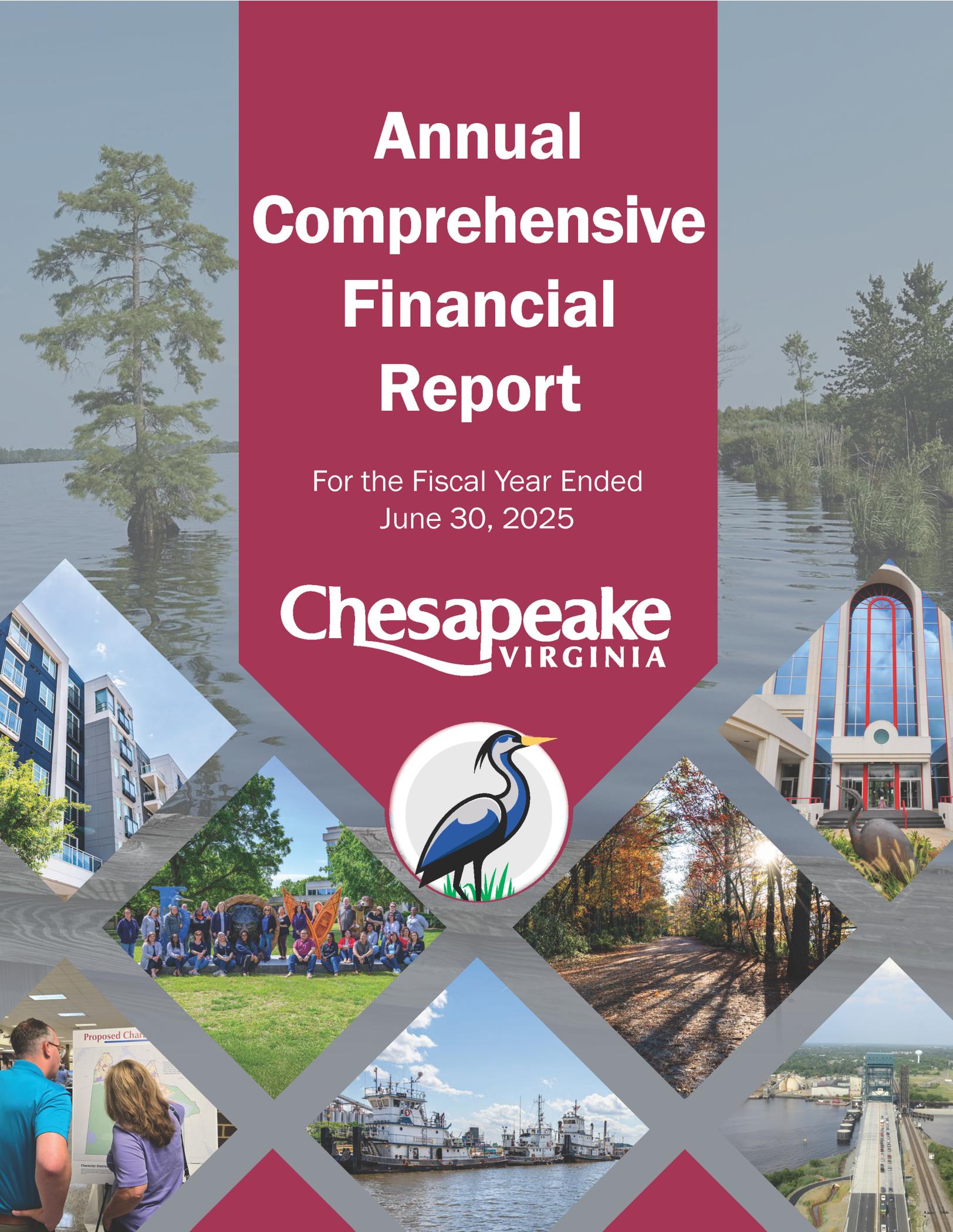


Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2025

Chesapeake
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Chesapeake
VIRGINIA

Annual Comprehensive
Financial Report
of the
City of Chesapeake, Virginia
for Fiscal Year Ended
June 30, 2025



Prepared by the
Chesapeake Department of Finance
Kristen N. Bailey, Director

City of Chesapeake, Virginia

Finance Department

Our Mission

We ensure *fiscal responsibility and sustainability* through *prudent financial management, innovative solutions, and transparent practices*. We foster public trust by upholding the highest standards of *accountability, integrity, and service*. By prioritizing *long-term financial health* and *ethical stewardship of resources*, we support *economic prosperity* for the City and the citizens we serve.

Our Vision

We will be a *leader in financial management* by upholding the *highest standards of integrity, supporting innovation, and delivering exceptional customer service*. We foster a culture of *transparency and accountability*, ensuring the long-term financial health and prosperity of the community we serve.

Acknowledgments

This report was prepared through the dedicated and proficient efforts of the Department of Finance staff. Their professionalism and commitment to excellence embody the spirit of the City that Cares, upholding the highest standards of transparency and stewardship.

The following people were instrumental in the preparation of this report:

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Linda Mathis
Amanda McAdams
Nancy Randall
Tamara Walters

We extend our sincere appreciation to the City Manager, Mayor, and Members of City Council for their leadership and support. Their commitment to responsible governance and dedication to maintaining the City's fiscal responsibility and sustainability have been vital in ensuring the success of this report. Thank you for your continued focus on transparency, accountability, and the well-being of our community.

Please visit us at: www.cityofchesapeake.net

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents
June 30, 2025

	Schedule	Page Number
INTRODUCTORY SECTION:		
Letter of Transmittal		I
City Wide Organizational Chart		XXVII
City Officials		XXVIII
GFOA Certificate of Achievement for Excellence in Financial Reporting		XXX
FINANCIAL SECTION:		
Report of Independent Auditor		1
Management’s Discussion and Analysis (MD&A)		7
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	A	26
Statement of Activities	B	27
Fund Financial Statements:		
Governmental Funds Financial Statements:		
Balance Sheet	C	32
Statement of Revenues, Expenditures, and Changes in Fund Balances	D	34
Proprietary Funds Financial Statements:		
Statement of Net Position	E	38
Statement of Revenues, Expenses, and Changes in Net Position	F	39
Statement of Cash Flows	G	40
Fiduciary Funds Financial Statements:		
Statement of Fiduciary Net Position	H	42
Statement of Changes in Fiduciary Net Position	I	43
Other Discretely Presented Component Units:		
Combining Statement of Net Position	J-1	46
Combining Statement of Activities	J-2	47
Notes to Basic Financial Statements:	K	51
1. Summary of Significant Accounting Policies		51
2. Deposits and Investments		60
3. Accounts Receivable and Payable		65
4. Capital Assets		68
5. Long-Term Obligations		76
6. Advances and On Behalf Of Payments		85
7. Interfund Balances and Transfers		85
8. Retirement Plans		87
9. Other Postemployment Benefits		102
10. Fund Balances		120
11. Deferred Compensation Plan		123
12. Commitments		123
13. Related Parties		124
14. Contingent Liabilities		126
15. Restatements		130
16. Accounting Pronouncements		131

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents, Continued
June 30, 2025

	Schedule	Page Number
FINANCIAL SECTION (Continued):		
Required Supplementary Information Other Than MD&A:		
Schedule of Revenues, Expenditures, and Changes in Fund		
Balances – Budget and Actual – General Fund	L-1	134
Schedule of Employer Pension Contributions – Virginia Retirement System	L-2	135
Schedule of Changes in the Net Pension Liability and Related Ratios – City	L-3	136
Schedule of Changes in the Net Pension Liability and Related Ratios – Schools	L-4	138
Schedule of Employer’s Share of Net Pension Liability	L-5	140
Schedules of Employer Contributions – Other Postemployment		
Benefits - City Directed	L-6	141
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios – City	L-7	142
Schedule of City of Chesapeake Proportionate Share of Net		
OPEB Liability (Asset) – VRS Directed Programs	L-8	144
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios – Schools	L-9	146
Schedule of City of Chesapeake Schools Proportionate Share of Net		
OPEB Liability (Asset) – VRS Directed Programs	L-10	148
Schedules of Employer Contributions – Other Postemployment		
Benefits – VRS Directed Programs	L-11	150
Notes to Required Supplementary Information	L-12	153
Other Supplementary Information:		
Combining and Individual Fund Schedules:		
Governmental Funds:		
Major Governmental Funds:		
General Fund:		
Schedule of Revenues and Other Financing		
Sources – Budget and Actual	M-1	162
Schedule of Expenditures, Encumbrances, and		
Other Financing Uses – Budget and Actual	M-2	166
Debt Service Fund:		
Schedule of Revenues, Expenditures, and Changes		
in Fund Balance – Budget and Actual	N	171
Capital Projects Funds:		
General Capital Projects Fund:		
Schedule of Expenditures and Encumbrances –		
Budget and Actual	O-1	174
Public Utilities Capital Projects Fund:		
Schedule of Expenditures and Encumbrances –		
Budget and Actual	O-2	183
Chesapeake Transportation System Capital Projects Fund:		
Schedule of Expenditures and Encumbrances –		
Budget and Actual	O-3	187
Stormwater Management Capital Projects Fund:		
Schedule of Expenditures and Encumbrances –		
Budget and Actual	O-4	188

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents, Continued
June 30, 2025

	Schedule	Page Number
FINANCIAL SECTION (Continued):		
Nonmajor Governmental Funds:		
Special Revenue and Permanent Funds:		
Combining Balance Sheet	P-1	192
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	P-2	196
Tax Increment Financing Greenbrier Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-3	200
Tax Increment Financing South Norfolk Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-4	201
Virginia Public Assistance Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-5	202
Integrated Behavioral Healthcare Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-6	203
Conference Center Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-7	204
Juvenile Services Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-8	205
Interagency Consortium Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-9	206
E-911 Operations Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-10	207
Fee Supported Activities Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-11	208
Internal Service Funds:		
Combining Statement of Net Position	Q-1	210
Combining Statement of Revenues, Expenses, and Changes in Net Position	Q-2	211
Combining Statement of Cash Flows	Q-3	212

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents, Continued
June 30, 2025

	Schedule	Page Number
FINANCIAL SECTION (Continued):		
Chesapeake Public Schools Component Unit:		
Governmental Funds:		
Balance Sheet	R-1	215
Schedule of Revenues, Expenditures, and Changes in Fund Balance	R-2	216
Fiduciary Funds Financial Statements:		
Statement of Fiduciary Net Position	R-3	218
Statement of Changes in Fiduciary Net Position	R-3A	219
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Schools General Fund	R-4	220
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Schools Nutrition Services Fund	R-5	221
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Schools Textbooks Fund	R-6	222
Other Component Unit:		
Balance Sheet	S-1	224
Statement of Revenues, Expenditures, and Changes in Fund Balance – Chesapeake Mosquito Control Commission	S-2	225
STATISTICAL SECTION:		
Financial Trends Information:		
Net Position by Component	Table 1	228
Changes in Net Position	Table 2	230
Fund Balances, Governmental Funds	Table 3	237
Statement of Changes in Fund Balances, Governmental Funds	Table 4	238
Revenue Capacity Information:		
Assessed and Estimated Actual Value of Taxable Property	Table 5	240
Direct and Overlapping Property Tax Rates	Table 6	241
Principal Property Taxpayers	Table 7	242
Property Tax Levies	Table 8	243
Property Tax Levies and Collections	Table 9	245
Debt Capacity Information:		
Ratios of Outstanding Debt by Type	Table 10	246
Ratios of Outstanding General Obligation Debt	Table 11	248
Debt Affordability Indicators	Table 12	249
Ratio of Annual Debt Expenditures for General Obligation Debt to Total General Governmental Expenditures	Table 13	250
Ratio of Debt Expenditures to Local Revenues	Table 14	251
Legal Debt Margin Information	Table 15	252
Revenue Bond Coverage (Pledged Revenue)	Table 16	253

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents, Continued
June 30, 2025

	Schedule	Page Number
STATISTICAL SECTION (Continued):		
Demographic and Economic Information:		
Demographic and Economic Statistics	Table 17	254
Principal Employers	Table 18	255
Operating Information:		
Municipal Employment Statistics	Table 19	256
Authorized Full-time Equivalent City Government		
Employee Positions by Department	Table 20	257
Operating Indicators by Function/Program	Table 21	258
Capital Asset Statistics by Function/Program	Table 22	260
COMPLIANCE SECTION:		
Schedule of Expenditures of Federal Awards	T-1	262
Notes to Schedule of Expenditures of Federal Awards	T-2	266
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 Governmental Auditing Standards		267
Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		269
Schedule of Findings and Questioned Costs		272

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INTRODUCTORY SECTION

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Chesapeake
VIRGINIA

December 9, 2025

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

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of Chesapeake, Virginia (the City) for the fiscal year ended June 30, 2025. State law requires that every general-purpose government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement and to demonstrate accountability to the taxpayers of Chesapeake.

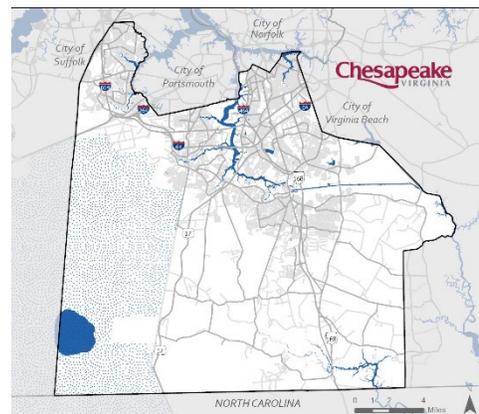
The financial statements in this report conform to Generally Accepted Accounting Principles (GAAP) established by the Governmental Accounting Standards Board (GASB). Management assumes full responsibility for the completeness and reliability of the information in this report, based upon a comprehensive internal control framework established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cherry Bekaert LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Chesapeake's financial statements for the year ended June 30, 2025. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

City History and Structure

The City of Chesapeake, formed on January 1, 1963, by the merger of Norfolk County and the City of South Norfolk, encompasses 353 square miles and is bordered by the cities of Norfolk, Portsmouth, Virginia Beach, Suffolk, and the North Carolina state line. With an estimated population of 253,261 (*Source: University of Virginia Weldon Cooper Center for Public Service, July 1, 2024*), Chesapeake is the second-largest city in the Commonwealth of Virginia, both in terms of population and land area.



The City of Chesapeake derives its governing authority from a charter granted by the Virginia General Assembly. The City is organized under the Council-Manager form of government.

The City Council serves as the City's legislative body, with the Mayor as its presiding officer. The Mayor and eight Council members are elected at large, and the Council selects a Vice Mayor from its members. The Council appoints a City Manager as the Chief Executive Officer to oversee daily City operations. The City's Constitutional officers—City Treasurer, Clerk of the Circuit Court, Commissioner of Revenue, Commonwealth's Attorney, and Sheriff—are also elected at large.



City Council members as of fiscal year ended June 30, 2025

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

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

Component units are presented and reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the Primary Government and to differentiate their financial position and operational results from those of the Primary Government. Discretely presented component units included in this report are Chesapeake Public Schools, Chesapeake Mosquito Control Commission, Chesapeake Airport Authority, and Chesapeake Land Bank Authority. The activities of one component unit, the Economic Development Authority of the City of Chesapeake (the EDA), are so intertwined with the City's activities that they are, in substance, part of the City's operations. Therefore, the EDA is blended with the City's business-type activities. The Other Post Employment Benefits Trust Fund (OPEB Trust) is where the City accounts for the costs of future benefits obligated to City employees after retirement, primarily in the form of retiree health insurance benefits. This fiduciary-type component unit is included within the fiduciary fund financial statements.

The City Charter requires the City Manager to submit a balanced budget to the City Council no later than April 1 for the ensuing fiscal year to begin on July 1. The proposed budget, which the City Council may modify, must be adopted by a majority vote of the City Council 47 days before

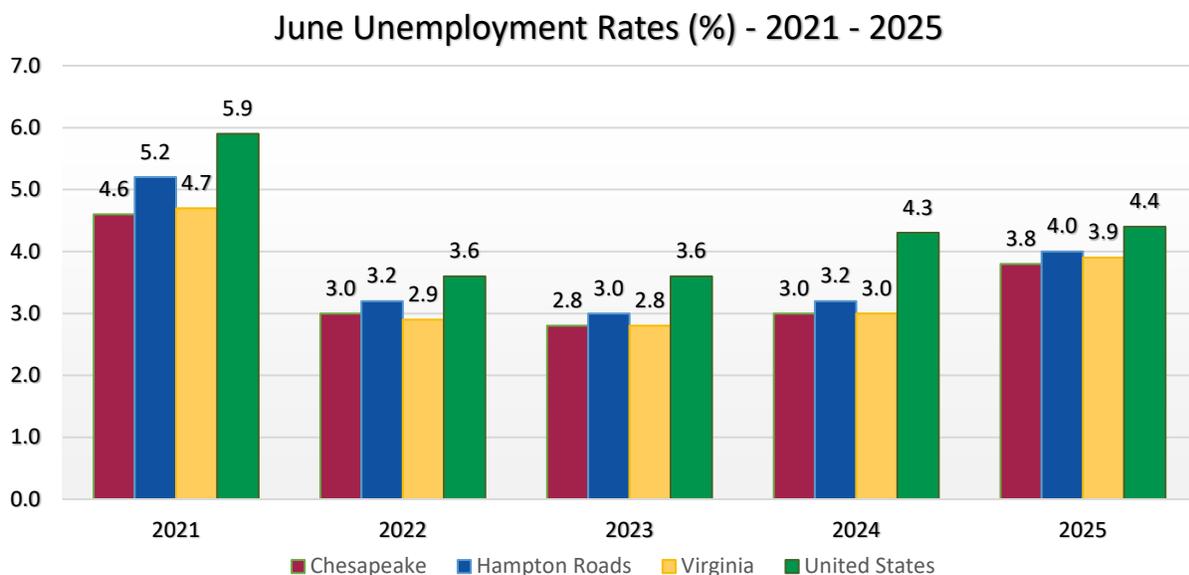
the end of the current fiscal year; otherwise, the proposed budget, as submitted by the City Manager, becomes the budget for the ensuing fiscal year.

Economic Condition and Outlook

Chesapeake enjoys a well-diversified, strategically positioned local economy within the Hampton Roads region of southeastern Virginia. The City benefits from its proximity to the Port of Virginia, extensive transportation infrastructure, substantial land area, and a skilled labor force. Chesapeake offers a well-connected community with treasured rural areas, vibrant neighborhoods, and thriving commercial and industrial centers. The civilian labor force grew from 111,685 in 2016 to 125,768 in 2025 (*Source: Federal Reserve Bank of St. Louis, June 2025*), while median household income rose from \$89,119 to \$94,189 in 2023 (*Source: Data USA*).

This economic strength is supported by a diverse base that includes advanced manufacturing, logistics and distribution, professional services, defense contracting, and a strong small business sector. Chesapeake's strategic location—reinforced by major transportation corridors and a growing technology and logistics workforce—continues to foster stable labor conditions and sustained economic resilience. Continued investments in workforce development, public infrastructure, and economic initiatives further enhance the City's ability to attract and retain employers.

As of June 2025, the City of Chesapeake continued to demonstrate a stable local economy with labor market conditions that remain favorable compared to national trends. The City's unemployment rate was 3.8%, lower than the national rate of 4.4% (not seasonally adjusted). The City's rate is comparable to that of other major localities across the Hampton Roads region, which collectively reported a 4.0% unemployment rate during the same period. The Commonwealth of Virginia maintained an unadjusted unemployment rate of 3.9% in June 2025, reflecting continued statewide access to employment and a resilient labor market.



Source: Virginia Works (DWDA)

Chesapeake's General Obligation bonds maintain top ratings from all three credit agencies, with AAA from Fitch and S&P and Aaa from Moody's. In May 2025, all three rating agencies

reaffirmed these ratings. The ratings reflect the City's continued growth and diversification of its tax base, stable income levels, solid financial position supported by fiscal policies and conservative budget assumptions, manageable debt burden with modest future borrowing plans, and an above-average yet manageable pension liability. The City and region also benefit from proactive, long-range capital planning and a regional approach to infrastructure resiliency.

Overview of Financial Performance

The City is dedicated to serving the citizens of Chesapeake by striving to provide efficient and effective services, safety and security, quality education, and balanced, planned development, while maintaining a fiscally responsible government. City Council and management remain proactive in effectively managing resources and controlling costs while maximizing opportunities.

The City's fiscal year 2025 Operating and Capital budgets preserved and enhanced essential services while funding strategic initiatives. Strong financial performance was achieved through effective cost management and resource oversight.

General Fund revenues and transfers in of \$839.5 million exceeded the amended budget by \$44.5 million (5.6%). Personal property tax revenues, business license taxes, investment income, charges for services, and revenues from the Commonwealth primarily drove this excess over budgeted revenues.

General Fund expenditures and transfers out of \$784.3 million were \$46.1 million (5.6%) under the amended budget. These savings were primarily due to City and Schools payroll savings resulting from position vacancies, delayed capital outlay expenditures, and favorable net transfers to other funds.

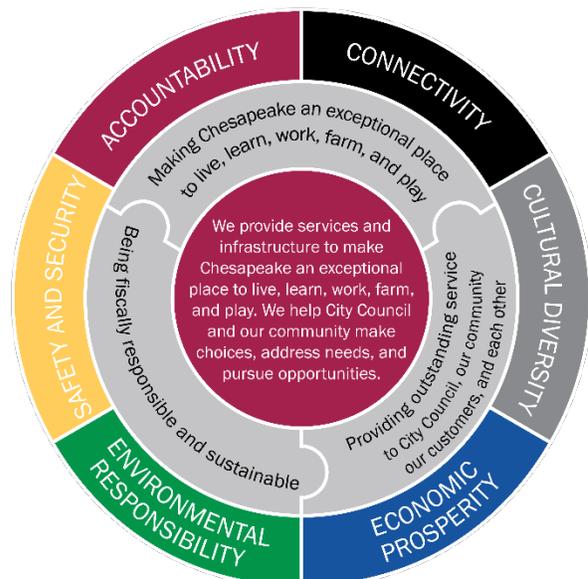
The additional revenue plus the expenditure savings totals \$90.6 million, which contributed \$55.2 million to the General Fund fund balance. The City uses these funds to pay for strategic economic development initiatives, high-priority capital projects, and to maintain adequate cash reserves. This practice contributes to the City's long-term financial health and delivers value to residents by helping maintain a low tax rate and excellent credit ratings.

Strategic Framework

For fiscal year 2025, the City's strategic anchors continued to create clarity within the organization. This strategic framework serves as the decision-making lens for City staff in day-to-day operations and provides a guide for aligning resources to achieve City Council's Vision.

Strategic Anchor #1

- ✓ We help make Chesapeake an exceptional place to live, learn, work, farm, and play.



Strategic Anchor #2

- ✓ We provide outstanding service to City Council, our community, our customers, and each other.

Strategic Anchor #3

- ✓ We will be fiscally responsible and sustainable.

City Council's strategic framework includes six Desired Outcomes by which success is measured:

- ✓ Economic Prosperity
- ✓ Connectivity
- ✓ Cultural Diversity
- ✓ Environmental Responsibility
- ✓ Safety and Security
- ✓ Accountability

In 2025, the City added the sixth Desired Outcome—*Accountability*—to reinforce the City's commitment to transparency, responsible stewardship of public resources, and the consistent delivery of high-quality services. This new outcome underscores the importance of measuring performance, strengthening internal controls, and ensuring that City operations remain responsive, efficient, and aligned with community expectations.

The City recognizes that a balanced, well-planned approach to growth and community investment impacts all six desired outcomes, driving *Economic Prosperity*, enhancing technical, physical, and social *Connectivity*, supporting *Cultural Diversity*, promoting *Environmental Responsibility*, and ensuring *Safety and Security* through *Accountability*.

FY 2025 Major Initiatives

Economic Prosperity

During FY 2025, the City continued to make meaningful progress toward City Council's Desired Outcome of *Economic Prosperity*, with initiatives that strengthen the City's tax base, expand job opportunities, support housing access, and promote a thriving business environment.

The Chesapeake 2045 Comprehensive Plan envisions a future where economic vitality, cultural richness, and environmental stewardship are in balance. It focuses on enhancing quality of life citywide—from rural communities to urban centers—by guiding growth intentionally, strengthening connections between places, protecting natural and rural assets, and fostering vibrant areas to live, learn, work, farm, and play. A draft version of the Plan was completed and posted for public review in FY 2025, marking a significant milestone in the City's long-range planning efforts.

Within the proposed Chesapeake 2045 Comprehensive Plan, character districts have been adjusted to reflect anticipated land use needs moving forward based on projections.

The newly adopted Greenbrier Area Plan is designed to strengthen the region's largest non-federal employment center and build on the success of Summit Pointe. The Plan outlines targeted transformation areas in Central Greenbrier, the Greenbrier Mall site, Battlefield Corporate Center, and the areas surrounding the Chesapeake Regional Medical Center and Chesapeake Conference Center.

Housing affordability remains a nationwide challenge, and Chesapeake is no exception. The City continues to work on expanding access to quality housing at a range of price points as part of its efforts to support economic prosperity. Ongoing and planned residential developments across Chesapeake will help increase supply and ease cost pressures. Notable areas experiencing continued growth include Grassfield, Edinburgh, Elbow Road, and Western Branch.

Housing and community development efforts supported both economic mobility and long-term workforce stability. The Chesapeake Redevelopment & Housing Authority (CRHA) moved forward on substantial Rental Assistance Demonstration conversions and renovations at Peaceful Village and MacDonald Manor and continued planning a mixed-use redevelopment project on Campostella Road and Parkside Drive. These efforts increase the availability of safe and affordable housing options for residents across all income levels.

The City also strengthened support for agribusiness and agritourism—key contributors to Chesapeake's diversified economy—through new policies in the draft Comprehensive Plan and a regional agritourism workshop.

Tourism initiatives also contributed to the City's economic vitality. Regional collaborations through the Coastal Virginia Tourism Alliance generated over 289,000 website visits. These initiatives expanded marketing visibility through digital advertising, welcome center blitzes, and group tour itineraries, resulting in increased overnight stays. Locally, the Department of Parks, Recreation & Tourism expanded its advertising reach and continued to activate the Great Bridge Waterfront through sidewalk connectivity improvements, new signage, pedestrian lighting, and historic preservation enhancements.

Economic momentum continued with the May 2025 groundbreaking of the *LS Greenlink USA, Inc.* facility, a transformational \$681 million advanced manufacturing and pier project that represents the largest economic development investment in Chesapeake's history. In addition, staff continued to proactively market developable sites to attract high-wage employment opportunities and further diversify the City's non-residential tax base.



LS Greenlink USA, Inc. Groundbreaking Ceremony

Connectivity

Throughout FY 2025, the City advanced several major initiatives that support City Council's Desired Outcome of *Connectivity*, enhancing how residents move throughout Chesapeake and access essential services.

In November 2024, City Council adopted the Trails and Connectivity Plan, establishing a long-term framework to enhance non-motorized *Connectivity* throughout the City. The Plan provides the blueprint for the location and design of future bicycle and pedestrian facilities.

Significant progress has been made over the past year to advance this vision. The City refined its sidewalk prioritization guide, identifying and evaluating more than 223 segments—representing 186 miles of sidewalk gaps—for scoring, ranking, and feasibility review. Many of these identified needs will guide the development of new Capital Improvement Program projects that directly support implementation of the Plan.

Private development is also playing an important role in building out the network. Projects such as Springton, Scenic Heights, and Grayson Commons are incorporating multi-use paths along major corridors, helping close critical gaps and extend the City's non-motorized system.

Chesapeake Thrives, the City's public-private collective impact initiative, continues to align departments, nonprofits, businesses, and faith-based partners to connect residents with critical services at every stage of life. The program focuses on improving protective factors, strengthening health and well-being, increasing self-sufficiency, and building community resilience. In FY 2025, this coordinated approach expanded community-based access to care through initiatives such as the Chesapeake Mobile Medical Clinic, which brings primary care, screenings, and preventive services directly into neighborhoods. This "clinic on wheels" reduces barriers to care and exemplifies the City's commitment to collaborative solutions that enhance quality of life for all residents.



Chesapeake Mobile Medical Clinic

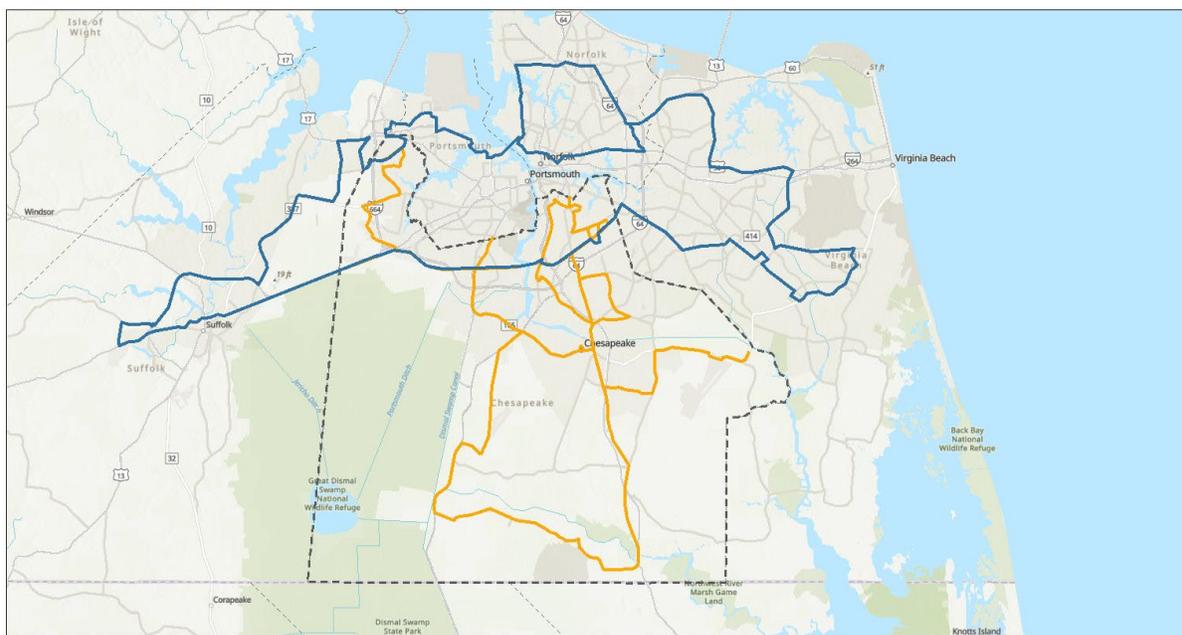
The Southside Network Authority (SNA)—a partnership among Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach—is constructing a 119-mile regional fiber backbone that will link Southside Hampton Roads to the Virginia Beach subsea cables. This regional investment strengthens *Connectivity* and *Economic Prosperity* by improving high-capacity access for

employers, higher education, research institutions, and municipal facilities while reducing long-term broadband costs. Chesapeake has completed its 19-mile co-build segment, positioning the City for enhanced regional collaboration, with formal acceptance by the SNA pending as regional construction continues toward its projected completion in 2026.

Chesapeake Connects (CCX) is the City's strategic investment in a secure, modern municipal fiber network, supported by a \$47.0 million CIP budget that includes \$35.5 million in ARPA funding. CCX will construct a 175-mile, 432-strand fiber system connecting 149 City buildings, 54 School facilities, and seven libraries. Backbone conduit installation is complete, fiber installation is well underway, and the first 19 endpoint sites are scheduled to go live by the end of calendar year 2025, with all remaining endpoints targeted for completion by the end of FY 2026.

The CCX network includes excess conduit and fiber capacity to support broadband providers seeking to expand service in Chesapeake. As segments come online, this middle-mile infrastructure will enable new private-sector partnerships, expand access to high-speed *Connectivity*, and support long-term economic growth. Commencing in fall 2022, the project will be completed in 2026.

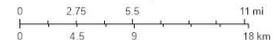
Chesapeake Connects with Regional Ring



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- Regional Connectivity Ring (SNA)
- Chesapeake Connects (CCX)
- - - City Boundary

1:290,462



Sources: Esri, TomTom, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community. Sources: Esri, Maxar, Airbus DS, USGS, NOAA, NASA, OCHAIR, N Robinson, NEZAS, NLS, OS, NMA, Geodatasystemen, Rijkswaterstaat, GSA, Geoland,

Esri, NASA, USGS | City of Chesapeake, VGR, Esri, TomTom, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, USDA, USFWS |

These accomplishments advance a more connected Chesapeake, enhancing mobility, accessibility, digital *Connectivity*, and infrastructure resilience throughout the community.

Cultural Diversity

During FY 2025, the City advanced several initiatives that support City Council's Desired Outcome of *Cultural Diversity*, with a focus on inclusive community design, expanded housing access, and a workforce that reflects our community.

City Council adopted the South Norfolk Design Guidelines and the Indian River Design Guidelines, and staff released the Placemaking and Design chapter of the draft 2045 Comprehensive Plan, promoting authentic, culturally rich neighborhoods. To expand access to affordable housing, community partners provided Tenant-Based Rental Assistance to 62 households, completed 24 home rehabilitation projects, and constructed two new homes, including one under the Workforce Housing Development Program.

The City completed the expansion and renovation of Russell Memorial Library, which reopened in March 2025 following a nine-month closure. The project added approximately 2,500–5,000 square feet of new space and modernized the facility to better serve residents. Enhancements include an expanded children's area, a dedicated teen space, additional study rooms, a creative corner for adult learning, and an outdoor courtyard featuring interactive musical instruments. The project also delivered updated restrooms, carpet, paint, shelving, and significant improvements to HVAC and IT systems—advancing both community *Connectivity* and *Cultural Diversity*.



Russell Memorial Library Renovation

The City also continued its efforts to increase workforce diversity, including recruiting Chesapeake natives and residents. These efforts include an ongoing partnership with Chesapeake Public Schools (CPS) to help support training programs within the CPS Technical Education Center for Firefighting/EMS and 911 Emergency Call-Taking & Dispatch. Such programs prepare Chesapeake students for employment in city government, and the City hires interested students upon completion of the program. The City also partners with CPS to host an annual job shadowing day for 11th and 12th-grade students to introduce them to City government careers. Human Resources recruiters also routinely attend community outreach events and town hall sessions to promote City employment to Chesapeake residents. Employment flyers are shared with Chesapeake churches and community organizations for distribution to their members.

The City continues to participate in the Virginia Department of Social Services' Full Employment Program (FEP), and Human Resources (HR) recruiters coordinate closely with Chesapeake Social Services to promote City employment opportunities and coordinate placement of program participants. The City was recognized in September 2024 for having the highest number of FEP

placements in the state. HR recruiters also regularly attend employment fairs at local state correctional facilities to educate inmates about employment opportunities within the City.

The City continued to participate in the SkillBridge Internship Program for military members, and expanded its outreach efforts through minority-focused media and employment platforms, including a partnership with TalentAlly—a diversity-centered job board and recruitment service that connects employers with candidates from underrepresented backgrounds. In FY 2025, Human Resources posted seven hard-to-fill positions on diversity-focused websites and launched six targeted email campaigns through TalentAlly. Additionally, HR posted 145 positions to historically Black colleges and universities (HBCUs) and 200 positions to military-affiliated job boards. All City positions are now posted on TalentAlly, which also markets many vacancies across its network of partner sites.

The Economic Development Department launched its Small Business Development Portal, expanded partnerships to support SWaM and veteran-owned businesses, and continued outreach to previous recipients of SWaM grants.

Collectively, these accomplishments reinforce the City's commitment to fostering a welcoming and culturally vibrant community.

Environmental Responsibility

During FY 2025, the City advanced several initiatives that support City Council's Desired Outcome of *Environmental Responsibility*, with a focus on resiliency, open space preservation, stormwater management, and overall environmental stewardship.

The draft 2045 Comprehensive Plan incorporated a new Conservation Character District and an Environmentally Sensitive Overlay to encourage resilient development. Regionally, the Hampton Roads Planning District Commission Resiliency Committee completed recommended stormwater design standards for local adoption. The City also strengthened open space preservation by acquiring two properties under the Open Space and Agricultural Preservation (OSAP) Program and is evaluating the use of U.S. Treasury STRIPS—safe, government-backed investments that would provide steady, long-term compensation to participating landowners.

City Council adopted the Trails and Connectivity Plan, which enhances access to and preserves natural corridors. The City also continued beautification and redevelopment efforts, approving façade improvement grants in the Great Bridge Historic Gateway and South Norfolk Business districts and piloting corridor enhancements to support business investment.

Stormwater system maintenance has improved through the use of new online mapping tools, enabling the cleaning of more than 37 miles of ditches, the removal of over 4,100 tons of debris, and the installation of 3,450 feet of culverts and pipes to reduce flooding risks. Public Utilities expanded groundwater protection efforts by collecting more than 1,000 water-quality data points and developing a consolidated database aligned with Safe Drinking Water Act standards.

Blue Heron Landing Park officially opened in October 2024, bringing long-awaited public water access to the Indian River community for the first time. Developed in partnership with the Friends of Indian River and Friends of the Elizabeth River, the project reflects strong community stewardship and an elevated standard for waterfront design. Its immediate popularity prompted

additional improvements to neighborhood *Connectivity*, including new biking and pedestrian amenities and an upcoming crosswalk enhancement.

The park provides ADA-accessible water access, walkable and bikeable connections for nearby residents, and a suite of thoughtfully designed features. Highlights include a living shoreline that enhances water quality and stabilizes the land, a signature blue recycled-material boardwalk, an ADA floating kayak launch, a fishing and crabbing pier, and an observation platform. Every design element serves multiple purposes—strengthening sustainability, expanding recreational opportunities, and creating a distinctive sense of place.

Blue Heron Landing Park stands as a community-driven investment that enhances *Environmental Responsibility*, accessibility, and quality of life for one of Chesapeake's most densely populated and previously underserved areas.



Blue Heron Landing Park

Community-driven environmental stewardship remained strong, with volunteers collecting 19,763 pounds of litter, updating Adopt-A-Spot and Adopt-A-Park signage, hosting four Chesapeake Recycles Days, and securing a Chesapeake Bay Restoration Fund grant to support environmental programming.

Collectively, these efforts enhance the City's resilience, protect natural resources, and promote a cleaner, greener Chesapeake.

Safety and Security

During FY 2025, the City advanced several initiatives that support City Council's Desired Outcome of *Safety and Security*, focusing on crime reduction, facility protection, mental health collaboration, and community engagement.

The City's public safety agencies enhanced community engagement through civic league meetings, educational events, youth programs, and large-scale outreach initiatives, including the Citizens' Police Academy, National Night Out, and Fire Department school programs. Law enforcement also implemented targeted enforcement and crime-prevention operations, contributing to reductions in violent crime and improved public awareness.

To support safer neighborhoods, the Chesapeake Redevelopment & Housing Authority (CRHA) advanced blight abatement and housing stabilization efforts, including home purchases through the Housing Choice Voucher Homeownership Program and redevelopment planning in targeted areas. The City also continued funding supplemental Code Inspectors and local rehabilitation initiatives to address property conditions in vulnerable communities.

In January 2025, the Chesapeake CARES Resource Center opened, providing a central hub of support for residents experiencing homelessness. The Center offers essential services, including showers, laundry facilities, meals, and mail access. It advances *Safety & Security* and *Connectivity* by linking individuals to employment, medical care, and other critical resources. The facility also serves as a winter sheltering site through the Chesapeake Area Shelter Team (C.A.S.T.), strengthening the community's coordinated response to those in need.



Chesapeake CARES Resource Center Ribbon Cutting

In FY 2025, the City replaced and upgraded 330 Automatic External Defibrillators (AEDs), strengthening lifesaving capabilities across Chesapeake. AEDs are strategically located in fire and police vehicles, City buildings, and public spaces to ensure rapid response during sudden cardiac arrest—the single most critical factor, aside from CPR, in improving survival and neurological outcomes. Over the past three years, City police officers used AEDs 93 times while on patrol, with an additional 36 uses by civilians. Replacing aging units significantly enhances reliability and ensures residents and public safety personnel have immediate access to modern, effective equipment. This investment directly supports the City's *Safety and Security* outcome by improving emergency readiness and making public facilities and spaces safer for all.

The Cybersecurity Maturity and Compliance Program, launched in FY 2024, continues to strengthen the City's cybersecurity posture through annual assessments and systematic remediation of identified risks. As cyber threats evolve, the program ensures dedicated expertise is focused on safeguarding City data, systems, and communications infrastructure in alignment with industry standards, regulatory requirements, and best practices. In FY 2025, cybersecurity efforts were further advanced through the expansion of two-factor authentication and the continued rollout of Identity and Access Management to enhance secure access and reduce risks. These initiatives collectively reinforce the City's ability to protect critical information systems and maintain secure, reliable operations.

During FY 2025, the Police Department launched a new Patrol Aide Program and hired five new non-sworn Patrol Aides. Serving as a Patrol Aide provides invaluable hands-on experience and a solid foundation in law enforcement, preparing a person to seamlessly transition to a Chesapeake Police Officer Trainee position once they meet the age requirement. This role is an excellent stepping stone to gain practical skills and insights that will be instrumental in a future career as a Chesapeake Police Officer, all while contributing meaningfully to the community.



In January 2025, the Chesapeake Fire Department placed its new 44-foot Fire Boat 4 into service, significantly enhancing the City's ability to respond to emergencies on the Intracoastal Waterway and surrounding waterways. The \$1.2 million custom-built vessel replaces a 1996 model and is now the department's largest and most capable marine asset. Designed for firefighting, rescue, and advanced life support response, the vessel includes a bow door for equipment or personnel deployment and can supply water to land-based operations. This investment greatly strengthens the City's emergency readiness and supports the *Safety and Security* outcome by ensuring swift, effective response on Chesapeake's waterways.



Fire Boat 4

In FY 2025, the Chesapeake Fire Department launched a new EMS Bike Team to enhance medical response during large public events. The team uses all-terrain bicycles equipped with basic and advanced life support gear, including portable defibrillators, allowing paramedics to reach patients quickly in crowded areas where traditional vehicles may be delayed. This initiative strengthens the City's emergency response capabilities and supports the Safety and Security outcome by ensuring timely, on-scene medical care during high-attendance events.

Chesapeake Integrated Behavioral Health (CIBH) continued to strengthen the City's behavioral health emergency response system in FY 2025. This year marked the first full year of operation for the Heron's Cove Crisis Receiving Center, which expanded its service capacity by adding additional mental health clinicians and psychiatric nurses to address rising community demand. The Center now provides more comprehensive 24/7 care, offering immediate assessment, stabilization, and short-term treatment for individuals in crisis.

CIBH's work is supported by a coordinated network that includes Emergency Services, the Mobile Crisis Response Team, the Crisis Intervention Team, and the statewide Marcus Alert program. Together, these programs deliver rapid triage and intervention, reduce reliance on hospitalization and incarceration, strengthen partnerships with law enforcement and first responders, and prioritize safe, person-centered alternatives during behavioral health emergencies. This integrated approach enhances *Safety & Security*, improves access to critical care, and reinforces Chesapeake's commitment to a compassionate and effective behavioral health system.



Blue Heron Crisis Receiving Center

Collectively, these initiatives demonstrate the City's commitment to maintaining a safe, secure, and resilient community.

Fiscal Responsibility and Sustainability

During FY 2025, the City advanced several initiatives that support City Council's Strategic Anchor of *Fiscal Responsibility and Sustainability*.

The Procurement team fully implemented the OpenGov electronic bidding and contract management platform, enhancing both efficiency and transparency in procurement operations.

Throughout the year, staff from Finance, Budget, and Procurement strengthened financial management training and expanded resources available to fiscal personnel across all departments. These efforts—along with a collaborative initiative with Human Resources to reclassify fiscal administrator positions in the City’s most complex operational areas—ensure that employees have the tools, support, and expertise needed to maintain the integrity of the City’s general ledger.

The Tax System Modernization project also achieved substantial progress in FY25 and remains on schedule for continuation into FY 2027. This \$28.8 million capital investment will replace legacy mainframe systems with modern, integrated tax and revenue management software, improving service delivery and convenience for residents and businesses. Once implemented, taxpayers will benefit from streamlined access to tax information, consolidated and easier-to-understand bills, and expanded secure digital payment options—including Venmo, PayPal, Google Pay, and Apple Pay. Collectively, these initiatives demonstrate the City’s ongoing commitment to operational efficiency, excellent customer service, and the responsible use of technology

In addition to ongoing initiatives, City Council's commitment to the strategic anchor of *Fiscal Responsibility and Sustainability* is supported by the adoption of comprehensive financial policies. These policies focus on capital planning, cash and debt management, and operational efficiency to ensure the responsible use of City resources. City Council periodically reviews and updates these policies to reflect economic changes and best practices. City Council has also adopted guiding principles for budget development, promoting a fiscally conservative approach.

Minimum Fund Balance Policy. On June 13, 2023, City Council adopted a revised fund balance policy, increasing the minimum General Fund Unassigned Fund Balance from 10% to 12% of specified General Fund and Special Revenue fund revenues.

Debt Policy. In February 2007, City Council adopted debt affordability policies that limit the overall net debt to 3.5% of the assessed value of taxable real property and \$3,000 per capita. On May 10, 2015, to mitigate the impact of debt service on revenues, City Council amended the policy to limit the City's tax-supported debt service to 10% of budgeted general governmental revenues, effective July 1, 2015.

Investment Policy. In June 2025, City Council adopted a formal investment policy, including the establishment of an Investment Committee, to ensure that public funds are managed with prudence, transparency, and accountability, supporting fiscal sustainability and public trust. This action followed the fiscal year 2023 decision to transfer investment management from the elected City Treasurer to the City Manager through the Finance Department.

Internal Controls. City management is responsible for establishing and maintaining an internal control structure designed to ensure the City's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to prepare financial statements in conformity with GAAP. The City's comprehensive internal controls framework has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary Controls. The annual operating budget includes activities of the General Fund, certain Special Revenue Funds, Debt Service Fund, Enterprise Funds, Chesapeake Mosquito Control Commission–Component Unit, and Chesapeake Public Schools–Component Unit. Project-length financial plans are adopted for the Capital Projects Funds, including the Public Schools–

Component Unit Construction Fund, Grants Fund, Community Development Fund, and certain other Special Revenue Funds. The legal level of budgetary authority (the level at which expenditures cannot exceed the appropriated amount) occurs at the fund level. City Council may authorize supplemental appropriations based on the availability of financial resources and must approve any revisions that alter total appropriations. City Council must also approve appropriation transfers of \$250,000 or more and transfers between the capital and operating budgets. The City Manager has been delegated the authority to approve transfers of \$250,000 or less within the operating budget or between capital projects. The City uses an encumbrance accounting system to support budgetary controls. Although encumbrances expire at year-end, they are reviewed and typically re-appropriated in the next year's budget if funds remain available.

Other Information

Single Audit. As a recipient of federal and state financial assistance, the City is also responsible for establishing and maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the City Auditor. As part of the City's Single Audit, tests are performed to determine the adequacy of internal controls and compliance with applicable laws and regulations, including that portion related to federal awards.

While the Compliance Section—comprising the Schedule of Expenditures of Federal Awards and Single Audit reports—is not federally due until nine months after the fiscal year-end (March 31), the City traditionally includes this section in the presentation of the Annual Comprehensive Financial Report by December 15. This year, the federal government shutdown delayed the release of the 2025 Uniform Guidance Compliance Supplement, which establishes the required audit procedures for major federal programs. Until the final supplement is issued, auditors cannot complete the necessary federal compliance testing. As a result, the Compliance Section, which is ordinarily included in this report, will be issued separately upon completion of the federally prescribed audit work.

Independent Audit. The City's Charter, SEC 11.06, *Annual Audit*, requires an audit by independent certified public accountants. The accounting firm of Cherry Bekaert LLP was selected by the City's Audit Selection Committee and approved by City Council. In addition to meeting the requirements set forth in the City's Charter, the audit is also designed to meet the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The Report of Independent Auditor on the Basic Financial Statements is included in the Financial Section of this report. As mentioned above, the Reports of Independent Auditor on internal controls and compliance will be issued under separate cover for FY 2025.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* (Certificate of Achievement) to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This was the 44th consecutive year that Chesapeake has achieved this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable program requirements. A Certificate of Achievement is valid for one year. The City believes the current ACFR meets the requirements of the Certificate of Achievement Program and is submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's *Distinguished Budget Presentation Award* for its annual budget document for the fiscal year beginning July 1, 2024. The City's budget document has achieved this recognition 33 times since 1989, including consecutive annual recognition since 2003. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Finally, the City received the GFOA *Award for Outstanding Achievement in Popular Annual Financial Reporting* (PAFR Award) for the fiscal year ended June 30, 2024. This was the 3rd consecutive year that Chesapeake has received this award, with its first PAFR published in fiscal year 2022. GFOA's PAFR Award was established to assist and encourage governments to extract information from their ACFR to produce high-quality financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

The City has the distinction of being a "GFOA Triple Crown winner," having received excellence awards for financial reporting, popular financial reporting, and distinguished budget presentation. Only sixteen local governments in Virginia have this designation, including three other cities in the Hampton Roads region.

In Memoriam. In the months following the close of the fiscal year, the City mourned the passing of Vice Mayor John M. de Triquet on August 22, 2025. His years of service and steadfast dedication to the community exemplified the spirit of public service that continues to guide the City's leadership.

Acknowledgments. The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contributions made in preparing this report. Also deserving of special commendation are all the skilled, talented, and dedicated employees of the City of Chesapeake - the workforce of the City - who endeavor to make Chesapeake an exceptional place to live, learn, work, farm, and play. We also express our sincere appreciation to the Mayor, Vice Mayor, and City Council for their leadership, guidance, and establishment of policies that enable sound and progressive financial management.

Very truly yours,



Christopher M. Price
City Manager

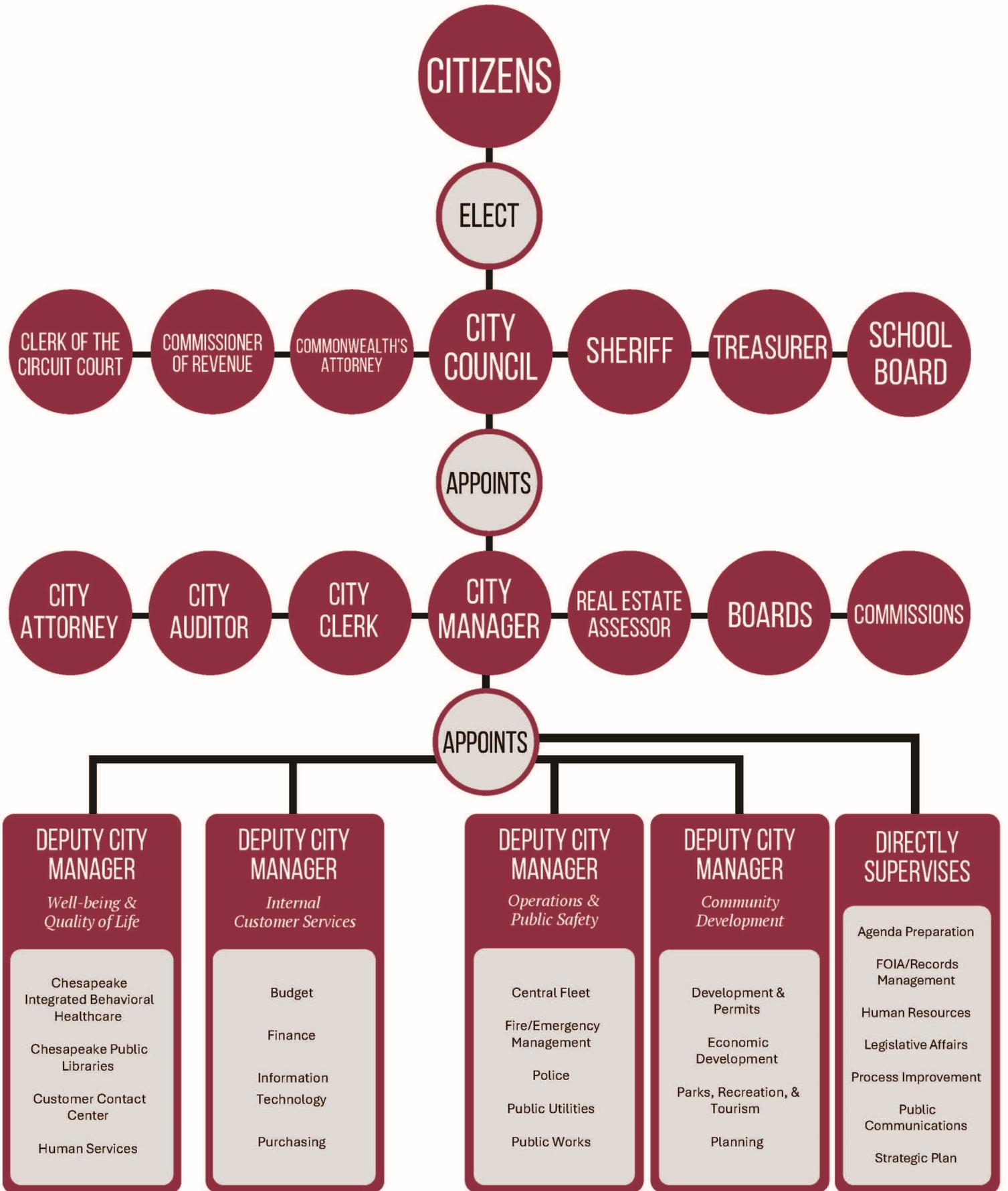


Kristen N. Bailey
Director of Finance

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Chesapeake
VIRGINIA

CITYWIDE ORGANIZATIONAL CHART



CITY OF CHESAPEAKE, VIRGINIA

City Officials
June 30, 2025

City Council

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

Mayor
Vice Mayor

C. Jeff Bunn
Dr. Patricia Y. "Pat" King
Amanda L. Newins
S.Z. "Debbie" Ritter
Les Smith, Jr.
Dr. Ella P. Ward
Daniel W. Whitaker

Other Officials

Ben White	City Treasurer
Victoria L. Proffitt	Commissioner of the Revenue
Matthew R. Hamel	Commonwealth's Attorney
David Rosado	Sheriff
Christopher M. Price	City Manager
Catherine Lindley	City Attorney
Darren Padilla	City Auditor
Sandy Madison	City Clerk
Gregory H. Daniels	Real Estate Assessor
Kelvin L. Wright	Deputy City Manager
Robert N. Geis	Deputy City Manager
Laura A. Fitzpatrick	Deputy City Manager
Brian S. Solis	Deputy City Manager
Marjorie A. Taylor Arrington	Chief Judge, Circuit Court
Rufus A. Banks, Jr., Robert G. MacDonald, Linda L. Bryant, Andrew D. Kubovcik, David J. Whitted	Judges, Circuit Court
Alan P. Krasnoff	Clerk of the Circuit Court
Michael R. Katchmark	Chief Judge, General District Court
Erin L. Bedois, Linda L. Bryant, and Tanya L. Lomax	Judges, General District Court
Glynis G. Townsend	Clerk of the General District Court
David L. Jones	Chief Judge, Juvenile and Domestic Relations Court
Larry D. Willis, Sr., David Jones, Chanel A. Gray	Judges, Juvenile and Domestic Relations Court
Toya Southall	Clerk of the Juvenile and Domestic Relations Court
Jocelyn Pearson	Director of Agriculture
Jonathan Hobbs	Budget Director
Dr. Shawn Barnwell	Executive Director, Chesapeake Integrated Behavioral Healthcare
Kevin Curling	Director of Court Services
Jay B. Tate	Director of Development and Permits
Steven C. Wright	Director of Economic Development
Kristen N. Bailey	Director of Finance
Simone Gulisano	Fire Chief
Dr. Nancy M. Welch	Health Director
Allison Myers	Director of Human Resources
Pamela Little-Hill	Director of Human Services
Daniel Constantineau	Chief Information Officer
Amanda B. Jackson	Director of Libraries
Michael D. Barber	Director of Parks, Recreation, and Tourism
James McNamara	Director of Planning

CITY OF CHESAPEAKE, VIRGINIA

City Officials
June 30, 2025

Mark Solesky
Heath Covey
David Jurgens
Earl Sorey
Carol A. Robinson

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

School Board

Angela B.Swygert
Kim A. Scott.

Chairman
Vice Chairman

Elijah Colon
Malia Huddle
Michael K. Lamonea
John M. McCormick
Norman Pool
Amanda G. Walker
Daniel Stahler

Other School Board Officials

Dr. Jared A. Cotton
Dr. Angie Smith
Diane Edwards
Dr. Jacqueline C. Miller
Dr. Brian Austin
Melissa Glod
J. Paige Stutz
Dr. Jeff Faust

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

Supplemental Listing

Wynn Dixon
Kevin Beethoven
Morris DeSimone
Steven C. Wright
Lisa Wagenbrenner
John M. Harbin
John Kownack
Raimundo Rivera

Chairman, Chesapeake Airport Authority
Vice-Chairman, Chesapeake Airport Authority
Secretary/Treasurer, Chesapeake Airport Authority
Executive Secretary, Economic Development Authority
Director, Chesapeake Mosquito Control Commission
Executive Director, Chesapeake Land Bank Authority
Executive Director, Chesapeake Redevelopment and Housing Authority
Director of Finance and Administration,
Chesapeake Redevelopment and Housing Authority



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Chesapeake
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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Chesapeake
VIRGINIA

Report of Independent Auditor

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

Report on 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 Chesapeake, Virginia (the “City”), as of and for the year ended June 30, 2025, 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, 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.

We did not audit the financial statements of the Chesapeake Airport Authority, which represents 1.92%, 4.70%, and 0.15%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units, as of June 30, 2025. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chesapeake Airport Authority, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 ("MD&A") and the Required Supplementary Information Other than MD&A, 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 Other Supplementary Information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025, 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.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 8, 2025

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Chesapeake
VIRGINIA

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



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Chesapeake
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

The discussion and analysis of the financial performance of the City of Chesapeake, Virginia (the City) provides an overall review of the City's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2025

- For the fiscal year ended June 30, 2025, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As a result of implementing this standard, the beginning net position for fiscal year 2025 was restated. This restatement led to a \$27.0 million decrease in the beginning net position of the Primary Government.
- The total net position of the City on a government-wide basis, excluding component units, was \$2.6 billion. The unrestricted net position, which represents the amounts available to meet the City's ongoing obligations to citizens and creditors was \$751.9 million.
- The City's government-wide total net position for the primary government increased by \$73.6 million from the prior year after restatement. The governmental activities' net position increased by \$26.7 million and business-type net position increased by \$46.9 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$852.5 million, an increase of \$38.6 million from the prior year. Approximately \$786.8 million or 92.3% of this amount was unrestricted (committed, assigned, or unassigned).
- The General Fund, on a current financial resources basis, reported a \$55.2 million net increase in fund balance, compared to the final amended budget's projected \$35.4 million decrease. The favorable outcome was driven by strong revenue performance, which exceeded the amended budget by \$40.3 million or 5.2%, and expenditures and net transfers that were \$50.3 million or 6.2% lower than budgeted.
- During the fiscal year, the City issued \$78.1 million of Chesapeake Transportation System (CTS) Refunding Bonds resulting in estimated debt service savings of \$7.2 million. The City also issued \$104.5 million in Virginia Public School Authority (VPSA) Bonds to support the Schools capital projects.
- Three major rating agencies, S&P Global Ratings, Moody's Investors Service, and Fitch Ratings, affirmed the City's triple-A ratings on its General Obligation bonds for the fifth consecutive year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

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

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

The *statement of activities* presents information showing how the City's 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, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The City's governmental activities include general government, public safety, public works, parks and recreation, and public welfare. The business-type activities include the City's public utilities, stormwater system, and the Chesapeake Transportation System (CTS). While the Economic Development Authority (EDA) is a legally separate entity, it is included in the City's business-type activities due to its financial dependence on the City.

The government-wide financial statements include not only the City itself (known as the *primary government*) but also legally separate entities for which the City is financially accountable (*component units*). The City includes four (4) discretely presented component units in its report: the Chesapeake Public Schools, Chesapeake Mosquito Control Commission, Chesapeake Airport Authority, and Chesapeake Land Bank Authority. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Elizabeth River Properties of Chesapeake, Inc., formerly reported as a discretely presented component unit, ended its relationship with the City in March 2024. As a result, it is not included in the FY 2025 financial statements, and its final year of activity appears in the FY 2024 ACFR.

Fund Financial Statements. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be 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 *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing 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. The governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains nineteen (19) individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, and the debt service fund, which are considered major funds. Data from the other sixteen (16) governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

Proprietary Funds. 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. The City uses enterprise funds to account for its public utilities system, stormwater system, Chesapeake Transportation System (CTS), and Economic Development Authority (EDA) operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to manage its retained risks, self-funded health insurance program, fleet of vehicles, and information technology program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements but in more detail. The proprietary fund financial statements provide separate information for the public utilities, stormwater, and CTS, all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in this report's combining and individual fund statements and schedules section.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the City's own programs. The accounting used for fiduciary funds is the full accrual basis.

The City maintains two (2) different types of fiduciary funds. The City's fiduciary funds consist of a custodial fund, *Special Welfare*, and an *Other Postemployment Benefits (OPEB) Trust Fund*.

Component Units. The financial statements for component units provide financial information about Chesapeake Public Schools (CPS) and other discretely presented component units, which are aggregated on the *government-wide financial statements*.

Notes to the Financial Statements. The notes provide additional information necessary to fully understand the data provided in the government-wide and fund financial statements.

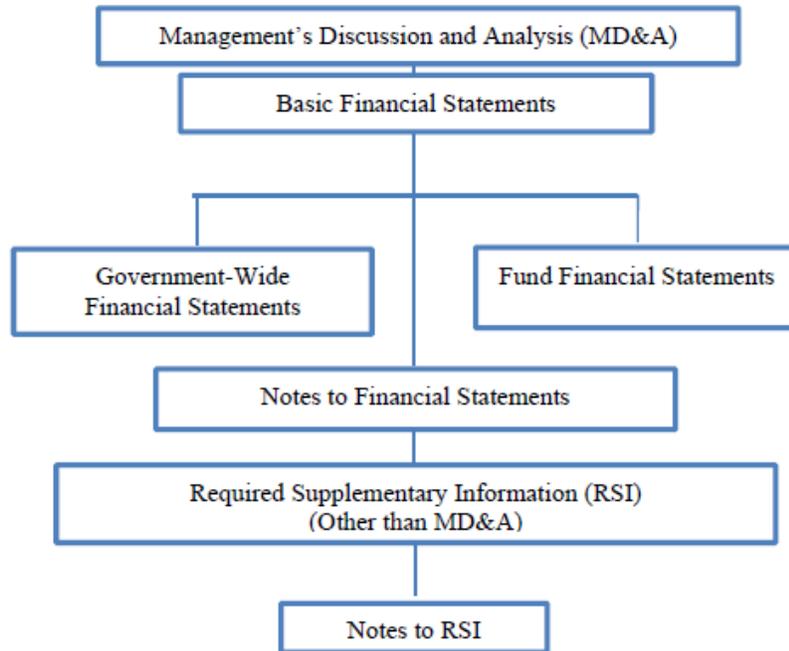
Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* that further explains and supports the information in the financial statements.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

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

Required Components of the City of Chesapeake Financial Statements



FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2.6 billion at the close of the most recent fiscal year. This resulted in an increase of \$46.6 million from the net position at June 30, 2024, after restatement for GASB 101. By far the largest portion of the City's net position (57.8%) is net investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

CITY OF CHESAPEAKE, VIRGINIA

Management’s Discussion and Analysis
Year Ended June 30, 2025

Statement of Net Position

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

June 30, 2025 and 2024
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Assets and deferred outflows of resources						
Current and other assets	\$ 1,118.3	1,052.3	396.1	372.3	1,514.4	1,424.6
Capital assets	1,327.7	1,265.9	880.5	882.2	2,208.2	2,148.1
Total assets	2,446.0	2,318.2	1,276.6	1,254.5	3,722.6	3,572.7
Deferred outflows of resources	83.5	77.8	8.0	7.6	91.5	85.4
Total assets and deferred outflows of resources	2,529.5	2,396.0	1,284.6	1,262.1	3,814.1	3,658.1
Liabilities and deferred inflows of resources						
Current and other liabilities	116.9	111.3	38.1	45.4	155.0	156.7
Long-term liabilities	569.3	468.1	386.0	409.2	955.3	877.3
Total liabilities	686.2	579.4	424.1	454.6	1,110.3	1,034.0
Deferred inflows of resources	79.6	53.7	24.0	16.8	103.6	70.5
Total liabilities and deferred inflows of resources	765.8	633.1	448.1	471.4	1,213.9	1,104.5
Net position						
Net investment in capital assets	958.2	988.7	545.5	522.6	1,503.7	1,511.3
Restricted	108.5	95.0	236.1	194.0	344.6	289.0
Unrestricted (deficit)	697.0	679.2	54.9	74.1	751.9	753.3
Total net position	1,763.7	1,762.9	836.5	790.7	2,600.2	2,553.6
Total liabilities, deferred inflows of resources, and net position	\$ 2,529.5	2,396.0	1,284.6	1,262.1	3,814.1	3,658.1

Approximately 13.2% of the City’s net position is subject to external restrictions. The remaining balance of unrestricted net position (\$751.9 million or 28.9%) may be used to meet the City’s ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the Primary Government as a whole. In addition, all categories of net position for its separate governmental and business-type activities are positive balances. Total unrestricted net position decreased by \$1.4 million or 0.2% from the prior year. Total restricted net position increased \$55.6 million or 19.2%, primarily due to restricted funds for net OPEB asset. Lastly, net investment in capital assets decreased \$7.6 million or 0.5%. The City’s total net position increased by \$46.6 million or 1.8% during the fiscal year. This change is a net of the decrease of \$27.0 million as a result of the restatement of the prior year due to the implementation of GASB 101 and the increase of \$73.6 million from current year changes in net position.

CITY OF CHESAPEAKE, VIRGINIA

Management’s Discussion and Analysis
Year Ended June 30, 2025

Statement of Activities

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

Year Ended June 30, 2025 and 2024
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Activities	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Revenues						
Program revenues						
Charges for services	\$ 28.1	22.1	151.3	145.9	179.4	168.0
Operating grants and contributions	159.4	152.7	0.6	0.7	160.0	153.4
Capital grants and contributions	35.7	18.3	12.7	6.3	48.4	24.6
General revenues						
Property taxes	504.4	482.1	-	-	504.4	482.1
Other taxes	182.1	177.3	-	-	182.1	177.3
Grants and contributions not restricted to specific program	32.1	31.9	-	-	32.1	31.9
Unrestricted investment earnings	40.0	40.2	15.6	16.0	55.6	56.2
Gain on sale of capital assets	0.4	0.1	0.1	0.2	0.5	0.3
Other	7.4	12.3	-	-	7.4	12.3
Total revenues	989.6	937.0	180.3	169.1	1,169.9	1,106.1
Expenses						
General government	219.6	189.1	-	-	219.6	189.1
Public safety	136.7	134.6	-	-	136.7	134.6
Public works	73.4	68.7	-	-	73.4	68.7
Parks and recreation	9.4	14.5	-	-	9.4	14.5
Public welfare	70.7	65.0	-	-	70.7	65.0
Education	420.8	304.3	-	-	420.8	304.3
Public utilities	-	-	76.8	77.2	76.8	77.2
Chesapeake Transportation System	-	-	39.7	41.9	39.7	41.9
Stormwater management	-	-	17.7	15.8	17.7	15.8
Economic Development Authority	-	-	2.5	2.5	2.5	2.5
Interest on long-term debt	10.0	11.6	-	-	10.0	11.6
Depreciation and amortization unallocated	19.0	19.4	-	-	19.0	19.4
Total expenses	959.6	807.2	136.7	137.4	1,096.3	944.6
Excess (deficiency) before transfers	30.0	129.8	43.6	31.7	73.6	161.5
Transfers	(3.3)	(4.8)	3.3	4.8	-	-
Increase (decrease) in net position	26.7	125.0	46.9	36.5	73.6	161.5
Net Position - beginning (restated)*	1,737.0	1,637.9	789.6	754.2	2,526.6	2,392.1
Net Position - ending	\$ 1,763.7	1,762.9	836.5	790.7	2,600.2	2,553.6

*The adoption of GASB Statement No. 101 resulted in the restatement of the City's Statement of Net Position for fiscal year ended June 30, 2024 of \$27.0 million. See Note 15.

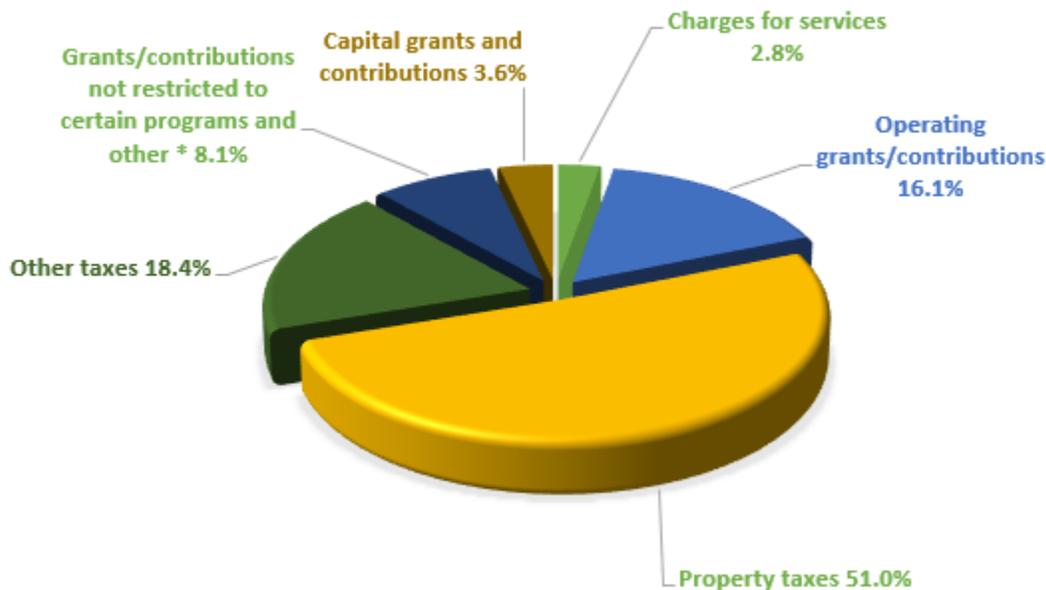
CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

Revenues

The City's total revenues from governmental activities were \$989.6 million for the fiscal year ended June 30, 2025, an increase of \$52.6 million. The largest source of revenue for the City, property taxes (composed of real estate and personal property taxes), totaled \$504.4 million and accounted for 51.0% of total revenues. Property taxes increased \$22.3 million or 4.6% from the prior year, primarily due to an increase in assessments of 4.7% in real estate. Both the personal property tax and the real estate tax rates remained unchanged in fiscal year 2025. Revenues from other taxes, \$182.1 million, make up 18.4% of the City's revenues and increased \$4.8 million from the prior fiscal year. This revenue increase was primarily due to consumer spending activity reflected in increased tax collections on restaurant meals, and hotel/motel rooms. Approximately 69.4% of the City's revenue from governmental activities comes from some type of tax and 2.8% comes from fees charged for services. Capital grants and contributions increased \$17.4 million primarily due to state reimbursements of \$6.6 million for Triple Decker, Oaklette, and 10 Lane Bridge improvements, \$2.5 million for Greenbrier site infrastructure improvements, and \$2.3 million from federal reimbursements for Portsmouth Boulevard repaving and design for Southgate Bridge replacement. Developer funded roadway and drainage improvements increased \$5.7 million. Operating grants and contributions increased \$6.7 million due to increase in funding for mental health services for crisis intervention and a Crisis Receiving Center.

Revenues by Source – Governmental Activities – Year Ended June 30, 2025



* "Other" includes unrestricted investment earnings, gain on sale of capital assets, and other general revenues.

Total revenues for business-type activities totaled \$180.3 million, an increase of \$11.2 million from FY2024. The increase was primarily due to an increase of \$6.4 million in capital grants and contributions and a \$5.4 million increase in charges for services. Charges for services, including water and sewer utility fees, toll revenues, and stormwater fees made up 83.9% of total revenues for business-type activities.

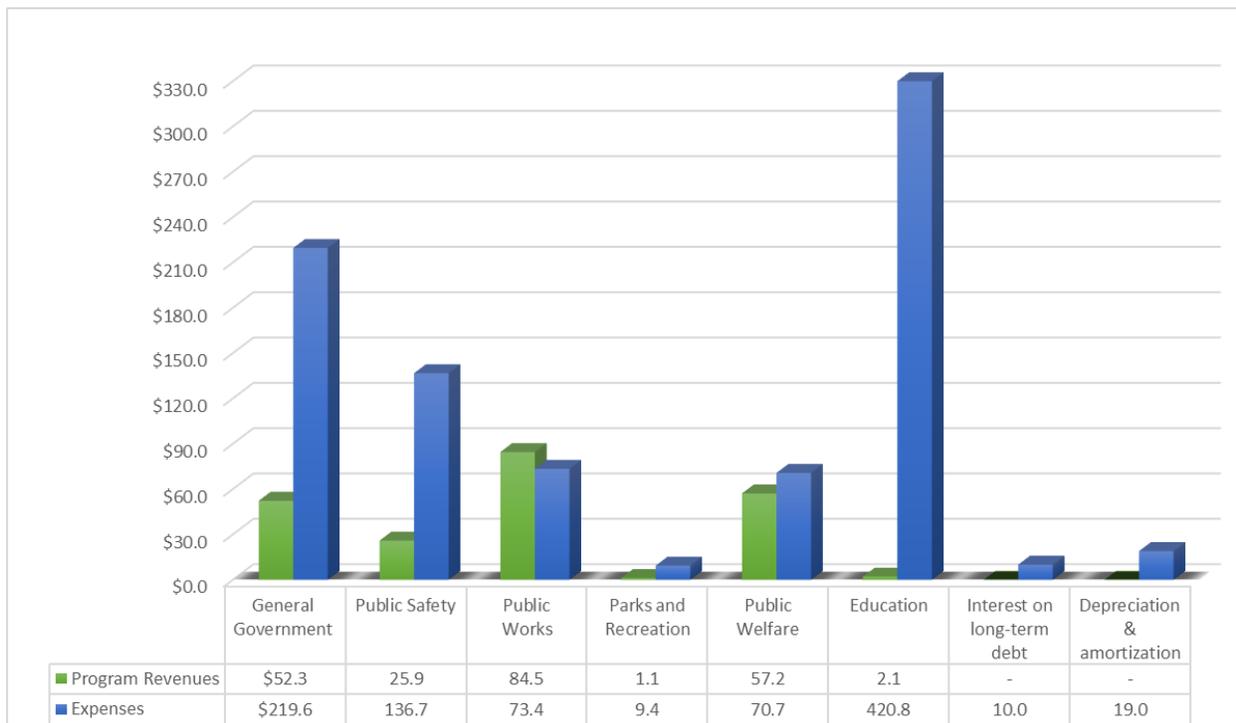
CITY OF CHESAPEAKE, VIRGINIA

Management’s Discussion and Analysis
Year Ended June 30, 2025

Expenses

Net position for the City's governmental activities reached \$1,763.7 billion, an increase of \$26.7 million from prior year. The City’s expenses for governmental activities cover a wide range of services, with \$219.6 million or 22.9% related to general government, \$136.7 million or 14.2% related to public safety, \$73.4 million or 7.7% for public works, \$9.4 million or 1.0% for parks and recreation, \$70.7 million or 7.4% for public welfare, \$420.8 million or 43.8% for education, \$10.0 million on interest on long-term debt, and \$19.0 million on unallocated depreciation and amortization. Overall, expenses for governmental activities increased by \$152.4 million or 18.9% from fiscal year 2024, primarily due to education and general government costs. Expenses increased by \$30.5 million in general government, \$4.7 million in public works, \$5.7 million in public welfare, and \$2.1 million in public safety , offset by a decrease of \$5.1 million in parks and recreation. Education continues to be the City's largest program. Education expenses totaled \$420.8 million or 43.8% (including payments to the Chesapeake Public Schools, a component unit) in fiscal year 2025 and increased by \$116.5 million from prior year primarily due to \$111.0 million transferred to CPS from the Virginia Public School Authority (VPSA) Bonds that were issued this year to support their capital projects.

Expenses and Program Revenues – Governmental Activities Year Ended June 30, 2025 (in millions)



Net position for the City’s business-type activities reached \$836.5 million, an increase of \$46.9 million from the prior year, after the restatement. For fiscal year 2025, total expenses for business-type expenses were \$136.7 million, a decrease of \$0.7 million from fiscal year 2024. The decrease was primarily due to a decrease in Public utilities expenses by \$0.4 million and CTS by \$2.2 million. due to contractual services decreases, offset by an increase of \$2.0 million in Stormwater management.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of net resources available at the end of a fiscal year. For the fiscal year ended June 30, 2025, the governmental funds reported combined ending fund balances of \$852.5 million, an increase of \$38.6 million from the prior year. Included in this increase are the following major transactions in governmental funds for the year ended June 30, 2025:

- \$303.3 million contributed from the City's General Fund to fund the Public School operations
- \$109.2 million spent in the Capital Projects Fund to fund capital items
- \$28.1 million of tax revenues generated by incremental increases in property values within the City's Greenbrier and South Norfolk Tax Increment Financing Districts

The City's OPEB Trust Fund, established in 2008, provides funding for retiree benefits. For fiscal year 2025, the actuarially determined contribution (ADC), the City's required contribution, was \$1.7 million. To simplify administration, the City paid all retiree benefits for the year directly. The OPEB Trust reimburses the City for the amounts paid above the ADC in the following year. As a result, the General Fund recorded a receivable of \$3.3 million from the OPEB Trust.

Approximately \$786.8 million of the combined total fund balances constitute unrestricted fund balances, which is comprised of funds committed at the discretion of City Council, as well as assigned and unassigned funds. The \$512.0 million unrestricted funds in the General Fund represents 74.9% of total General Fund expenditures and provide some measure of the General Fund's liquidity. Committed and assigned portions of the unrestricted governmental funds balances at June 30, 2025 were as follows:

- \$191.3 million committed for one time projects
- \$91.9 million committed for current capital projects
- \$28.5 million committed for future capital projects
- \$168.3 million committed for various programs and projects
- \$89.1 million assigned for future capital projects
- \$22.4 million assigned for debt service
- \$93.4 million assigned for various other purposes

The remainder of the unrestricted fund balance at June 30, 2025, the unassigned fund balance, includes \$101.9 million in the General Fund, the City's chief operating fund, and is in compliance with the City's fund balance policy. The restricted fund balance totals \$62.7 million at year end.

Total fund balance of the General Fund increased by \$55.2 million during fiscal year 2025, primarily due to the excess of revenues over expenditures of \$138.0 million, an increase of \$6.8 million or 5.2% from the prior year, while other financing uses totaled \$82.8 million, a decrease of \$9.0 million or 9.9% from the prior year. The excess of revenues over expenditures can be attributed to revenue increases of \$18.0 million or 3.9% in property taxes, \$4.6 million or 2.8% in revenues from other local taxes, \$2.5 million in investment income, \$2.3 million in charges for services, \$4.9 million or 4.3% from intergovernmental revenues, \$3.5 million in recovered costs, and \$0.4 million in miscellaneous local revenue, offset by a decrease of \$0.5 million from licenses, permits, and fees. The major contributing factors to increased revenue is current and delinquent real estate tax increase of \$14.4 million due to a 4.7% increase in assessments, current and delinquent personal property tax increase in collections of \$1.8 million, State intergovernmental revenue for street and highway maintenance increase of \$1.3 million, Sheriff categorical aid

CITY OF CHESAPEAKE, VIRGINIA

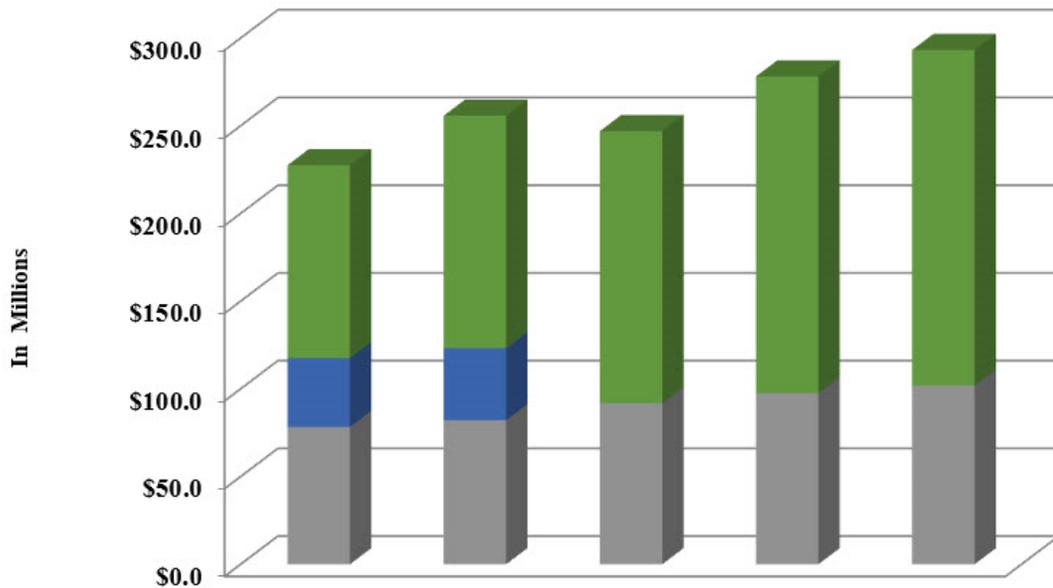
Management’s Discussion and Analysis
 Year Ended June 30, 2025

increase of \$0.7 million due to salary growth, and increase in investment income of \$2.5 million due to the mix and maturity of investments. Total expenditures increased by \$28.8 million or 4.4% from the prior fiscal year. The major contributing factors to increased expenditures over the prior year (including related capital outlay) are costs related to salary and benefit increases in the current year which resulted in public safety increases of \$6.4 million or 5.0%, general government increases of \$5.6 million or 3.9%, parks and recreation increases of \$0.7 million, and public works increases of \$5.1 million. Education increased by \$10.9 million or 3.7% for a budgetary increase of support for schools.

The City maintains a fund balance policy that was last updated in fiscal year 2024. This policy requires the maintenance of an unassigned fund balance equal to at least 12.% of General Fund revenues and tax revenues committed to certain special revenue funds. City Council budgets for a 12.0% year-end unassigned fund balance to ensure compliance.

The fund balance policy implemented in fiscal year 2015, and updated in fiscal year 2024, also created a committed fund balance category for one time projects. In addition to \$191.3 million committed for one time projects, \$176.2 million has been committed for other purposes including \$28.5 million set aside for lockbox funds for School and City capital projects to be used for future debt service and pay-as-you go financing.

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



	06/30/21	06/30/22	06/30/23	06/30/24	06/30/25
■ One time projects	\$110.0	132.5	155.1	180.5	191.3
■ Cash flow emergencies	\$39.2	41.1	-	-	-
■ Unassigned	\$78.3	82.1	91.8	97.6	101.9

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

The unassigned fund balance of the General Fund, which represents available current financial resources, totaled \$101.9 million at June 30, 2025. A healthy fund balance allows the City to provide adequate services for the citizens, plan for future projects, and retain its sound financial position.

Summary of Changes in General Fund Unassigned Fund Balance

Year ended June 30, 2025

(in Millions)

Unassigned fund balance at June 30, 2024		\$	97.6
Revenues	\$	821.3	
Expenditures:			
Current, Capital Outlay and Debt Service		683.3	
Other financing sources (uses)		(82.8)	
Net Change in fund balance		55.2	
Increase in reservations (Restricted, Committed, and Assigned)		(50.9)	
Increase in unassigned fund balance			4.3
Unassigned fund balance at June 30, 2025		\$	101.9

The Debt Service Fund ended the year with \$24.6 million in total fund balance, a decrease of \$10.4 million from 2024. The decrease is mainly due to a \$4.9 million transfer to the Capital Projects fund, a \$2.2 million arbitrage payment, and \$2.0 million accumulated for an arbitrage liability payment. The assigned fund balance of \$22.4 million is for the payment of debt service as directed by City Council.

The total fund balance of the Capital Project Fund decreased by \$20.1 million as a result of \$109.1 million in capital outlay offset by \$36.7 million in revenues primarily from intergovernmental resources and investment income and a net of \$52.3 million in interfund transfers to fund various capital projects.

Proprietary Funds

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

For fiscal year 2025, Public Utilities reported an increase in net position of \$31.1 million to \$647.6 million at June 30, 2025. Total operating revenues of \$87.9 million were \$4.4 million more than the prior year primarily due to increases in water sales offset by decreases in sewer service charges after implementation of a new rate fee structure. The new rate fee structure redistributes the revenue to reflect actual costs between the water and sewer service. Total operating expenses for fiscal year 2025 were \$73.0 million, a decrease of \$1.2 million from the prior year, with \$2.3 million being from other contractual services. due to internal staff being utilized for maintenance versus outside contractors, offset by increase of \$1.0 million in salaries and wages.

Chesapeake Transportation System reported an increase in net position of \$2.7 million to \$19.7 million for the current fiscal year. Total operating revenues of \$37.8 million increased by \$2.0 million or 5.7% over the prior year due to increased traffic numbers of 2.9% for Dominion Boulevard Veterans Memorial Bridge and 1.4% for the Chesapeake Expressway. Operating expenses for the year amounted to \$25.8 million, with \$11.9 million being from depreciation and amortization, a decrease from prior year of \$3.5 million, primarily due to fiscal year 2024 posting of \$4.3 million of non-capital expenditures during project closure, offset by increase of \$1.2 million for bond issuance costs.

CITY OF CHESAPEAKE, VIRGINIA

Management’s Discussion and Analysis
Year Ended June 30, 2025

Stormwater Management reported an ending net position of \$141.8 million, an increase of \$12.4 million in fiscal year 2025. Total operating revenues of \$25.7 million exceeded the prior year by \$0.1 million or 0.4%. Total operating expenses of \$16.7 million, with \$1.8 million being from depreciation and amortization, increased by \$1.0 million or 6.2% from the previous fiscal year. Total nonoperating revenues decreased from prior year by \$0.8 million due to donation of assets to the Garage. Any fees collected in excess of current operating needs are restricted for use on future Stormwater projects around the City.

The EDA reported an ending net position of \$29.1 million, a \$1.1 million increase over the prior fiscal year. Total operating revenues of \$0.4 million decreased by \$1.2 million and operating expenses totaled \$0.5 million that decreased by \$0.9 million compared to fiscal year 2024 mostly due to purchases for resale. Grants to businesses increased \$1.0 million as larger development projects are underway.

GENERAL FUND BUDGETARY HIGHLIGHTS

**General Fund
Year Ended June 30, 2025
(in millions)**

	Original Budget*	Amended Budget	Actual
Revenues:			
Taxes	\$ 634.2	634.2	647.0
Intergovernmental	112.0	113.5	116.8
Other	32.5	33.3	57.5
Total	778.7	781.0	821.3
Expenditures and transfers:			
Expenditures *	724.9	726.5	682.8
Transfers (net)	94.5	89.9	83.3
Total	819.4	816.4	766.1
Change in fund balance	\$ (40.7)	(35.4)	55.2

* The City's budget ordinance includes, as a part of the original budget for expenditures, the amount of \$7.1 million for encumbrances reappropriated from June 30, 2024.

Differences between the original budget and the final amended budget for the City’s General Fund included additional revenues of \$2.3 million, a \$1.6 million increase in appropriations, and a net decrease of \$4.6 million in transfers resulting in a \$5.3 million decrease to the change in fund balance. Major changes included the following:

- Appropriation of \$0.8 million for Buffalo Family and Friends from funds passed through from the Virginia Department of Social Services.
- Appropriation of \$0.3 million for the Sheriff School Resource Officers program for vehicles.
- Appropriation of \$0.4 million for Fire operating funds from payroll reimbursements from VA-TF2 deployments, TEMS training, and the Luke Bryan Farm tour.
- Transfers from TIF Greenbrier and South Norfolk of \$4.9 and \$5.7 million offset by transfers of \$3.1 million to self-insurance, \$0.7 million to CIBH, \$0.6 million to VPA, \$0.6 million to Fleet, \$0.4 million to Capital projects for Police radio replacement program, and other fund transfers of \$0.6 million.

Actual total revenues were above the amended budget by \$40.3 million, primarily due to general property taxes and other local taxes exceeding the amended budget by \$11.5 million and \$1.3 million, respectively. The remaining favorable variance was comprised of \$9.1 million in other local revenues primarily due to recovered costs from Hampton Roads Regional jail, Public Works reimbursements, and Schools interest earned on capital projects, \$1.4 million in revenues from the Commonwealth, and \$17.0 million in investment income.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

Expenditures and transfers to other funds were below the amended budget by \$50.3 million, prior to encumbrances. The general government category returned \$13.4 million of its budget, in part due to cost savings resulting from unused appropriations for general expenses. Departments with notable savings include Sheriff with \$3.1 million and other nondepartmental support of \$5.4 million of unused contingency. Public Works was \$13.6 million or 13.9% below the amended budget mainly in street maintenance with \$3.5 million, contractual services with \$2.5 million, solid waste with \$1.9 million, and drainage with \$1.5 million. Public Safety departments were \$7.4 million or 5.3% below the amended budget due to payroll and general supply cost savings. The Police and Fire departments generated savings of \$5.6 million and \$1.8 million, respectively. Additionally, the Parks and Recreation department was \$1.4 million or 8.0% below the amended budget. School reversion was \$7.8 million.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounts to approximately \$2.2 billion (net of accumulated depreciation and amortization). This investment includes land, intangibles, municipal and school buildings, improvements, machinery and equipment, drainage and water/sewer systems, roads, bridges, intangible right-to-use assets (lease assets and subscriptions), and construction in progress. The total change in the City's capital assets for the current year was a net increase of \$60.1 million or 2.8% – an increase of \$61.8 million or 4.9% for governmental activities offset by a decrease of \$1.7 million or 0.2% for business-type activities. The increase is primarily due to higher construction expenditures, the completion of various projects and construction projects in progress.

Capital Assets (net of accumulated depreciation) June 30, 2025 and 2024 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government Activities	
	2025	2024	2025	2024	2025	2024
Land	\$ 79.3	77.9	98.2	94.2	177.5	172.1
Intangibles	374.8	370.0	20.1	19.8	394.9	389.8
Construction in progress	183.3	129.4	62.0	79.6	245.3	209.0
Buildings	312.1	323.7	4.9	5.2	317.0	328.9
Lease asset - buildings	4.7	5.4	-	-	4.7	5.4
Improvements other than buildings	47.6	43.1	3.8	3.8	51.4	46.9
Software, equipment, and vehicles	96.7	79.7	18.0	14.2	114.7	93.9
Lease assets - equipment & vehicles	0.8	0.6	-	0.1	0.8	0.7
Subscriptions	9.5	6.9	0.1	-	9.6	6.9
Infrastructure	218.9	229.2	673.4	665.3	892.3	894.5
Total	\$ 1,327.7	1,265.9	880.5	882.2	2,208.2	2,148.1

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

- Completed capital projects totaling \$57.7 million for governmental activities.
- Completed capital projects totaling \$35.2 million for business-type activities.
- Construction in progress totaled \$183.3 million for governmental activities at the end of the fiscal year.
- Construction in progress totaled \$62.0 million for business-type activities, which includes Public Utilities, CTS, and Stormwater projects.

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

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

The City's fiscal year 2026 capital budget provides approximately \$217.3 million for various capital projects. The budget by major category provides \$16.7 million for community facilities projects, \$11.1 million for economic development projects, \$30.8 million in school-related projects, \$11.3 million in information technology projects, \$6.3 million in parks, recreation, and tourism projects, \$8.2 million for public safety projects, \$82.8 million for transportation projects, \$10.8 million in stormwater projects, and \$39.3 million for public utilities projects.

Long-term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$706.7 million. Of this amount, \$346.9 million comprises debt backed by the full faith and credit of the City and \$359.8 million is debt secured by revenues of the Water and Sewer System, CTS toll revenues, Economic Development Authority, and certain revenues from the Greenbrier TIF pursuant to the terms of a Cooperation Agreement on behalf of the EDA.

City of Chesapeake Outstanding Debt June 30, 2025 and 2024 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government Activities	
	2025	2024	2025	2024	2025	2024
General obligation bonds*	\$ 93.9	105.4	26.4	33.0	120.3	138.4
Revenue bonds*	-	-	178.6	182.4	178.6	182.4
Direct placement bonds and installment purchase agreement	226.6	138.8	181.2	190.3	407.8	329.1
	\$ 320.5	244.2	386.2	405.7	706.7	649.9

*does not include bond premiums or arbitrage rebate liability.

Chesapeake's total debt increased by \$56.8 million during fiscal year 2025. Long-term debt for governmental activities increased by \$76.3 million and long-term debt for business-type activities decreased by \$19.5 million. The Virginia Transportation Infrastructure Bank (VTIB) subordinate bonds decreased \$10.5 million due to a principal payment of \$0.1 million along with a supplemental principal payment of \$10.4 million from excess revenues.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.0% of its total assessed valuation of real property. The current debt limitation for the City is \$4.08 billion, which is significantly in excess of the City's total outstanding debt subject to the legal debt limit.

Additional information on the City's long-term debt can be found in Note 5 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The average unemployment rate for fiscal year 2025 for the City was 3.8%, an increase from the 2024 rate of 3.0%, primarily due to pressures on the economy. This compares to the average unemployment rates of 4.0% for the region, 3.9% for Virginia, and 4.4% nationally for the same time period.
- The Weldon Cooper Center for Public Service, Chesapeake projects the City's total population for 2050 will be 311,793.
- The City's real estate tax base increased by \$1.9 billion or 4.9% from the prior year. Personal property taxes experienced a \$70.5 million or 2.1% increase from fiscal year 2024 to fiscal year 2025.
- Taxable retail sales for calendar year 2024 increased by \$111.8 million or 2.4%.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2025

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

These factors will guide the preparation of the City's budget for fiscal year 2027. The operating budget will align programs with City Council's strategic anchors and desired outcomes, highlighting the impact of budget decisions on the community. Similarly, the Capital Improvement Program (CIP) will focus on these priorities while also aligning with the City's Comprehensive plan. These efforts aim to ensure resource alignment with strategic plans, maintaining fiscal stability, and a strong financial position.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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Chesapeake
VIRGINIA

Basic Financial Statements



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Chesapeake
VIRGINIA

Government-wide Financial Statements



CITY OF CHESAPEAKE, VIRGINIA

Schedule A

Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units	
				Public Schools	Other
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and temporary investments (note 2)	\$ 717,139,755	106,682,463	823,822,218	165,394,679	17,596,802
Receivables, net of allowance for uncollectible amounts (note 3)	151,496,195	34,322,773	185,818,968	32,212,061	134,388
Due from component unit (note 7)	475,000	-	475,000	-	-
Internal Balances, net of allowance for uncollectible amounts (note 7)	11,920,471	(13,239,566)	(1,319,095)	-	-
Inventories	3,411,624	1,479,986	4,891,610	3,370,398	719,678
Prepaid expenses	3,342,710	91,553	3,434,263	-	103,509
Restricted cash and investments (note 2)	191,758,462	245,873,157	437,631,619	121,282,178	498,659
Capital Assets (notes 4 and 5):					
Land, intangibles, and construction in progress	637,374,891	180,224,050	817,598,941	123,397,854	4,119,064
Other capital assets, net of accumulated depreciation	690,277,758	700,296,081	1,390,573,839	388,449,903	14,162,305
Land and improvements held for sale	-	16,860,519	16,860,519	-	1,419,506
Net OPEB asset (note 9)	38,793,935	3,969,455	42,763,390	146,901	376,761
Total assets	2,445,990,801	1,276,560,471	3,722,551,272	834,253,974	39,130,672
Deferred Outflows of Resources					
Pension	66,282,150	6,819,215	73,101,365	114,675,362	641,153
OPEB	16,740,763	676,285	17,417,048	27,664,699	63,585
Deferred loss on refundings	458,508	561,601	1,020,109	-	-
Total deferred outflows of resources	83,481,421	8,057,101	91,538,522	142,340,061	704,738
Total assets and deferred outflows of resources	\$ 2,529,472,222	1,284,617,572	3,814,089,794	976,594,035	39,835,410
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Liabilities					
Accounts payable, deposits, and accrued expenses (notes 3 and 14)	48,065,868	16,276,655	64,342,523	77,347,535	255,833
Unearned revenues	4,610,842	790,047	5,400,889	-	9,316
Due to Primary Government (note 7)	-	-	-	-	475,000
Long-term liabilities (notes 5, 8, 9, and 14):					
Due within one year	64,207,187	21,100,910	85,308,097	27,106,340	337,644
Due in more than one year	569,284,116	385,967,360	955,251,476	547,550,401	5,179,521
Total liabilities	686,168,013	424,134,972	1,110,302,985	652,004,276	6,257,314
Deferred Inflows of Resources					
Pension	28,173,211	2,898,505	31,071,716	49,254,870	272,521
OPEB	50,900,673	3,810,753	54,711,426	50,327,211	358,292
Leases	550,657	-	550,657	306,298	-
Deferred gain on refundings	6,688	4,413,953	4,420,641	-	-
Stormwater management fees	-	12,863,615	12,863,615	-	-
Total deferred inflows of resources	79,631,229	23,986,826	103,618,055	99,888,379	630,813
Net position					
Net investment in capital assets	958,271,629	545,481,731	1,503,753,360	490,416,277	13,835,427
Restricted for:					
Capital projects	6,627,915	164,621,207	171,249,122	-	-
Debt service	68,538	67,512,648	67,581,186	-	-
OPEB	38,793,935	3,969,455	42,763,390	146,901	376,761
Other purposes:					
Expendable:					
General Fund - state and federal restrictions	3,306,317	-	3,306,317	-	-
Special projects	59,052,107	-	59,052,107	-	-
Educational purposes	207,179	-	207,179	214,434,855	-
Chesapeake Airport Authority	-	-	-	-	498,659
Nonexpendable - Special projects	332,903	-	332,903	-	-
Nonexpendable - Permanent Funds	12,795	-	12,795	-	-
Unrestricted (deficit)	696,999,662	54,910,733	751,910,395	(480,296,653)	18,236,436
Total net position	1,763,672,980	836,495,774	2,600,168,754	224,701,380	32,947,283
Total liabilities, deferred inflows of resources, and net position	\$ 2,529,472,222	1,284,617,572	3,814,089,794	976,594,035	39,835,410

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

Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Program Revenues					Net Revenue (Expense) and Changes in Net Position				Discretely Presented Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Public Schools	Others	
						Business-type Activities	Total			
PRIMARY GOVERNMENT										
Governmental activities:										
General government	\$ 219,599,314	8,758,049	43,484,081	43,246	(167,313,938)	-	(167,313,938)	-	-	-
Public safety	136,712,029	9,559,031	16,328,518	29,223	(110,795,257)	-	(110,795,257)	-	-	-
Public works	73,413,159	366,446	48,699,751	35,473,922	11,126,960	-	11,126,960	-	-	-
Parks and recreation	9,374,887	998,476	144,556	-	(8,231,855)	-	(8,231,855)	-	-	-
Public welfare	70,746,648	8,369,936	48,785,720	-	(13,590,992)	-	(13,590,992)	-	-	-
Education	420,766,316	-	1,924,271	142,794	(418,699,251)	-	(418,699,251)	-	-	-
Interest on long-term debt	10,000,447	-	-	-	(10,000,447)	-	(10,000,447)	-	-	-
Depreciation and amortization - net unallocated portion (note 4)	18,963,535	-	-	-	(18,963,535)	-	(18,963,535)	-	-	-
Total governmental activities	959,576,335	28,051,938	159,366,897	35,689,185	(736,468,315)	-	(736,468,315)	-	-	-
Business-type activities:										
Public Utilities	76,834,224	87,614,117	327,789	12,580,906	-	23,688,588	23,688,588	-	-	-
Chesapeake Transportation System	39,667,738	37,730,939	65,912	-	-	(1,870,887)	(1,870,887)	-	-	-
Stormwater Management	17,720,645	25,608,877	135,718	166,325	-	8,190,275	8,190,275	-	-	-
Economic Development Authority	2,529,564	351,000	57,257	-	-	(2,121,307)	(2,121,307)	-	-	-
Total business-type activities	136,752,171	151,304,933	586,676	12,747,231	-	27,886,669	27,886,669	-	-	-
Total Primary Government	\$ 1,096,328,506	179,356,871	159,953,573	48,436,416	(736,468,315)	27,886,669	(708,581,646)	(520,352,447)	2,111,350	(372,385)
COMPONENT UNITS										
Public Schools	\$ 726,178,199	28,751,655	174,074,097	3,000,000	-	-	-	-	-	-
Chesapeake Mosquito Control Commission	4,677,219	590,474	6,788,569	-	-	-	-	-	-	-
Chesapeake Airport Authority	1,720,850	-	757,991	-	-	-	-	-	-	-
Chesapeake Land Bank Authority	580,204	-	316,090	-	-	-	-	-	-	-
Total component units	\$ 733,156,472	29,342,129	181,936,747	3,000,000	-	-	-	(520,352,447)	2,111,350	(372,385)
General revenues:										
Taxes:										
Property taxes, levied for general purposes				\$	504,429,502		504,429,502			
Local sales and use taxes					60,312,147		60,312,147			
Consumer utility taxes					11,260,399		11,260,399			
Communication sales tax					7,717,155		7,717,155			
Business license taxes					36,860,975		36,860,975			
Local utility consumption tax					899,580		899,580			
Bank stock taxes					1,806,221		1,806,221			
Taxes on recordation and wills					3,780,797		3,780,797			
Tobacco taxes					3,171,922		3,171,922			
Hotel and motel room taxes					8,570,067		8,570,067			
Restaurant food taxes					45,212,337		45,212,337			
Admission taxes					1,055,548		1,055,548			
Short-term rental taxes					1,475,739		1,475,739			
Pari-mutuel wagering pool tax					21,981		21,981			
Payment from City					-		-		414,302,572	
Grants and contributions not restricted to specific programs					32,050,219		32,050,219		245,808,181	
Unrestricted investment earnings					40,016,165		40,016,165		55,587,343	
Gain on sale of capital assets					422,001		422,001		497,895	
Miscellaneous					7,432,238		7,432,238		15,191,611	
Transfers					(3,346,395)		(3,346,395)		-	
Total general revenues and transfers					763,148,598		763,148,598		782,142,065	704,797
Change in net position					26,680,283		26,680,283		158,416,376	2,179,048
Net position - beginning, as previously reported					1,762,879,871		1,762,879,871		2,553,636,442	31,022,614
Restatement: change in reporting entity (note 15)					-		-		-	(61,535)
Restatement: change in accounting principle (note 15)					(25,887,174)		(25,887,174)		1,301,119	(193,444)
Net position - beginning, as restated					1,736,992,697		1,736,992,697		2,526,608,335	30,767,635
Net position - ending					\$ 1,763,672,980		\$ 1,763,672,980		2,600,168,754	32,947,283

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

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Chesapeake
VIRGINIA

Fund Financial Statements



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Chesapeake
VIRGINIA

Governmental Funds Financial Statements

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

Other Governmental Funds – Include Special Revenue and Permanent Funds.



CITY OF CHESAPEAKE, VIRGINIA

Schedule C

Balance Sheet
 Governmental Funds
 June 30, 2025

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and temporary investments (note 2)	\$ 472,987,293	24,962,027	-	121,870,894	619,820,214
Receivables, net of allowance for uncollectible amounts (note 3)	99,333,540	96,753	-	2,003,154	101,433,447
Intergovernmental receivable (note 3)	36,925,862	-	6,683,576	5,636,532	49,245,970
Inventory	2,638,891	-	-	13,183	2,652,074
Due from other funds (note 7)	-	-	2,148,936	-	2,148,936
Prepaid expenditures	-	-	-	319,720	319,720
Restricted cash and investments (note 2)	-	298	190,684,873	1,073,291	191,758,462
Advances to component units (note 7)	-	-	475,000	-	475,000
Advances to other funds, net of allowance (note 7)	7,976,482	-	-	-	7,976,482
Total assets	\$ 619,862,068	25,059,078	199,992,385	130,916,774	975,830,305
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable (note 3)	\$ 8,753,179	472,574	-	4,061,042	13,286,795
Deposits (note 3)	2,534,098	-	-	-	2,534,098
Accrued expenditures (note 3)	9,585,797	-	-	1,111,664	10,697,461
Unearned revenues	296,400	-	47,558	59,273	403,231
Other liabilities (note 3)	955,147	-	1,552	37,805	994,504
Payables from restricted assets:					
Construction projects payable (note 3)	-	-	12,280,280	-	12,280,280
Due to Commonwealth of Virginia (note 3)	86,828	-	17,218	25,775	129,821
Total liabilities	22,211,449	472,574	12,346,608	5,295,559	40,326,190
Deferred Inflows of Resources					
Taxes receivable	70,380,976	-	-	-	70,380,976
Personal Property Tax Relief Act	3,209,133	-	-	-	3,209,133
EMS fees receivable	1,389,110	-	-	-	1,389,110
Solid waste fees receivable	1,601	-	-	-	1,601
Advance to CTS (note 7)	7,976,482	-	-	-	7,976,482
Total deferred inflows of resources	82,957,302	-	-	-	82,957,302
Fund Balances (note 10)					
Nonspendable	2,638,891	-	-	345,698	2,984,589
Restricted	47,000	68,538	6,627,915	55,989,286	62,732,739
Committed for one time projects	191,265,326	-	-	-	191,265,326
Committed other	176,150,724	2,100,491	91,927,293	18,579,989	288,758,497
Assigned	42,703,342	22,417,475	89,090,569	50,706,242	204,917,628
Unassigned	101,888,034	-	-	-	101,888,034
Total fund balances	514,693,317	24,586,504	187,645,777	125,621,215	852,546,813
Total liabilities, deferred inflows of resources, and fund balances	\$ 619,862,068	25,059,078	199,992,385	130,916,774	975,830,305

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

(Continued)

Balance Sheet
Governmental Funds
June 30, 2025

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

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

Ending fund balance - governmental funds		\$	852,546,813
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Total capital assets used in governmental activities as reported in note 4 to the financial statements also include assets of \$68,046,331 associated with the internal service funds (ISF) as indicated below.</p>			
Capital assets (net of ISF)			1,259,606,318
<p>The City's single employer OPEB Plan has a net fiduciary position greater than the net liability, or funding which exceeds actuarial projected liabilities. This is a long-term asset not related to the current period and, therefore, not reported in the funds.</p>			
Net OPEB asset (net of ISF)			36,627,159
<p>Some of the City's expenses have been incurred but are not yet due until after year-end and, therefore, are deferred in the funds.</p>			
Pension and OPEB deferred outflows of resources (net of ISF)	\$	78,897,805	
Deferred loss on refundings		<u>458,508</u>	79,356,313
<p>Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.</p>			
Governmental funds' deferred inflows for taxes and fees		82,957,302	
Pension and OPEB deferred inflows of resources (net of ISF)		(75,381,482)	
Deferred gain on refundings		<u>(6,688)</u>	7,569,132
<p>Internal service funds (ISF) are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the ISF are included in governmental activities in the Statement of Net Position as detailed below. The total amount included in governmental activities does not include the portion allocable to business-type activities of \$1,795,053 as noted on Schedule E.</p>			
Current assets		101,918,859	
Capital assets		68,046,331	
Net OPEB asset		2,166,776	
Pension and OPEB deferred outflows of resources		4,125,108	
Current liabilities		(22,975,112)	
Noncurrent liabilities		(33,819,502)	
Pension and OPEB deferred inflows of resources		(3,692,402)	
Leases deferred inflows of resources		(550,657)	
Net cumulative profit(loss) allocation		<u>1,795,053</u>	117,014,454
<p>Unmatured interest payable reported in governmental activities will not be paid with current financial resources and, therefore, is not reported in the funds.</p>			
			(4,104,375)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Total long-term obligations for governmental activities as reported in footnote 5 to the financial statements also include long-term obligations of \$48,548,469 associated with the ISF as indicated above.</p>			
General obligation bonds		(353,950,447)	
Net pension liability (net of ISF)		(133,447,381)	
Net OPEB liability (net of ISF)		(34,358,343)	
Compensated absences (net of ISF)		(54,553,593)	
Installment Purchase Agreement		(1,342,284)	
Leases and subscriptions		<u>(7,290,786)</u>	(584,942,834.00)
Net position of governmental activities			\$ 1,763,672,980

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule D

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2025

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 475,462,935	-	-	28,807,338	504,270,273
Other local taxes	171,545,204	-	-	10,599,664	182,144,868
Licenses, permits, and fees	11,713,344	-	-	275,555	11,988,899
Fines and forfeitures	783,545	-	-	3,299,000	4,082,545
Investment income	20,979,472	2,001,203	9,574,922	3,302,852	35,858,449
Revenues from use of property	1,309,885	54,889	-	254,516	1,619,290
Charges for services	16,739,425	-	-	10,712,625	27,452,050
Miscellaneous local revenues	1,155,247	753,196	1,007,537	1,130,135	4,046,115
Recovered costs	4,873,852	-	-	258,242	5,132,094
Program income	-	-	-	20,000	20,000
Revenues from local developers	-	-	1,296,385	181,250	1,477,635
Intergovernmental revenues:					
Commonwealth of Virginia	114,512,302	-	22,490,443	36,633,722	173,636,467
Federal government	373,918	-	2,355,770	18,198,032	20,927,720
Federal government - American Reinvestment and Recovery Act	-	266,028	-	-	266,028
Chesapeake Public Schools	1,924,271	-	-	-	1,924,271
Total revenues	821,373,400	3,075,316	36,725,057	113,672,931	974,846,704
EXPENDITURES					
Current:					
General government	145,224,818	-	-	12,637,946	157,862,764
Public safety	132,705,301	-	-	12,852,477	145,557,778
Public works	83,051,990	-	-	-	83,051,990
Parks and recreation	16,286,072	-	-	123,634	16,409,706
Public welfare	-	-	-	70,566,177	70,566,177
Education	303,302,571	111,000,000	-	-	414,302,571
Capital outlay	2,813,492	-	109,164,258	3,425,698	115,403,448
Debt service	-	41,431,115	-	-	41,431,115
Total expenditures	683,384,244	152,431,115	109,164,258	99,605,932	1,044,585,549
Excess (deficiency) of revenues over (under) expenditures	137,989,156	(149,355,799)	(72,439,201)	14,066,999	(69,738,845)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds (note 8)	18,138,229	32,387,699	53,879,796	33,075,533	137,481,257
Transfers to other funds (note 8)	(101,441,345)	(4,952,615)	(1,563,700)	(34,148,076)	(142,105,736)
Issuance of leases (as lessee) (note 5)	187,696	-	-	444,214	631,910
Issuance of subscriptions	357,139	-	-	529,287	886,426
Issuance of VPSA bonds (note 6)	-	104,530,000	-	-	104,530,000
Premiums on VPSA bonds issued (note 6)	-	7,007,922	-	-	7,007,922
Total other financing sources (uses), net	(82,758,281)	138,973,006	52,316,096	(99,042)	108,431,779
Net change in fund balance	55,230,875	(10,382,793)	(20,123,105)	13,967,957	38,692,934
Fund balance - beginning	459,462,442	34,969,297	207,768,882	111,653,258	813,853,879
Fund balance - ending	\$ 514,693,317	24,586,504	187,645,777	125,621,215	852,546,813

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

(Continued)

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2025

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

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

Net change in fund balances - total governmental funds \$ 38,692,934

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

Depreciation expense	\$ (46,482,357)
Capital outlay expenditures	115,403,448
Donated assets	9,195,716
Noncapitalizable expenses related to closed projects	(19,460,501)
Asset transfers	14,776
Disposal of assets	<u>(172,694)</u>

58,498,388

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

759,117

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

Debt issued (and related costs)	(113,056,258)
Arbitrage rebate and yield restrictions	2,000,629
Amortization of bond premiums and refunding	3,208,708
Principal repayments	<u>30,519,087</u>

(77,327,834)

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. The details (net of ISF) are as follows:

Accrued interest	503,852
Compensated absences	(3,033,608)
Pension and OPEB expenses	<u>6,831,765</u>

4,302,009

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses), excluding capital contributions of \$12,858,597 from the Primary Government, of certain activities of the internal service funds are reported with governmental activities.

1,521,653

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

234,016

Change in net position of governmental activities \$ 26,680,283

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

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Chesapeake
VIRGINIA

Proprietary Funds Financial Statements

Major Enterprise Funds:

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

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

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

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

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



Statement of Net Position
Proprietary Funds
June 30, 2025

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets						
Current assets:						
Cash and temporary investments (note 2)	\$ 71,581,517	1,541,151	25,624,854	7,934,941	106,682,463	97,319,541
Receivables, net of allowance for uncollectible amounts (note 3)	16,684,285	1,051,595	16,486,893	100,000	34,322,773	229,541
Lease receivable	-	-	-	-	-	587,237
Inventory of materials and supplies	1,479,986	-	-	-	1,479,986	759,550
Prepaid expenses	89,828	-	-	1,725	91,553	3,022,990
Total current assets	89,835,616	2,592,746	42,111,747	8,036,666	142,576,775	101,918,859
Noncurrent assets:						
Restricted cash and investments (note 2)	92,653,406	90,787,181	62,432,570	-	245,873,157	-
Capital assets (note 4):						
Land, intangibles, and construction in progress	65,831,912	82,933,513	14,624,870	16,833,755	180,224,050	4,657,327
Other capital assets, net of accumulated depreciation	462,799,402	198,391,791	39,104,888	-	700,296,081	63,389,004
Total capital assets, net of accumulated depreciation	528,631,314	281,325,304	53,729,758	16,833,755	880,520,131	68,046,331
Land and improvements held for sale	-	-	-	16,860,519	16,860,519	-
Net OPEB asset (note 9)	2,587,397	327,873	1,054,185	-	3,969,455	2,166,776
Total noncurrent assets	623,872,117	372,440,358	117,216,513	33,694,274	1,147,223,262	70,213,107
Total assets	713,707,733	375,033,104	159,328,260	41,730,940	1,289,800,037	172,131,966
Deferred Outflows of Resources						
Pension	4,448,070	561,676	1,809,469	-	6,819,215	3,752,917
OPEB	441,131	55,703	179,451	-	676,285	372,191
Deferred loss on refundings	561,601	-	-	-	561,601	-
Total deferred outflows of resources	5,450,802	617,379	1,988,920	-	8,057,101	4,125,108
Total assets and deferred outflows of resources	\$ 719,158,535	375,650,483	161,317,180	41,730,940	1,297,857,138	176,257,074
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
Liabilities						
Current liabilities:						
Accounts payable (note 3)	\$ 4,265,557	749,527	293,492	-	5,308,576	3,555,968
Accrued expenses and other liabilities (notes 3, 5, and 14)	1,462,682	6,494,047	151,014	49,511	8,157,254	482,566
Deposits (note 3)	835,200	-	-	-	835,200	-
Unearned revenues	673,737	-	-	-	673,737	4,207,611
Due to other funds (note 7)	-	-	-	2,148,936	2,148,936	-
Construction projects payable (note 3)	1,000,139	457,360	518,126	-	1,975,625	-
Current portion of long-term debt (note 5)	8,074,668	10,923,042	-	885,000	19,882,710	-
Current portion of leases and subscriptions payable (note 5)	30,690	3,930	4,947	-	39,567	3,229,030
Current portion of accrued vacation, sick pay, and overtime leave (note 5)	787,456	127,520	263,657	-	1,178,633	711,437
Current portion of liability for self-insurance losses (notes 5 and 14)	-	-	-	-	-	10,788,500
Total current liabilities	17,130,129	18,755,426	1,231,236	3,083,447	40,200,238	22,975,112
Noncurrent liabilities:						
Unearned revenues	116,310	-	-	-	116,310	-
General obligation bonds (note 5)	19,495,000	-	-	-	19,495,000	-
Revenue bonds (note 5)	20,719,442	248,002,712	-	1,874,000	270,596,154	-
Due to Commonwealth of Virginia (note 5)	-	74,904,020	-	-	74,904,020	-
Leases and subscriptions payable (note 5)	33,621	11,524	2,541	-	47,686	3,774,011
Notes payable (note 5)	-	-	-	6,343,835	6,343,835	-
Advances from other funds (note 7)	-	7,976,482	-	1,319,095	9,295,577	-
Accrued vacation, sick pay, and overtime leave (note 5)	1,600,240	194,346	463,340	-	2,257,926	1,401,459
Liability for self-insurance losses (notes 5 and 14)	-	-	-	-	-	22,582,152
Net pension liability (note 8)	7,592,793	1,042,577	2,949,253	-	11,584,623	5,749,824
Net OPEB liability (note 9)	488,087	65,681	184,348	-	738,116	312,056
Total noncurrent liabilities	50,045,493	332,197,342	3,599,482	9,536,930	395,379,247	33,819,502
Total liabilities	67,175,622	350,952,768	4,830,718	12,620,377	435,579,485	56,794,614
Deferred Inflows of Resources						
Pension	1,890,651	238,740	769,114	-	2,898,505	1,595,177
OPEB	2,485,695	313,880	1,011,178	-	3,810,753	2,097,225
Leases	-	-	-	-	-	550,657
Deferred gain on refundings-DIR	-	4,413,953	-	-	4,413,953	-
Stormwater management fees	-	-	12,863,615	-	12,863,615	-
Total deferred inflows of resources	4,376,346	4,966,573	14,643,907	-	23,986,826	4,243,059
Net Position						
Net investment in capital assets	479,839,356	(1,636,525)	53,204,145	14,074,755	545,481,731	61,008,218
Restricted for:						
Capital projects	82,009,866	18,896,898	63,714,443	-	164,621,207	-
Debt service	9,695,301	57,817,347	-	-	67,512,648	-
Restricted - OPEB	2,587,397	327,873	1,054,185	-	3,969,455	2,166,776
Unrestricted (deficit)	73,474,647	(55,674,451)	23,869,782	15,035,808	56,705,786	52,044,407
Total net position	647,606,567	19,731,142	141,842,555	29,110,563	838,290,827	115,219,401
Total liabilities, deferred inflows of resources, and net position	\$ 719,158,535	375,650,483	161,317,180	41,730,940	1,297,857,138	176,257,074
Net position of enterprise funds, Schedule E	\$ 647,606,567	19,731,142	141,842,555	29,110,563	838,290,827	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(1,325,605)	22,497	(491,945)	-	(1,795,053)	
Net position of business-type activities, Schedule A	\$ 646,280,962	19,753,639	141,350,610	29,110,563	836,495,774	

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule F

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2025

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
OPERATING REVENUES						
Licenses, permits, and fees	\$ -	-	135,718	-	135,718	-
Charges for services:						
Sale of water	58,224,501	-	-	-	58,224,501	-
Billings to departments	-	-	-	-	-	102,383,404
Billings to outside agencies and component units	-	-	-	-	-	401,044
Sewer service charges	25,121,108	-	-	-	25,121,108	-
Stormwater management fees	-	-	25,608,877	-	25,608,877	-
Tolls and tickets	-	37,730,939	-	-	37,730,939	-
Rental fees	1,202,800	-	-	-	1,202,800	278,532
Connection fees	2,447,724	-	-	-	2,447,724	-
Miscellaneous	617,984	-	-	351,000	968,984	7,630
Recovered costs	145,641	65,912	-	-	211,553	9,203,610
Other	182,148	-	-	57,257	239,405	10,670
Total operating revenues	87,941,906	37,796,851	25,744,595	408,257	151,891,609	112,284,890
OPERATING EXPENSES						
Cost of materials billed	-	-	-	-	-	2,890,723
Purchases for resale	14,775,841	-	-	205,731	14,981,572	4,483,470
General and administrative	8,195,390	1,089,548	2,985,311	237,450	12,507,699	1,737,147
Other salaries and wages	15,866,000	2,005,546	5,992,661	-	23,864,207	12,707,670
Other fringe benefits	6,405,371	823,545	2,441,675	-	9,670,591	4,516,477
Self-insurance reserve adjustments	-	-	-	-	-	659,309
Indemnity and medical claims	-	-	-	-	-	58,223,954
Other repairs and supplies	7,124,078	7,273,048	325,632	-	14,722,758	7,569,085
Equipment rental	119,085	5,194	15,973	-	140,252	12,709
Other contractual services	2,120,826	2,711,491	3,058,906	35,187	7,926,410	4,665,719
Depreciation and amortization	18,374,558	11,895,052	1,846,709	-	32,116,319	17,114,886
Insurance premiums	-	-	-	1,323	1,323	5,297,215
Other	3,025	32,133	-	2,697	37,855	-
Total operating expenses	72,984,174	25,835,557	16,666,867	482,388	115,968,986	119,878,364
Operating income (loss)	14,957,732	11,961,294	9,077,728	(74,131)	35,922,623	(7,593,474)
NONOPERATING REVENUES (EXPENSES)						
Investment income	6,855,858	4,825,189	3,627,830	262,301	15,571,178	4,157,737
Interest expense	(1,388,802)	(12,787,848)	(409)	(137,176)	(14,314,235)	(176,706)
Gain on sale of equipment	64,867	377	10,650	-	75,894	403,641
Loss on sale of equipment	(2,187,944)	(45,050)	(928,634)	-	(3,161,628)	(32,467)
Grants to businesses	-	-	-	(1,910,000)	(1,910,000)	-
Other	-	(1,194,915)	-	-	(1,194,915)	-
Total nonoperating revenues (expenses), net	3,343,979	(9,202,247)	2,709,437	(1,784,875)	(4,933,706)	4,352,205
Income (loss) before transfers and contributions	18,301,711	2,759,047	11,787,165	(1,859,006)	30,988,917	(3,241,269)
Transfers in (note 8)	-	-	2,018,000	2,938,996	4,956,996	4,107,389
Transfers out (note 8)	-	-	(1,600,000)	-	(1,600,000)	(3,007,426)
Capital contributions	12,779,757	-	190,889	-	12,970,646	15,917,614
Increase (decrease) in net position	31,081,468	2,759,047	12,396,054	1,079,990	47,316,559	13,776,308
Total net position - beginning, as previously reported	617,385,817	17,033,206	129,665,605	28,030,573	792,115,201	102,098,406
Restatement: change in accounting principle (note 15)	(860,718)	(61,111)	(219,104)	-	(1,140,933)	(655,313)
Net position - beginning, as restated	616,525,099	16,972,095	129,446,501	28,030,573	790,974,268	101,443,093
Total net position - ending	\$ 647,606,567	19,731,142	141,842,555	29,110,563	838,290,827	115,219,401
Change in net position of enterprise funds, Schedule F	\$ 31,081,468	2,759,047	12,396,054	1,079,990	47,316,559	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(273,304)	(38,384)	(124,735)	-	(436,423)	
Change in net position of business-type activities, Schedule B	\$ 30,808,164	2,720,663	12,271,319	1,079,990	46,880,136	

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2025

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 86,113,939	37,700,459	25,805,393	2,490,343	152,110,134	9,822,181
Cash received from interfund services provided	-	-	-	-	-	102,383,404
Payments to suppliers	(28,536,389)	(10,454,420)	(4,061,651)	(449,910)	(43,502,370)	(84,321,571)
Payments to employees	(22,900,175)	(2,882,152)	(8,080,708)	-	(33,863,035)	(17,675,544)
Payments for interfund services	(4,463,133)	(593,712)	(2,767,649)	-	(7,824,494)	-
Net cash provided by (used in) operating activities	30,214,242	23,770,175	10,895,385	2,040,433	66,920,235	10,208,470
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	1,947,066	1,947,066	4,107,389
Transfers out	-	-	-	-	-	(993,907)
Noncapital financing activity - outflow	-	-	-	(1,910,000)	(1,910,000)	-
Net cash provided by (used in) noncapital financing activities	-	-	-	37,066	37,066	3,113,482
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Transfers in	-	-	2,018,000	991,930	3,009,930	-
Transfers out	-	-	(1,600,000)	-	(1,600,000)	(2,013,519)
Acquisition of capital assets	(13,538,591)	(3,248,732)	(4,020,505)	2,148,936	(18,658,892)	(13,899,020)
Proceeds from sale of capital assets	64,867	377	10,650	-	75,894	403,641
Increase (decrease) in construction project payable	(3,460,808)	(2,200,653)	5,250	-	(5,656,211)	-
Proceeds from debt issuance	-	78,075,000	-	-	78,075,000	-
Repayment and retirement of refunding long-term debt	-	(78,845,000)	-	-	(78,845,000)	-
Principal payment of long-term debt	(7,749,131)	(11,241,295)	-	(1,173,765)	(20,164,191)	-
Premium on issuance of debt	-	1,876,712	-	-	1,876,712	-
Interest paid	(1,442,636)	(12,019,523)	(409)	-	(13,462,568)	-
Other debt payments	-	(1,194,915)	-	(128,255)	(1,323,170)	(93,743)
Net cash provided by (used in) capital and related financing activities	(26,126,299)	(28,798,029)	(3,587,014)	1,838,846	(56,672,496)	(15,602,641)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	6,803,467	5,055,069	3,613,971	262,301	15,734,808	4,144,651
Net cash provided by investing activities	6,803,467	5,055,069	3,613,971	262,301	15,734,808	4,144,651
Net increase (decrease) in cash and temporary investments	10,891,410	27,215	10,922,342	4,178,646	26,019,613	1,863,962
Cash and temporary investments beginning of year	153,343,513	92,301,117	77,135,082	3,756,295	326,536,007	95,455,579
Cash and temporary investments end of year	\$ 164,234,923	92,328,332	88,057,424	7,934,941	352,555,620	97,319,541
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 14,957,732	11,961,294	9,077,728	(74,131)	35,922,623	(7,593,474)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	18,374,558	11,895,052	1,846,709	-	32,116,319	17,114,886
Pension expense	(365,141)	(43,926)	(161,109)	-	(570,176)	(405,536)
OPEB expense	(379,399)	(47,799)	(154,965)	-	(582,163)	(324,955)
Change in assets and liabilities increasing (decreasing) cash and temporary investments:						
Receivables	(1,574,357)	(96,392)	(15,341)	2,082,086	395,996	(22,670)
Prepaid expenses and other assets	78,270	7,383	-	102,454	188,107	(288,788)
Inventory of materials and supplies	19,270	-	-	-	19,270	(12,248)
Land and improvements held for sale	-	-	-	(44,727)	(44,727)	-
Accounts payable	(615,888)	55,899	206,056	(54,164)	(408,097)	825,275
Deposits	(211,752)	-	-	-	(211,752)	-
Unearned revenues	(41,858)	-	-	-	(41,858)	(59,135)
Deferred inflows	-	-	76,139	-	76,139	-
Accrued expenses and other liabilities	(116,940)	3,442	17,583	28,915	(67,000)	37,197
Liability for self-insurance losses	-	-	-	-	-	659,309
Accrued vacation, sick pay, and overtime leave	89,747	35,222	2,586	-	127,555	278,609
Total adjustments	15,256,510	11,808,881	1,817,658	2,114,564	30,997,613	17,801,944
Net cash provided by (used in) operating activities	\$ 30,214,242	23,770,175	10,895,386	2,040,433	66,920,236	10,208,470
Supplemental information on significant noncash transactions:						
Contributions of capital assets	\$ 12,779,757	-	190,889	-	12,970,646	15,917,614

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

Fiduciary Funds Financial Statements

Custodial Fund – Includes Special Welfare Fund.

Trust Fund – Includes Other Postemployment Benefits Fund.



CITY OF CHESAPEAKE, VIRGINIA

Schedule H

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2025

	<u>Custodial</u> <u>Special</u> <u>Welfare</u>	<u>Other</u> <u>Postemployment</u> <u>Benefits Trust</u>
ASSETS		
Cash and temporary investments (note 2)	\$ 88,563	-
Investments with trustee, at fair value (note 2)		
Stocks	-	74,144,327
Taxable bonds	-	52,094,743
Money market	-	754,314
Total assets	\$ 88,563	126,993,384
NET POSITION		
Restricted for:		
Other postemployment benefits	-	126,993,384
Individuals	88,563	-
Total net position	\$ 88,563	126,993,384

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule I

Statement of Changes in Fiduciary Net Position
 Fiduciary Fund
 Year Ended June 30, 2025

	Custodial Special Welfare	Other Postemployment Benefits Trust
ADDITIONS		
Deposits received on behalf of others	\$ 50,406	-
Contributions from employer (note 9)	-	3,745,058
Contributions from plan members (note 9)	-	1,109,762
Investment income:		
Interest and dividend income	4,529	23,924,918
Net appreciation (depreciation) in fair value of investments	-	(10,318,084)
Less investment expenses	-	210,189
Net investment income	4,529	13,396,645
Total additions	54,935	18,251,465
DEDUCTIONS		
Administrative expenses	668	72,195
Benefits and refunds paid on behalf of plan members and beneficiaries (note 9)	148,332	6,168,618
Total deductions	149,000	6,240,813
Change in net position	(94,065)	12,010,652
Net position - beginning	182,628	114,982,732
Net position - ending	\$ 88,563	126,993,384

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

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Chesapeake
VIRGINIA

Other Discretely Presented Component Units

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

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

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



Combining Statement of Net Position
Other Discretely Presented Component Units
June 30, 2025

	Governmental Activities	Business-type Activities			Total
	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.	Chesapeake Land Bank Authority	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and temporary investments (note 2)	\$ 15,987,594	358,745	-	1,250,463	17,596,802
Receivables, net of allowance for uncollectible amounts (note 3)	-	134,388	-	-	134,388
Inventories	719,678	-	-	-	719,678
Prepaid expenses	103,509	-	-	-	103,509
Restricted assets (note 2)	-	498,659	-	-	498,659
Capital assets:					
Land, intangibles, and construction in progress	530,778	3,588,286	-	-	4,119,064
Other capital assets, net of accumulated depreciation	1,993,781	12,168,524	-	-	14,162,305
Land and improvements held for sale	-	-	-	1,419,506	1,419,506
Net OPEB asset	376,761	-	-	-	376,761
Total assets	19,712,101	16,748,602	-	2,669,969	39,130,672
Deferred Outflows of Resources					
Pension	641,153	-	-	-	641,153
OPEB	63,585	-	-	-	63,585
Total deferred outflows of resources	704,738	-	-	-	704,738
Total assets and deferred outflows of resources	\$ 20,416,839	16,748,602	-	2,669,969	39,835,410
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Liabilities					
Current liabilities:					
Accounts payable, deposits, and accrued expenses (notes 3 and 14)	\$ 126,702	129,131	-	-	255,833
Unearned revenues	-	9,316	-	-	9,316
Due to primary government	-	475,000	-	-	475,000
Long-term liabilities (notes 5, 8, and 9):					
Due within one year	134,966	202,678	-	-	337,644
Due in more than one year	1,350,991	3,828,530	-	-	5,179,521
Total liabilities	1,612,659	4,644,655	-	-	6,257,314
Deferred Inflows of Resources					
Pension	272,521	-	-	-	272,521
OPEB	358,292	-	-	-	358,292
Total deferred inflows of resources	630,813	-	-	-	630,813
Net Position					
Net investment in capital assets	2,524,559	11,310,868	-	-	13,835,427
Restricted					
OPEB	376,761	-	-	-	376,761
Other	-	498,659	-	-	498,659
Unrestricted	15,272,047	294,420	-	2,669,969	18,236,436
Total net position	18,173,367	12,103,947	-	2,669,969	32,947,283
Total liabilities, deferred inflows of resources, and net position	\$ 20,416,839	16,748,602	-	2,669,969	39,835,410

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

Combining Statement of Activities
Other Discretely Presented Component Units
Year Ended June 30, 2025

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position				Total
	Expenses	Charges for Services	Operating Grants and Contributions	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.	Chesapeake Land Bank Authority	
Governmental Type Activities								
Chesapeake Mosquito Control Commission \$	4,677,219	-	6,788,569	2,111,350	-	-	-	2,111,350
Business-type Activities								
Chesapeake Airport Authority	1,720,850	590,474	757,991	-	(372,385)	-	-	(372,385)
Chesapeake Land Bank Authority	580,204	-	316,090	-	-	-	(264,114)	(264,114)
Total component units	\$ 6,978,273	590,474	7,862,650	2,111,350	(372,385)	-	(264,114)	1,474,851
General revenues:								
Unrestricted investment earnings				\$ 572,817	20,946	-	37,074	630,837
Gain on sale of capital assets				73,960	-	-	-	73,960
Total general revenues				646,777	20,946	-	37,074	704,797
Change in net position				2,758,127	(351,439)	-	(227,040)	2,179,648
Net position - beginning, as previously reported				15,608,684	12,455,386	61,535	2,897,009	31,022,614
Restatement: change in reporting entity (note 15)				-	-	(61,535)	-	(61,535)
Restatement: change in accounting principle (note 15)				(193,444)	-	-	-	(193,444)
Net position - beginning, as restated				15,415,240	12,455,386	-	2,897,009	30,767,635
Net position - ending				\$ 18,173,367	12,103,947	-	2,669,969	32,947,283

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

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Chesapeake
VIRGINIA

Notes to Basic Financial Statements



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Chesapeake
VIRGINIA

(1) Summary of Significant Accounting Policies

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

The Reporting Entity

The City was formed under the provision of Chapter 211 of the Acts of Assembly of 1962 by the merger of the former City of South Norfolk and the County of Norfolk.

The accompanying financial statements present the City (the Primary Government) and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in separate columns in the government-wide financial statements to emphasize that they are both legally and substantively separate from the City.

The following component units are discretely presented in the City's financial statements:

- The Chesapeake Public Schools (the Schools) is responsible for elementary and secondary education within the City. All nine members of the School Board are elected. The Schools is fiscally dependent on the City because City Council approves the Schools' total annual budget appropriation, levies the necessary taxes to finance the Schools' operations, and approves the borrowing of money and the issuance of bonds. In addition, a financial burden relationship exists between the City and Schools because the City maintains a legal liability for the general obligation debt issued for the Schools' capital assets. Separate audited financial statements are available from the Chesapeake Public Schools at 1421 Kristina Way, Chesapeake, Virginia 23320.
- The Chesapeake Airport Authority (the Airport Authority) was established by action of the General Assembly to operate the Chesapeake Airport and its ancillary operations. The City Council appoints the members of the Airport Authority's governing board. In addition, a financial burden relationship exists between the City and the Airport Authority because the City funds operating deficits as necessary. Separate audited financial statements are available from the Chesapeake Airport Authority at 1777 West Road, Chesapeake, Virginia 23323.
- The Chesapeake Mosquito Control Commission (CMCC) manages the City's insecticide program. CMCC has seven commissioners appointed by the City Council. CMCC is fiscally dependent on the City because the City finances the operations of CMCC through incremental property taxes of \$.01 per \$100 of assessed value for real estate properties and \$.08 per \$100 of assessed value for personal property. CMCC does not issue separate audited financial statements.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(1) Continued

- The Chesapeake Land Bank Authority (CLBA) is a legally separate entity created by the City Council for the purpose of assisting the City in addressing vacant, tax delinquent, and abandoned properties to productive use and administering the South Norfolk Residential Rehabilitation Grant Program (SNRRGP). The City Council appoints the board members of the CLBA. A financial burden relationship exists between CLBA and the City as the City appropriates funds annually as needed to pay administrative expenses of the CLBA and funds operating deficits as necessary. The City Council also appropriates funding to the CLBA for the SNRRGP. CLBA does not issue separate audited financial statements.

The following is a blended component unit in the City's financial statements:

- The Economic Development Authority (EDA) is a legally separate entity established under the Industrial Development and Revenue Bond Act, Code of Virginia. The EDA is responsible for promoting industry and developing trade by inducing manufacturing, industrial, and commercial enterprises to locate or remain in the City. The City Council appoints the members of the EDA's governing board. A financial burden relationship exists between the City and the EDA because the EDA's outstanding debt is expected to be repaid entirely or almost entirely with the resources of the City. Separate audited financial statements for the EDA are available through the City's Department of Economic Development at 555 Belaire Avenue, Suite 310, Chesapeake, Virginia 23320.

The City directed other postemployment benefit (OPEB) plan is a legally separate entity established for the purpose of accumulating assets to fund other postemployment benefits obligations. The City Council appoints the members of the OPEB plan's governing board and has a financial burden relationship with the City because the City funds the OPEB plan's benefits obligations. The OPEB plan is a fiduciary component unit reported as an OPEB trust fiduciary fund.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the City and its component units. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's public utility function and various other functions of the City. Eliminating these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for services. Likewise, the City is reported separately from discretely presented component units for which the City is financially accountable. Separate columns are provided for the Schools and other discretely presented component units, which are aggregated in the government-wide financial statements.

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(1) Continued

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and 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 fiscal period. Expenditures generally are recorded when liability is incurred, with the exception of debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims, judgments, and postemployment benefits, which are recorded when due. General capital asset acquisitions, including contracts giving the City the right-to-use lease or subscription assets, are reported as expenditures in the governmental funds. The issuance of long-term debt is reported as an other financing source.

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

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

The City reports the following major governmental funds:

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(1) Continued

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

The City reports the following major proprietary funds:

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

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

The *Stormwater Management Fund* accounts for the City's stormwater utility operations, including related construction projects to improve stormwater quality.

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

Additionally, the City reports the following fund types:

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

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

The *Other Postemployment Benefits (OPEB) Trust Fund* accounts for the City's OPEB Plan activities, which accumulates resources held in trust for benefit payments to qualified beneficiaries.

Cash and Temporary Investments

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(1) Continued

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

Property Taxes

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

Real Estate

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

Real estate taxes are collected in quarterly payments due September 30, December 30, March 30, and June 5. During the fiscal year, the current year's real estate taxes reported as revenue are the levies on the assessed valuation on July 1, 2025, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The 2025 tax rate was \$1.01 per \$100 of assessed value and an additional \$.01 per \$100 of assessed value for mosquito control services.

Personal Property

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1, with payment due the following June 5. The current year's personal property taxes reported as revenue are the levies on the assessed valuation on January 1, 2025, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The 2025 tax rate was \$4.00 per \$100 of assessed value with an additional \$.08 per \$100 of assessed value for mosquito control services.

Inventories and Prepaids

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

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

Land and Improvements Held for Sale

The EDA recognizes revenues from the sale of land upon settlement. Land held for sale is stated at acquisition cost plus improvements. Other than acquisition costs, all costs are allocated to all parcels held during the year on a per-acre basis. As a parcel of land is sold, all costs associated with that parcel are charged to the cost of the land sold.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(1) **Continued**

Capital Assets

Capital assets, which include land, intangible assets, buildings, improvements, equipment, vehicles, right-to-use lease assets, right-to-use subscription assets, and infrastructure assets (i.e., roads, bridges, drainage, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements.

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

Right-to-use assets are initially measured as the sum of the present value of payments expected to be made during the term of the arrangement, payments made by the City at or before the commencement of the arrangement, and initial direct costs to place the underlying asset into service.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Capital Assets	Useful Lives
Buildings and lease assets - buildings	10-50 years
Improvements other than buildings	10-45 years
Software, equipment, vehicles, lease assets - equipment, and subscription assets	3-50 years
Infrastructure	10-50 years
Right-to-use	Contract term

Leases

Lessee:

The City records lease liabilities and intangible right-to-use assets for noncancellable leases of buildings, vehicles, and equipment in its government-wide financial statements.

Lease liabilities are recognized for leases with an initial value of \$5,000 or more and are measured at the present value of expected lease payments during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. Lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, ancillary charges to place the lease assets into service, and less lease incentives. The lease assets are amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

Lessor:

The City is a lessor for noncancellable leases of land and telecommunication towers. The City recognizes lease receivables and deferred inflows of resources in the government-wide, governmental fund, and proprietary fund financial statements for each lease.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(1) Continued

Lease receivables are measured at the present value of lease payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. Deferred inflows of resources is initially measured as the initial amount of the lease receivable and adjusted for lease payments received at or before the lease commencement date. Subsequently, deferred inflows of resources is recognized as revenues using the straight-line method.

Subscription-Based Information Technology Arrangements

The City records subscription liabilities and intangible right-to-use assets for noncancellable subscription-based information technology arrangements (subscriptions) in its government-wide financial statements.

Subscription liabilities are recognized for subscriptions with an initial value of \$5,000 or more and are measured at the present value of expected subscription payments during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. Subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any subscription payments made prior to the subscription term, capitalizable implementation costs, and less subscription incentives. The subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying asset.

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

City employees are granted vacation, sick pay, paid time off, and accrued overtime leave in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation, sick pay, paid time off, and accrued overtime leave earned and, upon retirement, termination, or death, may be compensated for certain amounts at their most current rate of pay. The costs of accumulated vacation, paid time off, and overtime leave are accrued as a liability for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash. These liabilities are accounted for in the government-wide and proprietary fund financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources representing a consumption of net assets that applies to future periods and will not be recognized as an expense or expenditure until that time. In this category, the City reports deferred charges on refundings and deferred amounts related to pension and OPEB.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources representing an acquisition of net assets that applies to future periods and will not be recognized as revenue until that time. The City reports deferred amounts related to leases, certain revenues, pension, and OPEB in this category.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(1) **Continued**

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts, as well as gains or losses on refunding, are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Encumbrances

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

Net Position

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

Net Investment in Capital Assets - Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, and is reduced by outstanding balances of bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows and inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted - Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted - Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of the two preceding categories.

Sometimes, the City will fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amounts to report as restricted and unrestricted net positions in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to be depleted before unrestricted net position is applied.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(1) **Continued**

Fund Balances

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

Nonspendable - The nonspendable fund balance category represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.

Restricted - Fund balance is reported as restricted when amounts can only be spent for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource provider.

Committed - The committed fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose of the City Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the City Council adopts another ordinance to remove or revise the limitation.

Assigned - Amounts in the assigned fund balance are intended for specific purposes that are not restricted or committed. These amounts may be assigned or unassigned by the City Council or its authorized designees. Per City policy, the City Manager or their designee is authorized to assign fund balances to support sound financial operations or meet future obligations.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. Any deficit fund balance within the other governmental fund types is also reported as unassigned.

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

Minimum Fund Balance Policy

The fund balance policy adopted by City Council requires a minimum of twelve percent (12%) of specified revenues of the General Fund and Special Revenue funds to be maintained as Unassigned Fund Balance in the General Fund.

Notes to Basic Financial Statements
June 30, 2025

(2) Deposits and Investments

The City's cash, cash equivalents, and investments are managed separately from the Other Postemployment Benefits Trust funds discussed below.

A. City's Cash and Cash Equivalents

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All deposits of the City are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-400 et. seq. of the *Code of Virginia* or covered by the FDIC. 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 from 50.0% to 130.0% of excess deposits. Accordingly, all deposits are considered fully collateralized.

The carrying amount of the City's pooled cash as of June 30, 2025 is \$119,584,444, including petty cash of \$63,213 and cash in the Special Welfare Fiduciary Fund of \$88,563. The City's component units had a combined bank balance of \$23,576,969 as of June 30, 2025. All City and component unit bank balances were covered by federal depository insurance or collateral held by the entity's agent in the entity's name.

The tables below reconcile the City's cash and investments to the Government-wide Statement of Net Position and Statement of Fiduciary Net Position:

	Cash	Investments	Total
Government-wide			
Governmental activities	\$ 110,580,075	798,318,142	908,898,217
Business-type activities	9,004,369	343,551,251	352,555,620
Component Units			
Public Schools	5,481,508	281,195,349	286,676,857
Other	18,095,461	-	18,095,461
Fiduciary Funds			
Custodial - Special Welfare	88,563	-	88,563
Other Postemployment Benefits Trust	-	126,993,384	126,993,384
Total cash and investments	\$ 143,249,976	1,550,058,126	1,693,308,102

	Cash and Temporary Investments	Restricted Assets	Total
Government-wide Statement of Net Position			
Governmental activities	\$ 717,139,755	191,758,462	908,898,217
Business-type activities	106,682,463	245,873,157	352,555,620
Component Unit Statement of Net Position			
Public Schools	165,394,679	121,282,178	286,676,857
Other	17,596,802	498,659	18,095,461
Statement of Fiduciary Net Position			
Custodial - Special Welfare	88,563	-	88,563
Other Postemployment Benefits Trust	-	126,993,384	126,993,384
Total cash and investments	\$ 1,006,902,262	686,405,840	1,693,308,102

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(2) Continued

B. City Investments

Statutes, as well as the City's investment policy, authorize the City to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or its political subdivisions; obligations of any state of the United States; obligations of any city, county, town, or district within the United States; prime quality commercial paper; certain corporate notes; bankers' acceptances; repurchase agreements; certain certificates of deposit and time deposits; and the State Treasurer's Local Government Investment Pool (LGIP). Money market accounts and mutual funds with compliant underlying securities, as well as the investment of funds in deposits, are also permissible investments.

Although not authorized by the City's investment policy, statutes also permit investment in obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, and the African Development Bank.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits corporate notes to maturities of less than five years and commercial paper to maturities of less than 270 days.

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

The City's investments include the VIP Stable NAV Liquidity Pool, LGIP, and the Virginia State Non-Arbitrage Program (SNAP). These pools are all valued at amortized cost, with the City's position equal to the value of its shares, and redemptions can be made on any banking day. Because the pools invest primarily in short-term, high-quality government obligations, the City's exposure to interest rate risk is minimal. During fiscal year 2025, the City transitioned from the VIP 1-3 Year High Quality Bond Fund to the Stable NAV Liquidity Pool. All balances in the prior fund were redeemed before June 30, 2025. The prior fund was a fluctuating NAV fund measured at fair value and had modest interest rate risk, whereas the Stable NAV Liquidity Pool maintains a stable value.

Notes to Basic Financial Statements
June 30, 2025

(2) Continued

As of June 30, 2025, the City had the following investments:

Investment Type	Fair Value	Investment Maturities	
		Less than 1 year	1-5 years
U.S. Treasury Obligations	\$ 216,824,339	65,291,025	151,533,314
U.S. Agency Obligations	171,144,235	13,332,002	157,812,233
	\$ 387,968,574	78,623,027	309,345,547
Investments Measured at Amortized Cost:			
Certificates of Deposit		35,228,579	
Investments Measured at Net Asset Value:			
Local Government Investment Pools		947,587,508	
Virginia Investment Pool		11,771,418	
U.S. Treasury Obligations - State and Local Government Series		12,033,997	
Money Market Fund		28,474,666	
		\$ 1,423,064,742	

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by assigning a rating by nationally recognized statistical rating organizations. The City's Investment Policy requires the following minimum ratings: A on municipal securities, AA on corporate notes, and A-1, P-1, or F-1 on commercial paper. The debt proceeds held by U.S. Bank, Global Corporate Trust are invested in U.S. Treasury securities, U.S. Agency securities, and the First American Government Obligations Fund Class D Shares, which are rated AAAM by Moody's, Fitch, and S&P. Debt proceeds not held by bond trustees are invested in the SNAP Fund and State and Local Government Series (SLGS) securities. The SNAP Fund is not registered with the Securities Exchange Commission (SEC) and is rated AAAM by S&P. The Treasury Board of the Commonwealth of Virginia establishes the investment policy for the SNAP Fund and oversees its portfolio manager. SLGS securities are U.S. Treasury obligations and are considered to have minimal credit risk. LGIP is not registered with the SEC but reports to the Treasury Board of the Commonwealth of Virginia and is rated AAAM by S&P. The Virginia Investment Pool (VIP) is a Section 115 governmental trust fund, governed by a Board of Trustees and rated AA+f/S1 by S&P.

Custodial Credit Risk – Investments

Investment custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments. The City's investment policy requires securities to be purchased only from brokerage firms/institutions with offices under the Commonwealth of Virginia's supervision and located in the Commonwealth of Virginia. Additionally, to limit its exposure, the City's investment policy requires all investment securities purchased by the City to be held in third-party safekeeping by an institution designated as the primary agent, in the City's name. The City holds no investments that are at risk.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(2) Continued

Concentration of Credit Risk

The City's investment policy requires that its portfolio be diversified with not more than 5.0% of the portfolio's value invested in securities of any corporate debt or commercial paper issuer. No more than 10.0% of the value of securities may be with any one U.S. Government or agency thereof, government-sponsored corporation securities, municipal securities or fully insured and/or collateralized certificates of deposit. The City's investment policy specifically prohibits investment in mortgage-backed securities, futures, options, options on futures, margin buying, leveraging, commodities, or cryptocurrencies.

The City held no investments by any one issuer which represented over 5.0% of the City's total investments other than external investment pools.

Fair Value Measurements:

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

Level 1: Investments reflect prices quoted in active markets for identical assets.

Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs that are not considered to be active; and,

Level 3: Investments reflect prices based upon unobservable sources.

The City had the following investments by fair value measurement at year-end:

Investments by Fair Value	6/30/2025	Level 1	Level 2	Level 3
U.S. Treasury Obligations	\$ 216,824,339	216,824,339	-	-
U.S. Agency Obligations	171,144,235	-	171,144,235	-
	\$ 387,968,574	216,824,339	171,144,235	-

C. Other Postemployment Benefits Trust Investments

The investment policy of the OPEB Plan in regard to the allocation of invested assets is established and may be amended by the Chesapeake OPEB Finance Board of Trustees by a majority vote of its members. It is the policy of the Chesapeake OPEB Finance Board of the Trust to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of asset classes. The investment policy discourages the use of cash equivalents, except for liquidity purposes and aims to refrain from dramatically shifting asset class allocations over short time spans. The Plan employs PFM Asset Management LLC, a U.S. Bank affiliate, as investment manager, with Principal Custody Solutions serving as custodian of the assets.

The Plan's investment policy includes an asset allocation plan for investments:

Asset Class	Minimum		Maximum	
	Allocation	Target	Allocation	
Domestic Equity	19.00%	39.00%	59.00%	
International Equity	1.00%	21.00%	41.00%	
Fixed Income	20.00%	40.00%	60.00%	

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(2) Continued

The OPEB Trust Investment Policy does not authorize the purchase of the following investments or transactions: letter stock and other unregistered securities, commodities or commodity contracts, short sales, margin transactions, private placements (with the exception of Rule 144A securities), venture capital funds, private equity, private real estate, hedge funds; derivatives, options or futures for the purpose of portfolio leveraging are also prohibited. Neither direct real estate equity nor natural resource properties such as oil, gas, or timber may be held except by purchase of publicly traded securities or within Pooled Vehicles, except for existing real estate holdings. The purchase of collectibles is also prohibited.

Investments at fiscal year-end:

Asset Class	Fair Value/NAV	Allocation
Domestic Equity	\$ 48,890,761	38.50%
International Equity	25,253,566	19.89%
Fixed Income	52,094,743	41.02%
Money Market Fund	754,314	0.59%
	<u>\$ 126,993,384</u>	

The City had the following investments by fair value measurement at year-end:

Investments by Fair Value	06/30/2025	Level 1	Level 2	Level 3
Equity Exchange-traded Funds	\$ 46,432,138	46,432,138	-	-
Equity Mutual Funds	27,712,189	27,712,189	-	-
Bond Exchange-traded Funds	14,596,090	14,596,090	-	-
Bond Mutual Funds	37,498,653	-	37,498,653	-
	<u>\$ 126,239,070</u>	<u>88,740,417</u>	<u>37,498,653</u>	<u>-</u>

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(3) Accounts Receivable and Payable

Accounts receivable, net of allowance for uncollectibles, for the Primary Government in the Statement of Net Position as of June 30, 2025 are as follows:

	Governmental Activities	Business-type Activities
Due from Commonwealth of Virginia	\$ 45,026,130	-
Due from Federal government	4,219,840	-
Due from customers	-	33,715,158
Property taxes receivable	73,867,038	-
Interest receivable	2,053,199	607,615
Lease receivable	587,237	-
Other	25,742,751	-
Total accounts receivable	\$ 151,496,195	34,322,773

Accounts receivable, net of allowance for uncollectibles, for the discretely presented component units in the Statement of Net Position as of June 30, 2025 are as follows:

	Public Schools	Other
Due from Commonwealth of Virginia	\$ 13,545,474	-
Due from Federal government	15,486,290	-
Lease receivable	316,686	-
Other	2,863,611	134,388
Total accounts receivable	\$ 32,212,061	134,388

Accounts receivable, net of allowance for uncollectibles, in the governmental funds as of June 30, 2025 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds
Due from Commonwealth of Virginia	\$ 36,925,862	-	5,076,028	3,024,240
Due from Federal government	-	-	1,607,548	2,612,292
Property taxes receivable	73,867,038	-	-	-
Interest receivable	1,823,658	96,753	-	2,338
Other	23,642,844	-	-	2,000,816
Total accounts receivable	\$ 136,259,402	96,753	6,683,576	7,639,686

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(3) Continued

Property taxes receivable in the General Fund as of June 30, 2025 are as follows:

	Taxes Receivable	Allowance for Uncollectible Amounts	Net Taxes Receivable
Real property	\$ 13,149,439	176,498	12,972,941
Personal property	68,104,322	7,220,974	60,883,348
Public service corporations	10,749	-	10,749
Total property taxes receivable	\$ 81,264,510	7,397,472	73,867,038

The total allowance for uncollectible receivables in the General Fund is \$18,117,411 which includes a \$7,397,472 allowance for uncollectible taxes, a \$3,013,486 allowance for uncollectible emergency medical service fees, a \$991,595 allowance for uncollectible vehicle license fees, a \$3,405,992 allowance for uncollectible miscellaneous City invoices, a \$1,343,778 allowance for red light admin fees, a \$1,131,088 allowance for delinquent school zone admin fees, and a \$834,000 allowance for the Gateway at SoNo receivable. The allowance for uncollectible accounts in the other governmental funds of \$8,654,583 consists of \$2,242,669 in uncollectible client fees from CIBH, \$6,254,037 in the Fee Supported Fund for red light cameras, school zone cameras, and other charges, and \$157,877 in miscellaneous uncollectible invoices for various other Special Revenue funds.

Accounts receivable, net of allowance for uncollectibles, in the proprietary funds as of June 30, 2025 are as follows:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Economic Development Authority	Internal Service Funds
Due from customers and others	\$ 16,363,100	864,479	16,387,579	100,000	99,091
Lease receivable	-	-	-	-	587,237
Interest receivable	321,185	187,116	99,314	-	130,450
Total accounts receivable	\$ 16,684,285	1,051,595	16,486,893	100,000	816,778

Accounts payable, deposits, and accrued expenses for the Primary Government in the Statement of Net Position as of June 30, 2025 are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 16,842,763	5,308,576
Deposits	2,534,098	835,200
Accrued expenses, excluding interest	11,021,036	1,183,306
Accrued interest payable	4,262,877	6,973,948
Other liabilities	994,993	-
Construction projects payable	12,280,280	1,975,625
Due to Commonwealth of Virginia	129,821	-
Total accounts payable, deposits, and accrued expenses	\$ 48,065,868	16,276,655

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(3) Continued

Accounts payable, deposits, and accrued expenses for the discretely presented component units in the Statement of Net Position as of June 30, 2025 are as follows:

	Public Schools	Other
Accounts payable	\$ 15,773,230	93,794
Deposits	-	27,169
Accrued expenses, excluding interest	53,992,029	55,892
Accrued interest payable	13,870	78,978
Claims payable	7,568,406	-
Total accounts payable, deposits, and accrued expenses	\$ 77,347,535	255,833

Accounts payable, deposits, and accrued expenditures in the governmental funds as of June 30, 2025 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds
Accounts payable and deposits	\$ 11,287,277	472,574	-	4,061,042
Accrued expenditures, excluding interest	9,585,797	-	-	1,111,664
Other liabilities	955,147	-	1,552	37,805
Construction projects payable	-	-	12,280,280	-
Due to Commonwealth of Virginia	86,828	-	17,218	25,775
Total accounts payable, deposits, and accrued expenditures	\$ 21,915,049	472,574	12,299,050	5,236,286

Accounts payable, deposits, and accrued expenses in the proprietary funds as of June 30, 2025 are as follows:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Economic Development Authority	Internal Service Funds
Accounts payable and deposits	\$ 5,100,757	749,527	293,492	-	3,555,968
Accrued expenses, excluding interest	939,972	51,797	150,947	40,590	323,575
Accrued interest payable	522,710	6,442,250	67	8,921	158,502
Other liabilities	-	-	-	-	489
Construction projects payable	1,000,139	457,360	518,126	-	-
Total accounts payable, deposits, and accrued expenses	\$ 7,563,578	7,700,934	962,632	49,511	4,038,534

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(4) Capital Assets

Capital asset activities for the year ended June 30, 2025 are as follows:

**Primary Government
Governmental activities:**

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 74,839,009	1,482,776	(68,437)	76,253,348
Land - School	3,016,081	-	-	3,016,081
Intangibles	370,034,756	4,809,101	(91,006)	374,752,851
Intangibles - ISF	-	66,442	-	66,442
Construction in progress	127,565,930	109,623,259	(58,493,905)	178,695,284
Construction in progress - ISF	1,794,046	3,830,695	(1,033,856)	4,590,885
Total capital assets, not being depreciated	577,249,822	119,812,273	(59,687,204)	637,374,891
Capital assets, being depreciated:				
Buildings	302,816,136	3,165,097	-	305,981,233
Buildings - ISF	648,167	-	-	648,167
Buildings - School	397,913,611	-	(1,268,698)	396,644,913
Lease asset - buildings	6,673,834	132,331	(69,691)	6,736,474
Improvements other than buildings	85,361,078	9,933,102	(102,955)	95,191,225
Improvements other than buildings - ISF	4,994,223	389,421	-	5,383,644
Software, equipment, and vehicles	96,529,038	26,669,011	(15,925,296)	107,272,753
Software, equipment, and vehicles - ISF	160,778,365	23,281,686	(3,056,528)	181,003,523
Lease asset - equipment & vehicles	1,265,903	505,399	(509,747)	1,261,555
Lease asset - equipment & vehicles - ISF	20,288	-	(13,783)	6,505
Subscriptions	3,227,818	1,779,135	(883,876)	4,123,077
Subscriptions - ISF	11,113,886	7,078,019	(1,592,734)	16,599,171
Infrastructure	1,311,392,824	8,862,408	(238,554)	1,320,016,678
Infrastructure - ISF	81,232	39,702	(14,275)	106,659
Total capital assets being depreciated	2,382,816,403	81,835,311	(23,676,137)	2,440,975,577
Less accumulated depreciation for:				
Buildings	(148,670,449)	(6,866,546)	-	(155,536,995)
Buildings - ISF	(374,544)	(15,168)	-	(389,712)
Buildings - School	(228,671,740)	(7,271,601)	716,238	(235,227,103)
Lease asset - buildings	(1,265,894)	(851,398)	56,140	(2,061,152)
Improvements other than buildings	(42,545,494)	(5,644,937)	4,640	(48,185,791)
Improvements other than buildings - ISF	(4,671,601)	(90,676)	-	(4,762,277)
Software, equipment, and vehicles	(61,705,317)	(6,909,076)	3,235,296	(65,379,097)
Software, equipment, and vehicles - ISF	(115,831,246)	(13,331,979)	2,977,771	(126,185,454)
Lease asset - equipment & vehicles	(634,310)	(386,814)	499,559	(521,565)
Lease asset - equipment & vehicles - ISF	(11,076)	(8,089)	13,783	(5,382)
Subscriptions	(1,287,240)	(1,475,156)	515,735	(2,246,661)
Subscriptions - ISF	(6,196,882)	(3,663,997)	877,707	(8,983,172)
Infrastructure	(1,082,217,255)	(18,963,535)	-	(1,101,180,790)
Infrastructure - ISF	(41,966)	(4,977)	14,275	(32,668)
Total accumulated depreciation	(1,694,125,014)	(65,483,949)	8,911,144	(1,750,697,819)
Total capital assets being depreciated, net	688,691,389	16,351,362	(14,764,993)	690,277,758
Capital assets, net	\$ 1,265,941,211	136,163,635	(74,452,197)	1,327,652,649

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(4) Continued

The increases to accumulated depreciation include current year depreciation of \$63,597,243 along with accumulated depreciation related to assets that were transferred in of \$1,886,706. The increases and decreases in assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy. The decreases in construction in progress include expenses that were deemed non-capital in nature upon closure of the capital project.

Governmental Activities capital assets, net of accumulated depreciation, at June 30, 2025 are comprised of the following:

General Government Capital Assets, net	\$ 1,259,606,318
Internal Service Funds Capital Assets, net	68,046,331
Total	\$ 1,327,652,649

Depreciation and amortization expenses of assets for governmental activities were allocated to functions of the Primary Government for the year ended June 30, 2025 as follows:

General government	\$ 16,033,458
Public safety	1,407,738
Public works	2,026,639
Parks and recreation	587,354
Public welfare	192,032
Education	7,271,601
Net unallocated portion (depreciation of general infrastructure assets)	18,963,535
Capital assets held by the City's internal service funds are allocated to the various functions based on their usage of the assets	17,114,886
Total depreciation expense, governmental activities	\$ 63,597,243

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

Function	Project Authorization	Expended to June 30, 2025	Committed
General government	\$ 197,392,155	76,121,313	29,486,832
Public safety	191,234,438	24,573,420	26,459,896
Public works	294,495,112	68,798,636	25,247,618
Parks and recreation	49,170,142	9,026,546	7,705,487
Public welfare	9,360,932	4,766,254	624,686
Total	\$ 741,652,779	183,286,169	89,524,519

The construction in progress consists of \$178,213,206 from capital projects, \$9,692 from grants, \$472,386 from operating funds, and \$4,590,885 from internal service funds.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

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

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 94,204,979	3,987,649	-	98,192,628
Intangibles	19,840,936	220,310	-	20,061,246
Construction in progress	79,635,873	19,071,040	(36,736,737)	61,970,176
Total capital assets, not being depreciated	193,681,788	23,278,999	(36,736,737)	180,224,050
Capital assets, being depreciated:				
Buildings	9,595,158	-	-	9,595,158
Improvements other than buildings	6,046,576	267,692	-	6,314,268
Software, equipment, and vehicles	49,346,380	9,902,132	(3,204,056)	56,044,456
Lease asset - equipment	104,279	-	(84)	104,195
Subscriptions	114,320	83,544	(73,180)	124,684
Infrastructure	1,173,135,586	37,151,368	-	1,210,286,954
Total capital assets, being depreciated	1,238,342,299	47,404,736	(3,277,320)	1,282,469,715
Less accumulated depreciation for:				
Buildings	(4,434,876)	(274,739)	-	(4,709,615)
Improvements other than buildings	(2,270,083)	(208,510)	-	(2,478,593)
Software, equipment, and vehicles	(35,197,286)	(2,975,657)	158,349	(38,014,594)
Lease asset - equipment	(47,222)	(26,921)	-	(74,143)
Subscriptions	(86,270)	(53,700)	73,180	(66,790)
Infrastructure	(507,798,126)	(29,031,773)	-	(536,829,899)
Total accumulated depreciation	(549,833,863)	(32,571,300)	231,529	(582,173,634)
Total capital assets being depreciated, net	688,508,436	14,833,436	(3,045,791)	700,296,081
Capital assets, net	\$ 882,190,224	38,112,435	(39,782,528)	880,520,131

The increases and decreases in assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy. The decreases in construction in progress include expenses that were deemed non-capital in nature upon closure of the capital project.

Depreciation and amortization expenses of assets for business-type activities was allocated to functions of the Primary Government as follows:

Public Utilities Fund	\$ 18,519,124
Chesapeake Transportation System	12,205,467
Stormwater Management Fund	1,846,709
Total depreciation expense, business-type activities	\$ 32,571,300

Depreciation and amortization expenses for business-type activities of \$32,116,319 includes the unallocated portion of depreciation and amortized expenses of assets noted above of \$32,571,300 offset by amortization of deferred bond premiums and refunding costs of \$454,981.

The estimated cost to complete the construction in progress of the business-type activities amounted to approximately \$588.0 million at June 30, 2025.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

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

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 11,485,502	3,987,649	-	15,473,151
Intangibles	3,022,482	189,681	-	3,212,163
Construction in progress	64,239,640	11,951,558	(29,044,600)	47,146,598
Total capital assets, not being depreciated	78,747,624	16,128,888	(29,044,600)	65,831,912
Capital assets, being depreciated:				
Buildings	1,254,600	-	-	1,254,600
Improvements other than buildings	5,275,336	267,692	-	5,543,028
Software, equipment, and vehicles	35,764,332	4,982,352	(2,271,426)	38,475,258
Lease asset - equipment	68,366	-	(84)	68,282
Subscriptions	114,320	83,544	(73,180)	124,684
Infrastructure	756,517,723	34,129,452	-	790,647,175
Total capital assets, being depreciated	798,994,677	39,463,040	(2,344,690)	836,113,027
Less accumulated depreciation for:				
Buildings	(402,263)	(66,121)	-	(468,384)
Improvements other than buildings	(2,030,008)	(153,820)	-	(2,183,828)
Software, equipment, and vehicles	(23,083,217)	(2,346,705)	143,718	(25,286,204)
Lease asset - equipment	(42,019)	(17,641)	-	(59,660)
Subscriptions	(86,270)	(53,700)	73,180	(66,790)
Infrastructure	(329,367,622)	(15,881,137)	-	(345,248,759)
Total accumulated depreciation	(355,011,399)	(18,519,124)	216,898	(373,313,625)
Total capital assets being depreciated, net	443,983,278	20,943,916	(2,127,792)	462,799,402
Capital assets, net	\$ 522,730,902	37,072,804	(31,172,392)	528,631,314

The increases and decreases in assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy. The decreases in construction in progress include expenses that were deemed non-capital in nature upon closure of the capital project.

The construction in progress consists of \$41,671,208 from capital projects, \$3,628,515 from capitalized interest (prior to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 89), and \$1,846,875 from operating funds.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

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

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 82,079,020	-	-	82,079,020
Construction in progress	1,623,961	3,396,175	(4,165,643)	854,493
Total capital assets, not being depreciated	83,702,981	3,396,175	(4,165,643)	82,933,513
Capital assets, being depreciated:				
Buildings	7,978,068	-	-	7,978,068
Improvements other than buildings	439,273	-	-	439,273
Software, equipment, and vehicles	13,285,316	4,018,200	(59,681)	17,243,835
Lease asset - equipment	20,184	-	-	20,184
Infrastructure	361,587,165	-	-	361,587,165
Total capital assets, being depreciated	383,310,006	4,018,200	(59,681)	387,268,525
Less accumulated depreciation for:				
Buildings	(3,763,059)	(199,451)	-	(3,962,510)
Improvements other than buildings	(123,773)	(24,493)	-	(148,266)
Software, equipment, and vehicles	(11,849,604)	(612,339)	14,631	(12,447,312)
Lease asset - equipment	(1,009)	(4,037)	-	(5,046)
Infrastructure	(160,948,453)	(11,365,147)	-	(172,313,600)
Total accumulated depreciation	(176,685,898)	(12,205,467)	14,631	(188,876,734)
Total capital assets being depreciated, net	206,624,108	(8,187,267)	(45,050)	198,391,791
Capital assets, net	\$ 290,327,089	(4,791,092)	(4,210,693)	281,325,304

The increases and decreases in assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy. The decreases in construction in progress include expenses that were deemed non-capital in nature upon closure of the capital project.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

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

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 640,457	-	-	640,457
Intangibles	2,133,635	30,629	-	2,164,264
Construction in progress	11,623,336	3,723,307	(3,526,494)	11,820,149
Total capital assets, not being depreciated	14,397,428	3,753,936	(3,526,494)	14,624,870
Capital assets, being depreciated:				
Buildings	362,490	-	-	362,490
Improvements other than buildings	331,967	-	-	331,967
Software, equipment, and vehicles	296,732	901,580	(872,949)	325,363
Lease asset - equipment	15,729	-	-	15,729
Infrastructure	55,030,698	3,021,916	-	58,052,614
Total capital assets, being depreciated	56,037,616	3,923,496	(872,949)	59,088,163
Less accumulated depreciation for:				
Buildings	(269,554)	(9,167)	-	(278,721)
Improvements other than buildings	(116,302)	(30,197)	-	(146,499)
Software, equipment, and vehicles	(264,465)	(16,613)	-	(281,078)
Lease asset - equipment	(4,194)	(5,243)	-	(9,437)
Infrastructure	(17,482,051)	(1,785,489)	-	(19,267,540)
Total accumulated depreciation	(18,136,566)	(1,846,709)	-	(19,983,275)
Total capital assets being depreciated, net	37,901,050	2,076,787	(872,949)	39,104,888
Capital assets, net	\$ 52,298,478	5,830,723	(4,399,443)	53,729,758

The increases and decreases in assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy. The decreases in construction in progress include expenses that were deemed non-capital in nature upon closure of the capital project.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(4) Continued

Blended component unit - Economic Development Authority

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025
Capital assets, not being depreciated:				
Intangibles	\$ 14,684,819	-	-	14,684,819
Construction in progress	2,148,936	-	-	2,148,936
Total capital assets, not being depreciated	16,833,755	-	-	16,833,755
Capital assets	\$ 16,833,755	-	-	16,833,755

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

Notes to Basic Financial Statements
June 30, 2025

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

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025
Capital assets, not being depreciated:				
Land and land improvements	\$ 21,796,660	-	(87,320)	21,709,340
Construction in progress	26,358,074	85,094,928	(9,764,488)	101,688,514
Total capital assets, not being depreciated	48,154,734	85,094,928	(9,851,808)	123,397,854
Capital assets, being depreciated:				
Buildings	378,953,706	23,632,013	(978,617)	401,607,102
Improvements other than buildings	6,848,285	-	-	6,848,285
Furniture and equipment	96,866,521	4,304,740	(5,093,500)	96,077,761
Lease asset - equipment	16,218,429	-	-	16,218,429
Subscriptions	802,547	673,476	(138,353)	1,337,670
Textbooks	10,858,103	448,600	(3,458,198)	7,848,505
Total capital assets, being depreciated	510,547,591	29,058,829	(9,668,668)	529,937,752
Less accumulated depreciation for:				
Buildings	(66,679,763)	(7,524,840)	890,114	(73,314,489)
Building improvements	(5,485,728)	(220,731)	-	(5,706,459)
Furniture and equipment	(48,314,896)	(6,352,218)	4,367,267	(50,299,847)
Lease asset - equipment	(5,071,329)	(2,069,254)	-	(7,140,583)
Subscriptions	(233,459)	(254,719)	138,353	(349,825)
Textbooks	(5,963,223)	(2,171,621)	3,458,198	(4,676,646)
Total accumulated depreciation	(131,748,398)	(18,593,383)	8,853,932	(141,487,849)
Total capital assets being depreciated, net	378,799,193	10,465,446	(814,736)	388,449,903
Capital assets, net	\$ 426,953,927	95,560,374	(10,666,544)	511,847,757

Depreciation and amortization expenses of assets was allocated to governmental functions for the year ended June 30, 2025 as follows:

Instruction	\$ 11,495,122
Administration	1,817
Attendance and health services	15,316
Pupil transportation	6,373,175
Operations and maintenance	545,447
School technology services	73,357
School nutrition services	89,149
Total depreciation expense, governmental activities	\$ 18,593,383

At June 30, 2025, the Schools had contractual commitments of approximately \$89.4 million for work remaining to be performed under capital projects.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(5) Long-Term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2025 follows:

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025	Due Within One Year
General obligation bonds	\$ 105,360,000	-	(11,420,000)	93,940,000	10,675,000
Direct placement bonds	137,485,000	104,530,000	(16,760,000)	225,255,000	17,235,000
Installment purchase agreement	1,342,284	-	-	1,342,284	-
Plus bond premiums	31,177,897	7,007,922	(3,430,372)	34,755,447	3,614,543
Total Bonds Payable	275,365,181	111,537,922	(31,610,372)	355,292,731	31,524,543
Arbitrage rebate and yield restriction	2,000,629	-	(2,000,629)	-	-
Liability for self-insurance losses	32,711,343	58,883,263	(58,223,954)	33,370,652	10,788,500
Net pension liability	143,332,814	81,969,810	(86,105,419)	139,197,205	-
Net OPEB liability - VRS directed	34,395,060	28,179,546	(27,904,207)	34,670,399	897,506
Compensated absences*	53,354,272	3,312,217	-	56,666,489	15,851,459
Leases Liability	6,212,973	631,499	(1,183,618)	5,660,854	978,730
Subscription Liability	5,666,756	7,746,868	(4,780,651)	8,632,973	4,166,449
Total Long-term Liabilities	\$ 553,039,028	292,261,125	(211,808,850)	633,491,303	64,207,187

*July 1, 2024 balance has been restated to reflect implementation of GASB 101 in fiscal year 2025. The change in the compensated absence liability is presented as a net change.

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2025 follows:

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025	Due Within One Year
General obligation bonds	\$ 33,035,000	-	(6,645,000)	26,390,000	6,895,000
Revenue bonds	182,400,000	78,075,000	(81,845,000)	178,630,000	1,170,000
Direct Placement - Revenue Bonds	109,846,244	-	(9,908,295)	99,937,949	11,383,966
Direct Placement - Notes Payable	80,488,633	1,080,987	(321,765)	81,247,855	-
Plus bond premiums	8,396,328	-	(3,380,414)	5,015,914	433,743
Total bonds payable	414,166,205	79,155,987	(102,100,474)	391,221,718	19,882,709
Net pension liability	11,984,364	8,346,113	(8,745,854)	11,584,623	-
Net OPEB liability - VRS	827,161	345,836	(434,881)	738,116	-
Compensated absences*	3,309,005	127,555	-	3,436,560	1,178,634
Leases	57,762	-	(26,855)	30,907	16,841
Subscriptions	8,168	83,544	(35,366)	56,346	22,726
Total Long-term Liabilities	\$ 430,352,665	88,059,035	(111,343,430)	407,068,270	21,100,910

*July 1, 2024 balance has been restated to reflect implementation of GASB 101 in fiscal year 2025. The change in the compensated absence liability is presented as a net change.

The future payments by year of net pension and net OPEB liabilities are not determinable. The portion of net OPEB liability - VRS Directed reported as due within one year represents the City's proportionate share of the OPEB Line of Duty Act Program fiduciary net position at June 30, 2025 that is less than the projected fiscal year 2025 benefit expense. The accumulated compensated absences liability is generally paid by the department for which the employee works. The net pension liability and net OPEB liability are allocated and paid by departments based on the respective percentage of payroll reported to VRS. The liability for self-insurance losses is paid by the Self-Insurance Fund and the Self-Funded Health Fund.

The City has no outstanding variable rate debt, lines of credit or other short-term borrowings as of June 30, 2025.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(5) Continued

A summary of changes in long-term liabilities for the discretely presented component unit - Public Schools for the year ended June 30, 2025 follows:

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025	Due Within One Year
Net pension liability	\$ 322,860,026	114,675,362	(138,266,301)	299,269,087	-
Net OPEB liability - Schools directed plans	139,785,000	15,715,943	(15,060,731)	140,440,212	-
Net OPEB liability - VRS directed plans	54,191,603	11,948,756	(15,544,687)	50,595,672	-
Compensated absences *	51,273,634	8,878,699	-	60,152,333	23,182,626
Liability for self-insurance losses	3,023,088	662,623	(917,754)	2,767,957	-
Leases	11,002,440	-	(1,851,961)	9,150,479	1,888,611
Subscriptions	391,511	459,571	(56,529)	794,553	270,044
Notes payable	16,228,296	-	(4,741,848)	11,486,448	1,765,059
Total long-term liabilities	\$ 598,755,598	152,340,954	(176,439,811)	574,656,741	27,106,340

A summary of changes in long-term liabilities for the other discretely presented component units for the year ended June 30, 2025 follows:

	Balances at July 1, 2024	Increases	Decreases	Balances at June 30, 2025	Due Within One Year
Governmental Activities					
Chesapeake Mosquito Control Commission					
Net pension liability	\$ 913,179	783,787	(821,097)	875,869	-
Net OPEB liability - VRS directed	116,876	32,448	(40,815)	108,509	-
Compensated absences*	492,300	9,279	-	501,579	134,966
Leases Liability	1,376	-	(1,376)	-	-
Total Chesapeake Mosquito Control Commission	1,523,731	825,514	(863,288)	1,485,957	134,966
Business-type Activities					
Chesapeake Airport Authority					
Direct Placement Revenue bonds	3,965,500	115,442	(110,000)	3,970,942	181,157
Compensated absences*	49,037	11,229	-	60,266	21,521
Total Chesapeake Airport Authority	4,014,537	126,671	(110,000)	4,031,208	202,678
Total long-term liabilities	\$ 5,538,268	952,185	(973,288)	5,517,165	337,644

*July 1, 2024 balance has been restated to reflect implementation of GASB 101 in fiscal year 2025. The change in the compensated absence liability is presented as a net change.

On June 1, 2022, the Chesapeake Airport Authority, a discretely presented component unit of the City, issued \$4.5 million in revenue bonds through the Virginia Resources Authority to construct two aircraft hangars with office space and replace a 7,500 square foot Fixed Base Operator facility. The bonds bear interest at 3.66% per annum. Principal payments were due beginning June 30, 2025. The bonds are collateralized by the net operating revenues of the Authority and mature in July 2044. Under a support agreement, the City has pledged to provide financial support to the Airport Authority to replenish debt service reserve funds, if needed.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(5) Continued

Outstanding bond issues and installment purchase agreements for governmental activities at June 30, 2025 include the following:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Governmental activities - General Obligation Bonds					
2010C-2 Tax Increment Financing Bonds (Taxable BABs)	4.34 - 5.36%	\$ 2,300,000	2,300,000	-	-
2012D Public Improvement Refunding Bonds	5.00%	1,175,000	1,175,000	-	-
2014A Public Improvement Refunding Bonds	3.00 - 3.38%	1,320,000	1,320,000	-	-
2017A Public Improvement Refunding Bonds	5.00%	2,360,000	635,000	1,725,000	-
2017A Public Improvement Bonds (20 Year)	4.00 - 5.00%	40,125,000	30,090,000	10,035,000	-
2017B Tax Increment Financing Bonds	3.00 - 5.00%	3,955,000	2,820,000	1,135,000	-
2020A Public Improvement Bonds (20 Year)	5.00%	22,500,000	13,500,000	9,000,000	-
2020A BABs Refunding Bonds	5.00%	14,895,000	-	14,895,000	-
2020B Tax Increment Refunding Bonds	5.00%	3,145,000	-	3,145,000	-
2020B BABs Refunding Bonds	5.00%	2,165,000	-	2,165,000	-
Governmental activities - Direct Placements					
2005A VPSA School Bonds	4.25%	1,480,000	1,480,000	-	-
2005B VPSA School Bonds	4.50%	730,000	730,000	-	-
2006A VPSA School Bonds	4.60 - 5.10%	2,595,000	2,595,000	-	-
2006B VPSA School Bonds	4.60%	2,570,000	2,570,000	-	-
2007A VPSA School Bonds	4.50 - 5.10%	2,290,000	2,290,000	-	-
2007B VPSA School Bonds	5.10%	2,100,000	2,100,000	-	-
2009A VPSA School Bonds	4.00 - 5.05%	11,820,000	11,820,000	-	-
2010A Tax Increment RZED Bonds	6.07%	775,000	775,000	-	-
2010A VPSA School Bonds	5.05%	4,900,000	4,900,000	-	-
2011A VPSA School Bonds	3.30 - 4.05%	4,215,000	4,215,000	-	.00% - .50%
2011B VPSA School Bonds (QSCB)	4.00%	1,590,000	-	1,590,000	-
2013A VPSA School Bonds	3.05 - 5.05%	10,320,000	10,320,000	-	.00% - 1.00%
2016A VPSA School Bonds	2.05 - 5.05%	2,740,000	2,050,000	690,000	.00% - 1.00%
2016B VPSA School Bonds	5.05%	1,510,000	-	1,510,000	-
2019B VPSA School Bonds (10 Year)	5.05%	2,335,000	-	2,335,000	-
2019A VPSA Schools Bonds (20 Year)	2.80 - 5.05%	14,860,000	9,900,000	4,960,000	.00% - 1.00%
2021A VPSA School Bonds (20 Year)	1.925 - 5.05%	37,180,000	21,855,000	15,325,000	.00% - 1.00%
2021B VPSA School Bonds (10 Year)	5.05%	7,455,000	-	7,455,000	-
2023 VPSA School Bonds	5.05%	9,260,000	3,500,000	5,760,000	.00% - 1.00%
2025 VPSA School Bonds	5.00%	104,530,000	52,250,000	52,280,000	-
Installment purchase agreement	4.80%	1,342,284	-	1,342,284	-
Total Governmental activities		\$ 320,537,284	185,190,000	135,347,284	

Debt service requirements to maturity for governmental activities:

	Governmental Activities					
	General Obligation Bonds			Notes for Direct Borrowing and Direct Placement		
	Principal	Interest	Debt Service	Principal	Interest	Debt Service
Year ending June 30:						
2026	\$ 10,675,000	4,227,297	14,902,297	17,235,000	7,964,174	25,199,174
2027	9,715,000	3,727,261	13,442,261	20,670,000	9,097,183	29,767,183
2028	9,945,000	3,242,494	13,187,494	17,555,000	8,166,426	25,721,426
2029	10,190,000	2,744,332	12,934,332	16,250,000	7,353,789	23,603,789
2030	8,895,000	2,274,042	11,169,042	16,480,000	6,579,334	23,059,334
2031-2035	29,565,000	6,344,101	35,909,101	57,087,284	22,778,688	79,865,972
2036-2040	14,955,000	1,232,088	16,187,088	44,200,000	12,368,600	56,568,600
2041-2045	-	-	-	31,895,000	4,412,113	36,307,113
2046-2050	-	-	-	5,225,000	120,828	5,345,828
Total	\$ 93,940,000	23,791,615	117,731,615	226,597,284	78,841,135	305,438,419

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(5) Continued

Outstanding bond issues and notes payable for business-type activities at June 30, 2025 include the following:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Business-type activities					
Public Utilities - General Obligation bonds					
2017C Water and Sewer Refunding bonds	5.00%	\$ 4,395,000	-	4,395,000	-
2020C Water and Sewer Refunding bonds	1.70 - 2.12%	21,995,000	11,590,000	10,405,000	-
Public Utilities - Revenue bonds					
2021 Water and Sewer Revenue Refunding bonds	2.00 - 5.00%	19,235,000	13,390,000	5,845,000	-
Total Public Utilities bonds		45,625,000	24,980,000	20,645,000	
Chesapeake Transportation System (CTS) -					
Revenue bonds:					
2012A - New Money Toll Road Revenue bonds	4.00 - 5.00%	10,000,000	10,000,000	-	-
2012B - Convertible Capital Appreciation					
Toll Road Revenue bonds	4.75 - 4.88%	71,320,000	67,730,000	3,590,000	-
2024 Refunding bonds	4.00 - 5.00%	78,075,000	78,075,000	-	-
Direct Placement bonds:					
2012C - Virginia Transportation Infrastructure					
Board (VTIB) Toll Road Revenue bonds	3.33%	97,178,949	97,178,949	-	-
Direct Placement notes:					
Due to Commonwealth of Virginia	3.00%	74,904,021	-	-	-
Total CTS Toll Road Revenue bonds		331,477,970	252,983,949	3,590,000	
Economic Development Authority (EDA)					
Direct Placement bonds:					
2018 Public Facility Revenue bond	3.88%	2,759,000	2,759,000	-	-
Direct Placement notes:					
Promissory Note		6,343,834	-	-	-
Total EDA Public Facility bond		9,102,834	2,759,000	-	
Total Business-type activities		\$ 386,205,804	280,722,949	24,235,000	

Debt service requirements to maturity for business-type activities:

	Business-type Activities					
	Publicly Sold			Notes for Direct Borrowings and Direct Placements		
	Principal	Interest	Debt Service	Principal	Interest	Debt Service
Year ending June 30:						
2026	\$ 8,065,000	8,425,960	16,490,960	11,383,966	3,343,108	14,727,074
2027	3,765,000	8,212,285	11,977,285	7,384,554	2,959,155	10,343,709
2028	3,870,000	8,103,107	11,973,107	1,080,772	2,919,444	4,000,216
2029	7,530,000	7,906,576	15,436,576	129,961	2,878,202	3,008,163
2030	8,055,000	7,612,999	15,667,999	148,240	2,873,874	3,022,114
2031-2035	40,350,000	33,116,228	73,466,228	6,064,271	14,078,781	20,143,052
2036-2040	40,345,000	24,765,025	65,110,025	15,460,389	12,480,516	27,940,905
2041-2045	45,340,000	15,235,428	60,575,428	31,796,864	8,990,322	40,787,186
2046-2050	47,700,000	3,424,400	51,124,400	32,832,767	2,523,938	35,356,705
2051-2055	-	-	-	74,904,020	-	74,904,020
Total	\$ 205,020,000	116,802,008	321,822,008	181,185,804	53,047,340	234,233,144

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(5) Continued

Legal Debt Margin (per Constitution of Virginia):

Assessed valuation - real estate	\$	40,836,522,667
Legal debt limit - 10.0% of assessed valuation		4,083,652,267

Amount of debt applicable to legal debt limit:

Total bonded debt	\$	622,736,233	
Add: Long-Term Payables		2,759,000	
Less:			
Self-supporting revenue bonds		(275,808,949)	
Subordinate double barrel bonds		(26,390,000)	
Amounts available for repayment		(24,586,504)	298,709,780
Legal debt margin available	\$		3,784,942,487

Percent of:

Legal debt margin outstanding	7.31%
Legal debt margin available	92.69%
	100.00%

Summary of assessed valuation:

Public service real estate	\$	1,375,275,667
Other city real estate		39,461,247,000
	\$	40,836,522,667

Bonds Authorized but Unissued

Under a City charter amendment approved by the General Assembly of Virginia during 1994, City Council may authorize issuance of bonds or notes in any calendar year in an amount not to exceed \$4,500,000 plus the amount of all bonds and notes retired in the prior calendar year, provided that the amount of such bonds or notes together with existing indebtedness of the City does not exceed 10% of the assessed valuation of real estate in the City subject to taxation, as shown by the last preceding assessment for taxes. The charter bond authorization for the calendar year ended December 31, 2024 was \$38,960,000. Any bonds or notes in excess of this amount must either be intended to refund other debt or be supported by a referendum, except as noted in Chapter 6, Section .05 of the City Code. Contractual obligations, other than bonds and notes, are excluded from the City's annual borrowing limit. The total charter bonds authorized but unissued are \$742,956,847 as of June 30, 2025.

The City Council adopted a debt management policy in 2007 that further restricted the amount that can be borrowed to a maximum \$3,000 overall net debt per capita and a threshold of 3.5% ratio of overall net debt to assessed value of taxable real property. Effective July 1, 2015, City Council limited the City's tax-supported debt service to 10.0% of budgeted general governmental revenues.

Direct Placement and Direct Borrowing Disclosures

The bonds directly placed with the Virginia Public School Authority (VPSA) are subject to additional finance-related consequences. In the event of default, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of the default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(5) Continued

In June 2025, the City issued \$104,530,000 of Series 2025A general obligation school bonds to the Virginia Public School Authority to fund school modernization and expansion projects. The bonds are secured by the full faith and credit of the City. They were issued at a true interest cost of 3.9571% with a premium of \$7,007,922. Principal is payable annually from 2027 through 2046 in amounts ranging from \$5,225,000 to \$5,230,000, with interest payable semiannually at rates of 4.375% to 5.0%. Federal arbitrage regulations apply.

The bonds directly placed with the Virginia Transportation Infrastructure Board (VTIB) are subject to an acceleration clause. Beginning in February 2019, operating revenues remaining after the requirements were met for operations, debt service, all associated reserves, and renewal and replacement at the end of each fiscal year were required to be used to prepay the outstanding principal amount of the VTIB bond on the next July 15 payment date. In July 2024, the Trust Indenture was amended to reduce the required annual prepayment from 100% of surplus revenues to 90%, allowing the remaining 10% to be transferred to the CTS General Reserve Fund.

Debt Supported by Pledged Revenues

- (a) In July 2018, the Economic Development Authority (EDA) issued an \$8.1 million taxable public facility revenue bond, Series 2018 (Garage Project) that was privately-placed with a local banking institution. The bond had a true interest cost of 4.15% and matures on June 1, 2028. The net bond proceeds after closing costs were used to acquire by restrictive covenant a possessory interest in 1,000 public parking spaces in the Parking Garage adjacent to the Dollar Tree Headquarters. The City has pledged, subject to appropriation by City Council, to fund the required annual debt service payments from incremental tax revenues of the Greenbrier Area Commercial District.

The incremental tax revenues of Greenbrier Area Commercial District are also pledged to pay debt service on the General Obligation Refunding Bonds (Greenbrier Tax Increment Financing) Series 2020B. In the current fiscal year, \$15,494,227 in revenues were received to pay debt service of \$1,290,500. As of June 30, 2025, an additional \$5,310,000 in debt service was outstanding through August 1, 2030.

- (b) The City has pledged the incremental tax revenues derived from the South Norfolk Revitalization District to pay the debt service on the General Obligation Bonds (South Norfolk Tax Increment Financing) Series 2017B, the General Obligation Bonds (South Norfolk Tax Increment Financing) Series 2010C-2 (Federally Taxable Build America Bonds), and the General Obligation Tax Increment Bonds (South Norfolk Revitalization District) Series 2010A. In the current fiscal year, \$13,716,446 in revenues were collected to pay debt service of \$1,063,795. As of June 30, 2025, an additional \$7,030,000 in debt service was outstanding through August 1, 2036.
- (c) The City has pledged the net revenues derived from the City's water and sewer system to pay the debt service on the Water and Sewer System Revenue Refunding Bonds Series 2021, the General Obligation Water and Sewer Refunding Bonds Series 2020C (Federally Taxable) and the General Obligation Water and Sewer Bonds Series 2017C. In the current fiscal year, \$94,797,764 in revenues were collected to pay debt service of \$8,902,008. As of June 30, 2025, an additional \$45,625,000 in debt service was outstanding through July 1, 2040.
- (d) In November 2012, the City issued \$150,722,520 of Chesapeake Transportation System Senior Toll Road Revenue Bonds. The bonds were issued in part to finance a portion of the construction costs of the

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(5) Continued

Dominion Boulevard project improvements. Chesapeake Transportation System (CTS) Toll Road Revenue bonds and other obligations of CTS are payable solely from net toll revenues as defined in the Master Indenture of Trust. The issuance included \$42,832,520 of Convertible Capital Appreciation Bonds (CABS) that accreted interest of \$28,487,480 comprised of \$8,378,891 on the 2032 maturity at 4.750% and \$20,108,589 on the 2040 maturity at 4.875%, for a total value at maturity of \$71,320,000. Interest on the CABS was compounded semi-annually and added to the value of the bonds until the conversion date of July 15, 2023. Interest is payable semi-annually.

In November 2012, a Bond Purchase and Loan Agreement was made between the Virginia Transportation Infrastructure Bank (VTIB), acting through its Manager, Virginia Resources Authority and the City. VTIB agreed to lend the City an amount not to exceed \$151,893,495 as evidenced by the purchase of the Chesapeake Transportation System Subordinate Toll Road Revenue Bond, Series 2012C. The VTIB Bond is subordinate to the 2012A and 2012B senior bonds and repayment began on July 15, 2019. Final completion of the Dominion Boulevard Project was certified complete as defined in the Master Indenture on June 1, 2018 and the total loan amount including accrued interest was \$134,454,435. The minimum principal and interest payments schedule that was established at the time of issuance was revised to reflect the actual aggregate amount of advances, accrued interest through the first payment date to be added to the advances and any prepayments. As of June 30, 2025, a total of \$32,311,238 in principal has been prepaid from surplus revenue per the Trust Indenture.

- (e) In November 2012, an amended and restated “City-State Agreement” between the City and the Commonwealth of Virginia, Department of Transportation (VDOT) was executed. No repayments with respect to the 1999 Toll Facilities Revolving Account (TFRA) Payments, the Urban Allocation Payments or the City contribution shall be made until the VTIB loan has been paid in full. The 1999 TFRA payment and the City contribution shall accrue interest at a rate of 3% per year, compounded semi-annually on each interest payment date. The Urban Allocation payments to be replenished as provided in the 2012 Indenture shall not accrue interest. State contributions to be repaid as of June 30, 2025 are \$ 74,404,264 which is comprised of \$36,345,918 due to TFRA and \$38,058,346 in Urban Allocation payments.
- (f) In July 2024, the City issued \$78,075,000 of Chesapeake Transportation System 2024A Senior Toll Road Revenue Refunding Bonds to refund a portion of the 2012A Series bonds. The bonds, issued at a true interest cost of 4.1922% with a premium of \$1,876,712, are payable solely from toll revenues of the Chesapeake Transportation System. Principal is payable annually from 2025 through 2047, ranging from \$185,000 to \$25,110,000, and interest payments range from \$1,004,400 to \$3,407,712. The bonds are subject to covenants in the trust indentures, including compliance with debt service reserve requirements. The aggregate debt service savings was \$7,803,777, resulting in net present value debt service savings of \$7.21 million.

Leases - City

The City is a lessee for noncancellable leases of buildings for office and storage spaces, vehicles, and equipment. As of June 30, 2025, the City had 49 active leases. The leases have interest rates that range from 0.7000% to 4.1200%. The leases had \$0 of variable payments and \$0 of other payments, not included in the lease liability, within the current fiscal year.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(5) Continued

Future principal and interest requirements to maturity for leases payable for the Primary Government as of June 30, 2025 are as follows:

	Governmental Activities		Business-Type Activities		Total Payments
	Principal	Interest	Principal	Interest	
Year ending June 30:					
2026	\$ 978,730	141,303	16,841	699	1,137,573
2027	994,298	114,595	6,608	370	1,115,871
2028	982,500	87,287	4,207	202	1,074,196
2029	714,865	62,578	3,251	56	780,750
2030	645,939	43,939	-	-	689,878
2031-2035	1,315,818	37,915	-	-	1,353,733
2036-2040	11,279	1,921	-	-	13,200
2041-2045	12,241	959	-	-	13,200
2046-2047	5,184	96	-	-	5,280
Total	\$ 5,660,854	490,593	30,907	1,327	6,183,681

Leases - Schools

As of June 30, 2025, Schools is the lessee of vehicles and office equipment leases with interest rates ranging from 0.76% to 2.28% and total annual payments ranging from \$436,000 to \$1.2 million extending out to 2031. Future principal and interest requirements to maturity for leases payable for the Schools as of June 30, 2025 are as follows:

	Principal	Interest	Total Payments
Year ending June 30:			
2026	\$ 1,888,611	166,488	2,055,099
2027	1,926,012	129,087	2,055,099
2028	1,523,584	95,505	1,619,089
2029	1,552,383	66,707	1,619,090
2030	1,120,685	37,342	1,158,027
2031	1,139,204	18,824	1,158,028
Total	\$ 9,150,479	513,953	9,664,432

Subscription-Based Information Technology Arrangements - City

The City is party to subscription-based information technology arrangements (subscriptions) for intangible right-to-use subscription software. As of June 30, 2025, City had 74 active subscriptions with interest rates that range from 2.2300% to 4.0300%. The subscriptions had \$0 of variable payments and \$0 of other payments, not included in the subscription liability, within the current fiscal year. The City had no termination penalties not previously included in the measurement of the subscription liability nor any losses associated with an impairment. The City had one subscription commitment of \$9,613,340 before the commencement of the subscription term for the Tax System Modernization project.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(5) Continued

Requirements to maturity for subscriptions payable for the Primary Government as of June 30, 2025 are as follows:

	Governmental Activities		Business-Type Activities		Total Payments
	Principal	Interest	Principal	Interest	
Year ending June 30:					
2026	\$ 4,166,449	259,201	22,726	1,409	4,449,785
2027	3,640,535	131,528	16,579	935	3,789,577
2028	727,710	22,816	17,041	474	768,041
2029	54,445	2,401	-	-	56,846
2030	43,834	1,013	-	-	44,847
Total	\$ 8,632,973	416,959	56,346	2,818	9,109,096

Subscription-Based Information Technology Arrangements - Schools

Schools is party to subscription arrangements for finance, reporting, and learning software programs. The subscriptions have been recorded at the present value of the future contract payments as of the date of their inception. The Schools' interest rate was based on an incremental borrowing rate of 2.24 to 2.65%.

For the year ended June 30, 2025, the Schools had no other payments, such as termination penalties not previously included in the measurement of the subscription liability. The schools had no commitments before the subscription term or any losses associated with an impairment. The Schools had subscriptions with variable payments that were based on user seats which were expensed as incurred in the amount of \$1,046,905.

Requirements to maturity for subscriptions payable for the Schools as of June 30, 2025 are as follows:

	Principal	Interest	Total Payments
Year ending June 30:			
2026	\$ 270,044	\$ 21,132	\$ 291,176
2027	282,299	13,529	295,828
2028	162,280	6,497	168,777
2029	25,263	2,144	27,407
2030	26,625	1,467	28,092
2031-2032	28,042	752	28,794
Total	\$ 794,553	45,521	840,074

Conduit Debt

From time to time, the EDA has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the EDA, the City, the Commonwealth nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(6) Advances and On Behalf Of Payments

Advances from the Primary Government to its component units are reported on the Statement of Net Position. The Capital Projects Fund advanced \$475,000 to the Airport Authority during fiscal year 2025 which will be repaid in fiscal year 2026.

The General Fund also budgeted and made payments of \$429,279 on behalf of the Airport Authority during fiscal year 2025. The City does not intend to collect these payments from the Airport Authority, as they were not part of a note or loan.

(7) Interfund Balances and Transfers

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

Interfund Balances

Chesapeake Transportation System

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

According to Section 4.2 (b) of the new 2012 Indenture, there shall be no repayment of the City contribution until the Virginia Transportation Infrastructure Bank (VTIB) loan has been repaid in full. The City contribution accrues interest at a rate of 3.0% per year, compounded semi-annually on each interest payment date. As of June 30, 2025, the amount currently outstanding on this loan is reported in the General Fund as Advances to other funds and totals \$7,976,482, which includes principal of \$6,779,850 and accrued interest of \$1,196,632.

Internal Service Funds Allocation

Internal service funds (ISF) are used by management to charge the costs of certain activities to individual funds and provide services to both governmental and business-type activities. The assets and liabilities of the internal service funds are included in governmental activities with a portion allocated to the business-type activities and reflected as part of the internal balances. As of June 30, 2025, this amount is \$1,795,053.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(7) Continued

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

On May 13, 1986, the City Council approved an advance to the EDA in a maximum amount of \$1,500,000. As of June 30, 2025, \$1,319,095 is outstanding in the General Fund. The City has recorded a full allowance for uncollectibility on the Governmental Activities side, resulting in no net receivable. The EDA, which is separately audited, continues to report the related payable as an outstanding obligation. Consequently, internal balances between Governmental and Business-Type Activities do not fully offset. This difference reflects the valuation allowance recorded by the City and has no effect on total net position.

During fiscal year 2024, the City made a payment on behalf of the EDA which was later awarded to be reimbursed by a state grant. This amount is now due back to the City from the EDA in the amount of \$2,148,936 and is expected to be paid in fiscal year 2026.

In addition, the City budgeted and made payments of \$2,938,996 on behalf of the EDA during fiscal year 2025 to support their operations, initiatives, and capital projects. These expenses are recorded as transfers between the City's governmental activities and the EDA in the financial statements. The City is not anticipating the collection of these payments from the EDA.

Interfund Transfers

Individual fund interfund transfers for the Primary Government were made for budgeted operating, debt service, and capital purposes. In the year ended June 30, 2025, City Council approved transfers totaling \$35,855,531 to the Capital Projects Fund from the General Fund which came from prior years' resources. Major projects included \$5,500,000 for Facilities Modernization, \$3,500,000 for Biomedical Equipment Replacements, \$2,000,000 for Tax System Modernization, \$2,000,000 for Site Readiness Preparation & Improvements, \$2,000,000 for Solid Waste Truck Replacement, \$1,770,000 for Emergency Vehicle Storage Bay, \$1,750,000 for Great Bridge Bridge Hydraulic Repairs, \$1,650,000 for Data Center Equipment Replacement, \$1,195,000 for Repair & Replacement of Roads and Bridges, and \$1,000,000 for Voting Equipment Replacement. In addition to the transfers below, the interfund loan activity between CTS and the governmental activities was recorded as a transfer in the amount of \$234,016 and the Internal Service Funds transferred \$167,520 in capital assets to the Governmental Funds.

Interfund transfers for the year ended June 30, 2025 are as follows:

Transfers To Other Funds	Transfers From Other Funds						Total
	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Stormwater Management Fund	Internal Service Funds	
General Fund	\$ -	-	13,932	17,130,391	-	993,906	18,138,229
Debt Service Fund	29,740,048	-	-	2,647,651	-	-	32,387,699
Capital Projects Fund	35,855,531	4,952,615	-	11,225,650	-	1,846,000	53,879,796
Other Governmental Funds	30,868,481	-	504,598	102,454	1,600,000	-	33,075,533
Stormwater Management Fund	-	-	418,000	1,600,000	-	-	2,018,000
Economic Development Authority	886,889	-	610,177	1,441,930	-	-	2,938,996
Internal Service Funds	4,090,396	-	16,993	-	-	-	4,107,389
Total	\$ 101,441,345	4,952,615	1,563,700	34,148,076	1,600,000	2,839,906	146,545,642

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Retirement Plans

Plan Description

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

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

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

VRS PLAN 1

About VRS Plan 1

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

Eligible Members

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

Hybrid Opt-In Election

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

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

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

Retirement Contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued

Service Credit

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

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Calculating the Benefit

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

Average Final Compensation

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

Service Retirement Multiplier

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

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

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

Retirement Age

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

Earliest Unreduced Retirement Eligibility

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

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

Earliest Reduced Retirement Eligibility

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued

Cost-of-Living Adjustment (COLA) in Retirement

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

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

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

Exceptions to COLA Effective Dates:

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

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

Disability Coverage

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

Purchase of Prior Service

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

VRS PLAN 2

About VRS Plan 2

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

Eligible Members

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

Notes to Basic Financial Statements
June 30, 2025

(8) Continued

Hybrid Opt-In Election

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

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

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

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

Retirement Contributions

Same as VRS Plan 1.

Service Credit

Same as VRS Plan 1.

Vesting

Same as VRS Plan 1.

Calculating the Benefit

See definition under VRS Plan 1.

Average Final Compensation

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

Service Retirement Multiplier

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

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

Normal Retirement Age

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

Earliest Unreduced Retirement Eligibility

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued***Earliest Reduced Retirement Eligibility***

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

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

COLA in Retirement

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

Eligibility:

Same as VRS Plan 1.

Exceptions to COLA Effective Dates:

Same as VRS Plan 1.

Disability Coverage

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

Purchase of Prior Service

Same as VRS Plan 1.

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

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

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

Eligible Members

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

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued

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

Retirement Contributions

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

Service Credit

Defined Benefit Component:

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

Defined Contributions Component:

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

Vesting

Defined Benefit Component:

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

Defined Contributions Component:

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

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

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

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

Distributions not required, except as governed by law until age 73.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued***Calculating the Benefit*****Defined Benefit Component:**

See definition under VRS Plan 1.

Defined Contribution Component:

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

Average Final Compensation

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

Service Retirement Multiplier**Defined Benefit Component:**

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

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

Defined Contribution Component:

Not applicable.

Normal Retirement Age**Defined Benefit Component:**

Same as VRS Plan 2.

Defined Contribution Component:

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

Earliest Unreduced Retirement Eligibility**Defined Benefit Component:**

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

Defined Contribution Component:

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

Earliest Reduced Retirement Eligibility**Defined Benefit Component:**

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

Defined Contribution Component:

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

COLA in Retirement**Defined Benefit Component:**

Same as VRS Plan 2.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

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

Not applicable.

Eligibility:

Same as VRS Plan 1 and VRS Plan 2.

Exceptions to COLA Effective Dates:

Same as VRS Plan 1 and VRS Plan 2.

Disability Coverage

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

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

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

Same as VRS Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation for the City and the June 30, 2023 actuarial valuation for Schools, the following employees were covered by the benefit terms of the pension plan:

	City	Schools' Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefits	2,774	846
Inactive members not currently receiving benefits:		
Vested inactive members	573	171
Non-vested inactive members	1,247	448
Long term disability	12	13
Active elsewhere in VRS	991	207
Total inactive members not currently receiving benefits	2,823	1,685
Active members	3,337	882
Total covered employees	8,934	2,567

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly or as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued

The City's contractually required contribution rate for the year ended June 30, 2025 was 17.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. This rate, when combined with employees contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$39,746,006 for the year ended June 30, 2025.

Each school division's contractually required contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$47,969,828 for the year ended June 30, 2025.

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 a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

In addition, for the Nonprofessional (non-teacher) employees, Schools' contractually required contribution rate for the year ended June 30, 2025 was 10.85% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$2,911,215 for the year ended June 30, 2025.

Net Pension Liability

At June 30, 2025, the City reported a net pension liability of \$151,657,697. The City's net pension liability was calculated separately and represents the City's total pension liability less the City's fiduciary net position. For the City, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

At June 30, 2025, Schools reported a net pension liability of \$284,312,415 for its proportionate share of the net pension liability of the Teacher Retirement Plan (Professional). The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. Schools' proportion of the net pension liability was based on the Schools' actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, Schools' proportion was 3.02881% compared to 3.03437% at June 30, 2023.

At June 30, 2025, Schools reported a liability of \$14,956,672 for the Nonprofessional (non-teacher) Retirement Plan. Schools' net pension liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued

Actuarial Assumptions – General Employees

The total pension liabilities were based on an actuarial valuations as of June 30, 2023, 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, 2024.

Inflation	2.5%
Salary increases (general), including inflation	3.5% – 5.35%
Salary increases (hazardous), including inflation	3.5% – 4.75%
Salary increases (teacher), including inflation	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense

Mortality rates -15% and 45% of non-hazardous and hazardous, respectively, deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally (with a Modified MP 2020 Improvement scale for hazardous); 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 for hazardous); 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 for hazardous); 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally (with a modified MP-2020 Improvement Scale for hazardous); 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

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:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Retirement Rates - Nonhazardous	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age
Retirement Rates - Hazardous	Adjusted rates to better fit experience and change final retirement age from 65 to 70
Retirement Rates - Teachers	Adjusted 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.
Withdrawal Rates - Nonhazardous	Adjust rates to better fit experience at each year age and service through 9 years of service
Withdrawal Rates - Hazardous	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 Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00)%	3.50%	-0.11%
Total	100.00%	N/A	7.07%
Expected arithmetic nominal return *			7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, including expected inflation of 2.50%.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. For the year ended June 30, 2024, the employer rate is 100% of the actuarially determined contribution rate from the June 30, 2023 actuarial valuations. From July 1, 2024 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 Net Pension Liability

City	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	\$ 1,243,016,814	1,086,786,457	156,230,357
Changes for the year:			
Service cost	31,518,222	-	31,518,222
Interest	83,685,009	-	83,685,009
Differences between expected and actual experience	30,427,722	-	30,427,722
Contributions - employer	-	35,829,101	(35,829,101)
Contributions - employee	-	10,218,362	(10,218,362)
Net investment income	-	104,839,250	(104,839,250)
Benefit payments, including refunds of employee contributions	(69,514,257)	(69,514,257)	-
Administrative expense	-	(703,456)	703,456
Other changes	-	20,356	(20,356)
Net changes	76,116,696	80,689,356	(4,572,660)
Balances at June 30, 2024	\$ 1,319,133,510	1,167,475,813	151,657,697

Schools - Nonprofessional	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	\$ 129,301,919	113,131,883	16,170,036
Changes for the year:			
Service cost	2,134,423	-	2,134,423
Interest	8,628,162	-	8,628,162
Differences between expected and actual experience	2,203,891	-	2,203,891
Contributions - employer	-	2,332,517	(2,332,517)
Contributions - employee	-	1,069,748	(1,069,748)
Net investment income	-	10,850,626	(10,850,626)
Benefit payments, including refunds of employee contributions	(7,223,435)	(7,223,435)	-
Administrative expense	-	(74,689)	74,689
Other changes	-	1,638	(1,638)
Net Changes	5,743,041	6,956,405	(1,213,364)
Balances at June 30, 2024	\$ 135,044,960	120,088,288	14,956,672

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability of the City and Schools using the discount rate of 6.75%, as well as what the City's and Schools' net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability - City	\$ 311,293,947	151,657,697	18,863,844
Net Pension Liability - Schools Nonprofessional Teacher Employee Retirement Plan Net Pension Liability	30,335,605 528,196,739	14,956,672 284,312,415	2,088,459 84,578,913

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

For the year ended June 30, 2025, the City recognized pension expense of \$35,105,768. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,996,512	888,321
Net difference between projected and actual earnings on pension plan investments	-	30,455,916
Employer contributions subsequent to the measurement date	39,746,006	-
Total	\$ 73,742,518	31,344,237

Deferred outflows of resources resulting from the City's contributions subsequent to the measurement date of \$39,746,006 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2026	\$ (11,957,726)
2027	21,716,945
2028	(647,701)
2029	(6,459,243)
	<u>\$ 2,652,275</u>

For the year ended June 30, 2025, Schools recognized a total pension expense of \$34,271,756.

For the year ended June 30, 2025, Schools recognized pension expense of \$31,810,512 for the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued

In addition, for the year ended June 30, 2025, Schools recognized pension expense of \$2,461,244 for the Nonprofessional (non-teacher) Retirement Plan.

At June 30, 2025, for the Teacher Retirement Plan (Professional), Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,324,195	5,854,191
Net difference between projected and actual earnings on pension plan investments	-	39,135,777
Changes in proportion and differences between employer contributions and proportionate share contributions	7,777,415	1,061,110
Changes in assumptions	5,160,650	-
Employer contributions subsequent to the measurement date	47,969,828	-
Total	\$ 110,232,088	46,051,078

\$47,969,828 reported as deferred outflows of resources related to pensions resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2026	\$ (14,722,605)
2027	27,161,140
2028	7,351,390
2029	(3,578,743)
	<u>\$ 16,211,182</u>

At June 30, 2025, for the Nonprofessional (non-teacher) Retirement Plan, Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,532,059	-
Net difference between projected and actual earnings on pension plan investments	-	3,203,792
Employer contributions subsequent to the measurement date	2,911,215	-
Total	\$ 4,443,274	3,203,792

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(8) Continued

\$2,911,215 reported as deferred outflows of resources related to pensions resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,		
2026	\$	(1,490,603)
2027		1,101,336
2028		(613,336)
2029		(669,130)
	\$	<u>(1,671,733)</u>

Payables to the Pension Plan

The City and Schools reported payables of \$3,438,601 and \$4,944,150 respectively, due to the VRS at June 30, 2025 which represent the June 2024 employer contributions for all plans not contractually required to be remitted until July 2025.

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Other Postemployment Benefits

Plans Offered by the City and Schools

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

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

SINGLE-EMPLOYER CITY ADMINISTERED OPEB PLAN

PLAN DESCRIPTIONS AND GENERAL INFORMATION

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

The City's administrative regulations outline the benefits provided and criteria for eligibility. City Ordinance established the City of Chesapeake Other Postemployment Benefits Trust (OPEB Trust) for the purpose of accumulating and investing assets to fund other postemployment benefits obligations. Management of the OPEB Trust is vested in the Chesapeake OPEB Finance Board of Trustees, which consists of five members appointed by City Council. Amounts contributed to the OPEB Trust by the City are irrevocable and must be used solely to discharge the City's obligations for other postemployment benefits and pay for reasonable expenses of the OPEB Trust. The OPEB Trust is included as a fiduciary fund in the City's financial statements.

Membership

OPEB Plan membership as of June 30, 2025 consisted of 2,622 active service participants and 457 retirees and beneficiaries currently receiving benefits. In order to be eligible for coverage, retirees must enroll at the time of retirement. Therefore, there are no retirees entitled to benefits that are not already receiving the benefits. However, former qualifying employees, who have maintained continuous health care coverage, may defer enrollment.

CONTRIBUTIONS

The contribution requirements of plan members and the City are established and may be amended by the City's administrative regulations. The required contribution is based on projected actuarial determined contributions (ADC) financing requirements, with an additional amount to prefund benefits as determined annually by the City Council-approved Operating Budget. For fiscal year 2025, the City contributed \$3,745,058 to the OPEB Trust. For convenience, the City pays all the OPEB Trust's bills on behalf of the Finance Board of the OPEB Trust, but is only responsible for paying the ADC. The ADC for fiscal year 2025 was \$1,742,000. For fiscal year 2025, the City paid \$5,058,856 for current premiums (82.0% of total

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

premiums) on behalf of the OPEB Trust. The OPEB Trust will record \$1,742,000 of the City's payments for the current premiums in lieu of receiving the ADC and will reimburse the City for the excess amount between the current premiums paid and the required ADC in the amount of \$3,316,856.

Plan members with greater than 19 years of service at retirement contribute based on the active employee contribution rate and plan members with 15 to 19 years of service contribute the entire premium. Plan members receiving benefits contributed \$1,109,762, or 18.0% of the total premiums, through their required monthly contributions. Member contributions are 0.49 % of covered payroll. Costs to administer current benefits are paid from the general fund.

For the year ended June 30, 2025, the City's contribution was 0.76% of covered employee payroll.

ACTUARIAL ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of August 1, 2025 using the following actuarial assumptions, applied to all periods included in the measurement, based on the measurement date of June 30, 2025, unless otherwise specified:

Inflation	2.60%
Investment rate of return	6.75%
Health care trend rates	7.5% The ultimate trend is 4.04%
Mortality Table	Society of Actuaries study for general and public safety employees and mortality improvement (MP2021) scale

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2024 through June 30, 2025.

The OPEB Plan valuation uses Entry Age Normal. An initial unfunded liability base was established on July 1, 2018, with remaining amortization period of 7 years. Each subsequent year a new base is established for experience losses and gains and will be amortized over 15 years as a level dollar amount.

LONG-TERM EXPECTED RATE OF RETURN

Investments

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

The adopted asset allocation policy as of June 30, 2025 was as follows:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 11.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for amounts actually invested.

DISCOUNT RATE

The discount rate used to measure the OPEB liability was 6.75%.

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

Rate of Inflation	2.60%
Rate of Growth in Real Income / GNP per capita	1.40%
Extra Trend due to Technology and other factors	0.90%
Expected Health Share of GDP in 2031	19.00%
Health Share of GDP Resistance Point	17.00%
Year for Limiting Cost Growth to GNP Growth	2075

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

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

The following table presents the total and net OPEB liability of the City, as well as what the City's total and net OPEB liability (asset) would be if calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate of 6.75%:

		Current Discount		
		1% Decrease	Rate	1% Increase
		(5.75)%	(6.75%)	(7.75)%
Net OPEB liability (asset) - City directed plan	\$ (36,299,083)	(42,809,412)	(48,725,912)	

Sensitivity of the net OPEB liability to Health Care Trend Rate

The following table presents the net OPEB liability of the City, as well as what the City's net OPEB liability (asset) would be if calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current health care cost trend rate of 4.04%:

		Current Medical		
		1% Decrease	Trend	1% Increase
		(3.04)%	(4.04%)	(5.04)%
Net OPEB liability (asset) - City directed plan	\$ (50,011,650)	(42,809,412)	(34,449,319)	

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued***OPEB Liabilities(Assets)***

Changes in City Net OPEB Liability (Asset)

City	Total OPEB Liability	Plan OPEB Net Position	Net OPEB Liability(Asset)
Balances at June 30, 2024	\$ 98,461,654	114,982,732	(16,521,078)
Changes for the year:			
Service cost	3,414,138	-	3,414,138
Interest	6,625,563	-	6,625,563
Differences between expected and actual experience	(19,258,527)	-	(19,258,527)
Contributions - employer	-	3,745,058	(3,745,058)
Net investment income	-	13,396,645	(13,396,645)
Benefit payments, net of retiree contributions	(5,058,856)	(5,058,856)	-
Administrative Expense		(72,195)	72,195
Net changes	(14,277,682)	12,010,652	(26,288,334)
Balances at June 30, 2025	\$ 84,183,972	126,993,384	(42,809,412)

Fiduciary net position as a percentage
of total OPEB liability

150.85%

SCHOOLS DIRECTED OPEB PLAN**PLAN DESCRIPTIONS AND GENERAL INFORMATION**

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

Membership and Eligibility

Plan membership as of July 1, 2023 consisted of 5,594 active service participants and 1,418 retirees and beneficiaries currently receiving benefits.

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

- Is/was eligible to retire under the VRS pension plan.
- Is/was covered under the Schools' active medical plan for a period of at least 2 years prior to retirement.
- Elects to receive retiree medical coverage under this plan upon retiring prior to Medicare.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

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

Benefits Provided

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

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

CONTRIBUTIONS

The contribution requirements of plan members and the Schools are established and may be amended by the Schools. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the School Board. For fiscal year 2025, the Schools contributed \$5,313,809 to the plan to pay for current premiums (70% of total premiums). Plan members receiving benefits contributed \$2,600,179 or 30% of the total premiums through their required monthly contributions. Costs to administer current benefits are paid from the General Fund.

ACTUARIAL ASSUMPTIONS – SCHOOLS DIRECTED PLAN

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial funding method and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.50%
Discount Rate:	3.86%
Mortality Rates:	
Healthy	Teachers: Pub-2010 General Employees Headcount-Weighted Mortality, Projected with Fully Generational MP2021 Mortality Improvement Scale
Pre-Retirement:	Non-Teachers: Pub-2010 Teacher Employees Headcount-Weighted Mortality, Projected with Fully Generational MP2021 Mortality Improvement Scale
Healthy	Teachers: Pub-2010 General Retirees Headcount-Weighted Mortality, Projected with Fully Generational MP2021 Mortality Improvement Scale
Post-Retirement:	Non-Teachers: Pub-2010 Teacher Retirees Headcount-Weighted Mortality, Projected with Fully Generational MP2021 Mortality Improvement Scale
Disabled:	Teachers: Pub-2010 General Disabled Retirees Headcount-Weighted Mortality, Projected with Fully Generational MP2021 Mortality Improvement Scale
	Non-Teachers: Pub-2010 Teacher Disabled Retirees Headcount-Weighted Mortality, Projected with Fully Generational MP2021 Mortality Improvement Scale

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020.

There were not additional postemployment increases assumed. The amortization period is closed and equal to 29 years as of June 30, 2017.

LONG-TERM EXPECTED RATE OF RETURN

Investments

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

The adopted asset policy as of June 30, 2025 was as follows:

Asset Class (Strategy)	Target Allocation
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%

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense was 9.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 3.97% as of the measurement date of June 30, 2024. The projection of cash flows used to determine the discount rate assumed the Schools' contribution will be made on a pay-as-you-go basis. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate used to determine the liabilities is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

Sensitivity of the net OPEB Liability to changes in the discount rate

The following presents the net OPEB liability of the Schools, as well as what the Schools' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current discount rate at June 30, 2024.

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
Net OPEB liability - Schools Administered Plan	\$ 157,345,208	140,440,212	126,114,597

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

OPEB Liabilities

Changes in the Schools Net OPEB Liability

Schools	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at July 1, 2023	\$ 144,331,658	4,546,658	139,785,000
Changes for the year:			
Service cost	3,441,789	-	3,441,789
Interest	5,586,766	-	5,586,766
Changes of assumptions	(1,723,338)	-	(1,723,338)
Differences between expected and actual experience	(971,721)	-	(971,721)
Contributions - employer	-	5,105,441	(5,105,441)
Net investment income	-	572,843	(572,843)
Benefit payments, including refunds of employee contributions	(5,105,441)	(5,105,441)	-
Net changes	1,228,055	572,843	655,212
Balances at June 30, 2024	\$ 145,559,713	5,119,501	140,440,212

Plan fiduciary net position as a percentage of the total OPEB liability 3.52%

VRS DIRECTED OPEB PLANS FOR CITY AND SCHOOLS

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

PLAN DESCRIPTIONS AND GENERAL INFORMATION

Group Life Insurance Programs

The GLIP is a cost-sharing, multiple-employer plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLIP was established pursuant to §51.1-1400 et seq.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

of the *Code of Virginia*, as amended, and provides the authority under which benefit terms are established or may be amended. The GLIP is a defined benefit plan that provides a basic group life insurance benefit.

Plan Description:

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered upon employment. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLIP.

Specific information about the plan is as follows:

Eligibility:

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

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

Benefit Amounts:

The benefits payable under the GLIP have several components.

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

Accidental Death Benefit - Double the natural death benefit

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

Reduction in Benefit Amounts:

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

Minimum Benefit Amount and Cost-of-Living Adjustment:

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLIP. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$9,532 effective June 30, 2025.

Virginia Local Disability Programs

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

Plan Description:

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; and all full-time, salaried permanent (professional) employees of public school divisions and who

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

are in the VRS Hybrid Retirement Plan and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered. These programs are directed by the VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions and School divisions are required by Title 51.1 of the *Code of Virginia*, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the VLDPs.

Specific information about the plans is as follows:

Eligibility:

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

Benefit Amounts:

The benefits provided under the VLDPs include the following:

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

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

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

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

Other Plan Information:

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

Line of Duty Act Program

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

Plan Description:

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

Eligibility:

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

Benefit Amounts:

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

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

- \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
- \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. The benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025.
- An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. Military reserves are killed in action in any armed conflict on or after October 7, 2001.

Health Insurance -

- The health insurance benefits are managed through the Virginia Department of Human Resources Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members.

Health Insurance Credit Program

The Virginia Retirement System Teacher Employee Health Insurance Credit Program is a cost-sharing, multiple-employer plan. The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and provides the authority under which benefit terms are established or may be amended. The HIC is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers.

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to § 51.1-1400 et seq. of the *Code of Virginia*, as amended, and provides the authority under which benefit terms are established or may be amended.

Specific information about the plans is as follows:

Plan Description:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

Eligibility:

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

Benefit Amounts - Professional Employees:

The HIC provides the following benefits for eligible employees:

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

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

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

Benefit Amounts - Nonprofessional Employees:

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

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

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

Other Plan Information:

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

As of June 30, 2024 actuarial valuation, the following nonprofessional employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	408
Vested inactive members	21
Active members	871
Total covered employees	1,300

CONTRIBUTIONS

Group Life Insurance Programs

The contribution requirements for the GLIPs are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLIPs was 1.18% of covered employee

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% 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, 2025 was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the year ended June 30, 2025 to the GLIPs from the City and Schools follow in a summary of contributions for the OPEB Plans.

Virginia Local Disability Programs

The contribution requirements for active hybrid employees of the City and Schools are governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions and school divisions by the Virginia General Assembly. The contractually required employer contribution rates as a percentage of covered employee compensation for the year ended June 30, 2025 was 0.74% for City and Schools Nonprofessional employees and 0.45% for Schools Teacher employees in the VLDPs. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2023. The actuarially determined rates were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance unfunded accrued liabilities. Contributions for the year ended June 30, 2025 to the VLDPs from the City and Schools follow in a summary of contributions for the OPEB Plans.

Line of Duty Act Program

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2025 was \$1,015.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions for the year ended June 30, 2025 from the City to the LODA Program follow in a summary of contributions for the OPEB Plans.

Health Insurance Credit Program

Nonprofessional - The contribution requirement for active employees is governed by Section 51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.06% of covered employee compensation for employees in HICP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the year ended June 30, 2025 from Schools to the HIC follow in a summary of contributions for the OPEB Plans.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

Professional - The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 was 1.21% of covered employee compensation for employees in the HIC. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the year ended June 30, 2025 from Schools to the HIC follow in a summary of contributions for the OPEB Plans.

Contributions for the year ended June 30, 2025		City	Schools
City directed plan	\$	3,745,058	N/A
Schools directed plan		N/A	5,313,809
GLIPs - City and Nonprofessional Schools		1,092,235	128,651
GLIP - Professional Schools		N/A	1,592,432
VLDPs - City and Nonprofessional Schools		593,766	101,720
VLDP - Professional Schools		N/A	598,169
LODA Program		1,253,779	N/A
HIC - Nonprofessional Schools		N/A	284,618
HIC - Professional Schools		N/A	4,087,721
Total OPEB Contributions	\$	6,684,838	12,107,120

ACTUARIAL ASSUMPTIONS

The OPEB liabilities of the VRS directed plans of the City and Schools were based on actuarial valuations as of June 30, 2023 using the Entry Age Normal actuarial cost method. The following assumptions and methods were used for the VRS directed OPEB Plans of the City and Schools and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions and Methods	GLIPs	VLDPs	LODA Program	HIC
Investment rate of return, including inflation*	6.75%	6.75%	3.97%	6.75%
Inflation	2.50%	2.50%	2.50%	2.50%
Salary increases, including inflation				
City - Non-Hazardous Duty	3.50% to 5.35%	3.50% to 5.35%	N/A	N/A
City - Hazardous Duty	3.50% to 4.75%	N/A	N/A	N/A
Schools - Non-professional	3.50% to 5.35%	3.50% to 5.35%	N/A	N/A
Schools - Professional	3.50% to 5.95%	3.50% to 5.95%	N/A	N/A

*Since LODA is funded on a current-disbursement basis, the assumed rate of return of 3.97% was used since it approximates the risk-free rate of return.

Additional information about actuarial assumptions and methods is available from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

LONG-TERM EXPECTED RATE OF RETURN

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

Asset Class (Strategy)	Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00)%	3.50%	(0.11)%
Total	100.00%	N/A	7.07%
* Expected arithmetic nominal return			7.07%

*The above allocation provides a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.97% 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 3.97% 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 Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

DISCOUNT RATE

The discount rate used to measure the GLIP, the VLDPs, and HIC portions of the VRS administered OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed City and Schools contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the City and Schools will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia Assembly, which was 100.0% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100.0% of the actuarially determined contribution rates. Based on those assumptions, the City's and Schools' GLIP, VLDP, and HIC OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total City's and Schools' GLIP, VLDP, and HIC OPEB liabilities.

The discount rate used to measure the total LODA OPEB liability was 3.97%. 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, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the proportionate share of net OPEB liability to changes in the discount rate

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

Net OPEB Liability (Asset)	Employer Proportionate Share	Current Discount		
		1% Decrease (5.75%)	Rate (6.75%)	1% Increase (7.75%)
City GLIP	0.85297%	\$ 14,802,473	9,518,481	5,249,709
City VLDP	9.16822%	(240,513)	(330,739)	(410,141)
Schools GLIP Nonprofessional	0.09808%	1,702,084	1,094,496	603,645
Schools GLIP Professional	1.25468%	21,773,764	14,001,251	7,722,082
Schools VLDP Nonprofessional	1.39286%	(36,539)	(50,247)	(62,310)
Schools VLDP Professional	10.78820%	58,745	(96,654)	(232,189)
Schools HIC Nonprofessional	N/A	1,025,592	839,268	681,144
Schools HIC Professional	2.99924%	39,417,814	34,660,657	30,628,532

Net OPEB Liability	City Proportionate Share	Current Discount		
		1% Decrease (2.97%)	Rate (3.97%)	1% Increase (4.97%)
City LODA Program	6.06080%	\$ 28,821,404	25,998,543	23,571,196

Sensitivity of the net OPEB liability to Health Care Trend Rate

Because the LODA Program contains a provisions for the payment of health insurances premiums, the liabilities are also impacted by the health care trend rate. The following presents the covered employer's proportionate share of the net LODA Program OPEB liability using a health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.72%) than the current rate:

Net OPEB Liability	City Proportionate Share	Current Trend		
		1% Decrease (6.25% to 3.25%)	Rate (7.25% to 4.25%)	1% Increase (8.25% to 5.25%)
City LODA Program	6.06080%	\$ 22,147,304	25,998,543	30,724,065

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued***OPEB Liabilities, OPEB Assets, OPEB Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources***

As of June 30, 2025, the City and Schools reported the following OPEB liabilities for City and Schools directed OPEB and their proportionate shares of VRS directed OPEB plans.

OPEB Liabilities/Assets as of June 30, 2025	City		Schools	
	Assets	Liabilities	Assets	Liabilities
City directed plan	\$ 42,809,412	N/A	N/A	N/A
Schools directed plan	N/A	N/A	-	140,440,212
GLIPs - City and Nonprofessional Schools	-	9,518,481	-	1,094,496
GLIP - Professional Schools	N/A	N/A	-	14,001,251
VLDPs - City and Nonprofessional Schools	330,739	-	50,247	-
VLDP - Professional Schools	N/A	N/A	96,654	-
LODA Program	-	25,998,543	N/A	N/A
HIC - Nonprofessional Schools	N/A	N/A	-	839,268
HIC - Professional Schools	N/A	N/A	-	34,660,657
Total OPEB Liabilities/Assets	\$ 43,140,151	35,517,024	146,901	191,035,884

Nonprofessional - Changes in Net HIC OPEB Liability

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2023	\$ 1,719,492	596,081	1,123,411
Changes for the fiscal year:			
Service cost	23,088	-	23,088
Interest	115,269	-	115,269
Difference between expected and actual experience	(107,797)	-	(107,797)
Contributions - employer	-	249,275	(249,275)
Net investment income	-	66,420	(66,420)
Benefit payments	(69,783)	(69,783)	-
Administrative expenses	-	(992)	992
Net changes	(39,223)	244,920	(284,143)
Balances at June 30, 2024	\$ 1,680,269	841,001	839,268

For the year ended June 30, 2025, the City and Schools recognized the following OPEB expenses for City and Schools directed OPEB plans and their proportionate shares of VRS directed OPEB plans.

OPEB Expenses for the year ended June 30, 2025	City	Schools
City directed plan	\$ (4,800,420)	N/A
Schools directed plan	N/A	3,776,338
GLIPs - City and Nonprofessional Schools	251,822	(11,952)
GLIP - Professional Schools	N/A	423,148
VLDPs - City and Nonprofessional Schools	447,182	68,168
VLDP - Professional Schools	N/A	96,654
LODA Program	3,451,337	N/A
HIC - Nonprofessional Schools	N/A	(222,578)
HIC - Professional Schools	N/A	2,893,632
Total OPEB Expenses	\$ (650,079)	7,023,410

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

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

At June 30, 2025, the City and Schools reported deferred outflows of resources and deferred inflows of resources related to the City and Schools directed OPEB plans and their VRS directed OPEB Plans from the following sources:

	City		Schools	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience				
City directed plan	\$ 529,734	26,699,971	N/A	N/A
Schools directed plan	N/A	N/A	905,253	17,376,249
GLIPs - City and Nonprofessional Schools	1,501,283	232,505	172,627	26,735
GLIP - Professional Schools	N/A	N/A	2,208,319	342,004
VLDPs - City and Nonprofessional Schools	39,297	69,692	5,970	10,588
VLDP - Professional Schools	N/A	N/A	295,712	25,994
LODA Program	904,588	6,350,659	N/A	N/A
HIC -Nonprofessional Schools	N/A	N/A	-	890,860
HIC - Professional Schools	N/A	N/A	-	1,642,139
Changes of assumptions				
City directed plan	3,113,456	5,252,423	N/A	N/A
Schools directed plan	N/A	N/A	9,488,653	27,295,306
GLIPs - City and Nonprofessional Schools	54,255	471,716	6,239	54,241
GLIP - Professional Schools	N/A	N/A	79,807	693,873
VLDPs - City and Nonprofessional Schools	-	7,681	-	1,167
VLDP - Professional Schools	N/A	N/A	26,102	-
LODA Program	4,792,583	5,236,231	N/A	N/A
HIC -Nonprofessional Schools	N/A	N/A	45,573	-
HIC - Professional Schools	N/A	N/A	597,103	-
Net difference between projected and actual earnings				
City directed plan	-	4,001,751	N/A	N/A
Schools directed plan	N/A	N/A	8,228	-
GLIPs - City and Nonprofessional Schools	-	802,308	-	92,255
GLIP - Professional Schools	N/A	N/A	-	1,180,159
VLDPs - City and Nonprofessional Schools	-	29,914	-	4,545
VLDP - Professional Schools	N/A	N/A	-	16,330
LODA Program	-	85,944	N/A	N/A
HIC -Nonprofessional Schools	N/A	N/A	-	11,174
HIC - Professional Schools	N/A	N/A	-	123,289
Changes in proportion				
GLIPs - City and Nonprofessional Schools	383,384	314,738	62,100	147,579
GLIP - Professional Schools	N/A	N/A	375,715	212,571
VLDPs - City and Nonprofessional Schools	5,917	9,668	2,207	1,930
VLDP - Professional Schools	N/A	N/A	4,916	21,096
LODA Program	3,216,356	2,187,661	N/A	N/A
HIC - Professional Schools	N/A	N/A	1,273,055	157,127
Employer contributions subsequent to the measurement date				
City directed plan	-	3,316,856	N/A	N/A
Schools directed plan	N/A	N/A	5,313,809	-
GLIPs - City and Nonprofessional Schools	1,092,235	-	128,651	-
GLIP - Professional Schools	N/A	N/A	1,592,432	-
VLDPs - City and Nonprofessional Schools	593,766	-	101,720	-
VLDP - Professional Schools	N/A	N/A	598,169	-
LODA Program	1,253,779	-	N/A	N/A
HIC -Nonprofessional Schools	N/A	N/A	284,618	-
HIC - Professional Schools	N/A	N/A	4,087,721	-
Total	\$ 17,480,633	55,069,718	27,664,699	50,327,211

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(9) Continued

Employer contributions subsequent to the measurement date reported as deferred outflows of resources for the City and Schools totaled \$2,939,780 and \$12,107,120 respectively and will be recognized as a reduction of the OPEB liabilities in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's and Schools' OPEB expense in future reporting periods as follows:

Year ended June 30,	2026	2027	2028	2029	2030	Thereafter	Total
City directed plan	\$ (4,431,245)	(9,642,315)	(8,465,313)	(6,562,330)	(3,209,752)	-	(32,310,955)
GLIP - City	(411,111)	197,360	70,543	151,913	108,951	-	117,656
VLDP - City	(31,822)	(3,648)	(10,217)	(16,233)	(9,863)	42	(71,741)
LODA - City	(263,276)	(232,960)	(365,169)	(726,096)	(912,909)	(2,446,557)	(4,946,967)
Total City	\$ (5,137,454)	(9,681,563)	(8,770,156)	(7,152,746)	(4,023,573)	(2,446,515)	(37,212,007)
Schools directed plan	\$ (4,566,549)	(5,400,130)	(8,136,493)	(8,158,978)	(5,975,349)	(2,031,922)	(34,269,421)
GLIP - Nonprofessional							
Schools	(75,204)	(2,169)	(9,010)	6,996	(457)	-	(79,844)
GLIP - Professional Schools	(532,849)	328,416	85,424	172,874	181,369	-	235,234
VLDP - Nonprofessional							
Schools	(4,751)	(394)	(1,379)	(2,251)	(1,289)	11	(10,053)
VLDP - Professional Schools	20,671	37,486	26,854	26,878	32,248	119,176	263,313
HIC - Nonprofessional							
Schools	(321,756)	(318,662)	(200,033)	(16,010)	-	-	(856,461)
HIC - Professional Schools	(13,175)	105,245	(33,000)	(56,736)	15,628	(70,359)	(52,397)
Total Schools	\$ (5,493,613)	(5,250,208)	(8,267,637)	(8,027,227)	(5,747,850)	(1,983,094)	(34,769,629)

Payables to the VRS Directed OPEB Plans

The City and Schools reported payables \$143,781 and \$911,064, respectively, due to the VRS at June 30, 2025 which represent the June 2025 employer contributions for all plans not contractually required to be remitted until July 2025.

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

<https://www.varetire.org/pdf/publications/2024-annual-report.pdf>

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(10) Fund Balances***Primary Government***

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$ 2,638,891	-	-	13,183	2,652,074
Prepaid expenditures	-	-	-	319,720	319,720
Education permanent funds - principal	-	-	-	12,795	12,795
Total nonspendable	2,638,891	-	-	345,698	2,984,589
Restricted other:					
General Government:					
Chesapeake Bay Preservation Areas	47,000	-	-	-	47,000
Tax increment financing - Greenbrier	-	-	-	11,483,137	11,483,137
Tax increment financing - South Norfolk	-	-	-	15,666,626	15,666,626
Proffers	-	-	-	94,614	94,614
Grants	-	-	-	1,966,815	1,966,815
Total General Government	47,000	-	-	29,211,192	29,258,192
Public Safety:					
Proffers	-	-	-	1,171,435	1,171,435
Grants	-	-	-	1,239,731	1,239,731
Total Public Safety	-	-	-	2,411,166	2,411,166
Public Works:					
Prorata Drainage	-	-	6,327,142	-	6,327,142
Proffers	-	-	-	2,677,501	2,677,501
Total Public Works	-	-	6,327,142	2,677,501	9,004,643
Parks and Recreation:					
Open Space	-	-	300,773	-	300,773
Grants	-	-	-	325,667	325,667
Total Parks and Recreation	-	-	300,773	325,667	626,440
Public Welfare:					
Integrated behavioral healthcare	-	-	-	5,581,781	5,581,781
Grants	-	-	-	8,318,207	8,318,207
Total Public Welfare	-	-	-	13,899,988	13,899,988
Education:					
Proffers	-	-	-	7,256,593	7,256,593
Education permanent funds interest	-	-	-	207,179	207,179
Total Education	-	-	-	7,463,772	7,463,772
Future bond interest payment	-	68,240	-	-	68,240
Poindexter Street debt service	-	298	-	-	298
Total restricted other	47,000	68,538	6,627,915	55,989,286	62,732,739

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(10) Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Committed for one time projects	191,265,326	-	-	-	191,265,326
Committed other:					
General Government:					
Law Library	471,867	-	-	-	471,867
Technology fees	577,663	-	-	-	577,663
Treasurer's EGOV	165,306	-	-	-	165,306
Treasurer's late license fee	440,623	-	-	-	440,623
Litigation reserve	1,252,558	-	-	-	1,252,558
Treasurer's EZ Pass	19,048	-	-	-	19,048
Juvenile services	-	-	-	375,000	375,000
Open space agriculture preservation	-	-	-	6,322,782	6,322,782
Total General Government	2,927,065	-	-	6,697,782	9,624,847
Public Safety:					
Radio system (800 MHZ)	3,777,288	-	-	-	3,777,288
Animal control fees	91	-	-	-	91
Total Public Safety	3,777,379	-	-	-	3,777,379
Public Works:					
Excavation fees	345,834	-	-	-	345,834
Overweight fees	131,554	-	-	-	131,554
Total Public Works	477,388	-	-	-	477,388
Public Welfare:					
Public assistance	-	-	-	186,338	186,338
Community development	-	-	-	232,261	232,261
Housing trust	-	-	-	65,481	65,481
Total Public Welfare	-	-	-	484,080	484,080
City future capital projects	10,726,916	-	-	-	10,726,916
Encumbrances	8,614,359	-	89,524,519	3,279,732	101,418,610
Subsequent year budget	129,541,997	2,100,491	2,402,774	8,118,395	142,163,657
Economic development investment program	1,191,554	-	-	-	1,191,554
Public health initiative	837,002	-	-	-	837,002
Community housing initiative	333,399	-	-	-	333,399
Schools' future capital projects	17,723,665	-	-	-	17,723,665
Total committed other	176,150,724	2,100,491	91,927,293	18,579,989	288,758,497

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(10) Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Assigned:					
General Government:					
Sheriff - work release	234,514	-	-	-	234,514
Local developers	-	-	224,296	-	224,296
Conference Center	-	-	-	16,472,538	16,472,538
Human resources	205,602	-	-	-	205,602
Juvenile services	-	-	-	3,783,766	3,783,766
Other	14,387,215	-	-	-	14,387,215
Total General Government	14,827,331	-	224,296	20,256,304	35,307,931
Public Safety:					
E-911	-	-	-	8,077,185	8,077,185
Fee supported activities	-	-	-	4,856,920	4,856,920
Total Public Safety	-	-	-	12,934,105	12,934,105
Public Works:					
Street maintenance	6,529,317	-	-	-	6,529,317
Prorata drainage	-	-	1,521,121	-	1,521,121
Jordan Bridge	-	-	300,000	-	300,000
Total Public Works	6,529,317	-	1,821,121	-	8,350,438
Public Welfare:					
Public assistance	-	-	-	7,226,629	7,226,629
Integrated behavioral healthcare	-	-	-	10,087,753	10,087,753
Interagency consortium	-	-	-	201,451	201,451
Total Public Welfare	-	-	-	17,515,833	17,515,833
Education:					
Revenue sharing	11,996,006	-	230	-	11,996,236
Cash reversion	9,350,688	-	-	-	9,350,688
Total Education	21,346,694	-	230	-	21,346,924
Debt service payments	-	22,417,475	-	-	22,417,475
City future capital projects	-	-	87,044,922	-	87,044,922
Total assigned	42,703,342	22,417,475	89,090,569	50,706,242	204,917,628
Unassigned:	101,888,034	-	-	-	101,888,034
Total fund balance	\$ 514,693,317	24,586,504	187,645,777	125,621,215	852,546,813

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(11) Deferred Compensation Plan

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust by a third party for the participants. Therefore, the assets are not included in the accompanying financial statements as of June 30, 2025.

(12) Commitments

Capital Improvements Program

The City Council adopted a five-year capital improvements program on May 13, 2025, which was later amended on June 10, 2025. The total estimated cost of this program amounted to \$634,453,264 to be funded from anticipated state and federal funds, debt financing, local fees, and funds on hand, both appropriated and unappropriated. The first year of the plan was appropriated on the same date.

Encumbrances

Encumbrances outstanding at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders, and other commitments in process of completion at fiscal year-end. Outstanding encumbrances as of June 30, 2025 for the Governmental Funds of the City and Schools are as follows:

<u>City</u>		<u>Schools</u>	
<u>Governmental Funds</u>		<u>Governmental Funds</u>	
General Fund	\$ 8,614,359	General Fund	\$ 5,353,536
Capital Projects	89,524,519	Capital Projects	89,403,661
Other Governmental Funds	3,279,732	Other Governmental Funds	127,512
Total	\$ 101,418,610	Total	\$ 94,884,709

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(13) Related Parties

Joint Venture

Southeastern Public Service Authority (SPSA)

Southeastern Public Service Authority (SPSA) is a joint venture of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach and the counties of Isle of Wight and Southampton, created to provide, operate, and maintain a regional system for the collection, transfer, processing, and disposal of solid waste refuse. SPSA is a single enterprise fund, that is a public body politic and corporate created pursuant to the Virginia Water and Sewer Authorities Act. It is governed by a sixteen (16) member Board of Directors consisting of eight (8) members appointed by the Governor and eight members appointed by each of the member cities or counties. Budgeting and financing of SPSA are subject to the approval of the Board of Directors, with each representative having a single vote. SPSA is responsible for its own financial matters, maintains its own books of accounts, and is audited annually by independent accountants that it engages. The participating governments do not have an equity interest in SPSA and; accordingly, no equity interest has been reflected in the City's financial statements. The City has a use and support agreement with SPSA for services through June 30, 2027. Additionally, SPSA leases property from the City which is used as a waste transfer station.

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

Jointly Governed Organizations

Hampton Roads Regional Jail Authority (HRRJA)

The Hampton Roads Regional Jail Authority (HRRJA) was a regional organization which included the cities of Chesapeake, Hampton, Newport News, Norfolk, and Portsmouth and was governed by a fifteen (15) member Board of Directors, consisting of three representatives appointed by each of the member cities. The Authority was created for the purpose of providing, operating and maintaining a regional jail facility for the correctional overflow from each community. The Authority's Board made the decision, with the City's full support, to close the jail as of April 1, 2024, and sell the jail to the City of Portsmouth. The final payment for the City's portion of the dissolution and sale of the jail was received in FY2025 for \$2,577,964.

Hampton Roads Transit (HRT)

Hampton Roads Transit (HRT) provides public transportation facilities and services within the cities of Norfolk, Chesapeake, Hampton, Newport News, and Virginia Beach. Oversight responsibility for HRT is exercised by the participating localities through their designated representatives. Responsibility for the day-to-day operation of HRT rests with professional management. Chesapeake paid \$3,158,023 to HRT in FY2025.

Hampton Roads Planning District Commission (the Commission)

The Commission performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg, and Virginia Beach, and the counties of Gloucester, Isle of Wight, James City, Southampton, and York. During the fiscal year ending June 30, 2025, the City paid a member contribution of \$268,717. Additionally, regional contributions were made of \$346,475 for programs for coastal resiliency, stormwater, water, and wastewater along with metro medical response system and regional EPS project.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(13) Continued

Hampton Roads Economic Development Alliance (HREDA)

The HREDA is a non-profit, public-private partnership founded in 1997 to globally market Hampton Roads as the primary region of choice for economic investment. Its membership consists of the jurisdictions of Chesapeake, Franklin, Hampton, Isle of Wight, Newport News, Norfolk, Poquoson, Portsmouth, Southampton County, Suffolk, and Virginia Beach. During FY2025, the City paid a member contribution of \$281,560.

Southside Network Authority (Authority)

The Southside Network Authority (Authority) was created by the cities of Chesapeake, Norfolk, Portsmouth, Suffolk, and Virginia Beach pursuant to the provisions of the Virginia Wireless Service Authorities Act, Chapter 54.1 of Title 15.2 of the Code of Virginia, to build and operate a regional high-speed broadband internet fiber ring. In FY2025, the City paid a contribution of \$72,246.

Eastern Virginia Regional Industrial Facility Authority (EVRIFA)

EVRIFA is a regional organization which includes the cities of Chesapeake, Franklin, Hampton, Newport News, Poquoson, and Williamsburg and the counties of Gloucester, Isle of Wight, James City, and York, created for the purpose of providing a regional authority mechanism to enhance the economic base of the member localities on a cooperative basis. The City contribution for FY2025 was \$4,000.

Notes to Basic Financial Statements
June 30, 2025

(14) Contingent Liabilities

Self-Insurance

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

	Self-insurance Risk Retention	Commercial Insurance Aggregate Coverage Limit
General and automobile liability claims	\$ 2,000,000	20,000,000
Public official, law enforcement officer and other liability	100,000	2,000,000
Workers' compensation claims	1,500,000	25,000,000

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

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

The claims liability of \$28,769,337 reported in the Self-Insurance Fund at June 30, 2025 is based on the requirements of GAAP. It requires that a liability for claims should be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability includes an amount for claims that have been incurred but not reported (IBNR).

Changes in the Self-Insurance Fund's liability amount during the fiscal years ended June 30, 2025 and 2024 were as follows:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2025	\$ 28,110,028	7,621,870	6,962,561	28,769,337
June 30, 2024	27,844,991	5,982,513	5,717,476	28,110,028

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(14) Continued

Effective January 1, 2016 the City began self-funding health insurance coverage for its participating employees and retirees and established the Self-Funded Health Fund for reporting of these activities. The City-provided health insurance has a specific stop loss limit of \$375,000 per member covering both medical and drug expenses, and aggregate coverage is capped at 120% of expected claims as determined during the annual rate setting process in consultation with the City's third-party administrator and health benefits consultant. The City purchases commercial insurance coverages for excess amounts. Claims processing and payments for self-funded health claims are made through a third-party administrator. Amounts due as of June 30, 2025 are recognized as the current portion of a long-term liability in the statement of net position. The City uses information provided by the third-party administrator and health benefits consultant to aid in the determination of self-funded health insurance liabilities. The total computed liability as of June 30, 2025 is \$4,601,315. Other health related insurance coverages (dental and vision) are provided on a fully insured basis.

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2025	\$ 4,601,315	51,261,393	51,261,393	4,601,315
June 30, 2024	4,601,315	42,890,901	42,890,901	4,601,315

The Schools component unit is self-insured for its workers' compensation, health, and dental insurance through their General Fund. Workers' compensation has an \$800,000 limit per claim. Health insurance has a specific stop loss limit of \$350,000 per member covering both medical and drug expenses. Commercial insurance is purchased to cover other types of losses. The insurance coverage is substantially the same as in prior fiscal years. Claims processing and payments for workers' compensation, medical, and dental claims are made through a third-party administrator. The settlements using commercial insurance did not exceed insurance coverage for each of the past three years. Amounts due in future years on claims as of June 30, 2025 are recognized as a long-term liability in the statement of net position. The Schools use the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. The total computed liability as of June 30, 2025 is \$10,336,363.

Changes in the Schools' self-insurance program liability amount during the fiscal years ended June 30, 2025 and 2024 were as follows:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2025	\$ 10,556,724	78,830,609	79,050,970	10,336,363
June 30, 2024	9,414,805	80,814,053	79,672,134	10,556,724

The liability at June 30, 2025 is comprised of \$2,767,957 in workers' compensation liabilities and \$7,568,406 in accounts payable and accrued expenses related to medical and dental claims.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(14) Continued

Public Utilities Pro Rata

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

The program's Pro Rata Policy ("policy") requires each initial installer to satisfy five conditions before becoming eligible to receive reimbursements. Among these conditions is the requirement that the initial installer submit appropriate documentation verifying total cost expenditures for the installed utility asset. In addition, the initial installer must execute an agreement with the City quantifying its proportional share of the construction costs (i.e., what it would have paid if the utility asset served only its development) and estimating the anticipated reimbursements from subsequent developers (i.e., the amount likely owed when others connect to or benefit from the installation). Once issued, the installer has twenty-one days to elect a reimbursement method. The installer may choose a traditional Pro Rata reimbursement, based on payments the City receives from subsequent developers, or a connection fee reimbursement, based on standardized City-wide service fees paid by citizens or entities that connect to the public utility system. The total connection fee reimbursement is contractually limited to the estimated Pro Rata reimbursement figure stated in the installer's agreement. If no election is made within twenty-one days, the installer forfeits the connection fee option and defaults to traditional Pro Rata reimbursement. Reimbursements are only made when subsequent developer have paid thier required Pro Rata share to the Department of Public Utilities.

In fiscal year 2025, Department of Public Utilities staff have continued evaluating the program to enhance reporting and financial accountability related to Pro Rata liabilities. As a result of this review, historical data, and current-year activity, the following estimates were refined:

- At year-end, the recorded liability totaled \$530,563 for amounts received but not yet reimbursed to initial installers who have executed agreements with the City and have met all five required conditions for reimbursement under the program.
- The estimated contingent liability for agreements executed with initial installers for whom the City has not yet received payments from subsequent developers or connection fees is approximately \$6.5 million. Upon receipt of such payments, reimbursements will be made and the contingent liability reduced.
- The estimated contingent liability for reimbursements due to initial installers, wherein payments have already been received from subsequent developers, but reimbursements have not been made because the five required conditions have not yet been met is approximately \$12,433.

These contingent liabilities are further influenced by Virginia Code §15.2-2243, effective October 2021, which establishes that Initial Installer Agreements and reimbursement obligations expire twelve (12) years from the date of utility activation. While the Code is not retroactive to earlier Pro Rata projects, the City applies this principle to evaluate the remoteness of older potential obligations.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(14) Continued

Federal Award Programs

The City and the Schools participate in a number of federal and state award, assistance, and grant programs. These programs are subject to financial and program compliance audits by the applicable agency or their representative. In addition, federal grants programs, including the financial assistance of Coronavirus Relief Funds received under the CARES Act and Local Fiscal Recovery Funds received under the American Rescue Plan Act (ARPA), have been audited in accordance with the provisions of the Uniform Guidance as it existed at the date of the report, prior to any supplemental specific guidance for CARES and ARPA Act funding. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, management believes such disallowances, if any, will not be significant.

Litigation

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

Pollution Remediation

The City of Chesapeake is party to several agreements relating to sanitary sewer overflows, including a Commonwealth of Virginia Department of Environmental Special Order By Consent dated September 26, 2007, a regional Memorandum of Agreement dated June 28, 2007, and a regional Memorandum of Agreement dated March 10, 2014, amended 11 December, 2017. These orders and/or agreements apply to the Hampton Roads Sanitation District (HRSD) and 14 localities in the Hampton Roads Area. Due to pipe breaks, electrical outages, infiltration and inflow, insufficient capacity in the sanitary sewer collection, interceptor and treatment systems, and other factors, untreated sewage is occasionally discharged from various locations in the individual sanitary sewer collection systems of the Localities and (HRSD) to various area state waters. The low-lying nature of the Hampton Roads region and corresponding high groundwater table, together with periodic widespread flooding in the regions' urbanized areas, are significant factors contributing to the discharge of untreated sewage. These discharges violate Virginia Code §62.1-44.5.A §25-31-50.A.

The March 2014 Memorandum of Agreement (MOA), as amended, assigns responsibilities as follows:

- HRSD assumes responsibility for all wet weather and capacity based sanitary sewer overflows and their associated repairs as well as designing, funding, and building the infrastructure necessary to achieve adequate capacity throughout the Regional Sanitary Sewer System, regardless of asset ownership.
- The City of Chesapeake assumes responsibility for operating and maintaining its system, as well as dry weather, maintenance and operations based sanitary sewer overflows and their associated remediation and repair.

In December, 2018, Chesapeake City Council approved the amendment to the 2014 MOA that incorporates changes to the USEPA-HRSD Consent Decree that includes the impacts of the Sustainable Water Initiative for Tomorrow (SWIFT) aquifer injection program and adoption of an Integrated Plan.

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(14) Continued

Chesapeake has already undertaken a great deal of sanitary sewer system evaluation and rehabilitation, coordinating with HRSD so as to not duplicate effort that is or will be their responsibility. These rehabilitation projects are making constant progress, even as RWWMP evaluations are ongoing and help target areas to prioritize future rehabilitation.

An amendment to the 2014 MOA is being considered by all 14 localities and HRSD that updates the MOA, and incorporates proposed changes to the USEPA-HRSD Consent Decree that include the impacts of the Sustainable Water Initiative for Tomorrow (SWIFT) aquifer injection program currently being pilot tested by HRSD. The Chesapeake City Council approved this amendment on December 11, 2019.

(15) Restatements*Change in the reporting entity: Removal of Elizabeth River Properties of Chesapeake, Inc*

The relationship between Elizabeth River Properties of Chesapeake, Inc., previously reported as a discretely presented component unit, and the City of Chesapeake ended in FY 2024. As a result, the financial statements of ERPC and FY2024 ending net position of \$61,535 are no longer incorporated with the City's.

Change in accounting principle: Adoption of GASB Statement No. 101, Compensated Absences

The adoption of GASB Statement No. 101 resulted in the restatement of the City's Statement of Net Position for fiscal year ended June 30, 2024 of \$25.9 million. There was a \$27.2 million decrease in net position for the primary government and a \$1.1 million net increase in the discretely presented component units. The change in the compensated absences liability is outlined in the table below:

	Previously Reported FY2024 Ending Net Position	Compensated Absences Restatement	Removal of Elizabeth River Properties of Chesapeake, Inc	As Restated FY2024 Beginning Net Position
Government-wide:				
Primary Government				
Governmental Activities	\$ 1,762,879,871	(25,887,174)	-	1,736,992,697
Business-type Activities	790,756,571	(1,140,933)	-	789,615,638
Total Primary Government	2,553,636,442	(27,028,107)	-	2,526,608,335
Discretely Presented Component Units				
Public Schools	64,983,885	1,301,119	-	66,285,004
Others	31,022,614	(193,444)	(61,535)	30,767,635
Proprietary Funds				
Enterprise Funds				
Public Utilities	\$ 617,385,817	(860,718)	-	616,525,099
Chesapeake Transportation System	17,033,206	(61,111)	-	16,972,095
Stormwater Management	129,665,605	(219,104)	-	129,446,501
Economic Development Authority	28,030,573	-	-	28,030,573
Total Enterprise Funds	792,115,201	(1,140,933)	-	790,974,268
Internal Service Funds	102,098,406	(655,313)	-	101,443,093

(Continued)

Notes to Basic Financial Statements
June 30, 2025

(16) Accounting Pronouncements

Adoption of New Accounting Statements

During the year ended June 30, 2025, the City implemented the provisions of the following Governmental Accounting Standard Board (GASB) statements:

GASB Statement No. 101, *Compensated Absences*. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

Future Accounting Pronouncements

The GASB has issued the following pronouncements prior to June 30, 2025, which have effective dates that may impact future presentations. Management has not currently determined what impact the implementation of these statements may have on the financial statements of the City.

GASB Statement No. 103, *Financial Reporting Model Improvements*.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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Chesapeake
VIRGINIA

Required Supplementary Information



CITY OF CHESAPEAKE, VIRGINIA

Schedule L-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund - unaudited
Year Ended June 30, 2025

	General Fund			Variance
	Original Budget	Revised Budget	Actual	Positive (Negative)
REVENUES				
General property taxes	\$ 464,017,050	464,017,050	475,462,935	11,445,885
Other local taxes	170,205,399	170,205,399	171,545,204	1,339,805
Licenses, permits, and fees	11,369,753	11,369,753	11,713,344	343,591
Fines and forfeitures	536,832	536,832	783,545	246,713
Investment income	4,000,000	4,000,000	20,979,472	16,979,472
Revenues from use of property	1,430,297	1,430,297	1,311,561	(118,736)
Charges for services	14,774,747	15,108,747	16,739,425	1,630,678
Miscellaneous local revenues	356,032	411,640	1,155,247	743,607
Recovered costs	25,000	388,938	4,873,852	4,484,914
Intergovernmental revenues:				
Commonwealth of Virginia	111,643,412	113,132,361	114,512,302	1,379,941
Federal government	344,436	364,436	373,918	9,482
Chesapeake Public Schools	-	-	1,924,271	1,924,271
Total revenues	778,702,958	780,965,453	821,375,076	40,409,623
EXPENDITURES				
Current:				
General government	165,931,968	159,199,179	145,814,897	13,384,282
Public safety	136,499,986	140,430,354	132,990,313	7,440,041
Public works	94,327,341	97,908,018	84,305,298	13,602,720
Parks and recreation	17,015,853	17,851,074	16,426,330	1,424,744
Education	311,092,758	311,092,758	303,302,571	7,790,187
Total expenditures	724,867,906	726,481,383	682,839,409	43,641,974
Excess (deficiency) of revenues over (under) expenditures	53,835,052	54,484,070	138,535,667	84,051,597
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,140,394	14,003,537	18,138,229	4,134,692
Transfers to other funds	(97,630,912)	(103,883,958)	(101,441,345)	2,442,613
Total other financing sources (uses), net	(94,490,518)	(89,880,421)	(83,303,116)	6,577,305
Net change in fund balance	(40,655,466)	(35,396,351)	55,232,551	90,628,902
Fund balance - beginning	459,462,442	459,462,442	459,462,442	-
Fund balance - ending	\$ 418,806,976	424,066,091	514,694,993	90,628,902

Reconciliation from budgetary basis of accounting to Generally Accepted Accounting Principles

Revenues

Total revenues, Schedule L-1	\$ 821,375,076
Revenues from use of property - leases and subscriptions	(1,676)
Total revenues, Schedule D	821,373,400

Expenditures

Total expenditures, Schedule L-1	\$ 682,839,409
Capital outlay - leases and subscriptions	544,835
Total expenditures, Schedule D	683,384,244

Other financing sources (uses), net

Total other financing sources (uses), Schedule L-1	(83,303,116)
Issuance of leases (as lessee)	187,696
Issuance of subscriptions	357,139
Total other financing sources (uses), Schedule D	\$ (82,758,281)

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-2

Schedule of Employer Pension Contributions - Virginia Retirement System - unaudited
Year Ended June 30, 2025

City

For Fiscal Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2025	\$ 39,746,006	39,746,006	-	228,232,744	17.41%
June 30, 2024	35,674,571	35,674,571	-	217,091,522	16.43%
June 30, 2023	33,614,581	33,614,581	-	204,799,376	16.41%
June 30, 2022	26,673,312	26,673,312	-	178,365,924	14.95%
June 30, 2021	28,047,063	28,047,063	-	179,329,050	15.64%
June 30, 2020	26,761,007	26,761,007	-	171,106,184	15.64%
June 30, 2019	24,559,253	24,559,253	-	172,224,775	14.26%
June 30, 2018	23,698,719	23,698,719	-	166,190,173	14.26%
June 30, 2017	20,969,936	20,969,936	-	153,143,100	13.69%
June 30, 2016	23,566,227	23,566,227	-	147,330,182	16.00%

Schools' Nonprofessional Employees

For Fiscal Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2025	\$ 2,911,215	2,911,215	-	26,831,453	10.85%
June 30, 2024	2,460,436	2,460,436	-	24,716,876	9.95%
June 30, 2023	2,494,031	2,494,031	-	24,832,144	10.04%
June 30, 2022	2,075,319	2,075,319	-	21,642,086	9.59%
June 30, 2021	2,034,734	2,034,734	-	21,166,859	9.61%
June 30, 2020	1,811,015	1,811,015	-	24,324,677	7.40%
June 30, 2019	1,763,262	1,763,262	-	21,167,806	8.33%
June 30, 2018	1,867,510	1,867,510	-	21,169,819	8.82%
June 30, 2017	1,936,293	1,936,293	-	21,645,530	8.95%
June 30, 2016	2,290,138	2,290,138	-	21,335,475	10.73%

Schools' Professional Employees

For Fiscal Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2025	\$ 47,969,828	47,969,828	-	337,581,707	14.21%
June 30, 2024	50,969,009	50,969,009	-	320,711,918	15.89%
June 30, 2023	47,742,963	47,742,963	-	298,933,902	15.97%
June 30, 2022	43,406,526	43,406,526	-	269,598,368	16.10%
June 30, 2021	41,069,791	41,069,791	-	254,021,185	16.17%
June 30, 2020	38,607,353	38,607,353	-	251,983,078	15.32%
June 30, 2019	36,815,952	36,815,952	-	238,636,634	15.43%
June 30, 2018	37,345,663	37,345,663	-	231,560,514	16.13%
June 30, 2017	32,815,991	32,815,991	-	225,349,626	14.56%
June 30, 2016	30,557,558	30,557,558	-	218,100,620	14.01%

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

Schedule of Changes in the Net Pension Liability and Related Ratios - City - unaudited
Year Ended June 30, 2025

City Employees	2016*	2017*	2018*	2019*	2020*
Total pension liability					
Service cost	18,816,001	19,256,498	19,415,271	20,662,658	21,283,410
Interest cost	55,502,643	57,375,617	60,663,347	62,557,454	65,066,734
Changes of Assumptions	-	-	2,557,592	-	28,194,184
Difference between expected and actual experience	(8,933,171)	11,760,453	(11,011,574)	979,966	5,243,769
Benefit payments, including refunds of employee contributions	(37,233,496)	(40,023,900)	(42,826,108)	(46,305,819)	(50,400,608)
Net change in total pension liability	28,151,977	48,368,668	28,798,528	37,894,259	69,387,489
Total pension liability - beginning	811,511,649	839,663,626	888,032,294	916,830,822	954,725,081
Total pension liability - ending	839,663,626	888,032,294	916,830,822	954,725,081	1,024,112,570
Plan fiduciary net position					
Contributions - employer	23,309,941	23,585,872	20,970,594	21,536,966	23,141,407
Contributions - employee	7,364,024	7,428,153	7,699,143	7,846,621	8,054,466
Net investment income	31,352,624	12,288,110	86,401,631	57,749,705	54,452,765
Benefit payments, including refunds of employee contributions	(37,233,496)	(40,023,900)	(42,826,108)	(46,305,819)	(50,400,608)
Administrative expense	(429,327)	(441,129)	(502,418)	(502,161)	(546,363)
Other	(6,630)	(5,228)	(76,806)	(51,279)	(34,366)
Net change in plan fiduciary net position	24,357,136	2,831,878	71,666,036	40,274,033	34,667,301
Plan fiduciary net position - beginning	687,072,642	711,429,778	714,261,656	785,927,692	826,201,725
Plan fiduciary net position - ending	711,429,778	714,261,656	785,927,692	826,201,725	860,869,026
Net pension liability - ending	128,233,848	173,770,638	130,903,130	128,523,356	163,243,544
Plan fiduciary net position as a percentage of total pension liability	84.73%	80.43%	85.72%	86.54%	84.06%
Covered payroll	144,086,821	147,330,182	153,143,100	166,190,173	172,224,775
Net pension liability as a percentage of covered payroll	89.00%	117.95%	85.48%	77.34%	94.79%

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

Schedule of Changes in the Net Pension Liability and Related Ratios - City - unaudited
 Year Ended June 30, 2025

City Employees	2021*	2022*	2023*	2024*	2025*
Total pension liability					
Service cost	23,197,245	22,704,749	24,405,566	29,120,955	31,518,222
Interest cost	67,336,814	70,456,742	76,175,144	78,901,129	83,685,009
Changes of Assumptions	-	40,716,866	-	-	-
Difference between expected and actual experience	10,568,314	(15,288,086)	(4,099,122)	26,094,375	30,427,722
Benefit payments, including refunds of employee contributions	(53,060,290)	(56,702,122)	(59,855,418)	(61,768,617)	(69,514,257)
Net change in total pension liability	48,042,083	61,888,149	36,626,170	72,347,842	76,116,696
Total pension liability - beginning	1,024,112,570	1,072,154,653	1,134,042,802	1,170,668,972	1,243,016,814
Total pension liability - ending	1,072,154,653	1,134,042,802	1,170,668,972	1,243,016,814	1,319,133,510
Plan fiduciary net position					
Contributions - employer	23,814,509	25,873,056	27,100,255	33,933,407	35,829,101
Contributions - employee	8,283,225	8,224,927	8,643,067	9,701,330	10,218,362
Net investment income	16,369,883	231,870,014	(907,605)	66,827,368	104,839,250
Benefit payments, including refunds of employee contributions	(53,060,290)	(56,702,122)	(59,855,418)	(61,768,617)	(69,514,257)
Administrative expense	(562,434)	(582,574)	(663,216)	(664,550)	(703,456)
Other	(24,582)	21,838	21,766	24,194	20,356
Net change in plan fiduciary net position	(5,179,689)	208,705,139	(25,661,151)	48,053,132	80,689,356
Plan fiduciary net position - beginning	860,869,026	855,689,337	1,064,394,476	1,038,733,325	1,086,786,457
Plan fiduciary net position - ending	855,689,337	1,064,394,476	1,038,733,325	1,086,786,457	1,167,475,813
Net pension liability - ending	216,465,316	69,648,326	131,935,647	156,230,357	151,657,697
Plan fiduciary net position as a percentage of total pension liability	79.81%	93.86%	88.73%	87.43%	88.50%
Covered payroll	171,106,184	179,329,050	178,365,924	204,799,376	217,091,522
Net pension liability as a percentage of covered payroll	126.51%	38.84%	73.97%	76.28%	69.86%

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

Schedule of Changes in the Net Pension Liability and Related Ratios - Schools - unaudited
Year Ended June 30, 2025

Schools' Nonprofessional Employees:	2016*	2017*	2018*	2019*	2020*
Total pension liability					
Service cost	2,148,602	2,136,694	2,097,124	1,999,505	1,907,133
Interest cost	6,232,246	6,531,345	6,711,839	6,796,198	6,993,180
Difference between expected and actual experience	366,267	(1,148,254)	(1,139,936)	(213,340)	(7,036)
Change in assumption	-	-	(1,036,291)	-	2,840,241
Benefit payments, including refunds of employee contributions	(4,230,322)	(4,718,205)	(5,164,407)	(5,690,801)	(5,845,861)
Net change in total pension liability	4,516,793	2,801,580	1,468,329	2,891,562	5,887,657
Total pension liability - beginning	91,147,244	95,664,037	98,465,617	99,933,946	102,825,508
Total pension liability - ending	95,664,037	98,465,617	99,933,946	102,825,508	108,713,165
Plan fiduciary net position					
Contributions - employer	2,321,495	2,290,549	1,927,178	1,858,617	1,764,432
Contributions - employee	1,063,283	1,052,203	1,052,494	1,015,533	1,006,106
Net investment income	3,503,699	1,365,632	9,566,139	6,334,762	5,917,505
Benefit payments, including refunds of employee contributions	(4,230,322)	(4,718,205)	(5,164,407)	(5,690,801)	(5,845,861)
Administrative expense	(48,093)	(49,417)	(56,156)	(55,879)	(60,104)
Other	(743)	(582)	(8,489)	(5,606)	(3,717)
Net change in plan fiduciary net position	2,609,319	(59,820)	7,316,759	3,456,626	2,778,361
Plan fiduciary net position - beginning	77,002,477	79,611,796	79,551,976	86,868,735	90,325,361
Plan fiduciary net position - ending	79,611,796	79,551,976	86,868,735	90,325,361	93,103,722
Net pension liability - ending	16,052,241	18,913,641	13,065,211	12,500,147	15,609,443
Plan fiduciary net position as a percentage of total pension liability	83.22%	80.79%	86.93%	87.84%	85.64%
Covered payroll	21,478,860	21,335,475	21,645,530	21,169,819	21,167,806
Net pension liability as a percentage of covered payroll	74.74%	88.65%	60.36%	59.05%	73.74%

Schedule of Changes in the Net Pension Liability and Related Ratios - Schools - unaudited
Year Ended June 30, 2025

Schools' Nonprofessional Employees:	2021*	2022*	2023*	2024*	2025*
Total pension liability					
Service cost	1,968,095	1,932,319	1,794,540	2,040,728	2,134,423
Interest cost	7,136,628	7,486,062	7,982,992	8,232,674	8,628,162
Difference between expected and actual experience	2,232,491	(946,700)	403,925	2,458,559	2,203,891
Change in assumption	-	3,644,591	-	-	-
Benefit payments, including refunds of employee contributions	(5,970,683)	(6,350,150)	(6,747,613)	(6,709,704)	(7,223,435)
Net change in total pension liability	5,366,531	5,766,122	3,433,844	6,022,257	5,743,041
Total pension liability - beginning	108,713,165	114,079,696	119,845,818	123,279,662	129,301,919
Total pension liability - ending	114,079,696	119,845,818	123,279,662	129,301,919	135,044,960
Plan fiduciary net position					
Contributions - employer	1,814,702	2,041,421	2,074,259	2,569,577	2,332,517
Contributions - employee	1,037,991	996,104	1,007,104	1,177,308	1,069,748
Net investment income	1,744,842	24,690,149	(71,229)	6,988,152	10,850,626
Benefit payments, including refunds of employee contributions	(5,970,683)	(6,350,150)	(6,747,613)	(6,709,704)	(7,223,435)
Administrative expense	(61,365)	(62,944)	(70,760)	(70,364)	(74,689)
Other	(2,145)	2,319	2,565	(1,375)	1,638
Net change in plan fiduciary net position	(1,436,658)	21,316,899	(3,805,674)	3,953,594	6,956,405
Plan fiduciary net position - beginning	93,103,722	91,667,064	112,983,963	109,178,289	113,131,883
Plan fiduciary net position - ending	91,667,064	112,983,963	109,178,289	113,131,883	120,088,288
Net pension liability - ending	22,412,632	6,861,855	14,101,373	16,170,036	14,956,672
Plan fiduciary net position as a percentage of total pension liability	80.35%	94.27%	88.56%	87.49%	88.92%
Covered payroll	24,324,677	21,166,859	21,642,086	24,832,144	24,716,876
Net pension liability as a percentage of covered payroll	92.14%	32.42%	65.16%	65.12%	60.51%

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

Schedule of Employer's Share of Net Pension Liability - unaudited
 VRS Teacher Retirement Plan
 Year Ended June 30, 2025

Schools' Professional Employees:	2016*	2017*	2018*	2019*	2020*
Employer's Proportion of the Net Pension Liability (Asset)	2.94792%	2.86078%	2.87861%	2.89014%	2.87783%
Employer's Proportionate Share of the Net Pension Liability (Asset)	371,035,000	400,913,000	354,010,000	\$ 339,880,000	378,738,781
Employer's Covered Payroll	219,173,315	218,100,620	225,349,626	\$ 231,560,514	238,636,634
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	169.29%	183.82%	157.09%	146.78%	158.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.68%	68.28%	72.92%	74.81%	73.51%

Schools' Professional Employees:	2021*	2022*	2023*	2024*	2025
Employer's Proportion of the Net Pension Liability (Asset)	2.91539%	2.90579%	2.92579%	3.03437%	3.02881%
Employer's Proportionate Share of the Net Pension Liability (Asset)	424,265,808	225,579,307	278,552,724	306,689,990	284,312,415
Employer's Covered Payroll	251,983,078	254,021,185	269,598,368	298,933,902	320,711,918
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	168.37%	88.80%	103.32%	102.59%	88.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	85.46%	82.61%	82.45%	84.52%

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

Schedules of Employer Contributions - Other Postemployment Benefits - City Directed - unaudited
Year Ended June 30, 2025**City Directed**

For Fiscal Year Ended	Actuarial Determined Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess) **	Covered Payroll	Percentage of Covered Payroll
June 30, 2025***	\$ 1,742,000	1,742,000	-	228,232,744	0.76%
June 30, 2024	3,702,000	3,391,556	310,444	217,091,522	1.56%
June 30, 2023	3,563,000	3,489,201	73,799	204,799,376	1.70%
June 30, 2022	3,604,000	3,647,087	(43,087)	178,365,924	2.04%
June 30, 2021	3,359,000	3,189,391	169,609	169,612,145	1.88%
June 30, 2020	2,753,000	2,558,807	194,193	171,271,305	1.49%
June 30, 2019	2,005,000	2,005,000	-	165,769,435	1.21%
June 30, 2018*	2,557,000	2,557,000	-	158,317,359	1.62%
June 30, 2017	3,089,000	3,089,000	-	153,143,100	2.02%
June 30, 2016	7,851,000	7,851,000	-	147,326,696	5.33%

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

** FY2020 through FY2021, the funding deficiency/(excess) was changed from accrual to cash basis. The net difference between the ADC and the Paygo is recorded as payable to the City and reimbursed in the following fiscal year. The effective deficiency excess is the difference between these reimbursements year over year and in FY2020 a \$2,678 adjustment.

*** Beginning in FY2025 this schedule reports the City's actuarially determined contribution (ADC) for the fiscal year, which is the portion that remains with the OPEB Trust. The OPEB note reflects payments made by the City on behalf of the Trust that may exceed the ADC and be reimbursed by the Trust, resulting in a difference between the amounts reported in the RSI and the note.

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios - City - unaudited
Year Ended June 30, 2025

City Directed OPEB Plan	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 2,470,272	2,622,677	2,840,269	2,948,154
Interest cost	5,541,256	5,405,083	5,969,997	6,517,501
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	1,925,666	6,721,119	7,506,290	3,178,399
Changes in Assumptions	(5,323,681)	-	(3,209,635)	-
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)	(5,002,653)
Net change in total OPEB liability	(1,586,829)	8,146,399	8,537,647	7,641,401
Total OPEB liability - beginning	81,783,807	80,196,978	88,343,377	96,881,023
Total OPEB liability - ending	\$ 80,196,978	88,343,377	96,881,024	104,522,424
Plan fiduciary net position				
Contributions - employer	\$ 6,200,342	5,120,704	2,558,807	3,189,391
Net investment income	6,556,557	5,272,630	5,541,530	23,826,374
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)	(5,002,653)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	6,556,557	3,790,854	3,531,063	22,013,112
Plan fiduciary net position - beginning	78,646,342	85,202,899	88,993,753	92,524,816
Plan fiduciary net position - ending	\$ 85,202,899	88,993,753	92,524,816	114,537,928
Net OPEB liability (asset) - ending	(5,005,921)	(650,376)	4,356,208	(10,015,504)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	106.24%	100.74%	95.50%	109.58%
Covered payroll	\$ 158,317,359	165,769,435	171,271,305	169,612,145
Net OPEB liability (asset) as a percentage of covered payroll	-3.16%	-0.39%	2.54%	-5.90%
Expected average remaining service years of all participants	6	6	6	6
Annual money - weighted rate of return, net of investment expense	7.98%	6.48%	6.38%	26.05%

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios - City - unaudited
Year Ended June 30, 2025

City Directed OPEB Plan	2022	2023	2024	2025
Total OPEB liability				
Service cost	3,278,093	3,858,031	4,257,870	3,414,138
Interest cost	7,044,560	7,020,038	6,886,026	6,625,563
Change of benefit terms	-	-	-	-
Difference between expected and actual experience	(7,198,696)	(9,278,850)	(5,418,314)	(19,258,527)
Changes in Assumptions	1,869,547	4,980,545	(7,878,635)	-
Benefit payments	(5,291,074)	(5,176,275)	(5,013,637)	(5,058,856)
Net change in total OPEB liability	(297,570)	1,403,489	(7,166,690)	(14,277,682)
Total OPEB liability - beginning	104,522,424	104,224,855	105,628,344	98,461,654
Total OPEB liability - ending	104,224,854	105,628,344	98,461,654	84,183,972
Plan fiduciary net position				
Contributions - employer	3,647,087	3,489,201	3,391,556	3,745,058
Net investment income	(15,446,567)	7,964,827	12,879,686	13,396,645
Benefit payments	(5,291,074)	(5,176,275)	(5,013,637)	(5,058,856)
Administrative expense	-	-	-	(72,195)
Net change in plan fiduciary net position	(17,090,554)	6,277,753	11,257,605	12,010,652
Plan fiduciary net position - beginning	114,537,928	97,447,374	103,725,127	114,982,732
Plan fiduciary net position - ending	97,447,374	103,725,127	114,982,732	126,993,384
Net OPEB liability (asset) - ending	6,777,480	1,903,217	(16,521,078)	(42,809,412)
Plan fiduciary net position as a percentage of total OPEB liability (asset)	93.50%	98.20%	116.78%	150.85%
Covered payroll	178,365,924	204,799,376	217,091,522	228,232,744
Net OPEB liability (asset) as a percentage of covered payroll	3.80%	0.93%	-7.61%	-18.76%
Expected average remaining service years of all participants	6	6	6	6
Annual money - weighted rate of return, net of investment expense	(13.56)%	8.23%	12.57%	11.75%

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-8

Schedule of City of Chesapeake Proportionate Share of Net OPEB Liability (Asset) -
 VRS Directed Programs - unaudited
 Year Ended June 30, 2025

	2018	2019	2020	2021
Virginia Local Disability Program				
Employers Proportion of the Net VLDP OPEB Liability (Asset)	9.82223%	10.44129%	10.23567%	10.26223%
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability (Asset)	\$ 56,000	81,000	207,356	102,442
City of Chesapeake Covered Payroll	17,984,904	31,630,332	38,240,626	40,810,710
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability (Asset) as a percentage of its covered payroll	0.31%	0.26%	0.54%	0.25%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability (Asset)	38.40%	51.39%	49.19%	76.84%
Group Life Insurance Program				
Employers Proportion of the Net GLIP OPEB Liability (Asset)	0.84410%	0.84669%	0.85198%	0.84104%
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability (Asset)	\$ 12,702,000	12,859,000	13,863,982	14,035,581
City of Chesapeake Covered Payroll	153,143,100	167,015,386	173,088,056	172,114,265
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability (Asset) as a percentage of its covered payroll	8.29%	7.70%	8.01%	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability (Asset)	48.86%	51.22%	52.00%	52.64%
Line of Duty Act				
Employers Proportion of the Net LODA OPEB Liability (Asset)	6.09451%	6.18415%	6.53382%	6.25720%
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability (Asset)	\$ 16,016,000	19,387,000	23,442,441	26,187,356
City of Chesapeake Covered Payroll	153,143,100	158,317,359	165,769,435	171,271,305
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability (Asset) as a percentage of its covered payroll	*	*	*	*
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability (Asset)	1.30%	0.60%	0.79%	1.02%

* Contributions to the Line of Duty Trust Fund are based on the number of participants in the program using a per-capita based contribution versus a payroll-based contribution.

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

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

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-8, Continued

Schedule of City of Chesapeake Proportionate Share of Net OPEB Liability (Asset) -
VRS Directed Programs - unaudited
Year Ended June 30, 2025

	2022	2023	2024	2025
Virginia Local Disability Program				
Employers Proportion of the Net VLDP OPEB Liability (Asset)	10.15913%	9.81381%	9.79169%	9.16822%
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability (Asset)	(102,838)	(57,700)	(157,548)	(330,739)
City of Chesapeake Covered Payroll	45,976,591	45,426,253	59,442,809	70,336,822
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability (Asset) as a percentage of its covered payroll	(0.22)%	(0.13)%	(0.27)%	(0.47)%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability (Asset)	119.59%	107.99%	116.89%	129.50%
Group Life Insurance Program				
Employers Proportion of the Net GLIP OPEB Liability (Asset)	0.83363%	0.83069%	0.87445%	0.85297%
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability (Asset)	9,705,715	10,002,309	10,487,396	9,518,481
City of Chesapeake Covered Payroll	180,696,163	178,365,924	204,799,376	217,091,522
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability (Asset) as a percentage of its covered payroll	5.37%	5.61%	5.12%	4.38%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability (Asset)	67.45%	67.21%	69.30%	73.41%
Line of Duty Act				
Employers Proportion of the Net LODA OPEB Liability (Asset)	6.76533%	6.65101%	6.19899%	6.60608%
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability (Asset)	29,834,537	25,171,107	24,851,701	25,998,543
City of Chesapeake Covered Payroll	169,612,145	178,365,924	204,799,376	217,091,522
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability (Asset) as a percentage of its covered payroll	*	*	*	*
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability (Asset)	1.68%	1.87%	1.31%	1.22%

* Contributions to the Line of Duty Trust Fund are based on the number of participants in the program using a per-capita based contribution versus a payroll-based contribution.

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

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

Schedule of Changes in the Net OPEB Liability and Related Ratios - Schools - unaudited
Year Ended June 30, 2025

Schools Directed OPEB Plan	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 5,640,881	4,948,794	4,726,009	5,258,384	6,181,037
Interest cost	4,683,042	5,496,930	5,633,989	5,240,229	4,601,350
Change in benefit terms	-	-	-	(3,033,535)	-
Difference between expected and actual experience	(1,299,051)	(2,077,490)	(1,937,712)	3,168,388	(24,972,132)
Change in assumption	(13,473,773)	(698,818)	8,959,393	14,887,367	7,910,410
Benefit payments	(5,681,682)	(5,481,286)	(5,223,504)	(5,020,164)	(4,868,389)
Net change in total OPEB liability	(10,130,583)	2,188,130	12,158,175	20,500,669	(11,147,724)
Total OPEB liability - beginning	167,158,106	157,027,523	159,215,653	171,373,828	191,874,497
Total OPEB liability - ending	\$ 157,027,523	159,215,653	171,373,828	191,874,497	180,726,773
Plan fiduciary net position					
Contributions - employer	\$ 5,681,862	5,481,286	5,223,504	5,020,164	4,868,389
Net investment income	354,865	296,635	153,792	105,287	1,106,374
Benefit payments	(5,681,862)	(5,481,286)	(5,223,504)	(5,020,164)	(4,868,389)
Net change in plan fiduciary net position	354,865	296,635	153,792	105,287	1,106,374
Plan fiduciary net position - beginning	2,786,002	3,140,867	3,437,502	3,591,294	3,696,581
Plan fiduciary net position - ending	\$ 3,140,867	3,437,502	3,591,294	3,696,581	4,802,955
Net OPEB liability - ending	\$ 153,886,656	155,778,151	167,782,534	188,177,916	175,923,818
Plan fiduciary net position as a percentage of total OPEB liability	2.00%	2.16%	2.10%	1.93%	2.66%
Covered payroll	\$ 246,995,156	252,730,333	259,804,440	276,307,755	275,188,044
Net OPEB liability as a percentage of covered payroll	62.30%	61.64%	64.58%	68.10%	63.93%
Expected average remaining service years of all participants	7	7	7	7	8
Annual money - weighted rate of return, net of investment expense	13.04%	9.52%	9.00%	5.90%	30.08%

Schedule of Changes in the Net OPEB Liability and Related Ratios - Schools - unaudited
Year Ended June 30, 2025

Schools Directed OPEB Plan	2022	2023	2024	2025
Total OPEB liability				
Service cost	5,923,823	3,908,729	3,758,090	3,349,823
Interest cost	3,411,918	5,439,879	5,669,209	5,774,633
Change in benefit terms	-	-	-	-
Difference between expected and actual experience	(1,101,266)	(1,879,747)	(3,983,249)	(1,591,786)
Change in assumption	(33,141,260)	(2,696,735)	(5,399,298)	(12,201,361)
Benefit payments	(4,944,112)	(5,027,600)	(5,105,441)	(5,313,809)
Net change in total OPEB liability	(29,850,897)	(255,474)	(5,060,689)	(9,982,500)
Total OPEB liability - beginning	180,726,773	150,875,876	150,620,402	145,559,713
Total OPEB liability - ending	150,875,876	150,620,402	145,559,713	135,577,213
Plan fiduciary net position				
Contributions - employer	4,944,112	5,027,600	5,105,441	5,313,809
Net investment income	(448,653)	192,356	572,843	446,967
Benefit payments	(4,944,112)	(5,027,600)	(5,105,441)	(5,313,809)
Net change in plan fiduciary net position	(448,653)	192,356	572,843	446,967
Plan fiduciary net position - beginning	4,802,955	4,354,302	4,546,658	5,119,501
Plan fiduciary net position - ending	4,354,302	4,546,658	5,119,501	5,566,468
Net OPEB liability - ending	146,521,574	146,073,744	140,440,212	130,010,745
Plan fiduciary net position as a percentage of total OPEB liability	2.89%	3.02%	3.52%	4.11%
Covered payroll	291,240,455	323,766,048	345,428,794	364,413,160
Net OPEB liability as a percentage of covered payroll	50.31%	45.12%	40.66%	35.68%
Expected average remaining service years of all participants	8	8	8	8
Annual money - weighted rate of return, net of investment expense	(9.66)%	7.91%	9.36%	9.36%

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

Schedule of City of Chesapeake Schools' Proportionate Share of Net OPEB Liability (Asset) - VRS Directed Programs - unaudited
 Year Ended June 30, 2025

	2018	2019	2020	2021
Virginia Local Disability Program				
Employers' Proportion of the Net VLDP OPEB Liability				
Nonprofessional employees	1.77573%	1.75555%	1.82867%	1.78686%
Professional employees	7.09952%	7.69735%	8.22729%	8.79621%
Schools' Proportionate Share of the Net VLDP OPEB Liability (Asset)				
Nonprofessional employees	\$ 10,000	14,000	37,046	17,838
Professional employees	42,000	58,000	47,828	70,571
Schools' Covered Payroll				
Nonprofessional employees	3,260,758	4,262,590	5,650,999	6,658,479
Professional employees	20,034,887	28,701,027	39,452,671	52,029,564
Schools' Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll				
Nonprofessional employees	0.31%	0.33%	0.66%	0.27%
Professional employees	0.21%	0.20%	0.12%	0.14%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability				
Nonprofessional employees	38.40%	51.39%	49.21%	76.84%
Professional employees	31.96%	46.18%	74.07%	78.28%
Group Life Insurance Program				
Employers' Proportion of the Net GLIP OPEB Liability				
Nonprofessional employees	0.11811%	0.11253%	0.10886%	0.10789%
Professional employees	1.22538%	1.22538%	1.22286%	1.22781%
Schools' Proportionate Share of the Net GLIP OPEB Liability				
Nonprofessional employees	\$ 1,777,000	1,709,000	1,771,442	1,800,507
Professional employees	18,440,000	18,568,000	19,899,187	20,490,139
Schools' Covered Payroll				
Nonprofessional employees	21,784,960	21,396,564	21,340,312	22,203,675
Professional employees	226,026,199	232,470,818	239,721,566	252,686,782
Schools' Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll				
Nonprofessional employees	8.16%	7.99%	8.30%	8.11%
Professional employees	8.16%	7.99%	8.30%	8.11%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability				
Nonprofessional employees	48.86%	51.22%	52.00%	52.64%
Professional employees	48.86%	51.22%	52.00%	52.64%
Health Insurance Credit Program - Professional Employees				
Employers' Proportion of the Net HICP OPEB Liability	2.85627%	2.86573%	2.84923%	2.87581%
Schools' Proportionate Share of the Net HICP OPEB Liability	\$ 36,235,000	36,386,000	37,299,191	37,515,416
Schools' Covered Payroll	225,417,292	231,762,672	238,983,997	252,115,534
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	16.07%	15.70%	15.61%	14.88%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	7.04%	8.08%	8.97%	9.95%
Health Insurance Credit Program - Non-professional Employees*				
Schools' Proportionate Share of the Net HICP OPEB Liability	\$ -	-	-	2,516,734
Schools' Covered Payroll	-	-	-	21,554,429
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	N/A	N/A	N/A	11.68%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	N/A	N/A	N/A	0.00%

*2021 is the first year for the Health Insurance Credit Program - Non-professional Employees.

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

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-10, Continued

Schedule of City of Chesapeake Schools' Proportionate Share of Net OPEB Liability (Asset) - VRS Directed Programs - unaudited
Year Ended June 30, 2025

	2022	2023	2024	2025
Virginia Local Disability Program				
Employers' Proportion of the Net VLDP OPEB Liability				
Nonprofessional employees	1.73527%	1.64687%	1.63499%	1.39286%
Professional employees	9.32640%	9.94060%	10.65817%	10.78820%
Schools' Proportionate Share of the Net VLDP OPEB Liability (Asset)				
Nonprofessional employees	(17,565)	(9,683)	(26,307)	(50,247)
Professional employees	(65,659)	(11,177)	70,762	(96,654)
Schools' Covered Payroll				
Nonprofessional employees	6,970,810	7,715,418	10,007,283	10,772,928
Professional employees	62,758,457	80,007,589	99,529,741	116,721,099
Schools' Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll				
Nonprofessional employees	(0.25)%	(0.13)%	(0.26)%	(0.47)%
Professional employees	(0.10)%	(0.01)%	0.07%	(0.08)%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability				
Nonprofessional employees	119.59%	107.99%	116.89%	129.49%
Professional employees	114.46%	101.57%	93.78%	107.03%
Group Life Insurance Program				
Employers' Proportion of the Net GLIP OPEB Liability				
Nonprofessional employees	0.10386%	0.10055%	0.10772%	0.09808%
Professional employees	1.23488%	1.24618%	1.27462%	1.25468%
Schools' Proportionate Share of the Net GLIP OPEB Liability				
Nonprofessional employees	1,209,212	1,210,719	1,291,900	1,094,496
Professional employees	14,377,354	15,005,209	15,286,689	14,001,251
Schools' Covered Payroll				
Nonprofessional employees	21,443,236	21,872,322	25,374,870	25,183,439
Professional employees	254,955,804	271,074,875	300,242,183	322,157,020
Schools' Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll				
Nonprofessional employees	5.64%	5.54%	5.09%	4.35%
Professional employees	5.64%	5.54%	5.09%	4.35%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability				
Nonprofessional employees	67.45%	67.21%	69.30%	73.41%
Professional employees	67.45%	67.21%	69.30%	73.41%
Health Insurance Credit Program - Professional Employees				
Employers' Proportion of the Net HICP OPEB Liability	2.87325%	2.90151%	3.00630%	2.99240%
Schools' Proportionate Share of the Net HICP OPEB Liability	36,880,152	36,241,210	36,418,841	34,660,657
Schools' Covered Payroll	254,108,820	270,425,514	299,761,258	321,333,452
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	14.51%	13.40%	12.15%	10.79%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	13.15%	15.08%	17.90%	21.82%
Health Insurance Credit Program - Non-professional Employees*				
Schools' Proportionate Share of the Net HICP OPEB Liability	2,562,866	2,539,768	1,123,411	839,268
Schools' Covered Payroll	21,227,603	21,652,899	25,039,644	24,695,038
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	12.07%	11.73%	4.49%	3.40%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	7.94%	12.43%	34.67%	50.05%

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

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-11

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited
Year Ended June 30, 2025

Fiscal year ended June 30:	Annual Required Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
City - VRS Directed Programs					
Virginia Local Disability Program					
2025	\$ 593,766	593,766	-	79,297,224	0.75%
2024	595,481	595,481	-	70,336,822	0.85%
2023	504,373	504,373	-	51,010,034	0.99%
2022	371,083	371,083	-	45,426,253	0.82%
2021	381,606	381,606	-	51,010,034	0.75%
2020	338,729	338,729	-	40,810,710	0.83%
2019	275,333	275,333	-	38,240,626	0.72%
2018	227,738	227,738	-	31,630,332	0.72%
2017	108,219	108,219	-	17,984,904	0.60%
2016	68,377	68,377	-	8,027,845	0.85%
Group Life Insurance					
2025	\$ 1,092,235	1,092,235	-	228,232,744	0.48%
2024	1,178,237	1,178,237	-	217,091,522	0.54%
2023	1,109,774	1,109,774	-	204,799,376	0.54%
2022	960,852	960,852	-	178,365,924	0.54%
2021	975,759	975,759	-	180,696,163	0.54%
2020	929,417	929,417	-	172,114,265	0.54%
2019	900,058	900,058	-	173,088,056	0.52%
2018	868,480	868,480	-	167,015,386	0.52%
2017	809,643	809,643	-	153,143,100	0.53%
2016	716,757	716,757	-	147,330,182	0.49%
Line of Duty Act *					
2025	\$ 1,253,779	1,253,779	-	228,232,744	0.55%
2024	995,793	995,793	-	217,091,522	0.46%
2023	822,640	822,640	-	204,799,376	0.40%
2022	909,370	909,370	-	178,365,924	0.51%
2021	931,427	931,427	-	180,696,163	0.52%
2020	849,747	849,747	-	172,114,265	0.49%
2019	768,062	768,062	-	173,088,056	0.44%
2018	658,716	658,716	-	167,015,386	0.39%
2017	657,156	657,156	-	153,143,100	0.43%
2016	583,954	583,954	-	147,330,182	0.40%

*The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-11, Continued

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited
Year Ended June 30, 2025

Fiscal year ended June 30:	Annual Required Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
Schools - VRS Directed Programs					
Virginia Local Disability Program					
Nonprofessional employees					
2025	\$ 101,720	101,720	-	13,745,914	0.74%
2024	91,570	91,570	-	10,772,928	0.85%
2023	85,062	85,062	-	10,007,283	0.85%
2022	64,038	64,038	-	7,715,418	0.83%
2021	57,858	57,858	-	6,970,810	0.83%
2020	47,941	47,941	-	6,658,479	0.72%
2019	35,036	35,036	-	5,650,999	0.62%
2018	25,576	25,576	-	4,262,590	0.60%
2017	19,565	19,565	-	3,260,758	0.60%
2016	13,986	13,986	-	2,330,961	0.60%
Professional employees					
2025	598,169	598,169	-	132,926,492	0.45%
2024	547,179	547,179	-	116,421,099	0.47%
2023	467,790	467,790	-	99,529,741	0.47%
2022	376,036	376,036	-	80,007,589	0.47%
2021	294,965	294,965	-	62,758,457	0.47%
2020	213,321	213,321	-	52,029,564	0.41%
2019	161,756	161,756	-	39,452,671	0.41%
2018	88,973	88,973	-	28,701,027	0.31%
2017	62,108	62,108	-	20,034,887	0.31%
2016	30,785	30,785	-	10,615,473	0.29%
Group Life Insurance					
Nonprofessional employees					
2025	\$ 128,651	128,651	-	27,372,601	0.47%
2024	135,991	135,991	-	25,183,439	0.54%
2023	137,024	137,024	-	25,374,870	0.54%
2022	118,111	118,111	-	21,872,322	0.54%
2021	115,793	115,793	-	21,443,236	0.54%
2020	115,459	115,459	-	22,203,675	0.52%
2019	110,970	110,970	-	21,340,312	0.52%
2018	111,262	111,262	-	21,396,564	0.52%
2017	113,282	113,282	-	21,784,960	0.52%
2016	103,034	103,034	-	21,465,516	0.48%
Professional employees					
2025	1,592,432	1,592,432	-	338,815,233	0.47%
2024	1,739,648	1,739,648	-	322,157,020	0.54%
2023	1,621,308	1,621,308	-	300,242,183	0.54%
2022	1,463,804	1,463,804	-	271,074,875	0.54%
2021	1,376,761	1,376,761	-	254,955,804	0.54%
2020	1,313,971	1,313,971	-	252,686,782	0.52%
2019	1,246,552	1,246,552	-	239,721,566	0.52%
2018	1,208,848	1,208,848	-	232,470,818	0.52%
2017	1,175,336	1,175,336	-	226,026,199	0.52%
2016	1,050,010	1,050,010	-	218,752,180	0.48%

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

(Continued)

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited
Year Ended June 30, 2025

Fiscal year ended June 30:	Annual Required Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
Schools - VRS Directed Programs					
Health Insurance Credit Program					
Nonprofessional employees*					
2025	\$ 284,618	284,618	-	26,850,772	1.06%
2024	261,767	261,767	-	24,695,038	1.06%
2023	265,420	265,420	-	25,039,644	1.06%
2022	201,372	201,372	-	21,652,899	0.93%
2021	197,417	197,417	-	21,227,603	0.93%
Professional employees					
2025	4,087,721	4,087,721	-	337,828,159	1.21%
2024	3,888,135	3,888,135	-	321,333,452	1.21%
2023	3,627,111	3,627,111	-	299,761,258	1.21%
2022	3,272,149	3,272,149	-	270,425,514	1.21%
2021	3,074,717	3,074,717	-	254,108,820	1.21%
2020	3,025,386	3,025,386	-	252,115,534	1.20%
2019	2,867,808	2,867,808	-	238,983,997	1.20%
2018	2,850,681	2,850,681	-	231,762,672	1.23%
2017	2,502,132	2,502,132	-	225,417,292	1.11%
2016	2,312,292	2,312,292	-	218,140,798	1.06%

*2021 is the first year for the Health Insurance Credit Program - Non-professional Employees.

Notes to Required Supplementary Information
June 30, 2025

(1) Budgets and Budgetary Accounting

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

Annual budget requests of the General Fund, Special Revenue Funds (except the Community Development Fund, Grants Fund, Open Space Agriculture Preservation Fund, Proffers Fund, and Housing Trust Fund), Debt Service Fund, and Enterprise Funds (excluding construction funds) for the ensuing fiscal year are submitted to the City Manager by department or agency heads during the second quarter of the fiscal year. The City Manager reviews the requests and meets with department heads to discuss the requests. The General Capital Projects Fund, Public Utilities Construction Funds, Chesapeake Transportation System Construction Fund, Stormwater Management Construction Fund, Grants Fund, Open Space Agriculture Preservation Fund, Proffers Fund, Housing Trust Fund, and the Community Development Fund utilize project budgets in lieu of legally adopted annual budgets.

Section 5.02 of the City Charter states that “the City Manager shall submit to the Council an operating budget and a budget message at least 90 days prior to the beginning of each fiscal year”. This budget includes the Public Schools budget request as adopted by the School Board which is by law a separate and autonomous “body politic”. The City Manager can recommend a revision only in the total estimated resources and requirements in the School Board budget request. The City Council makes an annual appropriation to the Public Schools but is prohibited from exercising any control over specific expenditures of the Public Schools operating funds.

The budget is required to be adopted at the fund level by a majority vote of the City Council at least 47 days prior to the end of the current fiscal year.

After work sessions and public hearings, the City Manager’s recommended budget may be amended as necessary by the City Council and an appropriations ordinance, tax levy, and other revenue enhancements as may be necessary to balance the budget are adopted. Tax rates are established prior to the beginning of the fiscal year.

The City Council may authorize supplemental appropriations during the fiscal year based on the availability of financial resources. Effective with the budget year beginning July 1, 2016, the City Manager is authorized by City Council to make transfers of appropriations within the operating budget of up to \$250,000 and is required to notify City Council of any such transfers. City Council must authorize any transfer of appropriations within the operating budget greater than \$250,000, transfers between capital projects greater than \$250,000, transfers between the operating and capital budgets, and any amendments that alter total appropriations. The legal level of budgetary control rests within the program at the major expense category.

Each appropriation in a legally adopted annual budget lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. The annual operating budget ordinance reappropriates outstanding encumbrances and grant budgets under the following year’s budget. Because encumbrances outstanding at year end are reappropriated under the following year’s budget adoption process, encumbrances are considered expenditures (for budgetary purposes) in the year that the expenditure is incurred.

Appropriations for funds utilizing capital project budgets do not lapse at year end but are multi-year and continue until the purpose of the appropriation has been fulfilled or abandoned. Appropriations under the capital improvement program are considered abandoned if three years pass without any disbursement or encumbrance of the appropriation. The level of budgetary control is on a project basis with additional controls being exercised administratively, as reasonable and necessary.

Notes to Required Supplementary Information
June 30, 2025

Budgets for all funds are adopted on a budgetary basis. Budgeted amounts reflected in the basic financial statements are as originally adopted and as amended by City Council. A reconciliation between differences in the actual amounts reported under the budgetary basis and the GAAP basis of accounting is provided on the face of the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund in the Required Supplementary Information section.

The original budget includes the adjustments necessary to bring forward the reappropriated encumbrances as authorized in the annual budget resolution.

(2) Retirement Plans

Changes of benefit terms – All Plans

There have been no actuarially material changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period 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:

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post- retirement healthy,	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
Retirement Rates - Nonhazardous	Adjust rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age
Retirement Rates - Hazardous	Adjusted rates to better fit experience and change final retirement age from 65 to 70
Retirement Rates - Teachers	Adjusted 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.
Withdrawal Rates - Nonhazardous	Adjust rates to better fit experience at each year age and service through 9 years of service
Withdrawal Rates - Hazardous	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 Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Notes to Required Supplementary Information
June 30, 2025

(3) Other Postemployment Benefit Plans

Changes of benefit terms – All VRS Plans

There have been no actuarially material changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period 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 (not applicable to the Line of Duty Plan). Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

VRS Plans-

Health Insurance Credit Program

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
Withdrawal Rates	Adjusted rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Disability Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Group Life Insurance Program

General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
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 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Notes to Required Supplementary Information
June 30, 2025

Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement 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	No change

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan1; set separate rates based on experience for Plan2/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 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Line of Duty Act Plan

General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
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

Notes to Required Supplementary Information
June 30, 2025

Virginia Local Disability Program

General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
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 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan1; set separate rates based on experience for Plan2/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 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

City Directed OPEB Plan

Changes of benefit terms - There have been no actuarially material benefit changes.

Changes of assumptions -

- The healthcare cost trend assumption was updated based on the 2024 Getzen model released by the SOA.

School Sponsored OPEB Plans

Changes of benefit terms - There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Notes to Required Supplementary Information
June 30, 2025

Changes in methods and assumptions since prior valuation

- The discount rate was updated to the latest index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. This rate was 4.81% as of June 30, 2025 and 3.86% as of June 30, 2023.
- The retirement, withdrawal, disability, and salary scale assumptions have been updated to be consistent with the VRS experience study for the four-year period ended June 30, 2020.
- The mortality improvement scale assumption has been updated to MP2021.

Other Supplementary Information -
Combining and Individual Fund
Schedules



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Chesapeake
VIRGINIA

General Fund

General Fund – To account for all revenues and expenditures of the City which are not accounted for in other funds. Revenues are primarily derived from general property taxes, other local taxes, charges for services, and revenue from state and federal grants.

A significant part of the General Fund's revenue is transferred to component units and other funds, principally to fund operations of the Chesapeake Public Schools, the Virginia Public Assistance Fund, the Integrated Behavioral Healthcare Fund, debt service requirements for the City, Public Schools, and Economic Development Authority, and to fund construction projects.



CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1

General Fund
 Schedule of Revenues and Other Financing Sources -
 Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes			
Current taxes on real property	\$ 358,390,749	353,347,436	(5,043,313)
Current taxes on public service corporations	13,063,315	13,748,909	685,594
Current taxes on personal property	69,794,833	67,817,191	(1,977,642)
Delinquent taxes on real property	2,440,903	4,178,714	1,737,811
Delinquent taxes on personal property	16,000,000	30,194,414	14,194,414
Penalties, interest, and advertising	4,327,250	6,176,271	1,849,021
Total general property taxes	464,017,050	475,462,935	11,445,885
Other local taxes			
Local sales and use taxes	60,612,611	60,312,147	(300,464)
Consumer utility taxes	10,900,495	11,260,399	359,904
Communications sales tax	2,854,939	2,769,157	(85,782)
Business license taxes	34,237,591	36,860,975	2,623,384
Local utility consumption tax	781,375	899,580	118,205
Bank stock taxes	1,831,519	1,806,221	(25,298)
Taxes on recordation and wills	4,006,737	3,780,797	(225,940)
Tobacco taxes	3,633,257	3,171,922	(461,335)
Lodging tax	7,377,947	6,703,380	(674,567)
Restaurant food tax	41,538,874	41,427,358	(111,516)
Admission taxes	1,075,558	1,055,548	(20,010)
Short-term rental taxes	1,324,496	1,475,739	151,243
Pari-mutuel wagering pool tax	30,000	21,981	(8,019)
Total other local taxes	170,205,399	171,545,204	1,339,805
Revenues from local sources			
Licenses, permits, and fees:			
Bicycle licenses	-	9	9
Building structure and equipment permits	1,794,633	1,777,308	(17,325)
Precious metals and gems permits	2,500	9,100	6,600
Palmistry permits	-	600	600
Highway and driveway permits	17,418	22,100	4,682
Transfer fees	6,715	6,128	(587)
Zoning inspection fees	137,545	139,675	2,130
Building inspection fees	102,499	164,650	62,151
Electrical inspection fees	382,935	344,564	(38,371)
Elevator inspection fees	20,910	21,550	640
Plumbing inspection fees	180,000	163,913	(16,087)
Mechanical permits	543,528	644,812	101,284
Subdivision review fees	449,495	399,674	(49,821)
Solicitors permits	3,000	4,484	1,484
Taxi operators licenses	250	-	(250)
Motor vehicle license	7,380,347	7,719,868	339,521
Inspection fees - gas appliances	70,487	61,800	(8,687)
Animal license and fees	260,801	223,249	(37,552)
Rodent free certification fee	5,040	2,450	(2,590)
Rental inspection fees	11,650	7,410	(4,240)
Total licenses, permits, and fees	11,369,753	11,713,344	343,591
Fines and forfeitures	536,832	783,545	246,713
Investment income	4,000,000	20,979,472	16,979,472

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund
 Schedule of Revenues and Other Financing Sources -
 Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
Revenues from local sources, continued:			
Revenues from use of property:			
Rental of general property	\$ 761,613	738,988	(22,625)
Rental of recreational properties and facilities	624,684	536,464	(88,220)
Library rental revenue	40,000	31,659	(8,341)
Rental of showmobile	4,000	4,450	450
Total revenues from use of property	1,430,297	1,311,561	(118,736)
Charges for services:			
Special court costs	14,892	26,740	11,848
Law library fees	99,000	117,465	18,465
Accident report fees	41,000	42,049	1,049
Municipal court fees	15,000	25,653	10,653
Civil penalties	80,051	13,498	(66,553)
Non-support fees	31,870	39,824	7,954
Commonwealth's Attorney fees	22,610	24,438	1,828
Police escort fees	21,250	35,336	14,086
Sale of service - police	160,000	101,794	(58,206)
Fire report fees	1,650	130	(1,520)
Sheriff fees	22,861	22,861	-
Inmate medical fees	25,000	23,782	(1,218)
Sale of service - jail	50,000	252,441	202,441
Sale of service - jail inmates	30,000	15,810	(14,190)
Inmate phone system - jail	1,404,000	1,410,474	6,474
Sale of service - Sheriff	1,544,195	1,688,038	143,843
Sale of service - public works	293,446	367,826	74,380
Recreation fees	767,485	971,072	203,587
Sale of food and beverages	19,450	14,275	(5,175)
Library fines and fees	73,850	59,241	(14,609)
Lot processing fees	47,850	84,525	36,675
Sale of service - planning	10,343	8,382	(1,961)
Returned check fees	11,050	17,358	6,308
Custodian service	40,711	-	(40,711)
Wage assignment fees	15,580	16,666	1,086
Sale of service - assessor	1,360	1,633	273
Emergency medical service fees	8,355,884	8,882,234	526,350
Administration collected fees	795,893	1,240,603	444,710
Wetland Board civil fees	19,000	19,900	900
Passport application fee	54,728	73,306	18,578
Sale of service - Commissioner of the Revenue	150,000	134,767	(15,233)
Subdivision inspection fees	521,000	647,242	126,242
Fire plan review fees	38,000	36,855	(1,145)
Zoning fees	46,075	43,699	(2,376)
Building plan fees	176,201	178,540	2,339
Inspections technology fee	69,157	64,915	(4,242)
E-Government subscription fee	24,055	26,369	2,314
Other charges for services	14,250	9,684	(4,566)
Total charges for services	15,108,747	16,739,425	1,630,678

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund
 Schedule of Revenues and Other Financing Sources -
 Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
Revenues from local sources, continued:			
Miscellaneous local revenues:			
Employee wellness investment	\$ 200,000	200,000	-
Payments in lieu of taxes	-	116,419	116,419
Sale of real property	-	40,000	40,000
Sale of ARC - public works	15,000	15,409	409
Local grant	111,320	332,029	220,709
Sale of junk and salvage	-	55,682	55,682
Escheated funds	-	134,549	134,549
Other revenue	85,320	261,159	175,839
Total miscellaneous local revenues	411,640	1,155,247	743,607
Recovered costs:			
Other recoveries and rebates	388,938	4,873,140	4,484,202
Recoveries - Jury	-	712	712
Total recovered costs	388,938	4,873,852	4,484,914
Total revenues from local sources	667,468,656	704,564,585	37,095,929
Revenues from the Commonwealth			
Noncategorical aid:			
Motor vehicle carrier taxes	160,095	188,309	28,214
Mobile home titling taxes	30,000	47,321	17,321
Daily rental taxes - auto	2,000,000	2,149,633	149,633
Deed taxes	1,000,000	1,074,955	74,955
Personal Property Tax Relief	28,590,001	28,590,001	-
Total noncategorical aid	31,780,096	32,050,219	270,123
Categorical aid:			
Shared expenses:			
Commonwealth's Attorney	2,522,719	2,738,126	215,407
Sheriff	17,551,800	17,271,718	(280,082)
Commissioner of the Revenue	527,549	545,320	17,771
Treasurer	538,387	620,525	82,138
Registrar/Electoral Board	173,527	138,164	(35,363)
Circuit Court Clerk	1,711,062	1,779,585	68,523
Agriculture	99,000	100,576	1,576
Total shared expenses	23,124,044	23,194,014	69,970

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund
 Schedule of Revenues and Other Financing Sources -
 Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
Revenues from the Commonwealth, continued:			
Other categorical aid:			
Local jail	\$ 1,455,000	1,492,224	37,224
Police	8,392,133	8,392,133	-
Street and highway maintenance	47,281,088	48,569,212	1,288,124
Excess fees	300,000	-	(300,000)
Other state grants	800,000	814,500	14,500
Total other categorical aid	58,228,221	59,268,069	1,039,848
Total categorical aid	81,352,265	82,462,083	1,109,818
Total revenues from the Commonwealth	113,132,361	114,512,302	1,379,941
Revenues from the Federal Government			
Noncategorical aid - Refuge Revenue Sharing Act	30,000	27,860	(2,140)
Categorical aid:			
Other federal grants	314,436	307,302	(7,134)
Emergency reimbursement - Federal	20,000	38,756	18,756
Total revenues from the Federal Government	364,436	373,918	9,482
Revenues from Chesapeake Public Schools	-	1,924,271	1,924,271
Total revenues	780,965,453	821,375,076	40,409,623
OTHER FINANCING SOURCES			
Transfers from other funds	14,003,537	18,138,229	4,134,692
Total other financing sources	14,003,537	18,138,229	4,134,692
Total revenues and other financing sources	\$ 794,968,990	839,513,305	44,544,315

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2

General Fund
 Schedule of Expenditures, Encumbrances, and Other Financing Uses -
 Budget and Actual
 Year Ended June 30, 2025

	Appropriations	Expenditures		Total	Balance	Encumbrances	Unencumbered Balance
		Operating	Capital Outlay				
EXPENDITURES							
General government:							
Legislative Department - City Council	\$ 1,284,276	1,228,254	-	1,228,254	56,022	5,902	50,120
Executive Department:							
City Manager	3,421,734	3,305,820	-	3,305,820	115,914	1,565	114,349
Public communications	2,020,235	1,979,400	-	1,979,400	40,835	69	40,766
Department of Law - City Attorney	3,534,048	3,411,596	-	3,411,596	122,452	38,758	83,694
Department of Finance:							
Commissioner of the Revenue	5,270,828	5,156,324	-	5,156,324	114,504	2,320	112,184
Real Estate Assessor	4,223,832	4,202,975	-	4,202,975	20,857	1,276	19,581
Board of Equalization	3,901	2,355	-	2,355	1,546	-	1,546
City Treasurer	5,348,204	5,139,213	-	5,139,213	208,991	2,430	206,561
Director of Finance	5,170,146	4,826,773	46,473	4,873,246	296,900	118,870	178,030
Economic development	3,032,407	2,728,299	-	2,728,299	304,108	164,648	139,460
Budget Director	1,016,988	963,714	-	963,714	53,274	569	52,705
City Auditor	1,132,387	824,714	-	824,714	307,673	255,736	51,937
Independent auditors	230,847	230,700	-	230,700	147	-	147
Department of Human Resources:							
Human resources	4,152,209	3,762,438	-	3,762,438	389,771	12,014	377,757
Judicial Department:							
Circuit court	997,994	978,803	-	978,803	19,191	391	18,800
Magistrates office	35,267	31,060	-	31,060	4,207	613	3,594
General district court	321,173	276,398	-	276,398	44,775	19,473	25,302
Juvenile and domestic relations court	115,332	103,673	-	103,673	11,659	138	11,521
Court services unit	313,268	207,606	-	207,606	105,662	82,694	22,968
Commonwealth's Attorney	7,026,293	6,554,746	-	6,554,746	471,547	11,677	459,870
Circuit Court Clerk	3,808,133	3,501,888	-	3,501,888	306,245	7,408	298,837
Sheriff	64,138,813	60,553,404	459,457	61,012,861	3,125,952	214,522	2,911,430
Purchasing	1,845,352	1,729,117	-	1,729,117	116,235	43,488	72,747
Department of Public Health:							
General clinics	3,330,681	3,119,398	-	3,119,398	211,283	-	211,283

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

General Fund
 Schedule of Expenditures, Encumbrances, and Other Financing Uses -
 Budget and Actual
 Year Ended June 30, 2025

	Expenditures						Unencumbered Balance	
	Appropriations		Capital		Total	Encumbrances		
	Operating	Outlay	Operating	Outlay				
General government, continued:								
Department of Public Library:								
Public library	\$ 12,555,638	11,770,659	84,149	-	11,854,808	700,830	104,833	595,997
Law library	36,251	26,054	-	-	26,054	10,197	-	10,197
Boards and Commissions:								
Planning department	3,295,608	3,035,349	-	-	3,035,349	260,259	41,269	218,990
Planning commission	40,877	38,250	-	-	38,250	2,627	-	2,627
Electoral board	1,958,884	1,937,608	-	-	1,937,608	21,276	18,222	3,054
Department of Agriculture	483,792	451,836	-	-	451,836	31,956	74	31,882
Department of Human Services								
Division of Community Programs	2,410,571	2,126,558	-	-	2,126,558	284,013	12,384	271,629
Customer Contact Center	915,259	847,873	-	-	847,873	67,386	34	67,352
Department of Development and Permits	8,794,826	8,662,294	-	-	8,662,294	132,532	5,553	126,979
Nondepartmental:								
Other nondepartmental support	6,503,846	1,080,390	-	-	1,080,390	5,423,456	500	5,422,956
Chesapeake regional airport	429,279	429,279	-	-	429,279	-	-	-
Total general government	159,199,179	145,224,818	590,079	-	145,814,897	13,384,282	1,167,430	12,216,852
Public Safety:								
Police department	66,064,772	60,587,391	178,955.00	-	60,766,346	5,298,426	749,310	4,549,116
Animal control	2,545,611	2,384,436	-	-	2,384,436	161,175	17,759	143,416
Public safety training	1,965,475	1,822,313	33,506.00	-	1,855,819	109,656	9,367	100,289
Fire department	66,147,827	64,246,751	72,551.00	-	64,319,302	1,828,525	79,577	1,748,948
Fire prevention bureau	2,398,864	2,398,620	-	-	2,398,620	244	-	244
Emergency management operations	837,441	822,734	-	-	822,734	14,707	-	14,707
Mobile integrated healthcare	470,364	443,056	-	-	443,056	27,308	-	27,308
Total public safety	140,430,354	132,705,301	285,012	-	132,990,313	7,440,041	856,013	6,584,028
Public works:								
Engineering and administration	7,272,785	6,682,927	20,259	-	6,703,186	569,599	31,730	537,869
Traffic engineering	9,568,654	7,920,531	241,182	-	8,161,713	1,406,941	661,887	745,054
Street maintenance	10,960,014	6,909,393	538,935	-	7,448,328	3,511,686	2,082,750	1,428,936
Bridges and structures	5,552,300	4,156,198	282,183	-	4,438,381	1,113,919	542,041	571,878

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

General Fund
 Schedule of Expenditures, Encumbrances, and Other Financing Uses -
 Budget and Actual
 Year Ended June 30, 2025

	Expenditures						Unencumbered Balance
	Appropriations			Capital			
	Operating	Outlay	Total	Balance	Encumbrances		
Public works, continued:							
Bureau of drainage	\$ 4,513,678	2,863,892	164,000	3,027,892	1,485,786	1,005,642	480,144
Contractual services	17,622,772	15,133,727	6,749	15,140,476	2,482,296	1,753,658	728,638
Buildings maintenance	10,234,234	9,637,338	-	9,637,338	596,896	1,610	595,286
Facilities Management - building	1,847,149	1,448,379	-	1,448,379	398,770	3,221	395,549
Public works operations	1,602,694	1,507,129	-	1,507,129	95,565	1,801	93,764
Solid waste collection	25,575,715	23,634,453	-	23,634,453	1,941,262	362,883	1,578,379
Hampton Road Transit	3,158,023	3,158,023	-	3,158,023	-	-	-
Total public works	97,908,018	83,051,990	1,253,308	84,305,298	13,602,720	6,447,223	7,155,497
Parks and recreation:							
Administration	3,110,297	3,074,047	-	3,074,047	36,250	737	35,513
Community centers	3,091,044	2,990,445	56,396	3,046,841	44,203	2,808	41,395
Parks operations	2,936,743	2,752,617	-	2,752,617	184,126	31,294	152,832
Parks and grounds maintenance	4,566,637	3,812,712	83,862	3,896,574	670,063	91,031	579,032
Parks, grounds and building maintenance - warehouse and work order	162,158	88,909	-	88,909	73,249	-	73,249
Recreation programs	1,340,398	1,093,125	-	1,093,125	247,273	15,311	231,962
Special programs	2,558,822	2,389,242	-	2,389,242	169,580	2,512	167,068
Fine arts programs	84,975	84,975	-	84,975	-	-	-
Total parks and recreation	17,851,074	16,286,072	140,258	16,426,330	1,424,744	143,693	1,281,051
Education - payments to public schools	311,092,758	303,302,571	-	303,302,571	7,790,187	-	7,790,187
Total expenditures and encumbrances	726,481,383	680,570,752	2,268,657	682,839,409	43,641,974	8,614,359	35,027,615
OTHER FINANCING USES							
Transfers to other funds:							
Debt Service Fund	31,387,904	29,740,048	-	29,740,048	1,647,856	-	1,647,856
Capital Projects Fund	35,855,531	35,855,531	-	35,855,531	-	-	-
Virginia Public Assistance Fund	9,604,117	9,604,117	-	9,604,117	-	-	-
Integrated Behavioral Healthcare Fund	12,379,933	12,379,933	-	12,379,933	-	-	-
Juvenile Services Fund	3,660,130	3,660,130	-	3,660,130	-	-	-
Interagency Consortium Fund	2,215,529	2,215,529	-	2,215,529	-	-	-
E-911 Operations Fund	3,584,237	3,584,237	-	3,584,237	-	-	-
Grants Fund	183,081	(575,465)	-	(575,465)	758,546	-	758,546
Economic Development Authority	923,100	886,889	-	886,889	36,211	-	36,211
Information Technology Fund	343,850	343,850	-	343,850	-	-	-
City Garage Fund	618,048	618,048	-	618,048	-	-	-
Self-Insurance Fund	3,126,697	3,126,697	-	3,126,697	-	-	-
Self-Funded Health Fund	1,801	1,801	-	1,801	-	-	-
Total transfers to other funds	103,883,958	101,441,345	-	101,441,345	2,442,613	-	2,442,613
Total other financing uses	103,883,958	101,441,345	-	101,441,345	2,442,613	-	2,442,613
Total expenditures, encumbrances, and other financing uses	\$ 830,365,341	782,012,097	2,268,657	784,280,754	46,084,587	8,614,359	37,470,228

Debt Service Fund

Debt Service Fund – To account for the accumulation of resources for the payment of principal, interest, and related costs on long-term financial obligations of governmental funds.



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Chesapeake
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA

Schedule N

Debt Service Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	2,001,203	2,001,203
Revenues from use of property	54,889	54,889	-
Miscellaneous local revenues	769,081	753,196	(15,885)
Intergovernmental revenues:			
Federal government - American Reinvestment and Recovery Act	-	266,028	266,028
Total revenues	823,970	3,075,316	2,251,346
EXPENDITURES			
Debt service			
Interest on general obligation bonds	11,130,188	10,435,923	694,265
Interest on open space agriculture preservation	64,430	64,430	-
Arbitrage	2,600,000	2,179,571	420,429
Other debt expenditures	550,000	571,191	(21,191)
Redemption of general obligation bonds	28,180,000	28,180,000	-
Total debt service	42,524,618	41,431,115	1,093,503
Education - payments to public schools	-	111,000,000	(111,000,000)
Total expenditures	42,524,618	152,431,115	(109,906,497)
Excess (deficiency) of revenues over (under) expenditures	(41,700,648)	(149,355,799)	(107,655,151)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	34,100,647	32,387,699	(1,712,948)
Transfers to other funds	(4,952,615)	(4,952,615)	-
Issuance of general obligation school bonds	-	104,530,000	104,530,000
Premiums on general obligation school bonds issued	-	7,007,922	7,007,922
Total other financing sources (uses), net	29,148,032	138,973,006	109,824,974
Net change in fund balance	(12,552,616)	(10,382,793)	2,169,823
Fund balance - beginning	34,969,297	34,969,297	-
Fund balance - ending	\$ 22,416,681	24,586,504	2,169,823

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Chesapeake
VIRGINIA

Capital Projects Funds

General Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities other than those financed by enterprise funds.

Public Utilities Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Public Utilities.

Chesapeake Transportation System Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for the Chesapeake Transportation System.

Stormwater Management Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Stormwater Management.



CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1

General Capital Projects Fund
 Schedule of Expenditures and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenditures					Unencumbered Balance	
	Appropriations	Prior Years	Current Year	Total	Unexpended Balance		Encumbrances
General construction projects:							
General Government:							
1011500100	\$	23,500,000	2,596,058	367,315	2,963,373	288,833	20,247,794
1012400100		500,000	39,246	21,358	60,604	115,600	323,796
1021510100		176,112	102,873	12,321	115,194	60,918	-
1021510100		4,155,685	4,033,788	121,897	4,155,685	-	-
1021510101		54,662	54,662	-	54,662	-	-
1021510101		20,338	11,622	8,716	20,338	-	-
1021800100		100,000	15,144	8,504	23,648	-	76,352
1022010100		4,442	4,442	-	4,442	-	-
1022400100		5,834	-	-	5,834	-	5,834
1022400100		273,107	74,519	198,588	273,107	-	-
1022800100		66,965	-	37,864	37,864	-	-
1022800100		253,035	65,317	187,718	253,035	-	-
1022800101		2,037	-	-	2,037	-	-
1022800101		177,963	8,507	169,455	177,963	-	-
1022900100		660,854	-	219,914	219,914	-	423,129
1032800100		3,089,724	-	491,592	491,592	-	1,214,791
1032800100		4,906,926	1,332,440	3,574,486	4,906,926	-	-
1032800101		55,700	-	7,450	7,450	-	-
1032800101		94,300	14,207	80,093	94,300	-	-
1041510100		20,349	-	20,349	20,349	-	-
1041700100		759,885	-	-	759,885	-	759,885
1041700100		77,286	77,286	-	77,286	-	-
1042200100		46,820,058	21,271,156	10,277,057	31,548,213	15,271,845	5,667,044
1042200100		159,530	37,920	121,610	159,530	-	-
1042400100		300,000	-	-	300,000	66,970	233,030
1042500100		371,600	-	-	371,600	-	371,600
1042500100		28,400	-	28,400	28,400	-	-
1042800100		309,176	-	-	309,176	46,005	263,171
1042800100		90,824	90,824	-	90,824	-	-
1052400100		1,617,000	183,579	782,718	966,297	372,225	278,478
1032800100		700,000	34,851	3,028	37,879	662,121	662,121
1062200100		24,750,000	6,729,820	1,818,486	8,548,306	11,988,013	4,213,681
1062400100		1,738,598	1,040,989	253,254	1,294,243	444,355	391,230
1062400101		81,337	-	59,625	21,712	4,599	17,113
1062500100		800,000	464,216	-	464,216	335,784	335,784
1062800100		695,000	-	-	695,000	-	695,000
1072400100		860,000	680,417	64,553	744,970	115,030	115,030
1072600100		1,000,000	-	725,935	725,935	-	274,065
1082100100		268,658	12,028	84,184	96,212	172,446	99,448
1082100100		481,342	448,471	32,871	481,342	-	-
1082500100		60,637	60,637	-	60,637	-	-

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund
 Schedule of Expenditures and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenditures				Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total			
General construction projects, continued:							
General Government, continued:							
1092300100	151,949	-	-	-	151,949	106,340	45,609
1092300100	428,051	428,051	-	428,051	-	-	-
1092400100	194,316	-	77,615	77,615	116,701	3,728	112,973
1092500100	305,000	47,500	-	47,500	257,500	-	257,500
1101900100	1,207,441	37,500	(37,500)	-	1,207,441	-	1,207,441
1112200100	368,459	-	-	-	368,459	51,274	317,185
1112200100	95,718	15,943	79,774	95,718	-	-	-
1112400100	775,415	674,841	100,203	775,044	371	-	371
1112500100	120,000	27,718	36,250	63,968	56,032	-	56,032
1122000100	3,342,252	2,465,788	74,998	2,540,786	801,466	-	801,466
1122000100	335,597	140,729	194,867	335,597	-	-	-
1122000100	952,624	734,362	218,263	952,624	-	-	-
1122000100	2,046,522	2,046,522	-	2,046,522	-	-	-
1122400100	2,391,997	130,198	1,642,493	1,772,691	619,306	20,357	598,949
1122400100	3,758,003	3,164,787	593,216	3,758,003	-	-	-
1132200100	60,904	4,087	31,394	35,481	25,423	-	25,423
1142000100	2,633,000	1,399,489	36,031	1,435,520	1,197,480	75,067	1,122,413
1142500100	340,000	-	-	-	340,000	-	340,000
1142700100	2,632,440	-	-	-	2,632,440	-	2,632,440
1142700100	218,624	218,624	-	218,624	-	-	-
1162900100	40,000	-	-	-	40,000	-	40,000
1182700100	5,440,000	-	-	-	5,440,000	-	5,440,000
1182700100	560,000	-	-	-	560,000	-	560,000
1182900100	75,000	-	18,092	18,092	56,908	-	56,908
1192900100	191,000	-	146,183	146,183	44,817	32,381	12,436
1201000100	1,229,318	426,900	626,252	1,053,152	176,166	156,797	19,369
1202900100	400,000	-	400,000	400,000	-	-	-
1212000100	301,763	186,844	66,250	253,094	48,669	25,780	22,889
1212800100	150,000	54,144	10,457	64,601	85,399	1,659	83,740
1212900100	300,000	-	49,982	49,982	250,018	215,605	34,413
1222800100	110,000	-	-	-	110,000	-	110,000
1222900100	203,599	-	203,599	203,599	-	-	-
1232800100	125,000	-	-	-	125,000	-	125,000
1232900100	500,000	-	-	-	500,000	-	500,000
1242800100	199,819	-	-	-	199,819	-	199,819
1242900100	2,010,000	-	303,974	303,974	1,706,026	830,819	875,207
1252800100	139,861	-	-	-	139,861	-	139,861
1252800100	20,000	-	-	-	20,000	-	20,000
1252900100	944,568	-	558,407	558,407	386,161	211,314	174,847
1262800100	1,000,000	-	-	-	1,000,000	-	1,000,000
1272800100	200,000	-	68,875	68,875	131,125	130,375	750
1292800100	579,829	-	141,737	141,737	438,092	93,180	344,912

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund
 Schedule of Expenditures and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenditures				Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total			
General construction projects, continued:							
General Government, continued:							
1302800100 Solid Waste Truck Replacement	2,313,269	-	1,025,400	1,025,400	1,287,869	861,390	426,479
1302800100 Solid Waste Truck Replacement	1,686,731	-	1,686,731	1,686,731	-	-	-
1332800100 Cybersecurity Maturity and Compliance Program	1,000,000	101,460	189,213	290,673	709,327	41,553	667,774
1352400100 Regional Broadband Ring	5,660,000	5,160,000	-	5,160,000	500,000	-	500,000
1462800100 Firewall Replacement	1,900,000	1,900,000	-	1,900,000	-	-	-
1472700100 Secure Web Gateway	250,000	-	-	-	250,000	234,508	15,492
1472800100 Fleet AssetWorks Upgrade	220,000	-	93,951	93,951	126,049	75,529	50,520
1482300100 Joint City/School Garage Facility	1,159,040	-	-	-	1,159,040	32,969	1,126,071
1482300100 Joint City/School Garage Facility	1,189,128	-	1,189,128	1,189,128	-	-	-
1482700100 New Campus Data Center	318,000	-	-	-	318,000	-	318,000
1502700100 Indian River Rd Design Guidelines Manual & Overlay District	10,475	-	-	-	10,475	-	10,475
1502700100 Indian River Rd Design Guidelines Manual & Overlay District	164,525	147,359	17,166	164,525	-	-	-
1512300100 South Norfolk Municipal Building	41,870,253	5,534,073	281,938	5,816,011	36,054,242	1,777,148	34,277,094
1512700100 Greenbrier Library and Fire Station Relocation Study	174,837	59,090	115,747	174,837	-	-	-
1522700100 Deep Creek Village Plan	410,000	-	302,326	302,326	107,674	107,441	233
1532300100 Airport Authority Improvements and Expansion Ph II	167,615	-	-	-	167,615	-	167,615
1532700100 Great Bridge Village ROW Enhancements Master Plan	275,000	130,999	66,838	197,837	77,163	17,969	59,194
1542700100 South Norfolk Historic District Design Guidelines Update	100,000	84,618	15,106	99,723	277	-	277
1582500100 Citywide Trails and Open Space Connectivity Plan	300,000	258,095	41,905	300,000	-	-	-
1812500100 Municipal Center Master Plan Update	450,000	52,299	116,108	168,407	281,593	-	281,593
1842500100 411 Cedar Road Acquisition	22,968	-	-	-	22,968	-	22,968
1842500100 411 Cedar Road Acquisition	47,591	13,687	33,904	47,591	-	-	-
Total General Government	216,854,864	65,130,724	30,596,212	95,726,936	121,127,928	29,240,092	91,887,836
Department of Public Safety:							
1041800200 Jail Expansion to Address Overcrowding	328,418	316,114	2,788	318,902	9,516	-	9,516
1071100200 Fire Station #10 and Logistical Support Center	36,073	-	-	-	36,073	-	36,073
1071100200 Fire Station #10 and Logistical Support Center	5,000	5,000	-	5,000	-	-	-
1072800200 Fire Vehicle Replacement II	4,850,000	2,490,385	1,340,316	3,830,701	1,019,299	954,051	65,248
1082200200 Fire Station Alerting System	34,315	33,440	875	34,315	-	-	-
1082800200 Jail Kitchen Equipment Replacement II	64,293	-	-	-	64,293	-	64,293
1101600200 Combined Fire Station #7/Police Precinct #6	67,292	-	-	-	67,292	-	67,292
1102900200 Public Safety Radio Replacement	3,931,300	-	320,254	320,254	3,611,046	3,292,189	318,857
1112100200 Tri-City Automatic Aid CAD Interface (Regional 911)	50,000	35,863	5,800	41,663	8,337	-	8,337
1132400200 Fire/EMS - Mobile Data Terminal Replacements - II	7,055	-	-	-	7,055	3,092	3,963
1132400200 Fire/EMS - Mobile Data Terminal Replacements - II	192,945	192,945	-	192,945	-	-	-
1162200200 Fire Station #4 Replacement	982,226	7,226	3,500	10,726	971,500	-	971,500
1172200200 FS #16-Joint Fire & Police Stn-Grassfield/Scenic Pkwy.	500,000	-	-	-	500,000	-	500,000
1172700200 Public Safety Training Academy	148,503,835	1,150,377	4,944,614	6,094,991	142,408,844	10,242,772	132,166,072
1182300200 Public Safety Vehicle Network Connection Upgrade	1,829	-	-	-	1,829	-	1,829
1182300200 Public Safety Vehicle Network Connection Upgrade	67,701	67,701	-	67,701	-	-	-
1182400200 Fire Multipurpose Tow/Rescue Vehicle Replacement	864,259	64,073	211,959	276,032	588,227	544,235	43,991
1182400200 Fire Multipurpose Tow/Rescue Vehicle Replacement	11,741	-	11,741	11,741	-	-	-

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund
 Schedule of Expenditures and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenditures				Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total			
General construction projects, continued:							
Department of Public Safety, continued:							
1192400200	150,000	-	132,874	132,874	-	-	17,126
1192400200	1,149,994	807,085	342,908	1,149,994	-	-	-
1222100200	229,064	-	-	229,064	-	-	229,064
1232500200	354,730	-	-	354,730	-	-	354,730
1232500200	3,145,270	-	3,145,270	3,145,270	-	-	-
1252100200	518,950	410,128	108,822	518,950	-	-	-
1252500200	335,000	-	323,783	323,783	-	-	-
1252700200	72,710	-	-	72,710	2,310	-	8,907
1252700200	102,290	39,875	62,415	102,290	-	-	-
1262100200	6,632	6,632	-	6,632	-	-	-
1262100200	15,226	-	15,226	15,226	-	-	-
1262500200	150,000	-	8,953	8,953	-	-	141,047
1271900200	11,604,093	4,410,750	5,566,952	9,977,702	717,357	-	909,034
1272500200	11,843	-	11,843	11,843	-	-	-
1272700200	2,093	2,093	-	2,093	-	-	-
1281900200	11,976,464	522,503	194,093	716,596	9,453,686	-	1,806,182
1282500200	13,887	-	-	13,887	-	-	13,887
1282500200	381,113	-	381,113	381,113	-	-	-
1282700200	175,000	-	-	175,000	12,770	-	162,230
1282800200	1,770,000	-	-	1,770,000	-	-	1,770,000
1282900200	129,272	-	-	129,272	89,625	-	39,647
1282900200	370,728	-	370,728	370,728	-	-	-
1282900200	403,831	82,506	321,325	403,831	-	-	-
1292500200	125,000	89,625	-	89,625	-	-	35,375
1292700200	795,000	-	680,794	680,794	10,214	-	103,992
1292900200	453,958	453,958	-	453,958	-	-	-
1312500200	35,746	-	4,145	4,146	31,600	-	31,600
1312700200	350,000	141,210	97,459	238,669	111,331	-	111,331
1342500200	704,637	704,637	-	704,637	-	-	-
1342700200	199,513	199,513	-	199,513	-	-	-
1382800200	114,815	-	114,815	114,815	-	-	-
1392000200	1,639,337	1,424,452	-	1,424,452	214,885	-	-
1392000200	2,954,884	2,954,884	-	2,954,884	-	-	-
1392800200	210,000	117,168	92,831	209,999	-	-	-
1482800200	1,296,670	-	169,700	169,700	850,000	-	276,970
Total Department of Public Safety				35,718,036	166,727,994	26,459,896	140,268,098
Department of Public Works:							
1071900300	5,520,766	-	-	5,520,766	220,961	-	5,299,805
1071900300	1,459,817	1,416,649	43,168	1,459,817	-	-	-
1072900300	500,000	-	-	500,000	-	-	500,000
1081800300	21,124,900	193,214	20,001,329	20,194,543	194,675	-	735,682

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund
 Schedule of Expenditures and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenditures				Total	Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year					
General construction projects, continued:								
Department of Public Works, continued:								
1082600300	Arterial and Collector Roadway Repaving	1,568,648	-	1,181,774	1,181,774	386,874	-	-
1082600300	Arterial and Collector Roadway Repaving	3,674,726	2,750,288	924,438	3,674,726	-	-	-
1091800300	Freeman Ave Railroad Overpass	22,385,360	1,770,513	219,707	1,990,220	949,394	19,445,746	19,445,746
1092700300	State of Good Repair Paving Projects	1,216,289	-	-	-	1,216,289	195,099	1,021,190
1092700301	State of Good Repair - Portsmouth Blvd Repaving	1,499,780	-	1,198,020	1,198,020	301,760	1.00	301,759
1092700302	State of Good Repair - Poindexter Repaving	286,448	-	-	-	286,448	-	286,448
1092700303	State of Good Repair - Battlefield Blvd Repaving	1,497,483	-	-	-	1,497,483	1,212,078	285,405
1102600300	Eden Way 2nd Left Turn Lane at Greenbrier Parkway	2,250,000	211,277	102,787	314,064	1,935,936	74,383	1,861,553
1102700300	Southgate Bridge Replacement	22,083,000	386,258	542,371	928,629	21,154,371	1,516,343	19,638,028
1112600300	Repair & Replacement of Roads and Bridges - Phase V	3,660,296	-	311,232	311,232	3,349,064	348,561	3,000,503
1112600300	Repair & Replacement of Roads and Bridges - Phase V	294,704	294,704	-	294,704	-	-	-
1112700300	Indian Creek Bridge Replacement	3,938,000	-	13,202	13,202	3,924,798	845,932	3,078,866
1122600300	Residential Traffic Calming Program	400,000	165,679	69,278	234,957	165,043	-	165,043
1132600300	Route 168 Bridge Repairs	4,246,000	91,768	30,722	122,490	4,123,510	-	4,123,510
1142600300	Traffic Signal Central Management System Upgrade	350,000	-	-	-	350,000	-	350,000
1152800300	Advanced Right-of-Way Acquisition Program II	1,372,256	-	446,383	446,383	925,873	-	925,873
1162800300	Citywide Sidewalk Installation II	2,850,000	-	-	-	2,850,000	-	2,850,000
1172600300	SGR Milling and Paving Project	1,339,999	-	-	-	1,339,999	1,302,122	37,877
1172800300	South Norfolk Neighborhood Sidewalk Connection	520,000	-	-	-	520,000	-	520,000
1182600300	Rotunda Ave Bridge Replacement	1,894,387	-	25,332	158,947	1,735,440	41,140	1,694,300
1182800300	Myers Road Sidewalk Connection	1,200,000	-	57,734	57,734	1,142,266	10,323	1,131,943
1192800300	Chesapeake Signal System - Study and Upgrades	2,271,511	-	-	-	2,271,511	-	2,271,511
1202800300	Albemarle Sidewalk Connection	2,300,000	29,519	4,211	33,730	2,266,270	-	2,266,270
1262200300	Citywide Sidewalk Installation	2,600,000	190,680	134,449	325,129	2,274,871	55,081	2,219,790
1270710300	Master Drainage Improvement II	470	470	-	470	-	-	-
1282200300	Traffic Signals and Intersection Improvements - Phase III	300,000	57,858	195,693	253,551	46,449	36,148	10,301
1292200300	Turn Lanes and Signal Modification: Hanbury Rd.	2,736,230	396,876	1,342,331	1,739,207	997,023	961,444	35,579
1292400300	Edwin Drive Improvements	606,560	-	-	-	606,560	92,157	514,403
1302300300	Advanced Right-of-Way Acquisition Program	1,500,000	1,045,816	449,967	1,495,783	4,217	-	4,217
1302400300	Johnstown Road Ditch and Shoulder Improvements	25,842,172	-	-	-	25,842,172	-	25,842,172
1312200300	Traffic Signal Retiming Ph 1	2,943	-	-	-	2,943	-	2,943
1312300300	Centerville Turnpike Bridge Feasibility Study	10,000	8,360	-	8,360	1,640	-	1,640
1312900300	Battlefield Boulevard Road Elevation	7,800,000	-	-	-	7,800,000	-	7,800,000
1332400300	Pedestrian Sidewalk - Seaboard & Industrial Ave.	763,000	153,023	679	153,702	609,298	-	609,298
1332900300	Citywide Traffic Safety Studies	250,000	-	-	-	250,000	-	250,000
1342800300	Land of Promise Bridge Replacement	2,000,000	-	44,850	44,850	1,955,150	-	1,955,150
1342900300	Cedar Lakes Drive and Cedar Road Traffic Signal	200,000	-	85,088	85,088	114,912	-	114,912
1352300300	Elbow Rd. Widening - Phase 2	29,983,125	2,679,819	525,529	3,205,348	26,777,777	238,386	26,539,391
1352700300	Grade Crossing Safety Program III	100,000	-	-	-	100,000	-	100,000
1362100300	Mt. Pleasant Rd. Widening	10,868	2,000	8,868	10,868	-	-	-
1362700300	Great Dismal Swamp Access Study	200,000	-	22,202	22,202	177,798	147,785	30,013

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund
 Schedule of Expenditures and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenditures				Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total			
General construction projects, continued:							
Department of Public Works, continued:							
1362900300	Battlefield Blvd Right Turn Lane-Volvo Pkwy to WalMart Way	1,400,000	-	-	1,400,000	-	1,400,000
1372100300	Repair & Maintenance Roads and Bridges Phase IV	955,135	-	31,912	923,223	39,292	883,931
1372100300	Repair & Maintenance Roads and Bridges Phase IV	24,564	12,240	12,324	24,564	-	-
1372300300	George Washington Hwy. (US Route 17) Widening	16,494,014	572,581	30,104	602,685	-	-
1372700300	Chesapeake Bike Trail Phase II	1,097,518	1,010	90	1,100	56,542	15,834,787
1382300300	Gilmerton Auxiliary Counterweights Bridge Repairs	22,059	-	-	22,059	-	1,096,418
1382400300	Elbow Rd. Bridge Replacement	10,533,403	612,796	17,539	9,903,068	9,606,077	296,991
1382700300	Great Bridge Bridge Hydraulic Repairs II	3,000,000	14,072	30,142	44,214	-	2,955,786
1382900300	Curve Delineation and Unsignalized Intersection Improvements	500,000	-	-	500,000	226,632	273,368
1392700300	South Norfolk Parking Lot	384,404	62,410	282,420	344,830	10,512	29,062
1392700300	South Norfolk Parking Lot	235,596	235,596	-	235,596	-	-
1402300300	Intersection Improv: Battlefield Blvd at Volvo Pkwy	1,350,000	210,901	90,358	301,259	66,612	982,129
1402700300	Indian River Road Diet Phase I	130,000	-	49,939	49,939	12,754	67,307
1412100300	Rural Roads Safety Improvement Program	5,550,000	704,133	1,333,062	2,037,195	957,243	2,555,562
1412300300	Intersection Improv: Butts Station Rd at Kempsville Rd	1,270,000	10,723	4,795	15,518	-	1,254,482
1412700300	Airline Blvd. Sidewalk Extension	720,000	-	5,330	5,330	-	714,670
1422300300	Mt. Pleasant Rd. Widening - Phase 2	10,462,112	6,269,796	2,937,329	9,207,125	1,234,987	20,000
1422700300	Streetscaping & Landscaping - Various Gateway Corridors	808,058	-	-	808,058	-	808,058
1422900300	Great Bridge Boulevard Sidewalk Connection	138,321	-	-	138,321	-	138,321
1432700300	South Norfolk Concrete Pavement Replacement	2,421,889	-	-	2,421,889	23,055	2,398,834
1432700300	South Norfolk Concrete Pavement Replacement	1,056,112	1,056,112	-	1,056,112	-	-
1432900300	Gum Road Multi-Use Path Connection	175,556	-	2,430	2,430	8,198	164,928
1442300300	Pedestrian Sidewalk & Street Lighting-Poindexter St.@I-464	3,747,159	275,273	16,979	292,252	52,838	3,402,069
1442700300	Portsmouth Blvd. Gateway	2,429,659	93,212	-	93,212	-	2,336,447
1442700300	Portsmouth Blvd. Gateway	30,177	-	-	30,177	-	30,177
1442900300	Cedar Road Sidewalk Conversion to Multi-Use Path	303,129	-	-	303,129	-	303,129
1452300300	Right Turn Lane Ext: Greenbrier Pkwy. @ Kempsville Rd.	477,615	477,614	-	477,614	-	1
1452700300	Belaire Avenue Extension	3,515,000	-	-	3,515,000	-	3,515,000
1452900300	Cedar Road Sidewalk Connection	166,484	-	-	166,484	-	166,484
1461700300	Triple Decker Bridge Rehabilitation	11,491,256	5,261,860	5,119,074	10,380,934	451,245	659,077
1462700300	Chesapeake Bike Trail Phase 3 (Taylor to Suffolk City Line)	508,075	-	18,538	18,538	488,773	764
1462900300	Portlock Road Railroad Overpass Bridge	1,293,500	-	-	1,293,500	-	1,293,500
1472300300	Right Turn Lanes: Deep Creek Area	325,630	-	-	325,630	176,356	149,274
1542300300	Intersection Improvements: Battlefield Blvd. @ GB Blvd.	1,853,648	337,832	1,324,350	1,662,182	133,838	57,628
1562300300	Oaklette Bridge (Indian River Road)	8,058,843	432,738	5,364,245	5,796,983	688,132	1,573,728
1572300300	Old Mill Road - Bridge at Deep Creek	1,957,000	187,660	1,100	188,760	-	1,768,240
1572500300	Cedar Road Widening	400,000	-	-	400,000	-	400,000
1582300300	Number Ten Lane - Bridge over Lindsey Drainage Canal	1,995,000	294,806	731,293	1,026,099	968,901	2,012
1592500300	Elbow Road Center Lane Addition	660,000	-	-	660,000	-	660,000
1602500300	Greentree Road Extension	500,000	-	-	500,000	-	500,000
1612500300	Mt. Pleasant Rd at Great Bridge Bypass Improvements	6,563,508	-	-	6,563,508	150,464	6,413,044

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund
 Schedule of Expenditures and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenditures				Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total			
General construction projects, continued:							
Department of Public Works, continued:							
1622300300	3,072	-	-	-	3,072	-	3,072
1622300300	29,386	-	29,386	29,386	-	-	-
1622500300	3,230,000	185,273	125,368	310,641	2,919,359	74,355	2,845,004
1632500300	275,000	-	160,170	160,170	114,830	106,670	8,160
1672500300	2,150,000	408,809	86,330	495,139	1,654,861	364,160	1,290,701
1712500300	600,000	-	-	-	600,000	-	600,000
1792700300	3,300,000	572,134	9,408	581,542	3,300,000	-	3,300,000
	590,000	-	-	-	8,458	-	8,458
	303,975,056	32,426,424	45,820,337	78,248,761	225,728,295	25,247,618	200,480,677
Total Department of Public Works							
Department of Parks and Recreation:							
1032900400	200,000	-	-	-	200,000	-	200,000
1042600400	500,000	19,883	-	19,883	480,117	-	480,117
1042900400	380,000	-	374,192	374,192	5,808	-	5,808
1052900400	1,150,483	-	388,995	388,995	761,488	123,017	638,471
1052900400	49,517	-	49,517	49,517	-	-	-
1062900400	281,820	-	275,929	275,929	5,891	3,714	2,177
1112310400	18,180	-	18,180	18,180	-	-	-
1112310400	4,847,807	297,441	2,122,662	2,420,103	2,427,704	2,427,704	-
1122300400	17,422	-	17,422	17,422	-	-	-
1122300400	4,067,559	136,145	145,785	281,930	3,785,629	94,925	3,690,704
1132900400	500,000	-	-	-	500,000	-	500,000
1142400400	1,600,000	-	-	-	1,600,000	-	1,600,000
1152200400	1,525,000	-	-	-	1,525,000	-	1,525,000
1152400400	1,506,000	1,505,573	17,136	1,506,000	-	-	-
1161920400	5,515	-	427	5,515	-	-	-
1161920400	905,025	671,010	234,015	905,025	-	-	-
1162400400	380,000	-	-	-	380,000	-	380,000
1170510400	69,746	7,212	-	7,212	62,534	-	62,534
1170510400	248,140	248,140	-	248,140	-	-	-
1172100400	869,696	134,837	529,726	664,563	205,133	205,133	-
1172100400	80,198	80,198	-	80,198	-	-	-
1181930400	22,340	-	-	-	22,340	-	22,340
1181930400	185,716	149,787	35,929	185,716	-	-	-
1181930400	184,485	133,303	51,182	184,485	-	-	-
1182100400	330,929	-	110	110	330,819	-	330,819
1191930400	27,192	-	-	-	27,192	27,192	-
1191930400	338,822	215,417	123,405	338,822	-	-	-
1191930400	227,719	220,344	7,375	227,719	-	-	-
1192100400	452,000	-	-	-	452,000	-	452,000
1202700400	200,000	52,472	124,439	176,911	23,089	23,089	-
1211920400	27,246	20,715	6,531	27,246	-	-	-

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund
 Schedule of Expenditures and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenditures				Total	Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year					
General construction projects, continued:								
Department of Parks and Recreation, continued:								
1212500400	696,160	-	409,921	409,921	286,239	63,863	222,376	
1212500400	790,112	790,112	-	790,112	-	-	-*	
1212700400	400,000	56,200	343,800	400,000	-	-	-*	
1222700400	650,000	56,774	1,159	57,933	592,067	-	592,067	
1232700400	275,000	-	-	-	275,000	-	275,000	
1241920400	103	-	-	-	103	-	103	
1241920400	12,634	5,662	6,972	12,634	-	-	-*	
1362400400	766,076	-	-	766,076	-	-	766,076	
1362400400	33,924	15,440	18,484	33,924	-	-	-*	
1472010400	2,195,299	-	36,086	36,086	2,159,213	209,147	1,950,066	
1472010400	303,621	94,005	209,616	303,621	-	-	-*	
1472010400	1,195,920	368,044	827,876	1,195,920	-	-	-*	
1722700400	20,000,000	923,998	933,762	1,857,760	18,142,240	550,071	17,592,169	
1832500400	7,481,744	723,542	1,299,469	2,023,011	5,458,733	3,977,632	1,481,101	
1832500400	1,518,256	1,395,225	123,031	1,518,256	-	-	-*	
Total Department of Parks and Recreation	57,534,543	8,321,480	8,738,647	17,060,127	40,474,416	7,705,487	32,768,929	
Department of Public Welfare:								
1012300500	6,709,700	2,098,308	696,273	2,794,581	3,915,119	246,614	3,668,505	
1141900500	60,548	-	31,978	31,978	28,570	3,592	24,978	
1151900500	2,589,024	473,580	1,466,115	1,939,695	649,329	374,480	274,849	
1782700500	1,660	-	-	-	1,660	-	1,660	
1782700500	597,635	597,635	-	597,635	-	-	-*	
Total Department of Public Welfare	9,958,567	3,169,524	2,194,365	5,363,889	4,594,678	624,686	3,969,992	
Department of Libraries:								
1022501000	9,376	7,150	2,226	9,376	-	-	-*	
1042301000	188,688	57,274	131,414	188,688	-	-	-*	
1062601000	318,079,79	-	-	-	318,080	-	318,080	
1062601000	2,526,836	392,041	2,134,795	2,526,836	-	-	-*	
1102201000	7,196,16	-	-	-	7,196	-	7,197	
1102201000	13,561	-	13,561	13,561	-	-	-*	
1102301000	574,645	557,358	17,288	574,646	-	-	-*	
1121911000	18,089	2,800	15,289	18,089	-	-	-*	
1132501000	654,000	-	47,617	47,617	606,383	125,930	480,453	
1152901000	127,685,75	-	-	-	127,686	120,810	6,876	
1152901000	464,612	-	464,612	464,612	-	-	-*	
Total Department of Libraries	4,902,769	1,016,623	2,826,802	3,843,425	1,059,344	246,740	812,604	
Total expenditures and encumbrances	795,671,829	126,794,916	109,164,258	235,959,174	559,712,655	89,524,519	470,188,136	
Less completed projects	59,092,013	-	-	57,745,968	-	-	-	
Construction in progress	\$ 736,579,816	-	-	178,213,206	-	-	-	

* Completed Projects

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Chesapeake
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-2

Public Utilities Capital Projects Fund
 Schedule of Expenses and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Appropriations	Expenses		Total	Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year				
1011500800 PW/PU Operations Facilities Relocation Ph I	\$ 12,000,000	121,262	-	121,262	11,878,738	-	11,878,738
1022700800 Sanitary Sewer Pump Stations	8,478,529	-	-	-	8,478,529	-	8,478,529
1022700801 FEMA / VDEM Generator	238,428	186,964	51,464	238,428	-	-	-
1022700802 PS 143 Riverwalk	254,390	-	254,390	254,390	-	-	-
1022700803 PS 287 Crestfield	144,500	4,430	118,662	123,092	21,408	19,080	2,328
1022700804 PS 43 Petre Ct Replacement	350,000	-	152,024	152,024	197,976	17,216	180,760
1022700805 PS 100 Replacement	325,000	-	122,575	122,575	202,425	26,794	175,631
1022700806 PS 154 Bruce Rd Improvement	212,274	-	212,274	212,274	-	-	-
1022700807 PS 107 Providence Rd Improv	113,600	-	113,600	113,600	-	-	-
1022700808 PFM Update Pump Stations	140,000	-	74,010	74,010	65,990	61,570	4,420
1022700809 PS 163 Stonegate Improvement	324,000	-	30,912	30,912	293,088	263,873	29,215
1022700810 PS 23 River Oaks Betterment	147,200	-	147,200	147,200	-	-	-
1022700811 PS 210 Cedar Glen Betterment	100,000	-	96,263	96,263	3,737	506	3,231
1022700812 PS 55 Shell Rd Betterment	118,000	-	91,139	91,139	26,861	15,596	11,265
1022700813 PS 199 Country Club Betterment	197,000	-	-	-	197,000	178,940	18,060
1022700814 PS 52 Cogliandro Betterment	159,901	-	159,901	159,901	-	-	-
1022700815 PS 203 Plantation Lakes Circle	107,500	-	-	-	107,500	97,535	9,965
1022700816 PS 216 Heritage Dr Betterment	170,500	-	45,920	45,920	124,580	108,900	15,680
1022700817 PS 101 Commonwealth Ave Betterment	142,700	-	-	-	142,700	129,735	12,965
1022700818 PS 110 Independence Pkwy Betterment	500,000	-	16,680	16,680	483,320	6,054	477,266
1032700800 Sanitary Sewer Systems	9,871,310	-	-	-	9,871,310	-	9,871,310
Avalon Area Sewer Renewal	1,500,000	264,737	218,376	483,113	1,016,887	990,959	25,928
PFM Update Sewer	158,000	-	30,595	30,595	127,405	126,971	434
HRSD-Avalon Connections	417,163	-	-	-	417,163	362,750	54,413
PS 43 Petre Ct Basin	170,000	-	-	-	170,000	169,240	760
PS 100 Basin	150,000	-	-	-	150,000	149,370	630
1500 Block Rodgers St Sewer	390,234	-	390,234	390,234	-	-	-
Water Distribution	12,398,376	-	-	-	12,398,376	-	12,398,376
Water Distribution - Avalon Area Water Renewal	300,000	37,739	61,009	98,748	201,252	170,798	30,454
Water Distribution - Water Service Line Inventory	500,000	400,534	68,016	468,550	31,450	19,230	12,220
Water Distribution - Great Bridget Water Main Removal	450,000	-	-	-	450,000	450,000	-
Water Distribution - PFM Update Water	158,000	-	30,595	30,595	127,405	126,971	434
Water Distribution - Lead and Copper Rule	500,000	-	27,604	27,604	472,396	36,351	436,045
Lake Gaston Water Treatment Plant	200,000	-	-	-	200,000	-	200,000
Lake Gaston Switchgear and Generator	3,600,000	-	66,400	66,400	3,533,600	1,805,213	1,728,387
Lake Gaston ASR Rehab and Contractor	2,400,000	-	43,277	43,277	2,356,723	210,099	2,146,624
Northwest River Water Treatment Plant	2,424,515	-	-	-	2,424,515	-	2,424,515
NWR WTP - GW Reverse Osmosis Replacement	10,795,000	323,510	58,257	381,767	10,413,234	7,367,237	3,045,997
NWR WTP - UV Disinfection Facility	1,773,580	-	1,669,608	1,669,608	103,972	99,239	4,733

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-2, Continued

Public Utilities Capital Projects Fund
 Schedule of Expenses and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenses				Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total			
1062700804	NWR WTP Security Upgrades	350,000	-	-	350,000	-	350,000
1092800800	Unserved Areas/Cost Participation III	2,656,373	-	-	2,656,373	-	2,656,373
1092800801	Unserved Areas/Cost Participation III - Bursion Dr	240,000	-	114,526	114,526	120,549	4,925
1092800802	Unserved Areas/Cost Participation III - Herrington	250,000	-	-	250,000	-	250,000
1092800803	Unserved Areas/Cost Participation III - Creef Lane	675,000	-	-	675,000	-	675,000
1141600800	Water Renewal & Waterline Upgrade - Ph II	7,717	7,717	-	7,717	-	-
1151700800	Sewer Renewal - 18th Street	1,358,644	-	73,469	73,469	685,206	599,969
1151700800	Sewer Renewal - 18th Street	1,033,626	1,457,002	(423,376)	1,033,626	-	-
1181700800	Sewer Renewal - Chesapeake Ave - Guerriere to Ohio Sewer	1,116,797	54,391	-	54,391	124,047	938,359
1191300800	Northwest River WTP Misc Modifications	1,293,973	1,293,973	-	1,293,973	-	-
1191310800	Northwest River WTP Misc Modifications	2,000,000	781,933	1,217,908	1,999,841	-	159
1202200800	Northwest River WTP - Switchgear Replacement	5,982,000	135,972	12,439	148,411	1,229,432	4,604,157
1222200800	Sewer System Redesign/Construction: Albemarle Dr.	796,506	795,407	1,099	796,506	-	-
1222300800	Lake Gaston Pipeline - Capital Cost Sharing with VA Beach	638,679	0	18,027	18,027	251,524	369,128
1222300800	Lake Gaston Pipeline - Capital Cost Sharing with VA Beach	303,453	32,003	271,449	303,453	-	-
1232300800	Northwest River Lakes & Pump Station	212,187	-	-	212,187	-	212,187
1232300800	Northwest River Lakes & Pump Station	1,787,814	1,774,426	13,388	1,787,814	-	-
1232400800	SCADA Upgrade	8,252,486	25,940	1,200	27,140	-	-
1232400800	SCADA Upgrade	47,514	42,463	5,051	47,514	-	-
1232400801	Pump Station Radios	1,200,000	-	65,000	65,000	-	1,135,000
1271200800	Sanitary Sewer Evaluation	686,326	686,326	-	686,326	-	-
1271200800	Sanitary Sewer Evaluation	2,391,680	2,391,680	-	2,391,680	-	-
1292000800	Northwest River WTP Ground Storage Tank	1,680,000	150,179	-	150,179	-	-
1312400800	South Central Water Transmission Main & Loop - Phase I	32,607,000	1,727,117	41,395	1,768,512	24,923,115	5,915,373
1322000800	Water Residuals Disposal	126,502	-	38,379	38,379	88,123	6,848
1322000800	Water Residuals Disposal	193,498	193,498	-	193,498	-	-
1331200800	Sewer Renewal - SSES Ph II	4,994,753	5,081,702	(86,949)	4,994,753	-	-
1331700800	Raleigh Place Sewer (Pump Station #7)	15,400,000	463,796	149,375	613,171	1,141,064	13,645,765
1332000800	Western Branch Elevated Tank Rehabilitation	5,893	-	-	5,893	-	5,893
1332100800	Water System Planning and Upgrades	22,160	11,015	-	11,015	-	11,145
1332100800	Water System Planning and Upgrades	213,113	213,113	-	213,113	-	-
1372000800	Lake Gaston WTP Miscellaneous Modifications	1,160,438	-	549,120	549,120	-	-
1372000801	Lake Gaston WTP Security Upgrades	250,000	-	-	-	45,533	565,785
1372400800	Fentress NALF Water Transmission Main	18,000,000	790,461	1,206,350	1,996,811	241,861	8,139
1391200800	Red Top Raw Water Transmission Main	35,752,394	22,962,863	230,464	23,193,327	554,243	15,448,946
1431200800	Centerville Turnpike Loop 3	9,348,331	9,306,345	41,986	9,348,331	449,682	12,109,385
1471200800	Western Branch Interconnect to Lake Gaston WTP	540,626	220,995	-	220,995	-	-
1471200800	Western Branch Interconnect to Lake Gaston WTP	1,562,524	1,562,524	-	1,562,524	-	-
1471220800	Willow Lake Interconnect	6,628,819	282,002	107,367	389,369	121,898	6,117,552
1522300800	Water Franchise Acquisition and System Renewals	9,132	9,132	-	9,132	-	-

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-2, Continued

Public Utilities Capital Projects Fund
 Schedule of Expenses and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenses				Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total			
1531200800	20,819,394	-	2,636,302	2,636,302	18,183,092	53,100	18,129,992
1531200800	2,580,230	2,208,214	372,015	2,580,229	1	-	1 *
1652300800	1,375,050	380	22,367	22,747	1,352,303	1,193,833	158,470
1711200800	93,185	1,847	-	1,847	91,338	43,092	48,246
1762700800	296,142,687	406,830	332,180	739,010	295,403,677	2,013,801	293,389,876
1762700800	857,313	850,000	7,313	857,313	-	-	- *
1782500800	27,349,567	659,073	16,986	676,059	26,673,508	9,500,886	17,172,622
Total project expenses and encumbrances	583,373,081	57,919,493	11,385,811	69,305,304	514,067,777	56,104,001	457,963,776
Less completed projects	27,639,988			27,634,096			
Construction in progress - construction	555,733,093			41,671,208			
Capitalized interest expenses		4,533,894		4,533,894			
Less closed capitalized interest				905,379			
Construction in progress - capitalized interest				3,628,515			
Total construction in progress				45,299,723			
* Completed Projects				\$			

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Chesapeake
VIRGINIA

Chesapeake Transportation System Capital Projects Fund
 Schedule of Expenses and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenses					Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total	Balance			
1082700700 Violation Processing System (VPS) Replacement	\$ 1,486,280	-	13,435	13,435	1,472,845	227,210	1,245,635	
1082700700 Violation Processing System (VPS) Replacement	4,013,720	1,589,260	2,424,460	4,013,720	-	-	- *	
1092600700 DBVB - LED Lighting Replacement/Upgrade	1,100,000	-	47,673	47,673	1,052,327	79,181	973,146	
1122700700 Chesapeake Expressway R&R - Phase IV	2,967,838	-	-	-	2,967,838	-	2,967,838	
1132700700 Dominion Blvd Vet Bridge R&R - Phase I	2,349,057	-	16,788	-	2,349,057	-	2,349,057	
1202600700 DBVB Deck & Parapet Wall Rehab	1,000,000	-	-	-	1,000,000	-	1,000,000	
1282400700 Chesapeake Expressway Repaving - Phase I	487,490	-	-	-	487,490	-	487,490	
1282400700 Chesapeake Expressway Repaving - Phase I	151,922	-	151,922	151,922	-	-	- *	
1322300700 Renewals: Chesapeake Expressway - Phase III	1,080,000	34,701	82,995	117,696	962,304	255,396	706,908	
1472900700 Expressway Overhead Structure & DMS Replacement	1,350,000	-	-	-	1,350,000	-	1,350,000	
1562500700 Dominion Blvd. Veterans Bridge Toll Systems Upgrades	2,300,000	-	658,902	658,902	1,641,098	1,537,438	103,660	
Total expenses and encumbrances	18,286,308	1,623,961	3,396,175	5,020,136	13,266,172	2,099,225	11,166,947	
Less completed projects				4,165,643				
Total construction in progress	\$ 14,120,665			854,493				

* Completed Projects

Stormwater Management Capital Projects Fund
 Schedule of Expenses and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenses					Total	Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Unexpended Balance	Encumbrances				
1011100300	\$ 1,394,187	4,738	8,500	13,238	1,380,949	-	1,380,949	-	
1012800900	300,000	-	-	-	300,000	-	300,000	-	
1031600900	2,960,747	25,908	416,763	442,671	2,518,076	8,636	2,509,440	8,636	
1051400900	3,594,881	438,787	105,028	543,815	3,051,066	68,530	2,982,536	68,530	
1051420900	1,402,587	142,487	-	142,487	1,260,100	-	1,260,100	-	
1061200900	79,029	47,900	1,282	49,182	29,847	29,847	-	29,847	
1071300900	1,384,804	18,102	5,277	23,379	1,361,425	20,470	1,340,955	20,470	
1071510900	51,829	2,341	5,069	7,410	44,419	-	44,419	-	
1071810900	1,074,797	-	-	1,074,797	460,688	-	614,109	-	
1071810900	418,248	-	418,248	418,248	-	-	-	-	
1081500900	3,737,596	2,366,345	464,571	2,830,916	906,680	291,338	615,342	291,338	
1091500900	5,000,000	812,999	5,799	818,798	4,181,202	88,991	4,092,211	88,991	
1092900900	198,171	-	-	198,171	198,171	-	198,171	-	
1101500900	761,124	719,636	-	719,636	41,488	41,488	-	41,488	
1102800900	824,904	96,800	507,259	604,059	220,845	204,835	16,010	204,835	
1111500900	4,239,915	548,474	155,052	703,526	3,536,389	55,099	3,481,290	55,099	
1112800900	999,126	-	-	999,126	210,015	210,015	789,111	-	
1122800900	500,000	-	-	500,000	500,000	-	500,000	-	
1132800900	1,750,000	-	-	1,750,000	1,750,000	-	1,750,000	-	
1142800900	400,000	-	-	400,000	400,000	-	400,000	-	
1192000900	546,000	157,095	11,249	168,344	377,656	1,320	376,336	1,320	
1232200900	1,210,000	109,002	115,418	224,420	985,580	292,080	693,500	292,080	
1242200900	750,000	162,659	-	162,659	587,341	-	587,341	-	
1252300900	1,400,000	78,199	87,945	166,144	1,233,856	140,413	1,093,443	140,413	
1252400900	38,340	-	-	38,340	38,340	-	38,340	-	
1252400900	537,000	537,000	-	537,000	-	-	-	-	
1262300900	1,520,000	105,001	-	105,001	1,414,999	32,033	1,382,966	32,033	
1262400900	2,186,458	-	-	2,186,458	69,250	69,250	2,117,208	69,250	
1272300900	935,000	2,167	21,041	23,208	911,792	31,672	880,120	31,672	
1282300900	1,150,000	22,750	255,425	278,175	871,825	251,702	620,123	251,702	
1292300900	1,506,476	21,464	-	21,464	1,485,012	-	1,485,012	-	
1431700900	902,001	61,580	10,378	71,958	830,043	1,197,809	(367,766)	1,197,809	
1431700900	2,187,270	1,819,503	367,767	2,187,270	-	-	-	-	
1492500900	399,000	-	-	399,000	399,000	-	399,000	-	
1502500900	7,600,000	-	-	7,600,000	61,653	61,653	7,538,347	61,653	
1512500900	2,080,000	216,461	634	217,095	1,862,905	47,527	1,815,378	47,527	
1522500900	1,940,000	125,297	11,291	136,588	1,803,412	254,371	1,549,041	254,371	
1552700900	600,000	-	-	600,000	600,000	-	600,000	-	
1562700900	5,688,995	261,914	8,399	270,313	5,418,682	30,107	5,388,575	30,107	
1572700900	1,375,000	-	-	1,375,000	-	-	1,375,000	-	

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-4, Continued

Stormwater Management Capital Projects Fund
 Schedule of Expenses and Encumbrances - Budget and Actual
 Year Ended June 30, 2025

Project	Expenses					Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total	Balance			
1582700900	744,844	-	-	-	744,844	-	744,844	
1612700900	2,060,000	-	246,406	246,406	1,813,594	345,530	1,468,064	
1622700900	44,189	-	-	-	44,189	16,362	27,827	
1622700900	305,811	104,393	201,418	305,811	-	-	- *	
1652300900	1,399,950	396	4,471	4,867	1,395,083	1,233,685	161,398	
1652700900	500,000	-	-	-	500,000	-	500,000	
1662700900	1,024,000	-	-	-	1,024,000	-	1,024,000	
1731200900	1,968,820	488,317	167,006	655,324	1,313,496	77,553	1,235,943	
1771200900	2,280,270	2,070,641	65,926	2,136,567	143,703	-	143,703	
1781200300	32,502	32,502	-	32,502	-	-	-	
Total expenses and encumbrances	75,983,871	11,600,857	3,667,622	15,268,479	60,715,392	5,563,005	55,152,387	
Less completed projects	3,448,330	-	-	3,448,330	-	-	-	
Construction in progress	\$ 72,535,541	-	-	11,820,149	-	-	-	

* Completed Projects

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Chesapeake
VIRGINIA

Special Revenue and Permanent Funds

Special Revenue Funds:

Tax Increment Financing Funds – To account for incremental tax revenues generated in designated commercial areas of the City, such as Greenbrier and South Norfolk, and to fund improvements in the relevant areas through the use of those revenues.

Virginia Public Assistance Fund – To account for the rendering of economic aid to qualifying citizens.

Integrated Behavioral Healthcare Fund – To account for revenues and expenditures to provide services for mental health, intellectual disability, and substance abuse programs.

Conference Center Fund – To account for the operation of the City’s Conference Center and the City’s Conventions and Tourism programs.

Juvenile Services Fund – To account for revenues and expenditures related to the operation of a regional detention facility.

Interagency Consortium Fund – To account for revenues and expenditures of the delivery system for severely emotionally and/or behaviorally disturbed children.

E-911 Operations Fund – To account for revenues and expenditures related to the emergency call center.

Fee Supported Activities Fund – To account for revenues and expenditures related to fee supported activities.

Grants Fund – To account for revenues and expenditures related to specific grant activities.

Community Development Fund – To account for revenues and expenditures under the Community Development Block Grant Program.

Open Space Agriculture Preservation Fund – To account for the revenues and expenditures related to the purchase of development rights from willing sellers who own qualified agriculture land or open space.

Proffers Fund – To account for cash proffers provided to the City from developers for specific purposes.

Housing Trust Fund – To account for revenues and expenditures to provide services for temporary and permanent housing.

Permanent Funds:

Poor Fund and Carney Fund – To account for the investment of funds donated to the City. The expenditures of the income earned by these endowments are to be used for education.



CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
ASSETS					
Cash and temporary investments	\$ 13,483,137	16,936,626	6,181,780	16,762,206	17,758,708
Receivables, net of allowance for uncollectible amounts	-	-	-	1,112,978	136,332
Intergovernmental receivable	-	-	1,757,526	-	-
Inventory of materials and supplies	-	-	-	-	13,183
Prepaid expenditures	-	-	-	-	319,720
Restricted cash and investments	-	-	-	-	-
Total assets	\$ 13,483,137	16,936,626	7,939,306	17,875,184	18,227,943
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	-	105,020	516,460	323,365
Accrued expenditures	-	-	346,544	452,150	13,731
Unearned revenues	-	-	-	-	59,273
Other liabilities	-	-	29,041	8,609	-
Due to Commonwealth of Virginia	-	-	25,475	300	-
Total liabilities	-	-	506,080	977,519	396,369
Fund Balances					
Nonspendable	-	-	-	-	332,903
Restricted	11,483,137	15,666,626	-	5,581,781	-
Committed	2,000,000	1,270,000	206,597	1,228,131	1,026,133
Assigned	-	-	7,226,629	10,087,753	16,472,538
Total fund balances	13,483,137	16,936,626	7,433,226	16,897,665	17,831,574
Total liabilities and fund balances	\$ 13,483,137	16,936,626	7,939,306	17,875,184	18,227,943

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
ASSETS					
Cash and temporary investments	4,297,318	328,042	11,064,411	5,983,591	11,677,867
Receivables, net of allowance for uncollectible amounts	390	7,604	94,943	571,080	77,488
Intergovernmental receivable	-	2,026,162	-	-	1,410,614
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	4,297,708	2,361,808	11,159,354	6,554,671	13,165,969
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	67,786	2,151,878	100,543	167,523	386,352
Accrued expenditures	66,860	8,435	125,472	15,886	74,858
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	155
Due to Commonwealth of Virginia	-	-	-	-	-
Total liabilities	134,646	2,160,313	226,015	183,409	461,365
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	11,850,420
Committed	379,296	44	2,856,154	1,514,342	854,184
Assigned	3,783,766	201,451	8,077,185	4,856,920	-
Total fund balances	4,163,062	201,495	10,933,339	6,371,262	12,704,604
Total liabilities and fund balances	4,297,708	2,361,808	11,159,354	6,554,671	13,165,969

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	Special Revenue Funds				Permanent Funds
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	Poor
ASSETS					
Cash and temporary investments	54,458	5,859,491	11,200,143	65,481	201,696
Receivables, net of allowance for uncollectible amounts	-	-	-	-	1,665
Intergovernmental receivable	442,230	-	-	-	-
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Restricted cash and investments	-	1,073,291	-	-	-
Total assets	496,688	6,932,782	11,200,143	65,481	203,361
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	242,115	-	-	-	-
Accrued expenditures	7,728	-	-	-	-
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to Commonwealth of Virginia	-	-	-	-	-
Total liabilities	249,843	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	11,295
Restricted	-	-	11,200,143	-	192,066
Committed	246,845	6,932,782	-	65,481	-
Assigned	-	-	-	-	-
Total fund balances	246,845	6,932,782	11,200,143	65,481	203,361
Total liabilities and fund balances	496,688	6,932,782	11,200,143	65,481	203,361

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2025

	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	Carney	
ASSETS		
Cash and temporary investments	15,939	121,870,894
Receivables, net of allowance for uncollectible amounts	674	2,003,154
Intergovernmental receivable	-	5,636,532
Inventory of materials and supplies	-	13,183
Prepaid expenditures	-	319,720
Restricted cash and investments	-	1,073,291
Total assets	16,613	130,916,774
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	-	4,061,042
Accrued expenditures	-	1,111,664
Unearned revenues	-	59,273
Other liabilities	-	37,805
Due to Commonwealth of Virginia	-	25,775
Total liabilities	-	5,295,559
Fund Balances		
Nonspendable	1,500	345,698
Restricted	15,113	55,989,286
Committed	-	18,579,989
Assigned	-	50,706,242
Total fund balances	16,613	125,621,215
Total liabilities and fund balances	16,613	130,916,774

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2025

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
REVENUES					
General property taxes	\$ 15,080,906	13,063,576	-	-	-
Other local taxes	-	-	-	-	5,651,666
Licenses, permits, and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	413,321	652,870	258,538	569,848	-
Revenues from use of property	-	-	-	-	253,316
Charges for services	-	-	3,233	8,362,043	1,615,589
Miscellaneous local revenues	-	-	365	-	15,934
Recovered costs	-	-	157,330	36,249	-
Program income	-	-	-	-	-
Revenues from local developers	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	-	5,348,431	17,305,251	-
Federal government	-	-	12,184,511	1,573,954	-
Total revenues	15,494,227	13,716,446	17,952,408	27,847,345	7,536,505
EXPENDITURES					
Current:					
General government	-	250	-	-	4,526,346
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	-	-	25,595,707	33,815,718	-
Capital outlay	-	-	-	627,464	493,776
Total expenditures	-	250	25,595,707	34,443,182	5,020,122
Excess (deficiency) of revenues over (under) expenditures	15,494,227	13,716,196	(7,643,299)	(6,595,837)	2,516,383
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	468,555	1,600,000	9,604,117	12,379,933	-
Transfers to other funds	(10,089,215)	(12,419,205)	(335,992)	(863,867)	(1,425,000)
Issuance of leases (as lessee) (note 5)	-	-	-	132,226	-
Issuance of subscriptions	-	-	-	(31,704)	311,957
Total other financing sources (uses), net	(9,620,660)	(10,819,205)	9,268,125	11,616,588	(1,113,043)
Net change in fund balance	5,873,567	2,896,991	1,624,826	5,020,751	1,403,340
Fund balance - beginning	7,609,570	14,039,635	5,808,400	11,876,914	16,428,234
Fund balance - ending	\$ 13,483,137	16,936,626	7,433,226	16,897,665	17,831,574

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2025

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
REVENUES					
General property taxes	-	-	-	-	-
Other local taxes	-	-	4,947,998	-	-
Licenses, permits, and fees	-	-	-	275,555	-
Fines and forfeitures	-	-	-	3,299,000	-
Investment income	172,188	11,928	462,249	357,892	109,520
Revenues from use of property	-	-	-	-	-
Charges for services	38,025	4,660	-	403,576	285,499
Miscellaneous local revenues	-	-	-	-	762,965
Recovered costs	36,674	29,598	-	(1,609)	-
Program income	-	-	-	-	-
Revenues from local developers	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	1,809,313	3,903,311	1,058,663	-	6,935,307
Federal government	-	220,038	-	-	1,970,295
Total revenues	2,056,200	4,169,535	6,468,910	4,334,414	10,063,586
EXPENDITURES					
Current:					
General government	4,872,517	-	-	-	3,219,367
Public safety	-	-	8,359,156	1,822,294	2,671,027
Parks and recreation	-	-	-	-	123,634
Public welfare	-	6,877,249	-	-	1,925,596
Capital outlay	-	-	688,521	420,902	686,662
Total expenditures	4,872,517	6,877,249	9,047,677	2,243,196	8,626,286
Excess (deficiency) of revenues over (under) expenditures	(2,816,317)	(2,707,714)	(2,578,767)	2,091,218	1,437,300
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	3,660,130	2,284,936	3,620,279	-	(542,417)
Transfers to other funds	(172,188)	(11,928)	(762,248)	(6,993,597)	(456,011)
Issuance of leases (as lessee) (note 5)	-	-	-	311,988	-
Issuance of subscriptions	-	-	-	56,140	192,894
Total other financing sources (uses), net	3,487,942	2,273,008	2,858,031	(6,625,469)	(805,534)
Net change in fund balance	671,625	(434,706)	279,264	(4,534,251)	631,766
Fund balance - beginning	3,491,437	636,201	10,654,075	10,905,513	12,072,838
Fund balance - ending	4,163,062	201,495	10,933,339	6,371,262	12,704,604

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2025

	Special Revenue Funds				Permanent Funds
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	Poor
REVENUES					
General property taxes	-	662,856	-	-	-
Other local taxes	-	-	-	-	-
Licenses, permits, and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	291,498	-	2,751	(472)
Revenues from use of property	-	1,200	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous local revenues	-	-	350,871	-	-
Recovered costs	-	-	-	-	-
Program income	20,000	-	-	-	-
Revenues from local developers	-	181,250	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	273,446	-	-	-
Federal government	2,249,234	-	-	-	-
Total revenues	2,269,234	1,410,250	350,871	2,751	(472)
EXPENDITURES					
Current:					
General government	-	19,466	-	-	-
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	2,351,907	-	-	-	-
Capital outlay	54,392	453,981	-	-	-
Total expenditures	2,406,299	473,447	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(137,065)	936,803	350,871	2,751	(472)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(286,439)	(332,386)	-	-
Issuance of leases (as lessee) (note 5)	-	-	-	-	-
Issuance of subscriptions	-	-	-	-	-
Total other financing sources (uses), net	-	(286,439)	(332,386)	-	-
Net change in fund balance	(137,065)	650,364	18,485	2,751	(472)
Fund balance - beginning	383,910	6,282,418	11,181,658	62,730	203,833
Fund balance - ending	246,845	6,932,782	11,200,143	65,481	203,361

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2025

	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	Carney	
REVENUES		
General property taxes	-	28,807,338
Other local taxes	-	10,599,664
Licenses, permits, and fees	-	275,555
Fines and forfeitures	-	3,299,000
Investment income	721	3,302,852
Revenues from use of property	-	254,516
Charges for services	-	10,712,625
Miscellaneous local revenues	-	1,130,135
Recovered costs	-	258,242
Program income	-	20,000
Revenues from local developers	-	181,250
Intergovernmental revenues:		
Commonwealth of Virginia	-	36,633,722
Federal government	-	18,198,032
Total revenues	721	113,672,931
EXPENDITURES		
Current:		
General government	-	12,637,946
Public safety	-	12,852,477
Parks and recreation	-	123,634
Public welfare	-	70,566,177
Capital outlay	-	3,425,698
Total expenditures	-	99,605,932
Excess (deficiency) of revenues over (under) expenditures	721	14,066,999
OTHER FINANCING SOURCES (USES)		
Transfers from other funds	-	33,075,533
Transfers to other funds	-	(34,148,076)
Issuance of leases (as lessee) (note 5)	-	444,214
Issuance of subscriptions	-	529,287
Total other financing sources (uses), net	-	(99,042)
Net change in fund balance	721	13,967,957
Fund balance - beginning	15,892	111,653,258
Fund balance - ending	16,613	125,621,215

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-3

Tax Increment Financing Greenbrier Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes	\$ 15,600,760	15,080,906	(519,854)
Investment income	-	413,321	413,321
Total revenues	15,600,760	15,494,227	(106,533)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	468,555	468,555
Transfers to other funds	(9,676,072)	(10,089,215)	(413,143)
Total other financing sources (uses), net	(9,676,072)	(9,620,660)	55,412
Net change in fund balance	5,924,688	5,873,567	(51,121)
Fund balance - beginning	7,609,570	7,609,570	-
Fund balance - ending	\$ 13,534,258	13,483,137	(51,121)

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Total expenditures, Schedule P-2	\$ -
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-3	(9,620,660)
Total other financing sources (uses), Schedule P-2	\$ (9,620,660)

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-4

Tax Increment Financing South Norfolk Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes	\$ 12,363,193	13,063,576	700,383
Investment income	-	652,870	652,870
Total revenues	12,363,193	13,716,446	1,353,253
EXPENDITURES			
General government	5,000	250	4,750
Total expenditures	5,000	250	4,750
Excess (deficiency) of revenues over (under) expenditures	12,358,193	13,716,196	1,358,003
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	1,600,000	1,600,000
Transfers to other funds	(11,906,427)	(12,419,205)	(512,778)
Total other financing sources (uses), net	(11,906,427)	(10,819,205)	1,087,222
Net change in fund balance	451,766	2,896,991	2,445,225
Fund balance - beginning	14,039,635	14,039,635	-
Fund balance - ending	\$ 14,491,401	16,936,626	2,445,225

**Reconciliation from budgetary basis of accounting to Generally Accepted
Accounting Principles**

Expenditures

Total expenditures, Schedule P-4	250
Total expenditures, Schedule P-2	\$ 250
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-4	(10,819,205)
Total other financing sources (uses), Schedule P-2	\$ (10,819,205)

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-5

Virginia Public Assistance Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	258,538	258,538
Charges for services	425	3,233	2,808
Miscellaneous revenue	-	365	365
Recovered costs	54,550	157,330	102,780
Intergovernmental revenues:			
Commonwealth of Virginia	6,716,192	5,348,431	(1,367,761)
Federal government	11,395,055	12,184,511	789,456
Total intergovernmental revenues	18,111,247	17,532,942	(578,305)
Total revenues	18,166,222	17,952,408	(213,814)
EXPENDITURES			
Public welfare:			
Bureau of Public Assistance	4,739,232	4,429,644	309,588
Joint Administration	5,048,327	4,593,901	454,426
Service Administration	2,074,269	1,920,086	154,183
Eligibility Administration	11,106,620	10,643,953	462,667
Other special programs	4,704,559	4,008,123	696,436
Total expenditures	27,673,007	25,595,707	2,077,300
Excess (deficiency) of revenues over (under) expenditures	(9,506,785)	(7,643,299)	1,863,486
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	9,604,117	9,604,117	-
Transfers to other funds	(89,190)	(335,992)	(246,802)
Total other financing sources (uses), net	9,514,927	9,268,125	(246,802)
Net change in fund balance	8,142	1,624,826	1,616,684
Fund balance - beginning	5,808,400	5,808,400	-
Fund balance - ending	\$ 5,816,542	7,433,226	1,616,684

**Reconciliation from budgetary basis of accounting to Generally Accepted
Accounting Principles**

Expenditures

Total expenditures, Schedule P-5	25,595,707
Total expenditures, Schedule P-2	<u>\$ 25,595,707</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-5	9,268,125
Total other financing sources (uses), Schedule P-2	<u>\$ 9,268,125</u>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-6

Integrated Behavioral Healthcare Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	569,848	569,848
Charges for services:			
Mental health fees	4,304,012	2,468,505	(1,835,507)
Intellectual disability fees	6,842,774	5,969,124	(873,650)
Substance abuse fees	298,000	(75,586)	(373,586)
Total charges for services	11,444,786	8,362,043	(3,082,743)
Recovered costs	28,008	36,249	8,241
Intergovernmental revenues:			
Commonwealth of Virginia:			
Mental health grants	13,833,372	13,822,299	(11,073)
Intellectual disability grants	1,758,662	2,062,017	303,355
Substance abuse grants	1,271,035	1,420,935	149,900
Total from the Commonwealth of Virginia	16,863,069	17,305,251	442,182
Federal government:			
Substance abuse, mental health, and intellectual disability grants	1,647,909	1,573,954	(73,955)
Total revenues	29,983,772	27,847,345	(2,136,427)
EXPENDITURES			
Public welfare	42,321,594	33,815,718	8,505,876
Capital outlay	527,053	526,942	111
Total expenditures	42,848,647	34,342,660	8,505,987
Excess (deficiency) of revenues over (under) expenditures	(12,864,875)	(6,495,315)	6,369,560
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	12,379,933	12,379,933	-
Transfers to other funds	(294,019)	(863,867)	(569,848)
Total other financing sources (uses), net	12,085,914	11,516,066	(569,848)
Net change in fund balance	(778,961)	5,020,751	5,799,712
Fund balance - beginning	11,876,914	11,876,914	-
Fund balance - ending	\$ 11,097,953	16,897,665	5,799,712

Reconciliation from budgetary basis of accounting to Generally Accepted Accounting Principles

Expenditures

Total expenditures, Schedule P-6	34,342,660
Capital outlay - leases and subscriptions	100,522
Total expenditures, Schedule P-2	<u>\$ 34,443,182</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-6	11,516,066
Issuance of leases (as lessee)	132,226
Issuance of subscriptions	(31,704)
Total other financing sources (uses), Schedule P-2	<u>\$ 11,616,588</u>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-7

Conference Center Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local taxes	\$ 5,817,366	5,651,666	(165,700)
Revenues from use of property	273,578	253,316	(20,262)
Charges for services	1,642,699	1,615,589	(27,110)
Miscellaneous revenue	600	15,934	15,334
Total revenues	7,734,243	7,536,505	(197,738)
EXPENDITURES			
General government	5,006,927	4,526,346	480,581
Capital outlay	181,819	181,819	-
Total expenditures	5,188,746	4,708,165	480,581
Excess (deficiency) of revenues over (under) expenditures	2,545,497	2,828,340	282,843
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(1,425,000)	(1,425,000)	-
Total other financing sources (uses), net	(1,425,000)	(1,425,000)	-
Net change in fund balance	1,120,497	1,403,340	282,843
Fund balance - beginning	16,428,234	16,428,234	-
Fund balance - ending	\$ 17,548,731	17,831,574	282,843

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Total expenditures, Schedule P-7	4,708,165
Capital outlay - leases and subscriptions	311,957
Total expenditures, Schedule P-2	<u>\$ 5,020,122</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-7	(1,425,000)
Issuance of subscriptions	311,957
Total other financing sources (uses), Schedule P-2	<u>\$ (1,113,043)</u>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-8

Juvenile Services Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	172,188	172,188
Charges for services	32,000	38,025	6,025
Recovered costs	-	36,674	36,674
Intergovernmental revenues:			
Commonwealth of Virginia	1,543,588	1,809,313	265,725
Total revenues	1,575,588	2,056,200	480,612
EXPENDITURES			
General government	5,426,728	4,872,517	554,211
Total expenditures	5,426,728	4,872,517	554,211
Excess (deficiency) of revenues over (under) expenditures	(3,851,140)	(2,816,317)	1,034,823
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	3,660,130	3,660,130	-
Transfers to other funds	-	(172,188)	(172,188)
Total other financing sources (uses), net	3,660,130	3,487,942	(172,188)
Net change in fund balance	(191,010)	671,625	862,635
Fund balance - beginning	3,491,437	3,491,437	-
Fund balance - ending	\$ 3,300,427	4,163,062	862,635

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Total expenditures, Schedule P-8	4,872,517
Total expenditures, Schedule P-2	<u>\$ 4,872,517</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-8	3,487,942
Total other financing sources (uses), Schedule P-2	<u>\$ 3,487,942</u>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-9

Interagency Consortium Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	11,928	11,928
Charges for services	6,700	4,660	(2,040)
Recovered costs	-	29,598	29,598
Intergovernmental revenues:			
Commonwealth of Virginia	4,265,332	3,903,311	(362,021)
Federal government	198,564	220,038	21,474
Total revenues	4,470,596	4,169,535	(301,061)
EXPENDITURES			
Public welfare:			
Administrative expenses	6,755,532	6,877,249	(121,717)
Total expenditures	6,755,532	6,877,249	(121,717)
Excess (deficiency) of revenues over (under) expenditures	(2,284,936)	(2,707,714)	(422,778)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,284,936	2,284,936	-
Transfers to other funds	-	(11,928)	(11,928)
Total other financing sources (uses), net	2,284,936	2,273,008	(11,928)
Net change in fund balance	-	(434,706)	(434,706)
Fund balance - beginning	636,201	636,201	-
Fund balance - ending	\$ 636,201	201,495	(434,706)

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Total expenditures, Schedule P-9	6,877,249
Total expenditures, Schedule P-2	<u>\$ 6,877,249</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-9	2,273,008
Total other financing sources (uses), Schedule P-2	<u>\$ 2,273,008</u>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-10

E-911 Operations Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local taxes	\$ 4,947,998	4,947,998	-
Investment income	-	462,249	462,249
Intergovernmental revenues:			
Commonwealth of Virginia	1,337,000	1,058,663	(278,337)
Total revenues	6,284,998	6,468,910	183,912
EXPENDITURES			
Public safety	9,515,246	8,359,156	1,156,090
Capital outlay	1,056,558	688,521	368,037
Total expenditures	10,571,804	9,047,677	1,524,127
Excess (deficiency) of revenues over (under) expenditures	(4,286,806)	(2,578,767)	1,708,039
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	3,584,237	3,620,279	36,042
Transfers to other funds	-	(762,248)	(762,248)
Total other financing sources (uses), net	3,584,237	2,858,031	(726,206)
Net change in fund balance	(702,569)	279,264	981,833
Fund balance - beginning	10,654,075	10,654,075	-
Fund balance - ending	\$ 9,951,506	10,933,339	981,833

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Total expenditures, Schedule P-10	9,047,677
Total expenditures, Schedule P-2	<u>\$ 9,047,677</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-10	2,858,031
Total other financing sources (uses), Schedule P-2	<u>\$ 2,858,031</u>

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-11

Fee Supported Activities Fund
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2025

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Licenses, permits, and fees	\$ 271,552	275,555	4,003
Fines and forfeitures	6,227,299	3,299,000	(2,928,299)
Investment income	-	357,892	357,892
Charges for services	692,656	403,576	(289,080)
Recovered costs	5,000	(1,609)	(6,609)
Total revenues	7,196,507	4,334,414	(2,862,093)
EXPENDITURES			
Public safety	3,213,582	1,822,294	1,391,288
Capital outlay	126,900	52,774	74,126
Total expenditures	3,340,482	1,875,068	1,465,414
Excess (deficiency) of revenues over (under) expenditures	3,856,025	2,459,346	(1,396,679)
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(6,635,704)	(6,993,597)	(357,893)
Total other financing sources (uses), net	(6,635,704)	(6,993,597)	(357,893)
Net change in fund balance	(2,779,679)	(4,534,251)	(1,754,572)
Fund balance - beginning	10,905,513	10,905,513	-
Fund balance - ending	\$ 8,125,834	6,371,262	(1,754,572)

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Total expenditures, Schedule P-11	1,875,068
Capital outlay - leases and subscriptions	368,128
Total expenditures, Schedule P-2	\$ 2,243,196
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-11	(6,993,597)
Issuance of leases (as lessee)	311,988
Issuance of subscriptions	56,140
Total other financing sources (uses), Schedule P-2	\$ (6,625,469)

Internal Service Funds

Information Technology Fund – To account for the operation of the City’s central information technology, including technology development and support, and radio and communications operations.

City Garage Fund – To account for the maintenance and repair of City-owned vehicles.

Self-Insurance Fund – To account for the City’s self-insurance program.

Self-Funded Health Fund – To account for the City’s self-funded health insurance program.



CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-1

Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Current assets:					
Cash and temporary investments	\$ 11,992,370	10,195,035	32,168,886	42,963,250	97,319,541
Receivables, net of allowance for uncollectible amounts	28,934	1,625	124,686	74,296	229,541
Lease receivable	587,237	-	-	-	587,237
Inventory of materials and supplies	-	759,550	-	-	759,550
Prepaid expenses	535,053	2,922	2,485,015	-	3,022,990
Total current assets	13,143,594	10,959,132	34,778,587	43,037,546	101,918,859
Noncurrent assets:					
Capital assets:					
Land, intangibles, and construction in progress	66,442	4,590,885	-	-	4,657,327
Other capital assets, net of accumulated depreciation	11,071,586	52,257,828	59,590	-	63,389,004
Total capital assets, net of accumulated depreciation	11,138,028	56,848,713	59,590	-	68,046,331
Net OPEB asset	1,327,237	749,452	90,087	-	2,166,776
Total noncurrent assets	12,465,265	57,598,165	149,677	-	70,213,107
Total assets	25,608,859	68,557,297	34,928,264	43,037,546	172,131,966
Deferred Outflows of Resources					
Pension	2,324,863	1,275,298	152,756	-	3,752,917
OPEB	230,567	126,476	15,148	-	372,191
Total deferred outflows of resources	2,555,430	1,401,774	167,904	-	4,125,108
Total assets and deferred outflows of resources	\$ 28,164,289	69,959,071	35,096,168	43,037,546	176,257,074
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Liabilities					
Current liabilities:					
Accounts payable	\$ 811,855	1,144,536	353,118	1,246,459	3,555,968
Accrued expenses and other liabilities	358,966	106,629	13,897	3,074	482,566
Unearned revenues	-	-	-	4,207,611	4,207,611
Current portion of leases and subscriptions payable	3,181,061	26,876	21,093	-	3,229,030
Current portion of accrued vacation, sick pay, and overtime leave	509,218	176,166	24,453	1,600	711,437
Current portion of liability for self-insurance losses	-	-	6,187,185	4,601,315	10,788,500
Total current liabilities	4,861,100	1,454,207	6,599,746	10,060,059	22,975,112
Noncurrent liabilities:					
Leases and subscriptions payable	3,719,819	31,370	22,822	-	3,774,011
Accrued vacation, sick pay, and overtime leave	1,020,769	327,196	52,119	1,375	1,401,459
Liability for self-insurance losses	-	-	22,582,152	-	22,582,152
Net pension liability	3,332,405	2,152,135	265,284	-	5,749,824
Net OPEB liability	164,965	126,031	21,060	-	312,056
Total noncurrent liabilities	8,237,958	2,636,732	22,943,437	1,375	33,819,502
Total liabilities	13,099,058	4,090,939	29,543,183	10,061,434	56,794,614
Deferred Inflows of Resources					
Pension	988,182	542,066	64,929	-	1,595,177
OPEB	1,299,193	712,668	85,364	-	2,097,225
Leases	550,657	-	-	-	550,657
Total deferred inflows of resources	2,838,032	1,254,734	150,293	-	4,243,059
Net Position					
Net investment in capital assets	4,170,707	56,821,837	15,674	-	61,008,218
Restricted - OPEB	1,327,237	749,452	90,087	-	2,166,776
Unrestricted (deficit)	6,729,255	7,042,109	5,296,931	32,976,112	52,044,407
Total net position	12,227,199	64,613,398	5,402,692	32,976,112	115,219,401
Total liabilities, deferred inflows of resources, and net position	\$ 28,164,289	69,959,071	35,096,168	43,037,546	176,257,074

CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-2

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2025

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
OPERATING REVENUES					
Billings to departments	\$ 23,801,144	20,535,974	7,746,842	50,299,444	102,383,404
Billings to outside agencies and component units	364,416	36,628	-	-	401,044
Rental fees	278,532	-	-	-	278,532
Miscellaneous charges for services	7,630	-	-	-	7,630
Recovered costs	442	120,518	537,456	8,545,194	9,203,610
Other	-	10,670	-	-	10,670
Total operating revenues	24,452,164	20,703,790	8,284,298	58,844,638	112,284,890
OPERATING EXPENSES					
Cost of materials billed	-	2,890,723	-	-	2,890,723
Purchases for resale	-	4,483,470	-	-	4,483,470
General and administrative	1,279,675	435,296	5,618	16,558	1,737,147
Other salaries and wages	7,753,381	4,409,100	483,787	61,402	12,707,670
Other fringe benefits	2,511,110	1,785,845	197,653	21,869	4,516,477
Self-insurance reserve adjustments	-	-	659,309	-	659,309
Indemnity and medical claims	-	-	6,962,561	51,261,393	58,223,954
Other repairs and supplies	5,661,099	1,856,871	51,115	-	7,569,085
Equipment rental	4,799	6,946	964	-	12,709
Other contractual services	2,477,843	111,213	111,575	1,965,088	4,665,719
Depreciation and amortization	6,479,806	10,620,148	14,932	-	17,114,886
Insurance premiums	-	-	2,137,449	3,159,766	5,297,215
Total operating expenses	26,167,713	26,599,612	10,624,963	56,486,076	119,878,364
Operating income (loss)	(1,715,549)	(5,895,822)	(2,340,665)	2,358,562	(7,593,474)
NONOPERATING REVENUES (EXPENSES)					
Investment income	470,636	545,962	1,426,010	1,715,129	4,157,737
Interest expense	(174,526)	(1,787)	(393)	-	(176,706)
Gain on sale of equipment	37,167	366,474	-	-	403,641
Loss on sale of equipment	(3,640)	(28,827)	-	-	(32,467)
Total nonoperating revenues (expenses), net	329,637	881,822	1,425,617	1,715,129	4,352,205
Income (loss) before transfers and contributions	(1,385,912)	(5,014,000)	(915,048)	4,073,691	(3,241,269)
Transfers in	345,251	633,640	3,126,697	1,801	4,107,389
Transfers out	(2,461,466)	(545,960)	-	-	(3,007,426)
Capital contributions	4,588,404	11,329,210	-	-	15,917,614
Change in net position	1,086,277	6,402,890	2,211,649	4,075,492	13,776,308
Total net position - beginning, as previously reported	11,638,488	58,345,351	3,213,947	28,900,620	102,098,406
Restatement: change in accounting principle (note 15)	(497,566)	(134,843)	(22,904)	-	(655,313)
Net position - beginning, as restated	11,140,922	58,210,508	3,191,043	28,900,620	101,443,093
Total net position - ending	\$ 12,227,199	64,613,398	5,402,692	32,976,112	115,219,401

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2025

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 637,746	167,333	537,456	8,479,646	9,822,181
Cash received from interfund services provided	23,801,144	20,535,974	7,746,842	50,299,444	102,383,404
Payments to suppliers	(9,314,877)	(9,878,372)	(9,388,716)	(55,739,606)	(84,321,571)
Payments to employees	(10,585,067)	(6,305,721)	(704,460)	(80,296)	(17,675,544)
Net cash provided by (used in) operating activities	4,538,946	4,519,214	(1,808,878)	2,959,188	10,208,470
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	345,251	633,640	3,126,697	1,801	4,107,389
Transfers out	(447,947)	(545,960)	-	-	(993,907)
Net cash provided by (used in) noncapital financing activities	(102,696)	87,680	3,126,697	1,801	3,113,482
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Transfers out	(2,013,519)	-	-	-	(2,013,519)
Acquisition of capital assets	(3,220,298)	(10,646,154)	(32,568)	-	(13,899,020)
Proceeds from the sale of assets	37,167	366,474	-	-	403,641
Interest paid	(91,873)	(1,654)	(216)	-	(93,743)
Net cash provided by (used in) capital and related financing activities	(5,288,523)	(10,281,334)	(32,784)	-	(15,602,641)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	466,042	545,962	1,417,518	1,715,129	4,144,651
Investment expense	-	-	-	-	-
Net cash provided by investing activities	466,042	545,962	1,417,518	1,715,129	4,144,651
Net increase (decrease) in cash and temporary investments	(386,231)	(5,128,478)	2,702,553	4,676,118	1,863,962
Cash and temporary investments beginning of year	12,378,601	15,323,513	29,466,333	38,287,132	95,455,579
Cash and temporary investments end of year	\$ 11,992,370	10,195,035	32,168,886	42,963,250	97,319,541
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (1,715,549)	(5,895,822)	(2,340,665)	2,358,562	(7,593,474)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	6,479,806	10,620,148	14,932	-	17,114,886
Pension expense	(326,100)	(71,055)	(8,381)	-	(405,536)
OPEB expense	(205,026)	(107,105)	(12,824)	-	(324,955)
Change in assets and liabilities increasing (decreasing) cash and temporary investments:					
Receivables	(13,274)	(483)	-	(8,913)	(22,670)
Prepaid expenses and other assets	(148,770)	-	(140,018)	-	(288,788)
Inventory of materials and supplies	-	(12,248)	-	-	(12,248)
Accounts payable	231,084	(89,592)	20,584	663,199	825,275
Unearned revenues	-	-	-	(59,135)	(59,135)
Accrued expenses and other liabilities	26,225	7,987	485	2,500	37,197
Liability for self-insurance losses	-	-	659,309	-	659,309
Accrued vacation, sick pay, and overtime leave	210,550	67,384	(2,300)	2,975	278,609
Total adjustments	6,254,495	10,415,036	531,787	600,626	17,801,944
Net cash provided by (used in) operating activities	\$ 4,538,946	4,519,214	(1,808,878)	2,959,188	10,208,470
Supplemental information on significant noncash transactions:					
Contributions of capital assets:	\$ 4,588,404	11,329,210	-	-	15,917,614

Chesapeake Public Schools Component Unit

Major Governmental funds

Schools General Fund – To account for the general operations of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

Schools Nutrition Services Fund– To account for the operations of the Schools’ cafeterias.

Schools Textbooks Fund – To account for the operation of the School Textbook program.

Schools Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance of the school plant (other than those financed by the other funds or the City).

Fiduciary Funds:

Schools OPEB Trust Fund – To account for assets accumulated to fund other postemployment benefit (OPEB) obligations of the Schools.



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Chesapeake
VIRGINIA

**CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

Schedule R-1

Balance Sheet
Governmental Funds
Year Ended June 30, 2025

	General	Nutrition Services	Textbooks	Capital Projects	Total Governmental Funds
ASSETS					
Cash and temporary investments	\$ 121,088,461	23,265,371	21,040,847	-	165,394,679
Receivables	2,689,899	117,766	55,946	-	2,863,611
Due from federal government	12,674,902	2,811,388	-	-	15,486,290
Due from Commonwealth of Virginia	13,540,530	4,944	-	-	13,545,474
Lease receivable	316,686	-	-	-	316,686
Inventory	2,459,735	910,663	-	-	3,370,398
Restricted cash and temporary investments	-	-	-	121,282,178	121,282,178
Total assets	\$ 152,770,213	27,110,132	21,096,793	121,282,178	322,259,316
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	\$ 57,553,214	612,217	-	11,599,828	69,765,259
Health claims payable	7,568,406	-	-	-	7,568,406
Total liabilities	65,121,620	612,217	-	11,599,828	77,333,665
Deferred Inflows of Resources					
Unavailable revenues - sales taxes	5,026,394	-	-	-	5,026,394
Unavailable revenues due to timing - federal	7,887,561	-	-	-	7,887,561
Unavailable revenues - leases	306,298	-	-	-	306,298
Total deferred inflows of resources	13,220,253	-	-	-	13,220,253
Fund Balances					
Nonspendable:					
Inventory	2,459,735	910,663	-	-	3,370,398
Restricted:					
Capital projects	-	-	-	109,682,350	109,682,350
School nutrition services	-	25,587,252	-	-	25,587,252
School textbook	-	-	21,096,793	-	21,096,793
Future health, dental, and workers' compensation	45,106,407	-	-	-	45,106,407
Technology	2,637,188	-	-	-	2,637,188
Transportation	414,297	-	-	-	414,297
Instruction	9,910,568	-	-	-	9,910,568
Assigned to:					
Instruction	9,217,731	-	-	-	9,217,731
Unassigned	4,682,414	-	-	-	4,682,414
Total fund balances	74,428,340	26,497,915	21,096,793	109,682,350	231,705,398
Total liabilities, deferred inflows of resources, and fund balances	\$ 152,770,213	27,110,132	21,096,793	121,282,178	322,259,316
Adjustments for the Statement of Net Position:					
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.					511,847,757
Long-term liabilities are not reported as liabilities in the governmental funds.					(84,351,770)
Net OPEB assets are not reported in the governmental funds.					146,901
Net OPEB liabilities are not reported in the governmental funds.					(191,035,884)
Deferred outflows of resources are not in the governmental funds.					142,340,061
Net pension liabilities are not reported in the governmental funds.					(299,269,087)
Deferred inflows of resources are not in the governmental funds.					(99,582,081)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.					(13,870)
Deferred inflows of resources are not available to pay current period expenditures and, therefore, are reported as unavailable in the governmental funds.					12,913,955
Net position of governmental activities					\$ 224,701,380

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-2

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2025

	General	Nutrition Services	Textbooks	Capital Projects	Total Governmental Funds
REVENUES					
Intergovernmental revenues:					
City of Chesapeake	\$ 283,241,839	-	-	-	283,241,839
Commonwealth of Virginia	374,993,402	631,759	4,260,060	3,000,000	382,885,221
Federal government	33,145,980	15,135,266	-	-	48,281,246
Donated commodities from Federal government	-	1,682,832	-	-	1,682,832
Total intergovernmental	691,381,221	17,449,857	4,260,060	3,000,000	716,091,138
Charges for services	25,702,448	3,049,207	-	-	28,751,655
Interest	416,837	779,286	561,242	1,709,094	3,466,459
Miscellaneous	15,083,087	108,372	152	-	15,191,611
Total revenues	732,583,593	21,386,722	4,821,454	4,709,094	763,500,863
EXPENDITURES					
Education:					
Administration	14,047,416	-	-	-	14,047,416
Instruction	543,489,606	-	-	-	543,489,606
Attendance and health services	13,605,771	-	-	-	13,605,771
Pupil transportation	34,735,225	-	-	-	34,735,225
Operations and maintenance	66,917,460	-	-	-	66,917,460
School facilities services	8,258,693	-	-	-	8,258,693
School technology services	31,667,908	-	-	-	31,667,908
Total education	712,722,079	-	-	-	712,722,079
Nutrition services	-	21,327,792	-	-	21,327,792
Debt service, principal	6,650,338	-	-	-	6,650,338
Debt service, interest	560,627	-	-	-	560,627
Payment to primary government – return of interest income	215,177	-	-	1,709,094	1,924,271
Capital outlay	-	-	-	86,318,239	86,318,239
Total expenditures	720,148,221	21,327,792	-	88,027,333	829,503,346
Excess (deficiency) of revenues over (under) expenditures	12,435,372	58,930	4,821,454	(83,318,239)	(66,002,483)
OTHER FINANCING SOURCES (USES)					
IT Subscriptions	459,571	-	-	-	459,571
Payment from primary government for capital outlay	-	-	-	131,060,733	131,060,733
Total other financing sources (uses), net	459,571	-	-	131,060,733	131,520,304
Net change in fund balance	12,894,943	58,930	4,821,454	47,742,494	65,517,821
Fund balance - beginning	62,531,712	26,379,195	16,275,339	61,939,856	167,126,102
Increase (decrease) in reserve for inventory	(998,315)	59,790	-	-	(938,525)
Fund balance - ending	\$ 74,428,340	26,497,915	21,096,793	109,682,350	231,705,398

(Continued)

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-2, Continued

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2025

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

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

Net change in fund balances - total governmental funds	\$	65,517,821
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded depreciation expense in the current period.		85,708,566
Revenues in the Statement of Activities, that do not provide current financial resources are not reported as revenues in the funds. This is the amount of unavailable funds received after the fiscal year ends.		(9,967,021)
The net effect of various miscellaneous transactions involving capital assets (ie. sales, trade-ins, and donations) is to increase net position. Loss on sale of assets		(814,736)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of 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.		
Repayment of long-term debt	6,650,338	
Debt for leases/SBITAs	(459,571)	
Total bond and other debt proceeds	6,190,767	6,190,767
Change in reserve for inventory from governmental funds is included in expenditures in the Statement of Activities.		(938,525)
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 the governmental funds.		
Accrued interest on long-term debt		1,624
Workers' compensation claims		255,131
Compensated absences		(8,878,699)
Changes in pension liabilities and related deferred outflows and inflows of resources		16,596,653
Changes in OPEB liabilities/assets and related deferred outflows and inflows of resources		4,744,795
Change in net position of governmental activities	\$	158,416,376

**CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

Schedule R-3

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Other Postemployment Benefits Trust Fund
ASSETS	
Investments, at fair value	
Mutual funds	\$ 5,566,468
Total assets	\$ 5,566,468
NET POSITION	
Restricted for other postemployment benefits	\$ 5,566,468
Total net position	\$ 5,566,468

**CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

Schedule R-3A

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2025

	Other Postemployment Benefits Trust Fund
ADDITIONS	
Contributions from employer	\$ 5,313,809
Contributions from plan members	2,600,179
Investment income:	
Interest and dividends	452,440
Net investment income	452,440
Total additions	8,366,428
DEDUCTIONS	
Administrative expenses	5,473
Benefits and refunds paid on behalf of plan members and beneficiaries	7,913,988
Total deductions	7,919,461
Change in net position	446,967
Held in trust for other postemployment benefits - beginning of year	5,119,501
Held in trust for other postemployment benefits - end of year	\$ 5,566,468

**CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

Schedule R-4

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Schools General Fund
Year Ended June 30, 2025

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
City of Chesapeake	\$ 291,032,026	291,032,026	283,241,839	(7,790,187)
Commonwealth of Virginia	376,200,090	384,071,055	374,993,402	(9,077,653)
Federal government	52,034,112	40,898,331	33,145,980	(7,752,351)
Charges for services	2,330,800	2,330,800	25,702,448	23,371,648
Interest	1,500	1,500	416,837	415,337
Miscellaneous	30,800,041	34,064,857	15,083,087	(18,981,770)
Total revenues	752,398,569	752,398,569	732,583,593	(19,814,976)
EXPENDITURES				
Education:				
Administration	14,546,052	14,512,896	14,047,416	465,480
Instruction	596,768,433	598,083,496	543,489,606	54,593,890
Attendance and health services	14,862,105	14,527,105	13,605,771	921,334
Pupil transportation	51,156,208	50,589,508	34,735,225	15,854,283
Operations and maintenance	65,610,955	69,727,888	66,917,460	2,810,428
School facilities services	13,514,787	18,384,187	8,258,693	10,125,494
School technology services	30,357,679	33,036,744	31,667,908	1,368,836
Total education	786,816,219	798,861,824	712,722,079	86,139,745
Debt service:				
Principal	-	-	6,650,338	(6,650,338)
Interest	-	-	560,627	(560,627)
Total debt service	-	-	7,210,965	(7,210,965)
Payment to primary government – return of interest income	-	-	215,177	(215,177)
Capital Outlay	-	-	-	-
Total expenditures	786,816,219	798,861,824	720,148,221	78,713,603
Excess (deficiency) of revenues over (under) expenditures	\$ (34,417,650)	(46,463,255)	12,435,372	58,898,627
Other financing sources (uses):				
Proceeds from IT subscriptions			459,571	
Total other financing uses			459,571	
Net change in fund balance			12,894,943	
Fund balance - beginning			62,531,712	
Increase (decrease) in reserve for inventory			(998,315)	
Fund balance - ending			\$ 74,428,340	

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-5

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
 Budget and Actual - Schools Nutrition Services Fund
 Year Ended June 30, 2025

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ 530,000	530,000	631,759	101,759
Federal government	13,591,909	13,591,909	16,818,098	3,226,189
Charges for services	5,205,124	5,205,124	3,049,207	(2,155,917)
Interest	-	-	779,286	779,286
Miscellaneous	-	-	108,372	108,372
Total revenues	19,327,033	19,327,033	21,386,722	2,059,689
EXPENDITURES				
Operating costs:				
Purchases for resale	6,470,000	7,829,000	8,391,410	(562,410)
Food service salaries and fringe benefits	9,055,027	9,055,027	8,480,792	574,235
General and administrative	6,122,500	4,750,500	2,398,030	2,352,470
Other repairs and supplies	2,468,000	2,847,556	1,513,475	1,334,081
Capital outlay	840,000	840,000	528,463	311,537
Other expenditures	72,500	76,500	15,622	60,878
Total expenditures	25,028,027	25,398,583	21,327,792	4,070,791
Excess (deficiency) of revenues over (under) expenditures	\$ (5,700,994)	(6,071,550)	58,930	6,130,480
Fund balance - beginning			26,379,195	
Increase (decrease) in reserve for inventory			59,790	
Fund balance - ending			\$ 26,497,915	

**CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT**

Schedule R-6

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - Schools Textbooks Fund
Year Ended June 30, 2025

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ 4,250,045	4,250,045	4,260,060	10,015
Interest	15,000	15,000	561,242	546,242
Miscellaneous	15,000	15,000	152	(14,848)
Total revenues	4,280,045	4,280,045	4,821,454	541,409
EXPENDITURES				
Instruction				
Textbooks	4,400,000	4,400,000	-	4,400,000
Expendable workbooks	3,203,144	3,203,144	-	3,203,144
Total expenditures	7,603,144	7,603,144	-	7,603,144
Excess (deficiency) of revenues over (under) expenditures	\$ (3,323,099)	(3,323,099)	4,821,454	8,144,553
Fund balance - beginning			16,275,339	
Fund balance - ending			\$ 21,096,793	

Other Component Unit

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



Balance Sheet
Chesapeake Mosquito Control Commission
June 30, 2025

	Chesapeake Mosquito Control Commission
ASSETS	
Assets	
Cash and temporary investments	\$ 15,987,594
Inventory of materials and supplies	719,678
Prepaid expenses	103,509
Total current assets	16,810,781
Total assets	\$ 16,810,781
LIABILITIES AND FUND BALANCE	
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	\$ 126,564
Other Liabilities	138
Total current liabilities	126,702
Total liabilities	126,702
Fund Balance	
Nonspendable:	
Inventory	719,678
Prepaid	103,509
Committed:	
Biology testing	68,367
Future capital improvements	1,000,000
Operations	1,093,728
Assigned	-
Unassigned	13,698,797
Total fund balance	16,684,079
Total liabilities and fund balance	\$ 16,810,781
Reconciliation to Net Position:	
Total fund balance	\$ 16,684,079
Capital assets - net of depreciation	2,524,559
Net OPEB asset	376,761
Deferred outflows	704,738
Long-term liabilities	(501,579)
Net pension liability	(875,869)
Net OPEB liability - VRS directed	(108,509)
Deferred inflows	(630,813)
Net Position	\$ 18,173,367

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Chesapeake Mosquito Control Commission
 Year Ended June 30, 2025

	Chesapeake Mosquito Control Commission
REVENUES	
Property taxes	\$ 6,765,629
Investment income	572,818
Other	96,900
Total revenues	7,435,347
EXPENDITURES	
Other salaries and wages	2,063,779
Other fringe benefits	984,190
Other repairs and supplies	855,218
Insurance premiums	212,565
Capital outlay	549,700
Other	452,255
Total expenditures	5,117,707
Excess (deficiency) of revenues over (under) expenditures	2,317,640
Net change in fund balance	2,317,640
Fund balance - beginning	14,366,439
Fund balance - ending	\$ 16,684,079

Reconciliation to Change in Net Position:

Governmental funds report capital outlay as expenditures. However, when reporting net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net change in fund balance	\$ 2,317,640
Compensated absences	(10,645)
Pension expense	55,112
OPEB expense	54,811
Depreciation expense	(209,867)
Capital outlay expenditures	549,700
Lease expense	1,376
Change in Net Position	\$ 2,758,127

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Chesapeake
VIRGINIA

STATISTICAL SECTION

This part of the City of Chesapeake's Annual Comprehensive Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures, and required supplementary information depict the government's overall financial health.

Financial Trends – These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.



CITY OF CHESAPEAKE, VIRGINIA

Net Position by Component
Last Ten Fiscal Years - Unaudited

	Fiscal Years			
	2016	2017	2018	2019
Governmental Activities				
Net investment in capital assets	\$ 803,408,601	917,873,047	948,007,008	988,305,860
Restricted for:				
Capital projects	9,496,284	7,573,672	7,295,431	7,214,178
Debt service	572,809	800,317	975,681	1,580,849
OPEB	-	-	-	-
Other purposes:				
Expendable	79,026,265	86,689,437	81,470,421	75,208,171
Nonexpendable	12,795	184,459	203,604	243,494
Unrestricted (deficit)	127,611,781	166,360,668	204,538,067	251,402,063
Total governmental activities net position	\$ 1,020,128,535	1,179,481,600	1,242,490,212	1,323,954,615
Business-type Activities				
Net investment in capital assets	\$ 374,310,640	398,107,933	424,400,639	446,770,028
Restricted for:				
Capital projects	13,054,525	97,882,413	108,317,526	128,596,183
Debt service	33,421,662	33,684,535	34,184,641	40,716,139
OPEB	-	-	-	-
Other purposes:				
Expendable	149,570,921	79,037,754	79,578,055	68,198,534
Unrestricted (deficit)	(4,026,298)	(4,182,599)	(32,028,285)	(25,806,606)
Total business-type activities net position	\$ 566,331,450	604,530,036	614,452,576	658,474,278
Primary Government				
Net investment in capital assets	\$ 1,177,719,241	1,315,980,980	1,372,407,647	1,435,075,888
Restricted for:				
Capital projects	22,550,809	105,456,085	115,612,957	135,810,361
Debt service	33,994,471	34,484,852	35,160,322	42,296,988
OPEB	-	-	-	-
Other purposes:				
Expendable	228,597,186	165,727,191	161,048,476	143,406,705
Nonexpendable	12,795	184,459	203,604	243,494
Unrestricted (deficit)	123,585,483	162,178,069	172,509,782	225,595,457
Total Primary Government net position	\$ 1,586,459,985	1,784,011,636	1,856,942,788	1,982,428,893
Component Units				
Net investment in capital assets	\$ 238,621,923	245,580,745	257,008,802	280,922,718
Restricted for:				
Capital projects	23,976,510	18,863,830	9,210,779	-
OPEB	-	-	-	-
Other purposes:				
Expendable	22,906,943	26,003,608	38,675,687	46,569,857
Unrestricted (deficit)	(673,085,649)	(685,656,442)	(600,527,120)	(606,678,614)
Total component units' net position	\$ (387,580,273)	(395,208,259)	(295,631,852)	(279,186,039)

¹ The net position for the Business-type blended component unit, Economic Development Authority, has been restated for FY2022.

Table 1

Fiscal Years					
2020	2021	2022 ¹	2023	2024	2025
974,415,246	992,050,786	933,160,125	952,213,448	988,727,562	958,271,629
6,913,621	6,634,647	5,571,349	7,289,677	6,349,530	6,627,915
1,205,480	1,014,188	210	2,152,759	2,105,798	68,538
-	-	-	-	15,066,934	38,793,935
79,622,155	75,893,913	86,544,664	47,540,544	50,871,904	62,565,603
336,821	253,783	107,800	284,385	20,547,785	345,698
287,070,666	382,657,019	489,775,043	628,429,777	679,210,358	696,999,662
1,349,563,989	1,458,504,336	1,515,159,191	1,637,910,590	1,762,879,871	1,763,672,980
458,647,190	462,305,755	479,956,120	503,573,074	522,615,370	545,481,731
110,548,561	119,247,076	125,878,865	144,258,702	141,285,368	164,621,207
52,744,206	46,735,246	49,724,026	49,915,838	51,314,059	67,512,648
-	-	-	-	1,470,501	3,969,455
85,511,407	104,781,159	108,737,142	-	-	-
(34,833,528)	(39,437,234)	(45,305,051)	56,463,857	74,071,273	54,910,733
672,617,836	693,632,002	718,991,102	754,211,471	790,756,571	836,495,774
1,433,062,436	1,454,356,541	1,413,116,245	1,455,786,522	1,511,342,932	1,503,753,360
117,462,182	125,881,723	131,450,214	151,548,379	147,634,898	171,249,122
53,949,686	47,749,434	49,724,236	52,068,597	53,419,857	67,581,186
-	-	-	-	16,537,435	42,763,390
165,133,562	180,675,072	195,281,806	47,540,544	50,871,904	62,565,603
336,821	253,783	107,800	284,385	20,547,785	345,698
252,237,138	343,219,785	444,469,992	684,893,634	753,281,631	751,910,395
2,022,181,825	2,152,136,338	2,234,150,293	2,392,122,061	2,553,636,442	2,600,168,754
297,819,879	328,492,169	361,349,577	376,395,491	411,917,258	504,251,704
-	-	-	-	-	-
-	-	-	-	141,191	523,662
70,288,004	62,505,016	96,183,749	154,132,885	155,146,098	214,933,514
(597,397,419)	(633,448,164)	(562,360,754)	(518,078,121)	(471,224,355)	(462,060,217)
(229,289,536)	(242,450,979)	(104,827,428)	12,450,255	95,980,192	257,648,663

¹ The net position for the Business-type blended component unit, Economic Development Authority, has been restated for FY2022.

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years - Unaudited

	2016	2017	2018	2019
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 17,919,246	18,626,308	18,369,446	16,642,078
Public safety	6,327,000	6,842,159	6,958,674	7,404,405
Public works	397,605	433,412	567,340	319,224
Parks and recreation	1,325,959	1,273,734	1,260,627	1,193,031
Public welfare	8,128,191	7,269,310	7,549,567	9,733,420
Operating grants and contributions	108,437,341	111,174,626	111,552,585	115,178,823
Capital grants and contributions	23,145,655	107,671,523	22,555,997	20,986,036
Total governmental activities' program revenues	<u>\$ 165,680,997</u>	<u>253,291,072</u>	<u>168,814,236</u>	<u>171,457,017</u>
Business-type activities:				
Charges for Services:				
Public Utilities	\$ 71,895,798	75,891,505	76,927,836	74,669,373
Chesapeake Transportation System	11,938,642	17,591,317	24,825,405	26,500,786
Stormwater Management	15,661,983	16,031,408	16,115,527	16,141,817
Economic Development Authority	-	-	-	-
Operating grants and contributions	1,419,816	1,723,497	3,305,879	7,418,684
Capital grants and contributions	12,942,811	19,668,084	5,040,018	10,215,794
Total business-type activities' program revenues	<u>\$ 113,859,050</u>	<u>130,905,811</u>	<u>126,214,665</u>	<u>134,946,454</u>
Total Primary Government Activities' program revenues	<u>\$ 279,540,047</u>	<u>384,196,883</u>	<u>295,028,901</u>	<u>306,403,471</u>
Component Units:				
Charges for Services:				
Public Schools	\$ 18,998,372	18,635,543	18,870,975	19,686,232
Chesapeake Port Authority	39,722	1,200	-	-
Chesapeake Airport Authority	434,638	466,335	473,455	472,310
Elizabeth River Properties of Chesapeake, Inc.	111,979	106,776	117,546	115,352
Operating grants and contributions	97,479,921	103,321,427	111,090,487	112,804,840
Capital grants and contributions	1,163,712	392,204	2,020,383	361,869
Total component units' program revenues	<u>\$ 118,228,344</u>	<u>122,923,485</u>	<u>132,572,846</u>	<u>133,440,603</u>
Total Primary Government and component units' program revenues	<u>\$ 397,768,391</u>	<u>507,120,368</u>	<u>427,601,747</u>	<u>439,844,074</u>

Table 2

Fiscal Years					
2020	2021	2022	2023	2024	2025
4,803,523	3,932,636	3,916,490	6,339,301	4,774,409	8,758,049
6,911,297	7,015,743	6,510,765	6,580,113	8,769,291	9,559,031
365,218	376,963	596,401	308,285	244,107	366,446
845,041	260,869	726,835	982,205	728,978	998,476
8,847,162	7,689,761	8,833,294	8,678,388	7,568,343	8,369,936
119,403,089	160,744,753	166,103,343	178,076,457	152,690,280	159,366,897
22,827,863	14,433,181	15,910,185	16,059,702	18,260,773	35,689,185
164,003,193	194,453,906	202,597,313	217,024,451	193,036,181	223,108,020
77,993,495	80,024,669	81,281,134	83,085,171	83,578,254	87,614,117
25,505,079	29,267,552	33,572,463	34,457,488	35,745,804	37,730,939
15,833,474	16,148,628	16,253,822	25,207,912	25,400,789	25,608,877
6,519,130	477,000	102,775	2,567,760	1,174,320	351,000
5,317,512	2,708,725	1,961,938	11,485,837	667,991	586,676
6,112,838	9,661,238	6,234,850	5,825,712	6,248,423	12,747,231
137,281,528	138,287,812	139,406,982	162,629,880	152,815,581	164,638,840
301,284,721	332,741,718	342,004,295	379,654,331	345,851,762	387,746,860
22,445,856	18,453,780	17,862,694	24,327,440	26,447,286	28,751,655
-	-	-	-	-	-
499,493	496,246	514,326	537,331	542,891	590,474
151,957	176,954	198,573	217,209	170,415	-
122,980,668	147,314,136	172,309,270	184,880,558	196,203,904	181,936,747
2,747,149	20,500	-	-	-	3,000,000
148,825,123	166,461,616	190,884,863	209,962,538	223,364,496	214,278,876
450,109,844	499,203,334	532,889,158	589,616,869	569,216,258	602,025,736

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years - Unaudited

	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	\$ 125,133,326	145,413,520	154,492,115	164,759,758
Public safety	90,907,369	93,094,728	94,172,297	103,262,634
Public works	52,877,267	58,915,648	47,580,380	38,099,274
Parks and recreation	8,423,774	3,415,829	7,730,292	8,812,469
Public welfare	45,705,033	48,443,596	47,746,439	49,972,356
Education	208,466,021	207,382,512	217,851,053	217,100,015
Interest on long-term debt	12,228,723	12,696,190	13,797,966	12,651,370
Depreciation and amortization - net unallocated portion	15,331,944	15,216,230	19,448,199	20,245,562
Total governmental activities	<u>\$ 559,073,457</u>	<u>584,578,253</u>	<u>602,818,741</u>	<u>614,903,438</u>
Business-type activities:				
Public Utilities	\$ 59,789,391	61,195,818	68,295,315	63,598,130
Chesapeake Transportation System	8,987,678	20,513,144	36,979,915	37,904,311
Stormwater Management	11,541,070	12,825,364	11,027,245	13,156,095
Economic Development Authority	-	-	-	6,723,039
Total business-type activities	<u>\$ 80,318,139</u>	<u>94,534,326</u>	<u>116,302,475</u>	<u>121,381,575</u>
Total Primary Government	<u>\$ 639,391,596</u>	<u>679,112,579</u>	<u>719,121,216</u>	<u>736,285,013</u>
Component units				
Public Schools	\$ 435,759,664	488,960,206	470,920,045	483,006,298
Chesapeake Mosquito Control Commission	5,181,759	4,013,749	3,693,645	3,719,396
Economic Development Authority	3,322,203	642,787	1,329,256	-
Chesapeake Port Authority	46,795	19,642	1,696	-
Chesapeake Airport Authority	1,340,246	1,270,448	1,340,143	1,368,689
Elizabeth River Properties of Chesapeake, Inc.	223,076	225,496	225,065	229,936
Chesapeake Land Bank Authority	-	-	-	-
Total component units	<u>\$ 445,873,743</u>	<u>495,132,328</u>	<u>477,509,850</u>	<u>488,324,319</u>
Net (Expense)/Revenue				
Governmental activities	(393,392,460)	(331,287,181)	(434,004,505)	(443,446,421)
Business-type activities	33,540,911	36,371,485	9,912,190	13,564,879
Total Primary Government net expense	<u>\$ (359,851,549)</u>	<u>(294,915,696)</u>	<u>(424,092,315)</u>	<u>(429,881,542)</u>
Total component units net expense	<u>\$ (327,645,399)</u>	<u>(372,208,843)</u>	<u>(344,937,004)</u>	<u>(354,883,716)</u>

Table 2, Continued

Fiscal Years					
2020	2021	2022	2023	2024	2025
205,972,104	227,160,269	181,333,028	191,890,163	189,131,856	219,599,314
111,433,764	116,541,499	120,539,356	130,753,495	134,551,216	136,712,029
22,716,126	11,253,379	59,005,523	56,868,828	68,666,750	73,413,159
9,682,309	7,552,991	8,679,338	12,238,447	14,519,086	9,374,887
56,260,276	60,594,825	56,454,498	63,241,401	65,021,620	70,746,648
250,803,232	209,415,524	309,139,680	306,961,623	304,283,821	420,766,316
12,423,557	12,568,282	12,862,673	12,198,307	11,542,836	10,000,447
19,620,117	16,085,590	15,602,752	20,389,674	19,442,644	18,963,535
688,911,485	661,172,359	763,616,848	794,541,938	807,159,829	959,576,335
66,708,533	66,126,598	64,356,881	69,735,776	77,208,353	76,834,224
38,492,069	37,952,259	38,909,909	38,672,503	41,914,254	39,667,738
14,484,056	15,310,180	13,057,070	15,203,361	15,780,247	17,720,645
7,100,135	7,393,129	1,842,224	3,797,161	2,460,902	2,529,564
126,784,793	126,782,166	118,166,084	127,408,801	137,363,756	136,752,171
815,696,278	787,954,525	881,782,932	921,950,739	944,523,585	1,096,328,506
520,397,810	569,668,829	563,074,654	625,575,793	701,380,834	726,178,199
4,290,575	4,391,365	4,069,597	4,074,028	4,248,959	4,677,219
-	-	-	-	-	-
-	-	-	-	-	-
1,252,267	1,184,417	1,403,003	1,259,978	1,457,835	1,720,850
299,146	266,521	261,141	253,335	2,092,377	-
86,948	164,814	186,018	475,531	330,429	580,204
526,326,746	575,675,946	568,994,413	631,638,665	709,510,434	733,156,472
(524,908,292)	(466,718,453)	(561,019,535)	(577,517,487)	(614,123,648)	(736,468,315)
10,496,735	11,505,646	21,240,898	35,221,079	15,451,825	27,886,669
(514,411,557)	(455,212,807)	(539,778,637)	(542,296,408)	(598,671,823)	(708,581,646)
(377,501,523)	(409,214,330)	(378,109,550)	(421,676,127)	(486,145,938)	(518,877,596)

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years - Unaudited

	2016	2017	2018	2019
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 311,753,152	323,945,517	339,175,321	355,881,792
Local sales and use taxes	38,134,836	39,192,394	40,912,255	41,660,626
Business license taxes	25,432,077	26,124,990	27,319,871	28,048,966
Consumer utility taxes	10,549,605	10,631,194	10,856,726	10,828,586
Other taxes	55,170,564	55,182,708	55,699,035	57,560,084
Grants and contributions not restricted to specific programs	32,200,518	32,146,547	32,144,107	32,448,856
Unrestricted investment earnings	2,212,618	2,307,567	4,642,652	9,670,264
Gain on sale of capital assets	-	-	-	-
Miscellaneous	3,593,743	2,936,430	3,789,863	3,519,909
Transfers	167,124	(1,827,101)	(1,351,488)	(14,708,259)
Total governmental activities revenues & transfers	\$ 479,214,237	490,640,246	513,188,342	524,910,824
Business-type activities:				
Transfers	(167,124)	1,827,101	1,351,488	14,708,259
Unrestricted investment earnings	-	-	-	-
Gain on sale of capital assets	-	-	-	-
Total business-type activities revenues & transfers	\$ (167,124)	1,827,101	1,351,488	14,708,259
Total Primary Government revenues & transfers	\$ 479,047,113	492,467,347	514,539,830	539,619,083
Component Units:				
Payment from City	\$ 200,669,966	199,801,485	210,380,798	209,686,756
Grants and contributions not restricted to specific programs	154,989,654	163,341,019	163,273,264	174,766,903
Unrestricted investment earnings	262,926	450,365	982,738	1,168,677
Gain on sale of capital assets	-	-	-	-
Miscellaneous	950,105	987,988	1,525,959	1,455,757
Total component units	\$ 356,872,651	364,580,857	376,162,759	387,078,093
Change in Net Position				
Governmental activities	\$ 85,821,777	159,353,065	79,183,837	81,464,403
Business-type activities	33,373,787	38,198,586	11,263,678	28,273,138
Total Primary Government net change in net position	\$ 119,195,564	197,551,651	90,447,515	109,737,541
Total component units net change in net position	\$ 29,227,252	(7,627,986)	31,225,755	32,194,377

Table 2, Continued

Fiscal Years					
2020	2021	2022	2023	2024	2025
370,371,068	393,652,325	420,176,941	457,146,619	482,060,882	504,429,502
43,593,597	51,037,755	55,017,862	57,409,044	58,052,510	60,312,147
27,781,280	29,019,712	30,439,211	37,067,619	36,729,527	36,860,975
10,809,020	10,919,483	11,006,951	11,035,442	10,978,385	11,260,399
55,908,436	60,322,618	65,463,305	70,896,052	71,681,336	73,711,347
32,370,647	33,534,249	33,525,847	32,559,822	31,885,169	32,050,219
8,232,271	882,532	467,024	25,855,563	40,197,897	40,016,165
-	-	-	-	53,413	422,001
5,098,170	5,798,646	5,922,231	10,362,835	12,286,195	7,432,238
(3,646,823)	(9,508,520)	(4,344,982)	(2,064,110)	(4,832,385)	(3,346,395)
550,517,666	575,658,800	617,674,390	700,268,886	739,092,929	763,148,598
3,646,823	9,508,520	4,344,982	2,064,110	4,832,385	3,346,395
-	-	-	-	16,027,598	15,571,178
-	-	-	-	233,291	75,894
3,646,823	9,508,520	4,344,982	2,064,110	21,093,274	18,993,467
554,164,489	585,167,320	622,019,372	702,332,996	760,186,203	782,142,065
244,072,634	197,047,317	302,924,093	299,100,335	297,815,305	414,302,572
182,235,069	189,216,555	202,347,789	225,624,431	252,959,038	245,808,181
73,596	(5,050)	69,116	1,250,848	5,315,620	4,097,296
-	-	-	-	59,990	73,960
1,016,827	5,039,653	10,392,103	13,148,002	13,552,229	15,191,611
427,398,126	391,298,475	515,733,101	539,123,616	569,702,182	679,473,620
25,609,374	108,940,347	56,654,855	122,751,399	124,915,868	26,680,283
14,143,558	21,014,166	25,585,880	37,285,189	20,284,210	46,880,136
39,752,932	129,954,513	82,240,735	160,036,588	145,200,078	73,560,419
49,896,603	(17,915,855)	137,623,551	117,447,489	83,556,244	160,596,024

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Chesapeake
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA
Fund Balances, Governmental Funds
Last Ten Fiscal Years - Unaudited

Table 3

	Fiscal Years				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 1,559,275	1,311,843	1,508,708	1,439,572	1,133,586
Restricted for cash flow emergencies	32,623,282	33,795,931	34,786,564	36,173,619	37,036,302
Restricted other	540,507	4,725,626	4,794,161	908,488	1,049,782
Committed for one time projects	46,901,273	56,288,856	67,624,832	69,990,232	76,698,340
Committed other	30,964,586	37,702,547	36,344,926	55,107,370	67,821,526
Assigned	9,832,438	5,292,608	7,382,231	11,019,850	13,770,559
Unassigned	65,246,428	67,591,862	69,573,129	72,347,237	74,072,504
Total General Fund	\$ 187,667,789	206,709,273	222,014,551	246,986,368	271,582,599
All Other Governmental Funds ¹					
Nonspendable	402,847	184,459	203,604	243,494	336,821
Restricted	46,583,273	48,811,144	42,612,835	38,989,829	42,540,130
Committed	48,759,647	51,053,591	26,152,649	52,646,232	36,007,397
Assigned	62,346,748	132,555,851	151,752,426	121,746,212	164,231,851
Total all other governmental funds	\$ 158,092,515	232,605,045	220,721,514	213,625,767	243,116,199
Total Governmental Funds	345,760,304	439,314,318	442,736,065	460,612,135	514,698,798

	Fiscal Years				
	2021	2022	2023	2024	2025
General Fund					
Nonspendable	\$ 1,408,907	1,419,808	1,458,342	1,705,416	2,638,891
Restricted for cash flow emergencies	39,169,785	41,064,768	-	-	-
Restricted other	1,057,828	47,000	47,000	47,000	47,000
Committed for one time projects	110,027,039	132,485,665	155,107,080	180,516,820	191,265,326
Committed other	102,622,128	119,991,539	143,557,579	118,910,035	176,150,724
Assigned	28,953,705	18,974,795	28,159,415	60,693,544	42,703,342
Unassigned	78,339,569	82,129,536	91,757,441	97,589,627	101,888,034
Total General Fund	\$ 361,578,961	396,113,111	420,086,857	459,462,442	514,693,317
All Other Governmental Funds					
Nonspendable	253,783	107,800	284,385	20,547,785	345,698
Restricted	36,677,128	45,433,106	56,935,980	54,845,078	62,685,739
Committed	47,503,051	42,853,872	79,158,323	76,179,843	112,607,773
Assigned	159,428,011	191,116,519	193,537,207	202,818,731	162,214,286
Total all other governmental funds	\$ 243,861,973	279,511,297	329,915,895	354,391,437	337,853,496
Total Governmental Funds	\$ 605,440,934	675,624,408	750,002,752	813,853,879	852,546,813

¹ Total Governmental Funds expendable minus General Fund expendable.

CITY OF CHESAPEAKE, VIRGINIA

Statement of Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years - Unaudited

	Fiscal Years			
	2016	2017	2018	2019
REVENUES				
General property taxes	\$ 309,687,694	321,436,947	336,040,424	351,530,642
Other local taxes	129,287,082	131,131,286	134,787,887	138,098,262
Licenses, permits, and fees	8,984,478	8,976,982	9,005,712	9,472,695
Fines and forfeitures	2,497,583	2,324,124	1,984,717	2,064,005
Investment income	2,026,798	2,122,324	4,164,768	8,689,159
Revenues from use of property	953,199	963,352	1,089,188	1,118,058
Charges for services	22,356,868	22,919,619	23,452,511	23,545,932
Miscellaneous local revenues	3,791,848	3,820,723	3,906,796	4,058,261
Recovered costs	2,188,833	1,842,339	2,324,958	2,013,914
Program income	257,538	640,718	462,012	130,249
Revenues from local developers	1,062,059	1,135,388	721,759	656,179
Intergovernmental revenues:				
Commonwealth of Virginia	116,529,745	121,239,674	118,276,206	126,804,447
Federal government	19,863,946	18,526,865	21,939,696	15,749,222
Federal government - American Reinvestment and Recovery Act	892,605	889,080	889,902	876,007
Mosquito Control Commission	1,250,000	-	-	-
Chesapeake Public Schools	235,270	404,392	841,381	1,656,215
Total revenues	621,865,546	638,373,813	659,887,917	686,463,247
EXPENDITURES				
Current:				
General government	112,965,759	118,097,428	122,583,859	127,987,878
Public safety	93,772,637	97,964,884	99,550,223	106,366,094
Public works	59,339,632	59,041,469	59,096,571	57,885,633
Parks and recreation	10,382,616	10,479,224	11,325,996	11,455,395
Public welfare	46,735,975	48,235,096	48,973,078	52,022,091
Education - Payments to Public Schools	200,669,966	199,801,485	210,380,853	210,428,306
Capital outlay	56,329,436	58,432,829	58,753,654	49,402,878
Debt service:				
Principal ¹	28,911,589	24,816,589	30,268,297	26,693,440
Interest	12,608,768	11,832,061	13,725,307	13,100,430
Total expenditures	621,716,378	628,701,065	654,657,838	655,342,145
Excess (deficiency) of revenues over (under) expenditures	149,168	9,672,748	5,230,079	31,121,102
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	71,832,037	81,270,597	95,988,015	86,774,280
Transfers to other funds	(71,117,755)	(83,542,939)	(97,796,347)	(100,019,312)
Issuance of leases (as lessee)	-	-	-	-
Issuance of subscriptions	-	-	-	-
Issuance of general obligation bonds	-	76,640,000	-	-
Issuance of general obligation refunding bonds	-	5,190,000	-	-
Issuance of VPSA bonds	12,170,000	-	-	-
Payment to refunded bond escrow agent	-	(5,915,421)	-	-
Premiums on general obligation bonds issued	-	9,478,205	-	-
Premiums on refunding bonds issued	-	760,824	-	-
Premiums on VPSA bonds issued	1,927,919	-	-	-
Total other financing sources (uses), net	14,812,201	83,881,266	(1,808,332)	(13,245,032)
Net change in fund balances	\$ 14,961,369	93,554,014	3,421,747	17,876,070
Debt service as a percentage of noncapital expenditures ²	7.34%	6.43%	7.38%	6.57%

¹ Includes other debt related expenses

² Debt service as a percentage of noncapital expenditures is calculated as follows: (debt service payments (principal and interest) / total expenditures less capital outlay expenditures)

Table 4

Fiscal Years					
2020	2021	2022	2023	2024	2025
364,197,736	389,639,337	404,192,235	450,522,724	484,505,439	504,270,273
138,092,333	151,299,568	161,927,329	176,408,157	177,441,758	182,144,868
9,652,515	10,119,756	9,742,809	11,995,812	12,558,300	11,988,899
2,283,217	2,008,770	1,572,760	7,912,949	6,844,826	4,082,545
7,392,384	753,921	328,970	23,083,365	35,704,291	35,858,449
799,213	608,081	1,519,029	1,860,539	1,519,727	1,619,290
22,220,374	19,600,531	21,109,602	23,025,729	23,805,830	27,452,050
4,245,181	5,630,476	3,487,335	4,434,488	9,408,781	4,046,115
2,039,138	2,925,778	3,092,963	5,645,963	1,668,096	5,132,094
144,848	151,626	260,411	54,291	295,585	20,000
824,443	1,021,026	880,354	2,066,828	527,853	1,477,635
131,264,365	132,784,542	128,245,342	139,336,369	155,114,431	173,636,467
19,233,079	58,729,207	61,184,751	60,173,124	20,286,229	20,927,720
550,227	501,008	289,059	281,439	274,624	266,028
-	-	-	-	-	-
84,782	22,293	116,565	756,594	3,212,018	1,924,271
703,023,835	775,795,920	797,949,514	907,558,371	933,167,788	974,846,704
130,384,491	132,923,495	138,697,562	149,748,385	151,610,990	157,862,764
111,536,156	113,610,647	124,145,125	134,610,319	138,339,679	145,557,778
62,805,322	64,571,102	67,179,225	73,679,086	77,920,281	83,051,990
11,379,680	11,081,758	11,553,725	13,598,008	15,724,093	16,409,706
54,982,527	56,789,675	57,404,233	63,642,018	67,507,227	70,566,177
244,072,634	203,211,882	302,924,093	299,100,335	297,815,305	414,302,571
60,664,095	53,318,485	48,654,389	71,086,426	82,693,241	115,403,448
26,124,163	28,167,960	28,141,208	28,625,480	28,012,457	28,751,192
11,512,957	12,857,888	11,831,064	13,174,148	11,692,820	12,679,923
713,462,025	676,532,892	790,530,624	847,264,205	871,316,093	1,044,585,549
(10,438,191)	99,263,028	7,418,890	60,294,166	61,851,695	(69,738,845)
89,514,095	111,890,076	146,343,760	166,191,560	155,281,094	137,481,257
(91,649,941)	(120,410,968)	(150,157,441)	(167,306,741)	(157,282,585)	(142,105,736)
-	-	4,392,423	423,893	3,656,968	631,910
-	-	-	3,428,104	343,955	886,426
30,005,000	-	-	-	-	-
34,215,000	-	-	-	-	-
24,520,000	-	54,410,000	9,900,000	-	104,530,000
(41,674,983)	-	-	-	-	-
8,377,934	-	-	-	-	-
7,651,284	-	-	-	-	-
3,566,465	-	7,775,842	1,447,362	-	7,007,922
64,524,854	(8,520,892)	62,764,584	14,084,178	1,999,432	108,431,779
54,086,663	90,742,136	70,183,474	74,378,344	63,851,127	38,692,934
5.77%	6.58%	5.39%	5.39%	5.03%	4.46%

CITY OF CHESAPEAKE, VIRGINIA

Table 5

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years - Unaudited

	Fiscal Years				
	2016	2017	2018	2019	2020
Real Property Assessed Value ¹	\$ 24,370,701,634	25,174,589,034	26,241,692,929	27,624,978,340	28,910,752,624
Real Property Estimated Actual Value ¹	24,370,701,634	25,174,589,034	26,241,692,929	27,624,978,340	28,910,752,624
Personal Property Assessed Value ¹	2,125,717,799	2,125,088,965	2,256,293,543	2,343,369,694	2,449,445,877
Personal Property Estimated Actual Value ¹	2,125,717,799	2,125,088,965	2,256,293,543	2,343,369,694	2,449,445,877
Total Assessed Value	26,496,419,433	27,299,677,999	28,497,986,472	29,968,348,034	31,360,198,501
Total Direct Tax Rate ²	1.28	1.27	1.27	1.27	1.27
Estimated Actual Value	26,496,419,433	27,299,677,999	28,497,986,472	29,968,348,034	31,360,198,501
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

	Fiscal Years				
	2021	2022	2023	2024	2025
Real Property Assessed Value ¹	\$ 30,088,250,673	31,253,557,594	35,703,646,223	38,913,919,002	40,836,522,667
Real Property Estimated Actual Value ¹	30,088,250,673	31,253,557,594	35,703,646,223	38,913,919,002	40,836,522,667
Personal Property Assessed Value ¹	2,685,732,144	2,931,747,383	3,437,161,568	3,294,968,646	3,365,425,926
Personal Property Estimated Actual Value ¹	2,685,732,144	2,931,747,383	3,437,161,568	3,294,968,646	3,365,425,926
Total Assessed Value	32,773,982,817	34,185,304,977	39,140,807,791	42,208,887,648	44,201,948,593
Total Direct Tax Rate ²	1.28	1.29	1.30	1.23	1.23
Estimated Actual Value	32,773,982,817	34,185,304,977	39,140,807,791	42,208,887,648	44,201,948,593
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

¹ Source: City of Chesapeake Commissioner of the Revenue

² The Direct Tax Rate is calculated using a formula that includes the City's actual current tax rates which are \$1.00 per \$100 for real property and \$4.00 per \$100 for personal property.

CITY OF CHESAPEAKE, VIRGINIA

Table 6

Direct and Overlapping Property Tax Rates ^{2 3}
 Last Ten Fiscal Years - Unaudited
 (rate per hundred)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real Estate ^{1 2}	\$ 1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.00	1.00
Motor Vehicles ^{3 4}	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Motor Vehicles Disabled Vets ⁸	0.01	0.01	0.01	0.01	0.01	0.01	-	-	0.01	0.01
Motor Carriers	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Recreation Vehicles ⁴	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Handicap Vehicles ⁴	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Boats ⁴	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Business Personal Property ^{3 4}	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mobile Homes ^{2 5}	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.00	1.00
Machinery & Tools ⁴	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Farm ^{3 4}	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Airplanes ⁴	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Data Center Computers ⁷	-	-	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Total Direct Rate ⁶	1.28	1.27	1.27	1.27	1.27	1.28	1.29	1.30	1.23	1.23

¹ Assessment of Real Estate is 100 percent of fair market value.

² The general City real estate tax levy is currently \$1.00 per \$100 assessed value. An additional \$0.01 per \$100 assessed value is imposed for mosquito control services.

³ The general City personal property tax levy is currently \$4.00 per \$100 assessed value. An additional \$0.08 per \$100 assessed value is imposed for mosquito control services.

⁴ Boats and vehicles are assessed using 100% of the loan value from a recognized pricing guide. Boats and vehicles that are not found in a recognized pricing guide are assessed as a percentage of their original cost. Airplanes, business personal property, and machinery and tools are assessed at 20% of their original cost. Farm equipment is assessed at 12% of its original cost.

⁵ Mobile home assessments are based on per square foot values provided by a recognized pricing guide.

⁶ The Direct tax rate is calculated using a weighted formula that includes the current tax rates of \$1.00 for real property and \$4.00 for personal property.

⁷ Data Center Computer equipment is currently \$.40 per \$100 assessed value. Added February 2018.

⁸ Motor Vehicle Disable Vet Assessment changed on January 1, 2021 from \$.01 to \$.00. for their primary vehicle and \$.01 for additional vehicles.

SOURCE: City of Chesapeake, Ordinances

**CITY OF CHESAPEAKE,
VIRGINIA**

Table 7

Principal Property Taxpayers
Current Year and Nine Years Ago - Unaudited

Principal Taxpayer	Type of Business	Fiscal Year 2025		Fiscal Year 2016	
		Real Property Assessed Value	Percent of Total Assessed Value	Real Property Assessed Value	Percent of Total Assessed Value
Dominion Virginia Power	Electric Utility	\$ 1,053,884,230	2.58%	\$ 538,004,410	2.21%
Dollar Tree Distribution Inc	Retail, Distribution	167,200,900	0.41%	-	-
VA Coastal Logistics DST	Industrial Properties	110,377,500	0.27%	-	-
Lithia VA Real Estate LLC	Automotive Dealership	82,962,700	0.20%	-	-
CP Venture Two LLC	Shopping Mall	80,876,200	0.20%	55,281,900	0.23%
JLP Chesapeake LLC	Retail and Vacant Land	59,534,500	0.15%	-	-
Wal-Mart Stores East LP	Shopping Center	59,402,400	0.15%	65,304,400	0.27%
DH VA Owner LLC	Real Estate Investment & Management	51,553,100	0.13%	-	-
Walsh FBI Chesapeake LLC	Real Estate Investment & Management	48,188,100	0.12%	-	-
Greenbrier Square Chesapeake LLC	Shopping Center	47,618,500	0.12%	-	-
Greenbrier Mall II LLC	Shopping Mall & Vacant Land	-	-	92,012,600	0.38%
Verizon South Inc	Telecommunications Utility	-	-	63,275,650	0.26%
JPMCC	Shopping Mall	-	-	54,894,500	0.23%
CIP II/API Cahoon LLC	Apartment Complex	-	-	54,411,500	0.22%
Woodlake Co. Limited Partnership	Apartment Complex	-	-	54,072,400	0.22%
Chesapeake CVSD LN Apt Prop Own	Apartment Complex	-	-	51,281,200	0.21%
Edinburg Apts	Apartment Complex	-	-	48,107,300	0.20%
Total Top Ten Principal Taxpayers ¹		\$ 1,761,598,130	4.33%	\$ 1,076,645,860	4.43%
Total Assessed Valuation ²		\$ 40,836,522,667		\$ 24,370,701,634	

Source: ¹ City of Chesapeake Real Estate Assessor

² City of Chesapeake Commissioner of Revenue

Property Tax Levies
Last Ten Fiscal Years - Unaudited

		2016	2017	2018	2019	2020
Real Property ¹	\$	246,824,270	254,741,865	265,497,154	279,719,056	292,702,992
Motor Vehicles		65,747,073	65,520,521	69,393,003	71,566,602	74,753,543
Motor Carriers		1,487,378	1,551,850	1,692,336	1,652,944	1,706,075
Recreation Vehicles		564,838	579,382	666,676	723,342	737,332
Boats		28,080	17,996	23,607	28,021	27,332
Business		11,514,150	12,497,273	12,786,377	13,667,431	14,177,862
Motor Homes		135,097	89,304	132,888	132,617	137,225
Machinery & Tools		2,803,960	2,666,692	2,855,192	2,995,448	2,907,802
Farm		160,854	150,138	141,963	146,680	146,624
Airplanes		51,958	45,729	41,117	27,457	27,529
		2021	2022	2023	2024	2025
Real Property ¹	\$	304,517,552	316,931,213	348,825,912	380,593,367	398,559,037
Motor Vehicles		84,851,001	94,733,749	109,409,565	104,544,240	105,397,610
Motor Carriers		1,578,821	1,594,613	1,673,396	1,699,713	1,674,472
Recreation Vehicles		895,690	1,234,341	1,129,897	1,088,016	1,004,254
Boats		25,224	20,523	43,341	39,724	35,855
Business		14,365,029	13,890,092	17,469,709	16,364,253	18,494,622
Motor Homes		143,559	145,136	150,975	141,143	149,451
Machinery & Tools		3,295,136	3,205,853	3,598,703	3,890,752	4,120,548
Farm		138,153	129,343	143,127	145,808	-
Airplanes		26,051	20,285	31,955	44,999	46,217

¹ Public service corporation property is not included

Source: City of Chesapeake Commissioner of the Revenue

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Chesapeake
VIRGINIA

CITY OF CHESAPEAKE, VIRGINIA

Table 9

Property Tax Levies and Collections
Last Ten Fiscal Years - Unaudited

Fiscal Years	Original Levy	Adjusted Levy ³	Collected in Initial Period ^{1 2}	Percent of Levy Collected Within Fiscal Year of Levy	Collections in Subsequent Years ¹	Cumulative Tax Collections	Cumulative Collections as a Percent of Adjusted Tax Levy ⁴
2016	\$ 338,408,560	340,880,764	323,578,869	96%	16,868,677	340,447,546	100%
2017	347,470,586	351,863,685	333,495,476	96%	17,540,046	351,035,522	100%
2018	363,286,184	365,728,582	347,048,456	96%	19,509,279	366,557,735	100%
2019	381,019,427	384,440,496	362,170,574	95%	34,452,383	396,622,957	103%
2020	398,276,635	399,444,448	347,427,397	87%	30,613,361	378,040,758	95%
2021	421,264,210	423,013,242	367,218,571	87%	26,312,617	393,531,188	93%
2022	443,144,672	446,313,624	384,385,069	87%	34,825,740	419,210,809	94%
2023	487,555,079	495,968,908	420,408,815	86%	39,579,081	459,987,896	93%
2024	520,997,599	523,541,476	448,318,476	86%	31,840,881	480,159,357	92%
2025	543,380,051	543,427,831	469,823,647	86%	-	469,823,647	86%

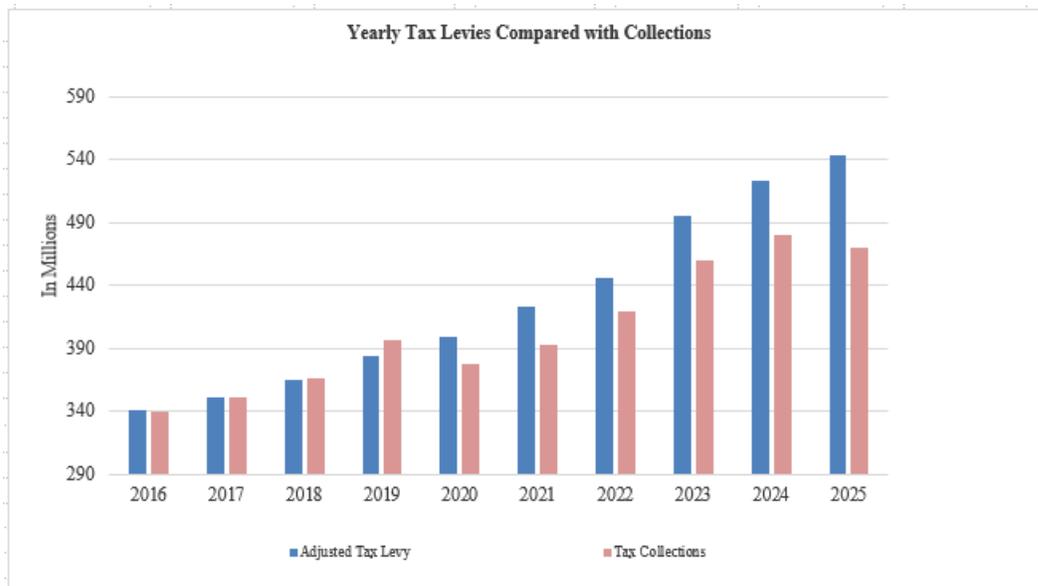
¹ Includes tax collections recorded by Chesapeake Mosquito Control Commission, a component unit, and the Tax Increment Financing Funds.

² Collections include amount reimbursed by the State for Personal Property Tax under the Personal Property Tax Relief Act (PPTRA) of 1998.

³ Adjusted Levy reflects residual amount after exonerations and reassessments.

⁴ For FY2020 property tax due dates were moved from June 5 to June 30 which impacted the timing of tax collections.

Source: City of Chesapeake Commissioner of the Revenue



CITY OF CHESAPEAKE, VIRGINIA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years - Unaudited

	Governmental Activities			
	2016	2017	2018	2019
General Obligation Bonds and Direct Placement ⁵	\$ 274,392,374	336,429,602	305,469,994	278,226,151
School Literary Loans	798,144	598,607	399,070	199,533
Installment Purchase Agreement	1,342,284	1,342,284	1,342,284	1,342,284
Edinburgh Loan Payable	1,946,273	1,226,520	485,413	-
Supplemental Payments Agreement	10,100,000	8,615,000	7,055,000	5,415,000
Total Governmental Activities¹	288,579,075	348,212,013	314,751,761	285,182,968

	Business-type Activities			
	2016	2017	2018	2019
General Obligation Bonds ^{2 5}	\$ 83,545,253	78,431,500	72,228,594	65,861,260
Revenue Bonds ⁵	300,932,845	313,548,582	320,618,478	328,407,940
Notes & Loans Payable	-	-	-	-
Due to the Commonwealth of Virginia	65,859,760	66,700,057	67,971,480	68,875,605
Total Business-type Activities	450,337,858	458,680,139	460,818,552	463,144,805
Total Primary Government Activities	738,916,933	806,892,152	775,570,313	748,327,773

Percent of Personal Income³ 6.57% 6.91% 6.36% 5.89%

All Debt Per Capita^{3 4} 3,124 3,370 3,200 3,059

¹ Represents total long-term debt.

² In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.

³ See Table 17 Demographic and Economic Statistics for personal income and population data.

⁴ All Debt Per Capita is calculated by [sum of governmental activities + business-type activities] / population

⁵ General obligation bonds and revenue bonds for governmental and business-type activities include any premium or discount associated with the debt.

⁶ The presentation has been modified to include only obligations considered debt under applicable law or policy.

Table 10

2020	2021	2022⁶	2023⁶	2024⁶	2025
320,201,841	289,671,302	321,390,665	305,508,280	274,022,897	353,950,447
-	-	-	-	-	-
1,342,284	1,342,284	1,342,284	1,342,284	1,342,284	1,342,284
-	-	-	-	-	-
3,695,000	1,895,000	-	-	-	-
325,239,125	292,908,586	322,732,949	306,850,564	275,365,181	355,292,731

2020	2021	2022⁶	2023⁶	2024⁶	2025
59,615,171	52,911,325	46,448,856	48,669,769	36,231,867	29,054,109
337,883,008	332,554,040	322,495,388	305,004,044	297,445,704	280,919,754
-	-	8,355,895	7,984,695	7,984,695	6,343,835
69,807,056	70,766,661	71,755,269	72,773,759	73,823,033	74,904,020
467,305,235	456,232,026	449,055,408	434,432,267	415,485,299	391,221,718
792,544,360	749,140,612	771,788,357	741,282,831	690,850,480	746,514,449
5.98%	5.25%	5.25%	4.73%	n/a	n/a
3,210	3,002	3,065	2,942	2,736	2,948

CITY OF CHESAPEAKE, VIRGINIA

Table 11

Ratios of Outstanding General Obligation Debt
Last Ten Fiscal Years - Unaudited

General Obligation Debt Outstanding								
Fiscal Year	Governmental Activities General Obligation Bonds ¹	Business-type Activities General Obligation Bonds ^{1 4}	Total General Obligation Bonds	School Literary Loans	Installment Purchase Agreement ⁵	Total	% of Actual Taxable Value of Property ²	Per Capita ³
2016	\$ 274,392,374	83,545,253	357,937,627	798,144	1,342,284	360,078,055	1.36%	1,522
2017	336,429,602	78,431,500	414,861,102	598,607	1,342,284	416,801,993	1.53%	1,741
2018	305,469,994	72,228,594	377,698,588	399,070	1,342,284	379,439,942	1.33%	1,566
2019	278,226,151	65,861,260	344,087,411	199,533	1,342,284	345,629,228	1.15%	1,413
2020	320,201,841	59,615,171	379,817,012	-	1,342,284	381,159,296	1.22%	1,544
2021	289,671,302	52,911,325	342,582,627	-	1,342,284	343,924,911	1.05%	1,375
2022 ⁶	321,390,665	46,448,856	367,839,521	-	1,342,284	369,181,805	1.09%	1,482
2023 ⁶	305,508,280	48,669,768	354,178,048	-	1,342,284	355,520,332	0.93%	1,437
2024 ⁶	274,022,897	41,431,328	315,454,225	-	1,342,284	316,796,509	0.78%	1,302
2025	353,950,447	31,405,914	385,356,361	-	1,342,284	386,698,645	0.87%	1,527

¹ Outstanding Bonds for Governmental and Business-type Activities include premiums and discounts.

² Refer to Table 5 Assessed and Estimated Actual Value of Taxable Property for assessed value data.

³ Refer to Table 17 Demographic and Economic Statistics for population information.

⁴ In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.

⁵ The Installment Purchase Agreement provides for the payment of the principal balance in a single installment due in 2032 that will be repaid from maturing zero coupon Treasury securities.

⁶ The presentation has been modified to include only obligations considered debt under applicable law or policy.

Debt Affordability Indicators
Last Ten Fiscal Years - Unaudited

The City's overall net debt to assessed value of taxable real property will not exceed 3.5% nor will the City's overall net debt per capita exceed \$3,000. The City's tax-supported debt service shall be limited to 10% of budgeted general governmental revenues. ¹

Fiscal Year	Overall Net Debt ^{2 6}	Assessed Value of Taxable Real Property ³	Overall Net Debt to			Overall Net Debt Per Capita	Budgeted General Governmental Revenues ⁵	Tax-supported Debt Service	Tax-supported Debt Service to Budgeted General Governmental Revenues
			Assessed Value of Taxable Real Property	Population ⁴	Population ⁴				
2016	\$ 276,830,385	24,370,701,634	1.14%	236,538	1,170	552,192,580	42,008,224	7.61%	
2017	327,984,560	25,174,589,034	1.30%	239,399	1,370	571,599,873	36,853,676	6.45%	
2018	297,005,670	26,241,692,929	1.13%	242,336	1,226	589,122,079	44,704,137	7.59%	
2019	277,277,671	27,624,978,340	1.00%	244,657	1,133	612,166,942	40,841,869	6.67%	
2020	299,327,195	28,910,752,624	1.04%	246,912	1,212	637,644,657	37,961,781	5.95%	
2021	270,462,260	30,088,250,673	0.90%	249,521	1,084	611,290,886	41,983,287	6.87%	
2022 ⁷	296,058,284	31,253,557,594	0.95%	251,811	1,176	665,247,489	40,877,103	6.14%	
2023 ⁷	276,608,284	35,703,853,767	0.77%	251,959	1,098	734,613,051	42,725,018	5.82%	
2024 ⁷	247,798,284	38,913,919,002	0.64%	252,478	981	785,203,512	40,674,744	5.18%	
2025	323,296,284	40,836,522,667	0.79%	253,261	1,277	830,358,696	39,672,460	4.78%	

¹ Policy adopted by resolution on February 27, 2007 and amended on May 12, 2015, commencing FY2016 to include overall net debt service to budgeted general governmental revenues.

² Overall net debt is the sum of the total bonded debt, short term debt, and overlapping debt less all self-supporting enterprise debt.

³ Source: City of Chesapeake Commissioner of Revenue.

⁴ Population figures acquired from City of Chesapeake Planning Department estimates.

⁵ General Governmental revenues include General Fund, Greenbrier TIF Fund, South Norfolk TIF Fund, Conference Center Fund, Debt Service Fund, E-911 Operations Fund, Parks and Recreation Fund and Mosquito Control Fund.

⁶ Beginning FY2019 includes 2018 EDA Taxable Facility Revenue Bond supported by Greenbrier TIF revenues.

⁷ The presentation has been modified to include only obligations considered debt under applicable law or policy.

CITY OF CHESAPEAKE, VIRGINIA

Table 13

Ratio of Annual Debt Expenditures for General Obligation
Debt to Total General Governmental Expenditures
Last Ten Fiscal Years - Unaudited

Fiscal Year	Total General Governmental Expenditures ¹	General Obligation Debt Expenditures ²	Ratio of General Obligation Debt Expenditures to General Governmental Expenditures
2016	\$ 815,582,062	39,459,982	4.84%
2017	840,174,358	36,648,650	4.36%
2018	871,770,408	42,002,854	4.82%
2019	898,432,498	37,801,120	4.21%
2020	926,146,293	43,147,254 ³	4.66%
2021	972,623,596	39,041,098	4.01%
2022	1,063,411,200	41,048,442	3.86%
2023	1,152,226,463	41,799,628	3.63%
2024	1,517,460,522	39,705,277	2.62%
2025	1,681,574,523	41,431,115	2.46%

¹ This table includes the expenditures from the following funds: General, Special Revenue, Permanent, Chesapeake Mosquito Control Commission - component unit, Debt Service and Chesapeake Public Schools - component unit. Excluded are Capital Projects - Primary Government and Public Schools Capital Projects - component unit.

² Expenditures for general obligation bonds, excluding those reported in Business-type Activities.

³ Includes \$7.5 million in bonded expenditure for the redemption of bonds that were refunded in March 2020.

CITY OF CHESAPEAKE, VIRGINIA

Table 14

Ratio of Debt Expenditures to Local Revenues
Last Ten Fiscal Years - Unaudited

Fiscal Year	Local Revenues ¹	Tax and Revenue Supported Debt Expenditures ²	Ratio of Debt Expenditures To Local Revenues
2016	\$ 604,791,609	49,316,405	8.15%
2017	630,347,714	48,814,491	7.74%
2018	657,210,227	65,807,468	10.01%
2019	688,187,136	63,956,762	9.29%
2020	708,745,165	21,324,471 ³	3.01%
2021	738,435,699	69,326,885	9.39%
2022	775,039,788 ³	75,130,074	9.69%
2023	897,003,799	76,007,049	8.47%
2024	1,214,448,397	73,601,712	6.06%
2025	1,266,407,200	155,373,718 ⁴	12.27%

¹ Includes local revenues of the following funds: General, Special Revenue, Permanent, Debt Service, Chesapeake Public Schools - component unit, Chesapeake Mosquito Control Commission - component unit, Public Utilities, Chesapeake Transportation System, Stormwater and beginning in FY2019 the Economic Development Authority - component unit. Excluded are Capital Projects - Primary Government, Chesapeake Public Schools Capital Projects - component unit, and transfers/expenditures/revenues between the City, Chesapeake Public Schools, and Elizabeth River Properties of Chesapeake.

² Includes debt expenditures for governmental and business-type activities.

³ Restated

⁴ Includes \$78.1 million of principal payments that were financed through the issuance of refunding bonds.

CITY OF CHESAPEAKE, VIRGINIA
 Legal Debt Margin Information
 Last Ten Fiscal Years - Unaudited

Table 15

Fiscal Year	Debt Limit ¹	Total net debt applicable to limit	Legal Debt Margin available	Total net debt applicable to the limit as a % of debt limit
2016	\$ 2,437,070,163	286,138,466	2,150,931,697	11.7%
2017	2,517,458,903	340,363,489	2,177,095,414	13.5%
2018	2,624,169,293	311,267,004	2,312,902,289	11.9%
2019	2,762,497,834	284,886,193	2,477,611,641	10.3%
2020	2,891,075,262	310,440,524	2,580,634,738	10.7%
2021	3,008,825,067	249,993,929	2,758,831,138	8.3%
2022	3,125,355,759	283,500,480	2,841,855,279	9.1%
2023	3,570,364,622	259,032,638	3,311,331,984	7.3%
2024	3,891,391,900	220,813,682	3,670,578,218	5.7%
2025	4,083,652,267	298,709,780	3,784,942,487	7.3%

¹ Under state law, the City's outstanding general obligation debt should not exceed 10 % of total assessed real property value. However, the City has adopted three affordability ratios that further restrict the debt below the amount indicated by the Legal Debt Margin.

Revenue Bond Coverage (Pledged-Revenue)
Last Ten Fiscal Years - Unaudited

Water and Sewer Systems							
Fiscal Year	Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	SENIOR BONDS DEBT SERVICE REQUIREMENTS			Coverage ³
				Principal	Interest	Total	
2016	\$ 72,939,176	40,362,445	32,576,731	835,000	1,865,206	2,700,206	12.06
2017	77,077,017	43,585,633	33,491,384	860,000	1,833,308	2,693,308	12.44
2018	78,917,902	43,610,138	35,307,764	880,000	1,799,002	2,679,002	13.18
2019	78,001,428	42,764,707	35,236,721	910,000	1,760,820	2,670,820	13.19
2020	81,405,526	45,761,466	35,644,060	935,000	1,719,041	2,654,041	13.43
2021	82,051,956	47,542,711	34,509,245	965,000	1,674,713	2,639,713	13.07
2022	82,390,701	45,676,808	36,713,893	935,000	914,113	1,849,113	19.85
2023	88,764,513	50,368,861	38,395,652	780,000	736,150	1,516,150	25.32
2024	90,989,870	56,256,378	34,733,492	815,000	697,150	1,512,150	22.97
2025	94,797,764	54,609,616	40,188,148	860,000	634,900	1,494,900	26.88

Chesapeake Expressway/Chesapeake Transportation System							
Fiscal Year	Toll Revenues	Operating Expenses ²	Net Toll Revenue Available for Debt Service	SENIOR BONDS DEBT SERVICE REQUIREMENTS ⁴			Coverage ⁵
				Principal	Interest	Total	
2016	\$ 11,835,168	3,452,690	8,382,478	-	724,250	724,250	11.57
2017	17,334,638	5,612,099	11,722,539	-	1,296,320	1,296,320	9.04
2018	24,638,185	8,943,040	15,695,145	445,000	4,995,667	5,440,667	2.88
2019	26,215,490	9,390,213	16,825,277	1,575,000	4,830,101	6,405,101	2.63
2020	25,505,079	9,355,031	16,150,048	2,435,000	4,890,350	7,325,350	2.20
2021	29,267,552	9,821,967	19,445,585	3,300,000	4,989,260	8,289,260	2.35
2022	33,572,463	9,929,050	23,643,413	4,130,000	4,810,191	8,940,191	2.64
2023	34,457,488	10,946,305	23,511,183	4,975,000	4,117,368	9,092,368	2.59
2024	35,745,804	12,495,043	23,250,761	2,185,000	7,117,185	9,302,185	2.50
2025	37,730,939	13,295,731	24,435,208	310,000	6,733,757	7,043,757	3.47

¹ The definition of revenues for the Water and Sewer System includes interest, 100% of connection fees and the Build America Bonds subsidy reimbursement. Capital grants and revenues transferred to the rate stabilization fund have been excluded from the calculation.

² Operating expenses are exclusive of depreciation and amortization and renewal and replacement costs.

³ Per the Indenture of Trust for Revenue Bonds issued in 2010, net revenues shall be sufficient in each fiscal year to equal 120% (or 1.2) of annual debt service for senior debt.

⁴ Beginning with FY2013, debt payments made July 15 are treated as due the previous fiscal year. Additionally, debt service shall not include the principal and interest on outstanding bonds to the extent that they are paid from bond proceeds or investment earnings on such proceeds.

⁵ Beginning in FY2013, net toll revenues shall be sufficient in each fiscal year to equal 130% (or 1.3 times) annual debt service.

CITY OF CHESAPEAKE, VIRGINIA

Table 17

Demographic and Economic Statistics
Last Ten Fiscal Years - Unaudited

Fiscal Year	Population ¹	Personal Income ² (in thousands)	Per Capita Income ²	School Enrollment ³	Chesapeake Unemployment Rate ⁴	Virginia Unemployment Rate ⁴
2016	236,538	\$ 11,254,969	47,302	38,935	4.3%	4.1%
2017	239,399	11,675,805	48,569	39,153	4.2%	4.0%
2018	242,336	12,196,879	50,326	39,497	3.5%	3.4%
2019	244,657	12,700,597	51,874	40,898	3.0%	2.9%
2020	246,912	13,245,152	53,622	41,597	4.4%	4.4%
2021	249,521	14,257,488	56,742	39,673	5.5%	5.6%
2022	251,811	14,764,927	58,478	40,478	3.1%	3.1%
2023	251,959	15,927,772	62,736	40,821	2.8%	2.8%
2024	252,478	n/a	n/a	40,640	3.0%	3.1%
2025	253,261	n/a	n/a	40,685	3.8%	3.9%

n/a - Information not yet available

Sources:

¹ Beginning in 2023, the City uses the population estimates developed by the University of Virginia’s Weldon Cooper Center for Public Service. Before 2023, the City’s Planning Department developed estimates based on the the most current Census counts and issued Certificates of Occupancy.

² Bureau of Economic Analysis an agency of the U.S. Department of Commerce

³ Chesapeake Public Schools

⁴ U.S. Department of Labor Bureau of Labor Statistics (2016-2022),

Virginia Employment Commission, Local Area Unemployment Statistics (2023-current) (average for fiscal year, not seasonally adjusted)

CITY OF CHESAPEAKE, VIRGINIA

Table 18

Principal Employers
Current Year and Nine Years Ago - unaudited

Principal Employers	Type of Business	Fiscal Year 2025		Fiscal Year 2016	
		Employees	Percent of Total City Employment	Employees	Percent of Total City Employment
City of Chesapeake Public Schools ¹	Government	6,977	5.55%	5,666	5.07%
City of Chesapeake ⁴	Government	4,012	3.19%	3,680	3.29%
Chesapeake Regional Medical Center	Hospital and healthcare services	2,058	1.64%	1,940	1.74%
Walmart Associates, Inc.	Warehouse Clubs and Supercenters	1,829	1.45%	1,991	1.78%
Dollar Tree	Corporate, Subsidiary, and Regional Managing Offices	1,826	1.45%	-	0.00%
Amazon.com Services, Inc.	Local Messengers and Local Delivery	1,624	1.29%	-	0.00%
Sentara Healthcare	Hospital and healthcare services	911	0.72%	1,236	1.11%
Food Lion, LLC	Grocery store company	807	0.64%	-	0.00%
U S A A	Direct Property and Casualty Insurance Carriers	799	0.64%	-	0.00%
Cox Communications	Media Streaming Distribution Services, Social Networks, and Other Media Networks and Content Providers	753	0.60%	1,118	1.00%
Tidewater Staffing	Professional services	-	-%	1,133	1.01%
Capital One	Credit intermediation and related activities	-	-%	1,064	0.95%
QVC Chesapeake Inc	Phone center/order processing facility	-	-%	779	0.70%
YMCA of South Hampton Roads	Youth and community development	-	-%	730	0.65%
Total Principal Employers		21,596	17.17%	19,337	17.31%
Total City of Chesapeake Labor Force ^{2 3}		125,768		111,685	

Source: City of Chesapeake Economic Development Department unless otherwise noted.

¹ Source is Chesapeake Public Schools' Budget Office

² Source is Virginia Employment Commission (virginiaworks.com), Local Area Unemployment Statistics (2025)

³ Source is Bureau of Economic Analysis, an agency of the U.S. Department of Commerce

⁴ Source is Budget Department - Data provided is the budgeted full time equivalents and includes part-time employee equivalents. Total employees tie to the approved Operating Budget documents.

CITY OF CHESAPEAKE, VIRGINIA

Table 19

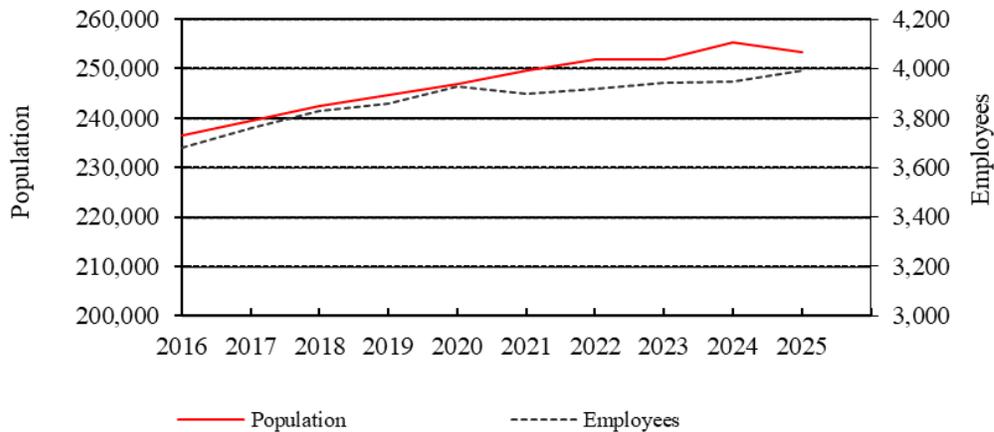
Municipal Employment Statistics
Last Ten Fiscal Years - Unaudited

Fiscal Year	Population ¹	Total Employees ²	Employees
			Per 1,000 Population
2016	236,538	3,680	15.6
2017	239,399	3,758	15.7
2018	242,336	3,831	15.8
2019	244,657	3,860	15.8
2020	246,912	3,927	15.9
2021	249,521	3,898	15.6
2022	251,811	3,917	15.6
2023	251,959	3,944	15.7
2024	252,478	3,930	15.6
2025	253,261	4,012	15.8

Sources: ¹City of Chesapeake Planning Department Estimates (2016 - 2022). Beginning 2023, population estimates are provided by University of Virginia's Weldon Cooper Center.

²Data provided is the budgeted full-time equivalents and includes part-time employee equivalents. Total employees tie to the approved Operating Budget documents.

Population and Employee Figures



Authorized Full-Time Equivalent City Government Employee Positions by Department
Last Ten Fiscal Years - Unaudited

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Department</u>										
General Government										
Management Services	45	48	47	47	50	50	50	50	50	50
Economic Development	34	35	36	37	38	37	37	47	47	48
Finance	28	29	29	29	29	29	29	30	30	34
Information Technology	57	54	55	56	57	55	65	74	77	95
Human Resources	24	23	22	23	23	23	23	24	26	27
Budget	6	6	6	6	7	7	7	7	7	7
Agriculture ¹	2	2	2	2	2	2	2	2	2	2
Development & Permits	80	75	76	76	80	76	76	76	76	76
Other	245	251	254	256	256	255	253	254	249	259
Police	552	564	577	581	583	584	580	580	582	586
Sheriff	404	417	428	433	451	442	442	442	442	474
Fire	446	447	449	449	454	452	461	462	471	471
Integrated Behavioral Health	246	266	291	297	299	306	299	301	303	327
Community Programs	11	11	11	11	13	13	13	13	14	14
Public Works	468	476	478	484	489	487	500	511	511	515
Parks, Recreation & Tourism	236	242	245	245	251	242	242	242	241	238
Library	125	125	126	127	127	126	126	126	126	120
Public Utilities	222	233	246	253	260	261	262	266	266	269
Justice	83	83	84	84	86	90	90	91	92	93
Health & Human Services	362	367	365	360	368	361	360	346	318	307
Total	3,676	3,755	3,827	3,856	3,923	3,898	3,917	3,944	3,930	4,012

Source: Authorized full time equivalent positions per approved fiscal year Operating Budgets for the year indicated.

¹ The Department of Agriculture currently has 2 City employees and 4 State employees. Effective FY2021, the State employees are no longer shown in the FTE complement for budget purposes (restated FY2016 through FY2020)

CITY OF CHESAPEAKE, VIRGINIA

Operating Indicators by Function/Program
Last Ten Fiscal Years - Unaudited

Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
General Government					
Building Permits Issued	4,758	4,758	4,551	4,830	5,946
Building Inspections Conducted	8,780	13,311	12,573	10,885	15,574
Electrical Permits Issued	3,181	3,148	3,039	3,136	3,495
Electrical Inspections Performed	9,283	8,641	7,889	7,639	8,296
Plumbing Permits Issued	2,312	1,869	1,765	1,992	1,873
Plumbing Inspections Performed	9,275	8,377	7,499	7,095	7,107
Mechanical/Gas Permits Issued	6,945	5,713	5,626	5,378	5,303
Mechanical/Gas Inspections Performed	11,145	10,832	10,781	9,812	10,162
Code Compliance Inspections	12,875	14,678	17,195	16,418	22,738
Police					
Calls for Police Service ²	129,340	102,041	104,092	148,388	140,668
Part I Law Violations	6,203	6,439	6,423	6,871	6,811
Total Criminal Charges (primary and secondary) ⁷	15,363	16,894	13,939	11,406	14,682
Total Traffic Charges (moving/ non-moving/excludes DUI)	33,201	32,627	29,750	25,220	18,116
DUI Arrests	638	606	530	551	635
Fire					
Calls answered for Fire/EMS Services	30,072	29,914	29,559	30,021	31,390
Public Works					
Refuse Collected (tons per year)	95,309	94,148	91,239	109,574	119,394
Street Resurfacing (miles)	67.00	45.67	31.00	31.00	68.54
Potholes Repaired	11,765	10,438	13,008	12,440	10,688
Water					
Active Service Accounts ⁶	64,171	66,249	67,983	69,133	69,141
Daily Average Consumption in Gallons (in mgd)	14.64	14.83	15.23	14.97	15.38
Daily Average Water Provided by Chesapeake (in mgd)	8.66	8.55	9.57	9.73	10.38
Daily Average Water Purchased from other localities (in mgd)	5.98	6.13	5.65	5.23	5.00
Wastewater					
Active Service Accounts ⁶	62,514	64,422	66,693	67,329	67,388
Parks and Recreation					
Youth Athletics - Participants ⁵	4,780	5,351	5,391	5,856	3,292
Youth Athletics - Teams ⁵	433	473	482	413	304
Youth Athletics - Coaches ⁵	708	838	835	811	532
Adult Athletics - Participants ⁵	2,947	2,230	2,094	2,145	570
Adult Athletics - Teams ⁵	164	149	141	143	38
Special Programs Athletics - Programs ⁵	5	4	5	5	3
Leisure Classes - Youth Participants ⁵	1,272	1,588	1,529	2,396	1,091
Leisure Classes - Adult Participants	609	287	238	344	300
Leisure Classes - Community Program Participants ⁵	1,794	1,225	1,235	1,721	1,029
Special Events - PR&T Sponsored Attendance ^{1 5}	83,141	101,350	105,350	102,400	63,500
Community Center Attendance ⁵	408,274	413,252	449,729	462,634	288,458
Community Center ID Sales ⁵	6,927	6,409	6,234	6,309	4,617
Community Center Rentals ⁵	1,546	1,455	1,737	1,994	1,434
Senior Program Participants ⁵	13,686	10,786	11,672	16,916	7,152
Therapeutic Program Participants ⁵	3,716	3,611	3,595	1,029	377
Library					
Items Checked Out ⁵	1,954,756	1,782,003	1,625,698	1,558,711	1,228,360
Interlibrary Loans - Borrowed ⁵	226	204	278	258	117
Interlibrary Loans - Loans ⁵	101	174	324	313	175
Library Collection	451,422	429,825	478,315	444,622	510,118
Patron Visits ⁵	1,124,284	1,150,782	1,054,839	1,029,251	737,153
Website Visits ⁴	603,517	699,502	556,423	382,888	325,581
Registered Patrons	186,336	185,417	188,511	205,982	149,434
Total Programming ⁵	3,810	3,852	2,854	3,149	1,486
Total Programming - Participants ⁵	64,031	103,252	72,089	92,294	44,182
Typewriter Use ⁵	82	117	76	57	10
Public Computer Use ⁵	374,827	309,202	282,288	253,397	150,470
Bookmobile - Patrons ^{3 5}	6,649	n/a	11,227	9146	7,481
Bookmobile - Number of Stops ^{3 5}	323	n/a	414	203	196
Bookmobile - Miles Driven ³	1,487	n/a	3,610	2023	2,225
Schools					
Student Enrollment	38,935	39,153	39,497	40,898	41,597

Source: Various City Departments

n/a - Information not available

¹ Beginning in FY2016, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.

² Beginning in FY2017, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.

³ Beginning in FY2018, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.

⁴ Between FY2018 and FY2020, this number was restated to reflect the number of website sessions for consistency with other periods presented.

⁵ From FY2020 - FY2021, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

⁶ In FY2024, Public Utilities went through a system conversion to Hampton Roads Sanitation District's (HRSD) Customer Care and Billing (CC&B) software. The old system report included new development premises in the overall active number of accounts. The new CC&B report excludes the new development premises from the count until the service is established at the premise. The difference is reflective in the reduction from FY2023 to FY2024

⁷ In FY2016-FY2024, the Sheriff's Office warrant services were included. Removed as of FY2025

Operating Indicators by Function/Program
Last Ten Fiscal Years - Unaudited

Function/Program	Fiscal Year				
	2021	2022	2023	2024	2025
General Government					
Building Permits Issued	6,587	6,823	6,149	5,196	4,745
Building Inspections Conducted	17,758	17,890	16,933	14,366	14,457
Electrical Permits Issued	4,144	4,339	4,042	3,244	3,067
Electrical Inspections Performed	9,331	9,956	9,295	7,200	7,016
Plumbing Permits Issued	2,258	2,012	1,432	1,309	1,287
Plumbing Inspections Performed	7,537	7,112	5,534	4,457	4,694
Mechanical/Gas Permits Issued	5,826	5,104	4,656	4,124	4,147
Mechanical/Gas Inspections Performed	9,975	9,464	8,729	7,233	7,652
Code Compliance Inspections	18,437	17,980	16,577	18,414	17,755
Police					
Calls for Police Service ²	117,547	115,080	123,225	124,710	131,788
Part I Law Violations	5,121	6,309	5,955	5,544	5,120
Total Criminal Charges (primary and secondary) ⁷	17,188	9,547	10,266	10,194	8,015
Total Traffic Charges (moving/ non-moving/excludes DUI)	10,508	6,764	5,326	6,698	9,321
DUI Arrests	656	613	492	450	383
Fire					
Calls answered for Fire/EMS Services	32,598	35,586	36,402	37,497	38,505
Public Works					
Refuse Collected (tons per year)	123,924	108,708	132,561	137,026	134,098
Street Resurfacing (miles)	73.62	46.27	94.09	128.00	82.68
Potholes Repaired	7,858	7,470	5,930	4,676	3,550
Water					
Active Service Accounts ⁶	68,173	69,999	70,985	70,268	70,627
Daily Average Consumption in Gallons (in mgd)	16.63	15.85	14.54	15.57	16.16
Daily Average Water Provided by Chesapeake (in mgd)	12.39	12.30	11.84	11.87	12.43
Daily Average Water Purchased from other localities (in mgd)	4.24	4.14	3.73	3.95	3.73
Wastewater					
Active Service Accounts ⁶	66,694	68,932	69,262	68,701	69,059
Parks and Recreation					
Youth Athletics - Participants ⁵	940	3,929	4,575	4,307	4,589
Youth Athletics - Teams ⁵	78	353	393	353	406
Youth Athletics - Coaches ⁵	156	706	786	706	812
Adult Athletics - Participants ⁵	2,047	3,325	2,950	2,300	2,250
Adult Athletics - Teams ⁵	111	133	118	92	90
Special Programs Athletics - Programs ⁵	-	-	-	-	-
Leisure Classes - Youth Participants ⁵	959	1,558	1,463	1,392	810
Leisure Classes - Adult Participants	492	319	621	786	1,033
Leisure Classes - Community Program Participants ⁵	306	288	345	346	569
Special Events - PR&T Sponsored Attendance ^{1 5}	17,000	59,270	61,500	55,600	60,975
Community Center Attendance ⁵	50,649	225,273	297,870	318,125	308,775
Community Center ID Sales ⁵	2,408	5,118	6,080	6,156	5,374
Community Center Rentals ⁵	181	640	979	1,053	1,025
Senior Program Participants ⁵	5,697	10,630	12,920	12,512	19,248
Therapeutic Program Participants ⁵	309	437	501	963	930
Library					
Items Checked Out ⁵	478,123	902,981	987,645	940,125	513,268
Interlibrary Loans - Borrowed ⁵	-	27	64	156	92
Interlibrary Loans - Loans ⁵	55	234	224	292	175
Library Collection	441,052	424,122	341,775	337,937	392,097
Patron Visits ⁵	392,802	619,346	660,716	660,776	654,669
Website Visits ⁴	509,269	531,253	582,755	193,420	320,195
Registered Patrons	144,238	158,374	151,484	178,253	201,138
Total Programming ⁵	353	598	1,367	2,078	2,315
Total Programming - Participants ⁵	12,758	11,780	36,371	55,316	54,776
Typewriter Use ⁵	12	27	7	8	4
Public Computer Use ⁵	61,931	55,876	131,943	90,638	72,711
Bookmobile - Patrons ^{3 5}	2,338	16,935	17,570	19,701	16,778
Bookmobile - Number of Stops ^{3 5}	33	607	2,197	577	611
Bookmobile - Miles Driven ³	320	7,111	11,090	7,859	8,445
Schools					
Student Enrollment	39,673	40,478	40,821	40,640	40,685

Source: Various City Departments

n/a - Information not available

¹ Beginning in FY2016, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.

² Beginning in FY2017, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.

³ Beginning in FY2018, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.

⁴ Between FY2018 and FY2020, this number was restated to reflect the number of website sessions for consistency with other periods presented.

⁵ From FY2020 - FY2021, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

⁶ In FY2024, Public Utilities went through a system conversion to Hampton Roads Sanitation District's (HRSD) Customer Care and Billing (CC&B) software. The old system report included new development premises in the overall active number of accounts. The new CC&B report excludes the new development premises from the count until the service is established at the premise. The difference is reflective in the reduction from FY2023 to FY2024

⁷ In FY2016-FY2024, the Sheriff's Office warrant services were included. Removed as of FY2025

CITY OF CHESAPEAKE, VIRGINIA

Table 22

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years - Unaudited

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
Police										
Precincts	5	5	5	5	5	6	6	6	6	6
Marked Patrol Units	206	221	229	226	212	211	205	201	197	191
Fire Stations	15	15	15	15	15	15	15	15	15	15
Public Works										
Refuse Collection										
Collection Trucks	57	57	56	57	58	58	65	67	72	72
Other Public Works										
Storm Sewers (miles) ¹	1,684	1,730	1,544	1,550	1,565	1,572	1,575	1,581	1,612	1,615
Streets (miles)	2,376	2,364	2,378	2,395	2,395	2,395	2,395	2,394	2,396	2,402
Streetlights	24,457	24,785	25,106	25,665	26,026	26,324	26,500	26,700	26,675	26,925
Water										
Water Mains (miles)	844	853	859	872	879	949	955	967	973	987
Fire Hydrants	5,592	5,681	5,765	5,821	5,913	5,999	6,044	6,158	6,209	6,378
Wastewater										
Sanitary Sewers (miles) ²	866	873	877	881	887	891	893	900	906	915
Sewage Pumping Stations	271	273	273	274	277	281	280	281	281	282
Parks and Recreation										
Park Acreage	2,450	2,454	2,454	2,458	2,733	2,852	3,231	3,246	3,482	3,482
Parks and Play Areas	72	77	77	79	77	80	85	86	89	89
Athletic Fields/Tennis Courts	239	239	239	245	192	192	192	263	267	275
Community Centers	8	8	8	8	8	8	8	8	8	8
Specialized Centers	5	5	5	5	5	5	5	5	5	5
Schools										
Elementary Schools	28	28	28	28	28	28	28	28	28	28
Secondary Schools	17	17	17	17	17	17	17	17	17	17
Educational Centers	2	2	2	2	2	2	2	2	2	2

Source: Various City Departments

¹ Updated in FY 2020 per Public Works GIS system (restated FY 2018 - FY 2019).

² Updated in FY 2022 per Public Utilities GIS system (restated FY 2016 - FY 2021).

COMPLIANCE SECTION



CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Period Ended June 30, 2025

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Pass-Through Total	Assistance Listing # Total
Department of Agriculture:						
Pass-through payments:						
Virginia Department of Education:						
School Breakfast Program (Child Nutrition Cluster)	N/A	10.553 \$	4,590,354			4,590,354
National School Lunch Program (Child Nutrition Cluster)	411080	10.555	9,950,291			205,243
Child and Adult Care Food Program	700270, 700280	10.558	205,243			389,378
Summer Food Program for Children (Child Nutrition Cluster)	603020	10.559	389,378			
Virginia Department of Agriculture and Consumer Services:						
Food Distribution - commodities value - Schools' Food Services (Child Nutrition Cluster)	N/A	10.555	1,682,832			
Food Distribution - commodities value - Detention Home (Child Nutrition Cluster)	N/A	10.555	6,791			
Food Distribution - monetary value - Detention Home (Child Nutrition Cluster)	N/A	10.555	50,614			11,690,528
Virginia Department of Social Services:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	'0010123, 0010124, 0030123, 0030124, 0040123, 0040124, 0050123, 0050124	10.561	3,821,385	16,670,260		3,821,385
Total Child Nutrition Cluster (10.553, 10.555, 10.559)				3,821,385		
Total SNAP Cluster (10.561)				16,670,260		
Total Department of Agriculture			20,696,888	20,491,645	-	20,696,888
Department of Defense:						
Direct payments - Navy:						
Department of Defense Impact Aid	N/A	12.558	2,396,145			2,396,145
Pass-through payments:						
Department of Education:						
Payments to States in Lieu of Real Estate Taxes	N/A	12.112	1,415			1,415
Total Department of Defense			2,397,560			2,397,560
Department of Housing and Urban Development:						
Direct payments:						
Community Development Block Grant (CDBG - Entitlement Grants Cluster):						
Passed through to CRHA (CDBG - Entitlement Grants Cluster)	B-21/22/23-MC-51-0010	14.218	596,745			74,465
Passed through to Children's Harbor (CDBG - Entitlement Grants Cluster)	B-20/21/22-MC-51-0010	14.218	74,465			76,385
Passed through to Boys and Girls Clubs of Southeast VA (CDBG - Entitlement Grants Cluster)	B-22/23-MC-51-0010	14.218	76,385			17,000
Passed through to ForKids, Inc. (CDBG - Entitlement Grants Cluster)	B-23-MC-51-0010	14.218	109,730			109,730
Passed through to Habitat for Humanity (CDBG - Entitlement Grants Cluster)	B-23-MC-51-0010	14.218	336,290			336,290
Passed through to Heron's Landing (CDBG - Entitlement Grants Cluster)	B-22/23-MC-51-0010	14.218	70,000			70,000
Passed through to Centerville Baptist Church (CDBG - Entitlement Grants Cluster)	B-23-MC-51-0010	14.218	31,163			31,163
HOME Investment Partnerships Program:						
Passed through to CRHA	M-20/21/22-MC-51-0200	14.239	293,107			293,107
Passed through to HRPDCHD	M-20/21/22-MC-51-0200	14.239	118,477			118,477
Passed through to ForKids, Inc.	M-21/22/23-MC-51-0200	14.239	151,671			151,671
*Passed through to Chesapeake Home	M-22-MC-51-0200	14.239	5,000			5,000
Passed through to Habitat for Humanity	M-21-MC-51-0200	14.239	91,149			91,149
Passed through to ForKids	M-21-MP-51-0200	14.239	317,732			317,732
Passed through to Catholic Charities	M-21-MP-51-0200	14.239	9,430			9,430
Passed through to We Care Homeless Shelter	M-21-MP-51-0200	14.239	18,589			18,589
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants:						
Total CDBG-Entitlement Grants Cluster (14.218)		14.251	145,853	1,311,778		1,005,155
Total Department of Housing and Urban Development			2,462,786	1,311,778	1,720,188	2,462,786

(Continued)

CITY OF CHESAPEAKE, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Period Ended June 30, 2025

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Pass-Through Total	Assistance Listing # Total
Department of Treasury:						
Direct payments:						
Equitable Sharing funds	N/A	21.016	56,054			56,054
American Rescue Plan Act - State and Local Fiscal Recovery Funds	N/A	21.027	17,516,857			
Pass-through payments:						
Virginia Department of Emergency Management:						
CSLFRF Schools Capital Improvement Projects	452770, 600530	21.027	3,416,384			20,933,241
Total Department of Treasury			20,989,295			20,989,295
Department of Education:						
Direct payments:						
Impact Aid		84.041	5,481,266			5,481,266
Pass-through payments:						
Virginia Department of Education:						
Adult Education - State Grant Program						
Title I Grants to Local Educational Agencies	428010	84.002	170,436			170,436
School Improvement Grant	429010	84.010	7,570,791			7,570,791
Title I, Part D - Program for Neglected & Delinquent Children	N/A	84.010A	327,495			327,495
Special Education - ARP IDEA 611 Title 6B (Special Education Cluster IDEA)	N/A	84.013	3,706			3,706
Special Education - Grants to States (Special Education Cluster IDEA)	402870, 430710	84.027	9,693,642			9,934,861
Vocational Education - Basic Grants to States	402870, 430710	84.048	241,219			732,816
Part C Funds	600310	84.181	406,238			406,238
School Based Mental Health Services	430860090, 430870090	84.184	100,956			100,956
Title III, Part A - English Language Acquisition Grants	N/A	84.184	100,956			78,720
Title II, Part A - Improving Teacher Quality State Grants	S365A170046	84.365	78,720			1,080,378
Title IV, Part A - Student Support and Academic Enrichment Program	S367A170044	84.367	1,080,378			943,032
American Rescue Plan - Elementary and Secondary School Emergency Relief	600190, 602810	84.424	943,032			9,497,478
*ARP Homeless Children and Youth (Education Stabilization Fund (ESSER))	501930	84.425U	9,497,478			25,039
Total Special Education Cluster IDEA (84.027)	N/A	84.425W	25,039			9,934,861
Total Department of Education			36,353,212			36,353,212

Department of Health and Human Services:						
Pass-through payments:						
Virginia Department of Behavioral Health and Developmental Services:						
Regional Opioid Treatment, Prevention, Recovery		93.788	147,520			147,520
Block Grants for Community Mental Health Services	530060090, 530260090, 530360090	93.958	132,219			132,219
Block Grants for Prevention and Treatment of Substance Abuse	522030090					
Total Department of Behavioral Health and Developmental Services	502530090, 502720090, 502730090, 591120090	93.959	889,401			889,401
Virginia Department of Social Services:						
School Based Health (COVID-19 Public Health Workforce)		93.354	19,111			19,111
Title IV-E Prevention Program	402970	93.472	100,490			100,490
Guardianship Assistance	1140123, 1140124	93.090	6,298			6,298
Promoting Safe and Stable Families	1110123, 1110124	93.566	104,544			104,544
Temporary Assistance for Needy Families	0950122, 0950123	93.558	1,594,568			1,594,568
Refugee and Entrant Assistance State Administered Programs	0400123, 0400124	93.566	15,672			15,672
Low-Income Home Energy Assistance	0500123, 0500124	93.568	265,434			265,434
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	0600423, 0600424	93.596	296,905			296,905
Child Care Education and Training Vouchers Program	0760123, 0760124	93.599	3,955			3,955
Total Department of Social Services	9160122, 9160123					

(Continued)

CITY OF CHESAPEAKE, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Period Ended June 30, 2025

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Pass-Through Total	Assistance Listing #	Total
Adoption and Legal Guardianship Incentive Payments	1130120, 1130122	93.603	4,998			4,998	4,998
Stephanie Tubbs Jones Child Welfare Services Program	0900122, 0900123	93.645	6,017			6,017	6,017
Foster Care Title IV-E	1100123, 1100124	93.658	1,289,090			1,289,090	1,289,090
Adoption Assistance	1120123, 1120124	93.659	1,015,611			1,015,611	1,015,611
Social Services Block Grant	1000123, 1000124	93.667	1,406,102			1,406,102	1,406,102
Chafee Foster Care Independence Program	9150122, 9150123	93.674	17,416			17,416	17,416
Elder Abuse Prevention Interventions Program	8000221, 8000321	93.747	4,293			4,293	4,293
Children's Health Insurance Program	0540123, 0540124	93.767	49,088			49,088	49,088
Medical Assistance Program (Medicaid Cluster)	1200123, 1200124	93.778	3,480,025			3,480,025	3,480,025
Virginia Department of Education:							
Medical Assistance Program (Medicaid: Title XIX) (Medicaid Cluster)	N/A	93.778	805,782			805,782	805,782
Total Child Care and Development Fund (CCDF) Cluster (93.596)				296,905			296,905
Total Medicaid Cluster (93.778)				4,285,807			4,285,807
Total Department of Health and Human Services			11,654,539	4,582,712	-	-	11,654,539
Social Security Administration:							
Direct payments:							
*High Incident Drug Trafficking Area Grant	N/A	95.001	1,791			1,791	1,791
Total Social Security Administration			1,791			1,791	1,791
Department of Homeland Security:							
Direct payments:							
Assistance to Firefighters Grant	EMW-2021-FG-10045	97.044	10,247			10,247	10,247
Port Security Grant Program	EMW-2023-PU-00480-S01	97.056	103,455			103,455	103,455
Pass-through payments:							
United Way of South Hampton Roads:	N/A	97.024	13,321			13,321	13,321
Emergency Food and Shelter Program							
*COVID-19 - Vaccination Clinic	186251	97.036	38,756			38,756	38,756
FEMA Hazard Mitigation	FEMA-DR-4401-VA-0019	97.039	52,495			52,495	52,495
Emergency Management Performance Grant	N/A	97.042	59,187			59,187	59,187
SHSP Incident Management Team	5, 42	97.067	69,972			69,972	69,972
SHSP Radio Cache Team	4, 40	97.067	72,721			72,721	72,721
Hampton Roads Urban Area Security Initiative	8571, 22, 14	97.067	264,366			264,366	264,366
2024 Homeland Security Urban Area Security Initiative	N/A	97.067	118,601			118,601	118,601
Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program	EMW-2023-FF01032	97.083	244,634			244,634	244,634
Total Department of Homeland Security			1,047,755			1,047,755	1,047,755
			104,005,412	36,329,103	1,720,188	-	104,005,412

(1) General

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federally assisted programs of the City’s Reporting Entity as defined in Note 1 to the City’s basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

(2) Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City’s basic financial statements.

(3) Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Reporting Entity’s basic financial statements as follows:

Intergovernmental revenues per the basic financial statements:

Primary Government:	
General Fund	\$ 373,918
Capital Projects Fund	2,355,770
Debt Service	266,028
Special Revenue Funds:	
Virginia Public Assistance Fund	12,184,511
Grants Fund	1,970,295
Community Development Fund	2,249,234
Interagency Consortium	220,038
Integrated Behavioral Healthcare Fund	1,573,954
Enterprise Funds	1,307,944
<hr/>	
Total primary government	22,501,692
Component unit - Public Schools:	
Schools Operating Fund	33,145,980
Schools Food Services Fund	16,818,098
<hr/>	
Total component unit - Public Schools	49,964,078
<hr/>	
Total federal expenditures from intergovernmental revenues	72,465,770
<hr/>	
Federal bond subsidy (not subject to single audit)	(200,395)
Firm Fixed Price contract with US Navy	(1,129,123)
City ARPA funds expended, received in prior year	17,516,857
Central Services cost allocation received in current year for prior year expenses	(275,157)
Schools Federal funds expended in excess of revenue received	9,630,670
VDOT timing differences expenses reported in FY25, revenue received in FY26	5,420,291
Other reconciling items	576,499
<hr/>	
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 104,005,412

(4) Subrecipients

The Chesapeake Redevelopment and Housing Authority, Children’s Harbor, ForKids, Boys and Girls Clubs of Southeast VA, Chesapeake Homeless Response Center, Habitat for Humanity, Heron’s Landing, Chesapeake Supportive Housing, and Centerville Baptist Church are the subrecipients for federal awards of \$715,033 from the Community Development Block Grant Program. Chesapeake Redevelopment and Housing Authority, The Hampton Roads Planning District Commission (Housing Division), ForKids, Catholic Charities, We Care Homeless Shelter, and Habitat for Humanity are the subrecipients of \$1,005,155 from the HOME Investment Program received from the U.S. Department of Housing and Urban Development.

(5) Indirect Cost Rate

The City did not elect to use a 10% de minimis indirect cost rate allowed under section 2 CFR 200.331(a)(4).

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 Chesapeake, Virginia (the "City"), as of and for the year ended June 30, 2025, 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 8, 2025. Our report includes a reference to other auditors who audited the financial statements of the Chesapeake Airport Authority. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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* or the Specifications.

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.

Cherry Bekaert LLP

Virginia Beach, VA
December 8, 2025

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Chesapeake, 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, 2025. 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, 2025.

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 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 the City's federal programs.

Auditor's Responsibility 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 the 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 the 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 the 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 the 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 the 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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 as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 8, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Cherry Bekaert LLP

Virginia Beach, Virginia
March 6, 2026

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2025

A. Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued on the financial statements on whether the audited financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Any audit findings disclosed that are required to be reported in Accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major federal programs:

<u>Name of Program</u>	<u>Assistance Listing #</u>
Department of Transportation Highway Planning and Construction	20.205
Department of Education: Special Education Cluster (IDEA)	84.027
Department of Health and Human Services: Medicaid Cluster	93.778
Dollar threshold to distinguish between Types A and B Programs:	\$3,000,000
The City of Chesapeake qualified as a low risk auditee in 2025	Yes

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

JUNE 30, 2025

B. Finding Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

C. Section III – Findings and Questioned Costs Relating to Federal Awards

None.

D. Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Regulations, Contracts, and Grants

None.

E. Section V – Status of Prior Year Findings

None.

*End of Annual Comprehensive Financial Report
Of the City of Chesapeake, Virginia
For the Fiscal Year Ended
June 30, 2025*



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Chesapeake
VIRGINIA

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This Annual Comprehensive Financial Report
for the fiscal year ended June 30, 2025
is a publication of the
Chesapeake Finance Department.



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