

CITY of SUFFOLK, VIRGINIA

ANNUAL COMPREHENSIVE

FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CITY OF SUFFOLK, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
June 30, 2022

Prepared by:
The Department of Finance

CITY OF SUFFOLK, VIRGINIA

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INTRODUCTORY SECTION



CITY OF SUFFOLK

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

CITY MANAGER

November 23, 2022

The Honorable Council
City of Suffolk, Virginia

Dear Council Members:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the period of July 1, 2021 through June 30, 2022. The code of the Commonwealth of Virginia and the charter of the City of Suffolk, Virginia (the City) require the City to publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with *Government Auditing Standards* by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance and complies with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia.

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

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

According to Section 8.08 of the City Charter and Section 15.2-2511 of the 1950 Code of Virginia, as amended, an annual audit by an independent auditor of the City is required. The City's financial statements have been audited by Cherry Bekaert LLP. As a result of an audit of the City's financial records and transactions of all funds, component units, and departments of the City, Cherry Bekaert LLP has concluded that the financial statements are in compliance with GAAP and has issued an unmodified opinion of the City's financial statements, as of and for the year ended June 30, 2022. The report of the independent auditor is presented as the first component of the financial section of this report.

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

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

Profile of the City

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

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

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

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

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

The City maintains budgetary controls, the objective of which is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by City Council. Budgetary control is maintained at the expenditure level of each department using an encumbrance accounting system. Open encumbrances are reported within the appropriate classification of fund balance at June 30, 2022. A description of the procedures utilized to establish budgetary data is presented in Note 1D within the Notes to Financial Statements tab.

Economic Activity – Calendar Year 2021

The City of Suffolk experienced another strong year of economic growth in 2021. New and existing retailers grew, relocated, and improved their operations, while animal clinics expanded, and the construction industry was in high demand. Local businesses benefitted directly from innovative workforce development programs, and the expansion of multiple child care facilities allowed parents to return to the workforce.

With a growing population, the demand for medical services has continued to increase in Suffolk as well. One of the many new additions in 2021 included a new medical office building in the Harbour View area of Suffolk. The TPMG ENT (ear, nose, and throat) Specialist group constructed a 7,000 square foot building for their practice. Regional healthcare leader Sentara Healthcare also continued to invest in their existing medical campuses, including Sentara Obici Hospital and Sentara Belleharbour, spending \$9 million in the process. Bayview Physicians and Bon Secours also invested heavily into improving their medical services.

Several veterinarian businesses also improved facilities over the last year. Academy Animal Care added 1,500 square feet to their veterinary clinic. The COVE (Center of Veterinary Expertise) leased an additional 8,100 square feet and added new positions to their staff. Tidewater Animal Clinic designed and built a new 6,000 square foot facility with a modern surgery suite, dental suite, and ultrasound/radiograph room.

More than five million square feet of real estate is expected to come online in the coming years due to abundant e-commerce demand boosting Suffolk's warehousing and industrial market. The rapid increase in e-commerce activity has boosted demand for distribution space in Suffolk due to the City's close proximity to the port and convenient access to interstate highways and railroads. Most notably, the Amazon robotics fulfillment center, located in Northgate Commerce Park, opened in the summer of 2022. The 3,800,000 square foot building will create roughly 1,700 jobs for the area.

Growing construction demand allowed three large firms in construction and site development to expand their footprint in the area. VirginiaCarolina Civil, which specializes in pre-construction planning, budgeting, estimating, general contracting, subcontracting, and site development, added 25 new jobs impacting 9,200 square feet, and invested \$4,000,000 with a newly constructed headquarters building. Branch Civil, an employee owned company specializing in site development, highway construction, and design-build operations, added 18 new jobs and built a 9,600 square foot operations center, an investment of \$2,100,000. Atlantic Constructors, Inc. (ACI), a leader in services including structural steel, HVAC, plumbing, fire alarm and protection, and more, retrofitted an existing facility in Suffolk Industrial Park, adding 22 new jobs, and impacting 39,000 square feet, a \$400,000 investment.

The need for a dedicated, skilled workforce is a key component in the success of businesses across every industry sector. To support the local workforce, the City of Suffolk's Suffolk Workforce Development Center provides workforce assistance to Suffolk businesses. Several local employers have adopted creative and innovative workforce programs in order to develop their future pipelines of talent. Allfirst, an

industrial general contractor, continues to manage an in-house apprenticeship program which teaches skills such as welding and pipefitting. Companies including Solenis and Amadas have worked with Suffolk Public Schools' CTE (Careers and Technical Education) and Camp Community College to place interns in positions that are suited to their interests, and upon completion of the internship are able to offer them permanent full-time employment.

Suffolk has seen a recent influx of mixed-use developments (MUD), including Bridgeport, Peanut Crossing, Obici Place, and The Point at Harbour View. These developments offer a central location to live, work, eat, and play. With apartment homes often built above office space, medical facilities, retail and dining options, mixed-use developments can be a one-stop shop in driving the economy in Suffolk. These developments also serve as a safe place for recreation, commonly providing walking paths, dog parks, and space for nature appreciation, such as gardens.

Small businesses in Suffolk have rebounded from the effects of the pandemic, with citizens supporting the "Love Local, Buy Suffolk" motto. Local retail establishments have added over 160 new jobs, and impacted nearly 104,000 square feet in the past year, totaling a capital investment of \$18,680,000. Downtown Suffolk has been catching the attention of small businesses. With new marketing efforts, a trendy new logo available for businesses to use, and frequent, successful events, Downtown Suffolk has seen recent growth in population and businesses, alike. The Downtown area has been abuzz with new construction, new businesses filling available space, and existing businesses completing façade improvements and restoration. Peanut Crossing, a new housing development in Downtown, came online in 2021, offering upscale living options, creative workspaces, and flexible storage. The plan for a new Downtown Festival Event Space, funded through the city's Capital Improvement Plan, was unveiled to serve as a catalyst to support more activity Downtown. Plans are also in the works to build a new Central Library Downtown.

Altogether, 2021 proved to be a year of success for Suffolk businesses. Capital investments totaled over \$185.6 million, 1,086 jobs were created, and more than 2.85 million square feet were impacted in Suffolk throughout the year.

New and Expanding Industry (Calendar Year 2021)

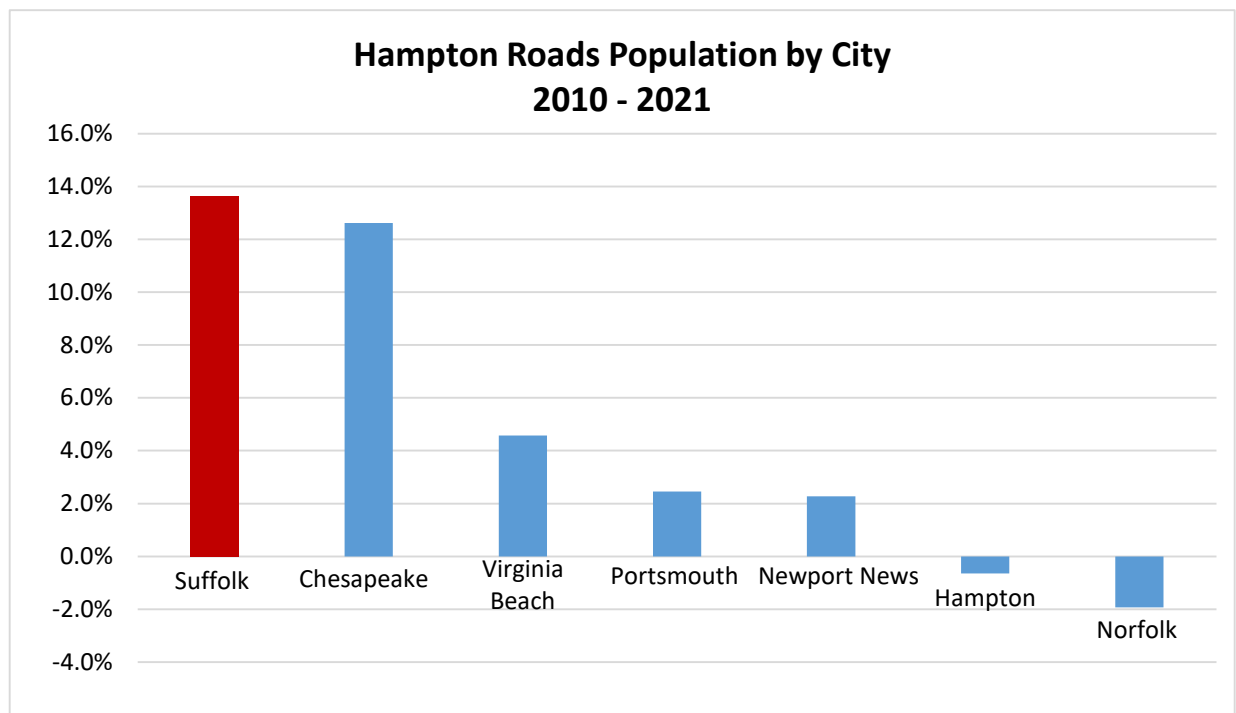
	<u>Number of Jobs</u>	<u>Square Feet</u>	<u>Approximate Capital Investment</u>
Advanced Manufacturing	110	186,620	\$15,950,000
Warehousing & Distribution	475	2,479,552	130,004,000
Medical	308	54,946	14,410,000
Retail	162	103,994	18,680,000
Office & Administration	26	14,790	2,018,000
Modeling & Simulation	5	10,233	4,075,000
Hospitality & Other	-	-	520,000
TOTAL	1,086	2,850,135	\$185,657,000

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

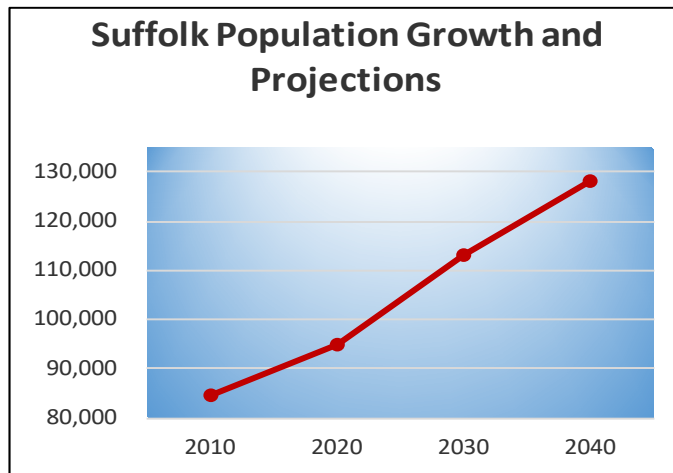
In addition to the growth of new and expanding businesses, Suffolk has continued to experience sustained population growth. Suffolk's population increased to 96,130 residents in 2021, a 13.6% increase since 2010. The City leads the region in population growth among the seven major cities in Hampton Roads. This positive trend is anticipated to continue in the years ahead with the City reaching 112,920 residents by 2030, according to projections by the Weldon Cooper Center at the University of Virginia.

City	2010 Census	2021	Percent Change (2010 -2021)
Suffolk	84,585	96,130	13.6%
Chesapeake	222,209	250,256	12.6%
Virginia Beach	437,994	458,028	4.6%
Portsmouth	95,535	97,883	2.5%
Newport News	180,966	185,082	2.3%
Hampton	137,467	136,581	-0.6%
Norfolk	242,803	238,102	-1.9%

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



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



Source: Weldon Cooper Center for Public Service, Population Estimates

The City of Suffolk also has the second highest median household income (MHI) in the region (\$79,899) and higher than the state (\$76,398) and national (\$64,994) MHI.

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

Long-term Financial Planning

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

In planning for the specific initiatives under these priorities, the City's adopted ten-year Capital Improvements Plan represents a planned schedule of the City's needed expenditures for physical improvements over the next decade. The Capital Improvements Plan, which covers the ten-year period from fiscal year 2023 through fiscal year 2032, totals approximately \$975.1 million. Of this amount, utilities, stormwater, fleet, and information technology projects are estimated at \$211.0 million while general government projects are estimated at \$764.0 million.

Financial policies are vital in maintaining consistency and focus. One of the financial policies continually reviewed is that of fund balance levels. The ratio of unassigned General Fund balance as a percentage of budgeted governmental funds expenditures (net of the general fund contribution to the Schools, transfers to other governmental funds, and Capital Projects fund expenditures), plus the budgeted expenditures in the School Operating and Food Service Funds, indicates the ability of the City to cope with unexpected financial challenges or emergencies. The policy also states that any surplus amounts over 20% will be put into a budget stabilization fund until it reaches 2.5% based on the same ratio and the remaining will go to

a capital reserve fund. The City has set the unassigned fund balance percentage at 20%. At June 30, 2022, the fund balance ratio exceeded the target. The City was also able to establish the budget stabilization fund at 2.5% and has put \$21.9 million in the capital reserve fund.

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

Awards and Recognition

Bond Ratings – Maintain rating of AAA

In August 2022, the City's bond ratings were reaffirmed by all three rating agencies: Moody's (Aaa), Fitch Rating Agency (AAA), and Standard and Poor's (AAA). These ratings reflect the City's commitment to strong financial management.

Annual Comprehensive Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate) to the City of Suffolk, Virginia for its annual comprehensive financial report for the fiscal year ended June 30, 2021, representing the 37th consecutive year that the City has received this award. The Certificate is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

Citizen Reporting

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

Annual Budget

The GFOA presented a Distinguished Budget Presentation Award to the City of Suffolk, Virginia for its annual budget for the fiscal year beginning July 1, 2021. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This is the twelfth consecutive year for this recognition and it is valid for a one-year period.

Suffolk's Future is Bright

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

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

Acknowledgments

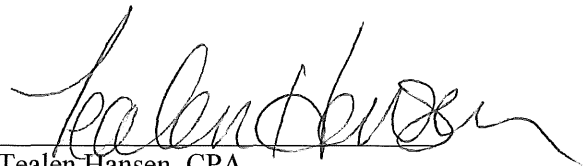
During the year, the staff of the Finance department rendered professional and knowledgeable services to the City. We are most appreciative of these efforts and take this opportunity to recognize these outstanding public servants.

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

Respectfully,



Albert Moor II, P.E.
City Manager



Tealen Hansen, CPA
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Suffolk
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF SUFFOLK, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS

As of June 30, 2022

MEMBERS OF CITY COUNCIL

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

CONSTITUTIONAL OFFICERS

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

CITY ADMINISTRATION

Albert S. Moor, II.....	City Manager
Kevin Hughes	Deputy City Manager
Azeez Felder	Deputy City Manager
William Hutchings.....	City Attorney
Holt Butt	City Assessor
Erika S. Dawley.....	City Clerk
Gerry Jones	Capital Programs and Buildings
Richard L. Stephens	Deputy Emergency Management Coordinator
Dr. Nancy Welch	Health
Clint Rudy	Library
Tim Kelley	Media and Community Relations
Scott Mills – Acting Director.....	Planning and Community Development
Robert Lewis	Public Works
Tealen Hansen	Finance
Michael Barakey.....	Fire and Rescue
Robin Wynn	Human Resources
Alfred Chandler	Police
Mark Furlo.....	Parks and Recreation
Paul Retel	Public Utilities
Harry Cromer	Social Services
Regina Chandler – Acting Director	Information Technology

CITY OF SUFFOLK, VIRGINIA

**DIRECTORY OF PRINCIPAL OFFICIALS
(continued)**

As of June 30, 2022

SUFFOLK PUBLIC SCHOOLS – SCHOOL BOARD

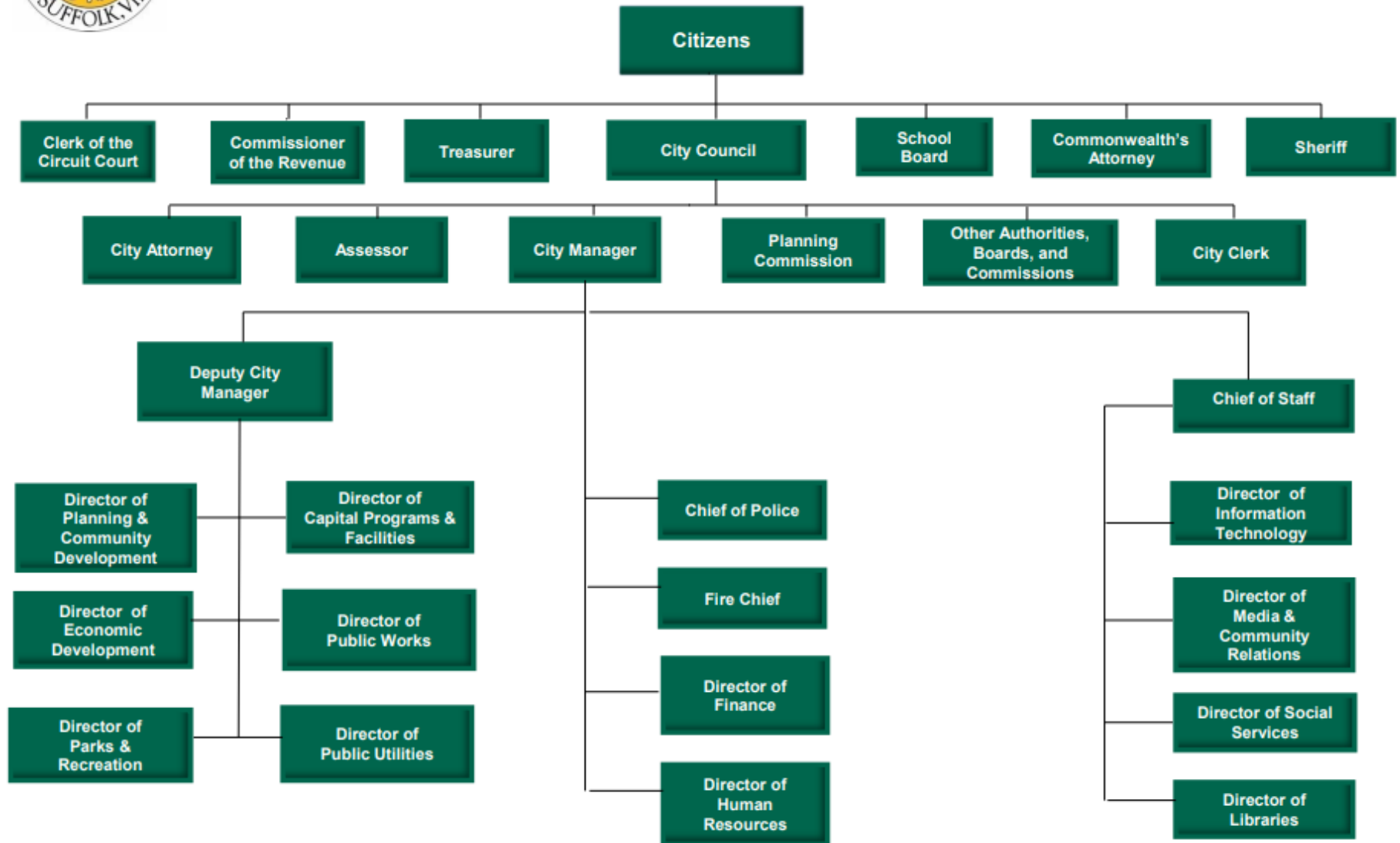
Dr. Judith Brooks-Buck	Chairman
Phyllis C. Byrum	Vice Chairman
Karen L. Jenkins.....	Board Member
Lorita W. Mayo.....	Board Member
Heather S. Howell.....	Board Member
Tyron D. Riddick.....	Board Member
Sherri D. Story.....	Board Member

SUFFOLK PUBLIC SCHOOLS – ADMINISTRATION

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



City of Suffolk FY 2021-2022 Operating and Capital Budget Organizational Chart



FINANCIAL SECTION

Report of Independent Auditor

To the City Council
City of Suffolk, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 17 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement 87, *Leases*, effective July 1, 2021. As a result, related governmental activities, business-type activities, and enterprise funds net position, capital assets and liabilities have been restated. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management of the City of Suffolk, Virginia (the "City") presents this narrative discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2022. To enhance your understanding of the City's financial performance, please read this discussion and analysis in conjunction with the transmittal letter in the front of this report, the City's basic financial statements, and supporting notes following this section.

FINANCIAL HIGHLIGHTS

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

- The City's total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) on a government-wide basis was \$655.8 million at June 30, 2022. Of this balance, \$472.4 million is attributed to the governmental activities and \$183.4 million to the business-type activities.
- For fiscal year 2022, taxes, other general revenues net of transfers of the City's governmental activities amounted to \$244.8 million and net program expenses \$190.7 million, which resulted in an increase from 2021 in net position for the City's governmental activities of \$54.1 million.
- Revenues of the City's business-type activities were \$84.2 million, expenses were \$68.5 million and net transfers to the General Fund were \$1.1 million, which resulted in an increase of net position for the City's business-type activities of \$14.6 million.
- The City is rated AAA with Fitch, Standard and Poor's and Moody's.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Net Position (In Millions)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Current and other assets	\$ 325.3	\$ 271.5	\$ 96.1	\$ 93.8	\$ 421.4	\$ 365.3
Capital and other non-current assets	576.4	568.3	465.1	467.3	1,041.5	1,035.6
Total assets	901.7	839.8	561.2	561.1	1,462.9	1,400.9
Deferred Outflows of Resources	36.8	40.8	26.5	28.9	63.3	69.7
Current and other liabilities	44.4	38.8	6.7	6.4	51.1	45.2
Long-term liabilities	367.1	409.8	391.3	414.7	758.4	824.5
Total liabilities	411.5	448.6	398.0	421.1	809.5	869.7
Deferred Inflows of Resources	54.6	13.7	6.4	0.2	61.0	13.9
Net position:						
Net investment in capital assets	325.9	319.4	128.9	111.4	454.8	430.8
Restricted	28.4	12.2	2.7	2.6	31.1	14.8
Unrestricted	118.1	86.7	51.7	54.7	169.8	141.4
Net position	\$ 472.4	\$ 418.3	\$ 183.3	\$ 168.7	\$ 655.7	\$ 587.0
* FY2021 Net position restated relating to the implementation of GASB 87						

The City's combined net position (which is the City's "bottom line") increased by \$68.7 million in fiscal year 2022 of which approximately 4.74% represents resources that are subject to external restrictions or enabling legislation. Net investment in capital assets (land, buildings, infrastructure, improvements, machinery and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets) of \$454.8 million comprises 69.36% of the net position. These assets are not available for future spending because they are assets used to provide services to citizens.

The City has a solid financial position with 25.90% of net position, or \$169.8 million, as unrestricted. The unrestricted portion of net position is available to allow the City to provide services to citizens.

Statement of Activities

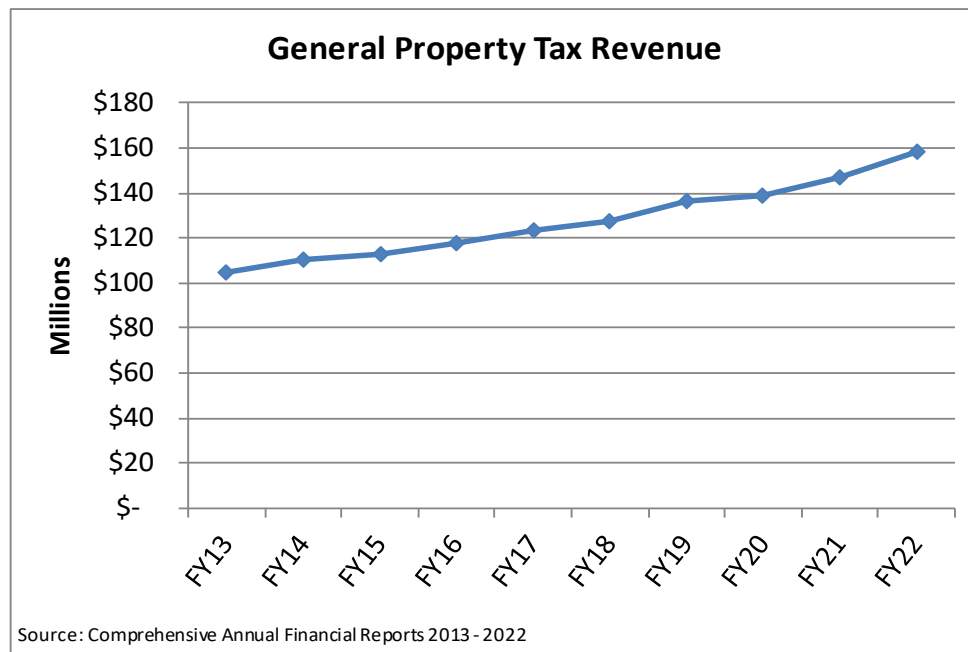
The following table summarizes the changes in net position for governmental and business-type activities:

Change in Net Position (In Millions)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 10.6	\$ 8.4	\$ 77.9	\$ 78.8	\$ 88.5	\$ 87.2
Operating grants and contributions	57.5	54.0	-	-	57.5	54.0
Capital grants and contributions	25.2	3.8	5.3	5.5	30.5	9.3
General revenues:			-	-		
Real estate and property taxes	161.2	146.7	-	-	161.2	146.7
Other taxes	61.4	53.1	-	-	61.4	53.1
Grants and contributions, not restricted	14.4	14.5	-	-	14.4	14.5
Unrestricted investment earnings	1.5	1.7	0.1	0.2	1.6	1.9
Miscellaneous	5.8	5.2	0.9	1.2	6.7	6.4
Total revenues	337.6	287.4	84.2	85.7	421.8	373.1
Expenses:						
General government	27.9	40.0	-	-	27.9	40.0
Judicial	10.5	10.9	-	-	10.5	10.9
Public safety	72.9	69.0	-	-	72.9	69.0
Public works	61.0	44.4	-	-	61.0	44.4
Health and welfare	14.7	15.1	-	-	14.7	15.1
Transportation	1.6	1.4	-	-	1.6	1.4
Education	65.4	65.5	-	-	65.4	65.5
Parks, recreation, cultural	12.3	12.1	-	-	12.3	12.1
Community development	9.3	8.2	-	-	9.3	8.2
Interest on long-term debt	8.5	6.9	-	-	8.5	6.9
Utility	-	-	54.0	56.0	54.0	56.0
Refuse collection services	-	-	9.4	9.6	9.4	9.6
Stormwater utility	-	-	5.1	5.0	5.1	5.0
Total expenses	284.1	273.5	68.5	70.6	352.7	344.1
Excess of revenues over expenses	53.5	13.9	15.7	15.1	69.1	29.0
Loss on disposal of assets	(0.5)	(2.9)	-	-	(0.5)	(2.9)
Transfers	1.1	1.5	(1.1)	(1.5)	-	-
Change in net position	54.1	12.5	14.6	13.6	68.6	26.1
Net position - beginning *	418.3	405.8	168.7	155.1	587.0	560.9
Net position - ending	\$ 472.4	\$ 418.3	\$ 183.3	\$ 168.7	\$ 655.7	\$ 587.0
Beginning balance of net position restated related to the implementation of GASB 87.						

Governmental Activities

Revenue Highlights:

Real estate and personal property tax revenue, the City's largest revenue source, totaled \$161.2 million and \$146.7 million in fiscal years 2022 and 2021, respectively. The chart following indicates the growth in the General Property Taxes revenue over the past ten years. The increase in the real estate and personal property taxes over time is due to increase in assessed value of the real and personal property as well as tax increases in FY's 2012, 2016, 2017, and 2019, there was no tax increase in FY2022. These tax increases were added to fund increases in education as well as public safety.



Other Local Taxes are comprised of revenue from local sales tax, meals, lodging, and utilities increased from fiscal year 2021 into fiscal year 2022. This increase is due to increased sales and meals taxes, while the City did lose revenue due to the worldwide pandemic, there was little effect on sales taxes and the effect on the meals taxes was not as large as originally estimated. The increase is also attributable to increased economic development in the City and increasing population.

Expense Highlights:

The City is committed to ensuring the highest level of safety for its citizens and has expended \$72.9 million towards public safety efforts, this represents 25.7% of the governmental expenses.

Education continues to be one of the City's highest priorities and commitments representing \$65.4 million, this amount is an increase from fiscal year 2021 and represents 23.0% of governmental expenses.

Public Safety and Education together make up 48.7% of total governmental expenses for the City.

Business-type Activities

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

Revenue Highlights:

Charges for services, including water and sewer fees, Stormwater utility fees and refuse collection fees represent 92.52% of the total revenues collected. These revenues decreased slightly from fiscal year 2021 to 2022 due to normal fluctuations in revenue streams in the utility funds.

Expense Highlights:

Utility Fund expenses were \$41.9 million of which 43.3% is depreciation and amortization expenses. There is a slight decrease in total expenditures. Stormwater expenses were \$5.1 million for fiscal year 2022, which represents a slight increase in expenditures as compared to fiscal year 2021. The refuse fund expenses were \$9.4 million in fiscal year 2022, which is a slight decrease from fiscal year 2021.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$239.0 million. Approximately 39.3% of this amount is available for spending at the government's discretion (unassigned fund balance). Fund Balance is divided into five classifications: non-spendable, restricted, committed, assigned and unassigned.

General Fund: The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund balance was \$135.5 million of which \$93.9 million represents unassigned fund balance. Fund Balance in the General Fund increased from fiscal year 2021. This increase is attributable to better than anticipated collections of real estate taxes and other local taxes such as sales tax and business license taxes.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total budgeted expenditures. The City has a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget. The City also has a policy that any excess amounts over the 20% will be dedicated to a budget stabilization fund, until that reaches 2% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The restricted portion of fund balance, \$1.3 million reflects restricted cash for unspent grant funds and developer deposits. The committed portion, \$38.3 million, is comprised of funds committed for by the City Council for economic development incentives and cash funded capital, unspent funds re-appropriated to the School board, the budget stabilization funds and the capital reserve funds.

Debt Service Fund: The Debt Service Fund has a fund balance of \$492.7 thousand. The General Fund routinely transfers monies to this fund to meet debt service requirements. The fund balance in the Debt Service fund remained the same from the prior year.

Road Maintenance Fund: The Road Maintenance Fund has a fund balance of \$18.6 million. The Road Maintenance Fund accumulates resources from the Virginia Department of Transportation for the maintenance of roadways in the City. The fund balance in the fund increased by \$2.7 million from the prior year.

Grants Fund: The grants fund has a fund balance of \$2.7 million. the Grants fund accumulates resources from various state and federal agencies in the form of grant for specific purposes. The majority of the activity in the grants fund in fiscal year 2022 was for pandemic response related grants. The fund balance in the grant fund increased by \$544 thousand from the prior year.

Capital Projects Fund: The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$70.2 million, \$10 million was committed for contracts and purchase orders in process, and the remaining balance of \$60.2 million is restricted, as it consists of unspent bond proceeds, grant funding and cash proffers for subsequent years' projects. The overall fund balance increased in the current year, as there are several large projects that are getting started that have funds accumulated.

Five of the City's significant capital projects are the following in fiscal year 2022

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

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

Enterprise funds: The City's enterprise funds account for its water and sewer operations, stormwater utility efforts, and refuse collection services. The net position of the enterprise funds at the end of the current fiscal year totaled \$183.3 million.

Internal service funds: The internal service funds are used to account for entity-wide fleet management, information technology and risk management programs. The total net position at the end of the current fiscal year was \$39.7 million.

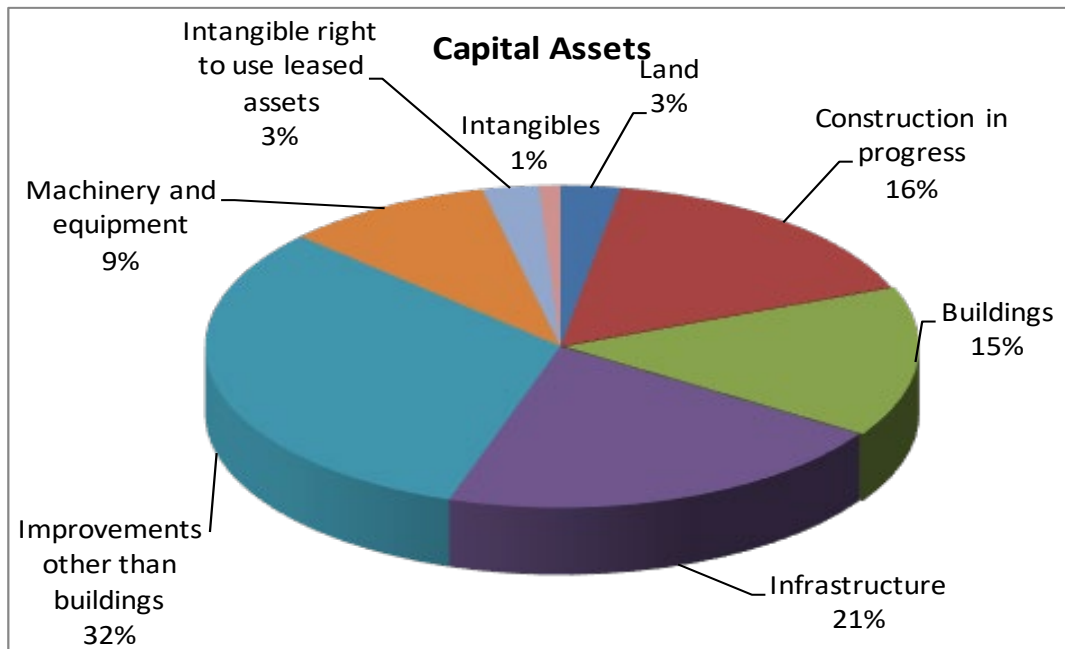
Trust funds: In fiscal year 2022, the City fully funded its annual contribution to the fund as calculated by the actuaries and there is currently a balance of \$46.2 million cash and cash equivalents in the OPEB Trust Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: The City's capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$1,039.7 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, intangibles, the intangible right to use leased assets, and construction in progress.

Capital Assets (net of depreciation) (in Millions)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Land	\$ 23.6	\$ 23.5	\$ 4.7	\$ 4.7	\$ 28.3	\$ 28.2
Construction in progress	152.4	112.8	18.9	27.0	171.3	139.8
Buildings	83.4	86.4	73.4	72.9	156.8	159.3
Infrastructure	217.2	249.2	-	-	217.2	249.2
Improvements other than buildings	39.2	39.4	291.4	289.8	330.6	329.2
Machinery and equipment	32.0	28.4	66.6	60.2	98.6	88.6
Intangible right to use leased asset:	22.6	24.7	4.1	5.0	26.7	29.7
Intangibles	4.1	1.7	6.0	7.7	10.1	9.4
Total	\$ 574.6	\$ 566.1	\$ 465.1	\$ 467.3	\$ 1,039.7	\$ 1,033.4

* FY2021 balances restated related to the implementation of GASB 87.



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

Long-term debt: At the end of the current fiscal year, the City had total outstanding debt of \$710.0 million. Claims payable, compensated absences and pension and OPEB liabilities are not included in these figures.

Outstanding Debt (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Bonds payable	\$ 283.8	\$ 275.7	\$ 367.9	\$ 380.0	\$ 651.7	\$ 655.7
Bond Premiums	17.4	17.8	15.2	18.0	32.6	35.8
Lease Liabilities	21.6	24.7	4.1	5.0	25.7	29.7
Total	<u>\$ 322.8</u>	<u>\$ 318.2</u>	<u>\$ 387.2</u>	<u>\$ 403.0</u>	<u>\$ 710.0</u>	<u>\$ 721.2</u>
*FY2021 restated related to implementation of GASB 87						

The Commonwealth of Virginia limits the amount of general obligation debt outstanding to 10% of the locality's assessed value of real property, which is \$1.14 billion for 2022. The City Charter further limits this general obligation limit to 7% of the City's assessed value of real property or \$800.4 million. Of the debt shown above, only \$441.5 million is general obligation debt that is applicable to the legal debt limits. The City has met both of the legal debt limits.

The City has a financial policy that further restricted the debt ratio of general government debt, not pledged by other revenue sources, to 4% or \$457.4 million to reflect its conservative use of borrowed monies. The City has met this policy limit as well. Achieving these limits represents the City's conservative debt borrowing policy.

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

ECONOMIC FACTORS

- The City's economic development initiatives created over 1,086 new jobs and over \$185.7 million dollars in new and expanding capital investment in the City during the calendar year 2021.
- For fiscal year 2022, the City's tax rate was \$1.11 per \$100 and remains the third lowest tax rate in the region.
- Population in the City has increased 11.18% in the last ten years.
- The City has achieved bond ratings from Moody's Investor Service of Aaa, and from Fitch Rating Agency and Standard and Poor's Ratings Services of "AAA". These ratings reflect the City's continued commitment to strong financial management.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Units	
	Governmental Activities	Business- type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and cash equivalents (Note 2)	\$ 208,620,005	\$ 55,920,931	\$ 264,540,936	\$ 23,954,979	\$ 6,133,044
Cash and cash equivalents, restricted (Note 2)	97,678,663	31,456,942	129,135,605	-	2,123,878
Receivables, net (Note 3)	10,718,597	8,548,082	19,266,679	214,616	30,652
Due from other governments (Note 4)	6,976,113	-	6,976,113	11,589,367	-
Due from component units	636,740	-	636,740	-	-
Inventories	705,061	216,413	921,474	501,347	6,609,576
Prepaid items	-	-	-	95,000	-
Net pension asset (Note 11)	-	-	-	3,901,996	-
Net OPEB asset - local trust (Note 12)	-	-	-	12,003,130	-
Net OPEB asset - state plans (Note 13)	-	-	-	30,600	-
Leases receivable	1,876,918	-	1,876,918	-	18,739,387
Capital assets: (Note 7)					
Land and construction in progress	176,048,341	23,615,736	199,664,077	6,387,523	1,021,162
Other capital assets, net	375,950,748	437,415,381	813,366,129	156,929,351	18,781,490
Right to use leased assets, net of amortization	22,551,616	4,119,329	26,670,945	-	208,545
Total assets	901,762,802	561,292,814	1,463,055,616	215,607,909	53,647,734
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	4,985,446	22,399,624	27,385,070	-	57,892
Deferred outflows related to pension plan (Note 11)	19,357,588	2,912,328	22,269,916	30,279,831	-
Deferred outflows related to OPEB local trust (Note 12)	6,095,316	1,075,643	7,170,959	983,833	-
Deferred outflows related to OPEB state plans (Note 13)	6,314,259	149,491	6,463,750	4,252,948	-
Total deferred outflows of resources	36,752,609	26,537,086	63,289,695	35,516,612	57,892
LIABILITIES					
Accounts payable and accrued liabilities	11,043,767	2,556,762	13,600,529	3,514,849	29,681
Accrued payroll and related liabilities	4,090,805	441,274	4,532,079	17,632,045	-
Accrued interest payable	3,475,089	3,383,050	6,858,139	-	14,839
Due to Primary Government	-	-	-	397,485	239,255
Deposits and amounts held for others	-	-	-	-	2,500
Unearned revenues (Note 8)	25,750,774	332,011	26,082,785	-	-
Long-term liabilities: (Note 9)					
Due within one year	32,200,707	16,782,812	48,983,519	322,312	1,161,818
Net OPEB liability -- state plans (Note 13)	179,026	-	179,026	-	-
Due in more than one year	301,245,601	371,321,818	672,567,419	2,801,809	3,188,360
Net pension liability (Note 11)	17,824,917	2,682,623	20,507,540	73,840,253	-
Net OPEB liability -- local trust (Note 12)	212,850	37,562	250,412	-	-
Net OPEB liability -- state plans (Note 13)	15,488,895	519,712	16,008,607	17,911,008	-
Total liabilities	411,512,431	398,057,624	809,570,055	116,419,761	4,636,453
DEFERRED INFLOWS OF RESOURCES					
Prepaid taxes (Note 8)	1,350,840	-	1,350,840	-	-
Unearned -- proffers (Note 8)	5,140,053	-	5,140,053	-	-
Unearned -- deposits (Note 8)	1,633,311	-	1,633,311	-	-
Deferred inflows related to leases	1,879,447	-	1,879,447	-	18,631,634
Deferred inflows related to pension plan (Note 11)	34,414,147	5,179,278	39,593,425	60,648,946	-
Deferred inflows related to OPEB local trust (Note 12)	5,755,764	1,015,723	6,771,487	8,193,328	-
Deferred inflows related to OPEB state plans (Note 13)	4,404,575	215,034	4,619,609	3,150,499	-
Total deferred inflows of resources	54,578,137	6,410,035	60,988,172	71,992,773	18,631,634
NET POSITION					
Net investment in capital assets	325,875,876	128,990,591	454,866,467	163,316,874	15,661,019
Restricted:					
Operating reserves	-	2,651,628	2,651,628	-	-
Cemetery care	937,254	-	937,254	-	-
Other governmental purposes	27,512,882	-	27,512,882	15,905,126	2,109,039
Unrestricted	118,098,831	51,720,022	169,818,853	(116,510,013)	12,667,481
Total net position	\$ 472,424,843	\$ 183,362,241	\$ 655,787,084	\$ 62,711,987	\$ 30,437,539

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 27,864,340	\$ 4,527,721	\$ 9,474,000	\$ 433,763	\$ (13,428,856)	\$ -	\$ (13,428,856)		
Judicial administration	10,536,210	352,911	2,437,198	-	(7,746,101)	-	(7,746,101)		
Public safety	72,861,636	2,716,979	4,803,818	-	(65,340,839)	-	(65,340,839)		
Public works	61,008,906	1,877,344	28,013,220	24,728,332	(6,390,010)	-	(6,390,010)		
Health and welfare	14,673,123	-	9,481,473	-	(5,191,650)	-	(5,191,650)		
Transportation	1,631,135	64,817	2,146,421	65,360	645,463	-	645,463		
Education	65,382,786	-	-	-	(65,382,786)	-	(65,382,786)		
Parks, recreation, and cultural	12,265,195	759,552	287,343	-	(11,218,300)	-	(11,218,300)		
Community development	9,261,924	-	878,525	-	(8,383,399)	-	(8,383,399)		
Interest on long-term debt	8,570,572	-	-	-	(8,570,572)	-	(8,570,572)		
Total governmental activities	284,055,827	10,299,324	57,521,998	25,227,455	(191,007,050)	-	(191,007,050)	-	-
Business-type activities:									
Utility	53,977,360	58,898,742	-	5,269,223	-	10,190,605	10,190,605		
Stormwater utility	5,087,932	8,868,561	-	-	-	3,780,629	3,780,629		
Refuse	9,419,082	10,168,181	-	-	-	749,099	749,099		
Total business-type activities	68,484,374	77,935,484	-	5,269,223	-	14,720,333	14,720,333	-	-
Total Primary Government	\$ 352,540,201	\$ 88,234,808	\$ 57,521,998	\$ 30,496,678	\$ (191,007,050)	\$ 14,720,333	\$ (176,286,717)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 183,863,793	\$ 15,309	\$ 126,411,113	\$ -	\$ -	\$ -	\$ -	\$ (57,437,371)	\$ -
Economic Development Authority	2,598,145	1,643,222		-	-	-	-	-	(954,923)
Total component units	\$ 186,461,938	\$ 1,658,531	\$ 126,411,113	\$ -	-	-	-	(57,437,371)	(954,923)
General revenues:									
					161,212,302	-	161,212,302	-	-
					16,370,461	-	16,370,461	-	-
					10,964,624	-	10,964,624	-	-
					15,592,762	-	15,592,762	-	-
					5,024,008	-	5,024,008	-	-
					2,499,745	-	2,499,745	-	-
					2,709,174	-	2,709,174	-	-
					1,831,481	-	1,831,481	-	-
					2,206,627	-	2,206,627	-	-
					3,279,397	-	3,279,397	-	-
					925,677	-	925,677	-	-
				Grants and contributions not restricted to specific programs	14,422,449	-	14,422,449	-	-
				Miscellaneous	5,730,575	853,122	6,583,697	3,063,200	121,652
				City of Suffolk contribution	-	-	-	64,934,716	962,082
				Unrestricted revenues from use of money and property	1,735,694	150,244	1,885,938	12,423	278,482
				Loss on disposal of assets	(484,909)	-	(484,909)	-	-
				Transfers (Note 5)	1,071,401	(1,071,400)	1	-	-
				Total general revenues and transfers	245,091,468	(68,034)	245,023,434	68,010,339	1,362,216
				Change in net position	54,084,417	14,652,299	68,736,716	10,572,968	407,293
				Net position at July 1 (as restated) Note 17	418,340,426	168,709,942	587,050,368	52,139,019	30,030,246
				Net position at June 30	\$ 472,424,843	\$ 183,362,241	\$ 655,787,084	\$ 62,711,987	\$ 30,437,539

CITY OF SUFFOLK, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General	Capital Projects	Road Maintenance	Consolidated Grants	Debt Service	Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 133,185,900	\$ 10,622,650	\$ 20,420,122	\$ -	\$ -	\$ 9,910,183	\$ 174,138,855
Cash and cash equivalents, restricted (Note 2)	1,324,839	67,634,119	-	25,691,005	492,720	937,254	96,079,937
Receivables, net (Note 3)	10,266,950	-	89,380	2,500	-	142,505	10,501,335
Due from other governmental units (Note 4)	2,405,614	1,847,807	-	2,141,951	-	580,741	6,976,113
Due from component units	636,740	-	-	-	-	-	636,740
Leases receivable	987,359	-	-	-	-	889,559	1,876,918
Inventories	100,474	-	-	-	-	164,694	265,168
Total assets	<u>\$ 148,907,876</u>	<u>\$ 80,104,576</u>	<u>\$ 20,509,502</u>	<u>\$ 27,835,456</u>	<u>\$ 492,720</u>	<u>\$ 12,624,936</u>	<u>\$ 290,475,066</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 3,295,018	\$ 4,785,761	\$ 1,209,813	\$ 427,462	\$ -	\$ 207,131	\$ 9,925,185
Accrued payroll and related liabilities	3,584,027	-	251,938	66,467	-	9,918	3,912,350
Unearned grant receipts	-	-	-	24,602,150	-	-	24,602,150
Total liabilities	<u>6,879,045</u>	<u>4,785,761</u>	<u>1,461,751</u>	<u>25,096,079</u>	<u>-</u>	<u>217,049</u>	<u>38,439,685</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues - taxes	3,004,724	-	-	-	-	213	3,004,937
Prepaid Taxes	1,350,840	-	-	-	-	-	1,350,840
Proffers received	-	5,140,053	-	-	-	-	5,140,053
Deferred inflows related to leases	996,128	-	-	-	-	883,319	1,879,447
Deposits	1,167,500	-	447,224	-	-	18,587	1,633,311
Total deferred inflows of resources	<u>6,519,192</u>	<u>5,140,053</u>	<u>447,224</u>	<u>-</u>	<u>-</u>	<u>902,119</u>	<u>13,008,588</u>
FUND BALANCES (NOTE 17)							
Nonspendable	100,474	-	-	-	-	164,694	265,168
Restricted	1,324,839	60,212,438	18,600,527	2,739,377	-	3,709,314	86,586,495
Committed	38,290,681	9,966,324	-	-	492,720	7,642,579	56,392,304
Assigned	1,862,146	-	-	-	-	-	1,862,146
Unassigned	93,931,500	-	-	-	-	(10,819)	93,920,681
Total fund balances	<u>135,509,640</u>	<u>70,178,762</u>	<u>18,600,527</u>	<u>2,739,377</u>	<u>492,720</u>	<u>11,505,768</u>	<u>239,026,794</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 148,907,877</u>	<u>\$ 80,104,576</u>	<u>\$ 20,509,502</u>	<u>\$ 27,835,456</u>	<u>\$ 492,720</u>	<u>\$ 12,624,936</u>	<u>\$ 290,475,067</u>

	Primary Government
Total fund balances - governmental funds	\$ 239,026,794
Amounts reported for governmental activities in the Statement of	
Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	557,482,561
Unavailable revenues represent amounts that were not available to fund current expenditures and, therefore, are not reported in the funds.	3,004,937
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.	(3,360,922)
Deferred charges on refunding are not current outflows of resources and not reported in the governmental funds	4,985,446
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds and capital leases	(278,318,472)
Lease liabilities	(21,233,813)
Unamortized premiums and other credits on bonds	(16,692,042)
Compensated absences	(6,208,073)
Net pension and OPEB liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore, not reported in the governmental funds:	
Net pension liability	(16,979,693)
Deferred outflows - pension plan	18,432,152
Deferred inflows - pension plan	(32,782,292)
Net OPEB liability - Local trust	(202,764)
Deferred outflows - OPEB Local trust	5,806,485
Deferred inflows - OPEB Local trust	(5,483,024)
Net OPEB liability - state plans	(15,499,196)
Deferred outflows - OPEB state plans	6,265,857
Deferred inflows - OPEB state plans	(4,334,765)
Unearned revenues not recorded in the funds as it did not arise from current financial resources relating to the golf course lease agreement.	(1,148,624)
The internal service funds are used by management to charge the costs of certain activities such as information technology, fleet management, and insurance to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the governmental activities in the Statement of Net Position.	39,664,291
Net position of governmental activities	<u>\$ 472,424,843</u>

CITY OF SUFFOLK, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General	Capital Projects	Road Maintenance	Consolidated Grants	Debt Service	Non-major Funds	Total Governmental Funds
REVENUES							
Real estate and personal property taxes	\$ 156,254,217	\$ -	\$ -	\$ -	\$ -	\$ 2,229,405	\$ 158,483,622
Other local taxes	61,403,956	-	-	-	-	-	61,403,956
Permits, privilege fees and regulatory licenses	2,384,274	-	426,913	-	-	-	2,811,187
Fines and forfeitures	717,257	-	296,356	-	-	-	1,013,613
Revenue from use of money and property	936,824	-	63,057	54,130	300,581	293,940	1,648,532
Charges for services	3,974,775	-	1,724,573	15,750	-	786,255	6,501,353
Miscellaneous	1,034,240	-	40,674	125,560	-	52,121	1,252,595
Intergovernmental:							
Revenue from the Commonwealth	22,912,923	24,728,332	25,491,046	374,848	-	526,447	74,033,596
Revenue from the Federal government	5,300,021	77,763	-	15,590,208	-	1,688,754	22,656,746
Total revenues	254,918,487	24,806,095	28,042,619	16,160,496	300,581	5,576,922	329,805,200
EXPENDITURES							
Current:							
General government administration	19,074,303	-	-	7,814,185	-	884,351	27,772,839
Judicial administration	9,908,606	-	-	973,093	-	35,800	10,917,499
Public safety	68,623,712	-	-	3,804,561	-	-	72,428,273
Public works	1,013,405	-	22,331,041	2,268,261	-	159,314	25,772,021
Health and welfare	14,616,672	-	-	344,778	-	-	14,961,450
Transportation	-	-	-	-	-	2,045,390	2,045,390
Education	65,377,695	-	-	-	-	-	65,377,695
Parks, recreation, and cultural	11,398,532	-	-	45,324	-	114,854	11,558,710
Community development	7,423,826	-	-	878,525	-	-	8,302,351
Nondepartmental	673,338	-	-	-	-	-	673,338
Capital outlay	-	48,026,860	-	-	-	-	48,026,860
Debt service:							
Principal retirement	-	-	-	-	19,074,488	-	19,074,488
Bond issuance costs	-	-	-	-	506,360	-	506,360
Interest and fiscal charges	-	-	-	-	8,801,914	-	8,801,914
Total expenditures	198,110,089	48,026,860	22,331,041	16,128,727	28,382,762	3,239,709	316,219,188
Excess (deficiency) of revenues over/(under) expenditures	56,808,398	(23,220,765)	5,711,578	31,769	(28,082,181)	2,337,213	13,586,012
OTHER FINANCING SOURCES (USES)							
Refunding bonds issued	-	-	-	-	17,990,000	-	17,990,000
General obligations bonds issued	-	27,090,000	-	-	-	-	27,090,000
Premiums on bonds issued	-	2,660,000	-	-	268,122	-	2,928,122
Payment to escrow agent	-	-	-	-	(17,754,699)	-	(17,754,699)
Transfers in	2,930,647	7,451,056	127,790	511,861	27,578,758	1,121,015	39,721,128
Transfers out	(33,494,035)	(415,142)	(3,096,628)	-	-	(1,337,037)	(38,342,842)
Total other financing sources (uses), net	(30,563,388)	36,785,914	(2,968,838)	511,861	28,082,181	(216,022)	31,631,709
Net change in fund balances	26,245,010	13,565,149	2,742,740	543,630	-	2,121,191	45,217,720
Fund balances at July 1	109,264,630	56,613,613	15,857,787	2,195,747	492,720	9,384,577	193,809,074
Fund balances at June 30	\$ 135,509,640	\$ 70,178,762	\$ 18,600,527	\$ 2,739,377	\$ 492,720	\$ 11,505,768	\$ 239,026,794

CITY OF SUFFOLK, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	Total Governmental Funds
Change in fund balance - total governmental funds	\$ 45,217,720
Adjustments for the Statement of Activities:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	
Capital outlay	52,498,272
Depreciation expense	(42,789,419)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Unavailable revenues	2,728,680
Lease revenue paid in form of leasehold improvements	356,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal repayment and payments to escrow agent	39,844,497
Net change in deferred bond charges from refunding	(730,617)
Proceeds from issuance of new debt	(45,080,000)
Net change in bond premiums	(1,094,370)
Record the net flow of resources in the current year related to the Pension Plan.	1,977,626
Record the net flow of resources in the current year related to the OPEB City trust fund.	914,546
Record the net flow of resources in the current year related to the state OPEB plans.	(602,069)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest payable	73,434
Change in compensated absences	3,905
The internal service funds are used by management to charge the costs of the information technology, fleet management, and insurance. The change in net position of the internal service funds are reported with governmental activities.	766,212
Change in net position of governmental activities	\$ 54,084,417

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

	Business-type Activities – Enterprise Funds			Governmental Activities – Internal Service Funds
	Utility Fund	Non-Major Funds	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 40,405,779	\$ 15,515,152	\$ 55,920,931	\$ 34,481,150
Cash and cash equivalents, restricted	31,077,319	379,623	31,456,942	1,598,726
Receivables, net	7,763,270	784,812	8,548,082	217,262
Inventories	216,413	-	216,413	439,893
Total current assets	79,462,781	16,679,587	96,142,368	36,737,031
Noncurrent assets:				
Land and construction in progress	21,168,615	2,447,121	23,615,736	1,183,777
Other capital assets, net	437,241,258	174,123	437,415,381	15,471,583
Right to use leased assets, net of amortization	4,094,080	25,249	4,119,329	412,784
Total noncurrent assets	462,503,953	2,646,493	465,150,446	17,068,144
Total assets	541,966,734	19,326,080	561,292,814	53,805,175
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	22,399,624	-	22,399,624	-
Deferred outflows related to pension plan	1,679,095	1,233,233	2,912,328	925,436
Deferred outflows related to OPEB City trust	637,418	438,225	1,075,643	288,832
Deferred outflows related to OPEB state plans	85,161	64,330	149,491	48,404
Total deferred outflows of resources	24,801,298	1,735,788	26,537,086	1,262,672
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	1,622,588	627,777	2,250,365	1,118,583
Accounts payable from restricted resources	306,397	-	306,397	-
Accrued payroll and related liabilities	261,420	179,854	441,274	178,455
Unearned revenues	332,011	-	332,011	-
Claims payable	-	-	-	2,384,806
Accrued interest payable	3,374,149	8,901	3,383,050	114,167
Compensated absences	310,774	225,042	535,816	12,761
Bonds and leases payable	16,049,677	197,319	16,246,996	1,736,332
Total current liabilities	22,257,016	1,238,893	23,495,909	5,545,104
Noncurrent liabilities:				
Compensated absences	238,857	107,785	346,642	300,925
Net pension liability	1,554,703	1,127,920	2,682,623	845,224
Net OPEB liability City trust	22,259	15,303	37,562	10,086
Net OPEB liability state plans	296,195	223,517	519,712	168,725
Claims payable	-	-	-	1,650,939
Bonds and leases payable	370,588,862	386,314	370,975,176	4,908,145
Total noncurrent liabilities	372,700,876	1,860,839	374,561,715	7,884,044
Total liabilities	394,957,892	3,099,732	398,057,624	13,429,148
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension plan	3,001,628	2,177,650	5,179,278	1,631,855
Deferred inflows related to OPEB City trust	601,910	413,813	1,015,723	272,740
Deferred inflows related to OPEB state plans	122,553	92,481	215,034	69,813
Total deferred inflows of resources	3,726,091	2,683,944	6,410,035	1,974,408
NET POSITION				
Net investment in capital assets	126,384,332	2,606,259	128,990,591	12,233,247
Restricted:				
Operating reserves	2,651,628	-	2,651,628	-
Unrestricted	39,048,089	12,671,933	51,720,022	27,431,044
Total net position	\$ 168,084,049	\$ 15,278,192	\$ 183,362,241	\$ 39,664,291

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities – Enterprise Funds			Governmental Activities – Internal Service Funds
	Utility Fund	Non-Major Funds	Total	
OPERATING REVENUES				
Charges for services	\$ 58,898,742	\$ 19,036,742	\$ 77,935,484	\$ 38,275,696
Other	71,879	769,023	840,902	778,742
Total operating revenues	<u>58,970,621</u>	<u>19,805,765</u>	<u>78,776,386</u>	<u>39,054,438</u>
OPERATING EXPENSES				
Personnel services	6,930,504	5,008,850	11,939,354	3,676,336
Self-insured claims	-	-	-	13,330,401
Contractual services	530,964	5,746,870	6,277,834	7,136,576
Administration	3,433,626	3,116,044	6,549,670	974,791
Supplies	1,066,280	244,299	1,310,579	49,378
Repairs and maintenance	1,971,387	11,480	1,982,867	233,569
Vehicle and power equipment – fuel	-	-	-	2,090,413
Vehicle and power equipment – supplies	-	-	-	2,522,867
Computers and equipment	-	-	-	678,810
Utilities	1,438,796	68,818	1,507,614	223,529
Insurance	-	-	-	3,079,870
Bulk-water purchases	8,157,892	-	8,157,892	-
Depreciation and amortization	18,129,317	108,694	18,238,011	3,079,116
Building and equipment rental	205,744	89,628	295,372	120,716
Other charges	17,543	99,052	116,595	689,098
Total operating expenses	<u>41,882,053</u>	<u>14,493,735</u>	<u>56,375,788</u>	<u>37,885,470</u>
Operating income	<u>17,088,568</u>	<u>5,312,030</u>	<u>22,400,598</u>	<u>1,168,968</u>
NONOPERATING REVENUES (EXPENSES)				
Loss on disposal of capital assets		-	-	(484,909)
Interest income	114,093	36,151	150,244	87,162
Rental Income	12,220	-	12,220	-
Interest expense and other fiscal charges	(11,397,010)	(13,279)	(11,410,289)	(193,193)
Costs of issuance	(638,465)	-	(638,465)	106,070
Recovered Costs	-	-	-	-
Contribution to WTW infrastructure	(59,832)	-	(59,832)	-
Nonoperating revenues (expenses), net	<u>(11,968,994)</u>	<u>22,872</u>	<u>(11,946,122)</u>	<u>(484,870)</u>
Income before contributions and transfers	5,119,574	5,334,902	10,454,476	684,098
Capital contributions	5,269,223	-	5,269,223	389,000
Transfers in	146,910	367,881	514,791	332,929
Transfers out	<u>(808,685)</u>	<u>(777,506)</u>	<u>(1,586,191)</u>	<u>(639,815)</u>
Change in net position	9,727,022	4,925,277	14,652,299	766,212
Net position at July 1 (as restated) Note 17	<u>158,357,027</u>	<u>10,352,915</u>	<u>168,709,942</u>	<u>38,898,079</u>
Net position at June 30	<u><u>\$ 168,084,049</u></u>	<u><u>\$ 15,278,192</u></u>	<u><u>\$ 183,362,241</u></u>	<u><u>\$ 39,664,291</u></u>

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities – Enterprise Funds			Governmental Activities – Internal Service Funds
	Utility Fund	Non-Major Funds	Total	
OPERATING ACTIVITIES				
Receipts from customers	\$ 60,075,187	\$ 19,651,132	\$ 79,726,319	\$ 39,035,134
Payments to employees	(7,281,701)	(5,121,898)	(12,403,599)	(3,949,035)
Payments to suppliers	(16,987,432)	(9,168,501)	(26,155,933)	(31,211,855)
Net cash provided by operating activities	<u>35,806,054</u>	<u>5,360,733</u>	<u>41,166,787</u>	<u>3,874,244</u>
NONCAPITAL FINANCING ACTIVITIES				
Nonoperating revenues	12,220	-	12,220	-
Transfers from other funds	146,910	1,318,180	1,465,090	332,929
Transfers to other funds	(868,517)	(1,727,806)	(2,596,323)	(639,815)
Net cash used in noncapital financing activities	<u>(709,387)</u>	<u>(409,626)</u>	<u>(1,119,013)</u>	<u>(306,886)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(8,238,369)	(2,551,017)	(10,789,386)	(1,876,436)
Proceeds from premiums on debt issuance	694,611	-	694,611	38,857
Proceeds from issuance of debt	16,170,000	-	16,170,000	215,000
Principal paid on capital debt, net	(14,541,650)	(169,450)	(14,711,100)	(2,250,359)
Refunding proceeds placed in escrow	(18,686,634)	-	(18,686,634)	-
Bond issuance costs	1,763,293	-	1,763,293	(150,269)
Interest paid on capital debt	(11,608,249)	(29,514)	(11,637,763)	(234,235)
Net cash used in capital and related financing activities	<u>(34,446,998)</u>	<u>(2,749,981)</u>	<u>(37,196,979)</u>	<u>(4,257,442)</u>
INVESTING ACTIVITIES				
Interest received	114,093	36,151	150,244	87,162
Net cash provided by investing activities	<u>114,093</u>	<u>36,151</u>	<u>150,244</u>	<u>87,162</u>
Net increase (decrease) in cash and cash equivalents	763,762	2,237,277	3,001,039	(602,922)
CASH AND CASH EQUIVALENTS				
Beginning, July 1,	70,719,336	13,657,498	84,376,834	36,682,798
Ending, June 30	<u>\$ 71,483,098</u>	<u>\$ 15,894,775</u>	<u>\$ 87,377,873</u>	<u>\$ 36,079,876</u>
RECONCILIATION TO STATEMENT OF NET POSITION:				
Cash and cash equivalents	\$ 40,405,779	\$ 15,515,152	\$ 55,920,931	\$ 34,481,150
Cash and cash equivalents, restricted	31,077,319	379,623	31,456,942	1,598,726
	<u>\$ 71,483,098</u>	<u>\$ 15,894,775</u>	<u>\$ 87,377,873</u>	<u>\$ 36,079,876</u>

(Continued)

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities – Enterprise Funds			Governmental
	Utility Fund	Non-Major Funds	Total	Activities – Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 17,088,568	\$ 5,312,030	\$ 22,400,598	\$ 1,168,968
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	18,129,317	108,694	18,238,011	3,079,116
Increase in allowance for uncollectible accounts	(195,779)	(140,331)	(336,110)	-
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	1,117,753	(14,301)	1,103,452	(19,306)
Inventories	(64,309)	-	(64,309)	(162,196)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(100,889)	207,689	106,800	371,335
Accrued payroll and related liabilities	(351,197)	(113,048)	(464,245)	(272,699)
Unearned revenues	182,590	-	182,590	-
Claims payable	-	-	-	(290,974)
Net cash provided by operating activities	<u>\$ 35,806,054</u>	<u>\$ 5,360,733</u>	<u>\$ 41,166,787</u>	<u>\$ 3,874,244</u>

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2022

	OPEB Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 46,171,949	\$ 140,814
Accounts receivable	-	3,296
Total assets	<u>46,171,949</u>	<u>144,110</u>
LIABILITIES		
Accounts payable	-	24,248
Amounts held for others	-	30,764
Total liabilities	<u>-</u>	<u>55,012</u>
NET POSITION		
Restricted:		
Postemployment benefits other than pensions	46,171,949	-
Individuals, organizations, and other governments	-	89,098
Total net position	<u>\$ 46,171,949</u>	<u>\$ 89,098</u>

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2022

	OPEB Trust Fund	Custodial Funds
ADDITIONS		
Employer contributions	\$ 729,520	\$ -
Gain on Investments	22,986	-
Permits and fees	-	43,019
Miscellaneous revenue	-	55,628
Total additions	<u>752,506</u>	<u>98,647</u>
DEDUCTIONS		
Administrative fees	43,015	-
Loss on Investments	4,686,990	-
Special welfare agency payments	-	30,539
Payments to other governments	-	54,386
Total deductions	<u>4,730,005</u>	<u>84,925</u>
Change in net position	(3,977,499)	13,722
NET POSITION AT JULY 1	<u>50,149,448</u>	<u>75,376</u>
NET POSITION AT JUNE 30	<u><u>\$ 46,171,949</u></u>	<u><u>\$ 89,098</u></u>

NOTES TO FINANCIAL STATEMENTS

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

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

City of Suffolk Public Schools

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Economic Development Authority of the City of Suffolk

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

The following entities are excluded from the accompanying financial statements.

Jointly governed organizations:

Western Tidewater Water Authority

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Jointly Governed Organization: (Continued)

Western Tidewater Regional Jail Authority

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

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

Southeastern Public Service Authority of Virginia

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

Related Organization:

Suffolk Redevelopment and Housing Authority

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

B. Government-wide and Fund Financial Statements

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

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

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

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

The City presents the following major governmental funds:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

The City presents the following non-major governmental funds:

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

Proprietary Fund Types:

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

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

The City presents the following major enterprise fund:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

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

The City presents the following non-major enterprise funds:

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

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

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

The City has the following internal service funds:

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

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

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

Fiduciary Fund Types:

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

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

Custodial Funds – *Custodial Funds* accounts for assets held by the City as an agent for individuals, private organization, and other governments. Custodial funds are not included in the government-wide financial statements. Custodial funds utilize an economic resources measurement focus. In addition to the City’s agency funds listed below.

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

D. Stewardship, Compliance, and Accountability

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

Budgeting Information

The City utilizes the following procedures in establishing annual budget.

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

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

D. Stewardship, Compliance, and Accountability (Continued)

Budgeting Information (Continued)

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

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

Financial Policies

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

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

E. Cash and Cash Equivalents

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

F. Investments

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

G. Receivables

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

H. Inventories and Prepaid Items

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

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

I. Leases Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. The City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments would be recorded as an inflow of resources.

J. Capital Assets

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

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

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

The City has recorded intangible right to use assets as a result of implementing GASB 87. The right to use asset is initially measured as an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight line basis over the life of the related lease.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

J. Capital Assets (continued)

The estimated useful lives of capital assets are as follows:

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

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

K. Unavailable/Unearned Revenues

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

L. Deferred Outflows of Resources

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

M. Deferred Inflows of Resources

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

N. Compensated Absences

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

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

O. Long-Term Liabilities

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

P. Pension Plan

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

Q. VRS Sponsored OPEB Programs

Group Life Insurance (GLI)

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

Line of Duty Act Program (LODA)

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

Q. VRS Sponsored OPEB Programs (continued)

Virginia Local Disability Program (VLDP)

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

Teacher Employee Health Insurance Credit Program (THIC)

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

Non-Teacher Employee Health Insurance Credit Program (NTHIC)

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

R. Fund Balance

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

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

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

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

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

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

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

R. Fund Balance

The budget stabilization fund is established by City Council and will be added to as necessary each year with excess fund balance to maintain 2% of the budgeted revenue, the stabilization fund can be spent with approval of council. As of June 30, 2022, the balance is \$11,741,438.

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

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

S. Net Position

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

T. Estimates

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

U. Component Unit-School Board Capital Asset and Debt Presentation

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

U. Component Unit-School Board Capital Asset and Debt Presentation (continued)

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

V. Change in Accounting Principle

Effective July 1, 2021 the City has implemented the provisions of the following GASB Statements.

GASB Statement No. 87, *Leases* which established improved accounting and financial reporting for leases. Leases are defined as a contract, which conveys control of the right to use another entity's nonfinancial asset for a period of time. The implementation of this statement is reflected as a prior period adjustment to the beginning net position for both leases as a lessee and as a lessor. The implementation of the statement is shown throughout the notes to the financial statements in the notes specifically related to Leases and a note related to the prior period adjustment.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which requires that interest costs incurred prior to the end of a construction period be recognized as an expense in the period in which the cost is incurred. The implementation of this standard had no impact on the financial reporting for the City.

GASB Statement No. 92, *Omnibus 2020*, the objective of which is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this standard has no material impact on the financial reporting for the City.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses the accounting and financial reporting implications that result from the replacement of an IBOR (interbank offered rate). The implementation of this standard has no material impact on the financial reporting for the City.

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments

Deposits

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

Investments

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

Credit Risk

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

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

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

Interest Rate Risk

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

Interest Rate Risk (continued)

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

External Investment Pool

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

Concentration of Credit Risk

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

Fair Value Disclosures

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

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

Restricted Cash

The City has restricted cash as follows:

	Governmental Activities	Business-type Activities	Primary Government
Unspent debt proceeds	\$ 69,228,527	\$ 7,909,901	\$ 77,138,428
Capital Projects	492,720	20,515,790	21,008,510
Cemetery	937,254	-	937,254
Escrow/bond/customer deposits	1,167,500	-	1,167,500
Other external purposes	25,852,662	3,031,251	28,883,913
Total	<u>\$ 97,678,663</u>	<u>\$ 31,456,942</u>	<u>\$ 129,135,605</u>

Cash and Cash Equivalents

	Primary Government	Component Units	
		School Board	Economic Development Authority
Deposits and Investments:			
SNAP	\$ 77,138,428	\$ -	\$ -
Deposits	316,538,113	23,954,979	8,256,922
Total	<u>\$ 393,676,541</u>	<u>\$ 23,954,979</u>	<u>\$ 8,256,922</u>
Statement of Net Position:			
Cash and cash equivalents	\$ 264,540,936	\$ 23,954,979	\$ 6,133,044
Cash and cash equivalents, restricted	129,135,605	-	2,123,878
Total	<u>\$ 393,676,541</u>	<u>\$ 23,954,979</u>	<u>\$ 8,256,922</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3. Receivables

Receivables are as follows:

Governmental Activities							
	General	Road Maintenance	Consolidated Grants Fund	Non-major Governmental Funds	Internal Service Funds		Total
					Fleet Management	Information Technology	
Taxes	\$ 8,328,372	\$ -	\$ -	\$ 11,726	\$ -	\$ -	\$ 8,340,098
Accounts	6,716,363	89,380	2,500	130,988	156,262	61,000	7,156,493
Subtotal	15,044,735	89,380	2,500	142,714	156,262	61,000	15,496,591
Less Allowance	(4,777,785)	-	-	(209)	-	-	(4,777,994)
Receivables, net	<u>\$ 10,266,950</u>	<u>\$ 89,380</u>	<u>\$ 2,500</u>	<u>\$ 142,505</u>	<u>\$ 156,262</u>	<u>\$ 61,000</u>	<u>\$ 10,718,597</u>

Business-type Activities					
	Utilities	Refuse	Stormwater	Total	Component Unit -- School Board
Accounts	\$ 8,426,921	\$ 731,911	\$ 293,749	\$ 9,452,581	\$ 214,616
Less Allowance	(663,651)	(155,367)	(85,481)	(904,499)	-
Receivables, net	<u>\$ 7,763,270</u>	<u>\$ 576,544</u>	<u>\$ 208,268</u>	<u>\$ 8,548,082</u>	<u>\$ 214,616</u>

Allowances for Uncollectible Accounts

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

	Governmental Activities	Business-type Activities
General Fund - Taxes receivable	\$ 3,729,454	\$ -
General Fund - EMS receivable	1,048,331	-
Non-major Funds - Taxes receivable	209	-
Utility Fund - Accounts receivable	-	663,651
Non-major Proprietary Funds - accounts receivable	-	240,848
	<u>\$ 4,777,994</u>	<u>\$ 904,499</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3. Receivables (Continued)

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

Note 4. Due from Other Governments

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

Primary Government:

	General	Capital Projects	Consolidated Grants	Non-major Governmental Funds	Total
<u>Commonwealth of Virginia:</u>					
State sales tax	\$ 1,356,884	\$ -	\$ -	\$ -	\$ 1,356,884
Communication sales tax	204,387	-	-	-	204,387
Non-categorical state aid	310,464	-	-	-	310,464
Shared expenses	1,801	-	-	-	1,801
Social services reimbursement	60,239	-	-	-	60,239
VA Department of Transportation	-	1,817,454	-	-	1,817,454
Various other state aid and grants	187,618	-	1,057,710	580,741	1,826,069
	<u>2,121,393</u>	<u>1,817,454</u>	<u>1,057,710</u>	<u>580,741</u>	<u>5,577,298</u>
<u>Federal Government:</u>					
Social services reimbursement	284,221	-	-	-	284,221
Various grants	-	30,353	1,084,241	-	1,114,594
	<u>284,221</u>	<u>30,353</u>	<u>1,084,241</u>	<u>-</u>	<u>1,398,815</u>
Total due from other governments	<u>\$ 2,405,614</u>	<u>\$ 1,847,807</u>	<u>\$ 2,141,951</u>	<u>\$ 580,741</u>	<u>\$ 6,976,113</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4. Due from Other Governments (Continued)

Component Unit – School Board:

	School Operating	School Grants	School Food Service	Total
<u>Commonwealth of Virginia:</u>				
State sales tax	\$ 1,898,608	\$ -	\$ -	\$ 1,898,608
Security Equipment Grant		146,063	-	146,063
	<u>1,898,608</u>	<u>146,063</u>	<u>-</u>	<u>2,044,671</u>
<u>Federal Government:</u>				
School food reimbursement	-	-	1,745,975	1,745,975
HVAC ARP CSLFRF	-	1,000,000	-	1,000,000
Title I	-	1,803,464	-	1,803,464
CARES III	-	1,985,306	-	1,985,306
Title VI-B	-	904,565	-	904,565
CARES I	-	39,832	-	39,832
CARES II	-	1,453,386	-	1,453,386
Various grants	55,473	507,309	-	562,782
	<u>55,473</u>	<u>7,693,862</u>	<u>1,745,975</u>	<u>9,495,310</u>
<u>Local</u>	<u>-</u>	<u>49,386</u>	<u>-</u>	<u>49,386</u>
Total due from other governments	<u>\$ 1,954,081</u>	<u>\$ 7,889,311</u>	<u>\$ 1,745,975</u>	<u>\$ 11,589,367</u>

Note 5. Interfund Transactions:

	Transfers to:							
	General Fund	Capital Projects	Major Special Revenue	Debt Service	Non-major Special Revenue	Enterprise Funds	Internal Service Funds	Total
Transfers from:								
General Fund	\$ -	\$ 5,641,950	\$ 639,651	\$ 25,699,851	\$ 925,778	\$ 253,876	\$ 332,929	\$ 33,494,035
Major Special Revenue	714,960	1,055,448	-	1,326,220	-	-	-	3,096,628
Capital Projects	-	-	-	154,227	-	260,915	-	415,142
Utility	808,685	-	-	-	-	-	-	808,685
Non-major:								
Special Revenue	184,918	753,659	-	398,460	-	-	-	1,337,037
Enterprise	582,269	-	-	-	195,237	-	-	777,506
Internal Service	639,815	-	-	-	-	-	-	639,815
	<u>\$ 2,930,647</u>	<u>\$ 7,451,056</u>	<u>\$ 639,651</u>	<u>\$ 27,578,758</u>	<u>\$ 1,121,015</u>	<u>\$ 514,791</u>	<u>\$ 332,929</u>	<u>\$ 40,568,848</u>

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 6. Transactions between Primary Government and Component Units

Significant Transactions of the City and Component Unit – School Board

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

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

Expenditures of School Board – Component Unit	\$ 191,782,099
Repayment of School Board debt	<u>10,156,192</u>
	<u>\$ 201,938,291</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Capital Assets

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

	Governmental Activities			
	Beginning Balance*	Increases	Decreases	Ending Balance
Capital Assets, non-depreciable				
Land	\$ 23,487,994	\$ 131,400	\$ -	\$ 23,619,394
Construction in Progress	112,831,237	48,026,862	8,429,152	152,428,947
Total Capital assets, non-depreciable	136,319,231	48,158,262	8,429,152	176,048,341
Capital Assets, depreciable				
Buildings	129,269,713	70	-	129,269,783
Infrastructure	439,958,896	-	217,111	439,741,785
Improvements other than buildings	57,556,313	1,908,324	-	59,464,637
Machinery and equipment*	109,373,731	10,492,941	2,955,087	116,911,585
Intangible right to use leased assets - Equipment*	6,009,092	-	-	6,009,092
Intangible right to use leased assets - Real Estate*	18,716,537	-	-	18,716,537
Intangibles	4,314,785	2,850,374	-	7,165,159
Total capital assets, depreciable	765,199,067	15,251,709	3,172,198	777,278,578
Less accumulated depreciation for:				
Buildings	42,903,291	3,000,707	-	45,903,998
Infrastructure	190,716,371	31,809,097	-	222,525,468
Improvement other than buildings	18,136,237	2,106,930	-	20,243,167
Machinery and equipment*	81,035,342	6,280,167	2,470,178	84,845,331
Intangible right to use leased assets - Equipment	-	950,095	-	950,095
Intangible right to use leased assets - Real Estate	-	1,223,918	-	1,223,918
Intangibles	2,586,616	497,621	-	3,084,237
Total accumulated depreciation	335,377,857	45,868,535	2,470,178	378,776,214
Total capital assets, depreciable, net	429,821,210	(30,616,826)	702,020	398,502,364
Governmental activities, capital assets, net	\$ 566,140,441	\$ 17,541,436	\$ 9,131,172	\$ 574,550,705

* Beginning balance restated for implementation of GASB 87

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Capital Assets (Continued)

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

Governmental Activities:

General government	\$ 6,249,199
Judicial administration	8,306
Public safety	1,935,335
Public works	35,562,483
Community Development	1,140,110
Education	5,091
Parks, recreation, and cultural	968,011
	<u>\$ 45,868,535</u>

Government activities included depreciation of \$2,252,595 for the Fleet Maintenance fund, \$104,805 for the Risk Management fund, and \$721,716 for Information Technology fund.

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

	Business-type Activities		
	Beginning Balance *	Increases	Decreases
			Ending Balance
Capital Assets, non-depreciable			
Land	\$ 4,675,235	\$ -	\$ -
Construction in Progress	27,036,478	10,686,203	18,782,180
Total Capital assets, non-depreciable	31,711,713	10,686,203	18,782,180
Capital Assets, depreciable			
Buildings	105,338,227	2,999,631	-
Improvements other than buildings	411,481,896	9,708,968	-
Infrastructure	24,656	-	-
Machinery and equipment	113,993,137	10,684,964	-
Intangible right to use leased assets - equipment	5,038,898	-	-
Intangibles	17,075,977	761,025	-
Total capital assets, depreciable	652,952,791	24,154,588	-
Less accumulated depreciation for:			
Buildings	32,403,302	2,471,276	-
Improvement other than buildings	121,695,720	8,096,193	-
Infrastructure	2,311	617	-
Machinery and equipment	53,848,430	4,325,614	-
Intangible right to use leased assets - equipment	-	919,569	-
Intangibles	9,384,895	2,424,742	-
Total accumulated depreciation	217,334,658	18,238,011	-
Total capital assets, depreciable, net	435,618,133	5,916,577	-
Business-type activities, capital assets, net	\$ 467,329,846	\$ 16,602,780	\$ 18,782,180
	\$ 465,150,446		

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7. Capital Assets (Continued)

The City has recorded right to use leased assets. The assets are right to use assets for leased equipment and real estate. The related leases are discussed in the Leases note (see note 10). The right to use lease assets are amortized on a straight-line basis over the terms of the related lease.

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

	Component Unit -- School Board			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, non-depreciable				
Land	\$ 6,387,523	\$ -	\$ -	\$ 6,387,523
Total Capital assets, non-depreciable	6,387,523	-	-	6,387,523
Capital Assets, depreciable				
Buildings	255,791,049	1,084,588	-	256,875,637
Improvements other than buildings	16,650,054	364,444	-	17,014,498
Machinery and equipment	60,963,780	2,394,516	147,622	63,210,674
Total capital assets, depreciable	333,404,883	3,843,548	147,622	337,100,809
Less accumulated depreciation for:				
Buildings	114,719,201	5,078,296	-	119,797,497
Improvement other than buildings	13,368,396	458,572	-	13,826,968
Machinery and equipment	41,014,810	5,679,805	147,622	46,546,993
Total accumulated depreciation	169,102,407	11,216,673	147,622	180,171,458
Total capital assets, depreciable, net	164,302,476	(7,373,125)	-	156,929,351
Component Unit - School Board, capital assets, net	\$ 170,689,999	\$ (7,373,125)	\$ -	\$ 163,316,874

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8. Unavailable and Unearned Revenues

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

	Governmental Funds' Unavailable Revenues	Governmental Activities' Unearned Revenues
	<hr/>	<hr/>
Liability:		
Grant receipts -- unearned	\$ 24,602,150	\$ 24,602,150
Golf-course lease revenue -- unearned (Note 10)	-	1,148,624
Total unavailable/unearned revenues	<u>\$ 24,602,150</u>	<u>\$ 25,750,774</u>
	<hr/>	<hr/>
Deferred inflows of resources:		
Prepaid taxes and other amounts -- unearned	\$ 1,350,840	\$ 1,350,840
Leases receivable	1,879,447	1,879,447
Developer deposits -- unearned (General)	1,167,500	1,167,500
Developer deposits -- unearned (Road Maintenance)	447,224	447,224
Hanger deposits -- unearned (Aviation)	18,587	18,587
Proffers received -- unearned	5,140,053	5,140,053
Taxes receivable, net -- unavailable	3,004,937	-
Total unavailable/unearned revenues -- governmental funds	<u>\$ 13,008,588</u>	<u>\$ 10,003,651</u>
	<hr/>	<hr/>

Unearned revenue in the Utility Fund of \$332,011 represents payments that will be recognized as the City provides services to the Western Tidewater Water Authority.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Liabilities

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

	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General obligation debt	\$ 271,347,465	\$ 45,295,000	\$ 36,593,993	\$ 280,048,472	\$ 21,874,488
Bonds from direct borrowing and direct placements	4,350,000	-	600,000	3,750,000	415,000
Add bond premiums and other credits	17,819,142	2,966,979	3,340,749	17,445,372	1,971,788
	293,516,607	48,261,979	40,534,742	301,243,844	24,261,276
Lease Liabilities *	24,725,629	-	3,080,669	21,644,960	2,330,538
	318,242,236	48,261,979	43,615,411	322,888,804	26,591,814
Net pension liability	56,536,142	39,715,408	78,426,633	17,824,917	-
Net OPEB liability City trust	7,667,851	6,135,865	13,590,866	212,850	-
Net OPEB liability state plans	16,402,073	10,040,571	10,774,723	15,667,921	179,026
Claims payable	4,326,719	16,267,741	16,558,715	4,035,745	2,384,806
Compensated absences	6,550,550	2,382,056	2,410,847	6,521,759	3,224,087
Governmental activities, long-term liabilities	\$ 409,725,571	\$ 122,803,620	\$ 165,377,195	\$ 367,151,996	\$ 32,379,733
<u>Business-type activities:</u>					
General obligation bonds	\$ 171,182,535	\$ 980,000	\$ 8,971,007	\$ 163,191,528	\$ 8,370,512
Revenue bonds	204,755,000	15,190,000	18,425,000	201,520,000	5,360,000
Bonds from direct borrowing and direct placements	3,996,000	-	775,000	3,221,000	785,000
Add bond premiums and other credits	18,009,839	694,611	3,548,116	15,156,334	820,180
	397,943,374	16,864,611	31,719,123	383,088,862	15,335,692
Lease Liabilities *	5,038,898	-	905,588	4,133,310	911,304
	402,982,272	16,864,611	32,624,711	387,222,172	16,246,996
Net pension liability	8,772,427	5,713,285	11,803,089	2,682,623	-
Net OPEB liability City trust	1,408,381	1,073,337	2,444,156	37,562	-
Net OPEB liability state plans	752,958	158,763	392,009	519,712	-
Compensated absences	846,161	512,095	475,798	882,458	535,816
Business-type activities, long-term liabilities	\$ 414,762,199	\$ 24,322,091	\$ 47,739,763	\$ 391,344,527	\$ 16,782,812

* Beginning balances for Leases have been restated relating to the implementation of GASB 87.

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Bonds Payable:						
General Obligation Bonds:						
2011 VPSA Local School Bond (a)	12/15/11	06/30/31	4.97	7,500,000	3,750,000	-
2013 Public Improvement and Refunding Bonds	07/30/13	12/01/32	3.00-5.00	64,415,000	5,663,472	4,331,528
2014 Public Improvement and Refunding Bonds	07/30/15	02/01/42	2.00-5.00	124,820,000	7,760,000	4,275,000
2015 Public Improvement and Refunding Bonds	07/08/15	02/01/35	2.00-5.00	41,170,000	11,240,000	-
2016 Public Improvement and Refunding Bonds	07/14/16	02/01/36	1.50-5.00	51,085,000	42,495,000	-
2016 Refunding Bonds -- Taxable	07/14/16	02/01/35	1.10-4.00	25,745,000	18,100,000	-
2017 Public Improvement and Refunding Bonds	07/27/17	02/01/42	3.125-5.00	69,775,000	24,505,000	36,760,000
2017 Taxable Refunding Bonds	07/27/17	02/01/32	2.25-3.36	20,245,000	-	19,145,000
2018 Public Improvement Bonds	08/14/18	02/01/38	2.95 - 5.00	18,530,000	16,555,000	160,000
2019 Public Improvement Bonds	09/26/19	02/01/40	2.5 - 5.00	21,705,000	19,980,000	350,000
2019 Taxable Refunding Bonds	09/26/19	02/01/33	1.87 - 2.76	52,335,000	28,025,000	19,720,000
2020A Public Improvement Bonds	09/15/20	02/01/41	1.125 - 5.00	25,635,000	25,100,000	-
2020AB Public Improvement Refunding Bonds	09/15/20	02/01/42	0.18 - 2.41	115,800,000	35,540,000	77,495,000
2021A Public Improvement Bonds	10/05/21	02/01/42	1.625 - 5.00	27,305,000	27,305,000	-
2021AB Public Improvement Refunding Bonds	10/05/21	02/01/35	0.10 - 2.00	18,970,000	17,780,000	955,000
Total general obligation bonds					<u>\$ 283,798,472</u>	<u>\$ 163,191,528</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Liabilities (Continued)

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

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Authorized and Issued</u>	<u>Business-type Activities</u>
Bonds Payable:					
Pledged Revenue Bonds Virginia Resources Authority (VRA):					
2015B VRA Revenue and Refunding Bonds	11/18/15	10/01/45	3.12-5.12%	\$ 81,125,000	\$ 40,195,000
2016C VRA Revenue and Refunding bonds	11/16/16	10/21/43	2.12-5.12	92,795,000	78,070,000
2017C VRA Revenue bonds	11/01/17	10/01/42	3.012-5.125	14,355,000	13,410,000
2019 VRA Refunding Bonds (a)	01/19/00	10/01/25	1.88	4,854,000	3,221,000
2020 VRA Revenue Bonds	07/22/20	10/01/46	2.125 - 5.125	14,020,000	13,715,000
2020 VRA Refunding Bonds	10/27/20	10/01/45	0.374 - 2.954	41,585,000	40,940,000
2021 VRA Refunding Bonds	11/17/21	10/01/37	1.485 - 2.818	15,190,000	15,190,000
Total pledged revenue bonds					<u>\$ 204,741,000</u>

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

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

Year Ending	<u>Governmental Activities</u>			
	<u>General Obligations Bonds</u>		<u>Bonds from direct borrowings or placements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
June 30,				
2023	\$ 21,874,488	\$ 8,441,944	\$ 415,000	\$ 318,750
2024	22,514,488	7,521,621	415,000	318,750
2025	22,499,496	6,557,614	415,000	318,750
2026	22,190,000	5,819,286	415,000	318,750
2027	21,780,000	5,187,739	415,000	318,750
2028-2032	90,565,000	17,047,553	1,675,000	1,115,625
2033-2037	59,345,000	6,090,988	-	-
2038-2042	19,280,000	1,044,838	-	-
	<u>\$280,048,472</u>	<u>\$ 57,711,583</u>	<u>\$ 3,750,000</u>	<u>\$ 2,709,375</u>

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Liabilities (Continued)

Year Ending June 30,	Business-type Activities					
	General Obligations Bonds		Revenue Bonds		Revenue Bonds from Direct Placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 8,370,512	\$ 4,022,073	\$ 5,360,000	\$ 6,877,308	\$ 785,000	\$ 53,176
2024	8,535,512	3,700,892	5,570,000	6,658,752	800,000	38,277
2025	8,840,504	3,399,012	5,805,000	6,426,622	811,000	23,133
2026	9,020,000	3,221,113	6,070,000	6,167,828	825,000	7,755
2027	9,235,000	3,033,958	7,210,000	5,882,893	-	-
2028-2032	44,475,000	12,432,351	43,235,000	25,178,408	-	-
2033-2037	46,950,000	7,811,108	52,420,000	17,725,461	-	-
2038-2042	26,665,000	2,450,291	61,740,000	6,945,894	-	-
2043-2047	1,100,000	34,749	14,110,000	835,675	-	-
	<u>\$163,191,528</u>	<u>\$ 40,105,547</u>	<u>\$201,520,000</u>	<u>\$ 82,698,841</u>	<u>\$ 3,221,000</u>	<u>\$ 122,341</u>

Pledge-Revenue Bond Restrictions:

The City's Utility fund has outstanding obligations with VRA for which revenue has been pledged to secure the obligations. The net revenues of the Utility Fund have been pledged to meet the debt service requirement of these bonds. The bonds have been issued to finance the capital improvements and construction of the water and sewer systems. The total amount remaining debt service to be paid over the life of these VRA bonds is \$287,562,182 through 2047.

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

General Obligation Bonds and the Legal Debt Limit:

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Liabilities (Continued)

General Obligation Bonds and the Legal Debt Limit (continued)

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

The Commonwealth of Virginia imposes a legal limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which may be outstanding by the City. The City has independently set a lower debt limit of 7% of the assessed valuation. As of June 30, 2022, the City's aggregate general obligation indebtedness is approximately \$701.9 million less than the Commonwealth's limit and \$358.9 million less than the City's independent limit.

School Board Long-Term Liabilities:

Following is a summary of changes in noncurrent liabilities of the School Board for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Component Unit - School Board</u>					
Other postemployment benefits, net	\$ 20,311,855	\$ -	\$ 2,400,847	\$ 17,911,008	\$ -
Net pension liability	139,814,099	-	65,973,846	73,840,253	-
Compensated Absences	2,805,968	1,958,103	1,639,950	3,124,121	322,312
	<u>\$ 162,931,922</u>	<u>\$ 1,958,103</u>	<u>\$ 70,014,643</u>	<u>\$ 94,875,382</u>	<u>\$ 322,312</u>

Direct Borrowings or Placements:

The City has outstanding bonds from direct borrowings and placement related to governmental activities and Business-type activities of \$3,750,000 and \$3,221,000, respectively. All of the bonds from direct borrowings are secured by the full faith and credit of the City's. A portion of the direct borrowing bonds in the amount of \$3,750,000 are bonds issued with the Virginia Public School Authority(VPSA). These VPSA bonds contain 1) a provision that if a default exists the governor of the State of Virginia may intercept other state aid to the City to pay the bonds and 2) a clause that allows the lender to require redemption in whole or part if it is necessary to maintain the bonds as qualified tax credit bonds, the lender may, with 90 days written notice require redemption if there are amendments to the applicable tax section or there is a reduction or elimination of the refundable credit received by the lender.

Refunding of Debt

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Liabilities (Continued)

Refunding of Debt (continued)

	<u>General</u>		
	<u>Government</u>	<u>Utilities</u>	<u>Utilities</u>
Type of bonds refunded	G.O. Bonds	G.O. Bonds	VRA Revenue Bonds
Issue date of refunded bonds	10/5/2021	10/5/2021	11/17/2021
Total refunding bonds issued (new bonds)	\$17,990,000	\$980,000	\$15,190,000
Value of Refunded bonds (old bonds)	\$15,934,505	\$890,494	\$13,475,000
Net Proceeds of refunding (including the premiums and costs of issuance)	\$17,990,000	\$980,000	\$15,954,611
Bond premium received	\$-	\$-	\$694,611
Costs of issuance	\$229,126	\$12,482	\$176,635
Aggregate difference in debt service -- savings	\$666,151	\$37,201	\$945,359
Difference in carrying values of debt (deferred debit)	\$783,880	\$46,086	\$1,547,120

Prior Year Defeasances:

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2022, the balance of these defeased bonds was \$184,955,000.

Bonds Authorized and Unissued:

There was no bonded debt authorized by City Council in previous years but unissued as of June 30, 2022.

Note 10. Leases

City as a Lessor – Leases Receivable:

The City has recorded fifty-eight (58) GASB Statement No. 87 leases where the City is a lessor. The revenues are received for leasing airport hangars, farmland, and communications antenna space. These related leases are discussed by type below. The discount rate for all leases is based on the average of the City's Municipal Market Data (MMD) rate. The discount rates assigned to each lease is the average MMD rate from 7/1/2021 – 02/01/2022 and the number of years of the lease.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. Leases (continued)

City as a Lessor – Leases Receivable (continued)

Lessor activity for the year ended June 30, 2022 is as follows:

The City has a communications antenna space lease. Under the lease the lessee pays \$34,560 per year for a total of 5 years, ending on December 31, 2024 and, \$41,472 per year for the next 5 years, in exchange for space on the City's communications antenna. In fiscal year 2022, the City recognized \$43,595 of lease revenues and \$14,802 of interest income. This lease has no variable payment terms. The lease is measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate equal to the average MMD rate for the City.

The City has two (2) farm land leases. Under the lease the lessees pay \$10,250 per year for a total of 10 years, in exchange for the right to farm the associated land. In fiscal year 2022, the City recognized \$1,370 of lease revenues and \$26 of interest income. This lease has no variable payment terms. The leases are measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate equal to the average MMD rate for the City.

The City has fifty-five (55) airport hangar leases. Under the lease the city collects \$16,304 per month in lease revenues for a total of 60 months, in exchange for the use of the hangars at the airport. In fiscal year 2022, the City recognized \$215,116 of lease revenues and \$5,678 of interest income. These leases have no variable payment terms. The leases are measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate equal to the average MMD rate for the City.

City as a Lessee:

The City has entered into various agreements to lease certain equipment, buildings, office space and land. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of July 1, 2021 for the initial implementation of GASB 87. The agreements have varying contractual dates.

There are no conditions related to any additional variable payments, such as those based on the future performance of the lessee or usage of the underlying asset, that are not included in the lease liabilities.

There are no residual value guarantees not included in the lease liability, along with the terms and conditions of the guarantees.

The discount rate is based on the average of the City's Municipal Market Data (MMD) rate. The discount rate assigned to each lease is the average MMD rate from 7/1/21 – 2/1/22 and the number of years of the lease.

There are no future lease commitments, sublease transactions, sale-leaseback or lease back transactions on lease assets.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. Leases (continued)

City as a Lessee (continued):

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

Lease Classification	End Dates	Number of individual leases
Buildings	12/31/2023, and 5/31/2044	2
Land	06/30/2035, and 06/30/2026	2
Office Space	06/30/2023	1
Copiers	04/30/2025, and 02/25/2025	318
Fuel Tank	10/31/2022	2
Generators	Various years through 6/30/2032	60
Mailing Equipment	Various through 07/29/2026	10

	Future Minimum Payment Schedule		
Fiscal Years	Principal	Interest	Total
2023	\$3,222,373	\$356,536	\$3,578,908
2024	2,663,651	328,632	2,992,283
2025	2,317,427	304,219	2,621,646
2026	2,119,608	280,820	2,400,428
2027	1,306,557	260,191	1,566,747
2028 - 2032	5,297,753	1,036,106	6,333,859
2033 – 2037	3,825,313	673,402	4,498,715
2037 – 2042	4,149,024	308,291	4,457,315
2042 – 2047	876,564	14,897	891,463
Total	\$25,778,270	\$3,563,094	\$29,341,364

Note 11. Defined Benefit Pension Plan

Plan Description

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

Benefits Provided:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

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

The System issues a publically available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of that report may be obtained from the VRS website at <http://www.varetire.org/Pdf/publications/2021-Annual-Report.pdf> or obtained by writing to the Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

Benefit Terms, and Contribution Requirements

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Benefit Terms, and Contribution Requirements (continued)

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Benefit Terms, and Contribution Requirements (continued)

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Number of Employees by Class:	City	School Board – Non Teacher Plan
Retirees or beneficiaries currently receiving benefits:	790	203
Inactive Members:		
Vested inactive members	221	33
Non-vested inactive members	389	129
LTD	-	1
Inactive members active elsewhere in VRS	431	59
Total inactive members	1,041	222
Active Employees:	1,303	313
Total	3,134	738

Contributions:

Members and employers are required to contribute to the retirement plans as provided by Title 51.1 of the *Code of Virginia* (1950), as amended. The member contribution is 5% of compensation contributed by members or employers. The City and School Board are required to contribute the remaining amounts necessary to fund the pension plans using the entry age normal actuarial cost method adopted by the VRS Board of Trustees. The System's actuary computed the amount of contributions to be provided by the City and School Board. The contribution rates for fiscal year 2022 were based on the actuary's valuation as of June 30, 2019. In addition, the actuary computed a separate contribution requirement for the School Board for the teacher cost-sharing pool using the same valuation date.

The City's contractually required contribution rate for the year ended June 30, 2022 was 12.47% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan for the years ended June 30, 2022 and June 30, 2021, respectively were \$8,992,126 and \$8,610,229.

The School Board's contractually required contribution rate for the Teacher Retirement Plan for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2019.

The School Board's (non-teacher plan) contractually required contribution rate for the year ended June 30, 2022 was 5.60% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2019.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Contributions (continued):

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of section 51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 100% of the actuarial rate for the year ended June 30, 2022. Contributions to the Teacher Retirement pension plan for the years ended June 30, 2022 and June 30, 2021, respectively were \$13,650,009 and \$13,881,507. Contributions to the Non-Teacher pension plan for the years ended June 30, 2022 and June 30, 2021, respectively were \$444,256 and \$420,144. In June 2021 the commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

Actuarial Assumptions

The most recent actuarial valuation to determine the net pension liabilities for the City and School Board was prepared as of June 30, 2020. The total pension liability was determined based on that actuarial valuation using updated actuarial assumptions applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (continued)

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

Public Safety Employees:

Pre-Retirement:

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

Post-Retirement:

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

Post – Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

School Board Teacher Retirement Plan employees:

Pre-Retirement:

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

Post-Retirement:

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

Post – Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (continued)

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

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

Employees:

- | | |
|---|--|
| <ul style="list-style-type: none">- Update Mortality Rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.- Adjusted retirement to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.- Adjusted withdrawal rates to better fit experience at each year age and service through 9 year of service- No change in disability rates- No change in Line of Duty Disability rates.- No change in discount rate of 6.75% | <ul style="list-style-type: none">- Updated mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020- Adjusted Retirement Rates to better fit experience and changed final retirement age from 65 to 70.- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.- No change to disability rates- No change to line of Duty Disability rates.- No change in discount rate of 6.75%. |
|---|--|

School Board Teacher Retirement Plan Employees:

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change in disability rates.
- No change in discount rate of 6.75%.

Net Pension Liability

The net pension liability (NPL) for the teacher retirement plan is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Net Pension Liability (continued)

	Teacher Employee Retirement Plan
Total Pension Liability	\$53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability	<u>\$7,763,263</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

Long-Term Expected Rate of Return

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

City and School Board Pension Plans			
Asset Class:	Target Allocation:	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long- Term Rate of Return:
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS – Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP – Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
	Inflation		<u>2.50%</u>
**Expected arithmetic nominal return			<u>7.39%</u>

** The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase/(Decrease)		
	City Pension Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 7/01/2020	\$ 343,542,326	\$ 278,233,757	\$ 65,308,569
Changes for the Year:			
Service cost	8,280,040	-	8,280,040
Interest	22,671,297	-	22,671,297
Change of assumptions	14,289,977	-	14,289,977
Difference between expected and actual experience	(2,470,637)	-	(2,470,637)
Contributions -- employer	-	8,393,781	(8,393,781)
Contributions -- employee	-	3,350,831	(3,350,831)
Net investment income	-	76,007,281	(76,007,281)
Benefit payments including refunds of employee contributions	(15,342,506)	(15,342,506)	-
Administrative expense	-	(187,378)	187,378
Other changes	-	7,191	(7,191)
Net Changes	27,428,171	72,229,200	(44,801,029)
Balances at 6/30/2021	\$ 370,970,497	\$ 350,462,957	\$ 20,507,540

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

Changes in the Net Pension Liability (continued)

	Increase/(Decrease)		
	School Board (non-teacher) Plan		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at 7/01/2020	\$ 30,594,969	\$ 28,728,124	\$ 1,866,845
Changes for the Year:			
Service cost	669,620	-	669,620
Interest	2,025,076	-	2,025,076
Change of assumptions	899,673	-	899,673
Difference between expected and actual experience	(796,573)	-	(796,573)
Contributions -- employer	-	381,546	(381,546)
Contributions -- employee	-	353,744	(353,744)
Net investment income	-	7,850,056	(7,850,056)
Benefit payments including refunds of employee contributions	(1,187,694)	(1,187,694)	-
Administrative expense	-	(19,450)	19,450
Other changes	-	741	(741)
Net Changes	1,610,102	7,378,943	(5,768,841)
Balances at 6/30/2021	\$ 32,205,071	\$ 36,107,067	\$ (3,901,996)

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

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

	1.00% Lower 5.75%	Current Discount Rate: 6.75%	1.00% Higher 7.75%
City's Net Pension Liability	\$71,960,763	\$20,507,540	(\$21,754,292)
School Board's (non-teacher) Net Pension Liability (Asset)	\$92,127	(\$3,901,996)	(\$7,238,138)
School Board's Teacher Retirement Plan Net Pension Liability	\$142,507,691	\$73,840,253	\$17,352,115

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2022, the City recognized pension expense of \$6,026,267.

For the year ended June 30, 2022, the School Board (non-teacher) plan recognized pension expense of (\$365,260).

At June 30, 2022, the School Board Teacher Retirement Plan reported a liability of \$73,840,253 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

The School Board's proportion of the Net Pension Liability was based on the School Board Teacher Retirement Plan's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board Teacher Retirement Plan's proportion was 0.95117% as compared to 0.94792% at June 30, 2020.

For the year ended June 30, 2021, School Board's Teacher Retirement plan recognized pension expense of \$908,988. Since, for the School Board's Teacher Retirement Plan there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City Pension Plan		School Board Non-teacher Plan		School Board Teacher Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 763,572	\$ 1,782,437	\$ 56,597	\$ 503,715	\$ -	\$ 6,289,265
Change of assumptions	12,514,218	-	568,911	-	12,936,619	-
Net difference between projected and actual earnings on pension plan investments.	-	37,810,988	-	3,910,693	-	46,532,152
Change in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	2,623,439	3,413,121
Contributions to the plan subsequent to the measurement date	8,992,126	-	444,256	-	13,650,009	-
Total	\$ 22,269,916	\$ 39,593,425	\$ 1,069,764	\$ 4,414,408	\$ 29,210,067	\$ 56,234,538

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11. Defined Benefit Pension Plan (Continued)

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

\$8,992,126, \$444,256, and \$13,650,009 reported as deferred outflows of resources related to pensions resulting from the City's, School Board (non-teacher) plan and School Board's Teacher Retirement plan (respectively) contributions subsequent to the measurement date will be recognized as a reduction of the respective Net Pension Liability in the year ended June 30, 2023.

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

Year Ended June 30:	City Pension Plan	School Board (non- teacher) Plan	School Board Teacher Retirement Plan
2023	\$ (2,843,002)	(\$823,794)	(\$9,502,760)
2024	(5,126,347)	(869,073)	(8,292,051)
2025	(6,875,482)	(910,673)	(9,730,909)
2026	(11,470,804)	(1,185,360)	(13,162,285)
2027	-	-	13,525
	<u>\$ (26,315,635)</u>	<u>(\$3,788,900)</u>	<u>(\$40,674,480)</u>

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS ACFR, which may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 12. Other Postemployment Benefits Program – Local Trust

Plan Description

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. Other Postemployment Benefits Program – Local Trust

Plan Description (continued)

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

Plan Membership

Number of Employees by Class:		
	City	School Board
Inactive members and beneficiaries currently receiving benefits	146	59
Active Employees:	1,309	1,919
Total	1,455	1,978

Contribution Requirements

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

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

For the fiscal year ended June 30, 2022, the City contributed \$1,803,210 toward OPEB costs which was a combination of \$729,520 deposited in the trust fund and \$1,073,690 in claims paid on behalf of the retirees, net of premiums paid by retirees. The School Board contributed \$304,691 toward OPEB costs representing claims paid on behalf of retirees.

Plan Investments

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Plan Investments (continued)

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

Asset Class:	Target Allocation	Expected 20-Year Arithmetic Real Rate of Return
U.S Equity – Large Cap	26.00%	8.69%
U.S Equity – Small Cap	10.00%	9.87%
Non U.S. Equity – Developed	13.00%	9.42%
Non U.S. Equity – Emerging	5.00%	11.66%
US Corporate Bonds – Core	21.00%	4.07%
US Corporate Bonds – Long Duration		4.44%
US Corporate Bonds – High Yield		6.47%
Non-US Debt – Developed		2.86%
Non-US Debt – Emerging		6.87%
US Treasuries (Cash Equivalents)		2.61%
TIPS (Inflation-Protected)		3.27%
Real Estate	10.00%	8.24%
Hedge Funds	10.00%	6.43%
Commodities		5.93%
Infrastructure		8.78%
Private Equity	5.00%	12.87%
Private debt		8.96%
Total	<u>100.00%</u>	

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

For the year ended June 30, 2022, and June 30, 2021 the annual money-weighted rate of return on investments, net of investment expense was -9.28% and 30.05% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Net OPEB Liability for the Plan (GASB 74 Disclosures)

The City's net OPEB Asset was measured as of its fiscal year end June 30, 2022, based on a valuation date of January 1, 2022. The School Board net OPEB Liability was measured as of its fiscal year end of December 31, 2021 based on a valuation date of May 1, 2022. The components of the Plans' net OPEB Asset were as follows:

	Net OPEB Asset	
	City	School Board
Total OPEB liability	\$37,963,277	\$11,075,152
Plan fiduciary net position	46,171,949	23,078,282
Net OPEB asset	<u>(\$8,208,672)</u>	<u>(\$12,003,130)</u>
Fiduciary net position as a percent of total OPEB asset	121.62%	208.38%

Actuarial Methods and Assumptions

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

The total OPEB liability for the City as part of the actuarial valuation performed as of January 1, 2022 for the City and May 1, 2022 for the School Board, using the following actuarial assumptions:

	City	School Board
Investment rate of return	6.75%	6.75%
Actuarial Cost Method	Entry Age Normal, level percentage of pay.	Entry Age Normal, level percentage of pay.
Inflation Rate	2.5%	2.5%
Projected salary increases	3.5% - 5.35%	3.50 – 5.95%
Real Wage Growth Rate	1.00%	1.00%
Health care cost trend rate:		
Initial	6.00%	6.00%
Ultimate (year of ultimate trend rate)	3.94%	3.94%

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GAAP. The projection's basis was an actuarial valuation performed as of January 1, 2022 for the City and May 1, 2022 for the School Board. The fiduciary net position projections are based upon the Plan's financial status on the measurement date, the indicated set of methods and assumptions, and the requirements of GAAP. The long-term expected rate of return on plan investments is 6.75%. The long-term expected rate of return was applied to the periods of projected benefit payments and it is not anticipated that the plan's assets will be exhausted. The expected municipal bond rate was not applied to determine the discount rate.

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

The net OPEB asset is shown below as calculated at the current discount rate and current health care cost trend rate as indicated and also calculated using rates 1% lower and 1% higher. The City's net OPEB asset for the plan was based on a valuation date of January 1, 2022 and rolled forward to a measurement date of June 30, 2022 for the City. The School Board had a valuation date of May 1, 2022 and with a measurement date of December 31, 2021.

Net OPEB Asset analysis using discount rate:			
	1% lower (5.75%)	Current Rate (6.75%)	1% higher (7.75%)
City's Plan	(\$2,104,867)	(\$8,208,672)	(\$13,158,147)
School Board	(\$11,185,248)	(\$12,003,130)	(\$12,765,505)

Net OPEB Asset using the health care cost trend rate:			
	1% lower (2.94%)	Current rate (3.94%)	1% higher (4.94%)
Ultimate Trend			
City's Plan	(\$13,763,106)	(\$8,208,672)	(\$1,242,355)
School Board	(\$12,953,848)	(\$12,003,130)	(\$10,921,152)

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

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

Net OPEB Liability (Asset) analysis using discount rate:			
	1% lower (6.5%)	Current Rate (7.5%)	1% higher (8.5%)
City's Plan	\$7,011,672	\$250,412	(\$5,375,024)
	1% lower (5.75%)	Current Rate (6.75%)	1% higher (7.75%)
School Board	(\$11,185,248)	(\$12,003,130)	(\$12,765,505)

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

	Net OPEB Liability (Asset) using the health care cost trend rate:		
	1% lower (3.50%)	Current rate (4.50%)	1% higher (5.50%)
Ultimate Trend			
City's Plan	(\$6,392,052)	\$250,412	\$8,411,782
Ultimate Trend			
School Board	(\$12,953,848)	(\$12,003,130)	(\$10,921,152)

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	City Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at 7/01/2020	\$ 47,210,856	\$ 38,134,625	\$ 9,076,231
Changes for the Year:			
Service cost	972,561	-	972,561
Interest	3,568,007	-	3,568,007
Difference between expected and actual experience	(109,112)	-	(109,112)
Contributions -- employer	-	1,742,451	(1,742,451)
Net investment income	-	11,551,219	(11,551,219)
Benefit payments including refunds of employee contributions	(1,242,451)	(1,242,451)	-
Administrative Expenses	-	(36,395)	36,395
Net Changes	3,189,005	12,014,824	(8,825,819)
Balances at 6/30/2021	\$ 50,399,861	\$ 50,149,449	\$ 250,412

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Changes in the Net OPEB Liability (continued)

	School Board Plan		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balance at 12/31/2020	\$ 11,818,291	\$ 20,076,188	\$ (8,257,897)
Changes for the Year:			
Service cost	532,956	-	532,956
Interest	869,162	-	869,162
Difference between expected and actual experience	(1,920,563)	-	(1,920,563)
Contributions -- employer	-	304,691	(304,691)
Net investment income	-	3,020,825	(3,020,825)
Benefit payments including refunds of employee contributions	(304,691)	(304,691)	-
Administrative expense	-	(18,731)	18,731
Change in assumptions	79,997	-	79,997
Net Changes	(743,139)	3,002,094	(3,745,233)
Balances at 12/31/2021	\$ 11,075,152	\$ 23,078,282	\$ (12,003,130)

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

For the year ended June 30, 2022, the City and School Board recognized OPEB expense in the amount of \$668,390 and (\$1,625,701) respectively.

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

	<u>City OPEB Expense</u>	<u>School OPEB Expense</u>
<u>OPEB Plan:</u>		
Local Trust	\$668,390	(\$1,625,701)
VRS Plans: (note 13)		
GLI	181,169	196,011
LODA	1,123,907	-
HIC	-	991,145
VLDP	-	99,195
TOTAL:	\$1,973,466	(\$339,350)

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

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

	City		School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,232,734	\$ 453,617	\$ 428,401	\$ 5,814,960
Change of assumptions	2,135,015	645,525	555,432	-
Net difference between projected and actual earnings on plan investments.	-	5,672,345	-	2,378,368
Contributions to the plan subsequent to the measurement date	1,803,210	-	-	-
Total	\$ 7,170,959	\$ 6,771,487	\$ 983,833	\$ 8,193,328

Deferred outflows in the amount of \$1,803,210 for the City, related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

Year Ended June 30:	City OPEB Plan	School Board OPEB Plan
2023	(\$353,295)	(\$1,478,214)
2024	(222,355)	(1,850,082)
2025	(427,872)	(1,474,011)
2026	(756,807)	(1,149,507)
2027	445,774	(401,101)
Thereafter	(89,183)	(856,580)
Total	(\$1,403,738)	(\$7,209,495)

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 13. Other Postemployment Benefits Program – VRS Plans

Plan Description

Group Life Insurance Program:

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

Line of Duty Act Program:

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

Employee Virginia Local Disability Program):

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

Teacher and Non-Teacher Employee Health Insurance Credit Programs:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Plan Description (continued)

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Plan Description (continued)

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

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

Non-Teacher HIC	School Board
Inactive members and beneficiaries currently receiving benefits	83
Active Employees:	313
Total	396

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Contribution Requirements

Group Life Insurance Program:

The contribution requirements for GLI are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to GLI from the City were \$385,940 and \$375,217 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to GLI for the School Board were \$1,264,187 and \$493,598 for the years ended June 30, 2022 and June 30, 2021 respectively.

Line of Duty Act Program:

The contribution requirements for LODA are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for LODA for the year ended June 30, 2022 was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the City were \$358,834 and \$383,043 for the years ended June 30, 2022 and June 30, 2021, respectively.

Virginia Local Disability Program:

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 0.47% of covered employee compensation for employees in the VLDP Teacher plan and 0.83% of covered employee compensation for the non-teacher employees covered in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VLDP were \$158,126 and \$129,938 for the years ended June 30, 2022 and June 30, 2021, respectively.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Contribution Requirements (continued)

Teacher and Non-Teacher Employee Health Insurance Credit Programs:

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the THIC Program and 0.7% for employees in the NTHIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 for the THIC plan and June 30, 2020 for the NTHIC plan. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS THIC Program were \$1,024,485, and \$1,010,627 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from the school division to the VRS NTHIC program were \$62,748 and \$52,518 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021 employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY2021.

Long-Term Expected Rate of Return

GLI, THIC, NTHIC and VLDP:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Long-Term Expected Rate of Return (continued)

<i>GLI, THIC and VLDP Programs:</i>			
Asset Class:	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS – Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP – Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
Inflation			<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.39%</u>

- * The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.5%

LODA:

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.16% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2021.

Net OPEB Liability (Asset)

The net OPEB liability (NOL) for the GLI, HIC, LODA and VLDP represents the programs' total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the four programs are as follows:

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Net OPEB Liability (Asset) (continued)

	City and School - GLI	City - LODA	School – THIC	School - VLDP
Total OPEB liability	\$3,577,346,000	\$448,542,000	\$1,477,874,000	\$10,040,000
Plan fiduciary net position	2,413,074,000	7,553,000	194,305,000	11,756,000
Net OPEB liability (asset)	1,164,272,000	\$440,989,000	1,283,569,000	(\$1,716,000)
Fiduciary net position as a percent of total OPEB liability	67.45%	1.68%	13.15%	117.09%

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

Actuarial Methods and Assumptions

The total GLI, THIC, NTHIC LODA and VLDP, OPEB liabilities were based on actuarial valuations as of June 30, 2020, 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, 2021.

	City and School - GLI	City - LODA	School THIC, NTHIC and VLDP
Investment rate of return, net of investment expenses, including inflation	6.75%	2.16% *	6.75%
Health Care cost trend rate:			
Under age 65	n/a	7.00%-4.75%	n/a
Age 65 and older	n/a	5.375% - 4.75%	n/a
Inflation Rate	2.50%	2.50%	2.50%
Projected salary increases:			
Locality – general	3.5% - 5.35%	n/a	3.5% - 5.35%
Locality – hazardous duty	3.5% - 4.75%	n/a	3.5% - 4.75%
Teachers	3.5% - 5.95%	n/a	3.5% - 5.95%

* **LODA:** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Actuarial Methods and Assumptions (continued)

Mortality Rates are as follows for all plans:

Mortality Rates – Teachers:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Mortality rates – General Employees:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Mortality rates – Hazardous Duty and Public Safety Employees:

Pre-Retirement:

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

Post-Retirement:

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Actuarial Methods and Assumptions (continued)

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Actuarial Methods and Assumptions (continued)

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

Discount Rate

Group Life Insurance Program:

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021 the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Line of Duty Act Program:

The discount rate used to measure the total LODA OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Virginia Local Disability Program:

The discount rate used to measure the total School Board Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the school division for the VRS VLDP will be subject to the portion of the VRS Board-

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Discount Rate (continued)

Virginia Local Disability Program (continued)

certified rates that are funded by the Virginia General Assembly. From July 1, 2021 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

Teacher and Non-Teacher Employee Health Insurance Credit Program:

The discount rate used to measure the total Teacher and Non-Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021 the rate contributed by each school division for the VRS Teacher and Non-Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2021 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher and Non-Teacher Employee HIC OPEB liability.

Changes in the Net NTHIC Liability

	School Board Non-Teacher HIC		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2020	\$ 622,573	\$ -	\$ 622,573
Changes for the Year:			
Service cost	10,909	-	10,909
Interest	42,022	-	42,022
Changes in assumptions	17,815	-	17,815
Contributions -- employer	-	52,520	(52,520)
Net investment income	-	6,756	(6,756)
Benefit payments including refunds of employee contributions	(35)	(35)	-
Administrative Expenses	-	(232)	232
Net Changes	70,711	59,009	11,702
Balances at 6/30/2021	\$ 693,284	\$ 59,009	\$ 634,275

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Sensitivity of the Net OPEB Liability

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

	Net OPEB Liability analysis using Discount rate:		
	1% lower (5.75%)	Current Rate (6.75%)	1% higher (7.75%)
City - GLI	\$5,724,859	\$3,918,355	\$2,459,522
School - GLI	\$7,531,025	\$5,154,577	\$3,235,488
School - THIC	\$13,646,187	\$12,122,156	\$10,832,461
School - NTHIC	\$709,170	\$634,275	\$570,412
School VLDP	(\$7,014)	(\$30,600)	(\$51,300)
	1% lower (1.16%)	Current Rate (2.16%)	1% higher (3.16%)
City - LODA	\$14,114,157	\$12,269,269	\$10,803,351

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

	Net OPEB Liability using the health care cost trend rate:		
	1% lower (6.00% decreasing to 3.75%)	Current rate (7.00% decreasing to 4.75%)	1% higher (5.00% decreasing to 5.75%)
City - LODA	\$10,067,245	\$12,269,269	\$15,092,716

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

At June 30, 2022, the City and School Board reported liabilities for the four various OPEB plans in the amount shown in the table below for their proportionate share of the OPEB plans. The OPEB Liabilities were measured as of June 30, 2021 and the total OPEB liabilities used to calculate the Net OPEB Liabilities were determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The City and School Board's GLI, THIC and VLDP OPEB liabilities were based on the covered employer's actuarially determined employer contributions to the plans for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. The City's proportion of the Net LODA OPEB liability was based on the City's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30,

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

2020 relative to the total of the actuarially determined pay-as-you go employer contributions for all participating employers.

At June 30, 2021, the City and School Board's respective proportions of the various programs as compared to the proportions for June 30, 2020 are shown in the table below.

	<u>City – GLI</u>	<u>City – LODA</u>	<u>School – GLI</u>	<u>School – THIC</u>	<u>School – VLDP</u>	<u>School – NTHIC</u>
Net OPEB Liability (Asset)	\$3,918,355	\$12,269,269	\$5,154,577	\$12,122,156	(\$30,600)	\$634,275
TOTALS FOR CITY AND SCHOOL	\$16,187,624			\$17,880,408		
6/30/21 Proportionate share of contributions	0.33655%	2.78220%	0.44273%	0.94441%	4.07483%	n/a
6/30/20 Proportionate share of contributions	0.33753%	2.75114%	0.43943%	0.94455%	4.10950%	n/a

For the year ended June 30, 2022, the City and School Board OPEB expense for the various plans as shown below. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee VLDP and LODA Net OPEB expense was related to deferred amounts from changes in proportion.

	<u>OPEB Expense</u>
<u>City – GLI</u>	\$181,169
<u>City – LODA</u>	\$1,123,907
<u>School – GLI</u>	\$196,940
<u>School – THIC</u>	\$937,181
<u>School – NTHIC</u>	\$53,964
<u>School – VLDP</u>	\$99,195

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

At June 30, 2022, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the OPEB plans from the following sources:

	<u>City – GLI</u>		<u>City - LODA</u>		<u>School NTHIC</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Diff. between expected and actual experience	\$446,902	\$29,856	\$1,022,927	\$1,857,674	\$-	\$-
Investment Experience	-	935,227	-	71,048	-	3,994
Change in assumptions	216,018	536,115	3,395,314	586,896	14,252	-
Changes in proportion	83,606	120,062	554,209	482,731	-	-
Employer contributions subsequent to the MD	385,940	-	358,834	-	62,748	-
Total	\$1,132,466	\$1,621,260	\$5,331,284	\$2,998,349	\$77,000	\$3,994

	<u>School Board - GLI</u>		<u>School Board - THIC</u>		<u>School Board - VLDP</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Diff. Between expected and actual experience	\$587,898	\$39,275	\$-	\$211,531	\$15,891	\$22,925
Investment Experience	-	1,230,288	-	159,685	-	22,853
Change in Assumptions	284,170	705,256	327,684	48,718	13,412	1,704
Changes in proportion	197,647	241,279	301,402	460,854	1,047	2,137
Employer contributions subsequent to the MD	1,264,187	-	1,024,484	-	158,126	-
Total	\$2,333,902	\$2,216,098	\$1,653,570	\$880,788	\$188,476	\$49,619

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

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

The amounts shown in the totals earlier reported as deferred outflows of resources related to the OPEB from the City and School Boards contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in the OPEB expense in future reporting periods as follows:

	<u>City – GLI</u>	<u>City – LODA</u>	<u>School – GLI</u>	<u>School – THIC plan</u>	<u>School – NTHIC plan</u>	<u>School – VLDP</u>
FY 2023	(\$172,392)	\$275,951	(\$269,097)	(\$64,902)	\$2,565	(\$5,189)
FY 2024	(156,592)	279,215	(208,307)	(66,716)	2,565	(5,200)
FY 2025	(180,077)	280,177	(195,462)	(51,923)	2,565	(5,237)
FY 2026	(306,748)	281,200	(400,270)	(32,758)	2,563	(7,509)
FY 2027	(58,925)	297,208	(73,248)	(18,034)	-	(319)
Thereafter	-	560,350	-	(17,369)	-	4,185
Total	(\$874,734)	\$1,974,101	(\$1,146,384)	(\$251,702)	\$10,258	(\$19,269)

Plan Fiduciary Net Positions

Detailed information about the various programs' Fiduciary Net Position is available in the separately issued VRS 2021 ACFR, which may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14. Commitments and Contingencies

Federally assisted grant programs:

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

Construction Commitments:

The City has authorized expenditures for capital additions and construction of various governmental, stormwater, grant (ARPA), and utility capital projects. At June 30, 2022, projects expected to be completed at various dates through 2023 had a total unexpended balance of \$47,447,938 (governmental), \$1,905,808 (stormwater), \$398,366 (grant – ARPA) and \$3,272,343 (utility).

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Commitments and Contingencies (continued)

Encumbrances:

The City has the following encumbrances as of June 30, 2022:

General Fund	Road Maintenance Fund	Capital Projects Fund	Non-Major Governmental Funds	Utility Fund	Non-Major Enterprise Fund	Internal Service Funds
\$2,727,203	\$7,328,804	\$47,447,938	\$558,962	\$3,560,906	\$1,953,085	\$4,289,384

Litigation:

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

Note 15. Risk Management

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

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

Self-Insurance – City:

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

Claims payable reported in the Risk Management Fund at June 30, 2022 consists of all current self-insured claims payable, including an estimate of incurred but not reportable claims amounting to \$4,035,745 the current portion of which is \$2,384,806. Claims payable for health insurance are based on current enrollment and benefits and historical experience.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Risk Management (Continued)

Self-Insurance – City (continued):

Claims payable for workers' compensation and property and liability are based on insurance coverage and specific claims which have presented. Following is a summary of changes in claims payable for the fiscal years ended June 30, 2022 and 2021:

		Beginning Balance	Claims and Reserves	Claim Payments	Ending Balance
Workers' Compensation					
2022	\$	1,893,808	\$ 991,844	\$ 834,713	\$ 2,050,939
2021	\$	1,800,318	\$ 871,485	\$ 777,995	\$ 1,893,808
Property and Liability					
2022	\$	1,133,343	\$ 653,405	\$ 921,852	\$ 864,896
2021	\$	726,270	\$ 1,922,734	\$ 1,515,661	\$ 1,133,343
Health Insurance					
2022	\$	1,299,568	\$ 14,622,492	\$ 14,802,150	\$ 1,119,910
2021	\$	1,032,047	\$ 15,753,691	\$ 15,486,170	\$ 1,299,568

Self-Insurance – School Board:

The School Board is self-insured for workers' compensation benefits. Charges are made to the School Operating, Grants, and Food Service Funds as approved by City Council in the annual operating budgets. Any excess charges are reflected as nonspendable balance for workers' compensation claims in the School Operating Fund. At June 30, 2022, \$225,000 of fund balance was allocated for purposes of funding future claims.

Claims are paid by a third-party administrator acting in behalf of the School Board under terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The plan pays all claims up to \$600,000 for each covered accident. Any claims exceeding \$600,000 for each covered accident are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2022, the workers' compensation benefit obligation consisted of \$498,943 in reported unpaid claims and estimated incurred but not reported claims.

Workers' Compensation Self-Insurance Coverage – School Board

Changes in the balance of claims liabilities during the years ended June 30, 2022 and 2021, are as follows:

		Beginning Balance	Claims and Reserves	Claim Payments	Ending Balance
Workers' Compensation					
2022	\$	709,407	\$ 223,732	\$ 434,196	\$ 498,943
2021	\$	802,509	\$ 431,855	\$ 524,957	\$ 709,407

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Risk Management (Continued)

Health Insurance Self-Insurance Coverage – School Board:

Claims are paid by a third-party administrator acting on behalf of the School Board under terms of a contractual agreement. The plan pays all claims up to \$125,000 for each participant. Any claims exceeding \$125,000 for each participant are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2022, School Operating Fund prepaids of \$95,000 were held for purposes of funding the School Board's future claims liabilities. As a result, \$285,122 of the School Operating Fund balance is allocated for payment of future claims liabilities.

Note 16. Subsequent Events

On August 24, 2022, the City issued \$27,735,000 of authorized Tax-Exempt General Obligation, with maturity dates of February 1, 2043. These bonds were issued to finance capital projects approved in the FY2023 Capital Improvements Plan. In addition, on August 23, 2022, the City issued \$4,955,000 of stormwater revenue bonds, the proceeds of which are to be used to finance the capital projects approved in the FY2023 Capital Improvements Plan. The final maturity date of the stormwater revenue bonds is November 1, 2041.

Note 17. Prior Period Adjustment

The implementation of GASB Statement No. 87 required the reporting of leases that may not have been previously reported as capital leases as liabilities. In addition, the implementation of the standard, in some instances required a revaluation of the capital leases that were existing, and the associated assets. The implementation of this standard required the restatement of the beginning balances of Lease Receivable, and related deferred inflow of resources related to lease receivables. The implementation of this standard also required the restatement of the beginning balances of net position, leases payable, capital assets leases.

The net effect of the implementation of this standard impacted the net position of the City, due to the removal of the existing capital leases and related capital assets, as of the end of the previous fiscal year.

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 17. Prior Period Adjustment (continued)

The effect of this restatement is shown in the following table:

	Governmental Activities (excluding ISF)	Fleet Management Fund	Information Technology Fund	Risk Management Fund	Total Governmental Activities
Other capital assets, net					
June 30, 2021, as previously stated	\$ 388,531,170	\$ 13,648,195	\$ 2,676,663	\$ 412,694	\$ 405,268,722
Restatement for Implementation of GASB 87, Leases	24,107,087	143,134	302,267	-	24,552,488
Other capital assets, net, restated 6/30/2021	<u>\$ 412,638,257</u>	<u>\$ 13,791,329</u>	<u>\$ 2,978,930</u>	<u>\$ 412,694</u>	<u>\$ 429,821,210</u>
Lease Liabilities					
June 30, 2021, as previously stated	\$ 1,248,513	\$ -	\$ 34,723	\$ -	\$ 1,283,236
Restatement for Implementation of GASB 87, Leases	23,000,610	143,134	298,650	-	23,442,393
Lease Liabilities, restated 6/30/2021	<u>\$ 24,249,123</u>	<u>\$ 143,134</u>	<u>\$ 333,372</u>	<u>\$ -</u>	<u>\$ 24,725,629</u>
Net Position					
June 30, 2021, as previously stated	\$ 378,335,869	\$ 26,616,124	\$ (418,403)	\$ 12,696,741	\$ 417,230,331
Restatement for Implementation of GASB 87, Leases	1,106,478	-	3,617	-	1,110,095
Net Position, restated 6/30/2021	<u>\$ 379,442,347</u>	<u>\$ 26,616,124</u>	<u>\$ (414,786)</u>	<u>\$ 12,696,741</u>	<u>\$ 418,340,426</u>
	Utility Fund	Stormwater Fund	Refuse Fund	Total Business- type Activities	
Capital Assets, net					
June 30, 2021, as previously stated	\$ 430,418,518	\$ 169,475	\$ -	\$ 430,587,993	
Restatement for Implementation of GASB 87, Leases	4,995,445	28,908	5,787	5,030,140	
Capital Assets, net, restated	<u>\$ 435,413,963</u>	<u>\$ 198,383</u>	<u>\$ 5,787</u>	<u>\$ 435,618,133</u>	
Lease Liabilities					
June 30, 2021, as previously stated	\$ 411,085	\$ -	\$ -	\$ 411,085	
Restatement for Implementation of GASB 87, Leases	4,593,117	28,908	5,787	4,627,813	
Lease Liabilities, restated	<u>\$ 5,004,202</u>	<u>\$ 28,908</u>	<u>\$ 5,787</u>	<u>\$ 5,038,898</u>	
Net Position					
June 30, 2021, as previously stated	\$ 157,954,700	\$ 7,028,336	\$ 3,324,579	\$ 168,307,615	
Restatement for Implementation of GASB 87, Leases	402,327	-	-	402,327	
June 30, 2021, as restated	<u>\$ 158,357,027</u>	<u>\$ 7,028,336</u>	<u>\$ 3,324,579</u>	<u>\$ 168,709,942</u>	

In addition to the amounts shown above the beginning balance of leases receivable and deferred inflows of resources in the General and Aviation funds were restated as shown below. There was no impact on the beginning balances of the fund balance due to this restatement as the lease and the deferred inflow were offsetting.

	<u>Leases Receivable</u>	<u>Deferred inflows related to leases</u>
General fund	\$1,041,094	\$1,041,094
Aviation	\$1,098,435	\$1,098,435

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 18. Fund Balances

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

	General Fund	Capital Projects Fund	Road Maintenance	Consolidated Grants	Debt Service Fund	Non-major Governmental Funds
Nonspendable:						
Inventories	\$ 100,474	\$ -	\$ -	\$ -	\$ -	\$ 164,694
Total Nonspendable	100,474	-	-	-	-	164,694
Restricted for:						
Judicial Administration	-	-	-	991,434	-	200,108
Public Safety	157,339	-	-	148,323	-	-
Public Works - Grants	1,167,500	-	18,600,527	57,449	-	-
Cemetery Care	-	-	-	-	-	937,254
Health and Welfare	-	-	-	1,039,649	-	-
Community Development	-	-	-	383,672	-	-
Transportation	-	-	-	-	-	2,571,952
Parks and Recreation	-	-	-	118,850	-	-
Capital Outlay:	-	6,711,101	-	-	-	-
Roadway Projects	-	29,722,796	-	-	-	-
Schools	-	1,108,953	-	-	-	-
Public Facilities	-	4,244,047	-	-	-	-
Aviation	-	102,256	-	-	-	-
Recreation facilities	-	18,323,285	-	-	-	-
Total Restricted	1,324,839	60,212,438	18,600,527	2,739,377	-	3,709,314
Committed to:						
General Government	542,688	-	-	-	-	-
Judicial administration	270,287	-	-	-	-	-
Public Safety - Police	312,726	-	-	-	-	-
Public Safety - Fire	1,067,794	-	-	-	-	-
Education	397,485	-	-	-	-	-
Public Works	-	-	-	-	-	299,714
Aviation	-	-	-	-	-	607,630
Route 17 Taxing District	-	-	-	-	-	6,735,235
Economic Development Incentives	2,019,813	-	-	-	-	-
Budget Stabilization fund	11,741,438	-	-	-	-	-
Capital Outlay	-	9,966,324	-	-	-	-
Capital Projects Reserve	21,938,450	-	-	-	-	-
Debt Service	-	-	-	-	492,720	-
Total Committed	38,290,681	9,966,324	-	-	492,720	7,642,579
Assigned to:						
General Government Administration	18,185	-	-	-	-	-
Judicial Administration	3,263	-	-	-	-	-
Public Safety - Police	336,613	-	-	-	-	-
Public Safety - Fire	548,329	-	-	-	-	-
Public Works	42,913	-	-	-	-	-
Social Services	16,838	-	-	-	-	-
Parks, Recreation and Cultural	57,467	-	-	-	-	-
Community Development	838,538	-	-	-	-	-
Total Assigned	1,862,146	-	-	-	-	-
Unassigned	93,931,500	-	-	-	-	(10,819)
Total Fund Balance	\$ 135,509,640	\$ 70,178,762	\$ 18,600,527	\$ 2,739,377	\$ 492,720	\$ 11,505,768

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 18. Fund Balances (continued)

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

Note 19. Tax Abatement Agreements

As of June 30, 2022, the City provides tax abatement through two programs -- the land use program and the rehabilitated structures program.

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

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

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

Tax Abatement Program	<u>Amount of Taxes Abated</u>	
	City Wide Real Estate	Downtown Business Overlay District
Land Use program	\$4,348,909	\$-
Rehabilitated Structures	\$47,305	\$137,076

CITY OF SUFFOLK, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 20. Future Accounting Standards

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

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

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

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

GASB Statement No. 99, *Omnibus*, enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to leases, PPP's and SBITA's are effective for fiscal year ending June 30, 2023, the remaining provisions are effective for fiscal year ending June 30, 2024.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement is effective for fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, the objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for fiscal year ending June 30, 2025.

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SUFFOLK, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
General property taxes:				
Real estate	\$ 117,869,846	\$ 119,474,392	\$ 117,584,079	\$ (1,890,313)
Personal property	26,000,000	26,000,000	30,122,113	4,122,113
Public service corporations	4,800,000	4,800,000	4,842,247	42,247
Machinery and tools	-	-	1,887,318	1,887,318
Payments in Lieu of Taxes	3,000	3,000	-	(3,000)
Penalties	1,300,000	1,300,000	1,818,460	518,460
Total general property taxes	149,972,846	151,577,392	156,254,217	4,676,825
Other Local Taxes				
Sales and use	13,500,000	13,500,000	16,370,461	2,870,461
Utility tax	4,700,000	4,700,000	5,024,008	324,008
Communication taxes	2,300,000	2,300,000	2,499,745	199,745
Business and occupational licenses	7,500,000	7,500,000	10,964,624	3,464,624
Motor vehicle license	2,500,000	2,500,000	2,709,174	209,174
Bank stock	706,203	706,203	747,889	41,686
Recordation	2,200,000	2,200,000	3,279,397	1,079,397
Tobacco	1,900,000	1,900,000	1,831,481	(68,519)
Lodging	1,400,000	1,400,000	2,206,627	806,627
Meals	11,000,000	11,000,000	15,592,762	4,592,762
Admission	-	-	177,788	177,788
Total other local taxes	47,706,203	47,706,203	61,403,956	13,697,753
Permits, fees, and licenses				
Animal license	35,000	35,000	29,415	(5,585)
Permits and other licenses	1,455,700	1,455,700	2,354,859	899,159
Total permits, fees, and licenses	1,490,700	1,490,700	2,384,274	893,574
Fines and forfeitures	810,000	810,000	717,257	(92,743)
Revenue from use of money and property:				
Revenue from use of money	800,000	800,000	515,929	(284,071)
Revenue from use of property	376,706	376,706	420,895	44,189
Total use of money and property	1,176,706	1,176,706	936,824	(239,882)
Charges for services:				
Court costs	243,787	243,787	303,796	60,009
Commonwealth's Attorney fee	10,000	10,000	7,824	(2,176)
Police and traffic control	35,000	35,000	36,056	1,056
Charges for fire and rescue service	2,227,266	2,227,266	2,658,984	431,718
Charges for other protection	50,000	50,000	21,940	(28,060)
Charges for parks and recreation	600,000	600,000	632,410	32,410
Charges for library	20,000	20,000	10,572	(9,428)
Charges for tourism	26,100	26,100	8,569	(17,531)
Charges for planning and community development	50	50	-	(50)
Charges for other services	252,500	252,500	294,624	42,124
Total charges for services	3,464,703	3,464,703	3,974,775	510,072

(Continued)

CITY OF SUFFOLK, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES (Continued)				
Miscellaneous revenues				
Recovered Costs	635,894	635,894	780,738	144,844
Miscellaneous	718,000	718,000	253,502	(464,498)
Total revenue from local sources	205,975,052	207,579,598	226,705,543	19,125,945
Revenue from the Commonwealth:				
Noncategorical aid:				
Tax on deeds	450,000	450,000	746,545	296,545
Railroad rolling stock tax	125,000	125,000	130,114	5,114
House bill 599 funds	3,200,896	3,200,896	3,075,124	(125,772)
PPTRA	10,169,730	10,169,730	10,169,730	-
Mobile home titling tax	25,000	25,000	37,724	12,724
Vehicle rental tax	175,000	175,000	245,212	70,212
Games of skill	-	-	18,000	18,000
Total noncategorical aid	14,145,626	14,145,626	14,422,449	276,823
Categorical aid:				
Commonwealth's Attorney	1,125,098	1,125,098	1,122,819	(2,279)
Commissioner of the Revenue	229,865	229,865	229,973	108
Treasurer	269,531	269,531	270,348	817
Sheriff	1,041,253	1,105,843	1,102,701	(3,142)
Circuit Court Clerk	604,471	624,054	101,660	(522,394)
Registrar	51,702	51,702	606,944	555,242
Total categorical aid	3,321,920	3,406,093	3,434,445	28,352
Other categorical aid:				
Public assistance and welfare administration	4,380,040	4,380,040	3,877,692	(502,348)
Police	350,000	350,000	504,515	154,515
Fire and rescue	410,928	410,928	436,250	25,322
Library	174,914	174,914	237,572	62,658
Total other categorical aid	5,315,882	5,315,882	5,056,029	(259,853)
Total categorical aid	8,637,802	8,721,975	8,490,474	(231,501)
Total revenue from the Commonwealth	22,783,428	22,867,601	22,912,923	45,322
Revenue from the Federal government				
Categorical aid:				
Public assistance and welfare administration	5,107,404	5,107,404	5,259,003	151,599
Public Safety	-	-	19,918	19,918
Parks, recreation and cultural	20,000	20,000	21,100	1,100
Total revenue from the Federal government	5,127,404	5,127,404	5,300,021	172,617
Total revenues	233,885,884	235,574,603	254,918,487	19,343,884

(Continued)

CITY OF SUFFOLK, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES				
General Government administration:				
Legislative:				
City Council	\$ 533,303	\$ 541,247	\$ 444,475	\$ 96,772
General and financial administration:				
City Manager	1,188,483	1,213,035	1,177,314	35,721
Budget and strategic planning	371,289	378,271	374,556	3,715
City Attorney	1,215,583	1,234,870	1,290,388	(55,518)
Human resources	1,403,658	1,511,932	1,558,615	(46,683)
Commissioner of the Revenue	1,208,108	1,226,989	1,159,466	67,523
City Assessor	2,047,025	2,076,842	1,907,744	169,098
City Treasurer	1,756,182	1,784,237	1,761,661	22,576
Finance	1,736,055	1,762,704	1,715,174	47,530
Purchasing	360,212	366,379	359,339	7,040
Capital program management	4,502,534	4,571,876	4,417,882	153,994
Media and community relations	800,155	934,335	886,899	47,436
Local and regional organizations	1,231,512	1,231,512	1,215,257	16,255
Board of Elections:				
Registrar	779,263	784,354	828,826	(44,472)
Total general government administration	19,133,362	19,618,583	19,097,596	520,987
Judicial administration:				
Courts:				
Circuit Court	222,334	226,693	220,222	6,471
District Court	93,585	93,585	60,901	32,684
Magistrate	18,061	18,061	13,725	4,336
Juvenile and Domestic Relations Court	17,560	17,560	13,347	4,213
Juvenile and Domestic Relations Court Service Unit	973,435	973,435	847,633	125,802
Circuit Court Clerk	1,731,808	1,783,856	1,682,712	101,144
Sheriff	3,325,632	3,492,012	3,563,618	(71,606)
Commonwealth's Attorney	3,619,484	3,949,312	3,509,711	439,601
Total judicial administration	10,001,899	10,554,514	9,911,869	642,645
Public safety:				
Police	27,609,541	28,239,039	26,772,070	1,466,969
Communications	2,094,906	2,116,664	1,670,661	446,003
Property seizure program - Federal	-	190,823	20,709	170,114
Police E-ticketing	-	160,253	2,915	157,338
Confiscation program - State	-	122,556	-	122,556
DARE	-	2,850	-	2,850
Fire	35,229,937	35,640,947	36,540,292	(899,345)
Western Tidewater Regional Jail	4,492,631	4,492,631	4,492,631	-
Animal shelter and management	995,111	1,003,989	759,201	244,788
Emergency services	18,267	18,267	9,376	8,891
Total public safety	70,440,393	71,988,019	70,267,855	1,720,164
Public works:				
Administration	1,082,754	1,115,249	1,051,210	64,039
Total public works	1,082,754	1,115,249	1,051,210	64,039

(Continued)

CITY OF SUFFOLK, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES (Continued)				
Health and welfare:				
Western Tidewater Health Department	\$ 1,095,655	\$ 1,095,655	\$ 1,095,655	\$ -
Western Tidewater CSB	474,404	474,404	474,404	-
Social Services	12,058,083	12,205,057	10,879,315	1,325,742
Comprehensive Services Act	2,512,554	2,516,073	2,184,136	331,937
Total health and welfare	16,140,696	16,291,189	14,633,510	1,657,679
Education:				
Contributions to component unit school board	65,332,201	65,332,201	64,934,716	397,485
Lease rent of building	442,979	442,979	442,979	-
Total education	65,775,180	65,775,180	65,377,695	397,485
Parks, recreation, and cultural:				
Parks and recreation	2,831,249	2,853,775	2,697,407	156,368
Parks and recreation maintenance	3,329,473	3,400,819	2,995,885	404,934
Parks and recreation - recreation	2,954,337	2,995,022	2,292,619	702,403
Public libraries	3,671,592	3,714,399	3,472,334	242,065
Total parks, recreation, and cultural	12,786,651	12,964,015	11,458,245	1,505,770
Community Development:				
Planning and community development	4,889,188	5,559,043	4,912,836	646,207
Economic development	1,139,447	4,174,645	2,686,667	1,487,978
Tourism	761,318	766,461	735,388	31,073
Cooperative extension services	69,688	69,688	31,084	38,604
Total community development	6,859,641	10,569,837	8,365,975	2,203,862
Nondepartmental:				
Salary, fringe benefits and insurance	649,997	1,440,383	673,339	767,044
Other Miscellaneous	60,000	-	-	-
Total nondepartmental	709,997	1,440,383	673,339	767,044
Total expenditures	202,930,573	210,316,969	200,837,294	9,479,675
Excess of revenues over expenditures	30,955,311	25,257,634	54,081,193	28,823,559
OTHER FINANCING SOURCES (USES)				
Fund Balance Surplus	1,000,000	7,486,761	-	7,486,761
Transfers in	2,930,647	2,930,647	2,930,647	-
Transfers out	(34,885,958)	(35,675,042)	(33,494,035)	(2,181,007)
Total other financing uses, net	(30,955,311)	(25,257,634)	(30,563,388)	5,305,754
Net change in fund balances	\$ -	\$ -	\$ 23,517,805	\$ 23,517,805
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ 23,517,805	
Encumbrances			2,727,205	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 4)			\$ 26,245,010	

CITY OF SUFFOLK, VIRGINIA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
ROAD MAINTENANCE FUND
For the Year Ended June 30, 2022**

	Road Maintenance			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Permits, fees and licenses	\$ 370,000	\$ 370,000	\$ 426,913	\$ 56,913
Fines and forfeitures	250,000	250,000	296,356	46,356
Revenue from use of money and property	15,000	15,000	63,057	48,057
Charges for services	1,292,303	1,292,303	1,724,573	432,270
Miscellaneous	24,500	24,500	40,674	16,174
Intergovernmental:				
Revenue from the Commonwealth	25,060,900	25,060,900	25,491,046	430,146
Fund balance (rollover/appropriations)	2,710,037	7,693,704	-	(7,693,704)
Total revenues	29,722,740	34,706,407	28,042,619	(6,663,788)
EXPENDITURES				
Current:				
Public Works	27,429,560	31,737,569	29,659,843	2,077,726
Total expenditures	27,429,560	31,737,569	29,659,843	2,077,726
Excess (Deficiency) of revenues over (under) expenditures	2,293,180	2,968,838	(1,617,224)	(4,586,062)
OTHER FINANCING USES				
Transfers in	-	127,790	127,790	-
Transfers out	(2,293,180)	(3,096,628)	(3,096,628)	-
Total other financing uses, net	(2,293,180)	(2,968,838)	(2,968,838)	-
Net change in fund balances	\$ -	\$ -	\$ (4,586,062)	\$ (4,586,062)
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ (4,586,062)	
Encumbrances			7,328,802	
Total net change in fund balance per Statement of Revenues,				
Expenditures and changes in Fund Balance (Exhibit 4)			\$ 2,742,740	

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service cost	\$ 738,127	\$ 713,970	\$ 733,174	\$ 668,468	\$ 648,762	\$ 642,823	\$ 687,145	\$ 669,620
Interest	1,455,330	1,537,449	1,650,099	1,706,059	1,742,804	1,849,648	1,921,663	2,025,076
Changes of assumptions	-	-	-	(209,695)	-	801,043	-	899,673
Difference between expected and actual experience	-	304,251	(570,559)	(515,637)	270,296	(42,381)	148,865	(796,573)
Benefit payments, including refunds of employee contributions	(1,049,323)	(991,325)	(901,450)	(1,125,127)	(1,123,413)	(1,147,613)	(1,263,572)	(1,187,694)
Net change in total pension liability	1,144,134	1,564,345	911,264	524,068	1,538,449	2,103,520	1,494,101	1,610,102
Total pension liability -- beginning	21,315,088	22,459,222	24,023,567	24,934,831	25,458,899	26,997,348	29,100,868	30,594,969
Total pension liability -- ending	<u>\$ 22,459,222</u>	<u>\$ 24,023,567</u>	<u>\$ 24,934,831</u>	<u>\$ 25,458,899</u>	<u>\$ 26,997,348</u>	<u>\$ 29,100,868</u>	<u>\$ 30,594,969</u>	<u>\$ 32,205,071</u>
Plan fiduciary net position								
Contributions -- employer	\$ 587,401	\$ 477,042	\$ 663,115	\$ 393,829	\$ 395,475	\$ 356,625	\$ 351,095	\$ 381,546
Contributions -- employee	330,019	312,739	314,507	324,226	324,119	341,637	339,946	353,744
Net investment income	3,042,856	1,014,884	405,924	2,848,179	1,910,589	1,823,319	548,651	7,850,056
Benefit payments, including refunds of employee contributions	(1,049,323)	(991,325)	(901,450)	(1,125,127)	(1,123,413)	(1,147,613)	(1,263,572)	(1,187,694)
Administrative expense	(16,345)	(13,901)	(14,198)	(16,505)	(16,379)	(18,028)	(18,730)	(19,450)
Other	161	(215)	(171)	(2,534)	(1,688)	(1,148)	(679)	741
Net change in plan fiduciary net position	2,894,769	799,224	467,727	2,422,068	1,488,703	1,354,792	(43,289)	7,378,943
Plan fiduciary net position -- beginning	19,344,130	22,238,899	23,038,123	23,505,850	25,927,918	27,416,621	28,771,413	28,728,124
Plan fiduciary net position -- ending	<u>\$ 22,238,899</u>	<u>\$ 23,038,123</u>	<u>\$ 23,505,850</u>	<u>\$ 25,927,918</u>	<u>\$ 27,416,621</u>	<u>\$ 28,771,413</u>	<u>\$ 28,728,124</u>	<u>\$ 36,107,067</u>
Total net pension liability -- beginning	\$ 1,970,958	\$ 220,323	\$ 985,444	\$ 1,428,981	\$ (469,019)	\$ (419,273)	\$ 329,455	\$ 1,866,845
Total net pension liability (asset) -- ending	<u>\$ 220,323</u>	<u>\$ 985,444</u>	<u>\$ 1,428,981</u>	<u>\$ (469,019)</u>	<u>\$ (419,273)</u>	<u>\$ 329,455</u>	<u>\$ 1,866,845</u>	<u>\$ (3,901,996)</u>
Plan fiduciary net position as a percentage of total pension liability	99%	96%	94%	102%	102%	99%	94%	112%
Covered payroll	\$ 6,739,997	\$ 6,271,733	\$ 7,303,711	\$ 6,556,134	\$ 6,718,706	\$ 7,179,989	\$ 7,228,784	\$ 7,502,569
Net pension liability (asset) as a percentage of covered payroll	3.27%	15.71%	19.57%	-7.15%	-6.24%	4.59%	25.83%	-52.01%

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

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

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015	2016	2017	2018	2019	2020	2021
Employer's proportion of the net pension liability	0.93031%	0.91814%	0.94584%	0.95248%	0.95078%	0.98036%	0.94792%	0.95117%
Employer's proportionate share of the net pension liability	\$ 112,425,000	\$ 115,560,000	\$ 132,551,000	\$ 117,136,000	\$ 111,812,000	\$ 129,020,948	\$ 137,947,254	\$ 73,840,253
Employer's covered payroll	89,528,345	68,193,037	71,032,824	73,624,141	76,657,195	81,801,705	82,806,334	83,522,903
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	125.57%	169.46%	186.61%	159.10%	145.86%	157.72%	166.59%	88.41%
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	70.88%	73.51%	71.47%	85.46%

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

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

CITY OF SUFFOLK, VIRGINIA

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

Date		Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
City Pension Plan:						
2013	\$	10,018,672	\$ 10,197,688	\$ (179,016)	\$ 53,979,914	18.89%
2014		10,385,226	10,526,564	(141,338)	55,954,879	18.81%
2015		8,171,325	8,321,012	(149,687)	63,639,606	13.08%
2016		6,772,022	8,035,838	(1,263,816)	59,144,296	13.59%
2017		7,068,598	7,030,967	37,631	64,085,203	10.97%
2018		7,423,507	7,309,368	114,139	67,302,874	10.86%
2019		7,243,547	7,200,075	43,472	67,256,705	10.71%
2020		7,468,347	7,462,406	5,941	69,343,981	10.76%
2021		8,630,767	8,610,229	20,538	69,212,248	12.44%
2022		8,992,126	8,992,126	-	72,395,220	12.42%
School Board (non-teacher) Pension Plan:						
2013	\$	950,684	\$ 938,800	\$ 11,884	\$ 6,839,451	13.73%
2014		936,860	820,701	116,159	6,739,997	12.18%
2015		747,583	747,583	-	6,271,733	11.92%
2016		701,325	701,325	-	7,303,711	9.60%
2017		586,121	586,121	-	6,556,134	8.94%
2018		395,660	395,660	-	6,718,706	5.89%
2019		356,136	356,136	-	7,179,989	4.96%
2020		350,347	350,347	-	7,228,784	4.85%
2021		420,144	420,144	-	7,502,569	5.60%
2022		444,256	444,256	-	8,968,585	4.95%
School Board Teacher Retirement Plan:						
2013	\$	-	\$ 11,648,391	\$ (11,648,391)	\$ 74,383,084	15.66%
2014		-	10,439,005	(10,439,005)	89,528,345	11.66%
2015		11,594,588	11,594,588	-	68,193,037	17.00%
2016		11,533,874	11,533,874	-	71,032,824	16.24%
2017		11,760,656	11,760,656	-	73,624,141	15.97%
2018		12,290,506	12,290,506	-	76,657,195	16.03%
2019		12,543,319	12,543,319	-	81,801,705	15.33%
2020		12,616,285	12,616,285	-	82,806,334	15.24%
2021		13,881,507	13,881,507	-	83,522,903	16.62%
2022		13,650,009	13,650,009	-	84,666,483	16.12%

CITY OF SUFFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

Notes to the Required Supplementary Information related to Pensions

Changes in Benefit terms

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

Changes of assumptions

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

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

- | | |
|--|---|
| <ul style="list-style-type: none">- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.- Lowered retirement rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.- No change to disability rates.- No change to line of duty disability rates.- No change to discount rate of 6.75% | <ul style="list-style-type: none">- Updated mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.- No change to disability rates.- No change to line of disability rates.- No change to discount rate of 6.75%. |
|--|---|

School Board Teacher Retirement Plan Employees:

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

CITY OF SUFFOLK, VIRGINIA

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

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	\$ 886,026	\$ 646,056	\$ 835,242	\$ 936,260	\$ 972,561	\$ 1,250,647
Interest	2,225,368	2,369,007	2,976,786	3,435,345	3,568,007	3,143,180
Difference between expected and actual experience	-	5,564,681	576,876	(479,096)	(109,112)	(21,471,616)
Changes of assumptions or other inputs	-	289,822	3,129,118	(863,241)	-	5,714,895
Benefit payments, including refunds of employee contributions	(1,060,396)	(1,454,455)	(1,655,212)	(1,349,107)	(1,242,451)	(1,073,690)
Net change in total OPEB liability	2,050,998	7,415,111	5,862,810	1,680,161	3,189,005	(12,436,584)
Total OPEB liability -- beginning	30,201,776	32,252,774	39,667,885	45,530,695	47,210,856	50,399,861
Total OPEB liability -- ending	<u>\$ 32,252,774</u>	<u>\$ 39,667,885</u>	<u>\$ 45,530,695</u>	<u>\$ 47,210,856</u>	<u>\$ 50,399,861</u>	<u>\$ 37,963,277</u>
Plan fiduciary net position						
Contributions -- employer	\$ 3,340,696	\$ 2,488,905	\$ 1,655,212	\$ 1,349,107	\$ 1,742,451	\$ 1,803,210
Net investment income	3,390,546	3,045,950	1,629,195	1,131,826	11,551,219	(4,707,020)
Benefit payments, including refunds of employee contributions	(1,060,396)	(1,454,455)	(1,655,212)	(1,349,107)	(1,242,451)	(1,073,690)
Administrative fees	-	(31,912)	(32,333)	(33,677)	(36,395)	-
Net change in plan fiduciary net position	5,670,846	4,048,488	1,596,862	1,098,149	12,014,825	(3,977,500)
Plan fiduciary net position -- beginning	25,720,279	31,391,125	35,439,613	37,036,475	38,134,624	50,149,449
Plan fiduciary net position -- ending	<u>\$ 31,391,125</u>	<u>\$ 35,439,613</u>	<u>\$ 37,036,475</u>	<u>\$ 38,134,624</u>	<u>\$ 50,149,449</u>	<u>\$ 46,171,949</u>
Total net OPEB liability (asset) -- beginning	\$ 4,481,497	\$ 861,649	\$ 4,228,272	\$ 8,494,220	\$ 9,076,232	\$ 250,412
Total Net OPEB liability (asset) -- ending	<u>\$ 861,649</u>	<u>\$ 4,228,272</u>	<u>\$ 8,494,220</u>	<u>\$ 9,076,232</u>	<u>\$ 250,412</u>	<u>\$ (8,208,672)</u>
Plan fiduciary net position as a percentage of total OPEB liability	97.33%	89.34%	81.34%	80.78%	99.50%	121.62%
Covered payroll	\$ 58,111,943	\$ 67,302,874	\$ 61,416,353	\$ 69,886,884	\$ 69,886,884	\$ 75,470,202
Net OPEB Liability as a percentage of covered payroll	1.48%	6.28%	13.83%	12.99%	0.36%	-10.88%

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

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

CITY OF SUFFOLK, VIRGINIA

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

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service cost	\$ 518,107	\$ 456,968	\$ 458,381	\$ 474,424	\$ 532,956
Interest	1,168,697	1,034,554	1,024,964	1,124,926	869,162
Changes of benefit terms	(391,210)	-	-	-	-
Difference between expected and actual experience	(2,060,226)	(651,244)	695,593	(4,196,230)	(1,920,563)
Changes of assumptions or other inputs	1,303,406	34,634	-	26,928	79,997
Benefit payments, including refunds of employee contributions	(1,323,985)	(588,348)	(1,435,329)	(267,861)	(304,691)
Net change in total OPEB liability	(785,211)	286,564	743,609	(2,837,813)	(743,139)
Total OPEB liability -- beginning	14,411,142	13,625,931	13,912,495	14,656,104	11,818,291
Total OPEB liability -- ending	<u>\$ 13,625,931</u>	<u>\$ 13,912,495</u>	<u>\$ 14,656,104</u>	<u>\$ 11,818,291</u>	<u>\$ 11,075,152</u>
Plan fiduciary net position					
Contributions -- employer	\$ 1,323,985	\$ 588,348	\$ 1,435,329	\$ 267,861	\$ 304,691
Net investment income	2,073,264	(699,998)	2,823,320	2,533,238	3,020,825
Benefit payments, including refunds of employee contributions	(1,323,985)	(588,348)	(1,435,329)	(267,861)	(304,691)
Administrative expenses	(14,546)	(14,727)	(15,166)	(15,718)	(18,731)
Net change in plan fiduciary net position	2,058,718	(714,725)	2,808,154	2,517,520	3,002,094
Plan fiduciary net position -- beginning	13,406,521	15,465,239	14,750,514	17,558,668	20,076,188
Plan fiduciary net position -- ending	<u>\$ 15,465,239</u>	<u>\$ 14,750,514</u>	<u>\$ 17,558,668</u>	<u>\$ 20,076,188</u>	<u>\$ 23,078,282</u>
Total net OPEB liability (asset) -- beginning	<u>\$ 1,004,621</u>	<u>\$ (1,839,308)</u>	<u>\$ (838,019)</u>	<u>\$ (2,902,564)</u>	<u>\$ (8,257,897)</u>
Total Net OPEB asset -- ending	<u>\$ (1,839,308)</u>	<u>\$ (838,019)</u>	<u>\$ (2,902,564)</u>	<u>\$ (8,257,897)</u>	<u>\$ (12,003,130)</u>
Plan fiduciary net position as a percentage of total OPEB liability	113.50%	106.02%	119.80%	169.87%	208.38%
Covered payroll	\$ 79,940,967	\$ 80,618,413	\$ 81,801,705	\$ 90,628,803	\$ 94,222,692
Net OPEB Asset as a percentage of covered payroll	-2.30%	-1.04%	-3.55%	-9.11%	-12.74%

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

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

CITY OF SUFFOLK, VIRGINIA

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

Date		Actuarially Determined Contribution		Contributions in Relation to Required Contribution		Contribution Deficiency (Excess)		Employer's Covered Payroll		Contributions as a % of Covered Payroll
City Plan:										
2013	\$	2,999,000	\$	3,250,647	\$	(251,647)	\$	55,725,400		5.83%
2014		2,999,000		2,621,943		377,057		53,941,000		4.86%
2015		3,077,600		3,503,479		(425,879)		53,941,000		6.50%
2016		3,182,500		3,501,603		(319,103)		58,111,943		6.03%
2017		1,083,859		3,340,696		(2,256,837)		58,111,943		5.75%
2018		734,245		2,488,906		(1,754,661)		67,302,874		3.70%
2019		1,330,615		1,655,212		(324,597)		61,416,353		2.70%
2020		1,330,615		1,349,107		(18,492)		69,886,884		1.93%
2021		1,702,081		1,742,451		(40,370)		69,886,884		2.49%
2022		1,702,081		1,803,210		(101,129)		75,470,202		2.39%
School Board										
2013	\$	2,439,200	\$	1,467,100	\$	972,100	\$	58,391,400		2.51%
2014		1,285,500		1,312,268		(26,768)		58,391,400		2.25%
2015		1,339,100		1,631,285		(292,185)		55,537,800		2.94%
2016		112,200		1,578,887		(1,466,687)		55,537,800		2.84%
2017		613,629		1,822,143		(1,208,514)		79,940,967		2.28%
2018		613,629		1,063,180		(449,551)		80,618,413		1.32%
2019		588,348		1,053,194		(464,846)		81,801,705		1.29%
2020		1,435,329		621,810		813,519		84,334,164		0.74%
2021		-		267,861		(267,861)		90,628,803		0.30%
2022		-		304,691		(304,691)		94,222,692		0.32%

CITY OF SUFFOLK, VIRGINIA

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

	City OPEB Trust	School Board OPEB Trust
2017	13.04%	15.52%
2018	9.52%	9.52%
2019	4.67%	4.67%
2020	4.88%	4.88%
2021	30.05%	30.05%
2022	-9.28%	-9.28%

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

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

Changes in Benefit Terms:

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

Changes to assumptions or other inputs

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

- The discount rate was lowered from 7.5% to .75% to be in line with the current VRS assumption.
- The claims assumption was updated to include the most recent plan experience.
- The trend assumption was updated to the most recent table released by the Society of Actuaries.
- The salary scale assumption was updated to match that of the most recent VRS valuation.
- The decrement assumptions were updated to match those used by the most recent VRS valuation.

CITY OF SUFFOLK, VIRGINIA

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

	2017	2018	2019	2020	2021
Employer's proportion of the net LODA OPEB liability	2.76316%	2.86170%	2.62930%	2.75114%	2.78220%
Employer's proportionate share of the net LODA OPEB liability	\$ 7,261,000	\$ 8,972,000	\$ 9,433,565	\$ 11,522,199	\$ 12,269,269
Employer's covered payroll	\$ 23,102,737	\$ 24,288,204	\$ 28,324,247	\$ 29,370,754	\$ 27,241,531
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	31.43%	36.94%	33.31%	39.23%	45.04%
Plan fiduciary net position as a percentage of the total LODA OPEB liability	1.30%	0.60%	0.79%	1.02%	1.30%

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

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

CITY OF SUFFOLK, VIRGINIA

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

	2017	2018	2019	2020	2021
Employer's proportion of the net GLI OPEB liability	0.34781%	0.34952%	0.34159%	0.33753%	0.33655%
Employer's proportionate share of the net GLI OPEB liability	\$ 5,234,000	\$ 5,308,000	\$ 5,558,578	\$ 5,632,832	\$ 3,918,355
Employer's covered payroll	\$ 64,154,851	\$ 66,461,255	\$ 66,963,814	\$ 69,692,322	\$ 69,484,722
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.08%	5.64%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%

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

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

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2018	2019	2020	2021
Employer's proportion of the net GLI OPEB liability	0.40934%	0.44079%	0.45715%	0.43943%	0.44273%
Employer's proportionate share of the net GLI OPEB liability	\$ 6,704,000	\$ 6,695,000	\$ 7,439,047	\$ 7,333,367	\$ 5,154,577
Employer's covered payroll	\$ 82,175,449	\$ 83,814,437	\$ 89,616,947	\$ 90,437,143	\$ 91,407,110
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.11%	5.64%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%

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

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

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2018	2019	2020	2021
Employer's proportion of the net HIC OPEB liability	0.95031%	0.94832%	0.97557%	0.94455%	0.94441%
Employer's proportionate share of the net HIC OPEB liability	\$ 12,056,000	\$ 12,040,000	\$ 12,771,160	\$ 12,321,811	\$ 12,122,156
Employer's covered payroll	\$ 74,998,650	\$ 76,694,389	\$ 81,827,304	\$ 82,806,334	\$ 83,522,903
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.07%	15.70%	15.61%	14.88%	14.51%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.04%	8.08%	8.97%	9.95%	13.15%

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

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

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2018	2019	2020	2021
Employer's proportion of the net VLDP OPEB liability	4.31966%	4.37837%	4.50925%	4.10950%	4.07483%
Employer's proportionate share of the net VLDP OPEB liability (asset)	\$ 25,000	\$ 34,000	\$ 34,661	\$ 34,104	\$ (30,600)
Employer's covered payroll	\$ 11,799,069	\$ 15,699,589	\$ 20,626,222	\$ 23,040,664	\$ 25,736,865
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.21%	0.22%	0.17%	0.15%	-0.12%
Plan fiduciary net position as a percentage of the total VLDP OPEB liability	31.96%	46.18%	74.12%	78.28%	114.46%

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

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

CITY OF SUFFOLK, VIRGINIA

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

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
City Group Life Insurance Program (GLI)					
2013	\$ 264,481	\$ 264,481	\$ -	\$ 55,100,255	0.48%
2014	271,524	271,524	-	56,567,440	0.48%
2015	275,235	275,235	-	57,340,704	0.48%
2016	283,950	283,950	-	59,156,221	0.48%
2017	333,605	333,605	-	64,154,851	0.52%
2018	345,599	345,599	-	66,461,255	0.52%
2019	348,212	348,212	-	66,963,814	0.52%
2020	432,439	432,439	-	69,692,322	0.62%
2021	375,217	375,217	-	69,484,722	0.54%
2022	385,940	385,940	-	72,564,393	0.53%
City Line of Duty Act Program (LODA)					
2013	\$ 246,435	\$ 246,435	\$ -	\$ 21,550,008	1.14%
2014	283,038	283,038	-	21,413,893	1.32%
2015	274,077	274,077	-	21,823,152	1.26%
2016	270,316	270,316	-	21,832,593	1.24%
2017	298,011	298,011	-	23,102,737	1.29%
2018	304,819	304,819	-	24,288,204	1.26%
2019	352,885	352,885	-	28,324,247	1.25%
2020	373,881	373,881	-	29,370,754	1.27%
2021	383,044	383,044	-	27,241,531	1.41%
2022	358,834	358,834	-	31,137,183	1.15%

CITY OF SUFFOLK, VIRGINIA

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

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
School Board Group Life Insurance Program (GLI)					
2013	\$ 375,924	\$ 375,924	\$ -	\$ 78,317,242	0.48%
2014	366,756	366,756	-	76,407,583	0.48%
2015	366,410	366,410	-	76,335,421	0.48%
2016	386,299	386,299	-	80,479,145	0.48%
2017	427,312	427,312	-	82,175,449	0.52%
2018	435,835	435,835	-	83,814,437	0.52%
2019	466,008	466,008	-	89,616,947	0.52%
2020	470,273	470,273	-	90,437,143	0.52%
2021	493,598	493,598	-	91,407,110	0.54%
2022	1,264,187	1,264,187	-	94,334,223	1.34%
School Board Health Insurance Credit Program (THIC) - Teachers					
2013	\$ 790,230	\$ 790,230	\$ -	\$ 71,191,867	1.11%
2014	769,958	769,958	-	69,365,599	1.11%
2015	737,927	737,927	-	69,615,713	1.06%
2016	779,951	779,951	-	73,580,311	1.06%
2017	832,485	832,485	-	74,998,650	1.11%
2018	943,341	943,341	-	76,694,389	1.23%
2019	981,928	981,928	-	81,827,304	1.20%
2020	993,676	993,676	-	82,806,334	1.20%
2021	1,010,627	1,010,627	-	83,522,903	1.21%
2022	1,024,485	1,024,485	-	84,666,483	1.21%
School Board Virginia Local Disability Program (VLDP)					
2013	\$ -	\$ -	\$ -	\$ -	n/a
2014	401	401	-	133,150	0.30%
2015	13,200	13,200	-	4,464,403	0.30%
2016	23,681	23,681	-	7,814,391	0.30%
2017	38,690	38,690	-	11,799,069	0.33%
2018	52,058	52,058	-	15,699,589	0.33%
2019	88,363	88,363	-	20,626,222	0.43%
2020	101,154	101,154	-	23,040,664	0.44%
2021	129,938	129,938	-	25,736,865	0.50%
2022	158,126	158,126	-	30,691,112	0.52%

CITY OF SUFFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

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

Changes in Benefit Terms:

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

Changes to assumptions or other inputs

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

General City and School Board GLI plan employees	Public Safety Employees GLI and LODA plans
<ul style="list-style-type: none">- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.- Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 year of service.- No change in disability rates.- No change in salary scale.- No change in discount rate.	<ul style="list-style-type: none">- Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements replace load with a modified Mortality Improvement Scale MP-2020.- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with locals Top 10 Hazardous duty.- No change in disability rates.- No change in salary scale.- No change in line of duty disability rates.

School Board Teacher GLI, HIC and VLDP:

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

CITY OF SUFFOLK, VIRGINIA

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

	2020	2021
Total OPEB Liability		
Service cost	\$ -	\$ 10,909
Interest	-	42,022
Changes of benefit terms	622,573	-
Changes of assumptions or other inputs	-	17,815
Benefit payments, including refunds of employee contributions	-	(35)
Net change in total OPEB liability	622,573	70,711
Total OPEB liability -- beginning	-	622,573
Total OPEB liability -- ending	<u>\$ 622,573</u>	<u>\$ 693,284</u>
 Plan fiduciary net position		
Contributions -- employer	\$ -	\$ 52,520
Net investment income	-	6,756
Benefit payments, including refunds of employee contributions	-	(35)
Administrative expenses	-	(232)
Net change in plan fiduciary net position	\$ -	\$ 59,009
Plan fiduciary net position -- beginning	-	-
Plan fiduciary net position -- ending	<u>\$ -</u>	<u>\$ 59,009</u>
 Total net OPEB liability -- beginning	<u>\$ -</u>	<u>\$ 622,573</u>
Total Net OPEB liability -- ending	<u>\$ 622,573</u>	<u>\$ 634,275</u>
 Plan fiduciary net position as a percentage of total OPEB liability	 0.00%	 8.51%
 Covered payroll	 \$ 7,502,569	 \$ 7,502,569
 Net OPEB Liability as a percentage of covered payroll	 8.30%	 8.45%

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

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

CITY OF SUFFOLK, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

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

Date	Actuarially Determined Contribution	Contributions in Relation to Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 52,518	\$ 52,518	\$ -	\$ 7,502,569	0.70%
2022	62,748	62,748	-	8,968,585	0.70%

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

CITY OF SUFFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022

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

Changes in Benefit Terms:

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

Changes to assumptions or other inputs

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

Mortality Rates (pre-retirement, post-retirement, healthy and disabled):	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates:	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates:	Adjusted rates to better fit experience at each age and service decrement through 9 year of service.
Disability rates:	No change.
Salary Scale:	No change.
Line of Duty Disability:	No change.
Discount Rate:	No change.

OTHER SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION:

NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

Route 17 Taxing District Fund – accounts for revenues and expenditures related to services provided in the Route 17 Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the route 17 Taxing District.

Cemetery Fund – accounts for monies received from the sale of burial sites, lots, and mausoleum sites, the revenue from which is to be applied to the perpetual care of the City's cemeteries.

Aviation Fund – accounts for revenues generated through use of airport facilities and governmental grant programs to be used solely for expansion, maintenance, and use of city municipal airport.

Transit Fund -- accounts for revenues and expenditures associated with the City's bus services. The revenue comes from a combination of state grants and fares collected from the passengers.

CITY OF SUFFOLK, VIRGINIA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Suffolk Taxing District	Downtown Business Overlay District	Law Library	Route 17 Taxing District	Cemetery	Transit	Aviation	Total Non-Major Governmental Funds
ASSETS								
Assets:								
Cash and cash equivalents	\$ -	\$ 299,380	\$ 198,368	\$ 6,724,265	\$ -	\$ 2,119,752	\$ 568,418	\$ 9,910,183
Cash and cash equivalents, restricted	-	-	-	-	937,254	-	-	937,254
Receivables, net:								
Taxes	-	510	-	11,007	-	-	-	11,517
Accounts	-	-	1,796	-	-	637	128,555	130,988
Due from other governmental units	-	-	-	-	-	579,601	1,140	580,741
Leases receivable	-	-	-	-	-	-	889,559	889,559
Inventory	-	-	-	-	-	-	164,694	164,694
Total assets	<u>\$ -</u>	<u>\$ 299,890</u>	<u>\$ 200,164</u>	<u>\$ 6,735,272</u>	<u>\$ 937,254</u>	<u>\$ 2,699,990</u>	<u>\$ 1,752,366</u>	<u>\$ 12,624,936</u>
LIABILITIES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 10,819	\$ -	\$ 56	\$ -	\$ -	\$ 122,971	\$ 73,285	\$ 207,131
Accrued payroll and related liabilities	-	-	-	-	-	5,067	4,851	9,918
Unavailable revenues	-	-	-	-	-	-	-	-
Total liabilities	<u>10,819</u>	<u>-</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>128,038</u>	<u>78,136</u>	<u>217,049</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues - taxes	-	176	-	37	-	-	-	213
Deposits	-	-	-	-	-	-	18,587	18,587
Deferred inflows related to leases	-	-	-	-	-	-	883,319	883,319
Total deferred inflows	<u>-</u>	<u>176</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>-</u>	<u>901,906</u>	<u>902,119</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	164,694	164,694
Restricted	-	-	200,108	-	937,254	2,571,952	-	3,709,314
Committed	-	299,714	-	6,735,235	-	-	607,630	7,642,579
Unassigned	(10,819)	-	-	-	-	-	-	(10,819)
Total fund balances	<u>(10,819)</u>	<u>299,714</u>	<u>200,108</u>	<u>6,735,235</u>	<u>937,254</u>	<u>2,571,952</u>	<u>772,324</u>	<u>11,505,768</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 299,890</u>	<u>\$ 200,164</u>	<u>\$ 6,735,272</u>	<u>\$ 937,254</u>	<u>\$ 2,699,990</u>	<u>\$ 1,752,366</u>	<u>\$ 12,624,936</u>

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	Suffolk Taxing District	Downtown Business Overlay District	Law Library	Route 17 Taxing District	Cemetery	Transit	Aviation	Total Non-Major Governmental Funds
REVENUES								
Real estate taxes	\$ -	\$ 186,738	\$ -	\$ 2,042,667	\$ -	\$ -	\$ -	\$ 2,229,405
Revenue from use of money and property	-	49	532	8,765	1,392	5,678	277,524	293,940
Charges for services	-	-	25,541	-	-	64,817	695,897	786,255
Miscellaneous	-	-	-	-	42,135	9,986	-	52,121
Intergovernmental:								-
Revenue from the Commonwealth	-	-	-	-	-	523,027	3,420	526,447
Revenue from the Federal government	-	-	-	-	-	1,688,754	-	1,688,754
Total revenues	-	186,787	26,073	2,051,432	43,527	2,292,262	976,841	5,576,922
EXPENDITURES								
Current:								
General government administration	-	-	-	-	-	-	884,351	884,351
Judicial administration	-	-	35,800	-	-	-	-	35,800
Public safety	-	-	-	-	-	-	-	-
Public works	-	159,314	-	-	-	-	-	159,314
Health and welfare	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	2,045,390	-	2,045,390
Parks, recreation, and cultural	-	-	-	-	114,854	-	-	114,854
Community development	-	-	-	-	-	-	-	-
Total expenditures	-	159,314	35,800	-	114,854	2,045,390	884,351	3,239,709
Excess (deficiency) of revenues over (under) expenditures	-	27,473	(9,727)	2,051,432	(71,327)	246,872	92,490	2,337,213
Other financing sources (uses):								
Transfers in	-	-	-	-	-	1,008,200	112,815	1,121,015
Transfers out	-	-	-	(398,460)	-	(840,033)	(98,544)	(1,337,037)
Total other financing sources (uses), net	-	-	-	(398,460)	-	168,167	14,271	(216,022)
Net changes in fund balances	-	27,473	(9,727)	1,652,972	(71,327)	415,039	106,761	2,121,191
Fund balances at July 1	(10,819)	272,241	209,835	5,082,263	1,008,581	2,156,913	665,563	9,384,577
Fund balances at June 30	\$ (10,819)	\$ 299,714	\$ 200,108	\$ 6,735,235	\$ 937,254	\$ 2,571,952	\$ 772,324	\$ 11,505,768

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL - BUDGETARY BASIS
 DEBT SERVICE FUND
 Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 300,581	\$ 300,581
Total revenues	-	-	300,581	300,581
EXPENDITURES				
Current:				
Principal	19,053,142	19,074,488	19,074,488	-
Bond issuance costs	-	506,361	506,360	1
Interest and other fiscal charges	10,343,518	9,815,811	8,801,914	1,013,897
Total expenditures	29,396,660	29,396,660	28,382,762	1,013,898
Deficiency of revenues under expenditures	(29,396,660)	(29,396,660)	(28,082,181)	1,314,479
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	18,258,122	18,258,122
Premium on bonds issued	-	-	-	-
Payment to escrow agent	-	-	(17,754,699)	(17,754,699)
Transfers in	29,396,660	29,396,660	27,578,758	(1,817,902)
Total other financing sources, net	29,396,660	29,396,660	28,082,181	(1,314,479)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2022

	<u>Law Library</u>				<u>Downtown Business Overlay District</u>			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES								
Real estate taxes	\$ -	\$ -	\$ -	\$ -	\$ 174,091	\$ 174,091	\$ 186,738	\$ 12,647
Revenue from use of money and property	-	-	532	532	-	-	49	49
Charges for services	35,000	35,000	25,541	(9,459)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Fund balance (rollover/appropriations)	13,847	1,387	-	(1,387)	-	-	-	-
Total revenues	48,847	36,387	26,073	(10,314)	174,091	174,091	186,787	12,696
EXPENDITURES								
Current:								
Judicial administration	48,847	48,847	35,800	13,047	-	-	-	-
Public works	-	-	-	-	174,091	174,091	159,314	14,777
Total expenditures	48,847	48,847	35,800	13,047	174,091	174,091	159,314	14,777
Excess (deficiency) of revenues over (under) expenditures	-	(12,460)	(9,727)	2,733	-	-	27,473	27,473
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Net change in fund balances	\$ -	\$ (12,460)	\$ (9,727)	\$ 2,733	\$ -	\$ -	\$ 27,473	\$ 27,473
Reconciliation to Governmental Fund Statement:								
Total net change in fund balance			\$ (9,727)				\$ 27,473	
Encumbrances			-				-	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 30)			\$ (9,727)				\$ 27,473	

(continued)

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2022

	Route 17 Taxing District				Aviation			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
REVENUES								
Real estate taxes	\$ 1,989,160	\$ 1,989,160	\$ 2,042,667	\$ 53,507	\$ -		\$ -	
Revenue from use of money and property	-	-	8,765	8,765	273,480	273,480	277,524	4,044
Charges for services	-	-	-	-	695,000	695,000	695,897	897
Intergovernmental:								
Revenue from the Commonwealth	-	-	-	-	-	9,027	3,420	(5,607)
Fund balance (rollover/appropriations)	-	-	-	-	-	245,438	-	(245,438)
Total revenues	1,989,160	1,989,160	2,051,432	62,272	968,480	1,222,945	976,841	(246,104)
EXPENDITURES								
Current:								
General government administration	1,590,700	1,590,700	-	1,590,700	988,868	1,237,216	909,319	327,897
Total expenditures	1,590,700	1,590,700	-	-	988,868	1,237,216	909,319	327,897
Excess (deficiency) of revenues over (under) expenditures	398,460	398,460	2,051,432	1,652,972	(20,388)	(14,271)	67,522	81,793
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	109,717	112,815	112,815	-
Transfers out	(398,460)	(398,460)	(398,460)	-	(89,329)	(98,544)	(98,544)	-
Total other financing sources (uses), net	(398,460)	(398,460)	(398,460)	-	20,388	14,271	14,271	-
Net change in fund balances	\$ -	\$ -	\$ 1,652,972	\$ 1,652,972	\$ -	\$ -	\$ 81,793	\$ 81,793
Reconciliation to Governmental Fund Statement:								
Total net change in fund balance			\$ 1,652,972				\$ 81,793	
Encumbrances			-				24,968	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 30)			\$ 1,652,972				\$ 106,761	

(continued)

CITY OF SUFFOLK, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS
SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2022**

Transit				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 5,678	\$ 5,678
Charges for services	43,000	43,000	64,817	21,817
Miscellaneous	4,500	4,500	9,986	5,486
Intergovernmental:				
Revenue from the commonwealth	373,414	1,004,425	523,027	(481,398)
Revenue from the federal government	836,117	4,899,936	1,688,754	(3,211,182)
Grants to be anticipated		76,060	-	(76,060)
Fund balance (rollover/appropriations)	167,720	233,557	-	(233,557)
Total revenues	<u>1,424,751</u>	<u>6,261,478</u>	<u>2,292,262</u>	<u>(3,969,216)</u>
EXPENDITURES				
Current:				
Transportation	2,191,127	6,429,645	2,064,644	4,365,001
Total expenditures	<u>2,191,127</u>	<u>6,429,645</u>	<u>2,064,644</u>	<u>4,365,001</u>
Deficiency of revenues under expenditures	<u>(766,376)</u>	<u>(168,167)</u>	<u>227,618</u>	<u>395,785</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,006,409	1,008,200	1,008,200	-
Transfers out	<u>(240,033)</u>	<u>(840,033)</u>	<u>(840,033)</u>	<u>-</u>
Total other financing sources, net	<u>766,376</u>	<u>168,167</u>	<u>168,167</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,785</u>	<u>\$ 395,785</u>
Reconciliation to Governmental Fund Statement:				
Total net change in fund balance			\$ 395,785	
Encumbrances			<u>19,254</u>	
Total net change in fund balance per Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 30)			<u>\$ 415,039</u>	

OTHER SUPPLEMENTARY INFORMATION: NON-MAJOR PROPRIETARY FUNDS

Enterprise Funds are used to account for:

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

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

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS

June 30, 2022

	Business-type Activities - Enterprise Funds		
	Stormwater		
	Utility	Refuse	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 10,188,371	\$ 5,326,781	\$ 15,515,152
Cash and cash equivalents, restricted	379,623	-	379,623
Receivables, net	208,268	576,544	784,812
Total current assets	10,776,262	5,903,325	16,679,587
Noncurrent assets:			
Land and construction in progress	2,447,121	-	2,447,121
Capital assets, net	174,123	-	174,123
Right to use leased assets, net of amortization	21,040	4,209	25,249
Total noncurrent assets	2,642,284	4,209	2,646,493
Total assets	13,418,546	5,907,534	19,326,080
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pension plan	799,120	434,113	1,233,233
Deferred outflows related to OPEB City trust	239,031	199,194	438,225
Deferred outflows related to OPEB state plans	41,527	22,803	64,330
Total deferred outflows of resources	1,079,678	656,110	1,735,788
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	339,684	288,093	627,777
Accrued payroll and related liabilities	113,510	66,344	179,854
Accrued interest payable	5,568	3,333	8,901
Compensated absences	150,028	75,014	225,042
Bonds and leases payable	24,928	172,391	197,319
Total current liabilities	633,718	605,175	1,238,893
Noncurrent liabilities:			
Compensated absences	65,776	42,009	107,785
Net pension liability	721,114	406,806	1,127,920
Net OPEB liability City trust	8,347	6,956	15,303
Net OPEB liability state plans	143,307	80,210	223,517
Bonds and leases payable	383,671	2,643	386,314
Total noncurrent liabilities	1,322,215	538,624	1,860,839
Total liabilities	1,955,933	1,143,799	3,099,732
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pension plan	1,392,239	785,411	2,177,650
Deferred inflows related to OPEB City trust	225,716	188,097	413,813
Deferred inflows related to OPEB state plans	59,294	33,187	92,481
Total deferred inflows of resources	1,677,249	1,006,695	2,683,944
NET POSITION			
Net investment in capital assets	2,606,259	-	2,606,259
Unrestricted	8,258,783	4,413,150	12,671,933
Total net position	\$ 10,865,042	\$ 4,413,150	\$ 15,278,192

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Stormwater		
	Utility	Refuse	Total
OPERATING REVENUES			
Charges for services	\$ 8,868,561	\$ 10,168,181	\$ 19,036,742
Other	173,127	595,896	769,023
Total operating revenues	<u>9,041,688</u>	<u>10,764,077</u>	<u>19,805,765</u>
OPERATING EXPENSES			
Personnel services	3,327,591	1,681,259	5,008,850
Contractual services	678,877	5,067,993	5,746,870
Administration	683,039	2,433,005	3,116,044
Supplies	98,943	145,356	244,299
Repairs and maintenance	3,279	8,201	11,480
Utilities	45,381	23,437	68,818
Depreciation and amortization	107,116	1,578	108,694
Building and equipment rental	89,628	-	89,628
Other charges	42,383	56,669	99,052
Total operating expenses	<u>5,076,237</u>	<u>9,417,498</u>	<u>14,493,735</u>
Operating income	<u>3,965,451</u>	<u>1,346,579</u>	<u>5,312,030</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	25,905	10,246	36,151
Interest expense	(11,695)	(1,584)	(13,279)
Net nonoperating revenues, net	<u>14,210</u>	<u>8,662</u>	<u>22,872</u>
Income before transfers	3,979,661	1,355,241	5,334,902
Transfers in	331,654	36,227	367,881
Transfers out	<u>(474,609)</u>	<u>(302,897)</u>	<u>(777,506)</u>
Change in net position	3,836,706	1,088,571	4,925,277
Net position at July 1, as restated	7,028,336	3,324,579	10,352,915
Net position at June 30	<u><u>\$ 10,865,042</u></u>	<u><u>\$ 4,413,150</u></u>	<u><u>\$ 15,278,192</u></u>

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	Stormwater Utility	Refuse	Total
OPERATING ACTIVITIES			
Receipts from customers	\$ 8,991,194	\$ 10,659,938	\$ 19,651,132
Payments to employees	(3,345,568)	(1,776,330)	(5,121,898)
Payments to suppliers	(1,429,164)	(7,739,337)	(9,168,501)
Net cash provided by operating activities	4,216,462	1,144,271	5,360,733
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	1,281,953	36,227	1,318,180
Transfers to other funds	(1,424,909)	(302,897)	(1,727,806)
Net cash used in noncapital financing activities	(142,956)	(266,670)	(409,626)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(2,551,017)	-	(2,551,017)
Bond issuance costs	-	-	-
Principal paid on capital debt	(17,882)	(151,568)	(169,450)
Interest paid on capital debt	(13,990)	(15,524)	(29,514)
Net cash used in capital and related financing activities	(2,582,889)	(167,092)	(2,749,981)
INVESTING ACTIVITIES			
Interest received	25,905	10,246	36,151
Net cash provided by investing activities	25,905	10,246	36,151
Net increase in cash and cash equivalents	1,516,522	720,755	2,237,277
CASH AND CASH EQUIVALENTS			
Beginning, July 1	9,051,472	4,606,026	13,657,498
Ending, June 30	\$ 10,567,994	\$ 5,326,781	\$ 15,894,775
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 3,965,451	\$ 1,346,579	\$ 5,312,030
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	107,116	1,578	108,694
Decrease in allowance for uncollectible accounts	(54,995)	(85,336)	(140,331)
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables	4,502	(18,803)	(14,301)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	212,365	(4,676)	207,689
Accrued payroll and related liabilities	(17,977)	(95,071)	(113,048)
Net cash provided by operating activities	\$ 4,216,462	\$ 1,144,271	\$ 5,360,733

OTHER SUPPLEMENTARY INFORMATION:

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for:

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

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

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

EXHIBIT 36

CITY OF SUFFOLK, VIRGINIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2022

	Information Technology	Fleet Management	Risk Management	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,951,132	\$ 17,148,495	\$ 14,381,523	\$ 34,481,150
Cash and cash equivalents, restricted	1,594,908	3,818	-	1,598,726
Receivables other, net	61,000	156,262	-	217,262
Inventories	-	439,893	-	439,893
Total current assets	4,607,040	17,748,468	14,381,523	36,737,031
Noncurrent assets:				
Land and construction in progress	885,777	298,000	-	1,183,777
Other capital assets, net	2,986,762	12,024,832	459,989	15,471,583
Right to use leased assets, net of amortization	299,243	113,541	-	412,784
Total noncurrent assets	4,171,782	12,436,373	459,989	17,068,144
Total assets	8,778,822	30,184,841	14,841,512	53,805,175
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension plan	479,838	329,066	116,532	925,436
Deferred outflows related to OPEB City trust	144,416	104,577	39,839	288,832
Deferred outflows related to OPEB state plans	25,069	17,343	5,992	48,404
Total deferred outflows of resources	649,323	450,986	162,363	1,262,672
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	688,096	383,441	47,046	1,118,583
Accrued payroll and related liabilities	71,266	48,479	58,710	178,455
Claims payable	-	-	2,384,806	2,384,806
Accrued interest	103,646	10,521	-	114,167
Compensated absences	10,111	2,492	158	12,761
Bonds and leases payable -- current	1,157,668	578,664	-	1,736,332
Total current liabilities	2,030,787	1,023,597	2,490,720	5,545,104
Noncurrent liabilities:				
Compensated absences	136,439	116,367	48,119	300,925
Net pension liability	459,691	295,046	90,487	845,224
Net OPEB liability City trust	5,043	3,652	1,391	10,086
Net OPEB liability state plans	90,429	59,338	18,958	168,725
Claims payable	-	-	1,650,939	1,650,939
Bonds and Leases payable	4,823,694	84,451	-	4,908,145
Total noncurrent liabilities	5,515,296	558,854	1,809,894	7,884,044
Total liabilities	7,546,083	1,582,451	4,300,614	13,429,148
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension plan	887,514	569,639	174,702	1,631,855
Deferred inflows related to OPEB City trust	136,371	98,751	37,618	272,740
Deferred inflows related to OPEB state plans	37,415	24,554	7,844	69,813
Total deferred inflows of resources	1,061,300	692,944	220,164	1,974,408
NET POSITION				
Net investment in capital assets	-	11,773,258	459,989	12,233,247
Unrestricted	820,762	16,587,174	10,023,108	27,431,044
Total net position	\$ 820,762	\$ 28,360,432	\$ 10,483,097	\$ 39,664,291

CITY OF SUFFOLK, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	Information Technology	Fleet Management	Risk Management	Total
OPERATING REVENUES				
Charges for services	\$ 12,244,557	\$ 10,923,147	\$ 15,107,992	\$ 38,275,696
Other	775	153,032	624,935	778,742
Total operating revenues	<u>12,245,332</u>	<u>11,076,179</u>	<u>15,732,927</u>	<u>39,054,438</u>
OPERATING EXPENSES				
Personnel services	1,743,699	1,345,574	587,063	3,676,336
Self-insured claims	-	-	13,330,401	13,330,401
Contractual services	7,054,565	3,828	78,183	7,136,576
Administration	225,232	699,012	50,547	974,791
Supplies	10,826	37,062	1,490	49,378
Repairs and maintenance	180,401	53,168	-	233,569
Vehicle and power equipment – fuel	-	2,090,413	-	2,090,413
Vehicle and power equipment – supplies	-	2,522,867	-	2,522,867
Computers and Equipment	678,810	-	-	678,810
Utilities	178,857	32,661	12,011	223,529
Insurance	-	-	3,079,870	3,079,870
Depreciation and amortization	721,716	2,252,595	104,805	3,079,116
Building and equipment rental	71,389	15,177	34,150	120,716
Other charges	20,063	18,033	651,002	689,098
Total operating expenses	<u>10,885,558</u>	<u>9,070,390</u>	<u>17,929,522</u>	<u>37,885,470</u>
Operating loss	<u>1,359,774</u>	<u>2,005,789</u>	<u>(2,196,595)</u>	<u>1,168,968</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	4,709	43,585	38,868	87,162
Interest expense	(129,850)	(63,343)	-	(193,193)
Loss on disposal of capital assets	-	(484,909)	-	(484,909)
Bond issuance costs	-	106,070	-	106,070
Total nonoperating revenues (expenses), net	<u>(125,141)</u>	<u>(398,597)</u>	<u>38,868</u>	<u>(484,870)</u>
Net income (loss) before transfers	<u>1,234,633</u>	<u>1,607,192</u>	<u>(2,157,727)</u>	<u>684,098</u>
Transfers in	291,704	28,792	12,433	332,929
Capital Transfers	-	389,000	-	389,000
Transfers out	<u>(290,789)</u>	<u>(280,676)</u>	<u>(68,350)</u>	<u>(639,815)</u>
Change in net position	1,235,548	1,744,308	(2,213,644)	766,212
Net position at July 1 (as restated)	<u>(414,786)</u>	<u>26,616,124</u>	<u>12,696,741</u>	<u>38,898,079</u>
Net position at June 30	<u>\$ 820,762</u>	<u>\$ 28,360,432</u>	<u>\$ 10,483,097</u>	<u>\$ 39,664,291</u>

CITY OF SUFFOLK, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	Information Technology	Fleet Management	Risk Management	Total
OPERATING ACTIVITIES				
Receipts from customers and users	\$ 12,292,333	\$ 11,007,873	\$ 15,734,928	\$ 39,035,134
Payments to employees	(1,885,293)	(1,400,743)	(662,999)	(3,949,035)
Payments to suppliers	(8,067,400)	(5,485,827)	(17,658,628)	(31,211,855)
Net cash provided by (used in) operating activities	<u>2,339,640</u>	<u>4,121,303</u>	<u>(2,586,699)</u>	<u>3,874,244</u>
NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	291,704	28,792	12,433	332,929
Transfers to other funds	(290,789)	(280,676)	(68,350)	(639,815)
Net cash provided by (used in) noncapital financing activities	<u>915</u>	<u>(251,884)</u>	<u>(55,917)</u>	<u>(306,886)</u>
CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,028,790)	(695,547)	(152,099)	(1,876,436)
Proceeds from issuance of debt	215,000	-	-	215,000
Proceeds from premium on debt issuance	38,857	-	-	38,857
Principal paid on capital debt	(941,468)	(1,308,891)	-	(2,250,359)
Bond issuance costs	(150,269)	-	-	(150,269)
Interest paid on debt	(144,225)	(90,010)	-	(234,235)
Net cash used in capital and related financing activities	<u>(2,010,895)</u>	<u>(2,094,448)</u>	<u>(152,099)</u>	<u>(4,257,442)</u>
INVESTING ACTIVITIES				
Interest earned	4,709	43,585	38,868	87,162
Net cash provided by investing activities	<u>4,709</u>	<u>43,585</u>	<u>38,868</u>	<u>87,162</u>
Net increase (decrease) in cash and cash equivalents	334,369	1,818,556	(2,755,847)	(602,922)
Beginning, July 1	4,211,671	15,333,757	17,137,370	36,682,798
Ending, June 30	<u>\$ 4,546,040</u>	<u>\$ 17,152,313</u>	<u>\$ 14,381,523</u>	<u>\$ 36,079,876</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,359,774	\$ 2,005,789	\$ (2,196,595)	\$ 1,168,968
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	721,716	2,252,595	104,805	3,079,116
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	47,000	(68,306)	2,000	(19,306)
Inventories	-	(162,196)	-	(162,196)
Increase (decrease) in:				
Accounts payable and accrued liabilities	352,744	148,590	(129,999)	371,335
Accrued payroll and related liabilities	(141,594)	(55,169)	(75,936)	(272,699)
Claims payable	-	-	(290,974)	(290,974)
Net cash provided by (used in) operating activities	<u>\$ 2,339,640</u>	<u>\$ 4,121,303</u>	<u>\$ (2,586,699)</u>	<u>\$ 3,874,244</u>

OTHER SUPPLEMENTARY INFORMATION: CUSTODIAL FUNDS

Custodial Funds are used to account for assets held by the City as an agent for private organizations or other governments. Funds in this category include:

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

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

Western Tidewater Water Authority -- accounts for monies held by the City as an agent for this public or independent organization.

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION --
CUSTODIAL FUNDS

June 30, 2022

	Special Welfare Fund	Commonwealth of Virginia Fund	Total
ASSETS			
Cash and cash equivalents	\$ 33,527	\$ 107,287	\$ 140,814
Accounts receivable	-	3,296	3,296
Total assets	<u>\$ 33,527</u>	<u>\$ 110,583</u>	<u>\$ 144,110</u>
LIABILITIES			
Accounts payable	\$ 2,275	\$ 21,973	\$ 24,248
Amounts held for others	30,764	-	30,764
Total liabilities	<u>33,039</u>	<u>21,973</u>	<u>55,012</u>
NET POSITION			
Restricted for individuals, organizations or other governments	488	88,610	89,098
Total net position	<u>\$ 488</u>	<u>\$ 88,610</u>	<u>\$ 89,098</u>

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION --
CUSTODIAL FUNDS

Year Ended June 30, 2022

ADDITIONS	Special Welfare Fund	Commonwealth of Virginia Fund	Total
Permits and Fees	\$ -	\$ 43,019	\$ 43,019
Miscellaneous revenue	30,393	25,235	55,628
Total additions	30,393	68,254	98,647
DEDUCTIONS			
Special welfare agency payments	30,539	-	30,539
Payments to other governments	-	54,386	54,386
Total deductions	30,539	54,386	84,925
Change in net position	(146)	13,868	13,722
NET POSITION AT JULY 1	634	74,742	75,376
NET POSITION AT JUNE 30	<u>\$ 488</u>	<u>\$ 88,610</u>	<u>\$ 89,098</u>

OTHER SUPPLEMENTARY INFORMATION: DISCRETELY PRESENTED COMPONENT UNIT – CITY OF SUFFOLK SCHOOL BOARD

School Operating Fund – accounts for revenues and expenditures relating to the operation of the City of Suffolk Public Schools. Revenues are derived from the City's General Fund and from state and Federal funds.

School Food Service Fund – accounts for revenues and expenditures relating to the operation of school cafeterias. Revenues are derived from state and Federal funds and cafeteria sales.

School Grants Fund – accounts for revenues and expenditures relating to grants received by the school system from Federal and state governments.

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

Combined School Activity Funds – accounts for the various activity funds of each of the schools. Revenues are derived from school fundraisers, athletic and state event receipts, and School Board allocations.

CITY OF SUFFOLK, VIRGINIA

COMBINING BALANCE SHEET
GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD
June 30, 2022

	School Operating Fund	School Grants Fund	School Food Service Fund	School Student Activity Funds	Total School Board
ASSETS					
Cash and cash equivalents	\$ 19,462,918	\$ -	\$ 3,293,025	\$ 1,199,036	\$ 23,954,979
Receivables, net	184,542	4,358	25,716	-	214,616
Due from other funds	5,640,220	-	-	-	5,640,220
Due from other governments	1,954,081	7,889,311	1,745,975	-	11,589,367
Inventories	329,826	-	171,521	-	501,347
Prepaid items	95,000	-	-	-	95,000
Total assets	<u>\$ 27,666,587</u>	<u>\$ 7,893,669</u>	<u>\$ 5,236,237</u>	<u>\$ 1,199,036</u>	<u>\$ 41,995,529</u>
LIABILITIES					
Accounts payable	\$ 2,792,465	\$ 691,157	\$ 31,227	\$ -	\$ 3,514,849
Accrued payroll and related liabilities	16,701,097	691,094	239,854	-	17,632,045
Due to the Primary Government	397,485	-	-	-	397,485
Due to other funds	-	5,640,220	-	-	5,640,220
Total liabilities	<u>19,891,047</u>	<u>7,022,471</u>	<u>271,081</u>	<u>-</u>	<u>27,184,599</u>
FUND BALANCES					
Nonspendable:					
Inventories and prepaids	424,826	-	171,521	-	596,347
Premiums held for workers' compensation claims	225,000	-	-	-	225,000
Premiums held for health insurance claims	380,122	-	-	-	380,122
Assigned:					
Special revenue	-	871,198	-	1,199,036	2,070,234
Food service	-	-	4,793,635	-	4,793,635
Encumbrances	<u>6,745,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,745,592</u>
Total fund balances	<u>7,775,540</u>	<u>871,198</u>	<u>4,965,156</u>	<u>1,199,036</u>	<u>14,810,930</u>
Total liabilities and fund balance	<u>\$ 27,666,587</u>	<u>\$ 7,893,669</u>	<u>\$ 5,236,237</u>	<u>\$ 1,199,036</u>	<u>\$ 41,995,529</u>
Reconciliation to the Statement of Net Position (Exhibit 1)					
Total fund balance					\$ 14,810,930
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					
School Board					163,316,874
Long-term asset (liabilities) are not due and payable in the current period and, therefore, are not reported in the funds.					
School Board compensated absences					(3,124,121)
Net pension liability (asset) and pension and OPEB deferred inflows and outflows are not due and payable in the current period and, therefore, not reported in the governmental funds:					
Net pension asset - Schools					3,901,996
Net pension liability - Schools					(73,840,253)
Deferred outflows - pension					30,279,831
Deferred inflows - pension					(60,648,946)
Net OPEB asset - School Trust					12,003,130
OPEB Deferred Inflows - School Trust					983,833
OPEB Deferred Outflows - School Trust					(8,193,328)
Net OPEB asset - State Plans					30,600
Net OPEB liability - State Plans					(17,911,008)
OPEB Deferred Inflows - State Plans					(3,150,499)
OPEB Deferred Outflows - State Plans					4,252,948
Net position of governmental activities					<u>\$ 62,711,987</u>

CITY OF SUFFOLK, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS - DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

Year Ended June 30, 2022

	School Operating Fund	School Grants Fund	School Food Service Fund	School Student Activity Funds	Total School Board
REVENUES					
Revenue from use of money and property	\$ 6,600	\$ 1,500	\$ 4,323	\$ -	\$ 12,423
Charges for services	5,914	-	9,395	-	15,309
Miscellaneous	296,049	314,142	210,369	2,242,640	3,063,200
Intergovernmental:					
City contribution	64,934,716	-	-	-	64,934,716
Revenue from the Commonwealth	99,343,183	519,648	102,906	-	99,965,737
Revenue from the Federal Government	884,727	15,150,304	10,410,345	-	26,445,376
Total revenues	165,471,189	15,985,594	10,737,338	2,242,640	194,436,761
EXPENDITURES					
Current:					
Education	164,843,609	16,315,133	8,571,184	2,052,173	191,782,099
Total expenditures	164,843,609	16,315,133	8,571,184	2,052,173	191,782,099
Excess (deficiency) of revenues over (under) expenditures	627,580	(329,539)	2,166,154	190,467	2,654,662
Other financing sources (uses):					
Transfers in	-	48,285	-	-	48,285
Transfers out	(48,285)	-	-	-	(48,285)
Total other financing sources (uses), net	(48,285)	48,285	-	-	-
Net changes in fund balances	579,295	(281,254)	2,166,154	190,467	2,654,662
Fund balances at July 1 (as restated)	7,196,245	1,152,452	2,799,002	1,008,569	12,156,268
Fund balances at June 30	\$ 7,775,540	\$ 871,198	\$ 4,965,156	\$ 1,199,036	\$ 14,810,930

Reconciliation to the Statement of Activities (Exhibit 2)

Net change in fund balance - governmental funds	\$ 2,654,662
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense for the School Board	(11,216,673)
Capitalized expenditures	3,843,548
Record the net flow of resources in the current year related to the Pension Plan	13,185,277
Record the net flow of resources in the current year related to the OPEB School trust	1,930,392
Record the net flow of resources in the current year related to the OPEB State plans	493,915
Compensated absences and other postemployment benefits are not due and payable at June 30, and, therefore, are not reported in the fund statements.	
This amount represents the current year change in those items for the School Board - compensated absences	(318,153)
Change in net position of governmental activities (Exhibit 2)	<u>\$ 10,572,968</u>

CITY OF SUFFOLK, VIRGINIA

BUDGETARY RECONCILIATION SCHEDULE
GOVERNMENTAL FUNDS – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022

	School Operating Fund			School Grants Fund			School Food Service Fund		
	Total Exhibit 44	Budget Based Items	Total Exhibit 42	Total Exhibit 44	Budget Based Items	Total Exhibit 42	Total Exhibit 44	Budget Based Items	Total Exhibit 42
Total revenues	\$ 165,471,189	\$ -	\$ 165,471,189	\$ 15,985,594	\$ -	\$ 15,985,594	\$ 10,737,338	\$ -	\$ 10,737,338
Total other financing sources	-	-	-	48,285	-	48,285	-	-	-
Total revenues	165,471,189	-	165,471,189	16,033,879	-	16,033,879	10,737,338	-	10,737,338
Total expenditures	165,429,756	586,147	164,843,609	16,315,133	-	16,315,133	8,571,184	-	8,571,184
Total other financing uses	48,285	-	48,285	-	-	-	-	-	-
Total expenditures	165,478,041	586,147	164,891,894	16,315,133	-	16,315,133	8,571,184	-	8,571,184
Net changes in fund balances	<u>\$ (6,852)</u>	<u>\$ (586,147)</u>	<u>\$ 579,295</u>	<u>\$ (281,254)</u>	<u>\$ -</u>	<u>\$ (281,254)</u>	<u>\$ 2,166,154</u>	<u>\$ -</u>	<u>\$ 2,166,154</u>
CY encumbrance	\$ 6,752,592			CY encumbrance	\$ -		CY encumbrance	\$ -	
PY encumbrance	(6,166,445)			PY encumbrance	-		PY encumbrance	-	
	<u>\$ 586,147</u>				<u>\$ -</u>			<u>\$ -</u>	

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Non-GAAP Budgetary Basis)
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
Year Ended June 30, 2022

	School Operating Fund				School Grants Fund				School Food Service Fund			
	Budgeted Amounts		Actual	Variance with Final Budget -	Budgeted Amounts		Actual	Variance with Final Budget -	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final			Original	Final			Original	Final		
REVENUES												
Revenue from use of money and property	\$ 35,000	\$ 35,000	\$ 6,600	\$ (28,400)	\$ -	\$ 1,500	\$ 1,500	\$ -	\$ 8,800	\$ 8,800	\$ 4,323	\$ (4,477)
Charges for services	130,000	130,000	5,914	(124,086)	-	-	-	-	1,000,000	1,625,500	9,395	(1,616,105)
Miscellaneous	681,880	641,880	296,049	(345,831)	-	1,555,084	314,142	(1,240,942)	1,203,048	577,548	210,369	(367,179)
Intergovernmental:												
Contribution from the City of Suffolk	65,332,201	65,332,201	64,934,716	(397,485)	-	-	-	-	-	-	-	-
Revenue from the Commonwealth	98,388,855	98,388,855	99,343,183	954,328	-	2,366,272	519,648	(1,846,624)	216,000	216,000	102,906	(113,094)
Revenue from the Federal Government	1,194,000	1,092,000	884,727	(207,273)	22,775,000	55,334,196	15,150,304	(40,183,892)	5,519,100	5,519,100	10,410,345	4,891,245
Total revenues	165,761,936	165,619,936	165,471,189	(148,747)	22,775,000	59,257,052	15,985,594	(43,271,458)	7,946,948	7,946,948	10,737,338	2,790,390
EXPENDITURES												
Current:												
Education	165,761,936	171,875,687	165,429,756	6,445,931	-	-	-	-	-	-	-	-
Grant expenditures	-	-	-	-	22,775,000	59,305,337	16,315,133	42,990,204	-	-	-	-
Food Services	-	-	-	-	-	-	-	-	7,946,948	7,946,948	8,571,184	(624,236)
Total expenditures	165,761,936	171,875,687	165,429,756	6,445,931	22,775,000	59,305,337	16,315,133	42,990,204	7,946,948	7,946,948	8,571,184	(624,236)
Excess (deficiency) of revenues over (under) expenditures	-	(6,255,751)	41,433	6,297,184	-	(48,285)	(329,539)	(281,254)	-	-	2,166,154	2,166,154
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	48,285	48,285	-	-	-	-	-
Transfers out	-	-	(48,285)	(48,285)	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	(48,285)	(48,285)	-	48,285	48,285	-	-	-	-	-
Net change in fund balances	\$ -	\$ (6,255,751)	\$ (6,852)	\$ 6,248,899	\$ -	\$ -	\$ (281,254)	\$ (281,254)	\$ -	\$ -	\$ 2,166,154	\$ 2,166,154

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF NET POSITION
OPEB FUND – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
June 30, 2022

	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 19,990,989
Total assets	19,990,989
Net Position	
Held in trust for OPEB benefits	19,990,989
Net position	\$ 19,990,989

CITY OF SUFFOLK, VIRGINIA

STATEMENT OF CHANGES IN NET POSITION
OPEB TRUST FUND – DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD
Year Ended June 30, 2022

	<u>School Board</u>
Additions:	
Gain on investments	\$ (2,033,794)
Total additions	<u>(2,033,794)</u>
Deductions:	
Administrative fees	<u>19,188</u>
Total deductions	<u>19,188</u>
Change in net position	(2,052,982)
Net position - beginning of year	<u>22,043,971</u>
Net position - end of year	<u><u>\$ 19,990,989</u></u>

STATISTICAL SECTION

This section of the City’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note to financial statements, and required supplementary information says about the City’s overall financial health.

<u>Contents</u>	<u>Table</u>
Financial Trends These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	1-4
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Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment in which the City’s financial activities take place and to help make comparison over time and with other governments.	16-17
Operating Information 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.	18-20

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 287,319,247	\$ 290,323,371	\$ 294,142,955	\$ 323,431,229	\$ 318,746,466	\$ 335,967,276	\$ 301,764,919	\$ 312,862,208	\$ 318,301,547	\$ 325,875,876
Restricted:										
Capital Projects	-	1,162,771	1,270,512	1,626,277	1,934,672	618,062	-	-	-	-
Debt Service	392,219	392,259	392,299	392,424	393,352	397,267	-	-	-	-
Other Purposes	6,658,293	8,023,744	3,374,719	2,514,171	6,554,243	1,071,735	1,638,228	9,549,799	12,168,525	28,450,136
Unrestricted	87,103,333	46,588,610	46,662,695	41,928,355	61,188,152	66,603,036	76,528,512	83,422,805	86,760,259	118,098,831
Total Net Position										
Governmental Activities	<u>\$ 381,473,092</u>	<u>\$ 346,490,755</u>	<u>\$ 345,843,180</u>	<u>\$ 369,892,456</u>	<u>\$ 388,816,885</u>	<u>\$ 404,657,376</u>	<u>\$ 379,931,659</u>	<u>\$ 405,834,812</u>	<u>\$ 417,230,331</u>	<u>\$ 472,424,843</u>
Business-type Activities										
Net investment in capital assets	\$ 153,147,421	\$ 145,111,492	\$ 125,468,343	\$ 116,807,623	\$ 108,816,928	\$ 108,549,474	\$ 104,233,265	\$ 107,008,077	\$ 111,034,005	\$ 128,990,591
Restricted:										
Other Purposes	2,079,370	2,144,619	2,195,062	2,299,048	2,911,089	2,501,238	2,527,027	2,583,899	2,559,990	2,651,628
Unrestricted	8,888,398	7,422,809	20,915,542	28,611,789	38,601,383	43,538,079	46,309,138	45,555,329	54,713,620	51,720,022
Total Net Position										
Business-type Activities	<u>\$ 164,115,189</u>	<u>\$ 154,678,920</u>	<u>\$ 148,578,947</u>	<u>\$ 147,718,460</u>	<u>\$ 150,329,400</u>	<u>\$ 154,588,791</u>	<u>\$ 153,069,430</u>	<u>\$ 155,147,305</u>	<u>\$ 168,307,615</u>	<u>\$ 183,362,241</u>
Primary Government										
Net investment in capital assets	\$ 440,466,668	\$ 435,434,863	\$ 419,611,298	\$ 440,238,852	\$ 427,563,394	\$ 444,516,750	\$ 405,998,184	\$ 419,870,285	\$ 429,335,552	\$ 454,866,467
Restricted:										
Capital Projects	-	1,162,771	1,270,512	1,626,277	1,934,672	618,062	-	-	-	-
Debt Service	392,219	392,259	392,299	392,424	393,352	397,267	-	-	-	-
Other Purposes	8,737,663	10,168,363	5,569,781	4,813,219	9,465,332	3,572,973	4,165,255	12,133,698	14,728,515	31,101,764
Unrestricted	95,991,731	54,011,419	67,578,237	70,540,144	99,789,535	110,141,115	122,837,650	128,978,134	141,473,879	169,818,853
Total Net Position										
Primary Government	<u>\$ 545,588,281</u>	<u>\$ 501,169,675</u>	<u>\$ 494,422,127</u>	<u>\$ 517,610,916</u>	<u>\$ 539,146,285</u>	<u>\$ 559,246,167</u>	<u>\$ 533,001,089</u>	<u>\$ 560,982,117</u>	<u>\$ 585,537,946</u>	<u>\$ 655,787,084</u>
	(1)	(2)	(3)		(4)					

(1) This includes a restatement of Net Position in both the Governmental of \$1,979,398 and Business-type Activities of \$2,791,275 due to implementation of GASB 65

(2) This includes a restatement of Net Position in both the Governmental of \$40,382,530 and Business-type Activities of \$5,988,738 due to implementation of GASB No.'s 68 and 71

(3) This includes a restatement of Net Position in the Governmental Activities of \$16,444,391 due to a correction of an error and a change in accounting treatment.

(4) Previous years not restated related to the implementation of GASB 75.

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
General Government	\$ 17,558,767	\$ 18,904,150	\$ 18,757,768	\$ 22,013,103	\$ 23,932,608	\$ 17,264,292	\$ 18,671,840	\$ 24,148,299	\$ 39,918,523	\$ 27,864,340
Judicial	8,138,225	7,994,313	8,031,886	8,153,863	8,867,642	8,806,323	9,323,342	10,446,204	10,860,585	10,536,210
Public Safety	49,413,603	52,439,287	48,708,228	49,908,535	58,213,081	63,472,949	63,195,836	66,848,213	69,025,111	72,861,636
Public Works	32,943,383	35,491,175	36,760,229	38,037,370	40,501,580	37,224,174	39,080,373	42,200,323	44,417,911	61,008,906
Health and Welfare	12,972,806	12,941,699	12,536,910	11,901,139	13,162,760	13,044,274	13,260,821	15,192,043	15,114,251	14,673,123
Transportation	888,933	619,876	908,293	960,983	1,005,429	997,267	1,300,636	1,511,098	1,426,778	1,631,135
Education	49,386,060	49,180,560	51,093,179	53,440,550	54,983,835	57,818,350	60,358,348	58,464,243	65,531,837	65,382,786
Parks, Recreation and Cultural	8,456,643	8,817,413	9,750,157	10,318,851	12,111,876	11,737,262	12,621,117	12,333,012	12,100,733	12,265,195
Community Development	8,099,788	8,665,119	9,933,559	8,621,160	10,563,461	7,323,375	6,472,008	8,481,703	8,205,329	9,261,924
Interest on Long-Term Debt	8,998,878	9,858,244	10,065,468	9,419,498	8,849,091	9,765,103	9,663,773	9,095,957	8,047,611	8,570,572
Total Governmental Activities Expenses	196,857,086	204,911,837	206,545,676	212,775,052	232,191,363	227,453,369	233,948,094	248,721,095	274,648,669	284,055,827
Business-type Activities:										
Utilities	40,101,617	45,108,820	49,334,155	51,423,536	49,295,373	52,035,621	55,186,848	56,508,083	56,442,957	53,977,360
Refuse collection	5,204,255	5,198,550	5,772,239	5,718,442	5,320,570	6,713,015	8,458,504	9,194,200	5,044,152	9,419,082
Stormwater management	3,249,640	3,413,963	3,734,024	4,450,559	4,749,518	4,912,097	4,830,797	4,989,456	9,566,700	5,087,932
Total Business-type Activities Expenses	48,555,512	53,721,333	58,840,418	61,592,537	59,365,461	63,660,733	68,476,149	70,691,739	71,053,809	68,484,374
Total Primary Government Expenses	\$ 245,412,598	\$ 258,633,169	\$ 265,386,094	\$ 274,367,589	\$ 291,556,824	\$ 291,114,102	\$ 302,424,243	\$ 319,412,834	\$ 345,702,478	\$ 352,540,201
Program Revenues										
Governmental activities:										
Charges for Services:										
General Government Administration	\$ 4,800,759	\$ 4,977,004	\$ 5,044,744	\$ 4,887,432	\$ 4,659,243	\$ 4,880,782	\$ 5,035,626	\$ 4,478,205	\$ 4,100,866	\$ 4,527,721
Judicial Administration	361,926	275,113	286,398	304,129	272,141	313,092	274,208	288,709	323,618	352,911
Public Safety	3,130,972	-	1,864,675	1,885,914	1,948,166	1,836,661	2,199,385	2,272,912	2,337,613	2,716,979
Public Works	1,469,668	1,460,003	1,479,054	899,794	990,045	988,507	1,288,947	1,243,877	1,318,980	1,877,344
Transportation	47,971	46,870	53,055	67,759	76,099	71,652	87,229	68,430	5	64,817
Parks, Recreation and Cultural	774,237	824,628	982,354	1,108,862	1,056,185	1,020,013	1,009,068	727,136	284,721	759,552
Community Development	100,172	287	85	70	107	16,447	24,742	40,069	-	-
Total Charges for Services	10,685,705	7,583,905	9,710,365	9,153,960	9,001,986	9,127,154	9,919,205	9,119,338	8,365,803	10,299,324
Operating Grants and Contributions:										
General Government Administration	467,086	1,433,125	636,628	1,503,473	1,477,767	450,386	456,759	2,355,721	12,928,654	9,474,000
Judicial Administration	2,826,315	2,102,897	3,017,272	2,047,647	2,170,053	3,410,191	3,318,391	2,209,983	2,424,511	2,437,198
Public Safety	3,414,088	1,563,382	818,251	1,057,389	1,347,604	1,145,864	1,271,752	1,218,376	1,416,529	4,803,818
Public Works	20,157,859	20,799,365	21,534,701	22,758,708	23,496,157	23,395,546	24,220,184	24,434,363	25,076,636	28,013,220
Health and Welfare	8,198,767	7,682,494	7,557,634	7,598,958	8,088,860	7,452,411	9,237,862	8,984,117	9,379,042	9,481,473
Transportation	116,122	142,793	152,565	141,002	188,364	186,942	984,425	1,571,026	1,501,150	2,146,421
Education	140,879	62,308	20,000	-	-	-	-	3,724	-	-
Parks, Recreation and Cultural	261,267	266,774	521,608	287,351	295,998	275,996	377,344	310,848	292,180	287,343
Community Development	1,522,630	1,153,383	1,128,636	1,032,855	2,725,076	1,209,289	1,116,646	719,004	984,074	878,525
Total Operating Grants and Contributions	37,105,013	35,206,521	35,387,295	36,427,383	39,789,879	37,526,625	40,983,363	41,807,162	54,002,776	57,521,998
Capital Grants and Contributions:										
General Government	2,299,245	506,228	973,634	3,077,758	2,548,273	4,248,322	1,407,912	376,848	543,372	433,763
Public Works	4,080,584	1,321,424	2,869,669	5,006,683	6,800,136	10,824,821	6,101,699	8,725,657	2,469,464	24,728,332
Transportation	159,005	1,561	206,665	49,422	50,259	59,508	40,683	62,052	324	65,360
Parks, Recreation and Cultural	157,231	42,882	474,341	1,028,457	1,660	414,599	23,647	-	774,910	-
Community Development	-	-	-	-	-	93,400	-	-	-	-
Total Capital Grants and Contributions	6,696,065	1,872,095	4,524,309	9,162,320	9,400,328	15,640,650	7,573,941	9,164,557	3,788,070	25,227,455
Total Governmental Activities Program Revenues	54,486,783	44,662,521	49,621,969	54,743,663	58,192,193	62,294,429	58,476,509	60,091,057	66,156,649	93,048,777

(Continued)

CHANGES IN NET POSITION
LAST EIGHT FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenues: (Continued)										
Business-type Activities:										
Charges for Services:										
Utility	37,884,451	39,013,878	41,209,347	46,876,297	47,818,262	48,999,436	51,703,463	51,378,596	61,760,354	58,898,742
Non-major	10,765,864	10,570,683	12,012,686	11,877,376	12,288,034	13,765,024	13,972,060	15,157,707	17,077,913	19,036,742
Total Charges for Services	48,650,315	49,584,561	53,222,033	58,753,673	60,106,296	62,764,460	65,675,523	66,536,303	78,838,267	77,935,484
Operating Grants and Contributions:										
Utility	-	-	-	-	88,315	-	-	-	-	-
Total Operating Grants and Contributions	-	-	-	-	88,315	-	-	-	-	-
Capital Grants and Contributions:										
Utility	2,363,664	456,001	565,595	3,682,628	1,870,646	5,483,390	579,166	4,990,101	5,457,474	5,269,223
Total Capital Grants and Contributions	2,363,664	456,001	565,595	3,682,628	1,870,646	5,483,390	579,166	4,990,101	5,457,474	5,269,223
Total Business-type Activities Program Revenues	51,013,979	50,040,562	53,787,628	62,436,301	62,065,257	68,247,850	66,254,689	71,526,404	84,295,741	83,204,707
Total Primary Government Program Revenues	\$ 105,500,762	\$ 94,703,083	\$ 103,409,597	\$ 117,179,964	\$ 120,257,450	\$ 130,542,279	\$ 124,731,198	\$ 131,617,461	\$ 150,452,390	\$ 176,253,484
Net (Expense)/Revenue										
Governmental Activities	\$ (142,370,304)	\$ (160,249,316)	\$ (156,923,707)	\$ (158,031,389)	\$ (173,999,170)	\$ (165,158,940)	\$ (175,471,585)	\$ (188,630,038)	\$ (208,492,020)	\$ (191,007,050)
Business-type Activities	2,458,467	(3,680,771)	(5,052,790)	843,764	2,699,796	4,587,117	(2,221,460)	834,665	13,241,932	14,720,333
Total Primary Government Net Expense	\$ (139,911,837)	\$ (163,930,086)	\$ (161,976,497)	\$ (157,187,625)	\$ (171,299,374)	\$ (160,571,823)	\$ (177,693,045)	\$ (187,795,373)	\$ (195,250,088)	\$ (176,286,717)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes	\$ 141,004,777	\$ 146,247,763	\$ 152,576,375	\$ 160,158,953	\$ 166,579,230	\$ 173,015,098	\$ 182,439,367	\$ 187,808,386	\$ 199,820,382	\$ 222,616,258
Grants and Contributions Not Restricted to Specific Programs	13,624,485	13,609,376	13,385,064	13,545,057	13,589,564	13,726,367	14,011,120	14,094,789	14,530,452	14,422,449
Revenue from use of money and property	1,257,594	1,230,251	1,167,212	1,374,395	1,837,341	2,892,413	5,524,760	4,067,125	1,702,489	1,735,694
Gain (Loss) on disposal of capital assets	-	-	242,375	(1,904,854)	-	-	-	-	(2,905,626)	(484,909)
Capital assets donated to Component Unit	(4,528,560)	-	(18,234,608)	(185,632)	-	-	(57,874,651)	-	-	-
Transfers/Miscellaneous	6,460,944	4,562,119	7,139,716	9,092,746	10,917,464	7,742,293	6,645,272	8,562,891	6,739,842	6,801,975
Total Governmental Activities	157,819,240	165,649,509	156,276,134	182,080,665	192,923,599	197,376,171	150,745,868	214,533,191	219,887,539	245,091,467
Business-type Activities:										
Investment Earnings	741,640	571,581	562,699	983,001	935,690	970,727	2,020,795	1,128,542	210,580	150,244
Transfers/Miscellaneous	(1,950,430)	(338,342)	(1,609,882)	(2,687,252)	(1,024,546)	121,844	(1,318,696)	114,668	(292,202)	(218,278)
Total Business-type Activities	(1,208,790)	233,239	(1,047,183)	(1,704,251)	(88,856)	1,092,571	702,099	1,243,210	(81,622)	(68,034)
Total Primary Government	\$ 156,610,450	\$ 165,882,748	\$ 155,228,951	\$ 180,376,414	\$ 192,834,743	\$ 198,468,742	\$ 151,447,967	\$ 215,776,401	\$ 219,805,917	\$ 245,023,433
Change in Net Position										
Governmental Activities	\$ 15,448,936	\$ 5,400,193	\$ (647,573)	\$ 24,049,276	\$ 18,924,429	\$ 32,217,231	\$ (24,725,717)	\$ 25,903,153	\$ 11,395,519	\$ 54,084,417
Business-type Activities	1,249,677	(3,447,532)	(6,099,973)	(860,487)	2,610,940	5,679,688	(1,519,361)	2,077,875	13,160,310	14,652,299
Total Primary Government	\$ 16,698,613	\$ 1,952,662	\$ (6,747,546)	\$ 23,188,789	\$ 21,535,369	\$ 37,896,919	\$ (26,245,078)	\$ 27,981,028	\$ 24,555,829	\$ 68,736,716

(1)

(1) In FY2016, prior period adjustments were made that impacted FY2015. Therefore, FY2015 values for Governmental activities were decreased by \$16,444,391.

FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Non-Spendable	\$ 9,794	\$ 3,920	\$ 42,454	\$ 24,905	\$ 47,669	\$ 37,908	\$ 64,993	\$ 73,373	\$ 95,434	\$ 100,474
Restricted	565,969	580,948	668,506	1,162,069	1,528,879	1,552,547	1,614,632	1,455,994	1,401,576	1,324,839
Committed	9,909,530	8,792,595	6,285,381	4,472,517	5,920,555	6,633,215	4,237,613	9,022,280	25,260,455	38,290,681
Assigned	1,646,157	2,348,576	701,393	425,008	2,609,232	426,564	748,518	526,269	1,500,527	1,862,146
Unassigned	43,938,132	45,575,368	48,647,116	56,491,224	58,392,937	65,326,008	73,858,094	86,344,490	81,006,638	93,931,500
Total General Fund	<u>\$ 56,069,582</u>	<u>\$ 57,301,407</u>	<u>\$ 56,344,850</u>	<u>\$ 62,575,723</u>	<u>\$ 68,499,272</u>	<u>\$ 73,976,242</u>	<u>\$ 80,523,850</u>	<u>\$ 97,422,406</u>	<u>\$ 109,264,630</u>	<u>\$ 135,509,640</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ 88,383	\$ 38,309	\$ 30,776	\$ 45,654	\$ 45,654	\$ 45,654	\$ 45,654	\$ 45,654	\$ 164,694
Restricted	14,353,521	35,666,062	60,045,985	67,568,640	63,765,980	56,841,100	56,027,201	65,409,783	67,810,242	85,261,656
Committed, reported in:										
Capital Projects Funds	34,504,114	6,469,155	1,972,667	5,914,066	7,319,905	10,890,140	9,448,361	6,777,753	10,232,234	9,966,324
Nonmajor Governmental Funds	2,839,333	2,125,879	2,170,497	2,516,047	3,498,144	2,599,519	3,240,732	4,436,654	5,974,413	7,642,579
Other Governmental Funds	10,890,830	13,337,889	2,822,872	2,148,460	99,368	95,453	492,720	492,720	492,720	492,720
Assigned, reported in:										
Special Revenue Funds	2,864,515	1,941,868	-	-	-	-	-	-	-	-
Unassigned	(10,938)	(10,909)	(10,951)	(10,945)	(10,818)	(10,819)	(10,819)	(10,819)	(10,819)	(10,819)
Total all other Governmental Funds	<u>\$ 65,441,375</u>	<u>\$ 59,618,327</u>	<u>\$ 67,039,379</u>	<u>\$ 78,167,044</u>	<u>\$ 74,718,233</u>	<u>\$ 70,461,047</u>	<u>\$ 69,243,849</u>	<u>\$ 77,151,745</u>	<u>\$ 84,544,444</u>	<u>\$ 103,517,154</u>
Component Unit (School Board)										
Nonspendable	\$ 1,397,417	\$ 1,549,179	\$ 1,563,699	\$ 1,134,919	\$ 1,125,204	\$ 1,118,041	\$ 1,222,261	\$ 1,206,139	\$ 1,179,061	\$ 1,201,469
Committed	357,600	504,320	477,237	417,309	433,862	420,990	490,778	721,628	-	-
Assigned	5,558,243	7,016,812	9,091,818	7,125,361	7,682,280	9,170,789	10,150,397	9,978,500	10,977,207	11,863,486
Unassigned	(149,539)	-	-	154,815	-	-	-	-	-	-
	<u>\$ 7,163,721</u>	<u>\$ 9,070,311</u>	<u>\$ 11,132,754</u>	<u>\$ 8,832,404</u>	<u>\$ 9,241,346</u>	<u>\$ 10,709,820</u>	<u>\$ 11,863,436</u>	<u>\$ 11,906,267</u>	<u>\$ 12,156,268</u>	<u>\$ 13,064,955</u>

(1)

(1) FY2015 includes a restatement of fund balance between the General Fund and the other special revenue funds of \$763,185

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
General Property Taxes	\$ 104,577,439	\$ 110,069,867	\$ 112,558,761	\$ 118,076,619	\$ 123,457,208	\$ 127,047,858	\$ 135,696,638	\$ 141,959,059	\$ 146,642,458	\$ 158,483,622
Other Local Taxes	36,379,136	36,077,720	39,723,172	42,544,952	43,202,375	45,768,255	46,261,507	48,737,290	53,092,031	61,403,956
Licenses, Permits and Fees	1,284,823	1,282,637	1,436,613	1,589,474	1,678,881	1,825,728	1,723,958	2,141,327	2,484,061	2,811,187
Fines and Forfeitures	1,048,276	1,067,296	1,254,627	1,042,219	983,988	1,142,491	1,179,110	1,012,104	1,068,804	1,013,613
Use of Money and Property	1,199,549	1,180,391	1,118,245	1,289,414	1,775,226	2,708,976	3,965,689	3,516,133	1,610,402	1,648,532
Intergovernmental	55,743,813	50,170,399	52,623,910	58,698,660	62,362,464	66,206,954	62,089,557	64,516,765	71,603,311	96,690,342
Charges for Services	6,999,252	5,354,741	5,344,154	5,018,523	4,827,273	4,770,834	5,508,401	5,104,191	4,743,554	6,501,353
Miscellaneous	2,229,766	1,385,847	1,981,761	2,482,439	1,983,706	3,794,081	2,076,460	3,331,856	1,269,900	1,252,595
Total Revenues	209,462,054	206,588,898	216,041,243	230,742,300	240,271,121	253,265,177	258,501,320	270,318,725	282,514,521	329,805,200
Expenditures										
General Government Administration	15,171,035	15,045,173	15,717,849	15,511,299	16,302,909	17,074,074	17,062,724	18,200,342	28,646,499	27,772,839
Judicial Administration	8,086,574	7,978,377	8,308,093	8,467,689	8,896,483	9,051,250	9,624,709	10,133,068	10,430,783	10,917,499
Public Safety	48,435,845	48,997,652	49,275,180	50,488,261	57,115,046	60,265,740	62,900,211	63,883,434	64,154,020	72,428,273
Public Works	19,465,040	21,231,887	22,352,347	23,038,899	25,102,596	23,998,099	22,333,618	24,421,117	24,658,890	25,772,021
Health and Welfare	12,920,565	12,933,567	12,813,152	12,219,597	13,256,252	13,319,870	13,634,568	14,670,632	14,580,535	14,961,450
Transportation	888,337	672,274	1,209,090	1,033,663	1,079,339	1,090,607	1,592,193	1,898,154	1,420,397	2,045,390
Education	49,386,060	49,170,847	51,134,708	53,435,459	54,900,377	56,467,515	60,353,258	58,106,679	65,526,746	65,377,695
Parks, Recreation and Cultural	7,650,996	7,857,639	9,382,259	9,835,503	10,576,486	11,147,634	12,281,589	11,331,545	10,854,151	11,558,710
Community Development	8,062,809	8,238,220	9,355,031	7,948,520	9,844,679	6,686,201	5,846,241	7,305,136	6,752,880	8,302,351
Non-Departmental	474,540	531,079	1,848,130	466,002	323,725	226,481	675,842	594,989	759,119	673,338
Capital Outlay	20,951,351	46,949,925	32,536,679	28,950,011	46,189,812	56,107,239	37,532,944	30,648,655	33,190,478	48,026,860
Debt Service:										
Other	168,343	521,661	497,736	446,658	720,840	323,069	245,499	582,569	409,738	506,360
Interest	9,702,110	10,206,705	10,334,731	10,346,003	9,388,267	10,319,538	10,535,818	9,579,925	9,519,802	8,801,914
Principal	15,512,377	17,233,990	16,435,462	17,015,462	16,781,132	15,767,400	17,815,620	18,118,620	18,774,488	19,074,488
Total Expenditures	216,875,982	247,568,997	241,200,447	239,203,026	270,477,943	281,844,717	272,434,834	269,474,865	289,678,526	316,219,188
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,413,928)	(40,980,099)	(25,159,204)	(8,460,726)	(30,206,822)	(28,579,540)	(13,933,514)	843,860	(7,164,005)	13,586,012
Other Financing Sources (Uses)										
Proceeds of Refunding Bonds	11,520,000	5,370,000	20,160,000	20,176,111	47,215,000	3,395,000	575,000	31,345,000	36,855,000	17,990,000
Proceeds of Bonds Issued	9,890,000	33,105,000	28,820,000	20,360,000	26,380,000	26,665,000	17,370,000	18,965,000	22,000,000	27,090,000
Premiums on Debt	3,322,503	4,248,968	6,695,020	3,955,535	7,912,562	2,313,366	1,182,718	2,323,802	2,163,968	2,928,122
Transfers to other governments	-	(304,763)	-	-	-	-	-	-	-	-
Transfers In	35,363,768	34,821,649	38,022,629	37,593,204	36,594,695	37,425,621	39,252,347	37,704,027	40,940,955	39,721,127
Payment to Refunded Bonds Escrow Agent	(13,568,249)	(4,844,006)	(23,830,555)	(22,362,261)	(51,298,280)	(3,734,892)	(600,000)	(31,033,899)	(36,743,990)	(17,754,699)
Transfers Out	(33,177,405)	(36,007,972)	(38,243,395)	(33,903,324)	(34,122,417)	(36,264,770)	(38,516,141)	(35,341,338)	(38,817,005)	(38,342,842)
Total Other Financing Sources, net	13,350,617	36,388,876	31,623,699	25,819,265	32,681,560	29,799,325	19,263,924	23,962,592	26,398,928	31,631,708
Net Change in Fund Balance	<u>\$ 5,936,689</u>	<u>\$ (4,591,223)</u>	<u>\$ 6,464,495</u>	<u>\$ 17,358,539</u>	<u>\$ 2,474,738</u>	<u>\$ 1,219,785</u>	<u>\$ 5,330,410</u>	<u>\$ 24,806,452</u>	<u>\$ 19,234,923</u>	<u>\$ 45,217,720</u>
Capital outlay (1)	\$ 23,029,711	\$ 44,465,715	\$ 36,911,941	\$ 31,474,338	\$ 48,309,227	\$ 58,064,359	\$ 39,808,562	\$ 32,231,862	\$ 34,373,563	\$ 52,498,272
Debt Service as a percentage of non-capital expenditures (1)	13.01%	13.49%	13.10%	13.17%	11.78%	11.66%	12.19%	11.68%	11.08%	10.57%
Add'l School Operating & Food Service Expenditures (2)	\$ 86,707,523	\$ 80,056,924	\$ 82,309,125	\$ 88,999,257	\$ 88,031,891	\$ 90,729,115	\$ 96,781,541	\$ 99,580,517	\$ 102,129,429	\$ 108,480,077
Debt Service as a percentage of non-capital plus school expenditures (2)	8.99%	9.68%	9.34%	9.22%	8.44%	8.29%	8.61%	8.22%	7.92%	7.49%

(1) Calculated as the Principal plus Interest shown above divided by the Total Expenditures less Capital Outlay as shown in the Exhibit 4 reconciliation schedule, as defined by GFOA. This ratio may have changed from previous years' presentations.

(2) Additional School expenditures are found in the Component Unit section of the ACFR (School Operating and School Food Service Fund expenditures less Contribution revenue from the City). The related ratio is part of bond continuing disclosure requirements.

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change 2013-2022
General Property Tax	\$ 104,577,439	\$ 110,069,867	\$ 112,558,761	\$ 117,651,210	\$ 123,411,724	\$ 127,047,858	\$ 135,696,638	\$ 141,959,059	\$ 146,689,685	\$ 161,212,302	54%
Other Local Taxes:											
Sales and Use	8,050,485	8,473,872	9,397,170	9,904,693	10,399,254	10,977,388	10,421,185	12,626,601	15,618,307	16,370,461	103%
Utility Tax	4,390,438	4,430,346	4,509,480	4,478,378	4,447,778	4,839,131	4,799,814	4,755,918	4,864,689	5,024,008	14%
Communication Taxes	3,602,321	3,535,356	3,492,721	3,115,672	3,311,375	3,212,841	3,001,565	2,890,793	2,627,477	2,499,745	-31%
Business and Occupational License	6,277,297	5,158,825	6,928,327	7,680,254	6,891,756	7,552,220	8,095,262	8,412,262	9,212,742	10,964,624	75%
Motor Vehicle License	2,247,870	2,240,157	2,301,259	2,449,544	2,436,079	2,354,440	2,472,521	2,624,213	2,682,701	2,709,174	21%
Bank Stock	486,092	505,550	529,855	564,037	629,727	675,738	691,626	582,250	706,211	747,889	54%
Recordation	1,165,979	1,269,043	1,456,395	1,466,044	1,477,475	1,866,957	1,697,180	2,513,189	2,448,497	3,279,397	181%
Tobacco	1,313,533	1,354,757	1,391,263	2,050,259	2,069,356	1,971,283	1,955,756	1,920,427	2,028,076	1,831,481	39%
Lodging	1,071,900	1,119,678	1,172,193	1,484,031	1,706,709	1,787,927	1,762,778	1,470,419	1,657,435	2,206,627	106%
Meals	7,452,212	7,646,834	8,329,490	8,996,483	9,432,240	10,111,438	10,996,828	10,749,762	11,278,549	15,592,762	109%
Admission	237,060	243,203	215,019	318,348	365,757	418,892	366,992	191,456	6,013	177,788	-25%
Public Facility Tax Rebate	83,949	100,099	-	-	-	-	-	-	-	-	
Total	<u>\$ 140,956,575</u>	<u>\$ 146,147,587</u>	<u>\$ 152,281,933</u>	<u>\$ 160,158,953</u>	<u>\$ 166,579,230</u>	<u>\$ 172,816,113</u>	<u>\$ 181,958,145</u>	<u>\$ 190,696,349</u>	<u>\$ 199,820,382</u>	<u>\$ 222,616,258</u>	

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property					Personal Property				Total
	Assessed Value			Estimated Actual Value	City Wide Rate	Assessed Value			Tax Rate	Assessed Value
	Citizens Property (1)	Public Service (2)	Total			Citizens Property (3)	Public Service (2)	Total		
2013	\$ 8,776,025,000	\$ 29,254,047	\$ 8,805,279,047	\$ 9,371,181,700	\$ 0.97	\$ 839,643,073	\$ 299,930,734	\$ 1,139,573,807	\$ 4	\$ 9,944,852,854
2014	8,612,541,300	28,707,851	8,641,249,151	9,132,641,100	1.03	864,971,340	297,602,714	1,162,574,054	4.25	9,803,823,205
2015	8,802,263,400	28,123,794	8,830,387,194	9,266,762,600	1.03	885,552,076	308,852,863	1,194,404,939	4.25	10,024,792,133
2016	9,012,246,300	30,898,516	9,043,144,816	9,423,596,600	1.07	941,845,500	329,961,909	1,271,807,409	4.25	10,314,952,225
2017	9,234,719,500	37,249,670	9,271,969,170	9,591,955,500	1.07	985,809,155	346,169,603	1,331,978,758	4.25	10,603,947,928
2018	9,536,521,300	44,371,412	9,580,892,712	9,874,324,100	1.07	1,002,785,230	360,467,216	1,363,252,446	4.25	10,944,145,158
2019	9,758,914,800	43,055,984	9,801,970,784	10,211,179,800	1.11	1,074,774,050	370,951,482	1,445,725,532	4.25	11,247,696,316
2020	10,041,879,300	43,414,519	10,085,293,819	10,513,127,400	1.11	1,178,762,000	370,348,948	1,549,110,948	4.25	11,634,404,767
2021	10,550,088,600	46,398,554	10,596,487,154	11,024,342,300	1.11	1,237,467,530	388,395,491	1,625,863,021	4.25	12,222,350,175
2022	11,389,979,300	44,111,509	11,434,090,809	11,865,794,500	1.11	1,390,991,290	390,958,029	1,781,949,319	4.25	13,216,040,128

(1) Real property is assessed at 100% of estimated actual value except land use property which approximates 30%. Source: City Assessor's Office

(2) Determined by the State Corporation Commission of Virginia.

(3) Vehicles are assessed at 100% of clean loan value; recreation vehicles are assessed at 100% of lowest NADA value; and machinery and tools are assessed at 20% of original cost for the first five years and 10% thereafter. Source: City Commissioner of the Revenue's Office.

DIRECT PROPERTY TAX RATES (PER HUNDRED) (1)
LAST TEN FISCAL YEARS

Fiscal Year	Real Property (2)			Personal Property (3)	Machinery and Tools (4)	Minimum Total Direct Rate (5)
	City Wide	Route 17 Taxing District	Downtown Business Overlay District			
2013	\$ 0.97	\$ 0.25	\$ 0.115	\$ 4.25	\$ 3.15	\$ 5.22
2014	1.03	0.25	0.105	4.25	3.15	5.28
2015	1.03	0.24	0.105	4.25	3.15	5.28
2016	1.07	0.24	0.105	4.25	3.15	5.28
2017	1.07	0.24	0.105	4.25	3.15	5.28
2018	1.07	0.24	0.105	4.25	3.15	5.28
2019	1.11	0.24	0.105	4.25	3.15	5.28
2020	1.11	0.24	0.105	4.25	3.15	5.28
2021	1.11	0.24	0.105	4.25	3.15	5.28
2022	1.11	0.24	0.105	4.25	3.15	5.28

- (1) The City is not a component of any overlapping governments; therefore, it does not share any overlapping tax rates nor debt.
- (2) Real property is assessed at 100% of estimated actual value, except land use property which approximates 30%.
- (3) Vehicles are assessed at 100% of average loan value.
- (4) Assessed at 20% of original cost during the first five years of life; 10% thereafter.
- (5) The district tax rates include the City-wide rate. Additionally, districts overlap some properties, resulting in those properties being taxed at the City rate plus the additional rate for each applicable district. Therefore, only the City-wide rate is used with the personal property rate to calculate the Minimum Total Direct Rate.

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Real Property					
Taxpayer	Type of Business	2022		2013	
		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)
Amazon.com Services Inc	Retail Merchandise	\$ 174,241,500	1.53%	\$ -	0.00%
SE VA Suffolk Property Owner LLC	Real Estate Holding Company	76,664,100	0.67%	\$ -	0.00%
Target Corporation	Distribution Warehouse	63,833,800	0.56%	\$ 39,245,000	0.45%
EGP 116 Suffolk LLC /116 Lakeview Parkway, LLC	Joint Military Training Facility	53,232,400	0.47%	54,180,500	0.62%
2152 LLC	Apartment Complex	45,924,400	0.40%		
QVC of Suffolk Inc. / CVN Distribution	Distribution Warehouse	42,817,400	0.38%	44,294,900	0.50%
The Pergola Group	Apartment Complex	42,190,100	0.37%		
GGT Hampton Roads VA Venture	Apartment Complex	40,371,100	0.35%		
TowneBank	Financial Institution	39,606,100	0.35%	36,527,400	
Park 216 LLC	Apartment Complex	36,896,600	0.32%	36,527,400	
Lake Prince Center, Inc.	Retirement Community			30,023,000	0.34%
Sysco Food Services of Hampton Roads	Food Service Distribution			42,381,300	0.48%
City of Norfolk	Municipal Water System			55,690,600	0.63%
Centerpoint Properties Trust	Real Property Management			42,655,700	0.49%
Belleville Widow & Orphans	Counseling Services			27,313,400	0.31%
Walmart	Retail Merchandise			31,868,600	0.36%
		<u>\$ 615,777,500</u>	<u>4.48%</u>	<u>\$ 440,707,800</u>	<u>5.02%</u>
(1) Total Assessed Value (does not include public service corporations)		\$ 11,389,979,300		\$ 8,776,025,000	

Source: City of Suffolk Assessor's Office

Personal Property					
Taxpayer	Type of Business	2022		2013	
		Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (2)
Unilever/Lipton, Inc.	Beverage Company	\$ 16,293,970	1.17%	\$ 10,581,750	1.26%
Target Corporation	Distribution Warehouse	11,262,880	0.81%	3,675,260	0.44%
Planters/Kraft Foods	Food Processing	11,023,370	0.79%	8,191,380	0.98%
QVC of Suffolk Inc. / CVN Distribution	Distribution Warehouse	7,767,380	0.56%	7,411,720	0.88%
Solenis LLC/BASF Corporation/CIBA	Chemical Plant	6,775,780	0.49%	10,027,460	1.19%
Massimo Zanetti Beverage USA	Beverage Company	6,169,270	0.44%	4,072,510	0.49%
Lockheed Martin Corporation	Technology Company	6,036,830	0.43%	4,869,500	0.58%
JM Smucker Company	Beverage Company	4,022,420	0.29%	5,311,820	
Spectrum Southesast LLC/Charter Communications	Cable Products	3,765,060	0.27%	2,631,190	0.31%
Sysco Food Services of Hampton Roads	Food Service Distribution	3,604,220	0.26%	3,840,920	0.46%
		<u>\$ 76,721,180</u>	<u>5.52%</u>	<u>\$ 60,613,510</u>	<u>7.22%</u>
(2) Total Assessed Value (does not include public service corporations)		\$ 1,390,991,290		\$ 839,643,073	

Source: City of Suffolk, Commissioner of Revenue's Office

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

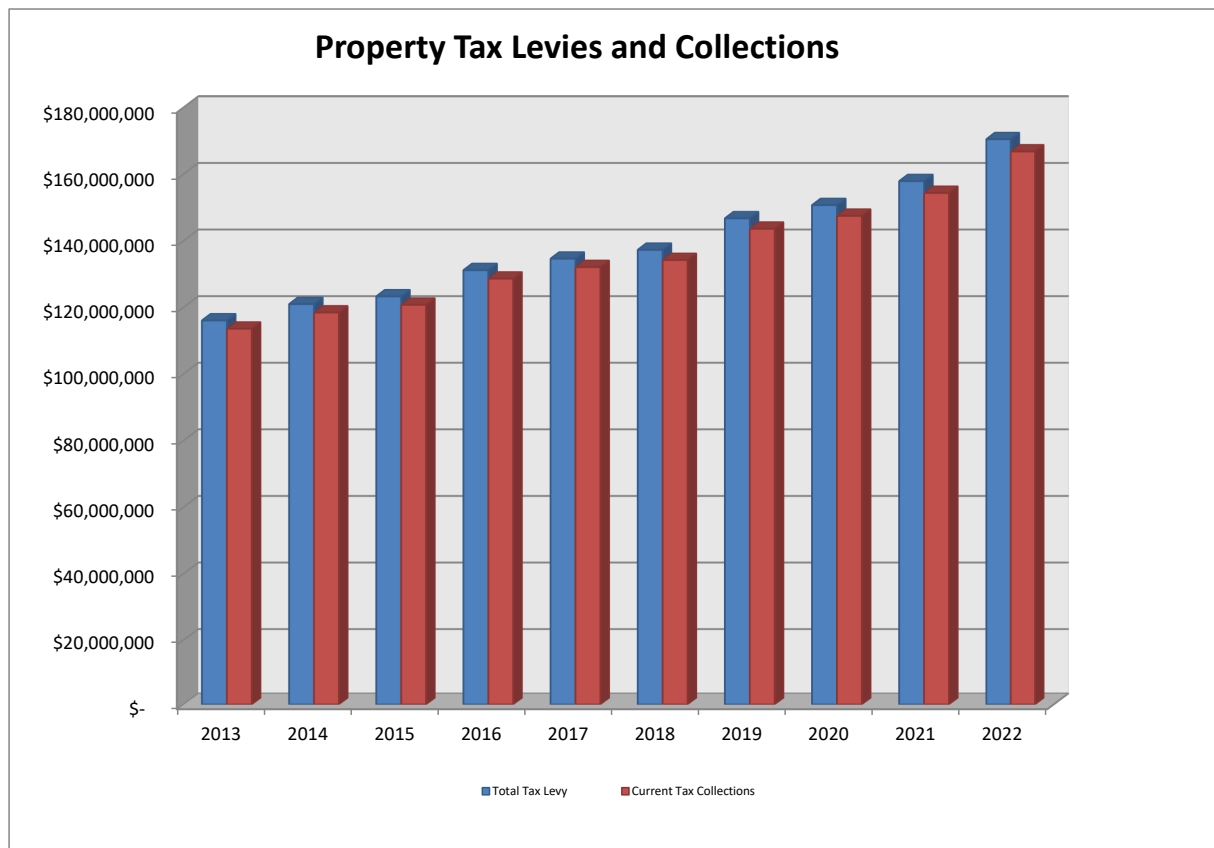
Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Tax Collections				Outstanding Delinquent Taxes At End of Fiscal Year (2)
				Delinquent		Total		
				Delinquent Tax Collections	As Percent of Outstanding Delinquent Taxes	Total Tax Collections (2)	Total Collections as a Percent of the Levy	
2013	\$ 116,106,208	\$ 113,620,442	97.86%	\$ 2,307,092	55.20%	\$ 115,927,534	99.85%	\$ 4,179,156
2014	121,016,827	118,482,416	97.91%	1,818,928	42.55%	120,301,344	99.41%	4,275,281
2015	123,326,675	120,807,937	97.96%	1,919,984	45.51%	122,727,921	99.51%	4,218,636
2016	131,208,221	128,655,899	98.05%	1,880,684	44.26%	130,536,583	99.49%	4,249,557
2017	134,647,214	132,124,360	98.13%	1,856,687	43.57%	133,981,047	99.51%	4,261,779
2018	137,308,853	134,243,292	97.77%	1,639,344	32.58%	135,882,636	98.96%	5,032,040
2019	146,769,909	143,637,167	97.87%	2,796,009	60.97%	146,433,176	99.77%	4,585,660
2020	150,738,427	147,518,704	97.86%	1,920,465	41.63%	149,439,169	99.14%	4,612,663
2021	157,939,087	154,394,883	97.76%	3,010,123	59.28%	157,405,006	99.66%	5,077,608
2022	170,525,879	166,849,227	97.84%	3,563,113	60.15%	170,412,340	99.93%	5,923,453

Note A: Delinquent real property taxes not collected within three years, a lien is recorded on the property of the collection thereof. Collections in subsequent years represent delinquent accounts collected during the course of that fiscal year for all prior fiscal years.

(1) Beginning in the year ended June 30, 2000, the tax levy includes the Commonwealth's reimbursement.

(2) Adjusted for collections through August 15.

Source: City Treasurer



PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Real Property Value (2)				Total
	Number of Permits	Value	Number of Permits	Value	Residential	Commercial	Agricultural	Nontaxable	
2013	146	\$ 75,601,465	832	\$ 179,774,238	\$ 6,813,160,700	\$ 1,760,322,100	\$ 797,698,900	\$ 990,739,800	\$ 10,361,921,500
2014	149	66,694,893	750	84,679,157	6,685,327,800	1,726,979,800	720,333,500	1,022,171,600	10,154,812,700
2015	173	75,494,303	694	86,837,291	6,649,577,300	1,938,055,900	679,129,400	1,016,443,600	10,283,206,200
2016	152	58,345,994	691	79,256,973	6,739,083,100	2,023,675,300	660,838,200	1,026,465,000	10,450,061,600
2017	158	160,651,157	914	95,043,903	6,868,962,400	2,065,945,200	657,047,900	1,077,730,700	10,669,686,200
2018	295	739,050,509	894	106,647,685	7,067,095,400	2,158,117,900	667,451,000	1,106,232,700	10,998,897,000
2019	256	58,233,219	866	108,747,841	7,337,983,600	2,203,841,700	669,354,500	1,107,389,400	11,318,569,200
2020	192	318,398,197	1,067	119,255,504	7,537,092,200	2,239,871,900	736,163,300	1,117,665,100	11,630,792,500
2021	166	79,712,825	1,644	359,505,429	7,912,235,000	2,387,318,000	724,789,300	1,103,723,400	12,128,065,700
2022	246	170,488,979	1,760	345,748,542	8,528,616,800	2,651,573,500	685,604,200	1,107,563,400	12,973,357,900

(1) Department of Planning and Community Development

(2) City Assessor's Office, estimated actual value (only residential, commercial, and Agricultural are reflected in Table 6)

PRINCIPAL COMMERCIAL/INDUSTRIAL WATER AND SEWER CONSUMERS
YEAR ENDED JUNE 30, 2022

Water Consumers	Type of Business	Annual Consumption (Hundred Cubic Feet)	% of Total Annual Consumption (1)
Western Tidewater Water Authority	Regional Water Supply	280,106	10.56%
Sentara/Obici Hospital	Hospital	33,107	1.25%
Suffolk Public Schools	Education	26,826	1.01%
JM Smucker Company	Beverage Company	23,819	0.90%
Wanchese Fish Company	Seafood Processing	22,356	0.84%
Western Tidewater Regional Jail	Jail-Regional Facility	18,862	0.71%
Harbour Breeze Apartments	Real Property Management	16,964	0.64%
Planters/Kraft Foods	Food Processing	14,809	0.56%
Unilver/Lipton, Inc.	Beverage Company	13,610	0.51%
Suffolk Operations LLC	Assisted Living	11,447	0.43%
		<u>461,906</u>	<u>17.41%</u>

(1) Total annual consumption (all water customers) 2,652,990

Sewer Consumers	Type of Business	Annual Consumption (Hundred Cubic Feet)	% of Total Annual Consumption (2)
Sentara/Obici Hospital	Hospital	33,107	1.54%
City of Suffolk	Water Production	27,264	1.27%
Suffolk Public Schools	Education	26,826	1.25%
Wanchese Fish Company	Seafood Processing	22,356	1.04%
JM Smucker Company	Beverage Company	20,491	0.95%
Western Tidewater Regional Jail	Jail-Regional Facility	18,862	0.88%
Harbour Breeze Apartments	Real Property Management	16,964	0.79%
Unilever Best Foods	Beverage Company	16,413	0.76%
Suffolk Operations, LLC	Assisted Living	11,447	0.53%
Green Clean Auto Wash	Car Wash	10,277	0.48%
		<u>204,007</u>	<u>9.49%</u>

(2) Total annual consumption (all sewer customers) 2,149,600

Source: Department of Public Utilities

WATER AND SEWER RATE SCHEDULE
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
WATER										
Water Rate per 100 cubic feet	\$ 7.13	\$ 7.84	\$ 8.29	\$ 8.86	\$ 9.03	\$ 9.20	\$ 9.71	\$ 9.71	\$ 9.71	\$ 10.31
Minimum Bi-monthly Charge (5 ccf)	33.65	-	-	-	-	-	-	-	-	-
Meter Service Charge (per month)										
5/8 inch meter	2.40	5.35	6.40	7.00	8.40	8.40	10.00	11.25	11.25	12.75
Water Connection Charge (installed by city)										
5/8 inch meter	1,100	1,100	1,100	1,100	2,000	2,000	2,000	2,000	2,000	2,000
Water Connection Charge (installed by developer)	50	50	50	50	50	50	50	50	50	50
Water Availability Charge (residential)										
Single Family	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
Water Availability Charge (commercial)										
5/8 inch meter	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
3/4 inch meter	8,180	8,180	5,520	5,520	5,520	5,520	5,520	5,520	5,520	5,520
1 inch meter	13,520	13,520	13,520	13,520	13,520	13,520	13,250	13,250	13,250	13,250
1½ inch meter	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950	26,950
2 inch meter	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120	43,120
3 inch meter	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850	80,850
4 inch meter	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750	134,750
WTWA Wholesale Water Rate										
Water Rate (CCF)	\$ 4.13	\$ 4.36	\$ 4.46	\$ 4.67	\$ 4.56	\$ 4.55	\$ 4.76	\$ 4.84	\$ 4.84	\$ 4.84
Fixed Capacity Charge (Per Month)	\$ 193,496	\$ 204,641	\$ 210,994	\$ 204,959	\$ 222,995	\$ 202,454	\$ 197,983	\$ 199,026	\$ 200,470	\$ 200,470
SEWER										
Sewer Collection (per 100 cubic feet)	5.35	5.82	6.47	6.74	6.97	7.21	7.27	7.27	7.27	7.27
Minimum Bi-monthly period (5 ccf)	26.75	-	-	-	-	-	-	-	-	-
Sewer Connection Charge (installed by city)										
4 inch lateral size	1,450	1,450	1,450	1,450	1,800	1,800	1,800	1,800	1,800	1,800
6 inch lateral size	2,650	2,650	2,650	2,650	3,000	3,000	3,000	3,000	3,000	3,000
Sewer Connection Charge (installed by developer)	50	50	50	50	50	50	50	50	50	50
Sewer Availability Charge (residential)										
Single Family	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Sewer Availability Charge (commercial)										
5/8 inch meter	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
3/4 inch meter	9,000	9,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
1 inch meter	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
1½ inch meter	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500	29,500
2 inch meter	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100	47,100
3 inch meter	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100	88,100
4 inch meter	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800	146,800

Source: Department of Public Utilities

RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS*

Fiscal Year **	General Bonded Debt (1)					Other Governmental Activities Debt		
	a	b	c	a+b+c+d	Percentage of Estimated Actual Taxable Value of Property (3)	Per Capita (4)	e	f
	General Obligation Bonds General Gov't (2)	General Obligation Bonds Business-type activities	Literary Bonds	Total General Bonded Debt			Lease Liabilities (6)	Section 108 Loan Payable
2013	\$ 214,236,652	\$ 152,015,340	\$ -	\$ 366,251,992	3.91%	\$ 4,236	\$ 5,388,859	\$ 2,687,000
2014	234,108,838	182,234,124	-	416,342,962	4.56%	4,740	10,738,856	2,494,000
2015	249,478,100	259,509,734	-	508,987,834	5.49%	5,795	11,537,472	2,301,000
2016	259,928,278	253,567,653	-	513,495,931	5.45%	5,679	9,183,208	2,108,000
2017	276,109,544	194,329,673	-	470,439,217	4.90%	5,129	6,163,199	1,915,000
2018	286,010,859	191,436,465	-	477,447,324	4.84%	5,205	3,537,987	1,722,000
2019	284,948,761	182,347,200	-	467,295,961	4.58%	5,050	2,057,108	-
2020	287,124,014	177,851,721	-	464,975,735	4.42%	5,015	1,487,534	-
2021	293,516,607	174,674,835	-	468,191,442	4.25%	4,930	1,283,236	-
2022	295,763,843	163,989,241	-	459,753,084	3.87%	4,783	21,644,960	-
Business-Type Activities (1)								
Fiscal Year**	g	h	i	a+c+d+e+f	b+g+h	Grand Total	Percentage of Personal Income (4)	Total Per Capita (4)
	Lease Liabilities (6)	Senior Revenue Bonds	Presentation only Subordinate: GO Bonds (5)	Total Governmental Activities	Total Business-type Activities			
2013	\$ 2,337,275	\$ 151,375,536	\$ 26,395,000	\$ 222,312,511	\$ 305,728,151	\$ 528,040,662	14.75%	\$ 6,107
2014	1,767,419	141,572,222	25,780,000	247,341,694	325,573,765	572,915,459	14.54%	6,523
2015	1,432,958	81,143,931	25,150,000	263,316,572	342,086,622	605,403,195	14.45%	6,758
2016	1,166,659	117,709,923	24,505,000	271,219,486	372,444,235	643,663,721	14.88%	7,118
2017	987,740	199,345,172	23,840,000	284,187,743	394,662,585	678,850,327	15.11%	7,401
2018	785,452	213,022,740	700,000	291,270,846	405,244,657	696,515,503	14.75%	7,527
2019	562,671	210,667,350	-	287,005,869	393,577,221	680,583,090	13.75%	7,341
2020	454,908	207,712,784	-	288,611,548	386,019,413	674,630,961	13.63%	7,190
2021	411,085	223,268,539	-	294,799,843	398,354,459	693,154,302	14.68%	7,299
2022	4,133,310	219,099,622	-	317,408,803	387,222,173	704,630,976	14.24%	7,330

(1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(2) GO Bonds include Utility GO Bonds (with or without an additional revenue pledge). They exclude the unamortized premiums and deferred amounts for advance refunding. This change required restating previous years' balances.

(3) See Table 6 for estimated actual taxable value of property data.

(4) See Table 16 for personal income and population data. The most recent personal income data available from the Bureau of Economic Analysis is 2011 and is used to analyze years 2011 through 2013.

(5) The subordinate GO bonds are "double-barreled", they have a revenue pledge, but are backed by the City's general obligation. They are presented under Business-type activities, but are actually included in the General Bonded Debt total.

(6) GASB 87 was implemented for leases in FY2022

*Previous years restated to include Utility GO bond debt in General bonded debt.

** Previous years restated to include the related premiums, discounts and adjustments.

LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation		City's Financial Policy Goal	City's Legal Debt Limit	Commonwealth's Legal Debt Limit (1)							
Assessed value (as of July 1) - taxable real property, including public service corporations (2)		\$ 11,434,090,809	\$ 11,434,090,809	\$ 11,434,090,809							
Adopted and Legal debt limits:											
4% of assessed value (authorized limit adopted by City Council 2010)		\$ 457,363,632									
7% of assessed value (authorized limit imposed by City Charter)			\$ 800,386,357								
10% of assessed value (authorized by the Commonwealth for all cities)				\$ 1,143,409,081							
Deduct amount of debt applicable to debt limit:											
Gross general bonded debt (includes bonds and notes payable)		(4) 304,104,432	441,510,000	441,510,000							
		\$ 153,259,200	\$ 358,876,357	\$ 701,899,081							

Notes:

(1) Virginia state statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the City (including Utility GO Bonds--with or without an additional revenue pledge, see table 13). Prior fiscal years have been restated in order to accommodate this determination. The calculation excludes the unamortized premiums and deferred amounts for advance refunding, installment purchase contracts, accrued sick and annual leave, landfill liability, and net pension and OPEB obligations.

(2) See Table 6 for assessed value of real property data.

(3) There are no overlapping or underlying tax jurisdictions.

(4) The debt applicable to the City's financial policy limit is only the General Obligation bonds and leases that are payable with general government funds, Stormwater and Refuse funds (excluding Utility fund debt) and the General Obligation debt of the City's Economic Development Authority issued to fund the Health and Human Services Building.

*Previous years' general bonded debt has been restated to include Utility General Obligation debt.

** Previous years' Net debt applicable to the Limit has been restated to include the guarantee of SPSA debt for FY2011 - 2013.

PLEDGE-REVENUE COVERAGE
LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements (3)			Coverage (4)	
				Principal	Interest	Total		
UTILITY REVENUE BONDS (WATER AND SEWER)								
2013	\$ 38,796,061	\$ 18,491,436	\$ 20,304,625	\$ 2,010,000	\$ 8,814,174	\$ 10,824,174	1.88	
2014	39,711,399	19,718,299	19,993,100	2,070,000	8,317,701	10,387,701	1.92	
2015	41,928,618	19,255,373	22,673,245	2,135,000	5,385,232	7,520,232	3.01	
2016	48,200,503	23,090,668	25,109,835	1,135,000	5,158,290	6,293,290	3.99	
2017	49,516,030	21,945,068	27,570,962	1,240,000	6,226,515	7,466,515	3.69	
2018	50,195,913	21,952,124	28,243,789	1,820,000	8,398,014	10,218,014	2.76	
2019	54,500,177	25,205,851	29,294,326	2,230,000	9,061,412	11,291,412	2.59	
2020	53,256,705	25,665,502	27,591,203	2,001,000	8,043,368	10,044,368	2.75	
2021	62,511,014	25,746,183	36,764,831	4,597,000	7,853,326	12,450,326	2.95	
2022	59,243,844	23,752,023	35,491,821	5,725,000	7,282,489	13,007,489	2.73	

- (1) Gross revenues include operating revenues, miscellaneous revenues, transfers in, interest income and BAB interest subsidy.
- (2) Operating expenses are exclusive of depreciation, amortization, interest expense, debt issuance costs and loss on disposal of capital assets.
- (3) Includes principal and interest of revenue debt that falls under the debt covenant requirements of the master indenture and other agreements.
(Capitalized interest paid by bond proceeds is excluded from the interest)
There were significant changes in debt service requirements from previous years because they now exclude GO-bonded debt.
- (4) The debt service coverage ratio is calculated as Net Revenue Available for Debt Service divided by Total Debt Service Requirements
(For the Utility fund the coverage must be over 1.15; since 2009, Suffolk's financial policy has recommended a target of 1.30, including all non-parity debt which has not been included in this analysis)

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (2)*	Schools: Average Daily Membership (3)	Unemployment Rate (4)		
		In Thousands			City of Suffolk	State of Virginia	United States
2013	86,463	\$ 3,579,047	\$ 41,749	13,844	6.5%	5.8%	7.7%
2014	87,831	3,940,083	45,390	13,739	6.4%	5.4%	6.3%
2015	89,586	4,190,597	47,533	13,762	5.3%	5.0%	5.3%
2016	90,426	4,326,809	48,467	13,837	4.3%	4.0%	5.1%
2017	91,722	4,491,916	49,779	13,760	4.1%	3.6%	4.1%
2018	92,533	4,723,202	51,798	13,630	3.1%	2.9%	3.6%
2019	92,714	4,949,924	53,740	13,543	3.2%	2.9%	3.7%
2020	93,825	5,217,894	55,561	13,308	8.8%	8.5%	11.2%
2021	94,960	not available	not available	13,357	5.0%	4.5%	5.9%
2022	96,130	not available	not available	12,934	4.4%	3.9%	5.3%

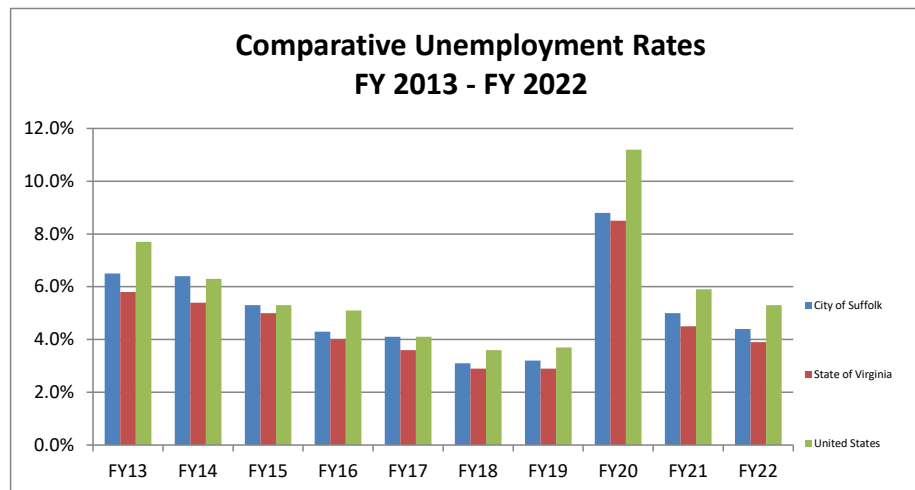
Sources:

(1) Weldon Cooper Center for Public Service

(2) Bureau of Economic Analysis based on calendar year

(3) City of Suffolk Public Schools

(4) Virginia Employment Commission - Area Unemployment Statistics, based on calendar year. 2021 rate as of June 2021



PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	Type of Business	2022	
		Employees	Percentage of Total City Employment
Navy Information Dominance Forces Commands (Cyber Force)	ModSim & Technology	2,250	6.54%
Sentara Health Systems	Medical	1,500	4.36%
Target	Warehousing & Distribution	1,500	4.36%
CVN Distribution / QVC, Inc	Warehousing & Distribution	700	2.04%
Towne Bank	Banking	600	1.74%
J-7 Joint Staff	ModSim & Techololgy	600	1.74%
Wal-Mart Stores	Retail	525	1.53%
Hormel/Planters/Kraft Foods	Food Processing	380	1.11%
Massimo Zanetti Beverage USA	Beverage Company	315	0.92%
Sysco Food Services of Hampton Roads	Food Service Distribution	300	0.87%
		8,670	25.22%
Total Employment by Industry in City of Suffolk for fiscal year		34,384	
Employer	Type of Business	2013	
		Employees	Percentage of Total City Employment
U.S. Joint Forces Command	ModSim & Technology	1,300	4.87%
Obici Memorial Hospital	Healthcare	1,200	4.50%
CVN Distribution / QVC, Inc	Distribution Warehouse	1,000	3.75%
Wal-Mart Stores	Retail	900	3.37%
SYSCO Food Services of Hampton Roads	Education	500	1.87%
Planters/Kraft Foods	Food Processing	340	1.27%
Unilever/Lipton Inc.	Beverage Company	300	1.12%
Lakeview Medical Center	Health Care	270	1.01%
Bon Secours Health System	Health Care	270	1.01%
Towne Bank	Banking	230	0.86%
		6,310	23.65%
Total Employment by Industry in City of Suffolk for fiscal year		26,681	

The Suffolk Public Schools (2,300 employees) and the City of Suffolk (1,479 employees) have not been included to give a clearer reflection of community activity.

Source: Economic Development Department and Virginia Employment Commission

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS (2)

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
General Government:										
City Council	10	2	2	2	2	2	2	2	2	3
City Manager	7	7	7	7	7	7	7	7	7	8
Budget and Strategic Planning	3	4	4	3	3	3	3	3	3	3
City Attorney	9	9	9	9	9	9	9	9	9	9
Human Resources	10	10	10	7	7	7	7	7	7	10
Commissioner of the Revenue	12	12	12	12	12	12	12	12	12	13
City Assessor	15	16	17	17	18	17	17	19	19	21
Treasurer	15	15	15	16	16	16	16	17	17	17
Finance - Administration and Accounting	12	14	16	17	15	16	15	15	15	16
Finance - Purchasing	3	4	4	4	4	4	4	4	4	4
Registrar	2	2	2	2	3	3	3	3	3	3
Total	98	95	98	96	96	96	95	98	98	107
Judicial:										
Circuit Court	2	2	2	2	2	2	2	2	2	2
Circuit Court - Clerk's Office	14	14	14	14	14	14	14	15	15	15
Sheriff	24	25	25	25	25	25	25	25	25	27
Commonwealth's Attorney	24	24	24	24	24	24	25	26	26	26
Total	64	65	65	65	65	65	66	68	68	70
Public Safety:										
Police										
Administration and Officers	196	214	213	213	213	215	216	227	227	229
Emergency Communications	24	27	27	27	27	28	27	29	29	29
Animal Shelter and Management	8	10	10	10	10	10	10	10	10	10
Fire										
Fire and Rescue	238	253	252	252	252	255	274	274	279	297
Community Development (5)	26	26	26	26	26	26	-	-	-	-
Total	492	530	528	528	528	534	527	540	545	565
Public Works:										
Public Works										
Administration	2	2	2	2	2	2	2	3	3	3
Maintenance Building and Grounds (3)	4	4	-	-	-	-	-	-	-	-
Capital Programs and Facilities	23	24	24	24	24	24	24	25	25	25
Total	29	30	26	26	26	26	26	28	28	28

(continued)

CITY OF SUFFOLK, VIRGINIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Table 18 (continued)

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Health and Welfare:										
Social Services	100	103	103	103	103	103	102	102	102	102
Comprehensive Services Act	2	2	2	2	2	2	2	2	2	2
Total	102	105	105	105	105	105	104	104	104	104
Parks, Recreation and Cultural:										
Parks and Recreation										
Administration	5	5	4	4	4	4	13	13	13	13
Office on Youth (4)	-	-	2	2	1	1	-	-	-	-
Support Services (4)	6	6	6	6	7	7	-	-	-	-
Parks, Gateway and Facility Maintenance	19	19	19	19	19	18	22	22	22	22
Grounds Maintenance (3) (4)	-	-	4	4	4	4	-	-	-	-
Recreation	16	22	21	21	21	22	22	22	22	29
Library	28	31	31	31	32	32	32	32	32	33
Total	74	83	87	87	88	88	89	89	89	97
Community Development:										
Planning	13	14	14	14	15	15	41	44	44	46
Geographic Information Systems	-	-	-	-	-	-	-	-	-	-
Economic Development	5	5	5	5	5	5	5	6	6	6
Tourism	3	3	3	3	3	3	3	3	3	3
Media and Community Relations	6	6	6	6	6	6	6	6	6	6
Total	27	28	28	28	29	29	55	59	59	61
Total General Fund	886	936	937	935	937	943	962	986	991	1,032
Special Revenue Fund:										
Transit	-	-	-	-	-	1	1	1	1	1
Road Maintenance										
Road Maintenance	84	101	99	100	101	102	102	102	102	105
Traffic Engineering	21	23	23	24	25	25	25	25	25	26
Aviation Facilities	3	3	3	3	3	3	3	3	2	2
Total Special Revenue Fund	108	127	125	127	129	131	131	131	130	134
Enterprise Fund:										
Public Utilities										
Administration	7	8	9	9	9	8	8	8	8	7
Customer Service	18	18	18	20	22	23	23	23	23	23
Line Maintenance	25	26	27	28	28	28	29	29	29	30
Maintenance	24	26	25	25	25	25	25	26	26	26
Water Production	30	30	30	28	28	28	28	28	28	28
Engineering	15	15	15	15	14	14	14	14	14	14
Stormwater Utility										
Stormwater Utility	27	31	38	38	41	40	40	41	41	41
Mosquito Control	6	7	7	7	7	7	7	7	7	7
Refuse	36	41	40	40	40	42	42	40	40	40
Total Enterprise Fund	188	202	209	210	214	215	216	216	216	216
Internal Service Funds:										
Fleet Management	20	21	21	21	21	21	21	21	21	21
Information Technology	22	25	25	25	26	26	26	27	28	29
Risk Management	4	4	4	6	6	6	6	6	6	8
Total Risk Management	46	50	50	52	53	53	53	54	55	58
Total	1,228	1,315	1,321	1,324	1,333	1,342	1,362	1,387	1,392	1,440

1. Change in methodology of calculating full time employees in this department.
2. 2013 actual data furnished by Human Resources. 2014 - 2019 provided by Budget Office.
3. In 2015 The grounds maintenance function was moved out of Public Works and placed in Parks and Recreation.
4. In 2019 The divisions within Parks and Recreation were consolidated into 3 divisions.
5. In 2019 Community Development was combined with the Planning department.

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government:										
Building permits issued	978	899	867	843	1,072	1,189	1,122	1,259	1,810	2,006
Value of permits issued (millions)	\$ 255.4	\$ 151.4	\$ 162.3	\$ 137.6	\$ 255.7	\$ 845.7	\$ 167.0	\$ 437.7	\$ 439.2	\$ 516.2
Number of registered voters	57,067	57,280	56,268	58,141	60,652	62,458	62,334	64,780	67,706	69,886
Taxable retail sales (millions)	\$ 729.6	\$ 759.9	\$ 821.3	\$ 873.0	\$ 895.5	\$ 956.9	\$ 976.1	\$ 1,033.1	\$ 1,154.8	**Not Available
Taxable retail sales per capita	\$ 8,307	\$ 8,404	\$ 9,083	\$ 9,654	\$ 9,763	\$ 10,341	\$ 10,404	\$ 10,879	\$ 12,013	**Not Available
Parks, Recreation and Cultural:										
Library volumes in collection (thousands)	222.1	224.9	286.8	827.1	291.2	178.0	168.3	133.2	133.2	143.4
Circulation (thousands)	313	320	335	339	322	303.5	304.0	223.0	216.0	345.7
Transit										
Number of Service days (not including ADA service)	254	252	253	257	257	252	305	308	306	305
Number of Routes (not including ADA service)	3	4	6	6	6	6	7	7	6	6
Vehicle Trips (not including ADA service)	7,221	8,885	13,004	13,856	13,825	13,589	18,602	18,791	18,663	19,979 (1)
Passenger Trips (not including ADA service)	57,814	64,563	77,631	101,616	113,084	110,569	128,845	111,114	106,739	73,369 (2)
Vehicle Trips (ADA Service)	693	757	1,081	1,271	1,450	1,025	1,565	1,919	1,605	1,738 (1)
Passenger Trips (ADA Service)	1,198	1,152	1,353	1,537	1,917	1,247	1,565	1,919	1,919	1,897 (2)
Enterprise Fund:										
Public Utilities										
Customers - Water	24,380	24,836	24,912	24,868	25,237	25,576	25,936	25,952	27,037	27,550
Customers - Sewer	20,692	21,010	21,486	21,770	22,160	22,506	22,851	23,272	23,865	24,350
Average daily production (mgd)	5.96	6.71	6.82	6.77	6.88	6.86	6.58	6.84	7	7.26
Treatment Capacity daily (mgd)	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.45	17.45
Stormwater										
Billed customers	30,508	30,791	31,395	31,470	31,752	32,126	32,866	33,179	33,652	34,188
Refuse collection										
Customers	27,675	27,982	28,046	28,311	28,618	28,895	29,409	29,720	30,040	30,493
Recycled (tons)	5,408	5,767	5,534	5,878	5,821	5,511	5,842	6,075	6,085	5,472

Sources: Various City Departments

** Data is not available as this is shown on a calendar year basis

(1) A vehicle trip is defined as a bus completing the route one time.

(2) A Passenger trip is defined as a passenger boarding a bus at one point and disembarking at another. A passenger taking a trip with a transfer in the middle would count as two passenger trips.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety:										
Police Stations	5	5	5	5	5	5	5	5	5	5
Fire and Rescue Stations	10	10	10	10	10	10	10	10	10	9
Public Works:										
State maintained road miles	18	18	18	18	18	18	18	18	18	18
City maintained road miles	1,600	1,626	1,626	1,596	1,621	1,632	1,650	1,660	1,660	1,669
Streetlights	8,113	8,425	8,593	8,657	8,913	8,988	9,136	9,217	9,288	9,571
Bridges and Culverts	155	147	150	149	151	151	151	152	151	151
Traffic Signals	93	98	96	98	99	99	100	100	101	102
Education:										
Elementary Schools	12	12	12	12	11	11	11	11	11	11
Middle Schools	4	4	4	4	4	4	4	4	4	4
High Schools	3	3	3	3	3	3	3	3	3	3
Alternative Schools	1	1	1	1	1	1	1	1	1	1
Number of Teachers, Principals, and Assistants	1,402	1,398	1,345	1,383	1,380	1,380	1,464	1,410	1,422	1,444
Average Daily Membership	13,844	13,739	13,762	13,837	13,760	13,630	13,543	13,308	13,357	12,934
Capacity of Schools	14,352	14,352	14,590	14,590	14,205	14,205	16,005	16,005	16,005	16,005
Enterprise Fund:										
Public Utilities										
Miles of Water Main	454	462	467	475	482	486	487	490	497	501
Miles of Sanitary Sewers	330	334	344	352	355	361	363	367	375	378
Pump Stations	140	140	144	146	147	150	150	152	154	154
Storage Tanks	9	10	10	10	10	10	10	11	11	11
Stormwater Utility										
Miles of Storm Sewers	266	246	294	333	396	407	412	420	428	433
Parks, Recreation and Cultural:										
Parks and Recreation										
Number of major parks and recreation facilities	43	43	50	50	50	52	52	52	54	56
Acreage of major parks and recreation facilities	1,928	1,879	2,031	2,042	2,092	2,118	2,118	2,118	2,111	2,216
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of branch libraries	2	2	3	3	3	3	3	3	3	3
Number of bookmobiles	1	1	1	1	1	1	1	1	1	1
Transit (1)										
Buses	4	4	6	8	9	9	10	14	14	12
Bus Stops with Shelters	4	6	8	8	8	10	11	11	10	16

Sources: Various City Departments

1. In Fiscal year 2015 The City added a route serving the northern end of the City and one that connects the north and south routes, as well as to HRT in Chesapeake.

COMPLIANCE SECTION

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the City Council
City of Suffolk, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "Specifications"), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, Virginia (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 23, 2022. That report recognizes that the City restated certain net position, capital assets, and liability amounts due to the implementation of a new accounting standard, effective July 1, 2021.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and two instances of noncompliance that are required to be reported under the Specifications, which are described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 23, 2022

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the City Council
City of Suffolk, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Suffolk, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purposed of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
November 23, 2022

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Period Ending June 30, 2022

Grant Numbers	Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
U.S. Department of Agriculture							
Passed Through Commonwealth of Virginia:							
Department of Agriculture and Department of Education							
Child Nutrition Cluster							
59047	School Breakfast Program (SBP)	10.553			\$ 2,561,840	\$ 2,561,840	
	National School Lunch Program (NSLP)	10.555			6,822,663	6,822,663	
	Summer Food Service Program for Children (SFSP)	10.559			197,224	197,224	
	Total Child Nutrition Cluster			\$ 9,581,727			
Child & Adult Food Program							
Pandemic EBT Administrative Costs							
		10.558			66,256	66,256	
		10.649			5,814	5,814	
Department of Social Services							
SNAP Cluster							
State Administrative Matching Grants for Supplemental							
Nutrition Assistance							
	Total SNAP Cluster	10.561		1,702,666	1,702,666	1,702,666	
	Total U.S. Department of Agriculture						<u>\$ 11,356,463</u>
U.S. Department of Defense							
Direct Program:							
JROTC Instruction							
	Total U.S. Department of Defense	12.000			\$ 119,402	\$ 119,402	<u>\$ 119,402</u>
U.S. Department of Housing and Urban Development							
Direct Program:							
CDBG - Entitlement Grants Cluster							
B11MC510024, B12MC510024, B13MC510024, B14MC510024, B15MC510024, B16MC510024	Community Development Block Grants/Entitlement Grants	14.218			\$ 487,439	\$ 487,439	
B17MC510024	Total CDBG - Entitlement Grants Cluster			\$ 487,439			
	ForKids		\$ 259,497				
	SRHA Emergency Repair		156,180				
	The Genieve Shelter		35,762				
	Western Tidewater Clinic		22,000				
	Boys & Girls Club of Southeastern VA		14,000				
M11DC510213, M12DC510213, M13DC510213, M14DC510213, M15MC510024, M16DC510216, M07DC512013, M08DC510213, M09DC510213, M10DC51010206, M17DC510216	Home Investment Partnerships Program	14.239			269,322	269,322	
	City of Franklin		37,551				
	Isle of Wight County		68,624				
	Southampton County		44,133				
	CHDO		119,014				
	Total U.S. Department of Housing and Urban Development						<u>\$ 756,761</u>
U.S. Department of Justice							
Direct Program:							
Bullet Proof Vest Partnership Program							
		16.607			\$ 15,765	\$ 15,765	
Passed Through Department of Criminal Justice Services							
17-V8580VW16, 19-Y8580VW17	Crime Victim Assistance	16.575			322,183	322,183	
16-R9824VA15, 17-R9824VA16, 18-U9824VA17,	Violence Against Women Formula Grants	16.588			111,509	111,509	
	COPs Grant	16.710			167,724	167,724	
2016-DJ-BX-0413, 2017-DJ-BX-0141, 17-A6095AD13, 17-B3197AD13, 16- A3276BY11, 18-C3197AD11, 18-A4241AD11, 18-B6905AD15, 18- A4497AD12, 2018-DJ-BX-0411, 19-B4241AD15, 20-DJ-BX-0482, 20- A4932AD16	Edward Byrne Memorial Justice Assistance Grant Program	16.738			62,981	62,981	
	Equitable Sharing Program	16.922			5,748	5,748	
COVID19 Emergency Supplemental Funding Program	2020 COVID-19 Emergency Supplemental Funding Program	16.034			4,414	4,414	
	Total U.S. Department of Justice						<u>\$ 690,324</u>

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Period Ending June 30, 2022

Grant Numbers	Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
U.S. Department of Transportation							
Direct Program:							
3-51-0050-024-2015, 3-51-0050-022-2015, 3-51-0050-025-0216, 3-51-0050-026-2016	Airport Improvement Program	20.106			\$ 69,862	\$ 69,862	
154AL-2016-56196-6396, 154AL-2016-56425-6630, 15AL-2017-57087-6736, 15AL-2017-57146-6795, 154AL-2018-58207-8207	Highway Safety Grant - Selective Enforcement - Alcohol	20.607				10,157	
	Highway Safety Grant - Selective Enforcement - Speed	20.607			21,547	11,390	
	Highway Safety Cluster						
M2HVE-2017-56206-6745, M2HVE-2018-58205-8205	Highway Safety Grant - Selective Enforcement - Occupant Protec	20.616			1,721	1,721	
	Highway Safety Grant Cluster Total			\$ 1,721			
	Federal Transit Cluster						
	Federal Transit - Capital Investment Grants	20.507			\$ 1,634,574	\$ 1,634,574	
	State of Good Repair Grants Program	20.526			144,171	144,171	
	Total Federal Transit Cluster			\$ 1,778,745			
	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505			9,000	9,000	
	Highway Planning and Construction Cluster						
	Passed Through Commonwealth of Virginia:						
0017-133-350	Highway Planning and Construction						
	CMAQ Bridge Road Traffic Signal Upgrades UPC #102991	20.205				543,554	
	Elwood Road Over Kingsdale Swamp	20.205				90,035	
U000-133-S22	HSIP Portsmouth Boulevard Sidewalk, Phase I UPC #1109	20.205				84,620	
U000-133-S23	HSIP Portsmouth Boulevard Sidewalk, Phase II UPC #1109	20.205				351,715	
U000-133-S24	HSIP Portsmouth Boulevard Sidewalk, Phase III UPC #111	20.205				107,443	
U000-133-351	CMAQ Nansemond Pkwy Traffic Signal Upgrades #102990	20.205				1,766	
U000-133-427	CMAQ Emergency Vehicle Preemption Deployment #1138	20.205					
	CMAQ Nansemond Pkwy/Wilroy Road Overpass UPC #111	20.205				1,854,746	
	Suffolk Bypass ITS UPC 102994 Project 2200	20.205				7,183	
	Shoulders Hill Road UPC 102992 Project 2222	20.205				60,782	
	West End Suffolk UPC 107057	20.205			3,103,464	1,620	
	Highway Planning and Construction Cluster			3,103,464			
	Total U.S. Department of Transportation						\$ 4,984,339
U.S. Department of Treasury							
	Passed Through Virginia Department of Accounts						
	CARES Act	21.019			\$ 6,176,643	\$ 6,176,643	
	AARPA	21.027				6,768,336	
	HVAC ARP CSLFRF	21.027			7,768,336	1,000,000	
	Total U.S. Department of Treasury						\$ 13,944,979
National Foundation on the Arts and Humanities							
	Pass Through Commonwealth of Virginia-Library						
	Grants to States	45.310			\$ 23,331	\$ 23,331	
	Total National Foundation on the Arts and Humanities						\$ 23,331
U.S. Department of Education							
	Direct Program:						
S041B-2015-5303	Impact Aid Award #S041B-2015-5303	84.041			\$ 336,594	\$ 336,594	
	Passed Through Commonwealth of Virginia:						
V048A150046	Career and Technical-Basic Grants to States #V048A150046	84.048			202,518	202,518	
S367A150044	Title II-A #S367A150044	84.367			523,621	523,621	
	Title IV-A Grant	84.424			284,982	284,982	
	Title IV-B Grant	84.287			47,813	47,813	
	Cares Act	84.425				163,560	
	Cares Act II	84.425D				2,380,014	
	Cares Act III	84.425U				3,208,649	
	ESSER/GEER	84.425			6,081,963	329,740	
S010A150046	School Based Mental Health Grant	84.184			15,518	15,518	
	Title I Grants to Local Educational Agencies #S010A150046	84.010			3,767,241	3,767,241	
	Special Education Cluster (IDEA)						
H027A150107	Special Education - Grants to States #H027A150107	84.027			2,927,796	2,927,796	
H173A150112	Special Education - Preschool Grants #H173A150112	84.173			64,620	64,620	
	Special Education Cluster Total			\$ 2,992,416			
	School Improvement Grants Cluster						
	School Improvement Grants	84.377			7,733	7,733	
	Total U.S. Department of Education						\$ 14,260,399

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Period Ending June 30, 2022

Grant Numbers	Federal Grantor/Pass-Through Grantor/Grant Program	Assistance Listing Number (ALN)	Passed Through To Sub-Recipients	Cluster Total	ALN Total	Federal Expenditures	Department Totals
U.S. Department of Health and Human Services							
1003996083	Direct Payments:						
	Medical Assistance Program #1003996083	93.778				\$ 423,731	
	Epidemiology	93.323			\$ 15,657	15,657	
	Passed Through Commonwealth of Virginia:						
	Medicaid Cluster						
	Medical Assistance Program	93.778			1,306,816	883,085	
	Medicaid Cluster Total			\$ 1,306,816			
	Guardianship Assistance	93.090			422	422	
	Title IV -E Preention Program	93.472			12,677	12,677	
	Promoting Safe and Stable Families	93.556			10,433	10,433	
	Temporary Assistance for Needy Families	93.558			693,045	693,045	
	Refugee & Entrant Assistance	93.566			3,517	3,517	
	Low-Income Home Energy Assistance	93.568			129,929	129,929	
	Community-Based Child Abuse Prevention Grants	93.590			931	931	
	Child Welfare Services	93.645			1,575	1,575	
	Foster Care - Title IV-E	93.658			698,358	698,358	
	Adoption Assistance	93.659			259,413	259,413	
	Social Service Block Grant	93.667			690,463	690,463	
	Foster Care Independent Living	93.674			8,363	8,363	
	Children's Health Insurance Program	93.767			9,157	9,157	
	CCDF Cluster						
	Child Care and Development Block Grant	93.575			(3,961)	(3,961)	
	Child Care Mandatory & Matching Funds for Child Care Dev Fun	93.596			158,930	158,930	
	CCDF Cluster Total			154,969			
	Total U.S. Department of Health and Human Services						\$ 3,995,725
Executive Office of the President							
	Passed Through Virginia HIDTA:						
	High Intensity Drug Trafficking Areas Program	95.001			\$ 14,170	\$ 14,170	
	Total Executive Office of the President						\$ 14,170
U.S. Department of Homeland Security							
EMW-2015-PU-00181, EMV-2016-PU-00147	Passed Through Department of Criminal Justice:						
	Port Security Grant Program	97.056			\$ 345,126	\$ 345,126	
2017LEMPG, 2018 Radiological Preparedness Program, VDEM	Passed Through Department of Emergency Services:						
	VDEM Emergency Mgmt Program Grant	97.042			21,781	21,781	
	Total U.S. Department of Homeland Security						\$ 366,907
Grand Total						\$ 50,512,800	\$ 50,512,800

Note 1: Basis of Accounting

This Schedule was prepared on the modified accrual basis of accounting.

Note 2: Nonmonetary Assistance

Nonmonetary assistance is reported in the Schedule of Federal Awards at the fair market value of the food commodities. At June 30, 2022, the School Board had USDA food commodities totaling \$149,261 in inventory.

Note 3: Reporting Entity

The Schedule of Expenditures of Federal Awards reports the expenditures for the City of Suffolk, Virginia and it's component unit the School Board.

Note 4: De minimis cost rate

The City did not elect to use the 10% de minimis cost rate.

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

A. Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified**
2. Significant deficiencies in internal control over financial reporting: **None reported**
3. Material weaknesses in internal control over financial reporting: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified**
8. Any audit findings which are required to be reported under Uniform Grant Guidance: **No**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds
10.553/10.555/10.559	Child Nutrition Cluster
20.205-1CL	Highway Planning and Construction Cluster
20.507/20.526	Federal Transit Cluster

10. Dollar threshold used to distinguish between type A and type B programs: **\$1,515,384**
11. City of Suffolk, Virginia (the "City") qualified as a low-risk auditee under Uniform Grant Guidance: **Yes**

B. Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards

None reported

C. Findings and Questioned Costs Relating to Federal Awards

None reported

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Finding: 2022-001

Department: Suffolk Department of Social Services ("DSS")

Compliance Requirement: Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Type of Finding: Non-material Noncompliance

Criteria: Section 63.2 of the Code of Virginia requires that the Local Department of Social Services remove access privileges for terminated users from all systems they were authorized to use within three (3) working days of employment termination.

Condition: While performing our audit procedures to ensure compliance with Section 3-15 of the Specifications, we identified two (2) employees in our sample of five (5) that did not have their access removed within three (3) working days.

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2022

Cause: The DSS is responsible for communicating all employee terminations to the IT Department to ensure that all system access is promptly removed. They did not properly communicate employee terminations within the required timeframe to remove system access compliantly.

Effect: The City is not in compliance with Section 63.2 of the Code of Virginia and is potentially at risk of terminated employees having access to DSS systems. Additionally, noncompliance may result in action by the Commonwealth of Virginia.

Auditor's Recommendation: We recommend the City ensure that the IT Department be notified of an employee's termination immediately upon the termination to ensure that access is removed in accordance with the prescribed requirements.

Management's Response: Management agrees with this finding. DSS, the Finance Department, Information Technology Department and Human Resources Management Department will review and strengthen the notification process to the IT Department of an employee's termination immediately upon the employee's termination to ensure that access is removed in accordance with the prescribed requirements.

Finding: 2022-002

Department: Suffolk Department of Social Services (DSS)

Compliance Requirement: Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications"), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Type of Finding: Non-material Noncompliance

Criteria: Section 63.2 of the Code of Virginia requires that all users complete at least one (1) hour of Information Security and Privacy Awareness training annually within 365 days of the last training.

Condition: While performing our audit procedures to ensure compliance with Section 3-15 of the Specifications, we identified two (2) employees in our sample of twelve (12) that did not receive their annual Information Security and Privacy Awareness training within a 365 day period.

Cause: The DSS is responsible for ensuring all personnel receive their Information Security and Privacy Awareness training on an annual basis. They did not properly monitor and ensure this was completed by all employees within the required timeframe.

Effect: The City is not in compliance with Section 63.2 of the Code of Virginia and is potentially at risk for misuse or mishandling of confidential information. Additionally, noncompliance may result in action by the Commonwealth of Virginia.

Auditor's Recommendation: We recommend the City ensure that the IT Department be notified of an employee noncompliance immediately upon the employee's training expiration date to ensure that access is unavailable until the required training is completed.

Management's Response: Management agrees with this finding. DSS, the Finance Department, Information Technology Department and Human Resources Management Department will review and strengthen the notification process to the IT Department of an employee's noncompliance immediately upon the employee's required date to complete their training to ensure that access information is protected in accordance with the prescribed requirements.

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
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E. Status of Prior Year Findings:

None reported in the prior year.



CITY of SUFFOLK

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