

For Fiscal Year Ended June 30, 2020  
Virginia Beach, Virginia



**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF VIRGINIA BEACH, VIRGINIA**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**PREPARED BY  
DEPARTMENT OF FINANCE**

## **ACKNOWLEDGEMENTS**

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Department of Finance. I would also like to thank the City Auditor's Office for their assistance in managing the audit and audit contract. The contributions of all are invaluable and sincerely appreciated and clearly reflect the high standards which have been set by the City of Virginia Beach.

## **CAFR PREPARATION TEAM**

(in alphabetical order)

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Photographer: Craig McClure Layout: Anna Kristina Alfaro

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

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# **INTRODUCTORY SECTION**



# CITY OF VIRGINIA BEACH, VIRGINIA

## PRINCIPAL OFFICIALS

### AS OF JUNE 30, 2020

#### CITY COUNCIL

Robert M. Dyer ..... Mayor  
 James L. Wood, Vice Mayor ..... Lynnhaven District  
 Jessica P. Abbott ..... Kempsville District  
 Sabrina Wooten ..... Centerville District  
 Michael Berlucchi ..... Rose Hall District  
 Guy King Tower ..... Beach District  
 Barbara M. Henley ..... Princess Anne District  
 Louis Jones ..... Bayside District  
 John D. Moss ..... At-Large  
 Rosemary Wilson ..... At-Large  
 Aaron R. Rouse ..... At-Large

#### CONSTITUTIONAL OFFICERS

V. Leigh Henderson ..... City Treasurer  
 Colin Stolle ..... Commonwealth's Attorney  
 Philip J. Kellam ..... Commissioner of the Revenue  
 Kenneth Stolle ..... Sheriff  
 Tina E. Sinnen ..... Clerk of Circuit Court

#### APPOINTED OFFICERS \*

Thomas Leahy ..... Acting City Manager  
 Mark D. Stiles ..... City Attorney  
 Amanda Barnes ..... City Clerk  
 Ronald D. Agnor ..... Real Estate Assessor  
 Lyndon S. Remias ..... City Auditor

#### CITY LEADERS

David A. Bradley ..... Deputy City Manager  
 Kenneth L. Chandler ..... Deputy City Manager  
 Steven R. Cover ..... Deputy City Manager  
 Ronald H. Williams, Jr. .... Deputy City Manager

#### SCHOOL BOARD

Carolyn T. Rye, Chair ..... Lynnhaven District  
 Kimberly A. Melnyk, Vice Chair ..Princess Anne District  
 Trenace B. Riggs ..... Centerville District  
 Daniel D. Edwards ..... Kempsville District  
 Carolyn D. Weems ..... Bayside District  
 Beverly Anderson ..... At-Large  
 Sharon R. Felton ..... Beach District  
 Jessica L. Owens ..... Rose Hall District  
 Dorothy M. Holtz ..... At-Large  
 Laura K. Hughes ..... At-Large  
 Victoria C. Manning ..... At-Large

#### VIRGINIA BEACH DEVELOPMENT AUTHORITY

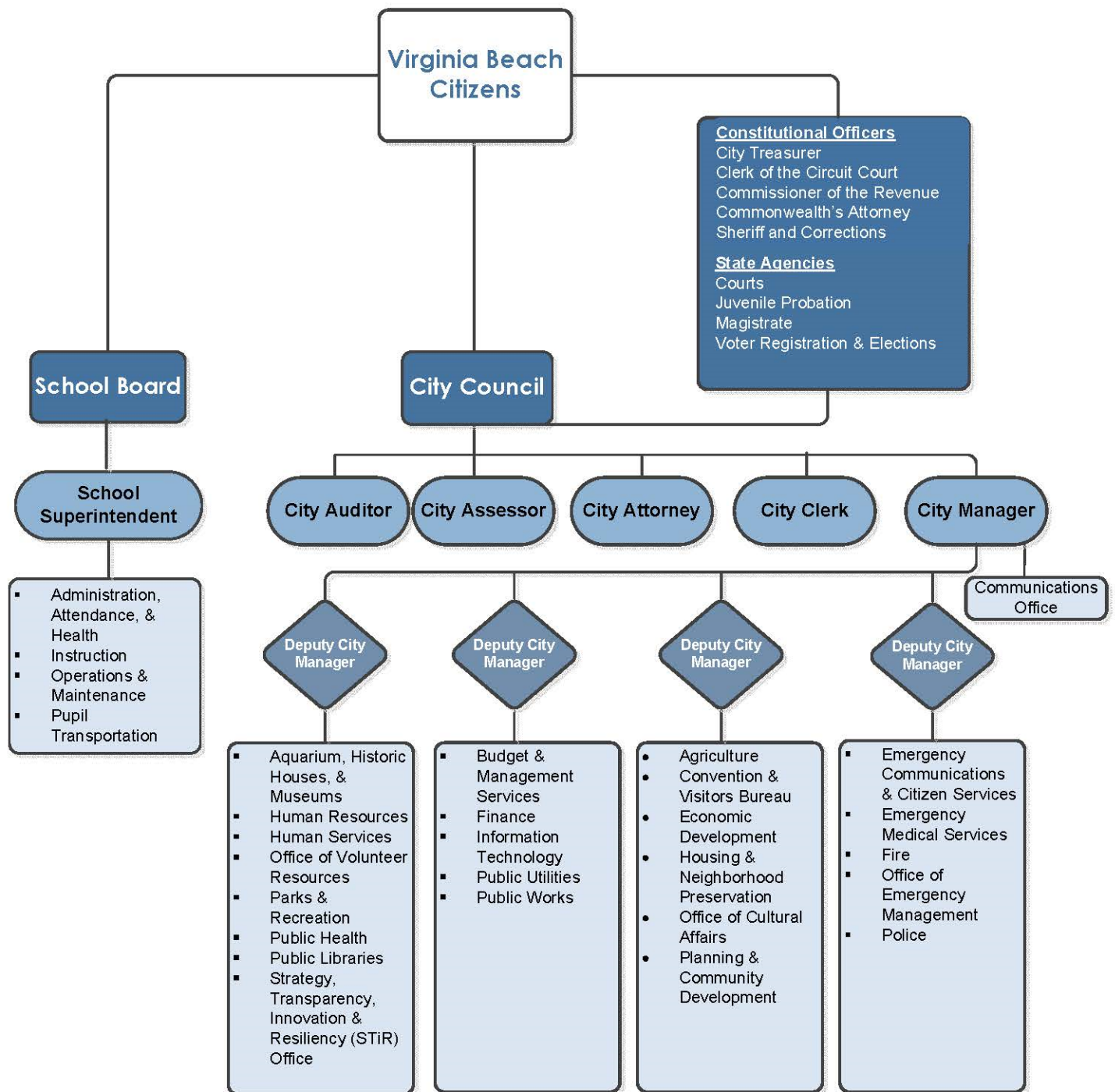
Dorothy L. Wood ..... Chair  
 Lisa M. Murphy ..... Vice Chair  
 David L. Bernd ..... Secretary  
 Joseph E. Strange ..... Assistant Secretary  
 William Brunke ..... Treasurer  
 Nneka Chiazor ..... Commissioner  
 W. Taylor Franklin ..... Commissioner  
 Penny Morgan ..... Commissioner  
 Peter K. Mueller ..... Commissioner  
 Michael J. Standing ..... Commissioner

#### VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

Jessica Guglielmo ..... Board President  
 R. Worth Remick ..... Secretary/Treasurer  
 Christopher L. Brown ..... Director  
 Wanda Cooper ..... Director  
 Robert Ewell ..... Director  
 Jeremy C. Johnson ..... Director  
 Andrew Friedman ..... Director  
 R. Worth Remick ..... Director  
 Brandon Hutchins ..... Director  
 Tom McCarthy ..... Director  
 Frank McKinney ..... Vice Chair

\* Patrick Duhaney was appointed City Manager on July 20, 2020

# City Organization





# City of Virginia Beach

[VBgov.com](http://VBgov.com)

DEPARTMENT OF FINANCE  
(757)385-4681  
FAX (757) 385-4302

MUNICIPAL CENTER  
BUILDING 1  
2401 COURTHOUSE DRIVE  
VIRGINIA BEACH, VA 23456

**November 30 , 2020**

The Honorable Robert M. Dyer, Mayor  
Members of the Virginia Beach City Council  
Municipal Center  
Virginia Beach, Virginia 23456

## **Subject: Comprehensive Annual Financial Report**

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Virginia Beach, Virginia, for the fiscal year ended June 30, 2020, is hereby submitted. The City is required by the Code of the Commonwealth of Virginia and by the City Charter 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 (GAAP) and audited in accordance with Government Auditing Standards by a firm of independent 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. It includes all financial activities of the financial reporting entity, which consists of the City of Virginia Beach as well as its component units including: City of Virginia Beach School Board, Virginia Beach Economic Development Authority and Community Development Corporation.

Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported to present fairly the financial position of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

## **REPORT CONTENTS**

The CAFR is presented in four sections: introductory letter of transmittal, financial, and statistical. In addition, at the end of the document the Continuing Disclosure section provides certain annual financial information and material event notices as required by Rule 15c2-12 of the Securities and Exchange Commission. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's

Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City of Virginia Beach's MD&A can be found immediately following the report of the independent auditors.

## CITY PROFILE AND SERVICES

The City of Virginia Beach, Virginia was established on January 1, 1963, by the merger of Princess Anne County and the former, smaller City of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia that covers 310 square miles and 38 miles of shore line on the Atlantic Ocean and the Chesapeake Bay. The City encompasses the entire eastern border of Virginia south of the Delmarva Peninsula and includes all of the area from the Chesapeake Bay to the North Carolina border. The latest estimated population as of July 1, 2019 for the City of Virginia Beach is 452,643 and is the most populated City in Virginia.

The City of Virginia Beach derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia. The governing body of the City is the City Council, which formulates policies for the administration of the City. The City Council has 11-members and each member of the City Council is elected on an "at large" basis; however, seven seats must be filled by individuals who reside in the seven residence districts of the City. The City Charter was amended in 1995 to provide that the City's seven boroughs would be replaced by these approximately equally populated residence districts. There is no district residency requirement for the remaining four seats. The Mayor is elected by the voters and occupies one of these four seats. The City Council elects a Vice-Mayor from among its members. All members of the City Council are elected for four-year terms.

The City operates under the Council-Manager form of government as established by its City Charter. The City Manager is the administrative head of the municipal government and carries out the policies of the City Council. The City Manager is appointed by the City Council and serves at the pleasure of the City Council.

The City and Schools provide a full range of general governmental services. These services include police, emergency medical response, fire protection, collection and disposal of refuse, water and sewer, and storm water services, parks and recreation facilities, museums, libraries, and maintenance of streets, highways, parks and public beaches. Other services provided include public education in grades kindergarten through twelfth grade, public health and social services, certain technical and special education services, behavioral health assistance, planning and community development services, agricultural services, housing services, correctional facilities and judicial services.

The City budget appropriates all funds including City, state and federal pass-through funds for education, social service, correctional facilities and judicial activities. Cities in Virginia have sole



property taxing jurisdiction over the entire area within their boundaries and operate independently of any county government. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation. Further, cities in Virginia are prohibited from annexation to adjust their boundaries.

## **LOCAL ECONOMY – COVID-19, MAJOR INDUSTRIES, ECONOMIC CONDITIONS AND OUTLOOK**

### **COVID-19, Economic Conditions and Outlook**

On March 13, 2020, the President of the United States issued a National Emergency concerning the Novel Coronavirus Disease (COVID-19) outbreak. The COVID-19 pandemic has quickly and significantly changed the economic outlook across the country and the world, including the City of Virginia Beach. The duration and extent of the impact of COVID-19 on the City's revenues, expenses and cashflow are unknown and uncertain, however the City instituted a variety of relief programs and initiatives to help mitigate the impact, maintain critical services, and keep residents and employees safe. The City has received over \$78 million in funding, the Coronavirus Aid, Relief and Economic Security (CARES) Act – Coronavirus Relief Funds (CRF), from the U.S Treasury Department for COVID-19 related expenses. In addition, the City has received other COVID related grants, such as \$3.5 million CARES Act Funding from the U.S Department of Housing and Urban Development to help the community with housing and homelessness related issues caused by COVID-19 and other allocations from the state. Further information regarding COVID-19 can be found in Notes 9 and 15 of the Notes to the Financial Statements.

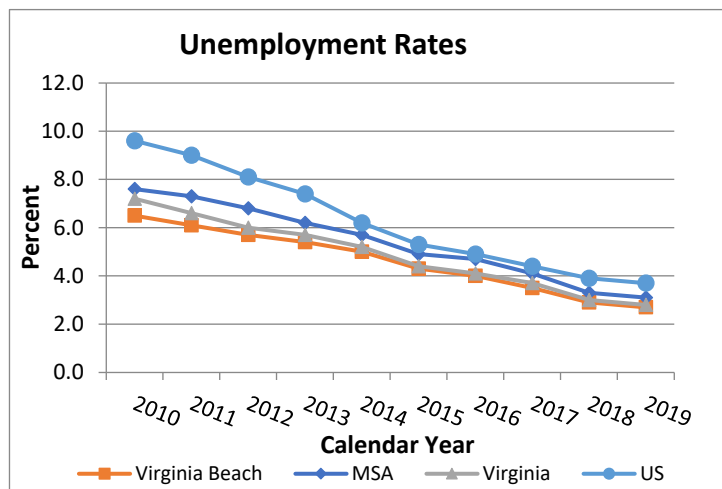
The Virginia Beach economy continues to improve as real estate and personal property assessments continue to increase, some consumer-driven revenues including general sales continue to perform well, and hotel and restaurant meal taxes began some recovery during summer 2020. There are also recovery trends in the areas of job growth, tourism, and building activity. Continuing decrease in the unemployment rate and an increase in the overall labor force also benefit the City; and the regional economy benefits from continuing modest growth with region-wide defense-related spending increase. According to Old Dominion University's 21<sup>st</sup> annual State of the Region Report, the regional economy grew 2.4% in 2019 and was anticipated to grow for the fourth consecutive year by February 2020, when the Coronavirus outbreak began impacting the region. The report projects periods of improvement and then retrenchment if there are continual increases or outbreaks of COVID-19 cases and absence of an effective therapeutic or vaccine. The recovery in retail trade, hotel revenue and occupancy, and traffic through the Port of Virginia will likely take years with an expectation that full recovery may be achieved in 2022. The State of Region Report states that it took Hampton Roads 100 months to recover from the Great Recession of December 2007 to June 2009, and the economic shock from COVID-19 was more severe. For example, the unemployment rate for Hampton Roads, which hovered around 3% for most of 2019, sharply increased in April 2020 to 12.1%, and then decreased to 9.6% by June 2020 compared with 3.2% for June 2019. By June and July 2020, the regional economy was improving and performing on par with the Commonwealth as the state mandated COVID-19 mitigation restrictions were eased as the virus cases lessened. Domestic and international travel restrictions and stay-at-home orders resulted in dramatic declines in hotel occupancy (31% in April 2020 compared with about 69% in April 2019 and 54.9% in June 2020 compared to 77.7% in June 2019) and hotel revenue earned per available room declined as well (declining on a year-over-year basis with 74% in April 2020 and 45% in June 2020). Regional advertising initiatives within the state

and the northeast attracted visitors able and willing to drive to the region. Also, the pandemic shocked supply chains and reduced the flow of 20-foot equivalent container units (TEUs) imported and exported from the Port of Virginia by 17.2% and 4.2%, respectively, from June 2019 to June 2020. The Port lost market share from 16.5% in 2019 to 16.2% during January 2020 to May 2020.

Employers in the City, excluding the military, provided jobs for 175,525 persons through the first quarter of calendar year 2020 (206,324 including the military) compared with 174,668 in the first quarter of 2019 (205,467 including the military) resulting in an increase of 857 jobs over this period. The largest employment sectors in Virginia Beach are the Service sector (primarily Health Care, Social Assistance, Accommodation, and Food Services), Military, Wholesale and Retail Trade, and Local Government. As shown in the following table, over the period March 2019 to March 2020, job gains occurred primarily in the Transportation, Warehousing, Federal government, Financial, Insurance, Real Estate, and Service sectors. Whereas, job losses occurred primarily in the Agriculture, Information, Manufacturing, Construction, Wholesale, and Retail sectors. Updated military employment data was not available prior to mid-November, so no changes in military employment are reflected (*Sources: Virginia Employment Commission (VEC), Navy Region Mid-Atlantic FY 2018 Economic Impact Report*).

<b>City of Virginia Beach</b> <b>Average Employment by Industry Sector*</b> <b>As of First Quarter 2020 and 2019</b>					
<b>Industry Sector</b>	<b>2019</b>	<b>2020</b>	<b>Change in Jobs</b>	<b>% Change</b>	<b>% of Total Employment for 2020</b>
<u>Private</u>					
Services	85,885	86,919	1,034	1.2%	42.10%
Wholesale and Retail Trade	25,884	25,426	(458)	-1.8%	12.30%
Construction	10,187	10,036	(151)	-1.5%	4.90%
Financial, Insurance and Real Estate	12,610	12,856	246	2.0%	6.20%
Manufacturing	6,384	6,245	(139)	-2.2%	3.00%
Transportation and Warehousing	1,884	2,074	190	10.1%	1.00%
Information	3,046	2,954	(92)	-3.0%	1.40%
Agriculture, Forestry, Fishing and Mining	74	62	(12)	-16.2%	0.03%
Total Private*	145,954	146,572	618	0.4%	70.93%
<u>Public – Civilian</u>					
State Government	1,699	1,689	(10)	-0.6%	0.80%
Local Government	20,727	20,745	18	0.1%	10.10%
Federal Government	6,288	6,519	231	3.7%	3.20%
Total Public – Civilian	28,714	28,953	239	0.8%	14.10%
Total Civilian Employment	174,668	175,525	857	0.5%	
Military	30,799	30,799	-	0.0%	14.90%
Total Employment	205,467	206,324	857	0.4%	99.93%
<b>Sources:</b> Virginia Employment Commission, Economic Information Services Division, Quarterly Census of Employment and Wages Report (QCEW); latest data available U.S. Department of the Navy, NRMA (Navy Region Mid-Atlantic) Integrated Shore Requirements Office (N5), Navy Region Mid-Atlantic FY 2018 Economic Impact Report (December 11, 2019); based upon most current and available information. * Per the VEC, excludes unclassified businesses, and immaterial amounts have been suppressed in certain industry sub-categories, which are included in the total amounts.					

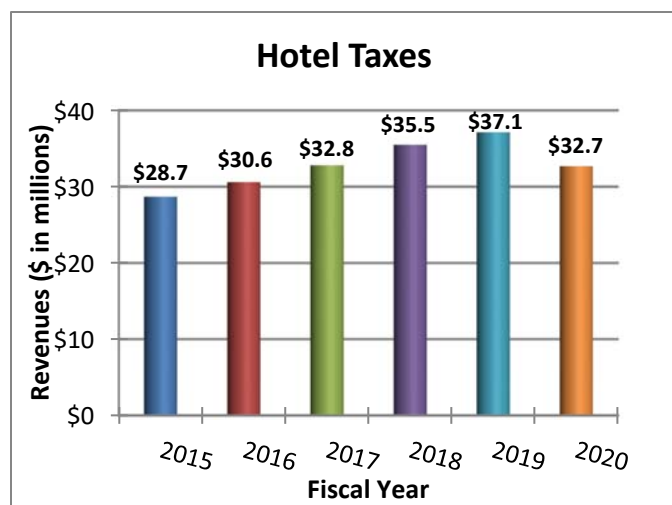
Annual average **unemployment rates** for 2019 were 2.8% for Virginia Beach, 3.1% for the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA), 2.8% for Virginia, and 3.7% for the U.S. Unemployment rates have declined in 2019 compared with 2018 for the City, the region, the State and nation. There has been a steady decline in the unemployment rate in Virginia Beach since 2010. The shock of COVID-19 caused unemployment to increase in Virginia Beach to 12.2% in April 2020 and steadily decline to 6.0% in August 2020. Likewise, for the MSA, the unemployment rate rose to 12.1% in April and declined to 7.4% by August. For the Commonwealth of Virginia, the unemployment rate was 10.8% in April 2020 and 6.3% in August 2020. For the U.S., the unemployment rate was 14.4% in April 2020 and 8.5% in August 2020. (Source: U.S. Department of Labor, Bureau of Labor Statistics (BLS))



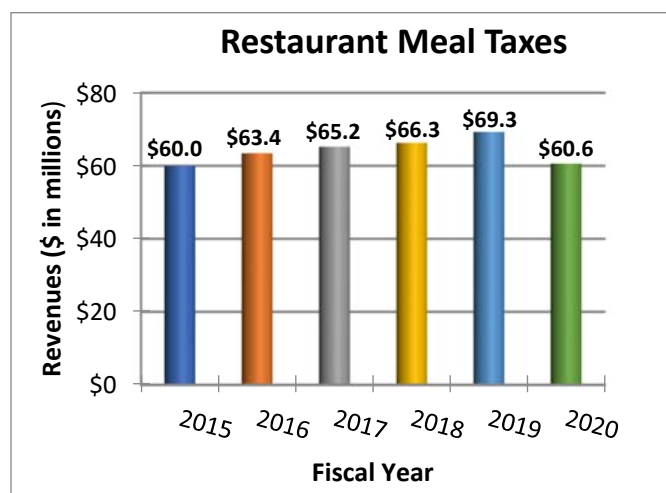
The average number of Virginia Beach residents employed in 2019 was 228,266 from an average labor force of 234,597. This reflects a slight increase over 2018 in average employment (225,561) and average labor force (232,337) of 1.2% and 1.0%, respectively. (Source: BLS)

Based on the most recent data available, the **per capita personal income** for 2019 was \$59,805 for Virginia Beach, \$52,011 for the MSA, \$59,657 for Virginia, and \$56,490 for the U.S. Over the 5-year period from 2014 to 2019, the per capita personal income for Virginia Beach has increased an average of 3.3% per year. (Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA)) Also, the **median household income** continues to increase for Virginia Beach in 2019 at \$79,054 compared with \$77,059 in 2018. Median household income for the City has increased an average of 3.9% per year since 2013. (Source: US Census Bureau, 2019 American Community Survey)

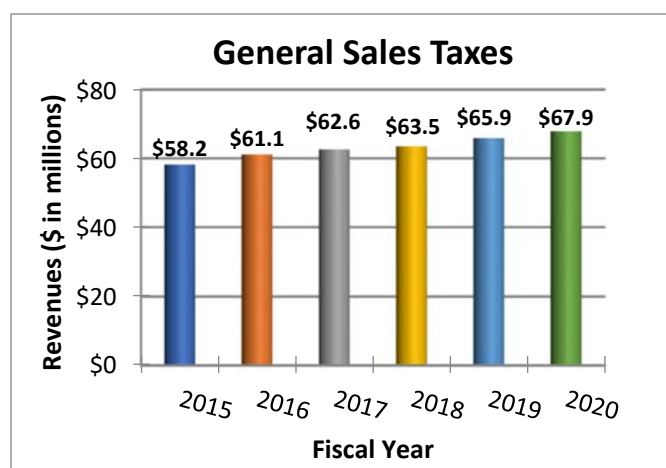
**Hotel** tax revenue collected in FY 2020 was \$32.7 million, a decrease of \$4.4 million (-12.0%) compared with \$37.1 million collected in FY 2019. This decline was due to the decline in travel due to mitigation measures taken to stem the spread of COVID-19 pandemic. However, over the longer term, hotel tax revenues rose 2.6% annually from 2015 to 2020 on average, which is indicative of the strength of the tourism industry in Virginia Beach. The hotel tax rate remained at 8.0% plus the \$2.00/room night charge throughout FY 2020.



**Restaurant** meals tax revenue collected in FY 2020 was \$60.6 million, a decrease of \$8.7 million (-12.6%) compared with \$69.3 million collected in FY 2019. The decline was due to the economic impact of the COVID-19 pandemic and the suspension of the meals tax of 5.5% for May June 2020. Restaurant meals tax revenue has been a consistent performer and has increased annually 0.2% on average over the last six years. The restaurant tax rate remained 5.5% throughout this period.



**General sales** tax revenue reflects the City's 1% share of the State sales tax. The amount collected in FY 2020 was \$67.9 million, an increase of \$2.0 million (3.0%) compared with \$65.9 million collected in FY 2019. This revenue stream has been increasing annually over the last six years by 3.1% on average.



Virginia Beach **real estate assessments** are projected to total \$61.2 billion in FY 2021, an increase of 3.3% following a 3.6% increase in FY 2020. The City's tax base has steadily grown from FY 2015 through FY 2021 (projected) with annual increases of 3.3% on average.

(Source: *Real Estate Assessor's Office, Annual Report*)

Beginning in September 2018 during FY 2019, the City no longer required building permits for roofing and siding activities. The number of building permits issued net of demolition, roofing and siding permits as of Calendar 2019 totaled 6,631 valued at \$433.1 million compared with 4,069 and \$588.0 million for calendar 2018. According to the Office of the Real Estate Assessor, for the second quarter of 2020, expansion in the tax base continued with the value of new construction of \$309.7 million, which represented an increase of 12.1% over the second quarter of 2019 of \$276.5 million. This growth was primarily residential totaling \$204.9 million (66.2%) with \$104.8 million (33.8%) being commercial construction.

(Source: *Department of Planning and Community Development, Office of the Real Estate Assessor, Quarterly Report*).

**Major Industries** – A diverse collection of industries provide the foundation for the local economy, including nationally and internationally known corporate headquarters, technologically advanced manufacturers, billion-dollar defense contractors, and locally owned firms. Defense and Tourism are the largest industries in the City. Agriculture is the City's third largest industry comprising over 26,000 acres of farmland and over 200 farms and farm related businesses that annually generate more than \$138 million in economic impact. It is a diverse agricultural business

sector including production agriculture (soybeans, corn, and wheat), fruits and vegetables (over 24 different locally grown products including the area's highly regarded strawberry crop), equine, livestock, and agritourism. Defense Spending, the Port of Virginia and Tourism continue to be stabilizers of and sources of growth in the Hampton Roads regional and Virginia Beach local economies. As mentioned previously, in its "The State of the Region Hampton Roads 2020" Report issued October 5, 2020, Old Dominion University (ODU) had projected a fourth year of growth for the regional economy, but due to the impact of COVID-19 pandemic, is projecting recovery sometime in 2022. Virginia Beach generates about 22.4% of the regional Gross Domestic Product (GDP) based on the latest data available from the U.S. Bureau of Economic Analysis from 2018 indicating GDP for Virginia Beach at \$20.1 billion and the region at \$89.8 billion.

**Defense Spending** - According to ODU's 2020 State of the Region report, the Department of Defense direct spending in Hampton Roads in FY 2020 is projected to be \$23 billion reflecting an increase of \$1.3 billion or 6.3% increase over the 2019 level of \$21.7 billion. On Thursday, October 1, 2020, the President signed into law: H.R. 8337, the "Continuing Appropriations Act, 2021 and Other Extensions Act," which provides federal fiscal year (FFY) 2021 appropriations to Federal agencies through December 11, 2020, for continuing projects and activities of the Federal Government under 2020 funding levels. The Bipartisan



Budget Act of 2019 enacted August 2, 2019, raised the spending caps on national defense by \$171.6 billion over two years, so that national defense spending will increase by \$90.3 billion in FFY 2019 to \$666.5 billion and \$81.3 billion in FFY 2021 to \$671.5 billion. FFY 2020 and FFY 2021 are the final two years that discretionary spending caps/sequestration were to be in effect per the original 2011 Budget Control Act. Likewise, Virginia Beach has experienced increased defense spending in recent years. Based on the latest economic data from the U.S. Department of the Navy, the total direct economic impact of military bases Naval Air Station Oceana and Joint Expeditionary Base Little Creek-Fort Story on the City's economy was \$3.6 billion for FFY 2018, an increase of over \$504 million or 16.3% over FFY 2017. This impact includes payroll and expenditures for the procurement of goods and services to support operations of the military bases. Given the increase in federal defense budget in FFY 2019 and increased defense spending in the region estimated by ODU, it is anticipated that Virginia Beach also experienced an increase in defense spending in FFY 2019.

In conjunction with defense spending, defense contract spending has a sizable impact on the economy. Based on the latest analysis by the Virginia Defense Contract Spending Impact Tool developed by Chmura Economics & Analytics for the Commonwealth, defense contract spending totaled \$37.4 billion for Virginia, \$11.4 billion for Hampton Roads and \$1.6 billion for Virginia Beach in Federal Fiscal Year (FFY) 2018 (\$34.6 billion, \$9.7 billion, and \$2.1 billion, respectively in FFY 2017). Defense contract spending is forecasted to increase from FFY 2018 to FFY 2020 to \$41.2 billion for Virginia (10.1%), \$13.3 billion for Hampton Roads (16.6%), and \$1.7 billion for Virginia Beach (8.3%).

**The Port of Virginia** – The Port of Virginia, the third largest container port on the East Coast, is a vital segment of the Hampton Roads economy. With 50-foot channels, six marine terminals, and the largest container cranes in the world, the Port of Virginia connects global businesses to their customers anywhere, as well as being one of the nation’s 16 strategic ports for deploying military personnel and equipment worldwide. Based on data from the Port of Virginia, the number of 20-foot equivalent unit (TEU) containers shipped through the Port in Fiscal Year 2020 totaled 2.76 million, a 6.2% decrease over Fiscal Year 2019 (2.94 million). The decline in TEU was comprised of 114,030 loaded containers reflecting a 4.9% decline and 67,201 empty containers reflecting a 11.1% decline. Cargo tonnage moving through the port declined to 20.9 million tons in FY 2020 compared with 22.1 million tons in FY 2019. According to ODU in its 2020 State of the Region Report, the Port was handling less cargo and lost market share of loaded TEUs. The decline in activity at the Port is due in part to the trade wars of the Trump administration slowing international trade, and impact of COVID-19 shocking supply chains and slowing international trade. Signs of rebound are occurring at the Port of Virginia with increases in TEUs per month from May 2020 to September 2020 with September’s volume of TEUs rising to 256,439, which was 3.7% higher than August’s volume of 247,349 and 6.2% higher than the record set in September 2019 of 241,416. The Port is handling larger ships that can handle more cargo as fewer ships made calls in September. Various businesses in Virginia Beach supply cargo to the Port, such as the World Distribution Services. The Port’s ability to compete may be bolstered by the major capital investment of \$800 million that began in 2016 and nearing completion to expand by one million units of additional lift capacity and modernize its two largest terminals to become a twenty-first century world-class port. Of critical importance to the Port and region is the U.S. Army Corps of Engineers Norfolk Harbor project that will deepen the Norfolk Channel to 55’, the Thimble Shoals channel to 56’, and the Atlantic Ocean channel to 59’, and widen the channel to permit two-way navigation, which will be a benefit to U.S. Naval operations. The Port anticipates the channel project to be completed in 2024. This project will improve the competitiveness of the Port, enabling it to regain its status as the deepest port on the east coast, and attract more ultra large container vessels (transporting over 15,000 TEUs), helping to diversify the regional economy.



*Photo of Virginia International Gateway © The Port of Virginia*

**Tourism** - Tourism is an important industry in Virginia Beach and a vital component in the City’s economy producing revenues supporting the provision of City services and capital projects including the convention center, sports center, and Pacific Avenue improvements. According to the Virginia Tourism Corporation 2019 Economic Impact of Domestic Travel on Virginia and Localities report, tourism and the convention industry supported 13,618 jobs with a payroll of \$305.3 million in 2019, a decrease of 2.7% and increase of 1.2%, respectively, over 2018 levels of

13 ,999 jobs with \$301.6 million payroll.

The Tourism industry was adversely impacted by the coronavirus pandemic and state/city disease mitigation response that limited use of the beaches to fishing and exercising and closed non-essential businesses during the beginning months of the pandemic. Visitation and related tax revenues decreased with the cancellation or postponement of special events; of 841 special events that were scheduled to occur in the City between March 1 and August 10,641 were cancelled and 183 were postponed. As such, lodging sector sales performance declined in FY 2020, resulting in a 12% (\$4.4 million) decrease in hotel tax revenues flowing to the City in FY 2020 compared with FY 2019. As travel and business closing restrictions were eased by the Governor, visitation and lodging sales have improved. According to Smith Travel Research data, from April 2020 to August 2020, hotel occupancy increased from 27.8% in April 2020 (-60.4% from April 2019) to 71.8% in August (-14.3% from August 2019). To aid in the recovery of the tourism industry, City Council provided additional funding in FY 2020 (\$2 million) and FY 2021 (\$1.4 million) for tourism advertising to support the industry as the City's beaches reopened May 22<sup>nd</sup>. The advertising campaign targeted nearby driving markets including major cities in North Carolina, Maryland and Pennsylvania. Also, the City partnered with the City of Norfolk in a regional advertising campaign to attract visitors. According to STR, among the top 25 U.S. destination markets, from March 2020 to August 2020, the Norfolk/Virginia Beach market was recovering quicker in terms of improved hotel occupancy.



## **KEY INITIATIVES**

The FY 2020 financial report reflects the use of resources to achieve the City government's vision as defined by City Council in its ten goal areas developed in its past Annual Goal Setting Workshops. To ensure that Virginia Beach remains a preferred coastal city to attract residents, businesses and visitors, the City balances its efforts and use of resources to sustain the important components that make the City livable and successful. City Council's vision and goals provide direction for these efforts. Highlights of some key initiatives during FY 2020 impacting the success and sustainability of the City are shown below.

## **Resiliency**

**Sea Level Rise/Recurrent Flooding Comprehensive Analysis** - Flood control associated with sea level rise and land subsidence has become a critical issue in the Hampton Roads region and for the City. As a coastal community, Virginia Beach is proactively assessing its vulnerability, developing strategies, and implementing policy and engineering measures to increase its resiliency to reduce the impacts of tidal and storm surge flooding. The City's approach to sea level rise incorporates the Stormwater Master Drainage Plan, the Sea Level Wise Adaptation Strategy Plan, and Water Quality Regulations.



The Stormwater Master Drainage Plan is underway and is building detailed computer models of the City's five major watersheds: Lynnhaven, Oceanfront, Elizabeth River, Little Creek and Southern Rivers (the Southern Rivers watershed includes Back Bay, North Landing River, Northwest River, and Small Coastal South). This plan, which works in conjunction with the Sea Level Wise Adaptation Strategy Plan, assesses the stormwater infrastructure performance, and identifies the cost of future flood damages and the needed infrastructure improvements to prevent or curtail those damages.

The Sea Level Wise Adaptation Strategy Plan outlines a proactive, long-term approach to enable Virginia Beach to adapt to changing environmental conditions to ensure a vibrant future. This plan is the culmination of five years of work that included input from technical experts, community participants, and regional partners to gain a full understanding of flood risk and anticipated changes that will occur over time. The plan outlines policy and engineering strategies to reduce short and long-term impacts and creates city-wide and watershed-level 'action plans' to guide strategy implementation. Furthermore, the plan aims to improve Virginia Beach's overall flood resilience by using natural mitigations to lessen the magnitude and extent of flooding events through open space nature-based features in addition to engineered solutions to prevent the passage of floodwater into inhabited areas.

The City has developed a funding strategy using a combination of property tax increases and stormwater utility fee rate increases to fund an aggressive Capital Improvements Program that will spend \$1.3 billion over the next 13 years to address recurrent flooding. These tax and fee increases were approved by City Council in the Adopted FY 2020 Budget; however, the rate increase for July 1, 2020 was postponed until FY 2022 to provide relief to residents and businesses due to the impacts of COVID-19.

**Beach Nourishment** - The City has a strong commitment to maintain its beaches to reduce the risk of coastal flooding and resulting storm damage to public and private infrastructure. The City continues to use periodic beach nourishment projects to fortify its public beaches by maintaining their elevation and width. During a 30-month period beginning in 2018, six City public beaches will have been bolstered with sand as beach nourishment.

**Resort Beach and North End** - The Resort Beach replenishment program was enhanced in 2001 with the implementation of the beach restoration and maintenance component of the federal

Virginia Beach, Beach Erosion Control and Hurricane Protection project in partnership with the U.S. Army Corps of Engineers (USACE). Approximately 2.5 million cubic yards of sand were placed on the beach to create a significantly higher and wider beach, which provides protection for a coastal storm event greater than a 100-year event. The first beach nourishment of the higher beach was performed in 2012, where 1.25 million cubic yards of sand were placed on the beach. A second beach nourishment was completed in 2019, where 1.4 million cubic yards of sand were placed. USACE has documented that this erosion control and hurricane protection project has prevented more than \$450 million in coastal infrastructure damage.

**Sandbridge Beach** - Beach nourishment of Sandbridge Beach, a five-mile beach from the Naval base at Dam Neck Annex/Fleet Training Center to Back Bay National Wildlife Refuge, began in 1998, and the fifth nourishment was completed in May 2020 with the placement of 1.7 million cubic yards of sand on the beach. The total cost of the recent contract was \$20.3 million, of which \$3.1 million was funded by USACE with the balance provided by the City's Sandbridge Tax Increment Financing District and Sandbridge Special Service District Funds. According to USACE, the on-going beach nourishment project for Sandbridge Beach has prevented more than \$140 million in coastal infrastructure damage.

**Bay Beaches** - Nourishment of City public beaches along the Chesapeake Bay has been accomplished through smaller-scale projects than those at the Resort and Sandbridge Beaches. The beaches adjacent to the Lynnhaven Inlet, Cape Henry and Ocean Park Beaches, have been nourished multiple times using sand from the federal/USACE Lynnhaven Inlet maintenance dredging project. The most recent replenishment of Cape Henry Beach was accomplished in June 2019 with nearly 180,000 cubic yards placed on the beach from the inlet dredging project. Chesapeake Beach (the westernmost bay beach) nourishment project was completed in May 2018 where over 430,000 cubic yards of sand were mined from a nearshore borrow site and placed on the beach. A project to continue maintenance of the restored beach is funded in the Capital Improvement Program, with the next replenishment programmed for 2022. Ocean Park Beach will be the first beach to be improved to higher and wider dimensions with a major \$4 million beach and dune restoration project, which is anticipated to begin in 2021. A similar restoration project for Cape Henry Beach is programmed to follow in 2024.

**Croatan Beach** - The City completed significant dune restoration work at Croatan Beach in December 2018, which will be followed by a 50,000-cubic yard beach nourishment to be included in an upcoming federal/USACE Rudee Inlet maintenance dredging project to be bid in the Fall of 2020.

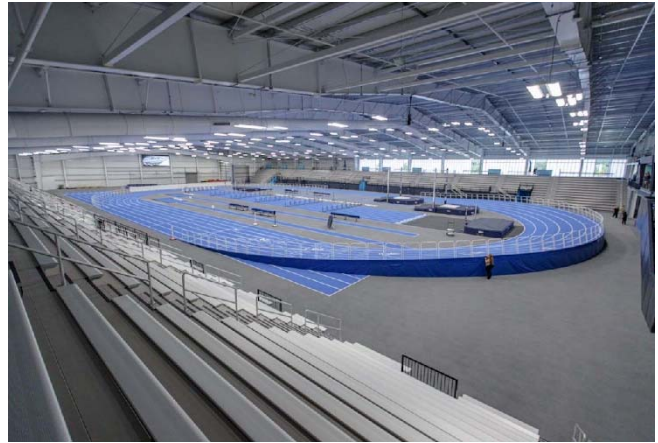
### **Tourism**

To expand the tourism sector of the economy, City Council has supported and/or funded multiple initiatives.

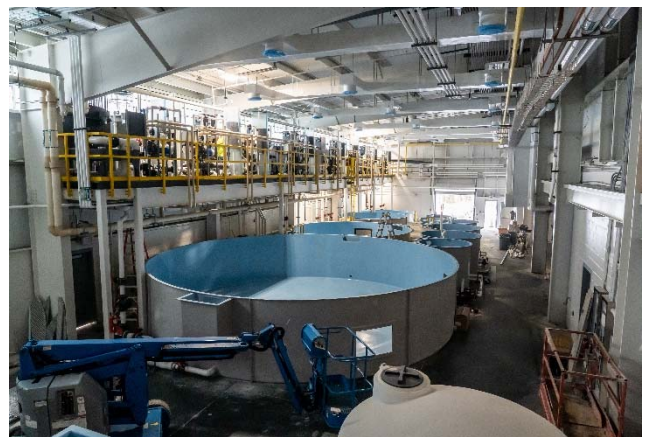
**Convention quality hotels** – As of July 2020 the available hotel room inventory in the City consisted of 10,437 hotel rooms located in 141 properties (excluding 924 timeshare units rented as hotel rooms), reflecting an increase of 20 (.02%) hotel rooms compared with July, 2019 (10,417 hotel rooms in 140 properties). The City has offered incentives for the development of convention quality hotels, including restoration of the historic Cavalier Hotel (opened in March 2018) and its two companion hotels, the Oceanfront Marriott Hotel with parking garage (adding 305 rooms and opened in May 2020), and Embassy Suite Convention Hotel Campus (anticipated to open during

2022). It is anticipated that these three hotels will produce annual revenues of \$2 million to the City in Year 1 growing to \$6 million by Year 7 with net present value over 20-years to the City of \$65 million, net of City incentives.

**Sports Center** - On July 10, 2018, the City Council authorized the design-build of the Virginia Beach Sports Center. Construction of the 285,000 square-foot facility began in August 2018 at total project cost of \$68 million. The Center will be City-owned and privately operated, and the debt for the project will be paid by tourism funds through the Tourism Investment Program Fund, which includes primarily hotel and restaurant meal taxes generated by visitors. This project is designed to attract tournament events from outside the region and provide an amenity for local events. The Center opened in November 2020. It is anticipated to add 68 sporting events annually having a fiscal impact of \$4.2 million by the fifth year of operation.



**Aquarium** - Findings from an FY 2018 economic impact study conducted by Sage Policy Group, Inc. indicated that the Virginia Aquarium generated \$257 million in economic impact (direct, indirect and induced) in Virginia Beach annually including 3,250 jobs, and that each Aquarium visitor generated \$12 in tax revenues to the City.



The City is making the following reinvestments:

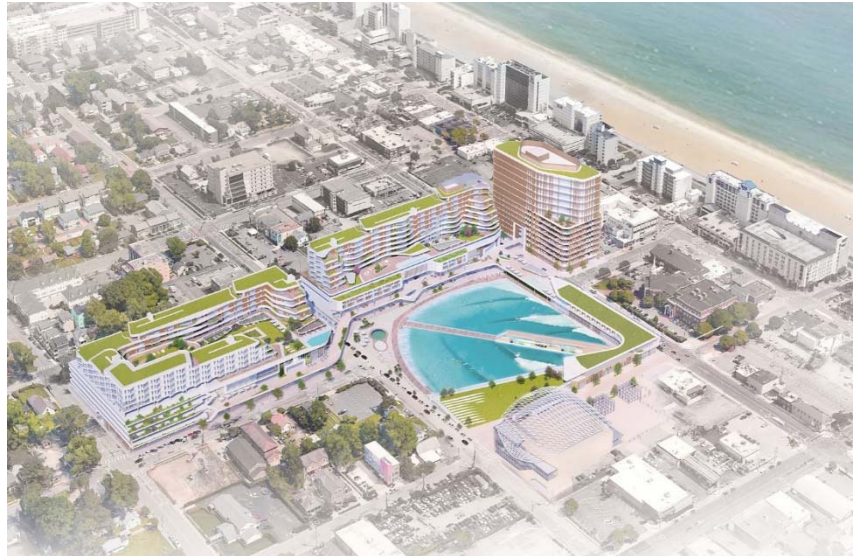
Construction of the Darden Marine Animal Conservation Center (began September 2018 with completion scheduled for spring 2021) totaling \$18.1 million, of which \$4.5 million is from the Virginia Aquarium Foundation. The project consists of two buildings totaling 18,000 square-feet. This facility will provide seawater access; animal care areas to support acquisitions/quarantine, educational outreach, and stranded animal rehabilitation; support areas for stranding response and research; laboratory spaces; and office/technical spaces for staff and volunteers.

Construction of two Aquarium projects for the Owls Creek Marsh Pavilion facility with a total project cost of \$28.9 million of which the Virginia Aquarium Foundation is providing \$9.3 million (began in May 2020 with scheduled opening summer 2021). One project will renovate the Aquarium's 22-year old Marsh Pavilion including new exhibits funded by the Aquarium Foundation and expanded parking. The second project will construct an adjacent Veterinary Care Center needed to meet the Association of Zoos and Aquariums accreditation standards for animal care.

The Aquarium began an aggressive Master Planning process in 2019, and future plans include a 1,500-space parking structure, a new state-of-the-art exhibit building on the current surface parking lot, and renovations of the existing 30-year old main building.

#### **Atlantic Park (Dome site) –**

The Virginia Beach Development Authority negotiated a development agreement with Venture Realty Group for a \$325 million mixed-use, multi-venue entertainment complex on the former Dome site, a 10.35-acre site over three blocks between 18<sup>th</sup> and 20<sup>th</sup> Streets at the oceanfront. The development agreement was approved by City Council in November 2019 with the



goal of making the Oceanfront area a year-round destination. The complex will include retail, multi-family housing, a Wavegarden Surf Park, and a 3,500-seat music venue. The project will involve private financing of \$230 million and a City contribution of approximately \$95 million for parking, streetscapes, and an entertainment venue. The City's contribution will be funded by the City's Tourism Investment Program Fund. The agreement will entail a performance grant of \$5 million over 20 years from the project generated tax revenues. Construction is anticipated to begin in 2021 with completion by 2025.

#### **Education**

Virginia Beach Public Schools is the largest school division in the region, with enrollment of 66,816 for FY 2020 consisting of 55 elementary schools, 15 middle schools, 12 high schools, and a number of secondary/post-secondary specialty centers. The Virginia Beach City Public School (VBCPS) division is one of four school divisions in the region to be 100% fully accredited for its 82 schools for the third consecutive year. For the 12th consecutive year, VBCPS has reached a record-high On-Time Graduation rate of 94.2% (compared with 93.9% in 2019) while its drop-out rate decreased to 2.39% (compared with 3% in 2019) the lowest on record. Since 2007, Virginia Beach City Public Schools has modernized or replaced twelve school facilities, representing a capital investment of \$457 million dollars.

Currently construction is progressing on three schools:

The \$28.0 million modernization of John B. Dey Elementary School (ES), which is estimated to be completed fall 2020.

The \$32.5 million replacement of Thoroughgood ES is estimated to be completed in fall 2020.

The \$77.2 million replacement of Princess Anne Middle School is estimated to be completed in 2021.

With these three schools, 34 school facilities have been modernized or replaced in the past two decades; a capital investment of approximately three quarters of a billion dollars.

### **Volunteerism**

The City has a long history of using volunteers to provide and/or assist in the provision of various services. For FY 2020, 31 departments reported use of 11,892 volunteers, who contributed 996,068.55 hours of service (equivalent to 478.88 full-time equivalent positions) valued at \$27.1 million or an estimated savings on the real estate tax of 4.6-cents per \$100 of assessed value. Volunteers in the Department of Emergency Medical Services (EMS) provide administrative support and serve on ambulances as patient care providers from ten independent Volunteer Rescue Squads. Virginia Beach EMS reflects the largest use of third service volunteer EMS providers in the nation. All volunteers for EMS numbered 1,195 and provided 374,472.75 hours of service equivalent to 180.03 FTEs valued at over \$10.1 million. In FY 2020, the Volunteer Rescue Squads were comprised of 533 (varies daily) highly trained and certified volunteer Emergency Medical Technicians (EMT) and Paramedics distributed throughout the 17 EMS stations. The volunteers are augmented by 46 field career paramedics to ensure staffing of a minimum of 9 ambulances daily (average was 12.6 in FY 2020) with the goal of 1 ambulance per 3,000 calls for service (totaling 16 ambulances). There were over 46,000 calls for service in FY 2020. The Volunteer Rescue Squads rely on donations, grants from the State, and City support (fuel and maintenance for ambulances, insurance, training, and etc.) to operate and do not charge users for their services.

### **Economic Development**

In order to meet the City's goal to grow the tax base, the City has an ongoing Economic Development Incentive Program (EDIP) to promote business development and expansion. Since the inception of EDIP in 1994, the City and VBDA have awarded 298 EDIP grants totaling \$65.5 million, which was intended to generate more than \$2.5 billion in private investment and create and retain 38,983 jobs. For FY 2020, a total of \$2.5 million of EDIP grants were approved for 14 projects, which are intended to leverage more than \$119.7 million in private investment (ratio of \$47 of private investment to \$1 of public investment) and the creation/retention of 2,892 jobs in the City. Some businesses receiving EDIP awards include Apex Systems, DOMA Technologies, InMotion Hosting, Priority Title & Escrow, Olympia Development, and 17<sup>th</sup> Street Properties. Based on data for the first quarter of 2020 from the Virginia Employment Commission data, businesses with fewer than 50 employees comprise over 95% of all businesses in Virginia Beach. Small, Women-and Minority-Owned and Service Disabled Veteran-Owned (SWaM) businesses received \$325,000 of these EDIP grants (13%), which is intended to generate 359 new full-time positions and \$5.9 million in capital investment (ratio of \$18 of private investment to \$1 of public investment); SWaM businesses receiving awards include DOMA Technologies, G2 Ops and SJS Executives.

In response to the impacts of the coronavirus pandemic on small businesses, City Council has authorized the use of existing EDIP funds totaling \$1.5 million in FY 2020 for a Small Business Emergency Assistance Program. This program provided grants up to \$10,000 to small businesses (fewer than 250 employees) for assistance with rent, utilities, taxes and other business expenses related to the coronavirus pandemic. Also, for FY 2021, City Council provided an additional \$1 million of tax relief for small businesses through the Small Business Emergency Assistance

Program. During the COVID-19 pandemic business and industry continued to grow. Between May and July 2020 there have been nine announcements of new businesses or business expansions that anticipate generating 756 new jobs and \$136.1 million in capital investment. These include various sectors: manufacturing (Acoustical Sheetmetal), defense/manufacturing (SJS Executives), other professional services (Priority Title and Escrow), office/defense (Valkyrie Enterprises), office-biomedical-light industrial (YNOT Office Park, London Bridge CC), information technology recruitment (APEX Systems), information technology (ACA International), and hospitality (Town Center Hotel).

**The City continues initiatives to diversify the local economy beyond defense and tourism industries with the development of technology, bioscience, advanced manufacturing and offshore wind energy industries. Highlights of these efforts are as follows:**

**Digital Port** - The City is a growing international digital port for high-speed fiber-optic subsea telecommunication cables and associated data centers, which create higher-paid tech jobs as well as attract new businesses requiring high-speed data transmission. Subsea cables serve as the major carriers of the internet and are responsible for the majority of the world's digital traffic. Corporate Landing Business Park, a 325-acre, light industrial, research and data center park, is the city's hub for the digital port. In order to attract this industry, the City is offering reduced tax rates on data center equipment, fiber access hubs, streamlined permitting process, and available data center sites certified by Dominion Energy. Two cables have recently been constructed and two additional cable projects have been announced and are in various stages of development. One data center has been constructed and two additional projects announced during 2018 and are in various stages of development. The four cables are depicted in the following map:



**Microsoft, Facebook and Telxius** constructed the first sub-sea cable, MAREA, connecting Bilbao Spain to Virginia Beach (a distance of 4,000 miles) that became operational during fall 2017. This cable can transport 160 terabytes per second (Tbps). It is supported by Telxius Data

Center/Cable Landing Station that has a direct connection to one of the largest concentration of data centers in the world, located in Ashburn, Virginia.

**Telxius** has completed a second under-sea cable, **BRUSA**, connecting Rio De Janeiro, Brazil and Puerto Rico to Virginia Beach (a distance of 6,800 miles), which became operational in 2018. It is supported by Telxius Data Center/Cable Landing Station that has a direct connection to one of the largest concentration of data centers in the world, located in Ashburn, Virginia. This cable can transport 160 Tbps and was designed to adapt and evolve with the growing demand for technology.

**Google** announced in 2018 the construction of its **Dunant** cable from France's Atlantic coast to Virginia Beach to expand its network and support growth of the Google Cloud, with anticipated completion in late 2020. It will be a 6,600 km long cable designed to deliver capacity of 300 Tbps and will land at the Telxius Data Center/Cable Landing Station.

**Assured Communications Advisors (ACA) International LLC and South Atlantic Express International Ltd** announced in 2018 a new cable, SAEx, to link Cape Town, South Africa to Virginia Beach (a distance of 8,000 miles), which is planned to be operational in the third quarter of 2021. This cable is designed with minimum capacity of 108 Tbps.

Data centers are being constructed in Virginia Beach to support the industry and newly constructed cables. Some of the new projects include:

**Globalinx** completed a 10,750 square-foot carrier-neutral colocation carrier hotel facility and data center (Phase I) that opened in the first quarter of 2019 and a Phase II expansion of the data center is underway. This is a four-phase 21-acre data center campus that at completion, will consist of a carrier hotel and four data center buildings totaling over 280,000 square feet. Globalinx has entered into a purchase agreement to acquire 10 acres from the VBDA at \$200,000 per acre to build Phase IV of their data center campus.

**NxtVn** Virginia Beach DigiPorts acquired 10 acres with an option to purchase a total of 219 acres across Dam Neck Road from Corporate Landing Business Park to develop a data center campus of up to 1.4 million square feet at estimated cost of \$1.5 to \$2 billion. ACA International LLC has announced that it will be the first tenant at the NxtVN Virginia Beach DigiPorts campus. Development is underway to build a 170,000 square-foot data center later in 2020.

**PointOne**, a hyperscale data center developer headquartered in Alberta, Canada, will invest \$80 million in Virginia Beach with the acquisition of 10.4 acres from the VBDA for \$2.08 million and construction of NAP of Virginia Beach, enterprise-class data center and cable landing station campus. It will consist of two 31,000 square-foot data facilities that will house edge computing data centers, a cable landing station for eight-plus future subsea cables and an international internet business exchange. Located across the street (400 yards) from the Telxius Cable Landing Station, this data center will have direct tie-in access to the MAREA and BRUSA cables. Phase I construction began in summer 2019 and continued through summer 2020. The facility is designed to withstand up to 200-mph winds and is being built at 15-feet above sea level.

**Innovation Park Infrastructure Improvement** - This project represents the first phase of infrastructure needed to support the 155-acre Innovation Park, with anticipation of multiple phases to follow. The project includes the design and construction of a two-lane undivided parkway,

including utility and stormwater infrastructure, that extends east from Landstown Center Way, a distance of approximately 1,200 feet. Construction of the access road is underway in 2020. This project includes on-road bicycle accommodations and shared-use paths as well as and long-range planning for the Innovation Park.

Also, in the Princess Anne corridor in the vicinity of the Nimmo Parkway/West Neck Road intersection, the State Department of Veterans Services began construction in summer 2019 of a 150,000 square-foot 128-bed rehabilitation and nursing facility for retired veterans, known as The Jones & Cabacoy Veterans Care Center. The facility will be located on 24-acres donated by the City to the Commonwealth of Virginia and is scheduled to open in 2022. The City is extending Nimmo Parkway (\$4.5 million total project cost) to access the facility, with estimated completion in fall 2020.

**Bioscience Business Development** - In March, 2019 with the culmination of the first VABeachBio Innovation Challenge, a business development challenge for biotech startup companies that began in fall 2017, 19 teams were selected to become new Virginia Beach bio-tech companies in fields such as cancer, diabetes, therapeutics, and medical device development. The City is leasing 5,706 square feet of space for the VaBeach Bio Accelerator, a new space at Convergence Center II. The space will be available to both small companies and winners of the VABeachBio Innovation Challenge — an incubator program for life sciences startups. Industry experts will nurture these companies and help them grow in the hopes that they will create new jobs and provide breakthroughs in medicine. It is anticipated that the Bio Accelerator will open in January 2021.

**Town Center** - Town Center, an emerging downtown core in the heart of Virginia Beach's Central Business District, features a vibrant urban mix of upscale retail, Class A office space, luxury residential units, entertainment, two performing arts centers, a central park, and other cultural facilities. The 25-acre development spans 17 city blocks. The ongoing mixed-use development encompasses more than 800,000 square feet of Class A office space, 700,000 square feet of upscale retail, dining and business-class hotels. To



date, Armada Hoffler has invested nearly \$487.8 million in the Town Center of Virginia Beach and the City has contributed \$108 million of public investment. The success of Town Center has been a catalyst for other projects in the area. Construction of a \$19 million, 14-story, 120-room Hampton Inn by Hilton is currently under development and is expected to generate \$30 million in revenue over 25 years, which would generate about \$9 million in tax revenue that would be reinvested into Town Center. The Central Business District will be home to two business accelerators: Virginia Beach Hive (VBH)-Incubator-Stabilization-Acceleration and Bio Accelerator for supporting innovation and entrepreneurship. The VBH will serve as a business incubator to develop business competitiveness, jobs creation, investment opportunities, infrastructural improvements, global inclusion and participation within the Hampton Roads community. VBH will strive to be recognized as the entrepreneurial, small business change-agent for the Hampton Roads business community. It is designed and developed to support an innovative

and entrepreneurial ecosystem in Hampton Roads through collaboration with the City of Virginia Beach, academic institutions, other cities in Hampton Roads, Small Business Association, and other entrepreneurial related organizations.

**Offshore Wind Energy** - On August 7, 2018, City Council adopted a resolution expressing its support for and commitment to the creation of an offshore wind energy industry and reaffirmed this commitment on August 6, 2019 in a second resolution. On September 16, 2019, Governor Northam issued Executive Order 43 calling on state agencies to develop a plan for Virginia to produce 30% of its electricity from renewable sources by 2030 and to be fully carbon-free by 2050. Thereafter on September 19, 2019, Dominion Energy announced a \$7.8 billion project to expand its \$300 million wind energy demonstration project under construction on 27 miles off the Virginia Beach coast. The expanded project will involve the construction of up to 220 giant wind turbines to generate 2,600 megawatts of electricity by 2026 enough to power 650,000 homes.



Virginia/Carolina Offshore Wind Energy projects underway:

- **Avangrid Renewables and its affiliate Kitty Hawk Wind LLC.:** Development of 2.5 gigawatt, \$5-8 billion Kitty Hawk offshore wind energy with two substations in Virginia Beach. Avangrid had recently secured an option from the City to acquire 20 acres in Princess Anne Commons and from the VBDA to acquire 30 acres in Corporate Landing Business Park to locate the substations. Local investment is estimated to be \$60 million to \$310 million and create 11,500 jobs regionally.
- **Coastal Virginia Offshore Wind-Dominion Energy:** Development of two 6-megawatt turbines on 2,135-acre site which lies 27 miles off the coast of Virginia Beach, generating about 12 megawatts to power 3,000 homes later in 2020. Project's capital cost is \$300 million and the major participants are Ørsted for the offshore installation and L.E. Meyers for the onshore installation. Project ground-breaking occurred on July 1, 2019. Dominion Energy announced on June 29, 2020, the successful installation of Coastal Virginia Offshore Wind pilot project. The first offshore wind farm to be approved by the Bureau of Ocean Energy Management and installed in federal waters, and second constructed in the United States, was built safely and on schedule despite the worldwide impact from the coronavirus pandemic. Several Virginia-based companies contributed to the pilot project and Dominion Energy remains committed to creating the expertise to position Virginia Beach to be a supply chain hub for U.S. offshore wind efforts and create thousands of clean energy jobs in Virginia.

### **Advanced Manufacturing**

Virginia Beach is continuing its effort to enhance the industrial ecosystem. The continued industrial attraction is dependent on more sites inventory Tier rating. Virginia Beach is working closely with Hampton Roads Economic Development Alliance and Virginia Economic Development Partnership (VEDP) through VEDP Business Ready Sites Program. The program

has two components: (i) site characterization to ascertain and designate a site's level of development and (ii) site development to further develop the sites. The goal of site development is to develop a pool of potential sites in the City that are well prepared and positioned for selection and development by prospective economic development projects that are ready to commit to the construction of a facility. These potential sites are typically at a site characterization Tier Level 4 or 5. Corporate Landing Business Park received a Tier 4 site rating. The VBDA has also applied for a GO Virginia Grant to complete Phases 2, 3 and 4 of infrastructure work to get the reminder eighty acres to Tier 4 site rating, a site readiness program in collaboration with Virginia Economic Development Partnership, Hampton Roads Planning District Commission, Reinvent Hampton Roads and Hampton Roads Alliance. This effort will assist in promoting the availability of shovel-ready sites to prospective businesses.

## **INTERNAL CONTROL AND BUDGETARY ACCOUNTING**

The City's management team is responsible for establishing and maintaining an internal control structure to protect the assets of the government from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the un-liquidated balance of encumbrances at year-end.

## **FINANCIAL MANAGEMENT POLICIES**

The City employs several policies to provide the framework for sound financial management. City Council's continuing fiscal policies include maintaining existing services to the extent possible; positioning the City to withstand local and regional economic disruptions; meeting the demands of natural growth, decline and change; ensuring that citizens understand and support the need for fiscal sustainability and the policies through which it is achieved; maintaining a diverse tax base; maintaining and monitoring existing debt policies; and providing for special services and projects through special dedicated revenue generation (e.g. Tourism Investment Program and the Tourism Advertising Program Special Revenue Funds). City Council's policies provide overall direction and guidance for resource management. In addition, these policies resulted in the high level of financial strength that led to and continue to support the City's bond rating on its General Obligation Bond debt of Triple-A by S&P Global Ratings (S&P), Moody's Investors Service (Moody's), and Fitch Ratings Inc. (Fitch).

Several the City's financial management policies govern how the operating budget is prepared and managed. For example, the budget will be balanced on a current year revenue to expenditure basis, unencumbered budget appropriations (except for those for capital projects and grants) will lapse at the end of the fiscal year, the appropriation ordinance will set the legal level of budgetary control and the City will set fees and user charges for each self-supporting enterprise fund at a level that fully supports costs. Regarding fund balance policies, the unassigned fund balance or net position of any fund shall not be used to finance continuing expenditures. Additionally, the city shall

maintain an unassigned fund balance in the General Fund of 8%-to-12% of the following year's budgeted revenues, equating to approximately one month of operating expenses.

The City further maintains policies that specify what projects may qualify as capital projects. In general, the project must be a major expenditure of over \$250,000 that is ongoing in nature or requires multi-year funding. There are specific criteria used to determine whether a project will be funded by bond referendum or by Charter Bonds, or subject-to-appropriation financing. The City issues bonds for capital improvements with a cost in excess of \$250,000, or which cannot be financed from current revenues. Debt management policies are presented in the following section.

## **DEBT MANAGEMENT POLICIES**

The City has developed a series of Debt Management Policies to provide a functional tool for debt management and capital planning. The policies reiterate the City's commitment to rapid principal retirement, maintaining sufficient working capital to avoid the use of short-term borrowing for operating purposes, and the use of self-supporting or revenue-supported debt where appropriate. The policies also establish target levels for key debt ratios as shown below. As shown in the following table, all debt affordability indicators were within the established guidelines for FY 2020.

<b>Ratio Description</b>	<b>Established Guidelines</b>	<b>As of June 30, 2020</b>
Annual Debt Service to General Government Expenditures	No greater than 10%	7.7%
Overall Net Debt to Estimated Full Value of Taxable Property	No greater than 3.5%	1.7%
Overall Net Debt Per Capita	No greater than \$3,000	\$2,199
Overall Net Debt Per Capita to Per Capita Personal Income	No greater than 6.5%	3.7%

For the eleventh consecutive year, three major rating agencies, Fitch, Moody's and S&P, affirmed the City's triple-A ratings with stable outlooks on its General Obligation Bonds. Ratings for Public Facility Revenue Bonds (appropriations supported) were generally one notch below the General Obligation rating at AA+/Aa1 and Aa2/AA+ by Fitch, Moody's and S&P, respectively. Moody's assigned a rating of Aa2 to the Series 2020B reflecting the less essential nature of the financed projects and the underlying rating of the refunded Series 2010B&C bonds. Water and Sewer Revenue Bonds were rated in September/October 2020 at AAA by Fitch and S&P and Aa1 by Moody's with stable outlooks. Storm Water Revenue Bonds were rated in September 2020 by Fitch and Moody's at AAA and Aa1, respectively, with stable outlooks.

## **LONG TERM FINANCIAL PLANNING**

Annually, the City and Schools jointly prepare a five-year financial forecast of revenues and expenditures for the City's General Fund and Schools Operating Fund, which serves as a planning

tool for the annual operating budget. This forecast establishes a framework for use in decision making by highlighting significant issues that must be addressed to maintain a structurally balanced budget. It assists the City in understanding the fiscal challenges ahead and the need to establish priorities. This forecast identifies key factors that affect the City's fiscal outlook such as changes in major revenue streams and costs.

The City has established several General Fund reserves of fund balance including a general-purpose reserve, which holds funds to protect the City from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events which could adversely impact the fiscal health of the City. Specific purpose reserves are created to meet identified future obligations and to fund capital projects.

The City's six-year Capital Improvement Plan is reviewed and revised annually to reflect changing conditions affecting existing projects and changing City Council priorities. This review identifies needed capital projects, estimates capital requirements, develops project financing and timing, and estimates operational expenses of projects subsequent to completion.

## **CERTIFICATE OF ACHIEVEMENT AND AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Virginia Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This reflects the 41st time that the City has achieved this prestigious award over many years. In order to be awarded a Certificate of Achievement, a government must publish an efficiently organized CAFR providing full disclosure and transparency. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City was also awarded for the second time a Certificate of Achievement for Excellence in Financial Reporting by the GFOA for its Popular Annual Financial Report.

The GFOA also presented a Distinguished Budget Presentation Award to the City of Virginia Beach for its annual budget for the fiscal year beginning July 1, 2019 (FY 2020). This reflects the 34th time the City has achieved this prestigious award over many years. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we have submitted it to GFOA to determine its eligibility for another award.

The National Institute of Governmental Purchasing's Outstanding Agency Accreditation Award (OA4) was awarded to the City of Virginia Beach from 2016 through 2022. This OA4 accreditation formally recognizes excellence in public procurement through the establishment of a body of standards that evidence sound procurement practice. The City of Virginia Beach is part of an elite group of procurement organizations as one of only 151 government agencies that have attained this distinction in the United States and Canada. Additionally, in 2019, the City was awarded the Achievement of Excellence in Procurement from the National Procurement Institute for the fourth consecutive year. The City of Virginia Beach is one of only eight agencies in Virginia and one of only 65 cities in the United States and Canada to receive the award. The Purchasing Division also

received the Excellence in Achievement Award from Universal Public Procurement Certification Council in 2019. The award recognizes exceptional agencies that achieve a fully certified procurement staff.

## **ACKNOWLEDGMENTS**

During the year, the staff of the Departments of Finance, Budget and Management Services as well as financial staff of other departments 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. They maintain the accounting records of the City on a current and timely basis and deserve special consideration.

City Council provides meaningful oversight of the financial affairs and policies of the City. Their support results in a strong financial position for the City and they are to also be commended.

Respectfully submitted,



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Patrick A. Duhaney  
City Manager



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Wendy Hu, CPA  
Controller & Acting Co-Director of  
Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Virginia Beach**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



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# **FINANCIAL SECTION**





## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council of  
City of Virginia Beach, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the entity'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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Beach Community Development Corporation, a discretely presented component unit, which represents 3.0 percent of the assets, -12.5 percent of the net position, and 0.6 percent of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on the audit report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, the budgetary comparison schedules, notes to the budgetary comparison schedules, and the Public Employee Retirement System-Primary Government schedules, as identified in the accompanying 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 combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical section, as listed in accompanying table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 City of Virginia Beach's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Arlington, Virginia  
November 30, 2020

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**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Virginia Beach (the "City") provides this narrative overview and analysis of the City's financial performance during the fiscal year that ended June 30, 2020. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements which follow this section.

### FINANCIAL HIGHLIGHTS

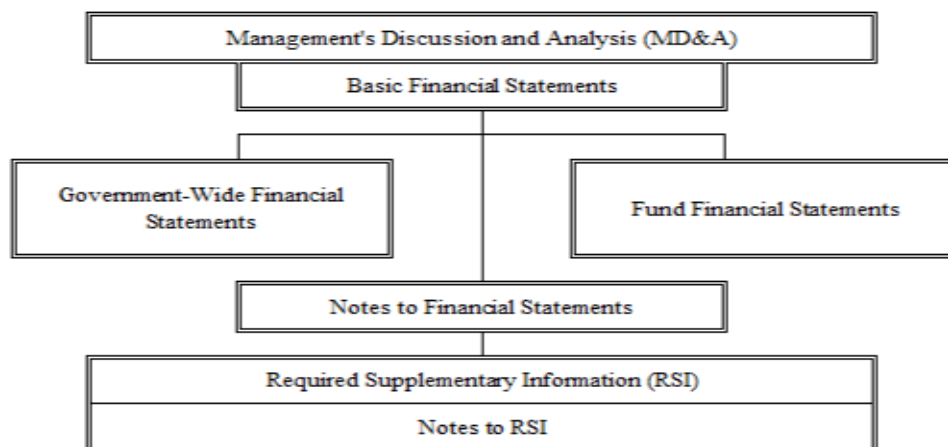
- At the end of the fiscal year 2020, the total net position of the City on a government-wide basis, excluding component units, was \$3.9 billion. Of this amount, the unrestricted net position totals \$511.9 million. Total net position increased by \$85.7 million from the prior fiscal year end's net position.
  - The total net position for governmental activities was \$2.6 billion, an increase of \$49.8 million over the prior year's net position.
  - The business-type activities net position was \$1.2 billion, an increase of \$35.9 million over the prior year's net position.
- As of the close of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$754.6 million a increase of \$156.8 million in comparison with the prior year.
  - \$11.3 million, or 1.5%, is considered nonspendable (inventories and loans receivable)
  - 60.3 million, or 8.0%, is restricted by outside agencies
  - \$408.5 million, of 54.1%, is committed for the capital improvement program
  - \$126.2 million, or 16.7%, is assigned for specific purposes as identified by the City
  - \$149.3 million, or 19.8%, is unassigned in the general fund and is available for spending at the City's discretion
- The City's total bonded debt increased by \$245.3 million, or 13.4% from fiscal year 2019.
- For the eleventh consecutive year, all three major rating agencies, Standard & Poor's, Moody's Investor Service and Fitch Ratings, affirmed the City's triple-A ratings on its General Obligation bonds.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This Comprehensive Annual Financial Report (CAFR) consists of four sections: introductory, financial, and statistical. The financial section is illustrated in the following Figure 1. This section of the report has three components: Management's Discussion and Analysis (this section), the basic financial statements, and the required supplementary information.

The City's basic financial statements comprise three components: *government-wide financial statements*, *fund financial statements* and *notes to the basic financial statements*. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the operations of the City in more detail than the government-wide statements. Both perspectives (government-wide and individual fund) allow the reader to address relevant questions, broaden the basis for comparison (year-to-year or government to government), and enhance the City's accountability. The *notes to the basic financial statements* explain some of the information in the financial statements and provide more detailed data. This section is followed by the *required supplementary information* that further explains and supports the information in the financial statements.

**Figure 1: Components of the Financial Section**



### Government-Wide Financial Statements

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private sector companies. The two government-wide statements, statement of net position and statement of activities, report the City's net position and how it has changed. The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources compared to liabilities and deferred inflows of resources, with the difference between them reported as net position. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. It accounts for all of the current year's revenues and expenses, regardless of when cash is received or paid.

Over time, increases or decreases in the City's net position are indicators of whether its financial health is improving or deteriorating. To assess the overall health of the City, one needs to consider other non financial factors such as changes in the City's property tax base and condition of the City's infrastructure.

The government-wide financial statements of the City are divided into three categories:

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

***Business-type Activities*** - The City's water and sewer, storm water, waste management, certain economic development functions (blended component unit Virginia Beach Development Authority (VBDA)), and parking operations are reported here. Fees charged to customers help cover the costs of providing these services.

***Component units*** - The City includes three other entities in its report - the City of Virginia Beach School Board (Schools), the Development Authority and the Community Development Corporation (CDC). Although legally separate, these "component units" are important because the City is financially accountable for them, providing operating and capital funding. The Development Authority is presented as a blended component unit and included in the City's reporting entity. The School Board and CDC are presented as discretely component units and reported in separate columns of the entity-wide statements.

## **Fund Financial Statements**

The fund financial statements provide detailed information about the City's most significant funds and will be more familiar to traditional readers of government financial statements. The fund financial statements focus on major funds rather than fund types.

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as general statutes or the City's budget ordinances. The City's funds are divided into the following categories:

***Governmental funds*** - Most of the City's basic services are included in governmental funds, which focus on (1) how readily *cash and other financial assets* can be converted to cash flow in and out and (2) year-end balances that are available for spending. Consequently, the governmental funds statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explain the relationship (or differences) between them. Governmental funds include the General Fund, Debt Service Fund, Capital Projects Fund, and special revenue funds (such as Parks and Recreation and the Tourism Investment Program).

***Proprietary funds*** - Services for which the City charges customers a fee are generally reported in proprietary funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes enterprise funds to account for its water and sewer, storm water, waste management, certain economic development functions, and parking operations. The Development Authority is presented as a blended component unit and its proprietary fund is included in the City's reporting entity as a major enterprise fund. The City uses internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the City's other programs and activities. The City's internal service funds are used for providing city garage and fuel services, risk management, school site landscaping, and technology services.

***Fiduciary funds*** - Used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The fiduciary funds include agency funds (Special Welfare and Escheat Property), and trust funds (Sheriff's Pension and Other Postemployment Benefits). Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These fiduciary activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS WHOLE

### Net Position

The *Statement of Net Position* serves as a useful indicator of a government's financial position. At the end of the fiscal year, the City's total net position was \$3.9 billion. This amount represents an increase of \$85.7 million, or 2.3%, over the prior year's net position. The net position for governmental activities increased by \$49.9 million and the business-type activities net position increased by \$35.8 million.

The City's total assets were \$6.0 billion. This amount includes \$4.7 billion of capital assets, net of accumulated depreciation, which include roads, bridges, parks, utilities (water, sewer and storm water) infrastructure, land, other long-lived assets, and projects in the construction in progress program. Under the "tenancy in common" with the School Board, the City has included \$359.4 million of net book value of School Board property equal to the total outstanding principal balance of the "on behalf" debt at June 30, 2020.

The largest component of the City's net position (\$3.3 billion or 84.3%) is the investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets for business-type activities represents, for the most part, the capital assets of the water, sewer, and storm water utilities.

At June 30, 2020, the City reported \$511.9 million in the unrestricted category of its net position. This is \$112.9 million higher than last year's net position of \$399.0 million. The unrestricted category includes fund balances of the general fund, capital projects, and special revenue funds that have been committed or assigned at the fund level.

**Table 1**  
**Statement of Net Position**  
**(in Millions)**

	<b>Governmental Activities</b>		<b>Business- Type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current and Other Assets	\$ 916.0	\$ 781.5	\$ 334.6	\$ 344.3	\$ 1,250.6	\$ 1,125.8
Capital Assets	3,423.0	3,295.7	1,289.4	1,260.7	4,712.4	4,556.4
Total Assets	<u>4,339.0</u>	<u>4,077.2</u>	<u>1,624.0</u>	<u>1,605.0</u>	<u>5,963.0</u>	<u>5,682.2</u>
Deferred Outflows of Resources	126.8	78.1	11.5	7.2	138.3	85.3
Long-Term Debt Outstanding	1,706.3	1,443.8	364.9	381.9	2,071.2	1,825.7
Other Liabilities	69.4	82.5	34.0	31.0	103.3	113.5
Total Liabilities	<u>1,775.7</u>	<u>1,526.3</u>	<u>398.9</u>	<u>412.9</u>	<u>2,174.5</u>	<u>1,939.2</u>
Deferred Inflows of Resources	42.6	31.3	4.2	2.7	46.8	34.0
Net Position						
Net Investment in Capital Assets	2,304.4	2,382.8	966.4	920.3	3,270.8	3,303.1
Restricted	71.6	67.0	25.8	25.2	97.4	92.2
Unrestricted (Deficit)	271.6	147.9	240.3	251.1	511.9	399.0
Total Net Position	<u>\$ 2,647.6</u>	<u>\$ 2,597.7</u>	<u>\$ 1,232.4</u>	<u>\$ 1,196.6</u>	<u>\$ 3,880.0</u>	<u>\$ 3,794.3</u>

### Changes in Net Position (Statement of Activities)

The following table shows the revenues and expenses of the governmental and business-type activities.

**Table 2**  
**Changes in Net Position**  
**(in Millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	90.8	99.1	220.8	215.0	311.6	314.1
Operating Grants & Contributions	230.8	189.4	-	0.1	230.8	189.6
Capital Grants & Contributions	9.4	22.4	5.0	27.1	14.4	49.5
General Revenues:						
Property Taxes	705.6	696.2	-	-	705.6	696.2
Other Taxes	290.3	309.6	-	-	290.3	309.6
Other	74.3	76.1	5.0	6.0	79.3	82.1
Total Revenues	1,401.2	1,392.8	230.9	248.3	1,632.0	1,641.1
<b>Expenses:</b>						
Legislative	1.2	1.1	-	-	1.2	1.1
Executive	5.1	5.0	-	-	5.1	5.0
Law	4.6	4.4	-	-	4.6	4.4
Finance	19.6	19.4	-	-	19.6	19.4
Human Resources	12.3	12.4	-	-	12.3	12.4
Judicial	67.3	63.5	-	-	67.3	63.5
Health	3.7	3.7	-	-	3.7	3.7
Police	90.2	97.2	-	-	90.2	97.2
Human Services	125.7	121.5	-	-	125.7	121.5
Public Works	184.3	221.6	-	-	184.3	221.6
Parks & Recreation	53.8	53.8	-	-	53.8	53.8
Library	18.3	16.9	-	-	18.3	16.9
Planning	19.6	19.0	-	-	19.6	19.0
Agriculture	3.5	3.4	-	-	3.5	3.4
Economic Development	0.1	2.5	-	-	0.1	2.5
Convention & Visitor Bureau	26.0	30.9	-	-	26.0	30.9
Cultural Affairs	3.2	-	-	-	3.2	-
Information Technology	37.0	38.0	-	-	37.0	38.0
Emergency Communication & Citizen Services	7.7	8.9	-	-	7.7	8.9
Boards and Commissions	23.0	28.0	-	-	23.0	28.0
Fire	52.2	59.2	-	-	52.2	59.2
Budget and Management Services	1.3	1.3	-	-	1.3	1.3
Education	444.6	430.8	-	-	444.6	430.8
Housing & Neighborhood Preservation	33.5	31.6	-	-	33.5	31.6
Museums	10.3	11.1	-	-	10.3	11.1
Emergency Medical Services	11.5	13.0	-	-	11.5	13.0
General Government	55.8	8.3	-	-	55.8	8.3
Water & Sewer	-	-	122.9	139.8	122.9	139.8
Storm Water	-	-	33.3	38.1	33.3	38.1
Development Authority	-	-	11.8	12.4	11.8	12.4
Waste Management	-	-	34.9	34.6	34.9	34.6
Parking	-	-	3.3	4.2	3.3	4.2
Interest on Long-Term Debt	24.5	24.5	-	-	24.5	24.5
Total Expenses	1,340.1	1,330.9	206.3	229.1	1,546.4	1,560.0
Excess (Deficiency) Before Transfers	61.1	61.9	24.6	19.2	85.4	81.1
Transfers	(11.2)	(22.2)	11.2	22.2	-	-
Change in Net Position	49.9	39.7	35.8	41.4	85.4	81.1
Net Position – Beginning	2,597.7	2,558.0	1,196.6	1,155.2	3,794.3	3,713.2
Net Position – Ending	\$ 2,647.6	\$ 2,597.7	\$ 1,232.4	\$ 1,196.6	\$ 3,879.7	\$ 3,794.3

## Revenues

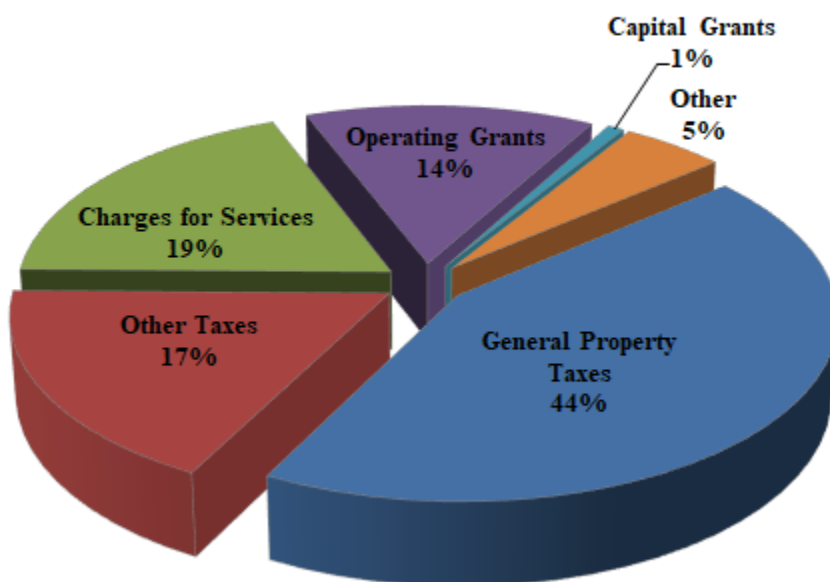
The City's total revenues were \$1.6 billion, an increase of \$(9.1) million over the revenues from prior year. These revenues consist of program and general revenues. Program revenues are derived from the program itself and reduce the reliance on the City's general revenues; these include charges for services, operating and capital grants and contributions. General revenues are all other revenues and include property and other taxes, and interest earnings.

For *Governmental Activities*, program revenues totaled \$331.1 million, compared to \$310.9 million from the prior year. The increase is primarily due to increased receipts from the Commonwealth for support towards roads maintenance and federal and state receipts received for various grants.

General revenues totaled \$1.1 billion. This represents a decrease of \$(11.7) million over the prior year due to lower collections in local taxes such as meal (\$5.8 million), hotel (\$1.0 million), utility (\$2.1 million) and automobile taxes (\$1.1million) as a direct result from the COVID 19 shutdown starting in mid March 2020 through the end of FY 2020.

*Business-type Activities* generated program and general revenues of \$230.9 million, primarily from charges for services (\$220.8 million). The revenues decrease of 7.0% from prior year due to the capital contribution to the Virginia Beach Developmental Authority of Housing Resource Center (\$26.1 million) in FY 2019.

**Figure 2: Revenues by Source - Primary Government as of June 30, 2020**



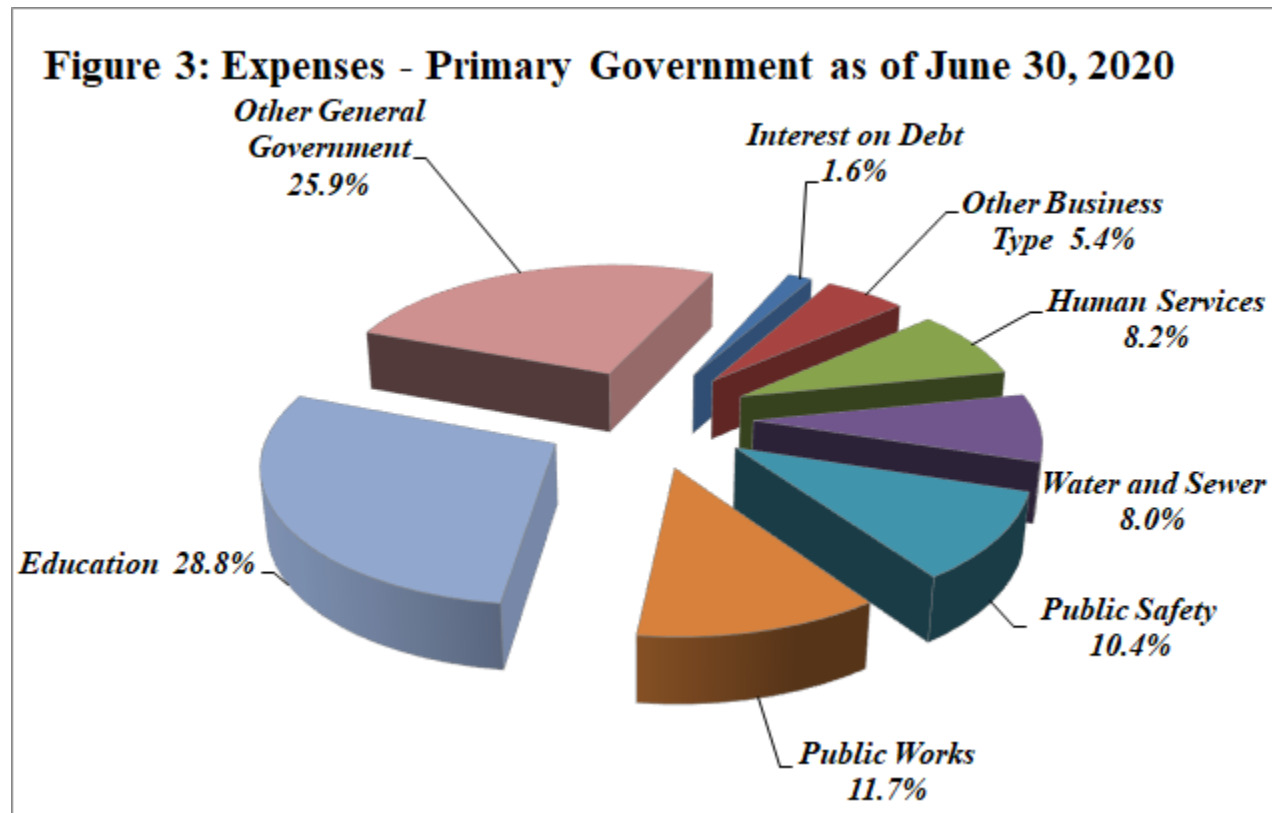
## Expenses

The City's total cost of all programs and services was \$1.5 billion, an \$(13.6) million decrease over expenses from the prior year. Figure 3 shows the breakdown of major expenses by function.

Expenses (before transfers) for *Governmental Activities* totaled \$1.3 billion, an increase of \$9.2 million over the prior year. The increase in current year expenses are due mainly to the transfer of some of the Storm Water operations over to the General Fund, \$8.1 million. The expenses also reflect a 2% general pay raise for full-time employees, funding to address salary vertical compression and new full-time positions in support of public safety and public works functions.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education totaled \$444.6 million (net of the adjustment to account for the tenancy-in-common legislation). This amount represents an increase of \$13.8 million over prior year due to additional funding for all-day kindergarten and to continue the expansion of the pre-kindergarten program which includes an increase full time employees by 78.

Expenses for the *Business-type Activities* include those related to water, sewer, storm water, and waste management utility services as well as parking operations and certain economic development functions (blended component unit). For the current fiscal year these totaled \$206.3 million, a \$(22.8) million decrease from prior year. A \$20 million payment to the City of Norfolk for the Lake Gaston water service agreement was made in FY 2019.



## 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. 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 fiscal year, the total fund balance for the City's governmental funds was \$754.6 million, compared to \$597.8 million in the prior fiscal year, an increase of \$156.8 million. This increase was due to more cash in the general government capital projects fund as of June 30, 2020 due to bond sales taking place in the current fiscal year.

At the end of the fiscal year, the classification of total governmental fund balances was as follows:

- \$11.3 million is nonspendable which consists of loans and inventories in the General Fund.
- \$60.3 million is restricted, which can be spent only for the specific purposes stipulated by external providers, such as grantors or restricted through legislation. In the General Fund this amount is for community services programs (\$1.5 million). Non major governmental funds consisted mainly of debt service costs (\$44.3 million) and other federal and state grants funds (\$14.5 million).
- \$407.6 million is committed, which can only be used for the specific purposes imposed by the formal action of City Council. In the General Fund committed balance of \$16.5 million is for education. The non major governmental funds consisting of \$27.5 million for convention and visitor development, \$15.1 million for the agriculture reserve program activities, \$13.0 million for parks and recreation, \$0.1 million for Law Library activities and \$1.2 million for Central Business District South Tax Increment Financing fund. Included in the committed fund balance is \$334.0 million for the capital improvement programs consisting of:
  - Engineering and Highways - \$37.1 million
  - Buildings - \$75.1 million
  - Parks & Recreation - \$3.2 million
  - Coastal - \$1.4 million
  - Economic and Tourism - \$24.4 million
  - General Government - \$192.8 million
- \$126.2 million is assigned, which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For example, this amount includes \$26.5 for the fiscal year 2020's capital program and \$36.3 million for education, which includes unspent funding by the schools and reverted to the City.
- \$149.3 million is unassigned, which is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

Items to be noted include:

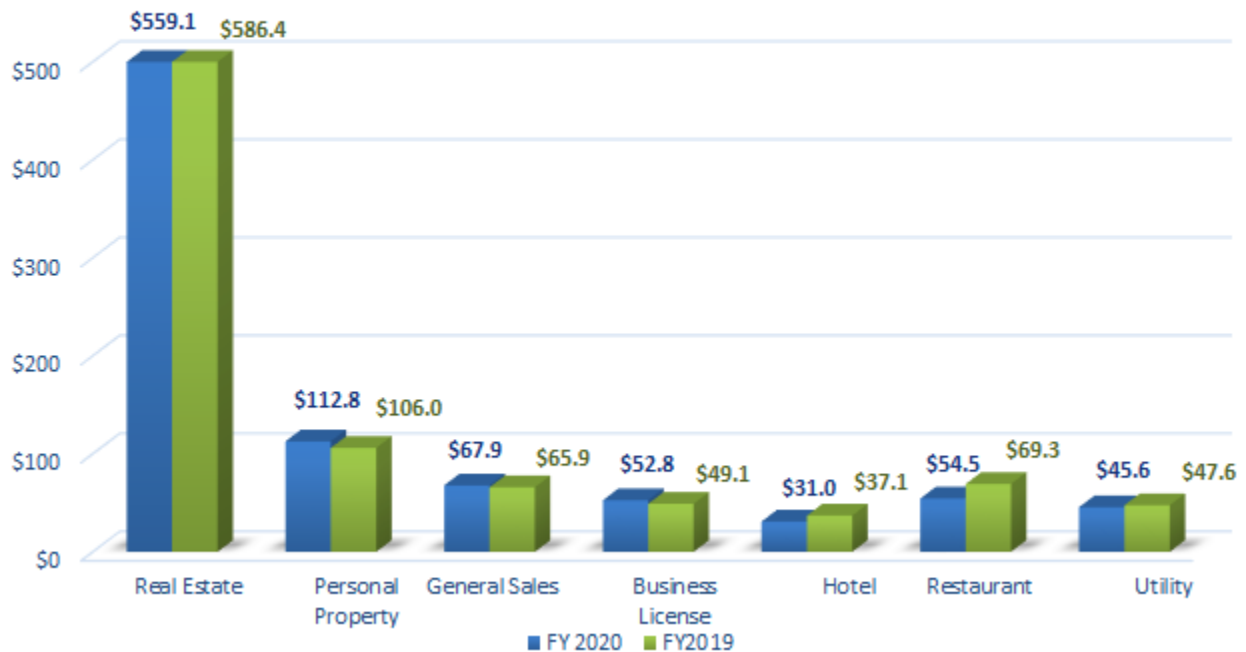
Real estate taxes of \$603.1 million increased by \$16.7 million from prior year. Real estate revenues are the City's single largest revenue source and comprised 42.7% of total revenues received for the year. This is mainly due to an increase of 3.6% in real estate assessed values. The real estate tax allocated to fund Storm Water CIP projects increased \$7.7 million in current fiscal year to \$14.3 million.

- Revenues recorded for personal property taxes of \$112.7 million were higher than prior year by \$6.7 million.

This is mainly due to an increase of 5.9% in personal property tax assessed values. The City continues to receive PPTRA (personal property tax relief program) reimbursements from the State of \$53.4 million, which are reported as state revenues.

- Other Taxes revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meal, amusement, business licenses, deeds, wills, and automobile licenses totaled \$298.1 million. This represents a \$(10.9) million decrease over the previous year mainly due to COVID-19 pandemic temporary shut down of local businesses.
- Revenues from federal and state funding of \$294.2 million were higher than prior year by \$35.7 million primarily attributable to the \$39.5 million of the Coronavirus Aids, Relief, and Economic Security (*CARES*) Act funds.
- Full-time city employees received a 2% pay increase (1% general pay raise and a 1% merit raise).
- Revenues received in the capital projects fund from the federal and state governments were \$1.3 million and \$8.6 million, respectively, which were mostly in support of transportation projects. The capital projects fund received cash funding totaling \$78.6 million from the General Fund, other special revenue funds, and the Parking Enterprise Fund.

**Figure 4: Selected Tax Revenues by Source (in millions)**



## *Proprietary funds*

The City's proprietary fund statements offer short and long-term financial information about the activities that the government operates as a business, such as the water and sewer system, storm water, waste management, parking, and development authority funds. These statements provide the same type of information found in the government-wide financial statements, but in more detail. The ending net position for the proprietary funds totals \$1.2 billion.

Notable items are as follows:

- The Water and Sewer fund's net position increased by \$13.9 million continues to reflect strong financial management and the continuing acquisition and construction of capital assets to help address continued compliance with federal consent order on sanitary sewer overflows. Increase in Charges for Services Revenue, \$6.4 million, due to rate increase from \$4.41 to \$4.90 per thousand gallons.
- The net position for the Storm Water fund increased by \$14.4 million, which provides funding to continue addressing backlogs in the areas of flood control and water quality over the next several years. In the current fiscal year, the equivalent residential unit fee increased from .458 cents to .493 cents per day.
- The net position for the Waste Management fund, increased by \$3.3 million. The fund accounts for the annual operating expenses of the waste management functions, including recycling activities, waste collection, and disposal at the landfill. Waste collection fees increased from \$23/month to \$25/month.
- The net position for the Development Authority, which is the City's blended component unit, increased by \$4.5 million which is attributable to the reduction of debt.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The following is a brief review of the budgetary changes from the original to the final budget and actual amounts to final budget (See Exhibits 12 and 13):

- Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in the current fiscal year. During the fiscal year, City Council approved various modifications to the original adopted budget. Major budget adjustments include:
  - ⇒ \$12.5 million to the School's operating fund for the purchase of buses, full-day kindergarten implementation, and other various expenditures for the Schools.
  - ⇒ \$.8 million to be reserved in the School's reserve special revenue fund to cover possible shortfalls in fiscal year 2020.
  - ⇒ \$7.4 million for various schools renovations and replacement projects.

Actual total revenues were below the amended budget by (\$6.3 million primarily due to decrease in local taxes \$(8.0) million and charges for services \$(4.0) million.

General fund expenditures totaled \$988.8 million, which was \$154.7 million less than appropriated. The unfavorable budget variances were partially offset by favorable variances stated below.

- Significant positive variances were the result of the following:
  - ⇒ Human Services (\$7.9 million) - due to lower expenditures in personnel charges (\$5.1 million) and budgeted coronavirus relief carryforward to FY2021 (\$2.0 million).

- ⇒ Public Works (\$13.7 million) - due to savings in personnel charges (\$1.2 million), timing of pavement maintenance projects that were not completed during the fiscal year (\$2.4 million), and under utilization of Storm Water departments budgeted in General Fund in FY2020 (\$4.8 million).
- ⇒ Education (\$44.8 million) - mainly due to \$39.0 million of unspent funding received from the City's general fund which was returned at year-end. This amount will be submitted to City Council in the next fiscal year for re-appropriation to the Schools' funds.

At the end of the fiscal year, unassigned fund balance for the general fund was \$152.8 million or 10.23% of next fiscal year's budgeted revenues, and is within City Council policy.

## CAPITAL ASSETS

During the current fiscal year, the City's investment in capital assets of \$4.7 billion increased by \$155.9 million from prior year (Table 3). This investment includes a broad range of capital assets (e.g. land, equipment, buildings, park facilities, roads, bridges, water and sewer lines, and construction in progress).

Major capital projects placed in service during the year included:

- Police Fourth Precinct Replacement (\$9.1 million) - This project provides 17,000 square feet replacement facility for the existing 6,017 square foot facility at its current location, 840 Kempsville Road. Also, this project includes required parking and storage facilities. The Fourth Police Precinct service area encompasses the entire Kempsville area south of Interstate 264, extending east to Lynnhaven Parkway and south to the Chesapeake line, and serves approximately 140,000 residents.
- Water Utility Management Program I (\$5.0 million) - Arrowhead Susquehanna Sanitary Sewer Rehabilitation Phase I. This project supports Public Utilities Water Utility Asset Management Program by providing funding for engineering study-design, construction services, and evaluation of existing programs and practices as they relate to overall system performance improvements and the implementation of the Asset Management Program.
- Indian River Rd/Kempsville Rd Intersection Improvements (\$5.0 million) - This project is for the reconstruction of the Indian River Road/Kempsville Road intersection to increase the capacity of the intersection and improve safety and traffic flow. The design and construction of this intersection combines two very innovative approaches: indirect left turns to the north and south on Kempsville Road (also known as a continuous flow intersection) and median U-turn lefts to the east and west of the intersection on Indian River Road. Design and construction of two half signals north and south of the intersection as well as geometric improvements to the intersection of Indian River Road and Kempsville Road and its vicinity will also be included. The project will enhance the overall safety and operational capacity of the intersection and its corridors.
- Storm Water Rehabilitation and Improvements (\$6.9 million) - This project provided for the inspection, evaluation and rehabilitation of the storm water infrastructure throughout the City with emphasis in neighborhoods which had reported storm water system needs. Some of the major neighborhoods planned for rehabilitation during this phase include: Price Street Apartments in the Pembroke Strategic Growth Area and Holland Road between Dam Neck Road and Nimmo Parkway.

Construction in progress expenditures for the fiscal year totaled \$301.0 million for general government, \$34.3 million for water/sewer and \$41.2 million for storm water projects.

Major current year general government expenditures include:

- Virginia Beach Sports Center (\$3.3 million) is an indoor facility that can accommodate year round venue for tournaments and leagues
- Funding for a new City Hall, Building 1 facility (\$11.6)
- Witchduck Road project to improve capacity (\$6.5 million)
- Indian River/Kempsville Road project to improve capacity (\$6.7 million)
- Aquarium Marsh Pavilion Enhancements (\$5.1 million) - updates to pavilion to entice more visitors

- Aquarium Marsh Pavilion Veterinary Clinic (\$4.2 million)
- Virginia Aquarium Marine Animal Care Center (\$5.8 million), a new city owned facility
- 21st Century Enterprise Resource Planning (ERP) System (\$4.9 million) - to procure, modernize and upgrade the City's 18 years old financial software
- Sandbridge Road Bridge Replacement (\$4.4 million) - replace existing bridge that has exceeded its useful life
- Princess Anne Road Improvements (8.4 million) - to widen road from General Booth Blvd to Fisher Arch and improvement to intersections of General Booth Boulevard, Elson Green Avenue, and Upton Drive/Sandbridge Road

Water/sewer utility projects include expenditures for Laskin Road Water Improvements (2.0 million), sanitary sewer pump modifications (\$9.4 million), sanitary sewer system revitalization (\$2.8 million), and upgrades to the sewer pump station flow monitor/data storage (\$1.3 million).

Storm water utility projects include expenditures for maintenance of city lakes, including dredging and structural repairs/upgrades of dams and spillways (\$15.4 million), and utility infrastructure rehabilitation and improvements to minimize flooding (\$3.8 million).

**Table 3**  
**Capital Assets**  
**(In Millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Non-Depreciable Assets:						
Land	\$ 1,030.0	\$ 1,023.0	\$ 171.9	\$ 171.5	\$ 1,201.9	\$ 1,194.5
Agriculture Reserve Program	48.7	47.7	-	-	48.7	47.7
Construction in Progress	303.6	228.7	45.7	54.9	349.3	283.6
Other Capital Assets:						
Infrastructure	2,333.5	2,308.0	-	-	2,333.5	2,308.0
Buildings	1,220.7	1,098.7	165.0	165.0	1,385.7	1,263.7
Machinery and Equipment	360.9	337.1	68.8	63.4	429.7	400.5
Utility System	-	-	1,548.6	1,476.6	1,548.6	1,476.6
Site Improvements	338.0	333.3	1.1	1.1	339.1	334.4
Less: Accumulated Depreciation	(2,212.4)	(2,080.8)	(711.8)	(671.8)	(2,924.2)	(2,752.6)
Totals	<u>\$ 3,423.0</u>	<u>\$ 3,295.7</u>	<u>\$ 1,289.3</u>	<u>\$ 1,260.7</u>	<u>\$ 4,712.3</u>	<u>\$ 4,556.4</u>

For detailed information on the City's capital asset activity, refer to Note 5 to the financial statements - Capital Assets and Land Held for Resale.

## LONG TERM LIABILITIES

At the end of the fiscal year 2020, the City had \$1.3 billion in bonds and notes outstanding and \$773.4 million in other liabilities for a total of \$2.1 billion (Table 4).

The state constitution limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. At the end of the fiscal year, the City's assessed value of real property was \$60.4 billion, which makes the City's debt less than the current debt limitation of \$6.0 billion.

For the eleventh consecutive year, all three major rating agencies, Standard & Poor's, Moody's Investor Service and Fitch Ratings, affirmed the City's AAA ratings on its General Obligation bonds.

Existing Water and Sewer Revenue Bonds were last affirmed in 2018 at AAA rating by Fitch on the City's \$183.4 million in outstanding bonds. Existing Storm Water Revenue Bonds were last affirmed in 2019 at AAA by Fitch and Moody's Investors Service at Aa1 on the City's \$67.0 million in outstanding bonds.

On June 17, 2020, the City issued appropriation backed Public Facility Revenue Bonds (PFRB) consisting of \$159.0 million of new money bonds and \$37.6 million refunding bonds to achieve debt service savings of \$2.69 million over the next 4 years.

On July 31, 2019, the City issued appropriation backed General Obligation Public Improvement Bonds (PI) consisting of \$101.2 million of new money bonds and \$54.9 million refunding bonds to achieve debt service saving of \$4.4 million over the next 11 years.

Estimated claims and judgments reflect estimated unpaid losses and ALAE (allocated loss adjustment expenses) as of the end of the year. The projected liability by line of business consists of 80.0% for workers compensation, 18.0% for general liability, and 2.0% for automobile liability. Landfill closure and post-closure care liability of \$21.7 increased \$0.4 million during the current fiscal year due to inflation.

**Table 4**  
**Long Term Liabilities**  
**(in Millions)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
General Obligation Bond	\$ 580.2	\$ 541.6	\$ -	\$ -	\$ 580.2	\$ 541.6
State Literary Fund Loans	0.8	1.1	-	-	0.8	1.1
Public Facility Revenue Bonds	367.4	239.0	50.4	58.3	417.8	297.3
Revenue Bonds	-	-	250.4	262.5	250.4	262.5
Agriculture Reserve Program	48.7	47.7	-	-	48.7	47.7
Sub-total	997.1	829.4	300.8	320.8	1,297.9	1,150.2
Other Long-Term Liabilities:						
Landfill Closure & Post-closure Care	21.7	21.3	-	-	21.7	21.3
Premium/Discount on Bonds Sold	116.9	81.7	18.4	18.9	135.3	100.6
Net Pension Liability	380.8	316.9	36.8	30.8	417.6	347.7
Net OPEB Liability	98.8	109.3	4.9	6.7	103.7	116.0
Accrued Compensated Leave	46.4	43.8	4.1	4.7	50.5	48.5
Estimated Claims & Judgments	44.6	41.5	-	-	44.6	41.5
	709.2	614.5	64.2	61.1	773.4	675.6
Totals	\$ 1,706.3	\$ 1,443.9	\$ 365.0	\$ 381.9	\$ 2,071.3	\$ 1,825.8

For detailed information the City's long-term debt activity, refer to Note 6 to the financial statements - Long-term Debt.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City's strong financial management and conservative budgeting practices allow the City to continue its commitment to the citizens of Virginia Beach. The Virginia Beach economy continues to improve as real estate assessments continue to increase, and consumer-driven revenues such as general sales, hotel tax, meals tax and amusement tax continue to perform well.

The above indicators were taken into account when adopting the budget for fiscal year 2021. The adopted budget includes the following highlights:

- When the Proposed FY 2020-21 Resource Management Plan was presented to City Council on March 24, 2020, the City had just begun to feel the effects of COVID-19. For that reason, City Council directed City staff to reformulate the originally proposed budget to incorporate anticipated impacts of the virus and subsequent

stay-at-home orders issued by the Governor, on the local economy. Based on this direction staff prepared a revised budget, which was presented to City Council on April 14. The revised budget eliminated nearly all the new programs, positions, and services included in the City Manager's originally proposed budget. The adopted FY 2020-21 budget seeks to maintain current services and ensure flexibility moving forward through uncertain economic times.

- The City of Virginia Beach experienced a horrific tragedy on May 31, 2019, and is still recovering from the emotional, physical, and financial impacts of the event. The Adopted Operating Budget provides funding for several projects and programs to help the City recover from the event, as well as resources to implement recommendations made as a result of the independent investigation conducted by Hillard Heintze. These recommendations are categorized within the following areas: human resources, public safety, and facility security. The Department of Human Resources will begin the phased centralization of the department's operations with the establishment of four new positions. It is envisioned that ultimately there will be eleven additional positions added across the city within the next several fiscal years to fully implement the human resource recommendations of the independent investigation.
- The City revised initial FY 2020-21 revenue estimates based on expected revenue decline from the impacts of COVID-19, the City's contribution to the Schools, through the revenue sharing formula, decreased by \$20.4 million from the initially proposed budget. In an effort to offset this loss, City Council opted to provide the Schools an additional \$7.8 million beyond the amount required by the formula. The combined operating budgets for the City and Schools total \$2.1 billion, which represents no change in the adjusted budget for fiscal year 2020. The total budget supports \$1.1 billion in City programs and \$957.5 million in Schools' programs.
- Real estate tax revenues are budgeted at \$619.5 million, an increase of 2.3% over prior year. This increase is attributable to increases in the assessment value of homes and new development.
- Personal property tax revenues decreased 2.4% to \$163.5 million. There was no change in the personal property tax rate of \$4.00 per \$100 of assessed value.
- Hotel tax budgeted revenues total \$27.2 million, a decrease of 28.3% over the prior year. There are two components making up this revenue: the 8% hotel tax rate and the flat tax, which generates an additional \$2 per room night.
- The storm water daily ERU (equivalent residential units) fee of 3.5 cents for FY2020-2021 has been suspended in an effort to minimize the impact of taxes and fees on households and businesses in the wake of COVID-19.
- The adopted Capital Improvement Program (CIP) for fiscal years 2021 through 2026 established six-year programmed funding of \$3.4 billion. For year one, the amount appropriated was \$320.6 million. The six-year program provides scheduled funding for the construction of projects for roadways (\$697.6 million), storm water (\$704.2 million), utilities (\$321.9 million), schools (\$461.8 million), economic and tourism development (\$340.7 million), and other projects.

## REQUEST FOR INFORMATION

This report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Department, City of Virginia Beach, Municipal Center, Virginia Beach, Virginia 23456, telephone 757-385-4302, or visit the City's web site at [www.vbgov.com](http://www.vbgov.com).

# **BASIC FINANCIAL STATEMENTS**



**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
<b>ASSETS</b>					
Cash and Investments	\$ 635,485,632	\$ 164,950,617	\$ 800,436,249	\$ 245,659,477	\$ 1,729,244
Restricted Cash & Cash Equivalents	100,249,906	81,174,964	181,424,870	-	-
Receivables (net)	104,518,576	31,137,204	135,655,780	2,801,998	1,717,687
Due from Other Governments	73,240,645	2,647,253	75,887,898	23,219,935	61,528
Internal Balances	(7,469,012)	7,469,012	-	-	-
Inventories	7,282,964	3,312,203	10,595,167	788,610	-
Other Assets	2,739,003	-	2,739,003	920,571	10,617
Land Held for Resale	-	43,960,824	43,960,824	-	1,018,029
Capital assets (net of accumulated depreciation):					
Land and Improvements	1,078,688,224	171,946,327	1,250,634,551	38,968,372	8,838,960
Buildings and Improvements	834,565,688	106,383,892	940,949,580	356,020,500	17,701,477
Improvements other than Buildings	216,800,664	682,676	217,483,340	19,649,666	-
Machinery and Equipment	75,045,954	17,729,642	92,775,596	45,340,731	145,676
Infrastructure	914,276,373	946,952,442	1,861,228,815	-	-
Construction in Progress	303,604,491	45,658,080	349,262,571	91,935,123	-
Total Capital Assets	3,422,981,394	1,289,353,059	4,712,334,453	551,914,392	26,686,113
Total Assets	4,339,029,108	1,624,005,136	5,963,034,244	825,304,983	31,223,218
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows from Pensions	93,032,988	8,999,244	102,032,232	141,173,000	-
Deferred Outflows from OPEB	30,690,071	1,578,196	32,268,267	33,208,000	-
Deferred Outflows from Debt Refunding	3,071,427	930,869	4,002,296	-	-
Total Deferred Outflows of Resources	126,794,486	11,508,309	138,302,795	174,381,000	-
<b>LIABILITIES</b>					
Accounts Payable	52,354,083	29,485,439	81,839,522	24,916,264	75,423
Accrued Liabilities	16,896,820	4,471,369	21,368,189	73,555,266	360,370
Due to Other Governments	120,383	-	120,383	94,754	-
Long-term Liabilities:					
Long Term Liabilities Due Within One Year	126,673,289	23,796,898	150,470,187	19,636,952	2,956,034
Compensated Absences (net of amount due within one year)	25,237,072	1,763,192	27,000,264	31,378,823	-
Claims and Contingencies (net of amount due within one year)	34,735,047	-	34,735,047	4,015,788	-
Bonds and Notes Payable (net of amount due within one year)	1,018,333,743	297,671,430	1,316,005,173	-	18,349,472
Landfill	21,668,720	-	21,668,720	-	-
Net Pension Liability	380,851,729	36,840,451	417,692,180	678,825,000	-
Net OPEB Liability	98,756,055	4,859,875	103,615,930	152,746,000	-
Total Liabilities	1,775,626,941	398,888,654	2,174,515,595	985,168,847	21,741,299
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows from Pensions	13,180,752	1,274,998	14,455,750	74,887,000	-
Deferred Inflows from OPEB	25,316,162	2,135,158	27,451,320	25,094,000	-
Deferred Inflows from Debt Refunding	4,134,680	767,718	4,902,398	-	-
Total Deferred Inflows of Resources	42,631,594	4,177,874	46,809,468	99,981,000	-
<b>NET POSITION</b>					
Net Investment in Capital Assets	2,304,432,557	966,433,599	3,270,866,156	551,914,392	7,146,326
Restricted for:					
Future Debt Service	44,340,008	21,372,865	65,712,873	-	-
Special Projects	27,233,413	4,384,390	31,617,803	52,390,611	-
Unrestricted (Deficit)	271,559,081	240,256,063	511,815,144	(689,768,867)	2,335,593
Total Net Position	\$ 2,647,565,059	\$ 1,232,446,917	\$ 3,880,011,976	\$ (85,463,864)	\$ 9,481,919

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Community Development Corporation	
					Governmental Activities	Business-type Activities	Total	School Board	
<b>Primary Government:</b>									
Governmental Activities:									
Legislative	\$ 1,186,759	\$ -	\$ -	\$ -	(1,186,759)	\$ -	(1,186,759)	\$ -	-
Executive	5,148,732	-	-	-	(5,148,732)	-	(5,148,732)	-	-
Law	4,646,337	-	-	-	(4,646,337)	-	(4,646,337)	-	-
Finance	19,589,053	861,381	1,514,482	-	(17,213,190)	-	(17,213,190)	-	-
Human Resources	12,303,650	20,222	-	-	(12,283,428)	-	(12,283,428)	-	-
Judicial	67,317,493	4,970,675	25,286,918	-	(37,059,900)	-	(37,059,900)	-	-
Health	3,690,540	-	116,267	-	(3,574,273)	-	(3,574,273)	-	-
Police	90,164,472	2,895,919	1,675,925	-	(85,592,628)	-	(85,592,628)	-	-
Human Services	125,692,508	24,294,428	67,255,250	-	(34,142,830)	-	(34,142,830)	-	-
Public Works	184,476,409	2,178,507	44,680,751	-	(137,617,151)	-	(137,617,151)	-	-
Parks & Recreation	53,769,232	12,115,841	5,528,782	-	(36,124,609)	-	(36,124,609)	-	-
Library	18,321,890	446,146	236,603	-	(17,639,141)	-	(17,639,141)	-	-
Planning	19,600,411	5,313,031	-	-	(14,287,380)	-	(14,287,380)	-	-
Agriculture	3,505,824	97,087	173,233	-	(3,235,504)	-	(3,235,504)	-	-
Economic Development	130,286	163,000	125,000	-	157,714	-	157,714	-	-
Convention & Visitor Development	25,952,164	3,142,035	-	-	(22,810,129)	-	(22,810,129)	-	-
Cultural Affairs	3,156,488	33,794	5,275	-	(3,117,419)	-	(3,117,419)	-	-
Information Technology	37,031,425	1,929,096	-	-	(35,102,329)	-	(35,102,329)	-	-
Emergency Communications and Citizen Services	7,651,383	141,396	408,324	-	(7,101,663)	-	(7,101,663)	-	-
Boards and Commissions	23,022,240	-	395,515	-	(22,626,725)	-	(22,626,725)	-	-
Fire	52,187,797	422,241	3,696,470	-	(48,069,086)	-	(48,069,086)	-	-
Budget and Management Services	1,304,787	-	-	-	(1,304,787)	-	(1,304,787)	-	-
Education	444,610,435	2,090,512	-	-	(442,519,923)	-	(442,519,923)	-	-
Housing & Neighborhood Preservation	33,526,690	438,279	24,531,964	-	(8,556,447)	-	(8,556,447)	-	-
Museums	10,318,444	6,366,013	-	-	(3,952,431)	-	(3,952,431)	-	-
Emergency Medical Services	11,506,086	77,982	401,380	-	(11,026,724)	-	(11,026,724)	-	-
General Government	55,756,467	22,781,929	54,730,914	9,443,815	31,200,191	-	31,200,191	-	-
Interest and Fiscal Charges	24,527,747	-	-	-	(24,527,747)	-	(24,527,747)	-	-
Total Governmental Activities	1,340,095,749	90,779,514	230,763,053	9,443,815	(1,009,109,367)	-	(1,009,109,367)	-	-
Business-type Activities:									
Water and Sewer	122,936,990	130,615,326	-	4,063,865	-	11,742,201	11,742,201	-	-
Storm Water	33,328,873	44,779,183	-	949,154	-	12,399,464	12,399,464	-	-
Waste Management	34,898,954	37,369,824	35,658	-	-	2,506,528	2,506,528	-	-
Development Authority	11,848,737	3,374,565	-	-	-	(8,474,172)	(8,474,172)	-	-
Parking	3,279,464	4,701,165	-	-	-	1,421,701	1,421,701	-	-
Total Business-type Activities	206,293,018	220,840,063	35,658	5,013,019	-	19,595,722	19,595,722	-	-
Total Primary Government	1,546,388,767	311,619,577	230,798,711	14,456,834	(1,009,109,367)	19,595,722	(989,513,645)	-	-
<b>Component Units:</b>									
Virginia Beach School Board	934,488,801	11,422,284	173,532,323	-	-	-	(749,534,194)	-	-
Virginia Beach Community Development Corporation	6,454,015	4,198,039	1,370,179	-	-	-	-	-	(885,797)
Total Component Units	\$ 940,942,816	\$ 15,620,323	\$ 174,902,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (885,797)

General Revenues:

	\$	\$	\$	\$	\$
<b>Taxes:</b>					
Real Estate Property Taxes		595,549,752	\$	595,549,752	\$
Personal Property Taxes		110,055,858	-	110,055,858	-
Sales		68,531,053	-	68,531,053	-
Utility		44,798,145	-	44,798,145	-
Business Licenses		53,879,101	-	53,879,101	-
Meal		54,489,832	-	54,489,832	-
City Tax on Deeds and Wills		8,554,150	-	8,554,150	-
Cigarette		10,477,789	-	10,477,789	-
Automobile Licenses		10,014,639	-	10,014,639	-
Amusement		5,196,698	-	5,196,698	-
Lodging		30,962,264	-	30,962,264	-
Bank Stock		3,348,538	-	3,348,538	-
<b>Total City Taxes</b>		<b>995,857,819</b>	-	<b>995,857,819</b>	-
Grants and contributions		53,412,868	-	53,412,868	-
Investment earnings		14,404,603	4,234,320	18,638,923	49,171
Miscellaneous		6,526,999	806,360	7,333,359	79,228
<b>Transfers</b>		<b>(11,245,196)</b>	<b>11,245,196</b>	<b>-</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>		<b>1,058,957,093</b>	<b>16,285,876</b>	<b>1,075,242,969</b>	<b>128,399</b>
Change in Net Position		49,847,726	35,881,598	85,729,324	(757,398)
<b>Net Position - Beginning - Restated</b>		<b>2,597,717,333</b>	<b>1,196,565,319</b>	<b>3,794,282,652</b>	<b>10,239,318</b>
<b>Net Position - Ending</b>		<b>2,647,565,059</b>	<b>\$ 1,232,446,917</b>	<b>\$ 3,880,011,976</b>	<b>\$ 9,481,920</b>

**The accompanying notes are an integral part of the financial statements.**

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 218,800,903	\$ 303,151,981	\$ 61,959,810	\$ 583,912,694
Cash and Investments - Restricted	-	49,718,149	50,531,757	100,249,906
Cash Advances	94,576	-	-	94,576
Receivables (net of allowance for collectibles, where applicable):				
Property Tax	73,146,260	-	-	73,146,260
Accounts	2,200,576	-	2,271,725	4,472,301
Loans	6,490,546	-	4,858,523	11,349,069
Due from:				
Due from Other Funds	1,960,792	-	163,990	2,124,782
Due from Commonwealth	66,047,290	-	1,998,301	68,045,591
Due from Federal Government	1,487,090	-	3,707,964	5,195,054
Inventories	4,769,415	-	141,784	4,911,199
Total Assets	374,997,448	352,870,130	125,633,854	853,501,432
<b>LIABILITIES</b>				
Vouchers and Accounts Payable	32,952,122	12,893,827	5,036,991	50,882,940
Deposits Payable	3,731,906	-	-	3,731,906
Due to Other Funds	-	5,917,522	1,960,792	7,878,314
Intergovernmental Payables	63,915	53,392	-	117,307
Unearned Revenue	362,995	-	3,808,262	4,171,257
Total Liabilities	37,110,938	18,864,741	10,806,045	66,781,724
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	32,078,538	-	-	32,078,538
Total Deferred Inflows of Resources	32,078,538	-	-	32,078,538
<b>FUND BALANCES</b>				
Nonspendable:				
Nonspendable Inventories	4,769,415	-	-	4,769,415
Loans Receivable	6,490,546	-	-	6,490,546
Restricted for:				
Debt Service	-	-	44,340,008	44,340,008
Community Services Board	1,460,287	-	-	1,460,287
Housing and Community Development	-	-	8,857,050	8,857,050
Judicial	-	-	504,605	504,605
Public Safety	-	-	2,793,132	2,793,132
Special Service District	-	-	2,358,378	2,358,378
Committed to:				
Agriculture	-	-	15,064,165	15,064,165
Convention and Visitor Development	-	-	27,519,429	27,519,429
Education	16,549,308	-	89,477	16,638,785
Capital Improvement Program:				
Engineering and Highways	-	37,133,897	-	37,133,897
Buildings	-	75,145,808	-	75,145,808
Parks and Recreation	-	3,212,203	12,973,610	16,185,813
Coastal	-	1,430,851	-	1,430,851
Economic and Tourism	-	24,429,691	-	24,429,691
General Government	-	192,869,674	-	192,869,674
Tax Increment Financing	-	-	1,186,075	1,186,075
Assigned to:				
Agriculture	-	-	658,310	658,310
Education	36,303,277	-	-	36,303,277
Judicial	-	-	522,500	522,500
Public Safety	-	-	789,246	789,246
Special Service District	-	-	493,981	493,981
General Government	60,934,492	-	-	60,934,492
Capital Improvement Program - General	26,457,715	-	-	26,457,715
Unassigned	152,842,932	(216,735)	(3,322,157)	149,304,040
Total Fund Balances	305,807,972	334,005,389	114,827,809	754,641,170
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 374,997,448	\$ 352,870,130	\$ 125,633,854	\$ 853,501,432

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA  
RECONCILIATION OF BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

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Total Fund Balances - Governmental funds (Exhibit 3)	\$	754,641,170
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		3,421,403,913
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Other long-term assets are not available to pay for current period expenditures and therefore are offset by unearned revenue in the governmental funds.		49,030,915
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Deferred Inflows and Outflows of Resources used to reflect deferred gains and losses on debt refunding bonds are not reported in the governmental funds.		(1,063,253)
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Deferred Inflows and Outflows of Resources used to reflect differences between expected and actual earnings on pension plan investments and other postemployment benefits are not reported in the governmental funds (net of ISF).		83,724,832
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Internal Service Funds (ISF) are used by management to charge the costs of risk management, information technology, and city garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. (Exhibit 1)		1,443,631
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General Obligation Bonds	(580,233,933)	
Net Pension Liability (net of ISF)	(373,040,885)	
Net Other Postemployment Benefits Liability (net of ISF)	(97,796,398)	
State Literary Fund Loans	(750,000)	
Accrued Interest on Bonds Sold	(9,466,173)	
Agriculture Reserve Strips	(48,746,276)	
Public Facility Revenue Bonds	(367,387,211)	
Premium on Bonds Sold	(116,859,115)	
Compensated Absences (annual and sick leave) (net of ISF)	(45,667,438)	
Landfill Closure and Post-Closure Care	(21,668,720)	
	(1,661,616,149)	

Total Net Position - Governmental Activities (Exhibit 1)	\$	2,647,565,059
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**The accompanying notes are an integral part of the financial statements.**

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
General Property Taxes:				
Real Estate property taxes	\$ 558,856,050	\$ -	\$ 44,263,166	\$ 603,119,216
Personal property taxes	112,728,082	-	-	112,728,082
Other Local Taxes	242,842,465	-	55,269,872	298,112,337
Fines and Forfeitures	3,634,998	-	206,466	3,841,464
Permits, Privilege Fees, and Regulatory Licenses	5,084,254	-	206,966	5,291,220
From Use of Money and Property	8,844,159	232,633	9,357,747	18,434,539
Charges for Services	48,424,789	-	15,865,825	64,290,614
Miscellaneous	6,294,486	2,975,314	3,233,397	12,503,197
From Commonwealth	165,091,508	8,551,367	25,763,387	199,406,262
From Federal Government	25,165,471	1,339,787	68,252,275	94,757,533
Total Revenues	<u>1,176,966,262</u>	<u>13,099,101</u>	<u>222,419,101</u>	<u>1,412,484,464</u>
<b>EXPENDITURES</b>				
Current Operating:				
Legislative	1,180,302	-	-	1,180,302
Executive	5,150,430	-	-	5,150,430
Law	4,595,060	-	-	4,595,060
Finance	19,694,983	-	-	19,694,983
Human Resources	12,308,232	-	-	12,308,232
Judicial	15,955,630	-	52,039,208	67,994,838
Health	3,327,913	-	361,096	3,689,009
Police	86,185,515	-	1,009,731	87,195,246
Human Services	118,350,951	-	7,445,144	125,796,095
Public Works	75,586,328	-	3,102,408	78,688,736
Parks and Recreation	14,413,651	-	35,870,733	50,284,384
Library	18,031,905	-	158,796	18,190,701
Planning	18,355,508	-	1,152,170	19,507,678
Agriculture	888,166	-	168,222	1,056,388
Economic Development	2,914,879	-	21,286	2,936,165
Convention and Visitor Development	9,229,295	-	13,284,175	22,513,470
Cultural Affairs	3,156,488	-	-	3,156,488
Information Technology	25,166,518	-	-	25,166,518
Emergency Communications and Citizen Services	7,631,901	-	-	7,631,901
Boards and Commissions	25,951,685	-	-	25,951,685
Fire	44,796,114	-	4,125,447	48,921,561
Budget and Management Services	1,324,913	-	-	1,324,913
Education	395,503,449	131,536,721	-	527,040,170
Housing and Neighborhood Preservation	5,814,707	-	27,605,750	33,420,457
Museums	10,151,547	-	-	10,151,547
General Government	-	-	42,058,231	42,058,231
Emergency Medical Services	10,355,118	-	444,837	10,799,955
Capital Outlay	-	169,446,236	-	169,446,236
Debt Service:				
Principal Retirement	36,633,786	-	56,665,311	93,299,097
Interest and Fiscal Charges	16,141,352	-	24,866,661	41,008,013
Total Expenditures	<u>988,796,326</u>	<u>300,982,957</u>	<u>270,379,206</u>	<u>1,560,158,489</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>188,169,936</u>	<u>(287,883,856)</u>	<u>(47,960,105)</u>	<u>(147,674,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	16,879,932	78,622,187	79,491,285	174,993,404
Transfers Out	(130,560,085)	-	(42,641,139)	(173,201,224)
Proceeds of Refunding Bonds	-	-	80,329,587	80,329,587
Issuance of Debt	-	260,170,000	-	260,170,000
Premium on Bonds Sold	738,393	41,764,553	8,734,990	51,237,936
Payment to Refunding Bonds Escrow Agent	-	-	(89,022,077)	(89,022,077)
Total Other Financing Sources (Uses)	<u>(112,941,760)</u>	<u>380,556,740</u>	<u>36,892,646</u>	<u>304,507,626</u>
Net Change in Fund Balance	75,228,176	92,672,884	(11,067,459)	156,833,601
Fund Balance at Beginning of Year	230,579,796	241,332,505	125,895,268	597,807,569
Fund Balance at End of Year	<u>\$ 305,807,972</u>	<u>\$ 334,005,389</u>	<u>\$ 114,827,809</u>	<u>\$ 754,641,170</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Net Change in fund balance - total governmental funds (Exhibit 4) \$ 156,833,601

Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:

Governmental funds report capital outlay 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. This and the net effect of various other transactions involving capital assets increased net position.

General Government Capital Outlay Expenditures	\$	169,446,236	
General Government Expenditures		(8,401,122)	
Non-Capitalizable Capital Outlay Expenditures		(28,069,953)	
Depreciation on General Government Assets		(134,556,072)	
Loss on Disposition of Assets		616,558	(964,353)

Revenues in the fund statements which were subject to accrual in the prior year are additions to beginning net position and, therefore, are not reported as revenues in the Statement of Activities. 11,916,107

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (92,494,057)

Certain net 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.

Compensated Absences		2,656,551	
Pension Expense		(18,908,000)	
Other Postemployment Benefits		1,054,552	

Internal Service Funds are used by management to charge the costs of fleet management and management systems to individual funds and customers. Losses arising from the internal customers are added as expenditures on the Statement of Activities as charge backs. Revenues and expenditures with outside customers are included also, as are non-operating revenues and expenses. This amount is the effect of reporting internal service funds with governmental activities. (10,246,675)

Change in net position of governmental activities (Exhibit 2) \$ 49,847,726

**The accompanying notes are an integral part of the financial statements.**

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water and Sewer</b>	<b>Storm Water</b>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Investments	\$ 102,753,735	\$ 35,829,236
Accounts Receivable - Net	16,864,115	5,779,936
Intergovernmental Receivables	2,324,307	322,946
Inventory	3,312,203	-
Total Current Assets	<u>125,254,360</u>	<u>41,932,118</u>
Noncurrent Assets:		
Cash and Investments - Restricted	63,984,367	8,446,354
Due From Other Funds	-	-
Land Held for Resale	-	-
Capital Assets:		
Land	14,562,826	133,318,193
Site Improvements	-	-
Buildings	18,940,552	664,899
Utility System	1,210,431,647	338,100,032
Construction in Progress	18,189,967	27,087,635
Machinery and Equipment	33,931,897	17,688,352
Less: Accumulated Depreciation	(570,995,589)	(86,716,703)
Total Capital Assets	<u>725,061,300</u>	<u>430,142,408</u>
Total Noncurrent Assets	<u>789,045,667</u>	<u>438,588,762</u>
Total Assets	<u>914,300,027</u>	<u>480,520,880</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Debt Refundings Resulting in Loss Transactions	-	-
Deferred Outflows for Pensions	5,244,457	2,326,335
Deferred Outflows for OPEB	966,003	230,445
Total Deferred Outflows of Resources	<u>6,210,460</u>	<u>2,556,780</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Vouchers and Accounts Payable	4,511,414	1,012,771
Deposits Payable	132,840	263
Accrued Interest Payable	2,015,937	323,558
Construction Contracts Payable	3,335,422	4,901,544
Unearned Revenue	1,461,087	-
Current Portion of Long-term Liabilities	<u>12,642,062</u>	<u>3,231,147</u>
Total Current Liabilities	<u>24,098,762</u>	<u>9,469,283</u>
Long-term Liabilities:		
Compensated Absences	1,022,295	201,404
Claims and Contingencies	-	-
Bonds and Notes Payable	185,838,325	66,202,531
Net Pension Liability	21,469,378	9,523,382
Net OPEB Liability	<u>2,420,692</u>	<u>1,482,571</u>
Total Long-term Liabilities	<u>210,750,690</u>	<u>77,409,888</u>
Total Liabilities	<u>234,849,452</u>	<u>86,879,171</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Debt Refundings Resulting in Gain Transactions	-	-
Deferred Inflows for Pensions	743,026	329,591
Deferred Inflows for OPEB	<u>1,306,918</u>	<u>311,771</u>
Total Deferred Inflows of Resources	<u>2,049,944</u>	<u>641,362</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	524,685,632	360,439,709
Restricted for:		
Future Debt Services	17,979,295	3,393,570
Special Projects	-	-
Unrestricted (deficit)	<u>140,946,164</u>	<u>31,723,848</u>
Total Net Position	<u>\$ 683,611,091</u>	<u>\$ 395,557,127</u>

Reconciling Items:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds  
Total Net Position of Business-type activities (Exhibit 1)

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2020**

Business-Type Activities - Enterprise Funds				Governmental Activities	
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds	
\$ 12,389,149	\$ 9,533,603	\$ 4,444,894	\$ 164,950,617	\$ 51,572,938	
5,425,939	3,067,214	-	31,137,204	31	
-	-	-	2,647,253	-	
-	-	-	3,312,203	2,371,765	
17,815,088	12,600,817	4,444,894	202,047,277	53,944,734	
-	8,744,243	-	81,174,964	-	
-	5,917,522	-	5,917,522	-	
-	43,960,824	-	43,960,824	-	
-	24,065,308	-	171,946,327	-	
366,891	-	779,517	1,146,408	265,782	
8,730	145,408,109	-	165,022,290	-	
-	-	-	1,548,531,679	-	
-	380,478	-	45,658,080	-	
15,433,218	1,661,825	99,890	68,815,182	7,446,719	
(9,765,057)	(43,838,082)	(451,476)	(711,766,907)	(6,135,020)	
6,043,782	127,677,638	427,931	1,289,353,059	1,577,481	
6,043,782	186,300,227	427,931	1,420,406,369	1,577,481	
23,858,870	198,901,044	4,872,825	1,622,453,646	55,522,215	
-	930,869	-	930,869	-	
1,346,826	-	81,626	8,999,244	1,908,003	
365,454	-	16,294	1,578,196	386,401	
1,712,280	930,869	97,920	11,508,309	2,294,404	
1,638,405	13,934,376	276,943	21,373,909	1,474,218	
-	-	-	133,103	-	
-	537,684	-	2,877,179	-	
-	-	-	8,236,966	-	
-	-	-	1,461,087	-	
528,790	7,373,672	21,227	23,796,898	10,339,325	
2,167,195	21,845,732	298,170	57,879,142	11,813,543	
514,958	-	24,535	1,763,192	260,806	
-	-	-	-	34,735,047	
-	45,630,574	-	297,671,430	-	
5,513,537	-	334,154	36,840,451	7,810,844	
915,780	-	40,832	4,859,875	959,657	
6,944,275	45,630,574	399,521	341,134,948	43,766,354	
9,111,470	67,476,306	697,691	399,014,090	55,579,897	
-	767,718	-	767,718	-	
190,816	-	11,565	1,274,998	270,323	
494,425	-	22,044	2,135,158	522,768	
685,241	767,718	33,609	4,177,874	793,091	
6,043,784	74,836,543	427,931	966,433,599	1,577,482	
-	-	-	21,372,865	-	
-	4,384,390	-	4,384,390	-	
9,730,655	52,366,956	3,811,514	238,579,137	(133,851)	
\$ 15,774,439	\$ 131,587,889	\$ 4,239,445	1,230,769,991	\$ 1,443,631	
			1,676,926		
			\$ 1,232,446,917		

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water and Sewer</b>	<b>Storm Water</b>
<b><u>OPERATING REVENUES</u></b>		
Charges for Services	\$ 130,442,429	\$ 44,778,666
Insurance Recovery	18,835	-
Miscellaneous	47,494	517
Total Operating Revenues	<u>130,508,758</u>	<u>44,779,183</u>
<b><u>OPERATING EXPENSES</u></b>		
Cost of Goods Sold	29,914,235	-
Personal Services	29,165,491	6,699,889
Contractual Services	7,777,835	3,911,353
Internal Services	2,967,902	1,196,161
Other Charges	18,213,850	11,885,059
Leases and Rentals	-	-
Depreciation	27,979,427	7,309,940
Total Operating Expenses	<u>116,018,740</u>	<u>31,002,402</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>14,490,018</u>	<u>13,776,781</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>		
From Commonwealth	-	-
Interest Income	3,289,659	1,037,329
Gain (Loss) From Sale of Assets	56,591	37,494
Payment Under Support Agreement	-	-
Interest and Fiscal Agent Fees	(7,026,660)	(2,380,083)
Total Nonoperating Revenues (Expenses)	<u>(3,680,410)</u>	<u>(1,305,260)</u>
<b><u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u></b>	<u>10,809,608</u>	<u>12,471,521</u>
Capital Contributions	3,174,383	15,418
Capital Contributions - Federal Government	889,482	933,736
Transfers In	-	1,004,873
Transfers Out	<u>(1,000,554)</u>	<u>-</u>
<b><u>CHANGE IN NET POSITION</u></b>	<u>13,872,919</u>	<u>14,425,548</u>
Total Net Position at Beginning of Year	<u>669,738,172</u>	<u>381,131,579</u>
Total Net Position at End of Year	<u>\$ 683,611,091</u>	<u>\$ 395,557,127</u>

Reconciling Items:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.  
Change in Net Position of Business-type activities (Exhibit 2)

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
<b>Waste Management</b>	<b>Development Authority</b>	<b>Nonmajor Parking</b>	<b>Totals</b>	<b>Internal Service Funds</b>
\$ 37,161,454	\$ 2,097,780	\$ 4,701,165	\$ 219,181,494	\$ 47,416,611
-	-	-	18,835	917,732
872,146	249,094	2,758	1,172,009	-
38,033,600	2,346,874	4,703,923	220,372,338	48,334,343
-	-	-	29,914,235	9,664,945
10,407,511	-	574,807	46,847,698	10,891,589
14,396,831	6,025,629	2,116,337	34,227,985	4,245,797
5,500,923	-	21,579	9,686,565	941,902
2,990,596	-	326,011	33,415,516	19,117,876
-	-	211,449	211,449	-
1,737,130	3,853,177	28,537	40,908,211	509,683
35,032,991	9,878,806	3,278,720	195,211,659	45,371,792
3,000,609	(7,531,932)	1,425,203	25,160,679	2,962,551
35,658	-	-	35,658	-
193,754	37,112	101,059	4,658,913	1,360,726
28,689	-	250	123,024	99,738
-	13,993,536	-	13,993,536	-
-	(1,969,931)	(705,046)	(12,081,720)	-
258,101	12,060,717	(603,737)	6,729,411	1,460,464
3,258,710	4,528,785	821,466	31,890,090	4,423,015
-	-	-	3,189,801	-
-	-	-	1,823,218	-
-	-	68,500	1,073,373	-
-	-	(1,415,000)	(2,415,554)	(450,000)
3,258,710	4,528,785	(525,034)	35,560,928	3,973,015
12,515,729	127,059,104	4,764,479		(2,529,384)
\$ 15,774,439	\$ 131,587,889	\$ 4,239,445		\$ 1,443,631
			320,670	
			\$ 35,881,598	

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b>Water and Sewer</b>	<b>Storm Water</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Receipts from Customers and Users	\$ 128,220,549	\$ 44,101,331
Receipts from (Payments for) Interfund Services Provided	(471,680)	-
Other Operating Cash Receipts	47,494	517
Cash Payments to Suppliers of Goods and Services	(58,716,668)	(17,472,124)
Cash Payments to Employees for Services	(28,164,506)	(6,682,670)
Net Cash Provided (Used) By Operating Activities	<u>40,915,189</u>	<u>19,947,054</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>		
Intergovernmental Receipts	-	-
Receipts from Other Funds	-	1,004,873
Payments Under Support Agreement	-	-
Payments to Other Funds	(1,000,554)	-
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(1,000,554)</u>	<u>1,004,873</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Capital Contributions	3,825,422	949,154
Net Interest on Long-term Debt	(8,288,397)	(2,653,519)
Acquisition and Construction of Capital Assets	(34,818,831)	(32,039,242)
Proceeds from Sale of Salvage	56,591	37,494
Principal Paid on Capital Debt	(9,625,000)	(2,525,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(48,850,215)</u>	<u>(36,231,113)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Interest and Dividends Received	<u>3,289,659</u>	<u>1,037,329</u>
Net Increase (Decrease) in Cash and Investments	(5,645,921)	(14,241,857)
Cash and Investments, July 1	172,384,023	58,517,446
Cash and Investments, June 30	<u>166,738,102</u>	<u>44,275,589</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u></b>		
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>		
Operating Income (Loss)	14,490,018	13,776,781
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided By Operating Activities:		
Depreciation and Amortization Expense	27,979,427	7,309,940
Changes in assets and liabilities:		
Accounts Receivable	(567,460)	(354,389)
Intergovernmental Receivables	(2,144,935)	(322,946)
Inventory	(314,355)	-
Deferred Outflow of Resources	(2,451,995)	(845,469)
Vouchers and Accounts Payable	(17,841)	(479,814)
Deposits Payable	6,113	263
Unearned Revenue	483,237	-
Deferred Inflow of Resources	1,026,990	179,523
Estimated Claims and Judgments	-	-
Accrued Compensated Leave	(22,816)	(640,214)
Net Pension Liability	3,605,432	1,599,297
Net OPEB Liability	(1,156,626)	(275,918)
Net Cash Provided (Used) By Operating Activities	<u>40,915,189</u>	<u>19,947,054</u>
<b><u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u></b>		
Capital Contributions of Capital Assets	<u>\$ 238,443</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
<b>Waste Management</b>	<b>Development Authority</b>	<b>Nonmajor Parking</b>	<b>Totals</b>	<b>Internal Service Funds</b>
\$ 36,815,910	\$ 2,342,751	\$ 4,701,165	\$ 216,181,706	\$ 48,335,403
-	2,274,931	-	1,803,251	-
872,146	(209,116)	2,758	713,799	-
(22,772,511)	(6,513,049)	(2,969,807)	(108,444,159)	(35,540,618)
(10,133,542)	-	(553,909)	(45,534,627)	(7,394,825)
4,782,003	(2,104,483)	1,180,207	64,719,970	5,399,960
35,658	-	-	35,658	-
-	-	68,500	1,073,373	(450,000)
-	-	(1,415,000)	(1,415,000)	-
-	-	(705,046)	(1,705,600)	-
35,658	-	(2,051,546)	(2,011,569)	(450,000)
-	16,708,006	-	21,482,582	-
-	(2,468,114)	-	(13,410,030)	-
(1,025,502)	-	-	(67,883,575)	(803,720)
28,689	-	250	123,024	99,738
-	(7,449,119)	-	(19,599,119)	-
(996,813)	6,790,773	250	(79,287,118)	(703,982)
193,754	37,112	101,059	4,658,913	1,360,726
4,014,602	4,723,402	(770,030)	(11,919,804)	5,606,704
8,374,547	13,554,444	5,214,924	258,045,384	45,966,234
12,389,149	18,277,846	4,444,894	246,125,580	51,572,938
3,000,609	(7,531,932)	1,425,203	25,160,679	2,962,551
1,737,130	3,949,029	28,537	41,004,063	509,683
(345,544)	-	-	(1,267,393)	1,060
-	5,286,764	-	2,818,883	-
-	87,766	-	(226,589)	(580,355)
(635,331)	-	(38,224)	(3,971,019)	(895,963)
115,839	(3,896,110)	(294,431)	(4,572,357)	(989,743)
-	-	-	6,376	-
-	-	-	483,237	-
402,084	-	17,469	1,626,066	415,239
-	-	-	-	3,145,557
18,874	-	5,046	(639,110)	(17,123)
925,909	-	56,116	6,186,754	1,311,704
(437,567)	-	(19,509)	(1,889,620)	(462,650)
4,782,003	(2,104,483)	1,180,207	64,719,970	5,399,960
\$ -	\$ -	\$ -	\$ 238,443	\$ -

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2020**

	<u>Trust Funds</u>	<u>Agency Funds</u>
<b><u>ASSETS</u></b>		
Cash and Investments	\$ -	\$ 261,195
Fixed Income	9,546,667	-
Stocks	26,821,950	-
Real Estate	3,182,222	-
Alternative Investments	5,909,842	-
Total Assets	<u>45,460,681</u>	<u>261,195</u>
<b><u>LIABILITIES</u></b>		
Vouchers and Accounts Payable	<u>-</u>	<u>261,195</u>
<b><u>NET POSITION</u></b>		
Net Restricted for OPEB	<u><u>45,460,681</u></u>	

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Trust Funds</b>
<b><u>ADDITIONS</u></b>	
Contributions From Primary Government	\$ 7,013,877
Investment Income (Loss):	
Increase (Decrease) in the Fair Value of Investments	<u>1,350,150</u>
Total Investment Income (Loss)	<u>1,350,150</u>
Total Additions	<u>8,364,027</u>
<b><u>DEDUCTIONS</u></b>	
Benefits	10,529,711
Administrative Expenses	<u>37,255</u>
Total Deductions	<u>10,566,966</u>
Net Increase (Decrease) in Net Position	(2,202,939)
<b><u>RESTRICTED NET POSITION:</u></b>	
Beginning of Year	47,663,620
End of Year	<u>\$ 45,460,681</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Virginia Beach, Virginia (the City), was formed on January 1, 1963, by the merger of Princess Anne County and the then former smaller City of Virginia Beach. This merger created what has become one of the largest cities in the Commonwealth of Virginia with an area of 310 square miles and an estimated population of 456,538.

The City operates under the Council-Manager form of government. The elected eleven-member City Council, vested with the legislative powers, appoints the City Manager who is the executive and administrative head of the City government.

The City's financial statements are prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. All applicable GASB statements have been implemented. The following is a summary of the significant accounting policies of the City of Virginia Beach:

**A. The Financial Reporting Entity**

The financial reporting entity consists of the primary government (City of Virginia Beach), as well as its component units that are legally separate organizations for which the City Council is financially accountable. The accompanying financial statements present the financial data of the City of Virginia Beach and its component units. The financial data of the component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City of Virginia Beach.

**Blended Component Unit**

The Virginia Beach Development Authority (VBDA) - The VBDA, although legally separate in substance, is presented as a blended component unit and part of the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the VBDA's financial records. Therefore, the VBDA's outstanding bonds are expected to be repaid entirely from resources (support agreements) from the City. The support agreements are for a majority of the outstanding debt of the VBDA which necessitates this treatment as a blended component unit.

The VBDA was established for the specific purpose of attracting new industries and the expansion of existing industries. The VBDA's Commissioners are appointed by the City Council. The VBDA is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the VBDA facilitates economic development projects as needed by City Council. Complete financial statements of the VBDA may be obtained by writing to the Virginia Beach Development Authority, 4525 Main Street, Suite 700, Virginia Beach, VA 23462.

**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 misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the City. All of the component units have a fiscal year end of June 30.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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a. School Board - The School Board is a legally separate entity that is responsible for elementary and secondary education within the City. The members of the School Board are elected by the voters; however, the School Board is fiscally dependent upon the City because the City Council annually approves its budget, levies the necessary taxes to finance operations and approves the borrowing of money and issuance of bonds. Separate financial statements including statistical information of the School Board may be obtained by writing to the Virginia Beach School Board, 2512 George Mason Drive, Virginia Beach, VA 23456.

b. Virginia Beach Community Development Corporation (CDC) - The CDC was organized in September 1985 for the purpose of expanding and improving opportunities for low and moderate income households in Virginia Beach, Virginia. The Board of Directors for the CDC is appointed by City Council. Funding received by the CDC from the City is in the form of grants. Complete financial statements of the CDC may be obtained by writing to Virginia Beach Community Development Corporation, 2700 International Parkway, Suite 300, Virginia Beach, VA 23452.

**Joint Venture**

Southeastern Public Service Authority (SPSA) - SPSA is a joint venture of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the counties of Isle of Wight and Southampton, created for the purpose of providing, operating and maintaining a regional system for the collection, transfer, processing and disposal of solid waste refuse. SPSA is a primary government, with no component units, that is a public body politic and corporate created pursuant to the Virginia Water and Sewer Authorities Act. It is governed by a sixteen (16) member Board of Directors consisting of eight (8) members appointed by the Governor and eight members appointed by each of the member cities or counties. Budgeting and financing of SPSA is subject to the approval of the Board of Directors with each representative having a single vote. SPSA is responsible for its own financial matters, maintains its own books of accounts and is audited annually by independent accountants that it engages. The participating governments do not have an equity interest in SPSA, and accordingly, no equity interest has been reflected in the City's financial statements June 30, 2020. Complete financial statements of the SPSA can be obtained from SPSA, 730 Woodland Drive, Chesapeake, VA 23320.

**Jointly Governed Organizations**

Hampton Roads Planning District Commission (HRPDC) - A regional planning agency authorized by the Virginia Area Development Act of 1968, it was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. HRPDC performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, plus the counties of Gloucester, Isle of Wight, James City, Southampton, and York. Revenue of the HRPDC is received primarily from local governmental (member) contributions and various state and federal grant programs. The participating governments do not have an equity interest in the HRPDC and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2020. Completed financial statements of the HRPDC can be obtained from the HRPDC, 730 Woodlake Drive, Chesapeake, VA 23320.

Transportation District Commission (TDC) - The TDC was formed on June 29, 1999 to effect the merger of the Peninsula Transportation District Commission and the Tidewater Transportation District Commission effective October 1, 1999. The TDC was established in accordance with the Chapter 45 of Title 15.2 of the Code of Virginia. The TDC provides public transportation facilities and services within the cities of Chesapeake, Hampton, Norfolk, Portsmouth, Newport News and Virginia Beach. Oversight responsibility is exercised by all of the participating localities through their designated representatives. Responsibility for the day-to-day operations of the TDC rests with

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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professional management. The TDC is the governing body of Hampton Roads Transit (HRT). The participating governments do not have an equity interest in the TDC and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2020. Completed financial statements of the TDC can be obtained from the TDC at HRT 509 E 18th Street, Norfolk, VA 23510.

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

Hampton Roads Economic Development Alliance (HREDA) The HREDA is a non-profit, initiatives and activities are designed to promote the jurisdictions of Chesapeake, Franklin, Hampton, Isle of Wight, Newport News, Norfolk, Poquoson, Portsmouth, Southampton County, Suffolk and Virginia Beach, Virginia. The business affairs are managed by a Board of not less than fifty (50) or more than three hundred (300) Directors. The participating governments do not have an equity interest in HREDA and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2020. Separate financial statements are available from the HREDA, 500 Main Street, Suite 1300, Norfolk, VA 23510.

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

The basic financial statements include both government-wide (based upon the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either Governmental or Business-Type. In the government-wide Statement of Net Position, both the Governmental and Business-Type Activities columns are presented on a consolidated basis by column and are reflected on a full accrual and economic resources basis, which incorporate long-term assets and receivables as well as long-term debt and obligations. The City generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

The program revenues must be directly associated with the function (police, public works, etc.) or a Business-Type activity (water & sewer, waste management, etc.). 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 included among program revenues are reported as general revenues. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Fund financial statements are provided for Governmental Funds, Proprietary Funds, and Fiduciary Funds. By definition, the assets of the Fiduciary Funds are being held for the benefit of a third-party and cannot be used to address activities or obligations of the government; therefore, these funds are excluded from the

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government-wide statements. Major individual Governmental Funds and major Enterprise Funds are reported as separate columns in the fund financial statements.

The City reports the following major Governmental Funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal programs, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used to finance the operations of the City of Virginia Beach School Board.

The **Capital Projects Fund** is used to account for the financial resources for the acquisition or construction of major capital facilities within the City.

The City reports the following major Proprietary Funds:

The **Water and Sewer Fund** provides water service and sanitary sewer waste collection and transmission services to Virginia Beach citizens and accounts for operations that are financed in a manner similar to private business enterprises.

The **Storm Water Fund** accounts for the activities of the Storm Water Utility which charges a fee for operational and capital needs for Storm Water management in the City.

The **Waste Management Fund** provides service to our residents for collection, management and disposal of solid waste, recyclable materials and other refuse. In addition, the fund is responsible for the operation of the City's landfill.

The **Development Authority Fund** was established for the purpose of attracting new industries and the expansion of existing industries. These services are financed through fees for Industrial Revenue Bonds and other sources.

Additionally, the City reports the following fund types:

**Internal Service Funds** account for the financing of goods and services provided to other departments and agencies of the City or to other governmental units on a cost reimbursement basis. The City utilizes Internal Service Funds for its City Garage, Risk Management, School Site Landscaping, Telecommunications, and Subscriptions.

**Special Revenue Funds** account for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities. The City has the following Special Revenue Funds which are described in detail in the Non-major Special Revenue Fund section: Agriculture Reserve Program, Central Business District South Tax Increment Financing, Combined Area Dredging Projects, Emergency FEMA, Federal Section Eight Program, Forfeited Assets, Grants Consolidated, Housing and Neighborhood Preservation, Law Library, Open Space, Parks and Recreation, Sandbridge Special Service District, Sandbridge Tax Increment Financing, Sheriff's Department, Tourism Advertising Program, Tourism Investment Program, Town Center Special Service District, Wetlands Board Mitigation.

**Fiduciary Funds** are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. The Fiduciary Funds are Agency Funds (Special Welfare, Escheat Property Agency Funds), the Pension Trust Fund and the Other Postemployment Trust Fund. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Other Postemployment Benefit and Pension

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Trust Funds account for the assets in essentially the same manner as a Proprietary Fund using the economic resources measurement focus.

**C. Basis of Accounting**

The government-wide financial statements, Proprietary Fund and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency Funds do not involve the measurement of results of operations as they are custodial in nature. They are used to account for assets held by the city as an agent for individuals, private organizations, and other governmental units and/or other funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by provider have been met.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The term available is limited to collection within forty-five days of the fiscal year end. Levies made prior to the fiscal year end but which are not available are recorded as deferred inflows. Expenditures are recorded when the related fund liability is incurred, if measurable (except for unmatured interest on general long-term debt which is recognized when due and paid). Interest on general long-term debt is recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The following is a list of the major revenue sources that meet the "susceptible to accrual" criteria:

General Property Taxes	Interest on Deposits
General Sales Taxes	Revenue from Commonwealth
Utility Taxes	Revenue from Federal Government
Hotel Taxes	Amusement Taxes
Restaurant Taxes	

Other postemployment benefits plan financial statements are prepared using the accrual basis of accounting. City and School Board retiree's contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and both the City and School Board have made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Unearned revenues also arise when resources are received by the government before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Unbilled Water and Sewer and Storm Water Enterprise Funds accounts receivable for services provided through June 30 are included in the financial statements.

As a general rule the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the City's Water and Sewer Function, Storm Water Function, Waste Management Function, Parking Function

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and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and the City's Internal Service Funds are charges to customers for sales and service. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, personnel, contractual services, land structures and improvements, other charges, internal service charges and depreciation. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, curbs and gutters, sidewalks, drainage systems) are reported in the applicable Governmental or Business-Type Activities columns in the government-wide financial statements.

The City defines capital assets as assets with an initial, individual cost of more than \$5,000. They are recorded as expenditures in the Governmental Funds and as assets in the government-wide financial statements. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Building and Improvements	40	years
Site Improvements	40	years
Equipment	5-10	years
Roadway Network	40	years
Bridge Network	50	years
Hurricane Protection Network	50	years
Landfill Network	Percentage of Completion	

Depreciation of exhaustible capital assets used by City Proprietary Funds and the blended Development Authority are recorded as an expense against their operations and accumulated depreciation is reported on the Proprietary Funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation.

The utility system in the Water and Sewer Enterprise Fund has been recorded at cost since July 1, 1976 and contributed capital asset additions have been recorded at their estimated fair market value in the year contributed as determined by the City's utility engineers. Prior to that date, the utility system was recorded at "estimated historical cost depreciated" as determined by independent professional engineers.

Depreciation on the utility system, based on costs described above, and other capital assets of the City Proprietary Funds have been charged to operations and was computed as follows:

Utility System Water and Sewer	20-100	years
Utility System Storm Water	5-50	years
Buildings and Improvements	40	years
Site Improvements	40	years
Machinery and Equipment	5-10	years

Interest incurred during the construction phase of capital assets of Business-Type Activities is included as part of the capitalized value of the assets constructed through FY 2018.

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All capital assets are reported at cost or estimated historical cost, if actual cost is not available. The value of historical buildings is included in assets. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

**E. Operating Budget Process**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager is required by the City Charter to present a proposed operating budget at least 90 days before the beginning of each fiscal year which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper unassigned fund balances. The necessary budget ordinances are also submitted at this time.
2. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment. The notice of the time and place must be published at least seven days prior to the hearing. In addition, City Council holds budget workshops with the City Manager that are open to the media and public.
3. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.
4. The City Manager or the Director of Budget and Management Services is authorized to approve transfers of appropriations in an amount up to \$100,000 between any Appropriation Units included in the budget ordinance. The City Manager shall make a monthly report to the City Council of all transfers between \$25,000 and \$100,000. In addition, the City Manager may transfer, in amounts necessary, appropriations from all Reserves for Contingencies except Reserve for Contingencies - Regular, within the intent of the Reserve as approved by City Council. Additional appropriations require one reading of the ordinance for approval and must be offset by additional estimated revenues and/or a transfer from the proper unassigned fund balances. Additional appropriations that exceed 1% of the total estimated expenditures shown in the adopted budget require a public hearing and one reading of the ordinance for approval by City Council.
5. Annual budgets are adopted for the General Fund, Enterprise Funds and all Special Revenue Funds except for Wetlands Board Mitigation, Development Authority and the Grants Consolidated Fund. The City's Capital Project Fund and the Grants Consolidated Fund's budgets are adopted on a project basis. The budgets for these funds are adopted in conformity with generally accepted accounting principles in the United States of America (GAAP).
6. The accounting system is employed as a budgetary management control device to monitor the individual departments or bureaus/divisions within departments. The legal level of budgetary control is at the organizational unit level as noted in the separately issued budget report. Additional controls are exercised administratively on some budget units, personnel positions and capital outlay items and the appropriations related thereto. A budget unit is an activity (e.g. Street Maintenance) of an organizational unit (e.g. Public Works Department). Department Directors are authorized to make spending adjustments within non-controlled accounts (operating support accounts including contractual services, internal service charges, other charges and supplies) that do not exceed the scope or intent of the department's approved budget. The non-controlled accounts for the appropriation unit must balance in total, but do not have to balance individually. The City Manager or the Director of Budget and Management Services is authorized to transfer appropriations up to a maximum of \$100,000 through the accrual period.

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7. The City Manager or the Director of Budget and Management Services is authorized to change the Estimated Revenues included in the annual Budget Ordinance to reflect expected collections. If the Estimated Revenue in support of an Operating Appropriation Unit declines, the City Manager or the Director of Budget and Management Services is authorized to reduce, subject to any other provision of law, those appropriations to equal the decline in Estimated Revenue. The City Manager shall give prior notice to the City Council of any reduction to total appropriations exceeding \$100,000. The notice to City Council shall identify the basis and amount of the appropriation reduction and the Appropriation Units affected.
8. Unexpended appropriations lapse (except for the City Capital Projects and Grants Funds) and are closed to the proper fund balances at the end of each fiscal year (June 30). (However, appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30.) The current operating budget ordinance approved by City Council stipulated that the city shall maintain an unassigned General Fund Balance of 8% to 12% of the following years' projected revenues for contingency and emergency situations. These shall not to be used to support appropriations already approved, except upon subsequent authorization by City Council.
9. Capital Projects for the City are budgeted separately from the Operating Budget. Since the City has over three hundred (300) projects in its Capital Improvements Program and an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for the City's Capital Improvement Program require a public hearing and one reading of the ordinance for approval. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.
10. Many of the federal and state grants in the Grants Consolidated Fund are budgeted separately from the Operating Budget and do not parallel the City's fiscal year. Expenditures are restricted by the grantor agency and are subject to financial and compliance audits. Annual revenues and expenditures are reported within the applicable Special Revenue Funds.
11. All expenditures were within existing appropriations for the governmental major funds.

**F. Inventories**

All inventories, except in the Water and Sewer Enterprise Fund, Development Authority, the General Fund's Virginia Aquarium and Marine Science Center and the City Garage Internal Service Fund, are reported at cost using the first-in, first-out inventory method.

Reported inventories are accounted for under the consumption method (i.e., recorded as expenditures when used) in the remaining Governmental Funds, except for General Fund Public Works inventory. This inventory utilizes the Purchase Method (i.e., recorded as expenditures when purchased).

The Water and Sewer Enterprise Fund and the General Fund's Virginia Aquarium and Marine Science Center, the City Garage Internal Service Fund and the Sheriff's Special Revenue Fund inventories are reported at cost using the moving weighted average cost inventory method. The Development Authority Enterprise Fund inventories are reported at net realizable value.

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**G. Land and Building Inventory Held For Resale**

Land and building inventory for Development Authority is stated at the lower of net realizable value or original purchase price plus capitalized interest, if applicable, and development cost.

**H. Accrued Compensated Leave**

In accordance with Governmental Accounting Standards Board Statement (GASB) Number 16, an accrual has been made in the financial statements for accrued compensated leave. Annual leave, according to a graduated scale based on years of employment, is credited to each employee as it accrues. A permanent City employee, not participating in the VRS Hybrid Plan, may carry-forward a maximum of fifty (50) days. All full-time employees hired on or after January 1, 2014, except hazardous duty employees, and those hired before this date, who made the irrevocable decision to participate in the Hybrid Plan shall accrue and use Paid Time Off. Those participating in the Hybrid Plan may carry-forward a maximum of twenty-four (24) days.

City employees not participating in the Hybrid Plan are granted one sick leave day per month and may accumulate an unlimited number of sick leave days; however, no payment is made by the City on the unused portion upon employment termination (except on the condition of retirement).

Compensated leave for the City (current and non-current) is recorded in the government-wide financial statements. For Proprietary Funds the current and long-term accrued compensated leave liabilities are recorded in the appropriate fund. The current portion of compensated leave is based upon the estimated leave usage in the subsequent year increased by cost of living salary increases.

The City established guidelines, following IRS regulations, for the administration of the Leave Donation Program which allows eligible employees to obtain approval to receive sick leave donations. The City also established the following plans:

*Hybrid Retirement Plan* - A Virginia Retirement System (VRS) program provided to eligible employees that specifies retirement payout and provides short-term and long-term disability income replacement under the Virginia Local Disability Plan (VLDP).

*VRS Plan 1 and Plan 2 Retirement Plan* - A VRS retirement program provided to eligible employees that specifies retirement payout with no provisions for short-term and long-term disability income replacement.

**I. Fund Balances**

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

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

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

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that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

***Committed*** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

***Assigned*** - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council, the City Manager or by a City official delegated that authority by appropriate action.

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

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

**J. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**K. Fund Balance Policy**

It is the City Council's policy that there shall be retained in the General Fund an unassigned fund balance of 8% to 12% of the following year's budgeted revenues. This level equates to approximately one month of operating expenses.

**L. Miscellaneous**

**1. Cash and Investments**

Cash invested at June 30 is included in the various cash accounts reflected in the financial statements. Investments are stated at amortized cost or at their fair value (Note 8). Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund. Qualified investments in State Treasurer's LGIP, Virginia Investment Pool and SNAP are reported at amortized cost. All others are reported at fair value (Note 8).

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Other postemployment benefit investments are reported at fair value, which for the City and School Board is determined by the most recent bid and asking prices as obtained from markets of such investments. Securities for which market quotations are not readily available are valued at their fair value as determined in good faith by the custodian under the direction of the Board of Trustees of the Virginia Pooled OPEB Trust Fund. A valuation service may be engaged to assist in the determination of fair value.

**2. Proprietary Funds' Other Charges**

This category mainly consists of General Fund charges (e.g., data processing, buildings and grounds maintenance, indirect costs) to the Water and Sewer, Storm Water, Waste Management and Resort Parking Enterprise Funds, Internal Service Funds except Risk Management, and the Development Authority. For Risk Management it represents premiums and claims payments (including current estimated claims and judgments). The Development Authority other charges consist of selling, lease and leasehold improvements, professional services, and other general expenses.

**3. Statement of Cash Flows**

For purposes of the statements of cash flows, all highly liquid debt instruments and certificates of deposit, with a maturity of three months or less at the time of acquisition, are grouped into cash and temporary investments. Proprietary Funds participate in a centralized cash and investment pool and therefore, separate information on cash equivalents (i.e., investments with maturities of three months or less upon acquisition) for the funds is not applicable.

**4. Bond Premiums and Discounts**

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds are reported net of the applicable bond premium or discount.

**5. Internal Balances**

The amount reported in the Statement of Net Position for internal balances represents support payments to the blended component unit, the Virginia Beach Development Authority, during the fiscal year just ended and the amounts charged back to the business type activities.

**M. Net Position**

The difference between assets plus deferred outflows of resources less liabilities less deferred inflows of resources in the government-wide statement of net position must be labeled as *net position*. GAAP further requires that net position be subdivided into three categories: net investment in capital assets, restricted net position; and unrestricted net position.

**N. Long-Term Obligations**

In the Government-wide and Proprietary Fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental or Business-Type Statement of Activities, or the Proprietary Fund type Statement of Net Position. Bond premiums and deferred loss on refunding bonds are deferred over the life of the bonds using a straight-line method. Issuance costs are reported as debt service expenditures in the year incurred.

In the fund financial statements, Governmental Fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other

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financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

**O. Restricted Assets - Cash and Investments**

Certain proceeds of the Primary Government's revenue bond issuance have been set aside in separate bank accounts as a reserve for future debt service payments. In addition, inclusive in this category are option deposits, funds held for capital projects and improvements and grant awards.

**P. Unrestricted Net Position - Governmental Activities**

Inclusive in Governmental Activities unrestricted net position are ending committed fund balances of certain Special Revenue Funds which have been earmarked for specific purposes by City Council. These funds include, but are not limited to, Agriculture Reserve Fund, Tax Increment Financing Funds, Open Space Fund, Parks and Recreation Fund, Tourism Investment Program Fund, Tourism Advertising Program Fund and the Capital Projects Fund.

**Q. Restricted Net Position**

Some primary government and component unit net position amounts are subject to various restrictions. Bond resolutions restrict the net position of the Water and Sewer, Storm Water and Debt Service Funds for operations. The Master Water and Sewer Resolution restricts net position of the Water and Sewer Enterprise Fund for the cost of operation, maintenance and debt service costs. The Agreement of Trust, dated January 1, 2000, restricts the net position of the Storm Water Enterprise Fund in a similar manner. The ending fund balance of the Debt Service Fund is restricted for future debt costs. The Waste Management Enterprise Fund ending net position is restricted for fund operations.

Certain amounts in the General Fund, Special Revenue Funds, and component units are restricted through other enabling legislation.

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

Deferred outflows of resources represent a consumption of net position that applies to a future period and as such 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 and pension contributions subsequent to the measurement date. The deferred outflow related to debt is being amortized over the remaining life of the refunded debt or the life of the new debt, whichever is shorter.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and as such will not be recognized as a revenue until then. The City's deferred inflows of resources consist of the amount by which the net carrying amount of refunded debt exceed the principal and premium of a refunding bond, the property tax levy recorded in the current fiscal year pertaining to Fiscal Year 2020 and pension activity that will be recognized as pension expense over a four to five year period. The deferred inflow is being amortized over the remaining life of the refunded debt or the life of the new debt, whichever is shorter. Under the modified accrual basis of accounting, the City has revenues which are applicable to a future period, and will not be recognized until the period they become available. These amounts are recorded on the governmental funds balance sheet as a deferred inflow of resources.

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**S. Pensions**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

**T. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Political Subdivision's OPEB Plan, and the additions to/deductions from the Political Subdivision's OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (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.

**U. New Accounting Standards**

In Fiscal Year 2020, the City did not adopt any new statements of financial accounting standards issued by GASB.

**V. Pronouncements Issued but not Yet Effective**

GASB has issued the following pronouncements prior to June 30, 2020 that may affect future financial position, results of operations, cash flows or financial presentation of the City upon implementation. Management has not yet evaluated the effect of implementation of these standards.

<b>GASB STATEMENT NO.</b>	<b>GASB ACCOUNTING STANDARD</b>	<b>EFFECTIVE FISCAL YEAR</b>
84	<i>Fiduciary Activities</i>	2021
87	<i>Leases</i>	2022
90	<i>Majority Equity Interests (Amendment of GASB No. 14 and No. 61)</i>	2021
91	<i>Conduit Debt Obligations</i>	2023
92	<i>Omnibus 2020</i>	2022

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**2. FUND BALANCES – GENERAL FUND AND NONMAJOR GOVERNMENTAL FUNDS**

General Fund and Nonmajor governmental fund balances are 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 these resources. The constraints placed on fund balances for the General Fund and Nonmajor governmental funds are presented below:

**GENERAL FUND:**

<b>Nonspendable:</b>		
Inventories	\$	4,769,415
Housing and Volunteer Rescue Squad Loans		<u>6,490,546</u>
Total Nonspendable		11,259,961
<b>Restricted:</b>		
Community Services Board		1,460,287
<b>Committed</b>		
Education		16,549,308
<b>Assigned:</b>		
Community Programs	\$	68,188
Judicial		741,233
Library		296,290
Living Shorelines Program		46,446
Maritime Forest Program		43,512
Oyster Heritage Program		118,426
Public Safety		28,926
Other General Programs		<u>95,010</u>
Total Special Programs		1,438,031
General Government		<u>59,496,461</u>
Total General Government		60,934,492
Education		36,303,277
Capital Improvement Program - General		<u>26,457,715</u>
Total Assigned		123,695,484
<b>Unassigned:</b>		
General Government		152,842,932
<b>Total Fund Balance</b>	<b>\$</b>	<b><u><u>305,807,972</u></u></b>

**NONMAJOR GOVERNMENTAL FUNDS:**

<b>Restricted:</b>		
Housing and Community Development	\$	8,857,050
Forfeited Assets - Judicial		504,605
Forfeited Assets - Police		2,793,132
Special Service Districts		<u>2,358,378</u>
Total Special Revenue Funds		14,513,165
Future Debt Service		<u>44,340,008</u>
Total Restricted		58,853,173
<b>Committed:</b>		
Agriculture Program		15,064,165
Convention and Visitor Development		27,519,429
Educational		89,477
Parks and Recreation Activities		12,973,610
Central Business District TIF Program		<u>1,186,075</u>
Total Committed		56,832,756
<b>Assigned:</b>		
Agriculture Program		658,310
Forfeited Assets - Judicial		522,500
Forfeited Assets - Police		789,246
Special Service Districts		<u>493,981</u>
Total Assigned		2,464,037
<b>Unassigned:</b>		
General Government		(3,322,157)
<b>Total Fund Balance</b>	<b>\$</b>	<b><u><u>114,827,809</u></u></b>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**JUNE 30, 2020**

**3. RECEIVABLES AND ACCRUED LIABILITIES**

**A. Receivables**

Receivables at June 30, 2020 consist of the following:

**Primary Government**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Real Estate Taxes	\$ 39,056,820	\$ -	\$ 39,056,820
Personal Property Taxes	61,552,316	-	61,552,316
Loans	11,349,069	-	11,349,069
Due from Other Government	73,240,645	2,647,253	75,887,898
Accounts	30,749,967	34,136,436	64,886,403
Gross Receivables	215,948,817	36,783,689	252,732,506
Less: Allowance for Uncollectibles	(38,189,596)	(2,999,232)	(41,188,828)
Net Receivables - Entity Wide	<u>\$ 177,759,221</u>	<u>\$ 33,784,457</u>	<u>\$ 211,543,678</u>

**Major Funds – Governmental**

	<b>General Fund</b>
Real Estate Taxes	\$ 39,056,820
Personal Property Taxes	61,552,316
Accounts	2,200,576
Loans	6,490,546
Due from Other Funds	1,960,792
Intergovernmental Accounts	67,534,380
Gross Receivables	178,795,430
Less: Allowance for Uncollectibles	(27,462,876)
Net Receivables	<u>\$ 151,332,554</u>

**Major Funds – Proprietary**

	<b>Water and Sewer</b>	<b>Storm Water</b>	<b>Waste Management</b>	<b>Virginia Beach Development Authority</b>	<b>Total</b>
Accounts	\$ 19,158,736	\$ 5,998,243	\$ 5,912,243	\$ 3,067,214	\$ 34,136,436
Intergovernmental Accounts	2,324,307	322,946	-	-	2,647,253
Gross Receivables	21,483,043	6,321,189	5,912,243	3,067,214	36,783,689
Less: Allowance for Uncollectibles	(2,294,621)	(218,307)	(486,304)	-	(2,999,232)
Net Receivables	<u>\$ 19,188,422</u>	<u>\$ 6,102,882</u>	<u>\$ 5,425,939</u>	<u>\$ 3,067,214</u>	<u>\$ 33,784,457</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**Component Units**

Receivables at June 30, 2020 consist of the following:

	<b>School Board</b>	<b>Community Development Corporation</b>	<b>Total</b>
Notes, Deed of Trust	\$ -	\$ 893,682	\$ 893,682
Accrued Interest	-	144,635	144,635
Intergovernmental Accounts	23,219,935	61,528	23,281,463
Due from Affiliate	-	424,318	424,318
Accounts	2,801,998	255,052	3,057,050
Net Receivables	<u>\$ 26,021,933</u>	<u>\$ 1,779,215</u>	<u>\$ 27,801,148</u>

**B. Property Taxes Receivable**

An annual ad valorem tax is levied by the City on the assessed value of real and tangible personal property. These levies are made each year on July 1 and January 1 for real property and tangible personal property, respectively. Taxes levied on these dates become liens on the subject property on the date of levy. Real property taxes are payable in two installments on December 5 and June 5. Personal property taxes are payable on June 5, however, pro-rated bills on automobiles are also payable throughout the year on the portion of the year they are owned if not owned a full year. These taxes are considered delinquent when not paid by the due dates and subject to penalties and interest charges by the City Treasurer. During Fiscal Year 2020, all penalties and interest on property taxes were waived until August 3, as a means of financial relief from the COVID-19 pandemic. City property tax revenues are recognized when levied and collected.

The City calculates its allowance for uncollectible taxes by using historical collection data. Furthermore, the taxes receivable amount which remains uncollected after the 45 day accrual period is recorded as unearned revenue for the fund financial statements.

Fiscal Year 2020 real property rate was \$1.0175 per \$100 of assessed valuation, except for public service corporation properties. In addition there are Special Service Districts that were charged an additional rate, these districts and rates are as followed:

<b>Special Service District</b>	<b>Additional Tax Rate</b>
Bayville Creek Special Service District	\$ 0.472
Chesapeake Colony Special Service District	0.2913
Gills Cove Special Service District	0.063
Harbour Point Special Service District	0.120
Hurds Cove Special Service District	0.438
Old Donation Special Service District	0.184
Sandbridge Special Service District	0.060
Schilling Point Special Service District	0.404
Shadowlawn Special Service District	0.1594
Town Center Special Service District	0.450

Additionally, the real property tax rate on all real estate that has been classified as an energy efficient building, not exempt from taxation, was \$0.8675 on each \$100 of assessed valuation thereof. Taxes on

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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buildings that are individually listed on the Virginia Landmarks Register, not including the real estate or land on which the building is located, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Register, were at a rate of \$0.5475 on each \$100 of assessed valuation thereof. The personal property rate was \$4.00 per \$100 of assessed valuation (100% of fair market value). Other personal property tax rates exist for qualified equipment. There are no limits currently on the property tax rates which may be established by the City Council. City Council is the only governmental entity that has the local taxing authority.

**C. Intergovernmental Receivables - Primary Government and School Board Component Unit – Entity Wide**

1. The following revenues were due from the Commonwealth of Virginia at June 30, 2020:

**Primary Government**

	<b>Governmental Activities</b>
General Sales Tax	\$ 5,715,014
Telecommunication Tax	1,706,653
Personal Property Tax Relief Act	53,412,868
Other Grants, Entitlements, & Shared Revenues	3,441,664
General Fund Salary Reimbursements	528,814
Sheriff's Department	1,363,624
Other	1,876,954
Total Due from Commonwealth	<u>\$ 68,045,591</u>

**School Board Component Unit**

State Share Sales Tax	\$ 5,966,070
Special Education-Regional Program	4,887,937
Technology Initiative	270,217
Dual Enrollment - TCC	513,189
Juvenile Detention Center	297,349
Other Grants, Entitlements and Shared Revenues	174,599
Total Due from Commonwealth-Governmental Funds	<u>\$ 12,109,361</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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2. The following revenues were due from various Federal agencies at June 30, 2020:

**Primary Government**

	<b>Governmental Activities</b>
Community Development	\$ 794,130
Public Assistance Grants	1,487,090
Grants Consolidated	1,351,771
Housing Assistance	694,579
Emergency FEMA	864,129
Other	3,355
Total Due from Federal Government	<u>\$ 5,195,054</u>

**School Board Component Unit**

Adult Basic Education	\$ 83,846
Carl Perkins	768,543
DODEA MCASP GRIT	292,544
McKinney Homeless	30,588
National School Meal Program	207,258
NJROTC	79,270
Preschool Incentive	121,961
Startalk	67,555
School Feeding Program	841,767
Title I	4,801,505
Title II	436,371
Title III	20,800
Title IV	514,904
Title VI-B	2,843,662
Total Due from Federal Government	<u>\$ 11,110,574</u>

3. The following revenues were due from Other Governments at June 30, 2020:

**Business - Type Activities**

The Water and Sewer fund was due \$2,202,034 from the Water Services Contract with the City of Norfolk and \$122,273 from the City of Chesapeake in June operations, maintenance, and capital improvement costs for the Lake Gaston Water Supply Project.

The Storm Water fund was due \$322,946 from FEMA for the Flood Mitigation Assist Grant Program.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**D. Allowances For Uncollectible Accounts Receivable**

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent cash receipts. The allowances at June 30, 2020 are as follows:

General Fund	\$ 27,462,876
Special Revenue Funds	10,726,720
Water and Sewer Fund	2,294,621
Storm Water Fund	218,307
Waste Management Fund	486,304
Total	<u>\$ 41,188,828</u>

**E. Major Components of Accrued Liabilities at June 30, 2020 consist of the following:**

**Primary Government**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Accrued Interest Payable	\$ 9,466,173	\$ 2,877,179	\$ 12,343,352
Deposits Payable	3,259,390	133,103	3,392,493
Unearned Revenue	4,171,257	1,461,087	5,632,344
Total Accrued Liabilities	<u>\$ 16,896,820</u>	<u>\$ 4,471,369</u>	<u>\$ 21,368,189</u>

**Component Units**

	<b>School Board</b>	<b>Community Development Corporation</b>	<b>Total</b>
Accrued Interest Payable	\$ -	\$ 165,540	\$ 165,540
Unearned Revenue	10,937,355	4,125	10,941,480
Deposits Payable	75,000	190,705	265,705
Accrued Salaries	62,542,911	-	62,542,911
Total Accrued Liabilities	<u>\$ 73,555,266</u>	<u>\$ 360,370</u>	<u>\$ 73,915,636</u>

**4. UNEARNED REVENUE**

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available.

Unearned revenue consists of the following as of June 30, 2020:

**A. General Fund**

Aquarium - Advance ticket receipts	<u>\$ 362,995</u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**B. Nonmajor Special Revenue Fund**

Grants Consolidated - Unspent CARES CRF Relief Funds	\$ 3,707,269
Parks and Recreation - Advance Customer Receipts	99,016
Federal Section Eight Program - FY 2021 Port Revenue	1,977
Total Unearned Revenue - Special Revenue Funds	<u>3,808,262</u>

**C. Enterprise Funds**

Water and Sewer - Customers and Developers tap and meter fees	<u>\$ 1,461,087</u>
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**D. School Board Component Unit**

School Operating Fund - Summer School Tuition	\$ 215,490
School Grants Fund - Early Reading Intervention, Algebra Readiness, VA Initiative at Risk Four Year Old, 2Revolutions, and other Grants	1,784,566
Other Governmental Funds - School Cafeterias - Charges for Services	754,978
Total Unearned Revenue - Governmental Funds	<u>2,755,034</u>
School Health Insurance Internal Service Fund - Prepayment of July health insurance premiums	8,182,321
Total Unearned Revenue - Governmental Activities	<u>\$ 10,937,355</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**5. CAPITAL ASSETS AND LAND HELD FOR RESALE**

**A. Governmental Activities**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 1,022,957,572	\$ 6,984,376	\$ -	\$ 1,029,941,948
Agriculture Reserve Program	47,710,144	1,036,132	-	48,746,276
Construction in Progress	228,742,905	169,446,236	94,584,650	303,604,491
Total Capital Assets Not Being Depreciated	<u>1,299,410,621</u>	<u>177,466,744</u>	<u>94,584,650</u>	<u>1,382,292,715</u>
Other Capital Assets:				
Buildings and Improvements	779,183,716	9,893,208	-	789,076,924
School Buildings	319,469,552	112,160,896	-	431,630,448
Site Improvements	333,030,498	4,707,969	-	337,738,467
Site Improvements - ISF	265,782	-	-	265,782
Equipment	330,156,644	26,630,519	3,274,089	353,513,074
Equipment - ISF	6,894,263	803,719	251,264	7,446,718
Roadway Network	2,034,380,803	23,383,095	-	2,057,763,898
Landfill Network	18,694,498	-	-	18,694,498
Bridge Network	157,339,642	1,958,238	-	159,297,880
Hurricane Protection Network	97,680,665	-	-	97,680,665
Total Other Capital Assets at Historical Cost	<u>4,077,096,063</u>	<u>179,537,644</u>	<u>3,525,353</u>	<u>4,253,108,354</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	296,358,873	17,536,999	-	313,895,872
School Buildings	42,514,651	29,731,161	-	72,245,812
Site Improvements	112,894,905	8,044,506	-	120,939,411
Site Improvements - ISF	263,939	235	-	264,174
Equipment	259,872,406	23,405,236	3,234,649	280,042,993
Equipment - ISF	5,612,663	509,447	251,264	5,870,846
Roadway Network	1,267,609,122	50,859,520	-	1,318,468,642
Landfill Network	18,676,153	-	-	18,676,153
Bridge Network	44,056,633	3,025,037	-	47,081,670
Hurricane Protection Network	32,980,490	1,953,613	-	34,934,103
Total Accumulated Depreciation	<u>2,080,839,835</u>	<u>135,065,754</u>	<u>3,485,913</u>	<u>2,212,419,676</u>
Total Capital Assets Being Depreciated, Net	1,996,256,228	44,471,891	39,440	2,040,688,679
Governmental Activities Capital Assets, Net	<u>\$ 3,295,666,849</u>	<u>\$ 221,938,635</u>	<u>\$ 94,624,090</u>	<u>\$ 3,422,981,394</u>

Governmental Activities capital assets net of accumulated depreciation at June 30, 2020 are comprised of the following:

General Government Capital Assets, Net	\$ 3,421,403,913
Internal Service Fund Capital Assets, Net	1,577,481
Total	<u>\$ 3,422,981,394</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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Depreciation was charged to governmental functions as follows:

Finance	\$ 8,610
Judicial	272,819
Health	536
Police	2,694,030
Public Works	80,178,427
Parks and Recreation	4,295,987
Libraries	112,590
Planning	42,434
Economic Development	27,530
Convention & Visitors Bureau	321,243
Information Technology	11,974,185
Boards and Commissions	266,186
Emergency Communications	760,930
Fire	3,077,396
Human Services	417,955
Education and Transfer to School	29,731,161
Housing & Neighborhood Preservation	68,264
Museums	119,880
General Government	678,894
Emergency Medical Services	16,697
Total	<u>\$ 135,065,754</u>

**B. Component Unit - School Board**

Capital Assets activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 38,968,372	\$ -	\$ -	\$ 38,968,372
Construction in Progress	65,245,069	55,139,145	28,449,091	91,935,123
Total Capital Assets Not Being Depreciated	<u>104,213,441</u>	<u>55,139,145</u>	<u>28,449,091</u>	<u>130,903,495</u>
Capital Assets Being Depreciated				
Buildings	761,011,176	35,890,883	114,007,479	682,894,580
Improvement Other Than Buildings	65,923,256	2,995,501	-	68,918,757
Machinery and Equipment	128,868,349	7,870,068	4,209,754	132,528,663
Total Capital Assets Being Depreciated	<u>955,802,781</u>	<u>46,756,452</u>	<u>118,217,233</u>	<u>884,342,000</u>
Less Accumulated Depreciation For:				
Buildings	336,478,420	21,932,828	31,537,168	326,874,080
Improvement Other Than Buildings	47,123,253	2,145,838	-	49,269,091
Machinery and Equipment	82,957,714	8,270,457	4,040,239	87,187,932
Total Accumulated Depreciation	<u>466,559,387</u>	<u>32,349,123</u>	<u>35,577,407</u>	<u>463,331,103</u>
Total Capital Assets Being Depreciated, Net	<u>489,243,394</u>	<u>14,407,329</u>	<u>82,639,826</u>	<u>421,010,897</u>
Component Unit School Board, Capital Assets, Net	<u>\$ 593,456,835</u>	<u>\$ 69,546,474</u>	<u>\$ 111,088,917</u>	<u>\$ 551,914,392</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**C. Business-Type Activities**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 171,523,241	\$ 423,086	\$ -	\$ 171,946,327
Construction in Progress	54,898,311	75,325,067	84,565,298	45,658,080
Total Capital Assets Not Being Depreciated	<u>226,421,552</u>	<u>75,748,153</u>	<u>84,565,298</u>	<u>217,604,407</u>
Capital Assets Being Depreciated				
Buildings	165,013,560	8,730	-	165,022,290
Improvement Other Than Buildings	1,146,408	-	-	1,146,408
Utility System	1,476,480,614	72,051,065	-	1,548,531,679
Machinery and Equipment	63,390,336	6,377,864	953,017	68,815,183
Total Capital Assets Being Depreciated	<u>1,706,030,918</u>	<u>78,437,659</u>	<u>953,017</u>	<u>1,783,515,560</u>
Less Accumulated Depreciation For: *				
Buildings	53,987,622	4,650,776	-	58,638,398
Improvement Other Than Buildings	427,566	36,166	-	463,732
Utility System	570,101,562	31,477,675	-	601,579,237
Machinery and Equipment	47,247,591	4,743,594	905,645	51,085,540
Total Accumulated Depreciation	<u>671,764,342</u>	<u>40,908,212</u>	<u>905,645</u>	<u>711,766,908</u>
Total Capital Assets Being Depreciated, Net	<u>1,034,266,576</u>	<u>37,529,447</u>	<u>47,372</u>	<u>1,071,748,651</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,260,688,128</u>	<u>\$ 113,277,600</u>	<u>\$ 84,612,670</u>	<u>\$ 1,289,353,059</u>

Depreciation expense was charged to Business-Type Activities as follows:

Water and Sewer	\$ 27,979,427
Storm Water	7,309,940
Waste Management	1,737,130
Development Authority	3,853,177
Parking	28,537
Total	<u>\$ 40,908,211</u>

**D. Major Fund - Water and Sewer Enterprise Fund**

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 14,164,151	\$ 398,675	\$ -	\$ 14,562,826
Construction in Progress	20,782,604	33,860,165	36,452,802	18,189,967
Total Capital Assets Not Being Depreciated	<u>34,946,755</u>	<u>34,258,840</u>	<u>36,452,802</u>	<u>32,752,793</u>
Other Capital Assets:				
Buildings and Improvements	18,940,552	-	-	18,940,552
Utility System	1,174,891,326	35,540,321	-	1,210,431,647
Machinery and Equipment	31,538,828	3,155,733	762,664	33,931,897
Total Other Capital Assets at Historical Cost	<u>1,225,370,706</u>	<u>38,696,054</u>	<u>762,664</u>	<u>1,263,304,096</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	14,379,901	814,006	-	15,193,907
Utility System	503,020,520	25,574,430	-	528,594,950
Machinery and Equipment	26,353,794	1,590,991	738,053	27,206,732
Total Accumulated Depreciation	<u>543,754,215</u>	<u>27,979,427</u>	<u>738,053</u>	<u>570,995,589</u>
Total Capital Assets Being Depreciated, Net	<u>681,616,491</u>	<u>10,716,627</u>	<u>24,611</u>	<u>692,308,507</u>
Water and Sewer Capital Assets, Net	<u>\$ 716,563,246</u>	<u>\$ 44,975,467</u>	<u>\$ 36,477,413</u>	<u>\$ 725,061,300</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**E. Major Fund – Storm Water Enterprise Fund**

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 133,293,782	\$ 24,411	\$ -	\$ 133,318,193
Construction in Progress	32,930,748	41,172,623	47,015,736	27,087,635
Total Capital Assets Not Being Depreciated	166,224,530	41,197,034	47,015,736	160,405,828
Other Capital Assets:				
Buildings and Improvements	664,899	-	-	664,899
Utility System	301,589,288	36,510,744	-	338,100,032
Machinery and Equipment	16,754,934	1,108,599	175,181	17,688,352
Total Other Capital Assets at Historical Cost	319,009,121	37,619,343	175,181	356,453,283
Less Accumulated Depreciation For:				
Buildings and Improvements	41,556	41,556	-	83,112
Utility System	67,081,042	5,903,246	-	72,984,288
Machinery and Equipment	12,436,584	1,365,138	152,419	13,649,303
Total Accumulated Depreciation	79,559,182	7,309,940	152,419	86,716,703
Total Capital Assets Being Depreciated, Net	239,449,939	30,309,403	22,762	269,736,580
Storm Water Capital Assets, Net	\$ 405,674,469	\$ 71,506,437	\$ 47,038,498	\$ 430,142,408

**F. Major Fund – Waste Management**

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Total Capital Assets Not Being Depreciated	\$ -	\$ -	\$ -	\$ -
Other Capital Assets:				
Buildings	-	8,730	-	8,730
Site Improvements	366,891	-	-	366,891
Machinery and Equipment	14,416,446	1,016,772	-	15,433,218
Total Other Capital Assets at Historical Cost	14,783,337	1,025,502	-	15,808,839
Less Accumulated Depreciation For:				
Buildings	-	182	-	182
Site Improvements	76,783	16,677	-	93,460
Machinery and Equipment	7,951,144	1,720,271	-	9,671,415
Total Accumulated Depreciation	8,027,927	1,737,130	-	9,765,057
Total Capital Assets Being Depreciated, Net	6,755,410	(711,628)	-	6,043,782
Waste Management Capital Assets, Net	\$ 6,755,410	\$ (711,628)	\$ -	\$ 6,043,782

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**G. Major Fund - Virginia Beach Development Authority**

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 24,065,308	\$ -	\$ -	\$ 24,065,308
Construction in Progress	1,184,959	292,279	1,096,760	380,478
Total Capital Assets Not Being Depreciated	25,250,267	292,279	1,096,760	24,445,786
Other Capital Assets:				
Buildings and Improvements	145,408,109	-	-	145,408,109
Machinery and Equipment	565,065	1,096,760	-	1,661,825
Total Other Capital Assets at Historical Cost	145,973,174	1,096,760	-	147,069,934
Less Accumulated Depreciation For:				
Buildings and Improvements	39,566,165	3,795,032	-	43,361,197
Machinery and Equipment	418,740	58,145	-	476,885
Total Accumulated Depreciation	39,984,905	3,853,177	-	43,838,082
Total Capital Assets Being Depreciated, Net	105,988,269	(2,756,417)	-	103,231,852
Development Authority Capital Assets, Net	\$ 131,238,536	\$ (2,464,138)	\$ 1,096,760	\$ 127,677,638

**H. Component Unit - Virginia Beach Community Development Corporation**

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 8,838,960	\$ -	\$ -	\$ 8,838,960
Total Capital Assets Not Being Depreciated	8,838,960	-	-	8,838,960
Other Capital Assets:				
Buildings and Improvements	34,743,151	-	-	34,743,151
Machinery and Equipment	113,583	32,093	-	145,676
Total Other Capital Assets at Historical Cost	34,856,734	32,093	-	34,888,827
Less Accumulated Depreciation For:				
Component Unit-VA Beach Community Dev.	15,887,998	1,153,676	-	17,041,674
	\$ 27,807,696	\$ (1,121,583)	\$ -	\$ 26,686,113

\*Beginning Buildings and Equipment balances were restated to include the balance of a wholly owned subsidiary, previously excluded from the FY 2019 CAFR. The inclusion increased Buildings and Equipment balances by \$3,333,426 and \$45,774, respectively.

**I. Land and Building Inventory Held for Resale – Development Authority**

Oceana West Corporate Park	\$ 1,555,548
Corporate Landing Office Park	9,434,877
London Bridge Commerce Park	1,624,500
Town Center Beacon Building	4,877,946
Hunt Club 2	200,305
Historic Kempsville	1,296,118
Bio-Med Park	24,971,530
Total Land Held for Resale	\$ 43,960,824

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**J. Construction in Progress**

**1. Governmental Activities and School Board Component Unit**

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress until completion. Construction in progress is comprised of the following:

	<b>Expended through June 30, 2020</b>	<b>Outstanding Commitments</b>	<b>Unobligated Balance</b>
<b><u>Government Activities</u></b>			
Engineering and Highways	\$ 133,251,990	\$ 37,133,897	\$ 307,628,694
Buildings	75,340,022	75,145,808	93,819,740
Parks and Recreation	8,606,439	3,212,203	32,370,430
Coastal	399,394	1,430,851	42,860,725
Economic and Tourism	86,006,646	24,429,691	140,478,334
Total Other Capital Assets at Historical Cost	<u>\$ 303,604,491</u>	<u>\$ 141,352,450</u>	<u>\$ 617,157,923</u>
<b><u>School Board Component Unit</u></b>			
Buildings and Improvements Other than Buildings	<u>\$ 91,935,123</u>	<u>\$ 36,669,111</u>	<u>\$ -</u>

**2. Business-Type Activities**

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress into the various capital asset accounts until substantially completed. Construction in Progress for Business-Type Activities is comprised of the following at June 30, 2020:

	<b>Expended through June 30, 2020</b>	<b>Outstanding Commitments</b>	<b>Unobligated Balance</b>
Water & Sewer Utility Projects	\$ 18,189,967	\$ 28,787,849	\$ 62,191,824
Storm Water Projects	27,087,635	47,691,110	284,484,151
Development Authority	380,478	-	-
Total Business-Type Activities	<u>\$ 45,658,080</u>	<u>\$ 76,478,959</u>	<u>\$ 346,675,975</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**6. LONG-TERM DEBT**

**A. Summary of Changes in Long-Term Liabilities**

**1. Primary Government - Governmental Activities**

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
General Obligation Bonds	\$ 541,574,435	\$ 156,125,000	\$ 117,465,502	\$ 580,233,933	\$ 57,037,635
State Literary Fund Loans	1,125,000	-	375,000	750,000	375,000
Public Facility Revenue Bonds	238,982,892	184,374,587	55,970,268	367,387,211	26,386,328
Agriculture Reserve Program	47,710,144	1,036,132	-	48,746,276	-
Total Tax Supported Debt	829,392,471	341,535,719	173,810,770	997,117,420	83,798,963
Other Debt:					
Landfill Closure & Post-Closure Care	21,306,528	362,192	-	21,668,720	-
Premiums	81,674,907	51,237,936	16,053,728	116,859,115	11,843,829
Net Pension Liability	316,893,889	63,957,840	-	380,851,729	-
Net OPEB Liability	109,285,891	-	10,529,836	98,756,055	-
Accrued Compensation Leave	43,802,550	23,199,878	20,598,890	46,403,538	21,166,466
Estimated Claims & Judgements	41,453,521	3,145,557	-	44,599,078	9,864,031
Governmental Activities Long-Term Debt	<u>\$ 1,443,809,757</u>	<u>\$ 483,439,122</u>	<u>\$ 220,993,224</u>	<u>\$ 1,706,255,655</u>	<u>\$ 126,673,289</u>

**2. Primary Government - Business-Type Activities**

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Revenue Bonds	\$ 262,530,000	\$ -	\$ 12,150,000	\$ 250,380,000	\$ 12,665,000
Public Facility Revenue Bonds	58,312,109	12,205,413	20,149,732	50,367,790	7,373,672
Total Self/Tax Supported Debt	320,842,109	12,205,413	32,299,732	300,747,790	20,038,672
Less/Add Deferred Amounts:					
For Issuance Premiums	18,958,820	966,104	1,544,615	18,380,309	1,417,997
Less Bond Discount	(55,854)	-	(55,854)	-	-
Total Bonds Payable	339,745,075	13,171,517	33,788,493	319,128,099	21,456,669
Net Pension Liability	30,653,697	6,186,754	-	36,840,451	-
Net OPEB Liability	6,749,495	-	1,889,620	4,859,875	-
Accrued Compensated Leave	4,742,529	2,236,184	2,875,292	4,103,421	2,340,229
Business-Type Activities Long-Term Debt	<u>\$ 381,890,796</u>	<u>\$ 21,594,455</u>	<u>\$ 38,553,405</u>	<u>\$ 364,931,846</u>	<u>\$ 23,796,898</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**3. Major Fund - Water and Sewer Enterprise Fund (Included in Business-Type Activities)**

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Revenue Bonds	\$ 193,020,000	\$ -	\$ 9,625,000	\$ 183,395,000	\$ 10,045,000
Add Deferred Amounts:					
For Issuance Premiums	14,803,551	-	1,157,613	13,645,938	1,157,613
Total Bonds Payable	207,823,551	-	10,782,613	197,040,938	11,202,613
Net Pension Liability	17,863,946	3,605,432	-	21,469,378	-
Net OPEB Liability	3,577,318	-	1,156,626	2,420,692	-
Accrued Compensated Leave	2,484,560	1,376,891	1,399,707	2,461,744	1,439,449
Water and Sewer Long-Term Liabilities	<u>\$ 231,749,375</u>	<u>\$ 4,982,323</u>	<u>\$ 13,338,946</u>	<u>\$ 223,392,752</u>	<u>\$ 12,642,062</u>

**4. Major Fund – Storm Water Enterprise Fund (Included in Business-Type Activities)**

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Revenue Bonds	\$ 69,510,000	\$ -	\$ 2,525,000	\$ 66,985,000	\$ 2,620,000
Add Deferred Amounts:					
For Issuance Premiums	2,358,300	-	260,385	2,097,915	260,384
Total Bonds Payable	71,868,300	-	2,785,385	69,082,915	2,880,384
Net Pension Liability	7,924,085	1,599,297	-	9,523,382	-
Net OPEB Liability	1,758,489	-	275,918	1,482,571	-
Accrued Compensated Leave	1,192,379	306,031	946,243	552,167	350,763
Storm Water Long-Term Liabilities	<u>\$ 82,743,253</u>	<u>\$ 1,905,328</u>	<u>\$ 4,007,546</u>	<u>\$ 80,641,035</u>	<u>\$ 3,231,147</u>

**5. Major Fund – Waste Management Enterprise Fund (Included in Business-Type Activities)**

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Net Pension Liability	\$ 4,587,628	\$ 925,909	\$ -	\$ 5,513,537	\$ -
Net OPEB Liability	1,353,347	-	437,567	915,780	-
Accrued Compensated Leave	1,024,874	533,061	514,187	1,043,748	528,790
Waste Management Long-Term Liabilities	<u>\$ 6,965,849</u>	<u>\$ 1,458,970</u>	<u>\$ 951,754</u>	<u>\$ 7,473,065</u>	<u>\$ 528,790</u>

**6. Major Fund - Development Authority Enterprise Fund (Included in Business-Type Activities)**

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Public Facility Revenue Bonds	\$ 58,312,109	\$ 12,205,413	\$ 20,149,732	\$ 50,367,790	\$ 7,373,672
For Issuance Premiums	1,796,969	966,104	126,617	2,636,456	-
Less Bond Discount	(55,854)	-	(55,854)	-	-
Virginia Beach Development Authority Long-Term Debt	<u>\$ 60,053,224</u>	<u>\$ 13,171,517</u>	<u>\$ 20,220,495</u>	<u>\$ 53,004,246</u>	<u>\$ 7,373,672</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**7. Component Unit - School Board**

School-related long term debt is shown in table 6.A.1 for Primary Government - Governmental Activities as it is considered and reported as the City's long term debt. The City Council is the only elected local governing body authorized by the City Charter (sections 6.01 & 6.06) and Constitution of Virginia (article VII, section 10) to incur debt in the name of the City.

	<b>Balance</b>			<b>Balance</b>	<b>Amounts</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2020</b>	<b>Due Within</b>
					<b>One Year</b>
Net Pension Liability	\$ 609,201,000	\$ 220,045,000	\$ 150,421,000	\$ 678,825,000	\$ -
Net OPEB Liability	168,666,000	37,916,000	53,836,000	152,746,000	-
Accrued Compensated Leave	34,250,450	12,158,735	7,440,773	38,968,412	7,589,589
Estimated Claims and Judgements	18,027,162	132,732,000	134,696,011	16,063,151	12,047,363
School Board Long-Term Liabilities	<u>\$ 830,144,612</u>	<u>\$ 402,851,735</u>	<u>\$ 346,393,784</u>	<u>\$ 886,602,563</u>	<u>\$ 19,636,952</u>

**8. Component Unit - Virginia Beach Community Development Corporation**

Various mortgage loan agreements and notes payable with interest at 2.5% to 7.1%, collateralized by real property.

	<b>Balance*</b>			<b>Balance</b>	<b>Amounts</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2020</b>	<b>Due Within</b>
					<b>One Year</b>
Notes Payable	<u>\$ 21,587,168</u>	<u>\$ 301,212</u>	<u>\$ 582,874</u>	<u>\$ 21,305,506</u>	<u>\$ 2,956,034</u>

\*Beginning Notes Payable were restated to include the balance of a wholly owned subsidiary, previously excluded from the FY 2019 CAFR. The inclusion increased the beginning balance by \$616,546.

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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**B. Bonds, Notes and Loans Payable**

Details of long-term indebtedness are shown below with outstanding balance as of June 30, 2020:

Bond Issue/Purpose	Dated	Issue Amount	True Interest (%)	Proprietary Percentage	Outstanding Balance
				VBDA %	City
General Obligation Public Improvement (PI)					
Bonds and Loans:					
2019A PI	7/31/2019	\$ 101,210,000	2.260682	-	\$ 101,210,000
2019B PI Refunding	7/31/2019	54,915,000	1.376528	-	54,915,000
2018A PI	3/13/2018	67,595,000	2.885678	-	60,095,000
2017A PI Refunding	12/28/2017	71,530,000	2.253621	-	71,530,000
2016A PI	2/9/2016	61,255,000	2.437448	-	49,020,000
2016B PI Refunding	2/9/2016	50,430,000	1.771418	-	13,320,000
2015A PI	4/21/2015	51,295,000	2.617345	-	38,475,000
2015B PI Refunding	4/21/2015	56,530,000	1.989322	-	56,530,000
2014A PI	4/22/2014	85,050,000	2.920553	-	60,150,000
2013A PI	4/17/2013	22,885,000	2.587348	-	16,030,000
2013B PI Refunding	4/17/2013	33,795,000	2.143873	-	22,865,000
Pleasure House Point	7/10/2012	6,000,000	0.250000	-	1,592,780
2012A PI	4/18/2012	65,000,000	2.849726	-	6,500,000
2012B PI Refunding	4/18/2012	19,630,000	2.413515	-	15,325,000
2011A PI	6/29/2010	90,000,000	3.212396	-	4,170,000
2010-1 QSCB*	7/8/2010	4,875,000	5.310000	-	2,025,000
2010 Recovery Zone	3/15/2010	5,995,000	3.038509	-	3,395,000
2008 VPSA*	12/1/2008	6,350,705	-	-	3,086,153
2002 State Literary	1/1/2002	7,500,000	3.000000	-	750,000
Total General Obligation Bonds and Loans					580,983,933
Revenue Bonds:**					
2019 Storm Water Revenue	2/27/2019	29,525,000	3.139267	-	28,855,000
2016 A W&S Revenue	6/8/2016	46,560,000	2.711344	-	43,230,000
2016 B W&S Refunding	6/8/2016	42,865,000	1.813975	-	36,065,000
2015 A Storm Water Revenue	1/28/2015	23,500,000	2.829639	-	20,250,000
2013 W&S Revenue	11/13/2013	44,845,000	3.641572	-	38,160,000
2010 A Storm Water Revenue	11/16/2010	20,000,000	3.170505	-	14,920,000
2010 B Storm Water Refunding	11/16/2010	7,380,000	2.607102	-	2,960,000
2010 A W&S Revenue	6/29/2010	65,000,000	3.475462	-	49,515,000
2010 B W&S Refunding	6/29/2010	8,410,000	3.027560	-	3,680,000
2010 C W&S Refunding	6/29/2010	24,950,000	3.156061	-	12,745,000
Total Revenue Bonds					250,380,000
Public Facility Revenue Bonds:					
2020A Public Facility Revenue	6/17/2020	158,960,000	1.7175703	-	158,960,000
2020B Public Facility Refunding	6/17/2020	37,620,000	0.2897591	32.40	37,620,000
2018A Public Facility Revenue	3/28/2018	33,395,000	3.0289500	8.85	29,220,000
2016A Public Facility Revenue	11/3/2016	21,225,000	2.4588020	-	17,430,000
2016B Public Facility Revenue	11/3/2016	7,880,000	2.1224430	100.00	5,065,000
2015A Public Facility Revenue	6/25/2015	48,245,000	3.0509530	-	32,790,001
2015B Public Facility Revenue	6/25/2015	34,885,000	2.6779800	27.05	30,795,000
2014A Public Facility Revenue	6/18/2014	44,975,000	2.9840410	41.76	29,690,000
2014B Public Facility Revenue	6/18/2014	20,320,000	2.4309790	25.62	11,080,000
2013A Public Facility Revenue	6/19/2013	20,960,000	2.5996020	-	12,755,000
2012A Public Facility Revenue	6/20/2012	22,580,000	2.5996020	-	14,060,000
2012B Public Facility Refunding	6/20/2012	25,640,000	2.4489560	21.12	21,860,000
2010B Public Facility Revenue	5/25/2010	98,035,000	2.9935560	24.84	11,500,000
2010C Public Facility Refunding	5/25/2010	40,450,000	3.3969350	31.31	4,930,000
Total Public Facility Revenue Bonds					417,755,001
Other Long-Term Debt:					
Agricultural Reserve Program	Various	48,746,276	Various	-	48,746,276
Total Other Long-Term Debt					48,746,276
Grand Total Bonds, Notes and Loans Payable					\$ 1,297,865,210

\* QSCB - Qualified School Construction Bond, VPSA - Virginia Public School Authority

\*\* Water and Sewer and Storm Water Enterprise Funds

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Deceased Debt - In current and prior years as a result of debt refunding, the City deceased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the deceased debt. Accordingly, the escrow account assets and liabilities for the deceased debt are not included in the City's financial statements. At June 30, 2020, the outstanding balance of the deceased debt is \$117.4 million, and is considered deceased.

**C. Summary of Recent Refundings**

Periodically, the City issues debt to refund amounts outstanding on prior bond issuances to reduce interest payment costs. The details of these refunding issuances are as follows.

**1. Current Refunding of Public Facility Revenue Bonds, Series 2010B and 2010C**

On June 17, 2020, the City issued \$37.6 million of Public Facility Refunding Revenue Bonds, Series 2020B to refund portions of 2010B and 2010C Series Public Facility Revenue Bonds. Of the bonds sold, 32.4% was to refund debt currently held by the City of Virginia Beach Development Authority and 67.6% was to refund debt currently held by the City of Virginia Beach. The refunding bonds combined with \$3.08 million in premiums provided resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$43.57 million of Public Facility Revenue Bonds. As a result, the refunded bonds are considered to be deceased and the liability has been removed from the business-type activities and government activities columns of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$1.99 million. The difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over a 4-year period by \$2.69 million and will result in an economic gain of \$2.68 million. The escrow agent called the 2010B and 2010C refunded bonds on August 1, 2020.

**2. Current Refunding of General Obligation Public Improvement Bonds, Series 2009A, 2009B and 2010A-2 (Taxable Build America Bonds)**

On July 31, 2019, the City issued \$54.91 million of General Obligation Public Improvement Refunding Bonds, Series 2019B to refund the remaining portions of the 2009A, 2009B and 2010A-2 (Taxable Direct-Pay Build America Bonds) General Obligation Public Improvement Bonds. The refunding bonds combined with \$6.72 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$68.76 million of refunded General Obligation bonds. As a result, the refunded bonds are considered to be deceased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$5.57 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next 11 years by \$4.4 million and resulted in an economic gain of \$3.8 million. The escrow agent called the 2009A and 2009B refunded bonds on July 31, 2019 and the 2010A-2 refunded bonds on March 15, 2020.

**3. Advance Refunding of General Obligation Public Improvement Bonds, Series 2011A and 2012A**

On December 28, 2017, the City issued \$71.53 million of General Obligation Public Improvement Refunding Bonds, Series 2017A to refund a portion of the 2011A and the remaining balance of the 2012A Series General Obligation Public Improvement Bonds. The refunding bonds combined with \$13.59 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating

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resources for all future debt service payments of \$109.91 million of refunded General Obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by \$6.93 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by \$8.3 million and resulted in an economic gain of \$6.8 million. The escrow agent will call the series 2011A refunded bonds on June 1, 2021 and the 2012A refunded bonds on April 1, 2022.

**D. Summary of Annual Requirements to Amortize All Bonds and Notes Payable**

Annual Debt Service requirements to maturity for General Obligation Bonds and State Literary Fund Loans are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 57,412,635	\$ 25,113,917	\$ 82,526,552
2022	54,415,076	22,608,087	77,023,163
2023	50,488,092	19,973,734	70,461,826
2024	48,380,252	17,572,811	65,953,063
2025	48,472,121	15,159,854	63,631,975
2026-2030	185,955,757	45,323,939	231,279,696
2031-2035	99,490,000	14,357,244	113,847,244
2036-2040	36,370,000	2,531,044	38,901,044
Totals	<u>\$ 580,983,933</u>	<u>\$ 162,640,630</u>	<u>\$ 743,624,563</u>

Annual Debt Service requirements to maturity for Revenue Bonds are as follows:

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 12,665,000	10,392,882	\$ 23,057,882
2022	13,205,000	9,851,039	23,056,039
2023	13,810,000	9,262,334	23,072,334
2024	14,470,000	8,624,001	23,094,001
2025	15,185,000	7,939,906	23,124,906
2026-2030	67,090,000	29,784,187	96,874,187
2031-2035	60,020,000	16,218,489	76,238,489
2036-2040	41,895,000	5,030,976	46,925,976
2041-2046	12,040,000	638,325	12,678,325
Totals	<u>\$ 250,380,000</u>	<u>\$ 97,742,139</u>	<u>\$ 348,122,139</u>

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Annual Debt Service requirements to maturity for Public Facility Revenue Bonds are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities		Total Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	\$ 26,386,328	\$ 13,564,302	\$ 7,373,672	\$ 1,863,803	\$ 33,760,000	\$ 15,428,105	\$ 49,188,105
2022	37,011,626	13,807,607	8,438,374	1,716,049	45,450,000	15,523,656	60,973,656
2023	36,270,063	11,969,590	8,454,937	1,311,241	44,725,000	13,280,831	58,005,831
2024	35,670,785	10,255,058	5,484,215	1,015,598	41,155,000	11,270,656	52,425,656
2025	25,572,081	8,803,117	4,902,919	789,965	30,475,000	9,593,082	40,068,082
2026-2030	91,341,688	29,296,459	10,738,313	1,839,266	102,080,001	31,135,725	133,215,726
2031-2035	69,819,640	12,865,741	4,540,360	487,791	74,360,000	13,353,532	87,713,532
2036-2040	45,315,000	3,015,656	435,000	28,819	45,750,000	3,044,475	48,794,475
Totals	<u>\$ 367,387,211</u>	<u>\$ 103,577,530</u>	<u>\$ 50,367,790</u>	<u>\$ 9,052,532</u>	<u>\$ 417,755,001</u>	<u>\$ 112,630,062</u>	<u>\$ 530,385,063</u>

Debt service requirements for general obligation bonds are principally met by the General Fund. The Governmental Activities, Landfill Closure and Post-Closure Care, Federal Arbitrage Rebate (there are no set maturity dates for these liabilities) will also be liquidated by the General Fund. Compensated absences (except School Board and most Proprietary funds) will be liquidated by the General Fund. Internal Service Funds predominately serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities in Note 6A1. The net pension liability and net OPEB liability are liquidated by the correlating funds in respect to the departmental costs and are reflected, based on allocation, on Internal Services Fund, Enterprise Fund and Entity-Wide Fund statements. Claims and Judgments are liquidated by the Risk Management Fund. Interest expense incurred on the above noted debt for the year ended June 30, 2020, was \$48,205,831.

**E. Agricultural Reserve Program**

On May 9, 1995, City Council adopted an ordinance establishing the Agricultural Reserve Program ("ARP"). The primary purpose of the ordinance is to promote and encourage the preservation of farmland in the rural southern portion of the City. Through ARP, the City acquires development rights in designated areas within the southern portion of the City through the purchase of agricultural land preservation easements. Landowners who meet certain eligibility criteria may sell an easement to the City while holding fee simple title to the land and continuing to farm. The City acquires these development rights by executing installment purchase agreements with the landowners.

These agreements provide for the payment of the principal balance of each agreement in a single installment due approximately twenty-five years after execution of the agreement. Interest on the unpaid principal balance is payable semi-annually. On May 9, 1995, the City Council originally dedicated a one and one-half cent increase in the real estate tax to finance the program, and has made the following changes to the tax rate dedication and/or uses of ARP funds.

- On May 11, 2004, the Council reduced the amount to one cent.
- On May 9, 2006 the Council reduced the amount to nine tenths of one cent.
- On May 12, 2015, the Council reduced the amount to 56 one-hundredths of one cent.
- On May 9, 2017, the Council increased the amount to nine tenths of one cent to preserve property in the Transition Area of the City and other Agricultural Reserve Program costs.
- On May 15, 2018, the Council expanded the use of ARP funds to provide support for storm water capital projects benefiting the southern portion of the City including \$990,000 annually in cash funding for project 7-024, "Southern Canal/Lead Ditch and Culvert Improvements" and a one-time contribution of \$1.5 million to project 7-047, "Ashville Park Drainage Improvements".

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These obligations constitute indebtedness within the meaning of Article VII, Section 10 of the Virginia Constitution and will be general obligations of the City, pledging the full faith and credit and unlimited taxing power of the City. By policy, interest and principal payments will be paid from a dedicated portion of real estate taxes. Principal payments will be made from maturing zero coupon Treasury securities purchased using funds provided by the dedicated portion of real estate taxes; the term to maturity is 25-years.

As of June 30, 2020, 101 installment purchase agreements totaling 9,848 acres with a total purchase price of \$48,746,276 have been executed. During FY 2020 one installment purchase agreement was executed totaling \$1,036,132 for 113.07 acres. No principal was retired in FY 2020; principal will be retired beginning in FY 2022. Interest expense incurred on this debt for the year ended June 30, 2020 was \$2,446,189.

Annual Debt Service requirements to maturity for Agricultural Reserve Program:

Year Ending June 30	Principal	Interest	Total
2021	\$ -	\$ 2,453,564	\$ 2,453,564
2022	2,211,066	2,435,502	4,646,568
2023	6,949,719	1,994,479	8,944,198
2024	1,034,361	1,802,997	2,837,358
2025	2,442,859	1,765,072	4,207,931
2026-2030	9,704,085	6,435,249	16,139,334
2031-2035	9,751,345	4,499,365	14,250,710
2036-2040	9,715,499	1,534,983	11,250,482
2041-2045	6,937,342	463,153	7,400,495
Totals	<u>\$ 48,746,276</u>	<u>\$ 23,384,364</u>	<u>\$ 72,130,640</u>

**F. Legal Debt Limit**

The Constitution of Virginia (article VII, section 10) and the City Charter (section 6.05:1) impose a legal limit on the amount of general obligation debt that the City may issue without referendum; this legal limit is 10% of the total assessed value of taxable real property. At June 30, 2020, the City's debt limit was \$6.0 billion of which \$5.4 billion was available for the issuance of additional debt (which is known as the legal debt margin).

**G. Water and Sewer Enterprise Revenue Bonds**

Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Water and Sewer Fund), subject to the prior application thereof to the payment of operating expenses. The City has pledged future water and sewer revenues, net of specified operating expenses, to repay the following bond issues:

- \$65 million in Water and Sewer Revenue Bonds issued in June 2010. The bonds are payable solely from water and sewer customer net revenues and are payable through 2036. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$74,457,124.
- \$8.4 million in Water and Sewer Refunding Revenue Bonds issued in June 2010. The bonds are payable solely from water and sewer customer net revenues and are payable through 2022. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$3,819,350.

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- \$24.9 million in Water and Sewer Refunding Revenue Bonds issued in June 2010. The bonds are payable solely from water and sewer customer net revenues and are payable through 2028. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$14,385,216.
  - \$44.8 million in Water and Sewer Revenue Bonds issued in November 2013. The bonds are payable solely from water and sewer customer net revenues and are payable through 2039. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$54,575,675.
  - \$46.7 million in Water and Sewer Revenue Bonds issued in June 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2042. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$60,918,037.
  - \$42.9 million in Water and Sewer Refunding Revenue Bonds issued in June 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2031. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$44,708,087.

The aforementioned Water and Sewer Revenue Bonds were issued for rehabilitation of aging infrastructure, neighborhood improvement projects, system expansion, and roadway and storm water coordination projects adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Water and Sewer Revenue Bonds is \$252,863,489. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year. Furthermore, City Council set a goal of debt service coverage on its water and sewer revenue bonds at not less than 1.50-times of net revenues to debt service. At June 30, 2020, the debt service coverage on the water and sewer revenue bonds is 3.1-times. The total principal and interest expense for the current year and net available customer operating income were \$17,023,916 and \$52,933,487, respectively.

**H. Storm Water Revenue Bonds**

Storm Water Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Storm Water Fund), subject to the prior application thereof to the payment of Operating Expenses. The City has pledged future storm water revenues, net of specified operating expenses, to repay the following bond issues:

- \$20 million in Storm Water Revenue Bonds issued in November 2010. The bonds are payable solely from storm water customer net revenues and are payable through 2036. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$22,004,568.
- \$7.4 million in Storm Water Revenue Bonds issued in November 2010. The bonds are payable solely from storm water customer net revenues and are payable through 2025. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$3,215,322.
- \$23.5 million in Storm Water Revenue Bonds issued in January 2015. The bonds are payable solely from storm water customer net revenues and are payable through 2040. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$27,201,716.
- \$29.5 million in Storm Water Revenue Bonds issued in February 27, 2019. The bonds are payable solely from storm water customer net revenues and are payable through 2043. At June 30, 2020, the total principal and interest remaining to be paid on the bonds is \$42,837,044.

The aforementioned Storm Water Revenue Bonds were issued to address flood control, water quality and capital maintenance adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Storm Water Revenue Bonds is \$95,258,650. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the

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system so as to produce revenues sufficient to meet its cash requirements each fiscal year. Furthermore, the City has a policy of debt service coverage on its storm water revenue bonds at not less than 1.5-times of net revenues to debt service. At June 30, 2020, the debt service coverage on the storm water revenue bonds is 4.5-times. The total principal and interest expense for the current year and net available customer operating income were \$4,927,590 and \$22,124,050, respectively.

**I. Debt Service Expenditures**

Summarized below are the annual requirements to pay debt service costs on all outstanding long-term debt as of June 30, 2020.

	<b>Principal Retirement<sup>1</sup></b>	<b>Interest and Fiscal Charges<sup>2</sup></b>	<b>Total</b>
<b><u>General Government City:</u></b>			
General Obligation Bonds	\$ 56,980,502	\$ 24,565,433	\$ 81,545,935
State Literary Fund Loans	375,000	33,750	408,750
Public Facility Revenue Bonds	29,055,881	10,225,867	39,281,748
Agriculture Reserve Program	-	2,446,189	2,446,189
Bank Charges & Bond Issuance Costs	-	1,644,029	1,644,029
Total Tax Supported Debt Service	<u>86,411,383</u>	<u>38,915,268</u>	<u>125,326,651</u>
	<b>Principal<sup>1</sup> Retirement</b>	<b>Interest and Fiscal<sup>2</sup> Charges</b>	<b>Total</b>
<b><u>Enterprise Funds:</u></b>			
Revenue Bonds	12,150,000	10,912,667	23,062,667
Public Facility Revenue Bonds	7,449,119	2,468,114	9,917,233
Bank Charges & Bond Issuance Costs	-	29,251	29,251
Total Enterprise Debt Service	<u>19,599,119</u>	<u>13,410,032</u>	<u>33,009,151</u>
<b>Total Debt Service</b>	<u><u>\$ 106,010,502</u></u>	<u><u>\$ 52,325,300</u></u>	<u><u>\$ 158,335,802</u></u>

<sup>1</sup> Excludes bonds refunded

<sup>2</sup> Excludes Premium from bond sales

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**J. Accrued Compensated Leave**

The accrued compensated leave is as follows at June 30, 2020:

	<b>Primary Government</b>		<b>School Board</b>	
	<b>Governmental</b>	<b>Business-Type</b>	<b>School Board</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Component Unit</b>	<b>Total</b>
City - Annual	\$ 34,420,057	\$ 3,174,059	\$ -	\$ 37,594,116
City - Compensatory	9,016,629	516,844	-	9,533,473
City - Sick	2,966,852	412,517	-	3,379,369
School - Annual	-	-	13,368,095	13,368,095
School - Sick	-	-	19,603,797	19,603,797
School - Personal	-	-	5,996,520	5,996,520
Total	<u>\$ 46,403,538</u>	<u>\$ 4,103,420</u>	<u>\$ 38,968,412</u>	<u>\$ 89,475,370</u>

**K. Authorized But Unissued Bonds**

A summary of debt authorized by City Council as of June 30, 2020, but not yet issued is listed below. The City's practice is to issue debt on a reimbursement bases after capital project expenses have been incurred.

**Charter Based Debt:**

**General Obligation Debt:**

2015 Charter Bonds	\$ 4,013,438
2016 Charter Bonds	44,435,081
2017 Charter Bonds	36,972,406
2018 Charter Bonds	40,623,457
2019 Charter Bonds	65,332,867
2020 Charter Bonds	69,741,841
Total General Obligation Debt	<u>261,119,090</u>

**Revenue Bond Debt:**

**Water and Sewer Debt:**

2013 W & S Revenue Bonds	5,682,666
2014 W & S Revenue Bonds	27,000,000
2015 W & S Revenue Bonds	20,000,000
2019 W & S Revenue Bonds	14,373,971
2020 W & S Revenue Bonds	1,318,515
Total Water and Sewer Debt	<u>68,375,152</u>

**Storm Water Utility Debt:**

2015 Storm Water Utility Revenue Bonds	7,879,607
2015 Storm Water Utility Revenue Bonds	15,977,102
2017 Storm Water Utility Revenue Bonds	30,143,013
2018 Storm Water Utility Revenue Bonds	30,077,004
2019 Storm Water Utility Revenue Bonds	25,000,000
2020 Storm Water Utility Revenue Bonds	34,708,495
Total Storm Water Utility Debt	<u>143,785,221</u>

**Total Authorized and Unissued Charter & Revenue Bond Debt - June 30, 2020** 473,279,463

**Appropriation-Supported Debt:**

**Public Facility Revenue Bonds**

	241,395,909
Total Authorized and Unissued Debt - June 30, 2020	<u>\$ 714,675,372</u>

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**L. Revenue Covenants**

Management believes the City is in compliance with all significant financial covenants contained in the various bond indentures, including those found in the Master Resolution adopted February 1992, as amended and supplemented, for the Water & Sewer Revenue Bonds, as well as those found in the Agreement of Trust dated January 1, 2000, as amended and supplemented, for the Storm Water Revenue Bonds.

**M. Compliance**

Management believes the City has no violations of finance related legal and contractual provisions.

**N. Public Facility Revenue Bonds and Associated VBDA Support Agreements**

City Council through the Capital Improvement Program has previously authorized the financing of various public facilities with the utilization of Public Facility Revenue Bonds (PFRB) issued through the Virginia Beach Development Authority (VBDA), a blended component unit of the City.

The VBDA issued PFRBs, Series 2005B, and 2007A & B, to finance the acquisition of three public parking garages and appurtenant structures for the Town Center Project - Phase II and III. VBDA issued 2014A Public Facility Revenue Bonds and paid \$20.5 million (includes premium) to purchase the Block 11 garage in Town Center Phase V during FY 2014. These bonds are limited obligations of the Authority, payable from certain payments to be made by the City pursuant to a Support Agreement dated June 1, 2002, as amended.

The Authority issued PFRBs, Series 2010B & C, Series 2012B, 2014B, 2015B, and 2016B to advance refund certain maturities of the previously issued PFRBs series 2002A, 2003A, 2005A, 2007A, 2005B, 2007B and its 1998 Lease Revenue Bonds. During FY 2018, the Authority issued PFRB, Series 2018A, of which \$3.1 million (including premiums) paid for a public plaza and public infrastructure to elevate Zeiders American Dream Theater in Town Center Phase VI. During FY 2020, the Authority issued PFRB, Series 2020A, of which \$68.6 million (including premiums) paid for the Virginia Beach Sports Center and related parking located on 19th Street across from the Virginia Beach Convention Center. In addition, it issued PFRB, Series 2020B to refund certain maturities of the previously issued series 2010B and 2010C bonds.

A portion of the PFRBs, Series 2003, 2005A, 2007A, 2010A, Series 2012A, 2014A, 2018A, and 2020A was used to finance acquisition and construction of various capital improvements in the City of Virginia Beach.

PFRB debt is subject to annual appropriation by the City Council, and therefore, does not constitute a general obligation debt of the City, or a pledge of the full faith and credit of the City. The bonds are limited obligations of the Authority, payable solely from payments made by the City pursuant to a Support Agreement dated September 1, 2003, as supplemented and amended.

**7. ASSETS AND OBLIGATIONS UNDER LEASES**

The City is leasing the Social Services Facility through a financing arrangement with the Virginia Beach Development Authority. Under the arrangement, the Authority issued \$9,800,000 in tax-exempt Lease Revenue Bonds to finance the Facility. In December 2018, the remaining balance of the Lease Revenue Bonds for Social Services was retired. The leasing arrangement is for monthly payments of \$47,910 to be placed in a reserve and used as needed for capital and structural improvements, maintenance and repair of the facility.

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**8. DEPOSITS AND INVESTMENTS**

All cash of the City including the School Board Component Unit (excluding the School Board Activity Funds) is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by Federal depository insurance. Funds deposited in accordance to the Virginia Security for Public Deposits Act are considered to be insured, thereby reducing custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The City has compensating balance arrangements with two financial institutions. Bank of America provides services to the City while a \$3.5 million balance is maintained in a demand deposit account. A fluctuating checking balance based on monthly investment services is a requirement of Branch Banking & Trust (BB&T).

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City does not value any of its investments using level 3 inputs).

As of June 30, 2020, the City had the following recurring investments. Except for the investments in the State Non Arbitrage Program (SNAP), Virginia Investment Pool (VIP), and Local Government Investment Pool (LGIP), all investments are in an internal investment pool.

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Weighted Average Maturities (in months)
<b><u>Investments at Fair Value:</u></b>	<b><u>June 30, 2020</u></b>				
Money Market funds	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	0.01
Commercial Paper	74,810,883	-	74,810,883	-	0.15
U. S. Government Securities	120,118,472	-	120,118,472	-	0.12
	<u>\$ 204,929,355</u>	<u>\$ -</u>	<u>\$ 204,929,355</u>	<u>\$ -</u>	
<b><u>Investments Measured at amortized Cost:</u></b>					
Certificates of Deposits	\$ 65,248,934				0.13
State Non Arbitrage Program – SNAP	112,755,946				0.12
State Treasurer's Local Government Pool (LGIP)	292,000,000				0.30
Virginia Investment Pool (VIP)	11,071,845				0.01
Virginia Investment Pool (VIP) - Liquidity Pool	288,654,264				0.30
Total Fair Value	<u>\$ 769,730,989</u>				
Total Investments					
Portfolio Weighted Average Maturity	<u>\$ 974,660,344</u>				<u>0.23</u>

The City has investments in U.S. Government securities valued at \$120.1 million (Level 2 inputs). These investments are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities'

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relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

Investments in Money Market Funds (Level 2 inputs) and Commercial Paper (Level 2 inputs) are classified in Level 2 of the fair value hierarchy and are valued in accordance with pricing sources by our custodian bank.

The remaining investments, measured in accordance with existing GASB standards and at amortized costs, totaled \$769.7 million at June 30, 2020. Investments within the SNAP Investment Pool are held there to meet the debt service reserve requirements of the bond covenants and therefore cannot be withdrawn for any other purpose. Investments within the Local Government Investment Pool (LGIP) have no restrictions on withdrawals and can be obtained upon demand. Investments in the Virginia Investment Pool (VIP) fall within two primary funds, 1-3 Year High Quality Bond Fund and Stable NAV Liquidity Pool. The 1-3 High Quality Bond Fund redemptions are available twice a month and participants are required to provide 5 days' notice. Redemptions greater than \$5 million are requested to be submitted 60 days in advance and if the redemption is greater than 10% of the portfolio's net asset value without the 60 days' notice, the redemption can be executed over time. The Stable NAV Liquidity Pool has no restrictions on withdrawals and funds are available the same day.

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2020:

	<b>Primary Government</b>	<b>School Board Component Unit</b>	<b>Total</b>
Cash and Investment	\$ 800,436,249	\$ 245,659,477	\$ 1,046,095,726
Restricted Cash and Cash Equivalents	181,424,870	0	181,424,870
Fiduciary Funds	261,195	20,406,736	20,667,931
Total	<u>\$ 982,122,314</u>	<u>\$ 266,066,213</u>	1,248,188,527
Less: Cash on Deposit			(273,528,183)
Total Fair Value of Investment at June 30, 2020			<u>\$ 974,660,344</u>

In addition to the above cash and investments reported on the government-wide financial statements the carrying values as of June 30, 2020 of the City and School Board OPEB Trust Fund's deposits and investments held by the Virginia Pooled OPEB Trust (VML/VACo Pooled OPEB Trust) was \$45,460,681 and \$-, respectively.

**Interest Rate Risk:**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits maximum final stated maturities of investments to five years. In addition, the City will structure the investment portfolio so that securities mature to meet cash requirements and by investing operating funds primarily in shorter-term securities.

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements. Reverse and escrow funds may be invested in securities exceeding five years to maturity if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

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

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**Credit Risk:**

Credit risk is the risk an investor is subject to as a result of the credit quality of investments in debt securities. Statutes as well as the City's investment policy authorize the City to invest in obligations of the United States or agencies thereof; the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptance instruments; repurchase agreements which are collateralized with securities approved for direct investment; State Treasurer's Local Government Investment Pool (LGIP); and corporate notes with at least a rating of Aa by Moody's or AA by Standard and Poor's.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool". Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the City's position in the pool is the same as the value of the pool shares.

*Custodial Credit Risks Investments* – For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City requires that all investments be clearly marked as to ownership and to the extent possible, be registered in the name of the City. In addition, the City pre-qualifies the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business.

The City's rated debt investments as of June 30, 2020 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

	<u>AAA</u>	<u>A1/P1/F1+</u>
State Treasurer's Local Government Investment Pool (LGIP)	\$ 292,000,000	\$ -
U. S. Government Securities	120,118,472	-
State Non Arbitrage Program (SNAP)	112,755,946	-
Commercial Paper	74,810,883	-

**Concentration of Credit Risk:** Concentration of credit risk represents the risk of investments in any one issue that represents five percent or more of investments. The City's investment policy limits the amount it can invest in commercial paper and bankers' acceptance instruments. By policy, investments in commercial paper are limited to 35% of the total available for investment, and not more than 5% of the total available for investment can be invested in any one issuing corporation. Bankers' acceptance instruments shall not exceed 50% of the total investment portfolio's book value on the date of acquisition.

All City and School Board Funds participate in a centralized cash and investment pool. Interest earnings on investments are allocated to the appropriate funds based upon the average monthly cash balance of each fund.

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**9. COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The City is a named defendant in litigation filed by parties concerning alleged personal injuries, property damage, and other causes of action. The City is vigorously defending all cases and expects no losses will be incurred which would have a material effect on the City's financial position.

**B. Intergovernmental Grants, Entitlements, and Shared Revenues**

The City participates in a number of federal and state grants, entitlements, and shared revenues programs. These programs are subject to financial and program compliance audits by the applicable federal or state agency or their representatives.

Furthermore, Federal grant programs in which the City participates have been audited in accordance with the provisions of the Office of Management 2 CFR 200, Uniform Administrative Requirements. The amounts, if any, of expenditures which may be disallowed by these audits cannot be determined at this time although the City expects such amounts, if any, would not have a material adverse effect on the City's financial position.

**C. Salaries Payable**

The outstanding School Board Component Unit Funds' amount represents salaries due (2 months) to school teachers who have opted to be paid over a twelve-month period, and to substitute and supplemental school personnel.

**D. Landfill Closure and Environmental Trust Fund Claims**

On May 24, 2016, the City entered into a use and support agreement with Southeastern Public Service Authority of Virginia (SPSA). Under this agreement, effective January 1, 2018 which continues until June 2027, the City agreed to use SPSA's solid waste disposal system to dispose of solid waste generated within and collected by the City. For this service, the City agreed to pay tipping fees to SPSA.

The total remaining capacity as of March 1, 2020 of the permitted cells at the City landfill is 1.76 million tons. The City used 3.6 million tons prior to the date of the agreements (August 1984). Total usage to date has been estimated at 8.246 million tons. Estimated remaining life of the landfill, based on current fill rates is 24 years for the existing developed capacity and 73 years for the permitted capacity.

As of March 1, 2020, approximately 77 percent of the permitted landfill has been used. Based on a June 2020 analysis, the present value of the estimated cost for both closure and post-closure care is \$21,668,720, an amount based on landfill capacity used to date. Until another cell of the landfill is opened, no additional estimated closure and post-closure care costs will be recognized, except for the effects of inflation, changes in landfill conditions, changes in estimates, changes in technology or changes in laws or regulations. This amount is reflected in the government-wide financial statements. The City is required by law to submit a worksheet that demonstrates the ability to fund landfill closure and post-closure care costs.

The Environmental Trust Funds were established through agreements between the City, Suffolk and SPSA which include the Suffolk Environmental Trust fund and the Virginia Beach Environmental Trust Fund. The purpose of these accounts are to provide for all costs relating to legal suits and other similar claim activity relating to environmental pollution that are made against the Regional Landfill and the Virginia Beach Landfill during a thirty (30) year period after cessation of each landfill's operation. The City's proportionate share of the funds, held by SPSA, total \$307,907 as of June 30, 2020.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**E. Encumbrances**

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation is used as an extension of formal budgetary control by the City. At June 30, 2020 the City had outstanding encumbrances as follows:

<b>General Fund</b>		
General Government	\$	2,537,445
Computer Replacement Program		134,180
Emergency Management		478,069
Housing		515,178
Museums and Cultural Arts		116,561
Information Technology		2,397,038
Planning		159,134
Sandler Center for the Performing Arts		1,601,383
Human Services		299,948
Police		202,653
Public Works		3,657,291
Parks and Recreation		274,221
Vehicle Replacement		1,113,108
Total General Fund		<u>13,486,209</u>
<b>Capital Projects Fund</b>		
Engineering and Highways		37,133,897
Buildings		75,145,808
Parks and Recreation		3,212,203
Coastal		1,430,851
Economic and Tourism		24,429,691
Total Capital Projects Fund		<u>141,352,450</u>
<b>Nonmajor Special Revenue Funds</b>		<u>2,061,680</u>
<b>Total</b>	<b>\$</b>	<b><u>156,900,339</u></b>

**F. COVID-19**

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic significantly affected global markets, supply chains, businesses, and communities. Specific to the City of Virginia Beach, COVID-19 may impact various future operations and financial results. Management believes the City has taken appropriate actions to mitigate any negative impact. However, the ultimate impact of COVID-19 is unknown and cannot be reasonably estimable at this time.

The City received \$39,258,497 of Coronavirus Aid, Relief and Economic Security Act (CARES) Funding in June 2020. Funding can only be used to cover costs that are necessary expenditures with respect to the COVID-19, not accounted for in the most recent budget and were incurred between March 1, 2020 through December 30, 2020. The City has identified eligible expenses and will be compliant with the terms of the award.

In addition the City has received other COVID related grants, such as \$3.5 million CARES Act Funding from the U.S. Department of Housing and Urban development to help the community with housing and homelessness related issues caused by the COVID-19 and other allocations from the State.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**10. TAX ABATEMENTS**

Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach	
	Tourism Development Financing Program (TDFP)	Business License Incentive Program (BPOL)
	Cavalier	
1) Purpose of Program	Provides incentive payment annually of "but for" project revenues after a project is operational and has paid sales taxes. This annual incentive payment is to assist in closing a financing gap between debt and equity a developer currently has and the total financing required by a tourism project.	Incentive program providing partial tax exemption for new businesses, and will foster business development and encourage entrepreneurialism.
2) Tax being abated	1% local sales tax	Business License Tax
3) Authority under which abatement agreements are entered into	VA Code 58.1-3851.1 City Code Chapter 35.4	City Code Chapter 18.202-208
4) Criteria to be eligible to receive abatement	Capital investment greater than \$30 million and taxable sales greater than \$1 million annually. Compensates for a shortfall in project funding, not to exceed 30% of a qualified project's total cost.	A qualifying business that locates in the City of Virginia Beach for the first time and anticipates gross receipts greater than \$100K.
5) How recipients' taxes are reduced	Through sales tax dedication based on generated sales.	Pay maximum license fee of \$60 for the first 2 calendar years.
6) How amount of abatement is determined	1) 1% of local sales tax generated on-premise is paid to developer as an incentive payment - total of \$8.17M 2) 1% of state sales tax generated on-premise is paid to developer as an incentive payment - total of \$8.17M 3) 1% developer access fee that is paid to the state is provided to the developer as an incentive payment - total of \$8.17M	Business License Tax reduced to \$50.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	1) Economic Development Investment Program Grant - \$8.2M (FY 2014) 2) Green Space/Historic Preservation Easement - \$2.37M (FY2014) 3) Cavalier Drive Improvements - \$2.45M (FY2014 and 2017) 4) Annual Grants based on increased Real Estate Tax Revenues - capped at \$5M in total; not yet paid	Eligible for Economic Development Investment Program Grant: FY2019 - \$687,262
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Real Estate Tax: FY2020 - \$1,401,369 FY2019 - \$951,367  Sales Tax: FY2020 - \$174,943 (City's portion only) FY2019 - \$119,529 (City's portion only)	Business License Tax: FY2020 - \$516,954 FY2019 - \$410,812

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach	
	Yes Oceana APZ-1 Incentives	ViBE Creative District
1) Purpose of Program	Developed to meet the requirements of the Base Realignment and Closure (BRAC) Commission to protect our citizens and keep the Navy's East Coast master jet base, Naval Air Station (NAS) Oceana, in Virginia Beach. Consists of zoning ordinances and incentives to foster the conversion of nonconforming businesses in APZ-1 into conforming ones and relocating ones that cannot be converted to another part of Virginia Beach.	To attract creative industries to the City, new establishments at which creative activities are carried on, establish framework for broadening economic development through creative endeavors, and to encourage creative activities at existing venues.
2) Tax being abated	Real Estate Tax; Business License Tax and Fees	Real Estate Tax; Business License Tax and Fees
3) Authority under which abatement agreements are entered into	VA Code 58.1-3220.1 and 58.3221 Ord. No. 2786, 9-23-03 Ord. No. 2932, 3-28-06 VB Code 35-72.1, 35.2-11	VB Code Section 9-1 through 9-9. Ord. No. 3402
4) Criteria to be eligible to receive abatement	The assessed value after the rehabilitation, renovation, or replacement of the structure shall be at least 20% greater than the base assessed value; for commercial or industrial use; consistent with the City's Comprehensive Plan and Zoning Ordinances; result in conversion of a nonconforming use to a conforming use.	Being a qualifying organization including one that is intended for unique production of works created by artists, a museum, theater, entity engaged in architecture, culinary arts, design, film, publishing, and software development, etc.; and shall be physically located within a Creative District designated by the City Council.
5) How recipients' taxes are reduced	Credit on tax bill, rebate, and reimbursements of fees. All last 15 years.	Credit on bill for real estate tax. Through reimbursement of business, professional, and occupational license taxes. Reimbursement of fees.
6) How amount of abatement is determined	The difference between the taxes computed upon the base value and the initial rehabilitated assessed value of the property for each year of the partial exemption from real estate taxes; credit shall not increase. 90% of business license taxes imposed by Chapter 18.	Real estate credit is amount equal to the greater of initial increase in assessed value of the structure above its base value resulting from the rehabilitation of the structure or an amount equal to fifty percent of the qualifying costs of rehabilitating the structure, for 10 years. Entitled to reimbursement for up to 10 years of BPOL taxes. Total reimbursement of fees if qualified.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	Eligible for Economic Development Investment Program Grant: FY2020 - \$3,232 FY2019 - \$142,078	Eligible for Economic Development Investment Program Grant. FY2020 - \$30,925 FY2019 - \$21,637
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Business License Tax: FY2020 - \$56,204 FY2019 - \$67,747 No Real Estate Taxes have been credited to-date	There are currently only two qualifying establishments under this program and due to Virginia Law this amount cannot be disclosed, therefore it is included with the amount in APZ-1.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	<b>Programs Administered by City of Virginia Beach</b>	
	Public Private Partnerships	
	Field House	25th Street Parking Garage and iFLY
1) Purpose of Program	The Virginia Beach Field House is a 175,000 sf Indoor Multipurpose Field House Venue opened in September 2010. It is located in the Princess Anne Athletic Complex filling a need for recreational facilities. Eastern Sports Management operates the facility. Private investment was \$15.7 million and included a ground lease from the City (percentage rent of 5% for annual sales over \$5.5 million).	The City partnered with a private company to develop a unique tourism amenity and to provide public parking in the resort area. The project includes a public garage, and privately owned entertainment facility and apartments. The project is aligned with Council's Resort Strategic Action Plan (2008) for year-round entertainment, a year-round residential development/presence, and public parking. The Venue opened in 2016 and had private investment of \$21.66 million.
2) Tax being abated	Real Estate Tax	Admissions Tax
3) Authority under which abatement agreements are entered into	Development Agreement approved by City Council	Virginia Public-Private Education Facilities and Infrastructure Act of 2002
4) Criteria to be eligible to receive abatement	The project's comprehensive agreement was approved by City Council February 2010.	The project's comprehensive agreement was approved by City Council February 2013.
5) How recipients' taxes are reduced	Company receives a rebate/incentive payment.	Company receives a rebate/incentive payment.
6) How amount of abatement is determined	100% of annual real estate taxes, paid to the city are rebated back as an incentive payment (but for revenues) for the first 10 years.	90% of admission taxes remitted to the City are rebated back as an incentive payment (but for revenues) until a total of \$1.6 million have been returned.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	N/A	The City sold the 25th Street parking lot to the developer for \$7.65 million. After the developer built 147 apartment units, 2,500 square feet of retail space, "iFLY" entertainment facility, and a 565-space garage, the City purchased the parking garage for \$7.65 million. Also, the City contributed approximately \$250,000 towards landscaping and \$586,000 for streetscape improvements.
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Real Estate Tax: FY2020 - \$68,360 (Last payment made Dec. 2019) FY2019 - \$136,307	Admission Tax: FY2020 - \$61,155 FY2019 - \$85,820

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**11. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS**

**A. Interfund Transfers**

Interfund transfers for the year ended June 30, 2020 were made up of the following:

<b>Transfer To:</b>	<b>General Fund</b>	<b>Nonmajor Governmental</b>	<b>Water &amp; Sewer Enterprise</b>	<b>Nonmajor Parking Enterprise</b>	<b>Internal Service</b>	<b>Total</b>
General Fund	\$ 3,468	\$ 16,526,464	\$ -	\$ -	\$ 350,000	\$ 16,879,932
Capital Projects Fund	53,914,264	22,257,370	1,000,554	1,350,000	100,000	78,622,188
Storm Water Fund	-	1,004,873	-	-	-	1,004,873
Nonmajor Governmental	76,642,353	2,783,932	-	65,000	-	79,491,285
Nonmajor Enterprise Funds	-	68,500	-	-	-	68,500
Total	<u>\$ 130,560,085</u>	<u>\$ 42,641,139</u>	<u>\$ 1,000,554</u>	<u>\$ 1,415,000</u>	<u>\$ 450,000</u>	<u>\$ 176,066,778</u>

**Purpose:**

**Transfers From General Fund:**

\$ 3,468 General Fund: Circuit Court Clerk Technology Fee Trust Fund  
53,914,264 Capital Projects Fund: Funding for Pay-As-You-Go Capital Projects Fund  
76,642,353 Nonmajor Governmental Funds: Funding for Special Revenue programs and Debt Fund

**Transfers From Nonmajor Governmental Funds:**

\$ 16,526,464 General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF  
22,257,370 Capital Projects Fund: Funding for Pay-As-You Go capital projects.  
1,004,873 Storm Water Fund: Funding for support of Storm Water operations.  
2,783,932 Nonmajor Governmental Funds: Funding for support of existing programs  
68,500 Nonmajor Enterprise Funds: Funding for Parking support.

**Transfer From Water and Sewer Enterprise Fund:**

\$ 1,000,554 Capital Projects: Buildings and IT Projects

**Transfer From Nonmajor Enterprise Fund:**

\$ 1,350,000 Capital Project Funds: Economic and Tourism.  
65,000 Nonmajor Governmental Funds: Funding for support of existing programs.

**Transfer From Internal Service Fund:**

\$ 350,000 General Fund: COVID-19 Public Safety Supplies  
100,000 Capital Project Funds: Funding for support of Roadway Capital Projects

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**B. Net Position Deficit**

The following Primary Government funds have deficit balances in equity at June 30, 2020:

**Proprietary Funds:**

Risk Management Fund	\$	(10,947,408)
Grants Consolidated Fund	\$	(2,515,814)
Sheriff's Department Fund	\$	(806,343)

The deficit in the Risk Management Fund represents the actuarially estimated liability for future claims. The rate structure for the Risk Management Fund is continually being evaluated for adjustments.

The deficit in the Grants Consolidated Fund is a result of a delays in requests for grant reimbursements due to filing extensions and state review of grant requirements.

The deficit in the Sheriffs Department Fund is a result of court closures due to COVID-19, resulting in a loss of state revenues.

**C. Restatement**

The beginning net position of the Virginia Beach Community Development Corporation was restated to reflect the inclusion of Citywide Homes 2001, L.P. which was not reported with the consolidated statements for the year then ended. Prior to June 30, 2018 VBCDC did not control the operations of Citywide and was not included in the consolidated financial statements. As of June 30, 2019 the VBCDC is the sole owner of Citywide and is able to exert control over its operations. The following table reflects the change on the VBCDC's June 30, 2019 consolidate financial statements. .

FY 2020 Beginning Balance Prior to Restatement		Restatement	FY 2020 Beginning Balance Resated		
\$	10,318,428	\$	(79,110)	\$	10,239,318

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**12. RISK MANAGEMENT**

**A. Primary Government Self-Insurance Program**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During Fiscal Year 1973, the City established an internal service Risk Management Fund to account for and finance its uninsured risks of loss. Under this program, the Fund provides coverage for up to a maximum of \$1,250,000 for each workers' compensation claim, \$2,000,000 for each general and auto liability claim, \$50,000 for each fire and property claim (\$100,000 for schools), and \$2,000,000 for each public officials (errors and omissions) claim.

The City is also exposed to the risk of loss for employee medical benefits. These medical benefits are accounted for in the School Health Insurance Internal Service Fund. This fund accounts for and finances this joint self-insured program between the City and the School Board.

The insurance coverage for each major category of risk is the same as those reported in the prior fiscal year. There have not been any reductions in commercial insurance coverage from the prior year and the amount of settlements applied against this coverage in each of the past three years did not exceed the commercial insurance. The City has \$10,000,000 of excess insurance coverage per claim and \$20,000,000 aggregate. In addition, the City purchased Cyber insurance with a \$10,000,000 limit for each claim and in aggregate policy. These coverages include data breach incident response, network security, privacy liability, data breach liability, regulatory liability, business interruption, data restoration, cyber extortion and media liability. At this time, the claims received and exposure from COVID-19 have had minimal impact on the City and the Self-Insurance Program.

All funds of the City participate in the program (except for School Board Component Unit funds) and make payments to the Risk Management Fund based on normal underwriting criteria and each agency's loss experience. The City uses an actuary to aid in the determination of self-insurance liabilities.

The claims liability of \$44,599,078 is based on the ultimate cost of settling the claims, which includes incremental claim adjustment expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30. The City prepares an update of the actuarial liability annually, and believes the estimates contained herein substantially reflect estimated claims and judgments for the period ending June 30, 2020.

<b>Fiscal Year</b>	<b>Beginning Liability</b>	<b>Claims &amp; Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Year-End</b>
2019	40,902,030	11,075,214	10,523,723	41,453,521
2020	41,453,521	13,609,333	10,463,776	44,599,078

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**B. School Board Self-Insurance Program**

The School Board is self-insured for a portion of its risks. The self-insurance coverage for Fire and Property Insurance is \$100,000 per occurrence (includes unnamed windstorm and earthquake damage) and 1% of the total insured value of the damaged covered property when such loss or damage results from a named windstorm (minimum deductible - \$250,000 per occurrence); Boiler and Machinery Breakdown coverage is \$10,000 per occurrence; School Leaders Liability (errors and omissions) coverage is \$350,000 per occurrence; Crime (Employee Dishonesty) coverage is \$2,500 per occurrence; Environmental Impairment is \$25,000 and Cyber Liability coverage has a \$50,000 self-insured retention. Automobile Liability coverage (engine on) is \$450,000 per occurrence; Automobile Physical Damage coverage (engine off) is \$60,000 per occurrence; General and Automobile and Workers' Compensation self-insured retention is \$750,000 per claim.

Commercial insurance is purchased to cover the amount in excess of the above self-insured levels for specific losses. When economically feasible, commercial insurance is purchased to cover certain exposures completely. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years and the insurance coverage is substantially the same as in recent prior fiscal years.

Claims processing and payments for all insurance claims are made through commercial carriers and third-party administrators. The School Board uses the information provided by the third-party administrators to aid in the determination of self-insurance liabilities. The computed liability for the last three years are as follows:

<b>Fiscal Year</b>	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims &amp; Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year-End</b>
2019	7,971,000	7,550,000	6,924,000	8,597,000
2020	8,597,000	5,931,000	6,719,849	7,808,151

**Self-Insured Health Care Benefits Program**

Effective January 1, 2000, the School Board and City Council established a self-insured health care benefits program for all School Board and City employees. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of \$600,000. The amount of settlements did not exceed insurance coverage for each of the past three fiscal years.

Claims processing and payments for all health care claims are made through third-party administrators. The School Board uses the information provided by the third-party administrators and a health care benefits consultant to aid in the determination of self-insurance liabilities. The computed liability for the last three years are as follows:

<b>Fiscal Year</b>	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims &amp; Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year-End</b>
2018	7,324,000	134,456,000	132,452,000	9,328,000
2019	9,328,000	142,338,000	142,235,838	9,430,162
2020	9,430,162	126,801,000	127,976,162	8,255,000

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**C. Surety Bonds**

All City employees, including employees of elected constitutional officers (Commissioner of the Revenue, Treasurer, Commonwealth's Attorney, Sheriff, Clerk of the Circuit Court), are bonded in favor of the City in the amount of \$1,000,000. This bond is written by the Travelers Insurance Company.

The Commonwealth of Virginia has secured a blanket bond for the City Treasurer and Finance Director (\$1,600,000) Commissioner of Revenue (\$3,000) and the Sheriff (\$30,000) which covers the bonds required by law or contract for the position they hold. The bond is written by Travelers Casualty and Surety Company of America.

The Commonwealth of Virginia also provides coverage through the "Faithful Performance of Duty Bond Plan" in the amount of \$500,000 for the constitutional officers. This does take the place of a separate bond required by law or contract.

All School Board employees are covered by a faithful performance bond in the amount of \$100,000 to protect the School Board in the event of fraudulent acts.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**13. RETIREMENT**

**A. Virginia Retirement System**

***Plan Description***

The City and School Board contribute to the Virginia Retirement System (VRS), which provides agent, multiple employer and cost-sharing, multiple-employer defined benefit pension plans administered by the Virginia Retirement System (System). The City employees and School Non Professional employees are covered by the VRS Political Subdivision Retirement Plan, which is the agent, multiple employer defined benefit. All full-time, salaried permanent (professional) employees of Virginia Beach City Public Schools (VBCPS) are covered by the VRS Teacher Retirement Plan, which is the cost-sharing, multiple employer defined benefit plan upon employment.

For purposes 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 Virginia Retirement System Retirement Plans and the additions to/deductions from the VRS Retirement plans' net fiduciary position have been determined on the same basis as they were reported by 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.

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

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

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1: Plan 1 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.</p>	<p>About Plan 2: 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.</p>	<p>About the Hybrid Retirement Plan: The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</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> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p>Eligible Members: Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p>Eligible Members: Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>Eligible Members: Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.</li> </ul>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election: VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election: Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members: Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> </ul> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions: Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions: Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions: A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service:  Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service:  Same as Plan 1.</p>	<p>Creditable Service  Defined Benefit Component:  Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p>Defined Contributions  Component:  Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting:  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.</p>	<p>Vesting:  Same as Plan 1.</p>	<p>Vesting  Defined Benefit Component:  Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		<p>Defined Contributions Component:  Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit:  The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit:  See definition under Plan 1.</p>	<p>Calculating the Benefit Defined Benefit Component:  See definition under Plan 1.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.		Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation: A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation: A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation: Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.  For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	Sheriffs and regional jail superintendents: Same as Plan 1.	Sheriffs and regional jail superintendents: Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Political subdivision hazardous duty employees: Same as Plan 1.	Political subdivision hazardous duty employees: Not applicable.  Defined Contribution Component: Not applicable.

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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility  VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p>Political subdivisions hazardous duty employees:  50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility  VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees:  Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility  Defined Benefit Component:  VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p>Political subdivisions hazardous duty employees:  Not applicable.</p> <p>Defined Contribution Component:  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement:  The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility:  For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement:  The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility:  Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component:  Same as Plan 2.</p> <p>Defined Contribution Component:  Not applicable.</p> <p>Eligibility:  Same as Plan 1 and Plan 2.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Exceptions to COLA Effective Dates:  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</li> </ul>	<p>Exceptions to COLA Effective Dates:  Same as Plan 1.</p>	<p>Exceptions to COLA Effective Dates:  Same as Plan 1 and Plan 2.</p>
<p>Disability Coverage:  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage:  Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage:  Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Purchase of Prior Service: Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service: Same as Plan 1.</p>	<p>Purchase of Prior Service Defined Benefit Component:  Same as Plan 1, with the following exceptions:  - Hybrid Retirement Plan members are ineligible for ported service.  Defined Contribution  Component:  Not applicable.</p>

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplemental information for VRS. A copy of the most recent report may be obtained from the VRS website at <https://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500 Richmond, VA., 23218-2500.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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***Employees Covered by Benefit Terms***

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>City</u>	<u>School Board Non Professional</u>
Inactive Members or Their Beneficiaries Currently Receiving Benefits	4,145	1,643
Inactive Members:		
Vested	842	296
Non-Vested	1,277	834
Long Term Disability	4	6
Active Elsewhere in VRS	828	393
Total Inactive Members	2,951	1,529
Active Members	6,057	2,018
Total	<u>13,153</u>	<u>5,190</u>

***Contributions***

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

The City's contractually required employer contribution rate for the year ended June 30, 2020 was 14.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This rate, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The School Board Professional VRS plan's contractually required employer contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The School Board (Non Professional) VRS pension plan's contractually required contribution rate for the year ended June 30, 2019 was 6.73% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This rate, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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Contributions made by the Employer and Employee for the years ended June 30, 2019 and June 30, 2018 are listed in the table below:

Fiscal Year	City		School Board - Professional		School Board - Non-Professional	
	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions
2020	\$ 47,363,487	\$ 16,153,428	\$ 65,059,000	\$ 63,710,000	\$ 2,929,000	\$ 2,885,000
2019	47,366,085	16,075,182	63,710,358	20,315,803	2,885,329	2,146,633

***Net Pension Liability***

The City's net pension liability measured as of June 30, 2019 totaled \$417,692,180. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

As of June 30, 2020, the School Board Professional Retirement Plan reported a liability of \$657,817,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board's proportion was 4.99839% as compared to 5.07577% at June 30, 2018. The School Board's net pension liability for the Non Professional Retirement Plan measured as of June 30, 2019 totaled \$21,008,000. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

***Actuarial Assumptions – City General Employees***

The total pension liability for general employees in the City's Retirement Plans was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation:	2.5 percent
Salary increases, including inflation:	3.5 percent - 5.35 percent
Investment rate of return:	6.75 percent, net of pension plan investment expenses, including inflation*

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

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**Mortality rates:**

**Largest 10 - Non-LEOS: 20% of deaths are assumed to be service related.**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**All Others (Non 10 Largest) – Non-LEOS: 15% of deaths are assumed to be service related.**

**Pre-Retirement:**

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

**Post-Retirement:**

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2016, except 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:

**Largest 10-Non-LEOS:**

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rates from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

**All Others (Non 10 Largest) – Non-LEOS:**

- Updated mortality rates 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
- Lowered disability rates
- Increased line of duty disability rates from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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***Actuarial Assumptions – City Public Safety Employees***

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation:	2.5 percent
Salary increases, including inflation:	3.5 percent - 4.75 percent
Investment rate of return:	6.75 percent, net of pension plan investment expenses, including inflation*

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

**Mortality rates:**

**Largest 10 - LEOS: 70% of deaths are assumed to be service related**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 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% of male.

**All Others (Non 10 Largest) – Non-LEOS: 45% of deaths are assumed to be service related**

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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**Largest 10-LEOS:**

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service year
- Increased disability rates
- Increased line of duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

**All Others (Non 10 Largest) – LEOS:**

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Increased retirement age 50 rates and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better fit experience
- Decreased line of duty disability rates from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%

***Actuarial Assumptions – School Board***

**Professional/Teacher Retirement Plan**

The total pension liability for the VRS Professional/Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95percent
Investment rate of return	6.75 Percent, net of pension plan investment expense, including inflation*

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

**Mortality rates:**

**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 65-70 and 2.0% increase compounded from ages 75-90.

**Post-Disablement:**

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

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Updated mortality rates 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
- No change to salary scale
- Decrease discount rate from 7.00% to 6.75%

**Non Professional Retirement Plan**

The total pension liability for Non Professional (Non Teacher) Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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

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

**Mortality rates:**

Largest 10 - 20% of deaths are assumed to be service related

All Others (Non 10 Largest) - 15% of deaths are assumed to be service related

**Pre-Retirement:**

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

**Post-Retirement:**

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2017. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality rates to a more current mortality table - RP-2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement age from 70 to 75
- Adjusted termination rates to better fit experience at each age and service year

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- Lowered disability rates

***Long-Term Expected Rate of Return***

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

<b>Asset Class (Strategy)</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%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u><u>7.63%</u></u>

\* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

***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 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. Through the fiscal year ending June 30, 2020, the rate contributed by the City and School Board's Retirement Plans 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, participating employers are assumed 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.

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***Changes in Net Pension Liability***

City	Increase/(Decrease)		
	Plan Fiduciary		
	Total Pension Liability (a)	Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at June 30, 2018</b>	<u>\$ 2,020,209,232</u>	<u>\$ 1,672,661,646</u>	<u>\$ 347,547,586</u>
Changes for the Year:			
Service Cost	39,607,023	-	39,607,023
Interest	137,584,382	-	137,584,382
Changes in assumptions	58,968,730	-	58,968,730
Difference between expected and actual experience	6,189,119	-	6,189,119
Contribution - Employer	-	47,363,487	(47,363,487)
Contribution - Employee	-	16,153,428	(16,153,428)
Net Investment Income	-	109,869,540	(109,869,540)
Benefit payments, including refunds of			
Employee Contributions	(109,436,121)	(109,436,121)	-
Administrative Expense	-	(1,110,715)	1,110,715
Other Changes	-	(71,080)	71,080
Net Changes	<u>132,913,133</u>	<u>62,768,539</u>	<u>70,144,594</u>
<b>Balances at June 30, 2019</b>	<u>\$ 2,153,122,365</u>	<u>\$ 1,735,430,185</u>	<u>\$ 417,692,180</u>

**School Board Non Professional**

	Increase/(Decrease)		
	Plan Fiduciary		
	Total Pension Liability (a)	Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at June 30, 2018</b>	<u>\$ 226,914,559</u>	<u>\$ 214,623,616</u>	<u>\$ 12,290,943</u>
Changes for the Year:			
Service Cost	3,788,974	-	3,788,974
Interest	15,432,954	-	15,432,954
Changes in assumptions	6,306,405	-	6,306,405
Difference between expected and actual experience	2,127,992	-	2,127,992
Contribution - Employer	-	2,880,916	(2,880,916)
Contribution - Employee	-	2,161,296	(2,161,296)
Net Investment Income	-	14,049,158	(14,049,158)
Benefit payments, including refunds of			
Employee Contributions	(12,468,334)	(12,468,334)	-
Refunds of contributions	(419,254)	(416,254)	
Administrative Expense	-	(143,574)	143,574
Other Changes	-	(8,810)	8,810
Net Changes	<u>14,768,737</u>	<u>6,054,398</u>	<u>8,717,339</u>
<b>Balances at June 30, 2019</b>	<u>\$ 241,683,296</u>	<u>\$ 220,678,014</u>	<u>\$ 21,008,282</u>

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

The following presents the net pension liability for the City, School Board Non Professional and School Board's proportional share for the Professional/Teacher Retirement Plans, each using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>1% Decrease (5.75)%</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75)%</b>
City's Net Pension Liability	\$ 683,769,350	\$ 417,692,180	\$ 204,473,984
School Board Non Professional Net Pension Liability	\$ 49,044,000	\$ 21,008,000	\$ (1,551,000)
School Board's Proportionate Share of the Net Pension Liability for the VRS Professional/Teacher Retirement Plan	\$ 990,300,000	\$ 657,817,000	\$ 382,915,000

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

For the year ended June 30, 2020, the City recognized pension expense of \$69,419,966. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>City</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,859,836	\$ -
Changes of assumptions	46,921,034	-
Net difference between projected and actual earnings on plan investments	-	14,455,750
Employer contributions subsequent to the measurement date	48,251,362	-
Total	\$ 102,032,232	\$ 14,455,750

The \$48,251,362 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:	
2021	\$ 18,869,094
2022	1,515,947
2023	15,623,026
2024	3,317,053
2025	-
Thereafter	-

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***School Board Professional/Teachers Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2020, the School Board recognize pension expense of \$64,181,000 for the Professional/Teacher Retirement Plan. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>School Board Professional</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 42,123,000
Change of assumptions	65,139,000	-
Net difference between projected and actual earnings on plan investments	-	14,444,000
Changes in proportion and differences between employer contributions and porportionate share of contributions	365,000	13,872,000
Employer contributions subsequent to the Measurement Date	65,059,000	
Total	<u>\$ 130,563,000</u>	<u>\$ 70,439,000</u>

The \$65,059,000 reported as deferred outflows of resources related to pensions resulting from the contributions by the School Board for the Professional/Teachers plan subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:		
2021	\$	(4,520,000)
2022		(16,679,000)
2023		2,935,000
2024		8,888,000
2025		4,441,000

In addition, for the year ended June 30, 2020, the School Board recognized pension expense was \$6,675,000 for the Non Professional Retirement Plan. At June 30, 2020, the School Board Non Professional Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>School Board Non Professional</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,290,000	\$ 28,000
Changes in Assumptions	3,823,000	-
Net difference between projected and actual earnings on plan investments	2,568,000	4,420,000
Employer contributions subsequent to the measurement date	2,929,000	-
Total	<u>\$ 10,610,000</u>	<u>\$ 4,448,000</u>

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The \$2,929,000 reported as deferred outflows of resources related to pensions resulting from the contributions by the School Board Non Professional plan made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:		
2021	\$	3,321,000
2022		(190,000)
2023		(37,000)
2024		139,000
2025		-

**B. Sheriff's Supplemental Retirement Plan**

**1. Description of the Plan**

The Sheriff's Supplemental Plan is a defined contribution plan that was established by the City Council of Virginia Beach, Virginia ("City Council") in 1995 in accordance with Internal Revenue Code Section 401. The Plan sponsor and participating employer is the City of Virginia Beach Sheriff's Office ("Employer"). The Plan is available to all employees of the City of Virginia Beach Sheriff's Office, who have completed one year of service, as defined by the Plan.

The City Code of Virginia Beach, Virginia establishes a Deferred Compensation Board ("Board") to supervise, administer and implement the Plan. The Board has full power and authority to adopt rules and regulations for the administration of the Plan. The Board also contracts with providers to manage the investment of plan assets and is responsible for selecting the Plan investment options. Plan provisions and contribution requirements are established and may be amended by the City Council.

The Deferred Compensation Board and the City Council and School Board of the City of Virginia Beach, Virginia, the Plan Sponsor, voted to offer its employees the Commonwealth of Virginia Cash Match Plan (COV). In January 2020, Sheriff's existing plan was transferred to COV and continue for the benefit of employees of the City of Virginia Beach.

The Virginia Cash Match Plan provides an opportunity for the City of Virginia Beach to make a discretionary contribution on behalf of employees. The investment options for the plan are organized into three pathways to make it easier for participants to implement investment decisions according to their knowledge of investments and investment style. The *Do-It-For-Me Path* includes the target date portfolios for participants who prefer a pre-mixed portfolio that is already diversified. The *Help-Me-Do-It Path* includes a carefully selected menu of ten funds for participants who prefer to take a more active role in investing and want to construct a portfolio that addresses their individual needs. The *Do-It-Myself Path* includes a self-directed brokerage account (SDBA) for those who believe that are skilled and knowledgeable about investments. Investments for the SDBA include mutual funds, exchange-traded funds (ETFs) and individual securities.

Plan financials for the year ended June 30, 2020 are presented in accordance with U.S. GAAP accrual accounting.

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As of June 30, 2020, the composition of participants was as follows:

Employed participants with ending balances	304
Terminated participants with ending balances	93
Participants with zero ending balances	23
	<u>420</u>

Participants may not contribute to the Plan. The Employer may contribute discretionary amounts to be determined by the City of Virginia Beach Sheriff's Office annually. The employer did not make any contributions during the plan year end. Employer contributions to the Plan, and any earnings they generate, are vested as follows:

<u>Years of Service</u>	<u>Vested Percentage</u>
0- 5 years	0%
5 years of more	100%

Participants may withdraw from their accounts during a qualifying distribution event. Qualifying distribution events are: retirement, permanent disability, termination from employment, attainment of age 59½, and death. Ordinary income tax will apply to each withdrawal. Withdrawals received prior to age 59½ may also be assessed a 10% early withdrawal federal tax penalty.

*Participant Accounts* – Each participant's account is credited with an allocation of the City's discretionary contributions as well as Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant compensation, account balances, or specific participant transactions as defined. The benefit to which the participant is entitled is the benefit that can be provided from the participant's vested account.

*Payment of Benefits* – On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or annual installments not to exceed the lifetime of the payee. For termination of service for other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

*Investment Options* – Participants direct the investment of their accounts into various investment options offered by the Plan. The Plan's investments are stated at fair value (except for fully benefit-responsive investment contracts, which are valued at contract value). Fair value is the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Contract value is the relevant measure for the portion of net assets available for benefits attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

*Forfeitures* - During the year ended June 30, 2019, there were no forfeited non-vested accounts. Forfeitures of the Plan's contribution are reallocated to eligible participants.

## **2. Summary of Significant Accounting Policies**

*Basis of Accounting* – The Plan's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) using the financial reporting framework established by the Governmental Accounting Standards Board ("GASB").

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*Use of Estimates* – The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Investments Valuation and Income Recognition* – Investments are reported at fair value. Plan management determines the Plan's valuation policies utilizing information provided by the custodian.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

*Contributions* – Contributions are recognized in the year when due in accordance with the terms of the Plan.

*Benefit Payments* – Benefit payments are recorded when paid.

*Administrative Expenses* – Administrative expenses are recorded when incurred. Certain administrative functions are performed by the City and are not reflected in these statements.

**3. Investments**

The Board has adopted an investment policy that sets forth the goals and objectives of the investment options available to the Plan. The Board chooses which investment options will be available under the Plan and monitors the investment options' compliance to the investment policy. The Plan's authorized investments allows for funds within fifteen major asset classes defined by either investment objective or risk category.

The Plan had the following investments as of June 30, 2020:

Mutual funds, at fair value:

Bond Fund	\$ 268,134
Global Real Estate Fund	13,188
Inflation-Protected Bond Fund	2,076
International Stock Fund	133,996
Retirement Portfolio	127,947
Small/Mid-Cap Stock Fund	288,617
Stable Value Fund	835,333
Stock Fund	958,781
Traget Date 2025 Portfolio	97,560
Traget Date 2030 Portfolio	139,820
Traget Date 2035 Portfolio	114,461
Traget Date 2040 Portfolio	156,026
Traget Date 2045 Portfolio	62,781
Traget Date 2050 Portfolio	20,781
Traget Date 2055 Portfolio	45
	<u>3,219,546</u>

*Custodial Credit Risk* – This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of the investment of collateral securities that are in the possession of an outside party. The Plan limits its exposure to custodial credit risk by maintaining its investments in custodial accounts. Wells Fargo Bank, N.A. serves as custodian to the Plan. The Sheriff's Plan is

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self-trusted and thus does not have a Plan custodian. Securities that exist in book entry form are held in trust by the custodian in the name of the Plan.

**4. Fair Value Measurements**

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Plan has the following recurring fair value measurements as of June 30, 2019:

<b>Assets at Fair Value as of June 30, 2020</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 3,219,546	\$ -	\$ -	\$ 3,219,546
Total	<u>\$ 3,219,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,219,546</u>

A stand-alone financial report can be obtained by contacting Sheriff Ken Stolle, City of Virginia Beach Sheriff's Office, 2501 James Madison Avenue, Virginia Beach, VA 23456.

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**14. OTHER POSTEMPLOYMENT BENEFITS**

**A. Single-Employer, Defined Benefit Plan**

***Plan Description***

The City and School Board Other Postemployment Benefit Plans (OPEB) are each a single-employer, defined benefit plan, administered by the City and School Board in accordance with State and City Statutes. Section 15.2-1500 of the Virginia State Code provides that every locality shall provide for the governmental functions of the locality, including employment of the officers and other employees. In connection with this employment, the City has established certain plans to provide OPEB other than pensions as defined in Section 15.2-1545 of the Virginia Code to retirees and their spouses and eligible dependents.

In accordance with Article 8, Chapter 15, Subtitled II of Title 15.2 of the Virginia Code, the City and School Board have elected to establish a trust for the purpose of accumulating and investing assets to fund OPEB. In accordance with the election, the City and School Board have joined the Virginia Pooled OPEB Trust Fund (Trust), which was established by the Virginia Municipal League and the Virginia Association of Counties in 2008 for the purpose of accumulating and investing assets to fund OPEB other than pensions for counties, cities, towns, school divisions and other authorized political subdivisions of the Commonwealth of Virginia. The Pooled OPEB Trust issues a publicly available CAFR that includes financial statements are required supplemental information for the OPEB Trust Fund. A copy of the most recent report may be obtained from the VML VACo website at <http://valocalfinace.org/opeb>.

The Trust's Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Trust pursuant to the Trust Agreement. The Board of Trustees is composed of nine members. Trustees are members of Local Finance Boards of participating employers and are elected for staggered three-year terms by the participants in the Trust. In accordance with Section 15.2-1547 of the Virginia Code, City Council appointed the City's Deferred Compensation Board Trust as the OPEB's Local Finance Board to serve as the trustee of the City and School Board with respect to the OPEB trust. The board includes City employees, an appointee from City Council, a member of the Sheriff's Office, a member of the School Board, and the Schools' Chief Financial Officer. The trust does not administer the retiree health benefits of each participating employer. Deposits to this trust are irrevocable and are held solely for the payment of OPEB benefits for the City and School Board.

***Plan Membership***

The membership as of January 1, 2020 includes:

	City	School Board
Active Participants	5,999	10,312
Retirees and Surviving Spouses	727	618
Spouses of Current Retirees	89	53
Total	<u>6,815</u>	<u>10,983</u>

***Benefits Provided***

The City and School Board provide health insurance benefits for their retirees. These benefits are provided through a self-insured program. Employees that retire under VRS guidelines with at least 25 years of service with the City and/or School Board or City employees with 5 years or more of service with a work related

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disability compensable under the Workers' Compensation Act are eligible to health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare.

***Contributions***

Contribution requirements of the City, School Board and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2020 the actuarially determined contribution was set at \$4,571,500 for the City and at \$5,704,500 for the School Board. Plan members from each organization contributed \$3,075, \$2,103 and \$1,459 for the POS Premier, POS Standard, and POS Basic plans, respectively, annually for retiree-only point of service coverage. City and School Board retirees with coverage for their spouses contributed \$10,284, \$8,019 and \$6,519 for the POS Premier, POS Standard, and POS basic plans, respectively, annually until Medicare eligibility. The City and School Board have determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. Rates are calculated by an actuary with the City and School Board health care consultant and finalized by the Benefits Executive Committee, comprised of City and School Board executive leadership.

***Investments Policy, Target Allocation, and Long-Term Expected Rate of Return***

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Virginia Pooled OPEB Trust Fund Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2020.

The following is for the City and School Board:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Expected Geometric Real Rate of Return</b>
Core Fixed Income	21.00%	1.56%	1.47%
Large Cap US Equities	26.00%	4.33%	3.23%
Small Cap US Equities	10.00%	5.64%	3.82%
Global Equities	5.00%	5.27%	4.01%
Developed Foreign Equities	13.00%	5.94%	4.45%
Emerging Market Equities	5.00%	8.03%	5.28%
Hedge Funds/Absolute Return	10.00%	2.88%	2.40%
Real Estate (REITS)	7.00%	3.84%	3.13%
Commodities	3.00%	2.83%	1.27%
Assumed Inflation		2.60%	2.60%
Portfolio Real Mean Return		4.10%	3.53%
Portfolio Nominal Mean Return		6.70%	6.22%
Portfolio Standard Deviation			10.53%
<b>Long-Term Expected Rate of Return</b>			<b>6.50%</b>

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***Net OPEB Liability***

The City's Net OPEB Liability was measured as of June 30, 2020 and totaled \$38,578,877. The School Board's Net OPEB Liability was measured as of June 30, 2020 and totaled \$48,976,423. The City and School Board's Total OPEB Liability was determined by an actuarial valuation as of the valuation date, calculated based of the discount rate and actuarial assumptions below, and projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end.

***Changes in Net OPEB Liability***

	<b>City</b>		
	<b>Total OPEB Liability</b>	<b>Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances as of June 30, 2019</b>	\$ 101,514,170	\$ 44,147,786	\$ 57,366,384
Changes for the year:			
Service Cost	2,124,026	-	2,124,026
Interest on Total OPEB Liability	6,702,911	-	6,702,911
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	2,935,229	-	2,935,229
Effect of Assumptions Changes or Inputs	(22,223,261)	-	(22,223,261)
Benefit Payments	(7,013,877)	(7,013,877)	-
Employer Contributions	-	7,013,877	(7,013,877)
Member Contributions	-	-	-
Net Investment Income	-	1,349,790	(1,349,790)
Administrative Expenses	-	(37,255)	37,255
<b>Balances as of June 30, 2020</b>	<b>\$ 84,039,198</b>	<b>\$ 45,460,321</b>	<b>\$ 38,578,877</b>

	<b>School Board</b>		
	<b>Total OPEB Liability</b>	<b>Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances as of June 30, 2019</b>	\$ 99,814,583	\$ 31,768,081	68,046,502
Changes for the year:			
Service Cost	2,566,620	-	2,566,620
Interest on Total OPEB Liability	6,616,759	-	6,616,759
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	2,340,909	-	2,340,909
Effect of Assumptions Changes or Inputs	(22,674,032)	-	(22,674,032)
Benefit Payments	(5,945,243)	(5,945,243)	-
Employer Contributions	-	6,950,743	(6,950,743)
Member Contributions	-	-	-
Net Investment Income	-	997,100	(997,100)
Administrative Expenses	-	(27,508)	27,508
<b>Balances as of June 30, 2020</b>	<b>\$ 82,719,596</b>	<b>\$ 33,743,173</b>	<b>\$ 48,976,423</b>

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***Sensitivity Analysis***

The following presents the Net OPEB Liability of the City and the School Board calculated using the discount rate of 6.50%, as well as what the City and School Board's Net OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rates.

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>5.50%</b>	<b>6.50%</b>	<b>7.50%</b>
City's Net OPEB Liability	\$ 45,089,734	\$ 38,578,877	\$ 32,682,163
School Board's Net OPEB Liability	\$ 55,266,135	\$ 48,976,423	\$ 43,170,035

The following presents the Net OPEB Liability of the City and the School Board using the current healthcare cost trend rates, as well as what the City and School Board's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates.

	<b>1% Decrease</b>	<b>Current Trend</b>	<b>1% Increase</b>
		<b>Rate</b>	
City's Net OPEB Liability	\$ 31,397,828	\$ 38,578,877	\$ 46,860,535
School Board's Net OPEB Liability	\$ 41,390,840	\$ 48,976,423	\$ 57,733,653

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2020 the City's and School Board's recognized OPEB expenses was \$5,812,113 and \$8,167,925 respectively.

At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflow</b>	<b>Deferred Inflow</b>
	<b>of Resources</b>	<b>of Resources</b>
Differences between Expected and Actual Experience	\$ 2,515,911	2,180,243
Changes in Assumptions	11,750,192	19,048,509
Net Difference between Projected and Actual Earnings	1,425,066	-
Total	\$ 15,691,169	\$ 21,228,752

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	
Ended June 30:	
2021	\$ (183,665)
2022	(183,666)
2023	15,178
2024	(187,441)
2025	(2,242,561)
Thereafter	(2,755,428)

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At June 30, 2020 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 2,849,389	\$ -
Changes in Assumptions	14,528,024	19,609,974
Net Difference between Projected and Actual Earnings	1,046,519	-
Total	\$ 18,423,932	\$ 19,609,974

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	
Ended June 30:	
2021	\$ 1,053,248
2022	1,053,247
2023	1,188,332
2024	1,042,532
2025	(1,676,592)
Thereafter	(3,846,809)

***Discount Rate***

The discount rate used to measure the total OPEB liability was 6.50%. The 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 discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

***Actuarial Assumptions***

The demographic assumptions used are predominately consistent with those used in the City's June 30, 2018 Virginia Retirement System (VRS) valuation. The following represent the summary of information included in the January 1, 2020 actuarial valuation prepared for Milliman, Inc. for the period:

Valuation Date:	January 1, 2020
Measurement Date:	June 30, 2020
Inflation:	2.50%
Actuarial Cost Method:	Projected Unit Credit
Salary Increases Per Year of Service (Including Inflation):	General Employees with 1 to 19 years of service, the increases range from 5.35% to 3.65% and for those with 20 or more years of service the increase is 3.50%.
Healthcare Cost Trend Rate	Law Officers with 1 to 19 years of service, the increases range from 4.75% to 4.00% and for those with 20 or more years of service the increase is 3.50%.
Mortality Rates	Based on the RP-2014 Employee Mortality Rates for males and females, as appropriate, with adjustment for mortality improvements

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based on scale BB to 2020.

**B. Multiple Employer, Cost Sharing Defined Benefit Plans**

In addition, The City and School Board participates in a number Other Postemployment Benefit Plans each of which are multiple-employer, cost-sharing plans that are administered by the Virginia Retirement System (VRS). These plans include; Group Life Insurance, Line of Duty Act Program, and Virginia Local Disability Program. Information pertaining to each of this plans is included below.

***Plan Descriptions***

**Group Life Insurance**

The Group Life Insurance (GLI) Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. All full-time, salaried permanent employees of the City and School Board are automatically covered by the VRS GLI Program upon employment. This plan is administered by VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional life insurance coverage, the insurer bills employees directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB. Specific information for the GLI Program, including eligibility, coverage and benefits is set out in the table on the following page.

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**GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS**

**Eligible Employees**

The Group Life Insurance (GLI) Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

**Benefit Amounts**

The benefits payable under the GLI Program have several components

Natural Death Benefit

The natural death benefit is equal to the employee's covered compensation rounded to the nearest highest thousand and then doubled

Accidental Death Benefit

The accidental death benefit is double the natural death benefit.

Other Benefit Provisions

In addition to the basic natural and accidental death benefit, the program provides additional benefits under specific circumstance. These Include:

- Accidental dismemberment benefit
- Safety Belt benefit
- Repatriation benefit
- Felonious assault benefit
- Accelerated death benefit option

**Reduction in Benefit Amounts**

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

**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)**

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

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Line of Duty Act Program

The Line of Duty Act (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 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. All paid employees and volunteers in hazardous duty positions in the City are automatically covered by the Line of Duty Act Program. As required by statute, VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by VRS's actuary using anticipating program cost and the number of covered individuals associated with all participating employers. Specific information for the Line of Duty Act Program, including eligibility, coverage and benefits is set out in the table below.

<b>LINE OF DUTY ACT PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The eligible employees of the Line and Duty Act Program (LODA) are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).</p>
<p><b>Benefit Amounts</b></p> <p>The LODA Program provides death and health insurances for eligible individuals:</p> <p>Death Benefit - The LODA Program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:</p> <ul style="list-style-type: none"> <li>• \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.</li> <li>• \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.</li> <li>• An additional \$20,000 benefit is payable when certain members of the National Guard and US military reserves are killed in action in any armed conflict on or after October 7, 2001.</li> </ul> <p>Health Insurance - The LODA Program provides health insurance for eligible individuals:</p> <ul style="list-style-type: none"> <li>• Prior to July 1, 2017, these benefits were managed through various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program.</li> <li>• Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resources Management. The health benefits are modeled after the State Employee Health benefits program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act</li> </ul>

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Virginia Local Disability Program

All full-time salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee and Teacher Employee Virginia Local Disability Program. This plan is administered by VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Political subdivisions 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 Virginia Local Disability Program. Specific information for the VLDP, including eligibility, coverage and benefits is set out in the table below.

<b>POLITICAL SUBDIVISION EMPLOYEE AND TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Teacher Employee and Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <p>Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.</p> <p>Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.</p>
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee and Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:</p> <p>Short-Term Disability</p> <ul style="list-style-type: none"> <li>• The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.</li> <li>• During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.</li> <li>• Once the eligibility period is satisfied, employees are eligible for higher income replacement levels</li> </ul> <p>Long-Term Disability</p> <ul style="list-style-type: none"> <li>• The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.</li> <li>• Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.</li> </ul>
<p><b>Virginia Local Disability Program Notes:</b></p> <ul style="list-style-type: none"> <li>• Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.</li> <li>• VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.</li> </ul>

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Health Insurance Credit Program

The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

<b>TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b> The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include: Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</p>
<p><b>Benefit Amounts</b> The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: At Retirement – For Teacher and other professional school employees who retire, the monthly benefit is \$1.50 per year of service per month with a benefit of \$45.00 per month. Disability Retirement – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</p>
<p><b>Health Insurance Credit Program Notes:</b> The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.</p>

***Contributions***

Group Life Insurance

The contribution requirements for the Group Life Insurance Program 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

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divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split. 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program for the City were \$4,492,958 and \$4,364,895 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the Group Life Insurance Program for the School Board for combined professionals and nonprofessionals were \$2,507,975 and \$2,432,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

Line of Duty Act Program

The contribution requirements for the Line of Duty Act Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program for the year ended June 30, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 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 Line of Duty Act Program for the City were \$1,347,489 and \$1,377,661 for the years ended June 30, 2020 and June 30, 2019, respectively.

Virginia Local Disability Program

The contribution requirements for active hybrid employees is governed by §51.1-400.1 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. Each political subdivision's contractually required employer contribution rate for the year ended for the year ended June 30, 2020 was 0.72% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 to the Virginia Local Disability Program for the City were \$533,352 and \$434,722 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the Teacher Employee Virginia Local Disability Program for the School Board were \$423,008 and \$333,074 for the years ended June 30, 2020 and June 30, 2019, respectively. Contributions to the Political Subdivision Employee Virginia Local Disability Program for the School Board were \$122,065 and \$102,908 for the years ended June 30, 2020 and June 30, 2019, respectively.

Health Insurance Credit Program

The contribution requirements 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 state agencies and school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 Health Insurance Credit program were \$5,148,298 and \$4,997,000 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

As June 30, 2020, the City and School Board reported the following liabilities for their proportionate share of the multiple-employer, cost sharing plans administered by VRS:

	<u>City</u>	<u>School Board</u>
Net OPEB Liabilities:		
Group Life Insurance Program	\$ 27,791,102	\$ 38,546,680
Line of Duty Act Program	36,847,507	-
Virginia Local Disability Program	398,444	192,172
Health Insurance Credit Program	-	65,030,846
	<u>\$ 65,037,053</u>	<u>\$ 103,769,698</u>

The net OPEB liabilities were measured as of June 30, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The City and School Board's proportion of the Net OPEB liabilities were based on the City and School Board's contributions to VRS for the above plans for the year ended June 30, 2019 relative to the total of the employer contributions for all participating employers. A comparison of the City's and School Board's proportion of the City and School Board's contribution from June 30, 2019 to June 30, 2018 were as followed:

	<u>City</u>	<u>School Board</u>
<b>Proportionate Share of Contributions as of June 30, 2019</b>		
Group Life Insurance	1.70784%	2.36880%
Line of Duty Act Program	10.27005%	N/A
Virginia Local Disability Program - Political Subdivisions	19.99173%	4.62460%
Virginia Local Disability Program - Teachers	N/A	16.94127%
Health Insurance Credit Program	N/A	4.96761%
<b>Proportionate Share of Contributions as of June 30, 2018</b>		
Group Life Insurance	1.72678%	2.39294%
Line of Duty Act Program	10.29832%	N/A
Virginia Local Disability Program - Political Subdivisions	19.35404%	4.93874%
Virginia Local Disability Program - Teachers	N/A	16.82241%
Health Insurance Credit Program	N/A	5.04954%

For the year ended June 30, 2019, the City and School Board recognized OPEB expenses were as followed:

	<u>City</u>	<u>School Board</u>
<b>Recognized Net OPEB Expense:</b>		
Group Life Insurance	\$ 669,430	\$ 742,378
Line of Duty Act Program	3,178,030	-
Virginia Local Disability Program - Political Subdivision	468,815	109,618
Virginia Local Disability Program - Teachers	-	297,847
Health Insurance Credit Program	-	5,088,410
<b>Total</b>	<u>\$ 4,316,275</u>	<u>\$ 6,238,253</u>

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Since there were changes in the proportionate shares between measurement dates of the City and School Board's contribution a portion of the Net OPEB expense were related to deferred amounts from changes in proportion.

At June 30, 2020 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Group Life Insurance</b>		
Difference between Expected & Actual Experience	\$ 1,848,274	\$ 360,474
Net Difference between Projected and Actual Earnings	-	570,851
Changes in Assumptions	1,754,568	838,024
Changes in Proportionate Share	270,620	252,680
Employer Contributions subsequent to the Measurement Date	1,744,761	-
<b>Total Group Life Insurance</b>	<u>5,618,223</u>	<u>2,022,029</u>
<b>Line of Duty Act</b>		
Difference between Expected & Actual Experience	5,355,759	15
Net Difference between Projected and Actual Earnings	-	72,952
Changes in Assumptions	1,728,928	3,194,254
Changes in Proportionate Share	1,838,028	905,819
Employer Contributions subsequent to the Measurement Date	1,368,198	-
<b>Total Line of Duty Act</b>	<u>10,290,913</u>	<u>4,173,040</u>
<b>Virginia Local Disability Program - Political Subdivision</b>		
Difference between Expected & Actual Experience	199,852	12,257
Net Difference between Projected and Actual Earnings	1,363	-
Changes in Assumptions	11,413	15,242
Changes in Proportionate Share	2,417	-
Employer Contributions subsequent to the Measurement Date	452,917	-
<b>Total Virginia Local Disability Program</b>	<u>667,962</u>	<u>27,499</u>
<b>Grand Total</b>	<u><u>\$ 16,577,098</u></u>	<u><u>\$ 6,222,568</u></u>

Employer Contributions subsequent to the measurement date totaled \$3,678,025 will be recognized as a reduction of the City's OPEB liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense in future reporting periods as follows:

Fiscal Year Ended June 30:	GLI	LODA	VLDP
2021	\$ 99,567	\$ 464,541	\$ 169,130
2022	99,584	465,336	166,531
2023	341,363	476,633	163,532
2024	562,016	488,752	159,734
2025	571,819	492,346	155,136
Thereafter	159,154	1,428,667	-
	<u>\$ 1,833,503</u>	<u>\$ 3,816,275</u>	<u>\$ 814,063</u>

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At June 30, 2020 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Group Life Insurance</b>		
Difference between Expected & Actual Experience	\$ 2,563,585	\$ 499,985
Net Difference between Projected and Actual Earnings	-	791,779
Changes in Assumptions	2,433,613	1,162,352
Changes in Proportionate Share	-	689,371
Employer Contributions subsequent to the Measurement Date	2,507,975	-
<b>Total Group Life Insurance</b>	<b>7,505,173</b>	<b>3,143,487</b>
<b>Virginia Local Disability Program - Political Subdivision</b>		
Difference between Expected & Actual Experience	46,990	2,881
Net Difference between Projected and Actual Earnings	321	-
Changes in Assumptions	2,685	3,585
Changes in Proportionate Share	-	2,421
Employer Contributions subsequent to the Measurement Date	122,065	-
<b>Total Virginia Local Disability Program</b>	<b>172,061</b>	<b>\$ 8,887</b>
<b>Virginia Local Disability Program - Teachers</b>		
Difference between Expected & Actual Experience	-	11,884
Net Difference between Projected and Actual Earnings	380	-
Changes in Assumptions	16,814	-
Changes in Proportionate Share	816	-
Employer Contributions subsequent to the Measurement Date	423,008	-
<b>Total Virginia Local Disability Program</b>	<b>441,018</b>	<b>\$ 11,884</b>
<b>Health Insurance Credit Program</b>		
Difference between Expected & Actual Experience	-	368,341
Net Difference between Projected and Actual Earnings	4,106	-
Changes in Assumptions	1,513,569	451,875
Changes in Proportionate Share	-	1,499,783
Employer Contributions subsequent to the Measurement Date	5,148,298	-
<b>Total Group Life Insurance</b>	<b>6,665,973</b>	<b>2,319,999</b>
<b>Grand Total</b>	<b>\$ 14,784,225</b>	<b>\$ 5,484,257</b>

Employer Contributions subsequent to the measurement date totaled \$8,201,346 will be recognized as a reduction of the School Board's OPEB liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the School Board's OPEB expense in future reporting periods as follows:

Fiscal Year	
Ended June 30:	
2021	\$ (205,016)
2022	(205,113)
2023	158,428
2024	469,952
2025	600,944
Thereafter	279,427

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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***Actuarial Assumptions***

The total Cost sharing OPEB liabilities administered by VRS were based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50 percent
Salary increases, including inflation –	
General state employees	3.50 percent – 5.35 percent
Teachers	3.50 percent – 5.95 percent
SPORS employees	3.50 percent – 4.75 percent
VaLORS employees	3.50 percent – 4.75 percent
JRS employees	4.50 percent
Locality – General employees	3.50 percent – 5.35 percent
Locality – Hazardous Duty employees	3.50 percent – 4.75 percent
Investment rate of return – GLI, VLDP and HIC	6.75 Percent, net of investment expenses, including inflation*
Investment rate of return – LODA	3.50 Percent, net of investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities. For LODA, this would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 3.50%. However, since the difference was minimal, a more conservative 3.50% investment return assumption has been used. Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return.

**Mortality rates – General State Employees**

**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

**Post-Disablement:**

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2018 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:

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

**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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

**Mortality rates – 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

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

The actuarial assumptions used in the June 30, 2018 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	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
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	Increase rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

**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.

The actuarial assumptions used in the June 30, 2018 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	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.
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	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Line of Duty Act

**Mortality rates – Largest Ten Locality Employers with 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.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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, 2018 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

**Mortality rates – Non-Largest Ten Locality Employers with 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, 2018 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:

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	Decrease rate from 7.00% to 6.75%

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Mortality rates – Largest Ten Locality Employers – Hazardous Duty 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, 2018 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty	Increase rate from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

**Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty 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, 2018 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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increase disability rates
Salary Scale	No change
Line of Duty	Increase from 60% to 70%
Discount Rate	Decrease rate from 7.00% to 6.75%

**CITY OF VIRGINIA BEACH, VIRGINIA**  
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The following changes were made to the LODA program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2017 actuarial valuation results which were rolled forward to the measurement date of June 30, 2018. There was limited actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. The following changes will be factored into future actuarial valuations for the LODA program: discontinuance of the spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries; the potential for VRS's periodic review of the disability status of a disabled employee; for those beneficiaries who become eligible for health care benefits as the result of a disability when VRS certifies current income exceeds salary at the time of the disability, indexed for inflation; the extension of health care benefits for dependent children to age 26; and, the expansion of the definition of presumption of death or disability to include infectious diseases.

***Net OPEB Liability***

The net OPEB liability (NOL) represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for each program are as follows (amounts expressed in thousands):

	<b>Group Life Insurance</b>	<b>Line of Duty Act</b>	<b>Virginia Local Disability - Political Subdivision</b>	<b>Virginia Local Disability - Teachers</b>	<b>Health Insurance Credit</b>
Total OPEB Liability	\$ 3,390,238	\$ 361,626	\$ 3,989	\$ 2,241	\$ 1,438,114
Plan Fiduciary Net Position	1,762,972	2,839	1,962	1,661	129,016
Employers' Net OPEB Liability	<u>\$ 1,627,266</u>	<u>\$ 358,787</u>	<u>\$ 2,027</u>	<u>\$ 580</u>	<u>\$ 1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.00%	0.79%	49.19%	74.12%	8.97%

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

***Long-Term Expected Rate of Return***

Group Life Insurance, Virginia Local Disability Program and Health Insurance Credit Program

The long-term expected rate of return on the VRS 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 VRS investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Expected Arithmetic Real Rate of Return</b>	<b>Expected Geometric Real Rate of Return</b>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return	7.63%

\*The above allocation provides a one-year return of 7.63%. 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 median returns of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Line of Duty Act Program

The long-term expected rate of return on Line of Duty Act OPEB investments was set at 3.50% for this valuation. Since Line of Duty Act is funded on a current-disbursement basis, it is not able to use the VRS pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. The Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2019.

***Discount Rate***

Group Life Insurance, Virginia Local Disability Program, and Health Insurance Credit Program

The discount rate used to measure the City and School Board's Group Life Insurance and Virginia Local Disability Program 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, 2019, the rate contributed by the City and School Board for the VRS Group Life Insurance and VRS Virginia Local Disability Program 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, all employer are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Group Life Insurance and Virginia Local Disability Program OPEB plan'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 Group Life Insurance and Virginia Local Disability Program OPEB liability.

Line of Duty Act Program

The discount rate used to measure the total Line of Duty Act OPEB liability was 3.50%. 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 rate equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by participating employers to the Line of Duty Act OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

***Sensitivity Analysis***

The following presents the City and School Board's proportionate share of the Net OPEB liabilities using the current discount rate, as well as what the City and School Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current.

	<b>1% Decrease 5.75%</b>	<b>Discount Rate 6.75%</b>	<b>1% Increase 7.75%</b>
<b>Group Life Insurance:</b>			
City	\$ 36,509,831	\$ 27,791,102	\$ 20,720,490
School Board	50,639,668	38,546,680	28,739,604
<b>Virginia Local Disability Program - Political Subdivision:</b>			
City	\$ 523,445	\$ 398,444	\$ 297,072
School Board	107,739	93,686	81,397
<b>Virginia Local Disability Program - Teachers:</b>			
School Board	\$ 144,677	\$ 98,486	\$ 58,589
<b>Health Insurance Credit Program:</b>			
School Board	\$ 72,780,573	\$ 65,030,846	\$ 58,447,463

Line of Duty Act Program

	<b>1% Decrease 2.50%</b>	<b>Discount Rate 3.50%</b>	<b>1% Increase 4.50%</b>
<b>Line of Duty Act</b>			
City	\$ 42,745,889	\$ 36,847,507	\$ 32,182,452

Because the Line of Duty Act Program contains a provisions for the payment of health insurances premiums, the liabilities are also impacted by the health care trend rate. The following presents the covered employer's proportionate share of the net Line of Duty Act OPEB liability using health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer's proportionate share of the net Line of Duty Act OPEB liability would be if it were using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

	<b>1% Decrease 6.75% decreasing to 3.75%</b>	<b>Health Care Trend Rates 7.75% decreasing to 4.75%</b>	<b>1% Increase 8.75% decreasing to 5.75%</b>
<b>Line of Duty Act:</b>			
City	\$ 31,154,320	\$ 36,847,507	\$ 44,027,383

***OPEB Plan Fiduciary Net Position***

Detailed information about the Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at PO Box 2500, Richmond, VA, 23218-2500.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**15. SUBSEQUENT EVENTS**

New City Manager

On July 20, 2020 Patrick Duhaney was appointed as new City Manager. Mr. Duhaney began his career with the City of Cincinnati in June 2009. He has served as the acting City Manager, Assistant City Manager and as Cincinnati's Chief Procurement Officer. Before his work in local government, Duhaney served in the U.S. Army on active duty and in reserve capacity from 1999 to 2015 under combat engineer and ordnance commands. He also worked for a community development financial institution in Cincinnati, where he served as a program officer responsible for issuing community development loans, oversaw the local LISC office's loan portfolio, and worked to bring resources to aid in the redevelopment of Cincinnati neighborhoods. Duhaney has served on numerous boards in Cincinnati pertaining to neighborhood economic development and redevelopment and chaired the City of Cincinnati's Minority/Small/Women Business Enterprise Advisory Board.

Duhaney holds a Bachelor of Arts in Sociology and Urban Studies from the Cleveland State University and a Masters degree in Community Planning from the University of Cincinnati. He is a graduate of the Urban League's African-American Leadership Development Program. He is also a certified Economic Development Finance Professional and a Certified Public Procurement Buyer issued by the National Institute for Government Procurement (NIGP).

Bond Sales

On October 7, 2020, the City issued \$77.4 million in Storm Water Utility Revenue Bonds, Series 2020A and \$14.1 million in Storm Water Utility Refunding Revenue Bonds, Series 2020B for various stormwater capital improvement projects. The combined true interest cost of the winning bidder for both bond series was 1.936308% (comprised of Series 2020A at 2.013284% and Series 2020B at 1.246522%).

On October 22, 2020, the City issued \$45.6 million in Water and Sewer System Revenue Bonds, Series 2020A and \$51.1 million in Water and Sewer System Refunding Revenue Bonds, Series 2020B for various water and sewer capital improvement projects. The combined true interest cost of the winning bidder for both bond series was 1.595321% (comprised of Series 2020A at 1.813325% and Series 2020B at 1.268969%).

On October 30, 2020, the City issued \$3.4 million in General Obligation Refunding Bonds, Series 2020 to refinance the outstanding portion of its \$5.9 million General Obligation Recovery Zone Economic Development Bonds, Series 2010A (taxable). The bonds will bear interest at a rate of 1.28% per annum.

Agricultural Reserve Program

On October 20, 2020, City Council approved an ordinance authorizing the acquisition of an Agricultural Land Preservation Easement from Holly Road, LLC and Ola Hill Krueger and the issuance of Contract Obligations in the maximum amount of \$681,174.

CARES-CRF Funding

On August 11, 2020, the City received \$39,258,491 from the Coronavirus Aid, Relief and Economic Security (CARES) - Coronavirus Relief Funding (CRF) from the Commonwealth. This was the second and final allocation for the City. A total of \$78,516,982 of CARES-CRF funding was received.

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**REQUIRED  
SUPPLEMENTAL  
INFORMATION  
(Unaudited)**



**REQUIRED SUPPLEMENTAL INFORMATION**

**GENERAL FUND - BUDGET TO ACTUAL**

**VIRGINIA RETIREMENT SYSTEM PENSION**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**(UNAUDITED)**

In accordance with the Governmental Accounting Standards Board, the following information is a required part of the Basic Financial Statements.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
General Property Taxes:				
Real Estate property taxes	\$ 558,748,264	\$ 558,748,264	\$ 558,856,050	\$ 107,786
Personal property taxes	110,084,733	110,024,733	112,728,082	2,703,349
Other Local Taxes	254,410,971	250,840,460	242,842,465	(7,997,995)
Fines and Forfeitures	4,393,419	4,393,419	3,634,998	(758,421)
Permits, Privilege Fees, and Regulatory Licenses	5,256,841	5,256,841	5,084,254	(172,587)
From Use of Money and Property	9,660,420	9,660,420	8,844,159	(816,261)
Charges for Services	52,316,866	52,463,797	48,424,789	(4,039,008)
Miscellaneous	7,043,889	7,459,549	6,294,486	(1,165,063)
From Commonwealth	160,434,641	161,790,695	165,091,508	3,300,813
From Federal Government	22,236,295	22,593,431	25,165,471	2,572,040
Total Revenues	<u>1,184,586,339</u>	<u>1,183,231,609</u>	<u>1,176,966,262</u>	<u>(6,265,347)</u>
<b><u>EXPENDITURES</u></b>				
Legislative	1,233,376	1,262,687	1,180,302	82,385
Executive	5,261,516	5,351,720	5,150,430	201,290
Law	4,557,406	4,631,045	4,595,060	35,985
Finance	21,428,925	22,155,899	19,694,983	2,460,916
Human Resources	27,741,352	27,747,928	12,308,232	15,439,696
Judicial	16,356,138	17,276,235	15,955,630	1,320,605
Health	3,479,631	3,697,035	3,327,913	369,122
Police	102,960,533	106,602,513	86,185,515	20,416,998
Human Services	122,495,144	126,219,981	118,350,951	7,869,030
Public Works	86,491,991	89,249,966	75,586,328	13,663,638
Parks and Recreation	14,862,428	15,283,566	14,413,651	869,915
Library	18,262,617	19,120,937	18,031,905	1,089,032
Planning	18,990,898	19,381,328	18,355,508	1,025,820
Agriculture	930,931	948,802	888,166	60,636
Economic Development	5,654,013	7,980,283	2,914,879	5,065,404
Convention and Visitor Development	10,390,900	10,803,730	9,229,295	1,574,435
Cultural Affairs	3,142,946	5,162,174	3,156,488	2,005,686
Information Technology	27,408,401	28,667,998	25,166,518	3,501,480
Emergency Communications and Citizen Services	10,982,909	11,316,120	7,631,901	3,684,219
Boards and Commissions	29,723,697	32,386,284	25,951,685	6,434,599
Fire	56,383,336	60,118,974	44,796,114	15,322,860
Budget and Management Services	1,451,354	1,474,793	1,324,913	149,880
Education	415,469,824	440,331,075	395,503,449	44,827,626
Housing and Neighborhood Preservation	6,273,110	6,431,792	5,814,707	617,085
Museums	12,271,722	12,629,602	10,151,547	2,478,055
Emergency Medical Services	12,580,859	12,857,299	10,355,118	2,502,181
Debt Service:				
Principal Retirement	36,633,786	36,633,786	36,633,786	-
Interest and Fiscal Charges	17,780,444	17,780,444	16,141,352	1,639,092
Total Expenditures	<u>1,091,200,187</u>	<u>1,143,503,996</u>	<u>988,796,326</u>	<u>154,707,670</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>93,386,152</u>	<u>39,727,613</u>	<u>188,169,936</u>	<u>148,442,323</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	819,224	16,881,833	16,879,932	(1,901)
Transfers Out	(128,260,616)	(130,561,412)	(130,560,085)	1,327
Premium on Bonds Sold	-	-	738,393	738,393
Use of Fund Balance	34,055,240	73,951,966	-	(73,951,966)
Total Other Financing Sources (uses)	<u>(93,386,152)</u>	<u>(39,727,613)</u>	<u>(112,941,760)</u>	<u>(73,214,147)</u>
Net Change in Fund Balance	-	-	75,228,176	75,228,176
Fund Balance at Beginning of Year	230,579,796	230,579,796	230,579,796	-
Fund Balance at End of Year	<u>\$ 230,579,796</u>	<u>\$ 230,579,796</u>	<u>\$ 305,807,972</u>	<u>\$ 75,228,176</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	City					
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Total Pension Liability</b>						
Service Cost	\$ 35,838,242	\$ 35,932,562	\$ 36,304,048	\$ 36,385,569	\$ 38,749,786	\$ 39,607,023
Interest	114,650,965	119,573,242	122,642,141	127,496,045	132,764,815	137,584,382
Changes of benefit terms	-	-	-	-	-	-
Changes in assumptions	-	-	-	7,551,961	-	58,968,730
Differences between expected and actual experience	-	(24,723,400)	3,527,958	1,570,175	2,420,090	6,189,119
Benefit Payments, including refunds of employee contributions	(77,985,409)	(82,356,519)	(91,525,484)	(94,739,837)	(100,731,357)	(109,436,121)
<b>Net change in total pension liability</b>	<b>72,503,798</b>	<b>48,425,885</b>	<b>70,948,663</b>	<b>78,263,913</b>	<b>73,203,334</b>	<b>132,913,133</b>
<b>Total pension liability - beginning</b>	<b>1,676,863,639</b>	<b>1,749,367,437</b>	<b>1,797,793,322</b>	<b>1,868,741,985</b>	<b>1,947,005,898</b>	<b>2,020,209,232</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 1,749,367,437</b>	<b>\$ 1,797,793,322</b>	<b>\$ 1,868,741,985</b>	<b>\$ 1,947,005,898</b>	<b>\$ 2,020,209,232</b>	<b>\$ 2,153,122,365</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 45,827,648	\$ 48,703,360	\$ 49,521,364	\$ 43,305,500	\$ 44,514,635	47,363,487
Contributions - employee	14,813,559	14,937,006	15,185,917	15,780,809	16,102,282	16,153,428
Net investment income	194,451,721	64,442,330	24,961,833	175,963,753	117,134,461	109,869,540
Benefit Payments, including refunds of employee contributions	(77,985,409)	(82,356,519)	(91,525,484)	(94,739,837)	(100,731,357)	(109,436,121)
Administrative expenses	(1,053,309)	(887,459)	(910,017)	(1,029,901)	(1,022,764)	(1,110,715)
Other	10,242	(13,597)	(10,675)	(156,044)	(103,817)	(71,080)
<b>Net change in plan fiduciary net position</b>	<b>176,064,452</b>	<b>44,825,121</b>	<b>(2,777,062)</b>	<b>139,124,280</b>	<b>75,893,440</b>	<b>62,768,539</b>
<b>Plan fiduciary net position - beginning</b>	<b>1,239,531,415</b>	<b>1,415,595,867</b>	<b>1,460,420,988</b>	<b>1,457,643,926</b>	<b>1,596,768,206</b>	<b>1,672,661,646</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,415,595,867</b>	<b>\$ 1,460,420,988</b>	<b>\$ 1,457,643,926</b>	<b>\$ 1,596,768,206</b>	<b>\$ 1,672,661,646</b>	<b>\$ 1,735,430,185</b>
 <b>Net pension liability, ending</b>	 \$ 333,771,570	 \$ 337,372,334	 \$ 411,098,059	 \$ 350,237,692	 \$ 347,547,586	 \$ 417,692,180
 <b>Net position as a percentage of the total pension liability</b>	 80.9%	 81.2%	 78.0%	 82.0%	 82.8%	 80.6%
 <b>Covered payroll</b>	 \$ 292,873,927	 \$ 299,462,518	 \$ 305,412,468	 \$ 317,193,072	 \$ 328,337,502	 \$ 333,558,319
 <b>City's net pension liability as a percentage of covered payroll</b>	 114.0%	 112.7%	 134.6%	 110.4%	 105.9%	 125.2%

\*Schedule is intended to show information for 10 years. Additional years will be included as they become available.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>School Board Non Professional</b>				
	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Pension Liability</b>					
Service Cost	\$ 4,089,939	\$ 4,079,432	\$ 4,027,098	\$ 3,831,060	\$ 3,788,974
Interest	13,574,596	14,020,741	14,519,133	14,994,765	15,432,954
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(747,303)	264,387	1,300,649	(114,972)	2,127,992
Changes in assumptions	-	-	(1,332,150)	-	6,306,405
Benefit Payments, including refunds of employee contributions	(10,023,655)	(11,063,812)	(11,425,531)	(12,014,444)	(12,468,334)
<b>Net change in total pension liability</b>	<b>6,893,577</b>	<b>7,300,748</b>	<b>7,089,199</b>	<b>6,696,409</b>	<b>14,768,737</b>
<b>Total pension liability - beginning</b>	<b>198,934,626</b>	<b>205,828,203</b>	<b>213,128,951</b>	<b>220,218,150</b>	<b>226,914,559</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 205,828,203</b>	<b>\$ 213,128,951</b>	<b>\$ 220,218,150</b>	<b>\$ 226,914,559</b>	<b>\$ 241,683,296</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	\$ 3,739,486	\$ 3,876,348	\$ 2,959,847	\$ 2,967,419	\$ 2,880,916
Contributions - employee	2,041,468	2,113,676	2,124,981	2,121,653	2,161,296
Net investment income	8,507,018	3,214,427	22,825,346	15,092,474	14,049,158
Benefit Payments, including refunds of employee contributions	(10,023,655)	(11,063,812)	(11,425,531)	(12,014,444)	(12,468,334)
Administrative expenses	(118,985)	(120,635)	(135,200)	(133,315)	(143,574)
Other	(1,792)	(1,394)	(20,191)	(13,321)	(8,810)
<b>Net change in plan fiduciary net position</b>	<b>4,143,540</b>	<b>(1,981,390)</b>	<b>16,329,252</b>	<b>8,020,466</b>	<b>6,470,652</b>
<b>Plan fiduciary net position - beginning</b>	<b>188,111,748</b>	<b>192,255,288</b>	<b>190,273,898</b>	<b>206,603,150</b>	<b>214,623,616</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 192,255,288</b>	<b>\$ 190,273,898</b>	<b>\$ 206,603,150</b>	<b>\$ 214,623,616</b>	<b>\$ 221,094,268</b>
<b>Net pension liability - ending</b>	<b>\$ 13,572,915</b>	<b>\$ 22,855,053</b>	<b>\$ 13,615,000</b>	<b>\$ 12,290,943</b>	<b>\$ 20,589,028</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>93.41%</b>	<b>89.28%</b>	<b>93.82%</b>	<b>94.58%</b>	<b>91.48%</b>
<b>Covered payroll</b>	<b>\$ 40,017,176</b>	<b>\$ 40,970,605</b>	<b>\$ 42,344,732</b>	<b>\$ 42,112,697</b>	<b>\$ 42,872,651</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>33.92%</b>	<b>55.78%</b>	<b>32.15%</b>	<b>29.19%</b>	<b>48.02%</b>

*\*Schedule is intended to show information for 10 years. Additional years will be included as they become available.*

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**JUNE 30, 2020**

<b>Date</b>	<b>Contractually Required Contribution (1)</b>	<b>Contributions in Relation to Contractually Required Contributions (2)</b>	<b>Contribution Deficiency (Excess) (3)</b>	<b>Employer's Covered Payroll (4)</b>	<b>Contributions as a % of Covered Payroll (5)</b>
<b>City</b>					
June 30, 2010	\$ 46,669,506	N/A	N/A	\$ 283,887,453	-
June 30, 2011	48,318,936	N/A	N/A	276,523,016	-
June 30, 2012	49,052,965	N/A	N/A	284,200,896	-
June 30, 2013	44,694,773	N/A	N/A	285,349,525	-
June 30, 2014	45,827,648	45,827,648	-	292,873,927	15.65
June 30, 2015	48,703,360	48,703,360	-	299,462,518	16.26
June 30, 2016	49,847,919	49,847,919	-	305,412,468	16.32
June 30, 2017	43,919,386	43,919,386	-	317,193,072	13.85
June 30, 2018	44,501,507	44,501,507	-	328,337,502	13.55
June 30, 2019	47,366,085	47,366,085	-	333,558,319	14.20
June 30, 2020	48,251,362	48,251,362	-	342,477,093	14.09
<b>School Board Non Professional</b>					
June 30, 2011	2,426,088	N/A	N/A	38,755,403	-
June 30, 2012	2,495,274	N/A	N/A	39,860,613	-
June 30, 2013	3,671,537	N/A	N/A	40,302,269	-
June 30, 2014	3,645,565	3,645,565	-	40,017,176	9.11
June 30, 2015	3,732,422	3,732,422	-	40,970,605	9.11
June 30, 2016	3,857,605	3,857,605	-	42,344,732	9.11
June 30, 2017	2,956,311	2,956,311	-	42,112,697	7.02
June 30, 2018	2,969,741	2,969,741	-	42,303,998	7.02
June 30, 2019	2,885,329	2,885,329	-	42,872,651	6.73
June 30, 2020	2,928,810	2,928,810	-	43,518,726	6.73
<b>School Board Professional / Teacher</b>					
June 30, 2011	15,177,733	N/A	N/A	386,201,856	-
June 30, 2012	23,959,120	N/A	N/A	378,501,098	-
June 30, 2013	44,228,510	N/A	N/A	379,318,265	-
June 30, 2014	43,992,831	43,992,831	-	377,297,007	11.66
June 30, 2015	55,858,551	55,858,551	-	385,231,385	14.50
June 30, 2016	54,463,409	54,463,409	-	387,364,218	14.06
June 30, 2017	57,698,763	57,698,763	-	393,579,555	14.66
June 30, 2018	65,402,518	65,402,518	-	400,750,722	16.32
June 30, 2019	63,710,358	63,710,358	-	406,316,058	15.68
June 30, 2020	65,059,491	65,059,491	-	414,920,223	15.68

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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Changes of 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, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Largest 10 – Non-LEOS:**

- Updated mortality rates 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
- Lowered disability rates
- Increased line of duty disability rate from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

**All Others (Non 10 Largest) – Non-LEOS:**

- Updated mortality rates 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
- Lowered disability rates
- Increased line of duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

**Largest 10 –LEOS:**

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- Increased line of duty disability rate from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

**All Others (Non 10 Largest) – LEOS:**

- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Increased retirement 50 rates, and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Decreased line of duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY**  
**JUNE 30, 2020**

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<b>School Board Professional / Teacher</b>					
<b>Date</b>	<b>Employer's Proportion of the Net Pension Liability (a)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (b)</b>	<b>Employer's Covered Payroll (c)</b>	<b>Employer's Proportionate Share of the NPL as a % of its Covered Payroll (d)</b>	<b>Plan Fiduciary Net Position as a % of the Total Pension Liability (e)</b>
June 30, 2015	5.19364%	653,690,000	385,231,385	169.69	70.68
June 30, 2016	5.12286%	717,924,000	387,364,218	185.34	68.28
June 30, 2017	5.08685%	625,579,000	393,579,555	158.95	72.92
June 30, 2018	5.07577%	596,910,000	400,750,722	148.95	74.81
June 30, 2019	4.99839%	657,816,528	406,316,058	161.90	73.51

*\*Schedule is intended to show information for 10 years. Additional years will be included as they become available.  
The amounts presented have a measurement date of the prior fiscal year-end.*

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY AND RELATED RATIOS**

	City			
	FY 2017	FY 2018	FY 2019	FY 2020
<b>Total OPEB Liability</b>				
Service Cost	\$ 2,092,692	\$ 1,452,138	\$ 2,038,460	\$ 2,124,026
Interest	5,784,254	5,558,785	6,656,348	6,702,911
Economic/Demographic Gains or Losses	-	(3,737,558)	-	-
Assumption Changes	-	15,718,896	3,781,224	(19,288,032)
Benefit Payments	(6,074,717)	(7,387,237)	(7,894,660)	(7,013,877)
<b>Net change in total OPEB liability</b>	<b>1,802,229</b>	<b>11,605,024</b>	<b>4,581,372</b>	<b>(17,474,972)</b>
<b>Total OPEB liability - beginning</b>	<b>83,525,542</b>	<b>85,327,774</b>	<b>96,932,798</b>	<b>101,514,170</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 85,327,771</b>	<b>\$ 96,932,798</b>	<b>\$ 101,514,170</b>	<b>\$ 84,039,198</b>
<b>Plan Fiduciary Net Position</b>				
Employer Contributions	\$ 6,074,717	\$ 7,387,237	\$ 7,894,660	\$ 7,013,877
Benefit Payments	(6,074,717)	(7,387,237)	(7,894,660)	(7,013,877)
Net Investment Income	4,405,718	3,693,879	1,942,585	1,349,790
Administrative Expenses	(34,423)	(35,921)	(36,956)	(37,255)
<b>Net change in plan fiduciary net position</b>	<b>4,371,295</b>	<b>3,657,958</b>	<b>1,905,629</b>	<b>1,312,535</b>
<b>Plan fiduciary net position - beginning</b>	<b>34,212,904</b>	<b>38,584,199</b>	<b>42,242,157</b>	<b>44,147,786</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 38,584,199</b>	<b>\$ 42,242,157</b>	<b>\$ 44,147,786</b>	<b>\$ 45,460,321</b>
<b>Political subdivisions's net OPEB liability, ending (a) - (b)</b>	<b>\$ 46,743,572</b>	<b>\$ 54,690,641</b>	<b>\$ 57,366,384</b>	<b>\$ 38,578,877</b>
<b>Fiduciary net position as a percentage of the total OPEB liability</b>	<b>43.58%</b>	<b>43.58%</b>	<b>43.49%</b>	<b>54.09%</b>
<b>Covered Payroll</b>	<b>\$ 306,050,000</b>	<b>\$ 327,257,500</b>	<b>\$ 327,257,500</b>	<b>\$ 340,412,201</b>
<b>City's OPEB liability as a percentage of covered payroll</b>	<b>15.27%</b>	<b>16.71%</b>	<b>17.53%</b>	<b>11.33%</b>
<b>Net Money-Weighted Rate of Return</b>	<b>12.89%</b>	<b>9.58%</b>	<b>4.60%</b>	<b>3.06%</b>

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money weighted rate of return is calculated net of investment expenses.

*\* Schedules are intended to show information for 10 years. The first year for this presentation is 2017; additional years will be included as they become available*

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY AND RELATED RATIOS**

	<b>School Board</b>			
	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total OPEB Liability</b>				
Service Cost	\$ 1,529,672	\$ 1,239,627	\$ 2,429,766	\$ 2,566,620
Interest	4,928,893	5,027,382	6,508,729	6,616,759
Economic/Demographic Gains or Losses	-	1,400,273	-	2,340,909
Assumption Changes	-	20,370,070	3,705,597	(22,674,032)
Benefit Payments	(5,661,710)	(6,679,101)	(6,650,666)	(5,945,243)
<b>Net change in total OPEB liability</b>	<b>796,855</b>	<b>21,358,251</b>	<b>5,993,426</b>	<b>(17,094,987)</b>
<b>Total OPEB liability - beginning</b>	<b>71,666,051</b>	<b>72,462,906</b>	<b>93,821,157</b>	<b>99,814,583</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 72,462,906</b>	<b>\$ 93,821,157</b>	<b>\$ 99,814,583</b>	<b>\$ 82,719,596</b>
<b>Plan Fiduciary Net Position</b>				
Employer Contributions	\$ 5,661,710	\$ 7,369,401	\$ 6,650,666	\$ 6,950,743
Benefit Payments	(5,661,710)	(6,679,101)	(6,650,666)	(5,945,243)
Net Investment Income	3,098,316	2,597,704	1,397,854	997,100
Administrative Expenses	(24,357)	(25,409)	(26,592)	(27,508)
<b>Net change in plan fiduciary net position</b>	<b>3,073,959</b>	<b>3,262,595</b>	<b>1,371,262</b>	<b>1,975,092</b>
<b>Plan fiduciary net position - beginning</b>	<b>24,060,265</b>	<b>27,134,224</b>	<b>30,396,819</b>	<b>31,768,081</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 27,134,224</b>	<b>\$ 30,396,819</b>	<b>\$ 31,768,081</b>	<b>\$ 33,743,173</b>
<b>Political subdivisions's net OPEB liability, ending (a) - (b)</b>	<b>\$ 45,328,682</b>	<b>\$ 63,424,338</b>	<b>\$ 68,046,502</b>	<b>\$ 48,976,423</b>
<b>Fiduciary net position as a percentage of the total OPEB liability</b>	<b>37.45%</b>	<b>32.40%</b>	<b>31.83%</b>	<b>40.79%</b>
<b>Covered Payroll</b>	<b>\$ 426,884,300</b>	<b>\$ 444,517,100</b>	<b>\$ 444,517,100</b>	<b>\$ 466,464,228</b>
<b>School Board's OPEB liability as a percentage of covered payroll</b>	<b>10.62%</b>	<b>14.27%</b>	<b>15.31%</b>	<b>10.50%</b>
<b>Net Money-Weighted Rate of Return</b>	<b>12.89%</b>	<b>9.56%</b>	<b>4.60%</b>	<b>3.04%</b>

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money weighted rate of return is calculated net of investment expenses.

*\* Schedules are intended to show information for 10 years. The first year for this presentation is 2017; additional years will be included as they become available*

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF OPEB ANNUAL CONTRIBUTIONS**

City					
Fiscal Year Ending June 30	Actuarially Determined Contributions	Actual Employer Contribution 1	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percent of Covered Payroll
2009	\$ 8,932,300	\$ 8,932,300	\$ -	\$ 280,202,000	3.19%
2010	8,854,100	8,854,100	-	285,407,400	3.10%
2011	8,854,100	8,854,100	-	285,407,400	3.10%
2012	8,714,600	8,714,600	-	283,026,400	3.08%
2013	8,871,000	8,871,000	-	283,026,400	3.13%
2014	7,101,900	7,101,900	-	290,297,000	2.45%
2015	7,259,200	7,259,200	-	290,297,000	2.50%
2016	5,186,400	5,998,200	(811,800)	306,050,000	1.96%
2017	5,296,700	6,074,700	(778,000)	306,050,000	1.98%
2018	6,296,000	7,387,237	(1,091,237)	327,257,500	2.26%
2019	6,405,600	7,894,660	(1,489,060)	327,257,500	2.41%
2020	4,571,500	7,013,877	(2,442,377)	340,412,201	2.06%

School Board					
Fiscal Year Ending June 30	Actuarially Determined Contributions	Actual Employer Contribution 1	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percent of Covered Payroll
2009	\$ 8,829,800	\$ 8,829,800	\$ -	\$ 440,959,600	2.00%
2010	8,881,900	8,881,900	-	432,476,800	2.05%
2011	8,881,900	8,881,900	-	432,476,800	2.05%
2012	7,721,500	7,721,500	-	409,662,700	1.88%
2013	7,858,100	7,858,100	-	409,662,700	1.92%
2014	5,700,900	5,700,900	-	421,065,100	1.35%
2015	5,832,200	5,832,200	-	421,065,100	1.39%
2016	4,462,800	5,748,000	(1,285,200)	426,884,300	1.35%
2017	4,542,400	5,661,700	(1,119,300)	426,884,300	1.33%
2018	7,369,400	7,369,400	-	444,517,100	1.66%
2019	7,656,200	6,650,666	1,005,534	444,517,100	1.50%
2020	5,704,500	6,950,743	(1,246,243)	466,464,228	1.49%

*1 Employer contributions include trust contributions and explicit subsidy payments provided directly to retirees from the City and School Board own resources. They also include estimated implicit subsidy payments for retirees from the City and School Board own resources*

Valuation Timing	Actuarial valuations for OPEB funding purposes are performed annually as of January 1. The most recent valuation was performed as of January 1, 2018.
Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Amortization Period	28 years remaining as of January 1, 2018
Asset Valuation Method	5-year asset smoothing
Inflation	2.50%
Salary Increases	General Employees with 1 to 19 years of service, the increases range from 5.35% to 3.65% and for those with 20 or more years of service the increase is 3.50%. Law Officers with 1 to 19 years of service, the increases range from 4.75% to 4.00% and for those with 20 or more years of service the increase is 3.50%
Payroll Growth	None Assumed
Discount Rate	6.50%
Retirement Age	VRS Plan 1: 65 and VRS Plans 2/Hybrid: Normal social security retirement age
Mortality	Based on the RP-2000 Employee Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY**

City:	For Measurement Dates	6/30/2019	6/30/2018	6/30/2017
	<u>Group Life Insurance (GLI)</u>			
	Employer's Portion of the Net GLI OPEB Liability	1.70784%	1.72678%	1.71960%
	Employers Proportionate Share of the Net GLI OPEB Liability	\$ 27,791,102	\$ 26,225,000	\$ 25,877,000
	Employer's Covered Payroll	\$ 343,539,338	\$ 328,337,502	\$ 317,193,072
	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.09%	7.99%	8.16%
	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%	51.22%	48.86%
	<u>Line of Duty Act (LODA)</u>			
	Employer's Portion of the Net LODA OPEB Liability	10.27005%	10.29832%	9.48107%
	Employers Proportionate Share of the Net LODA OPEB Liability	\$ 36,847,507	\$ 32,288,000	\$ 24,916,000
	Employer's Covered Employee Payroll	\$ 110,370,707	\$ 110,808,888	\$ 103,532,167
	Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered Payroll	33.39%	29.14%	24.07%
	Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	6.00%	0.60%	1.30%
	<u>Virginia Local Disability Program (VLDP) - Political Subdivision</u>			
	Employer's Portion of the Net VLDP OPEB Liability	19.66871%	19.35404%	18.65503%
	Employers Proportionate Share of the Net VLDP OPEB Liability	\$ 398,444	\$ 156,000	\$ 100,000
	Employer's Covered Payroll	\$ 60,789,141	\$ 46,992,859	\$ 34,255,962
	Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.66%	0.33%	0.29%
	Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	51.39%	51.39%	38.40%

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY**

For Measurement Dates	6/30/2019	6/30/2018	6/30/2017
School Board:			
<u>Group Life Insurance (GLI)</u>			
Employer's Portion of the Net GLI OPEB Liability	2.36880%	2.39294%	2.41666%
Employers Proportionate Share of the Net GLI OPEB Liability	\$ 38,546,680	\$ 36,342,000	\$ 36,367,000
Employer's Covered Payroll	\$ 464,367,468	\$ 455,011,974	\$ 435,693,000
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.30%	7.99%	8.35%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%	51.22%	48.86%
<u>Health Insurance Credit</u>			
Employer's Portion of the Net LODA OPEB Liability	4.96761%	5.04954%	5.06312%
Employers Proportionate Share of the Net LODA OPEB Liability	\$ 65,030,846	\$ 64,113,000	\$ 64,231,000
Employer's Covered Payroll	\$ 416,667,852	\$ 408,375,692	\$ 393,580,000
Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered Payroll	15.61%	15.70%	16.32%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	8.97%	8.08%	7.04%
<u>Virginia Local Disability Program (VLDP) - Political Subdivision</u>			
Employer's Portion of the Net VLDP OPEB Liability	4.62460%	4.93874%	5.20662%
Employers Proportionate Share of the Net VLDP OPEB Liability	\$ 93,686	\$ 38,000	\$ 30,000
Employer's Covered Payroll	\$ 14,290,947	\$ 11,991,585	\$ 9,515,500
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.66%	0.32%	0.31%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	49.19%	51.39%	38.40%
<u>Virginia Local Disability Program (VLDP) - Teachers</u>			
Employer's Portion of the Net VLDP OPEB Liability	16.94127%	16.82241%	16.44512%
Employers Proportionate Share of the Net VLDP OPEB Liability	\$ 98,486	\$ 127,000	\$ 98,000
Employer's Covered Payroll	\$ 81,239,317	\$ 62,725,531	\$ 49,489,310
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.12%	0.20%	0.21%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	74.12%	46.18%	31.96%

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF OPEB GROUP LIFE INSURANCE ANNUAL CONTRIBUTIONS**

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Primary Government					
2010	\$ 1,021,995	\$ 577,462	\$ 444,533	\$ 213,874,865	0.27%
2011	1,216,701	774,264	442,437	276,523,016	0.28%
2012	1,250,484	795,763	454,721	284,200,896	0.28%
2013	1,512,352	1,369,678	142,674	285,349,525	0.48%
2014	1,552,232	1,405,795	146,437	292,873,827	0.48%
2015	1,587,151	1,437,420	149,731	299,462,518	0.48%
2016	1,618,686	1,465,980	152,706	305,412,468	0.48%
2017	1,649,404	1,649,404	-	317,193,072	0.52%
2018	1,707,355	1,707,355	-	328,337,502	0.52%
2019	1,740,935	1,740,935	-	334,796,183	0.52%
2020	1,786,400	1,786,400	-	343,539,339	0.52%
School Board - Nonprofessional					
2010	\$ 149,737	\$ 81,292	\$ 68,445	\$ 30,108,222	0.27%
2011	180,009	114,551	65,458	40,911,148	0.28%
2012	177,366	112,869	64,497	40,310,446	0.28%
2013	214,874	194,603	20,271	40,542,262	0.48%
2014	214,578	194,335	20,243	40,486,356	0.48%
2015	221,058	200,204	20,854	41,709,123	0.48%
2016	231,831	209,960	21,871	43,741,730	0.48%
2017	230,517	230,517	-	44,330,131	0.52%
2018	234,625	234,625	-	45,120,109	0.52%
2019	242,000	242,000	-	46,160,454	0.52%
2020	250,065	250,065	-	47,915,825	0.52%
School Board - Teachers					
2010	\$ 1,413,188	\$ 752,881	\$ 660,307	\$ 278,844,851	0.27%
2011	1,702,047	1,083,121	618,926	386,828,969	0.28%
2012	1,670,960	1,063,338	607,622	379,763,714	0.28%
2013	2,020,542	1,829,925	190,617	381,234,424	0.48%
2014	2,011,839	1,822,043	189,796	379,592,250	0.48%
2015	2,053,604	1,859,868	193,736	387,472,533	0.48%
2016	2,079,432	1,883,259	196,173	392,345,632	0.48%
2017	2,087,447	2,087,447	-	401,432,134	0.52%
2018	2,131,438	2,131,438	-	409,891,865	0.52%
2019	2,190,000	2,190,000	-	418,203,923	0.52%
2020	2,257,910	2,257,910	-	429,568,184	0.53%

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF OPEB LINE OF DUTY ANNUAL CONTRIBUTIONS**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
Primary Government					
2010	N/A**	N/A**	N/A**	N/A**	N/A**
2011	N/A**	N/A**	N/A**	N/A**	N/A**
2012	\$ 399,191	\$ 399,191	\$ -	\$ 90,230,497	0.44%
2013	849,069	849,069	-	90,935,125	0.93%
2014	984,695	984,695	-	91,967,153	1.07%
2015	957,130	957,130	-	94,604,103	1.01%
2016	968,155	968,155	-	96,868,601	1.00%
2017	1,022,399	1,022,399	-	103,532,167	0.99%
2018	1,097,008	1,097,008	-	110,808,888	0.99%
2019	1,378,367	1,378,367	-	110,370,707	1.25%
2020	1,374,489	1,374,489	-	109,959,120	1.25%

\*\*FY 2011 was the first year for the Line of Duty Act Program (LODA), however there were no contributions.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF OPEB VIRGINIA LOCAL DISABILITY PROGRAM ANNUAL CONTRIBUTIONS**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions 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>Primary Government</b>					
2010	N/A**	N/A**	N/A**	N/A**	N/A**
2011	N/A**	N/A**	N/A**	N/A**	N/A**
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	\$ 8,612	\$ 8,612	\$ -	\$ 1,435,308	0.60%
2015	68,668	68,668	-	11,444,652	0.60%
2016	137,137	137,137	-	22,856,172	0.60%
2017	205,536	205,536	-	34,255,962	0.60%
2018	281,957	281,957	-	46,992,859	0.60%
2019	376,838	376,838	-	60,780,141	0.62%
2020	536,372	536,372	-	74,495,268	0.72%
<b>School Board - Nonprofessional</b>					
2010	N/A**	N/A**	N/A**	N/A**	N/A**
2011	N/A**	N/A**	N/A**	N/A**	N/A**
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	\$ 1,611	\$ 1,611	\$ -	\$ 268,436	0.60%
2015	18,242	18,242	-	3,040,304	0.60%
2016	40,146	40,146	-	6,691,000	0.60%
2017	57,365	57,365	-	9,560,850	0.60%
2018	71,950	71,950	-	11,991,585	0.60%
2019	102,908	102,908	-	14,290,947	0.72%
2020	122,065	122,065	-	16,950,791	0.72%
<b>School Board - Teachers</b>					
2010	N/A**	N/A**	N/A**	N/A**	N/A**
2011	N/A**	N/A**	N/A**	N/A**	N/A**
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	\$ 2,253	\$ 2,253	\$ -	\$ 776,969	0.29%
2015	14,772	14,772	-	15,383,610	0.10%
2016	80,152	80,152	-	27,638,756	0.29%
2017	143,865	143,865	-	46,408,200	0.31%
2018	194,449	194,449	-	62,725,531	0.31%
2019	333,000	333,000	-	81,239,317	0.41%
2020	423,008	423,008	-	102,504,393	0.41%

\*\*FY 2014 was the first year for the Virginia Local Disability Program

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF OPEB HEALTH INSURANCE CREDIT PROGRAM ANNUAL CONTRIBUTIONS**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
School Board - Teachers					
2011	\$ 4,150,250	\$ 1,305,695	\$ 2,844,555	\$ 384,282,424	0.34%
2012	4,075,643	2,264,246	1,811,397	377,374,381	0.60%
2013	4,440,741	4,213,011	227,730	379,550,508	1.11%
2014	4,417,613	4,191,068	226,545	377,573,722	1.11%
2015	4,556,498	4,093,125	463,373	386,143,862	1.06%
2016	4,609,056	4,140,339	468,717	390,598,006	1.06%
2017	4,914,862	4,435,363	479,499	399,582,254	1.11%
2018	5,023,021	5,023,021	-	408,375,692	1.23%
2019	4,997,000	4,997,000	-	416,667,852	1.20%
2020	5,148,298	5,148,298	-	427,749,309	1.20%

Detailed information about the individual Cost sharing OPEB plans are available in the seperately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

# **OTHER SUPPLEMENTAL INFORMATION**



**NONMAJOR  
GOVERNMENTAL FUNDS**



## **NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds** - are used to account for the proceeds of specific revenue sources (other than capital projects) which are legally restricted to be expended for specific purposes.

**Debt Service Fund** - is used to account for the financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 61,959,810	\$ -	\$ 61,959,810
Cash and Investments - Restricted	6,191,749	44,340,008	50,531,757
Receivables (net of allowance for uncollectibles, where applicable):			
Accounts	2,271,725	-	2,271,725
Loans	4,858,523	-	4,858,523
Due from:			
Due from Other Funds	163,990	-	163,990
Commonwealth	1,998,301	-	1,998,301
Federal Government	3,707,964	-	3,707,964
Inventories	141,784	-	141,784
Total Assets	<u>81,293,846</u>	<u>44,340,008</u>	<u>125,633,854</u>
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	5,036,991	-	5,036,991
Due to Other Funds	1,960,792	-	1,960,792
Unearned Revenue	<u>3,808,262</u>	<u>-</u>	<u>3,808,262</u>
Total Liabilities	<u>10,806,045</u>	<u>-</u>	<u>10,806,045</u>
<b><u>FUND BALANCES</u></b>			
Restricted for:			
Debt Service	-	44,340,008	44,340,008
Housing and Community Development	8,857,050	-	8,857,050
Judicial	504,605	-	504,605
Public Safety	2,793,132	-	2,793,132
Special Service District	2,358,378	-	2,358,378
Committed to:			
Agriculture	15,064,165	-	15,064,165
Convention and Visitor Development	27,519,429	-	27,519,429
Education	89,477	-	89,477
Parks and Recreation	12,973,610	-	12,973,610
Tax Increment Financing	1,186,075	-	1,186,075
Assigned to:			
Agriculture	658,310	-	658,310
Judicial	522,500	-	522,500
Public Safety	789,246	-	789,246
Special Service District	493,981	-	493,981
Unassigned	<u>(3,322,157)</u>	<u>-</u>	<u>(3,322,157)</u>
Total Fund Balances	<u>70,487,801</u>	<u>44,340,008</u>	<u>114,827,809</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 81,293,846</u>	<u>\$ 44,340,008</u>	<u>\$ 125,633,854</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
<b><u>REVENUES</u></b>			
General Property Taxes - Real Estate	\$ 44,263,166	\$ -	\$ 44,263,166
Other Local Taxes	55,269,872	-	55,269,872
Fines and Forfeitures	206,466	-	206,466
Permits, Privilege Fees, and Regulatory Licenses	206,966	-	206,966
From Use of Money and Property	3,248,759	6,108,988	9,357,747
Charges for Services	15,865,825	-	15,865,825
Miscellaneous	3,233,397	-	3,233,397
From Commonwealth	25,763,387	-	25,763,387
From Federal Government	67,910,314	341,961	68,252,275
Total Revenues	<u>215,968,152</u>	<u>6,450,949</u>	<u>222,419,101</u>
<b><u>EXPENDITURES</u></b>			
Current Operating:			
Judicial	52,039,208	-	52,039,208
Health	361,096	-	361,096
Police	1,009,731	-	1,009,731
Human Services	7,445,144	-	7,445,144
Public Works	3,102,408	-	3,102,408
Parks and Recreation	35,870,733	-	35,870,733
Library	158,796	-	158,796
Planning	1,152,170	-	1,152,170
Agriculture	168,222	-	168,222
Economic Development	21,286	-	21,286
Convention and Visitor Development	13,284,175	-	13,284,175
Fire	4,125,447	-	4,125,447
Housing and Neighborhood Preservation	27,605,750	-	27,605,750
General Government	42,058,231	-	42,058,231
Emergency Medical Services	444,837	-	444,837
Debt Service:			
Principal Retirement	27,210,428	29,454,883	56,665,311
Interest and Fiscal Charges	11,278,348	13,588,313	24,866,661
Total Expenditures	<u>227,336,010</u>	<u>43,043,196</u>	<u>270,379,206</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(11,367,858)</u>	<u>(36,592,247)</u>	<u>(47,960,105)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In	36,220,210	43,271,075	79,491,285
Transfers Out	(42,641,139)	-	(42,641,139)
Proceeds of Refunding Bonds	-	80,329,587	80,329,587
Premium on Bonds Sold	-	8,734,990	8,734,990
Payment to Refunding Bonds Escrow Agent	-	(89,022,077)	(89,022,077)
Total Other Financing Sources and (Uses)	<u>(6,420,929)</u>	<u>43,313,575</u>	<u>36,892,646</u>
Net Change in Fund Balance	<u>(17,788,787)</u>	<u>6,721,328</u>	<u>(11,067,459)</u>
Fund Balance at Beginning of Year	88,276,588	37,618,680	125,895,268
Fund Balance at End of Year	<u>\$ 70,487,801</u>	<u>\$ 44,340,008</u>	<u>\$ 114,827,809</u>

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## **GENERAL FUND**



## **GENERAL FUND**

The General Fund is the general operating fund of the City which is used to account for all of the financial resources, except those required to be accounted for in another fund.

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>General Property Taxes</u></b>				
Real Estate	\$ 556,766,602	\$ 556,766,602	\$ 556,552,700	\$ (213,902)
Personal Property	107,112,186	107,052,186	109,472,891	2,420,705
Interest and Penalties on Personal Property	2,972,547	2,972,547	3,255,191	282,644
Interest and Penalties on Real Estate Taxes	1,981,662	1,981,662	2,303,350	321,688
Total General Property Taxes	668,832,997	668,772,997	671,584,132	2,811,135
<b><u>Other Local Taxes</u></b>				
General Sales	66,745,446	66,745,446	67,855,536	1,110,090
Utility	49,578,224	49,578,224	45,584,479	(3,993,745)
Business Licenses	51,892,052	51,892,052	52,759,292	867,240
Automobile Licenses	11,652,769	11,652,769	10,112,035	(1,540,734)
Bank Stock	3,987,443	3,987,443	3,348,538	(638,905)
City Tax on Deeds	7,625,760	7,625,760	8,494,352	868,592
City Tax on Wills	91,768	91,768	59,798	(31,970)
Cigarette	10,433,892	10,433,892	9,663,350	(770,542)
Amusement	-	-	7,117	7,117
Hotel Taxes	7,794,883	7,794,883	6,719,833	(1,075,050)
Restaurant Meals	44,608,734	41,038,223	38,238,135	(2,800,088)
Total Other Local Taxes	254,410,971	250,840,460	242,842,465	(7,997,995)
<b><u>Permits, Privilege Fees, and Regulatory Licenses</u></b>				
Police Permits and Licenses	542,355	542,355	480,702	(61,653)
Planning Permits and Licenses	4,457,525	4,457,525	4,384,051	(73,474)
Other Permits, Fees and Licenses	47,090	47,090	40,851	(6,239)
Public Works Fees	1,871	1,871	8,900	7,029
Fire Permits	208,000	208,000	169,750	(38,250)
Total Permits, Privilege Fees, and Regulatory Licenses	5,256,841	5,256,841	5,084,254	(172,587)
<b><u>Fines and Forfeitures</u></b>				
Court Fines and Forfeitures	2,649,419	2,649,419	1,970,481	(678,938)
Overweight Vehicles Fees	215,000	215,000	110,852	(104,148)
DUI Response Reimbursements	29,000	29,000	43,028	14,028
Red Light Violations	1,500,000	1,500,000	1,510,637	10,637
Total Fines and Forfeitures	4,393,419	4,393,419	3,634,998	(758,421)
<b><u>From Use of Money and Property</u></b>				
<b><u>Revenue from Use of Money:</u></b>				
Interest on Bank Deposits	4,948,493	4,948,493	5,399,152	450,659
<b><u>Revenue from Use of Property:</u></b>				
Farmers Market Fees	32,229	32,229	41,998	9,769
Photocopying Machines	104,544	104,544	64,209	(40,335)
Convention Center Rent	1,810,000	1,810,000	1,363,338	(446,662)
Convention Center Concessions	1,201,200	1,201,200	919,435	(281,765)
Rent - Amphitheatre	218,844	218,844	246,386	27,542
Lease of Land and Property	1,168,251	1,168,251	712,349	(455,902)
Tower/Antenna Leases	176,859	176,859	97,292	(79,567)
Total from Use of Money and Property	9,660,420	9,660,420	8,844,159	(816,261)
<b><u>Charges For Services</u></b>				
Court Costs	1,161,192	1,161,192	1,107,339	(53,853)
Police - False Alarm Fees	545,000	545,000	561,089	16,089
Fire Services	370,900	370,900	246,135	(124,765)
Animal Adoption Fees	33,200	33,200	34,055	855
Other Charges and Fees	254,271	254,271	153,298	(100,973)
Human Services	24,202,339	24,202,339	24,294,243	91,904
Aquarium and Historical Houses	9,321,279	9,321,279	6,719,068	(2,602,211)
Library Fees	336,000	336,000	190,746	(145,254)
Planning Maps, Publications, and Fees	293,780	293,780	252,259	(41,521)
Convention Center	163,223	163,223	103,304	(59,919)
Other Services Provided	1,639,431	1,640,281	980,032	(660,249)
Reimbursement - Freedom of Information Act Costs	18,400	18,400	26,013	7,613
Water and Sewer Direct Charges	5,982,178	6,128,259	5,761,535	(366,724)
Waste Management Direct Charges	1,738,861	1,738,861	1,738,861	-
Storm Water Direct Charges	2,256,812	2,256,812	2,256,812	-
Water and Sewer Right of Way Utility	4,000,000	4,000,000	4,000,000	-
Total Charges for Services	52,316,866	52,463,797	48,424,789	(4,039,008)

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Miscellaneous Revenue</b>				
Returned Check Processing Charges	74,350	74,350	52,704	(21,646)
Donations	100,400	206,600	171,765	(34,835)
City Treasurer Charges	1,199,145	1,199,145	1,312,811	113,666
Contemporary Arts	58,700	58,700	66,278	7,578
Aquarium Foundation	1,183,526	1,183,526	914,485	(269,041)
Sale of Properties	-	-	2,644	2,644
Sale of Salvage Materials	502,000	502,000	302,631	(199,369)
Refund of Surplus - Health Department	90,000	90,000	307,231	217,231
DVP Street Light Reimbursement	510,000	510,000	21,657	(488,343)
Reimbursement - DMV	657,000	657,000	59,739	(597,261)
Miscellaneous	2,668,768	2,978,228	3,082,541	104,313
Total Miscellaneous Revenue	7,043,889	7,459,549	6,294,486	(1,165,063)
<b>From Commonwealth</b>				
Rolling Stock Tax	14,640	14,640	6,502	(8,138)
Mobile Homes Sales Tax	44,760	44,760	25,248	(19,512)
Passenger Car Rental Tax	1,224,922	1,224,922	1,148,776	(76,146)
Reimbursement - Treasurer	678,403	678,403	668,340	(10,063)
Reimbursement - Commissioner of the Revenue	739,254	739,254	737,019	(2,235)
Reimbursement - General Registrar's Salary	76,954	76,954	395,515	318,561
Reimbursement - Clerk of Circuit Court	2,122,288	2,122,288	2,110,275	(12,013)
Reimbursement - Commonwealth's Attorney	2,876,872	2,876,872	2,844,368	(32,504)
Reimbursement - Health Department Automobile	120,099	120,099	17,096	(103,003)
Reimbursement - State Aid Law Enforcement	12,162,602	12,162,602	12,162,604	2
Personal Property Paid by Commonwealth	53,412,868	53,412,868	53,412,868	-
State Prisoner Transportation	350,000	350,000	227,700	(122,300)
Mental Health, Developmental Services and Substance Abuse	12,498,621	13,095,135	14,303,567	1,208,432
Juvenile Justice Block Grant	3,868,127	3,868,127	4,865,669	997,542
Circuit Court Clerk Technology	-	-	211,462	211,462
Maintenance of Roads	50,000,889	50,000,889	50,180,619	179,730
Recordation Fees	2,127,387	2,127,387	1,492,573	(634,814)
Public Assistance Grants	15,919,482	16,679,022	17,092,750	413,728
Medicaid	323,000	323,000	366,262	43,262
DMV Select Program	136,079	136,079	109,123	(26,956)
Virginia Commission For The Arts	4,500	4,500	5,275	775
Wireless E-911 Services Board	1,479,749	1,479,749	1,578,041	98,292
State Aid Library	252,710	252,710	236,603	(16,107)
Other State Revenue	435	435	893,253	892,818
Total From Commonwealth	160,434,641	161,790,695	165,091,508	3,300,813
<b>From Federal Government</b>				
Public Law 95-469 - Refuge Revenue Sharing Act	-	-	82,601	82,601
Indirect Costs - Social Services	846,732	846,732	895,909	49,177
Federal Emergency Management Agency	102,914	330,050	227,136	(102,914)
SEVAMP Grant	60,000	60,000	145,360	85,360
Mental Health, Developmental Services and Substance Abuse	3,370,648	3,500,648	4,167,583	666,935
USDA Juvenile Detention	65,829	65,829	122,015	56,186
Public Assistance Grants	17,507,409	17,507,409	19,402,774	1,895,365
Federal Reimbursement of Interest	282,763	282,763	122,093	(160,670)
Total From Federal Government	22,236,295	22,593,431	25,165,471	2,572,040
<b>TOTAL REVENUES</b>	<b>1,184,586,339</b>	<b>1,183,231,609</b>	<b>1,176,966,262</b>	<b>(6,265,347)</b>
<b>Other Financing Sources</b>				
Transfers In	819,224	16,881,833	16,879,932	(1,901)
Use of Fund Balance	34,055,240	73,951,966	-	(73,951,966)
Premium on Bonds Sold	-	-	738,393	738,393
Total Other Financing Sources	34,874,464	90,833,799	17,618,325	(73,215,474)
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 1,219,460,803</b>	<b>\$ 1,274,065,408</b>	<b>\$ 1,194,584,587</b>	<b>\$ (79,480,821)</b>

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2020**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b><u>Legislative Department</u></b>				
Municipal Council	\$ 663,050	\$ 666,050	\$ 628,943	\$ 37,107
City Clerk	570,326	596,637	551,359	45,278
Total Legislative Department	1,233,376	1,262,687	1,180,302	82,385
<b><u>Executive Department</u></b>				
City Manager	2,531,814	2,507,415	2,421,239	86,176
Organizational Development Office	624,907	659,617	591,392	68,225
Media and Communication Group	1,796,015	1,861,862	1,841,006	20,856
Volunteer Council	308,780	322,826	296,793	26,033
Total Executive Department	5,261,516	5,351,720	5,150,430	201,290
<b><u>Law Department</u></b>				
City Attorney	4,557,406	4,631,045	4,595,060	35,985
<b><u>Finance Department</u></b>				
Director of Finance:				
Director's Office	1,511,776	1,560,405	1,328,651	231,754
Controller's Office	1,123,324	1,151,891	941,220	210,671
Payroll	805,234	817,950	844,252	(26,302)
Purchasing	2,016,598	2,175,922	2,099,596	76,326
Local Vehicle Registration	1,610,000	1,610,000	722,007	887,993
Total Director of Finance	7,066,932	7,316,168	5,935,726	1,380,442
Commissioner of the Revenue	4,829,737	5,062,612	5,031,995	30,617
Board of Equalization	2,980	4,380	2,444	1,936
City Real Estate Assessor	3,332,487	3,390,272	3,212,873	177,399
Treasurer	6,196,789	6,382,467	5,511,945	870,522
Total Finance Department	21,428,925	22,155,899	19,694,983	2,460,916
<b><u>Human Resource Department</u></b>				
Director's Office	553,322	562,701	510,761	51,940
Employee Relations	3,121,790	3,377,074	2,936,789	440,285
Benefits Administration	22,638,990	22,317,433	7,456,922	14,860,511
Occupational Safety	1,427,250	1,490,720	1,403,760	86,960
Total Human Resources Department	27,741,352	27,747,928	12,308,232	15,439,696
<b><u>Judicial Department</u></b>				
Circuit Court	1,154,854	1,198,523	1,189,605	8,918
General District Court	549,071	567,948	389,250	178,698
Juvenile and Domestic Relations - District Court	224,774	227,225	185,908	41,317
Commonwealth's Attorney	9,183,377	9,302,685	9,132,619	170,066
Clerk of the Circuit Court	3,658,384	4,388,796	3,945,496	443,300
Magistrates	54,858	54,858	44,064	10,794
Juvenile Probation	1,530,820	1,536,200	1,068,688	467,512
Total Judicial Department	16,356,138	17,276,235	15,955,630	1,320,605
<b><u>Health Department</u></b>				
Preventive Medicine	3,479,631	3,697,035	3,327,913	369,122
<b><u>Human Services Department</u></b>				
Administration	12,683,479	12,987,996	8,981,855	4,006,141
Mental Health	23,085,324	24,040,368	21,018,058	3,022,310
Developmental Services	22,376,329	22,738,856	22,890,052	(151,196)
Substance Abuse	5,880,028	6,188,027	6,115,701	72,326
Social Services	35,761,339	37,315,562	34,855,176	2,460,386
Comprehensive Services Act Administration & Social Services	11,471,664	11,522,806	12,889,224	(1,366,418)
Indian River Road ICF/MR	5,686,350	5,766,029	5,772,363	(6,334)
Juvenile Detention Center	5,550,631	5,660,337	5,828,522	(168,185)
Total Human Services Department	122,495,144	126,219,981	118,350,951	7,869,030

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Police Department</u></b>				
Director's Office	3,273,890	4,132,651	3,411,144	721,507
Personnel and Training	4,827,723	4,907,428	4,349,839	557,589
Crime Prevention	76,698,775	79,086,497	59,954,884	19,131,613
Investigative Division	18,160,145	18,475,937	18,469,648	6,289
Total Police Department	102,960,533	106,602,513	86,185,515	20,416,998
<b><u>Public Works Department</u></b>				
Director's Office	305,580	311,437	385,716	(74,279)
Administration Services	7,361,176	7,376,808	7,343,088	33,720
Real Estate Office	10,910,529	11,226,317	9,249,453	1,976,864
Customer Service/Administration	65,330,703	67,697,433	56,278,171	11,419,262
Support Services and Systems Support	1,012,407	1,025,149	933,538	91,611
Facilities Management	1,571,596	1,612,822	1,396,362	216,460
Total Public Works Department	86,491,991	89,249,966	75,586,328	13,663,638
<b><u>Library Department</u></b>				
Director's Office	1,658,159	1,956,647	1,832,378	124,269
Central Library	2,219,579	2,255,257	2,181,623	73,634
Great Neck Area Library	666,209	679,206	675,237	3,969
Bayside Area Library	1,060,715	1,077,614	1,035,408	42,206
Oceanfront Area Library	701,477	712,489	693,583	18,906
Kempsville Area Library	1,251,507	1,271,718	1,174,199	97,519
Windsor Woods Area Library	680,440	691,144	679,043	12,101
Pungo/Blackwater Area Library	408,484	415,152	384,622	30,530
Princess Anne Library	1,128,293	1,146,147	1,077,539	68,608
Joint Use Library	1,901,271	1,929,931	1,831,273	98,658
Youth and Family Services	1,346,683	1,367,985	1,399,376	(31,391)
Support Services	5,239,800	5,617,647	5,067,624	550,023
Total Library Department	18,262,617	19,120,937	18,031,905	1,089,032
<b><u>Planning Department</u></b>				
Director's Office	1,551,567	1,717,181	1,412,688	304,493
Development Services	3,052,476	3,102,513	3,092,557	9,956
Public Utilities - Development Services	332,419	337,972	335,013	2,959
Current Planning	8,267,449	8,334,807	8,305,823	28,984
Building Permits and Inspection	4,269,948	4,349,500	3,832,769	516,731
Transportation Program	160,837	165,745	121,390	44,355
Zoning Administration	1,356,202	1,373,610	1,255,268	118,342
Total Planning Department	18,990,898	19,381,328	18,355,508	1,025,820
<b><u>Agriculture Department</u></b>				
Director's Office	310,416	320,165	329,405	(9,240)
Virginia Cooperative Extension	330,852	333,035	299,354	33,681
Farmers Market	289,663	295,602	259,407	36,195
Total Agriculture Department	930,931	948,802	888,166	60,636
<b><u>Economic Development Department</u></b>				
Director of Economic Development	2,759,304	5,038,979	2,431,281	2,607,698
Growsmart	394,709	441,304	329,610	111,694
Development Opportunity Grants	2,500,000	2,500,000	153,988	2,346,012
Total Economic Development Department	5,654,013	7,980,283	2,914,879	5,065,404

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b><u>Convention and Visitor Development</u></b>				
Director's Office	1,705,126	1,769,611	1,497,482	272,129
Tourism Marketing and Sales	548,521	556,496	625,288	(68,792)
Convention Marketing and Sales	1,168,656	1,185,300	989,410	195,890
Sports Marketing	634,929	642,818	522,222	120,596
Convention Center	6,333,668	6,649,505	5,594,893	1,054,612
Total Convention and Visitor Development	10,390,900	10,803,730	9,229,295	1,574,435
<b><u>Parks and Recreation Department</u></b>				
Landscape Administration	2,624,903	2,708,188	2,749,430	(41,242)
Grounds Maintenance	7,641,800	7,780,803	7,369,420	411,383
Parks Maintenance	3,058,058	3,237,195	2,845,766	391,429
Special Zones Management	803,269	814,521	766,026	48,495
Resort Area Landscaping	734,398	742,859	683,009	59,850
Total Parks and Recreation Department	14,862,428	15,283,566	14,413,651	869,915
<b><u>Cultural Affairs</u></b>				
Cultural Affairs	1,507,735	1,591,125	1,230,987	360,138
Sandler Center	750,211	2,686,049	1,060,846	1,625,203
Arts and Humanities Commission	885,000	885,000	864,655	20,345
Total Cultural Affairs	3,142,946	5,162,174	3,156,488	2,005,686
<b><u>Boards and Commissions</u></b>				
General Registrar	1,733,731	2,558,950	2,262,937	296,013
Audit Services	938,831	955,412	823,608	131,804
COG - Community Organization Grants	500,599	500,599	500,599	-
Lease/Rent of Facilities	4,380,800	4,594,201	1,991,265	2,602,936
Regional Participation	2,584,135	2,576,235	2,548,661	27,574
Vehicle Replacements	5,357,514	5,845,764	4,538,037	1,307,727
Revenue Reimbursements	12,334,917	12,334,917	10,569,506	1,765,411
Independent Financial Services	164,999	164,999	164,557	442
Computer Replacement Program	1,728,171	2,855,207	2,552,515	302,692
Total Boards and Commissions	29,723,697	32,386,284	25,951,685	6,434,599
<b><u>Fire Department</u></b>				
Fire Marshall's Office	2,536,286	2,610,334	2,837,516	(227,182)
Fire Administration	2,193,774	2,926,898	2,492,763	434,135
Fire Operations	49,832,546	51,606,326	37,894,670	13,711,656
Emergency Management	548,202	1,700,294	171,033	1,529,261
Fire Training	1,272,528	1,275,122	1,400,132	(125,010)
Total Fire Department	56,383,336	60,118,974	44,796,114	15,322,860
<b><u>Information Technology</u></b>				
IT Business Center	5,748,003	5,846,586	5,463,570	383,016
Applications Support	8,502,047	9,428,106	8,125,447	1,302,659
Operations Support	1,483,824	1,513,607	1,128,765	384,842
System Support	8,503,662	8,617,275	7,395,667	1,221,608
Center for GIS	1,920,069	1,953,323	1,895,138	58,185
Video Services	-	-	279	(279)
GF Telecommunications	1,065,747	1,110,665	848,795	261,870
Technology Services	-	11,223	58,343	(47,120)
Mail Services	185,049	187,213	250,514	(63,301)
Total Information Technology	27,408,401	28,667,998	25,166,518	3,501,480

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b><u>Emergency Communications and Citizens Services</u></b>				
Emergency Communications	8,421,734	8,715,602	5,235,879	3,479,723
Director's Office	237,225	241,136	274,546	(33,410)
Administration	463,281	469,439	424,794	44,645
Citizen Services	935,736	953,075	856,341	96,734
Training	100,824	101,178	39,580	61,598
Technology and Support	824,109	835,690	800,761	34,929
Total Emergency Communications and Citizen Services	10,982,909	11,316,120	7,631,901	3,684,219
<b><u>Housing and Neighborhood Preservation</u></b>				
Code Enforcement	6,273,110	6,431,792	5,814,707	617,085
<b><u>Museums Department</u></b>				
Aquarium and Marine Science Center	11,088,196	11,334,871	9,225,975	2,108,896
Aquarium Foundation	1,183,526	1,199,691	925,033	274,658
Historical Preservation	-	95,040	539	94,501
Total Museum Department	12,271,722	12,629,602	10,151,547	2,478,055
<b><u>Budget and Management Services Department</u></b>				
Director's Office	1,451,354	1,474,793	1,324,913	149,880
<b><u>Emergency Medical Services</u></b>				
Director's Office	835,507	917,012	821,836	95,176
Operations	3,865,545	3,963,053	3,625,265	337,788
Lifeguard Services	2,236,365	2,268,004	2,329,755	(61,751)
Training	883,336	898,031	829,433	68,598
Emergency Response System	4,523,363	4,570,650	2,482,696	2,087,954
Regulation & Enforcement	236,743	240,549	266,133	(25,584)
Total Emergency Medical Services	12,580,859	12,857,299	10,355,118	2,502,181
<b><u>Debt Service</u></b>				
Principal Retirement	36,633,786	36,633,786	36,633,786	-
Interest and Fiscal Charges	17,780,444	17,780,444	16,141,352	1,639,092
Total Debt Service	54,414,230	54,414,230	52,775,138	1,639,092
<b><u>Education</u></b>				
School Operating	405,328,824	417,050,828	378,023,202	39,027,626
School Capital Projects	3,591,000	10,930,247	10,930,247	-
School Operating from Reserves	6,550,000	12,350,000	6,550,000	5,800,000
Total Education	415,469,824	440,331,075	395,503,449	44,827,626
Total Department Expenditures	1,091,200,187	1,143,503,996	988,796,326	154,707,670

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b><u>Other Financing Uses</u></b>				
Transfers Out:				
General Debt Service	42,658,736	42,658,736	42,658,736	-
Housing and Neighborhood Preservation	507,868	517,729	517,729	-
General Government Capital Projects	22,209,467	24,631,244	24,631,244	-
Engineering and Highways Capital Projects	13,255,953	13,255,953	13,255,953	-
Parks and Recreation Capital Projects	3,588,418	3,588,418	3,588,418	-
Economic & Tourism Capital Projects	3,034,890	2,434,920	2,434,920	-
Coastal Capital Projects	11,388,729	10,003,729	10,003,729	-
Grants Consolidated	994,714	1,131,801	1,130,474	1,327
Sheriff's Department	23,990,583	25,421,343	25,421,343	-
Parks and Recreation	6,415,983	6,664,325	6,664,325	-
Federal Section 8	74,742	95,473	95,473	-
Federal Housing Assistance Program	119,568	115,815	115,815	-
Public Safety City Marina	20,965	20,965	20,965	-
Oyster Heritage Fund	-	20,961	20,961	-
Total Other Financing Uses	<u>128,260,616</u>	<u>130,561,412</u>	<u>130,560,085</u>	<u>1,327</u>
 <b>TOTAL EXPENDITURES AND OTHER FINANCING SOURCES</b>	 <u>\$ 1,219,460,803</u>	 <u>\$ 1,274,065,408</u>	 <u>\$ 1,119,356,411</u>	 <u>\$ 154,708,997</u>

**NONMAJOR  
SPECIAL REVENUE FUNDS**



## NONMAJOR SPECIAL REVENUE FUNDS

The Nonmajor Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The City has the following Nonmajor Special Revenue Funds:

**Agriculture Reserve Program** - accounts for revenue and expenses to promote and encourage the preservation of farmland in the rural southern portion of the City, in which agricultural uses predominate. As established by City Council, this is a voluntary purchase of development rights rather than regulatory. Fund balance will be used for payments of future interest costs of U.S. Treasury Securities and the maturing interest on each agreement.

**Central Business District South Tax Increment Financing** - accounts for incremental growth in real estate tax revenues and debt service funding of public parking and other public improvements in this business district. Fund balance is maintained to meet planned construction and debt service costs for improvements in this district as approved by City Council.

**Combined Area Dredging Projects** – this fund supports the special service districts of Old Donation Creek, Bayville Creek Shadowlawn, Chesapeake Colony, Harbour Point, Gills Cove and Hurds Cove, where additional real estate taxes are assessed on residents of those districts and collected to provide neighborhood channel dredging of creeks and rivers.

**Emergency FEMA** - accounts for receipts from the Federal Emergency Management Agency (FEMA), for the cost of providing urban search and rescue services in support of disaster declarations, and reimbursements to the City for the cost of local disasters. The level of fund balance is subject to final audit by the Inspector General.

**Federal Section Eight Program** - accounts for funds received from the Federal Department of Housing and Urban Development to provide rental assistance to low and moderate income families. A separate fund is required by the Federal government and fund balance must be used for rental assistance.

**Forfeited Assets** – accounts for the City's share of Federal revenues derived from any Federal agency where money or assets are seized. If the Commonwealth's Attorney is involved in the case, the department gets a portion of the funds. All State seizures are divided with the Commonwealth's Attorney receiving 25% and the Police Department receiving 75%. All real estate seized is split 50%/50% between the Commonwealth's Attorney and the Police Department. Fund balance must be used in compliance with Federal and State regulations to fund Police or Commonwealth's Attorney projects.

**Grants Consolidated** - accounts for certain Commonwealth of Virginia and Federal Grants (with matching local funds, if required).

**Housing and Neighborhood Preservation** - accounts for the combined activities of the Federal Community Development Block Grant (CDBG), Federal Housing Assistance Grant, Community Development Loan and programs, and Virginia State Rental Assistance Program (SRAP). This fund supports the administration of both capital improvement projects in target neighborhoods and various other housing programs. The uses of fund balance are restricted to the federal and state programs that generated the funds.

**Law Library** - accounts for the revenues and expenditures of providing legal information and research. Revenues are raised through a set charge per civil court case and donations, which are used for library operations.

**Open Space** - accounts for the acquisition and preservation of land in the City of Virginia Beach. This fund receives dedicated revenues from a percentage of the restaurant meal tax

**Parks and Recreation** - accounts for revenues raised through Parks and Recreation programs. This fund also receives dedicated funding from a portion of the real estate taxes to support and maintain the City's recreation centers.

**Sandbridge Special Service District** - accounts for the revenues raised by the additional real estate tax, hotel tax and other Sandbridge related revenue. The Virginia Beach code restricts the uses of fund balance to Capital Improvement Program projects associated with beach and shoreline restoration and maintenance within the Sandbridge District.

**Sandbridge Tax Increment Financing**— accounts for the incremental growth in real estate tax revenues within the district. These incremental revenues are generated by assessment growth beyond the base year, and are used to support beach and shoreline restoration in the Sandbridge district as established by City Council.

**Sheriff's Department** - accounts for the cost of the care and custody of persons placed in the Virginia Beach Correctional Center by the courts and for the operation of the Sheriff's Department, as established by City Council.

**Tourism Advertising Program** - accounts for revenue and expenses related to tourism advertising. This fund receives dedicated funding from a percentage of the hotel room tax and restaurant meal tax. There is a City Council appointed committee that oversees the use of these funds.

**Tourism Investment Program** - accounts for the revenue streams to fund tourism related capital projects and expenditures for oceanfront programs and events, maintenance, operating costs, and debt service of tourism-related projects, as established by City Council. This fund receives dedicated funding from a percentage of the following local taxes: amusement, hotel room, and restaurant meal tax receipts.

**Town Center Special Service District** – established to provide for the maintenance of public parking facilities and other infrastructure in conjunction with realizing a long-term City Council goal of developing a town center. This is supported by revenues from an additional real estate tax rate applied to each property owner in the Central Business District (CBD) within the Pembroke area of the City.

**Wetlands Board Mitigation** – accounts for the fines assessed for the destruction of wetlands and are to be used for the purchase of land and re-creation of wetlands.



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**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020**

	<b>Agriculture Reserve Program</b>	<b>Central Business District South Tax Increment Financing</b>	<b>Combined Area Dredging Projects</b>	<b>Emergency FEMA</b>
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 15,722,903	\$ 1,186,075	\$ 493,981	\$ -
Restricted Cash	-	-	-	-
Accounts Receivable	-	-	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Commonwealth	-	-	-	-
Due from Federal Government	-	-	-	864,129
Inventories	-	-	-	-
Total Assets	<u>15,722,903</u>	<u>1,186,075</u>	<u>493,981</u>	<u>864,129</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	428	-	-	466
Due to Other Funds	-	-	-	283,961
Unearned Revenue	-	-	-	-
Total Liabilities	<u>428</u>	<u>-</u>	<u>-</u>	<u>284,427</u>
<b><u>FUND BALANCES</u></b>				
Restricted for:				
Housing and Community Development	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	579,702
Special Service District	-	-	-	-
Committed for:				
Agriculture	15,064,165	-	-	-
Convention and Visitor Development	-	-	-	-
Education	-	-	-	-
Parks and Recreation	-	-	-	-
Tax Increment Financing	-	1,186,075	-	-
Assigned to:				
Agriculture	658,310	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Special Service District	-	-	493,981	-
Unassigned	-	-	-	-
Total Fund Balances	<u>15,722,475</u>	<u>1,186,075</u>	<u>493,981</u>	<u>579,702</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,722,903</u>	<u>\$ 1,186,075</u>	<u>\$ 493,981</u>	<u>\$ 864,129</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020**

<b>Federal Section Eight Program</b>	<b>Forfeited Assets</b>	<b>Grants Consolidated</b>	<b>Housing and Neighborhood Preservation</b>	<b>Law Library</b>	<b>Open Space</b>
\$ -	\$ -	\$ 81,964	\$ -	\$ 94,424	\$ 1,318,306
109,950	4,067,823	-	2,013,976	-	-
1,672,309	-	23,999	55,786	-	-
-	-	-	4,858,523	-	-
-	-	-	713	-	-
-	-	607,957	26,720	-	-
346,409	-	1,351,771	1,142,300	-	-
-	-	-	-	-	-
<u>2,128,668</u>	<u>4,067,823</u>	<u>2,065,691</u>	<u>8,098,018</u>	<u>94,424</u>	<u>1,318,306</u>
172,544	38,042	874,236	332,931	4,947	748
693,275	-	-	168,909	-	-
1,977	-	3,707,269	-	-	-
<u>867,796</u>	<u>38,042</u>	<u>4,581,505</u>	<u>501,840</u>	<u>4,947</u>	<u>748</u>
1,260,872	-	-	7,596,178	-	-
-	504,605	-	-	-	-
-	2,213,430	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	89,477	-
-	-	-	-	-	1,317,558
-	-	-	-	-	-
-	-	-	-	-	-
-	522,500	-	-	-	-
-	789,246	-	-	-	-
-	-	-	-	-	-
-	-	(2,515,814)	-	-	-
<u>1,260,872</u>	<u>4,029,781</u>	<u>(2,515,814)</u>	<u>7,596,178</u>	<u>89,477</u>	<u>1,317,558</u>
<u>\$ 2,128,668</u>	<u>\$ 4,067,823</u>	<u>\$ 2,065,691</u>	<u>\$ 8,098,018</u>	<u>\$ 94,424</u>	<u>\$ 1,318,306</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020**

	<u>Parks and Recreation</u>	<u>Sandbridge Special Service District</u>	<u>Sandbridge Tax Increment Financing</u>	<u>Sheriff's Department</u>
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 11,767,014	\$ 440,826	\$ -	\$ -
Restricted Cash	-	-	-	-
Accounts Receivable	138,708	-	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	163,277	-	-	-
Due from Commonwealth	-	-	-	1,363,624
Due from Federal Government	-	-	-	3,355
Inventories	-	-	-	141,784
Total Assets	<u>12,068,999</u>	<u>440,826</u>	<u>-</u>	<u>1,508,763</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	721,047	3,375	-	1,500,459
Due to Other Funds	-	-	-	814,647
Unearned Revenue	99,016	-	-	-
Total Liabilities	<u>820,063</u>	<u>3,375</u>	<u>-</u>	<u>2,315,106</u>
<b><u>FUND BALANCES</u></b>				
Restricted for:				
Housing and Community Development	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Special Service District	-	437,451	-	-
Committed for:				
Agriculture	-	-	-	-
Convention and Visitor Development	-	-	-	-
Education	-	-	-	-
Parks and Recreation	11,248,936	-	-	-
Tax Increment Financing	-	-	-	-
Assigned to:				
Agriculture	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Special Service District	-	-	-	-
Unassigned	-	-	-	(806,343)
Total Fund Balances	<u>11,248,936</u>	<u>437,451</u>	<u>-</u>	<u>(806,343)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,068,999</u>	<u>\$ 440,826</u>	<u>\$ -</u>	<u>\$ 1,508,763</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020**

<b>Tourism Advertising Program</b>	<b>Tourism Investment Program</b>	<b>Town Center Special Service District</b>	<b>Wetlands Board Mitigation</b>	<b>Totals</b>
\$ 4,724,114	\$ 23,691,636	\$ 2,031,451	\$ 407,116	\$ 61,959,810
-	-	-	-	6,191,749
-	380,923	-	-	2,271,725
-	-	-	-	4,858,523
-	-	-	-	163,990
-	-	-	-	1,998,301
-	-	-	-	3,707,964
-	-	-	-	141,784
<u>4,724,114</u>	<u>24,072,559</u>	<u>2,031,451</u>	<u>407,116</u>	<u>81,293,846</u>
717,477	559,767	110,524	-	5,036,991
-	-	-	-	1,960,792
-	-	-	-	3,808,262
<u>717,477</u>	<u>559,767</u>	<u>110,524</u>	<u>-</u>	<u>10,806,045</u>
-	-	-	-	8,857,050
-	-	-	-	504,605
-	-	-	-	2,793,132
-	-	1,920,927	-	2,358,378
-	-	-	-	15,064,165
4,006,637	23,512,792	-	-	27,519,429
-	-	-	-	89,477
-	-	-	407,116	12,973,610
-	-	-	-	1,186,075
-	-	-	-	658,310
-	-	-	-	522,500
-	-	-	-	789,246
-	-	-	-	493,981
-	-	-	-	(3,322,157)
<u>4,006,637</u>	<u>23,512,792</u>	<u>1,920,927</u>	<u>407,116</u>	<u>70,487,801</u>
<u>\$ 4,724,114</u>	<u>\$ 24,072,559</u>	<u>\$ 2,031,451</u>	<u>\$ 407,116</u>	<u>\$ 81,293,846</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Agriculture Reserve Program	Central Business District South Tax Increment Financing	Combined Area Dredging Projects	Emergency FEMA
<b>REVENUES</b>				
General Property Taxes	\$ 5,019,374	\$ 6,558,503	\$ 652,488	\$ -
Other Local Taxes	-	500,000	-	-
Fines and Forfeitures	-	-	-	-
Permits, Privilege Fees, and Regulatory Licenses	-	-	-	-
From Use of Money and Property	309,028	8,306	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
From Commonwealth	173,233	-	-	117,059
From Federal Government	-	-	-	627,745
Total Revenues	<u>5,501,635</u>	<u>7,066,809</u>	<u>652,488</u>	<u>744,804</u>
<b>EXPENDITURES</b>				
Current:				
Judicial	-	-	-	-
Health	-	-	-	-
Police	-	-	-	-
Human Services	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Library	-	-	-	-
Planning	-	-	-	-
Agriculture	168,222	-	-	-
Economic Development	-	-	-	-
Convention and Visitor Development	-	-	-	-
Fire	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
General Government	-	-	-	1,324,995
Emergency Medical Services	-	-	-	-
Debt Service:				
Principal Retirement	-	6,102,236	-	-
Interest and Fiscal Charges	2,448,609	2,125,570	-	-
Total Expenditures	<u>2,616,831</u>	<u>8,227,806</u>	<u>-</u>	<u>1,324,995</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>2,884,804</u>	<u>(1,160,997)</u>	<u>652,488</u>	<u>(580,191)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	(1,602,339)	(150,000)	(161,678)	-
Total Other Financing Sources (Uses)	<u>(1,602,339)</u>	<u>(150,000)</u>	<u>(161,678)</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>1,282,465</u>	<u>(1,310,997)</u>	<u>490,810</u>	<u>(580,191)</u>
<b>FUND BALANCES - JULY 1</b>	<u>14,440,010</u>	<u>2,497,072</u>	<u>3,171</u>	<u>1,159,893</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 15,722,475</u>	<u>\$ 1,186,075</u>	<u>\$ 493,981</u>	<u>\$ 579,702</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Federal Section Eight Program</b>	<b>Forfeited Assets</b>	<b>Grants Consolidated</b>	<b>Housing and Neighborhood Preservation</b>	<b>Law Library</b>	<b>Open Space</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	4,911,193
-	-	-	-	-	-
-	-	-	-	-	-
14,312	81,113	-	54,748	2,589	9,830
-	-	185	-	205,005	-
2,866,787	-	180,461	323	1,602	-
-	399,360	4,629,964	1,189,192	-	-
19,341,205	144,327	45,317,230	2,225,250	-	-
<u>22,222,304</u>	<u>624,800</u>	<u>50,127,840</u>	<u>3,469,513</u>	<u>209,196</u>	<u>4,921,023</u>
-	11,909	832,754	-	-	-
-	-	361,096	-	-	-
-	51,756	957,975	-	-	-
-	-	7,445,144	-	-	-
-	-	20,000	-	-	-
-	-	16,049	-	-	333,649
-	-	-	-	158,796	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	21,286	-	-	-
-	-	-	-	-	-
-	-	4,125,447	-	-	-
21,909,516	-	1,983,970	3,712,264	-	-
-	-	38,772,082	-	-	-
-	-	444,837	-	-	-
-	-	-	-	-	2,041,205
-	-	-	-	-	464,959
<u>21,909,516</u>	<u>63,665</u>	<u>54,980,640</u>	<u>3,712,264</u>	<u>158,796</u>	<u>2,839,813</u>
<u>312,788</u>	<u>561,135</u>	<u>(4,852,800)</u>	<u>(242,751)</u>	<u>50,400</u>	<u>2,081,210</u>
95,473	-	1,152,713	650,391	-	-
(1,734)	-	(343,968)	(128,858)	(40,000)	(2,552,644)
<u>93,739</u>	<u>-</u>	<u>808,745</u>	<u>521,533</u>	<u>(40,000)</u>	<u>(2,552,644)</u>
406,527	561,135	(4,044,055)	278,782	10,400	(471,434)
<u>854,345</u>	<u>3,468,646</u>	<u>1,528,241</u>	<u>7,317,396</u>	<u>79,077</u>	<u>1,788,992</u>
<u>\$ 1,260,872</u>	<u>\$ 4,029,781</u>	<u>\$ (2,515,814)</u>	<u>\$ 7,596,178</u>	<u>\$ 89,477</u>	<u>\$ 1,317,558</u>

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Parks and Recreation</b>	<b>Sandbridge Special Service District</b>	<b>Sandbridge Tax Increment Financing</b>	<b>Sheriff's Department</b>
<b><u>REVENUES</u></b>				
General Property Taxes	\$ 19,385,940	\$ 729,251	\$ 10,293,538	\$ -
Other Local Taxes	-	4,125,227	-	-
Fines and Forfeitures	1,224	-	-	-
Permits, Privilege Fees, and Regulatory Licenses	-	-	-	-
From Use of Money and Property	1,408,555	12,038	118,970	7,303
Charges for Services	11,042,388	-	-	4,593,774
Miscellaneous	117,363	-	-	6,404
From Commonwealth	8,914	-	-	19,245,665
From Federal Government	-	-	-	254,557
Total Revenues	<u>31,964,384</u>	<u>4,866,516</u>	<u>10,412,508</u>	<u>24,107,703</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Judicial	-	-	-	51,194,545
Health	-	-	-	-
Police	-	-	-	-
Human Services	-	-	-	-
Public Works	-	523,267	-	-
Parks and Recreation	34,852,689	-	-	-
Library	-	-	-	-
Planning	-	-	-	-
Agriculture	-	-	-	-
Economic Development	-	-	-	-
Convention and Visitor Development	-	-	-	-
Fire	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
General Government	-	-	-	-
Emergency Medical Services	-	-	-	-
Debt Service:				
Principal Retirement	2,640,113	-	-	-
Interest and Fiscal Charges	1,580,340	-	-	-
Total Expenditures	<u>39,073,142</u>	<u>523,267</u>	<u>-</u>	<u>51,194,545</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(7,108,758)</u>	<u>4,343,249</u>	<u>10,412,508</u>	<u>(27,086,842)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	6,685,290	65,000	-	25,421,343
Transfers Out	(5,621,568)	(4,957,001)	(15,367,008)	(10,404)
Total Other Financing Sources (Uses)	<u>1,063,722</u>	<u>(4,892,001)</u>	<u>(15,367,008)</u>	<u>25,410,939</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>(6,045,036)</u>	<u>(548,752)</u>	<u>(4,954,500)</u>	<u>(1,675,903)</u>
<b>FUND BALANCES - JULY 1</b>	<u>17,293,972</u>	<u>986,203</u>	<u>4,954,500</u>	<u>869,560</u>
<b>FUND BALANCES - JUNE 30</b>	<u>\$ 11,248,936</u>	<u>\$ 437,451</u>	<u>\$ -</u>	<u>\$ (806,343)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Tourism Advertising Program</b>	<b>Tourism Investment Program</b>	<b>Town Center Special Service District</b>	<b>Wetlands Board Mitigation</b>	<b>Totals</b>
\$ -	\$ -	\$ 1,624,072	\$ -	\$ 44,263,166
11,000,267	34,733,185	-	-	55,269,872
-	-	179,066	26,176	206,466
-	206,966	-	-	206,966
61,297	787,970	363,992	8,708	3,248,759
7,042	-	17,431	-	15,865,825
6,669	53,334	454	-	3,233,397
-	-	-	-	25,763,387
-	-	-	-	67,910,314
<u>11,075,275</u>	<u>35,781,455</u>	<u>2,185,015</u>	<u>34,884</u>	<u>215,968,152</u>
-	-	-	-	52,039,208
-	-	-	-	361,096
-	-	-	-	1,009,731
-	-	-	-	7,445,144
-	2,559,141	-	-	3,102,408
-	668,346	-	-	35,870,733
-	-	-	-	158,796
-	1,152,170	-	-	1,152,170
-	-	-	-	168,222
-	-	-	-	21,286
9,830,757	3,453,418	-	-	13,284,175
-	-	-	-	4,125,447
-	-	-	-	27,605,750
-	-	1,961,154	-	42,058,231
-	-	-	-	444,837
-	16,426,874	-	-	27,210,428
-	4,658,870	-	-	11,278,348
<u>9,830,757</u>	<u>28,918,819</u>	<u>1,961,154</u>	<u>-</u>	<u>227,336,010</u>
<u>1,244,518</u>	<u>6,862,636</u>	<u>223,861</u>	<u>34,884</u>	<u>(11,367,858)</u>
2,000,000	-	150,000	-	36,220,210
(56,838)	(11,014,873)	(632,226)	-	(42,641,139)
<u>1,943,162</u>	<u>(11,014,873)</u>	<u>(482,226)</u>	<u>-</u>	<u>(6,420,929)</u>
3,187,680	(4,152,237)	(258,365)	34,884	(17,788,787)
<u>818,957</u>	<u>27,665,029</u>	<u>2,179,292</u>	<u>372,232</u>	<u>88,276,588</u>
<u>\$ 4,006,637</u>	<u>\$ 23,512,792</u>	<u>\$ 1,920,927</u>	<u>\$ 407,116</u>	<u>\$ 70,487,801</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**AGRICULTURE RESERVE PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Real Estate Property Taxes	\$ 5,146,034	\$ 5,146,034	\$ 5,019,374	\$ (126,660)
From Use of Money and Property	143,880	143,880	309,028	165,148
From Commonwealth	-	173,233	173,233	-
Total Revenues	5,289,914	5,463,147	5,501,635	38,488
<b><u>EXPENDITURES</u></b>				
Agriculture Reserve Program	223,779	398,137	168,222	229,915
Debt Service:				
Interest and Fiscal Charges	4,457,539	3,845,200	2,448,609	1,396,591
Total Expenditures	4,681,318	4,243,337	2,616,831	1,626,506
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	608,596	1,219,810	2,884,804	1,664,994
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	(1,980,000)	(1,602,339)	(1,602,339)	-
Use of Fund Balance	1,371,404	382,529	-	(382,529)
Total Other Financing Sources (Uses)	(608,596)	(1,219,810)	(1,602,339)	(382,529)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	1,282,465	1,282,465
<b><u>FUND BALANCE - JULY 1</u></b>	14,440,010	14,440,010	14,440,010	-
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 14,440,010	\$ 14,440,010	\$ 15,722,475	\$ 1,282,465

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**CENTRAL BUSINESS DISTRICT SOUTH TAX INCREMENT FINANCING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Real Estate Property Taxes	\$ 8,033,042	\$ 8,033,042	\$ 6,558,503	\$ (1,474,539)
Other Local Taxes	500,000	500,000	500,000	-
From Use of Money and Property	2,000	2,000	8,306	6,306
Total Revenues	8,535,042	8,535,042	7,066,809	(1,468,233)
<b><u>EXPENDITURES</u></b>				
Debt Service:				
Principal Retirement	6,102,236	6,102,236	6,102,236	-
Interest and Fiscal Charges	2,134,275	2,134,275	2,125,570	8,705
Total Expenditures	8,236,511	8,236,511	8,227,806	8,705
Contingencies	148,531	148,531	-	148,531
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	150,000	150,000	(1,160,997)	(1,310,997)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	(150,000)	(150,000)	(150,000)	-
Total Other Financing Sources (Uses)	(150,000)	(150,000)	(150,000)	-
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	(1,310,997)	(1,310,997)
<b><u>FUND BALANCE - JULY 1</u></b>	2,497,072	2,497,072	2,497,072	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 2,497,072</u>	<u>\$ 2,497,072</u>	<u>\$ 1,186,075</u>	<u>\$ (1,310,997)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINED AREA DREDGING PROJECTS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Real Estate Property Taxes	\$ 649,470	\$ 649,470	\$ 652,488	\$ 3,018
Total Revenues	649,470	649,470	652,488	3,018
<b><u>EXPENDITURES</u></b>				
Reserves	489,365	489,365	-	489,365
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	160,105	160,105	652,488	492,383
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	(161,678)	(161,678)	(161,678)	-
Use of Fund Balance	1,573	1,573	-	(1,573)
Total Other Financing Sources (Uses)	(160,105)	(160,105)	(161,678)	(1,573)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	490,810	490,810
<b><u>FUND BALANCE - JULY 1</u></b>	3,171	3,171	3,171	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 3,171</u>	<u>\$ 3,171</u>	<u>\$ 493,981</u>	<u>\$ 490,810</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**EMERGENCY FEMA SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Commonwealth	\$ -	\$ -	\$ 117,059	\$ 117,059
From Federal Government	-	1,309,366	627,745	(681,621)
Total Revenues	-	1,309,366	744,804	(564,562)
<b><u>EXPENDITURES</u></b>				
FEMA Operations	-	1,309,366	1,324,995	(15,629)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	(580,191)	(580,191)
<b><u>FUND BALANCE - JULY 1</u></b>	1,159,893	1,159,893	1,159,893	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 1,159,893</u>	<u>\$ 1,159,893</u>	<u>\$ 579,702</u>	<u>\$ (580,191)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**FEDERAL SECTION EIGHT PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 14,312	\$ 14,312
Miscellaneous	3,735,855	3,735,855	2,866,787	(869,068)
From Federal Government	18,044,601	18,552,076	19,341,205	789,129
Total Revenues	21,780,456	22,287,931	22,222,304	(65,627)
<b><u>EXPENDITURES</u></b>				
Rental Subsidy Program	21,887,043	22,417,378	21,909,516	507,862
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(106,587)	(129,447)	312,788	442,235
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	74,742	95,473	95,473	-
Transfers Out	-	(1,734)	(1,734)	-
Use of Fund Balance	31,845	35,708	-	(35,708)
Total Other Financing Sources (Uses)	106,587	129,447	93,739	(35,708)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	406,527	406,527
<b><u>FUND BALANCE - JULY 1</u></b>	854,345	854,345	854,345	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 854,345</u>	<u>\$ 854,345</u>	<u>\$ 1,260,872</u>	<u>\$ 406,527</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**FORFEITED ASSETS SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 81,113	\$ 81,113
From Commonwealth	-	-	399,360	399,360
From Federal Government	-	-	144,327	144,327
Total Revenues	-	-	624,800	624,800
<b><u>EXPENDITURES</u></b>				
Commonwealth Attorney	100,000	522,500	11,909	510,591
Police	-	1,076,297	51,756	1,024,541
Total Expenditures	100,000	1,598,797	63,665	1,535,132
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(100,000)	(1,598,797)	561,135	2,159,932
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	-	(549,636)	-	549,636
Use of Fund Balance	100,000	2,148,433	-	(2,148,433)
Total Other Financing Sources (Uses)	100,000	1,598,797	-	(1,598,797)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	561,135	561,135
<b><u>FUND BALANCE - JULY 1</u></b>	3,468,646	3,468,646	3,468,646	-
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 3,468,646	\$ 3,468,646	\$ 4,029,781	\$ 561,135

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**HOUSING AND NEIGHBORHOOD PRESERVATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 54,748	\$ 54,748
Miscellaneous	196,000	196,000	323	(195,677)
From Commonwealth	966,266	1,232,232	1,189,192	(43,040)
From Federal Government	3,123,487	4,242,107	2,225,250	(2,016,857)
Total Revenues	4,285,753	5,670,339	3,469,513	(2,200,826)
<b><u>EXPENDITURES</u></b>				
Housing and Neighborhood Preservation	3,818,065	4,958,808	3,172,231	1,786,577
State Rental Assistance Program	966,266	1,233,064	540,033	693,031
Total Expenditures	4,784,331	6,191,872	3,712,264	2,479,608
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(498,578)	(521,533)	(242,751)	278,782
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	627,436	650,391	650,391	-
Transfers Out	(128,858)	(128,858)	(128,858)	-
Total Other Financing Sources (Uses)	498,578	521,533	521,533	-
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	278,782	278,782
<b><u>FUND BALANCE - JULY 1</u></b>	7,317,396	7,317,396	7,317,396	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 7,317,396</u>	<u>\$ 7,317,396</u>	<u>\$ 7,596,178</u>	<u>\$ 278,782</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
LAW LIBRARY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 2,000	\$ 2,000	\$ 2,589	\$ 589
Charges for Services	255,000	255,000	205,005	(49,995)
Miscellaneous	-	-	1,602	1,602
Total Revenues	<u>257,000</u>	<u>257,000</u>	<u>209,196</u>	<u>(47,804)</u>
<b><u>EXPENDITURES</u></b>				
Law Library	<u>217,000</u>	<u>217,000</u>	<u>158,796</u>	<u>58,204</u>
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>40,000</u>	<u>40,000</u>	<u>50,400</u>	<u>10,400</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	(40,000)	(40,000)	(40,000)	-
Total Other Financing Sources (Uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	<u>-</u>	<u>-</u>	<u>10,400</u>	<u>10,400</u>
<b><u>FUND BALANCE - JULY 1</u></b>	<u>79,077</u>	<u>79,077</u>	<u>79,077</u>	<u>-</u>
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 79,077</u>	<u>\$ 79,077</u>	<u>\$ 89,477</u>	<u>\$ 10,400</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
OPEN SPACE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Other Local Taxes	\$ 5,591,945	\$ 5,144,589	\$ 4,911,193	\$ (233,396)
From Use of Money and Property	-	-	9,830	9,830
Total Revenues	5,591,945	5,144,589	4,921,023	(223,566)
<b><u>EXPENDITURES</u></b>				
Open Space Program	582,900	582,900	333,649	249,251
Debt Service:				
Principal Retirement	2,041,205	2,041,205	2,041,205	-
Interest and Fiscal Charges	467,840	467,840	464,959	2,881
Total Expenditures	3,091,945	3,091,945	2,839,813	252,132
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	2,500,000	2,052,644	2,081,210	28,566
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	(3,000,000)	(2,552,644)	(2,552,644)	-
Use of Fund Balance	500,000	500,000	-	(500,000)
Total Other Financing Sources (Uses)	(2,500,000)	(2,052,644)	(2,552,644)	(500,000)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	(471,434)	(471,434)
<b><u>FUND BALANCE - JULY 1</u></b>	1,788,992	1,788,992	1,788,992	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 1,788,992</u>	<u>\$ 1,788,992</u>	<u>\$ 1,317,558</u>	<u>\$ (471,434)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PARKS AND RECREATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<b><u>REVENUES</u></b>				
Real Estate Property Taxes	\$ 19,875,128	\$ 19,875,128	\$ 19,385,940	\$ (489,188)
Fines and Forfeitures	-	-	1,224	1,224
From Use of Money and Property	1,564,354	1,564,354	1,408,555	(155,799)
Charges for Services	16,063,039	16,063,039	11,042,388	(5,020,651)
Miscellaneous	110,400	110,400	117,363	6,963
From Commonwealth	11,000	11,000	8,914	(2,086)
Total Revenues	37,623,921	37,623,921	31,964,384	(5,659,537)
<b><u>EXPENDITURES</u></b>				
Administration, Marketing, and Building Systems	4,712,695	4,483,341	4,137,470	345,871
Programming and Operations	31,270,706	32,016,307	28,894,763	3,121,544
Sports Management	1,471,328	1,489,595	1,107,149	382,446
Landscape Management	793,054	805,384	713,307	92,077
Debt Service:				
Principal Retirement	2,640,113	2,640,113	2,640,113	-
Interest and Fiscal Charges	1,581,873	1,581,873	1,580,340	1,533
Total Expenditures	42,469,769	43,016,613	39,073,142	3,943,471
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(4,845,848)	(5,392,692)	(7,108,758)	(1,716,066)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	6,436,948	6,685,290	6,685,290	-
Transfers Out	(2,618,100)	(5,621,568)	(5,621,568)	-
Use of Fund Balance	1,027,000	4,328,970	-	(4,328,970)
Total Other Financing Sources (Uses)	4,845,848	5,392,692	1,063,722	(4,328,970)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	(6,045,036)	(6,045,036)
<b><u>FUND BALANCE - JULY 1</u></b>	17,293,972	17,293,972	17,293,972	-
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 17,293,972	\$ 17,293,972	\$ 11,248,936	\$ (6,045,036)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SANDBRIDGE SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Real Estate Property Taxes	\$ 735,502	\$ 735,502	\$ 729,251	\$ (6,251)
Other Local Taxes	4,165,452	4,165,452	4,125,227	(40,225)
From Use of Money and Property	7,037	7,037	12,038	5,001
Total Revenues	4,907,991	4,907,991	4,866,516	(41,475)
<b><u>EXPENDITURES</u></b>				
Beach Operations	463,064	700,535	523,267	177,268
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	4,444,927	4,207,456	4,343,249	135,793
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	65,000	65,000	65,000	-
Transfers Out	(4,957,001)	(4,957,001)	(4,957,001)	-
Use of Fund Balance	447,074	684,545	-	(684,545)
Total Other Financing Sources (Uses)	(4,444,927)	(4,207,456)	(4,892,001)	(684,545)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	(548,752)	(548,752)
<b><u>FUND BALANCE - JULY 1</u></b>	986,203	986,203	986,203	-
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 986,203	\$ 986,203	\$ 437,451	\$ (548,752)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SANDBRIDGE TAX INCREMENT FINANCING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Real Estate Property Taxes	\$ 10,411,393	\$ 10,411,393	\$ 10,293,538	\$ (117,855)
From Use of Money and Property	54,799	54,799	118,970	64,171
Total Revenues	10,466,192	10,466,192	10,412,508	(53,684)
<b><u>EXPENDITURES</u></b>				
Sandbridge TIF	8,768,193	268,193	-	268,193
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	1,697,999	10,197,999	10,412,508	214,509
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	(1,697,999)	(15,367,008)	(15,367,008)	-
Use of Fund Balance	-	5,169,009	-	(5,169,009)
Total Other Financing Sources (Uses)	(1,697,999)	(10,197,999)	(15,367,008)	(5,169,009)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	(4,954,500)	(4,954,500)
<b><u>FUND BALANCE - JULY 1</u></b>	4,954,500	4,954,500	4,954,500	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 4,954,500</u>	<u>\$ 4,954,500</u>	<u>\$ -</u>	<u>\$ (4,954,500)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SHERIFF'S DEPARTMENT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ 11,000	\$ 11,000	\$ 7,303	\$ (3,697)
Charges for Services	5,116,608	5,116,608	4,593,774	(522,834)
Miscellaneous	2,000	2,000	6,404	4,404
From Commonwealth	20,085,626	20,085,626	19,245,665	(839,961)
From Federal Government	140,000	140,000	254,557	114,557
Total Revenues	25,355,234	25,355,234	24,107,703	(1,247,531)
<b><u>EXPENDITURES</u></b>				
Judicial	49,345,817	51,369,421	51,194,545	174,876
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(23,990,583)	(26,014,187)	(27,086,842)	(1,072,655)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	23,990,583	25,421,343	25,421,343	-
Transfers Out	-	(10,404)	(10,404)	-
Use of Fund Balance	-	603,248	-	(603,248)
Total Other Financing Sources (Uses)	23,990,583	26,014,187	25,410,939	(603,248)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	(1,675,903)	(1,675,903)
<b><u>FUND BALANCE - JULY 1</u></b>	869,560	869,560	869,560	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 869,560</u>	<u>\$ 869,560</u>	<u>\$ (806,343)</u>	<u>\$ (1,675,903)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TOURISM ADVERTISING PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Other Local Taxes	\$ 12,794,047	\$ 12,285,688	\$ 11,000,267	\$ (1,285,421)
From Use of Money and Property	67,000	67,000	61,297	(5,703)
Charges for Services	53,000	53,000	7,042	(45,958)
Miscellaneous	10,000	10,000	6,669	(3,331)
Total Revenues	12,924,047	12,415,688	11,075,275	(1,340,413)
<b><u>EXPENDITURES</u></b>				
Visitor Information Center	716,887	736,723	485,267	251,456
Tourism and Convention Advertising	10,976,906	13,003,798	8,704,637	4,299,161
Sports Marketing	1,173,416	1,173,416	640,853	532,563
Total Expenditures	12,867,209	14,913,937	9,830,757	5,083,180
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	56,838	(2,498,249)	1,244,518	3,742,767
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	-	2,000,000	2,000,000	-
Transfers Out	(56,838)	(56,838)	(56,838)	-
Use of Fund Balance	-	555,087	-	(555,087)
Total Other Financing Sources (Uses)	(56,838)	2,498,249	1,943,162	(555,087)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	3,187,680	3,187,680
<b><u>FUND BALANCE - JULY 1</u></b>	818,957	818,957	818,957	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 818,957</u>	<u>\$ 818,957</u>	<u>\$ 4,006,637</u>	<u>\$ 3,187,680</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TOURISM INVESTMENT PROGRAM SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Other Local Taxes	\$ 40,280,792	\$ 39,203,072	\$ 34,733,185	\$ (4,469,887)
Permits, Privilege Fees, and Regulatory Licenses	329,106	329,106	206,966	(122,140)
From Use of Money and Property	439,500	439,500	787,970	348,470
Charges for Services	3,500	3,500	-	(3,500)
Miscellaneous	477,869	173,005	53,334	(119,671)
Total Revenues	41,530,767	40,148,183	35,781,455	(4,366,728)
<b><u>EXPENDITURES</u></b>				
Cultural Affairs	75,500	75,500	50,500	25,000
Beach Operations	2,081,337	2,461,510	1,966,603	494,907
Direct Costs	1,154,830	1,154,830	1,152,170	2,660
Special Events	5,405,202	6,031,117	3,402,918	2,628,199
Recycling	102,000	102,000	82,927	19,073
Landscaping	846,713	853,499	668,346	185,153
Maintenance	714,791	731,952	509,611	222,341
Debt Service:				
Principal Retirement	16,426,874	16,426,874	16,426,874	-
Interest and Fiscal Charges	6,412,389	6,412,389	4,658,870	1,753,519
Contingencies	8,296,258	3,897,094	-	3,897,094
Total Expenditures	41,515,894	38,146,765	28,918,819	9,227,946
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	14,873	2,001,418	6,862,636	4,861,218
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	(14,873)	(11,014,873)	(11,014,873)	-
Use of Fund Balance	-	9,013,455	-	(9,013,455)
Total Other Financing Sources (Uses)	(14,873)	(2,001,418)	(11,014,873)	(9,013,455)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	(4,152,237)	(4,152,237)
<b><u>FUND BALANCE - JULY 1</u></b>	27,665,029	27,665,029	27,665,029	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 27,665,029</u>	<u>\$ 27,665,029</u>	<u>\$ 23,512,792</u>	<u>\$ (4,152,237)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TOWN CENTER SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Real Estate Property Taxes	\$ 2,111,141	\$ 2,111,141	\$ 1,624,072	\$ (487,069)
Fines and Forfeitures	170,000	170,000	179,066	9,066
From Use of Money and Property	299,500	299,500	363,992	64,492
Charges for Services	24,300	24,300	17,431	(6,869)
Miscellaneous	-	-	454	454
Total Revenues	2,604,941	2,604,941	2,185,015	(419,926)
<b><u>EXPENDITURES</u></b>				
Town Center Parking Operations	2,141,480	2,211,738	1,928,533	283,205
Town Center Operations	62,438	77,558	32,621	44,937
Total Expenditures	2,203,918	2,289,296	1,961,154	328,142
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	401,023	315,645	223,861	(91,784)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	150,000	150,000	150,000	-
Transfers Out	(631,976)	(632,226)	(632,226)	-
Use of Fund Balance	80,953	166,581	-	(166,581)
Total Other Financing Sources (Uses)	(401,023)	(315,645)	(482,226)	(166,581)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	(258,365)	(258,365)
<b><u>FUND BALANCE - JULY 1</u></b>	2,179,292	2,179,292	2,179,292	-
<b><u>FUND BALANCE - JUNE 30</u></b>	<u>\$ 2,179,292</u>	<u>\$ 2,179,292</u>	<u>\$ 1,920,927</u>	<u>\$ (258,365)</u>

CITY OF VIRGINIA BEACH, VIRGINIA  
WETLANDS BOARD MITIGATION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020

	Budget Amounts		Actual Amounts	Variance Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Fines and Forfeitures	\$ -	\$ -	\$ 26,176	\$ 26,176
From Use of Money and Property	-	-	8,708	8,708
Total Revenues	-	-	34,884	34,884
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	-	-	34,884	34,884
<b>FUND BALANCE - JULY 1</b>	372,232	372,232	372,232	-
<b>FUND BALANCE - JUNE 30</b>	\$ 372,232	\$ 372,232	\$ 407,116	\$ 34,884

## **DEBT SERVICE FUND**



## **DEBT SERVICE FUND**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
From Use of Money and Property	\$ -	\$ -	\$ 6,108,988	\$ 6,108,988
Federal Reimbursement of Interest	-	-	341,961	341,961
Total Revenues	-	-	6,450,949	6,450,949
<b><u>EXPENDITURES</u></b>				
Principal	29,454,883	30,067,222	29,454,883	612,339
Interest	13,858,999	13,858,999	13,588,313	270,686
Total Expenditures	43,313,882	43,926,221	43,043,196	883,025
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	(43,313,882)	(43,926,221)	(36,592,247)	7,333,974
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers In	43,313,882	43,926,221	43,271,075	(655,146)
Proceeds of Refunding Bonds	-	-	80,329,587	80,329,587
Premium on Bonds Sold	-	-	8,734,990	8,734,990
Payment to Refunding Bonds Escrow Agent	-	-	(89,022,077)	(89,022,077)
Total Other Financing Sources (Uses)	43,313,882	43,926,221	43,313,575	(612,646)
<b><u>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</u></b>	-	-	6,721,328	6,721,328
<b><u>FUND BALANCE - JULY 1</u></b>	37,618,680	37,618,680	37,618,680	-
<b><u>FUND BALANCE - JUNE 30</u></b>	\$ 37,618,680	\$ 37,618,680	\$ 44,340,008	\$ 6,721,328

**GENERAL GOVERNMENT**

**CAPITAL PROJECTS**



## **GENERAL GOVERNMENT CAPITAL PROJECTS**

The General Government Capital Projects Fund is used to account for all revenues and expenditures related to the construction of the City's General Government fixed assets and infrastructure. The categories of projects accounted for in this fund are engineering and highways, buildings and assets, parks and recreation, coastal, and economic and tourism development.

**CITY OF VIRGINIA BEACH, VIRGINIA  
ENGINEERING AND HIGHWAYS CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020**

Project Number	Project Name	Budget to Date	Current Year	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
2022	MAJOR BRIDGE REHAB II	\$ 10,040,284	\$ 529,254	\$ 3,993,363	\$ 3,993,363	\$ 401,468	\$ 5,645,453
2024	RURAL ROAD IMPROVEMENTS II	1,304,424	-	14,054	14,054	155,549	1,134,821
2025	WITCHDUCK ROAD - PHASE II	60,288,998	6,886,681	49,645,188	49,645,188	5,013,351	5,630,459
2026	STREET RECONSTRUCTION II	15,050,000	3,365,081	11,805,897	3,365,081	1,669,225	1,574,878
2027	VARIOUS COST PARTICIPATION PROJECTS II	250,000	-	-	-	-	250,000
2028	WETLANDS MITIGATION BANKING II	700,000	-	-	-	-	700,000
2033	PRINCESS ANNE ROAD PHASE VII-A	350,000	-	218,082	218,082	1,640	130,278
2038	ROSEMONT ROAD PHASE V	18,541,000	-	807,284	807,284	871,251	16,862,465
2040	LASKIN ROAD PHASE I	18,045,009	-	-	-	-	18,045,009
2042	INDIAN RIVER/PROVIDENCE INTER IMPROVE	2,052,200	33,725	480,174	480,174	66,408	1,505,618
2045	PACIFIC AVENUE IMPROVEMENTS	15,080,000	1,385	14,379,392	-	-	700,608
2046	CAVALIER DRIVE IMPROVEMENTS	2,449,040	-	2,059,972	-	-	389,068
2047	UPTON DR EXT/DAM NECK IMPROVEMENTS	1,300,000	-	13,219	13,219	1,286,780	1
2048	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION IMPR	86,171,045	150	85,999,500	-	109,210	62,335
2050	LANDSTOWN RD IMPROVEMENTS	8,951,014	78,710	778,856	778,856	516,184	7,655,974
2054	FERRELL PARKWAY	1,262,750	-	708	708	-	1,262,042
2057	PLEASURE HOUSE ROAD STREET IMPROV PH II	350,000	-	-	-	-	350,000
2072	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPROVEMENT	31,902,054	(212,305)	11,698,079	4,463,464	893,439	19,310,536
2078	SANDBRIDGE ROAD-NIMMO VVI-A	9,878,020	80,309	1,272,522	1,272,522	456,025	8,149,473
2088	WEST NECK ROAD PHASE IV	8,966,533	35,145	1,360,004	1,360,004	1,012,198	6,594,331
2094	BUS STOP INFRASTRUCTURE/ACCESSIBILITY IM	1,018,157	350	357,020	357,020	404,556	256,581
2110	NIMMO PARKWAY VII-B	2,921,281	376,548	1,069,442	1,069,442	470,894	1,380,945
2111	TRAFFIC SAFETY IMPROVEMENTS IV	10,126,122	1,777,936	3,626,774	3,626,774	1,583,450	4,915,898
2112	INDEPENDENCE BLVD/BAKTER RD SIDEWALK	1,296,007	36,650	147,812	147,812	29,627	1,118,568
2117	SHORE DRIVE CORRIDOR IMPRV-PHASE III	26,739,722	132,870	2,114,470	2,114,470	82,135	24,543,117
2118	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	2,025,076	-	398,437	398,437	351,639	1,275,000
2119	PROVIDENCE RD SIDEWALK	971,450	43,094	129,934	129,934	42,377	799,139
2120	WEST GREAT NECK RD SIDEWALK	924,000	639,626	743,955	743,955	81,369	98,676
2124	ELBOW RD EXTENDED PHASE II-C	500,000	43,531	43,531	43,531	456,469	-
2125	INDIAN RIVER ROAD PHASE VII-B	1,570,000	-	-	-	-	1,570,000
2126	LASKIN ROAD PHASE I-A (VDOT)	23,505,041	-	-	-	-	23,505,041
2127	I-264/INDEPENDENCE INTERCHANGE IMPRV	500,000	-	-	-	-	500,000
2130	BUCCANEER RD BULKHEAD REPLACEMENT	4,500,000	2,438,228	2,672,619	2,672,619	12,312	1,815,069
2131	PUNGO FERRY BRIDGE REHAB (#134-8029)	3,900,000	-	-	-	-	3,900,000
2135	CLEVELAND ST IMPROVEMENTS IV	1,761,000	1,200	1,200	1,200	-	1,759,800
2146	LASKIN ROAD PHASE III	300,000	-	-	-	-	300,000
2149	BIRDNECK ROAD - PHASE II	8,415,975	-	8,069,685	-	344,363	1,927
2152	ELBOW ROAD EXTENDED - PHASE II	43,082,485	148,495	6,925,126	6,925,126	486,586	35,670,773
2154	GENERAL BOOTH/CAMP PENDLETON INTERS IMPR	1,779,000	37,117	37,117	37,117	311,954	1,429,929
2156	LASKIN ROAD - PHASE I (VDOT)	2,278,981	-	2,266,061	2,266,061	-	12,920
2158	HOLLAND ROAD - PHASE VI (PARTIAL)	5,632,883	-	5,288,350	-	6,231	338,302
2159	PARLIAMENT DRIVE SIDEWALK PHASE II - FY19	966,353	1,327	1,327	1,327	205,650	759,376
2160	CITY WIDE STREET LGHTG IMPRVMNTS-PHASE II	820,000	63,852	641,668	348,455	15,535	162,797
2165	LASKIN ROAD - PHASE II	1,518,100	-	625,465	625,465	-	892,635
2167	LYNNHAVEN PARKWAY - PHASE XI	1,769,125	-	1,402,919	-	-	366,206
2168	LESNER BRIDGE REPLACEMENT	114,954,439	1,958,683	109,607,584	-	147,167	5,199,688
2176	TRANSPORTATION NETWORK ANALYSIS	2,632,250	19,672	2,439,929	19,672	51,215	141,106
2183	TRAFFIC CALMING	200,000	-	-	-	-	200,000
2184	RURAL ROAD RECURRING FLOODING, SLR & RESILENCY	500,000	-	-	-	-	500,000
2188	SANDBRIDGE RD - NIMMO PHASE VII-A SLR RESILENCY IM	500,000	-	-	-	-	500,000
2195	PRINCESS ANNE RD-INTERSECTION IMPRVMNTS	38,609,843	8,362,177	19,826,242	15,806,086	9,384,331	9,399,270
2256	INDIAN RIVER ROAD - PHASE VII	39,705,578	461,357	7,890,985	7,890,985	734,443	31,080,150
2300	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	17,237,458	1,082,483	15,867,725	-	1,225,443	144,290
2401	GREENWICH RD/CLEVELAND ST CROSSOVER	14,731,314	746,150	7,913,285	7,913,285	791,816	6,026,213
2409	CENTERVILLE TURNPIKE INTERIM IMPROVEMENTS	40,178,270	133,237	3,414,943	3,414,943	545,495	36,217,832
2410	TRAFFIC SIGNAL REHAB-PHASE II	2,730,250	640,894	1,363,390	1,363,390	365,146	1,001,714
2414	SHIPPS CORNER ROAD IMPROVEMENTS	2,779,050	-	351,451	351,451	2,397,311	30,288
2416	SANDBRIDGE ROAD BRIDGE REPLACEMENT	7,887,467	4,428,985	6,597,923	6,597,923	912,102	377,442
2418	INDIAN RD/KEMPSVILLE RD IMPROVEMENT	23,113,848	5,577,935	19,448,243	-	2,477,226	1,188,379
2419	CENTERVILLE TURNPIKE PHASE III	10,256,851	190,458	1,403,335	1,403,335	671,441	8,182,075
2422	PUNGO TURN LANE	250,000	-	210,211	210,211	-	39,789
2501	NIMMO PARKWAY PHASE II	4,527,261	39,377	359,965	359,965	92,886	4,074,410
TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS		<u>\$ 762,547,008</u>	<u>\$ 40,180,367</u>	<u>\$ 417,784,417</u>	<u>\$ 133,251,990</u>	<u>\$ 37,133,897</u>	<u>\$ 307,628,694</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
BUILDINGS CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
3025	BLDG 2 ELECTRICAL UPGRADE	\$ 75,054	\$ -	\$ 67,778	\$ -	\$ -	\$ 7,276
3028	AQUARIUM MARSH PAVILION ENHANCEMENTS	15,422,933	5,095,812	7,021,994	7,021,994	6,709,504	1,691,435
3047	LANDFILL #2 PHASE 1 CAPPING	15,435,000	1,995	7,628,518	7,628,518	158,323	7,648,159
3056	PUBLIC SAFETY EQUIPMENT REPLACEMENT	5,722,385	1,056,863	3,150,552	3,150,552	-	2,571,833
3065	CENTRAL PARK GENERATOR	5,305,585	3,977,257	4,376,358	4,376,358	220,021	709,206
3069	EUCLID YARD FACILITY REPLACEMENT	225,000	-	-	-	-	225,000
3071	LIBRARY ENHANCEMENTS	5,835,215	1,863,463	3,091,770	-	158,605	2,584,840
3072	CITY HALL PLANNING & CONCEPT DEVELOPEMENT	50,250,000	11,616,872	14,732,593	14,443,909	27,703,211	7,814,196
3074	AQUARIUM MARSH PAVILION PH II	11,737,869	4,120,684	5,443,916	5,443,916	5,676,468	617,485
3075	FIRE/EMS STATION BURTON STATION	7,810,000	95,440	636,952	636,952	218,709	6,954,339
3095	CIT-POLICE-INTGRD PUB SFTY RCRD MGT SYS	17,630,162	472,698	8,126,584	-	5,119,426	4,384,152
3103	HERITAGE BUILDING - MAINTENANCE PROGRAM	3,700,261	259,909	1,865,797	-	196,084	1,638,380
3115	JUDICAL CNTR MAINTENANCE	649,356	27,958	432,938	-	168,492	47,926
3119	CIT-CABLE ACCESS INFRASTRUCTURE REPLACE	3,797,261	187,194	1,874,819	-	44,307	1,878,135
3122	POLICE DEPT HELICOPTER	9,127,667	-	4,334,089	-	-	4,793,578
3132	HERITAGE BUILDING MAINTENANCE II	1,600,000	52,042	52,042	52,042	574,097	973,861
3133	FIRE TRAINING CTR IMPROVE-PHASE III	5,152,170	83,522	662,984	662,984	132,768	4,356,418
3135	FIRE APPARATUS IV	7,580,975	1,634,533	5,523,467	1,634,533	2,051,828	5,680
3136	VAR BLDGS HVAC REHAB & RENEWAL PH III	11,259,331	488,472	11,098,818	-	80,941	79,572
3137	VARIOUS BLDGS REHAB & RENEWAL PH III	14,289,599	288,477	13,991,205	-	87,643	210,751
3139	VARIOUS SITE ACQUISITIONS PHASE II	9,737,716	-	8,748,525	-	-	989,191
3140	ENERGY PERFORMANCE CONTRACTS (CITY)	5,459,915	16,139	4,608,777	-	800,000	51,138
3141	VARIOUS BUILDINGS HVAC REHAB & RENEW IV	5,000,000	1,601,409	2,381,164	1,601,409	867,145	1,751,691
3142	CIT-COMMUNICATIONS INFRA REPLACE-PHII	32,106,051	2,087,814	28,300,827	-	297,312	3,507,912
3146	VA AQUARIUM BLDG SYS REHAB & RENEW-PH I	14,909,803	1,441,093	11,047,112	-	2,635,088	1,227,603
3149	VARIOUS BUILDINGS REHAB & RENEWAL IV	9,045,572	4,177,595	5,432,756	-	1,034,757	2,578,059
3153	VARIOUS SITE ACQUISITIONS III	1,343,644	-	3,300	3,300	-	1,340,344
3154	FIRE TRAINING CENTER IMPROVEMENTS IV	1,373,155	-	-	-	-	1,373,155
3155	VIRGINIA AQUARIUM RENEW & REPLACE III	1,200,000	52,422	60,719	-	150,000	989,281
3157	FACILITIES PLANNING SERVICES	370,467	86,431	142,263	-	128,342	99,862
3159	EMS HEADQUARTERS GENERATOR	801,728	208,421	236,000	-	24,779	540,949
3162	VETERANS MEMORIAL SUSTAINMENT	400,000	31,284	31,284	-	19,607	349,109
3163	EMS HEADQUARTERS AUDIO & VISUAL UPGRADES	250,000	-	247,950	247,950	-	2,050
3164	ENERGY PERFORMANCE CONTRACTS (CITY) II	550,000	-	-	-	-	550,000
3165	VA AQUARIUM BUILDING SYSTEMS & FACILITY INFRASTRUCT	1,434,540	58,371	58,371	58,371	35,380	1,340,789
3166	BUILDING SECURITY	125,000	76,722	76,722	76,722	48,278	-
3174	OPERATIONS FACILITIES RENOVATIONS	4,000,000	2,451,495	2,451,495	2,451,495	168,293	1,380,212
3278	VA AQUARIUM RENEWAL & REPLACEMENT-PH II	3,445,000	173,350	2,310,137	-	31,639	1,103,224
3292	VA AQUARIUM ANIMAL CARE ANNEX	18,074,338	5,880,140	15,542,362	15,542,362	2,049,952	482,024
3344	POLICE FOURTH PRECINCT-REPLACEMENT	9,051,779	2,957,602	8,726,257	-	169,381	156,141
3503	HOUSING RESOURCE CENTER	24,440,288	269,701	23,915,460	-	41,381	483,447
3506	FIRE FACILITY REHAB & RENEWAL PH III	4,790,891	379,232	4,566,746	-	37,000	187,145
3508	ARC FLASH MITIGATION	4,080,000	590,658	2,518,749	-	857,133	704,118
3510	INTRMEDIATE CARE FACILITIES REN/REP PH I	1,549,776	33,576	190,031	-	-	1,359,745
3518	CONVENTION CTR CAPITAL MAINTENANCE	6,443,369	322,814	3,295,206	-	942,204	2,205,959
3523	CORRECTION CTR MASTER CONTROL UPGRADE	5,000,000	1,070,303	1,703,121	1,703,121	3,195,319	101,560
3610	CIT-OCEANFRONT CAMERAS	3,465,400	1,876	2,910,068	-	-	555,332
3615	CIT-BUS REV/PERS PROP RACS IMPLEMENTATION	4,300,500	605,880	4,145,486	605,880	154,600	414
3652	CIT-TELECOMMUNICATIONS REPLACEMENT PH II	2,704,494	945,995	2,228,572	-	191,121	284,801
3663	CIT-ENTERPRISE SCHEDULING/TIMEKEEPING SY	2,740,796	605,325	793,343	793,343	1,042,737	904,716
3664	CIT-METROPOLITAN AREA NETWORK	9,634,989	438,989	5,909,605	-	963,642	2,761,742
3677	CIT-STORM SURGE AND SUSTAIN MODELING	306,158	28,979	197,902	-	31,698	76,558
3678	CIT-FIRE MOBILE RADIO REPEATERS	475,520	32,650	32,650	32,650	299,735	143,135
3683	CIT-MAINTAIN & SECURE CORPORATE DATA	460,000	124,824	460,000	-	-	-
3690	CIT-ENTERPRISE CUST RELATIONSHIP MGMT SY	608,166	214,539	225,854	-	320,026	62,286
3693	CIT-IT SERVICE CONTINUITY II	4,207,604	1,193,529	3,318,645	-	750,694	138,265
3695	CIT-21ST CENTURY ENTERPRISE RESOURCE PLANNING SYST	14,017,284	5,054,645	7,145,366	7,145,366	2,722,922	4,148,996
3697	CIT-CITY SOFTWARE UPGRADE/REPLACEMENT	6,195,800	2,169,198	4,033,520	-	880,073	1,282,207
3700	CIT - FIRE ASSET MANAGEMENT SYSTEM	518,827	-	-	-	-	518,827
3703	CIT - POLICE SPECIAL INVESTIGATION VIDEO STORAGE	926,248	10,156	22,396	-	401,240	502,612
3705	CIT-HUMAN SERVICES CLIENT INFORM II	974,168	223,332	227,902	-	665,752	80,514
3706	CIT-SHERIFF INMATE TRACKING & STATUS MONITOR	988,009	14,055	14,055	14,055	745,677	228,277
3714	CIT-NETWORK INFRASTRUCTURE REPLACE III	4,751,769	950,555	950,555	-	1,037,173	2,764,041
3715	CIT-CABLE ACCESS INFRASTRUCTURE REPL II	630,000	-	-	-	-	630,000
3716	CIT-21ST CENTURY ENTERPRISE RESOURCE (HCM)	500,000	-	-	-	-	500,000
3717	CIT-ACCELA SUSTAINMENT	896,532	271,464	303,662	-	254,230	338,640
3718	CIT-POLICE RADIO ENCRYPTION	1,671,171	-	12,240	12,240	1,658,931	-
3719	CIT-COMMUNICATIONS INFRASTRUCTURE REPL III	3,903,708	14,751	14,751	-	103,010	3,785,947
3723	CIT-NEXT GENERATION CONTENT MANAGEMENT SYSTEM	275,000	120,370	120,370	-	89,130	65,500

TOTAL BUILDINGS CAPITAL PROJECTS

\$ 422,740,998

\$ 68,310,875

\$ 253,775,450

\$ 75,340,022

\$ 75,145,808

\$ 93,819,740

NOTE: CIT - COMMUNICATIONS AND INFORMATION TECHNOLOGY

**CITY OF VIRGINIA BEACH, VIRGINIA  
PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
4025	WOODSTOCK COVE SHORELINE RE-CONSTRUCT	\$ 742,623	\$ -	\$ 712,067	\$ -	\$ -	\$ 30,556
4039	PAAC MULTI-PURPOSE ATHLETIC FIELD RENOV	5,250,000	97,540	5,229,681	-	6,676	13,643
4044	LYNNHAVEN MARINA BULKHEAD REPL/FAC RENO	1,643,000	758,160	1,474,641	-	100,954	67,405
4045	FOXFIRE TRAIL PEDESTRIAN BRIDGE	1,123,530	14,848	15,198	15,198	160,212	948,120
4047	LITTLE ISLAND PARK PARKING LOT IMPROVEMENT	1,797,400	-	-	-	-	1,797,400
4049	WOODSTOCK PARK HRSD COST CONTRIBUTION FY19	2,000,000	-	-	-	-	2,000,000
4050	CENTERVILLE COMMUNITY RECREATION CENTER	100,000	-	-	-	-	100,000
4064	CITY BIKEWAYS & TRAILS PLAN IMPLEM PH II	4,363,371	438,150	2,036,524	2,036,524	27,683	2,299,164
4079	THALIA CREEK GREENWAY I	3,050,000	31,504	458,927	458,927	49,133	2,541,940
4080	SPORTSPLEX/NATL TRNG CTR REN & REPLACE	5,231,498	394,312	3,627,194	394,312	36,472	1,567,832
4300	COM REC CTRS REPAIRS & RENOV-PHIII	18,087,768	1,177,533	9,025,826	-	272,616	8,789,326
4301	PRKS/SPEC USE FACILIT DEV/RENOV-PHIII	11,839,253	1,738,507	9,303,908	1,738,507	70,570	2,464,775
4302	GOLF COURSES CONT'TUAL OBLIGATIONS-MAINT	1,080,000	221,417	607,138	-	209,067	263,795
4303	GREENWAY SCENIC WATER & NAT AREA PH III	1,545,000	65,942	653,430	653,430	750,889	140,681
4305	TENNIS COURT RENOVATIONS - PHASE III	2,175,000	224,432	1,596,288	-	-	578,712
4306	OPEN SPACE PARK DEVELOPMENT/MAINT-PHII	14,908,691	1,235,436	8,088,427	1,235,436	1,085,042	5,735,222
4307	ATHLETIC FIELDS LIGHTING/RENOV-PH III	2,327,277	539,398	1,639,512	1,639,512	214,133	473,632
4500	PARK PLAYGROUND RENOVATIONS-PHASE III	3,667,327	239,552	2,943,139	239,552	55,841	668,347
4502	LYNNHAVEN BOAT RAMP/BEACH FAC REP/RENOV	473,378	55,766	149,516	-	98,810	225,052
4506	PARKS INFRASTRUCTURE RENEWAL/REPLACEMENT	3,676,724	252	3,570,911	-	10,497	95,316
4517	STUMPY LAKE GOLF COURSE LEASE OBLIGATIONS PH I	269,503	73,037	88,450	73,037	30,478	150,575
4519	BIKEWAYS/TRAILS REPAIRS/RENOVATIONS I	1,680,000	122,004	452,202	122,004	19,523	1,208,275
4520	GROMMET ISLAND PARK REPAIRS & RENOV-PHI	144,000	-	33,338	-	-	110,662
4522	THALIA CREEK GREENWAY TRAIL	800,000	70,225	786,393	-	13,607	-
<b>TOTAL PARKS &amp; RECREATION CAPITAL PROJECTS</b>		<b>\$ 87,975,343</b>	<b>\$ 7,498,015</b>	<b>\$ 52,492,710</b>	<b>\$ 8,606,439</b>	<b>\$ 3,212,203</b>	<b>\$ 32,270,430</b>

**CITY OF VIRGINIA BEACH, VIRGINIA  
COASTAL CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
8010	SANDBRIDGE BEACH RESTORATION II	\$ 22,550,000	\$ 91,478	\$ 21,817,144	\$ -	\$ 41,818	\$ 691,038
8011	VARIOUS MINOR DREDGING II	2,275,000	541,323	2,203,351	-	15,496	56,153
8013	LYNNHAVEN MAINTENANCE DREDGING II	1,967,450	175,650	958,288	-	8,962	1,000,200
8015	BEACH PROFILE MONITORING II	395,000	84,880	305,428	-	9,366	80,206
8016	GILLS COVE NEIGHBORHOOD DREDGING	781,786	5,137	128,082	-	78,438	575,266
8020	BAY BEACHES RESILIENCY STUDY/RESTORATION	4,125,000	146,751	287,316	-	24,418	3,813,266
8021	CROATAN BEACH RESTORATION	1,760,000	27,748	223,697	223,697	26,517	1,509,786
8024	PLEASURE HOUSE POINT MITIGATION FUNDS	230,000	225	225	-	-	229,775
8025	BEACH REPLENISHMENT II	8,241,921	75,771	8,208,706	-	32,067	1,148
8026	SANDBRIDGE BEACH RESTORATION III	18,455,000	-	-	-	-	18,455,000
8027	NEIGHBORHOOD DREDGING SPUR CHANNELS	410,767	8,408	8,408	8,408	35,441	366,918
8036	DREDGE OPERATIONS REHAB & MODIFICATIONS	250,000	-	-	-	-	250,000
8037	SCHILLING POINT NEIGHBORHOOD DREDGING FY19	137,718	35,458	35,458	35,458	21,075	81,185
8110	EASTERN BRANCH LYNNHAVEN RIVER DREDGING	5,214,935	54,344	605,521	54,344	769,856	3,839,558
8402	REPLACEMENT RUDEE INLET DREDGE	1,291,536	-	-	-	-	1,291,536
8405	SANDBRIDGE BEACH ACCESS IMPROV PH II	2,375,000	42,435	1,730,392	-	299,203	345,405
8406	RUDEE INLET FEDERAL DREDGING PH II	3,960,000	362,693	2,485,204	-	-	1,474,796
8407	RUDEE INLET OUTER CHAN MAINT DREDG PH II	5,525,000	-	2,569,841	-	-	2,955,159
8408	PLEASURE HOUSE POINT MITIGATION	3,020,000	19,963	385,420	-	41,072	2,593,508
8409	CHESAPEAKE BAY BEACHES	5,878,079	48,701	5,764,615	-	5,501	107,963
8503	CHESOPELAN COLONY NEIGHBORHOOD DREDGING	2,677,034	1,101,385	2,647,641	-	7,370	22,023
8505	HURDS COVE NEIGHBORHOOD DREDGING	3,462,000	77,487	326,913	77,487	14,251	3,120,836
TOTAL COASTAL CAPITAL PROJECTS		<u>\$ 94,983,226</u>	<u>\$ 2,899,837</u>	<u>\$ 50,691,650</u>	<u>\$ 399,394</u>	<u>\$ 1,430,851</u>	<u>\$ 42,860,725</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020**

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
9006	WINSTON-SALEM AVE IMPROVEMENTS	\$ 8,320,000	\$ 55,616	\$ 614,263	\$ 614,263	\$ 7,705,737	\$ -
9008	HISTORIC KEMPSVILLE	4,550,000	335,935	4,263,233	335,935	259,718	27,049
9011	RAIL-TO-TRAIL SHARED USE PATH DEVELOPMENT	1,000,000	717	733,897	-	-	266,103
9020	VIBE DISTRICT STREET INFRASTRUCTURE I	8,801,058	120,179	1,179,580	1,179,580	1,510,411	6,111,067
9021	LONDON BRIDGE COMMERCE CTR INFRA I	2,095,100	37,558	90,754	90,754	-	2,004,346
9022	BURTON STATION ROADWAY IMPROV I	12,989,931	1,026,533	8,728,038	8,728,038	1,173,798	3,088,095
9028	LYNNHAVEN PARKWAY CORRIDOR IMPROVEMENTS	4,000,000	31,843	377,245	377,245	108,127	3,514,628
9030	VA BEACH BIO INFRASTRUCTURE PHASE	3,709,000	3,300,803	3,708,941	3,708,941	-	59
9037	APZ-1 ECONOMIC INCENTIVES	1,857,692	50,037	552,123	-	-	1,305,569
9039	17TH STREET IMPROVEMENTS - PHASE I	2,000,000	-	-	-	979,221	1,020,779
9041	VIRGINIA BEACH SPORTS CENTER	58,000,000	31,446,250	56,669,381	56,669,381	1,330,619	-
9045	CENTRAL BEACH/CONVENTION DISTRICT PARKING	10,141,047	(83,409)	6,500,166	-	3,640,881	-
9047	TOWN CENTER REINVESTMENT	300,000	137,067	145,040	-	31,038	123,922
9050	DOME SITE STREETScape	7,500,000	-	-	-	-	7,500,000
9053	DOME SITE ENTERTAINMENT VENUE	30,000,000	-	-	-	-	30,000,000
9055	TOWN CENTER GARAGE & PLAZA CAP MAINT II	705,452	-	-	-	-	705,452
9056	OCEANFRONT PARKING FACILITY CAP MAIN/DEV II	2,112,101	655,891	659,763	-	374,096	1,078,242
9059	OCEANA & ITA CONFORMITY & ACQUISITION II	6,225,482	211,738	4,401,745	211,738	82,770	1,740,967
9062	HOUSING & NEIGHBORHOOD STRATEGY	200,000	-	-	-	-	200,000
9063	17TH ST IMPROVEMENTS II	250,000	-	-	-	-	250,000
9065	DOME SITE PARKING	58,050,000	14,486	14,486	14,486	-	58,035,514
9067	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM II	3,384,890	-	-	-	-	3,384,890
9068	DOME SITE DEVELOPMENT SITE ACQUISITION	9,000,000	-	-	-	-	9,000,000
9081	STRATEGIC GROWTH AREA PROGRAM	10,629,687	225,545	9,541,334	225,545	1,042,013	46,340
9082	OCEANFRONT GARAGES CAPITAL MAINTENANCE	6,337,991	977,048	5,746,019	-	147,165	444,807
9083	TOWN CENTER GARAGE & PLAZA CAPITAL MAINT	3,368,179	373,857	2,147,222	-	113,280	1,107,677
9086	OCEANFRONT RESTROOM	250,000	34,443	34,443	34,443	64,064	151,493
9091	SGA-BURTON STATION RD IMPROVEMENTS-PH III	10,041,465	43,957	2,484,194	2,484,194	1,904,992	5,652,279
9096	OCEANFRONT CAPITAL PROJECTS REINVEST	4,780,877	658,309	4,267,289	4,267,289	371,438	142,150
9100	19TH STREET INFRASTRUCTURE IMPROVEMENTS	14,926,700	5,217,770	11,131,983	5,217,770	3,396,917	397,800
9108	29TH STREET IMPROVEMENTS	2,504,771	57,359	1,847,044	1,847,044	193,406	464,321
9141	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM	57,892,016	3,384,890	55,359,384	-	-	2,532,632
9500	VB AMPHITHEATER CAPITAL MAINTENANCE	2,241,446	187,585	2,059,293	-	-	182,153
TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS		<u>\$ 348,164,885</u>	<u>\$ 48,502,007</u>	<u>\$ 183,256,860</u>	<u>\$ 86,006,646</u>	<u>\$ 24,429,691</u>	<u>\$ 140,478,334</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 138,132,987	\$ 118,426,526	\$ 1,339,787	\$ 119,766,313
STATE FUNDING	216,450,595	111,578,877	8,551,364	\$ 120,130,241
LOCAL FUNDING	1,361,827,878	799,881,960	252,227,962	\$ 1,052,109,922
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	<u>\$ 1,716,411,460</u>	<u>\$ 1,029,887,363</u>	<u>\$ 262,119,113</u>	<u>\$ 1,292,006,476</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
ENGINEERING AND HIGHWAYS	\$ 762,547,008	\$ 40,180,367	\$ 417,784,417	\$ 133,251,990	\$ 37,133,897	\$ 307,628,694
BUILDINGS	422,740,998	68,310,875	253,775,450	75,340,022	75,145,808	93,819,740
PARKS AND RECREATION	87,975,343	7,498,015	52,492,710	8,606,439	3,212,203	32,370,430
COASTAL	94,983,226	2,899,837	50,691,650	399,394	1,430,851	42,860,725
ECONOMIC AND TOURISM	<u>348,164,885</u>	<u>48,502,007</u>	<u>183,256,860</u>	<u>86,006,646</u>	<u>24,429,691</u>	<u>140,478,334</u>
GENERAL GOVERNMENT EXPENDITURES	<u>\$ 1,716,411,460</u>	167,391,101	<u>\$ 958,001,087</u>	<u>\$ 303,604,491</u>	<u>\$ 141,352,450</u>	<u>\$ 617,157,923</u>
CLOSED CAPITAL PROJECTS EXPENDITURES		<u>2,055,125</u>				
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES AND OTHER FINANCING USES		<u>\$ 169,446,226</u>				
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES			\$ 1,292,006,476			
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES			<u>(958,001,087)</u>			
GENERAL GOVERNMENT CAPITAL PROJECT FUND BALANCE			<u>\$ 334,005,389</u>			

**WATER AND SEWER**

**ENTERPRISE FUND**



## **WATER AND SEWER ENTERPRISE FUND**

The Water and Sewer Enterprise Fund operates the water distribution and sanitary sewer collection systems. The mission of this fund is to provide public water, including water for fire protection, and public sanitary sewer service to the urban areas of Virginia Beach.

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

**ASSETS**

Current Assets:	
Cash and Investments	\$ 102,753,735
Accounts Receivable - Net of Estimated Uncollectibles	16,864,115
Intergovernmental Receivables	2,324,307
Inventory	3,312,203
Total Current Assets	<u>125,254,360</u>
Noncurrent Assets:	
Cash and Investments - Restricted	63,984,367
Capital Assets:	
Land	14,562,826
Buildings	18,940,552
Utility System	1,210,431,647
Machinery and Equipment	33,931,897
Construction in Progress	18,189,967
Less: Accumulated Depreciation	(570,995,589)
Total Capital Assets	<u>725,061,300</u>
Total Noncurrent Assets	<u>789,045,667</u>
Total Assets	<u>914,300,027</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows for Pensions	5,244,457
Deferred Outflows for OPEB	966,003
Total Deferred Outflow of Resources	<u>6,210,460</u>

**LIABILITIES**

Current Liabilities:	
Vouchers and Accounts Payable	4,511,414
Deposits Payable	132,840
Accrued Interest Payable	2,015,937
Construction Contracts Payable	3,335,422
Unearned Revenue	1,461,087
Current Portion of Long-term Liabilities	12,642,062
Total Current Liabilities	<u>24,098,762</u>
Long-Term Liabilities:	
Compensated Absences	1,022,295
Bonds and Notes Payable	185,838,325
Net Pension Liability	21,469,378
Net OPEB Liability	2,420,692
Total Long-Term Liabilities	<u>210,750,690</u>
Total Liabilities	<u>234,849,452</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows for Pensions	743,026
Deferred Inflows for OPEB	1,306,918
Total Deferred Inflow of Resources	<u>2,049,944</u>

**NET POSITION**

Net Investment in Capital Assets	524,685,632
Restricted for Debt Service	17,979,295
Unrestricted	<u>140,946,164</u>
Total Net Position	<u>\$ 683,611,091</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

<b><u>OPERATING REVENUES</u></b>	
Service Charges	\$ 76,803,078
Sale of Water	49,651,688
Tap Fees	462,389
Fire Hydrant Rental	3,143
Navy Wheelage Charges	129,109
Interfund Services Provided	3,225,481
Miscellaneous	233,870
Total Operating Revenues	<u>130,508,758</u>
<b><u>OPERATING EXPENSES</u></b>	
Cost of Goods Sold - Water Purchases	29,914,235
Personal Services	29,165,491
Contractual Services	7,777,835
Internal Services	2,967,902
Other Charges	17,256,573
CIP Annual Expenditures	957,277
Depreciation	27,979,427
Total Operating Expenses	<u>116,018,740</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>14,490,018</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
Interest Income	3,289,659
Gain From Sale of Assets	56,591
Interest and Fiscal Charges	(7,026,660)
Total Non Operating Expenses, net	<u>(3,680,410)</u>
<b><u>INCOME (LOSS) BEFORE CONTRIBUTIONS</u></b>	<u>10,809,608</u>
Capital Contributions	3,174,383
Capital Contributions - Federal Government	889,482
Transfers Out	(1,000,554)
<b><u>CHANGE IN NET POSITION</u></b>	<u>13,872,919</u>
<b><u>TOTAL NET POSITION - BEGINNING</u></b>	<u>669,738,172</u>
<b><u>TOTAL NET POSITION - ENDING</u></b>	<u>\$ 683,611,091</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 128,220,549
Receipts from Interfund Services Provided	(471,680)
Other Operating Cash Receipts	47,494
Cash Payments to Suppliers of Goods and Services	(58,716,668)
Cash Payments to Employees for Services	(28,164,506)
Net Cash Provided (Used) By Operating Activities	<u>40,915,189</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Payments to Other Funds	(1,000,554)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>(1,000,554)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Receipts of Capital Contributions	3,825,422
Net Interest on Long-term Debt	(8,288,397)
Acquisition and Construction of Capital Assets	(34,818,831)
Proceeds from Sale of Salvage	56,591
Principal Paid on Capital Debt	(9,625,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(48,850,215)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends Received	<u>3,289,659</u>
Net Increase (Decrease) in Cash and Investments	(5,645,921)
Cash and Investments, July 1	<u>172,384,023</u>
Cash and Investments, June 30	<u><u>166,738,102</u></u>

**RECONCILIATION OF OPERATING INCOME****TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income	14,490,018
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	27,979,427
Net changes in assets and liabilities:	
Accounts Receivable	(567,460)
Intergovernmental Receivables	(2,144,935)
Inventory	(314,355)
Deferred Outflow of Resources	(2,451,995)
Vouchers and Accounts Payable	(17,841)
Deposits Payable	6,113
Unearned Revenue	483,237
Deferred Inflow of Resources	1,026,990
Accrued Compensated Leave	(22,816)
Net Pension Liability	3,605,432
Net OPEB Liability	(1,156,626)
Net Cash Provided (Used) By Operating Activities	<u><u>40,915,189</u></u>

**NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:**

Capital Contributions of Capital Assets	<u><u>\$ 238,443</u></u>
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**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER ENTERPRISE FUND  
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b><u>Director of Public Utilities</u></b>			
Personal Services	\$ 271,214	\$ 278,846	\$ (7,632)
Fringe Benefits	88,001	106,087	(18,086)
Contractual Services	10,250	1,196	9,054
Internal Services	29,195	28,607	588
Other Charges	50,285	37,178	13,107
Total Director of Public Utilities	448,945	451,914	(2,969)
<b><u>Engineering Staff</u></b>			
Personal Services	5,733,619	4,654,514	1,079,105
Fringe Benefits	1,751,568	1,544,269	207,299
Contractual Services	844,618	658,759	185,859
Internal Services	294,329	254,033	40,296
Other Charges	368,116	147,869	220,248
Total Engineering Staff	8,992,250	7,259,444	1,732,806
<b><u>Regulatory Management, Operations and Maintenance</u></b>	4,282,200	840,090	3,442,110
<b><u>Water Services Contract</u></b>	31,702,775	29,914,235	1,788,540
<b><u>Operations and Maintenance Administration</u></b>			
Personal Services	1,932,458	1,718,209	214,249
Fringe Benefits	616,588	540,762	75,826
Contractual Services	2,481,898	1,108,332	1,373,566
Internal Services	139,688	142,353	(2,665)
Other Charges	943,202	992,751	(49,549)
Total Operations and Maintenance Administration	6,113,834	4,502,407	1,611,427
<b><u>Water Distribution</u></b>			
Personal Services	2,570,145	2,377,808	192,337
Fringe Benefits	845,232	764,383	80,849
Contractual Services	253,544	146,653	106,891
Internal Services	513,331	479,576	33,755
Other Charges	989,514	922,293	67,222
Total Water Distribution	5,171,766	4,690,713	481,054
<b><u>Lake Gaston Facilities</u></b>			
Contractual Services	1,973,225	1,154,322	818,903
Internal Services	85,700	12,381	73,319
Other Charges	1,441,600	933,787	507,813
Total Lake Gaston Facilities	3,500,525	2,100,490	1,400,035
<b><u>Sewer Collection Systems</u></b>			
Personal Services	3,231,215	2,917,210	314,005
Fringe Benefits	1,046,872	910,734	136,138
Contractual Services	181,597	69,257	112,339
Internal Services	1,086,095	1,050,459	35,637
Other Charges	829,098	632,692	196,407
Total Sewer Collection Systems	6,374,877	5,580,351	794,526
<b><u>Sewer Pump Stations</u></b>			
Personal Services	2,635,465	2,470,164	165,301
Fringe Benefits	919,940	877,933	42,007
Contractual Services	359,133	119,247	239,886
Internal Services	513,317	498,876	14,441
Other Charges	2,277,238	2,120,965	156,273
Total Sewer Pump Stations	6,705,093	6,087,185	617,908

(continued)

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	Actual	Variance
<b><u>Technical Services</u></b>			
Personal Services	1,723,343	1,531,919	191,424
Fringe Benefits	531,813	427,844	103,969
Contractual Services	127,822	49,843	77,979
Internal Services	-	3,030	(3,030)
Other Charges	75,750	11,832	63,918
Total Technical Services	2,458,728	2,024,468	434,260
<b><u>Customer Services</u></b>			
Personal Services	3,215,282	2,493,289	721,993
Fringe Benefits	1,130,398	841,775	288,623
Contractual Services	3,290,737	2,334,105	956,633
Internal Services	244,666	200,020	44,646
Other Charges	1,297,043	889,750	407,293
Total Customer Services	9,178,126	6,758,938	2,419,188
<b><u>Meter Operations</u></b>			
Personal Services	1,431,238	1,365,186	66,052
Fringe Benefits	489,275	488,978	297
Contractual Services	1,722,574	1,260,034	462,540
Internal Services	234,823	223,542	11,281
Other Charges	857,402	690,196	167,206
Total Meter Operations	4,735,313	4,027,935	707,378
<b><u>Electrical Support</u></b>			
Personal Services	1,110,729	1,108,815	1,914
Fringe Benefits	369,906	377,119	(7,213)
Contractual Services	53,000	35,863	17,137
Internal Services	80,404	75,027	5,377
Other Charges	85,723	40,839	44,884
Total Meter Operations	1,699,762	1,637,663	62,099
<b><u>General Fund Charges</u></b>			
Office Rental	507,960	204,408	303,552
Landscape Services	559,605	568,230	(8,625)
Support Personnel	646,204	648,934	(2,730)
Occupational Health	33,750	17,500	16,250
Building Maintenance	165,130	106,854	58,276
Communication Technology Charges	2,074,214	2,074,214	-
Indirect Cost Allocation	2,141,396	2,034,599	106,797
Right of Way Utility	4,000,000	4,000,000	-
Water Assistance	250,000	181,681	68,319
Total General Fund Charges	10,378,259	9,836,420	541,839
<b><u>Other Charges</u></b>			
Retiree Health Insurance	550,500	345,981	204,519
CIP Annual Expenditures	-	957,278	(957,278)
Net Deferred OPEB Contributions	-	(64,399)	64,399
Net Deferred Pension Contributions	-	1,088,200	(1,088,200)
Reserves	1,174,638	-	1,174,638
Total Other Charges	1,725,138	2,327,060	(1,776,560)
Total Budgeted Operating Expenses	\$ 103,467,591	\$ 88,039,313	\$ 14,253,640

Note: Depreciation is not included in the Budgeted Operating Expenses. The City does not budget for depreciation.

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER FUND CAPITAL PROJECTS  
WATER CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
5010000	RAW WATER TRANSMISSION SYSTEM REHAB	\$ 8,640,000	\$ 609,254	\$ 3,369,987	\$ -	\$ 4,020,822	\$ 1,249,191
5014000	WATER PUMP REPAIRS & REPLACEMENTS	205,000	42,881	75,799	-	-	129,201
5020000	CLEVELAND ST WATER IMPROVEMENTS	700,000	278,926	508,775	508,775	71,267	119,958
5021000	PEMBROKE MEADOWS NEIGHBORHOOD WATER	5,000,000	-	-	-	55,214	4,944,786
5023000	GREAT NECK WATER TANK REPLACEMENT	2,200,000	193,354	193,354	193,354	166,305	1,840,341
5028000	WITCHDUCK RD - PHASE II WATER IMPRO	1,787,000	50	1,777,655	1,777,655	9,345	-
5030000	SHORE DRIVE WATER LINE IMPROVEMENTS	3,385,000	-	100,440	100,440	42,420	3,242,140
5031000	SYSTEM EXP COST PARTICIPATION AGREE	400,000	21,000	151,000	-	-	249,000
5033000	WATER TRANSMISSION SYSTEM UPGRADE PR	2,220,000	24,469	24,469	-	1,167,105	1,028,426
5034000	WATER LINE EXTENSION, REPL & REHAB P	500,000	-	-	-	-	500,000
5043000	LANDSTOWN ROAD WATER IMPROVEMENTS	720,000	-	13,700	13,700	4,300	702,000
5045000	ROSEMONT RD PHASE V WATER IMPROVEMEN	1,740,000	-	-	-	-	1,740,000
5101000	VIBE DISTRICT WATER IMPROVEMENTS	600,000	-	-	-	-	600,000
5121000	CAMP PENDLETON WATER IMPROVEMENTS	530,000	-	517,003	517,003	-	12,997
5122000	SERVICE ORDER AUTOMATION SOLUTION PH	463,095	57,837	83,441	-	5,449	374,205
5148000	ELBOW ROAD EXT - PH I & II	1,179,663	16,737	396,399	16,737	13,694	769,570
5149000	INDIAN RIVER RD - PHASE VII	253,548	-	58,224	-	10,324	185,000
5151000	LANDSTOWN YARD IMPROVEMENTS - PHASE	5,721,000	135,343	2,424,084	-	40,701	3,256,215
5155000	UTILITIES TECHNOLOGY SUPPORT PROGRA	450,000	2,063	2,063	2,063	53,865	394,072
5156000	VIRGINIA BEACH BLVD WATER SYSTEM IM	350,000	-	-	-	-	350,000
5168000	SHORE DR WATER LINE IMPROVE II (VDO	175,000	-	-	-	-	175,000
5207000	LASKIN ROAD - PHASE I	3,310,458	2,039,737	2,409,640	2,254,034	17,838	882,980
5251000	VARIOUS RDWY STORM WATER COOR VI	3,050,000	174,997	1,414,632	-	284,751	1,350,617
5405000	CUSTOMER INFO SYSTEM VERSION MIGRAT	1,850,000	380,169	656,235	656,235	746,104	447,661
5452000	COMPREHENSIVE WATER MASTER PLANNING	635,149	181,369	609,372	-	9,039	16,738
5501000	WTR PUMP STATION/TANK UPGRADE PRG -	18,699,996	640,270	16,010,852	-	2,537,603	151,541
5601000	FIRST COLONIAL/VB BLVD INTERSECTION	1,095,000	-	40,648	40,648	-	1,054,352
5604000	PA ROAD WATER IMPROVEMENTS - PHASE	1,130,000	13,560	22,621	22,621	-	1,107,379
5708000	RESORT AREA NEIGHBORHOOD REVITALIZA	6,896,636	278,867	4,667,512	-	3,028	2,226,096
5804000	WATER LINE EXT REPLACE REHAB PROGRA	8,035,000	220,791	5,814,202	-	380,789	1,840,009
5952000	WTR PUMP STA FLOW MONITOR/DATA STOR	1,498,942	-	1,419,695	-	79,208	39
5953000	WATER TAP INSTALLATION PROGRAM PH I	2,139,754	245,030	1,642,364	-	459,887	37,503
TOTAL WATER CAPITAL PROJECT EXPENDITURES		<u>\$ 85,560,241</u>	<u>\$ 5,556,704</u>	<u>\$ 44,404,166</u>	<u>\$ 6,103,265</u>	<u>\$ 10,179,058</u>	<u>\$ 30,977,017</u>
CLOSED WATER CAPITAL PROJECTS EXPENDITURES			89,307				
TOTAL CURRENT YEAR CAPITAL PROJECT EXPENDITURES			<u>\$ 5,646,011</u>				

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER FUND CAPITAL PROJECTS  
SEWER CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
6019000	RESORT AREA NEIGHBORHOOD REVITALIZATION	\$ 15,333,000	\$ 506,006	\$ 14,047,152	\$ -	\$ 269,969	\$ 1,015,879
6041000	PUMP STATION MODIFICATIONS-PHASE V	74,695,640	9,431,670	71,987,714	-	2,252,100	455,826
6043000	LANDSTOWN ROAD SEWER IMPROVEMENTS	370,000	-	18,040	18,040	5,960	346,000
6051000	INDIAN RIVER ROAD - PHASE VII	129,717	-	9,473	9,473	-	120,244
6058000	ROYAL PALM ARCH SANITARY SEWER REHAB	5,350,000	3,966,384	3,967,915	3,967,915	1,210,279	171,806
6070000	INFILTRATION & REHAB PH V	28,155,000	3,869,732	27,477,362	-	581,346	96,292
6075000	LASKIN ROAD - PHASE I	3,950,264	1,915,818	2,012,613	2,012,583	16,573	1,921,078
6088000	CLEVELAND ST SEWER IMPROV	700,000	52,150	250,338	250,338	73,826	375,836
6092000	VACUUM VALVE MONITORING SYSTEM	2,345,000	16,254	1,334,007	-	125,619	885,374
6093000	CONSENT ORDER REHAB PLAN IMPLEMENTATION - PH I	7,282,248	276,660	6,798,434	-	307,756	176,058
6099000	ARROWHEAD SUSQEHANNA SANITARY SEWER REHAB	250,000	12,874	205,713	205,713	-	44,287
6101000	VIBE DISTRICT SEWER IMPROVEMENTS	1,000,000	20,868	807,304	807,304	2,790	189,906
6107000	SEWER PUMP REPAIRS & REPLACEMENTS	1,095,000	484,775	880,927	-	207,320	6,753
6108000	PEMBROKE MEADOWS NEIGHBORHOOD SANITARY SEWER	800,000	-	-	-	-	800,000
6110000	SANITARY SEWER REGULATORY COMPLIANCE PRG II	1,760,000	769,169	846,927	846,927	352,558	560,515
6111000	SANITARY SEWER REVITALIZATION PROGRAM III	5,600,000	116,007	116,007	-	3,439,730	2,044,263
6121000	CAMP PENDLETON SEWER IMPROVEMENTS	770,000	-	765,714	765,714	-	4,286
6122000	SERVICE ORDER AUTOMATION SOLUTION PHA II	462,895	57,837	83,441	-	5,449	374,005
6151000	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	4,905,000	121,075	1,919,453	-	52,748	2,932,799
6153000	PUMP STATION PROGRAM VI	12,119,398	391,372	391,372	-	3,819,538	7,908,488
6155000	UTILITIES TECHNOLOGY SUPPORT PROGRAM	450,000	2,063	2,063	2,063	53,865	394,072
6405000	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,850,000	380,169	638,004	638,004	746,104	465,892
6501000	AUX POWER PRG-SEWER PMP STATIONS-PH III	13,706,075	272,200	10,036,741	-	343,685	3,325,649
6551000	SYSTEM EXP COST PARTICIPATION AGREE III	3,150,000	223,856	2,169,452	-	3,065	977,483
6552000	SANITARY SEWER SYS REVITAL'N PRG-PH II	29,465,736	2,841,668	27,945,560	-	1,403,621	116,555
6556000	VARIOUS ROADWAY/STORM WATER COORD VI	4,300,000	212,425	1,535,065	-	422,513	2,342,422
6557000	SGA SANITARY SEWER SYSTEM IMPROVEMENTS	2,943,738	446,989	507,925	507,925	1,857,158	578,655
6601000	FIRST COLONIAL/VB BLVD INTERSECTION IMPROV	1,510,000	-	40,648	40,648	-	1,469,352
6604000	WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS	1,706,499	259,150	1,638,426	1,638,426	56,487	11,586
6804000	SANIT SWR REGULATORY COMPLIANCE PRG - PH I	27,988,476	375,629	27,673,810	375,629	140,892	173,774
6952000	SWR PUMP STA FLOW MONITOR/DATA STORAGE	27,651,062	1,260,312	26,564,881	-	190,825	895,356
6953000	SEWER TAP INSTALLATION PROGRAM PH II	3,271,811	423,629	2,570,480	-	667,015	34,316
TOTAL SEWER CAPITAL PROJECT EXPENDITURES		\$ 285,066,559	\$ 28,706,741	\$ 235,242,961	\$ 12,086,702	\$ 18,608,791	\$ 31,214,807
CLOSED SEWER CAPITAL PROJECT EXPENDITURES			\$ 431,774				
TOTAL CURRENT YEAR SEWER CAPITAL PROJECTS EXPENDITURES			\$ 29,138,515				
WATER AND SEWER CAPITAL PROJECTS		\$ 370,626,800	\$ 34,784,526	\$ 279,647,127	\$ 18,189,967	\$ 28,787,849	\$ 62,191,824
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES				\$ 314,782,247			
TOTAL WATER AND SEWER CAPITAL PROJECTS EXPENDITURES				(279,647,127)			
WATER AND SEWER CASH RESTRICTED FOR CAPITAL PROJECTS				\$ 35,135,120			

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER FUND CAPITAL PROJECTS  
BUDGETED AND ACTUAL REVENUES  
FOR THE YEAR ENDED JUNE 30, 2020**

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 372,245	\$ 372,245	\$ -	\$ 372,245
STATE FUNDING	90,121	90,121	-	90,121
LOCAL FUNDING	370,164,434	293,842,958	20,476,923	314,319,881
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES	<u>\$ 370,626,800</u>	<u>\$ 294,305,324</u>	<u>\$ 20,476,923</u>	<u>\$ 314,782,247</u>

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**STORM WATER**  
**ENTERPRISE FUND**



## **STORM WATER ENTERPRISE FUND**

The Storm Water Enterprise Fund accounts for revenues and expenditures generated by the storm water utility fee for operational and capital needs for storm water management in the city. The storm water CIP is designed to create an effective drainage and storm water management system, protect natural resources, enhance quality of land and waterways, maintain the city's utility systems, encourage development only in accordance with principles of natural environment protection, and provide adequate resources to maintain existing infrastructure.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER ENTERPRISE FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**ASSETS**

## Current Assets:

Cash and Investments	\$ 35,829,236
Accounts Receivable - Net of Estimated Uncollectibles	5,779,936
Intergovernmental Receivables	322,946
Total Current Assets	<u>41,932,118</u>

## Non-current Assets:

Cash and Investments - Restricted	8,446,354
Capital Assets:	
Land	133,318,193
Building	664,899
Utility System	338,100,032
Machinery and Equipment	17,688,352
Construction in Progress	27,087,635
Less: Accumulated Depreciation	(86,716,703)
Total Capital Assets	<u>430,142,408</u>
Total Non-current Assets	<u>438,588,762</u>
Total Assets	<u>480,520,880</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows for Pensions	2,326,335
Deferred Outflows for OPEB	230,445
Total Deferred Outflow of Resources	<u>2,556,780</u>

**LIABILITIES**

## Current Liabilities:

Vouchers and Accounts Payable	1,012,771
Deposits Payable	263
Accrued Interest Payable	323,558
Construction Contracts Payable	4,901,544
Current Portion of Long-term Liabilities	3,231,147
Total Current Liabilities	<u>9,469,283</u>

Compensated Absences	201,404
Bond and Notes Payable	66,202,531
Net OPEB Liability	1,482,571
Net Pension Liability	9,523,382
Total Long-term Liabilities	<u>77,409,888</u>
Total Liabilities	<u>86,879,171</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows for Pensions	329,591
Deferred Inflows for OPEB	311,771
Total Deferred Inflows of Resources	<u>641,362</u>

**NET POSITION**

Net Investment in Capital Assets	360,439,709
Restricted for Future Debt Services	3,393,570
Unrestricted	<u>31,723,848</u>
Total Net Position	<u>\$ 395,557,127</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
STORM WATER ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

<b><u>OPERATING REVENUES</u></b>	
Service Charges	\$ 44,778,666
Miscellaneous	517
Total Operating Revenues	<u>44,779,183</u>
<b><u>OPERATING EXPENSES</u></b>	
Personal Services	6,699,889
Contractual Services	3,911,353
Internal Services	1,196,161
Other Charges	11,885,059
Depreciation	7,309,940
Total Operating Expenses	<u>31,002,402</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>13,776,781</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
Interest Income	1,037,329
Gain (Loss) From Sale of Assets	37,494
Interest and Fiscal Charges	(2,380,083)
Total Nonoperating Revenues (Expenses)	<u>(1,305,260)</u>
<b><u>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</u></b>	<u>12,471,521</u>
Capital Contributions	15,418
Capital Contributions - Federal Government	933,736
Transfers In	1,004,873
Total Transfers and Contributions	<u>1,954,027</u>
<b><u>CHANGE IN NET POSITION</u></b>	<u>14,425,548</u>
<b><u>TOTAL NET POSITION - BEGINNING</u></b>	<u>381,131,579</u>
<b><u>TOTAL NET POSITION - ENDING</u></b>	<u>\$ 395,557,127</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
STORM WATER ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 44,101,331
Other Operating Cash Receipts	517
Cash Payments to Suppliers of Goods and Services	(17,472,124)
Cash Payments to Employees for Services	(6,682,670)
Net Cash Provided (Used) By Operating Activities	<u>19,947,054</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Receipts from Other Funds	1,004,873
Net Cash Provided (Used) By Noncapital Financing Activities	<u>1,004,873</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Receipts of Capital Contributions	949,154
Net Interest on Long-term Debt	(2,653,519)
Acquisition and Construction of Capital Assets	(32,039,242)
Proceeds from Sale of Salvage	37,494
Principal Paid on Capital Debt	(2,525,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(36,231,113)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends Received	<u>1,037,329</u>
Net Increase (Decrease) in Cash and Investments	(14,241,857)
Cash and Investments, July 1	<u>58,517,446</u>
Cash and Investments, June 30	<u><u>44,275,589</u></u>

**RECONCILIATION OF OPERATING INCOME****TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income	13,776,781
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	7,309,940
Net changes in assets and liabilities:	
Accounts Receivable	(354,389)
Intergovernmental Receivables	(322,946)
Deferred Outflow of Resources	(845,469)
Vouchers and Accounts Payable	(479,814)
Deposits Payable	263
Deferred Inflow of Resources	179,523
Accrued Compensated Leave	(640,214)
Net Pension Liability	1,599,297
Net OPEB Liability	(275,918)
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 19,947,054</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b><u>Operations and Maintenance</u></b>			
Personal Services	4,890,018	3,697,271	1,192,747
Fringe Benefits	1,530,838	1,457,118	73,720
Contractual Services	5,655,942	2,708,164	2,947,778
Internal Services	1,248,622	1,178,271	70,351
Other Charges	578,489	373,904	204,585
Total Operations and Maintenance	<u>13,903,909</u>	<u>9,414,728</u>	<u>4,489,181</u>
<b><u>Inspections and Environmental Spill Response</u></b>			
Personal Services	667,765	594,947	72,818
Fringe Benefits	228,807	210,616	18,191
Contractual Services	50,250	27,499	22,751
Internal Services	18,827	17,890	937
Other Charges	28,755	17,677	11,078
Total Inspections and Environmental Spill Response	<u>994,404</u>	<u>868,629</u>	<u>125,775</u>
<b><u>Residential Street Sweeping</u></b>			
Contractual Services	1,335,161	1,175,690	159,472
Total Residential Street Sweeping	<u>1,335,161</u>	<u>1,175,690</u>	<u>159,472</u>
<b><u>General Fund Charges</u></b>			
Direct Cost Allocations	254,891	254,891	-
Indirect Cost Allocations	1,939,049	1,939,049	-
Landscape Services	68,057	68,057	-
IT Core Services	53,691	53,691	-
Stormwater Regulations	142,324	142,324	-
Total General Fund Charges	<u>2,458,012</u>	<u>2,458,012</u>	<u>-</u>
<b><u>Other Charges</u></b>			
Retiree Health Insurance	177,092	82,503	94,589
CIP Annual Expenditures	-	8,134,590	(8,134,590)
Water and Sewer Billing System Charges	900,877	900,877	-
Net Deferred OPEB Contributions	-	174,729	(174,729)
Net Deferred Pension Contributions	-	482,704	(482,704)
Reserves	1,206,145	-	1,206,145
Total Other Charges	<u>2,284,114</u>	<u>9,775,403</u>	<u>(7,491,289)</u>
Total Budgeted Operating Expenses	<u>\$ 20,975,600</u>	<u>\$ 23,692,462</u>	<u>\$ (2,716,861)</u>

Note: Total General Fund Charges reclassified as Other Charges.

Depreciation is not included in the Budgeted Operating Expenses. The City does not budget for depreciation.

**CITY OF VIRGINIA BEACH, VIRGINIA  
STORM WATER CAPITAL PROJECTS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>Project Number</b>	<b>Project Name</b>	<b>Budget to Date</b>	<b>Current Year Expenditures</b>	<b>Total Expenditures</b>	<b>Construction In Progress</b>	<b>Outstanding Encumbrances</b>	<b>Available Balance</b>
7005000	NORTH LAKE HOLLY WATERSHED	\$ 21,671,135	\$ 2,250,050	\$ 16,481,151	\$ -	\$ 549,152	\$ 13,426,667
7016000	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	16,609,587	2,569,261	14,380,067	-	1,724,444	15,130,758
7023000	PRIMARY SYSTEM INFRASTRUCTURE IMPROVE II	12,890,000	1,631,903	10,048,161	-	598,373	12,890,000
7024000	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	6,130,000	937,721	2,753,946	-	612,875	5,830,000
7026000	RESIDENTIAL DRAINAGE COST PART PRGM II	350,000	2,835	229,915	-	4,125	350,000
7027000	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	9,770,906	1,584,540	6,310,197	-	1,403,876	9,042,000
7028000	WINDSOR WOODS DRAINAGE	14,345,237	2,317,886	8,791,502	8,791,502	1,129,462	9,052,453
7030000	SEA LEVEL RISE/RECURRENT FLOODING ANALYSIS	4,004,447	797,683	3,439,628	-	261,454	3,160,000
7032000	FLOOD MITIGATION ASSISTANCE GRANT PROGRAM	1,227,144	442,878	1,206,144	-	21,000	-
7036000	BAKER ROAD CULVERT & DITCH IMPROVEMENTS	450,000	58,136	365,200	365,200	67,102	450,000
7041000	CENTRAL RESORT DIST DRAINAGE IMPROV	800,000	32,886	157,704	-	352,957	300,000
7042000	SURFACE WATER REG COMPLIANCE PROG	8,831,942	2,255,117	5,762,141	5,762,141	1,621,099	8,831,942
7043000	WATER QUALITY & RESTORE PART II	116,773	-	-	-	-	116,773
7044000	FLOOD MITIGATION GRANT PROGRAM II	874,061	419,490	779,505	-	62,349	-
7047000	ASHVILLE PARK DRAINAGE IMPROVEMENTS	12,000,000	1,072,060	2,397,092	-	7,242,964	10,500,000
7048000	SHERWOOD LAKES DRAINAGE IMPROVEMENTS	3,400,000	1,260,647	3,098,688	-	17,686	3,000,000
7050000	PRINCESS ANNE PLAZA DRAINAGE AREA	5,073,597	788,101	2,747,238	2,747,238	1,183,112	5,073,597
7051000	THE LAKES DRAINAGE IMPROVEMENTS	2,000,000	171,861	1,279,370	1,279,370	257,628	2,000,000
7053000	LAKE CHUBB/BRADFORD LAKE	3,252,300	337,080	411,461	411,461	213,876	3,252,300
7054000	LYNNHAVEN RIVER WATERSHED II	3,021,605	184,443	190,789	190,789	44,840	3,021,605
7055000	CANAL MANAGEMENT PHASE I	500,000	355,587	460,748	-	34,990	500,000
7058000	FLOOD MITIGATION ASSIST GRANT PROGRAM III	2,914,976	1,514,170	1,966,556	-	819,359	-
7059000	LYNNHAVEN RIVER BASIN ECOSYSTEM RESTORATION	6,000,000	4,068,506	4,069,914	-	-	6,000,000
7060000	BAYVILLE LAKE WATER QUALITY IMPROVEMENTS	1,000,000	-	-	-	-	1,000,000
7064000	CENTRAL RESORT DISTRICT - 24TH ST	1,200,000	-	-	-	1,100,000	1,200,000
7065000	EASTERN SHORE DR-CAPE HENRY CANAL P	1,800,000	-	-	-	-	1,800,000
7068000	ESDD-LYNNHAVEN COLONY PARK PUMP STA	500,000	-	-	-	-	500,000
7069000	E SHORE DR-LYNNHAVEN DRIVE PUMP STA	2,500,000	3,374	3,374	3,374	-	2,500,000
7072000	LYNNHAVEN RIVER WATERSHED STORMWATE	780,000	-	-	-	-	780,000
7077000	WINDSOR WOODS PUMP STATION	500,000	-	-	-	-	500,000
7078000	WINDSOR WOODS TIDE GATE	4,500,000	718,947	718,947	718,947	889,555	4,500,000
7079000	42ND ST PUMP STATION OUTFALLS	4,476,522	285,220	285,220	-	139,550	4,476,522
7081000	ATLANTIC OCEAN WATERSHED STORMWATER	500,000	-	-	-	-	500,000
7082000	BMP MAINTENANCE	1,000,000	26,000	26,000	-	112,600	1,000,000
7151000	EASTERN SHORE DRIVE DRAINAGE	17,500,000	3,068,926	7,604,617	-	7,091,834	17,500,000
7152000	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	6,953,735	78,514	6,898,268	-	43,284	4,173,172
7400000	ARAGONA DRAINAGE IMPROVEMENTS	4,400,000	320,938	776,023	776,023	3,301,226	4,400,000
7402000	COLLEGE PARK/LEVEL GREEN DRAINAGE IMPROV	1,498,687	338,388	667,093	-	399,691	1,498,687
7406000	ELIZABETH RIVER TMDL IMPLEMENTATION PLAN	9,285,150	199,089	4,675,011	4,675,011	417,207	9,285,150
7410000	SOUTHERN RIVER TMDL IMPLEMENTATION PLAN	2,500,000	282,923	888,277	888,277	163,670	2,500,000
7411000	OCEANFRONT STORM WATER FACILITIES MAINT	8,380,740	1,275,108	4,974,246	-	2,050,923	8,380,740
7412000	STORM WATER PUMP STATION MODIFICATIONS	7,525,229	1,570,851	6,151,610	-	484,957	7,525,229
7413000	NEIGHBORHD SW INFRASTRUCTURE IMPRO PH II	5,430,503	422,475	3,657,064	-	274,962	5,116,464
7414000	STORM WATER QUALITY ENHANCEMENTS PH II	13,017,948	478,302	6,385,135	478,302	4,719,780	12,677,010
7415000	LAKE MANAGEMENT PH II	37,155,432	3,296,522	27,532,204	-	5,721,289	37,136,100
7416000	SW INFRASTRUCTURE REHAB & INPROV PH II	43,606,982	3,732,263	38,515,115	-	2,557,859	43,606,982
TOTAL STORM WATER EXPENDITURES		\$ 312,244,638	\$ 41,150,681	\$ 197,085,321	\$ 27,087,635	\$ 47,691,110	\$ 284,484,151
CLOSED CAPITAL PROJECTS EXPENDITURES			21,942				
STORM WATER CAPITAL PROJECTS		<u>\$ 312,244,638</u>	<u>\$ 41,172,623</u>	<u>\$ 197,085,321</u>	<u>\$ 27,087,635</u>	<u>\$ 47,691,110</u>	<u>\$ 284,484,151</u>
TOTAL STORM WATER CAPITAL PROJECTS REVENUES				\$ 200,314,899			
TOTAL STORM WATER CAPITAL PROJECTS EXPENDITURES				(197,085,321)			
STORM WATER CASH RESTRICTED FOR CAPITAL PROJECTS				<u>\$ 3,229,578</u>			

**CITY OF VIRGINIA BEACH, VIRGINIA  
STORM WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES  
FOR THE YEAR ENDED JUNE 30, 2019**

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	\$ 13,106,235	\$ 5,817,547	\$ 682,806	\$ 6,500,353
STATE FUNDING	431,153	411,821	-	411,821
LOCAL FUNDING	298,707,250	163,387,307	30,015,418	193,402,725
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	\$ 312,244,638	\$ 169,616,675	\$ 30,698,224	\$ 200,314,899

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**WASTE MANAGEMENT**

**ENTERPRISE FUND**



## **WASTE MANAGEMENT ENTERPRISE FUND**

The Waste Management Enterprise Fund provides citywide residential automated, manual and special solid waste collections, providing containers for residents to dispose of large quantities of yard debris, centralizing the City's recycling effort, operating a city landfill, and serving as a conduit between the City and the Southeastern Public Service Authority, which is the agency responsible for the regional waste disposal program.

**CITY OF VIRGINIA BEACH, VIRGINIA  
WASTE MANAGEMENT ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

**ASSETS**

## Current Assets:

Cash and Investments	\$ 12,389,149
Accounts Receivable - Net of Estimated Uncollectibles	5,425,939
Total Current Assets	<u>17,815,088</u>

## Non-current Assets:

## Capital Assets:

Machinery and Equipment	15,433,218
General Site Improvements Other Than Buildings	366,891
Building	8,730
Less: Accumulated Depreciation	<u>(9,765,057)</u>
Total Capital Assets	<u>6,043,782</u>
Total Non-current Assets	<u>6,043,782</u>
Total Assets	<u>23,858,870</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows for Pensions	1,346,826
Deferred Outflows for OPEB	365,454
Total Deferred Outflow of Resources	<u>1,712,280</u>

**LIABILITIES**

## Current Liabilities:

Vouchers and Accounts Payable	1,638,405
Current Portion of Long-term Liabilities	528,790
Total Current Liabilities	<u>2,167,195</u>

## Long-Term Liabilities (less current portion):

Net OPEB Liability	915,780
Net Pension Liability	5,513,537
Accrued Compensated Leave	514,958
Total Long-Term Liabilities (less current portion)	<u>6,944,275</u>
Total Liabilities	<u>9,111,470</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows for Pensions	190,816
Deferred Inflows for OPEB	494,425
Total Deferred Inflow of Resources	<u>685,241</u>

**NET POSITION**

Net Investment in Capital Assets	6,043,784
Unrestricted (deficit)	<u>9,730,655</u>
Total Net Position	<u>\$ 15,774,439</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
WASTE MANAGEMENT ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

<b><u>OPERATING REVENUES</u></b>	
Service Charges	\$ 37,161,454
Miscellaneous	872,146
Total Operating Revenues	<u>38,033,600</u>
<b><u>OPERATING EXPENSES</u></b>	
Personal Services	10,407,511
Contractual Services	14,396,831
Internal Services	5,500,923
Other Charges	2,990,596
Depreciation	1,737,130
Total Operating Expenses	<u>35,032,991</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>3,000,609</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>	
Interest Income	193,754
Gain (Loss) From Sale of Assets	28,689
From Commonwealth	35,658
Total Nonoperating Revenues (Expenses)	<u>258,101</u>
<b><u>INCOME (LOSS) BEFORE TRANSFERS</u></b>	<u>3,258,710</u>
Transfers In	<u>-</u>
<b><u>CHANGE IN NET POSITION</u></b>	<u>3,258,710</u>
<b><u>TOTAL NET POSITION - BEGINNING</u></b>	<u>12,515,729</u>
<b><u>TOTAL NET POSITION - ENDING</u></b>	<u>\$ 15,774,439</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
WASTE MANAGEMENT ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 36,815,910
Other Operating Cash Receipts	872,146
Cash Payments to Suppliers of Goods and Services	(22,772,511)
Cash Payments to Employees for Services	(10,133,542)
Net Cash Provided (Used) By Operating Activities	<u>4,782,003</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:**

Intergovernmental Receipts	35,658
Net Cash Provided (Used) By Noncapital Financing Activities	<u>35,658</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition and Construction of Capital Assets	(1,025,502)
Proceeds from Sale of Salvage	28,689
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(996,813)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends Received	<u>193,754</u>
Net Increase (Decrease) in Cash and Investments	4,014,602
Cash and Investments, July 1	<u>8,374,547</u>
Cash and Investments, June 30	<u><u>12,389,149</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS)  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	3,000,609
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	1,737,130
Net changes in assets and liabilities:	
Accounts Receivable	(345,544)
Deferred Outflow of Resources	(635,331)
Vouchers and Accounts Payable	115,839
Deferred Inflow of Resources	402,084
Accrued Compensated Leave	18,874
Net Pension Liability	925,909
Net OPEB Liability	(437,567)
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 4,782,003</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WASTE MANAGEMENT ENTERPRISE FUND**  
**SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Budget	Actual	Variance Positive (Negative)
<b><u>Program Support</u></b>			
Personal Services	\$ 698,107	\$ 667,320	\$ 30,787
Fringe Benefits	261,276	233,289	27,987
Contractual Services	611,250	10,377	600,873
Internal Services	90,041	87,854	2,187
Other Charges	49,984	30,796	19,188
Total Program Support	1,710,658	1,029,636	681,022
<b><u>Bureau of Waste Disposal</u></b>			
Personal Services	703,946	826,903	(122,957)
Fringe Benefits	193,246	204,390	(11,144)
Contractual Services	9,032,368	8,938,320	94,048
Internal Services	540,064	499,813	40,251
Other Charges	247,735	163,285	84,450
Total Bureau of Waste Disposal	10,717,359	10,632,711	84,648
<b><u>Bureau of Waste Collections</u></b>			
Personal Services	5,640,611	5,590,431	50,180
Fringe Benefits	2,102,320	1,960,222	142,098
Contractual Services	165,342	113,026	52,316
Internal Services	4,981,063	4,784,214	196,849
Other Charges	293,592	238,804	54,788
Total Bureau of Waste Collections	13,182,928	12,686,697	496,231
<b><u>Yard Debris &amp; Hazardous Household Waste</u></b>			
Personal Services	256,388	258,878	(2,490)
Fringe Benefits	77,506	84,323	(6,817)
Contractual Services	1,482,015	1,129,616	352,399
Internal Services	130,410	126,660	3,750
Other Charges	34,600	17,675	16,925
Total Yard Debris & Hazardous Household Waste	1,980,919	1,617,152	363,767
<b><u>Recycling</u></b>			
Personal Services	141,560	142,831	(1,271)
Fringe Benefits	52,546	52,993	(447)
Contractual Services	4,333,385	4,205,492	127,893
Internal Services	3,445	2,382	1,063
Other Charges	41,015	29,402	11,613
Total Recycling	4,571,951	4,433,100	138,851
<b><u>General Fund Charges</u></b>			
Direct Costs Allocation	1,503,496	1,503,496	-
Landfill	235,365	235,365	-
Total General Fund Charges	1,738,861	1,738,861	-
<b><u>Other Charges</u></b>			
Retiree Health Insurance	173,929	130,838	43,091
Water and Sewer Billing System Charges	772,378	772,378	-
Net Deferred Retirement Contributions	-	278,850	(278,850)
Net Deferred OPEB Contributions	-	(24,364)	24,364
Total Other Charges	946,307	1,157,702	(211,395)
Total Budgeted Operating Expenses	\$ 34,848,983	\$ 33,295,859	\$ 1,553,124

Note: Total General Fund Charges reclassified as Other Charges.

Depreciation is not included in the Budgeted Operating Expenses, as the City does not budget for depreciation.

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**DEVELOPMENT AUTHORITY**  
**ENTERPRISE FUND**



## **DEVELOPMENT AUTHORITY ENTERPRISE FUND**

The Development Authority Enterprise Fund (Authority) was established for the specific purpose of attracting new industries and the expansion of existing industries. The Authority's Commissioners are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the Authority facilitates economic development projects as approved by City Council. The Development Authority is presented as a blended component unit and is included in the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the Authority's financial records.

**CITY OF VIRGINIA BEACH, VIRGINIA  
DEVELOPMENT AUTHORITY ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

**ASSETS**

Current Assets:	
Cash and Investments	\$ 9,533,603
Accounts Receivable - Net	3,067,214
Total Current Assets	<u>12,600,817</u>
Non-current Assets:	
Cash and Investments - Restricted	8,744,243
Due From Other Funds	5,917,522
Land Held for Resale	43,960,824
Capital Assets:	
Land	24,065,308
Buildings	145,408,109
Construction in Progress	380,478
Machinery and Equipment	1,661,825
Less: Accumulated Depreciation	<u>(43,838,082)</u>
Total Capital Assets	<u>127,677,638</u>
Total Non-current Assets	<u>186,300,227</u>
Total Assets	<u>198,901,044</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Debt Refundings Resulting in Loss Transactions	<u>930,869</u>
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**LIABILITIES**

Current Liabilities:	
Vouchers and Accounts Payable	13,934,376
Accrued Interest Payable	537,684
Current Portion of Long-term Liabilities	7,373,672
Total Current Liabilities	<u>21,845,732</u>
Long-Term Liabilities:	
Public Facility Revenue Bonds	42,994,118
Premium on Revenue Bonds	<u>2,636,456</u>
Total Long-Term Liabilities	<u>45,630,574</u>
Total Liabilities	<u>67,476,306</u>

**DEFERRED INFLOWS OF RESOURCES**

Debt Refundings Resulting in Gain Transactions	<u>767,718</u>
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**NET POSITION**

Net Investment in Capital Assets	74,836,543
Restricted for Debt Service	4,384,390
Unrestricted	<u>52,366,956</u>
Total Net Position	<u>\$ 131,587,889</u>

CITY OF VIRGINIA BEACH, VIRGINIA  
 DEVELOPMENT AUTHORITY ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2020

**OPERATING REVENUES**

Charges for Services	\$ 2,097,780
Miscellaneous	249,094
Total Operating Revenues	<u>2,346,874</u>

**OPERATING EXPENSES**

Contractual Services	6,025,629
Depreciation	3,853,177
Total Operating Expenses	<u>9,878,806</u>

**OPERATING INCOME (LOSS)**(7,531,932)**NONOPERATING REVENUES (EXPENSES)**

Interest Income	37,112
Payment Under Support Agreement	13,993,536
Interest and Fiscal Charges	(1,969,931)
Total Nonoperating Revenues	<u>12,060,717</u>

**CHANGE IN NET POSITION**

4,528,785

**TOTAL NET POSITION - BEGINNING**127,059,104**TOTAL NET POSITION - ENDING**\$ 131,587,889

**CITY OF VIRGINIA BEACH, VIRGINIA  
DEVELOPMENT AUTHORITY ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from Customers and Users	\$ 2,342,751
Payments for Interfund Services Provided	2,274,931
Other Operating Cash Receipts (Disbursements)	(209,116)
Cash Payments to Suppliers of Goods and Services	<u>(6,513,049)</u>
Net Cash Provided (Used) By Operating Activities	<u>(2,104,483)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Capital Contributions	16,708,006
Interest Paid on Long-term Debt	(2,468,114)
Principal Paid on Capital Debt	<u>(7,449,119)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>6,790,773</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and Dividends Received	<u>37,112</u>
Net Increase (Decrease) in Cash and Investments	4,723,402
Cash and Investments, July 1	<u>13,554,444</u>
Cash and Investments, June 30	<u><u>18,277,846</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS)  
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income (Loss)	(7,531,932)
Adjustments to Reconcile Operating Loss to Net Cash Provided By Operating Activities:	
Depreciation	3,853,177
Amortization	95,852
Net changes in assets and liabilities:	
Intergovernmental Receivables	5,286,764
Land Inventory	87,766
Vouchers and Accounts Payable	<u>(3,896,110)</u>
Net Cash Provided (Used) By Operating Activities	<u><u>(2,104,483)</u></u>

## **INTERNAL SERVICE FUNDS**



## INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. The City has established Internal Service Funds for the following activities:

**City Garage** - provides vehicle repairs, parts, fuel and related services to City departments.

**Risk Management** - provides insurance, claims handling, risk identification, and consulting services to City departments.

**School Site Landscaping** - provides for landscaping services for City and Schools.

**Telecommunications** – provides maintenance, support, contract administration, cable management, billing, dial tone provision, service coordination, moves, adds, and changes for the City's telephone system.

**Subscriptions** – provides for the collection and support of specific service agreements between customer departments and the Information Technology department. These agreements relate to specialized applications, services, and/or hardware associated with customer departments, not enterprise needs.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<u>City Garage</u>	<u>Risk Management</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Investments	\$ 4,951,900	\$ 34,482,002
Accounts Receivable	-	-
Inventory	2,371,765	-
Total Current Assets	<u>7,323,665</u>	<u>34,482,002</u>
Noncurrent Assets:		
Capital Assets:		
Site Improvements	265,782	-
Machinery and Equipment	3,749,982	-
Less: Accumulated Depreciation	<u>(2,943,077)</u>	<u>-</u>
Net Property, Plant and Equipment	<u>1,072,687</u>	<u>-</u>
Total Assets	<u>8,396,352</u>	<u>34,482,002</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Outflows for Pensions	1,112,151	102,032
Deferred Outflows for OPEB	<u>188,546</u>	<u>16,294</u>
Total Deferred Outflows of Resources	<u>1,300,697</u>	<u>118,326</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Vouchers and Accounts Payable	555,569	442,484
Current Portion of Long-term Liabilities	<u>327,304</u>	<u>9,875,181</u>
Total Current Liabilities	<u>882,873</u>	<u>10,317,665</u>
Noncurrent Liabilities:		
Compensated Absences	206,482	-
Claims and Contingencies	-	34,735,047
Net Pension Liability	4,552,845	417,692
Net OPEB Liability	<u>463,854</u>	<u>40,831</u>
Total Noncurrent Liabilities	<u>5,223,181</u>	<u>35,193,570</u>
Total Liabilities	<u>6,106,054</u>	<u>45,511,235</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Inflows for Pensions	157,568	14,456
Deferred Inflows for OPEB	<u>255,085</u>	<u>22,045</u>
Total Deferred Inflows of Resources	<u>412,653</u>	<u>36,501</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	1,072,688	-
Unrestricted (deficit)	<u>2,105,654</u>	<u>(10,947,408)</u>
Total Net Position	<u>\$ 3,178,342</u>	<u>\$ (10,947,408)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020**

<b>School Site Landscaping</b>	<b>Telecommunications</b>	<b>Subscriptions</b>	<b>Totals</b>
\$ 1,976,538	\$ 4,837,166	\$ 5,325,332	\$ 51,572,938
-	31	-	31
-	-	-	2,371,765
1,976,538	4,837,197	5,325,332	53,944,734
-	-	-	265,782
2,979,426	-	717,311	7,446,719
(2,483,904)	-	(708,039)	(6,135,020)
495,522	-	9,272	1,577,481
2,472,060	4,837,197	5,334,604	55,522,215
499,958	193,862	-	1,908,003
158,284	23,277	-	386,401
658,242	217,139	-	2,294,404
49,707	7,050	419,408	1,474,218
72,969	63,871	-	10,339,325
122,676	70,921	419,408	11,813,543
14,841	39,483	-	260,806
-	-	-	34,735,047
2,046,692	793,615	-	7,810,844
396,643	58,329	-	959,657
2,458,176	891,427	-	43,766,354
2,580,852	962,348	419,408	55,579,897
70,833	27,466	-	270,323
214,145	31,493	-	522,768
284,978	58,959	-	793,091
495,522	-	9,272	1,577,482
(231,050)	4,033,029	4,905,924	(133,851)
\$ 264,472	\$ 4,033,029	\$ 4,915,196	\$ 1,443,631

**CITY OF VIRGINIA BEACH, VIRGINIA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>City Garage</u>	<u>Risk Management</u>
<b><u>OPERATING REVENUES</u></b>		
Billings to Departments	\$ 18,537,340	\$ 18,381,253
Insurance Recovery	95,124	822,608
Total Operating Revenues	<u>18,632,464</u>	<u>19,203,861</u>
<b><u>OPERATING EXPENSES</u></b>		
Cost of Goods Sold	9,664,945	-
Personal Services	6,284,010	459,934
Contractual Services	527,206	756,064
Internal Services	365,884	10,807
Other Charges	634,289	16,698,795
Depreciation	286,553	-
Total Operating Expenses	<u>17,762,887</u>	<u>17,925,600</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>869,577</u>	<u>1,278,261</u>
<b><u>NONOPERATING REVENUES (EXPENSES) AND TRANSFERS</u></b>		
Interest Income	226,928	875,982
Gain (Loss) on Disposition of Assets	72,489	-
Transfers Out	-	(350,000)
Total Nonoperating Revenues (Expenses)	<u>299,417</u>	<u>525,982</u>
<b><u>CHANGE IN NET POSITION</u></b>	1,168,994	1,804,243
<b><u>TOTAL NET POSITION - BEGINNING</u></b>	<u>2,009,348</u>	<u>(12,751,651)</u>
<b><u>TOTAL NET POSITION - ENDING</u></b>	<u>\$ 3,178,342</u>	<u>\$ (10,947,408)</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<b>School Site Landscaping</b>	<b>Telecommunications</b>	<b>Subscriptions</b>	<b>Totals</b>
\$ 4,571,314	\$ 3,089,625	\$ 2,837,079	\$ 47,416,611
-	-	-	917,732
4,571,314	3,089,625	2,837,079	48,334,343
-	-	-	9,664,945
2,990,795	1,156,850	-	10,891,589
450,950	780,750	1,730,827	4,245,797
532,509	32,702	-	941,902
296,833	677,864	810,095	19,117,876
156,919	-	66,211	509,683
4,428,006	2,648,166	2,607,133	45,371,792
143,308	441,459	229,946	2,962,551
43,890	97,698	116,228	1,360,726
27,249	-	-	99,738
-	(100,000)	-	(450,000)
71,139	(2,302)	116,228	1,010,464
214,447	439,157	346,174	3,973,015
50,025	3,593,872	4,569,022	(2,529,384)
\$ 264,472	\$ 4,033,029	\$ 4,915,196	\$ 1,443,631

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	City Garage	Risk Management
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Receipts from Customers and Users	\$ 18,633,534	\$ 19,203,861
Cash Payments to Suppliers of Goods and Services	(12,210,495)	(17,950,291)
Cash Payments to Employees for Services	(6,067,624)	2,691,373
Net Cash Provided (Used) By Operating Activities	<u>355,415</u>	<u>3,944,943</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>		
Receipts from Other Funds	<u>-</u>	<u>(350,000)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>		
Acquisition and Construction of Capital Assets	(617,419)	-
Proceeds from Sale of Salvage	72,489	-
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(544,930)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Interest and Dividends Received	<u>226,928</u>	<u>875,982</u>
Net Increase (Decrease) in Cash and Temporary Investments	37,413	4,470,925
Cash and Temporary Investments, July 1	<u>4,914,487</u>	<u>30,011,077</u>
Cash and Temporary Investments, June 30	<u><u>4,951,900</u></u>	<u><u>34,482,002</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>		
Operating Income	869,577	1,278,261
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Depreciation Expense	286,553	-
Net Changes in assets and liabilities:		
Accounts Receivable	1,070	-
Inventory	(580,355)	-
Deferred Outflow of Resources	(521,409)	(47,584)
Vouchers and Accounts Payable	(437,816)	(484,625)
Net Pension Liability	764,576	70,144
Net OPEB Liability	(225,751)	(19,509)
Deferred Inflow of Resources	198,970	17,034
Estimated Claims and Judgments	-	3,145,557
Accrued Compensated Leave	-	(14,335)
Net Cash Provided (Used) By Operating Activities	<u><u>\$ 355,415</u></u>	<u><u>\$ 3,944,943</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

School Site Landscaping	Telecommunications	Subscriptions	Totals
\$ 4,571,314	\$ 3,089,615	\$ 2,837,079	\$ 48,335,403
(1,626,681)	(1,499,960)	(2,253,191)	(35,540,618)
(2,893,520)	(1,125,054)	-	(7,394,825)
51,113	464,601	583,888	5,399,960
-	(100,000)	-	(450,000)
(186,301)	-	-	(803,720)
27,249	-	-	99,738
(159,052)	-	-	(703,982)
43,890	97,698	116,228	1,360,726
(64,049)	462,299	700,116	5,606,704
2,040,587	4,374,867	4,625,216	45,966,234
1,976,538	4,837,166	5,325,332	51,572,938
143,308	441,459	229,946	2,962,551
156,919	-	66,211	509,683
-	(10)	-	1,060
-	-	-	(580,355)
(236,927)	(90,043)	-	(895,963)
(346,389)	(8,644)	287,731	(989,743)
343,709	133,275	-	1,311,704
(189,520)	(27,870)	-	(462,650)
175,924	23,311	-	415,239
-	-	-	3,145,557
4,089	(6,877)	-	(17,123)
\$ 51,113	\$ 464,601	\$ 583,888	\$ 5,399,960

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## **TRUST AND AGENCY FUNDS**



## TRUST FUNDS and AGENCY FUNDS

Trust Funds and Agency Funds are used to account for the assets held by a governmental unit as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets = liabilities).

The City has the following Trust Funds:

**Other Postemployment Benefits** – established by the City in accordance with Article 8, Chapter 15, Subtitle II of Title 15.2, of the Virginia Code, for the purpose of accumulating and investing assets to fund OPEB obligations.

**Sheriff's Office Pension** – accounts for the plan assets of the defined contribution pension plan established by the Sheriff's Office and approved by Council.

The City has the following Agency Funds:

**Escheat Property** – funds held on behalf of others payable to the Commonwealth of Virginia.

**Special Welfare** - is established under the authority of Section 63.1-51, Code of Virginia, as amended. This fund accounts for Social Security or Veteran's Administration benefits for specific individuals for which the City is acting as the custodian. It also accounts for donations and the provision for emergency assistance to indigent citizens.

CITY OF VIRGINIA BEACH, VIRGINIA  
 AGENCY FUNDS  
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 JUNE 30, 2020

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	<u>Escheat Property</u>	<u>Special Welfare</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 71,391	\$ 189,804	\$ 261,195
<b><u>LIABILITIES</u></b>			
Vouchers and Accounts Payable	\$ 71,391	\$ 189,804	\$ 261,195

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b><u>SPECIAL WELFARE</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 176,775	\$ 355,339	\$ 342,310	\$ 189,804
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	176,775	355,409	342,380	189,804
<b><u>ESCHEAT PROPERTY</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	290,504	1,643,707	1,862,820	71,391
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	290,504	1,879,765	2,098,878	71,391
<b><u>TOTALS-ALL AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	467,279	1,999,046	2,205,130	261,195
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	\$ 467,279	\$ 2,235,174	\$ 2,441,258	\$ 261,195

CITY OF VIRGINIA BEACH, VIRGINIA  
TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020

	Other Postemployment Benefits	Sheriff's Office Pension Trust Fund	Total
<b><u>ASSETS</u></b>			
Investments, at Fair Value:			
Fixed Income	\$ 9,546,667	\$ -	\$ 9,546,667
Stocks	26,821,950	-	26,821,950
Real Estate	3,182,222	-	3,182,222
Alternative Investments	5,909,842	-	5,909,842
Total Assets	<u>45,460,681</u>	<u>-</u>	<u>45,460,681</u>
<b><u>NET POSITION</u></b>			
Net Restricted for OPEB	<u>45,460,681</u>	<u>-</u>	<u>45,460,681</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**RETIREMENT TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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	Other Postemployment Benefits	Sheriffs Office	Total
<b>Additions</b>			
Contributions From Primary Government	\$ 7,013,877	\$ -	\$ 7,013,877
Increase (Decrease) in Fair Value	1,350,150	-	1,350,150
<b>Total Additions</b>	<u>8,364,027</u>	<u>-</u>	<u>8,364,027</u>
<b>Deductions</b>			
Benefits	7,013,877	3,515,834	10,529,711
Administrative Expenses	37,255	-	37,255
<b>Total Deductions</b>	<u>7,051,132</u>	<u>3,515,834</u>	<u>10,566,966</u>
<b>Net Increase in Net Position</b>	1,312,895	( 3,515,834)	( 2,202,939)
<b>Total Net Position - beginning</b>	<u>44,147,786</u>	<u>3,515,834</u>	<u>47,663,620</u>
<b>Total Net Position - ending</b>	<u><u>\$ 45,460,681</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 45,460,681</u></u>

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**DISCRETELY PRESENTED**

**SCHOOL BOARD**

**COMPONENT UNIT**



## **DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**

### ***Major Governmental Funds:***

**School Operating Fund** - is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

**School Grants Special Revenue Fund** - accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

**School Textbooks Special Revenue Fund** - accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

**School Capital Projects Fund** – accounts for all revenues and expenditures related to the construction of the School’s fixed assets and infrastructure.

### ***Nonmajor Governmental Funds:***

**School Cafeterias** – accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

**School Communication Towers/Technology** – accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

**School Vending Operations** – accounts for the receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

**School Equipment Replacement** – accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

### ***Internal Service Funds:***

**School Risk Management** - provides insurance and the administration thereof for the School Board.

**School Health Insurance** - provides health insurance and the administration thereof for the School Board and City employees.

### ***Agency Funds:***

**Payroll Deductions** - accounts for employee payroll deductions.

**Fringe Benefits** - accounts for the School Board contributions for certain fringe benefits (e.g., life insurance, retirement).

**School Activity Accounts** - accounts for the individual school activity accounts.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and Temporary Investments	\$ 245,659,477
Accounts Receivable	2,801,998
Due from Commonwealth	12,109,361
Due from Federal Government	11,110,574
Inventories	788,610
Prepaid Items	920,571
Total Current Assets	<u>273,390,591</u>
Noncurrent Assets:	
Capital Assets:	
Land	38,968,372
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)	421,010,897
Construction in Progress	91,935,123
Total Noncurrent Assets	<u>551,914,392</u>
Total Assets	<u>825,304,983</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred Outflows from Pensions	141,173,000
Deferred Outflows from OPEB	33,208,000
Total Deferred Outflows of Resources	<u>174,381,000</u>
<b><u>LIABILITIES</u></b>	
Current Liabilities:	
Salaries Payable	62,542,911
Vouchers and Accounts Payable	24,916,264
Deposits Payable	75,000
Due to Commonwealth	6,840
Due to Federal Government	87,914
Unearned Revenue	10,937,355
Long-term Liabilities (due within one year)	19,636,952
Total Current Liabilities	<u>118,203,236</u>
Noncurrent Liabilities:	
Net Pension Liability	678,825,000
Net OPEB Liability	152,746,000
Long-term Liabilities (due in more than one year)	35,394,611
Total Liabilities	<u>985,168,847</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred Inflows from Pensions	74,887,000
Deferred Inflows from OPEB	25,094,000
Total Deferred Inflows of Resources	<u>99,981,000</u>
<b><u>NET POSITION</u></b>	
Investment in Capital Assets	551,914,392
Restricted for:	
Capital Projects	32,377,544
Grants	2,352,340
Cafeterias	9,787,357
Textbooks	7,873,370
Unrestricted	(689,768,867)
Total Net Position	<u><u>\$ (85,463,864)</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

		Program Revenues			Net (Expenses)
		Charges for	Operating	Capital	Revenues and
	Expenses	Services	Grants and	Grants and	Change In
			Contributions	Contributions	Net Position
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
Instruction	\$ 703,745,203	\$ 1,540,097	\$ 147,853,737	\$ -	\$ (554,351,369)
Admin, Attendance, & Health	24,107,377	-	-	-	(24,107,377)
Pupil Transportation	36,973,229	634,957	-	-	(36,338,272)
Operations and Maintenance	92,626,699	281,549	262	-	(92,344,888)
Cafeterias	29,492,968	7,371,901	18,857,507	-	(3,263,560)
Technology	47,543,325	1,593,780	6,820,817	-	(39,128,728)
Total Governmental Activities	\$ 934,488,801	\$ 11,422,284	\$ 173,532,323	\$ -	\$ (749,534,194)

General Revenues:

## Local Sources:

Local Government	\$ 528,069,094
Miscellaneous	828,322
Sale of Capital Assets	177,665

## Federal and State Aid not Restricted to Specific Purposes:

State Basic Aid	176,893,073
State Sales Tax	79,610,836
Federal Impact Aid	13,724,963

## Interest Earnings

Interest Earnings	1,467,641
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Total General Revenues	<u>800,771,594</u>
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Change in Net Position	51,237,400
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Total Net Position - July 1	(136,701,264)
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Total Net Position - June 30	<u>\$ (85,463,864)</u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

	<b>School Operating</b>	<b>School Grants</b>	<b>School Cafeterias</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>						
Cash and Investments	\$ 63,129,056	\$ -	\$ 11,497,968	\$ 55,042,484	\$ 12,281,240	\$ 141,950,748
Accounts Receivable	232,921	154,243	5,880	-	-	393,044
Due from Other Funds	3,224,906	-	-	-	-	3,224,906
Due from Commonwealth	10,854,007	1,255,354	-	-	-	12,109,361
Due from Federal Government	79,270	9,982,279	1,049,025	-	-	11,110,574
Inventories	-	-	788,610	-	-	788,610
Prepaid Items	614,133	-	806	-	-	614,939
Total Assets	<u>78,134,293</u>	<u>11,391,876</u>	<u>13,342,289</u>	<u>55,042,484</u>	<u>12,281,240</u>	<u>170,192,182</u>
<b><u>LIABILITIES</u></b>						
Salaries Payable	58,008,333	3,270,740	1,227,279	36,283	-	62,542,635
Vouchers and Accounts Payable	4,800,010	752,484	783,259	14,208,582	87,648	20,631,983
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds	-	3,224,906	-	-	-	3,224,906
Due to City of Virginia Beach	-	-	-	-	-	-
Due to Commonwealth	-	6,840	-	-	-	6,840
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue	215,490	1,784,566	754,978	-	-	2,755,034
Total Liabilities	<u>63,023,833</u>	<u>9,039,536</u>	<u>2,765,516</u>	<u>14,332,779</u>	<u>162,648</u>	<u>89,324,312</u>
<b><u>FUND BALANCES</u></b>						
Nonspendable	614,133	-	789,416	-	-	1,403,549
Restricted	-	2,352,340	9,787,357	32,377,544	7,873,370	52,390,611
Committed	-	-	-	8,332,161	4,245,222	12,577,383
Assigned	14,496,327	-	-	-	-	14,496,327
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>15,110,460</u>	<u>2,352,340</u>	<u>10,576,773</u>	<u>40,709,705</u>	<u>12,118,592</u>	<u>80,867,870</u>
Total Liabilities and Fund Balances	<u>\$ 78,134,293</u>	<u>\$ 11,391,876</u>	<u>\$ 13,342,289</u>	<u>\$ 55,042,484</u>	<u>\$ 12,281,240</u>	<u>\$ 170,192,182</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 44) are different from amounts reported for governmental funds in this exhibit because:

Total Fund Balances - Governmental Funds (this exhibit)	\$	80,867,870
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Cost of Capital Assets	1,015,245,495	
Less: Accumulated Depreciation	(463,331,103)	551,914,392

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of the following:

Compensated Absences	(38,968,412)
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Internal Service Funds are used to account for the risk management and health insurance programs; and related charges to the various governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Total Assets	106,423,315	
Less: Total Liabilities	(28,530,029)	77,893,286
Total Net Position		

Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015. Pensions are not reported in the governmental funds.

Net Pension Liability	(678,825,000)	
Deferred Outflows of Resources	141,173,000	
Deferred Inflows of Resources	(74,887,000)	(612,539,000)

Governmental Accounting Standards Board Statement Number 75 on Accounting and Financial Reporting for OPEB was implemented in Fiscal Year 2018. OPEB is not reported in the governmental funds.

Net OPEB Liability	(152,746,000)	
Deferred Outflows of Resources	33,208,000	
Deferred Inflows of Resources	(25,094,000)	(144,632,000)

Total Net Position - Governmental Activities (Exhibit 44)	\$	(85,463,864)
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>School Operating</b>	<b>School Grants</b>	<b>School Cafeterias</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>						
From Use of Money and Property	\$ 281,549	\$ -	\$ 324,311	\$ 434,540	\$ 869,009	\$ 1,909,409
Charges for Services	1,081,961	-	6,890,554	-	129,432	8,101,947
Miscellaneous	3,174,023	376,845	513,017	-	19,852	4,083,737
From Local Government	383,837,199	-	-	144,231,895	-	528,069,094
From Commonwealth	364,713,404	9,261,215	729,167	-	3,999,558	378,703,344
From Federal Government	16,671,591	29,881,074	18,128,340	-	-	64,681,005
Total Revenues	<u>769,759,727</u>	<u>39,519,134</u>	<u>26,585,389</u>	<u>144,666,435</u>	<u>5,017,851</u>	<u>985,548,536</u>
<b><u>EXPENDITURES</u></b>						
Current:						
Instruction	573,394,750	39,661,604	-	601,333	1,180,460	614,838,147
Admin, Attendance, & Health	24,526,915	-	-	-	-	24,526,915
Pupil Transportation	37,039,105	-	-	-	-	37,039,105
Operations and Maintenance	87,816,421	-	-	5,020,997	-	92,837,418
Cafeterias	-	-	29,191,803	-	-	29,191,803
Technology	39,854,686	3,199,952	431,420	152,101	2,667,868	46,306,027
Capital Outlay	-	-	-	66,178,539	-	66,178,539
Total Expenditures	<u>762,631,877</u>	<u>42,861,556</u>	<u>29,623,223</u>	<u>71,952,970</u>	<u>3,848,328</u>	<u>910,917,954</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	<u>7,127,850</u>	<u>(3,342,422)</u>	<u>(3,037,834)</u>	<u>72,713,465</u>	<u>1,169,523</u>	<u>74,630,582</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Transfers In	-	4,001,247	-	-	-	4,001,247
Transfers Out	(4,001,247)	-	-	-	-	(4,001,247)
Sale of Capital Assets	177,665	-	-	-	-	177,665
Total Other Financing Sources (Uses)	<u>(3,823,582)</u>	<u>4,001,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>177,665</u>
<b><u>NET CHANGES IN FUND BALANCES</u></b>	<u>3,304,268</u>	<u>658,825</u>	<u>(3,037,834)</u>	<u>72,713,465</u>	<u>1,169,523</u>	<u>74,808,247</u>
<b><u>FUND BALANCES - JULY 1</u></b>	<u>11,806,192</u>	<u>1,693,515</u>	<u>13,614,607</u>	<u>(32,003,760)</u>	<u>10,949,069</u>	<u>6,059,623</u>
<b><u>FUND BALANCES - JUNE 30</u></b>	<u>\$ 15,110,460</u>	<u>\$ 2,352,340</u>	<u>\$ 10,576,773</u>	<u>\$ 40,709,705</u>	<u>\$ 12,118,592</u>	<u>\$ 80,867,870</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Amounts reported for governmental activities in the Statement of Activities (Exhibit 45) are different from amounts reported for governmental funds in this exhibit because:

Net Change in Fund Balances - Governmental Funds (this exhibit)	\$	74,808,247
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.		50,125,858
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Compensated absences (annual, sick, and personal leave) are reported in governmental funds as expenditures, which are measured by the amount of financial resources used (essentially, the amounts actually paid). However, for governmental activities those costs are shown and measured by the net of the amounts of leave used and earned for the fiscal year in the Statement of Activities.		
Leave Used	7,440,773	
Leave Earned	<u>(12,158,735)</u>	(4,717,962)

Internal Service Funds are used to account for the risk management and health insurance programs, and related charges to the various governmental funds. The change in net position for the Internal Service Funds for the fiscal year is reported with governmental activities in the Statement of Activities.		
Risk Management	404,217	
Health Insurance	<u>24,105,341</u>	24,509,558

Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf" of debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf" of debt at June 30, 2019. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.		(91,668,301)
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Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015. This amount is the Pension Expense and Deferred Outflow (pension contributions paid) for the fiscal year.		
Pension Expense	(69,624,000)	
Deferred Inflow	1,117,000	
Deferred Outflow	<u>65,952,000</u>	(2,555,000)

Governmental Accounting Standards Board Statement Number 75 on Accounting and Financial Reporting for OPEB was implemented in Fiscal Year 2018. This amount is the OPEB Expense and Deferred Outflow (OPEB contributions paid) for the fiscal year.		
OPEB Expense	15,920,000	
Deferred Inflow	(19,640,000)	
Deferred Outflow	<u>4,455,000</u>	735,000

Change in Net Position of governmental activities in the Statement of Activities (Exhibit 45)	\$	<u>51,237,400</u>
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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<b><u>ASSETS</u></b>					
Cash and Investments	\$ 7,873,370	\$ 3,201,516	\$ 61,772	\$ 1,144,582	\$ 12,281,240
Accounts Receivable	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Total Assets	7,873,370	3,201,516	61,772	1,144,582	12,281,240
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Vouchers and Accounts Payable	-	87,648	-	-	87,648
Deposits Payable	-	75,000	-	-	75,000
Total Liabilities	-	162,648	-	-	162,648
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	7,873,370	-	-	-	7,873,370
Committed	-	3,038,868	61,772	1,144,582	4,245,222
	-	-	-	-	-
	-	-	-	-	-
Total Fund Balances	7,873,370	3,038,868	61,772	1,144,582	12,118,592
Total Liabilities and Fund Balances	\$ 7,873,370	\$ 3,201,516	\$ 61,772	\$ 1,144,582	\$ 12,281,240

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
<b><u>REVENUES</u></b>					
From Use of Money and Property	\$ 144,464	\$ 698,576	\$ 783	\$ 25,186	\$ 869,009
Charges for Services	52	-	129,380	-	129,432
Miscellaneous	19,852	-	-	-	19,852
From Commonwealth	3,999,558	-	-	-	3,999,558
Total Revenues	<u>4,163,926</u>	<u>698,576</u>	<u>130,163</u>	<u>25,186</u>	<u>5,017,851</u>
<b><u>EXPENDITURES</u></b>					
Instruction	1,030,660	-	149,800	-	1,180,460
Technology	2,289,503	378,365	-	-	2,667,868
Total Expenditures	<u>3,320,163</u>	<u>378,365</u>	<u>149,800</u>	<u>-</u>	<u>3,848,328</u>
<b><u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u></b>					
	<u>843,763</u>	<u>320,211</u>	<u>(19,637)</u>	<u>25,186</u>	<u>1,169,523</u>
<b><u>NET CHANGE IN FUND BALANCES</u></b>					
	<u>843,763</u>	<u>320,211</u>	<u>(19,637)</u>	<u>25,186</u>	<u>1,169,523</u>
<b><u>FUND BALANCES - JULY 1</u></b>					
	<u>7,029,607</u>	<u>2,718,657</u>	<u>81,409</u>	<u>1,119,396</u>	<u>10,949,069</u>
<b><u>FUND BALANCES - JUNE 30</u></b>					
	<u>\$ 7,873,370</u>	<u>\$ 3,038,868</u>	<u>\$ 61,772</u>	<u>\$ 1,144,582</u>	<u>\$ 12,118,592</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**June 30, 2020**

	School Risk Management	School Health Insurance	Totals
<b><u>ASSETS</u></b>			
Cash and Investments	\$ 14,936,354	\$ 88,772,375	\$ 103,708,729
Accounts Receivable	5,298	2,403,656	2,408,954
Prepaid Items	305,632	-	305,632
Total Assets	<u>15,247,284</u>	<u>91,176,031</u>	<u>106,423,315</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Salaries Payable	136	140	276
Vouchers and Accounts Payable	211,956	4,072,325	4,284,281
Unearned Revenue	-	8,182,321	8,182,321
Estimated Claims and Judgments (due within one year)	5,856,113	6,191,250	12,047,363
Total Current Liabilities	<u>6,068,205</u>	<u>18,446,036</u>	<u>24,514,241</u>
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	1,952,038	2,063,750	4,015,788
Total Liabilities	<u>8,020,243</u>	<u>20,509,786</u>	<u>28,530,029</u>
<b><u>NET POSITION</u></b>			
Unrestricted	<u>\$ 7,227,041</u>	<u>\$ 70,666,245</u>	<u>\$ 77,893,286</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	School Risk Management	School Health Insurance	Totals
<b><u>OPERATING REVENUES</u></b>			
Charges for Services	\$ 6,805,724	\$ 151,786,911	\$ 158,592,635
Miscellaneous Revenue	58,405	-	58,405
Total Operating Revenues	<u>6,864,129</u>	<u>151,786,911</u>	<u>158,651,040</u>
<b><u>OPERATING EXPENSES</u></b>			
Personnel Services	324,101	427,902	752,003
Fringe Benefits	105,826	160,763	266,589
Purchased Services	482,244	1,768,443	2,250,687
Other Charges	5,930,631	126,801,404	132,732,035
Total Operating Expenses	<u>6,842,802</u>	<u>129,158,512</u>	<u>136,001,314</u>
<b><u>OPERATING INCOME (LOSS)</u></b>	<u>21,327</u>	<u>22,628,399</u>	<u>22,649,726</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Transfers In	-	-	-
Interest Income	382,890	1,476,942	1,859,832
Total Nonoperating Revenues (Expenses)	<u>382,890</u>	<u>1,476,942</u>	<u>1,859,832</u>
<b><u>CHANGE IN NET POSITION</u></b>	404,217	24,105,341	24,509,558
<b><u>TOTAL NET POSITION - JULY 1</u></b>	<u>6,822,824</u>	<u>46,560,904</u>	<u>53,383,728</u>
<b><u>TOTAL NET POSITION - JUNE 30</u></b>	<u>\$ 7,227,041</u>	<u>\$ 70,666,245</u>	<u>\$ 77,893,286</u>

**CITY OF VIRGINIA BEACH, VIRGINIA  
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	School Risk Management	School Health Insurance	Totals
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from Customers and Users	\$ 6,860,829	\$ 151,472,252	\$ 158,333,081
Payments to Vendors for Goods and Services	(7,315,748)	(130,403,023)	(137,718,771)
Payments to Employees for Services	(431,458)	(588,774)	(1,020,232)
Net Cash Provided (Used) By Operating Activities	<u>(886,377)</u>	<u>20,480,455</u>	<u>19,594,078</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Intergovernmental Receipts	-	-	-
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest Received on Investments	<u>382,890</u>	<u>1,476,942</u>	<u>1,859,832</u>
Net Increase (Decrease) in Cash and Investments	(503,487)	21,957,397	21,453,910
Cash and Temporary Investments, July 1	<u>15,439,841</u>	<u>66,814,978</u>	<u>82,254,819</u>
Cash and Temporary Investments, June 30	<u><u>14,936,354</u></u>	<u><u>88,772,375</u></u>	<u><u>103,708,729</u></u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>			
Operating Income (Loss)	21,327	22,628,399	22,649,726
Adjustments to Reconcile Operating Income (Loss) to Net Changes in Assets and Liabilities:			
Accounts Receivable	(3,300)	(506,297)	(509,597)
Prepaid Items	11,432	-	11,432
Salaries Payable	(1,531)	(109)	(1,640)
Vouchers and Accounts Payable	(125,456)	(658,014)	(783,470)
Unearned Revenue	-	191,638	191,638
Estimated Claims and Judgments	(788,849)	(1,175,162)	(1,964,011)
Total Adjustments	<u>(907,704)</u>	<u>(2,147,944)</u>	<u>(3,055,648)</u>
Net Cash Provided By Operating Activities	<u><u>\$ (886,377)</u></u>	<u><u>\$ 20,480,455</u></u>	<u><u>\$ 19,594,078</u></u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b><u>PAYROLL DEDUCTIONS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	\$ 6,622,631	\$ 151,555,929	\$ 151,477,156	\$ 6,701,404
Accounts Receivable	91,832	-	91,247	585
Prepaid	-	14,148	-	
Total Assets	<u>6,714,463</u>	<u>15,570,077</u>	<u>151,568,403</u>	<u>6,701,989</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>6,714,463</u>	<u>151,570,077</u>	<u>151,568,403</u>	<u>6,716,137</u>
<b><u>FRINGE BENEFITS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	9,047,533	120,086,577	119,876,387	9,257,723
Accounts Receivable	205	-	205	410
Total Assets	<u>9,047,738</u>	<u>120,086,577</u>	<u>119,876,592</u>	<u>9,258,133</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>9,047,738</u>	<u>120,086,577</u>	<u>119,879,592</u>	<u>9,254,723</u>
<b><u>SCHOOL ACTIVITY ACCOUNTS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	<u>4,166,903</u>	<u>7,595,946</u>	<u>7,312,240</u>	<u>4,450,609</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>4,166,903</u>	<u>7,595,946</u>	<u>7,312,240</u>	<u>4,450,609</u>
<b><u>TOTAL - AGENCY FUNDS</u></b>				
<b><u>ASSETS</u></b>				
Cash and Investments	19,837,067	279,238,452	278,668,783	20,406,736
Accounts Receivable	92,037	-	91,452	585
Total Assets	<u>19,929,104</u>	<u>279,238,452</u>	<u>278,760,235</u>	<u>20,407,321</u>
<b><u>LIABILITIES</u></b>				
Vouchers and Accounts Payable	<u>19,929,104</u>	<u>279,252,600</u>	<u>278,760,235</u>	<u>20,421,469</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2020**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Agency Funds</b>
<b><u>ASSETS</u></b>		
Cash and Investments	\$ -	\$ 20,406,736
Fixed Income	7,086,066	-
Stocks	19,908,473	-
Real Estate	2,362,022	-
Alternative Investments	4,386,612	-
Accounts Receivable	-	585
Prepaid	-	14,148
Total Assets	<u>33,743,173</u>	<u>20,421,469</u>
<b><u>LIABILITIES</u></b>		
Vouchers and Accounts Payable	<u>-</u>	<u>20,421,469</u>
<b><u>NET POSITION</u></b>		
Restricted for Postemployment Benefits Other than Pensions	<u>\$ 33,743,173</u>	<u>\$ -</u>

CITY OF VIRGINIA BEACH, VIRGINIA  
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	Other Postemployment Benefits Trust Fund
<b><u>ADDITIONS</u></b>	
Contributions:	
Employer	\$ 6,950,743
Investment Earnings:	
Increase in Fair Value of Investments	997,100
Total Additions	7,947,843
<b><u>DEDUCTIONS</u></b>	
Benefits	5,945,243
Administrative Expenses	27,508
Total Deductions	5,972,751
Change in Net Position	1,975,092
Net Position at Beginning of Year	31,768,081
Net Position at End of Year	\$ 33,743,173

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## **STATISTICAL SECTION**



## Statistical Section

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	255
These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	
<b>Revenue Capacity</b>	262
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
<b>Debt Capacity</b>	267
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	272
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	275
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>Schedule of the Treasurer's Cash Accountability</b>	277
This schedule contains information about the City's deposits and investments.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Table 1

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 2,458,877,944	\$ 2,383,146,998	\$ 2,428,253,890	\$ 2,273,830,446	\$ 2,252,154,557	\$ 2,286,145,556	\$ 2,324,672,499	\$ 2,382,782,109	\$ 2,382,782,109	\$ 2,304,432,557
Restricted	63,015,179	38,529,754	40,925,256	272,044,037	343,675,422	362,820,736	347,382,648	67,047,985	68,166,411	71,573,421
Unrestricted	16,225,877	216,468,300	203,260,167	168,304,006	(171,554,644)	(122,670,333)	(84,470,897)	147,877,239	146,768,813	271,559,081
Total Governmental Activities Net Position	2,538,119,000	2,638,145,052	2,672,439,313	2,714,178,489	2,424,275,335	2,526,295,959	2,587,584,250	2,597,707,333	2,597,717,333	2,647,565,059
<b>Business-type Activities</b>										
Net Investment in Capital Assets	699,132,196	740,710,253	790,083,898	716,074,522	758,928,371	760,003,698	813,703,550	920,273,999	920,273,999	966,433,599
Restricted	134,034,758	134,288,475	132,851,393	249,548,491	212,357,644	259,716,984	246,364,646	25,178,718	25,178,718	25,757,255
Unrestricted	4,547,713	32,339,713	23,258,816	29,249,082	30,523,779	31,289,060	33,551,935	251,112,602	251,112,602	240,256,063
Total Business-type Activities Net Position	837,714,667	907,338,441	946,194,107	994,872,095	1,001,809,794	1,051,009,742	1,093,620,131	1,196,565,319	1,196,565,319	1,232,446,917
<b>Primary Government</b>										
Net Investment in Capital Assets	3,158,010,140	3,123,857,251	3,218,337,788	2,989,904,968	3,011,082,928	3,046,149,254	3,138,376,049	3,303,056,108	3,303,056,108	3,270,866,156
Restricted	197,049,937	172,818,229	173,776,649	521,592,528	556,033,066	622,537,720	593,747,294	92,226,703	93,345,129	97,330,676
Unrestricted	20,773,590	248,808,013	226,518,983	197,553,088	(141,030,865)	(91,381,273)	(50,918,962)	398,999,841	397,881,415	511,815,144
Total Primary Government Net Position	\$ 3,375,833,667	\$ 3,545,483,493	\$ 3,618,633,420	\$ 3,709,050,584	\$ 3,426,085,129	\$ 3,577,305,701	\$ 3,681,204,381	\$ 3,794,282,652	\$ 3,794,282,652	\$ 3,880,011,976

Source: City Department of Finance

Table 2

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental Activities:										
Legislative	\$ 1,105,878	\$ 1,090,648	\$ 1,273,769	\$ 1,189,512	\$ 1,186,251	\$ 1,199,261	\$ 1,181,030	\$ 1,197,802	\$ 1,137,306	\$ 1,186,759
Executive	2,513,730	2,780,170	2,596,006	2,498,694	2,621,111	3,788,704	4,185,699	4,291,911	4,989,525	5,148,732
Law	3,599,766	3,666,859	3,679,233	3,937,096	3,776,063	3,763,766	3,978,553	4,407,207	4,398,166	4,646,337
Finance	16,912,340	17,775,815	18,015,281	18,521,840	17,241,258	17,077,306	18,382,696	18,914,577	19,369,244	19,589,053
Human Resources	8,222,168	9,055,986	9,916,732	10,479,994	11,031,258	11,750,627	11,264,020	11,839,137	12,409,897	12,303,650
Judicial	49,738,210	51,871,482	53,427,866	56,389,216	54,160,608	56,308,364	61,622,028	61,571,616	63,543,647	67,317,493
Health	2,939,495	2,931,361	2,871,475	3,126,176	3,215,269	3,179,240	3,391,817	3,438,812	3,702,796	3,690,540
Police	87,550,834	89,806,841	94,306,684	98,885,662	96,431,059	93,983,335	101,644,605	99,016,027	97,153,874	90,164,472
Human Services	113,614,181	112,331,388	108,913,384	110,266,430	110,140,108	109,133,450	116,434,440	114,896,878	121,506,719	125,692,508
Public Works	144,084,373	195,557,135	197,205,942	201,565,478	151,146,960	175,477,790	173,634,278	182,099,702	221,572,129	184,476,409
Parks and Recreation	42,919,471	42,619,362	44,461,864	46,944,369	46,372,607	45,082,490	47,512,722	52,804,501	53,773,326	53,769,232
Library	15,258,538	15,639,419	16,135,167	17,811,215	17,581,450	17,001,977	18,354,780	17,605,034	16,876,449	18,321,890
Planning	9,350,124	9,454,772	9,390,272	9,788,352	9,963,622	9,689,950	11,162,446	19,392,297	18,951,218	19,600,411
Agriculture	2,844,410	811,303	882,778	889,198	1,249,439	1,427,900	4,605,108	3,327,833	3,429,550	3,503,824
Economic Development	1,989,067	2,195,509	942,848	1,531,524	1,624,276	2,076,114	1,562,948	4,463,692	2,460,004	130,286
Convention and Visitor Development	24,450,034	25,211,870	24,259,211	21,970,212	29,153,694	25,836,560	28,761,957	29,398,089	30,880,566	25,952,164
Cultural Affairs	-	-	-	-	-	-	-	-	-	3,156,488
Information Technology	24,975,516	27,113,853	28,524,903	35,271,946	33,630,014	33,641,832	38,964,868	43,482,116	38,010,079	37,031,425
Emergency Communications and Citizen Services	8,233,437	8,644,135	8,585,726	8,948,709	8,750,026	8,140,536	8,970,142	9,050,582	8,883,445	7,651,383
Boards and Commissions	29,809,481	30,813,011	28,150,540	28,205,251	29,450,284	30,230,164	34,738,707	26,461,340	28,038,995	23,022,240
Fire	46,496,015	48,604,326	49,299,627	52,577,157	49,680,380	50,306,088	57,104,376	58,983,144	59,205,902	52,187,797
Budget and Management Services	1,452,377	1,488,732	1,600,743	1,466,132	1,420,917	1,415,041	1,365,506	1,341,640	1,263,505	1,304,787
Education	362,627,543	346,343,221	371,831,366	376,409,572	390,015,055	398,127,741	396,304,003	423,487,979	430,808,133	444,610,435
Housing and Neighborhood Preservation	25,286,359	25,102,021	27,094,230	26,185,221	26,348,557	26,300,165	28,325,394	28,485,380	31,587,077	33,526,690
Museums	8,812,689	9,524,054	9,557,237	10,314,480	10,704,799	10,841,342	11,113,741	10,775,551	11,115,822	10,318,444
Emergency Medical Services	7,693,052	8,667,955	8,911,501	10,052,359	10,028,682	10,201,025	12,532,240	12,591,888	13,018,124	11,506,086
Strategic Growth Area	-	1,011,323	940,819	1,254,362	1,102,864	638,519	-	-	-	-
General Government	22,315,404	6,689,626	1,657,087	1,657,913	2,095,946	1,826,647	20,905,551	3,705,291	8,269,691	55,756,467
Interest on Long-term Debt	42,665,372	48,481,522	35,483,724	32,290,625	33,395,513	33,580,400	29,622,762	24,905,258	24,541,657	24,527,747
Total Governmental Activities Expenses	\$ 1,107,459,864	\$ 1,145,283,688	\$ 1,161,044,015	\$ 1,190,428,695	\$ 1,153,518,070	\$ 1,182,031,334	\$ 1,247,625,917	\$ 1,271,935,584	\$ 1,330,896,846	\$ 1,340,095,749
Business-Type Activities:										
Water and Sewer	\$ 104,625,349	\$ 102,310,240	\$ 103,110,267	\$ 107,549,122	\$ 110,779,437	\$ 109,232,931	\$ 107,922,521	\$ 115,336,137	\$ 139,843,870	\$ 122,936,990
Storm Water	14,178,468	15,650,645	16,592,160	19,561,223	22,908,803	23,288,944	34,666,545	33,518,183	38,120,181	33,328,873
Development Authority	-	-	11,210,520	10,154,302	11,025,011	9,920,441	39,724,605	17,545,543	12,383,812	11,848,737
Waste Management	-	-	-	-	41,907,754	39,965,302	12,582,903	37,051,532	34,569,612	34,898,954
Parking	1,603,150	1,973,867	1,668,933	1,902,855	4,419,983	3,770,402	3,383,691	3,984,236	4,211,205	3,279,464
Total Business-Type Activities Expenses	\$ 120,406,967	\$ 119,934,752	\$ 132,581,880	\$ 139,167,502	\$ 191,040,988	\$ 186,178,020	\$ 198,280,265	\$ 207,435,631	\$ 229,128,680	\$ 206,293,018
Total Primary Government Expenses	\$ 1,227,866,831	\$ 1,265,218,440	\$ 1,293,625,895	\$ 1,329,596,197	\$ 1,344,559,058	\$ 1,368,209,354	\$ 1,445,906,182	\$ 1,479,371,215	\$ 1,560,025,526	\$ 1,546,388,767
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
Judicial	\$ 4,402,463	\$ 5,377,347	\$ 3,688,139	\$ 3,101,433	\$ 3,735,209	\$ 3,549,429	\$ 4,907,694	\$ 5,409,133	\$ 5,439,707	\$ 4,970,675
Police	4,026,448	3,670,550	3,747,317	3,472,080	3,854,581	3,965,201	3,308,747	2,967,178	2,897,398	2,895,919
Human Services	23,797,305	24,322,382	23,782,371	25,031,069	25,615,214	24,956,662	25,167,062	25,755,690	26,226,827	24,294,428
Public Works	6,743,429	13,463,436	30,845,235	44,380,916	2,766,927	3,564,521	4,058,165	2,193,888	4,244,989	2,178,507
Parks and Recreation	14,405,985	13,876,204	18,921,219	15,114,163	14,974,524	15,569,444	15,021,272	16,988,062	17,445,906	12,115,841
Library	760,480	706,607	728,317	789,508	789,508	726,001	695,152	671,348	557,576	446,146
Planning	4,097,287	4,265,630	4,432,198	4,496,079	5,226,904	5,020,717	5,097,944	5,431,804	5,051,831	5,313,031
Agriculture	127,156	170,091	52,893	55,585	72,725	62,171	86,449	115,176	97,087	135,819
Economic Development	-	-	-	-	-	367,208	-	-	16,500	163,000
Convention and Visitor Development	5,067,297	5,313,030	5,437,203	5,484,357	5,270,419	5,904,184	6,620,853	5,174,206	5,334,377	3,142,035
Fire	409,613	346,680	414,091	141,747	404,789	413,115	665,923	717,111	480,369	422,241
Housing and Neighborhood Preservation	215,523	1,170,964	1,831,674	2,033,427	2,300,624	2,427,410	2,841,867	182,387	247,121	438,279

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Museums	\$ 7,208,895	\$ 7,548,640	\$ 8,073,443	\$ 7,701,899	\$ 8,343,814	\$ 9,171,646	\$ 9,679,208	\$ 9,856,700	\$ 10,181,856	\$ 6,366,013
General Government	8,096,615	7,395,885	7,535,955	7,532,896	7,480,645	6,690,903	6,795,827	11,561,559	17,187,437	22,781,929
Other Activities	545,787	497,376	551,983	3,590,913	4,088,006	3,867,123	3,726,144	3,644,173	3,675,786	5,154,383
Operating grants and contributions	195,543,654	169,430,851	166,149,172	163,734,763	167,099,983	176,554,087	180,792,670	182,245,742	189,379,234	230,763,053
Capital grants and contributions	32,767,792	41,572,819	37,502,486	69,771,674	49,910,249	49,358,726	30,380,171	32,129,238	22,413,389	9,443,815
Total Governmental Activities	\$ 308,215,729	\$ 299,130,492	\$ 309,663,696	\$ 356,403,735	\$ 301,934,121	\$ 312,168,549	\$ 299,790,140	\$ 305,043,395	\$ 310,916,122	\$ 330,986,382
Business-type Activities:										
Charges for services:										
Water and Sewer	\$ 102,398,524	\$ 109,200,204	\$ 115,160,670	\$ 122,079,274	\$ 122,609,520	\$ 124,303,922	\$ 125,124,505	\$ 127,939,734	\$ 127,220,550	\$ 130,615,326
Storm Water	21,321,426	27,841,165	32,721,540	37,087,519	39,048,824	39,522,703	40,164,454	41,715,744	42,192,454	44,779,183
Development Authority	-	-	2,630,055	189,011	4,665,161	4,999,007	35,390,065	7,721,739	6,115,757	3,374,565
Waste Management	-	-	-	-	43,457,679	37,766,169	2,859,707	34,223,087	37,369,587	37,369,824
Parking	3,213,279	2,879,725	3,134,711	2,879,228	4,535,524	3,824,504	5,235,807	6,014,164	5,408,631	4,701,165
Operating grants and contributions	3,569,248	1,306,092	-	-	90,237	72,740	319,888	42,871	45,382	35,658
Capital grants and contributions	1,877,989	974,355	1,945,692	7,507,130	7,413,070	8,175,896	6,611,382	28,258,904	27,124,075	5,013,019
Total Business-type Activities	\$ 132,380,466	\$ 142,201,541	\$ 155,592,668	\$ 169,742,162	\$ 221,820,015	\$ 218,664,941	\$ 215,705,808	\$ 245,913,243	\$ 242,157,436	\$ 225,886,740
Total Primary Government Program Revenues	\$ 440,596,195	\$ 441,332,033	\$ 465,256,364	\$ 526,145,897	\$ 523,754,136	\$ 530,833,490	\$ 515,495,948	\$ 550,961,638	\$ 553,073,558	\$ 556,875,122
<b>Net (Expenses) Revenues</b>										
Governmental Activities	\$ (799,244,135)	\$ (846,153,196)	\$ (851,380,319)	\$ (834,024,960)	\$ (851,583,949)	\$ (869,862,786)	\$ (947,835,777)	\$ (966,892,189)	\$ (1,019,980,724)	\$ (1,009,109,367)
Business-type Activities	11,973,499	22,266,789	23,010,788	30,574,660	30,779,027	32,486,921	17,425,543	38,482,612	13,028,756	19,595,722
Total Primary Government Net Expenses	\$ (787,270,636)	\$ (823,886,407)	\$ (828,369,531)	\$ (803,450,300)	\$ (820,804,922)	\$ (837,375,865)	\$ (930,410,234)	\$ (928,409,577)	\$ (1,006,951,968)	\$ (989,513,645)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
General Property Taxes -	\$ 537,521,503	\$ 537,843,813	\$ 551,950,361	\$ 543,960,594	\$ 574,064,411	\$ 622,389,162	\$ 645,972,461	\$ 673,006,832	\$ 696,206,555	\$ 705,605,610
Real Estate & Personal Property	51,945,150	53,038,789	55,995,114	55,990,140	58,521,297	61,409,466	66,262,790	63,647,610	65,946,655	68,531,053
Sales	47,159,975	43,074,104	46,635,170	44,724,955	48,274,955	40,961,377	48,275,048	48,908,305	47,636,484	44,798,145
Utility	41,183,389	41,205,981	44,671,818	43,657,877	45,155,698	44,956,510	47,143,398	48,777,766	49,129,284	53,879,101
Business Licenses	50,870,246	53,540,559	55,296,252	57,041,072	59,693,981	63,558,427	68,900,065	66,608,924	69,540,210	54,489,832
Meal	24,401,106	25,624,528	26,265,622	26,252,617	28,216,513	29,999,408	32,385,074	36,467,582	37,085,103	30,962,264
Lodging	5,312,439	5,617,464	5,365,290	6,247,637	6,001,024	6,953,928	7,032,632	6,485,738	7,295,403	5,196,698
Amusement	5,864,224	6,284,635	7,530,469	6,377,834	7,044,958	7,299,045	7,858,406	7,565,471	7,809,055	8,554,150
City Tax on Deeds and Wills	12,270,185	12,213,135	11,748,003	12,073,540	12,983,847	10,950,799	12,060,433	11,447,553	10,309,971	10,477,789
Cigarette	9,018,255	8,947,535	10,278,790	9,421,028	9,048,539	10,867,860	11,762,967	11,147,509	11,232,389	10,014,639
Automobile Licenses	10,981,669	10,770,992	11,049,732	10,231,840	11,460,710	13,480,842	10,937,880	5,783,324	3,607,656	3,348,538
Other Taxes	67,913,073	53,414,000	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868
Grants and contributions not restricted	1,755,326	9,351,455	199,920	3,557,973	3,956,635	7,172,459	2,255,088	6,488,405	15,272,598	14,404,603
Investment Earnings	10,584,154	11,093,317	20,533,875	22,454,268	14,876,713	14,369,406	17,446,147	16,752,791	7,464,961	6,526,999
Miscellaneous	716,322	(1,303,678)	(15,258,704)	(17,580,646)	(15,850,873)	(15,898,147)	(22,611,189)	(23,409,462)	(22,248,564)	(11,245,196)
Transfers	\$ 877,497,016	\$ 870,716,629	\$ 885,674,580	\$ 875,764,136	\$ 913,311,276	\$ 971,883,410	\$ 1,009,094,068	\$ 1,033,091,216	\$ 1,059,700,628	\$ 1,058,957,093
Total Governmental Activities	\$ 877,497,016	\$ 870,716,629	\$ 885,674,580	\$ 875,764,136	\$ 913,311,276	\$ 971,883,410	\$ 1,009,094,068	\$ 1,033,091,216	\$ 1,059,700,628	\$ 1,058,957,093
Business-type Activities:										
Investment Earnings	\$ 761,924	\$ 264,732	\$ 586,174	\$ 522,661	\$ 660,764	\$ 814,880	\$ 2,573,657	\$ 4,196,130	\$ 5,046,919	\$ 4,234,320
Transfers	(716,322)	1,303,678	15,258,704	17,580,646	(478,876)	-	-	1,115,089	997,384	806,360
Miscellaneous	45,602	1,568,410	15,844,878	18,103,328	16,032,761	15,898,147	22,611,189	23,409,462	22,248,564	11,245,196
Total Business-type Activities	\$ 877,542,618	\$ 872,285,039	\$ 901,519,458	\$ 893,867,464	\$ 929,344,037	\$ 988,596,437	\$ 1,034,278,914	\$ 1,061,811,897	\$ 1,087,993,495	\$ 1,075,242,969
Total Primary Government	\$ 877,542,618	\$ 872,285,039	\$ 901,519,458	\$ 893,867,464	\$ 929,344,037	\$ 988,596,437	\$ 1,034,278,914	\$ 1,061,811,897	\$ 1,087,993,495	\$ 1,075,242,969
<b>Change in Net Position</b>										
Governmental Activities	\$ 78,252,881	\$ 24,563,433	\$ 34,294,261	\$ 41,739,176	\$ 61,727,327	\$ 102,020,624	\$ 61,258,291	\$ 66,199,027	\$ 39,719,904	\$ 49,847,726
Business-type Activities	12,019,101	23,835,199	38,855,666	48,677,988	46,811,788	49,199,948	42,610,389	67,203,293	41,321,623	35,881,598
Total Primary Government	\$ 90,271,982	\$ 48,398,632	\$ 73,149,927	\$ 90,417,164	\$ 108,539,115	\$ 151,220,572	\$ 103,868,680	\$ 133,402,320	\$ 81,041,527	\$ 85,729,324

Source: City Department of Finance  
Note: Strategic Growth Area merged with Planning in 2018

Table 3

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>General Fund</b>	<b>2011*</b>	<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>
Nonspendable	\$ 453,056	\$ 506,339	\$ 581,099	\$ 7,482,460	\$ 7,093,861	\$ 10,937,946	\$ 10,647,511	\$ 11,088,350	\$ 10,934,636	\$ 11,259,961
Restricted	987,701	721,002	892,701	892,701	1,080,998	675,616	2,047,751	2,201,965	2,901,470	1,460,287
Committed	33,756,567	16,397,989	19,310,560	16,616,865	12,299,308	12,299,308	17,299,308	17,299,308	17,299,308	16,549,308
Assigned	41,286,701	69,462,951	65,524,909	50,789,758	46,342,481	54,485,191	69,793,355	85,216,602	78,139,398	123,695,484
Unassigned	113,003,754	103,961,151	102,363,793	96,084,791	97,004,933	107,119,381	118,396,300	114,298,452	121,304,984	152,842,932
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 189,487,779	\$ 191,049,432	\$ 188,673,062	\$ 171,866,575	\$ 163,821,581	\$ 185,517,442	\$ 218,184,225	\$ 230,104,677	\$ 230,579,796	\$ 305,807,972
<b>All Other Governmental Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 6,453,867	\$ 6,488,666	\$ -	\$ -	\$ 47,307	\$ -
Restricted	36,583,676	42,910,053	40,032,555	41,303,255	36,878,328	43,568,700	49,567,841	49,242,719	54,282,998	58,853,173
Committed	205,254,077	337,853,345	302,868,839	321,477,382	337,402,946	357,531,393	336,873,103	387,589,280	311,654,234	391,912,535
Assigned	133,709,715	6,583,170	3,841,898	8,601,614	9,047,083	6,154,607	2,273,180	1,052,730	2,361,660	2,464,037
Unassigned	-	-	-	(554,019)	(391,769)	-	-	-	(1,118,426)	(4,396,547)
Reserved, Reported In:	-	-	-	-	-	-	-	-	-	-
All Other Government Funds	-	-	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds	-	-	-	-	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 375,547,468	\$ 387,346,568	\$ 346,743,292	\$ 370,828,232	\$ 389,390,455	\$ 413,743,366	\$ 388,714,124	\$ 437,884,729	\$ 367,227,773	\$ 448,833,198

Source: City Department of Finance

\*Note: City Adopted GASB 54 in Fiscal Year 2011



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**CITY OF VIRGINIA BEACH, VIRGINIA**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>REVENUES</b>										
Real Estate Taxes	\$ 474,474,648	\$ 461,480,333	\$ 476,217,120	\$ 464,439,667	\$ 481,774,192	\$ 526,451,909	\$ 544,302,460	\$ 567,573,017	\$ 586,407,784	\$ 603,119,216
Personal Property Taxes	119,356,403	73,705,379	74,723,035	78,678,322	90,898,635	95,930,682	100,075,205	108,123,397	106,029,083	112,728,082
Total General Property Taxes	593,831,051	535,185,712	550,940,155	543,117,989	572,672,827	622,382,591	644,377,665	675,696,414	692,436,867	715,847,298
Other Local Taxes:										
General Sales	51,743,905	53,375,318	54,978,531	56,431,418	58,164,569	61,099,407	62,614,614	63,511,403	65,851,817	67,855,536
Utility	45,129,301	45,254,169	44,623,292	44,050,182	43,308,157	42,658,906	44,829,994	49,832,408	47,636,484	45,584,479
Business Licenses	41,281,806	41,129,895	44,224,356	44,027,381	44,586,110	45,301,911	47,009,925	48,676,655	49,141,505	52,759,292
Franchise Taxes-Cox Communications	-	6,962,320	7,192,940	7,531,593	7,939,584	8,115,171	5,163,159	-	-	-
Automobile Licenses	9,018,142	-	-	-	-	10,862,073	11,189,995	10,961,726	11,260,550	10,112,035
Bank Stock	3,029,323	2,615,883	2,354,647	2,151,058	2,739,645	3,023,394	3,100,922	3,469,803	3,607,656	3,348,538
City Tax on Deeds	5,796,601	6,203,751	7,458,847	6,297,952	6,970,299	7,222,757	7,755,788	7,475,502	7,708,985	8,494,352
City Tax on Wills	67,623	80,884	71,622	79,882	74,659	76,288	102,618	89,969	99,895	59,798
Cigarette	12,063,516	12,182,212	11,953,020	11,693,536	13,707,486	10,164,199	11,906,282	11,406,153	10,568,721	10,353,589
Amusement	5,314,873	5,472,204	5,482,948	6,015,026	5,902,807	7,034,792	6,811,740	6,349,234	6,762,346	6,300,510
Hotel Taxes	24,169,996	25,003,788	26,049,027	26,643,369	27,914,212	29,780,108	29,196,087	35,494,796	37,127,745	32,682,467
Restaurant Meals	50,594,181	53,254,313	55,122,465	56,872,794	59,968,375	63,437,485	65,207,699	66,264,685	69,278,652	60,561,741
Transient Occupancy Taxes	1,122,301	1,106,769	1,178,742	761,557	771,695	815,025	3,609,510	-	-	-
Total Other Local Taxes	249,331,568	252,641,506	260,690,437	262,555,748	272,047,598	289,591,516	298,498,333	303,532,334	309,044,356	298,112,337
Fines and Forfeitures	7,432,059	6,821,979	6,902,298	5,443,331	7,359,085	6,417,007	5,507,315	5,749,252	5,784,450	3,841,464
Permits, Privilege Fees, and Regulatory Licenses	3,824,168	4,239,786	4,222,312	6,312,079	5,138,080	4,922,398	5,250,146	5,260,171	4,948,973	5,291,220
From Use of Money and Property	7,582,471	15,495,687	8,486,602	9,281,953	9,706,351	15,856,367	8,910,323	15,589,069	20,766,143	18,434,539
Charges for Services	61,278,029	68,489,147	85,837,389	110,064,203	72,565,586	70,998,949	71,800,886	72,356,349	74,794,925	64,290,614
Miscellaneous	15,255,086	15,900,634	25,744,605	18,041,512	11,935,463	11,148,714	13,723,105	12,917,055	13,245,098	12,503,197
Sale of Property	15,000	-	-	-	-	-	-	-	-	-
From Other Local Governments	14,921,907	247,709	2,595,294	98,153	49,077	-	-	-	-	-
From Commonwealth	137,844,448	183,494,275	176,215,187	178,507,205	199,209,892	216,035,262	204,502,438	187,643,619	196,365,167	199,406,262
From Federal Government	81,029,447	73,006,854	64,423,364	59,113,705	65,227,667	57,728,271	56,119,173	77,856,895	62,086,134	94,757,533
Total Revenues	\$ 1,172,345,234	\$ 1,155,523,289	\$ 1,186,057,643	\$ 1,192,535,878	\$ 1,215,911,626	\$ 1,295,081,075	\$ 1,308,689,384	\$ 1,356,601,158	\$ 1,379,472,113	\$ 1,412,484,464
<b>EXPENDITURES</b>										
Legislative	\$ 1,104,591	\$ 1,078,747	\$ 1,298,568	\$ 1,184,883	\$ 1,208,704	\$ 1,233,934	\$ 1,173,001	\$ 1,248,240	\$ 1,144,252	\$ 1,180,302
Executive	2,563,372	2,697,088	2,605,143	2,528,002	2,615,031	3,998,371	4,093,880	4,488,041	5,013,472	5,150,430
Law	3,576,615	3,640,226	3,697,386	3,913,384	3,919,348	4,022,217	3,969,488	4,477,543	4,529,203	4,595,060
Finance	15,804,138	16,600,949	16,993,124	17,367,222	17,815,815	18,062,607	18,207,252	19,293,822	20,044,583	19,694,983
Human Resources	8,229,652	9,010,045	9,924,243	10,416,987	11,174,602	11,914,851	11,245,572	11,912,017	12,545,582	12,308,232
Judicial	49,040,448	51,006,576	53,276,187	55,458,238	55,398,991	58,516,561	61,187,703	63,333,087	65,909,658	67,994,838
Health	2,934,899	2,926,650	2,866,304	3,113,772	3,213,191	3,177,862	3,376,761	3,442,478	3,716,750	3,689,009

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police	\$ 85,654,990	\$ 87,210,424	\$ 91,048,023	\$ 95,036,357	\$ 94,259,577	\$ 95,179,158	\$ 97,550,859	\$ 99,210,134	\$ 99,395,675	\$ 87,195,246
Human Services	113,422,755	111,828,043	109,136,160	110,005,531	112,506,829	112,944,110	115,193,857	117,245,898	124,188,922	125,796,095
Public Works	90,570,064	99,611,309	103,023,351	104,583,810	63,701,224	66,744,291	73,368,698	71,637,743	72,246,833	78,688,736
Parks and Recreation	40,087,300	42,677,953	45,253,417	48,891,417	46,973,301	43,265,384	43,768,393	48,547,482	50,284,384	50,284,384
Library	15,442,912	15,475,052	16,033,907	17,381,850	17,618,171	17,368,746	17,615,908	18,018,356	17,274,298	18,190,701
Planning	9,324,289	9,379,626	9,289,151	9,291,336	9,874,195	9,741,864	10,993,105	19,507,678	19,296,051	19,507,678
Agriculture	2,837,146	2,958,894	3,040,599	3,389,546	3,503,327	1,468,560	4,607,650	969,705	1,043,558	1,056,388
Economic Development	2,007,505	2,210,063	2,343,970	3,018,382	3,037,408	3,949,271	3,749,275	4,242,488	5,577,029	2,936,165
Convention and Visitor Development	23,994,441	50,515,866	51,583,205	52,048,685	50,793,408	26,306,456	27,050,391	27,058,450	27,868,190	22,513,470
Cultural Affairs	-	-	-	-	-	-	-	-	-	3,156,488
Information Technology	19,371,700	20,992,614	22,348,352	22,249,372	22,008,128	20,463,895	22,132,288	24,774,178	25,707,312	25,166,518
Emergency Communications and Citizen Services	8,233,437	8,644,135	8,585,726	9,033,409	8,985,752	8,609,489	8,859,237	9,122,044	9,147,638	7,631,901
Boards and Commissions	34,454,560	34,730,107	33,495,194	34,742,684	35,603,080	35,367,590	60,714,680	33,601,257	36,875,467	25,951,685
Fire	43,756,960	44,898,737	45,434,088	47,774,858	49,212,062	51,237,605	55,117,288	58,151,454	59,007,138	48,921,561
Budget and Management Services	1,484,095	1,471,547	1,595,914	1,481,262	1,526,664	1,485,496	1,409,775	1,365,183	1,323,859	1,324,913
Development Authority	-	-	55,539	736,650	400,429	-	55,008	-	-	-
Education	350,272,315	399,636,831	364,589,660	382,971,859	372,506,081	388,092,326	407,548,658	436,811,968	401,945,731	527,040,170
Housing and Neighborhood Preservation	25,578,349	25,057,346	27,088,836	26,138,828	26,490,648	26,550,351	28,246,526	28,499,449	31,727,306	33,420,457
Museums	8,805,116	9,430,030	9,542,960	10,225,773	11,435,283	11,140,739	10,961,337	10,880,638	11,318,527	10,151,547
General Government	1,830,932	8,293,239	8,014,133	7,489,469	11,482,238	2,566,531	2,331,474	4,685,528	3,641,535	42,058,231
Emergency Medical Service	7,590,345	8,302,029	8,501,568	9,500,960	9,508,751	10,111,253	11,405,734	12,213,689	12,637,136	10,799,955
Strategic Growth Area	-	1,011,323	940,819	1,223,232	1,136,261	746,889	-	-	-	-
Capital Outlay	152,439,078	134,374,158	132,201,426	142,572,128	180,758,500	148,425,984	75,596,098	127,054,115	180,430,527	169,446,236
Debt Service:										
Principal Retirement	80,413,257	28,759,234	59,341,275	58,392,964	61,522,444	86,698,132	88,609,860	87,908,194	91,689,035	93,299,097
Interest and Fiscal Charges	43,141,572	16,496,683	31,147,744	29,114,205	32,248,023	45,188,801	46,498,278	42,872,488	42,773,286	41,008,013
Total Expenditures	\$ 1,243,966,833	\$ 1,250,925,524	\$ 1,274,295,972	\$ 1,321,277,475	\$ 1,322,437,466	\$ 1,314,579,304	\$ 1,316,638,034	\$ 1,392,259,645	\$ 1,438,741,574	\$ 1,560,158,489
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (71,621,599)	\$ (95,402,235)	\$ (88,238,329)	\$ (128,741,597)	\$ (106,525,840)	\$ (19,498,229)	\$ (7,948,650)	\$ (35,658,487)	\$ (59,269,461)	\$ (147,674,025)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers In	\$ 225,159,580	\$ 79,048,006	\$ 134,706,391	\$ 131,854,570	\$ 142,195,756	\$ 151,503,513	\$ 153,805,994	\$ 160,358,211	\$ 161,180,542	\$ 174,993,404
Transfers Out	(232,016,209)	(80,346,618)	(149,713,095)	(130,979,095)	(144,189,251)	(156,245,123)	(166,095,354)	(170,748,899)	(172,092,918)	(173,201,224)
Agriculture Reserve Agreement	-	-	-	270,504	344,842	565,264	3,728,464	-	-	-
Issuance of Debt	94,875,000	118,596	83,640,000	111,248,370	99,540,000	111,685,000	21,225,000	98,035,000	-	260,170,000
Premium on Bonds Sold	6,600,690	132,850,000	7,342,754	16,096,112	29,213,786	13,623,894	2,922,087	22,476,887	-	51,237,936
Proceeds of Refunding Bonds	-	-	-	20,320,000	91,415,000	-	-	71,530,000	-	80,329,587
Increase (Decrease) in Treasury Strips	(49,823)	23,194,107	(2,225,854)	-	-	-	-	-	-	-
Payment to Refunding Bonds Escrow Agent	-	(55,071,638)	(37,929,148)	(22,353,602)	(109,664,176)	(55,585,547)	-	(84,900,655)	-	(89,022,077)
Total Other Financing Sources (Uses)	\$ 94,569,238	\$ 99,792,453	\$ 35,821,048	\$ 126,456,859	\$ 108,855,957	\$ 65,547,001	\$ 15,586,191	\$ 96,750,544	\$ (10,912,376)	\$ 304,507,626
Net Change in Fund Balance	\$ 22,947,639	\$ 4,390,218	\$ (52,417,281)	\$ (2,284,738)	\$ 2,330,117	\$ 46,048,772	\$ 7,637,541	\$ 61,092,057	\$ (70,181,837)	\$ 156,833,601
Debt Service as a Percentage of Noncapital Expenditures	11.3%	4.1%	7.9%	7.4%	8.2%	11.3%	10.9%	10.3%	10.7%	9.7%

Source: City Department of Finance

Note: Franchise Tax was combined with Utility Tax beginning in FY2018

Table 5

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE**  
 Last Ten Fiscal Years  
 (Unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>City Taxes</b>										
Real Estate	\$ 474,474,648	\$ 461,480,333	\$ 476,217,120	\$ 464,439,667	\$ 481,774,192	\$ 526,451,909	\$ 544,302,460	\$ 567,573,017	\$ 586,407,784	\$ 603,119,216
Personal Property	65,943,535	73,705,379	74,723,035	78,678,322	90,898,635	95,930,682	100,075,205	108,123,397	106,029,083	112,728,082
General Sales	51,743,905	53,375,318	54,978,531	56,431,418	58,164,569	61,099,407	62,614,614	63,511,403	65,851,817	67,855,536
Utility	45,129,301	45,254,169	44,623,292	44,050,182	43,308,157	42,658,906	44,829,994	49,832,408	47,636,484	45,584,479
Business Licenses	41,281,806	41,129,895	44,224,356	44,027,381	44,586,110	45,301,911	47,009,925	48,676,655	49,141,505	52,759,292
Franchise Taxes	6,827,422	6,962,320	7,192,940	7,531,593	7,939,584	8,115,171	5,163,159	-	-	-
Automobile Licenses	9,018,142	8,970,535	9,437,635	9,346,971	9,225,176	10,862,073	11,189,995	10,961,726	11,260,550	10,112,035
Bank Stock	3,029,323	2,615,883	2,354,647	2,151,058	2,739,645	3,023,394	3,100,922	3,469,803	3,607,656	3,348,538
City Tax on Deeds	5,796,601	6,203,751	7,458,847	6,297,952	6,970,299	7,222,757	7,755,788	7,475,502	7,708,985	8,494,352
City Tax on Wills	67,623	80,884	71,622	79,882	74,659	76,288	102,618	89,969	99,895	59,798
Cigarette	12,063,516	12,182,212	11,953,020	11,693,536	13,707,486	10,164,199	11,906,282	11,406,153	10,568,721	10,353,589
Amusement	5,314,873	5,472,204	5,482,948	6,015,026	5,902,807	7,044,913	6,811,740	6,349,234	6,762,346	6,300,510
Hotel Taxes	25,292,297	26,110,557	27,227,769	27,404,926	28,685,907	30,595,133	32,805,597	35,493,796	37,127,745	32,682,467
Restaurant Meals	50,594,181	53,254,313	55,122,465	56,872,794	59,968,375	63,437,485	65,207,699	66,264,685	69,278,652	60,561,741
<b>Total</b>	<b>\$ 796,577,173</b>	<b>\$ 796,797,753</b>	<b>\$ 821,068,227</b>	<b>\$ 815,020,708</b>	<b>\$ 853,945,601</b>	<b>\$ 911,984,228</b>	<b>\$ 942,875,998</b>	<b>\$ 979,227,748</b>	<b>\$ 1,001,481,223</b>	<b>\$ 1,013,959,635</b>

Source: City Department of Finance

Note: Franchise Tax was combined with Utility Tax beginning in FY2018  
 Hotel Taxes include Transient Occupancy Taxes

Table 6

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year	Real Property			Total Taxable		Direct Tax Rate	Personal Property		Total Taxable Personal Property Assessed Value	Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Assessed Value Commercial	Public Service*	Real Property Assessed Value	Residential		Assessed Value					
							Commercial	Public Service				
2011	43,967,169,845	8,008,231,601	926,192,535	52,901,593,981	0.8900	3,105,575,058	972,520,233	1,317,211	4,079,412,502	3.7000	56,981,006,483	100.0%
2012	42,582,797,354	7,925,225,472	937,565,594	51,445,588,420	0.8900	3,225,216,284	1,079,909,616	761,493	4,305,887,393	3.7000	55,751,475,813	100.0%
2013	40,815,993,416	8,036,001,242	929,117,285	49,781,111,943	0.9500	3,306,948,272	942,744,260	725,885	4,250,418,417	3.7000	54,031,530,360	100.0%
2014	40,590,297,065	8,147,317,125	888,427,995	49,626,042,185	0.9300	3,362,985,338	971,033,585	622,805	4,334,641,728	3.7000	53,960,683,913	100.0%
2015	42,110,642,755	8,466,636,425	873,940,844	51,451,220,024	0.9300	3,446,918,395	1,122,915,183	1,555,727	4,571,389,305	4.0000	56,022,609,329	100.0%
2016	43,302,214,028	8,714,160,476	893,717,743	52,910,092,247	0.9900	3,552,544,174	1,029,515,444	1,762,202	4,583,821,820	4.0000	57,493,914,067	100.0%
2017	45,017,777,981	8,822,768,056	943,063,814	54,783,609,851	0.9900	3,612,948,282	1,079,435,074	2,030,566	4,694,413,922	4.0000	59,478,023,773	100.0%
2018	46,426,321,920	9,094,379,313	981,368,382	56,502,069,615	1.0025	3,662,270,285	1,124,495,564	2,239,486	4,789,005,335	4.0000	61,291,074,950	100.0%
2019	47,819,472,210	9,479,885,409	1,017,679,883	58,317,037,502	1.0025	4,465,618,146	1,181,448,770	2,499,889	5,649,566,805	4.0000	63,966,604,307	100.0%
2020	49,373,623,875	9,975,795,660	1,043,594,888	60,393,014,423	1.0175	4,570,825,950	1,410,040,850	3,326,909	5,984,193,709	4.0000	66,377,208,132	100.0%

Sources:  
Office of Real Estate Assessor  
Commissioner of the Revenue  
City Adopted Resource Management Plan

Notes:  
1 - The City is the only entity with local taxing authority within its boundaries.  
2 - See Table 7 for revenue rates  
\* The assessed value includes Public Service Personal Property taxed at the same rate as Real Estate

CITY OF VIRGINIA BEACH, VIRGINIA  
REVENUE RATES FOR REAL ESTATE AND FOR PERSONAL PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Additional Real Property Tax Rate		Personal Property Tax Rate
		Sandbridge SSD	Town Center SSD	Old Donation SSD	Bayville Creek SSD	Shadowlawn SSD	Chesapeake SSD	Harbor Point SSD	Gills Cove SSD	Hurds Cove SSD	Schilling Point			
2011	0.8900	0.0600	0.4500	-	-	-	-	-	-	-	-	-	-	3.700
2012	0.8900	0.0600	0.4500	0.1840	-	-	-	-	-	-	-	-	-	3.700
2013	0.9500	0.0600	0.4500	0.1840	0.3630	-	-	-	-	-	-	-	-	3.700
2014	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	-	-	-	-	-	-	-	3.700
2015	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	-	-	0.0630	-	4.000
2016	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	0.4380	-	0.0630	-	4.000
2017	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	0.4380	-	0.0630	-	4.000
2018	1.0025	0.0600	0.4500	0.1840	0.5690	0.1594	0.2913	0.0790	0.0630	0.4380	-	0.0630	-	4.000
2019	1.0025	0.0600	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	-	0.0630	-	4.000
2020	1.0175	0.0400	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	0.4040	0.0630	-	4.000
Fiscal Year	Regular	Real Property Total Direct Tax Rate												
		Sandbridge SSD	Town Center SSD	Old Donation SSD	Bayville Creek SSD	Shadowlawn SSD	Chesapeake SSD	Harbor Point SSD	Gills Cove SSD	Hurds Cove SSD	Schilling Point			
		Residents	Residents	Residents	Residents	Residents	Residents	Residents	Residents	Residents	Residents	Residents	Residents	

Source: City Adopted Resource Management Plan

- Notes:
- 1 - The City is the only entity with local taxing authority within its boundaries.
  - 2 - Real Property Tax Rate is applied to Real Estate such as land and buildings.
  - 3 - Personal Property Tax Rate is applied to personal property such as automobiles and equipment.
  - 4 - The tax bases are mutually exclusive.

Table 8

**CITY OF VIRGINIA BEACH, VIRGINIA  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

	<b>Real Property Assessed Value</b>	<b>Percent of Total Real Property Assessed Value</b>	<b>Rank</b>		<b>Real Property Assessed Value</b>	<b>Percent of Total Real Property Assessed Value</b>	<b>Rank</b>
	<b>2020</b>				<b>2011</b>		
Virginia Electric & Power Company	\$ 645,615,537	1.09	% 1		\$ 487,715,425	0.94	% 1
Armada Hoffler	532,344,000	0.90	2		318,436,000	0.61	2
Ramon W. Breeden, Jr.	377,876,100	0.64	3		234,437,638	0.45	6
A.D. & L.E. Fleder & J.M. & R.J. Caplan	334,168,300	0.56	4		-	-	-
E. C. & A. F. Ruffin & B. L. Thompson	286,455,900	0.48	5		265,167,300	0.51	4
Lynnhaven Mall LLC	284,071,300	0.48	6		283,277,900	0.55	3
Pembroke Square Associates	215,983,400	0.36	7		182,616,100	0.35	8
Virginia Natural Gas Inc	167,175,598	0.28	8		-	-	-
Franklin W. Taylor	166,994,200	0.28	9		-	-	-
Cheryl P. McLeskey	161,805,700	0.27	10		-	-	-
Verizon Virginia LLC	-	-	-		236,412,822	0.45	5
J. M. , R.J.F. , A.D. & L.E. Caplan	-	-	-		198,042,900	0.38	7
F. Wayne McLeskey, Jr.	-	-	-		140,327,424	0.27	9
Christian Broadcasting Associates/Net, Inc.	-	-	-		138,896,300	0.27	10
Totals	<u>\$ 3,172,490,035</u>	<u>5.34</u>	<u>%</u>		<u>\$ 2,485,329,809</u>	<u>4.78</u>	<u>%</u>

\* Formerly Virginia Electric & Power Company

Sources: Office of Real Estate Assessor  
Commissioner of the Revenue

Table 9

**CITY OF VIRGINIA BEACH, VIRGINIA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

Fiscal Year	Total Real Estate Tax Levy <sup>1</sup>	Total Personal Property Tax Levy <sup>1</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 456,029,699	\$ 67,556,570	\$ 504,769,073	96.4	\$ 15,200,927	519,970,000	99.3 %
2012	443,160,075	79,426,777	501,282,299	95.9	15,894,160	517,176,459	99.0
2013	457,287,081	79,331,585	516,542,429	96.3	16,354,153	532,896,582	99.3
2014	446,015,531	81,020,900	509,339,982	96.6	16,067,605	525,407,587	99.7
2015	463,184,807	95,236,086	537,056,367	96.2	18,155,104	555,211,471	99.4
2016	510,528,757	102,577,135	589,411,524	96.1	18,210,834	607,622,358	99.1
2017	528,410,384	106,583,082	609,085,906	95.9	19,983,532	629,069,438	99.1
2018	551,883,966	110,388,668	636,789,707	96.2	20,206,339	656,996,046	99.2
2019	570,105,091	117,968,242	638,348,095	92.8	17,972,254	656,320,349	95.4
2020	596,677,843	125,943,586	631,762,062	87.4	-	631,762,062	87.4

Source: Comissioner of Revenue, Real Estate Assessor's Office and City Department of Finance

Note: Collections in subsequent years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years.

<sup>1</sup> Includes Public Service.

Table 10

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Governmental Activities					Business Type Activities					Ratio of Net Debt Per Capita to Per Capita Personal Income <sup>6</sup>		
	General Obligation Bonds	State Literary Fund Loans <sup>2</sup>	Public Facility Revenue Bonds	Obligations Under Capital Leases	Certificates of Participation	Williams Farm Property	Agriculture Reserve Program	Virginia Beach Development Authority <sup>3</sup>	General Obligation Bonds	Revenue Bonds		Total Primary Government <sup>4</sup>	Net Debt Per Capita <sup>5</sup>
2011	\$ 668,552,006	\$ 5,507,046	\$ 242,545,000	\$ -	\$ -	\$ 1,062,500	\$ 38,365,512	\$ 79,760,000	\$ 962,470	\$ 206,613,629	\$ 1,243,368,163	\$ 2,271	4.9%
2012	727,274,597	4,750,000	281,315,118	-	-	637,500	38,799,844	81,434,386	528,450	203,108,752	1,337,848,647	2,244	4.6%
2013	686,544,346	4,125,000	283,928,041	-	-	212,500	41,193,588	77,990,571	222,016	194,536,062	1,288,752,124	2,162	4.5%
2014	720,118,515	3,500,000	290,013,866	-	-	-	41,464,092	93,124,312	-	232,774,217	1,380,995,002	2,256	4.4%
2015	716,612,342	2,875,000	320,169,585	-	-	-	41,808,934	85,183,901	-	246,792,383	1,413,442,145	2,258	4.3%
2016	721,310,401	2,250,000	294,372,839	-	-	-	42,374,198	78,760,588	-	283,555,487	1,422,623,513	2,195	4.1%
2017	655,854,925	1,875,000	288,582,663	-	-	-	46,102,662	71,945,485	-	272,759,201	1,337,119,936	2,040	3.6%
2018	664,558,868	1,500,000	292,789,906	-	-	-	46,102,662	67,524,535	-	260,914,896	1,333,390,867	2,056	3.5%
2019	600,663,013	1,125,000	261,569,221	-	-	-	47,710,144	60,053,224	-	279,691,851	1,250,812,453	1,856	3.1%
2020	649,974,113	750,000	415,534,711	-	-	-	48,746,276	51,975,681	-	266,123,853	1,433,104,634	2,199	3.7%

Source: City Department of Finance

Notes: <sup>1</sup> Fiscal Years 2012-2020 have been adjusted to reflect the related unamortized premiums and discounts. Detailed premium information for prior years was unavailable and therefore not adjusted.

<sup>2</sup> The State Literary Fund Loan program is part of the Virginia Public School Authority (VPSA) pooled bond program and is not a loan. It is General Obligation debt for the City.

<sup>3</sup> Includes balances of VBDA Note Payable secured by a surety agreement provided by Town Center Associates, L.L.C. for FY 2013 and FY 2014. Note was paid off during FY 2015.

<sup>4</sup> Total Primary Government Debt for FY 2011 excludes 1998 Social Services Lease Revenue Bond, as it is Virginia Beach Development Authority debt service. This revenue bond was paid off in FY 2012.

<sup>5</sup> For calculation of Net Debt Per Capita, the population is per Table 15. FY 2020 population is a projection by the City. FY 2019 re-stated using latest population estimate from University of Virginia/Weldon Cooper Center for Public Service. In addition, Net Debt Per Capita excludes Revenue Bonds, Agriculture Reserve, and the premiums and discounts included in this table presentation.

<sup>6</sup> For calculation of Debt Per Capita to Per Capita Personal Income, the per Capita Personal Income information through FY 2020 is per Table 15. Since data from the Bureau of Economic Analysis is not yet available, a projection of \$59,805 is used for per capita personal income for FY 2020, which is based on the actual for FY 2019.

FY 2020 Premium detail and reconciliation to Note 6A1 &amp; 6A2:

Governmental Activities					
General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Agriculture Reserve Program	Total Governmental Activity	Total Business Activity
Principal	580,233,933	367,387,211	48,746,276	997,117,420	300,747,790
Premium	69,740,180	47,118,935	-	116,859,115	18,380,309
Total	\$ 649,974,113	\$ 414,506,146	\$ 48,746,276	\$ 1,113,976,535	\$ 319,128,099
				Tax Supported Debt subtotal per 6A1	\$ 997,117,420
				Premiums per 6A1	116,859,115
				Self/Tax Supported Debt subtotal per 6A2	300,747,790
				Premiums per 6A2	18,380,309
				<b>Total per note 6A1 &amp; 6A2</b>	<b>\$ 1,433,104,634</b>

Table 11

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year</b>	<b>General Obligation Bonds <sup>2</sup></b>	<b>State Literary Fund Loans <sup>2</sup></b>	<b>Appropriation Backed Debt <sup>3</sup></b>	<b>Total</b>	<b>Percentage of Estimated Actual Full Value of Property <sup>4</sup></b>	<b>Net Debt Per Capita <sup>5</sup></b>
2011	\$ 669,514,476	\$ 5,507,046	\$ 323,367,500	\$ 998,389,022	1.8	\$ 2,271
2012 <sup>1</sup>	727,803,047	4,750,000	363,387,004	1,095,940,051	2.0	2,244
2013 <sup>1</sup>	686,766,362	4,125,000	362,131,112	1,053,022,474	1.9	2,162
2014 <sup>1</sup>	720,118,515	3,500,000	383,138,178	1,106,756,693	2.0	2,256
2015 <sup>1</sup>	716,612,342	2,875,000	405,353,486	1,124,840,828	2.0	2,258
2016 <sup>1</sup>	721,310,401	2,250,000	373,133,427	1,096,693,828	1.9	2,195
2017 <sup>1</sup>	655,854,925	1,875,000	360,528,148	1,018,258,073	1.7	2,040
2018 <sup>1</sup>	664,558,868	1,500,000	360,314,441	1,026,373,309	1.7	2,056
2019 <sup>1</sup>	600,663,013	1,125,000	321,622,445	923,410,458	1.4	1,856
2020 <sup>1</sup>	649,974,113	750,000	467,510,392	1,118,234,505	1.7	2,199

<sup>1</sup> Fiscal Years 2012-2020 have been adjusted to reflect the related unamortized premiums and discounts. Detailed premium information for prior years was unavailable and therefore not adjusted.

<sup>2</sup> Per Table 10. The State Literary Fund Loan program is part of the Virginia Public School Authority (VPSA) pooled bond program and is not a loan. It is General Obligation debt for the City.

<sup>3</sup> Includes all Governmental Public Facility Revenue Bonds, Capital Leases, COP's, Williams Farm Loan, and Business Type Virginia Beach Development Authority Debt as per Table 10.

<sup>4</sup> Actual Full Value of property is from Table 6.

<sup>5</sup> Population is from Table 15. Computation of Net Debt Per Capita is net of premiums and discounts in the above numbers.

Table 12

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
**(Unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 5,290,291,119	\$ 5,144,671,623	\$ 4,978,183,783	\$ 4,962,666,499	\$ 5,145,277,575	\$ 5,291,185,445	\$ 5,478,360,985	\$ 5,650,206,962	\$ 5,831,703,750	\$ 6,039,301,442
Total Net Debt applicable to limit <sup>1</sup>	713,387,034	716,177,198	685,988,698	712,384,323	697,079,775	697,520,721	641,749,326	646,061,132	590,409,579	629,730,209
Legal Debt Margin	\$ 4,576,904,085	\$ 4,428,494,425	\$ 4,292,195,085	\$ 4,250,282,176	\$ 4,448,197,800	\$ 4,593,664,724	\$ 4,836,611,659	\$ 5,004,145,830	\$ 5,241,294,171	\$ 5,409,571,233
Total Net Debt applicable to the limit as a percentage of debt limit	13.48%	13.92%	13.78%	14.35%	13.55%	13.18%	11.71%	11.43%	10.12%	10.43%
<b>Legal Debt Margin Calculation For Fiscal Year 2019</b>										
Assessed Value of Real Property (Taxable) <sup>2</sup> :										
Regular										\$ 59,349,419,535
Public Service (excluding vehicle assessments)										1,043,594,888
Total Assessed Value of Real Property										<u>60,393,014,423</u>
Debt limit (10% of Total Assessed Value)										6,039,301,442
Total Net Debt applicable to limit										<u>629,730,209</u>
Legal Debt Margin										<u>\$ 5,409,571,233</u>

Notes:

<sup>1</sup> Total net debt applicable to the limit is tax-supported debt, which includes General Obligation Bonds, State Literary Fund debt for Public Schools, and Agricultural Reserve Program installment purchase agreements. Under State law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value. In addition, the City has established financial affordability indicators to restrict debt as follows:

- The total annual debt service for general government supported debt will not exceed 10% of general government expenditures (excluding interfund transfers).
- The City's overall net debt will not exceed 3.5% of the estimated full value of taxable real property.
- The City's overall net debt per capita will not exceed \$3,000.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

<sup>2</sup> Assessed value of real property based on data from Table 6; the assessed value is based on June 30th of each fiscal year including supplements and exonerations.

Sources: The following sources were used in compiling the above information:

City Department of Finance  
 Virginia State Corporation Commission, Public Service Corporations Report Real and Personal Property Assessment

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Fiscal Year	Water and Sewer Revenue Bonds							
	Water and Sewer Charges and Other	Less: Operating Expenses <sup>1</sup>	Net Available Revenue	Debt Service			Coverage	
				Principal	Interest <sup>2</sup>	Total		
2011	\$ 102,819,740	\$ 74,439,073	\$ 28,380,667	\$ 5,811,090	\$ 6,382,454	\$ 12,193,544	2.33	
2012	109,514,875	72,319,602	37,195,273	7,022,735	6,959,920	13,982,655	2.66	
2013	115,249,243	73,834,321	41,414,922	7,251,071	6,697,692	13,948,763	2.97	
2014	121,766,102	72,145,813	49,620,289	7,796,175	7,231,505	15,027,680	3.30	
2015	127,007,164	75,396,537	51,610,627	9,083,131	8,091,897	17,175,028	3.00	
2016	128,045,227	73,930,294	54,114,933	9,371,805	8,202,712	17,574,517	3.08	
2017	130,403,502	72,814,216	57,589,286	7,812,706	7,808,592	15,621,298	3.69	
2018	130,905,466	79,514,710	51,390,756	8,820,728	8,160,477	16,981,205	3.03	
2019	130,015,725	80,883,044	49,132,681	9,215,276	7,791,849	17,007,125	2.89	
2020	136,972,800	84,039,313	52,933,487	9,625,000	7,398,916	17,023,916	3.11	

<sup>1</sup> Operating expenses exclude depreciation and right of way utility cost, see Exhibit 21.

<sup>2</sup> Includes Bank Charges. Interest amounts shown for 2011-2020 are net of federal subsidy. As such, the coverage ratios shown on this table may be different from the amounts shown on Continuing Disclosure Schedule 2-4 that are calculated based on gross interest.

Note: Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Water and Sewer Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

Coverage: The Master Water and Sewer Revenue Bond Resolution, Section 601, dated February 11, 1992, as amended and supplemented, states that the City shall fix, charge and collect such rates, fees, and other charges for the use of and for the services furnished by the system and and collect such rates, fees, and other charges for the use of and for the services furnished by the system and shall from time to time and as often as shall appear necessary, revise such rates, fees and other charges so as to meet two independent requirements.

Source: City Department of Finance

Table 14

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PLEDGED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Storm Water Utility Revenue Bonds											
Fiscal Year	Storm Water Charges and Other <sup>1</sup>		Less: Operating Expenses	Net Available Revenue	Debt Service				Coverage <sup>3</sup>		
					Principal	Interest <sup>2</sup>	Total				
2011	\$	23,891,004	\$	11,234,614	\$	761,468	\$	813,283	\$	1,574,751	8.04
2012		27,892,419		13,311,162		1,404,020		1,097,204		2,501,224	5.83
2013		32,954,179		14,317,957		1,296,433		1,058,805		2,355,238	7.91
2014		37,150,524		15,366,723		1,232,016		1,026,704		2,258,720	9.64
2015		39,294,658		17,489,866		1,030,000		1,228,238		2,258,238	9.66
2016		39,648,163		18,385,165		1,660,000		1,733,570		3,393,570	6.27
2017		40,471,105		26,074,915		1,700,000		1,692,383		3,392,383	4.24
2018		42,158,382		26,051,322		1,740,000		1,647,563		3,387,563	4.75
2019		43,419,299		29,702,205 <sup>4</sup>		1,795,000		1,745,480		3,540,480	3.87
2020		45,816,512		23,692,462 <sup>4</sup>		2,525,000		2,402,590		4,927,590	4.49

<sup>1</sup> Storm Water Charges and Other include interest income, see Exhibit 24.

<sup>2</sup> Interest amounts shown for 2011-2018 are at gross. Beginning in FY 2019, interest shown net of federal subsidy and includes bank charges and issuance costs.

<sup>3</sup> Revenue coverage ratios for debt service shown on this table may differ from amounts shown on the Continuing Disclosure Schedule 3-4 due to differences in the basis for the calculations regarding operating expenses and debt service. The calculation shown in this table reflects annual gross debt service, whereas the calculation in Schedule 3-4 reflects maximum annual debt service per bond issue.

<sup>4</sup> Beginning in FY 2019, operating expenses are based on Exhibit 26, which include annual Capital Improvement Program (CIP) expenditures. Operating expenses for prior fiscal years excluded annual CIP expenditures based on terms set forth in the Master Agreement of Trust.

Note: Storm Water Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Storm Water Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

Source: City Department of Finance

Table 15

**CITY OF VIRGINIA BEACH, VIRGINIA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>Fiscal Year</b>	<b>Population*</b>	<b>Personal Income**†</b>	<b>Per Capita Personal Income**</b>	<b>Median Age</b>	<b>Number of City Employees</b>	<b>Education Level In Years of Formal Schooling</b>	<b>School Enrollment</b>	<b>Unemployment Rate</b>
2011	441,246	20,612,666	46,574	34.9	7,481	14.0	69,219	6.0%
2012	447,489	21,677,217	48,708	34.7	7,477	13.8	68,977	5.5%
2013	449,628	21,616,863	48,284	35.0	7,477	13.9	68,614	5.6%
2014	451,672	22,768,499	50,725	35.7	7,669	13.9	68,569	5.5%
2015	453,500	23,857,409	52,981	35.9	7,560	14.0	68,351	4.4%
2016	453,628	24,286,519	53,852	35.9	7,370	13.9	67,890	3.8%
2017	454,448	25,213,295	56,042	36.4	7,087	13.9	67,152	3.8%
2018	453,410	26,092,866	58,004	36.4	7,255	13.9	67,091	2.8%
2019	452,643	26,910,910	59,805	36.4	7,332	13.9	66,593	2.7%
2020	454,209	***	***	36.9	7,410	14.0	66,714	8.2%

Sources: City Department of Finance  
City Department of Economic Development  
Weldon Cooper Center for Public Service  
Virginia Employment Commission  
Bureau of Economic Analysis  
United States Census Bureau

Notes: \* Weldon Cooper Center for Public Service; except for 2020 which is a projection.  
 \*\* Figures were updated to reflect the latest data released by the Bureau of Economic Analysis on November 17, 2020.  
 \*\*\* Information Unavailable  
 † In thousands of dollars

Table 16

**CITY OF VIRGINIA BEACH, VIRGINIA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2020			2011		
City of Virginia Beach / Schools	17,899	7.71	1	18,114	8.52	1
* Naval Air Station Oceana-Dam Neck	5,850	2.52	2	-	-	-
Sentara Healthcare	5,200	2.24	3	4,600	2.16	2
* Joint Expeditionary Base Little Creek/ Ft. Story	3,600	1.55	4	-	-	-
GEICO General Insurance Company	2,700	1.16	5	2,300	1.08	4
* Lynnhaven Mall	2,600	1.12	6	-	-	-
Gold Key/PHR Hotels and Resorts	2,365	1.02	7	1,943	0.91	7
STIHL Inc	2,113	0.91	8	2,000	0.94	5
Amerigroup (Anthem)	1,850	0.80	9	1,850	0.87	8
Navy Exchange Service Command	1,550	0.67	10	2,000	0.94	6
SAIC	-	-	-	2,500	1.18	3
Christian Broadcasting Network, Inc.	-	-	-	1,000	0.47	9
LifeNet Health	-	-	-	500	0.24	10
Totals	<u>45,727</u>	<u>19.70</u>		<u>36,807</u>	<u>17.31</u>	

Sources: City Department of Economic Development  
City Department of Finance  
City Department of Budget and Management Services

\* Information not available for 2011.

Table 17

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

<b>Department</b>	<b>2011</b>	<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>
Agriculture	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.5	9.0	9.0
Budget and Management Services	15.0	15.0	15.0	14.0	15.0	15.0	14.0	14.0	14.0	14.0
City Attorney	40.4	39.0	39.6	39.6	39.6	39.6	40.6	42.6	42.6	43.6
City Auditor	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	8.0	8.0
City Manager's Office	23.0	21.0	19.5	19.5	20.5	34.0	33.0	16.5	20.0	19.0
City Real Estate Assessor	34.3	34.0	34.3	34.3	34.3	34.3	34.0	34.0	34.0	35.0
City Treasurer	72.2	72.0	71.8	75.8	76.8	74.6	74.6	74.6	74.6	77.6
Commissioner of the Revenue	57.9	60.9	62.9	63.9	64.9	64.9	64.9	65.5	64.9	64.9
Commonwealth's Attorney	87.4	84.0	85.3	86.3	86.7	87.4	94.9	94.8	97.8	103.8
Communications Office <sup>1</sup>	-	-	-	-	-	-	-	18.5	20.5	20.5
Convention and Visitor Bureau	113.5	113.5	113.5	110.5	106.7	106.3	120.3	120.3	120.3	120.3
Courts and Courts' Support	76.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	74.0
Cultural Affairs	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0	4.0
Department of Aquarium and Museums	151.5	153.0	155.5	155.9	161.0	164.5	156.8	153.6	151.2	131.0
Economic Development	15.0	16.0	18.0	18.0	18.0	18.0	18.0	19.0	20.0	21.0
Emergency Communications & Citizen Services	122.0	123.5	122.8	127.8	131.8	131.8	130.8	137.8	137.8	135.8
Emergency Medical Services	62.6	65.3	65.3	69.3	73.3	75.1	80.1	87.6	89.6	95.6
Finance	54.0	55.0	56.0	57.0	57.0	57.0	57.0	59.0	59.0	62.0
Fire	466.7	466.0	479.7	479.7	485.7	485.7	501.7	521.7	523.2	528.2
Health	10.8	10.8	9.1	9.1	9.1	9.1	9.1	9.1	9.1	7.4
Housing and Neighborhood Preservation	67.0	66.0	64.0	63.0	62.0	61.0	64.0	79.0	80.0	80.0
Human Resources	47.0	47.0	47.0	47.0	47.0	47.0	47.0	49.0	50.0	57.0
Human Services	1,045.7	1,066.4	1,069.4	1,081.4	1,115.2	1,094.9	1,099.0	1,148.7	1,177.7	1,188.7
Information Technology	179.8	183.0	178.5	180.5	183.5	168.0	175.0	184.0	193.0	252.5
Legislative <sup>2</sup>	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Library	227.5	227.5	265.5	260.0	255.0	253.5	251.5	251.5	253.0	252.5
Office of Emergency Management	-	-	-	-	-	-	4.0	5.0	6.0	8.0
Parks and Recreation	855.4	843.4	846.9	843.9	838.1	830.1	882.3	886.2	886.5	870.1
Planning	113.0	110.0	108.0	109.0	116.0	115.5	133.0	134.0	137.0	141.0
Police	995.7	1,007.4	1,007.4	1,009.4	1,015.8	1,015.8	1,028.8	1,040.8	1,048.5	1,048.5
Public Utilities	404.5	412.0	411.0	412.0	415.0	418.0	414.0	417.0	415.0	415.0
Public Works	866.4	882.0	890.4	890.4	893.9	902.9	902.9	925.9	938.9	950.9
Sheriff's Office	524.4	519.6	524.4	525.4	525.4	514.4	526.4	532.8	536.8	535.8
Strategic Growth Areas <sup>3</sup>	15.0	15.0	17.0	17.0	18.0	20.0	-	-	-	-
Strategy, Transparency, Innovation & Resiliency Office	-	-	-	-	-	-	4.0	6.0	6.0	6.0
Voter Registration & Elections	12.0	12.0	12.0	12.0	11.9	11.9	12.0	12.0	12.0	12.0
Total City Positions	6,793.7	6,833.3	6,902.8	6,924.7	6,990.2	6,964.3	7,087.7	7,254.9	7,331.9	7,409.7
Total School Positions	10,476.3	10,387.3	10,326.5	10,190.9	10,220.0	10,034.3	10,154.8	10,207.8	10,333.4	10,549.0
<b>TOTAL POSITIONS</b>	<b>17,270.0</b>	<b>17,220.6</b>	<b>17,229.3</b>	<b>17,115.6</b>	<b>17,210.2</b>	<b>16,998.6</b>	<b>17,242.5</b>	<b>17,462.7</b>	<b>17,665.3</b>	<b>17,958.7</b>

Source: City of Virginia Beach Resource Management Plans

<sup>1</sup> Communications Office was previously reported as part of the City Manager's Office.

<sup>2</sup> City Clerk and Council are reported in Legislative.

<sup>3</sup> Strategic Growth Area was consolidated with Planning in 2017.

Table 18

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

FUNCTION	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Police</b>										
Number of physical adult arrests	23,923	23,705	23,633	22,224	21,698	19,042	17,933	18,307	16,971	17,415
Number of calls for service	196,626	195,156	187,884	179,974	176,474	173,451	178,929	173,602	167,598	163,134
Number of traffic accidents	8,391	8,102	8,169	8,138	7,913	8,368	8,813	8,290	7,916	7,637
<b>Fire</b>										
Number of structure fire incidents	453	474	430	410	396	463	398	398	406	389
Number of non-structure fire incidents	799	714	535	614	546	543	542	543	379	449
Number of medical assisted incidents	17,930	20,727	25,656	26,099	26,952	27,786	27,854	27,257	27,141	22,989
Number of other incidents	11,488	13,166	13,307	13,379	13,679	16,309	17,031	14,597	13,688	14,552
<b>Public Utilities</b>										
Number of water connections	131,897	132,010	132,324	132,615	132,940	133,411	133,777	134,076	137,375	134,665
Number of sewer connections	129,584	129,150	129,417	129,639	129,908	130,599	130,926	131,186	131,464	131,747
<b>Planning and Community Development</b>										
Number of building permits issued	7,636	8,003	7,956	7,607	8,192	8,349	8,450	10,461	6,222	3,429
<b>Storm Water</b>										
Number of storm water connections	***	***	***	***	***	***	***	***	118,580	
<b>Waste Management</b>										
Number of homes receiving refuse collection	124,179	124,171	124,536	124,634	122,041	122,282	122,369	122,622	122,942	123,294
Number of tons of garbage collected	147,760	137,413	133,958	130,245	208,917	211,004	180,757	171,315	178,590	187,416
<b>Public Libraries</b>										
Number of items circulated	3,636,416	3,614,378	3,573,663	3,269,563	3,076,575	2,777,954	2,557,104	2,478,687	2,482,408	1,932,701
Number of visits to libraries	2,536,191	1,741,936	1,624,940	1,784,513	1,808,352	1,916,430	1,672,127	1,431,773	1,270,459	863,206
<b>Culture and Recreation</b>										
Number of visits to recreation centers	1,538,616	1,614,682	1,795,782	1,871,312	1,896,615	2,004,301	1,905,763	2,598,493	1,779,107	1,244,091
Number of recreation centers	6	7	7	7	7	7	7	7	7	7
<b>Education</b>										
Student membership	69,219	68,977	68,614	68,569	68,351	67,890	67,152	67,091	66,593	66,714
Number of elementary schools	55	55	55	55	55	55	55	55	55	55
Number of secondary schools	24	24	24	24	24	25	25	25	25	25
Number of specialty schools	7	7	9	8	8	8	7	7	7	7

Sources: Various City Departments  
 \*\*\* Information not available.

Table 19

**CITY OF VIRGINIA BEACH, VIRGINIA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<b>FUNCTION</b>	<b>2011</b>	<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>Police</b>										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	242	269	262	262	246	230	206	227	222	222
Helicopter	2	2	2	2	2	2	2	2	2	2
Watercraft:										
Boats	8	8	8	6	8	9	8	9	9	9
<b>Fire</b>										
Stations	19	19	19	19	19	19	19	20	20	20
Fire Trucks	50	46	45	45	45	47	49	52	57	60
<b>Public Works</b>										
Miles of streets:										
Lane miles:										
Arterial	739	738	744	744	745	750	712	717	717	722
Collector/Local	2,676	2,676	2,680	2,686	2,714	2,726	2,701	2,704	2,705	2,710
Center Lane miles:										
Arterial	192	192	192	192	193	193	173	174	174	174
Collector/Local	1,307	1,308	1,312	1,312	1,326	1,330	1,322	1,324	1,324	1,327
Number of Street Lights	46,806	48,277	48,418	48,747	48,788	49,118	49,285	49,342	49,335	49,335
Collection Trucks	101	109	100	100	100	103	99	84	84	84
<b>Public Library</b>										
Number of Branches	10	10	10	10	10	10	10	10	10	10
Number of Physical Items	877,015	910,470	866,255	858,784	757,209	717,734	678,122	683,371	587,946	525,265
Number of Electronic Items	***	***	***	***	***	***	***	***	720,473	889,374
<b>Culture and Recreation</b>										
Number of Developed District Parks	8	8	8	8	8	8	8	8	8	8
Number of Developed Community Parks	13	13	11	11	11	13	13	13	13	11
Number of Developed Neighborhood Parks	180	181	182	179	179	169	167	167	167	167
Number of Natural Parks	3	5	5	5	5	5	5	5	5	6
Other Park Areas	45	46	47	48	48	48	48	48	50	83
Number of Acres in Developed Parks	3,174	3,648	3,648	3,649	3,661	3,664	3,685	3,685	3,927	3,676
Golf Courses (City Owned)	5	5	5	5	5	5	5	5	5	5
Recreation Centers	6	7	7	7	7	7	7	7	7	7
<b>Water</b>										
Miles of Water Lines	1,488	1,490	1,492	1,496	1,499	1,499	1,501	1,503	1,505	1,504
Water Pumping Stations	9	9	9	9	10	10	10	10	10	11
<b>Sewer</b>										
Miles of Sewer Lines	1,630	1,635	1,639	1,646	1,653	1,646	1,646	1,648	1,649	1,648
Sewer Pumping Stations	406	405	406	407	408	408	408	410	412	412
<b>Storm Water*</b>										
Miles of Pipe Lines	***	***	***	***	***	***	***	1,109	1,156	1,165
Miles of Ditches	***	***	***	***	***	***	***	717	657	755
Storm Water Pumping Stations	***	***	***	***	***	***	***	16	16	16

Source: Various City Departments

\*\*\* Information not available.

Note: Ambulances are not included in the above information as they are privately owned by the Volunteer Rescue Squads.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**SCHEDULE OF THE TREASURER'S CASH ACCOUNTABILITY**  
**JUNE 30, 2020**  
**(UNAUDITED)**

**Table 20**

<b><u>Cash in Office</u></b>		\$ 6,100
<b><u>Cash With</u></b>		
Bank of America:		
Regular	166,541,346	
Investments	8,000,000	
Welfare	596,958	
School Board Empl Salary Escrow	197,976	
BB&T:		
Collateralized Deposit Program	10,000,000	
School Payroll	6,009,196	
BB&T Capital Markets:		
Investments	39,764,390	
Raymond James		
Investments	128,330,480	
RBC:		
Investments	25,900,033	
SunTrust Bank:		
City Payroll	19,552,119	
Towne Bank:		
Investments	55,000,000	
Treasurer of Virginia:		
Investment Pool	292,000,000	
Union Bank:		
Investment	10,248,934	
VML/VACO:		
Virginia Investment Pool	11,071,845	
Virginia Investment Pool - Liquidity Pool	288,654,264	
Total Deposits and Investments		1,061,867,541
<b><u>Cash with Trust Agents</u></b>		
Cash With SNAP Program	112,755,946	
Cash With Trustee - Debt Service	9,623,520	
Cash With Trustee - Treasury Strips	44,340,007	
Total Cash with Trust Agents		166,719,473
Total Cash Accountability		1,228,593,114
<b><u>Add:</u></b>		
Accrued Interest on Investments	2,503,009	
Commonwealth of Virginia - Deferred Debits	6,497	
Deposits in Transit	6,018,944	
		8,528,450
<b><u>Deduct:</u></b>		
Commonwealth of Virginia - Current Credits	264,645	
Treasurer Restitution	46,632	
Treasurer Court Costs & Fines	(1,005)	
V. Leigh Henderson - Deferred Account	12,714	
Over and Short	11,103	
Outstanding Checks:		
Bank of America	11,098,822	
Bank of America - Welfare	122,755	
BB&T - School Payroll	7,920	
SunTrust - City Payroll	102,121	
Total Cash Accountability		1,225,455,857
<b><u>Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2018 as reported in Note 8:</u></b>		
Balance of City and School funds		1,225,455,857
Funds for which the Treasurer does not act as fiscal agent:		
School Cafeteria Funds		5,000
School Activity Funds		4,450,609
Development Authority		18,277,846
Other		(785)
Total deposits and investments of the government-wide financial statements		\$ 1,248,188,527

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## **CONTINUING DISCLOSURE**



## Continuing Disclosure

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information with regards to Rule 15c2-12 promulgated by the Securities and Exchange Commission to provide certain annual financial information and material event notices.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PRINCIPAL TAXPAYERS\***  
**FISCAL YEAR ENDING JUNE 30, 2020**  
**(UNAUDITED)**

	<b>Taxpayer</b>	<b>Business Type</b>	<b>Real Property Assessed</b>
1	Dominion Energy, Inc.	Utility	\$ 645,615,537
2	Armada Hoffer	Office/ Apartments/ Hotel/ Retail/ Restaurant/ College/Parking Garage/ Vacant Land/ Single Family Residence	532,344,000
3	Ramon W. Breeden, Jr.	Apartments/ Shopping Center/ Fast-Food/ Restaurant/ Office/ Vacant Land/ Single Family Residence	377,876,100
4	A.D. & L.E. Fleder & J.M. & R.J. Caplan	Shopping Centers/ Retail/ Restaurant/ Apartments/ Condominiums/ Vacant Land	334,168,300
5	E. C. & A. F. Ruffin & B. L. Thompson	Hotel/ Apartments/ Shopping Center/ Retail/ Restaurant/ Office/ Parking Garage/ Vacant Land/ Single Family Residences	286,455,900
6	Lynnhaven Mall LLC	Shopping Mall	284,071,300
7	Pembroke Square Associates LLC	Shopping Mall/ Retail/ Bank/ Restaurants/ Fast Food/ Shopping Centers/ Office/ Apartments/ Condominium/ Warehouse/ Vacant Land	215,983,400
8	W. Taylor Franklin	Apartments/ Single Family Residence	166,994,200
9	Cheryl P. McLeskey	Shopping Centers/ Townhouses/ Condominiums/ Marina/ Retail/ Car Dealership/ Vacant Land/ Single Family Residences & Lots	161,805,700
10	Virginia Natural Gas, Inc.	Utility	159,335,485
11	Thomas J. Lyons, Jr. & Joan N.	Hotel/Office/ Single Family Residence	143,556,700
12	Watergate Treehouse & Chanticleer Associates LP	Apartments	138,683,400
13	Christian Broadcasting Associates, Inc./Network, Inc.	Broadcasting/ Office/ Apartments/ Hotel	137,730,400
14	Verizon Virginia, LLC	Utility	137,532,672
15	Shamin Hotels	Hotel	126,619,100
16	Windsor Lake & Shoreline Apartments LLC.	Apartments/ Shopping Center/ Restaurant/ Vacant Land	118,560,600
17	Potter Properties	Shopping Center/ Banks/ Fast-Food/ Restaurant/ Retail/ Vacant Land/ Single Family Residence	107,280,400
18	Sifen, Michael D.	Shopping Centers/ Restaurant/ Retail/ Parking Garage/ Vacant Land/ Single Family Residence	102,940,800
19	Westminster Canterbury of Hampton Roads, Inc.	Retirement Center/ Condominiums/ Vacant Land	102,936,700
20	Wal Mart Real Estate Business Trust	Retail Stores	92,347,100
21	Landstown Commons Owner LLC	Shopping Center	86,481,100
22	Paul Van	Apartments/ Single Family Residence	83,030,800
23	T.J. & A. Stiffler & M.B. & M.J. Stone Lewis	Office/ Hotel/ Retail/ Shopping Center/ Single Family Residence	77,819,000
24	Occidental Development, Ltd.	Apartments	72,799,000
25	CGC Sun Union Maple Bay LLC	Apartments	68,648,700
	Total		<u>\$ 4,761,616,394</u>

\* Also see Statistical Table 8

Sources: Office of Real Estate Assessor  
Commissioner of the Revenue

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PROPERTY TAX RATES AND CHANGE IN TAX LEVY**  
**FISCAL YEARS 2010 THROUGH 2020**  
**(UNAUDITED)**

<b>Fiscal Year <sup>1</sup></b>	<b>Tax Rate on Real Property <sup>2</sup></b>	<b>Real Property Tax Levy <sup>3</sup></b>	<b>Percentage Annual Change in Tax Levy</b>
2010	\$ 0.8900	\$ 485,659,493	(2.43)
2011	0.8900	456,029,699	(6.10)
2012	0.8900	443,160,075	(2.82)
2013	0.9500	457,057,821	3.14
2014	0.9300	446,015,531	(2.42)
2015	0.9300	463,184,807	3.85
2016	0.9900	510,528,757	10.22
2017	0.9900	528,410,384	3.50
2018	1.0025	551,883,966	4.44
2019	1.0025 <sup>4</sup>	570,105,091	3.30
2020	1.0175	596,677,843	4.66

Source: City Department of Finance

<sup>1</sup> Eleven years of data are shown for consistency with past Official Statements.

<sup>2</sup> Tax rate per \$100 per assessed value. See Statistical Table 7.

<sup>3</sup> Calculation of the Real Property Tax Levy begins with the Real Property Assessed Value on Schedule 1-3 and then is adjusted by Supplements, Exonerations, Special Service District additional levies and other miscellaneous adjustments to arrive at the Tax Levy. See Statistical Table 9.

<sup>4</sup> Reflects correction to tax rate from prior schedule.

**CITY OF VIRGINIA BEACH, VIRGINIA  
HISTORICAL ASSESSED VALUE  
FISCAL YEARS 2010 THROUGH 2020  
(UNAUDITED)**

Fiscal Year <sup>1</sup>	Real Property		Percentage Change		Personal Property		Percentage Change		Public Service		Percentage Change		Total Assessed		Percentage Change	
	Assessed Value <sup>2</sup>	From Prior Year	From Prior Year	From Prior Year	Assessed Value	From Prior Year	From Prior Year	From Prior Year	Assessed Value <sup>3</sup>	From Prior Year	From Prior Year	From Prior Year	Value	From Prior Year	From Prior Year	From Prior Year
2010	\$ 55,379,973,665	(2.44)		(2.71)	\$ 3,611,774,884				\$ 890,229,132		10.19		\$ 59,881,977,681		(2.29)	
2011	51,975,401,446	(6.15)		12.91	4,078,095,291				927,509,746		4.19		56,981,006,483		(4.84)	
2012	50,508,022,826	(2.82)		5.57	4,305,125,900				938,327,087		1.17		55,751,475,813		(2.16)	
2013	48,851,994,658	(3.28)		(1.29)	4,249,692,532				929,843,170		(0.90)		54,031,530,360		(3.09)	
2014	48,737,614,190	(0.23)		1.98	4,334,018,923				889,050,800		(4.39)		53,960,683,913		(0.13)	
2015	50,577,279,180	3.77		5.44	4,569,833,578				875,496,571		(1.52)		56,022,609,329		3.82	
2016	52,016,374,504	2.85		0.27	4,582,059,618				895,479,945		2.28		57,493,914,067		2.63	
2017	53,840,546,037	3.51		2.41	4,692,383,356				945,094,380		5.54		59,478,023,773		3.45	
2018	55,520,701,233	3.12		2.01	4,786,765,849				983,607,868		4.08		61,291,074,950		3.05	
2019	57,299,357,619	3.20		17.97	5,647,066,916				1,020,179,772		3.72		63,966,604,307		4.37	
2020	59,349,419,535	3.58		5.91	5,980,866,800				1,046,921,797		2.62		66,377,208,132		3.77	

<sup>1</sup> Eleven years of data are shown for consistency with past Official Statements.

<sup>2</sup> Real Property is assessed at 100% of fair market value.

<sup>3</sup> Includes both real estate and personal property assessment. All public service property is taxed at the real estate tax rate, except for vehicles.

Source: City Department of Finance, Statistical Table 6

**CITY OF VIRGINIA BEACH, VIRGINIA  
PROPERTY TAX LEVIES AND COLLECTIONS  
FISCAL YEARS 2010 THROUGH 2020  
(UNAUDITED)**

Fiscal Year <sup>1</sup>	Total Tax Levy <sup>2</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 546,129,490	\$ 526,040,648	96.3	\$ 17,124,532	\$ 543,165,180	99.5
2011	523,586,269	504,769,073	96.4	15,200,927	519,970,000	99.3
2012	522,586,852	501,282,299	95.9	15,894,160	517,176,459	99.0
2013	536,618,666	516,542,429	96.3	16,354,153	532,896,582	99.3
2014	527,036,431	509,339,982	96.6	16,067,605	525,407,587	99.7
2015	558,420,893	537,056,367	96.2	18,155,104	555,211,471	99.4
2016	613,105,892	589,411,524	96.1	18,210,834	607,622,358	99.1
2017	634,993,466	609,085,906	95.9	19,983,532	629,069,438	99.1
2018	662,272,634	636,789,707	96.2	20,206,339	656,996,046	99.2
2019	688,073,333	638,348,095	92.8	17,972,254	656,320,349	95.4
2020	722,621,429	631,762,062	87.4		631,762,062	87.4

Source: City Department of Finance

Note: Collections in Subsequent Years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years. FY 2011 through FY 2019 updated since last schedule.

<sup>1</sup> Eleven years of data are shown for consistency with past Official Statements.

<sup>2</sup> Includes both Real and Personal Property including Public Service Corporations. See Statistical Table 9. For FY 2020, the breakdown is as follows:

Real Property tax levy (includes Public Service Corporation real property):	\$ 596,677,843
Personal Property tax levy (includes Public Service Corporation personal property):	125,943,586
	<u>\$ 722,621,429</u>

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**PRINCIPAL TAX REVENUES BY SOURCE**  
**FISCAL YEARS 2010 THROUGH 2020**  
**(UNAUDITED)**

<b>Fiscal Year <sup>1</sup></b>	<b>Real Property Taxes <sup>2</sup></b>	<b>Personal Property Taxes <sup>2</sup></b>	<b>General Sales Tax</b>	<b>Utility Tax</b>	<b>Restaurant Meal Tax</b>	<b>Other Taxes</b>	<b>Total Taxes Assessed</b>
2010	\$ 504,334,961	\$ 59,813,526	\$ 50,263,545	\$ 46,662,622	\$ 48,442,376	\$ 103,385,929	\$ 812,902,959
2011	474,474,648	65,943,535	51,743,905	45,129,301	50,594,181	108,691,603	796,577,173
2012	461,480,333	73,705,379	53,375,318	45,254,169	53,254,313	109,728,241	796,797,753
2013	476,217,120	74,723,035	54,978,531	44,623,292	55,122,465	115,403,784	821,068,227
2014	464,439,667	78,678,322	56,431,418	44,050,182	56,872,794	114,548,325	815,020,708
2015	481,774,192	90,898,635	58,164,569	43,308,157	59,968,375	119,831,673	853,945,601
2016	526,451,909	95,930,682	61,099,407	42,658,906	63,437,485	122,405,839	911,984,228
2017	544,302,460	100,075,205	62,614,614	44,829,994	65,207,699	125,846,026	942,875,998
2018	567,573,017	108,123,397	63,511,403	49,832,408 <sup>3</sup>	66,264,685	123,922,838 <sup>3</sup>	979,227,748
2019	586,407,784	106,029,083	65,851,817	47,636,484	69,278,652	126,277,403	1,001,481,223
2020	603,119,216	112,728,082	67,855,536	45,584,479	60,561,741	124,110,581	1,013,959,635

Source: City Department of Finance, see Statistical Table 5

Note: Real and Personal Property Tax Revenues include collections for Current Year and Prior years levies collected within the Current Fiscal Year.

<sup>1</sup> Eleven years of data are shown for consistency with past Official Statements.

<sup>2</sup> Includes taxes, penalty & interest (\$10 minimum) on delinquent collections from prior years.

<sup>3</sup> Franchise Taxes were included in Other Taxes prior to FY 2018. Beginning FY 2018, Franchise Taxes are included with Utility Taxes.

**CITY OF VIRGINIA BEACH, VIRGINIA  
TEN LARGEST UTILITY (WATER) CUSTOMERS  
FISCAL YEAR 2020  
(UNAUDITED)**

	<b>Customer</b>	<b>Annual Consumption in 1,000 Gallons</b>	<b>Type of Customer</b>
1	Virginia Beach Correction Center	49,401	City Correction Center
2	Sentara Princess Anne Hospital	39,050	Hospital
3	Westminster-Canterbury of Hampton Roads	31,904	Retirement Community
4	Sentara Virginia Beach General Hospital	27,401	Hospital
5	County View Mobile Court	27,051	Mobile Home Park
6	S L Nusbaum Realty	26,351	Thalia Garden Apartments
7	Chesapeake Bay Bridge Tunnel	25,448	Bay-Bridge Crossing
8	Dragas Management Corporation	25,355	Real Estate Asset Manager
9	Atlantic Shores Cooperative	19,645	Retirement Community
10	City of Virginia Beach	18,799	Municipal Government Complex

Source: City Department of Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER ENTERPRISE FUND  
OUTSTANDING DEBT BY ISSUE  
AT JUNE 30, 2020  
(UNAUDTED)**

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2016-B \$42,865,000 Water and Sewer Refunding Revenue Bonds	\$ 36,065,000
2016A Water and Sewer Revenue Bonds	43,230,000
2013 Water and Sewer System Revenue Bonds	38,160,000
2010A Water and Sewer System Revenue Bonds	49,515,000
2010B Water and Sewer System Refunding Revenue Bonds	3,680,000
2010C Water and Sewer System Refunding Revenue Bonds	<u>12,745,000</u>
 Total Water and Sewer Debt Outstanding <sup>1</sup>	 <u><u>\$ 183,395,000</u></u>

<sup>1</sup> All Water & Sewer Bonds listed above are Parity Debt.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER RESOURCE RECOVERY FEES  
HISTORY OF RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR 2015 THROUGH 2020  
(IN THOUSANDS OF DOLLARS)  
(UNAUDITED)**

---

	Fiscal Year					
	2015	2016	2017	2018	2019	2020
Balance - July 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees Received	3,120	2,414	2,796	2,046	2,107	2,143
Disbursements	<u>3,120</u>	<u>2,414</u>	<u>2,796</u>	<u>2,046</u>	<u>2,107</u>	<u>2,143</u>
Balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: City Departments of Finance and Public Utilities.

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**WATER AND SEWER ENTERPRISE FUND**  
**SYSTEM OPERATING REVENUES, EXPENSES AND COVERAGE**  
**FOR FISCAL YEAR JUNE 30, 2020**  
**(IN THOUSANDS OF DOLLARS)**  
**(UNAUDITED)**

	Fiscal Year				
	2016	2017	2018	2019	2020
<b><u>Operating Revenues</u></b>					
Service Charges	\$ 75,233	\$ 75,767	\$ 77,126	\$ 77,256	\$ 76,803
Water Usage	44,847	45,599	45,485	44,679	49,652
Interfund Services Provided	1,170	1,497	1,421	1,082	3,225
Miscellaneous	1,771	1,616	1,297	1,008	829
Total Operating Revenues	123,021	124,479	125,329	124,025	130,509
<b><u>Operating Expenses</u></b>					
Water Acquisition	24,488	24,722	24,811	27,529	29,914
Water Distribution	6,832	7,189	7,187	6,576	6,791
Sewer Collection	13,812	14,494	14,329	13,547	13,305
Administration and Engineering	18,646	16,708	22,349	22,801	23,242
Customer Services	10,152	9,701	10,839	10,430	10,787
Total Operating Expenses	73,930	72,814	79,515	80,883	84,039
<b>Net Operating Income</b>	49,091	51,665	45,814	43,142	46,470
<b><u>Non-Operating Revenues/(Expense)</u></b>					
Interest	597	2,082	2,640	2,981	3,290
Water Resource Recovery Fee	2,414	2,796	2,046	2,107	2,143
Connection Fees	1,187	1,047	890	903	1,031
Norfolk Water True-Up	825	-	-	-	-
<b>Total Non-Operating Income</b>	5,023	5,925	5,576	5,991	6,464
<b>Income Available For Debt Service</b>	54,114	57,590	51,390	49,133	52,934
<b>Annual Debt Service<sup>1</sup></b>					
Water and Sewer Revenue Bonds	\$ 18,520	\$ 16,569	\$ 17,918	\$ 17,921	\$ 17,913
<b><u>Coverage of Debt Service on Water and Sewer Revenue Bonds</u></b>	<sup>2</sup> 2.92 x	3.48 x	2.87 x	2.74 x	2.96 x

<sup>1</sup> Includes Principal, Interest at gross, and Bank Charges

<sup>2</sup> The Water and Sewer has Master Bond Resolution dated February 11, 1992, as amended and supplemented that sets the debt service coverage and revenue requirements at 115% of maximum annual debt service for Water and Sewer revenue bonds and 1.0 times for Water and Sewer General Obligation Bonds. City Council set the revenue coverage goal of not less than 1.5x annual debt service for Water and Sewer Bonds and 1.2x for total debt (combined Water and Sewer Revenue Bonds and any Water and Sewer General Obligation Bonds) May 14, 2002 in the FY 2003 Operating Budget.

Source: City Departments of Finance and Public Utilities.

**CITY OF VIRGINIA BEACH  
WATER AND SEWER ENTERPRISE FUND  
DEBT SERVICE REQUIREMENTS  
AS OF JUNE 30, 2020  
(UNAUDITED)**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Gross Debt Service</b>	<b>Subsidy</b>	<b>Debt Service Net of Subsidy</b>	<b>Principal Outstanding</b>
2021	<sup>1</sup> \$ 10,045,000	\$ 7,959,694	\$ 18,004,694	\$ 480,557	\$ 17,524,137	\$ 209,930,000
2022	10,800,000	8,012,525	18,812,525	-	18,812,525	199,130,000
2023	11,405,000	7,457,400	18,862,400	-	18,862,400	187,725,000
2024	12,045,000	6,871,150	18,916,150	-	18,916,150	175,680,000
2025	12,720,000	6,252,025	18,972,025	-	18,972,025	162,960,000
2026	13,445,000	5,597,900	19,042,900	-	19,042,900	149,515,000
2027	11,470,000	4,992,675	16,462,675	-	16,462,675	138,045,000
2028	11,960,000	4,464,787	16,424,787	-	16,424,787	126,085,000
2029	10,075,000	3,984,075	14,059,075	-	14,059,075	116,010,000
2030	10,555,000	3,529,375	14,084,375	-	14,084,375	105,455,000
2031	11,000,000	3,075,675	14,075,675	-	14,075,675	94,455,000
2032	8,985,000	2,660,775	11,645,775	-	11,645,775	85,470,000
2033	9,400,000	2,289,100	11,689,100	-	11,689,100	76,070,000
2034	9,775,000	1,960,194	11,735,194	-	11,735,194	66,295,000
2034	10,125,000	1,669,988	11,794,988	-	11,794,988	56,170,000
2036	10,460,000	1,387,250	11,847,250	-	11,847,250	45,710,000
2037	6,985,000	1,133,006	8,118,006	-	8,118,006	38,725,000
2038	7,210,000	911,250	8,121,250	-	8,121,250	31,515,000
2039	7,435,000	685,025	8,120,025	-	8,120,025	24,080,000
2040	4,740,000	509,800	5,249,800	-	5,249,800	19,340,000
2041	4,855,000	387,775	5,242,775	-	5,242,775	14,485,000
2042	4,985,000	262,500	5,247,500	-	5,247,500	9,500,000
2043	2,300,000	176,000	2,476,000	-	2,476,000	7,200,000
2044	2,350,000	128,031	2,478,031	-	2,478,031	4,850,000
2045	2,400,000	77,563	2,477,563	-	2,477,563	2,450,000
2046	2,450,000	26,031	2,476,031	-	2,476,031	-
<b>Totals</b>	<b>\$ 219,975,000</b>	<b>\$ 76,461,569</b>	<b>\$ 296,436,569</b>	<b>\$ 480,557</b>	<b>\$ 295,956,012</b>	

<sup>1</sup> Reflects debt service after the issuance of 2020A Water and Sewer System Revenue Bonds or 2020B Water and Sewer System Refunding Revenue Bonds in FY 2021 (October 22, 2020). Fiscal Year 2021 has been adjusted to reflect the impact on the respective debt service interest payments of federal sequestration in effect at 5.9% July through September and 5.7% October through June. The proceeds of the Series 2020B Bonds refunded certain of the City's outstanding Water and Sewer System Revenue Bonds, Series 2010A-2 (Taxable-Build American Bonds) and Series 2010B&C refunding revenue bonds, which will reduce the federal subsidy during FY 2021 from \$861,754 to \$480,557 and eliminate it in FY 2022 onward.

All Water & Sewer Debt is comprised of Revenue Bonds and Notes issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA  
WATER AND SEWER ENTERPRISE FUND  
WATER AND SEWER RATE HISTORY  
(UNAUDITED)**

<b>Effective Date of Rate Adjustment</b>	<b>Water Commodity Rate (per 1,000 gallons)</b>	<b>Sanitary Sewer Service Charge Single Family Residence (per month)</b>
July 1, 1983	\$ 1.62	\$ 9.46
August 1, 1987	1.81	9.46
October 1, 1987	1.99	9.46
July 1, 1988	2.18	9.46
July 1, 1989	2.51	9.46
July 1, 1990	2.69	9.46
October 1, 1990	2.77	9.65
July 1, 1991	2.96	10.58
July 1, 1992	3.11	11.38
July 1, 1993	3.38	11.38
July 1, 1994	3.65	11.38
July 1, 1999	3.55	11.38
July 1, 2001	3.55	12.29
July 1, 2002	3.55	13.27
July 1, 2003	3.55	14.34
July 1, 2005	3.65	15.92
July 1, 2006	3.70	16.88
July 1, 2007	3.80	17.72
July 1, 2008	3.95	18.61
July 1, 2009	4.10	19.54
July 1, 2010	4.41	19.54
July 1, 2011	4.41	22.12
July 1, 2012	4.41	24.86
July 1, 2013	4.41	27.76
July 1, 2014	4.41	30.81
July 1, 2015	4.41	30.81
July 1, 2016	4.41	30.81
July 1, 2017	4.41	30.81
July 1, 2018	4.41	30.81
July 1, 2019	4.90	30.81
July 1, 2020	4.90	30.81

Source: City Department of Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**TEN LARGEST STORM WATER UTILITY ACCOUNTS**  
**FOR BILLING PERIOD ENDING JUNE 30, 2020**  
**(UNAUDITED)**

<b>Customer</b>	<b>Fees Billed</b>
Lynnhaven Mall Group	\$ 240,993
Stihl, Inc.	182,175
Virginia Wesleyan College	130,616
Sentara Healthcare	129,858
Spence Crossing Res Inc	124,735
Pembroke Square Associates	94,807
Evergreen Virginia LLC	87,970
Emerald Point LLC	87,892
Sentara Virginia Beach General Hospital	83,750
Wal Mart Real Estate Business	79,047

Source: City Department of Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA  
STORM WATER UTILITY  
DISTRIBUTION BY TYPE OF PROPERTY  
AS OF JUNE 30, 2020  
(UNAUDITED)**

<b>Type of Property</b>	<b>FY 2020 Percent of Equivalent Residential Units (ERU)</b>
Residential	47.8%
Multi-Family	12.5%
Non-Residential	39.7%

Source: City Department of Public Works/Storm Water Management

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY FEE COLLECTIONS**  
**AS OF JUNE 30, 2020**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Assessed fees</b>	<b>Collected fees <sup>1</sup></b>	<b>% Collected</b>
2011	\$ 20,883,989	20,833,505	99.76
2012	27,632,407	27,541,919	99.67
2013	32,006,788	31,852,199	99.52
2014	36,709,700	36,537,711	99.53
2015	39,055,783	38,684,230	99.05
2016	39,804,972	39,530,243	99.31
2017	39,738,434 <sup>2</sup>	39,593,321 <sup>2</sup>	99.63
2018	43,099,967 <sup>2</sup>	42,896,849 <sup>2</sup>	99.53
2019	41,918,755	41,579,356	99.19
2020	44,935,049 <sup>3</sup>	41,267,793 <sup>3</sup>	91.84

<sup>1</sup> Represents collections of Equivalent Residential Unit (ERU) Fees through June 30th of each Fiscal Year. The City anticipates that for each of the recent years collection rates will be consistent with earlier years.

<sup>2</sup> The City included incorrect amounts for FY 2017 and FY 2018 in previous schedules provided in its annual continuing disclosure reports as well as the Official Statement for the Series 2019 Storm Water Utility Revenue Bonds. Previously, Assessed Fees and Collected Fees were shown as \$39,854,926 and \$40,046,975 with 100.48% collected for FY 2017 and \$42,654,304 and \$41,579,356 with 98.12% collected for FY 2018, respectively.

<sup>3</sup> Fee collection for FY 2020 declined year-over-year as a result of the delinquent terminations moratorium (suspension of water service disconnections) due to a policy decision by the City after the May 31st mass shooting incident and the COVID-19 (coronavirus).

Source: City Departments of Public Works/Storm Water Management and Public Utilities

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY FUND**  
**PRO FORMA CALCULATION OF REVENUE COVENANTS**  
**(UNAUDITED)**

<b>Revenue Requirement A</b>	<b>Fiscal Year</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021 Budget</b>
Total Revenues:						
System Revenues (including interest income)	\$ 39,648,163	\$ 40,471,105	\$ 42,148,983	\$ 43,419,253	\$ 45,815,995	\$ 45,964,564
Budgeted Operating Expenses	18,487,455	26,074,916	26,383,086	25,697,342	14,900,439	14,540,384
Revenues Available for Debt Service	<u>21,160,708</u>	<u>14,396,189</u>	<u>15,765,897</u>	<u>17,721,911</u>	<u>30,915,556</u>	<u>31,424,180</u>
Maximum Principal and Interest Requirement on Revenue Bonds <sup>1</sup>	\$ 3,399,201	\$ 3,399,201	\$ 3,393,984	\$ 3,393,984	\$ 5,180,749	\$ 10,556,775
Debt Service Coverage Ratio <sup>2</sup>	6.2 x	4.2 x	4.6 x	5.2 x	6.0 x	3.0 x
<b>Revenue Requirement B <sup>3</sup></b>	<b>Fiscal Year</b>					
	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021 Budget</b>
Total System Revenues (including interest income)	\$ 39,648,163	\$ 40,471,105	\$ 42,148,983	\$ 43,419,253	\$ 45,815,995	\$ 45,964,564
Less:						
Budgeted Operating Expenses	18,487,455	26,074,916	26,383,086	25,697,342	14,900,439	14,540,384
Revenue Bond Debt Service <sup>1</sup> :						
Requirement on Series 2010A Bonds	1,394,533	1,391,695	1,386,025	1,382,793	1,376,896	642,600
Requirement on Series 2010B Bonds	641,481	641,581	641,481	645,475	642,881	558,250
Requirement on Series 2015 Bonds	1,357,556	1,359,106	1,360,056	1,358,631	1,359,256	1,360,606
Requirement on Series 2019 Bonds	-	-	-	-	1,786,638	1,787,262
Requirement on Series 2020A Bonds	-	-	-	-	-	1,711,996
Requirement on Series 2020B Bonds	-	-	-	-	-	382,287
Parity Double Barrel Bond Fund	-	-	-	-	-	-
Subordinate Debt Fund (Prior Bonds)	-	-	-	-	-	-
Total Debt Service	<u>3,393,570</u>	<u>3,392,382</u>	<u>3,387,562</u>	<u>3,386,899</u>	<u>5,165,671</u>	<u>6,443,001</u>
Capital Improvement Account (Cash) <sup>4</sup>	8,490,000	7,500,000	7,500,000	8,000,000	21,554,151	22,451,777
Deposit to Debt Service Reserve Fund <sup>5</sup>	-	-	-	-	-	-
Total Expenditures	<u>30,371,025</u>	<u>36,967,298</u>	<u>37,270,648</u>	<u>37,084,241</u>	<u>41,620,261</u>	<u>43,435,162</u>
Surplus Revenue	<u>\$ 9,277,138</u>	<u>\$ 3,503,807</u>	<u>\$ 4,878,335</u>	<u>\$ 6,335,012</u>	<u>\$ 4,195,734</u>	<u>\$ 2,529,402</u>
<b>Reconciliation of Expenses to CAFR</b>						
Total Operating Expenses (per CAFR)	\$ 23,177,375	\$ 33,123,109	\$ 32,853,281	\$ 36,161,097	\$ 31,002,402	NA
Add (Subtract):						
Depreciation	(4,792,210)	(5,466,520)	(5,670,476)	(6,458,891)	(7,309,940)	
Annual CIP Expense	(463,098)	(1,091,586)	(1,131,483)	(4,447,355)	(8,134,590)	
Net Deferred Retirement Contribution	565,388	(490,087)	283,027	433,800	(482,704)	
OPEB Expenditures			48,737	8,691	(174,729)	
Total Budgeted Expenses (Pro Forma Requirement)	<u>\$ 18,487,455</u>	<u>\$ 26,074,916</u>	<u>\$ 26,383,086</u>	<u>\$ 25,697,342</u>	<u>\$ 14,900,439</u>	

<sup>1</sup> All Interest is presented at "gross", and does not reflect the United States Treasury subsidy payment to be received for a portion of the series 2010A-2 bonds issued as "Build America Bonds. In FY 2021, reflects the refunding of a portion of the Series 2010A-2 Bonds and Series 2010 Bonds refunded by the Series 2020B Bonds.

<sup>2</sup> Per the Agreement of Trust dated January 1, 2000, as amended and supplemented, pledged revenues will be sufficient to equal the sum of (1) the Operating Expenses shown in the Annual Operating Budget and (2) 115% of Maximum Annual Debt Service.

<sup>3</sup> Also per the Agreement of Trust, system revenues will be sufficient to equal the sum of (1) the Operating Expenses payable from System Revenues shown in the Annual Operating Budget, (2) the amount required to be paid into the Bond Fund, (3) the amount (if any) required to be paid into the Parity Double Barrel Bond Fund, (4) the amount (if any) required to be paid into the Subordinate Debt Fund, (5) the amount of any other indebtedness of the City attributable to the System required to be paid from Pledged Revenues, (6) the amount transferred to the Capital Improvement Account as may be determined by the Director of Public Works and (7) any amount necessary to be paid into the Debt Service Reserve Fund to restore the amount on deposit therein to the amount of the Debt Service Reserve Requirement.

<sup>4</sup> Reflects use of current year pay-go/cash and excludes use of net position.

<sup>5</sup> Deposits to the Storm Water Debt Service Reserve required as a result of new bond issuances are made from the Storm Water Enterprise Fund and not from system revenues, and are not reflected under Revenue Requirement B. The amounts deposited from the Storm Water Enterprise Fund for Storm Water Utility Revenue Bonds, Series: 2015 issued January 28, 2015 - \$1,353,563; 2019 issued July 31, 2019 - \$1,786,637.51; and 2020 issued October 7, 2020 - \$4,140,050.

NA = Not applicable

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY FUND**  
**DEBT SERVICE REQUIREMENTS**  
**AS OF JUNE 30, 2020**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Subsidy<sup>1</sup></b>	<b>Total</b>
2021	\$ 2,620,000	\$ 3,823,002	\$ (98,615)	\$ 6,344,387
2022	4,265,000	5,039,538	-	9,304,538
2023	4,470,000	4,841,281	-	9,311,281
2024	4,700,000	4,627,631	-	9,327,631
2025	4,955,000	4,394,381	-	9,349,381
2026	4,550,000	4,165,231	-	8,715,231
2027	4,800,000	3,940,306	-	8,740,306
2028	5,035,000	3,708,231	-	8,743,231
2029	5,290,000	3,469,006	-	8,759,006
2030	5,550,000	3,222,982	-	8,772,982
2031	5,815,000	2,970,131	-	8,785,131
2032	6,100,000	2,704,606	-	8,804,606
2033	6,345,000	2,468,381	-	8,813,381
2034	6,565,000	2,269,731	-	8,834,731
2035	6,780,000	2,069,556	-	8,849,556
2036	7,010,000	1,862,706	-	8,872,706
2037	6,035,000	1,666,163	-	7,701,163
2038	6,220,000	1,478,894	-	7,698,894
2039	6,410,000	1,284,209	-	7,694,209
2040	6,615,000	1,083,425	-	7,698,425
2041	5,440,000	896,888	-	6,336,888
2042	5,615,000	724,013	-	6,339,013
2043	5,795,000	544,538	-	6,339,538
2044	5,980,000	359,288	-	6,339,288
2045	4,355,000	199,875	-	4,554,875
2046	4,485,000	67,275	-	4,552,275
	<u>\$ 141,800,000</u>	<u>\$ 63,881,268</u>	<u>\$ (98,615)</u>	<u>\$ 205,582,653</u>

<sup>1</sup> Reflects debt service after the issuance of Series 2020A Storm Water Utility Revenue Bonds and Series 2020B Storm Water Utility Refunding Revenue Bonds in FY 2021 (October 7, 2020). Fiscal Year 2021 has been adjusted to reflect the impact on the respective debt service interest payments of federal sequestration in effect at 5.9% July through September and 5.7% October through June. The proceeds of the Series 2020B Bonds refunded certain of the City's outstanding Storm Water Utility Revenue Bonds, Series 2010A-2 (Taxable-Build American Bonds) and Series 2010B refunding revenue bonds, which will reduce the federal subsidy during FY 2021 from \$131,381 to \$98,615 and eliminate it in FY 2022 onward.

Source: City Department of Finance

**CITY OF VIRGINIA BEACH, VIRGINIA**  
**STORM WATER UTILITY FUND**  
**STORM WATER RATE HISTORY**  
**(UNAUDITED)**

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<b>Effective Date</b>	<b>Rate per day per ERU</b>	
7/1/2011	\$	0.316
7/1/2012		0.366
7/1/2013		0.416
7/1/2014		0.433
7/1/2015		0.433
7/1/2016		0.433
7/1/2017		0.458
7/1/2018		0.458
7/1/2019		0.493
7/1/2020		0.493

Source: City Department of Public Works/Storm Water Management

Code of the City of Virginia Beach, Section 32.5-2





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