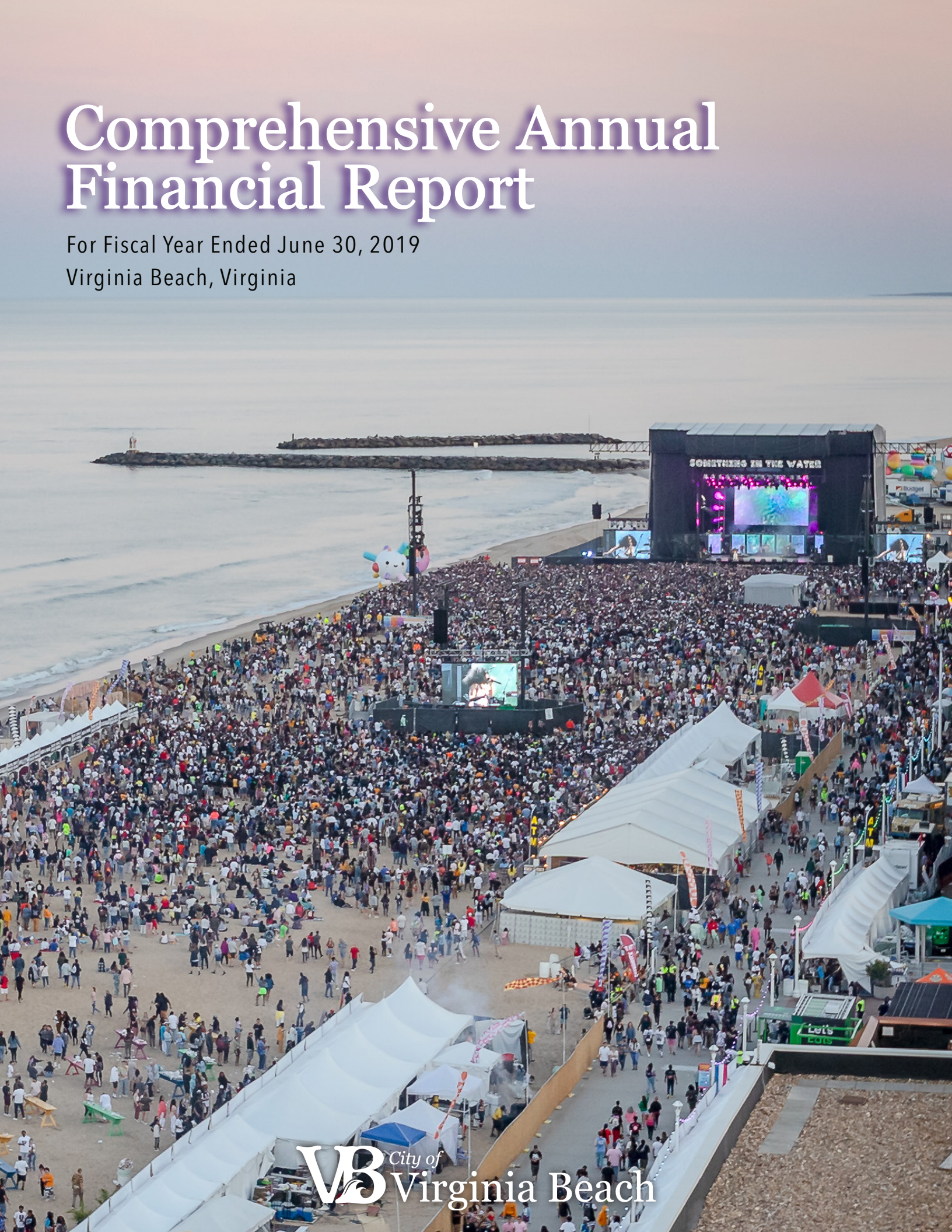
Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2019

Virginia Beach, Virginia



City of Virginia Beach

Covers: In April 2019, Pharrell Williams launched the first ever Something In The Water, a multi-day music festival and cultural experience on the beach in his hometown of Virginia Beach. The festival sold 30,000 tickets and drew a much larger crowd to the Resort Area to enjoy not only the concerts, but seminars, art, community events and activities.

Something In The Water benefited the entire region. Results of the economic impact study conducted following the inaugural event concluded that the first-year festival was profitable, not only for Virginia Beach, but for every city in the Hampton Roads region – a rare feat for a large-scale, first-time event, especially one that was planned and executed in just six months.

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

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019

PREPARED BY

DEPARTMENT OF FINANCE

ALICE M. KELLY, CPA

DIRECTOR

ACKNOWLEDGEMENTS

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

CAFR PREPARATION TEAM

(in alphabetical order)

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Loretta Brown, Bonnie Castellow, Kimberly Mattos

COVER

Photographer: Craig McClure Layout: Anna Kristina Alfaro, Jeanette Romero

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.

Sincerely,

Alice M. Kelly, Director
Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2019

CITY COUNCIL

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

CONSTITUTIONAL OFFICERS

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

APPOINTED OFFICERS

David L. Hansen ..... City Manager
Mark D. Stiles ..... City Attorney
Amanda Barnes ..... City Clerk
Ronald D. Agnor ..... Real Estate Assessor
Lyndon S. Remias ..... City Auditor

CITY LEADERS

Thomas M. Leahy III ..... Deputy City Manager
Kenneth L. Chandler ..... Deputy City Manager
Steven R. Cover ..... Deputy City Manager
Ronald H. Williams, Jr. ..... Deputy City Manager

SCHOOL BOARD

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

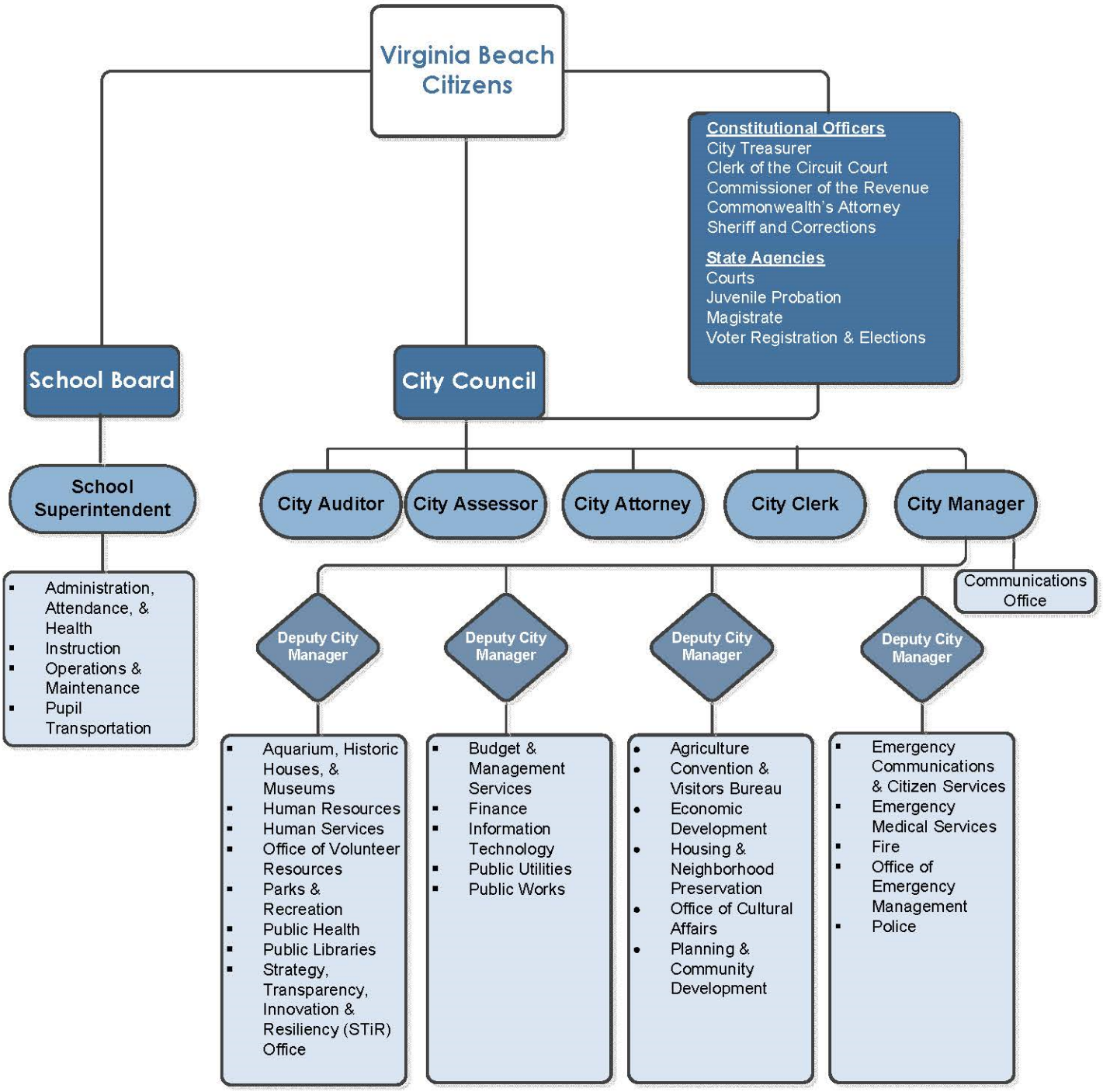
VIRGINIA BEACH DEVELOPMENT AUTHORITY

Dorothy L. Wood ..... Chair
Charles M. Salle ..... Vice Chair
Lisa M. Murphy ..... Secretary
Bryan D. Cuffee ..... Treasurer
David L. Bernd ..... Commissioner
William Brunke ..... Commissioner
W. Taylor Franklin ..... Commissioner
Penny Morgan ..... Commissioner
Peter K. Mueller ..... Commissioner
Michael J. Standing ..... Commissioner
Joseph E. Strange ..... Commissioner

VIRGINIA BEACH COMMUNITY DEVELOPMENT CORPORATION

Jessica Guglielmo ..... Interim Board President
Courtney LaLonde ..... Secretary/Treasurer
Christopher L. Brown ..... Director
Wanda Cooper ..... Director
Jeremy C. Johnson ..... Director
R. Worth Remick ..... Director
Myron Nahra ..... Director
Robert Ewell ..... Director
Eric Wray ..... Director
Brandon Hutchins ..... Director

City Organization



City of Virginia Beach

VBgov.com

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

BUILDING 1
2401 COURTHOUSE DRIVE
VIRGINIA BEACH, VA 23456-9009

November 20, 2019

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

Subject: Comprehensive Annual Financial Report

Dear Mayor and Council Members:

The Comprehensive Annual Financial Report (CAFR) of the City of Virginia Beach, Virginia, for the fiscal year ended June 30, 2019, is hereby submitted. The City is required by the Code of the Commonwealth of Virginia and by the City Charter to publish at the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted government auditing standards by a firm of independent certified public accountants. This report has been prepared by the Department of Finance and complies with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia. It includes all financial activities of the financial reporting entity, which consists of the City of Virginia Beach as well as its component units including: City of Virginia Beach School Board, Virginia Beach Economic Development Authority and Community Development Corporation.

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

REPORT CONTENTS

The CAFR is presented in four sections: introductory letter of transmittal, financial, statistical, and single audit. In addition, at the end of the document, the Continuing Disclosure section provides certain annual financial information and material event notices as required by Rule 15c2-12 of the Securities and Exchange Commission and City bond documents. GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The City of Virginia Beach's MD&A can be found immediately following the report of the independent auditors.

CITY PROFILE AND SERVICES



The present City of Virginia Beach was formed on January 1, 1963, by the merger of Princess Anne County and the former, smaller, resort community known as the City of Virginia Beach. This merger created one of the largest cities in the Commonwealth of Virginia with an area of 310 square miles comprised of 258.7 square miles of land and 51.3 square miles of water with 38 miles of shoreline and 28 miles of public beach on the Atlantic Ocean and the Chesapeake Bay. The latest estimated population as of July 1, 2019 for the City of Virginia Beach is 455,090 of which 299,909 were registered voters. As of January, 2019, excluding on-base military housing, the City had 158,057 taxable properties including 144,006 residential housing units and 37,017 apartment units in multi-family complexes.

The City of Virginia Beach derives its governing authority from a charter granted by the General Assembly of the Commonwealth of Virginia. The governing body of the City is the City Council, which formulates policies for the administration of the City. The charter provides for a Council-Manager form of government.

The City and Schools have 17,665.3 full-time equivalent positions in FY 2019 and provide a full range of general governmental services. These services include police, emergency medical response, fire protection, collection and disposal of refuse, water and sewer, and storm water services, parks and recreation facilities, museums, libraries, and maintenance of streets, highways, parks and public beaches. Other services provided include public education in grades kindergarten through twelfth grade, public health and social services, certain technical and special education services, behavioral health assistance, planning and community development services, agricultural services, housing services, correctional facilities and judicial services.

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

MAY 31, 2019 MASS SHOOTING INCIDENT

On May 31, 2019, a City employee fatally shot 12 people, including 11 city employees and a contractor, and critically wounded four other City employees in and around Building 2 of the Municipal Center. The City was able to relocate employees and provide public services previously provided in Building 2 within 10 business days. Counseling services were provided on-site to assist employees, and a

three-year federal grant is funding a VBStrong Center, opened in October 2019, to offer further support services for the community. Plans for repurposing Building 2 are under review. Despite this tragedy, the City's operations and financial condition are not expected to be materially adversely affected by the event or its aftermath.

LOCAL ECONOMY - MAJOR INDUSTRIES

A diverse collection of industries provide the foundation for the local economy, including nationally and internationally known corporate headquarters, technologically-advanced manufacturers, billion-dollar defense contractors, and locally owned firms. Defense and Tourism are the largest industries in the city. Agriculture is the city's third largest industry comprising approximately 23,000 acres of farmland that annually generate more than $124 million in economic impact. Defense Spending, the Port of Virginia and Tourism continue to be stabilizers of and sources of growth in the Hampton Roads regional and Virginia Beach local economies. In its "The State of the Region Hampton Roads 2019" Report issued October 1, 2019, Old Dominion University (ODU) estimates the regional economy will grow 2.4% from $99.2 billion in 2018 to $103.8 billion in 2019, marking the third consecutive year of growth. Virginia Beach generates about 27% of the regional Gross Domestic Product (GDP) based on the latest data available from the U.S. Bureau of Economic Analysis from 2015 indicating GDP for Virginia Beach at $25 billion and the region at $93.5 billion.



Defense Spending - According to ODU's 2019 State of the Region report, the Department of Defense direct spending in Hampton Roads in FY 2019 is projected to be $22.1 billion accounting for almost 40% of regional economic activity, and reflecting an increase of $1.3 billion or 6.3% increase over the 2018 level of $20.8 billion. The Bipartisan Budget Act of 2019 enacted August 2, 2019, raised the spending caps on national defense by $171.6 billion over two years, so that national defense spending will increase by $90.3 billion in Federal Fiscal Year (FFY) 2020 to $666.5 billion and $81.3 billion in FFY 2021 to $671.5 billion. FFY 2020 and FFY 2021 are the final two years that discretionary spending caps/sequestration were to be in effect per the original 2011 Budget Control Act. Likewise, Virginia Beach has experienced increased defense spending in recent years. Based on the latest economic data from the U.S. Department of the Navy, the total direct economic impact of military bases Naval Air Station Oceana and Joint Expeditionary Base Little Creek-Fort Story on the City's economy was $3.1 billion for FFY 2017, an increase of over $576 million or 20.5% over FFY 2016. This impact includes payroll and expenditures for the procurement of goods and services to support operations of the military bases.

In conjunction with direct defense spending, defense contract spending has a sizable impact on the economy. Defense contract spending totaled $37.4 billion for Virginia, $11.4 billion for Hampton Roads and $1.6 billion for Virginia Beach in Federal Fiscal Year (FFY) 2018 ($34.6 billion, $9.7 billion, and $2.1 billion, respectively in FFY 2017). Defense contract spending is forecasted to increase from FFY 2018 to FFY 2020 to $41.2 billion for Virginia (10.1%), $13.3 billion for Hampton Roads (16.6%), and $1.7 billion for Virginia Beach (8.3%).

The Port of Virginia – The Port of Virginia, the third largest container port on the East Coast, is a vital segment of the Hampton Roads economy. With 50-foot channels, six marine terminals, and the largest container cranes in the world, the Port of Virginia connects global businesses to their customers, as well as being one of the nation's 16 strategic ports for deploying military personnel and equipment worldwide. The number of 20-foot equivalent unit containers (TEU) shipped through the Port in Fiscal Year 2019 reached 2.93 million, a 3.9% increase over Fiscal Year 2018 (2.83 million). Cargo tonnage moving through the port remained at 22.1 million tons in FY 2019. Various businesses in Virginia Beach supply cargo to the Port. The Port's ability to compete may be bolstered by the major capital investment of $700 million to expand capacity of its two largest terminals to be the premier logistics center of the East Coast. Of critical importance to the Port and region is the U.S. Army Corps of Engineers Norfolk Harbor project that will deepen the Norfolk Channel to 55-feet, the Thimble Shoals channel to 56-feet and the Atlantic Ocean channel to 59-feet, and widen the channel to permit two-way navigation, which will be a benefit to U.S. Naval operations. This project will improve the competitiveness of the Port enabling it to regain its status as the deepest port on the east coast, attract more ultra large cargo ships (transporting 14,400 TEUs) and help to diversify the regional economy.



Photo of Virginia International Gateway © The Port of Virginia

Tourism - Tourism is an important industry in Virginia Beach and a vital component in the City's economy. According to the Virginia Tourism Corporation 2018 Economic Impact of Domestic Travel on Virginia and Localities report, (Virginia Tourism Corp) tourism and the convention industry supported 13,999 jobs with a payroll of $301.6 million in 2018, an increase of 1.0% and 3.5%, respectively, over 2017 levels of 13,862 jobs with $291.3 million payroll.

ECONOMIC CONDITIONS AND OUTLOOK

The Virginia Beach economy continues to improve as real estate assessments continue to increase and consumer-driven revenues including general sales, hotel tax meals tax and amusement tax continue to perform well. There are also positive trends in the areas of job growth, tourism and building activity. Continuing decrease in the employment rate and an increase in the overall labor force also benefit the City and the regional economy benefits from continuing modest growth with defense–related spending increasing region-wide. According to ODU's 20th annual 2019 State of the Region Report, the regional economy grew 2.2% in 2018 and is anticipated to grow 2.4% in 2019 and reach, if not exceed, $103 billion by the end of 2019.

Employers in the City, excluding military, provided jobs for 178,095 persons through the fourth quarter of calendar year 2018 (209,677 including Military) compared with 177,436 in the fourth quarter of 2017 (209,018 including Military) resulting in an increase of 659 jobs over this period. The largest employment sectors in Virginia Beach are the Service sector (primarily Accommodation and Food Services and Health Care and Social Assistance), Military, Wholesale and Retail Trade, and Local Government. As shown in the following table, over the period December 2017 - December 2018, job gains occurred primarily in the Manufacturing, Construction, Transportation and Warehousing, and Services sectors. Whereas, job losses occurred primarily in Wholesale and Retail Trade, Information, and State Government sectors. Updated military employment data was not available prior to mid-November, so no changes in military employment are reflected. (*Sources: Virginia Employment Commission (VEC), Navy Region Mid-Atlantic FY 2017 Economic Impact Report*)

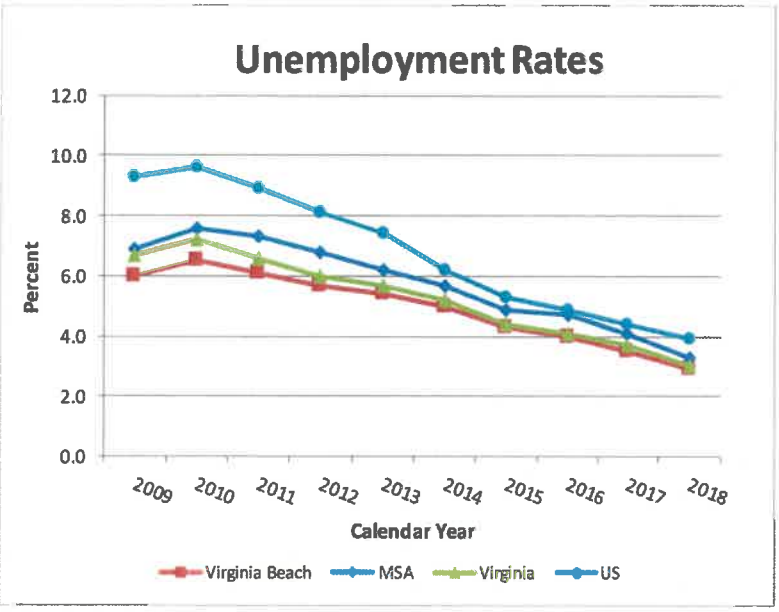
City of Virginia Beach
Average Employment by Industry Sector*
As of Fourth Quarter 2017 and 2018

Industry Sector	2017	2018	Change in Jobs	% Change	% of Total Employment for 2018
Private					
Services	87,077	88,273	1,196	1.4%	42.1%
Wholesale and Retail Trade	28,002	26,834	(1,168)	-4.2%	12.8%
Construction	9,788	10,152	364	3.7%	4.8%
Financial, Insurance and Real Estate	12,655	12,558	(97)	-0.8%	6.0%
Manufacturing	5,935	6,402	467	7.9%	3.1%
Transportation and Warehousing	1,890	1,983	93	4.9%	0.9%
Information	3,299	3,097	(202)	-6.1%	1.5%
Agriculture, Forestry, Fishing and Mining	88	101	13	14.8%	0.1%
Total Private*	148,734	149,400	666	0.4%	71.3%
Public - Civilian					
State Government	1,862	1,737	(125)	-6.7%	0.8%
Local Government	20,514	20,619	105	0.5%	9.8%
Federal Government	6,326	6,339	13	0.2%	3.0%
Total Public - Civilian	28,702	28,695	(7)	0.0%	13.6%
Total Civilian Employment	177,436	178,095	659	0.4%	
Military	31,582	31,582	-	0.0%	15.1%
Total Employment	209,018	209,677	659	0.3%	100.0%

Source: Virginia Employment Commission, Economic Information Services Division, Quarterly Census of Employment and Wages Report (QCEW). NRMA Integrated Shore Requirements Office, November 14, 2018, Navy Region Mid-Atlantic Hampton Roads Area FY 2017 Economic Impact Report

* Per the VEC, immaterial amounts have been suppressed in certain industry sub-categories, which are included in the total amounts.

Annual average **unemployment rates** for 2018 were: 2.9% for Virginia Beach, 3.3% for the Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area (MSA), 3.0% for Virginia, and 3.9% for the U.S. Unemployment rates have declined in 2018 compared with 2017 for the City, the region, the State and nation. There has been a steady decline in the unemployment rate in Virginia Beach since 2010. (Source: *U.S. Department of Labor, Bureau of Labor Statistics (BLS)*)

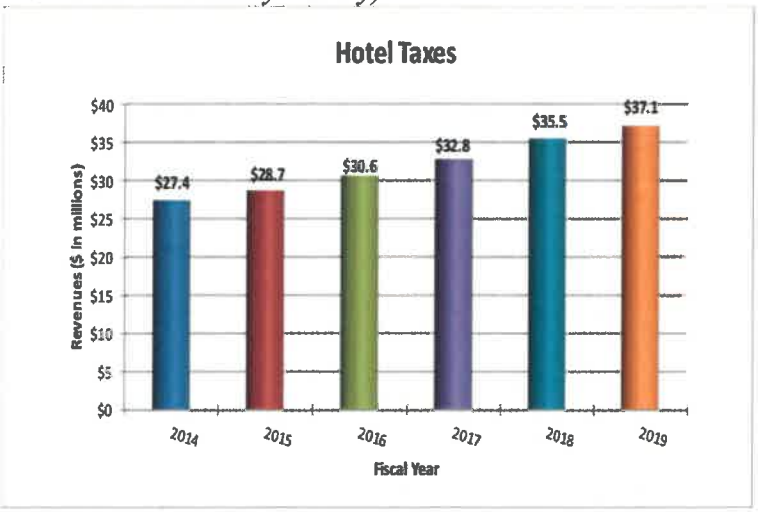


The average number of Virginia Beach residents employed in 2018 was 225,695 from a labor force of 232,342. This reflects a slight increase over 2017 in employment (223,267) and labor force (231,459) of 1.1% and 0.4%, respectively. (*Source: BLS)*

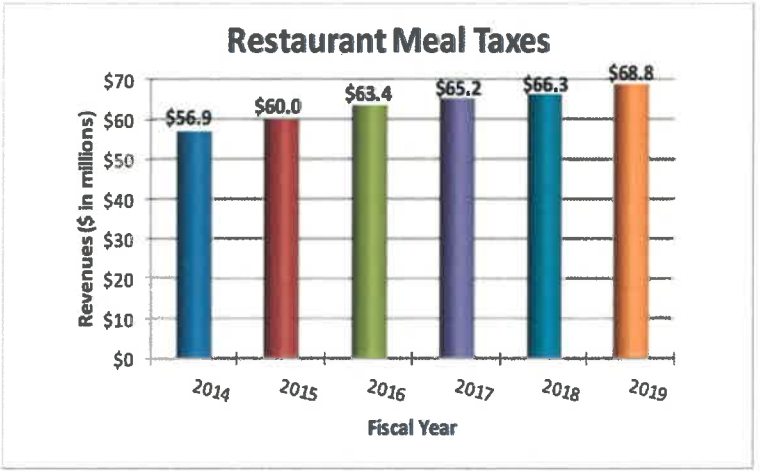
Based on the most recent data available, the **per capita personal income** for 2018 was: $58,308 for Virginia Beach, $50,619 for the MSA, $57,799 for Virginia, and $54,446 for the U.S. Over the 5-year period 2013-to-2018, the per capita personal income for Virginia Beach has increased an average of 3.8% per year. [Source: U.S. Department of Commerce, Bureau of Economic Analysis (BEA)] Also,

the **median household income** continues to increase for Virginia Beach in 2018 at $77,059 compared with $72,586 in 2017. Median household income for the City has increased an average of 3.8% per year since 2012. *(Source: US Census Bureau, 2018 American Community Survey)*

Hotel tax revenue collected in FY 2019 was $37.1 million, an increase of $1.6 million (4.6%) compared with $35.5 million collected in FY 2018. The continual rise in hotel tax revenues, 6.3% annually from 2014 to 2019 on average, is indicative of the strength of the tourism industry in Virginia Beach. The hotel tax rate remained at 8.0% plus the $2.00/room night charge throughout FY 2019.

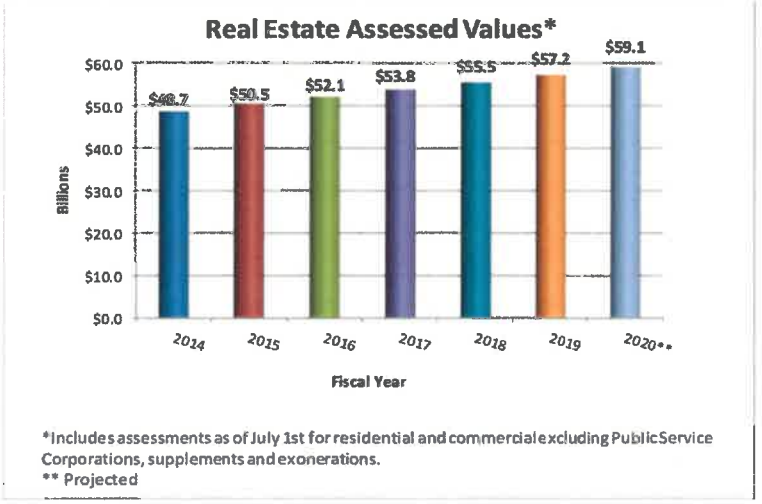


Restaurant meals tax revenue collected in FY 2019 was $68.8 million, an increase of $2.5 million (3.8%) compared with $66.3 million collected in FY 2018. Restaurant meals tax revenue has been a consistent performer and has increased annually 3.9% on average over the last six years. The restaurant tax rate remained 5.5% throughout this period.



General sales tax revenue reflects the City's 1% share of the State sales tax. The amount collected in FY 2019 was $65.9 million, an increase of $2.3 million (3.7%) compared with $63.5 million collected in FY 2018. This revenue stream has been increasing annually over the last six years by 3.1% on average.

Virginia Beach **real estate assessments** are projected to total $59.1 billion in FY 2020, an increase of 3.2% following a 3.2% increase in FY 2019. The City's tax base has steadily grown from FY 2014 through FY 2020 (projected) with annual increases of 3.3% on average. *(Source: Real Estate Assessor's Office, Annual Report)*



*Includes assessments as of July 1st for residential and commercial excluding Public Service Corporations, supplements and exonerations.
** Projected

Beginning in September FY 2019, the City no longer required building permits for roofing and siding activities. The number of building permits issued net of demolition, roofing and siding permits for FY 2019 totaled 4,880, a 1.1% decrease from 4,932 in FY 2018. The value of these permits was $390.3 million in FY 2019 compared with $566.3 million in FY 2018. *(Source: Department of Planning and Community Development).*

KEY INITIATIVES

The FY 2019 financial report reflects the use of resources to achieve the city government's vision as defined by City Council in its ten goal areas developed in its past Annual Goal Setting Workshops. To ensure that Virginia Beach remains a preferred coastal city to attract residents, businesses and visitors, the City balances its efforts and use of resources to sustain the important components that make the City livable and successful. City Council's vision and goals provide direction for these efforts. Highlights of some key initiatives during FY 2019 impacting the success and sustainability of the City are shown below.

Resiliency

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



- The Master Stormwater Drainage Study is underway and is building detailed computer models of the City's thirty-one sub-watersheds. This study, which works in conjunction with the Sea level Rise study, assesses the stormwater infrastructure performance, and identifies the cost of future flood damages and the needed infrastructure improvements to prevent or curtail those damages.
- The Comprehensive SLR Adaptation Strategies and Recurrent Flooding Report will be finalized by March 2020.

The City has a strategic plan to raise taxes and stormwater fees to fund an aggressive Capital Improvements Program that will spend $1.3 billion over the next 13 years to prevent or mitigate flooding. These tax and fee increases were approved by City Council in the Adopted FY 2020 Budget (www.VBgov.com/budget). The City has requested a Congressional authorization and appropriation of funds from the U.S. Army Corps of Engineers (USACE) for a Regional Coastal Storm Risk Management Study Program, also known as the 3x3x3 study program, to begin the process to receive Federal funding for the adaptation strategies identified in the Sea Level Rise Adaptation Strategies Report.

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

- **Resort Beach and North End -** Beginning in late June 2019 through August and resuming mid-to-end November, the City and federal USACE conducted a $22.6-million project ($14.7 million federal/$7.9 million City) placing 1.85 million cubic yards of sand on the resort beach between

15th Street and 70th Street (Resort Beach). According to the USACE, this periodic project has prevented more than $450 million in coastal infrastructure damage (Resort Beach Project).

- **Sandbridge Beach** - A periodic beach replenishment project is planned for Sandbridge Beach, a 5-mile beach from Dam Neck Fleet Training Center to Back Bay National Wildlife Refuge to begin in mid-November 2019. This is the fifth sand replenishment to occur at Sandbridge Beach and will involve 1.56 million cubic yards of sand at an estimated cost of $21.5 million, of which $3 million will be funded by the USACE with the balance provided by the City's Sandbridge Tax Increment Financing District and Sandbridge Special Service District Funds. According to the USACE, the periodic project in Sandbridge has prevented more than $140 million in coastal infrastructure damage (Sandbridge Beach Project).
- **Chesapeake Beach** - Beach restoration work was completed in May 2018 with placement of over 400,000 cubic yards of sand. A project to continue maintenance of the restored beach is funded in the Capital Improvement Program, with the next replenishment programmed for 2022.
- **Ocean Park Beach, Cape Henry Beach** - The beaches on either side of Lynnhaven Inlet, Ocean Park Beach to the west and Cape Henry Beach to the east, are periodically replenished in conjunction with Lynnhaven Inlet maintenance dredging. Replenishment of Cape Henry Beach was completed in June 2019 with nearly 180,000 cubic yards. Ocean Park Beach will be restored to a higher and wider dimension with a major $3 million+ beach and dune restoration project anticipated to begin in late 2020.
- **Croatan Beach** - The City has recently completed significant dune restoration work at Croatan Beach in December 2018, which will be followed by a 50,000-cubic yard replenishment to be included in an upcoming Rudee Inlet maintenance dredging project to begin in late 2019 and to be completed in spring 2020.

Tourism

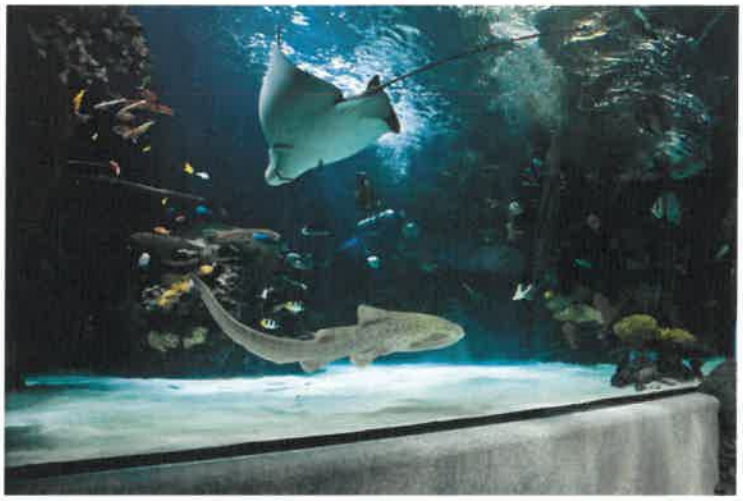
To expand the tourism sector of the economy, City Council has supported and/or funded multiple initiatives:

- **Convention quality hotels** - As of July 2019 the available hotel room inventory in the City consisted of 10,417 hotel rooms located in 140 properties (excluding timeshare units rented as hotel rooms), reflecting an increase of 284 (2.8%) hotel rooms compared with July 2018 (10,133 hotel rooms in 136 properties). The City has offered incentives for the development of convention quality hotels, including restoration of the historic Cavalier Hotel (opened in March 2018), and construction of the Oceanfront Marriott Hotel with parking garage, and Embassy Suite Convention Hotel Campus, both anticipated to open during 2020 and 2021, respectively. It is anticipated that these three hotels will produce annual revenues of $2 million to the City in Year 1 growing to $6 million by Year 7 with net present value over 20-years to the City of $65 million, net of city incentives.

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



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



  - Construction of the Darden Marine Animal Conservation Center (began September 2018 with completion scheduled for spring 2020) totaling $18.1 million, of which $4.5 million is from two private foundations. The project consists of two buildings totaling 18,000 square-feet. This facility will provide seawater access; animal care areas to support acquisitions/ quarantine, educational outreach, and stranded animal rehabilitation; support areas for stranding response and research; laboratory spaces; and office/technical spaces for staff and volunteers.
  - Construction of two Aquarium projects for the Owls Creek Marsh Pavilion facility. The total project cost is $27.2 million of which the Virginia Aquarium Foundation is providing $9.3 million (began in May 2019 with scheduled opening summer 2021). One project will renovate the Aquarium's 22-year old Marsh Pavilion including new exhibits funded by the Aquarium Foundation and expanded parking. The second project will construct an adjacent Veterinary Care Center needed to meet Association of Zoos and Aquariums accreditation standards for animal care.

  The Aquarium began an aggressive Master Planning process this year, and future plans include a 1,500-space parking structure, a new exhibits building on the current surface parking lot, and renovations of the existing 30-year old facility.

- **Special Events and Festivals** - During the year, various special events and festivals are held in the City, which support tourism and generate tax revenue as illustrated in the table:

Festival Economic Impacts and Taxes - 2018

Event	Economy (millions)	Taxes (1,000s)
North American Sand Soccer Tournament	$ 14.9	$ 635
Patriotic Festival	6.5	272
Neptune Festival	19.2	893
American Music Festival	11.5	531
East Coast Surfing Championship	25.9	1,150
FunkFest	14.6	617
Boardwalk Art Show	15.7	628
Shamrock Marathon	18.2	640
Rock'n Roll Marathon	12.2	555
Total	$ 138.7	$ 5,921

Source: Department of Planning, Strategic Growth Area Office

- **Something In The Water (SITW)** - A new art, music and cultural festival, SITW, was held at the Virginia Beach oceanfront during April 26 – 28, 2019 and sold-out 35,000 tickets in March. As conceptualized by Pharrell Williams, a Virginia Beach native, the festival's mission was to unite the community and celebrate the diversity and magic of Virginia Beach. The event featured top tier performances and corporate exhibits including over 30 musicians (some from Virginia Beach and Hampton Roads), cultural gatherings, speaker panels, a pitch competition for start-up funding for college students, fashion exhibitions, and a pop-up church. According to an economic impact analysis based on a survey of ticket-holders by Old Dominion University and the City's Department of Planning and Community Development (October 1, 2019), SITW had an estimated economic impact (direct, indirect and induced impacts) in the City of $21.8 million and produced a total of $1.2 million in tax revenues. Excluding City support costs for the festival, estimated fiscal impact to the City was $338,000. For 2020, a second SITW festival is planned for an expanded period from April 20-26 with ticket sales occurring in October and November 2019.



- **Dome site** - In November 2019, the Virginia Beach Development Authority (VBDA) and City Council approved a development agreement with the Venture Realty Group to further develop their concept for a $325 million mixed-use, multi-venue entertainment complex on the former Dome Site, a 10.35-acre site over three blocks at the oceanfront. The project will be a year-round destination to include a Wavegarden Surf Park, a 3,500-seat live entertainment venue, unique/new to market retail and restaurants, experiential retail, offices, residential units, structured parking, and streetscapes. This public-private development will include estimated private investment of $230 million and public investment from the Tourism Investment Program Fund of $95 million for the entertainment venue, parking and streetscapes.

Education

Virginia Beach City Public Schools (VBCPS) is the largest school division in the region with enrollment of 66,593 students at 55 elementary schools, 15 middle schools, 12 high schools, and a number of secondary/post-secondary specialty centers. VBCPS division is 100% fully-accredited for the third consecutive year. For the 11th consecutive year, VBCPS has reached a record-high On-Time Graduation rate of 93.9% while its drop-out rate, which decreased to 3%, is the lowest on record. Since 2007, VBCPS has modernized or replaced fifteen school facilities, representing a capital investment of $581 million dollars. Currently construction is progressing on three schools:

- The $27 million modernization of John B. Dey Elementary School (ES) is approximately 75% complete and is estimated to be completed summer 2020.
- The $32.5 million replacement of Thoroughgood ES is estimated to be completed in 2020.
- The $78 million replacement of Princess Anne Middle School is estimated to be completed in 2021.

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

Volunteerism
The City has a long history of using volunteers to provide and/or assist in the provision of various services and has the largest use of volunteer Emergency Medical Services (EMS) providers in the nation. For FY 2019, 31 departments reported use of 14,884 volunteers, who contributed 1.13 million hours of service (equivalent to 542.03 full-time equivalent positions) valued at $28.7 million or a savings on the real estate tax of approximately 5-cents per $100 of assessed value. Volunteers in the Department of EMS serve in ten independent Volunteer Rescue Squads as well as provide administrative support. For FY 2019, volunteers for EMS numbered 1,198 and provided 371,956 hours of service equivalent to 178.8 FTEs valued at over $9.5 million. Volunteers provided 89% of the staffing for ambulances during FY 2019 equivalent to 92 FTEs and responded to over 45,000 calls for service. The volunteer rescue squads rely on donations, grants from the State, and City support (fuel and maintenance for ambulances, insurance, training, and etc.) to operate and do not charge users for their services.

Economic Development
In order to meet the City's goal to grow the tax base, the City has an ongoing Economic Development Incentive Program (EDIP) to promote business development and expansion. Since the inception of EDIP in 1994, the City and VBDA have awarded 277 EDIP grants totaling $63.1 million, which was intended to generate more than $2.4 billion in private investment and create and retain 36,091 jobs. For FY 2019, a total of $1.4 million of EDIP grants were approved for 11 companies with the intent to leverage more than $43.9 million in private investment (ratio of $32 of private investment to $1 of public investment) and the creation/retention of 596 jobs in the City. Some businesses receiving EDIP awards include WDS (World Distribution Services) and BMZ Group. Businesses with 50 or fewer employees comprise 95% of all businesses in Virginia Beach. Small, Women-and Minority-Owned (SWaM) and Service Disabled Veteran-Owned businesses received $395,000 in EDIP grants (28.3% of the total FY 2019 EDIP grants) generating $23.3 million in capital investment (ratio of $59 of private investment to $1 of public investment) in FY 2019; SWaM businesses receiving awards include SPARQ Global, LLC, Daugherty Inc., and Ironclad Media Alliance.

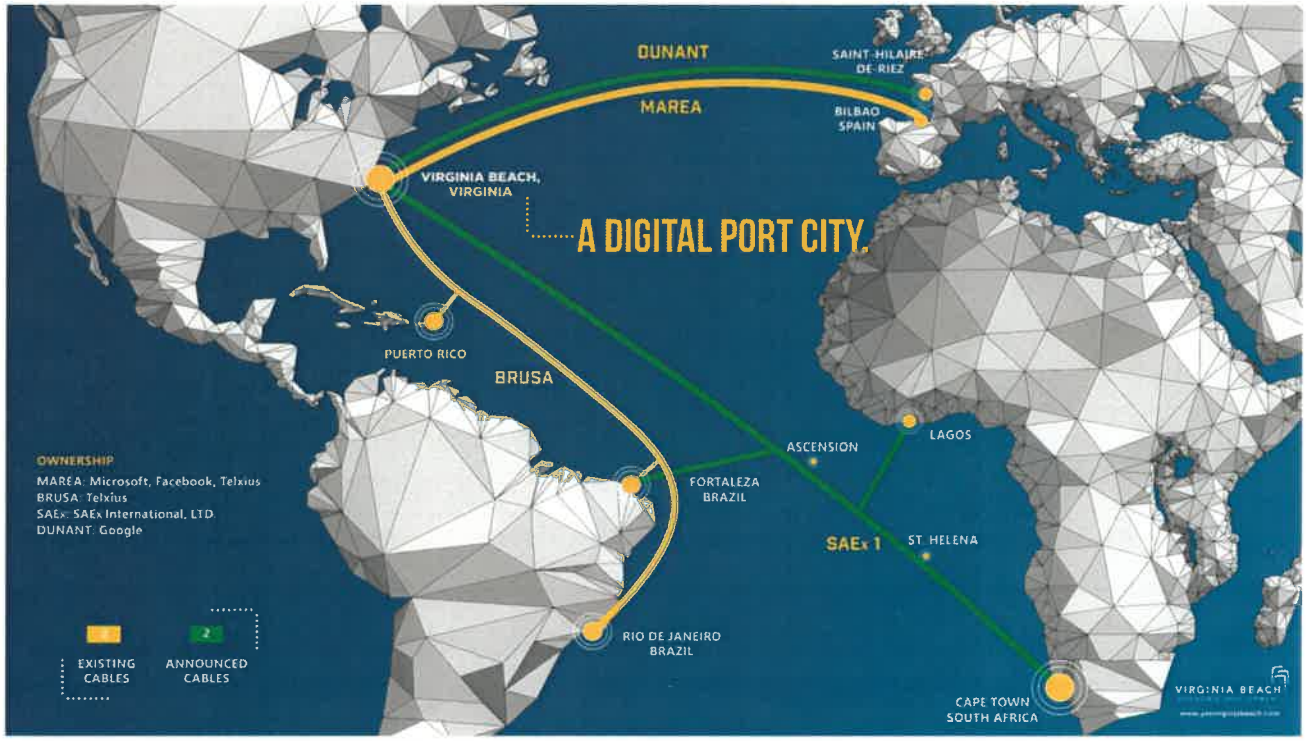
The City continues initiatives to diversify the local economy beyond defense and tourism industries with the development of technology and bioscience industries. Highlights of these efforts are as follows:

Innovation Park Infrastructure Improvement - This project represents the first phase of infrastructure needed to support the 155-acre Innovation Park with anticipation of multiple phases to follow. The project includes the design and construction of a two-lane undivided parkway, including utility and stormwater infrastructure, that extends east from Landstown Center Way, a distance of approximately 1,200 -feet. This project includes on-road bicycle accommodations and shared-use paths as well as and long range planning for the Innovation Park.

Also, in the Princess Anne corridor in the vicinity of the Nimmo Parkway/West Neck Road intersection, the State Department of Veterans Services began construction in summer 2019 of a 150,000 square-foot 128-bed rehabilitation and nursing facility for retired veterans, known as The Jones & Cabacoy Veterans Care Center. The facility will be located on 24-acres donated by the City to the Commonwealth of Virginia and is scheduled to open in 2021. The City will extend Nimmo Parkway to access the facility with target construction start date of January 2020 and completion date July 2020.

Bioscience Business Development - In March 2019 with the culmination of the first VABeachBio Innovation Challenge, a business development challenge for biotech startup companies began in fall 2017, with 19 teams selected to become new Virginia Beach bio-tech companies in fields such as cancer, diabetes, therapeutics, and medical device development. To establish a bio-accelerator web-lab space for these and other companies, the VBDA agreed in August 2019 to enter into a lease for 5,706-square feet of space at Convergence II business park adjacent to Town Center.

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



1. **Microsoft, Facebook and Telxius** constructed the first sub-sea cable, **MAREA**, connecting Bilbao Spain to Virginia Beach (a distance of 4,000 miles) that became operational during fall 2017.
2. **Telxius** has completed a second under-sea cable, **BRUSA**, connecting Rio De Janeiro, Brazil and Puerto Rico to Virginia Beach, which was completing testing as of August 2019.
3. **Google** announced in 2018 the construction of its **Dunant** cable from France's Atlantic coast to Virginia Beach to expand its network and support growth of the Google Cloud, with anticipated completion in third quarter of 2020.
4. **Assured Communications Advisors (ACA) International LLC and South Atlantic Express International Ltd** announced in 2018 a new cable, SAEx, to link Cape Town, South Africa to Virginia Beach, which is planned for completion in first quarter of 2021.

Data centers are being constructed in Virginia Beach to support the industry and newly constructed cables. One data center has been constructed and two additional projects announced during 2018. Some of the new projects include:

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

NxtVn Virginia Beach DigiPorts acquired 10 acres with an option to purchase a total of 219 acres across Dam Neck Road from Corporate Landing Business Park to develop a data center campus of up to 1.4 million square feet at estimated cost of $1.5 to $2 billion. ACA International LLC has announced that it will be the first tenant at the NxtVN Virginia Beach DigiPorts campus.

PointOne, a hyperscale data center developer headquartered in Alberta, Canada, will invest $80 million in Virginia Beach with the acquisition of 10.4 acres from the VBDA for $2.08 million and construction of two 31,000 square-foot data facilities that will house edge computing data centers, a cable landing station for future subsea cables and an international internet business exchange. Phase I construction is underway in summer 2019 with completion anticipated in summer 2020 (NAP of Virginia Beach, Data Center Dynamics).



Town Center - Town Center, the focal point of the City's Central Business District, continues to expand the economy by drawing crowds and attracting popular new restaurants, shops and businesses. Phase VI is the latest phase completed (private portion in October 2018 and public portion in summer 2019); at $43.1 million, it represents the highest ratio of private versus public investment, with more than $11 of private sector investment for every $1 of public investment. Phase VI features a nine-story mixed-use building including 33,000 square–feet of new retail space, a 5,000-square foot second-level restaurant, 131 new studio and one-bedroom apartments, an 11,000 square-foot elevated public plaza, and a $7.6 million privately funded 309-seat live performance venue (Zeiders American Dream Theater). The success of Town Center has been a catalyst for other projects in the area. Most recently, construction completed in the Town Center/ Pembroke Mall area during FY 2019 includes: a 120-room $24 million Residence Inn by Marriott hotel in Convergence Center completed in spring 2019; a 127-room $26.3 million Hyatt Place hotel in Pembroke Office Park that opened in summer 2019; and a 130,000-square-foot $44 million Wegman's grocery store (first in the region) on Cleveland Street that opened in April 2019. A new project, the CityView Two mixed-use development at the intersection of Bonney Road and Constitution Drive, is currently undergoing site plan review by the City. Once approved, the project will include residential, retail, office, parking garage structure and associated infrastructure improvements.

INTERNAL CONTROL AND BUDGETARY ACCOUNTING

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

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

FINANCIAL MANAGEMENT POLICIES

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

Many of the City's financial management policies govern how the operating budget is prepared and managed. For example, the budget will be balanced on a current year revenue to expenditure basis, unencumbered budget appropriations (except for those for capital projects and grants) will lapse at the end of the fiscal year, the appropriation ordinance will set the legal level of budgetary control and the City will set fees and user charges for each self-supporting enterprise fund at a level that fully supports costs. Regarding fund balance policies, the unassigned fund balance or net position of any fund shall not be used to finance continuing expenditures. Additionally, the city shall maintain an unassigned fund balance in the General Fund of 8%-to-12% of the following year's budgeted revenues, equating to approximately one month of operating expenses.

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

DEBT MANAGEMENT POLICIES

The City has developed a series of Debt Management Policies to provide a functional tool for debt management and capital planning. The policies reiterate the City's commitment to rapid principal retirement, maintaining sufficient working capital to avoid the use of short-term borrowing for operating purposes, and the use of self-supporting or revenue-supported debt where appropriate. The policies also establish target levels for key debt ratios as shown below. As shown in the following table, all debt affordability indicators were within the established guidelines for FY 2019.

Debt Indicator—Ratio Description	Established Standard	FY 2019	FY 2018
Annual Debt Service to General Governmental Expenditures	No greater than 10.0%	7.8%	7.7%
Overall Net Debt to Estimated Full Value	No greater than 3.5%	1.4%	1.7%
Overall Net Debt Per Capita	No greater than $3,000	$1,846	$2,056[1]
Overall Net Debt Per Capita to Per Capita Personal Income	No greater than 6.5%	3.1%	3.5%[1]

[1] Restated per updated estimates for population and per capita personal income from Weldon Cooper Center for Public Service and Bureau of Economic Analysis, respectively.

For the tenth consecutive year, three major rating agencies, Fitch Ratings (Fitch), Moody's Investors Services (Moody's) and Standard & Poor's (S&P), affirmed the City's triple-A ratings with stable out-

looks on its General Obligation Bonds. Ratings for Public Facility Revenue Bonds (appropriations supported) were one notch below the General Obligation rating at AA+/Aa1/AA+ by Fitch, Moody's and S&P, respectively. Existing Water and Sewer Revenue Bonds were last affirmed in 2018 at AAA by Fitch, and in 2019 at Aa1 by Moody's. Storm Water Revenue Bonds were rated in February 2019 by Fitch and Moody's at "AAA" and "Aa1", respectively, with Moody's upgrading its rating from "Aa2" based on the financial performance of the City and its Storm Water Utility system.

LONG TERM FINANCIAL PLANNING

Annually, the City and Schools jointly prepare a five-year financial forecast of revenues and expenditures for the City's General Fund and Schools Operating Fund, which serves as a planning tool for the annual operating budget. This forecast establishes a framework for use in decision making by highlighting significant issues that must be addressed to maintain a structurally balanced budget. It assists the City in understanding the fiscal challenges ahead and the need to establish priorities. This forecast identifies key factors that affect the City's fiscal outlook such as changes in major revenue streams and costs.

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

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

CERTIFICATE OF ACHIEVEMENT AND AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Virginia Beach for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This reflects the 40th time that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an efficiently organized CAFR providing full disclosure and transparency. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City prepared its first Popular Annual Financial Report for fiscal year ended June 30, 2018 and was awarded a Certificate of Achievement for Excellence in Financial Reporting by the GFOA for that report.

The GFOA also presented a Distinguished Budget Presentation Award to the City of Virginia Beach for its annual budget for the fiscal year beginning July 1, 2018. This reflects the 33rd time the City has achieved this prestigious award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan, and a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we have submitted it to GFOA to determine its eligibility for another award.

The National Institute of Governmental Purchasing's Outstanding Agency Accreditation Award (OA4) was awarded to the City of Virginia Beach from 2016 through 2022. This OA4 accreditation formally recognizes excellence in public procurement through the establishment of a body of standards that evidence sound procurement practice. The City of Virginia Beach is part of an elite group of procurement organizations as one of only 151 government agencies that have attained this distinction in the United

States and Canada. Additionally, in 2019, the City was awarded the Achievement of Excellence in Procurement from the National Procurement Institute for the fourth consecutive year. The City of Virginia Beach is one of only eight agencies in Virginia and one of only 65 cities in the United States and Canada to receive the award. The Purchasing Division also received the Excellence in Achievement Award from Universal Public Procurement Certification Council in 2019. The award recognizes exceptional agencies that achieve a fully certified procurement staff.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the professional knowledge and dedication of the employees of the Department of Finance. We also acknowledge the valuable contributions of all City departments, particularly the Department of Budget and Management Services, for their assistance during the audit and in completing this report. The Office of the City Auditor and the City's Audit Committee are to be commended for their governance role over the audit of the CAFR. And finally, we wish to thank the City Council for their meaningful oversight of the financial affairs and policies of the City. Their support results in a strong financial position for the City.

Respectfully submitted,

Thomas M. Leahy, PE
Acting City Manager

Alice M. Kelly, CPA
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Virginia Beach
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO



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FINANCIAL SECTION

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Virginia Beach Community Development Corporation, a discretely presented component unit, which represents 3.5 percent of the assets, -7.5 percent of the net position, and 0.6 percent of the revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Virginia Beach Community Development Corporation is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the Specifications for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accountants of the Commonwealth of Virginia (Specifications). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Virginia Beach's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 20 2019



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MANAGEMENT'S
DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Virginia Beach (the "City") provides this narrative overview and analysis of the City's financial performance during the fiscal year that ended June 30, 2019. Readers are encouraged to consider the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- At the end of the fiscal year 2019, the total net position of the City on a government-wide basis, excluding component units, was $3.8 billion. Of this amount, the unrestricted net position totals $399.0 million. Total net position increased by $81.1 million from the prior fiscal year end's net position.

  → The total net position for governmental activities was $2.6 billion, an increase of $39.7 million over the prior year's net position.

  → The business-type activities net position was $1.2 billion, an increase of $41.3 million over the prior year's net position.

- As of the close of fiscal year 2019, the City's governmental funds reported combined ending fund balances of $597.8 million a decrease of $70.2 million in comparison with the prior year.

  → $11.0 million, or 1.8%, is considered nonspendable (inventories and loans receivable)

  → $56.1 million, or 9.4%, is restricted by outside agencies

  → $328.9 million, of 55.0%, is committed for the capital improvement program

  → $80.5 million, or 13.5%, is assigned for specific purposes as identified by the City

  → $121.3 million, or 20.3%, is unassigned in the general fund and is available for spending at the City's discretion

- The City's total bonded debt decreased by $73.6 million, or 6.3% from fiscal year 2018.

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

- The City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements.*

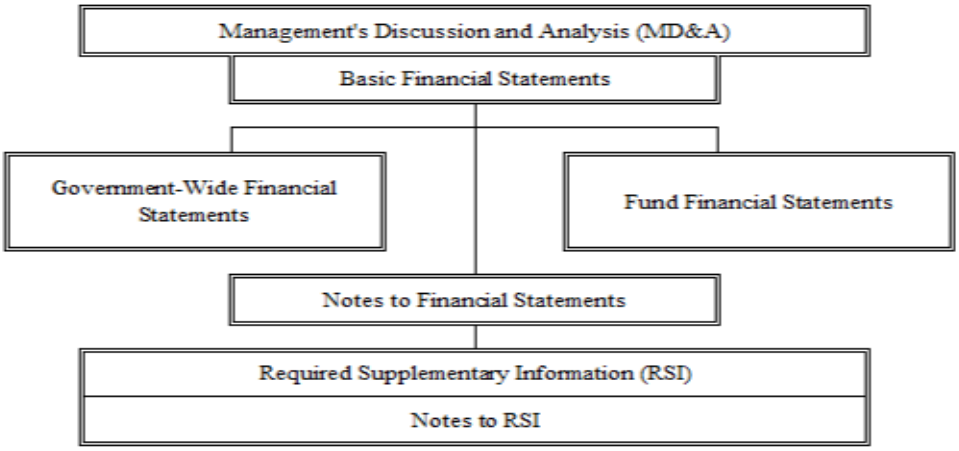
- The City early implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.*

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Figure 1: Components of the Financial Section



Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS WHOLE

Net Position

The *Statement of Net Position* serves as a useful indicator of a government's financial position. At the end of the fiscal year, the City's total net position was $3.8 billion. This amount represents an increase of $81.1 million, or 2.2%, over the prior year's net position. The net position for governmental activities increased by $39.8 million and the business-type activities net position increased by $41.4 million.

The City's total assets were $5.7 billion. This amount includes $4.6 billion of capital assets, net of accumulated depreciation, which include roads, bridges, parks, utilities (water, sewer and storm water) infrastructure, land, other long-lived assets, and projects in the construction in progress program. Under the "tenancy in common" with the School Board, the City has included $277.0 million of net book value of School Board property equal to the total outstanding principal balance of the "on behalf" debt at June 30, 2019.

The largest component of the City's net position ($3.3 billion or 87.1%) is the investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any outstanding related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets for business-type activities represents, for the most part, the capital assets of the water, sewer, and storm water utilities.

At June 30, 2019, the City reported $399.0 million in the unrestricted category of its net position. This is $41.6 million lower than last year's net position of $440.6 million. The unrestricted category includes fund balances of the general fund, capital projects, and special revenue funds that have been committed or assigned at the fund level.

Table 1
Statement of Net Position
(in Millions)

	Governmental Activities		Business- Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	$ 781.5	$ 835.8	$ 344.3	$ 354.1	$ 1,125.8	$ 1,189.9
Capital Assets	3,295.7	3,310.2	1,260.7	1,201.6	4,556.4	4,511.8
Total Assets	4,077.2	4,146.0	1,605.0	1,555.7	5,682.2	5,701.7
Deferred Outflows of Resources	78.1	67.9	7.2	7.1	85.3	75.0
Long-Term Debt Outstanding	1,443.8	1,528.9	381.9	370.8	1,825.7	1,899.7
Other Liabilities	82.5	76.1	31.0	32.4	113.5	108.5
Total Liabilities	1,526.3	1,605.0	412.9	403.2	1,939.2	2,008.2
Deferred Inflows of Resources	31.3	50.9	2.7	4.4	34.0	55.3
Net Position						
Net Investment in Capital Assets	2,382.8	2,303.8	920.3	872.9	3,303.1	3,176.7
Restricted	67.0	68.2	25.2	27.7	92.2	95.9
Unrestricted (Deficit)	147.9	186.0	251.1	254.6	399.0	440.6
Total Net Position	$ 2,597.7	$ 2,558.0	$ 1,196.6	$ 1,155.2	$ 3,794.3	$ 3,713.2

Changes in Net Position (Statement of Activities)

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

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	99.1	90.7	215.0	217.6	314.1	308.3
Operating Grants & Contributions	189.4	182.2	0.1	-	189.5	182.3
Capital Grants & Contributions	22.4	32.1	27.1	28.3	49.5	60.4
General Revenues:						
Property Taxes	696.2	673.0	-	-	696.2	673.0
Other Taxes	309.6	306.8	-	-	309.6	306.8
Other	76.1	76.8	6.1	5.3	82.2	82.1
Total Revenues	1,392.8	1,361.6	248.3	251.2	1,641.1	1,612.9
Expenses:						
Legislative	1.1	1.2	-	-	1.1	1.2
Executive	5.0	4.3	-	-	5.0	4.3
Law	4.4	4.4	-	-	4.4	4.4
Finance	19.4	18.9	-	-	19.4	18.9
Human Resources	12.4	11.8	-	-	12.4	11.8
Judicial	63.5	61.6	-	-	63.5	61.6
Health	3.7	3.4	-	-	3.7	3.4
Police	97.2	99.0	-	-	97.2	99.0
Human Services	121.5	114.9	-	-	121.5	114.9
Public Works	221.6	182.1	-	-	221.6	182.1
Parks & Recreation	53.8	52.8	-	-	53.8	52.8
Library	16.9	17.6	-	-	16.9	17.6
Planning	19.0	19.4	-	-	19.0	19.4
Agriculture	3.4	3.3	-	-	3.4	3.3
Economic Development	2.5	4.5	-	-	2.5	4.5
Convention & Visitor Bureau	30.9	29.4	-	-	30.9	29.4
Information Technology	38.0	43.5	-	-	38.0	43.5
Emergency Communication & Citizen Services	8.9	9.1	-	-	8.9	9.1
Boards and Commissions	28.0	26.5	-	-	28.0	26.5
Fire	59.2	59.0	-	-	59.2	59.0
Budget and Management Services	1.3	1.3	-	-	1.3	1.3
Education	430.8	423.5	-	-	430.8	423.5
Housing & Neighborhood Preservation	31.6	28.5	-	-	31.6	28.5
Museums	11.1	10.8	-	-	11.1	10.8
Emergency Medical Services	13.0	12.6	-	-	13.0	12.6
General Government	8.3	3.7	-	-	8.3	3.7
Water & Sewer	-	-	139.8	115.3	139.8	115.3
Storm Water	-	-	38.1	33.5	38.1	33.5
Development Authority	-	-	12.4	17.5	12.4	17.5
Waste Management	-	-	34.6	37.1	34.6	37.1
Parking	-	-	4.2	4.0	4.2	4.0
Interest on Long-Term Debt	24.5	24.9	-	-	24.5	24.9
Total Expenses	1,330.9	1,271.9	229.1	207.4	1,560.0	1,479.4
Excess (Deficiency) Before Transfers	61.9	89.6	19.2	43.8	81.1	133.4
Transfers	(22.2)	(23.4)	22.2	23.4	-	-
Change in Net Position	39.7	66.2	41.4	67.2	81.1	133.4
Net Position – Beginning	2,558.0	2,491.8	1,155.2	1,088.0	3,713.2	3,579.8
Net Position – Ending	$ 2,597.7	$ 2,558.0	$ 1,196.6	$ 1,155.2	$ 3,794.3	$ 3,713.2

Revenues

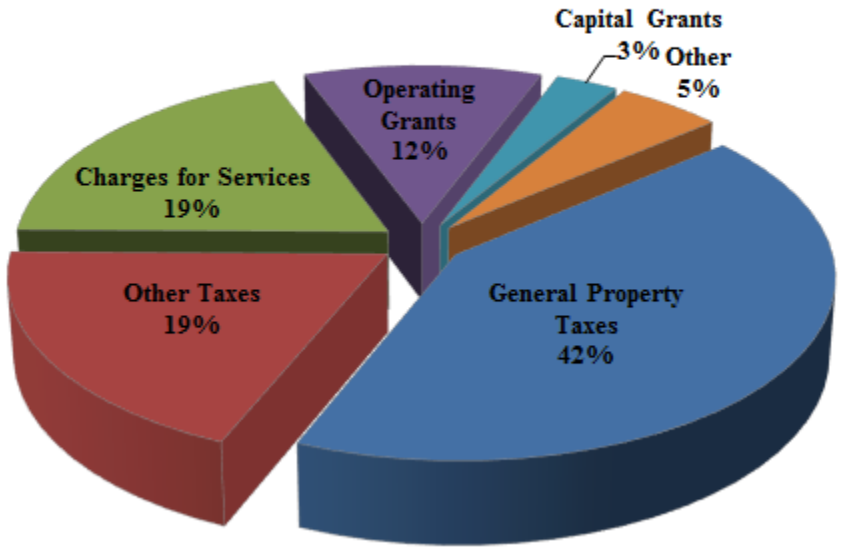
The City's total revenues were $1.6 billion, an increase of $28.2 million over the revenues from prior year. These revenues consist of program and general revenues. Program revenues are derived from the program itself and reduce the reliance on the City's general revenues; these include charges for services, operating and capital grants and contributions. General revenues are all other revenues and include property and other taxes, and interest earnings.

For *Governmental Activities*, program revenues totaled $310.9 million, compared to $305.0 million from the prior year. The increase is primarily due to increased receipts from the Commonwealth for support towards roads maintenance and federal and state receipts received for various grants.

General revenues totaled $1.1 billion. This represents an increase of $25.3 million over the prior year due to higher revenues in property taxes, which is the largest revenue sources for the City at 42.4% of total.

Business-type Activities generated program and general revenues of $248.3 million, primarily from charges for services ($215.0 million), a decrease of 1.2% from prior year.

Figure 2: Revenues by Source - Primary Government as of June 30, 2019



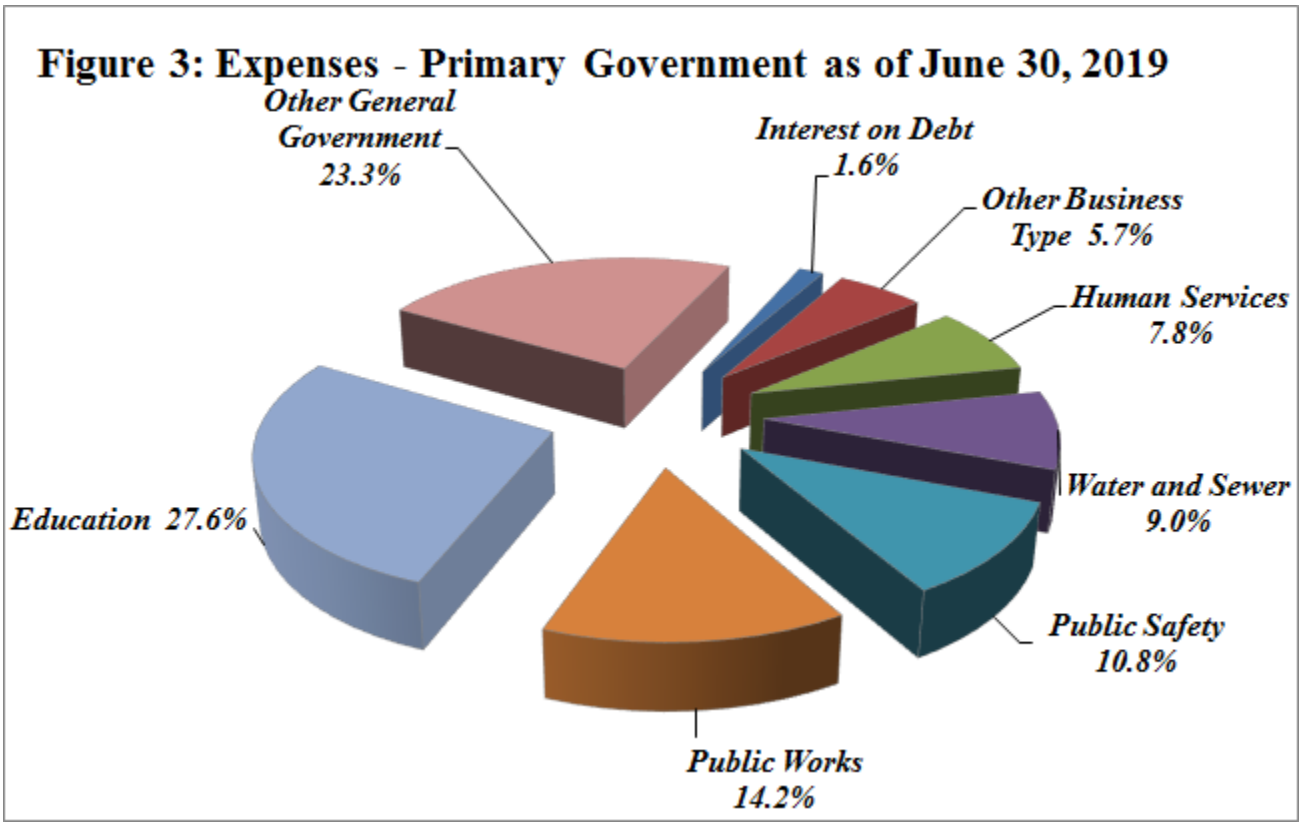
Expenses

The City's total cost of all programs and services was $1.6 billion, an $80.6 million increase over expenses from the prior year. Figure 3 shows the breakdown of major expenses by function.

Expenses (before transfers) for *Governmental Activities* totaled $1.3 billion, an increase of $59.0 million over the prior year. The increase in current year expenses was mainly due to the retirement of the Housing Resource Center when ownership was transferred to the Virginia Beach Development Authority, totalling $23.6 million and increased beach restoration expenses of $4.6 million for Sandbridge and the Oceanfront beach restoration projects. The expenses also reflect a 2% general pay raise for full-time employees, funding to address salary vertical compression and new full-time positions in support of public safety, public works, human services, and housing functions.

Education continues to be one of the City's highest priorities and commitments. The City's funding for education totaled $430.8 million (net of the adjustment to account for the tenancy-in-common legislation). This amount represents an increase of $7.3 million over prior year due to additional funding for all-day kindergarten and to continue the expansion of the pre-kindergarten program.

Expenses for the *Business-type Activities* include those related to water, sewer, storm water, and waste management utility services as well as parking operations and certain economic development functions (blended component unit). For the current fiscal year these totaled $229.1 million, a $21.7 million increase from prior year. This increase is due to the $20 million payment to the City of Norfolk as part of the Lake Gaston water services agreement.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the total fund balance for the City's governmental funds was $597.8 million, compared to $668.0 million in the prior fiscal year, a decrease of $70.2 million. This decrease was due to less cash in the general government capital projects fund as of June 30, 2019 due to an increase in expenditures and no bond sales taking place in the current fiscal year.

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

- $11.0 million is nonspendable which consists of loans and inventories in the General Fund of $10.9 million and $47,307 of inventories in nonmajor special revenue funds.

- $56.1 million is restricted, which can be spent only for the specific purposes stipulated by external providers, such as grantors or restricted through legislation. In the General Fund this amount is for community services programs ($2.9 million). Non major governmental funds consisted mainly of debt service costs ($37.6 million) and other federal and state grants funds ($15.6 million).

- $329.0 million is committed, which can only be used for the specific purposes imposed by the formal action of City Council.
  The General Fund committed balance of $17.3 million for education remained the same as the previous year. The non major governmental funds consisting of $28.5 million for convention and visitor development, $14.1 million for the agriculture reserve program activities, $19.4 million for partks and recreation and other smaller amounts in the special revenue funds of $8.4 million.
  Included in the committed fund balance is $241.3 million for the capital improvement programshich consisted of:

  - Engineering and Highways - $70.2 million
  - Buildings - $66.8 million
  - Parks & Recreation - $5.3 million
  - Coastal - $2.4 million
  - Economic and Tourism - $62.8 million
  - General Government - $33.8 million

- $80.4 million is assigned, which applies to amounts that are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For example, this amount includes $18.3 for the fiscal year 2019's capital program and $30.1 for education, which includes $26.8 million of unspent funding by the schools and reverted to the City.
  $121.3 million is unassigned, which is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

Items to be noted include:

- Real estate taxes of $586.4 million increased by $18.8 million from prior year. Real estate revenues are the City's single largest revenue source and comprised 42.5% of total revenues received for the year. This is mainly due to an increase of 3.2% in real estate assessed values. The real estate tax allocated to fund Storm Water CIP projects increased $1.2 million in current fiscal year to $6.6million.

- Revenues recorded for personal property taxes of $106.0 million were lower than prior year by $2.1 million. The City continues to receive PPTRA (personal property tax relief program) reimbursements from the State of $53.4 million, which are reported as state revenues.

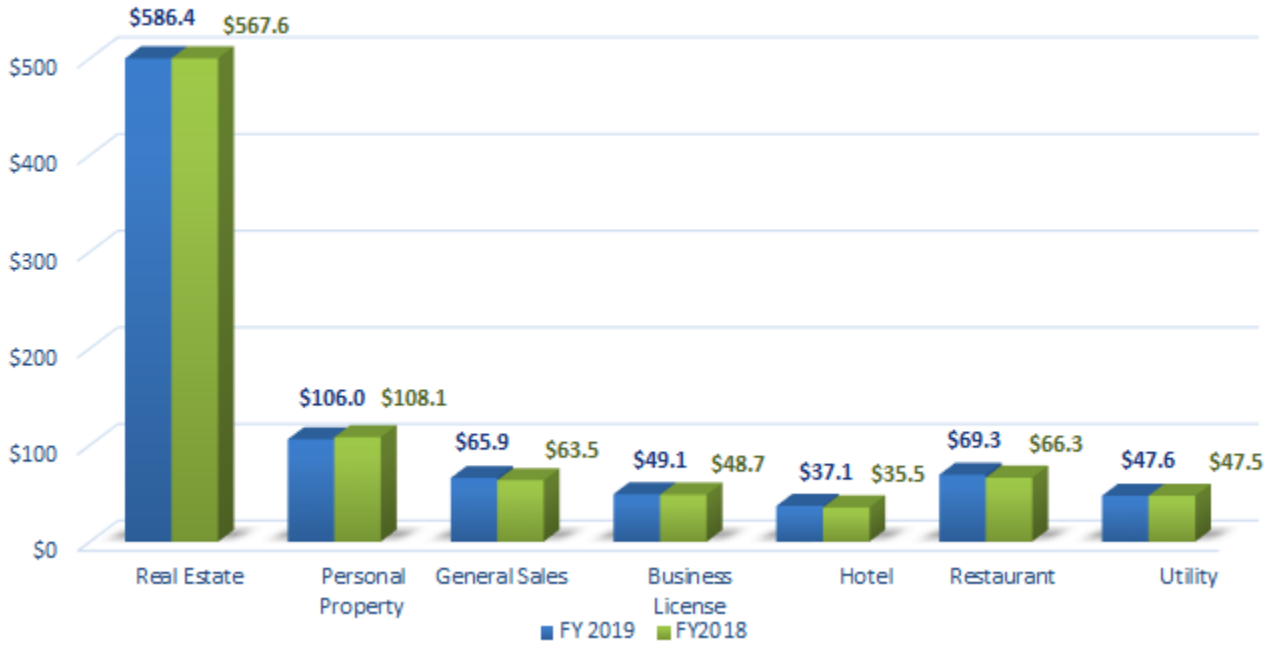
- Other Taxes revenue category, which includes taxes on general sales, utility purchases, cigarettes, hotel rooms, restaurant meal, amusement, business licenses, deeds, wills, and automobile licenses totaled $309.0 million. This represents an $5.5 million increase over the previous year mainly due to improved performance in sales, business license, meal, and hotel taxes.

- Federal and state funding of $258.5 million, compares favorable to prior year's $265.5 million.

- Full-time city employees received a 2% pay increase (1% general pay raise and a 1% merit raise).

- Revenues received in the capital projects fund from the federal and state governments were $8.4 million and $8.6 million, respectively, which were mostly in support of transportation projects. The capital projects fund received cash funding totaling $76.0 million from the General Fund, other special revenue funds, and the Parking Enterprise Fund.

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



Proprietary funds

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

Notable items are as follows:

- The Water and Sewer fund's net position decreased by $8.7 million due to a one-time $20 million payment required under a support agreement with the City of Norfolk. The fund continues to reflect strong financial management and the continuing acquisition and construction of capital assets to help address continued compliance with federal consent order on sanitary sewer overflows.

- The net position for the Storm Water fund increased by $14.3 million, which provides funding to continue addressing backlogs in the areas of flood control and water quality over the next several years. In the current fiscal year, the equivalent residential unit fee increased from .458 cents to .483 cents per day.

- The net position for the Waste Management fund, increased by $1.3 million. The fund accounts for the annual operating expenses of the waste management functions, including recycling activities, waste collection, and disposal at the landfill.

The net position for the Development Authority, which is the City's blended component unit, increased by $33.1 million mainly due to the contribution from the City of the Housing Resource Center building and land ($23.6 million) and decrease of long term liabilities ($7.6 million).

GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Final budget amounts were often greater than original amounts due to the re-appropriation of prior year encumbrances which were completed in the current fiscal year. During the fiscal year, City Council approved various modifications to the original adopted budget. Major budget adjustments include:

  ⇒ $5.6 million to the School's operating fund for the purchase of buses ($4.3 million), technology projects ($1.3 million), and other various expenditures for the Schools.

  ⇒ $6.8 million to be reserved in the School's reserve special revenue fund to cover possible shortfalls in fiscal year 2019.

  ⇒ $7.9 million for general employees compensation increases.

Compared to the prior year, most of the general fund revenues trended favorably, especially property tax revenues ($1.6 million) and the use of money interest earned ($5.9 million).
General fund expenditures totaled $1,171.3 million, which was $80.6 million less than appropriated.

- Significant positive variances were the result of the following:

  ⇒ Human Services ($6.3 million) - due to lower expenditures in personnel charges ($5.1 million) and a decrease in professional medical health services ($1 million).

  ⇒ Public Works ($13.7 million) - due to savings in personnel charges ($1.2 million), timing of pavement

maintenance projects that were not completed during the fiscal year ($3.8 million), and surplus funding from Sandbridge TIF to General Fund not completed during fiscal year ($8 million).

⇒ Education ($33.6 million) - mainly due to $26.8 million of unspent funding received from the City's general fund which was returned at year-end. This amount will be submitted to City Council in the next fiscal year for re-appropriation to the Schools' funds.

At the end of the fiscal year, unassigned fund balance for the general fund was $121.3 million or 10.23% of next fiscal year's budgeted revenues, and is within City Council policy.

CAPITAL ASSETS

During the current fiscal year, the City's investment in capital assets of $4.6 billion increased by $45 million from prior year (Table 3). This investment includes a broad range of capital assets (e.g. land, equipment, buildings, park facilities, roads, bridges, water and sewer lines, and construction in progress).

Major capital projects placed in service during the year included:

- Lesner Bridge Replacement ($6.7 million) – This project replaced the Lesner Bridge with two lanes of traffic in each direction and a 10 foot multi-use path on each span. The $6.6 million is in addition to the $101.0 million asset that was recorded in the bridge infrastructure in fiscal year 2018 for a total of $107.6 million.

- Sewer Pump Station Modifications ($9.9 million) - This project provided upgrades or replacement of pump stations experiencing hydraulic and mechanical problems; as well as, stations subjected to corrosion and odor problems. Upgrades to non-routine pump station activities, such as electrical and ventilation. This project is continuous in nature and is aligned with City Council Goal 10, Modernize City Assets and Infrastructure.

- Storm Water Lake Management project ($5.6 million) - This project provided for funding for the design, construction, and maintenance of city lakes to include dredging, structural repair or upgrade to dams and spillways, aerators, culverts, outfalls, acquisition of necessary easements and rights-of entry and other maintenance activities as necessary to support the function of the more than 700 lakes within the City. Some of the major lakes planned for maintenance include Brigadoon, Green Run, West Lake Pembroke, Windsor Oaks West and Stafford Chase.

- Storm Water Rehabilitation and Improvements ($6.9 million) - This project provided for the inspection, evaluation and rehabilitation of the storm water infrastructure throughout the City with emphasis in neighborhoods which had reported storm water system needs. Some of the major neighborhoods planned for rehabilitation during this phase include: Green Run, Glenwood, Pine Ridge/MiddleOaks/Hunt Club Forest/Strawbridge, Level Green , Kings Grant, Magic Hollow, and Fairfield. The purpose is to establish, implement and track performance measures of these infrastructures.

- The 19th Street Infrastructure Improvements ($5.0 million) - This project provided streetscape improvements including wider sidewalks, street tress and under grounding of overhead utilities. The project is approximately four blocks and extends from Parks Avenue to Arctic Avenue. This project is part of the Resort Area Strategic Action Plan.

Construction in progress expenditures for the fiscal year totaled $180.4 million for general government, $32.1 million for water/sewer and $37.8 million for storm water projects.
Major current year general government expenditures include:

- Virginia Beach Sports Center ($22.7 million) is an indoor facility that can accommodate year round venue for tournaments and leagues
- Funding for the replacement of the current Lesner Bridge ($6.7 million)
- Housing Resource Center, a new facility that will provide shelter and services to homeless persons and those at risk of homelessness ($2.1 million)

- Witchduck Road project to improve capacity ($7.0 million)
- Indian River/Kempsville Road project to improve capacity ($6.7 million)
- Virginia Aquarium Marine Animal Care Center ($7.1 million), a new City owned facility
- Sandbridge Beach Restoration ($21.7 million); Beach Replenishment ($8.0 million), resort beach replenishment from Rudee Inlet to 89th Street
- Burton Station Roadway Improvements ($6.5 million) to provide infrastructure necessary to promote future development

Water/sewer utility projects include expenditures for sanitary sewer pump modifications ($9.6 million), sanitary sewer system revitalization ($2.7 million), and upgrades to the sewer pump station flow monitor/data storage ($4.0 million).
Storm water utility projects include expenditures for maintenance of city lakes, including dredging and structural repairs/upgrades of dams and spillways ($5.6 million), and utility infrastructure rehabilitation and improvements to minimize flooding ($6.2 million).

Table 3
Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Non-Depreciable Assets:						
Land	$ 1,023.0	$ 1,015.0	$ 171.5	$ 167.4	$ 1,194.5	$ 1,182.4
Agriculture Reserve Program	47.7	46.1	-	-	47.7	46.1
Construction in Progress	228.7	168.5	54.9	41.0	283.6	209.5
Other Capital Assets:						
Infrastructure	2,308.0	2,291.6	-	-	2,308.0	2,291.6
Buildings	1,098.7	1,125.5	165.0	139.0	1,263.7	1,264.5
Machinery and Equipment	337.1	320.2	63.4	60.1	400.5	380.3
Utility System	-	-	1,476.6	1,426.5	1,476.6	1,426.5
Site Improvements	333.3	320.0	1.1	1.1	334.4	321.1
Less: Accumulated Depreciation	(2,080.8)	(1,976.7)	(671.8)	(633.6)	(2,752.6)	(2,610.3)
Totals	$ 3,295.7	$ 3,310.2	$ 1,260.7	$ 1,201.5	$ 4,556.4	$ 4,511.7

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

LONG TERM LIABILITIES

At the end of the fiscal year 2019, the City had $1.2 billion in bonds and notes outstanding and $675.5 million in other liabilities for a total of $1.8 billion (Table 4).

The state constitution limits the amount of general obligation debt a governmental entity may issue to 10% of the total assessed value of real property. At the end of the fiscal year, the City's assessed value of real property was $57.5 billion, which makes the City's debt less than the current debt limitation of $5.8 billion.

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

Existing Water and Sewer Revenue Bonds were last affirmed in 2018 at AAA rating by Fitch on the City's $193.0 million in outstanding bonds. In February 2019 the City's Storm Water Utility Revenue Bonds for the Series 2019 Revenue Bonds totaling $29.5 million from Fitch Ratings at AAA and Moody's Investors Service at Aa1. Moody's upgrading its rating from "Aa2" based on the financial performance of the City and the Storm Water Utility System.

No General Obligation or Public Facility Revenue bond sales occurred during FY 2019.

Estimated claims and judgments reflect estimated unpaid losses and ALAE (allocated loss adjustment expenses) as of the end of the year. The projected liability by line of business consists of 85.0% for workers compensation, 13.2% for general liability, and 1.8% for automobile liability. Landfill closure and post-closure care liability of $21.3 increased $0.5 million during the current fiscal year due to inflation.

Table 4
Long Term Liabilities
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation Bond	$ 541.6	$ 598.5	$ -	$ -	$ 541.6	$ 598.5
State Literary Fund Loans	1.1	1.5	-	-	1.1	1.5
Public Facility Revenue Bonds	239.0	266.5	58.3	65.6	297.3	332.1
Revenue Bonds	-	-	262.5	244.0	262.5	244.0
Agriculture Reserve Program	47.7	46.1	-	-	47.7	46.1
Sub-total	829.4	912.6	320.8	309.6	1,150.2	1,222.2
Other Long-Term Liabilities:						
Landfill Closure & Post-closure Care	21.3	20.9	-	-	21.3	20.9
Premium/Discount on Bonds Sold	81.7	92.3	18.9	18.8	100.6	111.1
Net Pension Liability	316.9	319.3	30.8	30.9	347.7	350.2
Net OPEB Liability	109.3	99.1	6.7	6.5	116.0	105.6
Accrued Compensated Leave	43.8	43.8	4.7	5.0	48.5	48.8
Estimated Claims & Judgments	41.4	40.9	-	-	41.4	40.9
	614.4	616.4	61.1	61.2	675.5	677.6
Totals	$ 1,443.8	$ 1,528.8	$ 381.9	$ 370.8	$ 1,825.7	$ 1,899.8

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

The above indicators were taken into account when adopting the budget for fiscal year 2020. The adopted budget includes the following highlights:

- The combined operating budgets for the City and Schools total $2.1 billion, which represents a 3.65% overall increase over the adjusted budget for fiscal year 2019. The total budget supports $1.1 billion in City programs and $938.2 million in School's programs.

- Provides a 3% pay increase for City and Schools employees and includes $4.5 million for implementation of a Public Safety Pay System expansion.

- The funding provided by the City to the Schools totals $447.6 million which includes $30.0 million of dedicated real estate tax. The City allocates funding to the Schools via a revenue sharing formula.

- Real estate tax revenues are budgeted at $605.7 million, an increase of 4.8% over prior year. This increase is attributable to increases in the assessment value of homes and new development and an increase in the real estate tax rate of 1.5 cents to bring the rate up to $1.0175 per $100 of assessed value.

- Personal property tax revenues increased 2.4% to $163.5 million. There was no change in the personal property tax rate of $4.00 per $100 of assessed value.

- Hotel tax budgeted revenues total $37.9 million, an increase of 1.7% over the prior year. There are two components making up this revenue: the 8% hotel tax rate and the flat tax, which generates an additional $2 per room night.

- The fiscal year 2020 budget adopted a 3.5 cent increase in the storm water daily ERU (equivalent residential units) rate. This daily rate increased to $0.493 cents per ERU. This was part of a series of rate increases of 3.5 cents each year, through fiscal year 2025.

- The adopted Capital Improvement Program (CIP) for fiscal years 2020 through 2025 established six-year programmed funding of $3.2 billion. For year one, the amount appropriated was $388.5 million. The six-year program provides scheduled funding for the construction of projects for roadways ($749.9 million), storm water ($644.8 million), utilities ($315.8 million), schools ($413.2 million), economic and tourism development ($333.2 million), and other projects.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
ASSETS					
Cash and Investments	$ 558,879,894	$ 161,038,404	$ 719,918,298	$ 169,763,971	$ 1,250,558
Restricted Cash & Cash Equivalents	42,494,636	97,006,980	139,501,616	-	-
Receivables (net)	82,056,293	29,877,337	111,933,630	2,725,143	3,686,041
Due from Other Governments	100,908,826	179,372	101,088,198	21,860,189	48,543
Internal Balances	(9,351,047)	9,351,047	-	-	-
Inventories	6,367,394	2,997,848	9,365,242	509,499	-
Other Assets	149,643	-	149,643	1,084,119	600
Land Held for Resale	-	43,873,058	43,873,058	-	877,740
Capital assets (net of accumulated depreciation):					
Land and Improvements	1,070,667,716	171,523,241	1,242,190,957	38,968,372	8,838,960
Buildings and Improvements	759,779,744	110,607,198	870,386,942	424,532,756	16,812,360
Improvements other than Buildings	220,137,436	1,043,020	221,180,456	18,800,003	-
Machinery and Equipment	71,565,838	16,561,453	88,127,291	45,910,635	67,809
Infrastructure	944,773,210	906,054,906	1,850,828,116	-	-
Construction in Progress	228,742,905	54,898,311	283,641,216	65,245,069	-
Total Capital Assets	3,295,666,849	1,260,688,129	4,556,354,978	593,456,835	25,719,129
Total Assets	4,077,172,488	1,605,012,175	5,682,184,663	789,399,756	31,582,611
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows from Pensions	50,358,762	4,871,289	55,230,051	75,221,000	-
Deferred Outflows from OPEB	24,428,376	1,735,132	26,163,508	28,753,000	-
Deferred Outflows from Debt Refunding	3,358,182	594,017	3,952,199	-	-
Total Deferred Outflows of Resources	78,145,320	7,200,438	85,345,758	103,974,000	-
LIABILITIES					
Accounts Payable	70,784,965	26,695,987	97,480,952	28,052,139	54,038
Accrued Liabilities	11,574,665	4,367,380	15,942,045	71,860,469	239,523
Due to Other Governments	156,986	-	156,986	18,559,800	-
Long-term Liabilities:					
Long Term Liabilities Due Within One Year	129,463,288	24,009,847	153,473,135	25,094,376	2,344,167
Compensated Absences (net of amount due within one year)	20,098,438	1,749,799	21,848,237	22,676,446	-
Claims and Contingencies (net of amount due within one year)	32,772,074	-	32,772,074	4,506,790	-
Bonds and Notes Payable (net of amount due within one year)	813,989,649	318,727,958	1,132,717,607	-	18,626,455
Landfill	21,306,528	-	21,306,528	-	-
Net Pension Liability	316,893,889	30,653,697	347,547,586	609,201,000	-
Net OPEB Liability	109,285,891	6,749,495	116,035,386	168,666,000	-
Total Liabilities	1,526,326,373	412,954,163	1,939,280,536	948,617,020	21,264,183
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows from Pensions	15,160,465	1,466,496	16,626,961	76,004,000	-
Deferred Inflows from OPEB	9,606,756	317,594	9,924,350	5,454,000	-
Deferred Inflows from Property Taxes	2,614,503	-	2,614,503	-	-
Deferred Inflows from Debt Refunding	3,892,378	909,041	4,801,419	-	-
Total Deferred Inflows of Resources	31,274,102	2,693,131	33,967,233	81,458,000	-
NET POSITION					
Net Investment in Capital Assets	2,382,782,109	920,273,999	3,303,056,108	593,456,835	6,514,226
Restricted for:					
Future Debt Service	37,618,680	21,372,865	58,991,545	-	-
Special Projects	29,429,305	3,805,853	33,235,158	21,722,834	-
Unrestricted (Deficit)	147,887,239	251,112,602	398,999,841	(751,880,933)	3,804,202
Total Net Position	$ 2,597,717,333	$ 1,196,565,319	$ 3,794,282,652	$ (136,701,264)	$ 10,318,428

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
Primary Government:									
Governmental Activities:									
Legislative	$ 1,137,306	$ -	$ -	$ -	$ (1,137,306)	$ -	$ (1,137,306)	$ -	$ -
Executive	4,989,525	17	-	-	(4,989,508)	-	(4,989,508)	-	-
Law	4,398,166	-	-	-	(4,398,166)	-	(4,398,166)	-	-
Finance	19,369,244	1,412,605	1,533,584	-	(16,423,055)	-	(16,423,055)	-	-
Human Resources	12,409,897	30,720	-	-	(12,379,177)	-	(12,379,177)	-	-
Judicial	63,543,647	5,439,707	24,636,982	-	(33,466,958)	-	(33,466,958)	-	-
Health	3,702,796	-	115,718	-	(3,587,078)	-	(3,587,078)	-	-
Police	97,153,874	2,897,398	1,195,292	-	(93,061,184)	-	(93,061,184)	-	-
Human Services	121,506,719	26,226,827	61,770,647	-	(33,509,245)	-	(33,509,245)	-	-
Public Works	221,572,129	4,244,989	46,892,283	7,402,146	(163,032,711)	-	(163,032,711)	-	-
Parks & Recreation	53,773,326	17,445,906	4,138,338	-	(32,189,082)	-	(32,189,082)	-	-
Library	16,876,449	557,576	242,215	-	(16,076,658)	-	(16,076,658)	-	-
Planning	18,951,218	5,051,831	-	-	(13,899,387)	-	(13,899,387)	-	-
Agriculture	3,429,550	135,819	-	-	(3,293,731)	-	(3,293,731)	-	-
Economic Development	2,460,004	16,500	1,925,000	-	(518,504)	-	(518,504)	-	-
Convention & Visitor Development	30,880,566	5,334,377	-	-	(25,546,189)	-	(25,546,189)	-	-
Information Technology	38,010,079	1,929,125	-	-	(36,080,954)	-	(36,080,954)	-	-
Emergency Communications and Citizen Services	8,883,445	141,396	1,543,821	-	(7,198,228)	-	(7,198,228)	-	-
Boards and Commissions	28,038,995	-	83,077	-	(27,955,918)	-	(27,955,918)	-	-
Fire	59,205,902	480,369	2,604,005	-	(56,121,528)	-	(56,121,528)	-	-
Budget and Management Services	1,263,505	-	-	-	(1,263,505)	-	(1,263,505)	-	-
Education	430,808,133	-	-	-	(430,808,133)	-	(430,808,133)	-	-
Housing & Neighborhood Preservation	31,587,077	247,121	22,119,108	-	(9,220,848)	-	(9,220,848)	-	-
Museums	11,115,822	10,181,856	-	-	(933,966)	-	(933,966)	-	-
Emergency Medical Services	13,018,124	161,923	423,369	-	(12,432,832)	-	(12,432,832)	-	-
General Government	8,269,691	17,187,437	20,155,795	15,011,243	44,084,784	-	44,084,784	-	-
Interest and Fiscal Charges	24,541,657	-	-	-	(24,541,657)	-	(24,541,657)	-	-
Total Governmental Activities	1,330,896,846	99,123,499	189,379,234	22,413,389	(1,019,980,724)	-	(1,019,980,724)	-	-
Business-type Activities:									
Water and Sewer	139,843,870	127,220,550	-	227,609	-	(12,395,711)	(12,395,711)	-	-
Storm Water	38,120,181	42,192,454	-	753,110	-	4,825,383	4,825,383	-	-
Waste Management	34,569,612	34,050,587	45,382	-	-	(473,643)	(473,643)	-	-
Development Authority	12,383,812	6,115,757	-	26,143,356	-	19,875,301	19,875,301	-	-
Parking	4,211,205	5,408,631	-	-	-	1,197,426	1,197,426	-	-
Total Business-type Activities	229,128,680	214,987,979	45,382	27,124,075	-	13,028,756	13,028,756	-	-
Total Primary Government	1,560,025,526	314,111,478	189,424,616	49,537,464	(1,019,980,724)	13,028,756	(1,006,951,968)	-	-
Component Units:									
Virginia Beach School Board	798,328,855	14,535,577	164,873,615	-				(618,919,663)	-
Virginia Beach Community Development Corporation	6,079,641	3,655,765	1,254,084	-				-	(1,169,792)
Total Component Units	$ 804,408,496	$ 18,191,342	$ 166,127,699	$ -	$ -	$ -	$ -	$ (618,919,663)	$ (1,169,792)

Net (Expenses) Revenues and Changes in Net Position (continued)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Community Development Corporation
General Revenues:					
Taxes:					
Real Estate Property Taxes	$ 592,461,298	$ -	$ 592,461,298	$ -	$ -
Personal Property Taxes	103,745,257	-	103,745,257	-	-
Sales	65,946,655	-	65,946,655	-	-
Utility	47,636,484	-	47,636,484	-	-
Business Licenses	49,129,284	-	49,129,284	-	-
Meal	69,540,210	-	69,540,210	-	-
City Tax on Deeds and Wills	7,809,055	-	7,809,055	-	-
Cigarette	10,309,971	-	10,309,971	-	-
Automobile Licenses	11,232,389	-	11,232,389	-	-
Amusement	7,295,403	-	7,295,403	-	-
Lodging	37,085,103	-	37,085,103	-	-
Bank Stock	3,607,656	-	3,607,656	-	-
Total City Taxes	1,005,798,765	-	1,005,798,765	-	-
Grants and contributions	53,412,868	-	53,412,868	268,157,818	-
Investment earnings	15,272,598	5,046,919	20,319,517	948,952	129,221
Miscellaneous	7,464,961	997,384	8,462,345	5,784,893	247,262
Transfers	(22,248,564)	22,248,564	-	402,681,270	-
Total General Revenues and Transfers	1,059,700,628	28,292,867	1,087,993,495	677,572,933	376,483
Change in Net Position	39,719,904	41,321,623	81,041,527	58,653,270	(793,309)
Net Position - Beginning	2,557,997,429	1,155,243,696	3,713,241,125	(195,354,534)	11,111,737
Net Position - Ending	$ 2,597,717,333	$ 1,196,565,319	$ 3,794,282,652	$ (136,701,264)	$ 10,318,428

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

CITY OF VIRGINIA BEACH, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 187,650,104	$ 242,027,061	$ 83,236,495	$ 512,913,660
Cash and Investments - Restricted	-	-	42,494,636	42,494,636
Cash Advances	101,732	-	-	101,732
Receivables (net of allowance for collectibles, where applicable):				
Property Tax	41,731,984	-	-	41,731,984
Accounts	1,910,430	-	172,794	2,083,224
Loans	6,405,959	-	5,030,449	11,436,408
Due from:				
Due from Other Funds	475,348	-	40,558	515,906
Due from School Board	-	18,465,046	-	18,465,046
Due from Commonwealth	67,534,508	2,338,306	1,863,270	71,736,084
Due from Federal Government	454,253	7,868,778	2,383,574	10,706,605
Inventories	4,528,677	-	47,307	4,575,984
Total Assets	310,792,995	270,699,191	135,269,083	716,761,269
LIABILITIES				
Vouchers and Accounts Payable	39,274,481	21,245,026	7,806,805	68,326,312
Deposits Payable	1,814,560	-	-	1,814,560
Due to Other Funds	-	8,032,632	478,065	8,510,697
Intergovernmental Payables	100,400	89,028	-	189,428
Unearned Revenue	338,296	-	1,088,945	1,427,241
Total Liabilities	41,527,737	29,366,686	9,373,815	80,268,238
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	38,685,462	-	-	38,685,462
Total Deferred Inflows of Resources	38,685,462	-	-	38,685,462
FUND BALANCES				
Nonspendable:				
Nonspendable Inventories	4,528,677	-	47,307	4,575,984
Loans Receivable	6,405,959	-	-	6,405,959
Restricted for:				
Debt Service	-	-	37,618,680	37,618,680
Community Services Board	2,901,470	-	-	2,901,470
General Government	-	-	1,528,241	1,528,241
Housing and Community Development	-	-	8,171,741	8,171,741
Judicial	-	-	401,752	401,752
Public Safety	-	-	2,806,690	2,806,690
Special Service District	-	-	2,637,468	2,637,468
Committed to:				
Agriculture	-	-	14,058,606	14,058,606
Convention and Visitor Development	-	-	28,483,986	28,483,986
Education	17,299,308	-	77,116	17,376,424
Judicial	-	-	822,253	822,253
Capital Improvement Program:				
Engineering and Highways	-	70,199,827	-	70,199,827
Buildings	-	66,791,748	-	66,791,748
Parks and Recreation	-	5,274,121	19,428,196	24,702,317
Coastal	-	2,383,193	-	2,383,193
Economic and Tourism	-	62,821,878	-	62,821,878
General Government	-	33,861,738	-	33,861,738
Tax Increment Financing	-	-	7,451,572	7,451,572
Assigned to:				
Agriculture	-	-	381,404	381,404
Education	30,088,152	-	1,961	30,090,113
Judicial	-	-	522,500	522,500
Public Safety	-	-	897,597	897,597
Parks and Recreation	-	-	27,000	27,000
Special Service District	-	-	531,198	531,198
General Government	26,776,907	-	-	26,776,907
Capital Improvement Program - General	18,274,339	-	-	18,274,339
Risk Management	3,000,000	-	-	3,000,000
Unassigned	121,304,984	-	-	121,304,984
Total Fund Balances	230,579,796	241,332,505	125,895,268	597,807,569
Total Liabilities, Deferred Inflows, and Fund Balances	$ 310,792,995	$ 270,699,191	$ 135,269,083	$ 716,761,269

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

CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Fund Balances - Governmental funds (Exhibit 3)		$ 597,807,569
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		3,294,383,405
Other long-term assets are not available to pay for current period expenditures and therefore are offset by unearned revenue in the governmental funds.		65,993,428
Deferred Inflows and Outflows of Resources used to reflect deferred gains and losses on debt refunding bonds are not reported in the governmental funds.		(534,196)
Deferred Inflows and Outflows of Resources used to reflect differences between expected and actual earnings on pension plan investments and other postemployment benefits are not reported in the governmental funds (net of ISF).		48,999,328
Deferred Inflows of Resources used to reflect Property Taxes Levied in current year for subsequent year		(2,614,503)
Internal Service Funds (ISF) are used by management to charge the costs of risk management, information technology, and city garage to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. (Exhibit 1)		(2,529,384)
Services provided by the general government to business-type activities are not included in the entity-wide statements. The elimination decreases net position.		1,018,142
Internal service fund amounts payable to the general government are eliminated from the Statement of Net Position. However, the amount due from business-type activities for the Internal Service Funds loss charge back is included.		(1,356,256)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
General Obligation Bonds	(541,574,435)	
Net Pension Liability (net of ISF)	(310,394,749)	
Net Other Postemployment Benefits Liability (net of ISF)	(107,863,584)	
State Literary Fund Loans	(1,125,000)	
Accrued Interest on Bonds Sold	(9,768,634)	
Agriculture Reserve Strips	(47,710,144)	
Public Facility Revenue Bonds	(238,982,892)	
Premium on Bonds Sold	(81,674,907)	
Compensated Absences (annual and sick leave) (net of ISF)	(43,049,327)	
Landfill Closure and Post-Closure Care	(21,306,528)	(1,403,450,200)
Total Net Position - Governmental Activities (Exhibit 1)		$ 2,597,717,333

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
General Property Taxes:				
Real Estate property taxes	$ 539,797,183	$ -	$ 46,610,601	$ 586,407,784
Personal property taxes	106,029,083	-	-	106,029,083
Other Local Taxes	246,973,450	-	62,070,906	309,044,356
Fines and Forfeitures	5,052,135	-	732,315	5,784,450
Permits, Privilege Fees, and Regulatory Licenses	4,722,053	-	226,920	4,948,973
From Use of Money and Property	13,669,357	242,399	6,854,387	20,766,143
Charges for Services	54,323,221	15,225	20,456,479	74,794,925
Miscellaneous	5,842,718	3,416,037	3,986,343	13,245,098
From Commonwealth	163,410,558	8,639,468	24,315,141	196,365,167
From Federal Government	22,588,938	8,417,325	31,079,871	62,086,134
Total Revenues	1,162,408,696	20,730,454	196,332,963	1,379,472,113
EXPENDITURES				
Current Operating:				
Legislative	1,144,252	-	-	1,144,252
Executive	5,013,472	-	-	5,013,472
Law	4,529,203	-	-	4,529,203
Finance	20,044,583	-	-	20,044,583
Human Resources	12,545,582	-	-	12,545,582
Judicial	15,666,340	-	50,243,318	65,909,658
Health	3,483,621	-	233,129	3,716,750
Police	98,802,237	-	593,438	99,395,675
Human Services	116,893,009	-	7,295,913	124,188,922
Public Works	68,794,237	-	3,452,596	72,246,833
Parks and Recreation	14,684,053	-	36,038,968	50,723,021
Library	17,103,105	-	171,193	17,274,298
Planning	18,079,403	-	1,216,648	19,296,051
Agriculture	872,326	-	171,232	1,043,558
Economic Development	5,577,029	-	-	5,577,029
Convention and Visitor Development	9,886,781	-	17,981,409	27,868,190
Information Technology	25,707,312	-	-	25,707,312
Emergency Communications and Citizen Services	9,147,638	-	-	9,147,638
Boards and Commissions	36,875,467	-	-	36,875,467
Fire	57,223,575	-	1,783,563	59,007,138
Budget and Management Services	1,323,859	-	-	1,323,859
Education	401,945,731	-	-	401,945,731
Housing and Neighborhood Preservation	5,322,550	-	26,404,756	31,727,306
Museums	11,318,527	-	-	11,318,527
General Government	-	-	3,641,535	3,641,535
Emergency Medical Services	12,303,253	-	333,883	12,637,136
Capital Outlay	-	180,430,527	-	180,430,527
Debt Service:				
Principal Retirement	35,550,209	-	56,138,826	91,689,035
Interest and Fiscal Charges	16,959,900	-	25,813,386	42,773,286
Total Expenditures	1,026,797,254	180,430,527	231,513,793	1,438,741,574
Excess (Deficiency) of Revenues over (under) Expenditures	135,611,442	(159,700,073)	(35,180,830)	(59,269,461)
OTHER FINANCING SOURCES (USES)				
Transfers In	9,363,097	75,998,048	75,819,397	161,180,542
Transfers Out	(144,499,420)	-	(27,593,498)	(172,092,918)
Total Other Financing Sources (Uses)	(135,136,323)	75,998,048	48,225,899	(10,912,376)
Net Change in Fund Balance	475,119	(83,702,025)	13,045,069	(70,181,837)
Fund Balance at Beginning of Year	230,104,677	325,034,530	112,850,199	667,989,406
Fund Balance at End of Year	$ 230,579,796	$ 241,332,505	$ 125,895,268	$ 597,807,569

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

CITY OF VIRGINIA BEACH, VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net Change in fund balance - total governmental funds (Exhibit 4)		$ (70,181,837)
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This and the net effect of various other transactions involving capital assets increased net position.		
General Government Capital Outlay Expenditures	$ 180,430,527	
General Government Expenditures	(20,251,330)	
Non-Capitalizable Capital Outlay Expenditures	(75,156,473)	
Depreciation on General Government Assets	(107,149,664)	
Contribution of Assets to General Government	7,402,146	
Loss on Disposition of Assets	(2,174,473)	(16,899,267)
Revenues in the fund statements which were subject to accrual in the prior year are additions to beginning net position and, therefore, are not reported as revenues in the Statement of Activities.		5,867,629
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		98,008,918
Certain net expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		54,085
Pension Expense		16,992,374
Other Postemployment Benefits		(521,774)
Internal Service Funds are used by management to charge the costs of fleet management and management systems to individual funds and customers. Losses arising from the internal customers are added as expenditures on the Statement of Activities as charge backs. Revenues and expenditures with outside customers are included also, as are non-operating revenues and expenses. This amount is the effect of reporting internal service funds with governmental activities.		6,399,776
Change in net position of governmental activities (Exhibit 2)		$ 39,719,904

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	**Storm Water**
ASSETS		
Current Assets:		
Cash and Investments	$ 96,147,106	$ 41,357,993
Accounts Receivable - Net	16,296,655	5,425,547
Intergovernmental Receivables	179,372	-
Inventory	2,997,848	-
Total Current Assets	115,620,981	46,783,540
Noncurrent Assets:		
Cash and Investments - Restricted	76,236,917	17,159,453
Due From Other Funds	-	-
Land Held for Resale	-	-
Capital Assets:		
Land	14,164,151	133,293,782
Site Improvements	-	-
Buildings	18,940,552	664,899
Utility System	1,174,891,326	301,589,288
Construction in Progress	20,782,604	32,930,748
Machinery and Equipment	31,538,828	16,754,934
Less: Accumulated Depreciation	(543,754,215)	(79,559,182)
Total Capital Assets	716,563,246	405,674,469
Total Noncurrent Assets	792,800,163	422,833,922
Total Assets	908,421,144	469,617,462
DEFERRED OUTFLOWS OF RESOURCES		
Debt Refundings Resulting in Loss Transactions	-	-
Deferred Outflows for Pensions	2,838,824	1,259,245
Deferred Outflows for OPEB	919,641	452,066
Total Deferred Outflows of Resources	3,758,465	1,711,311
LIABILITIES		
Current Liabilities:		
Vouchers and Accounts Payable	4,529,255	1,492,585
Deposits Payable	126,727	-
Accrued Interest Payable	2,120,062	336,610
Construction Contracts Payable	1,915,214	5,162,907
Unearned Revenue	977,850	-
Current Portion of Long-term Liabilities	12,495,958	3,511,319
Total Current Liabilities	22,165,066	10,503,421
Long-term Liabilties:		
Compensated Absences	771,215	466,445
Claims and Contingencies	-	-
Bonds and Notes Payable	197,040,938	69,082,915
Net Pension Liability	17,863,946	7,924,085
Net OPEB Liability	3,577,318	1,758,489
Total Long-term Liabilities	219,253,417	79,231,934
Total Liabilities	241,418,483	89,735,355
DEFERRED INFLOWS OF RESOURCES		
Debt Refundings Resulting in Gain Transactions	-	-
Deferred Inflows for Pensions	854,625	379,094
Deferred Inflows for OPEB	168,329	82,745
Total Deferred Inflows of Resources	1,022,954	461,839
NET POSITION		
Net Investment in Capital Assets	508,385,657	333,806,171
Restricted for:		
Future Debt Services	17,979,295	3,393,570
Special Projects	-	-
Unrestricted (deficit)	143,373,220	43,931,838
Total Net Position	$ 669,738,172	$ 381,131,579

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

Business-Type Activities - Enterprise Funds				Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
$ 8,374,547	$ 9,943,834	$ 5,214,924	$ 161,038,404	$ 45,966,234
5,080,395	3,074,740	-	29,877,337	-
-	-	-	179,372	1,091
-	-	-	2,997,848	1,791,410
13,454,942	13,018,574	5,214,924	194,092,961	47,758,735
-	3,610,610	-	97,006,980	-
-	8,032,632	-	8,032,632	-
-	43,873,058	-	43,873,058	-
-	24,065,308	-	171,523,241	-
366,891	-	779,517	1,146,408	265,782
-	145,408,109	-	165,013,560	-
-	-	-	1,476,480,614	-
-	1,184,959	-	54,898,311	-
14,416,446	565,065	115,063	63,390,336	6,894,263
(8,027,927)	(39,984,905)	(438,112)	(671,764,341)	(5,876,601)
6,755,410	131,238,536	456,468	1,260,688,129	1,283,444
6,755,410	186,754,836	456,468	1,409,600,799	1,283,444
20,210,352	199,773,410	5,671,392	1,603,693,760	49,042,179
-	594,017	-	594,017	-
729,036	-	44,184	4,871,289	1,032,801
347,913	-	15,512	1,735,132	365,640
1,076,949	594,017	59,696	7,200,438	1,398,441
1,522,566	11,539,927	571,374	19,655,707	2,463,961
-	-	-	126,727	-
-	806,131	-	3,262,803	-
-	-	-	7,078,121	-
-	-	-	977,850	-
533,423	7,449,119	20,028	24,009,847	9,117,643
2,055,989	19,795,177	591,402	55,111,055	11,581,604
491,451	-	20,688	1,749,799	317,027
-	-	-	-	32,772,074
-	52,604,105	-	318,727,958	-
4,587,628	-	278,038	30,653,697	6,499,140
1,353,347	-	60,341	6,749,495	1,422,307
6,432,426	52,604,105	359,067	357,880,949	41,010,548
8,488,415	72,399,282	950,469	412,992,004	52,592,152
-	909,041	-	909,041	-
219,476	-	13,301	1,466,496	310,924
63,681	-	2,839	317,594	66,928
283,157	909,041	16,140	2,693,131	377,852
6,755,411	70,870,292	456,468	920,273,999	1,283,443
-	-	-	21,372,865	-
-	3,805,853	-	3,805,853	-
5,760,318	52,382,959	4,308,011	249,756,346	(3,812,827)
$ 12,515,729	$ 127,059,104	$ 4,764,479	1,195,209,063	$ (2,529,384)
			1,356,256	
			$ 1,196,565,319	

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	**Storm Water**
OPERATING REVENUES		
Charges for Services	$ 123,980,542	$ 42,192,408
Insurance Recovery	17,628	-
Miscellaneous	26,641	46
Total Operating Revenues	124,024,811	42,192,454
OPERATING EXPENSES		
Cost of Goods Sold	27,529,184	-
Personal Services	27,634,871	14,438,620
Contractual Services	6,953,950	4,925,657
Internal Services	2,998,730	1,499,302
Other Charges	19,766,309	8,838,627
Leases and Rentals	-	-
Depreciation	27,818,835	6,458,891
Total Operating Expenses	112,701,879	36,161,097
OPERATING INCOME (LOSS)	11,322,932	6,031,357
NONOPERATING REVENUES (EXPENSES)		
From Commonwealth	-	-
Interest Income	2,980,622	1,226,845
Gain (Loss) From Sale of Assets	319,515	50,731
Payment Under Support Agreement	(20,000,000)	-
Interest and Fiscal Agent Fees	(7,448,299)	(2,112,082)
Total Nonoperating Revenues (Expenses)	(24,148,162)	(834,506)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(12,825,230)	5,196,851
Capital Contributions	4,152,165	673,411
Capital Contributions - Federal Government	-	336,135
Transfers In	-	8,106,383
Transfers Out	-	-
CHANGE IN NET POSITION	(8,673,065)	14,312,780
Total Net Position at Beginning of Year	678,411,237	366,818,799
Total Net Position at End of Year	$ 669,738,172	$ 381,131,579

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

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Business-Type Activities - Enterprise Funds				Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
$ 33,867,592	$ 4,528,878	$ 5,408,631	$ 209,978,051	$ 47,259,722
-	-	125	17,753	213,653
845,848	113,021	3,146	988,702	-
34,713,440	4,641,899	5,411,902	210,984,506	47,473,375
-	-	-	27,529,184	10,589,506
9,486,413	-	548,058	52,107,962	10,323,494
14,652,418	5,916,163	3,065,568	35,513,756	4,085,439
5,479,214	-	49,682	10,026,928	967,176
3,422,980	809,618	313,657	33,151,191	16,438,093
-	-	205,161	205,161	-
2,087,721	3,221,809	28,536	39,615,792	378,063
35,128,746	9,947,590	4,210,662	198,149,974	42,781,771
(415,306)	(5,305,691)	1,201,240	12,834,532	4,691,604
45,382	-	-	45,382	-
95,137	36,713	84,004	4,423,321	989,346
61,564	-	-	431,810	35,475
-	14,628,254	-	(5,371,746)	-
-	(2,436,222)	(579,165)	(12,575,768)	-
202,083	12,228,745	(495,161)	(13,047,001)	1,024,821
(213,223)	6,923,054	706,079	(212,469)	5,716,425
-	26,143,356	-	30,968,932	-
-	-	-	336,135	-
1,476,000	-	68,500	9,650,883	1,801,493
-	-	(440,000)	(440,000)	(100,000)
1,262,777	33,066,410	334,579	40,303,481	7,417,918
11,252,952	93,992,694	4,429,900		(9,947,302)
$ 12,515,729	$ 127,059,104	$ 4,764,479		$ (2,529,384)
			1,018,142	
			$ 41,321,623	

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds	
	Water and Sewer	**Storm Water**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	$ 121,900,576	$ 42,074,321
Receipts from (Payments for) Interfund Services Provided	2,931,850	-
Other Operating Cash Receipts	26,641	46
Cash Payments to Suppliers of Goods and Services	(56,619,020)	(15,187,312)
Cash Payments to Employees for Services	(28,872,878)	(14,939,848)
Net Cash Provided (Used) By Operating Activities	39,367,169	11,947,207
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Intergovernmental Receipts	-	-
Receipts from Other Funds	-	8,106,383
Payments Under Support Agreement	(20,000,000)	-
Payments to Other Funds	-	-
Net Cash Provided (Used) By Noncapital Financing Activities	(20,000,000)	8,106,383
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions	3,924,556	1,009,546
Net Interest on Long-term Debt	(8,702,962)	(558,667)
Acquisition and Construction of Capital Assets	(34,212,514)	(35,274,320)
Proceeds from Sale of Salvage	319,515	50,731
Proceeds from Sale of Bonds	-	29,525,000
Principal Paid on Capital Debt	(9,215,276)	(1,795,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	(47,886,681)	(7,042,710)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends Received	2,980,622	1,226,845
Net Increase (Decrease) in Cash and Investments	(25,538,890)	14,237,725
Cash and Investments, July 1	197,922,913	44,279,721
Cash and Investments, June 30	172,384,023	58,517,446
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	11,322,932	6,031,357
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:		
Depreciation and Amortization Expense	27,818,835	6,458,891
Changes in assets and liabilities:		
Accounts Receivable	(472,085)	(118,087)
Intergovernmental Receivables	1,306,341	-
Inventory	(177,243)	-
Deferred Outflow of Resources	(150,761)	(73,807)
Vouchers and Accounts Payable	549,030	76,274
Deposits Payable	(26,780)	-
Unearned Revenue	284,146	-
Deferred Inflow of Resources	(834,906)	(373,301)
Estimated Claims and Judgments	-	-
Accrued Compensated Leave	(214,598)	(58,737)
Net Pension Liability	(138,271)	(61,334)
Net OPEB Liability	100,529	65,951
Net Cash Provided (Used) By Operating Activities	39,367,169	11,947,207
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions of Capital Assets	$ 227,609	$ -

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

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Business-Type Activities - Enterprise Funds				Governmental Activities
Waste Management	Development Authority	Nonmajor Parking	Totals	Internal Service Funds
$ 34,127,707	$ 4,693,197	$ 5,408,631	$ 208,204,432	$ 47,472,404
-	(1,185,528)	-	1,746,322	-
845,848	37,607	3,271	913,413	-
(23,728,226)	(6,786,330)	(3,726,120)	(106,047,008)	(32,184,337)
(9,717,627)	-	(550,757)	(54,081,110)	(10,066,929)
1,527,702	(3,241,054)	1,135,025	50,736,049	5,221,138
45,382	-	-	45,382	-
1,476,000	-	68,500	9,650,883	1,701,493
-	-	(440,000)	(20,440,000)	-
-	-	(579,165)	(579,165)	-
1,521,382	-	(950,665)	(11,322,900)	1,701,493
-	15,356,837	-	20,290,939	-
-	(2,789,084)	-	(12,050,713)	-
(1,929,046)	-	-	(71,415,880)	(702,380)
61,564	-	-	431,810	35,475
-	-	-	29,525,000	-
-	(7,288,840)	-	(18,299,116)	-
(1,867,482)	5,278,913	-	(51,517,960)	(666,905)
95,137	36,713	84,004	4,423,321	989,346
1,276,739	2,074,572	268,364	(7,681,490)	7,245,072
7,097,808	11,479,872	4,946,560	265,726,874	38,721,162
8,374,547	13,554,444	5,214,924	258,045,384	45,966,234
(415,306)	(5,305,691)	1,201,240	12,834,532	4,691,604
2,087,721	3,317,661	28,536	39,711,644	378,063
260,115	-	-	(330,057)	(971)
-	1,596,449	-	2,902,790	-
-	(205,907)	-	(383,150)	(305,995)
(47,466)	-	(4,557)	(276,591)	(74,995)
(173,614)	(2,643,566)	(92,052)	(2,283,928)	201,872
-	-	-	(26,780)	-
-	-	-	284,146	-
(224,500)	-	(12,477)	(1,445,184)	(301,301)
-	-	-	-	551,491
31,922	-	6,172	(235,241)	18,376
(35,510)	-	(2,152)	(237,267)	(50,306)
44,340	-	10,315	221,135	113,300
1,527,702	(3,241,054)	1,135,025	50,736,049	5,221,138
$ -	$ 26,143,356	$ -	$ 26,370,965	$ -

Exhibit 8

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	Trust Funds	Agency Funds
ASSETS		
Cash and Investments	$ -	$ 467,279
General Account	527	-
Fixed Income	9,271,035	-
Stocks	23,839,804	-
Real Estate	3,090,345	-
Alternative Investments	7,946,602	-
Mutual Funds	2,433,083	-
Stable Value Funds	1,082,224	-
Total Assets	47,663,620	467,279
LIABILITIES		
Vouchers and Accounts Payable	-	467,279
NET POSITION		
Restricted for Pension and OPEB	$ 47,663,620	

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

Exhibit 9

CITY OF VIRGINIA BEACH, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Trust Funds
ADDITIONS	
Contributions From Primary Government	$ 7,894,660
Investment Income (Loss):	
Increase (Decrease) in the Fair Value of Investments	1,965,825
Interest and Dividends	152,937
Total Investment Income (Loss)	2,118,762
Total Additions	10,013,422
DEDUCTIONS	
Benefits	8,163,379
Administrative Expenses	41,576
Total Deductions	8,204,955
Net Increase (Decrease) in Net Position	1,808,467
RESTRICTED NET POSITION:	
Beginning of Year	45,855,153
End of Year	$ 47,663,620

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. The Financial Reporting Entity

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

Blended Component Unit

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

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

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the City, but for which the City is financially accountable, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. These component units are reported in separate columns to emphasize that they are legally separate from the City. All of the component units have a fiscal year end of June 30.

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

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

Joint Venture

Southeastern Public Service Authority (SPSA) - SPSA is a joint venture of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach and the counties of Isle of Wight and Southampton, created for the purpose of providing, operating and maintaining a regional system for the collection, transfer, processing and disposal of solid waste refuse. SPSA is a primary government, with no component units, that is a public body politic and corporate created pursuant to the Virginia Water and Sewer Authorities Act. It is governed by a sixteen (16) member Board of Directors consisting of eight (8) members appointed by the Governor and eight members appointed by each of the member cities or counties. Budgeting and financing of SPSA is subject to the approval of the Board of Directors with each representative having a single vote. SPSA is responsible for its own financial matters, maintains its own books of accounts and is audited annually by independent accountants that it engages. The participating governments do not have an equity interest in SPSA, and accordingly, no equity interest has been reflected in the City's financial statements June 30, 2019. Complete financial statements of the SPSA can be obtained from SPSA, 730 Woodland Drive, Chesapeake, VA 23320.

Jointly Governed Organizations

Hampton Roads Planning District Commission (HRPDC) - A regional planning agency authorized by the Virginia Area Development Act of 1968, it was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. HRPDC performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, plus the counties of Gloucester, Isle of Wight, James City, Southampton, and York. Revenue of the HRPDC is received primarily from local governmental (member) contributions and various state and federal grant programs. The participating governments do not have an equity interest in the HRPDC and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2019. Completed financial statements of the HRPDC can be obtained from the HRPDC, 730 Woodlake Drive, Chesapeake, VA 23320.

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

professional management. The TDC is the governing body of Hampton Roads Transit (HRT).The participating governments do not have an equity interest in the TDC and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2019. Completed financial statements of the TDC can be obtained from the TDC at HRT 509 E 18th Street, Norfolk, VA 23510.

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

Hampton Roads Economic Development Alliance *(*HREDA) The HREDA is a non-profit, initiatives and activities are designed to promote the jurisdictions of Chesapeake, Franklin, Hampton, Isle of Wight, Newport News, Norfolk, Poquoson,, Portsmouth, Southampton County, Suffolk and Virginia Beach, Virginia. The business affairs are managed by a Board of not less than fifty (50) or more than three hundred (300) Directors. The participating governments do not have an equity interest in HREDA and accordingly no equity interest has been reflected in the city's financial statements at June 30, 2019. Separate financial statements are available from the HREDA, 500 Main Street, Suite 1300, Norfolk, VA 23510.

B. Government-Wide and Fund Financial Statements

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

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

The program revenues must be directly associated with the function (public safety, public works, etc.) or a Business-Type activity (water & sewer, waste management, etc.). Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

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

The City reports the following major Governmental Funds:

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

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

The City reports the following major Proprietary Funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

C. Basis of Accounting

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

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

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

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

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

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

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

As a general rule the effects of interfund activity have been eliminated from the government-wide financial statements**.** Exceptions to this general rule are payments in lieu of taxes and other charges between the City's Water and Sewer Function, Storm Water Function, Wate Management Function, Parking 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. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and the City's Internal Service Funds are charges to customers for sales and service. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, personnel, contractual services, land structures and improvements, other charges, internal service charges and depreciation. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

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

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

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

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

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

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

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

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

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

E. Operating Budget Process

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

1. The City Manager is required by the City Charter to present a proposed operating budget at least 90 days before the beginning of each fiscal year which begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper unassigned fund balances. The necessary budget ordinances are also submitted at this time.

2. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment. The notice of the time and place must be published at least seven days prior to the hearing. In addition, City Council holds budget workshops with the City Manager that are open to the media and public.

3. If the proposed operating budget is not legally adopted by the City Council upon one reading of the budget ordinances by June 1, the operating budget is automatically adopted as proposed.

4. The City Manager or the Director of Budget and Management Services is authorized to approve transfers of appropriations in an amount up to $100,000 between any Appropriation Units included in the budget ordinance. The City Manager shall make a monthly report to the City Council of all transfers between $25,000 and $100,000. In addition, the City Manager may transfer, in amounts necessary, appropriations from all Reserves for Contingencies except Reserve for Contingencies - Regular, within the intent of the Reserve as approved by City Council. Additional appropriations require one reading of the ordinance for approval and must be offset by additional estimated revenues and/or a transfer from the proper unassigned fund balances. Additional appropriations that exceed 1% of the total estimated revenues shown in the adopted budget require a public hearing and one reading of the ordinance for approval by City Council.

5. Annual budgets are adopted for the General Fund, Enterprise Funds and all Special Revenue Funds except for Wetlands Board Mitigation, Development Authority and the Grants Consolidated Fund. The City's Capital Project Fund and the Grants Consolidated Fund's budgets are adopted on a project basis. The budgets for these funds are adopted in conformity with generally accepted accounting principles in the United States of America (GAAP).

6. The accounting system is employed as a budgetary management control device to monitor the individual departments or bureaus/divisions within departments. The legal level of budgetary control is at the organizational unit level as noted in the separately issued budget report. Additional controls are exercised administratively on some budget units, personnel positions and capital outlay items and the appropriations related thereto. A budget unit is an activity (e.g. Street Maintenance) of an organizational unit (e.g. Public Works Department). Department Directors are authorized to make spending adjustments within non-controlled accounts (operating support accounts including contractual services, internal service charges, other charges and supplies) that do not exceed the scope or intent of the department's approved budget. The non-controlled accounts for the appropriation unit must balance in total, but do not have to balance individually. The City Manager or the Director of Budget and Management Services is authorized to transfer appropriations up to a maximum of $100,000 through the accrual period.

7. The City Manager or the Director of Budget and Management Services is authorized to change the Estimated Revenues included in the annual Budget Ordinance to reflect expected collections. If the Estimated Revenue in support of an Operating Appropriation Unit declines, the City Manager or the Director of Budget and Management Services is authorized to reduce, subject to any other provision of law, those appropriations to equal the decline in Estimated Revenue. The City Manager shall give prior notice to the City Council of any reduction to total appropriations exceeding $100,000. The notice to City Council shall identify the basis and amount of the appropriation reduction and the Appropriation Units affected.

8. Unexpended appropriations lapse (except for the City Capital Projects and Grants Funds) and are closed to the proper fund balances at the end of each fiscal year (June 30). (However, appropriations for the subsequent fiscal year are increased in the amount necessary to satisfy the outstanding encumbrances at June 30.) The current operating budget ordinance approved by City Council stipulated that the city shall maintain an unassigned General Fund Balance of 8% to 12% of the following years' projected revenues for contingency and emergency situations. These shall not to be used to support appropriations already approved, except upon subsequent authorization by City Council.

9. Capital Projects for the City are budgeted separately from the Operating Budget. Since the City has over three hundred (300) projects in its Capital Improvements Program and an annual limitation (without a referendum) on the amount of bonds that may be issued, allocations for capital projects represent funding by phases of a number of projects based upon their anticipated execution of contractual obligations. The appropriations for the City's Capital Improvement Program require a public hearing and one reading of the ordinance for approval. The accounting, encumbering, and controlling of the funds are based upon the project length of each individual project which may be over several years. Therefore, budgetary comparisons are not presented for Capital Projects in this report. Appropriations reallocated to new or existing capital projects require one reading of the ordinance by City Council for approval.

10. Many of the federal and state grants in the Grants Consolidated Fund are budgeted separately from the Operating Budget and do not parallel the City's fiscal year. Expenditures are restricted by the grantor agency and are subject to financial and compliance audits. Annual revenues and expenditures are reported within the applicable Special Revenue Funds.

11. All expenditures were within existing appropriations for the governmental major funds.

F. Inventories

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

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

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

G. Land and Building Inventory Held For Resale

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

H. Accrued Compensated Leave

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

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

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

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

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

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

I. Fund Balances

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

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

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

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

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

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

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

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

J. Use of Estimates

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

K. Fund Balance Policy

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

L. Miscellaneous

1. Cash and Investments

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

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

2. Proprietary Funds' Other Charges

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

3. Statement of Cash Flows

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

4. Bond Premiums and Discounts

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

5. Internal Balances

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

M. Net Position

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

N. Long-Term Obligations

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

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

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

O. Restricted Assets - Cash and Investments

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

P. Unrestricted Net Position - Governmental Activities

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

Q. Restricted Net Position

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

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

R. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and as such will not be recognized as an expense or expenditure until then. The City's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt and pension contributions subsequent to the measurement date. The deferred outflow related to debt is being amortized over the remaining life of the refunded debt.

Deferred inflows of resources represents an acquisition of net position that applies to a future period and as such will not be recognized as a revenue until then. The City's deferred inflows of resources consist of the amount by which the net carrying amount of refunded debt exceed the principal and premium of a refunding bond, the property tax levy recorded in the current fiscal year pertaining to Fiscal Year 2019 and pension activity that will be recognized as pension expense over a four to five year period. The deferred inflow is being amortized over the remaining life of the refunded debt. Under the modified accrual basis of accounting, the City has revenues which are applicable to a future period, and will not be recognized until the period they become available. These amounts are recorded on the governmental funds balance sheet as a deferred inflow of resources.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's

Retirement Plan and the additions to deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Other Postemployment Benefits (OPEB)

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

U. New Accounting Standards

In Fiscal Year 2019, the City adopted two new statements of financial accounting standards issued by GASB:

- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

Statement No. 88 establishes that additional essential information related to debt be disclosed in notes to the financial statement, including unused lines of credit; assets pledged as collateral for debt; terms specified in debt agreements related to significant events of default with finance-related consequences, and significant subjective acceleration clauses. This statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt seperately from other debt.

Statement No. 89 establishes that in financial statements prepared using the economic resource measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. In financial statements prepared using the current financial resources measurement focus, interest cost incurred as an expenditure on a basis consistent with governmental fund accounting principles. This new Statement has not had a material impact on this year's financial statements.

V. Pronouncements Issued but not Yet Effective

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

GASB STATEMENT NO.	GASB ACCOUNTING STANDARD	EFFECTIVE FISCAL YEAR
84	Fiduciary Activities	2020
87	Leases	2021
90	Majority Equity Interests (Amendment of GASB No. 14 and No. 61)	2020
91	Conduit Debt Obligations	2020

2. FUND BALANCES – GENERAL FUND AND NONMAJOR GOVERNMENTAL FUNDS

General Fund and Nonmajor governmental fund balances are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of these resources. The constraints placed on fund balances for the General Fund and Nonmajor governmental funds are presented below:

GENERAL FUND:

Nonspendable:		
Inventories		$ 4,528,677
Housing and Volunteer Rescue Squad Loans		6,405,959
Total Nonspendable		10,934,636
Restricted:		
Community Services Board		2,901,470
Committed		
Education		17,299,308
Assigned:		
Community Programs	$ 104,506	
Judicial	734,119	
Library	337,573	
Living Shorelines Program	10,723	
Maritime Forest Program	43,512	
Oyster Heritage Program	97,673	
Public Safety	25,933	
Other General Programs	98,402	
Total Special Programs		1,452,441
General Government		25,324,466
Total General Government		26,776,907
Education		30,088,152
Capital Improvement Program - General		18,274,339
Risk Management		3,000,000
Total Assigned		78,139,398
Unassigned:		
General Government		121,304,984
Total Fund Balance		$ 230,579,796

NONMAJOR GOVERNMENTAL FUNDS:

Nonspendable:	
Inventories	$ 47,307
Restricted:	
Federal and State Grants	1,528,241
Housing and Community Development	8,171,741
Forfeited Assets - Judicial	401,752
Forfeited Assets - Police	2,806,690
Special Service Districts	2,637,468
Total Special Revenue Funds	15,545,892
Future Debt Service	37,618,680
Total Restricted	53,164,572
Committed:	
Agriculture Program	14,058,606
Convention and Visitor Development	28,483,986
Educational	77,116
Judicial	822,253
Parks and Recreation Activities	19,428,196
Sandbridge & CBD TIF Programs	7,451,572
Total Committed	70,321,729
Assigned:	
Agriculture Program	381,404
Educational	1,961
Forfeited Assets - Judicial	522,500
Forfeited Assets - Police	897,597
Parks and Recreation Activities	27,000
Special Service Districts	531,198
Total Assigned	2,361,660
Total Fund Balance	$ 125,895,268

3. RECEIVABLES AND ACCRUED LIABILITIES

A. Receivables

Receivables at June 30, 2019 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Real Estate Taxes	$ 17,996,639	$ -	$ 17,996,639
Personal Property Taxes	46,314,027	-	46,314,027
Loans	11,398,561	-	11,398,561
Due from Other Government	100,908,826	179,372	101,088,198
Accounts	40,294,949	32,928,530	73,223,479
Gross Receivables	216,913,002	33,107,902	250,020,904
Less: Allowance for Uncollectibles	(33,947,883)	(3,051,193)	(36,999,076)
Net Receivables - Entity Wide	$ 182,965,119	$ 30,056,709	$ 213,021,828

Major Funds – Governmental

	General Fund	Capital Projects	Total
Real Estate Taxes	$ 17,996,639	$ -	$ 17,996,639
Personal Property Taxes	46,314,027	-	46,314,027
Accounts	1,910,430	-	1,910,430
Loans	6,405,959	-	6,405,959
Due from Other Funds	475,348	-	475,348
Due from School Board	-	18,465,046	18,465,046
Intergovernmental Accounts	67,988,761	10,207,084	78,195,845
Gross Receivables	141,091,164	28,672,130	169,763,294
Less: Allowance for Uncollectibles	(22,578,682)	-	(22,578,682)
Net Receivables	$ 118,512,482	$ 28,672,130	$ 147,184,612

Major Funds – Proprietary

	Water and Sewer	Storm Water	Waste Management	Virginia Beach Development Authority	Total
Accounts	$ 18,752,894	$ 5,627,393	$ 5,473,503	$ 3,074,740	$ 32,928,530
Intergovernmental Accounts	179,372	-	-	-	179,372
Gross Receivables	18,932,266	5,627,393	5,473,503	3,074,740	33,107,902
Less: Allowance for Uncollectibles	(2,456,239)	(201,846)	(393,108)	-	(3,051,193)
Net Receivables	$ 16,476,027	$ 5,425,547	$ 5,080,395	$ 3,074,740	$ 30,056,709

Component Units

Receivables at June 30, 2019 consist of the following:

	School Board	Community Development Corporation	Total
Notes, Deed of Trust	$ -	$ 1,726,653	$ 1,726,653
Accrued Interest	-	1,145,421	1,145,421
Intergovernmental Accounts	21,860,189	48,543	21,908,732
Due from Affiliate	-	424,318	424,318
Accounts	2,725,143	389,649	3,114,792
Net Receivables	$ 24,585,332	$ 3,734,584	$ 28,319,916

B. Property Taxes Receivable

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

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

Fiscal Year 2019 real property rate was $1.0025 per $100 of assessed valuation, except for public service corporation properties. In addition there are Special Service Districts that were charged an additional rate, these districts and rates are as followed:

Special Service District	Additional Tax Rate
Bayville Creek Special Service District	$ 0.47
Chesopeian Colony Special Service District	0.2913
Gills Cove Special Service District	0.063
Harbour Point Special Service District	0.079
Hurds Cove Special Service District	0.438
Old Donation Special Servie District	0.184
Sandbridge Special Service District	0.06
Shadowlawn Special Service District	0.1594
Town Center Special Service District	0.45

Additionally, the real property tax rate on all real estate that has been classified as an energy efficient building, not exempt from taxation, was $0.8525 on each $100 of assessed valuation thereof. Taxes on buildings that are individually listed on the Virginia Landmarks Register, not including the real estate or

land on which the building is located, so long as the building is maintained in a condition such that it retains the characteristics for which it was listed on the Virginia Landmarks Register, were at a rate of $0.5325 on each $100 of assessed valuation thereof. The personal property rate was $4.00 per $100 of assessed valuation (100% of fair market value). Other personal property tax rates exist for qualified equipment. There are no limits currently on the property tax rates which may be established by the City Council. City Council is the only governmental entity that has the local taxing authority.

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

1. The following revenues were due from the Commonwealth of Virginia at June 30, 2019:

Primary Government

	Governmental Activities
General Sales Tax	$ 6,006,400
Telecommunications Tax	1,658,876
Personal Property Tax Relief Act	53,412,868
Other Grants, Entitlements, & Shared Revenues	2,560,092
Sheriff's Department	1,341,368
Other	4,419,265
Capital Projects	2,338,306
Total Due from Commonwealth	$ 71,737,175

School Board Component Unit

State Share Sales Tax	$ 6,267,889
Special Education-Regional Program	4,520,290
Technology Initiative	1,722,157
Dual Enrollment - TCC	902,962
Juvenile Detention Center	266,095
Other Grants, Entitlements and Shared Revenues	60,370
Total Due from Commonwealth-Governmental Funds	$ 13,739,763

2. The following revenues were due from various Federal agencies at June 30, 2019:

Primary Government

	Governmental Activities
Community Development	$ 479,349
Public Assistance Grants	454,253
Grants Consolidated	276,855
Housing Assistance	177,004
Capital Projects	7,868,778
Emergency FEMA	1,442,585
Other	7,781
Total Due from Federal Government	$ 10,706,605

School Board Component Unit

Adult Basic Eduction	$ 74,708
Carl Perkins	804,202
DODEA MCASP GRIT	125,308
McKinney Homeless	38,801
National School Meal Program	589,942
NJROTC	81,407
Preschool Incentive	76,673
School Breakfast Program	256,874
Title I	2,055,921
Title II	878,230
Title III	20,024
Title IV	286,218
Title VI-B	2,617,991
VPI+ Preschool Expansion	133,793
Other Grants, Entitlements and Shared Revenues	80,334
Total Due from Federal Government	$ 8,120,426

3. The following revenues were due from Other Governments at June 30, 2019:

Primary Government

The City's Capital Projects Fund loaned $18,465,046 to Schools Capital Projects.

Business - Type Activities

The Water and Sewer fund was due $179,031 in June operations, maintenance, and capital improvement costs for the Lake Gaston Water Supply Project. $341 was due from the Commonwealth of Virginia.

D. Allowances For Uncollectible Accounts Receivable

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent cash receipts. The allowances at June 30, 2019 are as follows:

General Fund	$	22,578,682
Water and Sewer Fund		2,456,239
Storm Water Fund		201,846
Waste Management Fund		393,108
Total	$	25,629,875

E. Major Components of Accrued Liabilities at June 30, 2019 consist of the following:

Primary Government

	Governmental Activities	Business-Type Activities	Total
Accrued Interest Payable	$ 9,768,634	$ 3,262,803	$ 13,031,437
Deposits Payable	1,806,031	126,727	1,932,758
Unearned Revenue	-	977,850	977,850
Total Accrued Liabilities	$ 11,574,665	$ 4,367,380	$ 15,942,045

Component Units

	School Board	Community Development Corporation	Total
Accrued Interest Payable	$ -	$ 90,205	$ 90,205
Unearned Revenue	10,428,602	-	10,428,602
Deposits Payable	75,000	149,318	224,318
Accrued Salaries	61,356,867	-	61,356,867
Total Accrued Liabilities	$ 71,860,469	$ 239,523	$ 72,099,992

4. UNEARNED REVENUE

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

Unearned revenue consists of the following as of June 30, 2019:

A. General Fund

Aquarium - Advance ticket receipts	$	338,296

B. Nonmajor Special Revenue Fund

Parks and Recreation - Advance customer Receipts	$	1,088,945

C. Enterprise Funds

Water and Sewer - Customers and Developers tap and meter fees	$	977,850

D. School Board Component Unit

School Operating Fund - Summer School Tuition	$	581,369
School Grants Fund - Early Reading Intervention, Algebra Readiness, VA Initiative at Risk Four Year Old, Project Graduation and other Grants		1,382,084
Other Governmental Funds - School Cafeterias - Charges for Services		474,466
Total Unearned Revenue - Governmental Funds		2,437,919
School Health Insurance Internal Service Fund - Prepayment of July health insurance premiums		7,990,683
Total Unearned Revenue - Governmental Activities	$	10,428,602

5. CAPITAL ASSETS AND LAND HELD FOR RESALE

A. Governmental Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated:				
Land and Improvements	$ 1,014,967,502	$ 10,094,170	$ 2,104,100	$ 1,022,957,572
Agriculture Reserve Program	46,102,662	1,607,482	-	47,710,144
Construction in Progress	168,512,975	136,703,237	76,473,307	228,742,905
Total Capital Assets Not Being Depreciated	1,229,583,139	148,404,889	78,577,407	1,299,410,621
Other Capital Assets:				
Buildings and Improvements	779,094,631	89,085	-	779,183,716
School Buildings	346,376,757	-	26,907,205	319,469,552
Site Improvements	319,699,103	13,347,120	15,725	333,030,498
Site Improvements - ISF	265,782	-	-	265,782
Equipment	313,976,524	19,675,601	3,495,481	330,156,644
Equipment - ISF	6,200,382	702,379	8,498	6,894,263
Roadway Network	2,017,966,209	16,414,594	-	2,034,380,803
Landfill Network	18,694,498	-	-	18,694,498
Bridge Network	157,339,642	-	-	157,339,642
Hurricane Protection Network	97,680,665	-	-	97,680,665
Total Other Capital Assets at Historical Cost	4,057,294,193	50,228,779	30,426,909	4,077,096,063
Less Accumulated Depreciation For:				
Buildings and Improvements	278,825,363	17,533,510	-	296,358,873
School Buildings	40,559,454	6,812,456	4,857,259	42,514,651
Site Improvements	105,185,194	7,710,333	622	112,894,905
Site Improvements - ISF	263,704	235	-	263,939
Equipment	238,764,298	24,508,963	3,400,855	259,872,406
Equipment - ISF	5,243,333	377,828	8,498	5,612,663
Roadway Network	1,217,159,967	50,449,155	-	1,267,609,122
Landfill Network	18,676,153	-	-	18,676,153
Bridge Network	41,017,705	3,038,928	-	44,056,633
Hurricane Protection Network	31,026,876	1,953,614	-	32,980,490
Total Accumulated Depreciation	1,976,722,047	112,385,022	8,267,234	2,080,839,835
Total Capital Assets Being Depreciated, Net	2,080,572,146	(62,156,243)	22,159,675	1,996,256,228
Governmental Activities Capital Assets, Net	$ 3,310,155,285	$ 86,248,646	$ 100,737,082	$ 3,295,666,849

Governmental Activities capital assets net of accumulated depreciation at June 30, 2019 are comprised of the following:

General Government Capital Assets, Net	$	3,294,383,405
Internal Service Fund Capital Assets, Net		1,283,444
Total	$	3,295,666,849

Depreciation was charged to governmental functions as follows:

Finance	$	20,276
Executive		24,325
Judicial		223,249
Health		3,218
Police		2,796,736
Public Works		79,842,761
Parks and Recreation		4,149,588
Libraries		110,898
Planning		57,644
Economic Development		18,695
Convention & Visitors Bureau		292,798
Information Technology		12,918,937
Boards and Commisions		265,861
Emergency Communications		30,424
Fire		2,809,311
Human Services		443,227
Education and Transfer to School		6,812,456
Housing & Neighborhood Preservation		68,741
Museums		116,544
General Government		559,318
Emergency Medical Services		820,015
Total	$	112,385,022

B. Component Unit - School Board

Capital Assets activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated:				
Land	$ 39,048,224	$ -	$ 79,852	$ 38,968,372
Construction in Progress	22,123,760	45,095,071	1,973,762	65,245,069
Total Capital Assets Not Being Depreciated	61,171,984	45,095,071	2,053,614	104,213,441
Capital Assets Being Depreciated				
Buildings	729,163,550	33,533,000	1,685,374	761,011,176
Improvement Other Than Buildings	65,927,761	-	4,505	65,923,256
Machinery and Equipment	122,159,178	11,676,424	4,967,253	128,868,349
Total Capital Assets Being Depreciated	917,250,489	45,209,424	6,657,132	955,802,781
Less Accumulated Depreciation For:				
Buildings	318,226,653	21,414,735	3,162,968	336,478,420
Improvement Other Than Buildings	44,913,157	2,214,601	4,505	47,123,253
Machinery and Equipment	79,953,288	7,909,624	4,905,198	82,957,714
Total Accumulated Depreciation	443,093,098	31,538,960	8,072,671	466,559,387
Total Capital Assets Being Depreciated, Net	474,157,391	13,670,464	(1,415,539)	489,243,394
Component Unit School Board, Capital Assets, Net	$ 535,329,375	$ 58,765,535	$ 638,075	$ 593,456,835

C. Business-Type Activities

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated:				
Land	$ 167,446,543	$ 4,076,698	$ -	$ 171,523,241
Construction in Progress	41,027,310	70,718,007	56,847,006	54,898,311
Total Capital Assets Not Being Depreciated	208,473,853	74,794,705	56,847,006	226,421,552
Capital Assets Being Depreciated				
Buildings	138,973,598	26,039,962	-	165,013,560
Improvement Other Than Buildings	1,146,408	-	-	1,146,408
Utility System	1,426,529,231	49,951,383	-	1,476,480,614
Machinery and Equipment	60,074,123	4,846,288	1,530,075	63,390,336
Total Capital Assets Being Depreciated	1,626,723,360	80,837,633	1,530,075	1,706,030,918
Less Accumulated Depreciation For: *				
Buildings	49,927,533	4,060,089	-	53,987,622
Improvement Other Than Buildings	391,401	36,164	-	427,565
Utility System	539,949,327	30,152,235	-	570,101,562
Machinery and Equipment	43,370,629	5,367,303	1,490,341	47,247,591
Total Accumulated Depreciation	633,638,890	39,615,792	1,490,341	671,764,341
Total Capital Assets Being Depreciated, Net	993,084,470	41,221,841	39,734	1,034,266,577
Business-Type Activities Capital Assets, Net	$ 1,201,558,323	$ 116,016,546	$ 56,886,740	$ 1,260,688,129

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

Water and Sewer	$	27,818,835
Storm Water		6,458,891
Waste Management		2,087,721
Development Authority		3,221,809
Parking		28,536
Total	$	39,615,792

D. Major Fund - Water and Sewer Enterprise Fund

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated:				
Land and Improvements	$ 13,802,936	$ 361,215	$ -	$ 14,164,151
Construction in Progress	14,873,604	31,414,436	25,505,436	20,782,604
Total Capital Assets Not Being Depreciated	28,676,540	31,775,651	25,505,436	34,946,755
Other Capital Assets:				
Buildings and Improvements	18,940,552	-	-	18,940,552
Utility System	1,150,756,326	24,135,000	-	1,174,891,326
Machinery and Equipment	31,226,052	1,622,075	1,309,299	31,538,828
Total Other Capital Assets at Historical Cost	1,200,922,930	25,757,075	1,309,299	1,225,370,706
Less Accumulated Depreciation For:				
Buildings and Improvements	13,565,894	814,007	-	14,379,901
Utility System	477,833,743	25,186,777	-	503,020,520
Machinery and Equipment	25,805,308	1,818,051	1,269,565	26,353,794
Total Accumulated Depreciation	517,204,945	27,818,835	1,269,565	543,754,215
Total Capital Assets Being Depreciated, Net	683,717,985	(2,061,760)	39,734	681,616,491
Water and Sewer Capital Assets, Net	$ 712,394,525	$ 29,713,891	$ 25,545,170	$ 716,563,246

E. Major Fund – Storm Water Enterprise Fund

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated:				
Land and Improvements	$ 133,186,347	$ 107,435	$ -	$ 133,293,782
Construction in Progress	24,929,894	37,945,219	29,944,365	32,930,748
Total Capital Assets Not Being Depreciated	158,116,241	38,052,654	29,944,365	166,224,530
Other Capital Assets:				
Buildings and Improvements	664,899	-	-	664,899
Utility System	275,772,905	25,816,383	-	301,589,288
Machinery and Equipment	15,680,543	1,295,167	220,776	16,754,934
Total Other Capital Assets at Historical Cost	292,118,347	27,111,550	220,776	319,009,121
Less Accumulated Depreciation For:				
Buildings and Improvements	-	41,556	-	41,556
Utility System	62,115,584	4,965,458	-	67,081,042
Machinery and Equipment	11,205,483	1,451,877	220,776	12,436,584
Total Accumulated Depreciation	73,321,067	6,458,891	220,776	79,559,182
Total Capital Assets Being Depreciated, Net	218,797,280	20,652,659	-	239,449,939
Storm Water Capital Assets, Net	$ 376,913,521	$ 58,705,313	$ 29,944,365	$ 405,674,469

F. Major Fund – Waste Management

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Total Capital Assets Not Being Depreciated	$ -	$ -	$ -	$ -
Other Capital Assets:				
Site Improvements	366,891	-	-	366,891
Machinery and Equipment	12,487,400	1,929,046	-	14,416,446
Total Other Capital Assets at Historical Cost	12,854,291	1,929,046	-	14,783,337
Less Accumulated Depreciation For:				
Site Improvements	60,106	16,677	-	76,783
Machinery and Equipment	5,880,100	2,071,044	-	7,951,144
Total Accumulated Depreciation	5,940,206	2,087,721	-	8,027,927
Total Capital Assets Being Depreciated, Net	6,914,085	(158,675)	-	6,755,410
Waste Management Capital Assets, Net	$ 6,914,085	$ (158,675)	$ -	$ 6,755,410

G. Major Fund - Virginia Beach Development Authority

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated:				
Land and Improvements	$ 20,457,260	$ 3,608,048	$ -	$ 24,065,308
Construction in Progress	1,223,812	1,358,352	1,397,205	1,184,959
Total Capital Assets Not Being Depreciated	21,681,072	4,966,400	1,397,205	25,250,267
Other Capital Assets:				
Buildings and Improvements	119,368,147	26,039,962	-	145,408,109
Machinery and Equipment	565,065	-	-	565,065
Total Other Capital Assets at Historical Cost	119,933,212	26,039,962	-	145,973,174
Less Accumulated Depreciation For:				
Buildings and Improvements	36,361,639	3,204,526	-	39,566,165
Machinery and Equipment	401,457	17,283	-	418,740
Total Accumulated Depreciation	36,763,096	3,221,809	-	39,984,905
Total Capital Assets Being Depreciated, Net	83,170,116	22,818,153	-	105,988,269
Development Authority Capital Assets, Net	$ 104,851,188	$ 27,784,553	$ 1,397,205	$ 131,238,536

H. Component Unit - Virginia Beach Community Development Corporation

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated:				
Land and Improvements	$ 8,838,960	$ -	$ -	$ 8,838,960
Total Capital Assets Not Being Depreciated	8,838,960	-	-	8,838,960
Other Capital Assets:				
Buildings and Improvements	31,481,710	-	71,985	31,409,725
Machinery and Equipment	67,809	-	-	67,809
Total Other Capital Assets at Historical Cost	31,549,519	-	71,985	31,477,534
Less Accumulated Depreciation For:	13,523,816	1,145,534	71,985	14,597,365
Component Unit-VA Beach Community Dev.	$ 26,864,663	$ (1,145,534)	$ -	$ 25,719,129

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

Oceana West Corporate Park	$ 1,555,548
Corporate Landing Office Park	9,427,342
London Bridge Commerce Park	1,624,500
Town Center Beacon Building	4,877,946
Hunt Club 2	200,305
Historic Kempsville	1,296,118
Bio-Med Park	24,891,299
Total Land Held for Resale	$ 43,873,058

J. Construction in Progress

1. Governmental Activities and School Board Component Unit

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

	Expended through June 30, 2019	Outstanding Commitments	Unobligated Balance
Government Activities			
Engineering and Highways	$ 125,200,566	$ 70,199,827	$ 240,035,592
Buildings	45,682,375	66,791,748	123,674,946
Parks and Recreation	7,531,197	5,273,021	28,293,137
Coastal	556,867	2,383,193	46,243,559
Economic and Tourism	49,771,900	62,821,878	41,466,801
Total Other Capital Assets at Historical Cost	$ 228,742,905	$ 207,469,667	$ 479,714,035
School Board Component Unit			
Buildings and Improvements Other than Buildings	$ 65,245,069	$ 37,943,877	$ -

2. Business-Type Activities

In accordance with the City's accounting policies, these projects will not be transferred from Construction in Progress into the various capital asset accounts until substantially completed. Construction in Progress for Business-Type Activities is comprised of the following at June 30, 2019:

	Expended through June 30, 2019	Outstanding Commitments	Unobligated Balance
Water & Sewer Utility Projects	$ 20,782,604	$ 40,406,199	$ 53,830,617
Storm Water Projects	32,930,748	36,576,906	62,405,129
Development Authority	1,184,959	-	-
Total Business-Type Activities	$ 54,898,311	$ 76,983,105	$ 116,235,746

6. LONG-TERM DEBT

A. Summary of Changes in Long-Term Liabilities

1. Primary Government - Governmental Activities

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
General Obligation Bonds	$ 598,458,470	$ -	$ 56,884,035	$ 541,574,435	$ 56,980,502
State Literary Fund Loans	1,500,000	-	375,000	1,125,000	375,000
Public Facility Revenue Bonds	266,549,052	-	27,566,160	238,982,892	29,055,881
Agriculture Reserve Program	46,102,662	1,607,482	-	47,710,144	-
Total Tax Supported Debt	912,610,184	1,607,482	84,825,195	829,392,471	86,411,383
Other Debt:					
Landfill Closure & Post-Closure Care	20,827,496	479,032	-	21,306,528	-
Premiums	92,341,252	-	10,666,345	81,674,907	10,666,346
Net Pension Liability	319,346,728	-	2,452,839	316,893,889	-
Net OPEB Liability	99,055,282	10,230,609	-	109,285,891	-
Accrued Compensation Leave	43,838,259	23,028,887	23,064,596	43,802,550	23,704,112
Estimated Claims & Judgements	40,902,030	551,491	-	41,453,521	8,681,447
Governmental Activities Long-Term Debt	$ 1,528,921,231	$ 35,897,501	$ 121,008,975	$ 1,443,809,757	$ 129,463,288

2. Primary Government - Business-Type Activities

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Revenue Bonds	$ 244,015,276	$ 29,525,000	$ 11,010,276	$ 262,530,000	$ 12,150,000
Public Facility Revenue Bonds	65,600,949	-	7,288,840	58,312,109	7,449,119
Total Self/Tax Supported Debt	309,616,225	29,525,000	18,299,116	320,842,109	19,599,119
Less/Add Deferred Amounts:					
For Issuance Premiums	18,823,206	1,613,019	1,477,405	18,958,820	1,417,998
Less Bond Discount	(61,932)	-	(6,078)	(55,854)	-
Total Bonds Payable	328,377,499	31,138,019	19,770,443	339,745,075	21,017,117
Net Pension Liability	30,890,964	-	237,267	30,653,697	-
Net OPEB Liability	6,528,360	221,135	-	6,749,495	-
Accrued Compensated Leave	4,977,771	2,674,847	2,910,089	4,742,529	2,992,730
Business-Type Activities Long-Term Debt	$ 370,774,594	$ 34,034,001	$ 22,917,799	$ 381,890,796	$ 24,009,847

3. Major Fund - Water and Sewer Enterprise Fund (Included in Business-Type Activities)

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Revenue Bonds	$ 202,235,276	$ -	$ 9,215,276	$ 193,020,000	$ 9,625,000
Add Deferred Amounts:					
For Issuance Premiums	15,961,164	-	1,157,613	14,803,551	1,157,613
Total Bonds Payable	218,196,440	-	10,372,889	207,823,551	10,782,613
Net Pension Liability	18,002,217	-	138,271	17,863,946	-
Net OPEB Liability	3,476,789	100,529	-	3,577,318	-
Accrued Compensated Leave	2,699,158	1,451,435	1,666,033	2,484,560	1,713,345
Water and Sewer Long-Term Liabilities	$ 242,374,604	$ 1,551,964	$ 12,177,193	$ 231,749,375	$ 12,495,958

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

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Revenue Bonds	$ 41,780,000	$ 29,525,000	$ 1,795,000	$ 69,510,000	$ 2,525,000
Add Deferred Amounts:					
For Issuance Premiums	938,456	1,613,019	193,175	2,358,300	260,385
Total Bonds Payable	42,718,456	31,138,019	1,988,175	71,868,300	2,785,385
Net Pension Liability	7,985,419	-	61,334	7,924,085	-
Net OPEB Liability	1,692,538	65,951	-	1,758,489	-
Accrued Compensated Leave	1,251,117	647,640	706,378	1,192,379	725,934
Storm Water Long-Term Liabilities	$ 53,647,530	$ 31,851,610	$ 2,755,887	$ 82,743,253	$ 3,511,319

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

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Net Pension Liability	$ 4,623,138	$ -	$ 35,510	$ 4,587,628	$ -
Net OPEB Liability	1,309,007	44,340	-	1,353,347	-
Accrued Compensated Leave	992,952	550,614	518,692	1,024,874	533,423
Waste Management Long-Term Liabilities	$ 6,925,097	$ 594,954	$ 554,202	$ 6,965,849	$ 533,423

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

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Public Facility Revenue Bonds	$ 65,600,949	$ -	$ 7,288,840	$ 58,312,109	$ 7,449,119
For Issuance Premiums	1,923,586	-	126,617	1,796,969	-
Less Bond Discount	(61,932)	-	(6,078)	(55,854)	-
Virginia Beach Development Authority Long-Term Debt	$ 67,462,603	$ -	$ 7,409,379	$ 60,053,224	$ 7,449,119

7. Component Unit - School Board

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

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Net Pension Liability	$ 639,194,000	$ 139,339,000	$ 169,332,000	$ 609,201,000	$ -
Net OPEB Liability	164,150,000	35,767,000	31,251,000	168,666,000	-
Accrued Compensated Leave	33,919,240	11,678,273	11,347,063	34,250,450	11,574,004
Estimated Claims and Judgements	17,299,000	149,888,000	149,159,838	18,027,162	13,520,372
School Board Long-Term Liabilities	$ 854,562,240	$ 336,672,273	$ 361,089,901	$ 830,144,612	$ 25,094,376

8. Component Unit - Virginia Beach Community Development Corporation

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

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Notes Payable	$ 21,282,830	$ 224,982	$ 537,190	$ 20,970,622	$ 2,344,167

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B. Bonds, Notes and Loans Payable

Details of long-term indebtedness are shown below with outstanding balance as of June 30, 2019:

Bond Issue/Purpose	Dated	Issue Amount	True Interest (%)	Proprietary Percentage VBDA %	Outstanding Balance City
General Obligation Bonds and Loans:					
2018A PI	3/13/2018	$ 67,595,000	2.885678	-	$ 63,840,000
2017A PI Refunding	12/28/2017	71,530,000	2.253621	-	71,530,000
2016A PI	2/9/2016	61,255,000	2.437448	-	52,080,000
2016B PI Refunding	2/9/2016	50,430,000	1.771418	-	16,555,000
2015A PI	4/21/2015	51,295,000	2.617345	-	41,040,000
2015B PI Refunding	4/21/2015	56,530,000	1.989322	-	56,530,000
2014A PI	4/22/2014	85,050,000	2.920553	-	64,450,000
2013A PI	4/17/2013	22,885,000	2.587348	-	17,175,000
2013B PI Refunding	4/17/2013	33,795,000	2.143873	-	22,865,000
Pleasure House Point	7/10/2012	6,000,000	0.250000	-	2,227,112
2012A PI	4/18/2012	65,000,000	2.849726	-	9,750,000
2012B PI Refunding	4/18/2012	19,630,000	2.413515	-	17,480,000
2011A PI	6/29/2010	90,000,000	3.212396	-	8,350,000
2010-1 QSCB	7/8/2010	4,875,000	5.310000	-	2,310,000
2010 Recovery Zone	3/15/2010	5,995,000	3.038509	-	3,680,000
2010A PI	5/25/2010	60,000,000	2.970320	-	33,000,000
2009 PI Refunding	1/26/2010	20,755,000	3.041988	-	13,795,000
2009B PI Refunding	1/26/2010	78,875,000	2.910179	-	41,520,000
2008 VPSA	12/1/2008	6,350,705	-	-	3,397,323
2002 State Literary	1/1/2002	7,500,000	3.000000	-	1,125,000
Total General Obligation Bonds and Loans					542,699,435
Revenue Bonds:*					
2019 Storm Water Revenue	2/27/2019	29,525,000	3.139267	-	29,525,000
2016 A W&S Revenue	6/8/2016	46,560,000	2.711344	-	44,395,000
2016 B W&S Refunding	6/8/2016	42,865,000	1.813975	-	37,650,000
2015 A Storm Water Revenue	1/28/2015	23,500,000	2.829639	-	20,955,000
2013 W&S Revenue	11/13/2013	44,845,000	3.641572	-	39,415,000
2010 A Storm Water Revenue	11/16/2010	20,000,000	3.170505	-	15,535,000
2010 B Storm Water Refunding	11/16/2010	7,380,000	2.607102	-	3,495,000
2010 A W&S Revenue	6/29/2010	65,000,000	3.475462	-	51,515,000
2010 B W&S Refunding	6/29/2010	8,410,000	3.027560	-	5,435,000
2010 C W&S Refunding	6/29/2010	24,950,000	3.156061	-	14,610,000
Total Revenue Bonds					262,530,000
Public Facility Revenue Bonds:					
2018A Public Facility Revenue	3/28/2018	33,395,000	3.0289500	8.85	31,690,000
2016A Public Facility Revenue	11/3/2016	21,225,000	2.4588020	-	18,695,000
2016B Public Facility Revenue	11/3/2016	7,880,000	2.1224430	100.00	5,860,000
2015A Public Facility Revenue	6/25/2015	48,245,000	3.0509530	-	35,990,001
2015B Public Facility Revenue	6/25/2015	34,885,000	2.6779800	27.05	34,885,000
2014A Public Facility Revenue	6/18/2014	44,975,000	2.9840410	41.76	32,385,000
2014B Public Facility Revenue	6/18/2014	20,320,000	2.4309790	25.62	16,150,000
2013A Public Facility Revenue	6/19/2013	20,960,000	2.5996020	-	14,125,000
2012A Public Facility Revenue	6/20/2012	22,580,000	2.5996020	-	15,275,000
2012B Public Facility Refunding	6/20/2012	25,640,000	2.4489560	21.12	21,860,000
2010A Public Facility Revenue	5/25/2010	17,000,000	2.5823190	-	1,700,000
2010B Public Facility Revenue	5/25/2010	98,035,000	2.9935560	24.84	43,250,000
2010C Public Facility Refunding	5/25/2010	40,450,000	3.3969350	31.31	25,430,000
Total Public Facility Revenue Bonds					297,295,001
Other Long-Term Debt:					
Agricultural Reserve Program	Various	47,710,144	Various	-	47,710,144
Total Other Long-Term Debt					47,710,144
Grand Total Bonds, Notes and Loans Payable					$ 1,150,234,580

* Water and Sewer and Storm Water Enterprise Funds
** VBDA - Virginia Beach Development Authority

Defeased Debt - In current and prior years as a result of debt refunding, the City defeased certain general obligation, public improvement, and public utility bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and liabilities for the defeased debt are not included in the City's financial statements. At June 30, 2019, the outstanding balance of the defeased debt is $78.2 million, and is considered in-substance defeased.

C. Summary of Recent Refundings

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

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

On December 28, 2017, the City issued $71.53 million of General Obligation Public Improvement Refunding Bonds, Series 2017A to refund a portion of the 2011A and the remaining balance of the 2012A Series General Obligation Public Improvement Bonds. The refunding bonds combined with $13.59 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $109.91 million of refunded General Obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by $6.93 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 15 years by $8.3 million and resulted in an economic gain of $6.8 million. The escrow agent will call the series 2011A refunded bonds on June 1, 2021 and the 2012A refunded bonds on April 1, 2022.

2. Current and Advance Refunding of General Obligation Public Improvement Bonds, Series 2004B and 2009

On February 9, 2016, the City issued $50.430 million of General Obligation Public Improvement Refunding Bonds, Series 2016B to refund portions of the 2004B and 2009 Series General Obligation Public Improvement Bonds. The refunding bonds combined with $5.25 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $64.035 million of refunded General Obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by $1.925 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by $4.173 million and resulted in an economic gain of $3.63 million. The escrow agent has previously called the 2004B refunded bonds, and called the remaining $14.4 million series 2009 refunded bonds on June 1, 2019.

3. Advance Refunding of General Obligation Public Improvement Bonds, Series 2007, 2008, and 2009

On April 21, 2015, the City issued $56.53 million of General Obligation Public Improvement Refunding Bonds, Series 2015B to refund portions of the 2007, 2008, and 2009 Series General Obligation Public Improvement Bonds. The refunding bonds combined with $13.64 million in premium to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $90.04 million of refunded General Obligation Bonds. As a result, the

refunded bonds are considered to be defeased and the liability has been removed from the government activities column of the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by $7.52 million. This difference is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by $8.77 million and resulted in an economic gain of $7.24 million. The escrow agent has previously called refunded bonds including $26,250,000 Series 2007 and $27,000,000 Series 2008, and called $10,800,000 Series 2009 refunded bonds on June 1, 2019.

4. Advance Refunding of General Obligation Public Improvement Bonds, Series 2001, 2002, 2004A, 2005, 2007, 2008, and 2009

On January 26, 2010, the City issued $20.755 million of General Obligation Public Improvement Refunding Bonds, Series 2009A and $78.875 million of General Obligation Public Improvement Refunding Bonds, Series 2009B, which refunded all or portions of the 2001, 2002, 2004A, 2005, 2007, 2008, and 2009 Series General Obligation Public Improvement Bonds. The refunding bonds combined with $12 million in premiums to provide resources to purchase U.S. Government, State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $100 million of General Obligation Public Improvement Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt currently held by $.37 million. This difference was displayed as deferred outflows of resources. The remaining life of the refunded debt is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 13 years by $8.03 million and resulted in an economic gain of $5.6 million. The refunded bonds escrow agent has previously called all of the 2001, 2002, 2004A, 2005, 2007, and 2008 refunded bonds, and called the remaining $10.8 million Series 2009 refunded bonds on June 1, 2019.

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

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

Year Ending	Governmental Activities		
June 30	Principal	Interest	Total
2020	$ 57,355,502	$ 23,311,441	$ 80,666,943
2021	52,917,635	20,865,073	73,782,708
2022	49,725,076	18,781,459	68,506,535
2023	45,633,092	16,548,709	62,181,801
2024	43,445,252	14,461,986	57,907,238
2025-2029	180,652,878	42,970,532	223,623,410
2030-2034	91,735,000	12,153,949	103,888,949
2035-2039	21,235,000	1,431,525	22,666,525
Totals	$ 542,699,435	$ 150,524,674	$ 693,224,109

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

Year Ending June 30	Business-Type Activities		
	Principal	Interest	Total
2020	$ 12,150,000	$ 10,912,667	$ 23,062,667
2021	12,665,000	10,392,883	23,057,883
2022	13,205,000	9,851,039	23,056,039
2023	13,810,000	9,262,334	23,072,334
2024	14,470,000	8,624,001	23,094,001
2025-2029	69,740,000	32,922,169	102,662,169
2030-2034	60,075,000	18,810,291	78,885,291
2035-2039	48,935,000	6,764,197	55,699,197
2040-2045	17,480,000	1,115,225	18,595,225
Totals	$ 262,530,000	$ 108,654,806	$ 371,184,806

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

Year Ending June 30	Governmental Activities		Business-Type Activities		Aggregate Debt Service		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2020	$ 29,055,881	$ 10,225,868	$ 7,449,119	$ 2,468,114	$ 36,505,000	$ 12,693,982	$ 49,198,982
2021	27,855,715	8,750,012	7,854,285	2,082,695	35,710,000	10,832,707	46,542,707
2022	28,138,500	7,367,431	8,446,500	1,692,175	36,585,000	9,059,606	45,644,606
2023	27,383,602	5,975,604	8,461,398	1,299,203	35,845,000	7,274,807	43,119,807
2024	26,780,785	4,707,808	5,484,215	1,015,598	32,265,000	5,723,406	37,988,406
2025-2029	58,342,609	12,710,487	14,542,392	2,417,407	72,885,001	15,127,894	88,012,895
2030-2034	32,490,800	4,612,667	5,494,200	680,402	37,985,000	5,293,069	43,278,069
2035-2039	8,935,000	547,094	580,000	48,031	9,515,000	595,125	10,110,125
Totals	$ 238,982,892	$ 54,896,971	$ 58,312,109	$ 11,703,625	$ 297,295,001	$ 66,600,596	$ 363,895,597

Debt service requirements for general obligation bonds are principally met by the General Fund. The Governmental Activities, Landfill Closure and Post-Closure Care, Federal Arbitrage Rebate (there are no set maturity dates for these liabilities) will also be liquidated by the General Fund. Compensated absences (except School Board and most Proprietary funds) will be liquidated by the General Fund. Internal Service Funds predominately serve the Governmental Funds. Accordingly, long-term liabilities for them are included as part of the above totals for Governmental Activities in Note 6A1. The net pension liability and net OPEB liability are liquidated by the correlating funds in respect to the departmental costs and are reflected, based on allcation, on Internal Services Fund, Enterprise Fund and Entity-Wide Fund statements. Claims and Judgments are liquidated by the Risk Management Fund. Interest expense incurred on the above noted debt for the year ended June 30, 2019, was $50,921,229.

E. Agricultural Reserve Program

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

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

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

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

As of June 30, 2019, 100 installment purchase agreements totaling 9,735 acres with a total purchase price of $47,710,144 have been executed. During FY 2019 three installment purchase agreements were executed totaling $1,607,482 for 151.43 acres. No principal was retired in FY 2019; principal will be retired beginning in FY 2022. *(See Note 9 - Subsequent Events for details regarding sales in FY2020)*

Annual Debt Service requirements to maturity for Agricultural Reserve Program**:**

Year Ending June 30	Principal	Interest	Total
2020	$ -	$ 2,423,724	$ 2,423,724
2021	-	2,423,724	2,423,724
2022	2,211,066	2,405,662	4,616,728
2023	6,949,719	1,964,639	8,914,358
2024	1,034,361	1,773,157	2,807,518
2025-2029	11,347,306	6,940,241	18,287,547
2030-2034	8,991,932	4,802,165	13,794,097
2035-2039	10,929,708	1,826,998	12,756,706
2040-2044	6,246,052	524,394	6,770,446
Totals	$ 47,710,144	$ 25,084,704	$ 72,794,848

F. Legal Debt Limit

The Constitution of Virginia (article VII, section 10) and the City Charter (section 6.05:1) impose a legal limit on the amount of general obligation debt that the City may issue without referendum; this legal limit is 10% of the total assessed value of taxable real property. At June 30, 2019, the City's debt limit was $5.8 billion of which $5.2 billion was available for the issuance of additional debt (which is known as the legal debt margin).

G. Water and Sewer Enterprise Revenue Bonds

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

- $65 million in Water and Sewer Revenue Bonds issued in June 2010. The bonds are payable solely from water and sewer customer net revenues and are payable through 2036. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $79,162,226.

- $8.4 million in Water and Sewer Refunding Revenue Bonds issued in June 2010. The bonds are payable solely from water and sewer customer net revenues and are payable through 2022. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $5,729,775.

- $24.9 million in Water and Sewer Refunding Revenue Bonds issued in June 2010. The bonds are payable solely from water and sewer customer net revenues and are payable through 2028. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $16,726,284.

- $44.8 million in Water and Sewer Revenue Bonds issued in November 2013. The bonds are payable solely from water and sewer customer net revenues and are payable through 2039. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $57,447,300.

- $46.7 million in Water and Sewer Revenue Bonds issued in June 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2042. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $63,685,963.

- $42.9 million in Water and Sewer Refunding Revenue Bonds issued in June 2016. The bonds are payable solely from water and sewer customer net revenues and are payable through 2031. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $48,008,938.

The aforementioned Water and Sewer Revenue Bonds were issued for rehabilitation of aging infrastructure, neighborhood improvement projects, system expansion, and roadway and storm water coordination projects adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Water and Sewer Revenue Bonds is $270,760,486. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year. Furthermore, City Council set a goal of debt service coverage on its water and sewer revenue bonds at not less than 1.50-times of net revenues to debt service. At June 30, 2019, the debt service coverage on the water and sewer revenue bonds is 2.9-times. The total principal and interest expense for the current year and net available customer operating income were $17,007,125 and $49,132,681, respectively.

H. Storm Water Revenue Bonds

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

- $20 million in Storm Water Revenue Bonds issued in November 2010. The bonds are payable solely from storm water customer net revenues and are payable through 2036. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $23,381,464.

- $7.4 million in Storm Water Revenue Bonds issued in November 2010. The bonds are payable solely from storm water customer net revenues and are payable through 2025. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $3,858,203.

- $23.5 million in Storm Water Revenue Bonds issued in January 2015. The bonds are payable solely from storm water customer net revenues and are payable through 2040. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $28,560,972

- $29.5 million in Storm Water Revenue Bonds issued in February 27, 2019. The bonds are payable solely from storm water customer net revenues and are payable through 2043. At June 30, 2019, the total principal and interest remaining to be paid on the bonds is $44,623,681.

The aforementioned Storm Water Revenue Bonds were issued to address flood control, water quality and capital maintenance adopted in the City's Capital Improvement Program. The total principal and interest remaining to be paid on the outstanding Storm Water Revenue Bonds is $100,424,320. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year. Furthermore, the City has a goal of debt service coverage on its storm water revenue bonds at not less than 1.5-times of net revenues to debt service. At June 30, 2019, the debt service coverage on the storm water revenue bonds is 3.9-times. The total principal and interest expense for the current year and net available customer operating income were $3,540,480 and $13,717,094, respectively.

I. Debt Service Expenditures

Summarized below are the annual requirements to pay debt service costs on all outstanding long-term debt as of June 30, 2019.

General Government City:	Principal Retirement[1]	Interest and Fiscal Charges[2]	Total
General Obligation Bonds	$ 56,884,035	$ 26,073,278	$ 82,957,313
State Literary Fund Loans	375,000	45,000	420,000
Public Facility Revenue Bonds	27,566,160	11,491,336	39,057,496
Agriculture Reserve Program	-	2,412,444	2,412,444
Bank Charges & Bond Issuance Costs	-	115,797	115,797
Total Tax Supported Debt Service	84,825,195	40,137,855	124,963,050

Enterprise Funds:	Principal* Retirement	Interest and Fiscal Charges	Total
Revenue Bonds	11,010,276	10,522,531	21,532,807
Public Facility Revenue Bonds	7,288,840	2,789,084	10,077,924
Bank Charges & Bond Issuance Costs	-	355,267	355,267
Total Enterprise Debt Service	18,299,116	13,666,882	31,965,998
Total Debt Service	$ 103,124,311	$ 53,804,737	$ 156,929,048

[1] Excludes bonds refunded
[2] Excludes Premium from bond sales

J. Accrued Compensated Leave

The accrued compensated leave is as follows at June 30, 2019:

	Primary Government			
	Governmental Activities	Business-Type Activities	School Board Component Unit	Total
City - Annual	$ 31,861,751	$ 3,671,260	$ -	$ 35,533,011
City - Compensatory	8,989,034	523,712	-	9,512,746
City - Sick	2,951,765	547,557	-	3,499,322
School - Annual	-	-	10,762,110	10,762,110
School - Sick	-	-	18,616,862	18,616,862
School - Personal	-	-	4,871,478	4,871,478
Total	$ 43,802,550	$ 4,742,529	$ 34,250,450	$ 82,795,529

K. Authorized But Unissued Bonds

A summary of debt authorized by City Council as of June 30, 2019, but not yet issued is listed below. The City's practice is to issue debt on a reimbursement bases after capital project expenses have been incurred.

Charter Based Debt:		
General Obligation Debt:		
2015 Charter Bonds	$	18,801,595
2016 Charter Bonds		61,295,293
2017 Charter Bonds		69,272,406
2018 Charter Bonds		72,208,245
2019 Charter Bonds		71,009,710
Total General Obligation Debt		292,587,249
Revenue Bond Debt:		
Water and Sewer Debt:		
2013 W & S Revenue Bonds		5,682,666
2014 W & S Revenue Bonds		27,000,000
2015 W & S Revenue Bonds		20,000,000
2019 W & S Revenue Bonds		14,373,971
Total Water and Sewer Debt		67,056,637
Storm Water Utility Debt:		
2015 Storm Water Utility Revenue Bonds		7,879,607
2015 Storm Water Utility Revenue Bonds		15,977,102
2017 Storm Water Utility Revenue Bonds		30,143,013
2018 Storm Water Utility Revenue Bonds		30,077,004
2019 Storm Water Utility Revenue Bonds		25,000,000
Total Storm Water Utility Debt		109,076,726
Total Authorized and Unissued Charter & Revenue Bond Debt - June 30, 2019		468,720,612
Appropriation-Supported Debt:		
Public Facility Revenue Bonds		353,516,999
Total Authorized and Unissued Debt - June 30, 2019	$	822,237,611

L. Revenue Covenants

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

M. Compliance

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

N. Public Facility Revenue Bonds and Associated VBDA Support Agreements

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

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

The Authority issued PFRBs, Series 2010B & C, Series 2012B, 2014B, 2015B, and 2016B to advance refund certain maturities of the previously issued PFRBs series 2002A, 2003A, 2005A, 2007A, 2005B, 2007B and its 1998 Lease Revenue Bonds. During FY 2017-18, the Authority issued PFRB, Series 2018A, of which $3.1 million (including premiums) paid for a public plaza and public infrastructure to elevate Zeiders American Dream Theater in Town Center Phase VI.

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

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

7. ASSETS AND OBLIGATIONS UNDER LEASES

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

8. DEPOSITS AND INVESTMENTS

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

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

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

As of June 30, 2019, the City had the following recurring investments. Except for the investments in the State Non Arbitrage Program (SNAP), Virginia Investment Pool (VIP), and Local Government Investment Pool (LGIP), all investments are in an internal investment pool.

Investments at Fair Value:	June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level3)	Weighted Average Maturities (in months)
Money Market funds	$ 10,000,000	$ -	$ 10,000,000	$ -	0.01
Commercial Paper	163,124,460	-	163,124,460	-	1.24
U. S. Government Securities	376,942,592	-	376,942,592	-	0.48
	$ 550,067,052	$ -	$ 550,067,052	$ -	
Investments Measured at amortized Cost:					
Certificates of Deposits	$ 75,000,000				0.48
State Non Arbitrage Program – SNAP	24,091,535				0.03
State Treasurer's Local Government Pool (LGIP)	67,000,000				0.08
Virginia Investment Pool (VIP)	10,644,232				0.01
Virginia Investment Pool (VIP) - Liquidity Pool	62,455,382				0.08
Total Fair Value	$ 239,191,149				
Total Investments					
Portfolio Weighted Average Maturity	$ 789,258,201				0.44

The City has investments in U.S. Government securities valued at $376.9 million (Level 2 inputs). These investments are classified in Level 2 of the fair value hierarchy and are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

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

The remaining investments, measured in accordance with existing GASB standards and at amortized costs, totaled $239.2 million at June 30, 2019. Investments within the SNAP Investment Pool are held there to meet the debt service reserve requirements of the bond covenants and therefore cannot be withdrawn for any other purpose. Investments within the Local Government Investment Pool (LGIP) have no restrictions on withdrawals and can be obtained upon demand. Investments in the Virginia Investment Pool (VIP) fall within two primary funds, 1-3 Year High Quality Bond Fund and Stable NAV Liquidity Pool. The 1-3 High Quality Bond Fund redemptions are available twice a month and participants are required to provide 5 days' notice. Redemptions greater than $5 million are requested to be submitted 60 days in advance and if the redemption is greater than 10% of the portfolio's net asset value without the 60 days' notice, the redemption can be executed over time. The Stable NAV Liquidity Pool has no restrictions on withdrawals and funds are available the same day.

Reconciliation of total deposits and investments to the government-wide financial statements at June 30, 2019:

	Primary Government	School Board Component Unit	Total
Cash and Investment	$ 719,918,298	$ 169,763,971	$ 889,682,269
Restricted Cash and Cash Equivalents	139,501,616	0	139,501,616
Fiduciary Funds	467,279	19,837,067	20,304,346
Total	$ 859,887,193	$ 189,601,038	1,049,488,231
Less: Cash on Deposit			(260,230,030)
Total Fair Value of Investment at June 30, 2019			$ 789,258,201

In addition to the above cash and investments reported on the government-wide financial statements the carrying values as of June 30, 2019 of the City and School Board OPEB Trust Fund's deposits and investments held by the Virginia Pooled OPEB Trust (VML/VACo Pooled OPEB Trust) was $44,147,786 and $31,768,081, respectively.

Interest Rate Risk:

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

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

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

Credit Risk:

Credit risk is the risk an investor is subject to as a result of the credit quality of investments in debt securities. Statutes as well as the City's investment policy authorize the City to invest in obligations of the United States or

agencies thereof; the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Development (World Bank); the Asian Development Bank; the African Development Bank; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptance instruments; repurchase agreements which are collateralized with securities approved for direct investment; State Treasurer's Local Government Investment Pool (LGIP); and corporate notes with at least a rating of Aa by Moody's or AA by Standard and Poor's.

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

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

The City's rated debt investments as of June 30, 2019 were rated by Standard & Poor's and Moody's and/or an equivalent national rating organization and the ratings are presented below using the respective rating scale from both agencies.

	AAA	A1/P1/F1+
State Treasurer's Local Government Investment Pool (LGIP)	$ 67,000,000	$ -
U. S. Government Securities	376,942,592	-
State Non Arbitrage Program (SNAP)	24,091,535	-
Commercial Paper	163,124,460	-

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

At June 30, 2019, investments in bankers' acceptance instruments and U.S. Government Securities are recorded at fair value. All other investments are reported utilizing amortized cost due to maturity dates less than one year. The fair valuing of bankers' acceptance instruments and U.S. Government Securities at June 30, 2019 resulted in a net increase of $3,053,832.

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

9. COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Intergovernmental Grants, Entitlements, and Shared Revenues

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

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

C. Salaries Payable

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

D. Landfill Closure and Environmental Trust Fund Claims

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

The total remaining capacity as of the end of 2018 of the permitted cells at the City landfill is 1.81 million tons. Future development could increase the total landfill capacity to 5.4 million tons. The City used 3.6 million tons prior to the date of the agreements (August 1984). Total usage to date has been estimated at 8.24 million tons. Estimated remaining life of the landfill, based on current fill rates is 25 years for the existing developed capacity and 74 years for the permitted capacity.

To date, approximately 82 percent of the permitted landfill has been used. Based on a 2012 study, the present value of the estimated cost for both closure and post-closure care is $21,306,528, an amount based on landfill capacity used to date. Until another cell of the landfill is opened, no additional estimated closure and post-closure care costs will be recognized, except for the effects of inflation, changes in landfill conditions, changes in estimates, changes in technology or changes in laws or regulations. This amount is reflected in the government-wide financial statements. The City is required by law to submit a worksheet that demonstrates the ability to fund landfill closure and post-closure care costs.

The Environmental Trust Funds were established through agreements between the City, Suffolk and SPSA which include the Suffolk Environmental Trust fund and the Virginia Beach Environmental Trust Fund. The purpose of these accounts are to provide for all costs relating to legal suits and other similar claim activity relating to environmental pollution that are made against the Regional Landfill and the Virginia Beach Landfill during a thirty (30) year period after cessation of each landfill's operation. The City's proportionate share of the funds, held by SPSA, total $302,953 as of June 30, 2019.

E. Subsequent Events

On July 31, 2019 the City issued $101.2 million in General Obligation Bonds and $54.9 million in General Obligation Public Improvement Refunding Bonds for various city and public-school system capital improvement projects. The combined true interest cost of the winning bidder for both bond series was 2.106266% (comprised of Series 2019A at 2.260389% and Series 2019B at 1.377045%).

On August 30, 2019, as part of the City's Agricultural Reserve Program to preserve agricultural lands in the southern portion of the City, the City entered into an individual purchase agreement for a perpetual agricultural land preservation easement to purchase the development rights on 113.07 acres of land. The total purchase price was $1,036,132, at an annual interest rate of 2.88%. The principal will be retired at the end of the 25-year agreement term.

In August 2019, David L. Hansen resigned as City Manager. City Council subsequently appointed Thomas M. Leahy, P.E. as Acting City Manager as a nationwide search for a new City Manager is undertaken. Mr. Leahy has over 39 years experience with the City serving as the Deputy City Manager, overseeing the Departments of Finance, Budget and Management Services, Public Works, Public Utilities, and Information Technology. Prior to serving as Deputy City Manager, Mr. Leahy was the Director of Public Utilities. Mr. Leahy has a Bachelor's and Master's degree in Chemical Engineering from the University of Virginia and a Master's of Public Administration from Old Dominion University.

In November 2019, the Virginia Beach Development Authority and City Council approved a development agreement with Venture Realty Group on proposed terms for the development of Atlantic Park, a mixed-use, mutli-venue development proposed for the former Dome site located between 18th and 20th streets, with an estimated $325 million investment partnership. The proposal calls for the creation of a new Community Development Authority to govern the property as a special district. The venue will provide residences, offices, retail, restaurants and a surf park.

F. Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts, and other monetary commitments in order to reserve an applicable portion of an appropriation is used as an extension of formal budgetary control by the City. At June 30, 2019 the City had outstanding encumbrances as follows:

General Fund		
General Government	$	1,700,871
Computer Replacement Program		161,492
Museums and Cultural Arts		234,582
Information Technology		1,212,118
Planning		115,531
Sandler Center for the Performing Arts		1,930,939
Human Services		387,819
Police		391,280
Public Works		2,385,604
Parks and Recreation		277,613
Vehicle Replacement		384,923
Total General Fund		9,182,772
Capital Projects Fund		
Engineering and Highways		70,199,827
Buildings		66,791,748
Parks and Recreation		5,274,121
Coastal		2,383,193
Economic and Tourism		62,821,878
Total Capital Projects Fund		207,470,767
Nonmajor Special Revenue Funds		2,061,680
Total	$	218,715,219

10. TAX ABATEMENTS

Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach	
	Tourism Development Financing Program (TDFP) Cavalier	Business License Incentive Program (BPOL)
1) Purpose of Program	Provides incentive payment annually of "but for" project revenues after a project is operational and has paid sales taxes. This annual incentive payment is to assist in closing a financing gap between debt and equity a developer currently has and the total financing required by a tourism project.	Incentive program providing partial tax exemption for new businesses, and will foster business development and encourage entrepreneurialism.
2) Tax being abated	1% local sales tax	Business License Tax
3) Authority under which abatement agreements are entered into	VA Code 58.1-3851.1 City Code Chapter 35.4	City Code Chapter 18.202-208
4) Criteria to be eligible to receive abatement	Capital investment greater than $30 million and taxable sales greater than $1 million annually. Compensates for a shortfall in project funding, not to exceed 30% of a qualified project's total cost.	A qualifying business that locates in the City of Virginia Beach for the first time and anticipates gross receipts greater than $100K.
5) How recipients' taxes are reduced	Through sales tax dedication based on generated sales.	Pay maximum license fee of $60 for the first 2 calendar years.
6) How amount of abatement is determined	1) 1% of local sales tax generated on-premise is paid to developer as an incentive payment - total of $8.17M 2) 1% of state sales tax generated on-premise is paid to developer as an incentive payment - total of $8.17M 3) 1% developer access fee that is paid to the state is provided to the developer as an incentive payment - total of $8.17M	Business License Tax reduced to $50.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	1) Economic Development Investment Program Grant - $8.2M (FY 2014) 2) Green Space/Historic Preservation Easement - $2.37M (FY2014) 3) Cavalier Drive Improvements - $2.45M (FY2014 and 2017) 4) Annual Grants based on increased Real Estate Tax Revenues - capped at $5M in total; not yet paid	Eligible for Economic Development Investment Program Grant: FY2019 - $687,262 FY2018 - $360,514
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Real Estate Tax: FY2019 - $951,367 FY2018 - $1,137,383 (Rebate for taxes paid from FY14 through FY18) Sales Tax: FY2019 - $119,529 (City's portion only) FY2018 - $17,873 (City's portion only)	Business License Tax: FY2019 - $410,812 FY2018 - $319,900

Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	Programs Administered by City of Virginia Beach	
	Yes Oceana APZ-1 Incentives	ViBE Creative District
1) Purpose of Program	Developed to meet the requirements of the Base Realignment and Closure (BRAC) Commission to protect our citizens and keep the Navy's East Coast master jet base, Naval Air Station (NAS) Oceana, in Virginia Beach. Consists of zoning ordinances and incentives to foster the conversion of nonconforming businesses in APZ-1 into conforming ones and relocating ones that cannot be converted to another part of Virginia Beach.	To attract creative industries to the City, new establishments at which creative activities are carried on, establish framework for broadening economic development through creative endeavors, and to encourage creative activites at existing venues.
2) Tax being abated	Real Estate Tax; Business License Tax and Fees	Real Estate Tax; Business License Tax and Fees
3) Authority under which abatement agreements are entered into	VA Code 58.1-3220.1 and 58.3221 Ord. No. 2786, 9-23-03 Ord. No. 2932, 3-28-06 VB Code 35-72.1, 35.2-11	VB Code Section 9-1 through 9-9. Ord. No. 3402
4) Criteria to be eligible to receive abatement	The assessed value after the rehabilitation, renovation, or replacement of the structure shall be at least 20% greater than the base assessed value; for commercial or industrial use; consistent with the City's Comprehensive Plan and Zoning Ordinances; result in conversion of a nonconforming use to a conforming use.	Being a qualifying organization including one that is intended for unique production of works created by artists, a museum, theater, entity engaged in architecture, culinary arts, design, film, publishing, and software development, etc.; and shall be physically located within a Creative District designated by the City Council.
5) How recipients' taxes are reduced	Credit on tax bill, rebate, and reimbursements of fees. All last 15 years.	Credit on bill for real estate tax. Through reimbursement of business, professional, and occupational license taxes. Reimbursement of fees.
6) How amount of abatement is determined	The difference between the taxes computed upon the base value and the initial rehabilitated assessed value of the property for each year of the partial exemption from real estate taxes; credit shall not increase. 90% of business license taxes imposed by Chapter 18.	Real estate credit is amount equal to the greater of initial increase in assessed value of the structure above its base value resulting from the rehabilitation of the structure or an amount equal to fifty percent of the qualifying costs of rehabilitating the structure, for 10 years. Entitled to reimbursement for up to 10 years of BPOL taxes. Total reimbursement of fees if qualified.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	Eligible for Economic Development Investment Program Grant: FY2019 - $142,078 FY2018 - $134,645	Eligible for Economic Development Investment Program Grant. FY2019 - $21,637 FY2018 - $0
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Business License Tax: FY2019 - $67,747 FY2018 - $43,598 No Real Estate Taxes have been credited to-date	There are currently only two qualifying establishments under this program and due to Virginia Law this amount cannot be disclosed, therefore it is included with the amount in APZ-1.

Virginia Beach Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards	**Programs Administered by City of Virginia Beach**	
	Public Private Partnerships	
	Field House	25th Street Parking Garage and iFLY
1) Purpose of Program	The Virginia Beach Field House is a 175,000 sf Indoor Multipurpose Field House Venue opened in September 2010. It is located in the Princess Anne Athletic Complex filling a need for recreational facilities. Eastern Sports Management operates the facility. Private investment was $15.7 million and included a ground lease from the City (percentage rent of 5% for annual sales over $5.5 million).	The City partnered with a private company to develop a unique tourism amenity and to provide public parking in the resort area. The project includes a public garage, and privately owned entertainment facility and apartments. The project is aligned with Council's Resort Strategic Action Plan (2008) for year-round entertainment, a year-round residential development/presence, and public parking. The Venue opened in 2016 and had private investment of $21.66 million.
2) Tax being abated	Real Estate Tax	Admissions Tax
3) Authority under which abatement agreements are entered into	Development Agreement approved by City Council	Virginia Public-Private Education Facilities and Infrastructure Act of 2002
4) Criteria to be eligible to receive abatement	The project's comprehensive agreement was approved by City Council February 2010.	The project's comprehensive agreement was approved by City Council February 2013.
5) How recipients' taxes are reduced	Company receives a rebate/incentive payment.	Company receives a rebate/incentive payment.
6) How amount of abatement is determined	100% of annual real estate taxes, paid to the city are rebated back as an incentive payment (but for revenues) for the first 10 years.	90% of admission taxes remitted to the City are rebated back as an incentive payment (but for revenues) until a total of $1.6 million have been returned.
7) Provisions for recapturing abated taxes	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes	N/A	The City sold the 25th Street parking lot to the developer for $7.65 million. After the developer built 147 apartment units, 2,500 square feet of retail space, "iFLY" entertainment facility, and a 565-space garage, the City purchased the parking garage for $7.65 million. Also, the City contributed approximately $250,000 towards landscaping and $586,000 for streetscape improvements.
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement	Real Estate Tax: FY2019 - $136,307 FY2018 - $143,514	Admission Tax: FY2019 - $85,820 FY2018 - $87,353

11. INTERFUND BALANCES AND TRANSACTIONS, FUND RESULTS AND RECONCILIATIONS

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2019 were made up of the following:

Transfer To:	General Fund	Nonmajor Governmental	Nonmajor Parking Enterprise	Internal Service	Total
General Fund	$ 91,000	$ 9,272,097	$ -	$ -	$ 9,363,097
Capital Projects Fund	62,275,929	13,272,119	350,000	100,000	75,998,048
Storm Water Fund	5,586,510	2,519,873	-	-	8,106,383
Waste Management	-	1,476,000	-	-	1,476,000
Nonmajor Governmental	74,745,981	983,416	90,000	-	75,819,397
Nonmajor Enterprise Funds	-	68,500	-	-	68,500
Internal Service Funds	1,800,000	1,493	-	-	1,801,493
Total	$ 144,499,420	$ 27,593,498	$ 440,000	$ 100,000	$ 172,632,918

Purpose:

Transfers From General Fund:

$ 91,000	General Fund: Virginia Beach Library Gift Fund
62,275,929	Capital Projects Fund: Funding for Pay-As-You-Go Capital Projects Fund
5,586,510	Storm Water Fund: Funding for support of Storm Water Capital Projects
74,745,981	Nonmajor Governmental Funds: Funding for Special Revenue programs and Debt Fund
1,800,000	Internal Service Funds: For Risk Management support

Transfers From Nonmajor Governmental Funds:

$ 9,272,097	General Fund: Special Revenue Funds, primarily surplus funds from Sandbridge TIF
13,272,119	Capital Projects Fund: Funding for Pay-As-You Go capital projects.
2,519,873	Storm Water Fund: Funding for support of Storm Water operations.
1,476,000	Waste Management: Funding for support of Operations
983,416	Nonmajor Governmental Funds: Funding for support of existing programs
68,500	Nonmajor Enterprise Funds: Funding for Parking support.
1,493	Internal Service: Funding support for City Garage

Transfer From Nonmajor Enterprise Fund:

$ 350,000	Capital Project Funds: Economic and Tourism.
90,000	Nonmajor Governmental Funds: Funding for support of existing programs.

Transfer From Internal Service Fund:

$ 100,000	Capital Project Funds: Funding for support of Roadway Capital Projects

B. Net Position Deficit

The following Primary Government fund has a deficit balance in equity at June 30, 2019:

Proprietary Funds:		
Risk Management Fund	$	(12,751,651)

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

12. RISK MANAGEMENT

A. Primary Government Self-Insurance Program

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

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

On May 31, 2019, the City of Virginia Beach experienced the worst tragedy in its history. Eleven city employees and one citizen were killed and more were either severely injured or affected by the mass shooting. Safety National, the City's excess Workers' Compensation carrier, has confirmed they will be only applying one self-insured retention for all claims associated with the May 31, 2019 shooting totalling $1.25 million.

The insurance coverage for each major category of risk is the same as those reported in the prior fiscal year. There have not been any reductions in commercial insurance coverage from the prior year and the amount of settlements applied against this coverage in each of the past three years did not exceed the commercial insurance. The City has $10,000,000 of excess insurance coverage per claim and $20,000,000 aggregate. For the first time, the City purchased Cyber insurance with a $5,000,000 cap each claim and in aggregate policy. These coverages include data breach incident response, network security, privacy liability, data breach liability, regulatory liability, business interruption, data restoration, cyber extortion and media liability.

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

The claims liability of $41,453,521 is based on the ultimate cost of settling the claims, which includes incremental claim adjustment expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30. The City believes the estimates contained in its latest actuarial analysis, dated June 30, 2019, substantially reflects estimated claims and judgements for the period ending June 30, 2019.

Fiscal Year	Beginning Liability	Claims & Changes in Estimates	Claims Payments	Balance at Year-End
2018	37,732,500	12,452,256	9,282,726	40,902,030
2019	40,902,030	11,075,214	10,523,723	41,453,521

B. School Board Self-Insurance Program

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

Liability has a $4,000,000 excess limit per occurrence; and Workers' Compensation Excess coverage is $850,000 per claim.

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

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2017	7,554,000	5,838,000	6,025,000	7,367,000
2018	7,367,000	5,828,000	5,224,000	7,971,000
2019	7,971,000	7,550,000	6,924,000	8,597,000

Self-Insured Health Care Benefits Program

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

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

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims & Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2017	7,539,000	132,594,000	132,809,000	7,324,000
2018	7,324,000	134,456,000	132,452,000	9,328,000
2019	9,328,000	142,338,000	142,235,838	9,430,162

C. Surety Bonds

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

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

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

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

13. RETIREMENT

A. Virginia Retirement System

Plan Description

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

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

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1: Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About Plan 2: Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.	About the Hybrid Retirement Plan: The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members: Employees are in 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.	Eligible Members: Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	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 • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
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 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 Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Hybrid Opt-In Election: Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible 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 optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	*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 optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
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.	Retirement Contributions: Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	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.

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		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. Distribution is not required by law until age 70½.
Calculating the Benefit: The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit: See definition under Plan 1.	Calculating the Benefit Defined Benefit Component: See definition under Plan 1.

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

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Exceptions to COLA Effective Dates: Same as Plan 1.	Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.
Disability Coverage: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	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.	Disability Coverage: Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

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

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplemental information for VRS. A copy of the most recent report may be obtained from the VRS website at https://www.varetire.org/pdf/publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500 Richmond, VA., 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	City	School Board Non Professional
Inactive Members or Their Beneficiaries Currently Receiving Benefits	3,906	1,570
Inactive Members:		
Vested	840	289
Non-Vested	1,162	763
Long Term Disability	1	2
Active Elsewhere in VRS	816	401
Total Inactive Members	2,819	1,455
Active Members	5,951	2,038
Total	12,676	5,063

Contributions

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

The City's contractually required employer contribution rate for the year ended June 30, 2019 was 14.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This rate, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

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

	City		School Board - Professional		School Board - Non-Professional	
Fiscal Year	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions	Employer Contributions	Employee Contributions
2019	$ 47,366,085	$ 16,075,182	$ 63,710,358	$ 20,315,803	$ 2,885,329	$ 2,146,633
2018	44,501,507	15,882,008	65,402,518	20,037,536	2,967,419	2,121,653

Net Pension Liability

The City's net pension liability measured as of June 30, 2018 totaled $347,547,586. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

As of June 30, 2019, the School Board Professional Retirement Plan reported a liability of $596,910,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion was 5.07577% as compared to 5.08685% at June 30, 2017. The School Board's net pension liability for the Non Professional Retirement Plan measured as of June 30, 2018 totaled $12,290,943. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions – City General Employees

The total pension liability for general employees in the City's Retirement Plans was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation:	2.5 percent
Salary increases, including inflation:	3.5 percent - 5.35 percent
Investment rate of return:	7.0 percent, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long- term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-LEOS: 20% of deaths are assumed to be service related.
Pre-Retirement**:**
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-LEOS: 15% of deaths are assumed to be service related.
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; 110% of rates; females 125% of rates.
The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10-Non-LEOS:
- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and extended final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rates from 14% to 20%

All Others (Non 10 Largest) – Non-LEOS:
- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rates from 14% to 15%

Actuarial Assumptions – City Public Safety Employees

The total pension liability for Public Safety employees in the City's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation:	2.5 percent
Salary increases, including inflation:	3.5 percent - 4.75 percent
Investment rate of return:	7.0 percent, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long- term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - LEOS: 70% of deaths are assumed to be service related
Pre-Retirement**:**
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% of male.

All Others (Non 10 Largest) – Non-LEOS: 45% of deaths are assumed to be service related
Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.
Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.
Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Largest 10-LEOS:
- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service year
- Increased disability rates
- Increased line of duty disability rates from 60% to 70%

All Others (Non 10 Largest) – LEOS:
- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Increased retirement age 50 rates and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better fit experience
- Decreased line of duty disability rates from 60% to 45%

Actuarial Assumptions – School Board

Professional/Teacher Retirement Plan

The total pension liability for the VRS Professional/Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.95percent
Investment rate of return	7.0 Percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

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

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

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

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

Non Professional Retirement Plan

The total pension liability for Non Professional (Non Teacher) Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates: 15% of deaths are assumed to be service related

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

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

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the City and School Board's Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

City	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	$ 1,947,005,898	$ 1,596,768,206	$ 350,237,692
Changes for the Year:			
Service Cost	38,749,786	-	38,749,786
Interest	132,764,815	-	132,764,815
Changes in assumptions	-	-	-
Difference between expected and actual experience	2,420,090	-	2,420,090
Contribution - Employer	-	44,514,635	(44,514,635)
Contribution - Employee	-	16,102,282	(16,102,282)
Net Investment Income	-	117,134,461	(117,134,461)
Benefit payments, including refunds of Employee Contributions	(100,731,357)	(100,731,357)	-
Administrative Expense	-	(1,022,764)	1,022,764
Other Changes	-	(103,817)	103,817
Net Changes	73,203,334	75,893,440	(2,690,106)
Balances at June 30, 2018	$ 2,020,209,232	$ 1,672,661,646	$ 347,547,586

School Board Non Professional	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	$ 220,218,150	$ 206,603,150	$ 13,615,000
Changes for the Year:			
Service Cost	3,831,060	-	3,831,060
Interest	14,994,765	-	14,994,765
Changes in assumptions	-	-	-
Difference between expected and actual experience	(114,972)	-	(114,972)
Contribution - Employer	-	2,967,419	(2,967,419)
Contribution - Employee	-	2,121,653	(2,121,653)
Net Investment Income	-	15,092,474	(15,092,474)
Benefit payments, including refunds of Employee Contributions	(12,014,444)	(12,014,444)	-
Administrative Expense	-	(133,315)	133,315
Other Changes	-	(13,321)	13,321
Net Changes	6,696,409	8,020,466	(1,324,057)
Balances at June 30, 2018	$ 226,914,559	$ 214,623,616	$ 12,290,943

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

The following presents the net pension liability for the City, School Board Non Professional and School Board's proportional share for the Professional/Teacher Retirement Plans, each using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00)%	Current Discount Rate (7.00%)	1% Increase (8.00)%
City's Net Pension Liability	$ 594,846,159	$ 347,547,586	$ 140,452,860
School Board Non Professional Net Pension Liability	$ 38,710,000	$ 12,290,943	$ (9,967,000)
School Board's Proportionate Share of the Net Pension Liability for the VRS Professional/Teacher Retirement Plan	$ 911,795,000	$ 596,910,000	$ 336,272,000

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

For the year ended June 30, 2019, the City recognized pension expense of $28,352,927. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,882,673	$ 3,364,092
Changes of assumptions	3,981,293	-
Net difference between projected and actual earnings on plan investments	-	13,262,869
Employer contributions subsequent to the measurement date	47,366,085	-
Total	$ 55,230,051	$ 16,626,961

The $47,366,085 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:	
2020	$ 5,785,715
2021	2,016,835
2022	(15,336,312)
2023	(1,229,233)
2024	-
Thereafter	-

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

For the year ended June 30, 2019, the School Board recognize pension expense of $31,973,000 for the Professional/Teacher Retirement Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board Professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 51,042,000
Change of assumptions	7,125,000	-
Net difference between projected and actual earnings on plan investments	-	12,658,000
Changes in proportion and differences between employer contributions and porportionate share of contributions	1,140,000	10,253,000
Employer contributions subsequent to the Measurement Date	63,710,000	
Total	$ 71,975,000	$ 73,953,000

The $63,710,000 reported as deferred outflows of resources related to pensions resulting from the contributions by the School Board for the Professional/Teachers plan subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:	
2020	$ (10,841,000)
2021	(15,904,000)
2022	(28,260,000)
2023	(8,361,000)
2024	(2,322,000)

In addition, for the year ended June 30, 2019, the School Board recognized pension expense was $588,000 for the Non Professional Retirement Plan. At June 30, 2019, the School Board Non Professional Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	School Board Non Professional	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 361,000	$ 72,000
Changes in Assumptions	-	363,000
Net difference between projected and actual earnings on plan investments	-	1,616,000
Employer contributions subsequent to the measurement date	2,885,000	-
Total	$ 3,246,000	$ 2,051,000

The $2,885,000 reported as deferred outflows of resources related to pensions resulting from the contributions by the School Board Non Professional plan made subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30:		
2020	$	746,000
2021		(138,000)
2022		(2,122,000)
2023		(176,000)
2024		-

B. Sheriff's Supplemental Retirement Plan

1. Description of the Plan

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

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

As of June 30, 2019, the composition of participants was as follows:

Employed participants with ending balances	367
Terminated participants with ending balances	146
Participants with zero ending balances	18
	531

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

Years of Service	Vested Percentage
0- 5 years	0%
5 years of more	100%

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

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

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

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

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

2. Summary of Significant Accounting Policies

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

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

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

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

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

Benefit Payments – Benefit payments are recorded when paid.

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

3. Investments

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

The Plan had the following investments as of June 30, 2019:

Mutual funds, at fair value:		
AB Discovery Value Advisor	$	78,919
American Century Equity Growth Fund		55,228
American Funds 2010 Target Date Retire R5		4,814
American Funds 2015 Target Date Retire R5		30,836
American Funds 2020 Target Date Retire R5		127,516
American Funds 2025 Target Date Retire R6		111,132
American Funds 2030 Target Date Retire R7		136,691
American Funds 2035 Target Date Retire R8		155,715
American Funds 2040 Target Date Retire R9		152,885
American Funds 2045 Target Date Retire R5		63,237
American Funds 2050 Target Date Retire R5		20,660
American Funds 2055 Target Date Retire R5		16,751
American Funds Growth Fud of Amer R4		133,203
Baron Small Cap Retail		174,346
Delaware Value Inst		165,117
Eagle Small Cap Growth R5		2,848
Janus Henderson Forty S		13,072
MassMutual Select Mid Cap GR EQ II R5		11
MFS Massachusetts Investors Growth Fund		75,230
Templeton World Fund		98,343
Vanguard Institutional Index I		530,292
Vanguard Mid Cap Index Fund		83,465
Vanguard Total Bond Market Index Inv		137,898
William Blair International Growth N		64,874
		2,433,083
Separate account contract, at contract value:		
Virginia Beach Fixed Income Fund		1,082,224
	$	3,515,307

Custodial Credit Risk – This is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of the investment of collateral securities that are in the possession of an outside party. The Plan limits its exposure to custodial credit risk by maintaining its investments in custodial accounts. Wells Fargo Bank, N.A. serves as custodian to the Plan. The Sheriff's Plan is self-trusted and thus does not have a Plan custodian. Securities that exist in book entry form are held in trust by the custodian in the name of the Plan.

4. Separate account contract

As part of the investment objectives of the investment policy, the Board has established the Virginia Beach Fixed Income Fund ("Stable Value Fund"), which meets the fully benefit-responsive investment contract criteria and, therefore, is reported at contract value. Contract value represents contributions made under each contract, plus earnings, less participant withdrawals, and administrative expenses.

The objective of the Stable Value Fund is to provide principal preservation, benefit responsiveness, liquidity, and current income at levels that typically are higher than those provided by money market funds over an interest rate cycle. The investments of the Stable Value Fund are expected to produce relatively stable annual returns on fund assets with little to no fluctuation in account values. A security-backed contract has similar characteristics as a traditional investment contract and is comprised of two parts: the first part is a fixed-income security or portfolio of fixed-income securities; the second part is a contract value guarantee (wrapper) provided by a third-party. Wrappers provide contract value payments for certain participant-initiated withdrawals and transfers, a floor crediting rate, and return of fully accrued contract value at maturity.

The Stable Value Fund is a separate account contract with Empower Retirement Services ("Empower"). Elective contributions are invested in the Stable Value Fund at the option of the Plan's participants. Empower maintains the assets of the Stable Value Fund in a separate account.

Participant accounts are credited with contributions and earnings on the underlying investments and charged for participant withdrawals and administrative expenses charged by the issuer. Empower is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. As of and for the year ended June 30, 2019, the crediting interest rate on the separate account contract was 1.75%.

At June 30, 2019 the fair value of the contract was as follows:

Components:		
Underlying investments	$	1,082,224
Wrap contract		(1,399)
Total	$	1,080,825

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts are dependent on the third-party issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments. Certain events might limit the ability of the Plan to transact at contract value with the contract issuers. These events may be different under each contract. Examples of such events include the following:

- The Plan's failure to qualify under Section 401(a) of the Internal Revenue Code or the failure of the trust to be tax-exempt under Section 501(a) of the Internal Revenue Code.
- Premature termination of the contracts.
- Plan termination or merger.
- Changes to the Plan's prohibition on competing investment options.
- Bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spinoffs of a subsidiary) that significantly affect the Plan's normal operations.

No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuers and that also would limit the ability of the Plan to transact at contract value with the participants. In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Examples of such events include the following:

- An uncured violation of the Plan's investment guidelines
- A breach of material obligation under the contract
- A material misrepresentation
- A material amendment to the agreements without the consent of the issuer

The Board has established the following guidelines for the investment of assets and management of certain risks related to the Stable Value Fund:

Authorized Investments – Subject to quality and diversification guidelines, Empower invests the assets of the Stable Value Fund in any or all of the following:

- United States Treasury Securities including Treasury Bills, Notes, Bonds or Strips
- Commercial paper
- Repurchase agreements fully collateralized by the United States Government, corporate and non-corporate credit bonds rated A-A/3 or better as rated by S&P, Moody's or Fitch at time of purchase
- Non-agency securities and United States Agency Securities
- Mortgaged-backed securities issued by:
  - Government National Mortgage Association ("GNMA")
  - Federal National Mortgage Association ("FNMA")
  - Federal Home Loan Mortgage Corporation ("FHLMC")
  - Federal Home Loan Banks ("FHLB")
  - Veteran Affairs' Vendee Loan
  - Other United States Agency or Government Sponsored Enterprise ("GSE")
- Collateralized mortgage obligations secured by GNMA, FNMA, FHLMC, FLHB, VA Vendee Loan, or other U.S. Agency or GSE securities
- Instruments of commercial banks domiciled in the United States of America, with the requirement that all money deposited into these banks be 100% guaranteed by the Federal Deposit Insurance Corporation.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Plan manages its credit risk of the Stable Value Fund by monitoring the credit quality of the separate account contract's issuer.

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Board manages the Stable Value Fund's exposure to concentrations of credit risk by ensuring the fund invests in a diversified portfolio of high credit quality securities. As of June 30, 2019, the Stable Value Fund was the only Plan investments that represented 5% or more of the Plan's net assets (other than those explicitly guaranteed or issued by the U.S. government or those invested in mutual funds, external investment pools, or other pooled investments).

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of investments. The Board's investment policy for the Stable Value Fund states that the average duration of the portfolio will not exceed 4 years.

5. Fair Value Measurements

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

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 2,433,083	$ -	$ -	$ 2,433,083
Total	$ 2,433,083	$ -	$ -	$ 2,433,083

6. Revenue Sharing Fee Agreement

The Plan sponsor has contracted with Empower under an agreement (the "Agreement") to provide certain administrative services. The Agreement calls for the Plan to pay Empower a monthly recordkeeping and communication fee of 0.021% (i.e. 0.25% per annum) of the average Plan assets in exchange for certain defined services.

The Agreement specifies that the recordkeeping and communication fee is to be paid from certain revenues Empower and its affiliates receive from mutual fund families and other investment options offered by the Plan, including an annual fee of .20% on the average asset balance of the Stable Value Fund. Additionally, there is an explicit 0.10% per annual charge (0.025% per quarter) on participants investing in Vanguard investment options.

In the event that the revenues received total more than the annual recordkeeping and communication fee, Empower agrees to place any excess amounts into separate Plan unallocated trust accounts ("general account") to be solely used for Plan purposes. In the event the revenues received total less than the annual recordkeeping and communication fee, Empower will present an invoice to the Plan Sponsor for the amounts owed and unpaid. If the Plan Sponsor fails to authorize payment within 60 calendar days, Empower is instructed to withdraw the unpaid fees on a pro-rata basis from the participant accounts.

There is also an annual reconciliation conducted capping the per-head cost at $80, with an amount in excess of $80 remitted back to the Plans' general accounts. In the 2019 annual reconciliation, there were no excess amounts remitted to the Plan.

For the year ended June 30, 2019, activity in the general account was as follows:

Balance, beginning of the year	$	1,260
Dividends and interest		15
Plan level administrative expenses		(748)
Total	$	527

7. Subsequent events

Subsequent to year-end, the Deferred Compensation Board and the City Council and School Board of the City of Virginia Beach, Virginia, the Plan Sponsor, voted to offer its employees the Commonwealth of Virginia Cash Match Plan (COV). The expectation is that Sheriff's existing plan will eventually be transferred to COV in January 2020 and continue for the benefit of employees of the City of Virginia Beach. Plan financials for the year ended June 30, 2019 are presented in accordance with U.S. GAAP accrual accounting.

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

14. OTHER POSTEMPLOYMENT BENEFITS

A. Single-Employer, Defined Benefit Plan

Plan Description

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

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

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

Plan Membership

The membership as of January 1, 2019 includes:

	City	School Board
Active Participants	5,992	10,161
Retirees and Surviving Spouses	691	628
Spouses of Current Retirees	87	55
Total	6,770	10,844

Benefits Provided

The City and School Board provide health insurance benefits for their retirees. These benefits are provided through a self-insured program. Employees that retire under VRS guidelines with at least 25 years of service with the City and/or School Board or City employees with 5 years or more of service with a work related disability compensable under the Workers' Compensation Act are eligible to health insurance coverage. This benefit is payable until the retiree becomes eligible for Medicare.

Contributions

Contribution requirements of the City, School Board and plan members are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay as you go financing requirements with an additional amount to prefund benefits. For the period ending June 30, 2019 the actuarially determined contribution was set at $6,405,600 for the City and at $7,656,200 for the School Board. Plan members from each organization contributed $3,075, $2,103 and $1,459 for the POS Premier, POS Standard, and POS Basic plans, respectively, annually for retiree-only point of service coverage. City and School Board retirees with coverage for their spouses contributed $10,284, $8,019 and $6,519 for the POS Premier, POS Standard, and POS basic plans, respectively, annually until Medicare eligibility. The City and School Board have determined that all current employees and retirees shall contribute to the cost of their health care coverage and no level of benefit shall be provided free of charge. Rates are calculated by an actuary with the City and School Board health care consultant and finalized by the Benefits Executive Committee, comprised of City and School Board executive leadership.

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2019.

The following is for the City and School Board:

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Expected Geometric Real Rate of Return
Core Fixed Income	19.60%	2.13%	2.02%
High Yield Bonds	1.40%	4.00%	3.54%
Large Cap US Equities	26.00%	4.90%	3.76%
Small Cap US Equities	10.00%	5.89%	4.11%
Developed Foreign Equities	13.00%	6.09%	4.59%
Emerging Market Equities	5.00%	8.14%	5.33%
Private Equity	5.00%	9.37%	5.57%
Hedge Funds/Absolute Return	10.00%	1.91%	1.66%
Real Estate (REITS)	7.00%	3.84%	3.13%
Commodities	3.00%	3.01%	1.42%
Assumed Inflation		2.60%	2.60%
Portfolio Real Mean Return		4.55%	3.95%
Portfolio Nominal Mean Return		7.15%	6.65%
Portfolio Standard Deviation			10.85%
Long-Term Expected Rate of Return			**6.50%**

Net OPEB Liability

The City's Net OPEB Liability was measured as of June 30, 2019 and totaled $57,366,384. The School Board's Net OPEB Liability was measured as of June 30, 2019 and totaled $68,046,502. The City and School Board's Total OPEB Liability was determined by an actuarial valuation as of the valuation date, calculated based of the discount rate and actuarial assumptions below, and projected forward to the measurement date. There have been no significant changes between the valuation date and the fiscal year end.

Changes in Net OPEB Liability

	City		
	Total OPEB Liability (a)	**Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Balances as of June 30, 2018	$ 96,932,798	$ 42,242,157	$ 54,690,641
Changes for the year:			
Service Cost	2,038,460	-	2,038,460
Interest on Total OPEB Liability	6,656,348	-	6,656,348
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	-	-	-
Effect of Assumptions Changes or Inputs	3,781,224	-	3,781,224
Benefit Payments	(7,894,660)	(7,894,660)	-
Emoployer Contributions	-	7,894,660	(7,894,660)
Member Contributions	-	-	-
Net Investment Income	-	1,942,585	(1,942,585)
Administrative Expenses	-	(36,956)	36,956
Balances as of June 30, 2019	$ 101,514,170	$ 44,147,786	$ 57,366,384

	School Board		
	Total OPEB Liability (a)	**Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Balances as of June 30, 2018	$ 93,821,157	$ 30,396,819	63,424,338
Changes for the year:			
Service Cost	2,429,766	-	2,429,766
Interest on Total OPEB Liability	6,508,729	-	6,508,729
Effect of Plan Changes	-	-	-
Effect of Economic/Demographic Gains or Losses	-	-	-
Effect of Assumptions Changes or Inputs	3,705,597	-	3,705,597
Benefit Payments	(6,650,666)	(6,650,666)	-
Employer Contributions	-	6,650,666	(6,650,666)
Member Contributions	-	-	-
Net Investment Income	-	1,397,854	(1,397,854)
Administrative Expenses	-	(26,592)	26,592
Balances as of June 30, 2019	$ 99,814,583	$ 31,768,081	$ 68,046,502

Sensitivity Analysis

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

	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
City's Net OPEB Liability	$ 65,526,639	$ 57,366,384	$ 49,993,684
School Board's Net OPEB Liability	$ 75,926,430	$ 68,046,502	$ 60,791,031

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

	1% Decrease	Current Trend Rate	1% Increase
City's Net OPEB Liability	$ 47,403,288	$ 57,366,384	$ 68,949,354
School Board's Net OPEB Liability	$ 57,588,287	$ 68,046,502	$ 80,233,510

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

For the year ended June 30, 2019 the City's and School Board's recognized OPEB expenses was $8,044,129 and $10,419,370 respectively.

At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between Expected and Actual Experience	$ -	2,699,348
Changes in Assumptions	14,533,566	-
Net Difference between Projected and Actual Earnings	213,942	-
Total	$ 14,747,508	$ 2,699,348

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

Fiscal Year Ended June 30:	
2020	$ 2,268,044
2021	2,268,044
2022	2,268,043
2023	2,466,887
2024	2,264,269
Thereafter	512,873

At June 30, 2019 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 1,016,637	$ -
Changes in Assumptions	17,906,635	-
Net Difference between Projected and Actual Earnings	177,947	-
Total	$ 19,101,219	$ -

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

Fiscal Year Ended June 30:	
2020	$ 3,581,145
2021	3,581,145
2022	3,581,144
2023	3,716,229
2024	3,570,429
Thereafter	1,071,127

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

Actuarial Assumptions

The demographic assumptions used are predominately consistent with those used in the City's June 30, 2017 Virginia Retirement System (VRS) valuation. The following represent the summary of information included in the January 1, 2018 actuarial valuation prepared for Milliman, Inc. for the period:

Valuation Date:	January 1, 2018
Measurement Date:	June 30, 2019
Inflation:	2.50%
Actuarial Cost Method:	Projected Unit Credit
Salary Increases Per Year of Service (Including Inflation):	General Employees with 1 to 19 years of service, the increases range from 5.35% to 3.65% and for those with 20 or more years of service the increase is 3.50%
Healthcare Cost Trend Rate	Law Officers with 1 to 19 years of service, the increases range from 4.75% to 4.00% and for those with 20 or more years of service the increase is 3.50%
Mortality Rates	Based on the RP-2000 Employee Mortality Tavles for males or females, as appropriate, with adjustment for mortality improvements based on scale AA.

B. Multiple Employer, Cost Sharing Defined Benefit Plans

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

Plan Descriptions

Group Life Insurance

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

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

Benefit Amounts

The benefits payable under the GLI Program have several components

Natural Death Benefit

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

Accidental Death Benefit

The accidental death benefit is double the natural death benefit.

Other Benefit Provisions

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

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

Reduction in Benefit Amounts

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,279.

Line of Duty Act Program

The Line of Duty Act (LODA) Program was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. All paid employees and volunteers in hazardous duty positions in the City are automatically covered by the Line of Duty Act Program. As required by statute, VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by VRS's actuary using anticipating program cost and the number of covered individuals associated with all participating employers. Specific information for the Line of Duty Act Program, including eligibility, coverage and benefits is set out in the table below.

LINE OF DUTY ACT PROGRAM PLAN PROVISIONS
Eligible Employees The eligible employees of the Line and Duty Act Program (LODA) are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).
Benefit Amounts The LODA Program provides death and health insurances for eligible individuals: Death Benefit - The LODAProgram 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 US military reserves are killed in action in any armed conflict on or after October 7, 2001. Health Insurance - The LODA Program provides health insurance for eligible individuals: • Prior to July 1, 2017, these benefits were managed through various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. • Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resources Management. The health benefits are modeled after the State Employee Health benefits program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the Line of Duty Act

Virginia Local Disability Program

All full-time salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee and Teacher Employee Virginia Local Disability Program. This plan is administered by VRS, along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program. Specific information for the VLDP, including eligibility, coverage and benefits is set out in the table below.

POLITICAL SUBDIVISION EMPLOYEE AND TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS
Eligible Employees The Teacher Employee and Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS. Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.
Benefit Amounts The Teacher Employee and Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees: Short-Term Disability • The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels Long-Term Disability • The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. • 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.
Virginia Local Disability Program Notes: • 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. • VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Health Insurance Credit Program

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

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

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

Contributions

Group Life Insurance

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and employer component using a 60/40 split.

Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each Employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program for the City were $4,364,895 and $4,281,793 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the Group Life Insurance Program for the School Board for combined professionals and nonprofessionals were $2,414,694 and $2,366,063 for the years ended June 30, 2019 and June 30, 2018, respectively.

Line of Duty Act Program

The contribution requirements for the Line of Duty Act Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program for the year ended June 30, 2019 was $705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program for the City were $1,377,661 and $1,097,008 for the years ended June 30, 2019 and June 30, 2018, respectively.

Virginia Local Disability Program

The contribution requirements for active hybrid employees is governed by §51.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended for the year ended June 30, 2019 was 0.72% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Virginia Local Disability Program for the City were $434,722 and $281,708 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the Teacher Employee Virginia Local Disability Program for the School Board were $333,081 and $194,449 for the years ended June 30, 2019 and June 30, 2018, respectively. Contributions to the Political Subdivision Employee Virginia Local Disability Program for the School Board were $102,985 and $71,950 for the years ended June 30, 2019 and June 30, 2018, respectively.

Health Insurance Credit Program

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensationfor employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributuins from the school division to the VRS Teacher Employee Health Insurance Credit program were $5,000,014 and $5,023,021 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

As June 30, 2019, the City and School Board reported the following liabilities for their proportionate share of the multiple-employer, cost sharing plans administered by VRS:

	City	School Board
Net OPEB Liabilities:		
Group Life Insurance Program	$ 26,225,000	$ 36,342,000
Line of Duty Act Program	32,288,000	-
Virginia Local Disability Program	156,000	165,000
Health Insurance Credit Program	-	64,113,000
	$ 58,669,000	$ 100,620,000

The net OPEB liabilities were measured as of June 30, 2018 and the total OPEB liabilities used to calculate the net OPEB liabilities was determined by an actuarial valuation as of that date. The City and School Board's proportion of the Net OPEB liabilities were based on the City and School Board's contributions to VRS for the above plans for the year ended June 30, 2018 relative to the total of the employer contributions for all participating employers. A comparison of the City's and School Board's proportion of the City and School Board's contribution from June 30, 2018 to June 30, 2017 were as followed:

	City	School Board
Proportionate Share of Contributions as of June 30, 2018		
Group Life Insurance	1.72678%	2.39294%
Line of Duty Act Program	10.29832%	N/A
Virginia Local Disability Program - Political Subdivsions	19.35404%	4.93874%
Virginia Local Disability Program - Teachers	N/A	16.82241%
Health Insurance Credit Program	N/A	5.04954%
Proportionate Share of Contributions as of June 30, 2017		
Group Life Insurance	1.71960%	2.41666%
Line of Duty Act Program	9.48107%	N/A
Virginia Local Disability Program - Political Subdivisions	18.65503%	5.20662%
Virginia Local Disability Program - Teachers	N/A	16.44512%
Health Insurance Credit Program	N/A	5.06312%

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

Recognized Net OPEB Expense:	City	School Board
Group Life Insurance	$ 256,000	$ 156,000
Line of Duty Act Program	2,703,000	-
Virginia Local Disability Program - Political Subdivision	271,000	84,000
Virginia Local Disability Program - Teachers	-	235,000
Health Insurance Credit Program	-	5,105,000
Total	$ 3,230,000	$ 5,580,000

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

At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Group Life Insurance		
Difference between Expected & Actual Experience	$ 1,282,000	$ 470,000
Net Difference between Projected and Actual Earnings	-	853,000
Changes in Assumptions	-	1,093,000
Changes in Proportionate Share	344,000	-
Employer Contributions subsequent to the Measurement Date	1,701,000	-
Total Group Life Insurance	3,327,000	2,416,000
Line of Duty Act		
Difference between Expected & Actual Experience	4,639,000	(7,000)
Net Difference between Projected and Actual Earnings	-	85,000
Changes in Assumptions	-	3,719,000
Changes in Proportionate Share	2,123,000	965,000
Employer Contributions subsequent to the Measurement Date	1,048,000	-
Total Line of Duty Act	7,810,000	4,762,000
Virginia Local Disability Program - Political Subdivision		
Difference between Expected & Actual Experience		18,000
Net Difference between Projected and Actual Earnings	8,000	-
Changes in Assumptions	-	29,000
Changes in Proportionate Share	-	-
Employer Contributions subsequent to the Measurement Date	271,000	-
Total Virginia Local Disability Program	279,000	47,000
Grand Total	$ 11,416,000	$ 7,225,000

Employer Contributions subsequent to the measurement date totaled $3,020,000 will be recognized as a reduction of the City's OPEB liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense in future reporting periods as follows:

Fiscal Year Ended June 30:	
2020	$ (56,000)
2021	(96,000)
2022	(98,000)
2023	157,000
2024	367,000
Thereafter	897,000

At June 30, 2019 the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Group Life Insurance		
Difference between Expected & Actual Experience	$ 1,777,000	$ 652,000
Net Difference between Projected and Actual Earnings	-	1,182,000
Changes in Assumptions	-	1,514,000
Changes in Proportionate Share	-	457,000
Employer Contributions subsequent to the Measurement Date	2,432,000	-
Total Group Life Insurance	4,209,000	3,805,000
Virginia Local Disability Progam - Political Subdivision		
Difference between Expected & Actual Experience	-	4,000
Net Difference between Projected and Actual Earnings	1,000	-
Changes in Assumptions	-	4,000
Employer Contributions subsequent to the Measurement Date	103,000	-
Total Viriginia Local Disability Program	104,000	$ 8,000
Virginia Local Disability Program - Teachers		
Difference between Expected & Actual Experience	-	10,000
Net Difference between Projected and Actual Earnings	1,000	-
Changes in Assumptions	8,000	-
Employer Contributions subsequent to the Measurement Date	333,000	-
Total Virginia Local Disability Program	342,000	$ 10,000
Health Insurance Credit Program		
Difference between Expected & Actual Experience	-	317,000
Net Difference between Projected and Actual Earnings	-	48,000
Changes in Assumptions	-	559,000
Changes in Proportionate Share	-	707,000
Employer Contributions subsequent to the Measurement Date	4,997,000	-
Total Group Life Insurance	4,997,000	1,631,000
Grand Total	$ 9,652,000	$ 5,454,000

Employer Contributions subsequent to the measurement date totaled $7,865,000 will be recognized as a reduction of the School Board's OPEB liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the School Board's OPEB expense in future reporting periods as follows:

Fiscal Year Ended June 30:	
2020	$ (916,000)
2021	(916,000)
2022	(916,000)
2023	(549,000)
2024	(236,000)
Thereafter	(134,000)

Actuarial Assumptions

The total Cost sharing OPEB liabilities administered by VRS were based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5 percent
Salary increases, including inflation –	
General state employees	3.5 percent – 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.5 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return – GLI, VLDP and HIC	7.0 Percent, net of investment expenses, including inflation*
Investment rate of return – LODA	3.56 Percent, net of investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of the OPEB liabilities.

Mortality rates – General State Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality rates – Teachers

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Mortality rates – Largest Ten Locality Employers - General Employees

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty	Increase rate from 14% to 20%

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

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty	Increase rate from 14% to 15%

Line of Duty Act

Mortality rates – Largest Ten Locality Employers with Public Safety Employees

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty	Increase rate from 60% to 70%

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increase disability rates
Salary Scale	No change
Line of Duty	Increase from 60% to 70%

The following changes were made to the LODA program as a result of legislation in 2016 and 2017, but were specifically not considered in the June 30, 2017 actuarial valuation results which were rolled forward to the measurement date of June 30, 2018. There was limited actuarial experience on which to base the adjustments and the combined impact of the changes was not considered to be material to the final results. The following changes will be factored into future actuarial valuations for the LODA program: discontinuance of the spouse health care coverage, if a covered spouse divorces a disabled employee or a covered surviving spouse remarries; the potential for VRS's periodic review of the disability status of a disabled employee; for those beneficiaries who become eligible for health care benefits as the result of a disability when VRS certifies current income exceeds salary at the time of the disability, indexed for inflation; the extension of health care benefits for dependent children to age 26; and, the expansion of the definition of presumption of death or disability to include infectious diseases.

Net OPEB Liability

The net OPEB liability (NOL) represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, NOL amounts for each program are as follows (amounts expressed in thousands):

	Group Life Insurance	Line of Duty Act	Virginia Local Disability - Political Subdivision	Virginia Local Disability - Teachers	Health Insurance Credit
Total OPEB Liability	$ 3,113,508	$ 315,395	$ 1,588	$ 1,401	$ 1,381,313
Plan Fiduciary Net Position	1,594,773	1,889	816	647	111,639
Employers' Net OPEB Liability	$ 1,518,735	$ 313,506	$ 772	$ 754	$ 1,269,674
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.22%	0.60%	51.39%	46.18%	8.08%

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

Long-Term Expected Rate of Return

Group Life Insurance, Virginia Local Disability Program and Health Insurance Credit Program

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

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Expected Geometric Real Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide median returns of 6.83%, including expected inflation of 2.50%.

Line of Duty Act Program

The long-term expected rate of return on Line of Duty Act OPEB investments was set at 3.89% for this valuation. Since Line of Duty Act is funded on a current-disbursement basis, it is not able to use the VRS pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.89% was used since it approximates the risk-free rate of return. The Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2018.

Discount Rate

Group Life Insurance, Virginia Local Disability Program, and Health Insurance Credit Program

The discount rate used to measure the City and School Board's Group Life Insurance and Virginia Local Disability Program OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by the City and School Board for the VRS Group Life Insurance and VRS Virginia Local Disability

Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all employer are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Group Life Insurance and Virginia Local Disability Program OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Group Life Insurance and Virginia Local Disability Program OPEB liability.

Line of Duty Act Program

The discount rate used to measure the total Line of Duty Act OPEB liability was 3.89%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rate equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by participating employers to the Line of Duty Act OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity Analysis

The following presents the City and School Board's proportionate share of the Net OPEB liabilities using the current discount rate, as well as what the City and School Board's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current.

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Group Life Insurance:			
City	$ 34,273,000	$ 26,225,000	$ 19,691,000
School Board	47,495,000	36,342,000	27,287,000
Virginia Local Disability Program - Political Subdivision:			
City	$ 175,000	$ 156,000	$ 134,000
School Board	45,000	38,000	33,000
Virginia Local Disability Program - Teachers:			
School Board	$ 156,000	$ 127,000	$ 101,000
Health Insurance Credit Program:			
School Board	$ 71,609,000	$ 64,113,000	$ 57,738,000

Line of Duty Act Program

	1% Decrease 2.89%	Discount Rate 3.89%	1% Increase 4.89%
Line of Duty Act			
City	$ 36,991,000	$ 32,288,000	$ 28,490,000

Because the Line of Duty Act Program contains a provisions for the payment of health insurances premiums, the liabilities are also impacted by the health care trend rate. The following presents the covered employer's proportionate share of the net Line of Duty Act OPEB liability using health care trend rate of 7.75% decreasing to 5.00%, as well as what the covered employer's proportionate share of the net Line of Duty Act OPEB liability would be if it were using a health care trend rate that is one percentage point lower (6.75% decreasing to 4.00%) or one percentage point higher (8.75% decreasing to 6.00%) than the current rate:

	1% Decrease 6.75% deacreasing to 4.00%	Health Care Trend Rates 7.75% deacreasing to 5.00%	1% Increase 8.75% deacreasing to 6.00%
Line of Duty Act:			
City	$ 27,508,000	$ 32,388,000	$ 38,226,000

OPEB Plan Fiduciary Net Position

Detailed information about the Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf, or by writing to the VRS Chief Financial Officer at PO Box 2500, Richmond, VA, 23218-2500.

REQUIRED
SUPPLEMENTAL
INFORMATION
(Unaudited)

REQUIRED SUPPLEMENTAL INFORMATION

GENERAL FUND - BUDGET TO ACTUAL

VIRGINIA RETIREMENT SYSTEM PENSION

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(UNAUDITED)

In accordance with the Governmental Accounting Standards Board, the following information is a required part of the Basic Financial Statements.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
General Property Taxes:				
Real Estate property taxes	$ 537,918,638	$ 537,918,638	$ 539,797,183	$ 1,878,545
Personal property taxes	106,316,488	106,316,488	106,029,083	(287,405)
Other Local Taxes	250,253,463	250,903,463	246,973,450	(3,930,013)
Fines and Forfeitures	5,546,186	5,546,186	5,052,135	(494,051)
Permits, Privilege Fees, and Regulatory Licenses	5,292,678	5,292,678	4,722,053	(570,625)
From Use of Money and Property	7,778,610	7,801,110	13,669,357	5,868,247
Charges for Services	55,073,426	55,261,579	54,323,221	(938,358)
Miscellaneous	6,816,869	7,752,168	5,842,718	(1,909,450)
From Commonwealth	157,465,173	164,710,776	163,410,558	(1,300,218)
From Federal Government	22,634,684	22,689,614	22,588,938	(100,676)
Total Revenues	1,155,096,215	1,164,192,700	1,162,408,696	(1,784,004)
EXPENDITURES				
Legislative	1,224,035	1,278,580	1,144,252	134,328
Executive	5,008,355	5,145,861	5,013,472	132,389
Law	4,459,610	4,592,192	4,529,203	62,989
Finance	20,212,339	21,404,113	20,044,583	1,359,530
Human Resources	21,236,716	13,973,183	12,545,582	1,427,601
Judicial	15,872,479	16,814,527	15,666,340	1,148,187
Health	3,479,663	3,692,513	3,483,621	208,892
Police	102,579,286	102,760,598	98,802,237	3,958,361
Human Services	118,968,364	123,172,315	116,893,009	6,279,306
Public Works	70,554,252	82,530,662	68,794,237	13,736,425
Parks and Recreation	14,811,944	15,289,048	14,684,053	604,995
Library	18,157,684	18,894,934	17,103,105	1,791,829
Planning	18,221,264	18,923,725	18,079,403	844,322
Agriculture	886,229	893,401	872,326	21,075
Economic Development	5,889,639	8,054,297	5,577,029	2,477,268
Convention and Visitor Development	10,389,654	10,769,816	9,886,781	883,035
Information Technology	26,660,102	28,417,133	25,707,312	2,709,821
Emergency Communications and Citizen Services	11,097,236	11,427,982	9,147,638	2,280,344
Boards and Commissions	34,911,813	40,245,768	36,875,467	3,370,301
Fire	54,849,525	57,506,898	57,223,575	283,323
Budget and Management Services	1,422,761	1,441,327	1,323,859	117,468
Education	411,152,198	435,569,929	401,945,731	33,624,198
Housing and Neighborhood Preservation	5,245,795	5,521,332	5,322,550	198,782
Museums	12,795,850	13,373,786	11,318,527	2,055,259
Emergency Medical Services	12,119,189	12,642,476	12,303,253	339,223
Debt Service:				
Principal Retirement	35,278,953	35,278,953	35,550,209	(271,256)
Interest and Fiscal Charges	17,604,881	17,604,881	16,959,900	644,981
Total Expenditures	1,055,089,816	1,107,220,230	1,026,797,254	80,422,976
Excess (Deficiency) of Revenues over (under) Expenditures	100,006,399	56,972,470	135,611,442	78,638,972
OTHER FINANCING SOURCES (USES)				
Transfers In	1,297,587	9,395,523	9,363,097	(32,426)
Transfers Out	(136,568,465)	(144,654,530)	(144,499,420)	155,110
Use of Fund Balance	35,264,479	78,286,537	-	(78,286,537)
Total Other Financing Sources (uses)	(100,006,399)	(56,972,470)	(135,136,323)	(78,163,853)
Net Change in Fund Balance	-	-	475,119	475,119
Fund Balance at Beginning of Year	185,517,442	185,517,442	230,104,677	44,587,235
Fund Balance at End of Year	$ 185,517,442	$ 185,517,442	$ 230,579,796	$ 45,062,354

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	City				
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**
Total Pension Liability					
Service Cost	$ 35,838,242	$ 35,932,562	$ 36,304,048	$ 36,385,569	$ 38,749,786
Interest	114,650,965	119,573,242	122,642,141	127,496,045	132,764,815
Changes of benefit terms	-	-	-	-	-
Changes in assumptions	-	-	-	7,551,961	-
Differences between expected and actual experience	-	(24,723,400)	3,527,958	1,570,175	2,420,090
Benefit Payments, including refunds of employee contributions	(77,985,409)	(82,356,519)	(91,525,484)	(94,739,837)	(100,731,357)
Net change in total pension liability	72,503,798	48,425,885	70,948,663	78,263,913	73,203,334
Total pension liability - beginning	1,676,863,639	1,749,367,437	1,797,793,322	1,868,741,985	1,947,005,898
Total pension liability - ending (a)	$ 1,749,367,437	$ 1,797,793,322	$ 1,868,741,985	$ 1,947,005,898	$ 2,020,209,232
Plan Fiduciary Net Position					
Contributions - employer	$ 45,827,648	$ 48,703,360	$ 49,521,364	$ 43,305,500	$ 44,514,635
Contributions - employee	14,813,559	14,937,006	15,185,917	15,780,809	16,102,282
Net investment income	194,451,721	64,442,330	24,961,833	175,963,753	117,134,461
Benefit Payments, including refunds of employee contributions	(77,985,409)	(82,356,519)	(91,525,484)	(94,739,837)	(100,731,357)
Administrative expenses	(1,053,309)	(887,459)	(910,017)	(1,029,901)	(1,022,764)
Other	10,242	(13,597)	(10,675)	(156,044)	(103,817)
Net change in plan fiduciary net position	176,064,452	44,825,121	(2,777,062)	139,124,280	75,893,440
Plan fiduciary net position - beginning	1,239,531,415	1,415,595,867	1,460,420,988	1,457,643,926	1,596,768,206
Plan fiduciary net position - ending (b)	$ 1,415,595,867	$ 1,460,420,988	$ 1,457,643,926	$ 1,596,768,206	$ 1,672,661,646
Net pension liability, ending	$ 333,771,570	$ 337,372,334	$ 411,098,059	$ 350,237,692	$ 347,547,586
Net position as a percentage of the total pension liability	80.9%	81.2%	78.0%	82.0%	82.8%
Covered payroll	$ 292,873,927	$ 299,462,518	$ 305,412,468	$ 317,193,072	$ 328,337,502
City's net pension liability as a percentage of covered payroll	114.0%	112.7%	134.6%	110.4%	105.9%

**Schedule is intended to show information for 10 years. Additional years will be included as they become available.*

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	School Board Non Professional				
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**
Total Pension Liability					
Service Cost	$ 4,171,321	$ 4,089,939	$ 4,079,432	$ 4,027,098	$ 3,831,060
Interest	13,051,394	13,574,596	14,020,741	14,519,133	14,994,765
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(747,303)	264,387	1,300,649	(114,972)
Changes in assumptions	-	-	-	(1,332,150)	-
Benefit Payments, including refunds of employee contributions	(9,473,141)	(10,023,655)	(11,063,812)	(11,425,531)	(12,014,444)
Net change in total pension liability	7,749,574	6,893,577	7,300,748	7,089,199	6,696,409
Total pension liability - beginning	191,185,052	198,934,626	205,828,203	213,128,951	220,218,150
Total pension liability - ending (a)	$ 198,934,626	$ 205,828,203	$ 213,128,951	$ 220,218,150	$ 226,914,559
Plan Fiduciary Net Position					
Contributions - employer	$ 3,646,317	$ 3,739,486	$ 3,876,348	$ 2,959,847	$ 2,967,419
Contributions - employee	2,000,972	2,041,468	2,113,676	2,124,981	2,121,653
Net investment income	25,850,848	8,507,018	3,214,427	22,825,346	15,092,474
Benefit Payments, including refunds of employee contributions	(9,473,141)	(10,023,655)	(11,063,812)	(11,425,531)	(12,014,444)
Administrative expenses	(141,126)	(118,985)	(120,635)	(135,200)	(133,315)
Other	1,363	(1,792)	(1,394)	(20,191)	(13,321)
Net change in plan fiduciary net position	21,885,233	4,143,540	(1,981,390)	16,329,252	8,020,466
Plan fiduciary net position - beginning	166,226,515	188,111,748	192,255,288	190,273,898	206,603,150
Plan fiduciary net position - ending (b)	$ 188,111,748	$ 192,255,288	$ 190,273,898	$ 206,603,150	$ 214,623,616
Net pension liability - ending	$ 10,822,878	$ 13,572,915	$ 22,855,053	$ 13,615,000	$ 12,290,943
Plan fiduciary net position as a percentage of total pension liability	94.56%	93.41%	89.28%	93.82%	94.58%
Covered payroll	$ 40,017,176	$ 40,970,605	$ 42,344,732	$ 42,112,697	$ 42,303,998
Net pension liability as a percentage of covered payroll	27.05%	33.13%	53.97%	32.33%	29.05%

**Schedule is intended to show information for 10 years. Additional years will be included as they become available.*

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
JUNE 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contributions (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
		City			
June 30, 2010	$ 46,669,506	N/A	N/A	$ 283,887,453	-
June 30, 2011	48,318,936	N/A	N/A	276,523,016	-
June 30, 2012	49,052,965	N/A	N/A	284,200,896	-
June 30, 2013	44,694,773	N/A	N/A	285,349,525	-
June 30, 2014	45,827,648	45,827,648	-	292,873,927	15.65
June 30, 2015	48,703,360	48,703,360	-	299,462,518	16.26
June 30, 2016	49,847,919	49,847,919	-	305,412,468	16.32
June 30, 2017	43,919,386	43,919,386	-	317,193,072	13.85
June 30, 2018	44,501,507	44,501,507	-	328,337,502	13.55
June 30, 2019	47,366,085	47,366,085	-	333,558,319	14.20
		School Board Non Professional			
June 30, 2010	$ 2,729,315	N/A	N/A	$ 41,104,135	-
June 30, 2011	2,426,088	N/A	N/A	38,755,403	-
June 30, 2012	2,495,274	N/A	N/A	39,860,613	-
June 30, 2013	3,671,537	N/A	N/A	40,302,269	-
June 30, 2014	3,645,565	3,645,565	-	40,017,176	9.11
June 30, 2015	3,732,422	3,732,422	-	40,970,605	9.11
June 30, 2016	3,857,605	3,857,605	-	42,344,732	9.11
June 30, 2017	2,956,311	2,956,311	-	42,112,697	7.02
June 30, 2018	2,969,741	2,969,741	-	42,303,998	7.02
June 30, 2019	2,885,329	2,885,329	-	42,872,651	6.73
		.			
		School Board Professional / Teacher			
June 30, 2010	$ 24,481,748	N/A	N/A	$ 391,372,694	-
June 30, 2011	15,177,733	N/A	N/A	386,201,856	-
June 30, 2012	23,959,120	N/A	N/A	378,501,098	-
June 30, 2013	44,228,510	N/A	N/A	379,318,265	-
June 30, 2014	43,992,831	43,992,831	-	377,297,007	11.66
June 30, 2015	55,858,551	55,858,551	-	385,231,385	14.50
June 30, 2016	54,463,409	54,463,409	-	387,364,218	14.06
June 30, 2017	57,698,763	57,698,763	-	393,579,555	14.66
June 30, 2018	65,402,518	65,402,518	-	400,750,722	16.32
June 30, 2019	63,710,358	63,710,358	-	406,316,058	15.68

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as the measurement date of June 30, 2018 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four- year period ending June 30, 2017:

Largest 10 – Non-LEOS:
- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rate from 14% to 20%

All Others (Non 10 Largest) – Non-LEOS:
- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rate from 14% to 15%

Largest 10 –LEOS:
- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- Increased line of duty disability rate from 60% to 70%

All Others (Non 10 Largest) – LEOS:
- Updated mortality rates to a more current mortality table - RP 2014 projected to 2020
- Increased retirement 50 rates, and lowered rates at older ages
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Decreased line of duty rate from 60% to 45%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
JUNE 30, 2019

	School Board Professional / Teacher				
Date	Employer's Proportion of the Net Pension Liability (a)	Employer's Proportionate Share of the Net Pension Liability (b)	Employer's Covered Payroll (c)	Employer's Proportionate Share of the NPL as a % of its Covered Payroll (d)	Plan Fiduciary Net Position as a % of the Total Pension Liability (e)
June 30, 2015	5.16303%	$ 623,937,000	$ 377,297,007	165.37	70.88
June 30, 2016	5.19364%	653,690,000	385,231,385	169.69	70.68
June 30, 2017	5.12286%	717,924,000	387,364,218	185.34	68.28
June 30, 2018	5.08685%	625,579,000	393,579,555	158.95	72.92
June 30, 2019	5.07577%	596,910,000	406,316,058	146.91	74.81

**Schedule is intended to show information for 10 years. Additional years will be included as they become available.*
The amounts presented have a measurement date of the prior fiscal year-end.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY AND RELATED RATIOS

	City		
	FY 2017	**FY 2018**	**FY 2019**
Total OPEB Liability			
Service Cost	$ 2,092,692	$ 1,452,138	$ 2,038,460
Interest	5,784,254	5,558,785	6,656,348
Economic/Demographic Gains or Losses	-	(3,737,558)	-
Assumption Changes	-	15,718,896	3,781,224
Benefit Payments	(6,074,717)	(7,387,237)	(7,894,660)
Net change in total OPEB liability	1,802,229	11,605,024	4,581,372
Total OPEB liability - beginning	83,525,542	85,327,774	96,932,798
Total OPEB liability - ending (a)	$ 85,327,771	$ 96,932,798	$ 101,514,170
Plan Fiduciary Net Position			
Employer Contributions	$ 6,074,717	$ 7,387,237	$ 7,894,660
Benefit Payments	(6,074,717)	(7,387,237)	(7,894,660)
Net Investment Income	4,405,718	3,693,879	1,942,585
Administrative Expenses	(34,423)	(35,921)	(36,956)
Net change in plan fiduciary net position	4,371,295	3,657,958	1,905,629
Plan fiduciary net position - beginning	34,212,904	38,584,199	42,242,157
Plan fiduciary net position - ending (b)	$ 38,584,199	$ 42,242,157	$ 44,147,786
Political subdivisions's net OPEB liability, ending (a) - (b)	$ 46,743,572	$ 54,690,641	$ 57,366,384
Fiduciary net position as a percentage of the total OPEB liability	43.58%	43.58%	43.49%
Covered Payroll	$ 306,050,000	$ 327,257,500	$ 327,257,500
City's OPEB liabilty as a percentage of covered payroll	15.27%	16.71%	17.53%
Net Money-Weighted Rate of Return	12.89%	9.58%	4.60%

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netter with external cash outflows, resulting in a net external cash flow in each month. The money weighted rate of return is calculated net of investment expenses.

** Schedules are intended to show information for 10 years. The first year for this presentation is 2017; additional years will be included as they become available*

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY AND RELATED RATIOS

	School Board		
	FY 2017	**FY 2018**	**FY 2019**
Total OPEB Liability			
Service Cost	$ 1,529,672	$ 1,239,627	$ 2,429,766
Interest	4,928,893	5,027,382	6,508,729
Economic/Demographic Gains or Losses	-	1,400,273	-
Assumption Changes	-	20,370,070	3,705,597
Benefit Payments	(5,661,710)	(6,679,101)	(6,650,666)
Net change in total OPEB liability	796,855	21,358,251	5,993,426
Total OPEB liability - beginning	71,666,051	72,462,906	93,821,157
Total OPEB liability - ending (a)	$ 72,462,906	$ 93,821,157	$ 99,814,583
Plan Fiduciary Net Position			
Employer Contributions	$ 5,661,710	$ 7,369,401	$ 6,650,666
Benefit Payments	(5,661,710)	(6,679,101)	(6,650,666)
Net Investment Income	3,098,316	2,597,704	1,397,854
Administrative Expenses	(24,357)	(25,409)	(26,592)
Net change in plan fiduciary net position	3,073,959	3,262,595	1,371,262
Plan fiduciary net position - beginning	24,060,265	27,134,224	30,396,819
Plan fiduciary net position - ending (b)	$ 27,134,224	$ 30,396,819	$ 31,768,081
Political subdivisions's net OPEB liability, ending (a) - (b)	$ 45,328,682	$ 63,424,338	$ 68,046,502
Fiduciary net position as a percentage of the total OPEB liability	37.45%	32.40%	31.83%
Covered Payroll	$ 426,884,300	$ 444,517,100	$ 444,517,100
City's OPEB liabilty as a percentage of covered payroll	10.62%	14.27%	15.31%
Net Money-Weighted Rate of Return	12.89%	9.56%	4.60%

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money weighted rate of return is calculated net of investment expenses.

** Schedules are intended to show information for 10 years. The first year for this presentation is 2017; additional years will be included as they become available*

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB ANNUAL CONTRIBUTIONS

City

Fiscal Year Ending June 30	Actuarially Determined Contributions	Actual Employer Contribution 1	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percent of Covered Payroll
2009	$ 8,932,300	$ 8,932,300	$ -	$ 280,202,000	3.19%
2010	8,854,100	8,854,100	-	285,407,400	3.10%
2011	8,854,100	8,854,100	-	285,407,400	3.10%
2012	8,714,600	8,714,600	-	283,026,400	3.08%
2013	8,871,000	8,871,000	-	283,026,400	3.13%
2014	7,101,900	7,101,900	-	290,297,000	2.45%
2015	7,259,200	7,259,200	-	290,297,000	2.50%
2016	5,186,400	5,998,200	(811,800)	306,050,000	1.96%
2017	5,296,700	6,074,700	(778,000)	306,050,000	1.98%
2018	6,296,000	7,387,237	(1,091,237)	327,257,500	2.26%
2019	6,405,600	7,894,660	(1,489,060)	327,257,500	2.41%

School Board

Fiscal Year Ending June 30	Actuarially Determined Contributions	Actual Employer Contribution 1	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percent of Covered Payroll
2009	$ 8,829,800	$ 8,829,800	$ -	$ 440,959,600	2.00%
2010	8,881,900	8,881,900	-	432,476,800	2.05%
2011	8,881,900	8,881,900	-	432,476,800	2.05%
2012	7,721,500	7,721,500	-	409,662,700	1.88%
2013	7,858,100	7,858,100	-	409,662,700	1.92%
2014	5,700,900	5,700,900	-	421,065,100	1.35%
2015	5,832,200	5,832,200	-	421,065,100	1.39%
2016	4,462,800	5,748,000	(1,285,200)	426,884,300	1.35%
2017	4,542,400	5,661,700	(1,119,300)	426,884,300	1.33%
2018	7,369,400	7,369,400	-	444,517,100	1.66%
2019	7,656,200	6,650,666	1,005,534	444,517,100	1.50%

1 Employer contributions include trust contributions and explicit subsidy payments provided directly to retirees from the City and School Board own resources. They also include estimated implicit subsidy payments for retirees from the City and School Board own resources

Valuation Timing	Actuarial valuations for OPEB funding purposes are performed annually as of January 1. The most recent valuation was performed as of January 1, 2018.
Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Amortization Period	28 years remaining as of January 1, 2018
Asset Valuation Method	5-year asset smoothing
Inflation	2.50%
Salary Increases	General Employees with 1 to 19 years of service, the increases range from 5.35% to 3.65% and for those with 20 or more years of service the increase is 3.50%. Law Officers with 1 to 19 years of service, the increases range from 4.75% to 4.00% and for those with 20 or more years of service the increase is 3.50%
Payroll Growth	None Assumed
Discount Rate	7.00%
Retirement Age	VRS Plan 1: 65 and VRS Plans 2/Hybrid: Normal social security retirement age
Mortality	Based on the RP-2000 Employee Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY

For Measurement Dates	6/30/2018	6/30/2017
City:		
Group Life Insurance (GLI)		
Employer's Portion of the Net GLI OPEB Liability	1.72678%	1.71960%
Employers Proportionate Share of the Net GLI OPEB Liability	$ 26,225,000	$ 25,877,000
Employer's Covered Payroll	$ 328,337,502	$ 317,193,072
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%
Line of Duty Act (LODA)		
Employer's Portion of the Net LODA OPEB Liability	10.29832%	9.48107%
Employers Proportionate Share of the Net LODA OPEB Liability	$ 32,288,000	$ 24,916,000
Employer's Covered Employee Payroll	$ 110,808,888	$ 103,532,167
Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered Payroll	29.14%	24.07%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.60%	1.30%
Virginia Local Disability Program (VLDP) - Political Subdivision		
Employer's Portion of the Net VLDP OPEB Liability	19.35404%	18.65503%
Employers Proportionate Share of the Net VLDP OPEB Liability	$ 156,000	$ 100,000
Employer's Covered Payroll	$ 46,992,859	$ 34,255,962
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.33%	0.29%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	51.39%	38.40%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF THE NET OPEB LIABILITY

For Measurement Dates	6/30/2018	6/30/2017
School Board:		
Group Life Insurance (GLI)		
Employer's Portion of the Net GLI OPEB Liability	2.39294%	2.41666%
Employers Proportionate Share of the Net GLI OPEB Liability	$ 36,342,000	$ 36,367,000
Employer's Covered Payroll	$ 455,011,974	$ 435,693,000
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	7.99%	8.35%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%
Health Insurance Credit		
Employer's Portion of the Net LODA OPEB Liability	5.04954%	5.06312%
Employers Proportionate Share of the Net LODA OPEB Liability	$ 64,113,000	$ 64,231,000
Employer's Covered Payroll	$ 408,375,692	$ 393,580,000
Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of its Covered Payroll	15.70%	16.32%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	8.08%	7.04%
Virginia Local Disability Program (VLDP) - Political Subdivision		
Employer's Portion of the Net VLDP OPEB Liability	4.93874%	5.20662%
Employers Proportionate Share of the Net VLDP OPEB Liability	$ 38,000	$ 30,000
Employer's Covered Payroll	$ 11,991,585	$ 9,515,500
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.32%	0.31%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	51.39%	38.40%
Virginia Local Disability Program (VLDP) - Teachers		
Employer's Portion of the Net VLDP OPEB Liability	16.82241%	16.44512%
Employers Proportionate Share of the Net VLDP OPEB Liability	$ 127,000	$ 98,000
Employer's Covered Payroll	$ 62,725,531	$ 49,489,310
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.20%	0.21%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	46.18%	31.96%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB GROUP LIFE INSURANCE ANNUAL CONTRIBUTIONS

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government					
2010	$ 1,021,995	$ 577,462	$ 444,533	$ 213,874,865	0.27%
2011	1,216,701	774,264	442,437	276,523,016	0.28%
2012	1,250,484	795,763	454,721	284,200,896	0.28%
2013	1,512,352	1,369,678	142,674	285,349,525	0.48%
2014	1,552,232	1,405,795	146,437	292,873,827	0.48%
2015	1,587,151	1,437,420	149,731	299,462,518	0.48%
2016	1,618,686	1,465,980	152,706	305,412,468	0.48%
2017	1,649,404	1,649,404	-	317,193,072	0.52%
2018	1,707,355	1,707,355	-	328,337,502	0.52%
2019	1,740,935	1,740,935	-	334,796,183	0.52%
School Board - Nonprofessional					
2010	$ 149,737	$ 81,292	$ 68,445	$ 30,108,222	0.27%
2011	180,009	114,551	65,458	40,911,148	0.28%
2012	177,366	112,869	64,497	40,310,446	0.28%
2013	214,874	194,603	20,271	40,542,262	0.48%
2014	214,578	194,335	20,243	40,486,356	0.48%
2015	221,058	200,204	20,854	41,709,123	0.48%
2016	231,831	209,960	21,871	43,741,730	0.48%
2017	230,517	230,517	-	44,330,131	0.52%
2018	234,625	234,625	-	45,120,109	0.52%
2019	242,000	242,000	-	46,160,454	0.52%
School Board - Teachers					
2010	$ 1,413,188	$ 752,881	$ 660,307	$ 278,844,851	0.27%
2011	1,702,047	1,083,121	618,926	386,828,969	0.28%
2012	1,670,960	1,063,338	607,622	379,763,714	0.28%
2013	2,020,542	1,829,925	190,617	381,234,424	0.48%
2014	2,011,839	1,822,043	189,796	379,592,250	0.48%
2015	2,053,604	1,859,868	193,736	387,472,533	0.48%
2016	2,079,432	1,883,259	196,173	392,345,632	0.48%
2017	2,087,447	2,087,447	-	401,432,134	0.52%
2018	2,131,438	2,131,438	-	409,891,865	0.52%
2019	2,190,000	2,190,000	-	418,203,923	0.52%

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB LINE OF DUTY ANNUAL CONTRIBUTIONS

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Payroll
Primary Government					
2010	N/A**	N/A**	N/A**	N/A**	N/A**
2011	N/A**	N/A**	N/A**	N/A**	N/A**
2012	$ 399,191	$ 399,191	$ -	$ 90,230,497	0.44%
2013	849,069	849,069	-	90,935,125	0.93%
2014	984,695	984,695	-	91,967,153	1.07%
2015	957,130	957,130	-	94,604,103	1.01%
2016	968,155	968,155	-	96,868,601	1.00%
2017	1,022,399	1,022,399	-	103,532,167	0.99%
2018	1,097,008	1,097,008	-	110,808,888	0.99%
2019	1,378,367	1,378,367	-	110,370,707	1.25%

**FY 2011 was the first year for the Line of Duty Act Program (LODA), however there were no contributions.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB VIRGINIA LOCAL DISABILITY PROGRAM ANNUAL CONTRIBUTIONS

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government					
2010	N/A**	N/A**	N/A**	N/A**	N/A**
2011	N/A**	N/A**	N/A**	N/A**	N/A**
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	$ 8,612	$ 8,612	$ -	$ 1,435,308	0.60%
2015	68,668	68,668	-	11,444,652	0.60%
2016	137,137	137,137	-	22,856,172	0.60%
2017	205,536	205,536	-	34,255,962	0.60%
2018	281,957	281,957	-	46,992,859	0.60%
2019	376,838	376,838	-	60,780,141	0.62%
School Board - Nonprofessional					
2010	N/A**	N/A**	N/A**	N/A**	N/A**
2011	N/A**	N/A**	N/A**	N/A**	N/A**
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	$ 1,611	$ 1,611	$ -	$ 268,436	0.60%
2015	18,242	18,242	-	3,040,304	0.60%
2016	40,146	40,146	-	6,691,000	0.60%
2017	57,365	57,365	-	9,560,850	0.60%
2018	71,950	71,950	-	11,991,585	0.60%
2019	103,000	103,000	-	14,290,947	0.72%
School Board - Teachers					
2010	N/A**	N/A**	N/A**	N/A**	N/A**
2011	N/A**	N/A**	N/A**	N/A**	N/A**
2012	N/A**	N/A**	N/A**	N/A**	N/A**
2013	N/A**	N/A**	N/A**	N/A**	N/A**
2014	$ 2,253	$ 2,253	$ -	$ 776,969	0.29%
2015	14,772	14,772	-	15,383,610	0.10%
2016	80,152	80,152	-	27,638,756	0.29%
2017	143,865	143,865	-	46,408,200	0.31%
2018	194,449	194,449	-	62,725,531	0.31%
2019	333,000	333,000	-	81,239,317	0.41%

**FY 2014 was the first year for the Virginia Local Disability Program

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULES OF REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF OPEB HEALTH INSURANCE CREDIT PROGRAM ANNUAL CONTRIBUTIONS

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
School Board - Teachers					
2010	$ 4,366,561	$ 2,882,490	$ 1,484,071	$ 277,162,513	1.04%
2011	4,150,250	1,305,695	2,844,555	384,282,424	0.34%
2012	4,075,643	2,264,246	1,811,397	377,374,381	0.60%
2013	4,440,741	4,213,011	227,730	379,550,508	1.11%
2014	4,417,613	4,191,068	226,545	377,573,722	1.11%
2015	4,556,498	4,093,125	463,373	386,143,862	1.06%
2016	4,609,056	4,140,339	468,717	390,598,006	1.06%
2017	4,914,862	4,435,363	479,499	399,582,254	1.11%
2018	5,023,021	5,023,021	-	408,375,692	1.23%
2019	4,997,000	4,997,000	-	416,667,852	1.20%

Detailed information about the individual Cost sharing OPEB plans are available in the seperately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at https://www.varetire.org/pdf/Publications/2018-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

OTHER SUPPLEMENTAL

INFORMATION

NONMAJOR

GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than capital projects) which are legally restricted to be expended for specific purposes.

Debt Service Fund - is used to account for the financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Investments	$ 83,236,495	$ -	$ 83,236,495
Cash and Investments - Restricted	4,875,956	37,618,680	42,494,636
Receivables (net of allowance for uncollectibles, where applicable):			
Accounts	172,794	-	172,794
Loans	5,030,449	-	5,030,449
Due from:			
Due from Other Funds	40,558	-	40,558
Commonwealth	1,863,270	-	1,863,270
Federal Government	2,383,574	-	2,383,574
Inventories	47,307	-	47,307
Total Assets	97,650,403	37,618,680	135,269,083
LIABILITIES			
Vouchers and Accounts Payable	7,806,805	-	7,806,805
Due to Other Funds	478,065	-	478,065
Unearned Revenue	1,088,945	-	1,088,945
Total Liabilities	9,373,815	-	9,373,815
FUND BALANCES			
Nonspendable Inventories	47,307	-	47,307
Restricted for:			
Debt Service	-	37,618,680	37,618,680
General Government	1,528,241	-	1,528,241
Housing and Community Development	8,171,741	-	8,171,741
Judicial	401,752	-	401,752
Public Safety	2,806,690	-	2,806,690
Special Service District	2,637,468	-	2,637,468
Committed to:			
Agriculture	14,058,606	-	14,058,606
Convention and Visitor Development	28,483,986	-	28,483,986
Education	77,116	-	77,116
Judicial	822,253	-	822,253
Parks and Recreation	19,428,196	-	19,428,196
Tax Increment Financing	7,451,572	-	7,451,572
Assigned to:			
Agriculture	381,404	-	381,404
Education	1,961	-	1,961
Judicial	522,500	-	522,500
Public Safety	897,597	-	897,597
Parks and Recreation	27,000	-	27,000
Special Service District	531,198	-	531,198
Total Fund Balances	88,276,588	37,618,680	125,895,268
Total Liabilities, Deferred Inflows and Fund Balances	$ 97,650,403	$ 37,618,680	$ 135,269,083

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
General Property Taxes - Real Estate	$ 46,610,601	$ -	$ 46,610,601
Other Local Taxes	62,070,906	-	62,070,906
Fines and Forfeitures	732,315	-	732,315
Permits, Privilege Fees, and Regulatory Licenses	226,920	-	226,920
From Use of Money and Property	3,311,520	3,542,867	6,854,387
Charges for Services	20,456,479	-	20,456,479
Miscellaneous	3,986,343	-	3,986,343
From Commonwealth	24,315,141	-	24,315,141
From Federal Government	30,607,271	472,600	31,079,871
Total Revenues	192,317,496	4,015,467	196,332,963
EXPENDITURES			
Current Operating:			
Judicial	50,243,318	-	50,243,318
Health	233,129	-	233,129
Police	593,438	-	593,438
Human Services	7,295,913	-	7,295,913
Public Works	3,452,596	-	3,452,596
Parks and Recreation	36,038,968	-	36,038,968
Library	171,193	-	171,193
Planning	1,216,648	-	1,216,648
Agriculture	171,232	-	171,232
Convention and Visitor Development	17,981,409	-	17,981,409
Fire	1,783,563	-	1,783,563
Housing and Neighborhood Preservation	26,404,756	-	26,404,756
General Government	3,641,535	-	3,641,535
Emergency Medical Services	333,883	-	333,883
Debt Service:			
Principal Retirement	27,276,424	28,862,402	56,138,826
Interest and Fiscal Charges	12,434,971	13,378,415	25,813,386
Total Expenditures	189,272,976	42,240,817	231,513,793
Excess (Deficiency) of Revenues over (under) Expenditures	3,044,520	(38,225,350)	(35,180,830)
OTHER FINANCING SOURCES (USES)			
Transfers In	33,297,580	42,521,817	75,819,397
Transfers Out	(27,593,498)	-	(27,593,498)
Total Other Financing Sources and (Uses)	5,704,082	42,521,817	48,225,899
Net Change in Fund Balance	8,748,602	4,296,467	13,045,069
Fund Balance at Beginning of Year	79,527,986	33,322,213	112,850,199
Fund Balance at End of Year	$ 88,276,588	$ 37,618,680	$ 125,895,268



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GENERAL FUND

GENERAL FUND

The General Fund is the general operating fund of the City which is used to account for all of the financial resources, except those required to be accounted for in another fund.

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
General Property Taxes				
Real Estate	$ 535,662,708	$ 535,662,708	$ 537,081,176	$ 1,418,468
Personal Property	103,456,891	103,456,891	103,007,576	(449,315)
Interest and Penalties on Personal Property	2,859,597	2,859,597	3,021,507	161,910
Interest and Penalties on Real Estate Taxes	2,255,930	2,255,930	2,716,007	460,077
Total General Property Taxes	644,235,126	644,235,126	645,826,266	1,591,140
Other Local Taxes				
General Sales	66,621,323	66,621,323	65,851,817	(769,506)
Utility	49,337,837	49,337,837	47,636,484	(1,701,353)
Business Licenses	48,669,429	48,669,429	49,141,505	472,076
Automobile Licenses	10,757,313	11,407,313	11,260,550	(146,763)
Bank Stock	3,385,587	3,385,587	3,607,656	222,069
City Tax on Deeds	7,910,904	7,910,904	7,708,985	(201,919)
City Tax on Wills	102,618	102,618	99,895	(2,723)
Cigarette	10,835,826	10,835,826	9,864,140	(971,686)
Amusement	-	-	5,302	5,302
Hotel Taxes	7,699,337	7,699,337	7,642,981	(56,356)
Restaurant Meals	44,933,289	44,933,289	44,154,135	(779,154)
Total Other Local Taxes	250,253,463	250,903,463	246,973,450	(3,930,013)
Permits, Privilege Fees, and Regulatory Licenses				
Police Permits and Licenses	550,281	550,281	465,910	(84,371)
Planning Permits and Licenses	4,511,565	4,511,565	4,007,035	(504,530)
Other Permits, Fees and Licenses	48,916	48,916	56,678	7,762
Public Works Fees	1,871	1,871	6,500	4,629
Fire Permits	180,045	180,045	185,930	5,885
Total Permits, Privilege Fees, and Regulatory Licenses	5,292,678	5,292,678	4,722,053	(570,625)
Fines and Forfeitures				
Court Fines and Forfeitures	3,527,186	3,527,186	3,351,563	(175,623)
Overweight Vehicles Fees	210,000	210,000	148,748	(61,252)
DUI Response Reimbursements	27,000	27,000	25,976	(1,024)
Red Light Violations	1,782,000	1,782,000	1,525,848	(256,152)
Total Fines and Forfeitures	5,546,186	5,546,186	5,052,135	(494,051)
From Use of Money and Property				
Revenue from Use of Money:				
Interest on Bank Deposits	2,819,777	2,825,777	9,098,812	6,273,035
Revenue from Use of Property:				
Farmers Market Fees	25,066	25,066	69,380	44,314
Photocopying Machines	97,842	97,842	80,414	(17,428)
Convention Center Rent	1,800,000	1,800,000	1,935,908	135,908
Convention Center Concessions	1,301,200	1,301,200	1,286,986	(14,214)
Rent - Amphitheatre	208,789	208,789	236,121	27,332
Lease of Land and Property	1,349,077	1,365,577	811,800	(553,777)
Tower/Antenna Leases	176,859	176,859	149,936	(26,923)
Total from Use of Money and Property	7,778,610	7,801,110	13,669,357	5,868,247
Charges For Services				
Court Costs	1,349,864	1,349,864	1,048,210	(301,654)
Police - False Alarm Fees	516,000	516,000	507,460	(8,540)
Fire Services	246,425	246,425	277,030	30,605
Animal Adoption Fees	36,000	36,000	26,749	(9,251)
Other Charges and Fees	246,821	246,821	134,263	(112,558)
Human Services	25,920,881	25,920,881	26,226,615	305,734
Aquarium and Historical Houses	9,787,487	9,787,487	9,811,473	23,986
Library Fees	416,000	416,000	265,680	(150,320)
Planning Maps, Publications, and Fees	343,071	343,071	283,411	(59,660)
Convention Center	280,000	280,000	169,616	(110,384)
Other Services Provided	1,527,574	1,619,387	1,654,426	35,039
Reimbursement - Freedom of Information Act Costs	10,600	10,600	29,087	18,487
Water and Sewer Direct Charges	5,911,825	6,001,229	5,498,436	(502,793)
Waste Management Direct Charges	2,220,779	2,222,513	2,125,464	(97,049)
Storm Water Direct Charges	2,260,099	2,265,301	2,265,301	-
Water and Sewer Right of Way Utility	4,000,000	4,000,000	4,000,000	-
Total Charges for Services	55,073,426	55,261,579	54,323,221	(938,358)

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous Revenue				
Returned Check Processing Charges	69,514	69,514	84,366	14,852
Donations	5,875	397,059	297,682	(99,377)
City Treasurer Charges	1,143,013	1,143,013	1,096,322	(46,691)
Contemporary Arts	63,200	63,200	61,348	(1,852)
Aquarium Foundation	1,278,551	1,278,551	984,993	(293,558)
Sale of Salvage Materials	540,000	556,151	398,804	(157,347)
Refund of Surplus - Health Department	50,000	50,000	214,793	164,793
DVP Street Light Reimbursement	510,000	510,000	143,426	(366,574)
Reimbursement - DMV	659,000	659,000	253,189	(405,811)
Miscellaneous	2,497,716	3,025,680	2,307,795	(717,885)
Total Miscellaneous Revenue	6,816,869	7,752,168	5,842,718	(1,909,450)
From Commonwealth				
Rolling Stock Tax	13,321	13,321	23,886	10,565
Mobile Homes Sales Tax	5,589	5,589	46,273	40,684
Passenger Car Rental Tax	1,259,998	1,259,998	1,193,950	(66,048)
Reimbursement - Treasurer	665,810	665,810	657,482	(8,328)
Reimbursement - Commissioner of the Revenue	700,000	700,000	715,709	15,709
Reimbursement - General Registrar's Salary	76,954	76,954	78,577	1,623
Reimbursement - Clerk of Circuit Court	1,931,111	1,931,111	1,988,167	57,056
Reimbursement - Commonwealth's Attorney	2,807,324	2,807,324	2,772,009	(35,315)
Reimbursement - Health Department Automobile	120,099	120,099	16,547	(103,552)
Reimbursement - State Aid Law Enforcement	11,706,066	11,706,066	11,706,064	(2)
Personal Property Paid by Commonwealth	53,412,868	53,412,868	53,412,868	-
State Prisoner Transportation	350,000	350,000	347,623	(2,377)
Mental Health, Developmental Services and Substance Abuse	12,976,864	13,712,776	13,391,170	(321,606)
Juvenile Justice Block Grant	3,868,127	3,868,127	3,973,222	105,095
Circuit Court Clerk Technology	-	622,543	223,128	(399,415)
Maintenance of Roads	48,529,337	49,497,903	50,999,276	1,501,373
Recordation Fees	1,993,729	1,993,729	1,985,167	(8,562)
Public Assistance Grants	14,600,614	17,719,196	15,707,977	(2,011,219)
Medicaid	323,000	323,000	299,615	(23,385)
DMV Select Program	143,079	143,079	160,393	17,314
Virginia Commission For The Arts	5,000	5,000	4,500	(500)
Wireless E-911 Services Board	1,735,000	1,735,000	1,543,821	(191,179)
State Aid Library	240,684	240,684	242,215	1,531
Development Opportunity Grants	-	1,800,000	1,800,000	-
Other State Revenue	599	599	120,919	120,320
Total From Commonwealth	157,465,173	164,710,776	163,410,558	(1,300,218)
From Federal Government				
Public Law 95-469 - Refuge Revenue Sharing Act	-	-	178,404	178,404
Indirect Costs - Social Services	846,732	846,732	927,906	81,174
Federal Emergency Management Agency	102,914	102,914	205,826	102,912
SEVAMP Grant	59,600	59,600	88,535	28,935
Mental Health, Developmental Services and Substance Abuse	3,769,437	3,824,367	3,905,462	81,095
USDA Juvenile Detention	65,829	65,829	99,471	33,642
Public Assistance Grants	17,507,409	17,507,409	16,898,134	(609,275)
Federal Reimbursement of Interest	282,763	282,763	285,200	2,437
Total From Federal Government	22,634,684	22,689,614	22,588,938	(100,676)
TOTAL REVENUES	1,155,096,215	1,164,192,700	1,162,408,696	(1,784,004)
Other Financing Sources				
Transfers In	1,297,587	9,395,523	9,363,097	(32,426)
Use of Fund Balance	35,264,479	78,286,537	-	(78,286,537)
Total Other Financing Sources	36,562,066	87,682,060	9,363,097	(78,318,963)
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 1,191,658,281	$ 1,251,874,760	$ 1,171,771,793	$ (80,102,967)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Legislative Department				
Municipal Council	$ 583,962	$ 618,962	$ 604,496	$ 14,466
City Clerk	640,073	659,618	539,756	119,862
Total Legislative Department	1,224,035	1,278,580	1,144,252	134,328
Executive Department				
City Manager	2,305,109	2,288,149	2,257,454	30,695
Organizational Development Office	599,904	718,771	691,805	26,966
Media and Communication Group	1,798,262	1,831,020	1,792,591	38,429
Volunteer Council	305,080	307,921	271,622	36,299
Total Executive Department	5,008,355	5,145,861	5,013,472	132,389
Law Department				
City Attorney	4,459,610	4,592,192	4,529,203	62,989
Finance Department				
Director of Finance:				
Director's Office	1,497,104	1,523,904	1,394,781	129,123
Controller's Office	928,458	933,883	898,295	35,588
Payroll	865,629	876,239	843,289	32,950
Purchasing	1,908,462	2,190,797	2,047,160	143,637
Local Vehicle Registration	650,000	1,300,000	1,092,614	207,386
Total Director of Finance	5,849,653	6,824,823	6,276,139	548,684
Commissioner of the Revenue	4,734,280	4,794,220	4,749,685	44,535
Board of Equalization	2,980	2,980	1,951	1,029
City Real Estate Assessor	3,337,538	3,377,409	3,168,430	208,979
Treasurer	6,287,888	6,404,681	5,848,378	556,303
Total Finance Department	20,212,339	21,404,113	20,044,583	1,359,530
Human Resource Department				
Director's Office	487,765	536,297	462,656	73,641
Employee Relations	3,016,231	3,129,079	2,874,387	254,692
Benefits Administration	16,344,209	8,906,714	7,743,391	1,163,323
Occupational Safety	1,388,511	1,401,093	1,465,148	(64,055)
Total Human Resources Department	21,236,716	13,973,183	12,545,582	1,427,601
Judicial Department				
Circuit Court	1,134,104	1,183,892	1,171,226	12,666
General District Court	476,224	491,689	394,699	96,990
Juvenile and Domestic Relations - District Court	181,918	186,496	141,712	44,784
Commonwealth's Attorney	8,896,166	9,066,408	8,675,173	391,235
Clerk of the Circuit Court	3,628,282	4,300,842	3,828,140	472,702
Magistrates	64,858	70,211	40,070	30,141
Juvenile Probation	1,490,927	1,514,989	1,415,320	99,669
Total Judicial Department	15,872,479	16,814,527	15,666,340	1,148,187
Health Department				
Preventive Medicine	3,479,663	3,692,513	3,483,621	208,892
Human Services Department				
Administration	11,424,125	10,792,494	7,978,483	2,814,011
Mental Health	22,810,930	23,904,189	21,397,458	2,506,731
Developmental Services	21,454,828	21,939,165	21,944,304	(5,139)
Substance Abuse	6,567,704	6,346,613	5,966,419	380,194
Social Services	35,075,820	35,876,832	34,716,067	1,160,765
Comprehensive Services Act Administration & Social Services	10,599,145	13,124,914	13,661,647	(536,733)
Indian River Road ICF/MR	5,589,856	5,649,028	5,710,249	(61,221)
Juvenile Detention Center	5,445,956	5,539,080	5,518,382	20,698
Total Human Services Department	118,968,364	123,172,315	116,893,009	6,279,306

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Police Department				
Director's Office	3,386,345	3,461,910	3,494,231	(32,321)
Personnel and Training	5,106,847	5,083,015	4,419,911	663,104
Crime Prevention	75,539,301	75,467,616	72,316,085	3,151,531
Investigative Division	18,546,793	18,748,057	18,572,010	176,047
Total Police Department	102,579,286	102,760,598	98,802,237	3,958,361
Public Works Department				
Director's Office	305,951	314,913	404,472	(89,559)
Administration Services	7,112,164	7,125,987	7,228,768	(102,781)
Real Estate Office	10,886,344	10,473,581	9,628,267	845,314
Customer Service/Administration	49,770,546	54,049,472	49,111,096	4,938,376
Sandbridge Reserves	-	8,000,000	-	8,000,000
Support Services and Systems Support	998,076	1,029,048	932,006	97,042
Facilities Management	1,481,171	1,537,661	1,489,628	48,033
Total Public Works Department	70,554,252	82,530,662	68,794,237	13,736,425
Library Department				
Director's Office	1,476,120	1,831,795	1,615,947	215,848
Central Library	2,533,054	2,570,354	2,447,877	122,477
Great Neck Area Library	667,649	676,361	631,221	45,140
Bayside Area Library	1,007,975	1,021,428	902,326	119,102
Oceanfront Area Library	716,662	725,949	630,035	95,914
Kempsville Area Library	1,241,806	1,258,238	1,139,137	119,101
Windsor Woods Area Library	636,077	644,355	656,760	(12,405)
Pungo/Blackwater Area Library	397,956	403,440	393,357	10,083
Princess Anne Library	1,185,774	1,202,945	1,019,352	183,593
Joint Use Library	1,943,282	1,965,488	1,785,612	179,876
Youth and Family Services	1,294,039	1,309,849	1,324,137	(14,288)
Support Services	5,057,290	5,284,732	4,557,344	727,388
Total Library Department	18,157,684	18,894,934	17,103,105	1,791,829
Planning Department				
Director's Office	1,673,910	2,226,093	2,021,511	204,582
Development Services	2,994,207	3,038,261	2,859,559	178,702
Public Utilities - Development Services	320,405	324,538	323,067	1,471
Current Planning	7,589,282	7,661,922	7,537,360	124,562
Building Permits and Inspection	4,187,822	4,244,386	3,895,472	348,914
Transportation Program	212,589	166,457	175,723	(9,266)
Zoning Administration	1,243,049	1,262,068	1,266,711	(4,643)
Total Planning Department	18,221,264	18,923,725	18,079,403	844,322
Agriculture Department				
Director's Office	313,163	316,945	312,291	4,654
Virginia Cooperative Extension	325,996	327,612	301,628	25,984
Farmers Market	247,070	248,844	258,407	(9,563)
Total Agriculture Department	886,229	893,401	872,326	21,075
Economic Development Department				
Director of Economic Development	5,498,713	5,755,706	5,164,889	590,817
Growsmart	390,926	498,591	412,140	86,451
Development Opportunity Grants	-	1,800,000	-	1,800,000
Total Economic Development Department	5,889,639	8,054,297	5,577,029	2,477,268

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Convention and Visitor Development				
Director's Office	1,587,134	1,603,395	1,547,323	56,072
Tourism Marketing and Sales	551,305	557,296	584,991	(27,695)
Convention Marketing and Sales	1,274,009	1,292,808	990,959	301,849
Sports Marketing	559,211	564,035	504,222	59,813
Convention Center	6,417,995	6,752,282	6,259,286	492,996
Total Convention and Visitor Development	10,389,654	10,769,816	9,886,781	883,035
Parks and Recreation Department				
Landscape Administration	2,557,590	2,703,802	2,574,491	129,311
Grounds Maintenance	7,579,659	7,738,990	7,400,216	338,774
Parks Maintenance	3,147,896	3,279,856	3,213,364	66,492
Special Zones Management	760,132	768,416	767,910	506
Resort Area Landscaping	766,667	797,984	728,072	69,912
Total Parks and Recreation Department	14,811,944	15,289,048	14,684,053	604,995
Boards and Commissions				
General Registrar	1,727,066	2,245,547	2,230,185	15,362
Audit Services	946,303	955,517	890,216	65,301
Cultural Affairs	1,029,322	1,218,139	1,104,549	113,590
COIG - General Operation Grants	502,193	502,193	502,193	-
Lease/Rent of Facilities	2,155,539	2,245,539	2,122,137	123,402
Arts and Humanities Commissions	590,000	590,000	589,587	413
Planning Commission	-	-	3,189	(3,189)
Sandler Center for Performing Arts	768,000	2,478,000	547,061	1,930,939
Regional Participation	3,041,888	3,043,228	2,906,462	136,766
Vehicle Replacements	5,357,514	5,548,567	5,158,669	389,898
Revenue Reimbursements	16,980,347	17,632,908	17,558,661	74,247
Independent Financial Services	164,999	188,668	169,330	19,338
Computer Replacement Program	1,648,642	3,597,462	3,093,228	504,234
Total Boards and Commissions	34,911,813	40,245,768	36,875,467	3,370,301
Fire Department				
Fire Marshall's Office	3,298,971	3,434,067	2,659,952	774,115
Fire Administration	2,619,821	2,648,015	2,358,588	289,427
Fire Operations	47,023,197	49,406,139	49,950,528	(544,389)
Emergency Management	548,365	644,763	635,791	8,972
Fire Training	1,359,171	1,373,914	1,618,716	(244,802)
Total Fire Department	54,849,525	57,506,898	57,223,575	283,323
Information Technology				
IT Business Center	1,793,638	1,824,802	1,748,401	76,401
Applications Support	9,413,909	10,482,942	9,037,316	1,445,626
Operations Support	1,236,270	1,241,759	1,074,240	167,519
System Support	8,348,155	8,893,610	8,425,545	468,065
Center for GIS	1,771,072	1,826,077	1,645,090	180,987
GF Telecommunications	603,961	610,906	520,990	89,916
Technology Services	3,313,573	3,351,579	3,004,184	347,395
Mail Services	179,524	185,458	251,546	(66,088)
Total Information Technology	26,660,102	28,417,133	25,707,312	2,709,821

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Emergency Communications and Citizens Services				
Emergency Communications	8,593,085	8,803,019	6,729,426	2,073,593
Director's Office	232,691	235,877	253,956	(18,079)
Administration	501,027	512,927	429,582	83,345
Citizen Services	904,291	916,902	869,987	46,915
Training	108,024	106,162	75,436	30,726
Technology and Support	758,118	853,095	789,251	63,844
Total Emergency Communications and Citizen Services	11,097,236	11,427,982	9,147,638	2,280,344
Housing and Neighborhood Preservation				
Code Enforcement	5,245,795	5,521,332	5,322,550	198,782
Museums Department				
Aquarium and Marine Science Center	10,885,115	11,351,718	9,837,401	1,514,317
Aquarium Foundation	1,199,208	1,212,606	994,011	218,595
Historical Preservation	711,527	809,462	487,115	322,347
Total Museum Department	12,795,850	13,373,786	11,318,527	2,055,259
Budget and Management Services Department				
Director's Office	1,422,761	1,441,327	1,323,859	117,468
Emergency Medical Services				
Director's Office	887,087	920,834	921,484	(650)
Operations	3,887,967	4,031,285	3,862,574	168,711
Lifeguard Services	2,002,161	2,277,363	2,298,032	(20,669)
Training	901,751	911,420	856,513	54,907
Emergency Response System	4,194,500	4,252,799	4,213,710	39,089
Regulation & Enforcement	245,723	248,775	150,940	97,835
Total Emergency Medical Services	12,119,189	12,642,476	12,303,253	339,223
Debt Service				
Principal Retirement	35,278,953	35,278,953	35,550,209	(271,256)
Interest and Fiscal Charges	17,604,881	17,604,881	16,959,900	644,981
Total Debt Service	52,883,834	52,883,834	52,510,109	373,725
Education				
School Operating	400,761,198	408,598,929	381,774,731	26,824,198
School Capital Projects	3,591,000	13,371,000	13,371,000	-
School Operating from Reserves	6,800,000	13,600,000	6,800,000	6,800,000
Total Education	411,152,198	435,569,929	401,945,731	33,624,198
Total Department Expenditures	1,055,089,816	1,107,220,230	1,026,797,254	80,422,976

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO FINAL BUDGET
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Other Financing Uses				
Transfers Out:				
General Debt Service	41,768,217	41,768,217	41,768,217	-
Housing and Neighborhood Preservation	548,252	548,252	548,252	-
General Government Capital Projects	21,397,176	22,951,981	22,951,981	-
Engineering and Highways Capital Projects	11,673,020	11,623,020	11,623,020	-
Parks and Recreation Capital Projects	4,126,795	4,126,795	4,126,795	-
Economic & Tourism Capital Projects	12,480,860	12,480,860	12,480,860	-
Coastal Capital Projects	7,281,659	11,093,273	11,093,273	-
Grants Consolidated	842,270	884,474	729,364	155,110
Sheriff's Department	24,310,238	24,907,613	24,907,613	-
Parks and Recreation	6,252,511	6,480,791	6,480,791	-
Storm Water Utility Capital Projects	5,586,510	5,586,510	5,586,510	-
Federal Section 8	143,726	143,726	143,726	-
Federal Housing Assistance Program	136,266	136,266	136,266	-
Risk Management	-	1,800,000	1,800,000	-
Public Safety City Marina	20,965	20,965	20,965	-
Agriculture Reserve	-	10,000	10,000	-
Oyster Heritage Fund	-	91,787	91,787	-
Total Other Financing Uses	136,568,465	144,654,530	144,499,420	155,110
TOTAL EXPENDITURES AND OTHER FINANCING SOURCES	$ 1,191,658,281	$ 1,251,874,760	$ 1,171,296,674	$ 80,578,086

NONMAJOR

SPECIAL REVENUE FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The Nonmajor Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The City has the following Nonmajor Special Revenue Funds:

Agriculture Reserve Program - accounts for revenue and expenses to promote and encourage the preservation of farmland in the rural southern portion of the City, in which agricultural uses predominate. This is a voluntary purchase of development rights rather than regulatory, as established by City Council. Fund balance will be used for payments of future interest costs of U.S. Treasury Securities and the maturing interest on each agreement.

Central Business District South Tax Increment Financing - accounts for incremental growth in real estate tax revenues and debt service funding of public parking and other public improvements in this business district. Fund balance is maintained to meet planned construction and debt service costs for improvements in this district as approved by City Council.

Combined Area Dredging Projects – this fund supports the special service districts of Old Donation Creek, Bayville Creek Shadowlawn, Chesopeian Colony, Harbour Point, Gills Cove and Hurds Cove, where additional real estate taxes are assessed on residents of those districts and collected to provide neighborhood channel dredging of creeks and rivers.

Emergency FEMA - accounts for receipts from the Federal Emergency Management Agency (FEMA), for the cost of providing urban search and rescue services in support of disaster declarations, and reimbursements to the City for the cost of local disasters. The level of fund balance is subject to final audit by the Inspector General.

Federal Section Eight Program - accounts for funds received from the Federal Department of Housing and Urban Development to provide rental assistance to low and moderate income families. A separate fund is required by the Federal government and fund balance must be used for rental assistance.

Forfeited Assets – accounts for the City's share of Federal revenues derived from any Federal agency where money or assets are seized. If the Commonwealth's Attorney is involved in the case, the department gets a portion of the funds. All State seizures are divided with the Commonwealth's Attorney receiving 25% and the Police Department receiving 75%. All real estate seized is split 50%/50% between the Commonwealth's Attorney and the Police Department. Fund balance must be used in compliance with Federal and State regulations to fund Police or Commonwealth's Attorney projects.

Grants Consolidated - accounts for certain Commonwealth of Virginia and Federal Grants (with matching local funds, if required).

Housing and Neighborhood Preservation - accounts for the combined activities of the Federal Community Development Block Grant (CDBG), Federal Housing Assistance Grant, Community Development Loan and programs, and Virginia State Rental Assistance Program (SRAP). This fund supports the administration of both capital improvement projects in target neighborhoods and various other housing programs. The uses of fund balance are restricted to the federal and state programs that generated the funds.

Law Library - accounts for the revenues and expenditures of providing legal information and research. Revenues are raised through a set charge per civil court case and donations, which are used for library operations.

Open Space - accounts for the acquisition and preservation of land in the City of Virginia Beach. This fund receives dedicated revenues from a percentage of the restaurant meal tax

Parks and Recreation - accounts for revenues raised through Parks and Recreation programs. This fund also receives dedicated funding from a portion of the real estate taxes to support and maintain the City's recreation centers.

Sandbridge Special Service District - accounts for the revenues raised by the additional real estate tax, hotel tax and other Sandbridge related revenue. The Virginia Beach code restricts the uses of fund balance to Capital Improvement Program projects associated with beach and shoreline restoration and maintenance within the Sandbridge District.

Sandbridge Tax Increment Financing– accounts for the inccremental growth in real estate tax revenues within the district. These incremental revenues are generated by assessment growth beyond the base year, and are used to support beach and shoreline restoration in the Sandbridge district as established by City Council.

Sheriff's Department - accounts for the cost of the care and custody of persons placed in the Virginia Beach Correctional Center by the courts and for the operation of the Sheriff's Department, as established by City Council.

Tourism Advertising Program - accounts for revenue and expenses related to tourism advertising. This fund receives dedicated funding from a percentage of the hotel room tax and restaurant meal tax. There is a City Council appointed committee that oversees the use of these funds.

Tourism Investment Program - accounts for the revenue streams to fund tourism related capital projects and expenditures for oceanfront programs and events, maintenance, operating costs, and debt service of tourism-related projects, as established by City Council. This fund receives dedicated funding from a percentage of the following local taxes: amusement, hotel room, and restaurant meal tax receipts.

Town Center Special Service District – established to provide for the maintenance of public parking facilities and other infrastructure in conjunction with realizing a long-term City Council goal of developing a town center. This is supported by revenues from an additional real estate tax rate applied to each property owner in the Central Business District (CBD) within the Pembroke area of the City.

Wetlands Board Mitigation – accounts for the fines assessed for the destruction of wetlands and are to be used for the purchase of land and re-creation of wetlands.



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CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Agriculture Reserve Program	Central Business District South Tax Increment Financing	Combined Area Dredging Projects	Emergency FEMA
ASSETS				
Cash and Investments	$ 14,447,749	$ 2,497,479	$ 3,171	$ -
Restricted Cash	-	-	-	-
Accounts Receivable	-	-	-	-
Loans Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Due from Commonwealth	-	-	-	375,912
Due from Federal Government	-	-	-	1,442,585
Inventories	-	-	-	-
Total Assets	14,447,749	2,497,479	3,171	1,818,497
LIABILITIES				
Vouchers and Accounts Payable	7,739	407	-	183,256
Due to Other Funds	-	-	-	475,348
Unearned Revenue	-	-	-	-
Total Liabilities	7,739	407	-	658,604
FUND BALANCES				
Nonspendable Inventories	-	-	-	-
Restricted for:				
General Government	-	-	-	-
Housing and Community Development	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	1,159,893
Special Service District	-	-	-	-
Committed for:				
Agriculture	14,058,606	-	-	-
Convention and Visitor Development	-	-	-	-
Education	-	-	-	-
Judicial	-	-	-	-
Parks and Recreation	-	-	-	-
Tax Increment Financing	-	2,497,072	-	-
Assigned to:				
Agriculture	381,404	-	-	-
Education	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Parks and Recreation	-	-	-	-
Special Service District	-	-	3,171	-
Total Fund Balances	14,440,010	2,497,072	3,171	1,159,893
TOTAL LIABILITIES AND FUND BALANCES	$ 14,447,749	$ 2,497,479	$ 3,171	$ 1,818,497

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

Federal Section Eight Program	Forfeited Assets	Grants Consolidated	Housing and Neighborhood Preservation	Law Library	Open Space
$ 1,013,791	$ -	$ 1,755,133	$ 618,959	$ 93,845	$ 1,798,057
77,553	3,476,571	-	1,321,832	-	-
673	-	-	-	-	-
-	-	-	5,030,449	-	-
-	-	2,717	-	-	-
-	-	73,030	72,960	-	-
32,574	-	276,855	623,779	-	-
-	-	-	-	-	-
1,124,591	3,476,571	2,107,735	7,667,979	93,845	1,798,057
270,246	7,925	579,494	347,866	14,768	9,065
-	-	-	2,717	-	-
-	-	-	-	-	-
270,246	7,925	579,494	350,583	14,768	9,065
-	-	-	-	-	-
-	-	1,528,241	-	-	-
854,345	-	-	7,317,396	-	-
-	401,752	-	-	-	-
-	1,646,797	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	77,116	-
-	-	-	-	-	-
-	-	-	-	-	1,788,992
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,961	-
-	522,500	-	-	-	-
-	897,597	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
854,345	3,468,646	1,528,241	7,317,396	79,077	1,788,992
$ 1,124,591	$ 3,476,571	$ 2,107,735	$ 7,667,979	$ 93,845	$ 1,798,057

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Parks and Recreation	Sandbridge Special Service District	Sandbridge Tax Increment Financing	Sheriff's Department
ASSETS				
Cash and Investments	$ 19,357,893	$ 1,000,412	$ 4,954,500	$ 1,857,163
Restricted Cash	-	-	-	-
Accounts Receivable	171,774	-	-	347
Loans Receivable	-	-	-	-
Due from Other Funds	37,841	-	-	-
Due from Commonwealth	-	-	-	1,341,368
Due from Federal Government	-	-	-	7,781
Inventories	-	-	-	47,307
Total Assets	19,567,508	1,000,412	4,954,500	3,253,966
LIABILITIES				
Vouchers and Accounts Payable	1,184,591	14,209	-	2,384,406
Due to Other Funds	-	-	-	-
Unearned Revenue	1,088,945	-	-	-
Total Liabilities	2,273,536	14,209	-	2,384,406
FUND BALANCES				
Nonspendable Inventories	-	-	-	47,307
Restricted for:				
General Government	-	-	-	-
Housing and Community Development	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Special Service District	-	539,129	-	-
Committed for:				
Agriculture	-	-	-	-
Convention and Visitor Development	-	-	-	-
Education	-	-	-	-
Judicial	-	-	-	822,253
Parks and Recreation	17,266,972	-	-	-
Tax Increment Financing	-	-	4,954,500	-
Assigned to:				
Agriculture	-	-	-	-
Education	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Parks and Recreation	27,000	-	-	-
Special Service District	-	447,074	-	-
Total Fund Balances	17,293,972	986,203	4,954,500	869,560
TOTAL LIABILITIES AND FUND BALANCES	$ 19,567,508	$ 1,000,412	$ 4,954,500	$ 3,253,966

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

Tourism Advertising Program	Tourism Investment Program	Town Center Special Service District	Wetlands Board Mitigation	Totals
$ 2,878,190	$ 28,170,683	$ 2,417,238	$ 372,232	$ 83,236,495
-	-	-	-	4,875,956
-	-	-	-	172,794
-	-	-	-	5,030,449
-	-	-	-	40,558
-	-	-	-	1,863,270
-	-	-	-	2,383,574
-	-	-	-	47,307
2,878,190	28,170,683	2,417,238	372,232	97,650,403
2,059,233	505,654	237,946	-	7,806,805
-	-	-	-	478,065
-	-	-	-	1,088,945
2,059,233	505,654	237,946	-	9,373,815
-	-	-	-	47,307
-	-	-	-	1,528,241
-	-	-	-	8,171,741
-	-	-	-	401,752
-	-	-	-	2,806,690
-	-	2,098,339	-	2,637,468
-	-	-	-	14,058,606
818,957	27,665,029	-	-	28,483,986
-	-	-	-	77,116
-	-	-	-	822,253
-	-	-	372,232	19,428,196
-	-	-	-	7,451,572
-	-	-	-	381,404
-	-	-	-	1,961
-	-	-	-	522,500
-	-	-	-	897,597
-	-	-	-	27,000
-	-	80,953	-	531,198
818,957	27,665,029	2,179,292	372,232	88,276,588
$ 2,878,190	$ 28,170,683	$ 2,417,238	$ 372,232	$ 97,650,403

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Agriculture Reserve Program	Central Business District South Tax Increment Financing	Combined Area Dredging Projects	Emergency FEMA
REVENUES				
General Property Taxes	$ 5,022,875	$ 8,630,270	$ 627,345	$ -
Other Local Taxes	-	500,000	-	-
Fines and Forfeitures	-	-	-	-
Permits, Privilege Fees, and Regulatory Licenses	-	-	-	-
From Use of Money and Property	221,055	440	-	-
Charges for Services	-	-	-	-
Miscellaneous	-	-	-	-
From Commonwealth	-	-	-	375,912
From Federal Government	-	-	-	2,142,616
Total Revenues	5,243,930	9,130,710	627,345	2,518,528
EXPENDITURES				
Current:				
Judicial	-	-	-	-
Health	-	-	-	-
Police	-	-	-	-
Human Services	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Library	-	-	-	-
Planning	-	-	-	-
Agriculture	171,232	-	-	-
Convention and Visitor Development	-	-	-	-
Fire	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
General Government	-	-	-	1,791,019
Emergency Medical Services	-	-	-	-
Debt Service:				
Principal Retirement	-	5,753,840	-	-
Interest and Fiscal Charges	2,414,864	2,407,129	-	-
Total Expenditures	2,586,096	8,160,969	-	1,791,019
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,657,834	969,741	627,345	727,509
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	-	-	-
Transfers Out	(3,243,600)	(150,000)	(629,165)	-
Total Other Financing Sources (Uses)	(3,233,600)	(150,000)	(629,165)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(575,766)	819,741	(1,820)	727,509
FUND BALANCES - JULY 1	15,015,776	1,677,331	4,991	432,384
FUND BALANCES - JUNE 30	$ 14,440,010	$ 2,497,072	$ 3,171	$ 1,159,893

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Section Eight Program	Forfeited Assets	Grants Consolidated	Housing and Neighborhood Preservation	Law Library	Open Space
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	5,527,392
-	-	-	-	-	-
-	-	-	-	-	-
15,595	56,721	1,076	71,514	1,324	3,835
-	-	2,524	-	221,971	-
3,376,444	-	46,810	1,663	-	-
-	529,102	3,603,641	966,266	-	-
17,529,931	46,039	8,648,539	2,095,236	-	-
20,921,970	631,862	12,302,590	3,134,679	223,295	5,531,227
-	8,363	880,675	-	-	-
-	-	233,129	-	-	-
-	198,921	394,517	-	-	-
-	-	7,295,913	-	-	-
-	-	20,000	-	-	-
-	-	4,055	-	-	342,500
-	-	-	-	171,193	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,783,563	-	-	-
21,082,455	-	1,476,360	3,845,941	-	-
-	-	-	-	-	-
-	-	333,883	-	-	-
-	-	-	-	-	2,062,749
-	-	-	-	-	522,202
21,082,455	207,284	12,422,095	3,845,941	171,193	2,927,451
(160,485)	424,578	(119,505)	(711,262)	52,102	2,603,776
143,726	-	828,309	666,176	-	-
-	1,616	(1,124,548)	(128,858)	(40,000)	(2,500,000)
143,726	1,616	(296,239)	537,318	(40,000)	(2,500,000)
(16,759)	426,194	(415,744)	(173,944)	12,102	103,776
871,104	3,042,452	1,943,985	7,491,340	66,975	1,685,216
$ 854,345	$ 3,468,646	$ 1,528,241	$ 7,317,396	$ 79,077	$ 1,788,992

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Parks and Recreation	Sandbridge Special Service District	Sandbridge Tax Increment Financing	Sheriff's Department
REVENUES				
General Property Taxes	$ 19,399,461	$ 724,826	$ 10,118,463	$ -
Other Local Taxes	-	4,140,798	-	-
Fines and Forfeitures	-	-	-	-
Permits, Privilege Fees, and Regulatory Licenses	-	-	-	-
From Use of Money and Property	1,709,370	4,675	101,751	13,936
Charges for Services	15,269,667	-	-	4,914,929
Miscellaneous	49,381	-	-	4,306
From Commonwealth	11,345	-	-	18,828,875
From Federal Government	-	-	-	144,910
Total Revenues	36,439,224	4,870,299	10,220,214	23,906,956
EXPENDITURES				
Current:				
Judicial	-	-	-	49,354,280
Health	-	-	-	-
Police	-	-	-	-
Human Services	-	-	-	-
Public Works	-	698,665	-	-
Parks and Recreation	34,964,526	-	-	-
Library	-	-	-	-
Planning	-	-	-	-
Agriculture	-	-	-	-
Convention and Visitor Development	-	-	-	-
Fire	-	-	-	-
Housing and Neighborhood Preservation	-	-	-	-
General Government	-	-	-	-
Emergency Medical Services	-	-	-	-
Debt Service:				
Principal Retirement	2,640,113	-	-	-
Interest and Fiscal Charges	1,698,033	-	-	-
Total Expenditures	39,302,672	698,665	-	49,354,280
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,863,448)	4,171,634	10,220,214	(25,447,324)
OTHER FINANCING SOURCES (USES)				
Transfers In	6,501,756	90,000	-	24,907,613
Transfers Out	(2,749,256)	(3,997,388)	(10,352,612)	-
Total Other Financing Sources (Uses)	3,752,500	(3,907,388)	(10,352,612)	24,907,613
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	889,052	264,246	(132,398)	(539,711)
FUND BALANCES - JULY 1	16,404,920	721,957	5,086,898	1,409,271
FUND BALANCES - JUNE 30	$ 17,293,972	$ 986,203	$ 4,954,500	$ 869,560

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Tourism Advertising Program	Tourism Investment Program	Town Center Special Service District	Wetlands Board Mitigation	Totals
$ -	$ -	$ 2,087,361	$ -	$ 46,610,601
12,502,201	39,400,515	-	-	62,070,906
-	559,246	148,599	24,470	732,315
-	226,920	-	-	226,920
80,413	665,984	357,444	6,387	3,311,520
22,472	4,374	20,542	-	20,456,479
-	507,621	118	-	3,986,343
-	-	-	-	24,315,141
-	-	-	-	30,607,271
12,605,086	41,364,660	2,614,064	30,857	192,317,496
-	-	-	-	50,243,318
-	-	-	-	233,129
-	-	-	-	593,438
-	-	-	-	7,295,913
-	2,733,931	-	-	3,452,596
-	727,887	-	-	36,038,968
-	-	-	-	171,193
-	1,216,648	-	-	1,216,648
-	-	-	-	171,232
12,801,225	5,180,184	-	-	17,981,409
-	-	-	-	1,783,563
-	-	-	-	26,404,756
-	-	1,850,516	-	3,641,535
-	-	-	-	333,883
-	16,819,722	-	-	27,276,424
-	5,392,743	-	-	12,434,971
12,801,225	32,071,115	1,850,516	-	189,272,976
(196,139)	9,293,545	763,548	30,857	3,044,520
-	-	150,000	-	33,297,580
(56,838)	(1,990,873)	(631,976)	-	(27,593,498)
(56,838)	(1,990,873)	(481,976)	-	5,704,082
(252,977)	7,302,672	281,572	30,857	8,748,602
1,071,934	20,362,357	1,897,720	341,375	79,527,986
$ 818,957	$ 27,665,029	$ 2,179,292	$ 372,232	$ 88,276,588

CITY OF VIRGINIA BEACH, VIRGINIA
AGRICULTURE RESERVE PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Real Estate Property Taxes	$ 4,966,225	$ 4,966,225	$ 5,022,875	$ 56,650
From Use of Money and Property	31,917	31,917	221,055	189,138
Total Revenues	4,998,142	4,998,142	5,243,930	245,788
EXPENDITURES				
Agriculture Reserve Program	217,691	227,691	171,232	56,459
Debt Service:				
Interest and Fiscal Charges	4,845,553	4,091,942	2,414,864	1,677,078
Total Expenditures	5,063,244	4,319,633	2,586,096	1,733,537
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(65,102)	678,509	2,657,834	1,979,325
OTHER FINANCING SOURCES (USES)				
Transfers In	-	10,000	10,000	-
Transfers Out	(2,490,000)	(3,243,611)	(3,243,600)	11
Use of Fund Balance	2,555,102	2,555,102	-	(2,555,102)
Total Other Financing Sources (Uses)	65,102	(678,509)	(3,233,600)	(2,555,091)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(575,766)	(575,766)
FUND BALANCE - JULY 1	15,015,776	15,015,776	15,015,776	-
FUND BALANCE - JUNE 30	$ 15,015,776	$ 15,015,776	$ 14,440,010	$ (575,766)

CITY OF VIRGINIA BEACH, VIRGINIA
CENTRAL BUSINESS DISTRICT SOUTH TAX INCREMENT FINANCING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Real Estate Property Taxes	$ 7,333,268	$ 7,333,268	$ 8,630,270	$ 1,297,002
Other Local Taxes	500,000	500,000	500,000	-
From Use of Money and Property	2,000	2,000	440	(1,560)
Total Revenues	7,835,268	7,835,268	9,130,710	1,295,442
EXPENDITURES				
Debt Service:				
Principal Retirement	5,760,750	5,760,750	5,753,840	6,910
Interest and Fiscal Charges	2,432,519	2,432,519	2,407,129	25,390
Total Expenditures	8,193,269	8,193,269	8,160,969	32,300
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(358,001)	(358,001)	969,741	1,327,742
OTHER FINANCING SOURCES (USES)				
Transfers Out	(150,000)	(150,000)	(150,000)	-
Use of Fund Balance	508,001	508,001	-	(508,001)
Total Other Financing Sources (Uses)	358,001	358,001	(150,000)	(508,001)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	819,741	819,741
FUND BALANCE - JULY 1	1,677,331	1,677,331	1,677,331	-
FUND BALANCE - JUNE 30	$ 1,677,331	$ 1,677,331	$ 2,497,072	$ 819,741

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINED AREA DREDGING PROJECTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Real Estate Property Taxes	$ 649,342	$ 649,342	$ 627,345	$ (21,997)
Total Revenues	649,342	649,342	627,345	(21,997)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(661,591)	(661,591)	(629,165)	32,426
Use of Fund Balance	12,249	12,249	-	(12,249)
Total Other Financing Sources (Uses)	(649,342)	(649,342)	(629,165)	20,177
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(1,820)	(1,820)
FUND BALANCE - JULY 1	4,991	4,991	4,991	-
FUND BALANCE - JUNE 30	$ 4,991	$ 4,991	$ 3,171	$ (1,820)

Exhibit 15-D

CITY OF VIRGINIA BEACH, VIRGINIA
EMERGENCY FEMA SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
From Commonwealth	$ -	$ 375,912	$ 375,912	$ -
From Federal Government	-	1,500,000	2,142,616	642,616
Total Revenues	-	1,875,912	2,518,528	642,616
EXPENDITURES				
FEMA Operations	-	1,875,912	1,791,019	84,893
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	727,509	727,509
FUND BALANCE - JULY 1	432,384	432,384	432,384	-
FUND BALANCE - JUNE 30	$ 432,384	$ 432,384	$ 1,159,893	$ 727,509

CITY OF VIRGINIA BEACH, VIRGINIA
FEDERAL SECTION EIGHT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
From Use of Money and Property	$ -	$ -	$ 15,595	$ 15,595
Miscellaneous	3,627,000	3,627,000	3,376,444	(250,556)
From Federal Government	18,232,670	18,271,831	17,529,931	(741,900)
Total Revenues	21,859,670	21,898,831	20,921,970	(976,861)
EXPENDITURES				
Rental Subsidy Program	22,003,396	22,069,601	21,082,455	987,146
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(143,726)	(170,770)	(160,485)	10,285
OTHER FINANCING SOURCES (USES)				
Transfers In	143,726	143,726	143,726	-
Use of Fund Balance	-	27,044	-	(27,044)
Total Other Financing Sources (Uses)	143,726	170,770	143,726	(27,044)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(16,759)	(16,759)
FUND BALANCE - JULY 1	871,104	871,104	871,104	-
FUND BALANCE - JUNE 30	$ 871,104	$ 871,104	$ 854,345	$ (16,759)

CITY OF VIRGINIA BEACH, VIRGINIA
FORFEITED ASSETS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
From Use of Money and Property	$ -	$ -	$ 56,721	$ 56,721
From Commonwealth	-	-	529,102	529,102
From Federal Government	-	-	46,039	46,039
Total Revenues	-	-	631,862	631,862
EXPENDITURES				
Commonwealth Attorney	100,000	522,500	8,363	514,137
Police	285,915	878,276	198,921	679,355
Total Expenditures	385,915	1,400,776	207,284	1,193,492
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(385,915)	(1,400,776)	424,578	1,825,354
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	1,616	1,616
Use of Fund Balance	385,915	1,400,776	-	(1,400,776)
Total Other Financing Sources (Uses)	385,915	1,400,776	1,616	(1,399,160)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	426,194	426,194
FUND BALANCE - JULY 1	3,042,452	3,042,452	3,042,452	-
FUND BALANCE - JUNE 30	$ 3,042,452	$ 3,042,452	$ 3,468,646	$ 426,194

CITY OF VIRGINIA BEACH, VIRGINIA
HOUSING AND NEIGHBORHOOD PRESERVATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
From Use of Money and Property	$ -	$ -	$ 71,514	$ 71,514
Miscellaneous	196,000	196,000	1,663	(194,337)
From Commonwealth	759,554	759,554	966,266	206,712
From Federal Government	2,612,890	3,123,487	2,095,236	(1,028,251)
Total Revenues	3,568,444	4,079,041	3,134,679	(944,362)
EXPENDITURES				
Housing and Neighborhood Preservation	3,364,550	3,875,147	3,386,656	488,491
State Rental Assistance Program	759,554	760,209	459,285	300,924
Total Expenditures	4,124,104	4,635,356	3,845,941	789,415
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(555,660)	(556,315)	(711,262)	(154,947)
OTHER FINANCING SOURCES (USES)				
Transfers In	684,518	685,173	666,176	(18,997)
Transfers Out	(128,858)	(128,858)	(128,858)	-
Total Other Financing Sources (Uses)	555,660	556,315	537,318	(18,997)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(173,944)	(173,944)
FUND BALANCE - JULY 1	7,491,340	7,491,340	7,491,340	-
FUND BALANCE - JUNE 30	$ 7,491,340	$ 7,491,340	$ 7,317,396	$ (173,944)

CITY OF VIRGINIA BEACH, VIRGINIA
LAW LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
From Use of Money and Property	$ 1,460	$ 1,460	$ 1,324	$ (136)
Charges for Services	255,000	255,000	221,971	(33,029)
Total Revenues	256,460	256,460	223,295	(33,165)
EXPENDITURES				
Law Library	222,089	223,539	171,193	52,346
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	34,371	32,921	52,102	19,181
OTHER FINANCING SOURCES (USES)				
Transfers Out	(40,000)	(40,000)	(40,000)	-
Use of Fund Balance	5,629	7,079	-	(7,079)
Total Other Financing Sources (Uses)	(34,371)	(32,921)	(40,000)	(7,079)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	12,102	12,102
FUND BALANCE - JULY 1	66,975	66,975	66,975	-
FUND BALANCE - JUNE 30	$ 66,975	$ 66,975	$ 79,077	$ 12,102

CITY OF VIRGINIA BEACH, VIRGINIA
OPEN SPACE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Other Local Taxes	$ 5,629,899	$ 5,629,899	$ 5,527,392	$ (102,507)
From Use of Money and Property	-	-	3,835	3,835
Total Revenues	5,629,899	5,629,899	5,531,227	(98,672)
EXPENDITURES				
Open Space Program	541,856	542,254	342,500	199,754
Debt Service:				
Principal Retirement	2,062,749	2,062,749	2,062,749	-
Interest and Fiscal Charges	525,294	525,294	522,202	3,092
Total Expenditures	3,129,899	3,130,297	2,927,451	202,846
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,500,000	2,499,602	2,603,776	104,174
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,500,000)	(2,500,000)	(2,500,000)	-
Use of Fund Balance	-	398	-	(398)
Total Other Financing Sources (Uses)	(2,500,000)	(2,499,602)	(2,500,000)	(398)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	103,776	103,776
FUND BALANCE - JULY 1	1,685,216	1,685,216	1,685,216	-
FUND BALANCE - JUNE 30	$ 1,685,216	$ 1,685,216	$ 1,788,992	$ 103,776

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Real Estate Property Taxes	$ 19,418,709	$ 19,418,709	$ 19,399,461	$ (19,248)
From Use of Money and Property	1,636,474	1,636,474	1,709,370	72,896
Charges for Services	15,286,007	15,286,007	15,269,667	(16,340)
Miscellaneous	110,400	110,400	49,381	(61,019)
From Commonwealth	11,000	11,000	11,345	345
Total Revenues	36,462,590	36,462,590	36,439,224	(23,366)
EXPENDITURES				
Administration, Marketing, and Building Systems	4,658,577	4,827,343	4,807,845	19,498
Programming and Operations	29,617,353	30,026,030	28,048,070	1,977,960
Sports Management	1,697,253	1,714,821	1,354,690	360,131
Landscape Management	815,097	847,364	753,921	93,443
Debt Service:				
Principal Retirement	2,674,134	2,674,134	2,640,113	34,021
Interest and Fiscal Charges	1,804,864	1,804,864	1,698,033	106,831
Total Expenditures	41,267,278	41,894,556	39,302,672	2,591,884
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,804,688)	(5,431,966)	(2,863,448)	2,568,518
OTHER FINANCING SOURCES (USES)				
Transfers In	6,273,476	6,501,756	6,501,756	-
Transfers Out	(2,745,788)	(2,749,256)	(2,749,256)	-
Use of Fund Balance	1,277,000	1,679,466	-	(1,679,466)
Total Other Financing Sources (Uses)	4,804,688	5,431,966	3,752,500	(1,679,466)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	889,052	889,052
FUND BALANCE - JULY 1	16,404,920	16,404,920	16,404,920	-
FUND BALANCE - JUNE 30	$ 16,404,920	$ 16,404,920	$ 17,293,972	$ 889,052

CITY OF VIRGINIA BEACH, VIRGINIA
SANDBRIDGE SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Real Estate Property Taxes	$ 739,993	$ 739,993	$ 724,826	$ (15,167)
Other Local Taxes	3,926,250	3,926,250	4,140,798	214,548
From Use of Money and Property	7,037	7,037	4,675	(2,362)
Total Revenues	4,673,280	4,673,280	4,870,299	197,019
EXPENDITURES				
Beach Operations	844,490	1,040,778	698,665	342,113
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,828,790	3,632,502	4,171,634	539,132
OTHER FINANCING SOURCES (USES)				
Transfers In	90,000	90,000	90,000	-
Transfers Out	(3,997,388)	(3,997,388)	(3,997,388)	-
Use of Fund Balance	78,598	274,886	-	(274,886)
Total Other Financing Sources (Uses)	(3,828,790)	(3,632,502)	(3,907,388)	(274,886)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	264,246	264,246
FUND BALANCE - JULY 1	721,957	721,957	721,957	-
FUND BALANCE - JUNE 30	$ 721,957	$ 721,957	$ 986,203	$ 264,246

CITY OF VIRGINIA BEACH, VIRGINIA
SANDBRIDGE TAX INCREMENT FINANCING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Real Estate Property Taxes	$ 10,297,813	$ 10,297,813	$ 10,118,463	$ (179,350)
From Use of Money and Property	28,126	28,126	101,751	73,625
Total Revenues	10,325,939	10,325,939	10,220,214	(105,725)
EXPENDITURES				
Sandbridge TIF	8,000,000	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,325,939	10,325,939	10,220,214	(105,725)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,352,612)	(10,352,612)	(10,352,612)	-
Use of Fund Balance	26,673	26,673	-	(26,673)
Total Other Financing Sources (Uses)	(2,325,939)	(10,325,939)	(10,352,612)	(26,673)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(132,398)	(132,398)
FUND BALANCE - JULY 1	5,086,898	5,086,898	5,086,898	-
FUND BALANCE - JUNE 30	$ 5,086,898	$ 5,086,898	$ 4,954,500	$ (132,398)

CITY OF VIRGINIA BEACH, VIRGINIA
SHERIFF'S DEPARTMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
From Use of Money and Property	$ 11,000	$ 11,000	$ 13,936	$ 2,936
Charges for Services	4,634,608	4,784,608	4,914,929	130,321
Miscellaneous	2,000	2,000	4,306	2,306
From Commonwealth	19,044,683	19,044,683	18,828,875	(215,808)
From Federal Government	140,000	140,000	144,910	4,910
Total Revenues	23,832,291	23,982,291	23,906,956	(75,335)
EXPENDITURES				
Judicial	48,142,529	49,791,770	49,354,280	437,490
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(24,310,238)	(25,809,479)	(25,447,324)	362,155
OTHER FINANCING SOURCES (USES)				
Transfers In	24,310,238	24,907,613	24,907,613	-
Use of Fund Balance	-	901,866	-	(901,866)
Total Other Financing Sources (Uses)	24,310,238	25,809,479	24,907,613	(901,866)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(539,711)	(539,711)
FUND BALANCE - JULY 1	1,409,271	1,409,271	1,409,271	-
FUND BALANCE - JUNE 30	$ 1,409,271	$ 1,409,271	$ 869,560	$ (539,711)

Exhibit 15-N

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM ADVERTISING PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Other Local Taxes	$ 12,631,114	$ 12,631,114	$ 12,502,201	$ (128,913)
From Use of Money and Property	67,000	67,000	80,413	13,413
Charges for Services	53,000	53,000	22,472	(30,528)
Miscellaneous	10,000	10,000	-	(10,000)
Total Revenues	12,761,114	12,761,114	12,605,086	(156,028)
EXPENDITURES				
Visitor Information Center	646,279	664,458	589,878	74,580
Tourism and Convention Advertising	10,864,964	11,768,715	11,180,473	588,242
Sports Marketing	1,193,033	1,193,033	1,030,874	162,159
Total Expenditures	12,704,276	13,626,206	12,801,225	824,981
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	56,838	(865,092)	(196,139)	668,953
OTHER FINANCING SOURCES (USES)				
Transfers Out	(56,838)	(56,838)	(56,838)	-
Use of Fund Balance	-	921,930	-	(921,930)
Total Other Financing Sources (Uses)	(56,838)	865,092	(56,838)	(921,930)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	(252,977)	(252,977)
FUND BALANCE - JULY 1	1,071,934	1,071,934	1,071,934	-
FUND BALANCE - JUNE 30	$ 1,071,934	$ 1,071,934	$ 818,957	$ (252,977)

CITY OF VIRGINIA BEACH, VIRGINIA
TOURISM INVESTMENT PROGRAM SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Other Local Taxes	$ 40,159,401	$ 40,159,401	$ 39,400,515	$ (758,886)
Fines and Forfeitures	458,900	458,900	559,246	100,346
Permits, Privilege Fees, and Regulatory Licenses	249,781	249,781	226,920	(22,861)
From Use of Money and Property	439,500	439,500	665,984	226,484
Charges for Services	-	-	4,374	4,374
Miscellaneous	549,045	549,045	507,621	(41,424)
Total Revenues	41,856,627	41,856,627	41,364,660	(491,967)
EXPENDITURES				
Beach Operations	2,224,105	2,252,882	2,206,693	46,189
Direct Costs	1,200,548	1,200,548	1,216,648	(16,100)
Special Events	4,850,144	5,295,378	5,129,684	165,694
Cultural Activities	50,500	50,500	50,500	-
Recycling	102,000	102,000	83,052	18,948
Landscaping	722,397	747,775	727,887	19,888
Maintenance	582,159	592,958	444,186	148,772
Debt Service:				
Principal Retirement	16,827,901	16,827,901	16,819,722	8,179
Interest and Fiscal Charges	5,537,839	5,537,839	5,392,743	145,096
Contingencies	7,768,161	7,349,202	-	7,349,202
Total Expenditures	39,865,754	39,956,983	32,071,115	7,885,868
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,990,873	1,899,644	9,293,545	7,393,901
OTHER FINANCING SOURCES (USES)				
Transfers Out	(1,990,873)	(1,990,873)	(1,990,873)	-
Use of Fund Balance	-	91,229	-	(91,229)
Total Other Financing Sources (Uses)	(1,990,873)	(1,899,644)	(1,990,873)	(91,229)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	7,302,672	7,302,672
FUND BALANCE - JULY 1	20,362,357	20,362,357	20,362,357	-
FUND BALANCE - JUNE 30	$ 20,362,357	$ 20,362,357	$ 27,665,029	$ 7,302,672

CITY OF VIRGINIA BEACH, VIRGINIA
TOWN CENTER SPECIAL SERVICE DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Real Estate Property Taxes	$ 2,034,071	$ 2,034,071	$ 2,087,361	$ 53,290
Fines and Forfeitures	115,000	115,000	148,599	33,599
From Use of Money and Property	259,500	259,500	357,444	97,944
Charges for Services	24,300	24,300	20,542	(3,758)
Miscellaneous	-	-	118	118
Total Revenues	2,432,871	2,432,871	2,614,064	181,193
EXPENDITURES				
Town Center Parking Operations	1,906,480	1,910,559	1,809,279	101,280
Town Center Operations	60,338	60,338	41,237	19,101
Total Expenditures	1,966,818	1,970,897	1,850,516	120,381
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	466,053	461,974	763,548	301,574
OTHER FINANCING SOURCES (USES)				
Transfers In	150,000	150,000	150,000	-
Transfers Out	(631,976)	(631,976)	(631,976)	-
Use of Fund Balance	15,923	20,002	-	(20,002)
Total Other Financing Sources (Uses)	(466,053)	(461,974)	(481,976)	(20,002)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	281,572	281,572
FUND BALANCE - JULY 1	1,897,720	1,897,720	1,897,720	-
FUND BALANCE - JUNE 30	$ 1,897,720	$ 1,897,720	$ 2,179,292	$ 281,572

Exhibit 15-Q

CITY OF VIRGINIA BEACH, VIRGINIA
WETLANDS BOARD MITIGATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
Fines and Forfeitures	$ -	$ -	$ 24,470	$ 24,470
From Use of Money and Property	-	-	6,387	6,387
Total Revenues	-	-	30,857	30,857
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	30,857	30,857
FUND BALANCE - JULY 1	341,375	341,375	341,375	-
FUND BALANCE - JUNE 30	$ 341,375	$ 341,375	$ 372,232	$ 30,857

DEBT SERVICE FUND

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

CITY OF VIRGINIA BEACH, VIRGINIA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Amounts			Variance Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
REVENUES				
From Use of Money and Property	$ -	$ -	$ 3,542,867	$ 3,542,867
Federal Reimbursement of Interest	-	-	472,600	472,600
Total Revenues	-	-	4,015,467	4,015,467
EXPENDITURES				
Principal	28,978,471	29,732,082	28,862,402	869,680
Interest	12,972,849	12,972,849	13,378,415	(405,566)
Total Expenditures	41,951,320	42,704,931	42,240,817	464,114
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES)	(41,951,320)	(42,704,931)	(38,225,350)	4,479,581
OTHER FINANCING SOURCES (USES)				
Transfers In	41,951,320	42,704,931	42,521,817	(183,114)
Total Other Financing Sources (Uses)	41,951,320	42,704,931	42,521,817	(183,114)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	4,296,467	4,296,467
FUND BALANCE - JULY 1	33,322,213	33,322,213	33,322,213	-
FUND BALANCE - JUNE 30	$ 33,322,213	$ 33,322,213	$ 37,618,680	$ 4,296,467

GENERAL GOVERNMENT

CAPITAL PROJECTS

GENERAL GOVERNMENT CAPITAL PROJECTS

The General Government Capital Projects Fund is used to account for all revenues and expenditures related to the construction of the City's General Government fixed assets and infrastructure. The categories of projects accounted for in this fund are engineering and highways, buildings and assets, parks and recreation, coastal, and economic and tourism development.

CITY OF VIRGINIA BEACH, VIRGINIA
ENGINEERING AND HIGHWAYS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Project Number	Project Name	Budget to Date	Current Year	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
2021000	RURAL ROAD IMPROVEMENTS	$ 7,569,492	$ 9,156	$ 6,752,712	$ 9,156	$ 157,742	$ 659,038
2022000	MAJOR BRIDGE REHAB II	8,352,111	988,078	3,464,109	3,464,109	456,903	4,431,099
2024000	RURAL ROAD IMPROVEMENTS II	2,054,424	14,037	14,054	14,054	7,607	2,032,763
2025000	WITCHDUCK ROAD - PHASE II	60,062,176	7,030,773	42,758,507	42,758,507	11,511,367	5,792,302
2026000	STREET RECONSTRUCTION II	11,900,000	2,490,854	8,440,816	-	1,019,117	2,440,067
2027000	VARIOUS COST PARTICIPATION PROJECTS II	225,000	-	-	-	-	225,000
2028000	WETLANDS MITIGATION BANKING II	600,000	-	-	-	-	600,000
2033000	PRINCESS ANNE ROAD PHASE VII-A	350,000	-	218,082	218,082	27,869	104,049
2038000	ROSEMONT ROAD PHASE V	18,541,000	1,017	807,284	807,284	153,733	17,579,983
2040000	LASKIN ROAD PHASE I	18,045,009	-	-	-	-	18,045,009
2042000	INDIAN RIVER/PROVIDENCE INTER IMPROVE	2,052,200	6	446,448	446,448	29,765	1,575,987
2045000	PACIFIC AVENUE IMPROVEMENTS	15,080,000	5,889	14,378,007	-	100,460	601,533
2046000	CAVALIER DRIVE IMPROVEMENTS	2,449,040	-	2,059,972	2,059,972	-	389,068
2047000	UPTON DR EXT/DAM NECK IMPROVEMENTS	400,000	-	13,219	13,219	646	386,135
2048000	PRINCESS ANNE RD/KEMPSVILLE RD INTERSECTION IMPR	86,171,045	267,228	85,999,350	267,228	54,746	116,949
2050000	LANDSTOWN RD IMPROVEMENTS	8,951,014	78,991	700,147	700,147	447,553	7,803,314
2054000	FERRELL PARKWAY	780,000	708	708	708	-	779,292
2072000	FIRST COLONIAL RD/VB BLVD INTERSECTION IMPROVEMENT	30,096,938	255,466	11,910,384	4,675,768	3,337,824	14,848,730
2078000	SANDBRIDGE ROAD-NIMMO VVI-A	6,878,020	339,626	1,192,213	1,192,213	470,320	5,215,487
2088000	WEST NECK ROAD PHASE IV	6,801,690	243,554	1,324,859	1,324,859	1,037,863	4,438,968
2089000	SOUTHEASTERN PARKWAY AND GREENBELT (PARTIAL)	23,549,335	-	23,202,006	4,533	-	347,329
2094000	BUS STOP INFRASTRUCTURE/ACCESSIBILITY IM	1,118,157	93,167	356,670	356,670	17,714	743,773
2107000	SEABOARD ROAD	6,429,188	-	6,412,358	-	16,829	1
2110000	NIMMO PARKWAY VII-B	1,540,380	319,287	692,894	692,894	847,442	44
2111000	TRAFFIC SAFETY IMPROVEMENTS IV	8,321,018	1,079,326	1,848,838	1,848,838	1,506,435	4,965,745
2112000	INDEPENDENCE BLVD/BAXTER RD SIDEWALK	1,151,416	53,983	111,162	111,162	49,029	991,225
2117000	SHORE DRIVE CORRIDOR IMPRV-PHASE III	22,052,349	374,385	1,981,599	1,981,599	45,885	20,024,865
2118000	SHORE DRIVE CORRIDOR IMPRV-PHASE IV	750,076	-	398,437	398,437	351,639	-
2119000	PROVIDENCE RD SIDEWALK	955,450	29,686	86,839	86,839	62,666	805,945
2120000	WEST GREAT NECK RD SIDEWALK	924,000	33,056	104,329	104,329	53,812	765,859
2124000	ELBOW RD EXTENDED PHASE II-C	500,000	-	-	-	-	500,000
2125000	INDIAN RIVER ROAD PHASE VII-B	860,000	-	-	-	-	860,000
2126000	LASKIN ROAD PHASE I-A (VDOT)	8,858,632	-	-	-	-	8,858,632
2127000	I-264/INDEPENDENCE INTERCHANGE IMPRV	500,000	-	-	-	-	500,000
2130000	BUCCANEER RD BULKHEAD REPLACEMENT	4,500,000	234,128	234,390	234,390	2,233,655	2,031,955
2131000	PUNGO FERRY BRIDGE REHAB (#134-8029)	3,900,000	-	-	-	-	3,900,000
2138000	ATLANTIC AVE RECONFIGURATION	245,000	26,415	243,341	243,341	1,659	-
2154000	GENERAL BOOTH/CAMP PENDLETON INTERS IMPR	350,000	-	-	-	-	350,000
2149000	BIRDNECK ROAD - PHASE II	8,415,975	73	8,069,685	126,539	344,363	1,927
2152000	ELBOW ROAD EXTENDED - PHASE II	32,225,056	609,048	6,776,631	6,776,631	147,983	25,300,442
2156000	LASKIN ROAD - PHASE I (VDOT)	2,278,981	-	2,266,061	2,266,061	-	12,920
2158000	HOLLAND ROAD - PHASE VI (PARTIAL)	5,632,883	567,934	5,288,350	5,288,350	211,517	133,016
2159000	PARLIAMENT DRIVE SIDEWALK PHASE II - FY19	579,876	-	-	-	-	579,876
2160000	CITY WIDE STREET LGHTG IMPRVMNTS-PHASE II	760,000	21,567	577,816	284,603	5,305	176,879
2161000	TRAFFIC SIGNAL RETIMING	4,010,936	93,011	3,955,155	565,888	44,528	11,253
2165000	LASKIN ROAD - PHASE II	1,518,100	17	625,465	625,465	-	892,635
2167000	LYNNHAVEN PARKWAY - PHASE XI	1,769,125	10,000	1,402,919	10,000	15,379	350,827
2168000	LESNER BRIDGE REPLACEMENT	115,376,181	6,638,300	107,648,901	-	5,987,997	1,739,283
2176000	TRANSPORTATION NETWORK ANALYSIS	2,632,250	48,705	2,420,257	-	81,585	130,408
2195000	PRINCESS ANNE RD-INTERSECTION IMPRVMNTS	37,080,207	3,984,567	11,464,065	7,443,909	20,586,356	5,029,786
2256000	INDIAN RIVER ROAD - PHASE VII	30,308,050	830,911	7,429,628	7,429,628	1,014,183	21,864,239
2300000	TRAFFIC SAFETY IMPROVEMENTS - PHASE III	17,104,246	1,062,996	14,785,242	1,062,996	2,134,598	184,406
2401000	GREENWICH RD/CLEVELAND ST CROSSOVER	15,260,000	2,155,523	7,167,134	7,167,134	1,454,988	6,637,878
2409000	CENTERVILLE TURNPIKE INTERIM IMPROVEMNTS	35,669,234	57,110	3,281,707	3,281,707	637,321	31,750,206
2410000	TRAFFIC SIGNAL REHAB-PHASE II	2,376,250	116,852	722,496	722,496	851,101	802,653
2414000	SHIPPS CORNER ROAD IMPROVEMENTS	2,779,050	68	351,451	351,451	303,545	2,124,054
2416000	SANDBRIDGE ROAD BRIDGE REPLACEMENT	7,182,453	1,520,628	2,168,938	2,168,938	4,833,752	179,763
2418000	INDIAN RD/KEMPSVILLE RD IMPROVMENT	22,859,727	6,674,803	13,870,308	13,870,308	6,610,594	2,378,825
2419000	CENTERVILLE TURNPIKE PHASE III	3,945,037	525,663	1,212,877	1,212,877	839,526	1,892,634
2422000	PUNGO TURN LANE	250,000	2,695	210,211	210,211	-	39,789
2501000	NIMMO PARKWAY PHASE II	4,527,261	67,597	320,588	320,588	94,926	4,111,747
	TOTAL ENGINEERING & HIGHWAYS CAPITAL PROJECTS	$ 728,405,038	$ 38,956,884	$ 418,169,619	$ 125,200,566	$ 70,199,827	$ 240,035,592

CITY OF VIRGINIA BEACH, VIRGINIA
BUILDINGS CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
3006000	COASTAL GARDEN/OUTDOOR ADVENTURE PARK	$ 607,736	$ 136,152	$ 592,961	$ 592,961	$ 7,545	$ 7,230
3019000	ADAM THOROUGHGOOD HOUSE VISITOR CENTER	2,244,826	9,180	2,015,673	9,180	179,887	49,266
3025000	BLDG 2 ELECTRICAL UPGRADE	2,138,400	31,395	67,778	-	7,276	2,063,346
3028000	AQUARIUM MARSH PAVILION ENHANCEMENTS	13,622,933	844,263	1,926,182	1,926,182	11,521,823	174,928
3047000	LANDFILL #2 PHASE 1 CAPPING	15,435,000	180	7,626,523	7,626,523	85,780	7,722,697
3056000	PUBLIC SAFETY EQUIPMENT REPLACEMENT	4,522,385	610,515	2,093,689	2,093,689	266,370	2,162,326
3065000	CENTRAL PARK GENERATOR	5,305,585	384,660	399,101	399,101	3,820,691	1,085,793
3068000	CIT-IT NETWORK INFRSTR REPLCMNT-PH II	11,379,738	1,250,865	10,037,284	1,250,865	623,432	719,022
3071000	LIBRARY ENHANCEMENTS	5,835,215	1,120,076	1,228,307	-	1,754,987	2,851,921
3072000	CITY HALL PLANNING & CONCEPT DEVELOPEMENT	50,250,000	2,090,520	3,115,721	2,827,037	1,844,310	45,289,969
3074000	AQUARIUM MARSH PAVILION PH II	11,737,869	391,842	1,323,232	1,323,232	9,614,637	800,000
3075999	FIRE/EMS STATION BURTON STATION	7,810,000	244,604	541,512	541,512	246,978	7,021,510
3080000	COMMONWEALTH ATTORNEY BLDG RENO	1,500,000	361,995	1,088,044	-	5,011	406,945
3095000	CIT-POLICE-INTGRTD PUB SFTY RCRD MGT SYS	17,630,162	815,993	7,653,886	815,993	5,071,014	4,905,262
3103000	HERITAGE BUILDING - MAINTENANCE PROGRAM	3,700,261	237,218	1,605,889	-	191,343	1,903,029
3115000	JUDICAL CNTR MAINTENANCE	579,356	175,570	404,980	-	174,376	-
3119000	CIT-CABLE ACCESS INFRASTRUCTURE REPLACE	3,797,261	213,008	1,687,625	729,675	38,850	2,070,786
3120000	CORRECTIONAL CENTER GENERATOR	531,359	7,470	379,079	379,079	152,280	-
3121000	EOC SPACE REVISION, TECH & SECURITY UPGRADE	545,000	74,182	525,814	-	-	19,186
3122000	POLICE DEPT HELICOPTER	625,000	-	-	-	-	625,000
3133000	FIRE TRAINING CTR IMPROVE-PHASE III	5,152,170	110,607	579,462	579,462	135,018	4,437,690
3135000	FIRE APPARATUS IV	4,410,975	3,888,934	3,888,934	-	351,537	170,504
3136000	VAR BLDGS HVAC REHAB & RENEWAL PH III	11,259,331	1,206,438	10,610,346	-	380,365	268,620
3137000	VARIOUS BLDGS REHAB & RENEWAL PH III	14,289,599	1,329,891	13,702,728	-	461,207	125,664
3139000	VARIOUS SITE ACQUISITIONS PHASE II	9,737,716	-	8,748,525	-	85,250	903,941
3140000	ENERGY PERFORMANCE CONTRACTS (CITY)	5,459,915	94,585	4,592,638	-	809,908	57,369
3141000	VARIOUS BUILDINGS HVAC REHAB & RENEW - PH I	2,500,000	779,755	779,755	-	722,129	998,116
3142000	CIT-COMMUNICATIONS INFRA REPLACE-PHII	32,106,051	2,037,592	26,213,013	-	621,228	5,271,810
3146000	VA AQUARIUM BLDG SYS REHAB & RENEW-PH I	14,909,803	683,494	9,606,020	-	2,432,192	2,871,591
3149000	VARIOUS BUILDINGS REHAB & RENEWAL IV	4,497,166	1,255,161	1,255,161	-	1,500,582	1,741,423
3153000	VARIOUS SITE ACQUISITIONS III	1,343,644	3,300	3,300	3,300	-	1,340,344
3154000	FIRE TRAINING CENTER IMPROVEMENTS IV	1,073,155	-	-	-	-	1,073,155
3155000	VIRGINIA AQUARIUM RENEW & REPLACE III	600,000	8,297	8,297	-	-	591,703
3156000	VIRGINIA AQUARIUM BLDG PARK GARAGE STUDY	250,000	-	-	-	94,150	155,850
3157000	FACILITIES PLANNING SERVICES	275,000	55,832	55,832	-	66,886	152,282
3159000	EMS HEADQUARTERS GENERATOR	801,728	27,579	27,579	27,579	190,313	583,836
3161000	AQUARIUM SEAL EXHIBIT	500,000	105,188	105,188	105,188	73,097	321,715
3162000	VETERANS MEMORIAL SUSTAINMENT	250,000	-	-	-	-	250,000
3163000	EMS HEADQUARTERS AUDIO & VISUAL UPGRADES	250,000	247,950	247,950	247,950	-	2,050
3278000	VA AQUARIUM RENEWAL & REPLACEMENT-PH II	3,445,000	223,760	2,136,787	-	117,367	1,190,846
3292000	VA AQUARIUM ANIMAL CARE ANNEX	18,074,338	7,106,622	9,662,221	9,662,221	7,295,004	1,117,113
3344000	POLICE FOURTH PRECINCT-REPLACEMENT	9,051,779	4,669,473	5,768,655	5,768,655	2,543,785	739,339
3503000	HOUSING RESOURCE CENTER	24,440,288	2,115,435	23,645,759	-	261,011	533,518
3506000	FIRE FACILITY REHAB & RENEWAL PH III	4,299,641	533,089	4,187,514	-	99,219	12,908
3508000	ARC FLASH MITIGATION	3,380,000	78,779	1,928,091	-	688,955	762,954
3510000	INTRMEDIATE CARE FACILITIES REN/REP PH I	1,549,776	-	156,454	-	25,655	1,367,667
3518000	CONVENTION CTR CAPITAL MAINTENANCE	3,317,809	815,255	2,972,392	-	14,857	330,560
3523000	CORRECTION CTR MASTER CONTROL UPGRADE	5,000,000	3,662	632,818	632,818	4,253,042	114,140
3610000	CIT-OCEANFRONT CAMERAS	3,465,400	162,234	2,908,193	162,234	86,445	470,762
3615000	CIT-BUS REV/PERS PROP RACS IMPLEMENTATION	4,300,500	1,832,363	3,539,607	-	330,868	430,025
3619000	CIT-ALI DATABASE MGMT/SELECTIVE ROUTING	2,007,876	137,601	256,730	256,730	921,074	830,072
3637000	CIT-DISASTER RECOVERY CRITICAL SVC ANAL III	436,150	-	435,348	-	-	802
3652000	CIT-TELECOMMUNICATIONS REPLACMENT PH II	2,604,494	222,694	1,282,577	1,282,577	260,038	1,061,879
3657000	DISASTER RECOV IV-ELECT BACKUP/BLDG ACCESS	792,416	274,279	764,685	764,685	13,926	13,805
3663000	CIT-ENTERPRISE SCHEDULING/TIMEKEEPING SY	2,282,933	2,760	188,019	188,019	-	2,094,914
3664000	CIT-METROPOLITAN AREA NETWORK	7,384,989	971,032	5,470,615	971,032	722,207	1,192,167
3677000	CIT-STORM SURGE AND SUSTAIN MODELING	306,158	66,159	168,923	168,923	48,349	88,886
3678000	CIT-FIRE MOBILE RADIO REPEATERS	475,520	-	-	-	32,650	442,870
3683000	CIT-MAINTAIN & SECURE CORPORATE DATA	460,000	335,176	335,176	335,176	124,824	-
3690000	CIT-ENTERPRISE CUST RELATIONSHIP MANAGEMENT SYS	608,166	11,316	11,316	11,316	76,124	520,726
3693000	CIT-IT SERVICE CONTINUITY II	3,305,778	1,121,982	2,125,117	-	495,204	685,457
3695000	CIT-21ST CENTURY ENTERPRISE RESOURCE PLANNING SYST	5,658,209	1,706,329	2,090,721	2,090,721	2,094,855	1,472,633
3697000	CIT-CITY SOFTWARE UPGRADE/REPLACEMENT	3,320,800	1,062,850	1,864,322	1,864,322	1,395,438	61,040
3700000	CIT-FIRE ASSET MANAGEMENT SYSTEM	518,827	-	-	-	-	518,827
3703000	CIT-POLICE SPECIAL INVESTIGATIONS VIDEO STORAGE	926,248	12,240	12,240	-	-	914,008
3705000	CIT-HUMAN SERVICES CLIENT INFORM II	974,168	-	4,570	-	606,024	363,574
3706000	CIT-SHERIFF INMATE TRACKING & STATUS MONITOR	988,009	-	-	-	723,000	265,009
3707000	CIT-SHERIFF INMATE VIDEO VISITATION SYSTEM	500,000	-	-	-	-	500,000
3714000	CIT-NETWORK INFRASTRUCTURE REPLACEMENT III	2,163,070	-	-	-	-	2,163,070
3715000	CIT-CABLE ACCESS INFRASTRUCTURE REPLACEMENT II	315,000	-	-	-	-	315,000
3717000	CIT-ACCELA SUSTAINMENT	346,532	32,198	32,198	32,198	31,375	282,959
3718000	CIT-POLICE RADIO ENCRYPTION	400,000	12,240	12,240	12,240	-	387,760
3719000	CIT-COMMUNICATIONS INFRASTRUCTURE REPLACEMENT III	1,233,777	-	-	-	-	1,233,777
	TOTAL BUILDINGS CAPITAL PROJECTS	$ 387,797,990	$ 44,343,819	$ 197,331,296	$ 45,682,375	$ 66,791,748	$ 123,674,946

NOTE: CIT - COMMUNICATIONS AND INFORMATION TECHNOLOGY

CITY OF VIRGINIA BEACH, VIRGINIA
PARKS AND RECREATION CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
4025000	WOODSTOCK COVE SHORELINE RE-CONSTRUCT	$ 742,623	$ -	$ 712,067	$ 712,067	$ -	$ 30,556
4039000	PAAC MULTI-PURPOSE ATHLETIC FIELD RENOV	5,250,000	800,241	5,132,142	800,241	57,310	60,548
4044000	LYNNHAVEN MARINA BULKHEAD REPL/FAC RENO	1,643,000	716,480	716,480	716,480	716,124	210,396
4045000	FOXFIRE TRAIL PEDESTRIAN BRIDGE	1,123,530	350	350	350	-	1,123,180
4047000	LITTLE ISLAND PARK PARKING LOT IMPROVEMENT	1,797,400	-	-	-	-	1,797,400
4049000	WOODSTOCK PARK HRSD COST CONTRIBUTION FY19	2,000,000	-	-	-	-	2,000,000
4064000	CITY BIKEWAYS & TRAILS PLAN IMPLEM PH II	3,368,851	334,385	1,598,374	1,598,374	307,221	1,463,256
4079000	THALIA CREEK GREENWAY I	3,050,000	16,752	427,423	427,423	80,638	2,541,939
4080000	SPORTSPLEX/NATL TRNG CTR REN & REPLACE	4,505,363	179,387	3,232,882	-	472,926	799,555
4300000	COM REC CTRS REPAIRS & RENOV-PHIII	16,087,768	2,014,725	7,848,293	-	749,408	7,490,067
4301000	PRKS/SPEC USE FACILIT DEV/RENOV-PHIII	10,376,970	2,161,268	7,565,401	-	686,556	2,125,013
4302000	GOLF COURSES CONT'TUAL OBLIGATIONS-MAINT	960,000	91,428	385,721	-	26,905	547,374
4303000	GREENWAY SCENIC WATER & NAT AREA PH III	1,295,000	191,720	587,488	587,488	37,184	670,328
4305000	TENNIS COURT RENOVATIONS - PHASE III	1,875,000	7,701	1,371,857	-	25,206	477,937
4306000	OPEN SPACE PARK DEVELOPMENT/MAINT-PHII	12,071,297	538,151	6,852,991	-	1,809,551	3,408,755
4307000	ATHLETIC FIELDS LIGHTING/RENOV-PH III	2,052,277	105,323	1,100,114	1,100,114	2	952,161
4500000	PARK PLAYGROUND RENOVATIONS-PHASE III	3,242,527	357,269	2,703,587	-	157,187	381,753
4502000	LYNNHAVEN BOAT RAMP/BEACH FAC REP/RENOV	473,378	18,765	93,750	-	-	379,628
4503000	P&R ADMINISTRATION OFFICES RELOCATION	11,733,874	253,846	11,637,204	-	70	96,600
4506000	PARKS INFRASTRUCTURE RENEWAL/REPLACMENT	3,676,724	35,841	3,570,659	78,377	10,497	95,568
4509000	KEMPSVILLE RECREATION CENTER	29,426,083	2,198	29,140,108	794,114	10,803	275,172
4517000	STUMPY LAKE GOLF COURSE LEASE OBLIGATIONS PHI	242,503	-	15,414	-	14,514	212,575
4519000	BIKEWAYS/TRAILS REPAIRS/RENOVATIONS 1	1,400,000	65,999	330,198	-	28,188	1,041,614
4520000	GROMMET ISLAND PARK REPAIRS & RENOV-PHI	144,000	11,509	33,338	-	-	110,662
4522000	THALIA CREEK GREENWAY TRAIL	800,000	493,028	716,169	716,169	83,831	-
	TOTAL PARKS & RECREATION CAPITAL PROJECTS	$ 119,338,168	$ 8,396,366	$ 85,772,010	$ 7,531,197	$ 5,274,121	$ 28,292,037

CITY OF VIRGINIA BEACH, VIRGINIA
COASTAL CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
8005000	W BRANCH LYNNHAVEN RIVER MAINT DREDGING	$ 6,166,082	$ -	$ 6,101,147	$ -	$ 64,934	$ 1
8010000	SANDBRIDGE BEACH RESTORATION II	22,550,000	21,607,899	21,725,665	-	26,981	797,354
8011000	VARIOUS MINOR DREDGING II	1,875,000	271,868	1,662,028	-	33,000	179,972
8013000	LYNNHAVEN MAINTENANCE DREDGING II	1,592,450	750,100	782,638	-	21,236	788,576
8015000	BEACH PROFILE MONITORING II	270,000	74,016	220,547	-	9,058	40,395
8016000	GILLS COVE NEIGHBORHOOD DREDGING	781,786	4,656	122,944	-	78,439	580,403
8020000	BAY BEACHES RESILIENCY STUDY/RESTORATION	2,125,000	43,472	140,565	-	170,156	1,814,279
8021000	CROATAN BEACH RESTORATION	1,760,000	47,441	195,949	556,867	25,426	1,538,625
8024000	PLEASURE HOUSE POINT MITIGATION FUNDS	115,000	-	-	-	-	115,000
8025000	BEACH REPLENISHMENT II	8,241,921	8,042,891	8,132,935	-	26,571	82,415
8026000	SANDBRIDGE BEACH RESTORATION III	12,100,000	-	-	-	-	12,100,000
8027000	NEIGHBORHOOD DREDGING SPUR CHANNELS	173,896	-	-	-	-	173,896
8037000	SCHILLING POINT NEIGHBORHOOD DREDGING FY19	137,718	-	-	-	-	137,718
8110000	EASTERN BRANCH LYNNHAVEN RIVER DREDGING	5,150,000	190,259	551,177	-	163,322	4,435,501
8282000	SANDBRIDGE EMERGENCY BEACH RESTORATION	53,983,152	169,522	39,133,051	-	-	14,850,101
8405000	SANDBRIDGE BEACH ACCESS IMPROV PH II	2,075,000	63,386	1,687,956	-	90,566	296,478
8406000	RUDEE INLET FEDERAL DREDGING PH II	2,860,000	298,803	2,122,512	-	209,576	527,912
8407000	RUDEE INLET OUTER CHAN MAINT DREDG PH II	4,275,000	1,600,619	2,569,841	-	-	1,705,159
8408000	PLEASURE HOUSE POINT MITIGATION	3,020,000	7,740	365,456	-	61,036	2,593,508
8409000	CHESAPEAKE BAY BEACHES	5,878,079	744,765	5,715,914	-	11,990	150,175
8500000	OLD DONATION CREEK AREA DREDGING	822,475	-	712,748	-	109,727	-
8501000	BAYVILLE CREEK NEIGHBORHOOD DREDGING	1,000,753	-	995,048	-	5,705	-
8502000	SHADOWLAWN AREA DREDGING	406,310	-	309,933	-	96,377	-
8503000	CHESOPEIAN COLONY NEIGHBORHOOD DREDGING	2,677,034	1,172,160	1,546,255	-	1,079,045	51,734
8504000	HARBOUR POINT NEIGHBORHOOD DREDGING	282,162	-	257,099	-	25,062	1
8505000	HURDS COVE NEIGHBORHOOD DREDGING	3,462,000	42,272	249,426	-	74,986	3,137,588
8933000	LANDFILL #2 - EXPANSION	23,548,931	-	23,402,163	-	-	146,768
	TOTAL COASTAL CAPITAL PROJECTS	$ 167,329,749	$ 35,131,869	$ 118,702,997	$ 556,867	$ 2,383,193	$ 46,243,559

CITY OF VIRGINIA BEACH, VIRGINIA
ECONOMIC AND TOURISM CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
9006000	WINSTON-SALEM AVE IMPROVEMENTS	$ 6,806,600	$ 107,874	$ 558,646	$ 558,646	$ 196,163	$ 6,051,791
9008000	HISTORIC KEMPSVILLE	4,500,000	3,532,725	3,927,298	-	205,483	367,219
9011000	RAIL-TO-TRAIL SHARED USE PATH DEVELOPMENT	1,000,000	330,198	733,180	-	30,775	236,045
9020000	VIBE DISTRICT STREET INFRASTRUCTURE I	8,801,058	199,254	1,059,401	1,059,401	1,589,225	6,152,432
9021000	LONDON BRIDGE COMMERCE CTR INFRA I	2,095,100	18,374	53,196	53,196	-	2,041,904
9022000	BURTON STATION ROADWAY IMPROV I	12,989,931	6,452,952	7,701,505	7,701,505	2,532,085	2,756,341
9028000	LYNNHAVEN PARKWAY CORRIDOR IMPROVEMENTS	4,000,000	113,625	345,403	345,403	136,173	3,518,424
9030000	VA BEACH BIO INFRASTUCTURE PHASE	3,522,736	189,208	408,138	408,138	3,038,539	76,059
9037000	APZ-1 ECONOMIC INCENTIVES	1,857,692	137,500	502,086	-	-	1,355,606
9041000	VIRGINIA BEACH SPORTS CENTER	58,000,000	22,727,228	25,223,132	25,223,132	32,772,526	4,342
9045000	CENTRAL BEACH/CONVENTION DISTRICT PARKING	10,500,000	6,583,576	6,583,576	6,583,576	3,864,156	52,268
9047000	TOWN CENTER REINVESTMENT	150,000	7,973	7,973	-	4,409	137,618
9050000	DOME SITE STREETSCAPE	3,000,000	-	-	-	-	3,000,000
9053000	DOME SITE ENTERTAINMENT VENUE	1,500,000	-	-	-	-	1,500,000
9055000	TOWN CENTER GARAGE & PLAZA CAP MAINT II	352,726	-	-	-	-	352,726
9056000	OCEANFRONT PARKING FACILITY CAP MAIN/DEV II	762,101	3,872	3,872	-	282,808	475,421
9059000	OCEANA & ITA CONFORMITY & ACQUISITION II	5,230,441	1,164,893	4,190,006	-	402,741	637,694
9076000	ECONOMIC DEVELOPMENT INITIATIVES	100,000	-	53,800	-	-	46,200
9081000	STATEGIC GROWTH AREA PROGRAM	10,254,687	197,526	9,315,789	-	904,219	34,679
9082000	OCEANFRONT GARAGES CAPITAL MAINTENANCE	6,337,991	548,772	4,768,972	-	1,035,591	533,428
9083000	TOWN CENTER GARAGE & PLAZA CAPITAL MAINT	3,368,179	359,164	1,773,365	-	293,122	1,301,692
9091000	SGA-BURTON STATION RD IMPROVEMNTS-PH III	10,041,465	21,933	2,440,237	2,440,237	2,082,002	5,519,226
9096000	OCEANFRONT CAPITAL PROJECTS REINVES	4,180,877	194,140	3,608,980	3,608,980	171,009	400,888
9100000	19TH STREET INFRASTRUCTURE IMPROVEMENTS	14,926,700	5,031,993	5,914,212	-	6,557,214	2,455,274
9108000	29TH STREET IMPROVEMENTS	2,504,771	134,404	1,789,686	1,789,686	211,113	503,972
9141000	ECONOMIC DEVELOPMENT INVESTMENT PROGRAM	57,892,016	1,976,760	49,859,384	-	6,512,525	1,520,107
9276000	CAPE HENRY LIGHTHOUSE RESTORATION-PHII	1,304,976	876,145	1,039,270	-	-	265,706
9500000	VB AMPHITHEATER CAPITAL MAINTENANCE	2,041,446	529,733	1,871,707	-	-	169,739
	TOTAL ECONOMIC & TOURISM CAPITAL PROJECTS	$ 238,021,493	$ 51,439,822	$ 133,732,814	$ 49,771,900	$ 62,821,878	$ 41,466,801

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	$ 110,348,680	$ 73,120,519	$ 8,639,468	$ 81,759,987
STATE FUNDING	229,951,331	137,212,905	8,417,325	$ 145,630,230
LOCAL FUNDING	1,300,592,427	861,776,070	105,874,953	$ 967,651,023
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	$ 1,640,892,438	$ 1,072,109,494	$ 122,931,746	$ 1,195,041,240

CITY OF VIRGINIA BEACH, VIRGINIA
SUMMARY OF GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
ENGINEERING AND HIGHWAYS	$ 728,405,038	$ 38,956,884	$ 418,169,619	$ 125,200,566	$ 70,199,827	$ 240,035,592
BUILDINGS	387,797,990	44,343,819	197,331,296	45,682,375	66,791,748	123,674,946
PARKS AND RECREATION	119,338,168	8,396,366	85,772,010	7,531,197	5,274,121	28,293,137
COASTAL	167,329,749	35,131,869	118,702,997	556,867	2,383,193	46,243,559
ECONOMIC AND TOURISM	238,021,493	51,439,822	133,732,814	49,771,900	62,821,878	41,466,801
GENERAL GOVERNMENT EXPENDITURES	$ 1,640,892,438	178,268,760	$ 953,708,736	$ 228,742,905	$ 207,469,667	$ 479,714,035
CLOSED CAPITAL PROJECTS EXPENDITURES		2,161,767				
TOTAL CURRENT YEAR CAPITAL PROJECTS EXPENDITURES AND OTHER FINANCING USES		$ 180,430,527				

TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS REVENUES	$ 1,195,041,241
TOTAL GENERAL GOVERNMENT CAPITAL PROJECTS EXPENDITURES	(953,708,736)
GENERAL GOVERNMENT CAPITAL PROJECT FUND BALANCE	$ 241,332,505

WATER AND SEWER

ENTERPRISE FUND

WATER AND SEWER ENTERPRISE FUND

The Water and Sewer Enterprise Fund operates the water distribution and sanitary sewer collection systems. The mission of this fund is to provide public water, including water for fire protection, and public sanitary sewer service to the urban areas of Virginia Beach.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS		
Current Assets:		
Cash and Investments	$	96,147,106
Accounts Receivable - Net of Estimated Uncollectibles		16,296,655
Intergovernmental Receivables		179,372
Inventory		2,997,848
Total Current Assets		115,620,981
Noncurrent Assets:		
Cash and Investments - Restricted		76,236,917
Capital Assets:		
Land		14,164,151
Buildings		18,940,552
Utility System		1,174,891,326
Machinery and Equipment		31,538,828
Construction in Progress		20,782,604
Less: Accumulated Depreciation		(543,754,215)
Total Capital Assets		716,563,246
Total Noncurrent Assets		792,800,163
Total Assets		908,421,144
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions		2,838,824
Deferred Outflows for OPEB		919,641
Total Deferred Outflow of Resources		3,758,465
LIABILITIES		
Current Liabilities:		
Vouchers and Accounts Payable		4,529,255
Deposits Payable		126,727
Accrued Interest Payable		2,120,062
Construction Contracts Payable		1,915,214
Unearned Revenue		977,850
Current Portion of Long-term Liabilites		12,495,958
Total Current Liabilities		22,165,066
Long-Term Liabilities:		
Compensated Abscences		771,215
Bonds and Notes Payable		197,040,938
Net Pension Liability		17,863,946
Net OPEB Liability		3,577,318
Total Long-Term Liabilities		219,253,417
Total Liabilities		241,418,483
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pensions		854,625
Deferred Inflows for OPEB		168,329
Total Deferred Inflow of Resources		1,022,954
NET POSITION		
Net Investment in Capital Assets		508,385,657
Restricted for Debt Service		17,979,295
Unrestricted		143,373,220
Total Net Position	$	669,738,172

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES		
Service Charges	$	77,255,514
Sale of Water		44,678,605
Tap Fees		641,348
Fire Hydrant Rental		7,440
Navy Wheelage Charges		123,982
Interfund Services Provided		1,082,336
Miscellaneous		235,586
Total Operating Revenues		124,024,811
OPERATING EXPENSES		
Cost of Goods Sold - Water Purchases		27,529,184
Personal Services		27,634,871
Contractual Services		6,953,950
Internal Services		2,998,730
Other Charges		17,847,556
CIP Annual Expenditures		1,918,753
Depreciation		27,818,835
Total Operating Expenses		112,701,879
OPERATING INCOME (LOSS)		11,322,932
NONOPERATING REVENUES (EXPENSES)		
Interest Income		2,980,622
Gain From Sale of Assets		319,515
Payment Under Support Agreement		(20,000,000)
Interest and Fiscal Charges		(7,448,299)
Total Non Operating Expenses, net		(24,148,162)
INCOME (LOSS) BEFORE CONTRIBUTIONS		(12,825,230)
Capital Contributions		4,152,165
CHANGE IN NET POSITION		(8,673,065)
TOTAL NET POSITION - BEGINNING		678,411,237
TOTAL NET POSITION - ENDING	$	669,738,172

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	$	121,900,576
Receipts from Interfund Services Provided		2,931,850
Other Operating Cash Receipts		26,641
Cash Payments to Suppliers of Goods and Services		(56,619,020)
Cash Payments to Employees for Services		(28,872,878)
Net Cash Provided (Used) By Operating Activities		39,367,169
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments Under Support Agreement		(20,000,000)
Payments to Other Funds		-
Net Cash Provided (Used) By Noncapital Financing Activities		(20,000,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Receipts of Capital Contributions		3,924,556
Net Interest on Long-term Debt		(8,702,962)
Acquisition and Construction of Capital Assets		(34,212,514)
Proceeds from Sale of Salvage		319,515
Principal Paid on Capital Debt		(9,215,276)
Net Cash Provided (Used) By Capital and Related Financing Activities		(47,886,681)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends Received		2,980,622
Net Increase (Decrease) in Cash and Investments		(25,538,890)
Cash and Investments, July 1		197,922,913
Cash and Investments, June 30		172,384,023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income		11,322,932
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Depreciation		27,818,835
Net changes in assets and liabilities:		
Accounts Receivable		(472,085)
Intergovernmental Receivables		1,306,341
Inventory		(177,243)
Deferred Outflow of Resources		(150,761)
Vouchers and Accounts Payable		549,030
Deposits Payable		(26,780)
Unearned Revenue		284,146
Deferred Inflow of Resources		(834,906)
Accrued Compensated Leave		(214,598)
Net Pension Liability		(138,271)
Net OPEB Liability		100,529
Net Cash Provided (Used) By Operating Activities		39,367,169
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions of Capital Assets	$	227,609

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Director of Public Utilities			
Personal Services	$ 333,826	$ 420,547	$ (86,721)
Fringe Benefits	108,530	138,262	(29,732)
Contractual Services	9,850	3,841	6,009
Internal Services	15,061	14,812	249
Other Charges	47,785	54,327	(6,542)
Total Director of Public Utilities	515,052	631,787	(116,735)
Engineering Staff			
Personal Services	6,388,792	5,607,437	781,355
Fringe Benefits	1,935,448	1,819,033	116,415
Contractual Services	2,094,545	948,587	1,145,958
Internal Services	248,509	218,031	30,478
Other Charges	522,165	365,240	156,925
Total Engineering Staff	11,189,459	8,958,328	2,231,131
Operations and Maintenance Administration			
Personal Services	2,279,818	2,203,851	75,967
Fringe Benefits	736,299	692,894	43,405
Contractual Services	2,666,955	1,502,315	1,164,640
Internal Services	140,740	145,923	(5,183)
Other Charges	1,745,961	1,754,568	(8,607)
Total Operations and Maintenance Administration	7,569,773	6,299,550	1,270,223
Water Distribution			
Personal Services	2,611,118	2,325,257	285,861
Fringe Benefits	849,735	783,118	66,617
Contractual Services	229,775	88,437	141,338
Internal Services	459,655	468,898	(9,243)
Other Charges	799,255	964,123	(164,868)
Total Water Distribution	4,949,538	4,629,833	319,705
Lake Gaston Facilities			
Contractual Services	1,987,170	1,157,095	830,075
Internal Services	69,093	12,381	56,712
Other Charges	1,363,600	776,348	587,252
Total Lake Gaston Facilities	3,419,863	1,945,823	1,474,040
Sewer Collection Systems			
Personal Services	3,541,972	2,953,243	588,729
Fringe Benefits	1,058,089	882,879	175,210
Contractual Services	199,250	68,044	131,206
Internal Services	1,033,489	1,058,247	(24,758)
Other Charges	659,782	537,957	121,824
Total Sewer Collection Systems	6,492,582	5,500,371	992,211
Sewer Pump Stations			
Personal Services	2,601,455	2,589,842	11,613
Fringe Benefits	904,505	908,358	(3,853)
Contractual Services	383,292	248,359	134,933
Internal Services	560,557	569,221	(8,664)
Other Charges	2,371,286	2,146,439	224,847
Total Sewer Pump Stations	6,821,095	6,462,219	358,876

(continued)

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Customer Services			
Personal Services	3,369,127	2,737,522	631,605
Fringe Benefits	1,182,327	977,442	204,885
Contractual Services	3,118,637	1,869,410	1,249,227
Internal Services	243,526	191,600	51,926
Other Charges	1,769,477	1,108,960	660,517
Total Customer Services	9,683,094	6,884,935	2,798,159
Water Purchases	26,730,000	27,529,184	(799,184)
Meter Operations			
Personal Services	1,645,866	1,362,930	282,936
Fringe Benefits	588,389	491,070	97,319
Contractual Services	1,258,895	1,027,724	231,171
Internal Services	235,941	236,269	(328)
Other Charges	1,038,149	426,812	611,338
Total Meter Operations	4,767,240	3,544,805	1,222,436
Electrical Support			
Personal Services	1,114,821	1,045,972	68,849
Fringe Benefits	364,807	361,422	3,385
Contractual Services	59,053	40,140	18,913
Internal Services	75,665	83,347	(7,682)
Other Charges	68,177	53,859	14,318
Total Meter Operations	1,682,523	1,584,739	97,784
General Fund Charges			
Office Rental	453,798	453,798	-
Landscape Services	519,038	442,003	77,035
Support Personnel	703,090	707,354	(4,264)
Building Maintenance	164,380	164,380	-
Communication Technology Charges	1,930,617	1,930,617	-
Indirect Cost Allocation	2,195,306	1,771,159	424,147
Right of Way Utility	4,000,000	4,000,000	-
Water Assistance	350,000	189,613	160,387
Total General Fund Charges	10,316,229	9,658,924	657,305
Other Charges			
Retiree Health Insurance	550,500	357,203	193,297
CIP Annual Expenditures	-	1,918,753	(1,918,753)
Net Deferred OPEB Contributions	-	(45,459)	45,459
Net Deferred Pension Contributions	-	(977,950)	977,950
Reserves	985,580	-	985,580
Total Other Charges	1,536,080	1,252,547	(702,047)
Total Budgeted Operating Expenses	$ 95,672,528	$ 84,883,044	$ 10,789,484

Note: Depreciation is not included in the Budgeted Operating Expenses. The City does not budget for depreciation.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
5010000	RAW WATER TRANSMISSION SYSTEM REHAB I	$ 6,900,000	$ 805,824	$ 2,760,734	$ 805,824	$ 482,187	$ 3,657,079
5014000	WATER PUMP REPAIRS & REPLACEMENTS	125,000	32,918	32,918	32,918	10,163	81,919
5020000	CLEVELAND ST WATER IMPROVEMENTS	700,000	229,850	229,850	229,850	337,705	132,445
5023000	GREAT NECK WATER TANK REPLACEMENT	2,200,000	-	-	-	-	2,200,000
5024000	HOLLAND ROAD - PHASE VI	2,100,000	78,048	1,571,727	78,048	-	528,273
5027000	LESNER BRIDGE WATER LINE REPLACEMENT	250,000	-	100,546	100,546	149,454	1
5028000	WITCHDUCK RD - PHASE II WATER IMPROVEMENT	1,787,000	77,534	1,777,605	1,777,605	9,395	-
5030000	SHORE DRIVE WATER LINE IMPROVEMENTS PH III	3,385,000	32,737	100,440	100,440	42,420	3,242,140
5031000	SYSTEM EXP COST PARTICIPATION AGREE PH II	280,000	30,000	130,000	130,000	21,000	129,000
5033000	WATER TRANSMISSION SYSTEM UPGRADE PRG II	1,320,000	-	-	-	24,413	1,295,587
5043000	LANDSTOWN ROAD WATER IMPROVEMENTS	720,000	200	13,700	13,700	4,300	702,000
5045000	ROSEMONT RD PHASE V WATER IMPROVEMENTS	1,740,000	-	-	-	-	1,740,000
5046000	UTILITIES EMERG RESPONSE PRG-PHASE II	900,000	-	652,145	-	247,854	1
5090000	LYNNHAVEN PARKWAY - PHASE XI	635,198	(32,450)	291,423	291,423	311,325	32,450
5101000	VIBE DISTRICT WATER IMPROVEMENTS	600,000	-	-	-	-	600,000
5121000	CAMP PENDLETON WATER IMPROVEMENTS	530,000	64,382	517,003	517,003	-	12,997
5122000	SERVICE ORDER AUTOMATION SOLUTION PHA II	350,000	16,004	25,604	-	18,786	305,610
5148000	ELBOW ROAD EXT - PH I & II	429,663	-	379,662	-	-	50,001
5149000	INDIAN RIVER RD - PHASE VII	153,548	-	58,224	-	10,324	85,001
5151000	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	4,821,000	197,613	2,288,741	197,613	150,114	2,382,145
5168000	SHORE DR WATER LINE IMPROVE II (VDOT)	175,000	-	-	-	-	175,000
5207000	LASKIN ROAD - PHASE I	2,500,004	5,493	369,903	214,297	2,057,575	72,526
5251000	VARIOUS RDWY STORM WATER COOR VI	2,250,000	351,834	1,239,635	1,239,635	254,593	755,772
5254000	WATER REQUESTS & AGREEMENT (51% PRG) VI	250,000	-	100,000	-	125,000	25,000
5260000	UTILITY CROSSINGS CONDITION ASSESS PH II	1,546,018	253,982	1,246,665	-	57,654	241,700
5403000	SERVICE ORDER AUTOMATION SOLUTION DESIGN	197,500	-	84,405	-	113,095	-
5405000	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,850,000	36,012	276,066	276,066	1,124,323	449,611
5407000	COMPUTERIZED MAP/INFRASTRUCTURE MGMT III	111,175	-	10,755	-	100,420	-
5452000	COMPREHENSIVE WATER MASTER PLANNING VI	1,300,000	49,107	428,003	-	800,062	71,935
5501000	WTR PUMP STATION/TANK UPGRADE PRG - PH I	18,699,996	1,204,975	15,370,582	1,204,975	794,867	2,534,547
5601000	FIRST COLONIAL/VB BLVD INTERSECTION IMPROV	1,095,000	4,848	40,648	40,648	-	1,054,352
5604000	PA ROAD WATER IMPROVEMENTS - PHASE VII	1,130,000	-	9,061	9,061	-	1,120,939
5708000	RESORT AREA NEIGHBORHOOD REVITALIZATION	6,896,636	79,632	4,388,645	1,037,753	325,366	2,182,625
5804000	WATER LINE EXT REPLACE REHAB PROGRAM	8,035,000	906,377	5,593,411	-	116,945	2,324,644
5805000	WTR SYS AGING INFRASTRUCTURE PRG - PH I	5,400,000	71,173	5,001,341	915,347	396,642	2,017
5952000	WTR PUMP STA FLOW MONITOR/DATA STORAGE	1,594,423	225,289	1,419,695	225,289	68,058	106,671
5953000	WATER TAP INSTALLATION PROGRAM PH II	1,684,754	180,930	1,397,335	-	278,738	8,681
5967000	WTR RESOURCES INVESTIGATION/PLANNING - PH I	800,000	59,082	351,715	-	448,284	1
	TOTAL WATER CAPITAL PROJECT EXPENDITURES	$ 85,441,915	$ 4,961,394	$ 48,258,187	$ 9,438,041	$ 8,881,062	$ 28,302,670

Exhibit 22

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
SEWER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
6019000	RESORT AREA NEIGHBORHOOD REVITALIZATION	$ 14,820,000	$ 678,836	$ 13,541,146	$ 678,836	$ 219,781	$ 1,059,073
6041000	PUMP STATION MODIFICATIONS-PHASE V	74,695,640	9,682,052	62,556,044	-	8,753,982	3,385,613
6043000	LANDSTOWN ROAD SEWER IMPROVEMENTS	370,000	300	18,040	18,040	5,960	346,000
6051000	INDIAN RIVER ROAD - PHASE VII	29,717	-	9,473	9,473	-	20,245
6057000	HOLLAND ROAD - PHASE VI	1,650,000	326,571	1,515,046	326,571	-	134,954
6058000	ROYAL PALM ARCH SANITARY SEWER REHAB	5,350,000	1,531	1,531	1,531	4,965,786	382,683
6061000	EMERG RESPONSE PRG-PHASE II	900,000	-	527,094	-	372,906	-
6070000	INFILTRATION & REHAB PH V	28,155,000	1,050,527	23,607,630	1,050,527	3,821,084	726,286
6075000	LASKIN ROAD - PHASE I	2,060,030	11,186	96,795	96,765	1,932,412	30,824
6087000	SAN SEWER PS GENERATOR RPLC	100,000	-	12,530	-	87,470	-
6088000	CLEVELAND ST SEWER IMPROV	700,000	198,188	198,188	198,188	125,976	375,837
6091000	SEWER REQUESTS & AGREEMENTS PH VI (51%)	250,000	-	100,000	-	125,000	25,000
6092000	VACUUM VALVE MONITORING SYSTEM	1,845,000	877,220	1,317,753	1,317,753	31,979	495,268
6093000	CONSENT ORDER REHAB PLAN IMPLEMENTATION - PH I	7,837,214	233,568	6,521,774	233,568	624,929	690,511
6098000	PRICE ST APTS SANITARY SEWER PUMP STATION	1,780,000	1,219,120	1,285,452	1,285,452	494,548	-
6099000	ARROWHEAD SUSQEHANNA SANITARY SEWER REHAB	250,000	192,838	192,838	192,838	22,618	34,544
6101000	VIBE DISTRICT SEWER IMPROVEMENTS	1,000,000	786,437	786,437	786,437	20,328	193,236
6107000	SEWER PUMP REPAIRS & REPLACEMENTS	525,000	396,152	396,152	-	114,093	14,755
6110000	SANITARY SEWER REGULATORY COMPLIANCE PRG II	1,760,000	77,758	77,758	77,758	723,188	959,054
6116000	PROSPERITY ROAD SEWER IMPROVE 51% PROGR	1,169,057	-	850,838	850,838	318,219	-
6121000	CAMP PENDLETON SEWER IMPROVEMENTS	770,000	910	765,714	765,714	-	4,286
6122000	SERVICE ORDER AUTOMATION SOLUTION PHA II	350,000	16,004	25,604	-	18,786	305,610
6151000	LANDSTOWN YARD IMPROVEMENTS - PHASE IV	4,005,000	190,411	1,798,378	190,411	148,481	2,058,141
6403000	SERVICE ORDER AUTOMATION SOLUTION DESIGN	197,500	-	84,605	-	112,895	-
6405000	CUSTOMER INFO SYSTEM VERSION MIGRATION	1,850,000	35,924	257,835	257,835	1,124,411	467,754
6501000	AUX POWER PRG-SEWER PMP STATIONS-PH III	13,806,816	704,450	9,764,541	704,450	382,856	3,659,418
6550000	COMPREHENSIVE SEWER MASTER PLANNING V	1,150,000	103,773	708,073	-	271,076	170,850
6551000	SYSTEM EXP COST PARTICIPATION AGREE III	3,030,000	1,359,432	1,945,596	-	122,921	961,483
6552000	SANITARY SEWER SYS REVITAL'N PRG-PH II	29,465,736	2,692,309	25,103,892	-	2,361,450	2,000,394
6555000	UTILITY CROSSINGS CONDITION ASSESS PH II	1,236,711	2,690	293,041	25,994	5,403	938,268
6556000	VARIOUS ROADWAY/STORM WATER COORD VI	3,500,000	197,444	1,322,640	197,444	228,690	1,948,670
6557000	SGA SANITARY SEWER SYSTEM IMPROVEMENTS	1,950,000	60,936	60,936	60,936	63,386	1,825,678
6559000	SANITARY SEWER ASSET MGMT PROGRAM III	968,388	23,031	221,600	221,600	47,775	699,013
6564000	RELOCATION SEWER CLEAN OUTS N LANDING	325,000	-	66,015	-	258,984	1
6565000	COMPUTERIZED MAPPING & INFRASTRUCTURE	111,175	-	10,755	-	100,420	-
6601000	FIRST COLONIAL/VB BLVD INTERSECTION IMPROV	1,510,000	4,848	40,648	40,648	-	1,469,352
6604000	WITCHDUCK ROAD-PHASE II SEWER IMPROVEMENTS	1,706,499	92,481	1,379,276	1,379,281	297,631	29,592
6804000	SANIT SWR REGULATORY COMPLIANCE PRG - PH I	27,988,476	1,540,244	27,298,181	-	611,716	78,579
6952000	SWR PUMP STA FLOW MONITOR/DATA STORAGE	27,549,581	4,002,734	25,304,569	-	2,231,238	13,774
6953000	SEWER TAP INSTALLATION PROGRAM PH II	2,546,811	375,675	2,146,851	375,675	376,759	23,201
	TOTAL SEWER CAPITAL PROJECT EXPENDITURES	$ 269,264,351	$ 27,135,580	$ 212,211,269	$ 11,344,563	$ 31,525,137	$ 25,527,947
	WATER AND SEWER CAPITAL PROJECTS	$ 354,706,266	$ 32,096,974	$ 260,469,456	$ 20,782,604	$ 40,406,199	$ 53,830,617

TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES	$ 308,491,969
TOTAL WATER AND SEWER CAPITAL PROJECTS EXPENDITURES	(260,469,456)
WATER AND SEWER CASH RESTRICTED FOR CAPITAL PROJECTS	$ 48,022,513

Exhibit 22

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER FUND CAPITAL PROJECTS
BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	$ 474,466	$ 372,245	$ -	$ 372,245
STATE FUNDING	88,640	90,121	-	90,121
LOCAL FUNDING	318,598,427	275,289,603	32,740,000	308,029,603
TOTAL WATER AND SEWER CAPITAL PROJECTS REVENUES	$ 319,161,533	$ 275,751,969	$ 32,740,000	$ 308,491,969



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STORM WATER

ENTERPRISE FUND

STORM WATER ENTERPRISE FUND

The Storm Water Enterprise Fund accounts for revenues and expenditures generated by the storm water utility fee for operational and capital needs for storm water management in the city. The storm water CIP is designed to create an effective drainage and storm water management system, protect natural resources, enhance quality of land and waterways, maintain the city's utility systems, encourage development only in accordance with principles of natural environment protection, and provide adequate resources to maintain existing infrastructure.

Exhibit 23

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS		
Current Assets:		
Cash and Investments	$	41,357,993
Accounts Receivable - Net of Estimated Uncollectibles		5,425,547
Total Current Assets		46,783,540
Non-current Assets:		
Cash and Investments - Restricted		17,159,453
Capital Assets:		
Land		133,293,782
Building		664,899
Utility System		301,589,288
Machinery and Equipment		16,754,934
Construction in Progress		32,930,748
Less: Accumulated Depreciation		(79,559,182)
Total Capital Assets		405,674,469
Total Non-current Assets		422,833,922
Total Assets		469,617,462
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outlflows for Pensions		1,259,245
Deferred Outflows for OPEB		452,066
Total Deferred Outflow of Resources		1,711,311
LIABILITIES		
Current Liabilities:		
Vouchers and Accounts Payable		1,492,585
Accrued Interest Payable		336,610
Construction Contracts Payable		5,162,907
Current Portion of Long-term Liabilities		3,511,319
Total Current Liabilities		10,503,421
Compensated Abscences		466,445
Bond and Notes Payable		69,082,915
Net OPEB Liability		1,758,489
Net Pension Liability		7,924,085
Total Long-term Liabilities		79,231,934
Total Liabilities		89,735,355
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pensions		379,094
Deferred Inflows for OPEB		82,745
Total Deferred Inflows of Resources		461,839
NET POSITION		
Net Investment in Capital Assets		333,806,171
Restricted for Future Debt Services		3,393,570
Unrestricted		43,931,838
Total Net Position	$	381,131,579

Exhibit 24

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES		
Service Charges	$	42,192,408
Miscellaneous		46
Total Operating Revenues		42,192,454
OPERATING EXPENSES		
Personal Services		14,438,620
Contractual Services		4,925,657
Internal Services		1,499,302
Other Charges		8,838,627
Depreciation		6,458,891
Total Operating Expenses		36,161,097
OPERATING INCOME (LOSS)		6,031,357
NONOPERATING REVENUES (EXPENSES)		
Interest Income		1,226,845
Gain (Loss) From Sale of Assets		50,731
Interest and Fiscal Charges		(2,112,082)
Total Nonoperating Revenues (Expenses)		(834,506)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS		5,196,851
Capital Contributions		673,411
Capital Contributions - Federal Government		336,135
Transfers In		8,106,383
Total Transfers and Contributions		9,115,929
CHANGE IN NET POSITION		14,312,780
TOTAL NET POSITION - BEGINNING		366,818,799
TOTAL NET POSITION - ENDING	$	381,131,579

Exhibit 25

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers and Users	$ 42,074,321
Other Operating Cash Receipts	46
Cash Payments to Suppliers of Goods and Services	(15,187,312)
Cash Payments to Employees for Services	(14,939,848)
Net Cash Provided (Used) By Operating Activities	11,947,207
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Receipts from Other Funds	8,106,383
Net Cash Provided (Used) By Noncapital Financing Activities	8,106,383
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Receipts of Capital Contributions	1,009,546
Net Interest on Long-term Debt	(558,667)
Acquisition and Construction of Capital Assets	(35,274,320)
Proceeds from Sale of Salvage	50,731
Proceeds from Sale of Bonds	29,525,000
Principal Paid on Capital Debt	(1,795,000)
Net Cash Provided (Used) By Capital and Related Financing Activities	(7,042,710)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends Received	1,226,845
Net Increase (Decrease) in Cash and Investments	14,237,725
Cash and Investments, July 1	44,279,721
Cash and Investments, June 30	58,517,446

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	6,031,357
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	6,458,891
Net changes in assets and liabilities:	
Accounts Receivable	(118,087)
Deferred Outflow of Resources	(73,807)
Vouchers and Accounts Payable	76,274
Deferred Inflow of Resources	(373,301)
Accrued Compensated Leave	(58,737)
Net Pension Liability	(61,334)
Net OPEB Liability	65,951
Net Cash Provided (Used) By Operating Activities	$ 11,947,207

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Project Management			
Personal Services	$ 2,097,393	$ 1,933,032	$ 164,361
Fringe Benefits	651,053	578,721	72,332
Contractual Services	75,379	33,408	41,971
Internal Services	39,251	30,287	8,964
Other Charges	437,214	174,303	262,911
Total Project Management	3,300,290	2,749,751	550,539
Operations and Maintenance			
Personal Services	8,713,539	8,351,218	362,321
Fringe Benefits	2,874,694	2,797,994	76,700
Contractual Services	5,719,472	3,135,969	2,583,503
Internal Services	1,428,146	1,383,839	44,307
Other Charges	3,919,192	847,038	3,072,154
Total Operations and Maintenance	22,655,043	16,516,058	6,138,985
Inspections and Environmental Spill Response			
Personal Services	604,827	582,026	22,801
Fringe Benefits	194,861	205,691	(10,830)
Contractual Services	52,344	12,686	39,658
Internal Services	31,557	26,593	4,964
Other Charges	42,945	28,788	14,157
Total Inspections and Environmental Spill Response	926,534	855,784	70,750
Residential Street Sweeping			
Personal Services	192,470	194,261	(1,791)
Fringe Benefits	56,489	62,581	(6,092)
Contractual Services	4,077,947	1,743,594	2,334,353
Internal Services	176,322	58,582	117,740
Other Charges	24,730	26,178	(1,448)
Total Residential Street Sweeping	4,527,958	2,085,196	2,442,762
General Fund Charges			
Direct Cost Allocations	249,056	249,056	-
Indirect Cost Allocations	1,939,049	1,939,049	-
Landscape Services	68,498	68,498	-
IT Core Services	53,691	53,691	-
Stormwater Regulations	145,170	145,170	-
Total General Fund Charges	2,455,464	2,455,464	-

(continued)

Exhibit 26

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Other Charges			
Retiree Health Insurance	177,092	175,589	1,503
CIP Annual Expenditures	-	4,447,355	(4,447,355)
Water and Sewer Billing System Charges	859,499	859,499	-
Net Deferred OPEB Contributions	-	(8,691)	8,691
Net Deferred Pension Contributions	-	(433,800)	433,800
Reserves	161,064	-	161,064
Total Other Charges	1,197,655	5,039,952	(3,842,297)
Total Budgeted Operating Expenses	$ 34,819,090	$ 29,702,205	$ 5,116,885

Note: Total General Fund Charges reclassified as Other Charges.
Depreciation is not included in the Budgeted Operating Expenses. The City does not budget for depreciation.

Exhibit 27

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2019

Project Number	Project Name	Budget to Date	Current Year Expenditures	Total Expenditures	Construction In Progress	Outstanding Encumbrances	Available Balance
7005000	NORTH LAKE HOLLY WATERSHED	$ 19,871,135	$ 2,756,021	$ 14,778,459	$ 547,358	$ 2,591,020	$ 2,501,656
7016000	SOUTH LAKE HOLLY WATERSHED (PARTIAL)	16,609,587	2,873,015	12,126,550	315,745	2,953,005	1,530,032
7023000	PRIMARY SYSTEM INFRASTRUCTURE IMPROVE II	10,620,000	1,881,955	8,796,384	380,126	1,452,699	370,917
7024000	SOUTHERN CANAL/LEAD DITCH & CULVERT IMPRV	3,740,000	239,786	1,816,225	-	610,023	1,313,752
7026000	RESIDENTIAL DRAINAGE COST PART PRGM II	300,000	11,140	227,081	-	58	72,861
7027000	SWM MSTR PLANNING, ANALYSIS, & INVENTORY	9,770,906	875,937	4,725,657	-	1,166,077	3,879,172
7028000	WINDSOR WOODS DRAINAGE	12,677,237	3,730,065	6,473,616	6,473,616	2,584,379	3,619,242
7030000	SEA LEVEL RISE/RECURRENT FLOODING ANALYSIS	3,844,447	1,192,899	2,641,945	-	293,365	909,137
7032000	FLOOD MITIGATION ASSISTANCE GRANT PROGRAM	1,227,144	544,070	763,266	-	438,820	25,058
7036000	BAKER ROAD CULVERT & DITCH IMPROVEMENTS	450,000	104,108	307,064	307,064	142,930	6
7037000	BELLAMY MANOR OUTFALL DITCH	750,000	-	730,813	730,813	19,187	-
7041000	CENTRAL RESORT DIST DRAINAGE IMPROV	800,000	111,220	124,819	-	21,254	653,927
7042000	SURFACE WATER REG COMPLIANCE PROG	7,431,942	1,328,415	3,507,024	3,507,024	2,872,486	1,052,432
7043000	WATER QUALITY & RESTORE PART II	66,773	-	-	-	-	66,773
7044000	FLOOD MITIGATION GRANT PROGRAM II	874,061	294,830	360,015	-	375,367	138,679
7047000	ASHVILLE PARK DRAINANGE IMPROVEMENTS	9,000,000	665,908	1,325,032	1,325,032	133,826	7,541,142
7048000	SHERWOOD LAKES DRAINANGE IMPROVEMENTS	3,400,000	1,953,929	2,307,854	2,307,854	710,408	381,738
7050000	PRINCESS ANNE PLAZA DRAINAGE AREA	5,073,597	1,390,035	1,959,137	1,959,137	691,226	2,423,234
7051000	THE LAKES DRAINAGE IMPROVEMENTS	2,000,000	798,578	1,107,509	1,107,509	336,595	555,896
7053000	LAKE CHUBB/BRADFORD LAKE	2,168,200	74,381	74,381	74,381	539,276	1,554,543
7054000	LYNNHAVEN RIVER WATERSHED II	259,068	6,346	6,346	6,346	145,102	107,620
7055000	CANAL MANAGEMENT PHASE I	500,000	105,162	105,162	-	183,403	211,436
7058000	FLOOD MITIGATION ASSIST GRANT PROGRAM III	2,914,976	452,386	452,386	452,386	2,290,195	172,395
7059000	LYNNHAVEN RIVER BASIN ECOSYSTEM RESTORATION	3,000,000	1,408	1,408	-	-	2,998,592
7151000	EASTERN SHORE DRIVE DRAINAGE	17,339,357	837,898	4,831,544	4,831,544	4,887,679	7,620,134
7152000	DAM & SPILLWAY STRUCTURAL IMPROVEMENTS	6,953,735	24,952	6,819,755	74,173	133,600	380
7153000	LYNNHAVEN WATERSHED RESTORATION	6,176,582	205	4,225,806	205	-	1,950,776
7200000	SEVERE REPETITIVE LOSS GRANT PROGRAM	1,847,009	-	1,641,869	-	5,934	199,206
7400000	ARAGONA DRAINAGE IMPROVEMENTS	3,760,000	279,739	455,085	455,085	92,228	3,212,687
7402000	COLLEGE PARK/LEVEL GREEN DRAINAGE IMPROV	498,687	85,620	328,704	328,704	4,800	165,183
7406000	ELIZABETH RIVER TMDL IMPLEMENTATION PLAN	8,698,057	1,209,465	4,475,922	4,475,922	366,900	3,855,235
7410000	SOUTHERN RIVER TMDL IMPLEMENTATION PLAN	1,300,000	242,248	605,354	605,354	364,403	330,243
7411000	OCEANFRONT STORM WATER FACILITIES MAINT	6,730,740	1,055,779	3,699,138	1,055,779	959,409	2,072,193
7412000	STORM WATER PUMP STATION MODIFICATIONS	6,275,229	405,392	4,580,759	990,006	1,433,383	261,087
7413000	NEIGBORHD SW INFRASTRUCTURE IMPRO PH II	4,599,995	282,469	3,234,589	282,469	475,826	889,580
7414000	STORM WATER QUALITY ENHANCEMENTS PH II	12,267,948	480,326	5,906,832	-	1,568,725	4,792,391
7415000	LAKE MANAGEMENT PH II	32,207,780	5,364,657	24,344,724	109,041	4,410,303	3,452,754
7416000	SW INFRASTRUCTURE REHAB & INPROV PH II	37,856,982	6,170,738	35,010,927	228,075	1,323,015	1,523,040
	TOTAL STORM WATER EXPENDITURES	$ 263,861,174	$ 37,831,082	$ 164,879,141	32,930,748	$ 36,576,906	$ 62,405,129

TOTAL STORM WATER CAPITAL PROJECTS REVENUES	$ 177,441,414
TOTAL STORM WATER CAPITAL PROJECTS EXPENDITURES	(164,879,141)
STORM WATER CASH RESTRICTED FOR CAPITAL PROJECTS	$ 12,562,273

Exhibit 27

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER CAPITAL PROJECTS BUDGETED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

Funding Sources	Budget Revenues	Actual Revenues		
		Prior Years	Current Year	Total
FEDERAL FUNDING	$ 11,809,966	$ 7,290,412	$ -	$ 7,290,412
STATE FUNDING	318,976	411,821	-	411,821
LOCAL FUNDING	251,732,232	121,941,311	47,797,870	169,739,181
TOTAL STORM WATER UTILITY CAPITAL PROJECTS	$ 263,861,174	$ 129,643,544	$ 47,797,870	$ 177,441,414

WASTE MANAGEMENT

ENTERPRISE FUND

WASTE MANAGEMENT ENTERPRISE FUND

The Waste Management Enterprise Fund provides citywide residential automated, manual and special solid waste collections, providing containers for residents to dispose of large quantities of yard debris, centralizing the City's recycling effort, operating a city landfill, and serving as a conduit between the City and the Southeastern Public Service Authority, which is the agency responsible for the regional waste disposal program.

Exhibit 28

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Current Assets:	
Cash and Investments	$ 8,374,547
Accounts Receivable - Net of Estimated Uncollectibles	5,080,395
Total Current Assets	13,454,942
Non-current Assets:	
Capital Assets:	
Machinery and Equipment	14,416,446
General Site Improvements Other Than Buildings	366,891
Less: Accumulated Depreciation	(8,027,927)
Total Capital Assets	6,755,410
Total Non-current Assets	6,755,410
Total Assets	20,210,352
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows for Pensions	729,036
Deferred Outflows for OPEB	347,913
Total Deferred Outflow of Resources	1,076,949
LIABILITIES	
Current Liabilities:	
Vouchers and Accounts Payable	1,522,566
Current Portion of Long-term Liabilities	533,423
Total Current Liabilities	2,055,989
Long-Term Liabilities (less current portion):	
Net OPEB Liability	1,353,347
Net Pension Liability	4,587,628
Accrued Compensated Leave	491,451
Total Long-Term Liabilities (less current portion)	6,432,426
Total Liabilities	8,488,415
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows for Pensions	219,476
Deferred Inflows for OPEB	63,681
Total Deferred Inflow of Resources	283,157
NET POSITION	
Net Investment in Capital Assets	6,755,411
Unrestricted (deficit)	5,760,318
Total Net Position	$ 12,515,729

Exhibit 29

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES	
Service Charges	$ 33,867,592
Miscellaneous	845,848
Total Operating Revenues	34,713,440
OPERATING EXPENSES	
Personal Services	9,486,413
Contractual Services	14,652,418
Internal Services	5,479,214
Other Charges	3,422,980
Depreciation	2,087,721
Total Operating Expenses	35,128,746
OPERATING INCOME (LOSS)	(415,306)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	95,137
Gain (Loss) From Sale of Assets	61,564
From Commonwealth	45,382
Total Nonoperating Revenues (Expenses)	202,083
INCOME (LOSS) BEFORE TRANSFERS	(213,223)
Transfers In	1,476,000
CHANGE IN NET POSITION	1,262,777
TOTAL NET POSITION - BEGINNING	11,252,952
TOTAL NET POSITION - ENDING	$ 12,515,729

Exhibit 30

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers and Users	$ 34,127,707
Other Operating Cash Receipts	845,848
Cash Payments to Suppliers of Goods and Services	(23,728,226)
Cash Payments to Employees for Services	(9,717,627)
Net Cash Provided (Used) By Operating Activities	1,527,702
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Intergovernmental Receipts	45,382
Receipts from Other Funds	1,476,000
Net Cash Provided (Used) By Noncapital Financing Activities	1,521,382
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and Construction of Capital Assets	(1,929,046)
Proceeds from Sale of Salvage	61,564
Net Cash Provided (Used) By Capital and Related Financing Activities	(1,867,482)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest and Dividends Received	95,137
Net Increase (Decrease) in Cash and Investments	1,276,739
Cash and Investments, July 1	7,097,808
Cash and Investments, June 30	8,374,547
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	(415,306)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	2,087,721
Net changes in assets and liabilities:	
Accounts Receivable	260,115
Deferred Outflow of Resources	(47,466)
Vouchers and Accounts Payable	(173,614)
Deferred Inflow of Resources	(224,500)
Accrued Compensated Leave	31,922
Net Pension Liability	(35,510)
Net OPEB Liability	44,340
Net Cash Provided (Used) By Operating Activities	$ 1,527,702

Exhibit 31

CITY OF VIRGINIA BEACH, VIRGINIA
WASTE MANAGEMENT ENTERPRISE FUND
SCHEDULE OF OPERATING EXPENSES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
Program Support			
Personal Services	$ 721,943	$ 653,915	$ 68,028
Fringe Benefits	265,539	236,755	28,784
Contractual Services	476,250	9,680	466,570
Internal Services	89,476	87,409	2,067
Other Charges	48,850	31,439	17,411
Total Program Support	1,602,058	1,019,198	582,860
Bureau of Waste Disposal			
Personal Services	663,540	641,292	22,248
Fringe Benefits	176,320	209,605	(33,285)
Contractual Services	9,637,076	9,049,412	587,664
Internal Services	312,142	303,259	8,883
Other Charges	232,060	199,422	32,638
Total Bureau of Waste Disposal	11,021,138	10,402,990	618,148
Bureau of Waste Collections			
Personal Services	5,449,514	5,444,165	5,349
Fringe Benefits	2,060,887	1,911,870	149,017
Contractual Services	169,368	122,345	47,023
Internal Services	4,881,218	4,962,415	(81,197)
Other Charges	270,197	244,263	25,934
Total Bureau of Waste Collections	12,831,184	12,685,058	146,126
Yard Debris & Hazardous Household Waste			
Personal Services	242,628	241,425	1,203
Fringe Benefits	75,449	77,655	(2,206)
Contractual Services	1,299,595	1,299,809	(214)
Internal Services	126,635	125,347	1,288
Other Charges	31,600	25,681	5,919
Total Yard Debris & Hazardous Household Waste	1,775,907	1,769,917	5,990
Recycling			
Personal Services	135,915	146,286	(10,371)
Fringe Benefits	51,227	51,446	(219)
Contractual Services	4,270,629	4,171,172	99,457
Internal Services	1,847	784	1,063
Other Charges	41,058	30,701	10,357
Total Recycling	4,500,676	4,400,389	100,287
General Fund Charges			
Direct Costs Allocation	1,977,355	1,880,306	97,049
Landfill	245,158	245,158	-
Total General Fund Charges	2,222,513	2,125,464	97,049
Other Charges			
Retiree Health Insurance	173,929	135,135	38,794
Water and Sewer Billing System Charges	766,010	766,010	-
Net Deferred Retirement Contributions	-	(251,148)	251,148
Net Deferred OPEB Contributions	-	(11,988)	11,988
Total Other Charges	939,939	638,009	301,930
Total Budgeted Operating Expenses	$ 34,893,415	$ 33,041,025	$ 1,852,390

Note: Total General Fund Charges reclassified as Other Charges.
Depreciation is not included in the Budgeted Operating Expenses, as the City does not budget for depreciation.



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DEVELOPMENT AUTHORITY
ENTERPRISE FUND

DEVELOPMENT AUTHORITY ENTERPRISE FUND

The Development Authority Enterprise Fund (Authority) was established for the specific purpose of attracting new industries and the expansion of existing industries. The Authority's Commissioners are appointed by the City Council. The Authority is authorized to issue industrial development bonds after approval by the City Council and to purchase land to improve and sell for development. In addition, the Authority facilitates economic development projects as approved by City Council. The Development Authority is presented as a blended component unit and is included in the City's reporting entity. The City has responsibility through support agreements for debt payments on outstanding Public Facility Revenue Bonds which are recorded on the Authority's financial records.

Exhibit 32

CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS	
Current Assets:	
Cash and Investments	$ 9,943,834
Accounts Receivable - Net	3,074,740
Total Current Assets	13,018,574
Non-current Assets:	
Cash and Investments - Restricted	3,610,610
Due From Other Funds	8,032,632
Land Held for Resale	43,873,058
Capital Assets:	
Land	24,065,308
Buildings	145,408,109
Construction in Progress	1,184,959
Machinery and Equipment	565,065
Less: Accumulated Depreciation	(39,984,905)
Total Capital Assets	131,238,536
Total Non-current Assets	186,754,836
Total Assets	199,773,410
DEFERRED OUTFLOWS OF RESOURCES	
Debt Refundings Resulting in Loss Transactions	594,017
LIABILITIES	
Current Liabilities:	
Vouchers and Accounts Payable	11,539,927
Accrued Interest Payable	806,131
Current Portion of Long-term Liabilities	7,449,119
Total Current Liabilities	19,795,177
Long-Term Liabilities:	
Public Facility Revenue Bonds	50,862,990
Premium on Revenue Bonds	1,741,115
Total Long-Term Liabilities	52,604,105
Total Liabilities	72,399,282
DEFERRED INFLOWS OF RESOURCES	
Debt Refundings Resulting in Gain Transactions	909,041
NET POSITION	
Net Investment in Capital Assets	70,870,292
Restricted for Debt Service	3,805,853
Unrestricted	52,382,959
Total Net Position	$ 127,059,104

Exhibit 33

CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUES	
Charges for Services	$ 4,528,878
Miscellaneous	113,021
Total Operating Revenues	4,641,899
OPERATING EXPENSES	
Contractual Services	5,916,163
Other Charges	809,618
Depreciation	3,221,809
Total Operating Expenses	9,947,590
OPERATING INCOME (LOSS)	(5,305,691)
NONOPERATING REVENUES (EXPENSES)	
Interest Income	36,713
Payment Under Support Agreement	14,628,254
Interest and Fiscal Charges	(2,436,222)
Total Nonoperating Revenues	12,228,745
INCOME (LOSS) BEFORE CONTRIBUTIONS	6,923,054
Capital Contributions	26,143,356
CHANGE IN NET POSITION	33,066,410
TOTAL NET POSITION - BEGINNING	93,992,694
TOTAL NET POSITION - ENDING	$ 127,059,104

Exhibit 34

CITY OF VIRGINIA BEACH, VIRGINIA
DEVELOPMENT AUTHORITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from Customers and Users	$	4,693,197
Payments for Interfund Services Provided		(1,185,528)
Other Operating Cash Receipts		37,607
Cash Payments to Suppliers of Goods and Services		(6,786,330)
Net Cash Provided (Used) By Operating Activities		(3,241,054)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital Contributions		15,356,837
Interest Paid on Long-term Debt		(2,789,084)
Principal Paid on Capital Debt		(7,288,840)
Net Cash Provided (Used) By Capital and Related Financing Activities		5,278,913
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends Received		36,713
Net Increase (Decrease) in Cash and Investments		2,074,572
Cash and Investments, July 1		11,479,872
Cash and Investments, June 30		13,554,444
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)		(5,305,691)
Adjustments to Reconcile Operating Loss to Net Cash Provided By Operating Activities:		
Depreciation		3,221,809
Amortization		95,852
Net changes in assets and liabilities:		
Intergovernmental Receivables		1,596,449
Land Inventory		(205,907)
Vouchers and Accounts Payable		(2,643,566)
Net Cash Provided (Used) By Operating Activities		(3,241,054)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital Contributions of Fixed Assets	$	26,143,356

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. The City has established Internal Service Funds for the following activities:

City Garage - provides vehicle repairs, parts, fuel and related services to City departments.

Risk Management - provides insurance, claims handling, risk identification, and consulting services to City departments.

School Site Landscaping - provides for landscaping services for City and Schools.

Telecommunications – provides maintenance, support, contract administration, cable management, billing, dial tone provision, service coordination, moves, adds, and changes for the City's telephone system.

Subscriptions – provides for the collection and support of specific service agreements between customer departments and the Information Technology department. These agreements relate to specialized applications, services, and/or hardware associated with customer departments, not enterprise needs.

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	City Garage	Risk Management
ASSETS		
Current Assets:		
Cash and Investments	$ 4,914,487	$ 30,011,077
Intergovernmental Receivables	1,070	-
Inventory	1,791,410	-
Total Current Assets	6,706,967	30,011,077
Noncurrent Assets:		
Capital Assets:		
Site Improvements	265,782	-
Machinery and Equipment	3,132,563	-
Less: Accumulated Depreciation	(2,656,524)	-
Net Property, Plant and Equipment	741,821	-
Total Assets	7,448,788	30,011,077
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows for Pensions	602,007	55,230
Deferred Outflows for OPEB	177,281	15,512
Total Deferred Outflows of Resources	779,288	70,742
LIABILITIES		
Current Liabilities:		
Vouchers and Accounts Payable	993,385	927,109
Current Portion of Long-term Liabilities	294,345	8,693,167
Total Current Liabilities	1,287,730	9,620,276
Noncurrent Liabilities:		
Compensated Absences	239,441	13,765
Claims and Contingencies	-	32,772,074
Net Pension Liability	3,788,269	347,548
Net OPEB Liability	689,605	60,340
Total Noncurrent Liabilities	4,717,315	33,193,727
Total Liabilities	6,005,045	42,814,003
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows for Pensions	181,234	16,627
Deferred Inflows for OPEB	32,449	2,840
Total Deferred Inflows of Resources	213,683	19,467
NET POSITION		
Net Investment in Capital Assets	741,821	-
Unrestricted (deficit)	1,267,527	(12,751,651)
Total Net Position	$ 2,009,348	$ (12,751,651)

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

School Site Landscaping	Telecommunications	Subscriptions	Totals
$ 2,040,587	$ 4,374,867	$ 4,625,216	$ 45,966,234
-	21	-	1,091
-	-	-	1,791,410
2,040,587	4,374,888	4,625,216	47,758,735
-	-	-	265,782
3,044,389	-	717,311	6,894,263
(2,578,249)	-	(641,828)	(5,876,601)
466,140	-	75,483	1,283,444
2,506,727	4,374,888	4,700,699	49,042,179
270,627	104,937	-	1,032,801
150,688	22,159	-	365,640
421,315	127,096	-	1,398,441
396,096	15,694	131,677	2,463,961
83,721	46,410	-	9,117,643
479,817	62,104	131,677	11,581,604
-	63,821	-	317,027
-	-	-	32,772,074
1,702,983	660,340	-	6,499,140
586,163	86,199	-	1,422,307
2,289,146	810,360	-	41,010,548
2,768,963	872,464	131,677	52,592,152
81,472	31,591	-	310,924
27,582	4,057	-	66,928
109,054	35,648	-	377,852
466,140	-	75,482	1,283,443
(416,115)	3,593,872	4,493,540	(3,812,827)
$ 50,025	$ 3,593,872	$ 4,569,022	$ (2,529,384)

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	City Garage	Risk Management
OPERATING REVENUES		
Billings to Departments	$ 18,881,524	$ 18,296,086
Insurance Recovery	58,314	155,339
Total Operating Revenues	18,939,838	18,451,425
OPERATING EXPENSES		
Cost of Goods Sold	10,589,506	-
Personal Services	5,779,709	532,933
Contractual Services	585,990	622,447
Internal Services	373,053	20,577
Other Charges	558,849	13,822,535
Depreciation	223,320	-
Total Operating Expenses	18,110,427	14,998,492
OPERATING INCOME (LOSS)	829,411	3,452,933
NONOPERATING REVENUES (EXPENSES) AND TRANFERS		
Interest Income	176,603	619,828
Gain (Loss) on Disposition of Assets	35,475	-
Transfers In	1,493	1,800,000
Transfers Out	-	-
Total Nonoperating Revenues (Expenses)	213,571	2,419,828
CHANGE IN NET POSITION	1,042,982	5,872,761
TOTAL NET POSITION - BEGINNING	966,366	(18,624,412)
TOTAL NET POSITION - ENDING	$ 2,009,348	$ (12,751,651)

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

School Site Landscaping	Telecommunications	Subscriptions	Totals
$ 4,442,908	$ 3,168,067	$ 2,471,137	$ 47,259,722
-	-	-	213,653
4,442,908	3,168,067	2,471,137	47,473,375
-	-	-	10,589,506
2,897,637	1,100,215	13,000	10,323,494
450,741	768,398	1,657,863	4,085,439
529,494	44,052	-	967,176
358,206	831,017	867,486	16,438,093
83,857	-	70,886	378,063
4,319,935	2,743,682	2,609,235	42,781,771
122,973	424,385	(138,098)	4,691,604
37,321	69,210	86,384	989,346
-	-	-	35,475
-	-	-	1,801,493
-	(100,000)	-	(100,000)
37,321	(30,790)	86,384	2,726,314
160,294	393,595	(51,714)	7,417,918
(110,269)	3,200,277	4,620,736	(9,947,302)
$ 50,025	$ 3,593,872	$ 4,569,022	$ (2,529,384)

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	City Garage	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 18,938,783	$ 18,451,425
Cash Payments to Suppliers of Goods and Services	(12,364,724)	(14,006,202)
Cash Payments to Employees for Services	(5,984,078)	2,082
Net Cash Provided (Used) By Operating Activities	589,981	4,447,305
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from Other Funds	1,493	1,800,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(314,281)	-
Proceeds from Sale of Salvage	35,475	-
Net Cash Provided (Used) By Capital and Related Financing Activities	(278,806)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and Dividends Received	176,603	619,828
Net Increase (Decrease) in Cash and Temporary Investments	489,271	6,867,133
Cash and Temporary Investments, July 1	4,425,216	23,143,944
Cash and Temporary Investments, June 30	4,914,487	30,011,077
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income	829,411	3,452,933
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:		
Depreciation Expense	223,320	-
Net Changes in assets and liabilities:		
Accounts Receivable	(1,055)	-
Inventory	(305,995)	-
Deferred Outflow of Resources	(33,690)	(2,848)
Vouchers and Accounts Payable	48,669	459,357
Net Pension Liability	(29,322)	(2,690)
Net OPEB Liability	30,933	1,976
Deferred Inflow of Resources	(174,529)	(15,998)
Estimated Claims and Judgments	-	551,491
Accrued Compensated Leave	2,239	3,084
Net Cash Provided (Used) By Operating Activities	$ 589,981	$ 4,447,305

Exhibit 37

CITY OF VIRGINIA BEACH, VIRGINIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

School Site Landscaping	Telecommunications	Subscriptions	Totals
$ 4,442,908	$ 3,168,151	$ 2,471,137	$ 47,472,404
(1,013,461)	(1,682,136)	(3,117,814)	(32,184,337)
(2,944,742)	(1,127,191)	(13,000)	(10,066,929)
484,705	358,824	(659,677)	5,221,138
-	(100,000)	-	1,701,493
(377,643)	-	(10,456)	(702,380)
-	-	-	35,475
(377,643)	-	(10,456)	(666,905)
37,321	69,210	86,384	989,346
144,383	328,034	(583,749)	7,245,072
1,896,204	4,046,833	5,208,965	38,721,162
2,040,587	4,374,867	4,625,216	45,966,234
122,973	424,385	(138,098)	4,691,604
83,857	-	70,886	378,063
-	84	-	(971)
-	-	-	(305,995)
(33,547)	(4,910)	-	(74,995)
324,980	(38,669)	(592,465)	201,872
(13,182)	(5,112)	-	(50,306)
77,568	2,823	-	113,300
(81,059)	(29,715)	-	(301,301)
-	-	-	551,491
3,115	9,938	-	18,376
$ 484,705	$ 358,824	$ (659,677)	$ 5,221,138



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TRUST AND AGENCY FUNDS

TRUST FUNDS and AGENCY FUNDS

Trust Funds and Agency Funds are used to account for the assets held by a governmental unit as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds do not involve the measurement of results of operations, as they are custodial in nature (assets = liabilities).

The City has the following Trust Funds:

Other Postemployment Benefits – established by the City in accordance with Article 8, Chapter 15, Subtitle II of Title 15.2, of the Virginia Code, for the purpose of accumulating and investing assets to fund OPEB obligations.

Sheriff's Office Pension – accounts for the plan assets of the defined contribution pension plan established by the Sheriff's Office and approved by Council.

The City has the following Agency Funds:

Escheat Property – funds held on behalf of others payable to the Commonwealth of Virginia.

Special Welfare - is established under the authority of Section 63.1-51, Code of Virginia, as amended. This fund accounts for Social Security or Veteran's Administration benefits for specific individuals for which the City is acting as the custodian. It also accounts for donations and the provision for emergency assistance to indigent citizens.

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2019

	Escheat Property	Special Welfare	Total
ASSETS			
Cash and Investments	$ 290,504	$ 176,775	$ 467,279
LIABILTIES			
Vouchers and Accounts Payable	$ 290,504	$ 176,775	$ 467,279

Exhibit 39

CITY OF VIRGINIA BEACH, VIRGINIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
SPECIAL WELFARE				
ASSETS				
Cash and Investments	$ 169,288	$ 346,871	$ 339,384	$ 176,775
LIABILITIES				
Vouchers and Accounts Payable	169,288	346,871	339,384	176,775
ESCHEAT PROPERTY				
ASSETS				
Cash and Investments	297,785	298,391	305,672	290,504
LIABILITIES				
Vouchers and Accounts Payable	297,785	512,876	520,157	290,504
TOTALS-ALL AGENCY FUNDS				
ASSETS				
Cash and Investments	467,073	645,262	645,056	467,279
LIABILITIES				
Vouchers and Accounts Payable	$ 467,073	$ 859,747	$ 859,541	$ 467,279

CITY OF VIRGINIA BEACH, VIRGINIA
TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	Other Postemployment Benefits	Sheriff's Office Pension Trust Fund	Total
ASSETS			
General Account	$ -	$ 527	$ 527
Investments, at Fair Value:			
Fixed Income	9,271,035	-	9,271,035
Stocks	23,839,804	-	23,839,804
Real Estate	3,090,345	-	3,090,345
Alternative Investments	7,946,602	-	7,946,602
Mutual Funds	-	2,433,083	2,433,083
Stable Value Funds	-	1,082,224	1,082,224
Total Assets	44,147,786	3,515,834	47,663,620
NET POSITION			
Restricted for Pension and OPEB	44,147,786	3,515,834	47,663,620

Exhibit 41

CITY OF VIRGINIA BEACH, VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
RETIREMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Other Postemployment Benefits	Sheriffs Office	Total
Additions			
Contributions From Primary Government	$ 7,894,660	$ -	$ 7,894,660
Increase (Decrease) in Fair Value	1,942,585	23,240	1,965,825
Interest and Dividends	-	152,937	152,937
Total Additions	9,837,245	176,177	10,013,422
Deductions			
Benefits	7,894,660	268,719	8,163,379
Administrative Expenses	36,956	4,620	41,576
Total Deductions	7,931,616	273,339	8,204,955
Net Increase in Net Position	1,905,629	(97,162)	1,808,467
Total Net Position - beginning	42,242,157	3,612,996	45,855,153
Total Net Position - ending	$ 44,147,786	$ 3,515,834	$ 47,663,620



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DISCRETELY PRESENTED

SCHOOL BOARD

COMPONENT UNIT

DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT

Major Governmental Funds:

School Operating Fund - is the general operating fund of the School Board which is used to account for all of the financial resources, except those required to be accounted for in another fund.

School Grants Special Revenue Fund - accounts for certain private, Commonwealth of Virginia, and Federal grants (with matching local funds, if required).

School Textbooks Special Revenue Fund - accounts for the financing (e.g., Commonwealth of Virginia) and acquisition of textbooks and related materials used in the school division.

School Capital Projects Fund – accounts for all revenues and expenditures related to the construction of the School's fixed assets and infrastructure.

Nonmajor Governmental Funds:

School Cafeterias – accounts for the revenues (e.g., Commonwealth of Virginia, Federal Government) and expenditures associated with the food services operations of the school division.

School Communication Towers/Technology – accounts for the rent receipts (long-term contracts with telecommunication companies) relating to the communication towers constructed on School Board property and technology related expenditures.

School Vending Operations – accounts for the receipts (long-term exclusive contract with a vending company) relating to the bottled drinks vending operations of the school division and expenditures (including school-level allocations).

School Equipment Replacement – accounts for the financing (e.g., local government) and acquisition of various replacement equipment.

Internal Service Funds:

School Risk Management - provides insurance and the administration thereof for the School Board.

School Health Insurance - provides health insurance and the administration thereof for the School Board and City employees.

Agency Funds:

Payroll Deductions - accounts for employee payroll deductions.

Fringe Benefits - accounts for the School Board contributions for certain fringe benefits (e.g., life insurance, retirement).

School Activity Accounts - accounts for the individual school activity accounts.

Exhibit 42

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF NET POSITION
JUNE 30, 2019

		Governmental Activities
ASSETS		
Current Assets:		
Cash and Temporary Investments	$	169,763,971
Accounts Receivable		2,725,143
Due from Commonwealth		13,739,763
Due from Federal Government		8,120,426
Inventories		509,499
Prepaid Items		1,084,119
Total Current Assets		195,942,921
Noncurrent Assets:		
Capital Assets:		
Land		38,968,372
Buildings, Improvements, Equipment and Vehicles (net of accumulated depreciation)		489,243,394
Construction in Progress		65,245,069
Total Noncurrent Assets		593,456,835
Total Assets		789,399,756
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows from Pensions		75,221,000
Deferred Outflows from OPEB		28,753,000
Total Deferred Outflows of Resources		103,974,000
LIABILITIES		
Current Liabilities:		
Salaries Payable		61,356,867
Vouchers and Accounts Payable		28,052,139
Deposits Payable		75,000
Due to City of Virginia Beach		18,465,046
Due to Commonwealth		6,840
Due to Federal Government		87,914
Unearned Revenue		10,428,602
Long-term Liabilities (due within one year)		25,094,376
Total Current Liabilities		143,566,784
Noncurrent Liabilities:		
Net Pension Liability		609,201,000
Net OPEB Liability		168,666,000
Long-term Liabilities (due in more than one year)		27,183,236
Total Liabilities		948,617,020
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows from Pensions		76,004,000
Deferred Inflows from OPEB		5,454,000
Total Deferred Inflows of Resources		81,458,000
NET POSITION		
Investment in Capital Assets		593,456,835
Restricted for:		
Grants		1,693,515
Cafeterias		13,099,712
Textbooks		6,929,607
Unrestricted		(751,880,933)
Total Net Position	$	(136,701,264)

Exhibit 43

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expenses)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Change In Net Position
GOVERNMENTAL ACTIVITIES					
Instruction	$ 566,224,421	$ 1,983,371	$ 134,814,293	$ -	$ (429,426,757)
Admin, Attendance, & Health	23,307,229	-	685	-	(23,306,544)
Pupil Transportation	37,344,627	214,355	-	-	(37,130,272)
Operations and Maintenance	95,683,167	432,731	6,246	-	(95,244,190)
Cafeterias	28,573,857	10,406,240	20,073,030	-	1,905,413
Technology	47,195,554	1,498,880	9,979,361	-	(35,717,313)
Total Governmental Activities	$ 798,328,855	$ 14,535,577	$ 164,873,615	$ -	$ (618,919,663)

General Revenues:	
Local Sources:	
Local Government	$ 402,681,270
Miscellaneous	928,664
Sale of Capital Assets	4,856,229
Federal and State Aid not Restricted to Specific Purposes:	
State Basic Aid	178,656,354
State Sales Tax	76,320,888
Federal Impact Aid	13,180,576
Interest Earnings	948,952
Total General Revenues	677,572,933
Change in Net Position	58,653,270
Total Net Position - July 1	(195,354,534)
Total Net Position - June 30	$ (136,701,264)

Exhibit 44

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	School Operating	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	$ 62,254,546	$ -	$ 14,171,188	$ 1	$ 11,083,417	$ 87,509,152
Accounts Receivable	603,305	86,262	101,534	-	34,685	825,786
Due from Other Funds	2,209,036	-	-	-	-	2,209,036
Due from Commonwealth	10,803,650	2,936,113	-	-	-	13,739,763
Due from Federal Government	81,407	7,153,605	885,414	-	-	8,120,426
Inventories	-	-	509,499	-	-	509,499
Prepaid Items	661,659	-	5,396	-	100,000	767,055
Total Assets	76,613,603	10,175,980	15,673,031	1	11,218,102	113,680,717
LIABILITIES						
Salaries Payable	56,881,554	3,381,286	1,069,586	22,525	-	61,354,951
Vouchers and Accounts Payable	7,344,488	1,503,219	514,372	13,428,276	194,033	22,984,388
Deposits Payable	-	-	-	-	75,000	75,000
Due to Other Funds	-	2,209,036	-	-	-	2,209,036
Due to City of Virginia Beach	-	-	-	18,465,046	-	18,465,046
Due to Commonwealth	-	6,840	-	-	-	6,840
Due to Federal Government	-	-	-	87,914	-	87,914
Unearned Revenue	581,369	1,382,084	474,466	-	-	2,437,919
Total Liabilities	64,807,411	8,482,465	2,058,424	32,003,761	269,033	107,621,094
FUND BALANCES						
Nonspendable	661,659	-	514,895	-	100,000	1,276,554
Restricted	-	1,693,515	13,099,712	-	6,929,607	21,722,834
Committed	-	-	-	-	3,919,462	3,919,462
Assigned	11,144,533	-	-	-	-	11,144,533
Unassigned	-	-	-	(32,003,760)	-	(32,003,760)
Total Fund Balances	11,806,192	1,693,515	13,614,607	(32,003,760)	10,949,069	6,059,623
Total Liabilities and Fund Balances	$ 76,613,603	$ 10,175,980	$ 15,673,031	$ 1	$ 11,218,102	$ 113,680,717

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 44) are different from amounts reported for governmental funds in this exhibit because:		
Total Fund Balances - Governmental Funds (this exhibit)		$ 6,059,623
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Cost of Capital Assets	1,060,016,222	
Less: Accumulated Depreciation	(466,559,387)	593,456,835
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of the following:		
Compensated Absences		(34,250,450)
Internal Service Funds are used to account for the risk management and health insurance programs; and related charges to the various governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
Total Assets	84,471,240	
Less: Total Liabilities	(31,087,512)	
Total Net Position		53,383,728
Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015. Pensions are not reported in the governmental funds.		
Net Pension Liability	(609,201,000)	
Deferred Outflows of Resources	75,221,000	
Deferred Inflows of Resources	(76,004,000)	(609,984,000)
Governmental Accounting Standards Board Statement Number 75 on Accounting and Financial Reporting for OPEB was implemented in Fiscal Year 2018. OPEB is not reported in the governmental funds.		
Net OPEB Liability	(168,666,000)	
Deferred Outflows of Resources	28,753,000	
Deferred Inflows of Resources	(5,454,000)	(145,367,000)
Total Net Position - Governmental Activities (Exhibit 44)		$ (136,701,264)

Exhibit 45

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	School Operating	School Grants	School Cafeterias	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
From Use of Money and Property	$ 432,731	$ -	$ 231,849	$ 203,666	$ 746,368	$ 1,614,614
Charges for Services	1,398,011	-	9,751,969	-	165,584	11,315,564
Miscellaneous	2,768,937	448,847	664,270	-	49,810	3,931,864
From Local Government	388,810,269	-	-	13,871,000	-	402,681,269
From Commonwealth	351,077,248	9,366,836	730,155	-	3,992,287	365,166,526
From Federal Government	15,961,332	32,111,852	19,342,875	-	-	67,416,059
Total Revenues	760,448,528	41,927,535	30,721,118	14,074,666	4,954,049	852,125,896
EXPENDITURES						
Current:						
Instruction	561,124,557	41,295,520	-	524,758	1,361,207	604,306,042
Admin, Attendance, & Health	24,321,706	-	-	-	-	24,321,706
Pupil Transportation	40,296,039	-	-	-	-	40,296,039
Operations and Maintenance	88,042,622	-	-	10,762,136	-	98,804,758
Cafeterias	-	-	29,159,727	-	-	29,159,727
Technology	37,802,166	4,168,149	237,656	136,106	4,449,320	46,793,397
Capital Outlay	-	-	-	51,152,099	-	51,152,099
Total Expenditures	751,587,090	45,463,669	29,397,383	62,575,099	5,810,527	894,833,768
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,861,438	(3,536,134)	1,323,735	(48,500,433)	(856,478)	(42,707,872)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	3,798,609	-	-	-	3,798,609
Transfers Out	(5,798,609)	-	-	-	-	(5,798,609)
Sale of Capital Assets	224,992	-	-	4,631,237	-	4,856,229
Total Other Financing Sources (Uses)	(5,573,617)	3,798,609	-	4,631,237	-	2,856,229
NET CHANGES IN FUND BALANCES	3,287,821	262,475	1,323,735	(43,869,196)	(856,478)	(39,851,643)
FUND BALANCES - JULY 1	8,518,371	1,431,040	12,290,872	11,865,436	11,805,547	45,911,266
FUND BALANCES - JUNE 30	$ 11,806,192	$ 1,693,515	$ 13,614,607	$(32,003,760)	$ 10,949,069	$ 6,059,623

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the Statement of Activities (Exhibit 45) are different from amounts reported for governmental funds in this exhibit because:		
Net Change in Fund Balances - Governmental Funds (this exhibit)		$ (39,851,643)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlay exceeded depreciation expense (including other transactions (e.g., loss on disposals)) for the fiscal year.		36,077,516
Compensated absences (annual, sick, and personal leave) are reported in governmental funds as expenditures, which are measured by the amount of financial resources used (essentially, the amounts actually paid). However, for governmental activities those costs are shown and measured by the net of the amounts of leave used and earned for the fiscal year in the Statement of Activities.		
Leave Used	11,347,063	
Leave Earned	(11,678,273)	(331,210)
Internal Service Funds are used to account for the risk management and health insurance programs, and related charges to the various governmental funds. The change in net position for the Internal Service Funds for the fiscal year is reported with governmental activities in the Statement of Activities.		
Risk Management Transfer	2,000,000	
Risk Management	(579,759)	
Health Insurance	7,262,422	8,682,663
Section 15.2-1800.1 of the Code of Virginia, as amended, affects the reporting of local School Board capital assets and related debt for financial reporting purposes. Under this legislation, the City has a "tenancy in common" with the School Board whenever the City incurs "on-behalf" of debt for any school property owned by the School Board which is payable over more than one year. For financial reporting purposes, the City will report the Net Book Value of School Board property (the School Board incurs the depreciation expense) equal to the total outstanding principal balance of the applicable "on-behalf" of debt at June 30, 2019. This amount is the applicable Net Book Value change and depreciation expense for the fiscal year.		22,049,944
Governmental Accounting Standards Board Statement Number 68 on Accounting and Financial Reporting for Pensions was implemented in Fiscal Year 2015. This amount is the Pension Expense and Deferred Outflow (pension contributions paid) for the fiscal year.		
Pension Expense	29,993,000	
Deferred Inflow	17,222,000	
Deferred Outflow	(12,958,000)	34,257,000
Governmental Accounting Standards Board Statement Number 75 on Accounting and Financial Reporting for OPEB was implemented in Fiscal Year 2018. This amount is the OPEB Expense and Deferred Outflow (OPEB contributions paid) for the fiscal year.		
OPEB Expense	(4,516,000)	
Deferred Inflow	720,000	
Deferred Outflow	1,565,000	(2,231,000)
Change in Net Position of governmental activities in the Statement of Activities (Exhibit 45)		$ 58,653,270

Exhibit 46

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
ASSETS					
Cash and Investments	$ 7,118,677	$ 2,797,191	$ 48,153	$ 1,119,396	$ 11,083,417
Accounts Receivable	133	1,296	33,256	-	34,685
Prepaid Items	100,000	-	-	-	100,000
Total Assets	7,218,810	2,798,487	81,409	1,119,396	11,218,102
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers and Accounts Payable	189,203	4,830	-	-	194,033
Deposits Payable	-	75,000	-	-	75,000
Total Liabilities	189,203	79,830	-	-	269,033
Fund Balances:					
Nonspendable	100,000	-	-	-	100,000
Restricted	6,929,607	-	-	-	6,929,607
Committed	-	2,718,657	81,409	1,119,396	3,919,462
	-	-	-	-	
	-	-	-	-	
Total Fund Balances	7,029,607	2,718,657	81,409	1,119,396	10,949,069
Total Liabilities and Fund Balances	$ 7,218,810	$ 2,798,487	$ 81,409	$ 1,119,396	$ 11,218,102

Exhibit 47

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	School Textbooks	School Communication Towers/ Technology	School Vending Operations	School Equipment Replacement	Totals
REVENUES					
From Use of Money and Property	$ 103,434	$ 622,940	$ 334	$ 19,660	$ 746,368
Charges for Services	14	-	165,570	-	165,584
Miscellaneous	49,810	-	-	-	49,810
From Commonwealth	3,992,287	-	-	-	3,992,287
Total Revenues	4,145,545	622,940	165,904	19,660	4,954,049
EXPENDITURES					
Instruction	1,211,726	-	149,481	-	1,361,207
Technology	3,917,953	531,367	-	-	4,449,320
Total Expenditures	5,129,679	531,367	149,481	-	5,810,527
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(984,134)	91,573	16,423	19,660	(856,478)
NET CHANGE IN FUND BALANCES	(984,134)	91,573	16,423	19,660	(856,478)
FUND BALANCES - JULY 1	8,013,741	2,627,084	64,986	1,099,736	11,805,547
FUND BALANCES - JUNE 30	$ 7,029,607	$ 2,718,657	$ 81,409	$ 1,119,396	$ 10,949,069

Exhibit 48

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2019

	School Risk Management	School Health Insurance	Totals
ASSETS			
Cash and Investments	$ 15,439,841	$ 66,814,978	$ 82,254,819
Accounts Receivable	1,998	1,897,359	1,899,357
Prepaid Items	317,064	-	317,064
Total Assets	15,758,903	68,712,337	84,471,240
LIABILITIES			
Current Liabilities:			
Salaries Payable	1,667	249	1,916
Vouchers and Accounts Payable	337,412	4,730,339	5,067,751
Unearned Revenue	-	7,990,683	7,990,683
Estimated Claims and Judgments (due within one year)	6,447,750	7,072,622	13,520,372
Total Current Liabilities	6,786,829	19,793,893	26,580,722
Noncurrent Liabilities:			
Estimated Claims and Judgments (due in more than one year)	2,149,250	2,357,540	4,506,790
Total Liabilities	8,936,079	22,151,433	31,087,512
NET POSITION			
Unrestricted	$ 6,822,824	$ 46,560,904	$ 53,383,728

Exhibit 49

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	School Risk Management	School Health Insurance	Totals
OPERATING REVENUES			
Charges for Services	$ 6,805,724	$ 150,362,343	$ 157,168,067
Miscellaneous Revenue	714,907	-	$ 714,907
Total Operating Revenues	7,520,631	150,362,343	157,882,974
OPERATING EXPENSES			
Personnel Services	296,387	373,355	669,742
Fringe Benefits	96,670	142,039	238,709
Purchased Services	442,016	1,302,523	1,744,539
Other Charges	7,549,867	142,338,170	149,888,037
Total Operating Expenses	8,384,940	144,156,087	152,541,027
OPERATING INCOME (LOSS)	(864,309)	6,206,256	5,341,947
NONOPERATING REVENUES (EXPENSES)			
Transfers In	2,000,000	-	2,000,000
Interest Income	284,550	1,056,166	1,340,716
Total Nonoperating Revenues (Expenses)	2,284,550	1,056,166	3,340,716
CHANGE IN NET POSITION	1,420,241	7,262,422	8,682,663
TOTAL NET POSITION - JULY 1	5,402,583	39,298,482	44,701,065
TOTAL NET POSITION - JUNE 30	$ 6,822,824	$ 46,560,904	$ 53,383,728

Exhibit 50

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	School Risk Management	School Health Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers and Users	$ 7,518,695	$ 150,793,726	$ 158,312,421
Payments to Vendors for Goods and Services	(7,403,959)	(144,463,428)	(151,867,387)
Payments to Employees for Services	(402,318)	(515,215)	(917,533)
Net Cash Provided (Used) By Operating Activities	(287,582)	5,815,083	5,527,501
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Intergovernmental Receipts	2,000,000	-	2,000,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Received on Investments	284,550	1,056,166	1,340,716
Net Increase (Decrease) in Cash and Investments	1,996,968	6,871,249	8,868,217
Cash and Temporary Investments, July 1	13,442,873	59,943,729	73,386,602
Cash and Temporary Investments, June 30	15,439,841	66,814,978	82,254,819
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	(864,309)	6,206,256	5,341,947
Adjustments to Reconcile Operating Income (Loss) to Net Changes in Assets and Liabilities:			
Accounts Receivable	(1,936)	304,195	302,259
Prepaid Items	(199,608)	-	(199,608)
Salaries Payable	(9,261)	179	(9,082)
Vouchers and Accounts Payable	161,532	(924,897)	(763,365)
Unearned Revenue	-	127,188	127,188
Estimated Claims and Judgments	626,000	102,162	728,162
Total Adjustments	576,727	(391,173)	185,554
Net Cash Provided By Operating Activities	$ (287,582)	$ 5,815,083	$ 5,527,501

Exhibit 51

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
PAYROLL DEDUCTIONS				
ASSETS				
Cash and Investments	$ 3,940,507	$ 147,483,738	$ 144,801,614	$ 6,622,631
Accounts Receivable	75,238	91,832	75,238	91,832
Total Assets	4,015,745	147,575,570	144,876,852	6,714,463
LIABILITIES				
Vouchers and Accounts Payable	4,015,745	14,757,570	144,876,852	(126,103,537)
FRINGE BENEFITS				
ASSETS				
Cash and Investments	11,398,102	117,883,337	120,233,906	9,047,533
Accounts Receivable	-	205	-	205
Total Assets	11,398,102	117,883,337	120,233,906	9,047,738
LIABILITIES				
Vouchers and Accounts Payable	11,398,102	117,883,542	120,233,906	9,047,738
SCHOOL ACTIVITY ACCOUNTS				
ASSETS				
Cash and Investments	3,992,986	10,504,696	10,330,779	4,166,903
LIABILITIES				
Vouchers and Accounts Payable	3,992,986	10,504,696	10,330,779	4,166,903
TOTAL - AGENCY FUNDS				
ASSETS				
Cash and Investments	19,331,595	275,871,771	275,366,299	19,837,067
Accounts Receivable	75,238	92,037	75,238	92,037
Total Assets	19,406,833	275,963,808	275,441,537	19,929,104
LIABILITIES				
Vouchers and Accounts Payable	19,406,833	275,963,808	275,441,537	19,929,104

Exhibit 52

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	Other Postemployment Benefits Trust Fund	Agency Funds
ASSETS		
Cash and Investments	$ 31,768,081	$ 19,837,067
Accounts Receivable	-	92,037
Total Assets	31,768,081	19,929,104
LIABILITIES		
Vouchers and Accounts Payable	-	19,929,104
NET POSITION		
Restricted for Postemployment Benefits Other than Pensions	$ 31,768,081	$ -

Exhibit 53

CITY OF VIRGINIA BEACH, VIRGINIA
DISCRETELY PRESENTED SCHOOL BOARD COMPONENT UNIT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Other Postemployment Benefits Trust Fund
ADDITIONS	
Contributions:	
Employer	$ 6,650,666
Investment Earnings:	
Increase in Fair Value of Investments	1,397,854
Total Additions	8,048,520
DEDUCTIONS	
Benefits	6,650,666
Administrative Expenses	26,592
Total Deductions	6,677,258
Change in Net Position	1,371,262
Net Position at Beginning of Year	30,396,819
Net Position at End of Year	$ 31,768,081



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STATISTICAL SECTION

Statistical Section

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.	257
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.	264
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.	269
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.	274
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	277
Schedule of the Treasurer's Cash Accountability This schedule contains information about the City's deposits and investments.	279

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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Table 1

CITY OF VIRGINIA BEACH, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	$ 2,389,856,033	$ 2,458,877,944	$ 2,383,146,998	$ 2,428,253,890	$ 2,273,830,446	$ 2,252,154,557	$ 2,286,145,556	$ 2,324,672,499	$ 2,303,812,475	$ 2,382,782,109
Restricted	48,158,594	63,015,179	38,529,754	40,925,256	272,044,037	343,675,422	362,820,736	347,382,648	68,245,075	67,047,985
Unrestricted	21,851,492	16,225,877	216,468,300	203,260,167	168,304,006	(171,554,644)	(122,670,333)	(84,470,897)	185,939,879	147,887,239
Total Governmental Activities Net Position	2,459,866,119	2,538,119,000	2,638,145,052	2,672,439,313	2,714,178,489	2,424,275,335	2,526,295,959	2,587,584,250	2,557,997,429	2,597,717,333
Business-type Activities										
Net Investment in Capital Assets	690,413,751	699,132,196	740,710,253	790,083,898	716,074,522	758,928,371	760,003,698	813,703,550	872,858,539	920,273,999
Restricted	131,592,999	134,034,758	134,288,475	132,851,393	249,548,491	212,357,644	259,716,984	246,364,646	27,722,095	25,178,718
Unrestricted	3,688,816	4,547,713	32,339,713	23,258,816	29,249,082	30,523,779	31,289,060	33,551,935	254,663,062	251,112,602
Total Business-type Activities Net Position	825,695,566	837,714,667	907,338,441	946,194,107	994,872,095	1,001,809,794	1,051,009,742	1,093,620,131	1,155,243,696	1,196,565,319
Primary Government										
Net Investment in Capital Assets	3,080,269,784	3,158,010,140	3,123,857,251	3,218,337,788	2,989,904,968	3,011,082,928	3,046,149,254	3,138,376,049	3,176,671,014	3,303,056,108
Restricted	179,751,593	197,049,937	172,818,229	173,776,649	521,592,528	556,033,066	622,537,720	593,747,294	95,967,170	92,226,703
Unrestricted	25,540,308	20,773,590	248,808,013	226,518,983	197,553,088	(141,030,865)	(91,381,273)	(50,918,962)	440,602,941	398,999,841
Total Primary Government Net Position	$ 3,285,561,685	$ 3,375,833,667	$ 3,545,483,493	$ 3,618,633,420	$ 3,709,050,584	$ 3,426,085,129	$ 3,577,305,701	$ 3,681,204,381	$ 3,713,241,125	$ 3,794,282,652

Source: City Department of Finance

Table 2

CITY OF VIRGINIA BEACH, VIRGINIA
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
Legislative	$ 1,101,059	$ 1,105,878	$ 1,090,648	$ 1,273,769	$ 1,189,512	$ 1,186,251	$ 1,199,261	$ 1,181,030	$ 1,197,802	$ 1,137,306
Executive	2,960,506	2,513,730	2,780,170	2,596,006	2,498,694	2,621,111	3,788,704	4,185,699	4,291,911	4,989,525
Law	3,486,020	3,599,766	3,666,859	3,679,233	3,937,096	3,776,063	3,763,766	3,978,553	4,407,207	4,398,166
Finance	16,925,748	16,912,340	17,775,815	18,015,281	18,521,840	17,241,258	17,077,306	18,382,696	18,914,577	19,369,244
Human Resources	8,494,623	8,222,168	9,055,986	9,916,732	10,479,994	11,031,258	11,750,627	11,264,020	11,839,137	12,409,897
Judicial	48,468,317	49,738,210	51,871,482	53,427,866	56,389,216	54,160,608	56,308,364	61,622,028	61,571,616	63,543,647
Health	2,987,001	2,939,495	2,931,361	2,871,475	3,126,176	3,215,269	3,179,240	3,391,817	3,438,812	3,702,796
Police	86,602,182	87,550,834	89,806,841	94,306,684	98,885,662	96,431,059	93,988,335	101,644,605	99,016,027	97,153,874
Human Services	120,191,660	113,614,181	112,331,388	108,913,384	110,266,430	110,140,108	109,133,450	116,434,440	114,896,878	121,506,719
Public Works	156,433,035	144,084,373	195,557,135	197,205,942	201,565,478	151,146,960	175,477,790	173,634,278	182,099,702	221,572,129
Parks and Recreation	45,258,239	42,919,471	42,619,362	44,461,864	46,944,369	46,372,607	45,082,490	47,512,722	52,804,501	53,773,326
Library	16,053,738	15,258,538	15,639,419	16,135,167	17,811,215	17,581,450	17,001,977	18,354,780	17,605,034	16,876,449
Planning	10,138,645	9,350,124	9,454,772	9,390,272	9,788,352	9,963,622	9,689,950	11,162,446	19,392,297	18,951,218
Agriculture	911,927	2,844,410	811,303	882,778	889,198	1,249,439	1,427,900	4,605,108	3,327,833	3,429,550
Economic Development	2,260,972	1,989,067	2,195,509	942,848	1,531,524	1,624,276	2,076,114	1,562,948	4,463,692	2,460,004
Convention and Visitor Development	26,441,351	24,450,034	25,211,870	24,259,211	21,970,212	29,153,694	25,836,560	28,761,957	29,398,089	30,880,566
Information Technology	23,892,765	24,975,516	27,113,853	28,524,903	35,271,946	33,630,014	33,641,832	38,964,868	43,482,116	38,010,079
Emergency Communications and Citizen Services	8,286,906	8,233,437	8,644,135	8,585,726	8,948,709	8,750,026	8,140,536	8,970,142	9,050,582	8,883,445
Boards and Commissions	28,838,862	29,809,481	30,813,011	28,150,540	28,205,251	29,450,284	30,230,164	34,738,707	26,461,340	28,038,995
Fire	46,923,435	46,496,015	48,604,326	49,299,627	52,577,157	49,680,380	50,306,088	57,104,376	58,983,144	59,205,902
Budget and Management Services	3,905,792	1,452,377	1,488,732	1,600,743	1,466,132	1,420,917	1,415,041	1,365,506	1,341,640	1,263,505
Education	358,870,557	362,627,543	346,343,221	371,831,366	376,409,572	390,015,055	398,127,741	396,304,003	423,487,979	430,808,133
Housing and Neighborhood Preservation	22,992,624	25,286,359	25,102,010	27,094,230	26,185,221	26,348,557	26,300,165	28,325,394	28,485,380	31,587,077
Museums	8,491,250	8,812,689	9,524,054	9,557,237	10,314,480	10,704,799	10,841,342	11,113,741	10,775,551	11,115,822
Emergency Medical Services	7,595,142	7,693,052	8,667,955	8,911,501	10,052,359	10,028,682	10,201,025	12,532,240	12,591,888	13,018,124
Strategic Growth Area	-	-	1,011,323	940,819	1,254,362	1,102,864	638,519	-	-	-
General Government	35,592,598	22,315,404	6,689,626	2,785,087	1,657,913	2,095,946	1,826,647	20,905,051	3,705,291	8,269,691
Interest on Long-term Debt	73,058,398	42,665,372	48,481,522	35,483,724	32,290,625	33,395,513	33,580,400	29,622,762	24,905,558	24,541,657
Total Governmental Activities Expenses	$ 1,167,163,352	$ 1,107,459,864	$ 1,145,283,688	$ 1,161,044,015	$ 1,190,428,695	$ 1,153,518,070	$ 1,182,031,334	$ 1,247,625,917	$ 1,271,935,584	$ 1,330,896,846
Business-Type Activities:										
Water and Sewer	$ 96,891,679	$ 104,625,349	$ 102,310,240	$ 103,110,267	$ 107,549,122	$ 110,779,437	$ 109,232,931	$ 107,922,521	$ 115,336,137	$ 139,843,870
Storm Water	13,116,763	14,178,468	15,650,645	16,592,160	19,561,223	22,908,803	23,288,944	34,666,545	33,518,183	38,120,181
Development Authority	-	-	-	11,210,520	10,154,302	11,025,011	9,920,441	39,724,605	17,545,543	12,383,812
Waste Management	-	-	-	-	-	41,907,754	39,965,302	12,582,903	37,051,532	34,569,612
Parking	1,357,625	1,603,150	1,973,867	1,668,933	1,902,855	4,419,983	3,770,402	3,383,691	3,984,236	4,211,205
Total Business-Type Activities Expenses	$ 111,366,067	$ 120,406,967	$ 119,934,752	$ 132,581,880	$ 139,167,502	$ 191,040,988	$ 186,178,020	$ 198,280,265	$ 207,435,631	$ 229,128,680
Total Primary Government Expenses	$ 1,278,529,419	$ 1,227,866,831	$ 1,265,218,440	$ 1,293,625,895	$ 1,329,596,197	$ 1,344,559,058	$ 1,368,209,354	$ 1,445,906,182	$ 1,479,371,215	$ 1,560,025,526
Program Revenues										
Governmental Activities:										
Charges for services:										
Judicial	$ 4,993,137	$ 4,402,463	$ 5,377,347	$ 3,688,139	$ 3,101,433	$ 3,735,209	$ 3,549,429	$ 4,907,694	$ 5,409,133	$ 5,439,707
Police	1,567,617	4,026,448	3,670,550	3,747,317	3,472,080	3,854,581	3,965,201	3,308,747	2,967,178	2,897,398
Human Services	4,952,643	23,797,305	24,322,382	23,782,371	25,031,069	25,615,214	24,956,662	25,167,062	25,755,690	26,226,827
Public Works	10,299,832	6,743,429	13,465,436	30,845,235	44,380,916	2,766,927	3,564,521	4,058,165	2,193,888	4,244,989
Parks and Recreation	14,660,279	14,405,985	13,876,204	14,891,219	15,114,163	14,974,524	15,569,444	15,021,272	16,988,062	17,445,906
Library	617,088	760,480	706,607	728,317	760,734	789,508	726,001	695,152	671,348	557,576
Planning	4,076,448	4,097,287	4,265,630	4,432,198	4,496,079	5,226,904	5,020,717	5,097,944	5,431,804	5,051,831
Agriculture	164,684	127,156	170,091	52,893	55,585	72,725	62,171	86,449	115,176	135,819
Economic Development	-	-	-	-	-	-	367,208	-	-	16,500
Convention and Visitor Development	4,706,217	5,067,297	5,313,030	5,437,203	5,484,357	5,270,419	5,904,184	6,620,853	5,174,206	5,334,377
Fire	406,679	409,613	346,680	414,091	141,747	404,789	413,115	665,923	717,111	480,369
Housing and Neighborhood Preservation	312,489	215,523	1,170,964	1,831,674	2,033,427	2,300,624	2,427,410	2,841,867	182,387	247,121

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Museums	$ 6,609,514	$ 7,208,895	$ 7,548,640	$ 8,073,443	$ 7,701,899	$ 8,343,814	$ 9,171,646	$ 9,679,208	$ 9,856,700	$ 10,181,856
General Government	8,777,127	8,096,615	7,395,885	7,535,955	7,532,896	7,480,645	6,690,903	6,795,827	11,561,559	17,187,437
Other Activities	508,565	545,787	497,376	551,983	3,590,913	4,088,006	3,867,123	3,726,144	3,644,173	3,675,786
Operating grants and contributions	214,751,488	195,543,654	169,430,851	166,149,172	163,734,763	167,099,983	176,554,087	180,792,670	182,245,742	189,379,234
Capital grants and contributions	30,731,118	32,767,792	41,572,819	37,502,486	69,771,674	49,910,249	49,358,726	30,380,171	32,129,238	22,413,389
Total Governmental Activities	310,003,814	$ 308,215,729	$ 299,130,492	$ 309,663,696	$ 356,403,735	$ 301,934,121	$ 312,168,549	$ 299,790,140	$ 305,043,395	$ 310,916,122
Business-type Activities:										
Charges for services:										
Water and Sewer	$ 98,568,890	$ 102,398,524	$ 109,200,204	$ 115,160,670	$ 122,079,274	$ 122,609,520	$ 124,303,922	$ 125,124,505	$ 127,939,734	$ 127,220,550
Storm Water	19,285,386	21,321,426	27,841,165	32,721,540	37,087,519	39,048,824	39,522,703	40,164,454	41,715,744	42,192,454
Development Authority	-	-	-	2,630,055	189,011	4,665,161	4,999,007	35,390,065	7,721,739	6,115,757
Waste Management	-	-	-	-	-	43,457,679	37,766,169	2,859,707	34,225,087	34,050,587
Parking	2,420,174	3,213,279	2,879,725	3,134,711	2,879,228	4,535,524	3,824,504	5,235,807	6,014,164	5,408,631
Operating grants and contributions	5,222,410	3,569,248	1,306,092	-	-	90,237	72,740	319,888	42,871	45,382
Capital grants and contributions	628,640	1,877,989	974,355	1,945,692	7,507,130	7,413,070	8,175,896	6,611,382	28,258,904	27,124,075
Total Business-type Activities	$ 126,125,500	$ 132,380,466	$ 142,201,541	$ 155,592,668	$ 169,742,162	$ 221,820,015	$ 218,664,941	$ 215,705,808	$ 245,918,243	$ 242,157,436
Total Primary Government Program Revenues	$ 436,129,314	$ 440,596,195	$ 441,332,033	$ 465,256,364	$ 526,145,897	$ 523,754,136	$ 530,833,490	$ 515,495,948	$ 550,961,638	$ 553,073,558
Net (Expenses) Revenues										
Governmental Activities	$ (857,159,538)	$ (799,244,135)	$ (846,153,196)	$ (851,380,319)	$ (834,024,960)	$ (851,583,949)	$ (869,862,786)	$ (947,835,777)	$ (966,892,189)	$ (1,019,980,724)
Business-type Activities	14,759,433	11,973,499	22,266,789	23,010,788	30,574,660	30,779,027	32,486,921	17,425,543	38,482,612	13,028,756
Total Primary Government Net Expenses	$ (842,400,105)	$ (787,270,636)	$ (823,886,407)	$ (828,369,531)	$ (803,450,300)	$ (820,804,922)	$ (837,375,865)	$ (930,410,234)	$ (928,409,577)	$ (1,006,951,968)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
General Property Taxes -										
Real Estate & Personal Property	$ 558,423,911	$ 537,521,503	$ 537,843,813	$ 551,950,361	$ 543,960,594	$ 574,064,411	$ 622,389,162	$ 645,972,461	$ 673,006,832	$ 696,206,555
Sales	50,331,672	51,945,150	53,038,789	55,995,114	55,990,140	58,521,297	61,409,466	66,262,790	63,647,610	65,946,655
Utility	46,023,992	47,159,975	43,074,104	46,635,170	42,665,494	44,724,955	40,961,377	48,275,048	48,908,305	47,636,484
Business Licenses	38,204,143	41,183,389	41,205,981	44,671,818	43,657,877	45,155,698	44,956,510	47,143,398	48,777,766	49,129,284
Meal	48,566,456	50,870,246	53,540,559	55,296,252	57,041,072	59,693,981	63,558,427	68,900,065	66,608,924	69,540,210
Lodging	22,919,279	24,401,106	25,624,528	26,265,622	26,252,617	28,216,513	29,999,408	32,385,074	36,467,582	37,085,103
Amusement	5,141,354	5,312,439	5,617,464	5,365,290	6,247,637	6,001,024	6,953,928	7,032,632	6,485,738	7,295,403
City Tax on Deeds and Wills	6,283,840	5,864,224	6,284,635	7,530,469	6,377,834	7,044,958	7,299,045	7,858,406	7,565,471	7,809,055
Cigarette	11,949,379	12,270,185	12,213,135	11,748,003	12,073,540	12,983,847	10,950,799	12,060,433	11,447,553	10,309,971
Automobile Licenses	8,654,496	9,018,255	8,947,535	10,278,790	9,421,028	9,048,539	10,867,860	11,762,967	11,147,509	11,232,389
Other Taxes	9,871,136	10,981,669	10,770,992	11,049,732	10,231,840	11,460,710	13,480,842	10,937,880	5,783,324	3,607,656
Grants and contributions not restricted	53,413,134	67,913,073	53,414,000	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868	53,412,868
Investment Earnings	4,067,799	1,755,326	9,351,455	199,920	3,557,973	3,956,635	7,172,459	2,255,088	6,488,405	15,272,598
Miscellaneous	10,077,276	10,584,154	11,093,317	20,533,875	22,454,268	14,876,713	14,369,406	17,446,147	16,752,791	7,464,961
Transfers	4,450,848	716,322	(1,303,678)	(15,258,704)	(17,580,646)	(15,850,873)	(15,898,147)	(22,611,189)	(23,409,462)	(22,248,564)
Total Governmental Activities	$ 878,378,715	$ 877,497,016	$ 870,716,629	$ 885,674,580	$ 875,764,136	$ 913,311,276	$ 971,883,410	$ 1,009,094,068	$ 1,033,091,216	$ 1,059,700,628
Business-type Activities:										
Investment Earnings	$ 943,565	$ 761,924	$ 264,732	$ 586,174	$ 522,661	$ 660,764	$ 814,880	$ 2,573,657	$ 4,196,130	$ 5,046,919
Miscellaneous	-	-	-	-	21	(478,876)	-	-	1,115,089	997,384
Transfers	(4,450,848)	(716,322)	1,303,678	15,258,704	17,580,646	15,850,873	15,898,147	22,611,189	23,409,462	22,248,564
Total Business-type Activities	$ (3,507,283)	$ 45,602	$ 1,568,410	$ 15,844,878	$ 18,103,328	$ 16,032,761	$ 16,713,027	$ 25,184,846	$ 28,720,681	$ 28,292,867
Total Primary Government	$ 874,871,432	$ 877,542,618	$ 872,285,039	$ 901,519,458	$ 893,867,464	$ 929,344,037	$ 988,596,437	$ 1,034,278,914	$ 1,061,811,897	$ 1,087,993,495
Change in Net Position										
Governmental Activities	$ 21,219,177	$ 78,252,881	$ 24,563,433	$ 34,294,261	$ 41,739,176	$ 61,727,327	$ 102,020,624	$ 61,258,291	$ 66,199,027	$ 39,719,904
Business-type Activities	11,252,150	12,019,101	23,835,199	38,855,666	48,677,988	46,811,788	49,199,948	42,610,389	67,203,293	41,321,623
Total Primary Government	$ 32,471,327	$ 90,271,982	$ 48,398,632	$ 73,149,927	$ 90,417,164	$ 108,539,115	$ 151,220,572	$ 103,868,680	$ 133,402,320	$ 81,041,527

Source: City Department of Finance
Note: Strategic Growth Area merged with Planning in 2018

CITY OF VIRGINIA BEACH, VIRGINIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED)

	2010	2011*	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	$ -	$ 453,056	$ 506,339	$ 581,099	$ 7,482,460	$ 7,093,861	$ 10,937,946	$ 10,647,511	$ 11,088,350	$ 10,934,636
Restricted	-	987,701	721,002	892,701	892,701	1,080,998	675,616	2,047,751	2,201,965	2,901,470
Committed	-	33,756,567	16,397,989	19,310,560	16,616,865	12,299,308	12,299,308	17,299,308	17,299,308	17,299,308
Assigned	-	41,286,701	69,462,951	65,524,909	50,789,758	46,342,481	54,485,191	69,793,355	85,216,602	78,139,398
Unassigned	-	113,003,754	103,961,151	102,363,793	96,084,791	97,004,933	107,119,381	118,396,300	114,298,452	121,304,984
Reserved	9,763,249	-	-	-	-	-	-	-	-	-
Unreserved	169,216,410	-	-	-	-	-	-	-	-	-
Total General Fund	$ 178,979,659	$ 189,487,779	$ 191,049,432	$ 188,673,062	$ 171,866,575	$ 163,821,581	$ 185,517,442	$ 218,184,225	$ 230,104,677	$ 230,579,796
All Other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ 6,453,867	$ 6,488,666	$ -	$ -	$ 47,307
Restricted	-	36,583,676	42,910,053	40,032,555	41,303,255	36,878,328	43,568,700	49,567,841	49,242,719	53,164,572
Committed	-	205,254,077	337,853,345	302,868,839	321,477,382	337,402,946	357,531,393	336,873,103	387,589,280	311,654,234
Assigned	-	133,709,715	6,583,170	3,841,898	8,601,614	9,047,083	6,154,607	2,273,180	1,052,730	2,361,660
Unassigned	-	-	-	-	(554,019)	(391,769)	-	-	-	-
Reserved, Reported In:										-
All Other Government Funds	102,057,848	-	-	-	-	-	-	-	-	-
Debt Service Funds	17,251,355	-	-	-	-	-	-	-	-	-
Unreserved, Reported In:										
Special Revenue Funds	80,861,278	-	-	-	-	-	-	-	-	-
Capital Projects Funds	156,110,046	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	$ 356,280,527	$ 375,547,468	$ 387,346,568	$ 346,743,292	$ 370,828,232	$ 389,390,455	$ 413,743,366	$ 388,714,124	$ 437,884,729	$ 367,227,773

Source: City Department of Finance

*Note: City Adopted GASB 54 in Fiscal Year 2011



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CITY OF VIRGINIA BEACH, VIRGINIA
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Real Estate Taxes	$ 504,334,961	$ 474,474,648	$ 461,480,333	$ 476,217,120	$ 464,439,667	$ 481,774,192	$ 526,451,909	$ 544,302,460	$ 567,573,017	$ 586,407,784
Personal Property Taxes	113,226,394	119,356,403	73,705,379	74,723,035	78,678,322	90,898,635	95,930,682	100,075,205	108,123,397	106,029,083
Total General Property Taxes	617,561,355	593,831,051	535,185,712	550,940,155	543,117,989	572,672,827	622,382,591	644,377,665	675,696,414	692,436,867
Other Local Taxes:										
General Sales	50,263,545	51,743,905	53,375,318	54,978,531	56,431,418	58,164,569	61,099,407	62,614,614	63,511,403	65,851,817
Utility	46,662,622	45,129,301	45,254,169	44,623,292	44,050,182	43,308,157	42,658,906	44,829,994	49,832,408	47,636,484
Business Licenses	38,092,610	41,281,806	41,129,895	44,224,356	44,027,381	44,586,110	45,301,911	47,009,925	48,676,655	49,141,505
Franchise Taxes-Cox Communications	-	-	6,962,320	7,192,940	7,531,593	7,939,584	8,115,171	5,163,159	-	-
Automobile Licenses	8,654,625	9,018,142	-	-	-	-	10,862,073	11,189,995	10,961,726	11,260,550
Bank Stock	2,667,046	3,029,323	2,615,883	2,354,647	2,151,058	2,739,645	3,023,394	3,100,922	3,469,803	3,607,656
City Tax on Deeds	6,218,098	5,796,601	6,203,751	7,458,847	6,297,952	6,970,299	7,222,757	7,755,788	7,475,502	7,708,985
City Tax on Wills	65,742	67,623	80,884	71,622	79,882	74,659	76,288	102,618	89,969	99,895
Cigarette	12,468,847	12,063,516	12,182,212	11,953,020	11,693,536	13,707,486	10,164,199	11,906,282	11,406,153	10,568,721
Amusement	5,226,534	5,314,873	5,472,204	5,482,948	6,015,026	5,902,807	7,034,792	6,811,740	6,349,234	6,762,346
Hotel Taxes	22,801,413	24,169,996	25,003,788	26,049,027	26,643,369	27,914,212	29,780,108	29,196,087	35,494,796	37,127,745
Restaurant Meals	48,442,376	50,594,181	53,254,313	55,122,465	56,872,794	59,968,375	63,437,485	65,207,699	66,264,685	69,278,652
Transient Occupancy Taxes	934,382	1,122,301	1,106,769	1,178,742	761,557	771,695	815,025	3,609,510	-	-
Total Other Local Taxes	242,497,840	249,331,568	252,641,506	260,690,437	262,555,748	272,047,598	289,591,516	298,498,333	303,532,334	309,044,356
Fines and Forfeitures	6,733,769	7,432,059	6,821,979	6,902,298	5,443,331	7,359,085	6,417,007	5,507,315	5,749,252	5,784,450
Permits, Privilege Fees, and Regulatory Licenses	4,222,376	3,824,168	4,239,786	4,222,312	6,312,079	5,138,080	4,922,398	5,250,146	5,260,171	4,948,973
From Use of Money and Property	9,841,835	7,582,471	15,495,687	8,486,602	9,281,953	9,706,351	15,856,367	8,910,323	15,589,069	20,766,143
Charges for Services	55,897,422	61,278,029	68,489,147	85,837,389	110,064,203	72,565,586	70,998,949	71,800,886	72,356,349	74,794,925
Miscellaneous	17,701,348	15,255,086	15,900,634	25,744,605	18,041,512	11,935,463	11,148,714	13,723,105	12,917,055	13,245,098
Sale of Property	10,000	15,000	-	-	-	-	-	-	-	-
From Other Local Governments	447,717	14,921,907	247,709	2,595,294	98,153	49,077	-	-	-	-
From Commonwealth	126,848,945	137,844,448	183,494,275	176,215,187	178,507,205	199,209,892	216,035,262	204,502,438	187,643,619	196,365,167
From Federal Government	109,971,236	81,029,447	73,006,854	64,423,364	59,113,705	65,227,667	57,728,271	56,119,173	77,856,895	62,086,134
Total Revenues	$ 1,191,733,843	$ 1,172,345,234	$ 1,155,523,289	$ 1,186,057,643	$ 1,192,535,878	$ 1,215,911,626	$ 1,295,081,075	$ 1,308,689,384	$ 1,356,601,158	$ 1,379,472,113
EXPENDITURES										
Legislative	$ 1,099,021	$ 1,104,591	$ 1,078,747	$ 1,298,568	$ 1,184,883	$ 1,208,704	$ 1,233,934	$ 1,173,001	$ 1,248,240	$ 1,144,252
Executive	2,958,372	2,563,372	2,697,088	2,605,143	2,528,002	2,615,031	3,998,371	4,093,880	4,488,041	5,013,472
Law	3,526,957	3,576,615	3,640,226	3,697,386	3,913,804	3,919,348	4,022,217	3,969,488	4,477,543	4,529,203
Finance	16,263,353	15,804,138	16,600,949	16,993,124	17,367,222	17,815,815	18,062,607	18,207,252	19,293,822	20,044,583
Human Resources	8,475,233	8,229,652	9,010,045	9,924,243	10,416,987	11,174,602	11,914,851	11,245,572	11,912,017	12,545,582
Judicial	48,360,575	49,040,448	51,006,576	53,276,187	55,458,238	55,398,991	58,516,561	61,187,703	63,333,087	65,909,658
Health	2,981,771	2,934,899	2,926,650	2,866,304	3,113,772	3,213,191	3,177,862	3,376,761	3,442,478	3,716,750

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police	$ 84,330,028	$ 85,654,990	$ 87,210,424	$ 91,048,023	$ 95,036,357	$ 94,259,577	$ 95,179,158	$ 97,550,859	$ 99,210,134	$ 99,395,675
Human Services	119,705,569	113,422,755	111,828,043	109,136,160	110,005,531	112,506,829	112,944,110	115,193,857	117,245,898	124,188,922
Public Works	88,729,538	90,570,064	99,611,309	103,023,351	104,583,810	63,701,224	66,744,291	73,368,698	71,637,743	72,246,833
Parks and Recreation	41,975,161	40,087,300	42,677,953	45,253,417	48,891,417	46,973,301	43,265,384	43,768,393	48,547,482	50,723,021
Library	15,995,471	15,442,912	15,475,052	16,033,907	17,381,850	17,618,171	17,368,746	17,615,908	18,018,356	17,274,298
Planning	10,071,875	9,324,289	9,379,626	9,289,151	9,291,336	9,874,195	9,741,864	10,993,105	19,193,976	19,296,051
Agriculture	931,377	2,837,146	2,958,894	3,040,599	3,389,546	3,503,327	1,468,560	4,607,650	969,705	1,043,558
Economic Development	2,243,759	2,007,505	2,210,063	2,343,970	3,018,382	3,037,408	3,949,271	3,749,275	4,242,488	5,577,029
Convention and Visitor Development	26,187,264	23,994,441	50,515,866	51,583,205	52,048,685	50,793,408	26,306,456	27,050,391	27,058,450	27,868,190
Information Technology	21,205,694	19,371,700	20,992,614	22,348,352	22,249,372	22,008,128	20,463,895	22,132,288	24,774,178	25,707,312
Emergency Communications and Citizen Services	8,286,906	8,233,437	8,644,135	8,585,726	9,033,409	8,985,752	8,609,489	8,859,237	9,122,044	9,147,638
Boards and Commissions	30,304,486	34,454,560	34,730,107	33,495,194	34,742,684	35,603,080	35,367,590	60,714,680	33,601,257	36,875,467
Fire	43,691,716	43,756,960	44,898,737	45,434,088	47,774,858	49,212,062	51,237,605	55,117,288	58,151,454	59,007,138
Budget and Management Services	3,854,542	1,484,095	1,471,547	1,595,914	1,481,262	1,526,664	1,485,496	1,409,775	1,365,183	1,323,859
Development Authority	-	-	-	55,539	736,650	400,429	-	55,008	-	-
Education	381,426,817	350,272,315	399,636,831	364,589,660	382,971,859	372,506,081	388,092,326	407,548,658	436,811,968	401,945,731
Housing and Neighborhood Preservation	23,244,412	25,578,349	25,057,346	27,088,836	26,138,828	26,490,648	26,550,331	28,246,526	28,499,449	31,727,306
Museums	8,463,702	8,805,116	9,430,030	9,542,960	10,225,773	11,435,283	11,140,739	10,961,337	10,880,638	11,318,527
General Government	3,625,500	1,830,932	8,293,239	8,014,133	7,489,469	11,482,238	2,566,531	2,331,474	4,685,528	3,641,535
Emergency Medical Service	7,552,298	7,590,345	8,302,029	8,501,568	9,500,960	9,508,751	10,111,253	11,405,734	12,213,689	12,637,136
Strategic Growth Area	-	-	1,011,323	940,819	1,223,232	1,136,261	746,889	-	-	-
Capital Outlay	125,455,464	152,439,078	134,374,158	132,201,426	142,572,128	180,758,500	148,425,984	75,596,098	127,054,115	180,430,527
Debt Service:										
Principal Retirement	76,488,392	80,413,257	28,759,234	59,341,275	58,392,964	61,522,444	86,698,132	88,609,860	87,908,194	91,689,035
Interest and Fiscal Charges	47,082,762	43,141,572	16,496,683	31,147,744	29,114,205	32,248,023	45,188,801	46,498,278	42,872,488	42,773,286
Total Expenditures	$ 1,254,518,015	$ 1,243,966,833	$ 1,250,925,524	$ 1,274,295,972	$ 1,321,277,475	$ 1,322,437,466	$ 1,314,579,304	$ 1,316,638,034	$ 1,392,259,645	$ 1,438,741,574
Excess (Deficiency) of Revenues over (under) Expenditures	$ (62,784,172)	$ (71,621,599)	$ (95,402,235)	$ (88,238,329)	$ (128,741,597)	$ (106,525,840)	$ (19,498,229)	$ (7,948,650)	$ (35,658,487)	$ (59,269,461)
OTHER FINANCING SOURCES (USES)										
Transfers In	$ 286,072,732	$ 225,159,580	$ 79,048,006	$ 134,706,391	$ 131,854,570	$ 142,195,756	$ 151,503,513	$ 153,805,994	$ 160,358,211	$ 161,180,542
Transfers Out	(282,833,185)	(232,016,209)	(80,346,618)	(149,713,095)	(130,979,095)	(144,189,251)	(156,245,123)	(166,095,354)	(170,748,899)	(172,092,918)
Agriculture Reserve Agreement	-	-	-	-	270,504	344,842	565,264	3,728,464	-	-
Issuance of Debt	321,110,000	94,875,000	118,596	83,640,000	111,248,370	99,540,000	111,685,000	21,225,000	98,035,000	-
Premium on Bonds Sold	34,379,078	6,600,690	132,850,000	7,342,754	16,096,112	29,213,786	13,623,894	2,922,087	22,476,887	-
Proceeds of Refunding Bonds	-	-	-	-	20,320,000	91,415,000	-	-	71,530,000	-
Increase (Decrease) in Treasury Strips	-	(49,823)	23,194,107	(2,225,854)	-	-	-	-	-	-
Payment to Refunding Bonds Escrow Agent	(267,419,933)	-	(55,071,638)	(37,929,148)	(22,353,602)	(109,664,176)	(55,585,547)	-	(84,900,655)	-
Total Other Financing Sources (Uses)	$ 91,308,692	$ 94,569,238	$ 99,792,453	$ 35,821,048	$ 126,456,859	$ 108,855,957	$ 65,547,001	$ 15,586,191	$ 96,750,544	$ (10,912,376)
Net Change in Fund Balance	$ 28,524,520	$ 22,947,639	$ 4,390,218	$ (52,417,281)	$ (2,284,738)	$ 2,330,117	$ 46,048,772	$ 7,637,541	$ 61,092,057	$ (70,181,837)
Debt Service as a Percentage of Noncapital Expenditures	10.9%	11.3%	4.1%	7.9%	7.4%	8.2%	11.3%	10.9%	10.3%	10.7%

Source: City Department of Finance

Note: Franchise Tax was combined with Utility Tax beginning in FY2018

CITY OF VIRGINIA BEACH, VIRGINIA
GOVERNMENTAL FUNDS TAX REVENUE BY SOURCE
Last Ten Fiscal Years
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City Taxes										
Real Estate	$ 504,334,961	$ 474,474,648	$ 461,480,333	$ 476,217,120	$ 464,439,667	$ 481,774,192	$ 526,451,909	$ 544,302,460	$ 567,573,017	$ 586,407,784
Personal Property	59,813,526	65,943,535	73,705,379	74,723,035	78,678,322	90,898,635	95,930,682	100,075,205	108,123,397	106,029,083
General Sales	50,263,545	51,743,905	53,375,318	54,978,531	56,431,418	58,164,569	61,099,407	62,614,614	63,511,403	65,851,817
Utility	46,662,622	45,129,301	45,254,169	44,623,292	44,050,182	43,308,157	42,658,906	44,829,994	49,832,408	47,636,484
Business Licenses	38,092,610	41,281,806	41,129,895	44,224,356	44,027,381	44,586,110	45,301,911	47,009,925	48,676,655	49,141,505
Franchise Taxes	6,256,632	6,827,422	6,962,320	7,192,940	7,531,593	7,939,584	8,115,171	5,163,159	-	-
Automobile Licenses	8,654,625	9,018,142	8,970,535	9,437,635	9,346,971	9,225,176	10,862,073	11,189,995	10,961,726	11,260,550
Bank Stock	2,667,046	3,029,323	2,615,883	2,354,647	2,151,058	2,739,645	3,023,394	3,100,922	3,469,803	3,607,656
City Tax on Deeds	6,218,098	5,796,601	6,203,751	7,458,847	6,297,952	6,970,299	7,222,757	7,755,788	7,475,502	7,708,985
City Tax on Wills	65,742	67,623	80,884	71,622	79,882	74,659	76,288	102,618	89,969	99,895
Cigarette	12,468,847	12,063,516	12,182,212	11,953,020	11,693,536	13,707,486	10,164,199	11,906,282	11,406,153	10,568,721
Amusement	5,226,534	5,314,873	5,472,204	5,482,948	6,015,026	5,902,807	7,044,913	6,811,740	6,349,234	6,762,346
Hotel Taxes	23,735,795	25,292,297	26,110,557	27,227,769	27,404,926	28,685,907	30,595,133	32,805,597	35,493,796	37,127,745
Restaurant Meals	48,442,376	50,594,181	53,254,313	55,122,465	56,872,794	59,968,375	63,437,485	65,207,699	66,264,685	69,278,652
Total	$ 812,902,959	$ 796,577,173	$ 796,797,753	$ 821,068,227	$ 815,020,708	$ 853,945,601	$ 911,984,228	$ 942,875,998	$ 979,227,748	$ 1,001,481,223

Source: City Department of Finance

Note: Franchise Tax was combined with Utility Tax beginning in FY2018
Hotel Taxes include Transient Occupancy Taxes

CITY OF VIRGINIA BEACH, VIRGINIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Real Property Assessed Value			Total Taxable Real Property Assessed Value	Direct Tax Rate	Personal Property Assessed Value			Total Taxable Personal Property Assessed Value	Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential	Commercial	Public Service*			Residential	Commercial	Public Service				
2010	47,128,334,239	8,251,639,426	888,797,410	$ 56,268,771,075	0.8900	2,860,711,763	751,063,121	1,431,722	$ 3,613,206,606	3.7000	$ 59,881,977,681	100.0%
2011	43,967,169,845	8,008,231,601	926,192,535	52,901,593,981	0.8900	3,105,575,058	972,520,233	1,317,211	4,079,412,502	3.7000	56,981,006,483	100.0%
2012	42,582,797,354	7,925,225,472	937,565,594	51,445,588,420	0.8900	3,225,216,284	1,079,909,616	761,493	4,305,887,393	3.7000	55,751,475,813	100.0%
2013	40,815,993,416	8,036,001,242	929,117,285	49,781,111,943	0.9500	3,306,948,272	942,744,260	725,885	4,250,418,417	3.7000	54,031,530,360	100.0%
2014	40,590,297,065	8,147,317,125	888,427,995	49,626,042,185	0.9300	3,362,985,338	971,033,585	622,805	4,334,641,728	3.7000	53,960,683,913	100.0%
2015	42,110,642,755	8,466,636,425	873,940,844	51,451,220,024	0.9300	3,446,918,395	1,122,915,183	1,555,727	4,571,389,305	4.0000	56,022,609,329	100.0%
2016	43,302,214,028	8,714,160,476	893,717,743	52,910,092,247	0.9900	3,552,544,174	1,029,515,444	1,762,202	4,583,821,820	4.0000	57,493,914,067	100.0%
2017	45,017,777,981	8,822,768,056	943,063,814	54,783,609,851	0.9900	3,612,948,282	1,079,435,074	2,030,566	4,694,413,922	4.0000	59,478,023,773	100.0%
2018	46,426,321,920	9,094,379,313	981,368,382	56,502,069,615	1.0025	3,662,270,285	1,124,495,564	2,239,486	4,789,005,335	4.0000	61,291,074,950	100.0%
2019	47,819,472,210	9,479,885,409	1,017,679,883	58,317,037,502	1.0025	4,465,618,146	1,181,448,770	2,499,889	5,649,566,805	4.0000	63,966,604,307	100.0%

Sources: Office of Real Estate Assessor
Commissioner of the Revenue
City Adopted Resource Management Plan

Notes: 1 - The City is the only entity with local taxing authority within its boundaries.
2 - See Table 7 for revenue rates
* The assessed value includes Public Service Personal Property taxed at the same rate as Real Estate

CITY OF VIRGINIA BEACH, VIRGINIA
REVENUE RATES FOR REAL ESTATE AND FOR PERSONAL PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Base Real Property Tax Rate	Additional Real Property Tax Rate Sandbridge SSD	Additional Real Property Tax Rate Town Center SSD	Additional Real Property Tax Rate Old Donation SSD	Additional Real Property Tax Rate Bayville Creek SSD	Additional Real Property Tax Rate Shadowlawn SSD	Additional Real Property Tax Rate Chesopeian SSD	Additional Real Property Tax Rate Harbor Point SSD	Additional Real Property Tax Rate Gills Cove SSD	Additional Real Property Tax Rate Hurds Cove SSD	Personal Property Tax Rate
2010	0.8900	0.0600	0.4500	-	-	-	-	-	-	-	3.700
2011	0.8900	0.0600	0.4500	-	-	-	-	-	-	-	3.700
2012	0.8900	0.0600	0.4500	0.1840	-	-	-	-	-	-	3.700
2013	0.9500	0.0600	0.4500	0.1840	0.3630	-	-	-	-	-	3.700
2014	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	-	-	-	-	3.700
2015	0.9300	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	-	4.000
2016	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	0.4380	4.000
2017	0.9900	0.0600	0.4500	0.1840	0.3630	0.1594	0.2913	0.0790	0.0630	0.4380	4.000
2018	1.0025	0.0600	0.4500	0.1840	0.5690	0.1594	0.2913	0.0790	0.0630	0.4380	4.000
2019	1.0175	0.0600	0.4500	0.1840	0.4720	0.1594	0.2913	0.1200	0.0630	0.4380	4.000

	Real Property Total Direct Tax Rate									
Fiscal Year	Regular	Sandbridge SSD Residents	Town Center SSD Residents	Old Donation SSD Residents	Bayville Creek SSD Residents	Shadowlawn SSD Residents	Chesopeian SSD Residents	Harbor Point SSD Residents	Gills Cove SSD Residents	Hurds Cove SSD Residents
2010	$ 0.8900	$ 0.9500	$ 1.3400	$ 0.8900	$ 0.8900	$ 0.8900	$ 0.8900	$ 0.8900	$ 0.8900	$ 0.8900
2011	0.8900	0.9500	1.3400	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2012	0.8900	0.9500	1.3400	1.0740	0.8900	0.8900	0.8900	0.8900	0.8900	0.8900
2013	0.9500	1.0100	1.4000	1.1340	1.3130	0.9500	0.9500	0.9500	0.9500	0.9500
2014	0.9300	0.9900	1.3800	1.1140	1.2930	1.0894	0.9300	0.9300	0.9300	0.9300
2015	0.9300	0.9900	1.3800	1.1140	1.2930	1.0894	1.2213	1.0090	0.9930	0.9300
2016	0.9900	1.0500	1.4400	1.1740	1.3530	1.1494	1.2813	1.0690	1.0530	1.4280
2017	0.9900	1.0500	1.4400	1.1740	1.3530	1.1494	1.2813	1.0690	1.0530	1.4280
2018	1.0025	1.0625	1.4525	1.1865	1.5715	1.1619	1.2938	1.0815	1.0655	1.4405
2019	1.0175	1.0775	1.4675	1.2015	1.4895	1.1769	1.3088	1.1375	1.0805	1.4555

Source: City Adopted Resource Management Plan

Notes: 1 - The City is the only entity with local taxing authority within its boundaries.
2 - Real Property Tax Rate is applied to Real Estate such as land and buildings.
3 - Personal Property Tax Rate is applied to personal property such as automobiles and equipment.
4 - The tax bases are mutually exclusive.

Table 8

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	2019			2010		
	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank	Real Property Assessed Value	Percent of Total Real Property Assessed Value	Rank
Armada Hoffler	$ 542,623,900	0.95 %	1	$ 318,289,200	0.57 %	2
Dominion Energy, Inc.*	431,109,220	0.75	2	443,255,589	0.80	1
Ramon W. Breeden, Jr.	346,002,900	0.60	3	231,370,138	0.42	5
A.D. & L.E. Fleder & J.M. & R.J. Caplan	321,229,200	0.56	4	-	-	-
Lynnhaven Mall LLC	290,989,700	0.51	5	284,011,400	0.51	3
E. C. & A. F. Ruffin & B. L. Thompson	256,820,500	0.45	6	232,409,500	0.42	4
Pembroke Square Associates LLC	210,912,800	0.37	7	194,802,300	0.35	7
Cheryl P. McLeskey	157,255,300	0.27	8	-	-	-
Thomas J. Lyons, Jr. & Joan N.	148,308,200	0.26	9	-	-	-
Verizon Virginia LLC	138,443,269	0.24	10	229,558,928	0.41	6
Atlantic Shores Cooperative, Etc	-	-	-	148,766,800	0.27	8
Sandler at Ashville Park, LLC	-	-	-	141,643,208	0.26	9
Christian Broadcasting Associates/Net, Inc.	-	-	-	140,313,300	0.25	10
Totals	$ 2,843,694,989	4.96 %		$ 2,364,420,363	4.26 %	

* Formerly Virginia Electric & Power Company

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Total Real Estate Tax Levy [1]	Total Personal Property Tax Levy [1]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 485,659,493	$ 60,469,997	$ 526,040,648	96.3 %	$ 17,124,532	$ 543,165,180	99.5 %
2011	456,029,699	67,556,570	504,769,073	96.4	15,182,179	519,951,252	99.3
2012	443,160,075	79,426,777	501,282,299	95.9	15,791,366	517,073,665	98.9
2013	457,287,081	79,331,585	516,542,429	96.3	16,302,677	532,845,106	99.3
2014	446,015,531	81,020,900	509,339,982	96.6	15,958,993	525,298,975	99.7
2015	463,184,807	95,236,086	537,056,367	96.2	17,823,675	554,880,042	99.4
2016	510,528,757	102,577,135	589,411,524	96.1	17,602,206	607,013,730	99.0
2017	528,410,384	106,583,082	609,085,906	95.9	18,692,087	627,777,993	98.9
2018	551,883,966	110,388,668	636,789,707	96.2	16,934,860	653,724,567	98.7
2019	570,105,091	117,968,242	638,348,095	92.8	-	638,348,095	92.8

Source: Comissioner of Revenue, Real Estate Assessor's Office and City Department of Finance

Note: Collections in subsequent years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years.

[1] Includes Public Service.

CITY OF VIRGINIA BEACH, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

	Governmental Activities							Business Type Activities					
Fiscal Year	General Obligation Bonds	State Literary Fund Loans [2]	Public Facility Revenue Bonds	Obligations Under Capital Leases	Certificates of Participation	Williams Farm Property	Agriculture Reserve Program	Virginia Beach Development Authority [3]	General Obligation Bonds	Revenue Bonds	Total Primary Government [4]	Net Debt Per Capita [5]	Ratio of Net Debt Per Capita to Per Capita Personal Income [6]
2010	$ 630,203,763	$ 6,563,546	$ 261,265,000	$ -	$ -	$ 1,487,500	$ 32,093,435	$ 83,445,000	$ 1,393,938	$ 192,644,719	$ 1,209,096,901	$ 2,256	5.0%
2011	668,552,006	5,507,046	242,545,000	-	-	1,062,500	38,365,512	79,760,000	962,470	206,613,629	1,243,368,163	2,271	4.9%
2012 [1]	727,274,597	4,750,000	281,315,118	-	-	637,500	38,799,844	81,434,386	528,450	203,108,752	1,337,848,647	2,244	4.6%
2013 [1]	686,544,346	4,125,000	283,928,041	-	-	212,500	41,193,588	77,990,571	222,016	194,536,062	1,288,752,124	2,162	4.5%
2014 [1]	720,118,515	3,500,000	290,013,866	-	-	-	41,464,092	93,124,312	-	232,774,217	1,380,995,002	2,256	4.4%
2015 [1]	716,612,342	2,875,000	320,169,585	-	-	-	41,808,934	85,183,901	-	246,792,383	1,413,442,145	2,258	4.2%
2016 [1]	721,310,401	2,250,000	294,372,839	-	-	-	42,374,198	78,760,588	-	283,555,487	1,422,623,513	2,195	4.1%
2017 [1]	655,854,925	1,875,000	288,582,663	-	-	-	46,102,662	71,945,485	-	272,759,201	1,337,119,936	2,040	3.7%
2018 [1]	664,558,868	1,500,000	292,789,906	-	-	-	46,102,662	67,524,535	-	260,914,896	1,333,390,867	2,056	3.5%
2019 [1]	600,663,013	1,125,000	261,569,221	-	-	-	47,710,144	60,053,224	-	279,691,851	1,250,812,453	1,846	3.1%

Source: City Department of Finance

Notes:

[1] Fiscal Years 2012-2019 have been adjusted to reflect the related unamortized premium. Detailed premium information for prior years was unavailable and therefore not adjusted.

[2] The State Literary Fund Loan program is part of the Virginia Public School Authority (VPSA) pooled bond program and is not a loan. It is General Obligation debt for the City.

[3] Includes balances of VBDA Note Payable secured by a surety agreement provided by Town Center Associates, L.L.C. for FY 2013 and FY 2014. Note was paid off during FY 2015.

[4] Total Primary Government Debt for FY 2010-2011 excludes 1998 Social Services Lease Revenue Bond, as it is Virginia Beach Development Authority debt service. This revenue bond was paid off in FY 2012.

[5] For calculation of Net Debt Per Capita, the population is per Table 15. In addition, Net Debt Per Capita excludes Revenue Bonds, Agriculture Reserve, and the premiums included in this table presentation.

[6] For calculation of Debt Per Capita to Per Capita Personal Income, the per Capita Personal Income information through FY 2018 is per Table 15. A projection is used for FY 2019, since data from the Bureau of Economic Analysis is not yet available.

FY 2019 Premium detail and reconciliation to Note 6A1 & 6A2:

	Governmental Activities						
	General Obligation Bonds	State Literary Fund Loans	Public Facility Revenue Bonds	Agriculture Reserve Program	Total Governmental Activity	Total Business Activity	Total Primary Government (1)
Principal	541,574,435	1,125,000	238,982,892	47,710,144	829,392,471	320,842,109	1,150,234,580
Premium	59,088,578	-	22,586,329	-	81,674,907	18,902,966	100,577,873
Total	$ 600,663,013	$ 1,125,000	$ 261,569,221	$ 47,710,144	$ 911,067,378	$ 339,745,075	$ 1,250,812,453

Tax Supported Debt subtotal per 6A1	$ 829,392,471
Premiums per 6A1	81,674,907
Self/Tax Supported Debt subtotal per 6A2	320,842,109
Premiums per 6A2	18,902,966
Total per note 6A1 & 6A2	$ 1,250,812,453

CITY OF VIRGINIA BEACH, VIRGINIA
RATIOS OF OUTSTANDING GENERAL BONDED DEBT BY TYPE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year		General Obligation Bonds [2]	State Literary Fund Loans [2]	Appropriation Backed Debt [3]	Total	Percentage of Estimated Actual Full Value of Property [4]	Net Debt Per Capita [5]
2010		$ 631,597,701	$ 6,563,546	$ 346,197,500	$ 984,358,747	1.6	$ 2,256
2011		669,514,476	5,507,046	323,367,500	998,389,022	1.8	2,271
2012	[1]	727,803,047	4,750,000	363,387,004	1,095,940,051	2.0	2,244
2013	[1]	686,766,362	4,125,000	362,131,112	1,053,022,474	1.9	2,162
2014	[1]	720,118,515	3,500,000	383,138,178	1,106,756,693	2.0	2,256
2015	[1]	716,612,342	2,875,000	405,353,486	1,124,840,828	2.0	2,258
2016	[1]	721,310,401	2,250,000	373,133,427	1,096,693,828	1.9	2,195
2017	[1]	655,854,925	1,875,000	360,528,148	1,018,258,073	1.7	2,040
2018	[1]	664,558,868	1,500,000	360,314,441	1,026,373,309	1.7	2,056
2019	[1]	600,663,013	1,125,000	321,678,299	923,466,312	1.4	1,846

[1] Fiscal Years 2012-2019 have been adjusted to reflect the related unamortized premium. Detailed premium information for prior years was unavailable and therefore not adjusted.

[2] Per Table 10. The State Literary Fund Loan program is part of the Virginia Public School Authority (VPSA) pooled bond program and is not a loan. It is General Obligation debt for the City.

[3] Includes all Governmental Public Facility Revenue Bonds, Capital Leases, COP's, Williams Farm Loan, and Business Type Virginia Beach Development Authority Debt as per Table 10.

[4] Actual Full Value of property is from Table 6.

[5] Population is from Table 15. Computation of Net Debt Per Capita is net of premiums and discounts in the above numbers.

CITY OF VIRGINIA BEACH, VIRGINIA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	$ 5,627,020,280	$ 5,290,291,119	$ 5,144,671,623	$ 4,978,183,783	$ 4,962,666,499	$ 5,145,277,575	$ 5,291,185,445	$ 5,478,360,985	$ 5,650,206,962	$ 5,831,703,750
Total Net Debt applicable to limit [1]	670,254,683	713,387,034	716,177,198	685,988,698	712,384,323	697,079,775	697,520,721	641,749,326	646,061,132	590,409,579
Legal Debt Margin	$ 4,956,765,597	$ 4,576,904,085	$ 4,428,494,425	$ 4,292,195,085	$ 4,250,282,176	$ 4,448,197,800	$ 4,593,664,724	$ 4,836,611,659	$ 5,004,145,830	$ 5,241,294,171
Total Net Debt applicable to the limit as a percentage of debt limit	11.91%	13.48%	13.92%	13.78%	14.35%	13.55%	13.18%	11.71%	11.43%	10.12%

Legal Debt Margin Calculation For Fiscal Year 2019

Assessed Value of Real Property (Taxable)[2] :	
Regular	$ 57,299,357,619
Public Service (excluding vehicle assessments)	1,017,679,883
Total Assessed Value of Real Property	58,317,037,502
Debt limit (10% of Total Assessed Value)	5,831,703,750
Total Net Debt applicable to limit	590,409,579
Legal Debt Margin	$ 5,241,294,171

Notes:

[1] Total net debt applicable to the limit is tax-supported debt, which includes General Obligation Bonds, State Literary Fund debt for Public Schools, and Agricultural Reserve Program installment purchase agreements. Under State law, the City's outstanding general obligation debt should not exceed 10% of total assessed property value. In addition, the City has established financial affordability indicators to restrict debt as follows:

- The total annual debt service for general government supported debt will not exceed 10% of general government expenditures (excluding interfund transfers).
- The City's overall net debt will not exceed 3.5% of the estimated full value of taxable real property.
- The City's overall net debt per capita will not exceed $3,000.
- The City's overall net debt per capita shall not exceed 6.5% of per capita personal income.

[2] Assessed value of real property based on data from Table 6; the assessed value is based on June 30th of each fiscal year including supplements and exonerations.

Sources: The following sources were used in compiling the above information:
City Department of Finance
Virginia State Corporation Commission, Public Service Corporations Report Real and Personal Property Assessment

CITY OF VIRGINIA BEACH, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Water and Sewer Revenue Bonds						
	Water and Sewer Charges and Other	Less: Operating Expenses [1]	Net Available Revenue	Debt Service			Coverage
				Principal	Interest [2]	Total	
2010	$ 99,220,386	$ 71,176,936	$ 28,043,450	$ 5,171,061	$ 5,561,539	$ 10,732,600	2.62
2011	102,819,740	74,439,073	28,380,667	5,811,090	6,382,454	12,193,544	2.33
2012	109,514,875	72,319,602	37,195,273	7,022,735	6,959,920	13,982,655	2.66
2013	115,249,243	73,834,321	41,414,922	7,251,071	6,697,692	13,948,763	2.97
2014	121,766,102	72,145,813	49,620,289	7,796,175	7,231,505	15,027,680	3.30
2015	127,007,164	75,396,537	51,610,627	9,083,131	8,091,897	17,175,028	3.00
2016	128,045,227	73,930,294	54,114,933	9,371,805	8,202,712	17,574,517	3.08
2017	130,403,502	72,814,216	57,589,286	7,812,706	7,808,592	15,621,298	3.69
2018	130,905,466	79,514,710	51,390,756	8,820,728	8,160,477	16,981,205	3.03
2019	130,015,725	80,883,044	49,132,681	9,215,276	7,791,849	17,007,125	2.89

[1] Operating expenses exclude depreciation and right of way utility cost, see Exhibit 21.

[2] Includes Bank Charges. Interest amounts shown for 2011-2019 are net of federal subsidy. As such, the coverage ratios shown on this table may be different from the amounts shown on Continuing Disclosure Schedule 2-4 that are calculated based on gross interest.

Note: Water and Sewer Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Water and Sewer Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

Coverage: The Master Water and Sewer Revenue Bond Resolution, Section 601, dated February 11, 1992, as amended and supplemented, states that the City shall fix, charge and collect such rates, fees, and other charges for the use of and for the services furnished by the system and and collect such rates, fees, and other charges for the use of and for the services furnished by the system and shall from time to time and as often as shall appear necessary, revise such rates, fees and other charges so as to meet two independent requirements.

Source: City Department of Finance

Table 14

CITY OF VIRGINIA BEACH, VIRGINIA
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years
(Unaudited)

	Storm Water Utility Revenue Bonds						
Fiscal Year	Storm Water Charges and Other [1]	Less: Operating Expenses	Net Available Revenue	Debt Service			Coverage [3]
				Principal	Interest [2]	Total	
2010	$ 24,628,765	$ 10,676,428	$ 13,952,337	$ 816,099	$ 552,435	$ 1,368,534	10.20
2011	23,891,004	11,234,614	12,656,390	761,468	813,283	1,574,751	8.04
2012	27,892,419	13,311,162	14,581,257	1,404,020	1,097,204	2,501,224	5.83
2013	32,954,179	14,317,957	18,636,222	1,296,433	1,058,805	2,355,238	7.91
2014	37,150,524	15,366,723	21,783,801	1,232,016	1,026,704	2,258,720	9.64
2015	39,294,658	17,489,866	21,804,792	1,030,000	1,228,238	2,258,238	9.66
2016	39,648,163	18,385,165	21,262,998	1,660,000	1,733,570	3,393,570	6.27
2017	40,471,105	26,074,915	14,396,190	1,700,000	1,692,383	3,392,383	4.24
2018	42,158,382	26,051,322	16,107,060	1,740,000	1,647,563	3,387,563	4.75
2019	43,419,299	29,702,205 [4]	13,717,094	1,795,000	1,745,480	3,540,480	3.87

[1] Storm Water Charges and Other include interest income, see Exhibit 24.

[2] Interest amounts shown for 2011-2018 are at gross. Beginning in FY 2019, interest shown net of federal subsidy and includes bank charges and issuance costs.

[3] Revenue coverage ratios for debt service shown on this table may differ from amounts shown on the Continuing Disclosure Schedule 3-4 due to differences in the basis for the calculations regarding operating expenses and debt service. The calculation shown in this table reflects annual gross debt service, whereas the calculation in Schedule 3-4 reflects maximum annual debt service per bond issue.

[4] Beginning in FY 2019, operating expenses are based on Exhibit 26, which include annual Capital Improvement Program (CIP) expenditures. Operating expenses for prior fiscal years excluded annual CIP expenditures based on terms set forth in the Master Agreement of Trust.

Note: Storm Water Revenue Bonds are obligations of the City, payable solely from pledged revenues of the System (Storm Water Fund), subject to the prior application thereof to the payment of Operating Expenses. The City will fix, charge, collect and revise its fees, rates and other charges for the use of and for the services furnished by the system so as to produce revenues sufficient to meet its cash requirements each fiscal year.

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Population*	Personal Income**Ɨ	Per Capita Personal Income**	Median Age	Number of City Employees	Education Level In Years of Formal Schooling	School Enrollment	Unemployment Rate
2010	438,207	$ 19,610,064	$ 44,685	36.7	7,713	13.9	69,225	6.5%
2011	441,246	20,612,666	46,579	34.9	7,481	14.0	69,219	6.0%
2012	447,489	21,677,217	48,709	34.7	7,477	13.8	68,977	5.5%
2013	449,628	21,616,547	48,280	35.0	7,477	13.9	68,614	5.6%
2014	451,672	22,768,537	50,719	35.7	7,669	13.9	68,569	5.5%
2015	453,500	23,933,638	53,130	35.9	7,560	14.0	68,351	4.4%
2016	453,628	24,188,253	53,616	35.9	7,370	13.9	67,890	3.8%
2017	454,448	25,076,837	55,731	36.4	7,087	13.9	67,152	3.8%
2018	453,410	26,249,674	58,308	36.4	7,255	13.9	67,091	2.8%
2019	455,090	***	***	35.6	7,332	13.9	66,593	2.7%

Sources: City Department of Finance
City Department of Economic Development
Weldon Cooper Center for Public Service
Virginia Employment Commission
Bureau of Economic Analysis
United States Census Bureau

Notes: * Weldon Cooper Center for Public Service; except for 2019 which is a projection.
** Figures were updated to reflect the latest data released by the Bureau of Economic Analysis on November 14, 2019.
*** Information Unavailable
Ɨ In thousands of dollars

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

	Approximate Number of Employees	Percent of Total City Employment	Rank	Approximate Number of Employees	Percent of Total City Employment	Rank
	2019			2010		
City of Virginia Beach / Schools	17,665	7.38	1	18,305	8.50	1
* Naval Air Station Oceana-Dam Neck	5,850	2.45	2	-	-	-
Sentara Healthcare	5,200	2.17	3	4,837	2.25	2
* Joint Expeditionary Base Little Creek/ Ft. Story	3,600	1.50	4	-	-	-
GEICO General Insurance Company	2,700	1.13	5	2,000	0.93	4
Lynnhaven Mall	2,600	1.09	6	2,600	1.21	3
* Gold Key/PHR Hotels and Resorts	2,365	0.99	7	-	-	-
STIHL Inc	2,113	0.88	8	1,863	0.87	6
Amerigroup (Anthem)	1,850	0.77	9	1,750	0.81	7
Navy Exchange Service Command	1,550	0.65	10	1,888	0.88	5
Cox Communications	-	-	-	1,200	0.56	8
MANCON	-	-	-	1,200	0.56	9
Christian Broadcasting Network, Inc.	-	-	-	1,000	0.46	10
Totals	45,493	19.01		36,643	17.03	

Sources: City Department of Economic Development
City Department of Finance
City Department of Budget and Management Services

* Information not available for 2010.

CITY OF VIRGINIA BEACH, VIRGINIA
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture	13.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.5	9.0
Budget and Management Services	20.0	15.0	15.0	15.0	14.0	15.0	15.0	14.0	14.0	14.0
City Attorney	43.0	40.4	39.0	39.6	39.6	39.6	39.6	40.6	42.6	42.6
City Auditor	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	8.0
City Manager's Office	26.2	23.0	21.0	19.5	19.5	20.5	34.0	33.0	16.5	20.0
City Real Estate Assessor	38.4	34.3	34.0	34.3	34.3	34.3	34.3	34.0	34.0	34.0
City Treasurer	76.7	72.2	72.0	71.8	75.8	76.8	74.6	74.6	74.6	74.6
Commissioner of the Revenue	64.1	57.9	60.9	62.9	63.9	64.9	64.9	64.9	65.5	64.9
Commonwealth's Attorney	91.4	87.4	84.0	85.3	86.3	86.7	87.4	94.9	94.8	97.8
Communications Office [1]	-	-	-	-	-	-	-	-	18.5	20.5
Convention and Visitor Bureau	130.9	113.5	113.5	113.5	110.5	106.7	106.3	120.3	120.3	120.3
Courts and Courts' Support	76.0	76.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
Cultural Affairs	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	4.0
Department of Aquarium and Museums	151.4	151.5	153.0	155.5	155.9	161.0	164.5	156.8	153.6	151.2
Economic Development	16.0	15.0	16.0	18.0	18.0	18.0	18.0	18.0	19.0	20.0
Emergency Communications & Citizen Services	127.0	122.0	123.5	122.8	127.8	131.8	131.8	130.8	137.8	137.8
Emergency Medical Services	56.5	62.6	65.3	65.3	69.3	73.3	75.1	80.1	87.6	89.6
Finance	58.0	54.0	55.0	56.0	57.0	57.0	57.0	57.0	59.0	59.0
Fire	467.8	466.7	466.0	479.7	479.7	485.7	485.7	501.7	521.7	523.2
Health	11.1	10.8	10.8	9.1	9.1	9.1	9.1	9.1	9.0	9.1
Housing and Neighborhood Preservation	68.0	67.0	66.0	64.0	63.0	62.0	61.0	64.0	79.0	80.0
Human Resources	53.1	47.0	47.0	47.0	47.0	47.0	47.0	47.0	49.0	50.0
Human Services	1,073.9	1,045.7	1,066.4	1,069.4	1,081.4	1,115.2	1,094.9	1,099.0	1,148.7	1,177.7
Information Technology	187.8	179.8	183.0	178.5	180.5	183.5	168.0	175.0	184.0	193.0
Legislative [2]	18.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Library	260.9	227.5	227.5	265.5	260.0	255.0	253.5	251.5	251.5	253.0
Office of Emergency Management	-	-	-	-	-	-	-	4.0	5.0	6.0
Parks and Recreation	872.2	855.4	843.4	846.9	843.9	838.1	830.1	882.3	886.2	886.5
Planning	123.0	113.0	110.0	108.0	109.0	116.0	115.5	133.0	134.0	137.0
Police	1,005.9	995.7	1,007.4	1,007.4	1,009.4	1,015.8	1,015.8	1,028.8	1,040.8	1,048.5
Public Utilities	404.5	404.5	412.0	411.0	412.0	415.0	418.0	414.0	417.0	415.0
Public Works	871.4	866.4	882.0	890.4	890.4	893.9	902.9	902.9	925.9	938.9
Sheriff's Office	524.4	524.4	519.6	524.4	525.4	525.4	514.4	526.4	532.8	536.8
Strategic Growth Areas [3]	2.0	15.0	15.0	17.0	17.0	18.0	20.0	-	-	-
Strategy, Transparency, Innovation & Resiliency Office	-	-	-	-	-	-	-	4.0	6.0	6.0
Voter Registration & Elections	12.0	12.0	12.0	12.0	12.0	11.9	11.9	12.0	12.0	12.0
Total City Positions	6,953.6	6,793.7	6,833.3	6,902.8	6,924.7	6,990.2	6,964.3	7,087.7	7,254.9	7,331.9
Total School Positions	10,391.9	10,476.3	10,387.3	10,326.5	10,190.9	10,220.0	10,034.3	10,154.8	10,207.8	10,333.4
TOTAL POSITIONS	17,345.5	17,270.0	17,220.6	17,229.3	17,115.6	17,210.2	16,998.6	17,242.5	17,462.7	17,665.3

Source: City of Virginia Beach Resource Management Plans

[1] Communications Office was previously reported as part of the City Manager's Office.
[2] City Clerk and Council are reported in Legislative.
[3] Strategic Growth Area was consolidated with Planning in 2017.

CITY OF VIRGINIA BEACH, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

FUNCTION	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Number of physical adult arrests	23,951	23,923	23,705	23,633	22,224	21,698	19,042	17,933	18,307	16,971
Number of calls for service	196,717	196,626	195,156	187,884	179,974	176,474	173,451	178,929	173,602	167,598
Number of traffic accidents	8,759	8,391	8,102	8,169	8,138	7,913	8,368	8,813	8,290	7,916
Fire										
Number of structure fire incidents	413	453	474	430	410	396	463	398	398	406
Number of non-structure fire incidents	673	799	714	535	614	546	543	542	543	379
Number of medical assisted incidents	18,114	17,930	20,727	25,656	26,099	26,952	27,786	27,854	27,257	27,141
Number of other incidents	9,870	11,488	13,166	13,307	13,379	13,679	16,309	17,031	14,597	13,688
Public Utilities										
Number of water connections	131,618	131,897	132,010	132,324	132,615	132,940	133,411	133,777	134,076	137,375
Number of sewer connections	129,318	129,584	129,150	129,417	129,639	129,908	130,599	130,926	131,186	131,464
Planning and Community Development										
Number of building permits issued	11,322	7,636	8,003	7,956	7,607	8,192	8,349	8,450	10,461	6,222
Storm Water										
Number of storm water connections	***	***	***	***	***	***	***	***	***	118,580
Waste Management										
Number of homes receiving refuse collection	123,789	124,179	124,171	124,536	124,634	122,041	122,282	122,369	122,622	122,942
Number of tons of garbage collected	196,145	147,760	137,413	133,958	130,245	208,917	211,004	180,757	171,315	178,590
Public Libraries										
Number of items circulated	3,522,707	3,636,416	3,614,378	3,573,663	3,269,563	3,076,575	2,777,954	2,557,104	2,478,687	2,482,408
Number of visits to libraries	2,536,191	2,536,191	1,741,936	1,624,940	1,784,513	1,808,352	1,916,430	1,672,127	1,431,773	1,270,459
Culture and Recreation										
Number of visits to recreation centers	1,502,059	1,538,616	1,614,682	1,795,782	1,871,312	1,896,615	2,004,301	1,905,763	2,598,493	1,779,107
Number of recreation centers	6	6	7	7	7	7	7	7	7	7
Education										
Student membership	69,225	69,219	68,977	68,614	68,569	68,351	67,890	67,152	67,091	66,593
Number of elementary schools	56	55	55	55	55	55	55	55	55	55
Number of secondary schools	24	24	24	24	24	24	25	25	25	25
Number of specialty schools	9	7	7	9	8	8	8	7	7	7

Sources: Various City Departments
*** Information not available.

CITY OF VIRGINIA BEACH, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
FUNCTION										
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Vehicles Units - Marked	242	242	269	262	262	246	230	206	227	222
Helicopter	2	2	2	2	2	2	2	2	2	2
Watercraft:										
Boats	8	8	8	8	6	8	9	8	9	9
Fire										
Stations	19	19	19	19	19	19	19	19	20	20
Fire Trucks	50	50	46	45	45	45	47	49	52	57
Public Works										
Miles of streets:										
Lane miles:										
Arterial	735	739	738	744	744	745	750	712	717	717
Collector/Local	2,670	2,676	2,676	2,680	2,686	2,714	2,726	2,701	2,704	2,705
Center Lane miles:										
Arterial	192	192	192	192	192	193	193	173	174	174
Collector/Local	1,304	1,307	1,308	1,312	1,312	1,326	1,330	1,322	1,324	1,324
Number of Street Lights	45,509	46,806	48,277	48,418	48,747	48,788	49,118	49,285	49,342	49,335
Collection Trucks	101	101	109	100	100	100	103	99	84	84
Public Library										
Number of Branches	10	10	10	10	10	10	10	10	10	10
Number of Physical Items	922,313	877,015	910,470	866,255	858,784	757,209	717,734	678,122	683,371	587,946
Number of Electronic Items	***	***	***	***	***	***	***	***	***	720,473
Culture and Recreation										
Number of Developed District Parks	8	8	8	8	8	8	8	8	8	8
Number of Developed Community Parks	13	13	13	11	11	11	13	13	13	13
Number of Developed Neighborhood Parks	181	180	181	182	179	179	169	167	167	167
Number of Natural Parks	3	3	5	5	5	5	5	5	5	5
Other Park Areas	58	45	46	47	48	48	48	48	48	50
Number of Acres in Developed Parks	3,158	3,174	3,648	3,648	3,649	3,661	3,664	3,685	3,685	3,927
Golf Courses (City Owned)	5	5	5	5	5	5	5	5	5	5
Recreation Centers	6	6	7	7	7	7	7	7	7	7
Water										
Miles of Water Lines	1,483	1,488	1,490	1,492	1,496	1,499	1,499	1,501	1,503	1,505
Water Pumping Stations	9	9	9	9	9	10	10	10	10	10
Sewer										
Miles of Sewer Lines	1,623	1,630	1,635	1,639	1,646	1,653	1,646	1,646	1,648	1,649
Sewer Pumping Stations	405	406	405	406	407	408	408	408	410	412
Storm Water*										
Miles of Pipe Lines	***	***	***	***	***	***	***	***	1,109	1,156
Miles of Ditches	***	***	***	***	***	***	***	***	717	657
Storm Water Pumping Stations	***	***	***	***	***	***	***	***	16	16

Source: Various City Departments
*** Information not available.

Note: Ambulances are not included in the above information as they are privately owned by the Volunteer Rescue Squads.

CITY OF VIRGINIA BEACH, VIRGINIA **Table 20**
SCHEDULE OF THE TREASURER'S CASH ACCOUNTABILITY
JUNE 30, 2019
(UNAUDITED)

Cash in Office		$ 5,500
Cash With		
Bank of America:		
Regular	156,268,424	
Investments	8,000,000	
Welfare	1,084,569	
School Board Empl Salary Escrow	197,384	
BB&T:		
Collateralized Deposit Program	10,000,000	
School Payroll	5,986,799	
BB&T Capital Markets:		
Investments	195,353,605	
Cantor Fitzgerald:		
Investments	24,788,476	
Raymond James		
Investments	258,055,301	
RBC:		
Investments	68,505,628	
SunTrust Bank:		
City Payroll	19,707,493	
Towne Bank:		
Investments	65,000,000	
Treasurer of Virginia:		
Investment Pool	67,000,000	
Union Bank:		
Investment	10,000,000	
VML/VACO:		
Virginia Investment Pool	10,644,232	
Virginia Investment Pool - Liquidity Pool	62,455,382	
Total Deposits and Investments		963,047,293
Cash with Trust Agents		
Cash With SNAP Program	24,091,535	
Cash With Trustee - Debt Service	9,340,050	
Cash With Trustee - Treasury Strips	34,075,814	
Total Cash with Trust Agents		67,507,399
Total Cash Accountability		1,030,560,192
Add:		
Accrued Interest on Investments	5,447,684	
Commonwealth of Virginia - Deferred Debits	8,962	
Deposits in Transit	3,480,327	
		8,936,972
Deduct:		
Commonwealth of Virginia - Current Credits	27,635	
Treasurer Restitution	37,227	
Treasurer Court Costs & Fines	33,506	
V. Leigh Henderson - Deferred Account	6,488	
Over and Short	11,550	
Outstanding Checks:		
Bank of America	10,392,597	
Bank of America - Welfare	514,511	
BB&T - School Payroll	246,110	
SunTrust - City Payroll	8,732	(11,278,355)
Total Cash Accountability		1,028,218,809
Reconciliation of Cash Accountability to the government-wide financial statements at June 30, 2018 as reported in Note 8:		
Balance of City and School funds		1,028,218,809
Funds for which the Treasurer does not act as fiscal agent:		
School Cafeteria Funds		5,000
School Activity Funds		4,166,903
Development Authority		13,554,444
Treasury Strips		3,542,867
Other		208
Total deposits and investments of the government-wide financial statements		$ 1,049,488,231



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SINGLE AUDIT SECTION

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT 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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Virginia Beach, Virginia (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 20, 2019.

Our report includes a reference to other auditors who audited the financial statements of the Virginia Beach Community Development Corporation, a discretely presented component unit. 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.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal* control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 20, 2019

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the City of Virginia Beach'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, 2019. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. The City's basic financial statements include the operations of the Virginia Beach Community Development Corporation (VBCDC), a discretely presented component unit which may have received federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2019. Our audit described below did not include the operations of VBCDC. VBCDC engaged other auditors to perform an audit in accordance with the Uniform Guidance, if required.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

A member of Nexia International

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major Federal programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.

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.

The City's responses to the internal control over the compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
November 20, 2019

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(s) identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major programs:

Material weakness (es) identified?	____	Yes	X	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	X	Yes	____	None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Administrative Requirements, Cost Principles, and audit Requirements for Federal Awards (Uniform Guidance)	X	Yes	____	No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.871	Section 8- Housing Choice Voucher Program
17,258, 17.259, 17.275	Workforce Innovation and Opportunity Act (WIOA)
84.010	Title I
84.041	Impact Aid
93.658	Foster Care – Title IV-E
93.667	Social Services Block Grant
93.777, 93.778	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: $3,000,000

Auditee qualified as low-risk auditee?	____	Yes	X	No

II. Financial Statement Findings

None.

III. Federal Award Findings and Questioned Costs

2019-001

Prior Year Finding:	No
Federal Agency:	U.S. Department of Education
Federal Program:	Title I
Pass-Through Agency:	Virginia Department of Education
CFDA Number:	84.010
Award Number and Year:	None- state allocation and 2019
Compliance Requirement:	Eligibility – Title I Allocation
Type of Finding:	Significant Deficiency- Internal Control Over Compliance

Criteria or specific requirement:
Internal control: 200.303 The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:
We noted the errors on the Title I allocation worksheet. The free and reduced meals served (FARMS) data for one school and total enrollment for another was incorrectly reported on the Title I allocation worksheet. The FARMS data for New Castle Elementary school was reported as 139, compared to the FARMS data of 175.The total enrollment data for Brandon middle school was reported as 1,163 compared to total enrollment data of 1,225.

Context:
The data for 2 out of 82 schools included in the Title I allocation worksheet was incorrect.

Questioned costs:
None noted, the Title I allocation to the schools was not affected by the incorrect FARMS data.

Cause:
The errors were not identified as part of the allocation worksheet review process.

Effect:
The schools eligibility and related Title I allocation to the schools may be incorrect.

Recommendation:
We recommend that the Schools review current procedures and enhance (as deemed necessary) to ensure that the review process requires comparison of all source data to the Title I allocation worksheet.

Views of responsible officials:
Management agrees with the finding

2019-002

Prior Year Finding:	2018-001
Federal Agency:	U.S. Department of Housing and Development
Federal Program:	Section 8 Housing Choice Voucher Program
CFDA Number:	14.871
Award Number and Year:	Various awards- Consolidated Annual Contributions Contract- PIH Section 8 – Funding Exhibit
Compliance Requirement:	Special test- Rent Reasonableness (New Tenants, Existing Tenants)
Type of Finding:	Significant deficiency, Non compliance

Criteria or specific requirement:

Control: Per 2 CFR section 200.303(a), a non-Federal entity must: establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Compliance**:** The PHA must determine that the rent to owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract: (a) before any increase in the rent to owner, and (b) at the HAP contract anniversary if there is a five percent decrease in the published Fair Market Rent in effect 60 days before the HAP contract anniversary. The PHA must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract) (24 CFR sections 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507).

Condition:

The determination for rent reasonableness was completed after the contract effective date for new and existing tenants. We noted that rent reasonableness was completed within 30-days after the effective date.

Condition:

The determination for rent reasonableness was completed after the contract effective date for new and existing tenants. We noted that rent reasonableness was completed within 30-days after the effective date.

Context:

New tenants:

Rent reasonableness determination was not completed prior to the effective date for 3 out of 10 new tenants in accordance federal requirements. Two of the three rent reasonableness exceptions occurred prior to the implementation of the corrective action plan as a result of the 2018 single audit.

Existing tenants:

Rent reasonableness determination was not completed prior to the effective date for 6 out of 38 existing tenants in accordance federal requirements. Five of the six rent reasonableness exceptions occurred prior to the implementation of the corrective action plan as a result of the 2018 single audit.

Questioned costs:

None noted, the rent was determined to be reasonable as required by the federal requirements.

Cause:

The City was notified of the finding in November 2018 and began implementation of the corrective action plan in December 2018. The City's corrective action and related staff training was in process until June 30, 2019.

Effect:

The City was unable to consistently document compliance with the rent reasonableness requirements.

Recommendation:

We recommend that the City review current procedures for performing and documenting rent reasonableness determinations to ensure that the procedures comply with federal requirements.

Views of responsible officials:

Management agrees with the finding

IV. Compliance with the Commonwealth of Virginia Laws, Regulation, Contract and Grants

2019-APA-01 Department of Social Services Computer System Access
Prior Year finding: No

Criteria or specific requirement
Auditor of Public Accounts *Specifications for Counties, Cities and Towns, Chapter 3 Section 15,* local government officials are required to terminate the access privileges of all Virginia Department of Social Services system users within three working days of employment termination.

Condition:
We noted that three out of twelve employee's access was not terminated within the three day requirement.

Cause:
The employee responsible for terminating access was not available to perform the task. The City did not have an employee that was able to assume the responsibility.

Effect:
The City is not compliant with the APA requirement.

Recommendation:
We recommend that the City review current procedures and enhance (as deemed necessary) to ensure that employee's access is terminated in accordance with APA requirement.

CITY OF VIRGINIA BEACH, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Grant Agency Number	Federal Expenditures ($)	Loans ($)	Cluster Total ($)	Program Total ($)	Passed through to Sub-Recipients ($)
DEPARTMENT OF AGRICULTURE							
Direct Payments:							
Child and Adult Care Food Program [1]	10.558		146,875				
Pass Through Payments:							
Virginia Department of Agriculture							
Child and Adult Care Food Program [1]	10.558		387,071				
Virginia Department of Education							
School Breakfast Program (Child Nutrition Cluster)	10.553		4,973,241				
National School Lunch Program (Child Nutrition Cluster)	10.555		13,915,831				
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559		169,307				
State Administrative Expenses for Chile Nutrition	10.560		472				
Virginia Department of Social Services							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		3,688,616				
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596		4,785				
Total for Child Nutrition Cluster (10.555 and 10.558)					19,058,378		
1 - Total for Child and Adult Care Food Program (10.558)						533,947	
DEPARTMENT OF COMMERCE, NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION							
Direct Payments:							
Coastal Services Center	11.473	*NA16NOS4730011*	291,248				
Pass Through Payments:							
Old Dominion University							
Science, Technology, Business and/or Education Outreach	11.620	*100631-010*	1,500				
DEPARTMENT OF DEFENSE							
Direct Payments:							
ONR Science, Technology, Engineering & Mathmatics (STEM) Program	12.330		12,009				
Promoting K-12 Student Achievement at Military Connected Schools	12.556	*HE1254-13-1-0041, HE1254-16-1-0026*	317,697				
Department of Defense Impact Aid	12.558		2,131,760				
Junior ROTC Program	12.XXX		357,082				
Military Spouse Career Advancement Account Program	12.XXX		2,000				
Pass Through Payments:							
Virginia Department of Education							
Promoting K-12 Student Achievement at Military Connected Schools	12.556		32,965				
Invitational Grants for Military Connected Schools	12.557	*HE1254-12-1-020, HE1254-14-1-0033*	85,976				
National Security Agency							
Language Grant Program	12.900	*H98230-16-1-0221, H98230-17-1-0221*	83,252				
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Direct Payments:							
Community Development Block Grants/Entitlement Grants[3]	14.218	*B-13/14/15/16/17/18-MC-51-0021,0680200*	1,916,509				
Passed through to - Mother Seton House[3]	14.218						113,904
Passed through to - Judeo Christian Outreach Center[3]	14.218	*COMP-18-0032*					139,761
Passed through to - FORKIDS INC[3]	14.218	*COMP-18-0049*					112,205
Passed through to - Samaritan House - Child Services[3]	14.218	*COMP-18-0028*					61,955
Passed through to - PIN Ministry[3]	14.218						15,000
Community Development Block Grants/Entitlement Grants - Loans	14.218		2,587,739				
Loans begnning balance[4]	14.218			2,559,230			
New loans[4]	14.218			28,509			

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Grant Agency Number	Federal Expenditures ($)	Loans ($)	Cluster Total ($)	Program Total ($)	Passed through to Sub-Recipients ($)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)							
Direct Payments:							
Emergency Solutions Grant Program[4]	14.231	*E-17/18-MC-51-0021*	173,248				
Passed through to - Samaritan House[4]	14.231	*COMP-17-0008*					108,553
Passed through to - JCOC[4]	14.231	*COMP-17-0024*					46,406
Passed through to - Seton House[4]	14.231	*COMP-17-0027*					12,607
Home Investement Partnerships Program[5]	14.239	*M-14/15/16/17/18-MC-51-0207*	1,002,455				
Passed through to - CAMG[5]	14.239	*COMP-17-0007*					40,000
Passed through to - Renaissance Apartments[5]	14.239						750,000
Home Investment Parternships Program - Loans	14.239		2,338,370				
Loans begnning balance[4]	14.239			2,338,370			
New loans[4]	14.239			-			
Housing Opportunities for Persons with AIDS[6]	14.241	*VAH16/17/18F002*	1,302,958				
Passed through to - Access AIDS Care[6]	14.241	*COMP-17-0055*					1,197,366
Section 8 Moderate Rehab Single Room Occupancy	14.249	*VA039SRO002, VA039SRO003*	1,502,045				
Continuum of Care Program	14.267	*VA0151L3F031403, VA0266L3F031500*	35,615				
Section 8 Housing Choice Voucher	14.871	*Section 8 Housing Choice Voucher*	15,966,780				
Supportive Services	14.877	*FSS17VA0177/FSS18VA2526*	45,279				
3 - Total for Community Development Block Grants/Entitlement Grants (14.218)						4,504,248	
4 - Total for Emergency Solutions Grant Program (14.231)						173,248	
5 - Total for Home Investment Partnership Program (14.239)						3,340,825	
3 - Total for Housing Opportunities for Persons with AIDS (14.241)						1,302,958	
U.S. FISH AND WILDLIFE SERVICE							
Pass Through Payments:							
Virginia Department of Game and Inland Fisheries							
Refuge Revenue Sharing Act (Public Law 95-469)	15.659	*540722061141600*	178,404				
DEPARTMENT OF JUSTICE							
Direct Payments:							
Edward Byrne Memorial Justice Assistance Grant Program	16.738	*2013-DJ-BX-0972, 2014-DJ-BX-0993, 2015-DJ-BX-0536, 2016-DJ-BX-0166*	98,574				
Body Work Camera Policy and Implementation	16.835	*2017-BC-BX-0020*	167,980				
Assistance to Localities for Administration	16.XXX		144,910				
Pass Through Payments:							
Office of the Attorney General							
Hampton Roads Human Trafficking Task Force	16.3200	*2016-VT-BX-K012*	3,852				
Virginia Department of Criminal Justice Services							
Victim Witness Program	16.575	*2015-VA-GX-0043*	344,767				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		8,192				
Equitable Sharing Program	16.922		46,039				
DEPARTMENT OF LABOR							
Pass Through Payments:							
Virginia Community College System							
Workforce Investment Act Adult Program	17.258	*AA-28347-16-55A-51*	2,294,297				
Passed through to - Opportunity Inc. (WIA/WIOA Cluster)							2,294,297
Workforce Investment Act Youth Activities	17.259	*AA-28347-16-55A-51*	2,139,039				
Passed through to - Opportunity Inc. (WIA/WIOA Cluster)							2,139,039
Workforce Investment Act Dislocated Workers	17.278	*AA-28347-16-55A-51*	1,021,925				
Passed through to - Opportunity Inc.							1,021,925
Total for WIA/WIOA Cluster (17.258, 17.259 and 17.278)					5,455,261		

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Grant Agency Number	Federal Expenditures ($)	Loans ($)	Cluster Total ($)	Program Total ($)	Passed through to Sub-Recipients ($)
DEPARTMENT OF TRANSPORTATION FEDERAL HIGHWAY ADMINISTRATION							
Pass Through Payments:							
Virginia Department of Transportation							
Highway Planning and Construction	20.205	*UPC #'s: 97737, 103583, 84366, 15829, 106146-8*	10,957,792				
Virginia Department of Motor Vehicles							
State and Community Highway Safety	20.600	*FOP-2018-58104-8104,FOP-2019-59175-9175*	62,703				
Alcohol and Open Container Requirements	20.607	*154-AL-2018-58116-8116,154AL-2019-59027-902 7,FRS-2018-58214-8214*	33,578				
DEPARTMENT OF VETERANS AFFAIRS							
Direct Payments:							
Post-9/11 Veterans Educational Assistance	64.027		3,026				
DEPARTMENT OF EDUCATION							
Direct Payments:							
Impact Aid	84.401		11,048,816				
Federal Pell Grant Program	84.063		30,643				
Pass Through Payments:							
Virginia Department of Education							
Adult Education - Basic Grants to States	84.002	*V002A150047, V002A160047*	303,949				
Title I Grants to Local Education Programs	84.010	*S010A150046, S010A160046*	13,296,056				
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		53,595				
Special Education - Grants to States (Special Education Cluster - IDEA)	84.027	*H027A14/15/160107*	13,523,588				
Career and Technical Education-Basic Grants to States	84.048	*V048A150046, V048A150046*	944,622				
Special Education - Preschool Grants (Special Education Cluster - IDEA)	84.173	*H173A150112, H173A160112*	427,330				
Special Education - Grants for Infants and Families	84.181		545,476				
Education for Homeless Children and Youth	84.196	*S196A13/15/160048*	107,833				
Twenty-First Century Community Learning Centers	84.287	*S287C14/15/160047*	115,708				
English Language Acquisition State Grants	84.365	*S365A150046, S365A150046*	119,124				
Improving Teacher Quality State Grants	84.367	*S367A14/15/160044*	1,495,376				
Pre-school Development Grants	84.419		794,755				
Student Support and Academic Enrichment Program	84.424		321,290				
Total for Special Education Cluster - IDEA (84.027 and 84.173)					13,950,918		
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Pass Through Payments:							
Virginia Department for the Aging/Southeastern Virginia Area Wide Model Program							
National Family Caregiver Support, Title III, Part E	93.052		22,917				
Virginia Department of Behavioral Health and Developmental Services							
Projects for Assistance in Transition from Homelessness (PATH)	93.150		126,949				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		32,791				
Opioid STR	93.788		557,564				
Block Grants for Community Mental Health Services	93.958		241,669				
Block Grants for Prevention and Treatment of Substance Abuse	93.959		1,727,055				

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Grant Agency Number	Federal Expenditures ($)	Loans ($)	Cluster Total ($)	Program Total ($)	Passed through to Sub-Recipients ($)
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)							
Pass Through Payments:							
Virginia Department of Social Services							
Promoting Safe and Stable Families	93.556	*950115*	142,460				
Temporary Assistance for Needy Families	93.558	*0400114, 0400115, 0400116, 0900116*	1,937,747				
Refugee and Entrant Assistance_Voluntary Agency Programs	93.566	*0500116, 0510114*	865				
Low-Income Home Energy Assistance	93.568	*0600415, 0600416, 0600515, 0600616*	306,056				
Child Care and Development Block Grant (CCDF Cluster)	93.575	*0770114, 0770115, 0770116*	(34,113)				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	*0750116, 0760116*	322,792				
Chafee Educational and Training Vouchers Program (ETV)	93.599	*9160115*	16,539				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	*900116*	1,910				
Foster Care Title IV-E	93.658	*1100116*	2,799,794				
Adoption Assistance	93.659	*1120116*	2,181,312				
Social Services Block Grant	93.667	*1000116*	3,296,392				
Chafee Foster Care Independence Program	93.674	*9150116*	41,076				
Children's Health Insurance Program	93.767	*540116*	87,323				
Medical Assistance Program	93.778	*1200116*	6,573,519				
HIV Prevention Activities Health Department Based	93.940		15,791				
Total for CCDF Cluster (93.575 and 93.596)					288,679		
DEPARTMENT OF HOMELAND SECURITY							
Direct Payments:							
Port Security Grant Program	97.056	*EMW-2014-PU-00087, EMW-2015-PU-00132, EMW-2014-PU-00087, EMW-2016-PU-00362*	18,963				
Pass Through Payments:							
Federal Emergency Management (FEMA)							
National Urban Search and Rescue Response System	97.025	*EMW-2014-CA-K00005-S01, EMW-2015-CA-00005, EMW-2016-CA-00027, EMW-2013-CA-USR-0027-M001/03*	2,589,596				
Port Security Grant Program	97.056		7,700				
Virginia Department of Emergency Management							
Flood Mitigation Assistance	97.029		452,386				
Disaster Grants - Public Assistance - Presidentially Declared Disasters7	97.036	*FIPS# 810-82000-00*	176,253				
Emergency Management Performance Grants	97.042		220,826				
State Homeland Security Grant	97.067		71,239				
7-Expenditures occured in FY2017 but were reimbursed in FY2019							
TOTAL FEDERAL EXPENDITURES			$ 138,041,293				$ 7,311,478

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

1 General

The accompanying Schedule of Expenditures of Federal Awards presents federally assisted programs of the City of Virginia Beach, Virginia and the City's Component Units. The City's reporting entity is disclosed in Note 1A to the City's basic financial statements. Federal awards received directly from federal agencies as well as through other government agencies are included on the schedule.

2 Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1C to the City's basic financial statements.

3 Loans

The City of Va. Beach provides loans to qualified low income borrwers through CFDA #14.239, Home Investment Partnerships Program, to promote home ownership and provide assistance with down payments and closing costs. The outstanding principal balance of the HOME loans was $2,339,562 at June 30, 2019.

The City of Va. Beach provides loans to qualified low income homeowners or homeowners living in areas targeted for improvement, resulting in the elimination of health or safety code violations, through CDFA #14.218, Community Development Block Grants. The outstanding principal balance of $2,790,887 at June 30, 2019.

4 Relationship to Financial Statements

Revenues from federal awards are reported in the City's basic financial statements as follows:

General Fund		$ 22,588,938
Capital Projects Fund		8,417,325
Non Major Governmental Funds		31,079,871
Enterprise Funds		1,506,835
School Board Funds		67,416,059
Total federal awards reported in basic financial statements		$ 131,009,028

Less: Revenue closed to fund balances from the following:

National School Lunch Program	10.555	(103,048)
Coastal Services Center	11.473	44,888
Community Development Block Grants	14.218	31,088
Community Development Block Loans	14.218	(2,587,739)
Home Investement Partnerships Program Grants	14.239	(854,815)
Home Investement Partnerships Program Loans	14.239	(2,338,370)
HOPWA Total	14.241	11,647
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	44,017
Continuum of Care Program	14.267	4,208
Supportive Services	14.877	(16,296)
Section 8 Housing Choice Voucher	14.871	(11,894)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3,675
Victims of Crim Act Grant Program (Victim Witness Program)	16.575	(3,642)
Body Work Camera Policy and Implementation	16.835	(83,259)
Highway Planning and Construction	20.205	(3,265,089)
DMV Seat Belt Enforcement	20.600	11,361
DMV Select DUI	20.607	4,402
Special Education - Grants for Infants and Families	84.181	11,932

CITY OF VIRGINIA BEACH, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	36,058
Social Services Block Grant	93.667	(972,379)
Opioid STR	93.788	363,602
National Urban Search and Rescue Response System	97.025	253,517
Flood Mitigation Assistance	97.029	(452,386)
Emergency Management Performance Grants	97.042	(3,649)
Port Security Grant Program	97.056	11,895
State Homeland Security Grant	97.067	86,355
		(9,773,922)
Less: Revenue not subject to Single Audit:		
Federal Reimbursement for Police OT		88,535
Encroachment Partnership Agreement - BRAC		724,622
General Fund Federal Bond Subsidy		285,200
Water & Sewer EF Federal Bond Subsidy		914,264
Storm Water EF Federal Bond Subsidy		256,436
Debt Service SRF Federal Bond Subsidy		472,600
Total Revenue not subject to Single Audit:		2,741,657
Total Federal Expenditures		$ 138,041,293

5 Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule substantially agree with the amounts reported in the related federal financial reports except that certain federal financial reports are prepared on the cash basis of accounting and the Schedule of Expenditures of Federal Awards is prepared on the basis of accounting described in Note 2 above.

6 Highway Planning and Construction Grants

The City's Highway Planning and Construction Grants are typically multi-year projects with flexible funding sources that result in funding allocation changes throughout the life of the project. Accordingly, due to the inherent nature of these transportation grants, the City prepares the accompanying Schedule using the best information received at the time of the reporting. In cases where it is difficult to identify the mix of Federal and State money under the Highway Planning and Construction program, the expenditures are reported on the accompanying schedule.

7 Indirect Cost Rate

The City does not elect to use a 10% de minimis indirect cost rate allowed under section §200.414(f).



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CONTINUING DISCLOSURE

Continuing Disclosure

This part of the City of Virginia Beach comprehensive annual financial report presents detailed information with regards to Rule 15c2-12 promulgated by the Securities and Exchange Commission to provide certain annual financial information and material event notices.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAXPAYERS*
FISCAL YEAR ENDING JUNE 30, 2019
(UNAUDITED)

	Taxpayer	Business Type	Real Property Assessed
1	Armada Hoffler	Office/ Apartments/ Hotel/ Retail/ Restaurant/ College/ Vacant Land	$ 542,623,900
2	Dominion Energy, Inc.	Utility	431,109,220
3	Ramon W. Breeden, Jr.	Apartments/ Shopping Center/ Hotel Condominium -Timeshare/ Fast-Food/ Restaurant/ Office/ Vacant Land	346,002,900
4	A.D. & L.E. Fleder & J.M. & R.J. Caplan	Shopping Centers/ Retail/ Restaurant/ Apartments/ Condominiums/ Vacant Land	321,229,200
5	Lynnhaven Mall LLC	Shopping Mall	290,989,700
6	E. C. & A. F. Ruffin & B. L. Thompson	Hotel/ Apartments/ Shopping Center/ Retail/ Restaurant/ Office/ Parking Garage/ Vacant Land	256,820,500
7	Pembroke Square Associates LLC	Shopping Mall/ Retail/ Restaurants/ Fast Food/ Shopping Centers/ Office/ Apartments/ Condominium/ Warehouse/ Vacant Land	210,912,800
8	Cheryl P. McLeskey	Shopping Centers/ Townhouses/ Condominiums/ Marina/ Retail/ Car Dealership/ Vacant Land	157,255,300
9	Thomas J. Lyons, Jr. & Joan N.	Hotel	148,308,200
10	Verizon Virginia, LLC	Utility	138,443,269
11	Christian Broadcasting Associates, Inc./Network, Inc.	Broadcasting/ Office/ Apartments/ Hotel	133,954,000
12	Shamin Hotels	Hotel	125,555,700
13	Watergate Treehouse & Chanticleer Associates LP	Apartments	121,900,100
14	W. Taylor Franklin	Apartments/ Vacant Land	112,618,700
15	Windsor Lake & Shoreline Apartments LLC.	Apartments/ Shopping Center/ Restaurant/ Vacant Land	109,721,900
16	Potter Properties	Shopping Center/ Banks/ Fast-Food/ Restaurant/ Retail/ Vacant Land	109,563,400
17	Virginia Natural Gas, Inc.	Utility	108,553,574
18	Westminster Canterbury of Hampton Roads, Inc.	Retirement Center/ Condominiums/ Vacant Land	101,646,600
19	Sifen, Michael D.	Shopping Centers/ Restaurant/ Retail/ Vacant Land	94,243,300
20	Wal Mart Real Estate Business Trust	Retail Stores	90,849,200
21	KRG Virginia Beach Landstown LLC	Shopping Center	89,851,800
22	T.J. & A. Stiffler & M.B. & M.J. Stone Lewis	Office/ Hotel/ Retail/ Storage/ Fast-Food	77,746,000
23	Paul Van	Apartments	70,770,100
24	Atlantic Shores Cooperative Association, Inc.	Apartments	66,274,200
25	Occidental Development, Ltd.	Apartments	65,256,200
	Total		$ 4,322,199,763

* Also see Statistical Table 8

Sources: Office of Real Estate Assessor
Commissioner of the Revenue

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX RATES AND CHANGE IN TAX LEVY
FISCAL YEARS 2009 THROUGH 2019
(UNAUDITED)

Fiscal Year [1]	Tax Rate on Real Property [2]	Real Property Tax Levy [3]	Percentage Annual Change in Tax Levy
2009	$ 0.8900	$ 497,742,524	2.92
2010	0.8900	485,659,493	(2.43)
2011	0.8900	456,029,699	(6.10) [4]
2012	0.8900	443,160,075	(2.82)
2013	0.9500	457,057,821	3.14
2014	0.9300	446,015,531	(2.42)
2015	0.9300	463,184,807	3.85 [4]
2016	0.9900	510,528,757	10.22
2017	0.9900	528,410,384	3.50
2018	1.0025	551,883,966	4.44
2019	1.0175	570,105,091	3.30

Source: City Department of Finance

[1] Eleven years of data are shown for consistency with past Official Statements.

[2] Tax rate per $100 per assessed value. See Statistical Table 7.

[3] Calculation of the Real Property Tax Levy begins with the Real Property Assessed Value on Schedule 1-3 and then is adjusted by Supplements, Exonerations, Special Service District additional levies and other miscellaneous adjustments to arrive at the Tax Levy. See Statistical Table 9.

[4] Reflects correction to percentage annual change in tax levy from prior schedules.

CITY OF VIRGINIA BEACH, VIRGINIA
HISTORICAL ASSESSED VALUE
FISCAL YEARS 2009 THROUGH 2019
(UNAUDITED)

Fiscal Year [1]	Real Property Assessed Value [2]	Percentage Change From Prior Year	Personal Property Assessed Value	Percentage Change From Prior Year	Public Service Property Assessed Value [3]	Percentage Change From Prior Year	Total Assessed Value	Percentage Change From Prior Year
2009	$ 56,766,753,287	2.94	$ 3,712,297,032	(10.60)	$ 807,890,384	24.69	$ 61,286,940,703	2.24
2010	55,379,973,665	(2.44)	3,611,774,884	(2.71)	890,229,132	10.19	59,881,977,681	(2.29)
2011	51,975,401,446	(6.15)	4,078,095,291	12.91	927,509,746	4.19	56,981,006,483	(4.84)
2012	50,508,022,826	(2.82)	4,305,125,900	5.57	938,327,087 [4]	1.17	55,751,475,813 [4]	(2.16)
2013	48,851,994,658	(3.28)	4,249,692,532	(1.29)	929,843,170	(0.90)	54,031,530,360	(3.09)
2014	48,737,614,190	(0.23)	4,334,018,923	1.98	889,050,800	(4.39)	53,960,683,913	(0.13)
2015	50,577,279,180	3.77	4,569,833,578	5.44	875,496,571	(1.52)	56,022,609,329	3.82
2016	52,016,374,504	2.85	4,582,059,618	0.27	895,479,945	2.28	57,493,914,067	2.63
2017	53,840,546,037	3.51	4,692,383,356	2.41	945,094,380	5.54	59,478,023,773	3.45
2018	55,520,701,233	3.12	4,786,765,849	2.01	983,607,868	4.08	61,291,074,950	3.05
2019	57,299,357,619	3.20	5,647,066,916	17.97	1,020,179,772	3.72	63,966,604,307	4.37

[1] Eleven years of data are shown for consistency with past Official Statements.

[2] Real Property is assessed at 100% of fair market value.

[3] Includes both real estate and personal property assessment. All public service property is taxed at the real estate tax rate, except for vehicles.

[4] Assessed value for FY 2012 for public service property was over-stated in prior schedules by $366,312.

Source: City Department of Finance, Statistical Table 6

CITY OF VIRGINIA BEACH, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2009 THROUGH 2019
(UNAUDITED)

Fiscal Year [1]	Total Tax Levy [2]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	$ 570,582,069	$ 547,934,162	96.0	$ 19,571,362	$ 567,505,524	99.5
2010	546,129,490	526,040,648	96.3	17,124,532	543,165,180	99.5
2011	523,586,269	504,769,073	96.4	15,182,179	519,951,252	99.3
2012	522,586,852	501,282,299	95.9	15,791,366	517,073,665	98.9
2013	536,618,666	516,542,429	96.3	16,302,677	532,845,106	99.3
2014	527,036,431	509,339,982	96.6	15,958,993	525,298,975	99.7
2015	558,420,893	537,056,367	96.2	17,823,675	554,880,042	99.4
2016	613,105,892	589,411,524	96.1	17,602,206	607,013,730	99.0
2017	634,993,466	609,085,906	95.9	18,692,087	627,777,993	98.9
2018	662,272,634	636,789,707	96.2	16,934,860	653,724,567	98.7
2019	688,073,333	638,348,095	92.8	-	638,348,095	92.8

Source: City Department of Finance

Note: Collections in Subsequent Years represents delinquent accounts collected during the course of the fiscal year for all prior fiscal years.

[1] Eleven years of data are shown for consistency with past Official Statements.

[2] Includes both Real and Personal Property including Public Service Corporations. See Statistical Table 9. For FY 2019, the breakdown is as follows:

Real Property tax levy (includes Public Service Corporation real property):	$ 570,105,091
Personal Property tax levy (includes Public Service Corporation personal property):	117,968,242
	$ 688,073,333

CITY OF VIRGINIA BEACH, VIRGINIA
PRINCIPAL TAX REVENUES BY SOURCE
FISCAL YEARS 2009 THROUGH 2019
(UNAUDITED)

Fiscal Year [1]	Real Property Taxes [2]	Personal Property Taxes [2]	General Sales Tax	Utility Tax	Restaurant Meal Tax	Other Taxes	Total Taxes Assessed
2009	$ 515,768,880	$ 70,181,027	$ 51,439,533	$ 45,764,804	$ 48,304,462	$ 105,627,818	$ 837,086,524
2010	504,334,961	59,813,526	50,263,545	46,662,622	48,442,376	103,385,929	812,902,959
2011	474,474,648	65,943,535	51,743,905	45,129,301	50,594,181	108,691,603	796,577,173
2012	461,480,333	73,705,379	53,375,318	45,254,169	53,254,313	109,728,241	796,797,753
2013	476,217,120	74,723,035	54,978,531	44,623,292	55,122,465	115,403,784	821,068,227
2014	464,439,667	78,678,322	56,431,418	44,050,182	56,872,794	114,548,325	815,020,708
2015	481,774,192	90,898,635	58,164,569	43,308,157	59,968,375	119,831,673	853,945,601
2016	526,451,909	95,930,682	61,099,407	42,658,906	63,437,485	122,405,839	911,984,228
2017	544,302,460	100,075,205	62,614,614	44,829,994	65,207,699	125,846,026	942,875,998
2018	567,573,017	108,123,397	63,511,403	49,832,408 [3]	66,264,685	123,922,838 [3]	979,227,748
2019	586,407,784	106,029,083	65,851,817	47,636,484	69,278,652	126,277,403	1,001,481,223

Source: City Department of Finance, see Statistical Table 5

Note: Real and Personal Property Tax Revenues include collections for Current Year and Prior years levies collected within the Current Fiscal Year.

[1] Eleven years of data are shown for consistency with past Official Statements.

[2] Includes taxes, penalty & interest ($10 minimum) on delinquent collections from prior years.

[3] Franchise Taxes were included in Other Taxes prior to FY 2018. Beginning FY 2018, Franchise Taxes are included with Utility Taxes.

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST UTILITY (WATER) CUSTOMERS
FISCAL YEAR 2019
(UNAUDITED)

	Customer	Annual Consumption in 1,000 Gallons	Type of Customer
1	Virginia Beach Correction Center	49,114	City Correction Center
2	Sentara Princess Anne Hospital	32,946	Hospital
3	Sentara Virginia Beach General Hospital	32,593	Hospital
4	S L Nusbaum Realty	26,325	Thalia Garden Apartments
5	County View Mobile Court	25,477	Mobile Home Park
6	Westminister-Canterbury of Hampton Roads	24,170	Retirement Community
7	Colony Mobile Home Park	22,564	Mobile Home Park
8	Town Center Associates 7 LLC	21,418	Real Estate Asset Manager
9	Atlantic Shores Cooperative	19,790	Retirement Community
10	Stihl	19,090	Manufacturing Company

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
OUTSTANDING DEBT BY ISSUE
AT JUNE 30, 2019
(UNAUDTED)

2016-B $42,865,000 Water and Sewer Refunding Bonds	$ 37,650,000
2016A Water and Sewer Revenue Bonds	44,395,000
2013 Water and Sewer System Revenue Bonds	39,415,000
2010A Water and Sewer System Revenue Bonds	51,515,000
2010B Water and Sewer System Refunding Revenue Bonds	5,435,000
2010C Water and Sewer System Refunding Revenue Bonds	14,610,000
Total Water and Sewer Debt Outstanding [1]	$ 193,020,000

[1] All Water & Sewer Bonds listed above are Parity Debt.

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
WATER RESOURCE RECOVERY FEES
HISTORY OF RECEIPTS AND DISBURSEMENTS
FISCAL YEAR 2014 THROUGH 2019
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Fiscal Year					
	2014	**2015**	**2016**	**2017**	**2018**	**2019**
Balance - July 1	$ -	$ -	$ -	$ -	$ -	$ -
Fees Received	2,116	3,120	2,414	2,796	2,046	2,107
Disbursements	2,116	3,120	2,414	2,796	2,046	2,107
Balance - June 30	$ -	$ -	$ -	$ -	$ -	$ -

Source: City Departments of Finance and Public Utilities.

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
SYSTEM OPERATING REVENUES, EXPENSES AND COVERAGE
FOR FISCAL YEAR JUNE 30, 2019
(IN THOUSANDS OF DOLLARS)
(UNAUDITED)

	Fiscal Year				
	2015	2016	2017	2018	2019
Operating Revenues					
Service Charges	$ 74,518	$ 75,233	$ 75,767	$ 77,126	$ 77,256
Water Usage	45,309	44,847	45,599	45,485	44,679
Interfund Services Provided	1,169	1,170	1,497	1,421	1,082
Miscellaneous	1,187	1,771	1,616	1,297	1,008
Total Operating Revenues	122,183	123,021	124,479	125,329	124,025
Operating Expenses					
Water Acquisition	23,771	24,488	24,722	24,811	27,529
Water Distribution	6,780	6,832	7,189	7,187	6,576
Sewer Collection	14,274	13,812	14,494	14,329	13,547
Administration and Engineering	19,157	18,646	16,708	22,349	22,801
Customer Services	10,163	10,152	9,701	10,839	10,430
Total Operating Expenses	74,145	73,930	72,814	79,515	80,883
Net Operating Income	48,038	49,091	51,665	45,814	43,142
Non-Operating Revenues/(Expense)					
Interest	493	597	2,082	2,640	2,981
Water Resource Recovery Fee	3,120	2,414	2,796	2,046	2,107
Connection Fees	1,211	1,187	1,047	890	903
Norfolk Water True-Up	-	825	-	-	-
Total Non-Operating Income	4,824	5,023	5,925	5,576	5,991
Income Available For Debt Service	52,862	54,114	57,590	51,390	49,133
Annual Debt Service[1]					
Water and Sewer Revenue Bonds	$ 18,119	$ 18,520	$ 16,569	$ 17,918	$ 17,921
Coverage of Debt Service on Water and Sewer Revenue Bonds	[2] 2.92 x	2.92 x	3.48 x	2.87 x	2.74 x

[1] Includes Principal, Interest at gross, and Bank Charges

[2] The Water and Sewer has Master Bond Resolution dated February 11, 1992, as amended and supplemented that sets the debt service coverage and revenue requirements at 115% of annual debt service for Water and Sewer revenue bonds and 1.0 times for Water and Sewer General Obligation Bonds. City Council set the revenue coverage goal of not less than 1.5x annual debt service for Water and Sewer Bonds and 1.2x for total debt (combined Water and Sewer Revenue Bonds and any Water and Sewer General Obligation Bonds) May 14, 2002 in the FY 2003 Operating Budget.

Source: City Departments of Finance and Public Utilities.

CITY OF VIRGINIA BEACH
WATER AND SEWER ENTERPRISE FUND
DEBT SERVICE REQUIREMENTS
AS OF JUNE 30, 2019
(UNAUDITED)

Fiscal Year	Principal	Interest	Gross Debt Service	Subsidy	Debt Service Net of Subsidy	Principal Outstanding
2020 [1]	$ 9,625,000	$ 8,271,996	$ 17,896,996	$ (889,482)	$ 17,007,514	$ 183,395,000
2021	10,045,000	7,853,921	17,898,921	(914,831)	16,984,090	173,350,000
2022	10,485,000	7,415,368	17,900,368	(881,323)	17,019,045	162,865,000
2023	10,980,000	6,934,041	17,914,041	(845,560)	17,068,481	151,885,000
2024	11,520,000	6,411,109	17,931,109	(806,512)	17,124,597	140,365,000
2025	12,095,000	5,854,825	17,949,825	(763,963)	17,185,862	128,270,000
2026	12,730,000	5,249,295	17,979,295	(718,085)	17,261,210	115,540,000
2027	10,670,000	4,677,121	15,347,121	(668,665)	14,678,456	104,870,000
2028	11,065,000	4,194,685	15,259,685	(615,203)	14,644,482	93,805,000
2029	9,080,000	3,760,068	12,840,068	(557,679)	12,282,389	84,725,000
2030	9,470,000	3,339,893	12,809,893	(496,087)	12,313,806	75,255,000
2031	9,845,000	2,921,344	12,766,344	(430,472)	12,335,872	65,410,000
2032	7,720,000	2,543,280	10,263,280	(360,896)	9,902,384	57,690,000
2033	8,050,000	2,185,578	10,235,578	(287,430)	9,948,148	49,640,000
2034	8,395,000	1,809,156	10,204,156	(210,223)	9,993,933	41,245,000
2034	8,770,000	1,412,928	10,182,928	(129,077)	10,053,851	32,475,000
2036	9,150,000	998,573	10,148,573	(43,740)	10,104,833	23,325,000
2037	4,945,000	696,706	5,641,706	-	5,641,706	18,380,000
2038	5,125,000	516,200	5,641,200	-	5,641,200	13,255,000
2039	5,310,000	332,075	5,642,075	-	5,642,075	7,945,000
2040	2,570,000	199,800	2,769,800	-	2,769,800	5,375,000
2041	2,645,000	121,575	2,766,575	-	2,766,575	2,730,000
2042	2,730,000	40,950	2,770,950	-	2,770,950	-
Totals	$ 193,020,000	$ 77,740,487	$ 270,760,487	$ (9,619,228)	$ 261,141,259	

[1] Fiscal Year 2020 has been adjusted to reflect the impact on the respective debt service interest payments of federal sequestration in effect at 6.2% July through September and 5.9% October through June.

All Water & Sewer Debt is Parity Debt, and are Revenue Bonds and Notes issued pursuant to Article VII, Sec. 10(a)(3) of the Constitution of Virginia, secured solely by the Revenues of the system.

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
WATER AND SEWER ENTERPRISE FUND
WATER AND SEWER RATE HISTORY
(UNAUDITED)

Effective Date of Rate Adjustment	Water Commodity Rate (per 1,000 gallons)	Sanitary Sewer Service Charge Single Family Residence (per month)
July 1, 1983	$ 1.62	$ 9.46
August 1, 1987	1.81	9.46
October 1, 1987	1.99	9.46
July 1, 1988	2.18	9.46
July 1, 1989	2.51	9.46
July 1, 1990	2.69	9.46
October 1, 1990	2.77	9.65
July 1, 1991	2.96	10.58
July 1, 1992	3.11	11.38
July 1, 1993	3.38	11.38
July 1, 1994	3.65	11.38
July 1, 1999	3.55	11.38
July 1, 2001	3.55	12.29
July 1, 2002	3.55	13.27
July 1, 2003	3.55	14.34
July 1, 2005	3.65	15.92
July 1, 2006	3.70	16.88
July 1, 2007	3.80	17.72
July 1, 2008	3.95	18.61
July 1, 2009	4.10	19.54
July 1, 2010	4.41	19.54
July 1, 2011	4.41	22.12
July 1, 2012	4.41	24.86
July 1, 2013	4.41	27.76
July 1, 2014	4.41	30.81
July 1, 2015	4.41	30.81
July 1, 2016	4.41	30.81
July 1, 2017	4.41	30.81
July 1, 2018	4.41	30.81
July 1, 2019	4.90	30.81

Source: City Department of Public Utilities

CITY OF VIRGINIA BEACH, VIRGINIA
TEN LARGEST STORM WATER UTILITY ACCOUNTS
FOR BILLING PERIOD ENDING JUNE 30, 2019
(UNAUDITED)

Customer	Fees Billed
Lynnhaven Mall Group	$ 224,197
Stihl, Inc.	163,718
Sentara Healthcare	119,553
Virginia Wesleyan College	110,835
Spence Crossing Res Inc	91,280
Pembroke Square Associates	87,871
Evergreen Virginia LLC	79,193
Emerald Point LLC	78,117
Sentara Virginia Beach General Hospital	77,712
Wal Mart Real Estate Business	73,064

Source: City Department of Public Works/Storm Water Management

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY
DISTRIBUTION BY TYPE OF PROPERTY
AS OF JUNE 30, 2019
(UNAUDITED)

Type of Property	FY 2019 Percent of Equivalent Residential Units (ERU)
Residential	54.0%
Multi-Family	11.5%
Non-Residential	34.5%

Source: City Department of Public Works/Storm Water Management

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FEE COLLECTIONS
AS OF JUNE 30, 2019
(UNAUDITED)

Fiscal Year	Assessed fees	Collected fees [1]	% Collected
2010	$ 19,285,723	$ 19,251,212	99.82
2011	20,883,989	20,833,505	99.76
2012	27,632,407	27,541,919	99.67
2013	32,006,788	31,852,199	99.52
2014	36,709,700	36,537,711	99.53
2015	39,055,783	38,684,230	99.05
2016	39,804,972	39,530,243	99.31
2017	39,738,434 [2]	39,593,321 [2]	99.63
2018	43,099,967 [2]	42,896,849 [2]	99.53
2019	41,918,755	41,579,356	99.19

[1] Represents collections of Equivalent Residential Unit (ERU) Fees through June 30th of each Fiscal Year. The City anticipates that for each of the recent years collection rates will be consistent with earlier years.

[2] The City included incorrect amounts for FY 2017 and FY 2018 in previous schedules provided in its annual continuing disclosure reports as well as the Official Statement for the Series 2019 Storm Water Utility Revenue Bonds. Previously, Assessed Fees and Collected Fees were shown as $39,854,926 and $40,046,975 with 100.48% collected for FY 2017 and $42,654,304 and $41,579,356 with 98.12% collected for FY 2018, respectively.

Source: City Departments of Public Works/Storm Water Management and Public Utilities

Schedule 3-4

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
PRO FORMA CALCULATION OF REVENUE COVENANTS
(UNAUDITED)

Revenue Requirement A	**Fiscal Year**					
	2015	**2016**	**2017**	**2018**	**2019**	**2020 Budget**
Total Revenues:						
System Revenues (including interest income)	$ 39,294,658	$ 39,648,163	$ 40,471,105	$ 42,148,983	$ 43,419,253	$ 45,549,564
Budgeted Operating Expenses	16,645,536	18,487,455	26,074,916	26,383,086	25,697,342	17,837,883
Revenues Available for Debt Service	22,649,122	21,160,708	14,396,189	15,765,897	17,721,911	27,711,681
Maximum Principal and Interest Requirement on Revenue Bonds [1]	$ 3,402,039	$ 3,399,201	$ 3,399,201	$ 3,393,984	$ 3,393,984	$ 5,180,749
Debt Service Coverage Ratio [2]	6.7 x	6.2 x	4.2 x	4.7 x	5.2 x	5.4 x

Revenue Requirement B [3]	**Fiscal Year**					
	2015	**2016**	**2017**	**2018**	**2019**	**2020 Budget**
Total System Revenues (including interest income)	$ 39,294,658	$ 39,648,163	$ 40,471,105	$ 42,148,983	$ 43,419,253	$ 45,549,564
Less:						
Budgeted Operating Expenses	16,645,536	18,487,455	26,074,916	26,383,086	25,697,342	17,837,883
Revenue Bond Debt Service [1]:						
Requirement on Series 2010A Bonds	1,390,683	1,394,533	1,391,695	1,386,025	1,382,793	1,376,896
Requirement on Series 2010B Bonds	641,181	641,481	641,581	641,481	645,475	642,881
Requirement on Series 2015 Bonds	226,374	1,357,556	1,359,106	1,360,056	1,358,631	1,359,256
Requirement on Series 2019 Bonds	-	-	-	-	-	1,786,638
Parity Double Barrel Bond Fund	-	-	-	-	-	-
Subordinate Debt Fund (Prior Bonds)	-	-	-	-	-	-
Total Debt Service	2,258,238	3,393,570	3,392,382	3,387,562	3,386,899	5,165,671
Capital Improvement Account (Cash)	9,514,582	8,490,000	7,500,000	7,500,000	8,000,000	21,554,151
Deposit to Debt Service Reserve Fund [4]	-	-	-	-	-	-
Total Expenditures	28,418,356	30,371,025	36,967,298	37,270,648	37,084,241	44,557,705
Surplus Revenue	$ 10,876,302	$ 9,277,138	$ 3,503,807	$ 4,878,335	$ 6,335,012	$ 991,859
Reconciliation of Expenses to CAFR						
Total Operating Expenses (per CAFR)	$ 22,059,299	$ 23,177,375	$ 33,123,109	$ 32,853,281	$ 36,161,097	NA
Add (Subtract):						
Depreciation	(4,569,433)	(4,792,210)	(5,466,520)	(5,670,476)	(6,458,891)	
Annual CIP Expense	(1,265,350)	(463,098)	(1,091,586)	(1,131,483)	(4,447,355)	
Net Deferred Retirement Contribution	421,020	565,388	(490,087)	283,027	433,800	
OPEB Expenditures				48,737	8,691	
Total Budgeted Expenses (Pro Forma Requirement)	$ 16,645,536	$ 18,487,455	$ 26,074,916	$ 26,383,086	$ 25,697,342	

[1] All Interest is presented at "gross", and does not reflect the United States Treasury subsidy payment to be received for a portion of the series 2010A bonds issued as "Build America Bonds.

[2] Per the Agreement of Trust dated January 1, 2000, as amended and supplemented, pledged revenues will be sufficient to equal the sum of (1) the Operating Expenses shown in the Annual Operating Budget and (2) 115% of Maximum Annual Debt Service.

[3] Also per the Agreement of Trust, system revenues will be sufficient to equal the sum of (1) the Operating Expenses payable from System Revenues shown in the Annual Operating Budget, (2) the amount required to be paid into the Bond Fund, (3) the amount (if any) required to be paid into the Parity Double Barrel Bond Fund, (4) the amount (if any) required to be paid into the Subordinate Debt Fund, (5) the amount of any other indebtedness of the City attributable to the System required to be paid from Pledged Revenues, (6) the amount transferred to the Capital Improvement Account as may be determined by the Director of Public Works and (7) any amount necessary to be paid into the Debt Service Reserve Fund to restore the amount on deposit therein to the amount of the Debt Service Reserve Requirement.

[4] Deposits to the Storm Water Debt Service Reserve required as a result of new bond issuances are made from the Storm Water Enterprise Fund and not from system revenues, and are not reflected under Revenue Requirement B. The amounts deposited from the Storm Water Enterprise Fund for Storm Water Utility Revenue Bonds: Series 2015 issued January 28, 2015 - $1,353.563 and Series 2019 issued July 31, 2019 - $1,786,637.51.

NA = Not applicable

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
DEBT SERVICE REQUIREMENTS
AS OF JUNE 30, 2019
(UNAUDITED)

Fiscal Year	Principal	Interest	Subsidy[1]	Total
2020	$ 2,525,000	$ 2,640,671	$ (250,524)	$ 4,915,147
2021	2,620,000	2,538,961	(258,352)	4,900,609
2022	2,720,000	2,435,671	(249,214)	4,906,457
2023	2,830,000	2,328,292	(239,354)	4,918,938
2024	2,950,000	2,212,892	(228,512)	4,934,380
2025	3,090,000	2,085,081	(216,511)	4,958,570
2026	2,565,000	1,960,481	(203,639)	4,321,842
2027	2,695,000	1,838,584	(189,517)	4,344,067
2028	2,810,000	1,713,894	(174,077)	4,349,817
2029	2,940,000	1,588,136	(157,878)	4,370,258
2030	3,065,000	1,462,031	(140,831)	4,386,200
2031	3,190,000	1,335,926	(122,892)	4,403,034
2032	3,320,000	1,204,471	(104,060)	4,420,411
2033	3,445,000	1,071,519	(83,497)	4,433,022
2034	3,575,000	937,094	(61,071)	4,451,023
2035	3,710,000	797,194	(37,489)	4,469,705
2036	3,850,000	651,606	(12,705)	4,488,901
2037	2,610,000	537,337	-	3,147,337
2038	2,690,000	454,394	-	3,144,394
2039	2,775,000	367,184	-	3,142,184
2040	2,870,000	277,100	-	3,147,100
2041	1,580,000	204,637	-	1,784,637
2042	1,635,000	149,363	-	1,784,363
2043	1,695,000	91,088	-	1,786,088
2044	1,755,000	30,713	-	1,785,713
	$ 69,510,000	$ 30,914,320	$ (2,730,123)	$ 97,694,197

[1] Fiscal Year 2020 has been adjusted to reflect the impact on the respective debt service interest payments of federal sequestration in effect of 6.2% (prior to October, 2019) and 5.9% (October, 2019 onward).

Source: City Department of Finance

CITY OF VIRGINIA BEACH, VIRGINIA
STORM WATER UTILITY FUND
STORM WATER RATE HISTORY
(UNAUDITED)

Effective Date	Rate per day per ERU
7/1/2010	$ 0.241
7/1/2011	0.316
7/1/2012	0.366
7/1/2013	0.416
7/1/2014	0.433
7/1/2015	0.433
7/1/2016	0.433
7/1/2017	0.458
7/1/2018	0.458
7/1/2019	0.493

Source: City Department of Public Works/Storm Water Management

Code of the City of Virginia Beach, Section 32.5-2


SOMETHING IN THE WATER
CITY OF VIRGINIA BEACH VIRGINIA
LANDMARKS OF OUR NATIONS BEGINNING
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