

Non-Departmental

Budget by Department	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	Change from Prior Year
Debt Service	\$ 36,556,974	\$ 43,275,400	\$ 39,052,121	-9.8%
Non-Departmental	4,940,209	(5,365,969)	2,183,393	-140.7%
Total Expenditures	\$ 41,497,183	\$ 37,909,431	\$ 41,235,514	8.8%
Less Billings to Other Departments	-	-	-	-
Total Non-Departmental	\$ 41,497,183	\$ 37,909,431	\$ 41,235,514	8.8%

Debt Service

Description:

Debt service represents the annual payments required for bonds and other debt issued by the City. Debt service costs for the enterprise funds are included in department budgets and excluded from this section. The City typically borrows to finance the construction or acquisition of infrastructure, buildings and equipment.

Department Objectives:

Debt Management Policies:

- Long-term borrowing will not be used to finance current operations or normal maintenance.
- Long-term borrowing for capital improvements will be confined to such improvements and projects that cannot be financed from current revenues.
- Capital improvements that are financed by issuing General Obligation Bonds, Revenue Bonds, or other long-term debt are repaid within a period less than the expected useful life of the improvements.
- General Obligation Bonds will be used for projects that benefit the citizens of Chesapeake.
- Overall net debt will not exceed three and one-half percent (3.5%) of the assessed valuation of the taxable real property in the City of Chesapeake.
- Overall net debt will not exceed \$3,000 per capita.
- Where possible and appropriate, the City will develop, authorize, and issue revenue or other self-supporting debt instruments in lieu of general obligation bonds.
- Revenue bonds will comply with bond covenants.
- Lease-purchase or other debt instruments may be used as a medium-term (four to ten years) method of borrowing for the financing of vehicles, specialized types of equipment or other capital improvements.
- Use lease-purchase financing cautiously with the goal of financing purchases greater than \$20,000.
- Equipment or improvements must have an expected useful life of at least four years.
- Chesapeake will determine and utilize the least costly financing method available.
- Debt arrangements will be repaid within the expected useful life of the equipment or improvement acquired.
- Tax-supported debt will not exceed 10% of General Government revenue.
- Short-term borrowing may be utilized for temporary funding of anticipated bond proceeds, anticipated grant payments or other expected revenues.
- Short-term debt, such as tax-exempt commercial paper, bond anticipation notes, tax anticipation notes, and grant anticipation notes, may be used when it provides immediate financing and an interest advantage, or the advantage to delay long-term debt until market conditions are more favorable. The City of Chesapeake will determine and utilize the least costly method for short-term borrowing.
- Short-term tax and other revenue anticipation debt will not exceed anticipated revenue (federal or state grants) or anticipated proceeds of long-term financing.

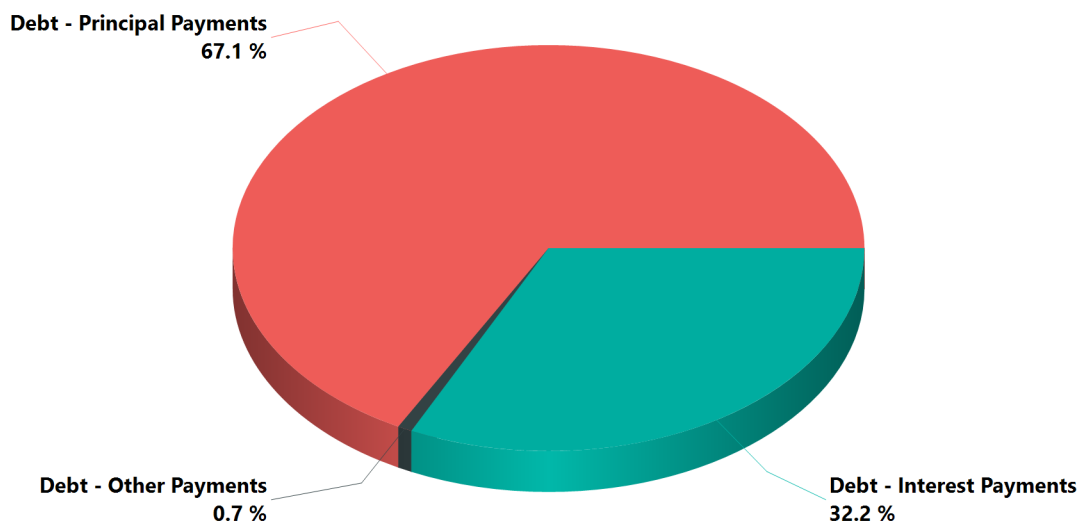
In determining the amount of debt to issue, the City evaluates the amount of additional debt service that can be supported by current year revenues for the years in which the debt will be outstanding, as well as, the City's legal debt limits and debt management policies.

Budget by Program	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	Change from Prior Year
Debt Services	\$ 36,556,974	\$ 43,275,400	\$ 39,052,121	-9.8%
Total by Program	\$ 36,556,974	\$ 43,275,400	\$ 39,052,121	-9.8%

Debt Service

Budget by Expenditure Category	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	Change from Prior Year
Debt - Other Payments	\$ 602,690	\$ 55,000	\$ 289,754	426.8%
Debt - Principal Payments	23,801,476	29,060,412	26,206,253	-9.8%
Debt - Interest Payments	12,152,808	14,159,988	12,556,114	-11.3%
Total Expenditures	\$ 36,556,974	\$ 43,275,400	\$ 39,052,121	-9.8%

FY 2022 Budget by Expenditure Category



Budget Highlights:

- Debt service payments for FY 2021 included \$5.26 million of anticipated new debt issuances, whereas FY 2022 includes \$1.4 million of anticipatory payments.
- Debt instruments were refunded in FY 2020, thus debt expenses are expected to be below budget for FY 2021 which allows for use of fund balance in FY 2022.

Debt Service

Operating Resources		FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	Change from Prior Year
Revenue:					
Use of Money & Property	\$	1,056,577	\$ 49,400	\$ 52,145	5.6%
Miscellaneous Local Revenues		494,800	498,326	531,379	6.6%
Federal Government		550,227	806,218	-	-100%
Other Non-designated Revenue		2,388,450	0	0	-
Total Revenues	\$	4,490,054	\$ 1,353,944	\$ 583,524	-56.9%
Other Resources:					
Use of Fund Balance	\$	-	\$ 2,942,574	\$ 2,000,000	-32.0%
Transfer from Other Funds		1,161,999	354,830	355,430	0.2%
Transfers from General Fund		26,351,302	36,153,125	33,727,606	-6.7%
Transfers from Capital Funds		2,074,279	-	-	-
Transfers from TIF Funds		2,479,340	2,470,927	2,385,561	-3.5%
Total Resources	\$	36,556,974	\$ 43,275,400	\$ 39,052,121	-9.8%
Use of Resources:					
Expenditures	\$	36,556,974	\$ 43,275,400	\$ 39,052,121	-9.8%
Total Use of Resources	\$	36,556,974	\$ 43,275,400	\$ 39,052,121	-9.8%
Budget by Fund:					
401	Debt Service Fund	\$ 36,556,974	\$ 43,275,400	\$ 39,052,121	-9.8%
	Total by Fund	\$ 36,556,974	\$ 43,275,400	\$ 39,052,121	-9.8%

Non-Departmental

Description:

The Non-Departmental costs are focused on City-wide expenses that are not related to a specific department. It also includes contingencies that will be allocated to departments as estimates are finalized or needs are identified.

- Non-Departmental items include:
 - o Debt payments on Oak Grove Connector
 - o Credits for enterprise fund overhead allocations
 - o Stormwater management fees
 - o Administrative support of Land Bank Authority
 - o Public Health - Healthy Chesapeake
 - o Public Health - South Norfolk Clinic (Southeastern Health System)
- Contingencies are included in the budget to address unforeseen demands or specific costs that are not well-defined during budget development.
- Emergency Event Contingency provides immediate funding for materials, supplies, and overtime costs incurred during inclement weather or other declared emergencies.

Non-Departmental accounts are included in the General Fund and are funded entirely from general tax revenue.

Department Objectives:

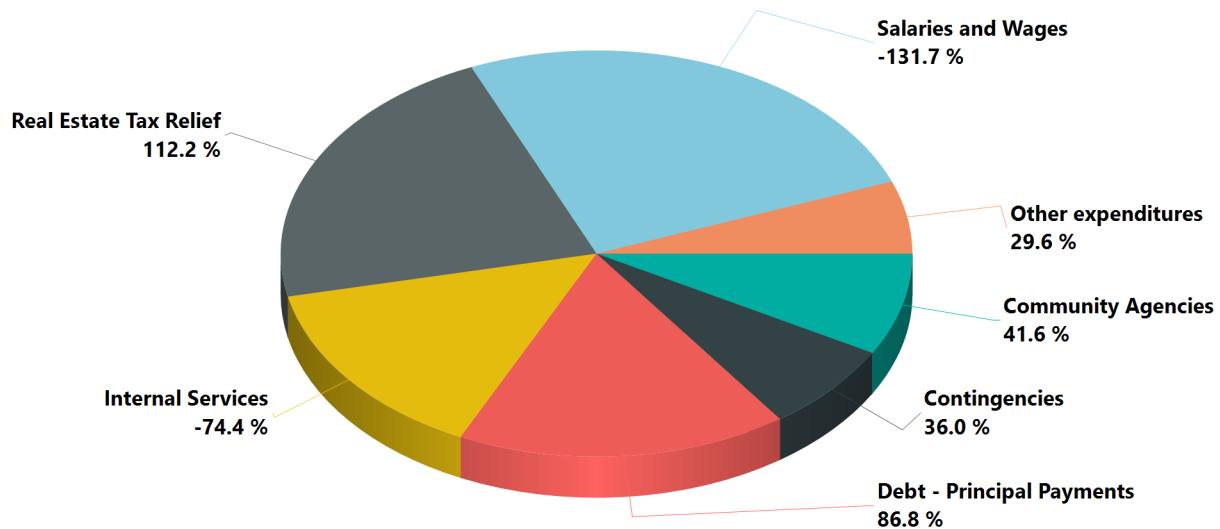
None

Budget by Program	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	Change from Prior Year
Non-Departmental Items	\$ 4,940,209	\$ (6,750,969)	\$ 798,393	-111.8%
Operating Contingencies	-	985,000	985,000	0%
Emergency Event Contingencies	-	400,000	400,000	0%
Total by Program	\$ 4,940,209	\$ (5,365,969)	\$ 2,183,393	-140.7%

Budget by Expenditure Category	FY 2020 Actual	FY 2021 Budget	FY 2022 Budget	Change from Prior Year
Employee Benefits	\$ 1,226	\$ 226,250	\$ 226,250	0%
Debt - Principal Payments	1,720,000	2,015,000	1,895,000	-6.0%
Debt - Interest Payments	270,750	206,750	94,750	-54.2%
Other Expenditures	328,355	325,000	325,000	0%
Community Agencies	2,092,250	907,400	907,400	0%
Real Estate Tax Relief	2,010,500	2,350,000	2,448,700	4.2%
Contingencies	0	785,000	785,000	0%
Other expenditures	(1,522,000)	(12,181,369)	(4,498,707)	-63.1%
Total Expenditures	\$ 4,940,209	\$ (5,365,969)	\$ 2,183,393	-140.7%

Non-Departmental

FY 2022 Budget by Expenditure Category



Budget Highlights:

- FY2022 represents the final year for the Debt Principal and Interest payments for the Oak Grove Connector.
- The Other expenditures category represents a negative expense for the overhead allocation from Enterprise Funds for the shared services provided by the General Fund. These services include Finance, Purchasing, Budget, Human Resources, City Attorney, and the City Manager's Office to name a few.
- Also located within the Other expenditures category is a city-wide negative amount for vacancies. Positions are budgeted as if they will be filled for the entire fiscal year, however many departments have unanticipated turnover and thus do not spend the full appropriation for salaries and benefits. This amount allows for that consideration without directly impacting a department's budget.
- Funding is also included in the Other expenditures category for a possible general wage increase (\$4.5 million) and for implementation of recommendations from the pay and classification study (\$2.25 million).