



**FY 2019**

# Popular Annual Financial Report

Fiscal Year Ending  
June 30, 2019

**CITY OF VIRGINIA BEACH, VIRGINIA**

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# INTRODUCTION

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The City of Virginia Beach Finance Department is proud to present the Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2019. This is a short form report that provides summarized information about the City's financial activities. It is intended to give readers an overview of the City and its finances. The PAFR provides a picture of the City's general financial condition, including a brief analysis of where the City's revenues come from and where those dollars are spent.

Every year, the City of Virginia Beach is required to produce a Comprehensive Annual Financial Report (CAFR) that provides detailed information about the City's financial position. It is prepared in conformance with generally accepted accounting principles (GAAP). The CAFR includes an audit from an independent firm of licensed certified public accountants.

The information in this report is derived from the FY2019 CAFR; however, while this report gives a summary of financial information for the City and School Board, it does not provide detailed information on all the City's funds, the Community Development Corporation component unit, or all the necessary financial statements and note disclosures as required by GAAP. For purposes of this report, the term "City-wide" refers to activities of both the City and the School Board.

To view the CAFR in its entirety, please visit:

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



# DEPARTMENT OF FINANCE

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## MISSION

The Department of Finance serves as a strategic business partner to provide excellent service to internal and external customers, deliver a clear and concise picture of the City's current and future financial position and promote actions to achieve the City's goals and priorities.

## OUTSTANDING ACHIEVEMENT IN PAFR REPORTING

The City of Virginia Beach received an Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for its Popular Annual Financial Report for the fiscal year ended June 30, 2018. This prestigious national award recognizes conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The Comprehensive Annual Financial Report (CAFR), one of the supporting documents for this report, also represents award-winning work, with the City of Virginia Beach receiving the GFOA's **Certificate of Achievement for Excellence in Financial Reporting** for the **40<sup>th</sup> time**.



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

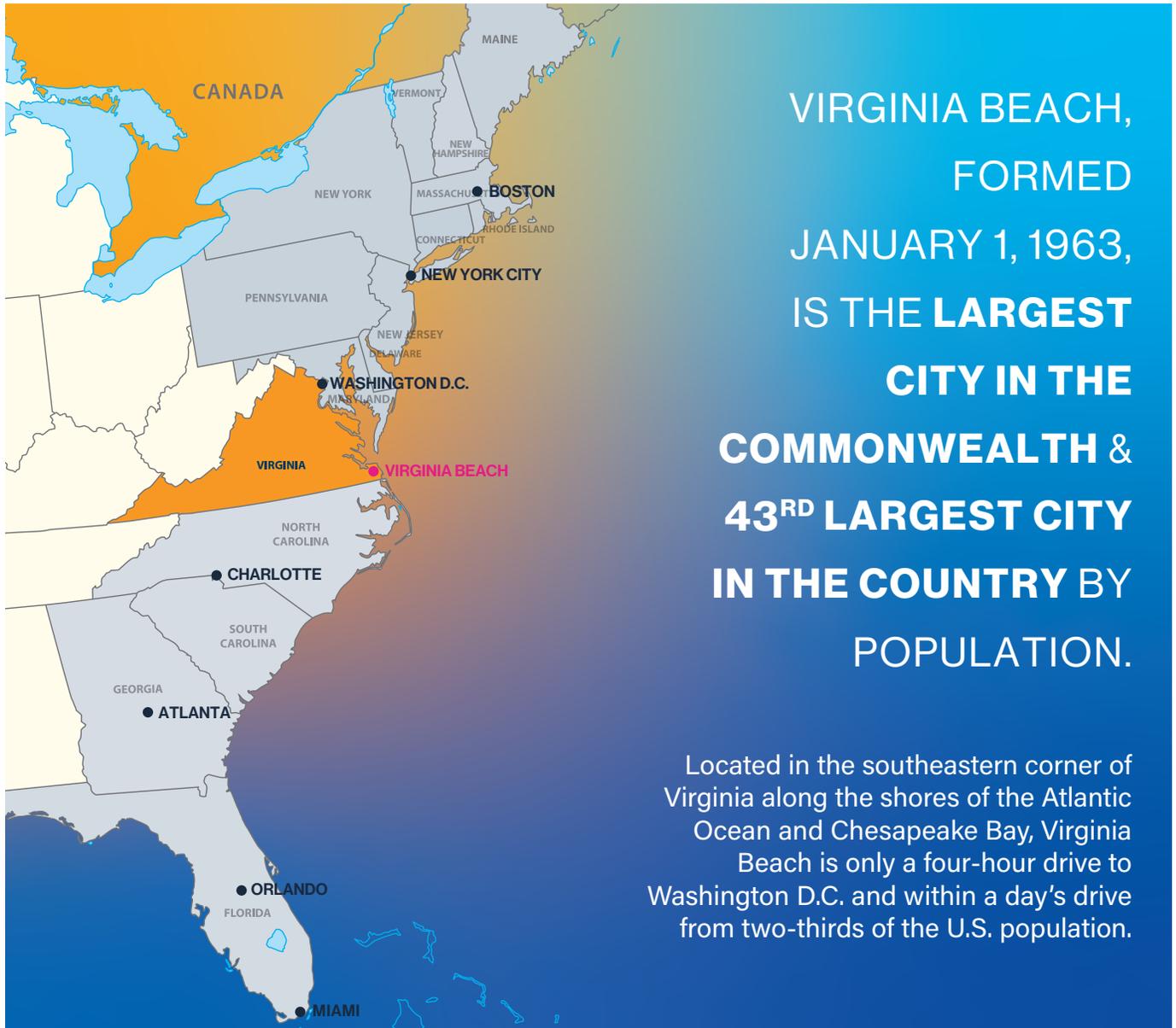
**City of Virginia Beach  
Virginia**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrell*  
Executive Director/CEO

# QUICK FACTS



## TOP 10 EMPLOYERS

1. City of Virginia Beach/Schools
2. Naval Air Station Oceana and Dam Neck Annex
3. Sentara Healthcare
4. Joint Expeditionary Base Little Creek – Ft. Story
5. GEICO General Insurance Company
6. Lynnhaven Mall
7. Gold Key/PHR Hotels and Resorts
8. STIHL Inc.
9. Amerigroup (Anthem)
10. Navy Exchange Service Command

# STATISTICS



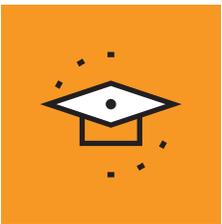
## GEOGRAPHY

LAND **258.7 SQ. MI.**  
 WATER **51.3 SQ. MI.**



## DEMOGRAPHICS

POPULATION **455,090**  
 MEDIAN AGE **35.6**  
 PER CAPITA PERSONAL INCOME **\$58,308**



## EDUCATION

HIGH SCHOOL **22.2%**  
 SOME COLLEGE **10.6%**  
 ASSOCIATE'S DEGREE **10.6%**  
 BACHELOR'S DEGREE **22.5%**  
 GRADUATE DEGREE + **11.8%**



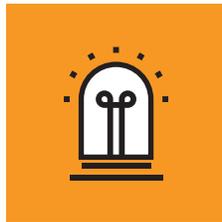
# VIRGINIA BEACH BY THE NUMBERS

## FY2019



### POLICE

<b>167,598</b>	CALLS FOR SERVICE
<b>4</b>	STATIONS
<b>222</b>	MARKED POLICE VEHICLES
<b>2</b>	HELICOPTERS
<b>9</b>	BOATS



### FIRE

<b>406</b>	STRUCTURE FIRE INCIDENTS
<b>379</b>	NON-STRUCTURE FIRE INCIDENTS
<b>27,141</b>	MEDICAL-ASSISTED INCIDENTS
<b>13,688</b>	OTHER INCIDENTS
<b>20</b>	STATIONS
<b>57</b>	FIRE TRUCKS



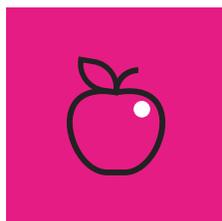
### CULTURE + RECREATION

<b>10</b>	PUBLIC LIBRARIES
<b>5</b>	GOLF COURSES (CITY OWNED)
<b>7</b>	RECREATION CENTERS
<b>1,779,107</b>	VISITS TO RECREATION CENTERS



### PUBLIC WORKS

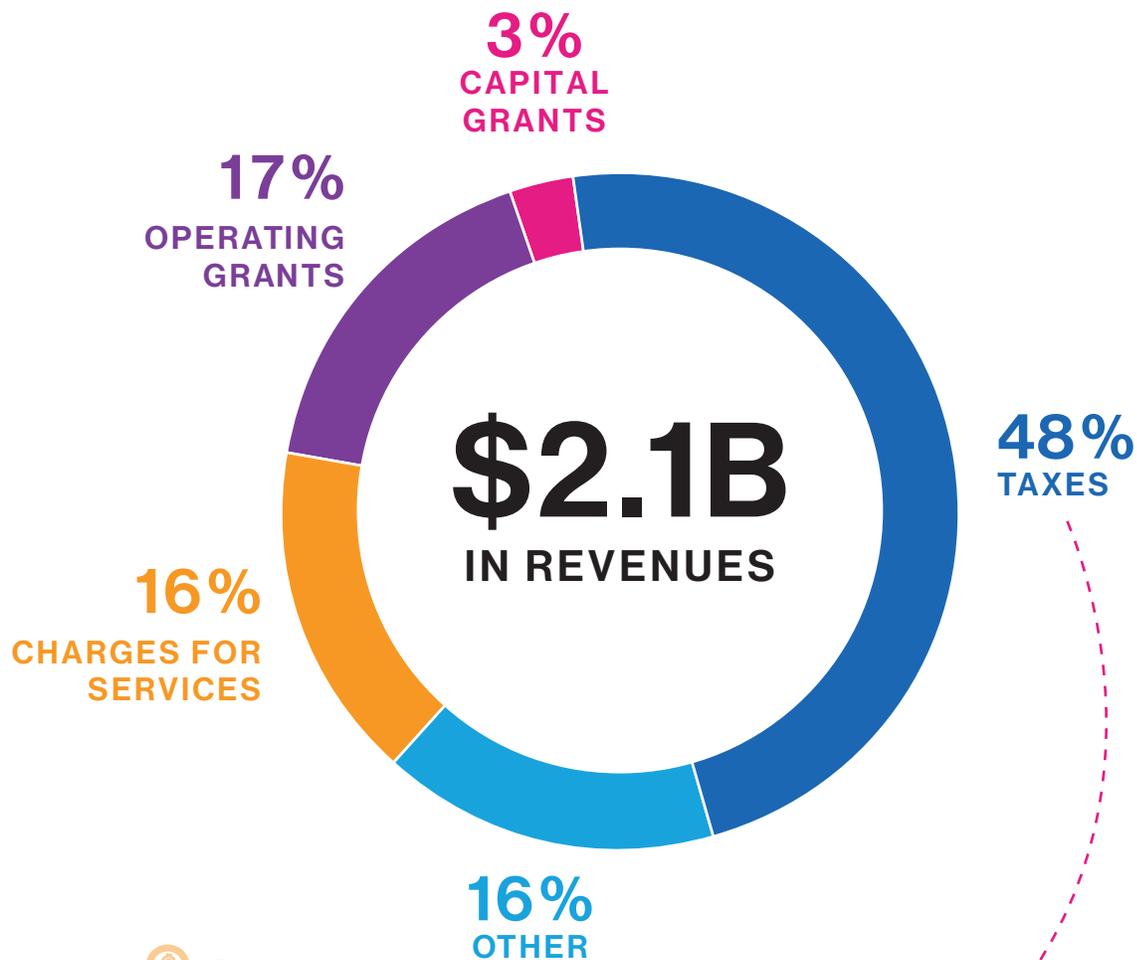
<b>49,335</b>	STREET LIGHTS
<b>4,920</b>	MILES OF STREETS
<b>84</b>	WASTE COLLECTION TRUCKS
<b>178,590</b>	TONS OF GARBAGE COLLECTED



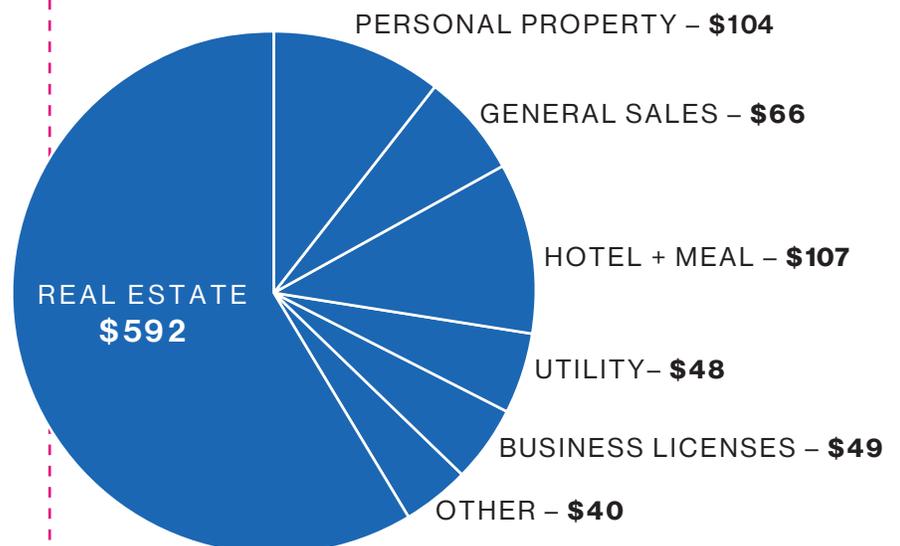
### EDUCATION

<b>55</b>	ELEMENTARY SCHOOLS
<b>25</b>	SECONDARY SCHOOLS
<b>7</b>	SPECIALTY SCHOOLS
<b>66,593</b>	STUDENTS ENROLLED

# CITY-WIDE REVENUES



## TAX REVENUES BY SOURCE (IN MILLIONS)



City-wide revenues were \$2.1B, an increase of \$40.9M over the revenues from the prior year.

- ▶ Increase in property taxes
- ▶ Increase in storm water fees
- ▶ Increase of receipts from the Commonwealth for road maintenance and federal and state receipts received for various grants

# CITY-WIDE REVENUES & EXPENSES

The City's financial activities in total are made up of two broad classifications: governmental and business-type activities. Additionally, there are two main sources of revenues: Program Revenues and General Revenues. Program Revenues include charges for services and program specific grants and contributions. General Revenues include property and other taxes, and other non-program specific revenue. Revenue for the City in FY2019 totaled \$1.6B, an increase of \$28M compared to FY2018. Total expenses for the City were \$1.56B in FY2019, an increase of \$80M compared to FY2018.

## STATEMENT OF CHANGES IN NET POSITION AS OF JUNE 30, 2019 (\$ IN MILLIONS)

REVENUES	CITY			TOTAL FY2019	TOTAL FY2018	TOTAL FY2017
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	SCHOOL BOARD			
Program Revenues	\$ 311	\$ 242	\$ 179	\$ 732	\$ 730	\$ 677
General Revenues	1,082	6	275	1,363	1,325	1,298
<b>Total Revenues</b>	<b>1,393</b>	<b>248</b>	<b>454</b>	<b>2,095</b>	<b>2,055</b>	<b>1,975</b>

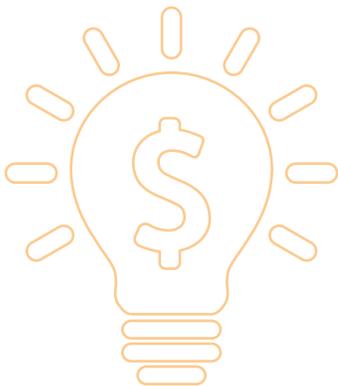
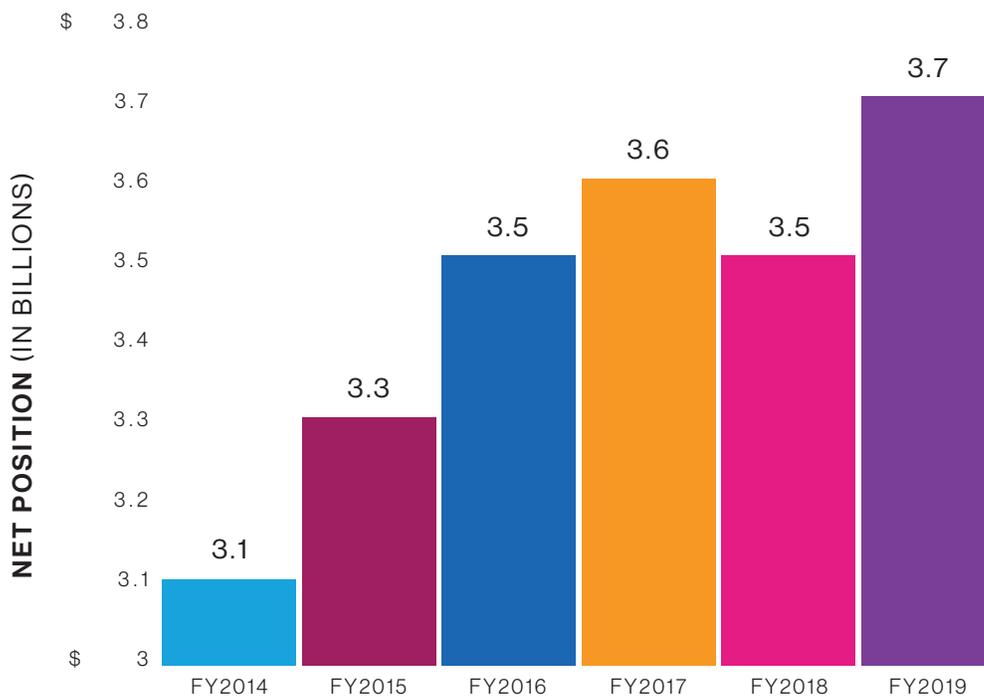
EXPENSES						
General Government	697	-	-	697	644	640
Education	431	-	798	1,229	1,254	1,171
Public Safety	178	-	-	178	180	180
Water + Sewer	-	140	-	140	115	108
Stormwater	-	38	-	38	34	35
Waste Management	-	35	-	35	37	40
Other	25	16	-	41	46	46
<b>Total Expenses</b>	<b>1,331</b>	<b>229</b>	<b>798</b>	<b>2,358</b>	<b>2,310</b>	<b>2,220</b>

Transfers In (Out)	(22)	22	402	402	437	369
Increase (Decrease) In	40	41	58	139	182	124
Net Position - Beginning	2,558	1,155	(195)	3,518	3,336	3,459
<b>Net Position - Ending</b>	<b>\$ 2,598</b>	<b>\$ 1,196</b>	<b>\$ (137)</b>	<b>\$ 3,657</b>	<b>\$ 3,518</b>	<b>\$ 3,583</b>

# CITY-WIDE NET POSITION

The City issues government-wide financial statements in its CAFR. These statements are designed to provide readers with a broad overview of the City. Included in this report is a "Statement of Net Position." This statement defines net position as the difference between all assets and all liabilities. *The key consideration in analyzing net position is not the amount itself, but rather the direction and speed at which it is increasing or decreasing.*

**CITY-WIDE NET POSITION  
FY2014 - 2019**



**Net Position** is the *difference* between what the City owns and what the City owes.

The City implemented GASB 75 in FY2018, which required the net Other Postemployment Benefit liability to be recorded. As a result, the beginning net position for FY2018 decreased by \$247M.

**Positive Net Position** balances are one indicator of financial stability.

# CITY-WIDE NET POSITION

## STATEMENT OF CHANGES IN NET POSITION AS OF JUNE 30, 2019 (IN MILLIONS)

ASSETS	CITY			TOTAL FY2019	TOTAL FY2018	TOTAL FY2017
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	SCHOOL BOARD			
Current Assets	\$ 782	\$ 344	\$ 196	\$ 1,322	\$ 1,389	\$ 1,265
Capital Assets	3,296	1,261	593	5,150	5,047	5,008
Deferred Outflows of Resources	78	7	104	189	190	196
<b>Total Assets and Deferred Outflows</b>	<b>4,156</b>	<b>1,612</b>	<b>893</b>	<b>6,661</b>	<b>6,626</b>	<b>6,469</b>

LIABILITIES						
Other Liabilities	83	31	119	233	199	186
Long-Term Liabilities	1,444	382	830	2,656	2,755	2,884
Deferred Inflows of Resources	31	3	81	115	154	64
<b>Total Liabilities and Deferred Inflows</b>	<b>1,558</b>	<b>416</b>	<b>1,030</b>	<b>3,004</b>	<b>3,108</b>	<b>2,886</b>

Net Investment in Capital Assets	2,383	920	593	3,896	3,711	3,671
Restricted	67	25	22	114	124	611
Unrestricted	148	251	(752)	(353)	(317)	(699)
<b>Total Net Position</b>	<b>\$ 2,598</b>	<b>\$ 1,196</b>	<b>\$ (137)</b>	<b>\$ 3,657</b>	<b>\$ 3,518</b>	<b>\$ 3,583</b>

### NET POSITION IS BROKEN DOWN INTO THREE MAJOR CATEGORIES

#### 1 NET INVESTMENT IN CAPITAL ASSETS:

Amount invested in capital assets less accumulated depreciation and outstanding balance of any debt used for construction or acquisition of the assets.

#### 2 RESTRICTED NET POSITION:

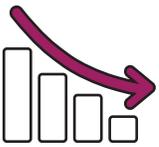
Amounts that have legal restrictions on how these resources may be used.

#### 3 UNRESTRICTED NET POSITION:

Remaining amounts that can be used to meet the City's ongoing obligation to various creditors.

# CITY-WIDE LONG-TERM LIABILITIES

LONG-TERM LIABILITIES (IN MILLIONS)	CITY			TOTAL FY2019	TOTAL FY2018	TOTAL FY2017
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	SCHOOL BOARD			
General Obligation Bond	\$ 542	\$ -	\$ -	\$ 542	\$ 598	\$ 594
State Literary Fund Loans	1	-	-	1	2	2
Public Facility Revenue Bonds	239	58	-	297	332	331
Revenue Bonds	-	263	-	263	244	255
Agricultural Reserve Program	48	-	-	48	46	46
Landfill Liabilities	21	-	-	21	21	26
Premium on Bonds Sold	82	18	-	100	110	109
Net Pension Liability	317	31	609	957	989	1,152
Net OPEB Liability	109	7	169	285	270	-
Accrued Comp Leave	44	5	34	83	83	69
Estimated Claims	41	-	18	59	59	53
<b>Total</b>	<b>\$ 1,444</b>	<b>\$ 382</b>	<b>\$ 830</b>	<b>\$ 2,656</b>	<b>\$ 2,755</b>	<b>\$ 2,637</b>



At the end of FY2019, the City had \$1.2B in bonds and notes outstanding and \$675.5M in other liabilities, for a total of \$1.8B, a net decrease of \$74.1M from the prior year's balance of \$1.9B.



For the 10<sup>th</sup> consecutive year, three major bond credit rating agencies, Standard & Poor's, Moody's Investors Service and Fitch Ratings, **affirmed the City's Triple-A ratings on its general obligation bonds.**



# CITY-WIDE LONG-TERM LIABILITIES

## DEBT MANAGEMENT POLICIES

The City has conservative fiscal policies, especially in terms of debt. 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 \$58.3B, which makes the City's debt less than the current debt limitation of \$5.8B. Below are the debt management policies adopted by City Council:

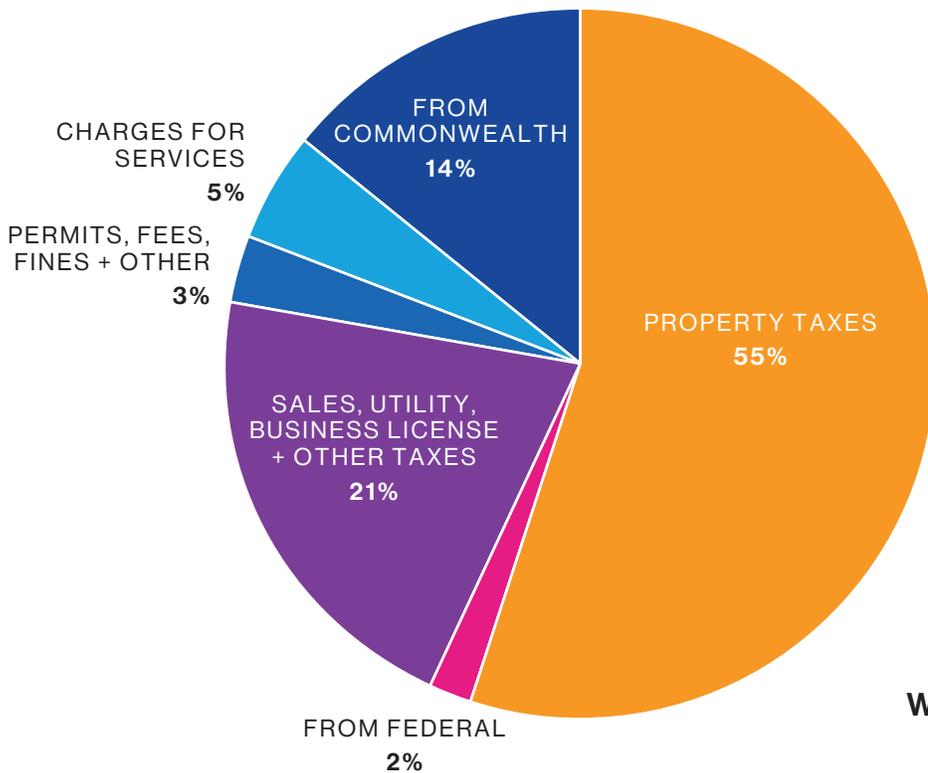
DEBT INDICATOR - RATIO DESCRIPTION	ESTABLISHED STANDARD	FY2019	FY2018
Annual Debt Service to General Governmental Expenditures	No Greater Than 10.0%	7.8%	7.7%
Overall Net Debt to Estimated Full Value	No Greater Than 3.5%	1.4%	1.7%
Overall Net Debt Per Capita	No Greater Than \$3,000	\$1,846	\$2,056
Overall Net Debt Per Capita to Per Capita Personal Income	No Greater Than 6.5%	3.1%	3.5%



# GENERAL FUND

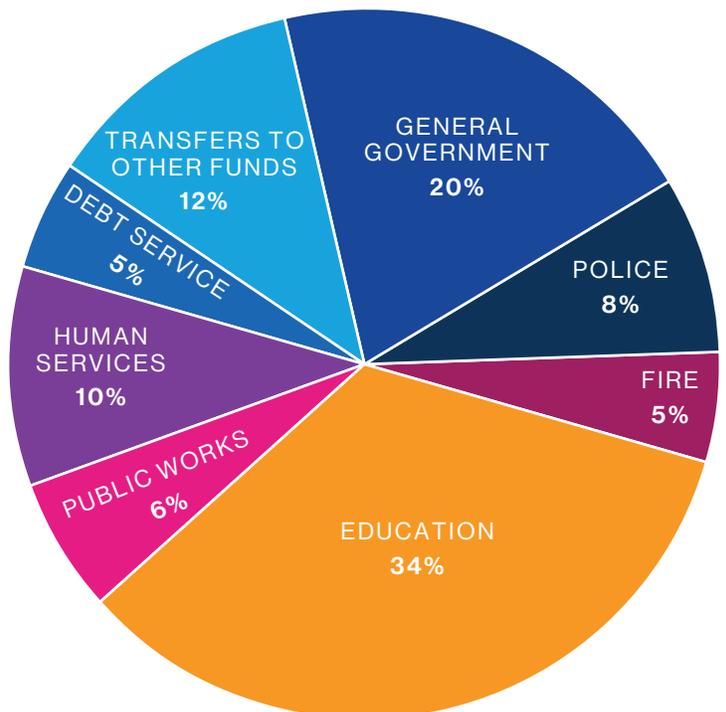
The General Fund is the largest of the City's 32 funds and provides funding for the daily operations and services of the City. It supports day-to-day operations for many of the core services of the City, including public safety, human services, education and general government.

## WHERE THE MONEY COMES FROM



A significant part of the General Fund's revenues is used to finance the operations of the Virginia Beach School Board.

## WHERE THE MONEY GOES

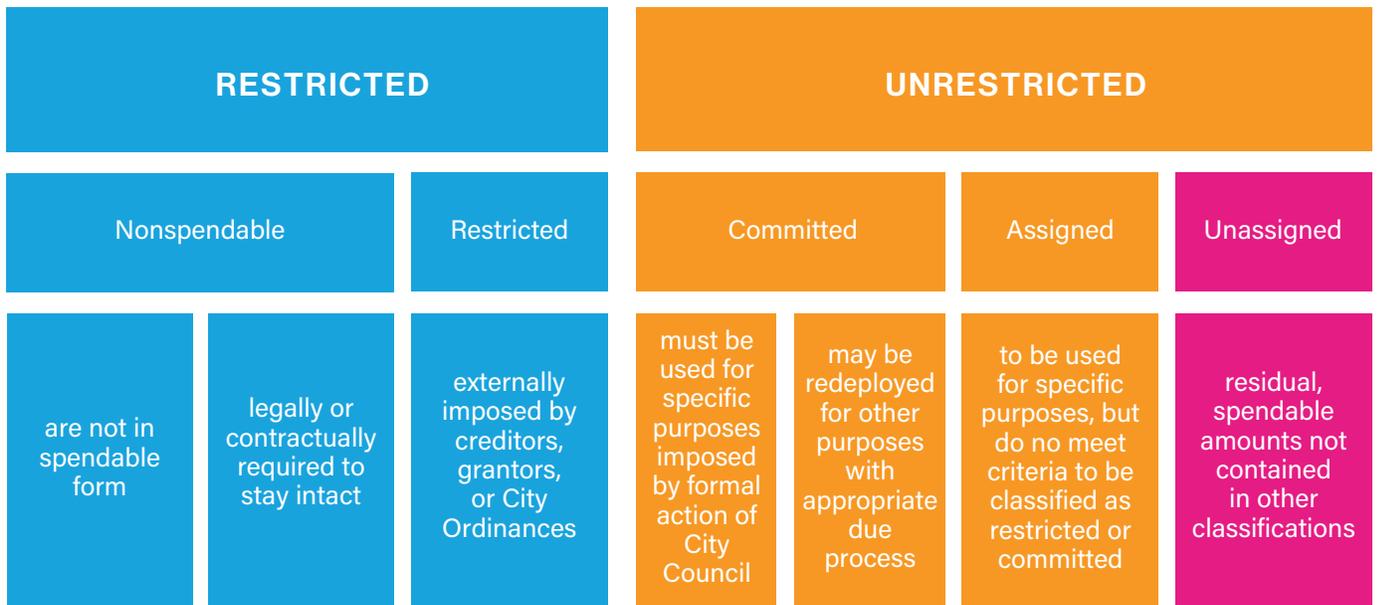


General Fund revenues of \$1.172B were 0.2% (\$1.8M) under budget and increased 2.2% (\$24.9M) from the prior year.

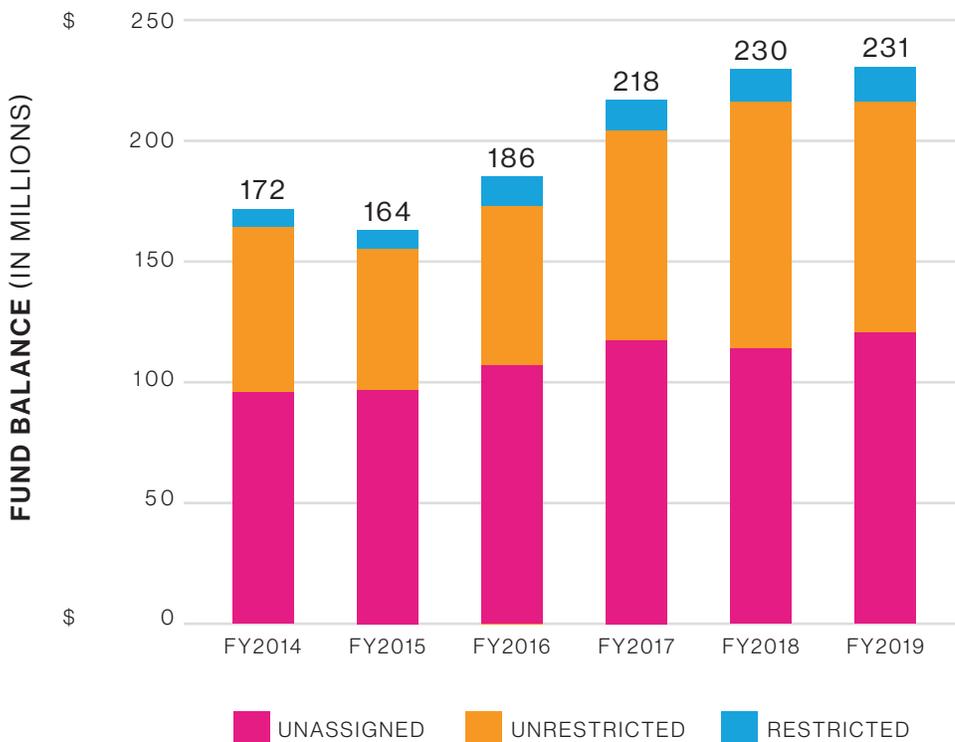


General Fund expenditures of \$1.171B were 6.4% (\$80.6M) under budget, an increase of 3.2% (\$36M) from the prior year.

# GENERAL FUND



## GENERAL FUND - FUND BALANCE



Total fund balance for FY2019 was \$231M, the highest in the City's history. This includes \$217M in unrestricted and unassigned and \$14M in restricted fund balance.

Unassigned fund balance for the General Fund was 10.2% (\$121.3M) of next year's budgeted revenues. This was well within City Council's policy of 8-12%.

# PRIORITIES

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To ensure Virginia Beach remains a preferred coastal city to attract residents, businesses and visitors, the City tries to balance its efforts and use of resources to sustain the important components that make the City livable and successful.



**1.**

GROW THE LOCAL ECONOMY



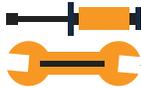
**2.**

CREATE A FINANCIALLY SUSTAINABLE CITY PROVIDING EXCELLENT SERVICES



**3.**

IMPROVE THE TRANSPORTATION SYSTEM



**4.**

REVITALIZE NEIGHBORHOODS + PLAN FOR THE FUTURE



**5.**

BE A COMPETITIVE, FIRST CLASS RESORT FOR RESIDENTS, BUSINESSES + TOURISTS



**6.**

BE THE SAFEST CITY IN THE NATION



**7.**

WE ARE AN INCLUSIVE COMMUNITY THAT IS WELCOMING AND EMPOWERS ALL



**8.**

OUR COMMUNITY HAS WORLD CLASS SCHOOLS + EDUCATIONAL PROGRAMS



**9.**

DATA AND TECHNOLOGY ARE USED TO ENHANCE COMMUNITY LIVABILITY, PROSPERITY + SUSTAINABILITY



**10.**

CITY ASSETS + INFRASTRUCTURE ARE WELL MAINTAINED AND MEET COMMUNITY EXPECTATIONS

# YEAR IN REVIEW



## BEST BIG CITY TO LIVE IN AMERICA

Virginia Beach was named the best big city (populations of more than 300,000) in America to live in by WalletHub. The City was also ranked third for best big city to live in by Money magazine.



## CITIZEN SATISFACTION

According to the results of the Citizen Satisfaction Survey, 93% of respondents think Virginia Beach is a good place to live and more than 9 of 10 agree it is a safe place to live. Citizens are 90% satisfied with City services and more than 7 of 10 agree they receive a good value for their City tax dollar.



## GREAT SCHOOLS

For the third consecutive year, 100% of schools tested in Virginia Beach earned full accreditation from the Commonwealth of Virginia. In addition, the On-Time Graduation rate in Virginia Beach schools reached a record-high for the 11<sup>th</sup> consecutive year.



## LENDING A HAND

More than 14,800 City volunteers served 1.12 million hours, which equates to \$28,671,344, or 5.12 cents saved on the real estate tax rate.

# YEAR IN REVIEW

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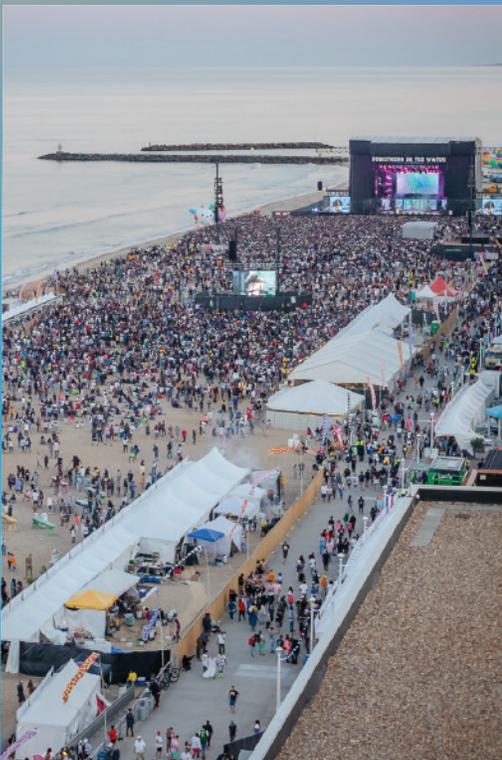
## ECONOMIC GROWTH

Projects initiated in 2019 totaled more than \$850 million in private capital investment. Additionally, 5,000 jobs were added to our economy. Of those jobs, 4,000 were new to our labor force, reducing the number of previous job losses.



## THE EXCITEMENT IS BUILDING

Construction on the Virginia Beach Sports Center began in October 2018. Located across the street from the Virginia Beach Convention Center, the new state-of-the-art facility will be the first of its kind on the East Coast not housed on a college or university campus and boasts 285,000 square feet of space. It is anticipated to open in November 2020.



## SOMETHING IN THE WATER FESTIVAL BENEFITED ENTIRE REGION

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. The festival sold 35,000 tickets and drew a much larger crowd to the Resort Area to enjoy concerts, community events, art, seminars and more. An economic impact study conducted following the event concluded that the first-year festival was profitable, not only for Virginia Beach, but for every city in the Hampton Roads region.

(Photo on cover.)



The City of Virginia Beach honors and remembers those who lost their lives and those who were injured on May 31, 2019 in a mass shooting in Building 2 on the City's Municipal Center campus.

LaQuita C. Brown • Ryan Keith Cox • Tara Welch Gallagher  
 Mary Louise "Mary Lou" Crutsinger Gayle • Alexander Mikhail Gusev  
 Joshua O. Hardy • Michelle "Missy" Langer • Richard "Rich" Nettleton  
 Katherine Anne Marie Lusich-Nixon • Christopher Kelly Rapp  
 Herbert Ray "Bert" Snelling, Jr. • Robert Thomas "Bobby" Williams

*"You never know how strong you are until being strong is the only choice you have." ~Bob Marley*

**#VBSTRONG #LOVEFORVB**



# CITY OF **VIRGINIA BEACH, VIRGINIA**

Popular Annual Financial Report  
for Fiscal Year Ending June 30, 2019