



CITY of SUFFOLK, VIRGINIA  
ANNUAL  
COMPREHENSIVE  
FINANCIAL  
REPORT  
FOR THE FISCAL YEAR  
ENDED JUNE 30, 2021

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

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

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

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# **CITY OF SUFFOLK, VIRGINIA**

## **TABLE OF CONTENTS**

### **INTRODUCTORY SECTION**

Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	ix
Directory of Principal Officials .....	x
Organizational Chart .....	xii

### **FINANCIAL SECTION**

Report of Independent Auditor.....	1
Management's Discussion and Analysis .....	3

### **BASIC FINANCIAL STATEMENTS**

Government-wide Financial Statements	
Exhibit 1: Statement of Net Position .....	13
Exhibit 2: Statement of Activities .....	14
Fund Financial Statements	
Exhibit 3: Balance Sheet – Governmental Funds .....	15
Exhibit 4: Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	16
Exhibit 5: Statement of Net Position – Proprietary Funds .....	18
Exhibit 6: Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	19
Exhibit 7: Statement of Cash Flow – Proprietary Funds .....	20
Exhibit 8: Statement of Fiduciary Net Position.....	22
Exhibit 9: Statement of Changes in Fiduciary Net Position .....	23
Notes to Financial Statements .....	24

### **REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit 10: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – General Fund .....	97
Exhibit 11: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Road Maintenance Fund.....	101
Exhibit 12: Schedule of Changes in the City's Net Pension Liability and Related Ratios .....	102
Exhibit 13: Schedule of Changes in the School Board's (non-teacher) Net Pension Liability and Related Ratios .....	103
Exhibit 14: Schedule of Employer's Proportionate Share of Net Pension Liability – School Board Teacher Retirement Plan .....	104

**CITY OF SUFFOLK, VIRGINIA**

**TABLE OF CONTENTS**

**(continued)**

**FINANCIAL SECTION (CONTINUED)**

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)**

Exhibit 15: Schedule of Contributions, City and School Board Pension Plans.....	105
Notes to Required Supplementary Information Pension Plans.....	106
Exhibit 16: Schedule of Changes in the City's Net OPEB Liability and Related Ratios – City Trust .....	107
Exhibit 17: Schedule of Changes in the School Board's Net OPEB Liability (Asset) and Related Ratios – School OPEB Trust .....	108
Exhibit 18: Schedule of Contributions – OPEB Plan – City and School Trust .....	109
Exhibit 19: Schedule of Annual Money Weighted Rate of Return on OPEB Plan Investments – City and School Trust.....	109
Notes to Required Supplementary Information Plan City and School OPEB Trust .....	110
Exhibit 20: Schedule of Employer's Proportionate Share of Net OPEB Liability – Line of Duty Act Program (LODA) for the City .....	111
Exhibit 21: Schedule of Employer's Proportionate Share of Net OPEB Liability – Group Life Insurance (GLI) for the City .....	111
Exhibit 22: Schedule of Employer's Proportionate Share of Net OPEB Liability – Group Life Insurance (GLI) for the School Board .....	112
Exhibit 23: Schedule of Employer's Proportionate Share of Net OPEB Liability – Health Insurance Credit Plan (HIC) – School Board Teachers .....	112
Exhibit 24: Schedule of Employer's Proportionate Share of Net OPEB Liability – Virginia Local Disability Program (VLDP) – School Board Teachers .....	113
Exhibit 25: Schedule of Contributions OPEB – City State VRS Plans.....	114
Exhibit 26: Schedule of Contributions OPEB – School Board State VRS Plans.....	115
Notes to Required Supplementary Information OPEB City and School Board State VRS Plans.....	116
Exhibit 27: Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios – School Board Non-Teacher HIC Single Employer Plan .....	117
Exhibit 28: Schedule of Contributions OPEB – School Board Non-Teacher HIC Single Employer Plan.....	118
Notes to Required Supplementary Information OPEB School Board Non-Teacher HIC Plan.....	119

**OTHER SUPPLEMENTARY INFORMATION**

**NON-MAJOR GOVERNMENTAL FUNDS**

Exhibit 29: Combining Balance Sheet – Non Major Governmental Funds .....	120
Exhibit 30: Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental funds .....	121

## **CITY OF SUFFOLK, VIRGINIA**

### **TABLE OF CONTENTS**

**(continued)**

#### **FINANCIAL SECTION (CONTINUED)**

#### **OTHER SUPPLEMENTARY INFORMATION (CONTINUED)**

##### **NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)**

Exhibit 31: Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Debt Service Fund .....	122
Exhibit 32: Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis – Special Revenue Funds.....	123

##### **NON-MAJOR PROPRIETARY FUNDS**

Exhibit 33: Combining Statement of Net Position .....	126
Exhibit 34: Combining Statement of Revenues, Expenses and Changes in Fund Net Position .....	127
Exhibit 35: Combining Statement of Cash Flows .....	128

##### **INTERNAL SERVICE FUNDS**

Exhibit 36: Combining Statement of Net Position .....	129
Exhibit 37: Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	130
Exhibit 38: Combining Statement of Cash Flows .....	131

##### **FIDUCIARY NET POSITION**

Exhibit 39: Combining Statement of Fiduciary Net Position .....	132
Exhibit 40: Combining Statement of Changes in Fiduciary Net Position .....	133

##### **DISCRETELY PRESENTED COMPONENT UNIT – CITY OF SUFFOLK SCHOOL BOARD**

Exhibit 41: Combining Balance Sheet.....	134
Exhibit 42: Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	135
Exhibit 43: Budgetary Reconciliation Schedule – Governmental Funds .....	136
Exhibit 44: Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) .....	137
Exhibit 45: Statement of Net Position – OPEB Fund.....	138
Exhibit 46: Statement of Changes in Net Position – OPEB Trust Fund.....	139

#### **STATISTICAL SECTION**

Table 1	Net Position by Component.....	140
Table 2	Changes in Net Position .....	141
Table 3	Fund Balances – Governmental Funds.....	143

**CITY OF SUFFOLK, VIRGINIA**

**TABLE OF CONTENTS**

**(continued)**

**STATISTICAL SECTION (CONTINUED)**

Table 4	Changes in Fund Balances – Governmental Funds .....	144
Table 5	Tax Revenues by Source – Governmental Funds.....	145
Table 6	Assessed Value and Estimated Actual Value of Taxable Property .....	146
Table 7	Direct Property Tax Rates .....	147
Table 8	Principal Property Tax Payers.....	148
Table 9	Property Tax Levies and Collections.....	149
Table 10	Property Value and Construction .....	150
Table 11	Principal Commercial/Industrial Water and Sewer Consumers .....	151
Table 12	Water and Sewer Rate Schedule.....	152
Table 13	Outstanding Debt by Type.....	153
Table 14	Legal Debt Margin .....	154
Table 15	Pledge-Revenue Coverage.....	155
Table 16	Demographic and Economic Statistics .....	156
Table 17	Principal Employers .....	157
Table 18	Full-Time Equivalent City Government Employees by Function/Program .....	158
Table 19	Operating Indicators by Function/Program .....	160
Table 20	Capital Asset Statistics by Function/Program .....	161

# INTRODUCTORY SECTION

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# CITY OF SUFFOLK

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

CITY MANAGER

December 14, 2021

The Honorable Council  
City of Suffolk, Virginia

Dear Council Members:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the period of July 1, 2020 through June 30, 2021. The code of the Commonwealth of Virginia and the charter of the City of Suffolk (the City) require the City to publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with *Government Auditing Standards* by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance and complies with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia.

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

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

According to Section 8.08 of the City Charter and Section 15.2-2511 of the 1950 Code of Virginia, as amended, an annual audit by an independent auditor of the City is required. The City's financial statements have been audited by Cherry Bekaert LLP. As a result of an audit of the City's financial records and transactions of all funds, component units, and departments of the City, Cherry Bekaert LLP has concluded that the financial statements are in compliance with generally accepted accounting principles and has issued an unmodified opinion of the City's financial statements as of and for the year ended June 30, 2021. The report of the independent auditor is presented as the first component of the financial section of this report.

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

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

### **Profile of the City**

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

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

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

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

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

The City maintains budgetary controls, the objective of which is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by City Council. Budgetary control is maintained at the expenditure level of each department using an encumbrance accounting system. Open encumbrances are reported within the appropriate classification of fund balance at June 30, 2021. A description of the procedures utilized to establish budgetary data is presented in Note 1D within the Notes to Financial Statements tab.

### **Economic Activity – Calendar Year 2020**

The beginning of 2020 pointed toward a strong business year for Suffolk. Coming off the heels of over \$300 million in capital investment for new and expanded business projects during the prior year, Suffolk was poised to be a strong contender for another robust year. Relationships were solid with area partners and City Council, along with city management, was in position to continue to sing Suffolk's praises: AAA Bond rating, close proximity to Port of Virginia, ample workforce, diverse population and industry, convenient access to rail and highway, outstanding natural resources and a high quality of life. The challenges that 2020 brought to the city were weathered by strong leadership, a resilient business community and faithful community spirit that supported their neighbors, including the small brick and mortar establishments who were impacted the most. In spite of the year's difficulties, much was gained. The creative ways that small businesses pivoted their operations added much to being able to continue to be profitable while still being a safe place for customers. Looking at the year overall, Suffolk saw numerous retail establishments open all over the city, industrial projects continued to go vertical and mixed-use development projects touted walkable, livable environments. Suffolk remains focused on attracting and retaining what makes it such a remarkable community.

Throughout 2020 city leaders employed a variety of programs designed to support the business community through the pandemic and government mandates. These initiatives included **Suffolk Economic Development Authority Grants** which dispersed in 2020 and 2021 alone over \$700,000 of direct capital support to independently-owned businesses. Other programs that were designed to aid small businesses were weekly job fairs, small business online resources, the installation of dedicated curbside pick-up parking spaces and signs and the fast – track permitting and allowance of outside sidewalk dining to provide a safe area for dining. Many restaurants were able to purchase heat lamps, fire pits and bistro seating thanks to support from the city.

Consumer spending on retail goods is important to the economy and the retail sector continues to employ a large number of people. During 2020 in Suffolk, 45 retail establishments opened their doors or expanded, creating 287 new jobs and impacting close to 250,000 square feet of commercial space. National retailers such as Walmart used the year to complete large-scale renovation improvements. In Suffolk, Walmart invested over \$2 million to enhance two store locations to improve customer experiences. Another popular retailer, Chick-fil-A completed a \$2 million renovation at their Harbour View location and is set to begin the same at their Downtown location. Local restaurateurs and owners of M&M Hospitality, the team that brought award – winning cuisine to Suffolk, opened the \$3 million Amedeo's Ristorante. The name and much of the décor pays homage to Amedeo Obici, founder of Planters Peanuts. An interestingly diverse group of retailers opened to the public in 2020, such as fitness clubs, convenience stores, coffee shops, specialty gift shops, financial services and more. The retailers spent over \$40 million in 2020 to enter or expand in the Suffolk market.

Retailers saw incentive support from the city in various forms. Following the completion of the successful inaugural "Community Business Launch" that wrapped up in 2019, the Suffolk EDA created the **Downtown Business Development Program**. The new grant provides assistance to specific types of retailers located in the Downtown Suffolk business corridor. The city has historically provided help with

storm damage, façade improvements and technology-based entrepreneurial support; this new Downtown grant supplements these incentive programs with yet another type of brick and mortar assistance.

Adjacent to Downtown, in one of Suffolk's most beloved historical areas, the new Peanut Crossing 10-acre development began construction of their first luxury-loft apartments. Born from a historic turn of the century peanut – processing plant, the new mixed-use development is expected to ultimately be a vibrant mix of pet-friendly, urban loft living with a flavor of contemporary retail.

Bridgeport is another exciting new mixed-use development that saw much activity during the year. Together with aforementioned Amedeo's Ristorante, they also added Knotts Coffee Company, Orangetheory Fitness, Amedeo's Bakery and Blue Hippo Car Wash to their commercial offerings. The 3800 Acqua Apartments began leasing and construction began on the Royal Sail 55+ luxury apartments. The Point at Harbour View began construction on Aura at Harbour View which consists of 300 upscale apartments and a 7,000 square foot clubhouse with cabana and pool, a Bonaventure Property Management development.

The industrial sector, which includes advanced manufacturing, warehousing and food and beverage processing, saw ample activity during 2020. Altogether, companies invested \$22.4 million in industrial operations in Suffolk. Amazon began construction on their behemoth new robotics fulfillment center, located at Northgate Commerce Park. The impressive structure will be 3.8 million square feet and over 90 feet tall upon completion. The \$200 million distribution center will employ 1,700 workers and represents the confidence the company had in Suffolk's location and workforce potential. The infrastructure improvements, growth in tenants, proximity to Port of Virginia and publicity from Amazon's selection have all led to Northgate Commerce Park being close to full occupancy by year's end.

Worldwide coffee leader Massimo Zanetti Beverage USA (MZB USA) invested over \$18 million dollars into the construction of a new warehouse center at Virginia Port Logistics Park. The new state-of-the-art 356,000 square foot center will house, blend, sort and distribute coffee beans for iconic brands such as Chock full o'Nuts, Hills Bros., Kauai Coffee and Segafredo. The new initiative allows MZB-USA to strengthen logistic operations and improve customer responsiveness. The new finished goods center will provide high-tech improvements and more space for diverse product storage capacity, as well as offer room for future expansion as they grow with their markets. The center supports a separate roasting center also located in Suffolk.

CMP Global, a leading provider of worldwide logistics services, invested close to \$2 million to move into a larger facility, located at Virginia Regional Commerce Park, in order to increase their operations. The new 83,700 square foot space (double the size of their former location) serves as their logistics base of operations as well as an advanced manufacturing hub for commercial marine items.

Healthcare remains a fundamental part of any community's success. The medical development sector continues to be strong in the city of Suffolk. A substantial \$19.6 million was inserted into the Suffolk medical market during 2020 alone. Leading the charge was Sentara Healthcare. The 130-year old company is one of the region's foremost healthcare providers. During 2020 Sentara, who employs around 1,500 people throughout Suffolk, spent upwards of \$13 million to expand the Obici Hospital Emergency Care center. The project entailed increasing the ER size to 20,000 square feet which enables capacity to see 73,000 patients per year (from 40,000) and ER equipment, lobby and patient area upgrades. Other significant medical ventures during the year were: the opening of the new \$1 million NowCare North Suffolk (owned by Bayview Physicians Group), Bon Secours – Virginia Orthopaedic & Spine Specialists facility at Centerbrooke Village and multiple openings or expansions of medical specialty offices such as for dental, physical therapy, primary practice, women's care, plastic surgery and pediatrics, among others.

Other industry sectors such as Office & Administration, Hospitality and Modeling and Simulation rounded out the year with a combined \$2.5 million in renovation and expansion projects.

### New and Expanding Industry (Calendar Year 2020)

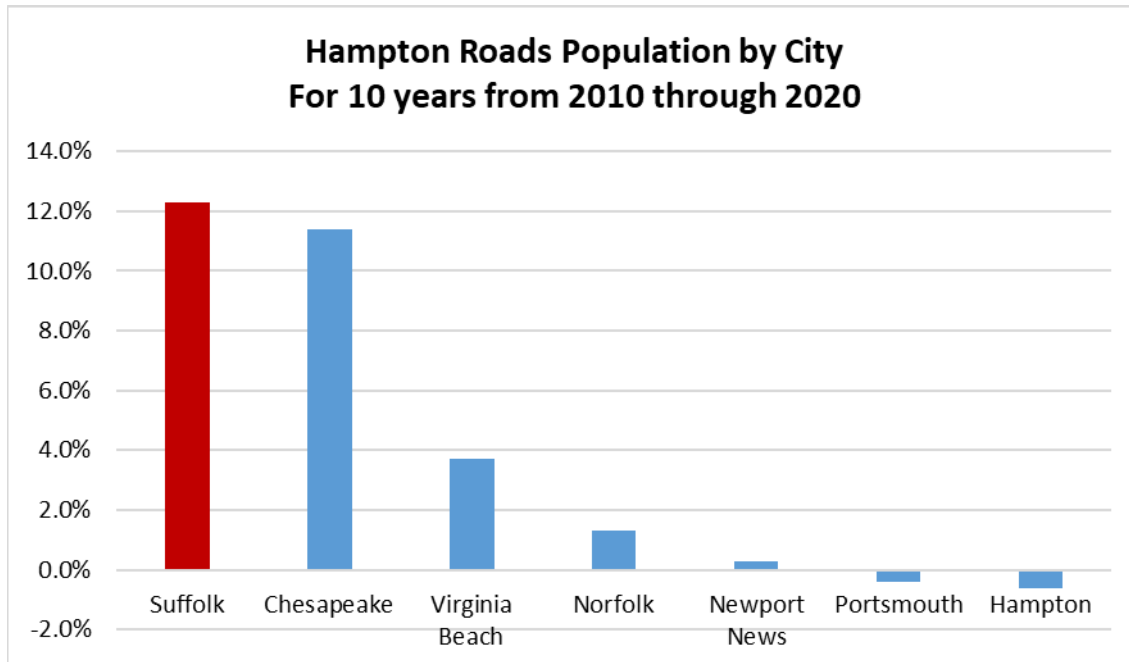
	<b><u>Number of Jobs</u></b>	<b><u>Square Feet</u></b>	<b><u>Approximate Capital Investment</u></b>
Advanced Manufacturing	9	85,700	\$1,575,000
Warehousing & Distribution	10	9,000	1,900,000
Medical	142	61,652	19,620,000
Retail	287	247,345	40,262,000
Office & Administration	20	22,187	1,750,000
Food & Beverage Processing	-	336,000	18,925,000
Modeling & Simulation	7	4,200	100,000
Hospitality & Other	-	-	712,000
<b>TOTAL</b>	<b>475</b>	<b>766,084</b>	<b>\$84,844,000</b>

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

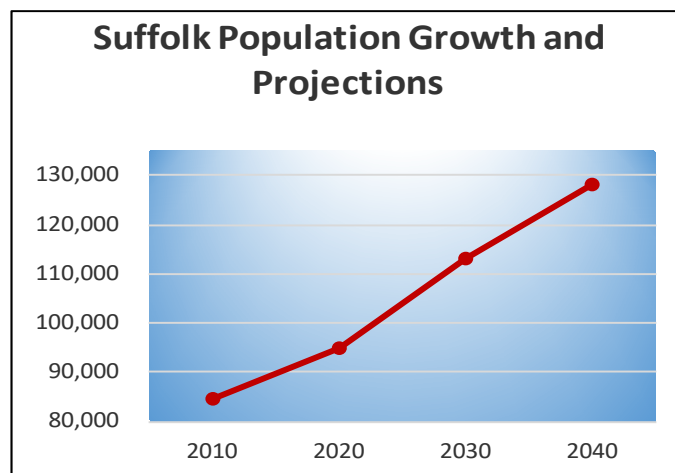
Suffolk continues to see population growth. The City has grown 12.3% since the 2010 Census.

### Hampton Roads Population Growth by City

City	2009	2010 Census	2020 Census	Percent Change (2010 -2020)
<b>Suffolk</b>	<b>82,616</b>	<b>84,585</b>	<b>94,960</b>	<b>12.3%</b>
Chesapeake	219,795	222,209	247,564	11.4%
Virginia Beach	437,275	437,994	454,335	3.7%
Norfolk	243,957	242,803	246,063	1.3%
Newport News	181,218	180,966	181,587	0.3%
Portsmouth	96,282	95,535	95,137	-0.4%
Hampton	139,233	137,467	136,673	-0.6%



This population trend is projected to continue over the foreseeable future. By 2040, we expect to see an increase in population by over 30%. The City of Suffolk has the third highest MHI in the region (\$74,884) which is slightly above the state (\$74,222) and higher than the national MHI (\$62,843).



Source: 1. Weldon Cooper Center for Public Service

Strategic planning, key location, a highly-trained workforce and business-friendly environment once again catapulted Suffolk to the enviable position of one of the fastest growing cities in Virginia and a top pick for business development. The residential growth and change in Suffolk require the City to be proactive in planning for its future to insure efficient and effective delivery of services and a high quality of life for its citizens. Through the proficient management of residential and commercial development, the City continues to offer families and businesses plenty of room to live, work and play.

## **Long-term Financial Planning**

City Council and City Management maintain their visionary process in their commitment to planning for the future of the City. Through a series of retreats and work sessions, City Council has established priorities as the guiding principles to move the City into the twenty-first century and to develop partnerships to further the City's objectives. Financial planning is further extended with the aid of financial advisors for bond issues and rate consultants for utility rate analysis.

In planning for the specific initiatives under these priorities, the City's adopted ten-year Capital Improvements Plan represents a planned schedule of the City's needed expenditures for physical improvements over the next decade. The Capital Improvements Plan, which covers the ten-year period from fiscal year 2022 through fiscal year 2031, totals approximately \$1.02 billion. Of this amount, utilities, stormwater, fleet, and information technology projects are estimated at \$228 million while general government projects are estimated at \$794.1 million.

Financial policies are vital in maintaining consistency and focus. One of the financial policies continually reviewed is that of fund balance levels. The ratio of unassigned General Fund balance as a percentage of budgeted governmental funds expenditures (net of the general fund contribution to the Schools, transfers to other governmental funds, and Capital Projects fund expenditures), plus the budgeted expenditures in the School Operating and Food Service Funds, indicates the ability of the City to cope with unexpected financial challenges or emergencies. The policy also states that any surplus amounts over 20% will be put into a budget stabilization fund until it reaches 2% based on the same ratio and the remaining will go to a capital reserve fund. The City has set the unassigned fund balance percentage at 20%. At June 30, 2021, the fund balance ratio exceeded the target. The City was also able to establish the budget stabilization fund at 2% and put \$11.7 million in the capital reserve fund.

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

## **Awards and Recognition**

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

In September 2021, the City's bond ratings were reaffirmed by all three rating agencies: Moody's (Aaa), Fitch Rating Agency (AAA), and Standard and Poor's (AAA). These ratings reflect the City's commitment to strong financial management.

### **Comprehensive Annual Financial Report**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate) to the City of Suffolk, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2020, representing the 36<sup>th</sup> consecutive year that the City has received this award. The Certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such



reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

### **Citizen Reporting**

The GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Suffolk for its Popular Annual Financial Report (PAFR) for fiscal year ended June 30, 2020. This is the sixth year that the City has prepared the PAFR, and received the award. The report provides an overview of the City's financial results and is designed to increase awareness throughout the community of the City's financial operations in a user-friendly manner. The information is derived from the audited financial statements in the City's 2020 Comprehensive Annual Financial Report.

### **Annual Budget**

The GFOA presented a Distinguished Budget Presentation Award to the City of Suffolk, Virginia for its annual budget for the fiscal year beginning July 1, 2020. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This is the eleventh consecutive year for this recognition and it is valid for a one-year period.

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

There is a saying that, "Life's only limitations are the ones we make." In Suffolk, there is no limit to what can be accomplished. Our level of success can be attributed to a strong, shared vision, with cooperative leadership, committed partners, and engaged citizens.

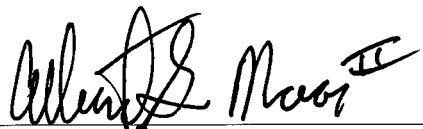
Suffolk is known as one of Virginia's fastest growing cities, outpacing not only the majority of the region, but also the state and much of the nation. Businesses and people alike are saying "Yes, Suffolk!"

### **Acknowledgments**

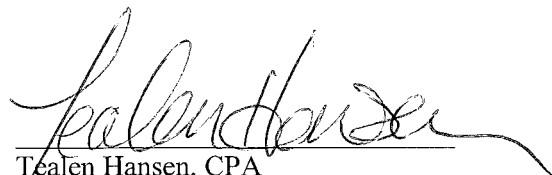
During the year, the staff of the Finance department rendered professional and knowledgeable services to the City. We are most appreciative of these efforts and take this opportunity to recognize these outstanding public servants.

The City Council's oversight of the financial affairs of the City has resulted in the City's strong financial position and Council is commended for the policies and practices which have made it so.

Respectfully,



Albert Moor II, P.E.  
City Manager



Tealén Hansen, CPA  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Suffolk  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

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

**As of June 30, 2021**

**MEMBERS OF CITY COUNCIL**

Michael D. Duman .....	Mayor
Leroy Bennett.....	Vice Mayor
Shelley Butler Barlow.....	City Council Member
Roger W. Fawcett .....	City Council Member
Timothy J. Johnson.....	City Council Member
Donald Z. Goldberg.....	City Council Member
Lue R. Ward, Jr. ....	City Council Member
Leotis L. Williams .....	City Council Member

**CONSTITUTIONAL OFFICERS**

Everett C. Harris.....	Sheriff
C. Phillips “Phil” Ferguson.....	Commonwealth’s Attorney
Susan L. Draper.....	Commissioner of the Revenue
Ronald H. Williams.....	Treasurer
W. Randolph Carter, Jr. ....	Clerk of the Circuit Court

**CITY ADMINISTRATION**

Albert S. Moor, II.....	City Manager
Kevin Hughes .....	Interim Deputy City Manager
Azeez Felder .....	Interim Chief of Staff
William Hutchings.....	Interim City Attorney
Holt Butt .....	City Assessor
Erika S. Dawley.....	City Clerk
Greg Byrd – Acting Director.....	Economic Development
Gerry Jones .....	Capital Programs and Buildings
Deputy Chief Brian Spicer .....	Emergency Management
Dr. Todd Wagner .....	Health
Clint Rudy .....	Library
Diana L. Klink .....	Media and Community Relations
Bob Goumas – Acting Director.....	Planning and Community Development
Robert Lewis – Acting Director .....	Public Works
Tealen Hansen .....	Finance
Michael Barakey.....	Fire and Rescue
Robin Wynn .....	Human Resources
Alfred Chandler – Acting Chief .....	Police
Mark Furlo.....	Parks and Recreation
Paul Retel – Acting Director .....	Public Utilities
Harry Cromer – Acting Director .....	Social Services
Regina Chandler – Acting Director .....	Information Technology

**CITY OF SUFFOLK, VIRGINIA**

**DIRECTORY OF PRINCIPAL OFFICIALS  
(continued)**

**June 30, 2021**

**SUFFOLK PUBLIC SCHOOLS – SCHOOL BOARD**

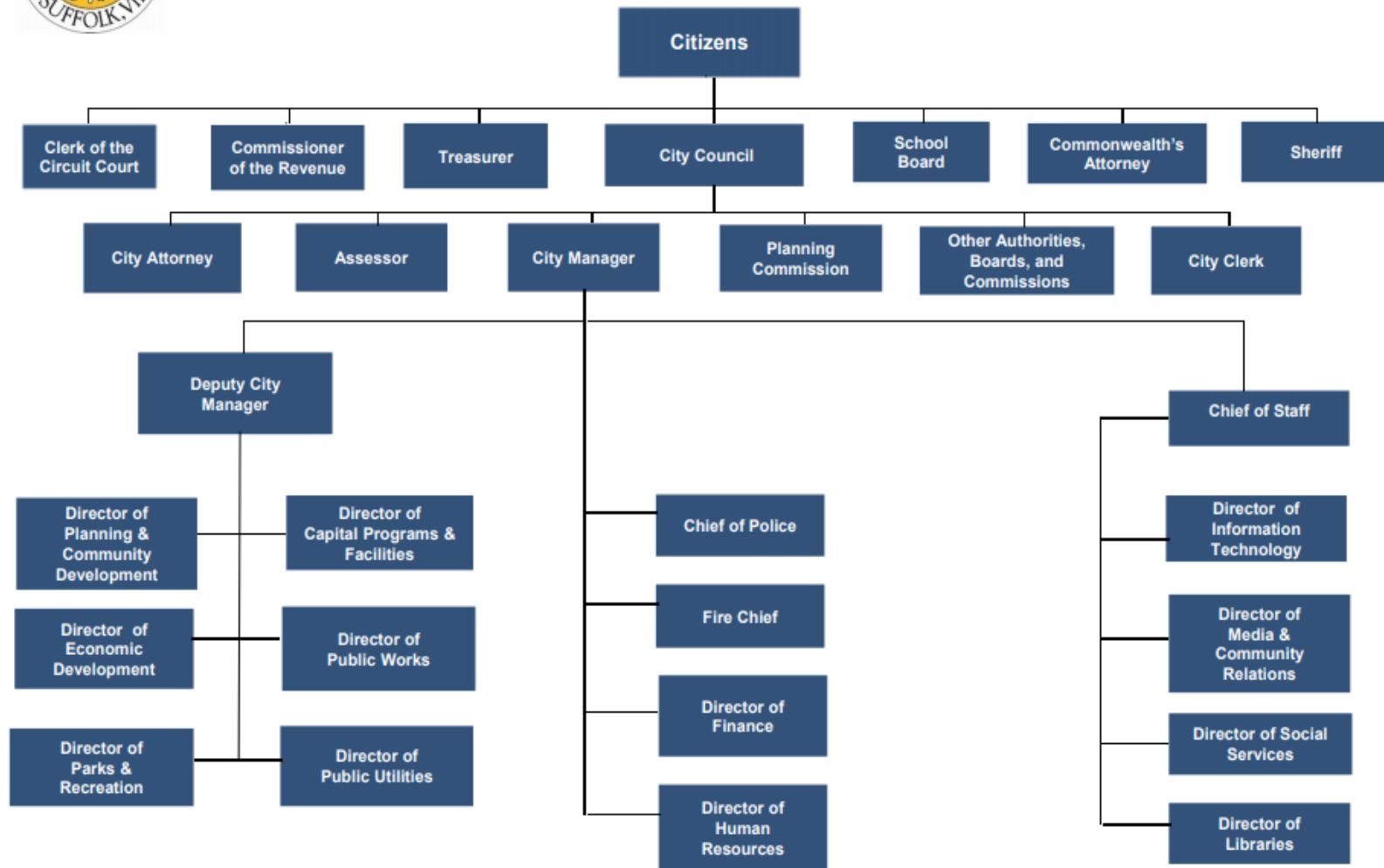
Dr. Judith Brooks-Buck .....	Chairman
Phyllis C. Byrum .....	Vice Chairman
Karen L. Jenkins.....	Board Member
Lorita W. Mayo.....	Board Member
Linda T. Johnson .....	Board Member
Tyron D. Riddick.....	Board Member
Sherri D. Story.....	Board Member

**SUFFOLK PUBLIC SCHOOLS – ADMINISTRATION**

Dr. John B. Gordon III.....	School Superintendent
Wendy Forsman.....	Executive Director of Finance



# City of Suffolk FY 2020-2021 Operating and Capital Budget Organizational Chart



## FINANCIAL SECTION

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## Report of Independent Auditor

To the City Council  
City of Suffolk, Virginia

### Report on the Financial Statements

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### *Opinions*

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

### *Emphasis of Matter*

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

## **Other Matters**

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

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Richmond, Virginia  
December 14, 2021



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management of the City of Suffolk, Virginia (the "City") presents this narrative discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2021. To enhance your understanding of the City's financial performance, please read this discussion and analysis in conjunction with the transmittal letter in the front of this report, the City's basic financial statements, and supporting notes following this section.

### FINANCIAL HIGHLIGHTS

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

- The City's total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) on a government-wide basis was \$585.5 million at June 30, 2021. Of this balance, \$417.2 million is attributed to the governmental activities and \$168.3 million to the business-type activities.
- For fiscal year 2021, taxes, other general revenues net of transfers of the City's governmental activities amounted to \$219.9 million and net program expenses \$208.5 million, which resulted in an increase from 2020 in net position for the City's governmental activities of \$11.4 million.
- Revenues of the City's business-type activities were \$85.7 million, expenses were \$71.0 million and net transfers to the General Fund were \$1.5 million, which resulted in an increase of net position for the City's business-type activities of \$13.2 million.
- The City is rated AAA with Fitch, Standard and Poor's and Moody's.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

## Government-wide Financial Statements

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

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

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

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

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

## Fund Financial Statements

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

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for

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

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

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

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

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

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Net Position (In Millions)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 271.5	\$ 232.5	\$ 93.8	\$ 74.3	\$ 365.3	\$ 306.8
Capital and other non-current assets	541.6	537.9	462.3	464.2	1,003.9	1,002.1
Total assets	813.1	770.4	556.1	538.5	1,369.2	1,308.9
Deferred Outflows of Resources	40.8	35.3	28.9	21.5	69.7	56.8
Current and other liabilities	38.8	25.1	6.4	7.9	45.2	33.0
Long-term liabilities	386.3	362.9	410.1	395.8	796.4	758.7
Total liabilities	425.1	388.0	416.5	403.7	841.6	791.7
Deferred Inflows of Resources	11.6	11.9	0.2	1.2	11.8	13.1
Net position:						
Net investment in capital assets	318.3	312.9	111.0	107.0	429.3	419.9
Restricted	12.2	9.5	2.6	2.6	14.8	12.1
Unrestricted	86.7	83.4	54.7	45.6	141.4	129.0
Net position	\$ 417.2	\$ 405.8	\$ 168.3	\$ 155.1	\$ 585.5	\$ 560.9

The City's combined net position (which is the City's "bottom line") increased by \$24.6 million in fiscal year 2021 of which approximately 2.5% represents resources that are subject to external restrictions or enabling legislation. Net investment in capital assets (land, buildings, infrastructure, improvements, machinery and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets) of \$429.3 million comprises 73.3% of the net position. These assets are not available for future spending because they are assets used to provide services to citizens.

The City has a solid financial position with 24.2% of net position, or \$141.4 million, as unrestricted. The unrestricted portion of net position is available to allow the City to provide services to citizens.

## Statement of Activities

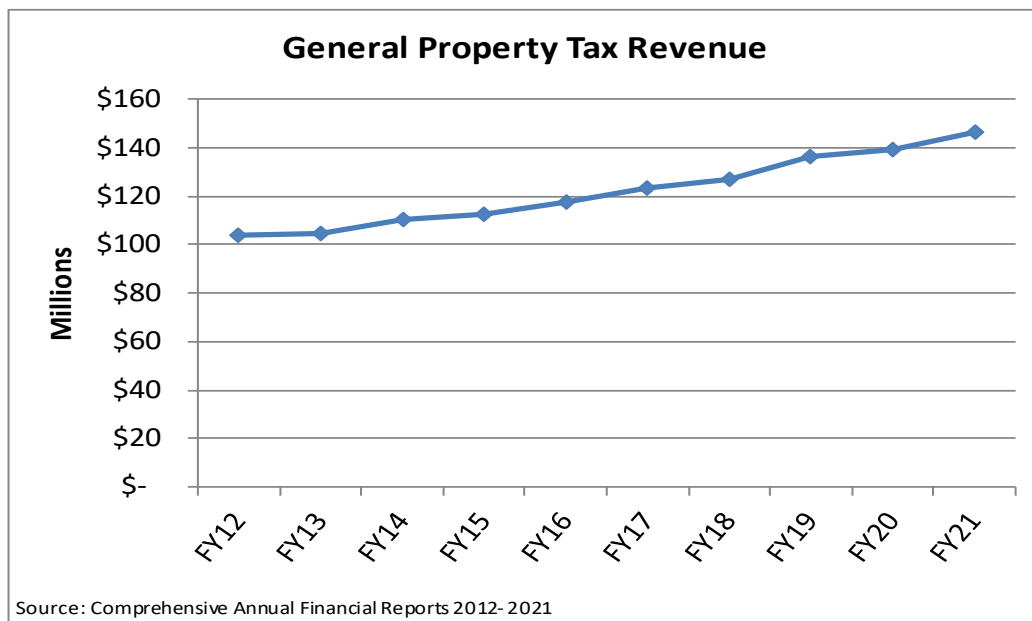
The following table summarizes the changes in net position for governmental and business-type activities:

	Change in Net Position (In Millions)					
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 8.4	\$ 9.1	\$ 78.8	\$ 66.5	\$ 87.2	\$ 75.6
Operating grants and contributions	54.0	41.8	-	-	54.0	41.8
Capital grants and contributions	3.8	9.2	5.5	5.0	9.3	14.2
General revenues:						
Real estate and property taxes	146.7	139.1	-	-	146.7	139.1
Other taxes	53.1	48.7	-	-	53.1	48.7
Grants and contributions, not restricted	14.5	14.1	-	-	14.5	14.1
Unrestricted investment earnings	1.7	4.1	0.2	1.1	1.9	5.2
Miscellaneous	5.2	6.9	1.2	2.0	6.4	8.9
Total revenues	287.4	273.0	85.7	74.6	373.1	347.6
Expenses:						
General government	40.0	24.1	-	-	40.0	24.1
Judicial	10.9	10.4	-	-	10.9	10.4
Public safety	69.0	66.9	-	-	69.0	66.9
Public works	44.4	42.2	-	-	44.4	42.2
Health and welfare	15.1	15.2	-	-	15.1	15.2
Transportation	1.4	1.5	-	-	1.4	1.5
Education	65.5	58.5	-	-	65.5	58.5
Parks, recreation, cultural	12.1	12.3	-	-	12.1	12.3
Community development	8.2	8.5	-	-	8.2	8.5
Interest on long-term debt	8.0	9.1	-	-	8.0	9.1
Utility	-	-	56.4	56.7	56.4	56.7
Refuse collection services	-	-	9.6	9.2	9.6	9.2
Stormwater utility	-	-	5.0	5.0	5.0	5.0
Total expenses	274.6	248.7	71.0	70.9	345.7	319.6
Excess of revenues over expenses	12.8	24.3	14.7	3.7	27.4	28.0
Loss on disposal of assets	(2.9)	-	-	-	(2.9)	-
Transfers	1.5	1.6	(1.5)	(1.6)	-	-
Change in net position	11.4	25.9	13.2	2.1	24.5	28.0
Net position - beginning	405.8	379.9	155.1	153.0	560.9	532.9
Net position - ending	\$ 417.2	\$ 405.8	\$ 168.3	\$ 155.1	\$ 585.5	\$ 560.9

## **Governmental Activities**

### **Revenue Highlights:**

Real estate and personal property tax revenue, the City's largest revenue source, totaled \$146.7 million and \$139.1 million in fiscal year 2021 and 2020, respectively. The chart following indicates the growth in the General Property Taxes revenue over the past ten years. The increase in the real estate and personal property taxes over time is due to increase in assessed value of the real and personal property as well as tax increases in FY's 2012, 2016, 2017, and 2019, there was no tax increase in FY2021. These tax increases were added to fund increases in education as well as public safety.



Other Local Taxes are comprised of revenue from local sales tax, meals, lodging, and utilities increased from fiscal year 2020 into fiscal year 2021. This increase is due to increased sales and meals taxes, while the City did lose revenue due to the worldwide pandemic, there was little effect on sales taxes and the effect on the meals taxes was not as large as originally estimated. The increase is also attributable to increased economic development in the City and increasing population.

### **Expense Highlights:**

The City is committed to ensuring the highest level of safety for its citizens and has expended \$69.0 million towards public safety efforts, this represents 25.1% of the governmental expenses.

Education continues to be one of the City's highest priorities and commitments representing \$65.5 million, this amount is an increase from fiscal year 2020 and represents 23.9% of governmental expenses.

Public Safety and Education together make up 49% of total governmental expenses for the City.

### **Business-type Activities**

The business-type activities are made up of Public Utilities, Stormwater Utilities, and Refuse Collection services.

#### **Revenue Highlights:**

Charges for services, including water and sewer fees, Stormwater utility fees and refuse collection fees represent 91.9% of the total revenues collected. These revenues increased from fiscal year 2020 to 2021 due to increased usage, growth in population and increased economic development.

#### **Expense Highlights:**

Utility Fund expenses were \$56.4 million of which 30.3% is depreciation and amortization expenses. There is a slight decrease in total expenditures. Stormwater expenses were \$5.0 million for fiscal year 2021, which represents level expenditures as compared to fiscal year 2020. The refuse fund expenses were \$9.6 million in fiscal year 2021, which is a slight increase from fiscal year 2020, the increase is due to increased disposal costs for solid waste.

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

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$193.8 million. Approximately 41.8% of this amount is available for spending at the government's discretion (unassigned fund balance). Fund Balance is divided into five classifications: non-spendable, restricted, committed, assigned and unassigned.

**General Fund:** The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund balance was \$109.3 million of which \$81.0 million represents unassigned fund balance. Fund Balance in the General Fund increased from fiscal year 2020. This increase is attributable to better than anticipated collections of real estate taxes and other local taxes such as sales tax and business license taxes.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total budgeted expenditures. The City has a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget. The City also has a policy that any excess amounts over the 20% will be dedicated to a budget stabilization fund, until that reaches 2% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The restricted portion of fund balance, \$1.4 million reflects restricted cash for unspent grant funds and developer deposits. The committed portion, \$25.3 million, is comprised of funds committed for by the City Council for economic development incentives and cash funded capital, unspent funds re-appropriated to the School board, the budget stabilization funds and the capital reserve funds.

**Debt Service Fund:** The Debt Service Fund has a fund balance of \$493 thousand. The General Fund routinely transfers monies to this fund to meet debt service requirements. The fund balance in the Debt Service fund remained the same from the prior year.

**Road Maintenance Fund:** The Road Maintenance Fund has a fund balance of \$15.9 million. The Road Maintenance Fund accumulates resources from the Virginia Department of Transportation for the maintenance of roadways in the City. The fund balance in the increased by \$1.5 million from the prior year.

**Capital Projects Fund:** The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$56.6 million, \$10.2 million was committed for contracts and purchase orders in process, and the remaining balance of \$46.4 million is restricted, as it consists of unspent bond proceeds, grant funding and cash proffers for subsequent years' projects. The overall fund balance increased in the current year, as there are several large projects that are getting started that have funds accumulated.

Five of the City's significant capital projects are the following in fiscal year 2021

- School facility major repairs and maintenance
- Shoulders Hill Intersection Improvements
- Reconstruction of Rt. 58/Holland Road
- New Central Library
- Fire apparatus acquisition

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

**Enterprise funds:** The City's enterprise funds account for its water and sewer operations, stormwater utility efforts, and refuse collection services. The net position of the enterprise funds at the end of the current fiscal year totaled \$168.3 million.

**Internal service funds:** The internal service funds are used to account for entity-wide fleet management, information technology and risk management programs. The total net position at the end of the current fiscal year was \$38.9 million.

**Trust funds:** In fiscal year 2021, the City fully funded its annual contribution to the fund as calculated by the actuaries and there is currently a balance of \$50.1 million cash and cash equivalents in the OPEB Trust Fund.

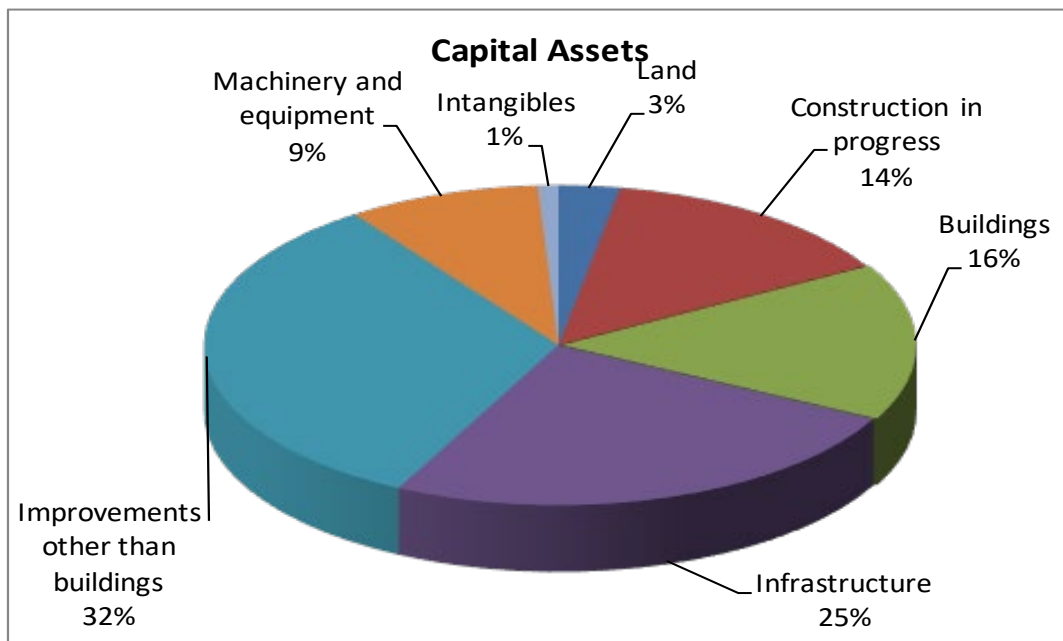
## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets:** The City's capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$1,003.9 million, net of accumulated depreciation. This investment in capital assets includes land, buildings,



improvements other than buildings, infrastructure, machinery and equipment and construction in progress.

Capital Assets (net of depreciation) (in Millions)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2020	2020	2020	2020
Land	\$ 23.5	\$ 24.2	\$ 4.7	\$ 4.7	\$ 28.2	\$ 28.9
Construction in progress	112.8	85.3	27.0	33.9	139.8	119.2
Buildings	86.5	88.6	72.9	73.0	159.4	161.6
Infrastructure	249.2	265.1	-	-	249.2	265.1
Improvements other than buildings	39.4	37.4	289.8	281.5	329.2	318.9
Machinery and equipment	28.5	35.1	60.2	62.0	88.7	97.1
Intangibles	1.7	2.2	7.7	9.1	9.4	11.3
Total	\$ 541.6	\$ 537.9	\$ 462.3	\$ 464.2	\$ 1,003.9	\$ 1,002.1



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

**Long-term debt:** At the end of the current fiscal year, the City had total outstanding debt of \$693.2 million. Claims payable, compensated absences and pension and OPEB liabilities are not included in these figures.

Outstanding Debt (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds payable	\$ 275.7	\$ 266.6	\$ 380.0	\$ 360.9	\$ 655.7	\$ 627.5
Bond Premiums	17.8	20.5	18.0	24.6	35.8	45.1
Capital leases	1.3	1.5	0.4	0.5	1.7	2.0
Total	<u>\$ 294.8</u>	<u>\$ 288.6</u>	<u>\$ 398.4</u>	<u>\$ 386.0</u>	<u>\$ 693.2</u>	<u>\$ 674.6</u>

The Commonwealth of Virginia limits the amount of general obligation debt outstanding to 10% of the locality's assessed value of real property, which is \$1.06 billion for 2021. The City Charter further limits this general obligation limit to 7% of the City's assessed value of real property or \$741.8 million. Of the debt shown above, only \$446.9 million is general obligation debt that is applicable to the legal debt limits. The City has met both of the legal debt limits.

The City has a financial policy that further restricted the debt ratio of general government debt, not pledged by other revenue sources, to 4% or \$423.9 million to reflect its conservative use of borrowed monies. The City has met this policy limit as well. Achieving these limits represents the City's conservative debt borrowing policy.

Additional information on the City's long-term debt can be found in Note 9.

## ECONOMIC FACTORS

- The City's economic development initiatives created over 475 new jobs and over \$84.8 million dollars in new and expanding capital investment in the City during the calendar year 2020.
- For fiscal year 2021, the City's tax rate was \$1.11 per \$100 and remains the third lowest tax rate in the region.
- Population in the City increased 11% in the last ten years.
- The City has achieved bond ratings from Moody's Investor Service of Aaa, and from Fitch Rating Agency and Standard and Poor's Ratings Services of "AAA". These ratings reflect the City's continued commitment to strong financial management.

## REQUESTS FOR INFORMATION

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

# **BASIC FINANCIAL STATEMENTS**

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**CITY OF SUFFOLK, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2021**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
<b>ASSETS</b>					
Cash and cash equivalents (Note 2)	\$ 191,822,293	\$ 59,048,570	\$ 250,870,863	\$ 27,042,111	\$ 6,068,331
Cash and cash equivalents, restricted (Note 2)	66,551,638	25,328,264	91,879,902	-	2,115,023
Receivables, net (Note 3)	6,201,707	9,315,424	15,517,131	209,859	262,650
Due from other funds	-	-	-	2,641,188	-
Due from other governments (Note 4)	5,706,301	-	5,706,301	7,045,629	-
Due from component units	779,275	-	779,275	-	-
Inventories	418,785	152,104	570,889	478,939	6,609,576
Prepaid items	-	-	-	95,000	-
Net OPEB / Pension asset (Note 12)	-	-	-	8,257,897	-
Capital assets: (Note 7)					
Land and construction in progress	136,319,231	31,711,715	168,030,946	6,387,523	1,021,162
Other capital assets, net	405,268,727	430,587,995	835,856,722	164,302,476	19,589,931
Total assets	813,067,957	556,144,072	1,369,212,029	216,460,622	35,666,673
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	5,146,525	24,015,455	29,161,980	-	74,048
Deferred outflows related to pension plan (Note 11)	21,465,281	3,315,438	24,780,719	39,350,861	-
Deferred outflows related to OPEB local trust (Note 12)	7,826,089	1,437,445	9,263,534	1,186,327	-
Deferred outflows related to OPEB state plans (Note 13)	6,373,000	176,837	6,549,837	4,381,237	-
Total deferred outflows of resources	40,810,895	28,945,175	69,756,070	44,918,425	74,048
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	10,829,286	2,449,962	13,279,248	3,898,803	209,343
Accrued payroll and related liabilities	2,179,737	220,249	2,399,986	18,276,447	-
Accrued interest payable	3,589,565	3,597,622	7,187,187	-	18,773
Due to Primary Government	-	-	-	540,020	239,255
Due to other funds	-	-	-	2,641,188	-
Deposits and amounts held for others	-	-	-	-	2,500
Unearned revenues (Note 8)	22,176,575	149,421	22,325,996	-	1,605
Long-term liabilities: (Note 9)					
Due within one year	26,659,445	14,606,825	41,266,270	295,677	1,098,000
Net OPEB liability -- state plans (Note 13)	239,670	-	239,670	-	-
Due in more than one year	279,017,667	384,593,795	663,611,462	2,510,291	4,141,000
Net pension liability (Note 11)	56,536,142	8,772,427	65,308,569	139,814,099	-
Net OPEB liability -- local trust (Note 12)	7,667,851	1,408,381	9,076,232	-	-
Net OPEB liability -- state plans (Note 13)	16,162,403	752,958	16,915,361	20,311,855	-
Total liabilities	425,058,341	416,551,640	841,609,981	188,288,380	5,710,476
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Prepaid taxes (Note 8)	1,493,324	-	1,493,324	-	-
Unearned - proffers (Note 8)	3,616,224	-	3,616,224	-	-
Unearned - deposits (Note 8)	2,309,669	-	2,309,669	-	-
Deferred inflows related to pension plan (Note 11)	45,541	7,067	52,608	13,029,411	-
Deferred inflows related to OPEB local trust (Note 12)	991,036	182,027	1,173,063	6,580,981	-
Deferred inflows related to OPEB state plans (Note 13)	3,134,386	40,898	3,175,284	1,341,256	-
Total deferred inflows of resources	11,590,180	229,992	11,820,172	20,951,648	-
<b>NET POSITION</b>					
Net investment in capital assets	318,301,547	111,034,005	429,335,552	170,689,999	15,372,093
Restricted:					
Operating reserves	-	2,559,990	2,559,990	-	-
Cemetery care	1,008,048	-	1,008,048	-	-
Other governmental purposes	11,160,477	-	11,160,477	-	2,096,250
Unrestricted	86,760,259	54,713,620	141,473,879	(118,550,980)	12,561,902
Total net position	\$ 417,230,331	\$ 168,307,615	\$ 585,537,946	\$ 52,139,019	\$ 30,030,245

## CITY OF SUFFOLK, VIRGINIA

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 39,918,523	\$ 4,100,866	\$ 12,905,060	\$ 543,372	\$ (22,369,225)	\$ -	\$ (22,369,225)		
Judicial administration	10,860,585	323,618	2,424,511	-	(8,112,456)	-	(8,112,456)		
Public safety	69,025,111	2,337,613	1,416,529	-	(65,270,969)	-	(65,270,969)		
Public works	44,418,411	1,318,980	25,076,636	2,469,464	(15,553,331)	-	(15,553,331)		
Health and welfare	15,114,251	-	9,379,042	-	(5,735,209)	-	(5,735,209)		
Transportation	1,426,778	5	1,501,150	324	74,701	-	74,701		
Education	65,531,837	-	-	-	(65,531,837)	-	(65,531,837)		
Parks, recreation, and cultural	12,100,733	284,721	292,180	774,910	(10,748,922)	-	(10,748,922)		
Community development	8,205,329	-	984,074	-	(7,221,255)	-	(7,221,255)		
Interest on long-term debt	8,047,611	-	-	-	(8,047,611)	-	(8,047,611)		
Total governmental activities	274,649,169	8,365,803	53,979,182	3,788,070	(208,516,114)	-	(208,516,114)	-	-
Business-type activities:									
Utility	56,442,957	61,760,354	-	5,457,474	-	10,774,871	10,774,871		
Stormwater utility	5,044,152	7,937,864	-	-	-	2,893,712	2,893,712		
Refuse	9,566,700	9,140,049	-	-	-	(426,651)	(426,651)		
Total business-type activities	71,053,809	78,838,267	-	5,457,474	-	13,241,932	13,241,932	-	-
Total Primary Government	\$ 345,702,978	\$ 87,204,070	\$ 53,979,182	\$ 9,245,544	\$ (208,516,114)	\$ 13,241,932	\$ (195,274,182)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 180,664,748	\$ 82,177	\$ 113,977,401	\$ -	\$ -	\$ -	\$ -	\$ (66,605,170)	\$ -
Economic Development Authority	3,790,176	27,550	-	-	-	-	-	-	(3,762,626)
Total component units	\$ 184,454,924	\$ 109,727	\$ 113,977,401	\$ -	-	-	-	(66,605,170)	(3,762,626)
General revenues:									
Property taxes					146,689,685	-	146,689,685	-	-
Sales and use taxes					15,618,307	-	15,618,307	-	-
Business license taxes					9,212,742	-	9,212,742	-	-
Meals taxes					11,278,549	-	11,278,549	-	-
Utility taxes					4,864,689	-	4,864,689	-	-
Communication taxes					2,627,477	-	2,627,477	-	-
Motor vehicle license taxes					2,682,701	-	2,682,701	-	-
Tobacco taxes					2,028,076	-	2,028,076	-	-
Lodging taxes					1,657,435	-	1,657,435	-	-
Recordation taxes					2,448,497	-	2,448,497	-	-
Other local taxes					712,224	-	712,224	-	-
Grants and contributions not restricted to specific programs					14,530,452	-	14,530,452	-	-
Miscellaneous					5,262,688	1,185,452	6,448,140	2,093,662	366,877
City of Suffolk contribution					-	-	-	65,052,422	1,245,716
Unrestricted revenues from use of money and property					1,726,083	210,580	1,936,663	12,630	1,657,195
Loss on Disposal of Assets					(2,905,626)	-	(2,905,626)	-	-
Transfers (Note 5)					1,477,654	(1,477,654)	-	-	-
Total general revenues and transfers					219,911,633	(81,622)	219,830,011	67,158,714	3,269,788
Change in net position					11,395,519	13,160,310	24,555,829	553,544	(492,838)
Net position at July 1 (as restated - School Board)					405,834,812	155,147,305	560,982,117	51,585,475	30,523,083
Net position at June 30					\$ 417,230,331	\$ 168,307,615	\$ 585,537,946	\$ 52,139,019	\$ 30,030,245

## CITY OF SUFFOLK, VIRGINIA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2021**

	General	Capital Projects	Road Maintenance	Debt Service	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 106,692,062	\$ 7,604,850	\$ 18,414,244	\$ 492,720	\$ 24,634,555	\$ 157,838,431
Cash and cash equivalents, restricted (Note 2)	1,401,576	55,793,121	-	-	6,658,005	63,852,702
Receivables, net (Note 3)	5,895,375	15,831	30,641	-	61,904	6,003,751
Due from other governmental units (Note 4)	2,516,424	1,991,364	-	-	1,198,513	5,706,301
Due from component units	779,275	-	-	-	-	779,275
Inventories	95,434	-	-	-	45,654	141,088
Total assets	<u>\$ 117,380,146</u>	<u>\$ 65,405,166</u>	<u>\$ 18,444,885</u>	<u>\$ 492,720</u>	<u>\$ 32,598,631</u>	<u>\$ 234,321,548</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 3,210,741	\$ 5,175,329	\$ 1,396,622	\$ -	\$ 299,347	\$ 10,082,039
Accrued payroll and related liabilities	1,895,674	-	142,271	-	25,065	2,063,010
Unearned grant receipts	-	-	-	-	20,671,951	20,671,951
Total liabilities	<u>5,106,415</u>	<u>5,175,329</u>	<u>1,538,893</u>	<u>-</u>	<u>20,996,363</u>	<u>32,817,000</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenues - taxes	274,454	-	-	-	1,803	276,257
Prepaid Taxes	1,493,324	-	-	-	-	1,493,324
Proffers received	-	3,616,224	-	-	-	3,616,224
Deposits	1,241,323	-	1,048,205	-	20,141	2,309,669
Total deferred inflows of resources	<u>3,009,101</u>	<u>3,616,224</u>	<u>1,048,205</u>	<u>-</u>	<u>21,944</u>	<u>7,695,474</u>
<b>FUND BALANCES (NOTE 17)</b>						
Nonspendable	95,434	-	-	-	45,654	141,088
Restricted	1,401,576	46,381,379	15,857,787	-	5,571,076	69,211,818
Committed	25,260,455	10,232,234	-	492,720	5,974,413	41,959,822
Assigned	1,500,527	-	-	-	-	1,500,527
Unassigned	81,006,638	-	-	-	(10,819)	80,995,819
Total fund balances	<u>109,264,630</u>	<u>56,613,613</u>	<u>15,857,787</u>	<u>492,720</u>	<u>11,580,324</u>	<u>193,809,074</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 117,380,146</u>	<u>\$ 65,405,166</u>	<u>\$ 18,444,885</u>	<u>\$ 492,720</u>	<u>\$ 32,598,631</u>	<u>\$ 234,321,548</u>

	Primary Government
Total fund balances - governmental funds	\$ 193,809,074
<b>Amounts reported for governmental activities in the Statement of Net Position are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	523,666,626
Unavailable revenues represent amounts that were not available to fund current expenditures and, therefore, are not reported in the funds.	276,257
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(3,434,356)
Deferred charges on refunding are not current outflows of resources and not reported in the governmental funds	5,146,525
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds and capital leases	(269,495,978)
Unamortized premiums and other credits on bonds	(16,848,330)
Compensated absences	(6,211,979)
Net pension and OPEB liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore, not reported in the governmental funds:	
Net pension liability	(53,643,729)
Deferred outflows - pension plan	20,379,479
Deferred inflows - pension plan	(43,212)
Net OPEB liability - Local trust	(7,309,235)
Deferred outflows - OPEB Local trust	7,460,073
Deferred inflows - OPEB Local trust	(944,687)
Net OPEB liability - state plans	(16,160,893)
Deferred outflows - OPEB state plans	6,316,141
Deferred inflows - OPEB state plans	(3,121,284)
Unearned revenues not recorded in the funds as it did not arise from current financial resources relating to the golf course lease agreement.	(1,504,624)
The internal service funds are used by management to charge the costs of certain activities such as information technology, fleet management, and insurance to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the governmental activities in the Statement of Net Position.	38,894,462
Net position of governmental activities	<u>\$ 417,230,331</u>

**CITY OF SUFFOLK, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	General	Capital Projects	Road Maintenance	Debt Service	Non-major Funds	Total Governmental Funds
<b>REVENUES</b>						
Real estate and personal property taxes	\$ 144,417,954	\$ -	\$ -	\$ -	\$ 2,224,504	\$ 146,642,458
Other local taxes	53,092,031	-	-	-	-	53,092,031
Permits, privilege fees and regulatory licenses	2,094,158	-	389,903	-	-	2,484,061
Fines and forfeitures	700,327	-	368,477	-	-	1,068,804
Revenue from use of money and property	782,773	-	67,409	451,725	308,495	1,610,402
Charges for services	3,073,351	-	1,176,447	-	493,756	4,743,554
Miscellaneous	849,001	10,000	20,696	-	390,203	1,269,900
Intergovernmental:						
Revenue from the Commonwealth	23,077,822	3,289,509	25,061,615	-	759,008	52,187,954
Revenue from the Federal government	5,280,894	142,237	-	-	13,992,226	19,415,357
Total revenues	233,368,311	3,441,746	27,084,547	451,725	18,168,192	282,514,521
<b>EXPENDITURES</b>						
Current:						
General government administration	17,378,744	-	-	-	11,267,755	28,646,499
Judicial administration	9,510,007	-	-	-	920,776	10,430,783
Public safety	63,564,537	-	-	-	589,483	64,154,020
Public works	1,046,582	-	23,430,366	-	181,942	24,658,890
Health and welfare	14,576,432	-	-	-	4,103	14,580,535
Transportation	-	-	-	-	1,420,397	1,420,397
Education	65,526,746	-	-	-	-	65,526,746
Parks, recreation, and cultural	10,730,830	-	-	-	123,321	10,854,151
Community development	5,768,305	-	-	-	984,575	6,752,880
Nondepartmental	759,119	-	-	-	-	759,119
Capital outlay	-	33,190,478	-	-	-	33,190,478
Debt service:						
Principal retirement	-	-	-	18,774,488	-	18,774,488
Bond issuance costs	-	-	-	409,738	-	409,738
Interest and fiscal charges	-	-	-	9,519,802	-	9,519,802
Total expenditures	188,861,302	33,190,478	23,430,366	28,704,028	15,492,352	289,678,526
Excess (deficiency) of revenues over/(under) expenditures	44,507,009	(29,748,732)	3,654,181	(28,252,303)	2,675,840	(7,164,005)
<b>OTHER FINANCING SOURCES (USES)</b>						
Refunding bonds issued	-	-	-	36,855,000	-	36,855,000
General obligations bonds issued	-	22,000,000	-	-	-	22,000,000
Premiums on bonds issued	-	1,795,503	-	368,465	-	2,163,968
Payment to escrow agent	-	-	-	(36,743,990)	-	(36,743,990)
Transfers in	2,907,451	8,597,914	230,640	27,772,828	1,432,122	40,940,955
Transfers out	(35,572,236)	(389,861)	(2,350,479)	-	(504,429)	(38,817,005)
Total other financing sources (uses), net	(32,664,785)	32,003,556	(2,119,839)	28,252,303	927,693	26,398,928
Net change in fund balances	11,842,224	2,254,824	1,534,342	-	3,603,533	19,234,923
Fund balances at July 1	97,422,406	54,358,789	14,323,445	492,720	7,976,791	174,574,151
Fund balances at June 30	\$ 109,264,630	\$ 56,613,613	\$ 15,857,787	\$ 492,720	\$ 11,580,324	\$ 193,809,074

CITY OF SUFFOLK, VIRGINIA  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2021**

	<b>Total Governmental Funds</b>
<b>Change in fund balance - total governmental funds</b>	<b>\$ 19,234,923</b>
<b>Adjustments for the Statement of Activities:</b>	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital outlay	34,373,563
Depreciation expense	(24,905,069)
Donated capital assets	486,222
Loss on disposal of assets	(2,903,226)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Unavailable revenues	85,893
Lease revenue paid in form of leasehold improvements	356,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal repayment and payments to escrow agent	55,718,436
Net change in deferred bond charges from refunding	(763,991)
Proceeds from issuance of new debt	(58,855,000)
Net change in bond premiums	181,985
Record the net flow of resources in the current year related to the Pension Plan.	(5,193,641)
Record the net flow of resources in the current year related to the OPEB City trust fund.	(486,000)
Record the net flow of resources in the current year related to the state OPEB plans.	(565,296)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest payable	378,542
Change in compensated absences	(373,360)
Change in Golf Course unearned revenues	(510,433)
The internal service funds are used by management to charge the costs of the information technology, fleet management, and insurance. The change in net position of the internal service funds are reported with governmental activities.	(4,864,029)
<b>Change in net position of governmental activities</b>	<b>\$ 11,395,519</b>



## CITY OF SUFFOLK, VIRGINIA

## STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

June 30, 2021

	Business-type Activities – Enterprise Funds			Governmental Activities – Internal Service Funds
	Utility Fund	Non-Major Funds	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 45,391,072	\$ 13,657,498	\$ 59,048,570	\$ 33,983,862
Cash and cash equivalents, restricted	25,328,264	-	25,328,264	2,698,936
Receivables, net	8,685,244	630,180	9,315,424	197,956
Inventories	152,104	-	152,104	277,697
Total current assets	79,556,684	14,287,678	93,844,362	37,158,451
Noncurrent assets:				
Land and construction in progress	31,711,715	-	31,711,715	1,183,777
Other capital assets, net	430,418,520	169,475	430,587,995	16,737,555
Total noncurrent assets	462,130,235	169,475	462,299,710	17,921,332
Total assets	541,686,919	14,457,153	556,144,072	55,079,783
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	24,015,455	-	24,015,455	-
Deferred outflows related to pension plan	1,936,210	1,379,228	3,315,438	1,085,801
Deferred outflows related to OPEB City trust	851,819	585,626	1,437,445	366,016
Deferred outflows related to OPEB state plans	103,527	73,310	176,837	56,859
Total deferred outflows of resources	26,907,011	2,038,164	28,945,175	1,508,676
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,603,608	420,087	2,023,695	747,247
Accounts payable from restricted resources	426,267	-	426,267	-
Accrued payroll and related liabilities	141,937	78,312	220,249	116,727
Unearned revenues	149,421	-	149,421	-
Claims payable	-	-	-	2,832,911
Accrued interest payable	3,585,388	12,234	3,597,622	155,209
Compensated absences	13,942	15,080	29,022	5,540
Bonds and leases payable	14,404,901	172,902	14,577,803	2,483,844
Total current liabilities	20,325,464	698,615	21,024,079	6,341,478
Noncurrent liabilities:				
Compensated absences	519,211	297,928	817,139	333,031
Net pension liability	5,160,079	3,612,348	8,772,427	2,892,413
Net OPEB liability City trust	834,596	573,785	1,408,381	358,616
Net OPEB liability state plans	445,395	307,563	752,958	241,180
Claims payable	-	-	-	1,493,808
Bonds and leases payable	383,218,267	558,389	383,776,656	5,971,691
Total noncurrent liabilities	390,177,548	5,350,013	395,527,561	11,290,739
Total liabilities	410,503,012	6,048,628	416,551,640	17,632,217
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension plan	4,157	2,910	7,067	2,329
Deferred inflows related to OPEB City trust	107,868	74,159	182,027	46,349
Deferred inflows related to OPEB state plans	24,193	16,705	40,898	13,102
Total deferred inflows of resources	136,218	93,774	229,992	61,780
<b>NET POSITION</b>				
Net investment in capital assets	110,864,530	169,475	111,034,005	12,423,948
Restricted:				
Operating reserves	2,559,990	-	2,559,990	-
Unrestricted	44,530,180	10,183,440	54,713,620	26,470,514
Total net position	\$ 157,954,700	\$ 10,352,915	\$ 168,307,615	\$ 38,894,462

## CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2021**

	<b>Business-type Activities – Enterprise Funds</b>			<b>Governmental Activities – Internal Service Funds</b>
	<b>Utility Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 61,760,354	\$ 17,077,913	\$ 78,838,267	\$ 36,581,903
Other	116,448	816,957	933,405	778,316
Total operating revenues	<u>61,876,802</u>	<u>17,894,870</u>	<u>79,771,672</u>	<u>37,360,219</u>
<b>OPERATING EXPENSES</b>				
Personnel services	7,838,533	5,457,105	13,295,638	4,281,515
Self-insured claims	-	-	-	15,606,959
Contractual services	530,359	5,477,546	6,007,905	5,995,326
Administration	3,195,499	3,069,341	6,264,840	905,944
Supplies	954,053	167,104	1,121,157	88,019
Repairs and maintenance	1,796,525	21,602	1,818,127	259,562
Vehicle and power equipment – fuel	-	-	-	1,188,510
Vehicle and power equipment – supplies	-	-	-	2,443,016
Computers and equipment	-	-	-	2,593,360
Utilities	1,262,381	57,001	1,319,382	190,298
Insurance	-	-	-	2,209,519
Bulk-water purchases	8,088,671	-	8,088,671	-
Depreciation and amortization	17,080,178	134,049	17,214,227	5,387,985
Building and equipment rental	1,085,808	115,728	1,201,536	152,846
Other charges	994,354	90,677	1,085,031	309,799
Total operating expenses	<u>42,826,361</u>	<u>14,590,153</u>	<u>57,416,514</u>	<u>41,612,658</u>
Operating income (loss)	<u>19,050,441</u>	<u>3,304,717</u>	<u>22,355,158</u>	<u>(4,252,439)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Loss on disposal of capital assets	(29,725)	-	(29,725)	(2,400)
Interest income	170,364	40,216	210,580	115,681
Interest expense and other fiscal charges	(11,871,453)	(22,786)	(11,894,239)	(78,575)
Costs of issuance	(1,695,078)	2,087	(1,692,991)	-
Recovered Costs	252,047	-	252,047	-
Contribution to WTW infrastructure	(20,340)	-	(20,340)	-
Nonoperating revenues (expenses), net	<u>(13,194,185)</u>	<u>19,517</u>	<u>(13,174,668)</u>	<u>34,706</u>
(Loss) income before contributions and transfers	5,856,256	3,324,234	9,180,490	(4,217,733)
Capital contributions	5,457,474	-	5,457,474	-
Transfers in	211,801	148,059	359,860	74,817
Transfers out	<u>(786,812)</u>	<u>(1,050,702)</u>	<u>(1,837,514)</u>	<u>(721,113)</u>
Change in net position	10,738,719	2,421,591	13,160,310	(4,864,029)
Net position at July 1	<u>147,215,981</u>	<u>7,931,324</u>	<u>155,147,305</u>	<u>43,758,491</u>
Net position at June 30	<u><u>\$ 157,954,700</u></u>	<u><u>\$ 10,352,915</u></u>	<u><u>\$ 168,307,615</u></u>	<u><u>\$ 38,894,462</u></u>

## CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2021**

	<b>Business-type Activities – Enterprise Funds</b>			<b>Governmental Activities – Internal Service Funds</b>
	<b>Utility Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 61,062,381	\$ 17,921,197	\$ 78,983,578	\$ 37,238,648
Payments to employees	(7,328,052)	(5,124,904)	(12,452,956)	(3,887,746)
Payments to suppliers	(18,662,446)	(9,008,019)	(27,670,465)	(31,158,350)
Net cash provided by operating activities	35,071,883	3,788,274	38,860,157	2,192,552
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Nonoperating revenues	252,047	-	252,047	-
Transfers from other funds	211,801	148,059	359,860	74,817
Transfers to other funds	(807,152)	(1,050,702)	(1,857,854)	(721,113)
Net cash used in noncapital financing activities	(343,304)	(902,643)	(1,245,947)	(646,296)
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(9,861,009)	(9,836)	(9,870,845)	(2,011,526)
Proceeds from premiums on debt issuance	1,693,937	-	1,693,937	680,941
Proceeds from issuance of debt	135,685,000	-	135,685,000	3,635,000
Principal paid on capital debt, net	(11,731,335)	(145,000)	(11,876,335)	(2,119,340)
Refunding proceeds placed in escrow	(124,948,232)	-	(124,948,232)	-
Bond issuance costs	2,940,850	-	2,940,850	14,153
Interest paid on capital debt	(12,634,286)	(36,622)	(12,670,908)	(348,712)
Net cash used in capital and related financing activities	(18,855,075)	(191,458)	(19,046,533)	(149,484)
<b>INVESTING ACTIVITIES</b>				
Interest received	170,364	40,216	210,580	115,681
Net cash provided by investing activities	170,364	40,216	210,580	115,681
Net increase in cash and cash equivalents	16,043,868	2,734,389	18,778,257	1,512,453
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning, July 1,	54,675,468	10,923,109	65,598,577	35,170,345
Ending, June 30	\$ 70,719,336	\$ 13,657,498	\$ 84,376,834	\$ 36,682,798
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>				
Cash and cash equivalents	\$ 45,391,072	\$ 13,657,498	\$ 59,048,570	\$ 33,983,862
Cash and cash equivalents, restricted	25,328,264	-	25,328,264	2,698,936
	\$ 70,719,336	\$ 13,657,498	\$ 84,376,834	\$ 36,682,798

(Continued)

## CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2021**

	<b>Business-type Activities – Enterprise Funds</b>			<b>Governmental</b>
	<b>Utility Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>	<b>Activities – Internal Service Funds</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>				
<b>PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 19,050,441	\$ 3,304,717	\$ 22,355,158	\$ (4,252,439)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	17,080,178	134,049	17,214,227	5,387,985
Increase in allowance for uncollectible accounts	422,555	108,793	531,348	-
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(1,196,781)	(82,464)	(1,279,245)	(121,572)
Inventories	(6,504)	-	(6,504)	(56,843)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(748,293)	(9,022)	(757,315)	73,565
Accrued payroll and related liabilities	510,481	332,201	842,682	393,771
Unearned revenues	(40,194)	-	(40,194)	-
Claims payable	-	-	-	768,085
Net cash provided by operating activities	<u>\$ 35,071,883</u>	<u>\$ 3,788,274</u>	<u>\$ 38,860,157</u>	<u>\$ 2,192,552</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital asset purchases financed by capital leases	\$ 93,503	\$ -	\$ 93,503	\$ -
Non-cash capital contributions	\$ 5,457,474	\$ -	\$ 5,457,474	\$ 98,072
Capitalized interest	\$ 339,663	\$ -	\$ 339,663	\$ -

## CITY OF SUFFOLK, VIRGINIA

## STATEMENT OF FIDUCIARY NET POSITION

June 30, 2021

	<b>OPEB Trust Fund</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 50,149,448	\$ 102,488
Accounts receivable	-	4,761
Total assets	<u>\$ 50,149,448</u>	<u>\$ 107,249</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 1,109
Amounts held for others	-	30,764
Total liabilities	<u>-</u>	<u>31,873</u>
<b>NET POSITION</b>		
Restricted:		
Postemployment benefits other than pensions	50,149,449	-
Individuals, organizations, and other governments	-	75,376
Total net position	<u>\$ 50,149,448</u>	<u>\$ 75,376</u>

## CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2021**

	<b>OPEB Trust Fund</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Employer contributions	\$ 1,742,451	\$ -
Gain on Investments	11,551,719	-
Permits and fees	-	41,402
Miscellaneous revenue	-	65,832
Total additions	<u>13,294,170</u>	<u>107,233</u>
<b>DEDUCTIONS</b>		
Administrative fees	36,895	-
Benefit Payments	1,242,451	
Special welfare agency payments	-	61,430
Payments to other governments	-	6,989
Total deductions	<u>1,279,346</u>	<u>68,419</u>
Change in net position	12,014,824	38,814
<b>NET POSITION AT JULY 1</b>	<u>38,134,624</u>	<u>36,562</u>
<b>NET POSITION AT JUNE 30</b>	<u><u>\$ 50,149,448</u></u>	<u><u>\$ 75,376</u></u>

# NOTES TO FINANCIAL STATEMENTS

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**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1.      Summary of Significant Accounting Policies**

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

**A.    Reporting Entity**

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

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

Discretely Presented Component Units – Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City’s financial statements to be incomplete. They are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City.

City of Suffolk Public Schools

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



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1.      Summary of Significant Accounting Policies (Continued)**

**A.   Reporting Entity (Continued)**

Economic Development Authority of the City of Suffolk

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

The following entities are excluded from the accompanying financial statements.

Jointly governed organizations:

Western Tidewater Water Authority

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1.      Summary of Significant Accounting Policies (Continued)**

**A.   Reporting Entity (Continued)**

Jointly Governed Organization: (Continued)

Western Tidewater Regional Jail Authority

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

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

Southeastern Public Service Authority of Virginia

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

Related Organization:

Suffolk Redevelopment and Housing Authority

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

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

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

The Statement of Net Position offers information on the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

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

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

The City presents the following major governmental funds:

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

The City presents the following non-major governmental funds:

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

**Proprietary Fund Types:**

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

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

The City presents the following major enterprise fund:

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

The City presents the following non-major enterprise funds:

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

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

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

The City has the following internal service funds:

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

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

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

**Fiduciary Fund Types:**

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

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

Custodial Funds – *Custodial Funds* accounts for assets held by the City as an agent for individuals, private organization, and other governments. Custodial funds are not included in the government-wide financial statements. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. In addition to the City’s agency funds listed below.

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Stewardship, Compliance, and Accountability**

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

**Budgeting Information**

The City utilizes the following procedures in establishing annual budget.

At least 60 days prior to June 30, the City Manager submits to City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

- The budget is formulated from estimates of revenues and expected expenditures from each department. The School Board is treated as a single expenditure line item.
- The City Manager submits the proposed budget to City Council and recommends an appropriation ordinance and an ordinance levying the tax rates for the ensuing year.
- City Council holds a public hearing on the proposed budget. Notice of such public hearing must appear in a local newspaper not less than seven days prior to the hearing.
- The budget must be approved by a majority vote of City Council and legally adopted before July 1. If City Council does not adopt the proposed budget before July 1, the budget as submitted is automatically adopted.
- Additional appropriations may be made by City Council only if there is an unencumbered fund balance or additional funding becomes available.

Formal budgetary integration is employed as a management control device. Annual operating budgets are adopted by ordinance passed by City Council for the General Fund, the Debt Service Fund, the Utility Fund, Stormwater Fund, Refuse Fund, the internal service funds, and the following Special Revenue Funds: Aviation, Route 17 Tax District, Downtown Business Overlay District, Road Maintenance, Transit and Law Library. Annual operating budgets are also adopted for the School Operating, School Food Service, and School Grants funds. Budgets for proprietary fund types are

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Stewardship, Compliance, and Accountability (Continued)**

Budgeting Information (Continued)

prepared on the accrual basis of accounting. The General, Special Revenue, and Debt Service Funds and School Board General, Grants, Food Service fund budgets are adopted on the modified accrual basis.

Beginning fund balances for budgetary basis presentation purposes are adjusted for the carry-forward of prior year encumbrances. According to City Code, unexpended and unencumbered appropriations lapse at June 30 of each year. Appropriations that are encumbered or assigned by City Council at June 30 are carried forward into the following year's appropriations to allow for liquidation of the encumbrances or to complete a project.

Individual grants and projects included in the Consolidated Grants Fund and Capital Projects Fund are budgeted separate from the operating budget. These appropriations do not parallel the City's fiscal year and the accounting, encumbering, and controlling of the funds is based upon the length of each individual grant or project, which may be more than one year.

Financial Policies

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

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

**E. Cash and Cash Equivalents**

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

**F. Investments**

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



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**G. Receivables**

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

**H. Inventories and Prepaid Items**

Inventories of materials and supplies and fuel are recorded at cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method) on a first in, first out basis. Inventories held by the EDA consist of land and improvements held for sale and are valued at the lower of the cost or market.

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

**I. Capital Assets**

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

Buildings, improvements, machinery and equipment, intangible, and infrastructure capital outlays are recorded as capital assets and depreciated over their useful lives on a straight-line basis in both the proprietary fund's and the government-wide statements. To the extent that the construction period has not closed, interest expense is capitalized on proprietary fund type assets. The amount of interest expense capitalized is offset by interest income earned on invested proceeds.

The City's capitalization policy threshold is \$5,000. All capital assets are valued at historical costs or estimated historical cost if actual cost was not available. Donated assets are valued at their estimated acquisition value on the date donated. Assets acquired under capital leases are capitalized at the net present value of all lease payments, and related amortization expense is included with depreciation expense.

The estimated useful lives of capital assets are as follows:

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**I. Capital Assets (continued)**

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

**J. Unavailable/Unearned Revenues**

Unavailable revenues in the governmental funds consists of monies that are measurable but not available for use during the current period. Property taxes receivable at June 30 but not collected within 45 days after that date, are reported as unavailable revenues in the governmental funds' financial statements. Unavailable revenues arise when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period. Grants and entitlements received before the eligibility requirements are met have been recorded as unearned revenues. Unearned revenues in the government-wide statements also consists of lease payments credited for future years relating to certified capital improvements at the golf course.

**K. Deferred Outflows and Inflows of Resources**

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**L. Compensated Absences**

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

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

**M. Long-Term Liabilities**

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

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

**N. Pension Plan**

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

**O. VRS Sponsored OPEB Programs**

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

The VRS GLI Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**O. VRS Sponsored OPEB Programs (continued)**

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

The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**O. VRS Sponsored OPEB Programs (continued)**

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

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

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

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

**P. Fund Balance**

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

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**P. Fund Balance**

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

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

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

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

The City has a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget, using the formula stated above. The City also has a policy that any excess amounts over the 20% will be dedicated to a budget stabilization fund, until that reaches 2% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The budget stabilization fund is established by City Council and will be added to as necessary each year with excess fund balance to maintain 2% of the budgeted revenue, the stabilization fund can be spent with approval of council. As of June 30, 2021, the balance is \$8,100,664.

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Q. Net Position**

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

**R. Estimates**

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

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

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

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

**T. Change in Accounting Principle**

Effective July 1, 2020 the City adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The changes made as a result of this statement impact the exhibits related to custodial funds and the exhibits reflecting the activity of the School Board. The beginning fund balance/net position for the School Board was restated by \$1,336,409.

Effective July 1, 2020 the City adopted the provision of GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial information for certain component units. The implementation of this statement had no impact on the financial reporting of the City in the current year.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**T. Change in Accounting Principle**

Effective June 30, 2021 the City adopted the provision of GASB Statement No. 98, *The Annual Comprehensive Financial Report*, which establishes the term annual comprehensive financial report and its acronym ACFR. The effect of the change can be seen throughout the report in the use of the new title and acronym.

**Note 2. Deposits and Investments**

**Deposits**

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

**Investments**

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

**Credit Risk**

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (the “World Bank”), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, bankers’ acceptances, repurchase agreements, the State Treasurer’s Local Government Investment Pool (the “LGIP”), and the State Non-Arbitrage Program (the “SNAP”). The City’s policy emphasizes the use of securities of high credit quality and marketability, and follows statute, but does not specify minimum credit ratings.

**Interest Rate Risk**

The City Treasurer’s policy states that the investment portfolio shall be designed to attain a market rate of return, taking into account investment risk constraints and liquidity needs. The portfolio shall be structured so that securities mature concurrent with estimated cash needs and remain sufficiently liquid to meet anticipated operating requirements. Investment of current operating funds shall have maturities of no longer than 24 months.

Interest rate risk does not apply to the SNAP pooled investments.



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

**External Investment Pool**

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

**Concentration of Credit Risk**

100% of the City’s investments at June 30 were with SNAP. These investments were not considered by management to represent a risk to the City.

**Restricted Cash**

The City has restricted cash as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Primary Government</b>
Unspent debt proceeds	\$ 58,492,057	\$ 12,284,089	\$ 70,776,146
Capital Projects	-	10,484,186	10,484,186
Cemetery	1,008,048	-	1,008,048
Escrow/bond/customer deposits	1,401,576	-	1,401,576
Other external purposes	5,649,957	2,559,989	8,209,946
Total	<u>\$ 66,551,638</u>	<u>\$ 25,328,264</u>	<u>\$ 91,879,902</u>

**Cash and Cash Equivalents**

	<b>Primary Government</b>	<b>Component Units</b>	
		<b>School Board</b>	<b>Economic Development Authority</b>
Deposits and Investments:			
SNAP	\$ 70,776,146	\$ -	\$ -
Deposits	271,974,619	27,042,111	8,183,354
Total	<u>\$ 342,750,765</u>	<u>\$ 27,042,111</u>	<u>\$ 8,183,354</u>
Statement of Net Position:			
Cash and cash equivalents	\$ 250,870,863	\$ 27,042,111	\$ 6,068,331
Cash and cash equivalents, restricted	91,879,902	-	2,115,023
Total	<u>\$ 342,750,765</u>	<u>\$ 27,042,111</u>	<u>\$ 8,183,354</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 3. Receivables**

Receivables are as follows:

<b>Governmental Activities</b>								
	<b>General</b>	<b>Capital Projects</b>	<b>Road Maintenance</b>	<b>Non-major Governmental Funds</b>	<b>Internal Service Funds</b>			<b>Total</b>
					<b>Fleet Management</b>	<b>Information Technology</b>	<b>Risk Management</b>	
Taxes	\$ 9,172,120	\$ -	\$ -	\$ 9,334	\$ -	\$ -	\$ -	\$ 9,181,454
Accounts	4,739,544	15,831	30,641	56,966	87,956	108,000	2,000	5,040,938
Subtotal	13,911,664	15,831	30,641	66,300	87,956	108,000	2,000	14,222,392
Less Allowance	(8,016,289)	-	-	(4,396)	-	-	-	(8,020,685)
Receivables, net	<u>\$ 5,895,375</u>	<u>\$ 15,831</u>	<u>\$ 30,641</u>	<u>\$ 61,904</u>	<u>\$ 87,956</u>	<u>\$ 108,000</u>	<u>\$ 2,000</u>	<u>\$ 6,201,707</u>

<b>Business-type Activities</b>					
	<b>Utilities</b>	<b>Refuse</b>	<b>Stormwater</b>	<b>Total</b>	<b>Component Unit -- School Board</b>
Accounts	\$ 9,544,674	\$ 713,108	\$ 298,251	\$ 10,556,033	\$ 209,859
Less Allowance	(859,430)	(240,703)	(140,476)	(1,240,609)	-
Receivables, net	<u>\$ 8,685,244</u>	<u>\$ 472,405</u>	<u>\$ 157,775</u>	<u>\$ 9,315,424</u>	<u>\$ 209,859</u>

**Allowances for Uncollectible Accounts**

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
General Fund - Taxes receivable	\$ 6,764,791	\$ -
General Fund - EMS receivable	1,251,498	-
Non-major Funds - Taxes receivable	4,396	-
Utility Fund - Accounts receivable	-	1,240,609
	<u>\$ 8,020,685</u>	<u>\$ 1,240,609</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 3. Receivables (Continued)**

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

**Note 4. Due from Other Governments**

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

**Primary Government:**

	<b>General</b>	<b>Capital Projects</b>	<b>Non-major Governmental Funds</b>	<b>Total</b>
<u>Commonwealth of Virginia:</u>				
State sales tax	\$ 1,237,522	\$ -	\$ -	\$ 1,237,522
Communication sales tax	210,537	-	-	210,537
Non-categorical state aid	210,075	-	-	210,075
Shared expenses	1,029	-	-	1,029
Social services reimbursement	343,708	-	-	343,708
VA Department of Transportation	-	1,991,364	-	1,991,364
Various other state aid and grants	121,894	-	17,266	139,160
	<u>2,124,765</u>	<u>1,991,364</u>	<u>17,266</u>	<u>4,133,395</u>
<u>Federal Government:</u>				
Social services reimbursement	391,659	-	-	391,659
Department of Transportation	-	-	463,898	463,898
Various grants	-	-	717,349	717,349
	<u>391,659</u>	<u>-</u>	<u>1,181,247</u>	<u>1,572,906</u>
Total due from other governments	<u>\$ 2,516,424</u>	<u>\$ 1,991,364</u>	<u>\$ 1,198,513</u>	<u>\$ 5,706,301</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 4. Due from Other Governments (Continued)**

**Component Unit – School Board:**

	<b>School Operating</b>	<b>School Grants</b>	<b>School Food Service</b>	<b>Total</b>
<u>Commonwealth of Virginia:</u>				
State sales tax	\$ 1,590,141	\$ -	\$ -	\$ 1,590,141
Various grants	12,571	-	-	12,571
	<u>1,602,712</u>	<u>-</u>	<u>-</u>	<u>1,602,712</u>
<u>Federal Government:</u>				
School food reimbursement	-	-	863,914	863,914
Title I	-	1,026,368	-	1,026,368
Title VI-B	-	787,528	-	787,528
Title II-A	-	196,119	-	196,119
Various grants	45,640	2,441,434	-	2,487,074
	<u>45,640</u>	<u>4,451,449</u>	<u>863,914</u>	<u>5,361,003</u>
<u>Local</u>	<u>-</u>	<u>56,816</u>	<u>25,098</u>	<u>81,914</u>
Total due from other governments	<u>\$ 1,648,352</u>	<u>\$ 4,508,265</u>	<u>\$ 889,012</u>	<u>\$ 7,045,629</u>

**Note 5. Interfund Transactions:**

	<b>Transfers to:</b>							<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Road Maintenance</b>	<b>Debt Service</b>	<b>Non-major Governmental</b>	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	
Transfers from:								
General Fund	\$ -	\$ 7,878,250	\$ 230,640	\$ 25,604,930	\$ 1,432,122	\$ 351,477	\$ 74,817	\$ 35,572,236
Road Maintenance	763,402	219,664	-	1,367,413	-	-	-	2,350,479
Capital Projects	-	-	-	389,861	-	-	-	389,861
Utility	786,812	-	-	-	-	-	-	786,812
Non-major:								
Governmental	85,422	-	-	410,624	-	8,383	-	504,429
Enterprise	550,702	500,000	-	-	-	-	-	1,050,702
Internal Service	721,113	-	-	-	-	-	-	721,113
	<u>\$ 2,907,451</u>	<u>\$ 8,597,914</u>	<u>\$ 230,640</u>	<u>\$ 27,772,828</u>	<u>\$ 1,432,122</u>	<u>\$ 359,860</u>	<u>\$ 74,817</u>	<u>\$ 41,375,632</u>

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

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

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

1. The School Board can neither levy taxes nor incur debt under Virginia Law. Therefore, the City issues debt “on behalf” of the School Board. The debt obligation is recorded as a liability of the City. The proceeds from the debt issued “on behalf” of the School Board are recorded in the City’s General Fund. This fund then accounts for capital expenditures relating to major school construction projects.
2. Debt service payments for school related bonded debt are reported as part of the City in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund.
3. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

Expenditures of School Board – Component Unit	\$ 182,304,700
Repayment of School Board debt	<u>11,370,589</u>
	<u>\$ 193,675,289</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 7. Capital Assets**

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

	<b>Governmental Activities</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets, non-depreciable				
Land	\$ 24,194,124	\$ -	\$ 706,130	\$ 23,487,994
Construction in Progress	85,343,017	33,381,711	5,893,491	112,831,237
Total Capital assets, non-depreciable	109,537,141	33,381,711	6,599,621	136,319,231
Capital Assets, depreciable				
Buildings	128,841,293	858,653	430,233	129,269,713
Infrastructure	440,399,580	-	440,684	439,958,896
Improvements other than buildings	54,879,799	4,734,862	2,058,348	57,556,313
Machinery and equipment	109,297,176	3,789,576	1,249,723	111,837,029
Intangibles	4,314,785	-	-	4,314,785
Total capital assets, depreciable	737,732,633	9,383,091	4,178,988	742,936,736
Less accumulated depreciation for:				
Buildings	40,280,372	2,976,102	353,183	42,903,291
Infrastructure	175,313,258	15,509,886	106,773	190,716,371
Improvement other than buildings	17,483,208	1,712,335	1,059,306	18,136,237
Machinery and equipment	74,150,272	9,635,453	460,230	83,325,495
Intangibles	2,127,337	459,278	-	2,586,615
Total accumulated depreciation	309,354,447	30,293,054	1,979,492	337,668,009
Total capital assets, depreciable, net	428,378,186	(20,909,963)	2,199,496	405,268,727
<b>Governmental activities, capital assets, net</b>	<b>\$ 537,915,327</b>	<b>\$ 12,471,748</b>	<b>\$ 8,799,117</b>	<b>\$ 541,587,958</b>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

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

Governmental Activities:

General government	\$ 6,546,585
Judicial administration	9,243
Public safety	1,877,437
Public works	19,866,108
Community Development	1,163,162
Education	5,094
Parks, recreation, and cultural	825,425
	<u>\$ 30,293,054</u>

Government activities included depreciation of \$4,363,366 for the Fleet Maintenance fund, \$50,631 for the Risk Management fund, and \$973,988 for Information Technology fund.

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

	<b>Business-type Activities</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets, non-depreciable				
Land	\$ 4,704,960	\$ -	\$ 29,725	\$ 4,675,235
Construction in Progress	33,931,929	9,767,505	16,662,954	27,036,480
Total Capital assets, non-depreciable	38,636,889	9,767,505	16,692,679	31,711,715
Capital Assets, depreciable				
Buildings	102,989,517	2,348,710	-	105,338,227
Improvements other than buildings	395,107,739	16,398,813	-	411,506,552
Machinery and equipment	113,844,711	2,632,410	46,590	116,430,531
Intangibles	16,232,143	843,834	-	17,075,977
Total capital assets, depreciable	628,174,110	22,223,767	46,590	650,351,287
Less accumulated depreciation for:				
Buildings	29,961,545	2,441,757	-	32,403,302
Improvement other than buildings	113,724,813	7,973,219	-	121,698,032
Machinery and equipment	51,906,952	4,416,701	46,590	56,277,063
Intangibles	7,002,345	2,382,550	-	9,384,895
Total accumulated depreciation	202,595,655	17,214,227	46,590	219,763,292
Total capital assets, depreciable, net	425,578,455	5,009,540	-	430,587,995
<b>Business-type activities, capital assets, net</b>	<b>\$ 464,215,344</b>	<b>\$ 14,777,045</b>	<b>\$ 16,692,679</b>	<b>\$ 462,299,710</b>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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

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

	<b>Component Unit -- School Board</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital Assets, non-depreciable				
Land	\$ 6,387,523	\$ -	\$ -	\$ 6,387,523
Total Capital assets, non-depreciable	6,387,523	-	-	6,387,523
Capital Assets, depreciable				
Buildings	250,476,093	5,314,956	-	255,791,049
Improvements other than buildings	16,650,054	-	-	16,650,054
Machinery and equipment	60,579,373	7,991,207	7,606,800	60,963,780
Total capital assets, depreciable	327,705,520	13,306,163	7,606,800	333,404,883
Less accumulated depreciation for:				
Buildings	109,576,867	5,142,334	-	114,719,201
Improvement other than buildings	12,820,102	548,294	-	13,368,396
Machinery and equipment	43,986,684	4,569,917	7,541,791	41,014,810
Total accumulated depreciation	166,383,653	10,260,545	7,541,791	169,102,407
Total capital assets, depreciable, net	161,321,867	3,045,618	65,009	164,302,476
<b>Component Unit - School Board, capital assets, net</b>	<b>\$ 167,709,390</b>	<b>\$ 3,045,618</b>	<b>\$ 65,009</b>	<b>\$ 170,689,999</b>



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 8. Unavailable and Unearned Revenues**

Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At year end, the various components of unavailable revenues and unearned revenues in the governmental funds and governmental activities were as follows:

	<b>Governmental Funds' Unavailable Revenues</b>	<b>Governmental Activities' Unearned Revenues</b>
	<hr/>	<hr/>
<b>Liability:</b>		
Grant receipts -- unearned	\$ 20,671,951	\$ 20,671,951
Golf-course lease revenue -- unearned (Note 10)	-	1,504,624
Total unavailable/unearned revenues	<hr/> \$ 20,671,951	<hr/> \$ 22,176,575
 <b>Deferred inflows of resources:</b>		
Prepaid taxes and other amounts -- unearned	\$ 1,493,324	\$ 1,493,324
Developer deposits -- unearned (General)	1,241,323	1,241,323
Developer deposits -- unearned (Road Maintenance)	1,048,205	1,048,205
Hanger deposits -- unearned (Aviation)	20,141	20,141
Proffers received -- unearned	3,616,224	3,616,224
Taxes receivable, net -- unavailable	276,257	-
Total unavailable/unearned revenues -- governmental funds	<hr/> \$ 7,695,474	<hr/> \$ 7,419,217

Unearned revenue in the Utility Fund of \$149,421 represents payments that will be recognized as the City provides services to the Western Tidewater Water Authority.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Long-Term Liabilities**

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<u>Governmental Activities:</u>					
General obligation debt	\$ 260,336,953	\$ 62,490,000	\$ 51,479,488	\$ 271,347,465	\$ 20,449,488
Bonds from direct borrowing and direct placements	6,305,000	-	1,955,000	4,350,000	600,000
Add bond premiums and other credits	20,482,061	2,844,909	5,507,828	17,819,142	2,028,621
	287,124,014	65,334,909	58,942,316	293,516,607	23,078,109
Capital lease obligations	1,487,534	-	204,298	1,283,236	189,375
	288,611,548	65,334,909	59,146,614	294,799,843	23,267,484
Net pension liability	43,173,612	26,025,217	12,662,687	56,536,142	-
Net OPEB liability City trust	7,171,400	9,813,569	9,317,118	7,667,851	-
Net OPEB liability state plans	14,230,973	8,796,343	6,625,243	16,402,073	239,670
Claims payable	3,558,635	18,547,910	17,779,826	4,326,719	2,832,911
Compensated absences	6,140,095	968,483	558,028	6,550,550	559,050
<b>Governmental activities, long-term liabilities</b>	<b>\$ 362,886,263</b>	<b>\$ 129,486,431</b>	<b>\$ 106,089,516</b>	<b>\$ 386,283,178</b>	<b>\$ 26,899,115</b>
<u>Business-type activities:</u>					
General obligation bonds	\$ 169,463,048	\$ 80,080,000	\$ 78,360,513	\$ 171,182,535	\$ 8,055,512
Revenue bonds	186,735,000	55,605,000	37,585,000	204,755,000	4,950,000
Bonds from direct borrowing and direct placements	4,753,000	-	757,000	3,996,000	775,000
Add bond premiums and other credits	24,613,458	1,693,937	8,297,556	18,009,839	718,107
	385,564,506	137,378,937	125,000,069	397,943,374	14,498,619
Capital lease obligations	454,908	93,503	137,326	411,085	79,184
	386,019,414	137,472,440	125,137,395	398,354,459	14,577,803
Net pension liability	6,870,484	3,866,748	1,964,805	8,772,427	-
Net OPEB liability City trust	1,322,820	1,802,504	1,716,943	1,408,381	-
Net OPEB liability state plans	761,170	222,865	231,077	752,958	-
Compensated absences	836,439	34,946	25,224	846,161	29,022
<b>Business-type activities, long-term liabilities</b>	<b>\$ 395,810,327</b>	<b>\$ 143,399,503</b>	<b>\$ 129,075,444</b>	<b>\$ 410,134,386</b>	<b>\$ 14,606,825</b>

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Long-Term Liabilities (Continued)**

Details of long-term indebtedness are as follows:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Bonds Payable:						
General Obligation Bonds:						
2011 VPSA Local School Bond (a)	12/15/11	06/30/31	4.97	7,500,000	4,350,000	-
2013 Public Improvement and Refunding Bonds	07/30/13	12/01/32	3.00-5.00	64,415,000	9,422,465	6,837,535
2014 Public Improvement and Refunding Bonds	07/30/15	02/01/42	2.00-5.00	124,820,000	11,345,000	6,260,000
2015 Public Improvement and Refunding Bonds	07/08/15	02/01/35	2.00-5.00	41,170,000	28,940,000	-
2016 Public Improvement and Refunding Bonds	07/14/16	02/01/36	1.50-5.00	51,085,000	46,620,000	-
2016 Refunding Bonds -- Taxable	07/14/16	02/01/35	1.10-4.00	25,745,000	18,955,000	-
2017 Public Improvement and Refunding Bonds	07/27/17	02/01/42	3.125-5.00	69,775,000	24,505,000	38,410,000
2017 Taxable Refunding Bonds	07/27/17	02/01/32	2.25-3.36	20,245,000	1,115,000	19,310,000
2018 Public Improvement Bonds	08/14/18	02/01/38	2.95 - 5.00	18,530,000	17,255,000	310,000
2019 Public Improvement Bonds	09/26/19	02/01/40	2.5 - 5.00	21,705,000	20,995,000	360,000
2019 Taxable Refunding Bonds	09/26/19	02/01/33	1.87 - 2.76	52,335,000	30,175,000	20,240,000
2020A Public Improvement Bonds	09/15/20	02/01/41	1.125 - 5.00	25,635,000	25,635,000	-
2020AB Public Improvement Refunding Bonds	09/15/20	02/01/42	0.18 - 2.41	36,855,000	36,385,000	79,455,000
Total general obligation bonds					<u>\$ 275,697,465</u>	<u>\$ 171,182,535</u>

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Long-Term Liabilities (Continued)**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Capital Lease Obligations:		
Leases issued for the purchase of generators; payable in monthly installments through June 2032	\$ 1,283,236	\$ 411,085
Total capital lease obligations	<u>\$ 1,283,236</u>	<u>\$ 411,085</u>

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Business-type Activities</u>
Bonds Payable:					
Pledged Revenue Bonds Virginia Resources Authority (VRA):					
2015B VRA Revenue and Refunding Bonds	11/18/15	10/01/45	3.12-5.12%	\$ 81,125,000	\$ 45,975,000
2016C VRA Revenue and Refunding bonds	11/16/16	10/21/43	2.12-5.12	92,795,000	89,435,000
2017C VRA Revenue bonds	11/01/17	10/01/42	3.012-5.125	14,355,000	13,740,000
2019 VRA Refunding Bonds (a)	01/19/00	10/01/25	1.88	4,854,000	3,996,000
2020 VRA Revenue Bonds	07/22/20	10/01/46	2.125 - 5.125	14,020,000	14,020,000
2020 VRA Refunding Bonds	10/27/20	10/01/45	0.374 - 2.954	41,585,000	41,585,000
Total pledged revenue bonds					<u>\$ 208,751,000</u>

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Long-Term Liabilities (Continued)**

**Amortization requirements for governmental activities:**

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

Year Ending June 30,	Governmental Activities					
	General Obligations Bonds		Bonds from direct borrowings or placements		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 20,449,488	\$ 8,852,785	\$ 600,000	\$ 318,750	\$ 189,375	\$ -
2023	21,524,488	7,977,802	415,000	318,750	150,782	-
2024	21,179,488	7,059,618	415,000	318,750	147,038	-
2025	21,114,496	6,147,574	415,000	318,750	141,974	-
2026	20,794,505	5,423,751	415,000	318,750	141,974	-
2027-2031	89,265,000	17,689,766	2,090,000	1,434,375	512,093	-
2032-2036	60,495,000	6,629,670	-	-	-	-
2037-2041	16,525,000	949,927	-	-	-	-
	<u>\$271,347,465</u>	<u>\$ 60,730,893</u>	<u>\$ 4,350,000</u>	<u>\$ 3,028,125</u>	<u>\$ 1,283,236</u>	<u>\$ -</u>

Year Ending June 30,	Business-type Activities							
	General Obligations Bonds		Revenue Bonds		Revenue Bonds from Direct Placement		Capital Lease Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 8,055,512	\$ 4,341,292	\$ 4,950,000	\$ 7,359,991	\$ 775,000	\$ 67,840	\$ 79,184	\$ -
2023	8,350,512	4,049,825	5,185,000	7,133,334	785,000	53,176	58,160	-
2024	8,515,512	3,728,685	5,390,000	6,917,427	800,000	38,277	54,282	-
2025	8,820,503	3,426,894	5,625,000	6,688,157	811,000	23,133	44,948	-
2026	9,015,496	3,231,316	5,885,000	6,432,559	825,000	7,755	34,716	-
2027-2031	44,400,000	13,309,656	40,685,000	27,789,082	-	-	135,388	-
2032-2036	47,305,000	8,849,705	49,085,000	19,685,791	-	-	4,407	-
2037-2041	32,145,000	3,422,502	70,040,000	9,282,598	-	-	-	-
2042-2046	4,575,000	180,594	17,160,000	1,346,660	-	-	-	-
2047-2048	-	-	750,000	8,250	-	-	-	-
	<u>\$171,182,535</u>	<u>\$ 44,540,469</u>	<u>\$204,755,000</u>	<u>\$ 92,643,849</u>	<u>\$ 3,996,000</u>	<u>\$ 190,181</u>	<u>\$ 411,085</u>	<u>\$ -</u>

The Governmental Activities' capital lease obligations are collateralized by equipment with a book value of \$2,351,074, which is net of accumulated depreciation of \$9,321,475 at June 30, 2021.

The Business-type Activities' capital lease obligation is collateralized by equipment with a book value of \$1,396,774, which is net of accumulated depreciation of \$4,776,011 at June 30, 2021.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Long-Term Liabilities (Continued)**

**Pledge-Revenue Bond Restrictions:**

The City's Utility fund has outstanding obligations with VRA for which revenue has been pledged to secure the obligations. The net revenues of the Utility Fund have been pledged to meet the debt service requirement of these bonds. The bonds have been issued to finance the capital improvements and construction of the water and sewer systems. The total amount remaining debt service to be paid over the life of these VRA bonds is \$301,585,030 through 2048.

In accordance with the master trust indenture, the revenue covenant has been met for the pledged-revenue bonds. Net revenues are required to be no less than greater of (i) the sum of 1.5 times senior debt service and 1.0 times subordinate debt service for the fiscal year (ii) net revenues are not less than 1.0 times the funding requirements for transfers from the revenue fund to the bond fund, the parity debt service fund, the debt service reserve fund, the subordinate debt service fund, the repair and replacement reserve fund, and the rate stabilization fund. This coverage ratio for the current year is 2.95, which exceeds the requirement. Furthermore, there has been no occurrence of any condition or event which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default within the terms of the master trust indenture.

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

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

The General Fund has a contingent liability for repayment of the general obligation bonds outstanding in the Utility Fund, from which repayment is anticipated, should the Utility Fund be unable to do so.

General obligation bonds are direct obligations and pledge the full faith and credit of the City.

The Commonwealth of Virginia imposes a legal limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which may be outstanding by the City. The City has independently set a lower debt limit of 7% of the assessed valuation. As of June 30, 2021 the City's aggregate general obligation indebtedness is approximately \$612.8 million less than the Commonwealth's limit and \$294.9 million less than the City's independent limit.

**School Board Long-Term Liabilities:**

Following is a summary of changes in noncurrent liabilities of the School Board for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit - School Board					
Other postemployment benefits, net	\$ 20,244,868	\$ 2,360,362	\$ 2,293,375	\$ 20,311,855	\$ -
Net pension liability	129,350,403	55,850,835	45,387,139	139,814,099	-
Compensated Absences	2,915,071	1,311,535	1,420,638	2,805,968	295,677
	<u>\$ 152,510,342</u>	<u>\$ 59,522,732</u>	<u>\$ 49,101,152</u>	<u>\$ 162,931,922</u>	<u>\$ 295,677</u>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Long-Term Liabilities (Continued)**

**Direct Borrowings or Placements:**

The City has outstanding bonds from direct borrowings and placement related to governmental activities and Business-type activities of \$4,350,000 and \$3,996,000 respectively. All of the bonds from direct borrowings are secured by the full faith and credit of the City's. A portion of the direct borrowing bonds in the amount of \$4,350,000 are bonds issued with the Virginia Public School Authority(VPSA). These VPSA bonds contain 1) a provision that if a default exists the governor of the State of Virginia may intercept other state aid to the City to pay the bonds and 2) a clause that allows the lender to require redemption in whole or part if it is necessary to maintain the bonds as qualified tax credit bonds, the lender may, with 90 days written notice require redemption if there are amendments to the applicable tax section or there is a reduction or elimination of the refundable credit received by the lender.

**Refunding of Debt**

During the fiscal year, the City issued general obligation bonds to refund previously issued General Obligation bonds that were originally issued for both the Governmental Activities and the Business Type Activities. The City also issued revenue bonds through the VRA to refund a previously issued revenue bond through the VRA.

	<b><u>General</u></b>		<b><u>Utilities</u></b>
	<b><u>Government</u></b>	<b><u>Utilities</u></b>	<b><u>Utilities</u></b>
Type of bonds refunded	G.O. Bonds	G.O. Bonds	VRA Revenue Bonds
Issue date of refunded bonds	2012, 2013, 2014	2011, 2012, 2014	2015
Total refunding bonds issued (new bonds)	\$36,855,000	\$80,080,000	\$41,585,000
Value of Refunded bonds (old bonds)	\$32,545,000	\$71,125,000	\$33,745,000
Net Proceeds of refunding (including the premiums and costs of issuance)	\$37,089,936	\$80,050,000	\$41,585,000
Bond premium received	\$234,936	\$-	\$-
Costs of issuance	\$345,946	\$766,995	\$451,739
Aggregate difference in debt service -- savings	\$2,278,801	\$8,327,616	\$3,972,295
Difference in carrying values of debt (deferred debit)	\$1,907,436	\$6,783,107	\$6,094,455

**Prior Year Defeasances:**

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2021, the balance of these defeased bonds was \$154,655,000.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 9. Long-Term Liabilities (Continued)**

**Bonds Authorized and Unissued:**

There was no bonded debt authorized by City Council in previous years but unissued as of June 30, 2021.

**Note 10. Leases**

**Lessor:**

On October 27, 2009, the City entered into an operating lease whereby the City leased the Sleepy Hole Golf Course to a private operator. The lease was amended on May 1, 2010 and the term of the lease ends April 30, 2030. The agreement requires annual lease payments to the City of \$356,000. This amount is reduced by certified annual capital costs made by the operator to enhance the integrity of the golf course facility. The remaining amount of unearned lease revenue, in the form of capital improvements exceeding the annual lease payments at June 30, 2021, is \$1,504,624.

**Lessee:**

The City also leases various equipment and facilities through operating leases, which are subject to appropriation annually. Rent expense for governmental and business-type activities was \$2,241,520 and \$817,345 respectively.

Future minimum lease payments under these leases are \$1,484,639 and \$1,486,439 for fiscal years 2022 and 2023 respectively, for a total of \$2,971,078.

**Note 11. Defined Benefit Pension Plan**

**Plan Description**

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

***Benefits Provided:***

All full-time, salaried permanent (professional) employees are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit, and are eligible to retire with an unreduced or reduced benefit when they meet the age and service requirements of the plan. Members can earn one month of service credit for each month they are employed and contributions are deposited into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

The VRS also provided Death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

The System issues a publically available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of that report may be obtained from the VRS website at <http://www.varetire.org/Pdf/publications/2020-Annual-Report.pdf> or obtained by writing to the Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

**Benefit Terms, and Contribution Requirements**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid</b>
<b>Description (Employees Covered):</b> Plan 1 is a defined benefit plan. The benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of July 1, 2013.  Non-hazardous duty members were allowed to make an irrevocable decision to opt into the Hybrid plan during a special elections window held January 1 through April 30, 2014.	<b>Description (Employees Covered):</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010 or their membership dates is before July 1, 2010 and they were not vested as of January 1, 2013.  Eligible members in Plan 2 were allowed to make an irrevocable decision to opt into the Hybrid plan during a special election window held January 1 through April 30, 2014.	<b>Description (Employees Covered):</b> The Hybrid Plan combines the features of a defined benefit and a defined contribution plan. Members hired on or after January 1, 2014 are on this plan, as well as any eligible Plan 1 or Plan 2 members who opted into the plan during the special election period. <ul style="list-style-type: none"> <li>• The defined benefit is based on the member's age, creditable service and average final compensation.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> </ul>
<b>Retirement Eligibility:</b> Normal: <ul style="list-style-type: none"> <li>• Non-hazardous duty members are eligible for an unreduced benefit at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit.</li> <li>• Hazardous duty members are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit, or age 50 with at least 25 years of service credit.</li> </ul>	<b>Retirement Eligibility:</b> Normal: <ul style="list-style-type: none"> <li>• Non-hazardous duty members are eligible for an unreduced benefit at their normal Social Security retirement age with at least 5 years of service credit, or when their combined age and service credit equals 90.</li> <li>• Hazardous duty members' eligibility is the same as Plan 1.</li> </ul>	<b>Retirement Eligibility:</b> Normal: <ul style="list-style-type: none"> <li>• Defined Benefit Component: members are eligible for an unreduced benefit at their normal Social Security retirement age with at least 5 years of service credit, or when their combined age and service credit equals 90.</li> <li>• Defined Contribution Component: Members are eligible to receive distributions upon leaving employment</li> </ul>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

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

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid</b>
<b>Retirement Eligibility (continued):</b> Early Retirement with reduced benefit: <ul style="list-style-type: none"> <li>• Non-hazardous duty members may retire early with a reduced benefit at age 55 with at least 5 years of service credit, or age 50 with at least 10 years of service credit.</li> <li>• Hazardous duty members may retire early with a reduced benefit at age 50 with at least 5 years of service credit.</li> </ul> Vesting: <ul style="list-style-type: none"> <li>• Members become vested when they have at least 5 years of creditable service</li> </ul>	<b>Retirement Eligibility(continued):</b> Early Retirement with reduced benefit: <ul style="list-style-type: none"> <li>• Non-hazardous duty members may retire early with a reduced benefit at age 60 with at least 5 years of service credit.</li> <li>• Hazardous duty members' eligibility is the same as Plan 1.</li> </ul> Vesting: <ul style="list-style-type: none"> <li>• Same as Plan 1.</li> </ul>	<b>Retirement Eligibility(continued):</b> Early Retirement with reduced benefit: <ul style="list-style-type: none"> <li>• Defined Benefit Component: Members are eligible for a reduced benefit at age 60 with at least 5 years of creditable service.</li> <li>• Defined Contribution Component: Members are eligible to receive distributions upon leaving employment</li> </ul> Vesting: <ul style="list-style-type: none"> <li>• Defined Benefit Component: Same as Plan 1.</li> <li>• Defined Contribution Component: After 2 years a member is 50% vested in employer contributions, after 3 years 75% vested in employer contributions and after 4 years 100% vested.</li> <li>• Members are 100% vested in contributions they make.</li> </ul>
<b>Types of Benefits:</b> The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's final compensation multiplied by the member's total service credit at retirement. Members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. If any option other than the basic benefit is selected a retirement reduction factor is applied.	<b>Types of Benefits:</b> Same as Plan 1.	<b>Types of Benefits:</b> Defined Benefit Component: Same as Plan 1.  Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the City, plus net investment earnings on those contributions.
<b>Elements of the Pension Formula:</b> Average Final Compensation: <ul style="list-style-type: none"> <li>• The average of the 36 consecutive months of highest compensation as a covered employee.</li> </ul>	<b>Elements of the Pension Formula:</b> Average Final Compensation: <ul style="list-style-type: none"> <li>• The average of the 60 consecutive months of highest compensation as a covered employee.</li> </ul>	<b>Elements of the Pension Formula:</b> Average Final Compensation: <ul style="list-style-type: none"> <li>• Same as Plan 2 for the Defined Benefit Component.</li> </ul>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

<b>Number of Employees by Class:</b>	City	School Board – Non Teacher Plan
Retirees or beneficiaries currently receiving benefits:	752	200
Inactive Members:		
Vested inactive members	216	33
Non-vested inactive members	339	118
Inactive members active elsewhere in VRS	434	55
Total inactive members	989	206
Active Employees:	1,301	316
<b>Total</b>	<b>3,042</b>	<b>722</b>

***Contributions:***

Members and employers are required to contribute to the retirement plans as provided by Title 51.1 of the *Code of Virginia* (1950), as amended. The member contribution is 5% of compensation contributed by members or employers. The City and School Board are required to contribute the remaining amounts necessary to fund the pension plans using the entry age normal actuarial cost method adopted by the VRS Board of Trustees. The System's actuary computed the amount of contributions to be provided by the City and School Board. The contribution rates for fiscal year 2021 were based on the actuary's valuation as of June 30, 2019. In addition, the actuary computed a separate contribution requirement for the School Board for the teacher cost-sharing pool using the same valuation date.

The City's contractually required contribution rate for the year ended June 30, 2021 was 12.47% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan for the years ended June 30, 2021 and June 30, 2020, respectively were \$8,610,229 and \$7,462,406.

The School Board's contractually required contribution rate for the Teacher Retirement Plan for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2019.

The School Board's (non-teacher plan) contractually required contribution rate for the year ended June 30, 2021 was 5.60% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2019.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

***Contributions (continued):***

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of section 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 100% of the actuarial rate for the year ended June 30, 2021. Contributions to the Teacher Retirement pension plan for the years ended June 30, 2021 and June 30, 2020, respectively were \$14,195,260 and \$12,616,285. Contributions to the Non-Teacher pension plan for the years ended June 30, 2021 and June 30, 2020, respectively were \$381,630 and \$350,347.

**Net Pension Liability**

The most recent actuarial valuation to determine the net pension liabilities for the City and School Board was prepared as of June 30, 2019. The total pension liability was determined based on that actuarial valuation using updated actuarial assumptions applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2020. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

**Net Pension Liability (continued)**

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Public Safety Employees:

Pre-Retirement:

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

Post-Retirement:

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

Post – Disablement:

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

School Board Teacher Retirement Plan employees:

Pre-Retirement:

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

Post-Retirement:

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

Post – Disablement:

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

**Net Pension Liability (continued)**

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

Changes to the actuarial assumptions as a result of the experience study are as follows:

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

- |   |   |
|---|---|
| <ul style="list-style-type: none"><li>- Update to a more current mortality table – RP2014 projected to 2020</li><li>- Lowered retirement rates at older ages and changed final retirement from 70 to 75</li><li>- Adjusted withdrawal rates to better fit experience at each year age and service through 9 year of service</li><li>- Lowered disability rates</li><li>- Increased Line of Duty disability rate from 14% to 15%</li><li>- Decreased discount rate from 7.00% to 6.75%</li></ul> | <ul style="list-style-type: none"><li>- Update to a more current mortality table – RP-2014 projected to 2020</li><li>- Increased age 50 retirement rates and lowered retirement rates at older ages</li><li>- Adjusted withdrawal rates to better fit experience at each year ages and service through 9 years of service</li><li>- Adjusted disability rates to better fit experience</li><li>- Decreased line of duty disability rate from 60% to 45%</li><li>- Decreased discount rate from 7.00% to 6.75%</li></ul> |
|---|---|

School Board Teacher Retirement Plan Employees:

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

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

**Net Pension Liability (continued)**

City and School Board Pension Plans			
Asset Class:	Target Allocation:	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Rate of Return:
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS – Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP – Private Investment Partnership	3.00%	6.49%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>4.64%</b>
	Inflation		<b>2.50%</b>
**Expected arithmetic nominal return			<b>7.14%</b>

\*\* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 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.



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

**Changes in the Net Pension Liability**

	Increase/(Decrease)		
	City Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at 7/01/2019</b>	<b>\$ 326,694,368</b>	<b>\$ 276,650,272</b>	<b>\$ 50,044,096</b>
Changes for the Year:			
Service cost	8,132,336	-	8,132,336
Interest	21,574,861	-	21,574,861
Difference between expected and actual experience	1,274,360	-	1,274,360
Contributions -- employer	-	7,256,065	(7,256,065)
Contributions -- employee	-	3,361,141	(3,361,141)
Net investment income	-	5,284,646	(5,284,646)
Benefit payments including refunds of employee contributions	(14,133,599)	(14,133,599)	-
Administrative expense	-	(178,495)	178,495
Other changes	-	(6,273)	6,273
<b>Net Changes</b>	<b>16,847,958</b>	<b>1,583,485</b>	<b>15,264,473</b>
<b>Balances at 6/30/2020</b>	<b>\$ 343,542,326</b>	<b>\$ 278,233,757</b>	<b>\$ 65,308,569</b>

	Increase/(Decrease)		
	School Board (non-teacher) Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at 7/01/2019</b>	<b>\$ 29,100,868</b>	<b>\$ 28,771,413</b>	<b>\$ 329,455</b>
Changes for the Year:			
Service cost	687,145	-	687,145
Interest	1,921,663	-	1,921,663
Difference between expected and actual experience	148,865	-	148,865
Contributions -- employer	-	351,095	(351,095)
Contributions -- employee	-	339,946	(339,946)
Net investment income	-	548,651	(548,651)
Benefit payments including refunds of employee contributions	(1,263,572)	(1,263,572)	-
Administrative expense	-	(18,730)	18,730
Other changes	-	(679)	679
<b>Net Changes</b>	<b>1,494,101</b>	<b>(43,289)</b>	<b>1,537,390</b>
<b>Balances at 6/30/2020</b>	<b>\$ 30,594,969</b>	<b>\$ 28,728,124</b>	<b>\$ 1,866,845</b>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

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

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

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
City's Net Pension Liability	\$111,097,039	\$65,308,569	\$27,414,650
School Board's (non-teacher) Net Pension Liability (Asset)	\$5,425,518	\$1,866,845	(\$1,135,087)
School Board's Teacher Retirement Plan Net Pension Liability	\$202,399,603	\$137,947,254	\$84,637,014

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

For the year ended June 30, 2021, the City recognized pension expense of \$14,614,471.

For the year ended June 30, 2021, the School Board (non-teacher) plan recognized pension expense of \$975,169.

At June 30, 2021, the School Board Teacher Retirement Plan reported a liability of \$137,947,254 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020.

The School Board's proportion of the Net Pension Liability was based on the School Board Teacher Retirement Plan's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board Teacher Retirement Plan's proportion was 0.94792% as compared to 0.98036% at June 30, 2019.

For the year ended June 30, 2021, School Board's Teacher Retirement plan recognized pension expense of \$15,699,684. Since for the School Board's Teacher Retirement Plan, there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

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

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

	City Pension Plan		School Board Non-teacher Plan		School Board Teacher Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,989,758	\$ 42,398	\$ 139,543	\$ 5,207	\$ -	\$ 8,085,835
Change of assumptions	4,798,545	10,210	242,574	-	9,416,630	-
Net difference between projected and actual earnings on pension plan investments.	8,382,185	-	856,225	-	10,492,416	-
Change in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	3,626,583	4,938,369
Contributions to the plan subsequent to the measurement date	8,610,231	-	381,630	-	14,195,260	-
<b>Total</b>	<b>\$ 24,780,719</b>	<b>\$ 52,608</b>	<b>\$ 1,619,972</b>	<b>\$ 5,207</b>	<b>\$ 37,730,889</b>	<b>\$ 13,024,204</b>

\$8,610,231, \$381,630, and \$14,195,260 reported as deferred outflows of resources related to pensions resulting from the City's, School Board (non-teacher) plan and School Board's Teacher Retirement plan (respectively) contributions subsequent to the measurement date will be recognized as a reduction of the respective Net Pension Liability in the year ended June 30, 2022.

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

Year Ended June 30:	City Pension Plan	School Board (non-teacher) Plan	School Board Teacher Retirement Plan
2022	\$5,077,350	\$345,244	(\$28,690)
2023	\$5,335,505	\$325,064	\$3,307,120
2024	\$3,052,160	\$290,579	\$4,514,377
2025	\$2,652,865	\$272,248	\$3,079,172
2026	\$-	\$-	(\$360,554)
	<b>\$16,117,880</b>	<b>\$1,233,135</b>	<b>\$10,511,425</b>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 11. Defined Benefit Pension Plan (Continued)**

**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS ACFR, which may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Note 12. Other Postemployment Benefits Program – Local Trust**

**Plan Description**

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

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

Participants in the City's and School Board's OPEB plans must have attained 20 years and 10 years of full-time consecutive service, respectively, and been enrolled in the group health insurance plan for the 24 months prior to their retirement date to be eligible, coverage ceases at age 65 for the school board employees. Retirees pay 100% of spousal premiums and surviving spouses are not allowed to the plan.

**Plan Membership**

**Number of Employees by Class:**

	City	School Board
Inactive members and beneficiaries currently receiving benefits	146	74
Active Employees:	1,309	1,964
<b>Total</b>	<b>1,455</b>	<b>2,098</b>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 12. Other Postemployment Benefits Program – Local Trust (Continued)**

**Contribution Requirements**

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

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

For the fiscal year ended June 30, 2021, the City contributed \$1,742,451 toward OPEB costs which was a combination of \$500,000 deposited in the trust fund and \$1,242,451 in claims paid on behalf of the retirees, net of premiums paid by retirees. The School Board contributed \$267,861 toward OPEB costs representing claims paid on behalf of retirees.

**Plan Investments**

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 12. Other Postemployment Benefits Program – Local Trust (Continued)**

**Plan Investments (continued)**

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

<b>Asset Class:</b>	<b>Target Allocation</b>	<b>Expected 20-Year Arithmetic Real Rate of Return</b>
U.S Equity – Large Cap	26.00%	8.69%
U.S Equity – Small Cap	10.00%	9.87%
Non U.S. Equity – Developed	13.00%	9.42%
Non U.S. Equity – Emerging	5.00%	11.33%
US Corporate Bonds – Core	21.00%	3.74%
US Corporate Bonds – Long Duration		4.44%
US Corporate Bonds – High Yield		6.47%
Non-US Debt – Developed		2.86%
Non-US Debt – Emerging		6.87%
US Treasuries (Cash Equivalents)		2.61%
TIPS (Inflation-Protected)		3.27%
Real Estate	10.00%	7.91%
Hedge Funds	10.00%	6.10%
Commodities		5.93%
Infrastructure		8.78%
Private Equity	5.00%	12.54%
Private debt		8.63%
Total	<u>100.00%</u>	

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

For the year ended June 30, 2021, and June 30, 2020 the annual money-weighted rate of return on investments, net of investment expense was 30.05% and 4.88% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 12. Other Postemployment Benefits Program – Local Trust (Continued)**

**Net OPEB Liability for the Plan (GASB 74 Disclosures)**

The City's net OPEB Liability for each plan was based on a valuation date of June 30, 2020. The School Board net OPEB Liability was measured as of its fiscal year end of December 31, 2020 based on a valuation date of December 31, 2019. The components of the Plans' net OPEB Liability were as follows:

	<b>Net OPEB Liability (Asset)</b>	
	City	School Board
Total OPEB liability	\$50,399,861	\$11,818,291
Plan fiduciary net position	50,149,448	20,076,188
Net OPEB liability (asset)	\$250,413	(\$8,257,897)
Fiduciary net position as a percent of total OPEB liability (asset)	99.50%	169.87%

**Actuarial Methods and Assumptions**

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

The total OPEB liability for the City as part of the actuarial valuation performed as of June 30, 2020 for the City and December 31, 2019 for the School Board, using the following actuarial assumptions:

	City	School Board
Investment rate of return	7.5%	7.5%
Actuarial Cost Method	Entry Age Normal, level percentage of pay.	Entry Age Normal, level percentage of pay.
Inflation Rate	2.5%	2.5%
Projected salary increases	3.5% - 5.35%	3.50 - 5.95%
Real Wage Growth Rate	1.00%	1.00%
Health care cost trend rate:		
Initial		7.00%
Pre-Medicare HMO/POS plan designs	7.00%	
PPO Plan designs	7.50%	
Medicare eligible Member Subsidy	5.80%	
Ultimate (year of ultimate trend rate)		
Pre-Medicare HMO/POS plan designs	4.75% (2028)	4.75% (2022)
PPO Plan designs	4.75% (2028)	
Medicare eligible Member Subsidy	4.75% (2025)	

Mortality rates were based on amount –weighted Pub-2010 mortality tables with generationally project mortality improvements using Scale MP-2018. Generationally projected healthy and disabled mortality rates reflect differences for males and females, and for general and safety (i.e. enhanced hazardous duty) employment classifications.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 12. Other Postemployment Benefits Program – Local Trust (Continued)**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GAAP. The projection's basis was an actuarial valuation performed as of June 30, 2020 for the City and December 31, 2019 for the School Board. The fiduciary net position projections are based upon the Plan's financial status on the measurement date, the indicated set of methods and assumptions, and the requirements of GAAP. The long-term expected rate of return on plan investments is 7.50%. The long-term expected rate of return was applied to the periods of projected benefit payments and it is not anticipated that the plan's assets will be exhausted. The expected municipal bond rate was not applied to determine the discount rate.

**Sensitivity of the Net OPEB Liability – for the Plan (GASB 74 disclosures)**

The net OPEB liability is shown below as calculated at the current discount rate and current health care cost trend rate as indicated and also calculated using rates 1% lower and 1% higher. The City's net OPEB Liability for the plan was based on a valuation date of June 30, 2020 and rolled forward to a measurement date of June 30, 2021 for the City. The School Board had a valuation date of December 31, 2019 and rolled forward to a measurement date of December 31, 2020.

<b>Net OPEB Liability analysis using discount rate:</b>			
	<b>1% lower (6.5%)</b>	<b>Current Rate (7.5%)</b>	<b>1% higher (8.5%)</b>
City's Plan	\$7,011,672	\$250,412	(\$5,375,024)
School Board	(\$7,221,069)	(\$8,257,897)	(\$9,199,948)

<b>Net OPEB Liability using the health care cost trend rate:</b>			
	<b>1% lower (6.00%)</b>	<b>Current rate (7.00%)</b>	<b>1% higher (8.00%)</b>
City's Plan	(\$6,392,052)	\$250,412	\$8,411,782
School Board	(\$9,504,000)	(\$8,257,897)	(\$6,804,736)

**Sensitivity of the Net OPEB Liability – for the Employer (GASB 75 disclosures)**

The net OPEB liability is shown below as calculated at the current discount rate and current health care cost trend rate of 7.00% HMO Plan designs and 7.50% for PPO Plan designs respectively and also as calculated using rates 1% lower and 1% higher.

<b>Net OPEB Liability (Asset) analysis using discount rate:</b>			
	<b>1% lower (6.5%)</b>	<b>Current Rate (7.5%)</b>	<b>1% higher (8.5%)</b>
City's Plan	\$15,593,536	\$9,076,232	\$3,664,962
School Board	(\$7,221,069)	(\$8,257,897)	(\$9,199,948)



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 12. Other Postemployment Benefits Program – Local Trust (Continued)**

**Sensitivity of the Net OPEB Liability – for the Employer (GASB 75 disclosures) (continued)**

	<b>Net OPEB Liability (Asset) using the health care cost trend rate:</b>		
	<b>1% lower (6.00%/6.50%)</b>	<b>Current rate (7.00%/7.50%)</b>	<b>1% higher (8.00%/8.50%)</b>
City's Plan	\$3,062,473	\$9,076,232	\$16,455,739
	<b>1% lower (5.8%/6.5%)</b>	<b>Current rate (6.8%/7.3%)</b>	<b>1% higher (7.8%/8.3%)</b>
School Board	(\$9,504,000)	(\$8,257,897)	(\$6,804,736)

**Changes in the Net OPEB Liability**

	<b>Increase/(Decrease)</b>		
	<b>City Plan</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
<b>Balance at 7/01/2019</b>	<b>\$ 45,530,696</b>	<b>\$ 37,036,476</b>	<b>\$ 8,494,220</b>
Changes for the Year:			
Service cost	936,260	-	936,260
Interest	3,435,345	-	3,435,345
Difference between expected and actual experience	(479,096)	-	(479,096)
Changes in assumptions	(863,241)	-	(863,241)
Contributions -- employer	-	1,349,107	1,349,107
Net investment income	-	1,131,826	(1,131,826)
Benefit payments including refunds of employee contributions	(1,349,107)	(1,349,107)	(2,698,214)
Administrative Expenses	-	(33,677)	33,677
<b>Net Changes</b>	<b>1,680,161</b>	<b>1,098,149</b>	<b>582,012</b>
<b>Balances at 6/30/2020</b>	<b>\$ 47,210,857</b>	<b>\$ 38,134,625</b>	<b>\$ 9,076,232</b>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 12. Other Postemployment Benefits Program – Local Trust (Continued)**

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

	School Board Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
<b>Balance at 12/31/2019</b>	<b>\$ 14,656,104</b>	<b>\$ 17,558,668</b>	<b>\$ (2,902,564)</b>
Changes for the Year:			
Service cost	474,424	-	474,424
Interest	1,124,926	-	1,124,926
Difference between expected and actual experience	(4,196,230)	-	(4,196,230)
Contributions -- employer	-	267,861	(267,861)
Net investment income	-	2,533,238	(2,533,238)
Benefit payments including refunds of employee contributions	(267,861)	(267,861)	-
Administrative expense	-	(15,718)	15,718
Change in assumptions	26,928	-	26,928
<b>Net Changes</b>	<b>(2,837,813)</b>	<b>2,517,520</b>	<b>(5,355,333)</b>
<b>Balances at 12/31/2020</b>	<b>\$ 11,818,291</b>	<b>\$ 20,076,188</b>	<b>\$ (8,257,897)</b>

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

For the year ended June 30, 2021, the City and School Board recognized OPEB expense in the amount of \$2,345,950 and (\$691,917) respectively.

The aggregate amount of OPEB Expense for the City and School Board plans, including the local trust and Virginia Retirement System (VRS) plans are as follows:

	<u>City OPEB Expense</u>	<u>School OPEB Expense</u>
<b>OPEB Plan:</b>		
Local Trust	\$2,345,950	(\$691,917)
<b>VRS Plans: (note 13)</b>		
GLI	245,728	266,615
LODA	1,040,326	-
HIC	-	1,603,923
VLDP	-	93,815
<b>TOTAL:</b>	<b>\$3,632,004</b>	<b>\$1,272,436</b>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 12. Other Postemployment Benefits Program – Local Trust (Continued)**

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

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

	<b>City</b>		<b>School Board</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,977,506	\$ 418,680	\$ 517,465	\$ (5,106,807)
Change of assumptions	2,551,280	754,383	668,862	-
Net difference between projected and actual earnings on plan investments.	992,297	-	-	(1,474,174)
Contributions to the plan subsequent to the measurement date	1,742,451	-	-	-
<b>Total</b>	<b>\$ 9,263,534</b>	<b>\$ 1,173,063</b>	<b>\$ 1,186,327</b>	<b>\$ (6,580,981)</b>

Deferred outflows in the amount of \$1,742,451 for the City and \$0 for the School Board, related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

<b>Year Ended June 30:</b>	<b>City OPEB Plan</b>	<b>School Board OPEB Plan</b>
2022	\$717,164	(\$990,662)
2023	\$1,395,274	(\$776,837)
2024	\$1,526,214	(\$1,148,705)
2025	\$1,320,697	(\$772,634)
2026	\$991,763	(\$448,135)
Thereafter	\$396,908	(\$1,257,681)
<b>Total</b>	<b>\$6,348,020</b>	<b>(\$5,594,654)</b>

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans**

**Plan Description**

***Group Life Insurance Program (GLI):***

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

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

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

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

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

***Teacher and Non-Teacher Employee Health Insurance Credit Programs (THIC and NTHIC)***

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Plan Description (continued)**

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

<b>Group Life Insurance</b>	<b>Line of Duty Act</b>	<b>Health Insurance Credit Programs</b>	<b>Virginia Local Disability Program</b>
<p><b>Eligible Employees:</b>  GLI was established July 1, 1960, for state employees, teachers and employees of political subdivision that elect the program.</p> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employee who leave their position before retirement eligibility or who take a refund of their contributions and interest.</p>	<p><b>Eligible Employees:</b>  Paid employees and volunteers in hazardous duty position in the City and hazardous duty employees who are covered under the VRS, the State Police Officer's retirement system (SPORS), or the Virginia Law Officers Retirement System (VaLORS) are automatically covered by LODA.</p>	<p><b>Eligible Employees:</b>  <b>THIC:</b> Retired teacher employees who retire with at least 15 years of service credit. Enrolled automatically upon employment if they are full-time permanent professional salaried employees covered under VRS.</p> <p><b>NTHIC:</b> Full-time permanent salaried employees who are covered under the VRS pension plan.</p>	<p><b>Eligible Employees:</b>  Eligible employees are enrolled automatically upon employment. Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.</p>
<p><b>Benefit Amounts:</b>  <i>Natural Death Benefit:</i> equal to the employees' covered compensation rounded to the next highest thousand then doubled.  <i>Accidental Death Benefit:</i> double the natural death benefit  <i>Other Benefit Provisions:</i> other benefits provided under specific circumstances, including, accidental dismemberment, safety belt benefit, repatriation benefit, felonious assault and accelerated death benefit option.</p>	<p><b>Benefit Amounts:</b>  <i>Death:</i> A one-time payment made to the beneficiary of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as a direct or proximate result of performing duty as of 1/1/06 or after, or \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than 5 years after retirement. An additional \$20,000 benefit is payable when certain members of the National Guard and U.S Military reserves are killed in action after 10/7/01.</p>	<p><b>Benefit Amounts:</b>  <b>THIC:</b> <i>At retirement:</i> Monthly benefit is \$4.00 per year of servers per month with no cap on the benefit amount.  <i>Disability retirement:</i> If retire on disability or go on long-term disability under VLDP the benefit is either: (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</p>	<p><b>Benefit Amounts:</b>  <i>Short-Term Disability:</i> Beginning after a 7 calendar-day waiting period from the first day of disability. Employees are eligible for non-work related coverage after one year of continuous participation with their current employer. During the first 5 years of continuous participation employees are eligible for 60% of their pre-disability income. Once the eligibility period is satisfied employees are eligible for higher income replacement levels.</p>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Plan Description (continued)**

<b>Group Life Insurance</b>	<b>Line of Duty Act</b>	<b>Teacher Health Insurance Credit Program</b>	<b>Virginia Local Disability Program</b>
The benefit amounts are subject to a reduction factor. The amount reduced by 25% on January 1 following one calendar year of separation, and an additional 25% reduction on each January 1 until it reached 25% of its original value.	<i>Health Insurance:</i> beginning July 1, 2017 the health insurance benefits are managed through the Virginia department of human resource management and modeled after the state employee plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals must continue to meet eligibility requirements as defined by the Act.	<i>NTHIC: At retirement:</i> Monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. <i>Disability retirement:</i> For employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is \$45.00 per month.	<i>Long-Term Disability:</i> Begins after 125 workdays of short-term disability. Eligible if member is unable to work at all or less than 20 hours per week. Members will receive 60% of their pre-disability income and will be offset by any worker's compensation benefit.
<b>Minimum benefit and COLA:</b> For members with at least 30 years of creditable service there is a minimum benefit set and is increased annually based on the VRS Plan 2 cost of living adjustment.	<b>Program Notes:</b>	<b>Program Notes:</b> The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for HIC as a retiree.	<b>Program Notes:</b> If the member is aged 60 or older will be eligible for the benefit provided they remain medically eligible.

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

<b>Non-Teacher HIC</b>	<b>School Board</b>
Inactive members and beneficiaries currently receiving benefits	0
Active Employees:	316
<b>Total</b>	<b>316</b>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Contribution Requirements**

***Group Life Insurance Program (GLI):***

The contribution requirements for GLI are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to GLI from the City were \$375,217 and \$432,439 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to GLI for the School Board were \$493,598 and \$470,273 for the years ended June 30, 2021 and June 30, 2020 respectively.

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

The contribution requirements for LODA are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for LODA for the year ended June 30, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the City were \$383,043 and \$373,881 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 0.47% of covered employee compensation for employees in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school board to the VLDP were \$129,938 and \$101,154 for the years ended June 30, 2021 and June 30, 2020, respectively.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Contribution Requirements (continued)**

***Teacher and Non-Teacher Employee Health Insurance Credit Programs (THIC and NTHIC):***

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Program and 0.7% for employees in the Non-Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$1,010,627, and \$993,676 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the school division to the VRS Non-Teacher Employee HIC program were \$52,518 for the year ended June 30, 2021. This was the first year of contributions to this program.

**Long-Term Expected Rate of Return**

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

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

<b><i>GLI, THIC and VLDP Programs:</i></b>			
<b>Asset Class:</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS – Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP – Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
Inflation			<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Long-Term Expected Rate of Return (continued)**

- \* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%

**LODA:**

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

**Net OPEB Liability**

The net OPEB liability (NOL) for the GLI, HIC, LODA and VLDP represents the programs' total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the four programs are as follows:

	City and School - GLI	City - LODA	School – THIC	School - VLDP
Total OPEB liability	\$3,523,937,000	423,147,000	\$1,448,676,000	\$3,687,000
Plan fiduciary net position	1,855,102,000	4,333,000	144,160,000	2,886,000
Net OPEB liability	1,668,835,000	418,814,000	\$1,304,516,000	\$801,000
Fiduciary net position as a percent of total OPEB liability	52.64%	1.02%	9.95%	78.28%

The total OPEB liabilities are calculated by the System's actuary and the plan's fiduciary net position is reported in the System's financial statements. The net OPEB liabilities are disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

**Actuarial Methods and Assumptions**

The total GLI, THIC, NTHIC LODA and VLDP, OPEB liabilities were based on actuarial valuations as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Actuarial Methods and Assumptions (continued)**

	City and School - GLI	City - LODA	School THIC, NTHIC and VLDP
Investment rate of return, net of investment expenses, including inflation *	6.75%	2.21%	6.75%
Health Care cost trend rate:			
Under age 65	n/a	7.00%-4.75%	n/a
Age 65 and older	n/a	5.375% - 4.75%	n/a
Inflation Rate	2.50%	2.50%	2.50%
Projected salary increases:			
Locality – general	3.5% - 5.35%	n/a	3.5% - 5.35%
Locality – hazardous duty	3.5% - 4.75%	n/a	3.5% - 4.75%
Teachers	3.5% - 5.95%	n/a	3.5% - 5.95%

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

\* **LODA:** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

Mortality Rates are as follows for all plans:

Mortality Rates – Teachers:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Actuarial Methods and Assumptions (continued)**

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Mortality rates – Non-Largest Ten Locality Employers with Hazardous Duty and Public Safety Employees:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

	<b>General Employees</b>	<b>Teachers</b>	<b>Hazardous Duty Employees</b>
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020	Updated to a more current mortality table – RP-2014 projected to 2020	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.	Lowered rates at older ages and changed final retirement from 70 to 75	Increased age 50 rates and lowered rates at older ages

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Actuarial Methods and Assumptions (continued)**

	<b>General Employees</b>	<b>Teachers</b>	<b>Hazardous Duty Employees</b>
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year	Adjusted rates to better fit experience at each year age and service through 9 years of service	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates	Adjusted rates to better match experience	Adjusted rates to better match experience
Salary Scale	No change	No change	No change
Line of Duty Disability	Increased rate from 14% to 15%	n/a	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%	Decrease rate from 7.00% to 6.75%	Decrease rate from 7.00% to 6.75%

<b>LODA:</b>	<b>Public Safety Employees</b>
Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

**Discount Rate**

***Group Life Insurance Program:***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020 the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Discount Rate (continued)**

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

The discount rate used to measure the total LODA OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

***Virginia Local Disability Program:***

The discount rate used to measure the total School Board Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by the school division for the VRS VLDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

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

The discount rate used to measure the total Teacher and Non-Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020 the rate contributed by each school division for the VRS Teacher and Non-Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher and Non-Teacher Employee HIC OPEB liability.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

**Changes in the Net NTHIC Liability**

	Increase/(Decrease)		
	<b>School Board Non-Teacher HIC</b>		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at 6/30/2019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Changes for the Year:			
Benefit changes	622,573	-	622,573
<b>Net Changes</b>	<b>622,573</b>	<b>-</b>	<b>622,573</b>
<b>Balances at 6/30/2020</b>	<b>\$ 622,573</b>	<b>\$ -</b>	<b>\$ 622,573</b>

**Sensitivity of the Net OPEB Liability**

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

	<b>Net OPEB Liability analysis using Discount rate:</b>		
	1% lower (5.75%)	Current Rate (6.75%)	1% higher (7.75%)
City - GLI	\$7,404,778	\$5,632,832	\$4,193,829
School - GLI	\$9,640,275	\$7,333,367	\$5,549,942
School - THIC	\$13,792,982	\$12,321,811	\$11,071,421
School - NTHIC	\$691,129	\$622,573	\$563,715
School VLDP	\$51,852	\$34,104	\$18,770
	1% lower (1.21%)	Current Rate (2.21%)	1% higher (3.21%)
City - LODA	\$13,676,694	\$11,522,199	\$9,898,187

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

	<b>Net OPEB Liability using the health care cost trend rate:</b>		
	1% lower (6.00% decreasing to 3.75%)	Current rate (7.00% decreasing to 4.75%)	1% higher (5.00% decreasing to 5.75%)
City - LODA	\$9,523,474	\$11,522,199	\$14,136,505

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

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

At June 30, 2021, the City and School Board reported liabilities for the four various OPEB plans in the amount shown in the table below for their proportionate share of the OPEB plans. The OPEB Liabilities were measured as of June 30, 2020 and the total OPEB liabilities used to calculate the Net OPEB Liabilities were determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The City and School Board's GLI, THIC and VLDP OPEB liabilities were based on the covered employer's actuarially determined employer contributions to the plans for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. The City's proportion of the Net LODA OPEB liability was based on the City's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined pay-as-you go employer contributions for all participating employers.

At June 30, 2020, the City and School Board's respective proportions of the various programs as compared to the proportions for June 30, 2019 are shown in the table below.

	<u>City – GLI</u>	<u>City – LODA</u>	<u>School – GLI</u>	<u>School – THIC</u>	<u>School – VLDP</u>	<u>School – NTHIC</u>
Net OPEB Liability	\$5,632,832	\$11,522,199	\$7,333,367	\$12,321,811	\$34,104	\$622,573
<b>TOTALS FOR CITY AND SCHOOL</b>	<b>\$17,155,031</b>		<b>\$20,311,855</b>			
6/30/20 Proportionate share of contributions	0.33753%	2.75114%	0.43943%	0.94455%	4.10950%	n/a
6/30/19 Proportionate share of contributions	0.34159%	2.62930%	0.45715%	0.97557%	4.50925%	n/a

For the year ended June 30, 2021, the City and School Board OPEB expense for the various plans as shown below. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee VLDP and LODA Net OPEB expense was related to deferred amounts from changes in proportion.

	<u>OPEB Expense</u>
<u>City – GLI</u>	\$245,728
<u>City – LODA</u>	\$1,040,326
<u>School – GLI</u>	\$266,615
<u>School – THIC</u>	\$981,350
<u>School – NTHIC</u>	\$622,573
<u>School – VLDP</u>	\$93,815

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

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

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

	<u>City – GLI</u>		<u>City - LODA</u>		<u>School NTHIC</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Diff. between expected and actual experience	\$361,294	\$50,592	\$1,223,103	\$1,570,856	\$-	\$-
Investment Experience	169,205	-	-	16,383	-	-
Change in assumptions	281,706	117,617	3,084,580	718,011	-	-
Changes in proportion	138,404	137,749	533,284	564,076	-	-
Employer contributions subsequent to the MD	375,217	-	383,044	-	52,532	-
Total	\$1,325,826	\$305,958	\$5,224,011	\$2,869,326	\$52,532	\$-

	<u>School Board - GLI</u>		<u>School Board - THIC</u>		<u>School Board - VLDP</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Diff. Between expected and actual experience	\$470,308	\$65,866	\$-	\$164,553	\$18,074	\$8,971
Investment Experience	220,288	-	54,605	-	3,671	-
Change in Assumptions	366,752	153,125	243,585	67,323	3,445	386
Changes in proportion	207,138	312,039	373,593	566,914	802	2,079
Employer contributions subsequent to the MD	1,225,865	-	1,010,627	-	129,952	-
Total	\$2,490,351	\$531,030	\$1,682,410	798,790	\$155,944	\$11,436



**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 13. Other Postemployment Benefits Program – VRS Plans (Continued)**

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

The amounts shown in the totals earlier reported as deferred outflows of resources related to the OPEB from the City and School Boards contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

	<u>City – GLI</u>	<u>City – LODA</u>	<u>School – GLI</u>	<u>School – THIC plan</u>	<u>School – NTHIC plan</u>	<u>School – VLDP</u>
FY 2022	\$115,768	\$255,431	\$97,420	(\$27,727)	\$-	\$2,401
FY 2023	\$163,552	\$258,457	\$159,629	(\$22,314)	\$-	\$2,320
FY 2024	\$179,479	\$261,685	\$219,993	(\$24,128)	\$-	\$2,307
FY 2025	\$156,000	\$262,636	\$232,819	(\$9,334)	\$-	\$2,274
FY 2026	\$28,926	\$263,648	\$29,367	\$9,831	\$-	\$79
Thereafter	\$926	\$669,784	(\$5,832)	(\$53,335)	\$-	\$5,175
<b>Total</b>	<b>\$644,651</b>	<b>\$1,971,641</b>	<b>\$733,396</b>	<b>(\$127,007)</b>	<b>\$-</b>	<b>\$14,556</b>

**Plan Fiduciary Net Positions**

Detailed information about the various programs' Fiduciary Net Position is available in the separately issued VRS 2019 ACFR, which may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 14. Commitments and Contingencies**

**Federally assisted grant programs:**

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

**Construction Commitments:**

The City has authorized expenditures for capital additions and construction of various governmental and utility capital projects. At June 30, 2021, projects expected to be completed at various dates through 2022 had a total unexpended balance of \$63,000,254 (governmental) and \$6,306,473 (utility).

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 14. Commitments and Contingencies (continued)**

**Encumbrances:**

The City has the following encumbrances as of June 30, 2021:

General Fund	Road Maintenance Fund	Capital Projects Fund	Non-Major Governmental Funds	Utility Fund	Non-Major Enterprise Fund	Internal Service Funds
\$3,328,039	\$4,983,667	\$63,000,254	\$1,363,106	\$6,306,473	\$329,828	\$3,316,698

**Lease Commitment:**

The City has authorized expenditures for capital lease payments, which include monthly and annual payments for repairs and maintenance costs. At June 30, 2021, lease payments and the associated repairs and maintenance commitments had a total unexpended balance of \$324,565.

**Litigation:**

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

**Note 15. Risk Management**

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

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

**Self-Insurance – City:**

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

Claims payable reported in the Risk Management Fund at June 30, 2021 consists of all current self-insured claims payable, including an estimate of incurred but not reportable claims amounting to \$4,326,719 the current portion of which is \$2,832,911. Claims payable for health insurance are based on current enrollment and benefits and historical experience.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 15. Risk Management (Continued)**

**Self-Insurance – City (continued):**

Claims payable for workers' compensation and property and liability are based on insurance coverage and specific claims which have presented. Following is a summary of changes in claims payable for the fiscal years ended June 30, 2021 and 2020:

		<b>Beginning Balance</b>	<b>Claims and Reserves</b>	<b>Claim Payments</b>	<b>Ending Balance</b>
Workers' Compensation					
	2021	\$ 1,800,318	\$ 871,485	\$ 777,995	\$ 1,893,808
	2020	\$ 1,068,781	\$ 1,294,705	\$ 563,168	\$ 1,800,318
Property and Liability					
	2021	\$ 726,270	\$ 1,922,734	\$ 1,515,661	\$ 1,133,343
	2020	\$ 186,655	\$ 1,305,185	\$ 765,570	\$ 726,270
Health Insurance					
	2021	\$ 1,032,047	\$ 15,753,691	\$ 15,486,170	\$ 1,299,568
	2020	\$ 1,445,185	\$ 12,539,571	\$ 12,952,709	\$ 1,032,047

**Self-Insurance – School Board:**

The School Board is self-insured for workers' compensation benefits. Charges are made to the School Operating, Grants, and Food Service Funds as approved by City Council in the annual operating budgets. Any excess charges are reflected as nonspendable balance for workers' compensation claims in the School Operating Fund. At June 30, 2021, \$225,000 of fund balance was allocated for purposes of funding future claims.

Claims are paid by a third-party administrator acting in behalf of the School Board under terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The plan pays all claims up to \$600,000 for each covered accident. Any claims exceeding \$600,000 for each covered accident are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2021, the workers' compensation benefit obligation consisted of \$709,409 in reported unpaid claims and estimated incurred but not reported claims.

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

Changes in the balance of claims liabilities during the years ended June 30, 2021 and 2020, are as follows:

		<b>Beginning Balance</b>	<b>Claims and Reserves</b>	<b>Claim Payments</b>	<b>Ending Balance</b>
Workers' Compensation					
	2021	\$ 802,509	\$ 431,855	\$ 524,957	\$ 709,407
	2020	\$ 758,625	\$ 675,100	\$ 631,216	\$ 802,509

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 15. Risk Management (Continued)**

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

Claims are paid by a third-party administrator acting on behalf of the School Board under terms of a contractual agreement. The plan pays all claims up to \$125,000 for each participant. Any claims exceeding \$125,000 for each participant are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2021, School Operating Fund prepaids of \$95,000 were held for purposes of funding the School Board's future claims liabilities. As a result, \$285,122 of the School Operating Fund balance is allocated for payment of future claims liabilities.

**Note 16. Subsequent Events**

On October 5, 2021, the City issued \$27,305,000 of authorized Tax-Exempt General Obligation and Refunding bonds, with maturity dates of February 1, 2042. These bonds were issued to finance capital projects approved in the FY2022 Capital Improvements Plan. In addition, on the same date, the City issued \$18,970,000 of taxable refunding bonds, the proceeds of which are to be used to refund \$16,825,000 of existing general obligation bonds, for future debt service savings. The final maturities of the refunded bonds both tax-exempt and taxable were not extended.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 17. Fund Balances**

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

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Road Maintenance Fund</b>	<b>Debt Service Fund</b>	<b>Non-major Governmental Funds</b>
<b>Nonspendable:</b>					
Inventories	\$ 95,434	\$ -	\$ -	\$ -	\$ 45,654
<b>Total Nonspendable</b>	<b>95,434</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,654</b>
<b>Restricted for:</b>					
Judicial Administration	-	-	-	-	1,124,411
Public Safety	160,253	-	-	-	133,078
Public Works	1,241,323	-	-	-	6,664
Cemetery Care	-	-	-	-	1,008,581
Health and Welfare	-	-	-	-	1,234
Community Development	-	-	-	-	383,672
Transportation	-	-	-	-	2,156,913
Parks and Recreation	-	-	-	-	102,198
General Government	-	-	-	-	654,325
Capital Outlay:	-	1,775,364	-	-	-
Roadway Projects	-	24,713,769	15,857,787	-	-
Schools	-	1,308,145	-	-	-
Public Facilities	-	3,410,932	-	-	-
Aviation	-	94,355	-	-	-
Recreation facilities	-	15,078,814	-	-	-
Debt Service	-	-	-	-	-
<b>Total Restricted</b>	<b>1,401,576</b>	<b>46,381,379</b>	<b>15,857,787</b>	<b>-</b>	<b>5,571,076</b>
<b>Committed to:</b>					
General Government	526,920	-	-	-	619,909
Judicial administration	265,574	-	-	-	-
Public Safety - Police	316,229	-	-	-	-
Public Safety - Fire	814,894	-	-	-	-
Education	540,020	-	-	-	-
Public Works	-	-	-	-	272,241
Route 17 Taxing District	-	-	-	-	5,082,263
Economic Development Incentives	2,992,641	-	-	-	-
Budget Stabilization fund	8,100,664	-	-	-	-
Capital Outlay	-	10,232,234	-	-	-
Capital Projects Reserve	11,703,513	-	-	-	-
Debt Service	-	-	-	492,720	-
<b>Total Committed</b>	<b>25,260,455</b>	<b>10,232,234</b>	<b>-</b>	<b>492,720</b>	<b>5,974,413</b>
<b>Assigned to:</b>					
General Government Administration	126,218	-	-	-	-
Judicial Administration	8,829	-	-	-	-
Public Safety - Police	33,310	-	-	-	-
Public Safety - Fire	534,667	-	-	-	-
Public Works	66,582	-	-	-	-
Social Services	16,838	-	-	-	-
Parks, Recreation and Cultural	69,370	-	-	-	-
Community Development	644,713	-	-	-	-
<b>Total Assigned</b>	<b>1,500,527</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unassigned</b>	<b>81,006,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,819)</b>
<b>Total Fund Balance</b>	<b>\$ 109,264,630</b>	<b>\$ 56,613,613</b>	<b>\$ 15,857,787</b>	<b>\$ 492,720</b>	<b>\$ 11,580,324</b>

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 17. Fund Balances (continued)**

The City Council has adopted a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget. The adopted policy also established a budget stabilization fund the policy states that any excess amounts over the 20% will be dedicated to the budget stabilization fund, until that reaches 2% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The amounts in the budget stabilization fund can only be drawn with the approval of City Council in an emergency situation, that would result in increased expenditures over budgeted amount or significant shortfalls in revenue.

**Note 18. Tax Abatement Agreements**

As of June 30, 2021, the City provides tax abatement through two programs -- the land use program and the rehabilitated structures program.

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

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

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

Tax Abatement Program	<u>Amount of Taxes Abated</u>	
	City Wide Real Estate	Downtown Business Overlay District
Land Use program	\$4,218,235	\$-
Rehabilitated Structures	\$71,700	\$68,420

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 19. Future Accounting Standards**

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

**GASB Statement No. 87, *Leases***, improves the accounting and financial reporting for leases entered into by governments. This statement is effective for fiscal year ending June 30, 2021; however, with the implementation of Statement No. 95, this has been delayed to fiscal year ending June 30, 2022.

**GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement is effective for the fiscal year ending June 30, 2021; however, with the implementation of Statement No. 95, this has been delayed to fiscal year ending June 30, 2022.

**GASB Statement No. 91, *Conduit Debt Obligations***, provides a single method of reporting conduit debt obligations by issue and eliminates diversity in practice. This statement is effective for the fiscal year ending June 30, 2022; however, with the implementation of Statement No. 95, this has been delayed to fiscal year ending June 30, 2023.

**GASB Statement No. 92, *Omnibus 2020***, the objective of which is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement is effective for the fiscal year ending June 30, 2021; however, with the implementation of GASB Statement No. 95, this has been delayed to fiscal year ending June 30, 2022.

**GASB Statement No. 93, *Replacement of Interbank Offered Rates***, addresses the accounting and financial reporting implications that result from the replacement of an IBOR (interbank offered rate). Portions of this statement are effective for the fiscal year ending June 30, 2021 and other portions are effective for the fiscal year ending June 30, 2022. With the implementation of GASB Statement No. 95, the implementation dates have been moved to FY2022 and FY2023 respectively.

**GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***, the primary objective of which is to improve financial reporting by addressing issues related to the Public-private and Public-public partnership arrangements. This statement is effective for the fiscal year ending June 30, 2023.

**GASB Statement No. 96, *Subscription-Based Information Technology Arrangements***, provides guidance on the accounting and financial reporting for subscriptions-based information technology arrangements for government end users. This statement is effective for the fiscal year ending June 30, 2023.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**Note 19. Future Accounting Standards (Continued)**

***GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, and Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32***, the objective of which are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board, (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units, and (3) enhance the relevance, consistency and comparability of the account and financial reporting for the Internal Revenue Code Section 457 deferred compensation plans. This statement is effective for the fiscal year ending June 30, 2022.

The GASB has issued the following implementation guides that will be effective for the fiscal years shown, Implementation Guide No. 2019-3, effective FY2022, Implementation Guide No. 2020-1 with effective dates starting in FY2022, and Implementation Guide No. 2021-1 with effective dates starting in FY2022.

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



## **REQUIRED SUPPLEMENTARY INFORMATION**

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## CITY OF SUFFOLK, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**GENERAL FUND**  
**Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES</b>				
General property taxes:				
Real estate	\$ 110,770,470	\$ 111,822,748	\$ 111,770,586	\$ (52,162)
Personal property	23,575,894	23,575,894	24,374,098	798,204
Public service corporations	4,600,000	4,600,000	4,822,307	222,307
Machinery and tools	-	-	1,904,068	1,904,068
Payments in Lieu of Taxes	3,000	3,000	-	(3,000)
Penalties	1,300,000	1,300,000	1,546,895	246,895
Total general property taxes	140,249,364	141,301,642	144,417,954	3,116,312
Other Local Taxes				
Sales and use	11,300,000	11,300,000	15,618,307	4,318,307
Utility tax	4,700,000	4,700,000	4,864,689	164,689
Communication taxes	2,800,000	2,800,000	2,627,477	(172,523)
Business and occupational licenses	7,500,000	7,500,000	9,212,742	1,712,742
Motor vehicle license	2,400,000	2,400,000	2,682,701	282,701
Bank stock	650,000	650,000	706,211	56,211
Recordation	1,800,000	1,800,000	2,448,497	648,497
Tobacco	1,900,000	1,900,000	2,028,076	128,076
Lodging	1,000,000	1,000,000	1,657,435	657,435
Meals	10,800,000	10,800,000	11,239,883	439,883
Admission	250,000	250,000	6,013	(243,987)
Total other local taxes	45,100,000	45,100,000	53,092,031	7,992,031
Permits, fees, and licenses				
Animal license	35,000	35,000	29,279	(5,721)
Permits and other licenses	1,330,700	1,330,700	2,064,879	734,179
Total permits, fees, and licenses	1,365,700	1,365,700	2,094,158	728,458
Fines and forfeitures	810,000	810,000	700,327	(109,673)
Revenue from use of money and property:				
Revenue from use of money	800,000	800,000	436,821	(363,179)
Revenue from use of property	376,706	376,706	345,952	(30,754)
Total use of money and property	1,176,706	1,176,706	782,773	(393,933)
Charges for services:				
Court costs	228,787	228,787	272,085	43,298
Commonwealth's Attorney fee	10,000	10,000	7,376	(2,624)
Police and traffic control	50,000	50,000	29,804	(20,196)
Charges for fire and rescue service	2,201,419	2,201,419	2,291,822	90,403
Charges for other protection	50,000	50,000	15,987	(34,013)
Charges for parks and recreation	600,000	600,000	212,226	(387,774)
Charges for library	20,000	20,000	1,551	(18,449)
Charges for tourism	26,100	26,100	4,184	(21,916)
Charges for planning and community development	50	50	-	(50)
Charges for other services	227,500	227,500	238,316	10,816
Total charges for services	3,413,856	3,413,856	3,073,351	(340,505)

(Continued)

## CITY OF SUFFOLK, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**GENERAL FUND**  
**Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES (Continued)</b>				
Miscellaneous revenues				
Miscellaneous	\$ 1,686,037	\$ 1,686,037	\$ 849,001	\$ (837,036)
Total revenue from local sources	193,801,663	194,853,941	205,009,595	10,155,654
Revenue from the Commonwealth:				
Noncategorical aid:				
Tax on deeds	350,000	350,000	559,903	209,903
Railroad rolling stock tax	130,000	130,000	125,252	(4,748)
House bill 599 funds	3,200,896	3,200,896	3,194,514	(6,382)
PPTRA	10,169,730	10,169,730	10,169,730	-
Mobile home titling tax	25,000	25,000	22,568	(2,432)
Vehicle rental tax	150,000	150,000	248,102	98,102
Games of skill	-	-	210,384	210,384
Total noncategorical aid	14,025,626	14,025,626	14,530,453	504,827
Categorical aid:				
Commonwealth's Attorney	1,065,744	1,065,744	1,169,971	104,227
Commissioner of the Revenue	188,983	188,983	208,582	19,599
Treasurer	219,529	219,529	243,171	23,642
Sheriff	980,485	980,485	1,082,432	101,947
Circuit Court Clerk	557,089	619,695	621,676	1,981
Registrar	47,586	47,586	66,083	18,497
Total categorical aid	3,059,416	3,122,022	3,391,915	269,893
Other categorical aid:				
Public assistance and welfare administration	4,358,848	4,358,848	4,146,735	(212,113)
Police	300,000	300,000	413,548	113,548
Fire and rescue	394,584	394,584	409,502	14,918
Library	167,486	167,486	185,669	18,183
Total other categorical aid	5,220,918	5,220,918	5,155,454	(65,464)
Total categorical aid	8,280,334	8,342,940	8,547,369	204,429
Total revenue from the Commonwealth	22,305,960	22,368,566	23,077,822	709,256
Revenue from the Federal government				
Categorical aid:				
Public assistance and welfare administration	5,064,374	5,064,374	5,228,204	163,830
Public Safety	-	-	32,248	32,248
Parks, recreation and cultural	20,000	20,000	20,442	442
Total revenue from the Federal government	5,084,374	5,084,374	5,280,894	196,520
Total revenues	221,191,997	222,306,881	233,368,311	11,061,430

(Continued)

## CITY OF SUFFOLK, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**GENERAL FUND**  
**Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>EXPENDITURES</b>				
General Government administration:				
Legislative:				
City Council	\$ 471,060	\$ 471,060	\$ 390,895	\$ 80,165
General and financial administration:				
City Manager	1,107,984	1,154,475	1,154,475	-
Budget and strategic planning	352,848	355,658	355,658	-
City Attorney	1,163,968	1,313,968	1,233,667	80,301
Human resources	1,045,276	1,049,276	1,039,817	9,459
Commissioner of the Revenue	1,105,344	1,105,344	1,088,603	16,741
City Assessor	1,858,196	1,858,196	1,642,929	215,267
City Treasurer	1,644,388	1,649,180	1,601,832	47,348
Finance	1,583,291	1,590,480	1,586,850	3,630
Purchasing	331,989	335,955	335,955	-
Capital program management	4,463,897	4,463,897	4,131,352	332,545
Media and community relations	821,003	1,046,003	1,044,649	1,354
Local and regional organizations	1,242,101	1,255,321	1,255,321	-
Board of Elections:				
Registrar	693,851	693,851	684,259	9,592
Total general government administration	17,885,196	18,342,664	17,546,262	796,402
Judicial administration:				
Courts:				
Circuit Court	211,962	212,593	212,593	-
District Court	82,585	82,585	61,670	20,915
Magistrate	21,161	21,161	15,561	5,600
Juvenile and Domestic Relations Court	17,560	17,560	11,726	5,834
Juvenile and Domestic Relations Court Service Unit	973,435	1,076,349	1,076,349	-
Circuit Court Clerk	1,603,590	1,692,187	1,659,078	33,109
Sheriff	2,948,346	3,027,593	3,027,593	-
Commonwealth's Attorney	3,488,817	3,751,214	3,454,266	296,948
Total judicial administration	9,347,456	9,881,242	9,518,836	362,406
Public safety:				
Police	25,514,387	25,344,043	23,960,350	1,383,693
Communications	1,990,724	1,990,724	1,817,971	172,753
Property seizure program - Federal	-	186,078	14,636	171,442
Police E-ticketing	-	155,370	24,986	130,384
Confiscation program - State	-	115,696	-	115,696
DARE	-	2,850	-	2,850
Fire	32,309,162	33,421,569	32,986,638	434,931
Western Tidewater Regional Jail	4,492,631	4,492,631	4,492,631	-
Animal shelter and management	957,257	957,257	827,345	129,912
Emergency services	18,267	18,267	7,957	10,310
Total public safety	65,282,428	66,684,485	64,132,514	2,551,971
Public works:				
Administration	1,051,909	1,074,919	1,071,864	3,055
Total public works	1,051,909	1,074,919	1,071,864	3,055

(Continued)

## CITY OF SUFFOLK, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**GENERAL FUND**  
**Year Ended June 30, 2021**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>EXPENDITURES (Continued)</b>				
Health and welfare:				
Western Tidewater Health Department	\$ 920,000	\$ 920,000	\$ 920,000	\$ -
Western Tidewater CSB	363,021	363,021	363,021	-
Social Services	11,754,552	11,742,836	10,790,995	951,841
Comprehensive Services Act	2,507,538	2,519,254	2,519,254	-
Total health and welfare	15,545,111	15,545,111	14,593,270	951,841
Education:				
Contributions to component unit school board	62,332,201	65,592,442	65,052,422	540,020
Lease rent of building	442,979	474,324	474,324	-
Total education	62,775,180	66,066,766	65,526,746	540,020
Parks, recreation, and cultural:				
Parks and recreation	2,827,714	2,836,642	2,661,978	174,664
Parks and recreation maintenance	2,992,773	3,005,648	2,802,918	202,730
Parks and recreation - recreation	2,331,979	2,340,286	2,086,581	253,705
Public libraries	3,376,267	3,376,267	3,248,723	127,544
Total parks, recreation, and cultural	11,528,733	11,558,843	10,800,200	758,643
Community Development:				
Planning and community development	4,533,507	4,639,706	4,328,259	311,447
Economic development	1,099,100	4,520,406	3,148,518	1,371,888
Tourism	768,394	768,394	712,904	55,490
Cooperative extension services	69,688	69,688	50,850	18,838
Total community development	6,470,689	9,998,194	8,240,531	1,757,663
Nondepartmental:				
Salary, fringe benefits and insurance	642,470	1,564,413	737,430	826,983
Other Miscellaneous	210,000	36,543	21,689	14,854
Total nondepartmental	852,470	1,600,956	759,119	841,837
Total expenditures	190,739,172	200,753,180	192,189,342	8,563,838
Excess of revenues over expenditures	30,452,825	21,553,701	41,178,969	19,625,268
<b>OTHER FINANCING SOURCES (USES)</b>				
Fund Balance Surplus	1,000,000	13,199,518	-	13,199,518
Transfers in	2,907,451	2,907,451	2,907,451	-
Transfers out	(34,360,276)	(37,660,670)	(35,572,236)	(2,088,434)
Total other financing uses, net	(30,452,825)	(21,553,701)	(32,664,785)	11,111,084
Net change in fund balances	\$ -	\$ -	\$ 8,514,184	\$ 8,514,184
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ 8,514,184	
Encumbrances			3,328,040	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 4)			\$ 11,842,224	

## CITY OF SUFFOLK, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - BUDGETARY BASIS  
ROAD MAINTENANCE FUND  
For the Year Ended June 30, 2021**

	Road Maintenance			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Permits, fees and licenses	\$ 370,000	\$ 370,000	\$ 389,903	\$ 19,903
Fines and forfeitures	250,000	250,000	368,477	118,477
Revenue from use of money and property	15,000	15,000	67,409	52,409
Charges for services	1,307,056	1,307,056	1,176,447	(130,609)
Miscellaneous	24,500	24,500	20,696	(3,804)
Intergovernmental:				
Revenue from the Commonwealth	24,390,615	24,390,615	25,061,615	671,000
Fund balance (rollover/appropriations)	2,558,430	6,466,267	-	(6,466,267)
Total revenues	28,915,601	32,823,438	27,084,547	(5,738,891)
EXPENDITURES				
Current:				
Public Works	26,610,786	30,703,599	28,414,033	2,289,566
Total expenditures	26,610,786	30,703,599	28,414,033	2,289,566
Deficiency of revenues under expenditures	2,304,815	2,119,839	(1,329,486)	(3,449,325)
OTHER FINANCING USES				
Transfers in	-	230,640	230,640	-
Transfers out	(2,304,815)	(2,350,479)	(2,350,479)	-
Total other financing uses, net	(2,304,815)	(2,119,839)	(2,119,839)	-
Net change in fund balances	\$ -	\$ -	\$ (3,449,325)	\$ (3,449,325)

## Reconciliation to Governmental Fund Statement:

Total net change in fund balance	\$ (3,449,325)
Encumbrances	4,983,667
Total net change in fund balance per Statement of Revenues, Expenditures and changes in Fund Balance (Exhibit 4)	<u>\$ 1,534,342</u>

## CITY OF SUFFOLK, VIRGINIA

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30,

	2014	2015	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>							
Service cost	\$ 6,994,155	\$ 7,018,182	\$ 7,104,813	\$ 7,259,255	\$ 7,533,051	\$ 7,567,281	\$ 8,132,336
Interest	15,882,027	16,812,748	17,359,071	18,400,909	19,140,479	20,613,324	21,574,861
Changes in assumptions	-	-	-	(690,942)	-	9,986,163	-
Difference between expected and actual experience	-	(5,841,034)	1,303,368	(2,868,934)	6,884,588	651,344	1,274,360
Benefit payments, including refunds of employee contributions	(9,322,789)	(9,837,539)	(10,533,021)	(11,234,683)	(11,835,331)	(13,199,609)	(14,133,599)
Net change in total pension liability	13,553,393	8,152,357	15,234,231	10,865,605	21,722,787	25,618,503	16,847,958
Total pension liability -- beginning	231,547,492	245,100,885	253,253,242	268,487,473	279,353,078	301,075,865	326,694,368
Total pension liability -- ending	\$ 245,100,885	\$ 253,253,242	\$ 268,487,473	\$ 279,353,078	\$ 301,075,865	\$ 326,694,368	\$ 343,542,326
<b>Plan fiduciary net position</b>							
Contributions -- employer	\$ 7,684,006	\$ 7,327,510	\$ 7,519,618	\$ 6,958,618	\$ 7,172,294	\$ 7,031,636	\$ 7,256,065
Contributions -- employee	2,877,613	2,851,871	2,962,118	3,248,534	3,241,083	3,260,682	3,361,141
Net investment income	28,132,949	9,496,953	3,824,803	26,854,025	18,158,127	17,460,442	5,284,646
Benefit payments, including refunds of employee contributions	(9,322,789)	(9,837,539)	(10,533,021)	(11,234,683)	(11,835,331)	(13,199,609)	(14,133,599)
Administrative expense	(149,011)	(127,715)	(132,646)	(152,890)	(154,614)	(171,506)	(178,495)
Other	1,483	(2,019)	(1,608)	(24,013)	(16,278)	(11,042)	(6,273)
Net change in plan fiduciary net position	29,224,251	9,709,061	3,639,264	25,649,591	16,565,281	14,370,603	1,583,485
Plan fiduciary net position -- beginning	177,492,218	206,716,469	216,425,533	220,064,797	245,714,388	262,279,669	276,650,272
Plan fiduciary net position -- ending	\$ 206,716,469	\$ 216,425,530	\$ 220,064,797	\$ 245,714,388	\$ 262,279,669	\$ 276,650,272	\$ 278,233,757
Total net pension liability -- beginning	\$ 54,055,274	\$ 38,384,416	\$ 36,827,709	\$ 48,422,676	\$ 33,638,690	\$ 38,796,196	\$ 50,044,096
Total net pension liability -- ending	\$ 38,384,416	\$ 36,827,712	\$ 48,422,676	\$ 33,638,690	\$ 38,796,196	\$ 50,044,096	\$ 65,308,569
Plan fiduciary net position as a percentage of total pension liability	84.34%	85.46%	81.96%	87.96%	87.11%	84.68%	80.99%
Covered payroll	\$ 55,954,879	\$ 63,639,606	\$ 59,144,296	\$ 64,085,203	\$ 67,302,874	\$ 67,256,705	\$ 69,343,981
Net pension liability as a percentage of covered payroll	68.60%	57.87%	81.87%	52.49%	57.64%	74.41%	94.18%

Schedules are intended to show information for 10 years. Additional years will be included as they become available.

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

## CITY OF SUFFOLK, VIRGINIA

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S (NON-TEACHER) NET PENSION LIABILITY (ASSET) AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30,

	2014	2015	2016	2017	2018	2019	2020
<b>Total Pension Liability</b>							
Service cost	\$ 738,127	\$ 713,970	\$ 733,174	\$ 668,468	\$ 648,762	\$ 642,823	\$ 687,145
Interest	1,455,330	1,537,449	1,650,099	1,706,059	1,742,804	1,849,648	1,921,663
Changes of assumptions	-	-	-	(209,695)	-	801,043	-
Difference between expected and actual experience	-	304,251	(570,559)	(515,637)	270,296	(42,381)	148,865
Benefit payments, including refunds of employee contributions	(1,049,323)	(991,325)	(901,450)	(1,125,127)	(1,123,413)	(1,147,613)	(1,263,572)
Net change in total pension liability	1,144,134	1,564,345	911,264	524,068	1,538,449	2,103,520	1,494,101
Total pension liability -- beginning	21,315,088	22,459,222	24,023,567	24,934,831	25,458,899	26,997,348	29,100,868
Total pension liability -- ending	<u>\$ 22,459,222</u>	<u>\$ 24,023,567</u>	<u>\$ 24,934,831</u>	<u>\$ 25,458,899</u>	<u>\$ 26,997,348</u>	<u>\$ 29,100,868</u>	<u>\$ 30,594,969</u>
<b>Plan fiduciary net position</b>							
Contributions -- employer	\$ 587,401	\$ 477,042	\$ 663,115	\$ 393,829	\$ 395,475	\$ 356,625	\$ 351,095
Contributions -- employee	330,019	312,739	314,507	324,226	324,119	341,637	339,946
Net investment income	3,042,856	1,014,884	405,924	2,848,179	1,910,589	1,823,319	548,651
Benefit payments, including refunds of employee contributions	(1,049,323)	(991,325)	(901,450)	(1,125,127)	(1,123,413)	(1,147,613)	(1,263,572)
Administrative expense	(16,345)	(13,901)	(14,198)	(16,505)	(16,379)	(18,028)	(18,730)
Other	161	(215)	(171)	(2,534)	(1,688)	(1,148)	(679)
Net change in plan fiduciary net position	2,894,769	799,224	467,727	2,422,068	1,488,703	1,354,792	(43,289)
Plan fiduciary net position -- beginning	19,344,130	22,238,899	23,038,123	23,505,850	25,927,918	27,416,621	28,771,413
Plan fiduciary net position -- ending	<u>\$ 22,238,899</u>	<u>\$ 23,038,123</u>	<u>\$ 23,505,850</u>	<u>\$ 25,927,918</u>	<u>\$ 27,416,621</u>	<u>\$ 28,771,413</u>	<u>\$ 28,728,124</u>
Total net pension liability -- beginning	<u>\$ 1,970,958</u>	<u>\$ 220,323</u>	<u>\$ 985,444</u>	<u>\$ 1,428,981</u>	<u>\$ (469,019)</u>	<u>\$ (419,273)</u>	<u>\$ 329,455</u>
Total net pension liability (asset) -- ending	<u>\$ 220,323</u>	<u>\$ 985,444</u>	<u>\$ 1,428,981</u>	<u>\$ (469,019)</u>	<u>\$ (419,273)</u>	<u>\$ 329,455</u>	<u>\$ 1,866,845</u>
Plan fiduciary net position as a percentage of total pension liability	99%	96%	94%	102%	102%	99%	94%
Covered payroll	\$ 6,739,997	\$ 6,271,733	\$ 7,303,711	\$ 6,556,134	\$ 6,718,706	\$ 7,179,989	\$ 7,228,784
Net pension liability (asset) as a percentage of covered payroll	3.27%	15.71%	19.57%	-7.15%	-6.24%	4.59%	25.83%

Schedules are intended to show information for 10 years. Additional years will be included as they become available.

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



## CITY OF SUFFOLK, VIRGINIA

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY - SCHOOL BOARD TEACHER RETIREMENT PLAN  
FOR THE YEAR ENDED JUNE 30,

	2014	2015	2016	2017	2018	2019	2020
Employer's proportion of the net pension liability	0.93031%	0.91814%	0.94584%	0.95248%	0.95078%	0.98036%	0.94792%
Employer's proportionate share of the net pension liability	\$ 112,425,000	\$ 115,560,000	\$ 132,551,000	\$ 117,136,000	\$ 111,812,000	\$ 129,020,948	\$ 137,947,254
Employer's covered payroll	89,528,345	68,193,037	71,032,824	73,624,141	76,657,195	81,801,705	82,806,334
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	125.57%	169.46%	186.61%	159.10%	145.86%	157.72%	166.59%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	70.88%	73.51%	71.47%

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

Schedules are intended to show information for 10 years. Since 2014 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30,**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>City Pension Plan:</b>					
2012	\$ 8,483,177	\$ 8,526,249	\$ (43,072)	\$ 52,788,904	16.15%
2013	10,018,672	10,197,688	(179,016)	53,979,914	18.89%
2014	10,385,226	10,526,564	(141,338)	55,954,879	18.81%
2015	8,171,325	8,321,012	(149,687)	63,639,606	13.08%
2016	6,772,022	8,035,838	(1,263,816)	59,144,296	13.59%
2017	7,068,598	7,030,967	37,631	64,085,203	10.97%
2018	7,423,507	7,309,368	114,139	67,302,874	10.86%
2019	7,243,547	7,200,075	43,472	67,256,705	10.71%
2020	7,468,347	7,462,406	5,941	69,343,981	10.76%
2021	8,630,767	8,610,229	20,538	69,212,248	12.44%
<b>School Board (non-teacher) Pension Plan:</b>					
2012	\$ 628,539	\$ 787,554	\$ (159,015)	\$ 7,038,507	11.19%
2013	950,684	938,800	11,884	6,839,451	13.73%
2014	936,860	820,701	116,159	6,739,997	12.18%
2015	747,583	747,583	-	6,271,733	11.92%
2016	701,325	701,325	-	7,303,711	9.60%
2017	586,121	586,121	-	6,556,134	8.94%
2018	395,660	395,660	-	6,718,706	5.89%
2019	356,136	356,136	-	7,179,989	4.96%
2020	350,347	350,347	-	7,228,784	4.85%
2021	420,144	420,144	-	7,502,569	5.60%
<b>School Board Teacher Retirement Plan:</b>					
2012	\$ -	\$ 7,895,331	\$ (7,895,331)	\$ 58,745,022	13.44%
2013	-	11,648,391	(11,648,391)	74,383,084	15.66%
2014	-	10,439,005	(10,439,005)	89,528,345	11.66%
2015	11,594,588	11,594,588	-	68,193,037	17.00%
2016	11,533,874	11,533,874	-	71,032,824	16.24%
2017	11,760,656	11,760,656	-	73,624,141	15.97%
2018	12,290,506	12,290,506	-	76,657,195	16.03%
2019	12,543,319	12,543,319	-	81,801,705	15.33%
2020	12,616,285	12,616,285	-	82,806,334	15.24%
2021	13,881,507	13,881,507	-	83,522,903	16.62%

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2021**

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

**Changes in Benefit terms**

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

**Changes of assumptions**

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

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

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>- Update to a more current mortality table – RP2014 projected to 2020.</li><li>- Lowered retirement rates at older ages and changed final retirement from 70 to 75</li><li>- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service</li><li>- Lowered disability rates</li><li>- Increased line of duty disability rate from 14% to 15%</li><li>- Decreased discount rate from 7.00% to 6.75%</li></ul> | <ul style="list-style-type: none"><li>- Update to a more current mortality table – RP2014 projected to 2020</li><li>- Increased retirement rates -- age 50 rates, and lowered rates at older ages</li><li>- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.</li><li>- Adjusted disability rates to better fit experience.</li><li>- Decreased line of duty disability rate from 60% to 45%</li><li>- Decreased discount rate from 7.00% to 6.75%</li></ul> |
|---|--|

School Board Teacher Retirement Plan Employees:

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

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS - PLAN REPORTING**  
**CITY OPEB TRUST**  
**FOR THE YEAR ENDED JUNE 30,**

	2017	2018	2019	2020	2021
<b>Total OPEB Liability</b>					
Service cost	\$ 886,026	\$ 646,056	\$ 835,242	\$ 936,260	\$ 972,561
Interest	2,225,368	2,369,007	2,976,786	3,435,345	3,568,007
Difference between expected and actual experience	-	5,564,681	576,876	(479,096)	(109,112)
Changes of assumptions or other inputs	-	289,822	3,129,118	(863,241)	-
Benefit payments, including refunds of employee contributions	(1,060,396)	(1,454,455)	(1,655,212)	(1,349,107)	(1,242,451)
Net change in total OPEB liability	2,050,998	7,415,111	5,862,810	1,680,161	3,189,005
Total OPEB liability -- beginning	30,201,776	32,252,774	39,667,885	45,530,695	47,210,856
Total OPEB liability -- ending	<u>\$ 32,252,774</u>	<u>\$ 39,667,885</u>	<u>\$ 45,530,695</u>	<u>\$ 47,210,856</u>	<u>\$ 50,399,861</u>
<b>Plan fiduciary net position</b>					
Contributions -- employer	\$ 3,340,696	\$ 2,488,905	\$ 1,655,212	\$ 1,349,107	\$ 1,742,451
Net investment income	3,390,546	3,045,950	1,629,195	1,131,826	11,551,219
Benefit payments, including refunds of employee contributions	(1,060,396)	(1,454,455)	(1,655,212)	(1,349,107)	(1,242,451)
Administrative fees	-	(31,912)	(32,333)	(33,677)	(36,395)
Net change in plan fiduciary net position	5,670,846	4,048,488	1,596,862	1,098,149	12,014,824
Plan fiduciary net position -- beginning	25,720,279	31,391,125	35,439,613	37,036,475	38,134,624
Plan fiduciary net position -- ending	<u>\$ 31,391,125</u>	<u>\$ 35,439,613</u>	<u>\$ 37,036,475</u>	<u>\$ 38,134,624</u>	<u>\$ 50,149,448</u>
 Total net OPEB liability -- beginning	 \$ 4,481,497	 \$ 861,649	 \$ 4,228,272	 \$ 8,494,220	 \$ 9,076,232
Total Net OPEB liability -- ending	<u>\$ 861,649</u>	<u>\$ 4,228,272</u>	<u>\$ 8,494,220</u>	<u>\$ 9,076,232</u>	<u>\$ 250,413</u>
 Plan fiduciary net position as a percentage of total OPEB liability	 97.33%	 89.34%	 81.34%	 80.78%	 99.50%
 Covered payroll	 \$ 58,111,943	 \$ 67,302,874	 \$ 61,416,353	 \$ 69,886,884	 \$ 69,886,884
 Net OPEB Liability as a percentage of covered payroll	 1.48%	 6.28%	 13.83%	 12.99%	 0.36%

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

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

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S NET OPEB LIABILITY (ASSET) AND RELATED RATIOS**  
**SCHOOL BOARD OPEB TRUST**  
**FOR THE YEAR ENDED DECEMBER 31,**

	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service cost	\$ 518,107	\$ 456,968	\$ 458,381	\$ 474,424
Interest	1,168,697	1,034,554	1,024,964	1,124,926
Changes of benefit terms	(391,210)	-	-	-
Difference between expected and actual experience	(2,060,226)	(651,244)	695,593	(4,196,230)
Changes of assumptions or other inputs	1,303,406	34,634	-	26,928
Benefit payments, including refunds of employee contributions	(1,323,985)	(588,348)	(1,435,329)	(267,861)
Net change in total OPEB liability	(785,211)	286,564	743,609	(2,837,813)
Total OPEB liability -- beginning	14,411,142	13,625,931	13,912,495	14,656,104
Total OPEB liability -- ending	<u>\$ 13,625,931</u>	<u>\$ 13,912,495</u>	<u>\$ 14,656,104</u>	<u>\$ 11,818,291</u>
<b>Plan fiduciary net position</b>				
Contributions -- employer	\$ 1,323,985	\$ 588,348	\$ 1,435,329	\$ 267,861
Net investment income	2,073,264	(699,998)	2,823,320	2,533,238
Benefit payments, including refunds of employee contributions	(1,323,985)	(588,348)	(1,435,329)	(267,861)
Administrative expenses	(14,546)	(14,727)	(15,166)	(15,718)
Net change in plan fiduciary net position	2,058,718	(714,725)	2,808,154	2,517,520
Plan fiduciary net position -- beginning	13,406,521	15,465,239	14,750,514	17,558,668
Plan fiduciary net position -- ending	<u>\$ 15,465,239</u>	<u>\$ 14,750,514</u>	<u>\$ 17,558,668</u>	<u>\$ 20,076,188</u>
Total net OPEB liability (asset) -- beginning	<u>\$ 1,004,621</u>	<u>\$ (1,839,308)</u>	<u>\$ (838,019)</u>	<u>\$ (2,902,564)</u>
Total Net OPEB asset -- ending	<u>\$ (1,839,308)</u>	<u>\$ (838,019)</u>	<u>\$ (2,902,564)</u>	<u>\$ (8,257,897)</u>
Plan fiduciary net position as a percentage of total OPEB liability	113.50%	106.02%	119.80%	169.87%
Covered payroll	\$ 79,940,967	\$ 80,618,413	\$ 81,801,705	\$ 90,628,803
Net OPEB Asset as a percentage of covered payroll	-2.30%	-1.04%	-3.55%	-9.11%

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

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

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS -- OPEB PLAN**  
**LOCALLY OWNED OPEB TRUST**  
**FOR THE YEAR ENDED JUNE 30,**

Date		Actuarially Determined Contribution		Contributions in Relation to Required Contribution		Contribution Deficiency (Excess)		Employer's Covered Payroll		Contributions as a % of Covered Payroll
<b>City Plan:</b>										
2012	\$	2,109,900	\$	2,063,513	\$	46,387	\$	55,725,400		3.70%
2013		2,999,000		3,250,647		(251,647)		55,725,400		5.83%
2014		2,999,000		2,621,943		377,057		53,941,000		4.86%
2015		3,077,600		3,503,479		(425,879)		53,941,000		6.50%
2016		3,182,500		3,501,603		(319,103)		58,111,943		6.03%
2017		1,083,859		3,340,696		(2,256,837)		58,111,943		5.75%
2018		734,245		2,488,906		(1,754,661)		67,302,874		3.70%
2019		1,330,615		1,655,212		(324,597)		61,416,353		2.70%
2020		1,330,615		1,349,107		(18,492)		69,886,884		1.93%
2021		1,702,081		1,742,451		(40,370)		69,886,884		2.49%

**School Board**

2012	\$	2,328,700	\$	1,883,643	\$	445,057	\$	58,739,000		3.21%
2013		2,439,200		1,467,100		972,100		58,391,400		2.51%
2014		1,285,500		1,312,268		(26,768)		58,391,400		2.25%
2015		1,339,100		1,631,285		(292,185)		55,537,800		2.94%
2016		112,200		1,578,887		(1,466,687)		55,537,800		2.84%
2017		613,629		1,822,143		(1,208,514)		79,940,967		2.28%
2018		613,629		1,063,180		(449,551)		80,618,413		1.32%
2019		588,348		1,053,194		(464,846)		81,801,705		1.29%
2020		1,435,329		621,810		813,519		84,334,164		0.74%
2021		-		267,861		(267,861)		90,628,803		0.30%

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF ANNUAL MONEY WEIGHTED RATE OF RETURN ON OPEB PLAN INVESTMENTS**  
**LOCALLY OWNED OPEB TRUST**  
**FOR THE YEAR ENDED JUNE 30,**

	<b>City OPEB Trust</b>	<b>School Board OPEB Trust</b>
2017	13.04%	15.52%
2018	9.52%	9.52%
2019	4.67%	4.67%
2020	4.88%	4.88%
2021	30.05%	30.05%

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

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2021**

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

**Changes in Benefit Terms:**

There were no changes in the Plan's benefit provisions during the measurement period ending on June 30, 2020.

**Changes to assumptions or other inputs**

The following changes in assumptions were made as of June 30, 2021 for the valuation date of June 30, 2020:

- The Municipal Bond Index Rate, based on the 20-Bond average General Obligation 20-Year Municipal Bond Rate published at the end of the last week during the month of June by the Bond Buyer was updated to 2.21% as of the Measurement Dates; and,
- The long-term Health Care Cost Trend Rates were updated to reflect better anticipated plan experience.

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY LINE OF DUTY ACT PROGRAM (LODA) FOR THE CITY**  
**FOR THE YEAR ENDED JUNE 30,**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Employer's proportion of the net LODA OPEB liability	2.76316%	2.86170%	2.62930%	2.75114%
Employer's proportionate share of the net LODA OPEB liability	\$ 7,261,000	\$ 8,972,000	\$ 9,433,565	\$ 11,522,199
Employer's covered payroll	\$ 23,102,737	\$ 24,288,204	\$ 28,324,247	\$ 29,370,754
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	31.43%	36.94%	33.31%	39.23%
Plan fiduciary net position as a percentage of the total LODA OPEB liability	1.30%	0.60%	0.79%	1.02%

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

Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY GROUP LIFE INSURANCE PROGRAM (GLI) FOR THE CITY**  
**FOR THE YEAR ENDED JUNE 30,**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Employer's proportion of the net GLI OPEB liability	0.34781%	0.34952%	0.34159%	0.33753%
Employer's proportionate share of the net GLI OPEB liability	\$ 5,234,000	\$ 5,308,000	\$ 5,558,578	\$ 5,632,832
Employer's covered payroll	\$ 64,154,851	\$ 66,461,255	\$ 66,963,814	\$ 69,692,322
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.08%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%

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

Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.



## CITY OF SUFFOLK, VIRGINIA

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY GROUP LIFE INSURANCE PROGRAM (GLI) FOR THE SCHOOL BOARD  
FOR THE YEAR ENDED JUNE 30,

	2017	2018	2019	2020
Employer's proportion of the net GLI OPEB liability	0.40934%	0.44079%	0.45715%	0.43943%
Employer's proportionate share of the net GLI OPEB liability	\$ 6,704,000	\$ 6,695,000	\$ 7,439,047	\$ 7,333,367
Employer's covered payroll	\$ 82,175,449	\$ 83,814,437	\$ 89,616,947	\$ 90,437,143
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.11%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%

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

## CITY OF SUFFOLK, VIRGINIA

## REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY HEALTH INSURANCE CREDIT PLANS (THIC) FOR THE SCHOOL BOARD  
-- TEACHERS  
FOR THE YEAR ENDED JUNE 30,

	2017	2018	2019	2020
Employer's proportion of the net HIC OPEB liability	0.95031%	0.94832%	0.97557%	0.94455%
Employer's proportionate share of the net HIC OPEB liability	\$ 12,056,000	\$ 12,040,000	\$ 12,771,160	\$ 12,321,811
Employer's covered payroll	\$ 74,998,650	\$ 76,694,389	\$ 81,827,304	\$ 82,806,334
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.07%	15.70%	15.61%	14.88%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%	8.08%	8.97%	9.95%

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

Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

## CITY OF SUFFOLK, VIRGINIA

## REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET OPEB LIABILITY VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) - SCHOOL BOARD  
TEACHERS  
FOR THE YEAR ENDED JUNE 30,**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Employer's proportion of the net VLDP OPEB liability	4.31966%	4.37837%	4.50925%	4.10950%
Employer's proportionate share of the net VLDP OPEB liability	\$ 25,000	\$ 34,000	\$ 34,661	\$ 34,104
Employer's covered payroll	\$ 11,799,069	\$ 15,699,589	\$ 20,626,222	\$ 23,040,664
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.21%	0.22%	0.17%	0.15%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	31.96%	46.18%	74.12%	78.28%

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

Schedules are intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS - OPEB CITY STATE VRS PLANS**  
**FOR THE YEAR ENDED JUNE 30,**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contribution in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>City Group Life Insurance Program (GLI)</b>					
2012	\$ 149,073	\$ 149,073	\$ -	\$ 53,240,458	0.28%
2013	264,481	264,481	-	55,100,255	0.48%
2014	271,524	271,524	-	56,567,440	0.48%
2015	275,235	275,235	-	57,340,704	0.48%
2016	283,950	283,950	-	59,156,221	0.48%
2017	333,605	333,605	-	64,154,851	0.52%
2018	345,599	345,599	-	66,461,255	0.52%
2019	348,212	348,212	-	66,963,814	0.52%
2020	432,439	432,439	-	69,692,322	0.62%
2021	375,217	375,217	-	69,484,722	0.54%
<b>City Line of Duty Act Program (LODA)</b>					
2012	\$ 155,536	\$ 155,536	\$ -	\$ 21,148,864	0.74%
2013	246,435	246,435	-	21,550,008	1.14%
2014	283,038	283,038	-	21,413,893	1.32%
2015	274,077	274,077	-	21,823,152	1.26%
2016	270,316	270,316	-	21,832,593	1.24%
2017	298,011	298,011	-	23,102,737	1.29%
2018	304,819	304,819	-	24,288,204	1.26%
2019	352,885	352,885	-	28,324,247	1.25%
2020	373,881	373,881	-	29,370,754	1.27%
2021	383,044	383,044	-	27,241,531	1.41%

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS - OPEB SCHOOL BOARD STATE VRS PLANS**  
**FOR THE YEAR ENDED JUNE 30,**

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b>School Board Group Life Insurance Program (GLI)</b>					
2012	\$ 218,349	\$ 218,349	\$ -	\$ 77,981,783	0.28%
2013	375,924	375,924	-	78,317,242	0.48%
2014	366,756	366,756	-	76,407,583	0.48%
2015	366,410	366,410	-	76,335,421	0.48%
2016	386,299	386,299	-	80,479,145	0.48%
2017	427,312	427,312	-	82,175,449	0.52%
2018	435,835	435,835	-	83,814,437	0.52%
2019	466,008	466,008	-	89,616,947	0.52%
2020	470,273	470,273	-	90,437,143	0.52%
2021	493,598	493,598	-	91,407,110	0.54%
<b>School Board Health Insurance Credit Program (THIC) - Teachers</b>					
2012	\$ 427,382	\$ 427,382	\$ -	\$ 71,230,268	0.60%
2013	790,230	790,230	-	71,191,867	1.11%
2014	769,958	769,958	-	69,365,599	1.11%
2015	737,927	737,927	-	69,615,713	1.06%
2016	779,951	779,951	-	73,580,311	1.06%
2017	832,485	832,485	-	74,998,650	1.11%
2018	943,341	943,341	-	76,694,389	1.23%
2019	981,928	981,928	-	81,827,304	1.20%
2020	993,676	993,676	-	82,806,334	1.20%
2021	1,010,627	1,010,627	-	83,522,903	1.21%
<b>School Board Virginia Local Disability Program (VLDP)</b>					
2012	\$ -	\$ -	\$ -	\$ -	n/a
2013	-	-	-	-	n/a
2014	401	401	-	133,150	0.30%
2015	13,200	13,200	-	4,464,403	0.30%
2016	23,681	23,681	-	7,814,391	0.30%
2017	38,690	38,690	-	11,799,069	0.33%
2018	52,058	52,058	-	15,699,589	0.33%
2019	88,363	88,363	-	20,626,222	0.43%
2020	101,154	101,154	-	23,040,664	0.44%
2021	129,938	129,938	-	25,736,865	0.50%

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2021**

**Notes to the Required Supplementary Information related to Other Postemployment Benefit Plans – City and School Board State VRS Plans.**

**Changes in Benefit Terms:**

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

**Changes to assumptions or other inputs**

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016. Except for the change in the discount rate for the GLI, VLDP and HIC plans, 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:

General City and School Board GLI plan employees	Public Safety Employees GLI and LODA plans
<ul style="list-style-type: none"><li>- Update to a more current mortality table – RP2014 projected to 2020.</li><li>- Lowered retirement rates at older ages and changed final retirement from 70 to 75</li><li>- Adjusted termination rates to better fit experience at each year age and service year through 9 years of service</li><li>- Lowered disability rates.</li><li>- Increased line of duty disability rate from 14% to 25%</li><li>- Decreased the discount rate from 7.00% to 6.75%</li></ul>	<ul style="list-style-type: none"><li>- Update to a more current mortality table – RP2014 projected to 2020</li><li>- Increased retirement rates -- age 50 rates, and lowered rates at older ages</li><li>- Adjusted termination rates to better fit experience at each year age and service year.</li><li>- Adjusted disability rates to better fit experience</li><li>- Decreased line of duty disability rate from 60% to 45%</li><li>- Decreased the discount rate from 7.00% to 6.75%</li></ul>

**School Board Teacher GLI, HIC and VLDP:**

- Update to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- Decrease the discount rate from 7.00% to 6.75%

## CITY OF SUFFOLK, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE SCHOOL BOARD'S NET OPEB LIABILITY AND RELATED**  
**SCHOOL BOARD NON-TEACHER HIC SINGLE EMPLOYER PLAN**  
**FOR THE YEAR ENDED JUNE 30,**

	<u><b>2020</b></u>
<b>Total OPEB Liability</b>	
Changes of benefit terms	\$ 622,573
Net change in total OPEB liability	622,573
Total OPEB liability -- beginning	-
Total OPEB liability -- ending	<u><u>\$ 622,573</u></u>
 <b>Plan fiduciary net position</b>	
Net change in plan fiduciary net position	\$ -
Plan fiduciary net position -- beginning	-
Plan fiduciary net position -- ending	<u><u>\$ -</u></u>
 Total net OPEB liability -- beginning	\$ -
Total Net OPEB liability -- ending	<u><u>\$ 622,573</u></u>
  Plan fiduciary net position as a percentage of total OPEB liability	  0.00%
 Covered payroll	 \$ 7,502,569
 Net OPEB Liability as a percentage of covered payroll	 8.30%

Schedules are intended to show information for 10 years. Since 2020 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

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

## CITY OF SUFFOLK, VIRGINIA

## REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CONTRIBUTIONS -- SCHOOL BOARD NON-TEACHER HEALTH INSURANCE CREDIT OPEB PLAN**  
**SCHOOL BOARD NON-TEACHER HIC**  
**FOR THE YEAR ENDED JUNE 30,**

<b>Date</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2021	\$ 52,518	\$ 52,518	\$ -	\$ 7,502,569	0.70%

Schedules are intended to show information for 10 years. Since 2021 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

**CITY OF SUFFOLK, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2021**

**Notes to the Required Supplementary Information related to Other Postemployment Benefit Plans – School Board Non-Teacher Health Insurance Credit Single Employer State VRS Plan.**

**Changes in Benefit Terms:**

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

**Changes to assumptions or other inputs**

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

Mortality Rates (pre-retirement, post-retirement, healthy and disabled):	Update to a more current mortality table – RP2014 projected to 2020
Retirement Rates:	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates:	Adjusted termination rates to better fit experience at each age and service year.
Disability rates:	Lowered disability rates.
Salary Scale:	No change.
Line of Duty Disability:	Increased rate from 14% to 15%.
Discount Rate:	Decrease rate from 7.00% to 6.75%.



## **OTHER SUPPLEMENTARY INFORMATION**

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# OTHER SUPPLEMENTARY INFORMATION:

## NON-MAJOR GOVERNMENTAL FUNDS

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**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Suffolk Taxing District Fund** – accounts for revenues and expenditures related to services provided in the Suffolk Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Suffolk Taxing District. These additional assessments ceased as of July 1, 2007.

**Downtown Business Overlay District Fund** – accounts for revenues and expenditures related to services provided in the Downtown Business Overlay District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Downtown Business Overlay District.

**Consolidated Grants Fund** – accounts for revenues and expenditures involving governmental grant programs.

**Law Library Fund** – accounts for the maintenance of a law library. Revenue is derived from court fees.

**Route 17 Taxing District Fund** – accounts for revenues and expenditures related to services provided in the Route 17 Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the route 17 Taxing District.

**Mosquito Taxing District Fund** – accounts for revenues and expenditures related to mosquito spraying services provided in the Mosquito Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Mosquito Taxing District. These additional assessments ceased as of July 1, 2007.

**Cemetery Fund** – accounts for monies received from the sale of burial sites, lots, and mausoleum sites, the revenue from which is to be applied to the perpetual care of the City's cemeteries.

**Aviation Fund** – accounts for revenues generated through use of airport facilities and governmental grant programs to be used solely for expansion, maintenance, and use of city municipal airport.

**Transit Fund** -- accounts for revenues and expenditures associated with the City's bus services. The revenue comes from a combination of state grants and fares collected from the passengers.

## CITY OF SUFFOLK, VIRGINIA

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2021

	Suffolk Taxing District	Downtown Business Overlay District	Consolidated Grants	Law Library	Route 17 Taxing District	Mosquito Taxing District	Cemetery	Transit	Aviation	Total Non-Major Governmental Funds
<b>ASSETS</b>										
Assets:										
Cash and cash equivalents	\$ -	\$ 272,980	\$ 16,658,738	\$ 210,374	\$ 5,078,535	\$ -	\$ -	\$ 1,810,834	\$ 603,094	\$ 24,634,555
Cash and cash equivalents, restricted	-	-	5,649,957	-	-	-	1,008,048	-	-	6,658,005
Receivables, net:										
Taxes	-	311	-	-	4,627	-	-	-	-	4,938
Accounts	-	-	1,450	2,098	-	-	533	490	52,395	56,966
Due from other governmental units	-	-	734,615	-	-	-	-	463,898	-	1,198,513
Inventory	-	-	-	-	-	-	-	-	45,654	45,654
Total assets	<u>\$ -</u>	<u>\$ 273,291</u>	<u>\$ 23,044,760</u>	<u>\$ 212,472</u>	<u>\$ 5,083,162</u>	<u>\$ -</u>	<u>\$ 1,008,581</u>	<u>\$ 2,275,222</u>	<u>\$ 701,143</u>	<u>\$ 32,598,631</u>
<b>LIABILITIES</b>										
Liabilities:										
Accounts payable and accrued liabilities	\$ 10,819	\$ 146	\$ 166,711	\$ 35	\$ -	\$ -	\$ -	\$ 117,535	\$ 4,101	\$ 299,347
Accrued payroll and related liabilities	-	-	10,351	2,602	-	-	-	774	11,338	25,065
Unavailable revenues	-	-	20,671,951	-	-	-	-	-	-	20,671,951
Total liabilities	<u>10,819</u>	<u>146</u>	<u>20,849,013</u>	<u>2,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>118,309</u>	<u>15,439</u>	<u>20,996,363</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable revenues - taxes	-	904	-	-	899	-	-	-	-	1,803
Deposits	-	-	-	-	-	-	-	-	20,141	20,141
Total deferred inflows	<u>-</u>	<u>904</u>	<u>-</u>	<u>-</u>	<u>899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,141</u>	<u>21,944</u>
<b>FUND BALANCES</b>										
Nonspendable	-	-	-	-	-	-	-	-	45,654	45,654
Restricted	-	-	2,195,747	209,835	-	-	1,008,581	2,156,913	-	5,571,076
Committed	-	272,241	-	-	5,082,263	-	-	-	619,909	5,974,413
Unassigned	(10,819)	-	-	-	-	-	-	-	-	(10,819)
Total fund balances	<u>(10,819)</u>	<u>272,241</u>	<u>2,195,747</u>	<u>209,835</u>	<u>5,082,263</u>	<u>-</u>	<u>1,008,581</u>	<u>2,156,913</u>	<u>665,563</u>	<u>11,580,324</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 273,291</u>	<u>\$ 23,044,760</u>	<u>\$ 212,472</u>	<u>\$ 5,083,162</u>	<u>\$ -</u>	<u>\$ 1,008,581</u>	<u>\$ 2,275,222</u>	<u>\$ 701,143</u>	<u>\$ 32,598,631</u>

## CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2021

	Suffolk Taxing District	Downtown Business Overlay District	Consolidated Grants	Law Library	Route 17 Taxing District	Mosquito Taxing District	Cemetery	Transit	Aviation	Total Non-Major Governmental Funds
<b>REVENUES</b>										
Real estate taxes	\$ -	\$ 188,833	\$ -	\$ -	\$ 2,035,671	\$ -	\$ -	\$ -	\$ -	\$ 2,224,504
Revenue from use of money and property	-	518	23,594	779	10,932	-	8,012	6,146	258,514	308,495
Charges for services	-	-	16,265	27,892	-	-	-	5	449,594	493,756
Miscellaneous	-	-	338,893	-	-	-	42,702	8,608	-	390,203
Intergovernmental:										
Revenue from the Commonwealth	-	-	443,854	-	-	-	-	313,470	1,684	759,008
Revenue from the Federal government	-	-	12,804,222	-	-	-	-	1,188,004	-	13,992,226
Total revenues	-	189,351	13,626,828	28,671	2,046,603	-	50,714	1,516,233	709,792	18,168,192
<b>EXPENDITURES</b>										
Current:										
General government administration	-	-	10,584,794	-	-	-	-	-	682,961	11,267,755
Judicial administration	-	-	878,336	42,440	-	-	-	-	-	920,776
Public safety	-	-	589,483	-	-	-	-	-	-	589,483
Public works	-	165,940	16,002	-	-	-	-	-	-	181,942
Health and welfare	-	-	4,103	-	-	-	-	-	-	4,103
Transportation	-	-	-	-	-	-	-	1,420,397	-	1,420,397
Parks, recreation, and cultural	-	-	85,570	-	-	-	37,751	-	-	123,321
Community development	-	-	984,575	-	-	-	-	-	-	984,575
Total expenditures	-	165,940	13,142,863	42,440	-	-	37,751	1,420,397	682,961	15,492,352
Excess (deficiency) of revenues over (under) expenditures	-	23,411	483,965	(13,769)	2,046,603	-	12,963	95,836	26,831	2,675,840
Other financing sources (uses):										
Transfers in	-	-	389,148	538	-	-	-	920,487	121,949	1,432,122
Transfers out	-	-	-	-	(410,624)	(8,383)	-	(20,878)	(64,544)	(504,429)
Total other financing sources (uses), net	-	-	389,148	538	(410,624)	(8,383)	-	899,609	57,405	927,693
Net changes in fund balances	-	23,411	873,113	(13,231)	1,635,979	(8,383)	12,963	995,445	84,236	3,603,533
Fund balances at July 1	(10,819)	248,830	1,322,634	223,066	3,446,284	8,383	995,618	1,161,468	581,327	7,976,791
Fund balances at June 30	<u>\$ (10,819)</u>	<u>\$ 272,241</u>	<u>\$ 2,195,747</u>	<u>\$ 209,835</u>	<u>\$ 5,082,263</u>	<u>\$ -</u>	<u>\$ 1,008,581</u>	<u>\$ 2,156,913</u>	<u>\$ 665,563</u>	<u>\$ 11,580,324</u>

## CITY OF SUFFOLK, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
 BUDGET AND ACTUAL - BUDGETARY BASIS  
 DEBT SERVICE FUND  
 Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 451,725	\$ 451,725
Total revenues	-	-	451,725	451,725
<b>EXPENDITURES</b>				
Current:				
Principal	18,628,142	18,628,142	18,774,488	(146,346)
Bond issuance costs	-	734,119	409,738	324,381
Interest and other fiscal charges	11,046,214	10,312,095	9,519,802	792,293
Total expenditures	29,674,356	29,674,356	28,704,028	970,328
Deficiency of revenues under expenditures	(29,674,356)	(29,674,356)	(28,252,303)	1,422,053
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	-	36,855,000	36,855,000
Premium on bonds issued	-	-	368,465	368,465
Payment to escrow agent	-	-	(36,743,990)	(36,743,990)
Transfers in	29,674,356	29,674,356	27,772,828	(1,901,528)
Total other financing sources, net	29,674,356	29,674,356	28,252,303	(1,422,053)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -

## CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2021**

	Law Library				Downtown Business Overlay District			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
<b>REVENUES</b>								
Real estate taxes	\$ -	\$ -	\$ -	\$ -	\$ 173,479	\$ 173,479	\$ 188,833	\$ 15,354
Revenue from use of money and property	-	-	779	779	-	-	518	518
Charges for services	38,750	38,750	27,892	(10,858)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Fund balance (rollover/appropriations)	3,908	3,908	-	(3,908)	-	-	-	-
Total revenues	42,658	42,658	28,671	(13,987)	173,479	173,479	189,351	15,872
<b>EXPENDITURES</b>								
Current:								
Judicial administration	42,658	43,196	42,440	756	-	-	-	-
Public works	-	-	-	-	173,479	173,479	165,940	7,539
Total expenditures	42,658	43,196	42,440	756	173,479	173,479	165,940	7,539
Excess (deficiency) of revenues over (under) expenditures	-	(538)	(13,769)	(13,231)	-	-	23,411	23,411
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	538	538	-	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ (13,231)	\$ (13,231)	\$ -	\$ -	\$ 23,411	\$ 23,411
Reconciliation to Governmental Fund Statement:								
Total net change in fund balance			\$ (13,231)				\$ 23,411	
Encumbrances			-				-	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 28)			\$ (13,231)				\$ 23,411	

(continued)

## CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS**  
**SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2021**

	Route 17 Taxing District				Aviation			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
<b>REVENUES</b>								
Real estate taxes	\$ 1,982,163	\$ 1,982,163	\$ 2,035,671	\$ 53,508	\$ -	\$ -	\$ -	\$ -
Revenue from use of money and property	-	-	10,932	10,932	242,964	242,964	258,514	15,550
Charges for services	-	-	-	-	695,000	695,000	449,594	(245,406)
Intergovernmental:								
Revenue from the Commonwealth	-	-	-	-	-	3,500	1,684	(1,816)
Total revenues	1,982,163	1,982,163	2,046,603	64,440	937,964	941,464	709,792	(231,672)
<b>EXPENDITURES</b>								
Current:								
General government administration	1,571,539	1,571,539	-	1,571,539	988,910	1,430,426	928,399	502,027
Total expenditures	1,571,539	1,571,539	-	-	988,910	1,430,426	928,399	502,027
Excess (deficiency) of revenues over (under) expenditures	410,624	410,624	2,046,603	1,635,979	(50,946)	(488,962)	(218,607)	270,355
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	115,490	121,949	121,949	-
Transfers out	(410,624)	(410,624)	(410,624)	-	(64,544)	(64,544)	(64,544)	-
Total other financing sources (uses), net	(410,624)	(410,624)	(410,624)	-	50,946	57,405	57,405	-
Net change in fund balances	\$ -	\$ -	\$ 1,635,979	\$ 1,635,979	\$ -	\$ (431,557)	\$ (161,202)	\$ 270,355
Reconciliation to Governmental Fund Statement:								
Total net change in fund balance			\$ 1,635,979				\$ (161,202)	
Encumbrances			-				245,438	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 28)			\$ 1,635,979				\$ 84,236	

(continued)

## CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - BUDGETARY BASIS  
SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2021**

Transit				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 6,146	\$ 6,146
Charges for services	85,000	85,000	5	(84,995)
Miscellaneous	9,500	9,500	8,608	(892)
Intergovernmental:				
Revenue from the commonwealth	279,617	550,298	313,470	(236,828)
Revenue from the federal government	637,643	5,332,253	1,188,004	(4,144,249)
Fund balance (rollover/appropriations)	-	26,432	-	(26,432)
Total revenues	<u>1,011,760</u>	<u>6,003,483</u>	<u>1,516,233</u>	<u>(4,487,250)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	1,910,831	6,903,092	1,887,032	5,016,060
Total expenditures	<u>1,910,831</u>	<u>6,903,092</u>	<u>1,887,032</u>	<u>5,016,060</u>
Deficiency of revenues under expenditures	<u>(899,071)</u>	<u>(899,609)</u>	<u>(370,799)</u>	<u>528,810</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	919,949	920,487	920,487	-
Transfers out	(20,878)	(20,878)	(20,878)	-
Total other financing sources, net	<u>899,071</u>	<u>899,609</u>	<u>899,609</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,810</u>	<u>\$ 528,810</u>

## Reconciliation to Governmental Fund Statement:

Total net change in fund balance	\$ 528,810
Encumbrances	<u>466,635</u>
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 28)	<u>\$ 995,445</u>



## OTHER SUPPLEMENTARY INFORMATION: NON-MAJOR PROPRIETARY FUNDS

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**Enterprise Funds** are used to account for:

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

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

## CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF NET POSITION  
NON-MAJOR PROPRIETARY FUNDS

June 30, 2021

	Business-type Activities - Enterprise Funds		
	Stormwater Utility	Refuse	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 9,051,472	\$ 4,606,026	\$ 13,657,498
Receivables, net	157,775	472,405	630,180
Total current assets	9,209,247	5,078,431	14,287,678
Noncurrent assets:			
Capital assets, net	169,475	-	169,475
Total noncurrent assets	169,475	-	169,475
Total assets	9,378,722	5,078,431	14,457,153
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension plan	862,033	517,195	1,379,228
Deferred outflows related to OPEB City trust	319,432	266,194	585,626
Deferred outflows related to OPEB state plans	45,770	27,540	73,310
Total deferred outflows of resources	1,227,235	810,929	2,038,164
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	127,318	292,769	420,087
Accrued payroll and related liabilities	50,963	27,349	78,312
Accrued interest payable	5,776	6,458	12,234
Compensated absences	13,976	1,104	15,080
Bonds and leases payable	12,087	160,815	172,902
Total current liabilities	210,120	488,495	698,615
Noncurrent liabilities:			
Compensated absences	196,882	101,046	297,928
Net pension liability	2,227,622	1,384,726	3,612,348
Net OPEB liability City trust	312,973	260,812	573,785
Net OPEB liability state plans	189,892	117,671	307,563
Bonds and leases payable	387,574	170,815	558,389
Total noncurrent liabilities	3,314,943	2,035,070	5,350,013
Total liabilities	3,525,063	2,523,565	6,048,628
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension plan	1,794	1,116	2,910
Deferred inflows related to OPEB City trust	40,450	33,709	74,159
Deferred inflows related to OPEB state plans	10,314	6,391	16,705
Total deferred inflows of resources	52,558	41,216	93,774
<b>NET POSITION</b>			
Net investment in capital assets	169,475	-	169,475
Unrestricted	6,858,861	3,324,579	10,183,440
Total net position	\$ 7,028,336	\$ 3,324,579	\$ 10,352,915

## CITY OF SUFFOLK, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NON-MAJOR PROPRIETARY FUNDS**  
**Year Ended June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Stormwater</b>		
	<b>Utility</b>	<b>Refuse</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 7,937,864	\$ 9,140,049	\$ 17,077,913
Other	207,945	609,012	816,957
Total operating revenues	<u>8,145,809</u>	<u>9,749,061</u>	<u>17,894,870</u>
<b>OPERATING EXPENSES</b>			
Personnel services	3,373,671	2,083,434	5,457,105
Contractual services	501,531	4,976,015	5,477,546
Administration	806,235	2,263,106	3,069,341
Supplies	43,749	123,355	167,104
Repairs and maintenance	7,010	14,592	21,602
Utilities	34,321	22,680	57,001
Depreciation	134,049	-	134,049
Building and equipment rental	89,628	26,100	115,728
Other charges	42,173	48,504	90,677
Total operating expenses	<u>5,032,367</u>	<u>9,557,786</u>	<u>14,590,153</u>
Operating income	<u>3,113,442</u>	<u>191,275</u>	<u>3,304,717</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	27,235	12,981	40,216
Interest expense	(13,872)	(8,914)	(22,786)
Cost of issuance	2,087	-	2,087
Net nonoperating revenues	<u>15,450</u>	<u>4,067</u>	<u>19,517</u>
Income before transfers	3,128,892	195,342	3,324,234
Transfers in	72,704	75,355	148,059
Transfers out	<u>(783,251)</u>	<u>(267,451)</u>	<u>(1,050,702)</u>
Change in net position	2,418,345	3,246	2,421,591
Net position at July 1	4,609,991	3,321,333	7,931,324
Net position at June 30	<u><u>\$ 7,028,336</u></u>	<u><u>\$ 3,324,579</u></u>	<u><u>\$ 10,352,915</u></u>

## CITY OF SUFFOLK, VIRGINIA

**COMBINING STATEMENT OF CASH FLOWS**  
**NON-MAJOR PROPRIETARY FUNDS**  
**Year Ended June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Stormwater</b>		
	<b>Utility</b>	<b>Refuse</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 8,162,482	\$ 9,758,715	\$ 17,921,197
Payments to employees	(3,232,568)	(1,892,336)	(5,124,904)
Payments to suppliers	(1,521,348)	(7,486,671)	(9,008,019)
Net cash provided by operating activities	<u>3,408,566</u>	<u>379,708</u>	<u>3,788,274</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	72,704	75,355	148,059
Transfers to other funds	(783,251)	(267,451)	(1,050,702)
Net cash used in noncapital financing activities	<u>(710,547)</u>	<u>(192,096)</u>	<u>(902,643)</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(9,836)	-	(9,836)
Bond issuance costs	-	-	-
Principal paid on capital debt	-	(145,000)	(145,000)
Interest paid on capital debt	(13,872)	(22,750)	(36,622)
Net cash used in capital and related financing activities	<u>(23,708)</u>	<u>(167,750)</u>	<u>(191,458)</u>
<b>INVESTING ACTIVITIES</b>			
Interest received	27,235	12,981	40,216
Net cash provided by investing activities	<u>27,235</u>	<u>12,981</u>	<u>40,216</u>
Net increase in cash and cash equivalents	2,701,546	32,843	2,734,389
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning, July 1	6,349,926	4,573,183	10,923,109
Ending, June 30	<u>\$ 9,051,472</u>	<u>\$ 4,606,026</u>	<u>\$ 13,657,498</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income	\$ 3,113,442	\$ 191,275	\$ 3,304,717
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	134,049	-	134,049
Increase in allowance for uncollectible accounts	40,539	68,254	108,793
Changes in assets and liabilities:			
Increase in:			
Receivables	(23,865)	(58,600)	(82,465)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	3,297	(12,319)	(9,022)
Accrued payroll and related liabilities	141,103	191,098	332,201
Net cash provided by operating activities	<u>\$ 3,408,565</u>	<u>\$ 379,708</u>	<u>\$ 3,788,273</u>

# OTHER SUPPLEMENTARY INFORMATION:

## INTERNAL SERVICE FUNDS

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**Internal Service Funds** are used to account for:

**Information Technology Fund** – account for technology infrastructure and allocates costs to the various departments or agencies using the service.

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

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

## EXHIBIT 36

**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2021**

	<b>Information Technology</b>	<b>Fleet Management</b>	<b>Risk Management</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,512,735	\$ 15,333,757	\$ 17,137,370	\$ 33,983,862
Cash and cash equivalents, restricted	2,698,936	-	-	2,698,936
Receivables other, net	108,000	87,956	2,000	197,956
Inventories	-	277,697	-	277,697
Total current assets	4,319,671	15,699,410	17,139,370	37,158,451
Noncurrent assets:				
Land and construction in progress	885,777	298,000	-	1,183,777
Other capital assets, net	2,676,664	13,648,196	412,695	16,737,555
Total noncurrent assets	3,562,441	13,946,196	412,695	17,921,332
Total assets	7,882,112	29,645,606	17,552,065	55,079,783
<b>DEFERRED OUFLOWS OF RESOURCES</b>				
Deferred outflows related to pension plan	586,571	371,510	127,720	1,085,801
Deferred outflows related to OPEB City trust	186,335	139,752	39,929	366,016
Deferred outflows related to OPEB state plans	30,755	19,746	6,358	56,859
Total deferred outflows of resources	803,661	531,008	174,007	1,508,676
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	335,352	234,850	177,045	747,247
Accrued payroll and related liabilities	27,046	12,579	77,102	116,727
Claims payable	-	-	2,832,911	2,832,911
Accrued interest	118,021	37,188	-	155,209
Compensated absences	-	-	5,540	5,540
Capital leases -- current	4,340	-	-	4,340
Bonds payable -- current	1,093,434	1,386,070	-	2,479,504
Total current liabilities	1,578,193	1,670,687	3,092,598	6,341,478
Noncurrent liabilities:				
Compensated absences	196,665	111,402	24,964	333,031
Net pension liability	1,561,043	986,246	345,124	2,892,413
Net OPEB liability City trust	182,568	136,926	39,122	358,616
Net OPEB liability state plans	130,925	83,337	26,918	241,180
Claims payable	-	-	1,493,808	1,493,808
Bonds and Leases payable	5,422,818	548,873	-	5,971,691
Total noncurrent liabilities	7,494,019	1,866,784	1,929,936	11,290,739
Total liabilities	9,072,212	3,537,471	5,022,534	17,632,217
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension plan	1,257	794	278	2,329
Deferred inflows related to OPEB City trust	23,596	17,697	5,056	46,349
Deferred inflows related to OPEB state plans	7,111	4,528	1,463	13,102
Total deferred inflows of resources	31,964	23,019	6,797	61,780
<b>NET POSITION</b>				
Net investment in capital assets	-	12,011,253	412,695	12,423,948
Unrestricted	(418,403)	14,604,871	12,284,046	26,470,514
Total net position (deficit)	\$ (418,403)	\$ 26,616,124	\$ 12,696,741	\$ 38,894,462

**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2021**

	<b>Information Technology</b>	<b>Fleet Management</b>	<b>Risk Management</b>	<b>Total</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 11,453,897	\$ 9,865,610	\$ 15,262,396	\$ 36,581,903
Other	109,227	103,396	565,693	778,316
Total operating revenues	<u>11,563,124</u>	<u>9,969,006</u>	<u>15,828,089</u>	<u>37,360,219</u>
<b>OPERATING EXPENSES</b>				
Personnel services	2,228,930	1,471,211	581,374	4,281,515
Self-insured claims	-	-	15,606,959	15,606,959
Contractual services	5,942,164	1,962	51,200	5,995,326
Administration	208,317	650,840	46,787	905,944
Supplies	7,458	47,894	32,667	88,019
Repairs and maintenance	201,073	58,489	-	259,562
Vehicle and power equipment – fuel	-	1,188,510	-	1,188,510
Vehicle and power equipment – supplies	-	2,443,016	-	2,443,016
Computers and Equipment	2,593,360	-	-	2,593,360
Utilities	156,897	28,683	4,718	190,298
Insurance	-	-	2,209,519	2,209,519
Depreciation	973,988	4,363,366	50,631	5,387,985
Building and equipment rental	89,789	41,127	21,930	152,846
Other charges	14,286	10,140	285,373	309,799
Total operating expenses	<u>12,416,262</u>	<u>10,305,238</u>	<u>18,891,158</u>	<u>41,612,658</u>
Operating loss	<u>(853,138)</u>	<u>(336,232)</u>	<u>(3,063,069)</u>	<u>(4,252,439)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	3,257	48,724	63,700	115,681
Interest expense	(69,116)	(9,459)	-	(78,575)
Loss on disposal of capital assets	-	(2,400)	-	(2,400)
Total nonoperating revenues (expenses), net	<u>(65,859)</u>	<u>36,865</u>	<u>63,700</u>	<u>34,706</u>
Net loss before transfers	<u>(918,997)</u>	<u>(299,367)</u>	<u>(2,999,369)</u>	<u>(4,217,733)</u>
Transfers in	25,836	38,216	10,765	74,817
Capital Transfers	-	98,072	(98,072)	-
Transfers out	<u>(289,637)</u>	<u>(380,140)</u>	<u>(51,336)</u>	<u>(721,113)</u>
Change in net position	(1,182,798)	(543,219)	(3,138,012)	(4,864,029)
Net position at July 1	<u>764,395</u>	<u>27,159,343</u>	<u>15,834,753</u>	<u>43,758,491</u>
Net position (deficit) at June 30	<u>\$ (418,403)</u>	<u>\$ 26,616,124</u>	<u>\$ 12,696,741</u>	<u>\$ 38,894,462</u>

**CITY OF SUFFOLK, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2021**

	<b>Information Technology</b>	<b>Fleet Management</b>	<b>Risk Management</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 11,456,700	\$ 9,937,419	\$ 15,844,529	\$ 37,238,648
Payments to employees	(2,075,213)	(1,313,291)	(499,242)	(3,887,746)
Payments to suppliers	(9,377,361)	(4,460,924)	(17,320,065)	(31,158,350)
Net cash provided by (used in) operating activities	4,126	4,163,204	(1,974,778)	2,192,552
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	25,836	38,216	10,765	74,817
Transfers to other funds	(289,637)	(380,140)	(51,336)	(721,113)
Net cash used in noncapital financing activities	(263,801)	(341,924)	(40,571)	(646,296)
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(191,234)	(1,348,765)	(471,527)	(2,011,526)
Proceeds from issuance of debt	3,635,000	-	-	3,635,000
Proceeds from premium on debt issuance	680,941	-	-	680,941
Principal paid on capital debt	(889,340)	(1,230,000)	-	(2,119,340)
Bond issuance costs	14,153	-	-	14,153
Interest paid on debt	(214,411)	(134,301)	-	(348,712)
Net cash provided by (used in) capital and related financing activities	3,035,109	(2,713,066)	(471,527)	(149,484)
<b>INVESTING ACTIVITIES</b>				
Interest earned	3,257	48,724	63,700	115,681
Net cash provided by investing activities	3,257	48,724	63,700	115,681
Net increase (decrease) in cash and cash equivalents	2,778,691	1,156,938	(2,423,176)	1,512,453
Beginning, July 1	1,432,980	14,176,819	19,560,546	35,170,345
Ending, June 30	<u>\$ 4,211,671</u>	<u>\$ 15,333,757</u>	<u>\$ 17,137,370</u>	<u>\$ 36,682,798</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>				
Operating loss	\$ (853,138)	\$ (336,232)	\$ (3,063,069)	\$ (4,252,439)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	973,988	4,363,366	50,631	5,387,985
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(106,425)	(31,587)	16,440	(121,572)
Inventories	-	(56,843)	-	(56,843)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(164,017)	66,580	171,002	73,565
Accrued payroll and related liabilities	153,718	157,920	82,133	393,771
Claims payable	-	-	768,085	768,085
Net cash provided by (used in) operating activities	<u>\$ 4,126</u>	<u>\$ 4,163,204</u>	<u>\$ (1,974,778)</u>	<u>\$ 2,192,552</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Non-cash capital contributions	\$ -	\$ 98,072	\$ -	\$ 98,072



## OTHER SUPPLEMENTARY INFORMATION: CUSTODIAL FUNDS

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**Custodial Funds** are used to account for assets held by the City as an agent for private organizations or other governments. Funds in this category include:

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

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

**Western Tidewater Water Authority** -- accounts for monies held by the City as an agent for this public or independent organization.

## CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION --  
CUSTODIAL FUNDS

June 30, 2021

	Special Welfare Fund	Commonwealth of Virginia Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,507	\$ 69,981	\$ 102,488
Accounts receivable	-	4,761	4,761
Total assets	<u>\$ 32,507</u>	<u>\$ 74,742</u>	<u>\$ 107,249</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,109	\$ -	\$ 1,109
Amounts held for others	30,764	-	30,764
Total liabilities	<u>31,873</u>	<u>-</u>	<u>31,873</u>
<b>NET POSITION</b>			
Restricted for individuals, organizations or other governments	634	74,742	75,376
Total net position	<u>\$ 634</u>	<u>\$ 74,742</u>	<u>\$ 75,376</u>

## CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION --  
CUSTODIAL FUNDS

Year Ended June 30, 2021

	Special Welfare Fund	Commonwealth of Virginia Fund	Total
<b>ADDITIONS</b>			
Permits and Fees	\$ -	\$ 41,402	\$ 41,402
Miscellaneous revenue	61,029	4,802	65,832
Total additions	61,029	46,204	107,233
<b>DEDUCTIONS</b>			
Special welfare agency payments	61,430	-	61,430
Payments to other governments	-	6,989	6,989
Total deductions	61,430	6,989	68,419
Change in net position	(401)	39,215	38,814
<b>NET POSITION AT JULY 1</b>	1,035	35,527	36,562
<b>NET POSITION AT JUNE 30</b>	\$ 634	\$ 74,742	\$ 75,376

# OTHER SUPPLEMENTARY INFORMATION: DISCRETELY PRESENTED COMPONENT UNIT – CITY OF SUFFOLK SCHOOL BOARD

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**School Operating Fund** – accounts for revenues and expenditures relating to the operation of the City of Suffolk Public Schools. Revenues are derived from the City's General Fund and from state and Federal funds.

**School Food Service Fund** – accounts for revenues and expenditures relating to the operation of school cafeterias. Revenues are derived from state and Federal funds and cafeteria sales.

**School Grants Fund** – accounts for revenues and expenditures relating to grants received by the school system from Federal and state governments.

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

**Combined School Activity Funds** – accounts for the various activity funds of each of the schools. Revenues are derived from school fundraisers, athletic and state event receipts, and School Board allocations.

## CITY OF SUFFOLK, VIRGINIA

**COMBINING BALANCE SHEET**  
**GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**  
**June 30, 2020**

	<b>School Operating Fund</b>	<b>School Grants Fund</b>	<b>School Food Service Fund</b>	<b>School Student Activity Funds</b>	<b>Total School Board</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 23,885,110	\$ -	\$ 2,148,432	\$ 1,008,569	\$ 27,042,111
Receivables, net	151,737	46,515	11,607	-	209,859
Due from other funds	2,641,188	-	-	-	2,641,188
Due from other governments	1,648,352	4,508,265	889,012	-	7,045,629
Inventories	329,678	-	149,261	-	478,939
Prepaid items	95,000	-	-	-	95,000
Total assets	<u>\$ 28,751,065</u>	<u>\$ 4,554,780</u>	<u>\$ 3,198,312</u>	<u>\$ 1,008,569</u>	<u>\$ 37,512,726</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,635,646	\$ 58,327	\$ 204,830	\$ -	\$ 3,898,803
Accrued payroll and related liabilities	17,379,154	702,813	194,480	-	18,276,447
Due to the Primary Government	540,020	-	-	-	540,020
Due to other funds	-	2,641,188	-	-	2,641,188
Total liabilities	<u>21,554,820</u>	<u>3,402,328</u>	<u>399,310</u>	<u>-</u>	<u>25,356,458</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories and prepaids	424,678	-	149,261	-	573,939
Premiums held for workers' compensation claims	225,000	-	-	-	225,000
Premiums held for health insurance claims	380,122	-	-	-	380,122
Assigned:					
Special revenue	-	1,152,452	-	1,008,569	2,161,021
Food service	-	-	2,649,741	-	2,649,741
Encumbrances	6,166,445	-	-	-	6,166,445
Total fund balances	<u>7,196,245</u>	<u>1,152,452</u>	<u>2,799,002</u>	<u>1,008,569</u>	<u>12,156,268</u>
Total liabilities and fund balance	<u>\$ 28,751,065</u>	<u>\$ 4,554,780</u>	<u>\$ 3,198,312</u>	<u>\$ 1,008,569</u>	<u>\$ 37,512,726</u>
<b>Reconciliation to the Statement of Net Position (Exhibit 1)</b>					
<b>Total fund balance</b>					\$ 12,156,268
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
School Board					170,689,999
Long-term asset (liabilities) are not due and payable in the current period and, therefore, are not reported in the funds.					
School Board compensated absences					(2,805,968)
Net pension liability (asset) and pension and OPEB deferred inflows and outflows are not due and payable in the current period and, therefore, not reported in the governmental funds:					
Net pension liability - Schools					(139,814,099)
Other postemployment benefits - School trust					8,257,897
Deferred outflows - pension					24,773,971
Deferred inflows - pension					(13,029,411)
Deferred outflows - employer pension contributions made subsequent to the measurement date					14,576,890
OPEB liability - State Plans					(20,311,855)
OPEB Deferred Inflows - State Plans					(1,341,256)
OPEB Deferred Outflows - State Plans					1,962,261
OPEB Deferred Inflows - School Trust					(6,580,981)
OPEB Deferred Outflows - School Trust					1,186,327
Deferred outflows - employer OPEB contributions made subsequent to the measurement date - State Plans					2,418,976
<b>Net position of governmental activities</b>					<u>\$ 52,139,019</u>

## CITY OF SUFFOLK, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD**

**Year Ended June 30, 2021**

	<b>School Operating Fund</b>	<b>School Grants Fund</b>	<b>School Food Service Fund</b>	<b>School Student Activity Funds</b>	<b>Total School Board</b>
<b>REVENUES</b>					
Revenue from use of money and property	\$ 1,280	\$ 6,000	\$ 5,350	\$ -	\$ 12,630
Charges for services	35,595	-	46,582	-	82,177
Miscellaneous	378,779	376,549	98,969	1,239,365	2,093,662
Intergovernmental:					
City contribution	65,052,422	-	-	-	65,052,422
Revenue from the Commonwealth	94,923,883	437,099	71,232	-	95,432,214
Revenue from the Federal Government	952,383	12,863,226	4,729,578	-	18,545,187
Total revenues	<u>161,344,342</u>	<u>13,682,874</u>	<u>4,951,711</u>	<u>1,239,365</u>	<u>181,218,292</u>
<b>EXPENDITURES</b>					
Current:					
Education	160,278,442	13,555,644	6,903,409	1,567,205	182,304,700
Total expenditures	<u>160,278,442</u>	<u>13,555,644</u>	<u>6,903,409</u>	<u>1,567,205</u>	<u>182,304,700</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,065,900</u>	<u>127,230</u>	<u>(1,951,698)</u>	<u>(327,840)</u>	<u>(1,086,408)</u>
Other financing sources (uses):					
Transfers in	-	229,517	-	-	229,517
Transfers out	(229,517)	-	-	-	(229,517)
Total other financing sources (uses), net	<u>(229,517)</u>	<u>229,517</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	836,383	356,747	(1,951,698)	(327,840)	(1,086,408)
Fund balances at July 1 (as restated)	6,359,862	795,705	4,750,700	1,336,409	13,242,676
Fund balances at June 30	<u>\$ 7,196,245</u>	<u>\$ 1,152,452</u>	<u>\$ 2,799,002</u>	<u>\$ 1,008,569</u>	<u>\$ 12,156,268</u>

**Reconciliation to the Statement of Activities (Exhibit 2)**

<b>Net change in fund balance - governmental funds</b>	<b>\$ (1,086,408)</b>
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense for the School Board	(10,260,545)
Capitalized expenditures	13,306,163
Loss on disposal of capital assets	(65,009)
Record the current pension expense based on the actuarial study of the Net Pension Liability	(16,727,786)
Reclassify the contributions made to the Pension plan in the current year, as they are subsequent to the measurement date	14,576,891
Compensated absences and other postemployment benefits are not due and payable at June 30, and, therefore, are not reported in the fund statements.	
This amount represents the current year change in those items for the School Board - Compensated absences	109,103
This amount represents the current year change in those items for the School Board - OPEB	701,135
<b>Change in net position of governmental activities (Exhibit 2)</b>	<u><u>\$ 553,544</u></u>

## CITY OF SUFFOLK, VIRGINIA

**BUDGETARY RECONCILIATION SCHEDULE**  
**GOVERNMENTAL FUNDS – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**  
**Year Ended June 30, 2021**

	<b>School Operating Fund</b>			<b>School Grants Fund</b>			<b>School Food Service Fund</b>		
	<b>Total Exhibit 44</b>	<b>Budget Based Items</b>	<b>Total Exhibit 42</b>	<b>Total Exhibit 44</b>	<b>Budget Based Items</b>	<b>Total Exhibit 42</b>	<b>Total Exhibit 44</b>	<b>Budget Based Items</b>	<b>Total Exhibit 42</b>
Total revenues	\$ 161,344,342	\$ -	\$ 161,344,342	\$ 13,682,874	\$ -	\$ 13,682,874	\$ 4,951,711	\$ -	\$ 4,951,711
Total other financing sources	-	-	-	229,517	-	229,517	-	-	-
Total revenues	161,344,342	-	161,344,342	13,912,391	-	13,912,391	4,951,711	-	4,951,711
Total expenditures	160,838,051	559,609	160,278,442	13,555,644	-	13,555,644	6,903,409	-	6,903,409
Total other financing uses	229,517	-	229,517	-	-	-	-	-	-
Total expenditures	161,067,568	559,609	160,507,959	13,555,644	-	13,555,644	6,903,409	-	6,903,409
Net changes in fund balances	\$ 276,774	\$ (559,609)	\$ 836,383	\$ 356,747	\$ -	\$ 356,747	\$ (1,951,698)	\$ -	\$ (1,951,698)
CY encumbrance		6,166,445		CY encumbrance	-		CY encumbrance	-	
PY encumbrance		(5,606,836)		PY encumbrance	-		PY encumbrance	-	
		559,609			-			-	

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Non-GAAP Budgetary Basis)**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**Year Ended June 30, 2021**

	School Operating Fund				School Grants Fund				School Food Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget -	Budgeted Amounts		Actual	Variance with Final Budget -	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final			Original	Final			Original	Final		
<b>REVENUES</b>												
Revenue from use of money and property	\$ 35,000	\$ 35,000	\$ 1,280	\$ (33,720)	\$ -	\$ 6,750	\$ 6,000	\$ (750)	\$ 8,800	\$ 8,800	\$ 5,350	\$ (3,450)
Charges for services	130,000	130,000	35,595	(94,405)	-	-	-	-	1,625,500	1,625,500	46,582	(1,578,918)
Miscellaneous	681,880	681,880	378,779	(303,101)	-	1,520,860	376,549	(1,144,311)	635,646	635,646	98,969	(536,677)
Intergovernmental:												
Contribution from the City of Suffolk	62,332,201	65,592,442	65,052,422	(540,020)	-	-	-	-	-	-	-	-
Revenue from the Commonwealth	94,039,579	94,039,579	94,923,883	884,304	-	3,215,078	437,099	(2,777,979)	216,000	216,000	71,232	(144,768)
Revenue from the Federal Government	1,194,000	1,194,000	952,383	(241,617)	12,205,000	16,556,383	12,863,226	(3,693,157)	5,519,100	5,519,100	4,729,578	(789,522)
Total revenues	158,412,660	161,672,901	161,344,342	(328,559)	12,205,000	21,299,071	13,682,874	(7,616,197)	8,005,046	8,005,046	4,951,711	(3,053,335)
<b>EXPENDITURES</b>												
Current:												
Education	158,412,660	161,672,901	160,838,051	834,850	-	-	-	-	-	-	-	-
Grant expenditures	-	-	-	-	12,205,000	21,324,240	13,555,644	7,768,596	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	8,005,046	8,005,046	6,903,409	1,101,637
Total expenditures	158,412,660	161,672,901	160,838,051	834,850	12,205,000	21,324,240	13,555,644	7,768,596	8,005,046	8,005,046	6,903,409	1,101,637
Excess (deficiency) of revenues over (under) expenditures	-	-	506,291	506,291	-	(25,169)	127,230	152,399	-	-	(1,951,698)	(1,951,698)
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	-	-	-	25,169	229,517	204,348	-	-	-	-
Transfers out	-	-	(229,517)	(229,517)	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	(229,517)	(229,517)	-	25,169	229,517	204,348	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ 276,774	\$ 276,774	\$ -	\$ -	\$ 356,747	\$ 356,747	\$ -	\$ -	\$ (1,951,698)	\$ (1,951,698)



## CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF NET POSITION**  
**OPEB FUND – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**  
**June 30, 2021**

	<b>OPEB Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 22,043,971
Total assets	22,043,971
<b>Net Position</b>	
Held in trust for OPEB benefits	22,043,971
Net position	\$ 22,043,971

## CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF CHANGES IN NET POSITION**  
**OPEB TRUST FUND – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD**  
**Year Ended June 30, 2021**

	<u>School Board</u>
<b>Additions:</b>	
Gain on investments	\$ 5,098,786
Total additions	<u>5,098,786</u>
<b>Deductions:</b>	
Administrative fees	<u>16,594</u>
Total deductions	<u>16,594</u>
Change in net position	5,082,192
Net position - beginning of year	<u>16,961,779</u>
Net position - end of year	<u><u>\$ 22,043,971</u></u>

# STATISTICAL SECTION

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*This section of the City’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note to financial statements, and required supplementary information says about the City’s overall financial health.*

<b><u>Contents</u></b>	<b><u>Table</u></b>
<b>Financial Trends</b> These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	<b>1-4</b>
<b>Revenue Capacity</b> These tables contain information to help the reader assess the factors affecting the City’s ability to generate its property and sales taxes, as well as revenues from its water and sewer operations.	<b>5-12</b>
<b>Debt Capacity</b> These tables present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	<b>13-15</b>
<b>Demographic and Economic Information</b> These tables offer demographic and economic indicators to help the reader understand the environment in which the City’s financial activities take place and to help make comparison over time and with other governments.	<b>16-17</b>
<b>Operating Information</b> These schedules contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	<b>18-20</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 335,377,003	\$ 287,319,247	\$ 290,323,371	\$ 294,142,955	\$ 323,431,229	\$ 318,746,466	\$ 335,967,276	\$ 301,764,919	\$ 312,862,208	\$ 318,301,547
Restricted:										
Capital Projects	-	-	1,162,771	1,270,512	1,626,277	1,934,672	618,062	-	-	-
Debt Service	392,169	392,219	392,259	392,299	392,424	393,352	397,267	-	-	-
Other Purposes	5,757,526	6,658,293	8,023,744	3,374,719	2,514,171	6,554,243	1,071,735	1,638,228	9,549,799	12,168,525
Unrestricted	26,476,856	87,103,333	46,588,610	46,662,695	41,928,355	61,188,152	66,603,036	76,528,512	83,422,805	86,760,259
Total Net Position										
Governmental Activities	<u>\$ 368,003,554</u>	<u>\$ 381,473,092</u>	<u>\$ 346,490,755</u>	<u>\$ 345,843,180</u>	<u>\$ 369,892,456</u>	<u>\$ 388,816,885</u>	<u>\$ 404,657,376</u>	<u>\$ 379,931,659</u>	<u>\$ 405,834,812</u>	<u>\$ 417,230,331</u>
Business-type Activities										
Net investment in capital assets	\$ 157,084,814	\$ 153,147,421	\$ 145,111,492	\$ 125,468,343	\$ 116,807,623	\$ 108,816,928	\$ 108,549,474	\$ 104,233,265	\$ 107,008,077	\$ 111,034,005
Restricted:										
Debt Service	1,978,028	-	-	-	-	-	-	-	-	-
Other Purposes	-	2,079,370	2,144,619	2,195,062	2,299,048	2,911,089	2,501,238	2,527,027	2,583,899	2,559,990
Unrestricted	6,593,945	8,888,398	7,422,809	20,915,542	28,611,789	38,601,383	43,538,079	46,309,138	45,555,329	54,713,620
Total Net Position										
Business-type Activities	<u>\$ 165,656,787</u>	<u>\$ 164,115,189</u>	<u>\$ 154,678,920</u>	<u>\$ 148,578,947</u>	<u>\$ 147,718,460</u>	<u>\$ 150,329,400</u>	<u>\$ 154,588,791</u>	<u>\$ 153,069,430</u>	<u>\$ 155,147,305</u>	<u>\$ 168,307,615</u>
Primary Government										
Net investment in capital assets	\$ 492,461,817	\$ 440,466,668	\$ 435,434,863	\$ 419,611,298	\$ 440,238,852	\$ 427,563,394	\$ 444,516,750	\$ 405,998,184	\$ 419,870,285	\$ 429,335,552
Restricted:										
Capital Projects	-	-	1,162,771	1,270,512	1,626,277	1,934,672	618,062	-	-	-
Debt Service	2,370,197	392,219	392,259	392,299	392,424	393,352	397,267	-	-	-
Other Purposes	5,757,526	8,737,663	10,168,363	5,569,781	4,813,219	9,465,332	3,572,973	4,165,255	12,133,698	14,728,515
Unrestricted	33,070,801	95,991,731	54,011,419	67,578,237	70,540,144	99,789,535	110,141,115	122,837,650	128,978,134	141,473,879
Total Net Position										
Primary Government	<u>\$ 533,660,341</u>	<u>\$ 545,588,281</u>	<u>\$ 501,169,675</u>	<u>\$ 494,422,127</u>	<u>\$ 517,610,916</u>	<u>\$ 539,146,285</u>	<u>\$ 559,246,167</u>	<u>\$ 533,001,089</u>	<u>\$ 560,982,117</u>	<u>\$ 585,537,946</u>
		(1)	(2)	(3)		(4)				

(1) This includes a restatement of Net Position in both the Governmental of \$1,979,398 and Business-type Activities of \$2,791,275 due to implementation of GASB 65

(2) This includes a restatement of Net Position in both the Governmental of \$40,382,530 and Business-type Activities of \$5,988,738 due to implementation of GASB No.'s 68 and 71

(3) This includes a restatement of Net Position in the Governmental Activities of \$16,444,391 due to a correction of an error and a change in accounting treatment.

(4) Previous years not restated related to the implementation of GASB 75.

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General Government	\$ 12,554,225	\$ 17,558,767	\$ 18,904,150	\$ 18,757,768	\$ 22,013,103	\$ 23,932,608	\$ 17,264,292	\$ 18,671,840	\$ 24,148,299	\$ 39,918,523
Judicial	7,622,124	8,138,225	7,994,313	8,031,886	8,153,863	8,867,642	8,806,323	9,323,342	10,446,204	10,860,585
Public Safety	48,587,624	49,413,603	52,439,287	48,708,228	49,908,535	58,213,081	63,472,949	63,195,836	66,848,213	69,025,111
Public Works	37,156,299	32,943,383	35,491,175	36,760,229	38,037,370	40,501,580	37,224,174	39,080,373	42,200,323	44,417,911
Health and Welfare	12,616,178	12,972,806	12,941,699	12,536,910	11,901,139	13,162,760	13,044,274	13,260,821	15,192,043	15,114,251
Transportation	-	888,933	619,876	908,293	960,983	1,005,429	997,267	1,300,636	1,511,098	1,426,778
Education	44,206,593	49,386,060	49,180,560	51,093,179	53,440,550	54,983,835	57,818,350	60,358,348	58,464,243	65,531,837
Parks, Recreation and Cultural	7,888,484	8,456,643	8,817,413	9,750,157	10,318,851	12,111,876	11,737,262	12,621,117	12,333,012	12,100,733
Community Development	5,951,888	8,099,788	8,665,119	9,933,559	8,621,160	10,563,461	7,323,375	6,472,008	8,481,703	8,205,329
Interest on Long-Term Debt	11,832,809	8,998,878	9,858,244	10,065,468	9,419,498	8,849,091	9,765,103	9,663,773	9,095,957	8,047,611
Total Governmental Activities Expenses	188,416,224	196,857,086	204,911,837	206,545,676	212,775,052	232,191,363	227,453,369	233,948,094	248,721,095	274,648,669
<b>Business-type Activities:</b>										
Utilities	35,912,782	40,101,617	45,108,820	49,334,155	51,423,536	49,295,373	52,035,621	55,186,848	56,508,083	56,442,957
Refuse collection	5,712,045	5,204,255	5,198,550	5,772,239	5,718,442	5,320,570	6,713,015	8,458,504	9,194,200	5,044,152
Stormwater management	3,072,703	3,249,640	3,413,963	3,734,024	4,450,559	4,749,518	4,912,097	4,830,797	4,989,456	9,566,700
Total Business-type Activities Expenses	44,697,530	48,555,512	53,721,333	58,840,418	61,592,537	59,365,461	63,660,733	68,476,149	70,691,739	71,053,809
Total Primary Government Expenses	\$ 233,113,754	\$ 245,412,598	\$ 258,633,169	\$ 265,386,094	\$ 274,367,589	\$ 291,556,824	\$ 291,114,102	\$ 302,424,243	\$ 319,412,834	\$ 345,702,478
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for Services:</b>										
General Government Administration	\$ 3,287,250	\$ 4,800,759	\$ 4,977,004	\$ 5,044,744	\$ 4,887,432	\$ 4,659,243	\$ 4,880,782	\$ 5,035,626	\$ 4,478,205	\$ 4,100,866
Judicial Administration	374,594	361,926	275,113	286,398	304,129	272,141	313,092	274,208	288,709	323,618
Public Safety	575,653	3,130,972	-	1,864,675	1,885,914	1,948,166	1,836,661	2,199,385	2,272,912	2,337,613
Public Works	872,302	1,469,668	1,460,003	1,479,054	899,794	990,045	988,507	1,288,947	1,243,877	1,318,980
Transportation	-	47,971	46,870	53,055	67,759	76,099	71,652	87,229	68,430	5
Parks, Recreation and Cultural	719,783	774,237	824,628	982,354	1,108,862	1,056,185	1,020,013	1,009,068	727,136	284,721
Community Development	35,124	100,172	287	85	70	107	16,447	24,742	40,069	-
Total Charges for Services	5,864,706	10,685,705	7,583,905	9,710,365	9,153,960	9,001,986	9,127,154	9,919,205	9,119,338	8,365,803
<b>Operating Grants and Contributions:</b>										
General Government Administration	4,620,917	467,086	1,433,125	636,628	1,503,473	1,477,767	450,386	456,759	2,355,721	12,928,654
Judicial Administration	1,451,567	2,826,315	2,102,897	3,017,272	2,047,647	2,170,053	3,410,191	3,318,391	2,209,983	2,424,511
Public Safety	892,671	3,414,088	1,563,382	818,251	1,057,389	1,347,604	1,145,864	1,271,752	1,218,376	1,416,529
Public Works	-	20,157,859	20,799,365	21,534,701	22,758,708	23,496,157	23,395,546	24,220,184	24,434,363	25,076,636
Health and Welfare	7,731,229	8,198,767	7,682,494	7,557,634	7,598,958	8,088,860	7,452,411	9,237,862	8,984,117	9,379,042
Transportation	-	116,122	142,793	152,565	141,002	188,364	186,942	984,425	1,571,026	1,501,150
Education	-	140,879	62,308	20,000	-	-	-	-	3,724	-
Parks, Recreation and Cultural	-	261,267	266,774	521,608	287,351	295,998	275,996	377,344	310,848	292,180
Community Development	-	1,522,630	1,153,383	1,128,636	1,032,855	2,725,076	1,209,289	1,116,646	719,004	984,074
Total Operating Grants and Contributions	14,696,384	37,105,013	35,206,521	35,387,295	36,427,383	39,789,879	37,526,625	40,983,363	41,807,162	54,002,776
<b>Capital Grants and Contributions:</b>										
General Government	99,389	2,299,245	506,228	973,634	3,077,758	2,548,273	4,248,322	1,407,912	376,848	543,372
Public Safety	1,958,630	-	-	-	-	-	-	-	-	-
Public Works	46,194,289	4,080,584	1,321,424	2,869,669	5,006,683	6,800,136	10,824,821	6,101,699	8,725,657	2,469,464
Transportation	-	159,005	1,561	206,665	49,422	50,259	59,508	40,683	62,052	324
Parks, Recreation and Cultural	-	157,231	42,882	474,341	1,028,457	1,660	414,599	23,647	-	774,910
Community Development	3,828	-	-	-	-	-	93,400	-	-	-
Total Capital Grants and Contributions	48,256,136	6,696,065	1,872,095	4,524,309	9,162,320	9,400,328	15,640,650	7,573,941	9,164,557	3,788,070
Total Governmental Activities Program Revenues	68,817,226	54,486,783	44,662,521	49,621,969	54,743,663	58,192,193	62,294,429	58,476,509	60,091,057	66,156,649

(Continued)

CHANGES IN NET POSITION  
LAST EIGHT FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Program Revenues: (Continued)</b>										
Business-type Activities:										
Charges for Services:										
Utility	32,934,240	37,884,451	39,013,878	41,209,347	46,876,297	47,818,262	48,999,436	51,703,463	51,378,596	61,760,354
Non-major	10,055,670	10,765,864	10,570,683	12,012,686	11,877,376	12,288,034	13,765,024	13,972,060	15,157,707	17,077,913
Total Charges for Services	42,989,910	48,650,315	49,584,561	53,222,033	58,753,673	60,106,296	62,764,460	65,675,523	66,536,303	78,838,267
Operating Grants and Contributions:										
Utility	-	-	-	-	-	88,315	-	-	-	-
Total Operating Grants and Contributions	-	-	-	-	-	88,315	-	-	-	-
Capital Grants and Contributions:										
Utility	1,078,380	2,363,664	456,001	565,595	3,682,628	1,870,646	5,483,390	579,166	4,990,101	5,457,474
Total Capital Grants and Contributions	1,078,380	2,363,664	456,001	565,595	3,682,628	1,870,646	5,483,390	579,166	4,990,101	5,457,474
Total Business-type Activities Program Revenues	44,068,290	51,013,979	50,040,562	53,787,628	62,436,301	62,065,257	68,247,850	66,254,689	71,526,404	84,295,741
Total Primary Government Program Revenues	\$ 112,885,516	\$ 105,500,762	\$ 94,703,083	\$ 103,409,597	\$ 117,179,964	\$ 120,257,450	\$ 130,542,279	\$ 124,731,198	\$ 131,617,461	\$ 150,452,390
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (119,598,998)	\$ (142,370,304)	\$ (160,249,316)	\$ (156,923,707)	\$ (158,031,389)	\$ (173,999,170)	\$ (165,158,940)	\$ (175,471,585)	\$ (188,630,038)	\$ (208,492,020)
Business-type Activities	(629,240)	2,458,467	(3,680,771)	(5,052,790)	843,764	2,699,796	4,587,117	(2,221,460)	834,665	13,241,932
Total Primary Government Net Expense	\$ (120,228,238)	\$ (139,911,837)	\$ (163,930,086)	\$ (161,976,497)	\$ (157,187,625)	\$ (171,299,374)	\$ (160,571,823)	\$ (177,693,045)	\$ (187,795,373)	\$ (195,250,088)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes	\$ 140,556,855	\$ 141,004,777	\$ 146,247,763	\$ 152,576,375	\$ 160,158,953	\$ 166,579,230	\$ 173,015,098	\$ 182,439,367	\$ 187,808,386	\$ 199,820,382
Grants and Contributions Not Restricted to Specific Programs	13,143,469	13,624,485	13,609,376	13,385,064	13,545,057	13,589,564	13,726,367	14,011,120	14,094,789	14,530,452
Revenue from use of money and property	1,091,549	1,257,594	1,230,251	1,167,212	1,374,395	1,837,341	2,892,413	5,524,760	4,067,125	1,702,489
(Gain (Loss) on disposal of capital assets	-	-	-	242,375	(1,904,854)	-	-	-	-	(2,905,626)
Capital assets donated to Component Unit	-	(4,528,560)	-	(18,234,608)	(185,632)	-	-	(57,874,651)	-	-
Transfers/Miscellaneous	6,165,589	6,460,944	4,562,119	7,139,716	9,092,746	10,917,464	7,742,293	6,645,272	8,562,891	6,739,842
Total Governmental Activities	160,957,462	157,819,240	165,649,509	156,276,134	182,080,665	192,923,599	197,376,171	150,745,868	214,533,191	219,887,539
Business-type Activities:										
Investment Earnings	835,126	741,640	571,581	562,699	983,001	935,690	970,727	2,020,795	1,128,542	210,580
Transfers/Miscellaneous	(1,461,650)	(1,950,430)	(338,342)	(1,609,882)	(2,687,252)	(1,024,546)	121,844	(1,318,696)	114,668	(292,202)
Total Business-type Activities	(626,524)	(1,208,790)	233,239	(1,047,183)	(1,704,251)	(88,856)	1,092,571	702,099	1,243,210	(81,622)
Total Primary Government	\$ 160,330,938	\$ 156,610,450	\$ 165,882,748	\$ 155,228,951	\$ 180,376,414	\$ 192,834,743	\$ 198,468,742	\$ 151,447,967	\$ 215,776,401	\$ 219,805,917
<b>Change in Net Position</b>										
Governmental Activities	\$ 41,358,464	\$ 15,448,936	\$ 5,400,193	\$ (647,573)	\$ 24,049,276	\$ 18,924,429	\$ 32,217,231	\$ (24,725,717)	\$ 25,903,153	\$ 11,395,519
Business-type Activities	(1,255,764)	1,249,677	(3,447,532)	(6,099,973)	(860,487)	2,610,940	5,679,688	(1,519,361)	2,077,875	13,160,310
Total Primary Government	\$ 40,102,700	\$ 16,698,613	\$ 1,952,662	\$ (6,747,546)	\$ 23,188,789	\$ 21,535,369	\$ 37,896,919	\$ (26,245,078)	\$ 27,981,028	\$ 24,555,829

(1)

(1) In FY2016, prior period adjustments were made that impacted FY2015. Therefore, FY2015 values for Governmental activities were decreased by \$16,444,391.

FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non-Spendable	\$ 41,086	\$ 9,794	\$ 3,920	\$ 42,454	\$ 24,905	\$ 47,669	\$ 37,908	\$ 64,993	\$ 73,373	\$ 95,434
Restricted	2,106,682	565,969	580,948	668,506	1,162,069	1,528,879	1,552,547	1,614,632	1,455,994	1,401,576
Committed	7,746,520	9,909,530	8,792,595	6,285,381	4,472,517	5,920,555	6,633,215	4,237,613	9,022,280	25,260,455
Assigned	7,676,544	1,646,157	2,348,576	701,393	425,008	2,609,232	426,564	748,518	526,269	1,500,527
Unassigned	36,881,374	43,938,132	45,575,368	48,647,116	56,491,224	58,392,937	65,326,008	73,858,094	86,344,490	81,006,638
Total General Fund	<u>\$ 54,452,206</u>	<u>\$ 56,069,582</u>	<u>\$ 57,301,407</u>	<u>\$ 56,344,850</u>	<u>\$ 62,575,723</u>	<u>\$ 68,499,272</u>	<u>\$ 73,976,242</u>	<u>\$ 80,523,850</u>	<u>\$ 97,422,406</u>	<u>\$ 109,264,630</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 88,383	\$ 38,309	\$ 30,776	\$ 45,654	\$ 45,654	\$ 45,654	\$ 45,654	\$ 45,654
Restricted	14,227,163	14,353,521	35,666,062	60,045,985	67,568,640	63,765,980	56,841,100	56,027,201	65,409,783	67,810,242
Committed, reported in:										
Capital Projects Funds	31,842,530	34,504,114	6,469,155	1,972,667	5,914,066	7,319,905	10,890,140	9,448,361	6,777,753	10,232,234
Nonmajor Governmental Funds	3,293,204	2,839,333	2,125,879	2,170,497	2,516,047	3,498,144	2,599,519	3,240,732	4,436,654	5,974,413
Other Governmental Funds	10,809,261	10,890,830	13,337,889	2,822,872	2,148,460	99,368	95,453	492,720	492,720	492,720
Assigned, reported in:										
Special Revenue Funds	949,904	2,864,515	1,941,868	-	-	-	-	-	-	-
Unassigned	-	(10,938)	(10,909)	(10,951)	(10,945)	(10,818)	(10,819)	(10,819)	(10,819)	(10,819)
Total all other Governmental Funds	<u>\$ 61,122,062</u>	<u>\$ 65,441,375</u>	<u>\$ 59,618,327</u>	<u>\$ 67,039,379</u>	<u>\$ 78,167,044</u>	<u>\$ 74,718,233</u>	<u>\$ 70,461,047</u>	<u>\$ 69,243,849</u>	<u>\$ 77,151,745</u>	<u>\$ 84,544,444</u>
Component Unit (School Board)										
Nonspendable	\$ 5,055,925	\$ 1,397,417	\$ 1,549,179	\$ 1,563,699	\$ 1,134,919	\$ 1,125,204	\$ 1,118,041	\$ 1,222,261	\$ 1,206,139	\$ 1,179,061
Committed	818,913	357,600	504,320	477,237	417,309	433,862	420,990	490,778	721,628	0
Assigned	6,625,214	5,558,243	7,016,812	9,091,818	7,125,361	7,682,280	9,170,789	10,150,397	9,978,500	10,977,207
Unassigned	(127,803)	(149,539)	-	-	154,815	-	-	-	-	-
	<u>\$ 12,372,249</u>	<u>\$ 7,163,721</u>	<u>\$ 9,070,311</u>	<u>\$ 11,132,754</u>	<u>\$ 8,832,404</u>	<u>\$ 9,241,346</u>	<u>\$ 10,709,820</u>	<u>\$ 11,863,436</u>	<u>\$ 11,906,267</u>	<u>\$ 12,156,268</u>

(1)

(1) FY2015 includes a restatement of fund balance between the General Fund and the other special revenue funds of \$763,185

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>											
General Property Taxes		\$ 103,782,797	\$ 104,577,439	\$ 110,069,867	\$ 112,558,761	\$ 118,076,619	\$ 123,457,208	\$ 127,047,858	\$ 135,696,638	\$ 141,959,059	\$ 146,642,458
Other Local Taxes		36,916,761	36,379,136	36,077,720	39,723,172	42,544,952	43,202,375	45,768,255	46,261,507	48,737,290	53,092,031
Licenses, Permits and Fees		1,267,377	1,284,823	1,282,637	1,436,613	1,589,474	1,678,881	1,825,728	1,723,958	2,141,327	2,484,061
Fines and Forfeitures		1,024,324	1,048,276	1,067,296	1,254,627	1,042,219	983,988	1,142,491	1,179,110	1,012,104	1,068,804
Use of Money and Property		817,326	1,199,549	1,180,391	1,118,245	1,289,414	1,775,226	2,708,976	3,965,689	3,516,133	1,610,402
Intergovernmental		53,256,359	55,743,813	50,170,399	52,623,910	58,698,660	62,362,464	66,206,954	62,089,557	64,516,765	71,603,311
Charges for Services		5,379,984	6,999,252	5,354,741	5,344,154	5,018,523	4,827,273	4,770,834	5,508,401	5,104,191	4,743,554
Miscellaneous		1,900,247	2,229,766	1,385,847	1,981,761	2,482,439	1,983,706	3,794,081	2,076,460	3,331,856	1,269,900
Total Revenues		204,345,175	209,462,054	206,588,898	216,041,243	230,742,300	240,271,121	253,265,177	258,501,320	270,318,725	282,514,521
<b>Expenditures</b>											
General Government Administration	(4)	13,563,676	15,171,035	15,045,173	15,717,849	15,511,299	16,302,909	17,074,074	17,062,724	18,200,342	28,646,499
Judicial Administration		7,731,218	8,086,574	7,978,377	8,308,093	8,467,689	8,896,483	9,051,250	9,624,709	10,133,068	10,430,783
Public Safety		48,947,127	48,435,845	48,997,652	49,275,180	50,488,261	57,115,046	60,265,740	62,900,211	63,883,434	64,154,020
Public Works	(4)	19,019,321	19,465,040	21,231,887	22,352,347	23,038,899	25,102,596	23,998,099	22,333,618	24,421,117	24,658,890
Health and Welfare		12,802,756	12,920,565	12,933,567	12,813,152	12,219,597	13,256,252	13,319,870	13,634,568	14,670,632	14,580,535
Transportation		-	888,337	672,274	1,209,090	1,033,663	1,079,339	1,090,607	1,592,193	1,898,154	1,420,397
Education		44,206,593	49,386,060	49,170,847	51,134,708	53,435,459	54,900,377	56,467,515	60,353,258	58,106,679	65,526,746
Parks, Recreation and Cultural		7,567,516	7,650,996	7,857,639	9,382,259	9,835,503	10,576,486	11,147,634	12,281,589	11,331,545	10,854,151
Community Development	(3)	6,005,460	8,062,809	8,238,220	9,355,031	7,948,520	9,844,679	6,686,201	5,846,241	7,305,136	6,752,880
Non-Departmental		455,436	474,540	531,079	1,848,130	466,002	323,725	226,481	675,842	594,989	759,119
Capital Outlay		15,988,154	20,951,351	46,949,925	32,536,679	28,950,011	46,189,812	56,107,239	37,532,944	30,648,655	33,190,478
Debt Service:											
Other		319,789	168,343	521,661	497,736	446,658	720,840	323,069	245,499	582,569	409,738
Interest		9,034,916	9,702,110	10,206,705	10,334,731	10,346,003	9,388,267	10,319,538	10,535,818	9,579,925	9,519,802
Principal		14,862,418	15,512,377	17,233,990	16,435,462	17,015,462	16,781,132	15,767,400	17,815,620	18,118,620	18,774,488
Total Expenditures		200,504,380	216,875,982	247,568,997	241,200,447	239,203,026	270,477,943	281,844,717	272,434,834	269,474,865	289,678,526
Excess (Deficiency) of Revenues Over (Under) Expenditures		3,840,795	(7,413,928)	(40,980,099)	(25,159,204)	(8,460,726)	(30,206,822)	(28,579,540)	(13,933,514)	843,860	(7,164,005)
<b>Other Financing Sources (Uses)</b>											
Proceeds of Refunding Bonds		14,295,853	11,520,000	5,370,000	20,160,000	20,176,111	47,215,000	3,395,000	575,000	31,345,000	36,855,000
Proceeds of Bonds Issued		32,526,431	9,890,000	33,105,000	28,820,000	20,360,000	26,380,000	26,665,000	17,370,000	18,965,000	22,000,000
Premiums on Debt		-	3,322,503	4,248,968	6,695,020	3,955,535	7,912,562	2,313,366	1,182,718	2,323,802	2,163,968
Transfers to other governments		-	-	(304,763)	-	-	-	-	-	-	-
Transfers In		32,840,198	35,363,768	34,821,649	38,022,629	37,593,204	36,594,695	37,425,621	39,252,347	37,704,027	40,940,955
Payment to Refunded Bonds Escrow Agent		(14,096,458)	(13,568,249)	(4,844,006)	(23,830,555)	(22,362,261)	(51,298,280)	(3,734,892)	(600,000)	(31,033,899)	(36,743,990)
Transfers Out		(31,378,920)	(33,177,405)	(36,007,972)	(38,243,395)	(33,903,324)	(34,122,417)	(36,264,770)	(38,516,141)	(35,341,338)	(38,817,005)
Total Other Financing Sources, net		34,187,104	13,350,617	36,388,876	31,623,699	25,819,265	32,681,560	29,799,325	19,263,924	23,962,592	26,398,928
<b>Net Change in Fund Balance</b>	(5)	<u>\$ 38,027,899</u>	<u>\$ 5,936,689</u>	<u>\$ (4,591,223)</u>	<u>\$ 6,464,495</u>	<u>\$ 17,358,539</u>	<u>\$ 2,474,738</u>	<u>\$ 1,219,785</u>	<u>\$ 5,330,410</u>	<u>\$ 24,806,452</u>	<u>\$ 19,234,923</u>
Capital outlay (1)		\$ 11,253,052	\$ 23,029,711	\$ 44,465,715	\$ 36,911,941	\$ 31,474,338	\$ 48,309,227	\$ 58,064,359	\$ 39,808,562	\$ 32,231,862	\$ 34,373,563
<b>Debt Service as a percentage of non-capital expenditures (1)</b>		12.63%	13.01%	13.49%	13.10%	13.17%	11.78%	11.66%	12.19%	11.68%	11.08%
<b>Add'l School Operating &amp; Food Service Expenditures (2)</b>		\$ 85,170,286	\$ 86,707,523	\$ 80,056,924	\$ 82,309,125	\$ 88,999,257	\$ 88,031,891	\$ 90,729,115	\$ 96,781,541	\$ 99,580,517	\$ 102,129,429
<b>Debt Service as a percentage of non-capital plus school expenditures (2)</b>		8.71%	8.99%	9.68%	9.34%	9.22%	8.44%	8.29%	8.61%	8.22%	7.92%

- (1) Calculated as the Principal plus Interest shown above divided by the Total Expenditures less Capital Outlay as shown in the Exhibit 4 reconciliation schedule, as defined by GFOA. This ratio may have changed from previous years' presentations.
- (2) Additional School expenditures are found in the Component Unit section of the ACFR (School Operating and School Food Service Fund expenditures less Contribution revenue from the City). The related ratio is part of bond continuing disclosure requirements.
- (3) Contribution to IDA/EDA for Hilton Garden Inn/Suffolk Conference Center EDA Revenue Bonds: 2004, \$2.4 M for the IDA's Secondary Debt Service Reserve Fund to support the \$18.3 M Revenue Bonds; 2007, \$18.5 M to refund the Revenue Bonds; 2011, \$5.6 M to make final payment on the Revenue Bonds.
- (4) Reclassification due to GFOA comments or management decisions.
- (5) Restatements made in the subsequent year are not reflected here.



TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Change 2012-2021
General Property Tax	\$ 103,640,094	\$ 104,577,439	\$ 110,069,867	\$ 112,558,761	\$ 117,651,210	\$ 123,411,724	\$ 127,047,858	\$ 135,696,638	\$ 141,959,059	\$ 146,689,685	42%
Other Local Taxes:											
Sales and Use	8,378,591	8,050,485	8,473,872	9,397,170	9,904,693	10,399,254	10,977,388	10,421,185	12,626,601	15,618,307	86%
Utility Tax	3,580,799	4,390,438	4,430,346	4,509,480	4,478,378	4,447,778	4,839,131	4,799,814	4,755,918	4,864,689	36%
Communication Taxes	3,826,015	3,602,321	3,535,356	3,492,721	3,115,672	3,311,375	3,212,841	3,001,565	2,890,793	2,627,477	-31%
Business and Occupational License	7,536,501	6,277,297	5,158,825	6,928,327	7,680,254	6,891,756	7,552,220	8,095,262	8,412,262	9,212,742	22%
Motor Vehicle License	2,104,948	2,247,870	2,240,157	2,301,259	2,449,544	2,436,079	2,354,440	2,472,521	2,624,213	2,682,701	27%
Bank Stock	493,688	486,092	505,550	529,855	564,037	629,727	675,738	691,626	582,250	706,211	43%
Recordation	922,372	1,165,979	1,269,043	1,456,395	1,466,044	1,477,475	1,866,957	1,697,180	2,513,189	2,448,497	165%
Tobacco	1,352,797	1,313,533	1,354,757	1,391,263	2,050,259	2,069,356	1,971,283	1,955,756	1,920,427	2,028,076	50%
Lodging	1,198,551	1,071,900	1,119,678	1,172,193	1,484,031	1,706,709	1,787,927	1,762,778	1,470,419	1,657,435	38%
Meals	7,076,131	7,452,212	7,646,834	8,329,490	8,996,483	9,432,240	10,111,438	10,996,828	10,749,762	11,278,549	59%
Admission	306,196	237,060	243,203	215,019	318,348	365,757	418,892	366,992	191,456	6,013	-98%
Public Facility Tax Rebate	140,172	83,949	100,099	-	-	-	-	-	-	-	
Total	<u>\$ 140,556,855</u>	<u>\$ 140,956,575</u>	<u>\$ 146,147,587</u>	<u>\$ 152,281,933</u>	<u>\$ 160,158,953</u>	<u>\$ 166,579,230</u>	<u>\$ 172,816,113</u>	<u>\$ 181,958,145</u>	<u>\$ 190,696,349</u>	<u>\$ 199,820,382</u>	

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year	Real Property					Personal Property				Total
	Assessed Value			Estimated Actual Value	City Wide Rate	Assessed Value			Tax Rate	Assessed Value
	Citizens Property (1)	Public Service (2)	Total			Citizens Property (3)	Public Service (2)	Total		
2012	\$ 8,848,672,100	\$ 29,240,750	\$ 8,877,912,850	\$ 9,472,557,700	\$ 0.97	\$ 793,373,032	\$ 271,085,304	\$ 1,064,458,336	\$ 4.25	\$ 9,942,371,186
2013	8,776,025,000	29,254,047	8,805,279,047	9,371,181,700	0.97	839,643,073	299,930,734	1,139,573,807	4.25	9,944,852,854
2014	8,612,541,300	28,707,851	8,641,249,151	9,132,641,100	1.03	864,971,340	297,602,714	1,162,574,054	4.25	9,803,823,205
2015	8,802,263,400	28,123,794	8,830,387,194	9,266,762,600	1.03	885,552,076	308,852,863	1,194,404,939	4.25	10,024,792,133
2016	9,012,246,300	30,898,516	9,043,144,816	9,423,596,600	1.07	941,845,500	329,961,909	1,271,807,409	4.25	10,314,952,225
2017	9,234,719,500	37,249,670	9,271,969,170	9,591,955,500	1.07	985,809,155	346,169,603	1,331,978,758	4.25	10,603,947,928
2018	9,536,521,300	44,371,412	9,580,892,712	9,874,324,100	1.07	1,002,785,230	360,467,216	1,363,252,446	4.25	10,944,145,158
2019	9,758,914,800	43,055,984	9,801,970,784	10,211,179,800	1.11	1,074,774,050	370,951,482	1,445,725,532	4.25	11,247,696,316
2020	10,041,879,300	43,414,519	10,085,293,819	10,513,127,400	1.11	1,178,762,000	370,348,948	1,549,110,948	4.25	11,634,404,767
2021	10,550,088,600	46,398,554	10,596,487,154	11,024,342,300	1.11	1,237,467,530	388,395,491	1,625,863,021	4.25	12,222,350,175

(1) Real property is assessed at 100% of estimated actual value except land use property which approximates 30%. Source: City Assessor's Office

(2) Determined by the State Corporation Commission of Virginia.

(3) Vehicles are assessed at 100% of clean loan value: recreation vehicles are assessed at 100% of lowest NADA value; and machinery and tools are assessed at 20% of original cost for the first five years and 10% thereafter. Source: City Commissioner of the Revenue's Office.

DIRECT PROPERTY TAX RATES (PER HUNDRED) (1)  
LAST TEN FISCAL YEARS

Fiscal Year	Real Property (2)			Personal Property (3)	Machinery and Tools (4)	Minimum Total Direct Rate (5)
	City Wide	Route 17 Taxing District	Downtown Business Overlay District			
2012	\$ 0.97	\$ 0.26	\$ 0.125	\$ 4.25	\$ 3.15	\$ 5.22
2013	0.97	0.25	0.115	4.25	3.15	5.22
2014	1.03	0.25	0.105	4.25	3.15	5.28
2015	1.03	0.24	0.105	4.25	3.15	5.28
2016	1.07	0.24	0.105	4.25	3.15	5.28
2017	1.07	0.24	0.105	4.25	3.15	5.28
2018	1.07	0.24	0.105	4.25	3.15	5.28
2019	1.11	0.24	0.105	4.25	3.15	5.28
2020	1.11	0.24	0.105	4.25	3.15	5.28
2021	1.11	0.24	0.105	4.25	3.15	5.28

- (1) The City is not a component of any overlapping governments; therefore, it does not share any overlapping tax rates nor debt.
- (2) Real property is assessed at 100% of estimated actual value, except land use property which approximates 30%.
- (3) Vehicles are assessed at 100% of average loan value.
- (4) Assessed at 20% of original cost during the first five years of life; 10% thereafter.
- (5) The district tax rates include the City-wide rate. Additionally, districts overlap some properties, resulting in those properties being taxed at the City rate plus the additional rate for each applicable district. Therefore, only the City-wide rate is used with the personal property rate to calculate the Minimum Total Direct Rate.

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

Real Property					
Taxpayer	Type of Business	2021		2012	
		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)
Target Corporation	Distribution Warehouse	\$ 60,794,100	0.58%	\$ 39,245,000	0.45%
EGP 116 Suffolk LLC /116 Lakeview Parkway, LLC	Joint Military Training Facility	56,034,100	0.53%	54,480,500	0.62%
2152 LLC	Apartment Complex	42,920,000	0.41%		
TowneBank	Financial Institution	40,994,600	0.39%	26,088,800	
QVC of Suffolk Inc. / CVN Distribution	Distribution Warehouse	40,778,500	0.39%	43,843,300	0.50%
The Pergola Group	Apartment Complex	39,430,000	0.37%	26,818,947	
GGT Hampton Roads VA Venture	Apartment Complex	37,730,000	0.36%		
Belleharbour Properties LLC	Medical Leasehold	36,458,200	0.35%		
Lake Prince Center, Inc.	Retirement Community	33,776,300	0.32%	30,253,500	0.34%
Boyd Suffolk GSA LLC	Military	32,852,800	0.31%		
Sysco Food Services of Hampton Roads	Food Service Distribution			42,381,300	0.48%
City of Norfolk	Municipal Water System			57,671,300	0.66%
City of Portsmouth	Municipal Water System			49,813,300	0.57%
Walmart	Retail Merchandise			31,623,000	0.36%
		<u>\$ 421,768,600</u>	<u>4.48%</u>	<u>\$ 402,218,947</u>	<u>4.58%</u>
(1) Total Assessed Value (does not include public service corporations)		\$ 10,550,088,600		\$ 8,776,025,000	

Source: City of Suffolk Assessor's Office

Personal Property					
Taxpayer	Type of Business	2021		2012	
		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Unilever/Lipton, Inc.	Beverage Company	\$ 18,131,160	1.47%	\$ 9,715,940	1.22%
Target Corporation	Distribution Warehouse	11,383,810	0.92%	3,669,950	0.46%
Planters/Kraft Foods	Food Processing	11,167,260	0.90%	8,312,540	1.05%
QVC of Suffolk Inc. / CVN Distribution	Distribution Warehouse	7,492,500	0.61%	7,238,880	0.91%
Solenis LLC/BASF Corporation/CIBA	Chemical Plant	6,213,700	0.50%	10,169,250	1.28%
Massimo Zanetti Beverage USA	Beverage Company	5,986,520	0.48%	3,603,480	0.45%
Lockheed Martin Corporation	Technology Company	5,505,960	0.44%	4,467,870	0.56%
JM Smucker Company	Beverage Company	3,841,230	0.31%		
Sysco Food Services of Hampton Roads	Food Service Distribution	3,742,200	0.30%	3,842,850	0.48%
Spectrum Southeast LLC/Charter Communications	Cable Products	3,507,820	0.28%	2,654,570	0.33%
Sara Lee International	Beverage Company			5,060,330	0.64%
		<u>\$ 76,972,160</u>	<u>6.22%</u>	<u>\$ 58,735,660</u>	<u>7.40%</u>
(2) Total Assessed Value (does not include public service corporations)		\$ 1,237,467,530		\$ 793,373,032	

Source: City of Suffolk, Commissioner of Revenue's Office

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

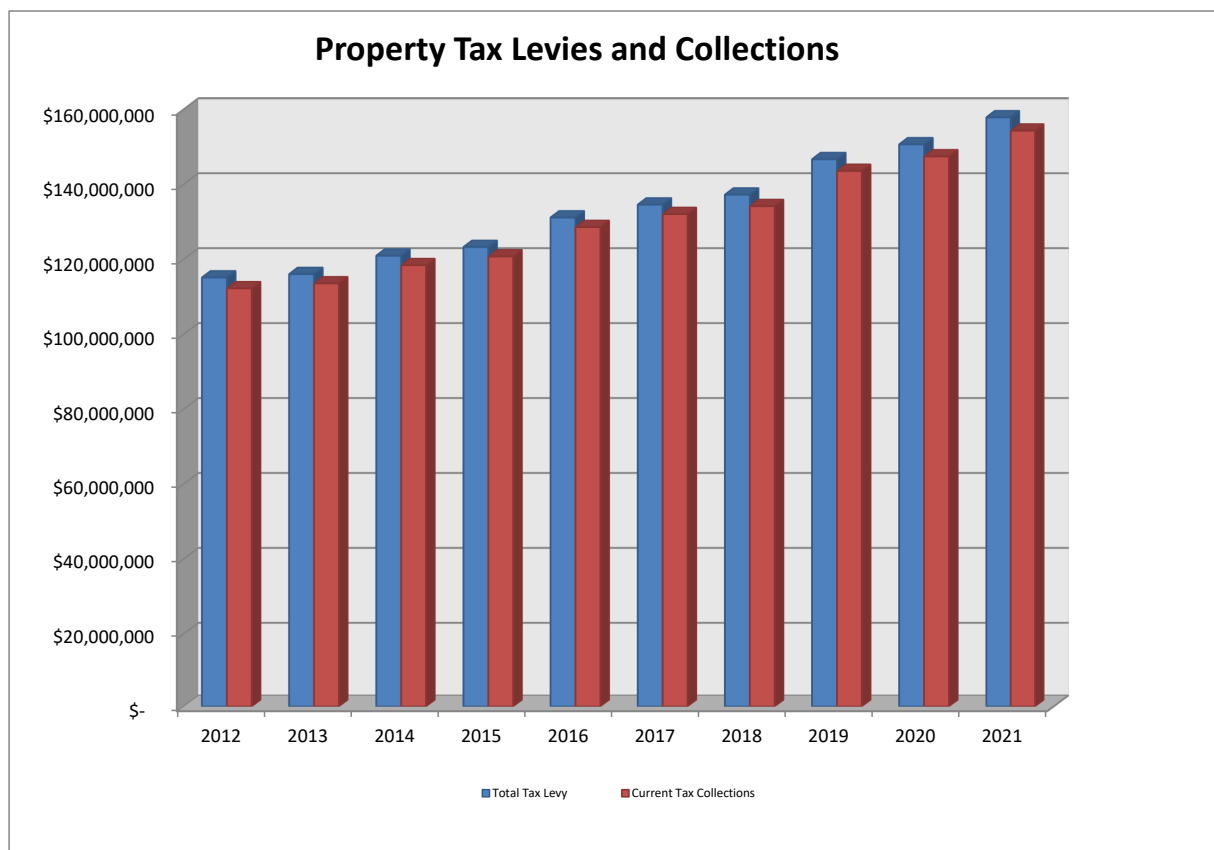
Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Tax Collections				Outstanding Delinquent Taxes At End of Fiscal Year (2)
				Delinquent		Total		
				Delinquent Tax Collections	As	Total Tax Collections (2)	Total	
					Percent of Outstanding Delinquent Taxes		Collections as a Percent of the Levy	
2012	\$ 115,190,689	\$ 112,303,915	97.49%	\$ 1,970,995	43.95%	\$ 114,274,910	99.20%	\$ 4,484,190
2013	116,106,208	113,620,442	97.86%	2,307,092	55.20%	115,927,534	99.85%	4,179,156
2014	121,016,827	118,482,416	97.91%	1,818,928	42.55%	120,301,344	99.41%	4,275,281
2015	123,326,675	120,807,937	97.96%	1,919,984	45.51%	122,727,921	99.51%	4,218,636
2016	131,208,221	128,655,899	98.05%	1,880,684	44.26%	130,536,583	99.49%	4,249,557
2017	134,647,214	132,124,360	98.13%	1,856,687	43.57%	133,981,047	99.51%	4,261,779
2018	137,308,853	134,243,292	97.77%	1,639,344	32.58%	135,882,636	98.96%	5,032,040
2019	146,769,909	143,637,167	97.87%	2,796,009	60.97%	146,433,176	99.77%	4,585,660
2020	150,738,427	147,518,704	97.86%	1,920,465	41.88%	149,439,169	99.14%	4,612,663
2021	157,939,087	154,394,883	97.76%	3,010,123	41.88%	157,405,006	99.66%	5,077,608

Note A: Delinquent real property taxes not collected within three years, a lien is recorded on the property of the collection thereof. Collections in subsequent years represent delinquent accounts collected during the course of that fiscal year for all prior fiscal years.

(1) Beginning in the year ended June 30, 2000, the tax levy includes the Commonwealth's reimbursement.

(2) Adjusted for collections through August 15.

Source: City Treasurer



PROPERTY VALUE AND CONSTRUCTION  
LAST TEN FISCAL YEARS

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Real Property Value (2)				Total
	Number of Permits	Value	Number of Permits	Value	Residential	Commercial	Agricultural	Nontaxable	
2012	177	\$ 64,189,699	647	\$ 53,549,031	\$ 6,887,276,900	\$ 1,762,876,100	\$ 822,404,700	\$ 1,005,501,100	\$ 10,478,058,800
2013	146	75,601,465	832	179,774,238	6,813,160,700	1,760,322,100	797,698,900	990,739,800	10,361,921,500
2014	149	66,694,893	750	84,679,157	6,685,327,800	1,726,979,800	720,333,500	1,022,171,600	10,154,812,700
2015	173	75,494,303	694	86,837,291	6,649,577,300	1,938,055,900	679,129,400	1,016,443,600	10,283,206,200
2016	152	58,345,994	691	79,256,973	6,739,083,100	2,023,675,300	660,838,200	1,026,465,000	10,450,061,600
2017	158	160,651,157	914	95,043,903	6,868,962,400	2,065,945,200	657,047,900	1,077,730,700	10,669,686,200
2018	295	739,050,509	894	106,647,685	7,067,095,400	2,158,117,900	667,451,000	1,106,232,700	10,998,897,000
2019	256	58,233,219	866	108,747,841	7,337,983,600	2,203,841,700	669,354,500	1,107,389,400	11,318,569,200
2020	192	318,398,197	1,067	119,255,504	7,537,092,200	2,239,871,900	736,163,300	1,117,665,100	11,630,792,500
2021	166	79,712,825	1,644	359,505,429	7,912,235,000	2,387,318,000	724,789,300	1,103,723,400	12,128,065,700

(1) Department of Planning and Community Development

(2) City Assessor's Office, estimated actual value (only residential, commercial, and Agricultural are reflected in Table 6)

PRINCIPAL COMMERCIAL/INDUSTRIAL WATER AND SEWER CONSUMERS  
YEAR ENDED JUNE 30, 2020

Water Consumers	Type of Business	Annual Consumption (Hundred Cubic Feet)	% of Total Annual Consumption (1)
Western Tidewater Water Authority	Regional Water Supply	283,713	10.89%
JM Smucker Company	Beverage Company	34,182	1.31%
Sentara/Obici Hospital	Hospital	27,358	1.05%
Wanchese Fish Company	Seafood Processing	21,913	0.84%
Western Tidewater Regional Jail	Jail-Regional Facility	21,117	0.81%
Suffolk Public Schools	Education	18,351	0.70%
Harbour Breeze Apartments	Real Property Management	17,444	0.67%
Planters/Kraft Foods	Food Processing	17,091	0.66%
Unilvever/Lipton, Inc.	Beverage Company	15,731	0.60%
Green Clean Auto Wash	Car Wash	10,728	0.41%
		<u>467,628</u>	<u>17.94%</u>

(1) Total annual consumption (all water customers) 2,605,996

Sewer Consumers	Type of Business	Annual Consumption (Hundred Cubic Feet)	% of Total Annual Consumption (2)
Sentara/Obici Hospital	Hospital	27,358	1.31%
JM Smucker Company	Beverage Company	23,914	1.15%
City of Suffolk	Water Production	23,884	1.14%
Wanchese Fish Company	Seafood Processing	21,913	1.05%
Western Tidewater Regional Jail	Jail-Regional Facility	21,117	1.01%
Suffolk Public Schools	Education	18,351	0.88%
Harbour Breeze Apartments	Real Property Management	17,444	0.84%
Unilever Best Foods	Beverage Company	14,582	0.70%
Southeastern Public Service Authority	Regional Waste Management	12,875	0.62%
Green Clean Auto Wash	Car Wash	10,728	0.51%
		<u>192,166</u>	<u>9.21%</u>

(2) Total annual consumption (all sewer customers) 2,086,669

Source: Department of Public Utilities

**WATER AND SEWER RATE SCHEDULE**  
**LAST TEN FISCAL YEARS**

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>WATER</b>										
<b>Water Rate per 100 cubic feet</b>	\$ 6.43	\$ 7.13	\$ 7.84	\$ 8.29	\$ 8.86	\$ 9.03	\$ 9.20	\$ 9.71	\$ 9.71	\$ 9.71
Minimum Bi-monthly Charge (5 ccf)	32.15	33.65	-	-	-	-	-	-	-	-
<b>Meter Service Charge (per month)</b>										
5/8 inch meter	2.40	2.40	5.35	6.40	7.00	8.40	8.40	10.00	11.25	11.25
<b>Water Connection Charge (installed by city)</b>										
5/8 inch meter	1,100	1,100	1,100	1,100	1,100	2,000	2,000	2,000	2,000	2,000
<b>Water Connection Charge (installed by developer)</b>	50	50	50	50	50	50	50	50	50	50
<b>Water Availability Charge (residential)</b>										
Single Family	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
<b>Water Availability Charge (commercial)</b>										
5/8 inch meter	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
3/4 inch meter	8,180	8,180	8,180	5,520	5,520	5,520	5,520	5,520	5,520	5,520
1 inch meter	13,520	13,520	13,520	13,520	13,520	13,520	13,520	13,250	13,250	13,250
1½ inch meter	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950
2 inch meter	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120
3 inch meter	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850
4 inch meter	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750
<b>WTWA Wholesale Water Rate</b>										
Water Rate (CCF)	\$ 3.84	\$ 4.13	\$ 4.36	\$ 4.46	\$ 4.67	\$ 4.56	\$ 4.55	\$ 4.76	\$ 4.84	\$ 4.86
Fixed Capacity Charge (Per Month)	\$ 220,668	\$ 193,496	\$ 204,641	\$ 210,994	\$ 204,959	\$ 222,995	\$ 202,454	\$ 197,983	\$ 199,026	\$ 200,470
<b>SEWER</b>										
<b>Sewer Collection (per 100 cubic feet)</b>	4.91	5.35	5.82	6.47	6.74	6.97	7.21	7.27	7.27	7.27
Minimum Bi-monthly period (5 ccf)	24.55	26.75	-	-	-	-	-	-	-	-
<b>Sewer Connection Charge (installed by city)</b>										
4 inch lateral size	1,450	1,450	1,450	1,450	1,450	1,800	1,800	1,800	1,800	1,800
6 inch lateral size	2,650	2,650	2,650	2,650	2,650	3,000	3,000	3,000	3,000	3,000
<b>Sewer Connection Charge (installed by developer)</b>	50	50	50	50	50	50	50	50	50	50
<b>Sewer Availability Charge (residential)</b>										
Single Family	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
<b>Sewer Availability Charge (commercial)</b>										
5/8 inch meter	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
3/4 inch meter	9,000	9,000	9,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
1 inch meter	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
1½ inch meter	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500
2 inch meter	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100
3 inch meter	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100
4 inch meter	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800

*Source: Department of Public Utilities*



RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS\*

Fiscal Year **	General Bonded Debt (1)					Other Governmental Activities Debt		
	a	b	c	a+b+c+d	Percentage of Estimated Actual Taxable Value of Property (3)	e	f	
	General Obligation Bonds General Gov't (2)	General Obligation Bonds Business-type activities	Literary Bonds	Total General Bonded Debt		Per Capita (4)	Capital Leases	Section 108 Loan Payable
2012	\$ 214,567,471	\$ 109,776,348	\$ 4,250,000	\$ 328,593,819	3.47%	\$ 3,835	\$ 4,390,193	\$ 2,880,000
2013	214,236,652	152,015,340	-	366,251,992	3.91%	4,236	5,388,859	2,687,000
2014	234,108,838	182,234,124	-	416,342,962	4.56%	4,740	10,738,856	2,494,000
2015	249,478,100	259,509,734	-	508,987,834	5.49%	5,795	11,537,472	2,301,000
2016	259,928,278	253,567,653	-	513,495,931	5.45%	5,679	9,183,208	2,108,000
2017	276,109,544	194,329,673	-	470,439,217	4.90%	5,129	6,163,199	1,915,000
2018	286,010,859	191,436,465	-	477,447,324	4.84%	5,205	3,537,987	1,722,000
2019	284,948,761	182,347,200	-	467,295,961	4.58%	5,050	2,057,108	-
2020	287,124,014	177,851,721	-	464,975,735	4.42%	5,015	1,487,534	-
2021	293,516,607	174,674,835	-	468,191,442	4.25%	4,930	1,283,236	-

Fiscal Year**	Business-Type Activities (1)					Percentage of Personal Income (4)	Total Per Capita (4)	
	g	h	i	a+c+d+e+f	b+g+h			
	Capital Leases	Senior Revenue Bonds	Presentation only Subordinate: GO Bonds (5)	Total Governmental Activities	Total Business-type Activities			
2012	\$ 2,718,563	\$ 161,624,546	\$ 27,000,000	\$ 226,087,664	\$ 274,119,458	14.20%	\$ 5,837	
2013	2,337,275	151,375,536	26,395,000	222,312,511	305,728,151	14.75%	6,107	
2014	1,767,419	141,572,222	25,780,000	247,341,694	325,573,765	14.54%	6,523	
2015	1,432,958	81,143,931	25,150,000	263,316,572	342,086,622	14.45%	6,758	
2016	1,166,659	117,709,923	24,505,000	271,219,486	372,444,235	14.88%	7,118	
2017	987,740	199,345,172	23,840,000	284,187,743	394,662,585	15.11%	7,401	
2018	785,452	213,022,740	700,000	291,270,846	405,244,657	14.75%	7,527	
2019	562,671	210,667,350	-	287,005,869	393,577,221	13.75%	7,341	
2020	454,908	207,712,784	-	288,611,548	386,019,413	13.63%	7,190	
2021	411,085	223,268,539	-	294,799,843	398,354,459	14.00%	7,299	

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) GO Bonds include Utility GO Bonds (with or without an additional revenue pledge). They exclude the unamortized premiums and deferred amounts for advance refunding. This change required restating previous years' balances.

(3) See Table 6 for estimated actual taxable value of property data.

(4) See Table 16 for personal income and population data. The most recent personal income data available from the Bureau of Economic Analysis is 2011 and is used to analyze years 2011 through 2013.

(5) The subordinate GO bonds are "double-barreled", they have a revenue pledge, but are backed by the City's general obligation. They are presented under Business-type activities, but are actually included in the General Bonded Debt total.

\*Previous years restated to include Utility GO bond debt in General bonded debt.

\*\* Previous years restated to include the related premiums, discounts and adjustments.

### Legal Debt Margin Calculation

	Fiscal Year									
	2012	2013	2014*	2015	2016	2017	2018	2019	2020	2021
<b>City's Legal Debt Margin</b>										
Debt Limit	\$ 621,453,900	\$ 616,369,533	\$ 604,887,441	\$ 618,127,104	\$ 633,020,137	\$ 649,037,842	\$ 670,662,490	\$ 686,137,955	\$ 705,970,567	\$ 741,754,101
Total Net Debt Applicable to Limit*	** 323,484,000	** 351,784,115	** 299,613,810	452,589,444	456,621,633	413,420,487	442,666,000	434,875,002	436,105,000	446,880,000
Legal Debt Margin	<u>\$ 297,969,900</u>	<u>\$ 264,585,418</u>	<u>\$ 305,273,631</u>	<u>\$ 165,537,660</u>	<u>\$ 176,398,504</u>	<u>\$ 235,617,355</u>	<u>\$ 227,996,490</u>	<u>\$ 251,262,953</u>	<u>\$ 269,865,567</u>	<u>\$ 294,874,101</u>
Total Net Debt Applicable to Limit as percentage of Debt Limit	52.1%	57.1%	49.5%	73.2%	72.1%	63.7%	66.0%	63.4%	61.8%	60.2%
<b>Commonwealth's Legal Debt Margin</b>										
Debt Limit	\$ 887,791,285	\$ 880,527,905	\$ 864,124,915	\$ 883,038,719	\$ 904,314,482	\$ 927,196,917	\$ 958,089,271	\$ 980,197,078	\$ 1,008,529,382	\$ 1,059,648,715
Total Net Debt Applicable to Limit*	** 323,484,000	** 351,784,115	** 299,613,810	** 452,589,444	** 456,621,633	** 413,420,487	** 442,666,000	** 434,875,002	** 436,105,000	** 446,880,000
Legal Debt Margin	<u>\$ 564,307,285</u>	<u>\$ 528,743,790</u>	<u>\$ 564,511,105</u>	<u>\$ 430,449,275</u>	<u>\$ 447,692,849</u>	<u>\$ 513,776,430</u>	<u>\$ 515,423,271</u>	<u>\$ 545,322,076</u>	<u>\$ 572,424,382</u>	<u>\$ 612,768,715</u>
Total Net Debt Applicable to Limit as percentage of Debt Limit	36.4%	40.0%	34.7%	51.3%	50.5%	44.6%	46.2%	44.4%	43.2%	42.2%

(1) Virginia state statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the City (including Utility GO Bonds--with or without an additional revenue pledge, see table 13). Prior fiscal years have been restated in order to accommodate this determination. The calculation excludes the unamortized premiums and deferred amounts for advance refunding, installment purchase contracts, accrued sick and annual leave, landfill liability, and net pension and OPEB obligations.

(3) There are no overlapping or underlying tax jurisdictions.

(4) The debt applicable to the City's financial policy limit is only the General Obligation bonds and leases that are payable with general government funds, Stormwater and Refuse funds (excluding Utility fund debt) and the General Obligation debt of the City's Economic Development Authority issued to fund the Health and Human Services Building.

\*Previous years' general bonded debt has been restated to include Utility General Obligation debt.

\*\* Previous years' Net debt applicable to the Limit has been restated to include the guarantee of SPSA debt for FY2011 - 2013.

PLEDGE-REVENUE COVERAGE  
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)			Coverage (4)
				Principal	Interest	Total	
				UTILITY REVENUE BONDS (WATER AND SEWER)			
2012	\$ 34,213,151	\$ 16,600,935	\$ 17,612,216	\$ 2,640,000	\$ 9,316,190	\$ 11,956,190	1.47
2013	38,796,061	18,491,436	20,304,625	2,010,000	8,814,174	10,824,174	1.88
2014	39,711,399	19,718,299	19,993,100	2,070,000	8,317,701	10,387,701	1.92
2015	41,928,618	19,255,373	22,673,245	2,135,000	5,385,232	7,520,232	3.01
2016	48,200,503	23,090,668	25,109,835	1,135,000	5,158,290	6,293,290	3.99
2017	49,516,030	21,945,068	27,570,962	1,240,000	6,226,515	7,466,515	3.69
2018	50,195,913	21,952,124	28,243,789	1,820,000	8,398,014	10,218,014	2.76
2019	54,500,177	25,205,851	29,294,326	2,230,000	9,061,412	11,291,412	2.59
2020	53,256,705	25,665,502	27,591,203	2,001,000	8,043,368	10,044,368	2.75
2021	62,511,014	25,746,183	36,764,831	4,597,000	7,853,326	12,450,326	2.95

- (1) Gross revenues include operating revenues, miscellaneous revenues, transfers in, interest income and BAB interest subsidy.
- (2) Operating expenses are exclusive of depreciation, amortization, interest expense, debt issuance costs and loss on disposal of capital assets.
- (3) Includes principal and interest of revenue debt that falls under the debt covenant requirements of the master indenture and other agreements.  
(Capitalized interest paid by bond proceeds is excluded from the interest)  
There were significant changes in debt service requirements from previous years because they now exclude GO-bonded debt.
- (4) The debt service coverage ratio is calculated as Net Revenue Available for Debt Service divided by Total Debt Service Requirements  
(For the Utility fund the coverage must be over 1.15; since 2009, Suffolk's financial policy has recommended a target of 1.30, including all non-parity debt which has not been included in this analysis)

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (2)*	Schools: Average Daily Membership (3)	Unemployment Rate (4)		
		In Thousands			City of Suffolk	State of Virginia	United States
2012	85,692	\$ 3,521,692	\$ 41,344	13,734	6.8%	5.9%	8.1%
2013	86,463	3,579,047	41,749	13,844	6.5%	5.8%	7.7%
2014	87,831	3,940,083	45,390	13,739	6.4%	5.4%	6.3%
2015	89,586	4,190,597	47,533	13,762	5.3%	5.0%	5.3%
2016	90,426	4,326,809	48,467	13,837	4.3%	4.0%	5.1%
2017	91,722	4,491,916	49,779	13,760	4.1%	3.6%	4.1%
2018	92,533	4,723,202	51,798	13,630	3.1%	2.9%	3.6%
2019	92,714	4,949,924	53,740	13,543	3.2%	2.9%	3.7%
2020	93,825	not available	not available	13,308	8.8%	8.5%	11.2%
2021	94,960	not available	not available	13,357	5.0%	4.5%	5.9%

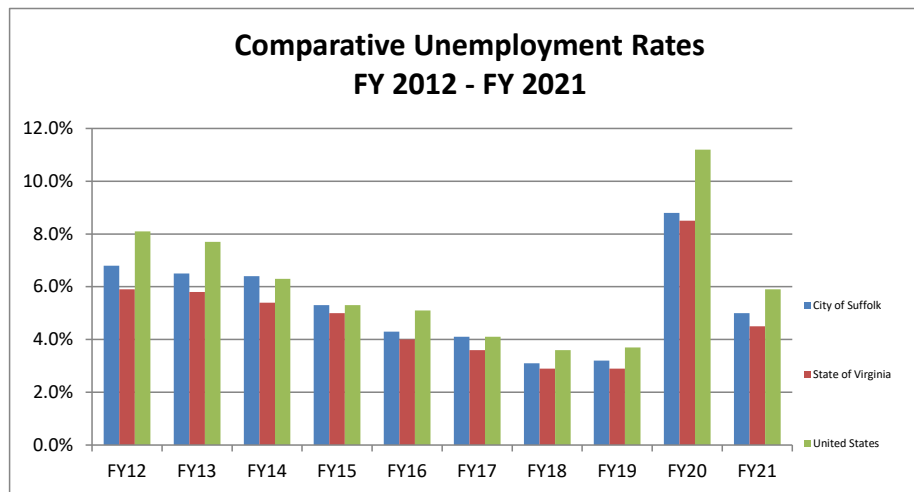
**Sources:**

(1) Weldon Cooper Center for Public Service

(2) Bureau of Economic Analysis based on calendar year

(3) City of Suffolk Public Schools

(4) Virginia Employment Commission - Area Unemployment Statistics, based on calendar year. 2020 rate as of June 2020



## PRINCIPAL EMPLOYERS

## CURRENT YEAR AND NINE YEARS AGO

Employer	Type of Business	2021	
		Employees	Percentage of Total City Employment
Navy Information Dominance Forces Commands (Cyber Force)	ModSim & Technology	2,250	6.83%
Sentara Health Systems	Medical	1,500	4.55%
Target	Warehousing & Distribution	1,500	4.55%
CVN Distribution / QVC, Inc	Warehousing & Distribution	700	2.13%
Towne Bank	Banking	600	1.82%
J-7 Joint Staff	ModSim & Techololgy	550	1.67%
Wal-Mart Stores	Retail	525	1.59%
Hormel/Planters/Kraft Foods	Food Processing	380	1.15%
Massimo Zanetti Beverage USA	Beverage Company	315	0.96%
Sysco Food Services of Hampton Roads	Food Service Distribution	275	0.83%
		8,595	26.10%
Total Employment by Industry in City of Suffolk for fiscal year		32,935	
Employer	Type of Business	2012	
		Employees	Percentage of Total City Employment
U.S. Joint Forces Command	ModSim & Technology	1,300	3.24%
Obici Memorial Hospital	Healthcare	1,200	2.99%
CVN Distribution / QVC, Inc	Distribution Warehouse	900	2.24%
Wal-Mart Stores	Retail	900	2.24%
SYSCO Food Services of Hampton Roads	Education	500	1.24%
Unilever/Lipton Inc.	Beverage Company	350	0.87%
Planters/Kraft Foods	Food Processing	340	0.85%
Target Corporation	Distribution Warehouse	300	0.75%
Lakeview Medical Center	Health Care	270	0.67%
Bon Secours Health System	Health Care	269	0.67%
		6,329	15.76%
Total Employment by Industry in City of Suffolk for fiscal year		40,167	

The Suffolk Public Schools (2,021 employees) and the City of Suffolk (1,392 employees) have not been included to give a clearer reflection of community activity.

*Source: Economic Development Department and Virginia Employment Commission*

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS (2)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund:</b>										
General Government:										
City Council	10	10	2	2	2	2	2	2	2	2
City Manager	6	7	7	7	7	7	7	7	7	7
Budget and Strategic Planning	4	3	4	4	3	3	3	3	3	3
City Attorney	9	9	9	9	9	9	9	9	9	9
Human Resources	13	10	10	10	7	7	7	7	7	7
Commissioner of the Revenue	12	12	12	12	12	12	12	12	12	12
City Assessor	14	15	16	17	17	18	17	17	19	19
Treasurer	15	15	15	15	16	16	16	16	17	17
Finance - Administration and Accounting	14	12	14	16	17	15	16	15	15	15
Finance - Purchasing	3	3	4	4	4	4	4	4	4	4
Registrar	2	2	2	2	2	3	3	3	3	3
Total	102	98	95	98	96	96	96	95	98	98
Judicial:										
Circuit Court	2	2	2	2	2	2	2	2	2	2
Circuit Court - Clerk's Office	14	14	14	14	14	14	14	14	15	15
Sheriff	24	24	25	25	25	25	25	25	25	25
Commonwealth's Attorney	23	24	24	24	24	24	24	25	26	26
Total	63	64	65	65	65	65	65	66	68	68
Public Safety:										
Police										
Administration and Officers	208	196	214	213	213	213	215	216	227	227
Emergency Communications	26	24	27	27	27	27	28	27	29	29
Animal Shelter and Management	9	8	10	10	10	10	10	10	10	10
Fire										
Fire and Rescue	240	238	253	252	252	252	255	274	274	279
Community Development (7)	27	26	26	26	26	26	26	-	-	-
Total	510	492	530	528	528	528	534	527	540	545
Public Works:										
Public Works										
Administration	2	2	2	2	2	2	2	2	3	3
Maintenance Building and Grounds (5)	4	4	4	-	-	-	-	-	-	-
Capital Programs and Facilities	24	23	24	24	24	24	24	24	25	25
Total	30	29	30	26	26	26	26	26	28	28

(continued)

## CITY OF SUFFOLK, VIRGINIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Table 18 (continued)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund:</b>										
Health and Welfare:										
Social Services	98	100	103	103	103	103	103	102	102	102
Comprehensive Services Act	1	2	2	2	2	2	2	2	2	2
Total	99	102	105	105	105	105	105	104	104	104
Parks, Recreation and Cultural:										
Parks and Recreation										
Administration	5	5	5	4	4	4	4	13	13	13
Office on Youth (6)	-	-	-	2	2	1	1	-	-	-
Support Services (6)	5	6	6	6	6	7	7	-	-	-
Parks, Gateway and Facility Maintenance	18	19	19	19	19	19	18	22	22	22
Grounds Maintenance (5) (6)	-	-	-	4	4	4	4	-	-	-
Recreation	16	16	22	21	21	21	22	22	22	22
Library	31	28	31	31	31	32	32	32	32	32
Total	75	74	83	87	87	88	88	89	89	89
Community Development:										
Planning	12	13	14	14	14	15	15	41	44	44
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Economic Development	5	5	5	5	5	5	5	5	6	6
Tourism	2	3	3	3	3	3	3	3	3	3
Media and Community Relations	6	6	6	6	6	6	6	6	6	6
Total	25	27	28	28	28	29	29	55	59	59
Total General Fund	904	886	936	937	935	937	943	962	986	991
<b>Special Revenue Fund:</b>										
Transit	-	-	-	-	-	-	1	1	1	1
Road Maintenance										
Road Maintenance	90	84	101	99	100	101	102	102	102	102
Traffic Engineering	23	21	23	23	24	25	25	25	25	25
Aviation Facilities (4)	3	3	3	3	3	3	3	3	3	2
Total Special Revenue Fund	116	108	127	125	127	129	131	131	131	130
<b>Enterprise Fund:</b>										
Public Utilities										
Administration	9	7	8	9	9	9	8	8	8	8
Customer Service	18	18	18	18	20	22	23	23	23	23
Line Maintenance	24	25	26	27	28	28	28	29	29	29
Maintenance	22	24	26	25	25	25	25	25	26	26
Water Production	28	30	30	30	28	28	28	28	28	28
Engineering	15	15	15	15	15	14	14	14	14	14
Stormwater Utility										
Stormwater Utility	28	27	31	38	38	41	40	40	41	41
Mosquito Control	7	6	7	7	7	7	7	7	7	7
Refuse (3)	39	36	41	40	40	40	42	42	40	40
Total Enterprise Fund	190	188	202	209	210	214	215	216	216	216
<b>Internal Service Funds:</b>										
Fleet Management	18	20	21	21	21	21	21	21	21	21
Information Technology	21	22	25	25	25	26	26	26	27	28
Risk Management	5	4	4	4	6	6	6	6	6	6
Total Risk Management	44	46	50	50	52	53	53	53	54	55
Total	1,254	1,228	1,315	1,321	1,324	1,333	1,342	1,362	1,387	1,392

1. Change in methodology of calculating full time employees in this department.
2. 2010 - 2013 actual data furnished by Human Resources. 2014 - 2019 provided by Budget Office.
3. The City established a Refuse Fund in FY 2011-2012. The employees for this Fund were transferred from the General Fund.
4. The City established an Aviation Facilities Special Revenue Fund in FY 2011-2012. The employees for this Fund were transferred from the General Fund.
5. In 2015 The grounds maintenance function was moved out of Public Works and placed in Parks and Recreation.
6. In 2019 The divisions within Parks and Recreation were consolidated into 3 divisions.
7. In 2019 Community Development was combined with the Planning department.

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Building permits issued	824	978	899	867	843	1,072	1,189	1,122	79,714,846	1,810
Value of permits issued (millions)	\$ 117.7	\$ 255.4	\$ 151.4	\$ 162.3	\$ 137.6	\$ 255.7	\$ 845.7	\$ 167.0	\$ 0.0	\$ 439.2
Number of registered voters	56,745	57,067	57,280	56,268	58,141	60,652	62,458	62,334	64,780	67,706
Taxable retail sales (millions)	\$ 716.4	\$ 729.6	\$ 759.9	\$ 821.3	\$ 873.0	\$ 895.5	\$ 956.9	\$ 976.1	\$ 1,033.1	**Not Available
Taxable retail sales per capita	\$ 8,285	\$ 8,307	\$ 8,404	\$ 9,083	\$ 9,654	\$ 9,763	\$ 10,341	\$ 10,404	\$ 10,879	**Not Available
Parks, Recreation and Cultural:										
Library volumes in collection (thousands)	218.9	222.1	224.9	286.8	827.1	291.2	178.0	168.3	133.2	133.2
Circulation (thousands)	327	313	320	335	339	322	303.5	304.0	223.0	216.0
Transit										
Number of Service days (not including ADA service)	128	254	252	253	257	257	252	305	308	306
Number of Routes (not including ADA service)	2	3	4	6	6	6	6	7	7	6
Vehicle Trips (not including ADA service)	3,072	7,221	8,885	13,004	13,856	13,825	13,589	18,602	18,791	18,663 (1)
Passenger Trips (not including ADA service)	24,662	57,814	64,563	77,631	101,616	113,084	110,569	128,845	111,114	106,739 (2)
Vehicle Trips (ADA Service)	363	693	757	1,081	1,271	1,450	1,025	1,565	1,919	1,605 (1)
Passenger Trips (ADA Service)	633	1,198	1,152	1,353	1,537	1,917	1,247	1,565	1,919	1,919 (2)
Enterprise Fund:										
Public Utilities										
Customers - Water	24,729	24,380	24,836	24,912	24,868	25,237	25,576	25,936	25,952	27,037
Customers - Sewer	20,921	20,692	21,010	21,486	21,770	22,160	22,506	22,851	23,272	23,865
Average daily production (mgd)	6.63	5.96	6.71	6.82	6.77	6.88	6.86	6.58	6.84	7
Treatment Capacity daily (mgd)	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.45
Stormwater										
Billed customers	30,289	30,508	30,791	31,395	31,470	31,752	32,126	32,866	33,179	33,652
Refuse collection										
Customers	27,573	27,675	27,982	28,046	28,311	28,618	28,895	29,409	29,720	30,040
Recycled (tons)	4,491	5,408	5,767	5,534	5,878	5,821	5,511	5,842	6,075	6,085

Sources: Various City Departments

\*\* Data is not available as this is shown on a calendar year basis

(1) A vehicle trip is defined as a bus completing the route one time.

(2) A Passenger trip is defined as a passenger boarding a bus at one point and disembarking at another. A passenger taking a trip with a transfer in the middle would count as two passenger trips.



CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety:										
Police Stations	5	5	5	5	5	5	5	5	5	5
Fire and Rescue Stations	10	10	10	10	10	10	10	10	10	10
Public Works:										
State maintained road miles	18	18	18	18	18	18	18	18	18	18
City maintained road miles	1,600	1,600	1,626	1,626	1,596	1,621	1,632	1,650	1,660	1,660
Streetlights	7,996	8,113	8,425	8,593	8,657	8,913	8,988	9,136	9,217	9,288
Bridges and Culverts	147	155	147	150	149	151	151	151	152	151
Traffic Signals	93	93	98	96	98	99	99	100	100	101
Education:										
Elementary Schools	12	12	12	12	12	11	11	11	11	11
Middle Schools	4	4	4	4	4	4	4	4	4	4
High Schools	3	3	3	3	3	3	3	3	3	3
Alternative Schools	1	1	1	1	1	1	1	1	1	1
Number of Teachers, Principals, and Assistants	1,420	1,402	1,398	1,345	1,383	1,380	1,380	1,464	1,410	1,422
Average Daily Membership	13,734	13,844	13,739	13,762	13,837	13,760	13,630	13,543	13,308	13,357
Capacity of Schools	14,192	14,352	14,352	14,590	14,590	14,205	14,205	16,005	16,005	16,005
Enterprise Fund:										
Public Utilities										
Miles of Water Main	453	454	462	467	475	482	486	487	490	497
Miles of Sanitary Sewers	316	330	334	344	352	355	361	363	367	375
Pump Stations	140	140	140	144	146	147	150	150	152	154
Storage Tanks	9	9	10	10	10	10	10	10	11	11
Stormwater Utility										
Miles of Storm Sewers	236	266	246	294	333	396	407	412	420	428
Parks, Recreation and Cultural:										
Parks and Recreation										
Number of major parks and recreation facilities (2)	42	43	43	50	50	50	52	52	52	54
Acreage of major parks and recreation facilities	1,921	1,928	1,879	2,031	2,042	2,092	2,118	2,118	2,118	2,111
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of branch libraries	2	2	2	3	3	3	3	3	3	3
Number of bookmobiles	1	1	1	1	1	1	1	1	1	1
Transit (3)										
Buses	-	4	4	6	8	9	9	10	14	14
Bus Stops with Shelters	4	4	6	8	8	8	10	11	11	10

**Sources:** Various City Departments

- In 2011 the East Suffolk Recreation Center and the first segment of the Suffolk Seaboard Coastline Trail was added. The former Robertson Elementary School was added in 2013 and is being renovated into the Whaleyville Community Center.
- In 2012, The City started its own transit system. In Fiscal year 2015 The City added a route serving the northern end of the City and one that connects the north and south routes, as well as to HRT in Chesapeake.



# CITY of SUFFOLK

Department of Finance

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# **CITY OF SUFFOLK, VIRGINIA**

## **COMPLIANCE REPORTS**

*For the Year Ended June 30, 2021*

*And Reports of Independent Auditor*

CITY OF SUFFOLK, VIRGINIA  
TABLE OF CONTENTS

---

COMPLIANCE REPORTS

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* ..... 1-2

Report of Independent Auditor on Compliance for Each Major Federal Program  
and on Internal Control over Compliance Required by the Uniform Guidance ..... 3-4

Report of Independent Auditor on Compliance with Commonwealth of Virginia’s Laws,  
Regulations, Contracts, and Grants..... 5

SCHEDULES

Schedule of Expenditures of Federal Awards..... 6-9

Notes to the Schedule of Expenditures of Federal Awards ..... 10

Schedule of Findings and Questioned Costs..... 11

**Report of Independent Auditor on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the City Council  
City of Suffolk, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 14, 2021. That report recognizes that the City restated certain net position and fund balance amounts due to the implementation of a new accounting standard, effective July 1, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive style.

Richmond, Virginia  
December 14, 2021



## **Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the City Council  
City of Suffolk, Virginia

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Suffolk, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 14, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Handwritten signature in blue ink that reads "Cheryl Behrnt CP".

Richmond, Virginia  
April 28, 2022



**Report of Independent Auditor on Compliance with  
Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants**

To the City Council  
City of Suffolk, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications") issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 14, 2021.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions, and accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

Code of Virginia		State Agency Requirements
Budget and Appropriation Laws	Procurement	Education
Cash and Investments	Unclaimed Property	Children's Services Act Funds
Conflicts of Interest	Property Taxes	Social Services
Intergovernmental Revenues	Debt Provisions	Highway Maintenance Funds
		Fire Programs Aid to Localities
		Stormwater Utility Program

The results of our tests disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with the Specifications.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants and the results of that testing, and not to provide an opinion on the City's compliance. Accordingly, this communication is not suitable for any other purpose.



Richmond, Virginia  
April 28, 2022

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*FOR THE YEAR ENDED JUNE 30, 2021*

Grant Numbers	Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number	Passed Through To Sub-Recipients	Cluster Total	Federal Expenditures	Department Totals
	<b><u>U.S. Department of Agriculture</u></b>					
	Passed Through Commonwealth of Virginia:					
	Department of Agriculture and Department of Education					
	Child Nutrition Cluster					
	National School Lunch Program	10.555			310,127	
59047	Summer Food Service Program for Children#59047	10.559		<u>\$ 4,568,622</u>	\$ 4,258,495	
	Child & Adult Food Program	10.558			165,989	
	Department of Social Services					
	State Administrative Matching Grants for Food Stamp Program	10.561			1,399,523	
	Total U.S. Department of Agriculture					<u>\$ 6,134,134</u>
	<b><u>U.S. Department of Defense</u></b>					
	Direct Program:					
	JROTC Instruction	12.000			\$ 144,564	
	Total U.S. Department of Defense					<u>\$ 144,564</u>
	<b><u>U.S. Department of Housing and Urban Development</u></b>					
	Direct Program:					
B11MC510024, B12MC510024, B13MC510024, B14MC510024, B15MC510024, B16MC510024 B17MC510024	<u>Community Development Block Grants/Entitlement Grants</u>	14.218		<u>469,410</u>	\$ 469,410	
	ForKids		\$ 28,164			
	SRHA Emergency Repair		42,708			
	The Genieve Shelter		44,849			
	Western Tidewater Clinic		98,085			
	Boys & Girls Club of Southeastern VA		16,497			
M11DC510213, M12DC510213, M13DC510213, M14DC510213, M15MC510024, M16DC510216, M07DC512013, M08DC510213,	<u>Home Investment Partnerships Program</u>	14.239			315,164	
	City of Franklin		89,880			
	Isle of Wight County		21,563			
	Southampton County		116,675			
	Total U.S. Department of Housing and Urban Development					<u>\$ 784,574</u>

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2021

Grant Numbers	Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number	Passed Through To Sub-Recipients	Cluster Total	Federal Expenditures	Department Totals
<b><u>U.S. Department of Justice</u></b>						
	Direct Program:					
	Bullet Proof Vests Partnership Program	16.607			\$ 44,459	
	Passed Through Department of Criminal Justice Services					
17-V8580VW16, 19-Y8580VW17	Crime Victim Assistance	16.575			323,129	
16-R9824VA15, 17-R9824VA16,						
18-U9824VA17,	Violence Against Women Formula Grants	16.588			80,187	
2016-DJ-BX-0413, 2017-DJ-BX-0141,						
17-A6095AD13, 17-B3197AD13,						
16-A3276BY11, 18-C3197AD11,						
18-A4241AD11, 18-B6905AD15,						
18-A4497AD12, 2018-DJ-BX-0411,						
19-B4241AD15, 20-DJ-BX-0482,						
20-A4932AD16	Edward Byrne Memorial Justice Assistance Grant Program	16.738			87,948	
	Equitable Sharing Program	16.922			19,381	
COVID19 Emergency Supplemental Funding	2020 COVID19 Emergency Supplemental Funding Solicitation	16.034			81,250	
	Total U.S. Department of Justice					<u>\$ 636,354</u>
<b><u>U.S. Department of Transportation</u></b>						
	Direct Program:					
	Airport Improvement Program	20.106			\$ 180,139	
3-51-0050-024-2015, 3-51-0050-022-2015,						
3-51-0050-025-0216, 3-51-0050-26-2016						
154AL-2016-56196-6396, 154AL-2016-						
56425-6630, 15AL-2017-57087-6736, 15AL-						
2017-57146-6795, 154AL-2018-58207-						
8207	Highway Safety Grant -Selective Enforcement-Alcohol	20.607			410	
M2HVE-2017-56206-6745, M2HVE-2018-58205-	Highway Safety Grant- Selective Enforcement-Occupant Protection	20.600			1,507	
	Highway Safety Grant -Selective Enforcement-Speed	20.600			15,077	
	Highway Safety Grant Cluster Total			16,584		
	FFY21 Section 5307-6	20.507		1,304,243	1,304,243	
						<u>\$ 1,501,376</u>
	Highway Planning and Construction Cluster					
	Passed Through Commonwealth of Virginia:					
	Highway Planning and Construction					
0017-133-350	CMAQ Bridge Road Traffic Signal Upgrades UPC #102991	20.205			\$ 272,850	
U000-133-S22	HSIP Portsmouth Boulevard Sidewalk, Phase I UPC #110998	20.205			11,656	
U000-133-S23	HSIP Portsmouth Boulevard Sidewalk, Phase II UPC #110999	20.205			27,110	
U000-133-S24	HSIP Portsmouth Boulevard Sidewalk, Phase III UPC #111000	20.205			19,630	
U000-133-351	CMAQ Nansemond Pkwy Traffic Singal Upgrades #102990	20.205			66,220	
U000-133-427	CMAQ Emergency Vehicle Preemption Deployment #113826	20.205			101,675	
	CMAQ Nansemond Pkwy/Wilroy Road Overpass UPC #110634	20.205			340,058	
	Suffolk Bypass ITS UPC 102994 Project 2200	20.205			5,851	
	Shoulders Hill Road UPC 102992 Project 2222	20.205			25,594	
	Highway Planning and Construction Cluster			870,644		
	Total U.S. Department of Transportation					<u>\$ 870,644</u>

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2021

Grant Numbers	Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number	Passed Through To Sub-Recipients	Cluster Total	Federal Expenditures	Department Totals
	<b><u>U.S. Department of Education</u></b>					
	Direct Program:					
S041B-2015-5303	Impact Aid Award #S041B-2015-5303	84.041			\$ 399,277	
	Passed Through Commonwealth of Virginia:					
V048A150046	Career and Technical-Basic Grants to States#V048A150046	84.048			336,113	
S367A150044	Title II-A #S367A150044	84.367			560,734	
	Title IV-A Grant	84.424			188,172	
	Title IV-B Grant	84.287			87,920	
	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D			2,963,142	
	COVID-19 Cares CRF K-12 Schools	21.019			2,417,590	
	Title I, Part A Cluster					
S010A150046	Title I Grants to Local Educational Agencies #S010A150046	84.010		3,164,702	3,164,702	
	Special Education Cluster (IDEA)					
H027A150107	Special Education - Grants to States #H027A150107	84.027			2,625,294	
H173A150112	Special Education - Preschool Grants #H173A150112	84.173			86,621	
	Special Education Cluster Total			2,711,915		
	School Improvement Grants Cluster					
	School Improvement Grants	84.377		54,346	54,346	
	Total U.S. Department of Education					\$ 12,883,911
	<b><u>U.S. Department of Health and Human Services</u></b>					
	Direct Payments:					
	CARES Act	90.404			\$ 78,238	
1003996083	Medical Assistance Program #1003996083	93.778			399,052	
	Passed Through Commonwealth of Virginia:					
	Medical Assistance Program	93.778			1,076,829	
	Medical Assistance Cluster Total			1,475,881		
	Promoting Safe and Stable Families	93.556			5,805	
	Temporary Assistance for Needy Families	93.558			776,345	
	Refugee & Entrant Assistance	93.566			1,854	
	Low-Income Home Energy Assistance	93.568			129,659	
	ILP Education & Training	93.599			325	
	Child Welfare Services	93.645			330	
	Foster Care - Title IV-E	93.658			759,715	
	Adoption Assistance	93.659			195,881	
	Social Service Block Grant	93.667			690,095	
	Foster Care Independent Living	93.674			13,036	
	Children's Health Insurance Program	93.767			13,716	
	CCDF Cluster					
	Child Care and Development Block Grant	93.575			(400)	
	Child Care Mandatory & Matching Funds for Child Care Dev Fund	93.596			164,847	
	CCDF Cluster Total			164,447		
	Total U.S. Department of Health and Human Services					\$ 4,305,327

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)**

*FOR THE YEAR ENDED JUNE 30, 2021*

Grant Numbers	Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number	Passed Through To Sub-Recipients	Cluster Total	Federal Expenditures	Department Totals
	<b><u>U.S. Department of Treasury</u></b>					
	Passed Through Virginia Department of Accounts COVID-19 CARES Act	21.019			\$ 10,521,837	
	Total U.S. Department of Treasury					<u>\$ 10,521,837</u>
	<b><u>Executive Office of the President</u></b>					
	Passed Through Virginia HIDTA: High Intensity Drug Trafficking Areas Program	95.001			\$ 12,867	
	Total Executive Office of the President					<u>\$ 12,867</u>
	<b><u>U.S. Department of Homeland Security</u></b>					
	Passed Through Department of Criminal Justice:					
EMW-2015-PU-00181, EMV-2016-PU-00147	Port Security Grant Program	97.056			\$ 41,533	
	Passed Through Department of Emergency Services:					
2017LEMPG, 2018 Radiological Preparedness Program, VDEM LEMPG2018	VDEM Emergency Mgmt Program Grant	97.042			21,781	
	Total U.S. Department of Homeland Security					<u>\$ 63,314</u>
	<b>Grand Total</b>					<u><b>\$ 37,858,902</b></u>

## **CITY OF SUFFOLK, VIRGINIA**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*FOR THE YEAR ENDED JUNE 30, 2021*

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#### **Note 1—Basis of accounting**

This schedule was prepared on the modified accrual basis of accounting.

#### **Note 2—Nonmonetary assistance**

Nonmonetary assistance is reported in the Schedule of Federal Awards at the fair market value of the food commodities.

At June 30, 2021, the School Board had USDA food commodities (ALN 10.555) totaling \$149,261 in inventory.

#### **Note 3—Reporting entity**

The Schedule of Expenditures of Federal Awards reports the expenditures for the City of Suffolk, Virginia and its component unit the School Board.

#### **Note 4—De minimis cost rate**

The City did not elect to use the 10% de minimis cost rate.

**CITY OF SUFFOLK, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*FOR THE YEAR ENDED JUNE 30, 2021*

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**A. Summary of Auditor's Results**

1. The type of report issued on the basic financial statements: **Unmodified**
2. Significant deficiencies in internal control over financial reporting: **None reported**
3. Material weaknesses in internal control over financial reporting: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified**
8. Any audit findings which are required to be reported under Uniform Grant Guidance: **No**
9. The programs tested as major programs were:

<u>AL Number</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	Special Education Cluster
21.019	COVID-19 CARES Act Coronavirus Relief Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund

10. Dollar threshold used to distinguish between type A and type B programs: **\$1,135,767**
11. City of Suffolk, Virginia qualified as a low-risk auditee under Uniform Grant Guidance: **Yes**

**B. Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards**

None reported

**C. Findings and Questioned Costs Relating to Federal Awards**

None reported

**D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants**

None reported

**E. Status of Prior Year Findings**

**2020-001 Property Taxes** – Finding not repeated