

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022



Chesapeake
VIRGINIA

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Annual Comprehensive
Financial Report
of the
City of Chesapeake, Virginia
for Fiscal Year Ended
June 30, 2022



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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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



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December 7, 2022

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

We are pleased to submit the Annual Comprehensive Financial Report for the City of Chesapeake, Virginia (the City) for the fiscal year ended June 30, 2022. The financial statements included in this report conform to generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB). Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City and its component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Management's Discussion and Analysis (MD&A) immediately follows the Report of Independent Auditor and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The Reporting Entity and Its Services



The present City of Chesapeake was formed on January 1, 1963, by the merger of Norfolk County and the City of South Norfolk. This merger created the second largest city in the Commonwealth with 353 square miles, surrounded by the cities of Norfolk, Portsmouth, Virginia Beach, Suffolk, and the North Carolina state line. With the latest estimated population of 251,811 as of June 30, 2022, the City is also the second largest city in the Commonwealth of Virginia in terms of population and land area.

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



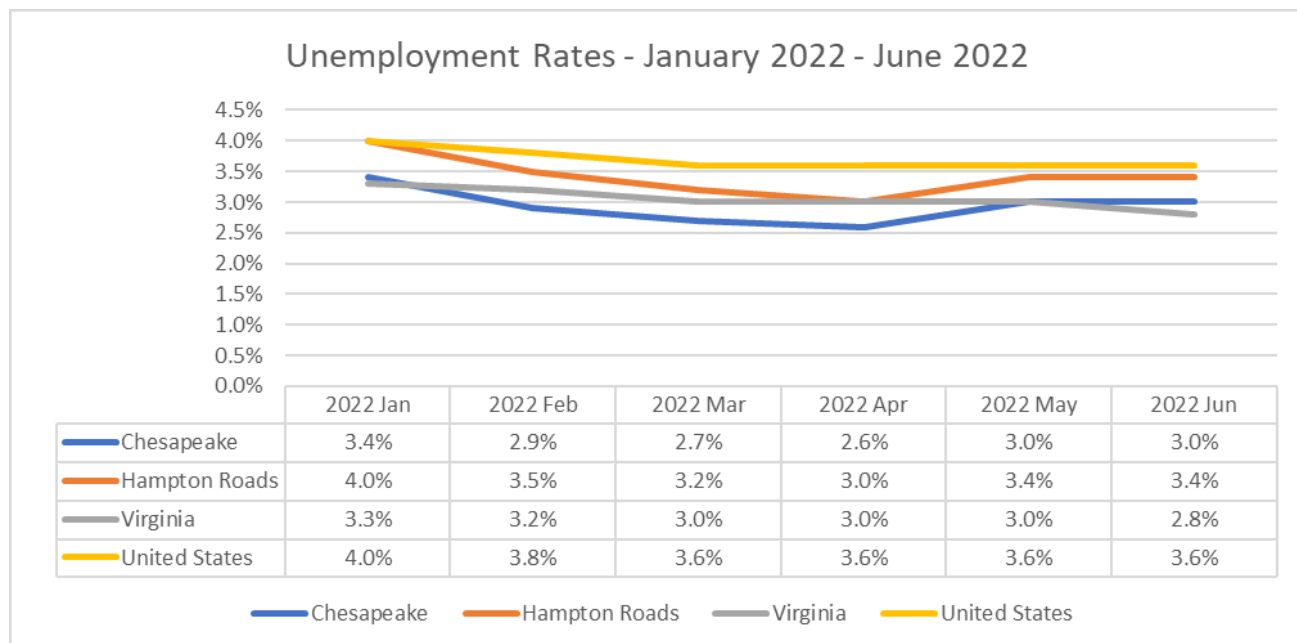
Cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently. There are no overlapping jurisdictions, and consequently, citizens of Virginia cities are not subject to overlapping debt or taxation. In accordance with the requirements of GASB, the financial reporting entity consists of the Primary Government (the City of Chesapeake) and 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 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 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

The City and regional economy reflected solid performance heading into the final quarter of fiscal year 2022, with the job market and unemployment rates trending toward pre-pandemic levels. Prior to COVID-19, Chesapeake unemployment rates were historically low at 2.7% in February 2020 but reached a high of 14.8% in April 2020. While the consequences of the pandemic are still visible in the unemployment rate, Chesapeake has continued the trend toward a 3% average unemployment rate for the close of fiscal year 2022. The downward trend in unemployment rates mimics those of the Hampton Roads region, the State, and the United States; nevertheless, Chesapeake's unemployment rate is relatively equal to the region's unemployment rate and remains lower compared to the United States' overall unemployment rate.



The City's central location in Hampton Roads, proximity to the Ports of Hampton Roads, good transportation network, available land, and strong labor pool continue to encourage a strong international business presence. As the City continues to grow, it will be a progressive and well-connected community of treasured rural areas, vibrant residential neighborhoods, and thriving commercial and industrial centers. As a result of these qualities, the Chesapeake civilian labor force has grown from 112,472 in 2010 to 121,633 in May 2022, per the Bureau of Labor Statistics. Median household income has risen from \$67,855 in 2010 to \$81,261 in 2020, per the U.S. Census Bureau.

In fiscal year 2022, the City spent the remainder of the \$42.8 million in Coronavirus Relief Funds (CRF) to offset costs of the City's response to the pandemic, including technology and facility improvements to facilitate distance learning, public safety labor reimbursement, hazard pay, teleworking and telemedicine, and to provide direct assistance to small businesses, not-for-profits, and citizens impacted by COVID-19.

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

Chesapeake's General Obligation bonds continue to hold the highest bond ratings available from all three bond rating agencies, AAA ratings from Fitch Ratings and S&P Global Ratings and Aaa rating from Moody's Investors Service. The bond ratings reflect the City's continued growth and diversification of its sizeable tax base, its healthy resident income levels, the strong and improving financial position supported by formal fiscal policies and conservative budget assumptions, a manageable debt burden with modest future borrowing plans, and an above average yet manageable pension liability. The region and the City also benefit from proactive long-range capital planning and regionalized infrastructure resiliency efforts. Fitch Ratings upgraded to "A-" from "BBB+" the Chesapeake Transportation System's (CTS) \$168.0 million outstanding senior toll road revenue bonds series 2012A and 2012B in June 2022. The resilient growth in traffic and revenue through the COVID pandemic was noted as a factor in the strengthening credit profile of CTS. Fitch also indicated the inclusion of both leisure travel and commuter toll routes benefits the system by minimizing credit risk. City Council approval of toll rate increases through 2035 was also viewed positively by Fitch.

Major Initiatives

For fiscal year 2022, the following strategic anchors serve as the decision-making framework for City staff in day-to-day operations and as a cornerstone as the City embarks on the fiscal year 2024 budget process and long-range financial planning.

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

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

Economic Prosperity

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

- Strong financial performance resulted from continued cost containment and the careful management of resources. Specifically, General Fund expenditures, encumbrances, and other financing uses of \$655.7 million were \$21.4 million or 3.2% below the revised budget, primarily related to vacancy and salary contingency savings. Total General Fund revenues and other financing sources of \$683.1 million exceeded the revised budget by \$33.8 million or 5.2%, primarily related to increases in property and other local taxes.
- The City's Operating and Capital budgets adopted by the City Council preserved core services and funded strategic initiatives and selected services. In fiscal year 2022, 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 and the economy.
- Planning Commission public hearing agendas have remained robust. The Planning Department's coordination of land planning functions during fiscal year 2022 included the review of 331 total public hearing and administrative application reviews, including 87 Planning Commission public hearing item reviews, 42 Chesapeake Bay Preservation Area related reviews, 51 administrative plan reviews, and 151 historic district architectural reviews.
- Multiple large residential developments have been proposed or submitted in recent calendar years. In particular, the development community has shown particular interest in the Portsmouth Boulevard corridor, Military Highway corridor, Dominion Boulevard corridor, South Battlefield Boulevard corridor, Johnstown Road corridor, Greenbrier Planning Area, Sanderson /Cedarville Road area, and Edinburgh area. The City expects the increasing number of development proposals submitted for review and beginning construction to continue.
- In fiscal year 2022, the City of Chesapeake received \$1,181,436 in Community Development Block Grant (CDBG) and \$553,118 in HOME Investment Partnership Program (HOME) entitlement funds to address goals identified in the City's Program Year (PY) 2021 Annual Action Plan. CDBG and HOME funds were allocated for housing rehabilitation, affordable housing development, and homebuyer assistance; rental assistance; emergency shelter, transitional housing, rapid rehousing, permanent supportive housing, and homeless prevention case management; early childhood enrichment and youth development; public facility improvements and public park improvements; and housing code enforcement and resolutions. These funds were also used to partially cover the costs incurred by the Chesapeake Planning Department and Chesapeake Redevelopment and Housing Authority for administration and compliance monitoring. CDBG Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding disbursed over two funding cycles is still being expended for the designated activities.
- In addition, the City of Chesapeake received just over \$2.0 million in HOME-ARP (Home Investment Partnerships Program-American Rescue Plan) funding. ARP funds are to be administered through HOME to perform four activities that must primarily benefit qualifying individuals and families who are homeless, at risk of homelessness, or in other vulnerable populations. These funds were designated for the following activities: development and support of affordable housing; tenant-based rental assistance (TBRA); provision of supportive services; and acquisition and development of non-congregate shelter units. Chesapeake Planning Department Community Development Division will conduct a needs assessment and consult with community partners, other localities, and Virginia Supportive Housing to ensure broad input

in developing a HOME-ARP Allocation Plan.

- In addition to the revitalization efforts in South Norfolk, community development and revitalization are inclusive of the entire City. All activities during CDBG and HOME Program Year 2021 (July 1, 2021 through June 30, 2022) benefited low to moderate-income persons who earn less than 80% of the City's area median income. At least 51% of all activity beneficiaries are low to moderate-income households, as defined by HUD annually. CDBG-funded activities convened in South Norfolk included environmental code enforcement, homelessness prevention and case management services, and youth development programming (Boys and Girls Club and Children's Harbor). 52% of the total funding for Program Year 2021 was allocated to activities benefiting South Norfolk. Eligible CDBG activities under South Norfolk Target Area Allocation Goal include Children's Harbor Broadlawn, Code Enforcement, ForKids Homeless Response, Children's Harbor Public Improvement (CRHA), Virginia Supportive Housing, Boys and Girls Club, Chesapeake Care Improvements, Chesapeake Homeless Resource Center (CRHA), and other City projects.
- Efforts continued to administer the Great Bridge Historic Gateway overlay district. This overlay district was established by City Council in June 2020, with 25 development applications reviewed in the past year. The overlay standards aim to preserve and promote the Great Bridge Village historic character and economic vitality along the Battlefield Boulevard corridor.

The Chesapeake Economic Development Department's 2021 Annual Report (highlighting 2021 business announcements and job creation) noted the following accomplishments:

- Investment in Chesapeake totaled \$390.1 million in fiscal year 2021, an increase from the previous year's \$271.0 million. Chesapeake also added 2,925 new jobs during 2021.



- A new Community Based Outpatient Clinic (CBOC) for the U.S. Department of Veterans Affairs will be built on the Chesapeake Regional Healthcare campus. The \$252.0 million development will include a 196,000-square-foot facility and over 400 new healthcare jobs. The clinic will service Southside Hampton Roads veterans and is expected to be completed in the spring of 2024.
- Yupo celebrated its 25th anniversary of operations in Chesapeake in 2021. They also cut the ribbon on their new \$7.85 million, 100,000-square-foot warehouse.
- Chesapeake-based government contractor Prism Maritime LLC will invest \$4.0 million to construct two 12,000-square-foot facilities in Chesapeake, creating 166 jobs. The facilities will be used for manufacturing, lab, and storage space and will be located in the Greenbrier North Commerce Park.
- Kamine Development Corporation and Nicollet Industries, LLC, green infrastructure and sustainable development leaders, will invest \$267.0 million to establish a joint venture paperboard recycling and production facility, Celadon Development Corporation, at the Chesapeake Deepwater Terminal site in Chesapeake. The new venture will include a 335,000-square-foot facility and 210 new jobs.

- Perdue AgriBusiness, a subsidiary of major poultry producer Perdue Farms, plans a \$59.1 million modernization project to its Chesapeake operation to increase production of a variety of soybean products.
- Titan America will begin construction of a new 70,000-ton dome at its existing Roanoke Cement Company import terminal located in Chesapeake, VA. This \$37.0 million investment will strategically position the company to meet the growing demand for its products in the Mid-Atlantic region.
- Chesapeake Regional Medical Center's expansion, including the addition of 94 beds in their critical care unit, represents a capital investment of \$85.0 million in continuing construction. The critical care tower expansion will add 72,000 square feet to the hospital's footprint, and the space will double the size of the Cancer Treatment Center and renovate the Intensive Care Unit & Obstetrics rooms.
- Amazon completed construction on a 615,000-square-foot, state-of-the-art fulfillment center in the Western Branch area of Chesapeake in July 2022. This development represents approximately \$50.0 million in capital investment in the building and equipment, in addition to the creation of 500 new jobs and a commitment to employee education by providing up to 95% of tuition pre-paid for courses related to in-demand fields.

For the Future

- The City continues its efforts to manage growth to achieve a balance between employment opportunities, an expanding tax base, housing that meets the needs of a diverse population, and a healthy natural environment. The City plans to continue making the best use of land resources and infrastructure so that growth will include revitalization and redevelopment, as well as development of new areas to 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 Hampton Roads Transportation Planning Organization (forecast produced in 2017), Chesapeake is projected to have a total population of 317,206 in 2045. Additionally, total households are projected to be 111,673, while total employment will be 138,475. This yields 1.24 jobs per household, a sustainable balance and measure of community health. The jobs-to-housing balance recognizes that a simple ratio of one job to one household in a modern economy is inappropriate since most households need more than one person in the workforce.
- 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 policies are being considered, 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 continues to plan for and implement key catalyst activities for revitalization in South Norfolk, including reallocating Tax Increment Financing (TIF) funds authorized for use in the South Norfolk TIF District to the Chesapeake Land Bank Authority for strategic property acquisitions. Additionally, a municipal satellite facility to be located on property in the Poindexter Street corridor is planned and under design.
- The Industrial Waterfront Study contract was executed at the end of fiscal year 2022, and kick-off occurred at the beginning of fiscal year 2023. The project is anticipated to last approximately 16 months. This project

aims to understand the highest and best use of the industrial land around the Southern Branch of the Elizabeth River and address any concerns related to coastal water hazards (such as recurrent flooding) that may impact those properties.

- An update of the City's Moving Forward Chesapeake 2035 Comprehensive Plan is underway. It is anticipated that the next update of the Comprehensive Plan will consist mainly of revisions to the Land Use Plan map and definitions, Master Transportation Plan, various demographic and statistical data, incorporation of state mandates, and utilizing key small area plans and studies as geographic-based major policies for the Comprehensive Plan in keeping with City Council's Strategic Plan.
- The City is preparing to launch a Great Bridge Façade Improvement Grant to facilitate desired improvements in the Great Bridge Historic Overlay District. This grant is expected to catalyze additional development to truly bolster the district as an attractive commercial corridor.
- The Greenbrier Area Strategic Development Plan is underway, and a consultant is expected to be under contract in the fall of 2022. The project is anticipated to last approximately 16 months. This plan will cover all major planning topics for the Greenbrier area, including quality of life, transportation connectivity, land use, resilience, and economic development. The Plan will consider the surrounding residential neighborhoods and how to create a larger cohesive community and not just a commercial corridor.

Connectivity

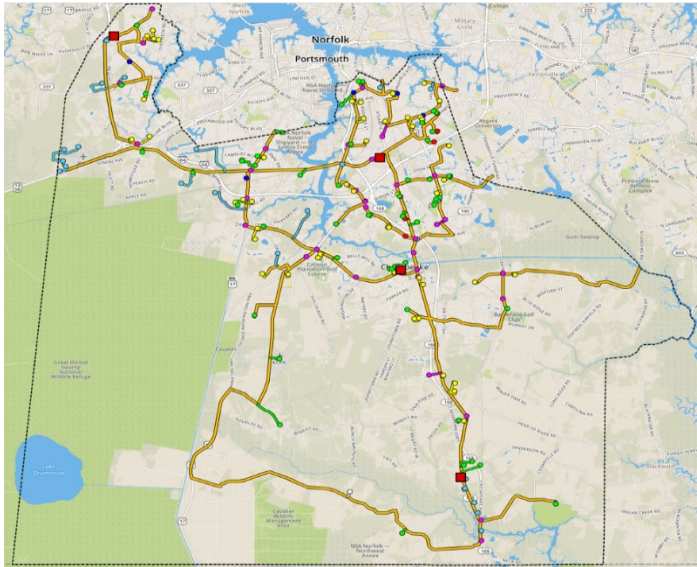
For the Fiscal Year

- The COVID-19 pandemic highlighted the importance of broadband infrastructure. The design of Chesapeake Connects, the City's broadband fiber ring, was completed during the fiscal year. More information on this important project is in the next section.
- Capital budget funds of \$0.3 million were expended for a small area plan and Corridor Study for the Indian River Planning Area. Although delayed by the pandemic, the project continued throughout fiscal year 2021 and fiscal year 2022 and was formally adopted by City Council in January 2022. Two CIP projects from this plan were identified and received funding for fiscal year 2023: Indian River Design Guidelines and an Indian River Road Diet.
- The City concluded 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. 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. The final report was submitted to the granting agency in August 2021. Since then, multiple meetings have been held to address Navy/locality implementation and future land use planning for the St Juliens Annex.

For the Future

- In the fall of 2022, the City began construction of *Chesapeake Connects*, a 175-mile high-speed underground broadband fiber network. Chesapeake Connects represents a significant asset for economic development and investment in the community's future growth. The network will position the City for sustainable, technology-based economic development. The City will attract new investment by more companies, particularly internet service providers and other tech-intensive firms. Chesapeake Connects positions the City especially well for advanced manufacturing, computer simulation, data centers, logistics, robotics, and related industries. Skilled workers and technical talent require abundant bandwidth and easy

access to do their work more now than ever. These businesses and employees expect it within the communities where they choose to locate. This critical infrastructure project will also provide City-owned



broadband data services to all City and School facilities, including public libraries. Instead of relying on private provider internet services, the City will be controlling its own destiny by owning a fiber network. The project will provide faster broadband connections to more City and school facilities at a lower cost. This will allow the City to increase network speeds to keep pace with demand. The project is estimated to cost \$32.6 million to design, construct, deploy the ring, and migrate existing sites. It is currently funded in part through the Capital Improvement Plan, with \$25.0 million coming from the American Rescue Plan Grant and \$3.0 million from the General Fund.

Figure 1: Chesapeake Connects Map

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



Figure 2: Southside Network Authority Regional Ring

services, and education. Because the SNA and Chesapeake were designing their networks concurrently, Chesapeake was able to propose constructing the segment of the regional ring that falls within Chesapeake as a "co-build" with Chesapeake Connects. This will streamline SNA's construction timeline, reducing the overall cost and minimizing construction-related disruptions within the City.

- Planning has begun for an Open Space and Trails Connectivity Plan. This plan will address pedestrian and cyclist infrastructure across the City and the connection of recreational spaces and trails, both blueways and greenways. The goal is to improve connections to these resources while protecting important public open space and environmentally sensitive lands. It is anticipated that this project will begin in fiscal year 2023.

Cultural Diversity

For the Fiscal Year

- Over the past 18 months, the City embarked on a Classification and Compensation Study. In January 2022, our Public Safety employees were the recipients of the first wave of salary adjustments, followed by our general employees in May and July 2022. The purpose of this study was to evaluate current job classification, salary, and benefit structures compared to other municipalities and ensure all salary ranges are within the top 3 of area municipalities to maintain a competitive compensation package. As we review our external equity of salaries, we are also reviewing hiring and promotion salaries to ensure internal equity between employees.
- On October 17, 2022, City Council adopted the revised NAACP Fair Share Agreement. The Fair Share agreement was established 33 years ago in order to ensure equality in hiring and procurement practices for Blacks. The revised document addresses equity in hiring, procurement, and business/economic development practices/policies for all minorities, including women and veterans.
- The City participated in career days and other similar programs designed to stimulate interest and facilitate participation by area high school students and students at predominantly minority-represented colleges and universities to encourage them to apply for positions upon graduation.
- The City utilizes minority-focused career sites, associations, and historically black colleges and universities (HBCUs) to advertise professional-level vacancies in order to attract a wide range of candidates.
- The City's recruitment strategies include ensuring that a diverse pool of qualified candidates are considered for any available upper management positions.
- The Historical Village at the Dismal Swamp project is well underway and will represent how generations of our region's residents lived, learned, worked, farmed, and played. From the Indigenous groups who first inhabited the Swamp to the extractive efforts of early colonists, plus the unique communities for people of African descent, the Dismal Swamp served as a significant crossroad for trade, commerce, and agriculture. The Historical Village will share the experiences of these important people and their descendants. Once completed, which is anticipated in 2025, the Village will be a responsible investment in Heritage Tourism that will expand and diversify the City's economic portfolio.
- A key component of the Historical Village at the Dismal Swamp is the Cornland School. The Cornland School operated as a public school for people of African descent from the early 1900s to the 1950s, during the era of mandated segregation. It was added to the National Register of Historic Places in 2015. In August of 2021, the one-room Cornland School was carefully relocated from its original site at 2309 Benefit Road to its new home at 5221 Glencoe Street, where it will be the educational centerpiece of the Historical Village at the Swamp. It is currently in the design phase for rehabilitation. The Superintendent's House will also be rehabilitated to serve as a public museum dedicated to the history of the Dismal Swamp Canal. The canal is a significant waterway that reshaped early America. It is considered the oldest operating man-made waterway in the U.S.

For the Future

- The City will integrate Cultural Diversity Programming across platforms by continuing to use our CARES (Courteous, Attentiveness, Responsiveness, Empowerment, and Stewardship) standards as the means to address our strategic anchors. The CARES standards are also integrated into the goals and outcomes set by City Council. Through these standards, the ideals of diversity, equity, and inclusion serve as the

foundation to ensure all (citizens, employees, and visitors) have a feeling of belonging, whether at work or in the community.

- It is our desire to continue on the path of (1) Making all decisions with consideration of the Strategic Anchors and treat all people in a manner consistent with the CARES values/standards, (2) Improving transparency, e.g., providing visuals to help community residents see where investments are being made, (3) Creating mentoring and job shadowing programs to help staff learn about each other and opportunities in the City, and (4) Listening and leaning on minority advisors from the community, e.g., Coalition of Black Pastors, as well as Hispanic, Asian, and LGBTQ Citizen Groups.

Environmental Responsibility

For the Fiscal Year

- The City did not open a new consolidated land conservation application round in fiscal year 2022 but continued to perform due diligence on properties identified in the previous year. These applications typically run on a two-year cycle, so a new application round will take place in fiscal year 2023. The various programs are detailed below.
- The City established the Naval Auxiliary Landing Field (NALF) Fentress Encroachment Protection Acquisition Program (FEPAP) in 2014 with the purpose of acquiring property rights from willing property owners to prevent incompatible land uses and encroachment within the Fentress Airfield Overlay District. The program is funded through a 50/50 matching Encroachment Grant from the Commonwealth of Virginia and the City of Chesapeake. In total, the program has allowed for acquisitions of seven properties totaling over 429 acres. The City is currently working with two property owners to purchase restrictive easements over their land and is finalizing documentation for Council approval of these items. In addition, utilizing the Multi-Year Agreement for encroachment protection between the U.S. Navy and the City for the NALF Fentress, the City is poised to sell easements over 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. On July 1, 2022, the City closed on an easement that had been underway during the previous year, purchasing six development rights over approximately 28 acres of agricultural land in Southern Chesapeake. The City anticipates opening another land conservation application round in fiscal year 2023 to continue acquisitions for this program.
- The City continues its partnership with the U.S. Navy to acquire property interests under multi-year encroachment protection agreements for the NALF Fentress and Naval Support Activity Norfolk Northwest Annex. Under these agreements, the Navy agrees to reimburse the City up to half of the property's purchase price in exchange for a restrictive use or conservation easement. These purchases bolster the City's support of each installation's mission and furthers its commitment to environmental stewardship. Acquisition of properties in these areas also adds to the network of conservation lands in southern Chesapeake. Currently, the City is working with a property owner that is going through private land transactions in order to make their land eligible for consideration under this program.
- The City has hired an Urban Forester to tackle municipal tree issues to include initial tasks of drafting an Urban Forestry master plan, coordinating a citywide Tree Canopy Assessment, and researching a detailed Tree List for citizens to utilize as a resource. The Urban Forester has been instrumental in coordinating tree plantings in parks and on municipal grounds throughout the City.

- The City has worked diligently, in conjunction with the Living River Trust and the Virginia Department of Conservation and Recreation, to ensure the acquisition of Newton Neck Park, one of the last large pieces of undisturbed land along the Southern Branch of the Elizabeth River. This unique parcel covers over 90-acres and contains significant undisturbed natural land with wetlands, mature woodlands, and a scenic waterfront. With the assistance of grant funding from Virginia Outdoors Foundation, City staff has been working with nearby residents and is moving forward with the addition of new signage and bridges, improved trails, and will begin exploring opportunities and feasibility for additional water recreation amenities.

For the Future

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

Safety and Security

For the Fiscal Year

- The City began operations out of new Fire Station 7/Police Precinct 6 on South Battlefield Blvd. after the ribbon cutting on June 24, 2021. The station and precinct provide public safety services to the City's Southern area.
- A cornerstone of public safety is the ability to respond quickly to an emergency situation when every second counts. In fiscal year 2022, the City placed a medic unit in service at the new Fire Station 10 in Bowers Hill, which serves Bowers Hill, Airline Boulevard, Deep Creek, and the Western Branch/Jolliff areas that have experienced significant growth. Additionally, the City began design and engineering work on new Fire Station 11 in the Dock Landing community.
- The City hired a new Emergency Management Coordinator to develop and manage a comprehensive disaster and emergency management program for the City, including disaster mitigation, preparedness, planning, training, education, response, and recovery.
- The City ordered a 38-foot fire boat. Funded in the fiscal year 2022 budget, the vessel will allow the Fire Department to meet the demands of increased boat traffic and the corresponding increase in emergencies on the waterways. It will have the capability to deliver 2,500 gallons of water per minute, support search and rescue missions, and provide advanced life support care.
- In January 2022, the City implemented a pay plan for public safety, which included a step plan. The pay plan for the general workforce was implemented in May 2022. Both plans were structured based on market data to achieve the objective that the City's salary ranges are among the top three in the region. The pay plans support the retention of employees in all departments to ensure seamless service delivery, which is essential to a safe and secure community.

For the Future

- The City will be breaking ground on a new Fire Station 8 on Moses Grandy Trail in the Deep Creek section of the City. The current station is over 60 years old. A total of \$11.6 million is budgeted for design, construction, and equipment.
- The City will be conducting more in-depth cancer and cardiac screening for our firefighters. The screenings will identify these issues earlier, resulting in quicker and more effective treatment options.
- Growth and development continue to occur along the Dominion corridor. The City will identify land for a new Fire Station 16 in the Grassfield/Dominion area to provide emergency services to this area of our community. In fiscal year 2021, funding of \$0.5 million was budgeted for the land acquisition. Design and construction are planned beyond fiscal year 2027.

Financial Information

Financial Information and Significant Financial Policies

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

Minimum Fund Balance Policy. The City Charter requires that a minimum of six (6) percent 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 twelve (12) percent 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. On November 9, 2021, the City Council approved a resolution proposing that the General Assembly of Virginia amend the City's Charter to remove the six (6) percent requirement as it is unique to Chesapeake and is not imposed on other comparable cities. The amendment was submitted to the Virginia General Assembly at its 2022 session and was passed and approved by the Governor on April 8, 2022, effective July 1, 2022.

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 internal controls framework has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary Controls. 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 (the level at which expenditures cannot exceed the appropriated amount) occurs at the fund level. The City Council may authorize supplemental appropriations based on the availability of financial resources. The City Council must approve any revisions that alter total appropriations. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Although encumbered amounts lapse at year-end, the outstanding encumbrances are reviewed and are generally re-appropriated as part of the following year's budget, provided there is availability of funding at year-end. The City Council approves transfers of appropriations that are greater than \$250,000 and transfers between funds. The City Manager has been delegated authority to approve transfers of \$250,000 or less, with the exception of transfers between the capital and operating budgets and between capital projects.

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, 2022, 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, 2021. This was the fortieth 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, 2021, and historically the City's budget document has achieved this important recognition thirty times since 1989, including consecutive annual recognition since 2003.

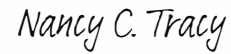
A Certificate of Achievement is valid for a period of one year only. The City believes that the current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

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



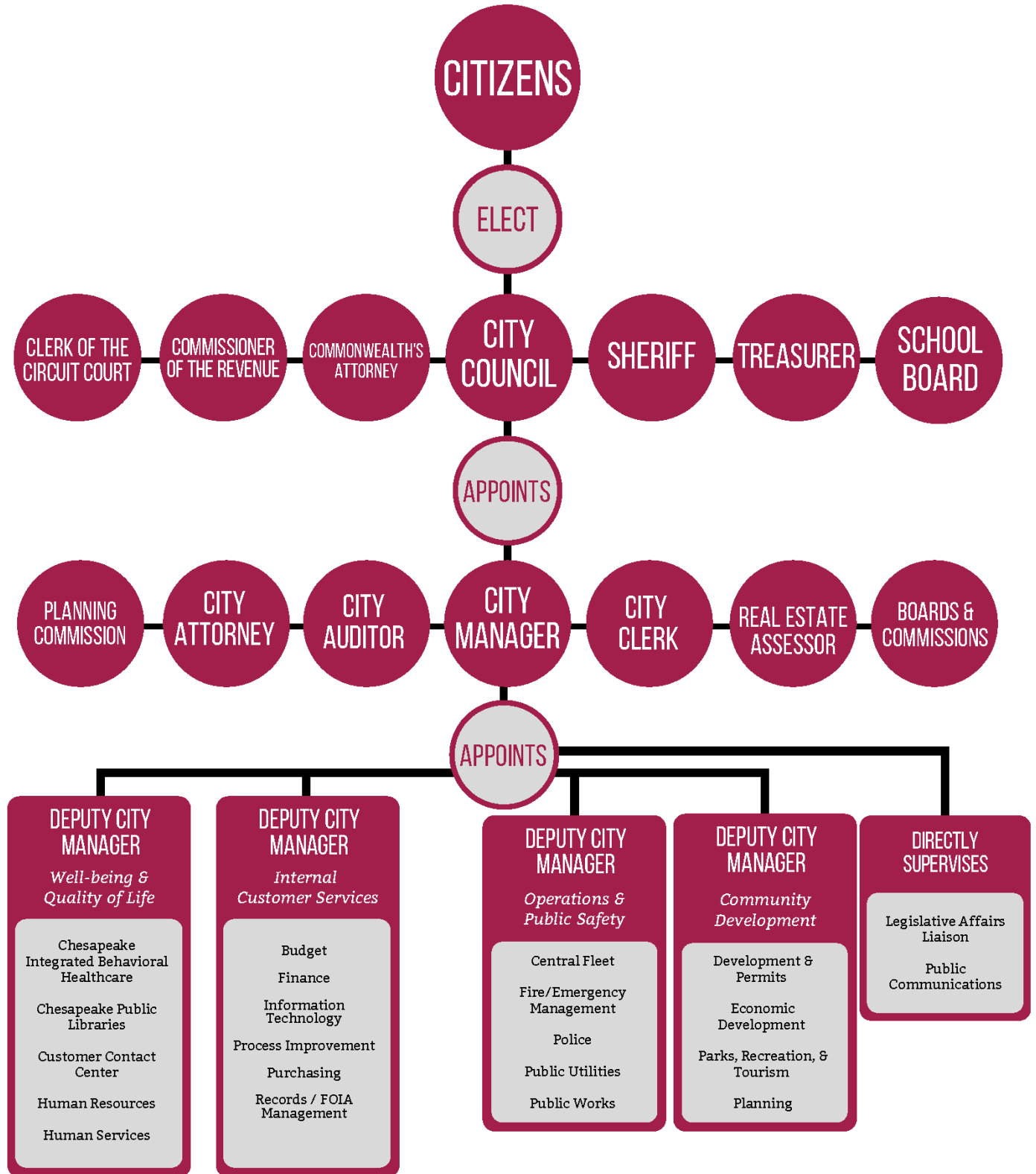
Christopher M. Price
City Manager

Very truly yours,



Nancy C. Tracy
Director of Finance

CITYWIDE ORGANIZATIONAL CHART



Updated August 2022

CITY OF CHESAPEAKE, VIRGINIA

City Officials
June 30, 2022

City Council

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

Mayor
Vice Mayor

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

Other Officials

Barbara O. Carraway
Victoria L. Proffitt
Matthew R. Hamel
James O’Sullivan
Christopher M. Price
Jacob P. Stroman
Darren Padilla
Sandy Madison
Gregory H. Daniels
Dr. Wanda Barnard-Bailey
Robert N. Geis
Laura A. Fitzpatrick
Brian S. Solis
John W. Brown
Marjorie T. Arrington, Rufus A. Banks, Jr., Robert G. MacDonald, and Stephen J. Telfevan
Alan P. Krasnoff
Erin L. Bedois
Linda L. Bryant, Michael R. Katchmark, and Tanya L. Lomax
Glynis G. Townsend
David J. Whitted
Lori B. Galbraith, Andrew Kubovcik, and Larry D. Willis
Bonnie Coffey
Jocelyn Pearson
Jonathan Hobbs
Edwin Gonzalez
Kevin Curling
Jay B. Tate
Steven C. Wright
Nancy C. Tracy
Edmund E. Elliott, Jr.
Dr. Nancy M. Welch
Allison Myers
Pamela Little-Hill
Chuck Williams
Amanda B. Jackson
Michael D. Barber
James McNamara
Kelvin Wright

City Treasurer
Commissioner of the Revenue
Commonwealth’s Attorney
Sheriff
City Manager
City Attorney
Acting City Auditor
City Clerk
Real Estate Assessor
Deputy City Manager
Deputy City Manager
Deputy City Manager
Deputy City Manager
Chief Judge, Circuit Court
Judges, Circuit Court
Clerk of the Circuit Court
Chief Judge, General District Court
Judges, General District Court
Clerk of the General District Court
Chief Judge, Juvenile and Domestic Relations Court
Judges, Juvenile and Domestic Relations Court
Clerk of the Juvenile and Domestic Relations Court
Director of Agriculture
Budget Director
Executive Director, Chesapeake Integrated Behavioral Healthcare
Director of Court Services
Director of Development and Permits
Director of Economic Development
Director of Finance
Fire Chief
Health Director
Director of Human Resources
Director of Human Services
Acting 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, 2022

Heath Covey
David Jurgens
Earl Sorey
Anthony E. Cannon

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

School Board

Harry A. Murphy
Thomas L. Mercer, Sr.

Chairman
Vice Chairman

Samuel L. Boone, Jr.
Dr. Patricia Y. King
Colleen C. Leary
Christie New Craig
Angie Swygert
Michael J. Woods
Louis J. Tavon, Jr.

Other School Board Officials

Dr. Jared A. Cotton
Dr. Angie Smith
Diane Edwards
Dr. Jacqueline C. Miller
Dr. Brian Austin
Victoria Lucente
J. Paige Stutz
Jeff Faust

Superintendent
Chief of Staff / Clerk of the Board
Interim Chief Academic Officer
Chief of Schools
Chief Human Resources Officer
Chief Financial Officer
Chief Operations Officer
Chief Technology Innovation Officer

Supplemental Listing

Donald H. Britt
Steven C. Wright
Lisa Vanlandingham
John Kownack
Raimundo Rivera

Lisa Wagenbrenner
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc., which represent 2.2%, 11.0%, and 0.3%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units, as of June 30, 2022, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc., is based solely on the report of the other auditors. The financial statements of the Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards* or the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "Specifications").

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Virginia Beach, Virginia
December 7, 2022

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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, 2022

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, 2022. 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 2022

- The total net position of the City on a government-wide basis, excluding component units, was \$2.2 billion. Of this amount, \$451.8 million was unrestricted.
- The City's government-wide total net position increased by \$82.3 million from the prior year. The governmental activities' net position increased by \$56.7 million and business-type net position increased by \$25.6 million.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$675.6 million, an increase of \$70.2 million from the prior year. Approximately \$587.6 million or 87.0% 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 \$34.5 million. The original budget projected a decrease of \$15.3 million. The final amended budget resulted in a revised decrease projection of \$27.8 million. A combination of strong revenue performance of \$33.5 million or 5.3% greater than the amended budget and expenditures, exclusive of payments to Chesapeake Public Schools (CPS), of \$23.9 million or 6.9% lower than the amended budget resulted in the increase in fund balance. The expenditure performance resulted from management focus on operational efficiency and cost containment efforts, but did include new pay plan development, funding, and deployment for public safety and general employees.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$82.1 million or 14.6% of total General Fund expenditures (including payments to CPS).
- The total fund balance of the General Fund of \$396.1 million increased \$34.5 million from the prior year. Fund balance composition at year end was 0.4% nonspendable, 10.4% restricted, 63.7% committed, 4.8% assigned, and 20.7% unassigned.
- The City's total bonded debt, excluding loans and installment purchase agreements, increased by \$9.5 million from fiscal year 2021 (approximately 1.5%).
- In FY2022, the City spent the remainder of the \$42.8 million in Coronavirus Relief Funds (CRF) to offset costs of the City's response to the pandemic, including technology and facility improvements to facilitate distance learning, public safety labor reimbursement, hazard pay, teleworking and telemedicine, and to provide direct assistance to small businesses, not-for-profits, and citizens impacted by COVID-19.
- The City was allocated \$76.0 million from the American Rescue Plan Act of 2021 (ARPA) in March 2021, which was disbursed in two equal installments. The City received the first installment of \$38.0 million in FY2021 and the second in FY2023. The City plans to use the funding to offset the cost of the City's eligible capital improvement projects, including ensuring equitable citizen access to improved broadband capability.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

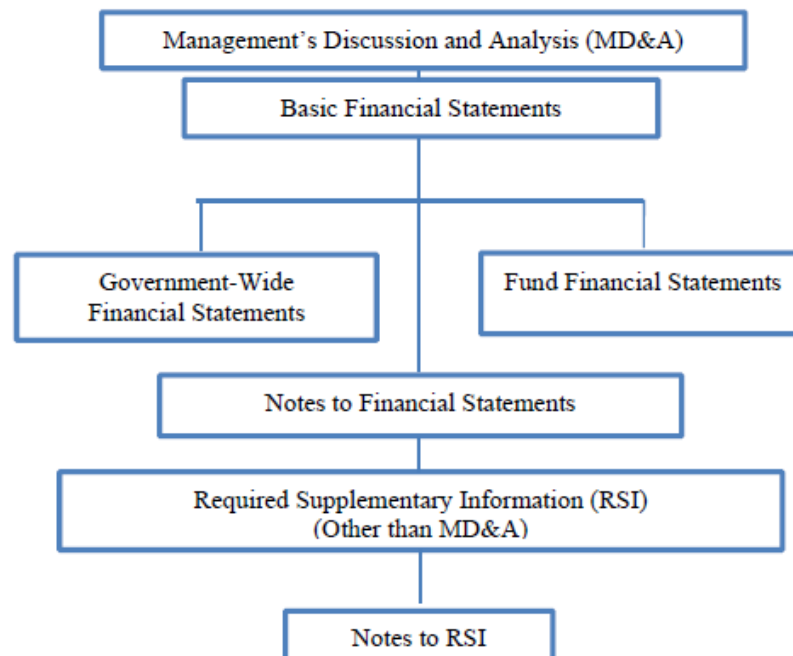
The financial statements also include *Notes to Basic Financial Statements* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section titled *Required Supplementary Information* that further explains and supports the information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

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

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2022

Required Components of the City of Chesapeake Financial Statements



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

Government-Wide Statements

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

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.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
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- *Business-type activities* – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water and sewer system, Chesapeake Transportation System, stormwater system, and the Economic Development Authority are included in this category.
- *Component units* – The City includes five (5) discretely presented component units, separate legal entities, in its report – the Chesapeake Public Schools, the Chesapeake Mosquito Control Commission, the Chesapeake Airport Authority, Elizabeth River Properties of Chesapeake, Inc., and the Chesapeake Land Bank Authority. Although legally separate, these component units are important because the City is financially accountable for them and provides operating funding.

Fund Financial Statements

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

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

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.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2022

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 \$2.2 billion at the close of fiscal year 2022, an increase of \$82.3 million from the net position at June 30, 2021. By far the largest portion of the City's net position (62.9%) is net investment in capital assets (e.g., land, buildings, equipment, and infrastructure), less accumulated depreciation and less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens and consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources.

Statement of Net Position

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

June 30, 2022 and 2021
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Assets and deferred outflows of resources						
Current and other assets	\$ 866.8	812.4	334.6	312.8	1,201.4	1,125.2
Capital assets	1,221.3	1,234.9	872.7	878.3	2,094.0	2,113.2
Total assets	2,088.1	2,047.3	1,207.3	1,191.1	3,295.4	3,238.4
Deferred outflows of resources	98.8	96.3	9.1	9.7	107.9	106.0
Total assets and deferred outflows of resources	2,186.9	2,143.6	1,216.4	1,200.8	3,403.3	3,344.4
Liabilities and deferred inflows of resources						
Current and other liabilities	95.5	128.3	40.8	38.3	136.3	166.6
Long-term liabilities	442.1	534.2	437.1	459.3	879.2	993.5
Total liabilities	537.6	662.5	477.9	497.6	1,015.5	1,160.1
Deferred inflows of resources	134.1	22.6	19.3	9.6	153.4	32.2
Total liabilities and deferred inflows of resources	671.7	685.1	497.2	507.2	1,168.9	1,192.3
Net position						
Net investment in capital assets	933.1	992.1	472.9	462.3	1,406.0	1,454.4
Restricted	92.3	83.8	284.3	270.7	376.6	354.5
Unrestricted (deficit)	489.8	382.6	(38.0)	(39.4)	451.8	343.2
Total net position	1,515.2	1,458.5	719.2	693.6	2,234.4	2,152.1
Total liabilities, deferred inflows of resources, and net position	\$ 2,186.9	2,143.6	1,216.4	1,200.8	3,403.3	3,344.4

Approximately 16.9% of the City's net position is subject to external restrictions. The remaining balance of unrestricted net position (\$451.8 million or 20.2%) 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 \$38.0 million. Total unrestricted net position increased by \$108.6 million or 31.6% from the prior year. Total restricted

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2022

net position increased \$22.1 million or 6.2%, primarily due to restricted funds for capital projects for business-type activities. Lastly, net investment in capital assets decreased \$48.4 million or 3.3%. The City's total net position increased by \$82.3 million or 3.8% during the fiscal year.

Governmental Activities

The increase in net position from the prior fiscal year was \$56.7 million, as shown on the Statement of Activities. This increase is attributable to the excess of revenues over expenses of \$61.0 million net of \$4.3 million of transfers.

Revenues for the City's governmental activities were \$824.6 million, representing an increase of \$45.0 million over fiscal year 2021. The net increase was due to increases in both program revenues and general revenues. Program revenues included an increase in operating grants and contributions of \$5.4 million along with increases in capital grants and contributions of \$1.5 million and charges for services of \$1.3 million. General revenues increased \$36.8 million over the prior year. Real and personal property taxes, the largest source of City revenues, showed an increase of \$26.5 million or 6.7%. This increase is primarily due to an increase in real estate and personal property assessed values of 4.1% and 9.2%, respectively, even though the City offered one-time personal property relief by assessing values at 77.5% for vehicles and trucks. Other taxes showed an increase of \$10.6 million or 7.0% due to increases in local sales and use tax and restaurant food taxes.

Expenses increased by \$102.4 million or 15.5%. Major increases are in the following functional areas: \$99.7 million in education and \$47.7 million in public works. These were offset by a decrease of \$45.8 million in general government. The increase in education is primarily due to an increase in appropriations and decrease in school reversion from prior year.

Business-type Activities

The increase in net position from the prior fiscal year was \$25.6 million. These resources cannot be used to offset any net deficit in governmental activities. The City generally can only use this net position to fund the continuing operations of its enterprise operations, which include Public Utilities, Chesapeake Transportation System (CTS), Stormwater Management, and the EDA, which was classified as a blended component unit on the enterprise fund statements beginning in fiscal year 2019. Total revenues increased \$1.1 million or 0.7% for business-type activities primarily due to a \$5.3 million increase in charges for services offset by a decrease of \$3.5 million in capital grants. Total expenses decreased \$8.7 million primarily due to a decrease of \$5.6 million in on behalf payments to the EDA for payments to businesses related to COVID-19 grants. Transfers decreased by \$5.2 million.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2022

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, 2022 and 2021 in millions

	Governmental Activities		Business-type Activities		Total Primary Activities	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Revenues						
Program revenues						
Charges for services	\$ 20.6	19.3	131.2	125.9	151.8	145.2
Operating grants and contributions	166.1	160.7	2.0	2.7	168.1	163.4
Capital grants and contributions	15.9	14.4	6.2	9.7	22.1	24.1
General revenues						
Property taxes	420.2	393.7	-	-	420.2	393.7
Other taxes	161.9	151.3	-	-	161.9	151.3
Grants and contributions not restricted to specific program	33.5	33.5	-	-	33.5	33.5
Unrestricted investment earnings	0.5	0.9	-	-	0.5	0.9
Other	5.9	5.8	-	-	5.9	5.8
Total revenues	824.6	779.6	139.4	138.3	964.0	917.9
Expenses						
General government	181.3	227.1	-	-	181.3	227.1
Public safety	120.5	116.5	-	-	120.5	116.5
Public works	59.0	11.3	-	-	59.0	11.3
Parks and recreation	8.7	7.6	-	-	8.7	7.6
Public welfare	56.5	60.6	-	-	56.5	60.6
Education	309.1	209.4	-	-	309.1	209.4
Public utilities	-	-	64.4	66.1	64.4	66.1
Chesapeake Transportation System	-	-	38.9	38.0	38.9	38.0
Stormwater management	-	-	13.0	15.3	13.0	15.3
Economic Development Authority	-	-	1.8	7.4	1.8	7.4
Interest on long-term debt	12.9	12.6	-	-	12.9	12.6
Depreciation and amortization unallocated	15.6	16.1	-	-	15.6	16.1
Total expenses	763.6	661.2	118.1	126.8	881.7	788.0
Excess (deficiency) before transfers	61.0	118.4	21.3	11.5	82.3	129.9
Transfers	(4.3)	(9.5)	4.3	9.5	-	-
Increase (decrease) in net position	56.7	108.9	25.6	21.0	82.3	129.9
Net Position - beginning	1,458.5	1,349.6	693.6	672.6	2,152.1	2,022.2
Net Position - ending	\$ 1,515.2	1,458.5	719.2	693.6	2,234.4	2,152.1

CITY OF CHESAPEAKE, VIRGINIA

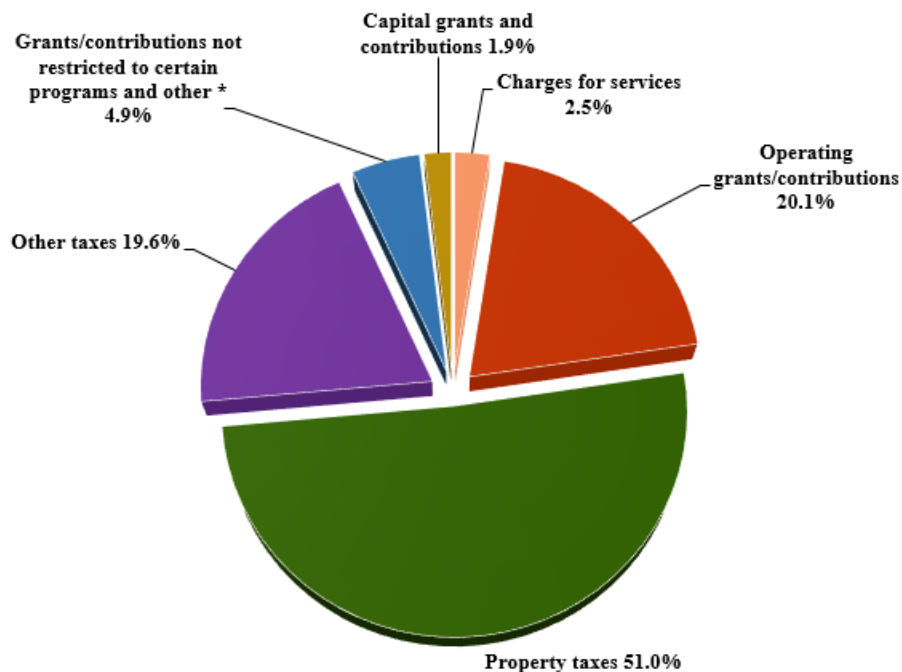
Management's Discussion and Analysis
Year Ended June 30, 2022

Governmental Activities

The City's total revenues from governmental activities were \$824.6 million for the fiscal year ended June 30, 2022. The largest source of revenue for the City, property taxes (composed of real estate and personal property taxes) totaled \$420.2 million and accounted for 51.0% of total revenues. Property taxes increased \$26.5 million or 6.7% from the prior year, primarily due to an increase in assessments of 4.1% in real estate coupled with other property taxes increasing 9.2%, even though the City offered one-time personal property relief by assessing values at 77.5% for vehicles and trucks. Both the personal property tax and the real estate tax rates remained unchanged in fiscal year 2022.

Revenues from other taxes, \$161.9 million, make up 19.6% of the City's revenues and increased 7.0% from the prior fiscal year. This revenue increase was primarily due to consumer spending activity reflected in increased tax collections on local sales taxes, business license, taxes on recordings, restaurant meals, and hotel/motel rooms. Approximately 70.6% of the City's revenue from governmental activities comes from some type of tax and 2.5% comes from fees charged for services.

Revenues by Source – Governmental Activities – Year Ended June 30, 2022



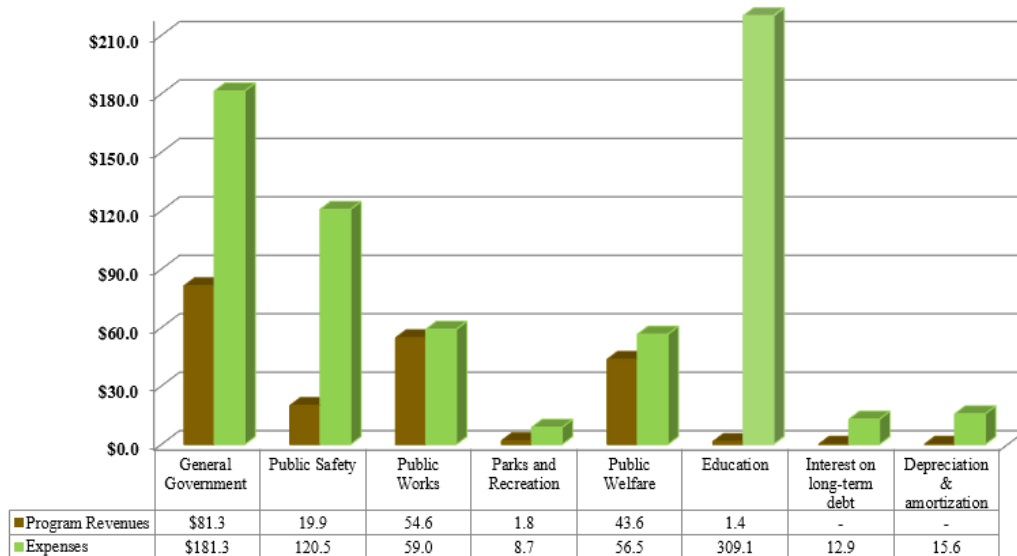
* "Other" includes unrestricted investment earnings and other general revenues.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2022

The City's expenses for governmental activities cover a wide range of services, with \$181.3 million or 23.7% related to general government, \$120.5 million or 15.8% related to public safety, \$59.0 million or 7.7% for public works, \$8.7 million or 1.1% for parks and recreation, \$56.5 million or 7.4 % for public welfare, \$309.1 million or 40.5% for education, \$12.9 million on interest on long-term debt, and \$15.6 million on depreciation and amortization. Overall, expenses for governmental activities increased by \$102.4 million or 15.5% from fiscal year 2021, primarily due to education costs. Expenses increased \$99.7 million in education and \$47.7 million in public works, offset by an expense decrease of \$45.8 million in general government and \$4.0 million in public safety. Education continues to be the City's largest program. Education expenses totaled \$309.1 million or 40.5% (including payments to the Chesapeake Public Schools, a component unit) in fiscal year 2022.

Expenses and Program Revenues – Governmental Activities Year Ended June 30, 2022 in millions



Business-type Activities

Net position for the City's business-type activities reached \$719.2 million, an increase of \$25.6 million from the prior year. For fiscal year 2022, total revenues of business-type activities increased \$1.1 million, mainly due to a \$5.3 million increase in charges for services, offset by a \$3.5 million decrease in capital grants and contributions. Charges for services, including water and sewer utility fees, toll revenues, and stormwater fees made up 94.1% of total revenues for business-type activities. Operating grants and contributions decreased \$0.7 million or 25.9%. Additionally, transfers of \$4.3 million decreased \$5.2 million from the prior year. Total expenses for fiscal year 2022 were \$118.1 million, a decrease of \$8.7 million from fiscal year 2021.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2022

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, 2022, the governmental funds reported combined ending fund balances of \$675.6 million, an increase of \$70.2 million from the prior year. Included in this increase are the following major transactions in governmental funds for the year ended June 30, 2022:

- \$240.8 million contributed from the City's General Fund to finance the Public School operations
- \$36.9 million spent in the Capital Projects Fund to fund capital items
- \$19.7 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 2022 City OPEB Plan for pay-go costs during the year in lieu of contributing the \$3.6 million annual actuarially determined contribution to the OPEB Trust. Therefore, at June 30, 2022 the General Fund has recorded a receivable of \$1.7 million due from the OPEB Trust.

Approximately \$587.6 million of the combined total fund balances constitute unrestricted fund balances, which is comprised of funds committed at the discretion of City Council, as well as assigned and unassigned funds. The \$353.6 million unrestricted funds in the General Fund represents 62.6% 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, 2022 were as follows:

- \$132.5 million committed for one time projects
- \$33.8 million committed for current capital projects
- \$38.0 million committed for future capital projects
- \$91.0 million committed for various programs and projects
- \$148.2 million assigned for future capital projects
- \$12.5 million assigned for debt service
- \$49.4 million assigned for various other purposes

The remainder of the unrestricted fund balance at June 30, 2022, the unassigned fund balance, includes \$82.1 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 \$86.5 million at year end and includes \$41.1 million for General Fund cash flow emergencies (6.0% of revenue as required by City Charter however, see subsequent event footnote for further information on the City's revised Charter).

Total fund balance of the General Fund increased by \$34.5 million during fiscal year 2022, primarily due to the excess of revenues over expenditures of \$99.7 million, a decrease of \$57.9 million or 36.7% from the prior year, while other net transfers totaled \$65.2 million, a decrease of \$2.5 million or 3.6% from the prior year. The excess of revenues over expenditures can be attributed to revenue increases of \$13.8 million or 3.7% in property taxes, \$10.0 million or 7.0% in revenues from other local taxes, and \$3.1 million or 3.2% from Virginia intergovernmental revenues, while total expenditures increased by \$85.6 million or 18.0% from the prior fiscal year. The major contributing factors to increased expenditures over the prior year (including related capital outlay) are costs being transferred to grant funds in the prior year related to federal aid for the pandemic along with pay plan increases and

CITY OF CHESAPEAKE, VIRGINIA

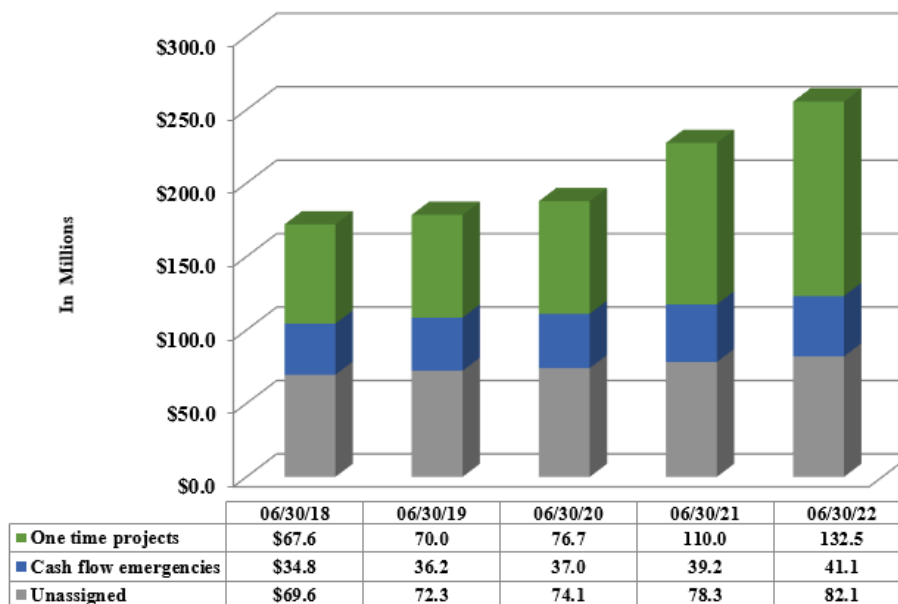
Management's Discussion and Analysis
Year Ended June 30, 2022

bonuses in the current year which resulted in public safety increases of \$28.3 million or 33.2%, general government increases of \$9.8 million or 8.4%, and education increases of \$43.8 million or 22.2%.

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. (During FY2022 the General Assembly removed this requirement from the Charter effective for the next budget year FY2023. See subsequent event footnote for more information.) The restriction for cash flow emergencies totaled \$41.1 million at June 30, 2022. 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 \$132.5 million committed for one time projects, \$120.0 million has been committed for other purposes including \$64.2 million set aside for lockbox funds for School and City capital projects to be used for future debt service and pay-as-you go financing.

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



The unassigned fund balance of the General Fund, which represents available current financial resources, totaled \$82.1 million at June 30, 2022. 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, 2022

Summary of Changes in General Fund Unassigned Fund Balance

Year ended June 30, 2022

(in Millions)

Unassigned fund balance at June 30, 2021		\$	78.3
Revenues	\$	661.5	
Expenditures:			
Current, Capital Outlay and Debt Service		565.0	
Other financing sources (uses)		(62.0)	
Net Change in fund balance		34.5	
Increase in reservations (Restricted, Committed, and Assigned)		(30.7)	
Increase in unassigned fund balance			3.8
Unassigned fund balance at June 30, 2022		\$	82.1

The Debt Service Fund ended the year with \$12.6 million in total fund balance, a decrease of \$1.6 million from 2021. The decrease is mainly due to a \$2.0 million planned use of fund balance in FY2022. 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 \$26.7 million as a result of \$3.0 million of revenues (primarily intergovernmental revenues) and a net of \$60.6 million in interfund transfers to fund various capital projects offset by \$36.9 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 2022, Public Utilities reported an increase in net position of \$24.2 million to \$572.9 million at June 30, 2022. Total operating revenues of \$82.0 million were \$0.8 million more than the prior year primarily due to increases in water sales and sewer service charges. Total operating expenses for fiscal year 2022 were \$61.7 million, a decrease of \$0.4 million from the prior year. Additional funding was received in an ARPA Municipal Utility Relief grant to assist customers impacted by COVID-19.

Chesapeake Transportation System reported operating revenues for fiscal year 2022 of \$33.6 million versus \$29.3 million for fiscal year 2021. The increase is due to a 10.0% increase in traffic numbers for Dominion along with a rate increase for the Expressway effective May 2021 causing an increase of \$3.1 million. Operating expenses for the year amounted to \$25.8 million, with \$13.4 million from depreciation and amortization. Net position decreased by \$5.3 million from the prior year.

Stormwater Management had \$55.0 million in restricted net position at June 30, 2022, an increase of \$5.0 million from fiscal year 2021 as a result of FY2022 activity as well as FY2023 capital project funding coming from cash in FY2023 rather than fund balance. Operating revenues were \$16.6 million, a \$0.2 million increase from FY2021. Operating expenses totaled \$12.7 million, a 13.1% decrease 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.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2022

The EDA reported operating revenues for fiscal year 2022 of \$0.1 million, a decrease of \$0.4 million from fiscal year 2021. Operating expenses totaled \$0.3 million, a decrease of \$0.3 million from fiscal year 2021. These decreases are a result of land sales and decreased administrative costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Year Ended June 30, 2022 in millions

	Original Budget	Amended Budget	Actual
Revenues:			
Taxes	\$ 505.1	505.1	536.2
Intergovernmental	95.1	97.8	101.0
Other	24.8	25.1	24.3
Total	625.0	628.0	661.5
Expenditures and transfers:			
Expenditures *	574.4	588.4	561.8
Transfers (net)	65.9	67.4	65.2
Total	640.3	655.8	627.0
Change in fund balance	\$ (15.3)	(27.8)	34.5

* The City's budget ordinance includes, as a part of the original budget for expenditures, the amount of \$6.2 million for encumbrances reappropriated from June 30, 2021.

Differences between the original budget and the final amended budget for the City's General Fund included additional revenues of \$3.0 million, a \$14.0 million increase in appropriations, and a net increase of \$1.5 million in transfers resulting in a \$12.5 million increase to the change in fund balance. Major changes included the following:

- Appropriation of \$2.7 million for retention bonuses
- Appropriation of \$4.3 million for public safety pay plan
- Appropriation of \$3.0 million for general workforce pay plan
- Appropriation of \$1.0 million for Sheriff state comp board funds for bonuses
- Appropriation of \$0.6 million for VDOT road maintenance funding

Actual total revenues were above the amended budget by \$33.5 million, primarily due to general property taxes and other local taxes exceeding the amended budget by \$11.3 million and \$19.7 million, respectively. The remaining favorable variance was comprised of \$1.1 million in other local revenues and \$3.0 million in revenues from the Commonwealth. The favorable budget variance was offset by an unfavorable variance of \$1.5 million in investment income.

Expenditures and transfers to other funds were below the amended budget by \$28.8 million or 5.8%, prior to encumbrances. The general government category returned \$9.8 million or 7.7% of its budget, in part due to cost savings resulting from unused appropriations for general expenses. Departments with notable savings include Sheriff with \$1.5 million, Treasurer with \$0.9 million, Human Resources with \$0.5 million, and Public Library with \$0.4 million, along with unused salary contingency of \$2.7 million. Public Works departments were \$8.3 million or 11.2% below the amended budget mainly in street maintenance with \$2.3 million, bridges and structures with \$0.8 million, traffic engineering with \$0.7 million, drainage with \$1.2 million, solid waste collection with \$1.3 million, and buildings maintenance with \$0.7 million. Public Safety departments were \$3.2 million or 2.7% below the amended budget due to payroll and general supply cost savings. The Police and Fire departments generated savings

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis Year Ended June 30, 2022

of \$1.4 million and \$1.4 million, respectively. Additionally, the Parks and Recreation departments were \$2.7 million or 17.6% below the amended budget.

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, 2022 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, right-to-use leased assets, and construction in progress. The total change in the City's capital assets for the current year was a net decrease of \$19.4 million or 0.9% – a decrease of \$13.7 million or 1.1% for governmental activities and a decrease of \$5.7 million or 0.6% for business-type activities, primarily due to the decrease of construction expenditures and 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, 2022 and 2021 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government Activities	
	2022	2021	2022	2021	2022	2021
Land	\$ 75.6	74.5	93.9	96.4	169.5	170.9
Intangibles	366.8	362.4	19.8	18.8	386.6	381.2
Construction in progress	64.7	63.8	72.5	74.5	137.2	138.3
Buildings	342.8	356.8	5.6	3.8	348.4	360.6
Right-to-use leased buildings	3.4	-	-	-	3.4	-
Improvements other than buildings	41.9	41.3	4.0	3.6	45.9	44.9
Software, equipment, and vehicles	76.3	78.8	15.9	13.0	92.2	91.8
Right-to-use leased equipment & vehicles	0.5	-	-	-	0.5	-
Infrastructure	249.3	257.4	661.0	668.3	910.3	925.7
Total	\$ 1,221.3	1,235.0	872.7	878.4	2,094.0	2,113.4

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

- Completed capital projects totaling \$33.7 million for governmental activities.
- Completed capital projects totaling \$19.7 million for business-type activities.
- Construction in progress totaled \$64.7 million for governmental activities at the end of the fiscal year.
- Construction in progress totaled \$72.5 million for business-type activities, which includes Public Utilities, CTS, and Stormwater projects.
- A prepayment of \$20.0 million has been made to the Army Corps of Engineers for the Deep Creek Bridge Replacement project.

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

The City's fiscal year 2023 capital budget provides approximately \$225.2 million for various capital projects. Some of the major categories include \$14.6 million for community facilities projects, \$12.1 million for Economic Development projects, \$55.3 million in school-related projects, \$26.4 million in information technology projects, \$6.8 million in parks, recreation, and tourism projects, \$5.0 million for public safety projects, \$51.9 million for transportation projects, \$10.4 million in storm water projects, and \$42.8 million for Public Utilities projects. Projects budgeted to commence in fiscal year 2023 include:

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2022

- South Norfolk Municipal Building
- Chesapeake Connects Broadband Network
- Freeman Avenue Railroad Overpass Bridge

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding (including an installment purchase agreement) of \$651.1 million. Of this amount, \$336.5 million comprises debt backed by the full faith and credit of the City and \$314.6 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, 2022 and 2021

(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government Activities	
	2022	2021	2022	2021	2022	2021
General obligation bonds*	\$ 128.3	140.9	45.7	51.7	174.0	192.6
Revenue bonds*	-	-	195.0	202.2	195.0	202.2
Direct placement bonds and installment purchase agreement	162.5	121.6	119.6	125.2	282.1	246.8
	\$ 290.8	\$ 262.5	\$ 360.3	\$ 379.1	\$ 651.1	\$ 641.6

*does not include bond premiums and discounts.

Chesapeake's total debt increased by \$9.5 million during fiscal year 2022. Long-term debt for governmental activities increased by \$28.3 million while long-term debt for business-type activities decreased by \$18.8 million. The CTS Convertible Capital Appreciation Bonds increased \$3.2 million due to accreted interest. The Virginia Transportation Infrastructure Bank (VTIB) subordinate bonds decreased \$5.6 million due to a principal payment of \$0.1 million along with a supplemental principal payment of \$5.5 million from excess revenues.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10.0% of its total assessed valuation of real property. The current debt limitation for the City is \$3.13 billion, which is significantly in excess of the City's total outstanding debt subject to the legal debt limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The average unemployment rate for fiscal year 2022 for the City was 3.1%, a decrease from the 2021 rate of 5.5%, primarily due to the recovery from the pandemic. This compares to the average unemployment rates of 3.7% for the region, 3.1% for Virginia, and 4.2% nationally for the same time period.
- The Weldon Cooper Center for Public Service, Chesapeake projects the City's total population for 2045 will be 305,957.
- The City's real estate tax base increased by \$1.2 billion or 3.9% from the prior year. Personal property taxes experienced a \$246.0 million or 9.2% increase from fiscal year 2021 to fiscal year 2022.
- Taxable retail sales for calendar year 2021 increased by \$502.9 million or 13.6%.

CITY OF CHESAPEAKE, VIRGINIA

Management's Discussion and Analysis
Year Ended June 30, 2022

- 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 2024. Additionally, the City's operating budget will focus on aligning programs to outcomes and illustrating the impacts of budgetary decisions on customers and the overall community. The Capital Improvement Program (CIP) will focus on aligning projects to the City's Comprehensive plan as well as the City Council's strategic anchors. These actions will further support the alignment of the City's resources to approved strategic plans, helping the City to maintain fiscal stability and a strong financial position.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements



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Government-Wide Financial Statements



CITY OF CHESAPEAKE, VIRGINIA

Schedule A

Statement of Net Position
June 30, 2022

	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)	\$ 518,756,329	105,079,318	623,835,647	84,656,651	12,360,467
Receivables, net of allowance for uncollectible amounts (note 3 and 9)	145,318,775	23,109,611	168,428,386	67,930,792	316,979
Due from component unit, net of allowance for uncollectible amounts (note 7)	61,100	-	61,100	-	-
Internal balances (note 8)	9,359,649	(9,359,649)	-	-	-
Inventories	2,121,928	1,555,171	3,677,099	2,864,100	512,690
Prepaid expenses	23,632,552	189,166	23,821,718	51,019	140,296
Restricted assets (note 2):					
Cash and temporary investments with trustee	-	55,384,047	55,384,047	-	-
Cash restricted for debt service	-	6,953,596	6,953,596	-	-
Cash restricted for debt service with trustee	-	14,510,801	14,510,801	-	-
Capital construction:					
Cash and temporary investments	166,415,454	103,436,533	269,851,987	18,373,239	-
Cash and temporary investments with trustee	210	12,683,193	12,683,403	-	-
Cash restricted for improvement and redemption	-	1,000,000	1,000,000	-	-
Investment - zero coupon bond	1,026,053	-	1,026,053	-	-
Capital Assets (notes 4, 6, and 9):					
Land	75,585,325	93,877,619	169,462,944	21,369,610	4,134,756
Intangibles	366,827,670	19,766,615	386,594,285	-	-
Construction in progress	64,650,208	72,548,993	137,199,201	11,977,523	1,376,729
Buildings	695,474,204	9,507,233	704,981,437	341,951,873	4,203,112
Improvements other than buildings	80,288,501	5,919,745	86,208,246	6,848,285	23,126,527
Software, equipment, and vehicles	235,673,831	45,221,683	280,895,514	112,350,467	2,028,132
Infrastructure	1,292,312,634	1,114,277,724	2,406,590,358	-	-
Accumulated depreciation	(1,589,500,900)	(488,394,258)	(2,077,895,158)	(111,791,333)	(21,736,028)
Land and improvements held for sale	-	20,057,465	20,057,465	-	515,643
Net OPEB asset (note 11)	93,740	8,214	101,954	83,224	884
Total assets	2,088,097,263	1,207,332,820	3,295,430,083	556,665,450	26,980,187
Deferred outflows of resources (note 5)	98,769,765	9,080,411	107,850,176	133,992,831	859,309
Total assets and deferred outflows of resources	\$ 2,186,867,028	1,216,413,231	3,403,280,259	690,658,281	27,839,496
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
Liabilities					
Accounts payable, deposits, and accrued expenses (notes 3 and 16)	\$ 37,504,981	19,494,043	56,999,024	61,449,344	589,298
Unearned revenues	5,721,424	998,427	6,719,851	-	10,952
Due to Primary Government (note 7)	-	-	-	-	61,100
Long-term liabilities (notes 6, 9, 10, 11, and 16):					
Due within one year	52,261,134	20,250,607	72,511,741	6,385,707	187,429
Due in more than one year	442,147,835	437,138,419	879,286,254	536,687,382	824,358
Total liabilities	537,635,374	477,881,496	1,015,516,870	604,522,433	1,673,137
Deferred inflows of resources note 5	134,072,463	19,313,853	153,386,316	215,823,931	1,305,704
Net position					
Net investment in capital assets	933,160,125	472,919,320	1,406,079,445	348,754,971	12,594,606
Restricted for:					
Capital projects	5,571,349	125,878,865	131,450,214	-	-
Debt service	210	49,724,026	49,724,236	-	-
Other purposes:					
Expendable:					
General Fund - state and federal restrictions	41,076,331	-	41,076,331	-	-
Special projects	45,272,916	-	45,272,916	-	-
Educational purposes	195,417	-	195,417	95,965,496	-
Public Utilities Operations	-	69,427,097	69,427,097	-	-
Chesapeake Transportation System Operations	-	27,351,838	27,351,838	-	-
Stormwater Management Operations	-	11,958,208	11,958,208	-	-
Chesapeake Airport Authority	-	-	-	-	218,253
Nonexpendable - Special projects	95,005	-	95,005	-	-
Nonexpendable - Permanent Funds	12,795	-	12,795	-	-
Unrestricted (deficit)	489,775,043	(38,041,472)	451,733,571	(574,408,550)	12,047,796
Total net position	1,515,159,191	719,217,882	2,234,377,073	(129,688,083)	24,860,655
Total liabilities, deferred inflows, and net position	\$ 2,186,867,028	1,216,413,231	3,403,280,259	690,658,281	27,839,496

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, 2022

Functions/Programs	Program Revenues			Net Revenue Expense and Changes in Net Position				Discretely Presented Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Public Schools	Others
					Governmental Activities	Business-type Activities	Total		
PRIMARY GOVERNMENT									
Governmental activities:									
General government	\$ 181,333,028	3,916,490	77,226,889	202,639	(99,987,010)	-	(99,987,010)	-	-
Public safety	120,539,356	6,510,765	13,203,895	146,571	(100,678,125)	-	(100,678,125)	-	-
Public works	59,005,523	596,401	39,750,078	14,282,089	(4,376,955)	-	(4,376,955)	-	-
Parks and recreation	8,679,338	726,835	1,054,546	-	(6,897,957)	-	(6,897,957)	-	-
Public welfare	56,454,498	8,833,294	34,751,370	-	(12,869,834)	-	(12,869,834)	-	-
Education	309,139,680	-	116,565	1,278,886	(307,744,229)	-	(307,744,229)	-	-
Interest on long-term debt	12,862,673	-	-	-	(12,862,673)	-	(12,862,673)	-	-
Depreciation and amortization - net unallocated portion (note 4)	15,602,752	-	-	-	(15,602,752)	-	(15,602,752)	-	-
Total governmental activities	763,616,848	20,583,785	166,103,343	15,910,185	(561,019,535)	-	(561,019,535)	-	-
Business-type activities:									
Public Utilities	64,356,881	81,281,134	1,117,512	6,233,784	-	24,275,549	24,275,549	-	-
Chesapeake Transportation System	38,909,909	33,572,463	268,591	-	-	(5,068,855)	(5,068,855)	-	-
Stormwater Management	13,057,070	16,253,822	515,385	1,066	-	3,713,203	3,713,203	-	-
Economic Development Authority	1,842,224	102,775	60,450	-	-	(1,678,999)	(1,678,999)	-	-
Total business-type activities	118,166,084	131,210,194	1,961,938	6,234,850	-	21,240,898	21,240,898	-	-
Total Primary Government	\$ 881,782,932	151,793,979	168,065,281	22,145,035	(561,019,535)	21,240,898	(539,778,637)	-	-
COMPONENT UNITS									
Public Schools	\$ 563,074,654	17,862,694	164,476,584	-	-	-	(380,735,376)	-	-
Chesapeake Mosquito Control Commission	4,069,597	-	5,565,403	-	-	-	-	1,495,806	-
Chesapeake Airport Authority	1,403,003	514,326	1,720,652	-	-	-	-	831,975	-
Elizabeth River Properties of Chesapeake, Inc	261,141	198,573	79,421	-	-	-	-	16,853	-
Chesapeake Land Bank Authority	186,018	-	467,210	-	-	-	-	281,192	-
Total component units	\$ 568,994,413	18,575,593	172,309,270	-	-	-	(380,735,376)	2,625,826	-
General revenues:									
Taxes:					\$				
Property taxes, levied for general purposes					420,176,941	-	420,176,941	-	-
Local sales and use taxes					55,017,862	-	55,017,862	-	-
Consumer utility taxes					11,006,951	-	11,006,951	-	-
Communication sales tax					8,498,805	-	8,498,805	-	-
Business license taxes					30,439,211	-	30,439,211	-	-
Local utility consumption tax					892,929	-	892,929	-	-
Bank stock taxes					1,778,958	-	1,778,958	-	-
Taxes on recordation and wills					5,981,357	-	5,981,357	-	-
Tobacco taxes					4,259,276	-	4,259,276	-	-
Hotel and motel room taxes					7,638,336	-	7,638,336	-	-
Restaurant food taxes					34,337,920	-	34,337,920	-	-
Admission taxes					807,019	-	807,019	-	-
Short-term rental taxes					1,238,941	-	1,238,941	-	-
Part-mutuel wagering pool tax					29,764	-	29,764	-	-
Payment from City					-	-	-	302,924,093	-
Grants and contributions not restricted to specific programs					33,525,847	-	33,525,847	202,347,789	-
Unrestricted investment earnings					467,024	-	467,024	69,116	-
Miscellaneous					5,922,231	-	5,922,231	10,392,103	-
Transfers					(4,344,982)	4,344,982	-	-	-
Total general revenues and transfers					617,674,390	4,344,982	622,019,372	515,733,101	-
Change in net position					56,654,855	25,585,880	82,240,735	134,997,725	2,625,826
Net position - beginning					1,458,504,336	693,632,002	2,152,136,338	(264,685,808)	22,234,829
Net position - ending					\$ 1,515,159,191	719,217,882	2,234,377,073	(129,688,083)	24,860,655

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

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Fund Financial Statements



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Governmental Funds Financial Statements

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

Other Governmental Funds – Include Special Revenue and Permanent Funds.



CITY OF CHESAPEAKE, VIRGINIA

Schedule C

Balance Sheet
Governmental Funds
June 30, 2022

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and temporary investments (note 2)	\$ 351,751,115	12,522,056	-	79,532,909	443,806,080
Intergovernmental revenues due from (note 3):					
Commonwealth of Virginia:					
Local sales tax	4,700,855	-	-	-	4,700,855
State categorical aid	1,973,765	-	-	-	1,973,765
Personal property tax relief act	28,590,001	-	-	-	28,590,001
Other	366,600	-	599,245	1,710,997	2,676,842
Federal government	-	-	178,385	3,464,912	3,643,297
Receivables (note 3):					
Property taxes	81,125,956	-	-	-	81,125,956
Accounts receivable	12,675,528	-	-	7,520,372	20,195,900
Utility taxes	2,440,655	-	-	-	2,440,655
Interest	23,743	850	-	91	24,684
Emergency medical services fees	5,874,046	-	-	-	5,874,046
Restaurant and food tax	3,115,613	-	-	-	3,115,613
Other	4,698,802	-	-	158,069	4,856,871
Allowance for uncollectible amounts	(10,623,254)	-	-	(4,333,980)	(14,957,234)
Lease receivable (note 3)	22,122	-	-	-	22,122
Inventory	1,410,114	-	-	6,834	1,416,948
Prepaid expenditures and other assets	9,694	-	20,000,000	88,171	20,097,865
Restricted assets (note 2):					
Capital construction:					
Cash and temporary investments	-	-	166,415,454	-	166,415,454
Cash and temporary investments with trustee	-	210	-	-	210
Investments	-	-	-	1,026,053	1,026,053
Advances to component units (note 7)	25,662	35,438	-	-	61,100
Advances to other funds, net of allowance (note 8):	7,294,829	-	-	-	7,294,829
Total assets	\$ 495,475,846	12,558,554	187,193,084	89,174,428	784,401,912
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable (note 3)	\$ 8,627,857	750	-	2,774,750	11,403,357
Deposits (note 3)	2,320,129	-	-	-	2,320,129
Accrued expenditures (note 3)	8,147,507	-	-	993,727	9,141,234
Unearned revenues	269,293	-	1,176,693	101,360	1,547,346
Other liabilities (note 3)	704,349	-	-	1,230	705,579
Payables from restricted assets:					
Construction projects payable (note 3)	-	-	4,043,613	-	4,043,613
Due to Commonwealth of Virginia	83,453	-	-	308,285	391,738
Total liabilities	20,152,588	750	5,220,306	4,179,352	29,552,996
Deferred Inflows of Resources (note 5)	79,210,147	-	-	14,361	79,224,508
Fund Balances (note 12)					
Nonspendable	1,419,808	-	-	107,800	1,527,608
Restricted for cash flow emergencies	41,064,768	-	-	-	41,064,768
Restricted other	47,000	210	-	45,432,896	45,480,106
Committed for one time projects	132,485,665	-	-	-	132,485,665
Committed other	119,991,539	35,438	33,808,126	9,010,308	162,845,411
Assigned	18,974,795	12,522,156	148,164,652	30,429,711	210,091,314
Unassigned	82,129,536	-	-	-	82,129,536
Total fund balances	396,113,111	12,557,804	181,972,778	84,980,715	675,624,408
Total liabilities, deferred inflows, and fund balances	\$ 495,475,846	12,558,554	187,193,084	89,174,428	784,401,912

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

(Continued)

Balance Sheet
Governmental Funds
June 30, 2022

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 \$ 675,624,408

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 \$51,320,496 associated with the internal service funds (ISF) as indicated below.

Capital assets 1,169,990,977

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

Net OPEB asset (net of ISF) 88,218

Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds.

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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)	\$ 93,392,155	
Unamortized deferred loss on refundings	1,292,691	94,684,846

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	79,224,508	
Less deferred inflows related to leases	(34,476)	
Pension and OPEB deferred inflows (net of ISF)	(127,078,772)	
Unamortized deferred gain on refundings	(14,041)	(47,902,781)

Internal service funds (ISF) are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the ISF are included in governmental activities in the Statement of Net Position as detailed below. The total amount included in governmental activities does not include the portion allocable to business-type activities of \$2,064,820 as noted on Schedule E.

Current assets	80,225,304	
Capital assets	51,320,496	
Net OPEB asset	5,522	
Pension and OPEB deferred outflows	4,084,919	
Current liabilities	(17,030,554)	
Noncurrent liabilities	(26,128,742)	
Pension and OPEB deferred inflows	(6,945,174)	
Net cumulative profit(loss) allocation	2,064,820	87,596,591

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

(6,224,202)

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 \$35,704,567 associated with the ISF as indicated above.

General obligation bonds	(321,390,665)	
Net pension liability (net of ISF)	(62,480,096)	
Net OPEB liability (net of ISF)	(44,186,825)	
Compensated absences (net of ISF)	(25,425,647)	
Installment Purchase Agreement	(1,342,284)	
Leases	(3,873,363)	(458,698,880)

Net position of governmental activities \$ 1,515,159,191

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, 2022

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 384,084,979	-	-	20,107,256	404,192,235
Other local taxes	152,093,431	-	-	9,833,898	161,927,329
Licenses, permits, and fees	9,481,600	-	-	261,209	9,742,809
Fines and forfeitures	701,855	-	-	870,905	1,572,760
Investment income	(199,086)	242,401	326,632	(40,977)	328,970
Revenues from use of property	1,252,991	54,889	-	211,149	1,519,029
Charges for services	10,957,071	-	-	10,152,531	21,109,602
Miscellaneous local revenues	533,973	619,315	-	2,334,047	3,487,335
Recovered costs	1,664,268	-	-	1,428,695	3,092,963
Program income	-	-	-	260,411	260,411
Revenues from local developers	-	-	825,354	55,000	880,354
Intergovernmental revenues:					
Commonwealth of Virginia	100,649,885	-	1,437,589	26,157,868	128,245,342
Federal government	292,043	-	399,918	60,492,790	61,184,751
Federal government - American Reinvestment and Recovery Act	-	289,059	-	-	289,059
Chesapeake Public Schools	38,122	13,075	-	65,368	116,565
Total revenues	661,551,132	1,218,739	2,989,493	132,190,150	797,949,514
EXPENDITURES					
Current:					
General government	126,257,122	-	-	12,440,440	138,697,562
Public safety	113,639,469	-	-	10,505,656	124,145,125
Public works	64,454,015	-	-	2,725,210	67,179,225
Parks and recreation	11,477,747	-	-	75,978	11,553,725
Public welfare	-	-	-	57,404,233	57,404,233
Education	240,803,077	62,121,016	-	-	302,924,093
Capital outlay	6,375,317	-	36,947,413	5,331,659	48,654,389
Debt service	1,989,750	37,982,522	-	-	39,972,272
Total expenditures	564,996,497	100,103,538	36,947,413	88,483,176	790,530,624
Excess (deficiency) of revenues over under expenditures	96,554,635	(98,884,799)	(33,957,920)	43,706,974	7,418,890
OTHER FINANCING SOURCES (USES)					
Transfers from other funds (note 8)	21,552,916	35,079,710	66,158,844	23,552,290	146,343,760
Transfers to other funds (note 8)	(86,767,552)	-	(5,529,982)	(57,859,907)	(150,157,441)
Issuance of leases (as lessee) (note 6)	3,194,151	-	-	1,198,272	4,392,423
Issuance of VPSA bonds (note 6)	-	54,410,000	-	-	54,410,000
Premiums on VPSA bonds issued (note 6)	-	7,775,842	-	-	7,775,842
Total other financing sources (uses), net	(62,020,485)	97,265,552	60,628,862	(33,109,345)	62,764,584
Net change in fund balance	34,534,150	(1,619,247)	26,670,942	10,597,629	70,183,474
Fund balance - beginning	361,578,961	14,177,051	155,301,836	74,383,086	605,440,934
Fund balance - ending	\$ 396,113,111	12,557,804	181,972,778	84,980,715	675,624,408

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, 2022

**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 \$ 70,183,474

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

Depreciation expense	\$ (44,430,836)	
Capital outlay expenditures	48,654,388	
Donated assets	11,070,231	
Noncapitalizable expenses related to closed projects	(17,488,885)	
Disposal of assets	<u>(366,356)</u>	
		(2,561,458)

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. 15,458,889

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 14

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

Debt issued (and related costs)	(66,578,265)	
Principal repayments	<u>32,558,984</u>	
		(34,019,281)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details (net of ISF) are as follows:

Accrued interest	(1,009,228)	
Compensated absences	(2,955,976)	
Pension and OPEB expenses	<u>10,223,723</u>	
		6,258,519

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. 1,120,680

Interfund loan activity that does not contribute to current financial resources and, therefore, is not reported in the funds. 214,018

Change in net position of governmental activities \$ 56,654,855

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, 2022

	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)	\$ 83,256,312	4,504,106	12,760,661	4,558,239	105,079,318	74,950,249
Receivables (note 3):						
Accounts	14,849,649	2,448,835	10,344,374	3,562	27,646,420	330,660
Interest	3,881	79,016	866	-	83,763	2,293
Leases	-	-	-	-	-	735,841
Allowance for uncollectible amounts	(2,829,219)	(1,671,821)	(119,532)	-	(4,620,572)	(33,406)
Inventory of materials and supplies	1,555,171	-	-	-	1,555,171	704,980
Prepaid expenses	178,540	10,626	-	-	189,166	3,534,687
Total current assets	97,014,334	5,370,762	22,986,369	4,561,801	129,933,266	80,225,304
Noncurrent assets:						
Restricted assets (note 2):						
Cash and temporary investments with trustee	-	55,368,008	16,039	-	55,384,047	-
Cash restricted for debt service	6,953,596	-	-	-	6,953,596	-
Cash restricted for debt service with trustee	1,452,990	13,057,811	-	-	14,510,801	-
Capital construction:						
Cash and temporary investments	59,613,124	-	43,823,409	-	103,436,533	-
Cash and temporary investments with trustee	-	12,683,193	-	-	12,683,193	-
Cash restricted for improvement and redemption	1,000,000	-	-	-	1,000,000	-
Total restricted assets	69,019,710	81,109,012	43,839,448	-	193,968,170	-
Capital assets (note 4):						
Land	11,158,142	82,079,020	640,457	-	93,877,619	-
Intangibles	3,005,732	-	2,076,064	14,684,819	19,766,615	-
Construction in progress	62,958,323	97,046	9,493,624	-	72,548,993	1,111,100
Buildings	1,177,234	7,978,068	351,931	-	9,507,233	648,167
Improvements other than buildings	5,148,505	439,273	331,967	-	5,919,745	4,668,045
Software, equipment, and vehicles	31,869,946	13,034,738	316,999	-	45,221,683	152,624,569
Infrastructure	702,314,704	361,587,165	50,375,855	-	1,114,277,724	63,309
Less accumulated depreciation	(321,270,922)	(152,330,471)	(14,792,865)	-	(488,394,258)	(107,794,694)
Total capital assets, net of accumulated depreciation	496,361,664	312,884,839	48,794,032	14,684,819	872,725,354	51,320,496
Land and improvements held for sale	-	-	-	20,057,465	20,057,465	-
Net OPEB asset (note 11)	5,321	769	2,124	-	8,214	5,522
Total noncurrent assets	565,386,695	393,994,620	92,635,604	34,742,284	1,086,759,203	51,326,018
Total assets	662,401,029	399,365,382	115,621,973	39,304,085	1,216,692,469	131,551,322
Deferred Outflows of Resources (note 5)	6,512,542	670,183	1,897,686	-	9,080,411	4,084,919
Total assets and deferred outflows of resources	\$ 668,913,571	400,035,565	117,519,659	39,304,085	1,225,772,880	135,636,241
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION						
Liabilities						
Current liabilities:						
Accounts payable (note 3)	\$ 5,613,787	745,931	494,624	225,127	7,079,469	3,015,142
Accrued expenses and other liabilities (notes 3, 6, and 16)	2,114,856	6,088,875	137,583	16,319	8,357,633	259,987
Deposits (note 3)	1,142,585	-	-	-	1,142,585	-
Unearned revenues	850,396	-	-	-	850,396	4,174,078
Construction projects payable (note 3)	2,086,406	81,734	746,216	-	2,914,356	-
Current portion of long-term debt (note 6)	7,476,441	11,321,267	-	790,000	19,587,708	-
Current portion of leases payable (note 6)	7,551	-	-	-	7,551	4,522
Current portion of accrued vacation, sick pay, and overtime leave (note 6)	429,366	77,695	148,287	-	655,348	311,153
Current portion of liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	9,265,672
Total current liabilities	19,721,388	18,315,502	1,526,710	1,031,446	40,595,046	17,030,554
Noncurrent liabilities:						
Unearned revenues	148,031	-	-	-	148,031	-
General obligation bonds (note 6)	40,075,023	-	-	-	40,075,023	-
Revenue bonds (note 6)	23,679,342	281,171,171	-	4,431,000	309,281,513	-
Due to Commonwealth of Virginia (note 6)	-	71,755,269	-	-	71,755,269	-
Leases payable (note 6)	22,971	-	-	-	22,971	8,141
Loan payable (note 6)	-	-	-	1,319,095	1,319,095	-
Notes payable (note 6)	-	-	-	7,036,800	7,036,800	-
Advances from other funds (note 8)	-	7,294,829	-	-	7,294,829	-
Accrued vacation, sick pay, and overtime leave (note 6)	897,073	148,177	302,744	-	1,347,994	643,510
Liability for self-insurance losses (notes 6 and 16)	-	-	-	-	-	22,753,343
Net pension liability (note 10)	3,298,113	446,463	1,244,896	-	4,989,472	2,076,071
Net OPEB liability (note 11)	862,351	116,633	331,298	-	1,310,282	647,677
Total noncurrent liabilities	68,982,904	360,932,542	1,878,938	12,786,895	444,581,279	26,128,742
Total liabilities	88,704,292	379,248,044	3,405,648	13,818,341	485,176,325	43,159,296
Deferred Inflows of Resources (note 5)	7,272,788	1,009,509	11,031,556	-	19,313,853	6,945,174
Net Position						
Net investment in capital assets	424,740,108	(2,295,624)	48,047,817	2,427,019	472,919,320	51,307,831
Restricted for:						
Capital projects	69,650,213	13,152,222	43,076,430	-	125,878,865	-
Debt service	9,119,073	40,604,953	-	-	49,724,026	-
Other purposes - Expendable	69,427,097	27,351,837	11,958,208	-	108,737,142	-
Unrestricted (deficit)	-	(59,035,376)	-	23,058,725	(35,976,651)	34,223,940
Total net position	572,936,491	19,778,012	103,082,455	25,485,744	721,282,702	85,531,771
Total liabilities, deferred inflows, and net position	\$ 668,913,571	400,035,565	117,519,659	39,304,085	1,225,772,880	135,636,241
Net position of enterprise funds, Schedule E					\$ 721,282,702	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(2,064,820)	
Net position of business-type activities, Schedule A					\$ 719,217,882	

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, 2022

	Enterprise Funds					Internal Service Funds
	Public Utilities	Chesapeake Transportation System	Stormwater Management	Economic Development Authority	Total	
OPERATING REVENUES						
Licenses, permits, and fees	\$ -	-	336,373	-	336,373	-
Charges for services:						
Sale of water	44,861,768	-	-	-	44,861,768	-
Billings to departments	-	-	-	-	-	92,667,689
Billings to outside agencies and component units	-	-	-	-	-	342,882
Sewer service charges	31,517,311	-	-	-	31,517,311	-
Stormwater management fees	-	-	16,253,822	-	16,253,822	-
Tolls and tickets	-	33,572,463	-	-	33,572,463	-
Rental fees	1,203,745	-	-	-	1,203,745	310,838
Connection fees	3,462,828	-	-	-	3,462,828	-
Miscellaneous	235,482	-	-	102,775	338,257	5,536
Recovered costs	658,357	52,032	-	-	710,389	5,006,180
Other	98,730	-	-	42,598	141,328	16,580
Total operating revenues	82,038,221	33,624,495	16,590,195	145,373	132,398,284	98,349,705
OPERATING EXPENSES						
Cost of materials billed	-	-	-	-	-	2,463,825
Purchases for resale	15,060,633	-	-	120,310	15,180,943	2,930,203
General and administrative	5,895,133	671,126	2,454,160	191,372	9,211,791	981,979
Other salaries and wages	10,910,123	1,565,952	4,133,455	-	16,609,530	8,735,385
Other fringe benefits	4,475,796	603,806	1,663,254	-	6,742,856	3,203,161
Self-insurance losses	-	-	-	-	-	212,532
Indemnity and medical claims	-	-	-	-	-	48,126,642
Other repairs and supplies	5,884,969	5,064,449	224,239	-	11,173,657	7,791,202
Equipment rental	91,024	912	8,111	-	100,047	4,486
Other contractual services	3,359,130	4,443,705	2,583,782	10,225	10,396,842	6,492,757
Depreciation and amortization	16,068,659	13,435,733	1,633,519	-	31,137,911	11,311,035
Insurance premiums	-	-	-	9,818	9,818	4,479,429
Other	-	30,775	-	4,024	34,799	-
Total operating expenses	61,745,467	25,816,458	12,700,520	335,749	100,598,194	96,732,636
Operating income loss	20,292,754	7,808,037	3,889,675	(190,376)	31,800,090	1,617,069
NONOPERATING REVENUES EXPENSES						
Investment income	271,906	215,844	171,500	17,852	677,102	138,038
Interest expense	(2,294,844)	(13,214,652)	-	(229,372)	(15,738,868)	(64)
Gain on sale of equipment	7,945	715	7,512	-	16,172	294,477
Loss on sale of equipment	(108,201)	-	(402,765)	-	(510,966)	(622,033)
Build America Bonds subsidy reimbursement - American Reinvestment and Recovery Act	80,574	-	-	-	80,574	-
Grants to businesses	-	-	-	(1,274,109)	(1,274,109)	-
Other	(317,495)	(101,447)	-	(2,994)	(421,936)	-
Total nonoperating revenues (expenses), net	(2,360,115)	(13,099,540)	(223,753)	(1,488,623)	(17,172,031)	(189,582)
Income loss before transfers and contributions	17,932,639	(5,291,503)	3,665,922	(1,678,999)	14,628,059	1,427,487
Transfers in (note 8)	-	-	2,085,000	2,850,027	4,935,027	308,153
Transfers out (note 8)	-	-	(376,027)	-	(376,027)	(1,053,472)
Capital contributions	6,233,784	-	1,066	-	6,234,850	4,484,855
Increase (decrease) in net position	24,166,423	(5,291,503)	5,375,961	1,171,028	25,421,909	5,167,023
Total net position - beginning	548,770,068	25,069,515	97,706,494	24,314,716	695,860,793	80,364,748
Total net position - ending	\$ 572,936,491	19,778,012	103,082,455	25,485,744	721,282,702	85,531,771

Change in net position of enterprise funds, Schedule F	\$ 25,421,909
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	163,971
Change in net position of business-type activities, Schedule B	<u>\$ 25,585,880</u>

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

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2022

	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	\$ 83,677,124	33,512,735	15,872,091	3,174,304	136,236,254	6,176,892
Cash received from interfund services provided	-	-	-	-	-	92,667,689
Payments to suppliers	(25,767,401)	(9,866,278)	(2,595,529)	(511,673)	(38,740,881)	(72,621,769)
Payments to employees	(15,893,716)	(2,188,801)	(5,974,945)	-	(24,057,462)	(12,440,645)
Payments for interfund services	(3,438,315)	(179,070)	(2,244,933)	-	(5,862,318)	-
Net cash provided by (used in) operating activities	38,577,692	21,278,586	5,056,684	2,662,631	67,575,593	13,782,167
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	1,858,280	1,858,280	308,153
Transfers out	-	-	(376,027)	-	(376,027)	(1,053,472)
Noncapital financing activity - outflow	-	-	-	(1,277,103)	(1,277,103)	-
Net cash provided by (used in) noncapital financing activities	-	-	(376,027)	581,177	205,150	(745,319)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Transfers in	-	-	-	(14,321,720)	(14,321,720)	-
Acquisition of capital assets	(17,763,591)	(116,044)	(649,100)	-	(18,528,735)	(491,316)
Proceeds from federal government	80,574	-	-	-	80,574	-
Proceeds from sale of capital assets	-	-	-	-	-	517,403
Repayments and retirements of refunding long-term debt	(27,140,000)	-	-	-	(27,140,000)	-
Principal payment of long-term debt	(6,955,000)	(8,888,202)	-	(760,000)	(16,603,202)	-
Interest paid	(2,710,898)	(9,312,674)	-	(231,747)	(12,255,319)	(51)
Proceeds from debt issued	21,765,000	-	-	7,036,800	28,801,800	-
Premium on issuance of bonds	3,156,624	-	-	-	3,156,624	-
Payments to escrow agent in debt refunding	(317,495)	-	-	-	(317,495)	-
Due to other funds	-	214,017	-	-	214,017	-
Net cash provided by (used in) capital and related financing activities	(29,884,786)	(18,102,903)	(649,100)	(8,276,667)	(56,913,456)	26,036
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	277,223	136,828	172,856	17,852	604,759	140,857
Net cash provided by investing activities	277,223	136,828	172,856	17,852	604,759	140,857
Net increase (decrease) in cash and temporary investments	8,970,129	3,312,511	4,204,413	(5,015,007)	11,472,046	13,203,741
Cash and temporary investments beginning of year	143,305,893	82,300,607	52,395,696	9,573,246	287,575,442	61,746,508
Cash and temporary investments end of year	\$ 152,276,022	\$ 85,613,118	\$ 56,600,109	\$ 4,558,239	299,047,488	\$ 74,950,249
Reconciliation of operating income loss to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 20,292,754	7,808,037	3,889,675	(190,376)	31,800,090	1,617,069
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	16,068,659	13,435,733	1,633,519	-	31,137,911	11,311,035
Pension expense	(722,922)	(99,833)	(276,614)	-	(1,099,369)	(733,361)
OPEB expense	12,291	1,730	5,359	-	19,380	4,817
Change in assets and liabilities increasing (decreasing) cash and temporary investments:						
Receivables	1,613,038	(111,760)	(729,849)	2,921,244	3,692,673	44,345
Prepaid expenses and other assets	(14,299)	(7,552)	-	-	(21,851)	(42,276)
Inventory of materials and supplies	(129,299)	-	-	-	(129,299)	(108,985)
Land and improvements held for sale	-	-	-	107,687	107,687	-
Accounts payable	1,228,771	173,171	405,434	(175,924)	1,631,452	969,216
Deposits	106,120	-	-	-	106,120	-
Unearned revenues	(80,255)	-	-	-	(80,255)	281,331
Deferred inflows	-	-	11,745	-	11,745	-
Accrued expenses and other liabilities	-	8,757	24,396	-	33,153	49,694
Liability for self-insurance losses	-	-	-	-	-	212,531
Accrued vacation, sick pay, and overtime leave	202,834	70,303	93,019	-	366,156	176,751
Total adjustments	18,284,938	13,470,549	1,167,009	2,853,007	35,775,503	12,165,098
Net cash provided by (used in) operating activities	\$ 38,577,692	\$ 21,278,586	\$ 5,056,684	\$ 2,662,631	67,575,593	\$ 13,782,167
Supplemental information on significant noncash transactions:						
Contributions of capital assets	\$ 6,233,784	-	1,066	-	6,234,850	4,484,855

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

Fiduciary Funds Financial Statements

Custodial Fund – Includes Special Welfare Fund.

Trust Fund – Includes Other Postemployment Benefits Fund.



CITY OF CHESAPEAKE, VIRGINIA

Schedule H

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	Custodial Special Welfare	Other Postemployment Benefits Trust
ASSETS		
Cash and temporary investments (note 2)	\$ 98,957	-
Investments with trustee, at fair value (note 2)		
Stocks	-	57,336,575
Taxable bonds	-	33,417,960
Money market	-	6,692,839
Total assets	\$ 98,957	97,447,374
NET POSITION		
Restricted for:		
Other postemployment benefits	-	97,447,374
Individuals	98,957	-
Total net position	\$ 98,957	97,447,374

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, 2022

	Custodial Special Welfare	Other Postemployment Benefits Trust
ADDITIONS		
Deposits received on behalf of others	\$ 35,998	-
Contributions from employer (note 11)	-	3,647,087
Contributions from plan members (note 11)	-	1,189,144
Investment income:		
Interest and dividend income	160	11,370,210
Net appreciation (depreciation) in fair value of investments	-	(26,626,090)
Less investment expenses	-	164,887
Net investment income	160	(15,420,767)
Total additions	36,158	(10,584,536)
DEDUCTIONS		
Administrative expenses	312	25,800
Benefits and refunds paid on behalf of plan members and beneficiaries (note 11)	-	6,480,218
Total deductions	312	6,506,018
Change in net position	35,846	(17,090,554)
Net position - beginning	63,111	114,537,928
Net position - ending	\$ 98,957	97,447,374

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, 2022

	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)	\$ 8,490,761	1,082,444	201,429	2,585,833	12,360,467
Receivables, net of allowance for uncollectible amounts (note 3)	-	302,557	14,422	-	316,979
Inventories	512,690	-	-	-	512,690
Prepaid expenses	120,442	5,135	14,719	-	140,296
Capital assets:					
Land	530,778	2,866,991	736,987	-	4,134,756
Construction in progress	-	1,376,729	-	-	1,376,729
Buildings	2,405,297	-	1,797,815	-	4,203,112
Improvements other than buildings	8,302	23,087,138	31,087	-	23,126,527
Software, equipment, and vehicles	1,743,525	279,226	-	-	2,022,751
Right-to-use leased equipment and vehicles	5,381	-	-	-	5,381
Less accumulated depreciation	(2,507,883)	(18,429,553)	(798,592)	-	(21,736,028)
Land and improvement held for sale	-	-	-	515,643	515,643
Net OPEB asset	884	-	-	-	884
Total assets	11,310,177	10,570,667	1,997,867	3,101,476	26,980,187
Deferred Outflows of Resources note 5)	859,309	-	-	-	859,309
Total assets and deferred outflows of resources	\$ 12,169,486	10,570,667	1,997,867	3,101,476	27,839,496
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
Liabilities					
Current liabilities:					
Accounts payable, deposits, and accrued expenses (notes 3 and 16)	\$ 139,934	442,872	6,492	-	589,298
Unearned revenues	-	4,164	6,788	-	10,952
Due to primary government	-	61,100	-	-	61,100
Long-term liabilities (notes 6, 10, and 11):					
Due within one year	82,429	105,000	-	-	187,429
Due in more than one year	456,780	367,578	-	-	824,358
Total liabilities	679,143	980,714	13,280	-	1,673,137
Deferred Inflows of Resources note 5)	1,305,704	-	-	-	1,305,704
Net Position					
Net investment in capital assets	2,180,456	8,646,853	1,767,297	-	12,594,606
Restricted	-	218,253	-	-	218,253
Unrestricted	8,004,183	724,847	217,290	3,101,476	12,047,796
Total net position	10,184,639	9,589,953	1,984,587	3,101,476	24,860,655
Total liabilities, deferred inflows, and net position	\$ 12,169,486	10,570,667	1,997,867	3,101,476	27,839,496

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule J-2

Combining Statement of Activities
 Other Discretely Presented Component Units
 Year Ended June 30, 2022

		Program Revenues		Net Revenue Expense and Changes in Net Position				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Chesapeake Mosquito Control Commission	Chesapeake Airport Authority	Elizabeth River Properties of Chesapeake, Inc.	Chesapeake Land Bank Authority	Total
Governmental Type Activities								
Chesapeake Mosquito Control Commission	\$ 4,069,597	-	5,565,403	1,495,806	-	-	-	1,495,806
Business-type Activities								
Chesapeake Airport Authority	1,403,003	514,326	1,720,652	-	831,975	-	-	831,975
Elizabeth River Properties of Chesapeake, Inc.	261,141	198,573	79,421	-	-	16,853	-	16,853
Chesapeake Land Bank Authority	186,018	-	467,210	-	-	-	281,192	281,192
Total component units	\$ 5,919,759	712,899	7,832,686	1,495,806	831,975	16,853	281,192	2,625,826
	Change in net position			\$ 1,495,806	831,975	16,853	281,192	2,625,826
	Net position - beginning			8,688,833	8,757,978	1,967,734	2,820,284	22,234,829
	Net position - ending			\$ 10,184,639	9,589,953	1,984,587	3,101,476	24,860,655

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, 2022

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, 2022

1 Continued

- The Chesapeake Mosquito Control Commission (CMCC) manages the City's insecticide program. CMCC has seven appointed commissioners. The City finances the operations of CMCC through incremental property taxes of \$.01 per \$100 of assessed value for real estate properties and \$.08 per \$100 of assessed value for personal property. Although it is legally separate, CMCC is fiscally dependent on the City. CMCC does not issue separate audited financial statements.
- Elizabeth River Properties of Chesapeake, Inc. (ERPC) is a not-for-profit corporation organized under Section 501 (c)(3) of the Internal Revenue Code. ERPC provides housing for individuals served by Chesapeake Integrated Behavioral Healthcare (CIBH). The Board of Directors of CSBC, Inc., whose members are appointed by City Council, appoints the members of the Board of ERPC and appropriates funds annually to provide rental assistance to individuals served by CIBH. The CSBC, Inc. Board has also transferred funds to ERPC to be used for the purchase of additional residences for its use. Separate audited financial statements are available through the CIBH at 224 Great Bridge Boulevard, Chesapeake, Virginia 23320.
- The Chesapeake Land Bank Authority (CLBA) is a non-profit corporation whose focus is on the conversion of vacant, abandoned, and tax delinquent properties to productive use. 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 EDA's outstanding debt is expected to be repaid entirely or almost entirely with the resources of the Primary Government. Separate audited financial statements for the EDA are available through the City's Department of Economic Development at 555 Belaire Avenue, Suite 310, Chesapeake, Virginia 23320.

Continued

Notes to Basic Financial Statements
June 30, 2022

1 Continued

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 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.

Continued

Notes to Basic Financial Statements
June 30, 2022

1 Continued

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

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

The City reports the following major governmental funds:

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

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

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

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.

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 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.

Continued

Notes to Basic Financial Statements
June 30, 2022

1 Continued

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

Additionally, the City reports the following fund types:

Nonmajor governmental funds:

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

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

Fiduciary funds:

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

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

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

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

Notes to Basic Financial Statements
June 30, 2022

1 Continued

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.

Real estate taxes are collected in quarterly payments due September 30, December 30, March 30, and June 5 (extended to June 30 in FY2022). During the fiscal year, the current year real estate taxes reported as revenue are the levies on assessed valuation on July 1, 2022, less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2022 was \$1.04 per \$100 of assessed value with an additional \$.01 per \$100 of assessed value for mosquito control services.

Continued

Notes to Basic Financial Statements
June 30, 2022

1 Continued

Personal Property

The City levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1 with payment due the following June 5 (extended to June 30 in FY2022). The current year personal property taxes reported as revenue are the levies on assessed valuation at January 1, 2022 less an allowance for uncollectible amounts and taxes not collected within 45 days after year end. The tax rate for 2022 was \$4.00 per \$100 of assessed value with an additional \$.08 per \$100 of assessed value for mosquito control services. City Council voted to provide a one-time personal property tax relief for all 2022 assessments of vehicles and trucks by billing at 77.5% of their assessed value.

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, right-to-use leased assets, 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. Assets which are funded either in full or in part by one fund but are managed and controlled by another fund are capitalized in the corresponding fund which purchased them and immediately transferred to the managing fund for reporting.

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

Continued

Notes to Basic Financial Statements
June 30, 2022

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 and right-to-use leased buildings	10-50 years
Improvements other than buildings	10-45 years
Software, equipment, vehicles and right-to-use leased equipment	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 assets that applies to future periods and will not be recognized as an expense or expenditure until that time. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources representing an acquisition of net assets that applies to future periods and will not be recognized as revenue until that time.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts, as well as gains or losses on refunding, are deferred and amortized over the life of the bonds using the straight-line method. 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, 2022

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, 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, 2022

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 six (6) percent 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 twelve (12) percent 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. On November 9, 2021, the City Council approved a resolution proposing that the General Assembly of Virginia amend the City's Charter to remove the six (6) percent requirement as it is unique to Chesapeake and is not imposed on other comparable cities. The amendment was submitted to the Virginia General Assembly at its 2022 session and was passed and approved by the Governor on April 8, 2022, effective July 1, 2022.

Leases

Lessee:

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

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

Notes to Basic Financial Statements
June 30, 2022

1 Continued

exercise. In that circumstance, the leased asset is amortized over the useful life of the underlying asset.. Leased assets are amortized using the straight-line method.

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

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

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

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

Lessor:

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

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

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

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

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

Continued

Notes to Basic Financial Statements
June 30, 2022

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, 2022 is \$119,616,157, including petty cash of \$45,124 and cash in the special welfare fiduciary fund of \$98,957.

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, 2022

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	\$ 1,833,429	-	1,833,429
Commercial Paper Discount-Amortizing	-	34,946,196	34,946,196
Federal Agency Coupon Securities	-	8,197,056	8,197,056
Certificates of Deposit	-	10,208,119	10,208,119
Total investments by fair value level (a)	1,833,429	53,351,371	55,184,800
Investments measured at Amortized Cost (Book Value: maturity <1yr)			
Money Market Fund			836,141,298
Federal Agency Coupon Securities			2,615,604
U. S. Treasury Notes			409,988
Taxable Municipal Bonds			50,151
Total investments at amortized cost (b)			839,217,041
Total Pool and Directed Investments (a+b)			\$ 894,401,841

The City has investments, other than commercial paper, which are valued at \$20,238,604. These investments are classified in Levels 1 and 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.

Notes to Basic Financial Statements
June 30, 2022

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, 2022.

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, 2022

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 CMCC component units, along with the OPEB fiduciary trust fund have been pooled with the cash and investments of the Primary Government.

A reconciliation of the carrying value of deposits and investments to the 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*	\$ 119,616,157
Restricted deposits*	1,000,000
Investments	981,297,839
Restricted cash and investments	87,557,518
Schools student activity fund deposits*	4,841,002
Discretely presented component units - other (excluding CMCC)*	3,869,706
Total deposits and investments	\$ 1,198,182,222
Per Schedules A and H:	
Cash and temporary investments	\$ 720,951,722
Cash and temporary investments with trustee	152,831,421
Cash restricted for debt service	6,953,596
Cash restricted for debt service with trustee	14,510,801
Cash restricted for Public Utilities improvement and redemption	1,000,000
Investment - zero coupon bond	1,026,053
Capital construction - cash and temporary investments	288,225,226
Capital construction - cash and temporary investments with trustee	12,683,403
Total cash and temporary investments per Schedules A and H	\$ 1,198,182,222

*Excluded from the investments by type and rating table below

Continued

Notes to Basic Financial Statements
June 30, 2022

2 Continued

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

	Amount	Rating	Weighted Average Maturity Months	
Investments:				
Bank Money Market Accounts	\$ 10,701,418	AAA	0.0	
Caprin Money Market Mutual Fund - First American Government	26,573	AAA	0.0	
Commercial Paper	34,634,775	AAA	4.6	
Municipal Bonds - Taxable	50,012	AAA	2.1	
Local Government Investment Pool	784,050,950	AAA	0.0	
Virginia State Non-Arbitrage Program	41,362,357	AAA	0.0	
OPEB - Irrevocable Trust at Local Government Investment Pool	226	AAA	0.0	
U. S. Government-Sponsored Coupon Securities	10,781,931	AA+	20.0	
U. S. Treasury Coupon Securities	2,242,449	N/A	17.5	
Total Investments	883,850,691			
Restricted investments:				
Money market deposit	1,452,990	Unrated	0.0	
Wells Fargo Advantage Heritage - Money Mkt Institutional (VML)	210	AAA	0.0	
U.S. Government-sponsored discount securities	1,026,053	N/A	105.1	
PFM - SNAP (Virginia State Non-Arbitrage Program)	67,603,491	AAA	0.0	
PFM - SNAP First Americ Treas Oblig Fd - CI D-Toll Road Bonds	17,474,774	AAA	0.0	
Total Restricted Investments	87,557,518			
Total Investments and Restricted Investments	971,408,209			
Portfolio weighted average maturity (months)			149.5	
Irrevocable Trust:				
OPEB - Diversified Portfolio	97,447,148	Various		
Total	97,447,148			
Total Investments, Restricted Investments and Irrevocable Trust	\$ 1,068,855,357			
	Investments	Restricted Investments	Irrevocable Trust	Total
Investment totals by rating:				
AAA	\$ 870,826,311	85,078,475	-	955,904,786
AA+	10,781,931	-	-	10,781,931
Unrated	-	1,452,990	-	1,452,990
Various	-	-	97,447,148	97,447,148
Not Applicable	2,242,449	1,026,053	-	3,268,502
Total	\$ 883,850,691	87,557,518	97,447,148	1,068,855,357

Notes to Basic Financial Statements
June 30, 2022

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, 2022 are as follows:

	Governmental Activities	Business-type Activities
Due from Commonwealth of Virginia	\$ 37,941,463	-
Due from Federal government	3,643,297	-
Due from customers	-	23,025,848
Property taxes receivable	78,165,019	-
Interest receivable	26,991	83,763
Lease receivable	757,963	-
Other	24,784,042	-
Total accounts receivable	\$ 145,318,775	23,109,611

Accounts receivable, net of allowance for uncollectibles, for the discretely presented component units in the Statement of Net Position as of June 30, 2022 are as follows:

	Public Schools	Other
Due from Commonwealth of Virginia	\$ 15,305,784	-
Due from Federal government	50,683,184	-
Lease receivable	514,081	-
Other	1,427,743	316,979
Total accounts receivable	\$ 67,930,792	316,979

Accounts receivable, net of allowance for uncollectibles, in the governmental funds as of June 30, 2022 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds
Due from Commonwealth of Virginia	\$ 35,631,221	-	599,245	1,710,997
Due from Federal government	-	-	178,385	3,464,912
Property taxes receivable	78,165,019	-	-	-
Interest receivable	23,743	850	-	91
Lease receivable	22,122	-	-	-
Other	21,142,327	-	-	3,344,461
Total accounts receivable	\$ 134,984,432	850	777,630	8,520,461

Continued

Notes to Basic Financial Statements
June 30, 2022

3 Continued

Property taxes receivable in the General Fund as of June 30, 2022 are as follows:

	Taxes Receivable	Allowance for Uncollectible Amounts	Net Taxes Receivable
Real property	\$ 10,525,558	170,673	10,354,885
Personal property	70,580,100	2,790,264	67,789,836
Public service corporations	20,298	-	20,298
Total property taxes receivable	\$ 81,125,956	2,960,937	78,165,019

The total allowance for uncollectible receivables in the General Fund is \$10,623,254, which includes a \$2,960,937 allowance for uncollectible taxes, a \$2,556,900 allowance for uncollectible emergency medical service fees, a \$769,938 allowance for uncollectible vehicle license fees, a \$2,680,341 allowance for uncollectible miscellaneous City invoices, a \$821,138 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 \$2,326,621 in uncollectible client fees from CIBH, \$1,887,872 in the Fee Supported Fund for red light cameras and other charges, and \$119,487 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, 2022 are as follows:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Economic Development Authority	Internal Service Funds
Due from customers and others	\$ 12,020,430	777,014	10,224,842	3,562	1,033,095
Interest receivable	3,881	79,016	866	-	2,293
Total accounts receivable	\$ 12,024,311	856,030	10,225,708	3,562	1,035,388

Accounts payable, deposits, and accrued expenses for the Primary Government in the Statement of Net Position as of June 30, 2022 are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 14,418,499	7,079,469
Deposits	2,320,129	1,142,585
Accrued expenses, excluding interest	9,401,221	534,676
Accrued interest payable	6,224,202	6,734,472
Other liabilities	705,579	1,088,485
Construction projects payable	4,043,613	2,914,356
Due to Commonwealth of Virginia	391,738	-
Total accounts payable, deposits, and accrued expenses	\$ 37,504,981	\$ 19,494,043

Notes to Basic Financial Statements
June 30, 2022

3 Continued

Accounts payable, deposits, and accrued expenses for the discretely presented component units in the Statement of Net Position as of June 30, 2022 are as follows:

	Public Schools	Other
Accounts payable	\$ 6,134,547	436,096
Deposits	-	30,435
Accrued expenses, excluding interest	48,880,661	118,905
Accrued interest payable	-	3,862
Claims payable	6,434,136	-
Total accounts payable, deposits, and accrued expenses	\$ 61,449,344	589,298

Accounts payable, deposits, and accrued expenditures in the governmental funds as of June 30, 2022 are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds
Accounts payable and deposits	\$ 10,947,986	750	-	2,774,750
Accrued expenditures, excluding interest	8,147,507	-	-	993,727
Other liabilities	704,349	-	-	1,230
Construction projects payable	-	-	4,043,613	-
Due to Commonwealth of Virginia	83,453	-	-	308,285
Total accounts payable, deposits, and accrued expenditures	\$ 19,883,295	750	4,043,613	4,077,992

Accounts payable, deposits, and accrued expenses in the proprietary funds as of June 30, 2022 are as follows:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Economic Development Authority	Internal Service Funds
Accounts payable and deposits	\$ 6,756,372	745,931	494,624	225,127	3,015,142
Accrued expenses, excluding interest	347,720	50,134	136,821	-	259,987
Accrued interest payable	680,203	6,037,951	-	16,319	-
Other liabilities	1,086,933	790	762	-	-
Construction projects payable	2,086,406	81,734	746,216	-	-
Total accounts payable, deposits, and accrued expenses	\$ 10,957,634	6,916,540	1,378,423	241,446	3,275,129

Continued

Notes to Basic Financial Statements
June 30, 2022

4) Capital Assets

Capital asset activities for the year ended June 30, 2022 are as follows:

Primary Government Governmental activities:

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 71,488,412	1,080,832	-	72,569,244
Land - School	3,016,081	-	-	3,016,081
Intangibles	362,436,291	4,391,379	-	366,827,670
Construction in progress	58,650,820	38,566,727	(33,678,439)	63,539,108
Construction in progress - ISF	5,160,611	1,111,100	(5,160,611)	1,111,100
Total capital assets, not being depreciated	500,752,215	45,150,038	(38,839,050)	507,063,203
Capital assets, being depreciated:				
Buildings	294,165,524	1,325,529	(2,468,070)	293,022,983
Buildings - ISF	648,167	-	-	648,167
Buildings - School	397,913,611	-	-	397,913,611
Right-to-use leased buildings	-	3,889,443	-	3,889,443
Improvements other than buildings	71,183,807	4,464,753	(28,104)	75,620,456
Improvements other than buildings - ISF	4,582,725	85,320	-	4,668,045
Software, equipment, and vehicles	78,107,828	10,073,680	(5,728,891)	82,452,617
Software, equipment, and vehicles - ISF	151,362,909	8,972,589	(7,724,712)	152,610,786
Right-to-use leased equipment & vehicles	-	596,645	-	596,645
Right-to-use leased equipment & vehicles - ISF	-	13,783	-	13,783
Infrastructure	1,280,724,141	11,525,184	-	1,292,249,325
Infrastructure - ISF	77,584	-	(14,275)	63,309
Total capital assets being depreciated	2,278,766,296	40,946,926	(15,964,052)	2,303,749,170
Less accumulated depreciation for:				
Buildings	(129,099,151)	(7,552,294)	2,166,192	(134,485,253)
Buildings - ISF	(329,039)	(15,167)	-	(344,206)
Buildings - School	(206,508,832)	(7,405,217)	-	(213,914,049)
Right-to-use leased buildings	-	(504,982)	-	(504,982)
Improvements other than buildings	(30,515,475)	(3,638,231)	3,864	(34,149,842)
Improvements other than buildings - ISF	(3,983,865)	(212,302)	-	(4,196,167)
Software, equipment, and vehicles	(51,758,049)	(5,663,313)	1,806,280	(55,615,082)
Software, equipment, and vehicles - ISF	(98,981,151)	(11,085,125)	6,853,132	(103,213,144)
Right-to-use leased equipment & vehicles	-	(73,892)	-	(73,892)
Right-to-use leased equipment & vehicles - ISF	-	(1,097)	-	(1,097)
Infrastructure	(1,023,370,200)	(19,592,906)	-	(1,042,963,106)
Infrastructure - ISF	(50,272)	(3,488)	13,680	(40,080)
Total accumulated depreciation	(1,544,596,034)	(55,748,014)	10,843,148	(1,589,500,900)
Total capital assets being depreciated, net	734,170,262	(14,801,088)	(5,120,904)	714,248,270
Capital assets, net	\$ 1,234,922,477	30,348,950	(43,959,954)	1,221,311,473

Continued

Notes to Basic Financial Statements
June 30, 2022

4 Continued

The increases to accumulated depreciation include current year depreciation of \$55,741,871 along with accumulated depreciation related to assets that were transferred in of \$6,143. The increases and decreases to assets include depreciable assets which were purchased and immediately transferred to other funds prior to any depreciation expenses for reporting in accordance with the City's capital asset policy. The decreases to construction in progress include expenses that were deemed non-capital in nature upon closure of the capital project.

Governmental Activities capital assets, net of accumulated depreciation, at June 30, 2022 are comprised of the following:

General Government Capital Assets, net	\$	1,169,990,977
Internal Service Fund Capital Assets, net		51,320,496
Total	\$	1,221,311,473

Depreciation and amortization expense for governmental activities was charged to functions of the Primary Government for the year ended June 30, 2022 as follows:

General government	\$	14,329,776
Public safety		644,261
Public works		1,762,991
Parks and recreation		597,446
Public welfare		98,239
Education		7,405,217
Net unallocated portion (depreciation of general infrastructure assets)		19,592,906
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets		11,311,035
Total depreciation expense, governmental activities	\$	55,741,871

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

Function	Project Authorization	Expended to June 30, 2022	Committed
General government	\$ 144,154,615	36,080,420	14,963,173
Public safety	33,948,566	9,767,254	2,092,971
Public works	122,267,341	13,807,194	10,208,007
Parks and recreation	15,652,972	1,724,596	800,978
Public welfare	11,521,476	3,270,744	171,648
Total	\$ 327,544,970	64,650,208	28,236,777

The construction in progress consists of \$61,811,780 from capital projects, \$792,088 from grants, \$935,240 from operating funds, and \$1,111,100 from internal service funds.

Notes to Basic Financial Statements
June 30, 2022

4 Continued

Business-type activities:

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 96,376,744	89,648	(2,588,773)	93,877,619
Intangibles	18,766,667	999,948	-	19,766,615
Construction in progress	74,536,786	18,323,078	(20,310,871)	72,548,993
Total capital assets, not being depreciated	189,680,197	19,412,674	(22,899,644)	186,193,227
Capital assets, being depreciated:				
Buildings	6,839,870	2,667,363	-	9,507,233
Improvements other than buildings	5,238,354	681,391	-	5,919,745
Software, equipment, and vehicles	39,680,257	6,471,719	(968,313)	45,183,663
Right-to-use leased equipment and vehicles	-	38,020	-	38,020
Infrastructure	1,094,134,098	20,143,626	-	1,114,277,724
Total capital assets, being depreciated	1,145,892,579	30,002,119	(968,313)	1,174,926,385
Less accumulated depreciation for:				
Buildings	(3,054,529)	(828,803)	-	(3,883,332)
Improvements other than buildings	(1,673,273)	(209,705)	-	(1,882,978)
Software, equipment, and vehicles	(26,716,281)	(3,066,015)	457,347	(29,324,949)
Right-to-use leased equipment and vehicles	-	(7,604)	-	(7,604)
Infrastructure	(425,803,265)	(27,492,130)	-	(453,295,395)
Total accumulated depreciation	(457,247,348)	(31,604,257)	457,347	(488,394,258)
Total capital assets being depreciated, net	688,645,231	(1,602,138)	(510,966)	686,532,127
Capital assets, net	\$ 878,325,428	17,810,536	(23,410,610)	872,725,354

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

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

Public Utilities Fund	\$ 16,292,611
Chesapeake Transportation System	13,678,127
Stormwater Management Fund	1,633,519
Total depreciation expense, business-type activities	\$ 31,604,257

Depreciation and amortization expense for business-type activities of \$31,137,911 includes unallocated portion of depreciation expense noted above of \$31,604,257 net of amortization of deferred bond premiums and refunding costs of \$466,346.

The estimated cost to complete the construction in progress of the business-type activities amounted to approximately \$176.0 million at June 30, 2022.

Continued

Notes to Basic Financial Statements
June 30, 2022

4 Continued

Public Utilities Fund:

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 11,068,494	89,648	-	11,158,142
Intangibles	2,929,953	75,779	-	3,005,732
Construction in progress	64,243,722	13,321,281	(14,606,680)	62,958,323
Total capital assets, not being depreciated	78,242,169	13,486,708	(14,606,680)	77,122,197
Capital assets, being depreciated:				
Buildings	1,098,644	78,590	-	1,177,234
Improvements other than buildings	4,467,114	681,391	-	5,148,505
Software, equipment, and vehicles	26,370,169	6,027,305	(565,548)	31,831,926
Right-to-use leased equipment and vehicles	-	38,020	-	38,020
Infrastructure	685,376,967	16,937,737	-	702,314,704
Total capital assets, being depreciated	717,312,894	23,763,043	(565,548)	740,510,389
Less accumulated depreciation for:				
Buildings	(224,057)	(51,180)	-	(275,237)
Improvements other than buildings	(1,597,268)	(155,015)	-	(1,752,283)
Software, equipment, and vehicles	(16,796,543)	(2,007,734)	457,347	(18,346,930)
Right-to-use leased equipment and vehicles	-	(7,604)	-	(7,604)
Infrastructure	(286,817,790)	(14,071,078)	-	(300,888,868)
Total accumulated depreciation	(305,435,658)	(16,292,611)	457,347	(321,270,922)
Total capital assets being depreciated, net	411,877,236	7,470,432	(108,201)	419,239,467
Capital assets, net	\$ 490,119,405	20,957,140	(14,714,881)	496,361,664

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

The construction in progress consists of \$56,936,663 from capital projects, \$5,469,579 from capitalized interest (prior to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 89), and \$552,081 from operating funds.

Continued

Notes to Basic Financial Statements
June 30, 2022

4 Continued

Chesapeake Transportation System Fund:

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 84,667,793	-	(2,588,773)	82,079,020
Construction in progress	-	2,042,104	(1,945,058)	97,046
Total capital assets, not being depreciated	84,667,793	2,042,104	(4,533,831)	82,176,066
Capital assets, being depreciated:				
Buildings	5,389,295	2,588,773	-	7,978,068
Improvements other than buildings	439,273	-	-	439,273
Software, equipment, and vehicles	13,034,738	-	-	13,034,738
Infrastructure	361,587,165	-	-	361,587,165
Total capital assets, being depreciated	380,450,471	2,588,773	-	383,039,244
Less accumulated depreciation for:				
Buildings	(2,603,805)	(760,352)	-	(3,364,157)
Improvements other than buildings	(50,294)	(24,493)	-	(74,787)
Software, equipment, and vehicles	(9,682,236)	(1,043,556)	-	(10,725,792)
Infrastructure	(126,316,009)	(11,849,726)	-	(138,165,735)
Total accumulated depreciation	(138,652,344)	(13,678,127)	-	(152,330,471)
Total capital assets being depreciated, net	241,798,127	(11,089,354)	-	230,708,773
Capital assets, net	\$ 326,465,920	(9,047,250)	(4,533,831)	312,884,839

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

The construction in progress consists of \$72,054 from capital projects and \$24,992 from operating funds.

Notes to Basic Financial Statements
June 30, 2022

4 Continued

Stormwater Management Fund:

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 640,457	-	-	640,457
Intangibles	1,732,067	343,997	-	2,076,064
Construction in progress	10,293,064	2,959,693	(3,759,133)	9,493,624
Total capital assets, not being depreciated	12,665,588	3,303,690	(3,759,133)	12,210,145
Capital assets, being depreciated:				
Buildings	351,931	-	-	351,931
Improvements other than buildings	331,967	-	-	331,967
Software, equipment, and vehicles	275,350	444,414	(402,765)	316,999
Infrastructure	47,169,966	3,205,889	-	50,375,855
Total capital assets, being depreciated	48,129,214	3,650,303	(402,765)	51,376,752
Less accumulated depreciation for:				
Buildings	(226,667)	(17,271)	-	(243,938)
Improvements other than buildings	(25,711)	(30,197)	-	(55,908)
Software, equipment, and vehicles	(237,502)	(14,725)	-	(252,227)
Infrastructure	(12,669,466)	(1,571,326)	-	(14,240,792)
Total accumulated depreciation	(13,159,346)	(1,633,519)	-	(14,792,865)
Total capital assets being depreciated, net	34,969,868	2,016,784	(402,765)	36,583,887
Capital assets, net	\$ 47,635,456	5,320,474	(4,161,898)	48,794,032

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

Notes to Basic Financial Statements
June 30, 2022

4 Continued

Blended component unit - Economic Development Authority:

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022
Capital assets, not being depreciated:				
Intangibles	\$ 14,104,647	580,172	-	14,684,819
Total capital assets, not being depreciated	14,104,647	580,172	-	14,684,819
Capital assets	\$ 14,104,647	580,172	-	14,684,819

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

Notes to Basic Financial Statements
June 30, 2022

4 Continued

Discretely presented component unit - Public Schools:

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022
Capital assets, not being depreciated:				
Land and land improvements	\$ 18,304,610	3,065,000	-	21,369,610
Construction in progress	36,258,703	31,199,918	(55,481,098)	11,977,523
Total capital assets, not being depreciated	54,563,313	34,264,918	(55,481,098)	33,347,133
Capital assets, being depreciated:				
Buildings	289,535,775	52,416,098	-	341,951,873
Improvements other than buildings	6,848,285	-	-	6,848,285
Furniture and equipment	80,865,223	13,851,561	(7,814,028)	86,902,756
Right-to-use leased equipment	-	14,159,900	-	14,159,900
Textbooks	7,254,436	4,040,596	(7,221)	11,287,811
Total capital assets, being depreciated	384,503,719	84,468,155	(7,821,249)	461,150,625
Less accumulated depreciation for:				
Buildings	(46,982,489)	(5,785,099)	-	(52,767,588)
Building improvements	(4,823,537)	(220,730)	-	(5,044,267)
Furniture and equipment	(53,530,022)	(4,455,138)	7,762,570	(50,222,590)
Right-to-use leased equipment	-	(932,823)	-	(932,823)
Textbooks	(1,380,399)	(1,450,887)	7,221	(2,824,065)
Total accumulated depreciation	(106,716,447)	(12,844,677)	7,769,791	(111,791,333)
Total capital assets being depreciated, net	277,787,272	71,623,478	(51,458)	349,359,292
Capital assets, net	\$ 332,350,585	105,888,396	(55,532,556)	382,706,425

Depreciation expense was charged to governmental functions for the year ended June 30, 2022 as follows:

Instruction	\$ 8,102,278
Administration	2,000
Attendance and health services	15,486
Pupil transportation	4,231,046
Operations and maintenance	404,975
School technology services	16,922
Food services	71,970
Total depreciation expense, governmental activities	\$ 12,844,677

At June 30, 2022, the Schools had contractual commitments of approximately \$7.9 million for work remaining to be performed under capital projects.

Notes to Basic Financial Statements
June 30, 2022

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, 2022 are as follows:

	Governmental Activities	Business-type Activities	Other	Total
Pension	\$ 24,278,967	2,143,669	250,676	26,673,312
Pension - experience	5,604,288	494,820	57,863	6,156,971
Pension - change in assumptions	33,505,452	2,958,305	345,938	36,809,695
OPEB	2,121,743	107,045	12,517	2,241,305
OPEB - investment experience	7,875,798	695,380	81,316	8,652,494
OPEB - experience	11,226,979	771,646	90,234	12,088,859
OPEB - change in proportion	2,699,314	9,071	1,061	2,709,446
OPEB - change in assumptions	10,164,533	168,491	19,704	10,352,728
Unamortized deferred loss on refundings	1,292,691	1,731,984	-	3,024,675
Total deferred outflows of resources	\$ 98,769,765	9,080,411	859,309	108,709,485

Deferred outflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2022 are as follows:

	Public Schools
Pension - contributions subsequent to measurement date	\$ 45,481,845
Pension - investment experience	2,777,529
Pension - experience	608,861
Pension - change in proportion	3,697,454
Pension - change in assumptions	41,800,480
OPEB - contributions subsequent to measurement date	10,439,622
OPEB - experience	4,084,102
OPEB - change in proportion	487,371
OPEB - change in assumptions	24,615,567
Total deferred outflows of resources	\$ 133,992,831

Notes to Basic Financial Statements
June 30, 2022

5 Continued

Deferred outflows of resources in the proprietary funds as of June 30, 2022 are comprised of the following:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Internal Service Funds
Pension	\$ 1,396,269	193,811	553,589	1,191,644
Pension - experience	322,299	44,737	127,784	275,066
Pension - change in assumptions	1,926,878	267,463	763,964	1,644,493
OPEB	69,723	9,678	27,644	59,505
OPEB - investment experience	452,932	62,870	179,578	386,555
OPEB - experience	502,608	69,765	199,273	428,951
OPEB - change in proportion	5,909	820	2,342	5,041
OPEB - change in assumptions	109,746	15,233	43,512	93,664
Unamortized deferred loss on refundings	1,726,178	5,806	-	-
Total deferred outflows of resources	\$ 6,512,542	670,183	1,897,686	4,084,919

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, 2022 are as follows:

	Governmental Activities	Business-type Activities	Other	Total
Pension - investment experience	\$ 104,586,930	9,234,319	1,079,842	114,901,091
Pension - experience	10,356,730	914,429	106,931	11,378,090
OPEB - investment experience	2,333,591	190,787	22,310	2,546,688
OPEB - experience	10,185,181	500,444	58,521	10,744,146
OPEB - change in proportion	893,649	16,567	1,937	912,153
OPEB - change in assumptions	4,929,647	309,250	36,163	5,275,060
Leases	772,694	-	-	772,694
Unamortized deferred gain on refundings	14,041	-	-	14,041
Stormwater management fees	-	8,148,057	-	8,148,057
Total deferred inflows of resources	\$ 134,072,463	19,313,853	1,305,704	28,412,839

Deferred inflows of resources for the discretely presented Schools component unit in the Statement of Net Position as of June 30, 2022 are as follows:

	Public Schools
Pension - investment experience	\$ 157,118,156
Pension - experience	19,805,611
Pension - change in proportion	1,733,218
OPEB - investment experience	4,853,265
OPEB - experience	25,044,511
OPEB - change in proportion	323,990
OPEB - change in assumptions	6,434,700
Leases	510,480
Total deferred inflows of resources	\$ 215,823,931

Notes to Basic Financial Statements
June 30, 2022

5 Continued

Deferred inflows of resources in the governmental funds as of June 30, 2022 are comprised of the following:

	General Fund	Other Governmental Funds	Total Governmental Funds
Taxes receivable	\$ 66,042,409	-	66,042,409
Personal Property Tax Relief Act	3,209,133	-	3,209,133
EMS fees receivable	2,642,060	-	2,642,060
Solid waste fees receivable	1,601	-	1,601
Leases	20,115	14,361	34,476
Advance to CTS (note 8)	7,294,829	-	7,294,829
Total deferred inflows of resources	\$ 79,210,147	14,361	79,224,508

Deferred inflows of resources in the proprietary funds as of June 30, 2022 are comprised of the following:

	Public Utilities Fund	Chesapeake Transportation System	Stormwater Management Fund	Internal Service Funds
Pension - investment experience	\$ 6,014,731	834,882	2,384,706	5,133,268
Pension - experience	595,609	82,674	236,146	508,323
OPEB - investment experience	124,268	17,249	49,270	106,056
OPEB - experience	325,961	45,246	129,237	278,192
OPEB - change in proportion	10,791	1,498	4,278	9,208
OPEB - change in assumptions	201,428	27,960	79,862	171,909
Leases	-	-	-	738,218
Stormwater management fees	-	-	8,148,057	-
Total deferred inflows of resources	\$ 7,272,788	1,009,509	11,031,556	6,945,174

Notes to Basic Financial Statements
June 30, 2022

6 Long-Term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2022 follows:

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 140,850,000	-	(12,545,000)	128,305,000	11,815,000
Direct placement bonds	120,393,976	54,410,000	(13,613,976)	161,190,000	16,745,000
	261,243,976	54,410,000	(26,158,976)	289,495,000	28,560,000
Deferred amounts:					
Plus bond premiums	28,427,326	7,775,842	(4,307,503)	31,895,665	5,376,920
Total bonds payable	289,671,302	62,185,842	(30,466,479)	321,390,665	33,936,920
Other long-term liabilities:					
Supplemental payments agreement (SPA)	1,895,000	-	(1,895,000)	-	-
Installment purchase agreement	1,342,284	-	-	1,342,284	-
	3,237,284	-	(1,895,000)	1,342,284	-
Liability for self-insurance losses	31,806,484	48,339,173	(48,126,642)	32,019,015	9,265,672
Leases	-	4,406,205	(520,179)	3,886,026	682,379
Compensated absences	23,247,582	15,832,032	(12,699,304)	26,380,310	7,940,836
Subtotal before Pension and OPEB Liabilities	347,962,652	130,763,252	(93,707,604)	385,018,300	51,825,807
Net pension liability	198,163,150	50,353,198	(183,960,181)	64,556,167	-
Net OPEB liability - VRS directed ¹	39,045,947	25,254,735	(25,640,865)	38,659,817	435,327
Net OPEB liability - City directed ²	-	27,825,058	(21,650,373)	6,174,685	-
Total long-term liabilities	\$ 585,171,749	234,196,243	(324,959,023)	494,408,969	52,261,134

¹ The VRS directed OPEB plan has a net OPEB asset of \$93,740 at June 30, 2022.

² The City directed OPEB plan had a net OPEB asset of \$9,107,299 at June 30, 2021.

The future payments by year of compensated absences, 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, 2022 that is less than the projected fiscal year 2022 benefit expense. The compensated absences are generally liquidated by the department for which the employee works. 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 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.

In November 2021, the City sold \$43,750,000 of 2021A general obligation school bonds to the Virginia Public School Authority (VPSA) at a true interest cost of 1.82% and a premium of \$5,592,120. The bonds were issued to fund modernization and expansion projects for several schools. The City also sold \$10,660,000 of 2021B general obligation school bonds to VPSA at a true interest cost of 1.01% and a premium of \$2,183,722. The bonds were issued to finance non-routine school renewal and replacement projects.

Continued

Notes to Basic Financial Statements
June 30, 2022

6 Continued

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2022 follows:

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022	Due Within One Year
Public Utilities:					
Bonds payable:					
General obligation bonds	\$ 51,680,000	-	(5,990,000)	45,690,000	6,175,000
Revenue bonds	28,105,000	21,765,000	(28,105,000)	21,765,000	935,000
	79,785,000	21,765,000	(34,095,000)	67,455,000	7,110,000
Deferred amounts:					
Plus bond premiums	1,231,325	3,156,624	(612,143)	3,775,806	366,441
Total bonds payable	81,016,325	24,921,624	(34,707,143)	71,230,806	7,476,441
Leases	-	38,020	(7,498)	30,522	7,551
Compensated absences	1,123,605	788,237	(585,403)	1,326,439	429,366
Subtotal before Pension and OPEB liabilities	82,139,930	25,747,881	(35,300,044)	72,587,767	7,913,358
Net pension liability	11,052,254	2,895,781	(10,649,922)	3,298,113	-
Net OPEB liability - VRS directed ⁵	745,426	167,997	(402,282)	511,141	-
Net OPEB liability - City directed ⁶	-	1,612,745	(1,261,535)	351,210	-
Total long-term Public Utilities liabilities	93,937,610	30,424,404	(47,613,783)	76,748,231	7,913,358
Chesapeake Transportation System:					
Revenue Bonds Payable:					
Senior Bonds	103,435,000	-	(3,300,000)	100,135,000	4,130,000
Capital Appreciation Bonds ¹	64,689,880	3,167,328	-	67,857,208	-
Direct Placement:					
VTIB Bonds - Subordinate Lien ^{2 3}	125,157,882	-	(5,588,202)	119,569,680	7,011,271
Due to Commonwealth of Virginia ⁴	70,766,661	988,608	-	71,755,269	-
	364,049,423	4,155,936	(8,888,202)	359,317,157	11,141,271
Deferred Amounts:					
Plus bond premiums	5,185,278	-	(254,728)	4,930,550	179,996
Total bonds payable	369,234,701	4,155,936	(9,142,930)	364,247,707	11,321,267
Compensated absences	155,570	146,469	(76,167)	225,872	77,695
Subtotal before Pension and OPEB Liabilities	369,390,271	4,302,405	(9,219,097)	364,473,579	11,398,962
Net pension liability	1,523,782	401,953	(1,479,272)	446,463	-
Net OPEB liability - VRS directed ⁵	100,066	23,331	(55,855)	67,542	-
Net OPEB liability - City directed ⁶	-	224,433	(175,342)	49,091	-
Total long-term CTS liabilities	371,014,119	4,952,122	(10,929,566)	365,036,675	11,398,962
Stormwater Management:					
Compensated absences	358,013	287,422	(194,404)	451,031	148,287
Net pension liability	4,338,696	1,148,112	(4,241,912)	1,244,896	-
Net OPEB liability - VRS directed ⁵	287,361	66,874	(160,375)	193,860	-
Net OPEB liability - City directed ⁶	-	642,145	(504,707)	137,438	-
Total long-term Stormwater Management liabilities	4,984,070	2,144,553	(5,101,398)	2,027,225	148,287
Economic Development Authority					
Direct Borrowing - Revenue Bond	5,981,000	-	(760,000)	5,221,000	790,000
Direct Borrowing - Loan payable	1,319,095	-	-	1,319,095	-
Direct Borrowing - Notes payable	-	7,036,800	-	7,036,800	-
Total Economic Development Authority liabilities	7,300,095	7,036,800	(760,000)	13,576,895	790,000
Total long-term liabilities	\$ 477,235,894	44,557,879	(64,404,747)	457,389,026	20,250,607

¹ The increase is the annual accreted interest which totals \$25,024,687 at June 30, 2022.

² The current amount of \$7,011,271 reflects a required prepayment of \$6,904,500 from excess net operating revenues at the end of fiscal year 2022.

³ The balance of the VTIB loan includes \$15,317,294 of accrued interest.

⁴ The amount due to the Commonwealth of Virginia includes total accrued interest of \$8,190,057 at June 30, 2022.

⁵ The VRS directed OPEB plan has a net OPEB asset of \$5,321 for Public Utilities, \$769 for Chesapeake Transportation System, and \$2,124 for Stormwater Management at June 30, 2022.

⁶ The City directed OPEB plan had a net OPEB asset of \$535,788 for Public Utilities, \$74,145 for Chesapeake Transportation System, and \$216,485 for Stormwater Management at June 30, 2021.

Continued

Notes to Basic Financial Statements
June 30, 2022

6 Continued

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

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

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

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022	Due Within One Year
Net pension liability	\$ 446,678,440	94,366,169	(308,603,447)	232,441,162	-
Net OPEB liability - Schools directed plans	188,177,916	29,882,342	(42,136,440)	175,923,818	-
Net OPEB liability - VRS directed plans ¹	62,411,205	9,744,320	(17,125,941)	55,029,584	-
Compensated absences	42,739,612	24,098,225	(21,790,099)	45,047,738	1,074,950
Liability for self-insurance losses	2,588,328	1,004,484	(892,525)	2,700,287	-
Leases	-	14,159,900	(1,619,090)	12,540,810	1,387,686
Notes payable	15,569,497	7,511,860	(3,691,667)	19,389,690	3,923,071
Total long-term liabilities	\$ 758,164,998	180,767,300	(395,859,209)	543,073,089	6,385,707

¹ The VRS directed OPEB plan has a net OPEB asset of \$83,224 at June 30, 2022.

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

	Balances at July 1, 2021	Increases	Decreases	Balances at June 30, 2022	Due Within One Year
Other Discretely Presented Component Units:					
Chesapeake Mosquito Control Commission:					
Compensated absences	\$ 131,491	126,884	255	258,630	80,663
Leases	-	5,381	(437)	4,944	1,766
Net pension liability	1,387,434	519,888	(1,804,635)	102,687	-
Net OPEB liability - VRS directed ¹	146,579	28,685	(67,372)	107,892	-
Net OPEB liability - City directed ²	-	266,505	(201,449)	65,056	-
	1,665,504	947,343	(2,073,638)	539,209	82,429

¹ The VRS directed OPEB plan has a net OPEB asset of \$884 at June 30, 2022.

² The City directed OPEB plan had a net OPEB asset of \$81,787 at June 30, 2021.

Business-type Activities:

Chesapeake Airport Authority:					
Direct Placement Revenue bonds	430,000	147,578	(105,000)	472,578	105,000
	\$ 430,000	\$ 147,578	\$ (105,000)	472,578	105,000
Total long-term liabilities	\$ 2,095,504	1,094,921	(2,178,638)	1,011,787	187,429

Continued

Notes to Basic Financial Statements
June 30, 2022

6 Continued

On June 1, 2022, the Chesapeake Airport Authority (Airport), a discretely presented component unit of the City, sold \$4,500,000 in revenue bonds to the Virginia Resources Authority (VRA) as administrator of the Virginia Airports Revolving Fund. The purpose of the 2022 bonds was the construction of two new pre-manufactured aircraft hangars with connected office space and the replacement of a 7,500 square foot Fixed Base Operators (FBO) facility. The Airport will make interest only debt service payments on the amount of bond funds drawn as of January 1, 2024 and 2025. As of June 30, 2022, \$147,578 has been drawn.

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

Outstanding bond issues for governmental activities at June 30, 2022 include the following:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Governmental activities - General Obligation Bonds					
2010C-2 Tax Increment Financing Bonds (Taxable BABs)	4.34 - 5.36%	\$ 3,295,000	3,295,000	-	-
2010A Tax Increment RZED Bonds	5.51 - 6.07%	1,190,000	1,190,000	-	-
2011A Public Improvement Refunding Bonds	3.00%	925,000	-	925,000	-
2012A Public Improvement Refunding Bonds	3.00 - 4.00%	2,890,000	1,960,000	930,000	-
2012D Public Improvement Refunding Bonds	3.00 - 5.00%	4,420,000	3,375,000	1,045,000	-
2014A Public Improvement Refunding Bonds	2.50 - 3.38%	2,030,000	1,565,000	465,000	-
2017A Public Improvement Refunding Bonds	3.00 - 5.00%	3,850,000	635,000	3,215,000	-
2017A Public Improvement Bonds (20 Year)	4.00 - 5.00%	50,160,000	30,090,000	20,070,000	-
2017B Tax Increment Financing Bonds	3.00 - 5.00%	4,710,000	3,120,000	1,590,000	-
2020A Public Improvement Bonds (20 Year)	5.00%	27,000,000	13,500,000	13,500,000	-
2020A BABs Refunding Bonds	5.00%	20,865,000	-	20,865,000	-
2020B Tax Increment Refunding Bonds	5.00%	5,125,000	-	5,125,000	-
2020B BABs Refunding Bonds	5.00%	3,035,000	-	3,035,000	-
Direct Placements					
2002A VPSA School Bonds	5.10%	415,000	415,000	-	-
2003A VPSA School Bonds	4.60%	340,000	340,000	-	-
2005A VPSA School Bonds	4.35 - 5.10%	5,515,000	5,515,000	-	-
2005B VPSA School Bonds	4.60 - 5.10%	2,725,000	2,725,000	-	-
2006A VPSA School Bonds	4.60 - 5.10%	6,060,000	6,060,000	-	-
2006B VPSA School Bonds	4.40 - 4.60%	6,010,000	6,010,000	-	-
2007A VPSA School Bonds	4.10 - 5.10%	4,285,000	4,285,000	-	-
2007B VPSA School Bonds	4.35 - 5.10%	3,900,000	3,900,000	-	-
2009A VPSA School Bonds	4.05 - 5.05%	17,685,000	17,685,000	-	-
2010A VPSA School Bonds	3.30 - 5.05%	6,850,000	6,850,000	-	-
2011A VPSA School Bonds	3.30 - 4.05%	5,675,000	5,675,000	-	.00% - .50%
2011B VPSA School Bonds (QSCB)	4.00%	2,385,000	-	2,385,000	-
2013A VPSA School Bonds	3.55 - 5.05%	12,930,000	11,235,000	1,695,000	.00% - 1.00%
2013B VPSA School Bonds	5.05%	2,005,000	-	2,005,000	-
2016A VPSA School Bonds	2.05 - 5.05%	3,430,000	2,280,000	1,150,000	.50% - 1.00%
2016B VPSA School Bonds	5.05%	3,790,000	-	3,790,000	-
2019B VPSA School Bonds (10 Year)	3.05 - 5.05%	3,745,000	-	3,745,000	-
2019A VPSA Schools Bonds (20 Year)	2.80 - 5.05%	17,845,000	9,900,000	7,945,000	.00% - 1.00%
2021A VPSA School Bonds (20 Year)	1.93 - 5.05%	43,750,000	21,855,000	21,895,000	.00% - 1.00%
2021B VPSA School Bonds (10 Year)	5.05%	10,660,000	-	10,660,000	-
		\$ 289,495,000	163,460,000	126,035,000	

Continued

Notes to Basic Financial Statements
June 30, 2022

6 Continued

Debt service requirements to maturity for governmental activities:

	Governmental Activities			
	General Obligation Bonds		Direct Placement Bonds and Installment Purchase Agreement	
	Principal	Interest	Principal	Interest
Year ending June 30:				
2023	\$ 11,815,000	5,792,391	16,745,000	7,283,072
2024	11,130,000	5,276,044	16,860,000	6,062,645
2025	11,420,000	4,756,453	16,120,000	5,260,109
2026	10,675,000	4,227,297	16,595,000	4,484,936
2027	9,715,000	3,727,261	14,800,000	3,739,033
2028-2032	42,995,000	11,586,372	47,902,284	10,541,621
2033-2037	26,055,000	3,913,184	19,615,000	2,863,371
2038-2042	4,500,000	337,500	13,895,000	752,415
	\$ 128,305,000	39,616,502	162,532,284	40,987,202

Outstanding bond issues for business-type activities at June 30, 2022 include the following:

	Remaining Interest Rates	Amount Outstanding	Callable	Noncallable	Call Premium
Business-type activities					
Public Utilities - General Obligation bonds					
2017C Water and Sewer Refunding bonds	4.00 - 5.00%	\$ 16,355,000	-	16,355,000	-
2020C Water and Sewer Refunding bonds	1.43 - 2.12%	29,335,000	29,335,000	-	-
Total Public Utilities - General Obligation bonds		45,690,000	29,335,000	16,355,000	-
Public Utilities - Revenue bonds					
2021 Water and Sewer Revenue bonds	5.04 - 6.28%	21,765,000	13,390,000	8,375,000	-
Total Public Utilities - Revenue bonds		21,765,000	13,390,000	8,375,000	-
Total Public Utilities bonds		67,455,000	42,725,000	24,730,000	-
Chesapeake Transportation System (CTS) - Revenue bonds:					
2012A - Refunding	3.00 - 5.00%	7,710,000	-	7,710,000	-
2012A - New Money	4.00 - 5.00%	92,425,000	92,425,000	-	-
2012B - Convertible CABS	4.75 - 4.88%	67,857,208	64,438,466	3,418,742	-
Direct Placement bonds:					
2012C - VTIB - Direct Placement	3.33%	119,569,680	119,569,680	-	-
Total CTS Toll Road Revenue bonds		287,561,888	276,433,146	11,128,742	-
Economic Development Authority (EDA) Direct Placement bonds:					
2018 Public Facility Revenue bond	3.88%	5,221,000	5,221,000	-	-
Total EDA Public Facility bond		\$ 5,221,000	5,221,000		

Notes to Basic Financial Statements
June 30, 2022

6 Continued

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

	Business-type Activities							
	Public Utilities		Chesapeake Transportation System				Economic Development Authority	
	Bonds		Senior Revenue Bonds		Direct Placement VTIB Bonds ¹		Direct Placement Revenue Bond	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year ending June 30:								
2023	\$ 7,110,000	1,982,507	4,130,000	4,745,150	7,011,271	3,981,670	790,000	202,575
2024	7,260,000	1,726,257	4,975,000	6,242,656	110,326	3,748,195	820,000	171,923
2025	7,460,000	1,442,008	2,185,000	7,799,713	114,000	3,744,521	852,000	140,107
2026	7,755,000	1,144,197	2,400,000	7,708,013	117,796	3,740,725	885,000	107,049
2027	3,450,000	946,147	2,500,000	7,610,013	121,719	3,736,802	919,000	72,911
2028 - 2032	19,200,000	3,228,882	18,885,000	35,743,325	1,528,783	18,613,990	955,000	37,054
2033 - 2037	9,470,000	1,008,918	27,455,000	30,082,659	9,571,940	17,867,011	-	-
2038 -2042	5,750,000	232,900	31,102,208	22,508,053	20,264,256	15,612,062	-	-
2043 -2047	-	-	49,450,000	12,748,250	40,572,295	10,974,827	-	-
2048 -2052	-	-	24,910,000	622,750	40,157,294	3,266,948	-	-
	\$ 67,455,000	11,711,816	167,992,208	135,810,582	119,569,680	85,286,751	5,221,000	731,619

¹ The future debt service requirements for the Chesapeake Transportation System incorporates the revised Minimum Payment Schedule for VTIB. FY2022 includes a prepayment of \$6,904,500 from excess revenues.

Legal Debt Margin (per Constitution of Virginia):

Assessed valuation - real estate	\$ 31,253,557,594
Legal debt limit - 10.0% of assessed valuation	3,125,355,759

Amount of debt applicable to legal debt limit:

General bonded debt	\$ 645,854,172
Add: Long-Term Payables	5,221,000
Less:	
Self-supporting revenue bonds	(338,661,888)
Subordinate double barrel bonds	(16,355,000)
Amounts available for repayment	(12,557,804)
Legal debt margin available	\$ 2,841,855,279

Percent of:

Legal debt margin outstanding	9.07%
Legal debt margin available	90.93%
	100.00%

Summary of assessed valuation:

Public service real estate	\$ 1,069,673,494
Other city real estate	30,183,884,100
	\$ 31,253,557,594

Notes to Basic Financial Statements
June 30, 2022

6 Continued

Bonds Authorized, but Unissued

Under a City charter amendment approved by the General Assembly of Virginia during 1994, City Council may authorize issuance of bonds or notes in any calendar year in an amount not to exceed \$4,500,000 plus the amount of all bonds and notes retired in the prior calendar year, provided that the amount of such bonds or notes together with existing indebtedness of the City does not exceed 8% of the assessed valuation of real estate in the City subject to taxation, as shown by the last preceding assessment for taxes. The charter bond authorization for the calendar year ended December 31, 2021 was \$36,490,000. 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 \$413,350,000 as of June 30, 2022.

The City Council adopted a debt management policy in 2007 that further restricted the amount that can be borrowed to a maximum \$3,000 overall net debt per capita and a threshold of 3.5% ratio of overall net debt to assessed value of taxable real property. Effective July 1, 2015, City Council limited the City's tax-supported debt service to 10.0% of budgeted general governmental revenues.

Direct Placement and Direct Borrowing Disclosures

The bonds directly placed with the Virginia Public School Authority (VPSA) are subject to additional finance-related consequences. In the event of default, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of the default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.

The bonds directly placed with the Virginia Transportation Infrastructure Board (VTIB) are subject to an acceleration clause. Beginning in February 2019, operating revenues remaining after the requirements are met for operations, debt service, all associated reserves, and renewal and replacement at the end of each fiscal year must be used to prepay the outstanding principal amount of the VTIB bond on the next July 15 payment date.

The City has no outstanding variable rate debt, lines of credit, or other short-term borrowings as of June 30, 2022.

Debt Supported by Pledged Revenues

- (a) In July 2018, the EDA issued an \$8.1 million taxable public facility revenue bond, Series 2018 (Garage Project) that was privately-placed with a local banking institution. The bond had a true interest cost of 4.15% and matures on June 1, 2028. The net bond proceeds after closing costs were used to acquire by restrictive covenant a possessory interest in 1,000 public parking spaces in the parking garage adjacent to the Dollar Tree Headquarters. The City has pledged, subject to appropriation by City Council, to fund the required annual debt service payments from incremental tax revenues of the Greenbrier Area Commercial District.

The incremental tax revenues of Greenbrier Area Commercial District are also pledged to pay debt service on the General Obligation Refunding Bonds (Greenbrier Tax Increment Financing) Series 2020B. In

Continued

Notes to Basic Financial Statements
June 30, 2022

6 Continued

FY2022, \$12,099,922 in revenues were received to pay debt service of \$2,281,563. As of June 30, 2022, an additional \$15,791,619 in debt service was outstanding through August 1, 2030.

- (b) The City has pledged the incremental tax revenues derived from the South Norfolk Revitalization District to pay the debt service on the General Obligation Bonds (South Norfolk Tax Increment Financing) Series 2017B, the General Obligation Bonds (South Norfolk Tax Increment Financing) Series 2010C-2 (Federally Taxable Build America Bonds), and the General Obligation Tax Increment Bonds (South Norfolk Revitalization District) Series 2010A. In FY2022, \$7,605,710 in revenues were collected to pay debt service of \$1,097,380. As of June 30, 2022, an additional \$11,648,864 in debt service was outstanding through August 1, 2036.
- (c) The City has pledged the net revenues derived from the City's water and sewer system to pay the debt service on the Water and Sewer System Revenue Refunding Bonds Series 2021, the General Obligation Water and Sewer Refunding Bonds Series 2020C (Federally Taxable), and the General Obligation Water and Sewer Bonds Series 2017C. In FY2022, \$82,037,965 in revenues were collected to pay debt service of \$9,721,919.50. As of June 30, 2022, an additional \$79,166,816 in debt service was outstanding through July 1, 2041.
- (d) In November 2012, the City issued \$150,722,520 of Chesapeake Transportation System Senior Toll Road Revenue Bonds. The bonds were issued in part to finance a portion of the construction costs of the Dominion Boulevard project improvements. Additionally, a portion of the bonds refunded the 1999A Chesapeake Expressway Toll Road Revenue bonds for the purpose of being incorporated into the Chesapeake Transportation System Plan of Finance and Indenture of Trust. The aggregate difference in debt service between the refunding debt and the refunded debt was \$10 million. Chesapeake Transportation System (CTS) Toll Road Revenue bonds and other obligations of CTS are payable solely from net toll revenues as defined in the Master Indenture of Trust.

The issuance included \$42,832,520 of Convertible Capital Appreciation Bonds (CABS) that will have accreted interest of \$28,487,480 comprised of \$8,378,891 on the 2032 maturity at 4.750% and \$20,108,589 on the 2040 maturity at 4.875%, for a total value at conversion and maturity of \$71,320,000. Interest on the CABS is compounded semi-annually and added to the value of the bonds until the conversion date of July 15, 2023 at which time the interest will be payable semi-annually. The accreted interest on the CABS through June 30, 2022 is \$25,024,687.

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

Continued

Notes to Basic Financial Statements
June 30, 2022

6 Continued

amount of the VTIB bond on the next payment date. As of June 30, 2022, a total of \$13,750,161 in principal has been prepaid.

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, 2022 are \$ 71,755,269, which is comprised of \$33,696,923 due to TFRA and \$38,058,346 in Urban Allocation payments. In FY2022, \$33,624,495 in revenues were collected to pay debt service of \$18,513,504. At June 30, 2022, an additional \$580,414,490 in debt service was outstanding through July 15, 2051.

Contingent Liabilities

In November 2011, the Airport Authority (Airport), a discretely presented component unit of the City, sold its \$1,220,000 revenue refunding bonds to the Virginia Resources Authority (VRA) as administrator of the Virginia Airports Revolving Fund. The purpose of the 2011 bonds was to refund the outstanding 1999 bonds to achieve debt service savings and restructure the payments by extending final maturity by five years. The principal of and interest on the bonds is not subject to acceleration upon the occurrence or continuation of an Event of Default as defined in the Master Indenture of Trust. As part of this transaction, the City Council approved a new support agreement for the 2011 bonds, which pledges the City’s moral obligation with respect to replenishing the debt service reserve. At June 30, 2022, \$325,000 of the bonds remain outstanding, all of which are callable.

Conduit Debt

From time to time, the EDA has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are collateralized by the property financed and are payable solely from payments received on the underlying mortgage loans. Neither the EDA, the City, the Commonwealth, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Notes to Basic Financial Statements
June 30, 2022

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 \$25,662 and in the Debt Service Fund for \$35,438 for the balance outstanding at June 30, 2022 of \$61,100.

The General Fund also budgeted and made payments of \$300,861 on behalf of the Airport Authority during fiscal year 2022. 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.

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, 2022, the amount currently outstanding on this loan is reported in the General Fund as Advances to other funds and totals \$7,294,829, which includes principal of \$6,779,850 and accrued interest of \$514,979.

Internal Service Funds Allocation

Internal service funds (ISF) are used by management to charge the costs of certain activities to individual funds and provide services to both governmental and business-type activities. The assets and liabilities of the internal service funds are included in governmental activities with a portion allocated to the business-type activities and reflected as part of the internal balances. As of June 30, 2022, this amount is \$2,064,820.

Notes to Basic Financial Statements
June 30, 2022

8 Continued

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

The City budgeted and made payments of \$2,850,027 on behalf of the EDA during fiscal year 2022. The City is not anticipating the collection of these payments from the EDA.

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

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, 2022, City Council approved transfers totaling \$33,728,481 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 \$28,000,000 for Broadband Wireless System, \$5,000,000 for Regional Broadband Ring, \$4,000,000 for Tax System Modernization, \$2,975,000 for Mt. Pleasant Rd. Widening - Phase 2, \$2,956,943 for Freeman Ave Railroad Overpass, \$2,295,000 for Facilities High Priority Renewal & Replacement, \$1,500,000 for Data Center Equipment Replacement, \$1,500,000 for Fire Vehicle Replacement, and \$1,500,000 for TCC - Science/Engineering Building. In addition to the transfers below, the interfund loan activity between CTS and the governmental activities was recorded as a transfer in the amount of \$214,018.

Interfund transfers for the year ended June 30, 2022 are as follows:

Transfers To Other Funds	Transfers From Other Funds					Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Enterprise Funds	Internal Service Funds	
General Fund	\$ -	38,877	21,084,540	376,027	53,472	21,552,916
Debt Service Fund	32,088,095	337,974	2,653,641	-	-	35,079,710
Capital Projects Fund	33,728,481	-	31,430,363	-	1,000,000	66,158,844
Other Governmental Funds	19,617,867	3,909,806	24,617	-	-	23,552,290
Enterprise Funds	1,203,109	1,065,172	2,666,746	-	-	4,935,027
Internal Service Funds	130,000	178,153	-	-	-	308,153
Total	\$ 86,767,552	5,529,982	57,859,907	376,027	1,053,472	151,586,940

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Notes to Basic Financial Statements
June 30, 2022

9 Leases

The City and the Schools, a component unit, have adopted GASB Statement No. 87 - *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

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

City - Leases Receivable

Governmental Activities

During the fiscal year, the City leased land as lessor for farmland use and to construct and operate telecommunication towers. An initial lease receivable was recorded in the amount of \$318,934. As of June 30, 2022, the value of the lease receivable was \$174,528. The City will receive annual fixed payments of \$145,533. The land leases have lease terms ranging from 18 months to 46 months and interest rates ranging from 0.20% to 0.54%. The value of the deferred inflows of resources as of June 30, 2022 was \$200,297 and the City recognized lease revenues of \$118,637 during the fiscal year.

During the fiscal year, the City entered into a 115 month lease as lessor for the use of land to construct and operate a telecommunications tower. This lease was not included in the measurement of lease receivable as payments are variable based on future performance of the lessee. The City will receive a variable payment of 40% of gross revenues generated from the use of the tower. As of June 30, 2022, the City recognized lease revenues of \$19,487 from the lease arrangement.

During the fiscal year, the City leased telecommunication towers as lessor. An initial lease receivable was recorded in the amount of \$805,223. As of June 30, 2022, the value of the lease receivable was \$583,435. The City will receive monthly fixed payments of \$18,478. The telecommunications tower leases have lease terms ranging from 22 months to 77 months and interest rates ranging from 0.20% to 0.98%. The value of the deferred inflows of resources as of June 30, 2022 was \$572,397 and the City recognized lease revenues of \$232,826 during the fiscal year.

Lease receivable and deferred inflows of resources for the Primary Government are reported with other receivables and deferred inflows of resources in the Statement of Net Position as of June 30, 2022 as follows:

Governmental Activities					
Asset Class	Lease Receivable	Deferred Inflows of Resources	Lease Revenue Recognized During Fiscal Year	Variable Lease Payments Recognized During Fiscal Year	
Land	\$ 174,528	200,297	118,637	19,487	
Equipment	583,435	572,397	232,826	-	
Total	\$ 757,963	772,694	351,463	19,487	

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Notes to Basic Financial Statements
June 30, 2022

9 Continued

City - Leases Payable

Governmental Activities

During the fiscal year, the City leased buildings as lessee to use as office and storage spaces. An initial liability was recorded in the amount of \$3,795,777. As of June 30, 2022, the value of the lease liability was \$3,350,707. The City is required to make monthly fixed payments of \$58,801. The building leases have lease terms ranging from 16 months to 120 months and interest rates ranging from 0.07% to 1.89%. The value of the right to use asset as of June 30, 2022 was \$3,889,443 with an accumulated amortization of \$504,982.

During the fiscal year, the City leased vehicles, multifunction printers, postage meters, and fire hydrants as lessee. An initial liability was recorded in the amount of \$610,428. As of June 30, 2022, the value of the lease liability was \$535,319. The City is required to make monthly and quarterly fixed payments of \$17,458. The leases have lease terms ranging from 25 months to 312 months and interest rates ranging from 0.20% to 2.06%. The value of the right to use asset as of June 30, 2022 was \$610,428 with an accumulated amortization of \$74,989.

Business-Type Activities

During the fiscal year, the City entered into a 60 month lease as lessee for the use of a gas storage tank. An initial liability was recorded in the amount of \$38,020. As of June 30, 2022, the value of the lease liability was \$30,522. The City is required to make monthly fixed payments of \$645. The lease has an interest rate of 0.70%. The value of the right to use asset as of June 30, 2022 was \$38,020 with an accumulated amortization of \$7,604.

Other Discretely Presented Component Units

During the fiscal year, the Chesapeake Mosquito Control Commission entered into a 36 month lease as lessee for the use of a multifunction printer. An initial liability was recorded in the amount of \$5,381. As of June 30, 2022, the value of the lease liability was \$4,944. The City is required to make monthly fixed payments of \$154. The lease has an interest rate of 2.06%. The value of the right to use asset as of June 30, 2022 was \$5,381 with an accumulated amortization of \$429.

Leased assets by major classes for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission are reported with other capital assets in the Statement of Net Position as of June 30, 2022 as follows:

Asset Class	Governmental Activities		Business-type Activities		Other Discretely Presented Component Units	
	Leased Asset Value	Accumulated Amortization	Leased Asset Value	Accumulated Amortization	Leased Asset Value	Accumulated Amortization
Buildings	\$ 3,889,443	504,982	-	-	-	-
Vehicles and equipment	610,428	74,989	38,020	7,604	5,381	429
Total Leases	\$ 4,499,871	579,971	38,020	7,604	5,381	429

Future principal and interest requirements to maturity for leases payable for the Primary Government, including the discretely presented component unit, Chesapeake Mosquito Control Commission, as of June 30, 2022 are as follows:

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Notes to Basic Financial Statements
June 30, 2022

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Fiscal years:	Governmental Activities		Business-type Activities		Other Discretely Presented Component Units		Total Payments
	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 682,379	58,454	7,551	190	1,766	85	750,425
2024	518,175	50,057	7,603	136	1,802	49	577,822
2025	476,912	41,493	7,657	83	1,376	12	527,533
2026	374,924	34,783	7,711	29	-	-	417,447
2027	369,765	28,860	-	-	-	-	398,625
2028-2032	1,428,829	62,740	-	-	-	-	1,491,569
2033-2037	10,739	2,461	-	-	-	-	13,200
2038-2042	11,655	1,545	-	-	-	-	13,200
2043-2047	12,648	552	-	-	-	-	13,200
Total	\$ 3,886,026	280,945	30,522	438	4,944	146	4,203,021

Schools - Leases Receivable

As of June 30, 2022, the Schools is the lessor of three cell tower sites and had lease receivable of \$514,081. These leases have interest rates ranging from 0.37% to 0.84% with annual payments extending out to 2027. The value of the deferred inflows of resources as of June 30, 2022 was \$510,480 and the Schools recognized lease revenues of \$132,028 during the fiscal year.

Schools - Leases Payable

As of June 30, 2022, the Schools is the lessee of three vehicle leases with interest rates ranging from 0.76% to 2.28% and total annual payments ranging from \$436,000 to \$1.2 million extending out to 2031. The value of the right to use asset as of June 30, 2022 was \$14,159,900 with an accumulated amortization of \$932,823. Future principal and interest requirements to maturity for leases payable for the Schools as of June 30, 2022 are as follows:

Fiscal years:	Principal	Interest	Total Payments
2023	\$ 1,387,686	231,404	1,619,090
2024	1,413,822	205,268	1,619,090
2025	1,440,469	178,620	1,619,089
2026	1,467,638	151,451	1,619,089
2027	1,495,339	123,750	1,619,089
2028-2032	5,335,856	218,378	5,554,234
Total	\$ 12,540,810	1,108,871	13,649,681

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

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Notes to Basic Financial Statements
June 30, 2022

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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.

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

VRS PLAN 1

About VRS Plan 1

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

Eligible Members

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

Hybrid Opt-In Election

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

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

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

Retirement Contributions

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

Service Credit

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

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Notes to Basic Financial Statements
June 30, 2022

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Vesting

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

Calculating the Benefit

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

Average Final Compensation

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

Service Retirement Multiplier

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

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

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

Retirement Age

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

Earliest Unreduced Retirement Eligibility

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

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

Earliest Reduced Retirement Eligibility

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

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

Cost-of-Living Adjustment (COLA) in Retirement

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

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

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Notes to Basic Financial Statements
June 30, 2022

10 Continued

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

Exceptions to COLA Effective Dates:

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

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

Disability Coverage

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

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 service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement, and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

VRS PLAN 2***About VRS Plan 2***

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

Eligible Members

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

Hybrid Opt-In Election

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

Notes to Basic Financial Statements
June 30, 2022

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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.

Service Credit

Same as VRS Plan 1.

Vesting

Same as VRS Plan 1.

Calculating the Benefit

See definition under VRS Plan 1.

Average Final Compensation

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

Service Retirement Multiplier

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

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

Normal Retirement Age

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

Earliest Unreduced Retirement Eligibility

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

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

Earliest Reduced Retirement Eligibility

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

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

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Notes to Basic Financial Statements
June 30, 2022

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COLA in Retirement

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

Eligibility:

Same as VRS Plan 1.

Exceptions to COLA Effective Dates:

Same as VRS Plan 1.

Disability Coverage

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

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

Purchase of Prior Service

Same as VRS Plan 1.

VRS HYBRID RETIREMENT PLAN

About VRS Hybrid Retirement Plan

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

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

Eligible Members

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

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

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

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

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Notes to Basic Financial Statements
June 30, 2022

10 Continued

Retirement Contributions

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

Service Credit

Defined Benefit Component:

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

Defined Contributions Component:

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

Vesting

Defined Benefit Component:

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

Defined Contributions Component:

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

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

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

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

Distributions not required, except as governed by law.

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Notes to Basic Financial Statements
June 30, 2022

10 Continued

Calculating the Benefit

Defined Benefit Component:

See definition under VRS Plan 1.

Defined Contribution Component:

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

Average Final Compensation

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

Service Retirement Multiplier

Defined Benefit Component:

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

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

Defined Contribution Component:

Not applicable.

Normal Retirement Age

Defined Benefit Component:

Same as VRS Plan 2.

Defined Contribution Component:

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

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

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

Defined Contribution Component:

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

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

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

Defined Contribution Component:

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

COLA in Retirement

Defined Benefit Component:

Same as VRS Plan 2.

Continued

Notes to Basic Financial Statements
June 30, 2022

10 Continued

Defined Contribution Component:

Not applicable.

Eligibility:

Same as VRS Plan 1 and VRS Plan 2.

Exceptions to COLA Effective Dates:

Same as VRS Plan 1 and VRS Plan 2.

Disability Coverage

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

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

Purchase of Prior Service

Defined Benefit Component:

Same as VRS Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation for the City and the June 30, 2020 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	2,533	799
Inactive members not currently receiving benefits:		
Vested inactive members	487	135
Non-vested inactive members	1,009	321
LTD	2	3
Active elsewhere in VRS	834	174
Total inactive members not currently receiving benefits	2,332	633
Active members	3,302	999
Total covered employees	8,167	2,431

Notes to Basic Financial Statements
June 30, 2022

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, 2022 was 15.64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the City were \$26,673,312 and \$25,708,860 for the years ended June 30, 2022 and June 30, 2021, respectively.

Each school division's contractually required contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$43,406,526 and \$41,069,791 for the years ended June 30, 2022 and June 30, 2021, respectively.

In addition, for the Nonprofessional (non-teacher) employees, Schools' contractually required contribution rate for the year ended June 30, 2022 was 10.15% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by Schools were \$2,075,319 and \$2,034,734 for the years ended June 30, 2021 and June 30, 2020, 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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021. At June 30, 2022, the City reported a net pension liability of \$69,648,326.

At June 30, 2022, Schools reported a net pension liability of \$225,579,307 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, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, Schools' proportion was 2.90579% compared to 2.91539% at June 30, 2020.

Continued

Notes to Basic Financial Statements
June 30, 2022

10 Continued

In addition, Schools' net pension liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. At June 30, 2022, Schools reported a liability of \$6,861,855 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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021.

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

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

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

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Notes to Basic Financial Statements
June 30, 2022

10 Continued

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

Non-Hazardous Duty:

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

Actuarial Assumptions – Public Safety Employees with Hazardous duty Benefits

The total pension liability for Public Safety employees in the City Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021.

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

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

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

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Notes to Basic Financial Statements
June 30, 2022

10 Continued

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

Hazardous Duty:

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions – Schools Teachers

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

Pre-Retirement:	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.
Post-Retirement:	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
Post-Disablement:	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

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Notes to Basic Financial Statements
June 30, 2022

10 Continued

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%	N/A	4.89%
Inflation			2.50%
Expected arithmetic nominal return *			7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

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Notes to Basic Financial Statements
June 30, 2022

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, 2021, 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 actuarial valuation, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in City Net Pension Liability

City	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2020	\$ 1,072,154,653	855,689,337	216,465,316
Changes for the year:			
Service cost	22,704,749	-	22,704,749
Interest	70,456,742	-	70,456,742
Changes of assumptions	40,716,866	-	40,716,866
Differences between expected and actual experience	(15,288,086)	-	(15,288,086)
Contributions - employer	-	25,873,056	(25,873,056)
Contributions - employee	-	8,224,927	(8,224,927)
Net investment income	-	231,870,014	(231,870,014)
Benefit payments, including refunds of employee contributions	(56,702,122)	(56,702,122)	-
Administrative expense	-	(582,574)	582,574
Other changes	-	21,838	(21,838)
Net changes	61,888,149	208,705,139	(146,816,990)
Balances at June 30, 2021	\$ 1,134,042,802	1,064,394,476	69,648,326

Notes to Basic Financial Statements
June 30, 2022

10 Continued

Schools - Nonprofessional	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2020	\$ 114,079,696	91,667,064	22,412,632
Changes for the year:			
Service cost	1,932,319	-	1,932,319
Interest	7,486,062	-	7,486,062
Changes of assumptions	3,644,591	-	3,644,591
Differences between expected and actual experience	(946,700)	-	(946,700)
Contributions - employer	-	2,041,421	(2,041,421)
Contributions - employee	-	996,104	(996,104)
Net investment income	-	24,690,149	(24,690,149)
Benefit payments, including refunds of employee contributions	(6,350,150)	(6,350,150)	-
Administrative expense	-	(62,944)	62,944
Other changes	-	2,319	(2,319)
Net Changes	5,766,122	21,316,899	(15,550,777)
Balances at June 30, 2021	\$ 119,845,818	112,983,963	6,861,855

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability - City	\$ 211,973,025	69,648,326	(48,585,296)
Net Pension Liability - Schools Nonprofessional			
Schools' proportionate share of the VRS	20,830,256	6,861,855	(4,821,883)
Teacher Employee Retirement Plan Net Pension Liability	435,355,849	225,579,307	53,010,083

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

For the year ended June 30, 2022, the City recognized pension expense of \$12,352,266. At June 30, 2022, 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	\$ 6,156,971	11,378,090
Change in assumptions	36,809,695	-
Net difference between projected and actual earnings on pension plan investments	-	114,901,091
Employer contributions subsequent to the measurement date	26,673,312	-
Total	\$ 69,639,978	126,279,181

Continued

Notes to Basic Financial Statements
June 30, 2022

10 Continued

Deferred outflows of resources resulting from the City's contributions subsequent to the measurement date of \$26,673,312 will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2023	\$ (9,877,077)
2024	(17,598,818)
2025	(20,858,061)
2026	(34,978,559)
	<u>\$ (83,312,515)</u>

For the year ended June 30, 2022, Schools recognized a total pension expense of \$5,390,836.

For the year ended June 30, 2022, Schools recognized pension expense of \$3,922,981 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, 2022, Schools recognized pension expense of \$1,467,855 for the Nonprofessional (non-teacher) Retirement Plan.

At June 30, 2022, for the Teacher Retirement Plan (Professional), Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	19,213,480
Net difference between projected and actual earnings on pension plan investments	-	142,154,043
Changes in proportion and differences between employer contributions and proportionate share contributions	3,697,454	1,733,218
Changes in assumptions	39,520,904	-
Employer contributions subsequent to the measurement date	43,406,526	-
Total	\$ 86,624,884	163,100,741

\$43,406,526 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Notes to Basic Financial Statements
June 30, 2022

10 Continued

Year ended June 30,		
2023	\$	(27,362,027)
2024		(24,660,896)
2025		(27,914,784)
2026		(39,980,803)
2027		36,127
	\$	<u>(119,882,383)</u>

In addition, at June 30, 2022, 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	\$ 608,861	592,131
Change in assumptions	2,279,576	-
Net difference between projected and actual earnings on pension plan investments	2,777,529	14,964,113
Employer contributions subsequent to the measurement date	2,075,319	-
Total	\$ 7,741,285	\$ 15,556,244

\$2,075,319 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	
2023	\$ (1,229,388)
2024	(2,100,758)
2025	(2,836,839)
2026	<u>(3,723,293)</u>
	<u>\$ (9,890,278)</u>

Payables to the Pension Plan

The City and Schools reported payables of \$2,574,351 and \$4,423,084 respectively, due to the VRS at June 30, 2022 which represent the June 2022 employer contributions for all plans not contractually required to be remitted until July 2022.

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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Notes to Basic Financial Statements
June 30, 2022

11 Other Postemployment Benefits

Plans Offered by the City and Schools

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

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

SINGLE-EMPLOYER CITY ADMINISTERED OPEB PLAN

PLAN DESCRIPTIONS AND GENERAL INFORMATION

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

Membership and Eligibility

OPEB Plan membership as of June 30, 2022 consisted of 3,259 active service participants and 423 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 actuarial determined contributions (ADC) financing requirements, with an additional amount to prefund benefits as determined annually by the City Council-approved Operating Budget. For fiscal year 2022, the City contributed \$5,291,074 to the plan for current premiums (81.6% of total premiums). The OPEB Trust recognized \$3,604,000 of the City's contributions for the current premiums in lieu of receiving the ADC and will reimburse the City for the difference between the current premiums paid and the required ADC in the amount of \$1,687,074.

Continued

Notes to Basic Financial Statements
June 30, 2022

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 \$1,189,144, or 18.4% of the total premiums, through their required monthly contributions. Member contributions are 0.67% of covered payroll. Costs to administer current benefits are paid from the general fund.

For the year ended June 30, 2022, the City's contribution was 2.04% of covered employee payroll.

ACTUARIAL ASSUMPTIONS – CITY DIRECTED PLAN

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, based on the measurement date of June 30, 2022, unless otherwise specified:

Inflation	2.50%
Investment rate of return	7.00%
Health care trend rates	6.00% initially. The ultimate trend is 3.94%
Mortality Table	Society of Actuaries study for general and public safety employees and mortality improvement (MP2021) scale

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 through June 30, 2022.

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, 2022 was as follows:

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

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Notes to Basic Financial Statements
June 30, 2022

11 Continued

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -13.56%. 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 / GNP per capita	1.40%
Extra Trend due to Technology and other factors	1.00%
Expected Health Share of GDP in 2031	19.00%
Health Share of GDP Resistance Point	20.00%
Year for Limiting Cost Growth to GNP Growth	2075

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

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

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

	1% Decrease (6.00)%	Current Discount Rate (7.00%)	1% Increase (8.00)%
Discount Rate			
Total OPEB liability - City directed plan	\$ 112,052,070	104,224,854	97,095,103
Net OPEB liability (asset) - City directed plan	\$ 14,604,696	6,777,480	(352,271)

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

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

	1% Decrease (2.94)%	Current Medical Trend (3.94%)	1% Increase (4.94)%
Ultimate trend			
Total OPEB liability - City directed Plan	\$ 95,494,736	104,224,854	114,294,093
Net OPEB liability (asset) - City directed plan	\$ (1,952,638)	6,777,480	16,846,719

Notes to Basic Financial Statements
June 30, 2022

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, 2021	\$ 104,522,424	114,537,928	(10,015,504)
Changes for the year:			
Service cost	3,278,093	-	3,278,093
Interest	7,044,560	-	7,044,560
Differences between expected and actual experience	(7,198,696)	-	(7,198,696)
Contributions - employer	-	3,647,087	(3,647,087)
Net investment income	-	(15,446,567)	15,446,567
Changes in assumptions	1,869,547	-	1,869,547
Benefit payments, net of retiree contributions	(5,291,074)	(5,291,074)	-
Net changes	(297,570)	(17,090,554)	16,792,984
Balances at June 30, 2022	\$ 104,224,854	97,447,374	6,777,480

Fiduciary net position as a percentage of total OPEB liability

93.50%

For the year ended June 30, 2022, the City recognized OPEB expense related to the City directed plan of \$4,513,969. At June 30, 2022, 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	\$ 8,433,396	5,998,913
Changes of Assumptions	1,557,957	2,492,099
Net difference between projected and actual earnings on OPEB plan investments	8,652,494	-
Total	\$ 18,643,847	8,491,012

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,

2023	\$ 2,361,693
2024	2,800,084
2025	1,556,366
2026	4,322,880
2027	(888,188)
	<u>\$ 10,152,835</u>

Continued

Notes to Basic Financial Statements
June 30, 2022

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Significant Accounting Policies

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

SCHOOLS DIRECTED OPEB PLAN

PLAN DESCRIPTIONS AND GENERAL INFORMATION

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

Membership and Eligibility

Plan membership as of July 1, 2021 consisted of 5,386 active service participants and 1,337 retirees and beneficiaries currently receiving benefits.

Any full-time eligible employee of 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

Continued

Notes to Basic Financial Statements
June 30, 2022

11 Continued

coverage under the Medicare Advantage plan if they are over 65. Deferred retirements are not allowed to elect coverage at the time of retirement.

CONTRIBUTIONS

The contribution requirements of plan members and 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 2022, Schools contributed \$4,944,112 to the plan to pay for current premiums (59% of total premiums). Plan members receiving benefits contributed \$3,395,186 or 41% of the total premiums, through their required monthly contributions. Costs to administer current benefits are paid from the General Fund.

ACTUARIAL ASSUMPTIONS – SCHOOLS DIRECTED PLAN

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	1.92%

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020.

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

LONG-TERM EXPECTED RATE OF RETURN

Investments

The 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, 2022 was as follows:

Asset Class (Strategy)	Target Allocation
Domestic Equity	31.00%
International Equity	13.00%
Emerging Markets Equity	5.00%
Long/Short Equity	6.00%
Private Equity	10.00%
Fixed Income	20.00%
Real Estate	15.00%
Total	100.00%

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Notes to Basic Financial Statements
June 30, 2022

11 Continued

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense was 6.85%. 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 1.92% at June 30, 2021 and 3.69% at June 30, 2022. 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, 2022 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 (.92%) or one percentage point higher (2.92%) than the current discount rate.

	1% Decrease (.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Net OPEB liability - Schools Administered Plan	\$ 199,736,789	175,923,818	156,027,318

The following presents the June 30, 2021 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 (.92%) or one percentage point higher (2.92%) than the current discount rate.

	1% Decrease (.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Net OPEB liability - Schools Administered Plan	\$ 229,371,043	202,167,603	179,661,787

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, 2022 and June 30, 2021 are as follows:

	June 30, 2022	June 30, 2021
Total OPEB liability	180,726,773	206,970,558
Plan fiduciary net position	4,802,955	4,802,955
CPS' net OPEB liability	175,923,818	202,167,603
Plan fiduciary net position as a percentage of total OPEB liability	2.66%	2.32%

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Notes to Basic Financial Statements
June 30, 2022

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, 2020	\$ 191,874,497	3,696,581	188,177,916
Changes for the year:			
Service cost	6,181,037	-	6,181,037
Interest	4,601,350	-	4,601,350
Changes of assumptions	7,910,410	-	7,910,410
Differences between expected and actual experience	(24,972,132)	-	(24,972,132)
Contributions - employer	-	4,868,389	(4,868,389)
Net investment income	-	1,106,374	(1,106,374)
Benefit payments, including refunds of employee contributions	(4,868,389)	(4,868,389)	-
Net changes	(11,147,724)	1,106,374	(12,254,098)
Balances at June 30, 2021	\$ 180,726,773	4,802,955	175,923,818

For the year ended June 30, 2022, the Schools recognized OPEB expense related to the Schools directed plans of \$9,296,123. At June 30, 2022, 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	\$ 2,263,134	24,219,389
Changes of assumptions	22,675,096	4,149,142
Net difference between projected and actual earnings on OPEB plan investments	-	571,050
Employer contributions subsequent to the measurement date	4,944,112	-
Total	\$ 29,882,342	28,939,581

\$4,944,112 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, 2023. 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:

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Notes to Basic Financial Statements
June 30, 2022

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Year ended June 30,	
2023	\$ (1,195,533)
2024	(1,180,177)
2025	912,854
2026	1,280,256
2027	446,675
Thereafter	(4,265,426)
	<u>\$ (4,001,351)</u>

Significant Accounting Policies

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

VRS DIRECTED OPEB PLANS FOR CITY AND SCHOOLS

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

PLAN DESCRIPTIONS AND GENERAL INFORMATION

Group Life Insurance Programs

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

Plan Description:

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

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Notes to Basic Financial Statements
June 30, 2022

11 Continued

Specific information about the plan is as follows:

Eligibility:

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

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

Benefit Amounts:

The benefits payable under the GLIP have several components.

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

Accidental Death Benefit - Double the natural death benefit

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

Reduction in Benefit Amounts:

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

Minimum Benefit Amount and Cost-of-Living Adjustment:

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLIP. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,722 effective June 30, 2022.

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, 2022

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, 2022

11 Continued

Eligibility:

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

Benefit Amounts:

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

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

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

Health Insurance -

- The health insurance benefits are managed through the Virginia Department of Human Resources Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members.

Health Insurance Credit Program

The Virginia Retirement System Teacher Employee Health Insurance Credit Program is a cost-sharing, multiple-employer plan. The Teacher Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and provides the authority under which benefit terms are established or may be amended. The HIC is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers.

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to § 51.1-1400 et seq. of the *Code of Virginia*, as amended, and provides the authority under which benefit terms are established or may be amended.

Specific information about the plans is as follows:

Plan Description:

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

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Notes to Basic Financial Statements
June 30, 2022

11 Continued

Eligibility:

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

Benefit Amounts - Professional Employees:

The HIC provides the following benefits for eligible employees:

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

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

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

Benefit Amounts - Nonprofessional Employees:

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

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

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

Other Plan Information:

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

As of June 30, 2020 actuarial valuation, the following nonprofessional employees were covered by the benefit terms of the HIC OPEB plan:

Active members	1,405
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CONTRIBUTIONS

Group Life Insurance Programs

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

Employers may elect to pay all or part of the employee contribution, however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the years ended June 30, 2022 and June 30, 2021 to the GLIPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

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Notes to Basic Financial Statements
June 30, 2022

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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, 2022 was 0.83% for City and Schools Nonprofessional employees and 0.47% for Schools Teacher employees in the VLDPs. These rates were based on actuarially determined rates from an actuarial valuation as of June 30, 2019. 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, 2022 and June 30, 2021 to the VLDPs from the City and Schools follow in a summary of contributions for the VRS directed OPEB Plans.

Line of Duty Act Program

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

Health Insurance Credit Program

Nonprofessional - The contribution requirement for active employees is governed by Section 51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was .93% of covered employee compensation for employees in HICP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the years ended June 30, 2022 and June 30, 2021 from Schools to the HIC follow in a summary of contributions for the VRS directed OPEB Plans.

Professional - The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the HIC. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions for the years ended June 30, 2022 and June 30, 2021 from Schools to the HIC follow in a summary of contributions for the VRS directed OPEB Plans.

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Notes to Basic Financial Statements
June 30, 2022

11 Continued

Contributions for the years ended June 30,	City 2022	City 2021	Schools 2022	Schools 2021
GLIPs - City and Nonprofessional Schools	\$ 960,852	\$ 924,169	118,111	115,793
GLIP - Professional employees Schools	N/A	N/A	1,463,804	1,376,761
VLDPs - City and Nonprofessional Schools	371,083	329,180	64,038	57,858
VLDP - Professional employees Schools	N/A	N/A	376,036	294,965
LODA Program	909,370	931,427	N/A	N/A
HIC - Nonprofessional employees Schools	N/A	N/A	201,372	197,417
HIC - Professional employees Schools	N/A	N/A	3,272,149	3,074,717
Total VRS OPEB Contributions	\$ 2,241,305	\$ 2,184,776	\$ 5,495,510	5,117,511

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, 2020 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, 2021.

Actuarial Assumptions and Methods	GLIPs	VLDPs	LODA Program	HIC
Investment Rate of Return*	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
Amortization Method	Level % of Pay Closed	Level % of Pay Closed	Level % of Pay Open	Level % of Pay 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

*Includes inflation at 2.50%. The Line of Duty Act Program uses 4.75% for the investment rate of return.

Additional information about actuarial assumptions and methods is available from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

LONG-TERM EXPECTED RATE OF RETURN

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

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Notes to Basic Financial Statements
June 30, 2022

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Asset Class (Strategy)	Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%	N/A	4.89%
Inflation			2.50%
* Expected arithmetic nominal return			7.39%

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

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

DISCOUNT RATE

The discount rate used to measure the GLIP, the VLDPs, and HIC portions of the VRS administered OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed City and Schools contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, 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, 2021 on, employers are assumed to continue to contribute 100.0% of the actuarially determined contribution rates. Based on those assumptions, the City's and Schools' GLIP, VLDP, and HIC OPEB plans' fiduciary net positions were projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total City's and Schools' GLIP, VLDP, and HIC OPEB liabilities.

Continued

Notes to Basic Financial Statements
June 30, 2022

11 Continued

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

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

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

Net OPEB Liability (Asset)	Employer Proportionate Share	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City GLIP	0.83363%	\$ 14,180,402	9,705,715	6,092,203
City VLDP	10.15913%	(55,086)	(102,838)	(144,251)
Schools GLIP Nonprofessional	0.10386%	1,766,702	1,209,212	759,013
Schools GLIP Professional	1.23488%	21,005,836	14,377,354	9,024,555
Schools VLDP Nonprofessional	1.73527%	(9,409)	(17,565)	(24,639)
Schools VLDP Professional	9.32640%	(9,854)	(65,659)	(114,718)
Schools HIC Nonprofessional	N/A	2,841,322	2,562,866	2,324,671
Schools HIC Professional	2.87325%	41,516,828	36,880,152	32,956,417

Proportionate share of Net OPEB Liability	City Proportionate Share	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City LODA Program	6.76533%	\$ 34,320,656	29,834,537	26,269,943

Sensitivity of the net OPEB liability to Health Care Trend Rate

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

Proportionate share of Net OPEB Liability	1% Decrease (6.00% to 3.75%)	Current Discount Rate (7.00% to 4.75%)	1% Increase (8.00% to 5.75%)
City LODA Program	\$ 24,479,991	29,834,537	36,700,167

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Notes to Basic Financial Statements
June 30, 2022

11 Continued

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

As of June 30, 2022, the City and Schools reported the following OPEB liabilities for their proportionate shares of VRS directed OPEB plans.

OPEB Liabilities/Assets as of June 30, 2022	City		Schools	
	Assets	Liabilities	Assets	Liabilities
GLIPs - City and Nonprofessional Schools	\$ -	9,705,715	-	1,209,212
GLIP - Professional employees Schools	N/A	N/A	-	14,377,354
VLDPs - City and Nonprofessional Schools	102,838	-	17,565	-
VLDP - Professional employees Schools	N/A	N/A	65,659	-
LODA Program	-	29,834,537	N/A	N/A
HIC - Nonprofessional employees Schools	N/A	N/A	-	2,562,866
HIC - Professional employees Schools	N/A	N/A	-	36,880,152
Total VRS OPEB Liabilities/Assets	\$ 102,838	39,540,252	83,224	55,029,584

Nonprofessional - Changes in Net HIC OPEB Liability

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at July 1, 2020	\$ 2,516,734	-	2,516,734
Changes for the fiscal year:			
Service cost	35,611	-	35,611
Interest	169,879	-	169,879
Change of assumptions	61,542	-	61,542
Contributions - employer	-	197,418	(197,418)
Net investment income	-	24,349	(24,349)
Administrative expenses	-	(867)	867
Net changes	267,032	220,900	46,132
Balances at June 30, 2021	\$ 2,783,766	\$ 220,900	\$ 2,562,866

For the year ended June 30, 2022, 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, 2022	City	Schools
GLIPs - City and Nonprofessional Schools	\$ 403,173	9,562
GLIP - Professional employees Schools	N/A	626,316
VLDPs - City and Nonprofessional Schools	281,478	48,009
VLDP - Professional employees Schools	N/A	221,895
LODA Program	2,965,865	N/A
HIC - Nonprofessional employees Schools	N/A	209,706
HIC - Professional employees Schools	N/A	2,982,070
Total VRS OPEB Expenses	\$ 3,650,516	4,097,558

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

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Notes to Basic Financial Statements
June 30, 2022

11 Continued

At June 30, 2022, 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	\$ 1,106,971	73,952	137,915	9,214
GLIP - Professional employees Schools	N/A	N/A	1,639,788	109,547
VLDPs - City and Nonprofessional Schools	61,093	154,072	10,435	26,317
VLDP - Professional employees Schools	N/A	N/A	32,830	36,488
LODA Program	2,487,399	4,517,209	N/A	N/A
HIC - Professional employees Schools	N/A	N/A	-	643,556
Changes of assumptions				
GLIPs - City and Nonprofessional Schools	535,073	1,327,949	66,664	165,446
GLIP - Professional employees Schools	N/A	N/A	792,620	1,967,129
VLDPs - City and Nonprofessional Schools	3,491	27,888	596	4,764
VLDP - Professional employees Schools	N/A	N/A	35,637	-
LODA Program	8,256,207	1,427,124	N/A	N/A
HIC -Nonprofessional employees Schools	N/A	N/A	48,016	-
HIC - Professional employees Schools	N/A	N/A	996,938	148,219
Net difference between projected and actual earnings				
GLIPs - City and Nonprofessional Schools	-	2,316,546	-	288,613
GLIP - Professional employees Schools	N/A	N/A	-	3,431,566
VLDPs - City and Nonprofessional Schools	-	57,379	-	9,801
VLDP - Professional employees Schools	N/A	N/A	-	52,240
LODA Program	-	172,763	N/A	N/A
HIC -Nonprofessional employees Schools	N/A	N/A	-	14,172
HIC - Professional employees Schools	N/A	N/A	-	485,823
Changes in proportion				
GLIPs - City and Nonprofessional Schools	111,501	204,137	-	129,615
GLIP - Professional employees Schools	N/A	N/A	172,075	17,695
VLDPs - City and Nonprofessional Schools	1,367	1,998	333	893
VLDP - Professional employees Schools	N/A	N/A	7,041	-
LODA Program	2,596,578	706,018	N/A	N/A
HIC - Professional employees Schools	N/A	N/A	307,922	175,787
Employer contributions subsequent to the measurement date				
GLIPs - City and Nonprofessional Schools	960,852	-	118,111	-
GLIP - Professional employees Schools	N/A	N/A	1,463,804	-
VLDPs - City and Nonprofessional Schools	371,083	-	64,038	-
VLDP - Professional employees Schools	N/A	N/A	376,036	-
LODA Program	909,370	-	N/A	N/A
HIC -Nonprofessional employees Schools	N/A	N/A	201,372	-
HIC - Professional employees Schools	N/A	N/A	3,272,149	-
Total	\$ 17,400,985	10,987,035	9,744,320	7,716,885

Continued

Notes to Basic Financial Statements
June 30, 2022

11 Continued

Employer contributions subsequent to the measurement date reported as deferred outflows of resources for the City and Schools totaled \$2,241,305 and \$5,495,510 respectively and will be recognized as a reduction of the OPEB liabilities in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's and Schools' OPEB expense in future reporting periods as follows:

Year ended June 30,	2023	2024	2025	2026	2027	Thereafter	Total
GLIP - City	(472,594)	(384,412)	(399,745)	(753,667)	(158,621)	-	(2,169,039)
VLDP - City	(24,005)	(23,914)	(25,265)	(47,608)	(16,412)	(38,182)	(175,386)
LODA - City	903,934	911,872	914,211	916,699	948,872	1,921,482	6,517,070
Total City	407,335	503,546	489,201	115,424	773,839	1,883,300	4,172,645
GLIP - Nonprofessional Schools	(99,548)	(84,273)	(73,173)	(104,181)	(27,134)	-	(388,309)
GLIP - Professional employees Schools	(670,983)	(523,416)	(521,520)	(1,026,528)	(179,007)	-	(2,921,454)
VLDP - Nonprofessional Schools	(4,171)	(4,137)	(4,297)	(8,266)	(2,864)	(6,676)	(30,411)
VLDP - Professional employees Schools	(9,557)	(9,619)	(9,532)	(11,539)	2,998	24,029	(13,220)
HIC - Nonprofessional Schools	9,983	9,983	9,983	3,895	-	-	33,844
HIC - Professional employees Schools	(66,645)	(72,162)	(52,515)	(47,082)	66,570	23,309	(148,525)
Total Schools	(840,921)	(683,624)	(651,054)	(1,193,701)	(139,437)	40,662	(3,468,075)

Significant Accounting Policies

VRS Directed Plans GLIPs, VLDPs, LODA Program and HIC

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

Payables to the VRS Directed OPEB Plans

The City and Schools reported payables \$132,458 and \$760,279, respectively, due to the VRS at June 30, 2022 which represent the June 2022 employer contributions for all plans not contractually required to be remitted until July 2022.

VRS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained by writing to the System's Chief Financial Officer at P.O. box 2500, Richmond, VA, 23218-2500 or from the VRS website at

<https://www.varetire.org/pdf/publications/2021-annual-report.pdf>

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Notes to Basic Financial Statements
June 30, 2022

12 Fund Balances

Primary Government

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable:					
Inventory	\$ 1,410,114	-	-	6,834	1,416,948
Prepaid expenditures and other assets	9,694	-	-	88,171	97,865
Education permanent funds - principal	-	-	-	12,795	12,795
Total nonspendable	1,419,808	-	-	107,800	1,527,608
Restricted for cash flow emergencies	41,064,768	-	-	-	41,064,768
Restricted other:					
General Government:					
Chesapeake Bay Preservation Areas	47,000	-	-	-	47,000
Tax increment financing - Greenbrier	-	-	-	6,100,729	6,100,729
Tax increment financing - South Norfolk	-	-	-	3,840,701	3,840,701
Proffers	-	-	-	2,167,451	2,167,451
Grants	-	-	-	14,349,092	14,349,092
Total General Government	47,000	-	-	26,457,973	26,504,973
Public Safety:					
Proffers	-	-	-	1,016,578	1,016,578
Grants	-	-	-	978,962	978,962
Total Public Safety	-	-	-	1,995,540	1,995,540
Public Works:					
Proffers	-	-	-	2,018,428	2,018,428
Total Public Works	-	-	-	2,018,428	2,018,428
Parks and Recreation:					
Grants	-	-	-	211,763	211,763
Total Parks and Recreation	-	-	-	211,763	211,763
Public Welfare:					
Integrated behavioral healthcare	-	-	-	2,437,589	2,437,589
Grants	-	-	-	735,418	735,418
Total Public Welfare	-	-	-	3,173,007	3,173,007
Education:					
Proffers	-	-	-	11,380,769	11,380,769
Education permanent funds interest	-	-	-	195,416	195,416
Total Education	-	-	-	11,576,185	11,576,185
Poindexter Street debt service	-	210	-	-	210
Total restricted other	47,000	210	-	45,432,896	45,480,106

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Notes to Basic Financial Statements
June 30, 2022

12 Continued

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total
Committed for one time projects	132,485,665	-	-	-	132,485,665
Committed other:					
General Government:					
Advances to component units and other	25,662	35,438	-	-	61,100
Law Library	227,556	-	-	-	227,556
Technology fees	776,163	-	-	-	776,163
Treasurer's EGOV	159,020	-	-	-	159,020
Treasurer's late license fee	1,177,940	-	-	-	1,177,940
Litigation reserve	1,252,558	-	-	-	1,252,558
Treasurer's EZ Pass	19,048	-	-	-	19,048
Juvenile services	-	-	-	375,000	375,000
Open space agriculture preservation	-	-	-	5,144,369	5,144,369
Total General Government	3,637,947	35,438	-	5,519,369	9,192,754
Public Safety:					
Radio system (800 MHZ)	3,635,734	-	-	-	3,635,734
Total Public Safety	3,635,734	-	-	-	3,635,734
Public Works:					
Roads/Transportation	573,623	-	-	-	573,623
Excavation fees	343,887	-	-	-	343,887
Overweight fees	26,751	-	-	-	26,751
Prorata drainage	-	-	5,379,786	-	5,379,786
Total Public Works	944,261	-	5,379,786	-	6,324,047
Parks and Recreation:					
Open space	-	-	191,563	-	191,563
Total Parks and Recreation	-	-	191,563	-	191,563
Public Welfare:					
Public assistance	-	-	-	186,339	186,339
Community development	-	-	-	114,510	114,510
CSB of Chesapeake, Inc.	-	-	-	366,193	366,193
Housing trust	-	-	-	57,706	57,706
Total Public Welfare	-	-	-	724,748	724,748
City future capital projects	19,456,088	-	-	-	19,456,088
Encumbrances	7,170,656	-	28,236,777	2,766,191	38,173,624
Economic development investment program	1,045,674	-	-	-	1,045,674
Public health initiative	837,002	-	-	-	837,002
Community housing initiative	333,399	-	-	-	333,399
Schools' future capital projects	44,715,095	-	-	-	44,715,095
Schools' revenue sharing	19,637,000	-	-	-	19,637,000
Schools' reversion	18,578,683	-	-	-	18,578,683
Total committed other	119,991,539	35,438	33,808,126	9,010,308	162,845,411

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Notes to Basic Financial Statements
June 30, 2022

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	196,044	-	-	-	196,044
Local developers	-	-	224,296	-	224,296
Conference Center	-	-	-	10,668,401	10,668,401
Juvenile services	-	-	-	1,132,173	1,132,173
Other	46,000	-	-	-	46,000
Total General Government	351,937	-	224,296	11,800,574	12,376,807
Public Safety:					
E-911	-	-	-	8,193,324	8,193,324
Fee supported activities	-	-	-	2,077,002	2,077,002
Total Public Safety	-	-	-	10,270,326	10,270,326
Public Works:					
Street maintenance	4,343,065	-	-	-	4,343,065
Prorata drainage	-	-	1,521,121	-	1,521,121
Jordan Bridge	-	-	300,000	-	300,000
Total Public Works	4,343,065	-	1,821,121	-	6,164,186
Public Welfare:					
Public assistance	-	-	-	4,139,634	4,139,634
Integrated behavioral healthcare	-	-	-	3,437,849	3,437,849
Interagency consortium	-	-	-	781,328	781,328
Total Public Welfare	-	-	-	8,358,811	8,358,811
Education:					
Revenue sharing	11,606,114	-	-	-	11,606,114
Cash reversion	2,673,679	-	-	-	2,673,679
Total Education	14,279,793	-	-	-	14,279,793
Debt service payments	-	12,522,156	-	-	12,522,156
City future capital projects	-	-	146,119,235	-	146,119,235
Total assigned	18,974,795	12,522,156	148,164,652	30,429,711	210,091,314
Unassigned:	82,129,536	-	-	-	82,129,536
Total fund balance	\$ 396,113,111	12,557,804	181,972,778	84,980,715	675,624,408

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Notes to Basic Financial Statements
June 30, 2022

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, 2022.

14 Commitments

Capital Improvements Program

The City Council adopted a five-year capital improvements program on May 10, 2022, which was later amended on June 28, 2022. The total estimated cost of this program amounted to \$1,581,196,962 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	\$	832,066,322
Cash - Greenbrier TIF		8,015,000
Cash - Other City Funds		1,830,000
Cash - South Norfolk TIF		3,466,417
Cash - Stormwater		33,333,950
Cash - Utilities		79,527,300
Federal Contribution		10,170,000
Fund Balance - Capital Projects Fund		2,599,000
Fund Balance - CIBH		315,102
Fund Balance - Conference Center		1,760,000
Fund Balance - CTS		16,404,373
Fund Balance - General Fund		86,850,490
Fund Balance - IT		1,750,000
Fund Balance - Lockbox City		40,031,596
Fund Balance - Lockbox Schools		58,934,157
Fund Balance - School Textbook Fund		3,587,614
Fund Balance - Utilities		14,885,050
G.O. Debt - General Government		66,630,000
G.O. Debt - Short Term Financing		12,762,676
G.O. Debt - South Norfolk TIF		9,000,000
G.O. Debt - VPSA		108,500,000
Grants		954,110
Grants - ARPA		51,100,897
Proffers		5,422,933
Regional Contribution		20,000
Revenue Bonds - Utility Fund		42,885,300
State Contribution		23,142,271
VDOT Reimbursements		57,155,404
VDOT Revenue Sharing		8,097,000
	\$	1,581,196,962

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Notes to Basic Financial Statements
June 30, 2022

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 subsequent amendments in February 2019 and February 2020.

The City committed to providing through the EDA an Economic Development Incentive Program grant of \$4.5 million. In addition, the City agreed to contribute a maximum of \$19.4 million for transportation, public 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 City and the EDA committed to providing a maximum of \$16 million for the new structured parking garage to provide free public parking within the Greenbrier area.

In fiscal year 2019, the EDA paid \$14.1 million to Dollar Tree to acquire possessory interest in 1,000 public parking spaces. The \$14.1 million was funded by \$8.1 million in revenue bonds that the EDA sold in July 2018 and \$6 million from Greenbrier TIF funds. The final payment for the parking garage was made in fiscal year 2022 upon completion of the work.

In fiscal years 2019 and 2020, the City paid a total of \$9.6 million to Dollar Tree for public roads, public utility and other public improvements. The City is constructing the \$3.1 million pump station and force main which is expected to be completed in fiscal year 2023. On February 5, 2020, City Council approved a second amendment to the Development Agreement transferring responsibility from Dollar Tree to the City for the completion of future public improvements in connection with the project. These remaining public improvements are being completed, subject to availability of funds, from the City's Capital Projects Funds.

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, 2022 for the Governmental Funds of the City and Schools are as follows:

City		Schools	
<u>Governmental Funds</u>		<u>Governmental Funds</u>	
General Fund	\$ 7,170,656	General Fund	\$ 9,896,255
Capital Projects	28,236,777	Capital Projects	7,867,771
Other Governmental Funds	2,766,191	Other Governmental Funds	-
Total	\$ 38,173,624	Total	\$ 17,764,026

Notes to Basic Financial Statements
June 30, 2022

15 Related Parties

Joint Venture

Southeastern Public Service Authority SPSA

Southeastern Public Service Authority (SPSA) is a joint venture of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach and the counties of Isle of Wight and Southampton, created to provide, operate, and maintain a regional system for the collection, transfer, processing, and disposal of solid waste refuse. SPSA is a primary government, with no component units, that is a public body politic and corporate created pursuant to the Virginia Water and Sewer Authorities Act. It is governed by a sixteen (16) member Board of Directors consisting of eight (8) members appointed by the Governor and eight members appointed by each of the member cities or counties. Budgeting and financing of SPSA are subject to the approval of the Board of Directors, with each representative having a single vote. SPSA is responsible for its own financial matters, maintains its own books of accounts, and is audited annually by independent accountants that it engages. The participating governments do not have an equity interest in SPSA; accordingly, no equity interest has been reflected in the City's financial statements on June 30, 2022.

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

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

Complete 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 fifteen (15) member Board of Directors, consisting of three representatives appointed by each of the member cities. The Authority was created for the purpose of providing, operating, and maintaining a regional jail facility for the correctional overflow from each community. Chesapeake is responsible for paying the Authority a per diem charge per inmate. Chesapeake guarantees a payment for 250 inmates per day. As a condition of its admission as a member, the City made a payment of \$3.0 million in addition to its required payments for inmates. The terms of this agreement do

Continued

Notes to Basic Financial Statements
June 30, 2022

15 Continued

not convey an equity interest in the HRRJA and accordingly, no equity interest has been reflected in the City's financial statements. In March 2021, Chesapeake began pulling inmates back to the City of Chesapeake jail because of the revocation of HRRJA's accreditation by the American Correctional Association, severe staffing shortages, and federal oversight for the facility's treatment of inmates.

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. This new program aims to provide a modern, safe and efficient core network of transit services across Hampton Roads. The dedicated funds are to be used solely for developing, operating, and maintaining the regional network and the needed associated infrastructure. The funding mechanism resulted in a significant diversion of recordation tax revenues formerly distributed to localities under the CAA to the new Hampton Roads Regional Transit Fund.

HRT's CAA was amended in fiscal year 2020 by the adoption of a resolution by all six participating cities. The resolution allows HRT to strategically allocate state and federal funds to "hold the cities harmless" regarding lost recordation tax. The amendment to the resolution expired on July 1, 2021. During fiscal year 2022, Congress enacted legislation to provide economic relief for transit operators. Accordingly, HRT was able to use the strategic allocation power authorized by the amendment for fiscal year 2022. Participating cities signed a new amendment to the CAA for fiscal year 2023. This amendment will expire on July 1, 2023.

Oversight responsibility for HRT is exercised by the participating localities through their designated representatives. Responsibility for the day-to-day operation of HRT rests with professional management. The participating governments do not have an equity interest in HRT; accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2022. Complete financial statements for HRT can be obtained from the administrative office at 3400 Victoria Blvd., Hampton, Virginia 23661.

Hampton Roads Transportation Alliance Committee (HRTAC)

The HRTAC was formed on July 1, 2014 to manage Hampton Roads Transportation Fund revenues and determine how new regional money, of approximately \$200 million annually will be invested in transportation projects. The twenty-three (23) member commission consists of mayors from local governments, state legislators, and Commonwealth Transportation Board members from the fourteen (14) cities and counties embraced by the Commission including Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg and the Counties of Isle of Wight, James City, Southhampton, and York. 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, 2022

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, 2022. 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. 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, 2022. Complete financial statements for the Authority can be obtained from the administrative office at 723 Woodlake Drive, Chesapeake, Virginia 23320.

Eastern Virginia Regional Industrial Facility Authority (EVRIFA)

On February 4, 2020, the City was inducted as a member of the EVRIFA. EVRIFA is a regional organization which includes the cities of Chesapeake, Franklin, Hampton, Newport News, Poquoson, and Williamsburg and the counties of Gloucester, Isle of Wight, James City, and York, created for the purpose of providing a regional authority mechanism to enhance the economic base of the member localities on a cooperative basis. The Authority is governed by a twenty (20) member Board of Directors consisting of two (2) members appointed by the governing body of each member locality. One Board member from each locality shall be an elected member of the locality's governing body. The participating governments do not have an equity interest in the Authority, and accordingly, no equity interest has been reflected in the City's financial statements as of June 30, 2022.

Continued

Notes to Basic Financial Statements
June 30, 2022

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)	1,500,000	25,000,000
Workers' compensation claims (public safety) *	1,500,000	25,000,000

* \$2,000,000 retention for presumptions claims

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 \$27,417,700 reported in the Self-Insurance Fund at June 30, 2022 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, 2022 and 2021 were as follows:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2022	\$ 27,205,169	5,411,122	5,198,591	27,417,700
June 30, 2021	27,721,896	4,949,175	5,465,902	27,205,169

Continued

Notes to Basic Financial Statements
June 30, 2022

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, 2022 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, 2022 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, 2022	\$ 4,601,315	42,928,051	42,928,051	4,601,315
June 30, 2021	4,601,315	43,468,598	43,468,598	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, 2021 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, 2022 is \$9,134,423.

Changes in the Schools' self-insurance program liability amount during the fiscal years ended June 30, 2022 and 2021 were as follows:

Fiscal Year Ended	Beginning Balance	Claims and Changes in Estimates	Claims Payments	Ending Balance
June 30, 2022	\$ 9,046,243	71,324,229	71,236,049	9,134,423
June 30, 2021	8,320,149	69,653,670	68,927,576	9,046,243

The liability at June 30, 2022 is comprised of \$2,700,287 in workers' compensation liabilities and \$6,434,136 in accounts payable and accrued expenses related to medical and dental claims.

Notes to Basic Financial Statements
June 30, 2022

16 **Continued**

Public Utilities Pro-Rata

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

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

In fiscal year 2022, Department of Public Utilities staff has continued to evaluate the program for revisions to enhance the reporting and financial accountability as it relates to the Pro Rata Liabilities. Further research of Pro Rata records and historical data, as well as some fiscal year 2022 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 installers who signed an agreement with the City and have met all five required conditions for Pro Rata reimbursement under the program. The amount payable to initial installers for whom the City has not yet received cash from subsequent developers or connection fees (depending on selection), but with whom the City has executed agreements is approximated herein as a contingent liability and is roughly estimated as approximately up to \$6.1 million. Upon receipt of cash from subsequent developers or connection fees, these payments will be made, and the contingent liability reduced. The estimated contingent liability for reimbursements that are due to initial installers wherein payments have already been received from subsequent developers, but that have not been paid by the City as a result of the five conditions not yet having been met, total a contingent liability of approximately up to \$3.3 million. The contingent liability total of the five conditions not having been met has changed from previous years due to the Commonwealth of Virginia Code Section 15.2-2243, effective October 2021. The Initial Installer

Notes to Basic Financial Statements
June 30, 2022

16 Continued

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

Federal Award Programs

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

Litigation

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

Pollution Remediation

The City is a party to several documents relating to sanitary sewer overflows, including a Commonwealth of Virginia Department of Environmental Special Order by Consent dated September 26, 2007, a regional Memorandum of Agreement dated June 28, 2007, and a regional Memorandum of Agreement (MOA) dated March 10, 2014, amended March 11, 2017. These orders and agreements apply to the Hampton Roads Sanitation District (HRSD) and 14 localities in the Hampton Roads Area. Due to pipe breaks, electrical outages, infiltration and inflow, insufficient capacity in the sanitary sewer collection, interceptor, and treatment systems, and other factors, untreated sewage is occasionally discharged from various locations in the individual sanitary sewer collection systems of the Localities and HRSD to various area state waters. The low-lying nature of the Hampton Roads region and the corresponding high groundwater table, together with periodic widespread flooding in the region's urbanized areas, are significant factors contributing to the discharge of untreated sewage. These discharges violate Virginia Code §62.1-44.5.A §25-31-50.A.

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

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

Notes to Basic Financial Statements
June 30, 2022

16 Continued

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

An amendment to the 2014 MOA has been signed by 13 localities and HRSD and is being considered by the 14th potentially signing locality, that updates the MOA and incorporates the impacts of the Sustainable Water Initiative for Tomorrow (SWIFT) aquifer injection program currently being pilot tested by HRSD. The Chesapeake City Council approved this amendment on December 11, 2019.

17 Fund Results and Reconciliation

Fund Deficits

The Chesapeake Public Schools, a component unit, had a net position deficit of \$129,688,083 at June 30, 2022. The improved deficit position is primarily due to a decrease of Schools' net pension liability. At June 30, 2022, the Schools' net OPEB liability and net pension liability were \$230,953,402 and \$232,441,162 respectively.

18 Subsequent Events

Coastal Virginia Commerce Park

The 4,022 acre Williams Farm Parcel was designated a Unique Economic Development Opportunity (UEDO) and a mega-site by the Virginia Economic Development Partnership (VEDP) in 2015. In 2016, the City Council designated the parcel as a Transportation Corridor Overlay District (TCOD) target area. In September 2022, the Chesapeake Economic Development Authority (EDA) submitted a \$65 million grant application to the Virginia Business Ready Sites Program to develop the parcel as the Coastal Virginia Commerce Park. In November 2022, a request to rezone 1,420 acres from A-1 (Agricultural District) to PUD-IP (Planned Unit Development – Industrial Park) was heard and approved by the City Planning Commission and City Council. The EDA is currently in negotiations with the property owner to purchase the parcel. The majority of site development costs are expected to be borne by the State of Virginia, the developer, and/or franchise utility providers.

Fund Balance Requirement for Cash Flow Emergencies

The City Charter requires that a minimum of six (6) percent 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 twelve (12) percent 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. On November 9, 2021, the City Council approved a resolution proposing that the General Assembly of Virginia amend the City's Charter to remove the six (6) percent requirement as it is unique to Chesapeake and is not imposed on other comparable cities. The amendment was submitted to the Virginia General Assembly at its 2022 session and was passed and approved by the Governor on April 8, 2022, effective July 1, 2022. As a result, the six (6) percent Charter restriction is no longer required beginning with the fiscal year 2023 operating budget.

Notes to Basic Financial Statements
June 30, 2022

18 Continued***American Plan Rescue Act of 2021 (ARPA)***

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law and the City was allocated \$76.0 million which will be disbursed in two installments. The City received the first installment of \$38.0 million in June 2021. The second installment was received July 2022.

19 Accounting Pronouncements***Adoption of New Accounting Statements***

During the year ended June 30, 2022, the City implemented the provisions of the following Governmental Accounting Standard Board (GASB) statements:

GASB Statement No. 87, *Leases*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB Statement 92, *Omnibus 2020*.

GASB Statement 93, *Replacement of Interbank Offered Rates*.

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*.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

Future Accounting Pronouncements

The GASB has issued the following pronouncements prior to June 30, 2022, 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. 91, *Conduit Debt Obligations*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2022.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

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Required Supplementary Information



CITY OF CHESAPEAKE, VIRGINIA

Schedule L-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund - unaudited
 Year Ended June 30, 2022

	General Fund			Variance
	Original Budget	Revised Budget	Actual	Positive (Negative)
REVENUES				
General property taxes	\$ 372,762,273	372,762,273	384,084,979	11,322,706
Other local taxes	132,380,067	132,380,067	152,093,431	19,713,364
Licenses, permits, and fees	9,502,999	9,459,109	9,481,600	22,491
Fines and forfeitures	1,211,155	1,211,155	701,855	(509,300)
Investment income	1,344,190	1,344,190	(199,086)	(1,543,276)
Revenues from use of property	678,552	678,552	1,252,991	574,439
Charges for services	11,975,133	12,200,133	10,957,071	(1,243,062)
Miscellaneous local revenues	94,736	154,736	533,973	379,237
Recovered costs	-	-	1,664,268	1,664,268
Intergovernmental revenues:				
Commonwealth of Virginia	94,989,407	97,679,590	100,649,885	2,970,295
Federal government	38,007	93,311	292,043	198,732
Chesapeake Public Schools	-	-	38,122	38,122
Total revenues	624,976,519	627,963,116	661,551,132	33,588,016
EXPENDITURES				
Current:				
General government	128,888,839	136,332,177	126,541,812	9,790,365
Public safety	110,715,728	117,059,905	113,909,641	3,150,264
Public works	74,681,243	74,071,366	65,793,564	8,277,802
Parks and recreation	14,658,283	15,489,579	12,764,502	2,725,077
Education	243,416,255	243,416,255	240,803,077	2,613,178
Debt Service	1,989,750	1,989,750	1,989,750	-
Total expenditures	574,350,098	588,359,032	561,802,346	26,556,686
Excess (deficiency) of revenues over (under) expenditures	50,626,421	39,604,084	99,748,786	60,144,702
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	12,062,322	21,352,534	21,552,916	200,382
Transfers to other funds	(77,997,292)	(88,775,704)	(86,767,552)	2,008,152
Total other financing sources (uses), net	(65,934,970)	(67,423,170)	(65,214,636)	2,208,534
Net change in fund balance	(15,308,549)	(27,819,086)	34,534,150	62,353,236
Fund balance - beginning	361,578,961	361,578,961	361,578,961	-
Fund balance - ending	\$ 346,270,412	333,759,875	396,113,111	62,353,236

Reconciliation from budgetary basis of accounting to Generally Accepted Accounting Principles

Expenditures

Total expenditures, Schedule L-1	\$ 561,802,346
Capital outlay - leases	3,194,151
Total expenditures, Schedule D	564,996,497
Other financing sources uses , net	
Total other financing sources (uses), Schedule L-1	(65,214,636)
Issuance of leases (as lessee)	3,194,151
Total other financing sources (uses), Schedule D	(62,020,485)

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, 2022

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, 2022	\$ 26,673,312	26,673,312	-	178,365,924	14.95%
June 30, 2021	28,047,063	28,047,063	-	179,329,050	15.64%
June 30, 2020	26,761,007	26,761,007	-	171,106,184	15.64%
June 30, 2019	24,559,253	24,559,253	-	172,224,775	14.26%
June 30, 2018	23,698,719	23,698,719	-	166,190,173	14.26%
June 30, 2017	20,969,936	20,969,936	-	153,143,100	13.69%
June 30, 2016	23,566,227	23,566,227	-	147,330,182	16.00%
June 30, 2015	23,293,190	23,293,190	-	144,086,821	16.17%
June 30, 2014	21,787,520	21,787,520	-	138,455,434	15.74%

Schools Nonprofessional Employees

For Fiscal Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency Excess	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2022	\$ 2,075,319	2,075,319	-	21,642,086	9.59%
June 30, 2021	2,034,734	2,034,734	-	21,166,859	9.61%
June 30, 2020	1,811,015	1,811,015	-	24,324,677	7.40%
June 30, 2019	1,763,262	1,763,262	-	21,167,806	8.33%
June 30, 2018	1,867,510	1,867,510	-	21,169,819	8.82%
June 30, 2017	1,936,293	1,936,293	-	21,645,530	8.95%
June 30, 2016	2,290,138	2,290,138	-	21,335,475	10.73%
June 30, 2015	2,321,931	2,321,931	-	21,478,860	10.81%
June 30, 2014	2,399,609	2,399,609	-	21,063,314	11.39%

Schools Professional Employees

For Fiscal Year Ended	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency Excess	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2022	\$ 43,406,526	43,406,526	-	269,598,368	16.10%
June 30, 2021	41,069,791	41,069,791	-	254,021,185	16.17%
June 30, 2020	38,607,353	38,607,353	-	251,983,078	15.32%
June 30, 2019	36,815,952	36,815,952	-	238,636,634	15.43%
June 30, 2018	37,345,663	37,345,663	-	231,560,514	16.13%
June 30, 2017	32,815,991	32,815,991	-	225,349,626	14.56%
June 30, 2016	30,557,558	30,557,558	-	218,100,620	14.01%
June 30, 2015	31,725,142	31,725,142	-	219,173,315	14.47%
June 30, 2014	25,246,663	25,246,663	-	216,535,628	11.66%

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, 2022

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

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

Continued

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-3, Continued

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited
Year Ended June 30, 2022

City Employees	2019	2020	2021	2022
Total pension liability				
Service cost	20,662,658	21,283,410	23,197,245	22,704,749
Interest cost	62,557,454	65,066,734	67,336,814	70,456,742
Changes of Assumptions	-	28,194,184	-	40,716,866
Difference between expected and actual experience	979,966	5,243,769	10,568,314	(15,288,086)
Benefit payments, including refunds of employee contributions	(46,305,819)	(50,400,608)	(53,060,290)	(56,702,122)
Net change in total pension liability	37,894,259	69,387,489	48,042,083	61,888,149
Total pension liability - beginning	916,830,822	954,725,081	1,024,112,570	1,072,154,653
Total pension liability - ending	954,725,081	1,024,112,570	1,072,154,653	1,134,042,802
Plan fiduciary net position				
Contributions - employer	21,536,966	23,141,407	23,814,509	25,873,056
Contributions - employee	7,846,621	8,054,466	8,283,225	8,224,927
Net investment income	57,749,705	54,452,765	16,369,883	231,870,014
Benefit payments, including refunds of employee contributions	(46,305,819)	(50,400,608)	(53,060,290)	(56,702,122)
Administrative expense	(502,161)	(546,363)	(562,434)	(582,574)
Other	(51,279)	(34,366)	(24,582)	21,838
Net change in plan fiduciary net position	40,274,033	34,667,301	(5,179,689)	208,705,139
Plan fiduciary net position - beginning	785,927,692	826,201,725	860,869,026	855,689,337
Plan fiduciary net position - ending	826,201,725	860,869,026	855,689,337	1,064,394,476
Net pension liability - ending	128,523,356	163,243,544	216,465,316	69,648,326
Plan fiduciary net position as a percentage of total pension liability	86.54%	84.06%	79.81%	93.86%
Covered payroll	166,190,173	172,224,775	171,106,184	179,329,050
Net pension liability as a percentage of covered payroll	77.34%	94.79%	126.51%	38.84%

* 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, 2022

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

Continued

Schedule of Changes in the Net Pension Liability and Related Ratios - unaudited
Year Ended June 30, 2022

Schools Nonprofessional Employees:	2019	2020	2021	2022
Total pension liability				
Service cost	1,999,505	1,907,133	1,968,095	1,932,319
Interest cost	6,796,198	6,993,180	7,136,628	7,486,062
Difference between expected and actual experience	(213,340)	(7,036)	2,232,491	(946,700)
Change in assumption	-	2,840,241	-	3,644,591
Benefit payments, including refunds of employee contributions	(5,690,801)	(5,845,861)	(5,970,683)	(6,350,150)
Net change in total pension liability	2,891,562	5,887,657	5,366,531	5,766,122
Total pension liability - beginning	99,933,946	102,825,508	108,713,165	114,079,696
Total pension liability - ending	102,825,508	108,713,165	114,079,696	119,845,818
Plan fiduciary net position				
Contributions - employer	1,858,617	1,764,432	1,814,702	2,041,421
Contributions - employee	1,015,533	1,006,106	1,037,991	996,104
Net investment income	6,334,762	5,917,505	1,744,842	24,690,149
Benefit payments, including refunds of employee contributions	(5,690,801)	(5,845,861)	(5,970,683)	(6,350,150)
Administrative expense	(55,879)	(60,104)	(61,365)	(62,944)
Other	(5,606)	(3,717)	(2,145)	2,319
Net change in plan fiduciary net position	3,456,626	2,778,361	(1,436,658)	21,316,899
Plan fiduciary net position - beginning	86,868,735	90,325,361	93,103,722	91,667,064
Plan fiduciary net position - ending	90,325,361	93,103,722	91,667,064	112,983,963
Net pension liability - ending	12,500,147	15,609,443	22,412,632	6,861,855
Plan fiduciary net position as a percentage of total pension liability	87.84%	85.64%	80.35%	94.27%
Covered payroll	21,169,819	21,167,806	24,324,677	21,166,859
Net pension liability as a percentage of covered payroll	59.05%	73.74%	92.14%	32.42%

* 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, 2022

Schools Professional Employees:	2015	2016	2017	2018
Employer's Proportion of the Net Pension Liability (Asset)	2.96080%	2.94792%	2.86078%	2.87861%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 357,804,000	371,035,000	400,913,000	354,010,000
Employer's Covered Payroll	\$ 216,535,628	219,173,315	218,100,620	225,349,626
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%	70.68%	68.28%	72.92%
Schools Professional Employees:	2019	2020	2021	2022
Employer's Proportion of the Net Pension Liability (Asset)	2.89014%	2.87783%	2.91539%	2.87378%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 339,880,000	378,738,781	424,265,808	225,579,307
Employer's Covered Payroll	\$ 231,560,514	238,636,634	251,983,078	254,021,185
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	146.78%	158.71%	168.37%	88.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	73.51%	71.47%	85.46%

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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, 2022

City Directed

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

Schools Directed

Fiscal year ended June 30:		Annual Determined Contribution	Actual Amount Contributed in Dollars	Contribution Deficiency Excess	Covered Payroll	Percentage of Covered Payroll
2022+	\$	N/A	4,944,112	N/A	291,240,455	1.70%
2021+		N/A	4,868,389	N/A	275,188,044	1.77%
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

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

+ 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, 2022

City Directed OPEB Plan	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 2,470,272	2,622,677	2,840,269	2,948,154	3,278,093
Interest cost	5,541,256	5,405,083	5,969,997	6,517,501	7,044,560
Change of benefit terms					-
Difference between expected and actual experience	1,925,666	6,721,119	7,506,290	3,178,399	(7,198,696)
Changes in Assumptions	(5,323,681)	-	(3,209,635)	-	1,869,547
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)	(5,002,653)	(5,291,074)
Net change in total OPEB liability	(1,586,829)	8,146,399	8,537,647	7,641,401	(297,570)
Total OPEB liability - beginning	81,783,807	80,196,978	88,343,377	96,881,023	104,522,424
Total OPEB liability - ending	\$ 80,196,978	88,343,377	96,881,024	104,522,424	104,224,854
Plan fiduciary net position					
Contributions - employer	\$ 6,200,342	5,120,704	2,558,807	3,189,391	3,647,087
Net investment income	6,556,557	5,272,630	5,541,530	23,826,374	(15,446,567)
Benefit payments	(6,200,342)	(6,602,480)	(4,569,274)	(5,002,653)	(5,291,074)
Net change in plan fiduciary net position	6,556,557	3,790,854	3,531,063	22,013,112	(17,090,554)
Plan fiduciary net position - beginning	78,646,342	85,202,899	88,993,753	92,524,816	114,537,928
Plan fiduciary net position - ending	\$ 85,202,899	88,993,753	92,524,816	114,537,928	97,447,374
Net OPEB liability (asset - ending)	(5,005,921)	(650,376)	4,356,208	(10,015,504)	6,777,480
Plan fiduciary net position as a percentage of total OPEB liability - asset	106.24%	100.74%	95.50%	109.58%	93.50%
Covered payroll	\$ 158,317,359	165,769,435	171,271,305	169,612,145	178,365,924
Net OPEB liability (asset - as a percentage of covered payroll)	-3.16%	-0.39%	2.54%	-5.90%	3.80%
Expected average remaining service years of all participants	6	6	6	6	6
Annual money - weighted rate of return, net of investment expense	7.98%	6.48%	6.38%	26.05%	(13.56)%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-8

Schedule of City of Chesapeake Proportionate Share of Net OPEB Liability (Asset) - VRS Directed Programs - unaudited
Year Ended June 30, 2022

	2018	2019	2020	2021	2022
Virginia Local Disability Program					
Employers Proportion of the Net VLDP OPEB Liability	9.82223%	10.44129%	10.23567%	10.26223%	10.15913%
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability	\$ 56,000	81,000	207,356	102,442	(102,838)
City of Chesapeake Covered Payroll	17,984,904	31,630,332	38,240,626	40,810,710	45,976,591
City of Chesapeake Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll	0.31%	0.26%	0.54%	0.25%	(0.22)%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	38.40%	51.39%	49.19%	76.84%	119.59%
Group Life Insurance Program					
Employers Proportion of the Net GLIP OPEB Liability	0.84410%	0.84669%	0.85198%	0.84104%	0.83363%
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability	\$ 12,702,000	12,859,000	13,863,982	14,035,581	9,705,715
City of Chesapeake Covered Payroll	153,143,100	167,015,386	173,088,056	172,114,265	180,696,163
City of Chesapeake Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll	8.29%	7.70%	8.01%	8.15%	5.37%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability	48.86%	51.22%	52.00%	52.64%	67.45%
Line of Duty Act					
Employers Proportion of the Net LODA OPEB Liability	6.09451%	6.18415%	6.53382%	6.25720%	6.76533%
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability	\$ 16,016,000	19,387,000	23,442,441	26,187,356	29,834,537
City of Chesapeake Covered Payroll	153,143,100	158,317,359	165,769,435	171,271,305	169,612,145
City of Chesapeake Proportionate Share of the Net LODA OPEB Liability as a Percentage of its covered payroll	*	*	*	*	*
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.30%	0.60%	0.79%	1.02%	1.68%

* 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

Schedule of Changes in the Net OPEB Liability and Related Ratios - unaudited
Year Ended June 30, 2022

Schools Directed OPEB Plan	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 5,640,881	4,948,794	4,726,009	5,258,384	6,181,037
Interest cost	4,683,042	5,496,930	5,633,989	5,240,229	4,601,350
Change in benefit terms	-	-	-	(3,033,535)	-
Difference between expected and actual experience	(1,299,051)	(2,077,490)	(1,937,712)	3,168,388	(24,972,132)
Change in assumption	(13,473,773)	(698,818)	8,959,393	14,887,367	7,910,410
Benefit payments	(5,681,682)	(5,481,286)	(5,223,504)	(5,020,164)	(4,868,389)
Net change in total OPEB liability	(10,130,583)	2,188,130	12,158,175	20,500,669	(11,147,724)
Total OPEB liability - beginning	167,158,106	157,027,523	159,215,653	171,373,828	191,874,497
Total OPEB liability - ending	\$ 157,027,523	159,215,653	171,373,828	191,874,497	180,726,773
Plan fiduciary net position					
Contributions - employer	\$ 5,681,862	5,481,286	5,223,504	5,020,164	4,868,389
Net investment income	354,865	296,635	153,792	105,287	1,106,374
Benefit payments	(5,681,862)	(5,481,286)	(5,223,504)	(5,020,164)	(4,868,389)
Net change in plan fiduciary net position	354,865	296,635	153,792	105,287	1,106,374
Plan fiduciary net position - beginning	2,786,002	3,140,867	3,437,502	3,591,294	3,696,581
Plan fiduciary net position - ending	\$ 3,140,867	3,437,502	3,591,294	3,696,581	4,802,955
Net OPEB liability - ending	\$ 153,886,656	155,778,151	167,782,534	188,177,916	175,923,818
Plan fiduciary net position as a percentage of total OPEB liability	2.00%	2.16%	2.10%	1.93%	2.66%
Covered payroll	\$ 246,995,156	252,730,333	259,804,440	276,307,755	275,188,044
Net OPEB liability as a percentage of covered payroll	62.30%	61.64%	64.58%	68.10%	63.93%
Expected average remaining service years of all participants	7	7	7	7	7
Annual money - weighted rate of return, net of investment expense	13.04%	9.52%	9.00%	5.90%	11.67%

* 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 (Asset) - VRS Directed Programs - unaudited

Year Ended June 30, 2022

	2018	2019	2020	2021	2022
Virginia Local Disability Program					
Employers' Proportion of the Net VLDP OPEB Liability					
Nonprofessional employees	1.77573%	1.75555%	1.82867%	1.78686%	1.73527%
Professional employees	7.09952%	7.69735%	8.22729%	8.79621%	93.26400%
Schools' Proportionate Share of the Net VLDP OPEB Liability					
Nonprofessional employees	\$ 10,000	14,000	37,046	17,838	(17,565)
Professional employees	42,000	58,000	47,828	70,571	(65,659)
Schools' Covered Payroll					
Nonprofessional employees	3,260,758	4,262,590	5,650,999	6,658,479	6,970,810
Professional employees	20,034,887	28,701,027	39,452,671	52,029,564	62,758,457
Schools' Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its covered payroll					
Nonprofessional employees	0.31%	0.33%	0.66%	0.27%	(0.25)%
Professional employees	0.21%	0.20%	0.12%	0.14%	(0.10)%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability					
Nonprofessional employees	38.40%	51.39%	49.21%	76.84%	119.59%
Professional employees	31.96%	46.18%	74.07%	78.28%	114.46%
Group Life Insurance Program					
Employers' Proportion of the Net GLIP OPEB Liability					
Nonprofessional employees	0.11811%	0.11253%	0.10886%	0.10789%	0.10386%
Professional employees	1.22538%	1.22538%	1.22286%	1.22781%	1.23488%
Schools' Proportionate Share of the Net GLIP OPEB Liability					
Nonprofessional employees	\$ 1,777,000	1,709,000	1,771,442	1,800,507	1,209,212
Professional employees	18,440,000	18,568,000	19,899,187	20,490,139	14,377,354
Schools' Covered Payroll					
Nonprofessional employees	21,784,960	21,396,564	21,340,312	22,203,675	21,443,236
Professional employees	226,026,199	232,470,818	239,721,566	252,686,782	254,955,804
Schools' Proportionate Share of the Net GLIP OPEB Liability as a Percentage of its covered payroll					
Nonprofessional employees	8.16%	7.99%	8.30%	8.11%	5.64%
Professional employees	8.16%	7.99%	8.30%	8.11%	5.64%
Plan Fiduciary Net Position as a Percentage of the Total GLIP OPEB Liability					
Nonprofessional employees	48.86%	51.22%	52.00%	52.64%	67.45%
Professional employees	48.86%	51.22%	52.00%	52.64%	67.45%
Health Insurance Credit Program - Professional Employees					
Employers' Proportion of the Net HICP OPEB Liability	2.85627%	2.86573%	2.84923%	2.87581%	2.87325%
Schools' Proportionate Share of the Net HICP OPEB Liability	\$ 36,235,000	36,386,000	37,299,191	37,515,416	36,880,152
Schools' Covered Payroll	225,417,292	231,762,672	238,983,997	252,115,534	254,108,820
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	16.07%	15.70%	15.61%	14.88%	14.51%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	7.04%	8.08%	8.97%	9.95%	13.15%
Health Insurance Credit Program - Non-professional Employees					
Schools' Proportionate Share of the Net HICP OPEB Liability	\$ -	-	-	2,516,734	2,562,866
Schools' Covered Payroll	-	-	-	21,554,429	21,227,603
Schools' Proportionate Share of the Net HICP OPEB Liability as a Percentage of its covered payroll	N/A	N/A	N/A	11.68%	12.07%
Plan Fiduciary Net Position as a Percentage of the Total HICP OPEB Liability	N/A	N/A	N/A	31.58%	40.52%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

*2021 is the first year for the Health Insurance Credit Program - Non-professional Employees.

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

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-11

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited
Year Ended June 30, 2022

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					
2022	\$ 371,083	371,083	-	45,426,253	0.82%
2021	381,606	381,606	-	45,976,591	0.83%
2020	338,729	338,729	-	40,810,710	0.83%
2019	275,333	275,333	-	38,240,626	0.72%
2018	227,738	227,738	-	31,630,332	0.72%
2017	108,219	108,219	-	17,984,904	0.60%
2016	68,377	68,377	-	8,027,845	0.85%
Group Life Insurance					
2022	\$ 960,852	960,852	-	178,365,924	0.54%
2021	975,759	975,759	-	180,696,163	0.54%
2020	929,417	929,417	-	172,114,265	0.54%
2019	900,058	900,058	-	173,088,056	0.52%
2018	868,480	868,480	-	167,015,386	0.52%
2017	809,643	809,643	-	153,143,100	0.53%
2016	716,757	716,757	-	147,330,182	0.49%
Line of Duty Act *					
2022	\$ 909,370	909,370	-	178,365,924	0.51%
2021	931,427	931,427	-	169,612,145	0.55%
2020	849,747	849,747	-	172,114,265	0.49%
2019	768,062	768,062	-	173,088,056	0.44%
2018	658,716	658,716	-	167,015,386	0.39%
2017	657,156	657,156	-	153,143,100	0.43%
2016	583,954	583,954	-	147,330,182	0.40%

*The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

CITY OF CHESAPEAKE, VIRGINIA

Schedule L-11, Continued

Schedules of Employer Contributions - Other Postemployment Benefits - VRS Directed Programs - unaudited
Year Ended June 30, 2022

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					
2022	\$ 64,038	64,038	-	7,715,418	0.83%
2021	57,858	57,858	-	6,970,810	0.83%
2020	47,941	47,941	-	6,658,479	0.72%
2019	35,036	35,036	-	5,650,999	0.62%
2018	25,576	25,576	-	4,262,590	0.60%
2017	19,565	19,565	-	3,260,758	0.60%
2016	13,986	13,986	-	2,330,961	0.60%
Professional employees					
2022	376,036	376,036	-	80,007,589	0.47%
2021	294,965	294,965	-	62,758,457	0.47%
2020	213,321	213,321	-	52,029,564	0.41%
2019	161,756	161,756	-	39,452,671	0.41%
2018	88,973	88,973	-	28,701,027	0.31%
2017	62,108	62,108	-	20,034,887	0.31%
2016	30,785	30,785	-	10,615,473	0.29%
Group Life Insurance					
Nonprofessional employees					
2022	\$ 118,111	118,111	-	21,872,322	0.54%
2021	115,793	115,793	-	21,443,236	0.54%
2020	115,459	115,459	-	22,203,675	0.52%
2019	110,970	110,970	-	21,340,312	0.52%
2018	111,262	111,262	-	21,396,564	0.52%
2017	113,282	113,282	-	21,784,960	0.52%
2016	103,034	103,034	-	21,465,516	0.48%
Professional employees					
2022	1,463,804	1,463,804	-	271,074,875	0.54%
2021	1,376,761	1,376,761	-	254,955,804	0.54%
2020	1,313,971	1,313,971	-	252,686,782	0.52%
2019	1,246,552	1,246,552	-	239,721,566	0.52%
2018	1,208,848	1,208,848	-	232,470,818	0.52%
2017	1,175,336	1,175,336	-	226,026,199	0.52%
2016	1,050,010	1,050,010	-	218,752,180	0.48%
Health Insurance Credit Program - Professional Employees					
2022	\$ 3,272,149	3,272,149	-	270,425,514	1.21%
2021	3,074,717	3,074,717	-	254,108,820	1.21%
2020	3,025,386	3,025,386	-	252,115,534	1.20%
2019	2,867,808	2,867,808	-	238,983,997	1.20%
2018	2,850,681	2,850,681	-	231,762,672	1.23%
2017	2,502,132	2,502,132	-	225,417,292	1.11%
2016	2,312,292	2,312,292	-	218,140,798	1.06%
Health Insurance Credit Program - Non-professional Employees*					
2022	\$ 201,372	201,372	-	21,652,899	0.93%
2021	197,417	197,417	-	21,227,603	0.93%

Schedule is intended to show information for 10 years. Since 2016 is the first year for this presentation, no other historical data is available. However, additional years will be included as they become available.

*2021 is the first year for the Health Insurance Credit Program - Non-professional Employees.

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

Notes to Required Supplementary Information
June 30, 2022

1 Budgets and Budgetary Accounting

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

Annual budget requests of the General Fund, Special Revenue Funds (except the Community Development Fund, Grants Fund, Open Space Agriculture Preservation Fund, Proffers Fund, Housing Trust Fund, and CSB of Chesapeake, Inc., a blended component unit), Debt Service Fund, and Enterprise Funds (excluding construction funds) for the ensuing fiscal year are submitted to the City Manager by department or agency heads during the second quarter of the fiscal year. The City Manager reviews the requests and meets with department heads to discuss the requests. The General Capital Projects Fund, Public Utilities Construction Funds, Chesapeake Transportation System Construction Fund, Stormwater Management Construction Fund, Grants Fund, Open Space Agriculture Preservation Fund, Proffers Fund, Housing Trust Fund, and the Community Development Fund utilize project budgets in lieu of legally adopted annual budgets. The City Council does not adopt a budget for CSB of Chesapeake, Inc.

Section 5.02 of the City Charter states that “the City Manager shall submit to the Council an operating budget and a budget message at least 90 days prior to the beginning of each fiscal year”. This budget includes the Public Schools budget request as adopted by the School Board which is by law a separate and autonomous “body politic”. The City Manager can recommend a revision only in the total estimated resources and requirements in the School Board budget request. The City Council makes an annual appropriation to the Public Schools but is prohibited from exercising any control over specific expenditures of the Public Schools operating funds.

The budget is required to be adopted at the fund level by a majority vote of the City Council at least 47 days prior to the end of the current fiscal year.

After work sessions and public hearings, the City Manager’s recommended budget may be amended as necessary by the City Council and an appropriations ordinance, tax levy, and other revenue enhancements as may be necessary to balance the budget are adopted. Tax rates are established prior to the beginning of the fiscal year.

The City Council may authorize supplemental appropriations during the fiscal year based on the availability of financial resources. Effective with the budget year beginning July 1, 2016, the City Manager is authorized by City Council to make transfers of appropriations within the operating budget of up to \$250,000 and is required to notify City Council of any such transfers. City Council must authorize any transfer of appropriations within the operating budget greater than \$250,000, transfers between capital projects, transfers between the operating and capital budgets, and any amendments that alter total appropriations. The legal level of budgetary control rests within the program at the major expense category.

Each appropriation in a legally adopted annual budget lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. Because encumbrances outstanding at year end are reappropriated under the following year’s budget adoption process, encumbrances are considered expenditures (for budgetary purposes) in the year that the expenditure is incurred.

Appropriations for funds utilizing capital or project budgets do not lapse at year end but are multi-year and continue until the purpose of the appropriation has been fulfilled or abandoned. Appropriations under the capital improvement program are considered abandoned if three years pass without any disbursement or encumbrance of the appropriation. The level of budgetary control is on a project basis with additional controls being exercised administratively, as reasonable and necessary.

Unaudited - see accompanying auditors' report

Continued

Notes to Required Supplementary Information
June 30, 2022

Budgets for all funds are adopted on a budgetary basis. Budgeted amounts reflected in the basic financial statements are as originally adopted and as amended by City Council. A reconciliation between differences in the actual amounts reported under the budgetary basis and the GAAP basis of accounting is provided on the face of the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund in the Required Supplementary Information section.

The original budget includes the adjustments necessary to bring forward the reappropriated encumbrances as authorized in the annual budget resolution.

2 Retirement Plans

Changes of benefit terms – All Plans

There have been no actuarially material changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

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

Schools Professional Employees Teachers

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Unaudited - see accompanying auditors' report

Notes to Required Supplementary Information
June 30, 2022

City Employees and Schools Nonprofessional Employees

Non-Hazardous Duty:

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

Hazardous Duty:

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with modified Mortality Improvement Scale MP-2020
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

3 Other Postemployment Benefit Plans

Changes of benefit terms – All VRS Plans

There have been no actuarially material changes to the Virginia Retirement System (VRS) benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2020, except for the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019 (not applicable to the Line of Duty Plan). Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Unaudited - see accompanying auditors' report

Continued

Notes to Required Supplementary Information
June 30, 2022

VRS Plans-**Health Insurance Credit Program-**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Withdrawal Rates	Adjusted rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Disability Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Group Life Insurance Program-**General Employees**

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

Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Unaudited - see accompanying auditors' report

Continued

Notes to Required Supplementary Information
June 30, 2022

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Line of Duty Act Plan -**General Employees**

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Virginia Local Disability Program-**General Employees**

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

Unaudited - see accompanying auditors' report

Continued

Notes to Required Supplementary Information
June 30, 2022

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

City Directed OPEB Plan-

Changes of benefit terms - There have been no actuarially material benefit changes.

Changes of assumptions -

- The medical trend was updated to the latest model released by the SOA.
- The mortality mortality improvement scale was updated from MP-2019 to MP-2021.
- The retirement, termination, disability, and salary scales assumptions were updated to the latest Virginia Retirement System experience study rates

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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, 2022

	Revised Budget	Actual	Variance Positive Negative
REVENUES			
General property taxes			
Current taxes on real property	\$ 289,157,415	288,648,947	(508,468)
Current taxes on public service corporations	11,628,600	11,132,401	(496,199)
Current taxes on personal property	50,219,887	60,268,928	10,049,041
Delinquent taxes on real property	3,070,305	2,457,201	(613,104)
Delinquent taxes on personal property	15,430,982	18,096,572	2,665,590
Penalties, interest, and advertising	3,255,084	3,480,930	225,846
Total general property taxes	372,762,273	384,084,979	11,322,706
Other local taxes			
Local sales and use taxes	48,160,274	55,017,862	6,857,588
Consumer utility taxes	10,899,000	11,006,951	107,951
Communications sales tax	4,475,039	3,550,807	(924,232)
Business license taxes	27,781,280	30,439,211	2,657,931
Local utility consumption tax	858,500	892,929	34,429
Bank stock taxes	1,569,850	1,778,958	209,108
Taxes on recordation and wills	3,685,959	5,981,357	2,295,398
Tobacco taxes	4,883,400	4,259,276	(624,124)
Lodging tax	4,236,650	5,890,962	1,654,312
Restaurant food tax	24,359,527	31,199,394	6,839,867
Admission taxes	269,900	807,019	537,119
Short-term rental taxes	1,162,300	1,238,941	76,641
Pari-mutuel wagering pool tax	38,388	29,764	(8,624)
Total other local taxes	132,380,067	152,093,431	19,713,364
Revenues from local sources			
Licenses, permits, and fees:			
Bicycle licenses	-	1	1
Building structure and equipment permits	1,064,726	1,526,928	462,202
Precious metals and gems permits	2,500	2,800	300
Highway and driveway permits	24,750	14,820	(9,930)
Transfer fees	6,715	8,826	2,111
Zoning inspection fees	113,385	103,220	(10,165)
Building inspection fees	110,220	85,890	(24,330)
Electrical inspection fees	322,609	343,658	21,049
Elevator inspection fees	17,240	14,920	(2,320)
Plumbing inspection fees	194,040	190,728	(3,312)
Mechanical permits	424,144	435,375	11,231
Subdivision review fees	205,565	324,436	118,871
Solicitors permits	2,177	4,355	2,178
Taxi operators licenses	250	-	(250)
Motor vehicle license	6,582,080	6,173,406	(408,674)
Inspection fees - gas appliances	69,918	65,486	(4,432)
Animal license and fees	224,500	172,019	(52,481)
Police summons fee	82,110	-	(82,110)
Rodent free certification fee	5,040	2,730	(2,310)
Hunting and fishing license	-	7	7
Rental inspection fees	7,140	11,995	4,855
Total licenses, permits, and fees	9,459,109	9,481,600	22,491
Fines and forfeitures	1,211,155	701,855	(509,300)
Investment income	1,344,190	(199,086)	(1,543,276)

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, 2022

	Revised Budget	Actual	Variance Positive Negative
Revenues from local sources, continued:			
Revenues from use of property:			
Rental of general property	\$ 190,578	770,129	579,551
Rental of recreational properties and facilities	467,834	446,769	(21,065)
Library rental revenue	17,640	32,894	15,254
Rental of showmobile	2,500	3,199	699
Total revenues from use of property	678,552	1,252,991	574,439
Charges for services:			
Special court costs	47,685	19,423	(28,262)
Law library fees	106,250	76,884	(29,366)
Accident report fees	41,000	35,985	(5,015)
Municipal court fees	33,915	13,443	(20,472)
Civil penalties	67,270	64,272	(2,998)
Non-support fees	133,870	119,035	(14,835)
Commonwealth's Attorney fees	22,610	17,271	(5,339)
Police escort fees	21,250	70,356	49,106
Sale of service - police	160,000	168,183	8,183
Fire report fees	1,650	300	(1,350)
Sheriff fees	22,861	22,861	-
Inmate medical fees	34,650	16,455	(18,195)
Sale of service - jail	92,053	120,120	28,067
Sale of service - jail inmates	44,614	34,424	(10,190)
Inmate phone system - jail	979,800	1,204,504	224,704
Sale of service - Sheriff	901,261	408,108	(493,153)
Sale of service - public works	285,839	519,324	233,485
Recreation fees	1,122,900	689,356	(433,544)
Sale of food and beverages	20,800	19,237	(1,563)
Library fines and fees	193,050	78,403	(114,647)
Lot processing fees	74,783	49,825	(24,958)
Sale of service - planning	3,825	14,727	10,902
Sale of publications	-	13	13
Returned check fees	11,050	12,664	1,614
Custodian service	81,849	75,217	(6,632)
Wage assignment fees	-	5,421	5,421
Sale of service - assessor	1,360	-	(1,360)
Emergency medical service fees	6,153,572	5,829,963	(323,609)
Administration collected fees	773,375	474,751	(298,624)
Wetland Board civil fees	23,001	14,800	(8,201)
Passport application fee	25,500	65,071	39,571
Sale of service - Commissioner of the Revenue	109,905	122,379	12,474
Subdivision inspection fees	376,616	281,423	(95,193)
Fire plan review fees	38,000	39,723	1,723
Zoning fees	23,500	29,950	6,450
Building plan fees	65,495	102,110	36,615
Inspections technology fee	74,394	90,605	16,211
E-Government subscription fee	24,055	32,319	8,264
Other charges for services	6,525	18,166	11,641
Total charges for services	12,200,133	10,957,071	(1,243,062)

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, 2022

	Revised Budget	Actual	Variance Positive Negative
Revenues from local sources, continued:			
Miscellaneous local revenues:			
Employee wellness investment	\$ 15,000	15,000	-
Payments in lieu of taxes	-	74,783	74,783
Sale of real property	-	48,600	48,600
Sale of ARC - public works	24,906	59,142	34,236
Local grant	45,000	45,000	-
Sale of junk and salvage	-	20,530	20,530
Escheated funds	-	111,026	111,026
Other revenue	69,830	159,892	90,062
Total miscellaneous local revenues	154,736	533,973	379,237
Recovered costs:			
Other recoveries and rebates	-	1,663,671	1,663,671
Recoveries - Jury	-	597	597
Total recovered costs	-	1,664,268	1,664,268
Total revenues from local sources	530,190,215	560,571,082	30,380,867
Revenues from the Commonwealth			
Noncategorical aid:			
Motor vehicle carrier taxes	164,639	168,178	3,539
Mobile home titling taxes	33,688	25,623	(8,065)
Indirect costs	230,000	293,354	63,354
Daily rental taxes - auto	1,312,161	1,828,907	516,746
Deed taxes	973,272	1,568,952	595,680
Personal Property Tax Relief	28,590,001	28,590,001	-
Games of skill taxes	-	50,832	50,832
Total noncategorical aid	31,303,761	32,525,847	1,222,086
Categorical aid:			
Shared expenses:			
Commonwealth's Attorney	2,091,879	2,148,639	56,760
Sheriff	13,678,184	14,300,015	621,831
Commissioner of the Revenue	354,380	384,185	29,805
Treasurer	382,956	422,201	39,245
Registrar/Electoral Board	76,516	112,615	36,099
Circuit Court Clerk	1,296,980	1,367,104	70,124
Agriculture	94,700	74,609	(20,091)
Total shared expenses	17,975,595	18,809,368	833,773

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, 2022

	Revised Budget	Actual	Variance Positive Negative
Revenues from the Commonwealth, continued:			
Other categorical aid:			
Local jail	\$ 1,959,417	1,964,133	4,716
Police	7,216,518	7,007,002	(209,516)
Street and highway maintenance	37,661,954	37,661,957	3
Library	214,701	214,547	(154)
Excess fees	300,000	396,092	96,092
Other state grants	1,000,000	1,000,000	-
Transportation improvement set-aside	-	1,000,000	1,000,000
Reimbursement for emergency expense	47,644	70,939	23,295
Total other categorical aid	48,400,234	49,314,670	914,436
Total categorical aid	66,375,829	68,124,038	1,748,209
Total revenues from the Commonwealth	97,679,590	100,649,885	2,970,295
Revenues from the Federal Government			
Noncategorical aid - Refuge Revenue Sharing Act	30,586	27,785	(2,801)
Categorical aid:			
Other federal grants	7,421	55,841	48,420
Drug Enforcement Agency	-	5,858	5,858
Emergency reimbursement - Federal	55,304	202,559	147,255
Total revenues from the Federal Government	93,311	292,043	198,732
Revenues from Chesapeake Public Schools	-	38,122	38,122
Total revenues	627,963,116	661,551,132	33,588,016
OTHER FINANCING SOURCES			
Transfers from other funds	21,352,534	21,552,916	200,382
Total other financing sources	21,352,534	21,552,916	200,382
Total revenues and other financing sources	\$ 649,315,650	683,104,048	33,788,398

CITY OF CHESAPEAKE, VIRGINIA

Schedule M-2

General Fund
Schedule of Expenditures, Encumbrances, and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2022

	Appropriations	Expenditures			Balance	Encumbrances	Unencumbered Balance
		Operating	Capital Outlay	Total			
EXPENDITURES							
General government:							
Legislative Department - City Council	\$ 1,108,355	1,070,175	-	1,070,175	38,180	5,039	33,141
Executive Department:							
City Manager	2,992,795	2,745,492	-	2,745,492	247,303	3,949	243,354
Public communications	1,816,179	1,696,776	5,682	1,702,458	113,721	19	113,702
Contingencies	227,588	-	-	-	227,588	-	227,588
Environmental emergencies	140,000	-	-	-	140,000	-	140,000
Emergency event - COVID 19	42,964	4,584	-	4,584	38,380	17,556	20,824
Department of Law - City Attorney	2,841,705	2,730,304	-	2,730,304	111,401	46,223	65,178
Department of Finance:							
Commissioner of the Revenue	4,214,395	4,160,189	-	4,160,189	54,206	568	53,638
Real Estate Assessor	2,830,821	2,743,868	-	2,743,868	86,953	7,908	79,045
Board of Equalization	4,901	1,593	-	1,593	3,308	28	3,280
City Treasurer	5,708,241	4,825,959	-	4,825,959	882,282	11,728	870,554
Director of Finance	3,244,361	2,980,375	-	2,980,375	263,986	88,001	175,985
Economic development	2,734,742	2,545,554	93,666	2,639,220	95,522	85,737	9,785
Budget Director	875,187	856,514	-	856,514	18,673	366	18,307
City Auditor	748,812	511,517	-	511,517	237,295	205,684	31,611
Independent auditors	200,416	199,995	-	199,995	421	-	421
Department of Human Resources:							
Human resources	3,295,118	2,816,386	-	2,816,386	478,732	388,610	90,122
Judicial Department:							
Circuit court	837,020	770,837	-	770,837	66,183	-	66,183
Magistrates office	72,676	64,642	5,400	70,042	2,634	714	1,920
General district court	357,631	222,629	-	222,629	135,002	11,167	123,835
Juvenile and domestic relations court	153,650	112,189	-	112,189	41,461	1,097	40,364
Court services unit	349,769	185,018	-	185,018	164,751	105,354	59,397
Commonwealth's Attorney	5,657,154	5,571,459	-	5,571,459	85,695	4,785	80,910
Circuit Court Clerk	2,859,016	2,869,318	-	2,869,318	(10,302)	4,215	(14,517)
Sheriff	56,886,512	55,275,376	125,726	55,401,102	1,485,410	836,541	648,869
Purchasing	1,238,912	1,154,831	-	1,154,831	84,081	12,131	71,950
Department of Public Health:							
General clinics	2,559,600	2,451,792	-	2,451,792	107,808	-	107,808
OSHA services	147,156	146,491	-	146,491	665	72	593

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, 2022

	Appropriations	Expenditures			Total	Balance	Encumbrances	Unencumbered Balance
		Operating	Capital Outlay					
General government, continued:								
Department of Public Library:								
Public library	\$ 10,834,683	10,422,162	32,436		10,454,598	380,085	281,884	98,201
Public library state aid	214,547	214,547	-		214,547	-	-	-
Law library	44,529	26,673	-		26,673	17,856	-	17,856
Boards and Commissions:								
Planning department	2,663,056	2,494,027	-		2,494,027	169,029	9,074	159,955
Planning commission	59,062	47,298	-		47,298	11,764	-	11,764
Electoral board	1,690,696	1,480,544	-		1,480,544	210,152	25,183	184,969
Department of Agriculture	478,776	466,269	-		466,269	12,507	2,829	9,678
Department of Human Services								
Division of Community Programs	2,384,197	2,080,676	-		2,080,676	303,521	3,360	300,161
Customer Contact Center	1,004,864	974,482	-		974,482	30,382	-	30,382
Department of Development and Permits	7,801,715	7,678,605	21,780		7,700,385	101,330	4,986	96,344
Nondepartmental:								
Other nondepartmental support	4,709,515	1,357,115	-		1,357,115	3,352,400	500	3,351,900
Chesapeake regional airport	300,861	300,861	-		300,861	-	-	-
Debt service	1,989,750	1,989,750	-		1,989,750	-	-	-
Total general government	138,321,927	128,246,872	284,690		128,531,562	9,790,365	2,165,308	7,625,057
Public Safety:								
Police department	53,851,572	52,275,831	203,981		52,479,812	1,371,760	495,695	876,065
Animal control	1,994,839	1,933,479	-		1,933,479	61,360	6,916	54,444
Public safety training	1,598,521	1,423,451	10,856		1,434,307	164,214	88,527	75,687
Fire department	56,301,804	54,939,498	393		54,939,891	1,361,913	25,126	1,336,787
Fire prevention bureau	2,012,140	1,890,594	-		1,890,594	121,546	-	121,546
Emergency management operations	743,904	730,393	-		730,393	13,511	58	13,453
Mobile integrated healthcare	557,125	446,223	54,942		501,165	55,960	47,051	8,909
Total public safety	117,059,905	113,639,469	270,172		113,909,641	3,150,264	663,373	2,486,891
Public works:								
Engineering and administration	6,232,779	5,776,414	-		5,776,414	456,365	147,525	308,840
Traffic engineering	7,486,397	6,676,682	59,908		6,736,590	749,807	150,859	598,948
Street maintenance	16,134,704	13,243,693	546,898		13,790,591	2,344,113	1,195,881	1,148,232
Bridges and structures	3,908,105	3,023,295	69,620		3,092,915	815,190	246,941	568,249

Continued

CITY OF CHESAPEAKE, VIRGINIA

General Fund
Schedule of Expenditures, Encumbrances, and Other Financing Uses -
Budget and Actual
Year Ended June 30, 2022

	Expenditures					Unencumbered Balance
	Appropriations	Operating	Capital Outlay	Total	Balance	
Public works, continued:						
Bureau of drainage	\$ 3,510,726	2,006,977	276,941	2,283,918	1,226,808	911,244
Buildings maintenance	8,494,549	7,549,587	233,710	7,783,297	711,252	151,607
Facilities Management - building	2,050,034	1,437,855	152,472	1,590,327	459,707	113,842
Public works operations	1,972,003	1,973,731	-	1,973,731	(1,728)	10,750
Solid waste collection	21,216,269	19,943,918	-	19,943,918	1,272,351	802,568
Hampton Road Transit	3,065,800	2,821,863	-	2,821,863	243,937	-
Total public works	74,071,366	64,454,015	1,339,549	65,793,564	8,277,802	3,731,217
Parks and recreation:						
Administration	2,896,409	2,741,577	-	2,741,577	154,832	10,676
Community centers	2,614,187	2,079,184	-	2,079,184	535,003	43,240
Parks operations	2,674,792	1,331,446	1,000,000	2,331,446	343,346	23,992
Parks and grounds maintenance	4,012,397	3,084,225	279,938	3,364,163	648,234	525,295
Parks, grounds and building maintenance - warehouse and work order	158,513	100,479	-	100,479	58,034	-
Recreation programs	1,223,456	788,587	-	788,587	434,869	7,555
Special programs	1,824,850	1,284,074	6,817	1,290,891	533,959	-
Fine arts programs	84,975	68,175	-	68,175	16,800	-
Total parks and recreation	15,489,579	11,477,747	1,286,755	12,764,502	2,725,077	610,758
Education - payments to public schools	243,416,255	240,803,077	-	240,803,077	2,613,178	-
Total expenditures and encumbrances	588,359,032	558,621,180	3,181,166	561,802,346	26,556,686	7,170,656
OTHER FINANCING USES						
Transfers to other funds:						
Debt Service Fund	33,727,606	32,088,095	-	32,088,095	1,639,511	-
Capital Projects Fund	33,728,481	33,728,481	-	33,728,481	-	-
Virginia Public Assistance Fund	5,838,917	5,838,917	-	5,838,917	-	-
Integrated Behavioral Healthcare Fund	8,228,955	8,228,955	-	8,228,955	-	-
Juvenile Services Fund	2,270,445	2,270,445	-	2,270,445	-	-
Interagency Consortium Fund	2,264,494	2,264,494	-	2,264,494	-	-
E-911 Operations Fund	1,000,000	1,000,000	-	1,000,000	-	-
Grants Fund	25,556	15,056	-	15,056	10,500	-
Economic Development Authority	1,561,250	1,203,109	-	1,203,109	358,141	-
City Garage Fund	130,000	130,000	-	130,000	-	-
Total transfers to other funds	88,775,704	86,767,552	-	86,767,552	2,008,152	-
Total other financing uses	88,775,704	86,767,552	-	86,767,552	2,008,152	-
Total expenditures, encumbrances, and other financing uses	\$ 677,134,736	645,388,732	3,181,166	648,569,898	28,564,838	7,170,656
Total expenditures, encumbrances, and other financing uses						21,394,182

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, 2022

	Revised Budget	Actual	Variance Positive Negative
REVENUES			
Investment income	\$ -	242,401	242,401
Revenues from use of property	52,145	54,889	2,744
Miscellaneous local revenues	531,379	619,315	87,936
Intergovernmental revenues:			
Federal government - American Reinvestment and Recovery Act	-	289,059	289,059
Revenues from Chesapeake Public Schools	-	13,075	13,075
Total revenues	583,524	1,218,739	635,215
EXPENDITURES			
Debt service			
Interest on general obligation bonds	12,491,684	11,671,885	819,799
Interest on open space agriculture preservation	64,430	64,430	-
Other debt expenditures	289,754	87,232	202,522
Redemption of general obligation bonds	26,206,253	26,158,975	47,278
Total debt service	39,052,121	37,982,522	1,069,599
Education - payments to public schools	-	62,121,016	(62,121,016)
Total expenditures	39,052,121	100,103,538	(61,051,417)
Excess deficiency of revenues over under expenditures	(38,468,597)	(98,884,799)	(60,416,202)
OTHER FINANCING SOURCES USES			
Transfers from other funds	36,468,596	35,079,710	(1,388,886)
Issuance of general obligation school bonds	-	54,410,000	54,410,000
Premiums on general obligation school bonds issued	-	7,775,842	7,775,842
Total other financing sources (uses), net	36,468,596	97,265,552	60,796,956
Net change in fund balance	(2,000,001)	(1,619,247)	380,754
Fund balance - beginning	14,177,051	14,177,051	-
Fund balance - ending	\$ 12,177,050	12,557,804	380,754

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Capital Projects Funds

General Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities other than those financed by enterprise funds.

Public Utilities Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Public Utilities.

Chesapeake Transportation System Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for the Chesapeake Transportation System.

Stormwater Management Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of most major capital facilities or infrastructure for Stormwater Management.



CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1

General Capital Projects Fund
Schedule of Expenditures and Encumbrances - Budget and Actual
Year Ended June 30, 2022

Project	Appropriations	Expenditures		Total	Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year				
General construction projects:							
General Government:							
1011500100	24,200,000	2,570,038	-	2,570,038	21,629,962	18,400	21,611,562
1011600100	1,242,316	-	-	-	1,242,316	100	1,242,216
1011600100	12,500	-	12,500	12,500	-	-	*
1012200100	250,000	-	-	-	250,000	-	250,000
1012400100	500,000	-	-	-	500,000	-	500,000
1021500100	27,956	27,956	-	27,956	-	-	-
1021510100	1,173,924	-	523,253	523,253	650,671	650,670	1
1021510100	2,197,611	95,149	2,102,462	2,197,611	-	-	*
1021600100	139,456	139,456	-	139,456	-	-	*
1021800100	100,000	-	-	-	100,000	-	100,000
1022010100	4,518	-	-	-	4,518	-	4,518
1022300100	100,000	-	-	-	100,000	-	100,000
1022400100	148,699	-	-	-	148,699	79,473	69,226
1032200100	51,301	14,325	36,976	51,301	-	-	*
1032200100	10,309,087	9,728,915	-	9,728,915	580,172	-	580,172
1032210100	1,786,266	263,513	873,553	1,137,066	649,200	334,597	314,603
1041510100	157,383	-	-	-	157,383	157,000	383
1041510100	442,791	338,533	104,258	442,791	-	-	*
1041700100	837,170	27,629	16,556	44,185	792,985	-	792,985
1042000100	3,200,000	2,555,268	288,425	2,843,693	356,307	256,774	99,533
1042100100	200,000	99,999	69,472	169,471	30,529	-	30,529
1042200100	33,574,107	2,056,899	352,952	2,409,851	31,164,256	2,089,477	29,074,779
1042400100	300,000	-	-	-	300,000	-	300,000
1042500100	200,000	-	-	-	200,000	-	200,000
1052400100	735,000	56,879	31,260	88,139	646,861	41,558	605,303
1062200100	7,750,000	908,901	114,645	1,023,546	6,726,454	975,000	5,751,454
1062300100	154,030	138,148	15,882	154,030	-	-	*
1062400100	694,148	338,529	231,716	570,245	123,903	120,231	3,672
1062500100	800,000	-	-	-	800,000	-	800,000
1071700100	2,152	-	2,152	2,152	-	-	*
1072400100	200,000	-	-	-	200,000	-	200,000
1081600100	112,189	-	64,232	64,232	47,957	16,505	31,452
1081600100	1,568,292	1,550,192	18,100	1,568,292	-	-	*
1081600100	14,010	-	-	-	14,010	8,176	5,834
1081900100	340,484	-	340	340	340,144	-	340,144
1082100100	500,000	138,005	16,430	154,435	345,565	11,501	334,064
1082400100	200,000	-	-	-	200,000	-	200,000
1082500100	73,410	-	-	-	73,410	50,165	23,245
1082500100	126,590	112,840	13,750	126,590	-	-	*
1091700100	400,000	252,099	57,201	309,300	90,700	35,669	55,031
1092300100	380,000	151,960	70,986	222,946	157,054	41,705	115,349
1092400100	400,000	-	-	-	400,000	-	400,000
1092500100	305,000	-	-	-	305,000	47,500	257,500
1101900100	2,087,771	35,964	5,906	41,870	2,045,901	36,500	2,009,401
1101900100	38,406	358	38,048	38,406	-	-	*
1102400100	500,000	-	-	-	500,000	-	500,000

(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, 2022

Project	Appropriations	Expenditures			Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year	Total			
General construction projects, continued:							
General Government, continued:							
1102500100	40,000	-	40,000	40,000	-	-	*
1112000100	325,043	238,702	823	239,525	85,518	29,750	55,768
1112200100	464,176	-	-	-	464,176	39,060	425,116
1112200100	335,824	-	335,824	335,824	-	-	*
1112400100	800,000	530,034	36,752	566,786	233,214	-	233,214
1112500100	120,000	-	-	-	120,000	-	120,000
1122000100	3,870,331	218,582	114,349	332,931	3,537,400	165,072	3,372,328
1122000100	108,149	108,149	-	108,149	-	-	*
1122200100	1,800,000	934,967	310,161	1,245,128	554,872	238,199	316,673
1122400100	1,500,000	-	1,234,185	1,234,185	265,815	185,756	80,059
1132200100	300,000	29,268	97,494	126,762	173,238	68,022	105,216
1142100100	2,633,000	963,588	165,115	1,128,703	1,504,297	84,247	1,420,050
1142500100	100,000	-	-	-	100,000	-	100,000
1152500100	460,000	-	-	-	460,000	-	460,000
1162500100	50,000	-	21,358	21,358	28,642	-	28,642
1211200100	2,254,495	-	-	-	2,254,495	1,865,422	389,073
1211200100	33,309	3,353	29,956	33,309	-	-	*
1212000100	332,783	87,143	44,574	131,717	201,066	16,863	184,203
1352400100	5,160,000	160,000	5,000,000	5,160,000	-	-	-
1392400100	66,810	66,810	-	66,810	-	-	*
1402000100	1,500,000	-	-	-	1,500,000	-	1,500,000
1412400100	313,813	43,085	255,136	298,221	15,592	15,592	-
1412400100	15,966	-	15,966	15,966	-	-	*
1482300100	19,000,000	1,175,104	6,629,562	7,804,666	11,195,334	5,281,515	5,913,819
1492300100	339,248	-	-	-	339,248	63,250	275,998
1492300100	660,752	-	-	660,752	-	-	*
1512300100	16,461,187	3,564,812	158,287	3,723,099	12,738,088	1,350,531	11,387,557
1532300100	79,574	-	-	-	79,574	-	79,574
1532300100	589,926	196,868	393,058	589,926	-	-	*
1561700100	395,122	-	-	-	395,122	-	395,122
1561700100	964,268	939,343	24,925	964,268	-	-	*
1582500100	187,500	-	-	-	187,500	-	187,500
1812500100	300,000	-	-	-	300,000	-	300,000
1842500100	85,141	-	799	799	84,342	-	84,342
Total General Government	160,182,988	31,522,116	20,309,523	51,831,639	108,351,349	14,374,281	93,977,068
<i>(Continued)</i>							

(Continued)

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

Capital Projects Fund
Schedule of Expenditures and Encumbrances - Budget and Actual
Year Ended June 30, 2022

Project	Appropriations	Expenditures		Total	Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year				
General construction projects, continued:							
Department of Public Safety:							
1041800200	Jail Expansion to Address Overcrowding	1,598,172	533,874	(376,442)	157,432	85,643	1,355,097
1041800200	Jail Expansion to Address Overcrowding	65,235	59,900	5,335	-	-	- *
1071100200	Fire Station #10 - Design	542,620	-	-	542,620	238,716	303,904
1071100200	Fire Station #10 - Design	318,173	275,581	42,592	-	-	- *
1072100200	CAD Sheriff/Police Interface	33,241	4,800	16,371	21,171	-	-
1082200200	Fire Station Alerting System	50,164	-	-	12,070	-	12,070
1101600200	Combined Fire Station #7/Police Precinct #6	351,511	-	-	50,164	-	50,164
1101600200	Combined Fire Station #7/Police Precinct #6	285,482	42,831	275,679	75,832	50,189	25,643
1102100200	Fire - Telestaff Kronos Interface	1,639	1,639	242,651	-	-	- *
1112100200	Tri-City Automatic Aid CAD Interface (Regional 911)	50,000	35,863	1,639	-	-	- *
1122100200	Jail - Data Center	87,554	87,554	35,863	14,137	14,137	- *
1132300200	Door Card Control Panel Replacement and Fire Station Access	133,500	54,113	-	2,157	2,076	81
1132400200	Fire/EMS - Mobile Data Terminal Replacements - II	200,000	-	55,122	144,878	122,011	22,867
1162100200	Sheriff Automated Rounds Software	2,756	-	-	2,756	2,669	87
1162100200	Sheriff Automated Rounds Software	197,244	197,244	-	197,244	-	- *
1162200200	Fire Station #4 Replacement	900,000	5,344	1,882	892,774	-	892,774
1162300200	Public Safety Facility Issue Studies - Feasibility & Design	750,000	524,572	213,054	12,374	-	12,374
1172200200	FS #16-Joint Fire & Police Stn-Grassfield/Scenic Pkwy.	500,000	-	-	500,000	-	500,000
1182300200	Public Safety Vehicle Network Connection Upgrade	69,531	-	-	69,531	-	69,531
1182300200	Public Safety Vehicle Network Connection Upgrade	105,469	80,497	24,972	105,469	-	- *
1192600200	Fire Boat Replacement	1,150,000	-	7,908	-	-	-
1202400200	Fire Station Exhaust Removal Systems Replacement	300,000	-	-	1,142,092	300,000	1,142,092
1212400200	Jail Booking Area Facility Renovation	150,000	16,381	127,166	300,000	2,425	-
1222100200	Jail Kitchen Equipment Replacement	29,588	-	-	6,453	-	4,028
1222100200	Jail Kitchen Equipment Replacement	380,398	147,704	232,694	29,588	-	29,588
1242500200	Fire - Enclosed Air Trailer	150,000	-	-	-	-	- *
1252100200	Jail Surveillance System Digital Conversion & Cameras	21,594	-	5,008	8,050	-	8,050
1262100200	Jail and Sheriff HQ Renewal and Replacements	2,628,569	1,947,453	548,718	16,586	13,445	3,141
1271900200	Deep Creek Fire Station #8 - Relocate	9,248,093	538,546	4,478	132,398	98,317	34,081
1281900200	Dock Landing Firestation #11 Replacement	8,976,464	160	40,094	8,705,069	196,018	8,509,051
1302500200	P25 Radio System Upgrade	1,100,000	218,798	875,191	8,936,210	698,560	8,237,650
1342400200	Electronic Summons Collection	8,843	-	-	6,011	-	6,011
1342400200	Electronic Summons Collection	191,157	186,552	4,605	8,843	-	8,843
1342500200	Police - Portable Radio Replacement	550,000	-	386,214	-	-	- *
1371400200	Animal Services Facility	133,659	-	-	163,786	-	163,786
1391400200	Public Safety Headquarters EOC/EDC Phase I	651,745	-	3,055	133,659	-	133,659 *
1392000200	Fire Vehicle Replacement	3,019,220	1,396,455	1,305,429	648,690	15,765	632,925
1432500200	Sheriff - Radio Replacement	166	-	-	317,336	253,000	64,336
1432500200	Sheriff - Radio Replacement	90,338	-	-	166	-	166
1802500200	Emergency Power Supply - Shelters	1,760,000	-	90,338	-	-	- *
Total Department of Public Safety		36,782,126	6,319,999	6,147,156	24,314,971	2,092,971	22,222,000

Continued

CITY OF CHESAPEAKE, VIRGINIA

Schedule O-1, Continued

Capital Projects Fund
Schedule of Expenditures and Encumbrances - Budget and Actual
Year Ended June 30, 2022

Project	Appropriations	Expenditures		Total	Unexpended	Encumbrances	Unencumbered Balance
		Prior Years	Current Year				
General construction projects, continued:							
Department of Public Works:							
1031900300	Centerville Bridge Rehabilitation	876,504	-	-	876,504		876,504
1071900300	Residential Street Repaving	5,230,639	-	-	5,230,639		5,230,639
1071900300	Residential Street Repaving	160,761	160,761	160,761	-		-
1081800300	DC AIW Bridge Replacement	21,124,900	2,374	68,570	21,056,330	147,414	20,908,916
1091800300	Freeman Ave Railroad Overpass	6,706,943	409,060	63,162	6,234,721	340,390	5,894,331
1102600300	Eden Way 2nd Left Turn Lane at Greenbrier Parkway	400,000	-	-	400,000	384,368	15,632
1112600300	Repair & Replacement of Roads and Bridges - Phase V	460,000	-	-	460,000		460,000
1122600300	Residential Traffic Calming Program	100,000	-	33,635	66,365		66,365
1132600300	Route 168 Bridge Repairs	310,000	-	-	310,000	91,768	218,232
1142600300	Traffic Signal Central Management System Upgrade	350,000	-	-	350,000		350,000
1171300300	Repair & Maintenance Roads/Bridges II	5,990	-	-	5,990		5,990
1172600300	SGR Milling and Paving Project	1,339,999	-	-	1,339,999		1,339,999
1182600300	Rotunda Ave Bridge Replacement	1,211,958	-	-	1,211,958		1,211,958
1210820300	Traffic Signals and Intersection Improvements	6,795	-	2,340	4,455	199,577	4,455
1262200300	Citywide Sidewalk Installation	1,800,000	90,776	43,008	1,666,216	84,404	1,581,812
1270710300	Master Drainage Improvement II	51,066	470	31,584	19,012		19,012
1282200300	Traffic Signals and Intersection Improvements - Phase III	200,000	-	-	200,000	134,503	65,497
1292200300	Turn Lanes and Signal Modification: Hanbury Rd.	1,501,000	110,716	331,670	1,169,330	61,248	1,108,082
1292400300	Edwin Drive Improvements	1,800,000	237,608	51,524	1,510,868	35,162	1,475,706
1302300300	Advanced Right-of-Way Acquisition Program	1,300,000	208,631	200,000	891,369		891,369
1302400300	Johnstown Road Ditch and Shoulder Improvements	5,000,000	-	-	5,000,000		5,000,000
1312200300	Traffic Signal Retiming Ph I	36,560	-	4,260	32,300	29,357	2,943
1312200300	Traffic Signal Retiming Ph I	78,440	-	78,440	-		-
1312300300	Centerville Turnpike Bridge Feasibility Study	2,898	-	-	2,898	2,898	-
1312300300	Centerville Turnpike Bridge Feasibility Study	497,102	89,312	497,102	-		-
1332400300	Pedestrian Sidewalk - Seaboard & Industrial Ave.	763,000	146,661	146,661	616,339	11,743	604,596
1341100300	Various Drainage Improvements	44,490	729	729	43,761		43,761
1352300300	Elbow Rd. Widening - Phase 2	12,665,000	959,764	392,786	11,312,450	479,191	10,833,259
1362100300	Mt. Pleasant Rd. Widening	3,357,841	489,683	2,725,793	142,365	141,462	903
1362100300	Mt. Pleasant Rd. Widening	36,485	35,035	1,450	36,485		-
1372100300	Repair & Maintenance Roads and Bridges, Phase IV	2,140,573	628,929	67,159	1,444,485	157,572	1,286,913
1372300300	George Washington Hwy. (US Route 17) Widening	2,500,000	-	527,387	1,972,613	43,372	1,929,241
1382100300	Right Turn Lane and Signal Modification: Woodlake Dr.	3,605,420	594,491	320,360	2,690,569	2,443,340	247,229
1382300300	Gilmerton Auxiliary Counterweights Bridge Repairs	2,414,913	230,218	145,181	2,039,514	1,951,541	87,973
1382400300	Elbow Rd. Bridge Replacement	5,999,000	268,100	70,626	5,660,274	313,939	5,346,335
1392300300	Intersection Improv: Battlefield Blvd at Albemarle Dr	319,806	-	-	319,806		319,806
1392300300	Intersection Improv: Battlefield Blvd at Albemarle Dr	1,030,194	994,229	35,965	1,030,194		-
1402300300	Intersection Improv: Battlefield Blvd at Volvo Pkwy	1,350,000	137,269	11,241	1,201,490	127,983	1,073,507
1402400300	Emergency Vehicle Pre-emption Ph II	10,509	-	-	10,509		10,509
1402400300	Emergency Vehicle Pre-emption Ph II	224,146	-	-	-		-
1412100300	Rural Roads Safety Improvement Program	3,050,000	53,190	136,958	2,859,852		2,859,852
1412300300	Intersection Improv: Butts Station Rd at Kempsville Rd	1,150,000	7,355	1,700	1,140,945		1,140,945
1422300300	Mt. Pleasant Rd. Widening - Phase 2	4,850,000	-	223,285	4,626,715	539,439	4,087,276
1432000300	Ballhack Boat Ramp Area Improvements	359,791	6,575	50	353,166		353,166
1442300300	Pedestrian Sidewalk & Street Lighting-Poindexter St.@I-464	548,500	200,352	52,921	295,227	652	294,575
1451700300	Sunray Overpass Rehabilitation	917,242	-	-	917,242	12,615	904,627
(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, 2022

Project	Appropriations	Expenditures		Total	Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year				
General construction projects, continued:							
Department of Public Works, continued:							
1451700300 Sunray Overpass Rehabilitation	3,321,358	3,321,358	-	3,321,358	-	-	- *
1452300300 Right Turn Lane Ext: Greenbrier Pkwy. @ Kempsville Rd.	350,000	1,962	3,000	4,962	345,038	-	345,038
1461700300 Triple Decker Bridge Rehabilitation	8,901,000	1,200,348	154,483	1,354,831	7,546,169	182,788	7,363,381
1462300300 Right Turn Lane: Campostella Rd. @ Sunrise Ave.	43,130	-	-	-	43,130	-	43,130
1462300300 Right Turn Lane: Campostella Rd. @ Sunrise Ave.	106,870	106,870	-	106,870	-	-	- *
1472300300 Right Turn Lanes: Deep Creek Area	338,000	-	-	-	338,000	-	338,000
1542300300 Intersection Improvements: Battlefield Blvd. @ GB Blvd.	1,210,000	237,400	6,803	244,203	965,797	133,478	832,319
1562300300 Oaklette Bridge (Indian River Road)	5,128,000	75,024	174,705	249,729	4,878,271	174,101	4,704,170
1572300300 Old Mill Road— Bridge at Deep Creek	1,153,000	6,528	84,387	90,915	1,062,085	987	1,061,098
1582300300 Number Ten Lane – Bridge over Lindsey Drainage Canal	1,251,000	112,626	56,330	168,956	1,082,044	56,189	1,025,855
1592300300 Flashing Yellow Lights - Western Branch	159,000	4,184	44,787	48,971	110,029	20,519	89,510
1602300300 Flashing Yellow Lights - Cedar Rd.	313,000	4,440	89,117	93,557	219,443	4,171	215,272
1612300300 Flashing Yellow Lights - Providence and Mt Pleasant	467,000	4,056	111,170	115,226	351,774	63,974	287,800
1622300300 Citywide Signal Timing	450,000	-	19,814	19,814	430,186	127,114	303,072
1622500300 Battlefield/Volvo Intersection Improvements	1,425,129	-	-	-	1,425,129	381,964	1,043,165
1632500300 Master Transportation Plan Update	250,000	-	-	-	250,000	-	250,000
1652500300 Pavement Condition Data Collection Project	300,000	279,052	-	279,052	20,948	20,948	-
1672500300 Right Turn Lane: Johnstown Rd. at Battlefield Blvd.	750,000	397,560	-	397,560	352,440	-	352,440
1702500300 Traffic Signal Reconstruction Project	1,155,000	295,383	160,689	456,072	698,928	20,030	678,898
1712500300 Weiss Lane Widening	500,000	-	-	-	500,000	-	500,000
1822500300 Flashing Yellow Lights - S. Military & George Washington	321,000	3,993	104,295	108,288	212,712	64,029	148,683
1852500300 Centerville Bridge Emergency Repairs	447,736	-	-	-	447,736	-	447,736
1852500300 Centerville Bridge Emergency Repairs	2,412,264	1,888,545	523,719	2,412,264	-	-	- *
1862500300 Kempsville Road Resurfacing	899,080	-	-	-	899,080	716,137	182,943
1872500300 Mount Pleasant Road Resurfacing	600,920	-	-	-	600,920	507,640	93,280
Total Department of Public Works	130,140,953	14,413,219	7,261,597	21,674,816	108,466,137	10,208,007	98,258,130
Department of Parks and Recreation:							
1112300400 Northwest River Park Improvements	37,330	-	-	-	37,330	-	37,330
1112300400 Northwest River Park Improvements	1,088,038	942,087	145,951	1,088,038	-	-	- *
1112310400 Northwest River Park Improvements	2,000,000	-	64,978	64,978	1,935,022	221,497	1,713,525
1122300400 Parks - Improvements, Additions & Expansions	2,527,611	-	-	-	2,527,611	174,100	2,353,511
1122300400 Parks - Improvements, Additions & Expansions	179,869	13,865	166,004	179,869	-	-	- *
1142200400 Dismal Swamp Canal Trail Renovation	800,000	789,320	10,680	800,000	-	-	- *
1152200400 Northwest River Park Water & Sewer System Improv - Ph I	136,242	119,106	-	119,106	17,136	-	17,136
1152200400 Northwest River Park Water & Sewer System Improv - Ph I	9,809	-	9,809	9,809	-	-	- *
1152400400 Heron Landing Park on the Indian River	606,000	63,773	63,519	127,292	478,708	14,938	463,770
1161920400 Athletic Field Improvements	350,969	-	19,420	19,420	331,549	122,531	209,018
1161920400 Athletic Field Improvements	30,339	-	30,339	30,339	-	-	- *
1170510400 Parks Land Acquisition	312,596	230,880	-	230,880	81,716	-	81,716
1170510400 Parks Land Acquisition	7,703	5,235	2,468	7,703	-	-	- *
1172100400 Chesapeake Arboretum	699,894	-	-	-	699,894	23,702	676,192
1172100400 Chesapeake Arboretum	63,765	-	63,765	63,765	-	-	- *
1181930400 Park Program Improvements	18,138	-	-	-	18,138	8,400	9,738
1181930400 Park Program Improvements	409,594	91,132	318,462	409,594	-	-	- *
1182100400 Commonwealth/Seaboard Multi-City Rail Trail	139,689	-	-	-	139,689	-	139,689
1182100400 Commonwealth/Seaboard Multi-City Rail Trail	685,311	285,858	399,453	685,311	-	-	- *
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, 2022

Project	Appropriations	Expenditures		Total	Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year				
General construction projects, continued:							
Department of Parks and Recreation, continued:							
1191930400 Facility Improvements on Recreational Buildings	222,548	-	10,725	10,725	211,823	-	211,823
1191930400 Facility Improvements on Recreational Buildings	246,458	32,088	214,370	246,458	-	-	- *
1192100400 Dismal Swamp Canal Trail Phase III	353,791	-	-	-	353,791	-	353,791
1211910400 Parking Lot Improvements	55,325	22,251	(22,251)	-	55,325	-	55,325
1211910400 Parking Lot Improvements	54,285	-	54,285	54,285	-	-	- *
1211920400 Parking Lot Improvements	3,082	-	-	-	3,082	-	3,082
1211920400 Parking Lot Improvements	176,919	-	176,919	176,919	-	-	- *
1212500400 New Athletic Field Lighting	596,007	-	545,707	545,707	50,300	47,171	3,129
1221200400 Johnson Park Improvements	149,623	-	-	-	149,623	-	149,623
1221200400 Johnson Park Improvements	20,730	20,730	-	20,730	-	-	- *
1221920400 ADA Facility Compliance	1,796	-	-	-	1,796	-	1,796
1221920400 ADA Facility Compliance	178,127	53,520	124,607	178,127	-	-	- *
1241920400 Security Improvements Parks & Recreation	33,907	-	14,555	14,555	19,352	16,042	3,310
1241920400 Security Improvements Parks & Recreation	54,268	10,288	43,980	54,268	-	-	- *
1362400400 Enhanced Entrances to the City	400,000	-	5,265	5,265	394,735	-	394,735
1472000400 Open Space and Recreation Funded Projects	1,456,133	-	-	-	1,456,133	-	1,456,133
1472010400 Open Space and Recreation Funded Projects	2,000,000	-	-	-	2,000,000	160,618	1,839,382
1682300400 Great Bridge Battlefield Monument Plaza	142,600	-	48,761	48,761	93,839	11,979	81,860
1832500400 Phase I Deep Creek Village Historical Site	3,400,000	130,760	250,841	381,601	3,018,399	-	3,018,399
Total Department of Parks and Recreation	19,648,493	2,810,893	2,762,609	5,573,502	14,074,991	800,978	13,274,013
Department of Public Welfare:							
1012300500 CIBH - Study of 224 Great Bridge Blvd. Building Annex	6,709,700	71,339	40,057	111,396	6,598,304	31,314	6,566,990
1141900500 Psychosocial Support Building Expansion	3,031,112	2,685,792	245,944	2,931,736	99,376	57,826	41,550
1151900500 Intellectual Disability Support Building Renovation	1,575,513	169,075	-	169,075	1,406,438	82,508	1,323,930
Total Department of Public Welfare	11,316,325	2,926,206	286,001	3,212,207	8,104,118	171,648	7,932,470
Department of Libraries:							
1022101000 Library Customer Service Desk Replacements	26,287	-	-	-	26,287	-	26,287
1022101000 Library Customer Service Desk Replacements	150,644	150,644	-	150,644	-	-	- *
1032101000 Library Russell Memorial Parking Addition	92,836	-	-	-	92,836	9,459	83,377
1032101000 Library Russell Memorial Parking Addition	407,164	252,738	154,426	407,164	-	-	- *
1032401000 Library Book Lockers	26,623	-	-	-	26,623	-	26,623
1032401000 Library Book Lockers	121,600	121,600	-	121,600	-	-	- *
1062601000 Russell Memorial Library Addition	40,000	-	22,430	22,430	17,570	-	17,570
1082001000 Library Tablet Lending System	1,514	931	583	1,514	-	-	- *
1092201000 Library - Data Center Redundancy/DIT Colocation	12,000	12,000	-	12,000	-	-	- *
1102201000 Library - Technology Upgrade/Replacement - Phase III	600,000	-	-	-	600,000	-	600,000
1121911000 Library Automated Materials Handling System Ph II	353,539	-	3,089	3,089	350,450	280,386	70,064
1121921000 Library Automated Materials Handling System Ph III	300,350	-	-	-	300,350	299,047	1,303
Total Department of Libraries	2,132,557	537,913	180,528	718,441	1,414,116	588,892	825,224
Total expenditures and encumbrances	360,203,442	58,530,346	36,947,414	95,477,760	264,725,682	28,236,777	236,488,905
Less completed projects	34,385,800	-	-	33,665,980	-	-	-
Construction in progress	\$	325,817,642	-	61,811,780	-	-	-
* 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, 2022

Project	Expenses				Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total			
1011500800 PW/PU Operations Facilities Relocation Ph I	\$ 4,000,000	121,262	-	121,262	3,878,738	-	3,878,738
1051800800 Sewer Renewal - Add'l Consent Order Capital Requirement	3,748,662	-	-	-	3,748,662	-	3,748,662
1051810800 Sewer Renewal - Add'l Consent Order - Cloverdale	1,410,913	-	-	-	1,410,913	-	1,353,824
1051810800 Sewer Renewal - Add'l Consent Order - Cloverdale	901,836	949,301	(47,465)	901,836	-	57,088	-
1051820800 Sewer Renewal - Add'l Consent Order - Decatur	3,285,230	233,199	34,732	267,931	3,017,299	138,168	2,879,131
1051840800 Sewer Renewal - Add'l Consent Order - Maint & Op Mgmt	917,566	-	222,849	222,849	694,717	139,995	554,722
1051840800 Sewer Renewal - Add'l Consent Order - Maint & Op Mgmt	375,340	165,585	209,755	375,340	-	-	-
1051860800 Sewer Renewal - Add'l Consent Order - Cavalier	75,000	-	-	-	75,000	-	75,000
1051870800 Sewer Renewal - Regional/Local Hydraulic Model	26,820	-	-	-	26,820	26,768	52
1051870800 Sewer Renewal - Regional/Local Hydraulic Model	43,180	-	43,180	43,180	-	-	-
1061000800 Force Main Upgrade - Greenbrier Parkway	2,700,389	47,898	82,839	130,737	2,569,652	586,948	1,982,704
1141600800 Water Renewal & Waterline Upgrade - Ph II	2,324,776	383,127	-	383,127	1,941,649	-	1,941,649
1151700800 Sewer Renewal - 18th Street	1,124,270	125,051	341	125,393	998,877	21,813	977,065
1181700800 Sewer Renewal - Chesapeake Ave - Guerriere to Ohio Sewer	616,797	54,391	-	54,391	562,406	-	562,406
1191300800 Northwest River WTP Misc Modifications	1,293,973	396,686	40,398	437,084	856,889	9,632	847,257
1191310800 Northwest River WTP Misc Modifications	2,000,000	-	177,672	177,672	1,822,328	227,802	1,594,526
1202200800 Northwest River WTP - Switchgear Replacement	5,982,000	-	-	-	5,982,000	-	5,982,000
1202300800 Chesapeake Connector Water Pipeline	2,000,000	-	-	-	2,000,000	-	2,000,000
1211310800 Lake Gaston WTP Membrane Rep. - Phase 2	2,200,000	-	549,120	549,120	1,650,880	-	1,650,880
1222200800 Sewer System Redesign/Construction: Albemarle Dr.	700,000	19,721	51,998	71,719	628,281	34,359	593,922
1222300800 Lake Gaston Pipeline - Capital Cost Sharing with VA Beach	1,225,000	631,442	236,641	868,083	356,917	-	356,917
1231700800 Sewer and Water Renewal: Elbyrne Dr.	2,743,000	186,687	13,957	200,644	2,542,356	86,608	2,455,748
1232300800 Northwest River Lakes & Pump Station	2,000,000	114,155	189,089	303,244	1,696,756	163,925	1,532,831
1232400800 SCADA Upgrade	1,500,000	-	42,463	42,463	1,457,537	5,037	1,452,500
1241200800 Water System Renewal	807,672	507,672	-	507,672	300,000	-	300,000
1242000800 Water Renewal - Buchanan Street	3,306,870	301,575	124,783	426,359	2,880,511	1,189,990	1,690,521
1242300800 Replacement of Lead Service Lines	100,000	100,000	-	100,000	-	-	-
1252000800 Unserved Areas/Cost Participation - Phase II	827,024	-	-	-	827,024	-	827,024
1252020800 Unserved Areas/Cost Participation - Phase II - Willow Lake	3,100,000	105,335	70,114	175,449	2,924,551	102,668	2,821,883
1271200800 Sanitary Sewer Evaluation	8,072,570	7,825,997	225,791	8,051,787	20,783	20,778	5
1281700800 Manhole Rehabilitation - 1709 vertical ft	9,390	-	9,390	9,390	-	-	-
1292000800 Northwest River WTP Ground Storage Tank	1,680,000	82,522	-	82,522	1,597,478	82,811	1,514,667
1302000800 Northwest River WTP Replace Bulk Chemical Storage Tanks	246,000	246,000	-	246,000	-	-	-
1302000800 Northwest River WTP Replace Bulk Chemical Storage Tanks	954,000	512,069	441,931	954,000	-	-	-
1302100800 Public Utilities CIS Upgrade	100,000	21,174	-	21,174	78,826	-	78,826
1312000800 Water Production Security System Upgrades	25,884	-	-	-	25,884	-	25,884
1312000800 Water Production Security System Upgrades	374,116	374,116	-	374,116	-	-	-
1312400800 South Central Water Transmission Main & Loop - Phase I	17,607,000	120,402	712,807	833,210	16,773,790	902,624	15,871,167
1321200800 Sewer Renewal - SSES Ph I	1,159,047	-	-	-	1,159,047	-	1,159,047

Continued

CITY OF CHESAPEAKE, VIRGINIA

Public Utilities Capital Projects Fund
Schedule of Expenses and Encumbrances - Budget and Actual
Year Ended June 30, 2022

Schedule O-2, Continued

Project	Expenses					Unexpended Balance	Encumbrances	Unencumbered Balance				
	Appropriations	Prior Years	Current Year	Total								
1322000800	Water Residuals Disposal	320,000	-	61,103	61,103	258,898	187,414	71,484				
1322100800	Water & Sewer Pump Station Telemetry Installation and Upgrade	88,655	88,655	-	88,655	-	-	-				
1331200800	Sewer Renewal - SSES Ph II	5,379,737	2,958,795	2,026,824	4,985,618	394,119	94,193	299,926				
1331700800	Raleigh Place Sewer (Pump Station #7)	4,400,000	-	49,216	49,216	4,350,784	419,576	3,931,208				
1332000800	Western Branch Elevated Tank Rehabilitation	50,000	-	-	-	50,000	-	50,000				
1332100800	Water System Planning and Upgrades	1,400,000	14,255	6,968	21,223	1,378,778	214,050	1,164,728				
1341200800	Customer Service Billing System	154,768	154,768	-	154,768	-	-	-				
1342000800	Force Main Replacement - Dominion Blvd. and I-64	4,507,700	395,235	22,905	418,140	4,089,560	220,665	3,868,895				
1351700800	Service Area Gravity Sewer	9,732,978	5,569,911	3,192,729	8,762,639	970,339	-	970,339				
1352000800	Sewer Pump Station Safety Improvements	383,507	-	165,903	165,903	217,604	12,628	204,976				
1352000800	Sewer Pump Station Safety Improvements	236,874	19,175	217,699	236,874	-	-	*				
1372000800	Lake Gaston WTP Miscellaneous Modifications	2,240,829	740,915	47,052	787,966	1,452,863	129,679	1,323,183				
1372000800	Lake Gaston WTP Miscellaneous Modifications	2,154,995	1,401,078	753,917	2,154,995	-	-	*				
1372400800	Fentress NALF Water Transmission Main	13,000,000	218,426	293,428	511,854	12,488,146	553,894	11,934,252				
1382000800	Lake Gaston Water Treatment Plant Expansion Study	914,948	912,012	2,936	914,948	-	-	*				
1391200800	Raw Water Transmission Main	26,967,394	14,552,321	70,271	14,622,592	12,344,802	301,829	12,042,973				
1431200800	Centerville Turnpike Loop 3	9,462,030	1,105,028	271,756	1,376,784	8,085,246	250,374	7,834,871				
1451200800	South Norfolk Improvements	1,480,068	-	-	-	1,480,068	-	1,480,068				
1471200800	Western Branch Interconnect to Lake Gaston WTP	5,129,558	1,774,719	1,325	1,776,044	3,353,514	312,671	3,040,843				
1471210800	Goose Creek Water Main	2,021	-	2,021	2,021	-	-	*				
1471220800	Willow Lake Interconnect	392,411	84,074	133,516	217,590	174,821	92,028	82,793				
1511290800	Unserved Areas - Battlewood Meadows	282,730	-	-	-	282,730	-	282,730				
1511290800	Unserved Areas - Battlewood Meadows	7,589,138	7,586,663	2,475	7,589,138	-	-	*				
1522300800	Water Franchise Acquisition and System Renewals	50,387	40,984	(179)	40,806	9,581	-	9,581				
1522300800	Water Franchise Acquisition and System Renewals	18,394	-	18,394	18,394	-	-	*				
1522310800	Indian River Estates - Water Main Improvements	4,254,037	2,090,148	2,048,808	4,138,956	115,082	-	115,082				
1531200800	Replace Meter Reading Equip	11,399,623	784,639	32,060	816,699	10,582,924	48,882	10,534,042				
1642300800	Volvo & Executive Pump Station & Force Main (Summit Pointe)	3,100,000	2,928,245	60,225	2,988,469	111,531	2,092	109,438				
1652300800	Philmont Ave Septic Disconnect	650,000	380	-	380	649,620	-	649,620				
1711200800	Water Renewal - Water Line Upgrade	299,182	207,843	-	207,843	91,338	82,000	9,338				
1711200800	Water Renewal - Water Line Upgrade	451,944	473,077	(21,132)	451,944	-	-	*				
1782500800	West Road Force Main	2,500,000	-	343,524	343,524	2,156,476	345,683	1,810,794				
Total project expenses and encumbrances					200,558,235	57,726,714	13,236,126	70,962,840	129,595,395	7,064,673	122,530,722	
Less completed projects					14,026,177							
Construction in progress - construction					186,532,058							
Capitalized interest expenses						5,496,073						
Less closed capitalized interest						26,494						
Construction in progress - capitalized interest						5,469,579						
Total construction in progress					\$	62,406,242						
* 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, 2022

Project	Expenses					Unexpended Balance	Encumbrances	Unencumbered Balance
	Appropriations	Prior Years	Current Year	Total	Unexpended Balance			
1092600700 DBVB - LED Lighting Replacement/Upgrade	\$ 1,100,000	-	-	-	1,100,000	-	-	1,100,000
1282400700 Chesapeake Expressway Repaving - Phase I	1,218,786	-	-	-	1,218,786	268,786	-	950,000
1282400700 Chesapeake Expressway Repaving - Phase I	1,731,214	-	1,731,214	1,731,214	-	-	-	*
1322300700 Renewals: Chesapeake Expressway - Phase 3	720,000	-	-	-	720,000	-	-	720,000
1342300300 DBVB - Closed Circuit Television (CCTV)	340,000	-	-	-	340,000	-	-	340,000
1352100300 Chesapeake Transportation System Renewals - Phase II	541,083	-	72,054	72,054	469,029	105,987	-	363,042
1352100300 Chesapeake Transportation System Renewals - Phase II	213,844	-	213,844	213,844	-	-	-	*
1462000300 Expressway Admin Building Modifications	301,516	-	-	-	301,516	8,314	-	293,202
Total expenses and encumbrances	6,166,443	-	2,017,112	2,017,112	4,149,331	383,087	-	3,766,244
Less completed projects	1,945,058			1,945,058				
Total construction in progress	\$ 4,221,385			72,054				

* 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, 2022

Project	Appropriations	Expenses		Unexpended Balance	Encumbrances	Unencumbered Balance
		Prior Years	Current Year			
1011100300	Halifax Street Outfall Improvement	-	-	1,144,187	-	1,144,187
1031600900	Citywide Outfall Regrading & Restoration	1,610,296	(7,947)	1,602,349	9,745	1,279,724
1041300900	D Street Drainage Improvements	370,000	-	370,000	-	370,000
1051210300	Neighborhood Drainage Improvements	16,597	15,672	16,597	-	-
1051220300	Neighborhood Drainage Improvements	12,046	-	12,046	-	12,046
1051220300	Neighborhood Drainage Improvements	147,958	6,417	147,958	-	-
1051400900	VPDES Compliance	3,594,881	71,198	3,388,005	296,507	3,091,498
1051420900	Meads Court BMP (DEQ)	652,587	75,686	85,512	220,928	346,147
1051430900	New Mill Regional BMP (DEQ)	111,685	5,701	94,115	17,570	-
1052600900	Broadlawn Apartments Outfall Improvements	1,820,000	-	1,820,000	-	1,820,000
1061200900	Stormwater Mapping & Master Drainage Plan	79,029	-	79,029	-	79,029
1061400900	Border Road Area Drain Improvement	684,717	-	684,717	-	14,610
1071300900	Lamberts Trail Area Drain Improvement	1,259,804	3,255	1,256,549	4,980	1,251,569
1071500900	Citywide Undesignated Drainage Phase III	842,743	-	842,737	6	6
1071510900	Citywide Undesignated Drainage Phase III	150,000	-	1,829	-	148,171
1071800900	Major Equipment Purchases	341,249	0	-	-	341,249
1071810900	Major Equipment Purchases	400,000	-	-	-	400,000
1081500900	Neighborhood Drainage Improvements II	4,241,613	93,368	1,824,280	196,125	2,221,208
1081500900	Neighborhood Drainage Improvements II	257,987	-	257,987	-	-
1091500900	Oakdale Area BMP and Drainage Improvements	5,000,000	138,775	734,279	168,666	4,097,055
1101300900	Royce Drive Drainage Improvements	550,000	17,720	43,406	-	506,594
1101500900	Stormwater Mapping & Master Drainage Plan III	601,124	24,682	447,616	25,003	128,505
1111500900	Stormwater Quality Program Phase II	4,240,565	30,085	643,908	174,424	3,422,233
1131300900	Sunray Area Outfall Re-Grading	268,009	-	-	-	268,009
1192000900	Welch Lane Drainage Improvements	480,000	39,297	63,231	9,096	407,673
1202000900	Whittamore Rd. Outfall Improvements	5,558	-	-	5,558	-
1202000900	Whittamore Rd. Outfall Improvements	294,442	10,441	294,442	-	-
1232200900	Loxley Gardens Drainage Improvements - Ph II	1,100,000	-	9,880	100,931	989,189
1242200900	Old Mill Rd. Drainage Improvements (Crossing Replacement)	750,000	-	132,908	59,655	557,437
1252300900	Elmwood Landing Area Drainage Improvements	1,400,000	78,199	78,199	-	1,321,801
1252400900	John Street Area Outfall Improvements	575,340	-	-	45,324	530,016
1252400900	John Street Area Outfall Improvements	310,660	255,581	310,660	-	-
1262300900	Forest Lakes Outfall Improvements	900,000	18,448	104,408	32,625	762,967
1262400900	Greenbrier Outfall Improvements	1,100,000	-	-	-	1,100,000
1272300900	Hickory Ridge Outfall Improvements	200,000	-	-	-	200,000
1272400900	Nina Drive Area Outfall Improvements	1,469,167	441,556	639,788	829,379	-

Continued

CITY OF CHESAPEAKE, VIRGINIA

Stormwater Management Capital Projects Fund
Schedule of Expenses and Encumbrances - Budget and Actual
Year Ended June 30, 2022

Project	Expenses				Unexpended Balance	Encumbrances	Unencumbered Balance
	Prior Years	Current Year	Total				
1272400900	30,833	12,763	30,833	-	-	-	*
1282300900	900,000	-	6,608	893,392	16,142	877,250	
1292300900	1,431,479	-	-	1,431,479	24,077	1,407,402	
1292300900	168,521	79,046	168,521	-	-	-	*
1342100900	170,643	-	-	170,643	-	170,643	
1402100900	7,472	-	-	7,472	-	7,472	
1431700900	2,788,826	1,375,074	1,626,363	1,162,463	509,162	653,301	
1492500900	699,000	-	-	699,000	-	699,000	
1502500900	3,600,000	-	-	3,600,000	-	3,600,000	
1512500900	1,000,000	-	121,180	878,821	83,370	795,451	
1522500900	600,000	-	-	600,000	-	600,000	
1652300900	675,000	396	-	674,604	-	674,604	
1731200900	1,768,820	240,767	10,151	1,517,902	64,696	1,453,206	
1751200300	88,995	-	-	88,995	45,672	43,323	
1751200300	201,550	(10,552)	201,550	-	-	-	*
1771200900	2,280,270	722,704	520	1,557,047	218,628	1,338,419	
1771200900	819,730	693,988	125,742	-	-	-	*
1781200300	32,502	32,502	-	-	-	-	
Total expenses and encumbrances	55,542,017	10,293,064	2,959,693	13,252,757	42,289,260	3,158,263	39,130,997
Less completed projects	4,041,758	-	3,759,133	-	-	-	-
Construction in progress	\$ 51,500,259	-	9,493,624	-	-	-	-

* Completed Projects

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Special Revenue and Permanent Funds

Special Revenue Funds:

Tax Increment Financing Funds – To account for incremental tax revenues generated in designated commercial areas of the City, such as Greenbrier and South Norfolk, and to fund improvements in the relevant areas through the use of those revenues.

Virginia Public Assistance Fund – To account for the rendering of economic aid to qualifying citizens.

Integrated Behavioral Healthcare Fund – To account for revenues and expenditures to provide services for mental health, intellectual disability, and substance abuse programs.

Conference Center Fund – To account for the operation of the City's Conference Center and the City's Conventions and Tourism programs.

Juvenile Services Fund – To account for revenues and expenditures related to the operation of a regional detention facility.

Interagency Consortium Fund – To account for revenues and expenditures of the delivery system for severely emotionally and/or behaviorally disturbed children.

E-911 Operations Fund – To account for revenues and expenditures related to the emergency call center.

Fee Supported Activities Fund – To account for revenues and expenditures related to fee supported activities.

Grants Fund – To account for revenues and expenditures related to specific grant activities.

Community Development Fund – To account for revenues and expenditures under the Community Development Block Grant Program.

Open Space Agriculture Preservation Fund – To account for the revenues and expenditures related to the purchase of development rights from willing sellers who own qualified agriculture land or open space.

Proffers Fund – To account for cash proffers provided to the City from developers for specific purposes.

Housing Trust Fund – To account for revenues and expenditures to provide services for temporary and permanent housing.

CSB of Chesapeake, Inc. – To account for the issuance of debt and the rental of a community services facility for the Community Services Board.

Permanent Funds:

Poor Fund and Carney Fund – To account for the investment of funds donated to the City. The expenditures of the income earned by these endowments are to be used for education.



CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	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	\$ 6,100,729	3,840,701	3,245,522	5,253,005	10,969,799
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	607,885	90,000	-
Federal government	-	-	1,060,567	-	-
Receivables:					
Accounts receivable	-	-	534	5,038,268	4,914
Interest	-	-	-	-	-
Other	-	-	1,244	213	155,653
Allowance for uncollectible amounts	-	-	(534)	(2,326,621)	(4,914)
Inventory of materials and supplies	-	-	-	-	6,834
Prepaid expenditures and other assets	-	-	-	-	88,171
Restricted asset:					
Investments	-	-	-	-	-
Total assets	\$ 6,100,729	3,840,701	4,915,218	8,054,865	11,220,457
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	-	166,080	887,742	125,237
Accrued expenditures	-	-	297,004	379,766	61,906
Unearned revenues	-	-	-	-	101,360
Other liabilities	-	-	371	449	-
Due to Commonwealth of Virginia	-	-	58,285	-	-
Total liabilities	-	-	521,740	1,267,957	288,503
Deferred Inflows of Resources	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	95,005
Restricted	6,100,729	3,840,701	-	2,437,589	-
Committed	-	-	253,844	911,470	168,548
Assigned	-	-	4,139,634	3,437,849	10,668,401
Total fund balances	6,100,729	3,840,701	4,393,478	6,786,908	10,931,954
Total liabilities, deferred inflows, and fund balances	\$ 6,100,729	3,840,701	4,915,218	8,054,865	11,220,457

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds				
	Juvenile Services	Interagency Consortium	E-911 Operations	Fee Supported Activities	Grants
ASSETS					
Cash and temporary investments	1,587,903	588,508	8,435,781	2,035,499	15,919,683
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	747,457	-	-	265,655
Federal government	-	17,296	-	-	1,732,501
Receivables:					
Accounts receivable	98,006	9,250	113,660	2,060,812	194,928
Interest	-	-	-	-	-
Other	959	-	-	-	-
Allowance for uncollectible amounts	(1,520)	(2,915)	-	(1,887,872)	(109,604)
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-
Restricted asset:					
Investments	-	-	-	-	-
Total assets	1,685,348	1,359,596	8,549,441	2,208,439	18,003,163
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	68,637	569,627	98,109	88,898	305,803
Accrued expenditures	108,221	8,196	81,841	12,812	37,668
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	410
Due to Commonwealth of Virginia	-	-	-	-	250,000
Total liabilities	176,858	577,823	179,950	101,710	593,881
Deferred Inflows of Resources	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	16,275,235
Committed	376,317	445	176,167	29,727	1,134,047
Assigned	1,132,173	781,328	8,193,324	2,077,002	-
Total fund balances	1,508,490	781,773	8,369,491	2,106,729	17,409,282
Total liabilities, deferred inflows, and fund balances	1,685,348	1,359,596	8,549,441	2,208,439	18,003,163

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
ASSETS					
Cash and temporary investments	204,087	4,136,447	16,583,226	57,706	366,193
Intergovernmental revenues due from:					
Commonwealth of Virginia	-	-	-	-	-
Federal government	654,548	-	-	-	-
Receivables:					
Accounts receivable	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Allowance for uncollectible amounts	-	-	-	-	-
Inventory of materials and supplies	-	-	-	-	-
Prepaid expenditures and other assets	-	-	-	-	-
Restricted asset:					
Investments	-	1,026,053	-	-	-
Total assets	858,635	5,162,500	16,583,226	57,706	366,193
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	460,847	3,770	-	-	-
Accrued expenditures	6,313	-	-	-	-
Unearned revenues	-	-	-	-	-
Other liabilities	-	-	-	-	-
Due to Commonwealth of Virginia	-	-	-	-	-
Total liabilities	467,160	3,770	-	-	-
Deferred Inflows of Resources	-	14,361	-	-	-
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	16,583,226	-	-
Committed	391,475	5,144,369	-	57,706	366,193
Assigned	-	-	-	-	-
Total fund balances	391,475	5,144,369	16,583,226	57,706	366,193
Total liabilities, deferred inflows, and fund balances	858,635	5,162,500	16,583,226	57,706	366,193

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-1, Continued

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
ASSETS			
Cash and temporary investments	193,034	15,086	79,532,909
Intergovernmental revenues due from:			
Commonwealth of Virginia	-	-	1,710,997
Federal government	-	-	3,464,912
Receivables:			
Accounts receivable	-	-	7,520,372
Interest	67	24	91
Other	-	-	158,069
Allowance for uncollectible amounts	-	-	(4,333,980)
Inventory of materials and supplies	-	-	6,834
Prepaid expenditures and other assets	-	-	88,171
Restricted asset:			
Investments	-	-	1,026,053
Total assets	193,101	15,110	89,174,428
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES			
Liabilities			
Accounts payable	-	-	2,774,750
Accrued expenditures	-	-	993,727
Unearned revenues	-	-	101,360
Other liabilities	-	-	1,230
Due to Commonwealth of Virginia	-	-	308,285
Total liabilities	-	-	4,179,352
Deferred Inflows of Resources	-	-	14,361
Fund Balances			
Nonspendable	11,295	1,500	107,800
Restricted	181,806	13,610	45,432,896
Committed	-	-	9,010,308
Assigned	-	-	30,429,711
Total fund balances	193,101	15,110	84,980,715
Total liabilities, deferred inflows, and fund balances	193,101	15,110	89,174,428

CITY OF CHESAPEAKE, VIRGINIA

Schedule P-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2022

	Special Revenue Funds				
	Tax Increment Financing Greenbrier	Tax Increment Financing South Norfolk	Virginia Public Assistance	Integrated Behavioral Healthcare	Conference Center
REVENUES					
General property taxes	\$ 12,082,652	7,600,358	-	-	-
Other local taxes	-	-	-	-	4,885,900
Licenses, permits, and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	17,270	5,352	7,820	10,920	-
Revenues from use of property	-	-	-	-	181,228
Charges for services	-	-	2,370	8,825,264	778,290
Miscellaneous local revenues	-	-	-	-	-
Recovered costs	-	-	45,065	29,315	3,413
Program income	-	-	-	-	-
Revenues from local developers	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	-	5,214,601	10,333,311	-
Federal government	-	-	10,577,644	2,166,069	-
Chesapeake Public Schools	-	-	-	-	-
Total revenues	12,099,922	7,605,710	15,847,500	21,364,879	5,848,831
EXPENDITURES					
Current:					
General government	-	250	-	-	3,495,600
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	-	-	21,731,434	27,050,943	-
Capital outlay	-	-	40,024	793,225	118,949
Total expenditures	-	250	21,771,458	27,844,168	3,614,549
Excess deficiency of revenues over under expenditures	12,099,922	7,605,460	(5,923,958)	(6,479,289)	2,234,282
OTHER FINANCING SOURCES USES					
Transfers from other funds	3,374,912	399,417	5,838,917	8,228,955	135,477
Transfers to other funds	(22,165,630)	(8,525,342)	(26,187)	(301,921)	(1,088,000)
Issuance of leases (as lessee) (note 6)	-	-	40,024	793,225	118,949
Total other financing sources (uses), net	(18,790,718)	(8,125,925)	5,852,754	8,720,259	(833,574)
Net change in fund balance	(6,690,796)	(520,465)	(71,204)	2,240,970	1,400,708
Fund balance - beginning	12,791,525	4,361,166	4,464,682	4,545,938	9,531,246
Fund balance - ending	\$ 6,100,729	3,840,701	4,393,478	6,786,908	10,931,954

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, 2022

	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	-	-	-	261,209	-
Fines and forfeitures	-	-	-	870,905	-
Investment income	3,514	818	16,851	3,915	5,457
Revenues from use of property	-	-	-	-	-
Charges for services	28,863	5,660	-	334,685	177,399
Miscellaneous local revenues	-	-	-	-	118,234
Recovered costs	1,345,534	1,874	-	3,100	394
Program income	-	-	-	-	-
Revenues from local developers	-	-	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	2,656,033	3,410,439	1,359,296	-	3,184,188
Federal government	-	144,805	-	-	45,587,153
Chesapeake Public Schools	-	-	65,368	-	-
Total revenues	4,033,944	3,563,596	6,389,513	1,473,814	49,072,825
EXPENDITURES					
Current:					
General government	6,581,635	-	-	-	2,362,955
Public safety	-	-	6,683,207	1,068,806	2,753,643
Public works	-	-	-	-	2,725,210
Parks and recreation	-	-	-	-	75,978
Public welfare	-	5,644,449	-	-	1,341,406
Capital outlay	12,333	-	402,564	-	2,846,323
Total expenditures	6,593,968	5,644,449	7,085,771	1,068,806	12,105,515
Excess deficiency of revenues over under expenditures	(2,560,024)	(2,080,853)	(696,258)	405,008	36,967,310
OTHER FINANCING SOURCES USES					
Transfers from other funds	2,270,445	2,264,494	1,000,000	-	39,673
Transfers to other funds	(3,514)	(818)	(16,851)	(3,915)	(25,114,681)
Issuance of leases (as lessee) (note 6)	12,333	-	11,318	-	222,423
Total other financing sources (uses), net	2,279,264	2,263,676	994,467	(3,915)	(24,852,585)
Net change in fund balance	(280,760)	182,823	298,209	401,093	12,114,725
Fund balance - beginning	1,789,250	598,950	8,071,282	1,705,636	5,294,557
Fund balance - ending	1,508,490	781,773	8,369,491	2,106,729	17,409,282

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, 2022

	Special Revenue Funds				
	Community Development	Open Space Agriculture Preservation	Proffers	Housing Trust	CSB of Chesapeake, Inc
REVENUES					
General property taxes	-	424,246	-	-	-
Other local taxes	-	-	-	-	-
Licenses, permits, and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Investment income	-	(113,834)	-	117	469
Revenues from use of property	-	29,921	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous local revenues	-	38,719	2,177,094	-	-
Recovered costs	-	-	-	-	-
Program income	260,411	-	-	-	-
Revenues from local developers	-	55,000	-	-	-
Intergovernmental revenues:					
Commonwealth of Virginia	-	-	-	-	-
Federal government	2,017,119	-	-	-	-
Chesapeake Public Schools	-	-	-	-	-
Total revenues	2,277,530	434,052	2,177,094	117	469
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Public welfare	1,635,976	-	-	-	25
Capital outlay	411,421	706,820	-	-	-
Total expenditures	2,047,397	706,820	-	-	25
Excess deficiency of revenues over under expenditures	230,133	(272,768)	2,177,094	117	444
OTHER FINANCING SOURCES USES					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	(73,048)	(540,000)	-	-
Issuance of leases (as lessee) (note 6)	-	-	-	-	-
Total other financing sources (uses), net	-	(73,048)	(540,000)	-	-
Net change in fund balance	230,133	(345,816)	1,637,094	117	444
Fund balance - beginning	161,342	5,490,185	14,946,132	57,589	365,749
Fund balance - ending	391,475	5,144,369	16,583,226	57,706	366,193

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, 2022

	Permanent Funds		Total Nonmajor Governmental Funds
	Poor	Carney	
REVENUES			
General property taxes	-	-	20,107,256
Other local taxes	-	-	9,833,898
Licenses, permits, and fees	-	-	261,209
Fines and forfeitures	-	-	870,905
Investment income	328	26	(40,977)
Revenues from use of property	-	-	211,149
Charges for services	-	-	10,152,531
Miscellaneous local revenues	-	-	2,334,047
Recovered costs	-	-	1,428,695
Program income	-	-	260,411
Revenues from local developers	-	-	55,000
Intergovernmental revenues:			
Commonwealth of Virginia	-	-	26,157,868
Federal government	-	-	60,492,790
Chesapeake Public Schools	-	-	65,368
Total revenues	328	26	132,190,150
EXPENDITURES			
Current:			
General government	-	-	12,440,440
Public safety	-	-	10,505,656
Public works	-	-	2,725,210
Parks and recreation	-	-	75,978
Public welfare	-	-	57,404,233
Capital outlay	-	-	5,331,659
Total expenditures	-	-	88,483,176
Excess deficiency of revenues over under expenditures	328	26	43,706,974
OTHER FINANCING SOURCES USES			
Transfers from other funds	-	-	23,552,290
Transfers to other funds	-	-	(57,859,907)
Issuance of leases (as lessee) (note 6)	-	-	1,198,272
Total other financing sources (uses), net	-	-	(33,109,345)
Net change in fund balance	328	26	10,597,629
Fund balance - beginning	192,773	15,084	74,383,086
Fund balance - ending	193,101	15,110	84,980,715

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, 2022

		Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
General property taxes	\$	12,592,266	12,082,652	(509,614)
Investment income		-	17,270	17,270
Total revenues		12,592,266	12,099,922	(492,344)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds		-	3,374,912	3,374,912
Transfers to other funds		(22,148,678)	(22,165,630)	(16,952)
Total other financing sources (uses), net		(22,148,678)	(18,790,718)	3,357,960
Net change in fund balance		(9,556,412)	(6,690,796)	2,865,616
Fund balance - beginning		12,791,525	12,791,525	-
Fund balance - ending	\$	3,235,113	6,100,729	2,865,616

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, 2022

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
General property taxes	\$ 7,453,119	7,600,358	147,239
Investment income	-	5,352	5,352
Total revenues	7,453,119	7,605,710	152,591
EXPENDITURES			
General government	25,000	250	24,750
Total expenditures	25,000	250	24,750
Excess (deficiency) of revenues over (under) expenditures	7,428,119	7,605,460	177,341
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	399,417	399,417
Transfers to other funds	(8,607,339)	(8,525,342)	81,997
Total other financing sources (uses), net	(8,607,339)	(8,125,925)	481,414
Net change in fund balance	(1,179,220)	(520,465)	658,755
Fund balance - beginning	4,361,166	4,361,166	-
Fund balance - ending	\$ 3,181,946	3,840,701	658,755

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, 2022

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	7,820	7,820
Charges for services	425	2,370	1,945
Recovered costs	39,622	45,065	5,443
Intergovernmental revenues:			
Commonwealth of Virginia	5,734,770	5,214,601	(520,169)
Federal government	10,256,896	10,577,644	320,748
Total intergovernmental revenues	15,991,666	15,792,245	(199,421)
Total revenues	16,031,713	15,847,500	(184,213)
EXPENDITURES			
Public welfare:			
Bureau of Public Assistance	3,272,248	3,223,987	48,261
Joint Administration	4,193,738	3,809,005	384,733
Service Administration	9,250,503	8,052,531	1,197,972
Eligibility Administration	6,520,274	6,044,104	476,170
Other special programs	694,433	601,807	92,626
Total expenditures	23,931,196	21,731,434	2,199,762
Excess (deficiency) of revenues over (under) expenditures	(7,899,483)	(5,883,934)	2,015,549
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	5,838,917	5,838,917	-
Transfers to other funds	(19,800)	(26,187)	(6,387)
Total other financing sources (uses), net	5,819,117	5,812,730	(6,387)
Net change in fund balance	(2,080,366)	(71,204)	2,009,162
Fund balance - beginning	4,464,682	4,464,682	-
Fund balance - ending	\$ 2,384,316	4,393,478	2,009,162

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, 2022

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	10,920	10,920
Charges for services:			
Mental health fees	3,821,835	3,755,859	(65,976)
Intellectual disability fees	5,623,000	5,030,217	(592,783)
Substance abuse fees	441,000	39,188	(401,812)
Sale of food and beverages	9,350	-	(9,350)
Total charges for services	9,895,185	8,825,264	(1,069,921)
Recovered costs	28,000	29,315	1,315
Intergovernmental revenues:			
Commonwealth of Virginia:			
Mental health grants	7,705,175	7,831,194	126,019
Intellectual disability grants	1,413,525	1,418,522	4,997
Substance abuse grants	1,083,585	1,083,595	10
Total from the Commonwealth of Virginia	10,202,285	10,333,311	131,026
Federal government:			
Substance abuse, mental health, and intellectual disability grants	2,166,068	2,166,069	1
Total revenues	22,291,538	21,364,879	(926,659)
EXPENDITURES			
Public welfare	32,248,502	27,050,943	5,197,559
Capital outlay	60,000	-	60,000
Total expenditures	32,308,502	27,050,943	5,257,559
Excess (deficiency) of revenues over (under) expenditures	(10,016,964)	(5,686,064)	4,330,900
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	8,228,955	8,228,955	-
Transfers to other funds	(291,000)	(301,921)	(10,921)
Total other financing sources (uses), net	7,937,955	7,927,034	(10,921)
Net change in fund balance	(2,079,009)	2,240,970	4,319,979
Fund balance - beginning	4,545,938	4,545,938	-
Fund balance - ending	\$ 2,466,929	6,786,908	4,319,979

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, 2022

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local taxes	\$ 3,773,115	4,885,900	1,112,785
Revenues from use of property	193,500	181,228	(12,272)
Charges for services	1,371,459	778,290	(593,169)
Miscellaneous revenue	510	-	(510)
Recovered costs	-	3,413	3,413
Total revenues	5,338,584	5,848,831	510,247
EXPENDITURES			
General government	4,437,090	3,495,600	941,490
Total expenditures	4,437,090	3,495,600	941,490
Excess (deficiency) of revenues over (under) expenditures	901,494	2,353,231	1,451,737
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	135,477	135,477
Transfers to other funds	(1,088,000)	(1,088,000)	-
Total other financing sources (uses), net	(1,088,000)	(952,523)	135,477
Net change in fund balance	(186,506)	1,400,708	1,587,214
Fund balance - beginning	9,531,246	9,531,246	-
Fund balance - ending	\$ 9,344,740	10,931,954	1,587,214

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, 2022

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	3,514	3,514
Charges for services	14,000	28,863	14,863
Recovered costs	1,495,000	1,345,534	(149,466)
Intergovernmental revenues:			
Commonwealth of Virginia	3,501,000	2,656,033	(844,967)
Total revenues	5,010,000	4,033,944	(976,056)
EXPENDITURES			
General government	6,854,132	6,581,635	272,497
Total expenditures	6,854,132	6,581,635	272,497
Excess (deficiency) of revenues over (under) expenditures	(1,844,132)	(2,547,691)	(703,559)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,270,445	2,270,445	-
Transfers to other funds	-	(3,514)	(3,514)
Total other financing sources (uses), net	2,270,445	2,266,931	(3,514)
Net change in fund balance	426,313	(280,760)	(707,073)
Fund balance - beginning	1,789,250	1,789,250	-
Fund balance - ending	\$ 2,215,563	1,508,490	(707,073)

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, 2022

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment income	\$ -	818	818
Charges for services	-	5,660	5,660
Recovered costs	-	1,874	1,874
Intergovernmental revenues:			
Commonwealth of Virginia	3,496,595	3,410,439	(86,156)
Federal government	-	144,805	144,805
Total revenues	3,496,595	3,563,596	67,001
EXPENDITURES			
Public welfare:			
Administrative expenses	5,947,171	5,644,449	302,722
Total expenditures	5,947,171	5,644,449	302,722
Excess (deficiency) of revenues over (under) expenditures	(2,450,576)	(2,080,853)	369,723
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,264,494	2,264,494	-
Transfers to other funds	-	(818)	(818)
Total other financing sources (uses), net	2,264,494	2,263,676	(818)
Net change in fund balance	(186,082)	182,823	368,905
Fund balance - beginning	598,950	598,950	-
Fund balance - ending	\$ 412,868	781,773	368,905

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, 2022

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local taxes	\$ 4,947,998	4,947,998	-
Investment income	-	16,851	16,851
Intergovernmental revenues:			
Commonwealth of Virginia	1,101,600	1,359,296	257,696
Revenues from Chesapeake Public Schools	-	65,368	65,368
Total revenues	6,049,598	6,389,513	339,915
EXPENDITURES			
Public safety	8,049,472	6,683,207	1,366,265
Capital outlay	395,984	391,246	4,738
Total expenditures	8,445,456	7,074,453	1,371,003
Excess (deficiency) of revenues over (under) expenditures	(2,395,858)	(684,940)	1,710,918
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	1,000,000	1,000,000	-
Transfers to other funds	-	(16,851)	(16,851)
Total other financing sources (uses), net	1,000,000	983,149	(16,851)
Net change in fund balance	(1,395,858)	298,209	1,694,067
Fund balance - beginning	8,071,282	8,071,282	-
Fund balance - ending	\$ 6,675,424	8,369,491	1,694,067

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, 2022

	Revised Budget	Actual	Variance Positive (Negative)
REVENUES			
Licenses, permits, and fees	\$ 237,390	261,209	23,819
Fines and forfeitures	2,549,400	870,905	(1,678,495)
Investment income	-	3,915	3,915
Charges for services	364,656	334,685	(29,971)
Recovered costs	5,000	3,100	(1,900)
Commonwealth of Virginia	-	-	-
Total revenues	3,156,446	1,473,814	(1,682,632)
EXPENDITURES			
Public safety	2,687,635	1,068,806	1,618,829
Total expenditures	2,687,635	1,068,806	1,618,829
Excess (deficiency) of revenues over (under) expenditures	468,811	405,008	(63,803)
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	(3,915)	(3,915)
Total other financing sources (uses), net	-	(3,915)	(3,915)
Net change in fund balance	468,811	401,093	(67,718)
Fund balance - beginning	1,705,636	1,705,636	-
Fund balance - ending	\$ 2,174,447	2,106,729	(67,718)

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, 2022

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Assets					
Current assets:					
Cash and temporary investments	\$ 12,699,292	15,818,553	27,091,136	19,341,268	74,950,249
Receivables:					
Accounts	20,704	205,276	-	104,680	330,660
Interest	454	-	1,839	-	2,293
Leases	735,841	-	-	-	735,841
Allowance for uncollectible amounts	-	-	-	(33,406)	(33,406)
Inventory of materials and supplies	-	704,980	-	-	704,980
Prepaid expenses	617,613	21,684	2,895,390	-	3,534,687
Total current assets	14,073,904	16,750,493	29,988,365	19,412,542	80,225,304
Noncurrent assets:					
Capital assets:					
Construction in progress	-	1,111,100	-	-	1,111,100
Buildings	489,072	159,095	-	-	648,167
Improvements other than buildings	4,399,546	268,499	-	-	4,668,045
Software, equipment, and vehicles	26,864,926	125,416,275	343,368	-	152,624,569
Infrastructure	-	63,309	-	-	63,309
Less accumulated depreciation	(26,077,934)	(81,375,971)	(340,789)	-	(107,794,694)
Total capital assets, net of accumulated depreciation	5,675,610	45,642,307	2,579	-	51,320,496
Net OPEB asset	3,092	2,224	206	-	5,522
Total noncurrent assets	5,678,702	45,644,531	2,785	-	51,326,018
Total assets	19,752,606	62,395,024	29,991,150	19,412,542	131,551,322
Deferred Outflows of Resources	2,202,995	1,683,886	198,038	-	4,084,919
Total assets and deferred outflows of resources	\$ 21,955,601	64,078,910	30,189,188	19,412,542	135,636,241
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
Liabilities					
Current liabilities:					
Accounts payable	\$ 821,685	1,392,604	466,399	334,454	3,015,142
Accrued expenses and other liabilities	130,777	117,050	12,160	-	259,987
Unearned revenues	-	-	-	4,174,078	4,174,078
Current portion of leases payable	1,764	1,839	919	-	4,522
Current portion of accrued vacation, sick pay, and overtime leave	195,606	96,276	19,271	-	311,153
Current portion of liability for self-insurance losses	-	-	4,664,357	4,601,315	9,265,672
Total current liabilities	1,149,832	1,607,769	5,163,106	9,109,847	17,030,554
Noncurrent liabilities:					
Leases payable (note 6)	3,175	3,310	1,656	-	8,141
Accrued vacation, sick pay, and overtime leave	384,315	211,077	48,118	-	643,510
Liability for self-insurance losses	-	-	22,753,343	-	22,753,343
Net pension liability	1,346,583	641,216	88,272	-	2,076,071
Net OPEB liability	359,990	252,536	35,151	-	647,677
Total noncurrent liabilities	2,094,063	1,108,139	22,926,540	-	26,128,742
Total liabilities	3,243,895	2,715,908	28,089,646	9,109,847	43,159,296
Deferred Inflows of Resources	4,085,625	2,558,634	300,915	-	6,945,174
Net Position					
Net investment in capital assets	5,670,670	45,637,156	5	-	51,307,831
Unrestricted (deficit)	8,955,411	13,167,212	1,798,622	10,302,695	34,223,940
Total net position	14,626,081	58,804,368	1,798,627	10,302,695	85,531,771
Total liabilities, deferred inflows, and net position	\$ 21,955,601	64,078,910	30,189,188	19,412,542	135,636,241

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, 2022

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
OPERATING REVENUES					
Billings to departments	\$ 16,622,597	18,720,969	8,937,932	48,386,191	92,667,689
Billings to outside agencies and component units	336,656	6,226	-	-	342,882
Rental fees	310,838	-	-	-	310,838
Miscellaneous charges for services	5,536	-	-	-	5,536
Recovered costs	8,187	290,615	228,901	4,478,477	5,006,180
Other	-	16,580	-	-	16,580
Total operating revenues	17,283,814	19,034,390	9,166,833	52,864,668	98,349,705
OPERATING EXPENSES					
Cost of materials billed	-	2,463,825	-	-	2,463,825
Purchases for resale	-	2,930,203	-	-	2,930,203
General and administrative	809,462	170,920	1,597	-	981,979
Other salaries and wages	4,631,439	3,650,807	453,139	-	8,735,385
Other fringe benefits	1,336,623	1,728,143	138,395	-	3,203,161
Self-insurance losses	-	-	212,532	-	212,532
Indemnity and medical claims	-	-	5,198,591	42,928,051	48,126,642
Other repairs and supplies	6,164,263	1,556,915	70,024	-	7,791,202
Equipment rental	1,622	2,093	771	-	4,486
Other contractual services	4,463,946	79,232	124,100	1,825,479	6,492,757
Depreciation and amortization	2,018,896	9,291,916	223	-	11,311,035
Insurance premiums	-	-	1,907,071	2,572,358	4,479,429
Total operating expenses	19,426,251	21,874,054	8,106,443	47,325,888	96,732,636
Operating income loss	(2,142,437)	(2,839,664)	1,060,390	5,538,780	1,617,069
NONOPERATING REVENUES EXPENSES					
Investment income	29,629	29,372	44,108	34,929	138,038
Interest expense	(25)	(26)	(13)	-	(64)
Gain on sale of equipment	-	294,477	-	-	294,477
Loss on sale of equipment	-	(622,033)	-	-	(622,033)
Total nonoperating revenues (expenses), net	29,604	(298,210)	44,095	34,929	(189,582)
Income loss before transfers and contributions	(2,112,833)	(3,137,874)	1,104,485	5,573,709	1,427,487
Transfers in	70,097	130,000	108,056	-	308,153
Transfers out	(1,024,099)	(29,373)	-	-	(1,053,472)
Capital contributions	2,589,821	1,895,034	-	-	4,484,855
Change in net position	(477,014)	(1,142,213)	1,212,541	5,573,709	5,167,023
Total net position - beginning	15,103,095	59,946,581	586,086	4,728,986	80,364,748
Total net position - ending	\$ 14,626,081	58,804,368	1,798,627	10,302,695	85,531,771

CITY OF CHESAPEAKE, VIRGINIA

Schedule Q-3

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2022

	Information Technology	City Garage	Self- Insurance	Self-Funded Health	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 658,663	109,498	228,901	5,179,830	6,176,892
Cash received from interfund services provided	16,622,597	18,720,969	8,937,932	48,386,191	92,667,689
Payments to suppliers	(11,160,918)	(6,698,906)	(7,445,858)	(47,316,087)	(72,621,769)
Payments to employees	(6,200,765)	(5,643,389)	(596,491)	-	(12,440,645)
Net cash provided by (used in) operating activities	(80,423)	6,488,172	1,124,484	6,249,934	13,782,167
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	70,097	130,000	108,056	-	308,153
Transfers out	(1,024,099)	(29,373)	-	-	(1,053,472)
Net cash provided by (used in) noncapital financing activities	(954,002)	100,627	108,056	-	(745,319)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	3,217,503	(3,708,579)	(240)	-	(491,316)
Proceeds from the sale of assets	-	517,403	-	-	517,403
Interest paid on capital debt	(25)	(26)	-	-	(51)
Net cash provided by (used in) capital and related financing activities	3,217,478	(3,191,202)	(240)	-	26,036
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	29,629	29,372	46,927	34,929	140,857
Net cash provided by investing activities	29,629	29,372	46,927	34,929	140,857
Net increase (decrease) in cash and temporary investments	2,212,682	3,426,969	1,279,227	6,284,863	13,203,741
Cash and temporary investments beginning of year	10,486,610	12,391,584	25,811,909	13,056,405	61,746,508
Cash and temporary investments end of year	\$ 12,699,292	15,818,553	27,091,136	19,341,268	74,950,249
Reconciliation of operating income loss to net cash provided by used in operating activities:					
Operating income (loss)	\$ (2,142,437)	(2,839,664)	1,060,390	5,538,780	1,617,069
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,018,896	9,291,916	223	-	11,311,035
Pension expense	(441,637)	(266,541)	(25,183)	-	(733,361)
OPEB expense	348	3,730	739	-	4,817
Change in assets and liabilities increasing (decreasing) cash and temporary investments:					
Receivables	(2,554)	(203,923)	-	250,822	44,345
Prepaid expenses and other assets	(15,013)	16,370	(53,434)	9,801	(42,276)
Inventory of materials and supplies	-	(108,985)	-	-	(108,985)
Accounts payable	293,388	596,897	(90,269)	169,200	969,216
Unearned revenues	-	-	-	281,331	281,331
Accrued expenses and other liabilities	29,197	18,400	2,097	-	49,694
Liability for self-insurance losses	-	-	212,531	-	212,531
Accrued vacation, sick pay, and overtime leave	179,389	(20,028)	17,390	-	176,751
Total adjustments	2,062,014	9,327,836	64,094	711,154	12,165,098
Net cash provided by used in operating activities	\$ (80,423)	6,488,172	1,124,484	6,249,934	13,782,167
Supplemental information on significant noncash transactions:					
Contributions of capital assets:	\$ 2,589,821	1,895,034	-	-	4,484,855

Chesapeake Public Schools Component Unit

Major Governmental funds

Schools General Fund – To account for the general operations of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

Schools Nutrition Services Fund– To account for the operations of the Schools’ cafeterias.

Schools Textbooks Fund – To account for the operation of the School Textbook program.

Schools Capital Projects Fund – To account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance of the school plant (other than those financed by the other funds or the City).

Fiduciary Funds:

Schools OPEB Trust Fund – To account for assets accumulated to fund other postemployment benefit (OPEB) obligations of the Schools.



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CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-1

Balance Sheet
Governmental Funds
Year Ended June 30, 2022

	General	Nutrition Services	Textbooks	Capital Projects	Total Governmental Funds
ASSETS					
Cash and temporary investments	\$ 56,771,484	13,994,312	13,890,855	-	84,656,651
Receivables	1,424,566	1,372	1,805	-	1,427,743
Due from federal government	46,129,222	4,553,962	-	-	50,683,184
Due from Commonwealth of Virginia	15,305,784	-	-	-	15,305,784
Lease receivable	514,081	-	-	-	514,081
Inventory	1,987,874	876,226	-	-	2,864,100
Restricted cash and temporary investments	-	-	-	18,373,239	18,373,239
Total assets	\$ 122,133,011	19,425,872	13,892,660	18,373,239	173,824,782
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	\$ 52,399,623	462,299	-	2,020,954	54,882,876
Health claims payable	6,434,136	-	-	-	6,434,136
Total liabilities	58,833,759	462,299	-	2,020,954	61,317,012
Deferred Inflows of Resources					
Unavailable revenues - sales taxes	5,114,880	-	-	-	5,114,880
Unavailable revenues due to timing - federal	88,927	-	-	-	88,927
Unavailable revenues - leases	510,480	-	-	-	510,480
Total deferred inflows of resources	5,714,287	-	-	-	5,714,287
Fund Balances					
Nonspendable:					
Inventory	1,987,874	876,226	-	-	2,864,100
Restricted:					
Capital projects	-	-	-	16,352,285	16,352,285
School nutrition services	-	18,087,347	-	-	18,087,347
School textbook	-	-	13,892,660	-	13,892,660
Future health, dental, and workers' compensation	33,534,789	-	-	-	33,534,789
Technology	1,738,937	-	-	-	1,738,937
Transportation	366,676	-	-	-	366,676
Instruction	11,992,802	-	-	-	11,992,802
Assigned to:					
Instruction	7,521,409	-	-	-	7,521,409
Unassigned	442,478	-	-	-	442,478
Total fund balances	57,584,965	18,963,573	13,892,660	16,352,285	106,793,483
Total liabilities, deferred inflows, and fund balances	\$ 122,133,011	19,425,872	13,892,660	18,373,239	
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.					382,706,425
Prepaid expenses for long-term debt are not reported as assets in the governmental funds.					51,019
Long-term liabilities are not reported as liabilities in the governmental funds.					(79,729,544)
Net OPEB assets are not reported in the governmental funds.					83,224
Net OPEB liabilities are not reported in the governmental funds.					(230,953,402)
Deferred outflows of resources are not in the governmental funds.					133,992,831
Net pension liabilities are not reported in the governmental funds.					(232,441,162)
Deferred inflows of resources are not in the governmental funds.					(215,313,451)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.					(81,313)
Assets are not available to pay current period expenditures and, therefore, are reported as unavailable in the governmental funds.					5,714,287
Less deferred inflows related to leases					(510,480)
Net position of governmental activities					\$ (129,688,083)

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-2

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	General	Nutrition Services	Textbooks	Capital Projects	Total Governmental Funds
REVENUES					
Intergovernmental revenues:					
City of Chesapeake	\$ 223,865,895	-	-	-	223,865,895
Commonwealth of Virginia	290,191,747	410,434	2,761,136	-	293,363,317
Federal government	47,056,493	23,820,363	-	-	70,876,856
Donated commodities from Federal government	-	1,346,828	-	-	1,346,828
Total intergovernmental	561,114,135	25,577,625	2,761,136	-	589,452,896
Charges for services	17,854,945	7,749	-	-	17,862,694
Interest	41,857	7,660	6,524	13,075	69,116
Miscellaneous	10,525,657	38,796	4,984	-	10,569,437
Total revenues	589,536,594	25,631,830	2,772,644	13,075	617,954,143
EXPENDITURES					
Education:					
Administration	11,074,719	-	-	-	11,074,719
Instruction	450,630,792	-	-	-	450,630,792
Attendance and health services	9,399,812	-	-	-	9,399,812
Pupil transportation	43,362,972	-	-	-	43,362,972
Operations and maintenance	51,731,331	-	-	-	51,731,331
School facilities services	1,496,115	-	-	-	1,496,115
School technology services	24,516,239	-	-	-	24,516,239
Total education	592,211,980	-	-	-	592,211,980
Nutrition services	-	14,973,600	-	-	14,973,600
Debt service	5,680,409	-	-	-	5,680,409
Payment to primary government – return of interest income	38,122	-	-	13,075	51,197
use of technology fee	65,368	-	-	-	65,368
Capital outlay	7,511,860	-	-	34,740,724	42,252,584
Total expenditures	605,507,739	14,973,600	-	34,753,799	655,235,138
Excess (deficiency) of revenues over (under) expenditures	(15,971,145)	10,658,230	2,772,644	(34,740,724)	(37,280,995)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	14,159,900	-	-	-	14,159,900
Proceeds from notes payable	7,511,860	-	-	-	7,511,860
Payment from primary government for capital outlay	-	-	-	79,058,198	79,058,198
Total other financing sources (uses), net	21,671,760	-	-	79,058,198	100,729,958
Net change in fund balance	5,700,615	10,658,230	2,772,644	44,317,474	63,448,963
Fund balance - beginning	51,941,469	8,451,511	11,120,016	(27,965,189)	43,547,807
Increase (decrease) in reserve for inventory	(57,119)	(146,168)	-	-	(203,287)
Fund balance - ending	\$ 57,584,965	18,963,573	13,892,660	16,352,285	106,793,483

(Continued)

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-2, Continued

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2022

**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	\$ 63,448,963
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.	37,180,221
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	13,227,077
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.	(51,458)
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.	(14,159,900)
Some capital assets acquired this year were financed with notes payable. The amount financed by the leases is reported in the governmental funds as a source of financing. Notes payable are not revenues in the Statement of Activities	(7,511,860)
Repayment of debt principal is an expenditure in the governmental funds, but does not affect the Statement of Activities.	5,310,757
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is paid. In the Statement of Activities, however, interest expense is recognized as the interest accrues.	(75,438)
Because some sales taxes and revenues will not be received for several months after the fiscal year ends, they are reported as unavailable revenue in the governmental funds.	1,237,372
Change in reserve for inventory from governmental funds is included in expenditures in the Statement of Activities.	(203,287)
Changes in net OPEB liability and related deferred outflows and inflows are reported only in the Statement of Activities.	(2,944,970)
Changes in net pension liabilities and related deferred outflows and inflows are reported only in the Statement of Activities.	41,960,333
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 \$2,308,126 and self-insurance amount paid exceeded claims incurred by \$111,959.	(2,420,085)
Change in net position of governmental activities	\$ 134,997,725

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-3

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	Other Postemployment Benefits Trust Fund
ASSETS	
Investments, at fair value	
Mutual funds	\$ 4,354,302
Total assets	\$ 4,354,302
NET POSITION	
Restricted for other postemployment benefits	\$ 4,354,302
Total net position	\$ 4,354,302

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-3A

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2022

	Other Postemployment Benefits Trust Fund
ADDITIONS	
Contributions from employer	\$ 4,944,112
Contributions from plan members	3,395,186
Investment income:	
Interest and dividends	(442,995)
Net investment income	(442,995)
Total additions	7,896,303
DEDUCTIONS	
Administrative expenses	5,658
Benefits and refunds paid on behalf of plan members and beneficiaries	8,339,298
Total deductions	8,344,956
Change in net position	(448,653)
Held in trust for other postemployment benefits - beginning of year	4,802,955
Held in trust for other postemployment benefits - end of year	\$ 4,354,302

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-4

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
 Budget and Actual - Schools General Fund
 Year Ended June 30, 2022

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
City of Chesapeake	\$ 226,479,073	226,479,073	223,865,895	(2,613,178)
Commonwealth of Virginia	289,911,662	291,192,194	290,191,747	(1,000,447)
Federal government	106,016,784	108,729,766	47,056,493	(61,673,273)
Charges for services	2,330,800	2,330,800	17,854,945	15,524,145
Interest	-	-	41,857	41,857
Miscellaneous	19,629,135	15,635,621	10,525,657	(5,109,964)
Total revenues	644,367,454	644,367,454	589,536,594	(54,830,860)
EXPENDITURES				
Education:				
Administration	11,124,955	11,400,493	11,074,719	325,774
Instruction	530,705,219	529,234,244	450,630,792	78,603,452
Attendance and health services	10,825,890	9,120,890	9,399,812	(278,922)
Pupil transportation	41,540,535	42,875,535	43,362,972	(487,437)
Operations and maintenance	49,064,095	53,080,835	51,731,331	1,349,504
School facilities services	2,944,755	4,884,755	1,496,115	3,388,640
School technology services	26,554,655	25,230,450	24,516,239	714,211
Total education	672,760,104	675,827,202	592,211,980	83,615,222
Debt service:				
Principal	2,726,194	2,726,194	5,310,757	(2,584,563)
Interest	369,408	369,408	369,652	(244)
Total debt service	3,095,602	3,095,602	5,680,409	(2,584,807)
Payment to primary government –				
return of interest income	-	-	38,122	(38,122)
use of technology fee	-	-	65,368	(65,368)
Capital Outlay	-	-	7,511,860	(7,511,860)
Total expenditures	675,855,706	678,922,804	605,507,739	73,415,065
Excess (deficiency) of revenues over (under) expenditures	\$ (31,488,252)	(34,555,350)	(15,971,145)	18,584,205
Other financing sources (uses):				
Proceeds from leases			14,159,900	
Proceeds from notes payable			7,511,860	
Total other financing uses			<u>21,671,760</u>	
Net change in fund balance			5,700,615	
Fund balance - beginning			51,941,469	
Increase (decrease) in reserve for inventory			<u>(57,119)</u>	
Fund balance - ending			<u>\$ 57,584,965</u>	

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-5

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
 Budget and Actual - Schools Nutrition Services Fund
 Year Ended June 30, 2022

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ -	-	410,434	410,434
Federal government	13,451,813	15,951,813	23,820,363	7,868,550
Charges for services	-	-	7,749	7,749
Interest	35,505	35,505	7,660	(27,845)
Miscellaneous	18,480	18,480	38,796	20,316
Total revenues	13,505,798	16,005,798	24,285,002	8,279,204
EXPENDITURES				
Operating costs:				
Purchases for resale	3,815,000	4,553,000	5,581,017	(1,028,017)
Food service salaries and fringe benefits	6,597,975	6,597,975	5,506,159	1,091,816
General and administrative	2,379,623	4,346,623	2,267,647	2,078,976
Other repairs and supplies	296,200	304,200	162,768	141,432
Capital outlay	398,000	185,000	107,506	77,494
Other expenditures	19,000	19,000	1,675	17,325
Total expenditures	13,505,798	16,005,798	13,626,772	2,379,026
Excess (deficiency) of revenues over under) expenditures	\$ -	-	10,658,230	5,900,178
Fund balance - beginning			8,451,511	
Increase decrease in reserve for inventory			(146,168)	
Fund balance - ending			<u>\$ 18,963,573</u>	

CITY OF CHESAPEAKE, VIRGINIA
CHESAPEAKE PUBLIC SCHOOLS COMPONENT UNIT

Schedule R-6

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
 Budget and Actual - Schools Textbooks Fund
 Year Ended June 30, 2022

	Original Budget	Revised Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth of Virginia	\$ 2,745,592	2,745,592	2,761,136	15,544
Interest	15,000	15,000	6,524	(8,476)
Miscellaneous	15,000	15,000	4,984	(10,016)
Total revenues	2,775,592	2,775,592	2,772,644	(2,948)
EXPENDITURES				
Instruction				
Textbooks	2,775,592	2,775,592	-	2,775,592
Total expenditures	2,775,592	2,775,592	-	2,775,592
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	2,772,644	<u>(2,778,540)</u>
Fund balance - beginning			11,120,016	
Fund balance - ending			<u>\$ 11,120,016</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 S-1

Balance Sheet and Statement of Net Position
Chesapeake Mosquito Control Commission
June 30, 2022

	Chesapeake Mosquito Control Commission
ASSETS	
Assets	
Cash and temporary investments	\$ 8,490,761
Inventory of materials and supplies	512,690
Prepaid expenses	120,442
Total current assets	9,123,893
Total assets	\$ 9,123,893
LIABILITIES, FUND BALANCE AND NET POSITION	
Liabilities	
Current liabilities:	
Accounts payable and accrued expenses	\$ 139,934
Total current liabilities	139,934
Total liabilities	139,934
Fund Balance	
Nonspendable:	
Inventory	512,690
Prepaid	135,230
Committed:	
Biology testing	86,264
Future capital improvements	1,000,000
Operations	1,093,728
Unassigned	6,156,047
Total fund balance	8,983,959
Total liabilities and fund balance	\$ 9,123,893
Reconciliation to Net Position:	
Total fund balance	\$ 8,983,959
Capital assets - net of depreciation	2,185,400
Net OPEB asset - VRS directed	884
Deferred outflows	859,309
Long-term liabilities	(263,574)
Net pension liability	(102,687)
Net OPEB liability - VRS directed	(107,892)
Net OPEB liability - City directed	(65,056)
Deferred inflows	(1,305,704)
Net Position	10,184,639

CITY OF CHESAPEAKE, VIRGINIA

Schedule S-2

Statement of Revenues, Expenditures, and Changes in Fund Balance
Chesapeake Mosquito Control Commission
Year Ended June 30, 2022

	Chesapeake Mosquito Control Commission
REVENUES	
Property taxes	\$ 5,461,077
Investment income	14,043
Other	90,283
Total revenues	5,565,403
EXPENDITURES	
Other salaries and wages	1,787,275
Other fringe benefits	908,848
Other repairs and supplies	660,257
Insurance premiums	241,229
Capital outlay	17,733
Other	362,377
Total expenditures	3,977,719
Excess (deficiency) of revenues over (under) expenditures	1,587,684
OTHER FINANCING SOURCES	
Issuance of leases (as lessee)	5,381
Total other financing sources	5,381
Net change in fund balance	1,593,065
Fund balance - beginning	7,390,894
Fund balance - ending	\$ 8,983,959

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	\$ 1,593,065
Compensated absences	(127,137)
Pension expense	185,015
OPEB expense	486
Depreciation expense	(168,412)
Capital outlay expenditures	17,733
Issuance of leases (as lessee)	(5,381)
Lease expense	437
Change in Net Position	\$ 1,495,806

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STATISTICAL SECTION

This part of the City of Chesapeake's Annual Comprehensive Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures, and required supplementary information depict the government's overall financial health.

Financial Trends – These schedules contain information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.



CITY OF CHESAPEAKE, VIRGINIA

Net Position by Component
Last Ten Fiscal Years - Unaudited

		Fiscal Years			
		2013	2014	2015	2016
Governmental Activities					
Net investment in capital assets	\$	715,309,724	725,639,898	751,215,126	803,408,601
Restricted for:					
Capital projects		7,945,218	7,730,629	9,289,916	9,496,284
Debt service		3,051,674	1,104,771	524,780	572,809
Other purposes:					
Expendable		65,320,915	71,603,633	73,178,331	79,026,265
Nonexpendable		12,795	12,795	12,795	12,795
Unrestricted (deficit)		194,955,789	212,685,592	100,085,810	127,611,781
Total governmental activities net position	\$	986,596,115	1,018,777,318	934,306,758	1,020,128,535
Business-type Activities					
Net investment in capital assets	\$	338,956,191	363,131,229	380,994,500	374,310,640
Restricted for:					
Capital projects		4,909,101	4,192,551	10,285,096	13,054,525
Debt service		40,167,626	36,168,752	33,995,534	33,421,662
Other purposes:					
Expendable		112,058,449	133,882,562	135,829,971	149,570,921
Unrestricted (deficit)		(1,170,944)	(18,150,568)	(28,147,438)	(4,026,298)
Total business-type activities net position	\$	494,920,423	519,224,526	532,957,663	566,331,450
Primary Government					
Net investment in capital assets	\$	1,054,265,915	1,088,771,127	1,132,209,626	1,177,719,241
Restricted for:					
Capital projects		12,854,319	11,923,180	19,575,012	22,550,809
Debt service		43,219,300	37,273,523	34,520,314	33,994,471
Other purposes:					
Expendable		177,379,364	205,486,195	209,008,302	228,597,186
Nonexpendable		12,795	12,795	12,795	12,795
Unrestricted (deficit)		193,784,845	194,535,024	71,938,372	123,585,483
Total Primary Government net position	\$	1,481,516,538	1,538,001,844	1,467,264,421	1,586,459,985
Component Units					
Net investment in capital assets	\$	226,212,630	231,613,876	240,465,301	238,621,923
Restricted for:					
Capital projects		27,122,536	22,562,553	17,708,059	23,976,510
Other purposes:					
Expendable		36,950,588	27,909,453	22,479,251	22,906,943
Unrestricted (deficit)		(303,617,981)	(298,929,160)	(692,757,169)	(673,085,649)
Total component units net position	\$	(13,332,227)	(16,843,278)	(412,104,558)	(387,580,273)

Table 1

Fiscal Years					
2017	2018	2019	2020	2021	2022
917,873,047	948,007,008	988,305,860	974,415,246	992,050,786	933,160,125
7,573,672	7,295,431	7,214,178	6,913,621	6,634,647	5,571,349
800,317	975,681	1,580,849	1,205,480	1,014,188	210
86,689,437	81,470,421	75,208,171	79,622,155	75,893,913	86,544,664
184,459	203,604	243,494	336,821	253,783	107,800
166,360,668	204,538,067	251,402,063	287,070,666	382,657,019	489,775,043
1,179,481,600	1,242,490,212	1,323,954,615	1,349,563,989	1,458,504,336	1,515,159,191
398,107,933	424,400,639	446,770,028	458,647,190	462,305,755	472,919,320
97,882,413	108,317,526	128,596,183	110,548,561	119,247,076	125,878,865
33,684,535	34,184,641	40,716,139	52,744,206	46,735,246	49,724,026
79,037,754	79,578,055	68,198,534	85,511,407	104,781,159	108,737,143
(4,182,599)	(32,028,285)	(25,806,606)	(34,833,528)	(39,437,234)	(38,041,472)
604,530,036	614,452,576	658,474,278	672,617,836	693,632,002	719,217,882
1,315,980,980	1,372,407,647	1,435,075,888	1,433,062,436	1,454,356,541	1,406,079,445
105,456,085	115,612,957	135,810,361	117,462,182	125,881,723	131,450,214
34,484,852	35,160,322	42,296,988	53,949,686	47,749,434	49,724,236
165,727,191	161,048,476	143,406,705	165,133,562	180,675,072	195,281,807
184,459	203,604	243,494	336,821	253,783	107,800
162,178,069	172,509,782	225,595,457	252,237,138	343,219,785	451,733,571
1,784,011,636	1,856,942,788	1,982,428,893	2,022,181,825	2,152,136,338	2,234,377,073
245,580,745	257,008,802	280,922,718	297,819,879	328,492,169	361,349,577
18,863,830	9,210,779	-	-	-	-
26,003,608	38,675,687	46,569,857	70,288,004	62,505,016	96,183,749
(685,656,442)	(600,527,120)	(606,678,614)	(597,397,419)	(633,448,164)	(562,360,754)
(395,208,259)	(295,631,852)	(279,186,039)	(229,289,536)	(242,450,979)	(104,827,428)

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2013	2014	2015	2016
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 19,070,413	17,991,011	17,221,747	17,919,246
Public safety	4,552,411	4,930,678	6,065,257	6,327,000
Public works	491,789	579,655	423,362	397,605
Parks and recreation	1,119,617	1,199,110	1,179,898	1,325,959
Public welfare	3,876,330	4,730,175	6,036,692	8,128,191
Operating grants and contributions	95,148,851	94,884,033	94,843,600	108,437,341
Capital grants and contributions	7,941,256	4,135,767	7,297,723	23,145,655
Total governmental activities' program revenues	\$ 132,200,667	128,450,429	133,068,279	165,680,997
Business-type activities:				
Charges for Services:				
Public Utilities	\$ 59,999,277	66,585,995	69,235,499	71,895,798
Chesapeake Transportation System	10,310,889	10,475,725	11,101,413	11,938,642
Stormwater Management	14,973,046	15,183,909	15,644,842	15,661,983
Economic Development Authority	-	-	-	-
Operating grants and contributions	1,501,314	1,132,388	1,210,881	1,419,816
Capital grants and contributions	32,250,518	7,412,395	7,932,525	12,942,811
Total business-type activities' program revenues	\$ 119,035,044	100,790,412	105,125,160	113,859,050
Total Primary Government Activities' program revenues	\$ 251,235,711	229,240,841	238,193,439	279,540,047
Component Units:				
Charges for Services:				
Public Schools	\$ 7,628,806	14,692,607	16,611,124	18,998,372
Chesapeake Port Authority	39,400	42,135	35,905	39,722
Chesapeake Airport Authority	434,049	429,444	427,789	434,638
Elizabeth River Properties of Chesapeake, Inc.	97,283	110,753	124,003	111,979
Operating grants and contributions	93,629,158	99,476,140	93,982,567	97,479,921
Capital grants and contributions	1,204,851	1,311,294	1,190,330	1,163,712
Total component units' program revenues	\$ 103,033,547	116,062,373	112,371,718	118,228,344
Total Primary Government and component units' program revenues	\$ 354,269,258	345,303,214	350,565,157	397,768,391

Table 2

Fiscal Years					
2017	2018	2019	2020	2021	2022
18,626,308	18,369,446	16,642,078	4,803,523	3,932,636	3,916,490
6,842,159	6,958,674	7,404,405	6,911,297	7,015,743	6,510,765
433,412	567,340	319,224	365,218	376,963	596,401
1,273,734	1,260,627	1,193,031	845,041	260,869	726,835
7,269,310	7,549,567	9,733,420	8,847,162	7,689,761	8,833,294
111,174,626	111,552,585	115,178,823	119,403,089	160,744,753	166,103,343
107,671,523	22,555,997	20,986,036	22,827,863	14,433,181	15,910,185
253,291,072	168,814,236	171,457,017	164,003,193	194,453,906	202,597,313
75,891,505	76,927,836	74,669,373	77,993,495	80,024,669	81,281,134
17,591,317	24,825,405	26,500,786	25,505,079	29,267,552	33,572,463
16,031,408	16,115,527	16,141,817	15,833,474	16,148,628	16,253,822
-	-	-	6,519,130	477,000	102,775
1,723,497	3,305,879	7,418,684	5,317,512	2,708,725	1,961,938
19,668,084	5,040,018	10,215,794	6,112,838	9,661,238	6,234,850
130,905,811	126,214,665	134,946,454	137,281,528	138,287,812	139,406,982
384,196,883	295,028,901	306,403,471	301,284,721	332,741,718	342,004,295
18,635,543	18,870,975	19,686,232	22,445,856	18,453,780	17,862,694
1,200	-	-	-	-	-
466,335	473,455	472,310	499,493	496,246	514,326
106,776	117,546	115,352	151,957	176,954	198,573
103,321,427	111,090,487	112,804,840	122,980,668	147,314,136	172,309,270
392,204	2,020,383	361,869	2,747,149	20,500	-
122,923,485	132,572,846	133,440,603	148,825,123	166,461,616	190,884,863
507,120,368	427,601,747	439,844,074	450,109,844	499,203,334	532,889,158

Continued

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years - Unaudited

	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 149,330,767	152,704,171	129,569,793	125,133,326
Public safety	83,454,031	93,375,929	91,413,819	90,907,369
Public works	40,647,017	38,746,709	58,920,091	52,877,267
Parks and recreation	9,693,509	2,516,007	2,439,039	8,423,774
Public welfare	40,991,944	42,027,655	44,174,172	45,705,033
Education	208,985,915	189,942,276	191,962,233	208,466,021
Interest on long-term debt	15,821,682	15,001,553	13,597,584	12,228,723
Depreciation and amortization - net unallocated portion	19,429,215	18,824,944	16,215,291	15,331,944
Total governmental activities	\$ 568,354,080	553,139,244	548,292,022	559,073,457
Business-type activities:				
Public Utilities	\$ 54,559,573	57,339,899	59,665,753	59,789,391
Chesapeake Transportation System	11,981,231	10,430,045	8,973,844	8,987,678
Stormwater Management	9,256,065	8,755,098	11,578,159	11,541,070
Economic Development Authority	-	-	-	-
Total business-type activities	\$ 75,796,869	76,525,042	80,217,756	80,318,139
Total Primary Government	\$ 644,150,949	629,664,286	628,509,778	639,391,596
Component units				
Public Schools	\$ 449,879,147	444,265,205	442,852,339	435,759,664
Chesapeake Mosquito Control Commission	4,520,768	4,018,404	4,033,457	5,181,759
Economic Development Authority	883,000	789,713	686,818	3,322,203
Chesapeake Port Authority	50,187	53,350	46,498	46,795
Chesapeake Airport Authority	1,285,463	1,359,188	1,583,143	1,340,246
Elizabeth River Properties of Chesapeake, Inc.	188,512	179,427	190,881	223,076
Chesapeake Land Bank Authority	-	-	-	-
Total component units	\$ 456,807,077	450,665,287	449,393,136	445,873,743
Net (Expense)/Revenue				
Governmental activities	\$ (436,153,413)	(424,688,815)	(415,223,743)	(393,392,460)
Business-type activities	43,238,175	24,265,370	24,907,404	33,540,911
Total Primary Government net expense	\$ (392,915,238)	(400,423,445)	(390,316,339)	(359,851,549)
Total component units net expense	\$ (353,773,530)	(334,602,914)	(337,021,418)	(327,645,399)

Table 2, Continued

Fiscal Years					
2017	2018	2019	2020	2021	2022
145,413,520	154,492,115	164,759,758	205,972,104	227,160,269	181,333,028
93,094,728	94,172,297	103,262,634	111,433,764	116,541,499	120,539,356
58,915,648	47,580,380	38,099,274	22,716,126	11,253,379	59,005,523
3,415,829	7,730,292	8,812,469	9,682,309	7,552,991	8,679,338
48,443,596	47,746,439	49,972,356	56,260,276	60,594,825	56,454,498
207,382,512	217,851,053	217,100,015	250,803,232	209,415,524	309,139,680
12,696,190	13,797,966	12,651,370	12,423,557	12,568,282	12,862,673
15,216,230	19,448,199	20,245,562	19,620,117	16,085,590	15,602,752
584,578,253	602,818,741	614,903,438	688,911,485	661,172,359	763,616,848
61,195,818	68,295,315	63,598,130	66,708,533	66,126,598	64,356,881
20,513,144	36,979,915	37,904,311	38,492,069	37,952,259	38,909,909
12,825,364	11,027,245	13,156,095	14,484,056	15,310,180	13,057,070
-	-	6,723,039	7,100,135	7,393,129	1,842,224
94,534,326	116,302,475	121,381,575	126,784,793	126,782,166	118,166,084
679,112,579	719,121,216	736,285,013	815,696,278	787,954,525	881,782,932
488,960,206	470,920,045	483,006,298	520,397,810	569,668,829	563,074,654
4,013,749	3,693,645	3,719,396	4,290,575	4,391,365	4,069,597
642,787	1,329,256	-	-	-	-
19,642	1,696	-	-	-	-
1,270,448	1,340,143	1,368,689	1,252,267	1,184,417	1,403,003
225,496	225,065	229,936	299,146	266,521	261,141
-	-	-	86,948	164,814	186,018
495,132,328	477,509,850	488,324,319	526,326,746	575,675,946	568,994,413
(331,287,181)	(434,004,505)	(443,446,421)	(524,908,292)	(466,718,453)	(561,019,535)
36,371,485	9,912,190	13,564,879	10,496,735	11,505,646	21,240,898
(294,915,696)	(424,092,315)	(429,881,542)	(514,411,557)	(455,212,807)	(539,778,637)
(372,208,843)	(344,937,004)	(354,883,716)	(377,501,623)	(409,214,330)	(378,109,550)

Continued

CITY OF CHESAPEAKE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years - Unaudited

	2013	2014	2015	2016
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	\$ 288,743,868	298,879,122	305,738,657	311,753,152
Local sales and use taxes	34,451,337	35,389,855	37,236,136	38,134,836
Business license taxes	24,268,792	25,068,518	25,684,602	25,432,077
Consumer utility taxes	10,258,697	10,450,356	10,624,686	10,549,605
Other taxes	50,956,443	50,985,268	52,988,967	55,170,564
Grants and contributions not restricted to specific programs	31,739,924	31,725,721	31,873,268	32,200,518
Unrestricted investment earnings	162,669	1,538,560	1,688,206	2,212,618
Miscellaneous	2,961,604	2,871,351	3,718,394	3,593,743
Transfers	5,295,381	(38,733)	190,553	167,124
Total governmental activities revenues & transfers	\$ 448,838,715	456,870,018	469,743,469	479,214,237
Business-type activities:				
Unrestricted investment earnings	\$ -	-	-	-
Transfers	(5,295,381)	38,733	(190,553)	(167,124)
Total business-type activities revenues & transfers	\$ (5,295,381)	38,733	(190,553)	(167,124)
Total Primary Government revenues & transfers	\$ 443,543,334	456,908,751	469,552,916	479,047,113
Component Units:				
Payment from City	\$ 201,293,387	182,260,318	184,457,843	200,669,966
Grants and contributions not restricted to specific programs	151,059,807	147,665,810	155,306,935	154,989,654
Unrestricted investment earnings	86,192	168,006	242,790	262,926
Miscellaneous	792,217	1,046,806	1,146,129	950,105
Total component units	\$ 353,231,603	331,140,940	341,153,697	356,872,651
Change in Net Position				
Governmental activities	\$ 12,685,302	32,181,203	54,519,726	85,821,777
Business-type activities	37,942,794	24,304,103	24,716,851	33,373,787
Total Primary Government net change in net position	\$ 50,628,096	56,485,306	79,236,577	119,195,564
Total component units net change in net position	\$ (541,927)	(3,461,974)	4,132,279	29,227,252

Table 2, Continued

Fiscal Years					
2017	2018	2019	2020	2021	2022
323,945,517	339,175,321	355,881,792	370,371,068	393,652,325	420,176,941
39,192,394	40,912,255	41,660,626	43,593,597	51,037,755	55,017,862
26,124,990	27,319,871	28,048,966	27,781,280	29,019,712	30,439,211
10,631,194	10,856,726	10,828,586	10,809,020	10,919,483	11,006,951
55,182,708	55,699,035	57,560,084	55,908,436	60,322,618	65,463,305
32,146,547	32,144,107	32,448,856	32,370,647	33,534,249	33,525,847
2,307,567	4,642,652	9,670,264	8,232,271	882,532	467,024
2,936,430	3,789,863	3,519,909	5,098,170	5,798,646	5,922,231
(1,827,101)	(1,351,488)	(14,708,259)	(3,646,823)	(9,508,520)	(4,344,982)
490,640,246	513,188,342	524,910,824	550,517,666	575,658,800	617,674,390
-	-	-	-	-	-
1,827,101	1,351,488	14,708,259	3,646,823	9,508,520	4,344,982
1,827,101	1,351,488	14,708,259	3,646,823	9,508,520	4,344,982
492,467,347	514,539,830	539,619,083	554,164,489	585,167,320	622,019,372
199,801,485	210,380,798	209,686,756	244,072,634	197,047,317	302,924,093
163,341,019	163,273,264	174,766,903	182,235,069	189,216,555	202,347,789
450,365	982,738	1,168,677	73,596	(5,050)	69,116
987,988	1,525,959	1,455,757	1,016,827	5,039,653	10,392,103
364,580,857	376,162,759	387,078,093	427,398,126	391,298,475	515,733,101
159,353,065	79,183,837	81,464,403	25,609,374	108,940,347	56,654,855
38,198,586	11,263,678	28,273,138	14,143,558	21,014,166	25,585,880
197,551,651	90,447,515	109,737,541	39,752,932	129,954,513	82,240,735
(7,627,986)	31,225,755	32,194,377	49,896,503	(17,915,855)	137,623,551

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CITY OF CHESAPEAKE, VIRGINIA
Fund Balances, Governmental Funds
Last Ten Fiscal Years - Unaudited

Table 3

	Fiscal Years				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable	\$ 1,173,244	1,189,121	1,433,615	1,559,275	1,311,843
Restricted for cash flow emergencies	30,923,382	31,310,247	31,981,331	32,623,282	33,795,931
Restricted other	833,686	700,071	468,823	540,507	4,725,626
Committed for operating emergencies	25,769,311	26,091,873	-	-	-
Committed for emergency event response and recovery	20,000,000	20,000,000	-	-	-
Committed for one time projects	-	-	34,275,685	46,901,273	56,288,856
Committed other	19,799,695	19,669,549	21,351,556	30,964,586	37,702,547
Assigned	4,364,542	1,677,416	5,416,979	9,832,438	5,292,608
Unassigned	40,797,644	52,230,084	63,962,662	65,246,428	67,591,862
Total General Fund	\$ 143,661,504	152,868,361	158,890,651	187,667,789	206,709,273
All Other Governmental Funds ¹					
Nonspendable	203,387	593,670	422,548	402,847	184,459
Restricted	34,357,794	40,383,450	39,598,073	46,583,273	48,811,144
Committed	27,181,725	25,246,730	54,059,196	48,759,647	51,053,591
Assigned	116,794,758	107,129,606	77,828,467	62,346,748	132,555,851
Unassigned	(146,211)	-	-	-	-
Total all other governmental funds	\$ 178,391,453	173,353,456	171,908,284	158,092,515	232,605,045
Total Governmental Funds	\$ 322,052,957	326,221,817	330,798,935	345,760,304	439,314,318

	Fiscal Years				
	2018	2019	2020	2021	2022
General Fund					
Nonspendable	\$ 1,508,708	1,439,572	1,133,586	1,408,907	1,419,808
Restricted for cash flow emergencies	34,786,564	36,173,619	37,036,302	39,169,785	41,064,768
Restricted other	4,794,161	908,488	1,049,782	1,057,828	47,000
Committed for operating emergencies	-	-	-	-	-
Committed for emergency event response and recovery	-	-	-	-	-
Committed for one time projects	67,624,832	69,990,232	76,698,340	110,027,039	132,485,665
Committed other	36,344,926	55,107,370	67,821,526	102,622,128	119,991,539
Assigned	7,382,231	11,019,850	13,770,559	28,953,705	18,974,795
Unassigned	69,573,129	72,347,237	74,072,504	78,339,569	82,129,536
Total General Fund	\$ 222,014,551	246,986,368	271,582,599	361,578,961	396,113,111
All Other Governmental Funds					
Nonspendable	203,604	243,494	336,821	253,783	107,800
Restricted	42,612,835	38,989,829	42,540,130	36,677,128	45,433,106
Committed	26,152,649	52,646,232	36,007,397	47,503,051	42,853,872
Assigned	151,752,426	121,746,212	164,231,851	159,428,011	191,116,519
Unassigned	-	-	-	-	-
Total all other governmental funds	\$ 220,721,514	213,625,767	243,116,199	243,861,973	279,511,297
Total Governmental Funds	\$ 442,736,065	460,612,135	514,698,798	605,440,934	675,624,408

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			
	2013	2014	2015	2016
REVENUES				
General property taxes	\$ 290,256,858	295,012,634	303,776,731	309,687,694
Other local taxes	119,935,269	121,893,999	126,534,391	129,287,082
Licenses, permits, and fees	8,091,767	8,526,755	8,744,557	8,984,478
Fines and forfeitures	3,000,462	2,689,990	2,585,943	2,497,583
Investment income	220,723	1,417,282	1,533,894	2,026,798
Revenues from use of property	895,198	946,050	876,770	953,199
Charges for services	17,754,480	18,047,555	19,459,056	22,356,868
Miscellaneous local revenues	2,400,427	4,542,690	3,080,064	3,791,848
Recovered costs	1,736,917	1,853,213	2,790,430	2,188,833
Program income	69,815	649,715	138,654	257,538
Revenues from local developers	669,054	809,803	1,617,834	1,062,059
Intergovernmental revenues:				
Commonwealth of Virginia	103,681,099	105,987,373	108,369,232	116,529,745
Federal government	19,525,713	15,611,161	15,175,831	19,863,946
Federal government - American Reinvestment and Recovery Act	1,769,751	1,853,891	888,431	892,605
Mosquito Control Commission	-	-	-	1,250,000
Chesapeake Public Schools	119,662	146,377	213,430	235,270
Total revenues	570,127,195	579,988,488	595,785,248	621,865,546
EXPENDITURES				
Current:				
General government	114,270,761	116,553,224	112,021,828	112,965,759
Public safety	90,042,746	89,357,145	94,467,782	93,772,637
Public works	53,610,904	50,867,236	60,880,687	59,339,632
Parks and recreation	8,237,407	8,705,783	9,767,667	10,382,616
Public welfare	41,062,109	41,755,349	44,677,723	46,735,975
Education - Payments to Public Schools	201,293,387	182,260,318	184,457,843	200,669,966
Capital outlay	26,928,990	27,565,329	29,755,807	56,329,436
Debt service:				
Principal ¹	42,023,919	56,969,642	41,354,583	28,911,589
Interest	16,496,449	15,151,883	14,093,015	12,608,768
Total expenditures	593,966,672	589,185,909	591,476,935	621,716,378
Excess deficiency of revenues over under expenditures	(23,839,477)	(9,197,421)	4,308,313	149,168
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	97,153,386	82,474,033	95,845,901	71,832,037
Transfers to other funds	(99,773,872)	(82,721,065)	(95,193,233)	(71,117,755)
Proceeds from equipment capital leases	-	-	(383,863)	-
Issuance of leases (as lessee)	-	-	-	-
Issuance of general obligation bonds	-	-	-	-
Issuance of general obligation refunding bonds	-	13,175,000	-	-
Issuance of VPSA bonds	26,690,000	-	-	12,170,000
Payment to refunded bond escrow agent	-	-	-	-
Premiums on general obligation bonds issued	-	438,313	-	-
Premiums on refunding bonds issued	-	-	-	-
Premiums on VPSA bonds issued	3,997,373	-	-	1,927,919
Total other financing sources (uses), net	28,066,887	13,366,281	268,805	14,812,201
Net change in fund balances	\$ 4,227,410	4,168,860	4,577,118	14,961,369
Debt service as a percentage of noncapital expenditures ²	10.32%	12.84%	9.87%	7.34%

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					
2017	2018	2019	2020	2021	2022
321,436,947	336,040,424	351,530,642	364,197,736	389,639,337	404,192,235
131,131,286	134,787,887	138,098,262	138,092,333	151,299,568	161,927,329
8,976,982	9,005,712	9,472,695	9,652,515	10,119,756	9,742,809
2,324,124	1,984,717	2,064,005	2,283,217	2,008,770	1,572,760
2,122,324	4,164,768	8,689,159	7,392,384	753,921	328,970
963,352	1,089,188	1,118,058	799,213	608,081	1,519,029
22,919,619	23,452,511	23,545,932	22,220,374	19,600,531	21,109,602
3,820,723	3,906,796	4,058,261	4,245,181	5,630,476	3,487,335
1,842,339	2,324,958	2,013,914	2,039,138	2,925,778	3,092,963
640,718	462,012	130,249	144,848	151,626	260,411
1,135,388	721,759	656,179	824,443	1,021,026	880,354
121,239,674	118,276,206	126,804,447	131,264,365	132,784,542	128,245,342
18,526,865	21,939,696	15,749,222	19,233,079	58,729,207	61,184,751
889,080	889,902	876,007	550,227	501,008	289,059
-	-	-	-	-	-
404,392	841,381	1,656,215	84,782	22,293	116,565
638,373,813	659,887,917	686,463,247	703,023,835	775,795,920	797,949,514
118,097,428	122,583,859	127,987,878	130,384,491	132,923,495	138,697,562
97,964,884	99,550,223	106,366,094	111,536,156	113,610,647	124,145,125
59,041,469	59,096,571	57,885,633	62,805,322	64,571,102	67,179,225
10,479,224	11,325,996	11,455,395	11,379,680	11,081,758	11,553,725
48,235,096	48,973,078	52,022,091	54,982,527	56,789,675	57,404,233
199,801,485	210,380,853	210,428,306	244,072,634	203,211,882	302,924,093
58,432,829	58,753,654	49,402,878	60,664,095	53,318,485	48,654,389
24,816,589	30,268,297	26,693,440	26,124,163	28,167,960	28,141,208
11,832,061	13,725,307	13,100,430	11,512,957	12,857,888	11,831,064
628,701,065	654,657,838	655,342,145	713,462,025	676,532,892	790,530,624
9,672,748	5,230,079	31,121,102	(10,438,191)	99,263,028	7,418,890
81,270,597	95,988,015	86,774,280	89,514,095	111,890,076	146,343,760
(83,542,939)	(97,796,347)	(100,019,312)	(91,649,941)	(120,410,968)	(150,157,441)
-	-	-	-	-	-
-	-	-	-	-	4,392,423
76,640,000	-	-	30,005,000	-	-
5,190,000	-	-	34,215,000	-	-
-	-	-	24,520,000	-	54,410,000
(5,915,421)	-	-	(41,674,983)	-	-
9,478,205	-	-	8,377,934	-	-
760,824	-	-	7,651,284	-	-
-	-	-	3,566,465	-	7,775,842
83,881,266	(1,808,332)	(13,245,032)	64,524,854	(8,520,892)	62,764,584
93,554,014	3,421,747	17,876,070	54,086,663	90,742,136	70,183,474
6.43%	7.38%	6.57%	5.77%	6.58%	5.39%

CITY OF CHESAPEAKE, VIRGINIA

Table 5

Assessed and Estimated Actual Value of Taxable
Property
Last Ten Fiscal Years - Unaudited

	Fiscal Years				
	2013	2014	2015	2016	2017
Real Property Assessed Value ¹	\$ 23,197,467,449	23,391,965,862	23,905,386,600	24,370,701,634	\$ 25,174,589,034
Real Property Estimated Actual Value ¹	23,197,467,449	23,391,965,862	23,905,386,600	24,370,701,634	25,174,589,034
Personal Property Assessed Value ¹	1,880,111,642	1,965,284,896	2,003,412,774	2,125,717,799	2,125,088,965
Personal Property Estimated Actual Value ¹	1,880,111,642	1,965,284,896	2,003,412,774	2,125,717,799	2,125,088,965
Total Assessed Value	25,077,579,091	25,357,250,758	25,908,799,374	26,496,419,433	27,299,677,999
Total Direct Tax Rate ²	1.26	1.27	1.27	1.28	1.27
Estimated Actual Value	25,077,579,091	25,357,250,758	25,908,799,374	26,496,419,433	27,299,677,999
Ratio of Total Assessed Value to Total Estimated Actual Value	100.00%	100.00%	100.00%	100.00%	100.00%

	Fiscal Years				
	2018	2019	2020	2021	2022
Real Property Assessed Value ¹	\$ 26,241,692,929	27,624,978,340	28,910,752,624	30,088,250,673	31,253,557,594
Real Property Estimated Actual Value ¹	26,241,692,929	27,624,978,340	28,910,752,624	30,088,250,673	31,253,557,594
Personal Property Assessed Value ¹	2,256,293,543	2,343,369,694	2,449,445,877	2,685,732,144	2,931,747,383
Personal Property Estimated Actual Value ¹	2,256,293,543	2,343,369,694	2,449,445,877	2,685,732,144	2,931,747,383
Total Assessed Value	28,497,986,472	29,968,348,034	31,360,198,501	32,773,982,817	34,185,304,977
Total Direct Tax Rate ²	1.27	1.27	1.27	1.28	1.29
Estimated Actual Value	28,497,986,472	29,968,348,034	31,360,198,501	32,773,982,817	34,185,304,977
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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	0.00
Motor Carriers	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Recreation Vehicles ⁴	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Handicap Vehicles	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Boats	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Business Personal Property ⁴	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mobile Homes ⁵	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04	1.04
Machinery & Tools ⁴	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12	3.12
Farm ⁴	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Airplanes ⁴	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Data Center Computers ⁷	-	-	-	-	-	0.40	0.40	0.40	0.40	0.40
Total Direct Rate ⁶	1.26	1.27	1.27	1.28	1.27	1.27	1.27	1.27	1.28	1.29

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 2022		Fiscal Year 2013	
		Real Property Assessed Value	Percent of Total Assessed Value	Real Property Assessed Value	Percent of Total Assessed Value
Dominion Virginia Power	Electric Utility	\$ 715,308,741	2.29%	\$ 704,770,949	3.04%
Dollar Tree Distribution Inc	Retail, Distribution	165,190,800	0.53%	-	-
CP Venture Two, LLC	Shopping Mall	72,371,300	0.23%	52,822,000	0.23%
Greenbrier Mall II, LLC	Shopping Mall & Vacant Land	70,331,400	0.23%	89,188,100	0.38%
JLP Chesapeake, LLC	Retail and Vacant Land	56,530,000	0.18%	39,978,600	0.17%
ICON Mars Prop Owner Pool	Warehouse/Office/Industrial Properties	55,081,800	0.18%	-	0.00%
Wal-Mart Stores East LP	Shopping Center	54,298,800	0.17%	59,526,100	0.26%
Hampton Roads V Owner, LLC	Commercial Offices	39,862,500	0.13%	-	-
Greenbrier Square Chesapeake, LLC	Shopping Center	39,682,600	0.13%	-	-
Walsh FBI Chesapeake, LLC	Commercial Offices	36,628,400	0.12%	-	-
Liberty Property LTD Partnership	Shopping Center & Office Bldg	-	-	81,712,200	0.35%
Chesapeake Mall LLC	Shopping Mall	-	-	60,744,100	0.26%
Woodlake Co. Limited Partnership	Apartment Complex	-	-	49,351,500	0.21%
Chesapeake CVSD LN Apt Prop Own	Apartment Complex	-	-	48,336,400	0.21%
352 LLC	Apartment Complex	-	-	42,595,600	0.18%
Total Top Ten Principal Taxpayers ¹		\$ 1,305,286,341	4.18%	\$ 1,229,025,549	5.30%
Total Assessed Valuation ²		\$ 31,253,557,594		\$ 23,197,467,449	

Source: ¹ City of Chesapeake Real Estate Assessor² City of Chesapeake Commissioner of Revenue

Property Tax Levies
Last Ten Fiscal Years - Unaudited

		2013	2014	2015	2016	2017
Real Property ¹	\$	232,728,788	234,953,853	240,400,500	246,824,270	254,741,865
Motor Vehicles		58,046,052	60,253,531	61,865,858	65,747,073	65,520,521
Motor Carriers		1,078,933	1,096,643	1,231,613	1,487,378	1,551,850
Recreation Vehicles		434,856	468,503	495,862	564,838	579,382
Boats		16,577	25,467	19,677	28,080	17,996
Business		10,823,401	11,393,593	11,588,129	11,514,150	12,497,273
Motor Homes		145,410	133,526	133,987	135,097	89,304
Machinery & Tools		2,807,478	2,840,962	2,697,358	2,803,960	2,666,692
Farm		137,745	136,734	145,217	160,854	150,138
Airplanes		40,719	51,540	45,349	51,958	45,729
		2018	2019	2020	2021	2022
Real Property ¹	\$	265,497,154	279,719,056	292,702,992	304,517,552	316,931,213
Motor Vehicles		69,393,003	71,566,602	74,753,543	84,851,001	94,733,749
Motor Carriers		1,692,336	1,652,944	1,706,075	1,578,821	1,594,613
Recreation Vehicles		666,676	723,342	737,332	895,690	1,234,341
Boats		23,607	28,021	27,332	25,224	20,523
Business		12,786,377	13,667,431	14,177,862	14,365,029	13,890,092
Motor Homes		132,888	132,617	137,225	143,559	145,136
Machinery & Tools		2,855,192	2,995,448	2,907,802	3,295,136	3,205,853
Farm		141,963	146,680	146,624	138,153	129,343
Airplanes		41,117	27,457	27,529	26,051	20,285

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
2013	\$ 317,138,129	318,754,040	303,370,705	96%	14,905,869	318,276,574	100%
2014	322,052,626	323,134,607	309,803,612	96%	15,001,461	324,805,073	100%
2015	329,262,203	331,910,156	315,733,576	96%	16,265,954	331,999,530	100%
2016	338,408,560	340,880,764	323,578,869	96%	16,788,931	340,367,800	100%
2017	347,470,586	351,863,685	333,495,476	96%	17,400,035	350,895,511	100%
2018	363,286,184	365,728,582	347,048,456	96%	19,225,612	366,274,068	100%
2019	381,019,427	384,440,496	362,170,574	95%	18,380,128	380,550,702	99%
2020	398,276,635	399,444,448	347,427,397	87%	28,777,752	376,205,149	94%
2021	421,264,210	423,013,242	367,218,571	87%	21,160,907	388,379,478	92%
2022	443,144,672	446,313,624	384,385,069	87%	-	384,385,069	86%

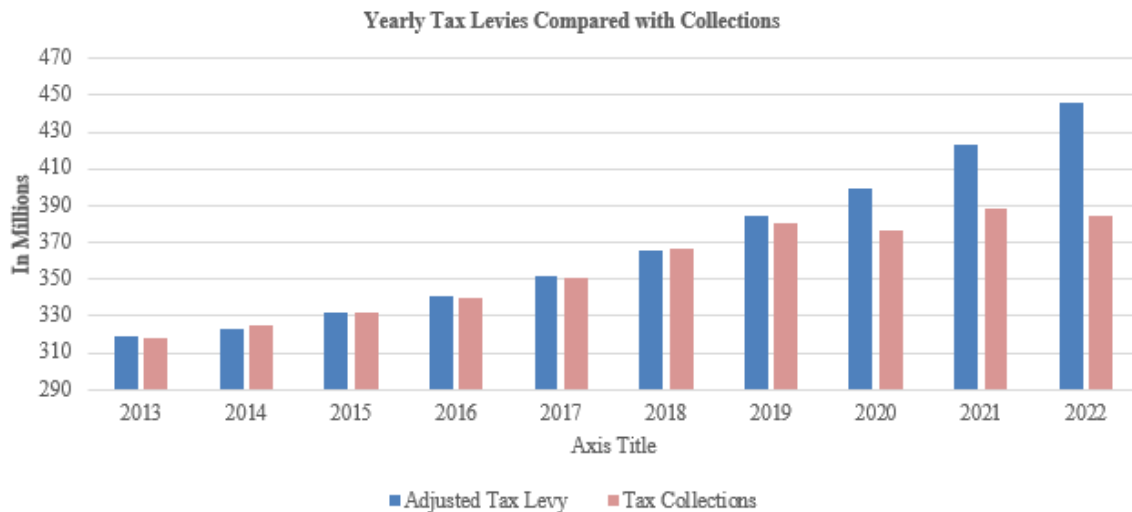
¹ Includes tax collections recorded by Chesapeake Mosquito Control Commission, a component unit, and the Tax Increment Financing Funds.

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			
	2013	2014	2015	2016
General Obligation Bonds and Direct Placement ⁵				
\$ 374,250,425	330,377,432	289,178,539	274,392,374	
School Literary Loans	1,596,819	1,272,785	997,681	798,144
Installment Purchase Agreement	1,342,284	1,342,284	1,342,284	1,342,284
Edinburgh Loan Payable	3,372,767	2,918,727	2,546,285	1,946,273
Supplemental Payments Agreement	15,825,000	14,390,000	12,885,000	10,100,000
Capital Leases to Component Unit	1,740,000	-	-	-
Capital Leases & Leases	1,717,634	756,950	-	-
Total Governmental Activities ¹	\$ 399,844,929	351,058,178	306,949,789	288,579,075

	Business-type Activities			
	2013	2014	2015	2016
General Obligation Bonds ^{2 5}	\$ 102,400,760	96,811,378	90,125,836	83,545,253
Revenue Bonds and Direct Placements ⁵	193,293,117	205,804,863	249,214,950	300,932,845
Due to the Commonwealth of Virginia	63,483,912	64,252,400	65,044,115	65,859,760
Leases	-	-	-	-
Economic Development Direct Placement ⁶	-	-	-	-
Total Business-type Activities	359,177,789	366,868,641	404,384,901	450,337,858
Total Primary Government Activities	\$ 759,022,718	717,926,819	711,334,690	738,916,933

Percent of Personal Income ³	7.39%	6.74%	6.46%	6.57%
All Debt Per Capita ^{3 4}	3,322	3,101	3,041	3,124

¹ Represents total direct debt.

² In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.

³ See Table 17 Demographic and Economic Statistics for personal income and population data.

⁴ All Debt Per Capita is calculated by [sum of governmental activities + business-type activities] / population

⁵ General obligation bonds and revenue bonds for governmental and business-type activities include any premium or discount associated with the debt.

⁶ In fiscal year 2019, the EDA was reclassified from a component unit to an Enterprise Fund. The EDA, although legally separate in substance, is presented as a blended component unit and part of the City's reporting entity.

Table 10

Governmental Activities					
2017	2018	2019	2020	2021	2022
336,429,602	305,469,994	278,226,151	320,201,841	289,671,302	321,390,665
598,607	399,070	199,533	-	-	-
1,342,284	1,342,284	1,342,284	1,342,284	1,342,284	1,342,284
1,226,520	485,413	-	-	-	-
8,615,000	7,055,000	5,415,000	3,695,000	1,895,000	-
-	-	-	-	-	-
-	-	-	-	-	3,886,026
348,212,013	314,751,761	285,182,968	325,239,125	292,908,586	326,618,975
Business-type Activities					
2017	2018	2019	2020	2021	2022
78,431,500	72,228,594	65,861,260	59,615,171	52,911,325	46,448,856
313,548,582	320,618,478	320,990,940	331,170,008	326,573,040	317,274,388
66,700,057	67,971,480	68,875,605	69,807,056	70,766,661	71,755,269
-	-	-	-	-	30,522
-	-	7,417,000	6,713,000	5,981,000	13,576,895
458,680,139	460,818,552	463,144,805	467,305,235	456,232,026	449,085,930
806,892,152	775,570,313	748,327,773	792,544,360	749,140,612	775,704,905
6.91%	6.36%	5.89%	5.98%	n/a	n/a
3,370	3,200	3,059	3,210	3,002	3,081

CITY OF CHESAPEAKE, VIRGINIA

Table 11

Ratios of Outstanding General Obligation Debt
Last Ten Fiscal Years - Unaudited

General Obligation Debt Outstanding									
Fiscal Year	Governmental Activities General Obligation Bonds ¹	Business-type Activities General Obligation Bonds ^{1 4}	Total General Obligation Bonds	School Literary Loans	Installment Purchase Agreement ⁵	Leases ⁶	Total	% of Actual Taxable Value of Property ²	Per Capita ³
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
2021	289,671,302	52,911,325	342,582,627	-	1,342,284	-	343,924,911	1.05%	1,375
2022	321,390,665	46,448,856	367,839,521	-	1,342,284	3,916,548	373,098,353	1.09%	1,482

¹ Outstanding Bonds for Governmental and Business-type Activities include premiums and discounts.² Refer to Table 5 Assessed and Estimated Actual Value of Taxable Property for assessed value data.³ Refer to Table 17 Demographic and Economic Statistics for population information.⁴ In addition to the City's general obligation pledge, the bonds are secured on a junior lien basis by the pledge of water and sewer system revenues.⁵ The Installment Purchase Agreement provides for the payment of the principal balance in a single installment due in 2032 that will be repaid from maturing zero coupon Treasury securities.⁶ GASB 87 - Leases was implemented in 2022.

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	Tax-supported Debt Service	Tax-supported Debt Service to Budgeted General Governmental Revenues
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%
2021	270,462,260	30,088,250,673	0.90%	249,521	1,084	611,290,886	41,983,287	6.87%
2022	294,716,000	31,253,557,594	0.94%	251,811	1,170	665,247,489	41,048,442	6.17%

¹ Policy adopted by resolution on February 27, 2007 and amended on May 12, 2015, commencing FY 2016 to include overall net debt service to budgeted general governmental revenues.

² Overall net debt is the sum of the total bonded debt, short term debt, leases, and overlapping debt less all self-supporting enterprise debt.

³ Source: City of Chesapeake Commissioner of Revenue.

⁴ Population figures acquired from City of Chesapeake Planning Department estimates.

⁵ General Governmental revenues include General Fund, Greenbrier TIF Fund, South Norfolk TIF Fund, Conference Center Fund, Debt Service Fund, E-911 Operations Fund, Parks and Recreation Fund and Mosquito Control Fund.

⁶ Beginning FY 2019 includes 2018 EDA Taxable Facility Revenue Bond supported by Greenbrier TIF revenues.

CITY OF CHESAPEAKE, VIRGINIA

Table 13

Ratio of Annual Debt Expenditures for General Obligation
Debt to Total General Governmental Expenditures
Last Ten Fiscal Years - Unaudited

Fiscal Year	Total General Governmental Expenditures ¹	General Obligation Debt Expenditures ²	Ratio of General Obligation Debt Expenditures to General Governmental Expenditures
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	43,147,254 ⁴	4.66%
2021	972,623,596	39,041,098	4.01%
2022	1,063,411,200	41,048,442	3.86%

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 debt, 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.

⁴ Includes \$7.5 million in bonded debt expenditure for the redemption of bonds that were refunded in 2020.

CITY OF CHESAPEAKE, VIRGINIA**Table 14**

Ratio of Debt Expenditures to Local Revenues
Last Ten Fiscal Years - Unaudited

Fiscal Year	Local Revenues ¹	Tax and Revenue Supported Debt Expenditures ²	Ratio of Debt Expenditures To Local Revenues
2013	\$ 542,272,274	66,406,955	12.25%
2014	560,717,795	67,659,372 ³	12.07%
2015	588,067,951	65,684,722	11.17%
2016	604,791,609	49,316,405	8.15%
2017	630,347,714	48,814,491	7.74%
2018	657,210,227	65,807,468	10.01%
2019	688,187,136	63,956,762	9.29%
2020	708,745,165	67,431,249 ³	9.51%
2021	738,435,699	69,326,885	9.39%
2022	776,142,740	75,130,074	9.68%

¹ Includes local revenues of the following funds: General, Special Revenue, Permanent, Debt Service, Chesapeake Public Schools - component unit, Chesapeake Mosquito Control Commission - component unit, Public Utilities, Chesapeake Transportation System, Stormwater and beginning in FY 2019 the Economic Development Authority - component unit. Excluded are Capital Projects - Primary Government, Chesapeake Public Schools Capital Projects - component unit, and transfers/expenditures/revenues between the City, Chesapeake Public Schools, and Elizabeth River Properties of Chesapeake.

² Includes debt expenditures for governmental and business-type activities.

³ Restated

CITY OF CHESAPEAKE, VIRGINIA
Legal Debt Margin Information
Last Ten Fiscal Years - Unaudited

Table 15

Fiscal Year	Debt Limit ¹	Total net debt applicable to limit	Legal Debt Margin	Total net debt applicable to the limit as a % of debt limit
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%
2021	3,008,825,067	249,993,929	2,758,831,138	8.3%
2022	3,125,355,759	283,500,480	2,841,855,279	9.1%

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

Fiscal Year	Revenues ¹	Operating Expenses ²	Available for Debt Service	SENIOR BONDS DEBT SERVICE REQUIREMENTS ³			Coverage ⁴
				Principal	Interest	Total	
2013	\$ 60,824,884	38,852,321	21,972,563	770,000	1,930,568	2,700,568	8.14
2014	67,418,806	41,653,842	25,764,964	790,000	1,911,318	2,701,318	9.54
2015	70,193,594	40,046,910	30,146,684	815,000	1,887,618	2,702,618	11.15
2016	72,939,176	40,362,445	32,576,731	835,000	1,865,206	2,700,206	12.06
2017	77,077,017	43,585,633	33,491,384	860,000	1,833,308	2,693,308	12.44
2018	78,917,902	43,610,138	35,307,764	880,000	1,799,002	2,679,002	13.18
2019	78,001,428	42,764,707	35,236,721	910,000	1,760,820	2,670,820	13.19
2020	81,405,526	45,761,466	35,644,060	935,000	1,719,041	2,654,041	13.43
2021	82,051,956	47,542,711	34,509,245	965,000	1,674,713	2,639,713	13.07
2022	82,390,701	45,676,808	36,713,893	935,000	914,113	1,849,113	19.85

Chesapeake Expressway/Chesapeake Transportation System ⁵

Fiscal Year	Toll Revenues	Operating Expenses ²	Available for Debt Service	SENIOR BONDS DEBT SERVICE REQUIREMENTS ⁶			Coverage ⁷
				Principal	Interest	Total	
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
2021	29,267,552	9,821,967	19,445,585	3,300,000	4,989,260	8,289,260	2.35
2022	33,572,463	9,929,050	23,643,413	4,130,000	4,810,191	8,940,191	2.64

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 Revenue bonds were issued in April 2010 under a new Indenture of Trust requiring net revenues to be sufficient in each fiscal year to equal 120% (or 1.2) of annual debt service for senior debt.

⁴ Debt payments made on July 1 are treated as due the previous fiscal year.

⁵ Beginning with fiscal year 2013, the financial information is presented to be consistent with the Indenture of Trust created for the Chesapeake Transportation System when all outstanding Chesapeake Expressway bonds were refunded.

⁶ 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

⁷ Beginning with fiscal year 2013, the Indenture of Trust requires net toll revenues to 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
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	12,196,879	50,326	39,497	3.5%	3.4%
2019	244,657	12,700,597	51,874	40,898	3.0%	2.9%
2020	246,912	13,245,152	53,622	41,597	4.4%	4.4%
2021	249,521	n/a	n/a	39,673	5.5%	5.6%
2022	251,811	n/a	n/a	40,478	3.1%	3.1%

n/a - Information not yet available

Sources:

¹ City of Chesapeake Planning Department Estimates (2013 - 2022). The 2020 Census counts and issued Certificates of Occupancy 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

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 2022		Fiscal Year 2013	
		Employees	Percent of Total City Employment	Employees	Percent of Total City Employment
City of Chesapeake Public Schools ¹	Government	6,348	5.37%	5,707	5.05%
City of Chesapeake ⁴	Government	3,917	3.31%	3,592	3.18%
Chesapeake Regional Medical Center	Hospital and healthcare services	2,339	1.98%	2,300	2.03%
Walmart Associates, Inc.	Discount department retailer	1,872	1.58%	-	0.00%
Sentara Health System	Home care nursing	1,629	1.38%	1,100	0.97%
Dollar Tree Management, Inc.	Corporate headquarters/distribution facility	1,442	1.22%	900	0.80%
QVC Chesapeake, Inc.	Phone center/order processing facility	1,139	0.96%	580	0.51%
Cox Communications	Hampton Roads headquarters/customer care center	968	0.82%	1,600	1.41%
Food Lion, LLC	Grocery store company	872	0.74%	-	0.00%
Tidewater Staffing, Inc.	Professional services	840	0.71%	-	0.00%
Capital One Services, LLC	Credit intermediation and related activities	737	0.62%	650	0.57%
USAA	Financial services group	692	0.59%	-	0.00%
General Dynamics Advanced, Inc.	Engineering and technical services	660	0.56%	-	0.00%
Home Depot USA, Inc.	Home improvements supplies retailer	606	0.51%	-	0.00%
U.S. Department of Homeland Security	Government Agency	460	0.39%	-	0.00%
Lowe's	Home improvements supplies retailer	445	0.38%	-	0.00%
Commonwealth of Virginia	State Government	436	0.37%	-	0.00%
Tecnico Corporation	Support activities for water transportation	378	0.32%	-	0.00%
Oceaneering International	Transportation equipment manufacturing	349	0.30%	460	0.41%
Movement Mortgage	Financial services group	343	0.29%	-	0.00%
Total Employment ^{2 3}		118,235		113,076	

Source: City of Chesapeake Economic Development Department unless otherwise noted.

¹ Source is Chesapeake Public Schools' Annual Comprehensive Financial Report² Source is Virginia Employment Commission, Local Area Unemployment Statistics (2022)³ Source is Bureau of Economic Analysis, an agency of the U.S. Department of Commerce⁴ Source is Budget Department - Data provided is the budgeted full time equivalents and includes part-time employee equivalents. Total employees tie to the approved Operating Budget documents.

CITY OF CHESAPEAKE, VIRGINIA

Table 19

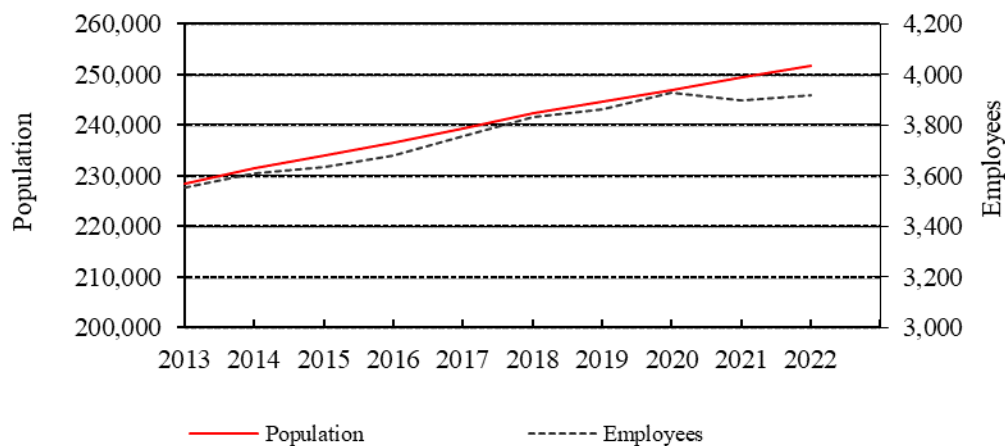
Municipal Employment Statistics
Last Ten Fiscal Years - Unaudited

Fiscal Year	Population ¹	Total Employees ²	Employees Per 1,000 Population
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
2021	249,521	3,898	15.6
2022	251,811	3,917	15.6

Sources: ¹City of Chesapeake Planning Department Estimates (2013 - 2022)

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



Note: With the implementation of the City's payroll system during fiscal year 2011, the data provided is the budgeted full-time equivalents instead of the actual filled positions. Also, data is now available to convert part-time employees to full-time employees and is included in fiscal years 2011 and subsequent years. Total employees has been represented for fiscal years 2013 through 2022 to tie to the approved Operating Budget documents.

CITY OF CHESAPEAKE, VIRGINIA

Table 20

Authorized Full-Time Equivalent City Government Employee Positions by Department
Last Ten Fiscal Years - Unaudited

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Department</u>										
General Government										
Management Services	42	41	43	45	48	47	47	50	50	50
Economic Development ¹	80	44	34	34	35	36	37	38	37	37
Finance	24	27	28	28	29	29	29	29	29	29
Information Technology	58	56	57	57	54	55	56	57	55	65
Human Resources	20	21	23	24	23	22	23	23	23	23
Budget	6	6	6	6	6	6	6	7	7	7
Agriculture ⁴	2	2	2	2	2	2	2	2	2	2
Development & Permits	75	73	80	80	75	76	76	80	76	76
Other	240	251	246	245	251	254	256	256	255	253
Police	548	549	552	552	564	577	581	583	584	580
Sheriff	398	400	400	404	417	428	433	451	442	442
Fire	443	443	446	446	447	449	449	454	452	461
Integrated Behavioral Health	248	245	245	246	266	291	297	299	306	299
Community Programs ³	23	10	11	11	11	11	11	13	13	13
Public Works	451	451	463	468	476	478	484	489	487	500
Parks, Recreation & Tourism ^{1 2}	172	246	230	236	242	245	245	251	242	242
Library	123	123	125	125	125	126	127	127	126	126
Public Utilities	208	209	212	222	233	246	253	260	261	262
Justice	84	84	84	83	83	84	84	86	90	90
Health & Human Services ³	306	323	345	362	367	365	360	368	361	360
Total	3,551	3,604	3,632	3,676	3,754	3,827	3,856	3,923	3,898	3,917

Source: Authorized full time equivalent positions per approved fiscal year Operating Budgets for the year indicated.

¹ Conference Center and Conventions & Tourism were moved from Economic Development to form the Department of Parks, Recreation and Tourism during fiscal year 2014.

² A contractor was hired by the City to manage the Conference Center in April 2014.

³ Community Programs became a division of the Human Services Department in fiscal year 2014.

⁴ The Department of Agriculture currently has 2 City employees and 4 State employees. Effective fiscal year 2021, the State employees are no longer shown in the FTE complement for budget purposes (restated FY13 through FY20).

CITY OF CHESAPEAKE, VIRGINIA

Operating Indicators by Function/Program
Last Ten Fiscal Years - Unaudited

	Fiscal Year				
	2013	2014	2015	2016	2017
Function/Program					
General Government					
Building Permits Issued	3,940	3,602	3,900	4,758	4,758
Building Inspections Conducted	9,933	10,301	9,414	8,780	13,311
Electrical Permits Issued	2,994	3,000	2,846	3,181	3,148
Electrical Inspections Performed	9,151	7,810	8,586	9,283	8,641
Plumbing Permits Issued	1,260	1,389	1,722	2,312	1,869
Plumbing Inspections Performed	5,724	5,743	6,298	9,275	8,377
Mechanical/Gas Permits Issued	5,016	5,339	5,279	6,945	5,713
Mechanical/Gas Inspections Performed	8,678	10,040	9,767	11,145	10,832
Code Compliance Inspections	14,397	13,775	16,500	12,875	14,678
Police					
Calls for Police Service ³	124,261	128,733	130,371	129,340	102,041
Part I Law Violations	7,122	7,431	7,375	6,203	6,439
Total Criminal Charges (primary and secondary)	17,078	15,681	14,358	15,363	16,894
Total Traffic Charges (moving/ non-moving/excludes DUI)	35,976	35,011	35,310	33,201	32,627
DUI Arrests	1,187	1,004	622	638	606
Fire					
Calls answered for Fire Protection Services	26,508	26,784	27,838	30,072	29,914
Public Works					
Refuse Collected (tons per year)	91,908	91,313	95,950	95,309	94,148
Street Resurfacing (miles)	50.00	29.21	38.10	67.00	45.67
Potholes Repaired	11,110	10,777	13,463	11,765	10,438
Water					
Active Service Accounts	62,504	63,090	63,491	64,171	66,249
Daily Average Consumption in Gallons (in mgd)	15.57	16.44	15.27	14.64	14.83
Daily Average Water Provided by Chesapeake (in mgd)	11.27	11.42	9.06	8.66	8.55
Daily Average Water Purchased from other localities (in mgd)	5.81	6.43	6.21	5.98	6.13
Wastewater					
Active Service Accounts	60,831	61,426	61,822	62,514	64,422
Parks and Recreation					
Youth Athletics - Participants ⁶	4,279	4,401	4,314	4,780	5,351
Youth Athletics - Teams ⁶	370	406	379	433	473
Youth Athletics - Coaches ⁶	612	487	674	708	838
Adult Athletics - Participants ⁶	2,560	2,256	2,363	2,947	2,230
Adult Athletics - Teams ⁶	172	151	162	164	149
Special Programs Athletics - Programs ^{1 6}	3	6	4	5	4
Leisure Classes - Youth Participants ⁶	1,196	1,371	1,025	1,272	1,588
Leisure Classes - Adult Participants	712	718	619	609	287
Leisure Classes - Community Program Participants ⁶	3,773	4,434	1,955	1,794	1,225
Special Events - PR&T Sponsored Attendance ^{2 6}	29,375	31,025	44,525	83,141	101,350
Community Center Attendance ⁶	407,456	409,178	410,657	408,274	413,252
Community Center ID Sales ⁶	6,474	6,561	6,499	6,927	6,409
Community Center Rentals ⁶	2,054	1,929	1,590	1,546	1,455
Senior Program Participants ⁶	19,855	16,475	15,030	13,686	10,786
Therapeutic Program Participants ⁶	1,707	2,968	3,493	3,716	3,611
Library					
Items Checked Out ⁶	2,352,046	2,208,274	2,021,708	1,954,756	1,782,003
Interlibrary Loans - Borrowed ⁶	216	259	252	226	204
Interlibrary Loans - Loans ⁶	246	293	145	101	174
Library Collection	534,037	493,340	471,183	451,422	429,825
Patron Visits ⁶	1,287,912	1,255,427	1,176,510	1,124,284	1,150,782
Website Visits ⁵	453,106	406,741	408,087	603,517	699,502
Registered Patrons	162,903	158,952	163,502	186,336	185,417
Total Programming ⁶	3,928	4,332	4,220	3,810	3,852
Total Programming - Participants ⁶	78,575	100,217	133,221	64,031	103,252
Typewriter Use ⁶	880	371	144	82	117
Public Computer Use ⁶	541,384	437,362	462,942	374,827	309,202
Bookmobile - Patrons ^{4 6}	10,232	11,605	6,718	6,649	n/a
Bookmobile - Number of Stops ^{4 6}	515	576	862	323	n/a
Bookmobile - Miles Driven ⁴	1,982	1,444	1,478	1,487	n/a
Schools					
Student Enrollment	38,591	38,685	38,678	38,935	39,153

Source: Various City Departments

n/a - Information not available

¹ Beginning in FY14, this number includes all events instead of just tournaments (restated FY13)

² Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.

³ 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.

⁴ Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services.

⁵ Between FY18 and FY20, this number was restated to reflect the number of website sessions for consistency with other periods presented.

⁶ From FY20 - FY21, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

Operating Indicators by Function/Program
Last Ten Fiscal Years - Unaudited

Function/Program	Fiscal Year				
	2018	2019	2020	2021	2022
General Government					
Building Permits Issued	4,551	4,830	5,946	6,587	6,823
Building Inspections Conducted	12,573	10,885	15,574	17,758	17,890
Electrical Permits Issued	3,039	3,136	3,495	4,144	4,339
Electrical Inspections Performed	7,889	7,639	8,296	9,331	9,956
Plumbing Permits Issued	1,765	1,992	1,873	2,258	2,012
Plumbing Inspections Performed	7,499	7,095	7,107	7,537	7,112
Mechanical/Gas Permits Issued	5,626	5,378	5,303	5,826	5,104
Mechanical/Gas Inspections Performed	10,781	9,812	10,162	9,975	9,464
Code Compliance Inspections	17,195	16,418	22,738	18,437	17,980
Police					
Calls for Police Service ³	104,092	148,388	140,668	117,547	115,080
Part I Law Violations	6,423	6,871	6,811	5,121	6,309
Total Criminal Charges (primary and secondary)	13,939	11,406	14,682	17,188	9,547
Total Traffic Charges (moving/ non-moving/excludes DUI)	29,750	25,220	18,116	10,508	6,764
DUI Arrests	530	551	635	656	613
Fire					
Calls answered for Fire Protection Services	29,559	30,021	31,390	32,598	35,586
Public Works					
Refuse Collected (tons per year)	91,239	109,574	119,394	123,924	108,708
Street Resurfacing (miles)	31.00	31.00	68.54	73.62	46.27
Potholes Repaired	13,008	12,440	10,688	7,858	7,470
Water					
Active Service Accounts	67,983	69,133	69,141	68,173	69,999
Daily Average Consumption in Gallons (in mgd)	15.23	14.97	15.38	16.63	15.85
Daily Average Water Provided by Chesapeake (in mgd)	9.57	9.73	10.38	12.39	12.30
Daily Average Water Purchased from other localities (in mgd)	5.65	5.23	5.00	4.24	4.14
Wastewater					
Active Service Accounts	66,693	67,329	67,388	66,694	68,932
Parks and Recreation					
Youth Athletics - Participants ⁶	5,391	5,856	3,292	940	3,929
Youth Athletics - Teams ⁶	482	413	304	78	353
Youth Athletics - Coaches ⁶	835	811	532	156	706
Adult Athletics - Participants ⁶	2,094	2,145	570	2,047	3,325
Adult Athletics - Teams ⁶	141	143	38	111	133
Special Programs Athletics - Programs ^{1 6}	5	5	3	-	-
Leisure Classes - Youth Participants ⁶	1,529	2,396	1,091	959	1,558
Leisure Classes - Adult Participants	238	344	300	492	319
Leisure Classes - Community Program Participants ⁶	1,235	1,721	1,029	306	288
Special Events - PR&T Sponsored Attendance ^{2 6}	105,350	102,400	63,500	17,000	59,270
Community Center Attendance ⁶	449,729	462,634	288,458	50,649	225,273
Community Center ID Sales ⁶	6,234	6,309	4,617	2,408	5,118
Community Center Rentals ⁶	1,737	1,994	1,434	181	640
Senior Program Participants ⁶	11,672	16,916	7,152	5,697	10,630
Therapeutic Program Participants ⁶	3,595	1,029	377	309	437
Library					
Items Checked Out ⁶	1,625,698	1,558,711	1,228,360	478,123	902,981
Interlibrary Loans - Borrowed ⁶	278	258	117	-	27
Interlibrary Loans - Loans ⁶	324	313	175	55	234
Library Collection	478,315	444,622	510,118	441,052	424,112
Patron Visits ⁶	1,054,839	1,029,251	737,153	392,802	619,346
Website Visits ⁵	556,423	382,888	325,581	509,269	531,253
Registered Patrons	188,511	205,982	149,434	144,238	158,374
Total Programming ⁶	2,854	3,149	1,486	353	598
Total Programming - Participants ⁶	72,089	92,294	44,182	12,758	11,780
Typewriter Use ⁶	76	57	10	12	27
Public Computer Use ⁶	282,288	253,397	150,470	61,931	55,876
Bookmobile - Patrons ^{4 6}	11,227	9,146	7,481	2,338	16,935
Bookmobile - Number of Stops ^{4 6}	414	203	196	33	607
Bookmobile - Miles Driven ⁴	3,610	2,023	2,225	320	7,111
Schools					
Student Enrollment	39,497	40,898	41,597	39,673	40,478

Source: Various City Departments

n/a - Information not available

¹ Beginning in FY14, this number includes all events instead of just tournaments (restated FY13)² Beginning in FY16, the Parks, Recreation and Tourism greatly increased their involvement in City Special Events.³ 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.⁴ Beginning in FY18, Public Libraries has two Mobile Edition Outreach vans for Bookmobile services. Five additional outreach vehicles have since been added to the bookmobile services.⁵ Between FY18 and FY20, this number was restated to reflect the number of website sessions for consistency with other periods presented.⁶ From FY20 - FY21, the Coronavirus (COVID-19) pandemic negatively impacted various programs and activities for Parks, Recreation and Tourism and Library.

CITY OF CHESAPEAKE, VIRGINIA

Table 22

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years - Unaudited

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Function/Program</u>										
Police										
Precincts	5	5	5	5	5	5	5	5	6	6
Marked Patrol Units	222	206	213	206	221	229	226	212	211	205
Fire Stations	15	15	15	15	15	15	15	15	15	15
Public Works										
Refuse Collection										
Collection Trucks	61	57	60	57	57	56	57	58	58	65
Other Public Works										
Storm Sewers (miles) ²	1,150	1,200	1,650	1,684	1,730	1,544	1,550	1,565	1,572	1,575
Streets (miles)	2,700	2,366	2,372	2,376	2,364	2,378	2,395	2,395	2,395	2,395
Streetlights	23,706	23,790	24,045	24,457	24,785	25,106	25,665	26,026	26,324	26,500
Water										
Water Mains (miles)	832	833	840	844	853	859	872	879	949	955
Fire Hydrants ¹	5,398	5,411	5,508	5,592	5,681	5,765	5,821	5,913	5,999	6,044
Wastewater										
Sanitary Sewers (miles) ³	850	852	858	866	873	877	881	887	891	893
Sewage Pumping Stations	262	269	271	271	273	273	274	277	281	280
Parks and Recreation										
Park Acreage	2,349	2,349	2,450	2,450	2,454	2,454	2,458	2,733	2,852	3,231
Parks and Play Areas	71	71	71	72	77	77	79	77	80	85
Athletic Fields/Tennis Courts	228	228	228	239	239	239	245	192	192	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	2	2	2	2	2	2	2	2	2

Source: Various City Departments

¹ Updated in FY 2016 per Public Utilities GIS system (2015 and prior)

² Updated in FY 2020 per Public Works GIS system (restated FY 2018 - FY 2019).

³ Updated in FY 2022 per Public Utilities GIS system (restated FY 2013 - FY 2021)

COMPLIANCE SECTION



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CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2022

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number Indirect Grants	Assistance Listing Number	Federal Expenditures	Cluster Total	Program Total	Pass-Through Total	Assistance Listing # Total
Department of Agriculture:							
Direct payments:							
Food and Nutrition Service:							
Summer Food Program for Children (Child Nutrition Cluster)		10.559	\$ 167,952				
Pass-through payments:							
Virginia Department of Education:							
School Breakfast Program (Child Nutrition Cluster)	N/A	10.553	5,845,346				5,845,346
National School Lunch Program (Child Nutrition Cluster)	N/A	10.555	15,963,180				325,949
Child and Adult Care Food Program	700270, 700280	10.558	325,949				750,889
Summer Food Service Program for Children (Child Nutrition Cluster)	603020, 603030	10.559	582,937				
Virginia Department of Agriculture and Consumer Services:							
Food Distribution - commodities value - Schools' Food Services (Child Nutrition Cluster)	N/A	10.555	1,346,828				17,321,263
Food Distribution - commodities value - Detention Home (Child Nutrition Cluster)	N/A	10.555	11,255				
Virginia Department of Social Services:							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	0010121, 0030121, 0040121, 0050121, 0010122, 0030122, 0040122, 0050122	10.561	3,316,790				3,316,790
Virginia Department of Forestry:							
Department of Forestry and the US Forest Service	19UCF03	10.664	5,392				5,392
Total Child Nutrition Cluster (10.553, 10.555, 10.559)				23,917,498			
Total SNAP Cluster (10.561)				3,316,790			
Total Department of Agriculture			27,565,629	27,234,288	-	-	27,565,629
Department of Defense:							
Direct payments - Navy:							
Department of Defense Impact Aid		12.558	2,272,566				2,272,566
Pass-through payments:							
Department of Education:							
Payments to States in Lieu of Real Estate Taxes	N/A	12.112	36,733				36,733
Total Department of Defense			2,309,299	-	-	-	2,309,299
Department of Housing and Urban Development:							
Direct payments:							
Community Development Block Grant (CDBG - Entitlement Grants Cluster):							
Passed through to CRHA (CDBG - Entitlement Grants Cluster)	B-16/17/18/19/20/21-MC-51-0010	14.218	804,395				51,903
Passed through to Children's Harbor (CDBG - Entitlement Grants Cluster)	B-19/20-MC-51-0010	14.218	51,903				40,000
Passed through to Boys and Girls Clubs of Southeast VA (CDBG - Entitlement Grants Cluster)	B-21-MC-51-0010	14.218	40,000				14,982
Passed through to ForKids, Inc. (CDBG - Entitlement Grants Cluster)	B-21-MC-51-0010	14.218	105,927				105,927
Passed through to Habitat for Humanity (CDBG - Entitlement Grants Cluster)	B-18/19/20-MC-51-0010	14.218	166,703				166,703
Passed through to Heron's Landing (CDBG - Entitlement Grants Cluster)	B-21-MC-51-0010	14.218	45,095				45,095
COVID-19 - Community Development Block Grant (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	66,438				
COVID-19 - Passed through to Boys and Girls Clubs of Southeast VA (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	1,360				1,360
COVID-19 - Passed through to Buffalo Family (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	66,517				66,517
COVID-19 - Passed through to Children's Harbor (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	20,000				20,000
COVID-19 - Passed through to ForKids, Inc. (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	103,377				103,377
COVID-19 - Passed through to Chesapeake Care Clinic (CDBG - Entitlement Grants Cluster)	B-20-MW-51-0010	14.218	5,441				5,441
Total Department of Housing and Urban Development							1,492,138

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Period Ended June 30, 2022

Federal Granting Agency/Recipient State Agency/Grant Program					Grant or Project Number	Assistance Listing Number	Federal Expenditures	Cluster Total	Program Total	Pass-Through Total	Assistance Listing # Total
					Indirect Grants						
HOME Investment Partnerships Program:											
Passed through to CRHA					M-14/19/20-MC51-0200	14,239	186,980			186,980	
Passed through to HRPDCHD					M-18/19-MC51-0200	14,239	171,814			171,814	
Passed through to ForkKids, Inc.					M-19/20-MC-51-0200	14,239	90,060			90,060	
Passed through to Habitat for Humanity					M-21-MC51-0200	14,239	80,000			80,000	
Passed through to Chesapeake Home					M-19/20-MC-51-0200	14,239	5,000			5,000	533,854
Total CDBG-Entitlement Grants Cluster (14,218)								1,492,138			
Total Department of Housing and Urban Development							2,025,992	1,492,138	-	1,155,159	2,025,992
Department of the Interior:											
Direct payments:											
Payment in Lieu of Taxes						15,226	7,430				7,430
U.S. Fish and Wildlife Service - Department of the Interior:											
National Wildlife Refuge Sharing Fund						15,659	27,785				27,785
National Wildlife Refuge Internship Program					F21AC00838-00	15,676	14,868				14,868
Total Department of the Interior							50,083	-	-	-	50,083
Department of Justice:											
Direct payments:											
COVID-19 - BJA FY20 Coronavirus Emergency Supplemental Funding Program					2020-VD-BX-0541 2018-DJ-BX-0203, 2019-DJ-BX-0829, 2020-DJ-BX-0904	16,034	55,293				55,293
Edward Byrne Memorial Justice Assistance Grant						16,738	72,257				72,257
Equitable Sharing Funds						16,922	11,000				11,000
Pass-through payments:											
Virginia Department of Criminal Justice Services					22-O1128VG19	16,575	498,343				498,343
Victim Witness					1249	16,575	49,822				49,822
Court Appointed Special Advocates							686,715	-	-	-	686,715
Total Department of Justice											
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)					106145	20,205	368,695				368,695
Traffic Signal Retiming					109803	20,205	66,160				66,160
Elbow Road over Spillway at Norfolk Reservoir (Highway Planning and Construction Cluster)					113694	20,205	70,626				70,626
Oaklette Bridge/Indian River (Highway Planning and Construction Cluster)					106470	20,205	174,705				174,705
Old Mill Road @ Deep Creek (Highway Planning and Construction Cluster)					113695	20,205	84,387				84,387
Number Ten Lane Bridge					113696	20,205	45,064				45,064
Flashing Yellow Lights - Western Branch					111005	20,205	48,972				48,972
Flashing Yellow Lights - Cedar					111006	20,205	93,556				93,556
Prov/Mt Pleasant Flashing Yellow					113824	20,205	115,227				115,227
S. Military & George Washington Hwy (Highway Planning and Construction Cluster)					113825	20,205	104,295				104,295
Safe Routes to School Division Coordinator (Highway Planning and Construction Cluster)					111896	20,205	5,541				5,541
Department of Motor Vehicles - Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants:											1,177,228
Selective Enforcement Occupant Protection (Highway Safety Cluster)					FOP-2021-51041-21041;	20,600	6,195				6,195
FOP-2022-52090-22090											
FSC-2021-51074-21074;					20,600	1,851					1,851
FSC-2022-52091-22091											8,046
Selective Enforcement - Speed (Highway Safety Cluster)											

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2022

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number Indirect Grants	Assistance Listing Number	Federal Expenditures	Cluster Total	Program Total	Pass-Through Total	Assistance Listing # Total
Selective Enforcement - Alcohol (Highway Safety Cluster)	FM60T-2021-51040-21040; FM60T-2022-52087-22087	20.616	9,780	1,177,228 17,826	-	-	9,780
Total Highway Planning and Construction Cluster (20.205)							
Total Highway Safety Cluster (20.600, 20.616)							
Total Department of Transportation			1,195,054	1,195,054	-	-	1,195,054
Department of Treasury:							
Direct payments:							
Equitable Sharing funds		21.016	35,938				35,938
Pass-through payments:							
Virginia Department of Accounts							
COVID-19 - Coronavirus Relief Fund	SLT0022	21.019	2,529,964				
Virginia Department of Elections	N/A	21.019	55,304				
COVID-19 - Coronavirus Relief Fund							
Institute of Museum and Library Service via Library of Virginia	N/A	21.027	27,050				
American Rescue Plan Act (ARPA) IMLS-LVA subgrant							
Virginia Department of Behavioral Health and Developmental Services							
American Rescue Plan Act (ARPA) - SUD State and Local Fiscal Recovery Fund	561000090	21.027	25,000				
Virginia Department of Criminal Justice Services							
American Rescue Plan Act (ARPA) Victims of Child Abuse Funding for CASA	10233	21.027	15,283				
American Rescue Plan Act (ARPA) Virginian Sexual and Domestic Violence Victim Fund	1251	21.027	14,570				
Virginia Department of Housing and Community Development							
American Rescue Plan Act - State and Local Fiscal Recovery Funds Municipal Utility Assistance	N/A	21.027	2,088,121				
Total Department of Treasury			4,791,230	-	-	-	2,170,024 4,791,230
Department of Education:							
Direct payments:							
Impact Aid		84.041	4,525,992				4,525,992
Pass-through payments:							
Virginia Department of Education:							
Adult Education - State Grant Program							
Title I Grants to Local Educational Agencies	V002A170047	84.002	258,610				258,610
Title I, Part D - Program for Neglected & Delinquent Children	S010A170046	84.010	7,260,863				7,260,863
Special Education - Grants to States (Special Education Cluster IDEA)	S013A160046	84.013	246				246
Vocational Education - Basic Grants to States	H027A170107	84.027	8,923,828				8,923,828
Special Education - Preschool Grants (Special Education Cluster IDEA)	V048A170046	84.048	678,837				678,837
School Based Mental Health Services	H173A170112	84.173	195,297				195,297
Title III, Part A - English Language Acquisition Grants	N/A	84.184	154,997				154,997
Title II, Part A - Improving Teacher Quality State Grants	S365A170046	84.365	150,286				150,286
Title IV, Part A - Student Support and Academic Enrichment Program	S367A170044	84.367	713,505				713,505
COVID-19 - Education Stabilization Fund - Governor's Emergency Education Relief Fund	S424A170048	84.424	175,076				175,076
COVID-19 - Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	700370	84.425C	17,161				17,161
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief	501930	84.425D	12,549,439				12,549,439
COVID-19 - ARP Homeless Children and Youth	210048	84.425U	2,783,550				2,783,550
Total Education Stabilization Fund Program			147,389				147,389
Total Special Education Cluster IDEA (84.027, 84.173)			9,119,125				9,119,125
Total Department of Education			38,535,076	9,119,125	15,497,539	-	38,535,076

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2022

Federal Granting Agency/Recipient State Agency/Grant Program	Grant or Project Number	Indirect Grants	Assistance Listing Number	Federal Expenditures	Cluster Total	Program Total	Pass-Through Total	Assistance Listing # Total
Department of Health and Human Services:								
Pass-through payments:								
Virginia Department of Behavioral Health and Developmental Services								
Part C Funds								
Regional Opioid Treatment	430850090		84,181	542,690				542,690
Block Grants for Community Mental Health Services	530040090, 530240090, 530340090		93,788	336,959				336,959
	522010090		93,958	198,480				198,480
Block Grants for Prevention and Treatment of Substance Abuse	502510090, 502710090, 591100090,							
	599100090		93,959	1,062,939				1,062,939
Virginia Department of Social Services:								
Title IV-E Prevention Program	1140122		93,472	23,907				23,907
Guardianship Assistance	1110121, 1110122		93,090	1,907				1,907
Promoting Safe and Stable Families	950120, 0950121		93,556	72,767				72,767
Temporary Assistance for Needy Families	400121, 0400122		93,558	1,300,066				1,300,066
Refugee and Entrant Assistance State Administered Programs	500122		93,566	6,761				6,761
Low-Income Home Energy Assistance	600421, 0600422		93,568	207,929				207,929
Child Care and Development Block Grant	770120, 0773121		93,575	49,725				49,725
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	760121, 0760122		93,596	283,019				283,019
Chafee Education and Training Vouchers Program	9160120, 9162121		93,599	12,574				12,574
Adoption and Legal Guardianship Incentive Payments	1130119		93,603	4,700				4,700
Stephanie Tubbs Jones Child Welfare Services Program	900121		93,645	2,882				2,882
Foster Care Title IV-E	1100121, 1100122		93,658	1,377,168				1,377,168
Adoption Assistance	1120121, 1120122		93,659	1,146,441				1,146,441
Social Services Block Grant	1000121, 1000122		93,667	1,096,351				1,096,351
Chafee Foster Care Independence Program	9150121, 9152121		93,674	20,612				20,612
Elder Abuse Prevention Interventions Program	8000221		93,747	17,393				17,393
Children's Health Insurance Program	0540121, 0540122		93,767	22,020				22,020
Medical Assistance Program (Medicaid Cluster)	1200121, 1200122		93,778	1,822,299				
Virginia Department of Education:								
Medical Assistance Program (Medicaid: Title XIX) (Medicaid Cluster)	N/A		93,778	901,162				2,723,461
					332,744			
Total CCDF Cluster (93,575, 93,596)					2,723,461			
Total Medicaid Cluster (93,778)					3,056,205			
Total Department of Health and Human Services				10,510,751	-	-	-	10,510,751
Office of National Drug Control Policy:								
Pass-through payments:								
Mercyhurst University:								
Washington/Baltimore High Intensity Drug Trafficking Area								
Total Office of National Drug Control Policy	G21WB0004A, G22WB0004A		95,001	9,731	-	-	-	9,731
				9,731				9,731
Social Security Administration:								
Direct payments:								
Social Security-Work Incentives Planning and Assistance Program			96,008	20,200				20,200
Total Social Security Administration				20,200	-	-	-	20,200
Department of Homeland Security:								
Direct payments:								
2019 Assistance to Firefighters Grant	EMW-2019-FG-06839		97,044	155,183				155,183
2018 Staffing for Adequate Fire and Emergency Response	EMW-2018-FH-00532		97,083	180,166				180,166
Port Security Grant Program	EMW-2021-PU-00539-S01		97,056	85,704				85,704

CITY OF CHESAPEAKE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Period Ended June 30, 2022

Federal Granting Agency/Recipient State Agency/Grant Program		Grant or Project Number	Assistance Listing Number	Federal Expenditures	Cluster Total	Program Total	Pass-Through Total	Assistance Listing # Total
Pass-through payments:								
Virginia Department of Emergency Management:								
FEMA Flood Mitigation		FMA-P1-03-VA-2013-002;	97.029	795,647				795,647
Hurricane Matthew		FMA-P1-03-VA-2018-005;	97.036	28,211				
COVID-19 - Vaccination Clinic		FMA-P1-03-VA-2019-009	97.036	147,255				175,466
FEMA Hazard Mitigation			97.039	1,031				1,031
Local Emergency Management Planning Grant		DR-4291-VA-006	97.042	71,284				71,284
SHSP Incident Management Team		8556, 70	97.067	71,920				
SHSP Foam Team Sustainment		8160	97.067	67,719				
SHSP Emerging Threats - Hazmat Foam Team Training		8555	97.067	14,963				
SHSP Radio Cache Team		8570, EMW-2021-SS-00034 (76)	97.067	64,241				
Hampton Roads Urban Area Security Initiative		8571, 10	97.067	167,790				
2020 Homeland Security Urban Area Security Initiative		8589	97.067	215,011				601,644
Total Department of Homeland Security				2,066,125	-	-	-	2,066,125
				\$ 89,765,885	42,096,810	15,497,539	1,155,159	89,765,885

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

Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2022

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	\$ 292,043
Capital Projects Fund	399,918
Debt Service	289,059
Special Revenue Funds:	
Virginia Public Assistance Fund	10,577,644
Grants Fund	45,587,153
Community Development Fund	2,017,119
Interagency Consortium	144,805
Integrated Behavioral Healthcare Fund	2,166,069
Enterprise Funds	374,736
Total primary government	61,848,546
Component unit - Public Schools:	
Schools Operating Fund	47,056,493
Schools Food Services Fund	25,167,191
Total component unit - Public Schools	72,223,684
Total federal expenditures from intergovernmental revenues	134,072,230
Water and sewer federal bond subsidy (not subject to single audit)	(369,633)
Firm Fixed Price contract with US Navy	(294,161)
City ARPA funds received, not expended	(38,012,949)
Schools funds encumbered, not expended	(6,408,369)
Other reconciling items	778,767
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ 89,765,885

4 Subrecipients

The Chesapeake Redevelopment and Housing Authority, Children's Harbor, ForKids, Boys and Girls Clubs of Southeast VA, Chesapeake Care Clinic, Buffalow Family, Habitat for Humanity and Heron's Landing are the subrecipients for federal awards of \$621,305 from the Community Development Block Grant Program. Chesapeake Redevelopment and Housing Authority, The Hampton Roads Planning District Commission (Housing Division), ForKids, Habitat for Humanity and Chesapeake Home are the subrecipients of \$533,854 from the HOME Investment Program received from the U.S. Department of Housing and Urban Development.

5 Indirect Cost Rate

The City did not elect to use a 10% de minimis indirect cost rate allowed under section 2 CFR 200.331(a)(4).

**Report of Independent Auditor on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "Specifications"), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Chesapeake, Virginia (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 7, 2022. Our report includes a reference to other auditors who audited the financial statements of the Chesapeake Airport Authority and the Elizabeth River Properties of Chesapeake, Inc. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Elizabeth River Properties of Chesapeake, Inc. were not audited in accordance with *Government Auditing Standards* or the Specifications.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Specifications.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 7, 2022

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited the City of Chesapeake, Virginia's (the "City") compliance with the types of compliance requirements 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, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 7, 2022

City of Chesapeake, Virginia
Schedule of Findings and Questioned Costs
for the Fiscal Year Ended June 30, 2022

A. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified:

No

Significant deficiencies identified:

None reported

Noncompliance material to the financial statements noted?

No

Federal Awards:

Type of auditor's report issued on compliance for major programs: **Unmodified**

Internal control over financial reporting:

Material weaknesses identified:

No

Significant deficiencies identified:

None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major federal programs:

Program Description

AL #

U.S. Department of Treasury:

Coronavirus State and Local Fiscal Recovery Funds

21.027

U.S. Department of Education:

Special Education Cluster (IDEA)

84.027/84.173

Education Stabilization Fund

84.425C/84.425D/

84.425U/84.425W

U.S. Department of Health and Humans Services:

Medicaid Cluster

93.778

Dollar threshold to distinguish between Types A and B Programs:

\$2,692,977

The City of Chesapeake was qualified as a low risk auditee?

Yes

B. Findings Relating to Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

C. Findings and Questioned Costs Related to Federal Awards

None.

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

None.

E. Resolution of Prior Year Findings

None.

*End of Annual Comprehensive Financial Report Of
the City of Chesapeake, Virginia
For the Fiscal Year Ended
June 30, 2022*



**Annual Comprehensive
Financial Report 2022**

