

City of Chesapeake, Virginia



Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2020

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Comprehensive Annual
Financial Report
of the
City of Chesapeake, Virginia
for Fiscal Year Ended
June 30, 2020



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

City of Chesapeake, Virginia

Mission

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

Code of Ethics

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

Acknowledgments...

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

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

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Tamara Walters
Katherine Williams
Matthew Wong

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

Please visit us at: www.cityofchesapeake.net

CITY OF CHESAPEAKE, VIRGINIA

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INTRODUCTORY SECTION



December 11, 2020

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

We are pleased to submit the Comprehensive Annual Financial Report for the City of Chesapeake, Virginia (the City) for the fiscal year ended June 30, 2020. The financial statements included in this report conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB). Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Management's Discussion and Analysis (MD&A) immediately follows the Report of Independent Auditor and provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The Reporting Entity and Its Services

The present City of Chesapeake was formed on January 1, 1963 by the merger of Norfolk County and the City of South Norfolk. This merger created the second largest city in the Commonwealth with 353 square miles, surrounded by the cities of Norfolk, Portsmouth, Virginia Beach, Suffolk and the North Carolina state line. With the latest estimated population of 246,912 as of June 30, 2020, the City is also the second largest city in the Commonwealth of Virginia in terms of population.

The City of Chesapeake derives its governing authority from a charter granted by the Virginia General Assembly. The City is organized under the Council-Manager form of government. The City Council is the legislative body of the City government with the Mayor as the presiding officer. The Mayor is elected on an at-large basis as are the eight remaining City Council members. The City Manager is appointed by the City Council and is responsible for the day to day administration of the City.

Cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently. There are no overlapping jurisdictions and, consequently, citizens of Virginia cities are not subject to overlapping debt or taxation. In accordance with the requirements of GASB, the financial reporting entity consists of the Primary Government (the City of Chesapeake), as well as its component units, which are legally separate organizations for which the City Council is financially accountable. Financial accountability is determined on the basis of the City Council's selection of governing authority, designation of management, ability to influence operations and accountability for fiscal matters. Component units are discretely presented and are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the Primary Government and to differentiate their financial position and results of operations from those of the Primary Government. Discretely presented component units qualifying for inclusion in this report are Chesapeake Public Schools, Chesapeake Mosquito Control Commission, Chesapeake Airport Authority, Chesapeake Land Bank Authority and Elizabeth River Properties of Chesapeake, Inc. The activities of two component units, CSB of Chesapeake, Inc. (CSBC, Inc.) and the Economic Development Authority of the City of Chesapeake (the EDA), are considered to be so intertwined with the City's activities that they are in substance part of the City's operations. Therefore, CSBC, Inc. is blended with the City's governmental activities and the EDA is blended with the City's business-type activities. The Other Postemployment Benefits Trust Fund (OPEB Trust) is where the City accounts for the costs of future benefits that are promised to City employees after retirement primarily in the form of retiree

health insurance benefits. This fiduciary-type component unit is included within the fiduciary fund financial statements.

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

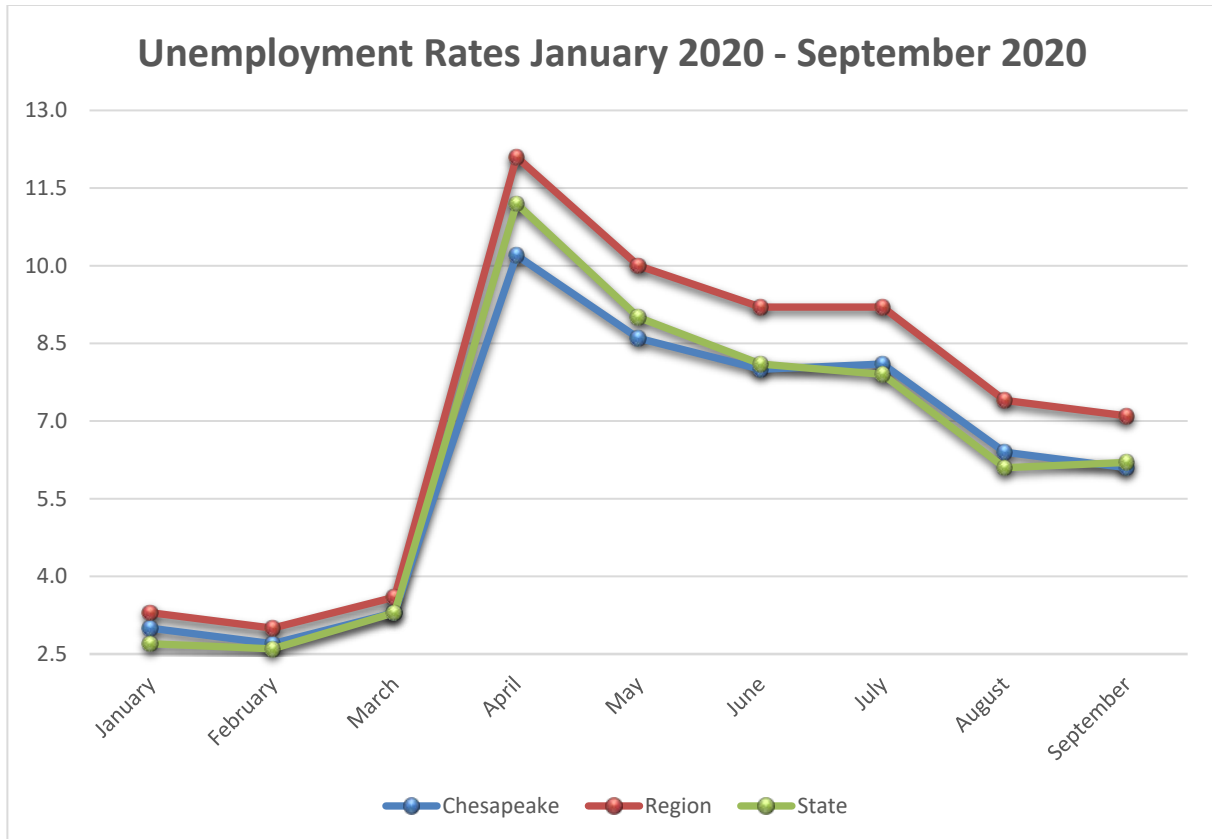
Economic Condition and Outlook

On March 12, 2020, the Governor of Virginia declared a state of emergency in response to the Coronavirus (COVID-19) global pandemic. On March 13, 2020, the City Manager, acting in his capacity as Emergency Management Director, declared a local emergency for the City of Chesapeake. On March 17, 2020, City Council confirmed that emergency declaration. This declaration allowed the City to access additional resources and supplies should they become necessary. The City has a duty to protect the general public as well as City employees. During the pandemic the City upheld that duty while continuing to provide excellent, but safe customer service to our communities. Some of the changes that transpired to make this possible included -

- Delayed Personal Property and Real Estate tax due dates
- Cancelled community programs and events
- Enhanced housekeeping protocols in City facilities by providing more frequent cleaning and disinfection services
- Made physical improvements to City facilities to reduce the likelihood of COVID-19 transmission
- Procured and distributed personal protective equipment for all City employees
- Temporarily closed City facilities to the general public while remaining open for business
- Identified special hours for senior citizens only to transact business
- Utilized alternative means of service delivery to minimize face-to-face contact
- Offered City employees the ability to telework and allowed for flexible work hours to increase social distancing
- Expanded the use of video conferencing and teleconferencing
- Implemented the City Manager Directive – COVID-19 Exposure Policy and Guidance
- Developed and implemented a coordinated messaging campaign targeted toward both employees and the community

The City received over \$42.0 million in Coronavirus Aid, Relief, and Economic Security (CARES) funding to assist with expenses related to the pandemic. This funding was received in two separate distributions. The first distribution of \$21.4 million was received in June 2020. A second distribution was received in September of 2020. The City is utilizing these funds to offset the costs of the City's response to the pandemic, develop technology and facility improvements to facilitate distance learning for students, teleworking and telemedicine and to provide direct assistance to small businesses and citizens negatively impacted by COVID-19.

The City and regional economy had a solid performance heading into the final quarter of fiscal year 2020 but the COVID -19 pandemic had a significant dampening effect on the final quarter results. Unemployment rates were significantly impacted by COVID-19. Prior to COVID-19, Chesapeake unemployment rates were historically low at 2.7% in February 2020 which was less than the 3.0% rate at the end of fiscal year 2019. The City's unemployment rose quickly during the pandemic to a high of 10.2% in April 2020. Chesapeake's unemployment rates have shown consistent improvement each month beginning with May 2020 and continuing through the latest reporting of 6.1% in September 2020. At June 30, 2020, Chesapeake's unemployment rate of 8.0% compared favorably to both the region at 9.0%, the Commonwealth of Virginia at 9.2% and the United States at 11.2%.



The Chesapeake Economic Development Department's 2020 Annual Report (highlighting 2019 business announcements and job creation) noted the following accomplishments:

- Investment in Chesapeake totaled \$270.0 million during 2019, a 12.0% increase from the previous year investment of \$241.6 million and the creation of 1,686 new jobs.
- TQ Systems, a German Technology Company, announced their North American Headquarters in Chesapeake's Oakbrooke Business & Technology Park. TQ Systems has a strong footprint in Europe with a workforce of over 1,600 worldwide and clients that include Airbus, 3M, and Honeywell.
- Givens, Inc. invested an additional \$30.0 million for their expansion in Greenbrier North Commerce Park. The investment is to expand their operations in two new distribution centers in Greenbrier. The two facilities will be approximately 100,000 square feet each and will be located on an approximately 17 acre parcel in the Greenbrier North Commerce Park. The new buildings will add to the over 1.6 million square feet of warehouse space at the company's six main distribution centers in Chesapeake. Givens has over 340 employees and has been doing business in Chesapeake since 1970. In addition, the company operates one of the busiest Foreign Trade Zones (FTZs) in Virginia with over 60 international accounts.
- The Baylor Corporation purchased an approximately 9-acre parcel in the Greenbrier North Commerce Park to construct an industrial condominium complex. Baylor Corporation will develop eight 10,000 – 12,000 square foot of speculative industrial buildings for lease or purchase. The Baylor Corporation is an institutional property investment and management firm located in Norfolk.
- As one of the first companies to invest in the Greenbrier area more than 28 years ago, Mitsubishi Chemical Composites America (MCCA) is one of the largest employers in Chesapeake. In 2019, MCAA

announced plans to enlarge their ALPOLIC® production facility to add approximately 40,000 square feet to the current plant footprint. ALPOLIC® manufactures high quality aluminum and metal composite sheets, many with a substantial amount of post-consumer recycled materials. The nearly \$5.0 million investment will allow MCCA to increase its storage, shipping, and receiving capabilities. The expansion will add 30 full-time manufacturing positions.

- Burns & McDonnell, a full-service engineering, architecture, construction, environmental and consulting solutions firm, is expanding its presence in Chesapeake. The company will occupy 25,000 square feet of office space at 1317 Executive Boulevard in the Liberty Executive Business Park. The company will create 50 new jobs and invest \$1.5 million to open the new, Class A office space that will accommodate 120 Architecture Engineering and Construction (AEC) professionals. The employment growth at this new location is part of an overall Mid-Atlantic expansion across the entire state.

2020 was expected to produce historic capital investment and job creation for Chesapeake. While the results were impacted by COVID-19, significant major future economic development activity has been announced. Chesapeake Regional Medical Center broke ground in January on an expansion that includes the addition of 94 beds and represents a capital investment of \$85.0 million. Additionally, Amazon announced and broke ground in February on a 615,000 square foot, state of the art fulfillment center in the Western Branch area of Chesapeake. This development represents approximately \$50.0 million in capital investment in the building and equipment as well as the creation of 500 new jobs. Chesapeake has seen a dip in demand for office and retail space which is expected to last in the near term while the pandemic persists. However, industrial (especially from the strong international base in Chesapeake) and distribution/logistics (especially cold storage and port related) activity have increased.

Chesapeake's General Obligation bonds continue to hold a AAA rating, the highest bond rating available, from Fitch Ratings and S&P Global Ratings. Moody's Investors Service upgraded the City from Aa1 to a Aaa rating, their highest rating available, in March 2020. This upgrade reflects the City's continued growth and diversification of its sizeable tax base, its healthy resident income levels, the strong and improving financial position supported by formal fiscal policies and conservative budget assumptions, a manageable debt burden with modest future borrowing plans and an above-average yet manageable pension liability. Moody's also noted that the region and the City benefit from proactive long-range capital planning and regionalized infrastructure resiliency efforts.

Major Initiatives

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

During fiscal year 2020, the City achieved the following accomplishments:

- Strong financial performance resulted from continued cost containment and the careful management of resources. Specifically, General Fund expenditures, encumbrances and other financing uses of \$589.0 million were \$28.8 million or 4.7% below the revised budget. Total General Fund revenues and other financing sources of \$608.9 million exceeded the revised budget by \$27.8 million or 4.8%.
- The City's Operating and Capital budgets adopted by the City Council preserved core services, funded strategic initiatives and selected services. In fiscal year 2020, the tobacco tax remained unchanged at sixty-five cents per pack and these proceeds continue to be allocated to efforts that improve the health of residents.
- The City established the Naval Auxiliary Landing Field (NALF) Fentress Encroachment Protection Acquisition Program (FEPAP) in 2014 with the purpose of acquiring property rights from willing property owners to prevent incompatible land uses and encroachment within the Fentress Airfield Overlay District. The program is funded through a 50/50 matching Encroachment Grant from the Commonwealth of Virginia and the City of Chesapeake. In October 2019, the City purchased a 121-acre property for

\$1,675,322, bringing overall program acquisitions to seven properties totaling over 429 acres. Utilizing the Multi-Year Agreement for encroachment protection between the U.S. Navy and the City for the NALF Fentress, the City completed the sale of three restrictive use easements to the U.S. Navy in fiscal year 2020, and is prepared to sell easements over the remaining two properties should Readiness and Environmental Protection Integration (REPI) funding become available to our local Navy partners again.

- The City continues its mission of protecting and preserving Chesapeake's unique environmental assets for future generations through the Open Space and Agriculture Preservation (OSAP) Program. The City applied for and received matching grant funds from the Virginia Department of Agriculture and Consumer Services for Purchase of Development Rights activities; however due to COVID-19 related budget restrictions, those funds are temporarily not eligible for release.
- The City receives Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) entitlement funds annually to carry out community development activities including residential rehabilitation, affordable housing development, code enforcement, public facility improvements, public services, employment training and youth development. A total allocation of \$1.7 million (\$1.2 million in CDBG funds and \$0.5 million in HOME funds) was used during fiscal year 2020.
- Planning Commission public hearing agendas have remained robust throughout the pandemic, averaging twelve or more each meeting. The Planning Department's coordination of land planning functions during fiscal year 2020 included the review of 313 total public hearing and administrative application reviews which included 92 Planning Commission public hearing item reviews, 36 Chesapeake Bay Preservation Area related-reviews, 44 administrative plan reviews and 141 historic district architectural reviews.
- City Council adopted the Great Bridge Historic Gateway Overlay District in June 2020, which codified the 2008 Great Bridge Village Design Guidelines, creating development standards for all new construction and major exterior renovations in the four character districts comprising the overlay. The purpose of establishing the overlay district is to enhance the City's ability to protect the area's historic character and to promote economic vitality and quality of life.
- The Planning Department received capital budget funds of \$0.3 million for a small area plan and corridor study for the Indian River Planning Area. The department hired an outside consulting firm to assist with the study and the project began with a series of stakeholder meetings in February 2020.
- The City initiated its Census 2020 outreach efforts with the creation of the Chesapeake Census 2020 Complete Count Committee (CCC) by Mayor West on June 28, 2019. The purpose of the CCC has been to increase the 2020 Census self-response participation rate by identifying opportunities for partnerships to raise awareness of the 2020 Census and to educate residents on the importance of participating.
- The City continued its implementation of its Process Improvement Program designed to improve service delivery, identify efficiencies, and reduce service delivery cost.

For the Future:

- Chesapeake continues to be economically strong, culturally diverse, and environmentally responsible, with a quality of life that defines our City as an exceptional place to live, learn, work, farm and play. The City's central location, availability of land, and good transportation network will continue to contribute to Chesapeake's attractiveness as a well-balanced commercial center. The City's close proximity to the Ports of Hampton Roads and strong employee pool continue to encourage a strong international business presence. As the City continues to grow, it will be a progressive and well-connected community of treasured rural areas, vibrant residential neighborhoods and thriving commercial and industrial centers. As a result of these qualities, the Chesapeake civilian labor force has grown from 97,963 in 2000 to 123,957 in July 2020, per the Bureau of Labor Statistics. Median household income has risen from \$50,743 in 2000 to \$75,790 in 2018, per the U.S. Census Bureau.

- The City continues its efforts to manage growth to achieve a balance between employment opportunities, an expanding tax base, housing that meets the needs of a diverse population, and a healthy natural environment. The City plans to continue to make the best use of land resources and infrastructure so that growth will include revitalization and redevelopment, as well as development of new areas in a manner that will preserve rural, historic, and environmental assets. Such efforts have helped to better manage the City's annual growth rate from an average of 3.2% between 1985 and 1995, to an average annual growth rate of roughly 1.0% since 2001. According to the Weldon Cooper Center for Public Service, Chesapeake is projected to have a total population of 307,173 in 2045. Additionally, per the Hampton Roads Transportation Planning Organization, total households are projected to be 111,673, while total employment will be 138,475. This yields 1.24 jobs per household, which is considered to be a sustainable balance.
- At the start of FY2021, the Chesapeake City Council held a retreat and affirmed the following strategic anchors for the City. These strategic anchors will serve as the decision-making framework for City staff in day-to-day operations and as a cornerstone as the City embarks on the FY2022 budget process and long-range financial planning.
 - STRATEGIC ANCHOR #1
 - We help make Chesapeake an exceptional place to live, learn, work, farm, and play.
 - STRATEGIC ANCHOR #2
 - We provide outstanding service to Council, our community, our customers and each other.
 - STRATEGIC ANCHOR #3
 - We will be fiscally responsible and sustainable.
- The City continues to promote the Dominion Boulevard Corridor (U.S. Route 17 South) as a key strategic economic development area for Chesapeake. Since the adoption of the Dominion Boulevard Corridor Study by City Council in 2016, the City has focused on leveraging the Study's key aspirational development standards as part of the review process for new development. In accordance with the Study's recommendations to maximize the economic potential of the area as a regional commercial destination and employment center, the City is working to develop a set of architectural design guidelines to ensure a high quality and aesthetically pleasing development. An accompanying set of development timing standards is being created which will seek to maintain recommended land use ratios within the Study's master land use plan and a fiscally balanced development pace. The City is also exploring additional tools that could contribute to the Study's overall vision. These include the establishment by City Council of a special overlay district under the Chesapeake Zoning Ordinance, to strengthen the City's ability to enforce development standards and possible designation of an Urban Development Area (UDA) within the study area pursuant to Virginia Code 15.2-2223.1 as part of the next Comprehensive Plan update. These initiatives will enable the City to compete for certain state grants and state funding to help achieve the development vision and planned multi-modal transportation improvements.
- The City is working with neighboring localities to improve broadband access. The City is a member of the Southside Network Authority which was established to develop and operate a regional fiber-optic network ring that will interconnect the region and serve as the backbone for the region's digital ecosystem, improving municipal services, promoting regional collaboration, and driving economic development. Although Chesapeake's share of the costs to build and operate the Ring has yet to be defined, the City's share is estimated to be between \$2.5 and \$5.0 million.
- In addition to collaborating with the region on developing a regional fiber-optic network ring, the City is working to develop a city-wide fiber optic and wireless network that will connect all city, school, and library facilities to high-speed broadband services and the region. Once implemented this network will provide long-term operational efficiencies, enhance municipal operations and resiliency, promote

economic development, and encourage the expansion of broadband offerings to citizens and businesses by the private sector. A recently completed master plan estimates that it will cost approximately \$33 million to design, construct, deploy, and migrate sites to the new, city-owned network. City Council was briefed on this initiative in the Fall of 2020 as construction funding is anticipated to be included in the next five-year Capital Improvement Plan.

- The Planning Department is preparing a Request For Information (RFI) to help form an eventual RFP for consulting services to undertake the next update of the City's *Moving Forward Chesapeake 2035 Comprehensive Plan*. The most recent review of the Comprehensive Plan indicated that while some updates are needed, no major overhauls are anticipated. Capital budget funding of \$0.4 million was allocated for fiscal year 2020 to complete this update. In addition, the Planning Department will undertake two studies to support the Comprehensive Plan - the Industrial Waterfront Study, for which \$0.4 million has been allocated in fiscal year 2021, and the Citywide Trails and Open Space Connectivity Plan, for which \$0.4 million has been allocated between fiscal year 2022 and 2023.
- The City continues to plan for and implement key catalyst activities for revitalization in South Norfolk, including reallocating Tax Increment Financing (TIF) funds authorized for use in the South Norfolk TIF District. \$19.9 million was allocated from the TIF to the 22nd Street Bridge realignment project, which is expected to be completed in mid-October, 2020. A satellite municipal facility to be located on property acquired by the City in the Poindexter Street corridor is planned and under design. City Council also approved an appropriation of funds for the Rena B. Wright Way parking lot extension, as well as a stormwater BMP project to facilitate development.
- The City continues its partnership with the U.S. Navy to acquire property interests under multi-year encroachment protection agreements for the NALF Fentress and Naval Support Activity Norfolk Northwest Annex. Under these agreements, the Navy agrees to reimburse the City half of the purchase price of the property in exchange for a restrictive use or conservation easement. These purchases bolster the City's support of each installation's mission and furthers its commitment to environmental stewardship. Acquisition of properties in these areas also adds to the network of conservation lands in southern Chesapeake. The Navy is currently reviewing a request from the City to consider merging these two separate multi-year agreements into one agreement that would cover both facilities. This would give the Navy greater flexibility in purchasing easements from one shared funding source and allow for shifting of City priorities from one installation to the other based on needs and the availability of willing sellers.
- A new consolidated land conservation program application period will run from mid-September through the end of October, 2020. The City expects to receive new applications and continued interest in its land conservation programs. Property owners will be notified at the beginning of 2021 how their property ranked against all the properties submitted, and the City will begin the due diligence process on high-ranked properties as the first step in property acquisition. This program fulfills City Council's objective of preserving open spaces and agricultural lands, as well as preventing encroachment at military installations.
- The City continues its participation in the Portsmouth-Chesapeake Joint Land-Use Study (JLUS). This is the City's second JLUS effort, following the Hampton Roads JLUS completed in 2005. The scope of this JLUS includes Saint Juliens Creek Annex, located in Chesapeake, and six other Navy facilities in Portsmouth. Traditionally, a JLUS analyzes and recommends compatible land uses for areas adjacent to military facilities. However, the Portsmouth-Chesapeake JLUS is focused primarily on identifying the impacts of recurrent flooding and sea level rise in the communities and transportation networks surrounding the designated Navy facilities and recommending projects, programs, and policies to address impacts. While the project continues to move forward towards its goal of completion in late 2020, due to COVID-19 restrictions it is possible the project may not wrap up until early 2021.
- Construction continues on several of the Planned Unit Developments (PUD) in the City, including Culpepper Landing, Bryan's Cove, and Edinburgh, as well as commercial construction at Edinburgh.

There is also renewed interest in the southern expansion area of the Edinburgh PUD. Development is also under review for the Grove at Western Branch which includes the future Amazon fulfillment center.

- There have been multiple large residential developments proposed or submitted in calendar years 2019 and 2020. In particular, the development community has shown particular interest in the Portsmouth Boulevard corridor, Dominion Boulevard corridor, South Battlefield Boulevard corridor, Johnstown Road corridor, and Edinburgh areas. The City expects the increasing numbers of development proposals being submitted for review and beginning construction to continue.

Financial Information

Financial Information and Significant Financial Policies

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

Minimum Fund Balance Policy. The City Council adopted a resolution effective July 1, 2014, to maintain an Unassigned Fund Balance in the General Fund at a minimum of 10.0% of the General Fund Revenues and Tax Revenues Committed to Special Revenue Funds, including Tax Increment Financing Funds. The City Council budget 12.0% of Unassigned Fund Balance to ensure compliance. In the event that the Unassigned Fund Balance shall fall below 10.0% due to unexpected operating emergencies or emergency event response, the City shall develop a plan to replenish the balance to 10.0% within three years. Funds in excess of 10.0% may be retained in the Unassigned General Fund Balance, may be designated as Committed for capital projects or other non-recurring expenditure requirements or high priority needs. This policy is in addition to the 6.0% of General Fund revenue restricted for cash flow emergencies that will remain in force.

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

Internal Controls. City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary Controls. Budgetary controls are maintained to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, certain Special Revenue Funds, Debt Service Fund, Enterprise Funds, Chesapeake Mosquito Control Commission—Component Unit and Public Schools—Component Unit are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds, including the Public Schools—Component Unit Construction Fund, Grants Fund, Community Development Fund and certain other Special Revenue Funds. The legal level of budgetary control (level at which expenditures cannot exceed the appropriated amount) takes place at the fund

level. The City Council may authorize supplemental appropriations based on the availability of financial resources. Any revisions that alter total appropriations must be approved by the City Council. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Although encumbered amounts lapse at year-end, the outstanding encumbrances are reviewed and are generally re-appropriated as part of the following year's budget provided there is availability of funding at year-end. The City Council approves transfers of \$250,000 or greater and transfers between funds. The City Manager has been delegated authority to approve transfers less than \$250,000 with the exception of transfers between the capital and operating budgets and between capital projects.

Other Information

Single Audit. As a recipient of federal and state financial assistance, the City is also responsible for establishing and maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the City Auditor. As part of the City's Single Audit, tests are performed to determine the adequacy of internal controls and of its compliance with applicable laws and regulations, including that portion related to federal awards. The testing of major federal award programs for the fiscal year ended June 30, 2020 disclosed no material internal control weaknesses or violations of applicable laws and regulations.

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

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the thirty-eighth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The GFOA also presented the Distinguished Budget Presentation Award to the City for its annual budget for the fiscal year beginning July 1, 2019.

A Certificate of Achievement is valid for a period of one year only. The City believes that the current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

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

Very truly yours,

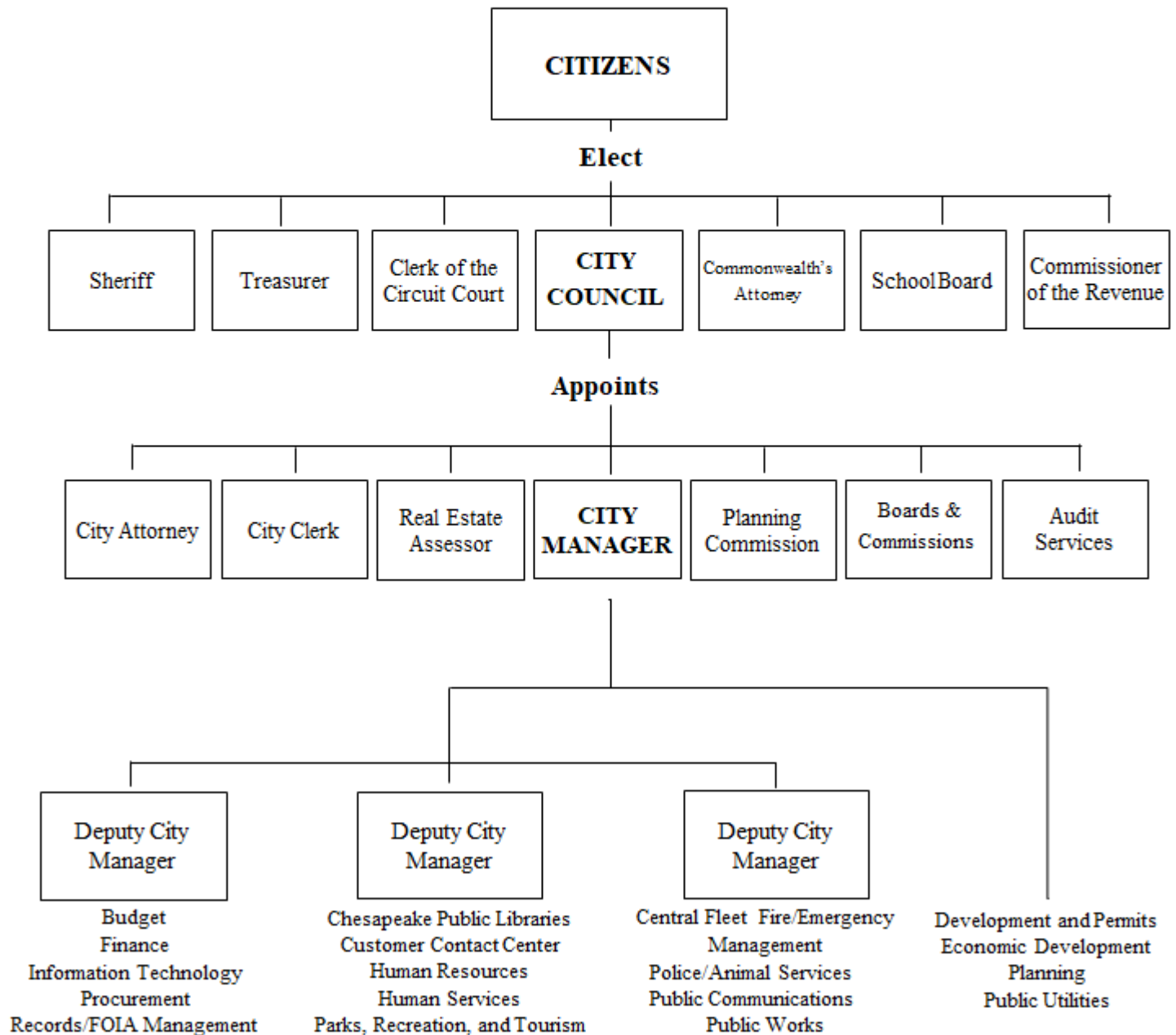


Christopher M. Price
City Manager



Nancy C. Tracy
Director of Finance

CITY WIDE ORGANIZATIONAL CHART



CITY OF CHESAPEAKE, VIRGINIA

City Officials
June 30, 2020

City Council

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

Mayor
Vice Mayor

R. Stephen. Best, Sr.
Matthew R. Hamel
Robert C. Ike, Jr.
Dwight M. Parker
S.Z. “Debbie” Ritter
Susan R. Vitale
Dr. Ella Ward

Other Officials

Barbara O. Carraway
Frank X. King
Nancy G. Parr
James O’Sullivan
Christopher M. Price
Jacob P. Stroman
Jay Poole
Sandy Madison
Gregory H. Daniels
Robert Geis
Dr. Wanda Barnard-Bailey
Laura Fitzpatrick
Randall D. Smith
Marjorie T. Arrington, Rufus A. Banks, Jr., John W. Brown and Stephen J. Telfevan
Alan P. Krasnoff
Robert G. MacDonald
Erin Evans, Philip J. Infantino, and Michael R. Katchmark
Barbara C. Shaw
Larry D. Willis
Lori B. Galbraith, Andrew Kubovcik, and David J. Whitted
Bonnie Coffey
Watson Lawrence
Steven L. Jenkins
Joseph J. Scislowicz
Elizabeth F. St. John
Jay B. Tate
Steven C. Wright
Nancy C. Tracy
Edmund E. Elliott, Jr.
Dr. Nancy M. Welch
Allison Myers
Jill Baker
Scott D. Fairholm
Amanda B. Jackson
Michael D. Barber
Jaleh M. Shea
Colonel Kelvin L. Wright

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

CITY OF CHESAPEAKE, VIRGINIA

City Officials
June 30, 2020

Heath Covey
David Jurgens
Eric J. Martin
Anthony E. Cannon

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

School Board

Victoria L. Proffitt
Colleen C. Leary

Chairman
Vice Chairman

Samuel L. Boone, Jr.
C. Jeff Bunn
Dr. Patricia Y. King
Thomas L. Mercer, Sr.
Harry A. Murphy
Christie New Craig
Michael J. Woods

Other School Board Officials

Dr. Jared A. Cotton
Dr. Jean A. Infantino
Dr. Anita B. James
Dr. Jacqueline C. Miller
Dr. Alan L. Vaughan
Victoria Lucente
J. Paige Stutz

Superintendent
Chief of Staff / Clerk of the Board
Chief Academic Officer
Chief Student Support Services
Chief Human Resources Officer
Chief Financial Officer
Chief Operations Officer

Supplemental Listing

Donald H. Britt
Steven C. Wright
Lisa Vanlandingham
Justin D. Brooks
Raimundo Rivera

Dreda Symonds
David Perry

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Chesapeake
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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Report of Independent Auditor

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc., which represent 2.43%, 0.97%, and 4.58%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc., is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, in March 2020, the World Health Organization declared COVID-19 a global pandemic. Given the uncertainty of the situation and the duration of any business disruption, the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

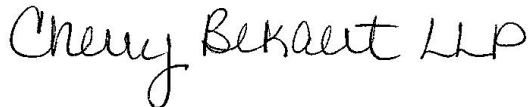
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Other Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the 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.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
December 11, 2020

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



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CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

The discussion and analysis of the financial performance of the City of Chesapeake, Virginia (the City) provides an overall review of the City's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2020

- The total net position of the City on a government-wide basis, excluding component units, was \$2.0 billion. Of this amount, \$252.3 million was unrestricted.
- The City's government-wide total net position increased by \$39.8 million from the prior year. The governmental activities' net position increased by \$25.6 million and business-type net position increased by \$14.2 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$514.7 million, an increase of \$54.1 million from the prior year. Approximately \$432.6 million or 84.0% of this amount was unrestricted (committed, assigned or unassigned).
- The General Fund, on a current financial resources basis, reported a net increase in fund balance of \$24.6 million. The original budget projected a deficit of \$27.6 million. The final amended budget resulted in a revised deficit projection of \$36.7 million. A combination of strong revenue performance of \$26.4 million or 4.6% greater than the amended budget and expenditures, exclusive of payments to Chesapeake Public Schools (CPS), of \$28.0 million or 8.6% lower than the amended budget resulted in the increase in fund balance. The expenditure performance resulted from management focus on operational efficiency and cost containment efforts to offset potential impacts of the COVID-19 pandemic coupled with employment vacancies.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$74.1 million or 14.5% of total General Fund expenditures (including payments to CPS).
- The total fund balance of the General Fund of \$271.6 million increased \$24.6 million from the prior year. Fund balance composition at year end was 0.4% nonspendable, 14.0% restricted, 53.2% committed, 5.1% assigned and 27.3% unassigned.
- The City's total bonded debt, excluding, literary loans and installment purchase agreements, increased by \$31.1 million from fiscal year 2019 (approximately 4.8%).
- The City received \$21.4 million in funding under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on June 1, 2020 for the City's COVID-19 pandemic response and relief efforts. Of this amount \$2.2 million of the revenue was recognized in 2020 while the remaining balance was deferred as of June 30, 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

- The first two statements presented are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's *overall* financial status.

CITY OF CHESAPEAKE, VIRGINIA

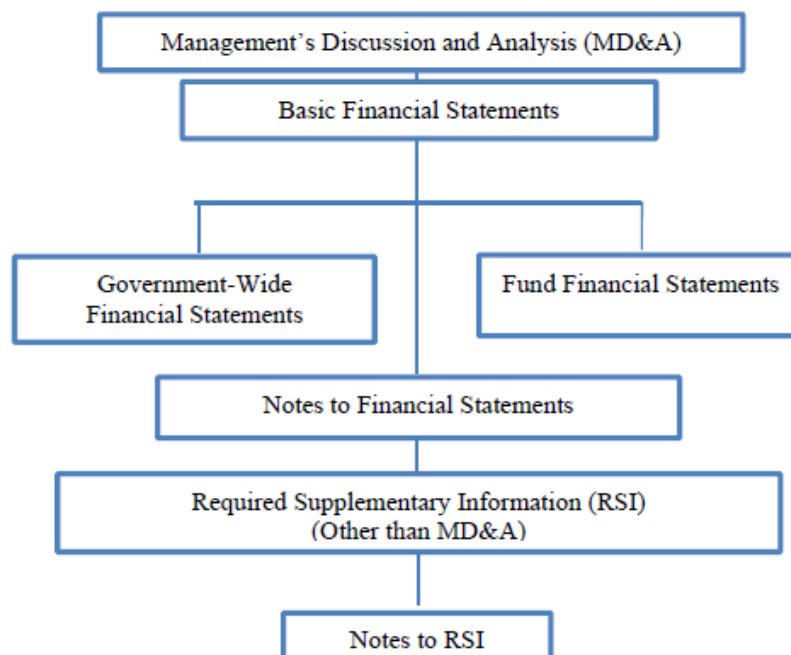
Management's Discussion and Analysis
Year Ended June 30, 2020

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

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

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

Required Components of the City of Chesapeake Financial Statements



CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

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

Government-Wide Statements

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

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

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

Fund Financial Statements

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

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements. The City includes in its governmental fund statements a

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2020

blended component unit, CSB of Chesapeake, Inc., because it provides services entirely for the benefit of the City.

- *Proprietary funds* – The City's proprietary funds consist of enterprise funds and internal service funds. Proprietary funds, like the government-wide statements, provide both short and long-term financial information. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private sector entities in which costs are recovered mainly through user fees. The City includes in its proprietary fund statements the blended component unit the Economic Development Authority of the City of Chesapeake (the EDA) because of its financial dependence on the City. The City's internal service funds are the same as its business-type activities, with the exception of the allocation of the funds' gains or losses. The internal service funds are used to report activities that provide supplies and services for the City's other programs and activities – such as the City Garage Fund and the Information Technology Fund.
- *Fiduciary funds* – The City is the trustee, or fiduciary, for certain donated funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are reported in a separate Statement of Fiduciary Net Position. The City excludes these activities from its government-wide financial statements because the City cannot use these assets to finance its operations. The City includes in its fiduciary fund statements the City of Chesapeake Other Postemployment Benefits Trust Fund (OPEB Trust Fund).

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, net position totaled \$2.0 billion at the close of fiscal year 2020, an increase of \$39.8 million from the net position at June 30, 2019. By far the largest portion of the City's net position (70.9%) is net investment in capital assets (e.g., land, buildings, equipment and infrastructure), less accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

Statement of Net Position

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

June 30, 2020 and 2019
(in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Assets and deferred outflows of resources						
Current and other assets	\$ 687.2	597.7	304.1	297.6	991.3	895.3
Capital assets	1,242.0	1,235.6	877.3	875.1	2,119.3	2,110.7
Total assets	1,929.2	1,833.3	1,181.4	1,172.7	3,110.6	3,006.0
Deferred outflows of resources	68.4	38.9	7.2	5.1	75.6	44.0
Total assets and deferred outflows of resources	1,997.6	1,872.2	1,188.6	1,177.8	3,186.2	3,050.0
Liabilities and deferred inflows of resources						
Current and other liabilities	113.7	88.9	38.2	34.2	151.9	123.1
Long-term liabilities	517.3	440.7	468.4	475.8	985.7	916.5
Total liabilities	631.0	529.6	506.6	510.0	1,137.6	1,039.6
Deferred inflows of resources	17.0	18.6	9.4	9.4	26.4	28.0
Total liabilities and deferred inflows of resources	648.0	548.2	516.0	519.4	1,164.0	1,067.6
Net position						
Net investment in capital assets	974.4	988.3	458.6	446.7	1,433.0	1,435.0
Restricted	88.1	84.3	248.8	237.5	336.9	321.8
Unrestricted (deficit)	287.1	251.4	(34.8)	(25.8)	252.3	225.6
Total net position	1,349.6	1,324.0	672.6	658.4	2,022.2	1,982.4
Total liabilities, deferred inflows of resources and net position	\$ 1,997.6	1,872.2	1,188.6	1,177.8	3,186.2	3,050.0

Approximately 16.7% of the City's net position is subject to external restrictions. The remaining balance of unrestricted net position (\$252.3 million or 12.5%) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all three categories of net position for the Primary Government as a whole. In addition, all categories of net position for its separate governmental and business-type activities are positive balances except for the unrestricted deficit for business-type activities of \$34.8 million. Total unrestricted net position increased by \$26.7 million or 11.8% from the prior year. Total restricted net position increased \$15.1 million or 4.7%, primarily due to restricted funds for capital projects for business-type activities. Lastly, net investment in capital assets decreased \$2.0 million or 0.1%. The City's total net position increased by \$39.8 million or 2.0% during the fiscal year.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

Governmental Activities

The increase in net position from the prior fiscal year was \$25.6 million, as shown on the Statement of Activities. This increase is attributable to the excess of revenues over expenses of \$29.2 million net of \$3.6 million of transfers.

Revenues for the City's governmental activities were \$718.2 million, representing an increase of \$7.1 million over fiscal year 2019. The net increase was due to increases in both program revenues and general revenues. Program revenues included increases in operating grants and contributions of \$4.2 million and capital grants and contributions of \$1.9 million, offset by a decrease of \$13.5 million in charges for services. Total donated land and infrastructure assets, including roads, of \$8.6 million were reported in the public works function versus \$19.3 million in the prior fiscal year. General revenues increased \$14.5 million over the prior year. Real and personal property taxes, the largest source of City revenues, showed an increase of \$14.5 million or 4.1%. This increase is primarily due to an increase in real estate and personal property assessed values of 4.7% and 4.1%, respectively.

Expenses increased by \$74.1 million or 12.1%. Major increases are in the following functional areas: \$41.2 million in general government and \$33.7 million in education. These were offset by a decrease of \$15.4 million in public works.

Business-type Activities

The increase in net position from the prior fiscal year was \$14.2 million. These resources cannot be used to offset any net deficit in governmental activities. The City generally can only use this net position to finance the continuing operations of its enterprise operations, which include Public Utilities, Chesapeake Transportation System (CTS), Stormwater Management and the EDA, which was classified as a blended component unit on the enterprise fund statements beginning in fiscal year 2019. The net increase in capital assets was comprised of increases in Public Utilities of \$14.9 million and Stormwater Management of \$3.2 million offset by a decrease in CTS of \$16.0 million. Total revenues increased \$2.4 million or 1.7% for business-type activities primarily due to an \$8.6 million increase in charges for services offset by a \$2.1 million decrease in operating grants and contributions and a \$4.1 million decrease in capital grants and contributions. Total expenses increased by \$5.3 million or 4.4%.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

Statement of Activities

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

Year Ended June 30, 2020 and 2019
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Activities	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Revenues						
Program revenues						
Charges for services	\$ 21.8	35.3	125.9	117.3	147.7	152.6
Operating grants and contributions	119.4	115.2	5.3	7.4	124.7	122.6
Capital grants and contributions	22.9	21.0	6.1	10.2	29.0	31.2
General revenues						
Property taxes	370.4	355.9	-	-	370.4	355.9
Other taxes	138.0	138.1	-	-	138.0	138.1
Grants and contributions not restricted to specific program	32.4	32.4	-	-	32.4	32.4
Unrestricted investment earnings	8.2	9.7	-	-	8.2	9.7
Other	5.1	3.5	-	-	5.1	3.5
Total revenues	718.2	711.1	137.3	134.9	855.5	846.0
Expenses						
General government	206.0	164.8	-	-	206.0	164.8
Public safety	111.4	103.2	-	-	111.4	103.2
Public works	22.7	38.1	-	-	22.7	38.1
Parks and recreation	9.7	8.8	-	-	9.7	8.8
Public welfare	56.3	50.0	-	-	56.3	50.0
Education	250.8	217.1	-	-	250.8	217.1
Public utilities	-	-	66.7	63.6	66.7	63.6
Chesapeake Transportation System	-	-	38.5	37.9	38.5	37.9
Stormwater management	-	-	14.4	13.2	14.4	13.2
Economic Development Authority	-	-	7.1	6.7	7.1	6.7
Interest on long-term debt	12.5	12.7	-	-	12.5	12.7
Depreciation and amortization unallocated	19.6	20.2	-	-	19.6	20.2
Total expenses	689.0	614.9	126.7	121.4	815.7	736.3
Excess (deficiency) before transfers	29.2	96.2	10.6	13.5	39.8	109.7
Transfers	(3.6)	(14.7)	3.6	14.7	-	-
Increase (decrease) in net position	25.6	81.5	14.2	28.2	39.8	109.7
Net Position - beginning	1,324.0	1,242.5	658.4	630.2	1,982.4	1,872.7
Net Position - ending	\$ 1,349.6	1,324.0	672.6	658.4	2,022.2	1,982.4

CITY OF CHESAPEAKE, VIRGINIA

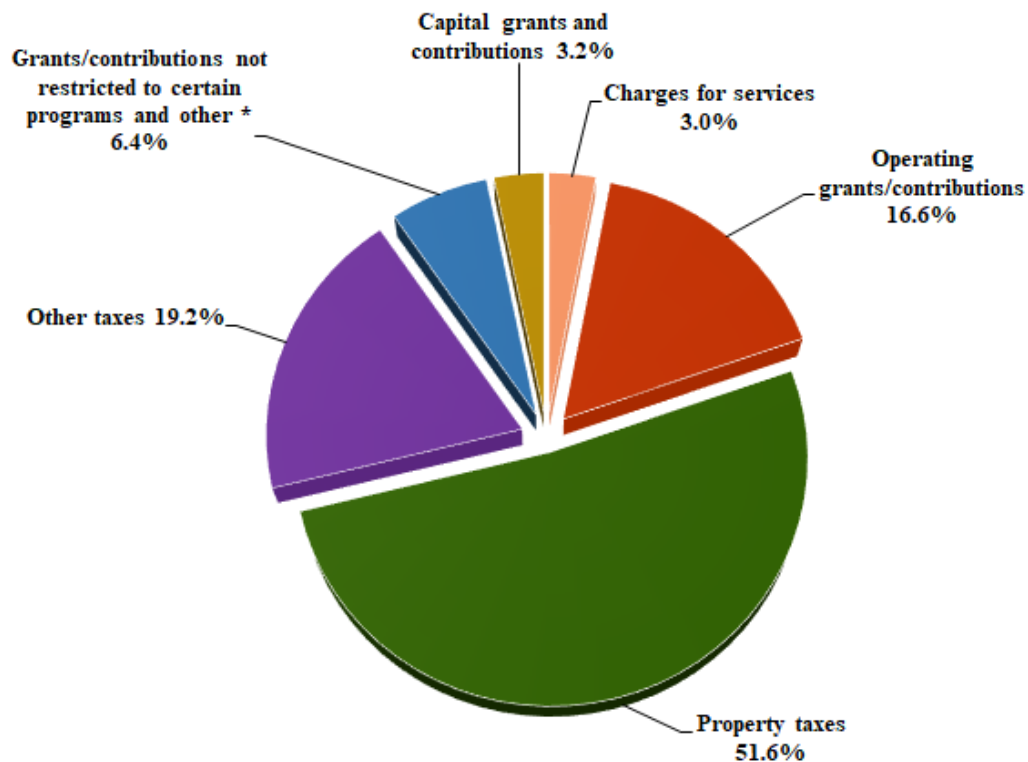
Management's Discussion and Analysis
Year Ended June 30, 2020

Governmental Activities

The City's total revenues from governmental activities were \$718.2 million for the fiscal year ended June 30, 2020. The largest source of revenue for the City, property taxes (composed of real estate and personal property taxes) totaled \$370.4 million and accounted for 51.6% of total revenues. Property taxes increased \$14.5 million or 4.1% from the prior year, primarily due to an increase in assessments of 4.7% in real estate coupled with other property taxes increasing 4.1%. Both the personal property tax and the real estate tax rates remained unchanged in fiscal year 2020.

Revenues from other taxes, \$138.0 million, make up 19.2% of the City's revenues and decreased 0.1% from the prior fiscal year. This revenue decrease was primarily due to consumer spending activity reflected in decreased tax collections on consumer utility taxes, communications sales tax, business license, restaurant meals and hotel/motel rooms. Approximately 70.8% of the City's revenue from governmental activities comes from some type of tax and 3.0% comes from fees charged for services.

Revenues by Source – Governmental Activities – Year Ended June 30, 2020



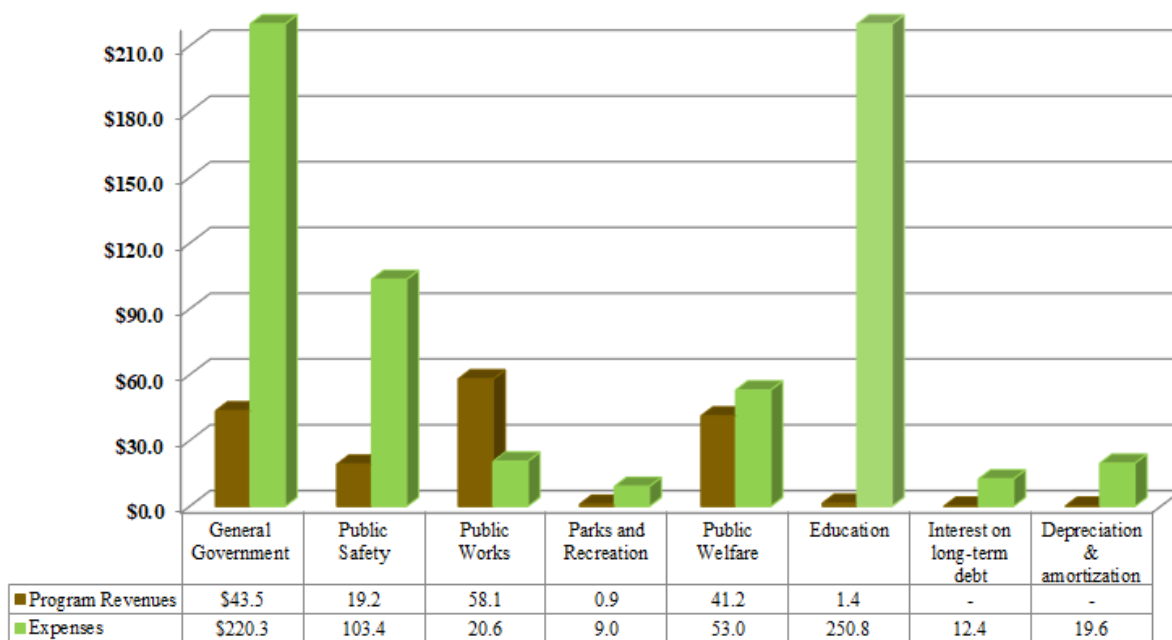
* "Other" includes unrestricted investment earnings and other general revenues.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

The City's expenses for governmental activities cover a wide range of services, with \$206.0 million or 29.9% related to general government, \$111.4 million or 16.2% related to public safety, \$56.3 million or 8.2% for public welfare and \$22.7 million or 3.3% for public works. Overall expenses for governmental activities increased by \$74.1 million or 12.1% from fiscal year 2019, primarily due to expense increases of \$41.2 million in general government and \$33.7 million or 15.5% in education, offset by an expense decrease of \$15.4 million in public works. Education continues to be the City's largest program. Education expenses totaled \$250.8 million or 36.4% (including payments to the Chesapeake Public Schools, a component unit) in fiscal year 2020. Education expenses increased by \$33.7 million or 15.5% over fiscal year 2019 while other governmental expenses increased by \$40.4 million or 10.2%.

Expenses and Program Revenues – Governmental Activities Year Ended June 30, 2020 (in millions)



Business-type Activities

Net position for the City's business-type activities reached \$672.6 million, an increase of \$14.2 million from the prior year. For fiscal year 2020, total revenues of business-type activities increased \$2.4 million mainly due to an \$8.6 million increase in charges for services, including water and sewer utility fees, toll revenues and stormwater fees. These fees made up 91.7% of total revenues for business-type activities. Operating grants and contributions decreased \$2.1 million or 28.3%. Additionally, transfers of \$3.6 million were a decrease of \$11.1 million from the prior year primarily due to the fiscal year 2019 transfer of \$11.6 million to the EDA. Total expenses for fiscal year 2020 were \$126.7 million, an increase of \$5.3 million over fiscal year 2019.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of net resources available at the end of a fiscal year. For the fiscal year ended June 30, 2020, the governmental funds reported combined ending fund balances of \$514.7 million, an increase of \$54.1 million from the prior year. Included in this increase are the following major transactions in governmental funds for the year ended June 30, 2020:

- \$216.1 million contributed from the City's General Fund to finance the Public School operations
- \$56.2 million spent in the Capital Projects Fund to fund capital items
- \$16.7 million of tax revenues generated by incremental increases in property values within the City's Greenbrier and South Norfolk Tax Increment Financing Districts

The City's OPEB Trust Fund, established in 2008, committed to fund the fiscal year 2020 current premiums portion of the pay-go, \$4.6 million, by recognizing \$2.8 million as a payment in lieu of receiving the annual required contribution and recording a payable to the City at June 30, 2020 for the net of the two amounts.

Approximately \$432.6 million of the combined total fund balances constitute unrestricted fund balance, which is comprised of funds committed at the discretion of City Council, as well as assigned and unassigned funds. The \$232.4 million unrestricted funds in the General Fund represents 45.4% of total General Fund expenditures and provide some measure of the General Fund's liquidity. Committed and assigned portions of the unrestricted governmental funds balances at June 30, 2020 were as follows:

- \$76.7 million committed for one time projects
- \$28.0 million committed for current capital projects
- \$51.5 million committed for future capital projects
- \$24.3 million committed for various programs and projects
- \$121.0 million assigned for future capital projects
- \$12.5 million assigned for debt service
- \$44.4 million assigned for various other purposes

The remainder of the unrestricted fund balance at June 30, 2020, the unassigned fund balance, includes \$74.1 million in the General Fund, the City's chief operating fund, and is in compliance with the City's fund balance policy. The restricted fund balance totals \$80.6 million at year end and includes \$37.0 million for General Fund cash flow emergencies (6.0% of revenue as required by City Charter).

Total fund balance of the General Fund increased by \$24.6 million during fiscal year 2020, primarily due to the excess of revenues over expenditures of \$88.8 million, a decrease of \$2.3 million or 2.6% from the prior year, while other net financing uses totaled \$64.2 million, a decrease of \$2.0 million or 3.0% from the prior year. The excess of revenues over expenditures can be attributed to revenue increases of \$10.4 million or 3.1% in property taxes and \$2.3 million or 2.4% in revenues from the Commonwealth of Virginia, while total expenditures increased by \$13.7 million or 2.8% from the prior fiscal year. The major contributing factors to increased expenditures over the prior year (including related capital outlay) are public safety increases of \$3.2 million or 3.3%, public works increases of \$4.8 million or 8.3% and education increases of \$5.6 million or 2.7%.

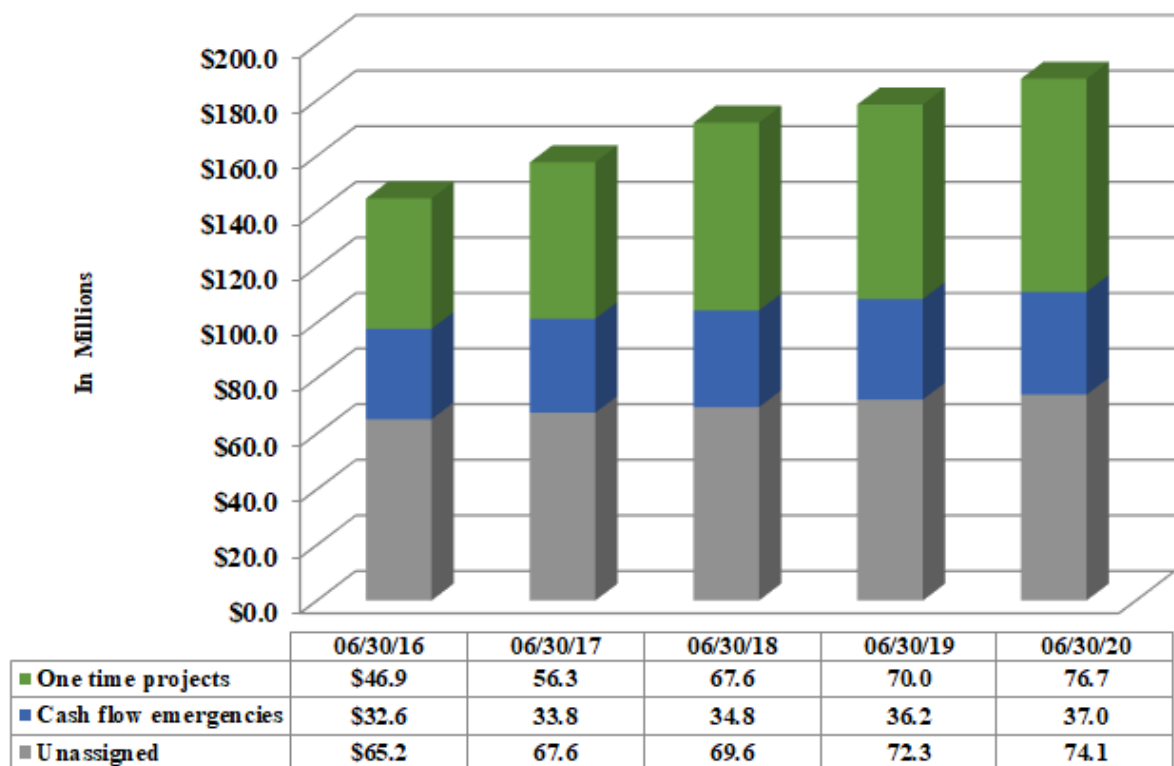
CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

The City Charter requires that a minimum of 6.0% of total General Fund revenues be set aside in fund balance for emergency cash flow needs which may arise throughout the fiscal year. The restriction for cash flow emergencies totaled \$37.0 million at June 30, 2020. The City maintains a fund balance policy that was updated most recently to be effective beginning fiscal year 2015. This policy requires the maintenance of an unassigned fund balance equal to at least 10.0% of General Fund revenues and tax revenues committed to certain special revenue funds. City Council budgets for a 12.0% year-end unassigned fund balance to ensure compliance.

The fund balance policy implemented in fiscal year 2015 also created a committed fund balance category for one time projects. In addition to \$76.7 million committed for one time projects, \$67.8 million has been committed for other purposes including \$51.5 million set aside for lockbox funds for School and City capital projects to be used for future debt service and pay-as-you go financing.

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



The unassigned fund balance of the General Fund, which represents available current financial resources, totaled \$74.1 million at June 30, 2020. A healthy fund balance allows the City to provide adequate services for the citizens, plan for future projects and retain its sound financial position.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2020

Summary of Changes in General Fund Unassigned Fund Balance

Year ended June 30, 2020

(in Millions)

Unassigned fund balance at June 30, 2019	\$	72.3
Revenues	\$	600.4
Expenditures:		
Current, Capital Outlay and Debt Service		511.6
Other financing sources (uses)		(64.2)
Net Change in fund balance		24.6
Increase in reservations (Restricted, Committed and Assigned)		(22.9)
Increase in unassigned fund balance		1.7
Unassigned fund balance at June 30, 2020	\$	74.1

The Debt Service Fund ended the year with \$12.6 million in total fund balance, a decrease of \$1.0 million from 2019. The decrease is mainly due to a \$3.6 million planned use of fund balance offset by \$1.5 million in unbudgeted transfers from capital project funds resulting from interest earnings on bond proceeds. The assigned fund balance of \$12.5 million is for the payment of debt service as directed by City Council.

The total fund balance of the Capital Project Fund increased by \$23.8 million as a result of \$13.8 million of revenues (primarily intergovernmental revenues) and \$66.2 million in interfund transfers to fund various capital projects offset by \$56.2 million in capital outlay.

Proprietary Funds

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

For fiscal year 2020, Public Utilities reported an increase in net position of \$21.7 million to \$523.2 million at June 30, 2020. Total operating revenues of \$78.5 million were \$3.8 million more than the prior year primarily due to increases in water sales and fees from local developers. Total operating expenses for fiscal year 2020 were \$60.3 million, an increase of \$3.1 million from the prior year.

Chesapeake Transportation System reported operating revenues for fiscal year 2020 of \$25.5 million versus \$26.5 million for fiscal year 2019. The decrease is due to sharp declines in traffic numbers from April 2020 to June 2020 as a result of the pandemic restrictions. Operating expenses for the year amounted to \$25.3 million, with \$15.8 million from depreciation and amortization. Net position decreased by \$12.0 million from the prior year.

Stormwater Management had \$46.5 million in restricted net position at June 30, 2020, an increase of \$1.8 million from fiscal year 2019. Operating revenues were \$16.1 million. Operating expenses totaled \$13.0 million, a 4.8% increase from the previous fiscal year. Any fees collected in excess of current operating needs are restricted for use on future Stormwater projects around the City. Stormwater utility fees remain unchanged from January 1, 2010.

The EDA reported operating revenues for fiscal year 2020 of \$6.5 million, an increase of \$5.2 million from fiscal year 2019. Operating expenses totaled \$5.8 million, an increase of \$4.7 million from fiscal year 2019. These increases are a result of land sales.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund
Year Ended June 30, 2020
(in millions)

	Original Budget*	Amended Budget	Actual
Revenues:			
Taxes	\$ 480.5	454.6	476.2
Intergovernmental	95.2	95.1	96.5
Other	27.4	24.3	27.7
Total	603.2	574.0	600.4
Expenditures and transfers:			
Expenditures *	553.0	543.9	511.6
Transfers (net)	77.8	66.7	64.2
Total	630.8	610.6	575.8
Change in fund balance	\$ (27.6)	(36.7)	24.6

* The City's budget ordinance includes, as a part of the original budget for expenditures, the amount of \$5.5 million for encumbrances reappropriated from June 30, 2019.

Differences between the original budget and the final amended budget for the City's General Fund included decreased revenues of \$29.2 million largely due to the unforeseen COVID-19 pandemic impacts, a \$9.1 million decrease in appropriations and a net decrease of \$11.1 million in transfers resulting in a \$9.1 million decrease to the change in fund balance. Major changes included the following:

- Deappropriation of \$29.1 million for estimated loss of revenue as a response to COVID-19 pandemic (\$19 million City, \$10.0 million Schools)
- Deappropriation of \$0.1 million of VDOT State Maintenance funds
- Appropriation of \$1.2 million of fund balance for extension of curbside recycling program
- Appropriation of \$2.0 million from one-time high priority fund balance for response to COVID-19 pandemic response
- Appropriation of \$0.8 million of Culpepper Landing Transportation proffers to replace City lockbox committed fund balance

Actual total revenues were above the amended budget by \$26.4 million, primarily due to general property taxes and other local taxes exceeding the amended budget by \$11.2 million and \$10.5 million, respectively. The remaining favorable variance was comprised of \$2.6 million in other local revenues, \$1.2 million in investment income and \$1.0 million in revenue from the Federal Government. The favorable budget variances were partially offset by unfavorable variances of \$0.3 million in charges for services and \$0.2 million in fines and forfeitures. Due to unforeseen economic impacts of the COVID-19 pandemic, a conservative approach was used to reduce the fiscal year 2020 budget. Actual total revenues were \$2.8 million below the original fiscal year 2020 budget.

Expenditures and transfers to other funds were below the amended budget by \$33.5 million or 5.4%, prior to encumbrances. The general government category returned \$15.1 million or 11.4% of its budget, in part due to cost savings resulting from unused appropriations for contingencies and the COVID-19 emergency event. Departments with notable savings include Sheriff with \$3.4 million, Treasurer with \$0.5 million, and Public Library with \$0.5 million. Public Works departments were \$5.6 million or 7.9% below the amended budget mainly in street maintenance with \$2.0 million, bridges and structures with \$1.0 million and buildings maintenance with \$0.5 million. Public Safety departments were \$5.6 million or 5.3% below the amended budget. The Police and Fire departments generated savings of \$2.1 million and \$2.3 million, respectively. Additionally, the Parks and Recreation departments

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2020

were \$1.6 million or 11.7% below the amended budget. Although the amended budget called for a reduction of \$36.7 million in fund balance, the actual revenues and expenditures resulted in a net increase in fund balance of \$24.6 million, a positive budget variance of \$61.3 million.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020 amounts to approximately \$2.1 billion (net of accumulated depreciation). This investment includes land, intangibles, municipal and school buildings, improvements, machinery and equipment, drainage and water/sewer systems, roads, bridges and construction in progress. The total change in the City's investment in capital assets for the current year was a net increase of \$8.6 million or 0.4% – an increase of \$6.4 million or 0.5% for governmental activities and an increase of \$2.2 million or 0.3% for business-type activities, primarily due to the completion of various projects, including donated infrastructure from local developers as well as various construction projects in progress.

Capital Assets (net of accumulated depreciation) June 30, 2020 and 2019 (in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government Activities	
	2020	2019	2020	2019	2020	2019
Land	\$ 72.7	68.6	96.3	96.1	169.0	164.7
Intangibles	362.4	353.1	18.7	18.6	381.1	371.7
Construction in progress	94.8	102.3	69.1	56.9	163.9	159.2
Buildings	349.5	364.2	4.0	4.0	353.5	368.2
Improvements other than buildings	37.1	36.5	3.2	2.7	40.3	39.2
Software, equipment and vehicles	73.5	72.1	14.3	14.2	87.8	86.3
Infrastructure	252.0	238.8	671.7	682.6	923.7	921.4
Total	\$ 1,242.0	1,235.6	877.3	875.1	2,119.3	2,110.7

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

- Completed capital projects totaling \$63.1 million for governmental activities.
- Completed capital projects totaling \$13.8 million for business-type activities.
- Construction in progress totaled \$94.8 million for governmental activities at the end of the fiscal year.
- Construction in progress totaled \$69.1 million for business-type activities, which includes Public Utilities, CTS and Stormwater projects.

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

The City's fiscal year 2021 capital budget provides approximately \$127.8 million for various capital projects. Some of the major categories include \$12.9 million for community facilities projects, \$13.5 million for Economic Development projects, \$13.0 million in school-related projects, \$28.6 million for transportation projects, and \$38.7 million for Public Utilities projects. Projects budgeted to commence in fiscal year 2021 include:

- Building expansion and renovation - CIBH Great Bridge Boulevard location
- P25 radio system upgrade - Public Safety
- Chesapeake Avenue area drainage improvements
- Cooper's Ditch regrading - Phase II

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding (including literary loans and an installment purchase agreement) of \$678.9 million. Of this amount, \$346.5 million comprises debt backed by the full faith and credit of the City and \$332.4 million is debt secured by revenues of the Water and Sewer System, CTS toll revenues and certain revenues from the Greenbrier TIF pursuant to the terms of a Cooperation Agreement on behalf of the EDA.

City of Chesapeake Outstanding Debt June 30, 2020 and 2019 (in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government Activities	
	2020	2019	2020	2019	2020	2019
General obligation bonds*	\$ 287.6	262.9	57.6	61.0	345.2	323.9
Revenue bonds*	-	-	332.4	322.6	332.4	322.6
Literary loans	-	0.2	-	-	-	0.2
Installment purchase agreement	1.3	1.3	-	-	1.3	1.3
	\$ 288.9	264.4	390.0	383.6	678.9	648.0

*does not include bond premiums and discounts.

Chesapeake's total debt increased by \$30.9 million during fiscal year 2020. The City's issuance of general obligation bonds during the fiscal year increased long-term obligations for governmental activities by \$24.7 million but decreased long-term obligations for business-type activities by \$3.4 million. The CTS Convertible Capital Appreciation Bonds increased \$2.9 million due to accreted interest. The Virginia Transportation Infrastructure Bank (VTIB) subordinate bonds increased \$10.2 million due to accrued interest of \$15.5 added to the principal on the date of the first payment, July 15, 2019, but that increase was offset by a principal payment of \$4.4 million along with a supplemental principal payment of \$0.9 million from excess revenues.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.0% of its total assessed valuation of real property. The current debt limitation for the City is \$2.89 billion, which is significantly in excess of the City's total outstanding debt subject to the legal debt limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Revenue collection and projections for fiscal year 2021 and 2022 have been conservatively budgeted and will require vigilant monitoring and reassessment. COVID-19 presents uncertain economic conditions for the foreseeable future making it challenging to accurately forecast revenues.
- The average unemployment rate for fiscal year 2020 for the City was 4.4%, an increase over the 2019 rate of 3.0%, primarily due to the substantial unemployment increase from April to June 2020 due to the pandemic. This compares to the average unemployment rates of 4.9% for the region, 4.4% for Virginia and 6.0% nationally for the same time period.
- The Weldon Cooper Center for Public Service, Chesapeake projects the City's total population for 2045 will be approximately 307,173.
- The City's real estate tax base increased by \$1.3 billion or 4.7% from the prior year. Personal property taxes experienced a \$106.1 million or 4.5% increase from fiscal year 2019 to fiscal year 2020.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2020

- Taxable retail sales for calendar year 2019 decreased by \$18.9 million or 0.5%.
- The City will continue to focus on core service delivery for the next three to five years. To help address the identified City and School capital requirements, funds continue to be assigned to provide resources for future debt service and cash funding for projects.

All of these factors will be considered in preparing the City's budget for fiscal year 2022. Additionally, the City's operating budget will focus on aligning programs to outcomes and illustrating the impacts of budgetary decisions on customers and the overall community. The CIP will focus on aligning projects to the City's Comprehensive plan as well as the City Council's strategic anchors. These actions will further support the alignment of the City's resources to approved strategic plans, helping the City to maintain fiscal stability and a strong financial position.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

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Government-Wide Financial Statements

CITY OF CHESAPEAKE, VIRGINIA

Schedule A

Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total Primary Government	Discretely Presented Component Units	
				Public Schools	Other
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Cash and temporary investments (note 2)	\$ 393,326,459	103,817,237	497,143,696	91,760,633	10,300,830
Receivables, net of allowance for uncollectible amounts (note 3)	132,901,723	23,428,582	156,330,305	31,495,022	119,111
Due from component unit, net of allowance for uncollectible amounts (note 7)	115,100	-	115,100	-	-
Internal balances (note 8)	9,156,330	(9,156,330)	-	-	-
Inventories	1,773,311	1,435,346	3,208,657	2,335,044	381,372
Prepaid expenses	4,350,312	131,387	4,481,699	-	136,899
Restricted assets (note 2):					
Cash and temporary investments with trustee	-	50,657,043	50,657,043	-	-
Cash restricted for debt service	-	5,528,790	5,528,790	-	-
Cash restricted for debt service with trustee	-	18,043,247	18,043,247	-	-
Cash with State Set-Aside	1,003,782	-	1,003,782	-	-
Capital construction:					
Cash and temporary investments	143,342,846	90,045,468	233,388,314	8,879,815	-
Cash and temporary investments with trustee	324	13,474,263	13,474,587	-	-
Cash restricted for improvement and redemption	-	1,000,000	1,000,000	-	-
Investment - zero coupon bond	1,224,320	-	1,224,320	-	-
Capital Assets (notes 4, 6 and 9):					
Land	72,682,103	96,319,244	169,001,347	18,304,610	3,487,512
Intangibles	362,425,847	18,739,746	381,165,593	-	-
Construction in progress	94,790,417	69,115,654	163,906,071	20,168,150	355,614
Buildings	670,501,422	6,839,870	677,341,292	272,772,119	3,888,075
Improvements other than buildings	68,062,193	4,696,320	72,758,513	5,604,230	22,496,682
Software, equipment and vehicles	212,031,655	38,200,401	250,232,056	83,563,323	1,920,099
Infrastructure	1,255,413,716	1,068,758,211	2,324,171,927	-	-
Accumulated depreciation	(1,493,930,345)	(425,360,177)	(1,919,290,522)	(97,082,251)	(20,260,312)
Land and improvements held for sale	-	5,708,268	5,708,268	-	158,575
Total assets	1,929,171,515	1,181,422,570	3,110,594,085	437,800,695	22,984,457
Deferred outflows of resources (note 5)	68,376,378	7,193,973	75,570,351	103,284,472	670,347
Total assets and deferred outflows of resources	\$ 1,997,547,893	1,188,616,543	3,186,164,436	541,085,167	23,654,804
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
Liabilities					
Accounts payable, deposits and accrued expenses (notes 3 and 16)	\$ 56,180,725	21,697,401	77,878,126	56,953,227	258,505
Unearned revenues	5,541,359	896,914	6,438,273	-	5,956
Due to Primary Government (note 7)	-	-	-	-	115,100
Long-term liabilities (notes 6, 9, 10, 11 and 16):					
Due within one year	51,944,927	15,577,872	67,522,799	4,318,303	156,304
Due in more than one year	517,350,379	468,427,392	985,777,771	677,740,795	1,736,473
Total liabilities	631,017,390	506,599,579	1,137,616,969	739,012,325	2,272,338
Deferred inflows of resources (note 5)	16,966,514	9,399,128	26,365,642	52,579,979	164,865
Net position					
Net investment in capital assets	974,415,246	458,647,190	1,433,062,436	286,577,309	11,242,570
Restricted for:					
Capital projects	6,913,621	110,548,561	117,462,182	-	-
Debt service	1,205,480	52,744,206	53,949,686	-	-
Other purposes:					
Expendable:					
General Fund - state and federal restrictions	37,015,545	-	37,015,545	-	-
Special projects	42,414,777	-	42,414,777	-	-
Educational purposes	191,509	-	191,509	70,073,503	-
Public Works	324	-	324	-	-
Public Utilities Operations	-	53,204,791	53,204,791	-	-
Chesapeake Transportation System Operations	-	26,663,602	26,663,602	-	-
Stormwater Management Operations	-	5,643,014	5,643,014	-	-
Chesapeake Airport Authority	-	-	-	-	214,501
Nonexpendable - Special projects	324,026	-	324,026	-	-
Nonexpendable - Permanent Funds	12,795	-	12,795	-	-
Unrestricted (deficit)	287,070,666	(34,833,528)	252,237,138	(607,157,949)	9,760,530
Total net position	1,349,563,989	672,617,836	2,022,181,825	(250,507,137)	21,217,601
Total liabilities, deferred inflows and net position	\$ 1,997,547,893	1,188,616,543	3,186,164,436	541,085,167	23,654,804

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule B

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Program Revenues			Net Revenue (Expense) and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Units	
					Governmental Activities	Business-type Activities	Total	Public Schools	Others
PRIMARY GOVERNMENT									
Governmental activities:									
General government	\$ 205,972,104	4,803,523	38,538,670	165,941	(162,463,970)	-	(162,463,970)	-	-
Public safety	111,433,764	6,911,297	12,185,310	121,212	(92,215,945)	-	(92,215,945)	-	-
Public works	22,716,126	365,218	36,187,634	21,254,496	35,091,222	-	35,091,222	-	-
Parks and recreation	9,682,309	845,041	39,344	-	(8,797,924)	-	(8,797,924)	-	-
Public welfare	56,260,276	8,847,162	32,367,349	-	(15,045,765)	-	(15,045,765)	-	-
Education	250,803,232	-	84,782	1,286,214	(249,432,236)	-	(249,432,236)	-	-
Interest on long-term debt	12,423,557	-	-	-	(12,423,557)	-	(12,423,557)	-	-
Depreciation and amortization - net unallocated portion (note 4)	19,620,117	-	-	-	(19,620,117)	-	(19,620,117)	-	-
Total governmental activities	688,911,485	21,772,241	119,403,089	22,827,863	(524,908,292)	-	(524,908,292)	-	-
Business-type activities:									
Public Utilities	66,708,533	77,993,495	2,845,865	6,049,274	-	20,180,101	20,180,101	-	-
Chesapeake Transportation System	38,492,069	25,505,079	1,152,759	-	-	(11,834,231)	(11,834,231)	-	-
Stormwater Management	14,484,056	15,833,474	1,190,497	63,564	-	2,603,479	2,603,479	-	-
Economic Development Authority	7,100,135	6,519,130	128,391	-	-	(452,614)	(452,614)	-	-
Total business-type activities	126,784,793	125,851,178	5,317,512	6,112,838	-	10,496,735	10,496,735	-	-
Total Primary Government	\$ 815,696,278	147,623,419	124,720,601	28,940,701	(524,908,292)	10,496,735	(514,411,557)	-	-
COMPONENT UNITS									
Public Schools	\$ 520,397,810	22,445,856	114,135,952	2,747,149	-	-	(381,068,853)	-	699,921
Chesapeake Mosquito Control Commission	4,290,575	-	4,990,496	-	-	-	-	-	(50,928)
Chesapeake Airport Authority	1,252,267	499,493	701,846	-	-	-	-	-	(50,864)
Elizabeth River Properties of Chesapeake, Inc	299,146	151,957	96,325	-	-	-	-	-	2,969,101
Chesapeake Land Bank Authority	86,948	-	3,056,049	-	-	-	-	-	-
Total component units	\$ 526,326,746	23,097,306	122,980,668	2,747,149	-	-	(381,068,853)	-	3,567,230
General revenues:									
Taxes:									
Property taxes, levied for general purposes					\$ 370,371,068	-	370,371,068	-	-
Local sales and use taxes					43,593,597	-	43,593,597	-	-
Consumer utility taxes					10,809,020	-	10,809,020	-	-
Communication sales tax					9,858,046	-	9,858,046	-	-
Business license taxes					27,781,280	-	27,781,280	-	-
Local utility consumption tax					871,443	-	871,443	-	-
Bank stock taxes					1,378,601	-	1,378,601	-	-
Taxes on recordation and wills					4,197,130	-	4,197,130	-	-
Tobacco taxes					4,977,441	-	4,977,441	-	-
Hotel and motel room taxes					6,102,192	-	6,102,192	-	-
Restaurant food taxes					26,797,910	-	26,797,910	-	-
Admission taxes					676,676	-	676,676	-	-
Short-term rental taxes					1,021,346	-	1,021,346	-	-
Pari-mutuel wagering pool tax					27,651	-	27,651	-	-
Payment from City					-	-	-	244,072,634	-
Grants and contributions not restricted to specific programs					32,370,647	-	32,370,647	182,235,069	-
Unrestricted investment earnings					8,232,271	-	8,232,271	73,596	-
Miscellaneous					5,098,170	-	5,098,170	1,016,827	-
Transfers					(3,646,823)	3,646,823	-	-	-
Total general revenues and transfers					550,517,666	3,646,823	554,164,489	427,398,126	-
Change in net position					25,609,374	14,143,558	39,752,932	46,329,273	3,567,230
Net position - beginning					1,323,954,615	658,474,278	1,982,428,893	(296,836,410)	17,650,371
Net position - ending					\$ 1,349,563,989	672,617,836	2,022,181,825	(250,507,137)	21,217,601

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Fund Financial Statements

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Governmental Funds Financial Statements

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

Other Governmental Funds – Include Special Revenue and Permanent Funds.



CITY OF CHESAPEAKE, VIRGINIA

Schedule C

Balance Sheet
Governmental Funds
June 30, 2020

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and temporary investments (note 2)	\$ 227,699,909	12,383,030	-	96,680,896	336,763,835
Intergovernmental revenues due from (note 3):					
Commonwealth of Virginia:					
Local sales tax	3,912,798	-	-	-	3,912,798
State categorical aid	1,957,099	-	-	-	1,957,099
Personal property tax relief act	28,590,001	-	-	-	28,590,001
Other	437,581	-	12,454,017	2,013,376	14,904,974
Federal government	-	-	115,968	2,080,662	2,196,630
Federal government - American Reinvestment and Recovery Act	-	100,763	-	-	100,763
Receivables (note 3):					
Property taxes	61,486,185	-	-	-	61,486,185
Accounts receivable	10,776,667	-	-	6,191,704	16,968,371
Utility taxes	2,587,778	-	-	-	2,587,778
Interest	601,277	34,298	-	5,252	640,827
Ambulance fees	4,894,229	-	-	-	4,894,229
Restaurant and food tax	2,216,970	-	-	-	2,216,970
Other	3,194,109	13,497	-	372,754	3,580,360
Allowance for uncollectible amounts	(7,638,128)	-	-	(3,695,569)	(11,333,697)
Inventory	1,126,901	-	-	5,005	1,131,906
Due from other funds (note 8)	115,103	-	-	-	115,103
Prepaid expenditures and other assets	6,685	-	-	319,489	326,174
Restricted assets (note 2):					
Cash with state set-aside (note 6)	1,003,782	-	-	-	1,003,782
Capital construction:					
Cash and temporary investments	-	-	143,342,846	-	143,342,846
Cash and temporary investments with trustee	-	-	324	-	324
Investments	-	-	-	1,224,320	1,224,320
Advances to component units (note 7)	48,342	66,758	-	-	115,100
Advances to other funds, net of allowance (note 8):	6,873,073	-	-	-	6,873,073
Total assets	\$ 349,890,361	12,598,346	155,913,155	105,197,889	623,599,751
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable (note 3)	\$ 7,652,270	1,980	-	3,206,543	10,860,793
Deposits (note 3)	3,481,173	-	-	-	3,481,173
Accrued expenditures (note 3)	6,440,975	-	-	964,040	7,405,015
Unearned revenues	90,918	-	1,362,286	280,229	1,733,433
Other liabilities (note 3)	889,631	-	5,147	3,897	898,675
Payables from restricted assets:					
Construction projects payable (note 3)	-	-	5,468,592	-	5,468,592
Due to Commonwealth of Virginia	131,837	-	-	19,185,374	19,317,211
Due to other funds (note 8)	-	-	-	115,103	115,103
Total liabilities	18,686,804	1,980	6,836,025	23,755,186	49,279,995
Deferred Inflows of Resources (note 5)	59,620,958	-	-	-	59,620,958
Fund Balances (note 12)					
Nonspendable	1,133,586	-	-	336,821	1,470,407
Restricted for cash flow emergencies	37,036,302	-	-	-	37,036,302
Restricted other	1,049,782	277	324	42,539,529	43,589,912
Committed for one time projects	76,698,340	-	-	-	76,698,340
Committed other	67,821,526	66,758	28,031,802	7,908,837	103,828,923
Assigned	13,770,559	12,529,331	121,045,004	30,657,516	178,002,410
Unassigned	74,072,504	-	-	-	74,072,504
Total fund balances	271,582,599	12,596,366	149,077,130	81,442,703	514,698,798
Total liabilities, deferred inflows and fund balances	\$ 349,890,361	12,598,346	155,913,155	105,197,889	623,599,751

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

(Continued)

Balance Sheet
Governmental Funds
June 30, 2020

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

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

Ending fund balance - governmental funds	\$ 514,698,798
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Total capital assets used in governmental activities as reported in note 4 to the financial statements also include assets of \$54,498,804 associated with the internal service funds (ISF) as indicated below.

Capital assets	1,187,478,204
----------------	---------------

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

Pension and OPEB deferred outflows (net of ISF)	\$ 63,699,284	
Unamortized deferred loss on refundings	<u>2,073,668</u>	65,772,952

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

Governmental funds' deferred inflows	59,620,958	
Pension and OPEB deferred inflows (net of ISF)	(16,095,247)	
Unamortized deferred gain on refundings	<u>(230,980)</u>	43,294,731

Internal service funds (ISF) are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position as detailed below. The total amount included in governmental activities does not include the portion allocable to business-type activities of \$2,283,257 as noted on Schedule E.

Current assets	61,426,602	
Capital assets	54,498,804	
Pension and OPEB deferred outflows	2,603,426	
Liabilities	(3,248,892)	
Unearned revenues	(3,807,926)	
Long-term debt	(39,938,016)	
Pension and OPEB deferred inflows	(640,287)	
Net cumulative profit(loss) allocation	<u>2,283,257</u>	73,176,968

Unmatured interest payable reported in governmental activities will not be paid with current financial resources and, therefore, is not reported in the funds.	(5,500,374)
--	-------------

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. Total long-term obligations for governmental activities as reported in footnote 6 to the financial statements also include long-term obligations of \$39,938,016 associated with the internal service funds as indicated above.

General obligation bonds	(320,201,841)	
Net pension liability (net of ISF)	(143,490,569)	
Net OPEB liability (net of ISF)	(39,509,695)	
Arbitrage rebate and yield restriction	(277)	
Compensated absences (net of ISF)	(21,117,624)	
Installment Purchase Agreement	(1,342,284)	
Supplemental Payments Agreement	<u>(3,695,000)</u>	(529,357,290)

Net position of governmental activities	\$ 1,349,563,989
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The notes to the financial statements are an integral part of this statement.

CITY OF CHESAPEAKE, VIRGINIA

Schedule D

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 347,009,006	-	-	17,188,730	364,197,736
Other local taxes	129,213,594	-	-	8,878,739	138,092,333
Licenses, permits and fees	9,469,316	-	-	183,199	9,652,515
Fines and forfeitures	1,041,495	-	-	1,241,722	2,283,217
Investment income	3,111,198	1,001,689	2,098,611	1,180,886	7,392,384
Revenues from use of property	544,346	54,889	-	199,978	799,213
Charges for services	11,683,227	-	-	10,537,147	22,220,374
Miscellaneous local revenues	1,375,763	494,800	-	2,374,618	4,245,181
Recovered costs	427,306	-	2,630	1,609,202	2,039,138
Program income	-	-	-	144,848	144,848
Revenues from local developers	-	-	824,443	-	824,443
Intergovernmental revenues:					
Commonwealth of Virginia	95,403,256	-	10,172,848	25,688,261	131,264,365
Federal government	1,043,144	-	716,225	17,473,710	19,233,079
Federal government - American Reinvestment and Recovery Act	-	550,227	-	-	550,227
Chesapeake Public Schools	74,758	10,024	-	-	84,782
Total revenues	600,396,409	2,111,629	13,814,757	86,701,040	703,023,835
EXPENDITURES					
Current:					
General government	115,435,000	-	-	14,949,491	130,384,491
Public safety	100,925,769	-	-	10,610,387	111,536,156
Public works	62,694,548	-	-	110,774	62,805,322
Parks and recreation	11,280,987	-	-	98,693	11,379,680
Public welfare	-	-	-	54,982,527	54,982,527
Education - payments to public schools	216,068,950	28,003,684	-	-	244,072,634
Capital outlay	3,195,121	-	56,220,370	1,248,604	60,664,095
Debt service	1,990,750	35,646,371	-	-	37,637,121
Total expenditures	511,591,125	63,650,055	56,220,370	82,000,476	713,462,026
Excess (deficiency) of revenues over (under) expenditures	88,805,284	(61,538,426)	(42,405,613)	4,700,564	(10,438,191)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds (note 8)	8,499,489	32,066,919	30,113,251	18,834,436	89,514,095
Transfers to other funds (note 8)	(72,708,542)	-	(2,074,279)	(16,867,120)	(91,649,941)
Issuance of general obligation bonds (note 6)	-	-	30,005,000	-	30,005,000
Issuance of general obligation refunding bonds (note 6)	-	34,215,000	-	-	34,215,000
Premiums on general obligation bonds issued (note 6)	-	182,934	8,195,000	-	8,377,934
Premiums on general obligation refunding bonds issued (note 6)	-	7,651,284	-	-	7,651,284
Issuance of general obligation school bonds (note 6)	-	24,520,000	-	-	24,520,000
Premiums on general obligation school bonds issued (note 6)	-	3,566,465	-	-	3,566,465
Payment to refunded bond escrow agent (note 6)	-	(41,674,983)	-	-	(41,674,983)
Total other financing sources (uses), net	(64,209,053)	60,527,619	66,238,972	1,967,316	64,524,854
Net change in fund balance	24,596,231	(1,010,807)	23,833,359	6,667,880	54,086,663
Fund balance - beginning	246,986,368	13,607,173	125,243,771	74,774,823	460,612,135
Fund balance - ending	\$ 271,582,599	12,596,366	149,077,130	81,442,703	514,698,798

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

(Continued)

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2020

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

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

Net change in fund balances - total governmental funds \$ 54,086,663

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

Depreciation expense	\$ (46,279,100)	
Capital outlay expenditures	60,689,752	
Donated assets	8,578,758	
Noncapitalizable expenses related to closed projects	(15,345,625)	
Asset transfers	(110,150)	
Disposal of assets	<u>(78,924)</u>	
		7,454,711

Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Unearned revenues changed by this amount this year. 5,725,199

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

Debt issued (and related costs)	(108,335,683)	
Principal repayments	27,743,473	
Amortization of debt related deferred outflows and inflows	3,872	
Payment to escrow agent for refunding	<u>41,674,983</u>	
		(38,913,355)

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	(910,602)	
Compensated absences	(213,046)	
Pension and OPEB expenses	<u>(10,807,342)</u>	
		(11,930,990)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expenses), excluding capital contributions from the Primary Government, of certain activities of the internal service funds are reported with governmental activities. 8,985,502

Interfund loan activity that does not contribute to current financial resources and, therefore, is not reported in the funds. 201,644

Change in net position of governmental activities	\$	25,609,374
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The notes to the financial statements are an integral part of this statement.

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Proprietary Funds Financial Statements

Major Enterprise Funds:

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

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

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

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

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule E

Statement of Net Position
 Proprietary Funds
 June 30, 2020

	Enterprise Funds					Internal Service Funds	
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total		
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Assets							
Current assets:							
Cash and temporary investments (note 2)	\$ 81,017,564	1,244,983	9,686,903	11,867,787	103,817,237	56,562,624	
Receivables (note 3):							
Accounts	14,786,562	2,149,616	10,478,715	-	27,414,893	139,503	
Interest	128,336	-	25,639	-	153,975	64,472	
Allowance for uncollectible amounts	(2,276,825)	(1,585,785)	(277,676)	-	(4,140,286)	(5,540)	
Inventory of materials and supplies	1,435,346	-	-	-	1,435,346	641,405	
Prepaid expenses	131,387	-	-	-	131,387	4,024,138	
Total current assets	95,222,370	1,808,814	19,913,581	11,867,787	128,812,552	61,426,602	
Noncurrent assets:							
Restricted assets (note 2):							
Cash and temporary investments with trustee	-	50,647,611	9,432	-	50,657,043	-	
Cash restricted for debt service	5,528,790	-	-	-	5,528,790	-	
Cash restricted for debt service with trustee	4,979,759	13,063,488	-	-	18,043,247	-	
Capital construction:							
Cash and temporary investments	51,114,333	342,359	38,588,776	-	90,045,468	-	
Cash and temporary investments with trustee	157,038	13,317,225	-	-	13,474,263	-	
Cash restricted for improvement and redemption	1,000,000	-	-	-	1,000,000	-	
Total restricted assets	62,779,920	77,370,683	38,598,208	-	178,748,811	-	
Capital assets (note 4):							
Land	11,013,494	84,667,793	637,957	-	96,319,244	-	
Intangibles	2,920,624	-	1,714,475	14,104,647	18,739,746	-	
Construction in progress	56,848,237	-	12,267,417	-	69,115,654	3,233,929	
Buildings	1,098,644	5,389,295	351,931	-	6,839,870	648,167	
Improvements other than buildings	4,196,814	439,273	60,233	-	4,696,320	4,582,725	
Software, equipment and vehicles	24,940,592	12,984,459	275,350	-	38,200,401	142,664,815	
Infrastructure	662,882,105	361,587,165	44,288,941	-	1,068,758,211	77,584	
Less accumulated depreciation	(290,057,028)	(123,532,951)	(11,770,198)	-	(425,360,177)	(96,708,416)	
Total capital assets, net of accumulated depreciation	473,843,482	341,535,034	47,826,106	14,104,647	877,309,269	54,498,804	
Land and improvements held for sale	-	-	-	5,708,268	5,708,268	-	
Total noncurrent assets	536,623,402	418,905,717	86,424,314	19,812,915	1,061,766,348	54,498,804	
Total assets	631,845,772	420,714,531	106,337,895	31,680,702	1,190,578,900	115,925,406	
Deferred Outflows of Resources (note 5)	5,284,466	506,285	1,403,222	-	7,193,973	2,603,426	
Total assets and deferred outflows of resources	\$ 637,130,238	421,220,816	107,741,117	31,680,702	1,197,772,873	118,528,832	
LIABILITIES, DEFERRED INFLOWS AND NET POSITION							
Liabilities							
Current liabilities:							
Accounts payable (note 3)	\$ 4,461,308	601,499	291,405	10,863	5,365,075	3,063,651	
Accrued expenses and other liabilities (notes 3, 6 and 16)	2,485,893	6,499,910	108,331	20,982	9,115,116	185,241	
Deposits (note 3)	1,076,112	-	-	-	1,076,112	-	
Unearned revenues	727,735	-	-	-	727,735	3,807,926	
Construction projects payable (note 3)	5,350,709	-	790,389	-	6,141,098	-	
Current portion of long-term debt (note 6)	7,553,491	6,681,437	-	732,000	14,966,928	-	
Current portion of accrued vacation, sick pay and overtime leave (note 6)	440,498	56,273	114,173	-	610,944	293,866	
Current portion of liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	9,882,501	
Total current liabilities	22,095,746	13,839,119	1,304,298	763,845	38,003,008	17,233,185	
Noncurrent liabilities:							
Unearned revenues	169,179	-	-	-	169,179	-	
General obligation bonds (note 6)	52,996,680	-	-	-	52,996,680	-	
Revenue bonds (note 6)	28,105,000	295,448,571	-	5,981,000	329,534,571	-	
Due to Commonwealth of Virginia (note 6)	-	69,807,056	-	-	69,807,056	-	
Loan payable (note 6)	-	-	-	1,319,095	1,319,095	-	
Advances from other funds (note 8)	-	6,873,073	-	-	6,873,073	-	
Accrued vacation, sick pay and overtime leave (note 6)	585,178	71,828	154,781	-	811,787	393,192	
Liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	22,440,710	
Net pension liability (note 10)	8,177,946	1,120,897	3,179,445	-	12,478,288	6,241,321	
Net OPEB liability (note 11)	970,734	130,460	378,721	-	1,479,915	686,426	
Total noncurrent liabilities	91,004,717	373,451,885	3,712,947	7,300,095	475,469,644	29,761,649	
Total liabilities	113,100,463	387,291,004	5,017,245	8,063,940	513,472,652	46,994,834	
Deferred Inflows of Resources (note 5)	851,971	115,793	8,431,364	-	9,399,128	640,287	
Net Position							
Net investment in capital assets	398,210,715	5,218,722	47,826,106	7,391,647	458,647,190	54,498,804	
Restricted for:							
Capital projects	55,310,662	14,414,511	40,823,388	-	110,548,561	-	
Debt service	16,451,636	36,292,570	-	-	52,744,206	-	
Other purposes - Expendable	53,204,791	26,663,602	5,643,014	-	85,511,407	-	
Unrestricted (deficit)	-	(48,775,386)	-	16,225,115	(32,550,271)	16,394,907	
Total net position	523,177,804	33,814,019	94,292,508	23,616,762	674,901,093	70,893,711	
Total liabilities, deferred inflows and net position	\$ 637,130,238	421,220,816	107,741,117	31,680,702	1,197,772,873	118,528,832	

Net position of enterprise funds, Schedule E	\$ 674,901,093
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(2,283,257)
Net position of business-type activities, Schedule A	\$ 672,617,836

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule F

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2020

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
OPERATING REVENUES						
Licenses, permits and fees	\$ -	-	300,674	-	300,674	-
Charges for services:						
Sale of water	42,590,344	-	-	-	42,590,344	-
Billings to departments	-	-	-	-	-	84,952,126
Billings to outside agencies and component units	-	-	-	-	-	914,564
Sewer service charges	29,516,163	-	-	-	29,516,163	-
Stormwater management fees	-	-	15,825,774	-	15,825,774	-
Tolls and tickets	-	25,505,079	-	-	25,505,079	-
Rental fees	1,204,000	-	-	-	1,204,000	264,161
Connection fees	4,041,337	-	-	-	4,041,337	-
Miscellaneous	641,651	-	7,700	6,519,130	7,168,481	6,208
Recovered costs	159,230	60	60	-	159,350	5,146,554
Other	347,303	-	-	21,530	368,833	6,172
Total operating revenues	78,500,028	25,505,139	16,134,208	6,540,660	126,680,035	91,289,785
OPERATING EXPENSES						
Cost of materials billed	-	-	-	-	-	2,655,811
Purchases for resale	16,068,380	-	-	5,537,115	21,605,495	2,875,478
General and administrative	6,340,969	396,880	2,257,158	243,231	9,238,238	939,040
Other salaries and wages	10,305,264	1,427,332	3,942,326	-	15,674,922	7,082,714
Other fringe benefits	5,229,489	730,043	2,088,740	-	8,048,272	3,595,239
Self-insurance losses	-	-	-	-	-	3,040,250
Indemnity and medical claims	-	-	-	-	-	40,543,190
Other repairs and supplies	5,366,096	4,808,131	720,746	-	10,894,973	6,427,896
Equipment rental	36,813	12,076	26,675	-	75,564	9,559
Other contractual services	2,414,455	2,043,959	2,715,324	26,483	7,200,221	3,888,160
Depreciation and amortization	14,577,053	15,807,936	1,293,733	-	31,678,722	10,285,746
Insurance premiums	-	-	-	12,227	12,227	3,636,521
Other	-	30,775	-	3,085	33,860	-
Total operating expenses	60,338,519	25,257,132	13,044,702	5,822,141	104,462,494	84,979,604
Operating income (loss)	18,161,509	248,007	3,089,506	718,519	22,217,541	6,310,181
NONOPERATING REVENUES (EXPENSES)						
Investment income	2,339,332	1,152,699	889,763	106,861	4,488,655	839,886
Interest expense	(4,123,332)	(13,398,809)	-	(285,579)	(17,807,720)	-
Gain on sale of equipment	15,090	-	17,500	-	32,590	97,246
Loss on sale of equipment	(679,866)	-	(820,432)	-	(1,500,298)	(297,868)
Build America Bonds subsidy reimbursement - American Reinvestment and Recovery Act	566,166	-	-	-	566,166	-
Grants to businesses	-	-	-	(990,000)	(990,000)	-
Other	(56,325)	-	-	(2,415)	(58,740)	-
Total nonoperating revenues (expenses), net	(1,938,935)	(12,246,110)	86,831	(1,171,133)	(15,269,347)	639,264
Income (loss) before transfers and contributions	16,222,574	(11,998,103)	3,176,337	(452,614)	6,948,194	6,949,445
Transfers in (note 8)	-	-	1,960,470	1,991,614	3,952,084	209,388
Transfers out (note 8)	-	-	(217,612)	-	(217,612)	(1,811,862)
Capital contributions	5,468,018	-	160,059	-	5,628,077	6,189,642
Increase (decrease) in net position	21,690,592	(11,998,103)	5,079,254	1,539,000	16,310,743	11,536,613
Total net position - beginning	501,487,212	45,812,122	89,213,254	22,077,762	658,590,350	59,357,098
Total net position - ending	\$ 523,177,804	33,814,019	94,292,508	23,616,762	674,901,093	70,893,711

Change in net position of enterprise funds, Schedule F	\$ 16,310,743
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(2,167,185)
Change in net position of business-type activities, Schedule B	\$ 14,143,558

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2020

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 78,284,634	25,629,623	15,889,894	12,990,452	132,794,603	6,688,768
Cash received from interfund services provided	-	-	-	-	-	84,952,126
Payments to suppliers	(31,063,172)	(7,248,227)	(5,679,038)	(6,910,984)	(50,901,421)	(64,014,891)
Payments to employees	(14,890,125)	2,025,432	(5,628,164)	-	(18,492,857)	(10,262,409)
Net cash provided by (used in) operating activities	32,331,337	20,406,828	4,582,692	6,079,468	63,400,325	17,363,594
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	1,960,470	999,735	2,960,205	209,388
Transfers out	-	-	(217,612)	-	(217,612)	(1,811,862)
Noncapital financing activity - outflow	-	-	-	(992,415)	(992,415)	-
Net cash provided by (used in) noncapital financing activities	-	-	1,742,858	7,320	1,750,178	(1,602,474)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Transfers in	-	-	-	991,879	991,879	-
Acquisition of capital assets	(25,188,934)	(111,471)	(5,196,495)	-	(30,496,900)	(7,786,895)
Proceeds from Commonwealth of Virginia	-	-	316,562	-	316,562	-
Proceeds from Federal government	566,166	-	-	-	566,166	-
Proceeds from revenue bonds	31,985,906	-	-	-	31,985,906	-
Proceeds from sale of capital assets	15,090	-	17,500	-	32,590	(200,622)
Increase (decrease) in construction project payable	2,503,437	(220,459)	(48,057)	-	2,234,921	-
Principal payment of long-term debt	(38,519,101)	(6,936,083)	-	(704,000)	(46,159,184)	-
Interest paid	(4,091,241)	(9,434,763)	-	(287,779)	(13,813,783)	-
Due to other funds	-	201,644	-	-	201,644	-
Net cash provided by (used in) capital and related financing activities	(32,728,677)	(16,501,132)	(4,910,490)	100	(54,140,199)	(7,987,517)
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	2,588,117	1,297,362	956,412	106,861	4,948,752	952,172
Net cash provided by investing activities	2,588,117	1,297,362	956,412	106,861	4,948,752	952,172
Net increase (decrease) in cash and temporary investments	2,190,777	5,203,058	2,371,472	6,193,749	15,959,056	8,725,775
Cash and temporary investments beginning of year	141,606,707	73,412,608	45,913,639	5,674,038	266,606,992	47,836,849
Cash and temporary investments end of year	\$ 143,797,484	\$ 78,615,666	\$ 48,285,111	\$ 11,867,787	282,566,048	\$ 56,562,624
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 18,161,509	248,007	3,089,506	718,519	22,217,541	6,310,181
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	14,577,053	15,807,936	1,293,733	-	31,678,722	10,285,746
Pension expense	552,249	76,296	223,052	-	851,597	374,297
OPEB expense	39,559	4,673	14,041	-	58,273	14,352
Change in assets and liabilities increasing (decreasing) cash and temporary investments:						
Receivables	(210,694)	124,484	(244,314)	1,078,482	747,958	22,871
Prepaid expenses and other assets	1,776	-	-	-	1,776	(340,480)
Inventory of materials and supplies	98,979	9,075	-	-	108,054	(55,139)
Land and improvements held for sale	-	-	-	5,371,310	5,371,310	-
Accounts payable	(937,214)	34,519	27,045	(1,088,843)	(1,964,493)	355,310
Deposits	(5,944)	-	-	-	(5,944)	-
Unearned revenues	1,244	-	-	-	1,244	329,239
Deferred inflows	-	-	115,993	-	115,993	-
Accrued expenses and other liabilities	-	4,094,895	13,820	-	4,108,715	14,591
Liability for self-insurance losses	-	-	-	-	-	41,324
Accrued vacation, sick pay and overtime leave	52,820	6,943	49,816	-	109,579	11,302
Total adjustments	14,169,828	20,158,821	1,493,186	5,360,949	41,182,784	11,053,413
Net cash provided by (used in) operating activities	\$ 32,331,337	\$ 20,406,828	\$ 4,582,692	\$ 6,079,468	63,400,325	\$ 17,363,594
Supplemental information on significant noncash transactions:						
Contributions of capital assets	\$ 5,468,018	-	160,059	-	5,628,077	6,189,642

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

Fiduciary Funds Financial Statements

Agency Fund – Includes Special Welfare Fund.

Trust Fund – Includes Other Postemployment Benefits Fund.

CITY OF CHESAPEAKE, VIRGINIA

Schedule H

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2020

	Agency Special Welfare	Other Postemployment Benefits Trust
ASSETS		
Cash and temporary investments (note 2)	\$ 30,293	-
Investments with trustee, at fair value (note 2)		
Stocks	-	53,334,853
Taxable bonds	-	39,109,286
Money market	-	80,677
Total assets	\$ 30,293	92,524,816
LIABILITIES AND NET POSITION		
Liabilities		
Accounts payable	\$ -	1,855,928
Due to children under foster care	30,293	-
Total liabilities	30,293	1,855,928
Net Position		
Restricted for other postemployment benefits	-	90,668,888
Total liabilities and net position	\$ 30,293	92,524,816

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

CITY OF CHESAPEAKE, VIRGINIA***Schedule I***

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2020

	Other Postemployment Benefits Trust
ADDITIONS	
Contributions from employer (note 11)	\$ 2,753,000
Contributions from plan members (note 11)	1,083,954
Investment income:	
Interest and dividend income	7,954,742
Net appreciation (depreciation) in fair value of investments	(2,183,140)
Less investment expenses	195,029
Net investment income	5,576,573
Total additions	9,413,527
DEDUCTIONS	
Administrative expenses	28,623
Benefits and refunds paid on behalf of plan members and beneficiaries (note 11)	5,650,550
Total deductions	5,679,173
Change in net position	3,734,354
Held in trust for other postemployment benefits - beginning of year	86,934,534
Held in trust for other postemployment benefits - end of year	90,668,888

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

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Other Discretely Presented Component Units

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

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

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

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule J-1

Combining Statement of Net Position
Other Discretely Presented Component Units
June 30, 2020

	Governmental Activities	Business-type Activities				
	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.	Chesapeake Land Bank Authority	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Assets						
Cash and temporary investments (note 2)	\$ 5,904,998	1,076,260	346,790	2,972,782	10,300,830	
Receivables, net of allowance for uncollectible amounts (note 3)	-	118,111	1,000	-	119,111	
Inventories	381,372	-	-	-	381,372	
Prepaid expenses	125,203	-	11,696	-	136,899	
Capital assets:						
Land	530,778	2,354,747	601,987	-	3,487,512	
Construction in progress	-	355,614	-	-	355,614	
Buildings	2,405,297	-	1,482,778	-	3,888,075	
Improvements other than buildings	14,897	22,457,208	24,577	-	22,496,682	
Software, equipment and vehicles	1,708,969	211,130	-	-	1,920,099	
Less accumulated depreciation	(2,267,964)	(17,292,462)	(699,886)	-	(20,260,312)	
Land and improvement held for sale	-	-	158,575	-	158,575	
Total assets	8,803,550	9,280,608	1,927,517	2,972,782	22,984,457	
Deferred Outflows of Resources (note 5)	670,347	-	-	-	670,347	
Total assets and deferred outflows of resources	\$ 9,473,897	9,280,608	1,927,517	2,972,782	23,654,804	
LIABILITIES, DEFERRED INFLOWS AND NET POSITION						
Liabilities						
Current liabilities:						
Accounts payable, deposits and accrued expenses (notes 3 and 16)	\$ 193,873	55,936	5,015	3,681	258,505	
Unearned revenues	-	5,956	-	-	5,956	
Due to primary government	-	115,100	-	-	115,100	
Long-term liabilities (notes 6, 10 and 11):						
Due within one year	56,304	100,000	-	-	156,304	
Due in more than one year	1,306,473	430,000	-	-	1,736,473	
Total liabilities	1,556,650	706,992	5,015	3,681	2,272,338	
Deferred Inflows of Resources (note 5)	164,865	-	-	-	164,865	
Net Position						
Net investment in capital assets	2,391,977	7,441,137	1,409,456	-	11,242,570	
Restricted	-	214,501	-	-	214,501	
Unrestricted	5,360,405	917,978	513,046	2,969,101	9,760,530	
Total net position	7,752,382	8,573,616	1,922,502	2,969,101	21,217,601	
Total liabilities, deferred inflows and net position	\$ 9,473,897	9,280,608	1,927,517	2,972,782	23,654,804	

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

Combining Statement of Activities
Other Discretely Presented Component Units
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position				Total
		Charges for Services	Operating Grants and Contributions	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.	Chesapeake Land Bank Authority	
Governmental Type Activities								
Chesapeake Mosquito Control Commission	\$ 4,290,575	-	4,990,496	699,921	-	-	-	699,921
Business-type Activities								
Chesapeake Airport Authority	1,252,267	499,493	701,846	-	(50,928)	-	-	(50,928)
Elizabeth River Properties of Chesapeake, Inc.	299,146	151,957	96,325	-	-	(50,864)	-	(50,864)
Chesapeake Land Bank Authority	86,948	-	3,056,049	-	-	-	2,969,101	2,969,101
Total component units	\$ 5,928,936	651,450	8,844,716	699,921	(50,928)	(50,864)	2,969,101	3,567,230
	Change in net position			\$ 699,921	(50,928)	(50,864)	2,969,101	3,567,230
	Net position - beginning			7,052,461	8,624,544	1,973,366	-	17,650,371
	Net position - ending			\$ 7,752,382	8,573,616	1,922,502	2,969,101	21,217,601

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

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Notes to Basic Financial Statements

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Notes to Basic Financial Statements
June 30, 2020

(1) Summary of Significant Accounting Policies

The Reporting Entity

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

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

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

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(1) Continued

- The Chesapeake Mosquito Control Commission (the Commission) manages the City's insecticide program. The Commission has seven appointed commissioners. The City finances the operations of the Commission through incremental property taxes of \$.01 per \$100 of assessed value for real estate properties and \$.08 per \$100 of assessed value for personal property. Although it is legally separate, the Commission is fiscally dependent on the City. The Commission does not issue separate audited financial statements.
- Elizabeth River Properties of Chesapeake, Inc. (ERPC) is a not-for-profit corporation organized under Section 501 (c)(3) of the Internal Revenue Code. ERPC provides housing for individuals served by Chesapeake Integrated Behavioral Healthcare (CIBH). The Board of Directors of CSBC, Inc., whose members are appointed by City Council, appoints the members of the Board of ERPC and appropriates funds annually to provide rental assistance to individuals served by CIBH. The CSBC, Inc. Board has also transferred funds to ERPC to be used for the purchase of additional residences for its use. Separate audited financial statements are available through the CIBH at 224 Great Bridge Boulevard, Chesapeake, Virginia 23320.
- On June 12, 2018, City Council voted to establish the Chesapeake Land Bank Authority (CLBA). The fiscal year 2020 budget was amended to include an appropriation and transfer of \$3.0 million to establish the CLBA. The CLBA is a non-profit corporation whose focus is on the conversion of vacant, abandoned and tax delinquent properties to productive use. The City is authorized to create the CLBA under the Virginia Land Bank Entities Act, Code of Virginia § 15.2-7500 et seq., as amended ("the Act"). The City Council appoints the seven member Board of the CLBA, appropriates funds annually to pay administrative expenses of the CLBA and funds operating deficits as necessary. Although it is legally separate, the CLBA is fiscally dependent on the city. CLBA does not issue separate audited financial statements.

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

- CSBC, Inc. was organized for the purpose of owning and financing a building to be used as a community services building by the City. CSBC, Inc. issued lease revenue bonds backed by the City's general obligation pledge. The holding bank had the option to require prepayment in 2014 so, as a result, the City issued general obligation bonds prior to that time to retire the remainder of the original bonds. The City Council appoints the members of the Board of Directors and appropriates funds annually to pay rent on the building, which CSBC, Inc. then uses to pay debt service on the bonds. No distinction is made between the activities of CSBC, Inc. and the City. As a result, CSBC, Inc. is reported as a special revenue fund in the City's financial statements. It does not issue separate audited financial statements.
- The EDA was established under the Industrial Development and Revenue Bond Act, Code of Virginia. The EDA is responsible for promoting industry and developing trade by inducing manufacturing, industrial and commercial enterprises to locate or to remain in the City. They also have all rights and powers normally associated with a port authority as approved by the City Council. The City Council appoints the members of the Board of the EDA. The City also appropriates funds annually to pay the administrative and grant expenses of the EDA. Although legally separate in substance, the EDA meets the requirements of a blended component unit under GAAP because the

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(1) Continued

EDA's outstanding debt is expected to be repaid entirely or almost entirely with the resources of the primary government. Separate audited financial statements for the EDA are available through the City's Department of Economic Development at 676 Independence Parkway, Suite 200, Chesapeake, Virginia 23320.

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

Government-wide and Fund Financial Statements

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(1) Continued

revenue as soon as all eligibility requirements imposed by the provider have been met. The fiduciary fund financial statements are custodial in nature, do not involve the measurement of results of operations and use the accrual basis of accounting.

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following proprietary funds:

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(1) Continued

The *Stormwater Management Fund* accounts for the operation of the City's stormwater utility and to fund the required improvements to stormwater quality.

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

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

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

Additionally, the City reports the following fund types:

Nonmajor governmental funds:

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

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

Fiduciary funds:

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(1) **Continued**

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

Cash and Temporary Investments

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

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

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

Receivables and Payables

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

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

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

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

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

Real Estate

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(1) **Continued**

Real estate taxes are collected in quarterly payments due September 30, December 30, March 30 and June 5. During the fiscal year, the current year real estate taxes reported as revenue are the levies on assessed valuation on July 1, 2020, less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2020 was \$1.04 per \$100 of assessed value with an additional \$.01 per \$100 of assessed value for mosquito control services.

Personal Property

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1 with payment due the following June 5. The current year personal property taxes reported as revenue are the levies on assessed valuation at January 1, 2020 less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2020 was \$4.00 per \$100 of assessed value with an additional \$.08 per \$100 of assessed value for mosquito control services.

Inventories and Prepaids

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

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

Land and Improvements Held for Sale

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

Capital Assets

Capital assets, which include land, intangible assets, buildings, improvements, equipment, vehicles and infrastructure assets (i.e. roads, bridges, drainage and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Drainage infrastructure assets are capitalized in the Stormwater Management Fund to the extent they are funded with stormwater fees. All other drainage is capitalized in the governmental activities column in the government-wide financial statements.

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(1) Continued

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

Capital Assets	Useful Lives
Buildings	10-50 years
Improvements other than buildings	10-45 years
Software, equipment and vehicles	3-50 years
Infrastructure	10-50 years

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources representing a consumption of net position that applies to future periods and will not be recognized as an expense or expenditure until that time. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources representing an acquisition of net position that applies to future periods and will not be recognized as revenue until that time.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts, as well as gains or losses on refunding, are deferred and amortized over the life of the bonds using the straight-line method. Beginning with the 2007B Series of bonds issued, the effective interest method is applied to that and all subsequent bond premiums and discounts for all issuances where the straight line method is materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses on bond refundings are reported as deferred outflows or inflows, respectively.

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(1) Continued

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

Encumbrances

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

Net Position

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

Fund Balances

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

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

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(1) **Continued**

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

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

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

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

Minimum Fund Balance Policy

The City Charter requires that a minimum of 6% of specified revenues of the General Fund and Special Revenue funds be restricted for emergency use and cash flow needs, which may occur throughout the fiscal year. In addition, the City shall budget for 12% of these same revenues as unassigned fund balance in the General Fund in order to maintain the policy requirement of a minimum 10% as adopted by resolution of City Council on June 10, 2014.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(2) Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (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 50.0% to 130.0% of excess deposits. Accordingly, all deposits are considered fully collateralized.

The carrying value of pooled deposits, as of June 30, 2020 is \$174,391,284 including petty cash of \$48,424 and cash in the special welfare fiduciary fund of \$30,293. Cash of \$1,003,782 is being held by the Commonwealth of Virginia.

Investments

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

Fair Value Measurements:

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

- Level 1: Investments reflect prices quoted in active markets for identical assets.
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

Investments with a maturity of one year or less are measured at amortized cost and investments with a maturity of one year or more are measured at fair value.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(2) Continued

Investments by Fair Value Level and Amortized Cost at year end are shown below:

Investments by Fair Value Level (Market Approach: maturity >1yr)	Active Markets For Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Total
Debt Securities:			
U. S. Treasury Notes	\$ 967,849	-	967,849
Federal Agency Coupon Securities	-	4,361,422	4,361,422
Corporate Notes	-	4,372,640	4,372,640
Certificates of Deposit	-	49,199,052	49,199,052
Commercial Paper Discount-Amortizing	-	38,910,210	38,910,210
Non-Taxable Municipal Bonds	-	1,422,473	1,422,473
Total investments by fair value level (a)	967,849	98,265,797	99,233,646
Investments measured at Amortized Cost (Book Value: maturity <1yr)			
Money Market Fund			556,298,732
U.S. Treasury Bills			559,484
Federal Agency Coupon Securities			952,011
Federal Agency Discount-Amortizing			1,498,703
Non-Taxable Municipal Bonds			512,118
Total investments at amortized cost (b)			559,821,048
Total Pool and Directed Investments (a+b)			\$ 659,054,694

The City has investments, other than commercial paper, which are valued at \$60,323,436. These investments are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to the benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(2) Continued

Credit Risk

Generally credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by nationally recognized statistical rating organizations. Presented at the end of this footnote are the specifically identified investment ratings as of June 30, 2020.

Custodial Credit Risk – Deposits

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

Custodial Credit Risk – Investments

Investment custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments. The City's investment policy requires securities be purchased only from brokerage firms/institutions with offices that are under the Commonwealth of Virginia's supervision and located in the Commonwealth of Virginia. The City holds no investments that are at risk.

Concentration of Credit Risk

The City's investment policy requires that its portfolio be diversified with not more than 5.0% of the value of the portfolio invested in securities of any single issuer, excluding securities of the U.S. Government or agency thereof, government-sponsored corporation securities, or fully insured and/or collateralized certificates of deposit.

The City held no investments by any one issuer that represented over 5.0% of the City's total investments other than U.S. Treasury securities, mutual funds and external investment pools.

Interest Rate Risk

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(2) Continued

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

Foreign Currency Risk

The City of Chesapeake OPEB Trust invests in U.S. dollars denominated mutual funds that may invest in international stocks, bonds and other assets. Although the assets of the funds are all held in U.S. dollars, the market value of the assets may fluctuate in part due to changes in foreign currency exchange rates.

Amounts Relating to Component Units

The cash and investments of the Schools and the Mosquito Control Commission component units, along with the OPEB fiduciary trust fund have been pooled with the cash and investments of the Primary Government and, therefore, are included in the above information. The remaining component units, with cash and investments amounting to \$4,395,832 have been excluded because risk information is not available.

A reconciliation of the carrying value of deposits and investments as reported above to amounts reported in the Statement of Net Position and Statement of Fiduciary Net Position for the reporting entity is as follows:

Deposits and investments:	
Pooled deposits	\$ 174,391,284
State set-aside fund	1,003,782
Restricted deposits	1,000,000
Investments	760,780,424
Restricted cash and investments	83,388,844
Other Component Units	4,395,832
Total deposits and investments	\$ 1,024,960,166
Per Schedules A and H:	
Cash and temporary investments	\$ 599,235,452
Cash and temporary investments with trustee	143,181,859
Cash restricted for debt service	5,528,790
Cash restricted for debt service with trustee	18,043,247
Cash with state set-aside	1,003,782
Cash restricted for Public Utilities improvement and redemption	1,000,000
Investment - zero coupon bond	1,224,320
Capital construction - cash and temporary investments	242,268,129
Capital construction - cash and temporary investments with trustee	13,474,587
Total cash and temporary investments per Schedules A and H	\$ 1,024,960,166

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(2) Continued

Investments by type and rating at year-end are shown below:

	Amount	Rating	Weighted Average Maturity (Months)
Investments:			
Bank Money Market Accounts	\$ 21,765,313	AAA	0.0
Caprin Money Market Mutual Fund - First American Government	13,404	AAA	0.0
Commercial Paper	38,910,210	AAA	8.2
U.S. Government-Sponsored Coupon Securities	5,317,280	AA+	11.8
U.S. Government-Sponsored Coupon Securities - Discounts	1,498,779	AA+	6.4
Corporate Notes	4,066,100	AAA	10.7
Corporate Notes	306,540	AA+	10.3
Municipal Bonds - Non-Taxable	1,422,473	AAA	12.7
Municipal Bonds - Non-Taxable	513,985	Aaa	9.1
U.S. Treasury Coupon Securities - Discounts	1,527,810	AAA	10.6
Local Government Investment Pool	534,520,015	AAA	0.0
OPEB - Irrevocable Trust at Local Government Investment Pool	1,284	AAA	0.0
Virginia State Non-Arbitrage Program	58,393,699	AAA	0.0
Total Investments	668,256,892		
Restricted investments:			
Money market deposit	4,227,707	Unrated	0.0
Wells Fargo Advantage Heritage - Money Mkt Institutional (VML)	324	AAA	0.0
U.S. Government-sponsored discount securities	1,224,320	AAA	129.4
PFM - SNAP (Virginia State Non-Arbitrage Program)	64,711,815	AAA	0.0
PFM - SNAP First Americ Treas Oblig Fd - CI D-Toll Road Bonds	13,224,678	AAA	0.0
Total Restricted Investments	83,388,844		
Total Investments and Restricted Investments	751,645,736		
Portfolio weighted average maturity (months)			0.9
Irrevocable Trust:			
OPEB - Diversified Portfolio	92,523,532	Various	
Total	92,523,532		
Total Investments, Restricted Investments and Irrevocable Trust	\$ 844,169,268		
	Investments	Restricted Investments	Irrevocable Trust
Investment totals by rating:			
AAA	\$ 660,620,308	79,161,137	-
AA+	7,122,599	-	-
Aaa	513,985	-	-
Unrated	-	4,227,707	-
Various	-	-	92,523,532
Total	\$ 668,256,892	83,388,844	92,523,532
			844,169,268

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(3) Accounts Receivable and Payable

Accounts receivable, net of allowance for uncollectibles, for the Primary Government in the Statement of Net Position as of June 30, 2020 are as follows:

	Governmental Activities	Business-type Activities
Due from Commonwealth of Virginia	\$ 49,364,872	-
Due from Federal government	2,297,393	-
Due from customers	4,230,228	23,274,607
Property taxes receivable	58,802,784	-
Interest receivable	705,299	153,975
Other	17,501,147	-
Total accounts receivable	\$ 132,901,723	23,428,582

Accounts receivable, net of allowance for uncollectibles, for the discretely presented component units in the Statement of Net Position as of June 30, 2020 are as follows:

	Public Schools	Other
Due from Commonwealth of Virginia	\$ 11,471,873	-
Due from Federal government	18,279,011	-
Other	1,744,138	119,111
Total accounts receivable	\$ 31,495,022	119,111

Accounts receivable, net of allowance for uncollectibles, in the governmental funds as of June 30, 2020 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds
Due from Commonwealth of Virginia	\$ 34,897,479	-	12,454,017	2,013,376
Due from Federal government	-	100,763	115,968	2,080,662
Property taxes receivable	58,802,784	-	-	-
Interest receivable	601,277	34,298	-	5,252
Other	18,715,026	13,497	-	2,868,889
Total accounts receivable	\$ 113,016,566	148,558	12,569,985	6,968,179

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(3) Continued

Property taxes receivable in the General Fund as of June 30, 2020 are as follows:

	Taxes Receivable	Allowance for Uncollectible Amounts	Net Taxes Receivable
Real property	\$ 11,308,777	179,341	11,129,436
Personal property	50,167,454	2,504,060	47,663,394
Public service corporations	9,954	-	9,954
Total property taxes receivable	\$ 61,486,185	2,683,401	58,802,784

The total allowance for uncollectible receivables in the General Fund is \$7,638,128, which includes a \$2,683,401 allowance for uncollectible taxes, a \$664,422 allowance for uncollectible emergency medical service fees, a \$559,218 allowance for uncollectible vehicle license fees, a \$2,348,791 allowance for uncollectible miscellaneous City invoices, a \$548,296 allowance for red light admin fees and a \$834,000 allowance for the Gateway at SoNo receivable. The allowance for uncollectible accounts in the other governmental funds consists of \$2,249,433 in uncollectible client fees from CIBH, \$1,367,009 in the Fee Supported Fund for red light cameras and other charges, and \$79,127 in miscellaneous uncollectible invoices for various other Special Revenue funds.

Accounts receivable, net of allowance for uncollectibles, in the proprietary funds as of June 30, 2020 are as follows:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Economic Development Authority	Internal Service Funds
Due from customers and others	\$ 12,509,737	563,831	10,201,039	-	133,963
Interest receivable	128,336	-	25,639	-	64,472
Total accounts receivable	\$ 12,638,073	563,831	10,226,678	-	198,435

Accounts payable, deposits and accrued expenses for the Primary Government in the Statement of Net Position as of June 30, 2020 are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 13,924,444	5,365,075
Deposits	3,481,173	1,076,112
Accrued expenses, excluding interest	7,589,971	422,360
Accrued interest payable	5,500,374	7,595,608
Other liabilities	898,960	1,097,148
Construction projects payable	5,468,592	6,141,098
Due to Commonwealth of Virginia	19,317,211	-
Total accounts payable, deposits and accrued expenses	\$ 56,180,725	\$ 21,697,401

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(3) Continued

Accounts payable, deposits and accrued expenses for the discretely presented component units in the Statement of Net Position as of June 30, 2020 are as follows:

	Public Schools	Other
Accounts payable	\$ 6,111,786	116,910
Deposits	-	29,279
Accrued expenses	45,078,792	112,316
Claims payable	5,762,649	-
Total accounts payable, deposits and accrued expenses	\$ 56,953,227	258,505

Accounts payable, deposits and accrued expenditures in the governmental funds as of June 30, 2020 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds
Accounts payable and deposits	\$ 11,133,443	1,980	-	3,206,543
Accrued expenditures, excluding interest	6,440,975	-	-	964,040
Other liabilities	889,631	-	5,147	3,897
Construction projects payable	-	-	5,468,592	-
Due to Commonwealth of Virginia	131,837	-	-	19,185,374
Total accounts payable, deposits and accrued expenditures	\$ 18,595,886	1,980	5,473,739	23,359,854

Accounts payable, deposits and accrued expenses in the proprietary funds as of June 30, 2020 are as follows:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Economic Development Authority	Internal Service Funds
Accounts payable and deposits	\$ 5,537,420	601,499	291,405	10,863	3,063,651
Accrued expenses, excluding interest	277,309	36,720	108,331	-	184,956
Accrued interest payable	1,112,484	6,462,142	-	20,982	-
Other liabilities	1,096,100	1,048	-	-	285
Construction projects payable	5,350,709	-	790,389	-	-
Total accounts payable, deposits and accrued expenses	\$ 13,374,022	7,101,409	1,190,125	31,845	3,248,892

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(4) Capital Assets

Capital asset activities for the year ended June 30, 2020 are as follows:

**Primary Government
Governmental activities:**

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 65,632,314	4,210,703	(176,995)	69,666,022
Land - School	3,016,081	-	-	3,016,081
Intangibles	353,129,328	9,296,519	-	362,425,847
Construction in progress	98,837,699	56,223,370	(63,504,581)	91,556,488
Construction in progress - ISF	3,507,439	46,390	(319,900)	3,233,929
Total capital assets, not being depreciated	524,122,861	69,776,982	(64,001,476)	529,898,367
Capital assets, being depreciated:				
Buildings	271,784,104	155,540	-	271,939,644
Buildings - ISF	648,167	-	-	648,167
Buildings - School	397,913,611	-	-	397,913,611
Improvements other than buildings	59,375,352	4,111,011	(6,895)	63,479,468
Improvements other than buildings - ISF	4,582,725	-	-	4,582,725
Software, equipment and vehicles	66,626,407	8,332,830	(5,592,397)	69,366,840
Software, equipment and vehicles - ISF	132,033,141	14,872,177	(4,240,503)	142,664,815
Infrastructure	1,220,229,061	35,107,071	-	1,255,336,132
Infrastructure - ISF	77,584	-	-	77,584
Total capital assets being depreciated	2,153,270,152	62,578,629	(9,839,795)	2,206,008,986
Less accumulated depreciation for:				
Buildings	(114,266,351)	(7,324,235)	-	(121,590,586)
Buildings - ISF	(294,656)	(17,375)	-	(312,031)
Buildings - School	(191,698,398)	(7,405,217)	-	(199,103,615)
Improvements other than buildings	(23,910,477)	(3,269,885)	6,895	(27,173,467)
Improvements other than buildings - ISF	(3,564,123)	(209,871)	-	(3,773,994)
Software, equipment and vehicles	(40,439,232)	(6,439,510)	858,177	(46,020,565)
Software, equipment and vehicles - ISF	(86,142,298)	(10,377,326)	3,942,352	(92,577,272)
Infrastructure	(981,487,709)	(21,845,987)	-	(1,003,333,696)
Infrastructure - ISF	(39,966)	(5,153)	-	(45,119)
Total accumulated depreciation	(1,441,843,210)	(56,894,559)	4,807,424	(1,493,930,345)
Total capital assets being depreciated, net	711,426,942	5,684,070	(5,032,371)	712,078,641
Capital assets, net	\$ 1,235,549,803	75,461,052	(69,033,847)	1,241,977,008

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(4) Continued

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

General Government Capital Assets, net	\$	1,187,478,204
Internal Service Fund Capital Assets, net		54,498,804
Total	\$	1,241,977,008

Depreciation expense for governmental activities was charged to functions of the Primary Government for the year ended June 30, 2020 as follows:

General government	\$	13,099,624
Public safety		1,627,903
Public works		1,654,560
Parks and recreation		474,064
Public welfare		171,745
Education		7,405,217
Net unallocated portion (depreciation of general infrastructure assets)		21,845,987
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		10,285,746
Total depreciation expense, governmental activities	\$	56,564,846

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

Function	Project Authorization	Expended to June 30, 2020	Committed
General government	\$ 122,663,691	49,616,884	7,792,915
Public safety	42,432,068	21,296,903	6,326,710
Public works	100,946,530	19,732,133	4,920,694
Parks and recreation	9,566,834	2,516,279	826,549
Public welfare	5,465,473	1,628,218	1,251,314
Education	221	-	-
Total	\$ 281,074,817	94,790,417	21,118,182

The construction in progress consists of \$90,426,679 from capital projects, \$12,692 from grants, \$1,117,117 from operating funds and \$3,233,929 from internal service funds.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

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

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 96,104,153	215,091	-	96,319,244
Intangibles	18,626,133	113,613	-	18,739,746
Construction in progress	56,926,619	26,358,818	(14,169,783)	69,115,654
Total capital assets, not being depreciated	171,656,905	26,687,522	(14,169,783)	184,174,644
Capital assets, being depreciated:				
Buildings	6,619,211	220,659	-	6,839,870
Improvements other than buildings	4,112,949	583,371	-	4,696,320
Software, equipment and vehicles	35,516,632	4,385,144	(1,701,375)	38,200,401
Infrastructure	1,050,471,048	18,421,908	(134,745)	1,068,758,211
Total capital assets, being depreciated	1,096,719,840	23,611,082	(1,836,120)	1,118,494,802
Less accumulated depreciation for:				
Buildings	(2,662,333)	(189,667)	-	(2,852,000)
Improvements other than buildings	(1,426,131)	(115,749)	-	(1,541,880)
Software, equipment and vehicles	(21,272,562)	(2,816,988)	197,232	(23,892,318)
Infrastructure	(367,851,255)	(29,357,469)	134,745	(397,073,979)
Total accumulated depreciation	(393,212,281)	(32,479,873)	331,977	(425,360,177)
Total capital assets being depreciated, net	703,507,559	(8,868,791)	(1,504,143)	693,134,625
Capital assets, net	\$ 875,164,464	17,818,731	(15,673,926)	877,309,269

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

Public Utilities Fund	\$ 15,072,278
Chesapeake Transportation System	16,113,862
Stormwater Management Fund	1,293,733
Total depreciation expense, business-type activities	\$ 32,479,873

Depreciation and amortization expense for business-type activities of \$31,678,722 includes unallocated portion of depreciation expense noted above of \$32,479,873 net of amortization of deferred bond premiums and refunding costs of \$801,151.

The estimated cost to complete the construction in progress of the business-type activities amounted to approximately \$139.1 million at June 30, 2020.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

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

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 11,013,494	-	-	11,013,494
Intangibles	2,896,624	24,000	-	2,920,624
Construction in progress	44,281,892	20,894,701	(8,328,356)	56,848,237
Total capital assets, not being depreciated	58,192,010	20,918,701	(8,328,356)	70,782,355
Capital assets, being depreciated:				
Buildings	877,985	220,659	-	1,098,644
Improvements other than buildings	4,002,133	194,681	-	4,196,814
Software, equipment and vehicles	23,869,544	1,915,146	(844,098)	24,940,592
Infrastructure	647,280,730	15,736,120	(134,745)	662,882,105
Total capital assets, being depreciated	676,030,392	18,066,606	(978,843)	693,118,155
Less accumulated depreciation for:				
Buildings	(135,867)	(37,664)	-	(173,531)
Improvements other than buildings	(1,396,087)	(99,569)	-	(1,495,656)
Software, equipment and vehicles	(13,441,213)	(1,757,065)	164,232	(15,034,046)
Infrastructure	(260,310,560)	(13,177,980)	134,745	(273,353,795)
Total accumulated depreciation	(275,283,727)	(15,072,278)	298,977	(290,057,028)
Total capital assets being depreciated, net	400,746,665	2,994,328	(679,866)	403,061,127
Capital assets, net	\$ 458,938,675	23,913,029	(9,008,222)	473,843,482

The construction in progress consists of \$50,875,782 from capital projects, \$5,505,126 from capitalized interest (prior to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 89) and \$467,329 from operating funds.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

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

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 84,667,793	-	-	84,667,793
Construction in progress	1,891,163	111,471	(2,002,634)	-
Total capital assets, not being depreciated	86,558,956	111,471	(2,002,634)	84,667,793
Capital assets, being depreciated:				
Buildings	5,389,295	-	-	5,389,295
Improvements other than buildings	50,583	388,690	-	439,273
Software, equipment and vehicles	11,403,515	1,613,944	(33,000)	12,984,459
Infrastructure	361,587,165	-	-	361,587,165
Total capital assets, being depreciated	378,430,558	2,002,634	(33,000)	380,400,192
Less accumulated depreciation for:				
Buildings	(2,334,341)	(134,732)	-	(2,469,073)
Improvements other than buildings	(12,645)	(13,156)	-	(25,801)
Software, equipment and vehicles	(7,610,325)	(1,050,727)	33,000	(8,628,052)
Infrastructure	(97,494,778)	(14,915,247)	-	(112,410,025)
Total accumulated depreciation	(107,452,089)	(16,113,862)	33,000	(123,532,951)
Total capital assets being depreciated, net	270,978,469	(14,111,228)	-	256,867,241
Capital assets, net	\$ 357,537,425	(13,999,757)	(2,002,634)	341,535,034

(Continued)

Notes to Basic Financial Statements
June 30, 2020

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

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 422,866	215,091	-	637,957
Intangibles	1,624,862	89,613	-	1,714,475
Construction in progress	10,753,564	5,352,646	(3,838,793)	12,267,417
Total capital assets, not being depreciated	12,801,292	5,657,350	(3,838,793)	14,619,849
Capital assets, being depreciated:				
Buildings	351,931	-	-	351,931
Improvements other than buildings	60,233	-	-	60,233
Software, equipment and vehicles	243,573	856,054	(824,277)	275,350
Infrastructure	41,603,153	2,685,788	-	44,288,941
Total capital assets, being depreciated	42,258,890	3,541,842	(824,277)	44,976,455
Less accumulated depreciation for:				
Buildings	(192,125)	(17,271)	-	(209,396)
Improvements other than buildings	(17,399)	(3,024)	-	(20,423)
Software, equipment and vehicles	(221,024)	(9,196)	-	(230,220)
Infrastructure	(10,045,917)	(1,264,242)	-	(11,310,159)
Total accumulated depreciation	(10,476,465)	(1,293,733)	-	(11,770,198)
Total capital assets being depreciated, net	31,782,425	2,248,109	(824,277)	33,206,257
Capital assets, net	\$ 44,583,717	7,905,459	(4,663,070)	47,826,106

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(4) Continued

Blended component unit - Economic Development Authority:

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020
Capital assets, not being depreciated:				
Intangibles	\$ 14,104,647	-	-	14,104,647
Total capital assets, not being depreciated	14,104,647	-	-	14,104,647
Capital assets, net	\$ 14,104,647	-	-	14,104,647

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

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

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020
Capital assets, not being depreciated:				
Land and land improvements	\$ 17,726,428	578,182	-	18,304,610
Construction in progress	42,586,196	19,506,824	(41,924,870)	20,168,150
Total capital assets, not being depreciated	60,312,624	20,085,006	(41,924,870)	38,472,760
Capital assets, being depreciated:				
Buildings	231,425,431	41,346,688	-	272,772,119
Improvements other than buildings	5,604,230	-	-	5,604,230
Furniture and equipment	75,828,345	6,002,955	(3,878,435)	77,952,865
Textbooks	3,494,339	3,458,198	(1,342,079)	5,610,458
Total capital assets, being depreciated	316,352,345	50,807,841	(5,220,514)	361,939,672
Less accumulated depreciation for:				
Buildings	(36,987,642)	(4,604,442)	-	(41,592,084)
Building improvements	(4,501,298)	(158,528)	-	(4,659,826)
Furniture and equipment	(48,736,907)	(4,951,566)	3,854,425	(49,834,048)
Textbooks	(1,639,504)	(698,868)	1,342,079	(996,293)
Total accumulated depreciation	(91,865,351)	(10,413,404)	5,196,504	(97,082,251)
Total capital assets being depreciated, net	224,486,994	40,394,437	(24,010)	264,857,421
Capital assets, net	\$ 284,799,618	60,479,443	(41,948,880)	303,330,181

Depreciation expense was charged to governmental functions for the year ended June 30, 2020 as follows:

Instruction	\$ 6,005,360
Administration	24,749
Attendance and health services	1,290
Pupil transportation	3,036,221
Operations and maintenance	150,961
School technology services	1,151,060
Food services	43,763
Total depreciation expense, governmental activities	\$ 10,413,404

At June 30, 2020, the Schools had contractual commitments of approximately \$8.2 million for work remaining to be performed under capital projects.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(5) Deferred Outflows and Inflows of Resources

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

Deferred outflows of resources for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission, in the Statement of Net Position as of June 30, 2020 are as follows:

	Governmental Activities	Business-type Activities	Other	Total
Pension	\$ 21,568,989	1,932,010	242,614	23,743,613
Pension - experience	4,367,710	391,231	49,129	4,808,070
Pension - change in assumptions	19,616,859	1,757,150	220,656	21,594,665
OPEB	1,911,415	95,097	11,942	2,018,454
OPEB - investment experience	416,185	37,280	4,681	458,146
OPEB - experience	14,966,760	1,035,417	130,024	16,132,201
OPEB - change in proportion	1,554,327	18,288	2,297	1,574,912
OPEB - change in assumptions	1,900,465	71,706	9,004	1,981,175
Unamortized deferred loss on refundings	2,073,668	1,855,794	-	3,929,462
Total deferred outflows of resources	\$ 68,376,378	7,193,973	670,347	76,240,698

Deferred outflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2020 are as follows:

	Public Schools
Pension - contributions subsequent to measurement date	\$ 40,418,368
Pension - change in proportion	2,119,331
Pension - change in assumptions	39,381,466
OPEB - contributions subsequent to measurement date	9,736,242
OPEB - investment experience	69,777
OPEB - experience	1,462,162
OPEB - change in proportion	172,135
OPEB - change in assumptions	9,924,991
Total deferred outflows of resources	\$ 103,284,472

Deferred outflows of resources in the proprietary funds as of June 30, 2020 are comprised of the following:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Internal Service Funds
Pension	\$ 1,253,752	170,400	507,858	942,240
Pension - experience	253,884	34,506	102,841	190,803
Pension - change in assumptions	1,140,278	154,978	461,894	856,961
OPEB	61,711	8,388	24,998	46,379
OPEB - investment experience	24,193	3,288	9,799	18,181
OPEB - experience	671,919	91,322	272,176	504,972
OPEB - change in proportion	11,868	1,613	4,807	8,919
OPEB - change in assumptions	46,533	6,324	18,849	34,971
Unamortized deferred loss on refundings	1,820,328	35,466	-	-
Total deferred outflows of resources	\$ 5,284,466	506,285	1,403,222	2,603,426

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(5) Continued

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

Deferred inflows of resources for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission, in the Statement of Net Position as of June 30, 2020 are as follows:

	Governmental Activities	Business-type Activities	Other	Total
Pension - investment experience	\$ 6,529,832	584,900	73,449	7,188,181
Pension - experience	2,463,063	220,625	27,705	2,711,393
OPEB - investment experience	305,104	23,172	2,910	331,186
OPEB - experience	169,150	15,151	1,903	186,204
OPEB - change in proportion	1,439	129	16	1,584
OPEB - change in assumptions	7,266,946	468,896	58,882	7,794,724
Unamortized deferred gain on refundings	230,980	-	-	230,980
Stormwater management fees	-	8,086,255	-	8,086,255
Total deferred inflows of resources	\$ 16,966,514	9,399,128	164,865	26,530,507

Deferred inflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2020 are as follows:

	Public Schools
Pension - investment experience	\$ 9,091,729
Pension - experience	24,433,372
Pension - change in proportion	4,536,964
Pension - change in assumptions	88,465
OPEB - investment experience	555,134
OPEB - experience	4,386,396
OPEB - change in proportion	375,404
OPEB - change in assumptions	9,112,515
Total deferred inflows of resources	\$ 52,579,979

Notes to Basic Financial Statements
June 30, 2020

(5) Continued

Deferred inflows of resources in the governmental funds as of June 30, 2020 are comprised of the following:

	General Fund
Taxes receivable	\$ 46,044,715
Personal Property Tax Relief Act	3,209,133
EMS fees receivable	3,492,322
Solid waste fees receivable	1,715
Advance to CTS (note 8)	6,873,073
Total deferred inflows of resources	\$ 59,620,958

Deferred inflows of resources in the proprietary funds as of June 30, 2020 are comprised of the following:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Internal Service Funds
Pension - investment experience	\$ 379,563	51,587	153,750	285,255
Pension - experience	143,172	19,459	57,994	107,599
OPEB - investment experience	15,037	2,044	6,091	11,301
OPEB - experience	9,832	1,336	3,983	7,389
OPEB - change in proportion	84	11	34	63
OPEB - change in assumptions	304,283	41,356	123,257	228,680
Stormwater management fees	-	-	8,086,255	-
Total deferred inflows of resources	\$ 851,971	115,793	8,431,364	640,287

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Long-Term Obligations

A summary of changes in long-term obligations for governmental activities for the year ended June 30, 2020 follows:

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Due Within One Year
Bonds and loans payable:					
General obligation bonds	\$ 262,903,854	88,740,000	(64,066,943)	287,576,911	26,332,935
Literary loans - direct borrowing	199,533	-	(199,533)	-	-
Installment Purchase Agreement - direct placement	1,342,284	-	-	1,342,284	-
	264,445,671	88,740,000	(64,266,476)	288,919,195	26,332,935
Deferred amounts:					
Plus bond premiums	15,322,297	19,595,683	(2,293,050)	32,624,930	4,197,603
Total bonds and loans payable	279,767,968	108,335,683	(66,559,526)	321,544,125	30,530,538
Other long-term obligations:					
Supplemental payments agreement (SPA)	5,415,000	-	(1,720,000)	3,695,000	1,800,000
	5,415,000	-	(1,720,000)	3,695,000	1,800,000
Arbitrage rebate and yield restriction	277	-	-	277	-
Liability for self-insurance losses	32,281,887	43,583,441	(43,542,117)	32,323,211	9,882,501
Compensated absences	21,580,334	16,311,459	(16,087,111)	21,804,682	9,120,816
Subtotal before Pension and OPEB Liabilities	339,045,466	168,230,583	(127,908,754)	379,367,295	51,333,855
Net pension liability	118,188,478	66,341,639	(34,798,227)	149,731,890	-
Net OPEB liability - VRS directed	31,156,349	13,848,805	(8,766,265)	36,238,889	611,072
Net OPEB liability - City directed	-	17,386,586	(13,429,354)	3,957,232	-
Total long-term obligations	\$ 488,390,293	265,807,613	(184,902,600)	569,295,306	51,944,927

Compensated absences, net pension liabilities and net OPEB liabilities associated with governmental activities were liquidated primarily using the General Fund.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

A summary of changes in long-term obligations for business-type activities for the year ended June 30, 2020 follows:

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Due Within One Year
Public Utilities:					
Bonds payable:					
General obligation bonds	\$ 60,955,000	32,250,000	(35,630,000)	57,575,000	5,895,000
Revenue bonds	29,950,000	-	(910,000)	29,040,000	935,000
	90,905,000	32,250,000	(36,540,000)	86,615,000	6,830,000
Deferred amounts:					
Plus bond premiums	4,906,260	-	(2,866,089)	2,040,171	723,491
Total bonds payable	95,811,260	32,250,000	(39,406,089)	88,655,171	7,553,491
Compensated absences	972,856	748,448	(695,628)	1,025,676	440,498
Subtotal before Pension and OPEB liabilities	96,784,116	32,998,448	(40,101,717)	89,680,847	7,993,989
Net pension liability	6,345,707	3,854,041	(2,021,802)	8,177,946	-
Net OPEB liability - VRS directed	681,001	208,693	(148,984)	740,710	-
Net OPEB liability - City directed	-	1,010,037	(780,013)	230,024	-
	103,810,824	38,071,219	(43,052,516)	98,829,527	7,993,989
Chesapeake Transportation System:					
Revenue Bonds Payable:					
Current Interest Bonds	107,445,000	-	(1,575,000)	105,870,000	2,435,000
Convertible CABs ¹	58,791,898	2,878,513	-	61,670,411	-
	166,236,898	2,878,513	(1,575,000)	167,540,411	2,435,000
VTIB Bonds - Direct Placement ^{2 4 5}	118,983,057	15,471,377	(5,361,083)	129,093,351	3,935,469
	285,219,955	18,349,890	(6,936,083)	296,633,762	6,370,469
Deferred Amounts:					
Plus bond premiums	5,820,985	-	(324,739)	5,496,246	310,968
Total bonds payable	291,040,940	18,349,890	(7,260,822)	302,130,008	6,681,437
Direct Placement and direct borrowings:					
VTIB bonds accrued interest payable ⁵	15,317,294	154,083	(15,471,377)	-	-
Due to Commonwealth of Virginia ³	68,875,605	931,451	-	69,807,056	-
	84,192,899	1,085,534	(15,471,377)	69,807,056	-
Compensated absences	121,158	114,357	(107,414)	128,101	56,273
Subtotal before Pension and OPEB Liabilities	375,354,997	19,549,781	(22,839,613)	372,065,165	6,737,710
Net pension liability	873,005	521,868	(273,976)	1,120,897	-
Net OPEB liability - VRS directed	91,195	28,175	(20,173)	99,197	-
Net OPEB liability - City directed	-	136,750	(105,487)	31,263	-
	376,319,197	20,236,574	(23,239,249)	373,316,522	6,737,710
Stormwater Management:					
Compensated absences	219,138	204,785	(154,969)	268,954	114,173
Net pension liability	2,438,727	1,558,637	(817,919)	3,179,445	-
Net OPEB liability - VRS directed	260,294	85,435	(60,184)	285,545	-
Net OPEB liability - City directed	-	409,769	(316,593)	93,176	-
	2,918,159	2,258,626	(1,349,665)	3,827,120	114,173
Economic Development Authority					
Revenue Bond Payable - Direct Placement	7,417,000	-	(704,000)	6,713,000	732,000
Loan payable	1,319,095	-	-	1,319,095	-
	8,736,095	-	(704,000)	8,032,095	732,000
Total long-term obligations	\$ 491,784,275	60,566,419	(68,345,430)	484,005,264	15,577,872

¹ The increase to the convertible Capital Appreciation Bonds (CABs) for 2020 is the accreted interest amount and is shown as such in the City's future debt service requirements for business-type activities.

² The Virginia Transportation Infrastructure Bonds (VTIB) have a subordinate bond lien.

³ The amount due to the Commonwealth of Virginia includes accrued interest of \$430,624 at June 30, 2020.

⁴ The current amount of \$3,935,469 reflects an unscheduled prepayment of \$3,835,469 from excess revenues.

⁵ The accrued interest on the VTIB Bonds was added to the principal when the first payment was due on July 15, 2019.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

A summary of changes in long-term obligations for the discretely presented component unit - Public Schools for the year ended June 30, 2020 follows:

	Balances at July 1, 2019	Increases	Decreases	Balances at June 30, 2020	Due Within One Year
Net pension liability	\$ 352,380,147	81,919,165	(39,951,088)	394,348,224	-
Net OPEB liability - Schools directed plans	155,778,151	12,769,110	(764,727)	167,782,534	-
Net OPEB liability - VRS directed plans	56,735,000	8,596,197	(6,276,503)	59,054,694	-
Compensated absences	40,568,027	24,321,045	(23,325,798)	41,563,274	1,629,166
Liability for self-insurance losses	3,138,559	707,705	(1,288,764)	2,557,500	-
Capital leases	15,334,603	4,144,463	(2,726,194)	16,752,872	2,689,137
Total long-term obligations	\$ 623,934,487	132,457,685	(74,333,074)	682,059,098	4,318,303

The *Code of Virginia*, Section 22, sets forth the powers and responsibilities of the local school boards. School boards in Virginia have no taxing authority, but they are authorized to borrow money from the Commonwealth and to sell local school bonds through the City to the Virginia Public School Authority (VPSA).

In February 2002, the Virginia General Assembly passed Senate Bill 276, which was subsequently signed by the Governor of Virginia, that provides that localities have a tenancy in common with the school board whenever a locality incurs a financial obligation for school property which is payable over more than one fiscal year. As a result, the City records on its Statement of Net Position certain school property that is purchased with City long-term obligations. However, the Schools are still tasked with all care, management and control over these properties.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

Outstanding bonds, literary loans and installment purchase agreement for governmental activities at June 30, 2020 are comprised of the following issues:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Governmental activities - General Obligation bonds					
2000A School bonds	5.60%	\$ 640,000	640,000	-	.00% - 2.00%
2001A School bonds	5.10%	1,035,000	1,035,000	-	.00% - 2.00%
2001B School bonds	3.10 - 5.10%	196,911	-	196,911	-
2002A School bonds	5.10%	1,185,000	1,185,000	-	-
2003A School bonds	4.10 - 5.10%	650,000	650,000	-	-
2005A School bonds	4.10 - 5.10%	7,880,000	7,880,000	-	.00% - 1.00%
2005B School bonds	4.60 - 5.10%	3,895,000	3,895,000	-	.00% - 1.00%
2006A School bonds	4.48 - 5.10%	8,120,000	8,120,000	-	.00% - 1.00%
2006B School bonds	4.35 - 4.60%	8,060,000	8,060,000	-	.00% - 1.00%
2007A School bonds	4.10 - 5.10%	5,460,000	5,460,000	-	.00% - 1.00%
2007B School bonds	4.35 - 5.10%	4,965,000	4,965,000	-	.00% - 1.00%
2009A School bonds	4.05 - 5.05%	21,130,000	21,130,000	-	.00% - 1.00%
2010A Tax Increment Financing, RZED	4.61 - 6.07%	1,445,000	1,445,000	-	-
2010A School bonds	3.05 - 5.05%	8,015,000	7,445,000	570,000	.00% - 1.00%
2010B-2 Tax Increment Financing bonds	3.41 - 5.36%	335,000	335,000	-	-
2010C-2 Tax Increment Financing bonds	3.41 - 5.36%	3,915,000	3,915,000	-	-
2011A Public Improvement Refunding bonds	3.00 - 4.00%	3,120,000	-	3,120,000	-
2011A School bonds	3.30 - 4.05%	6,535,000	5,675,000	860,000	.00% - 1.00%
2011B School bonds (QSCB)	2.00 - 4.00%	2,915,000	-	2,915,000	-
2012A Public Improvement Refunding bonds	2.00 - 4.00%	4,655,000	1,960,000	2,695,000	-
2012D Public Improvement Refunding bonds	3.00 - 5.00%	6,385,000	3,375,000	3,010,000	-
2013A School bonds	3.05 - 5.05%	14,460,000	11,235,000	3,225,000	.00% - 1.00%
2013B School bonds	4.05 - 5.05%	3,820,000	-	3,820,000	-
2014A Public Improvement Refunding bonds	2.00 - 3.38%	2,475,000	1,565,000	910,000	-
2016A Issue (VPSA)	2.05 - 5.05%	3,890,000	2,280,000	1,610,000	.50% - 1.00%
2016B Issue (VPSA)	5.05%	5,310,000	-	5,310,000	-
2017A Public Improvement Refunding bonds	3.00 - 5.00%	4,755,000	635,000	4,120,000	-
2017A Public Improvement bonds (5 Yr. New Money)	3.00 - 5.00%	1,560,000	-	1,560,000	-
2017A Public Improvement bonds (20 Yr. New Money)	4.00 - 5.00%	56,850,000	30,090,000	26,760,000	-
2017B Tax Increment Financing bonds	3.00 - 5.00%	5,180,000	3,120,000	2,060,000	-
2019B School bonds (10 Yr. New Money)	2.80 - 5.05%	4,685,000	-	4,685,000	-
2019B-1 Schools bonds (20 Yr. New Money)	5.05%	19,835,000	-	19,835,000	-
2020A Public Improvement bonds (20 Yr. New Money)	5.00%	30,005,000	16,505,000	13,500,000	-
2020A Public Improvement Refunding bonds	5.00%	24,580,000	-	24,580,000	-
2020B Tax Increment Financing Refunding bonds	5.00%	6,335,000	-	6,335,000	-
2020B-2 Tax Increment Financing Refunding bonds	5.00%	3,300,000	-	3,300,000	-
		287,576,911	152,600,000	134,976,911	
Add unamortized bond premiums		32,624,930	n/a	n/a	n/a
Total general obligation bonds, governmental activities		\$ 320,201,841	152,600,000	134,976,911	
Governmental activities - direct placement					
Installment purchase agreement	4.80%	\$ 1,342,284	-	1,342,284	-
Total Installment purchase agreement		\$ 1,342,284	-	1,342,284	-

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

Outstanding bonds for business-type activities at June 30, 2020 are comprised of the following issues:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Business-type activities					
Public Utilities - General Obligation bonds					
2011B Water and Sewer Refunding bonds	3.00 - 5.00%	\$ 1,785,000	-	1,785,000	-
2014B Water and Sewer Refunding bonds	2.70%	3,535,000	3,535,000	-	-
2017C Water and Sewer Refunding bonds	4.00 - 5.00%	20,005,000	-	20,005,000	-
2020C Water and Sewer Refunding bonds	1.43 - 2.12%	32,250,000	32,250,000	-	-
Total Public Utilities - General Obligation bonds		57,575,000	35,785,000	21,790,000	-
Public Utilities - Revenue bonds					
2010B Water and Sewer Revenue bonds	4.89 - 6.28%	29,040,000	28,105,000	935,000	-
Total Public Utilities - Revenue bonds		29,040,000	28,105,000	935,000	-
Add unamortized bond premiums		2,040,171	n/a	n/a	n/a
Total Public Utilities bonds		88,655,171	63,890,000	22,725,000	-
Chesapeake Transportation System (CTS) -					
Revenue bonds:					
2012A - Refunding	3.00 - 5.00%	13,445,000	3,580,000	9,865,000	-
2012A - New Money	4.00 - 5.00%	92,425,000	92,425,000	-	-
2012B - Convertible CABS	4.75 - 4.88%	61,670,411	58,558,046	3,112,365	-
2012C - VTIB - Direct Placement	3.33%	129,093,351	129,093,351	-	-
Total CTS Toll Road Revenue bonds		296,633,762	283,656,397	12,977,365	-
Add unamortized bond premiums		5,496,246	n/a	n/a	n/a
Total CTS - Revenue bonds		302,130,008	283,656,397	12,977,365	-
Economic Development Authority (EDA) - Revenue Bond					
2018 Public Facility bond - Direct Placement	3.88%	6,713,000	6,713,000	-	-
Total EDA Public Facility bond		\$ 6,713,000	6,713,000		

The following table summarizes the City's future debt service requirements for general obligation bonds, revenue bonds, literary loans and installment purchase agreement for governmental activities:

Governmental Activities					
Direct Placement					
General Obligation Bonds					
Installment Purchase Agreement					
PrincipalInterestPrincipalInterest					
Year ending June 30:					
2021	\$	26,332,935	12,608,709	-	64,430
2022		26,158,976	11,671,885	-	64,430
2023		25,300,000	10,465,854	-	64,430
2024		24,730,000	9,300,786	-	64,430
2025		24,285,000	8,143,164	-	64,430
2026-2030		97,215,000	25,326,088	-	322,147
2031-2035		43,200,000	8,228,682	1,342,284	128,859
2036-2040		20,355,000	1,603,454	-	-
	\$	287,576,911	87,348,623	1,342,284	773,156

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

The following table summarizes the City's future debt service requirements for general obligation bonds and revenue bonds for business-type activities:

Business-type Activities									
Public Utilities		Chesapeake Transportation System				Economic Development Authority			
Bonds		Senior Revenue Bonds		Direct Placement VTIB Bonds ¹		Direct Placement Revenue Bond			
		Accreted Interest on Convertible							
Principal	Interest	Principal	CABS	Interest	Principal	Interest	Principal	Interest	
Year ending June 30:									
2021	\$ 6,830,000	3,217,359	2,435,000	-	5,062,100	3,935,469	4,167,758	732,000	260,464
2022	6,955,000	3,058,014	3,300,000	-	4,930,900	103,330	4,164,317	760,000	232,062
2023	7,170,000	2,825,418	4,130,000	-	4,745,150	106,771	4,160,761	790,000	202,574
2024	7,510,000	2,560,231	4,975,000	-	6,242,656	110,326	4,157,087	820,000	171,922
2025	7,710,000	2,260,682	2,185,000	-	7,799,713	114,000	4,153,291	852,000	140,107
2026-2030	23,570,000	8,147,327	12,088,102	2,991,898	37,324,031	643,488	20,704,473	2,759,000	216,814
2031-2035	16,020,000	4,815,764	14,715,988	9,704,012	32,595,653	6,064,271	20,191,465	-	-
2036-2040	8,850,000	2,062,743	19,089,519	12,820,481	25,757,375	15,460,389	18,280,310	-	-
2041-2045	2,000,000	62,830	39,043,911	2,971,089	17,126,253	31,796,864	14,246,111	-	-
2046-2050	-	-	46,740,000	-	4,219,750	50,431,291	6,963,433	-	-
2051-2055	-	-	-	-	-	20,327,152	232,705	-	-
	86,615,000	29,010,368	148,702,520	28,487,480	145,803,581	129,093,351	101,421,711	6,713,000	1,223,943
Accreted interest on CABS through June 30, 2020									
	-		18,837,891			-		-	
Principal outstanding as of June 30, 2020									
\$ 86,615,000		167,540,411			129,093,351		6,713,000		

¹ The future debt service requirements for the Chesapeake Transportation System incorporates the revised Minimum Payment Schedule for VTIB. FY2020 includes a prepayment of \$3,935,469 from excess revenues.

Additional detail on the City's long-term liabilities, specific debt issuances and other debt related items are as follows:

- In March 2020, the City issued \$54.6 million of general obligation public improvement and refunding bonds with a true interest cost of 1.52% and an original issue premium of \$14.0 million. Proceeds of the new money borrowing portion were deposited in the City Capital Project Fund and the proceeds of the refunding portion were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, Series 2010A2 and Series 2008B, which are considered to be defeased and the liabilities have been removed from the Statement of Net Position. On June 30, 2020, none of the defeased bonds remain outstanding.
- In March 2020, the City issued \$9.6 million of general obligation TIF bonds with a true interest cost of 0.86% and an original issue premium of \$2.0 million. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, Series 2010B2, which are considered to be defeased and the liabilities have been removed from the Statement of Net Position. On June 30, 2020, \$335,000 of the defeased bonds remain outstanding.
- In March 2020, the City issued \$32.3 million of general obligation taxable water and sewer refunding bonds with a true interest cost of 1.92%. The bonds were issued to advance refund the remaining outstanding general obligation water and sewer bonds, Series 2011B & Series 2012B. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, which are considered to be defeased and the liabilities have been removed from the

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

business-type activities column of Statement of Net Position and from the Statement of Net Position of the Public Utilities Fund. On June 30, 2020, \$1.8 million of the defeased bonds remain outstanding from the Series 2012B.

- (d) In October 2019, the City sold \$4,685,000 of general obligation school bonds to the Virginia Public School Authority (VPSA) at a true interest cost of 1.5600% and a premium of \$833,262. The bonds were issued to finance non-routine school renewal and replacement projects. The City also sold \$19,835,000 of general obligation school bonds to VPSA at a true interest cost of 2.3533% and a premium of \$2,733,203. The bonds were issued to fund modernization and expansion projects for several schools.
- (e) In March 2017, the City issued \$75.97 million of general obligation public improvement and refunding bonds with a true interest cost of 2.96% and an original issue premium of \$10.06 million. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, which are considered to be defeased and the liabilities have been removed from the Statement of Net Position. On June 30, 2020, none of the defeased bonds remain outstanding.
- (f) In July 2018, the EDA issued an \$8.1 million taxable public facility revenue bond that was privately-placed with a local banking institution. The bond had a true interest cost of 4.15% and matures on June 1, 2028. The net bond proceeds after closing costs were, in conjunction with approximately \$6 million funded by the Greenbrier TIF, used to acquire by restrictive covenant a possessory interest in 1,000 public parking spaces in the Parking Garage adjacent to the Dollar Tree Headquarters.

As part of this transaction, the City has entered into a Cooperation Agreement dated December 20, 2016, with subsequent amendments, where the City has agreed, subject to appropriation by City Council, to fund the required annual debt service payments and other costs incurred by the EDA under the Development Agreement and amendments thereto. Payments made by the City are not secured by a pledge of the City's full faith and credit and do not constitute a general obligation of the City.

- (g) In March 2017, the City issued \$20.01 million of general obligation tax-exempt water and sewer refunding bonds with a true interest cost of 2.199% and a net original issue premium of \$3,166,928. The bonds were issued to advance refund the remaining outstanding general obligation water and sewer refunding bonds, Series 2010D. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds which are considered defeased and the liabilities have been removed from the business-type activities column of the Statement of Net Position and from the Statement of Net Position of the Public Utilities Fund. On June 30, 2020 \$20.63 million of the defeased bonds remain outstanding.
- (h) In November 2012, the City issued \$150,722,520 of Chesapeake Transportation System Senior Toll Road Revenue Bonds. The bonds were issued in part to finance a portion of the construction costs of the Dominion Boulevard project improvements. Additionally, a portion of the bonds refunded the 1999 Chesapeake Expressway Toll Road Revenue bonds for the purpose of being incorporated into the Chesapeake Transportation System Plan of Finance and Indenture of Trust. The issuance included \$42,832,520 of Convertible Capital Appreciation Bonds (CABS) that will have accreted interest of \$28,487,480 comprised of \$8,378,891 on the 2032 maturity at 4.750% and \$20,108,589 on the 2040 maturity at 4.875%, for a total value at conversion and maturity of \$71,320,000. Interest on the CABS is compounded semi-annually and added to the value of the bonds until the conversion date of July 15, 2023 at which time the interest will be payable semi-annually. The accreted interest on the CABS through June 30, 2020 is \$18,837,891.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

In November 2012, a Bond Purchase and Loan Agreement was made between the Virginia Transportation Infrastructure Bank (VTIB), acting through its Manager, Virginia Resources Authority and the City. VTIB agreed to lend the City an amount not to exceed \$151,893,495 as evidenced by the purchase of the Chesapeake Transportation System Subordinate Toll Road Revenue Bond, Series 2012C. The VTIB Bond is subordinate to the 2012A and 2012B senior bonds and repayment will begin on July 15, 2019. Final completion of the Dominion Boulevard Project was certified complete as defined in the Master Indenture on June 1, 2018 and the total draws on the loan amounted to \$119,700,130. The minimum principal and interest payments schedule that was established at the time of issuance has been revised to reflect the actual aggregate amount of advances, accrued interest through the first payment date to be added to the advances and any prepayments. In FY2020, the total accrued interest as of June 30, 2019 of \$15,471,377 was added to the balance of the loan and per the Bond Purchase and Loan agreement, \$3,835,469 of revenues remaining after the requirements were met for operations, debt service, all associated reserves, and renewal and replacement was used to prepay toward the outstanding principal amount of the VTIB bond. The total liability for the loan as of June 30, 2020 was \$129,093,352.

In November 2012, an amended and restated "City-State Agreement" between the City and the Commonwealth of Virginia, Department of Transportation (VDOT) was executed. No repayments with respect to the 1999 Toll Facilities Revolving Account (TFRA) Payments, the Urban Allocation Payments or the City contribution shall be made until the VTIB loan has been paid in full. The 1999 TFRA payment and the City contribution shall accrue interest at a rate of 3% per year, compounded semi-annually on each interest payment date. The Urban Allocation payments to be replenished as provided in the 2012 Indenture shall not accrue interest. State contributions to be repaid as of June 30, 2020 are \$69,807,056 which is comprised of \$31,748,710 to TFRA and \$38,058,346 to Urban Allocation.

- (i) In addition to the full faith and credit of the City, the City has pledged certain incremental tax revenues derived from the Greenbrier District and the South Norfolk District to pay principal and interest on Tax Incremental Financing bonds. Additionally, under a Cooperation Agreement, the City makes payments funded by Greenbrier TIF and subject to appropriation to the EDA or their assignees in association with the EDA's 2018 Public Facility Revenue bond.

Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the Public Utilities System (the PU System), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and the services furnished by the PU System so as to produce revenues sufficient to meet its cash requirements and debt covenants detailed in its Agreement of Trust. Additionally, revenues from the PU System shall also be pledged on a subordinate lien basis for all general obligation bonds issued for the purpose of the PU System.

Chesapeake Transportation System Toll Road Revenue bonds and other obligations of CTS are payable solely from net toll revenues as defined in its Indenture.

- (j) On February 26, 2003, City Council adopted an ordinance establishing the Open Space and Agricultural Preservation Program (OSAP). The purpose of the program is to encourage and promote the conservation of open space and agricultural land to preserve the rural character of Chesapeake. In January 2007, the City entered into its initial Installment Purchase Agreement in the amount of \$1,342,284 for the acquisition of development rights through the purchase of preservation easements on land meeting the eligibility criteria. The agreement provides for the payment of the principal balance in a single installment due in 2032, with interest on the unpaid balance payable semi-annually until that

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

date. This obligation represents general obligation debt that will be repaid from maturing zero coupon Treasury securities.

- (k) In July 1997, the Commonwealth Transportation Board (CTB) issued \$33,075,000 of Commonwealth of Virginia transportation program revenue bonds. These bonds are not obligations of the City. However, at the time of issuance, the City entered into a Supplemental Payments Agreement (SPA) with the CTB to make annual payments equal to the debt service payments on the bonds. In May 2006, the CTB partially refunded the 1997 bonds in the amount of \$23,830,000. In January 2016, the CTB refunded the 2006 bonds maturing in the years 2017-2022 in the amount of \$11,300,000. The SPA was adjusted accordingly to reflect a total debt service savings of \$1,586,875 and an economic gain of \$1,451,250. The SPA is being paid from recordation tax revenues of the City which have been set aside for such purpose in the Transportation Improvement Program Set-Aside Fund for the account of the City. The SPA states that if the City's portion of State recordation taxes dedicated by the City Council to pay the debt service for the project is not sufficient to cover the projected annual debt service on the bonds, the City will allocate, on an annual basis, subject to appropriation, certain local revenues to pay an amount equal to the annual debt service on the bonds, less the City's share of State recordation taxes already dedicated to the Set-Aside Fund. Payments on the SPA are not secured by a pledge of the City's full faith and credit. The City made a \$1,720,000 principal payment from the Transportation Improvement Program Set-Aside Fund on the SPA during the current year.

The following table summarizes the City's debt service requirements for the SPA as of June 30, 2020.

Fiscal year ending June 30:	Principal	Interest
2021	\$ 1,800,000	184,750
2022	1,895,000	94,750
Total payments	\$ 3,695,000	279,500

- (l) Section 148 of the Internal Revenue Code of 1986 requires public entities to refund interest earned in excess of interest paid over the first five years outstanding on tax exempt borrowings. The regulations are applicable to borrowings incurred subsequent to August 1986. The City has calculated the rebate due as if June 30, 2020 was the settlement date and reflected the liability, if any, in either the Public Utilities Fund, Chesapeake Transportation System Fund or the governmental activities column of the Statement of Net Position, depending on the bond issue and timing of payment. The fund balance in the Debt Service Fund, where interest earnings are accumulated for all applicable obligations, has been reserved in an amount equal to the liability in the Statement of Net Position.
- (m) The future payments by year of accumulated vacation, sick pay, paid time off and accrued overtime leave, arbitrage, net pension liability, net OPEB liability and liability for self-insurance losses are not determinable. However, amounts due within one year for each of these liabilities have been estimated with the exception of the net pension liability and the net OPEB liability, which cannot be estimated. The portion of net OPEB liability - VRS Directed reported as due within one year represents the City's proportionate share of the OPEB Line of Duty Act Program fiduciary net position at June 30, 2020 that is less than the projected fiscal year 2020 benefit expense. The accumulated vacation, sick pay, paid time off and accrued overtime leave liability is generally liquidated by the department for which the employee works for the General Fund, Public Utilities, Chesapeake Transportation System and Stormwater Management. The arbitrage liability for governmental activities is generally liquidated by the Debt Service Fund. The net pension liability and net OPEB liability are liquidated by the correlating

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

funds in respect to the departmental costs and are reflected, based on allocation, on Internal Service Fund, Enterprise Fund and Entity-Wide Fund statements. The liability for self-insurance losses is liquidated by the Self-Insurance Fund and the Self-Funded Health Fund.

- (n) Under a City charter amendment approved by the General Assembly of Virginia during 1994, City Council may authorize issuance of bonds or notes in any calendar year in an amount not to exceed \$4,500,000 plus the amount of all bonds and notes retired in the prior calendar year, provided that the amount of such bonds or notes together with existing indebtedness of the City does not exceed 8% of the assessed valuation of real estate in the City subject to taxation, as shown by the last preceding assessment for taxes. The charter bond authorization for the calendar year ended December 31, 2019 was \$34,990,000. Any bonds or notes in excess of this amount must either be intended to refund other debt or be supported by a referendum, except as noted in Chapter 6, Section .05 of the City Code. Contractual obligations, other than bonds and notes, are excluded from the City's annual borrowing limit. The total charter bonds authorized but unissued are \$386,145,000 as of June 30, 2020.

- (o) Computation of Legal Debt Margin (per Constitution of Virginia)

Assessed valuation - real estate	\$	28,910,752,624
Legal debt limit - 10.0% of assessed valuation	\$	2,891,075,262
Amount of debt applicable to legal debt limit:		
General bonded debt	\$	672,167,957
Less:		
Self-supporting debt not chargeable to debt limit		349,213,762
Amounts available for debt service		12,513,671
		310,440,524
Legal debt margin available	\$	2,580,634,738
Percent of:		
Legal debt margin outstanding		10.7%
Legal debt margin available		89.3%
		100.0%
Summary of assessed valuation:		
Public service real estate	\$	1,034,319,724
Other city real estate		27,876,432,900
	\$	28,910,752,624

The City Council adopted affordability policies that further restrict the amount that can be borrowed including a ceiling of \$3,000 of overall net debt per capita and a threshold of 3.5% of overall net debt to assessed value of taxable real property. Effective July 1, 2015, the City Council amended the policies to include limiting the City's tax-supported debt service to 10.0% of budgeted general governmental revenues. For fiscal year 2020, management believes the City is in compliance with these policies.

- (p) Management believes the City is in compliance, in all material respects, with all significant financial covenants contained in the bond indentures.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(6) Continued

- (q) From time to time, the EDA has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the EDA, the City, the Commonwealth nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.
- (r) In November 2011, the Airport Authority (Airport) sold its \$1,220,000 revenue refunding bonds to the Virginia Resources Authority (VRA) as administrator of the Virginia Airports Revolving Fund. The purpose of the 2011 bonds was to refund the outstanding 1999 bonds to achieve debt service savings as well as restructuring the debt repayment by extending full maturity by five years. If the Airport shall fail to make a payment or to perform any act required by the Agreement, VRA may without notice cure the default and all amounts paid by VRA together with interest of 5% per annum shall be incurred by the Airport. As part of this transaction, the City Council approved a new support agreement for the 2011 bonds, which pledges the City's moral obligation with respect to the debt service reserve in substitution for the 1999 Agreement. At June 30, 2020, \$530,000 of the bonds remain outstanding, all of which are callable.
- (s) On May 13, 1986, the City Council approved an advance to the EDA in a maximum amount of \$1,500,000. At June 30, 2020, \$1,319,095 is outstanding in the General Fund. The City has recorded a valuation allowance of an equal amount because the timing and certainty of collection is unknown.
- (t) In event of default, the Water and Sewer Revenue Bonds (Bonds) are subject to an acceleration clause under the Indenture of Trust. The Trustee may, and if requested by the holders of 25% of the aggregate principal amount of Bonds outstanding, declare the entire unpaid principal and interest on the Bonds due and payable, but only from the revenues and other funds pledged for such purpose.
- (u) The City has no outstanding lines of credit as of the fiscal year ended June 30, 2020.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(7) Advances and On Behalf Of Payments

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

In September 2008, the City Council authorized the restructuring of two previous advances made to the Airport Authority with different repayment terms. The restructuring allowed both note terms to run simultaneously, with a 15-year repayment. The remaining balances of the two notes were cancelled and a new note for \$439,100 was executed. Semi-annual payments of \$13,500 began in fiscal year 2009 with a final balloon payment of \$47,600 on June 15, 2023. A committed classification of fund balance has been made in the General Fund for \$48,342 and in the Debt Service Fund for \$66,758 for the balance outstanding at June 30, 2020 of \$115,100.

The General Fund also budgeted and made payments of \$300,937 on behalf of the Airport Authority during fiscal year 2020. The City does not intend to collect these payments from the Airport Authority, as they were not part of a note or loan.

(8) Interfund Balances and Transfers

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

Interfund Balances

Individual fund interfund receivable and payable balances for the Primary Government at June 30, 2020 consist of the interfund balance due to the General Fund from the Special Revenue funds of \$115,103 which is due from Community Development. The total interfund balance is due within one year.

Chesapeake Transportation System

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

According to Section 4.2 (b) of the new 2012 Indenture, there shall be no repayment of the City contribution until the Virginia Transportation Infrastructure Bank (VTIB) loan has been repaid in full. The City contribution accrues interest at a rate of 3.0% per year, compounded semi-annually on each interest payment date. As of June 30, 2020, the amount currently outstanding on this loan is reported in the General Fund as Advances to other funds and totals \$6,873,073, which includes principal of \$6,779,850 and accrued interest of \$93,223.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(8) Continued

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

The City budgeted and made payments of \$1,991,614 on behalf of the EDA during fiscal year 2020. The City is not anticipating the collection of these payments from the EDA.

In connection with the addition of a new Cinemark 12 screen, state of the art, stadium seating theater in the Western Branch section of the City, the EDA committed to acquire the old theater in the event it did not sell within a reasonable time of the opening of the new theater. The City acquired the property in August 2013. In 2016, the former theater building was demolished after the EDA determined that the specialized use for the building reduced the value of the property. During 2019, a developer purchased the adjacent property and, in fiscal year 2020, the EDA finalized an agreement with the developer for an access easement in order to make the property more marketable. The developer continues to express the desire to acquire the City's property at a later date. EDA continues to market the property to the public as well.

Interfund Transfers

Individual fund interfund transfers for the Primary Government were made for budgeted operating, debt service and capital purposes. In the year ended June 30, 2020, City Council approved transfers totaling \$26,332,051 to the Capital Projects Fund from the General Fund. Included in these transfers were funding for various capital projects, which came from prior years' resources. Major projects included \$2,000,000 for Residential Street Repaving, \$1,575,213 for Facilities High Priority Renewal & Replacement, \$1,500,000 for Fire Vehicle Replacement, \$1,400,000 for Fire Station Alerting System, \$1,200,000 for Juvenile Services Building Renovations, \$1,000,000 for Broadband Wireless, \$1,000,000 each for Intersection Improvement at Battlefield and Albemarle and at Buttstation and Kempsville, \$950,000 for Mt Pleasant Road Widening Phase 2, \$900,000 for Fire Station #4 Replacement, \$890,000 for Turn Lanes and Signal Modifications at Hanbury, \$870,000 for Jail and Sheriff Headquarters Improvements and \$550,000 for Intersection Improvements at Battlefield and Volvo.

Interfund transfers for the year ended June 30, 2020 are as follows:

Transfers To Other Funds	Transfers From Other Funds					Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Stormwater Management Funds	Internal Service Funds	
General Fund	\$ -	-	7,269,043	213,764	1,016,682	8,499,489
Debt Service Fund	26,351,302	2,074,279	3,641,338	-	-	32,066,919
Capital Projects Fund	26,332,051	-	2,986,020	-	795,180	30,113,251
Nonmajor governmental funds	18,824,884	-	9,552	-	-	18,834,436
Internal Service Funds	190,000	-	19,388	-	-	209,388
Stormwater Fund	10,470	-	1,950,000	-	-	1,960,470
Economic Development Authority	999,835	-	991,779	-	-	1,991,614
Total	\$ 72,708,542	2,074,279	16,867,120	213,764	1,811,862	93,675,567

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(9) Leases

The City and the Schools, a component unit, lease certain property under non-cancelable capital leases and certain facilities under non-cancelable operating leases with scheduled rent increases. As of June 30, 2020, there were no outstanding capital leases for the City's capital assets from governmental activities.

The future minimum operating lease payments for governmental activities as of June 30, 2020 are as follows:

	Operating
Fiscal years:	
2021	\$ 1,161,448
2022	953,714
2023	585,588
2024	175,671
2025	80,674
Total future minimum lease payments	\$ 2,957,095

The total governmental operating lease payments for the year ended June 30, 2020 were \$1,143,180.

At June 30, 2020, the Schools' capital assets include \$21,949,530 of equipment financed under capital leases. Current year amortization expense for leased assets is \$1,888,630. Accumulated amortization expense for these assets is \$7,547,969. The future minimum capital lease payments and the present value of minimum capital lease payments for the Schools as of June 30, 2020 are as follows:

	Capital
Fiscal years:	
2021	\$ 3,095,602
2022	2,950,218
2023	2,423,784
2024	2,189,929
2025	2,189,929
2026-2029	5,634,731
Total future minimum lease payments	18,484,193
Less amounts representing interest	1,731,321
Present value of minimum capital lease payments	\$ 16,752,872

(10) Retirement Plans

Plan Description

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

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

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

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

VRS PLAN 1

About VRS Plan 1

VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013.

Eligible Members

Employees are in VRS Plan 1 if their membership date is before July 1, 2010 and they were vested as of January 1, 2013.

Hybrid Opt-In Election

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

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

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

Retirement Contributions

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

Creditable Service

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

Vesting

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

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

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

Calculating the Benefit

The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation

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

Service Retirement Multiplier

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

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

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

Retirement Age

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

Earliest Unreduced Retirement Eligibility

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

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

Earliest Reduced Retirement Eligibility

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

Political subdivision hazardous duty employees may retire with a reduced benefit as early as age 55 with at least five years of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement

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

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

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

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

Exceptions to COLA Effective Dates:

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

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

Disability Coverage

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

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

Purchase of Prior Service

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

VRS PLAN 2

About VRS Plan 2

VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010 and they were not vested as of January 1, 2013.

Eligible Members

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

Hybrid Opt-In Election

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

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

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

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

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

Retirement Contributions

Same as VRS Plan 1.

Creditable Service

Same as VRS Plan 1.

Vesting

Same as VRS Plan 1.

Calculating the Benefit

See definition under VRS Plan 1.

Average Final Compensation

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

Service Retirement Multiplier

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

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

Normal Retirement Age

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

Earliest Unreduced Retirement Eligibility

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

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

Earliest Reduced Retirement Eligibility

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

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

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Notes to Basic Financial Statement
June 30, 2020

(10) Continued

COLA in Retirement

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

Eligibility:

Same as VRS Plan 1.

Exceptions to COLA Effective Dates:

Same as VRS Plan 1.

Disability Coverage

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

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

Purchase of Prior Service

Same as VRS Plan 1.

VRS HYBRID RETIREMENT PLAN

About VRS Hybrid Retirement Plan

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

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

Eligible Members

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

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

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

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

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Notes to Basic Financial Statement
June 30, 2020

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Retirement Contributions

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

Creditable Service

Defined Benefit Component:

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

Defined Contributions Component:

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

Vesting

Defined Benefit Component:

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

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

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

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

Distributions not required, except as governed by law.

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

Calculating the Benefit

Defined Benefit Component:

See definition under VRS Plan 1.

Defined Contribution Component:

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

Average Final Compensation

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

Service Retirement Multiplier

Defined Benefit Component:

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

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

Defined Contribution Component:

Not applicable.

Normal Retirement Age

Defined Benefit Component:

Same as VRS Plan 2.

Defined Contribution Component:

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

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

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

Defined Contribution Component:

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

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

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

Defined Contribution Component:

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

COLA in Retirement

Defined Benefit Component:

Same as VRS Plan 2.

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

Defined Contribution Component:

Not applicable.

Eligibility:

Same as VRS Plan 1 and VRS Plan 2.

Exceptions to COLA Effective Dates:

Same as VRS Plan 1 and VRS Plan 2.

Disability Coverage

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

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

Purchase of Prior Service

Defined Benefit Component:

Same as VRS Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.
- The cost of purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
- Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one year period, the rate for most categories of service will change to actuarial cost.

Defined Contribution Component:

Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, for the City and the June 30, 2018 actuarial valuation for Schools, the following employees were covered by the benefit terms of the pension plan:

	City	Schools' Nonprofessional Employees
Inactive members or their beneficiaries currently receiving benefits	2,291	739
Inactive members not currently receiving benefits:		
Vested inactive members	457	103
Non-vested inactive members	838	250
LTD	3	1
Active elsewhere in VRS	787	165
Total inactive members not currently receiving benefits	2,085	519
Active members	3,279	1,034
Total covered employees	7,655	2,292

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

Contributions

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

The City's contractually required contribution rate for the year ended June 30, 2020 was 14.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$23,743,613 and \$23,030,212 for the years ended June 30, 2020 and June 30, 2019, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2020 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$38,607,353 and \$36,815,952 for the years ended June 30, 2020 and June 30, 2019, respectively.

In addition, for the Nonprofessional (non-teacher) employees, Schools' contractually required contribution rate for the year ended June 30, 2020 was 8.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$1,811,015 and \$1,763,262 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The City's net pension liability was calculated separately and represents the City's total pension liability determined in accordance with GASB Statement No. 68, less the City's fiduciary net position. For the City, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019. At June 30, 2020, the City reported a net pension liability of \$163,243,544.

At June 30, 2020, Schools reported a net pension liability of \$378,738,781 for its proportionate share of the net pension liability of the Teacher Retirement Plan (Professional). The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. Schools' proportion of the net pension liability was based on the Schools' actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, Schools' proportion was 2.87783% compared to 2.89014% at June 30, 2018.

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

In addition, Schools' net pension liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. At June 30, 2020, Schools reported a liability of 15,609,443 for the Nonprofessional (non-teacher) Retirement Plan.

Actuarial Assumptions – General Employees

The total pension liabilities for General Employees in the City's and Schools' nonprofessional Retirement Plans were based on an actuarial valuations as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

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

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70-90.
Post-Disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued**Non-Hazardous Duty**

Mortality Rates:	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Dates:	Lowered retirement rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates:	Adjusted rates to better fit experience at each year age and service through 9 years of service
Salary Scale:	No change
Disability Rates:	Lowered disability rates
Line of Duty Disability:	Increase rate from 14% to 15%
Discount Rate:	Decrease rate from 7.00% to 6.75%

Actuarial Assumptions – Public Safety Employees with Hazardous duty Benefits

The total pension liability for Public Safety employees in the City Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at age 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

Hazardous Duty	
Mortality Rates:	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Dates:	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates:	Adjusted rates to better fit experience at each year age and service through 9 years of service
Salary Scale:	No change
Disability Rates:	Adjusted rates to better fit experience
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate:	Decrease rate from 7.00% to 6.75%

Actuarial Assumptions – Schools Teachers

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:	
Pre-Retirement:	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-Retirement:	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
Post-Disablement:	RP- 2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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Notes to Basic Financial Statement
June 30, 2020

(10) Continued

Mortality Rates:	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Dates:	Lowered retirement rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates:	Adjusted rates to better fit experience at each year age and service through 9 years of service
Salary Scale:	No change
Disability Rates:	Lowered disability rates
Discount Rate:	Decrease rate from 7.00% to 6.75%

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MIPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%	N/A	5.13%
Inflation			2.50%
* Expected arithmetic nominal return			7.63%

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

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with the opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined contribution rate from the June 30, 2017 valuation whichever was greater. From July 1, 2019 on, 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 valuation, whichever was greater. From July 1, 2019, on, participating members are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in City Net Pension Liability

City	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2018	\$ 954,725,081	826,201,725	128,523,356
Changes for the year:			
Service cost	21,283,410	-	21,283,410
Interest	65,066,734	-	65,066,734
Changes in Assumptions	28,194,184	-	28,194,184
Differences between expected and actual experience	5,243,769	-	5,243,769
Contributions - employer	-	23,141,407	(23,141,407)
Contributions - employee	-	8,054,466	(8,054,466)
Net investment income	-	54,452,765	(54,452,765)
Benefit payments, including refunds of employee contributions	(50,400,608)	(50,400,608)	-
Administrative expense	-	(546,363)	546,363
Other changes	-	(34,366)	34,366
Net changes	69,387,489	34,667,301	34,720,188
Balances at June 30, 2019	\$ 1,024,112,570	860,869,026	163,243,544

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Notes to Basic Financial Statement
June 30, 2020

(10) Continued

Schools - Nonprofessional	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2018	\$ 102,825,508	90,325,361	12,500,147
Changes for the year:			
Service cost	1,907,133	-	1,907,133
Interest	6,993,180	-	6,993,180
Changes of assumptions	2,840,241	-	2,840,241
Differences between expected and actual experience	(7,036)	-	(7,036)
Contributions - employer	-	1,764,432	(1,764,432)
Contributions - employee	-	1,006,106	(1,006,106)
Net investment income	-	5,917,505	(5,917,505)
Benefit payments, including refunds of employee contributions	(5,845,861)	(5,845,861)	-
Administrative expense	-	(60,104)	60,104
Other changes	-	(3,717)	3,717
Net Changes	5,887,657	2,778,361	3,109,296
Balances at June 30, 2019	\$ 108,713,165	93,103,722	15,609,443

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability - City	\$ 290,506,459	163,243,544	61,285,848
Net Pension Liability - Schools Nonprofessional			
Schools' proportionate share of the VRS	28,170,503	15,609,443	5,508,557
Teacher Employee Retirement Plan Net Pension Liability	570,166,402	378,738,781	220,463,593

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

For the year ended June 30, 2020, the City recognized pension expense of \$34,021,123. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,808,070	2,711,393
Change in assumptions	21,594,665	-
Net difference between projected and actual earnings on pension plan investments	-	7,188,181
Employer contributions subsequent to the measurement date	23,743,613	-
Total	\$ 50,146,348	9,899,574

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

Deferred outflows of resources resulting from the City's contributions subsequent to the measurement date of \$23,743,613 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2021	\$ 7,086,250
2022	1,294,198
2023	7,584,940
2024	537,773
2025	-
Thereafter	-
	<u>\$ 16,503,161</u>

For the year ended June 30, 2020, Schools recognized pension expense of \$38,320,870 for the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2020, Schools recognized pension expense of \$2,158,977 for the Nonprofessional (non-teacher) Retirement Plan.

At June 30, 2020, for the Teacher Retirement Plan (Professional), Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	8,316,205
Differences between expected and actual experience	-	24,252,244
Changes in proportion and differences between employer contributions and proportionate share contributions	2,119,331	4,536,964
Changes in assumptions	37,504,019	-
Employer contributions subsequent to the measurement date	38,607,353	-
Total	<u>\$ 78,230,703</u>	<u>37,105,413</u>

\$38,607,353 reported as deferred outflows of resources related to pensions resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Continued)

Notes to Basic Financial Statement
June 30, 2020

(10) Continued

Year ended June 30,	
2021	\$ (1,984,265)
2022	(7,949,454)
2023	3,443,755
2024	6,115,182
2025	2,892,719
Thereafter	-
	<u>\$ 2,517,937</u>

In addition, at June 30, 2020, for the Nonprofessional (non-teacher) Retirement Plan, Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	181,128
Change in assumptions	1,877,447	88,465
Net difference between projected and actual earnings on pension plan investments	-	775,524
Employer contributions subsequent to the measurement date	1,811,015	-
Total	\$ 3,688,462	\$ 1,045,117

\$1,811,015 reported as deferred outflows of resources related to pensions resulting from Schools' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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,	
2021	\$ 711,899
2022	73,209
2023	(11,858)
2024	59,080
2025	-
Thereafter	-
	<u>\$ 832,330</u>

Payables to the Pension Plan

The City and Schools reported payables of \$1,980,301 and \$4,000,916 respectively, due to the VRS at June 30, 2020 which represent the June 2020 employer contributions for all plans not contractually required to be remitted until July 2020.

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Other Postemployment Benefits

Plans Offered by the City and Schools

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

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

SINGLE-EMPLOYER CITY ADMINISTERED OPEB PLAN

PLAN DESCRIPTIONS AND GENERAL INFORMATION

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

Membership and Eligibility

OPEB Plan membership as of June 30, 2020, consisted of 3,352 active service participants and 422 retirees and beneficiaries currently receiving benefits. In order to be eligible for coverage, retirees must enroll at the time of retirement. Therefore, there are no retirees entitled to benefits that are not already receiving the benefits. However, a plan change was made effective June 25, 2020 and communicated July 8, 2020 to allow former qualifying employees, who have maintained continuous health care coverage to defer enrollment.

The City's administrative regulations outline the benefits provided and criteria for eligibility. City Ordinance established the City of Chesapeake Other Postemployment Benefits Trust (City OPEB Trust) for the purpose of accumulating and investing assets to fund other postemployment benefits obligations. Management of the City OPEB Trust is vested in the Chesapeake OPEB Finance Board of Trustees, which consists of five members appointed by City Council.

CONTRIBUTIONS

Amounts contributed to the Trust by the City are irrevocable and must be used solely to discharge the City's obligations for other postemployment benefits and pay for reasonable expenses of the Trust. The OPEB Trust is included as a fiduciary fund in the City's financial statements. The contribution requirements of plan members and the City are established and may be amended by the City's administrative regulations. The required contribution is based on projected pay-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council-approved Operating Budget. These amounts are offset by any amounts determined to be funded by the OPEB Trust. For fiscal year 2020, the City contributed \$4,566,596 to the plan for current premiums (80.8% of total premiums). The OPEB Trust reimbursed the City for the current premiums portion of the pay-go in the amount of \$2,753,000 by recognizing that amount as a payment in lieu of receiving the actuarial determined contribution (ADC) and at June 30, 2020 has recorded a payable to the City for the net of the two amounts.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Plan members with greater than 19 years of service at retirement contribute based on the active employee contribution rate and plan members with 15 to 19 years of service contribute the entire premium. Plan members receiving benefits contributed \$1,083,954, or 19.2% of the total premiums, through their required monthly contributions. Member contributions are 0.63% of covered payroll. Costs to administer current benefits are paid from the general fund.

For the year ended June 30, 2020, the City's contribution was 2.67% of covered employee payroll.

ACTUARIAL ASSUMPTIONS – CITY DIRECTED PLAN

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, based on the measurement date of June 30, 2020, unless otherwise specified:

Inflation	2.50%
Investment rate of return	7.00%
Health care trend rates	4.70% initially. The ultimate trend is 4.00%
Mortality Table	Society of Actuaries study for general and public safety employees and mortality improvement (MP2019) scale

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020.

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

LONG-TERM EXPECTED RATE OF RETURN

Investments

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

The adopted asset allocation policy as of June 30, 2020 was as follows:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 6.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for amounts actually invested.

DISCOUNT RATE

The discount rate of 7.0% was selected by the City and is the expected rate of return of trust assets.

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

Rate of Inflation	2.50%
Rate of Growth in Real Income / GDP per capita	1.50%
Extra Trend due to Technology and other factors	1.10%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2075

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

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

The following table presents the total and net OPEB liability of the City, as well as what the City's total and net OPEB liability (asset) would be if calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate of 7.0%:

	1% Decrease (6.00)%	Current Discount Rate (7.00%)	1% Increase (8.00)%
Discount Rate			
Total OPEB liability - City directed plan	\$ 104,353,964	96,881,023	90,117,729
Net OPEB liability (asset) - City directed plan	\$ 11,829,148	4,356,207	(2,407,087)

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

The following table presents the total and net OPEB liability of the City, as well as what the City's net OPEB liability (asset) would be if calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate of 4%:

	1% Decrease (3.00)%	Current Discount Rate (4.00%)	1% Increase (5.00)%
Ultimate trend			
Total OPEB liability - City directed Plan	\$ 88,910,057	96,881,023	106,047,336
Net OPEB liability (asset) - City directed plan	\$ (3,614,759)	4,356,207	13,522,520

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

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

City	Total OPEB Liability	Plan OPEB Net Position	Net OPEB Liability(Asset)
Balances at June 30, 2019	\$ 88,343,376	88,993,753	(650,377)
Changes for the year:			
Service cost	2,840,269	-	2,840,269
Interest	5,969,997	-	5,969,997
Differences between expected and actual experience	7,506,290	-	7,506,290
Contributions - employer	-	2,558,807	(2,558,807)
Net investment income	-	5,541,530	(5,541,530)
Changes in assumptions	(3,209,635)	-	(3,209,635)
Benefit payments, net of retiree contributions	(4,569,274)	(4,569,274)	-
Net changes	8,537,647	3,531,063	5,006,584
Balances at June 30, 2020	\$ 96,881,023	92,524,816	4,356,207

For the year ended June 30, 2020, the City recognized OPEB expense related to the City directed plan of \$3,962,242. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to City directed OPEB from the following sources:

City directed plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,698,821	-
Changes of Assumptions	-	5,336,537
Net difference between projected and actual earnings on OPEB plan investments	457,436	-
Total	\$ 12,156,257	5,336,537

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

Year ended June 30,

2021	\$ 1,311,172
2022	1,311,174
2023	1,521,437
2024	1,959,827
2025	716,110
Thereafter	-
	<u>\$ 6,819,720</u>

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Significant Accounting Policies

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

SCHOOLS DIRECTED OPEB PLAN

PLAN DESCRIPTIONS AND GENERAL INFORMATION

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

Membership and Eligibility

Plan membership as of July 1, 2019 consisted of 5,324 active service participants and 1,193 retirees and beneficiaries currently receiving benefits.

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

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

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

Benefits Provided

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

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

CONTRIBUTIONS

The contribution requirements of plan members and Schools are established and may be amended by Schools. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the School Board. For fiscal year 2020, Schools contributed \$5,020,164 to the plan to pay for current premiums (53% of total premiums). Plan members receiving benefits contributed \$4,474,509 or 47% of the total premiums, through their required monthly contributions. Costs to administer current benefits are paid from the General Fund.

ACTUARIAL ASSUMPTIONS – SCHOOLS DIRECTED PLAN

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Investment rate of return	3.58%

Mortality rates were based on the RP 2014 Total Dataset Mortality Table, Fully Generational, projected using Scale MP-2014.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

The Entry Age Normal cost method was used for OPEB plan valuation. There were not additional post employment increases assumed. The amortization period is closed and equal to 29 years as of June 30, 2017.

LONG-TERM EXPECTED RATE OF RETURN

Investments

The Trust's Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Board established and maintains investment policies and objectives. Within this framework, the Board monitors and evaluates investment managers, bank custodian and other parties to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective of the Trust is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and secondarily, principal protection. The adopted asset policy as of June 30, 2020 was as follows:

Asset Class (Strategy)	Target Allocation
Domestic Equity	36.00%
International Equity	13.00%
Emerging Markets Equity	5.00%
Long/Short Equity	6.00%
Private Equity	5.00%
Fixed Income	25.00%
Real Estate	10.00%
Total	100.00%

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense was 5.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 2.45% at June 30, 2020 and 3.13% at June 30, 2019. The projection of cash flows used to determine the discount rate assumed the Schools' contribution will be made on a pay-as-you-go basis. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the discount rate used to determine the liabilities is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

The following presents the June 30, 2020 net OPEB liability of the Schools', as well as what the Schools' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.45%) or one percentage point higher (3.45%) than the current discount rate.

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Net OPEB liability - Schools Administered Plan	\$ 212,672,269	188,177,916	167,798,992

The following presents the June 30, 2019 net OPEB liability of the Schools', as well as what the Schools' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13%) or one percentage point higher (4.13%) than the current discount rate.

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Net OPEB liability - Schools Administered Plan	\$ 188,738,797	167,782,534	150,277,606

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

Net OPEB Liability of Schools OPEB Plan

The components of the net OPEB liability as of June 30, 2020 and June 30, 2019 are as follows:

	June 30, 2020	June 30, 2019
Total OPEB liability	191,874,497	171,373,828
Plan fiduciary net position	3,696,581	3,591,279
CPS' net OPEB liability	188,177,916	167,782,534
Plan fiduciary net position as a percentage of total OPEB liability	1.93%	2.10%

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources***Changes in Schools Net OPEB Liability***

Schools	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018	\$ 159,215,653	3,437,502	155,778,151
Changes for the year:			
Service cost	4,726,009	-	4,726,009
Interest	5,633,989	-	5,633,989
Changes of assumptions	8,959,393	-	8,959,393
Differences between expected and actual experience	(1,937,712)	-	(1,937,712)
Contributions - employer	-	5,223,504	(5,223,504)
Net investment income	-	153,792	(153,792)
Benefit payments, including refunds of employee contributions	(5,223,504)	(5,223,504)	-
Net changes	12,158,175	153,792	12,004,383
Balances at June 30, 2019	\$ 171,373,828	3,591,294	167,782,534

For the year ended June 30, 2020, the Schools recognized OPEB expense related to the Schools directed plans of \$8,585,494. At June 30, 2020, the Schools reported deferred outflows of resources and deferred inflows of resources related to Schools directed OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	3,887,132
Changes of assumptions	7,679,480	8,198,454
Net difference between projected and actual earnings on OPEB plan investments	69,466	110,002
Employer contributions subsequent to the measurement date	5,020,164	-
Total	\$ 12,769,110	12,195,588

\$5,020,164 reported as deferred outflows of resources related to the Schools OPEB Plan resulting from the Schools' contributions subsequent to the measurement date, will be recognized as a reduction of the Schools OPEB Plan liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Schools directed OPEB plans will be recognized in OPEB expense as follows:

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Year ended June 30,	
2021	\$ (1,533,879)
2022	(1,533,879)
2023	(1,501,909)
2024	(1,486,553)
2025	606,479
Thereafter	1,003,099
	<u>\$ (4,446,642)</u>

Significant Accounting Policies

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

VRS DIRECTED OPEB PLANS FOR CITY AND SCHOOLS

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

PLAN DESCRIPTIONS AND GENERAL INFORMATION

Group Life Insurance Programs

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

Plan Description:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Specific information about the plan is as follows:

Eligibility:

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

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

Benefit Amounts:

The benefits payable under the GLIP have several components.

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

Accidental Death Benefit - Double the natural death benefit

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

Reduction in Benefit Amounts:

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

Minimum Benefit Amount and Cost-of-Living Adjustment:

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLIP. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,463 effective July 1, 2020.

Virginia Local Disability Programs

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

Plan Description:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Specific information about the plans is as follows:

Eligibility:

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

Benefit Amounts:

The benefits provided under the VLDPs include the following:

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

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

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

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

Other Plan Information:

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

Line of Duty Act Program

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

Plan Description:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Eligibility:

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

Benefit Amounts:

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

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

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

Health Insurance -

- Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed by the LODA Program.
- Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined under the LODA Act.

Teacher Employee Health Insurance Credit Program

The THICP is a cost-sharing, multiple-employer plan. This is a defined benefit plan that provides a credit towards the cost of health insurance coverage for retired teachers. The THICP 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 THICP is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers.

Specific information about the plans is as follows:

Plan Description:

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Eligibility:

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

Benefit Amounts:

The THICP provides the following benefits for eligible employees:

At Retirement - For teachers and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.

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

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

Other Plan Information:

The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

CONTRIBUTIONS

Group Life Insurance Programs

The contribution requirements for the GLIPs are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLIPs was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate, from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the years ended June 30, 2020 and June 30, 2019 to the GLIPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

Virginia Local Disability Programs

The contribution requirements for active Hybrid employees of the City and Schools are governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions and school divisions by the Virginia General Assembly. The contractually required employer contribution rates as a percentage of covered employee compensation for the year ended June 30, 2020 was 0.72% for City and Schools Nonprofessional employees and 0.41% for Schools Teacher employees in the VLDPs. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2017. The actuarially determined rates were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance unfunded accrued liabilities. Contributions for the years ended June 30, 2020 and June 30, 2019 to the VLDPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Line of Duty Act Program

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2020 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions for the years ended June 30, 2020 and June 30, 2019 from the City to the LODA Program follow in a summary of contributions for the VRS directed OPEB Plans.

Teacher Employee Health Insurance Credit Program

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for employees in the THICP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the years ended June 30, 2020 and June 30, 2019 from Schools to the THICP follow in a summary of contributions for the VRS directed OPEB Plans.

Contributions for the years ended June 30,	City 2020	City 2019	Schools 2020	Schools 2019
GLIPs - City and Nonprofessional Schools	\$ 897,695	\$ 866,852	115,459	110,970
GLIP - Professional employees Schools	N/A	N/A	1,313,971	1,246,552
VLDPs - City and Nonprofessional Schools	271,012	221,571	47,941	35,036
VLDP - Professional employees Schools	N/A	N/A	213,321	161,756
LODA Program	849,747	768,062	N/A	N/A
THICP	N/A	N/A	3,025,386	2,867,808
Total VRS OPEB Contributions	\$ 2,018,454	1,856,485	4,716,078	4,422,122

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

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

The OPEB liabilities of the VRS directed plans of the City and Schools were based on actuarial valuations as of June 30, 2018, using the Entry Age Normal actuarial cost method. The following assumptions and methods were used for the VRS directed OPEB Plans of the City and Schools and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions and Methods	GLIPs	VLDPs	LODA Program	THICP
Valuation Interest Rate	6.75%	6.75%	4.75%	6.75%
Salary Scale Inflation Factor	2.50%	2.50%	2.50%	2.50%
City - Non-Hazardous Duty	3.50% to 5.35%	3.50% to 5.35%	N/A	N/A
City - Hazardous Duty	3.50% to 4.75%	N/A	N/A	N/A
Schools - Non-professional	3.50% to 5.35%	3.50% to 5.35%	N/A	N/A
Schools - Professional	3.50% to 5.95%	3.50% to 5.95%	N/A	N/A
Effective Amortization Period				
City	27.2 Years	18.9 Years	30.0 Years	N/A
Schools	27.2 Years	18.6 Years	N/A	25.7 Years
Amortization Method	Level % of Pay	Level % of Pay	Level % of Pay	Level % of Pay
	Closed	Closed	Open	Closed
Payroll Growth Rate	3.00%	3.00%	3.00%	3.00%
Assets Valuation Method	5 Year Smoothed	5 Year Smoothed		
City	Market	Market	Market Value	N/A
Assets Valuation Method	5 Year Smoothed	5 Year Smoothed		5 Year Smoothed
Schools	Market	Market	N/A	Market

Additional information about actuarial assumptions and methods is available from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

LONG-TERM EXPECTED RATE OF RETURN

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%	N/A	5.13%
Inflation			2.50%
* Expected arithmetic nominal return			7.63%

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

The long-term expected rate of return on LODA Program OPEB investments was set at 3.50% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS pooled investments 6.75% assumption. Instead, the assumed annual rate of return of 3.50% was used since it approximates the risk-free rate of return. The Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2019.

DISCOUNT RATE

The discount rate used to measure the GLIP, the VLDPs and THICP portions of the VRS administered OPEB liability, was 6.75%. The projection of cash flows used to determine the discount rate assumed City and Schools contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the City and Schools will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia Assembly, which was 100.0% of the actuarially determined contribution rate. From July 1, 2019 on, all agencies are assumed to continue to contribute 100.0% of the actuarially determined contribution rates. Based on those assumptions, the City's and Schools' GLIP, VLDP and THICP OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total City's and Schools' GLIP, VLDP and THICP OPEB liabilities.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

The discount rate used to measure the LODA Program portion of the VRS administered OPEB liability, was 3.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

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

	Employer Proportionate Share	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability				
City GLIP	0.85198%	\$ 18,213,435	13,863,982	10,336,697
City VLDP	10.23567%	238,460	207,356	180,157
Schools GLIP Nonprofessional	0.10886%	2,327,184	1,771,442	1,320,750
Schools GLIP Professional	1.22286%	26,142,024	19,899,187	14,836,421
Schools VLDP Nonprofessional	1.82867%	42,603	37,046	32,186
Schools VLDP Professional	8.22729%	70,260	47,828	28,453
Schools THICP	2.84923%	41,744,136	37,299,191	33,523,216

	City Proportionate Share	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Proportionate share of Net OPEB Liability				
City LODA Program	6.53382%	\$ 27,194,904	23,442,441	20,474,484

Sensitivity of the net OPEB liability to Health Care Trend Rate

Because the LODA Program contains a provisions for the payment of health insurances premiums, the liabilities are also impacted by the health care trend rate. The following presents the covered employer's proportionate share of the net LODA Program OPEB liability using a health care trend rate of 7.75% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were using a health care trend rate that is one percentage point lower (6.75% decreasing to 3.75%) or one percentage point higher (8.75% decreasing to 5.75%) than the current rate:

	1% Decrease (6.75% to 3.75%)	Current Discount Rate (7.75% to 4.75%)	1% Increase (8.75% to 5.75%)
Proportionate share of Net OPEB Liability			
City LODA Program	\$ 19,820,355	23,442,441	28,010,272

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

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

As of June 30, 2020, the City and Schools reported the following OPEB liabilities for their proportionate shares of VRS directed OPEB plans.

OPEB Liabilities as of June 30, 2020	City	Schools
GLIPs - City and Nonprofessional Schools	\$ 13,863,982	1,771,442
GLIP - Professional employees Schools	N/A	19,899,187
VLDPs - City and Nonprofessional Schools	207,356	37,046
VLDP - Professional employees Schools	N/A	47,828
LODA Program	23,442,441	N/A
THICP	N/A	37,299,191
Total VRS OPEB Liabilities	\$ 37,513,779	59,054,694

For the year ended June 30, 2020, the City and Schools recognized the following OPEB expenses for their proportionate shares of VRS directed OPEB plans.

OPEB Expenses for the year ended June 30, 2020	City	Schools
GLIPs - City and Nonprofessional Schools	\$ 376,435	13,960
GLIP - Professional employees Schools	N/A	475,797
VLDPs - City and Nonprofessional Schools	244,009	43,656
VLDP - Professional employees Schools	N/A	-
LODA Program	2,115,912	N/A
THICP	N/A	3,049,289
Total VRS OPEB Expenses	\$ 2,736,356	3,582,702

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(11) Continued

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

	City		Schools	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience				
GLIPs - City and Nonprofessional Schools	\$ 922,038	179,829	117,811	22,976
GLIP - Professional employees Schools	N/A	N/A	1,323,415	258,110
VLDPs - City and Nonprofessional Schools	104,004	6,375	18,581	1,139
VLDP - Professional employees Schools	N/A	N/A	-	5,772
LODA Program	3,407,338	-	N/A	N/A
THICP	N/A	N/A	2,355	211,267
Changes of assumptions				
GLIPs - City and Nonprofessional Schools	875,291	418,060	111,839	53,417
GLIP - Professional employees Schools	N/A	N/A	1,256,319	600,048
VLDPs - City and Nonprofessional Schools	5,943	7,936	1,062	1,418
VLDP - Professional employees Schools	N/A	N/A	8,166	-
LODA Program	1,099,941	2,032,191	N/A	N/A
THICP	N/A	N/A	868,125	259,178
Net difference between projected and actual earnings				
GLIPs - City and Nonprofessional Schools	-	284,777	-	36,387
GLIP - Professional employees Schools	N/A	N/A	-	408,745
VLDPs - City and Nonprofessional Schools	710	-	127	-
VLDP - Professional employees Schools	N/A	N/A	184	-
LODA Program	-	46,409	N/A	N/A
THICP	N/A	N/A	-	-
Changes in proportion				
GLIPs - City and Nonprofessional Schools	222,377	-	-	124,093
GLIP - Professional employees Schools	N/A	N/A	78,937	32,565
VLDPs - City and Nonprofessional Schools	2,379	1,584	563	-
VLDP - Professional employees Schools	N/A	N/A	3,641	-
LODA Program	1,350,156	-	N/A	N/A
THICP	N/A	N/A	88,994	218,746
Employer contributions subsequent to the measurement date				
GLIPs - City and Nonprofessional Schools	897,695	-	115,459	-
GLIP - Professional employees Schools	N/A	N/A	1,313,971	-
VLDPs - City and Nonprofessional Schools	271,012	-	47,941	-
VLDP - Professional employees Schools	N/A	N/A	213,321	-
LODA Program	849,747	-	N/A	N/A
THICP	N/A	N/A	3,025,386	-
Total	\$ 10,008,631	2,977,161	8,596,197	2,233,861

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Notes to Basic Financial Statements
June 30, 2020

(11) Continued

Employer contributions subsequent to the measurement date reported as deferred outflows of resources for the City and Schools totaled \$2,018,454 and \$4,716,078 respectively and will be recognized as a reduction of the OPEB liabilities in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's and Schools' OPEB expense in future reporting periods as follows:

	City	Schools
Year ended June 30,		
2021	\$ 604,263	84,798
2022	604,224	84,754
2023	731,905	289,485
2024	830,210	445,899
2025	815,854	478,255
Thereafter	1,426,560	263,067
	<u>\$ 5,013,016</u>	<u>1,646,258</u>

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

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

Payables to the VRS Directed OPEB Plans

The City and Schools reported payables \$99,488 and \$401,750, respectively, due to the VRS at June 30, 2020 which represent the June 2020 employer contributions for all plans not contractually required to be remitted until July 2020.

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

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Notes to Basic Financial Statements
June 30, 2020

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$ 1,126,901	-	-	-	1,126,901
Prepaid expenditures and other assets	6,685	-	-	324,026	330,711
Education permanent funds - principal	-	-	-	12,795	12,795
Total nonspendable	1,133,586	-	-	336,821	1,470,407
Restricted for cash flow emergencies	37,036,302	-	-	-	37,036,302
Restricted other:					
General Government:					
Advances to component units and other	-	277	-	-	277
Chesapeake Bay Preservation Areas	46,000	-	-	-	46,000
Tax increment financing - Greenbrier	-	-	-	8,359,971	8,359,971
Tax increment financing - South Norfolk	-	-	-	11,052,981	11,052,981
Proffers	-	-	-	1,737,477	1,737,477
Grants	-	-	-	4,789,763	4,789,763
Total General Government	46,000	277	-	25,940,192	25,986,469
Public Safety:					
Proffers	-	-	-	677,868	677,868
Grants	-	-	-	34,952	34,952
Total Public Safety	-	-	-	712,820	712,820
Public Works:					
Proffers	-	-	-	799,917	799,917
Grants	-	-	-	(97,752)	(97,752)
Total Public Works	-	-	-	702,165	702,165
Parks and Recreation:					
Grants	-	-	-	108,710	108,710
Total Parks and Recreation	-	-	-	108,710	108,710
Public Welfare:					
Integrated behavioral healthcare	-	-	-	6,363,615	6,363,615
Grants	-	-	-	155,338	155,338
Total Public Welfare	-	-	-	6,518,953	6,518,953
Education:					
Proffers	-	-	-	8,365,180	8,365,180
Education permanent funds interest	-	-	-	191,509	191,509
Total Education	-	-	-	8,556,689	8,556,689
Oak Grove connector	1,003,782	-	-	-	1,003,782
Poindexter Street construction	-	-	324	-	324
Total restricted other	1,049,782	277	324	42,539,529	43,589,912

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(12) Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Committed for one time projects	76,698,340	-	-	-	76,698,340
Committed other:					
General Government:					
Advances to component units and other	48,342	66,758	-	-	115,100
Law Library	126,843	-	-	-	126,843
Technology fees	628,508	-	-	-	628,508
Treasurer's EGOV	100,744	-	-	-	100,744
Treasurer's late license fee	4,469,394	-	-	-	4,469,394
Litigation reserve	1,252,558	-	-	-	1,252,558
Treasurer's EZ Pass	15,033	-	-	-	15,033
Juvenile services	-	-	-	375,000	375,000
Open space agriculture preservation	-	-	-	4,032,227	4,032,227
Total General Government	6,641,422	66,758	-	4,407,227	11,115,407
Public Safety:					
Radio system (800 MHZ)	2,881,059	-	-	-	2,881,059
Animal Control fees	31,790	-	-	-	31,790
Total Public Safety	2,912,849	-	-	-	2,912,849
Public Works:					
Excavation fees	265,605	-	-	-	265,605
Prorata drainage	-	-	5,717,662	-	5,717,662
Total Public Works	265,605	-	5,717,662	-	5,983,267
Parks and Recreation:					
Open space	-	-	1,195,958	-	1,195,958
Total Parks and Recreation	-	-	1,195,958	-	1,195,958
Public Welfare:					
Public assistance	-	-	-	186,338	186,338
CSB of Chesapeake, Inc.	-	-	-	364,598	364,598
Housing trust	-	-	-	57,397	57,397
Total Public Welfare	-	-	-	608,333	608,333
City future capital projects	17,185,169	-	-	-	17,185,169
Encumbrances	4,714,567	-	21,118,182	2,893,277	28,726,026
Economic development investment program	745,428	-	-	-	745,428
Public health initiative	699,698	-	-	-	699,698
Community housing initiative	333,399	-	-	-	333,399
Schools' future capital projects	34,323,389	-	-	-	34,323,389
Total committed other	67,821,526	66,758	28,031,802	7,908,837	103,828,923

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(12) Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Assigned:					
General Government:					
Clerk of the Circuit Court - technology	109,893	-	-	-	109,893
Sheriff - work release	209,300	-	-	-	209,300
Commissioner of the					
Revenue - cigarette tax stamps	35,000	-	-	-	35,000
Local developers	-	-	224,296	-	224,296
Conference Center	-	-	-	7,554,631	7,554,631
Juvenile services	-	-	-	2,573,232	2,573,232
Total General Government	354,193	-	224,296	10,127,863	10,706,352
Public Safety:					
E-911	-	-	-	8,524,489	8,524,489
Fee supported activities	-	-	-	1,498,814	1,498,814
Fire - MIH Program	50,000	-	-	-	50,000
Total Public Safety	50,000	-	-	10,023,303	10,073,303
Public Works:					
Street maintenance	1,603,831	-	-	-	1,603,831
Prorata drainage	-	-	1,521,121	-	1,521,121
Jordan Bridge	-	-	300,000	-	300,000
Total Public Works	1,603,831	-	1,821,121	-	3,424,952
Parks and Recreation:					
Open space	-	-	13,150	-	13,150
Total Parks and Recreation	-	-	13,150	-	13,150
Public Welfare:					
Public assistance	-	-	-	6,983,841	6,983,841
Integrated behavioral healthcare	-	-	-	3,343,895	3,343,895
Interagency consortium	-	-	-	178,614	178,614
Total Public Welfare	-	-	-	10,506,350	10,506,350
Education:					
Revenue sharing	7,306,969	-	-	-	7,306,969
Cash reversion	4,455,566	-	-	-	4,455,566
Total Education	11,762,535	-	-	-	11,762,535
Debt service payments	-	12,529,331	-	-	12,529,331
City future capital projects	-	-	118,986,437	-	118,986,437
Total assigned	13,770,559	12,529,331	121,045,004	30,657,516	178,002,410
Unassigned:	74,072,504	-	-	-	74,072,504
Total fund balance	\$ 271,582,599	12,596,366	149,077,130	81,442,703	514,698,798

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(13) Deferred Compensation Plan

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by a third party for the participants. Therefore, the assets are not included in the accompanying financial statements as of June 30, 2020.

(14) Commitments

Capital Improvements Program

The City Council adopted a five-year capital improvements program on May 12, 2020, which was later amended on June 23, 2020. The total estimated cost of this program amounted to \$917,679,670 to be funded from anticipated state and federal funds, debt financing, local fees and funds on hand, both appropriated and unappropriated. The first year of the plan was appropriated on the same date.

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

Funds Previously Appropriated	\$	335,353,000
General Fund - Unassigned		38,482,170
General Fund - Committed for City Capital Projects		48,177,000
General Fund - Committed for Schools		46,000,000
Capital Projects Fund Balance		3,800,000
Open Space and Agricultural Preservation Fund Balance		3,050,000
Information Technology - Fund Balance		3,085,000
Other Funds - Fund Balance		8,287,000
SoNo TIF Fund Cash		19,400,000
State Grant		58,826,000
Other Grants		11,157,000
Proffers		516,000
Public Utilities Operations		69,145,000
Stormwater Management Operations		10,675,000
Stormwater Management - Fund Balance		1,300,000
Chesapeake Transportation System - Fund Balance		12,040,000
Borrowing Authority - Unissued - General Obligation		59,605,500
Borrowing Authority - Unissued - South Norfolk TIF		7,475,000
Borrowing Authority - Unissued - VPSA		122,500,000
Public Utilities - Borrowing Authority - Unissued - Revenue Supported		58,806,000
	\$	917,679,670

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(14) Continued

Dollar Tree

In August 2016, Dollar Tree formally announced the \$110 million expansion of its corporate headquarters in the Greenbrier area. The project is anticipated to be completed by 2023 and features the construction of a new 12-story office building within a “town center” environment and is expected to include dining and retail development. The City Council approved a Development Agreement between the City, the EDA and Dollar Tree in December 2016, with a subsequent amendment in February 2019. The City committed to providing through the EDA an Economic Development Incentive Program grant of \$4.5 million. In addition, the City agreed to contribute a maximum of \$19.4 million for transportation, public utility and other public improvements in connection with the project. This includes an estimated \$3.1 million for construction of a pump station and force main that is anticipated to be reimbursed to the City over time as Dollar Tree or its assigns develops the property and pays a pro rata share of the costs.

The EDA sold \$8.1 million of revenue bonds in July 2018 that, together with \$6 million funded from the Greenbrier TIF, were used to acquire a possessory interest in 1,000 public parking spaces within a parking garage.

The following provides progress on the project as of June 30, 2020:

- Garage – In fiscal year 2019, The EDA paid \$14.1 million, consisting of \$8.1 in revenue bonds and \$6.0 million from Greenbrier TIF funds, to acquire possessory interest in 1,000 public parking spaces within the parking garage. An additional \$0.58 million has been committed for work that was anticipated to be completed in spring of 2020 but has been delayed.
- Off-site Improvements – In fiscal year 2019, the City paid \$2.4 million towards off-site improvements. On February 5, 2020, City Council approved a second amendment to the Development Agreement transferring responsibility from Dollar Tree to the City for the completion of all future offsite improvements.

Encumbrances

Encumbrances outstanding at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders and other commitments in process of completion at fiscal year-end. Outstanding encumbrances as of June 30, 2020 for the Governmental Funds of the City and Schools are as follows:

City		Schools	
<u>Governmental Funds</u>		<u>Governmental Funds</u>	
General Fund	\$ 4,714,567	General Fund	\$ 5,254,168
Capital Projects	21,118,182	Capital Projects	8,238,191
Other Governmental Funds	2,893,277	Other Governmental Funds	51,780
Total	\$ 28,726,026	Total	\$ 13,544,139

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(15) Related Parties

Joint Venture

Southeastern Public Service Authority (SPSA)

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

The City is party to two contracts with SPSA described below.

- Use and Support Agreement was originally executed on August 9, 1983 with an expiration date of January 24, 2018. On April 26, 2016, City Council approved a new Use and Support Agreement for service from January 25, 2018 through June 30, 2027. This agreement automatically renews in 10 year increments unless terminated following procedures outlined therein.
- Lease Agreement was originally executed on June 12, 1984, for property located at 901 Hollowell Lane in the Washington Borough of the City. This property is utilized by SPSA as a waste transfer station. The City uses this transfer station for 87% of its waste disposal tonnages. The remaining utilization is divided among the Wheelabrator plant in Portsmouth, the Norfolk transfer station and the Suffolk transfer station. The lease agreement was set to expire on May 31, 2016. City Council approved a lease extension through January 24, 2018. On January 17, 2018, the City entered into a new lease agreement that commenced January 24, 2018 and expires on January 25, 2023 and may be renewed for 4 renewal periods of 5 years each.

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

Jointly Governed Organizations

Hampton Roads Regional Jail Authority (HRRJA)

On October 1, 2014, the City was inducted as a member of the Hampton Roads Regional Jail Authority (HRRJA). HRRJA is a regional organization which includes the cities of Chesapeake, Hampton, Newport News, Norfolk and Portsmouth and is governed by a 15 member Board of Directors, consisting of three representatives appointed by each of the member cities. The Authority was created for the purpose of providing, operating and maintaining a regional jail facility for the correctional overflow from each community. Chesapeake is responsible for paying the Authority a per diem charge per inmate. Chesapeake guaranteed paying for 50 inmates per day starting July 1, 2014 and increasing by 25 inmates per quarter until the guaranteed payment of 250 inmates per day is reached.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(15) Continued

As a condition of its admission as a member, the City agreed to make a payment of \$3.0 million in addition to its required payments for inmates. The \$3.0 million was scheduled and paid in three parts. The City paid \$1.0 million for the initial payment that was due October 1, 2014, \$1.0 million that was due before July 15, 2015 and \$1.0 million that was due before July 15, 2016. The terms of this agreement do not convey an equity interest in the HRRJA and accordingly, no equity interest has been reflected in the City's financial statements. Complete audited financial statements for HRRJA are available from the administrative office at 2690 Elmhurst Lane, Portsmouth, Virginia 23701-2745.

Hampton Roads Transit (HRT)

Hampton Roads Transit (HRT), incorporated on October 1, 1999, began through the voluntary merger of PENTRAN (Peninsula Transportation District Commission) and TRT (Tidewater Regional Transit a.k.a. Tidewater Transit District Commission). HRT provides public transportation facilities and services within the cities of Norfolk, Chesapeake, Hampton, Newport News and Virginia Beach, Virginia. In 1999, a Cost Allocation Agreement (CAA) was adopted that defined how state and federal funds received by HRT were allocated to the participating cities and required HRT to distribute these funds to each city on a pro-rata basis based on each city's respective share of service. Legislation from the 2020 Virginia General Assembly Session, initiated as HB1726 and SB1083, resulted in the creation of the Hampton Roads Regional Transit Program and Fund. The goal of this new program is to provide a modern, safe and efficient core network of transit services across Hampton Roads. The dedicated funds are to be used solely for the development, operation, and maintenance of the regional network and the needed associated infrastructure. The funding mechanism resulted in a diversion of Recordation Tax revenues formerly distributed to localities under the CAA. This resulted in a diversion of approximately \$1,060,000 from the City's share of Recordation Tax to the new Hampton Roads Regional Transit Fund.

HRT's CAA was amended in fiscal year 2020 by the adoption of a resolution by all six participating cities. The resolution allows HRT to strategically allocate state and federal funds in order to "hold the cities harmless" in regard to lost Recordation Tax. The amendment in the resolution is for a period of one fiscal year and will expire at the end of FY 2021.

Oversight responsibility for HRT is exercised by the participating localities through their designated representatives. Responsibility for the day-to-day operation HRT rests with professional management. HRT was constructed the City's light rail system. The participating governments do not have an equity interest in TDC, and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2020. Complete financial statements for HRT can be obtained from the administrative office at 3400 Victoria Blvd., Hampton, Virginia 23661.

Hampton Roads Transportation Alliance Committee (HRTAC)

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

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(15) Continued

Hampton Roads Planning District Commission (the Commission)

A regional planning agency, authorized by the Virginia Area Development Act of 1968, was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. The Commission performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, and the counties of Gloucester, Isle of Wight, James City, Southampton and York. Revenue of the Commission is received primarily from member contributions and various state and federal grant programs. The participating governments do not have an equity interest in the Commission, and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2020. Complete financial statements for the Commission can be obtained from the administrative office at 723 Woodlake Drive, Chesapeake, Virginia 23320

Hampton Roads Economic Development Alliance (HREDA)

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

Southside Network Authority (Authority)

The Southside Network Authority (Authority) was created on November 15, 2019 by the cities of Chesapeake, Norfolk, Portsmouth, Suffolk and Virginia Beach pursuant to the provisions of the Virginia Wireless Service Authorities Act, Chapter 54.1 of Title 15.2 of the Code of Virginia, 1950, as amended to build and operate a regional high-speed broadband Internet fiber ring. The creation of the Authority is to serve an essential public purpose by increasing the speed and availability of broadband Internet and information services, enable private investment in the marketplace to be better targeted to serving the public, as well as creating jobs and increasing the tax base of the Cities and the region as a whole. The fiber ring is designed to attract additional Internet service providers who will enable increased competition, faster speeds and lower-cost services to the region. As of June 30, 2020, the Hampton Roads Planning District Commission is providing financial and administrative support to the Authority. The participating governments do not have an equity interest in the Authority and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2020. Complete financial statements for the Authority can be obtained from the administrative office at 723 Woodlake Drive, Chesapeake, Virginia 23320.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(16) Contingent Liabilities

Self-Insurance

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

	Self-insurance Risk Retention	Commercial Insurance Aggregate Coverage Limit
General and automobile liability claims	\$ 2,000,000	10,000,000
Public official, law enforcement officer and other liability	100,000	2,000,000
Workers' compensation claims (non-safety)	1,250,000	25,000,000
Workers' compensation claims (public safety)	1,500,000	25,000,000

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

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

The claims liability of \$27,721,896 reported in the Self-Insurance Fund at June 30, 2020 is based on the requirements of GAAP. It requires that a liability for claims should be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability includes an amount for claims that have been incurred but not reported (IBNR).

Changes in the Self-Insurance Fund's liability amount during the fiscal years ended June 30, 2020 and 2019 were as follows:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2020	\$ 27,680,572	5,211,335	5,170,011	27,721,896
June 30, 2019	27,241,287	7,267,559	6,828,274	27,680,572

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(16) Continued

Effective January 1, 2016 the City began self-funding health insurance coverage for its participating employees and retirees and established the Self-Funded Health Fund for reporting of these activities. The City-provided health insurance has a specific stop loss limit of \$350,000 per member covering both medical and drug expenses, and aggregate coverage is capped at 120% of expected claims as determined during the annual rate setting process in consultation with the City's third-party administrator and health benefits consultant. The City purchases commercial insurance coverages for excess amounts. Claims processing and payments for self-funded health claims are made through a third-party administrator. Amounts due as of June 30, 2020 are recognized as the current portion of a long-term liability in the statement of net position. The City uses information provided by the third-party administrator and health benefits consultant to aid in the determination of self-funded health insurance liabilities. The total computed liability as of June 30, 2020 is \$4,601,315. Other health related insurance coverages (dental and vision) are provided on a fully insured basis.

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2020	\$ 4,601,315	38,372,105	38,372,105	4,601,315
June 30, 2019	2,539,379	41,311,082	39,249,146	4,601,315

The Schools component unit is self-insured for its workers' compensation, health and dental insurance. Workers' compensation has an \$800,000 limit per claim. Health insurance has a specific stop loss limit of \$300,000 per member covering both medical and drug expenses. Dental care has a cap at 120% of expected claims as calculated by the third-party administrator. Commercial insurance is purchased to cover other types of losses. The insurance coverage is substantially the same as in prior fiscal years. Claims processing and payments for workers' compensation, medical and dental claims are made through a third-party administrator. The settlements using commercial insurance did not exceed insurance coverage for each of the past three years. Amounts due in future years on claims as of June 30, 2020 are recognized as a long-term liability in the statement of net position. The Schools use the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. The total computed liability as of June 30, 2020 is \$8,320,149.

Changes in the Schools' self-insurance program liability amount during the fiscal years ended June 30, 2020 and 2019 were as follows:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2020	\$ 9,226,939	64,982,472	65,889,262	8,320,149
June 30, 2019	9,432,330	66,731,962	66,937,353	9,226,939

The liability at June 30, 2020 is comprised of \$2,557,500 in workers' compensation liabilities and \$5,762,649 in accounts payable and accrued expenses related to medical and dental claims.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(16) Continued

Public Utilities Pro-Rata

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

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

In fiscal year 2020, DPU staff has continued to evaluate the program for revisions to enhance the reporting and financial accountability as it relates to the Pro Rata Liabilities. Further research of Pro Rata records and historical data, as well as some fiscal year 2020 activity, has the liabilities further refined. At the year-end, the recorded liability totaled \$1.1 million for amounts received, but not yet reimbursed to initial developers who signed an agreement with the City and have met all five required conditions for pro rata reimbursement under the program. The amount payable to initial developers for whom the City has not yet received cash from subsequent developers or connection fees (depending on selection), but with whom the City has executed agreements is approximated herein as a contingent liability and is roughly estimated as approximately up to \$5.5 million. Upon receipt of cash from subsequent developers or connection fees, these payments will be made and the contingent liability will be reduced. The estimated contingent liability for reimbursements that are due to initial developers wherein payments have already been received from subsequent developers, but that have not been paid by the City as a result of the five conditions not yet having been met, total a contingent liability of approximately up to \$6.1 million. Nevertheless, these amounts will be reimbursed by the City if and when all five conditions required under the policy have been met.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(16) Continued

Federal Award Programs

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

Litigation

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

Pollution Remediation

The City of Chesapeake is under a Commonwealth of Virginia Department of Environmental Quality Consent Order Dated December 19, 2014, relating to sanitary sewer overflows. This order applies to 14 localities in the Hampton Roads Area. The Consent Order reflects a February, 2014 Memorandum of Agreement (MOA) between all of the Localities and the Hampton Roads Sanitation District (HRSD) and assigns responsibilities to each party. HRSD assumes responsibility for all wet weather and capacity based on sanitary sewer overflows and their associated repairs. The City of Chesapeake assumes responsibility for dry weather, maintenance and operations based sanitary overflows and their associated remediation and repair. The HRSD is also subject to a USEPA Consent Decree relating to the same issue, which also identifies responsibilities per the February, 2014 MOA. Per this Consent Decree, HRSD is developing a Regional Wet Weather Management Plan that will identify what work tasks need to be completed when HRSD and localities' sewer systems relating to capacity. Once this plan is completed, each locality, including the City of Chesapeake, will be able to complete development of their own plan identifying what work needs to be completed in order to comply with the DEQ Consent Order. An amendment to the 2014 MOA is being considered by all 14 localities and HRSD that updates the MOA and incorporates proposed changes to USEPA-HRSD Consent Decree that include the impacts of the Sustainable Water Initiative for Tomorrow (SWIFT) aquifer injection program currently being pilot tested by HRSD.

(17) Fund Results and Reconciliation

Fund Deficits

The Self-Insurance Fund, an Internal Service Fund, had net position deficit of \$1,149,918 at June 30, 2020. The deficit will be funded by future internal billings to other funds of the City.

The Chesapeake Public Schools, a component unit, had a net position deficit of \$250,507,137 at June 30, 2020. The deficit is primarily due to a steady increase of Schools' net OPEB obligation and net pension liability. At June 30, 2020, the Schools' net OPEB liability and net pension liability were \$226,837,228 and \$394,348,224 respectively.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(18) Subsequent Events

COVID-19

On July 28, 2020 the City received \$21,360,910 as a second allocation of CARES Act funding. The funds were appropriated by City Council on September 8, 2020 and are expected to be spent for necessary expenditures due to the COVID-19 pandemic incurred no later than December 30, 2020.

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the City is taking appropriate actions to mitigate negative impacts to operating results. However, as there is still a significant level of uncertainty associated with the pandemic, the City continues to actively monitor developments and will take steps to respond accordingly. Revenue collection and projections for fiscal year 2021 have been conservatively budgeted and will require vigilant monitoring and reassessment.

Bond rating

On September 29, 2020, Fitch Ratings upgraded the City's rating on \$29.5 million of water and sewer system revenue bonds (taxable Build America Bonds), series 2010B to 'AAA' from 'AA'. The revenue bond upgrade to 'AAA' reflects the City's water and sewer system's low leverage in the context of its very strong revenue defensibility and very low operating risk profile.

Virginia Public School Authority bond refunding

On November 10, 2020, the VPSA refunded a certain portion of its pooled bonds to produce debt service savings for VPSA and other local issuers. From this refunding, the City will be receiving approximately \$1.3 million in savings that will be allocated over the remaining amortization period of the City's bonds with the final maturity of 2033. The savings commence in fiscal year 2022.

VPSA Series	Refunding Credits	Credits Commence	Final Maturity
2005D	138,997	7/15/2021	7/15/2025
2005C	295,015	7/15/2021	7/15/2025
2013A	891,079	7/15/2021	7/15/2033

(19) Accounting Pronouncements

Adoption of New Accounting Statement

During the year ended June 30, 2020, the City implemented the provisions of the following Governmental Accounting Standard Board (GASB) statement:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective immediately. The City adopted this standard during the year ending June 30, 2020. Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The City has implemented GASB No. 95 with the exception of GASB No. 89, which has been previously implemented.

(Continued)

Notes to Basic Financial Statements
June 30, 2020

(19) Continued

Future Accounting Pronouncements

The GASB has issued the following pronouncements prior to June 30, 2020, which have effective dates that may impact future presentations. Management has not currently determined what impact the implementation of these statements may have on the financial statements of the City.

GASB Statement No. 84, *Fiduciary Activities* will be effective for the City beginning with the year ending June 30, 2021.

GASB Statement No. 87, *Leases* will be effective for the City beginning with the year ending June 30, 2022.

GASB Statement No. 91, *Conduit Debt Obligations* will be effective for the City beginning with the year ending June 30, 2023 although early implementation is encouraged.

GASB Statement No. 92, *Omnibus 2020* was effective for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments upon issuance on January 2020. The requirements related to intra-fund transfers of assets, applicability of Statements No. 73 and No. 74, application of Statement No. 84 to postemployment benefit arrangements, nonrecurring fair value measurements of assets or liabilities, and measurement of liabilities and assets associated with asset retirements obligations in a government acquisition will be effective for the City beginning with the year ending June 30, 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* will be effective for the City beginning with the year ending June 30, 2021, with the exception of paragraphs 11b, 13 and 14 which will be effective for the City beginning with the year ending June 30, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* will be effective for the City beginning with the year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* will be effective for the City beginning with the year ending June 30, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements in (1) paragraph 4 of this Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of this Statement are effective immediately. The requirements in paragraphs 6–9 of this Statement will be effective for the City beginning with the year ending June 30, 2022. All other requirements of this Statement will be effective for the City beginning with the year ending June 30, 2022.

Required Supplementary Information

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-1

Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual - General Fund - unaudited
 Year Ended June 30, 2020

	General Fund			Variance
	Original Budget	Revised Budget	Actual	Positive (Negative)
REVENUES				
General property taxes	\$ 348,907,916	335,849,217	347,009,006	11,159,789
Other local taxes	131,626,102	118,687,671	129,213,594	10,525,923
Licenses, permits and fees	9,147,700	8,455,095	9,469,316	1,014,221
Fines and forfeitures	1,885,500	1,197,251	1,041,495	(155,756)
Investment income	1,900,000	1,900,000	3,111,198	1,211,198
Revenues from use of property	810,548	642,133	544,346	(97,787)
Charges for services	13,558,721	12,019,481	11,683,227	(336,254)
Miscellaneous local revenues	116,400	116,400	1,375,763	1,259,363
Recovered costs	-	-	427,306	427,306
Intergovernmental revenues:				
Commonwealth of Virginia	95,190,867	95,055,901	95,403,256	347,355
Federal government	35,000	35,000	1,043,144	1,008,144
Chesapeake Public Schools	-	-	74,758	74,758
Total revenues	603,178,754	573,958,149	600,396,409	26,438,260
EXPENDITURES				
Current:				
General government	131,174,008	130,883,359	115,741,836	15,141,523
Public safety	109,053,757	106,779,091	101,133,568	5,645,523
Public works	72,842,859	70,480,056	64,891,715	5,588,341
Parks and recreation	14,791,698	13,329,745	11,764,306	1,565,439
Education - payments to public schools	223,140,000	220,464,015	216,068,950	4,395,065
Debt Service	2,001,000	2,001,000	1,990,750	10,250
Total expenditures	553,003,322	543,937,266	511,591,125	32,346,141
Excess (deficiency) of revenues over (under) expenditures	50,175,432	30,020,883	88,805,284	58,784,401
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	6,578,997	7,178,597	8,499,489	1,320,892
Transfers to other funds	(84,342,779)	(73,866,523)	(72,708,542)	1,157,981
Total other financing sources (uses), net	(77,763,782)	(66,687,926)	(64,209,053)	2,478,873
Net change in fund balance	(27,588,350)	(36,667,043)	24,596,231	61,263,274
Fund balance - beginning	246,986,368	246,986,368	246,986,368	-
Fund balance - ending	\$ 219,398,018	210,319,325	271,582,599	61,263,274

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

CITY OF CHESAPEAKE, VIRGINIA**Schedule L-2**

Schedule of Employer Pension Contributions - Virginia Retirement System - unaudited
Year Ended June 30, 2020

City

For Fiscal Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2020	\$ 23,743,613	23,743,613	-	171,271,305	13.86%
June 30, 2019	23,030,212	23,020,212	-	165,769,435	13.89%
June 30, 2018	21,536,320	21,536,320	-	158,317,359	13.60%
June 30, 2017	20,969,936	20,969,936	-	153,143,100	13.69%
June 30, 2016	23,566,227	23,566,227	-	147,330,182	16.00%
June 30, 2015	23,293,190	23,293,190	-	144,086,821	16.17%
June 30, 2014	21,787,520	21,787,520	-	138,455,434	15.74%

Schools' Nonprofessional Employees

For Fiscal Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2020	\$ 1,811,015	1,811,015	-	24,324,677	7.40%
June 30, 2019	1,763,262	1,763,262	-	21,167,806	8.33%
June 30, 2018	1,867,510	1,867,510	-	21,169,819	8.82%
June 30, 2017	1,936,293	1,936,293	-	21,645,530	8.95%
June 30, 2016	2,290,138	2,290,138	-	21,335,475	10.73%
June 30, 2015	2,321,931	2,321,931	-	21,478,860	10.81%
June 30, 2014	2,399,609	2,399,609	-	21,063,314	11.39%

Schools' Professional Employees

For Fiscal Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2020	\$ 38,607,353	38,607,353	-	251,983,078	15.32%
June 30, 2019	36,815,952	36,815,952	-	238,636,634	15.43%
June 30, 2018	37,345,663	37,345,663	-	231,560,514	16.13%
June 30, 2017	32,815,991	32,815,991	-	225,349,626	14.56%
June 30, 2016	30,557,558	30,557,558	-	218,100,620	14.01%
June 30, 2015	31,725,142	31,725,142	-	219,173,315	14.47%
June 30, 2014	25,246,663	25,246,663	-	216,535,628	11.66%

Schedule is intended to show information for 10 years. Since 2014 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-3

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited

Year Ended June 30, 2020

City Employees	2015*	2016*	2017*	2018*	2019*	2020*
Total pension liability						
Service cost	\$ 18,811,281	18,816,001	19,256,498	19,415,271	20,662,658	21,283,410
Interest cost	52,973,477	55,502,643	57,375,617	60,663,347	62,557,454	65,066,734
Changes of Assumptions	-	-	-	2,557,592	-	28,194,184
Difference between expected and actual experience	-	(8,933,171)	11,760,453	(11,011,574)	979,966	5,243,769
Benefit payments, including refunds of employee contributions	(34,074,130)	(37,233,496)	(40,023,900)	(42,826,108)	(46,305,819)	(50,400,608)
Net change in total pension liability	37,710,628	28,151,977	48,368,668	28,798,528	37,894,259	69,387,489
Total pension liability - beginning	773,801,021	811,511,649	839,663,626	888,032,294	916,830,822	954,725,081
Total pension liability - ending	\$ 811,511,649	839,663,626	888,032,294	916,830,822	954,725,081	1,024,112,570
Plan fiduciary net position						
Contributions - employer	\$ 21,780,263	23,309,941	23,585,872	20,970,594	21,536,966	23,141,407
Contributions - employee	7,107,584	7,364,024	7,428,153	7,699,143	7,846,621	8,054,466
Net investment income	94,184,657	31,352,624	12,288,110	86,401,631	57,749,705	54,452,765
Benefit payments, including refunds of employee contributions	(34,074,130)	(37,233,496)	(40,023,900)	(42,826,108)	(46,305,819)	(50,400,608)
Administrative expense	(507,330)	(429,327)	(441,129)	(502,418)	(502,161)	(546,363)
Other	4,964	(6,630)	(5,228)	(76,806)	(51,279)	(34,366)
Net change in plan fiduciary net position	88,496,008	24,357,136	2,831,878	71,666,036	40,274,033	34,667,301
Plan fiduciary net position - beginning	598,576,634	687,072,642	711,429,778	714,261,656	785,927,692	826,201,725
Plan fiduciary net position - ending	\$ 687,072,642	711,429,778	714,261,656	785,927,692	826,201,725	860,869,026
Net pension liability - ending	\$ 124,439,007	128,233,848	173,770,638	130,903,130	128,523,356	163,243,544
Plan fiduciary net position as a percentage of total pension liability	84.67%	84.73%	80.43%	85.72%	86.54%	84.06%
Covered payroll	\$ 138,455,434	144,086,821	147,330,182	153,143,100	158,317,359	165,769,435
Net pension liability as a percentage of covered payroll	89.88%	89.00%	117.95%	85.48%	81.18%	98.48%

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

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

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-4

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited
Year Ended June 30, 2020

Schools' Nonprofessional Employees:	2015*	2016*	2017*	2018*	2019*	2020*
Total pension liability						
Service cost	\$ 2,157,963	2,148,602	2,136,694	2,097,124	1,999,505	1,907,133
Interest cost	5,971,479	6,232,246	6,531,345	6,711,839	6,796,198	6,993,180
Difference between expected and actual experience	-	366,267	(1,148,254)	(1,139,936)	(213,340)	(7,036)
Change in assumption	-	-		(1,036,291)	-	2,840,241
Benefit payments, including refunds of employee contributions	(4,578,086)	(4,230,322)	(4,718,205)	(5,164,407)	(5,690,801)	(5,845,861)
Net change in total pension liability	3,551,356	4,516,793	2,801,580	1,468,329	2,891,562	5,887,657
Total pension liability - beginning	87,595,888	91,147,244	95,664,037	98,465,617	99,933,946	102,825,508
Total pension liability - ending	\$ 91,147,244	95,664,037	98,465,617	99,933,946	102,825,508	108,713,165
Plan fiduciary net position						
Contributions - employer	\$ 2,399,609	2,321,495	2,290,549	1,927,178	1,858,617	1,764,432
Contributions - employee	1,057,299	1,063,283	1,052,203	1,052,494	1,015,533	1,006,106
Net investment income	10,545,595	3,503,699	1,365,632	9,566,139	6,334,762	5,917,505
Benefit payments, including refunds of employee contributions	(4,578,086)	(4,230,322)	(4,718,205)	(5,164,407)	(5,690,801)	(5,845,861)
Administrative expense	(57,298)	(48,093)	(49,417)	(56,156)	(55,879)	(60,104)
Other	556	(743)	(582)	(8,489)	(5,606)	(3,717)
Net change in plan fiduciary net position	9,367,675	2,609,319	(59,820)	7,316,759	3,456,626	2,778,361
Plan fiduciary net position - beginning	67,634,802	77,002,477	79,611,796	79,551,976	86,868,735	90,325,361
Plan fiduciary net position - ending	\$ 77,002,477	79,611,796	79,551,976	86,868,735	90,325,361	93,103,722
Net pension liability - ending	\$ 14,144,767	16,052,241	18,913,641	13,065,211	12,500,147	15,609,443
Plan fiduciary net position as a percentage of total pension liability	84.48%	83.22%	80.79%	86.93%	87.84%	85.64%
Covered payroll	\$ 21,063,314	21,478,860	21,335,475	21,645,530	21,169,819	21,167,806
Net pension liability as a percentage of covered payroll	67.15%	74.74%	88.65%	60.36%	59.05%	73.74%

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

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

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-5

Schedule of Employer's Share of Net Pension Liability - unaudited
VRS Teacher Retirement Plan
Year Ended June 30, 2020

Schools' Professional Employees:	2015*	2016*	2017*	2018*	2019*	2020*
Employer's Proportion of the Net Pension Liability (Asset)	2.96080%	2.94792%	2.86078%	2.87861%	2.89014%	2.87783%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 357,804,000	371,035,000	400,913,000	354,010,000	339,880,000	378,738,781
Employer's Covered Payroll	\$ 216,535,628	219,173,315	218,100,620	225,349,626	231,560,514	238,636,634
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165.24%	169.29%	183.82%	157.09%	146.78%	158.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%

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

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

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-6

Schedules of Employer Contributions - Other Postemployment Benefits - City and Schools Directed - unaudited
Year Ended June 30, 2020

City Directed

Fiscal year ended June 30:		Actuarial Determined Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess)	Covered Payroll	Percentage of Covered Payroll
2020**	\$	2,753,000	2,558,807	194,193	171,271,305	1.49%
2019		2,005,000	2,005,000	-	165,769,435	1.21%
2018*		2,557,000	2,557,000	-	158,317,359	1.62%
2017		3,089,000	3,089,000	-	153,143,100	2.02%
2016		7,851,000	7,851,000	-	147,326,696	5.33%
2015		10,615,000	10,615,000	-	144,086,821	7.37%

Schools Directed

Fiscal year ended June 30:		Annual Determined Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess)	Covered Payroll	Percentage of Covered Payroll
2020+	\$	N/A	5,020,164	N/A	276,307,735	1.82%
2019+		N/A	5,223,504	N/A	259,804,440	2.01%
2018*+		N/A	5,481,286	N/A	252,730,333	2.17%
2017		12,990,000	5,681,682	7,308,318	246,995,156	2.30%
2016		12,377,878	6,100,004	6,277,874	239,436,096	2.55%
2015		12,017,270	6,637,601	5,379,669	240,652,174	2.76%

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

** The FY2020 funding deficiency is on a cash basis. It is last year's payable due the City from the Trust, \$2,010,467, less this year's payable due the City from the Trust, \$1,813,596, less a \$2,678 adjustment. The ADC was contributed on an accrual basis.

+ Actuarial Determined Contribution is not currently available for this plan

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-7

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios - unaudited
Year Ended June 30, 2020

City Directed OPEB Plan	2018	2019	2020
Total OPEB liability			
Service cost	\$ 2,470,272	2,622,677	2,840,269
Interest cost	5,541,256	5,405,083	5,969,997
Change of benefit terms			
Difference between expected and actual experience	1,925,666	6,721,119	7,506,290
Changes in Assumptions	(5,323,681)	-	(3,209,635)
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)
Net change in total OPEB liability	(1,586,829)	8,146,399	8,537,647
Total OPEB liability - beginning	81,783,807	80,196,978	88,343,377
Total OPEB liability - ending	\$ 80,196,978	88,343,377	96,881,024
Plan fiduciary net position			
Contributions - employer	\$ 6,200,342	5,120,704	2,558,807
Net investment income	6,556,557	5,272,630	5,541,530
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)
Net change in plan fiduciary net position	6,556,557	3,790,854	3,531,063
Plan fiduciary net position - beginning	78,646,342	85,202,899	88,993,753
Plan fiduciary net position - ending	\$ 85,202,899	88,993,753	92,524,816
Net OPEB liability (asset) - ending	(5,005,921)	(650,376)	4,356,208
Plan fiduciary net position as a percentage of total OPEB liability (asset)	106.24%	100.74%	95.50%
Covered payroll	\$ 158,317,359	165,769,435	171,271,305
Net OPEB liability (asset) as a percentage of covered payroll	-3.16%	-0.39%	2.54%
Expected average remaining service years of all participants	6	6	6
Annual money - weighted rate of return, net of investment expense	7.98%	6.48%	6.38%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-8

Schedule of City of Chesapeake Proportionate Share of Net OPEB Liability - VRS Directed Programs - unaudited
Year Ended June 30, 2020

	2018	2019	2020
Virginia Local Disability Program			
Employers Proportion of the Net VLDP OPEB Liability	9.82223%	10.44129%	10.23567%
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability	\$ 56,000	81,000	207,356
City of Chesapeake Covered Payroll	17,984,904	24,838,835	31,630,332
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll	0.31%	0.33%	0.66%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	38.40%	51.39%	49.19%
Group Life Insurance Program			
Employers Proportion of the Net GLIP OPEB Liability	0.84410%	0.84669%	0.85198%
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability	\$ 12,702,000	12,859,000	13,863,982
City of Chesapeake Covered Payroll	153,143,100	158,317,359	165,769,435
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll	8.29%	8.12%	8.36%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability	48.86%	51.22%	52.00%
Line of Duty Act			
Employers Proportion of the Net LODA OPEB Liability	6.09451%	6.18415%	6.53382%
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability	\$ 16,016,000	19,387,000	23,442,441
City of Chesapeake Covered Payroll	153,143,100	158,317,359	165,769,435
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability as a Percentage of its covered payroll	*	*	*
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.30%	0.60%	0.79%

* Contributions to the Line of Duty Trust Fund are based on the number of participants in the program using a per-capita based contribution versus a payroll-based contribution.

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-9

Schedule of Changes in the Net OPEB Liability and Related Ratios - unaudited
Year Ended June 30, 2020

Schools Directed OPEB Plan	2018*	2019*	2020*
Total OPEB liability			
Service cost	\$ 5,640,881	4,948,794	4,726,009
Interest cost	4,683,042	5,496,930	5,633,989
Difference between expected and actual experience	(1,299,051)	(2,077,490)	(1,937,712)
Change in assumption	(13,473,773)	(698,818)	8,959,393
Benefit payments	(5,681,682)	(5,481,286)	(5,223,504)
Net change in total OPEB liability	(10,130,583)	2,188,130	12,158,175
Total OPEB liability - beginning	167,158,106	157,027,523	159,215,653
Total OPEB liability - ending	\$ 157,027,523	159,215,653	171,373,828
Plan fiduciary net position			
Contributions - employer	\$ 5,681,862	5,481,286	5,223,504
Net investment income	354,865	296,635	153,792
Benefit payments	(5,681,862)	(5,481,286)	(5,223,504)
Net change in plan fiduciary net position	354,865	296,635	153,792
Plan fiduciary net position - beginning	2,786,002	3,140,867	3,437,502
Plan fiduciary net position - ending	\$ 3,140,867	3,437,502	3,591,294
Net OPEB liability - ending	\$ 153,886,656	155,778,151	167,782,534
Plan fiduciary net position as a percentage of total OPEB liability	2.00%	2.16%	2.10%
Covered payroll	\$ 246,995,156	252,730,333	259,804,440
Net OPEB liability as a percentage of covered payroll	62.30%	61.64%	64.58%
Expected average remaining service years of all participants	7	7	7
Annual money - weighted rate of return, net of investment expense	9.52%	9.00%	5.90%

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

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-10

Schedule of City of Chesapeake Schools' Proportionate Share of Net OPEB Liability - VRS Directed Programs - unaudited
 Year Ended June 30, 2020

	2018	2019	2020
Virginia Local Disability Program			
Employers' Proportion of the Net VLDP OPEB Liability			
Nonprofessional employees	1.77573%	1.75555%	1.82867%
Professional employees	7.09952%	7.69735%	8.22729%
Schools' Proportionate Share of the Net VLDP OPEB Liability			
Nonprofessional employees	\$ 10,000	14,000	37,046
Professional employees	42,000	58,000	47,828
Schools' Covered Payroll			
Nonprofessional employees	3,260,758	4,262,590	5,650,999
Professional employees	20,034,887	28,701,027	39,452,671
Schools' Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll			
Nonprofessional employees	0.31%	0.33%	0.66%
Professional employees	0.21%	0.20%	0.12%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability			
Nonprofessional employees	38.40%	51.39%	49.21%
Professional employees	31.96%	46.18%	74.07%
Group Life Insurance Program			
Employers' Proportion of the Net GLIP OPEB Liability			
Nonprofessional employees	0.11811%	0.11253%	0.10886%
Professional employees	1.22538%	1.22538%	1.22286%
Schools' Proportionate Share of the Net GLIP OPEB Liability			
Nonprofessional employees	\$ 1,777,000	1,709,000	1,771,442
Professional employees	18,440,000	18,568,000	19,899,187
Schools' Covered Payroll			
Nonprofessional employees	21,784,960	21,396,564	21,340,312
Professional employees	226,026,199	232,470,818	239,721,566
Schools' Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll			
Nonprofessional employees	8.16%	7.99%	8.30%
Professional employees	8.16%	7.99%	8.30%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability			
Nonprofessional employees	48.86%	51.22%	52.00%
Professional employees	48.86%	51.22%	52.00%
Teacher Health Insurance Credit Program - Professional Employees			
Employers' Proportion of the Net THICP OPEB Liability	2.85627%	2.86573%	2.84923%
Schools' Proportionate Share of the Net THICP OPEB Liability	\$ 36,235,000	36,386,000	37,299,191
Schools' Covered Payroll	225,417,292	231,762,672	238,983,997
Schools' Proportionate Share of the Net THICP OPEB Liability as a Percentage of its covered payroll	16.07%	15.70%	15.61%
Plan Fiduciary Net Position as a Percentage of the Total THICP OPEB Liability	7.04%	8.08%	8.97%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-11

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited
 Year Ended June 30, 2020

Fiscal year ended June 30:	Annual Required Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
City - VRS Directed Programs					
Virginia Local Disability Program					
2020	\$ 271,012	271,012	-	38,240,626	0.71%
2019	221,571	221,571	-	31,630,332	0.70%
2018	148,817	148,817	-	24,838,835	0.60%
2017	108,219	108,219	-	17,984,904	0.60%
2016	68,377	68,377	-	8,027,845	0.85%
Group Life Insurance					
2020	\$ 897,695	897,695	-	171,271,305	0.52%
2019	866,852	866,852	-	165,769,435	0.52%
2018	834,086	834,086	-	158,317,359	0.53%
2017	809,643	809,643	-	153,143,100	0.53%
2016	716,757	716,757	-	147,330,182	0.49%
Line of Duty Act *					
2020	\$ 849,747	849,747	-	171,271,305	0.50%
2019	768,062	768,062	-	165,769,435	0.46%
2018	658,716	658,716	-	158,317,359	0.42%
2017	657,156	657,156	-	153,143,100	0.43%
2016	583,954	583,954	-	147,330,182	0.40%

*The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-11, Continued

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited
Year Ended June 30, 2020

Fiscal year ended June 30:	Annual Required Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
Schools - VRS Directed Programs					
Virginia Local Disability Program					
Nonprofessional employees					
2020	\$ 47,941	47,941	-	6,658,479	0.72%
2019	35,036	35,036	-	5,650,999	0.62%
2018	25,576	25,576	-	4,262,590	0.60%
2017	19,565	19,565	-	3,260,758	0.60%
2016	13,986	13,986	-	2,330,961	0.60%
Professional employees					
2020	213,321	213,321	-	52,029,564	0.41%
2019	161,756	161,756	-	39,452,671	0.41%
2018	88,973	88,973	-	28,701,027	0.31%
2017	62,108	62,108	-	20,034,887	0.31%
2016	30,785	30,785	-	10,615,473	0.29%
Group Life Insurance					
Nonprofessional employees					
2020	\$ 115,459	115,459	-	22,203,675	0.52%
2019	110,970	110,970	-	21,340,312	0.52%
2018	111,262	111,262	-	21,396,564	0.52%
2017	113,282	113,282	-	21,784,960	0.52%
2016	103,034	103,034	-	21,465,516	0.48%
Professional employees					
2020	1,313,971	1,313,971	-	252,686,782	0.52%
2019	1,246,552	1,246,552	-	239,721,566	0.52%
2018	1,208,848	1,208,848	-	232,470,818	0.52%
2017	1,175,336	1,175,336	-	226,026,199	0.52%
2016	1,050,010	1,050,010	-	218,752,180	0.48%
Teacher Health Insurance Credit Program - Professional Employees					
2020	\$ 3,025,386	3,025,386	-	252,115,534	1.20%
2019	2,867,808	2,867,808	-	238,983,997	1.20%
2018	2,850,681	2,850,681	-	231,762,672	1.23%
2017	2,502,132	2,502,132	-	225,417,292	1.11%
2016	2,312,292	2,312,292	-	218,140,798	1.06%

Schedule is intended to show information for 10 years. Since 2016 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

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

Notes to Required Supplementary Information
June 30, 2020

(1) Budgets and Budgetary Accounting

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

Annual budget requests of the General Fund, Special Revenue Funds (except the Community Development Fund, Grants Fund, Open Space Agriculture Preservation Fund and CSB of Chesapeake, Inc., a blended component unit), Debt Service Fund and Enterprise Funds (excluding construction funds) for the ensuing fiscal year are submitted to the City Manager by department or agency heads during the second quarter of the fiscal year. The City Manager reviews the requests and meets with department heads to discuss the requests. The Capital Projects Funds, Public Utilities Construction Funds, Chesapeake Transportation System Construction Fund, Stormwater Management Construction Fund, Grants Fund, Open Space Agriculture Preservation Fund and the Community Development Fund utilize project budgets in lieu of legally adopted annual budgets. The City Council does not adopt a budget for CSB of Chesapeake, Inc.

Section 5.02 of the City Charter states that “the City Manager shall submit to the Council an operating budget and a budget message at least 90 days prior to the beginning of each fiscal year”. This budget includes the Public Schools budget request as adopted by the School Board which is by law a separate and autonomous “body politic”. The City Manager can recommend a revision only in the total estimated resources and requirements in the School Board budget request. The City Council makes an annual appropriation to the Public Schools but is prohibited from exercising any control over specific expenditures of the Public Schools operating funds.

The budget is required to be adopted at the fund level by a majority vote of the City Council at least 47 days prior to the end of the current fiscal year.

After work sessions and public hearings, the City Manager’s recommended budget may be amended as necessary by the City Council and an appropriations ordinance, tax levy and other revenue enhancements as may be necessary to balance the budget are adopted. Tax rates are established prior to the beginning of the fiscal year.

The City Council may authorize supplemental appropriations during the fiscal year based on the availability of financial resources. Effective with budget year beginning July 1, 2016, the City Manager is authorized by City Council to make transfers of funds between funds, departments and programs up to \$250,000 and is required to notify City Council. For any budget transfers greater than \$250,000, cross capital projects or cross between operating and capital budgets, the requests must be authorized by City Council. Any revisions that alter total appropriations must be approved by City Council. The legal level of budgetary control rests at the fund level.

Each appropriation in a legally adopted annual budget lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Because encumbrances outstanding at year end are reappropriated under the following year’s budget adoption process, encumbrances are considered expenditures (for budgetary purposes) in the year that the expenditure is incurred.

Appropriations for funds utilizing capital or project budgets do not lapse at year end but are multi-year and continue until the purpose of the appropriation has been fulfilled or abandoned. Appropriations under the capital improvement program are considered abandoned if three years pass without any disbursement or encumbrance of the appropriation. The level of budgetary control is on a project basis with additional controls being exercised administratively, as reasonable and necessary.

Notes to Required Supplementary Information
June 30, 2020

The General Fund budget is adopted on a modified accrual basis consistent with accounting principles generally accepted in the United States of America.

The original budget includes the adjustments necessary to bring forward the reappropriated encumbrances as authorized in the annual budget resolution.

(2) Retirement Plans

Changes of benefit terms – All Plans

There have been no actuarially material changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

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

Schools Professional Employees (Teachers)

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

City Employees and Schools Nonprofessional Employees

Non-Hazardous Duty

- Updated to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted rates to better fit experience at each age and service year through 9 years of service
- Lowered disability rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

Hazardous Duty

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

(3) Other Postemployment Benefit Plans

Changes of benefit terms – All VRS Plans

There have been no actuarially material changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

Notes to Required Supplementary Information
June 30, 2020

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2016, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019 (not applicable to the Line of Duty Plan). Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

VRS Plans-

Health Insurance Credit Program-

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

Group Life Insurance Program-

General Employees

- Updated to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement age from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- Increased Line of Duty disability from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%

Hazardous Duty Employees

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

Teachers

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

Line of Duty Act Plan-

General Employees

- Updated to a more current mortality table – RP-2014 projected to 2020
- Increased age 50 rates and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each age and service year
- Increased disability rates to better match experience
- Decreased Line of Duty disability from 60% to 45%

Virginia Local Disability Program-

General Employees

- Updated to a more current mortality table – RP-2014 projected to 2020

Unaudited - see accompanying auditors' report

(Continued)

Notes to Required Supplementary Information
June 30, 2020

- Lowered retirement rates at older ages and extended final retirement age from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- Increased Line of Duty disability from 14% to 15%
- Decreased the discount rate from 7.00% to 6.75%

Teachers

- Updated to a more current mortality table – RP-2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted termination rates to better fit experience at each age and service year.
- Lowered disability rates.
- Increased Line of Duty disability rate from 14% to 15%.
- Decreased discount rate from 7.00% to 6.75%

City Directed OPEB Plan-

Changes of benefit terms - There have been no actuarially material benefit changes.

Changes of assumptions - Changes to the actuarial assumption were as follows:

- Medical trend was updated to the latest model released by the Society of Actuaries and excludes the Cadillac Tax
- The mortality assumption was updated to the latest experience study on the public sector employees and retirees released by the Society of Actuaries

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Other Supplementary Information -
Combining and Individual Fund
Schedules

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General Fund

General Fund – To account for all revenues and expenditures of the City which are not accounted for in other funds. Revenues are primarily derived from general property taxes, other local taxes, charges for services and revenue from state and federal grants.

A significant part of the General Fund's revenue is transferred to component units and other funds, principally to fund operations of the Chesapeake Public Schools, the Virginia Public Assistance Fund, the Community Services Fund, debt service requirements for the City and Public Schools and to fund construction projects.

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1

General Fund
 Schedule of Revenues and Other Financing Sources -
 Budget and Actual
 Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes			
Current taxes on real property	\$ 263,801,223	267,555,025	3,753,802
Current taxes on public service corporations	10,417,530	10,764,700	347,170
Current taxes on personal property	41,665,599	47,534,002	5,868,403
Delinquent taxes on real property	3,779,900	3,258,276	(521,624)
Delinquent taxes on personal property	13,273,827	14,716,235	1,442,408
Penalties, interest and advertising	2,911,138	3,180,768	269,630
Total general property taxes	335,849,217	347,009,006	11,159,789
Other local taxes			
Local sales and use taxes	39,603,319	43,593,597	3,990,278
Consumer utility taxes	10,911,500	10,809,020	(102,480)
Communications sales tax	5,093,700	4,910,048	(183,652)
Business license taxes	27,833,112	27,781,280	(51,832)
Local utility consumption tax	899,000	871,443	(27,557)
Bank stock taxes	1,607,900	1,378,601	(229,299)
Taxes on recordation and wills	3,129,941	4,197,130	1,067,189
Tobacco taxes	5,170,197	4,977,441	(192,756)
Lodging tax	3,729,562	4,609,834	880,272
Restaurant food tax	19,375,817	24,359,527	4,983,710
Admission taxes	649,424	676,676	27,252
Short-term rental taxes	629,199	1,021,346	392,147
Pari-mutuel wagering pool tax	55,000	27,651	(27,349)
Total other local taxes	118,687,671	129,213,594	10,525,923
Revenues from local sources			
Licenses, permits and fees:			
Bicycle licenses	-	5	5
Building structure and equipment permits	857,855	1,353,726	495,871
Precious metals and gems permits	4,000	2,000	(2,000)
Highway and driveway permits	32,600	21,060	(11,540)
Transfer fees	7,800	7,424	(376)
Zoning inspection fees	58,300	47,002	(11,298)
Building inspection fees	84,443	101,770	17,327
Electrical inspection fees	284,800	361,022	76,222
Elevator inspection fees	20,900	13,760	(7,140)
Plumbing inspection fees	195,000	197,691	2,691
Mechanical permits	460,300	420,326	(39,974)
Subdivision review fees	166,900	224,753	57,853
Solicitors permits	3,000	3,825	825
Taxi operators licenses	500	350	(150)
Motor vehicle license	6,024,097	6,449,529	425,432
Inspection fees - gas appliances	74,500	70,938	(3,562)
Animal license and fees	166,000	184,015	18,015
Rodent free certification fee	6,200	4,515	(1,685)
Hunting and fishing license	-	10	10
Rental inspection fees	7,900	5,595	(2,305)
Total licenses, permits and fees	8,455,095	9,469,316	1,014,221
Fines and forfeitures	1,197,251	1,041,495	(155,756)
Investment income	1,900,000	3,111,198	1,211,198

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund
 Schedule of Revenues and Other Financing Sources -
 Budget and Actual
 Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
Revenues from local sources, continued:			
Revenues from use of property:			
Rental of general property	\$ 220,931	200,473	(20,458)
Rental of recreational properties and facilities	365,702	296,229	(69,473)
Library rental revenue	19,600	11,059	(8,541)
Rental of showmobile	35,900	36,585	685
Total revenues from use of property	642,133	544,346	(97,787)
Charges for services:			
Special court costs	62,800	38,428	(24,372)
Law library fees	107,100	103,155	(3,945)
Accident report fees	45,000	41,010	(3,990)
Municipal court fees	51,800	25,899	(25,901)
Civil penalties	54,700	90,530	35,830
Non-support fees	149,800	130,706	(19,094)
Commonwealth's Attorney fees	23,600	18,891	(4,709)
Police escort fees	25,000	33,179	8,179
Sale of service - police	295,144	239,595	(55,549)
Fire report fees	1,000	420	(580)
Sheriff fees	22,861	22,861	-
Inmate medical fees	28,500	34,644	6,144
Sale of service - jail	60,000	146,016	86,016
Sale of service - jail inmates	53,600	22,399	(31,201)
Inmate phone system - jail	609,618	891,339	281,721
Sale of service - Sheriff	968,400	448,777	(519,623)
Sale of service - public works	249,634	276,836	27,202
Recreation fees	916,017	822,585	(93,432)
Sale of food and beverages	34,800	14,465	(20,335)
Library fines and fees	189,628	197,971	8,343
Lot processing fees	85,000	72,075	(12,925)
Sale of service - planning	5,400	15,324	9,924
Sale of publications	-	1	1
Returned check fees	13,000	16,202	3,202
Custodian service	115,000	76,741	(38,259)
Wage assignment fees	-	6,983	6,983
Sale of service - assessor	5,400	4,088	(1,312)
Emergency medical service fees	6,145,062	6,175,136	30,074
Administration collected fees	830,310	921,409	91,099
Wetland Board civil fees	34,800	24,400	(10,400)
Passport application fee	30,000	31,474	1,474
Sale of service - Commissioner of the Revenue	107,400	111,638	4,238
Subdivision inspection fees	450,907	356,371	(94,536)
Fire plan review fees	47,500	43,721	(3,779)
Zoning fees	23,600	24,560	960
Building plan fees	54,000	80,072	26,072
Inspections technology fee	78,400	82,030	3,630
E-Government subscription fee	28,300	32,164	3,864
Other charges for services	16,400	9,132	(7,268)
Total charges for services	12,019,481	11,683,227	(336,254)

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
Revenues from local sources, continued:			
Miscellaneous local revenues:			
Payments in lieu of taxes	\$ -	74,942	74,942
Sale of real property	-	421,838	421,838
Sale of ARC - public works	24,000	39,331	15,331
Sale of junk and salvage	-	11,353	11,353
Escheated funds	-	131,972	131,972
Other revenue	92,400	696,327	603,927
Total miscellaneous local revenues	116,400	1,375,763	1,259,363
Recovered costs:			
Other recoveries and rebates	-	426,586	426,586
Recoveries - Jury	-	720	720
Total recovered costs	-	427,306	427,306
Total revenues from local sources	478,867,248	503,875,251	25,008,003
Revenues from the Commonwealth			
Noncategorical aid:			
Motor vehicle carrier taxes	165,000	165,007	7
Mobile home titling taxes	36,600	34,934	(1,666)
Indirect costs	230,000	216,575	(13,425)
Daily rental taxes - auto	1,321,700	1,269,330	(52,370)
Deed taxes	908,000	997,457	89,457
Personal Property Tax Relief	28,590,001	28,590,001	-
Total noncategorical aid	31,251,301	31,273,304	22,003
Categorical aid:			
Shared expenses:			
Commonwealth's Attorney	2,064,460	2,063,179	(1,281)
Sheriff	12,615,940	12,658,087	42,147
Commissioner of the Revenue	369,390	368,970	(420)
Treasurer	400,520	400,361	(159)
Registrar/Electoral Board	79,800	197,455	117,655
Circuit Court Clerk	1,271,580	1,182,661	(88,919)
Agriculture	92,800	94,685	1,885
Jail project reimbursement - State	-	241,513	241,513
Total shared expenses	16,894,490	17,206,911	312,421

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-1, Continued

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
Revenues from the Commonwealth, continued:			
Other categorical aid:			
Local jail	\$ 2,508,310	1,997,864	(510,446)
Police	6,743,336	7,006,328	262,992
Street and highway maintenance	36,187,634	36,187,634	-
Library	190,530	196,463	5,933
Excess fees	280,300	299,741	19,441
Transportation improvement set-aside	1,000,000	1,097,343	97,343
Reimbursement for emergency expense	-	137,668	137,668
Total other categorical aid	46,910,110	46,923,041	12,931
Total categorical aid	63,804,600	64,129,952	325,352
Total revenues from the Commonwealth	95,055,901	95,403,256	347,355
Revenues from the Federal Government			
Noncategorical aid - Refuge Revenue Sharing Act	29,000	30,815	1,815
Categorical aid:			
Other federal grants	6,000	45,349	39,349
Drug Enforcement Agency	-	373	373
Emergency reimbursement - Federal	-	966,607	966,607
Total revenues from the Federal Government	35,000	1,043,144	1,008,144
Revenues from Chesapeake Public Schools	-	74,758	74,758
Total revenues	573,958,149	600,396,409	26,438,260
OTHER FINANCING SOURCES			
Transfers from other funds	7,178,597	8,499,489	1,320,892
Total other financing sources	7,178,597	8,499,489	1,320,892
Total revenues and other financing sources	\$ 581,136,746	608,895,898	27,759,152

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2

General Fund

Schedule of Expenditures, Encumbrances and Other Financing Uses -
Budget and Actual

Year Ended June 30, 2020

	Appropriations	Expenditures			Encumbrances	Unencumbered Balance
		Operating	Capital Outlay	Total		
EXPENDITURES						
General government:						
Legislative Department - City Council	\$	992,451	-	992,451	2,264	55,709
Executive Department:						
City Manager	3,132,989	2,757,640	5,598	2,763,238	74,796	294,955
Public communications	1,586,637	1,470,047	-	1,470,047	7,836	108,754
Contingencies	4,209,204	-	-	-	-	4,209,204
Emergency event - COVID 19	2,400,000	-	-	-	-	2,400,000
Department of Law - City Attorney	2,758,092	2,406,593	-	2,406,593	308	351,191
Department of Finance:						
Commissioner of the Revenue	3,929,291	3,770,855	-	3,770,855	2,140	156,296
Real Estate Assessor	2,699,281	2,556,767	-	2,556,767	329	142,185
Board of Equalization	3,271	2,622	-	2,622	649	649
City Treasurer	5,494,748	4,971,901	-	4,971,901	8,821	514,026
Director of Finance	2,729,869	2,508,785	-	2,508,785	92,055	129,029
Economic development	2,280,707	2,019,029	-	2,019,029	3,569	258,109
Budget Director	748,325	724,092	-	724,092	444	23,789
City Auditor	688,862	660,786	-	660,786	-	28,076
Independent auditors	219,472	215,000	-	215,000	-	4,472
Financial advisory services	60,000	26,250	-	26,250	-	33,750
Department of Human Resources:						
Human resources	2,562,948	2,356,732	-	2,356,732	18,814	187,402
Judicial Department:						
Circuit court	751,416	697,817	-	697,817	-	53,599
Magistrates office	73,948	53,290	-	53,290	17,890	2,768
General district court	350,867	227,062	-	227,062	13,349	110,456
Juvenile and domestic relations court	185,563	146,651	-	146,651	38,912	36,428
Court services unit	470,784	192,772	-	192,772	92,494	185,518
Commonwealth's Attorney	5,014,970	4,958,298	-	4,958,298	342	56,330
Circuit Court Clerk	2,584,617	2,482,741	-	2,482,741	8,099	93,777
Sheriff	52,163,045	48,549,035	211,678	48,760,713	884,807	2,517,525
Purchasing	1,143,142	1,030,942	-	1,030,942	303	111,897
Department of Public Health:						
General clinics	2,116,407	2,108,198	-	2,108,198	-	8,209
OSHA services	539,085	438,798	-	438,798	2,098	98,189

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

General Fund

Schedule of Expenditures, Encumbrances and Other Financing Uses -
Budget and Actual

Year Ended June 30, 2020

	Appropriations	Expenditures			Total	Balance	Encumbrances	Unencumbered Balance
		Operating	Capital Outlay					
General government, continued:								
Department of Public Library:								
Public library	\$ 10,040,994	9,447,735	79,560		9,527,295	513,699	79,188	434,511
Public library state aid	184,542	184,542	-		184,542	-	-	-
Law library	44,520	25,363	-		25,363	19,157	-	19,157
Boards and Commissions:								
Planning department	2,519,378	2,394,391	10,000		2,404,391	114,987	827	114,160
Planning commission	76,614	39,256	-		39,256	37,358	-	37,358
Electoral board	1,532,550	1,470,199	-		1,470,199	62,351	44	62,307
Department of Agriculture	454,796	452,044	-		452,044	2,752	460	2,292
Department of Human Services								
Division of Community Programs	2,146,617	1,796,514	-		1,796,514	350,103	503	349,600
Customer Contact Center	964,895	935,928	-		935,928	28,967	-	28,967
Department of Development and Permits:								
Code compliance and zoning administration	7,290,548	7,113,478	-		7,113,478	177,070	-	177,070
Nondepartmental:								
Support of civic and community organizations	2,100	-	-		-	2,100	2,100	-
Regional cooperation and support	2,329,000	2,010,500	-		2,010,500	318,500	-	318,500
Other nondepartmental support	1,047,904	938,959	-		938,959	108,945	500	108,445
Chesapeake regional airport	300,937	300,937	-		300,937	-	-	-
Debt service	2,001,000	1,990,750	-		1,990,750	10,250	-	10,250
Total general government	132,884,359	117,425,750	306,836		117,732,586	15,151,773	1,316,864	13,834,909
Public Safety:								
Police department	49,476,429	47,170,422	170,547		47,340,969	2,135,460	131,618	2,003,842
Animal control	2,227,039	2,042,054	-		2,042,054	184,985	10,075	174,910
Public safety training	1,785,543	1,554,381	6,651		1,561,032	224,511	2,767	221,744
Fire department	50,069,566	47,718,516	23,298		47,741,814	2,327,752	32,536	2,295,216
Fire prevention bureau	2,093,599	2,003,782	7,303		2,011,085	82,514	-	82,514
Emergency management operations	660,845	384,289	-		384,289	276,556	1,099	275,457
Mobile integrated healthcare	466,070	52,325	-		52,325	413,745	78,482	335,263
Total public safety	106,779,091	100,925,769	207,799		101,133,568	5,645,523	256,577	5,388,946
Public works:								
Engineering and administration	5,389,564	5,013,269	-		5,013,269	376,295	55,972	320,323
Traffic engineering	7,636,441	7,295,671	41,000		7,336,671	299,770	187,489	112,281
Street maintenance	14,562,892	11,942,722	605,119		12,547,841	2,015,051	1,429,923	585,128
Bridges and structures	4,951,595	3,842,285	148,956		3,991,241	960,354	294,339	666,015

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2, Continued

General Fund

Schedule of Expenditures, Encumbrances and Other Financing Uses -

Budget and Actual

Year Ended June 30, 2020

	Appropriations	Expenditures			Total	Balance	Encumbrances	Unencumbered Balance
		Operating	Capital Outlay					
Public works, continued:								
Bureau of drainage	\$ 3,799,804	2,172,953	1,165,308		3,338,261	461,543	6,625	454,918
Contractual services	2,842,538	2,840,338	-		2,840,338	2,200	-	2,200
Buildings maintenance	8,482,402	7,995,343	-		7,995,343	487,059	97,388	389,671
Facilities Management - building	1,727,619	1,445,046	101,124		1,546,170	181,449	46,730	134,719
Public works operations	2,435,163	2,336,930	-		2,336,930	98,233	12,700	85,533
Solid waste collection	18,652,038	17,809,991	135,660		17,945,651	706,387	777,204	(70,817)
Total public works	70,480,056	62,694,548	2,197,167		64,891,715	5,588,341	2,908,370	2,679,971
Parks and recreation:								
Administration	2,136,580	1,966,781	9,678		1,976,459	160,121	5,383	154,738
Community centers	2,620,718	2,347,851	55,563		2,403,414	217,304	69,331	147,973
Parks operations	1,656,648	1,453,300	99,229		1,552,529	104,119	26,673	77,446
Parks and grounds maintenance	3,455,875	2,803,898	318,849		3,122,747	333,128	128,837	204,291
Parks, grounds and building maintenance - warehouse and work order	175,016	154,769	-		154,769	20,247	32	20,215
Recreation programs	1,186,289	952,593	-		952,593	233,696	-	233,696
Special programs	2,022,679	1,538,755	-		1,538,755	483,924	-	483,924
Fine arts programs	75,940	63,040	-		63,040	12,900	2,500	10,400
Total parks and recreation	13,329,745	11,280,987	483,319		11,764,306	1,565,439	232,756	1,332,683
Education - payments to public schools	220,464,015	216,068,950	-		216,068,950	4,395,065	-	4,395,065
Total expenditures and encumbrances	543,937,266	508,396,004	3,195,121		511,591,125	32,346,141	4,714,567	27,631,574
OTHER FINANCING USES								
Transfers to other funds:								
Debt Service Fund	26,926,641	26,351,302	-		26,351,302	575,339	-	575,339
Capital Projects Fund	26,332,051	26,332,051	-		26,332,051	-	-	-
Virginia Public Assistance Fund	4,294,725	4,294,725	-		4,294,725	-	-	-
Integrated Behavioral Healthcare Fund	7,920,046	7,920,046	-		7,920,046	-	-	-
Juvenile Services Fund	2,334,963	2,334,963	-		2,334,963	-	-	-
Interagency Consortium Fund	1,882,877	1,882,877	-		1,882,877	-	-	-
E-911 Operations Fund	2,389,750	2,389,750	-		2,389,750	-	-	-
Grants Fund	15,000	2,523	-		2,523	12,477	-	12,477
Stormwater Fund	10,470	10,470	-		10,470	-	-	-
Economic Development Authority	1,570,000	999,835	-		999,835	570,165	-	570,165
Information Technology Fund	40,000	40,000	-		40,000	-	-	-
City Garage Fund	150,000	150,000	-		150,000	-	-	-
Total transfers to other funds	73,866,523	72,708,542	-		72,708,542	1,157,981	-	1,157,981
Total other financing uses	73,866,523	72,708,542	-		72,708,542	1,157,981	-	1,157,981
Total expenditures, encumbrances and other financing uses	\$ 617,803,789	\$ 581,104,546	3,195,121		\$ 584,299,667	\$ 33,504,122	\$ 4,714,567	\$ 28,789,555

Debt Service Fund

Debt Service Fund – To account for the accumulation of resources for the payment of principal, interest and related costs on long-term financial obligations of governmental funds.

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CITY OF CHESAPEAKE, VIRGINIA

Schedule N

Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	1,001,689	1,001,689
Revenues from use of property	54,889	54,889	-
Miscellaneous local revenues	458,195	494,800	36,605
Intergovernmental revenues:			
Federal government - American Reinvestment and Recovery Act	841,467	550,227	(291,240)
Revenues from Chesapeake Public Schools	-	10,024	10,024
Total revenues	1,354,551	2,111,629	757,078
EXPENDITURES			
Debt service			
Interest on general obligation bonds	11,619,834	11,171,790	448,044
Interest on literary loans	-	5,986	(5,986)
Interest on open space agriculture preservation	64,430	64,430	-
Other debt expenditures	666,871	602,690	64,181
Redemption of general obligation bonds	23,801,477	23,601,942	199,535
Redemption of literary loans	-	199,533	(199,533)
Total debt service	36,152,612	35,646,371	506,241
Education - payments to public schools	-	28,003,684	(28,003,684)
Total expenditures	36,152,612	63,650,055	(27,497,443)
Excess (deficiency) of revenues over (under) expenditures	(34,798,061)	(61,538,426)	(26,740,365)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	30,567,978	32,066,919	1,498,941
Issuance of general obligation refunding bonds	611,871	34,215,000	33,603,129
Premiums on general obligation bonds issued	-	182,934	182,934
Premiums on general obligation refunding bonds issued	-	7,651,284	7,651,284
Issuance of general obligation school bonds	-	24,520,000	24,520,000
Premiums on general obligation school bonds issued	-	3,566,465	3,566,465
Payment to refunded bond escrow agent	-	(41,674,983)	(41,674,983)
Total other financing sources (uses), net	31,179,849	60,527,619	29,347,770
Net change in fund balance	(3,618,212)	(1,010,807)	2,607,405
Fund balance - beginning	13,607,173	13,607,173	-
Fund balance - ending	\$ 9,988,961	12,596,366	2,607,405

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Capital Projects Funds

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

Public Utilities Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Public Utilities.

Chesapeake Transportation System Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for the Chesapeake Transportation System.

Stormwater Management Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Stormwater Management.

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CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1

General Capital Projects Fund
Schedule of Expenditures and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project	Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
General construction projects:							
General Government:							
1011500100	\$	9,700,000	4,625	2,570,038	7,129,962	18,400	7,111,562
1011600100		1,599,406	17,714	357,366	1,242,041	100	1,241,941
1011800100		1,380,937	-	1,380,937	-	-	-
1012200100		150,000	-	-	150,000	-	150,000
1021500100		74,119	-	74,119	-	-	-
1021500100		1,848,866	653	1,848,866	-	-	-
1021510100		3,280,641	1,881,631	2,297,496	983,145	914,311	68,834
1021510100		2,296,572	-	2,296,572	-	-	-
1021600100		5,470,000	139,456	139,456	5,330,544	83,794	5,246,750
1021700100		12,824	7,089	7,089	5,736	3,868	1,868
1021700100		18,875	18,875	18,875	-	-	-
1021800100		100,000	-	-	100,000	-	100,000
1022010100		100,000	95,482	95,482	4,518	-	4,518
1022200100		175,000	175,000	175,000	-	-	-
1022300100		100,000	-	-	100,000	-	100,000
1022400100		100,000	-	-	85,675	-	85,675
1032000100		100,000	14,325	14,325	100,000	-	100,000
1032200100		949,825	-	-	100,000	-	100,000
1032210100		9,257,853	118,515	3,134,714	6,123,139	-	6,123,139
1041500100		2,837,500	21,112	21,112	2,816,388	-	2,816,388
1041501000		300,175	34,319	949,825	-	-	-
1041700100		837,170	144,793	294,793	5,382	-	5,382
1041700100		269,034	455	454	836,716	9,000	827,716
1041700100		147,545	121,489	269,034	-	-	-
1042000100		3,200,000	1,481,660	2,303,623	896,377	128,705	767,672
1042100100		100,000	821,963	57,596	42,404	26,105	16,299
1042200100		15,848	41,748	307,537	3,458,907	233,556	3,458,907
1042400100		4,000,000	27,395	-	300,000	-	300,000
1052200100		300,000	-	-	96,949	-	96,949
1052400100		400,000	12,888	303,051	686,621	72,218	614,402
1061700100		735,000	48,380	48,380	-	-	-
1061700100		14,518	7,018	14,518	-	-	-
1062200100		462,626	-	-	462,626	102,586	360,040
1062200100		750,000	-	736,932	13,068	-	13,068
1062300100		162,779	52,055	52,055	110,724	69,162	41,562
1062300100		106,021	106,021	106,021	-	-	-
1062400100		200,000	80,810	80,810	119,190	20,569	98,621
1071700100		707,817	49,050	693,704	14,113	9,340	4,773
1072400100		200,000	-	-	200,000	-	200,000
1081600100		1,732,140	99,786	1,468,617	263,523	22,390	241,133
1081700100		30,000	-	-	30,000	-	30,000
1081900100		5,920,826	3,002,870	3,806,641	2,114,185	1,126,372	987,813
1082100100		250,000	33,352	91,014	158,986	23,530	135,456
1082400100		200,000	-	-	200,000	-	200,000
1091100100		154,435	-	-	154,435	-	154,435
1091100100		81,976	-	-	-	-	-
1091700100		265,000	118,572	118,572	146,428	18,978	127,450
1092400100		400,000	-	-	400,000	-	400,000
1092400100		400,000	-	-	-	-	-

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

General Capital Projects Fund
Schedule of Expenditures and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project	Appropriations	Expenditures		Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year			
General construction projects, continued:						
General Government, continued:						
1101900100	Fentress Encroachment Protection	39,652	10,991	50,644	-	1,067,919
1101900100	Fentress Encroachment Protection	6,350	1,721,237	1,727,587	-	-
1111700100	Maximo Upgrade and Integration to Peoplesoft	305,600	-	-	-	305,600
1111900100	Citizen Mobile Apps Project	80,475	-	80,475	-	69,525
1112000100	Information Technology Help Desk Software Replacement	325,043	38,526	217,297	51,152	56,594
1112200100	PeopleSoft Update Manager & PeopleTools Upgrade	400,000	-	-	-	400,000
1112400100	Citywide Security Assessment & Court Security Upgrade	800,000	401,413	401,413	52,962	345,625
1121700100	Real Estate Assessor Computer Assisted Mass Appraisal	240,942	189,616	189,616	15,406	35,920
1122000100	Conference Center Renovation	2,590,480	97,146	197,580	2,392,900	120,593
1122200100	Replacement of Network Equipment - Phase II	600,000	433,355	433,355	166,645	125,210
1131200100	Greenbrier TIF - Greenbrier Center District	1,602,589	-	1,602,589	-	-
1131210100	Greenbrier TIF - Battlefield/Volvo Improvements	571,649	-	571,649	-	-
1132100100	Laserfiche Upgrade	100,000	-	-	100,000	-
1132200100	Website Redesign	300,000	21,678	21,678	52,038	226,285
1142100100	Replace Existing PBX Telephone System with VoIP	2,467,830	126,911	883,659	1,584,171	1,302,991
1151000100	Conference Center Renovations	91,776	-	-	91,776	-
1151000100	Conference Center Renovations	351,150	-	351,150	-	-
1152100100	Replacement of Network Equipment	440,000	46,302	430,740	9,260	8,688
1181000100	Greenbrier Gateway Signage	250,000	-	-	250,000	-
1181300100	Greenbrier TIF - Woodlake Drive Expansion	3,374,912	-	-	3,374,912	-
1191200100	South Norfolk TIF - Poindexter Street Scope	248,127	-	24,023	224,104	-
1201000100	Greenbrier Center Pedestrian Safety	1,229,318	-	-	1,229,318	-
1201000100	Greenbrier Center Pedestrian Safety	80,920	-	-	-	-
1201200100	South Norfolk TIF - Library Expansion	53,131	-	-	53,131	378
1201900100	Case Mgmt Software-City Attny & Comm Attny	10,539	-	-	10,539	-
1211200100	22nd Street Bridge Replacement	18,195,606	9,830,851	13,919,896	4,275,710	3,324,303
1211200100	22nd Street Bridge Replacement	1,727,194	-	1,727,194	-	-
1212000100	ADA Door & Restroom Retrofits at Various Facilities - Ph I	332,783	29,960	29,960	302,823	-
1271600100	PeopleTools Upgrade Comp IRS	859	-	-	859	-
1271600100	PeopleTools Upgrade Comp IRS	156,160	156,160	156,160	-	-
1281500100	Mainframe Migration Project Phase I	5,500,000	-	5,500,000	-	-
1352400100	Regional Broadband Ring	160,000	-	-	160,000	-
1392400100	BMP and Parking at old South Norfolk Library	269,369	-	-	269,369	-
1392400100	BMP and Parking at old South Norfolk Library	280,631	-	280,631	-	-
1411300100	Risk Management Software I	134,169	-	-	134,169	108,857
1411300100	Risk Management Software I	74,575	-	74,575	-	-
1412400100	CNG Modification - City Garage	329,780	-	-	329,780	-
1441300100	Fast Payback Energy Conservation	546,825	231,119	546,789	36	36
1452000100	22nd Street Commercial Site Preparation	14,799	-	-	14,799	-
1482000100	SoNo Municipal Facility Development Strategy	8,554	-	-	8,554	-
1482300100	Joint City/School Garage Facility	15,000,000	665,102	963,085	14,036,915	328,067
1491700100	Street Light Improvements - South Norfolk TIF	296,400	27,805	296,400	-	-
1492300100	Joint Study for School Facilities & Redistricting	1,000,000	584,803	584,803	415,197	139,199
1502300100	Chesapeake Multipurpose Stadium	750,000	-	-	750,000	-
1512300100	South Norfolk Municipal Building	4,156,187	225,804	3,492,848	663,339	750,000
1532300100	Airport Authority Improvements and Expansion Ph II	527,000	6,775	183,282	343,718	614,083
						343,718
						(Continued)

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

Capital Projects Fund
Schedule of Expenditures and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project	Appropriations	Expenditures		Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year			
General construction projects, continued:						
1561700100 Electronic Plan & Permitting System	1,359,390	832,675	49,375	882,050	61,825	415,516
1621200100 Commerce Park	1,649,992	-	-	-	-	1,649,992
1621200100 Commerce Park	834,412	834,412	-	834,412	-	-
1631210100 Elizabeth River Landing Park	40,904	-	-	40,904	-	40,904
1911200100 Personal Property System Rewrite	700,000	700,000	-	700,000	-	-
Total General Government	134,807,683	40,562,558	23,090,503	63,653,061	7,602,097	63,552,525
Department of Public Safety:						
1041800200 Jail Expansion to Address Overcrowding	2,379,290	180,722	497,962	678,684	100,151	1,600,455
1071100200 Fire Station #10 - Design	10,439,028	4,210,693	4,378,373	8,589,066	1,770,262	79,700
1071100200 Fire Station #10 - Design	37,310	-	37,310	37,310	-	-
1072100200 CAD Sheriff/Police Interface	33,241	-	-	-	33,241	15,692
1072100200 CAD Sheriff/Police Interface	511,759	481,808	29,951	511,759	-	-
1072200200 Fire - Fire/EMS Mobile Data Terminals	27	-	-	-	27	-
1072200200 Fire - Fire/EMS Mobile Data Terminals	330,408	296,962	33,446	330,408	-	-
1082200200 Fire Station Alerting System	1,500,000	60,381	1,388,605	1,448,986	-	51,014
1101600200 Combined Fire Station #7/Police Precinct #6	8,138,666	529,196	3,430,101	3,959,296	4,179,370	957,647
1102100200 Fire - Telestaff Kronos Interface	75,000	1,590	50	1,639	73,361	73,361
1112100200 Tri-City Automatic Aid CAD Interface (Regional 911)	50,000	-	-	-	50,000	50,000
1122100200 Jail - Data Center	100,000	87,554	-	87,554	12,446	12,446
1132300200 Door Card Control Panel Replacement and Fire Station Access	110,000	-	54,113	54,113	55,887	55,887
1162100200 Sheriff Automated Rounds Software	200,000	3,600	184,116	187,716	12,284	87
1162200200 Fire Station #4 Replacement	900,000	-	-	-	900,000	900,000
1162300200 Public Safety Facility Issue Studies - Feasibility & Design	750,000	-	215,289	215,289	534,711	26,221
1172000200 Fire Alarm and Public Address System	150,000	8,004	96,624	104,628	45,372	45,372
1182300200 Public Safety Vehicle Network Connection Upgrade	175,000	14,167	31,720	45,887	129,113	129,113
1192300200 Sheriff - Civil Papers Software Replacement	130,000	92,367	37,168	129,535	465	465
1202100200 Fire - Mobile Radio Repeaters	1,490	-	1,490	1,490	-	-
1202400200 Fire Station Exhaust Removal Systems Replacement	300,000	-	-	-	300,000	300,000
1212400200 Jail Booking Area Facility Renovation	150,000	-	-	-	150,000	72,269
1222100200 Jail Kitchen Equipment Replacement	194,484	-	24,034	24,034	170,450	82,199
1222400200 Virtual Firearm Training/Safety Awareness System	300,000	-	231,591	231,591	68,409	68,409
1242100200 Jail PLC System Replacement & Upgrade	986	-	-	-	986	986
1251500200 Restroom Renovations Firestation #13	39,712	39,712	(39,712)	-	39,712	39,712
1252100200 Jail Surveillance System Digital Conversion & Cameras	722,000	613,921	43,801	657,722	17,765	46,513
1261900200 Emergency Vehicle Storage Facility	18,518	-	-	-	18,518	18,518
1262100200 Jail and Sheriff HQ Renewal and Replacements	1,788,773	793,779	545,994	1,339,773	449,001	442,031
1262100200 Jail and Sheriff HQ Renewal and Replacements	6,227	-	6,227	6,227	-	-
1271900200 Deep Creek Fire Station #8 - Relocate	9,248,093	480,955	20,482	501,436	8,746,657	8,567,154
1272100200 Police Command Bus Replacement	2,333	-	-	-	2,333	2,333
1272100200 Police Command Bus Replacement	403,614	199,964	203,650	403,614	-	-
1281900200 Dock Landing Firestation #11 Replacement	21,827	-	-	-	21,827	21,827
1281900200 Dock Landing Firestation #11 Replacement	6,000	-	6,000	6,000	-	-
1342400200 Electronic Summons Collection	120,000	-	13,696	13,696	106,304	64,464
1371400200 Animal Services Facility	1,387,833	631,810	622,363	1,254,174	133,659	129,090
1391400200 Public Safety Headquarters EOC/EDC Phase I	1,047,838	151,636	239,878	391,513	656,324	527,391
1392000200 Fire Vehicle Replacement	1,526,990	-	1,361,581	1,361,581	165,410	14,633
(Continued)						

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Capital Projects Fund

Schedule of Expenditures and Encumbrances - Budget and Actual

Year Ended June 30, 2020

Schedule O-1, Continued

Project	Appropriations	Expenditures		Total	Unexpended	Encumbrances	Unencumbered Balance
		Prior Years	Current Year				
General construction projects, continued:							
Department of Public Safety, continued:							
1392000200 Fire Vehicle Replacement	1,474,126	1,372,958	101,168	1,474,126	-	-	- *
1591200200 Jail Phase II - Design	413,441	-	-	-	413,441	-	413,441
Total Department of Public Safety	45,184,013	10,251,779	13,797,069	24,048,848	21,135,165	6,326,710	14,808,455
Department of Public Works:							
1021900300 Bruce Road Safety Improvements	195,624	-	70,690	70,690	124,934	4	124,929
1021900300 Bruce Road Safety Improvements	1,324,188	1,061,411	262,777	1,324,188	-	-	- *
1031200300 Grade Crossing Safety Program II	200,000	-	-	-	200,000	-	200,000
1031900300 Centerville Bridge Rehabilitation	10,774,053	2,324,696	7,094,691	9,419,388	1,354,665	196,220	1,158,445
1051100300 George Washington Highway Right of Way Acquisition	37,038	-	-	-	37,038	-	37,038
1061900300 Military Hwy & Smith Ave Intersection Improvements	575,691	575,691	-	575,691	-	-	- *
1071900300 Residential Street Repaving	5,327,754	-	-	-	5,327,754	-	5,175,721
1071900300 Residential Street Repaving	3,847,967	1,934,914	1,913,052	3,847,967	-	-	- *
1081800300 DC AIW Bridge ROW Preservation	20,274,900	49,642	16,554	66,196	20,208,703	147,414	20,061,289
1091800300 Freeman Ave Railroad Overpass	2,250,000	-	-	-	2,250,000	-	2,250,000
1131800300 Mullen Rd / Jones Lane Connector	2,788	2,788	-	2,788	-	-	- *
1141500300 Elbow Road Phase I	479,890	-	-	-	479,890	-	479,890
1171300300 Repair & Maintenance Roads/Bridges II	198,099	143,551	48,558	192,109	5,990	-	5,990
1200510300 Gum Road Multi-Use Path	79,573	-	1,164	1,164	78,409	-	78,409
1210820300 Traffic Signals and Intersection Improvements	43,943	9,440	20,198	29,638	14,305	9,850	4,455
1222000300 Benefit Road Ditch and Shoulder Improvements	45,030	-	-	-	45,030	-	45,030
1222000300 Benefit Road Ditch and Shoulder Improvements	300	300	-	300	-	-	- *
1232000300 Right Turn Lane Ext: Battlefield Blvd at Hickory High	100,000	-	-	-	100,000	-	100,000
1252200300 Citywide Guardrail Installation & Replacement	1,100,000	-	-	-	1,100,000	-	1,100,000
1262200300 Citywide Sidewalk Installation	1,000,000	31,241	51,435	82,676	917,325	18,654	898,671
1270710300 Master Drainage Improvement II	335,709	89,801	144,940	234,742	100,967	19,152	81,816
1272200300 Left Turn Lane/Signal Mod: Volvo Pkwy. at Greenbrier Pkwy.	350,000	-	-	-	350,000	-	350,000
1282200300 Traffic Signals and Intersection Improvements - Phase III	800,000	-	-	-	800,000	-	800,000
1292200300 Turn Lanes and Signal Modification: Hanbury Rd.	1,501,000	64,056	40,738	104,794	1,396,206	10,203	1,386,003
1292400300 Edwin Drive Improvements	518,000	-	4,465	4,465	513,535	243,240	270,295
1302200300 Expressway Improvements at Mount Pleasant	2,500,000	1,507,023	39,722	1,546,745	953,255	29,203	924,052
1302300300 Advanced Right-of-Way Acquisition Program	900,000	30,671	3,500	34,171	865,829	-	865,829
1312300300 Centerville Turnpike Bridge Feasibility Study	500,000	1,441	229,632	231,073	268,927	172,339	96,587
1321500300 Safe Roads to School Program	783	783	-	783	-	-	- *
1322200300 Expressway Guardrail Improvements	86,760	-	-	-	86,760	2,712	84,048
1322200300 Expressway Guardrail Improvements	663,420	1,954	661,467	663,420	-	-	- *
1322400300 Snowden Ave. Railroad Crossing Signals & Gates	459,400	-	459,400	459,400	-	-	- *
1332200300 Battlefield Blvd Flashing Yellow Signals	275,393	-	-	-	275,393	-	275,393
1332200300 Battlefield Blvd Flashing Yellow Signals	162,907	53,896	109,011	162,907	-	-	- *
1332400300 Pedestrian Sidewalk - Seaboard & Industrial Ave.	763,000	-	-	-	763,000	-	763,000
1341100300 Various Drainage Improvements	44,490	-	-	-	44,490	-	44,490
1341900300 Public Works Building Replacement - 925 Executive Blvd	97,199	97,199	-	97,199	-	-	- *
1342200300 Portsmouth Blvd Flashing Yellow Signals	144,703	-	-	-	144,703	-	144,703
1342200300 Portsmouth Blvd Flashing Yellow Signals	124,097	42,175	81,922	124,097	-	-	- *
(Continued)							

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

Capital Projects Fund
Schedule of Expenditures and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project	Appropriations		Expenditures		Total	Unexpended Balance	Encumbrances	Unencumbered Balance		
	Prior Years	Current Year								
General construction projects, continued:										
Department of Public Works, continued:										
1351000300 Portsmouth Boulevard Phase 4	955,218	-	-	-	17,964,953	955,218	12,870	942,348		
1351000300 Portsmouth Boulevard Phase 4	17,964,953	16,301	-	-	-	-	-	- *		
1352200300 George Washington Hwy Milling & Resurfacing	68,142	-	-	-	-	68,142	-	68,142		
1352200300 George Washington Hwy Milling & Resurfacing	931,858	-	-	-	931,858	-	-	- *		
1352300300 Elbow Rd. Widening - Phase 2	17,340,000	258,371	508,880	-	16,831,120	16,831,120	716,462	16,114,658		
1362100300 Mt. Pleasant Rd. Widening	2,470,275	303,074	176,107	479,181	1,991,094	1,991,094	24,771	1,966,323		
1372100300 Repair & Maintenance Roads and Bridges Phase IV	1,140,573	272,307	202,880	475,187	665,386	665,386	153,406	511,980		
1372300300 George Washington Hwy. (US Route 17) Widening	2,500,000	-	-	-	2,500,000	2,500,000	-	2,500,000		
1382100300 Right Turn Lane and Signal Modification: Woodlake Dr.	2,160,000	252,135	64,993	317,128	1,842,872	1,842,872	45,314	1,797,558		
1382300300 Gilmerton Auxiliary Counterweights Bridge Repairs	1,514,913	184,457	33,422	217,880	1,297,033	1,297,033	79,421	1,217,612		
1382400300 Elbow Rd. Bridge Replacement	600,000	-	197,676	197,676	402,324	402,324	402,253	71		
1392300300 Intersection Improv: Battlefield Blvd at Albemarle Dr	1,350,000	83,213	87,691	170,904	1,179,096	1,179,096	28,160	1,150,937		
1402300300 Intersection Improv: Battlefield Blvd at Volvo Pkwy	1,350,000	-	-	-	1,350,000	1,350,000	275,479	1,074,521		
1402400300 Emergency Vehicle Pre-emption Ph II	180,000	-	4,248	4,248	175,752	175,752	-	175,752		
1412100300 Rural Roads Safety Improvement Program	2,050,000	7,606	-	7,606	2,042,394	2,042,394	12,000	2,030,394		
1412300300 Intersection Improv: Butts Station Rd at Kempsville Rd	1,150,000	-	7,355	7,355	1,142,645	1,142,645	-	1,142,645		
1422300300 Mt. Pleasant Rd. Widening - Phase 2	950,000	-	-	-	950,000	950,000	-	950,000		
1422400300 Cedar Road Repaving	997,280	-	-	-	997,280	997,280	979,280	18,000		
1432000300 Ballahack Boat Ramp Area Improvements	359,791	795	-	795	358,996	358,996	-	358,996		
1441700300 Centerville Bridge Super Structure Repairs	150,000	-	-	-	150,000	150,000	-	150,000		
1442300300 Pedestrian Sidewalk & Street Lighting-Poindexter St.@I-464	548,500	-	-	-	548,500	548,500	194,064	354,436		
1451700300 Sunray Overpass Rehabilitation	4,238,600	1,338,433	1,982,925	3,321,358	3,321,358	3,321,358	38,292	878,949		
1452300300 Right Turn Lane Ext: Greenbrier Pkwy. @ Kempsville Rd.	350,000	-	-	-	350,000	350,000	-	350,000		
1461700300 Triple Decker Bridge Rehabilitation	3,135,500	736,659	200,963	937,622	2,197,378	2,197,378	487,941	1,709,437		
1462300300 Right Turn Lane: Campostella Rd. @ Sunrise Ave.	150,000	-	-	-	150,000	150,000	-	150,000		
1471700300 US Route 17 South of Cedar Road	13,035,826	-	-	13,035,826	-	-	-	- *		
1472300300 Right Turn Lanes: Deep Creek Area	338,000	-	-	-	338,000	338,000	-	338,000		
1481700300 South Norfolk Railroad Crossings	100,041	-	-	-	100,041	100,041	-	100,041		
1481700300 South Norfolk Railroad Crossings	298,323	-	-	298,323	-	-	-	- *		
1541700300 Traffic Management Center and System Addition	90,856	-	-	-	90,856	90,856	-	90,856		
1542300300 Intersection Improvements: Battlefield Blvd. @ GB Blvd.	1,210,000	46,463	49,678	96,142	1,113,858	1,113,858	189,827	924,032		
1552300300 Kempsville Road Repaving Project	999,000	699,883	104,362	804,245	194,755	194,755	192,755	2,000		
1562300300 Oaklette Bridge (Indian River Road)	482,000	-	-	-	482,000	482,000	-	482,000		
1572300300 Old Mill Road - Bridge at Deep Creek	137,000	-	-	-	137,000	137,000	39,000	98,000		
1582300300 Number Ten Lane - Bridge over Lindsey Drainage Canal	161,000	70,840	41,786	112,626	48,374	48,374	48,374	-		
1592300300 Flashing Yellow Lights - Western Branch	159,000	-	-	-	159,000	159,000	-	159,000		
1602300300 Flashing Yellow Lights - Cedar Rd.	313,000	-	-	-	313,000	313,000	-	313,000		
1612300300 Providence and Mt Pleasant Flashing Yellow	305,000	-	-	-	305,000	305,000	-	305,000		
1622300300 Citywide Signal Timing	35,000	-	-	-	35,000	35,000	-	35,000		
1671210300 Traffic Signal / Intersection Improvement	83,381	55,451	-	55,451	27,930	27,930	-	27,930		
1671210300 Traffic Signal / Intersection Improvement	47,593	-	-	47,593	-	-	-	- *		
Total Department of Public Works					140,483,822	44,586,750	14,682,675	81,214,397	4,920,694	76,293,703
Department of Parks and Recreation:										
1112300400 Northwest River Park Improvements	1,775,548	75,639	165,634	241,273	1,534,275	1,534,275	336,868	1,197,406	- *	
1112300400 Northwest River Park Improvements	224,452	-	224,452	224,452	-	-	-	-	-	
1132000400 Western Branch Trail Commonwealth/Seaboard	600,000	40,613	559,387	600,000	-	-	-	-	-	
1142200400 Dismal Swamp Canal Trail Renovation	800,000	-	-	-	800,000	800,000	-	800,000	(Continued)	

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, continued

Capital Projects Fund
Schedule of Expenditures and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project	Appropriations	Expenditures		Total	Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year				
General construction projects, continued:							
Department of Parks and Recreation, continued:							
1152200400 Northwest River Park Water & Sewer System Improv - Ph I	324,157	169,229	111,941	281,170	42,986	15,736	27,250
1152400400 Heron Landing Park on the Indian River	156,000	-	-	-	156,000	142,230	13,770
1161910400 Athletic Field Improvements	9,790	-	-	-	9,790	-	9,790
1161910400 Athletic Field Improvements	376,930	-	376,930	376,930	-	-	-
1170510400 Parks Land Acquisition	142,903	-	51,354	51,354	91,549	-	91,549
1172100400 Chesapeake Arboretum	781,799	-	-	-	781,799	18,140	763,659
1172100400 Chesapeake Arboretum	94,668	-	94,668	94,668	-	-	-
1181920400 Park Program Improvements	130,907	-	-	-	130,907	114,540	16,367
1181920400 Park Program Improvements	239,937	64,049	175,888	239,937	-	-	-
1182100400 Commonwealth/Seaboard Multi-City Rail Trail	655,000	12,385	685	13,070	641,930	-	641,930
1191920400 Facility Improvements on Recreational Buildings	93,844	-	84,570	84,570	9,275	8,738	537
1191920400 Facility Improvements on Recreational Buildings	703,630	456,698	246,932	703,630	-	-	-
1192100400 Dismal Swamp Canal Trail Phase III	353,791	-	-	-	353,791	-	353,791
1211910400 Parking Lot Improvements	109,610	-	-	-	109,610	-	109,610
1211910400 Parking Lot Improvements	94,527	71,693	22,835	94,527	-	-	-
1221200400 Johnson Park Improvements	170,353	-	20,730	20,730	149,623	11,628	137,996
1221910400 ADA Facility Compliance	49,272	-	-	-	49,272	19,350	29,922
1221910400 ADA Facility Compliance	253,307	155,387	97,920	253,307	-	-	-
1231900400 Oak Grove Lake Park Additional Parking	60,000	-	-	-	60,000	-	60,000
1241910400 Security Improvements Parks & Recreation	40,000	-	-	-	40,000	-	40,000
1241910400 Security Improvements Parks & Recreation	80,569	80,569	-	80,569	-	-	-
1260700400 Battlefield Visitor Center	88,147	-	-	-	88,147	-	88,147
1260700400 Battlefield Visitor Center	13,812	13,812	-	13,812	-	-	-
1301500400 Cascade Blvd. Park Lighting	15,904	-	-	-	15,904	-	15,904
1362400400 Enhanced Entrances to the City	200,000	-	-	-	200,000	-	200,000
1461400400 Centerville Park Upgrade	17,006	-	-	-	17,006	-	17,006
1472000400 Open Space and Recreation Funded Projects	2,840,511	301,572	912,848	1,214,420	1,626,091	159,319	1,466,772
1472000400 Open Space and Recreation Funded Projects	210,987	-	210,987	210,987	-	-	-
1662300400 Joint Dismal Swamp Canal Trail Visitor & Refuge Study	35,968	17,984	17,984	35,968	-	-	-
1682300400 Great Bridge Battlefield Monument Plaza	142,600	-	-	-	142,600	-	142,600
Total Department of Parks and Recreation	11,885,931	1,459,630	3,375,746	4,835,376	7,050,555	826,549	6,224,006
Department of Public Welfare:							
1012100500 CIBH - Parking Addition	87,611	-	-	-	87,611	-	87,611
1012300500 CIBH - Study of 224 Great Bridge Blvd. Building Annex	712,700	56,533	14,807	71,339	641,361	21,619	619,742
1141900500 Psychosocial Support Building Expansion	3,031,112	355,236	999,664	1,354,899	1,676,213	1,150,052	526,160
1151900500 Intellectual Disability Support Building Renovation	1,575,513	24,194	119,249	143,443	1,432,070	79,643	1,352,427
Total Department of Public Welfare	5,406,936	435,962	1,133,719	1,569,681	3,837,255	1,251,314	2,585,941
Department of Libraries:							
1022101000 Library Customer Service Desk Replacements	182,500	16,134	30,197	46,331	136,170	13,923	122,247
1032101000 Library Russell Memorial Parking Addition	500,000	34,181	1,419	35,600	464,400	5,620	458,780
1032401000 Library Book Lockers	113,000	-	-	-	113,000	113,000	-
1062001000 Library-Integrated Library System (ILS) Hosting	175,000	-	93,100	93,100	81,900	-	81,900
1082001000 Library Tablet Lending System	60,000	-	-	-	60,000	58,275	1,725
1092001000 Library - Virtual Desktop Infrastructure Expansion	1,104	1,104	-	1,104	-	-	-
1092201000 Library - Data Center Redundancy/DIT Colocation	25,813	4,830	-	4,830	20,983	-	20,983
1102201000 Library - Technology Upgrade/Replacement - Phase III	350,000	-	-	-	350,000	-	350,000
(Continued)							

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, continued

Capital Projects Fund
Schedule of Expenditures and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project	Appropriations	Expenditures		Total	Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year				
General construction projects, continued:							
1121901000 Library Automated Materials Handling System	2,702	2,702	-	2,702	-	-	- *
1121911000 Library Automated Materials Handling System Ph II	353,539	-	-	-	353,539	-	353,539
1121921000 Library Automated Materials Handling System Ph III	300,350	-	-	-	300,350	-	300,350
1131901000 Library Technology Upgrade/Replacement Phase II	11,844	-	-	-	11,844	-	11,844
1131901000 Library Technology Upgrade/Replacement Phase II	15,942	-	15,942	15,942	-	-	- *
Total Department of Libraries	2,091,794	58,951	140,658	199,609	1,892,185	190,818	1,701,367
Total General construction projects	339,860,179	97,355,630	56,220,370	153,576,000	186,284,179	21,118,182	165,165,997
School capital projects:							
9050326650 Grassfield High School	221	-	-	-	221	-	221
Total school capital projects	221	-	-	-	221	-	221
Total expenditures and encumbrances	339,860,400	97,355,630	56,220,370	153,576,000	186,284,400	21,118,182	165,166,218
Less completed projects	63,149,321			63,149,321			
Construction in progress	\$ 276,711,079			90,426,679			
*Completed Projects							

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-2

Public Utilities Capital Projects Fund
Schedule of Expenses and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project		Expenses				Unexpended Balance	Encumbrances	Unencumbered Balance
		Appropriations	Prior Years	Current Year	Total			
1010900800	Northwest River WTP Misc Modifications	\$ 122,379	-	122,365	122,365	14	-	14
1011500800	PW/PU Operations Facilities Relocation Ph I	4,000,000	121,262	-	121,262	3,878,738	-	3,878,738
1041400800	Sewer System Repairs Ph II	1,875	-	-	-	1,875	1,875	-
1051810800	Sewer Renewal - Add'l Consent Order - Cloverdale	2,312,749	651,927	297,374	949,301	1,363,448	9,623	1,353,824
1051820800	Sewer Renewal - Add'l Consent Order - Decatur	3,181,230	206,080	25,000	231,080	2,950,150	145,803	2,804,347
1051830800	Sewer Renewal - Add'l Consent Order - Virginia Avenue	2,567,630	107,623	1,384,667	1,492,290	1,075,340	60,580	1,014,760
1051840800	Sewer Renewal - Add'l Consent Order - Maint & Op Mgmt	2,015,586	-	436,073	436,073	1,579,514	1,064,304	515,209
1051840800	Sewer Renewal - Add'l Consent Order - Maint & Op Mgmt	1,495,751	60,080	1,435,671	1,495,751	-	-	-
1051850800	Sewer Renewal - Add'l Consent Order - Edgewood	591,012	403,325	187,687	591,012	-	-	-
1051860800	Sewer Renewal - Add'l Consent Order - Cavalier	219,362	-	219,362	219,362	-	-	-
1051870800	Sewer Renewal - Regional/Local Hydraulic Model	60,000	-	-	-	60,000	50,188	9,812
1051900800	Oak Grove Elevated Tank Standpipe Replacement	390,000	57,991	272,173	330,164	59,836	14,770	45,066
1061000800	Force Main Upgrade - Greenbrier Parkway	2,700,389	47,898	-	47,898	2,652,491	43,533	2,608,958
1131600800	Sewer Management Operations and Maintenance	60,580	-	-	-	60,580	50,477	10,104
1131600800	Sewer Management Operations and Maintenance	191,538	40,539	150,999	191,538	-	-	-
1141600800	Water Renewal & Waterline Upgrade - Ph II	2,324,776	7,666	-	7,666	2,317,109	-	2,317,109
1141600800	Water Renewal & Waterline Upgrade - Ph II	651,880	-	651,880	651,880	-	-	-
1151700800	Sewer Renewal - 18th Street	1,124,270	110,086	12,867	122,952	1,001,318	21,813	979,505
1181700800	Sewer Renewal - Chesapeake Ave - Guerriere to Ohio Sewer	616,797	41,674	12,717	54,391	562,406	6,276	556,130
1191300800	Northwest River WTP Misc Modifications	901,973	396,686	-	396,686	505,288	-	505,288
1191300800	Northwest River WTP Misc Modifications	500,000	-	-	-	500,000	-	500,000
1221400800	Battlefield to Centerville Water Main Ph II	602,738	-	-	-	602,738	30,279	572,459
1222200800	Sewer System Redesign/Construction: Albemarle Dr.	700,000	19,721	-	19,721	680,279	680,279	-
1222300800	Lake Gaston Pipeline - Capital Cost Sharing with VA Beach	545,000	204,211	117,369	321,580	223,420	-	223,420
1231700800	Sewer and Water Renewal: Elbyrne Dr.	2,155,000	-	161,271	161,271	1,993,729	125,856	1,867,873
1232300800	Northwest River Lakes & Pump Station	2,000,000	49,387	19,411	68,797	1,931,203	365,713	1,565,490
1241200800	Water System Renewal	522,902	507,672	-	507,672	15,230	-	15,230
1241200800	Water System Renewal	370,098	149,976	220,122	370,098	-	-	-
1242000800	Water Renewal - Buchanan Street	3,306,870	127,719	155,887	283,607	3,023,263	124,603	2,898,661
1242000800	Replacement of Lead Service Lines	100,000	-	100,000	100,000	-	-	-
1252000800	Unserved Areas/Cost Participation - Phase II	170,902	136,492	34,369	170,861	41	41	-
1252010800	Unserved Areas/Cost Participation - Phase II - Cedar Road	1,708,298	-	871,440	871,440	836,859	-	836,859
1252020800	Unserved Areas/Cost Participation - Phase II - Willow Lake	3,100,000	-	89,605	89,605	3,010,395	120,450	2,889,945
1261700800	Sewer Renewal - Liberty Street (500 Block to Collingswood)	2,753,902	301,186	967,872	1,269,058	1,484,844	13,371	1,471,472
1262000800	Water Control Laboratory - Upgrade HVAC	1,004	-	-	-	1,004	-	1,004
1271200800	Sanitary Sewer Evaluation	8,072,570	6,788,588	545,849	7,334,437	738,133	554,739	183,394
1271200800	Sanitary Sewer Evaluation	472,510	149,481	323,029	472,510	-	-	-
1281700800	Manhole Rehabilitation - 1709 vertical ft	51,712	-	-	-	51,712	15,822	35,890
1281700800	Manhole Rehabilitation - 1709 vertical ft	416,150	250,455	165,695	416,150	-	-	-
1290500800	Jolliff Road Waterline Ph II	653,781	-	-	-	653,781	-	653,781
1292000800	NWRWTP Chemical Storage Tank	1,680,000	-	29,930	29,930	1,650,070	135,403	1,514,667
1302000800	Northwest River WTP Replace Bulk Chemical Storage Tanks	1,200,000	231,449	15,268	246,717	953,283	952,800	483
1302100800	Public Utilities CIS Upgrade	100,000	18,549	2,625	21,174	78,826	-	78,826

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-2, Continued

Public Utilities Capital Projects Fund
Schedule of Expenses and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project	Expenses					Total	Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year						
1311200800	Sewer System Repair	46,554	-	-	-	-	46,554	46,554	-
1312008000	Water Production Security System Upgrades	400,000	219,644	154,471	374,116	25,884	287	25,597	-
1312400800	South Central Water Transmission Main & Loop - Phase I	2,000,000	-	120,402	120,402	1,879,598	3,042	1,876,555	-
1321200800	Sewer Renewal - SSES Ph I	1,159,047	-	-	-	1,159,047	-	1,159,047	-
1322008000	Water Residuals Disposal	320,000	-	-	-	320,000	-	320,000	-
1322100800	Water & Sewer Pump Station Telemetry Installation and Upgrade	88,655	88,603	-	88,604	52	52	-	-
1331200800	Sewer Renewal - SSES Ph II	5,379,737	522,688	591,743	1,114,431	4,265,306	3,625,184	640,122	-
1331700800	Raleigh Place Sewer (Pump Station #7)	600,000	-	-	-	600,000	-	600,000	-
1332008000	Western Branch Elevated Tank Rehabilitation	1,200,000	-	84,067	84,067	1,115,933	724,539	391,394	-
1332100800	Water System Planning and Upgrades	900,000	-	11,455	11,455	888,545	2,800	885,745	-
1341200800	Customer Service Billing System	1,085,727	162,994	-	162,994	922,734	73,852	848,881	-
1342008000	Force Main Replacement - Dominion Blvd. and I-64	3,738,700	86,875	257,594	344,468	3,394,232	145,090	3,249,142	-
1351700800	Service Area Gravity Sewer	7,772,978	504,426	7,350	511,776	7,261,202	6,501,572	759,630	-
1352008000	Sewer Pump Station Safety Improvements	157,214	-	10,850	10,850	146,364	88,842	57,522	-
1352008000	Sewer Pump Station Safety Improvements	718,703	-	718,703	718,703	-	-	-	*
1372008000	Lake Gaston WTP Miscellaneous Modifications	3,870,000	477,108	423,479	900,587	2,969,413	1,856,030	1,113,384	-
1372400800	Fentress NALF Water Transmission Main	3,000,000	-	7,171	7,171	2,992,829	1,058,577	1,934,252	-
1381200800	Military Highway 36" Water Main	280,957	280,957	-	280,957	-	-	-	*
1382008000	Lake Gaston Water Treatment Plant Expansion	1,000,000	119,808	734,152	853,960	146,040	86,595	59,445	-
1391200800	Raw Water Transmission Main	24,250,394	14,463,199	57,240	14,520,439	9,729,955	254,067	9,475,889	-
1401300800	Murray Dr/Whittamore Rd Water	1,436,923	-	-	1,100,398	1,436,923	-	1,436,923	-
1421700800	Sewer Renewal: Westwood Ave. and Redstart Ave.	1,106,000	164,331	936,068	1,100,398	5,602	5,602	-	-
1431200800	Centerville Turnpike Loop 3	7,929,000	439,903	635,011	1,074,913	6,854,087	126,479	6,727,608	-
1451200800	South Norfolk Improvements	1,480,068	-	-	-	1,480,068	930	1,479,138	-
1471200800	Western Branch Interconnect to Lake Gaston WTP	5,158,867	1,891,799	96,133	1,987,931	3,170,936	312,671	2,858,265	-
1471210800	Goose Creek Water Main	2,137,433	-	1,642,912	1,642,912	494,521	24,853	469,668	-
1471220800	Willow Lake Improvement	1,700	-	1,700	1,700	-	-	-	-
1511280800	Unserved Areas - Manning, Wampler & Vico	2,578,092	2,519,670	58,422	2,578,092	-	-	-	*
1511290800	Unserved Areas - Battlewood Meadows	7,871,868	4,254,936	3,288,114	7,543,050	328,818	131,321	197,497	-
1522300800	Water Franchise Acquisition and System Renewals	942,891	129,798	380,841	510,638	432,252	900	431,352	-
1522310800	Indian River Estates - Water Main Improvements	3,000,000	73,789	26,028	99,817	2,900,183	2,900,183	-	-
1531200800	Replace Meter Reading Equip	3,399,623	65,663	19,465	85,129	3,314,495	-	3,314,495	-
1541200800	30" Raw Water Main	720,755	-	-	-	720,755	-	720,755	-
1642300800	Volvo & Executive Pump Station & Force Main (Summit Pointe)	3,100,000	141,540	1,102,751	1,244,291	1,855,709	1,698,828	156,881	-
1652300800	Philmont Ave Septic Disconnect	650,000	-	-	-	650,000	-	650,000	-
1711200800	Water Renewal - Water Line Upgrade	751,126	403,118	268,567	671,685	79,441	69,703	9,738	-
1782500800	West Road Force Main	2,500,000	-	-	-	2,500,000	-	2,500,000	-
Total project expenses and encumbrances		159,446,227	38,198,569	20,663,266	58,861,835	100,584,392	23,646,870	76,937,522	-
Less completed projects		7,986,053	-	-	7,986,053	-	-	-	-
Construction in progress - construction		151,460,174	-	-	50,875,782	-	-	-	-
Capitalized interest expenses		-	5,516,218	-	5,516,218	-	-	-	-
Less closed capitalized interest		-	-	-	11,092	-	-	-	-
Construction in progress - capitalized interest		-	-	-	5,505,126	-	-	-	-
Total construction in progress		-	-	-	56,380,908	-	-	-	-
* Completed Projects		\$	-	-	-	-	-	-	-

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CITY OF CHESAPEAKE, VIRGINIA

Schedule O-3

Chesapeake Transportation System Capital Projects Fund
 Schedule of Expenses and Encumbrances - Budget and Actual
 Year Ended June 30, 2020

Project	Expenses					Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total				
1261610300 Chesapeake Expressway Repairs	\$ 102,643	-	-	-	102,643	-	-	102,643
1261610300 Chesapeake Expressway Repairs	47,927	47,927	-	47,927	-	-	-	*
1261620300 Chesapeake Expressway Repairs	399,306	-	-	-	399,306	-	-	399,306
1261630300 Chesapeake Expressway Repairs	86,303	-	-	-	86,303	-	-	86,303
1342300300 DBVB - Closed Circuit Television (CCTV)	200,000	-	-	-	200,000	-	-	200,000
1352100300 Chesapeake Transportation System Renewals - Phase II	754,927	-	-	-	754,927	-	-	754,927
1352100300 Chesapeake Transportation System Renewals - Phase II	1,535,923	1,535,923	-	1,535,923	-	-	-	*
1462000300 Expressway Admin Building Modifications	301,516	-	-	-	301,516	-	-	293,202
1462000300 Expressway Admin Building Modifications	418,784	307,313	111,471	418,784	-	8,314	-	*
Total expenses and encumbrances	3,847,328	1,891,163	111,471	2,002,634	1,844,694	8,314	-	1,836,380
Less completed projects	2,002,634			2,002,634				
Total construction in progress	\$ 1,844,694			-				
* Completed Projects								

* Completed Projects

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-4

Stormwater Management Capital Projects Fund
Schedule of Expenses and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project	Appropriations	Expenses		Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year			
1011100300	Halifax Street Outfall Improvement	\$ 1,144,187	-	1,144,187	-	1,144,187
1031600900	Citywide Outfall Regrading & Restoration	1,760,380	769,633	331,743	95,290	236,454
1041300900	D Street Drainage Improvements	279,000	-	370,000	-	370,000
1051210300	Neighborhood Drainage Improvements	379,952	181,995	264,280	1,620	14,052
1051220300	Neighborhood Drainage Improvements	160,005	117,394	136,714	-	23,290
1051400900	VPDES Compliance	4,020,361	1,257,495	1,392,354	42,066	2,585,941
1051420900	Meads Court BMP (DEQ)	1,336,815	85,044	6,636	59,795	1,270,384
1051430900	New Mill Regional BMP (DEQ)	2,045,950	46,738	73,517	38,168	1,934,265
1051440900	22nd Street BMP Management Facility	689,860	463,250	689,860	-	*
1061200900	Stormwater Mapping & Master Drainage Plan	1,000,000	833,784	852,738	68,358	78,905
1061400900	Border Road Area Drain Improvement	744,183	-	744,183	-	744,183
1061400900	Border Road Area Drain Improvement	455,817	157	455,817	-	*
1071300900	Lamberts Trail Area Drain Improvement	1,259,804	3,255	1,256,549	-	1,256,549
1071300900	Lamberts Trail Area Drain Improvement	840,196	840,196	-	-	*
1071500900	Citywide Undesignated Drainage Phase III	842,743	119	822,337	-	20,406
1071510900	Citywide Undesignated Drainage Phase III	50,000	-	-	50,000	50,000
1071800900	Major Equipment Purchases	726,554	61,128	230,106	496,447	351,919
1071800900	Major Equipment Purchases	848,094	27,662	848,094	-	*
1081500900	Neighborhood Drainage Improvements II	3,674,600	567,399	1,002,921	825,633	1,846,046
1091500900	Oakdale Area BMP and Drainage Improvements	5,000,000	365,123	426,056	476,892	4,097,052
1101300900	Royce Drive Drainage Improvements	550,000	2,691	2,691	-	547,309
1101500900	Stormwater Mapping & Master Drainage Plan III	501,124	92,499	301,419	156,263	43,442
1111500900	Stormwater Quality Program Phase II	4,040,565	533,030	575,013	187,580	3,277,973
1131300900	Sunray Area Outfall Re-Grading	419,260	-	475	252,805	165,980
1131300900	Sunray Area Outfall Re-Grading	772,952	185,104	772,952	-	*
1192000900	Welch Lane Drainage Improvements	480,000	-	34,211	37,166	408,623
1202000900	Whittamore Rd. Outfall Improvements	300,000	34,091	42,061	850	222,998
1242200900	Old Mill Rd. Drainage Improvements (Crossing Replacement)	750,000	28,884	123,717	68,846	557,437
1252300900	Elmwood Landing Area Drainage Improvements	1,550,000	-	42,298	10,245	1,497,457
1262300900	Forest Lakes Outfall Improvements	900,000	-	37,879	-	862,121
1262400900	Greenbrier Outfall Improvements	1,100,000	-	-	-	1,100,000
1272400900	Nina Drive Area Outfall Improvements	1,500,000	-	216,302	-	1,283,698
1282300900	Parkview Area Drainage Improvements	400,000	-	-	-	400,000
1292300900	Resiliency & Reliability Program	1,600,000	-	23,462	-	1,576,538
1342100900	Liberty Street Drainage Improvements	850,000	-	669,826	83,709	96,465
1402100900	Master Drainage Improvements II	1,089,740	1,044,142	1,079,928	9,440	372

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-4, Continued

Stormwater Management Capital Projects Fund
Schedule of Expenses and Encumbrances - Budget and Actual
Year Ended June 30, 2020

Project	Appropriations	Expenses			Unexpended Balance	Encumbrances	Unencumbered Balance	
		Prior Years	Current Year	Total				
1431700900	Citywide System Rehab	2,088,826	202,180	48,055	250,235	1,838,591	29,928	1,808,664
1431700900	Citywide System Rehab	134,122	134,122	-	134,122	-	-	*
1652300900	Philmont Ave Septic Disconnect	675,000	-	-	-	675,000	-	675,000
1702300900	Crestwood Master Drainage Plan Ph I	97,752	84,556	13,196	97,752	-	-	*
1721200900	Colony Manor Outfall Improvements	415,000	334,852	79,072	413,924	1,076	-	1,076
1731200900	BMP Restoration Citywide	1,668,820	118,612	122,155	240,767	1,428,053	435	1,427,618
1751200300	Partridge/Cloverdale Area Improvements	290,544	99,060	113,042	212,102	78,443	35,120	43,323
1761200300	Scenic Blvd Improvements	260,000	-	-	-	260,000	-	260,000
1771200900	Shillelagh Road Drainage Outfall Improvement	3,100,000	929,266	365,699	1,294,965	1,805,035	63,752	1,741,283
1781200300	Shillelagh Roadside Ditch Improvements	32,502	32,502	-	32,502	-	-	-
Total expenses and encumbrances		52,815,707	10,753,564	5,352,646	16,106,210	36,709,497	2,688,489	34,021,008
Less completed projects		3,838,793			3,838,793			
Construction in progress		\$ 48,976,914			12,267,417			

* Completed Projects

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Special Revenue and Permanent Funds

Special Revenue Funds:

Tax Increment Financing Funds – To account for incremental tax revenues generated in designated commercial areas of the City, Greenbrier and South Norfolk, and to fund improvements in the relevant areas through the use of those revenues.

Virginia Public Assistance Fund – To account for the rendering of economic aid to qualifying citizens.

Integrated Behavioral Healthcare Fund – To account for revenues and expenditures to provide services for mental health, intellectual disability and substance abuse programs.

Conference Center Fund – To account for the operation of the City's Conference Center and the City's Conventions and Tourism programs.

Juvenile Services Fund – To account for revenues and expenditures related to the operation of a regional detention facility.

Interagency Consortium Fund – To account for revenues and expenditures of the delivery system for severely emotionally and/or behaviorally disturbed children.

E-911 Operations Fund – To account for revenues and expenditures related to the emergency call center.

Fee Supported Activities Fund – To account for revenues and expenditures related to fee supported activities.

Grants Fund – To account for revenues and expenditures related to specific grant activities.

Community Development Fund – To account for revenues and expenditures under the Community Development Block Grant Program.

Open Space Agriculture Preservation Fund – To account for the revenues and expenditures related to the purchase of development rights from willing sellers who own qualified agriculture land or open space.

Proffers Fund – To account for cash proffers provided to the City from developers for specific purposes.

Housing Trust Fund – To account for revenues and expenditures to provide services for temporary and permanent housing.

CSB of Chesapeake, Inc. – To account for the issuance of debt and the rental of a community services facility for the Community Services Board.

Permanent Funds:

Poor Fund and Carney Fund – To account for the investment of funds donated to the City. The expenditures of the income earned by these endowments are to be used for education.

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
ASSETS					
Cash and temporary investments	\$ 8,359,971	11,052,981	6,206,500	9,860,848	7,610,625
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	537,895	15,000	-
Federal government	-	-	1,000,912	-	-
Receivables:					
Accounts receivable	-	-	534	4,262,683	5,005
Interest	-	-	-	-	-
Other	-	-	1,244	-	369,657
Allowance for uncollectible amounts	-	-	(8,378)	(2,249,433)	(6,036)
Inventory of materials and supplies	-	-	-	-	5,005
Prepaid expenditures and other assets	-	-	-	-	319,021
Restricted asset:					
Investments	-	-	-	-	-
Total assets	\$ 8,359,971	11,052,981	7,738,707	11,889,098	8,303,277
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	-	131,761	620,006	79,323
Accrued expenditures	-	-	290,598	355,132	74,243
Unearned revenues	-	-	-	-	74,149
Other liabilities	-	-	3,156	321	16
Due to Commonwealth of Virginia	-	-	26,373	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	451,888	975,459	227,731
Fund Balances					
Nonspendable	-	-	-	-	324,026
Restricted	8,359,971	11,052,981	-	6,363,615	-
Committed	-	-	302,978	1,206,129	196,889
Assigned	-	-	6,983,841	3,343,895	7,554,631
Total fund balances	8,359,971	11,052,981	7,286,819	10,913,639	8,075,546
Total liabilities and fund balances	\$ 8,359,971	11,052,981	7,738,707	11,889,098	8,303,277

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
ASSETS					
Cash and temporary investments	3,228,145	423,244	8,929,949	1,383,566	24,615,671
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	1,338,521	-	-	121,960
Federal government	-	18	-	-	766,928
Receivables:					
Accounts receivable	122,340	4,235	90,722	1,556,189	149,996
Interest	-	-	-	-	-
Other	959	-	-	-	894
Allowance for uncollectible amounts	(2,688)	(2,915)	-	(1,367,009)	(59,110)
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	468
Restricted asset:					
Investments	-	-	-	-	-
Total assets	3,348,756	1,763,103	9,020,671	1,572,746	25,596,807
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	53,646	1,578,163	118,092	64,281	378,637
Accrued expenditures	103,598	6,215	84,938	9,651	34,858
Unearned revenues	206,080	-	-	-	-
Other liabilities	93	-	-	-	311
Due to Commonwealth of Virginia	-	-	-	-	19,159,001
Due to other funds	-	-	-	-	-
Total liabilities	363,417	1,584,378	203,030	73,932	19,572,807
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	4,991,011
Committed	412,107	111	293,152	-	1,032,989
Assigned	2,573,232	178,614	8,524,489	1,498,814	-
Total fund balances	2,985,339	178,725	8,817,641	1,498,814	6,024,000
Total liabilities and fund balances	3,348,756	1,763,103	9,020,671	1,572,746	25,596,807

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2020

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
ASSETS					
Cash and temporary investments	-	2,807,907	11,580,442	57,397	364,598
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	-	-	-
Federal government	312,804	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Allowance for uncollectible amounts	-	-	-	-	-
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-
Restricted asset:					
Investments	-	1,224,320	-	-	-
Total assets	312,804	4,032,227	11,580,442	57,397	364,598
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	182,634	-	-	-	-
Accrued expenditures	4,807	-	-	-	-
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to Commonwealth of Virginia	-	-	-	-	-
Due to other funds	115,103	-	-	-	-
Total liabilities	302,544	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	11,580,442	-	-
Committed	10,260	4,032,227	-	57,397	364,598
Assigned	-	-	-	-	-
Total fund balances	10,260	4,032,227	11,580,442	57,397	364,598
Total liabilities and fund balances	312,804	4,032,227	11,580,442	57,397	364,598

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
ASSETS			
Cash and temporary investments	184,307	14,745	96,680,896
Intergovernmental revenues due from:			
Commonwealth of Virginia	-	-	2,013,376
Federal government	-	-	2,080,662
Receivables:			
Accounts receivable	-	-	6,191,704
Interest	4,966	286	5,252
Other	-	-	372,754
Allowance for uncollectible amounts	-	-	(3,695,569)
Inventory of materials and supplies	-	-	5,005
Prepaid expenditures and other assets	-	-	319,489
Restricted asset:			
Investments	-	-	1,224,320
Total assets	189,273	15,031	105,197,889
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	-	-	3,206,543
Accrued expenditures	-	-	964,040
Unearned revenues	-	-	280,229
Other liabilities	-	-	3,897
Due to Commonwealth of Virginia	-	-	19,185,374
Due to other funds	-	-	115,103
Total liabilities	-	-	23,755,186
Fund Balances			
Nonspendable	11,295	1,500	336,821
Restricted	177,978	13,531	42,539,529
Committed	-	-	7,908,837
Assigned	-	-	30,657,516
Total fund balances	189,273	15,031	81,442,703
Total liabilities and fund balances	189,273	15,031	105,197,889

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2020

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
REVENUES					
General property taxes	\$ 10,548,589	6,183,618	-	-	-
Other local taxes	-	-	-	-	3,930,741
Licenses, permits and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	89,138	128,702	177,797	227,551	-
Revenues from use of property	-	-	-	-	155,351
Charges for services	-	-	2,148	8,842,743	1,106,903
Miscellaneous local revenues	-	-	-	-	4,715
Recovered costs	-	-	39,784	40,106	1,140
Program income	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	-	4,588,930	9,633,578	-
Federal government	-	-	10,249,079	1,360,984	-
Total revenues	10,637,727	6,312,320	15,057,738	20,104,962	5,198,850
EXPENDITURES					
Current:					
General government	-	1,500,250	-	-	3,339,326
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	-	-	20,548,724	26,363,488	-
Capital outlay	-	-	7,200	-	24,457
Total expenditures	-	1,500,250	20,555,924	26,363,488	3,363,783
Excess (deficiency) of revenues over (under) expenditures	10,637,727	4,812,070	(5,498,186)	(6,258,526)	1,835,067
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	4,294,725	7,920,046	-
Transfers to other funds	(7,919,438)	(2,334,751)	(187,349)	(3,394,626)	(480,000)
Total other financing sources (uses), net	(7,919,438)	(2,334,751)	4,107,376	4,525,420	(480,000)
Net change in fund balance	2,718,289	2,477,319	(1,390,810)	(1,733,106)	1,355,067
Fund balance - beginning	5,641,682	8,575,662	8,677,629	12,646,745	6,720,479
Fund balance - ending	\$ 8,359,971	11,052,981	7,286,819	10,913,639	8,075,546

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2020

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
REVENUES					
General property taxes	-	-	-	-	-
Other local taxes	-	-	4,947,998	-	-
Licenses, permits and fees	-	-	-	183,199	-
Fines and forfeitures	-	-	-	1,241,722	-
Investment income	67,769	3,072	179,915	28,775	30,018
Revenues from use of property	-	-	-	-	-
Charges for services	20,485	2,270	-	346,859	215,739
Miscellaneous local revenues	-	-	-	-	134,535
Recovered costs	1,460,011	8,846	-	52,240	894
Program income	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	3,559,851	3,388,983	1,078,922	-	3,437,997
Federal government	-	146,974	-	-	4,273,262
Total revenues	5,108,116	3,550,145	6,206,835	1,852,795	8,092,445
EXPENDITURES					
Current:					
General government	6,860,596	-	-	-	3,249,319
Public safety	-	-	6,807,119	1,428,177	2,375,091
Public works	-	-	-	-	110,774
Parks and recreation	-	-	-	-	98,693
Public welfare	-	5,458,208	-	-	1,107,208
Capital outlay	-	-	-	18,768	941,772
Total expenditures	6,860,596	5,458,208	6,807,119	1,446,945	7,882,857
Excess (deficiency) of revenues over (under) expenditures	(1,752,480)	(1,908,063)	(600,284)	405,850	209,588
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	2,334,963	1,882,877	2,389,750	-	12,075
Transfers to other funds	(67,769)	(3,072)	(1,329,576)	(53,808)	-
Total other financing sources (uses), net	2,267,194	1,879,805	1,060,174	(53,808)	12,075
Net change in fund balance	514,714	(28,258)	459,890	352,042	221,663
Fund balance - beginning	2,470,625	206,983	8,357,751	1,146,772	5,802,337
Fund balance - ending	2,985,339	178,725	8,817,641	1,498,814	6,024,000

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2020

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
REVENUES					
General property taxes	-	456,523	-	-	-
Other local taxes	-	-	-	-	-
Licenses, permits and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	239,457	-	1,073	4,498
Revenues from use of property	-	44,627	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous local revenues	-	250,000	1,985,368	-	-
Recovered costs	-	-	-	6,181	-
Program income	144,848	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	-	-	-	-
Federal government	1,443,411	-	-	-	-
Total revenues	1,588,259	990,607	1,985,368	7,254	4,498
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	1,504,874	-	-	-	25
Capital outlay	256,407	-	-	-	-
Total expenditures	1,761,281	-	-	-	25
Excess (deficiency) of revenues over (under) expenditures	(173,022)	990,607	1,985,368	7,254	4,473
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(2)	(119,845)	(976,884)	-	-
Total other financing sources (uses), net	(2)	(119,845)	(976,884)	-	-
Net change in fund balance	(173,024)	870,762	1,008,484	7,254	4,473
Fund balance - beginning	183,284	3,161,465	10,571,958	50,143	360,125
Fund balance - ending	10,260	4,032,227	11,580,442	57,397	364,598

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2, Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2020

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
REVENUES			
General property taxes	-	-	17,188,730
Other local taxes	-	-	8,878,739
Licenses, permits and fees	-	-	183,199
Fines and forfeitures	-	-	1,241,722
Investment income	2,812	309	1,180,886
Revenues from use of property	-	-	199,978
Charges for services	-	-	10,537,147
Miscellaneous local revenues	-	-	2,374,618
Recovered costs	-	-	1,609,202
Program income	-	-	144,848
Intergovernmental revenues:			
Commonwealth of Virginia	-	-	25,688,261
Federal government	-	-	17,473,710
Total revenues	2,812	309	86,701,040
EXPENDITURES			
Current:			
General government	-	-	14,949,491
Public safety	-	-	10,610,387
Public works	-	-	110,774
Parks and recreation	-	-	98,693
Public welfare	-	-	54,982,527
Capital outlay	-	-	1,248,604
Total expenditures	-	-	82,000,476
Excess (deficiency) of revenues over (under) expenditures	2,812	309	4,700,564
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	18,834,436
Transfers to other funds	-	-	(16,867,120)
Total other financing sources (uses), net	-	-	1,967,316
Net change in fund balance	2,812	309	6,667,880
Fund balance - beginning	186,461	14,722	74,774,823
Fund balance - ending	189,273	15,031	81,442,703

CITY OF CHESAPEAKE, VIRGINIA*Schedule P-3*

Tax Increment Financing Greenbrier Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes	\$ 10,335,100	10,548,589	213,489
Investment income	-	89,138	89,138
Total revenues	10,335,100	10,637,727	302,627
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(9,992,291)	(7,919,438)	2,072,853
Total other financing sources (uses), net	(9,992,291)	(7,919,438)	2,072,853
Net change in fund balance	342,809	2,718,289	2,375,480
Fund balance - beginning	5,641,682	5,641,682	-
Fund balance - ending	\$ 5,984,491	8,359,971	2,375,480

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-4

Tax Increment Financing South Norfolk Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes	\$ 6,235,100	6,183,618	(51,482)
Investment income	-	128,702	128,702
Total revenues	6,235,100	6,312,320	77,220
EXPENDITURES			
General government	1,525,000	1,500,250	24,750
Total expenditures	1,525,000	1,500,250	24,750
Excess (deficiency) of revenues over (under) expenditures	4,710,100	4,812,070	101,970
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(4,971,282)	(2,334,751)	2,636,531
Total other financing sources (uses), net	(4,971,282)	(2,334,751)	2,636,531
Net change in fund balance	(261,182)	2,477,319	2,738,501
Fund balance - beginning	8,575,662	8,575,662	-
Fund balance - ending	\$ 8,314,480	11,052,981	2,738,501

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-5

Virginia Public Assistance Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	177,797	177,797
Charges for services	500	2,148	1,648
Recovered costs	19,500	39,784	20,284
Intergovernmental revenues:			
Commonwealth of Virginia	4,682,450	4,588,930	(93,520)
Federal government	9,852,443	10,249,079	396,636
Total intergovernmental revenues	14,534,893	14,838,009	303,116
Total revenues	14,554,893	15,057,738	502,845
EXPENDITURES			
Public welfare:			
Bureau of Public Assistance	2,904,575	2,783,567	121,008
Joint Administration	3,833,913	3,555,290	278,623
Service Administration	7,898,957	7,766,993	131,964
Eligibility Administration	6,221,718	5,881,548	340,170
Other special programs	746,248	561,326	184,922
Capital outlay	7,200	7,200	-
Total expenditures	21,612,611	20,555,924	1,056,687
Excess (deficiency) of revenues over (under) expenditures	(7,057,718)	(5,498,186)	1,559,532
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	4,294,725	4,294,725	-
Transfers to other funds	(21,200)	(187,349)	(166,149)
Total other financing sources (uses), net	4,273,525	4,107,376	(166,149)
Net change in fund balance	(2,784,193)	(1,390,810)	1,393,383
Fund balance - beginning	8,677,629	8,677,629	-
Fund balance - ending	\$ 5,893,436	7,286,819	1,393,383

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-6

Integrated Behavioral Healthcare Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	227,551	227,551
Charges for services:			
Mental health fees	5,838,906	3,224,728	(2,614,178)
Intellectual disability fees	5,264,574	5,313,348	48,774
Substance abuse fees	107,382	304,667	197,285
Sale of food and beverages	10,000	-	(10,000)
Total charges for services	11,220,862	8,842,743	(2,378,119)
Recovered costs	-	40,106	40,106
Intergovernmental revenues:			
Commonwealth of Virginia:			
Mental health grants	6,981,839	7,527,184	545,345
Intellectual disability grants	1,072,155	1,045,307	(26,848)
Substance abuse grants	1,037,833	1,061,087	23,254
Total from the Commonwealth of Virginia	9,091,827	9,633,578	541,751
Federal government:			
Substance abuse, mental health and intellectual disability grants	1,468,356	1,360,984	(107,372)
Total revenues	21,781,045	20,104,962	(1,676,083)
EXPENDITURES			
Public welfare	30,738,739	26,363,488	4,375,251
Capital outlay	188,910	-	188,910
Total expenditures	30,927,649	26,363,488	4,564,161
Excess (deficiency) of revenues over (under) expenditures	(9,146,604)	(6,258,526)	2,888,078
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	7,920,046	7,920,046	-
Transfers to other funds	(3,167,075)	(3,394,626)	(227,551)
Total other financing sources (uses), net	4,752,971	4,525,420	(227,551)
Net change in fund balance	(4,393,633)	(1,733,106)	2,660,527
Fund balance - beginning	12,646,745	12,646,745	-
Fund balance - ending	\$ 8,253,112	10,913,639	2,660,527

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-7

Conference Center Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local taxes	\$ 4,083,848	3,930,741	(153,107)
Revenues from use of property	218,966	155,351	(63,615)
Charges for services	1,528,244	1,106,903	(421,341)
Miscellaneous revenue	9,600	4,715	(4,885)
Recovered costs	-	1,140	1,140
Total revenues	5,840,658	5,198,850	(641,808)
EXPENDITURES			
General government	4,222,141	3,339,326	882,815
Capital outlay	24,457	24,457	-
Total expenditures	4,246,598	3,363,783	882,815
Excess (deficiency) of revenues over (under) expenditures	1,594,060	1,835,067	241,007
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(480,000)	(480,000)	-
Total other financing sources (uses), net	(480,000)	(480,000)	-
Net change in fund balance	1,114,060	1,355,067	241,007
Fund balance - beginning	6,720,479	6,720,479	-
Fund balance - ending	\$ 7,834,539	8,075,546	241,007

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-8

Juvenile Services Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	67,769	67,769
Charges for services	16,000	20,485	4,485
Recovered costs	1,550,698	1,460,011	(90,687)
Intergovernmental revenues:			
Commonwealth of Virginia	3,181,305	3,559,851	378,546
Total revenues	4,748,003	5,108,116	360,113
EXPENDITURES			
General government	7,392,358	6,860,596	531,762
Total expenditures	7,392,358	6,860,596	531,762
Excess (deficiency) of revenues over (under) expenditures	(2,644,355)	(1,752,480)	891,875
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,334,963	2,334,963	-
Transfers to other funds	-	(67,769)	(67,769)
Total other financing sources (uses), net	2,334,963	2,267,194	(67,769)
Net change in fund balance	(309,392)	514,714	824,106
Fund balance - beginning	2,470,625	2,470,625	-
Fund balance - ending	\$ 2,161,233	2,985,339	824,106

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-9

Interagency Consortium Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	3,072	3,072
Charges for services	-	2,270	2,270
Recovered costs	-	8,846	8,846
Intergovernmental revenues:			
Commonwealth of Virginia	3,612,700	3,388,983	(223,717)
Federal government	-	146,974	146,974
Total revenues	3,612,700	3,550,145	(62,555)
EXPENDITURES			
Public welfare:			
Administrative expenses	5,495,574	5,458,208	37,366
Total expenditures	5,495,574	5,458,208	37,366
Excess (deficiency) of revenues over (under) expenditures	(1,882,874)	(1,908,063)	(25,189)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	1,882,877	1,882,877	-
Transfers to other funds	-	(3,072)	(3,072)
Total other financing sources (uses), net	1,882,877	1,879,805	(3,072)
Net change in fund balance	3	(28,258)	(28,261)
Fund balance - beginning	206,983	206,983	-
Fund balance - ending	\$ 206,986	178,725	(28,261)

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-10

E-911 Operations Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local taxes	\$ 4,947,998	4,947,998	-
Investment income	-	179,915	179,915
Intergovernmental revenues:			
Commonwealth of Virginia	999,392	1,078,922	79,530
Total revenues	5,947,390	6,206,835	259,445
EXPENDITURES			
Public safety	8,039,778	6,807,119	1,232,659
Capital outlay	31,600	-	31,600
Total expenditures	8,071,378	6,807,119	1,264,259
Excess (deficiency) of revenues over (under) expenditures	(2,123,988)	(600,284)	1,523,704
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,389,750	2,389,750	-
Transfers to other funds	(1,184,881)	(1,329,576)	(144,695)
Total other financing sources (uses), net	1,204,869	1,060,174	(144,695)
Net change in fund balance	(919,119)	459,890	1,379,009
Fund balance - beginning	8,357,751	8,357,751	-
Fund balance - ending	\$ 7,438,632	8,817,641	1,379,009

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-11

Fee Supported Activities Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2020

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Licenses, permits and fees	\$ 215,000	183,199	(31,801)
Fines and forfeitures	1,558,000	1,241,722	(316,278)
Investment income	-	28,775	28,775
Charges for services	400,000	346,859	(53,141)
Recovered costs	5,000	52,240	47,240
Total revenues	2,178,000	1,852,795	(325,205)
EXPENDITURES			
Public safety	1,980,777	1,428,177	552,600
Capital outlay	20,000	18,768	1,232
Total expenditures	2,000,777	1,446,945	553,832
Excess (deficiency) of revenues over (under) expenditures	177,223	405,850	228,627
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(28,621)	(53,808)	(25,187)
Total other financing sources (uses), net	(28,621)	(53,808)	(25,187)
Net change in fund balance	148,602	352,042	203,440
Fund balance - beginning	1,146,772	1,146,772	-
Fund balance - ending	\$ 1,295,374	1,498,814	203,440

Internal Service Funds

Information Technology Fund – To account for the operation of the City's central information technology, including technology development and support, and radio and communications operations.

City Garage Fund – To account for the maintenance and repair of City-owned vehicles.

Self-Insurance Fund – To account for the City's self-insurance program.

Self-Funded Health Fund – To account for the City's self-funded health insurance program.

CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-1

Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Current assets:					
Cash and temporary investments	\$ 8,788,481	12,088,983	24,384,415	11,300,745	56,562,624
Receivables:					
Accounts	20,987	2,141	-	116,375	139,503
Interest	-	-	64,472	-	64,472
Allowance for uncollectible amounts	-	-	-	(5,540)	(5,540)
Inventory of materials and supplies	-	641,405	-	-	641,405
Prepaid expenses	1,041,074	57,081	2,916,182	9,801	4,024,138
Total current assets	9,850,542	12,789,610	27,365,069	11,421,381	61,426,602
Noncurrent assets:					
Capital assets:					
Construction in progress	3,217,939	15,990	-	-	3,233,929
Buildings	489,072	159,095	-	-	648,167
Improvements other than buildings	4,399,546	183,179	-	-	4,582,725
Software, equipment and vehicles	19,880,290	122,443,959	340,566	-	142,664,815
Infrastructure	-	77,584	-	-	77,584
Less accumulated depreciation	(23,170,722)	(73,197,128)	(340,566)	-	(96,708,416)
Total capital assets, net of accumulated depreciation	4,816,125	49,682,679	-	-	54,498,804
Total noncurrent assets	4,816,125	49,682,679	-	-	54,498,804
Total assets	14,666,667	62,472,289	27,365,069	11,421,381	115,925,406
Deferred Outflows of Resources	1,248,405	1,195,229	159,792	-	2,603,426
Total assets and deferred outflows of resources	\$ 15,915,072	63,667,518	27,524,861	11,421,381	118,528,832
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
Liabilities					
Current liabilities:					
Accounts payable	\$ 748,725	1,603,162	531,509	180,255	3,063,651
Accrued expenses and other liabilities	83,675	90,188	11,093	285	185,241
Unearned revenues	-	-	-	3,807,926	3,807,926
Current portion of accrued vacation, sick pay and overtime leave	150,414	127,681	15,771	-	293,866
Current portion of liability for self-insurance losses	-	-	5,281,186	4,601,315	9,882,501
Total current liabilities	982,814	1,821,031	5,839,559	8,589,781	17,233,185
Noncurrent liabilities:					
Accrued vacation, sick pay and overtime leave	202,646	168,076	22,470	-	393,192
Liability for self-insurance losses	-	-	22,440,710	-	22,440,710
Net pension liability	3,589,178	2,361,454	290,689	-	6,241,321
Net OPEB liability	357,932	286,442	42,052	-	686,426
Total noncurrent liabilities	4,149,756	2,815,972	22,795,921	-	29,761,649
Total liabilities	5,132,570	4,637,003	28,635,480	8,589,781	46,994,834
Deferred Inflows of Resources	307,033	293,955	39,299	-	640,287
Net Position					
Net investment in capital assets	4,816,125	49,682,679	-	-	54,498,804
Unrestricted (deficit)	5,659,344	9,053,881	(1,149,918)	2,831,600	16,394,907
Total net position	10,475,469	58,736,560	(1,149,918)	2,831,600	70,893,711
Total liabilities, deferred inflows and net position	\$ 15,915,072	63,667,518	27,524,861	11,421,381	118,528,832

CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-2

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2020

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
OPERATING REVENUES					
Billings to departments	\$ 13,873,233	18,815,447	8,356,928	43,906,518	84,952,126
Billings to outside agencies and component units	358,726	555,838	-	-	914,564
Rental fees	264,161	-	-	-	264,161
Miscellaneous charges for services	6,208	-	-	-	6,208
Recovered costs	1,737	71,837	186,226	4,886,754	5,146,554
Other	-	6,172	-	-	6,172
Total operating revenues	14,504,065	19,449,294	8,543,154	48,793,272	91,289,785
OPERATING EXPENSES					
Cost of materials billed	-	2,655,811	-	-	2,655,811
Purchases for resale	-	2,875,478	-	-	2,875,478
General and administrative	792,230	129,389	3,623	13,798	939,040
Other salaries and wages	3,414,612	3,221,757	446,345	-	7,082,714
Other fringe benefits	1,497,016	1,911,344	186,879	-	3,595,239
Self-insurance losses	-	-	3,040,250	-	3,040,250
Indemnity and medical claims	-	-	2,171,085	38,372,105	40,543,190
Other repairs and supplies	5,075,725	1,286,569	65,602	-	6,427,896
Equipment rental	2,215	6,316	1,028	-	9,559
Other contractual services	1,834,914	55,634	122,000	1,875,612	3,888,160
Depreciation and amortization	946,930	9,264,240	74,576	-	10,285,746
Insurance premiums	-	-	1,713,755	1,922,766	3,636,521
Total operating expenses	13,563,642	21,406,538	7,825,143	42,184,281	84,979,604
Operating income (loss)	940,423	(1,957,244)	718,011	6,608,991	6,310,181
NONOPERATING REVENUES (EXPENSES)					
Investment income	165,264	251,816	287,610	135,196	839,886
Gain on sale of equipment	-	97,246	-	-	97,246
Loss on sale of equipment	(133,435)	(164,433)	-	-	(297,868)
Total nonoperating revenues (expenses), net	31,829	184,629	287,610	135,196	639,264
Income (loss) before transfers and contributions	972,252	(1,772,615)	1,005,621	6,744,187	6,949,445
Transfers in	59,388	150,000	-	-	209,388
Transfers out	(1,199,866)	(611,996)	-	-	(1,811,862)
Capital contributions	193,761	5,921,305	74,576	-	6,189,642
Change in net position	25,535	3,686,694	1,080,197	6,744,187	11,536,613
Total net position - beginning	10,449,934	55,049,866	(2,230,115)	(3,912,587)	59,357,098
Total net position - ending	\$ 10,475,469	58,736,560	(1,149,918)	2,831,600	70,893,711

CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-3

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2020

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 650,340	674,937	186,226	5,177,265	6,688,768
Cash received from interfund services provided	13,873,233	18,815,447	8,356,928	43,906,518	84,952,126
Payments to suppliers	(7,758,570)	(6,620,938)	(7,566,114)	(42,069,269)	(64,014,891)
Payments to employees	(4,696,309)	(4,960,254)	(605,846)	-	(10,262,409)
Net cash provided by (used in) operating activities	2,068,694	7,909,192	371,194	7,014,514	17,363,594
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	59,388	150,000	-	-	209,388
Transfers out	(1,199,866)	(611,996)	-	-	(1,811,862)
Net cash provided by (used in) noncapital financing activities	(1,140,478)	(461,996)	-	-	(1,602,474)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(18,941)	(7,767,954)	-	-	(7,786,895)
Proceeds from sale of capital assets	(133,435)	(67,187)	-	-	(200,622)
Net cash provided by (used in) capital and related financing activities	(152,376)	(7,835,141)	-	-	(7,987,517)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	165,264	251,816	399,896	135,196	952,172
Net cash provided by investing activities	165,264	251,816	399,896	135,196	952,172
Net increase (decrease) in cash and temporary investments	941,104	(136,129)	771,090	7,149,710	8,725,775
Cash and temporary investments beginning of year	7,847,377	12,225,112	23,613,325	4,151,035	47,836,849
Cash and temporary investments end of year	\$ 8,788,481	12,088,983	24,384,415	11,300,745	56,562,624
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 940,423	(1,957,244)	718,011	6,608,991	6,310,181
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	946,930	9,264,240	74,576	-	10,285,746
Pension expense	194,416	156,264	23,617	-	374,297
OPEB expense	13,324	128	900	-	14,352
Change in assets and liabilities increasing (decreasing) cash and temporary investments:					
Receivables	19,508	41,090	-	(37,727)	22,871
Prepaid expenses and other assets	(178,663)	(52,341)	(197,712)	88,236	(340,480)
Inventory of materials and supplies	-	(55,139)	-	-	(55,139)
Accounts payable	125,178	495,739	(292,383)	26,776	355,310
Unearned revenues	-	-	-	329,239	329,239
Accrued expenses and other liabilities	(3,785)	19,587	(210)	(1,001)	14,591
Liability for self-insurance losses	-	-	41,324	-	41,324
Accrued vacation, sick pay and overtime leave	11,363	(3,132)	3,071	-	11,302
Total adjustments	1,128,271	9,866,436	(346,817)	405,523	11,053,413
Net cash provided by (used in) operating activities	\$ 2,068,694	7,909,192	371,194	7,014,514	17,363,594
Supplemental information on significant noncash transactions:					
Contributions of capital assets:	\$ 193,761	5,921,305	74,576	-	6,189,642

Fiduciary Fund

Agency Fund: Includes Special Welfare Fund – To account for the assets held by the City as an agent for children in foster care.

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CITY OF CHESAPEAKE, VIRGINIA***Schedule R***

Statement of Changes in Assets and Liabilities
Special Welfare Fund
Year Ended June 30, 2020

	Balances at July 1, 2019	Additions	Deductions	Balances at June 30, 2020
ASSETS				
Cash and temporary investments	\$ 19,700	30,822	20,229	30,293
Total current assets	\$ 19,700	30,822	20,229	30,293
LIABILITIES				
Due to children under foster care	\$ 19,700	30,822	20,229	30,293
Total liabilities	\$ 19,700	30,822	20,229	30,293

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Chesapeake Public Schools Component Unit

Major Governmental funds

Schools General Fund – To account for the general operations of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

Schools Food Services Fund– To account for the operations of the Schools’ cafeterias.

Schools Textbooks Fund – To account for the operation of the School Textbook program.

Schools Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance of the school plant (other than those financed by the other funds or the City).

Fiduciary Funds:

Schools OPEB Trust Fund – To account for assets accumulated to fund other postemployment benefit (OPEB) obligations of the Schools.

Schools Agency Fund – Includes the Student Activity Fund, which accounts for the student activity monies maintained on behalf of the students by the principals at each school.

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CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule S-1

Balance Sheet
Governmental Funds
Year Ended June 30, 2020

	General	Food Services	Textbooks	Capital Projects	Total Governmental Funds
ASSETS					
Cash and temporary investments	\$ 78,321,344	5,004,998	8,434,291	-	91,760,633
Receivables	1,721,476	-	22,662	-	1,744,138
Due from federal government	18,262,451	16,560	-	-	18,279,011
Due from Commonwealth of Virginia	11,282,589	189,284	-	-	11,471,873
Inventory	1,427,591	907,453	-	-	2,335,044
Restricted cash and temporary investments	-	-	-	8,879,815	8,879,815
Total assets	\$ 111,015,451	6,118,295	8,456,953	8,879,815	134,470,514
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	\$ 46,787,135	353,476	-	3,995,619	51,136,230
Health claims payable	5,762,649	-	-	-	5,762,649
Total liabilities	52,549,784	353,476	-	3,995,619	56,898,879
Deferred Inflows of Resources					
Unavailable revenues - sales taxes	2,503,353	-	-	-	2,503,353
Unavailable revenues due to timing - federal	94,662	-	-	-	94,662
Total deferred inflows of resources	2,598,015	-	-	-	2,598,015
Fund Balances					
Nonspendable:					
Inventory	1,427,591	907,453	-	-	2,335,044
Restricted:					
Capital projects	-	-	-	4,884,196	4,884,196
Food services	-	4,857,366	-	-	4,857,366
School textbook	-	-	8,456,953	-	8,456,953
Future health, dental and workers' compensation	47,384,816	-	-	-	47,384,816
Technology	1,249,442	-	-	-	1,249,442
Instruction	3,240,730	-	-	-	3,240,730
Assigned to:					
Instruction	2,013,438	-	-	-	2,013,438
Unassigned	551,635	-	-	-	551,635
Total fund balances	55,867,652	5,764,819	8,456,953	4,884,196	74,973,620
Total liabilities, deferred inflows and fund balances	\$ 111,015,451	6,118,295	8,456,953	8,879,815	

Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	303,330,181
Long-term liabilities are not reported as liabilities in the governmental funds.	(60,873,646)
Net OPEB liabilities are not reported as liabilities in the governmental funds.	(226,837,228)
Deferred outflows are not reported in the governmental funds.	103,284,472
Net pension liabilities are not reported in the governmental funds.	(394,348,224)
Deferred inflows are not reported in the governmental funds.	(52,579,979)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(54,348)
Assets are not available to pay current period expenditures and, therefore, are reported as unavailable in the governmental funds.	2,598,015
Net position of governmental activities	\$(250,507,137)

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule S-2

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General	Food Services	Textbooks	Capital Projects	Total Governmental Funds
REVENUES					
Intergovernmental revenues:					
City of Chesapeake	\$ 199,201,335	-	-	-	199,201,335
Commonwealth of Virginia	262,643,998	328,779	-	-	262,972,777
Federal government	27,118,907	7,150,166	-	-	34,269,073
Donated commodities from Federal government	-	1,042,060	-	-	1,042,060
Total intergovernmental	488,964,240	8,521,005	-	-	497,485,245
Charges for services	19,630,675	2,815,181	-	-	22,445,856
Interest	74,758	(2,369)	(8,817)	10,024	73,596
Miscellaneous	1,089,562	18,633	2,655	-	1,110,850
Total revenues	509,759,235	11,352,450	(6,162)	10,024	521,115,547
EXPENDITURES					
Education:					
Administration	10,012,637	-	-	-	10,012,637
Instruction	384,028,390	-	369,386	-	384,397,776
Attendance and health services	7,271,766	-	-	-	7,271,766
Pupil transportation	27,795,163	-	-	-	27,795,163
Operations and maintenance	45,957,434	-	-	-	45,957,434
School facilities services	853,893	-	-	-	853,893
School technology services	18,104,541	-	-	-	18,104,541
Total education	494,023,824	-	369,386	-	494,393,210
Food services	-	11,652,431	-	-	11,652,431
Debt service	3,095,602	-	-	-	3,095,602
Payment to primary government – return of interest income	74,758	-	-	10,024	84,782
Capital outlay	4,144,463	-	-	25,173,479	29,317,942
Total expenditures	501,338,647	11,652,431	369,386	25,183,503	538,543,967
Excess (deficiency) of revenues over (under) expenditures	8,420,588	(299,981)	(375,548)	(25,173,479)	(17,428,420)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	4,144,463	-	-	-	4,144,463
Payment from primary government for capital outlay and textbooks	-	-	3,587,615	41,283,684	44,871,299
Total other financing sources (uses)	4,144,463	-	3,587,615	41,283,684	49,015,762
Net change in fund balance	12,565,051	(299,981)	3,212,067	16,110,205	31,587,342
Fund balance - beginning	43,778,438	5,763,676	5,244,886	(11,226,009)	43,560,991
Increase (decrease) in reserve for inventory	(475,837)	301,124	-	-	(174,713)
Fund balance - ending	\$ 55,867,652	5,764,819	8,456,953	4,884,196	74,973,620

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule S-2, Continued

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2020

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

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

Net change in fund balances - total governmental funds	\$	31,587,342
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which new capital assets exceeded depreciation expense in the current period.		18,554,573
In the Statement of Activities, the loss on the sale of equipment is reported, whereas in the governmental funds, only the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the equipment sold.		(24,010)
Some capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. Capital leases are not revenues in the Statement of Activities.		(4,144,463)
Repayment of debt principal is an expenditure in the governmental funds, but does not affect the Statement of Activities.		2,726,194
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due. In the Statement of Activities, however, interest expense is recognized as the interest accrues.		(35,677)
Because some sales taxes and revenues will not be received for several months after the fiscal year ends, they are reported as unavailable revenue in the governmental funds.		834,260
Change in reserve for inventory from governmental funds is included in expenditures in the Statement of Activities.		(174,713)
Changes in net OPEB liability and related deferred outflows and inflows are reported only in the Statement of Activities.		(2,566,810)
Changes in net pension liabilities and related deferred outflows and inflows of resources are reported only in the Statement of Activities.		(13,235)
In the Statement of Activities, certain operating expenses are measured by the liabilities incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This year, compensated absences liabilities incurred exceeded the amount used by \$995,247 and self-insurance amount paid exceeded claims incurred by \$581,059.		(414,188)

Change in net position of governmental activities	\$	46,329,273
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CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule S-3

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Agency Fund	Other Postemployment Benefits Trust Fund
ASSETS		
Cash and temporary investments	\$ 4,754,412	-
Investments, at fair value		
Mutual funds	-	3,696,581
Total assets	\$ 4,754,412	3,696,581
LIABILITIES AND NET POSITION		
Liabilities:		
Due to students	\$ 4,754,412	-
Total liabilities	4,754,412	-
Net position:		
Restricted for other postemployment benefits	-	3,696,581
Total net position	-	3,696,581
Total liabilities and net position	\$ 4,754,412	3,696,581

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule S-3A

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended June 30, 2020

		Other Postemployment Benefits Trust Fund
ADDITIONS		
Contributions from employer	\$	5,020,164
Contributions from plan members		4,474,509
Investment income:		
Interest and dividends		109,778
Net investment income		109,778
Total additions		9,604,451
DEDUCTIONS		
Administrative expenses		4,491
Benefits and refunds paid on behalf of plan members and beneficiaries		9,494,673
Total deductions		9,499,164
Change in net position		105,287
Held in trust for other postemployment benefits - beginning of year		3,591,294
Held in trust for other postemployment benefits - end of year	\$	3,696,581

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule S-4

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - Schools General Fund
 Year Ended June 30, 2020

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
City of Chesapeake	\$ 213,628,000	203,631,400	199,201,335	(4,430,065)
Commonwealth of Virginia	259,603,125	260,878,144	262,643,998	1,765,854
Federal government	29,853,401	28,561,822	27,118,908	(1,442,914)
Charges for services	10,030,800	10,030,800	19,630,675	9,599,875
Interest	-	-	74,758	74,758
Miscellaneous	659,135	3,175,695	1,089,561	(2,086,134)
Total revenues	513,774,461	506,277,861	509,759,235	3,481,374
EXPENDITURES				
Education:				
Administration	9,711,722	10,076,936	10,012,637	64,299
Instruction	398,181,877	394,295,325	384,028,390	10,266,935
Attendance and health services	7,627,397	7,318,564	7,271,766	46,798
Pupil transportation	29,035,753	30,442,446	27,795,163	2,647,283
Operations and maintenance	46,824,330	46,557,770	45,957,434	600,336
School facilities services	910,748	868,712	853,893	14,819
School technology services	18,697,032	19,514,333	18,104,541	1,409,792
Total education	510,988,859	509,074,086	494,023,824	15,050,262
Debt service:				
Principal	2,726,194	2,726,194	2,726,194	-
Interest	369,408	369,408	369,408	-
Total debt service	3,095,602	3,095,602	3,095,602	-
Payment to primary government – return of interest income	-	-	74,758	(74,758)
Capital Outlay	-	-	4,144,463	(4,144,463)
Total expenditures	514,084,461	512,169,688	501,338,647	10,831,041
Excess (deficiency) of revenues over (under) expenditures	\$ (310,000)	(5,891,827)	8,420,588	14,312,415
Other financing sources (uses):				
Proceeds from capital leases			4,144,463	
Total other financing uses			4,144,463	
Net change in fund balance			12,565,051	
Fund balance - beginning			43,778,438	
Increase (decrease) in reserve for inventory			(475,837)	
Fund balance - ending			<u>\$ 55,867,652</u>	

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule S-5

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - Schools Food Services Fund
 Year Ended June 30, 2020

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ 373,543	373,543	328,779	(44,764)
Federal government	8,493,684	8,493,684	7,150,166	(1,343,518)
Charges for services	4,148,213	4,148,213	2,815,181	(1,333,032)
Interest	68,000	68,000	(2,369)	(70,369)
Miscellaneous	35,000	35,000	18,633	(16,367)
Total revenues	13,118,440	13,118,440	10,310,390	(2,808,050)
EXPENDITURES				
Operating costs:				
Purchases for resale	3,815,000	4,260,000	3,038,862	1,221,138
Food service salaries and fringe benefits	6,767,747	6,767,747	5,838,749	928,998
General and administrative	2,168,851	1,934,851	1,572,608	362,243
Other repairs and supplies	296,200	322,200	125,789	196,411
Capital outlay	398,000	162,981	6,995	155,986
Other expenditures	60,000	63,000	27,368	35,632
Total expenditures	13,505,798	13,510,779	10,610,371	2,900,408
Excess (deficiency) of revenues over (under) expenditures	\$ (387,358)	(392,339)	(299,981)	92,358
Fund balance - beginning			5,763,676	
Increase (decrease) in reserve for inventory			301,124	
Fund balance - ending			<u>\$ 5,764,819</u>	

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule S-6

Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual - Schools Textbooks Fund
 Year Ended June 30, 2020

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Interest	\$ 15,000	15,000	(8,817)	(23,817)
Miscellaneous	15,000	15,000	2,655	(12,345)
Total revenues	30,000	30,000	(6,162)	(36,162)
EXPENDITURES				
Instruction				
Textbooks	4,992,544	5,413,997	360,333	(5,053,664)
Expendable workbooks	15,000	18,500	9,053	(9,447)
Total expenditures	5,007,544	5,432,497	369,386	(5,063,111)
OTHER FINANCING SOURCES (USES)				
Payment from primary government for textbooks	3,587,615	3,587,615	3,587,615	-
Total other financing sources (uses)	3,587,615	3,587,615	3,587,615	-
Excess (deficiency) of revenues over (under) expenditures	\$ (1,389,929)	\$ (1,814,882)	\$ 3,212,067	5,026,949
Net change in fund balance			3,212,067	
Fund balance - beginning			5,244,886	
Fund balance - ending			<u>\$ 8,456,953</u>	

Other Component Unit

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule T-1

Combining Balance Sheet and Statement of Net Position
 Chesapeake Mosquito Control Commission
 June 30, 2020

	Chesapeake Mosquito Control Commission
ASSETS	
Assets	
Cash and temporary investments	\$ 5,904,998
Inventory of materials and supplies	381,372
Prepaid expenses	125,203
Total current assets	6,411,573
Total assets	\$ 6,411,573
LIABILITIES, FUND BALANCE AND NET POSITION	
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	\$ 193,873
Total current liabilities	193,873
Total liabilities	193,873
Fund Balance	
Nonspendable:	
Inventory	381,372
Prepaid	125,203
Committed:	
Biology testing	14,101
Future capital improvements	1,000,000
Operations	1,093,728
Unassigned	3,603,296
Total fund balance	6,217,700
Total liabilities and fund balance	\$ 6,411,573
Reconciliation to Net Position:	
Total fund balance	\$ 6,217,700
Capital assets - net of depreciation	2,391,977
Deferred outflows	670,347
Long-term liabilities	(135,461)
Net pension liability	(1,033,366)
Net OPEB liability - VRS directed	(149,438)
Net OPEB liability - City directed	(44,512)
Deferred inflows	(164,865)
Net Position	\$ 7,752,382

CITY OF CHESAPEAKE, VIRGINIA

Schedule T-2

Statement of Revenues, Expenditures and Changes in Fund Balance
Chesapeake Mosquito Control Commission
Year Ended June 30, 2020

	Chesapeake Mosquito Control Commission
REVENUES	
Property taxes	\$ 4,841,463
Investment income	90,769
Other	58,264
Total revenues	4,990,496
EXPENDITURES	
Other salaries and wages	1,761,214
Other fringe benefits	825,630
Other repairs and supplies	710,391
Insurance premiums	242,642
Capital outlay	131,484
Other	389,171
Total expenditures	4,060,532
Excess (deficiency) of revenues over (under) expenditures	929,964
Net change in fund balance	929,964
Fund balance - beginning	5,287,736
Fund balance - ending	\$ 6,217,700

Reconciliation to Change in Net Position:

Governmental funds report capital outlay as expenditures. However, when reporting net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net change in fund balance	\$ 929,964
Compensated absences	(135,462)
Pension expense	(57,810)
OPEB expense	(8,872)
Depreciation expense	(159,383)
Capital outlay expenditures	131,484
Change in Net Position	\$ 699,921

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STATISTICAL SECTION

This part of the City of Chesapeake's Comprehensive Annual Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures and required supplementary information depict the government's overall financial health.

Financial Trends – These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

CITY OF CHESAPEAKE, VIRGINIA

Net Position by Component
Last Ten Fiscal Years - Unaudited

		Fiscal Years			
		2011	2012	2013	2014
Governmental Activities					
Net investment in capital assets	\$	735,161,026	762,765,688	715,309,724	725,639,898
Restricted for:					
Capital projects		7,208,270	7,541,231	7,945,218	7,730,629
Debt service		5,585,278	2,974,020	3,051,674	1,104,771
Other purposes:					
Expendable		64,874,383	66,019,778	65,320,915	71,603,633
Nonexpendable		12,795	12,795	12,795	12,795
Unrestricted (deficit)		197,640,231	180,953,477	194,955,789	212,685,592
Total governmental activities net position	\$	1,010,481,983	1,020,266,989	986,596,115	1,018,777,318
Business-type Activities					
Net investment in capital assets	\$	282,334,648	286,255,165	338,956,191	363,131,229
Restricted for:					
Capital projects		2,969,658	1,765,682	4,909,101	4,192,551
Debt service		11,051,969	10,331,849	40,167,626	36,168,752
Other purposes:					
Expendable		99,837,905	116,409,613	112,058,449	133,882,562
Unrestricted (deficit)		(1,185,861)	(1,543,594)	(1,170,944)	(18,150,568)
Total business-type activities net position	\$	395,008,319	413,218,715	494,920,423	519,224,526
Primary Government					
Net investment in capital assets	\$	1,017,495,674	1,049,020,853	1,054,265,915	1,088,771,127
Restricted for:					
Capital projects		10,177,928	9,306,913	12,854,319	11,923,180
Debt service		16,637,247	13,305,869	43,219,300	37,273,523
Other purposes:					
Expendable		164,712,288	182,429,391	177,379,364	205,486,195
Nonexpendable		12,795	12,795	12,795	12,795
Unrestricted (deficit)		196,454,370	179,409,883	193,784,845	194,535,024
Total Primary Government net position	\$	1,405,490,302	1,433,485,704	1,481,516,538	1,538,001,844
Component Units					
Net investment in capital assets	\$	177,640,500	218,780,868	226,212,630	231,613,876
Restricted for:					
Capital projects		22,133,039	15,625,180	27,122,536	22,562,553
Other purposes:					
Expendable		1,234,356	38,848,921	36,950,588	27,909,453
Unrestricted (deficit)		(189,089,275)	(286,045,269)	(303,617,981)	(298,929,160)
Total component units' net position	\$	11,918,620	(12,790,300)	(13,332,227)	(16,843,278)

Table 1

Fiscal Years					
2015	2016	2017	2018	2019	2020
751,215,126	803,408,601	917,873,047	948,007,008	988,305,860	974,415,246
9,289,916	9,496,284	7,573,672	7,295,431	7,214,178	6,913,621
524,780	572,809	800,317	975,681	1,580,849	1,205,480
73,178,331	79,026,265	86,689,437	81,470,421	75,208,171	79,622,155
12,795	12,795	184,459	203,604	243,494	336,821
100,085,810	127,611,781	166,360,668	204,538,067	251,402,063	287,070,666
934,306,758	1,020,128,535	1,179,481,600	1,242,490,212	1,323,954,615	1,349,563,989
380,994,500	374,310,640	398,107,933	424,400,639	446,770,028	458,647,190
10,285,096	13,054,525	97,882,413	108,317,526	128,596,183	110,548,561
33,995,534	33,421,662	33,684,535	34,184,641	40,716,139	52,744,206
135,829,971	149,570,921	79,037,754	79,578,055	68,198,534	85,511,407
(28,147,438)	(4,026,298)	(4,182,599)	(32,028,285)	(25,806,606)	(34,833,528)
532,957,663	566,331,450	604,530,036	614,452,576	658,474,278	672,617,836
1,132,209,626	1,177,719,241	1,315,980,980	1,372,407,647	1,435,075,888	1,433,062,436
19,575,012	22,550,809	105,456,085	115,612,957	135,810,361	117,462,182
34,520,314	33,994,471	34,484,852	35,160,322	42,296,988	53,949,686
209,008,302	228,597,186	165,727,191	161,048,476	143,406,705	165,133,562
12,795	12,795	184,459	203,604	243,494	336,821
71,938,372	123,585,483	162,178,069	172,509,782	225,595,457	252,237,138
1,467,264,421	1,586,459,985	1,784,011,636	1,856,942,788	1,982,428,893	2,022,181,825
240,465,301	238,621,923	245,580,745	257,008,802	280,922,718	297,819,879
17,708,059	23,976,510	18,863,830	9,210,779	-	-
22,479,251	22,906,943	26,003,608	38,675,687	46,569,857	70,288,004
(692,757,169)	(673,085,649)	(685,656,442)	(600,527,120)	(606,678,614)	(597,397,419)
(412,104,558)	(387,580,273)	(395,208,259)	(295,631,852)	(279,186,039)	(229,289,536)

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2011	2012	2013	2014
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 15,176,526	15,655,753	19,070,413	17,991,011
Public safety	7,170,555	8,004,960	4,552,411	4,930,678
Public works	1,819,486	572,422	491,789	579,655
Parks and recreation	1,203,236	1,185,891	1,119,617	1,199,110
Public welfare	3,907,048	3,634,765	3,876,330	4,730,175
Operating grants and contributions	112,543,495	114,361,618	95,148,851	94,884,033
Capital grants and contributions	2,840,507	2,971,533	7,941,256	4,135,767
Total governmental activities' program revenues	\$ 144,660,853	146,386,942	132,200,667	128,450,429
Business-type activities:				
Charges for Services:				
Public Utilities	\$ 66,688,401	63,871,301	59,999,277	66,585,995
Chesapeake Transportation System	8,151,134	10,488,113	10,310,889	10,475,725
Stormwater Management	14,767,660	14,833,052	14,973,046	15,183,909
Jordan Bridge	-	-	-	-
Economic Development Authority	-	-	-	-
Operating grants and contributions	1,185,967	1,309,146	1,501,314	1,132,388
Capital grants and contributions	3,102,397	2,662,708	32,250,518	7,412,395
Total business-type activities' program revenues	\$ 93,895,559	93,164,320	119,035,044	100,790,412
Total Primary Government Activities' program revenues	\$ 238,556,412	239,551,262	251,235,711	229,240,841
Component Units:				
Charges for Services:				
Public Schools	\$ 7,243,389	7,097,754	7,628,806	14,692,607
Chesapeake Port Authority	38,550	36,210	39,400	42,135
Chesapeake Airport Authority	435,781	424,813	434,049	429,444
Elizabeth River Properties of Chesapeake, Inc.	96,100	100,730	97,283	110,753
Operating grants and contributions	100,528,447	112,735,654	93,629,158	99,476,140
Capital grants and contributions	1,125,139	1,541,294	1,204,851	1,311,294
Total component units' program revenues	\$ 109,467,406	121,936,455	103,033,547	116,062,373
Total Primary Government and component units' program revenues	\$ 348,023,818	361,487,717	354,269,258	345,303,214

Table 2

Fiscal Years					
2015	2016	2017	2018	2019	2020
17,221,747	17,919,246	18,626,308	18,369,446	16,642,078	4,803,523
6,065,257	6,327,000	6,842,159	6,958,674	7,404,405	6,911,297
423,362	397,605	433,412	567,340	319,224	365,218
1,179,898	1,325,959	1,273,734	1,260,627	1,193,031	845,041
6,036,692	8,128,191	7,269,310	7,549,567	9,733,420	8,847,162
94,843,600	108,437,341	111,174,626	111,552,585	115,178,823	119,403,089
7,297,723	23,145,655	107,671,523	22,555,997	20,986,036	22,827,863
133,068,279	165,680,997	253,291,072	168,814,236	171,457,017	164,003,193
69,235,499	71,895,798	75,891,505	76,927,836	74,669,373	77,993,495
11,101,413	11,938,642	17,591,317	24,825,405	26,500,786	25,505,079
15,644,842	15,661,983	16,031,408	16,115,527	16,141,817	15,833,474
-	-	-	-	-	-
-	-	-	-	-	6,519,130
1,210,881	1,419,816	1,723,497	3,305,879	7,418,684	5,317,512
7,932,525	12,942,811	19,668,084	5,040,018	10,215,794	6,112,838
105,125,160	113,859,050	130,905,811	126,214,665	134,946,454	137,281,528
238,193,439	279,540,047	384,196,883	295,028,901	306,403,471	301,284,721
16,611,124	18,998,372	18,635,543	18,870,975	19,686,232	22,445,856
35,905	39,722	1,200	-	-	-
427,789	434,638	466,335	473,455	472,310	499,493
124,003	111,979	106,776	117,546	115,352	151,957
93,982,567	97,479,921	103,321,427	111,090,487	112,804,840	122,980,668
1,190,330	1,163,712	392,204	2,020,383	361,869	2,747,149
112,371,718	118,228,344	122,923,485	132,572,846	133,440,603	148,825,123
350,565,157	397,768,391	507,120,368	427,601,747	439,844,074	450,109,844

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 138,721,838	144,974,198	149,330,767	152,704,171
Public safety	90,494,294	100,787,254	83,454,031	93,375,929
Public works	40,170,140	47,637,435	40,647,017	38,746,709
Parks and recreation	8,344,251	7,804,170	9,693,509	2,516,007
Public welfare	44,417,008	44,804,508	40,991,944	42,027,655
Education	179,064,673	203,047,686	208,985,915	189,942,276
Interest on long-term debt	19,801,226	17,885,365	15,821,682	15,001,553
Depreciation and amortization - net unallocated portion	21,783,568	20,169,069	19,429,215	18,824,944
Total governmental activities	\$ 542,796,998	587,109,685	568,354,080	553,139,244
Business-type activities:				
Public Utilities	\$ 54,051,300	56,133,023	54,559,573	57,339,899
Chesapeake Transportation System	9,728,730	10,587,608	11,981,231	10,430,045
Stormwater Management	8,903,174	7,761,421	9,256,065	8,755,098
Jordan Bridge	-	-	-	-
Economic Development Authority	-	-	-	-
Total business-type activities	\$ 72,683,204	74,482,052	75,796,869	76,525,042
Total Primary Government	\$ 615,480,202	661,591,737	644,150,949	629,664,286
Component units				
Public Schools	\$ 474,747,371	472,886,416	449,879,147	444,265,205
Chesapeake Mosquito Control Commission	4,087,128	4,630,205	4,520,768	4,018,404
Economic Development Authority	1,521,383	2,364,300	883,000	789,713
Chesapeake Port Authority	38,752	44,866	50,187	53,350
Chesapeake Airport Authority	1,297,329	1,324,282	1,285,463	1,359,188
Elizabeth River Properties of Chesapeake, Inc.	116,800	145,536	188,512	179,427
Chesapeake Land Bank Authority	-	-	-	-
Total component units	\$ 481,808,763	481,395,605	456,807,077	450,665,287
Net (Expense)/Revenue				
Governmental activities	\$ (398,136,145)	(440,722,743)	(436,153,413)	(424,688,815)
Business-type activities	21,212,355	18,682,268	43,238,175	24,265,370
Total Primary Government net expense	\$ (376,923,790)	(422,040,475)	(392,915,238)	(400,423,445)
Total component units net expense	\$ (372,341,357)	(359,459,150)	(353,773,530)	(334,602,914)

Table 2, Continued

Fiscal Years					
2015	2016	2017	2018	2019	2020
129,569,793	125,133,326	145,413,520	154,492,115	164,759,758	205,972,104
91,413,819	90,907,369	93,094,728	94,172,297	103,262,634	111,433,764
58,920,091	52,877,267	58,915,648	47,580,380	38,099,274	22,716,126
2,439,039	8,423,774	3,415,829	7,730,292	8,812,469	9,682,309
44,174,172	45,705,033	48,443,596	47,746,439	49,972,356	56,260,276
191,962,233	208,466,021	207,382,512	217,851,053	217,100,015	250,803,232
13,597,584	12,228,723	12,696,190	13,797,966	12,651,370	12,423,557
16,215,291	15,331,944	15,216,230	19,448,199	20,245,562	19,620,117
548,292,022	559,073,457	584,578,253	602,818,741	614,903,438	688,911,485
59,665,753	59,789,391	61,195,818	68,295,315	63,598,130	66,708,533
8,973,844	8,987,678	20,513,144	36,979,915	37,904,311	38,492,069
11,578,159	11,541,070	12,825,364	11,027,245	13,156,095	14,484,056
-	-	-	-	-	-
-	-	-	-	6,723,039	7,100,135
80,217,756	80,318,139	94,534,326	116,302,475	121,381,575	126,784,793
628,509,778	639,391,596	679,112,579	719,121,216	736,285,013	815,696,278
442,852,339	435,759,664	488,960,206	470,920,045	483,006,298	520,397,810
4,033,457	5,181,759	4,013,749	3,693,645	3,719,396	4,290,575
686,818	3,322,203	642,787	1,329,256	-	-
46,498	46,795	19,642	1,696	-	-
1,583,143	1,340,246	1,270,448	1,340,143	1,368,689	1,252,267
190,881	223,076	225,496	225,065	229,936	299,146
-	-	-	-	-	86,948
449,393,136	445,873,743	495,132,328	477,509,850	488,324,319	526,326,746
(415,223,743)	(393,392,460)	(331,287,181)	(434,004,505)	(443,446,421)	(524,908,292)
24,907,404	33,540,911	36,371,485	9,912,190	13,564,879	10,496,735
(390,316,339)	(359,851,549)	(294,915,696)	(424,092,315)	(429,881,542)	(514,411,557)
(337,021,418)	(327,645,399)	(372,208,843)	(344,937,004)	(354,883,716)	(377,501,623)

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years - Unaudited

	2011	2012	2013	2014
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 298,873,974	293,799,799	288,743,868	298,879,122
Local sales and use taxes	32,065,910	33,751,538	34,451,337	35,389,855
Business license taxes	23,030,916	24,752,986	24,268,792	25,068,518
Consumer utility taxes	10,312,035	10,027,978	10,258,697	10,450,356
Other taxes	49,341,676	50,533,368	50,956,443	50,985,268
Grants and contributions not restricted to specific programs	31,510,142	31,646,114	31,739,924	31,725,721
Unrestricted investment earnings	2,281,828	2,400,850	162,669	1,538,560
Miscellaneous	2,778,515	3,123,243	2,961,604	2,871,351
Transfers	160,429	471,873	5,295,381	(38,733)
Total governmental activities revenues & transfers	\$ 450,355,425	450,507,749	448,838,715	456,870,018
Business-type activities:				
Unrestricted investment earnings	\$ -	-	-	-
Transfers	(160,429)	(471,873)	(5,295,381)	38,733
Total business-type activities revenues & transfers	\$ (160,429)	(471,873)	(5,295,381)	38,733
Total Primary Government revenues & transfers	\$ 450,194,996	450,035,876	443,543,334	456,908,751
Component Units:				
Payment from City	\$ 171,309,720	195,333,708	201,293,387	182,260,318
Grants and contributions not restricted to specific programs	152,297,184	137,894,439	151,059,807	147,665,810
Unrestricted investment earnings	591,149	333,931	86,192	168,006
Miscellaneous	1,065,443	1,188,152	792,217	1,046,806
Total component units	\$ 325,263,496	334,750,230	353,231,603	331,140,940
Change in Net Position				
Governmental activities	\$ 52,219,280	9,785,006	12,685,302	32,181,203
Business-type activities	21,051,926	18,210,395	37,942,794	24,304,103
Total Primary Government net change in net position	\$ 73,271,206	27,995,401	50,628,096	56,485,306
Total component units net change in net position	\$ (47,077,861)	(24,708,920)	(541,927)	(3,461,974)

Table 2, Continued

Fiscal Years					
2015	2016	2017	2018	2019	2020
305,738,657	311,753,152	323,945,517	339,175,321	355,881,792	370,371,068
37,236,136	38,134,836	39,192,394	40,912,255	41,660,626	43,593,597
25,684,602	25,432,077	26,124,990	27,319,871	28,048,966	27,781,280
10,624,686	10,549,605	10,631,194	10,856,726	10,828,586	10,809,020
52,988,967	55,170,564	55,182,708	55,699,035	57,560,084	55,908,436
31,873,268	32,200,518	32,146,547	32,144,107	32,448,856	32,370,647
1,688,206	2,212,618	2,307,567	4,642,652	9,670,264	8,232,271
3,718,394	3,593,743	2,936,430	3,789,863	3,519,909	5,098,170
190,553	167,124	(1,827,101)	(1,351,488)	(14,708,259)	(3,646,823)
469,743,469	479,214,237	490,640,246	513,188,342	524,910,824	550,517,666
-	-	-	-	-	-
(190,553)	(167,124)	1,827,101	1,351,488	14,708,259	3,646,823
(190,553)	(167,124)	1,827,101	1,351,488	14,708,259	3,646,823
469,552,916	479,047,113	492,467,347	514,539,830	539,619,083	554,164,489
184,457,843	200,669,966	199,801,485	210,380,798	209,686,756	244,072,634
155,306,935	154,989,654	163,341,019	163,273,264	174,766,903	182,235,069
242,790	262,926	450,365	982,738	1,168,677	73,596
1,146,129	950,105	987,988	1,525,959	1,455,757	1,016,827
341,153,697	356,872,651	364,580,857	376,162,759	387,078,093	427,398,126
54,519,726	85,821,777	159,353,065	79,183,837	81,464,403	25,609,374
24,716,851	33,373,787	38,198,586	11,263,678	28,273,138	14,143,558
79,236,577	119,195,564	197,551,651	90,447,515	109,737,541	39,752,932
4,132,279	29,227,252	(7,627,986)	31,225,755	32,194,377	49,896,503

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CITY OF CHESAPEAKE, VIRGINIA
Fund Balances, Governmental Funds
Last Ten Fiscal Years - Unaudited

Table 3

	Fiscal Years				
	2011	2012	2013	2014	2015
General Fund					
Nonspendable	\$ 1,215,836	1,128,589	1,173,244	1,189,121	1,433,615
Restricted for cash flow emergencies	30,710,709	30,923,382	30,923,382	31,310,247	31,981,331
Restricted other	3,758,367	1,011,910	833,686	700,071	468,823
Committed for operating emergencies	25,592,084	25,769,311	25,769,311	26,091,873	-
Committed for emergency event response and recovery	20,000,000	20,000,000	20,000,000	20,000,000	-
Committed for one time projects	-	-	-	-	34,275,685
Committed other	28,300,785	21,354,919	19,799,695	19,669,549	21,351,556
Assigned	9,217,166	1,288,513	4,364,542	1,677,416	5,416,979
Unassigned	19,406,510	33,445,706	40,797,644	52,230,084	63,962,662
Total General Fund	\$ 138,201,457	134,922,330	143,661,504	152,868,361	158,890,651
All Other Governmental Funds ¹					
Nonspendable	232,310	215,768	203,387	593,670	422,548
Restricted	43,324,930	38,624,448	34,357,794	40,383,450	39,598,073
Committed	37,283,577	35,592,442	27,181,725	25,246,730	54,059,196
Assigned	131,466,032	108,523,321	116,794,758	107,129,606	77,828,467
Unassigned	(30,855)	(21,229)	(146,211)	-	-
Total all other governmental funds	\$ 212,275,994	182,934,750	178,391,453	173,353,456	171,908,284
Total Governmental Funds	\$ 350,477,451	317,857,080	322,052,957	326,221,817	330,798,935

	Fiscal Years				
	2016	2017	2018	2019	2020
General Fund					
Nonspendable	\$ 1,559,275	1,311,843	1,508,708	1,439,572	1,133,586
Restricted for cash flow emergencies	32,623,282	33,795,931	34,786,564	36,173,619	37,036,302
Restricted other	540,507	4,725,626	4,794,161	908,488	1,049,782
Committed for operating emergencies	-	-	-	-	-
Committed for emergency event response and recovery	-	-	-	-	-
Committed for one time projects	46,901,273	56,288,856	67,624,832	69,990,232	76,698,340
Committed other	30,964,586	37,702,547	36,344,926	55,107,370	67,821,526
Assigned	9,832,438	5,292,608	7,382,231	11,019,850	13,770,559
Unassigned	65,246,428	67,591,862	69,573,129	72,347,237	74,072,504
Total General Fund	\$ 187,667,789	206,709,273	222,014,551	246,986,368	271,582,599
All Other Governmental Funds					
Nonspendable	402,847	184,459	203,604	243,494	336,821
Restricted	46,583,273	48,811,144	42,612,835	38,989,829	42,540,130
Committed	48,759,647	51,053,591	26,152,649	52,646,232	36,007,397
Assigned	62,346,748	132,555,851	151,752,426	121,746,212	164,231,851
Unassigned	-	-	-	-	-
Total all other governmental funds	\$ 158,092,515	232,605,045	220,721,514	213,625,767	243,116,199
Total Governmental Funds	\$ 345,760,304	439,314,318	442,736,065	460,612,135	514,698,798

¹ Total Governmental Funds expendable minus General Fund expendable.

CITY OF CHESAPEAKE, VIRGINIA

Statement of Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years - Unaudited

	Fiscal Years			
	2011	2012	2013	2014
REVENUES				
General property taxes	\$ 296,632,594	293,402,936	290,256,858	295,012,634
Other local taxes	114,750,537	119,065,871	119,935,269	121,893,999
Licenses, permits and fees	7,972,072	8,307,084	8,091,767	8,526,755
Fines and forfeitures	2,261,473	2,675,066	3,000,462	2,689,990
Investment income	2,050,170	2,252,138	220,723	1,417,282
Revenues from use of property	778,597	898,374	895,198	946,050
Charges for services	18,828,633	17,862,425	17,754,480	18,047,555
Miscellaneous local revenues	1,794,641	2,129,706	2,400,427	4,542,690
Recovered costs	1,809,704	2,036,718	1,736,917	1,853,213
Program income	124,629	158,692	69,815	649,715
Revenues from local developers	412,363	585,076	669,054	809,803
Intergovernmental revenues:				
Commonwealth of Virginia	103,376,371	106,086,317	103,681,099	105,987,373
Federal government	31,301,818	35,562,794	19,525,713	15,611,161
Federal government - American Reinvestment and Recovery Act	7,508,761	2,262,536	1,769,751	1,853,891
Mosquito Control Commission	-	-	-	-
Chesapeake Public Schools	541,907	269,357	119,662	146,377
Total revenues	590,144,270	593,555,090	570,127,195	579,988,488
EXPENDITURES				
Current:				
General government	115,688,136	118,108,161	114,270,761	116,553,224
Public safety	89,830,242	97,250,186	90,042,746	89,357,145
Public works	48,602,743	49,987,411	53,610,904	50,867,236
Parks and recreation	8,397,383	8,251,131	8,237,407	8,705,783
Public welfare	44,026,969	44,353,875	41,062,109	41,755,349
Public welfare - Payment to Elizabeth River Properties of Chesapeake, Inc.	43,133	33,625	-	-
Education - Payments to Public Schools	171,309,720	195,333,708	201,293,387	182,260,318
General government - Payments to Mosquito Control Commission	-	347,408	-	-
Capital outlay	56,570,778	67,227,782	26,928,990	27,565,329
Debt service:				
Principal ¹	27,821,247	40,084,951	42,023,919	56,969,642
Interest	29,811,366	18,612,948	16,496,449	15,151,883
Total expenditures	592,101,717	639,591,186	593,966,672	589,185,909
Excess (deficiency) of revenues over (under) expenditures	(1,957,447)	(46,036,096)	(23,839,477)	(9,197,421)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	109,787,305	95,800,084	97,153,386	82,474,033
Proceeds from equipment capital leases	-	-	-	-
General obligation bonds issued	52,845,000	-	-	-
General obligation school bonds issued	-	-	-	-
General obligation refunding bonds issued	-	76,840,000	-	13,175,000
Transfers to other funds	(116,595,421)	(95,643,209)	(99,773,872)	(82,721,065)
Payment to refunded bond escrow agent	-	(84,369,830)	-	-
Premiums on general obligation bonds issued	770,237	5,786,007	-	438,313
Premiums on general obligation school bonds issued	-	-	-	-
Premiums on refunding bonds issued	-	-	-	-
VPSA bond proceeds	-	14,170,000	26,690,000	-
Premiums on VPSA bonds	-	832,673	3,997,373	-
Total other financing sources (uses)	46,807,121	13,415,725	28,066,887	13,366,281
Net change in fund balances	\$ 44,849,674	(32,620,371)	4,227,410	4,168,860
Debt service as a percentage of noncapital expenditures ²	10.76%	10.26%	10.32%	12.84%

¹ Includes other debt related expenses

² Debt service as a percentage of noncapital expenditures is calculated as follows: (debt service payments (principal and interest) / total expenditures less capital outlay expenditures)

Table 4

Fiscal Years					
2015	2016	2017	2018	2019	2020
303,776,731	309,687,694	321,436,947	336,040,424	351,530,642	364,197,736
126,534,391	129,287,082	131,131,286	134,787,887	138,098,262	138,092,333
8,744,557	8,984,478	8,976,982	9,005,712	9,472,695	9,652,515
2,585,943	2,497,583	2,324,124	1,984,717	2,064,005	2,283,217
1,533,894	2,026,798	2,122,324	4,164,768	8,689,159	7,392,384
876,770	953,199	963,352	1,089,188	1,118,058	799,213
19,459,056	22,356,868	22,919,619	23,452,511	23,545,932	22,220,374
3,080,064	3,791,848	3,820,723	3,906,796	4,058,261	4,245,181
2,790,430	2,188,833	1,842,339	2,324,958	2,013,914	2,039,138
138,654	257,538	640,718	462,012	130,249	144,848
1,617,834	1,062,059	1,135,388	721,759	656,179	824,443
108,369,232	116,529,745	121,239,674	118,276,206	126,804,447	131,264,365
15,175,831	19,863,946	18,526,865	21,939,696	15,749,222	19,233,079
888,431	892,605	889,080	889,902	876,007	550,227
-	1,250,000	-	-	-	-
213,430	235,270	404,392	841,381	1,656,215	84,782
595,785,248	621,865,546	638,373,813	659,887,917	686,463,247	703,023,835
112,021,828	112,965,759	118,097,428	122,583,859	127,987,878	130,384,491
94,467,782	93,772,637	97,964,884	99,550,223	106,366,094	111,536,156
60,880,687	59,339,632	59,041,469	59,096,571	57,885,633	62,805,322
9,767,667	10,382,616	10,479,224	11,325,996	11,455,395	11,379,680
44,677,723	46,735,975	48,235,096	48,973,078	52,022,091	54,982,527
-	-	-	-	-	-
184,457,843	200,669,966	199,801,485	210,380,853	210,428,306	244,072,634
-	-	-	-	-	-
29,755,807	56,329,436	58,432,829	58,753,654	49,402,878	60,664,095
41,354,583	28,911,589	24,816,589	30,268,297	26,693,440	26,124,163
14,093,015	12,608,768	11,832,061	13,725,307	13,100,430	11,512,958
591,476,935	621,716,378	628,701,065	654,657,838	655,342,145	713,462,026
4,308,313	149,168	9,672,748	5,230,079	31,121,102	(10,438,191)
95,845,901	71,832,037	81,270,597	95,988,015	86,774,280	89,514,095
(383,863)	-	-	-	-	-
-	-	76,640,000	-	-	30,005,000
-	-	-	-	-	24,520,000
-	-	5,190,000	-	-	34,215,000
(95,193,233)	(71,117,755)	(83,542,939)	(97,796,347)	(100,019,312)	(91,649,941)
-	-	(5,915,421)	-	-	(41,674,983)
-	-	9,478,205	-	-	8,377,934
-	-	-	-	-	3,566,465
-	-	760,824	-	-	7,651,284
-	12,170,000	-	-	-	-
-	1,927,919	-	-	-	-
268,805	14,812,201	83,881,266	(1,808,332)	(13,245,032)	64,524,854
4,577,118	14,961,369	93,554,014	3,421,747	17,876,070	54,086,663
9.87%	7.34%	6.43%	7.38%	6.57%	5.77%

CITY OF CHESAPEAKE, VIRGINIA

Table 5

Assessed and Estimated Actual Value of Taxable
Property
Last Ten Fiscal Years - Unaudited

	Fiscal Years				
	2011	2012	2013	2014	2015
Real Property Assessed Value ¹	\$ 24,341,395,672	23,821,885,769	23,197,467,449	23,391,965,862	23,905,386,600
Real Property Estimated Actual Value ¹	24,341,395,672	23,821,885,769	23,197,467,449	23,391,965,862	23,905,386,600
Personal Property Assessed Value ¹	1,787,140,740	1,821,013,997	1,880,111,642	1,965,284,896	2,003,412,774
Personal Property Estimated Actual Value ¹	1,787,140,740	1,821,013,997	1,880,111,642	1,965,284,896	2,003,412,774
Total Assessed Value	26,128,536,412	25,642,899,766	25,077,579,091	25,357,250,758	25,908,799,374
Total Direct Tax Rate ²	1.24	1.25	1.26	1.27	1.27
Estimated Actual Value	26,128,536,412	25,642,899,766	25,077,579,091	25,357,250,758	25,908,799,374
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

	Fiscal Years				
	2016	2017	2018	2019	2020
Real Property Assessed Value ¹	\$ 24,370,701,634	25,174,589,034	26,241,692,929	27,624,978,340	28,910,752,624
Real Property Estimated Actual Value ¹	24,370,701,634	25,174,589,034	26,241,692,929	27,624,978,340	28,910,752,624
Personal Property Assessed Value ¹	2,125,717,799	2,125,088,965	2,256,293,543	2,343,369,694	2,449,445,877
Personal Property Estimated Actual Value ¹	2,125,717,799	2,125,088,965	2,256,293,543	2,343,369,694	2,449,445,877
Total Assessed Value	26,496,419,433	27,299,677,999	28,497,986,472	29,968,348,034	31,360,198,501
Total Direct Tax Rate ²	1.28	1.27	1.27	1.27	1.27
Estimated Actual Value	26,496,419,433	27,299,677,999	28,497,986,472	29,968,348,034	31,360,198,501
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

¹ Source: City of Chesapeake Commissioner of the Revenue

² The Direct Tax Rate is calculated using a formula that includes the City's actual current tax rates which are \$1.04 per \$100 for real property and \$4.00 per \$100 for personal property.

CITY OF CHESAPEAKE, VIRGINIA

Table 6

Direct and Overlapping Property Tax Rates ^{2 3}
 Last Ten Fiscal Years - Unaudited
 (rate per hundred)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real Estate ^{1 2}	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Motor Vehicles	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Motor Vehicles Disabled Vets	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Motor Carriers	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Recreation Vehicles ⁴	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Handicap Vehicles	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Boats	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Business Personal Property ⁴	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mobile Homes ⁵	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Machinery & Tools ⁴	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Farm ⁴	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Airplanes ⁴	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Data Center Computers ⁷	-	-	-	-	-	-	-	0.40	0.40	0.40
Total Direct Rate ⁶	1.24	1.25	1.26	1.27	1.27	1.28	1.27	1.27	1.27	1.27

¹ Assessment of Real Estate is 100 percent of fair market value.

² The general City real estate tax levy is currently \$1.04 per \$100 assessed value. An additional \$0.01 per \$100 assessed value is imposed for mosquito control services.

³ The general City personal property tax levy is currently \$4.00 per \$100 assessed value. An additional \$0.08 per \$100 assessed value is imposed for mosquito control services.

⁴ Boats and vehicles are assessed using 100% of the loan value from a recognized pricing guide. Boats and vehicles that are not found in a recognized pricing guide are assessed as a percentage of their original cost. Airplanes, business personal property and machinery and tools are assessed at 20% of their original cost. Farm equipment is assessed at 12% of its original cost.

⁵ Mobile home assessments are based on per square foot values provided by a recognized pricing guide.

⁶ The Direct tax rate is calculated using a weighted formula that includes the current tax rates of \$1.04 for real property and \$4.00 for personal property.

⁷ Data Center Computer equipment is currently \$.40 per \$100 assessed value. Added February 2018.

SOURCE: City of Chesapeake, Ordinances

CITY OF CHESAPEAKE, VIRGINIA

Table 7

Principal Property Taxpayers
Current Year and Nine Years Ago - Unaudited

Principal Taxpayer	Type of Business	Fiscal Year 2020		Fiscal Year 2011	
		Real Property Assessed Value	Percent of Total Assessed Value	Real Property Assessed Value	Percent of Total Assessed Value
Dominion Virginia Power	Electric Utility	\$ 698,765,900	2.53%	\$ 707,572,989	2.91%
Dollar Tree Distribution Inc	Retail, Distribution	157,319,400	0.57%	-	-
Greenbrier Mall II LLC	Shopping Mall & Vacant Land	83,391,900	0.30%	-	-
CP Venture Two LLC	Shopping Mall	69,645,700	0.25%	53,854,900	0.22%
JLP Chesapeake LLC	Retail and Vacant Land	54,084,000	0.20%	40,750,800	0.17%
Wal-Mart Stores East LP	Shopping Center	53,593,700	0.19%	53,707,600	0.22%
ICON Mars Prop Owner Pool	Warehouse/Office/Industrial Properties	52,199,600	0.19%	-	-
USPA Greenbrier LLC	Shopping Center	39,661,300	0.14%	-	-
LCP Hampton Roads V LLC	Commercial Offices	38,887,300	0.14%	-	-
Wal-Mart Real Estate Business Tr	Shopping Mall	34,533,800	0.13%	-	-
Liberty Property LTD	Shopping Center & Office Bldg	-	-	113,180,600	0.46%
Greenbrier Mall Partners LP	Shopping Mall & Vacant Land	-	-	98,734,400	0.41%
Chesapeake Mall LLC	Shopping Mall	-	-	72,824,500	0.30%
Comm 2006-C8 Coveside Lane LLC	Apartment Complex	-	-	53,503,000	0.22%
Woodlake Company Limited Partnership	Apartment Complex	-	-	48,164,500	0.20%
352 LLC	Apartment Complex	-	-	42,790,800	0.18%
Total Top Ten Principal Taxpayers ¹		\$ 1,282,082,600	4.64%	\$ 1,285,084,089	5.28%
Total Assessed Valuation ²		\$ 28,910,752,624		\$ 24,341,395,672	

Source: ¹ City of Chesapeake Real Estate Assessor

² City of Chesapeake Commissioner of Revenue

Property Tax Levies
Last Ten Fiscal Years - Unaudited

		2011	2012	2013	2014	2015
Real Property ¹	\$	244,714,892	239,592,086	232,728,788	234,953,853	240,400,500
Motor Vehicles		54,526,861	57,005,425	58,046,052	60,253,531	61,865,858
Motor Carriers		772,340	832,321	1,078,933	1,096,643	1,231,613
Recreation Vehicles		435,204	428,150	434,856	468,503	495,862
Boats		15,348	38	16,577	25,467	19,677
Business		11,110,574	10,871,320	10,823,401	11,393,593	11,588,129
Motor Homes		158,567	150,445	145,410	133,526	133,987
Machinery & Tools		2,656,780	2,525,561	2,807,478	2,840,962	2,697,358
Farm		124,308	125,153	137,745	136,734	145,217
Airplanes		49,359	44,540	40,719	51,540	45,349
		2016	2017	2018	2019	2020
Real Property ¹	\$	246,824,270	254,741,865	265,497,154	279,719,056	292,702,992
Motor Vehicles		65,747,073	65,520,521	69,393,003	71,566,602	74,753,543
Motor Carriers		1,487,378	1,551,850	1,692,336	1,652,944	1,706,075
Recreation Vehicles		564,838	579,382	666,676	723,342	737,332
Boats		28,080	17,996	23,607	28,021	27,332
Business		11,514,150	12,497,273	12,786,377	13,667,431	14,177,862
Motor Homes		135,097	89,304	132,888	132,617	137,225
Machinery & Tools		2,803,960	2,666,692	2,855,192	2,995,448	2,907,802
Farm		160,854	150,138	141,963	146,680	146,624
Airplanes		51,958	45,729	41,117	27,457	27,529

¹ Public service corporation property is not included

Source: City of Chesapeake Commissioner of the Revenue

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CITY OF CHESAPEAKE, VIRGINIA

Table 9

Property Tax Levies and Collections
Last Ten Fiscal Years - Unaudited

Fiscal Years	Original Levy	Adjusted Levy ³	Collected in Initial Period ^{1 2}	Percent of Levy Collected Within Fiscal Year of Levy	Collections in Subsequent Years ¹	Cumulative Tax Collections	Cumulative Collections as a Percent of Adjusted Tax Levy ⁴
2011	\$ 325,454,707	325,119,953	293,876,393	90%	15,526,512	309,402,905	95%
2012	322,131,965	322,915,229	307,325,140	95%	15,022,820	322,347,960	100%
2013	317,138,129	318,754,040	303,370,705	96%	14,859,799	318,230,504	100%
2014	322,052,626	323,134,607	309,803,612	96%	14,917,289	324,720,901	100%
2015	329,262,203	331,910,156	315,733,576	96%	16,153,664	331,887,240	100%
2016	338,408,560	340,880,764	323,578,869	96%	16,616,822	340,195,691	100%
2017	347,470,586	351,863,685	333,495,476	96%	17,115,812	350,611,288	100%
2018	363,286,184	365,728,582	347,048,456	96%	18,409,783	365,458,239	100%
2019	381,019,427	384,440,496	362,170,574	95%	15,760,195	377,930,769	98%
2020	398,276,635	399,444,448	347,427,397	87%	-	347,427,397	87%

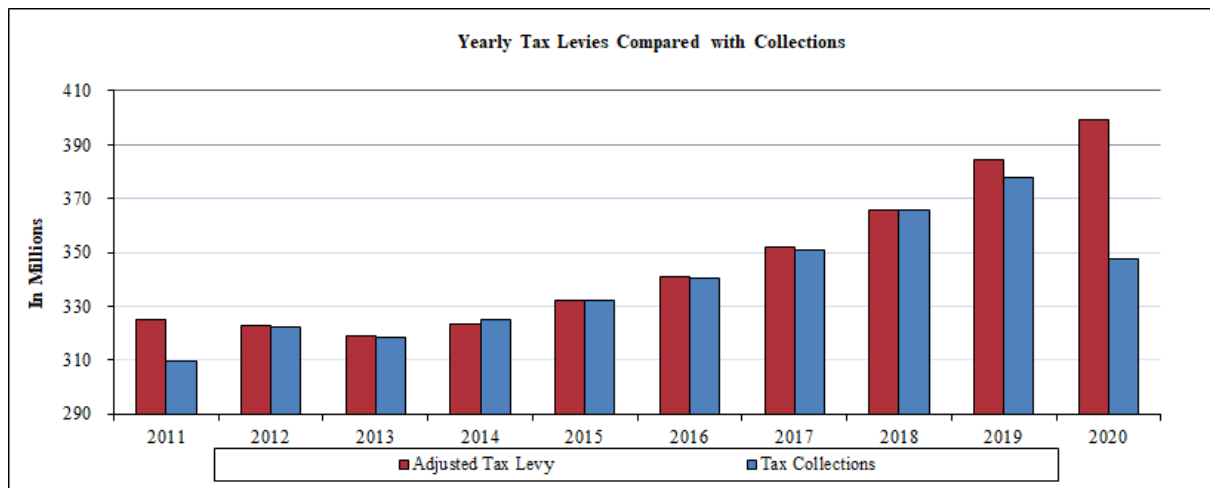
¹ Includes tax collections recorded by Chesapeake Mosquito Control Commission, a component unit, and the Tax Increment Financing Funds.

² Collections include amount reimbursed by the State for Personal Property Tax under the Personal Property Tax Relief Act (PPTRA) of 1998.

³ Adjusted Levy reflects residual amount after exonerations and reassessments.

⁴ For FY2020 property tax due dates were moved from June 5 to June 30 which impacted the timing of tax collections.

Source: City of Chesapeake Commissioner of the Revenue



CITY OF CHESAPEAKE, VIRGINIA

Ratios of Outstanding Debt by Type Last Ten Fiscal Years - Unaudited

		Governmental Activities			
		2011	2012	2013	2014
General Obligation Bonds ^{5 6}	\$	393,645,104	379,311,630	374,250,425	330,377,432
School Literary Loans		2,429,890	1,920,312	1,596,819	1,272,785
Installment Purchase Agreement		1,342,284	1,342,284	1,342,284	1,342,284
Section 108 Loans		390,000	-	-	-
Edinburgh Loan Payable		-	3,566,037	3,372,767	2,918,727
Supplemental Payments Agreement		18,495,000	17,190,000	15,825,000	14,390,000
Capital Leases to Component Unit		16,245,000	3,905,000	1,740,000	-
Capital Leases		4,572,549	2,713,052	1,717,634	756,950
Total Governmental Activities ¹	\$	437,119,827	409,948,315	399,844,929	351,058,178

		Business-type Activities			
		2011	2012	2013	2014
General Obligation Bonds ^{2 5 6}	\$	109,491,935	104,530,235	102,400,760	96,811,378
Revenue Bonds ^{5 6}		56,228,710	54,994,987	193,293,117	205,804,863
Due to the Commonwealth of Virginia		66,265,372	63,210,753	63,483,912	64,252,400
Total Business-type Activities		231,986,017	222,735,975	359,177,789	366,868,641
Total Primary Government Activities	\$	669,105,844	632,684,290	759,022,718	717,926,819

Percent of Personal Income ³ 6.99% 6.20% 7.39% 6.74%

All Debt Per Capita ^{3 4} 2,992 2,765 3,322 3,101

¹ Represents net direct debt.

² In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.

³ See Table 17 Demographic and Economic Statistics for personal income and population data.

⁴ All Debt Per Capita is calculated by [sum of governmental activities + business-type activities] / population

⁵ General obligation bonds and revenue bonds for governmental and business-type activities are reported net of premiums, discounts and refunding costs.

⁶ GASB 65 was implemented in fiscal year 2013 which requires unamortized deferred gains/losses on refunding (previously referred to as "refunding gains/costs") to be reflected as deferred inflows/outflows of resources on the financial statements and are no longer included in the outstanding debt amount.

n/a = not yet available.

Table 10

Governmental Activities					
2015	2016	2017	2018	2019	2020
289,178,539	274,392,374	336,429,602	305,469,994	278,226,151	320,201,841
997,681	798,144	598,607	399,070	199,533	-
1,342,284	1,342,284	1,342,284	1,342,284	1,342,284	1,342,284
-	-	-	-	-	-
2,546,285	1,946,273	1,226,520	485,413	-	-
12,885,000	10,100,000	8,615,000	7,055,000	5,415,000	3,695,000
-	-	-	-	-	-
-	-	-	-	-	-
306,949,789	288,579,075	348,212,013	314,751,761	285,182,968	325,239,125

Business-type Activities					
2015	2016	2017	2018	2019	2020
90,125,836	83,545,253	78,431,500	72,228,594	65,861,260	59,615,171
249,214,950	300,932,845	313,548,582	320,618,478	328,407,940	337,883,008
65,044,115	65,859,760	66,700,057	67,565,753	68,457,615	69,376,432
404,384,901	450,337,858	458,680,139	460,412,825	462,726,815	466,874,611
711,334,690	738,916,933	806,892,152	775,164,586	747,909,783	792,113,736
6.46%	6.57%	6.91%	6.32%	n/a	n/a
3,041	3,124	3,370	3,199	3,057	3,208

Ratios of Outstanding General Bonded Debt
Last Ten Fiscal Years - Unaudited

General Bonded Debt Outstanding								
Fiscal Year	Governmental Activities General Obligation Bonds ^{1 5}	Business-type Activities General Obligation Bonds ^{1 4 5}	Total General Obligation Bonds	School Literary Loans	Installment Purchase Agreement ⁶	Total	% of Actual Taxable Value of Property ²	Per Capita ³
2011	\$ 393,645,104	109,491,935	503,137,039	2,429,890	1,342,284	506,909,213	1.94%	2,267
2012	379,311,630	104,530,235	483,841,865	1,920,312	1,342,284	487,104,461	1.90%	2,129
2013	374,250,425	102,400,760	476,651,185	1,596,819	1,342,284	479,590,288	1.91%	2,099
2014	330,337,432	96,811,377	427,148,809	1,272,785	1,342,284	429,763,878	1.69%	1,856
2015	289,178,539	90,125,836	379,304,375	997,681	1,342,284	381,644,340	1.47%	1,632
2016	274,392,374	83,545,253	357,937,627	798,144	1,342,284	360,078,055	1.36%	1,522
2017	336,429,602	78,431,500	414,861,102	598,607	1,342,284	416,801,993	1.53%	1,741
2018	305,469,994	72,228,594	377,698,588	399,070	1,342,284	379,439,942	1.33%	1,566
2019	278,226,151	65,861,260	344,087,411	199,533	1,342,284	345,629,228	1.15%	1,413
2020	320,201,841	59,615,171	379,817,012	-	1,342,284	381,159,296	1.22%	1,544

¹ General Obligation Bonds for Governmental and Business-type Activities are reported net of premiums, discounts and refunding costs.

² Refer to Table 5 Assessed and Estimated Actual Value of Taxable Property for assessed value data.

³ Refer to Table 17 Demographic and Economic Statistics for population information.

⁴ In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.

⁵ GASB 65 was implemented in fiscal year 2013, which requires unamortized deferred gains/losses on refunding (previously referred to as "refunding gains/costs") to be reflected as deferred inflows/outflows of resources on the financial statements and are no longer to be included in the outstanding debt amount.

⁶ The Installment Purchase Agreement provides for the payment of the principal balance in a single installment due in 2032 that will be repaid from maturing zero coupon Treasury securities.

CITY OF CHESAPEAKE, VIRGINIA

Table 12

Debt Affordability Indicators
Last Ten Fiscal Years - Unaudited

The City's overall net debt to assessed value of taxable real property will not exceed 3.5% nor will the City's overall net debt per capita exceed \$3,000. The City's tax-supported debt service shall be limited to 10% of budgeted general governmental revenues.¹

Fiscal Year	Overall Net Debt ^{2 6}	Assessed Value of Taxable Real Property ³	Overall Net Debt to Assessed Value of Taxable Real Property	Population ⁴	Overall Net Debt Per Capita	Budgeted General Governmental Revenues ⁵	Overall Net Debt Service	Overall Net Debt Service to Budgeted General Governmental Revenues
2011	\$ 427,773,273	24,341,395,672	1.76%	223,647	1,913	-	-	-
2012	400,308,060	23,821,885,769	1.68%	228,835	1,749	513,630,194	61,313,863	11.94%
2013	382,862,836	23,197,467,449	1.65%	228,513	1,675	513,377,029	60,627,222	11.81%
2014	337,333,541	23,391,965,862	1.44%	231,542	1,457	533,122,006	60,853,346	11.41%
2015	295,259,842	23,905,386,600	1.24%	233,908	1,262	542,235,502	56,086,868	10.34%
2016	276,830,385	24,370,701,634	1.14%	236,538	1,170	552,192,580	42,008,224	7.61%
2017	327,984,560	25,174,589,034	1.30%	239,399	1,370	571,599,873	36,853,676	6.45%
2018	297,005,670	26,241,692,929	1.13%	242,336	1,226	589,122,079	44,704,137	7.59%
2019	277,277,671	27,624,978,340	1.00%	244,657	1,133	612,166,942	40,841,869	6.67%
2020	299,327,195	28,910,752,624	1.04%	246,912	1,212	637,644,657	37,961,781	5.95%

¹ Policy adopted by resolution on February 27, 2007 and amended on May 12, 2015, commencing FY 2016 to include overall net debt service to budgeted general governmental revenues.

² Overall net debt excluding premiums, discounts and refunding costs.

³ Source: City of Chesapeake Commissioner of Revenue.

⁴ Population figures acquired from City of Chesapeake Planning Department estimates.

⁵ General Governmental revenues include General Fund, Greenbrier TIF Fund, South Norfolk TIF Fund, Conference Center Fund, Debt Service Fund, E-911 Operations Fund, Parks and Recreation Fund and Mosquito Control Fund.

⁶ Beginning FY 2019 includes debt service for 2018 EDA Taxable Facility Revenue Bond supported by Greenbrier TIF revenues.

CITY OF CHESAPEAKE, VIRGINIA**Table 13**

Ratio of Annual Debt Expenditures for General Obligation
 Bonded Debt to Total General Governmental Expenditures
 Last Ten Fiscal Years - Unaudited

Fiscal Year	Total General Governmental Expenditures ¹	Bonded Debt Expenditures ²	Ratio of Bonded Debt Expenditures to General Governmental Expenditures
2011	\$ 786,367,294	53,671,048	6.83%
2012	804,601,179	54,520,530	6.78%
2013	790,069,938	54,617,831	6.91%
2014	823,228,739	68,534,817 ³	8.33%
2015	827,830,607	52,540,073	6.35%
2016	815,582,062	39,459,982	4.84%
2017	840,174,358	36,648,650	4.36%
2018	871,770,408	42,002,854	4.82%
2019	898,432,498	37,801,120	4.21%
2020	926,146,293	35,646,371	3.85%

¹ This table includes the expenditures from the following funds: General, Special Revenue, Permanent, Chesapeake Mosquito Control Commission - component unit, Debt Service and Chesapeake Public Schools - component unit. Excluded are Capital Projects - Primary Government and Public Schools Capital Projects - component unit.

² Expenditures for general obligation bonds, excluding those reported in Enterprise Funds.

³ Includes \$13.5 million of bonded expenditure for the redemption of bonds that were refunded in April 2014.

CITY OF CHESAPEAKE, VIRGINIA**Table 14**

Ratio of Bonded Debt Expenditures to Local Revenues
Last Ten Fiscal Years - Unaudited

Fiscal Year	Local Revenues ¹	Bonded Debt Expenditures ²	Ratio of Bonded Debt Expenditures To Local Revenues
2011	\$ 548,808,465	67,150,204	12.24%
2012	549,969,765	68,582,088	12.47%
2013	542,272,274 ⁴	66,406,955	12.25%
2014	560,717,795	79,181,410 ³	14.12%
2015	588,067,951	65,684,722	11.17%
2016	604,791,609	49,316,405	8.15%
2017	630,347,714	48,814,491	7.74%
2018	657,210,227	65,807,468	10.01%
2019	688,187,136	63,956,762	9.29%
2020	708,745,162	67,714,469	9.55%

¹ Includes local revenues of the following funds: General, Special Revenue, Permanent, Debt Service, Chesapeake Fund, Chesapeake Transportation System and Stormwater Fund. Excluded are Capital Projects - Primary Government, Chesapeake Public Schools Capital Projects - component unit and transfers/expenditures/revenues between the City, Chesapeake Public Schools and Elizabeth River Properties of Chesapeake.

² Includes bonded debt expenditures for governmental and business-type activities.

³ Includes \$13.5 million in bonded debt expenditure for the redemption of bonds that were refunded in April 2014.

⁴ Amount restated.

CITY OF CHESAPEAKE, VIRGINIA
Legal Debt Margin Information
Last Ten Fiscal Years - Unaudited

Table 15

Fiscal Year	Debt Limit ¹	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
2011	\$ 2,434,139,567	402,817,256	2,031,322,311	16.5%
2012	2,382,188,577	386,127,534	1,996,061,043	16.2%
2013	2,319,746,745	375,857,548	1,943,889,197	16.2%
2014	2,339,196,586	336,424,470	2,002,772,116	14.4%
2015	2,390,538,660	299,396,296	2,091,142,364	12.5%
2016	2,437,070,163	286,138,466	2,150,931,697	11.7%
2017	2,517,458,903	340,363,489	2,177,095,414	13.5%
2018	2,624,169,293	311,267,004	2,312,902,289	11.9%
2019	2,762,497,834	284,886,193	2,477,611,641	10.3%
2020	2,891,075,262	310,440,524	2,580,634,738	10.7%

¹ Under state law, the City's outstanding general obligation debt should not exceed 10 % of total assessed real property value. However, the City has adopted three affordability ratios that further restrict the debt below the amount indicated by the Legal Debt Margin.

CITY OF CHESAPEAKE, VIRGINIA

Table 16

Revenue Bond Coverage (Pledged-Revenue)
Last Ten Fiscal Years - Unaudited

Water and Sewer Systems				SENIOR BONDS DEBT SERVICE REQUIREMENTS ³			
Fiscal Year	Revenues ¹	Operating Expenses ²	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage ⁴
2011	\$ 62,490,959 ⁵	36,607,270	25,883,689	735,000	1,962,143	2,697,143	9.60
2012	61,960,470 ⁵	38,720,225	23,240,245	750,000	1,947,443	2,697,443	8.62
2013	60,824,884 ⁵	38,852,321	21,972,563	770,000	1,930,568	2,700,568	8.14
2014	67,418,806 ⁵	41,653,842	25,764,964	790,000	1,911,318	2,701,318	9.54
2015	70,193,594 ⁵	40,046,910	30,146,684	815,000	1,887,618	2,702,618	11.15
2016	72,939,176 ⁵	40,362,445	32,576,731	835,000	1,865,206	2,700,206	12.06
2017	77,077,017 ⁵	43,585,633	33,491,384	860,000	1,833,308	2,693,308	12.44
2018	78,917,902 ⁵	43,610,138	35,307,764	880,000	1,799,002	2,679,002	13.18
2019	78,001,428 ⁵	42,764,707	35,236,721	910,000	1,760,820	2,670,820	13.19
2020	81,405,526 ⁵	45,761,466	35,644,060	935,000	1,719,041	2,654,041	13.43

Chesapeake Expressway/Chesapeake Transportation System ⁶				SENIOR BONDS DEBT SERVICE REQUIREMENTS ⁷			
Fiscal Year	Toll Revenues	Operating Expenses ²	Net Toll Revenue Available for Debt Service	Principal	Interest	Total	Coverage ⁸
2011	\$ 8,119,694	2,880,655	5,239,039	455,000	1,134,984	1,589,984	3.30
2012	10,393,888	2,760,383	7,633,505	480,000	1,108,688	1,588,688	4.80
2013	10,275,031	2,817,156	7,457,875	-	466,388	466,388	15.99
2014	10,450,019	2,683,507	7,766,512	-	707,318	707,318	10.98
2015	11,024,004	3,165,665	7,858,338	-	724,250	724,250	10.85
2016	11,835,168	3,452,690	8,382,478	-	724,250	724,250	11.57
2017	17,334,638	5,612,099	11,722,539	-	1,296,320	1,296,320	9.04
2018	24,638,185	8,943,040	15,695,145	445,000	4,995,667	5,440,667	2.88
2019	26,215,490	9,390,213	16,825,277	1,575,000	4,830,101	6,405,101	2.63
2020	25,505,079	9,355,031	16,150,048	2,435,000	4,890,350	7,325,350	2.20

¹ The definition of revenues for the Water and Sewer System includes interest, 100% of connection fees and the Build America Bonds subsidy reimbursement. Capital grants and revenues transferred to the rate stabilization fund have been excluded from the calculation.

² Operating expenses are exclusive of depreciation and amortization and renewal and replacement costs.

³ As of June 30, 2005, all revenue bonds for the Water and Sewer System had been refunded as general obligation bonds and in addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues. Revenue bonds were issued in April 2010 under a new Indenture of Trust.

⁴ As of fiscal year 2010, net revenues shall be sufficient in each fiscal year to equal 120% (or 1.2) of annual debt service for senior debt.

⁵ The transfers to the Rate Stabilization Fund for the fiscal years 2011 and 2012 were \$5.2 million and \$3.0 million, respectively. There were no transfers in fiscal years 2013 through 2020.

⁶ Beginning with fiscal year 2013, the financial information is presented to be consistent with the applicable Indenture of Trust. In fiscal year 2013, a new Indenture of Trust was created for the Chesapeake Transportation System and all outstanding Chesapeake Expressway bonds were refunded.

⁷ Beginning with fiscal year 2013, debt payments made July 15 are treated as due the previous fiscal year. Additionally, debt service shall not include the principal and interest on outstanding bonds to the extent that they are paid from bond proceeds or investment earnings on such proceeds.

⁸ From 2007 to 2012, net toll revenues shall be sufficient in each fiscal year to equal 125% (or 1.25 times) annual debt service. Beginning in fiscal year 2013, net toll revenues shall be sufficient in each fiscal year to equal 130% (or 1.3 times) annual debt service.

CITY OF CHESAPEAKE, VIRGINIA

Table 17

Demographic and Economic Statistics
Last Ten Fiscal Years - Unaudited

Fiscal Year	Population ¹	Personal Income ² (in thousands)	Per Capita Income ²	School Enrollment ³	Chesapeake Unemployment Rate ⁴	Virginia Unemployment Rate ⁴
2011	223,647	\$ 9,565,620	\$ 42,504	38,668	6.6%	6.5%
2012	228,835	10,205,818	44,681	38,421	6.3%	6.0%
2013	228,513	10,274,744	44,562	38,591	5.8%	5.6%
2014	231,542	10,645,488	45,616	38,685	5.3%	5.3%
2015	233,908	11,010,828	46,769	38,678	5.0%	4.9%
2016	236,538	11,254,969	47,302	38,935	4.3%	4.1%
2017	239,399	11,675,805	48,569	39,153	4.2%	4.0%
2018	242,336	n/a	n/a	39,497	3.5%	3.4%
2019	244,657	n/a	n/a	40,898	3.0%	2.9%
2020	246,912	n/a	n/a	41,597	4.4%	4.4%

n/a - Information not yet available

Sources:

¹ City of Chesapeake Planning Department Estimates (2011 - 2020). For fiscal year 2011 the population estimates have been adjusted to reflect the official decennial census count conducted by the U.S. Census Bureau. The 2010 Census counts are the basis for future population estimates generated by the Planning Department during this decade.

² Bureau of Economic Analysis an agency of the U.S. Department of Commerce (restated as of November 2012)

³ Chesapeake Public Schools

⁴ U. S. Department of Labor Bureau of Labor Statistics (average for fiscal year, not seasonally adjusted - restated through December 2014)

CITY OF CHESAPEAKE, VIRGINIA

Table 18

Principal Employers

Current Year and Nine Years Ago - unaudited

Principal Employers	Type of Business	Fiscal Year 2020		Fiscal Year 2011	
		Employees	Percent of Total City Employment	Employees	Percent of Total City Employment
City of Chesapeake Public Schools ¹	Government	6,248	5.59%	5,723	5.18%
City of Chesapeake ⁴	Government	3,927	3.51%	3,501	3.17%
Chesapeake Regional Medical Center	Hospital and healthcare services	2,038	1.82%	2,400	2.17%
Walmart Associates, Inc.	Discount department retailer	1,783	1.59%	-	0.00%
Sentara Health System	Home care nursing	1,478	1.32%	1,400	1.27%
Dollar Tree Management, Inc.	Corporate headquarters/distribution facility	1,292	1.16%	660	0.60%
Tidewater Staffing, Inc.	Professional services	1,259	1.13%	-	0.00%
Cox Communications Hampton	Hampton Roads headquarters/customer care center	1,137	1.02%	800	0.72%
QVC Chesapeake, Inc.	Phone center/order processing facility	1,037	0.93%	1,276	1.16%
Capital One Services LLC	Credit intermediation and related activities	827	0.74%	-	0.00%
Food Lion, LLC	Grocery store company	758	0.68%	-	0.00%
USAA	Financial services group	666	0.60%	-	0.00%
YMCA of South Hampton Roads	Youth and community development	644	0.58%	-	0.00%
General Dynamics Advanced, Inc.	Engineering and technical services	604	0.54%	600	0.54%
Tecnico Corporation	Support activities for water transportation	521	0.47%	-	0.00%
US Department of Homeland Security	Financial service and data warehousing	511	0.46%	-	0.00%
Home Depot USA, Inc.	Home improvements supplies retailer	470	0.42%	-	0.00%
Commonwealth of Virginia	State governmental agencies	469	0.42%	-	0.00%
Oceaneering International	Transportation equipment manufacturing	449	0.40%	-	0.00%
Canon Information Technology Service, Inc.	Telemarketing bureau and other contact centers	377	0.34%	572	0.52%
Total Employment ^{2 3}		111,812		110,443	

Source: City of Chesapeake Economic Development Department unless otherwise noted.

¹ Source is Chesapeake Public Schools' Comprehensive Annual Financial Report² Source is Virginia Employment Commission, Local Area Unemployment Statistics (2019)³ Source is Bureau of Economic Analysis, an agency of the U.S. Department of Commerce (2010)⁴ Source is Budget Department - Data provided is the budgeted full time equivalents and includes part-time employee equivalents. Total employees tie to the approved Operating Budget documents.

CITY OF CHESAPEAKE, VIRGINIA

Table 19

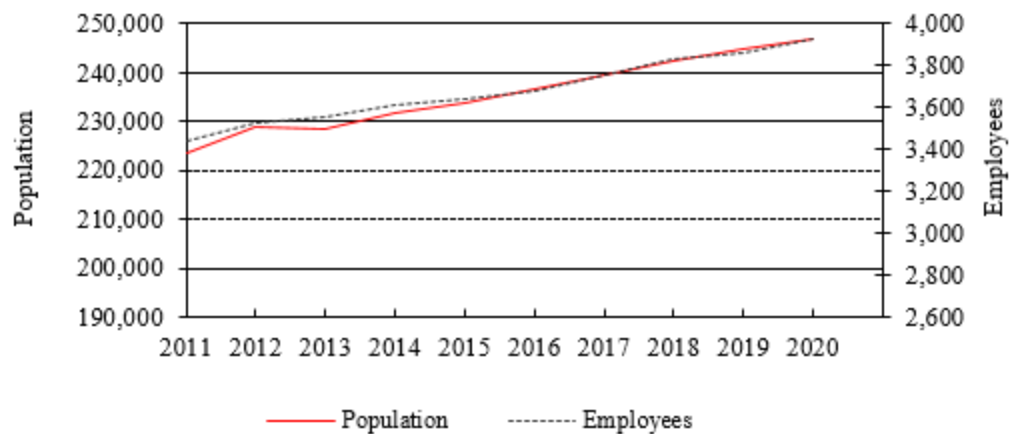
Municipal Employment Statistics
Last Ten Fiscal Years - Unaudited

Fiscal Year	Population ¹	Total Employees ²	Employees Per 1,000 Population
2011	223,647	3,444	15.4
2012	228,835	3,530	15.4
2013	228,513	3,555	15.6
2014	231,542	3,608	15.6
2015	233,908	3,636	15.5
2016	236,538	3,680	15.6
2017	239,399	3,758	15.7
2018	242,336	3,831	15.8
2019	244,657	3,860	15.8
2020	246,912	3,927	15.9

Sources: ¹City of Chesapeake Planning Department Estimates (2011 - 2020)

²Data provided is the budgeted full-time equivalents and includes part-time employee equivalents. Total employees tie to the approved Operating Budget documents.

Population and Employee Figures



CITY OF CHESAPEAKE, VIRGINIA

Table 20

Authorized Full-Time Equivalent City Government Employee Positions by Department
Last Ten Fiscal Years - Unaudited

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Department</u>										
General Government										
Management Services	42	42	42	41	43	45	48	47	47	50
Economic Development ²	69	76	80	44	34	34	35	36	37	38
Finance	24	25	24	27	28	28	29	29	29	29
Information Technology	59	61	58	56	57	57	54	55	56	57
Human Resources	20	21	20	21	23	24	23	22	23	23
Budget	7	7	6	6	6	6	6	6	6	7
Agriculture	7	7	6	6	6	6	6	6	6	6
Development & Permits	73	77	75	73	80	80	75	76	76	80
Other	148	235	240	251	246	245	251	254	256	256
Police	543	552	548	549	552	552	564	577	581	583
Sheriff	407	406	398	400	400	404	417	428	433	451
Fire	428	438	443	443	446	446	447	449	449	454
Integrated Behavioral Health	207	210	248	245	245	246	266	291	297	299
Community Programs ⁴	24	24	23	10	11	11	11	11	11	13
Public Works ¹	420	446	451	451	463	468	476	478	484	489
Parks, Recreation & Tourism ^{1 2 3}	110	177	172	246	230	236	242	245	245	251
Library	119	122	123	123	125	125	125	126	127	127
Public Utilities	208	208	208	209	212	222	233	246	253	260
General Services ¹	134	-	-	-	-	-	-	-	-	-
Justice	84	84	84	84	84	83	83	84	84	86
Health & Human Services ⁴	311	312	306	323	345	362	367	365	360	368
Total	3,444	3,530	3,555	3,608	3,636	3,680	3,758	3,831	3,860	3,927

Source: Authorized full time equivalent positions per approved fiscal year Operating Budgets for the year indicated

¹ The Department of General Services was absorbed into Parks and Recreation, Economic Development and Public Works in fiscal year 2012

² Conference Center and Conventions & Tourism were moved from Economic Development to form the Department of Parks, Recreation and Tourism during fiscal year 2014

³ A contractor was hired by the City to manage the Conference Center in April 2014

⁴ Community Programs became a division of the Human Services Department in fiscal year 2014

CITY OF CHESAPEAKE, VIRGINIA

Operating Indicators by Function/Program
Last Ten Fiscal Years - Unaudited

	Fiscal Year				
	2011	2012	2013	2014	2015
Function/Program					
General Government					
Building Permits Issued	3,973	4,199	3,940	3,602	3,900
Building Inspections Conducted	8,085	8,744	9,933	10,301	9,414
Electrical Permits Issued	3,194	2,911	2,994	3,000	2,846
Electrical Inspections Performed	8,842	7,968	9,151	7,810	8,586
Plumbing Permits Issued	1,530	1,402	1,260	1,389	1,722
Plumbing Inspections Performed	5,639	5,261	5,724	5,743	6,298
Mechanical/Gas Permits Issued	4,390	4,268	5,016	5,339	5,279
Mechanical/Gas Inspections Performed	8,039	7,821	8,678	10,040	9,767
Code Compliance Inspections	17,183	16,612	14,397	13,775	16,500
Police					
Calls for Police Service ⁶	120,216	126,508	124,261	128,733	130,371
Part I Law Violations	8,534	7,914	7,122	7,431	7,375
Total Criminal Charges (primary and secondary)	16,148	16,773	17,078	15,681	14,358
Total Traffic Charges (moving/ non-moving/excludes DUI)	38,810	35,666	35,976	35,011	35,310
DUI Arrests ⁴	951	1,216	1,187	1,004	622
Fire					
Calls answered for Fire Protection Services	24,916	25,268	26,508	26,784	27,838
Public Works					
Refuse Collected (tons per year)	93,171	94,184	91,908	91,313	95,950
Street Resurfacing (miles)	32.76	44.33	50.00	29.21	38.10
Potholes Repaired	9,980	8,367	11,110	10,777	13,463
Water					
Active Service Accounts	62,029	62,333	62,504	63,090	63,491
Daily Average Consumption in Gallons (in mgd)	17.20	16.30	15.57	16.44	15.27
Daily Average Water Provided by Chesapeake (in mgd)	11.10	10.10	11.27	11.42	9.06
Daily Average Water Purchased from other localities (in mgd)	6.10	6.19	5.81	6.43	6.21
Wastewater					
Active Service Accounts	60,154	60,449	60,831	61,426	61,822
Parks and Recreation					
Youth Athletics - Participants ⁷	5,140	4,884	4,279	4,401	4,314
Youth Athletics - Teams ⁷	433	413	370	406	379
Youth Athletics - Coaches ⁷	727	664	612	487	674
Adult Athletics - Participants ⁷	3,639	3,070	2,560	2,256	2,363
Adult Athletics - Teams ⁷	218	189	172	151	162
Special Programs Athletics - Programs ^{3 7}	1	2	3	6	4
Leisure Classes - Youth Participants ⁷	1,249	1,159	1,196	1,371	1,025
Leisure Classes - Adult Participants ⁷	703	787	712	718	619
Leisure Classes - Community Program Participants ⁷	3,277	3,644	3,773	4,434	1,955
Special Events - PR&T Sponsored Attendance ^{3 7}	34,328	20,525	29,375	31,025	44,525
Community Center Attendance ^{1 7}	361,059	425,108	407,456	409,178	410,657
Community Center ID Sales ⁷	9,518	7,060	6,474	6,561	6,499
Community Center Rentals ⁷	1,637	2,092	2,054	1,929	1,590
Senior Program Participants ⁷	18,337	21,664	19,855	16,475	15,030
Therapeutic Program Participants ⁷	2,563	1,094	1,707	2,968	3,493
Library					
Items Checked Out ⁷	2,600,964	2,561,515	2,352,046	2,208,274	2,021,708
Interlibrary Loans - Borrowed ⁷	605	311	216	259	252
Interlibrary Loans - Loans ⁷	1,350	878	246	293	145
Library Collection	575,462	580,046	534,037	493,340	471,183
Patron Visits ⁷	1,392,890	1,410,177	1,287,912	1,255,427	1,176,510
Website Visits	433,889	472,836	453,106	406,741	408,087
Registered Patrons	130,989	154,252	162,903	158,952	163,502
Total Programming ⁷	3,138	3,054	3,928	4,332	4,220
Total Programming - Participants ⁷	64,416	58,945	78,575	100,217	133,221
Typewriter Use ⁷	681	660	880	371	144
Public Computer Use ⁷	636,072	565,386	541,384	437,362	462,942
Bookmobile - Patrons ^{2 7}	6,176	9,645	10,232	11,605	6,718
Bookmobile - Number of Stops ^{2 7}	448	492	515	576	862
Bookmobile - Miles Driven ²	2,186	2,339	1,982	1,444	1,478
Schools					
Student Enrollment	38,668	38,421	38,591	38,685	38,678

Source: Various City Departments

n/a - Information not available

¹ Beginning in FY11, this number includes all activities taking place in the Community Center; prior years exclude athletic programs.

² Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.

³ Beginning in FY14, this number includes all events instead of just tournaments (restated FY10 through FY13)

⁴ Beginning in FY11, this number is calculated based on reports from the RMS system; prior years were hand counted by personnel.

⁵ Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.

⁶ Beginning in FY17, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.

⁷ In FY20, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

Operating Indicators by Function/Program
Last Ten Fiscal Years - Unaudited

Function/Program	Fiscal Year				
	2016	2017	2018	2019	2020
General Government					
Building Permits Issued	4,758	4,758	4,551	4,830	5,946
Building Inspections Conducted	8,780	13,311	12,573	10,885	15,574
Electrical Permits Issued	3,181	3,148	3,039	3,136	3,495
Electrical Inspections Performed	9,283	8,641	7,889	7,639	8,296
Plumbing Permits Issued	2,312	1,869	1,765	1,992	1,873
Plumbing Inspections Performed	9,275	8,377	7,499	7,095	7,107
Mechanical/Gas Permits Issued	6,945	5,713	5,626	5,378	5,303
Mechanical/Gas Inspections Performed	11,145	10,832	10,781	9,812	10,162
Code Compliance Inspections	12,875	14,678	17,195	16,418	22,738
Police					
Calls for Police Service ⁶	129,340	102,041	104,092	148,388	140,668
Part I Law Violations	6,203	6,439	6,423	6,871	6,811
Total Criminal Charges (primary and secondary)	15,363	16,894	13,939	11,406	14,682
Total Traffic Charges (moving/ non-moving/excludes DUI)	33,201	32,627	29,750	25,220	18,116
DUI Arrests ⁴	638	606	530	551	635
Fire					
Calls answered for Fire Protection Services	30,072	29,914	29,559	30,021	31,390
Public Works					
Refuse Collected (tons per year)	95,309	94,148	91,239	109,574	119,394
Street Resurfacing (miles)	67.00	45.67	31.00	31.00	68.54
Potholes Repaired	11,765	10,438	13,008	12,440	10,688
Water					
Active Service Accounts	64,171	66,249	67,983	69,133	69,141
Daily Average Consumption in Gallons (in mgd)	14.64	14.83	15.23	14.97	15.38
Daily Average Water Provided by Chesapeake (in mgd)	8.66	8.55	9.57	9.73	10.38
Daily Average Water Purchased from other localities (in mgd)	5.98	6.13	5.65	5.23	5.00
Wastewater					
Active Service Accounts	62,514	64,422	66,693	67,329	67,388
Parks and Recreation					
Youth Athletics - Participants ⁷	4,780	5,351	5,391	5,856	3,292
Youth Athletics - Teams ⁷	433	473	482	413	304
Youth Athletics - Coaches ⁷	708	838	835	811	532
Adult Athletics - Participants ⁷	2,947	2,230	2,094	2,145	570
Adult Athletics - Teams ⁷	164	149	141	143	38
Special Programs Athletics - Programs ^{3 7}	5	4	5	5	3
Leisure Classes - Youth Participants ⁷	1,272	1,588	1,529	2,396	1,091
Leisure Classes - Adult Participants ⁷	609	287	238	344	300
Leisure Classes - Community Program Participants ⁷	1,794	1,225	1,235	1,721	1,029
Special Events - PR&T Sponsored Attendance ^{5 7}	83,141	101,350	105,350	102,400	63,500
Community Center Attendance ^{1 7}	408,274	413,252	449,729	462,634	288,458
Community Center ID Sales ⁷	6,927	6,409	6,234	6,309	4,617
Community Center Rentals ⁷	1,546	1,455	1,737	1,994	1,434
Senior Program Participants ⁷	13,686	10,786	11,672	16,916	7,152
Therapeutic Program Participants ⁷	3,716	3,611	3,595	1,029	377
Library					
Items Checked Out ⁷	1,954,756	1,782,003	1,625,698	1,558,711	1,228,360
Interlibrary Loans - Borrowed ⁷	226	204	278	258	117
Interlibrary Loans - Loans ⁷	101	174	324	313	175
Library Collection	451,422	429,825	478,315	444,622	510,118
Patron Visits ⁷	1,124,284	1,150,782	1,054,839	1,029,251	737,153
Website Visits	603,517	699,502	1,628,802	1,291,251	1,452,268
Registered Patrons	186,336	185,417	188,511	205,982	149,434
Total Programming ⁷	3,810	3,852	2,854	3,149	1,486
Total Programming - Participants ⁷	64,031	103,252	72,089	92,294	44,182
Typewriter Use ⁷	82	117	76	57	10
Public Computer Use ⁷	374,827	309,202	282,288	253,397	150,470
Bookmobile - Patrons ^{2 7}	6,649	n/a	11,227	9,146	7,481
Bookmobile - Number of Stops ^{2 7}	323	n/a	414	203	196
Bookmobile - Miles Driven ²	1,487	n/a	3,610	2,023	2,225
Schools					
Student Enrollment	38,935	39,153	39,497	40,898	41,597

Source: Various City Departments

n/a - Information not available

¹ Beginning in FY11, this number includes all activities taking place in the Community Center; prior years exclude athletic programs.² Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.³ Beginning in FY14, this number includes all events instead of just tournaments (restated FY10 through FY13)⁴ Beginning in FY11, this number is calculated based on reports from the RMS system; prior years were hand counted by personnel.⁵ Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.⁶ Beginning in FY17, this number is based on reports from the new RMS system allowing the count to exclude services such as officers signing into court, traffic stops, etc.⁷ In FY20, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

CITY OF CHESAPEAKE, VIRGINIA

Table 22

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years - Unaudited

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Function/Program</u>										
Police										
Precincts	5	5	5	5	5	5	5	5	5	5
Marked Patrol Units	203	198	222	206	213	206	221	229	226	212
Fire Stations	15	15	15	15	15	15	15	15	15	15
Public Works										
Refuse Collection										
Collection Trucks	52	52	61	57	60	57	57	56	57	58
Other Public Works										
Storm Sewers (miles) ²	1,100	1,100	1,150	1,200	1,650	1,684	1,730	1,544	1,550	1,565
Streets (miles)	2,364	2,361	2,700	2,366	2,372	2,376	2,364	2,378	2,395	2,395
Streetlights	23,874	23,759	23,706	23,790	24,045	24,457	24,785	25,106	25,665	26,026
Water										
Water Mains (miles)	828	829	832	833	840	844	853	859	872	879
Fire Hydrants ¹	5,339	5,365	5,398	5,411	5,508	5,592	5,681	5,765	5,821	5,913
Wastewater										
Sanitary Sewers (miles)	1,057	1,060	1,062	1,065	1,072	1,083	1,091	1,096	1,101	1,108
Sewage Pumping Stations	264	262	262	269	271	271	273	273	274	277
Parks and Recreation										
Park Acreage	2,322	2,322	2,349	2,349	2,450	2,450	2,454	2,454	2,458	2,733
Parks and Play Areas	70	70	71	71	71	72	77	77	79	77
Athletic Fields/Tennis Courts	226	228	228	228	228	239	239	239	245	192
Community Centers	8	8	8	8	8	8	8	8	8	8
Specialized Centers	5	5	5	5	5	5	5	5	5	5
Schools										
Elementary Schools	28	28	28	28	28	28	28	28	28	28
Secondary Schools	17	17	17	17	17	17	17	17	17	17
Educational Centers	3	3	3	2	2	2	2	2	2	2

Source: Various City Departments

¹ Updated in FY 2016 per Public Utilities GIS system (2015 and prior)

² Updated in FY 2020 per Public Works GIS system (2019 and prior)

COMPLIANCE SECTION

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program	Sub-Recipient	Grant or Project Number (Indirect Grants)	CFDA Number	Federal Expenditures	Cluster Total	Pass-Through Total	CFDA# Total
Department of Agriculture:							
Direct payments:							
Food and Nutrition Service:							
Summer Food Program for Children (Child Nutrition Cluster)			10.559	\$ 190,989			
Pass-through payments:							
Virginia Department of Education:							
Child and Adult Care Food Program		N/A	10.558	178,898			178,898
Summer Food Service Program for Children (Child Nutrition Cluster)		N/A	10.559	943,229			1,134,218
School Breakfast Program (Child Nutrition Cluster)		N/A	10.553	1,801,949			1,801,949
National School Lunch Program (Child Nutrition Cluster)		N/A	10.555	4,226,090			
Virginia Department of Agriculture and Consumer Services:							
Food Distribution - commodities value - Schools' Food Services (Child Nutrition Cluster)		N/A	10.555	1,042,060			5,276,388
Food Distribution - commodities value - Detention Home (Child Nutrition Cluster)		N/A	10.555	8,238			
Virginia Department of Social Services:							
		0010119, 0030119, 0040119,					
		0050119, 0010120, 0030120,					
		0040120, 0050120	10.561	2,538,657			2,538,657
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)							
Virginia Department of Forestry:							
Department of Forestry and the US Forest Service		19UCF03	10.664	908			908
Total Child Nutrition Cluster (10.553, 10.555, 10.559)					8,212,555		
Total SNAP Cluster (10.561)					2,538,657		
Total Department of Agriculture				10,931,018	10,751,212	-	10,931,018
Department of Defense:							
Direct payments - Navy:							
Department of Defense Impact Aid			12.558	1,310,063			1,310,063
Support for Student Achievement at Military Connected Schools/SPED (DODEA Algebra)			12.556	515,573			515,573
Pass-through payments:							
Department of Education:							
Payments to States in Lieu of Real Estate Taxes		N/A	12.112	30,190			30,190
Total Department of Defense				1,855,826	-	-	1,855,826
Department of Housing and Urban Development:							
Direct payments:							
Community Development Block Grant Program:							
Program Year 2015 (CDBG Entitlement Grants Cluster)		B-15-MC-51-0010	14.218	77,174			
Program Year 2016 (CDBG Entitlement Grants Cluster)		B-16-MC-51-0010	14.218	19,772			
Program Year 2016 (CDBG Entitlement Grants Cluster)	CRHA	B-16-MC-51-0010	14.218	2,397		2,397	
Program Year 2017 (CDBG Entitlement Grants Cluster)		B-17-MC-51-0010	14.218	25,129			
Program Year 2017 (CDBG Entitlement Grants Cluster)	STOP	B-17-MC-51-0010	14.218	56,762		56,762	
Program Year 2018 (CDBG Entitlement Grants Cluster)		B-18-MC-51-0010	14.218	432,421			
Program Year 2018 (CDBG Entitlement Grants Cluster)	Boys & Girls Clubs of Southeast VA	B-18-MC-51-0010	14.218	4,000		4,000	
Program Year 2018 (CDBG Entitlement Grants Cluster)	Children's Harbor	B-18-MC-51-0010	14.218	10,000		10,000	
Program Year 2018 (CDBG Entitlement Grants Cluster)	CRHA	B-18-MC-51-0010	14.218	47,817		47,817	
Program Year 2018 (CDBG Entitlement Grants Cluster)	Heron's Landing	B-18-MC-51-0010	14.218	2,000		2,000	
Program Year 2019 (CDBG Entitlement Grants Cluster)		B-19-MC-51-0010	14.218	303,503			
Program Year 2019 (CDBG Entitlement Grants Cluster)	Boys & Girls Clubs of Southeast VA	B-19-MC-51-0010	14.218	11,100		11,100	
Program Year 2019 (CDBG Entitlement Grants Cluster)	Children's Harbor	B-19-MC-51-0010	14.218	34,650		34,650	
Program Year 2019 (CDBG Entitlement Grants Cluster)	CRHA	B-19-MC-51-0010	14.218	32,172		32,172	
Program Year 2019 (CDBG Entitlement Grants Cluster)	ForKids, Inc.	B-19-MC-51-0010	14.218	105,927		105,927	
Program Year 2019 (CDBG Entitlement Grants Cluster)	Heron's Landing	B-19-MC-51-0010	14.218	11,100		11,100	
							1,175,924

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program	Sub-Recipient	Grant or Project Number (Indirect Grants)	CFDA Number	Federal Expenditures	Cluster Total	Pass-Through Total	CFDA# Total
HOME Investment Partnerships Program:							
Program Year 2016	CRHA	M-16-MC-51-0200	14.239	29,522		29,522	
Program Year 2017	CRHA	M-17-MC-51-0200	14.239	45,927		45,927	
Program Year 2018	CRHA	M-18-MC-51-0200	14.239	84,215		84,215	
Program Year 2018	Hampton Roads Planning District	M-18-MC-51-0200	14.239	33,221		33,221	192,885
Total CDBG-Entitlement Grants Cluster (14.218)					1,175,924		
Total Department of Housing and Urban Development				1,368,809	1,175,924	510,810	1,368,809
Department of the Interior:							
Direct payments:							
Payment in Lieu of Taxes			15.226	7,149			7,149
U.S. Fish and Wildlife Service - Department of the Interior:							
National Wildlife Refuge Sharing Fund			15.659	30,815			30,815
Total Department of the Interior				37,964	-	-	37,964
Department of Justice:							
Direct payments:							
BJA FY20 Coronavirus Emergency Supplemental Funding Program		2020-VD-BX-0541	16.034	34,759			34,759
Edward Byrne Memorial Justice Assistance Grant		2015-DJ-BX-0530	16.738	9,521			
Edward Byrne Memorial Justice Assistance Grant		2017-DJ-BX-0434	16.738	45,467			
Edward Byrne Memorial Justice Assistance Grant		2018-DJ-BX-0203	16.738	94,133			
Edward Byrne Memorial Justice Assistance Grant		2019-DJ-BX-0829	16.738	35,211			
Drug Control and System Improvement:							
Asset Forfeiture Transfer for Sheriff Dept- OAG			16.578	23,086			23,086
Forfeited Asset Sharing Program - Drug Enforcement			16.922	37,563			37,563
Pass-through payments:							
Virginia Department of Criminal Justice Services							
Victim Witness 2020		20-Z8571VG18	16.575	511,700			
Court Appointed Special Advocates		20-Z8500CA20	16.575	32,964			
State Criminal Alien Assistance Program		2019-AP-BX-0756	16.606	7,737			544,664
State Criminal Alien Assistance Program		2020-AP-BX-1180	16.606	10,119			
Officer Overtime		20-A4830AD16	16.738	1,112			17,856
Gang and Drug Related Crime Reduction		20-A4905AD16	16.738	6,700			192,144
Total Department of Justice				850,072	-	-	850,072
U.S. Department of Transportation:							
Pass-through payments:							
Virginia Department of Transportation:							
Federal Highway Administration - Planning and Construction:							
Western Branch Rail Trail (Highway Planning and Construction Cluster)		EN14-131-008	20.205	685			
Battlefield Visitor Center (Highway Planning and Construction Cluster)		EN02-131-120	20.205	(52,214)			
Expressway Guardrail Improvements (Highway Planning and Construction Cluster)		0168-131-S30	20.205	595,320			
Battlefield Flashing Yellow (Highway Planning and Construction Cluster)		0168-131-S32	20.205	98,110			
Portsmouth Blvd Flashing Yellow (Highway Planning and Construction Cluster)		0337-131-S31	20.205	73,730			
Portsmouth Blvd Phase 4 (Highway Planning and Construction Cluster)		0337-131-104	20.205	(16,143)			
Emergency Vehicle Preemption Deployment (Highway Planning and Construction Cluster)		U000-131-856	20.205	3,398			
Safe Routes to School Division Coordinator (UPC No. 111896) (Highway Planning and Construction Cluster)			20.205	57,730			
Number Ten Lane Bridge (Highway Planning and Construction Cluster)		9999-131-862	20.205	33,428			794,044
Department of Motor Vehicles - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants:							
Fiscal year 2019 - Selective Enforcement Occupant Protection (Highway Safety Cluster)		FOP-2019-59217-9217	20.600	1,952			
Fiscal year 2020 - Selective Enforcement Occupant Protection (Highway Safety Cluster)		FOP-2020-50251-20251	20.600	8,814			10,766
Fiscal year 2019 - Selective Enforcement - Alcohol (Highway Safety Cluster)		M6OT-2019-59215-9215	20.616	2,271			
Fiscal year 2020 - Selective Enforcement - Alcohol (Highway Safety Cluster)		M6OT-2020-50252-20252	20.616	9,289			11,560

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program	Sub-Recipient	Grant or Project Number (Indirect Grants)	CFDA Number	Federal Expenditures	Cluster Total	Pass-Through Total	CFDA# Total
Total Highway Planning and Construction Cluster (20.205)					794,044		
Total Highway Safety Cluster (20.600, 20.616)					22,326		
Total U.S. Department of Transportation				816,370	816,370	-	816,370
Department of Treasury:							
Pass-through payments:							
Virginia Department of Accounts							
Coronavirus Relief Funds			21.019	2,202,040			2,202,040
Total Department of Treasury		SLT0022		2,202,040	-	-	2,202,040
Department of Education:							
Direct payments:							
Impact Aid			84.041	4,766,047			4,766,047
Pass-through payments:							
Virginia Department of Education:							
Adult Education - State Grant Program		V002A170047	84.002	161,412			161,412
Title I Grants to Local Educational Agencies		S010A170046	84.010	6,442,735			6,442,735
Title I, Part D - Program for Neglected & Delinquent Children		S013A160046	84.013	685			685
Special Education - Grants to States (Special Education Cluster IDEA)		H027A170107	84.027	8,866,513			8,866,513
Vocational Education - Basic Grants to States		V048A170046	84.048	273,264			273,264
Special Education - Preschool Grants (Special Education Cluster IDEA)		H173A170112	84.173	224,712			224,712
Part C Funds			84.181	256,096			256,096
Title III, Part A - English Language Acquisition Grants		S365A170046	84.365	62,863			62,863
Title II, Part A - Improving Teacher Quality State Grants		S367A170044	84.367	813,133			813,133
Title IV, Part A - Student Support and Academic Enrichment Program		S424A170048	84.424	231,193			231,193
Total Special Education Cluster IDEA (84.027, 84.173)					9,091,225		
Total Department of Education				22,098,653	9,091,225	-	22,098,653
Department of Health and Human Services:							
Direct payments:							
Provider Relief Funds		CARES Act	93.498	209,265			209,265
Pass-through payments:							
Department of Mental Health, Mental Retardation and Substance Abuse:							
Regional Opioid Treatment		N/A	93.788	197,406			197,406
Block Grants for Community Mental Health Services		N/A	93.958	183,943			183,943
Block Grants for Prevention and Treatment of Substance Abuse		N/A	93.959	723,539			723,539
Virginia Department of Social Services:							
Promoting Safe and Stable Families		0950118, 0950119	93.556	50,449			50,449
Temporary Assistance for Needy Families (TANF Cluster)		0400119, 0400120	93.558	1,342,091			1,342,091
Refugee and Entrant Assistance State Administered Programs		0500120	93.566	2,145			2,145
Low-Income Home Energy Assistance		0600419, 0600420	93.568	244,237			244,237
Child Care and Development Block Grant (CCDF Cluster)		0770120	93.575	(1,753)			(1,753)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)		0760119, 0760120	93.596	252,991			252,991
Chafee Education and Training Vouchers Program (ETV)		9160119	93.599	960			960
Adoption Incentive Payments		1130117	93.603	4,953			4,953
Stephanie Tubbs Jones Child Welfare Services Program		0900118, 0900119	93.645	2,324			2,324
Foster Care Title IV-E		1100119, 1100120	93.658	1,238,585			1,238,585
Adoption Assistance		1120119, 1120120	93.659	960,270			960,270
Social Services Block Grant		1000119, 1000120	93.667	968,240			968,240
Chafee Foster Care Independence Program		9150118, 9150119	93.674	16,104			16,104
Children's Health Insurance Program		0540119, 0540120	93.767	48,954			48,954
Medical Assistance Program (Medicaid Cluster)		1200119, 1200120	93.778	2,733,645			2,733,645

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CITY OF CHESAPEAKE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

Schedule U-2**(1) General**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federally assisted programs of the City's Reporting Entity as defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

(2) Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

(3) Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the Reporting Entity's basic financial statements as follows:

Intergovernmental revenues per the basic financial statements:

Primary Government:		
General Fund	\$	1,043,144
Capital Projects Fund		716,225
Special Revenue Funds:		
Virginia Public Assistance Fund		10,249,079
Grants Fund		4,273,262
Community Development Fund		1,443,411
Interagency Consortium		146,974
Intergrated Behavioral Healthcare Fund		1,360,984
Enterprise Funds		566,166
Total primary government		19,799,245
Component unit - Public Schools:		
School Operating Fund		27,118,907
School Food Services Fund		8,192,226
Total component unit - Public Schools		35,311,133
Total federal expenditures from intergovernmental revenues		55,110,378
Water and sewer federal bond subsidy (not subject to single audit)		(566,166)
Other reconciling items		(1,863,463)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	52,680,749

(4) Subrecipients

The Chesapeake Redevelopment and Housing Authority, Children's Harbor, ForKids, STOP, Boys and Girls Clubs of Southeast VA and Heron's Landing are the subrecipients for federal awards of \$317,925 from the Community Development Block Grant Program. Chesapeake Redevelopment and Housing Authority and The Hampton Roads Planning District Commission (Housing Division) are the subrecipients of \$192,885 from the HOME Investment Program received from the U.S. Department of Housing and Urban Development.

(5) Indirect Cost Rate

The City did not elect to use a 10% de minimis indirect cost rate allowed under section 2 CFR 200.331(a)(4).

**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Chesapeake, Virginia (the “City”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 11, 2020. Our report includes a reference to other auditors who audited the financial statements of the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards*.

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 City’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

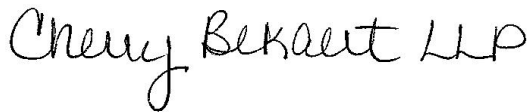
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the *Specifications for Audits of Counties, Cities, and Towns*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing on internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
December 11, 2020

**Report of Independent Auditor on Compliance for Each Major
Federal Program and Internal Control over Compliance
Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Chesapeake, Virginia's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

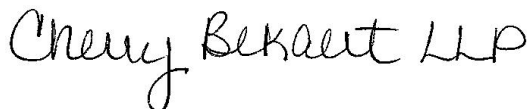
Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
December 11, 2020

City of Chesapeake, Virginia
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

1) Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

<u>Name of Program</u>	<u>CFDA #</u>
Supplemental Nutrition Assistance Program (SNAP)	10.561
Department of Defense Impact Aid	12.558
Coronavirus Relief Fund	21.019
Impact Aid	84.041
Temporary Assistance to Needy Families (TANF)	93.558

Dollar threshold to distinguish between Types A and B Programs:	\$1,580,422
The City of Chesapeake was qualified as a low risk auditee?	Yes

2) Findings – Financial Statement Audit Performed in Accordance with *Government Auditing Standards*

None

3) Findings and Questioned Costs – Major Federal Awards

None

4) Findings and Questioned Costs – State Compliance

None

5) Resolution of Prior Year's Findings

2019-001

Status: Corrected

2019-002

Status: Corrected

2019-003

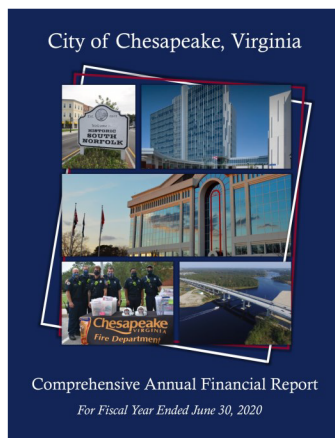
Status: Corrected

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*End of Comprehensive Annual Financial Report Of
the City of Chesapeake, Virginia
For the Fiscal Year Ended
June 30, 2020*





Finance Department
City of Chesapeake
306 Cedar Road
Chesapeake, VA 23322
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