



2023 Annual Comprehensive Financial Report



For the Fiscal Year Ended June 30, 2023

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Annual Comprehensive
Financial Report
of the
City of Chesapeake, Virginia
for Fiscal Year Ended
June 30, 2023



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

City of Chesapeake, Virginia

Mission

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

Code of Ethics

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

Acknowledgments...

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

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

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

Please visit us at: www.cityofchesapeake.net

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents
June 30, 2023

	Schedule	Page Number
INTRODUCTORY SECTION:		
Letter of Transmittal		I
City Wide Organizational Chart		XIX
City Officials		XX
GFOA Certificate of Achievement		XXII
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		63
3. Accounts Receivable and Payable		68
4. Capital Assets		71
5. Deferred Outflows and Inflows of Resources		79
6. Long-Term Obligations		82
7. Advances and On Behalf Of Payments		91
8. Interfund Balances and Transfers		91
9. Leases and Subscriptions		93
10. Retirement Plans		96
11. Other Postemployment Benefits		114
12. Fund Balances		135
13. Deferred Compensation Plan		138
14. Commitments		138
15. Related Parties		140

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents, Continued
June 30, 2023

	Schedule	Page Number
FINANCIAL SECTION (Continued):		
Notes to Basic Financial Statements (Continued):		
16. Contingent Liabilities		143
17. Fund Results and Reconciliation		147
18. Subsequent Events		148
19. Accounting Pronouncements		149
Required Supplementary Information Other Than MD&A:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	L-1	152
Schedule of Employer Contributions – Virginia Retirement System	L-2	153
Schedule of Changes in the Net Pension Liability and Related Ratios – City	L-3	154
Schedule of Changes in the Net Pension Liability and Related Ratios – Schools	L-4	156
Schedule of Employer’s Share of Net Pension Liability	L-5	158
Schedules of Employer Contributions – Other Postemployment Benefits - City Directed	L-6	159
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios – City	L-7	160
Schedule of City of Chesapeake Proportionate Share of Net OPEB Liability – VRS Directed Programs	L-8	161
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios – Schools	L-9	163
Schedule of City of Chesapeake Schools Proportionate Share of Net OPEB Liability – VRS Directed Programs	L-10	164
Schedules of Employer Contributions – Other Postemployment Benefits – VRS Directed	L-11	166
Notes to Required Supplementary Information	L-12	168
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	178
Schedule of Expenditures, Encumbrances, and Other Financing Uses – Budget and Actual	M-2	182
Debt Service Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	N	187
Capital Projects Funds:		
General Capital Projects Fund:		
Schedule of Expenditures and Encumbrances – Budget and Actual	O-1	190
Public Utilities Capital Projects Fund:		
Schedule of Expenditures and Encumbrances – Budget and Actual	O-2	198

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents, Continued
June 30, 2023

	Schedule	Page Number
FINANCIAL SECTION (Continued):		
Capital Projects Funds:		
Chesapeake Transportation System Capital Projects Fund:		
Schedule of Expenditures and Encumbrances – Budget and Actual	O-3	201
Stormwater Management Capital Projects Fund:		
Schedule of Expenditures and Encumbrances – Budget and Actual	O-4	202
Nonmajor Governmental Funds:		
Special Revenue and Permanent Funds:		
Combining Balance Sheet	P-1	206
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	P-2	210
Tax Increment Financing Greenbrier Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-3	214
Tax Increment Financing South Norfolk Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-4	215
Virginia Public Assistance Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-5	216
Integrated Behavioral Healthcare Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-6	217
Conference Center Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-7	218
Juvenile Services Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-8	219
Interagency Consortium Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-9	220
E-911 Operations Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-10	221
Fee Supported Activities Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	P-11	222
Internal Service Funds:		
Combining Statement of Net Position	Q-1	224
Combining Statement of Revenues, Expenses, and Changes in Net Position	Q-2	225
Combining Statement of Cash Flows	Q-3	226

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents, Continued
June 30, 2023

	Schedule	Page Number
FINANCIAL SECTION (Continued):		
Chesapeake Public Schools Component Unit:		
Governmental Funds:		
Balance Sheet	R-1	229
Schedule of Revenues, Expenditures, and Changes in Fund Balance	R-2	230
Fiduciary Funds Financial Statements:		
Statement of Fiduciary Net Position	R-3	232
Statement of Changes in Fiduciary Net Position	R-3A	233
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Schools General Fund	R-4	234
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Schools Nutrition Services Fund	R-5	235
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Schools Textbooks Fund	R-6	236
Other Component Unit:		
Balance Sheet and Statement of Net Position	S-1	238
Statement of Revenues, Expenditures, and Changes in Fund Balance – Chesapeake Mosquito Control Commission	S-2	239
STATISTICAL SECTION:		
Financial Trends Information:		
Net Position by Component	Table 1	242
Changes in Net Position	Table 2	244
Fund Balances, Governmental Funds	Table 3	251
Statement of Changes in Fund Balances, Governmental Funds	Table 4	252
Revenue Capacity Information:		
Assessed and Estimated Actual Value of Taxable Property	Table 5	254
Direct and Overlapping Property Tax Rates	Table 6	255
Principal Property Taxpayers	Table 7	256
Property Tax Levies	Table 8	257
Property Tax Levies and Collections	Table 9	259
Debt Capacity Information:		
Ratios of Outstanding Debt by Type	Table 10	260
Ratios of Outstanding General Bonded Debt	Table 11	262
Debt Affordability Indicators	Table 12	263
Ratio of Annual Debt Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures	Table 13	264
Ratio of Bonded Debt Expenditures to Local Revenues	Table 14	265
Legal Debt Margin Information	Table 15	266
Revenue Bond Coverage		
Water and Sewer Systems and Chesapeake Transportation System	Table 16	267

CITY OF CHESAPEAKE, VIRGINIA

Table of Contents, Continued
June 30, 2023

	Schedule	Page Number
STATISTICAL SECTION (Continued):		
Demographic and Economic Information:		
Demographic and Economic Statistics	Table 17	268
Principal Employers	Table 18	269
Operating Information:		
Municipal Employment Statistics	Table 19	270
Authorized Full-time Equivalent City Government		
Employee Positions by Department	Table 20	271
Operating Indicators by Function/Program	Table 21	272
Capital Asset Statistics by Function/Program	Table 22	274
COMPLIANCE SECTION:		
Schedule of Expenditures of Federal Awards	T-1	277
Notes to Schedule of Expenditures of Federal Awards	T-2	282
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		283
Report of Independent Auditor on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		285
Schedule of Findings and Questioned Costs		287

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INTRODUCTORY SECTION



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December 8, 2023

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

We are pleased to submit the Annual Comprehensive Financial Report for the City of Chesapeake, Virginia (the City) for the fiscal year ended June 30, 2023. The financial statements included in this report conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB). Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Management's Discussion and Analysis (MD&A) immediately follows the Report of Independent Auditor and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The Reporting Entity and Its Services

The present City of Chesapeake was formed on January 1, 1963, by the merger of Norfolk County and the City of South Norfolk. This merger created the second largest city in the Commonwealth with 353 square miles, surrounded by the cities of Norfolk, Portsmouth, Virginia Beach, Suffolk, and the North Carolina state line. With the latest estimated population of 251,959 as of June 30, 2023, the City is also the second largest city in the Commonwealth of Virginia 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 is the legislative body of the City government, with the Mayor as the presiding officer. The Mayor is elected on an at-large basis, as are the eight remaining City Council members. The Council elects from its membership the Vice Mayor of the City and appoints a City Manager to act as the organization's Chief Executive Officer responsible for the day-to-day administration of the City. Constitutional officers, which are the City Treasurer, the Commissioner of the Revenue, the Clerk of the Circuit Court, the Sheriff, and the Commonwealth's Attorney, are elected at large.



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

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

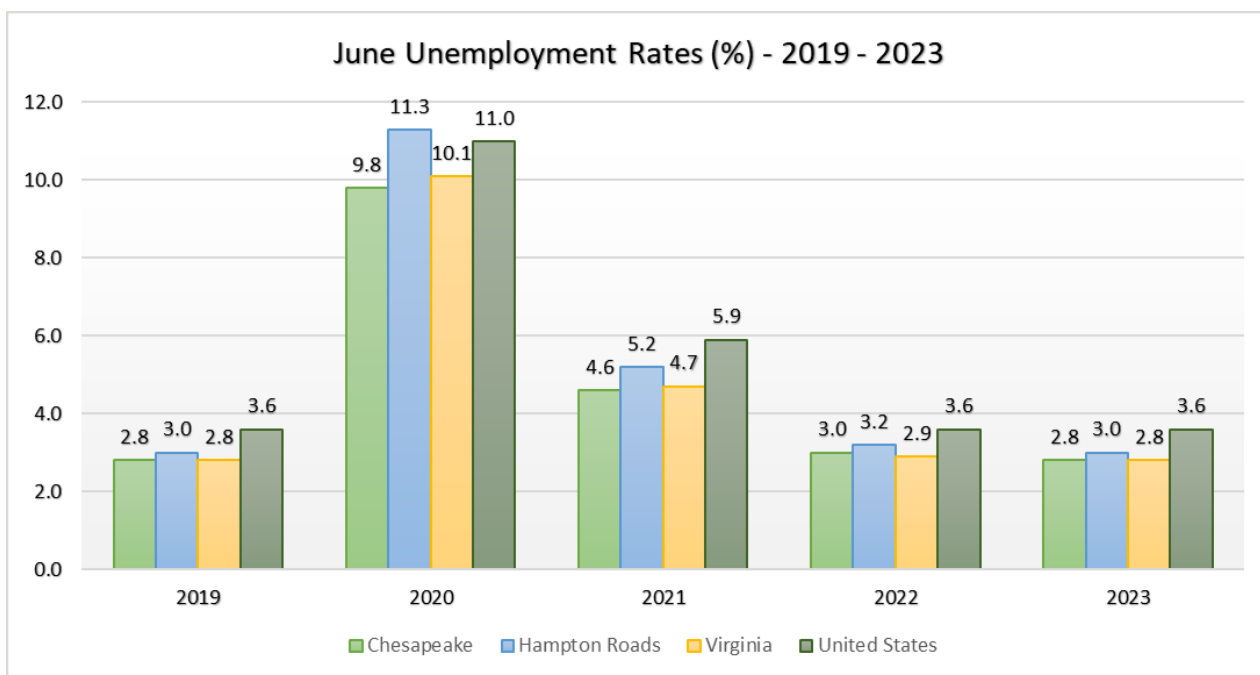
Component units are presented and reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the Primary Government and to differentiate their financial position and results of operations from those of the Primary Government. Discretely presented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

The City Charter requires the City Manager to submit a balanced budget to the City Council no later than April 1 for the next ensuing fiscal year to begin on July 1. The proposed budget, which may be modified by the City Council, is required to be adopted by a majority vote of the City Council 47 days prior to the end of the current fiscal year; otherwise the budget as submitted by the City Manager becomes the budget for the ensuing fiscal year. The budget is prepared by fund, department, and expenses categories. Department heads may transfer resources within expense categories within their department as they see fit. Transfers between departments of \$250,000 or more require City Council approval, with the exception of the authorization of up to \$1.5 million to effect the transfer of duties previously performed by the Treasurer but now being assigned to the purview of the City Manager.

Economic Condition and Outlook

The City's central location in Hampton Roads, proximity to the Ports of Hampton Roads, good transportation network, available land, and strong labor pool continue to encourage a strong international business presence. As the City continues to grow, it will be a progressive and well-connected community of treasured rural areas, vibrant residential neighborhoods, and thriving commercial and industrial centers. As a result of these qualities, the Chesapeake civilian labor force has grown from 112,472 in 2010 to 121,403 in 2021, per the U.S. Census Bureau, American Community Survey. Median household income has risen from \$67,855 in 2010 to \$85,563 in 2021, per the American Community Survey.

The City performed well in the past year with consistent capital investment from businesses as well as new jobs added to the overall workforce. Chesapeake, as well as the entire Hampton Roads region, is seeing unemployment rates that equal the pre-pandemic levels. Prior to the pandemic, Chesapeake boasted a 2.8% unemployment rate and in 2023 Chesapeake has returned to 2.8%. In comparison to the region, state, and national unemployment rates, Chesapeake's workforce numbers continue to perform better than the national averages.



The City was allocated \$76.0 million from the American Rescue Plan Act of 2021 (ARPA) in March 2021, which was disbursed in two equal installments. The City received the first installment of \$38.0 million in fiscal year 2021 and the second in fiscal year 2023. The City is using the funding to offset the cost of the City's eligible capital improvement projects, including improved broadband infrastructure via the construction of *Chesapeake Connects*.

Chesapeake's General Obligation bonds continue to hold the highest credit ratings available from all three credit rating agencies, AAA ratings from Fitch Ratings and S&P Global Ratings and Aaa rating from Moody's Investors Service. The credit ratings reflect the City's continued growth and diversification of its sizeable tax base, its healthy resident income levels, the strong and improving financial position supported by formal fiscal policies and conservative budget assumptions, a manageable debt burden with modest future borrowing plans, and an above average yet manageable pension liability. The region and the City also benefit from proactive long-range capital planning and regionalized infrastructure resiliency efforts. Fitch Ratings upgraded to "A-" from "BBB+" the Chesapeake Transportation System's (CTS) outstanding senior toll road revenue bonds series 2012A and 2012B in June 2022. The resilient growth in traffic and revenue through the COVID pandemic was noted as a factor in the strengthening credit profile of CTS. Fitch also indicated the inclusion of both leisure travel and commuter toll routes benefits the system by minimizing credit risk. City Council approval of toll rate increases through 2035 was also viewed positively by Fitch.

Major Initiatives

For fiscal year 2023, the following strategic anchors serve as the decision-making framework for City staff in day-to-day operations and as a cornerstone as the City embarks on the fiscal year 2025 budget process and long-range financial planning.

- STRATEGIC ANCHOR #1
 - We help make Chesapeake an exceptional place to live, learn, work, farm, and play.
- STRATEGIC ANCHOR #2
 - We provide outstanding service to our community, our customers, and each other.
- STRATEGIC ANCHOR #3
 - We will be fiscally responsible and sustainable.

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

Economic Prosperity

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

- Strong financial performance resulted from continued cost containment and the careful management of resources. Specifically, General Fund expenditures, and other financing uses of \$727.5 million were \$41.0 million or 5.3% below the revised budget, primarily related to savings on contractual services. Total General Fund revenues and other financing sources of \$751.5 million exceeded the revised budget by \$48.6 million or 6.9%, primarily related to increases in business license and restaurant food taxes.
- The City's Operating and Capital budgets adopted by the City Council preserved core services and funded strategic initiatives and selected services. In fiscal year 2023, the City Council approved a one-time four-percent reduction in the real property tax rate.
- Planning Commission public hearing agendas have remained robust. The Planning Department's coordination of land planning functions during fiscal year 2023 included the review of 625 total public hearing and administrative application reviews, including 106 Planning Commission public hearing item reviews, 44 Chesapeake Bay Preservation Area related reviews, 92 administrative plan reviews, and 138 historic district architectural reviews.
- Multiple large residential developments have been proposed or submitted in recent calendar years. In particular, the development community has shown particular interest in the Portsmouth Boulevard corridor, Military Highway corridor, Dominion Boulevard corridor, South Battlefield Boulevard corridor, Johnstown Road corridor, Greenbrier Planning Area, Sanderson/Cedarville Road area, and Edinburgh area. The City expects the increasing number of development proposals submitted for review and beginning construction to continue.
- In fiscal year 2023, the City received \$1,085,306 in Community Development Block Grant (CDBG) and \$602,087 in HOME Investment Partnership Program (HOME) entitlement funds to address goals identified in the City's Program Year (PY) 2023 Annual Action Plan. CDBG and HOME funds were allocated for housing rehabilitation, affordable housing development, and homebuyer assistance; rental assistance; emergency shelter, transitional housing, rapid rehousing, permanent supportive housing, and homeless

prevention case management; early childhood enrichment and youth development; public facility improvements and public park improvements; and housing code enforcement and resolutions. These funds were also used to partially cover the costs incurred by the Chesapeake Planning Department and Chesapeake Redevelopment and Housing Authority for administration and compliance monitoring.

- In addition, the City received just over \$2.0 million in HOME-ARP (Home Investment Partnerships Program-American Rescue Plan) funding. ARP funds are to be administered through HOME to perform four activities that must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. Chesapeake Planning Department Community Development Division conducted a needs assessment, gap analysis, and consulted with community partners, other localities, and Virginia Supportive Housing to ensure broad input in the development of the HOME-ARP Allocation Plan. The HOME-ARP Allocation Plan was approved in March 2023 and designated activities are underway. The designated activities include supportive services provided by ForKids, Catholic Charities, and We Care Resource Center. A portion of the HOME-ARP funds have been appropriated to construct apartments in the expanded Gosnold II building to accommodate homeless residents of Chesapeake.
- In fiscal year 2023, the Chesapeake Land Bank Authority (CLBA) received 12 applications for the South Norfolk Residential Rehabilitation Grant program, awarding \$78,631 in grant funding and leveraging \$39,004 of private investments.
- The South Norfolk municipal facility will expand on the significant public investments in the Poindexter Street Corridor that will continue to promote revitalization. The facility will introduce new daily business and employment trips into the commercial core, while addressing space needs and aging facilities of several city departments currently located in the corridor along with others interested in additional space. The Police Department, Community Corrections, Treasurer, Commissioner of Revenue, Commonwealth's Attorney, CIBH, Planning, Economic Development, Development and Permits, Schools, Human Services, Parks, Recreation and Tourism, CLBA, WIC and Public Communications will all have a presence in the new building. With project design 90% complete and currently going through a value engineering review, construction is expected to start next spring.
- In addition to the revitalization efforts in South Norfolk, community development and revitalization are inclusive of the entire City. All activities during CDBG and HOME Program Year 2023 (July 1, 2022 through June 30, 2023) benefited low to moderate-income persons who earn less than 80% of the City's area median income. At least 51% of all activity beneficiaries are low to moderate-income households, as defined by HUD annually. CDBG-funded activities convened in South Norfolk included safe housing code enforcement, homelessness prevention and case management services, and youth development programming (Boys and Girls Club and Children's Harbor). More than 54% of the total funding for Program Year 2023 was allocated to activities benefiting South Norfolk. Eligible CDBG activities under South Norfolk Target Area Allocation Goal include Children's Harbor Broadlawn, Code Enforcement, ForKids Homeless Response, Children's Harbor Public Improvement (CRHA), Virginia Supportive Housing, Boys and Girls Club, Chesapeake Care Improvements, Chesapeake Homeless Resource Center (CRHA), and other City projects.
- In fiscal year 2023, a vacant position was re-allocated in the Human Services Department to support Chesapeake Thrives. Coordinated by the Commission on Health and Well-being, Chesapeake Thrives addresses city-wide and neighborhood-specific challenges. Through a team of public and private partnerships, Chesapeake Thrives confronts universal concerns that impact all communities, as well as provide individual services to residents in need. The partnership addresses 8 priority areas to create a system

of health and well-being for Chesapeake residents. It also seeks to connect residents to services at any stage of their life through a resident centered “no-wrong door” approach to accessing services more efficiently.

- The 4,022-acre Williams Farm Parcel now referred to as Coastal Virginia Commerce Park, was designated a Unique Economic Development Opportunity (UEDO) and a mega-site by the Virginia Economic Development Partnership (VEDP) in 2015. In November 2022, a request to rezone 1,420 acres from A-1 (Agricultural District) to PUD_IP (Planned Unit Development – Industrial Park) was heard and approved by the City Planning Commission and City Council.

The Chesapeake Economic Development Department’s 2023 Annual Report (highlighting calendar year 2022 business announcements and job creation) noted the following accomplishments:

- Investment in Chesapeake totaled \$321.6 million in 2022. Chesapeake also added 4,045 new jobs during 2022.



- In 2023, Plasser American, an Austrian-based global leader in railroad track maintenance machinery, celebrated the completion of their 82,000 square-foot manufacturing facility in South Norfolk. This was the final stage of a comprehensive \$52.6 million expansion, following the completion of Plasser American's 45,000 square-foot, three-story office building in 2022.

- Fairbanks Morse Defense cut the ribbon on their new 45,000-square-foot training and service center. The FMD training and service center campus represents a \$13.0 million investment in the Chesapeake community and will create approximately 50 jobs for field service technicians, trainers, and other related positions.
- Nakano Warehouse & Transportation Corporation, a prominent Japanese Warehouse and Distribution company, celebrated the grand opening of its new facility in Chesapeake. Nakano Warehouse is a leading Japanese Warehouse and Distribution company and has been in business for over 100 years. The new facility in Chesapeake is Nakano’s first on the East Coast and third overall. Their other facilities are located in Tokyo, Japan and Los Angeles, California.
- In October, the U.S. General Services Administration and the Department of Veterans Affairs, Hampton VA Medical Center broke ground on a new health care center in Chesapeake, Virginia. This new state-of-the-art facility will improve veterans’ access to outpatient services such as primary care, mental health and eye clinic services. The facility will also provide new specialty care and advanced imaging services and reduce drive times for many Hampton Roads-area veterans. Substantial completion of the facility is expected in summer 2024.
- The Summit Pointe development has welcomed a number of new companies such as POSH, Arizona College of Nursing, and iHeart Media. Also this year, restaurants such as Luce Secondo, Cork and Bull, and Neat Bird have opened in the development. On the horizon, Summit Pointe has announced the pending arrival of X-Golf, Toastique, and Union Taco. Summit Pointe, comprising 69 acres of land, enjoys an advantageous location within Coastal Virginia. It is strategically positioned within the dynamic Central Business District with immediate access and visibility to Interstate 64. It is just 20 minutes to other regional urban centers.

- At the beginning of fiscal year 2023, Chesapeake Economic Development added a new position to the department that would solely focus on small businesses. Since then, the Small Business Development Manager has renewed the department’s small business efforts by increasing the number of business outreach activities. The most influential outreach occurred in March of 2023 with the City’s first “Small Business Symposium”. There were over 100 businesses represented at the symposium who attended to network and learn with resource partners at the regional and state level.

For the Future

- The City continues its efforts to manage growth to achieve a balance between employment opportunities, an expanding tax base, housing that meets the needs of a diverse population, and a healthy natural environment. The City plans to continue to make the best use of land resources and infrastructure so that growth will include revitalization and redevelopment, as well as development of new areas in a manner that will preserve rural, historic, and environmental assets. Chesapeake grew very rapidly during the 1980s and 1990s at an average annual rate of 2.7 to 2.9% with some years as high as 4.53%. Since 2000, growth has slowed to an annual rate of just over 1.1%. The City is projected to add approximately 46,100 residents and 19,600 households by 2045. Employment projections show a 39.2% increase in total Chesapeake employment from 2020 to 2045 with the addition of 52,600 new jobs as compared with a 34.6% growth in the region as a whole.

Building Permits and Value		
Fiscal Year	Permits Issued	Total Construction Value
2019	4,830	437,483,587
2020	5,943	536,769,446
2021	6,732	532,418,728
2022	6,823	566,151,716
2023	6,149	456,772,473

- The City continues to plan for and implement key catalyst activities for revitalization in South Norfolk, including reallocating Tax Increment Financing (TIF) funds authorized for use in the South Norfolk TIF District to the Chesapeake Land Bank Authority for strategic property acquisitions. The Planning Department received capital budget funds for the Liberty and 22nd Street Activation project and the Guerriere Street Closure and Conversion. The Liberty Street project will explore and analyze ways to activate the vacant, City-owned parcels at the intersection of Liberty and 22nd Street. The Guerriere Street Closure will close the intersection of Guerriere Street and Poindexter Street and reimagine the use of the small section of Guerriere between Poindexter and Decatur. Once the road is closed, the property will be converted for parking, community accessible green space, or other public use.
- The Industrial Waterfront Study contract was executed at the end of fiscal year 2022 and kick-off occurred at the beginning of fiscal year 2023. The project, anticipated to last approximately 16 months, aims to understand the highest and best use of the industrial land around the Southern Branch of the Elizabeth River and address any concerns related to coastal water hazards (such as recurrent flooding) that may impact those properties.
- An update of the City’s Moving Forward Chesapeake 2045 Comprehensive Plan is underway. In preparation for this project, staff contracted with consultants to complete a demographics and housing report, a market analysis report, and development strategies report to provide foundation information for the City’s current conditions. Staff have also worked with a consultant to complete a gap analysis of our existing plan and identify best practices and common themes found across peer jurisdictions. While the plan is periodically monitored and updated, this update of the Comprehensive Plan will be the first major overhaul of the plan since 2014 and include revisions to the Land Use Plan map and definitions, Master

Transportation Plan, various demographic and statistical data, incorporation of state mandates, and utilizing key small area plans and studies as geographic-based major policies for the Comprehensive Plan in keeping with City Council's Strategic Plan. Staff conducted a series of five Comprehensive Plan update Community Open House events which had an attendance of over 200 citizens. We also hosted a series of 6 Rural Area Listening Sessions which had nearly 60 people in attendance. Other Comprehensive Planning Activities include public meetings for the Greenbrier Area Plan, Trails and Connectivity Plan, South Norfolk Design Guidelines, Indian River Design Guidelines, and Industrial Waterfront Plan. The Great Bridge Façade Improvement Grant is a competitive program that aims to ignite impactful exterior improvements to privately-owned, non-residential, and mixed-use properties in the Great Bridge Historic Gateway Overlay District (GBHGOD). This program will spur further investment and redevelopment in the district to achieve the vision of the Great Bridge Village Design guidelines.

- Work on the Greenbrier Area Plan started in January 2023 and initial work has involved a robust public engagement process as well as intensive information gathering and evaluation. By Fall 2023, the consultant team introduced potential scenarios focusing on development or redevelopment of key areas within Greenbrier. These strategies will continue to be developed and vetted with City leaders, the public, and other stakeholders with an expected report delivery by Summer 2024.
- Planning is underway by the Chesapeake Public Schools (CPS) to replace the current Chesapeake Career Center to provide high school students an opportunity to learn in-demand vocational and technical skills. CPS will collaborate with the City's Economic Development Department to identify skills gaps in the existing local workforce and assess expanding training opportunities.
- "Chesapeake Works – Worlds of Work" is a hands-on, day-in-the-life career expo that exposes 8th graders from all Chesapeake Public Schools to a variety of careers available to them in Hampton Roads, as well as the educational pathways needed to attain those careers. The event played host to 3,300 students, 300 teachers and parents, and 250 vendors representing 57 different industries. WOW connects students to careers, industries and education. The City of Chesapeake is able to offer this event with our partners the Hampton Roads Workforce Council, Tidewater Community College, Old Dominion University, Chesapeake Public Schools, Hampton Roads Chamber, City of Chesapeake Economic Development and Dollar Bank.
- An additional \$2.5 million has been committed to the Economic Development Investment Program over the next five years to incentivize some of the potential target industries expected to anchor the Coastal Virginia Commerce Park. This new project included in the CIP will focus on large projects to provide incentive payments and/or infrastructure improvements to recruit employers. Any awards would require the execution of development agreements with specific and measurable criteria to be met prior to disbursement.
- Chesapeake Thrives held its second annual conference on October 18th at the Signet Center. The theme of the conference was Putting the Pieces Together." The future-focused program encouraged participants to consider how do we connect the 8 priority areas to serve our residents timely and adequately. There were approximately 185 staff and community members in attendance.

Connectivity

For the Fiscal Year

- The Trails and Connectivity Plan was executed in late fiscal year 2023 and went under contract for \$300,000. This plan will address pedestrian and cyclist infrastructure across the City as well as the connection of recreational spaces and trails, both blueways and greenways. The goal is to improve

connections to these resources while protecting important public open space and environmentally sensitive lands. The project is currently underway and will conclude in late calendar year 2023.

- The COVID-19 pandemic highlighted the importance of broadband infrastructure. The design of Chesapeake Connects, the City's broadband fiber ring, was completed and construction commenced during the fiscal year. More information on this important project is in the next section.
- The City completed installation of a sidewalk, pedestrian railing and pedestrian warning light at Poindexter Street and the I-464 overpass to connect the South Norfolk community with the Elizabeth River Park.
- The City published a new website to improve information and engagement opportunities. The new site has a fresh look and is responsive, mobile-friendly and provides easy access to a variety of city services.
- Telehealth booths were installed at Indian River Library and South Norfolk Library. These are the first of their kind in the region and have been recognized nationally for their efforts to provide telehealth services to economically disadvantaged citizens. Patrons can reserve a telehealth booth for doctor's visits, therapy appointments, job interviews and parent/teacher meetings. This initiative was recognized with an Innovation Award from the Virginia Public Library Director's Association.

For the Future

- The Cuffee Community Center Pool is fully funded and under design. The City's first indoor pool will feature amenities such as locker rooms, showers, and rooms that can accommodate swimming classes and programs for all, including lessons, senior programs, competitive swimming and therapeutic recreation programs to serve the community as the first public indoor pool facility in the City. The project has received federal and state funding and is expected to open in fiscal year 2028.
- In the fall of 2022, the City began construction of Chesapeake Connects, a 175-mile high-speed underground broadband fiber network. Chesapeake Connects represents a significant asset for economic development and investment in the community's future growth. The network will position the City for sustainable, technology-based economic development. The City will attract new investment by more companies, particularly internet service providers seeking to provide last mile service, and other tech-intensive firms. Chesapeake Connects positions the City especially well for advanced manufacturing, computer simulation, data centers, logistics, robotics, and related industries. Skilled workers and technical talent require abundant bandwidth and easy access to do their work more now than ever. These businesses and employees expect it within the communities where they choose to locate. This critical infrastructure project will also provide City-owned broadband data services to all City-owned facilities including public libraries, and school facilities. Instead of relying on private provider internet services for governmental uses, the City will be controlling its own destiny by owning a fiber network. The project will provide faster broadband connections to more City and school facilities at a lower cost. This will allow the City to increase network speeds to keep pace with demand. The project is estimated to cost \$32.6 million to design, construct, deploy the ring, and migrate existing sites. Funding includes \$25.0 million in American Rescue Plan Grant funds. This project is currently in progress with 60 miles of conduit currently in the ground with an anticipated completion in mid-2025.

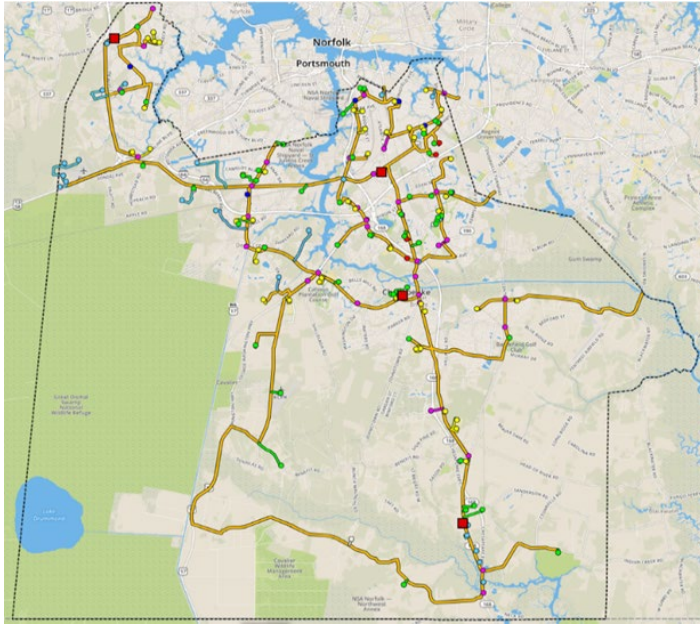


Figure 1: Chesapeake Connects Map

- In 2019, Chesapeake and four other regional cities formed the Southside Network Authority (SNA). In 2022, the SNA began construction of its regional fiber ring. The SNA regional ring connects the fiber networks of the 5 Southside cities of Chesapeake, Portsmouth, Norfolk, Suffolk, and Virginia Beach, as well as creates close proximity fiber paths to higher education, military, commerce, biomedical, and ports. The SNA also connects to the international subsea cables in Virginia Beach. As a member of the SNA, Chesapeake is partnering with surrounding cities to develop a high-speed data network that will drive economic development across the region and enable greater regional cooperation in public safety, health and human services, and education. Because the SNA and Chesapeake were designing their networks



Figure 2: Southside Network Authority Regional Ring

concurrently, Chesapeake was able to propose constructing the segment of the regional ring that falls within Chesapeake as a “co-build” with Chesapeake Connects. This will streamline SNA’s construction timeline, reducing the overall cost and minimizing construction-related disruptions within the City. Of the planned approximately 119 miles of conduit, 77 have been installed with an estimated completion date of Summer 2024.

- The Tax System Modernization Project will replace the legacy mainframe system with a modern tax system. The City’s legacy mainframe applications are at end-of-life and present a significant risk to the city. In fiscal year 2020, the City completed an exhaustive analysis of the legacy mainframe software and developed a roadmap for replacing it. The new system will include new features and enhancements including streamlined customer accounts, automated task processing, improved dashboards, and key performance indicators, as well as robust online bill paying and account management features for our Citizens. The City

will also benefit from improved bill printing and streamlined payment processing and reconciliations. Once the new tax system is in place, the effort will shift to providing a “360-degree view for the Citizen” by creating a data warehouse and custom front end that ties together data from the tax system to our existing customer-facing systems to give citizens access to all of their City business in a single location. This project officially kicked off in February 2023 and is on schedule. Phase 1 (Personal Property and Real Estate Tax) is anticipated to go live in the Fall of 2024. This rollout will include all components of Personal Property and Real Estate Tax. It will also include an updated and streamlined payment processing system. Phase 2 (Business License) and Phase 3 (Income Tax and Misc Billing) are scheduled to roll out in 2025.

Cultural Diversity

For the Fiscal Year

- The Historical Village at the Dismal Swamp project is well underway and will represent how generations of our region’s residents lived, learned, worked, farmed, and played. From the Indigenous groups who first inhabited the Swamp to the extractive efforts of early colonists, plus the unique communities for people of African descent, the Dismal Swamp served as a significant crossroad for trade, commerce, and agriculture. The Historical Village will share the experiences of these important people and their descendants. Once completed, which is anticipated in late 2024, the Village will be a responsible investment in Heritage Tourism that will expand and diversify the City’s economic portfolio.
- A key component of the Historical Village at the Dismal Swamp is the Cornland School. The Cornland School operated as a public school for people of African descent from the early 1900s to the 1950s, during the era of mandated segregation. It was added to the National Register of Historic Places in 2015. In August of 2021, the one-room Cornland School was carefully relocated from its original site at 2309 Benefit Road to its new home at 5221 Glencoe Street, where it will be the educational centerpiece of the Historical Village at the Swamp. It is currently under rehabilitation with a groundbreaking ceremony held in November 2023 and an anticipated completion date in Spring 2024. The Superintendent’s House will also be rehabilitated to serve as a public museum dedicated to the history of the Dismal Swamp Canal. The City is currently in negotiation with the United States Army Corps of Engineers for disposition of the property. The canal is a significant waterway that reshaped early America. It is considered the oldest operating man-made waterway in the United States.
- On October 17, 2022, the City Council adopted the revised NAACP Fair Share Agreement. The Fair Share agreement was established 34 years ago to ensure equality in hiring and procurement practices for Blacks. The revised document addresses equity in hiring, procurement, business and economic development practices, and policies for all minorities, including women and veterans.
- The City participated in career days and other similar programs designed to stimulate interest and facilitate participation by area high school students and students at predominantly minority-represented colleges and universities to encourage them to apply for positions upon graduation.
- The City utilizes minority-focused career sites, community organizations, and historically black colleges and universities (HBCUs) to advertise vacancies in order to attract a wide range of candidates.
- The City is a certified employer with the Virginia Values Veterans (V3) program, and the City participates in the Skillbridge Internship Program for veterans. Both programs serve to help veterans transition from the military to the civilian workforce.
- The City’s leadership development and recruitment strategies include methods to help ensure that a diverse pool of qualified candidates are considered for any available supervisory and upper management positions.

For the Future

- The City will integrate Cultural Diversity Programming across platforms by continuing to use our CARES (Courteous, Attentiveness, Responsiveness, Empowerment, and Stewardship) standards as the means to address our strategic anchors. The CARES standards are also integrated into the goals and outcomes set by City Council. Through these standards, the ideals of diversity, equity, and inclusion serve as the foundation to ensure all (citizens, employees, and visitors) have a feeling of belonging, whether at work or in the community.
- It is our desire to continue on the path of (1) Making all decisions with consideration of the Strategic Anchors and treat all people in a manner consistent with the CARES values/standards, (2) Improving transparency, e.g., providing visuals to help community residents see where investments are being made, (3) Creating mentoring and job shadowing programs to help staff learn about each other and opportunities in the City, and (4) Building relationships with minority groups from the community.

Environmental Responsibility

For the Fiscal Year

- The 2023 Land Conservation Program application round was open through July 2023. During that time, 17 applications were received, of which 16 were eligible for the OSAP Program. One property this round did not meet the size threshold and was therefore ineligible. Additionally, two properties are eligible for the City's Multi-Year Encroachment Protection Agreement with the U.S. Navy for Northwest Annex and five are eligible for the Fentress Encroachment Protection Acquisition Program. These applications typically run on a two-year cycle. The various programs are detailed below.
- The City continues its mission of protecting and preserving Chesapeake's unique environmental assets for future generations through the Open Space and Agriculture Preservation (OSAP) Program. The City applied for and received matching grant funds from the Virginia Department of Agriculture and Consumer Services for Purchase of Development Rights activities.
- The City established the Naval Auxiliary Landing Field (NALF) Fentress Encroachment Protection Acquisition Program (FEPAP) in 2014 with the purpose of acquiring property rights from willing property owners to prevent incompatible land uses and encroachment within the Fentress Airfield Overlay District. The program is funded through a 50/50 matching Encroachment Grant from the Commonwealth of Virginia and the City of Chesapeake. In total, the program has allowed for acquisitions of nine properties totaling over 644 acres. Utilizing the Multi-Year Agreement for encroachment protection between the U.S. Navy and the City for the NALF Fentress, the City is poised to sell easements over five properties should Readiness and Environmental Protection Integration (REPI) funding become available to our local Navy partners again.
- The City continues its partnership with the U.S. Navy to acquire property interests under multi-year encroachment protection agreements for the NALF Fentress and Naval Support Activity Norfolk Northwest Annex. Under these agreements, the Navy agrees to reimburse the City up to half of the property's purchase price in exchange for a restrictive use or conservation easement. These purchases bolster the City's support of each installation's mission and furthers its commitment to environmental stewardship. Acquisition of properties in these areas also adds to the network of conservation lands in southern Chesapeake. Currently, the City is working with a property owner that is going through private land transactions in order to make their land eligible for consideration under this program.
- The City's Urban Forester has tackled park and municipal ground tree issues, maintenance, and installation. The position played a key role in researching and producing a detailed Tree List for citizens to utilize as a

resource. The Urban Forester has been instrumental in coordinating tree plantings in parks and on municipal grounds throughout the City. This position has also been instrumental in conducting tree assessments in parks and municipal grounds and providing recommendations for future tree care. Our Urban Forester has successfully pursued several grants for funding tree plantings and a cost share grant for the treatment of Emerald Ash trees at the Chesapeake Arboretum against the Emerald Ash Borer, an invasive beetle threatening the health of Emerald Ash trees.

- The City has worked diligently, in conjunction with the Living River Trust and the Virginia Department of Conservation and Recreation, to ensure the acquisition of Newton Neck Park, one of the last large pieces of undisturbed land along the Southern Branch of the Elizabeth River. This unique parcel covers over 90-acres and contains significant undisturbed natural land with wetlands, mature woodlands, and a scenic waterfront. With the assistance of grant funding from Virginia Outdoors Foundation, City staff has been working with nearby residents and has added and improved existing signage and conducted clean ups. Moving forward we hope to improve the pedestrian experience with the addition of bridges, adding trail signage, and will begin exploring opportunities and feasibility for additional water recreation amenities.
- In July 2022, the City opened seven drop-off recycling centers as an alternative to the three authorized subscription-based recycling curbside collections. Through June 2023, 3,035 tons of recyclables were collected at the drop-off centers.
- The City leases nearly 900 acres of land located on future park land or located in the NALF Fentress buffer for farming purposes.
- The South Central Water and Sewer Transmission capital project would expand the City's water and sewer utility system to include a major portion of southern Chesapeake and create a loop from the Dominion Corridor to Battlefield Boulevard thus improving water quality. Much of this project's funding is expected to come from other sources, including but not limited to the Commonwealth of Virginia Economic Development Fund and the Hampton Roads Sanitation District.

For the Future

- The City continues to receive applications for varying sizes of utility-scale solar energy facilities. As recommended by City Council's adopted Solar Energy Policy, applicants will typically make contributions to the City's Open Space and Agricultural Preservation Fund for open space preservation as offsets to the impact of projects on existing agricultural and open space lands.
- The City continues to provide guidance and assistance to the Coastal Virginia Offshore Wind (CVOW) Project led by Dominion Energy. The project involves the installation of wind turbines off the coast of Virginia Beach, which will ultimately generate up to 8.8 million megawatts of clean, renewable energy that will tie into the electrical grid through the Fentress power substation.

Safety and Security

For the Fiscal Year

- A cornerstone of public safety is the ability to respond quickly to an emergency situation when every second counts. In fiscal year 2022, the City placed a medic unit in service at the new Fire Station 10 in Bowers Hill, which serves Bowers Hill, Airline Boulevard, Deep Creek, and the Western Branch/Jolliff areas that have experienced significant growth. Additionally, the City began design and engineering work on new Fire Station 11 in the Dock Landing community.

- The City continued its safety and security partnership with Chesapeake Public Schools through collaboration garnered from the Mayor’s Taskforce on School Safety. The School Safety Taskforce was formed in 2018 and remains a vital tool to enhance the safety and security of school children, parents, visitors, and staff. Over the past year the taskforce created enhanced training for staff (including substitutes), created a school evacuation and reunification plan, began rollout of ‘smart’ student ID badges, hired 25 additional School Safety Officer (SSO) so every school has at least one SSO and many have two. The Schools also invested in 8 School Resource Deputies to provide law enforcement presence at schools. These 8 deputies complement the 21 School Resource Officers (Police Department) funded by the City that are at every high school and middle school in the division. The Taskforce will continue to enhance school safety in the current year and into the future.
- Funded in the fiscal year 2022 budget, a 38-foot fire boat is under construction for the Fire Department to meet the demands of increased boat traffic and the corresponding increase in emergencies on the waterways. When delivered in December 2024, it will have the capability to deliver 2,500 gallons of water per minute, support search and rescue missions, and provide advanced life support care.
- The City began conducting more in-depth cancer and cardiac screening for our firefighters. The screenings identify these issues earlier, resulting in quicker and more effective treatment options.
- *The League of Advocates* conducts violence intervention programs, supported by City services, in the Campostella Square area and surrounding communities. Several initiatives have been implemented including a "Safe Passage" program for bus stops, a youth mentorship program, a character-building basketball league program as well as a response to critical incidents within the community using trained Violence Interrupters.
- A new position was added for Chesapeake Integrated Behavioral Health to comply with the Marcus-David Peters Act to provide a therapeutic response to individuals experiencing a behavioral health crisis.
- An additional position was added to the cybersecurity team in Fall 2022. This out-of-cycle addition brought the cybersecurity team from three people to four people. It is worth noting that just a few years ago the staffing level for cybersecurity was just one person. The staff enhancements are testament to the City’s continuing focus on protecting our assets.

For the Future

- Construction is underway on a new Fire Station 8 on Moses Grandy Trail in the Deep Creek section of the City. The current station is over 60 years old. A total of \$11.6 million is budgeted for design, construction, and equipment.
- The CIP includes replacement of Fire Station 4 which has served the North Battlefield Boulevard/West Greenbrier area for over 50 years. The Design and Engineering Phase of the new station is projected to start in fiscal year 2025.
- The School Emergency Communications and Physical Security Enhancements capital project provides \$5.0 million in funding over the next four years for safety and security measures both inside and outside of school facilities to maintain a high-quality learning environment.
- The Cybersecurity Maturity and Compliance Program is a new initiative for fiscal year 2024. This program will fortify the City’s cybersecurity posture through annual assessments and remediation of unsatisfactory findings. The cybersecurity landscape is constantly evolving and requires specialized resources that can

focus on key areas within the cybersecurity program to ensure that the City's data and systems are being protected against existing and new threats and meet regulatory requirements. This program helps ensure that the City fully meets cybersecurity industry standards, regulatory compliance, and best practices to ensure that the City's data stays secure and that communications systems connecting the City remain fully functional.

- Planning for the Public Safety Training Center which would be utilized by the police, fire and sheriff's departments continues. The recently completed needs/programming study for the project defined all the needs for a fully functional training academy. This will be a multi-phase project with the design of the first phase focusing on basic training academy requirements expected to begin in January 2024. The Request for Proposals for architectural/engineering design services was posted in November.
- Chesapeake Integrated Behavioral Healthcare is actively working on the design and implementation of the Heron's Cove Crisis Receiving Center. The building is currently being renovated to house the Emergency Services department, Crisis Intervention Team Assessment Center and a brand new 23-Hour Crisis Stabilization Program and is expected to be complete in January 2024. This program will provide an available option for urgent behavioral health care 7 days a week, 24 hours a day so that individuals can receive rapid intervention and stabilization to prevent a crisis from escalating to an emergency.
- The City's goal over the next year for the Sequential Intercept Model (SIM) Cross Systems Mapping process is to improve collaboration to reduce involvement in the justice system for individuals with mental health and substance use disorders. This is accomplished by identifying gaps, resources, and opportunities within our community and establishing specific priorities for action. Through this process, the partners hope to improve communication, make data-informed decisions, increase community awareness of local resources and employ best practices to divert individuals from the criminal justice system and into treatment. SIM partners include Chesapeake Commonwealth Attorney, Magistrate, Public Defender, Public Communications, Sheriff, Police, Fire and Integrated Behavioral Health.

Financial Information

Financial Information and Significant Financial Policies

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

Minimum Fund Balance Policy. On November 9, 2021, the City Council approved a resolution proposing that the General Assembly of Virginia amend the City's Charter to remove the six (6) percent requirement as it is unique to Chesapeake and is not imposed on other comparable cities. The amendment was submitted to the Virginia General Assembly at its 2022 session and was passed and revised by the Governor on April 8, 2022, effective July 1, 2022. On June 13, 2023, the City Council adopted a revised fund balance policy that increased from a minimum of ten (10) percent to a minimum of twelve (12) percent of specified revenues of the General Fund and Special Revenue funds be maintained as Unassigned Fund Balance in the General Fund.

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

Internal Controls. City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, 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. Activities of the General Fund, certain Special Revenue Funds, Debt Service Fund, Enterprise Funds, Chesapeake Mosquito Control Commission—Component Unit, and Public Schools—Component Unit are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds, including the Public Schools—Component Unit Construction Fund, Grants Fund, Community Development Fund, and certain other Special Revenue Funds. The legal level of budgetary control (the level at which expenditures cannot exceed the appropriated amount) occurs at the fund level. The City Council may authorize supplemental appropriations based on the availability of financial resources. The City Council must approve any revisions that alter total appropriations. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Although encumbered amounts lapse at year-end, the outstanding encumbrances are reviewed and are generally re-appropriated as part of the following year's budget, provided there is availability of funding at year-end. The City Council approves transfers of appropriations that are greater than \$250,000, transfers between the capital and operating budgets, and transfers between capital projects. The City Manager has been delegated authority to approve transfers of \$250,000 or less, with the exception of transfers between the capital and operating budgets and between capital projects. Additionally, on May 9, 2023, the City Council adopted an ordinance to re-assign certain duties and functions performed by the City Treasurer to departments under the supervision of the City Manager and approved the transfers of appropriations within the General Fund in an amount up to \$1.5 million to implement the re-assignment.

Other Information

Single Audit. As a recipient of federal and state financial assistance, the City is also responsible for establishing and maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the City Auditor. As part of the City's Single Audit, tests are performed to determine the adequacy of internal controls and of its compliance with applicable laws and regulations, including that portion related to federal awards. The testing of major federal award programs for the fiscal year ended June 30, 2023, disclosed no material internal control weaknesses or violations of applicable laws and regulations.

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

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the forty-first consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes that the current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also presented the Distinguished Budget Presentation Award to the City for its annual budget for the fiscal year beginning July 1, 2022, and historically the City's budget document has achieved this important recognition thirty-one times since 1989, including consecutive annual recognition since 2003. To qualify for the Distinguished Budget Presentation Award, the City of Chesapeake's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The City published its first Popular Annual Financial Report (PAFR) in fiscal year 2023 and received the Government Finance Officers Association's Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR Award). GFOA's PAFR recognition program was initiated to encourage and assist governments to extract information from their annual comprehensive financial report and produce high quality reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance.

It is worth noting that with the recent achievement of the PAFR award, the City now has the distinction of being a "GFOA triple crown winner" having received excellence awards for financial reporting, popular financial reporting, and the budget document. Fourteen local governments in Virginia have this designation, including three other cities in the Hampton Roads region.

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

Very truly yours,



Christopher M. Price
City Manager

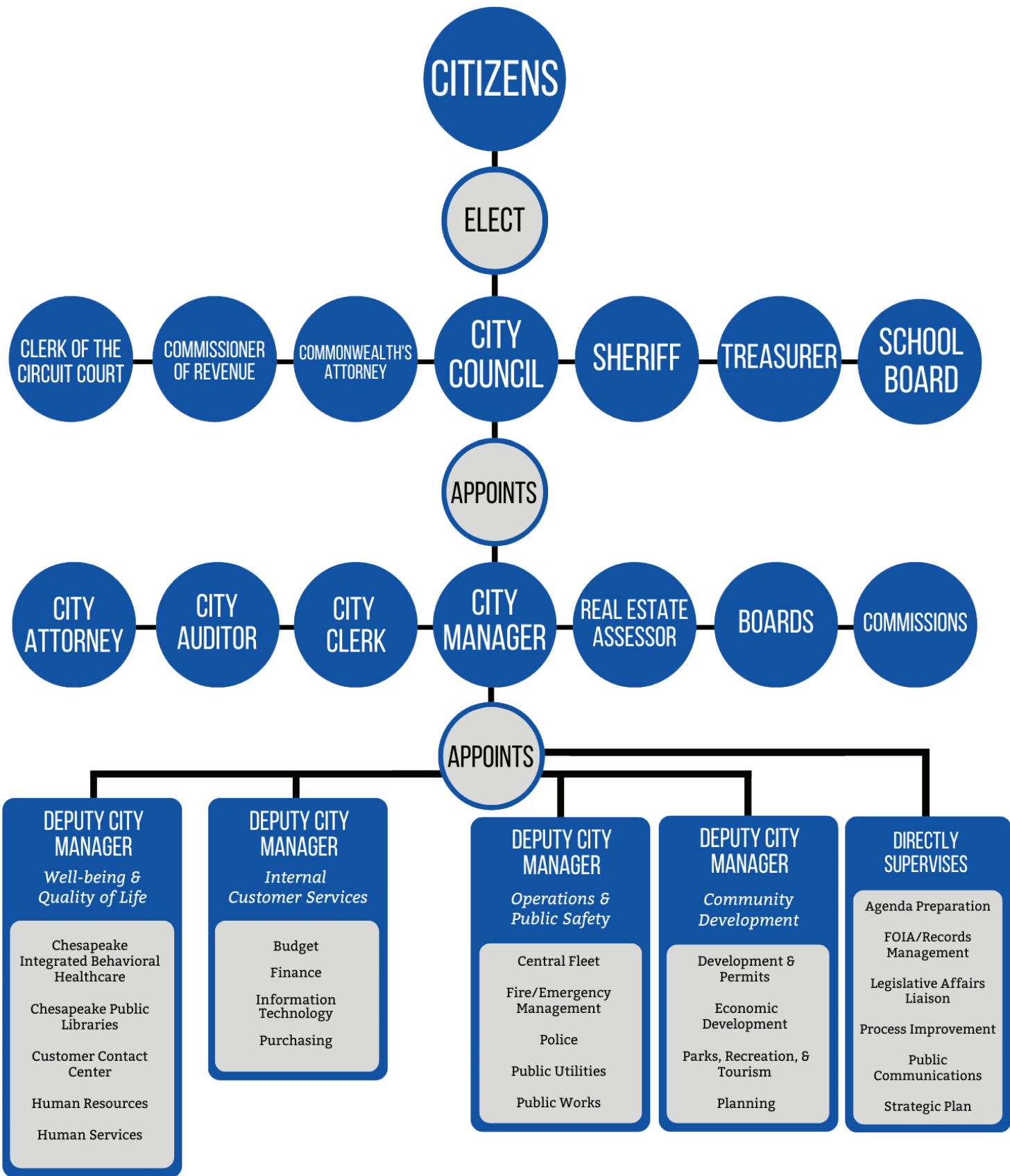


Nancy C. Tracy
Director of Finance

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CITYWIDE ORGANIZATIONAL CHART



CITY OF CHESAPEAKE, VIRGINIA

City Officials
June 30, 2023

City Council

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

Mayor
Vice Mayor

C. Jeff Bunn
Don J. Carey, III
Robert C. Ike, Jr.
Amanda L. Newins
S.Z. “Debbie” Ritter
Dr. Ella Ward
Daniel W. Whitaker

Other Officials

Barbara O. Carraway
Victoria L. Proffitt
Matthew R. Hamel
James O’Sullivan
Christopher M. Price
Catherine Lindley
Darren Padilla
Sandy Madison
Gregory H. Daniels
Dr. Wanda Barnard-Bailey
Robert N. Geis
Laura A. Fitzpatrick
Brian S. Solis
Marjorie A. Taylor Arrington
Rufus A. Banks, Jr., Robert G. MacDonald, Stephen J. Telfevan, and Andrew D. Kubovcik
Alan P. Krasnoff
Erin L. Bedois
Linda L. Bryant, Michael R. Katchmark, and Tanya L. Lomax
Glynis G. Townsend
Lori B. Galbraith
David J. Whitted, Larry D. Willis, and David Jones
Bonnie Coffey
Jocelyn Pearson
Jonathan Hobbs
Edwin Gonzalez
Kevin Curling
Jay B. Tate
Steven C. Wright
Nancy C. Tracy
Edmund E. Elliott, Jr.
Dr. Nancy M. Welch
Allison Myers
Pamela Little-Hill
Daniel Constantineau
Amanda B. Jackson
Michael D. Barber
James McNamara
Mark Solesky

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

CITY OF CHESAPEAKE, VIRGINIA

City Officials
June 30, 2023

Heath Covey
David Jurgens
Earl Sorey
Anthony E. Cannon

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

School Board

Angie Swygert
Thomas L. Mercer, Sr.

Chairman
Vice Chairman

Samuel L. Boone, Jr.
Amanda G. Dean
Michael K. Lamonea
John M. McCormick
Norman Pool
Kim A. Scott
Dr. Brittany N. Walker

Other School Board Officials

Dr. Jared A. Cotton
Dr. Angie Smith
Diane Edwards
Dr. Jacqueline C. Miller
Dr. Brian Austin
Victoria Lucente
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

CT Cowling
Steven C. Wright
Lisa Vanlandingham
John Kownack
Raimundo Rivera

Lisa Wagenbrenner
John M. Harbin

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



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**City of Chesapeake
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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Report of Independent Auditor

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

Report on 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc., which represent 1.9%, 95.0%, and 0.3%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units, as of June 30, 2023, and the respective changes in financial position for the year then ended. 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 and the Elizabeth River Properties of Chesapeake, Inc., 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "Specifications"). The financial statements of the Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards*. 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.

Emphasis of Matter

Correction of an Error

As discussed in Note 17 to the financial statements, the net position of the Chesapeake Airport Authority and the Economic Development Authority, discretely presented component units of the City, as of July 1, 2022, have been restated to reflect the correction of an error in previously issued financial statements. Our opinion is not modified with respect to this matter.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical sections, as listed in the table of contents, 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, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 8, 2023

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



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CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

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, 2023. 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 2023

- The total net position of the City on a government-wide basis, excluding component units, was \$2.4 billion. Of this amount, \$684.8 million was unrestricted.
- The City's government-wide total net position for the primary government increased by \$160.0 million from the prior year. The governmental activities' net position increased by \$122.7 million and business-type net position increased by \$37.3 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$750.0 million, an increase of \$74.4 million from the prior year. Approximately \$691.3 million or 92.2% of this amount was unrestricted (committed, assigned, or unassigned).
- The General Fund, on a current financial resources basis, reported a net increase in fund balance of \$24.0 million. The original budget projected a decrease of \$56.5 million. The final amended budget resulted in a revised decrease projection of \$65.6 million. A combination of strong revenue performance of \$45.9 million or 6.6% greater than the amended budget and expenditures, exclusive of payments to Chesapeake Public Schools (CPS), of \$20.9 million or 5.7% lower than the amended budget resulted in the increase in fund balance. The expenditure performance resulted from management focus on operational efficiency and cost containment efforts, but did include new pay plan increases for public safety and general employees.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$91.8 million or 14.4% of total General Fund expenditures (including payments to CPS).
- The total fund balance of the General Fund of \$420.1 million increased \$24.0 million from the prior year. Fund balance composition at year end was 0.3% nonspendable, 0.0% restricted, 71.1% committed, 6.7% assigned, and 21.9% unassigned.
- The City's total bonded debt, excluding loans, decreased by \$34.4 million from fiscal year 2023 (approximately 5.3%).
- The City was allocated \$76.0 million from the American Rescue Plan Act of 2021 (ARPA) in March 2021, which was disbursed in two equal installments. The City received the first installment of \$38.0 million in FY2021 and the second in FY2023. The City plans to use the funding to offset the cost of the City's eligible capital improvement projects, including improved broadband infrastructure via the construction of Chesapeake Connects.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

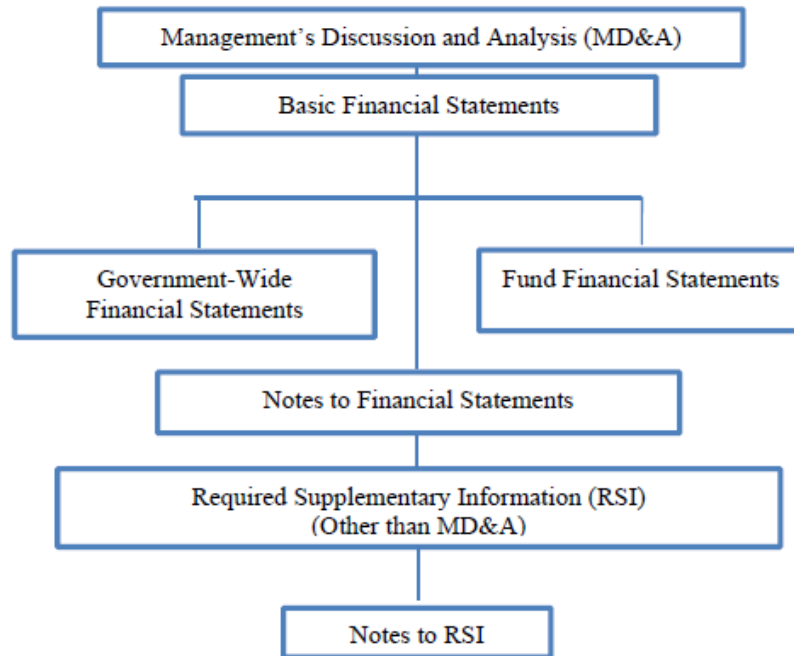
The financial statements also include *Notes to Basic Financial Statements* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section titled *Required Supplementary Information* that further explains and supports the information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

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

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

Required Components of the City of Chesapeake Financial Statements



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

Government-wide Statements

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

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

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

- *Governmental activities* – Most of the City's basic services are included here, such as the police, fire, public works, public welfare, parks and recreation activities, and general administration. Property taxes, other taxes, and state and federal grants finance most of these activities.
- *Business-type activities* – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and sewer system, Chesapeake Transportation System, stormwater system, and the Economic Development Authority are included in this category.
- *Component units* – The City includes five (5) discretely presented component units, separate legal entities, in its report – the Chesapeake Public Schools, the Chesapeake Mosquito Control Commission, the Chesapeake Airport Authority, Elizabeth River Properties of Chesapeake, Inc., and the Chesapeake Land Bank Authority. Although legally separate, these component units are important because the City is financially accountable for them and provides operating funding.

Fund Financial Statements

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

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

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position totaled \$2.4 billion at the close of fiscal year 2023, an increase of \$160.0 million from the net position at June 30, 2022. By far the largest portion of the City's net position (60.9%) is net investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

Statement of Net Position

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

June 30, 2023 and 2022
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2023	FY2022	FY2023	FY2022*	FY2023	FY2022
Assets and deferred outflows of resources						
Current and other assets	\$ 961.3	866.8	352.7	334.6	1,314.0	1,201.4
Capital assets	1,241.2	1,221.3	881.0	870.4	2,122.2	2,091.7
Total assets	2,202.5	2,088.1	1,233.7	1,205.0	3,436.2	3,293.1
Deferred outflows of resources	81.2	98.8	7.7	9.1	88.9	107.9
Total assets and deferred outflows of resources	2,283.7	2,186.9	1,241.4	1,214.1	3,525.1	3,401.0
Liabilities and deferred inflows of resources						
Current and other liabilities	102.1	95.5	43.3	40.8	145.4	136.3
Long-term liabilities	479.4	442.1	426.4	437.1	905.8	879.2
Total liabilities	581.5	537.6	469.7	477.9	1,051.2	1,015.5
Deferred inflows of resources	64.3	134.1	17.5	19.3	81.8	153.4
Total liabilities and deferred inflows of resources	645.8	671.7	487.2	497.2	1,133.0	1,168.9
Net position						
Net investment in capital assets	952.2	933.1	503.6	472.9	1,455.8	1,406.0
Restricted	57.3	92.3	194.2	284.3	251.5	376.6
Unrestricted (deficit)	628.4	489.8	56.4	(40.3)	684.8	449.5
Total net position	1,637.9	1,515.2	754.2	716.9	2,392.1	2,232.1
Total liabilities, deferred inflows of resources, and net position	\$ 2,283.7	2,186.9	1,241.4	1,214.1	3,525.1	3,401.0

*The FY2022 Business-type Activities totals have been restated to include the restatement for the Economic Development Authority.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2023

Approximately 10.5% of the City's net position is subject to external restrictions. The remaining balance of unrestricted net position (\$684.8 million or 28.6%) 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 increased by \$235.3 million or 52.3% from the prior year. Total restricted net position decreased \$125.1 million or 33.2%, primarily due to restricted funds for capital projects for business-type activities. Lastly, net investment in capital assets increased \$49.8 million or 3.5%. The City's total net position increased by \$160.0 million or 7.2% during the fiscal year.

Governmental Activities

The increase in net position from the prior fiscal year was \$122.7 million, as shown on the Statement of Activities. This increase is attributable to the excess of revenues over expenses of \$124.8 million net of \$2.1 million of transfers.

Revenues for the City's governmental activities were \$919.3 million, representing an increase of \$94.7 million over fiscal year 2022. The net increase was due to increases in both program revenues and general revenues. Program revenues included an increase in operating grants and contributions of \$12.0 million along with increases in capital grants and contributions of \$0.2 million and charges for services of \$2.3 million. General revenues increased \$80.2 million over the prior year. Real and personal property taxes, the largest source of City revenues, showed an increase of \$36.9 million or 8.8%. This increase is primarily due to an increase in real estate and personal property assessed values of 14.2% and 11.2%, respectively. The City offered a one-time real estate tax credit of \$0.04 on the tax rate per \$100 of assessed value in FY2023. Other taxes showed an increase of \$14.3 million or 8.8% due to increases in local sales and use tax, business license tax, and restaurant food taxes.

Expenses increased by \$30.9 million or 4.0%. Major increases are in the following functional areas: \$10.6 million in general government, \$10.2 million in public safety, and \$4.8 million in depreciation and amortization. The increases in general government and public safety are primarily due to an increase in salaries and benefits due to the City's Classification and Compensation Study.

Business-type Activities

The increase in net position from the prior fiscal year was \$37.3 million. These resources cannot be used to offset any net deficit in governmental activities. The City generally can only use this net position to fund the continuing operations of its enterprise operations, which include Public Utilities, Chesapeake Transportation System (CTS), Stormwater Management, and the EDA, which was classified as a blended component unit on the enterprise fund statements beginning in fiscal year 2019. Total revenues increased \$23.2 million or 16.6% for business-type activities primarily due to a \$14.1 million increase in charges for services and \$9.5 million in operating grants and contributions offset by a decrease of \$0.4 million in capital grants. Total expenses increased \$9.3 million primarily due to an increase of \$5.3 million in public utilities, \$2.2 million in stormwater management, and \$2.1 million in on behalf payments to the EDA. Transfers decreased by \$2.2 million.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

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, 2023 and 2022
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Activities	
	FY2023	FY2022	FY2023	FY2022*	FY2023	FY2022
Revenues						
Program revenues						
Charges for services	\$ 22.9	20.6	145.3	131.2	168.2	151.8
Operating grants and contributions	178.1	166.1	11.5	2.0	189.6	168.1
Capital grants and contributions	16.1	15.9	5.8	6.2	21.9	22.1
General revenues						
Property taxes	457.1	420.2	-	-	457.1	420.2
Other taxes	176.2	161.9	-	-	176.2	161.9
Grants and contributions not restricted to specific program	32.6	33.5	-	-	32.6	33.5
Unrestricted investment earnings	25.9	0.5	-	-	25.9	0.5
Other	10.4	5.9	-	-	10.4	5.9
Total revenues	919.3	824.6	162.6	139.4	1,081.9	964.0
Expenses						
General government	191.9	181.3	-	-	191.9	181.3
Public safety	130.7	120.5	-	-	130.7	120.5
Public works	56.9	59.0	-	-	56.9	59.0
Parks and recreation	12.2	8.7	-	-	12.2	8.7
Public welfare	63.2	56.5	-	-	63.2	56.5
Education	307.0	309.1	-	-	307.0	309.1
Public utilities	-	-	69.7	64.4	69.7	64.4
Chesapeake Transportation System	-	-	38.7	38.9	38.7	38.9
Stormwater management	-	-	15.2	13.0	15.2	13.0
Economic Development Authority	-	-	3.8	1.8	3.8	1.8
Interest on long-term debt	12.2	12.9	-	-	12.2	12.9
Depreciation and amortization unallocated	20.4	15.6	-	-	20.4	15.6
Total expenses	794.5	763.6	127.4	118.1	921.9	881.7
Excess (deficiency) before transfers	124.8	61.0	35.2	21.3	160.0	82.3
Transfers	(2.1)	(4.3)	2.1	4.3	-	-
Increase (decrease) in net position	122.7	56.7	37.3	25.6	160.0	82.3
Net Position - beginning (restated)	1,515.2	1,458.5	716.9	691.3	2,232.1	2,149.8
Net Position - ending	\$ 1,637.9	1,515.2	754.2	716.9	2,392.1	2,232.1

*The FY2022 Business-type Activities totals have been restated to include the restatement for the Economic Development Authority.

CITY OF CHESAPEAKE, VIRGINIA

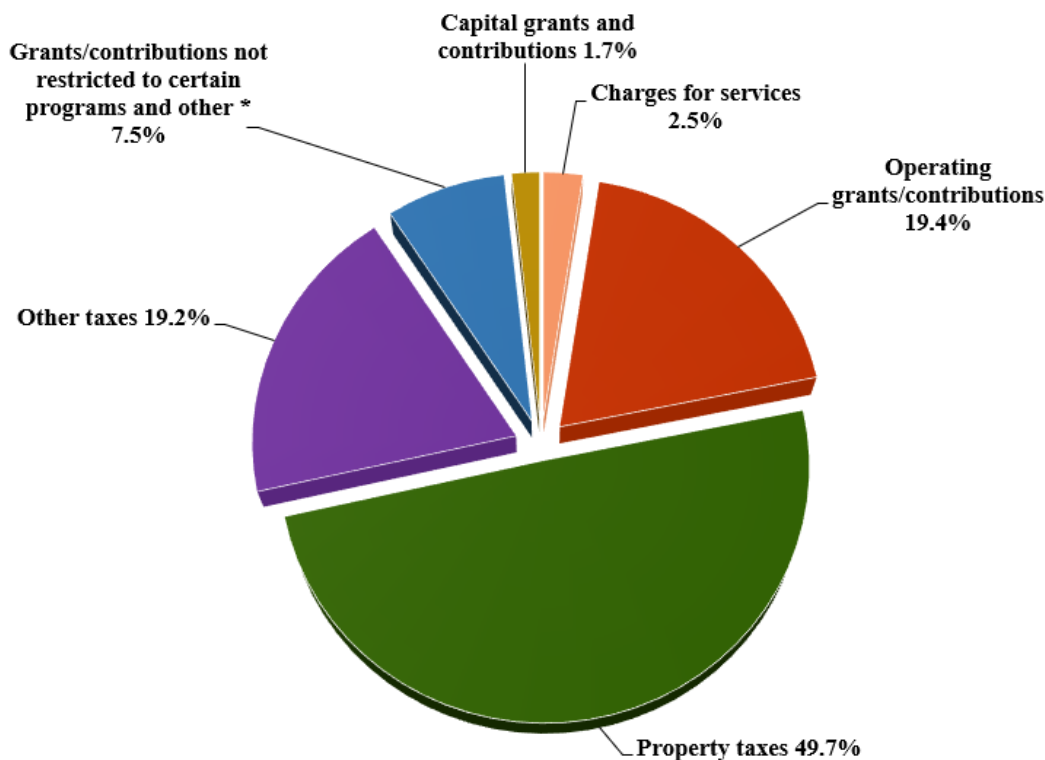
Management's Discussion and Analysis
Year Ended June 30, 2023

Governmental Activities

The City's total revenues from governmental activities were \$919.3 million for the fiscal year ended June 30, 2023. The largest source of revenue for the City, property taxes (composed of real estate and personal property taxes), totaled \$457.1 million and accounted for 49.7% of total revenues. Property taxes increased \$36.9 million or 8.8% from the prior year, primarily due to an increase in assessments of 14.2% in real estate offset by one-time tax relief of \$0.04 coupled with property taxes increasing 10.0%. Both the personal property tax and the real estate tax rates remained unchanged in fiscal year 2023.

Revenues from other taxes, \$176.2 million, make up 19.2% of the City's revenues and increased 8.8% from the prior fiscal year. This revenue increase was primarily due to consumer spending activity reflected in increased tax collections on local sales taxes, business license, restaurant meals, and hotel/motel rooms. Approximately 68.9% of the City's revenue from governmental activities comes from some type of tax and 2.5% comes from fees charged for services.

Revenues by Source – Governmental Activities – Year Ended June 30, 2023



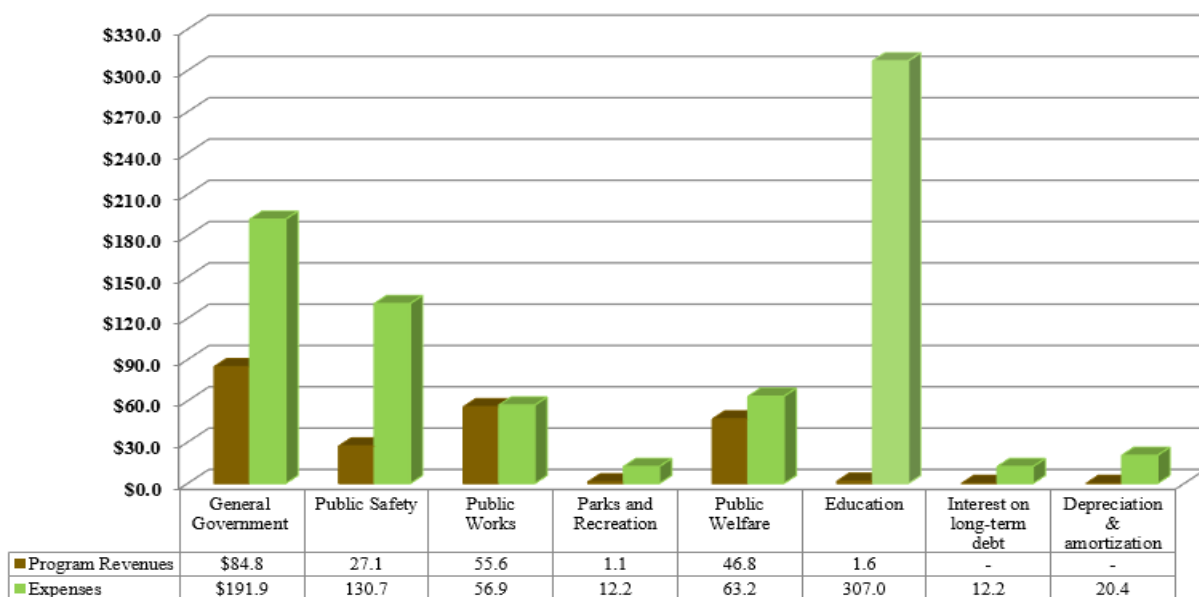
* "Other" includes unrestricted investment earnings and other general revenues.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

The City's expenses for governmental activities cover a wide range of services, with \$191.9 million or 24.2% related to general government, \$130.7 million or 16.4% related to public safety, \$56.9 million or 7.2% for public works, \$12.2 million or 1.5% for parks and recreation, \$63.2 million or 8.0% for public welfare, \$307.0 million or 38.6% for education, \$12.2 million on interest on long-term debt, and \$20.4 million on depreciation and amortization. Overall, expenses for governmental activities increased by \$30.9 million or 4.0% from fiscal year 2022, primarily due to general government and public safety costs. Expenses increased by \$10.6 million in general government, \$3.5 million in parks and recreation, \$4.8 million depreciation/amortization, and \$10.2 million in public safety. Education continues to be the City's largest program. Education expenses totaled \$307.0 million or 38.6% (including payments to the Chesapeake Public Schools, a component unit) in fiscal year 2023.

Expenses and Program Revenues – Governmental Activities Year Ended June 30, 2023 (in millions)



Business-type Activities

Net position for the City's business-type activities reached \$754.2 million, an increase of \$37.3 million from the prior year, as restated. For fiscal year 2023, total revenues of business-type activities increased \$23.2 million, mainly due to a \$14.1 million increase in charges for services and a \$9.5 million increase in operating grants and contributions. Charges for services, including water and sewer utility fees, toll revenues, and stormwater fees made up 89.4% of total revenues for business-type activities. Additionally, transfers of \$2.1 million decreased \$2.2 million from the prior year. Total expenses for fiscal year 2023 were \$127.4 million, an increase of \$9.3 million from fiscal year 2022.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. 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, 2023, the governmental funds reported combined ending fund balances of \$750.0 million, an increase of \$74.4 million from the prior year. Included in this increase are the following major transactions in governmental funds for the year ended June 30, 2023:

- \$287.8 million contributed from the City's General Fund to fund the Public School operations
- \$62.4 million spent in the Capital Projects Fund to fund capital items
- \$23.1 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, committed to fund the fiscal year 2023 City OPEB Plan for pay-go costs during the year. In lieu of the City contributing the \$3.6 million annual actuarially determined contribution to the OPEB Trust, the City funded the pay-go costs and, therefore, at June 30, 2023, the General Fund has recorded a receivable of \$1.6 million due from the OPEB Trust.

Approximately \$691.3 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 \$418.6 million unrestricted funds in the General Fund represents 65.5% 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, 2023 were as follows:

- \$155.1 million committed for one time projects
- \$69.2 million committed for current capital projects
- \$21.2 million committed for future capital projects
- \$132.3 million committed for various programs and projects
- \$135.3 million assigned for future capital projects
- \$15.4 million assigned for debt service
- \$71.0 million assigned for various other purposes

The remainder of the unrestricted fund balance at June 30, 2023, the unassigned fund balance, includes \$91.8 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 \$57.0 million at year end.

Total fund balance of the General Fund increased by \$24.0 million during fiscal year 2023, primarily due to the excess of revenues over expenditures of \$99.6 million, an increase of \$3.0 million or 3.2% from the prior year, while other net transfers totaled \$75.6 million, an increase of \$13.6 million or 21.9% from the prior year. The excess of revenues over expenditures can be attributed to revenue increases of \$42.7 million or 11.1% in property taxes, \$13.7 million or 9.0% in revenues from other local taxes, \$12.0 million in investment income, \$2.2 million in licenses, permits and fees, \$1.3 million in charges for services, \$2.6 million in recovered costs and \$1.8 million or 1.7% from Virginia intergovernmental revenues, while total expenditures increased by \$73.9 million or 13.1% from the prior fiscal year. The major contributing factors to increased expenditures over the prior year (including related capital outlay) are costs related to pay plan increases in the current year which resulted in public safety increases of \$8.9

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

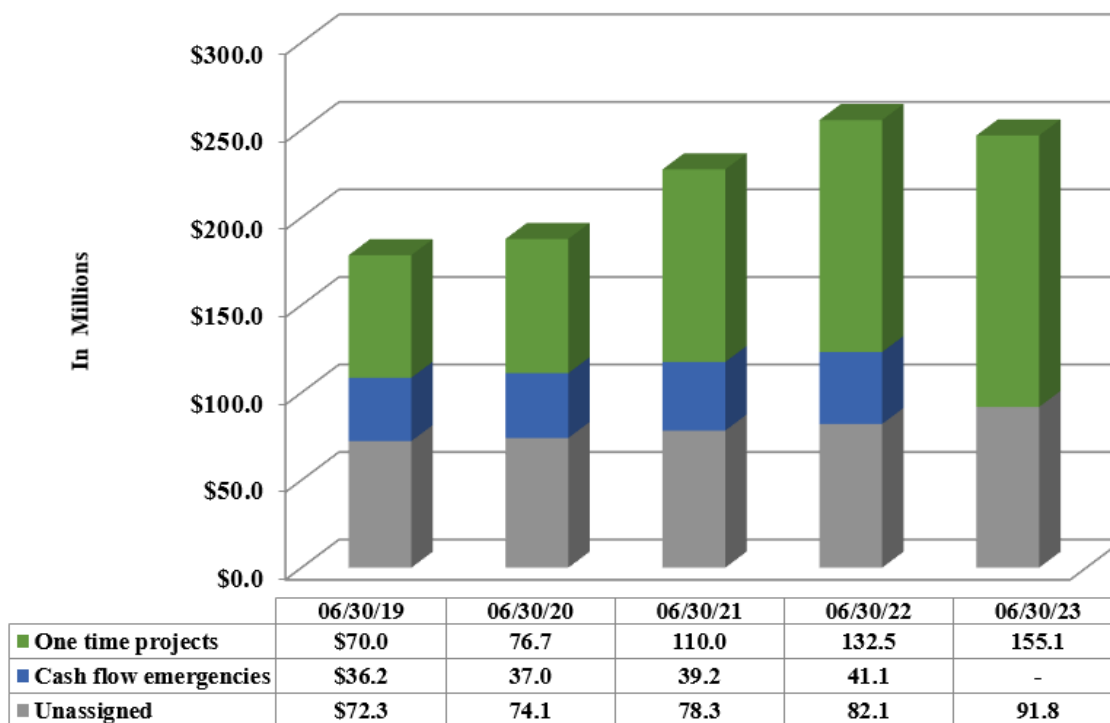
million or 7.8%, general government increases of \$9.5 million or 7.5%, and public works increases of \$9.2 million. Education increased by \$47.0 million or 19.5% for a budgetary increase of support for schools.

The City maintains a fund balance policy that was updated in fiscal year 2015. This policy requires the maintenance of an unassigned fund balance equal to at least 10.0% of General Fund revenues and tax revenues committed to certain special revenue funds. City Council budgets for a 12.0% year-end unassigned fund balance to ensure compliance. On June 13, 2023, the City Council adopted a revised fund balance policy to be effective on July 1, 2023 that changed the minimum unassigned fund balance to 12.0% to replace the previous 10.0% requirement. Additionally, a 6% reserve created by charter for cash flow emergencies was removed July 1, 2022.

The fund balance policy implemented in fiscal year 2015 also created a committed fund balance category for one time projects. In addition to \$155.1 million committed for one time projects, \$143.6 million has been committed for other purposes including \$69.2 million set aside for lockbox funds for School and City capital projects to be used for future debt service and pay-as-you go financing.

General Fund

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



The unassigned fund balance of the General Fund, which represents available current financial resources, totaled \$91.8 million at June 30, 2023. A healthy fund balance allows the City to provide adequate services for the citizens, plan for future projects, and retain its sound financial position.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2023

Summary of Changes in General Fund Unassigned Fund Balance

Year ended June 30, 2023

(in Millions)

Unassigned fund balance at June 30, 2022		\$	82.1
Revenues	\$	738.4	
Expenditures:			
Current, Capital Outlay and Debt Service		638.8	
Other financing sources (uses)		(75.6)	
Net Change in fund balance		24.0	
Increase in reservations (Restricted, Committed, and Assigned)		(14.3)	
Increase in unassigned fund balance			9.7
Unassigned fund balance at June 30, 2023		\$	91.8

The Debt Service Fund ended the year with \$17.6 million in total fund balance, an increase of \$5.0 million from 2022. The increase is mainly due to increased interest earnings in FY2023. The assigned fund balance of \$15.4 million is for the payment of debt service as directed by City Council.

The total fund balance of the Capital Project Fund increased by \$29.8 million as a result of \$19.5 million of revenues (primarily intergovernmental revenues) and a net of \$72.7 million in interfund transfers to fund various capital projects offset by \$62.4 million in capital outlay.

Proprietary Funds

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

For fiscal year 2023, Public Utilities reported an increase in net position of \$24.5 million to \$597.4 million at June 30, 2023. Total operating revenues of \$83.4 million were \$1.4 million more than the prior year primarily due to increases in water sales and sewer service charges. Total operating expenses for fiscal year 2023 were \$67.9 million, an increase of \$6.2 million from the prior year.

Chesapeake Transportation System reported operating revenues for fiscal year 2023 of \$34.5 million versus \$33.6 million for fiscal year 2022. The increase is due to a 4.3% increase in traffic numbers for Dominion Blvd Veterans Memorial Bridge along with the annual rate increase for the Expressway of 5.0%. Operating expenses for the year amounted to \$26.0 million, with \$12.7 million from depreciation and amortization. Net position decreased by \$1.1 million from the prior year.

Stormwater Management had \$50.6 million in restricted net position at June 30, 2023, a decrease of \$4.4 million from fiscal year 2022 as a result of FY2023 activity. Operating revenues were \$25.5 million, a \$8.9 million increase from FY2022. Operating expenses totaled \$14.9 million, a 17.7% increase from the previous fiscal year. Any fees collected in excess of current operating needs are restricted for use on future Stormwater projects around the City. Stormwater utility fees increased in FY2023 by \$4.00 per ERU (Equivalent Residential Unit).

The EDA reported operating revenues for fiscal year 2023 of \$2.6 million, an increase of \$2.5 million from fiscal year 2022. Operating expenses totaled \$2.3 million, an increase of \$2.0 million from fiscal year 2022. These increases are a result of land sales and costs of land sales.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund
Year Ended June 30, 2023
(in millions)

	Original Budget*	Amended Budget	Actual
Revenues:			
Taxes	\$ 566.3	566.3	592.6
Intergovernmental	96.9	99.4	102.7
Other	26.5	26.8	43.1
Total	689.7	692.5	738.4
Expenditures and transfers:			
Expenditures *	664.8	662.2	636.0
Transfers (net)	81.4	95.9	78.4
Total	746.2	758.1	714.4
Change in fund balance	\$ (56.5)	(65.6)	24.0

* The City's budget ordinance includes, as a part of the original budget for expenditures, the amount of \$7.2 million for encumbrances reappropriated from June 30, 2022.

Differences between the original budget and the final amended budget for the City's General Fund included additional revenues of \$2.8 million, a \$2.6 million decrease in appropriations, and a net increase of \$14.5 million in transfers resulting in a \$9.1 million increase to the change in fund balance. Major changes included the following:

- Appropriation of \$2.5 million for additional state maintenance
- Appropriation of \$14.4 million for EDA for Coastal Virginia Commerce Park
- Appropriation of \$0.8 million for emergency Rt 168 expressway bridge repairs
- Appropriation of \$0.6 million for Blue Heron Landing Park on the Indian River
- Appropriation of \$0.6 million for turn lanes and signal modification Hanbury Rd at Johnstown Rd

Actual total revenues were above the amended budget by \$45.9 million, primarily due to general property taxes and other local taxes exceeding the amended budget by \$6.1 million and \$20.2 million, respectively. The remaining favorable variance was comprised of \$5.4 million in other local revenues, \$3.0 million in revenues from the Commonwealth and \$11.3 million in investment income.

Expenditures and transfers to other funds were below the amended budget by \$43.7 million or 7.8%, prior to encumbrances. The general government category returned \$9.6 million or 7.0% of its budget, in part due to cost savings resulting from unused appropriations for general expenses. Departments with notable savings include Sheriff with \$2.8 million, Treasurer with \$1.0 million, tax relief of \$0.9 million, OPEB with \$0.4 million along with unused salary contingency of \$0.6 million. Public Works departments were \$6.2 million or 7.7% below the amended budget mainly in street maintenance with \$1.8 million, bridges and structures with \$0.7 million, contractual services with \$1.3 million, traffic engineering with \$0.2 million, drainage with \$0.8 million, solid waste collection with \$0.4 million, and buildings maintenance with \$0.2 million. Public Safety departments were \$3.3 million or 2.6% below the amended budget due to payroll and general supply cost savings. The Police and Fire departments generated savings of \$2.8 million and \$0.3 million, respectively. Additionally, the Parks and Recreation department was \$1.8 million or 11.1% below the amended budget.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

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, 2023 amounts to approximately \$2.1 billion (net of accumulated depreciation). This investment includes land, intangibles, municipal and school buildings, improvements, machinery and equipment, drainage and water/sewer systems, roads, bridges, 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 \$28.2 million or 1.3% – an increase of \$19.9 million or 1.6% for governmental activities and an increase of \$8.3 million or 1.0% for business-type activities, primarily due an increase of construction expenditures, the completion of various projects and construction projects in progress.

Capital Assets (net of accumulated depreciation)
June 30, 2023 and 2022
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government Activities	
	2023	2022	2023	2022	2023	2022
Land	\$ 77.8	75.6	94.2	93.9	172.0	169.5
Intangibles	368.8	366.8	19.8	19.8	388.6	386.6
Construction in progress	93.7	64.7	78.7	72.5	172.4	137.2
Buildings	328.7	342.8	5.4	5.6	334.1	348.4
Lease asset - buildings	2.8	3.4	-	-	2.8	3.4
Improvements other than buildings	41.2	41.9	4.0	4.0	45.2	45.9
Software, equipment, and vehicles	73.2	76.3	15.3	15.9	88.5	92.2
Lease assets - equipment & vehicles	0.6	0.5	-	-	0.6	0.5
Subscriptions	9.3	-	0.1	-	9.4	-
Infrastructure	245.1	249.3	663.5	661.0	908.6	910.3
Total	\$ 1,241.2	1,221.3	881.0	872.7	2,122.2	2,094.0

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

- Completed capital projects totaling \$32.3 million for governmental activities.
- Completed capital projects totaling \$26.1 million for business-type activities.
- Construction in progress totaled \$93.7 million for governmental activities at the end of the fiscal year.
- Construction in progress totaled \$78.7 million for business-type activities, which includes Public Utilities, CTS, and Stormwater projects.
- A prepayment of \$20.0 million has been made to the Army Corps of Engineers for the Deep Creek Bridge Replacement project.

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

The City's fiscal year 2024 capital budget provides approximately \$556.7 million for various capital projects. Some of the major categories include \$14.5 million for community facilities projects, \$6.9 million for economic development projects, \$79.9 million in school-related projects, \$12.0 million in information technology projects, \$21.0 million in parks, recreation, and tourism projects, \$8.7 million for public safety projects, \$79.1 million for transportation projects, \$9.3 million in storm water projects, and \$325.3 million for Public Utilities projects. Projects budgeted to commence in fiscal year 2024 include:

- South Central Water and Sewer Transmission
- Employee Safety and Security

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding (including an installment purchase agreement) of \$616.7 million. Of this amount, \$311.7 million comprises debt backed by the full faith and credit of the City and \$305.0 million is debt secured by revenues of the Water and Sewer System, CTS toll revenues, and certain revenues from the Greenbrier TIF pursuant to the terms of a Cooperation Agreement on behalf of the EDA.

City of Chesapeake Outstanding Debt June 30, 2023 and 2022 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government Activities	
	2023	2022	2023	2022	2023	2022
General obligation bonds*	\$ 116.5	128.3	39.5	45.7	156.0	174.0
Revenue bonds*	-	-	192.4	195.0	192.4	195.0
Direct placement bonds and installment purchase agreement	155.7	162.5	112.6	119.6	268.3	282.1
	\$ 272.2	\$ 290.8	\$ 344.5	\$ 360.3	\$ 616.7	\$ 651.1

*does not include bond premiums and discounts.

Chesapeake's total debt decreased by \$34.4 million during fiscal year 2023. Long-term debt for governmental activities decreased by \$18.6 million and long-term debt for business-type activities decreased by \$15.8 million. The CTS Convertible Capital Appreciation Bonds increased \$3.3 million due to accreted interest. The Virginia Transportation Infrastructure Bank (VTIB) subordinate bonds decreased \$7.0 million due to a principal payment of \$0.1 million along with a supplemental principal payment of \$6.2 million from excess revenues.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.0% of its total assessed valuation of real property. The current debt limitation for the City is \$3.57 billion, which is significantly in excess of the City's total outstanding debt subject to the legal debt limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The average unemployment rate for fiscal year 2023 for the City was 2.8%, a decrease from the 2022 rate of 3.1%, primarily due to the recovery from the pandemic. This compares to the average unemployment rates of 3.2% for the region, 2.8% for Virginia, and 3.6% nationally for the same time period.
- The Weldon Cooper Center for Public Service, Chesapeake projects the City's total population for 2045 will be 305,957.
- The City's real estate tax base increased by \$4.5 billion or 14.2% from the prior year. Personal property taxes experienced a \$505.4 million or 17.2% increase from fiscal year 2022 to fiscal year 2023.
- Taxable retail sales for calendar year 2022 increased by \$516.8 million or 12.3%.
- 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.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2023

All of these factors will be considered in preparing the City's budget for fiscal year 2025. Additionally, the City's operating budget will focus on aligning programs to outcomes and illustrating the impacts of budgetary decisions on customers and the overall community. The Capital Improvement Program (CIP) will focus on aligning projects to the City's Comprehensive plan as well as the City Council's strategic anchors. These actions will further support the alignment of the City's resources to approved strategic plans, helping the City to maintain fiscal stability and a strong financial position.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements



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Government-wide Financial Statements



CITY OF CHESAPEAKE, VIRGINIA

Schedule A

Statement of Net Position
June 30, 2023

	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)	\$ 570,538,093	84,312,133	654,850,226	89,405,250	15,211,625	
Receivables, net of allowance for uncollectible amounts (note 3 and 9)	156,659,882	30,381,838	187,041,720	70,122,752	101,688	
Internal balances (note 8)	9,105,926	(9,105,926)	-	-	-	
Inventories	2,164,018	1,494,127	3,658,145	3,090,441	562,064	
Prepaid expenses	24,591,969	125,398	24,717,367	-	115,546	
Restricted assets (note 2):						
Cash and temporary investments with trustee	-	57,447,679	57,447,679	-	-	
Cash restricted for debt service	-	7,155,439	7,155,439	-	-	
Cash restricted for debt service with trustee	-	14,335,835	14,335,835	-	-	
Capital construction:						
Cash and temporary investments	197,187,833	131,288,880	328,476,713	67,116,586	-	
Cash and temporary investments with trustee	277	17,353,363	17,353,640	-	-	
Cash restricted for improvement and redemption	-	1,000,000	1,000,000	-	-	
Investment - zero coupon bond	994,744	-	994,744	-	-	
Capital Assets (notes 4, 6, and 9):						
Land	77,833,411	94,204,524	172,037,935	21,796,660	4,152,973	
Intangibles	368,752,424	19,840,936	388,593,360	-	-	
Construction in progress	93,723,467	78,707,781	172,431,248	8,245,767	371,724	
Buildings	695,318,647	9,595,158	704,913,805	359,870,885	3,944,505	
Improvements other than buildings	83,922,764	6,027,076	89,949,840	6,848,285	24,797,631	
Software, equipment, and vehicles	258,346,973	47,636,186	305,983,159	126,883,013	2,142,934	
Infrastructure	1,307,862,847	1,144,424,655	2,452,287,502	-	-	
Accumulated depreciation	(1,644,523,105)	(519,430,113)	(2,163,953,218)	(127,336,214)	(22,607,466)	
Land and improvements held for sale	-	16,943,559	16,943,559	-	353,894	
Net OPEB asset (note 11)	52,236	5,166	57,402	20,860	298	
Total assets	2,202,532,406	1,233,743,694	3,436,276,100	626,064,285	29,147,416	
Deferred outflows of resources (note 5)	81,189,081	7,719,406	88,908,487	117,385,203	614,026	
Total assets and deferred outflows of resources	\$ 2,283,721,487	1,241,463,100	3,525,184,587	743,449,488	29,761,442	
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION						
Liabilities						
Accounts payable, deposits, and accrued expenses (notes 3 and 16)	\$ 40,082,314	21,424,632	61,506,946	61,838,614	229,170	
Unearned revenues	5,251,600	882,366	6,133,966	-	3,019	
Long-term liabilities (notes 6, 9, 10, 11, and 16):						
Due within one year	56,748,694	21,073,602	77,822,296	6,556,404	224,686	
Due in more than one year	479,401,103	426,367,197	905,768,300	571,953,474	1,379,882	
Total liabilities	581,483,711	469,747,797	1,051,231,508	640,348,492	1,836,757	
Deferred inflows of resources (note 5)	64,327,186	17,503,832	81,831,018	118,110,918	464,508	
Net position						
Net investment in capital assets	952,213,448	503,573,074	1,455,786,522	364,124,422	12,271,069	
Restricted for:						
Capital projects	7,289,677	144,258,702	151,548,379	-	-	
Debt service	2,152,759	49,915,838	52,068,597	-	-	
Other purposes:						
Expendable:						
General Fund - state and federal restrictions	46,998	-	46,998	-	-	
Special projects	47,297,343	-	47,297,343	-	-	
Educational purposes	196,203	-	196,203	153,872,473	-	
Chesapeake Airport Authority	-	-	-	-	260,412	
Nonexpendable - Special projects	271,590	-	271,590	-	-	
Nonexpendable - Permanent Funds	12,795	-	12,795	-	-	
Unrestricted (deficit)	628,429,777	56,463,857	684,893,634	(533,006,817)	14,928,696	
Total net position	1,637,910,590	754,211,471	2,392,122,061	(15,009,922)	27,460,177	
Total liabilities, deferred inflows, and net position	\$ 2,283,721,487	1,241,463,100	3,525,184,587	743,449,488	29,761,442	

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule B

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Units
					Governmental Activities	Business-type Activities	Total	
PRIMARY GOVERNMENT								
Governmental activities:								
General government	\$ 191,890,163	6,339,301	78,294,320	147,721	(107,108,821)	-	(107,108,821)	-
Public safety	130,753,495	6,580,113	20,464,940	100,864	(103,607,578)	-	(103,607,578)	-
Public works	56,868,828	308,285	40,329,205	14,982,953	(1,248,385)	-	(1,248,385)	-
Parks and recreation	12,238,447	982,205	80,870	-	(11,175,372)	-	(11,175,372)	-
Public welfare	63,241,401	8,678,388	38,150,528	-	(16,412,485)	-	(16,412,485)	-
Education	306,961,623	-	756,594	828,164	(305,376,865)	-	(305,376,865)	-
Interest on long-term debt	12,198,307	-	-	-	(12,198,307)	-	(12,198,307)	-
Depreciation and amortization - net unallocated portion (note 4)	20,389,674	-	-	-	(20,389,674)	-	(20,389,674)	-
Total governmental activities	794,541,938	22,888,292	178,076,457	16,059,702	(577,517,487)	-	(577,517,487)	-
Business-type activities:								
Public Utilities	69,735,776	83,085,171	5,697,617	5,825,712	-	24,872,724	24,872,724	-
Chesapeake Transportation System	38,672,503	34,457,488	3,315,694	-	-	(899,321)	(899,321)	-
Stormwater Management	15,203,361	25,207,912	2,281,480	-	-	12,286,031	12,286,031	-
Economic Development Authority	3,797,161	2,567,760	191,046	-	-	(1,038,355)	(1,038,355)	-
Total business-type activities	127,408,801	145,318,331	11,485,837	5,825,712	-	35,221,079	35,221,079	-
Total Primary Government	\$ 921,950,739	168,206,623	189,562,294	21,885,414	(577,517,487)	35,221,079	(542,296,408)	-
COMPONENT UNITS								
Public Schools	\$ 625,575,793	24,327,440	176,802,898	-	-	-	(424,445,455)	-
Chesapeake Mosquito Control Commission	4,074,028	-	6,612,625	-	-	-	-	2,538,597
Chesapeake Airport Authority	1,259,978	537,331	1,151,008	-	-	-	-	428,361
Elizabeth River Properties of Chesapeake, Inc	253,335	217,209	35,017	-	-	-	-	(1,109)
Chesapeake Land Bank Authority	475,531	-	279,010	-	-	-	-	(196,521)
Total component units	\$ 631,638,665	25,081,980	184,880,558	-	-	-	(424,445,455)	2,769,328
General revenues:								
Taxes:					\$			
Property taxes, levied for general purposes					457,146,619	-	457,146,619	-
Local sales and use taxes					57,409,044	-	57,409,044	-
Consumer utility taxes					11,035,442	-	11,035,442	-
Communication sales tax					8,252,145	-	8,252,145	-
Business license taxes					37,067,619	-	37,067,619	-
Local utility consumption tax					801,344	-	801,344	-
Bank stock taxes					1,769,071	-	1,769,071	-
Taxes on recordation and wills					3,967,066	-	3,967,066	-
Tobacco taxes					4,051,317	-	4,051,317	-
Hotel and motel room taxes					8,689,042	-	8,689,042	-
Restaurant food taxes					41,106,129	-	41,106,129	-
Admission taxes					959,052	-	959,052	-
Short-term rental taxes					1,273,065	-	1,273,065	-
Part-mutuel wagering pool tax					27,821	-	27,821	-
Payment from City					-	-	-	299,100,335
Grants and contributions not restricted to specific programs					32,559,822	-	32,559,822	-
Unrestricted investment earnings					25,855,563	-	25,855,563	-
Miscellaneous					10,362,835	-	10,362,835	-
Transfers					(2,064,110)	2,064,110	-	-
Total general revenues and transfers					700,268,886	2,064,110	702,332,996	539,123,161
Change in net position					122,751,399	37,285,189	160,036,588	114,678,161
Net position - beginning, as restated (note 17)					1,515,159,191	716,926,283	2,232,085,474	(129,688,083)
Net position - ending					\$ 1,637,910,590	754,211,472	2,392,122,062	24,690,849
								(15,009,922)
								27,460,177

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

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Fund Financial Statements



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Governmental Funds Financial Statements

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

Other Governmental Funds – Include Special Revenue and Permanent Funds.



CITY OF CHESAPEAKE, VIRGINIA

Schedule C

Balance Sheet
Governmental Funds
June 30, 2023

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and temporary investments (note 2)	\$ 374,546,133	17,553,800	-	93,191,593	485,291,526
Intergovernmental revenues due from (note 3):					
Commonwealth of Virginia:					
Local sales tax	4,630,895	-	-	-	4,630,895
State categorical aid	2,433,325	-	-	-	2,433,325
Personal property tax relief act	28,590,001	-	-	-	28,590,001
Other	407,257	-	1,077,205	2,633,352	4,117,814
Federal government	-	-	1,793,816	4,228,169	6,021,985
Receivables (note 3):					
Property taxes	86,753,563	-	-	-	86,753,563
Accounts receivable	14,564,533	-	-	10,276,038	24,840,571
Utility taxes	2,417,862	-	-	-	2,417,862
Interest	479,639	22,769	-	852	503,260
Emergency medical services fees	8,042,238	-	-	-	8,042,238
Restaurant and food tax	3,819,004	-	-	-	3,819,004
Other	5,272,577	-	-	101,443	5,374,020
Allowance for uncollectible amounts	(14,558,194)	-	-	(7,154,430)	(21,712,624)
Inventory	1,458,342	-	-	8,523	1,466,865
Due from other funds (note 8)	176,997	-	-	-	176,997
Prepaid expenditures and other assets	-	-	20,000,000	263,067	20,263,067
Restricted assets (note 2):					
Capital construction:					
Cash and temporary investments	-	-	197,187,833	-	197,187,833
Cash and temporary investments with trustee	-	277	-	-	277
Investments	-	-	-	994,744	994,744
Advances to other funds, net of allowance (note 8):	7,515,315	-	-	-	7,515,315
Total assets	\$ 526,549,487	17,576,846	220,058,854	104,543,351	868,728,538
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable (note 3)	\$ 7,267,523	1,200	-	2,667,149	9,935,872
Deposits (note 3)	2,687,590	-	-	-	2,687,590
Accrued expenditures (note 3)	8,515,249	-	-	998,599	9,513,848
Unearned revenues	67,323	-	983,580	9,119	1,060,022
Other liabilities (note 3)	1,907,583	-	-	26,896	1,934,479
Payables from restricted assets:					
Construction projects payable (note 3)	-	-	7,303,259	-	7,303,259
Due to Commonwealth of Virginia (note 3)	120,384	-	-	96,357	216,741
Due to other funds (note 8)	-	-	-	176,997	176,997
Total liabilities	20,565,652	1,200	8,286,839	3,975,117	32,828,808
Deferred Inflows of Resources (note 5)	85,896,978	-	-	-	85,896,978
Fund Balances (note 12)					
Nonspendable	1,458,342	-	-	284,385	1,742,727
Restricted other	47,000	2,152,759	7,289,677	47,493,544	56,982,980
Committed for one time projects	155,107,080	-	-	-	155,107,080
Committed other	143,557,579	-	69,207,537	9,950,786	222,715,902
Assigned	28,159,415	15,422,887	135,274,801	42,839,519	221,696,622
Unassigned	91,757,441	-	-	-	91,757,441
Total fund balances	420,086,857	17,575,646	211,772,015	100,568,234	750,002,752
Total liabilities, deferred inflows, and fund balances	\$ 526,549,487	17,576,846	220,058,854	104,543,351	868,728,538

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

(Continued)

Balance Sheet
Governmental Funds
June 30, 2023

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 \$ 750,002,752

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 \$55,862,18 associated with the internal service funds (ISF) as indicated below.

Capital assets 1,185,375,310

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

Net OPEB asset (net of ISF) 48,722

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

Pension and OPEB deferred outflows (net of ISF)	\$ 76,882,836	
Unamortized deferred loss on refundings	941,141	77,823,977

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

Governmental funds' deferred inflows	85,896,978	
Pension and OPEB deferred inflows (net of ISF)	(61,072,865)	
Unamortized deferred gain on refundings	(11,475)	24,812,638

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 \$1,590,611 as noted on Schedule E.

Current assets	91,100,590	
Capital assets	55,862,118	
Net OPEB asset	3,514	
Pension and OPEB deferred outflows	3,365,104	
Current liabilities	(20,484,776)	
Noncurrent liabilities	(31,779,481)	
Pension and OPEB deferred inflows	(3,242,846)	
Net cumulative profit(loss) allocation	1,590,611	96,414,834

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

(5,039,377)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Total long-term obligations for governmental activities as reported in footnote 6 to the financial statements also include long-term obligations of \$44,621,531 associated with the ISF as indicated above.

General obligation bonds	(305,508,280)	
Net pension liability (net of ISF)	(116,462,910)	
Net OPEB liability (net of ISF)	(35,549,897)	
Arbitrage rebate and yield restriction	(576,417)	
Compensated absences (net of ISF)	(26,224,024)	
Installment Purchase Agreement	(1,342,284)	
Leases and subscriptions	(5,864,454)	(491,528,266)

Net position of governmental activities \$ 1,637,910,590

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, 2023

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 426,767,280	-	-	23,755,444	450,522,724
Other local taxes	165,823,044	-	-	10,585,113	176,408,157
Licenses, permits, and fees	11,723,029	-	-	272,783	11,995,812
Fines and forfeitures	603,580	-	-	7,309,369	7,912,949
Investment income	11,805,083	2,089,773	7,513,549	1,674,960	23,083,365
Revenues from use of property	1,362,274	54,889	-	443,376	1,860,539
Charges for services	12,285,987	-	-	10,739,742	23,025,729
Miscellaneous local revenues	1,106,795	600,264	-	2,727,429	4,434,488
Recovered costs	4,248,943	-	-	1,397,020	5,645,963
Program income	-	-	-	54,291	54,291
Revenues from local developers	-	-	1,849,328	217,500	2,066,828
Intergovernmental revenues:					
Commonwealth of Virginia	102,401,537	-	8,181,630	28,753,202	139,336,369
Federal government	73,015	-	1,910,169	58,189,940	60,173,124
Federal government - American Reinvestment and Recovery Act	-	281,439	-	-	281,439
Chesapeake Public Schools	252,292	504,302	-	-	756,594
Total revenues	738,452,859	3,530,667	19,454,676	146,120,169	907,558,371
EXPENDITURES					
Current:					
General government	135,770,164	-	-	13,978,221	149,748,385
Public safety	122,520,468	-	-	12,089,851	134,610,319
Public works	73,679,086	-	-	-	73,679,086
Parks and recreation	13,537,819	-	-	60,189	13,598,008
Public welfare	-	-	-	63,642,018	63,642,018
Education	287,792,496	11,294,774	-	13,065	299,100,335
Capital outlay	5,549,457	-	62,371,856	3,165,113	71,086,426
Debt service	-	41,799,628	-	-	41,799,628
Total expenditures	638,849,490	53,094,402	62,371,856	92,948,457	847,264,205
Excess (deficiency) of revenues over (under) expenditures	99,603,369	(49,563,735)	(42,917,180)	53,171,712	60,294,166
OTHER FINANCING SOURCES (USES)					
Transfers from other funds (note 8)	13,018,636	43,234,215	80,563,315	29,375,394	166,191,560
Transfers to other funds (note 8)	(91,483,599)	-	(7,846,898)	(67,976,244)	(167,306,741)
Issuance of leases (as lessee) (note 6)	377,246	-	-	46,647	423,893
Issuance of subscriptions	2,458,094	-	-	970,010	3,428,104
Issuance of VPSA bonds (note 6)	-	9,900,000	-	-	9,900,000
Premiums on VPSA bonds issued (note 6)	-	1,447,362	-	-	1,447,362
Total other financing sources (uses), net	(75,629,623)	54,581,577	72,716,417	(37,584,193)	14,084,178
Net change in fund balance	23,973,746	5,017,842	29,799,237	15,587,519	74,378,344
Fund balance - beginning	396,113,111	12,557,804	181,972,778	84,980,715	675,624,408
Fund balance - ending	\$ 420,086,857	17,575,646	211,772,015	100,568,234	750,002,752

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, 2023

**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 \$ 74,378,344

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	\$ (46,581,031)	
Capital outlay expenditures	71,086,426	
Donated assets	2,540,420	
Noncapitalizable expenses related to closed projects	(4,853,678)	
Asset transfers	(86,102)	
Disposal of assets	(4,272,691)	
		17,833,344

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. 6,486,459

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (15)

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)	(15,199,359)	
Arbitrage rebate and yield restrictions	(576,417)	
Amortization of bond premiums and refunding	(1,679,237)	
Principal repayments	30,420,907	
		12,965,894

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	1,184,825	
Compensated absences	(798,377)	
Pension and OPEB expenses	4,111,207	
		4,497,655

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses), excluding capital contributions from the Primary Government, of certain activities of the internal service funds are reported with governmental activities. 6,369,232

Interfund loan activity that does not contribute to current financial resources and, therefore, is not reported in the funds. 220,486

Change in net position of governmental activities \$ 122,751,399

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

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Proprietary Funds Financial Statements

Major Enterprise Funds:

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

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

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

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

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



CITY OF CHESAPEAKE, VIRGINIA

Schedule E

Statement of Net Position
Proprietary Funds
June 30, 2023

	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)	\$ 61,688,244	1,866,805	15,378,634	5,378,450	84,312,133	85,246,567
Receivables (note 3):						
Accounts	15,720,344	2,675,655	16,077,582	50,865	34,524,446	135,453
Interest	102,466	387,937	19,948	-	510,351	38,518
Leases	-	-	-	-	-	683,187
Allowance for uncollectible amounts	(2,694,038)	(1,783,240)	(175,681)	-	(4,652,959)	(29,190)
Inventory of materials and supplies	1,494,127	-	-	-	1,494,127	697,153
Prepaid expenses	117,324	8,074	-	-	125,398	4,328,902
Total current assets	76,428,467	3,155,231	31,300,483	5,429,315	116,313,496	91,100,590
Noncurrent assets:						
Restricted assets (note 2):						
Cash and temporary investments with trustee	-	57,447,679	-	-	57,447,679	-
Cash restricted for debt service	7,155,439	-	-	-	7,155,439	-
Cash restricted for debt service with trustee	1,278,024	13,057,811	-	-	14,335,835	-
Capital construction:						
Cash and temporary investments	81,334,725	-	49,954,155	-	131,288,880	-
Cash and temporary investments with trustee	-	17,353,363	-	-	17,353,363	-
Cash restricted for improvement and redemption	1,000,000	-	-	-	1,000,000	-
Total restricted assets	90,768,188	87,858,853	49,954,155	-	228,581,196	-
Capital assets (note 4):						
Land	11,485,047	82,079,020	640,457	-	94,204,524	-
Intangibles	3,022,482	-	2,133,635	14,684,819	19,840,936	-
Construction in progress	67,982,989	-	10,724,792	-	78,707,781	1,734,459
Buildings	1,254,600	7,978,068	362,490	-	9,595,158	648,167
Improvements other than buildings	5,255,836	439,273	331,967	-	6,027,076	4,994,223
Software, equipment, and vehicles	34,048,172	13,285,316	302,698	-	47,636,186	167,693,968
Infrastructure	729,581,279	361,587,165	53,256,211	-	1,144,424,655	63,309
Less accumulated depreciation	(338,464,497)	(164,518,543)	(16,447,073)	-	(519,430,113)	(119,272,008)
Total capital assets, net of accumulated depreciation	514,165,908	300,850,299	51,305,177	14,684,819	881,006,203	55,862,118
Land and improvements held for sale	-	-	-	16,943,559	16,943,559	-
Net OPEB asset (note 11)	3,393	458	1,315	-	5,166	3,514
Total noncurrent assets	604,937,489	388,709,610	101,260,647	31,628,378	1,126,536,124	55,865,632
Total assets	681,365,956	391,864,841	132,561,130	37,057,693	1,242,849,620	146,966,222
Deferred Outflows of Resources (note 5)	5,526,685	556,852	1,635,869	-	7,719,406	3,365,104
Total assets and deferred outflows of resources	\$ 686,892,641	392,421,693	134,196,999	37,057,693	1,250,569,026	150,331,326
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION						
Liabilities						
Current liabilities:						
Accounts payable (note 3)	\$ 4,903,135	944,275	1,028,805	195,428	7,071,643	3,081,850
Accrued expenses and other liabilities (notes 3, 6, and 16)	1,690,820	5,762,806	116,554	13,849	7,584,029	369,298
Deposits (note 3)	1,048,242	-	-	-	1,048,242	-
Unearned revenues	744,908	-	-	-	744,908	4,191,578
Construction projects payable (note 3)	5,073,398	22,177	625,143	-	5,720,718	-
Current portion of long-term debt (note 6)	7,792,758	11,523,848	-	820,000	20,136,606	-
Current portion of leases and subscriptions payable (notes 6 and 9)	60,663	-	-	-	60,663	3,276,783
Current portion of accrued vacation, sick pay, and overtime leave (note 6)	592,347	89,282	194,704	-	876,333	418,929
Current portion of liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	9,146,338
Total current liabilities	21,906,271	18,342,388	1,965,206	1,029,277	43,243,142	20,484,776
Noncurrent liabilities:						
Unearned revenues	137,458	-	-	-	137,458	-
General obligation bonds (note 6)	33,552,505	-	-	-	33,552,505	-
Revenue bonds (note 6)	22,729,362	273,644,340	-	3,611,000	299,984,702	-
Due to Commonwealth of Virginia (note 6)	-	72,773,759	-	-	72,773,759	-
Leases and subscriptions payable (notes 6 and 9)	26,250	-	-	-	26,250	2,595,470
Loan payable (note 6)	-	-	-	1,319,095	1,319,095	-
Notes payable (note 6)	-	-	-	6,665,600	6,665,600	-
Advances from other funds (note 8)	-	7,515,315	-	-	7,515,315	-
Accrued vacation, sick pay, and overtime leave (note 6)	809,883	115,474	261,028	-	1,186,385	583,213
Liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	23,299,968
Net pension liability (note 10)	6,488,395	896,160	2,516,719	-	9,901,274	4,857,445
Net OPEB liability (note 11)	634,109	83,839	239,679	-	957,627	443,385
Total noncurrent liabilities	64,377,962	355,028,887	3,017,426	11,595,695	434,019,970	31,779,481
Total liabilities	86,284,233	373,371,275	4,982,632	12,624,972	477,263,112	52,264,257
Deferred Inflows of Resources (note 5)	3,168,740	421,258	13,913,834	-	17,503,832	3,242,846
Net Position						
Net investment in capital assets	446,268,957	(3,629,737)	50,680,035	10,253,819	503,573,074	49,989,865
Restricted for:						
Capital projects	76,261,328	17,353,362	50,644,012	-	144,258,702	-
Debt service	9,490,716	40,425,122	-	-	49,915,838	-
Unrestricted (deficit)	65,418,667	(35,519,587)	13,976,486	14,178,902	58,054,468	44,834,358
Total net position	597,439,668	18,629,160	115,300,533	24,432,721	755,802,082	94,824,223
Total liabilities, deferred inflows, and net position	\$ 686,892,641	392,421,693	134,196,999	37,057,693	1,250,569,026	150,331,326
Net position of enterprise funds, Schedule E	\$ 597,439,668	18,629,160	115,300,533	24,432,721	755,802,082	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(1,196,777)	40,087	(433,921)	-	(1,590,611)	
Net position of business-type activities, Schedule A	\$ 596,242,891	18,669,247	114,866,612	24,432,721	754,211,471	

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, 2023

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
OPERATING REVENUES						
Licenses, permits, and fees	\$ -	-	252,255	-	252,255	-
Charges for services:						
Sale of water	46,124,142	-	-	-	46,124,142	-
Billings to departments	-	-	-	-	-	96,393,625
Billings to outside agencies and component units	-	-	-	-	-	371,674
Sewer service charges	32,645,766	-	-	-	32,645,766	-
Stormwater management fees	-	-	25,206,912	-	25,206,912	-
Tolls and tickets	-	34,457,488	-	-	34,457,488	-
Rental fees	1,203,700	-	-	-	1,203,700	353,515
Connection fees	2,530,104	-	-	-	2,530,104	-
Miscellaneous	581,459	-	1,000	2,567,760	3,150,219	6,048
Recovered costs	43,724	27,065	-	-	70,789	6,183,288
Other	290,539	-	-	45,045	335,584	13,540
Total operating revenues	83,419,434	34,484,553	25,460,167	2,612,805	145,976,959	103,321,690
OPERATING EXPENSES						
Cost of materials billed	-	-	-	-	-	2,899,615
Purchases for resale	14,757,720	-	-	1,980,172	16,737,892	3,592,301
General and administrative	7,274,478	807,734	2,746,561	273,112	11,101,885	1,221,656
Other salaries and wages	13,408,213	1,782,933	4,839,029	-	20,030,175	9,570,628
Other fringe benefits	5,409,201	736,288	2,090,123	-	8,235,612	3,954,500
Self-insurance reserve adjustments	-	-	-	-	-	427,291
Indemnity and medical claims	-	-	-	-	-	47,695,089
Other repairs and supplies	7,152,918	5,450,986	293,465	-	12,897,369	6,760,333
Equipment rental	18,498	953	12,865	-	32,316	-
Other contractual services	2,347,833	4,451,137	3,296,696	65,420	10,161,086	3,250,204
Depreciation and amortization	17,535,587	12,688,473	1,668,509	-	31,892,569	14,379,469
Insurance premiums	-	-	-	1,340	1,340	4,979,939
Other	-	33,700	-	2,907	36,607	-
Total operating expenses	67,904,448	25,952,204	14,947,248	2,322,951	111,126,851	98,731,025
Operating income (loss)	15,514,986	8,532,349	10,512,919	289,854	34,850,108	4,590,665
NONOPERATING REVENUES (EXPENSES)						
Investment income	5,345,079	3,275,904	2,029,225	146,001	10,796,209	2,772,210
Interest expense	(1,933,248)	(12,969,830)	-	(200,456)	(15,103,534)	(135,733)
Gain on sale of equipment	18,275	-	-	-	18,275	129,722
Loss on sale of equipment	(212,707)	-	(386,650)	-	(599,357)	(29,466)
Grants to businesses	-	-	-	(1,272,000)	(1,272,000)	-
Other	-	12,725	-	(1,754)	10,971	-
Total nonoperating revenues (expenses), net	3,217,399	(9,681,201)	1,642,575	(1,328,209)	(6,149,436)	2,736,733
Income (loss) before transfers and contributions	18,732,385	(1,148,852)	12,155,494	(1,038,355)	28,700,672	7,327,398
Transfers in (note 8)	-	-	1,131,000	2,276,932	3,407,932	1,095,588
Transfers out (note 8)	(109,438)	-	(1,100,000)	-	(1,209,438)	(2,178,901)
Capital contributions	5,880,230	-	31,584	-	5,911,814	3,048,367
Increase (decrease) in net position	24,503,177	(1,148,852)	12,218,078	1,238,577	36,810,980	9,292,452
Total net position - beginning, as restated (note 17)	572,936,491	19,778,012	103,082,455	23,194,144	718,991,102	85,531,771
Total net position - ending	\$ 597,439,668	18,629,160	115,300,533	24,432,721	755,802,082	94,824,223
Change in net position of enterprise funds, Schedule F	\$ 24,503,177	(1,148,852)	12,218,078	1,238,577	36,810,980	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	314,627	29,045	130,537	-	474,209	
Change in net position of business-type activities, Schedule B	\$ 24,817,804	(1,119,807)	12,348,615	1,238,577	37,285,189	

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule G

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	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	\$ 82,203,154	34,369,152	24,311,356	3,390,901	144,274,563	6,965,775
Cash received from interfund services provided	-	-	-	-	-	96,393,625
Payments to suppliers	(28,923,410)	(10,281,023)	(3,291,659)	(2,355,743)	(44,851,835)	(70,939,527)
Payments to employees	(19,284,039)	(2,611,525)	(7,127,591)	-	(29,023,155)	(13,839,354)
Payments for interfund services	(3,216,429)	(262,591)	(2,544,776)	-	(6,023,796)	-
Net cash provided by (used in) operating activities	30,779,276	21,214,013	11,347,330	1,035,158	64,375,777	18,580,519
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	1,284,685	1,284,685	1,095,588
Transfers out	-	-	-	-	-	(928,901)
Noncapital financing activity - outflow	-	-	-	(1,273,754)	(1,273,754)	-
Net cash provided by (used in) noncapital financing activities	-	-	-	10,931	10,931	166,687
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Transfers in	-	-	1,131,000	992,247	2,123,247	-
Transfers out	(109,438)	-	(1,100,000)	-	(1,209,438)	(1,250,000)
Acquisition of capital assets	(29,273,905)	(140,807)	(4,534,720)	-	(33,949,432)	(10,042,600)
Proceeds from federal government	-	-	-	-	-	-
Proceeds from sale of capital assets	18,275	-	-	-	18,275	129,722
Increase (decrease) in construction project payable	2,986,992	(59,557)	(121,073)	-	2,806,362	-
Principal payment of long-term debt	(7,110,000)	(11,141,271)	-	(1,161,200)	(19,412,471)	-
Interest paid	(2,357,284)	(8,726,821)	-	(202,926)	(11,287,031)	(23,472)
Net cash provided by (used in) capital and related financing activities	(35,845,360)	(20,068,456)	(4,624,793)	(371,879)	(60,910,488)	(11,186,350)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	5,246,494	2,966,983	2,010,143	-	10,223,620	2,735,985
Investment expense	-	-	-	146,001	146,001	(523)
Net cash provided by investing activities	5,246,494	2,966,983	2,010,143	146,001	10,369,621	2,735,462
Net increase (decrease) in cash and temporary investments	180,410	4,112,540	8,732,680	820,211	13,845,841	10,296,318
Cash and temporary investments beginning of year	152,276,022	85,613,118	56,600,109	4,558,239	299,047,488	74,950,249
Cash and temporary investments end of year	\$ 152,456,432	\$ 89,725,658	\$ 65,332,789	\$ 5,378,450	312,893,329	\$ 85,246,567
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 15,514,986	8,532,349	10,512,919	289,854	34,850,108	4,590,665
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	17,535,587	12,688,473	1,668,509	-	31,892,569	14,379,469
Pension expense	(592,430)	(70,570)	(223,085)	-	(886,085)	(406,030)
OPEB expense	50,014	7,058	19,945	-	77,017	43,670
Change in assets and liabilities increasing (decreasing) cash and temporary investments:						
Receivables	(1,005,876)	(115,401)	(5,677,059)	(47,303)	(6,845,639)	202,582
Prepaid expenses and other assets	61,216	2,552	-	-	63,768	(794,215)
Inventory of materials and supplies	61,044	-	-	-	61,044	7,827
Land and improvements held for sale	-	-	-	825,399	825,399	-
Accounts payable	(710,652)	198,344	534,181	(32,792)	(10,919)	66,708
Deposits	(94,343)	-	-	-	(94,343)	-
Unearned revenues	(116,061)	-	-	-	(116,061)	17,500
Deferred inflows	-	-	4,528,248	-	4,528,248	-
Accrued expenses and other liabilities	-	(7,676)	(21,029)	-	(28,705)	(2,427)
Liability for self-insurance losses	-	-	-	-	-	427,291
Accrued vacation, sick pay, and overtime leave	75,791	(21,116)	4,701	-	59,376	47,479
Total adjustments	15,264,290	12,681,664	834,411	745,304	29,525,669	13,989,854
Net cash provided by (used in) operating activities	\$ 30,779,276	\$ 21,214,013	\$ 11,347,330	\$ 1,035,158	64,375,777	\$ 18,580,519
Supplemental information on significant noncash transactions:						
Contributions of capital assets	\$ 5,880,230	-	31,584	-	5,911,814	3,048,367

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, 2023

	Custodial Special Welfare	Other Postemployment Benefits Trust
ASSETS		
Cash and temporary investments (note 2)	\$ 140,353	-
Investments with trustee, at fair value (note 2)		
Stocks	-	63,391,964
Taxable bonds	-	39,874,627
Money market	-	458,536
Total assets	\$ 140,353	103,725,127
NET POSITION		
Restricted for:		
Other postemployment benefits	-	103,725,127
Individuals	140,353	-
Total net position	\$ 140,353	103,725,127

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, 2023

	Custodial Special Welfare	Other Postemployment Benefits Trust
ADDITIONS		
Deposits received on behalf of others	\$ 39,480	-
Contributions from employer (note 11)	-	3,489,201
Contributions from plan members (note 11)	-	1,118,384
Investment income:		
Interest and dividend income	2,290	1,131,759
Net appreciation (depreciation) in fair value of investments	-	7,056,502
Less investment expenses	-	196,133
Net investment income	2,290	7,992,128
Total additions	41,770	12,599,713
DEDUCTIONS		
Administrative expenses	374	27,301
Benefits and refunds paid on behalf of plan members and beneficiaries (note 11)	-	6,294,659
Total deductions	374	6,321,960
Change in net position	41,396	6,277,753
Net position - beginning	98,957	97,447,374
Net position - ending	\$ 140,353	103,725,127

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

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Other Discretely Presented Component Units

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

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

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

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



CITY OF CHESAPEAKE, VIRGINIA

Schedule J-1

Combining Statement of Net Position
Other Discretely Presented Component Units
June 30, 2023

	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)	\$	10,997,622	1,390,769	272,173	2,551,061	15,211,625
Receivables, net of allowance for uncollectible amounts (note 3)		-	101,688	-	-	101,688
Inventories		562,064	-	-	-	562,064
Prepaid expenses		106,063	-	9,483	-	115,546
Capital assets:						
Land		530,778	2,885,208	736,987	-	4,152,973
Construction in progress		-	371,724	-	-	371,724
Buildings		2,405,297	-	1,539,208	-	3,944,505
Improvements other than buildings		8,302	24,542,707	246,622	-	24,797,631
Software, equipment, and vehicles		1,810,912	283,054	48,968	-	2,142,934
Less accumulated depreciation		(2,620,454)	(19,129,638)	(857,374)	-	(22,607,466)
Land and improvement held for sale		-	-	-	353,894	353,894
Net OPEB asset		298	-	-	-	298
Total assets		13,800,882	10,445,512	1,996,067	2,904,955	29,147,416
Deferred Outflows of Resources (note 5)		614,026	-	-	-	614,026
Total assets and deferred outflows of resources	\$	14,414,908	10,445,512	1,996,067	2,904,955	29,761,442
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION						
Liabilities						
Current liabilities:						
Accounts payable, deposits, and accrued expenses (note 3)	\$	103,058	113,523	12,589	-	229,170
Unearned revenues		-	3,019	-	-	3,019
Long-term liabilities (notes 6, 10, and 11):						
Due within one year		114,686	110,000	-	-	224,686
Due in more than one year		1,009,420	370,462	-	-	1,379,882
Total liabilities		1,227,164	597,004	12,589	-	1,836,757
Deferred Inflows of Resources (note 5)		464,508	-	-	-	464,508
Net Position						
Net investment in capital assets		2,133,033	8,472,593	1,665,443	-	12,271,069
Restricted		-	260,412	-	-	260,412
Unrestricted		10,590,203	1,115,503	318,035	2,904,955	14,928,696
Total net position		12,723,236	9,848,508	1,983,478	2,904,955	27,460,177
Total liabilities, deferred inflows, and net position	\$	14,414,908	10,445,512	1,996,067	2,904,955	29,761,442

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule J-2

Combining Statement of Activities
Other Discretely Presented Component Units
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position				Total
		Charges for Services	Operating Grants and Contributions	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.	Chesapeake Land Bank Authority	
Governmental Type Activities								
Chesapeake Mosquito Control Commission	\$ 4,074,028	-	6,612,625	2,538,597	-	-	-	2,538,597
Business-type Activities								
Chesapeake Airport Authority	1,259,978	537,331	1,151,008	-	428,361	-	-	428,361
Elizabeth River Properties of Chesapeake, Inc.	253,335	217,209	35,017	-	-	(1,109)	-	(1,109)
Chesapeake Land Bank Authority	475,531	-	279,010	-	-	-	(196,521)	(196,521)
Total component units	\$ 6,062,872	754,540	8,077,660	2,538,597	428,361	(1,109)	(196,521)	2,769,328
	Change in net position			\$ 2,538,597	428,361	(1,109)	(196,521)	2,769,328
	Net position - beginning, as restated (note 17)			10,184,639	9,420,147	1,984,587	3,101,476	24,690,849
	Net position - ending			\$ 12,723,236	9,848,508	1,983,478	2,904,955	27,460,177

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

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Notes to Basic Financial Statements



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Notes to Basic Financial Statements
June 30, 2023

(1) Summary of Significant Accounting Policies

The Reporting Entity

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

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

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

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

- The Chesapeake Public Schools (the Schools) is responsible for elementary and secondary education within the City. All nine members of the School Board are elected. The Schools is fiscally dependent on the City because City Council approves the Schools' total annual budget appropriation, levies the necessary taxes to finance the Schools' operations, and approves the borrowing of money and the issuance of bonds. In addition, a financial burden relationship exists between the City and Schools because the City maintains a legal liability for the general obligation debt issued for the Schools' capital assets. Separate audited financial statements are available from the Chesapeake Public Schools at 312 Cedar Road, Chesapeake, Virginia 23322.
- The Chesapeake Airport Authority (the Airport Authority) was established by action of the General Assembly to operate the Chesapeake Airport and its ancillary operations. The City Council appoints the members of the Board of the Airport Authority, appropriates funds annually to pay administrative expenses of the Authority, and funds operating deficits as necessary. The City has also provided the Airport Authority with a loan which was satisfied in FY2023. In addition, the Airport Authority issued revenue bonds for which the City has a non-binding obligation to appropriate sufficient funds if a deficit exists in the debt service reserve account for these bonds. Separate audited financial statements are available from the Chesapeake Airport Authority at 1777 West Road, Chesapeake, Virginia 23323.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

- The Chesapeake Mosquito Control Commission (CMCC) manages the City's insecticide program. CMCC has seven appointed commissioners. 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. Although it is legally separate, CMCC is fiscally dependent on the City. CMCC does not issue separate audited financial statements.
- Elizabeth River Properties of Chesapeake, Inc. (ERPC) is a not-for-profit corporation organized under Section 501 (c)(3) of the Internal Revenue Code. ERPC provides housing for individuals served by Chesapeake Integrated Behavioral Healthcare (CIBH). The Board of Directors of CSBC, Inc., whose members are appointed by City Council, appoints the members of the Board of ERPC and appropriates funds annually to provide rental assistance to individuals served by CIBH. The CSBC, Inc. Board has also transferred funds to ERPC to be used for the purchase of additional residences for its use. Separate audited financial statements are available through the CIBH at 224 Great Bridge Boulevard, Chesapeake, Virginia 23320.
- The Chesapeake Land Bank Authority (CLBA) is an authority created by the City Council of the City as a public body corporate and political subdivision of the Commonwealth of Virginia pursuant to the Land Bank Entities Act, Code of Virginia §§ 15.2-7500 *et seq.* and Chesapeake City Code §§ 2-730 *et seq.* 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 goal of the SNRRGP is to assist residential property owners in the South Norfolk Historical District. The purposes of the SNRRGP are (1) to eradicate blight and the disrepair of residential properties, (2) to enhance the quality of life in the South Norfolk Historic District by increasing investment in the area, (3) to preserve and protect historic resources, and (4) to promote public welfare and safety by assisting with remediation of Virginia Property Maintenance Code concerns. The City Council appoints the Board of the CLBA, 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. Although legally separate, the CLBA is fiscally dependent on the City. CLBA does not issue separate audited financial statements.

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

- CSBC, Inc. was organized for the purpose of owning and financing a building to be used as a community services building by the City. CSBC, Inc. issued lease revenue bonds backed by the City's general obligation pledge. The holding bank had the option to require prepayment in 2014 so, as a result, the City issued general obligation bonds prior to that time to retire the remainder of the original bonds. The City Council appoints the members of the Board of Directors and appropriates funds annually to pay rent on the building, which CSBC, Inc. then uses to pay debt service on the bonds. No distinction is made between the activities of CSBC, Inc. and the City. As a result, CSBC, Inc. is reported as a special revenue fund in the City's financial statements. It does not issue separate audited financial statements.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

- The EDA was established under the Industrial Development and Revenue Bond Act, Code of Virginia. The EDA is responsible for promoting industry and developing trade by inducing manufacturing, industrial, and commercial enterprises to locate or to remain in the City. They also have all rights and powers normally associated with a port authority as approved by the City Council. The City Council appoints the members of the Board of the EDA. The City also appropriates funds annually to pay the administrative and grant expenses of the EDA. Although legally separate in substance, the EDA meets the requirements of a blended component unit under GAAP because the EDA's outstanding debt is expected to be repaid entirely or almost entirely with the resources of the Primary Government. Separate audited financial statements for the EDA are available through the City's Department of Economic Development at 555 Belaire Avenue, Suite 310, Chesapeake, Virginia 23320.

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

Government-wide and Fund Financial Statements

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

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

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

The City reports the following major governmental funds:

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

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

The City reports the following 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 operation of the City's stormwater utility and related construction projects to improve stormwater quality.

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

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

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

Additionally, the City reports the following fund types:

Nonmajor governmental funds:

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

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

Fiduciary funds:

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

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

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

Cash and Temporary Investments

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

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

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

Receivables and Payables

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

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

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

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

Real Estate

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

Real estate taxes are collected in quarterly payments due September 30, December 30, March 30, and June 5. During the fiscal year, the current year real estate taxes reported as revenue are the levies on assessed valuation on July 1, 2023, less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2023 was \$1.04 per \$100 of assessed value (offset by a one-time tax credit of \$.04 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 (extended to June 30 in FY2023). The current year personal property taxes reported as revenue are the levies on assessed valuation at January 1, 2023 less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2023 was \$4.00 per \$100 of assessed value with an additional \$.08 per \$100 of assessed value for mosquito control services.

Inventories and Prepaids

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

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

Land and Improvements Held for Sale

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

Capital Assets

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

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

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

Capital Assets	Useful Lives
Buildings and lease asset - 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

Leases

Lessee:

The City is a lessee for noncancellable leases of buildings, vehicles, and equipment. The City recognizes a lease liability and an intangible right-to-use asset in the government-wide financial statements for each lease asset. The City recognizes lease liabilities with an initial individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset except in a circumstance where the lease contains a purchase option that the City is reasonably certain to exercise. In that circumstance, the lease asset is amortized over the useful life of the underlying asset. Lease assets are amortized using the straight-line method.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease plus renewal options that are reasonably certain to be exercised.
- Lease payments included in the measurement of the lease liability are comprised of fixed payments plus any incremental payment increases over the term of the lease.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Lessor:

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

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue in a systematic and rational manner over the term of the lease. Deferred inflows of resources are recognized using the straight-line method.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts:

- The City uses its incremental borrowing rate as the discount rate for leases.
- The lease term included the noncancellable period of the lease plus renewal periods that are reasonably certain to be exercised.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee plus any incremental payment increases over the term of the lease.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that significantly affect the amount of the lease receivable.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

Subscription-Based Information Technology Arrangements

The City has noncancellable right-to-use subscription-based information technology arrangements (subscription) assets and liabilities as a result of implementing GASB Statement No. 96. The City recognizes a subscription liability and a subscription asset in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of the payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying asset.

Key estimates and judgments related to subscriptions include how the City determines the discount rate it uses to discount the expected subscription payments to present value, subscription term, and subscription payments:

- The City uses the interest rate charged by the subscription vendor as the discount rate. When the interest rate charged by the subscription vendor is not provided, the City generally uses its incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription plus renewal options that are reasonably certain to be exercised.
- Subscription payments included in the measurement of the subscription liability are comprised of fixed payments plus any incremental payment increases over the term of the subscription.

The City monitors changes in circumstances that would require a remeasurement of its subscription assets and will remeasure the subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the Statement of Net Position.

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) **Continued**

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 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.

Long-term Obligations

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

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

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

Encumbrances

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

Net Position

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

Fund Balances

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(1) Continued

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

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

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

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

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

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

Minimum Fund Balance Policy

On November 9, 2021, the City Council approved a resolution proposing that the General Assembly of Virginia amend the City's Charter to remove the six (6) percent requirement as it is unique to Chesapeake and is not imposed on other comparable cities. The amendment was submitted to the Virginia General Assembly at its 2022 session and was passed and approved by the Governor on April 8, 2022, effective July 1, 2022. On June 13, 2023, the City Council adopted a revised fund balance policy that requires a minimum of twelve percent (12%) of specified revenues of the General Fund and Special Revenue funds be maintained as Unassigned Fund Balance in the General Fund.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(2) Deposits and Investments

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

A. City's Cash and Cash Equivalents

The City maintains a cash, cash equivalents, and investment pool that is for use by all funds except the Other Postemployment Benefits Trust fund. Each fund is allocated interest based on its share of the pool.

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 in the amounts from 50.0% to 130.0% of excess deposits. Accordingly, all deposits are considered fully collateralized.

The carrying value of pooled deposits as of June 30, 2023 is \$109,882,929, including petty cash of \$43,638 and cash in the special welfare fiduciary fund of \$140,353.

The City's component units had a combined bank balance of \$15,211,625 of which \$22,173 was not collateralized. All other bank balances were covered by federal depository insurance or by collateral held by the component unit's agent in the component unit'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	\$ 85,541,008	683,179,939	768,720,947
Business-type activities	8,989,943	303,903,386	312,893,329
Component Units			
Public Schools	-	156,521,836	156,521,836
Other	15,211,625	-	15,211,625
Fiduciary Funds			
Custodial - Special Welfare	140,353	-	140,353
Total cash and investments	\$ 109,882,929	1,143,605,161	1,253,488,090

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(2) Continued

	Cash and Temporary Investments	Restricted Assets	Total
Government-wide Statement of Net Position			
Governmental activities	\$ 570,538,093	198,182,854	768,720,947
Business-type activities	84,312,133	228,581,196	312,893,329
Component Unit Statement of Net Position			
Public Schools	89,405,250	67,116,586	156,521,836
Other	15,211,625	-	15,211,625
Statement of Fiduciary Net Position			
Custodial - Special Welfare	140,353	-	140,353
Total cash and investments	\$ 759,607,454	493,880,636	1,253,488,090

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

Interest Rate Risk

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

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(2) Continued

As of June 30, 2023, the City had the following investments:

Investment Type	Fair Value	Investment Maturities	
		Less than 1 year	1-5 years
Certificates of Deposit	\$ 98,208,701	37,208,701	61,000,000
Commercial Paper	6,741,770	6,741,770	-
Local Government Investment Pools	861,477,931	861,477,931	-
Money Market Fund	142,729,376	142,729,376	-
U.S. Treasury Obligations	17,051,812	39,662	17,012,150
U.S. Agency Obligations	17,395,571	6,962,690	10,432,881
	\$ 1,143,605,161	1,055,160,130	88,445,031

Credit Risk

Generally credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. The debt proceeds held by U.S. Bank, Global Corporate Trust are invested in 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 Virginia State Non-Arbitrage Program (SNAP) Fund. The SNAP Fund is not registered with the Securities Exchange Commission (SEC). The Treasury Board of the Commonwealth of Virginia establishes the investment policy for the SNAP Fund and oversees the portfolio manager. The SNAP Fund is rated AAAM by S&P. 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 AAAM 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 be purchased only from brokerage firms/institutions with offices that are under the Commonwealth of Virginia's supervision and located in the Commonwealth of Virginia. 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.

Concentration of Credit Risk

The City's investment policy requires that its portfolio be diversified with not more than 5.0% of the value of the portfolio invested in securities of any single issuer, excluding securities of the U.S. Government or agency thereof, government-sponsored corporation securities, or fully insured and/or collateralized certificates of deposit. The City's Investment Policy specifically prohibits investment in mortgage-backed securities, futures, options, options on futures, margin buying, leveraging, and commodities.

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(2) Continued

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 and amortized cost at year end:

Investments by Fair Value		Level 1	Level 2	Level 3
Certificates of Deposit	\$ 98,208,701	-	98,208,701	-
Commercial Paper	6,741,770	-	6,741,770	-
U.S. Treasury Obligations	17,051,812	17,051,812	-	-
U.S. Agency Obligations	17,395,571	-	17,395,571	-
Money Market Funds	142,729,376	-	142,729,376	-
	<u>\$ 282,127,230</u>	<u>17,051,812</u>	<u>265,075,418</u>	<u>-</u>
Investments measured at amortized cost:				
Local Government Investment Pools	861,477,931			
	<u>\$ 1,143,605,161</u>			

LGIP, the SNAP Fund and the VIP Stable NAV Liquidity Pool all value portfolio securities at amortized cost and the value of the City's position in the pools is the same as the value of the pool shares. Redemptions from all three can be made on any banking day.

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

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 U.S. Bank as trustee for the assets.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(2) Continued

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

Asset Class	Minimum Allocation	Target	Maximum 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%

Investments at fiscal year-end:

Asset Class	Fair Value/NAV	Allocation
Domestic Equity	\$ 42,239,745	40.72%
International Equity	21,152,219	20.39%
Fixed Income	39,874,627	38.44%
Money Market Fund	458,536	0.44%
	<u>\$ 103,725,127</u>	

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(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, 2023 are as follows:

	Governmental Activities	Business-type Activities
Due from Commonwealth of Virginia	\$ 39,772,035	-
Due from Federal government	6,021,985	-
Due from customers	-	29,871,487
Property taxes receivable	83,523,998	-
Interest receivable	541,778	510,351
Lease receivable	683,187	-
Other	26,116,899	-
Total accounts receivable	\$ 156,659,882	30,381,838

Accounts receivable, net of allowance for uncollectibles, for the discretely presented component units in the Statement of Net Position as of June 30, 2023 are as follows:

	Public Schools	Other
Due from Commonwealth of Virginia	\$ 12,300,013	-
Due from Federal government	56,249,557	-
Lease receivable	129,430	-
Other	1,443,752	101,688
Total accounts receivable	\$ 70,122,752	101,688

Accounts receivable, net of allowance for uncollectibles, in the governmental funds as of June 30, 2023 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds
Due from Commonwealth of Virginia	\$ 36,061,478	-	1,077,205	2,633,352
Due from Federal government	-	-	1,793,816	4,228,169
Property taxes receivable	83,523,998	-	-	-
Interest receivable	479,639	22,769	-	852
Other	22,787,585	-	-	3,223,051
Total accounts receivable	\$ 142,852,700	22,769	2,871,021	10,085,424

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(3) Continued

Property taxes receivable in the General Fund as of June 30, 2023 are as follows:

	Taxes Receivable	Allowance for Uncollectible Amounts	Net Taxes Receivable
Real property	\$ 10,661,373	203,865	10,457,508
Personal property	76,091,450	3,025,700	73,065,750
Public service corporations	740	-	740
Total property taxes receivable	\$ 86,753,563	3,229,565	83,523,998

The total allowance for uncollectible receivables in the General Fund is \$14,558,194, which includes a \$3,229,565 allowance for uncollectible taxes, a \$5,266,022 allowance for uncollectible emergency medical service fees, a \$883,306 allowance for uncollectible vehicle license fees, a \$2,918,015 allowance for uncollectible miscellaneous City invoices, a \$909,331 allowance for red light admin fees, a \$517,955 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 \$7,154,430 consists of \$2,377,850 in uncollectible client fees from CIBH, \$4,645,002 in the Fee Supported Fund for red light cameras, school zone cameras, and other charges, and \$131,578 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, 2023 are as follows:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Economic Development Authority	Internal Service Funds
Due from customers and others	\$ 13,026,306	892,415	15,901,901	50,865	789,450
Interest receivable	102,466	387,937	19,948	-	38,518
Total accounts receivable	\$ 13,128,772	1,280,352	15,921,849	50,865	827,968

Accounts payable, deposits, and accrued expenses for the Primary Government in the Statement of Net Position as of June 30, 2023 are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 13,017,722	7,071,643
Deposits	2,687,590	1,048,242
Accrued expenses, excluding interest	9,883,146	516,723
Accrued interest payable	5,039,377	6,363,194
Other liabilities	1,934,479	704,112
Construction projects payable	7,303,259	5,720,718
Due to Commonwealth of Virginia	216,741	-
Total accounts payable, deposits, and accrued expenses	\$ 40,082,314	21,424,632

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(3) Continued

Accounts payable, deposits, and accrued expenses for the discretely presented component units in the Statement of Net Position as of June 30, 2023 are as follows:

	Public Schools	Other
Accounts payable	\$ 4,673,500	60,492
Deposits	-	31,350
Accrued expenses, excluding interest	50,520,651	128,808
Accrued interest payable	15,316	8,520
Claims payable	6,629,147	-
Total accounts payable, deposits, and accrued expenses	\$ 61,838,614	229,170

Accounts payable, deposits, and accrued expenditures in the governmental funds as of June 30, 2023 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds
Accounts payable and deposits	\$ 9,955,113	1,200	-	2,667,149
Accrued expenditures, excluding interest	8,515,249	-	-	998,599
Other liabilities	1,907,583	-	-	26,896
Construction projects payable	-	-	7,303,259	-
Due to Commonwealth of Virginia	120,384	-	-	96,357
Total accounts payable, deposits, and accrued expenditures	\$ 20,498,329	1,200	7,303,259	3,789,001

Accounts payable, deposits, and accrued expenses in the proprietary funds as of June 30, 2023 are as follows:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Economic Development Authority	Internal Service Funds
Accounts payable and deposits	\$ 5,951,377	944,275	1,028,805	195,428	3,081,850
Accrued expenses, excluding interest	357,588	42,581	116,554	-	256,956
Accrued interest payable	629,787	5,719,558	-	13,849	112,217
Other liabilities	703,445	667	-	-	125
Construction projects payable	5,073,398	22,177	625,143	-	-
Total accounts payable, deposits, and accrued expenses	\$ 12,715,595	6,729,258	1,770,502	209,277	3,451,148

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(4) Capital Assets

Capital asset activities for the year ended June 30, 2023 are as follows:

**Primary Government
Governmental activities:**

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 72,569,244	2,248,086	-	74,817,330
Land - School	3,016,081	-	-	3,016,081
Intangibles	366,827,670	3,608,073	(1,683,319)	368,752,424
Construction in progress	63,539,108	62,414,355	(33,964,455)	91,989,008
Construction in progress - ISF	1,111,100	623,359	-	1,734,459
Total capital assets, not being depreciated	507,063,203	68,893,873	(35,647,774)	540,309,302
Capital assets, being depreciated:				
Buildings	293,022,983	358,132	(49,206)	293,331,909
Buildings - ISF	648,167	-	-	648,167
Buildings - School	397,913,611	-	-	397,913,611
Lease asset - buildings	3,889,443	69,691	(534,174)	3,424,960
Improvements other than buildings	75,620,456	3,634,263	(326,178)	78,928,541
Improvements other than buildings - ISF	4,668,045	326,178	-	4,994,223
Software, equipment, and vehicles	82,452,617	7,927,837	(4,130,308)	86,250,146
Software, equipment, and vehicles - ISF	152,610,786	8,254,051	(2,964,747)	157,900,090
Lease asset - equipment & vehicles	596,645	356,702	-	953,347
Lease asset - equipment & vehicles - ISF	13,783	-	-	13,783
Subscriptions	-	3,449,512	-	3,449,512
Subscriptions - ISF	-	9,780,095	-	9,780,095
Infrastructure	1,292,249,325	18,670,971	(3,120,758)	1,307,799,538
Infrastructure - ISF	63,309	-	-	63,309
Total capital assets being depreciated	2,303,749,170	52,827,432	(11,125,371)	2,345,451,231
Less accumulated depreciation for:				
Buildings	(134,485,253)	(7,136,413)	43,665	(141,578,001)
Buildings - ISF	(344,206)	(15,169)	-	(359,375)
Buildings - School	(213,914,049)	(7,387,636)	-	(221,301,685)
Lease asset - buildings	(504,982)	(625,531)	534,173	(596,340)
Improvements other than buildings	(34,149,842)	(4,061,306)	-	(38,211,148)
Improvements other than buildings - ISF	(4,196,167)	(259,175)	-	(4,455,342)
Software, equipment, and vehicles	(55,615,082)	(5,835,783)	1,887,799	(59,563,066)
Software, equipment, and vehicles - ISF	(103,213,144)	(10,980,442)	2,902,155	(111,291,431)
Lease asset - equipment & vehicles	(73,892)	(298,226)	-	(372,118)
Lease asset - equipment & vehicles - ISF	(1,097)	(4,594)	-	(5,691)
Subscriptions	-	(846,461)	-	(846,461)
Subscriptions - ISF	-	(3,119,221)	-	(3,119,221)
Infrastructure	(1,042,963,106)	(20,389,675)	570,503	(1,062,782,278)
Infrastructure - ISF	(40,080)	(868)	-	(40,948)
Total accumulated depreciation	(1,589,500,900)	(60,960,500)	5,938,295	(1,644,523,105)
Total capital assets being depreciated, net	714,248,270	(8,133,068)	(5,187,076)	700,928,126
Capital assets, net	\$ 1,221,311,473	60,760,805	(40,834,850)	1,241,237,428

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(4) Continued

The increases and decreases to assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy. The decreases to 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, 2023 are comprised of the following:

General Government Capital Assets, net	\$	1,185,375,310
Internal Service Fund Capital Assets, net		55,862,118
Total	\$	1,241,237,428

Depreciation and amortization expense of assets for governmental activities was charged to functions of the Primary Government for the year ended June 30, 2023 as follows:

General government	\$	15,278,537
Public safety		880,339
Public works		1,804,867
Parks and recreation		604,691
Public welfare		235,286
Education		7,387,636
Net unallocated portion (depreciation of general infrastructure assets)		20,389,675
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		14,379,469
Total depreciation expense, governmental activities	\$	60,960,500

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

Function	Project Authorization	Expended to June 30, 2023	Committed
General government	\$ 179,745,390	63,582,113	36,583,126
Public safety	36,954,207	8,275,558	12,121,371
Public works	157,880,991	15,079,116	18,173,162
Parks and recreation	32,292,965	2,562,325	1,477,186
Public welfare	12,287,469	4,224,355	852,692
Total	\$ 419,161,022	93,723,467	69,207,537

The construction in progress consists of \$91,838,494 from capital projects, \$9,692 from grants, \$140,822 from operating funds, and \$1,734,459 from internal service funds.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(4) Continued

Business-type activities:

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 93,877,619	326,905	-	94,204,524
Intangibles	19,766,615	74,321	-	19,840,936
Construction in progress	72,548,993	32,594,348	(26,435,560)	78,707,781
Total capital assets, not being depreciated	186,193,227	32,995,574	(26,435,560)	192,753,241
Capital assets, being depreciated:				
Buildings	9,507,233	87,925	-	9,595,158
Improvements other than buildings	5,919,745	107,331	-	6,027,076
Software, equipment, and vehicles	45,183,663	2,935,756	(646,481)	47,472,938
Lease asset - equipment	38,020	30,346	-	68,366
Subscriptions	-	94,882	-	94,882
Infrastructure	1,114,277,724	30,146,931	-	1,144,424,655
Total capital assets, being depreciated	1,174,926,385	33,403,171	(646,481)	1,207,683,075
Less accumulated depreciation for:				
Buildings	(3,883,332)	(276,805)	-	(4,160,137)
Improvements other than buildings	(1,882,978)	(192,110)	-	(2,075,088)
Software, equipment, and vehicles	(29,324,949)	(2,897,344)	14,301	(32,207,992)
Lease asset - equipment	(7,604)	(16,695)	-	(24,299)
Subscriptions	-	(31,047)	-	(31,047)
Infrastructure	(453,295,395)	(27,636,155)	-	(480,931,550)
Total accumulated depreciation	(488,394,258)	(31,050,156)	14,301	(519,430,113)
Total capital assets being depreciated, net	686,532,127	2,353,015	(632,180)	688,252,962
Capital assets, net	\$ 872,725,354	35,348,589	(27,067,740)	881,006,203

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

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

Public Utilities Fund	\$ 17,193,575
Chesapeake Transportation System	12,188,072
Stormwater Management Fund	1,668,509
Total depreciation expense, business-type activities	\$ 31,050,156

Depreciation and amortization expense for business-type activities of \$31,892,569 includes unallocated portion of depreciation and amortized expense of assets noted above of \$31,050,156 in addition to amortization of deferred bond premiums and refunding costs of \$842,413. With the implementation of debt management software in FY2023, the premium amortization method for all outstanding bond issues was changed to straight-line for consistency, resulting in an increase in the current year in unamortized premium of \$486,577 for Public Utilities and \$720,276 for Chesapeake Transportation System.

The estimated cost to complete the construction in progress of the business-type activities amounted to approximately \$241.4 million at June 30, 2023.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

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

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 11,158,142	326,905	-	11,485,047
Intangibles	3,005,732	16,750	-	3,022,482
Construction in progress	62,958,323	26,446,182	(21,421,516)	67,982,989
Total capital assets, not being depreciated	77,122,197	26,789,837	(21,421,516)	82,490,518
Capital assets, being depreciated:				
Buildings	1,177,234	77,366	-	1,254,600
Improvements other than buildings	5,148,505	107,331	-	5,255,836
Software, equipment, and vehicles	31,831,926	2,298,528	(245,530)	33,884,924
Lease asset - equipment	38,020	30,346	-	68,366
Subscriptions	-	94,882	-	94,882
Infrastructure	702,314,704	27,266,575	-	729,581,279
Total capital assets, being depreciated	740,510,389	29,875,028	(245,530)	770,139,887
Less accumulated depreciation for:				
Buildings	(275,237)	(60,905)	-	(336,142)
Improvements other than buildings	(1,752,283)	(137,420)	-	(1,889,703)
Software, equipment, and vehicles	(18,346,930)	(2,318,030)	-	(20,664,960)
Lease asset - equipment	(7,604)	(16,695)	-	(24,299)
Subscriptions	-	(31,047)	-	(31,047)
Infrastructure	(300,888,868)	(14,629,478)	-	(315,518,346)
Total accumulated depreciation	(321,270,922)	(17,193,575)	-	(338,464,497)
Total capital assets being depreciated, net	419,239,467	12,681,453	(245,530)	431,675,390
Capital assets, net	\$ 496,361,664	39,471,290	(21,667,046)	514,165,908

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

The construction in progress consists of \$60,409,654 from capital projects, \$5,336,641 from capitalized interest (prior to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 89), and \$2,236,694 from operating funds.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

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

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 82,079,020	-	-	82,079,020
Construction in progress	97,046	1,835,798	(1,932,844)	-
Total capital assets, not being depreciated	82,176,066	1,835,798	(1,932,844)	82,079,020
Capital assets, being depreciated:				
Buildings	7,978,068	-	-	7,978,068
Improvements other than buildings	439,273	-	-	439,273
Software, equipment, and vehicles	13,034,738	250,578	-	13,285,316
Infrastructure	361,587,165	-	-	361,587,165
Total capital assets, being depreciated	383,039,244	250,578	-	383,289,822
Less accumulated depreciation for:				
Buildings	(3,364,157)	(199,451)	-	(3,563,608)
Improvements other than buildings	(74,787)	(24,493)	-	(99,280)
Software, equipment, and vehicles	(10,725,792)	(563,062)	-	(11,288,854)
Infrastructure	(138,165,735)	(11,401,066)	-	(149,566,801)
Total accumulated depreciation	(152,330,471)	(12,188,072)	-	(164,518,543)
Total capital assets being depreciated, net	230,708,773	(11,937,494)	-	218,771,279
Capital assets, net	\$ 312,884,839	(10,101,696)	(1,932,844)	300,850,299

The increases and decreases to assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy. The decreases to 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, 2023

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

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 640,457	-	-	640,457
Intangibles	2,076,064	57,571	-	2,133,635
Construction in progress	9,493,624	4,312,368	(3,081,200)	10,724,792
Total capital assets, not being depreciated	12,210,145	4,369,939	(3,081,200)	13,498,884
Capital assets, being depreciated:				
Buildings	351,931	10,559	-	362,490
Improvements other than buildings	331,967	-	-	331,967
Software, equipment, and vehicles	316,999	386,650	(400,951)	302,698
Infrastructure	50,375,855	2,880,356	-	53,256,211
Total capital assets, being depreciated	51,376,752	3,277,565	(400,951)	54,253,366
Less accumulated depreciation for:				
Buildings	(243,938)	(16,449)	-	(260,387)
Improvements other than buildings	(55,908)	(30,197)	-	(86,105)
Software, equipment, and vehicles	(252,227)	(16,252)	14,301	(254,178)
Infrastructure	(14,240,792)	(1,605,611)	-	(15,846,403)
Total accumulated depreciation	(14,792,865)	(1,668,509)	14,301	(16,447,073)
Total capital assets being depreciated, net	36,583,887	1,609,056	(386,650)	37,806,293
Capital assets, net	\$ 48,794,032	5,978,995	(3,467,850)	51,305,177

The increases and decreases to assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy. The decreases to 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, 2023

(4) Continued

Blended component unit - Economic Development Authority:

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023
Capital assets, not being depreciated:				
Intangibles	\$ 14,684,819	-	-	14,684,819
Total capital assets, not being depreciated	14,684,819	-	-	14,684,819
Capital assets	\$ 14,684,819	-	-	14,684,819

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

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

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023
Capital assets, not being depreciated:				
Land and land improvements	\$ 21,369,610	427,050	-	21,796,660
Construction in progress	11,977,523	14,614,306	(18,346,062)	8,245,767
Total capital assets, not being depreciated	33,347,133	15,041,356	(18,346,062)	30,042,427
Capital assets, being depreciated:				
Buildings	341,951,873	17,919,012	-	359,870,885
Improvements other than buildings	6,848,285	-	-	6,848,285
Furniture and equipment	86,902,756	12,728,087	(547,857)	99,082,986
Lease asset - equipment	14,159,900	2,058,529	-	16,218,429
Subscriptions	-	138,352	-	138,352
Textbooks	11,287,811	756,263	(600,828)	11,443,246
Total capital assets, being depreciated	461,150,625	33,600,243	(1,148,685)	493,602,183
Less accumulated depreciation for:				
Buildings	(52,767,588)	(6,775,927)	-	(59,543,515)
Building improvements	(5,044,267)	(220,731)	-	(5,264,998)
Furniture and equipment	(50,222,590)	(5,303,934)	532,008	(54,994,516)
Lease asset - equipment	(932,823)	(2,069,253)	-	(3,002,076)
Subscriptions	-	(50,310)	-	(50,310)
Textbooks	(2,824,065)	(2,257,562)	600,828	(4,480,799)
Total accumulated depreciation	(111,791,333)	(16,677,717)	1,132,836	(127,336,214)
Total capital assets being depreciated, net	349,359,292	16,922,526	(15,849)	366,265,969
Capital assets, net	\$ 382,706,425	31,963,882	(18,361,911)	396,308,396

Depreciation and amortization expense of assets was charged to governmental functions for the year ended June 30, 2023 as follows:

Instruction	\$ 9,990,878
Administration	718
Attendance and health services	15,704
Pupil transportation	6,020,897
Operations and maintenance	482,506
School technology services	23,456
School nutrition services	93,248
Unallocated	50,310
Total depreciation expense, governmental activities	\$ 16,677,717

At June 30, 2023, the Schools had contractual commitments of approximately \$16.9 million for work remaining to be performed under capital projects.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(5) Deferred Outflows and Inflows of Resources

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

Deferred outflows of resources for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission, in the Statement of Net Position as of June 30, 2023 are as follows:

	Governmental Activities	Business-type Activities	Other	Total
Pension	\$ 30,488,235	2,851,931	274,415	33,614,581
Pension - experience	1,937,474	181,235	17,439	2,136,148
Pension - change in assumptions	18,039,959	1,687,493	162,372	19,889,824
OPEB	2,286,663	136,948	13,177	2,436,788
OPEB - investment experience	5,484,639	513,044	49,366	6,047,049
OPEB - experience	7,452,581	516,236	49,672	8,018,489
OPEB - change in proportion	2,303,605	4,818	464	2,308,887
OPEB - change in assumptions	12,254,784	489,716	47,121	12,791,621
Unamortized deferred loss on refundings	941,141	1,337,985	-	2,279,126
Total deferred outflows of resources	\$ 81,189,081	7,719,406	614,026	89,522,513

Deferred outflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2023 are as follows:

	Public Schools
Pension - contributions subsequent to measurement date	\$ 50,236,994
Pension - experience	237,014
Pension - change in proportion	4,135,325
Pension - change in assumptions	27,176,472
OPEB - contributions subsequent to measurement date	11,231,315
OPEB - experience	3,240,032
OPEB - change in proportion	819,304
OPEB - investment experience	202,258
OPEB - change in assumptions	20,106,489
Total deferred outflows of resources	\$ 117,385,203

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(5) Continued

Deferred outflows of resources in the proprietary funds as of June 30, 2023 are comprised of the following:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Internal Service Funds
Pension	\$ 1,871,978	248,864	731,089	1,503,903
Pension - experience	118,961	15,815	46,459	95,570
Pension - change in assumptions	1,107,653	147,253	432,587	889,863
OPEB	89,891	11,950	35,107	72,217
OPEB - investment experience	336,757	44,769	131,518	270,542
OPEB - experience	338,852	45,048	132,336	272,226
OPEB - change in proportion	3,163	420	1,235	2,541
OPEB - change in assumptions	321,445	42,733	125,538	258,242
Unamortized deferred loss on refundings	1,337,985	-	-	-
Total deferred outflows of resources	\$ 5,526,685	556,852	1,635,869	3,365,104

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

Deferred inflows of resources for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission, in the Statement of Net Position as of June 30, 2023 are as follows:

	Governmental Activities	Business-type Activities	Other	Total
Pension - investment experience	\$ 27,625,485	2,584,143	248,648	30,458,276
Pension - experience	9,520,673	890,583	85,693	10,496,949
OPEB - investment experience	674,742	53,047	5,104	732,893
OPEB - experience	16,546,364	1,107,718	106,586	17,760,668
OPEB - change in proportion	1,170,121	16,851	1,621	1,188,593
OPEB - change in assumptions	8,081,171	175,185	16,856	8,273,212
Leases	697,155	-	-	697,155
Unamortized deferred gain on refundings	11,475	-	-	11,475
Stormwater management fees	-	12,676,305	-	12,676,305
Total deferred inflows of resources	\$ 64,327,186	17,503,832	464,508	41,340,301

Deferred inflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2023 are as follows:

	Public Schools
Pension - investment experience	\$ 39,598,044
Pension - experience	19,444,873
Pension - change in proportion	1,186,930
OPEB - investment experience	1,052,784
OPEB - experience	23,615,136
OPEB - change in proportion	279,801
OPEB - change in assumptions	32,801,322
Leases	132,028
Total deferred inflows of resources	\$ 118,110,918

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(5) Continued

Deferred inflows of resources in the governmental funds as of June 30, 2023 are comprised of the following:

	General Fund
Taxes receivable	\$ 72,666,305
Personal Property Tax Relief Act	3,209,133
EMS fees receivable	2,504,624
Solid waste fees receivable	1,601
Advance to CTS (note 8)	7,515,315
Total deferred inflows of resources	\$ 85,896,978

Deferred inflows of resources in the proprietary funds as of June 30, 2023 are comprised of the following:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Internal Service Funds
Pension - investment experience	\$ 1,696,205	225,496	662,442	1,362,691
Pension - experience	584,569	77,714	228,300	469,629
OPEB - investment experience	34,820	4,629	13,598	27,973
OPEB - experience	727,095	96,661	283,962	584,131
OPEB - change in proportion	11,061	1,471	4,319	8,886
OPEB - change in assumptions	114,990	15,287	44,908	92,381
Leases	-	-	-	697,155
Stormwater management fees	-	-	12,676,305	-
Total deferred inflows of resources	\$ 3,168,740	421,258	13,913,834	3,242,846

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(6) Long-Term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2023 follows:

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 128,305,000	-	(11,815,000)	116,490,000	11,130,000
Direct placement bonds	161,190,000	9,900,000	(16,745,000)	154,345,000	16,860,000
	289,495,000	9,900,000	(28,560,000)	270,835,000	27,990,000
Deferred amounts:					
Plus bond premiums ²	31,895,665	6,487,754	(3,710,139)	34,673,280	3,476,320
Total bonds payable	321,390,665	16,387,754	(32,270,139)	305,508,280	31,466,320
Other long-term liabilities:					
Installment purchase agreement	1,342,284	-	-	1,342,284	-
	1,342,284	-	-	1,342,284	-
Arbitrage rebate and yield restriction	-	576,417	-	576,417	-
Liability for self-insurance losses	32,019,015	48,122,380	(47,695,089)	32,446,306	9,146,338
Compensated absences	26,380,310	19,377,410	(18,531,554)	27,226,166	10,775,938
Leases	3,886,026	423,893	(819,876)	3,490,043	675,509
Subscriptions	-	13,208,200	(4,961,536)	8,246,664	4,132,954
Subtotal before Pension and OPEB					
Liabilities	385,018,300	98,096,054	(104,278,194)	378,836,160	56,197,059
Net pension liability	64,556,167	157,599,865	(100,835,677)	121,320,355	-
Net OPEB liability - VRS directed ¹	38,659,817	26,581,167	(30,968,561)	34,272,423	551,635
Net OPEB liability - City directed	6,174,685	28,017,510	(32,471,336)	1,720,859	-
Total long-term liabilities	\$ 494,408,969	310,294,596	(268,553,768)	536,149,797	56,748,694

¹ The VRS directed OPEB plan has a net OPEB asset of \$52,236 at June 30, 2023.

² With the implementation of debt management software in FY2023, the premium amortization method for all outstanding bond issues was changed to straight-line for consistency, resulting in an increase in unamortized premium of \$5,040,392.

The future payments by year of compensated absences, arbitrage, net pension, net OPEB liabilities, and liability for self-insurance losses are not determinable. However, amounts due within one year for liability for self-insurance losses and compensated absences have been estimated. The portion of net OPEB liability - VRS Directed reported as due within one year represents the City's proportionate share of the OPEB Line of Duty Act Program fiduciary net position at June 30, 2023 that is less than the projected fiscal year 2023 benefit expense. The accumulated compensated absences liability are generally paid by the department for which the employee works. The arbitrage liability for governmental activities is paid by the Debt Service Fund. The net pension liability and net OPEB liability are paid by the correlating funds in respect to the departmental costs and are reflected, based on allocation, in Internal Service Fund, Enterprise Fund and Entity-Wide Fund statements. 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, 2023.

In May 2023, the City sold \$9,900,000 of Series 2023A general obligation school bonds to the Virginia Public School Authority (VPSA) at a true interest cost of 3.1927% and a premium of \$1,447,361. The bonds were issued to fund non-routine school renewal and replacement projects and modernization and expansion projects for several schools.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(6) Continued

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2023 follows:

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023	Due Within One Year
Public Utilities:					
Bonds payable:					
General obligation bonds	\$ 45,690,000	-	(6,175,000)	39,515,000	6,480,000
Revenue bonds	21,765,000	-	(935,000)	20,830,000	780,000
	67,455,000	-	(7,110,000)	60,345,000	7,260,000
Deferred amounts:					
Plus bond premiums ⁶	3,775,806	729,087	(775,268)	3,729,625	532,758
Total bonds payable	71,230,806	729,087	(7,885,268)	64,074,625	7,792,758
Leases	30,522	30,346	(16,629)	44,239	17,989
Subscriptions	-	94,882	(52,208)	42,674	42,674
Compensated absences	1,326,439	1,005,178	(929,387)	1,402,230	592,347
Subtotal before Pension and OPEB liabilities	72,587,767	1,859,493	(8,883,492)	65,563,768	8,445,768
Net pension liability	3,298,113	9,229,431	(6,039,149)	6,488,395	-
Net OPEB liability - VRS directed ⁵	511,141	291,756	(282,489)	520,408	-
Net OPEB liability - City directed	351,210	1,690,206	(1,927,715)	113,701	-
Total long-term Public Utilities liabilities	\$ 76,748,231	13,070,886	(17,132,845)	72,686,272	8,445,768
Chesapeake Transportation System:					
Revenue Bonds Payable:					
Senior Bonds	\$ 100,135,000	-	(4,130,000)	96,005,000	4,975,000
Capital Appreciation Bonds ¹	67,857,208	3,322,427	-	71,179,635	-
Direct Placement:					
VTIB Bonds - Subordinate Lien ^{2 3}	119,569,680	-	(7,011,271)	112,558,409	6,323,166
Due to Commonwealth of Virginia ⁴	71,755,269	1,018,490	-	72,773,759	-
	359,317,157	4,340,917	(11,141,271)	352,516,803	11,298,166
Deferred Amounts:					
Plus bond premiums ⁶	4,930,550	720,276	(225,682)	5,425,144	225,682
Total bonds payable	364,247,707	5,061,193	(11,366,953)	357,941,947	11,523,848
Compensated absences	225,872	164,410	(185,526)	204,756	89,282
Subtotal before Pension and OPEB Liabilities	364,473,579	5,225,603	(11,552,479)	358,146,703	11,613,130
Net pension liability	446,463	1,265,743	(816,046)	896,160	-
Net OPEB liability - VRS directed ⁵	67,542	39,990	(38,093)	69,439	-
Net OPEB liability - City directed	49,091	227,306	(261,997)	14,400	-
Total long-term CTS liabilities	\$ 365,036,675	6,758,642	(12,668,615)	359,126,702	11,613,130
Stormwater Management:					
Compensated absences	\$ 451,031	367,426	(362,725)	455,732	194,704
Net pension liability	1,244,896	3,643,721	(2,371,898)	2,516,719	-
Net OPEB liability - VRS directed ⁵	193,860	115,162	(110,868)	198,154	-
Net OPEB liability - City directed	137,438	662,736	(758,649)	41,525	-
Total long-term Stormwater Management liabilities	\$ 2,027,225	4,789,045	(3,604,140)	3,212,130	194,704
Economic Development Authority					
Direct Borrowing - Revenue Bond	\$ 5,221,000	-	(790,000)	4,431,000	820,000
Direct Borrowing - Loan payable	1,319,095	-	-	1,319,095	-
Direct Borrowing - Notes payable	7,036,800	-	(371,200)	6,665,600	-
Total Economic Development Authority liabilities	\$ 13,576,895	-	(1,161,200)	12,415,695	820,000
Total long-term liabilities	\$ 457,389,026	24,618,573	(34,566,800)	447,440,799	21,073,602

¹ The increase is the annual accreted interest which is included in the June 30, 2023 balance.

² The current amount of \$6,323,166 reflects a required prepayment of \$6,212,840 from excess net operating revenues at the end of fiscal year 2023.

³ Accrued interest of \$15,317,294 on the VTIB Bonds was added to the balance on July 15, 2019.

⁴ The amount due to the Commonwealth of Virginia includes total accrued interest of \$9,208,547 at June 30, 2023.

⁵ The VRS directed OPEB plan has a net OPEB asset of \$3,393 for Public Utilities, \$458 for Chesapeake Transportation System, and \$1,315 for Stormwater Management at June 30, 2023.

⁶ With the implementation of debt management software in FY2023, the premium amortization method of all outstanding bond issues was changed to straight-line for consistency, resulting in an increase in unamortized premium of \$486,577 for Public Utilities and \$720,276 for Chesapeake Transportation System.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(6) Continued

On August 25, 2021, the City issued \$21,765,000 of Water and Sewer System Revenue Refunding Bonds to currently refund the outstanding Water and Sewer System Revenue Bonds, Series 2010B (Taxable – Build America Bonds). The bonds were issued with a true interest cost of 1.68% and an original issue premium of \$3,156,624. The aggregate difference in debt service between the refunding debt and the refunded debt was \$ 10,786,255.

The Series 2021 Bonds are limited obligations of the City, payable solely from the net revenues derived from the City's water and sewer systems and other funds pledged for their payment on a senior lien basis under the Terms of the Agreement of Trust. In the event of continued default, the Water and Sewer Revenue Refunding Bonds (Bonds) are subject to an acceleration clause under the Agreement of Trust. The Trustee may, and if requested by the holders of 25% of the aggregate principal amount of Bonds outstanding, declare the entire unpaid principal and interest on the Bonds due and payable, but only from the revenues and other funds specifically pledged for such purpose.

A summary of changes in long-term liabilities for the discretely presented component unit - Public Schools follows:

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023	Due Within One Year
Net pension liability	\$ 232,441,162	81,785,805	(21,572,870)	292,654,097	-
Net OPEB liability - Schools directed plans	175,923,818	25,312,849	(54,715,093)	146,521,574	-
Net OPEB liability - VRS directed plans ¹	55,029,584	10,286,549	(10,319,227)	54,996,906	-
Compensated absences	45,047,738	28,189,909	(23,869,978)	49,367,669	1,603,166
Liability for self-insurance losses	2,700,287	1,156,404	(1,071,033)	2,785,658	-
Leases	12,540,810	2,058,529	(1,780,852)	12,818,487	1,816,047
Subscriptions	-	98,329	(48,892)	49,437	49,437
Notes payable	19,389,690	3,330,763	(3,404,403)	19,316,050	3,087,754
Total long-term liabilities	\$ 543,073,089	152,219,137	(116,782,348)	578,509,878	6,556,404

¹ The VRS directed OPEB plan has a net OPEB asset of \$20,860 at June 30, 2023.

A summary of changes in long-term liabilities for the other discretely presented component units follows:

	Balances at July 1, 2022	Increases	Decreases	Balances at June 30, 2023	Due Within One Year
Other Discretely Presented Component Units:					
Governmental Activities:					
Chesapeake Mosquito Control Commission:					
Compensated absences	\$ 258,630	147,149	(124,593)	281,186	112,884
Leases	4,944	-	(1,766)	3,178	1,802
Net pension liability	102,687	1,570,708	(959,377)	714,018	-
Net OPEB liability - VRS directed ¹	107,892	49,534	(44,434)	112,992	-
Net OPEB liability - City directed	65,056	262,411	(314,735)	12,732	-
Total Chesapeake Mosquito Control Commission	\$ 539,209	2,029,802	(1,444,905)	1,124,106	114,686

¹ The VRS directed OPEB plan has a net OPEB asset of \$298 for Chesapeake Mosquito Control Commission at June 30, 2023.

Business-type Activities:

Chesapeake Airport Authority:					
Direct Placement Revenue bonds	\$ 472,578	112,884	(105,000)	480,462	110,000
Total Chesapeake Airport Authority	\$ 472,578	\$ 112,884	\$ (105,000)	480,462	110,000
Total long-term liabilities	\$ 1,011,787	2,142,686	(1,549,905)	1,604,568	224,686

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(6) Continued

On June 1, 2022, the Chesapeake Airport Authority (the Airport Authority), a discretely presented component unit of the City, sold \$4,500,000 in revenue bonds to the Virginia Resources Authority (VRA) as administrator of the Virginia Airports Revolving Fund. The purpose of the 2022 bonds was the construction of two new pre-manufactured aircraft hangars with connected office space and the replacement of a 7,500 square foot Fixed Base Operators (FBO) facility. The Airport Authority is drawing down bond proceeds on the Series 2022 bond as construction progresses. \$112,884 had been drawn as of June 30, 2023. The Airport Authority will make interest only debt service payments on the amount of bond funds drawn as of January 1, 2024 and 2025.

As part of this transaction, the City Council approved a new support agreement for the 2022 bonds, which pledges the City's moral obligation with respect to replenishing a debt service reserve fund (DSRF) in the event of a default. As part of the Support Agreement, the Airport Authority pledged to deposit \$100,000 into the 2022 DSRF by July 1, 2024 and fully fund the DSRF in an amount equal to the maximum annual debt service of \$324,851 on the 2022 Bonds no later than July 1, 2025. The balance of the DSRF on the Airport Authority's 2011 bonds, currently \$116,000, is expected to be transferred to the 2022 DSRF upon maturity on August 1, 2024.

Outstanding bond issues and installment purchase agreements for governmental activities at June 30, 2023 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)	3.41 - 5.36%	\$ 2,970,000	2,970,000	-	-
2012A Public Improvement Refunding Bonds	3.00 - 4.00%	1,960,000	1,960,000	-	-
2012D Public Improvement Refunding Bonds	3.00 - 5.00%	3,375,000	3,375,000	-	-
2014A Public Improvement Refunding Bonds	2.50 - 3.38%	1,800,000	1,565,000	235,000	-
2017A Public Improvement Refunding Bonds	3.00 - 5.00%	3,375,000	635,000	2,740,000	-
2017A Public Improvement Bonds (20 Year)	4.00 - 5.00%	46,815,000	30,090,000	16,725,000	-
2017B Tax Increment Financing Bonds	3.00 - 5.00%	4,465,000	3,120,000	1,345,000	-
2020A Public Improvement Bonds (20 Year)	5.00%	25,500,000	13,500,000	12,000,000	-
2020A BABs Refunding Bonds	5.00%	18,970,000	-	18,970,000	-
2020B Tax Increment Refunding Bonds	5.00%	4,500,000	-	4,500,000	-
2020B BABs Refunding Bonds	5.00%	2,760,000	-	2,760,000	-
Direct Placements					
2003A VPSA School Bonds	4.60%	175,000	175,000	-	-
2005A VPSA School Bonds	4.35 - 5.10%	4,240,000	4,240,000	-	-
2005B VPSA School Bonds	4.60 - 5.10%	2,090,000	2,090,000	-	-
2006A VPSA School Bonds	4.60 - 5.10%	4,960,000	4,960,000	-	-
2006B VPSA School Bonds	4.40 - 4.60%	4,915,000	4,915,000	-	-
2007A VPSA School Bonds	4.10 - 5.10%	3,650,000	3,650,000	-	-
2007B VPSA School Bonds	4.35 - 5.10%	3,330,000	3,330,000	-	-
2009A VPSA School Bonds	4.05 - 5.05%	15,830,000	15,830,000	-	-
2010A Tax Increment RZED Bonds	5.51 - 6.07%	1,055,000	1,055,000	-	-
2010A VPSA School Bonds	3.30 - 5.05%	6,230,000	6,230,000	-	-
2011A VPSA School Bonds	3.30 - 4.05%	5,210,000	5,210,000	-	-
2011B VPSA School Bonds (QSCB)	2.00 - 4.00%	2,120,000	-	2,120,000	-
2013A VPSA School Bonds	3.55 - 5.05%	12,105,000	11,235,000	870,000	.00% - 1.00%
2013B VPSA School Bonds	5.05%	1,030,000	-	1,030,000	-
2016A VPSA School Bonds	2.05 - 5.05%	3,200,000	2,280,000	920,000	.00% - 1.00%
2016B VPSA School Bonds	5.05%	3,030,000	-	3,030,000	-
2019B VPSA School Bonds (10 Year)	3.05 - 5.05%	3,275,000	-	3,275,000	-
2019A VPSA Schools Bonds (20 Year)	2.80 - 5.05%	16,850,000	-	16,850,000	.00% - 1.00%
2021A VPSA School Bonds (20 Year)	1.93 - 5.05%	41,560,000	21,855,000	19,705,000	.00% - 1.00%
2021B VPSA School Bonds (10 Year)	5.05%	9,590,000	-	9,590,000	-
2023 VPSA School Bonds	5.05%	9,900,000	4,140,000	5,760,000	.00% - 1.00%
Installment purchase agreement	4.80%	1,342,284	-	1,342,284	-
		\$ 272,177,284	148,410,000	123,767,284	

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(6) Continued

Debt service requirements to maturity for governmental activities:

	Governmental Activities			
	General Obligation Bonds		Direct Placement Bonds and Installment Purchase Agreement	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2024	\$ 11,130,000	5,276,044	16,860,000	6,411,945
2025	11,420,000	4,756,453	16,760,000	5,738,164
2026	10,675,000	4,227,297	17,235,000	4,931,370
2027	9,715,000	3,727,261	15,440,000	4,153,844
2028	9,945,000	3,242,494	12,325,000	3,485,096
2029-2033	38,240,000	9,581,804	44,102,284	9,724,833
2034-2038	22,365,000	2,862,759	20,145,000	3,057,888
2039-2043	3,000,000	150,000	12,470,000	764,839
2044-2048	-	-	350,000	8,750
	\$ 116,490,000	33,824,112	155,687,284	38,276,729

Outstanding bond issues for business-type activities at June 30, 2023 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	4.00 - 5.00%	\$ 12,555,000	-	12,555,000	-
2020C Water and Sewer Refunding bonds	1.43 - 2.12%	26,960,000	26,960,000	-	-
Total Public Utilities - General Obligation bonds		39,515,000	26,960,000	12,555,000	-
Public Utilities - Revenue bonds					
2021 Water and Sewer Revenue bonds	5.04 - 6.28%	20,830,000	13,390,000	7,440,000	-
Total Public Utilities - Revenue bonds		20,830,000	13,390,000	7,440,000	-
Total Public Utilities bonds		\$ 60,345,000	40,350,000	19,995,000	-
Chesapeake Transportation System (CTS) - Revenue bonds:					
2012A - Refunding	3.00 - 5.00%	\$ 3,580,000	-	3,580,000	-
2012A - New Money	4.00 - 5.00%	92,425,000	92,425,000	-	-
2012B - Convertible CABS	4.75 - 4.88%	71,179,635	64,438,466	6,741,169	-
Direct Placement bonds:					
2012C - VTIB - Direct Placement	3.33%	112,558,409	112,558,409	-	-
Total CTS Toll Road Revenue bonds		\$ 279,743,044	269,421,875	10,321,169	-
Economic Development Authority (EDA) Direct Placement bonds:					
2018 Public Facility Revenue bond	3.88%	\$ 4,431,000	4,431,000	-	-
Total EDA Public Facility bond		\$ 4,431,000	4,431,000	-	-

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(6) Continued

Debt service requirements on outstanding bonds to maturity for business-type activities:

	Business-type Activities							
	Public Utilities		Chesapeake Transportation System				Economic Development Authority	
	Bonds		Senior Revenue Bonds		Direct Placement VTIB Bonds ¹		Direct Placement Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year ending June 30:								
2024	\$ 7,260,000	1,726,257	4,975,000	6,242,656	6,323,166	3,748,195	820,000	171,923
2025	7,460,000	1,442,008	2,185,000	7,799,713	114,000	3,537,634	852,000	140,107
2026	7,755,000	1,144,197	2,400,000	7,708,013	117,796	3,533,837	885,000	107,049
2027	3,450,000	946,147	2,500,000	7,610,013	121,719	3,529,915	919,000	72,711
2028	3,545,000	852,969	2,585,000	7,495,388	125,772	3,525,862	955,000	37,054
2029-2033	19,840,000	2,683,982	21,270,000	34,786,413	2,661,194	17,528,643	-	-
2034-2038	6,680,000	801,900	28,890,000	28,712,355	11,365,305	16,513,827	-	-
2039-2043	4,355,000	131,850	36,160,000	20,822,880	23,365,967	13,902,824	-	-
2044-2048	-	-	66,219,635	9,888,000	44,222,238	8,589,333	-	-
2049-2053	-	-	-	-	24,141,252	1,309,047	-	-
	\$ 60,345,000	9,729,310	167,184,635	131,065,431	112,558,409	75,719,117	4,431,000	528,844

¹ The future debt service requirements for the Chesapeake Transportation System incorporates the revised Minimum Payment Schedule for VTIB. FY2023 includes a prepayment of \$6,212,840 from excess revenues.

Legal Debt Margin (per Constitution of Virginia):

Assessed valuation - real estate	\$ 35,703,646,223
Legal debt limit - 10.0% of assessed valuation	3,570,364,622

Amount of debt applicable to legal debt limit:

General bonded debt	\$ 610,923,043
Add: Long-Term Payables	4,431,000
Add: Installment Purchase Agreement	1,342,284
Less:	
Self-supporting revenue bonds	(327,533,043)
Subordinate double barrel bonds	(12,555,000)
Amounts available for repayment	(17,575,646)
Legal debt margin available	\$ 3,311,331,984

Percent of:

Legal debt margin outstanding	7.26%
Legal debt margin available	92.74%
	100.00%

Summary of assessed valuation:

Public service real estate	\$ 1,166,470,423
Other city real estate	34,537,175,800
	\$ 35,703,646,223

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(6) Continued

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 8% of the assessed valuation of real estate in the City subject to taxation, as shown by the last preceding assessment for taxes. The charter bond authorization for the calendar year ended December 31, 2022 was \$ 35,775,000. 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 \$405,970,000 as of June 30, 2023.

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.

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 are met for operations, debt service, all associated reserves, and renewal and replacement at the end of each fiscal year must be used to prepay the outstanding principal amount of the VTIB bond on the next July 15 payment date.

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 FY2023, \$13,699,634 in revenues were received to pay debt service of \$1,285,500. As of June 30, 2023, an additional \$8,553,500 in debt service was outstanding through August 1, 2030.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(6) Continued

- (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 FY2023, \$9,909,798 in revenues were collected to pay debt service of \$1,087,747. As of June 30, 2023, an additional \$10,561,117 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 FY2023, \$83,419,434 in revenues were collected to pay debt service of \$9,092,507. As of June 30, 2023, an additional \$70,074,311 in debt service was outstanding through July 1, 2041.
- (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 Dominion Boulevard project improvements. Additionally, a portion of the bonds refunded the 1999A Chesapeake Expressway Toll Road Revenue bonds for the purpose of being incorporated into the Chesapeake Transportation System Plan of Finance and Indenture of Trust. The aggregate difference in debt service between the refunding debt and the refunded debt was \$10 million. Chesapeake Transportation System (CTS) Toll Road Revenue bonds and other obligations of CTS are payable solely from net toll revenues as defined in the Master Indenture of Trust.

The issuance included \$42,832,520 of Convertible Capital Appreciation Bonds (CABS) that will have accreted interest of \$28,487,480 comprised of \$8,378,891 on the 2032 maturity at 4.750% and \$20,108,589 on the 2040 maturity at 4.875%, for a total value at conversion and maturity of \$71,320,000. Interest on the CABS is compounded semi-annually and added to the value of the bonds until the conversion date of July 15, 2023 at which time the interest will be payable semi-annually. The accreted interest on the CABS through June 30, 2023 is \$28,347,114.

In November 2012, a Bond Purchase and Loan Agreement was made between the Virginia Transportation Infrastructure Bank (VTIB), acting through its Manager, Virginia Resources Authority, and the City. VTIB agreed to lend the City an amount not to exceed \$151,893,495 as evidenced by the purchase of the Chesapeake Transportation System Subordinate Toll Road Revenue Bond, Series 2012C. The VTIB Bond is subordinate to the 2012A and 2012B senior bonds and repayment began on July 15, 2019. Final completion of the Dominion Boulevard Project was certified complete as defined in the Master Indenture on June 1, 2018 and the total loan amount including accrued interest was \$134,454,435. The minimum principal and interest payments schedule that was established at the time of issuance was revised to reflect the actual aggregate amount of advances, accrued interest through the first payment date to be added to the advances and any prepayments. Beginning in February 2019, which was the second anniversary of the substantial completion date, revenues remaining after the requirements are met for operations, debt service, all associated reserves, and renewal and replacement must be used to prepay the outstanding principal amount of the VTIB bond on the next payment date. As of June 30, 2023, a total of \$21,896,025 in principal has been prepaid.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(6) Continued

- (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, 2023 are \$ 72,773,759 which is comprised of \$34,715,413 due to TFRA and \$38,058,346 in Urban Allocation payments.

Contingent Liabilities

In November 2011, the Airport Authority (Airport Authority), a discretely presented component unit of the City, sold its \$1,220,000 revenue refunding bonds to the Virginia Resources Authority (VRA) as administrator of the Virginia Airports Revolving Fund. The purpose of the 2011 bonds was to refund the outstanding 1999 bonds to achieve debt service savings and restructure the payments by extending final maturity by five years. The principal of and interest on the bonds is not subject to acceleration upon the occurrence or continuation of an Event of Default as defined in the Master Indenture of Trust. As part of this transaction, the City Council approved a new support agreement for the 2011 bonds, which pledges the City’s moral obligation with respect to replenishing the debt service reserve. At June 30, 2023, \$220,000 of the bonds remain outstanding, all of which are callable.

The Airport Authority issued a Series 2022 Airport Revenue Bond in June 2022 in the amount of \$4,500,000. The purpose of the bond is to finance the construction and equipping of airplane hangars and related facilities for administrative and flight school purposes at the Chesapeake Municipal Airport. Interest payments only, of 3.66% per annum, are due annually in January 2024 and 2025 and semiannual principal and interest payments are due beginning July 2025. The City Council approved a support agreement for the Series 2022 bonds as well. The bond is collateralized by the net operating revenues of the Airport Authority and the bond escrow and matures July 2044. As of June 30, 2023, the Airport Authority had drawn down bond proceeds totaling \$112,884.

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, 2023

(7) Advances and On Behalf Of Payments

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

In September 2008, the City Council authorized the restructuring of two previous advances made to the Airport Authority with different repayment terms. The restructuring allowed both note terms to run simultaneously, with a 15-year repayment. The remaining balances of the two notes were cancelled and a new note for \$439,100 was executed. Semi-annual payments of \$13,500 began in fiscal year 2009. The final balloon payment of \$47,600 was made in June 2023.

The General Fund also budgeted and made payments of \$341,282 on behalf of the Airport Authority during fiscal year 2023. The City does not intend to collect these payments from the Airport Authority, as they were not part of a note or loan.

(8) Interfund Balances and Transfers

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

Interfund Balances

Individual fund interfund receivable and payable balances for the Primary Government at June 30, 2023 consist of the interfund balance due to the General Fund from the Special Revenue funds of \$176,997 which is due from Community Development. The total interfund balance is due within one year.

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, 2023, the amount currently outstanding on this loan is reported in the General Fund as Advances to other funds and totals \$7,515,315, which includes principal of \$6,779,850 and accrued interest of \$735,465.

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, 2023, this amount is \$1,590,611.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(8) Continued

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

The City budgeted and made payments of \$2,276,932 on behalf of the EDA during fiscal year 2023. The City is not anticipating the collection of these payments from the EDA.

In connection with the addition of a new Cinemark 12 screen, state of the art, stadium seating theater in the Western Branch section of the City, the EDA committed to acquire the old theater in the event it did not sell within a reasonable time of the opening of the new theater. The City acquired the property in August 2013. In 2016, the former theater building was demolished after the EDA determined that the specialized use for the building reduced the value of the property. In August 2022, the EDA signed a contract for the sale of the property. Closing occurred on April 17, 2023 for \$1,758,000.

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, 2023, City Council approved transfers totaling \$28,354,351 to the Capital Projects Fund from the General Fund. Included in these transfers were funding for various capital projects, which came from prior years' resources. Major projects included \$9,000,000 for Tax System Modernization, \$2,000,000 for Route 17 Infrastructure, \$1,685,000 for Repair & Replacement of Roads and Bridges - Phase V, \$1,650,000 for Public Safety Training Academy, \$990,000 for Edwin Drive Improvements, \$931,000 for South Norfolk Concrete Pavement Replacement, and \$900,000 for Heron Landing Park on the Indian River. 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 \$220,486.

Interfund transfers for the year ended June 30, 2023 are as follows:

Transfers To Other Funds	Transfers From Other Funds					Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Funds	Internal Service Funds	
General Fund	\$ -	-	12,089,735	-	928,901	13,018,636
Debt Service Fund	33,119,410	7,466,275	2,648,530	-	-	43,234,215
Capital Projects Fund	28,354,351	-	50,958,964	-	1,250,000	80,563,315
Other Governmental Funds	27,630,262	349,623	186,071	1,209,438	-	29,375,394
Enterprise Funds	1,283,988	31,000	2,092,944	-	-	3,407,932
Internal Service Funds	1,095,588	-	-	-	-	1,095,588
Total	\$ 91,483,599	7,846,898	67,976,244	1,209,438	2,178,901	170,695,080

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(9) Leases and Subscriptions

Leases

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under GASB Statement No. 87 - *Leases*, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources.

The City classifies capital outlay associated with leases as an expenditure and reports it with other capital outlay in the governmental fund's Statement of Revenues, Expenditures, and Changes in Fund Balances. The City classifies debt service principal and interest payments associated with leases as expenditures in the proper fund and functional areas in the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances.

City - Leases Receivable

Governmental Activities

The City is a lessor for noncancellable leases of land and telecommunication equipment. The land lease term is 46 months and the interest rate is 0.54%. As of June 30, 2023, the value of the land lease receivable was \$77,727 and the value of the land deferred inflows of resources was \$107,296. The telecommunication equipment lease terms range from 25 months to 77 months and interest rates vary from 0.20% to 2.88%. As of June 30, 2023, the value of the equipment lease receivable was \$605,460 and the value of the equipment deferred inflows of resources was \$589,859.

Lease receivable and deferred inflows of resources for the Primary Government are reported with other receivables and deferred inflows of resources in the Statement of Net Position as of June 30, 2023 as follows:

Governmental Activities				
Asset Class	Lease Receivable	Deferred Inflows of Resources	Lease Revenue Recognized During Fiscal Year	Variable Lease Payments Recognized During Fiscal Year
Land	\$ 77,727	107,296	93,001	25,471
Equipment	605,460	589,859	233,098	-
Total	\$ 683,187	697,155	326,099	25,471

City - Leases Payable

Governmental Activities

The City is a lessee for noncancellable leases of buildings for office and storage spaces, vehicles, and equipment. The buildings lease terms range from 16 months to 120 months and interest rates vary from 0.07% to 2.25%. As of June 30, 2023, the value of the buildings lease liability was \$2,903,169 and the value of the lease asset - buildings was \$3,424,960 with an accumulated depreciation of \$596,340. The vehicles and equipment lease terms range from 22 months to 312 months and interest rates range from 0.20% to 3.25%. As of June 30, 2023, the value of the vehicles and equipment lease liability was \$586,874 and the value of the lease asset - vehicles and equipment was \$967,130 with an accumulated depreciation of \$377,809.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(9) Continued

Business-Type Activities

The City is a lessee for noncancellable leases of gas storage tanks and office equipment. The lease terms range from 36 months to 60 months and the interest rates range from 0.70% to 2.80%. As of June 30, 2023, the value of the lease liability was \$44,239 and the value of the lease asset was \$68,366 with an accumulated depreciation of \$24,299.

Other Activities

The City is a lessee for noncancellable leases of office equipment. The lease term is 36 months and the interest rate is 2.06%. As of June 30, 2023, the value of the lease liability was \$3,178 and the value of the lease asset was \$5,381 with an accumulated depreciation of \$2,222.

Lease assets by major classes for the Primary Government, including the discretely presented component unit Chesapeake Mosquito Control Commission, are reported with other capital assets in the Statement of Net Position as of June 30, 2023 as follows:

Asset Class	Governmental Activities		Business-type Activities		Other Discretely Presented Component Units	
	Lease asset	Accumulated Amortization	Lease asset	Accumulated Amortization	Lease asset	Accumulated Amortization
Buildings	\$ 3,424,960	596,340	-	-	-	-
Vehicles and equipment	967,130	377,809	68,366	24,299	5,381	2,222
Total Leases	\$ 4,392,090	974,149	68,366	24,299	5,381	2,222

Future principal and interest requirements to maturity for leases payable for the Primary Government, including the discretely presented component unit Chesapeake Mosquito Control Commission, as of June 30, 2023 are as follows:

Fiscal years:	Governmental Activities		Business-type Activities		Other Discretely Presented Component Units		Total Payments
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	\$ 675,509	55,764	17,989	521	1,802	49	751,634
2025	598,600	43,310	18,286	224	1,376	12	661,808
2026	382,297	34,825	7,964	30	-	-	425,116
2027	369,765	28,860	-	-	-	-	398,625
2028	326,102	23,280	-	-	-	-	349,382
2029-2033	1,104,805	40,022	-	-	-	-	1,144,827
2034-2038	10,916	2,284	-	-	-	-	13,200
2039-2043	11,847	1,353	-	-	-	-	13,200
2044-2047	10,202	359	-	-	-	-	10,561
Total	\$ 3,490,043	230,057	44,239	775	3,178	61	3,768,353

Schools - Leases Receivable

As of June 30, 2023, the Schools is the lessor of three cell tower sites and had lease receivable of \$129,430. These leases have interest rates ranging from 0.37% to 0.84% with annual payments extending out to 2027. The value of the deferred inflows of resources as of June 30, 2023 was \$132,028.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(9) Continued

Schools - Leases Payable

As of June 30, 2023, the 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 2032. The value of the lease assets as of June 30, 2023 was \$16,218,429 with an accumulated amortization of \$3,002,076.

Future principal and interest requirements to maturity for leases payable for the Schools as of June 30, 2023 are as follows:

Fiscal years:	Principal	Interest	Total Payments
2024	\$ 1,816,047	239,052	2,055,099
2025	1,851,961	203,138	2,055,099
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
2029-2032	3,812,272	122,873	3,935,145
Total	\$ 12,818,487	956,143	13,774,630

Subscription-Based Information Technology Arrangements

City - Subscriptions

During the fiscal year, the City entered into subscription-based information technology arrangements (subscriptions) for the intangible right-to-use subscription software. The subscriptions have been recorded at the present value of the future contract payments as of the date of inception or, for subscriptions existing prior to the implementation year, at the remaining terms of the agreement using the facts and circumstances available at July 1, 2022. The subscription terms range from 1 to 7 years at interest rates of 2.16 to 3.86 percent.

For the year ended June 30, 2023, the City had no termination penalties not previously included in the measurement of the subscription liability. Neither did the City have any subscription commitments before the commencement of the subscription term or any losses associated with an impairment. The City did have one subscription with variable payments that were based on user seats which was expensed as incurred in the amount of \$317,607.

Debt service requirements to maturity for subscriptions:

Fiscal Year	Governmental Activities		Business-type Activities		Total Payments
	Principal	Interest	Principal	Interest	
2024	\$ 4,132,954	218,690	42,674	1,343	4,395,661
2025	1,509,656	108,635	-	-	1,618,291
2026	1,415,808	68,800	-	-	1,484,608
2027	969,925	31,667	-	-	1,001,592
2028	131,643	5,025	-	-	136,668
2029-2032	86,678	3,015	-	-	89,693
Total	\$ 8,246,664	435,832	42,674	1,343	8,726,513

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(9) Continued

Schools - Subscriptions

During the fiscal year, the Schools entered into 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 or, for subscriptions existing prior to the implementation year, at the remaining terms of the agreement, using the facts and circumstances available at July 1, 2022. The Schools' interest rate was based on an incremental borrowing rate of 2.24%.

For the year ended June 30, 2023, 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 \$1,073,367.

Debt service requirements to maturity for subscriptions:

Fiscal Year	Principal	Interest	Total Payments
2024	\$ 49,437	1,119	50,556
Total	\$ 49,437	1,119	50,556

(10) Retirement Plans

Plan Description

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

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

VRS PLAN 1

About VRS Plan 1

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

Eligible Members

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

Hybrid Opt-In Election

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

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

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

Retirement Contributions

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

Service Credit

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

Vesting

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

Calculating the Benefit

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

Average Final Compensation

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

Service Retirement Multiplier

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

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

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

Retirement Age

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

Earliest Unreduced Retirement Eligibility

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

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

Earliest Reduced Retirement Eligibility

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

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

Cost-of-Living Adjustment (COLA) in Retirement

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

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

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.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

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.

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

Purchase of Prior Service

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

VRS PLAN 2

About VRS Plan 2

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

Eligible Members

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

Hybrid Opt-In Election

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

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

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

Retirement Contributions

Same as VRS Plan 1.

Service Credit

Same as VRS Plan 1.

Vesting

Same as VRS Plan 1.

Calculating the Benefit

See definition under VRS Plan 1.

Average Final Compensation

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

Service Retirement Multiplier

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

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

Normal Retirement Age

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

Earliest Unreduced Retirement Eligibility

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

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

Earliest Reduced Retirement Eligibility

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

COLA in Retirement

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

Eligibility:

Same as VRS Plan 1.

Exceptions to COLA Effective Dates:

Same as VRS Plan 1.

Disability Coverage

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

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

Purchase of Prior Service

Same as VRS Plan 1.

VRS HYBRID RETIREMENT PLAN

About VRS Hybrid Retirement Plan

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

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

Eligible Members

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

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

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

Retirement Contributions

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

Service Credit

Defined Benefit Component:

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

Defined Contributions Component:

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

Vesting

Defined Benefit Component:

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

Defined Contributions Component:

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

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

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

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

Distributions not required, except as governed by law.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

Calculating the Benefit

Defined Benefit Component:

See definition under VRS Plan 1.

Defined Contribution Component:

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

Average Final Compensation

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

Service Retirement Multiplier

Defined Benefit Component:

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

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

Defined Contribution Component:

Not applicable.

Normal Retirement Age

Defined Benefit Component:

Same as VRS Plan 2.

Defined Contribution Component:

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

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

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

Defined Contribution Component:

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

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

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

Defined Contribution Component:

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

COLA in Retirement

Defined Benefit Component:

Same as VRS Plan 2.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

Defined Contribution Component:

Not applicable.

Eligibility:

Same as VRS Plan 1 and VRS Plan 2.

Exceptions to COLA Effective Dates:

Same as VRS Plan 1 and VRS Plan 2.

Disability Coverage

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

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

Purchase of Prior Service

Defined Benefit Component:

Same as VRS Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation for the City and the June 30, 2021 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	2,653	839
Inactive members not currently receiving benefits:		
Vested inactive members	493	155
Non-vested inactive members	1,085	373
LTD	5	7
Active elsewhere in VRS	831	173
Total inactive members not currently receiving benefits	2,414	708
Active members	3,222	902
Total covered employees	8,289	2,449

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

Contributions

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

The City's contractually required contribution rate for the year ended June 30, 2023 was 17.17% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$33,614,581 and \$26,673,312 for the years ended June 30, 2023 and June 30, 2022, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$47,742,963 and \$43,406,526 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 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, 2023 was 10.73% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$2,494,031 and \$2,075,319 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The City's net pension liability was calculated separately and represents the City's total pension liability determined in accordance with GASB Statement No. 68, less the City's fiduciary net position. For the City, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022. At June 30, 2023, the City reported a net pension liability of \$131,935,647.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

At June 30, 2023, Schools reported a net pension liability of \$278,552,724 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, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, Schools' proportion was 2.92579% compared to 2.90579% at June 30, 2021.

In addition, Schools' net pension liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. At June 30, 2023, Schools reported a liability of \$14,101,373 for the Nonprofessional (non-teacher) Retirement Plan.

Actuarial Assumptions – General Employees

The total pension liabilities for General Employees in the City's and Schools' nonprofessional Retirement Plans were based on an actuarial valuations as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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Notes to Basic Financial Statements
June 30, 2023

(10) Continued

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

Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjust rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjust rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees with Hazardous duty Benefits

The total pension liability for Public Safety employees in the City Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022.

Inflation	2.5 %
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates - Hazardous Duty: 45% of 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; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally with Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.
Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

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

Hazardous Duty:

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 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 Largest 10 Hazardous Duty
Disability Rates:	No change
Salary Scale:	No change
Line of Duty Disability:	No change
Discount Rate:	No change

Actuarial Assumptions – Schools Teachers

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.5% – 5.95%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

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 MP-2020 rates

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

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

Mortality Rates:	Were updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates:	Were adjusted 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:	Were adjusted to better fit experience at each year age and service through 9 years of service.
Salary Scale:	No change
Disability Rates:	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	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%	N/A	5.33%
Inflation			2.50%
Expected arithmetic nominal return *			7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 40th percentile of the expected long-term results of the VRS fund asset allocation at the time, providing a median return of 7.11%, including expected inflation of 2.50%.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with the opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined contribution rate from the June 30, 2021 actuarial valuation, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in City Net Pension Liability

City	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2021	\$ 1,134,042,802	1,064,394,476	69,648,326
Changes for the year:			
Service cost	24,405,566	-	24,405,566
Interest	76,175,144	-	76,175,144
Differences between expected and actual experience	(4,099,122)	-	(4,099,122)
Contributions - employer	-	27,100,255	(27,100,255)
Contributions - employee	-	8,643,067	(8,643,067)
Net investment income	-	(907,605)	907,605
Benefit payments, including refunds of employee contributions	(59,855,418)	(59,855,418)	-
Administrative expense	-	(663,216)	663,216
Other changes	-	21,766	(21,766)
Net changes	36,626,170	(25,661,151)	62,287,321
Balances at June 30, 2022	\$ 1,170,668,972	1,038,733,325	131,935,647

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

Schools - Nonprofessional	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2021	\$ 119,845,818	112,983,963	6,861,855
Changes for the year:			
Service cost	1,794,540	-	1,794,540
Interest	7,982,992	-	7,982,992
Differences between expected and actual experience	403,925	-	403,925
Contributions - employer	-	2,074,259	(2,074,259)
Contributions - employee	-	1,007,104	(1,007,104)
Net investment income	-	(71,229)	71,229
Benefit payments, including refunds of employee contributions	(6,747,613)	(6,747,613)	-
Administrative expense	-	(70,760)	70,760
Other changes	-	2,565	(2,565)
Net Changes	3,433,844	(3,805,674)	7,239,518
Balances at June 30, 2022	\$ 123,279,662	109,178,289	14,101,373

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	\$ 279,460,964	131,935,647	10,197,281
Net Pension Liability - Schools Nonprofessional			
Schools' proportionate share of the VRS	28,842,054	14,101,373	1,965,263
Teacher Employee Retirement Plan Net Pension Liability	497,516,488	278,552,724	100,268,068

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

For the year ended June 30, 2023, the City recognized pension expense of \$25,004,314. At June 30, 2023, 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	\$ 2,136,148	10,496,949
Change in assumptions	19,889,824	-
Net difference between projected and actual earnings on pension plan investments	-	30,458,276
Employer contributions subsequent to the measurement date	33,614,581	-
Total	\$ 55,640,553	40,955,225

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

Deferred outflows of resources resulting from the City's contributions subsequent to the measurement date of \$33,614,581 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2024	\$ (4,285,325)
2025	(7,544,568)
2026	(21,483,120)
2027	14,383,760
	<u>\$ (18,929,253)</u>

For the year ended June 30, 2023, Schools recognized a total pension expense of \$17,603,123.

For the year ended June 30, 2023, Schools recognized pension expense of \$15,813,035 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.

In addition, for the year ended June 30, 2023, Schools recognized pension expense of \$1,790,088 for the Nonprofessional (non-teacher) Retirement Plan.

At June 30, 2023, 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	\$ -	19,207,311
Net difference between projected and actual earnings on pension plan investments	-	36,317,442
Changes in proportion and differences between employer contributions and proportionate share contributions	4,135,325	1,186,930
Changes in assumptions	26,261,911	-
Employer contributions subsequent to the measurement date	47,742,963	-
Total	\$ 78,140,199	56,711,683

\$47,742,963 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(10) Continued

Year ended June 30,	
2024	\$ (8,163,636)
2025	(11,440,004)
2026	(23,584,935)
2027	16,874,128
	<u>\$ (26,314,447)</u>

In addition, at June 30, 2023, 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	\$ 237,014	237,562
Change in assumptions	914,561	-
Net difference between projected and actual earnings on pension plan investments	-	3,280,602
Employer contributions subsequent to the measurement date	2,494,031	-
Total	\$ 3,645,606	3,518,164

\$2,494,031 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2024	\$ (419,525)
2025	(1,252,414)
2026	(2,208,971)
2027	1,514,321
	<u>\$ (2,366,589)</u>

Payables to the Pension Plan

The City and Schools reported payables of \$2,894,187 and \$4,947,295 respectively, due to the VRS at June 30, 2023 which represent the June 2023 employer contributions for all plans not contractually required to be remitted until July 2023.

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-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, 2023

(11) Other Postemployment Benefits

Plans Offered by the City and Schools

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

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

SINGLE-EMPLOYER CITY ADMINISTERED OPEB PLAN

PLAN DESCRIPTIONS AND GENERAL INFORMATION

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

Membership and Eligibility

OPEB Plan membership as of June 30, 2023 consisted of 3,421 active service participants and 360 retirees and beneficiaries currently receiving benefits. In order to be eligible for coverage, retirees must enroll at the time of retirement. Therefore, there are no retirees entitled to benefits that are not already receiving the benefits. However, a plan change was made effective June 25, 2020 and communicated July 8, 2020 to allow former qualifying employees, who have maintained continuous health care coverage to defer enrollment.

The City's administrative regulations outline the benefits provided and criteria for eligibility. City Ordinance established the City of Chesapeake Other Postemployment Benefits Trust (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.

CONTRIBUTIONS

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. 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 2023, the City contributed \$3,489,201 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 2023 was \$3,563,000. For fiscal year 2023, the City paid \$5,185,081 for current premiums (82.3% of total premiums) on behalf of the OPEB Trust. The OPEB Trust will record \$3,563,000 of the City's payments for

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

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 \$1,622,081.

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 \$1,118,384, or 17.8% of the total premiums, through their required monthly contributions. Member contributions are 0.55% of covered payroll. Costs to administer current benefits are paid from the general fund.

For the year ended June 30, 2023, the City's contribution was 1.07% of covered employee payroll.

ACTUARIAL ASSUMPTIONS – CITY DIRECTED PLAN

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, based on the measurement date of June 30, 2023, unless otherwise specified:

Inflation	2.50%
Investment rate of return	6.75%
Health care trend rates	7.5% The ultimate trend is 3.94%
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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2022 through June 30, 2023.

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

LONG-TERM EXPECTED RATE OF RETURN

Investments

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

The adopted asset allocation policy as of June 30, 2023 was as follows:

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

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for amounts actually invested.

DISCOUNT RATE

In FY 2023, the Finance Board of Trustees voted to change the discount rate to match that of the VRS and is the expected rate of return of trust assets. The discount rate used by the Trust and VRS for FY2023 was 6.75%.

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

Rate of Inflation	2.50%
Rate of Growth in Real Income / GNP per capita	1.40%
Extra Trend due to Technology and other factors	1.00%
Expected Health Share of GDP in 2031	19.00%
Health Share of GDP Resistance Point	20.00%
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 total and net OPEB liability to changes in the discount rate

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

	1% Decrease (5.75)%	Current Discount Rate (6.75%)	1% Increase (7.75)%
Discount Rate			
Total OPEB liability - City directed plan	\$ 113,663,780	105,628,344	98,298,824
Net OPEB liability (asset) - City directed plan	\$ 9,938,653	1,903,217	(5,426,303)

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

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

The following table presents the total and net OPEB liability of the City, as well as what the City's net OPEB liability (asset) would be if calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current health care cost trend rate of 3.94%:

	1% Decrease (2.94)%	Current Medical Trend (3.94%)	1% Increase (4.94)%
Ultimate trend			
Total OPEB liability - City directed Plan	\$ 96,588,982	105,628,344	116,078,609
Net OPEB liability (asset) - City directed plan	\$ (7,136,145)	1,903,217	12,353,482

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

City	Total OPEB Liability	Plan OPEB Net Position	Net OPEB Liability(Asset)
Balances at June 30, 2022	\$ 104,224,855	97,447,374	6,777,481
Changes for the year:			
Service cost	3,858,031	-	3,858,031
Interest	7,020,038	-	7,020,038
Differences between expected and actual experience	(9,278,850)	-	(9,278,850)
Contributions - employer	-	3,489,201	(3,489,201)
Net investment income	-	7,964,827	(7,964,827)
Changes in assumptions	4,980,545	-	4,980,545
Benefit payments, net of retiree contributions	(5,176,275)	(5,176,275)	-
Net changes	1,403,489	6,277,753	(4,874,264)
Balances at June 30, 2023	\$ 105,628,344	103,725,127	1,903,217

Fiduciary net position as a percentage of
total OPEB liability

98.20%

For the year ended June 30, 2023, the City recognized OPEB expense related to the City directed plan of \$5,713,805. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to City directed OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City directed plan		
Differences between expected and actual experience	\$ 5,211,482	12,531,505
Changes of Assumptions	5,396,820	1,069,879
Net difference between projected and actual earnings on OPEB plan investments	6,047,049	-
Total	\$ 16,655,351	13,601,384

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

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

Year ended June 30,	
2024	\$ 1,794,887
2025	551,169
2026	3,317,683
2027	(1,893,387)
2028	(716,385)
	<u>\$ 3,053,967</u>

Significant Accounting Policies

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

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

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

Membership and Eligibility

Plan membership as of July 1, 2021 consisted of 5,386 active service participants and 1,337 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:

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

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.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

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 2023, the Schools contributed \$5,027,600 to the plan to pay for current premiums (60% of total premiums). Plan members receiving benefits contributed \$3,374,890 or 40% 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, 2021, using the Entry Age Normal actuarial funding method and the following actuarial assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2022:

Inflation:	2.50%
Discount Rate:	1.92% as of June 30, 2021, updated to 3.69% as of June 30, 2022
Mortality Rates:	
Healthy Pre-Retirement:	Teachers: Pub-2010 General Employees Headcount-Weighted Mortality, Projected with Fully Generational MP2021 Mortality Improvement Scale Non-Teachers: Pub-2010 Teacher Employees Headcount-Weighted Mortality, Projected with Fully Generational MP2021 Mortality Improvement Scale
Healthy Post-Retirement:	Teachers: Pub-2010 General Retirees Headcount-Weighted Mortality, Projected with Fully Generational MP2021 Mortality Improvement Scale 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, 2023

(11) Continued

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2019 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, 2023 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, 2023, the annual money-weighted rate of return on investments, net of investment expense was 7.91%. 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 3.86% as of the measurement date of June 30, 2023 (*GASB 74*) and 3.69% as measurement date of June 30, 2022 (*GASB 75*). 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.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued***Sensitivity of the net OPEB Liability to changes in the discount rate (GASB 74 Disclosure)***

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 (2.86%) or one percentage point higher (4.86%) than the current discount rate at June 30, 2023.

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Net OPEB liability - Schools Administered Plan	\$ 163,085,330	146,073,744	131,617,670

Sensitivity of the net OPEB Liability to changes in the discount rate (GASB 75 Disclosure)

The following presents the net OPEB liability of the Schools, as well as what Schools' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate at June 30, 2022.

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Net OPEB liability - Schools Administered Plan	\$ 164,000,836	146,521,574	131,691,353

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**Changes in the Schools Net OPEB Liability (GASB 74 Disclosure)**

Schools	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at July 1, 2022	\$ 150,875,876	4,354,302	146,521,574
Changes for the year:			
Service cost	3,908,729	-	3,908,729
Interest	5,439,879	-	5,439,879
Changes of assumptions	(2,696,735)	-	(2,696,735)
Differences between expected and actual experience	(1,879,747)	-	(1,879,747)
Contributions - employer	-	5,027,600	(5,027,600)
Net investment income	-	192,356	(192,356)
Benefit payments, including refunds of employee contributions	(5,027,600)	(5,027,600)	-
Net changes	(255,474)	192,356	(447,830)
Balances at June 30, 2023	\$ 150,620,402	4,546,658	146,073,744

Plan fiduciary net position as a percentage of the total OPEB liability 3.02%

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) ContinuedChanges in the Schools Net OPEB Liability (*GASB 75* Disclosure)

Schools	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at July 1, 2021	\$ 180,726,773	4,802,955	175,923,818
Changes for the year:			
Service cost	5,923,823	-	5,923,823
Interest	3,411,918	-	3,411,918
Changes of assumptions	(33,141,260)	-	(33,141,260)
Differences between expected and actual experience	(1,101,266)	-	(1,101,266)
Contributions - employer	-	4,944,112	(4,944,112)
Net investment income	-	(448,653)	448,653
Benefit payments, including refunds of employee contributions	(4,944,112)	(4,944,112)	-
Net changes	(29,850,897)	(448,653)	(29,402,244)
Balances at June 30, 2022	\$ 150,875,876	4,354,302	146,521,574

Plan fiduciary net position as a percentage of the total OPEB liability 2.89%

For the year ended June 30, 2023, the Schools recognized OPEB expense related to the Schools directed plans of \$3,680,657. At June 30, 2023, the Schools reported deferred outflows of resources and deferred inflows of resources related to the Schools directed OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,810,507	21,302,301
Changes of assumptions	18,279,615	31,123,088
Net difference between projected and actual earnings on OPEB plan investments	195,127	-
Employer contributions subsequent to the measurement date	5,027,600	-
Total	\$ 25,312,849	52,425,389

\$5,027,600 reported as deferred outflows of resources related to the Schools OPEB Plan resulting from the Schools' contributions subsequent to the measurement date will be recognized as a reduction of the Schools OPEB Plan liability in the fiscal year ending June 30, 2024.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Schools directed OPEB plans will be recognized as OPEB expense in future reporting periods as follows:

Year ended June 30,	
2024	\$ (5,303,521)
2025	(3,210,490)
2026	(2,843,088)
2027	(3,676,669)
2028	(6,413,032)
Thereafter	(10,693,340)
	<u>\$ (32,140,140)</u>

Significant Accounting Policies

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

VRS DIRECTED OPEB PLANS FOR CITY AND SCHOOLS

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

PLAN DESCRIPTIONS AND GENERAL INFORMATION**Group Life Insurance Programs**

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

Plan Description:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

Specific information about the plan is as follows:

Eligibility:

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

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

Benefit Amounts:

The benefits payable under the GLIP have several components.

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

Accidental Death Benefit - Double the natural death benefit

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

Reduction in Benefit Amounts:

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

Minimum Benefit Amount and Cost-of-Living Adjustment:

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLIP. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,984 effective June 30, 2023.

Virginia Local Disability Programs

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

Plan Description:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

Specific information about the plans is as follows:

Eligibility:

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

Benefit Amounts:

The benefits provided under the VLDPs include the following:

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

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

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

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

Other Plan Information:

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

Line of Duty Act Program

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

Plan Description:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

Eligibility:

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

Benefit Amounts - Professional Employees:

The HIC provides the following benefits for eligible employees:

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

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

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

Benefit Amounts - Nonprofessional Employees:

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

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

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

Other Plan Information:

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

As of June 30, 2021 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	405
Vested inactive members	18
Active members	902
Total covered employees	1,325

CONTRIBUTIONS

Group Life Insurance Programs

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the years ended June 30, 2023 and June 30, 2022 to the GLIPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

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, 2023 was 0.85% for City and Schools Nonprofessional employees and 0.47% for Schools Teacher employees in the VLDPs. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance unfunded accrued liabilities. Contributions for the years ended June 30, 2023 and June 30, 2022 to the VLDPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

Line of Duty Act Program

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions for the years ended June 30, 2023 and June 30, 2022 from the City to the LODA Program follow in a summary of contributions for the VRS directed OPEB Plans.

Health Insurance Credit Program

Nonprofessional - The contribution requirement for active employees is governed by Section 51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 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, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the years ended June 30, 2023 and June 30, 2022 from Schools to the HIC follow in a summary of contributions for the VRS directed OPEB Plans.

Professional - The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the HIC.

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Notes to Basic Financial Statements
June 30, 2023

(11) Continued

This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the years ended June 30, 2023 and June 30, 2022 from Schools to the HIC follow in a summary of contributions for the VRS directed OPEB Plans.

Contributions for the years ended June 30,	City 2023	City 2022	Schools 2023	Schools 2022
GLIPs - City and Nonprofessional Schools	\$ 1,109,775	960,852	137,024	118,111
GLIP - Professional employees Schools	N/A	N/A	1,621,308	1,463,804
VLDPs - City and Nonprofessional Schools	504,373	371,083	85,062	64,038
VLDP - Professional employees Schools	N/A	N/A	467,790	376,036
LODA Program	822,640	909,370	N/A	N/A
HIC - Nonprofessional employees Schools	N/A	N/A	265,420	201,372
HIC - Professional employees Schools	N/A	N/A	3,627,111	3,272,149
Total VRS OPEB Contributions	\$ 2,436,788	2,241,305	6,203,715	5,495,510

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

The OPEB liabilities of the VRS directed plans of the City and Schools were based on actuarial valuations as of June 30, 2021 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, 2022.

Actuarial Assumptions and Methods	GLIPs	VLDPs	LODA Program	HIC
Investment rate of return, including inflation*	6.75%	6.75%	3.69%	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 3.69% 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/2022-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

LONG-TERM EXPECTED RATE OF RETURN

For the GLIP, 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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

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	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%	N/A	5.33%
Inflation			2.50%
* Expected arithmetic nominal return			7.83%

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

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

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, 2022, 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, 2022 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 return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total City's and Schools' GLIP, VLDP, and HIC OPEB liabilities.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

The discount rate used to measure the LODA Program portion of the VRS administered OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City GLIP	0.83069%	\$ 14,554,530	10,002,309	6,323,491
City VLDP	9.81381%	6,115	(57,700)	(113,110)
Schools GLIP Nonprofessional	0.10055%	1,761,738	1,210,719	765,420
Schools GLIP Professional	1.24618%	21,834,335	15,005,209	9,486,340
Schools VLDP Nonprofessional	1.64687%	1,026	(9,683)	(18,981)
Schools VLDP Professional	9.94060%	80,973	(11,177)	(90,875)
Schools HIC Nonprofessional	N/A	2,808,585	2,539,768	2,309,453
Schools HIC Professional	2.90151%	40,844,260	36,241,210	32,339,321

Proportionate share of Net OPEB Liability	City Proportionate Share	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
City LODA Program	6.65101%	\$ 28,732,585	25,171,107	22,257,406

Sensitivity of the net OPEB liability to Health Care Trend Rate

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

Proportionate share of Net OPEB Liability	1% Decrease (6.00% to 3.75%)	Current Trend Rate (7.00% to 4.75%)	1% Increase (8.00% to 5.75%)
City LODA Program	\$ 21,212,133	25,171,107	30,140,234

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(11) Continued

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

As of June 30, 2023, the City and Schools reported the following OPEB liabilities for their proportionate shares of VRS directed OPEB plans.

	City		Schools	
OPEB Liabilities/Assets as of June 30, 2023	Assets	Liabilities	Assets	Liabilities
GLIPs - City and Nonprofessional Schools	\$ -	10,002,309	-	1,210,719
GLIP - Professional employees Schools	N/A	N/A	-	15,005,209
VLDPs - City and Nonprofessional Schools	57,700	-	9,683	-
VLDP - Professional employees Schools	N/A	N/A	11,177	-
LODA Program	-	25,171,107	N/A	N/A
HIC - Nonprofessional employees Schools	N/A	N/A	-	2,539,768
HIC - Professional employees Schools	N/A	N/A	-	36,241,210
Total VRS OPEB Liabilities/Assets	\$ 57,700	35,173,416	20,860	54,996,906

Nonprofessional - Changes in Net HIC OPEB Liability

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at July 1, 2021	\$ 2,783,766	220,900	2,562,866
Changes for the fiscal year:			
Service cost	34,547	-	34,547
Interest	188,206	-	188,206
Change of assumptions	123,512	-	123,512
Difference between expected and actual experience	(169,458)	-	(169,458)
Contributions - employer	-	201,206	(201,206)
Net investment income	-	(2,488)	2,488
Benefit payments	(60,139)	(60,139)	-
Administrative expenses	-	(656)	656
Other changes	-	1,843	(1,843)
Net changes	116,668	139,766	(23,098)
Balances at June 30, 2022	\$ 2,900,434	360,666	2,539,768

For the year ended June 30, 2023, the City and Schools recognized the following OPEB expenses for their proportionate shares of VRS directed OPEB plans.

OPEB Expenses for the year ended June 30, 2023	City	Schools
GLIPs - City and Nonprofessional Schools	\$ 330,654	(7,589)
GLIP - Professional employees Schools	N/A	562,057
VLDPs - City and Nonprofessional Schools	315,178	52,784
VLDP - Professional employees Schools	N/A	285,578
LODA Program	3,574,625	N/A
HIC - Nonprofessional employees Schools	N/A	205,690
HIC - Professional employees Schools	N/A	2,957,741
Total VRS OPEB Expenses	\$ 4,220,457	4,056,261

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.

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Notes to Basic Financial Statements
June 30, 2023

(11) Continued

At June 30, 2023, the City and Schools reported deferred outflows of resources and deferred inflows of resources related to VRS directed OPEB Plans from the following sources:

	City		Schools	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience				
GLIPs - City and Nonprofessional Schools	\$ 792,057	401,269	95,874	48,571
GLIP - Professional employees Schools	N/A	N/A	1,188,224	601,973
VLDPs - City and Nonprofessional Schools	81,125	123,467	13,614	20,719
VLDP - Professional employees Schools	N/A	N/A	131,813	33,911
LODA Program	1,933,825	4,704,427	N/A	N/A
HIC -Nonprofessional employees Schools	N/A	N/A	-	130,412
HIC - Professional employees Schools	N/A	N/A	-	1,477,249
Changes of assumption				
GLIPs - City and Nonprofessional Schools	373,070	974,265	45,158	117,929
GLIP - Professional employees Schools	N/A	N/A	559,671	1,461,568
VLDPs - City and Nonprofessional Schools	2,209	20,701	371	3,474
VLDP - Professional employees Schools	N/A	N/A	33,340	2,715
LODA Program	7,019,522	6,208,367	N/A	N/A
HIC -Nonprofessional employees Schools	N/A	N/A	129,543	-
HIC - Professional employees Schools	N/A	N/A	1,058,791	92,548
Net difference between projected and actual earnings				
GLIPs - City and Nonprofessional Schools	-	624,997	-	75,652
GLIP - Professional employees Schools	N/A	N/A	-	937,605
VLDPs - City and Nonprofessional Schools	-	252	-	42
VLDP - Professional employees Schools	N/A	N/A	-	3,109
LODA Program	-	107,644	N/A	N/A
HIC -Nonprofessional employees Schools	N/A	N/A	7,131	-
HIC - Professional employees Schools	N/A	N/A	-	36,376
Changes in proportion				
GLIPs - City and Nonprofessional Schools	56,063	195,152	-	129,376
GLIP - Professional employees Schools	N/A	N/A	253,057	12,342
VLDPs - City and Nonprofessional Schools	729	3,464	220	1,243
VLDP - Professional employees Schools	N/A	N/A	6,304	-
LODA Program	2,252,095	989,977	N/A	N/A
HIC - Professional employees Schools	N/A	N/A	559,723	136,840
Employer contributions subsequent to the measurement date				
GLIPs - City and Nonprofessional Schools	1,109,775	-	137,024	-
GLIP - Professional employees Schools	N/A	N/A	1,621,308	-
VLDPs - City and Nonprofessional Schools	504,373	-	85,062	-
VLDP - Professional employees Schools	N/A	N/A	467,790	-
LODA Program	822,640	-	N/A	N/A
HIC -Nonprofessional employees Schools	N/A	N/A	265,420	-
HIC - Professional employees Schools	N/A	N/A	3,627,111	-
Total	\$ 14,947,483	14,353,982	10,286,549	5,323,654

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Notes to Basic Financial Statements
June 30, 2023

(11) Continued

Employer contributions subsequent to the measurement date reported as deferred outflows of resources for the City and Schools totaled \$2,436,788 and \$6,203,715 respectively and will be recognized as a reduction of the OPEB liabilities in the fiscal year ending June 30, 2024. 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,	2024	2025	2026	2027	2028	Thereafter	Total
\$							
GLIP - City	(183,619)	(198,969)	(551,683)	41,323	(81,545)	-	(974,493)
VLDP - City	(4,673)	(5,994)	(27,568)	2,575	(4,460)	(23,701)	(63,821)
LODA - City	189,483	191,782	194,228	225,067	92,085	(1,697,616)	(804,971)
Total City	\$ 1,191	(13,181)	(385,023)	268,965	6,080	(1,721,317)	(1,843,285)
GLIP - Nonprofessional Schools	\$ (65,620)	(54,538)	(84,186)	(9,437)	(16,715)	-	(230,496)
GLIP - Professional employees Schools	(192,134)	(190,173)	(699,824)	155,540	(85,945)	-	(1,012,536)
VLDP - Nonprofessional Schools	(873)	(1,025)	(4,797)	335	(834)	(4,079)	(11,273)
VLDP - Professional employees Schools	9,276	9,370	7,230	22,724	12,927	70,194	131,721
HIC - Nonprofessional Schools	3,836	3,836	(2,252)	842	-	-	6,262
HIC - Professional employees Schools	(49,191)	(29,379)	(23,869)	90,853	(43,360)	(69,553)	(124,499)
\$							
Total Schools	(294,706)	(261,909)	(807,698)	260,857	(133,927)	(3,438)	(1,240,821)

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

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

Payables to the VRS Directed OPEB Plans

The City and Schools reported payables \$140,224 and \$868,283, respectively, due to the VRS at June 30, 2023 which represent the June 2023 employer contributions for all plans not contractually required to be remitted until July 2023.

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/2022-annual-report.pdf>

(Continued)

Notes to Basic Financial Statements
June 30, 2023

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$ 1,458,342	-	-	8,523	1,466,865
Prepaid expenditures and other assets	-	-	-	263,067	263,067
Education permanent funds - principal	-	-	-	12,795	12,795
Total nonspendable	1,458,342	-	-	284,385	1,742,727
Restricted other:					
General Government:					
Chesapeake Bay Preservation Areas	47,000	-	-	-	47,000
Tax increment financing - Greenbrier	-	-	-	3,997,718	3,997,718
Tax increment financing - South Norfolk	-	-	-	11,110,317	11,110,317
Proffers	-	-	-	1,165,172	1,165,172
Grants	-	-	-	9,295,987	9,295,987
Total General Government	47,000	-	-	25,569,194	25,616,194
Public Safety:					
Proffers	-	-	-	1,117,442	1,117,442
Grants	-	-	-	391,656	391,656
Total Public Safety	-	-	-	1,509,098	1,509,098
Public Works:					
Prorata Drainage	-	-	6,694,364	-	6,694,364
Proffers	-	-	-	2,519,833	2,519,833
Total Public Works	-	-	6,694,364	2,519,833	9,214,197
Parks and Recreation:					
Open Space	-	-	595,313	-	595,313
Grants	-	-	-	246,800	246,800
Total Parks and Recreation	-	-	595,313	246,800	842,113
Public Welfare:					
Integrated behavioral healthcare	-	-	-	3,401,873	3,401,873
Grants	-	-	-	1,854,675	1,854,675
Total Public Welfare	-	-	-	5,256,548	5,256,548
Education:					
Proffers	-	-	-	12,195,869	12,195,869
Education permanent funds interest	-	-	-	196,202	196,202
Total Education	-	-	-	12,392,071	12,392,071
Arbitrage rebate and yield restriction	-	576,417	-	-	576,417
Future bond interest payment	-	1,576,065	-	-	1,576,065
Poindexter Street debt service	-	277	-	-	277
Total restricted other	47,000	2,152,759	7,289,677	47,493,544	56,982,980

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(12) Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Committed for one time projects	155,107,080	-	-	-	155,107,080
Committed other:					
General Government:					
Advances to component units and other	-	-	-	-	-
Law Library	300,494	-	-	-	300,494
Technology fees	727,662	-	-	-	727,662
Treasurer's EGOV	161,276	-	-	-	161,276
Treasurer's late license fee	890,536	-	-	-	890,536
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	-	-	-	6,249,789	6,249,789
Total General Government	3,351,574	-	-	6,624,789	9,976,363
Public Safety:					
Radio system (800 MHZ)	3,777,288	-	-	-	3,777,288
Total Public Safety	3,777,288	-	-	-	3,777,288
Public Works:					
Roads/Transportation	573,623	-	-	-	573,623
Excavation fees	345,834	-	-	-	345,834
Overweight fees	71,362	-	-	-	71,362
Total Public Works	990,819	-	-	-	990,819
Public Welfare:					
Public assistance	-	-	-	186,338	186,338
Community development	-	-	-	263,397	263,397
CSB of Chesapeake, Inc.	-	-	-	366,545	366,545
Housing trust	-	-	-	59,717	59,717
Total Public Welfare	-	-	-	875,997	875,997
City future capital projects	18,546,254	-	-	-	18,546,254
Encumbrances	5,597,317	-	69,207,537	2,450,000	77,254,854
Subsequent year budget	31,483,838	-	-	-	31,483,838
Economic development investment program	793,762	-	-	-	793,762
EDA - coastal commerce	14,387,215	-	-	-	14,387,215
Public health initiative	837,002	-	-	-	837,002
Community housing initiative	333,399	-	-	-	333,399
Schools' future capital projects	50,671,788	-	-	-	50,671,788
Schools' revenue sharing	10,174,145	-	-	-	10,174,145
Schools' reversion	2,613,178	-	-	-	2,613,178
Total committed other	143,557,579	-	69,207,537	9,950,786	222,715,902

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(12) Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Assigned:					
General Government:					
Clerk of the Circuit Court - technology	109,893	-	-	-	109,893
Sheriff - work release	221,076	-	-	-	221,076
Local developers	-	-	224,296	-	224,296
Conference Center	-	-	-	13,346,705	13,346,705
Human resources	89,907	-	-	-	89,907
Juvenile services	-	-	-	2,406,856	2,406,856
Other	98,585	-	-	-	98,585
Total General Government	519,461	-	224,296	15,753,561	16,497,318
Public Safety:					
E-911	-	-	-	9,609,144	9,609,144
Fee supported activities	-	-	-	7,096,227	7,096,227
Total Public Safety	-	-	-	16,705,371	16,705,371
Public Works:					
Street maintenance	4,970,636	-	-	-	4,970,636
Prorata drainage	-	-	1,521,121	-	1,521,121
Jordan Bridge	-	-	300,000	-	300,000
Total Public Works	4,970,636	-	1,821,121	-	6,791,757
Public Welfare:					
Public assistance	-	-	-	4,791,343	4,791,343
Integrated behavioral healthcare	-	-	-	5,059,295	5,059,295
Interagency consortium	-	-	-	529,949	529,949
Total Public Welfare	-	-	-	10,380,587	10,380,587
Education:					
Revenue sharing	17,314,666	-	-	-	17,314,666
Cash reversion	5,354,652	-	-	-	5,354,652
Total Education	22,669,318	-	-	-	22,669,318
Debt service payments	-	15,422,887	-	-	15,422,887
City future capital projects	-	-	133,229,384	-	133,229,384
Total assigned	28,159,415	15,422,887	135,274,801	42,839,519	221,696,622
Unassigned:	91,757,441	-	-	-	91,757,441
Total fund balance	\$ 420,086,857	17,575,646	211,772,015	100,568,234	750,002,752

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(13) Deferred Compensation Plan

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust by a third party for the participants. Therefore, the assets are not included in the accompanying financial statements as of June 30, 2023.

(14) Commitments

Capital Improvements Program

The City Council adopted a five-year capital improvements program on May 9, 2023, which was later amended on June 13, 2023. The total estimated cost of this program amounted to \$1,982,000,688 to be funded from anticipated state and federal funds, debt financing, local fees, and funds on hand, both appropriated and unappropriated. The first year of the plan was appropriated on the same date.

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

Funds Previously Appropriated	\$ 951,401,246
Cash - Greenbrier TIF	9,000,000
Cash - South Norfolk TIF	3,466,417
Cash - Stormwater	28,310,000
Cash - Utilities	107,852,300
City Lockbox	30,204,245
Developer Contribution - Open Space	2,500,000
Developer Pro Rata	868,000
Federal Contribution	9,370,000
Fund Balance - Central Fleet	220,000
Fund Balance - Conference Center	2,195,000
Fund Balance - CTS	14,681,575
Fund Balance - General Fund	110,912,368
Fund Balance - IT	2,400,000
Fund Balance - OSAP	1,220,000
Fund Balance - South Norfolk TIF	5,577,000
Fund Balance - Stormwater CP Fund	1,315,000
G.O. Debt - General Government	100,317,258
G.O. Debt - Short Term Financing	17,320,848
G.O. Debt - VPSA	117,049,964
Grants	3,992,359
Grants - ARPA	7,658,058
Proffers	6,208,849
Revenue Bonds - Utility Fund	239,885,300
School Lockbox	41,460,732
State Contribution	85,000,000
VDOT Reimbursements	71,614,169
VDOT Revenue Sharing	10,000,000
	<u>\$ 1,982,000,688</u>

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(14) Continued

Dollar Tree

In August 2016, Dollar Tree formally announced the \$110 million expansion of its corporate headquarters in the Greenbrier area. The project was completed in 2023 and features the construction of a new 12-story office building within a “town center” environment and is expected to include dining and retail development. The City Council approved a Development Agreement between the City, the EDA, and Dollar Tree in December 2016, with subsequent amendments in February 2019 and February 2020.

The City committed to providing, through the EDA, an Economic Development Incentive Program grant of \$4.5 million. In addition, the City agreed to contribute a maximum of \$19.4 million for transportation, public utilities, and other public improvements in connection with the project. This includes an estimated \$3.1 million for construction of a pump station and force main that is anticipated to be reimbursed to the City over time as Dollar Tree or its assigns develops the property and pays a pro rata share of the costs. The City and the EDA committed to providing a maximum of \$16 million for the new structured parking garage to provide free public parking within the Greenbrier area.

In fiscal year 2019, the EDA paid \$14.1 million to Dollar Tree to acquire possessory interest in 1,000 public parking spaces. The \$14.1 million was funded by \$8.1 million in revenue bonds that the EDA sold in July 2018 and \$6.0 million from Greenbrier TIF funds. The final payment to Dollar Tree for the parking garage was made in fiscal year 2022 upon completion of the work.

In fiscal years 2019 and 2020, the City paid a total of \$9.6 million to Dollar Tree for public roads, public utilities, and other public improvements. On February 5, 2020, City Council approved a second amendment to the Development Agreement transferring responsibility from Dollar Tree to the City for the completion of future public improvements in connection with the project.

During fiscal year 2023, the City completed construction of the pump station, force main, and other remaining public improvements.

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, 2023 for the Governmental Funds of the City and Schools are as follows:

City		Schools	
<u>Governmental Funds</u>		<u>Governmental Funds</u>	
General Fund	\$ 5,597,317	General Fund	\$ 11,148,008
Capital Projects	69,207,537	Capital Projects	16,935,452
Other Governmental Funds	2,450,000	Other Governmental Funds	43,292
Total	\$ 77,254,854	Total	\$ 28,126,752

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(15) Related Parties

Joint Venture

Southeastern Public Service Authority (SPSA)

Southeastern Public Service Authority (SPSA) is a joint venture of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach and the counties of Isle of Wight and Southampton, created to provide, operate, and maintain a regional system for the collection, transfer, processing, and disposal of solid waste refuse. SPSA is a primary government, with no component units, that is a public body politic and corporate created pursuant to the Virginia Water and Sewer Authorities Act. It is governed by a sixteen (16) member Board of Directors consisting of eight (8) members appointed by the Governor and eight members appointed by each of the member cities or counties. Budgeting and financing of SPSA 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 is party to two contracts with SPSA described below.

- Use and Support Agreement, executed on August 9, 1983, with an expiration date of January 24, 2018. On April 26, 2016, City Council approved a new Use and Support Agreement for service from January 25, 2018, through June 30, 2027. This agreement automatically renews in ten (10) year increments unless terminated following procedures outlined therein.
- Lease Agreement executed on June 12, 1984, with an expiration date of May 31, 2016, for property located at 901 Hollowell Lane in the Washington Borough of the City. SPSA utilizes this property as a waste transfer station. The City uses this transfer station for 87% of its waste disposal tonnages. The remaining utilization is divided among the Wheelabrator plant in Portsmouth and SPSA's Regional Landfill in Suffolk. City Council approved a lease extension through January 24, 2018. On January 17, 2018, the City entered into a new lease agreement that commenced on January 24, 2018 and expired on January 25, 2023. On September 31, 2022, City Council approved a lease extension that commenced on January 25, 2023 and expires on January 24, 2028. This lease may be renewed for three (3) additional periods of five (5) years each.

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)

On October 1, 2014, the City was inducted as a member of the Hampton Roads Regional Jail Authority (HRRJA). HRRJA is a regional organization which includes the cities of Chesapeake, Hampton, Newport News, Norfolk, and Portsmouth and is governed by a 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. Chesapeake is responsible for paying the Authority a per diem charge per inmate. Chesapeake guarantees a payment for 250 inmates per day. As a condition of its admission as a member, the City made a payment of \$3.0 million in addition to its required payments for inmates. The terms of this agreement do

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(15) Continued

not convey an equity interest in the HRRJA and, accordingly, no equity interest has been reflected in the City's financial statements. In March 2021, Chesapeake began pulling inmates back to the City of Chesapeake jail because of the revocation of HRRJA's accreditation by the American Correctional Association, severe staffing shortages, and federal oversight for the facility's treatment of inmates. In October 2023, a public announcement was made that the HRRJA would be closing down and all inmates transferred back to their jurisdictions. Complete financial statements for HRRJA are available from the administrative office at 2690 Elmhurst Lane, Portsmouth, Virginia 23701-2745.

Hampton Roads Transit (HRT)

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

HRT's CAA was amended in fiscal year 2020 by the adoption of a resolution by all six participating cities. The resolution allows HRT to strategically allocate state and federal funds to "hold the cities harmless" regarding lost recordation tax. The amendment to the resolution expired on July 1, 2021. During fiscal year 2022, Congress enacted legislation to provide economic relief for transit operators. Accordingly, HRT was able to use the strategic allocation power authorized by the amendment for fiscal year 2022 through 2024. Participating cities signed a new amendment through June 2024.

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. The participating governments do not have an equity interest in HRT and, accordingly, no equity interest has been reflected in the City's financial statements. Complete financial statements for HRT can be obtained from the administrative office at 3400 Victoria Blvd., Hampton, Virginia 23661.

Hampton Roads Transportation Alliance Committee (HRTAC)

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

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(15) Continued

Hampton Roads Planning District Commission (the Commission)

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

Hampton Roads Economic Development Alliance (HREDA)

The HREDA is a non-profit, public-private partnership founded in 1997 to globally market Hampton Roads as the primary region of choice for economic investment. Its membership consists of the jurisdictions of Chesapeake, Franklin, Hampton, Isle of Wight, Newport News, Norfolk, Poquoson, Portsmouth, Southampton County, Suffolk, and Virginia Beach, Virginia. The business affairs are managed by a Board of not less than 50 or more than 300 Directors. Complete financial statements for HREDA are available from the administration office at 500 Main Street, Suite 1300, Norfolk, Virginia 23510.

Southside Network Authority (Authority)

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

Eastern Virginia Regional Industrial Facility Authority (EVRIFA)

On February 4, 2020, the City was inducted as a member of the EVRIFA. EVRIFA is a regional organization which includes the cities of Chesapeake, Franklin, Hampton, Newport News, Poquoson, and Williamsburg and the counties of Gloucester, Isle of Wight, James City, and York, created for the purpose of providing a regional authority mechanism to enhance the economic base of the member localities on a cooperative basis. The EVRIFA is governed by a twenty (20) member Board of Directors consisting of two (2) members appointed by the governing body of each member locality. One Board member from each locality shall be an elected member of the locality's governing body. The participating governments do not have an equity interest in the EVRIFA and, accordingly, no equity interest has been reflected in the City's financial statements. Complete financial statements for the EVRIFA can be obtained from the administrative office at 3 Commercial Place, Suite 1320, Norfolk, Virginia 23510.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(16) Contingent Liabilities

Self-Insurance

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

	Self-insurance Risk Retention	Commercial Insurance Aggregate Coverage Limit
General and automobile liability claims	\$ 2,000,000	10,000,000
Public official, law enforcement officer and other liability	100,000	2,000,000
Workers' compensation claims	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 $66\frac{2}{3}$ percent of their salary for up to 500 weeks and medical care for their injury. The settlements using commercial insurance did not exceed insurance coverage for each of the past three years and the insurance coverage is substantially the same as in the prior three years.

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

The claims liability of \$27,844,991 reported in the Self-Insurance Fund at June 30, 2023 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, 2023 and 2022 were as follows:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2023	\$ 27,417,700	5,027,247	4,599,956	27,844,991
June 30, 2022	27,205,169	5,411,122	5,198,591	27,417,700

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(16) Continued

Effective January 1, 2016 the City began self-funding health insurance coverage for its participating employees and retirees and established the Self-Funded Health Fund for reporting of these activities. The City-provided health insurance has a specific stop loss limit of \$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, 2023 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, 2023 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, 2023	\$ 4,601,315	43,095,133	43,095,133	4,601,315
June 30, 2022	4,601,315	42,928,051	42,928,051	4,601,315

The Schools component unit is self-insured for its workers' compensation, health, and dental insurance. Workers' compensation has an \$800,000 limit per claim. Health insurance has a specific stop loss limit of \$300,000 per member covering both medical and drug expenses. Dental care has a cap at 120% of expected claims as calculated by the third-party administrator. Commercial insurance is purchased to cover other types of losses. The insurance coverage is substantially the same as in prior fiscal years. Claims processing and payments for workers' compensation, medical, and dental claims are made through a third-party administrator. The settlements using commercial insurance did not exceed insurance coverage for each of the past three years. Amounts due in future years on claims as of June 30, 2023 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, 2023 is \$9,414,805.

Changes in the Schools' self-insurance program liability amount during the fiscal years ended June 30, 2023 and 2022 were as follows:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2023	\$ 9,134,423	77,985,128	77,704,746	9,414,805
June 30, 2022	9,046,243	71,324,229	71,236,049	9,134,423

The liability at June 30, 2023 is comprised of \$2,785,658 in workers' compensation liabilities and \$6,629,147 in accounts payable and accrued expenses related to medical and dental claims.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(16) 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 will utilize the installed utility assets ("subsequent developers"). Upon acceptance, the utility assets are dedicated to the City and accepted into the public utility water and sewer system. The City's Department of Public Utilities has responsibility for the operation and maintenance of the dedicated utility assets.

The program's Pro Rata Policy ("policy") requires each initial installer to satisfy five conditions before it is eligible to receive reimbursements under the program. Among these five conditions is a requirement that the initial installer submit appropriate documentation to Public Utilities that verifies the initial installer's total cost expenditures for the installed utility asset. In addition, initial installer's must execute an agreement with the City that quantifies its proportional share of the construction costs (i.e., what that installer would have paid if the utility asset served just its development) and also an approximation of estimated subsequent developer reimbursements (i.e., what subsequent developers will likely owe to the initial installer when or if they utilize or benefit from the installing developer installed utility assets). The installing developer, once it receives the agreement, has twenty-one days to elect a method of reimbursement. It can elect a traditional Pro Rata reimbursement, which is a reimbursement of payments that the City receives from each subsequent developer (and is based upon the estimated benefit that the subsequent developer receives by utilizing the installed utility assets), or it can elect to receive connection fees, which are generally paid by home builders that purchase properties within the initial installer's subdivision. Connection fees are a standardized City-wide service fee paid by citizens or entities that utilize City water and sewer assets. The total connection fee reimbursement that an initial installer can receive is contractually limited to the estimated Pro Rata reimbursement figure contained in its installing developer agreement with the City. If no method of reimbursement is elected within the twenty-one days, the initial installer forfeits its right to connection fee reimbursement and elects, by default, traditional Pro Rata reimbursement. The initial installer is not eligible for a reimbursement where a subsequent developer has not yet paid its Pro Rata share of costs to the Department of Public Utilities.

In fiscal year 2023, Department of Public Utilities staff has continued to evaluate the program for revisions to enhance the reporting and financial accountability as it relates to the Pro Rata Liabilities. Further research of Pro Rata records and historical data, as well as some fiscal year 2023 activity, has the liabilities further refined. At the year-end, the recorded liability totaled \$703,445 for amounts received, but not yet reimbursed to initial installers who signed an agreement with the City and have met all five required conditions for Pro Rata reimbursement under the program. The amount payable to initial installers for whom the City has not yet received cash from subsequent developers or connection fees (depending on selection), but with whom the City has executed agreements is approximated herein as a contingent liability and is roughly estimated as approximately up to \$5.8 million. Upon receipt of cash from subsequent developers or connection fees, these payments will be made, and the contingent liability reduced. The estimated contingent liability for reimbursements that are due to initial installers wherein payments have already been received from subsequent developers, but that have not been paid by the City as a result of the five conditions not yet having been met, total a contingent liability of approximately up to \$3.4 million. The contingent liability total of the five conditions not having been met has changed from previous years due to the Commonwealth of Virginia Code Section 15.2-2243, effective October 2021. The Initial Installer

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(16) Continued

Agreement and reimbursement obligation shall end twelve (12) years starting from the date of utility activation. The Code is not applicable to the Pro Rata projects that precedes it. Nevertheless, these amounts will be reimbursed by the City if and when all five conditions required under the policy have been met.

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 is a party to several documents 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 (MOA) dated March 10, 2014, amended March 11, 2017. These orders and 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 the corresponding high groundwater table, together with periodic widespread flooding in the region's 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.

Under these agreements, HRSD is responsible for ensuring adequate capacity in the regional interceptor system and treatment works to support current and future development activity within the HRSD Service Area. HRSD is also responsible for adequate wet weather capacity consistent with the 5th amendment to the Federal Consent Decree entered on February 8, 2022, and the locality MOA, as amended. Localities, including Chesapeake, are responsible for implementing approved sanitary sewer Management, Operations, and Maintenance (MOM) programs consistent with the locality MOA and in accordance with the State Order by Consent. The City of Chesapeake is responsible for dry weather, maintenance, and operations based on sanitary sewer overflows and their associated remediation and repair.

HRSD, Chesapeake, and the other localities meet regularly to evaluate the Regional Hydraulic Model and update development and other activities that may impact the model.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(16) Continued

Chesapeake has a continuous program combining in-house crew work with capital construction projects underway for over ten years and will continue into the foreseeable future. We coordinate with HRSD to compliment, not duplicate, capacity-related work they perform in Chesapeake. These rehabilitation projects are making constant progress, even as the system evaluation is ongoing, and helps to target areas to prioritize future rehabilitation.

An amendment to the 2014 MOA has been signed by 13 localities and HRSD and is being considered by the 14th potentially signing locality, that updates the MOA and incorporates 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.

(17) Fund Results and Reconciliation

Fund Deficits

The Chesapeake Public Schools, a component unit, had a net position deficit of \$15,009,922 at June 30, 2023. At June 30, 2023, the Schools' net OPEB liability and net pension liability were \$201,518,480 and \$292,654,097 respectively.

Restatements

Chesapeake Airport Authority

During 2023, the Chesapeake Airport Authority determined that accumulated depreciation from the prior year was understated. As such, the balances at the beginning of the year have been restated as follows:

	Previously reported June 30, 2022	Restatement	As restated June 30, 2022
Accumulated depreciation	\$ 18,429,553	169,806	18,599,359
Net investment in capital assets	8,646,853	(169,806)	8,477,047
Total net position	9,589,953	(169,806)	9,420,147

In addition, the prior year's change in net assets was reduced by \$169,806 related to this prior period restatement.

Economic Development Authority

In 2023, it was determined that the Economic Development Authority overstated their Land and improvements held for sale by \$2,288,507. The balances at the beginning of the year have been restated as follows:

	Previously reported June 30, 2022	Restatement	As restated June 30, 2022
Land and improvements held for sale	\$ 20,057,465	(2,288,507)	17,768,958
Accounts Payable	225,127	3,093	228,220
Unrestricted (deficit)	23,058,725	(2,291,600)	20,767,125
Net Position	25,485,744	(2,291,600)	23,194,144

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(17) Continued

Change in Accounting Methodology

In fiscal year 2023, the City implemented a change in accounting methodology, switching from one GAAP method of amortizing bond premium to another. Beginning with the 2007B Series of bonds issued, the effective interest amortization method was applied to that and all subsequent bond premiums, whereas for earlier bond issues the straight-line amortization was applied. The City's debt management software supports only one amortization method, therefore, in fiscal year 2023 the straight-line method of premium amortization has been applied to all outstanding bond issues for consistency. The change in accounting methodology resulted in an increase in unamortized bond premium for governmental activities of \$5,040,392 and \$1,206,853 for business-type activities.

(18) Subsequent Events

City Treasurer

On May 9, 2023, the City Council passed an Ordinance to reassign certain duties and functions of the City Treasurer to departments under the purview of the City Manager. The functions reassigned did not include those functions dictated by Virginia Code Sections 58.1-3123 et. Seq. and Section 15.2-1608, Section 11.03 of the City Charter, or within City Code. The reassigned duties include management of cash, investments, and City bank accounts as well as Emergency Medical Services (EMS) and stormwater utility fee billing. On June 30, 2023, City Treasurer Barbara Carraway retired. Patsy Foster became the Interim City Treasurer effective July 1, 2023. On November 7, 2023, Benton White, Jr. was elected City Treasurer and will take office in December 2023 or as soon as the oath of office has been taken. A turnover audit was performed on June 30, 2023 and another is planned to take place as the outgoing Interim Treasurer leaves office in compliance with the Code of Virginia.

Elizabeth River Properties of Chesapeake

In May 2023, the CIBH announced plans to discontinue providing contributed nonfinancial services to support Elizabeth River Properties of Chesapeake (ERPC) as of July 1, 2023, which was later extended to November 1, 2023. Additionally, ERPC has been exploring other options, including:

- ERPC operating as a separate entity that is no longer a component unit of the City of Chesapeake.
- Requesting the City to extend the termination of services effective date a second time to allow more time for the exploration of alternatives.

As a result of this original decision to cease support by the City, the ERPC's auditors have reported a going concern opinion on the financial statements for the ERPC as of June 30, 2023.

(Continued)

Notes to Basic Financial Statements
June 30, 2023

(19) Accounting Pronouncements

Adoption of New Accounting Statements

During the year ended June 30, 2023, the City implemented the provisions of the following Governmental Accounting Standard Board (GASB) statements:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 99, *Omnibus 2022*.

Future Accounting Pronouncements

The GASB has issued the following pronouncements prior to June 30, 2023, 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.100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No.62*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

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.

(Continued)

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Required Supplementary Information



CITY OF CHESAPEAKE, VIRGINIA

Schedule L-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund - unaudited
 Year Ended June 30, 2023

	General Fund			Variance
	Original Budget	Revised Budget	Actual	Positive (Negative)
REVENUES				
General property taxes	\$ 420,657,236	420,657,236	426,767,280	6,110,044
Other local taxes	145,662,988	145,662,988	165,823,044	20,160,056
Licenses, permits, and fees	11,486,771	11,486,771	11,723,029	236,258
Fines and forfeitures	1,011,152	1,011,152	603,580	(407,572)
Investment income	500,000	500,000	11,805,083	11,305,083
Revenues from use of property	1,239,252	1,239,252	1,362,274	123,022
Charges for services	12,145,972	12,145,972	12,285,987	140,015
Miscellaneous local revenues	90,230	275,230	1,106,795	831,565
Recovered costs	12,000	12,000	4,248,943	4,236,943
Intergovernmental revenues:				
Commonwealth of Virginia	96,833,694	99,386,052	102,401,537	3,015,485
Federal government	59,000	59,000	73,015	14,015
Chesapeake Public Schools	-	-	252,292	252,292
Total revenues	689,698,295	692,435,653	738,452,859	46,017,206
EXPENDITURES				
Current:				
General government	157,539,756	145,610,338	136,059,687	9,550,651
Public safety	122,389,265	126,126,097	122,807,077	3,319,020
Public works	76,601,471	81,478,249	75,234,815	6,243,434
Parks and recreation	15,178,770	15,891,959	14,120,075	1,771,884
Education	293,086,647	293,086,647	287,792,496	5,294,151
Total expenditures	664,795,909	662,193,290	636,014,150	26,179,140
Excess (deficiency) of revenues over (under) expenditures	24,902,386	30,242,363	102,438,709	72,196,346
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,073,022	10,452,489	13,018,636	2,566,147
Transfers to other funds	(82,460,104)	(106,314,326)	(91,483,599)	14,830,727
Total other financing sources (uses), net	(81,387,082)	(95,861,837)	(78,464,963)	17,396,874
Net change in fund balance	(56,484,696)	(65,619,474)	23,973,746	89,593,220
Fund balance - beginning	396,113,111	396,113,111	396,113,111	-
Fund balance - ending	\$ 339,628,415	330,493,637	420,086,857	89,593,220

Reconciliation from budgetary basis of accounting to Generally Accepted Accounting Principles

Expenditures

Total expenditures, Schedule L-1	\$ 636,014,150
Capital outlay - leases and subscriptions	2,835,340
Total expenditures, Schedule D	638,849,490

Other financing sources (uses), net

Total other financing sources (uses), Schedule L-1	(78,464,963)
Issuance of leases (as lessee)	377,246
Issuance of subscriptions	2,458,094
Total other financing sources (uses), Schedule D	\$ (75,629,623)

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, 2023

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, 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%
June 30, 2015	23,293,190	23,293,190	-	144,086,821	16.17%
June 30, 2014	21,787,520	21,787,520	-	138,455,434	15.74%

Schools' Nonprofessional Employees

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, 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%
June 30, 2015	2,321,931	2,321,931	-	21,478,860	10.81%
June 30, 2014	2,399,609	2,399,609	-	21,063,314	11.39%

Schools' Professional Employees

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, 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%
June 30, 2015	31,725,142	31,725,142	-	219,173,315	14.47%
June 30, 2014	25,246,663	25,246,663	-	216,535,628	11.66%

Unaudited - see accompanying auditors' report and notes to required supplementary information

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-3

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited
Year Ended June 30, 2023

City Employees	2015*	2016*	2017*	2018*	2019*
Total pension liability					
Service cost	\$ 18,811,281	18,816,001	19,256,498	19,415,271	20,662,658
Interest cost	52,973,477	55,502,643	57,375,617	60,663,347	62,557,454
Changes of Assumptions	-	-	-	2,557,592	-
Difference between expected and actual experience	-	(8,933,171)	11,760,453	(11,011,574)	979,966
Benefit payments, including refunds of employee contributions	(34,074,130)	(37,233,496)	(40,023,900)	(42,826,108)	(46,305,819)
Net change in total pension liability	37,710,628	28,151,977	48,368,668	28,798,528	37,894,259
Total pension liability - beginning	773,801,021	811,511,649	839,663,626	888,032,294	916,830,822
Total pension liability - ending	\$ 811,511,649	839,663,626	888,032,294	916,830,822	954,725,081
Plan fiduciary net position					
Contributions - employer	\$ 21,780,263	23,309,941	23,585,872	20,970,594	21,536,966
Contributions - employee	7,107,584	7,364,024	7,428,153	7,699,143	7,846,621
Net investment income	94,184,657	31,352,624	12,288,110	86,401,631	57,749,705
Benefit payments, including refunds of employee contributions	(34,074,130)	(37,233,496)	(40,023,900)	(42,826,108)	(46,305,819)
Administrative expense	(507,330)	(429,327)	(441,129)	(502,418)	(502,161)
Other	4,964	(6,630)	(5,228)	(76,806)	(51,279)
Net change in plan fiduciary net position	88,496,008	24,357,136	2,831,878	71,666,036	40,274,033
Plan fiduciary net position - beginning	598,576,634	687,072,642	711,429,778	714,261,656	785,927,692
Plan fiduciary net position - ending	\$ 687,072,642	711,429,778	714,261,656	785,927,692	826,201,725
Net pension liability - ending	\$ 124,439,007	128,233,848	173,770,638	130,903,130	128,523,356
Plan fiduciary net position as a percentage of total pension liability	84.67%	84.73%	80.43%	85.72%	86.54%
Covered payroll	\$ 138,455,434	144,086,821	147,330,182	153,143,100	166,190,173
Net pension liability as a percentage of covered payroll	89.88%	89.00%	117.95%	85.48%	77.34%

Unaudited - see accompanying auditors' report and notes to required supplementary information

(Continued)

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited
Year Ended June 30, 2023

City Employees	2020*	2021*	2022*	2023*
Total pension liability				
Service cost	21,283,410	23,197,245	22,704,749	24,405,566
Interest cost	65,066,734	67,336,814	70,456,742	76,175,144
Changes of Assumptions	28,194,184	-	40,716,866	-
Difference between expected and actual experience	5,243,769	10,568,314	(15,288,086)	(4,099,122)
Benefit payments, including refunds of employee contributions	(50,400,608)	(53,060,290)	(56,702,122)	(59,855,418)
Net change in total pension liability	69,387,489	48,042,083	61,888,149	36,626,170
Total pension liability - beginning	954,725,081	1,024,112,570	1,072,154,653	1,134,042,802
Total pension liability - ending	1,024,112,570	1,072,154,653	1,134,042,802	1,170,668,972
Plan fiduciary net position				
Contributions - employer	23,141,407	23,814,509	25,873,056	27,100,255
Contributions - employee	8,054,466	8,283,225	8,224,927	8,643,067
Net investment income	54,452,765	16,369,883	231,870,014	(907,605)
Benefit payments, including refunds of employee contributions	(50,400,608)	(53,060,290)	(56,702,122)	(59,855,418)
Administrative expense	(546,363)	(562,434)	(582,574)	(663,216)
Other	(34,366)	(24,582)	21,838	21,766
Net change in plan fiduciary net position	34,667,301	(5,179,689)	208,705,139	(25,661,151)
Plan fiduciary net position - beginning	826,201,725	860,869,026	855,689,337	1,064,394,476
Plan fiduciary net position - ending	860,869,026	855,689,337	1,064,394,476	1,038,733,325
Net pension liability - ending	163,243,544	216,465,316	69,648,326	131,935,647
Plan fiduciary net position as a percentage of total pension liability	84.06%	79.81%	93.86%	88.73%
Covered payroll	172,224,775	171,106,184	179,329,050	178,365,924
Net pension liability as a percentage of covered payroll	94.79%	126.51%	38.84%	73.97%

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-4

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited
Year Ended June 30, 2023

Schools' Nonprofessional Employees:	2015*	2016*	2017*	2018*	2019*
Total pension liability					
Service cost	\$ 2,157,963	2,148,602	2,136,694	2,097,124	1,999,505
Interest cost	5,971,479	6,232,246	6,531,345	6,711,839	6,796,198
Difference between expected and actual experience	-	366,267	(1,148,254)	(1,139,936)	(213,340)
Change in assumption	-	-	-	(1,036,291)	-
Benefit payments, including refunds of employee contributions	(4,578,086)	(4,230,322)	(4,718,205)	(5,164,407)	(5,690,801)
Net change in total pension liability	3,551,356	4,516,793	2,801,580	1,468,329	2,891,562
Total pension liability - beginning	87,595,888	91,147,244	95,664,037	98,465,617	99,933,946
Total pension liability - ending	\$ 91,147,244	95,664,037	98,465,617	99,933,946	102,825,508
Plan fiduciary net position					
Contributions - employer	\$ 2,399,609	2,321,495	2,290,549	1,927,178	1,858,617
Contributions - employee	1,057,299	1,063,283	1,052,203	1,052,494	1,015,533
Net investment income	10,545,595	3,503,699	1,365,632	9,566,139	6,334,762
Benefit payments, including refunds of employee contributions	(4,578,086)	(4,230,322)	(4,718,205)	(5,164,407)	(5,690,801)
Administrative expense	(57,298)	(48,093)	(49,417)	(56,156)	(55,879)
Other	556	(743)	(582)	(8,489)	(5,606)
Net change in plan fiduciary net position	9,367,675	2,609,319	(59,820)	7,316,759	3,456,626
Plan fiduciary net position - beginning	67,634,802	77,002,477	79,611,796	79,551,976	86,868,735
Plan fiduciary net position - ending	\$ 77,002,477	79,611,796	79,551,976	86,868,735	90,325,361
Net pension liability - ending	\$ 14,144,767	16,052,241	18,913,641	13,065,211	12,500,147
Plan fiduciary net position as a percentage of total pension liability	84.48%	83.22%	80.79%	86.93%	87.84%
Covered payroll	\$ 21,063,314	21,478,860	21,335,475	21,645,530	21,169,819
Net pension liability as a percentage of covered payroll	67.15%	74.74%	88.65%	60.36%	59.05%

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-4, Continued

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited
Year Ended June 30, 2023

Schools' Nonprofessional Employees:	2020*	2021*	2022*	2023*
Total pension liability				
Service cost	1,907,133	1,968,095	1,932,319	1,794,540
Interest cost	6,993,180	7,136,628	7,486,062	7,982,992
Difference between expected and actual experience	(7,036)	2,232,491	(946,700)	403,925
Change in assumption	2,840,241	-	3,644,591	-
Benefit payments, including refunds of employee contributions	(5,845,861)	(5,970,683)	(6,350,150)	(6,747,613)
Net change in total pension liability	5,887,657	5,366,531	5,766,122	3,433,844
Total pension liability - beginning	102,825,508	108,713,165	114,079,696	119,845,818
Total pension liability - ending	108,713,165	114,079,696	119,845,818	123,279,662
Plan fiduciary net position				
Contributions - employer	1,764,432	1,814,702	2,041,421	2,074,259
Contributions - employee	1,006,106	1,037,991	996,104	1,007,104
Net investment income	5,917,505	1,744,842	24,690,149	(71,229)
Benefit payments, including refunds of employee contributions	(5,845,861)	(5,970,683)	(6,350,150)	(6,747,613)
Administrative expense	(60,104)	(61,365)	(62,944)	(70,760)
Other	(3,717)	(2,145)	2,319	2,565
Net change in plan fiduciary net position	2,778,361	(1,436,658)	21,316,899	(3,805,674)
Plan fiduciary net position - beginning	90,325,361	93,103,722	91,667,064	112,983,963
Plan fiduciary net position - ending	93,103,722	91,667,064	112,983,963	109,178,289
Net pension liability - ending	15,609,443	22,412,632	6,861,855	14,101,373
Plan fiduciary net position as a percentage of total pension liability	85.64%	80.35%	94.27%	88.56%
Covered payroll	21,167,806	24,324,677	21,166,859	21,642,086
Net pension liability as a percentage of covered payroll	73.74%	92.14%	32.42%	65.16%

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-5

Schedule of Employer's Share of Net Pension Liability - unaudited
VRS Teacher Retirement Plan
Year Ended June 30, 2023

Schools' Professional Employees:	2015*	2016*	2017*	2018*	2019*
Employer's Proportion of the Net Pension Liability (Asset)	2.96080%	2.94792%	2.86078%	2.87861%	2.89014%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 357,804,000	371,035,000	400,913,000	354,010,000	\$ 339,880,000
Employer's Covered Payroll	\$ 216,535,628	219,173,315	218,100,620	225,349,626	\$ 231,560,514
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165.24%	169.29%	183.82%	157.09%	146.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%	68.28%	72.92%	74.81%
Schools' Professional Employees:	2020*	2021*	2022*	2023*	
Employer's Proportion of the Net Pension Liability (Asset)	2.87783%	2.91539%	2.90579%	2.92579%	
Employer's Proportionate Share of the Net Pension Liability (Asset)	378,738,781	424,265,808	225,579,307	278,552,724	
Employer's Covered Payroll	238,636,634	251,983,078	254,021,185	269,598,368	
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	158.71%	168.37%	88.80%	103.32%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	71.47%	85.46%	82.61%	

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-6

Schedules of Employer Contributions - Other Postemployment Benefits - City Directed - unaudited
Year Ended June 30, 2023

City Directed

Fiscal year ended June 30:		Actuarial Determined Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess) **	Covered Payroll	Percentage of Covered Payroll
2023	\$	3,563,000	3,489,201	73,799	204,799,376	1.70%
2022		3,604,000	3,647,087	(43,087)	178,365,924	2.04%
2021		3,359,000	3,189,391	169,609	169,612,145	1.88%
2020		2,753,000	2,558,807	194,193	171,271,305	1.49%
2019		2,005,000	2,005,000	-	165,769,435	1.21%
2018*		2,557,000	2,557,000	-	158,317,359	1.62%
2017		3,089,000	3,089,000	-	153,143,100	2.02%
2016		7,851,000	7,851,000	-	147,326,696	5.33%
2015		10,615,000	10,615,000	-	144,086,821	7.37%

* 2018 represents the first year of Actuarial Determined Contribution, which replaces ARC (Annual Required Contribution) for 2017 and prior

** Beginning in FY2020 the funding deficiency/(excess) was changed from accrual to cash basis. The net difference between the ADC and the Paygo is recorded as payable to the City and reimbursed in the following fiscal year. The effective deficiency excess is the difference between these reimbursements year over year and in FY2020 a \$2,678 adjustment.

Unaudited - see accompanying auditors' report and notes to required supplementary information

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-7

Schedule of Changes in the Net OPEB Liability (Asset) and Related
Ratios - unaudited
Year Ended June 30, 2023

City Directed OPEB Plan	2018	2019	2020	2021	2022	2023
Total OPEB liability						
Service cost	\$ 2,470,272	2,622,677	2,840,269	2,948,154	3,278,093	3,858,031
Interest cost	5,541,256	5,405,083	5,969,997	6,517,501	7,044,560	7,020,038
Change of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	1,925,666	6,721,119	7,506,290	3,178,399	(7,198,696)	(9,278,850)
Changes in Assumptions	(5,323,681)	-	(3,209,635)	-	1,869,547	4,980,545
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)	(5,002,653)	(5,291,074)	(5,176,275)
Net change in total OPEB liability	(1,586,829)	8,146,399	8,537,647	7,641,401	(297,570)	1,403,489
Total OPEB liability - beginning	81,783,807	80,196,978	88,343,377	96,881,023	104,522,424	104,224,855
Total OPEB liability - ending	\$ 80,196,978	88,343,377	96,881,024	104,522,424	104,224,854	105,628,344
Plan fiduciary net position						
Contributions - employer	\$ 6,200,342	5,120,704	2,558,807	3,189,391	3,647,087	3,489,201
Net investment income	6,556,557	5,272,630	5,541,530	23,826,374	(15,446,567)	7,964,827
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)	(5,002,653)	(5,291,074)	(5,176,275)
Net change in plan fiduciary net position	6,556,557	3,790,854	3,531,063	22,013,112	(17,090,554)	6,277,753
Plan fiduciary net position - beginning	78,646,342	85,202,899	88,993,753	92,524,816	114,537,928	97,447,374
Plan fiduciary net position - ending	\$ 85,202,899	88,993,753	92,524,816	114,537,928	97,447,374	103,725,127
Net OPEB liability (asset) - ending	(5,005,921)	(650,376)	4,356,208	(10,015,504)	6,777,480	1,903,217
Plan fiduciary net position as a percentage of total OPEB liability (asset)	106.24%	100.74%	95.50%	109.58%	93.50%	98.20%
Covered payroll	\$ 158,317,359	165,769,435	171,271,305	169,612,145	178,365,924	204,799,376
Net OPEB liability (asset) as a percentage of covered payroll	-3.16%	-0.39%	2.54%	-5.90%	3.80%	0.93%
Expected average remaining service years of all participants	6	6	6	6	6	6
Annual money - weighted rate of return, net of investment expense	7.98%	6.48%	6.38%	26.05%	(13.56)%	8.23%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

Unaudited - see accompanying auditors' report and notes to required supplementary information

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-8

Schedule of City of Chesapeake Proportionate Share of Net OPEB Liability (Asset) - VRS Directed
Programs - unaudited
Year Ended June 30, 2023

	2018	2019	2020	2021	2022	2023
Virginia Local Disability Program						
Employers Proportion of the Net VLDP OPEB Liability	9.82223%	10.44129%	10.23567%	10.26223%	10.15913%	9.81381%
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability	\$ 56,000	81,000	207,356	102,442	(102,838)	(57,700)
City of Chesapeake Covered Payroll	17,984,904	31,630,332	38,240,626	40,810,710	45,976,591	45,426,253
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability as a percentage of its covered payroll	0.31%	0.26%	0.54%	0.25%	(0.22)%	(0.13)%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	38.40%	51.39%	49.19%	76.84%	119.59%	107.99%
Group Life Insurance Program						
Employers Proportion of the Net GLIP OPEB Liability	0.84410%	0.84669%	0.85198%	0.84104%	0.83363%	0.83069%
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability	\$ 12,702,000	12,859,000	13,863,982	14,035,581	9,705,715	10,002,309
City of Chesapeake Covered Payroll	153,143,100	167,015,386	173,088,056	172,114,265	180,696,163	178,365,924
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability as a percentage of its covered payroll	8.29%	7.70%	8.01%	8.15%	5.37%	5.61%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%
Line of Duty Act						
Employers Proportion of the Net LODA OPEB Liability	6.09451%	6.18415%	6.53382%	6.25720%	6.76533%	6.65101%
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability	\$ 16,016,000	19,387,000	23,442,441	26,187,356	29,834,537	25,171,107
City of Chesapeake Covered Payroll	153,143,100	158,317,359	165,769,435	171,271,305	169,612,145	178,365,924
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability as a percentage of its covered payroll	*	*	*	*	*	*
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.30%	0.60%	0.79%	1.02%	1.68%	1.87%

* 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

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CITY OF CHESAPEAKE, VIRGINIA

Schedule L-9

Schedule of Changes in the Net OPEB Liability and Related
Ratios - unaudited
Year Ended June 30, 2023

Schools Directed OPEB Plan	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 5,640,881	4,948,794	4,726,009	5,258,384	6,181,037	5,923,823	3,908,729
Interest cost	4,683,042	5,496,930	5,633,989	5,240,229	4,601,350	3,411,918	5,439,879
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)	(1,101,266)	(1,879,747)
Change in assumption	(13,473,773)	(698,818)	8,959,393	14,887,367	7,910,410	(33,141,260)	(2,696,735)
Benefit payments	(5,681,682)	(5,481,286)	(5,223,504)	(5,020,164)	(4,868,389)	(4,944,112)	(5,027,600)
Net change in total OPEB liability	(10,130,583)	2,188,130	12,158,175	20,500,669	(11,147,724)	(29,850,897)	(255,474)
Total OPEB liability - beginning	167,158,106	157,027,523	159,215,653	171,373,828	191,874,497	180,726,773	150,875,876
Total OPEB liability - ending	\$ 157,027,523	159,215,653	171,373,828	191,874,497	180,726,773	150,875,876	150,620,402
Plan fiduciary net position							
Contributions - employer	\$ 5,681,862	5,481,286	5,223,504	5,020,164	4,868,389	4,944,112	5,027,600
Net investment income	354,865	296,635	153,792	105,287	1,106,374	(448,653)	192,356
Benefit payments	(5,681,862)	(5,481,286)	(5,223,504)	(5,020,164)	(4,868,389)	(4,944,112)	(5,027,600)
Net change in plan fiduciary net position	354,865	296,635	153,792	105,287	1,106,374	(448,653)	192,356
Plan fiduciary net position - beginning	2,786,002	3,140,867	3,437,502	3,591,294	3,696,581	4,802,955	4,354,302
Plan fiduciary net position - ending	\$ 3,140,867	3,437,502	3,591,294	3,696,581	4,802,955	4,354,302	4,546,658
Net OPEB liability - ending	\$ 153,886,656	155,778,151	167,782,534	188,177,916	175,923,818	146,521,574	146,073,744
Plan fiduciary net position as a percentage of total OPEB liability	2.00%	2.16%	2.10%	1.93%	2.66%	2.89%	3.02%
Covered payroll	\$ 246,995,156	252,730,333	259,804,440	276,307,755	275,188,044	291,240,455	323,766,048
Net OPEB liability as a percentage of covered payroll	62.30%	61.64%	64.58%	68.10%	63.93%	50.31%	45.12%
Expected average remaining service years of all participants	7	7	7	7	8	8	8
Annual money - weighted rate of return, net of investment expense	13.04%	9.52%	9.00%	5.90%	30.08%	(9.66)%	7.91%

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.

Unaudited - see accompanying auditors' report and notes to required supplementary information

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-10

Schedule of City of Chesapeake Schools' Proportionate Share of Net OPEB Liability (Asset) - VRS Directed Programs - unaudited
Year Ended June 30, 2023

	2018	2019	2020
Virginia Local Disability Program			
Employers' Proportion of the Net VLDP OPEB Liability			
Nonprofessional employees	1.77573%	1.75555%	1.82867%
Professional employees	7.09952%	7.69735%	8.22729%
Schools' Proportionate Share of the Net VLDP OPEB Liability			
Nonprofessional employees	\$ 10,000	14,000	37,046
Professional employees	42,000	58,000	47,828
Schools' Covered Payroll			
Nonprofessional employees	3,260,758	4,262,590	5,650,999
Professional employees	20,034,887	28,701,027	39,452,671
Schools' Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll			
Nonprofessional employees	0.31%	0.33%	0.66%
Professional employees	0.21%	0.20%	0.12%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability			
Nonprofessional employees	38.40%	51.39%	49.21%
Professional employees	31.96%	46.18%	74.07%
Group Life Insurance Program			
Employers' Proportion of the Net GLIP OPEB Liability			
Nonprofessional employees	0.11811%	0.11253%	0.10886%
Professional employees	1.22538%	1.22538%	1.22286%
Schools' Proportionate Share of the Net GLIP OPEB Liability			
Nonprofessional employees	\$ 1,777,000	1,709,000	1,771,442
Professional employees	18,440,000	18,568,000	19,899,187
Schools' Covered Payroll			
Nonprofessional employees	21,784,960	21,396,564	21,340,312
Professional employees	226,026,199	232,470,818	239,721,566
Schools' Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll			
Nonprofessional employees	8.16%	7.99%	8.30%
Professional employees	8.16%	7.99%	8.30%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability			
Nonprofessional employees	48.86%	51.22%	52.00%
Professional employees	48.86%	51.22%	52.00%
Health Insurance Credit Program - Professional Employees			
Employers Proportion of the Net HICP OPEB Liability	2.85627%	2.86573%	2.84923%
Schools' Proportionate Share of the Net HICP OPEB Liability	\$ 36,235,000	36,386,000	37,299,191
Schools' Covered Payroll	225,417,292	231,762,672	238,983,997
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	16.07%	15.70%	15.61%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	7.04%	8.08%	8.97%
Health Insurance Credit Program - Non-professional Employees*			
Schools' Proportionate Share of the Net HICP OPEB Liability	\$ -	-	-
Schools' Covered Payroll	-	-	-
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	N/A	N/A	N/A

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, 2023

	2021	2022	2023
Virginia Local Disability Program			
Employers' Proportion of the Net VLDP OPEB Liability			
Nonprofessional employees	1.78686%	1.73527%	1.64687%
Professional employees	8.79621%	9.32640%	9.94060%
Schools' Proportionate Share of the Net VLDP OPEB Liability			
Nonprofessional employees	17,838	(17,565)	(9,683)
Professional employees	70,571	(65,659)	(11,177)
Schools' Covered Payroll			
Nonprofessional employees	6,658,479	6,970,810	7,715,418
Professional employees	52,029,564	62,758,457	80,007,589
Schools' Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll			
Nonprofessional employees	0.27%	(0.25)%	(0.13)%
Professional employees	0.14%	(0.10)%	(0.01)%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability			
Nonprofessional employees	76.84%	119.59%	107.99%
Professional employees	78.28%	114.46%	101.57%
Group Life Insurance Program			
Employers' Proportion of the Net GLIP OPEB Liability			
Nonprofessional employees	0.10789%	0.10386%	0.10055%
Professional employees	1.22781%	1.23488%	1.24618%
Schools' Proportionate Share of the Net GLIP OPEB Liability			
Nonprofessional employees	1,800,507	1,209,212	1,210,719
Professional employees	20,490,139	14,377,354	15,005,209
Schools' Covered Payroll			
Nonprofessional employees	22,203,675	21,443,236	21,872,322
Professional employees	252,686,782	254,955,804	271,074,875
Schools' Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll			
Nonprofessional employees	8.11%	5.64%	5.54%
Professional employees	8.11%	5.64%	5.54%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability			
Nonprofessional employees	52.64%	67.45%	67.21%
Professional employees	52.64%	67.45%	67.21%
Health Insurance Credit Program - Professional Employees			
Employers' Proportion of the Net HICP OPEB Liability	2.87581%	2.87325%	29.01510%
Schools' Proportionate Share of the Net HICP OPEB Liability	37,515,416	36,880,152	36,241,210
Schools' Covered Payroll	252,115,534	254,108,820	270,425,514
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	14.88%	14.51%	13.40%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	9.95%	13.15%	15.08%
Health Insurance Credit Program - Non-professional Employees*			
Schools' Proportionate Share of the Net HICP OPEB Liability	2,516,734	2,562,866	2,539,768
Schools' Covered Payroll	21,554,429	21,227,603	21,652,899
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	11.68%	12.07%	11.73%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	-%	7.94%	12.43%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

*2021 is the first year for the Health Insurance Credit Program - Non-professional Employees.

Unaudited - see accompanying auditors' report and notes to required supplementary information

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-11

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited
Year Ended June 30, 2023

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					
2023	\$ 504,373	504,373	-	59,442,809	0.85%
2022	371,083	371,083	-	59,442,809	0.62%
2021	381,606	381,606	-	45,976,591	0.83%
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					
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 *					
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	-	169,612,145	0.55%
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, 2023

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					
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					
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					
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					
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%
Health Insurance Credit Program - Professional Employees					
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%
Health Insurance Credit Program - Non-professional Employees*					
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%

Schedule is intended to show information for 10 years. Since 2016 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

*2021 is the first year for the Health Insurance Credit Program - Non-professional Employees.

Unaudited - see accompanying auditors' report and notes to required supplementary information

Notes to Required Supplementary Information
June 30, 2023

(1) Budgets and Budgetary Accounting

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

Annual budget requests of the General Fund, Special Revenue Funds (except the Community Development Fund, Grants Fund, Open Space Agriculture Preservation Fund, Proffers Fund, Housing Trust Fund, and CSB of Chesapeake, Inc., a blended component unit), Debt Service Fund, and Enterprise Funds (excluding construction funds) for the ensuing fiscal year are submitted to the City Manager by department or agency heads during the second quarter of the fiscal year. The City Manager reviews the requests and meets with department heads to discuss the requests. The General Capital Projects Fund, Public Utilities Construction Funds, Chesapeake Transportation System Construction Fund, Stormwater Management Construction Fund, Grants Fund, Open Space Agriculture Preservation Fund, Proffers Fund, Housing Trust Fund, and the Community Development Fund utilize project budgets in lieu of legally adopted annual budgets. The City Council does not adopt a budget for CSB of Chesapeake, Inc.

Section 5.02 of the City Charter states that “the City Manager shall submit to the Council an operating budget and a budget message at least 90 days prior to the beginning of each fiscal year”. This budget includes the Public Schools budget request as adopted by the School Board which is by law a separate and autonomous “body politic”. The City Manager can recommend a revision only in the total estimated resources and requirements in the School Board budget request. The City Council makes an annual appropriation to the Public Schools but is prohibited from exercising any control over specific expenditures of the Public Schools operating funds.

The budget is required to be adopted at the fund level by a majority vote of the City Council at least 47 days prior to the end of the current fiscal year.

After work sessions and public hearings, the City Manager’s recommended budget may be amended as necessary by the City Council and an appropriations ordinance, tax levy, and other revenue enhancements as may be necessary to balance the budget are adopted. Tax rates are established prior to the beginning of the fiscal year.

The City Council may authorize supplemental appropriations during the fiscal year based on the availability of financial resources. Effective with 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, 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. Because encumbrances outstanding at year end are reappropriated under the following year’s budget adoption process, encumbrances are considered expenditures (for budgetary purposes) in the year that the expenditure is incurred.

Appropriations for funds utilizing capital or project budgets do not lapse at year end but are multi-year and continue until the purpose of the appropriation has been fulfilled or abandoned. Appropriations under the capital improvement program are considered abandoned if three years pass without any disbursement or encumbrance of the appropriation. The level of budgetary control is on a project basis with additional controls being exercised administratively, as reasonable and necessary.

Unaudited - see accompanying auditors' report

(Continued)

Notes to Required Supplementary Information
June 30, 2023

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, 2021 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Schools Professional Employees (Teachers)

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjust rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjust rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Unaudited - see accompanying auditors' report

(Continued)

Notes to Required Supplementary Information
June 30, 2023

City Employees and Schools Nonprofessional Employees

Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjust rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjust rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Hazardous Duty:

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 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 Largest 10 Hazardous Duty
Disability Rates:	No change
Salary Scale:	No change
Line of Duty Disability:	No change
Discount Rate:	No change

(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, 2021 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, 2019 (not applicable to the Line of Duty Plan). Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Unaudited - see accompanying auditors' report

(Continued)

Notes to Required Supplementary Information
June 30, 2023

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

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

Unaudited - see accompanying auditors' report

(Continued)

Notes to Required Supplementary Information
June 30, 2023

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

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

Unaudited - see accompanying auditors' report

(Continued)

Notes to Required Supplementary Information
June 30, 2023

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 discount rate was changed from 7.00% to 6.75%.
- The healthcare cost trend assumption was updated based on the 2022 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.

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 3.86% as of June 30, 2023 and 3.69% as of June 30, 2022.
- 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.

Unaudited - see accompanying auditors' report

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Other Supplementary Information -
Combining and Individual Fund
Schedules



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General Fund

General Fund – To account for all revenues and expenditures of the City which are not accounted for in other funds. Revenues are primarily derived from general property taxes, other local taxes, charges for services, and revenue from state and federal grants.

A significant part of the General Fund's revenue is transferred to component units and other funds, principally to fund operations of the Chesapeake Public Schools, the Virginia Public Assistance Fund, the 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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes			
Current taxes on real property	\$ 314,890,316	310,731,417	(4,158,899)
Current taxes on public service corporations	11,903,940	12,138,854	234,914
Current taxes on personal property	71,336,384	68,133,936	(3,202,448)
Delinquent taxes on real property	3,101,008	6,907,780	3,806,772
Delinquent taxes on personal property	15,844,991	24,145,505	8,300,514
Penalties, interest, and advertising	3,580,597	4,709,788	1,129,191
Total general property taxes	420,657,236	426,767,280	6,110,044
Other local taxes			
Local sales and use taxes	54,145,953	57,409,044	3,263,091
Consumer utility taxes	11,007,120	11,035,442	28,322
Communications sales tax	2,298,937	3,304,147	1,005,210
Business license taxes	30,192,108	37,067,619	6,875,511
Local utility consumption tax	875,322	801,344	(73,978)
Bank stock taxes	1,668,382	1,769,071	100,689
Taxes on recordation and wills	4,222,393	3,967,066	(255,327)
Tobacco taxes	4,496,496	4,051,317	(445,179)
Lodging tax	4,975,071	6,750,295	1,775,224
Restaurant food tax	29,972,864	37,407,761	7,434,897
Admission taxes	757,857	959,052	201,195
Short-term rental taxes	1,019,736	1,273,065	253,329
Pari-mutuel wagering pool tax	30,749	27,821	(2,928)
Total other local taxes	145,662,988	165,823,044	20,160,056
Revenues from local sources			
Licenses, permits, and fees:			
Bicycle licenses	-	11	11
Building structure and equipment permits	1,566,315	2,062,796	496,481
Precious metals and gems permits	2,500	2,800	300
Highway and driveway permits	32,950	20,020	(12,930)
Transfer fees	6,715	6,735	20
Zoning inspection fees	133,160	292,526	159,366
Building inspection fees	108,730	202,970	94,240
Electrical inspection fees	471,577	462,249	(9,328)
Elevator inspection fees	20,910	19,860	(1,050)
Plumbing inspection fees	304,702	190,405	(114,297)
Mechanical permits	572,134	558,593	(13,541)
Subdivision review fees	357,985	453,218	95,233
Solicitors permits	2,000	2,525	525
Taxi operators licenses	250	550	300
Motor vehicle license	7,547,575	7,166,545	(381,030)
Inspection fees - gas appliances	120,098	81,119	(38,979)
Animal license and fees	224,500	157,301	(67,199)
Rodent free certification fee	5,040	4,150	(890)
Hunting and fishing license	-	6	6
Rental inspection fees	9,630	38,650	29,020
Total licenses, permits, and fees	11,486,771	11,723,029	236,258
Fines and forfeitures	1,011,152	603,580	(407,572)
Investment income	500,000	11,805,083	11,305,083

(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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
Revenues from local sources, continued:			
Revenues from use of property:			
Rental of general property	\$ 751,068	782,678	31,610
Rental of recreational properties and facilities	456,184	546,126	89,942
Library rental revenue	28,000	30,170	2,170
Rental of showmobile	4,000	3,300	(700)
Total revenues from use of property	1,239,252	1,362,274	123,022
Charges for services:			
Special court costs	30,861	16,159	(14,702)
Law library fees	106,250	99,264	(6,986)
Accident report fees	41,000	43,247	2,247
Municipal court fees	20,703	18,263	(2,440)
Civil penalties	67,270	78,686	11,416
Non-support fees	133,870	150,889	17,019
Commonwealth's Attorney fees	22,610	20,103	(2,507)
Police escort fees	21,250	34,150	12,900
Sale of service - police	160,000	167,311	7,311
Fire report fees	1,650	450	(1,200)
Sheriff fees	22,861	22,861	-
Inmate medical fees	34,650	14,493	(20,157)
Sale of service - jail	94,900	62,088	(32,812)
Sale of service - jail inmates	44,614	6,871	(37,743)
Inmate phone system - jail	1,364,057	1,410,750	46,693
Sale of service - Sheriff	1,053,393	425,190	(628,203)
Sale of service - public works	285,839	312,825	26,986
Recreation fees	767,185	949,318	182,133
Sale of food and beverages	19,450	17,482	(1,968)
Library fines and fees	118,050	75,940	(42,110)
Lot processing fees	74,783	55,000	(19,783)
Sale of service - planning	10,343	18,068	7,725
Returned check fees	11,050	12,705	1,655
Custodian service	81,849	-	(81,849)
Wage assignment fees	22,425	11,539	(10,886)
Sale of service - assessor	1,360	2,994	1,634
Emergency medical service fees	6,153,572	5,717,985	(435,587)
Administration collected fees	485,971	1,170,769	684,798
Wetland Board civil fees	23,001	18,600	(4,401)
Passport application fee	25,500	64,045	38,545
Sale of service - Commissioner of the Revenue	109,905	137,547	27,642
Subdivision inspection fees	376,616	732,765	356,149
Fire plan review fees	38,000	39,904	1,904
Zoning fees	34,450	52,960	18,510
Building plan fees	158,485	202,530	44,045
Inspections technology fee	92,394	79,490	(12,904)
E-Government subscription fee	24,055	26,311	2,256
Other charges for services	11,750	16,435	4,685
Total charges for services	12,145,972	12,285,987	140,015

(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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
Revenues from local sources, continued:			
Miscellaneous local revenues:			
Employee wellness investment	\$ 185,000	185,000	-
Payments in lieu of taxes	-	74,121	74,121
Sale of ARC - public works	20,400	12,480	(7,920)
Local grant	-	396,650	396,650
Sale of junk and salvage	-	34,140	34,140
Escheated funds	-	175,129	175,129
Other revenue	69,830	229,275	159,445
Total miscellaneous local revenues	275,230	1,106,795	831,565
Recovered costs:			
Other recoveries and rebates	12,000	4,247,244	4,235,244
Recoveries - Jury	-	1,699	1,699
Total recovered costs	12,000	4,248,943	4,236,943
Total revenues from local sources	592,990,601	635,726,015	42,735,414
Revenues from the Commonwealth			
Noncategorical aid:			
Motor vehicle carrier taxes	159,026	160,095	1,069
Mobile home titling taxes	25,000	54,256	29,256
Indirect costs	245,043	282,436	37,393
Daily rental taxes - auto	1,350,000	2,281,070	931,070
Deed taxes	1,000,000	1,191,964	191,964
Personal Property Tax Relief	28,590,001	28,590,001	-
Total noncategorical aid	31,369,070	32,559,822	1,190,752
Categorical aid:			
Shared expenses:			
Commonwealth's Attorney	2,194,486	2,243,731	49,245
Sheriff	13,531,777	15,330,385	1,798,608
Commissioner of the Revenue	399,749	427,004	27,255
Treasurer	427,687	461,125	33,438
Registrar/Electoral Board	76,516	121,172	44,656
Circuit Court Clerk	1,413,661	1,451,558	37,897
Agriculture	99,000	80,550	(18,450)
Total shared expenses	18,142,876	20,115,525	1,972,649

(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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
Revenues from the Commonwealth, continued:			
Other categorical aid:			
Local jail	\$ 1,959,417	1,455,157	(504,260)
Police	7,226,518	7,711,445	484,927
Street and highway maintenance	40,174,550	40,184,594	10,044
Library	213,621	243,728	30,107
Excess fees	300,000	131,266	(168,734)
Total other categorical aid	49,874,106	49,726,190	(147,916)
Total categorical aid	68,016,982	69,841,715	1,824,733
Total revenues from the Commonwealth	99,386,052	102,401,537	3,015,485
Revenues from the Federal Government			
Noncategorical aid - Refuge Revenue Sharing Act	29,000	31,091	2,091
Categorical aid:			
Other federal grants	30,000	34,561	4,561
Emergency reimbursement - Federal	-	7,363	7,363
Total revenues from the Federal Government	59,000	73,015	14,015
Revenues from Chesapeake Public Schools	-	252,292	252,292
Total revenues	692,435,653	738,452,859	46,017,206
OTHER FINANCING SOURCES			
Transfers from other funds	10,452,489	13,018,636	2,566,147
Total other financing sources	10,452,489	13,018,636	2,566,147
Total revenues and other financing sources	\$ 702,888,142	751,471,495	48,583,353

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2

General Fund

Schedule of Expenditures, Encumbrances, and Other Financing Uses -

Budget and Actual

Year Ended June 30, 2023

	Appropriations	Expenditures			Balance	Encumbrances	Unencumbered Balance
		Operating	Capital Outlay	Total			
EXPENDITURES							
General government:							
Legislative Department - City Council							
Executive Department:							
City Manager	\$ 1,190,037	1,133,367	-	1,133,367	56,670	6,461	50,209
Public communications	3,258,086	3,016,435	-	3,016,435	241,651	2,028	239,623
Contingencies	1,805,274	1,724,692	-	1,724,692	80,582	136	80,446
Emergency event - COVID 19	640,155	-	-	-	640,155	-	640,155
Department of Law - City Attorney	17,556	-	-	-	17,556	17,556	-
Department of Finance:	3,482,516	3,357,288	-	3,357,288	125,228	-	125,228
Commissioner of the Revenue	4,975,723	4,823,631	-	4,823,631	152,092	6,211	145,881
Real Estate Assessor	3,937,089	3,829,242	-	3,829,242	107,847	2,103	105,744
Board of Equalization	2,664	1,051	-	1,051	1,613	-	1,613
City Treasurer	5,970,927	4,975,129	-	4,975,129	995,798	52,977	942,821
Director of Finance	3,852,700	3,481,377	-	3,481,377	371,323	322,510	48,813
Economic development	2,722,632	2,658,782	-	2,658,782	63,850	17,205	46,645
Budget Director	900,694	885,453	-	885,453	15,241	411	14,830
City Auditor	977,665	627,323	-	627,323	350,342	178,881	171,461
Independent auditors	203,502	202,955	-	202,955	547	-	547
Department of Human Resources:							
Human resources	3,605,506	3,287,930	-	3,287,930	317,576	52,130	265,446
Judicial Department:							
Circuit court	912,024	842,233	-	842,233	69,791	27,169	42,622
Magistrates office	37,960	35,743	-	35,743	2,217	142	2,075
General district court	309,543	249,734	-	249,734	59,809	11,231	48,578
Juvenile and domestic relations court	120,242	113,211	-	113,211	7,031	882	6,149
Court services unit	336,229	192,340	-	192,340	143,889	98,846	45,043
Commonwealth's Attorney	6,386,329	6,132,129	-	6,132,129	254,200	2,925	251,275
Circuit Court Clerk	3,283,246	3,044,951	-	3,044,951	238,295	7,663	230,632
Sheriff	60,549,556	57,514,539	205,310	57,719,849	2,829,707	1,036,217	1,793,490
Purchasing	1,359,556	1,292,100	-	1,292,100	67,456	10,009	57,447
Department of Public Health:							
General clinics	2,800,730	2,940,354	-	2,940,354	(139,624)	8,331	(147,955)

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2, Continued

General Fund

Schedule of Expenditures, Encumbrances, and Other Financing Uses -

Budget and Actual

Year Ended June 30, 2023

	Appropriations	Expenditures			Total	Balance	Encumbrances	Unencumbered Balance
		Operating	Capital Outlay					
General government, continued:								
Department of Public Library:								
Public library	\$ 11,727,738	11,311,599	84,213		11,395,812	331,926	256,754	75,172
Public library state aid	243,728	243,728	-		243,728	-	-	-
Law library	44,529	26,326	-		26,326	18,203	-	18,203
Boards and Commissions:								
Planning department	2,817,700	2,623,951	-		2,623,951	193,749	1,417	192,332
Planning commission	42,819	37,851	-		37,851	4,968	-	4,968
Electoral board	1,844,055	1,698,216	-		1,698,216	145,839	31,710	114,129
Department of Agriculture	476,102	429,355	-		429,355	46,747	-	46,747
Department of Human Services								
Division of Community Programs	3,472,093	3,233,996	-		3,233,996	238,097	6,099	231,998
Customer Contact Center	727,607	708,434	-		708,434	19,173	18	19,155
Department of Development and Permits	8,306,102	8,210,205	-		8,210,205	95,897	5,209	90,688
Nondepartmental:								
Other nondepartmental support	1,928,442	543,232	-		543,232	1,385,210	500	1,384,710
Chesapeake regional airport	341,282	341,282	-		341,282	-	-	-
Total general government	145,610,338	135,770,164	289,523		136,059,687	9,550,651	2,163,731	7,386,920
Public Safety:								
Police department	59,681,205	56,697,784	232,704		56,930,488	2,750,717	381,194	2,369,523
Animal control	2,218,199	2,079,511	-		2,079,511	138,688	21,722	116,966
Public safety training	1,651,928	1,561,378	-		1,561,378	90,550	54,093	36,457
Fire department	59,163,867	58,909,400	-		58,909,400	254,467	192,489	61,978
Fire prevention bureau	2,247,639	2,176,853	-		2,176,853	70,786	-	70,786
Emergency management operations	691,081	680,278	-		680,278	10,803	-	10,803
Mobile integrated healthcare	472,178	415,264	53,905		469,169	3,009	-	3,009
Total public safety	126,126,097	122,520,468	286,609		122,807,077	3,319,020	649,498	2,669,522
Public works:								
Engineering and administration	6,456,312	6,180,855	36,542		6,217,397	238,915	100,004	138,911
Traffic engineering	7,972,273	7,725,451	32,909		7,758,360	213,913	63,706	150,207
Street maintenance	8,378,562	6,215,007	329,061		6,544,068	1,834,494	1,082,785	751,709
Bridges and structures	4,475,281	3,773,301	28,808		3,802,109	673,172	89,320	583,852

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

General Fund
 Schedule of Expenditures, Encumbrances, and Other Financing Uses -
 Budget and Actual
 Year Ended June 30, 2023

	Expenditures					Unencumbered Balance
	Appropriations	Operating	Capital Outlay	Total	Encumbrances	
Public works, continued:						
Bureau of drainage	\$ 4,078,505	2,335,278	909,789	3,245,067	833,438	477,637
Contractual services	11,955,069	10,667,209	-	10,667,209	1,287,860	422,609
Buildings maintenance	9,300,240	8,965,406	133,851	9,099,257	200,983	15,952
Facilities Management - building	2,228,410	1,834,207	84,769	1,918,976	309,434	80,484
Public works operations	1,374,413	1,327,245	-	1,327,245	47,168	11,288
Solid waste collection	22,193,384	21,790,936	-	21,790,936	402,448	187,249
Hampton Road Transit	3,065,800	2,864,191	-	2,864,191	201,609	-
Total public works	81,478,249	73,679,086	1,555,729	75,234,815	2,531,034	3,712,400
Parks and recreation:						
Administration	3,291,848	3,133,430	6,417	3,139,847	152,001	44,249
Community centers	2,813,600	2,434,286	12,751	2,447,037	366,563	25,254
Parks operations	1,797,382	1,601,674	-	1,601,674	195,708	24,176
Parks and grounds maintenance	4,554,349	3,597,640	563,088	4,160,728	393,621	135,708
Parks, grounds and building maintenance - warehouse and work order	162,527	124,513	-	124,513	38,014	-
Recreation programs	1,172,271	915,758	-	915,758	256,513	18,562
Special programs	2,015,007	1,646,018	-	1,646,018	368,989	5,105
Fine arts programs	84,975	84,500	-	84,500	475	-
Total parks and recreation	15,891,959	13,537,819	582,256	14,120,075	1,771,884	253,054
Education - payments to public schools	293,086,647	287,792,496	-	287,792,496	5,294,151	-
Total expenditures and encumbrances	662,193,290	633,300,033	2,714,117	636,014,150	26,179,140	5,597,317
OTHER FINANCING USES						
Transfers to other funds:						
Debt Service Fund	33,119,410	33,119,410	-	33,119,410	-	-
Capital Projects Fund	28,524,351	28,354,351	-	28,354,351	170,000	-
Virginia Public Assistance Fund	7,859,545	7,859,545	-	7,859,545	-	-
Integrated Behavioral Healthcare Fund	10,773,865	10,773,865	-	10,773,865	-	-
Juvenile Services Fund	3,644,040	3,644,040	-	3,644,040	-	-
Interagency Consortium Fund	2,608,668	2,608,668	-	2,608,668	-	-
E-911 Operations Fund	2,562,111	2,562,111	-	2,562,111	-	-
Grants Fund	182,533	182,033	-	182,033	500	-
Economic Development Authority	15,944,215	1,283,988	-	1,283,988	14,660,227	-
Information Technology Fund	665,142	665,142	-	665,142	-	-
City Garage Fund	380,394	380,394	-	380,394	-	-
Self-Insurance Fund	50,052	50,052	-	50,052	-	-
Total transfers to other funds	106,314,326	91,483,599	-	91,483,599	14,830,727	-
Total other financing uses	106,314,326	91,483,599	-	91,483,599	14,830,727	-
Total expenditures, encumbrances, and other financing uses	\$ 768,507,616	724,783,632	2,714,117	727,497,749	41,009,867	5,597,317
						35,412,550

Debt Service Fund

Debt Service Fund – To account for the accumulation of resources for the payment of principal, interest, and related costs on long-term financial obligations of governmental funds.



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CITY OF CHESAPEAKE, VIRGINIA

Schedule N

Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Year Ended June 30, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	2,089,773	2,089,773
Revenues from use of property	54,889	54,889	-
Miscellaneous local revenues	600,264	600,264	-
Intergovernmental revenues:			
Federal government - American Reinvestment and Recovery Act	-	281,439	281,439
Revenues from Chesapeake Public Schools	-	504,302	504,302
Total revenues	655,153	3,530,667	2,875,514
EXPENDITURES			
Debt service			
Interest on general obligation bonds	13,109,719	13,109,718	1
Interest on open space agriculture preservation	64,430	64,430	-
Other debt expenditures	96,389	65,480	30,909
Redemption of general obligation bonds	28,560,000	28,560,000	-
Total debt service	41,830,538	41,799,628	30,910
Education - payments to public schools	-	11,294,774	(11,294,774)
Total expenditures	41,830,538	53,094,402	(11,263,864)
Excess (deficiency) of revenues over (under) expenditures	(41,175,385)	(49,563,735)	(8,388,350)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	35,848,086	43,234,215	7,386,129
Issuance of general obligation school bonds	41,500	9,900,000	9,858,500
Premiums on general obligation school bonds issued	-	1,447,362	1,447,362
Total other financing sources (uses), net	35,889,586	54,581,577	18,691,991
Net change in fund balance	(5,285,799)	5,017,842	10,303,641
Fund balance - beginning	12,557,804	12,557,804	-
Fund balance - ending	\$ 7,272,005	17,575,646	10,303,641

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Capital Projects Funds

General Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities other than those financed by 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, 2023

Project	Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
General construction projects:							
General Government:							
1011500100	\$ 17,070,038	2,570,038	-	2,570,038	14,500,000	-	14,500,000
1011600100	1,242,316	-	-	-	1,242,316	-	1,242,316
1012400100	500,000	-	-	-	500,000	-	500,000
1021500100	27,956	27,956	-	27,956	-	-	*
1021510100	6,879,115	-	3,285,121	3,285,121	3,593,993	-	423,009
1021510100	3,969,809	523,253	3,446,556	3,969,809	-	3,170,984	-
1021510101	75,000	-	-	-	75,000	-	*
1021800100	100,000	-	12,644	12,644	87,356	54,914	20,086
1022010100	4,518	-	3,056	3,056	1,462	-	87,356
1022400100	78,941	-	-	-	78,941	7,614	1,462
1022400100	169,758	-	169,758	169,758	-	-	71,326
1032200100	1,786,266	1,137,066	235,421	1,372,487	413,779	-	*
1041510100	961,456	-	785,592	785,592	175,864	76,720	413,779
1041700100	837,170	44,185	33,100	77,286	759,885	-	99,144
1042000100	3,200,000	2,843,693	275,020	3,118,713	81,287	-	759,885
1042100100	200,000	169,471	-	169,471	30,529	-	81,287
1042200100	46,979,588	2,409,851	9,958,811	12,368,662	34,610,926	13,189,898	30,529
1042200100	54,519	-	54,519	54,519	-	-	21,421,028
1042400100	300,000	-	-	-	300,000	-	*
1042500100	300,000	-	-	-	300,000	-	300,000
1052400100	735,000	88,139	56,533	144,672	590,328	34,290	556,038
1062200100	17,750,000	1,023,546	3,143,658	4,167,204	13,582,796	11,889,644	1,693,152
1062400100	918,598	570,245	309,991	880,236	38,362	35,202	3,161
1062400100	22,550	-	-	-	22,550	-	22,550
1062500100	800,000	-	204,610	204,610	595,390	260,390	335,000
1072400100	785,000	-	253,855	253,855	531,145	490,645	40,500
1081600100	39,332	-	-	-	39,332	7,880	31,452
1081600100	72,857	64,232	8,625	72,857	-	-	*
1081900100	14,010	-	7,019	7,019	6,992	6,992	-
1082100100	750,000	154,435	147,297	301,732	448,268	143,814	304,454
1082500100	73,410	-	-	-	73,410	50,165	23,245
1091700100	400,000	309,300	59,340	368,640	31,360	30,713	648
1092300100	580,000	222,946	130,435	353,381	226,619	6,270	220,349
1092400100	400,000	-	109,507	109,507	290,493	91,878	198,615
1092500100	305,000	-	47,500	47,500	257,500	-	257,500
1101900100	207,963	-	-	-	207,963	-	207,963
1101900100	1,879,808	41,870	1,837,938	1,879,808	-	-	*
1112000100	325,043	239,525	-	239,525	85,518	29,750	55,768
(Continued)							

(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, 2023

Project	Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
General construction projects, continued:							
General Government, continued:							
1112200100	\$ 464,176	-	15,943	15,943	448,233	23,117	425,116
1112400100	775,415	542,201	3,829	546,030	229,385	151,744	77,641
1112400100	24,585	24,585	-	24,585	-	-	*
1112500100	120,000	-	13,859	13,859	106,141	13,859	92,282
1122000100	3,935,331	332,931	906,927	1,239,858	2,695,474	1,100,478	1,594,996
1122200100	2,400,000	1,245,128	1,058,359	2,303,487	96,513	91,574	4,939
1122400100	3,000,000	1,234,185	600,815	1,835,000	1,165,000	158,597	1,006,403
1132200100	300,000	126,761	111,626	238,388	61,612	-	61,612
1142100100	2,633,000	1,128,703	56,974	1,185,677	1,447,323	69,634	1,377,689
1142500100	340,000	-	-	-	340,000	-	340,000
1142700100	1,000,000	-	208,624	208,624	791,376	36,329	755,047
1162500100	50,000	21,358	25,664	47,022	2,978	-	2,978
1182700100	2,000,000	-	-	-	2,000,000	-	2,000,000
1201000100	1,229,318	-	6,798	6,798	1,222,520	7,422	1,215,098
1211200100	2,254,495	-	336,402	336,402	1,918,093	1,185,773	732,320
1212000100	332,783	131,717	39,072	170,789	161,994	-	161,994
1352400100	5,160,000	5,160,000	-	5,160,000	-	-	-
1412400100	15,592	-	-	-	15,592	-	-
1412400100	298,222	298,222	-	298,222	-	-	*
1472700100	250,000	-	-	-	250,000	-	250,000
1482300100	18,730,000	7,804,667	5,850,231	13,654,898	5,075,102	1,371,106	3,703,996
1492300100	339,248	-	-	-	339,248	63,250	275,998
1502700100	175,000	-	25,798	25,798	149,203	138,203	11,000
1512300100	25,461,187	3,723,098	910,325	4,633,423	20,827,764	926,396	19,901,368
1512700100	175,000	-	-	-	175,000	-	175,000
1255700100	310,000	-	-	-	310,000	-	310,000
1532300100	83,574	-	-	-	83,574	-	83,574
1532700100	275,000	-	19,113	19,113	255,888	196,694	59,194
1542700100	100,000	-	9,387	9,387	90,613	79,988	10,625
1582500100	375,000	-	18,479	18,479	356,521	281,521	75,000
1812500100	300,000	-	-	-	300,000	-	300,000
1842500100	70,560	-	-	-	70,560	-	70,560
1842500100	14,581	799	13,783	14,581	-	-	*
Total General Government	183,790,089	34,214,105	34,807,916	69,022,021	114,768,068	35,489,037	79,279,031
Department of Public Safety:							
1041800200	1,518,339	118,193	-	118,193	1,400,146	140,219	1,259,926
1041800200	79,833	39,238	40,595	79,833	-	-	*
1071100200	373,488	-	-	-	373,488	98,035	275,453
(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, 2023

Project	Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
General construction projects, continued:							
Department of Public Safety, continued:							
1071100200	\$ 169,133	-	169,133	169,133	-	-	- *
1072100200	33,241	21,171	-	21,171	12,070	-	12,070
1082200200	50,164	-	28,370	28,370	21,794	187	21,607
1101600200	67,292	-	-	-	67,292	2,581	64,712
1101600200	284,219	275,679	8,540	284,219	-	-	- *
1112100200	50,000	35,863	-	35,863	14,138	14,138	-
1132300200	133,500	131,343	-	131,343	2,157	-	2,157 *
1132400200	200,000	55,122	128,161	183,283	16,717	-	16,717
1162100200	2,756	-	-	-	2,756	2,669	87
1162200200	900,000	7,226	-	7,226	892,774	-	892,774
1162300200	750,000	737,626	(950)	736,676	13,324	-	13,324 *
1172200200	500,000	-	-	-	500,000	-	500,000
1172400200	265,000	-	262,385	262,385	2,615	-	2,615 *
1172700200	1,153,835	-	736,494	736,494	417,341	128,982	288,359
1172700200	496,165	-	496,165	496,165	-	-	- *
1182300200	69,531	-	-	-	69,531	67,702	1,829
1192600200	1,150,000	7,908	227,665	235,573	914,427	914,421	6
1202400200	300,000	-	260,003	260,003	39,997	39,997	-
1212400200	150,000	143,547	6,453	150,000	-	-	- *
1222100200	249,588	-	-	-	249,588	-	249,588
1242500200	150,000	141,950	5,365	147,315	2,685	-	2,685
1252100200	471,594	5,008	13,445	18,453	453,141	-	453,141
1262100200	209,021	6,632	(69,991)	6,632	202,389	72,129	130,260
1262100200	2,419,548	2,489,539	(69,991)	2,419,548	-	-	- *
1271900200	11,604,093	543,024	77,333	620,357	10,983,736	9,113,862	1,869,874
1272700200	389,581	-	-	-	389,581	-	389,581
1281900200	8,976,464	40,254	107,354	147,608	8,828,856	591,206	8,237,650
1282700200	175,000	-	-	-	175,000	-	175,000
1292500200	250,000	-	82,506	82,506	167,494	-	167,494
1292700200	125,000	-	89,625	89,625	35,375	3,785	31,590
1302500200	1,100,000	1,093,989	-	1,093,989	6,011	-	6,011 *
1202700200	172,000	-	-	-	172,000	164,067	7,933
1312500200	490,000	-	344,552	344,552	145,448	-	145,448
1312700200	35,746	-	-	-	35,746	-	35,746
1312700200	64,254	-	64,254	64,254	-	-	- *
1322700200	300,000	-	-	-	300,000	259,358	40,642
1332700200	300,000	-	217,116	217,116	82,884	63,691	19,193
1342400200	8,843	-	-	-	8,843	-	8,843
(Continued)							

(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, 2023

Project	Appropriations	Expenditures			Total	Unexpended	Encumbrances	Unencumbered Balance
		Prior Years	Current Year					
General construction projects, continued:								
Department of Public Safety, continued:								
1342500200 Police - Portable Radio Replacement	\$ 1,100,000	386,214	16,710	402,924	697,076	7,818	689,258	
1342700200 PSOC UPS Battery Replacement	200,000	-	26,598	26,598	173,402	172,915	487	
1391400200 Public Safety Headquarters EOC/EDC Phase I	651,745	3,055	31,080	34,135	617,610	48,725	568,885	
1392000200 Fire Vehicle Replacement	4,594,220	2,701,884	1,677,452	4,379,336	214,885	214,885	-	
1432500200 Sheriff - Radio Replacement	90,166	-	89,726	89,726	440	-	440	
1732700200 Integrated Ballistic Identification System	200,000	-	191,402	191,402	8,598	-	8,598 *	
Total Department of Public Safety	43,023,358	8,984,465	5,327,540	14,312,005	28,711,353	12,121,371	16,589,982	
Department of Public Works:								
1031900300 Centerville Bridge Rehabilitation	347,634	-	-	-	347,634	-	347,634	
1071900300 Residential Street Repaving	6,937,519	-	-	-	6,937,518	81,279	6,856,239	
1071900300 Residential Street Repaving	1,918,721	-	1,918,721	1,918,721	-	-	*	
1081800300 DC AIW Bridge Replacement	21,124,900	68,570	4,950	73,520	21,051,380	147,414	20,903,966	
1082600300 Arterial and Collector Roadway Repaving	1,743,373	-	-	-	1,743,373	139,106	1,604,267	
1082600300 Arterial and Collector Roadway Repaving	4,882,228	-	4,882,228	4,882,228	-	-	*	
1091800300 Freeman Ave Railroad Overpass	13,506,943	472,223	230,964	703,187	12,803,756	2,087,024	10,716,732	
1092700300 State of Good Repair Paving Projects	1,500,000	-	-	-	1,500,000	905,098	594,902	
1102600300 Eden Way 2nd Left Turn Lane at Greenbrier Parkway	1,415,000	-	106,569	106,569	1,308,431	277,799	1,030,632	
1102700300 Southgate Bridge Replacement	3,000,000	-	-	-	3,000,000	-	3,000,000	
1112600300 Repair & Replacement of Roads and Bridges - Phase V	1,685,000	-	23,961	23,961	1,661,039	-	1,661,039	
1112700300 Indian Creek Bridge Replacement	380,000	-	-	-	380,000	-	380,000	
1122600300 Residential Traffic Calming Program	200,000	33,635	46,860	80,494	119,506	-	119,506	
1132600300 Route 168 Bridge Repairs	2,085,000	-	91,768	91,768	1,993,232	-	1,993,232	
1142600300 Traffic Signal Central Management System Upgrade	350,000	-	-	-	350,000	-	350,000	
1172600300 SGR Milling and Paving Project	1,339,999	-	-	-	1,339,999	592,123	747,876	
1182600300 Rotunda Ave Bridge Replacement	1,211,958	-	124,745	124,745	1,087,213	74,832	1,012,381	
1210820300 Traffic Signals and Intersection Improvements	6,795	2,340	-	2,340	4,455	-	4,455	
1262200300 Citywide Sidewalk Installation	2,600,000	133,784	34,752	168,536	2,431,464	55,661	2,375,803	
1270710300 Master Drainage Improvement II	19,482	470	-	470	19,012	-	19,012	
1270710300 Master Drainage Improvement II	31,584	31,584	-	31,584	-	-	*	
1282200300 Traffic Signals and Intersection Improvements - Phase III	350,000	-	41,718	41,718	308,282	92,785	215,497	
1292200300 Turn Lanes and Signal Modification: Hanbury Rd.	2,201,000	331,670	51,092	382,761	1,818,239	50,516	1,767,723	
1292400300 Edwin Drive Improvements	2,790,000	289,132	13,046	302,178	2,487,822	1,785,516	702,306	
1302300300 Advanced Right-of-Way Acquisition Program	1,500,000	408,631	248,685	657,316	842,684	-	842,684	
1302400300 Johnstown Road Ditch and Shoulder Improvements	5,000,000	-	-	-	5,000,000	-	5,000,000	
1312200300 Traffic Signal Retiming Ph I	2,943	-	-	-	2,943	-	2,943	
1312200300 Traffic Signal Retiming Ph I	33,617	4,260	29,357	33,617	-	-	*	
1312300300 Centerville Turnpike Bridge Feasibility Study	2,898	-	2,898	2,898	-	-	*	
1332400300 Pedestrian Sidewalk - Seaboard & Industrial Ave.	763,000	146,661	6,361	153,023	609,977	5,382	604,596	
								(Continued)

(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, 2023

Project	Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
General construction projects, continued:							
Department of Public Works, continued:							
1341100300	\$ 44,490	729	-	729	43,761	-	43,761
1352300300	16,700,000	1,352,551	1,076,026	2,428,577	14,271,423	318,258	13,953,165
1352700300	100,000	-	-	-	100,000	-	100,000
1362100300	122,980	-	-	-	122,980	27,484	95,496
1362100300	3,234,861	3,215,476	19,385	3,234,861	-	-	*
1362700300	200,000	-	-	-	200,000	-	200,000
1372100300	1,349,699	1,200	-	1,200	1,348,499	60,625	1,287,874
1372100300	790,874	694,888	95,986	790,874	-	-	*
1372300300	2,500,000	527,387	2,375	529,762	1,970,238	40,997	1,929,242
1372700300	728,680	-	-	-	728,680	-	728,680
1382100300	727,543	-	-	-	727,543	507,457	220,086
1382100300	2,877,877	914,851	1,963,025	2,877,877	-	-	*
1382300300	2,414,913	375,399	2,006,706	2,382,104	32,809	31,527	1,282
1382400300	6,535,000	338,726	182,006	520,732	6,014,268	131,933	5,882,335
1382700300	1,250,000	-	-	-	1,250,000	-	1,250,000
1392300300	319,806	-	-	-	319,806	-	319,806
1392700300	560,000	-	247,566	247,566	312,434	55,600	256,834
1402300300	1,350,000	148,510	-	148,510	1,201,490	127,983	1,073,507
1402400300	10,509	-	-	-	10,509	-	10,509
1402700300	110,000	-	-	-	110,000	-	110,000
1412100300	4,550,000	190,148	3,765	193,913	4,356,087	2,008,116	2,347,971
1412300300	1,150,000	9,055	1,668	10,723	1,139,277	-	1,139,277
1412700300	600,000	-	-	-	600,000	-	600,000
1422300300	7,250,000	223,285	430,771	654,056	6,595,944	139,210	6,456,734
1422700300	300,000	-	-	-	300,000	-	300,000
1432000300	359,791	6,625	1,439	8,064	351,727	-	351,727
1432700300	931,000	-	-	-	931,000	-	931,000
1442300300	548,500	253,273	-	253,273	295,227	88,838	206,389
1442700300	2,620,000	-	93,212	93,212	2,526,788	-	2,526,788
1451700300	55,856	-	-	-	55,856	2,687	53,168
1452300300	650,000	4,962	7,158	12,119	637,881	473,649	164,232
1452700300	3,015,000	-	-	-	3,015,000	-	3,015,000
1461700300	11,491,256	1,354,831	1,280,980	2,635,810	8,855,446	7,224,672	1,630,774
1462300300	43,130	-	-	-	43,130	-	43,130
1467300300	508,075	-	-	-	508,075	-	508,075
1472300300	325,630	-	-	-	325,630	-	325,630
1472300300	12,370	-	12,370	12,370	-	-	*
1542300300	1,210,000	244,203	8,829	253,032	956,968	129,131	827,837
(Continued)							

(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, 2023

Project	Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance	
		Prior Years	Current Year	Total				
General construction projects, continued:								
Department of Public Works, continued:								
1562300300	Oaklette Bridge (Indian River Road)	\$ 5,128,000	249,728	101,397	351,125	4,776,875	94,140	4,682,735
1572300300	Old Mill Road – Bridge at Deep Creek	1,153,000	90,915	5,000	95,915	1,057,085	987	1,056,098
1582300300	Number Ten Lane – Bridge over Lindsey Drainage Canal	1,251,000	168,956	31,263	200,218	1,050,782	25,625	1,025,157
1592300300	Flashing Yellow Lights - Western Branch	159,000	48,972	20,525	69,496	89,504	-	89,504 *
1602300300	Flashing Yellow Lights - Cedar Rd.	313,000	93,556	4,191	97,748	215,252	-	215,252 *
1612300300	Flashing Yellow Lights - Providence and Mt Pleasant	467,000	115,227	60,948	176,174	290,826	-	290,826 *
1622300300	Citywide Signal Timing	150,000	19,814	46,303	66,118	83,882	80,811	3,072
1622500300	Battlefield/Volvo Intersection Improvements Ph II	1,425,129	-	112,475	112,475	1,312,654	269,488	1,043,165
1632500300	Master Transportation Plan Update	250,000	-	-	-	250,000	-	250,000
1652500300	Pavement Condition Data Collection Project	300,000	279,052	20,948	300,000	-	-	- *
1672500300	Right Turn Lane: Johnstown Rd. at Battlefield Blvd.	1,650,000	397,560	10,499	408,059	1,241,941	-	1,241,941
1702500300	Traffic Signal Reconstruction Project	1,155,000	456,072	20,030	476,102	678,898	-	678,898 *
1712500300	Weiss Lane Widening	3,000,000	-	-	-	3,000,000	-	3,000,000
1792700300	Rt 168 Bridge Emergency Repairs	750,000	-	559,237	559,237	190,763	39,411	151,353
1822500300	Flashing Yellow Lights - S. Military & George Washington	321,000	108,287	61,029	169,317	151,683	-	151,683 *
1852500300	Centerville Bridge Emergency Repairs	431,459	-	-	-	431,459	-	431,459
1852500300	Centerville Bridge Emergency Repairs	16,277	-	16,277	16,277	-	-	- *
1862500300	Kempsville Road Resurfacing	899,080	-	838,982	838,982	60,098	-	60,098 *
1872500300	Mount Pleasant Road Resurfacing	600,920	-	592,894	592,894	8,026	-	8,026 *
Total Department of Public Works		175,897,297	13,807,194	17,793,940	31,601,134	144,296,163	18,173,162	126,123,001
Department of Parks and Recreation:								
1112310400	Northwest River Park Improvements	3,015,230	64,978	192,612	257,589	2,757,640	28,886	2,728,755
1112310400	Northwest River Park Improvements	22,100	-	22,100	22,100	-	-	- *
1122300400	Parks - Improvements, Additions & Expansions	3,948,011	-	352,065	352,065	3,595,946	233,905	3,362,041
1122300400	Parks - Improvements, Additions & Expansions	179,600	-	179,600	179,600	-	-	- *
1152200400	Northwest River Park Water & Sewer System Improv - Ph I	17,136	-	-	-	17,136	-	17,136
1152200400	Northwest River Park Water & Sewer System Improv - Ph I	119,106	119,106	-	119,106	-	-	- *
1152400400	Heron Landing Park on the Indian River	1,506,000	127,292	5,335	132,627	1,373,373	9,603	1,363,770
1161920400	Athletic Field Improvements	530,540	-	-	-	530,540	2,602	527,938
1161920400	Athletic Field Improvements	200,429	19,420	181,009	200,429	-	-	- *
1162400400	Oak Grove Lake Park - Phase II	380,000	-	-	-	380,000	-	380,000
1170510400	Parks Land Acquisition	317,886	229,855	345	230,200	87,686	-	87,686
1170510400	Parks Land Acquisition	1,025	1,025	-	1,025	-	-	- *
1172100400	Chesapeake Arboretum	699,894	-	13,448	13,448	686,446	10,254	676,192
1181930400	Park Program Improvements	92,541	-	-	-	92,541	34,952	57,589
1181930400	Park Program Improvements	276,393	-	276,393	276,393	-	-	- *
1182100400	Commonwealth/Seaboard Multi-City Rail Trail	135,929	-	-	-	135,929	-	135,929
1182100400	Commonwealth/Seaboard Multi-City Rail Trail	3,760	-	3,760	3,760	-	-	- *
								(Continued)

(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, 2023

Project	Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
General construction projects, continued:							
Department of Parks and Recreation, continued:							
1191930400	\$ 451,850	10,725	55,080	65,805	386,045	328,711	57,335
1191930400	70,697	-	70,697	70,697	-	-	*
1192100400	353,791	-	-	-	353,791	-	353,791
1192700400	270,000	-	19,732	19,732	250,268	-	250,268
1202700400	200,000	-	-	-	200,000	-	200,000
1211910400	27,246	-	-	-	27,246	-	27,246
1211910400	31,160	-	31,160	31,160	-	-	*
1212500400	486,272	-	349,803	349,803	136,470	23,890	112,580
1212500400	609,735	545,707	64,028	609,735	-	-	*
1212700400	400,000	-	-	-	400,000	56,200	343,800
1221920400	1,796	-	-	-	1,796	1,796	-
1222700400	650,000	-	2,451	2,451	647,549	55,482	592,067
1241920400	12,737	-	4,947	4,947	7,791	-	7,791
1241920400	21,170	14,555	6,615	21,170	-	-	*
1362400400	600,000	5,265	-	5,265	594,735	-	594,735
1472000400	3,395,515	-	-	-	3,395,515	-	3,395,515
1472010400	160,618	-	160,618	160,618	-	-	*
1682300400	60,899	-	58,427	58,427	2,472	2,312	160
1682300400	81,701	48,761	32,940	81,701	-	-	*
1722700400	9,000,000	-	282,290	282,290	8,717,710	65,347	8,652,363
1832500400	6,000,000	381,600	399,205	780,806	5,219,194	623,248	4,595,946
Total Department of Parks and Recreation	34,330,766	1,568,289	2,764,658	4,332,947	29,997,819	1,477,186	28,520,633
Department of Public Welfare:							
1012300500	6,709,700	111,396	313,702	425,098	6,284,602	770,995	5,513,607
1141900500	3,031,112	2,931,736	38,827	2,970,564	60,548	19,676	40,872
1151900500	1,890,615	169,075	20,487	189,562	1,701,053	62,021	1,639,032
1782700500	580,595	-	580,595	580,595	-	-	-
Total Department of Public Welfare	12,212,022	3,212,207	953,611	4,165,818	8,046,204	852,692	7,193,512
Department of Libraries:							
1022501000	250,000	-	75,036	75,036	174,964	-	174,964
1032101000	49,533	-	-	-	49,533	-	49,533
1032101000	43,303	-	43,303	43,303	-	-	*
1042301000	575,000	-	130,769	130,769	444,231	253,312	190,919
1062601000	1,540,000	22,430	102,056	124,486	1,415,514	29,166	1,386,348
1102201000	600,000	-	357,477	357,477	242,523	235,853	6,670
1102301000	600,000	-	-	-	600,000	-	600,000
1121911000	353,539	3,090	2,350	5,440	348,099	289,911	58,188
1121921000	300,350	-	13,200	13,200	287,150	285,847	1,303
Total Department of Libraries	4,311,726	25,520	724,191	749,711	3,562,015	1,094,089	2,467,926
Total expenditures and encumbrances	453,565,258	61,811,780	62,371,856	124,183,636	329,381,622	69,207,537	260,174,085
Less completed projects	34,539,158			32,345,142			
Construction in progress	\$ 419,026,100			91,838,494			
* Completed Projects							

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CITY OF CHESAPEAKE, VIRGINIA

Schedule O-2

Public Utilities Capital Projects Fund
 Schedule of Expenses and Encumbrances - Budget and Actual
 Year Ended June 30, 2023

Project	Appropriations	Prior Years	Expenses		Total	Unexpended Balance	Encumbrances	Unencumbered Balance
			Current Year					
1011500800	PW/PU Operations Facilities Relocation Ph I	121,262	-	-	121,262	3,878,738	-	3,878,738
1022700800	Sanitary Sewer Pump Stations	-	-	-	-	3,200,000	-	3,200,000
1032700800	Sanitary Sewer Systems	-	-	-	-	3,300,000	-	3,300,000
1032700801	Avalon Area Sewer Renewal	-	-	-	-	1,500,000	-	1,500,000
1042700800	Water Distribution	-	-	-	-	2,100,000	-	2,100,000
1042700801	Water Distribution - Avalon Area Water Renewal	-	-	-	-	300,000	-	300,000
1042700802	Water Distribution - Water Service Line Inventory	-	107,323	-	107,323	392,677	380,457	12,220
1051800800	Sewer Renewal - Add'l Consent Order Capital Requirement	5,234,575	-	-	-	5,234,575	-	5,234,575
1051820800	Sewer Renewal - Add'l Consent Order - Decatur	3,285,230	2,282,546	-	2,550,476	734,754	273,030	461,724
1051840800	Sewer Renewal - Add'l Consent Order - Maint & Op Mgmt	574,946	-	-	-	574,946	-	574,946
1051840800	Sewer Renewal - Add'l Consent Order - Maint & Op Mgmt	342,620	119,771	-	342,620	-	-	*
1051870800	Sewer Renewal - Regional/Local Hydraulic Model	26,820	3,441	-	3,441	23,380	23,328	52
1052700800	Lake Gaston Water Treatment Plant	500,000	-	-	-	500,000	-	500,000
1061000800	Force Main Upgrade - Greenbrier Parkway	2,700,389	1,857,747	-	1,988,484	711,905	629,493	82,411
1062700800	Northwest River Water Treatment Plant	48,095	-	-	-	48,095	-	48,095
1062700801	NWR WTP - 3500 Battlefield Blvd Land Acquisition	326,905	326,905	-	326,905	-	-	*
1062700802	NWR WTP - GW Reverse Osmosis Replacement	3,095,000	117,734	-	117,734	2,977,266	229,386	2,747,880
1141600800	Water Renewal & Waterline Upgrade - Ph II	1,949,366	7,717	-	7,717	1,941,649	-	1,941,649
1141600800	Water Renewal & Waterline Upgrade - Ph II	375,410	-	-	375,410	-	-	*
1151700800	Sewer Renewal - 18th Street	2,392,270	587,926	-	713,319	1,678,951	1,431,329	247,623
1181700800	Sewer Renewal - Chesapeake Ave - Guerriere to Ohio Sewer	54,391	-	-	54,391	-	-	-
1191300800	Northwest River WTP Misc Modifications	1,293,973	5,682	-	442,766	851,207	-	851,207
1191310800	Northwest River WTP Misc Modifications	2,000,000	87,519	-	265,191	1,734,809	140,283	1,594,526
1202200800	Northwest River WTP - Switchgear Replacement	5,982,000	-	-	-	5,982,000	271,944	5,710,056
1202300800	Chesapeake Connector Water Pipeline	2,000,000	-	-	-	2,000,000	-	2,000,000
1211310800	Lake Gaston WTP Membrane Rep. - Phase 2	1,101,760	540,150	-	540,150	561,610	-	561,610
1211310800	Lake Gaston WTP Membrane Rep. - Phase 2	1,098,240	549,120	-	1,098,240	-	-	*
1222200800	Sewer System Redesign/Construction: Albemarle Dr.	995,000	20,028	-	91,747	903,253	655,712	247,541
1222300800	Lake Gaston Pipeline - Capital Cost Sharing with VA Beach	1,575,000	868,083	-	1,292,869	282,131	-	282,131
1231700800	Sewer and Water Renewal: Elbyrne Dr.	2,743,000	2,082,134	-	2,282,778	460,222	141,656	318,566
1232300800	Northwest River Lakes & Pump Station	2,000,000	132,865	-	436,109	1,563,891	34,405	1,529,486
1232400800	SCADA Upgrade	6,500,000	42,463	-	42,463	6,457,537	34,677	6,422,860
1241200800	Water System Renewal	300,000	-	-	-	300,000	-	300,000
1241200800	Water System Renewal	507,672	507,672	-	507,672	-	-	*
1242000800	Water Renewal - Buchanan Street	1,471,693	-	-	-	1,471,693	2,350	1,469,344
124200800	Water Renewal - Buchanan Street	1,835,177	1,408,818	-	1,835,177	-	-	*
1242300800	Replacement of Lead Service Lines	100,000	100,000	-	100,000	-	-	*
1252000800	Unserved Areas/Cost Participation - Phase II	827,024	-	-	-	827,024	-	827,024
1252020800	Unserved Areas/Cost Participation - Phase II - Willow Lake	3,100,000	131,047	-	306,496	2,793,504	2,041,504	752,001
1271200800	Sanitary Sewer Evaluation	8,072,570	8,051,787	-	8,051,787	20,783	-	20,783

(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, 2023

Project	Appropriations	Expenses		Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year			
1292000800 Northwest River WTP Ground Storage Tank	\$ 1,680,000	82,522	-	1,597,478	82,811	1,514,667
1302000800 Northwest River WTP Replace Bulk Chemical Storage Tanks	246,000	246,000	-	-	-	- *
1302100800 Public Utilities CIS Upgrade	21,174	21,174	-	-	-	- *
1312000800 Water Production Security System Upgrades	25,884	-	-	25,884	25,434	450
1312400800 South Central Water Transmission Main & Loop - Phase I	32,607,000	833,210	853,104	1,686,314	103,485	30,817,202
1332000800 Water Residuals Disposal	320,000	61,103	79,633	140,736	107,780	71,484
1322100800 Water & Sewer Pump Station Telemetry Install & Upgrade	88,655	88,655	-	-	-	-
1331200800 Sewer Renewal - SSES Ph I	5,379,737	4,985,618	84,325	309,793	105,815	203,979
1331700800 Raleigh Place Sewer (Pump Station #7)	4,400,000	49,216	245,685	4,105,099	173,891	3,931,208
1332000800 Western Branch Elevated Tank Rehabilitation	50,000	-	-	50,000	44,107	5,893
1332100800 Water System Planning and Upgrades	1,400,000	21,223	130,285	1,248,493	83,765	1,164,728
1341200800 Customer Service Billing System	1,077,502	154,768	-	922,734	-	922,734 *
1342000800 Force Main Replacement - Dominion Blvd. and I-64	4,507,700	418,140	1,840,576	2,248,985	1,743,489	505,495
1351700800 Service Area Gravity Sewer	972,650	-	-	972,650	-	972,650
1351700800 Service Area Gravity Sewer	8,760,328	8,762,639	(2,311)	8,760,328	-	- *
1352000800 Sewer Pump Station Safety Improvements	383,507	165,903	11,518	177,421	810	205,276
1372000800 Lake Gaston WTP Miscellaneous Modifications	2,240,829	787,966	454	788,421	129,645	1,322,764
1372400800 Fentress NALF Water Transmission Main	13,000,000	511,854	178,392	690,246	415,409	11,894,345
1391200800 Red Top Raw Water Transmission Main	34,752,394	14,622,592	4,944,797	19,567,389	4,058,218	11,126,787
1431200800 Centerville Turnpike Loop 3	10,289,030	1,376,784	4,661,439	6,038,223	3,205,481	1,045,326
1471200800 Western Branch Interconnect to Lake Gaston WTP	2,103,150	1,776,044	7,475	1,783,519	319,631	-
1471220800 Willow Lake Interconnect	5,128,819	217,590	4,788	222,378	176,688	4,729,754
1511270800 Unserved Areas	282,730	-	-	282,730	-	282,730
1522300800 Water Franchise Acquisition and System Renewals	29,897	22,179	-	22,179	7,718	7,718
1522300800 Water Franchise Acquisition and System Renewals	20,490	18,627	1,863	20,490	-	- *
1522310800 Indian River Estates - Water Main Improvements	112,771	-	-	112,771	-	112,771
1522310800 Indian River Estates - Water Main Improvements	4,141,267	4,138,956	2,311	4,141,267	-	- *
1531200800 Replace Meter Reading Equip	23,399,623	816,699	598,803	1,415,502	856,542	21,127,579
1642300800 Volvo & Executive Pump Station & Force Main (Summit Pointe)	2,990,562	2,988,469	2,092	2,990,562	-	- *
1652300800 Philmont Ave Septic Disconnect	885,050	380	-	380	884,670	884,670
1711200800 Water Renewal - Water Line Upgrade	93,185	1,847	-	1,847	43,092	48,247
1711200800 Water Renewal - Water Line Upgrade	205,996	205,996	-	205,996	-	- *
1782500800 West Road Force Main	22,399,970	343,524	168,829	512,353	176,854	21,710,764
Total project expenses and encumbrances	263,305,026	56,936,663	24,599,599	81,536,262	181,768,764	163,626,265
Less completed projects	22,049,342	-	-	-	-	-
Construction in progress - construction	241,255,684	-	-	60,409,654	-	-
Capitalized interest expenses	-	5,469,579	-	5,469,579	-	-
Less closed capitalized interest	-	-	-	-	-	-
Construction in progress - capitalized interest	-	-	-	132,938	-	-
Total construction in progress	-	-	-	5,336,641	-	-
* Completed Projects	\$	-	-	65,746,295	-	-

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CITY OF CHESAPEAKE, VIRGINIA

Schedule O-3

Chesapeake Transportation System Capital Projects Fund
 Schedule of Expenses and Encumbrances - Budget and Actual
 Year Ended June 30, 2023

Project	Expenses				Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total			
1082700700 Violation Processing System (VPS) Replacement	\$ 1,150,000	-	-	-	1,150,000	-	1,150,000
1092600700 DBVB - LED Lighting Replacement/Upgrade	1,100,000	-	-	-	1,100,000	-	1,100,000
1122700700 Chesapeake Expressway R&R - Phase IV	1,720,846	-	-	-	1,720,846	-	60,785
1122700700 Chesapeake Expressway R&R - Phase IV	33,635	-	33,635	33,635	-	1,660,061	- *
1132700700 Dominion Blvd Vet Bridge R&R - Phase I	1,652,515	-	-	-	1,652,515	1,536,172	116,343
1202600700 DBVB Deck & Parapet Wall Rehab	2,351,000	-	-	-	2,351,000	-	2,351,000
1282400700 Chesapeake Expressway Repaving - Phase I	1,826,294	-	-	-	1,826,294	448,625	1,377,669
1282400700 Chesapeake Expressway Repaving - Phase I	1,692,491	-	1,692,491	1,692,491	-	-	- *
1322300700 Renewals: Chesapeake Expressway - Phase 3	1,080,000	-	-	-	1,080,000	-	1,080,000
1342300300 DBVB - Closed Circuit Television (CCTV)	340,000	-	-	-	340,000	-	340,000
1352100300 Chesapeake Transportation System Renewals - Phase II	181,726	72,054	109,671	181,726	-	-	- *
1562500700 Dominion Bridge Toll Systems Upgrades	330,000	-	-	-	330,000	-	330,000
Total expenses and encumbrances	13,458,508	72,054	1,835,798	1,907,852	11,550,656	3,644,858	7,905,798
Less completed projects	1,907,852			1,907,852			
Total construction in progress	\$ 11,550,656			-			

* Completed Projects

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-4

Stormwater Management Capital Projects Fund
Schedule of Expenses and Encumbrances - Budget and Actual
Year Ended June 30, 2023

Project	Expenses				Total	Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year					
1011100300 Halifax Street Outfall Improvement	\$ 1,144,187	-	-	-	1,144,187	-	-	1,144,187
1031600900 Citywide Outfall Regrading & Restoration	2,960,747	-	-	-	2,960,747	548,918	-	2,411,829
1031600900 Citywide Outfall Regrading & Restoration	1,631,071	1,602,349	28,722	1,631,071	-	-	-	*
1041300900 D Street Drainage Improvements	370,000	-	-	-	370,000	-	-	370,000
1051210300 Neighborhood Drainage Improvements	16,597	16,597	-	16,597	-	-	-	*
1051220300 Neighborhood Drainage Improvements	12,046	-	-	-	12,046	-	-	12,046
1051400900 VPDES Compliance	3,594,881	206,876	107,503	314,378	3,280,502	173,428	-	3,107,074
1051420900 Washington Manor Outfall Improvements (DEQ)	852,587	85,512	55,979	141,490	711,097	164,949	-	546,147
1051430900 New Mill Regional BMP (DEQ)	111,685	94,115	-	94,115	17,570	-	-	*
1052600900 Broadlawn Apartments Outfall Improvements	1,820,000	-	-	-	1,820,000	-	-	1,820,000
1061200900 Stormwater Mapping & Master Drainage Plan	79,029	-	24,650	24,650	54,380	23,756	-	30,624
1071300900 Lamberts Trail Area Drain Improvement	1,259,804	3,255	2,222	5,477	1,254,326	2,758	-	1,251,569
1071510900 Citywide Undesignated Drainage Phase III	150,000	1,829	-	1,829	148,171	-	-	148,171
1071810900 Major Equipment Purchases	1,645,849	-	152,805	152,805	1,493,045	418,248	-	1,074,797
1071810900 Major Equipment Purchases	35,400	-	35,400	35,400	-	-	-	*
1081500900 Neighborhood Drainage Improvements II	3,737,596	1,785,960	95,099	1,881,059	1,856,537	218,764	-	1,637,774
1081500900 Neighborhood Drainage Improvements II	754,018	38,321	715,697	754,018	-	-	-	*
1091500900 Oakdale Area BMP and Drainage Improvements	5,000,000	734,279	20,197	754,476	4,245,525	151,159	-	4,094,366
1101300900 Royce Drive Drainage Improvements	550,000	43,406	506,594	550,000	-	-	-	*
1101500900 Stormwater Mapping & Master Drainage Plan III	761,124	447,616	114,204	561,820	199,304	185,992	-	13,312
1111500900 Stormwater Quality Program Phase II	4,240,565	643,908	5,908	649,816	3,590,749	168,515	-	3,422,234
1192000900 Welch Lane Drainage Improvements	480,000	63,231	-	63,231	416,769	9,096	-	407,673
1232200900 Loxley Gardens Drainage Improvements - Ph II	1,100,000	9,880	99,122	109,002	990,998	1,808	-	989,189
1242200900 Old Mill Rd. Drainage Improvements (Replace Crossing)	750,000	132,908	-	132,908	617,092	59,655	-	557,437
1252300900 Elmwood Landing Area Drainage Improvements	1,400,000	78,199	-	78,199	1,321,801	-	-	1,321,801
1252400900 John Street Area Outfall Improvements	575,340	-	6,251	6,251	569,090	111	-	568,979
1262300900 Forest Lakes Outfall Improvements	900,000	104,408	593	105,001	794,999	32,033	-	762,967
1262400900 Greenbrier Outfall Improvements	1,100,000	-	-	-	1,100,000	-	-	1,100,000
1272300900 Hickory Ridge Outfall Improvements	850,000	-	-	-	850,000	6,070	-	843,930
1272400900 Nina Drive Area Outfall Improvements	1,469,167	639,788	829,379	1,469,167	-	-	-	-
1282300900 Parkview Area Drainage Improvements	700,000	6,608	16,142	22,750	677,250	-	-	677,250
1292300900 Resiliency & Reliability Program	1,431,479	-	11,329	11,329	1,420,150	12,748	-	1,407,403
1342100900 Liberty St. Drainage System Replacement & Upgrade	170,643	-	-	-	170,643	-	-	170,643
1402100900 Master Drainage Improvements II	7,472	-	-	-	7,472	-	-	7,472
1431700900 Citywide System Rehab	3,538,826	1,626,363	330,085	1,956,448	1,582,378	1,428,807	-	153,571
1492500900 Arboretum Channel Improvements	699,000	-	-	-	699,000	-	-	699,000
1502500900 Chesapeake Ave. Area Drainage Improvements	4,100,000	-	-	-	4,100,000	-	-	4,100,000
1512500900 Cooper's Ditch Re-Grading, Phase II	1,000,000	121,180	50,215	171,394	828,606	33,156	-	795,450
1522500900 Norfolk Highlands Drainage Improvements	1,200,000	-	110,435	110,435	1,089,565	55,779	-	1,033,786
1562700900 Herring Ditch Outfall Improvements	2,500,000	-	175,530	175,530	2,324,470	-	-	2,324,470

(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, 2023

Project	Appropriations	Expenses			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
1582700900 Mount Pleasant Road Crossing Replacement	\$ 500,000	-	-	-	500,000	-	500,000
1612700900 Providence Rd. Crossing Replacement	1,400,000	-	-	-	1,400,000	-	1,400,000
1652300900 Philmont Ave Septic Disconnect	889,950	396	-	396	889,554	-	889,554
1731200900 BMP Restoration Citywide	1,968,820	250,918	233,546	484,463	1,484,356	218,633	1,265,723
1751200300 Partridge/Cloverdale Area Improvements	88,995	-	-	-	88,995	45,672	43,323
1771200900 Shillelagh Road Drainage Outfall Improvement	2,280,270	723,224	584,762	1,307,986	972,285	972,231	54
1781200300 Shillelagh Roadside Ditch Improvements	32,502	32,502	-	32,502	-	-	-
Total expenses and encumbrances	61,859,651	9,493,624	4,312,368	13,805,992	48,053,659	5,518,722	42,534,937
Less completed projects	3,098,771			3,081,200			
Construction in progress	\$ 58,760,880			10,724,792			

* Completed Projects

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Special Revenue and Permanent Funds

Special Revenue Funds:

Tax Increment Financing Funds – To account for incremental tax revenues generated in designated commercial areas of the City, 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.

CSB of Chesapeake, Inc. – To account for the issuance of debt and the rental of a community services facility for the Community Services Board.

Permanent Funds:

Poor Fund and Carney Fund – To account for the investment of funds donated to the City. The expenditures of the income earned by these endowments are to be used for education.



CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	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	\$ 3,997,718	11,110,317	4,027,695	7,540,921	13,515,478
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	591,531	-	-
Federal government	-	-	1,146,335	167,163	-
Receivables:					
Accounts receivable	-	-	512	4,983,312	4,914
Interest	-	-	-	-	-
Other	-	-	1,244	-	99,240
Allowance for uncollectible amounts	-	-	(512)	(2,377,850)	(4,914)
Inventory of materials and supplies	-	-	-	-	8,523
Prepaid expenditures and other assets	-	-	-	-	263,067
Restricted asset:					
Investments	-	-	-	-	-
Total assets	\$ 3,997,718	11,110,317	5,766,805	10,313,546	13,886,308
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	-	107,682	684,128	204,613
Accrued expenditures	-	-	328,564	412,087	13,337
Unearned revenues	-	-	-	-	9,119
Other liabilities	-	-	13,647	13,249	-
Due to Commonwealth of Virginia	-	-	96,357	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	546,250	1,109,464	227,069
Fund Balances					
Nonspendable	-	-	-	-	271,590
Restricted	3,997,718	11,110,317	-	3,401,873	-
Committed	-	-	429,212	742,914	40,944
Assigned	-	-	4,791,343	5,059,295	13,346,705
Total fund balances	3,997,718	11,110,317	5,220,555	9,204,082	13,659,239
Total liabilities, deferred inflows, and fund balances	\$ 3,997,718	11,110,317	5,766,805	10,313,546	13,886,308

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
ASSETS					
Cash and temporary investments	2,804,882	54,792	10,029,729	7,104,070	10,118,223
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	1,008,436	-	-	1,033,385
Federal government	-	21,272	-	-	2,220,685
Receivables:					
Accounts receivable	73,686	10,056	107,084	4,891,286	205,188
Interest	-	-	-	-	-
Other	959	-	-	-	-
Allowance for uncollectible amounts	-	(311)	-	(4,645,002)	(125,841)
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-
Restricted asset:					
Investments	-	-	-	-	-
Total assets	2,879,527	1,094,245	10,136,813	7,350,354	13,451,640
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	15,422	556,860	159,287	92,573	658,088
Accrued expenditures	81,271	7,366	101,600	10,979	37,130
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to Commonwealth of Virginia	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	96,693	564,226	260,887	103,552	695,218
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	11,789,118
Committed	375,978	70	266,782	150,575	967,304
Assigned	2,406,856	529,949	9,609,144	7,096,227	-
Total fund balances	2,782,834	530,019	9,875,926	7,246,802	12,756,422
Total liabilities, deferred inflows, and fund balances	2,879,527	1,094,245	10,136,813	7,350,354	13,451,640

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
ASSETS					
Cash and temporary investments	-	5,255,045	16,998,316	59,717	366,545
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	-	-	-
Federal government	672,714	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Allowance for uncollectible amounts	-	-	-	-	-
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-
Restricted asset:					
Investments	-	994,744	-	-	-
Total assets	672,714	6,249,789	16,998,316	59,717	366,545
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	188,496	-	-	-	-
Accrued expenditures	6,265	-	-	-	-
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to Commonwealth of Virginia	-	-	-	-	-
Due to other funds	176,997	-	-	-	-
Total liabilities	371,758	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	16,998,316	-	-
Committed	300,956	6,249,789	-	59,717	366,545
Assigned	-	-	-	-	-
Total fund balances	300,956	6,249,789	16,998,316	59,717	366,545
Total liabilities, deferred inflows, and fund balances	672,714	6,249,789	16,998,316	59,717	366,545

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
ASSETS			
Cash and temporary investments	193,033	15,112	93,191,593
Intergovernmental revenues due from:			
Commonwealth of Virginia	-	-	2,633,352
Federal government	-	-	4,228,169
Receivables:			
Accounts receivable	-	-	10,276,038
Interest	845	7	852
Other	-	-	101,443
Allowance for uncollectible amounts	-	-	(7,154,430)
Inventory of materials and supplies	-	-	8,523
Prepaid expenditures and other assets	-	-	263,067
Restricted asset:			
Investments	-	-	994,744
Total assets	193,878	15,119	104,543,351
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities			
Accounts payable	-	-	2,667,149
Accrued expenditures	-	-	998,599
Unearned revenues	-	-	9,119
Other liabilities	-	-	26,896
Due to Commonwealth of Virginia	-	-	96,357
Due to other funds	-	-	176,997
Total liabilities	-	-	3,975,117
Fund Balances			
Nonspendable	11,295	1,500	284,385
Restricted	182,583	13,619	47,493,544
Committed	-	-	9,950,786
Assigned	-	-	42,839,519
Total fund balances	193,878	15,119	100,568,234
Total liabilities, deferred inflows, and fund balances	193,878	15,119	104,543,351

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2023

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
REVENUES					
General property taxes	\$ 13,466,047	9,628,539	-	-	-
Other local taxes	-	-	-	-	5,637,115
Licenses, permits, and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	233,587	281,259	167,027	213,288	-
Revenues from use of property	-	-	-	-	384,688
Charges for services	-	-	1,927	8,663,002	1,451,622
Miscellaneous local revenues	-	-	115	97,036	5,813
Recovered costs	-	-	65,093	38,869	-
Program income	-	-	-	-	-
Revenues from local developers	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	-	5,126,795	11,261,747	-
Federal government	-	-	11,136,304	2,379,934	-
Total revenues	13,699,634	9,909,798	16,497,261	22,653,876	7,479,238
EXPENDITURES					
Current:					
General government	-	250	-	-	4,677,068
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	-	-	23,457,465	30,201,239	-
Education	-	-	-	-	-
Capital outlay	-	-	32,049	235,153	184,035
Total expenditures	-	250	23,489,514	30,436,392	4,861,103
Excess (deficiency) of revenues over (under) expenditures	13,699,634	9,909,548	(6,992,253)	(7,782,516)	2,618,135
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	1,509,062	50,000	7,974,091	10,783,865	-
Transfers to other funds	(17,311,707)	(2,689,932)	(186,810)	(819,328)	(65,000)
Issuance of leases (as lessee) (note 6)	-	-	32,049	14,598	-
Issuance of subscriptions	-	-	-	220,555	174,150
Total other financing sources (uses), net	(15,802,645)	(2,639,932)	7,819,330	10,199,690	109,150
Net change in fund balance	(2,103,011)	7,269,616	827,077	2,417,174	2,727,285
Fund balance - beginning	6,100,729	3,840,701	4,393,478	6,786,908	10,931,954
Fund balance - ending	\$ 3,997,718	11,110,317	5,220,555	9,204,082	13,659,239

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, 2023

	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	-	-	-	272,783	-
Fines and forfeitures	-	-	-	7,309,369	-
Investment income	82,808	8,013	321,373	169,798	65,839
Revenues from use of property	-	-	-	-	-
Charges for services	32,175	13,460	-	416,413	161,143
Miscellaneous local revenues	-	-	-	-	1,046,310
Recovered costs	1,273,724	12,033	-	7,301	-
Program income	-	-	-	-	-
Revenues from local developers	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	2,765,582	3,742,351	1,207,450	-	4,380,468
Federal government	-	187,166	-	-	41,639,817
Total revenues	4,154,289	3,963,023	6,476,821	8,175,664	47,293,577
EXPENDITURES					
Current:					
General government	6,441,178	-	-	-	2,862,947
Public safety	-	-	6,964,122	2,021,168	3,104,561
Parks and recreation	-	-	-	-	60,189
Public welfare	-	6,309,681	-	-	1,219,852
Education	-	-	-	-	-
Capital outlay	-	-	204,462	112,591	1,851,819
Total expenditures	6,441,178	6,309,681	7,168,584	2,133,759	9,099,368
Excess (deficiency) of revenues over (under) expenditures	(2,286,889)	(2,346,658)	(691,763)	6,041,905	38,194,209
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	3,644,040	2,608,668	2,562,111	-	243,557
Transfers to other funds	(82,807)	(513,764)	(511,372)	(1,000,724)	(43,419,580)
Issuance of leases (as lessee) (note 6)	-	-	-	-	-
Issuance of subscriptions	-	-	147,459	98,892	328,954
Total other financing sources (uses), net	3,561,233	2,094,904	2,198,198	(901,832)	(42,847,069)
Net change in fund balance	1,274,344	(251,754)	1,506,435	5,140,073	(4,652,860)
Fund balance - beginning	1,508,490	781,773	8,369,491	2,106,729	17,409,282
Fund balance - ending	2,782,834	530,019	9,875,926	7,246,802	12,756,422

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, 2023

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
REVENUES					
General property taxes	-	660,858	-	-	-
Other local taxes	-	-	-	-	-
Licenses, permits, and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	128,784	-	2,011	387
Revenues from use of property	-	58,688	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous local revenues	-	-	1,578,155	-	-
Recovered costs	-	-	-	-	-
Program income	54,291	-	-	-	-
Revenues from local developers	-	217,500	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	268,809	-	-	-
Federal government	2,846,719	-	-	-	-
Total revenues	2,901,010	1,334,639	1,578,155	2,011	387
EXPENDITURES					
Current:					
General government	-	(3,222)	-	-	-
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	2,453,746	-	-	-	35
Education	-	-	13,065	-	-
Capital outlay	537,086	7,918	-	-	-
Total expenditures	2,990,832	4,696	13,065	-	35
Excess (deficiency) of revenues over (under) expenditures	(89,822)	1,329,943	1,565,090	2,011	352
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(697)	(224,523)	(1,150,000)	-	-
Issuance of leases (as lessee) (note 6)	-	-	-	-	-
Issuance of subscriptions	-	-	-	-	-
Total other financing sources (uses), net	(697)	(224,523)	(1,150,000)	-	-
Net change in fund balance	(90,519)	1,105,420	415,090	2,011	352
Fund balance - beginning	391,475	5,144,369	16,583,226	57,706	366,193
Fund balance - ending	300,956	6,249,789	16,998,316	59,717	366,545

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, 2023

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
REVENUES			
General property taxes	-	-	23,755,444
Other local taxes	-	-	10,585,113
Licenses, permits, and fees	-	-	272,783
Fines and forfeitures	-	-	7,309,369
Investment income	777	9	1,674,960
Revenues from use of property	-	-	443,376
Charges for services	-	-	10,739,742
Miscellaneous local revenues	-	-	2,727,429
Recovered costs	-	-	1,397,020
Program income	-	-	54,291
Revenues from local developers	-	-	217,500
Intergovernmental revenues:			
Commonwealth of Virginia	-	-	28,753,202
Federal government	-	-	58,189,940
Total revenues	777	9	146,120,169
EXPENDITURES			
Current:			
General government	-	-	13,978,221
Public safety	-	-	12,089,851
Parks and recreation	-	-	60,189
Public welfare	-	-	63,642,018
Education	-	-	13,065
Capital outlay	-	-	3,165,113
Total expenditures	-	-	92,948,457
Excess (deficiency) of revenues over (under) expenditures	777	9	53,171,712
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	29,375,394
Transfers to other funds	-	-	(67,976,244)
Issuance of leases (as lessee) (note 6)	-	-	46,647
Issuance of subscriptions	-	-	970,010
Total other financing sources (uses), net	-	-	(37,584,193)
Net change in fund balance	777	9	15,587,519
Fund balance - beginning	193,101	15,110	84,980,715
Fund balance - ending	193,878	15,119	100,568,234

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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes	\$ 13,505,944	13,466,047	(39,897)
Investment income	-	233,587	233,587
Total revenues	13,505,944	13,699,634	193,690
EXPENDITURES			
General government	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	13,505,944	13,699,634	193,690
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	1,509,062	1,509,062
Transfers to other funds	(17,078,446)	(17,311,707)	(233,261)
Total other financing sources (uses), net	(17,078,446)	(15,802,645)	1,275,801
Net change in fund balance	(3,572,502)	(2,103,011)	1,469,491
Fund balance - beginning	6,100,729	6,100,729	-
Fund balance - ending	\$ 2,528,227	3,997,718	1,469,491

**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	(15,802,645)
Total other financing sources (uses), Schedule P-2	\$ (15,802,645)

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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes	\$ 9,301,371	9,628,539	327,168
Investment income	-	281,259	281,259
Total revenues	9,301,371	9,909,798	608,427
EXPENDITURES			
General government	25,000	250	24,750
Total expenditures	25,000	250	24,750
Excess (deficiency) of revenues over (under) expenditures	9,276,371	9,909,548	633,177
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	50,000	50,000
Transfers to other funds	(2,488,757)	(2,689,932)	(201,175)
Total other financing sources (uses), net	(2,488,757)	(2,639,932)	(151,175)
Net change in fund balance	6,787,614	7,269,616	482,002
Fund balance - beginning	3,840,701	3,840,701	-
Fund balance - ending	\$ 10,628,315	11,110,317	482,002

**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	(2,639,932)
Total other financing sources (uses), Schedule P-2	\$ (2,639,932)

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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	167,027	167,027
Charges for services	425	1,927	1,502
Miscellaneous revenue	-	115	115
Recovered costs	39,622	65,093	25,471
Intergovernmental revenues:			
Commonwealth of Virginia	5,067,847	5,126,795	58,948
Federal government	11,218,898	11,136,304	(82,594)
Total intergovernmental revenues	16,286,745	16,263,099	(23,646)
Total revenues	16,326,792	16,497,261	170,469
EXPENDITURES			
Public welfare:			
Bureau of Public Assistance	3,252,481	2,874,448	378,033
Joint Administration	4,830,722	4,378,810	451,912
Service Administration	8,084,531	6,726,851	1,357,680
Eligibility Administration	9,469,906	8,867,462	602,444
Other special programs	741,781	609,894	131,887
Total expenditures	26,379,421	23,457,465	2,921,956
Excess (deficiency) of revenues over (under) expenditures	(10,052,629)	(6,960,204)	3,092,425
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	7,974,091	7,974,091	-
Transfers to other funds	(19,800)	(186,810)	(167,010)
Total other financing sources (uses), net	7,954,291	7,787,281	(167,010)
Net change in fund balance	(2,098,338)	827,077	2,925,415
Fund balance - beginning	4,393,478	4,393,478	-
Fund balance - ending	\$ 2,295,140	5,220,555	2,925,415

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Public welfare:

Total expenditures, Schedule P-5

23,457,465

Capital outlay - leases and subscriptions

32,049

Total expenditures, Schedule P-2

\$ 23,489,514

Other financing sources (uses) net

Total other financing sources (uses), Schedule P-5

7,787,281

Issuance of leases (as lessee)

32,049

Total other financing sources (uses), Schedule P-2

\$ 7,819,330

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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	213,288	213,288
Charges for services:			
Mental health fees	4,329,240	3,155,758	(1,173,482)
Intellectual disability fees	5,294,103	5,420,971	126,868
Substance abuse fees	329,432	86,273	(243,159)
Total charges for services	9,952,775	8,663,002	(1,289,773)
Miscellaneous revenue	-	97,036	97,036
Recovered costs	28,000	38,869	10,869
Intergovernmental revenues:			
Commonwealth of Virginia:			
Mental health grants	7,603,685	8,600,562	996,877
Intellectual disability grants	1,427,005	1,505,258	78,253
Substance abuse grants	1,083,585	1,155,927	72,342
Total from the Commonwealth of Virginia	10,114,275	11,261,747	1,147,472
Federal government:			
Substance abuse, mental health, and intellectual disability grants	1,962,573	2,379,934	417,361
Total revenues	22,057,623	22,653,876	596,253
EXPENDITURES			
Public welfare	34,555,851	30,201,239	4,354,612
Capital outlay	50,000	-	50,000
Total expenditures	34,605,851	30,201,239	4,404,612
Excess (deficiency) of revenues over (under) expenditures	(12,548,228)	(7,547,363)	5,000,865
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	10,783,865	10,783,865	-
Transfers to other funds	(606,102)	(819,328)	(213,226)
Total other financing sources (uses), net	10,177,763	9,964,537	(213,226)
Net change in fund balance	(2,370,465)	2,417,174	4,787,639
Fund balance - beginning	6,786,908	6,786,908	-
Fund balance - ending	\$ 4,416,443	9,204,082	4,787,639

**Reconciliation from budgetary basis of accounting to Generally Accepted
Accounting Principles**

Expenditures

Total expenditures, Schedule P-6	30,201,239
Capital outlay - leases and subscriptions	235,153
Total expenditures, Schedule P-2	<u>\$ 30,436,392</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-6	9,964,537
Issuance of leases (as lessee)	14,598
Issuance of subscriptions	220,555
Total other financing sources (uses), Schedule P-2	<u>\$ 10,199,690</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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local taxes	\$ 4,291,825	5,637,115	1,345,290
Revenues from use of property	273,578	384,688	111,110
Charges for services	1,642,699	1,451,622	(191,077)
Miscellaneous revenue	600	5,813	5,213
Total revenues	6,208,702	7,479,238	1,270,536
EXPENDITURES			
General government	5,015,699	4,677,068	338,631
Capital outlay	9,885	9,885	-
Total expenditures	5,025,584	4,686,953	338,631
Excess (deficiency) of revenues over (under) expenditures	1,183,118	2,792,285	1,609,167
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(65,000)	(65,000)	-
Total other financing sources (uses), net	(65,000)	(65,000)	-
Net change in fund balance	1,118,118	2,727,285	1,609,167
Fund balance - beginning	10,931,954	10,931,954	-
Fund balance - ending	\$ 12,050,072	13,659,239	1,609,167

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Total expenditures, Schedule P-7	4,686,953
Capital outlay - leases and subscriptions	174,150
Total expenditures, Schedule P-2	<u>\$ 4,861,103</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-7	(65,000)
Issuance of subscriptions	174,150
Total other financing sources (uses), Schedule P-2	<u>\$ 109,150</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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	82,808	82,808
Charges for services	27,860	32,175	4,315
Recovered costs	1,521,922	1,273,724	(248,198)
Intergovernmental revenues:			
Commonwealth of Virginia	2,445,870	2,765,582	319,712
Total revenues	3,995,652	4,154,289	158,637
EXPENDITURES			
General government	7,639,692	6,441,178	1,198,514
Total expenditures	7,639,692	6,441,178	1,198,514
Excess (deficiency) of revenues over (under) expenditures	(3,644,040)	(2,286,889)	1,357,151
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	3,644,040	3,644,040	-
Transfers to other funds	-	(82,807)	(82,807)
Total other financing sources (uses), net	3,644,040	3,561,233	(82,807)
Net change in fund balance	-	1,274,344	1,274,344
Fund balance - beginning	1,508,490	1,508,490	-
Fund balance - ending	\$ 1,508,490	2,782,834	1,274,344

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Total expenditures, Schedule P-8	6,441,178
Total expenditures, Schedule P-2	\$ 6,441,178
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-8	3,561,233
Total other financing sources (uses), Schedule P-2	\$ 3,561,233

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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	8,013	8,013
Charges for services	-	13,460	13,460
Recovered costs	-	12,033	12,033
Intergovernmental revenues:			
Commonwealth of Virginia	3,771,487	3,742,351	(29,136)
Federal government	-	187,166	187,166
Total revenues	3,771,487	3,963,023	191,536
EXPENDITURES			
Public welfare:			
Administrative expenses	6,380,501	6,309,681	70,820
Total expenditures	6,380,501	6,309,681	70,820
Excess (deficiency) of revenues over (under) expenditures	(2,609,014)	(2,346,658)	262,356
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,608,668	2,608,668	-
Transfers to other funds	(505,751)	(513,764)	(8,013)
Total other financing sources (uses), net	2,102,917	2,094,904	(8,013)
Net change in fund balance	(506,097)	(251,754)	254,343
Fund balance - beginning	781,773	781,773	-
Fund balance - ending	\$ 275,676	530,019	254,343

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Public welfare:

Total expenditures, Schedule P-9	6,309,681
Total expenditures, Schedule P-2	\$ 6,309,681

Other financing sources (uses) net

Total other financing sources (uses), Schedule P-9	2,094,904
Total other financing sources (uses), Schedule P-2	\$ 2,094,904

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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local taxes	\$ 4,947,998	4,947,998	-
Investment income	-	321,373	321,373
Intergovernmental revenues:			
Commonwealth of Virginia	1,278,729	1,207,450	(71,279)
Total revenues	6,226,727	6,476,821	250,094
EXPENDITURES			
Public safety	8,780,151	6,964,122	1,816,029
Capital outlay	150,873	57,003	93,870
Total expenditures	8,931,024	7,021,125	1,909,899
Excess (deficiency) of revenues over (under) expenditures	(2,704,297)	(544,304)	2,159,993
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,562,111	2,562,111	-
Transfers to other funds	(190,000)	(511,372)	(321,372)
Total other financing sources (uses), net	2,372,111	2,050,739	(321,372)
Net change in fund balance	(332,186)	1,506,435	1,838,621
Fund balance - beginning	8,369,491	8,369,491	-
Fund balance - ending	\$ 8,037,305	9,875,926	1,838,621

**Reconciliation from budgetary basis of accounting to Generally Accepted
 Accounting Principles**

Expenditures

Total expenditures, Schedule P-10	7,021,125
Capital outlay - leases and subscriptions	147,459
Total expenditures, Schedule P-2	<u>\$ 7,168,584</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-10	2,050,739
Issuance of subscriptions	147,459
Total other financing sources (uses), Schedule P-2	<u>\$ 2,198,198</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, 2023

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Licenses, permits, and fees	\$ 296,552	272,783	(23,769)
Fines and forfeitures	4,687,166	7,309,369	2,622,203
Investment income	-	169,798	169,798
Charges for services	392,656	416,413	23,757
Recovered costs	5,000	7,301	2,301
Total revenues	5,381,374	8,175,664	2,794,290
EXPENDITURES			
Public safety	3,230,905	2,021,168	1,209,737
Capital outlay	139,199	13,699	125,500
Total expenditures	3,370,104	2,034,867	1,335,237
Excess (deficiency) of revenues over (under) expenditures	2,011,270	6,140,797	4,129,527
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(830,926)	(1,000,724)	(169,798)
Total other financing sources (uses), net	(830,926)	(1,000,724)	(169,798)
Net change in fund balance	1,180,344	5,140,073	3,959,729
Fund balance - beginning	2,106,729	2,106,729	-
Fund balance - ending	\$ 3,287,073	7,246,802	3,959,729

**Reconciliation from budgetary basis of accounting to Generally Accepted
Accounting Principles**

Expenditures

Total expenditures, Schedule P-11	2,034,867
Capital outlay - leases and subscriptions	98,892
Total expenditures, Schedule P-2	<u>\$ 2,133,759</u>
Other financing sources (uses) net	
Total other financing sources (uses), Schedule P-11	(1,000,724)
Issuance of subscriptions	98,892
Total other financing sources (uses), Schedule P-2	<u>\$ (901,832)</u>

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, 2023

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Current assets:					
Cash and temporary investments	\$ 13,176,456	15,254,753	29,000,733	27,814,625	85,246,567
Receivables:					
Accounts	32,896	-	-	102,557	135,453
Interest	901	-	37,617	-	38,518
Leases	683,187	-	-	-	683,187
Allowance for uncollectible amounts	-	-	-	(29,190)	(29,190)
Inventory of materials and supplies	-	697,153	-	-	697,153
Prepaid expenses	1,354,059	2,922	2,971,921	-	4,328,902
Total current assets	15,247,499	15,954,828	32,010,271	27,887,992	91,100,590
Noncurrent assets:					
Capital assets:					
Construction in progress	-	1,734,459	-	-	1,734,459
Buildings	489,072	159,095	-	-	648,167
Improvements other than buildings	4,399,546	594,677	-	-	4,994,223
Software, equipment, and vehicles	35,386,761	131,931,560	375,647	-	167,693,968
Infrastructure	-	63,309	-	-	63,309
Less accumulated depreciation	(30,010,441)	(88,908,106)	(353,461)	-	(119,272,008)
Total capital assets, net of accumulated depreciation	10,264,938	45,574,994	22,186	-	55,862,118
Net OPEB asset	2,100	1,275	139	-	3,514
Total noncurrent assets	10,267,038	45,576,269	22,325	-	55,865,632
Total assets	25,514,537	61,531,097	32,032,596	27,887,992	146,966,222
Deferred Outflows of Resources	1,867,310	1,317,384	180,410	-	3,365,104
Total assets and deferred outflows of resources	\$ 27,381,847	62,848,481	32,213,006	27,887,992	150,331,326
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
Liabilities					
Current liabilities:					
Accounts payable	\$ 956,221	1,639,663	333,884	152,082	3,081,850
Accrued expenses and other liabilities	261,997	94,486	12,815	-	369,298
Unearned revenues	-	-	-	4,191,578	4,191,578
Current portion of leases and subscriptions payable	3,263,446	1,877	11,460	-	3,276,783
Current portion of accrued vacation, sick pay, and overtime leave	282,017	115,937	20,975	-	418,929
Current portion of liability for self-insurance losses	-	-	4,545,023	4,601,315	9,146,338
Total current liabilities	4,763,681	1,851,963	4,924,157	8,944,975	20,484,776
Noncurrent liabilities:					
Leases and subscriptions payable	2,582,562	1,434	11,474	-	2,595,470
Accrued vacation, sick pay, and overtime leave	385,028	166,654	31,531	-	583,213
Liability for self-insurance losses	-	-	23,299,968	-	23,299,968
Net pension liability	2,831,897	1,807,261	218,287	-	4,857,445
Net OPEB liability	252,194	165,161	26,030	-	443,385
Total noncurrent liabilities	6,051,681	2,140,510	23,587,290	-	31,779,481
Total liabilities	10,815,362	3,992,473	28,511,447	8,944,975	52,264,257
Deferred Inflows of Resources	2,109,769	996,597	136,480	-	3,242,846
Net Position					
Net investment in capital assets	4,418,930	45,571,683	(748)	-	49,989,865
Unrestricted (deficit)	10,037,786	12,287,728	3,565,827	18,943,017	44,834,358
Total net position	14,456,716	57,859,411	3,565,079	18,943,017	94,824,223
Total liabilities, deferred inflows, and net position	\$ 27,381,847	62,848,481	32,213,006	27,887,992	150,331,326

CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-2

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2023

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
OPERATING REVENUES					
Billings to departments	\$ 19,509,201	18,959,342	7,309,310	50,615,772	96,393,625
Billings to outside agencies and component units	336,656	35,018	-	-	371,674
Rental fees	353,515	-	-	-	353,515
Miscellaneous charges for services	6,048	-	-	-	6,048
Recovered costs	1,619	227,214	1,160,835	4,793,620	6,183,288
Other	-	13,540	-	-	13,540
Total operating revenues	20,207,039	19,235,114	8,470,145	55,409,392	103,321,690
OPERATING EXPENSES					
Cost of materials billed	-	2,899,615	-	-	2,899,615
Purchases for resale	-	3,592,301	-	-	3,592,301
General and administrative	951,131	254,559	1,667	14,299	1,221,656
Other salaries and wages	5,385,440	3,749,638	435,550	-	9,570,628
Other fringe benefits	1,921,509	1,857,002	175,989	-	3,954,500
Self-insurance reserve adjustments	-	-	427,291	-	427,291
Indemnity and medical claims	-	-	4,599,956	43,095,133	47,695,089
Other repairs and supplies	4,539,866	2,161,522	58,945	-	6,760,333
Other contractual services	1,555,764	135,645	127,655	1,431,140	3,250,204
Depreciation and amortization	5,339,637	9,027,160	12,672	-	14,379,469
Insurance premiums	-	-	1,951,939	3,028,000	4,979,939
Total operating expenses	19,693,347	23,677,442	7,791,664	47,568,572	98,731,025
Operating income (loss)	513,692	(4,442,328)	678,481	7,840,820	4,590,665
NONOPERATING REVENUES (EXPENSES)					
Investment income	412,871	521,395	1,038,442	799,502	2,772,210
Interest expense	(135,121)	(89)	(523)	-	(135,733)
Gain on sale of equipment	-	129,722	-	-	129,722
Loss on sale of equipment	-	(29,466)	-	-	(29,466)
Total nonoperating revenues (expenses), net	277,750	621,562	1,037,919	799,502	2,736,733
Income (loss) before transfers and contributions	791,442	(3,820,766)	1,716,400	8,640,322	7,327,398
Transfers in	665,142	380,394	50,052	-	1,095,588
Transfers out	(1,657,505)	(521,396)	-	-	(2,178,901)
Capital contributions	31,556	3,016,811	-	-	3,048,367
Change in net position	(169,365)	(944,957)	1,766,452	8,640,322	9,292,452
Total net position - beginning	14,626,081	58,804,368	1,798,627	10,302,695	85,531,771
Total net position - ending	\$ 14,456,716	57,859,411	3,565,079	18,943,017	94,824,223

CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-3

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 697,237	481,048	1,160,835	4,626,655	6,965,775
Cash received from interfund services provided	19,509,201	18,959,342	7,309,310	50,615,772	96,393,625
Payments to suppliers	(7,629,189)	(8,792,558)	(6,949,208)	(47,568,572)	(70,939,527)
Payments to employees	(7,440,423)	(5,747,318)	(651,613)	-	(13,839,354)
Net cash provided by (used in) operating activities	5,136,826	4,900,514	869,324	7,673,855	18,580,519
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	665,142	380,394	50,052	-	1,095,588
Transfers out	(407,505)	(521,396)	-	-	(928,901)
Net cash provided by (used in) noncapital financing activities	257,637	(141,002)	50,052	-	166,687
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Transfers out	(1,250,000)	-	-	-	(1,250,000)
Acquisition of capital assets	(4,056,340)	(5,974,340)	(11,920)	-	(10,042,600)
Proceeds from the sale of assets	-	129,722	-	-	129,722
Interest paid	(23,383)	(89)	-	-	(23,472)
Net cash provided by (used in) capital and related financing activities	(5,329,723)	(5,844,707)	(11,920)	-	(11,186,350)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	412,424	521,395	1,002,664	799,502	2,735,985
Investment expense	-	-	(523)	-	(523)
Net cash provided by investing activities	412,424	521,395	1,002,141	799,502	2,735,462
Net increase (decrease) in cash and temporary investments	477,164	(563,800)	1,909,597	8,473,357	10,296,318
Cash and temporary investments beginning of year	12,699,292	15,818,553	27,091,136	19,341,268	74,950,249
Cash and temporary investments end of year	\$ 13,176,456	15,254,753	29,000,733	27,814,625	85,246,567
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 513,692	(4,442,328)	678,481	7,840,820	4,590,665
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	5,339,637	9,027,160	12,672	-	14,379,469
Pension expense	(243,903)	(134,244)	(27,883)	-	(406,030)
OPEB expense	23,305	18,328	2,037	-	43,670
Change in assets and liabilities increasing (decreasing) cash and temporary investments:					
Receivables	(601)	205,276	-	(2,093)	202,582
Prepaid expenses and other assets	(736,446)	18,762	(76,531)	-	(794,215)
Inventory of materials and supplies	-	7,827	-	-	7,827
Accounts payable	134,536	247,059	(132,515)	(182,372)	66,708
Unearned revenues	-	-	-	17,500	17,500
Accrued expenses and other liabilities	19,482	(22,564)	655	-	(2,427)
Liability for self-insurance losses	-	-	427,291	-	427,291
Accrued vacation, sick pay, and overtime leave	87,124	(24,762)	(14,883)	-	47,479
Total adjustments	4,623,134	9,342,842	190,843	(166,965)	13,989,854
Net cash provided by (used in) operating activities	\$ 5,136,826	4,900,514	869,324	7,673,855	18,580,519
Supplemental information on significant noncash transactions:					
Contributions of capital assets:	\$ 31,556	3,016,811	-	-	3,048,367

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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CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-1

Balance Sheet
Governmental Funds
Year Ended June 30, 2023

	General	Nutrition Services	Textbooks	Capital Projects	Total Governmental Funds
ASSETS					
Cash and temporary investments	\$ 55,734,751	21,310,003	12,360,496	-	89,405,250
Receivables	1,373,915	52,879	16,958	-	1,443,752
Due from federal government	55,436,369	813,188	-	-	56,249,557
Due from Commonwealth of Virginia	12,300,013	-	-	-	12,300,013
Lease receivable	129,430	-	-	-	129,430
Inventory	2,212,083	878,358	-	-	3,090,441
Restricted cash and temporary investments	-	-	-	67,116,586	67,116,586
Total assets	\$ 127,186,561	23,054,428	12,377,454	67,116,586	229,735,029
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	\$ 53,524,475	421,081	-	1,248,595	55,194,151
Health claims payable	6,629,147	-	-	-	6,629,147
Total liabilities	60,153,622	421,081	-	1,248,595	61,823,298
Deferred Inflows of Resources					
Unavailable revenues - sales taxes	4,059,159	-	-	-	4,059,159
Unavailable revenues due to timing - federal	98,775	-	-	-	98,775
Unavailable revenues - leases	132,028	-	-	-	132,028
Total deferred inflows of resources	4,289,962	-	-	-	4,289,962
Fund Balances					
Nonspendable:					
Inventory	2,212,083	878,358	-	-	3,090,441
Restricted:					
Capital projects	-	-	-	65,867,991	65,867,991
School nutrition services	-	21,754,989	-	-	21,754,989
School textbook	-	-	12,377,454	-	12,377,454
Future health, dental, and workers' compensation	36,429,002	-	-	-	36,429,002
Technology	1,950,334	-	-	-	1,950,334
Transportation	663,658	-	-	-	663,658
Instruction	14,829,045	-	-	-	14,829,045
Assigned to:					
Instruction	6,113,415	-	-	-	6,113,415
Unassigned	545,440	-	-	-	545,440
Total fund balances	62,742,977	22,633,347	12,377,454	65,867,991	163,621,769
Total liabilities, deferred inflows, and fund balances	\$ 127,186,561	23,054,428	12,377,454	67,116,586	229,735,029
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.					396,308,396
Long-term liabilities are not reported as liabilities in the governmental funds.					(84,337,301)
Net OPEB assets are not reported in the governmental funds.					20,860
Net OPEB liabilities are not reported in the governmental funds.					(201,518,480)
Deferred outflows of resources are not in the governmental funds.					117,385,203
Net pension liabilities are not reported in the governmental funds.					(292,654,097)
Deferred inflows of resources are not in the governmental funds.					(117,978,890)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.					(15,316)
Assets are not available to pay current period expenditures and, therefore, are reported as unavailable in the governmental funds.					4,289,962
Less deferred inflows related to leases					(132,028)
Net position of governmental activities					\$ (15,009,922)

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, 2023

	General	Nutrition Services	Textbooks	Capital Projects	Total Governmental Funds
REVENUES					
Intergovernmental revenues:					
City of Chesapeake	\$ 242,103,388	-	-	-	242,103,388
Commonwealth of Virginia	311,215,038	612,934	3,487,748	11,301,221	326,616,941
Federal government	61,634,210	13,928,322	-	-	75,562,532
Donated commodities from Federal government	-	1,293,729	-	-	1,293,729
Total intergovernmental	614,952,636	15,834,985	3,487,748	11,301,221	645,576,590
Charges for services	20,921,902	3,405,538	-	-	24,327,440
Interest	316,781	250,579	179,186	504,302	1,250,848
Miscellaneous	13,383,946	76,467	2,304	-	13,462,717
Total revenues	649,575,265	19,567,569	3,669,238	11,805,523	684,617,595
EXPENDITURES					
Education:					
Administration	11,894,389	-	-	-	11,894,389
Instruction	502,574,290	-	5,184,444	-	507,758,734
Attendance and health services	10,992,830	-	-	-	10,992,830
Pupil transportation	32,883,323	-	-	-	32,883,323
Operations and maintenance	57,366,299	-	-	-	57,366,299
School facilities services	2,040,012	-	-	-	2,040,012
School technology services	22,933,731	-	-	-	22,933,731
Total education	640,684,874	-	5,184,444	-	645,869,318
Nutrition services	-	15,899,927	-	-	15,899,927
Debt service	5,762,826	-	-	-	5,762,826
Payment to primary government – return of interest income	252,292	-	-	504,302	756,594
Capital outlay	3,330,763	-	-	18,782,462	22,113,225
Total expenditures	650,030,755	15,899,927	5,184,444	19,286,764	690,401,890
Excess (deficiency) of revenues over (under) expenditures	(455,490)	3,667,642	(1,515,206)	(7,481,241)	(5,784,295)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	2,058,529	-	-	-	2,058,529
Proceeds from notes payable	3,330,763	-	-	-	3,330,763
Payment from primary government for capital outlay	-	-	-	56,996,947	56,996,947
Total other financing sources (uses), net	5,389,292	-	-	56,996,947	62,386,239
Net change in fund balance	4,933,802	3,667,642	(1,515,206)	49,515,706	56,601,944
Fund balance - beginning	57,584,965	18,963,573	13,892,660	16,352,285	106,793,483
Increase (decrease) in reserve for inventory	224,210	2,132	-	-	226,342
Fund balance - ending	\$ 62,742,977	22,633,347	12,377,454	65,867,991	163,621,769

(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, 2023

**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	\$ 56,601,944
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.	13,617,820
In the Statement of Activities, the loss on the sale of equipment is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the equipment sold.	(15,849)
Some capital assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. Leases are not revenues in the Statement of Activities.	(2,058,529)
Some capital assets acquired this year were financed with notes payable. The amount financed by the notes is reported in the governmental funds as a source of financing. Notes payable are not revenues in the Statement of Activities	(3,330,763)
Some capital assets acquired this year were financed with subscription liabilities. The amount financed by the subscription liabilities is reported in the governmental funds as a source of financing. Subscriptions are not revenues in the Statement of Activities	(98,329)
Repayment of debt principal is an expenditure in the governmental funds, but does not affect the Statement of Activities.	5,234,147
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is paid. In the Statement of Activities, however, interest expense is recognized as the interest accrues.	65,997
Because some sales taxes and revenues will not be received for several months after the fiscal year ends, they are reported as unavailable revenue in the governmental funds.	(1,045,873)
Change in reserve for inventory from governmental funds is included in expenditures in the Statement of Activities.	226,342
Changes in net OPEB liability and related deferred outflows and inflows are reported only in the Statement of Activities.	1,771,913
Changes in net pension liabilities and related deferred outflows and inflows are reported only in the Statement of Activities.	48,114,643
In the Statement of Activities, certain operating expenses are measured by the liabilities incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This year, compensated absences liabilities incurred exceeded the amount used by \$4,319,931 and self-insurance amount paid exceeded claims incurred by \$85,371	(4,405,302)
Change in net position of governmental activities	\$ 114,678,161

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-3

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2023

	Other Postemployment Benefits Trust Fund
ASSETS	
Investments, at fair value	
Mutual funds	\$ 4,681,145
Total assets	\$ 4,681,145
NET POSITION	
Restricted for other postemployment benefits	\$ 4,681,145
Total net position	\$ 4,681,145

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, 2023

	Other Postemployment Benefits Trust Fund
ADDITIONS	
Contributions from employer	\$ 5,027,600
Contributions from plan members	3,374,890
Investment income:	
Interest and dividends	331,830
Net investment income	331,830
Total additions	8,734,320
DEDUCTIONS	
Administrative expenses	4,987
Benefits and refunds paid on behalf of plan members and beneficiaries	8,402,490
Total deductions	8,407,477
Change in net position	326,843
Held in trust for other postemployment benefits - beginning of year	4,354,302
Held in trust for other postemployment benefits - end of year	\$ 4,681,145

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, 2023

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
City of Chesapeake	\$ 247,397,539	247,397,539	242,103,388	(5,294,151)
Commonwealth of Virginia	318,420,782	319,072,209	311,215,038	(7,857,171)
Federal government	99,463,047	104,183,728	61,634,210	(42,549,518)
Charges for services	2,330,800	2,330,800	20,921,902	18,591,102
Interest	-	-	316,781	316,781
Miscellaneous	28,680,635	23,308,527	13,383,946	(9,924,581)
Total revenues	696,292,803	696,292,803	649,575,265	(46,717,538)
EXPENDITURES				
Education:				
Administration	12,089,004	12,425,739	11,894,389	531,350
Instruction	574,226,761	581,872,843	502,574,290	79,298,553
Attendance and health services	12,721,533	12,887,726	10,992,830	1,894,896
Pupil transportation	45,637,975	45,651,705	32,883,323	12,768,382
Operations and maintenance	53,804,588	55,048,917	57,366,299	(2,317,382)
School facilities services	3,768,531	3,768,531	2,040,012	1,728,519
School technology services	28,554,949	29,237,940	22,933,731	6,304,209
Total education	730,803,341	740,893,401	640,684,874	100,208,527
Debt service:				
Principal	-	-	5,185,255	(5,185,255)
Interest	-	-	577,571	(577,571)
Total debt service	-	-	5,762,826	(5,762,826)
Payment to primary government – return of interest income	-	-	252,292	(252,292)
Capital Outlay	-	-	3,330,763	(3,330,763)
Total expenditures	730,803,341	740,893,401	650,030,755	90,862,646
Excess (deficiency) of revenues over (under) expenditures	\$ (34,510,538)	(44,600,598)	(455,490)	44,145,108
Other financing sources (uses):				
Proceeds from leases			2,058,529	
Proceeds from notes payable			3,330,763	
Total other financing uses			<u>5,389,292</u>	
Net change in fund balance			4,933,802	
Fund balance - beginning			57,584,965	
Increase (decrease) in reserve for inventory			224,210	
Fund balance - ending			<u>\$ 62,742,977</u>	

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-5

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
 Budget and Actual - Schools Nutrition Services Fund
 Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ 145,500	145,500	612,934	467,434
Federal government	13,707,598	13,707,598	13,928,322	220,724
Charges for services	-	-	3,405,538	3,405,538
Interest	-	-	250,579	250,579
Miscellaneous	-	-	76,467	76,467
Total revenues	13,853,098	13,853,098	18,273,840	4,420,742
EXPENDITURES				
Operating costs:				
Purchases for resale	9,313,822	8,825,143	5,569,767	3,255,376
Food service salaries and fringe benefits	6,448,883	6,448,883	6,453,444	(4,561)
General and administrative	2,919,659	3,319,659	2,052,927	1,266,732
Other repairs and supplies	808,200	898,214	295,047	603,167
Capital outlay	840,000	805,000	208,034	596,966
Other expenditures	28,250	61,915	26,979	34,936
Total expenditures	20,358,814	20,358,814	14,606,198	5,752,616
Excess (deficiency) of revenues over (under) expenditures	\$ (6,505,716)	(6,505,716)	3,667,642	10,173,358
Fund balance - beginning			18,963,573	
Increase (decrease) in reserve for inventory			2,132	
Fund balance - ending			<u>\$ 22,633,347</u>	

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-6

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
 Budget and Actual - Schools Textbooks Fund
 Year Ended June 30, 2023

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ 3,480,144	3,480,144	3,487,748	7,604
Interest	15,000	15,000	179,186	164,186
Miscellaneous	15,000	15,000	2,304	(12,696)
Total revenues	3,510,144	3,510,144	3,669,238	159,094
EXPENDITURES				
Instruction				
Textbooks	1,121,400	1,121,400	211,690	909,710
Expendable workbooks	6,388,744	6,388,744	4,972,754	1,415,990
Total expenditures	7,510,144	7,510,144	5,184,444	2,325,700
Excess (deficiency) of revenues over (under) expenditures	\$ (4,000,000)	(4,000,000)	(1,515,206)	2,484,794
Fund balance - beginning			13,892,660	
Fund balance - ending			\$ 12,377,454	

Other Component Unit

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



CITY OF CHESAPEAKE, VIRGINIA

Schedule S-1

Balance Sheet and Statement of Net Position
Chesapeake Mosquito Control Commission
June 30, 2023

	Chesapeake Mosquito Control Commission
ASSETS	
Assets	
Cash and temporary investments	\$ 10,997,622
Inventory of materials and supplies	562,064
Prepaid expenses	106,063
Total current assets	11,665,749
Total assets	\$ 11,665,749
LIABILITIES, FUND BALANCE AND NET POSITION	
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	\$ 103,058
Total current liabilities	103,058
Total liabilities	103,058
Fund Balance	
Nonspendable:	
Inventory	562,064
Prepaid	106,063
Committed:	
Biology testing	5,311
Future capital improvements	1,000,000
Operations	1,093,728
Unassigned	8,795,525
Total fund balance	11,562,691
Total liabilities and fund balance	\$ 11,665,749
Reconciliation to Net Position:	
Total fund balance	\$ 11,562,691
Capital assets - net of depreciation	2,134,835
Net OPEB asset - VRS directed	298
Deferred outflows	614,026
Long-term liabilities	(284,364)
Net pension liability	(714,018)
Net OPEB liability - VRS directed	(112,992)
Net OPEB liability - City directed	(12,732)
Deferred inflows	(464,508)
Net Position	\$ 12,723,236

CITY OF CHESAPEAKE, VIRGINIA

Schedule S-2

Statement of Revenues, Expenditures, and Changes in Fund Balance
Chesapeake Mosquito Control Commission
Year Ended June 30, 2023

	Chesapeake Mosquito Control Commission
REVENUES	
Property taxes	\$ 6,310,022
Investment income	248,124
Other	54,479
Total revenues	6,612,625
EXPENDITURES	
Other salaries and wages	1,744,380
Other fringe benefits	890,737
Other repairs and supplies	636,657
Insurance premiums	220,918
Capital outlay	121,666
Other	419,535
Total expenditures	4,033,893
Excess (deficiency) of revenues over (under) expenditures	2,578,732
Net change in fund balance	2,578,732
Fund balance - beginning	8,983,959
Fund balance - ending	\$ 11,562,691

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	\$ 2,578,732
Compensated absences	(22,557)
Pension expense	40,850
OPEB expense	(9,629)
Depreciation expense	(172,231)
Capital outlay expenditures	121,666
Lease expense	1,766
Change in Net Position	\$ 2,538,597

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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			
		2014	2015	2016	2017
Governmental Activities					
Net investment in capital assets	\$	725,639,898	751,215,126	803,408,601	917,873,047
Restricted for:					
Capital projects		7,730,629	9,289,916	9,496,284	7,573,672
Debt service		1,104,771	524,780	572,809	800,317
Other purposes:					
Expendable		71,603,633	73,178,331	79,026,265	86,689,437
Nonexpendable		12,795	12,795	12,795	184,459
Unrestricted (deficit)		212,685,592	100,085,810	127,611,781	166,360,668
Total governmental activities net position	\$	1,018,777,318	934,306,758	1,020,128,535	1,179,481,600
Business-type Activities					
Net investment in capital assets	\$	363,131,229	380,994,500	374,310,640	398,107,933
Restricted for:					
Capital projects		4,192,551	10,285,096	13,054,525	97,882,413
Debt service		36,168,752	33,995,534	33,421,662	33,684,535
Other purposes:					
Expendable		133,882,562	135,829,971	149,570,921	79,037,754
Unrestricted (deficit)		(18,150,568)	(28,147,438)	(4,026,298)	(4,182,599)
Total business-type activities net position	\$	519,224,526	532,957,663	566,331,450	604,530,036
Primary Government					
Net investment in capital assets	\$	1,088,771,127	1,132,209,626	1,177,719,241	1,315,980,980
Restricted for:					
Capital projects		11,923,180	19,575,012	22,550,809	105,456,085
Debt service		37,273,523	34,520,314	33,994,471	34,484,852
Other purposes:					
Expendable		205,486,195	209,008,302	228,597,186	165,727,191
Nonexpendable		12,795	12,795	12,795	184,459
Unrestricted (deficit)		194,535,024	71,938,372	123,585,483	162,178,069
Total Primary Government net position	\$	1,538,001,844	1,467,264,421	1,586,459,985	1,784,011,636
Component Units					
Net investment in capital assets	\$	231,613,876	240,465,301	238,621,923	245,580,745
Restricted for:					
Capital projects		22,562,553	17,708,059	23,976,510	18,863,830
Other purposes:					
Expendable		27,909,453	22,479,251	22,906,943	26,003,608
Unrestricted (deficit)		(298,929,160)	(692,757,169)	(673,085,649)	(685,656,442)
Total component units' net position	\$	(16,843,278)	(412,104,558)	(387,580,273)	(395,208,259)

¹ The net position for the Business-type blended component unit, Economic Development Authority, has been restated for FY 2022.

Table 1

Fiscal Years					
2018	2019	2020	2021	2022 ¹	2023
948,007,008	988,305,860	974,415,246	992,050,786	933,160,125	952,213,448
7,295,431	7,214,178	6,913,621	6,634,647	5,571,349	7,289,677
975,681	1,580,849	1,205,480	1,014,188	210	2,152,759
81,470,421	75,208,171	79,622,155	75,893,913	86,544,664	47,540,544
203,604	243,494	336,821	253,783	107,800	284,385
204,538,067	251,402,063	287,070,666	382,657,019	489,775,043	628,429,777
1,242,490,212	1,323,954,615	1,349,563,989	1,458,504,336	1,515,159,191	1,637,910,590
424,400,639	446,770,028	458,647,190	462,305,755	479,956,120	503,573,074
108,317,526	128,596,183	110,548,561	119,247,076	125,878,865	144,258,702
34,184,641	40,716,139	52,744,206	46,735,246	49,724,026	49,915,838
79,578,055	68,198,534	85,511,407	104,781,159	108,737,142	-
(32,028,285)	(25,806,606)	(34,833,528)	(39,437,234)	(45,305,051)	56,463,857
614,452,576	658,474,278	672,617,836	693,632,002	718,991,102	754,211,471
1,372,407,647	1,435,075,888	1,433,062,436	1,454,356,541	1,413,116,245	1,455,786,522
115,612,957	135,810,361	117,462,182	125,881,723	131,450,214	151,548,379
35,160,322	42,296,988	53,949,686	47,749,434	49,724,236	52,068,597
161,048,476	143,406,705	165,133,562	180,675,072	195,281,806	47,540,544
203,604	243,494	336,821	253,783	107,800	284,385
172,509,782	225,595,457	252,237,138	343,219,785	444,469,992	684,893,634
1,856,942,788	1,982,428,893	2,022,181,825	2,152,136,338	2,234,150,293	2,392,122,061
257,008,802	280,922,718	297,819,879	328,492,169	361,349,577	376,395,491
9,210,779	-	-	-	-	-
38,675,687	46,569,857	70,288,004	62,505,016	96,183,749	154,132,885
(600,527,120)	(606,678,614)	(597,397,419)	(633,448,164)	(562,360,754)	(518,078,121)
(295,631,852)	(279,186,039)	(229,289,536)	(242,450,979)	(104,827,428)	12,450,255

¹ The net position for the Business-type blended component unit, Economic Development Authority, has been restated for FY 2022.

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2014	2015	2016	2017
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 17,991,011	17,221,747	17,919,246	18,626,308
Public safety	4,930,678	6,065,257	6,327,000	6,842,159
Public works	579,655	423,362	397,605	433,412
Parks and recreation	1,199,110	1,179,898	1,325,959	1,273,734
Public welfare	4,730,175	6,036,692	8,128,191	7,269,310
Operating grants and contributions	94,884,033	94,843,600	108,437,341	111,174,626
Capital grants and contributions	4,135,767	7,297,723	23,145,655	107,671,523
Total governmental activities' program revenues	\$ 128,450,429	133,068,279	165,680,997	253,291,072
Business-type activities:				
Charges for Services:				
Public Utilities	\$ 66,585,995	69,235,499	71,895,798	75,891,505
Chesapeake Transportation System	10,475,725	11,101,413	11,938,642	17,591,317
Stormwater Management	15,183,909	15,644,842	15,661,983	16,031,408
Economic Development Authority	-	-	-	-
Operating grants and contributions	1,132,388	1,210,881	1,419,816	1,723,497
Capital grants and contributions	7,412,395	7,932,525	12,942,811	19,668,084
Total business-type activities' program revenues	\$ 100,790,412	105,125,160	113,859,050	130,905,811
Total Primary Government Activities' program revenues	\$ 229,240,841	238,193,439	279,540,047	384,196,883
Component Units:				
Charges for Services:				
Public Schools	\$ 14,692,607	16,611,124	18,998,372	18,635,543
Chesapeake Port Authority	42,135	35,905	39,722	1,200
Chesapeake Airport Authority	429,444	427,789	434,638	466,335
Elizabeth River Properties of Chesapeake, Inc.	110,753	124,003	111,979	106,776
Operating grants and contributions	99,476,140	93,982,567	97,479,921	103,321,427
Capital grants and contributions	1,311,294	1,190,330	1,163,712	392,204
Total component units' program revenues	\$ 116,062,373	112,371,718	118,228,344	122,923,485
Total Primary Government and component units' program revenues	\$ 345,303,214	350,565,157	397,768,391	507,120,368

Table 2

Fiscal Years					
2018	2019	2020	2021	2022	2023
18,369,446	16,642,078	4,803,523	3,932,636	3,916,490	6,339,301
6,958,674	7,404,405	6,911,297	7,015,743	6,510,765	6,580,113
567,340	319,224	365,218	376,963	596,401	308,285
1,260,627	1,193,031	845,041	260,869	726,835	982,205
7,549,567	9,733,420	8,847,162	7,689,761	8,833,294	8,678,388
111,552,585	115,178,823	119,403,089	160,744,753	166,103,343	178,076,457
22,555,997	20,986,036	22,827,863	14,433,181	15,910,185	16,059,702
168,814,236	171,457,017	164,003,193	194,453,906	202,597,313	217,024,451
76,927,836	74,669,373	77,993,495	80,024,669	81,281,134	83,085,171
24,825,405	26,500,786	25,505,079	29,267,552	33,572,463	34,457,488
16,115,527	16,141,817	15,833,474	16,148,628	16,253,822	25,207,912
-	-	6,519,130	477,000	102,775	2,567,760
3,305,879	7,418,684	5,317,512	2,708,725	1,961,938	11,485,837
5,040,018	10,215,794	6,112,838	9,661,238	6,234,850	5,825,712
126,214,665	134,946,454	137,281,528	138,287,812	139,406,982	162,629,880
295,028,901	306,403,471	301,284,721	332,741,718	342,004,295	379,654,331
18,870,975	19,686,232	22,445,856	18,453,780	17,862,694	24,327,440
-	-	-	-	-	-
473,455	472,310	499,493	496,246	514,326	537,331
117,546	115,352	151,957	176,954	198,573	217,209
111,090,487	112,804,840	122,980,668	147,314,136	172,309,270	184,880,558
2,020,383	361,869	2,747,149	20,500	-	-
132,572,846	133,440,603	148,825,123	166,461,616	190,884,863	209,962,538
427,601,747	439,844,074	450,109,844	499,203,334	532,889,158	589,616,869

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 152,704,171	129,569,793	125,133,326	145,413,520
Public safety	93,375,929	91,413,819	90,907,369	93,094,728
Public works	38,746,709	58,920,091	52,877,267	58,915,648
Parks and recreation	2,516,007	2,439,039	8,423,774	3,415,829
Public welfare	42,027,655	44,174,172	45,705,033	48,443,596
Education	189,942,276	191,962,233	208,466,021	207,382,512
Interest on long-term debt	15,001,553	13,597,584	12,228,723	12,696,190
Depreciation and amortization - net unallocated portion	18,824,944	16,215,291	15,331,944	15,216,230
Total governmental activities	\$ 553,139,244	548,292,022	559,073,457	584,578,253
Business-type activities:				
Public Utilities	\$ 57,339,899	59,665,753	59,789,391	61,195,818
Chesapeake Transportation System	10,430,045	8,973,844	8,987,678	20,513,144
Stormwater Management	8,755,098	11,578,159	11,541,070	12,825,364
Economic Development Authority	-	-	-	-
Total business-type activities	\$ 76,525,042	80,217,756	80,318,139	94,534,326
Total Primary Government	\$ 629,664,286	628,509,778	639,391,596	679,112,579
Component units				
Public Schools	\$ 444,265,205	442,852,339	435,759,664	488,960,206
Chesapeake Mosquito Control Commission	4,018,404	4,033,457	5,181,759	4,013,749
Economic Development Authority	789,713	686,818	3,322,203	642,787
Chesapeake Port Authority	53,350	46,498	46,795	19,642
Chesapeake Airport Authority	1,359,188	1,583,143	1,340,246	1,270,448
Elizabeth River Properties of Chesapeake, Inc.	179,427	190,881	223,076	225,496
Chesapeake Land Bank Authority	-	-	-	-
Total component units	\$ 450,665,287	449,393,136	445,873,743	495,132,328
Net (Expense)/Revenue				
Governmental activities	\$ (424,688,815)	(415,223,743)	(393,392,460)	(331,287,181)
Business-type activities	24,265,370	24,907,404	33,540,911	36,371,485
Total Primary Government net expense	\$ (400,423,445)	(390,316,339)	(359,851,549)	(294,915,696)
Total component units net expense	\$ (334,602,914)	(337,021,418)	(327,645,399)	(372,208,843)

Table 2, Continued

Fiscal Years					
2018	2019	2020	2021	2022	2023
154,492,115	164,759,758	205,972,104	227,160,269	181,333,028	191,890,163
94,172,297	103,262,634	111,433,764	116,541,499	120,539,356	130,753,495
47,580,380	38,099,274	22,716,126	11,253,379	59,005,523	56,868,828
7,730,292	8,812,469	9,682,309	7,552,991	8,679,338	12,238,447
47,746,439	49,972,356	56,260,276	60,594,825	56,454,498	63,241,401
217,851,053	217,100,015	250,803,232	209,415,524	309,139,680	306,961,623
13,797,966	12,651,370	12,423,557	12,568,282	12,862,673	12,198,307
19,448,199	20,245,562	19,620,117	16,085,590	15,602,752	20,389,674
602,818,741	614,903,438	688,911,485	661,172,359	763,616,848	794,541,938
68,295,315	63,598,130	66,708,533	66,126,598	64,356,881	69,735,776
36,979,915	37,904,311	38,492,069	37,952,259	38,909,909	38,672,503
11,027,245	13,156,095	14,484,056	15,310,180	13,057,070	15,203,361
-	6,723,039	7,100,135	7,393,129	1,842,224	3,797,161
116,302,475	121,381,575	126,784,793	126,782,166	118,166,084	127,408,801
719,121,216	736,285,013	815,696,278	787,954,525	881,782,932	921,950,739
470,920,045	483,006,298	520,397,810	569,668,829	563,074,654	625,575,793
3,693,645	3,719,396	4,290,575	4,391,365	4,069,597	4,074,028
1,329,256	-	-	-	-	-
1,696	-	-	-	-	-
1,340,143	1,368,689	1,252,267	1,184,417	1,403,003	1,259,978
225,065	229,936	299,146	266,521	261,141	253,335
-	-	86,948	164,814	186,018	475,531
477,509,850	488,324,319	526,326,746	575,675,946	568,994,413	631,638,665
(434,004,505)	(443,446,421)	(524,908,292)	(466,718,453)	(561,019,535)	(577,517,487)
9,912,190	13,564,879	10,496,735	11,505,646	21,240,898	35,221,079
(424,092,315)	(429,881,542)	(514,411,557)	(455,212,807)	(539,778,637)	(542,296,408)
(344,937,004)	(354,883,716)	(377,501,623)	(409,214,330)	(378,109,550)	(421,676,127)

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position Last Ten Fiscal Years - Unaudited

	2014	2015	2016	2017
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 298,879,122	305,738,657	311,753,152	323,945,517
Local sales and use taxes	35,389,855	37,236,136	38,134,836	39,192,394
Business license taxes	25,068,518	25,684,602	25,432,077	26,124,990
Consumer utility taxes	10,450,356	10,624,686	10,549,605	10,631,194
Other taxes	50,985,268	52,988,967	55,170,564	55,182,708
Grants and contributions not restricted to specific programs	31,725,721	31,873,268	32,200,518	32,146,547
Unrestricted investment earnings	1,538,560	1,688,206	2,212,618	2,307,567
Miscellaneous	2,871,351	3,718,394	3,593,743	2,936,430
Transfers	(38,733)	190,553	167,124	(1,827,101)
Total governmental activities revenues & transfers	\$ 456,870,018	469,743,469	479,214,237	490,640,246
Business-type activities:				
Transfers	\$ 38,733	(190,553)	(167,124)	1,827,101
Total business-type activities revenues & transfers	\$ 38,733	(190,553)	(167,124)	1,827,101
Total Primary Government revenues & transfers	\$ 456,908,751	469,552,916	479,047,113	492,467,347
Component Units:				
Payment from City	\$ 182,260,318	184,457,843	200,669,966	199,801,485
Grants and contributions not restricted to specific programs	147,665,810	155,306,935	154,989,654	163,341,019
Unrestricted investment earnings	168,006	242,790	262,926	450,365
Miscellaneous	1,046,806	1,146,129	950,105	987,988
Total component units	\$ 331,140,940	341,153,697	356,872,651	364,580,857
Change in Net Position				
Governmental activities	\$ 32,181,203	54,519,726	85,821,777	159,353,065
Business-type activities	24,304,103	24,716,851	33,373,787	38,198,586
Total Primary Government net change in net position	\$ 56,485,306	79,236,577	119,195,564	197,551,651
Total component units net change in net position	\$ (3,461,974)	4,132,279	29,227,252	(7,627,986)

Table 2, Continued

Fiscal Years					
2018	2019	2020	2021	2022	2023
339,175,321	355,881,792	370,371,068	393,652,325	420,176,941	457,146,619
40,912,255	41,660,626	43,593,597	51,037,755	55,017,862	57,409,044
27,319,871	28,048,966	27,781,280	29,019,712	30,439,211	37,067,619
10,856,726	10,828,586	10,809,020	10,919,483	11,006,951	11,035,442
55,699,035	57,560,084	55,908,436	60,322,618	65,463,305	70,896,052
32,144,107	32,448,856	32,370,647	33,534,249	33,525,847	32,559,822
4,642,652	9,670,264	8,232,271	882,532	467,024	25,855,563
3,789,863	3,519,909	5,098,170	5,798,646	5,922,231	10,362,835
(1,351,488)	(14,708,259)	(3,646,823)	(9,508,520)	(4,344,982)	(2,064,110)
513,188,342	524,910,824	550,517,666	575,658,800	617,674,390	700,268,886
1,351,488	14,708,259	3,646,823	9,508,520	4,344,982	2,064,110
1,351,488	14,708,259	3,646,823	9,508,520	4,344,982	2,064,110
514,539,830	539,619,083	554,164,489	585,167,320	622,019,372	702,332,996
210,380,798	209,686,756	244,072,634	197,047,317	302,924,093	299,100,335
163,273,264	174,766,903	182,235,069	189,216,555	202,347,789	225,624,431
982,738	1,168,677	73,596	(5,050)	69,116	1,250,848
1,525,959	1,455,757	1,016,827	5,039,653	10,392,103	13,148,002
376,162,759	387,078,093	427,398,126	391,298,475	515,733,101	539,123,616
79,183,837	81,464,403	25,609,374	108,940,347	56,654,855	122,751,399
11,263,678	28,273,138	14,143,558	21,014,166	25,585,880	37,285,189
90,447,515	109,737,541	39,752,932	129,954,513	82,240,735	160,036,588
31,225,755	32,194,377	49,896,503	(17,915,855)	137,623,551	117,447,489

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CITY OF CHESAPEAKE, VIRGINIA
Fund Balances, Governmental Funds
Last Ten Fiscal Years - Unaudited

Table 3

	Fiscal Years				
	2014	2015	2016	2017	2018
General Fund					
Nonspendable	\$ 1,189,121	1,433,615	1,559,275	1,311,843	1,508,708
Restricted for cash flow emergencies	31,310,247	31,981,331	32,623,282	33,795,931	34,786,564
Restricted other	700,071	468,823	540,507	4,725,626	4,794,161
Committed for operating emergencies	26,091,873	-	-	-	-
Committed for emergency event response and recovery	20,000,000	-	-	-	-
Committed for one time projects	-	34,275,685	46,901,273	56,288,856	67,624,832
Committed other	19,669,549	21,351,556	30,964,586	37,702,547	36,344,926
Assigned	1,677,416	5,416,979	9,832,438	5,292,608	7,382,231
Unassigned	52,230,084	63,962,662	65,246,428	67,591,862	69,573,129
Total General Fund	\$ 152,868,361	158,890,651	187,667,789	206,709,273	222,014,551
All Other Governmental Funds ¹					
Nonspendable	593,670	422,548	402,847	184,459	203,604
Restricted	40,383,450	39,598,073	46,583,273	48,811,144	42,612,835
Committed	25,246,730	54,059,196	48,759,647	51,053,591	26,152,649
Assigned	107,129,606	77,828,467	62,346,748	132,555,851	151,752,426
Total all other governmental funds	\$ 173,353,456	171,908,284	158,092,515	232,605,045	220,721,514
Total Governmental Funds	\$ 326,221,817	330,798,935	345,760,304	439,314,318	442,736,065

	Fiscal Years				
	2019	2020	2021	2022	2023
General Fund					
Nonspendable	\$ 1,439,572	1,133,586	1,408,907	1,419,808	1,458,342
Restricted for cash flow emergencies	36,173,619	37,036,302	39,169,785	41,064,768	-
Restricted other	908,488	1,049,782	1,057,828	47,000	47,000
Committed for operating emergencies	-	-	-	-	-
Committed for emergency event response and recovery	-	-	-	-	-
Committed for one time projects	69,990,232	76,698,340	110,027,039	132,485,665	155,107,080
Committed other	55,107,370	67,821,526	102,622,128	119,991,539	143,557,579
Assigned	11,019,850	13,770,559	28,953,705	18,974,795	28,159,415
Unassigned	72,347,237	74,072,504	78,339,569	82,129,536	91,757,441
Total General Fund	\$ 246,986,368	271,582,599	361,578,961	396,113,111	420,086,857
All Other Governmental Funds					
Nonspendable	243,494	336,821	253,783	107,800	284,385
Restricted	38,989,829	42,540,130	36,677,128	45,433,106	56,935,980
Committed	52,646,232	36,007,397	47,503,051	42,853,872	79,158,323
Assigned	121,746,212	164,231,851	159,428,011	191,116,519	193,537,207
Total all other governmental funds	\$ 213,625,767	243,116,199	243,861,973	279,511,297	329,915,895
Total Governmental Funds	\$ 460,612,135	514,698,798	605,440,934	675,624,408	750,002,752

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			
	2014	2015	2016	2017
REVENUES				
General property taxes	\$ 295,012,634	303,776,731	309,687,694	321,436,947
Other local taxes	121,893,999	126,534,391	129,287,082	131,131,286
Licenses, permits, and fees	8,526,755	8,744,557	8,984,478	8,976,982
Fines and forfeitures	2,689,990	2,585,943	2,497,583	2,324,124
Investment income	1,417,282	1,533,894	2,026,798	2,122,324
Revenues from use of property	946,050	876,770	953,199	963,352
Charges for services	18,047,555	19,459,056	22,356,868	22,919,619
Miscellaneous local revenues	4,542,690	3,080,064	3,791,848	3,820,723
Recovered costs	1,853,213	2,790,430	2,188,833	1,842,339
Program income	649,715	138,654	257,538	640,718
Revenues from local developers	809,803	1,617,834	1,062,059	1,135,388
Intergovernmental revenues:				
Commonwealth of Virginia	105,987,373	108,369,232	116,529,745	121,239,674
Federal government	15,611,161	15,175,831	19,863,946	18,526,865
Federal government - American Reinvestment and Recovery Act	1,853,891	888,431	892,605	889,080
Mosquito Control Commission	-	-	1,250,000	-
Chesapeake Public Schools	146,377	213,430	235,270	404,392
Total revenues	579,988,488	595,785,248	621,865,546	638,373,813
EXPENDITURES				
Current:				
General government	116,553,224	112,021,828	112,965,759	118,097,428
Public safety	89,357,145	94,467,782	93,772,637	97,964,884
Public works	50,867,236	60,880,687	59,339,632	59,041,469
Parks and recreation	8,705,783	9,767,667	10,382,616	10,479,224
Public welfare	41,755,349	44,677,723	46,735,975	48,235,096
Education - Payments to Public Schools	182,260,318	184,457,843	200,669,966	199,801,485
Capital outlay	27,565,329	29,755,807	56,329,436	58,432,829
Debt service:				
Principal ¹	56,969,642	41,354,583	28,911,589	24,816,589
Interest	15,151,883	14,093,015	12,608,768	11,832,061
Total expenditures	589,185,909	591,476,935	621,716,378	628,701,065
Excess (deficiency) of revenues over (under) expenditures	(9,197,421)	4,308,313	149,168	9,672,748
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	82,474,033	95,845,901	71,832,037	81,270,597
Transfers to other funds	(82,721,065)	(95,193,233)	(71,117,755)	(83,542,939)
Proceeds from equipment capital leases	-	(383,863)	-	-
Issuance of leases (as lessee)	-	-	-	-
Issuance of subscriptions	-	-	-	-
Issuance of general obligation bonds	-	-	-	76,640,000
Issuance of general obligation refunding bonds	13,175,000	-	-	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	438,313	-	-	9,478,205
Premiums on refunding bonds issued	-	-	-	760,824
Premiums on VPSA bonds issued	-	-	1,927,919	-
Total other financing sources (uses), net	13,366,281	268,805	14,812,201	83,881,266
Net change in fund balances	\$ 4,168,860	4,577,118	14,961,369	93,554,014
Debt service as a percentage of noncapital expenditures ²	12.84%	9.87%	7.34%	6.43%

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					
2018	2019	2020	2021	2022	2023
336,040,424	351,530,642	364,197,736	389,639,337	404,192,235	450,522,724
134,787,887	138,098,262	138,092,333	151,299,568	161,927,329	176,408,157
9,005,712	9,472,695	9,652,515	10,119,756	9,742,809	11,995,812
1,984,717	2,064,005	2,283,217	2,008,770	1,572,760	7,912,949
4,164,768	8,689,159	7,392,384	753,921	328,970	23,083,365
1,089,188	1,118,058	799,213	608,081	1,519,029	1,860,539
23,452,511	23,545,932	22,220,374	19,600,531	21,109,602	23,025,729
3,906,796	4,058,261	4,245,181	5,630,476	3,487,335	4,434,488
2,324,958	2,013,914	2,039,138	2,925,778	3,092,963	5,645,963
462,012	130,249	144,848	151,626	260,411	54,291
721,759	656,179	824,443	1,021,026	880,354	2,066,828
118,276,206	126,804,447	131,264,365	132,784,542	128,245,342	139,336,369
21,939,696	15,749,222	19,233,079	58,729,207	61,184,751	60,173,124
889,902	876,007	550,227	501,008	289,059	281,439
-	-	-	-	-	-
841,381	1,656,215	84,782	22,293	116,565	756,594
659,887,917	686,463,247	703,023,835	775,795,920	797,949,514	907,558,371
122,583,859	127,987,878	130,384,491	132,923,495	138,697,562	149,748,385
99,550,223	106,366,094	111,536,156	113,610,647	124,145,125	134,610,319
59,096,571	57,885,633	62,805,322	64,571,102	67,179,225	73,679,086
11,325,996	11,455,395	11,379,680	11,081,758	11,553,725	13,598,008
48,973,078	52,022,091	54,982,527	56,789,675	57,404,233	63,642,018
210,380,853	210,428,306	244,072,634	203,211,882	302,924,093	299,100,335
58,753,654	49,402,878	60,664,095	53,318,485	48,654,389	71,086,426
30,268,297	26,693,440	26,124,163	28,167,960	28,141,208	28,625,480
13,725,307	13,100,430	11,512,957	12,857,888	11,831,064	13,174,148
654,657,838	655,342,145	713,462,025	676,532,892	790,530,624	847,264,205
5,230,079	31,121,102	(10,438,191)	99,263,028	7,418,890	60,294,166
95,988,015	86,774,280	89,514,095	111,890,076	146,343,760	166,191,560
(97,796,347)	(100,019,312)	(91,649,941)	(120,410,968)	(150,157,441)	(167,306,741)
-	-	-	-	-	-
-	-	-	-	4,392,423	423,893
-	-	-	-	-	3,428,104
-	-	30,005,000	-	-	-
-	-	34,215,000	-	-	-
-	-	24,520,000	-	54,410,000	9,900,000
-	-	(41,674,983)	-	-	-
-	-	8,377,934	-	-	-
-	-	7,651,284	-	-	-
-	-	3,566,465	-	7,775,842	1,447,362
(1,808,332)	(13,245,032)	64,524,854	(8,520,892)	62,764,584	14,084,178
3,421,747	17,876,070	54,086,663	90,742,136	70,183,474	74,378,344
7.38%	6.57%	5.77%	6.58%	5.39%	5.39%

CITY OF CHESAPEAKE, VIRGINIA

Table 5

Assessed and Estimated Actual Value of Taxable
Property
Last Ten Fiscal Years - Unaudited

	Fiscal Years				
	2014	2015	2016	2017	2018
Real Property Assessed Value ¹	\$ 23,391,965,862	23,905,386,600	24,370,701,634	25,174,589,034	26,241,692,929
Real Property Estimated Actual Value ¹	23,391,965,862	23,905,386,600	24,370,701,634	25,174,589,034	26,241,692,929
Personal Property Assessed Value ¹	1,965,284,896	2,003,412,774	2,125,717,799	2,125,088,965	2,256,293,543
Personal Property Estimated Actual Value ¹	1,965,284,896	2,003,412,774	2,125,717,799	2,125,088,965	2,256,293,543
Total Assessed Value	25,357,250,758	25,908,799,374	26,496,419,433	27,299,677,999	28,497,986,472
Total Direct Tax Rate ²	1.27	1.27	1.28	1.27	1.27
Estimated Actual Value	25,357,250,758	25,908,799,374	26,496,419,433	27,299,677,999	28,497,986,472
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

	Fiscal Years				
	2019	2020	2021	2022	2023
Real Property Assessed Value ¹	\$ 27,624,978,340	28,910,752,624	30,088,250,673	31,253,557,594	35,703,646,223
Real Property Estimated Actual Value ¹	27,624,978,340	28,910,752,624	30,088,250,673	31,253,557,594	35,703,646,223
Personal Property Assessed Value ¹	2,343,369,694	2,449,445,877	2,685,732,144	2,931,747,383	3,437,161,568
Personal Property Estimated Actual Value ¹	2,343,369,694	2,449,445,877	2,685,732,144	2,931,747,383	3,437,161,568
Total Assessed Value	29,968,348,034	31,360,198,501	32,773,982,817	34,185,304,977	39,140,807,791
Total Direct Tax Rate ²	1.27	1.27	1.28	1.29	1.30
Estimated Actual Value	29,968,348,034	31,360,198,501	32,773,982,817	34,185,304,977	39,140,807,791
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 \$1.04 per \$100 for real property and \$4.00 per \$100 for personal property.

CITY OF CHESAPEAKE, VIRGINIA

Table 6

Direct and Overlapping Property Tax Rates ^{2 3}
 Last Ten Fiscal Years - Unaudited
 (rate per hundred)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real Estate ^{1 2}	\$ 1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Motor Vehicles	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Motor Vehicles Disabled Vets 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	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Boats	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Business Personal Property ⁴	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mobile Homes ⁵	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Machinery & Tools ⁴	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Farm 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
Total Direct Rate ⁶	1.27	1.27	1.28	1.27	1.27	1.27	1.27	1.28	1.29	1.30

¹ Assessment of Real Estate is 100 percent of fair market value.

² The general City real estate tax levy is currently \$1.04 per \$100 assessed value. An additional \$0.01 per \$100 assessed value is imposed for mosquito control services.

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 \$1.04 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 from January 1, 2021 from .01 to .00. Exemption shall expire on date of the disabled veteran's death and is not available for surviving spouse.

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 2023		Fiscal Year 2014	
		Real Property Assessed Value	Percent of Total Assessed Value	Real Property Assessed Value	Percent of Total Assessed Value
Dominion Virginia Power	Electric Utility	\$ 842,473,822	2.70%	\$ 691,475,259	2.96%
Dollar Tree Distribution Inc	Retail, Distribution	182,095,000	0.58%	-	-
VA Coastal Logistics DST	Industrial Properties	100,776,500	0.32%	-	-
CP Venture Two, LLC	Shopping Mall	82,329,600	0.26%	53,859,800	0.23%
JLP Chesapeake LLC	Retail and Vacant Land	63,510,500	0.20%	41,029,700	0.18%
Wal-Mart Stores East LP	Shopping Center	59,091,900	0.19%	42,618,700	0.18%
ICON Mars Prop Owner Pool	Warehouse/Office/Industrial Properties	58,901,400	0.19%	-	-
Lithia VA Real Estate LLC	Automotive Dealership	58,690,100	0.19%	-	-
1401 Greenbrier Parkway Holding LLC	Shopping Mall & Vacant Land	44,440,400	0.14%	-	-
Greenbrier Square Chesapeake LLC	Shopping Center	44,109,600	0.14%	-	-
Liberty Property LTD Partnership	Shopping Center & Office Building	-	-	92,020,600	0.39%
Greenbrier Mall II, LLC	Shopping Mall & Vacant Land	-	-	88,153,400	0.38%
Chesapeake Mall LLC	Shopping Mall	-	-	60,744,100	0.26%
Woodlake Co. Limited Partnership	Apartment Complex	-	-	51,677,100	0.22%
Chesapeake CVSD LN Apt Prop Own	Apartment Complex	-	-	48,471,000	0.21%
352 LLC	Apartment Complex	-	-	44,080,700	0.19%
Total Top Ten Principal Taxpayers ¹		\$ 1,536,418,822	4.91%	\$ 1,214,130,359	5.20%
Total Assessed Valuation ²		\$ 35,703,646,223		\$ 23,391,965,862	

Source: ¹ City of Chesapeake Real Estate Assessor

² City of Chesapeake Commissioner of Revenue

Property Tax Levies
Last Ten Fiscal Years - Unaudited

		2014	2015	2016	2017	2018
Real Property ¹	\$	234,953,853	240,400,500	246,824,270	254,741,865	265,497,154
Motor Vehicles		60,253,531	61,865,858	65,747,073	65,520,521	69,393,003
Motor Carriers		1,096,643	1,231,613	1,487,378	1,551,850	1,692,336
Recreation Vehicles		468,503	495,862	564,838	579,382	666,676
Boats		25,467	19,677	28,080	17,996	23,607
Business		11,393,593	11,588,129	11,514,150	12,497,273	12,786,377
Motor Homes		133,526	133,987	135,097	89,304	132,888
Machinery & Tools		2,840,962	2,697,358	2,803,960	2,666,692	2,855,192
Farm		136,734	145,217	160,854	150,138	141,963
Airplanes		51,540	45,349	51,958	45,729	41,117
		2019	2020	2021	2022	2023
Real Property ¹	\$	279,719,056	292,702,992	304,517,552	316,931,213	348,825,912
Motor Vehicles		71,566,602	74,753,543	84,851,001	94,733,749	109,409,565
Motor Carriers		1,652,944	1,706,075	1,578,821	1,594,613	1,673,396
Recreation Vehicles		723,342	737,332	895,690	1,234,341	1,129,897
Boats		28,021	27,332	25,224	20,523	43,341
Business		13,667,431	14,177,862	14,365,029	13,890,092	17,469,709
Motor Homes		132,617	137,225	143,559	145,136	150,975
Machinery & Tools		2,995,448	2,907,802	3,295,136	3,205,853	3,598,703
Farm		146,680	146,624	138,153	129,343	143,127
Airplanes		27,457	27,529	26,051	20,285	31,955

¹ Public service corporation property is not included

Source: City of Chesapeake Commissioner of the Revenue

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CITY OF CHESAPEAKE, VIRGINIA

Table 9

Property Tax Levies and Collections
Last Ten Fiscal Years - Unaudited

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
2014	\$ 322,052,626	323,134,607	309,803,612	96%	15,019,085	324,822,697	100%
2015	329,262,203	331,910,156	315,733,576	96%	16,292,490	332,026,066	100%
2016	338,408,560	340,880,764	323,578,869	96%	16,822,968	340,401,837	100%
2017	347,470,586	351,863,685	333,495,476	96%	17,468,606	350,964,082	100%
2018	363,286,184	365,728,582	347,048,456	96%	19,366,405	366,414,861	100%
2019	381,019,427	384,440,496	362,170,574	95%	18,722,078	380,892,652	99%
2020	398,276,635	399,444,448	347,427,397	87%	29,826,504	377,253,901	94%
2021	421,264,210	423,013,242	367,218,571	87%	24,295,499	391,514,070	93%
2022	443,144,672	446,313,624	384,385,069	87%	28,451,024	412,836,093	92%
2023	487,555,079	495,968,908	420,408,815	86%	-	420,408,815	85%

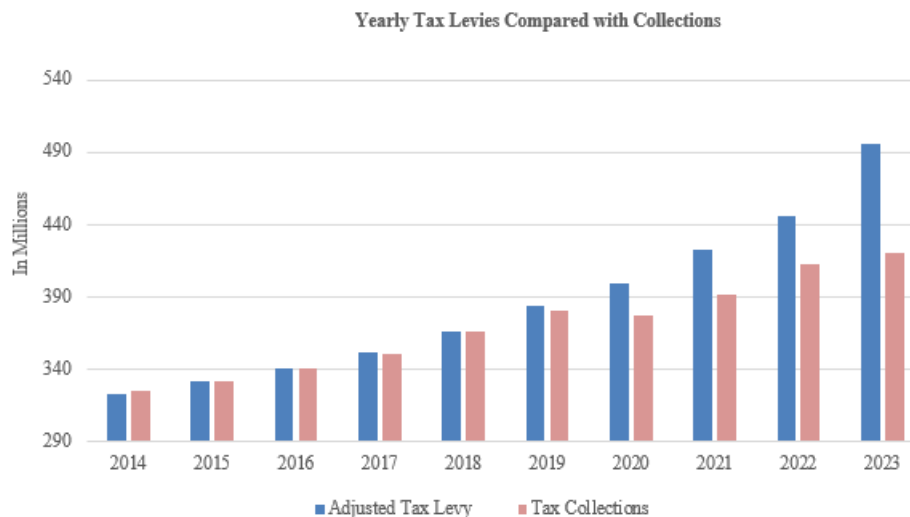
¹ Includes tax collections recorded by Chesapeake Mosquito Control Commission, a component unit, and the Tax Increment Financing Funds.

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

	2014	2015	2016	2017
General Obligation Bonds and Direct Placement ⁵				
\$ 330,377,432	289,178,539	274,392,374	336,429,602	
School Literary Loans	1,272,785	997,681	798,144	598,607
Installment Purchase Agreement	1,342,284	1,342,284	1,342,284	1,342,284
Edinburgh Loan Payable	2,918,727	2,546,285	1,946,273	1,226,520
Supplemental Payments Agreement	14,390,000	12,885,000	10,100,000	8,615,000
Capital Leases, Leases, and Subscriptions	756,950	-	-	-
Total Governmental Activities ¹	\$ 351,058,178	306,949,789	288,579,075	348,212,013

	2014	2015	2016	2017
General Obligation Bonds ^{2 5}	\$ 96,811,378	90,125,836	83,545,253	78,431,500
Revenue Bonds and Direct Placements ⁵	205,804,863	249,214,950	300,932,845	313,548,582
Due to the Commonwealth of Virginia	64,252,400	65,044,115	65,859,760	66,700,057
Leases and Subscriptions	-	-	-	-
Economic Development Direct Placement ⁶	-	-	-	-
Total Business-type Activities	366,868,641	404,384,901	450,337,858	458,680,139
Total Primary Government Activities	\$ 717,926,819	711,334,690	738,916,933	806,892,152

Percent of Personal Income ³	6.74%	6.46%	6.57%	6.91%
All Debt Per Capita ^{3 4}	3,101	3,041	3,124	3,370

¹ Represents total direct 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 In fiscal year 2019, the EDA was reclassified from a component unit to an Enterprise Fund. The EDA, although legally separate in substance, is presented as a blended component unit and part of the City's reporting entity.

Table 10

Governmental Activities					
2018	2019	2020	2021	2022	2023
305,469,994	278,226,151	320,201,841	289,671,302	321,390,665	305,508,280
399,070	199,533	-	-	-	-
1,342,284	1,342,284	1,342,284	1,342,284	1,342,284	1,342,284
485,413	-	-	-	-	-
7,055,000	5,415,000	3,695,000	1,895,000	-	-
-	-	-	-	3,886,026	11,736,707
314,751,761	285,182,968	325,239,125	292,908,586	326,618,975	318,587,271

Business-type Activities					
2018	2019	2020	2021	2022	2023
72,228,594	65,861,260	59,615,171	52,911,325	46,448,856	48,669,769
320,618,478	320,990,940	331,170,008	326,573,040	317,274,388	300,573,044
67,971,480	68,875,605	69,807,056	70,766,661	71,755,269	72,773,759
-	-	-	-	30,522	86,913
-	7,417,000	6,713,000	5,981,000	13,576,895	12,415,695
460,818,552	463,144,805	467,305,235	456,232,026	449,085,930	434,519,180
775,570,313	748,327,773	792,544,360	749,140,612	775,704,905	753,106,451

6.36%	5.89%	5.98%	5.25%	n/a	n/a
3,200	3,059	3,210	3,002	3,081	2,989

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	Leases ⁶	Subscriptions ⁷	Total	% of Actual Taxable Value of Property ²	Per Capita ³
2014	\$ 330,337,432	96,811,377	427,148,809	1,272,785	1,342,284	-	-	429,763,878	1.69%	1,856
2015	289,178,539	90,125,836	379,304,375	997,681	1,342,284	-	-	381,644,340	1.47%	1,632
2016	274,392,374	83,545,253	357,937,627	798,144	1,342,284	-	-	360,078,055	1.36%	1,522
2017	336,429,602	78,431,500	414,861,102	598,607	1,342,284	-	-	416,801,993	1.53%	1,741
2018	305,469,994	72,228,594	377,698,588	399,070	1,342,284	-	-	379,439,942	1.33%	1,566
2019	278,226,151	65,861,260	344,087,411	199,533	1,342,284	-	-	345,629,228	1.15%	1,413
2020	320,201,841	59,615,171	379,817,012	-	1,342,284	-	-	381,159,296	1.22%	1,544
2021	289,671,302	52,911,325	342,582,627	-	1,342,284	-	-	343,924,911	1.05%	1,375
2022	321,390,665	46,448,856	367,839,521	-	1,342,284	3,916,548	-	373,098,353	1.09%	1,482
2023	305,508,280	48,669,769	354,178,049	-	1,342,284	3,534,282	8,289,338	367,343,953	0.94%	1,458

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 GASB 87 - *Leases* was implemented in 2022.

⁷ GASB 96 - *Subscription-Based Information Technology Arrangements* was implemented in 2023.

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 Taxable Real Property	Population ⁴	Overall Net Debt Per Capita	Budgeted General Revenues ⁵	Tax-supported Debt Service	Tax-supported Debt Service to Budgeted General Revenues
2014	\$ 337,333,541	23,391,965,862	1.44%	231,542	1,457	533,122,006	60,853,346	11.41%
2015	295,259,842	23,905,386,600	1.24%	233,908	1,262	542,235,502	56,086,868	10.34%
2016	276,830,385	24,370,701,634	1.14%	236,538	1,170	552,192,580	42,008,224	7.61%
2017	327,984,560	25,174,589,034	1.30%	239,399	1,370	571,599,873	36,853,676	6.45%
2018	297,005,670	26,241,692,929	1.13%	242,336	1,226	589,122,079	44,704,137	7.59%
2019	277,277,671	27,624,978,340	1.00%	244,657	1,133	612,166,942	40,841,869	6.67%
2020	299,327,195	28,910,752,624	1.04%	246,912	1,212	637,644,657	37,961,781	5.95%
2021	270,462,260	30,088,250,673	0.90%	249,521	1,084	611,290,886	41,983,287	6.87%
2022	294,716,000	31,253,557,594	0.94%	251,811	1,170	665,247,489	41,048,442	6.17%
2023	276,608,284	35,703,853,767	0.77%	251,959	1,098	734,613,051	48,772,759	6.64%

¹ Policy adopted by resolution on February 27, 2007 and amended on May 12, 2015, commencing FY 2016 to include overall net debt service to budgeted general governmental revenues.

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 FY 2019 includes 2018 EDA Taxable Facility Revenue Bond supported by Greenbrier TIF revenues.

CITY OF CHESAPEAKE, VIRGINIA

Table 13

Ratio of Annual Debt Expenditures for General Obligation
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
2014	\$ 823,228,739	68,534,817 ³	8.33%
2015	827,830,607	52,540,073	6.35%
2016	815,582,062	39,459,982	4.84%
2017	840,174,358	36,648,650	4.36%
2018	871,770,408	42,002,854	4.82%
2019	898,432,498	37,801,120	4.21%
2020	926,146,293	43,147,254 ⁴	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%

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 \$13.5 million of bonded expenditure for the redemption of bonds that were refunded in April 2014.

⁴ Includes \$7.5 million of bonded expenditures 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
2014	\$ 560,717,795	67,659,372 ³	12.07%
2015	588,067,951	65,684,722	11.17%
2016	604,791,609	49,316,405	8.15%
2017	630,347,714	48,814,491	7.74%
2018	657,210,227	65,807,468	10.01%
2019	688,187,136	63,956,762	9.29%
2020	708,745,165	67,431,249 ³	9.51%
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%

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 FY 2019 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

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
2014	\$ 2,339,196,586	336,424,470	2,002,772,116	14.4%
2015	2,390,538,660	299,396,296	2,091,142,364	12.5%
2016	2,437,070,163	286,138,466	2,150,931,697	11.7%
2017	2,517,458,903	340,363,489	2,177,095,414	13.5%
2018	2,624,169,293	311,267,004	2,312,902,289	11.9%
2019	2,762,497,834	284,886,193	2,477,611,641	10.3%
2020	2,891,075,262	310,440,524	2,580,634,738	10.7%
2021	3,008,825,067	249,993,929	2,758,831,138	8.3%
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%

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	
2014	\$ 67,418,806	41,653,842	25,764,964	790,000	1,911,318	2,701,318	9.54
2015	70,193,594	40,046,910	30,146,684	815,000	1,887,618	2,702,618	11.15
2016	72,939,176	40,362,445	32,576,731	835,000	1,865,206	2,700,206	12.06
2017	77,077,017	43,585,633	33,491,384	860,000	1,833,308	2,693,308	12.44
2018	78,917,902	43,610,138	35,307,764	880,000	1,799,002	2,679,002	13.18
2019	78,001,428	42,764,707	35,236,721	910,000	1,760,820	2,670,820	13.19
2020	81,405,526	45,761,466	35,644,060	935,000	1,719,041	2,654,041	13.43
2021	82,051,956	47,542,711	34,509,245	965,000	1,674,713	2,639,713	13.07
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

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	
2014	\$ 10,450,019	2,683,507	7,766,512	-	707,318	707,318	10.98
2015	11,024,004	3,165,665	7,858,338	-	724,250	724,250	10.85
2016	11,835,168	3,452,690	8,382,478	-	724,250	724,250	11.57
2017	17,334,638	5,612,099	11,722,539	-	1,296,320	1,296,320	9.04
2018	24,638,185	8,943,040	15,695,145	445,000	4,995,667	5,440,667	2.88
2019	26,215,490	9,390,213	16,825,277	1,575,000	4,830,101	6,405,101	2.63
2020	25,505,079	9,355,031	16,150,048	2,435,000	4,890,350	7,325,350	2.20
2021	29,267,552	9,821,967	19,445,585	3,300,000	4,989,260	8,289,260	2.35
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

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 fiscal year 2013, debt payments made July 15 are treated as due the previous fiscal year. Additionally, debt service shall not include the principal and interest on outstanding bonds to the extent that they are paid from bond proceeds or investment earnings on such proceeds.

⁵ Beginning in fiscal year 2013, 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
2014	231,542	\$ 10,645,488	45,616	38,685	5.3%	5.3%
2015	233,908	11,010,828	46,769	38,678	5.0%	4.9%
2016	236,538	11,254,969	47,302	38,935	4.3%	4.1%
2017	239,399	11,675,805	48,569	39,153	4.2%	4.0%
2018	242,336	12,196,879	50,326	39,497	3.5%	3.4%
2019	244,657	12,700,597	51,874	40,898	3.0%	2.9%
2020	246,912	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	n/a	n/a	40,478	3.1%	3.1%
2023	251,959	n/a	n/a	40,821	2.8%	2.8%

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 (average for fiscal year, not seasonally adjusted - restated through December 2014)

CITY OF CHESAPEAKE, VIRGINIA

Table 18

Principal Employers

Current Year and Nine Years Ago - unaudited

Principal Employers	Type of Business	Fiscal Year 2023		Fiscal Year 2014	
		Employees	Percent of Total City Employment	Employees	Percent of Total City Employment
City of Chesapeake Public Schools ¹	Government	6,577	5.23%	5,657	4.90%
City of Chesapeake ⁴	Government	3,944	3.14%	3,607	3.13%
Dollar Tree Management, Inc	Corporate headquarters /distribution facility	1,984	1.58%	900	0.78%
Chesapeake Regional Medical Center	Hospital and healthcare services	1,980	1.57%	2,300	1.99%
Sentara Health System	Home care nursing services	1,771	1.41%	1,100	0.95%
Walmart Associates, Inc.	Discount department retailer	1,764	1.40%	-	0.00%
Cox Communicatoins	Hampton Roads headquarters/customer care center	948	0.75%	1,600	1.39%
Amazon	Semi-automated logistics facilities	908	0.72%	-	0.00%
USAA	Financial services group	867	0.69%	500	0.43%
Tidewater Staffing, Inc.	Professional services	807	0.64%	-	0.00%
Food Lion, LLC	Grocery store company	800	0.64%	-	0.00%
Capital One Services, LLC	Credit intermediation and related activities	728	0.58%	650	0.56%
Home Depot USA, Inc.	Home improvements supplies retailer	548	0.44%	-	0.00%
General Dynamics	Engineering and technical services	541	0.43%	780	0.68%
U.S. Department of Homeland Security	Government agency	455	0.36%	-	0.00%
Conduent	Professional business services	450	0.36%	-	0.00%
Target	General merchandise retailer	413	0.33%	-	0.00%
Lowe's Home Center	Home improvements supplies retailer	401	0.32%	-	0.00%
JRC Mechanical	Nonresident plumbing, heating, and air conditioning contractors	392	0.31%	-	0.00%
Fiserv Solution	Data processing, hosting, and related services	369	0.29%	-	0.00%
Xerox (formerly Hewlett-Packard)	Administration Service Center	-	0.00%	800	0.69%
Cannon Information Technology Service, Inc	Technical and consumer support	-	0.00%	600	0.52%
Total Employment ^{2 3}		125,788		115,361	

Source: City of Chesapeake Economic Development Department unless otherwise noted.

¹ Source is Chesapeake Public Schools' Budget Office² Source is Virginia Employment Commission, Local Area Unemployment Statistics (2023)³ Source is Bureau of Economic Analysis, an agency of the U.S. Department of Commerce⁴ 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

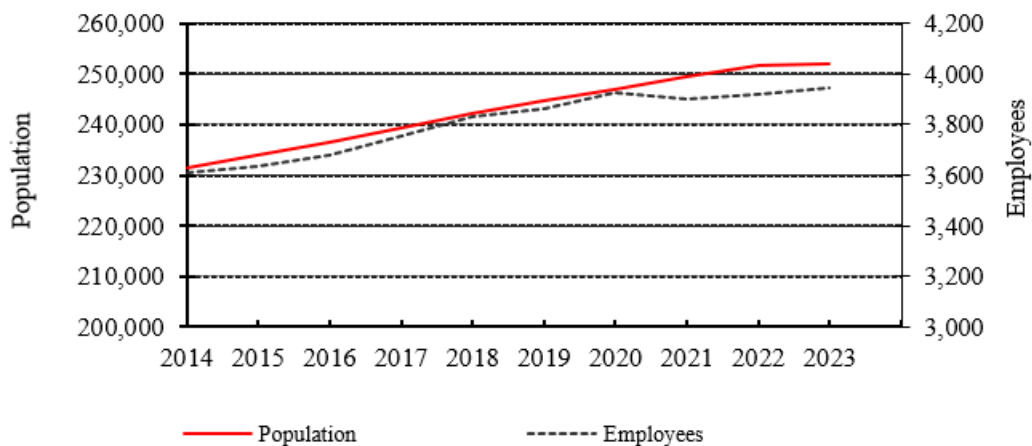
Table 19

Municipal Employment Statistics Last Ten Fiscal Years - Unaudited

Fiscal Year	Population ¹	Total Employees ²	Employees Per 1,000 Population
2014	231,542	3,608	15.6
2015	233,908	3,636	15.5
2016	236,538	3,680	15.6
2017	239,399	3,758	15.7
2018	242,336	3,831	15.8
2019	244,657	3,860	15.8
2020	246,912	3,927	15.9
2021	249,521	3,898	15.6
2022	251,811	3,917	15.6
2023	251,959	3,944	15.7

Sources: ¹City of Chesapeake Planning Department Estimates (2014 - 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



CITY OF CHESAPEAKE, VIRGINIA

Table 20

Authorized Full-Time Equivalent City Government Employee Positions by Department
Last Ten Fiscal Years - Unaudited

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Department</u>										
General Government										
Management Services	41	43	45	48	47	47	50	50	50	50
Economic Development	44	34	34	35	36	37	38	37	37	47
Finance	27	28	28	29	29	29	29	29	29	30
Information Technology	56	57	57	54	55	56	57	55	65	74
Human Resources	21	23	24	23	22	23	23	23	23	24
Budget	6	6	6	6	6	6	7	7	7	7
Agriculture ¹	2	2	2	2	2	2	2	2	2	2
Development & Permits	73	80	80	75	76	76	80	76	76	76
Other	251	246	245	251	254	256	256	255	253	254
Police	549	552	552	564	577	581	583	584	580	580
Sheriff	400	400	404	417	428	433	451	442	442	442
Fire	443	446	446	447	449	449	454	452	461	462
Integrated Behavioral Health	245	245	246	266	291	297	299	306	299	301
Community Programs	10	11	11	11	11	11	13	13	13	13
Public Works	451	463	468	476	478	484	489	487	500	511
Parks, Recreation & Tourism	246	230	236	242	245	245	251	242	242	242
Library	123	125	125	125	126	127	127	126	126	126
Public Utilities	209	212	222	233	246	253	260	261	262	266
Justice	84	84	83	83	84	84	86	90	90	91
Health & Human Services	323	345	362	367	365	360	368	361	360	346
Total	3,604	3,632	3,676	3,754	3,827	3,856	3,923	3,898	3,917	3,944

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 fiscal year 2021, the State employees are no longer shown in the FTE complement for budget purposes (restated FY14 through FY20).

CITY OF CHESAPEAKE, VIRGINIA

Operating Indicators by Function/Program
Last Ten Fiscal Years - Unaudited

	Fiscal Year				
	2014	2015	2016	2017	2018
Function/Program					
General Government					
Building Permits Issued	3,602	3,900	4,758	4,758	4,551
Building Inspections Conducted	10,301	9,414	8,780	13,311	12,573
Electrical Permits Issued	3,000	2,846	3,181	3,148	3,039
Electrical Inspections Performed	7,810	8,586	9,283	8,641	7,889
Plumbing Permits Issued	1,389	1,722	2,312	1,869	1,765
Plumbing Inspections Performed	5,743	6,298	9,275	8,377	7,499
Mechanical/Gas Permits Issued	5,339	5,279	6,945	5,713	5,626
Mechanical/Gas Inspections Performed	10,040	9,767	11,145	10,832	10,781
Code Compliance Inspections	13,775	16,500	12,875	14,678	17,195
Police					
Calls for Police Service ²	128,733	130,371	129,340	102,041	104,092
Part I Law Violations	7,431	7,375	6,203	6,439	6,423
Total Criminal Charges (primary and secondary)	15,681	14,358	15,363	16,894	13,939
Total Traffic Charges (moving/ non-moving/excludes DUI)	35,011	35,310	33,201	32,627	29,750
DUI Arrests	1,004	622	638	606	530
Fire					
Calls answered for Fire Protection Services	26,784	27,838	30,072	29,914	29,559
Public Works					
Refuse Collected (tons per year)	91,313	95,950	95,309	94,148	91,239
Street Resurfacing (miles)	29.21	38.10	67.00	45.67	31.00
Potholes Repaired	10,777	13,463	11,765	10,438	13,008
Water					
Active Service Accounts	63,090	63,491	64,171	66,249	67,983
Daily Average Consumption in Gallons (in mgd)	16.44	15.27	14.64	14.83	15.23
Daily Average Water Provided by Chesapeake (in mgd)	11.42	9.06	8.66	8.55	9.57
Daily Average Water Purchased from other localities (in mgd)	6.43	6.21	5.98	6.13	5.65
Wastewater					
Active Service Accounts	61,426	61,822	62,514	64,422	66,693
Parks and Recreation					
Youth Athletics - Participants ⁵	4,401	4,314	4,780	5,351	5,391
Youth Athletics - Teams ⁵	406	379	433	473	482
Youth Athletics - Coaches ⁵	487	674	708	838	835
Adult Athletics - Participants ⁵	2,256	2,363	2,947	2,230	2,094
Adult Athletics - Teams ⁵	151	162	164	149	141
Special Programs Athletics - Programs ⁵	6	4	5	4	5
Leisure Classes - Youth Participants ⁵	1,371	1,025	1,272	1,588	1,529
Leisure Classes - Adult Participants	718	619	609	287	238
Leisure Classes - Community Program Participants ⁵	4,434	1,955	1,794	1,225	1,235
Special Events - PR&T Sponsored Attendance ^{1 5}	31,025	44,525	83,141	101,350	105,350
Community Center Attendance ⁵	409,178	410,657	408,274	413,252	449,729
Community Center ID Sales ⁵	6,561	6,499	6,927	6,409	6,234
Community Center Rentals ⁵	1,929	1,590	1,546	1,455	1,737
Senior Program Participants ⁵	16,475	15,030	13,686	10,786	11,672
Therapeutic Program Participants ⁵	2,968	3,493	3,716	3,611	3,595
Library					
Items Checked Out ⁵	2,208,274	2,021,708	1,954,756	1,782,003	1,625,698
Interlibrary Loans - Borrowed ⁵	259	252	226	204	278
Interlibrary Loans - Loans ⁵	293	145	101	174	324
Library Collection	493,340	471,183	451,422	429,825	478,315
Patron Visits ⁵	1,255,427	1,176,510	1,124,284	1,150,782	1,054,839
Website Visits ⁴	406,741	408,087	603,517	699,502	556,423
Registered Patrons	158,952	163,502	186,336	185,417	188,511
Total Programming ⁵	4,332	4,220	3,810	3,852	2,854
Total Programming - Participants ⁵	100,217	133,221	64,031	103,252	72,089
Typewriter Use ⁵	371	144	82	117	76
Public Computer Use ⁵	437,362	462,942	374,827	309,202	282,288
Bookmobile - Patrons ^{3 5}	11,605	6,718	6,649	n/a	11,227
Bookmobile - Number of Stops ^{3 5}	576	862	323	n/a	414
Bookmobile - Miles Driven ³	1,444	1,478	1,487	n/a	3,610
Schools					
Student Enrollment	38,685	38,678	38,935	39,153	39,497

Source: Various City Departments

n/a - Information not available

¹ Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.

² Beginning in FY17, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.

³ Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.

⁴ Between FY18 and FY20, this number was restated to reflect the number of website sessions for consistency with other periods presented.

⁵ From FY20 - FY21, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

Operating Indicators by Function/Program
Last Ten Fiscal Years - Unaudited

	Fiscal Year				
	2019	2020	2021	2022	2023
Function/Program					
General Government					
Building Permits Issued	4,830	5,946	6,587	6,823	6,149
Building Inspections Conducted	10,885	15,574	17,758	17,890	14,696
Electrical Permits Issued	3,136	3,495	4,144	4,339	4,042
Electrical Inspections Performed	7,639	8,296	9,331	9,956	6,770
Plumbing Permits Issued	1,992	1,873	2,258	2,012	1,432
Plumbing Inspections Performed	7,095	7,107	7,537	7,112	4,514
Mechanical/Gas Permits Issued	5,378	5,303	5,826	5,104	4,656
Mechanical/Gas Inspections Performed	9,812	10,162	9,975	9,464	6,924
Code Compliance Inspections	16,418	22,738	18,437	17,980	15,890
Police					
Calls for Police Service ²	148,388	140,668	117,547	115,080	123,225
Part I Law Violations	6,871	6,811	5,121	6,309	5,955
Total Criminal Charges (primary and secondary)	11,406	14,682	17,188	9,547	10,266
Total Traffic Charges (moving/ non-moving/excludes DUI)	25,220	18,116	10,508	6,764	5,326
DUI Arrests	551	635	656	613	492
Fire					
Calls answered for Fire Protection Services	30,021	31,390	32,598	35,586	36,402
Public Works					
Refuse Collected (tons per year)	109,574	119,394	123,924	108,708	132,561
Street Resurfacing (miles)	31.00	68.54	73.62	46.27	94.09
Potholes Repaired	12,440	10,688	7,858	7,470	5,930
Water					
Active Service Accounts	69,133	69,141	68,173	69,999	70,985
Daily Average Consumption in Gallons (in mgd)	14.97	15.38	16.63	15.85	14.54
Daily Average Water Provided by Chesapeake (in mgd)	9.73	10.38	12.39	12.30	11.84
Daily Average Water Purchased from other localities (in mgd)	5.23	5.00	4.24	4.14	3.73
Wastewater					
Active Service Accounts	67,329	67,388	66,694	68,932	69,262
Parks and Recreation					
Youth Athletics - Participants ⁵	5,856	3,292	940	3,929	4,575
Youth Athletics - Teams ⁵	413	304	78	353	393
Youth Athletics - Coaches ⁵	811	532	156	706	786
Adult Athletics - Participants ⁵	2,145	570	2,047	3,325	2,950
Adult Athletics - Teams ⁵	143	38	111	133	118
Special Programs Athletics - Programs ⁵	5	3	-	-	-
Leisure Classes - Youth Participants ⁵	2,396	1,091	959	1,558	1,463
Leisure Classes - Adult Participants	344	300	492	319	621
Leisure Classes - Community Program Participants ⁵	1,721	1,029	306	288	345
Special Events - PR&T Sponsored Attendance ^{1 5}	102,400	63,500	17,000	59,270	61,500
Community Center Attendance ⁵	462,634	288,458	50,649	225,273	297,870
Community Center ID Sales ⁵	6,309	4,617	2,408	5,118	6,080
Community Center Rentals ⁵	1,994	1,434	181	640	979
Senior Program Participants ⁵	16,916	7,152	5,697	10,630	12,920
Therapeutic Program Participants ⁵	1,029	377	309	437	501
Library					
Items Checked Out ⁵	1,558,711	1,228,360	478,123	902,981	987,645
Interlibrary Loans - Borrowed ⁵	258	117	-	27	64
Interlibrary Loans - Loans ⁵	313	175	55	234	224
Library Collection	444,622	510,118	441,052	424,112	341,775
Patron Visits ⁵	1,029,251	737,153	392,802	619,346	660,716
Website Visits ⁴	382,888	325,581	509,269	531,253	582,755
Registered Patrons	205,982	149,434	144,238	158,374	151,484
Total Programming ⁵	3,149	1,486	353	598	1,367
Total Programming - Participants ⁵	92,294	44,182	12,758	11,780	36,371
Typewriter Use ⁵	57	10	12	27	7
Public Computer Use ⁵	253,397	150,470	61,931	55,876	131,943
Bookmobile - Patrons ^{3 5}	9,146	7,481	2,338	16,935	17,570
Bookmobile - Number of Stops ^{3 5}	203	196	33	607	2,197
Bookmobile - Miles Driven ³	2,023	2,225	320	7,111	11,090
Schools					
Student Enrollment	40,898	41,597	39,673	40,478	40,821

Source: Various City Departments

n/a - Information not available

¹ Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.² Beginning in FY17, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.³ Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.⁴ Between FY18 and FY20, this number was restated to reflect the number of website sessions for consistency with other periods presented.⁵ From FY20 - FY21, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

CITY OF CHESAPEAKE, VIRGINIA

Table 22

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years - Unaudited

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Function/Program</u>										
Police										
Precincts	5	5	5	5	5	5	5	6	6	6
Marked Patrol Units	206	213	206	221	229	226	212	211	205	201
Fire Stations	15	15	15	15	15	15	15	15	15	15
Public Works										
Refuse Collection										
Collection Trucks	57	60	57	57	56	57	58	58	65	67
Other Public Works										
Storm Sewers (miles) ²	1,200	1,650	1,684	1,730	1,544	1,550	1,565	1,572	1,575	1,581
Streets (miles)	2,366	2,372	2,376	2,364	2,378	2,395	2,395	2,395	2,395	2,394
Streetlights	23,790	24,045	24,457	24,785	25,106	25,665	26,026	26,324	26,500	26,700
Water										
Water Mains (miles)	833	840	844	853	859	872	879	949	955	967
Fire Hydrants ¹	5,411	5,508	5,592	5,681	5,765	5,821	5,913	5,999	6,044	6,158
Wastewater										
Sanitary Sewers (miles) ³	852	858	866	873	877	881	887	891	893	900
Sewage Pumping Stations	269	271	271	273	273	274	277	281	280	281
Parks and Recreation										
Park Acreage	2,349	2,450	2,450	2,454	2,454	2,458	2,733	2,852	3,231	3,246
Parks and Play Areas	71	71	72	77	77	79	77	80	85	86
Athletic Fields/Tennis Courts	228	228	239	239	239	245	192	192	192	263
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 2016 per Public Utilities GIS system (2015 and prior)

² Updated in FY 2020 per Public Works GIS system (restated FY 2018 - FY 2019).

³ Updated in FY 2022 per Public Utilities GIS system (restated FY 2013 - FY 2021)

COMPLIANCE SECTION



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CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2023

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Program Total	Pass-Through Total	Assistance Listing # Total
Department of Agriculture:							
Direct payments:							
Food and Nutrition Service:							
Summer Food Program for Children (Child Nutrition Cluster)		10.559	\$ 162,649				6,575
Child Nutrition Discretionary Grants Limited Availability (Equipment Assistance Grant)		10.579	6,575				
Pass-through payments:							
Virginia Department of Education:							
School Breakfast Program (Child Nutrition Cluster)	N/A	10.553	3,808,868				3,808,868
National School Lunch Program (Child Nutrition Cluster)	N/A	10.555	9,724,783				175,052
Child and Adult Care Food Program	700270, 700280	10.558	175,052				382,268
Summer Food Service Program for Children (Child Nutrition Cluster)	603020, 603030	10.559	219,619				
Virginia Department of Agriculture and Consumer Services:							
Food Distribution - commodities value - Schools' Food Services (Child Nutrition Cluster)	N/A	10.555	1,293,729				11,051,775
Food Distribution - commodities value - Detention Home (Child Nutrition Cluster)	N/A	10.555	33,263				
Virginia Department of Social Services:							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	0010121, 0030121, 0040121, 0050121, 0010122, 0030122, 0040122, 0050122	10.561	3,710,603	15,242,911			3,710,603
Total Child Nutrition Cluster (10.553, 10.555, 10.559)				3,710,603			
Total SNAP Cluster (10.561)							
Total Department of Agriculture			19,135,141	18,953,514	-	-	19,135,141
Department of Defense:							
Direct payments - Navy:							
Department of Defense Impact Aid		12.558	2,559,795				2,559,795
Pass-through payments:							
Department of Education:							
Payments to States in Lieu of Real Estate Taxes	N/A	12.112	38,460				38,460
Total Department of Defense			2,598,255	-	-	-	2,598,255
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-19/20/21/22-MC-51-0010	14.218	1,049,686			81,693	
Passed through to Children's Harbor (CDBG - Entitlement Grants Cluster)	B-20/21/22-MC-51-0010	14.218	81,693			179,260	
Passed through to Boys and Girls Clubs of Southeast VA (CDBG - Entitlement Grants Cluster)	B-20/21/22-MC-51-0010	14.218	179,260			12,309	
Passed through to ForKids, Inc. (CDBG - Entitlement Grants Cluster)	B-21/22-MC-51-0010	14.218	12,309			104,060	
Passed through to Habitat for Humanity (CDBG - Entitlement Grants Cluster)	B-22-MC-51-0010	14.218	104,060			317,658	
Passed through to Chesapeake Supportive Housing (CDBG - Entitlement Grants Cluster)	B-20/22-MC-51-0011	14.218	317,658			31,252	
Passed through to Heron's Landing (CDBG - Entitlement Grants Cluster)	B-22-MC-51-0011	14.218	31,252			61,925	
COVID-19 - Community Development Block Grant (CDBG - Entitlement Grants Cluster)	B-21/22-MC-51-0010	14.218	61,925			218,564	
COVID-19 - Passed through to Boys and Girls Clubs of Southeast VA (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	218,564			17,963	
COVID-19 - Passed through to Buffalo Family (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	17,963			46,220	
COVID-19 - Passed through to ForKids, Inc. (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	46,220			11,623	
COVID-19 - Passed through to Chesapeake Care Clinic (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	11,623			14,559	
COVID-19 - Passed through to Chesapeake Care Clinic (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	14,559			2,146,772	

(Continued)

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2023

Federal Granting Agency/Recipient State Agency/Grant Program		Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Program Total	Pass-Through Total	Assistance Listing # Total
HOME Investment Partnerships Program:								
Passed through to CRHA		M-20/21-MC-51-0200	14.239	79,900			79,900	
Passed through to HRPDCHD		M-19/20/21-MC-51-0200	14.239	237,990			237,990	
Passed through to ForKids, Inc.		M-20/21-MC-51-0200	14.239	107,032			107,032	
Passed through to Habitat for Humanity		M-21/22-MC-51-0200	14.239	76,228			76,228	
Passed through to Chesapeake Home		M-20/21-MC-51-0200	14.239	161,199			161,199	
HOME ARP Partnerships Program:								
Total CDBG-Entitlement Grants Cluster (14.218)			14.239	8,080	2,146,772			670,429
Total Department of Housing and Urban Development				2,817,201	2,146,772	-	1,540,871	2,817,201
Department of the Interior:								
Direct payments:								
Payment in Lieu of Taxes								
U.S. Fish and Wildlife Service - Department of the Interior:								
National Wildlife Refuge Sharing Fund			15.226	7,961				7,961
Total Department of the Interior			15.659	31,091				31,091
				39,052	-	-	-	39,052
Department of Justice:								
Direct payments:								
COVID-19 - BJA FY20 Coronavirus Emergency Supplemental Funding Program								
		2020-VD-BX-0541	16.034	40,020				40,020
		2018-DJ-BX-0203,						
		2019-DJ-BX-0829,						
		2020-DJ-BX-0904	16.738	99,038				99,038
			16.922	1,562				1,562
Edward Byrne Memorial Justice Assistance Grant								
Equitable Sharing Funds								
Pass-through payments:								
Virginia Department of Criminal Justice Services		23-O1128VG19	16.575	498,343				546,577
Victim Witness		1249	16.575	48,234				37,010
Court Appointed Special Advocates								
State Criminal Alien Assistance Program			16.606	37,010				724,207
Total Department of Justice				724,207	-	-	-	724,207
Department of Transportation:								
Pass-through payments:								
Virginia Department of Transportation:								
Federal Highway Administration - Planning and Construction:								
Traffic Signal Resurfacing		109803	20.205	29,357				
Elbow Road over Spillway at Norfolk Reservoir		113694	20.205	182,006				
Oaklette Bridge/Indian River		106470	20.205	101,397				
Number Ten Lane Bridge		113696	20.205	31,263				
Flashing Yellow Lights - Western Branch		111005	20.205	20,525				
Flashing Yellow Lights - Cedar		111006	20.205	4,191				
Prov/Mt Pleasant Flashing Yellow		113824	20.205	60,948				
Citywide Signal Retiming		107032	20.205	41,673				
Kempsville Resurfacing		117160/117161/117163	20.205	779,080				
Mount Pleasant Resurfacing		117184	20.205	520,560				
S. Military & George Washington Hwy		113825	20.205	61,029				
Rotunda Avenue Bridge Replacement		113693	20.205	124,745				
Safe Routes to School Division Coordinator		111896	20.205	4,463				1,961,237
Freeman Avenue Bridge/Norfolk & Portsmouth Beltline (NPBL) Railroad Overpass		69A36522403570CRSVA	20.325	186,630				186,630

(Continued)

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2023

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Program Total	Pass-Through Total	Assistance Listing # Total
Department of Motor Vehicles - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants:							
Selective Enforcement - Occupant Protection (Highway Safety Cluster)	FOP-2021-51041-21041;	20.600	228				
Selective Enforcement - Traffic (Highway Safety Cluster)	FOP-2022-52090-22090	20.600	8,946				
Selective Enforcement - Speed (Highway Safety Cluster)	'BPT-2023-53034-23034						
Selective Enforcement - Alcohol (Highway Safety Cluster)	FSC-2021-51074-21074;	20.600	845				10,019
Selective Enforcement - Alcohol (Highway Safety Cluster)	FSC-2022-52091-22091						
Selective Enforcement - Alcohol (Highway Safety Cluster)	FM6OT-2021-51040-21040;	20.616	12,275	22,294	-	-	12,275
Selective Enforcement - Alcohol (Highway Safety Cluster)	FM6OT-2022-52087-22087						
Total Highway Safety Cluster (20.600, 20.616)			2,170,161	22,294	-	-	2,170,161
Total Department of Transportation			2,170,161	22,294	-	-	2,170,161
Department of Treasury:							
Direct payments:							
Equitable Sharing funds		21.016	31,476				31,476
Pass-through payments:							
Virginia Department of Education	N/A	21.027	182,760				
CSLRF Schools Capital Improvement Projects	N/A	21.027	4,194,173				
ARPA State bonuses							
Institute of Museum and Library Service via Library of Virginia	N/A	21.027	138,300				
American Rescue Plan Act (ARPA) VTC Tourism Recovery Program	561000090	21.027	531,042				
Virginia Department of Behavioral Health and Developmental Services							
American Rescue Plan Act (ARPA) - SUD State and Local Fiscal Recovery Fund							
Virginia Department of Criminal Justice Services							
American Rescue Plan Act (ARPA) Victims of Child Abuse Funding for CASA	10233	21.027	17,916				
Coronavirus State and Local Fiscal Recovery Funds (Le ARPA)	504276	21.027	661,705				
Virginia Department of Housing and Community Development							
American Rescue Plan Act - State and Local Fiscal Recovery	N/A	21.027	20,936,330				26,662,226
Total Department of Treasury			26,693,702	-	-	-	26,693,702
National Foundation of the Arts and Humanities:							
Direct payments:							
American Rescue Plan Grant Program	ARPML-250750-OMLS-22	45,312	17,909				
Total National Foundation of the Arts and Humanities			17,909				17,909
Department of Education:							
Direct payments:							
Impact Aid		84.041	5,425,040				5,425,040
Pass-through payments:							
Virginia Department of Education:							
Adult Education - State Grant Program	V002A170047	84.002	174,287				174,287
Title I Grants to Local Educational Agencies	S010A170046	84.010	7,244,825				7,244,825
School Improvement Grant	N/A	84.010A	31,543				31,543
Title I, Part D - Program for Neglected & Delinquent Children	S013A160046	84.013	3,027				3,027
Special Education - ARP IDEA 611 Title 6B	H027A170107	84.027X	1,597,304				1,597,304
Special Education - Grants to States (Special Education Cluster IDEA)	V048A170046	84.027	9,877,240				9,877,240
Vocational Education - Basic Grants to States	H173A170112	84.048	614,371				614,371
Special Education - Preschool Grants (Special Education Cluster IDEA)	4308S0090	84.173	239,243				239,243
Part C Funds	N/A	84.181	345,761				345,761
School Based Mental Health Services	N/A	84.184	135,154				135,154
Title III, Part A - English Language Acquisition Grants	S365A170046	84.365	104,028				104,028
Title II, Part A - Improving Teacher Quality State Grants	S367A170044	84.367	836,021				836,021

(Continued)

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2023

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number (Indirect Grants)	Assistance Listing Number	Federal Expenditures	Cluster Total	Program Total	Pass-Through Total	Assistance Listing # Total
Federal Part C ARRA Grant	N/A	84.393	118,227				118,227
Title IV, Part A - Student Support and Academic Enrichment Program	S424A170048	84.424	545,186				545,186
COVID-19 - Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	601770	84.425D	10,109,593				10,109,593
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief	501930	84.425U	13,287,735				13,287,735
Total Special Education Cluster IDEA (84.027, 84.173)			11,713,787				-
Total Department of Education			50,688,585	11,713,787	-	-	50,688,585
Department of Health and Human Services:							
Pass-through payments:							
Virginia Department of Behavioral Health and Developmental Services							
COVID-19 - SAMHSA Emergency Grant	580010090	93.665	7,000				7,000
Regional Opioid Treatment	530040090, 530240090, 530340090	93.788	221,266				221,266
Block Grants for Community Mental Health Services	522010090	93.958	176,505				176,505
Block Grants for Prevention and Treatment of Substance Abuse	502510090, 502710090, 591100090, 599100090	93.959	796,750				796,750
Virginia Department of Social Services:							
School Based Health (COVID-19 Public Health Workforce)		93.354	52,411				52,411
Title IV-E Prevention Program	1140122	93.472	33,044				33,044
Guardianship Assistance	1110121, 1110122	93.090	829				829
Promoting Safe and Stable Families	0950120, 0950121	93.556	69,701				69,701
Temporary Assistance for Needy Families	0400121, 0400122	93.558	1,402,352				1,402,352
Refugee and Entrant Assistance State Administered Programs	0500122	93.566	4,934				4,934
Low-Income Home Energy Assistance	0600421, 0600422	93.568	260,454				260,454
Child Care and Development Block Grant (CCDF Cluster)	0770120, 0773121	93.575	58,932				58,932
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	0760121, 0760122	93.596	319,582				319,582
Chafee Education and Training Vouchers Program	9160120, 9162121	93.599	4,896				4,896
Adoption and Legal Guardianship Incentive Payments	1130119	93.603	3,977				3,977
Stephanie Tubbs Jones Child Welfare Services Program	0900121	93.645	2,334				2,334
Foster Care Title IV-E	1100121, 1100122	93.658	1,320,324				1,320,324
Adoption Assistance	1120121, 1120122	93.659	1,162,964				1,162,964
Social Services Block Grant	1000121, 1000122	93.667	1,149,464				1,149,464
Chafee Foster Care Independence Program	9150121, 9152121	93.674	13,278				13,278
Elder Abuse Prevention Interventions Program	8000221	93.747	16,642				16,642
Children's Health Insurance Program	0540121, 0540122	93.767	17,697				17,697
Medical Assistance Program (Medicaid Cluster)	1200121, 1200122	93.778	1,925,134				
Virginia Department of Education:							
Medical Assistance Program (Medicaid: Title XIX) (Medicaid Cluster)	N/A	93.778	1,150,349				3,075,483
Total CCDF Cluster (93.575, 93.596)			378,514				3,075,483
Total Medicaid Cluster (93.778)			10,170,819	3,453,997	-	-	10,170,819
Total Department of Health and Human Services							
Executive Office of the President:							
Pass-through payments:							
Mercyhurst University:							
Washington/Baltimore High Intensity Drug Trafficking Area	G21WB0004A, G22WB0004A	95.001	5,064				5,064
Total Executive Office of the President			5,064		-	-	5,064
Social Security Administration:							
Direct payments:							
Social Security-Work Incentives Planning and Assistance Program		96.008	26,600				26,600
Total Social Security Administration			26,600		-	-	26,600

(Continued)

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2023

281

CITY OF CHESAPEAKE, VIRGINIA**Schedule T-2**

Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

(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	\$ 73,015
Capital Projects Fund	1,910,169
Debt Service	281,439
Special Revenue Funds:	
Virginia Public Assistance Fund	11,136,304
Grants Fund	41,639,817
Community Development Fund	2,846,719
Interagency Consortium	187,166
Integrated Behavioral Healthcare Fund	2,379,934
Enterprise Funds	199,726
Total primary government	60,654,289
Component unit - Public Schools:	
Schools Operating Fund	61,634,210
Schools Food Services Fund	15,222,051
Total component unit - Public Schools	76,856,261
Total federal expenditures from intergovernmental revenues	137,510,550
Water and sewer federal bond subsidy (not subject to single audit)	(281,439)
Firm Fixed Price contract with US Navy	(199,726)
City ARPA funds received, not expended	(17,076,618)
Schools Federal funds received, not expended	(3,220,628)
Other reconciling items	228,893
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 116,961,032

(4) Subrecipients

The Chesapeake Redevelopment and Housing Authority, Children's Harbor, ForKids, Boys and Girls Clubs of Southeast VA, Chesapeake Care Clinic, Chesapeake Homeless Response Center, Habitat for Humanity, Buffalow Family, Heron's Landing, and Chesapeake Supportive Housing are the subrecipients for federal awards of \$878,522 from the Community Development Block Grant Program. Chesapeake Redevelopment and Housing Authority, The Hampton Roads Planning District Commission (Housing Division), ForKids, Habitat for Humanity, and Chesapeake Home are the subrecipients of \$662,349 from the HOME Investment Program received from the U.S. Department of Housing and Urban Development.

(5) Indirect Cost Rate

The City did not elect to use a 10% de minimis indirect cost rate allowed under section 2 CFR 200.331(a)(4).

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2023. Our report includes a reference to other auditors who audited the financial statements of the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards* or the Specifications.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 have not been 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 8, 2023

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion of 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, 2023. The City's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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.

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
December 8, 2023

City of Chesapeake, Virginia
Schedule of Findings and Questioned Costs
for the Fiscal Year Ended June 30, 2023

A. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

<u>Program Description</u>	<u>AL #</u>
U.S. Department of Agriculture:	
SNAP Cluster	10.561
U.S. Department of Treasury:	
Coronavirus State and Local Fiscal Recovery Funds	21.027
U.S. Department of Education:	
Impact Aid	84.041
Education Stabilization Fund	84.425D/U
Dollar threshold to distinguish between Types A and B Programs:	\$3,000,000
The City of Chesapeake was qualified as a low risk auditee?	Yes

B. Findings Relating to Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

C. Findings and Questioned Costs Related to Federal Awards

None.

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

None.

E. Resolution of Prior Year Findings

None.

*End of Annual Comprehensive Financial Report
Of the City of Chesapeake, Virginia
For the Fiscal Year Ended
June 30, 2023*



Front Cover Pictures (Left to Right):

Stormwater Maintenance – Cooper's Ditch Dredging Project Phase I in Progress

Medic Unit 10 at Fire Station 10 in Bowers Hill

Chesapeake Expressway Repaving Project

Cornland School circa 1902, Historical Village at the Dismal Swamp



2023
Annual Comprehensive
Financial Report

For the Fiscal Year Ended June 30, 2023