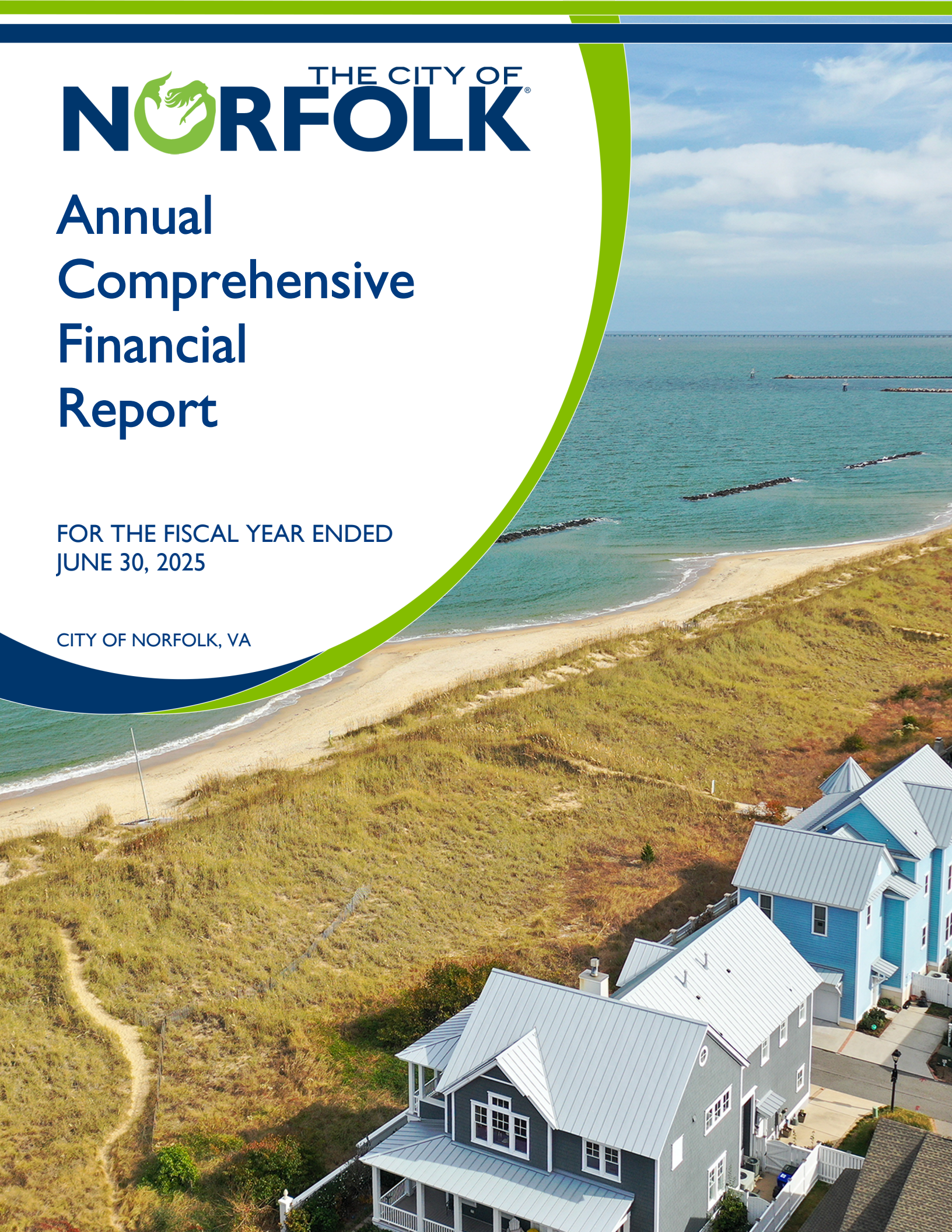




Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

CITY OF NORFOLK, VA





City of Norfolk, Virginia
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
For the Fiscal Year Ended
June 30, 2025

Prepared by:
The Department of Finance

Christine Garczynski
Director of Finance

www.norfolk.gov



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CITY OF NORFOLK, VIRGINIA

CODE OF ETHICS

The City of Norfolk conducts its business fairly, impartially, ethically and in compliance with all laws and regulations. The City is committed to conducting its business with integrity underlying all relationships, including those with citizens, customers, suppliers, communities and among employees. The highest standards of ethical conduct are required of City employees in performing their responsibilities. Employees will not engage in conduct or activity that may raise questions as to the City's honesty, impartiality or reputation, or otherwise negatively reflect on the City.

VALUES

Accountability, Integrity, Innovation and Respect

ACKNOWLEDGMENTS

This report has been successfully completed through the dedicated efforts and efficient services of the staff of the Department of Finance, along with contributions from other departments and our independent auditors, CliftonLarsonAllen LLP. Their invaluable support exemplifies the high standards upheld by the City of Norfolk.

We would also like to express our gratitude to the City Manager, Deputy City Managers, Mayor and Members of the City Council. Their commitment to sound planning and management of the City's financial affairs has been instrumental in maintaining Norfolk's strong financial position.



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Introductory Section

Municipal Officials Honorable City Council

President and Mayor
Vice Mayor
Member
Member
Member
Member
Member
Member

Kenneth Cooper Alexander, Ph.D.
Martin A. Thomas, Jr.
Courtney R. Doyle
Mamie B. Johnson
Jeremy D. McGee
John E. "JP" Paige
Carlos J. Clanton
Thomas R. Smigiel, Jr.

City Manager Patrick G. Roberts

Deputy City Manager
Deputy City Manager
Deputy City Manager
Deputy City Manager
Deputy City Manager
City Attorney
City Auditor
City Clerk
City Real Estate Assessor
Director of Elections and General Registrar
Director of Budget & Strategic Planning
Director of Communications and Marketing
Director of Cultural Facilities, Arts & Entertainment
Director of Economic Development
Director of Finance
Chief of Fire & Rescue Services
Director of General Services
Director of Housing and Community Development
Director of Human Resources
Director of Human Services
Chief Information Officer
Director of Libraries
Director of National Maritime Center (Nauticus)
Director of Neighborhood Services
Executive Director of Norfolk Community Services
Acting Director of Parks & Recreation
Director of Planning
Chief Resilience Officer
Chief of Police
Director of Public Health
Director of Public Works
Director of Slover Library
Director of Transportation
Director of Utilities
Acting Director of Zoological Park

Douglas Beaver
LaVoris Pace
Trista Pope
James Rogers
Catheryn R. Whitesell
Bernard A. Pishko, Esquire
Bradford Smith
Richard (Allan) Bull
W.A. (Pete) Rodda
Stephanie Iles
Charles Meek
Kelly Straub
Rob Henson
Sean Washington
Christine Garczynski
Sidney Carroll
Nikki Riddick
Susan Perry, Ph.D.
Marva Smith
Denise Gallop
Terri Doane
Sonal Rastogi
Stephen Kirkland
Kimberley Pierce
Dr. Nathan Woodard
Edward Matthews
Robert Tajan
Kyle Spencer
Mark Talbot
Demetria Linday, MD
Richard Broad, P.E.
Jennifer A. George
John Stevenson
Robert Carteris
Christopher Jenkins

JUDICIAL

Fourth Judicial Circuit Court

Chief Judge	David W. Lannetti
Judge	Michelle J. Atkins
Judge	John R. Doyle, III
Judge	Mary Jane Hall
Judge	Jerrauld C. Jones
Judge	Everett A. Martin, Jr.
Judge	Robert B. Rigney
Judge	Tasha D. Scott
Clerk	George E. Schaefer, III

Norfolk General District Court

Chief Judge	Tameeka M. Williams
Judge	Robert L. Foley
Judge	Michael C. Rosenblum
Judge	Joseph C. Lindsey
Judge	Leondras J. Webster
Judge	Jamilah D. LeCruise
Clerk	Jennifer L. Morgan

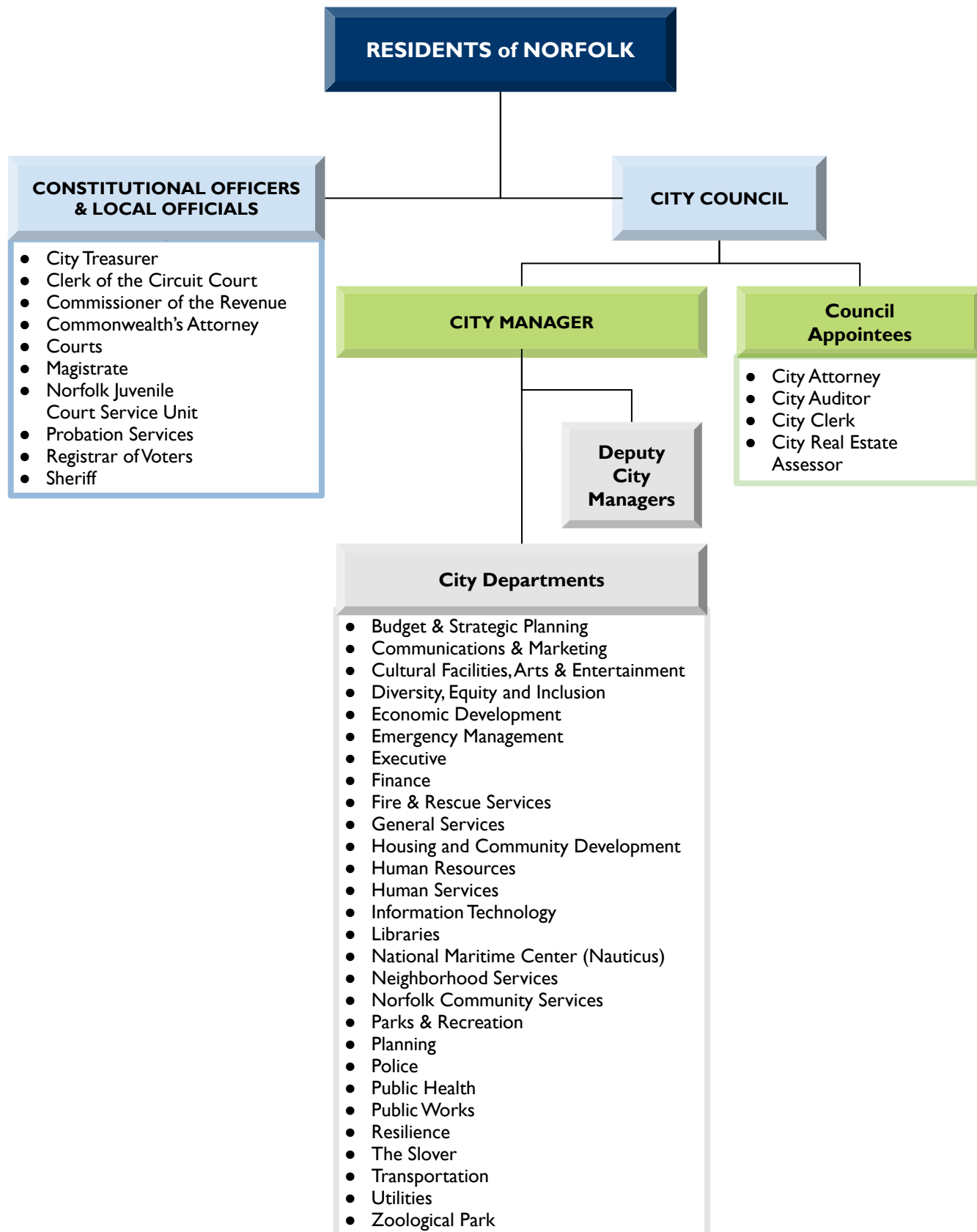
Norfolk Juvenile and Domestic Relations District Court

Chief Judge	Devon R. Paige
Judge	M. Randolph Carlson, II
Judge	Lauri D. Hogge
Judge	Lyn M. Simmons
Judge	Robert McLanahan Smith, III
Clerk	Joan M. Butt

Other Constitutional Officers

City Treasurer	Daun Hester
Commissioner of the Revenue	Blythe A. Scott, Esq.
Commonwealth Attorney	Ramin Fatehi
Sheriff	Joseph P. Baron

ORGANIZATIONAL CHART



January 26, 2026

To the Honorable Council and Residents of Norfolk, Virginia:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Norfolk (the City) for the fiscal year ending June 30, 2025. In accordance with the Code of Virginia and the City Charter, the City is required to publish a complete set of financial statements at the close of each fiscal year. These statements are prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with Government Auditing Standards by a licensed firm of certified public accountants. This report, prepared by the Department of Finance, complies with all state laws and guidelines issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Responsibility for the accuracy, completeness, and fairness of the data presented, including all necessary disclosures, rests with the City. To the best of our knowledge, the enclosed data is accurate in all material respects and presented in a manner that fairly reflects the financial position and operational results of the City's various funds and component units as of June 30, 2025. Comprehensive disclosures are included to provide readers with a thorough understanding of the City's financial activities.

Further information regarding the financial statements and audit can be found in the Financial Information section on page 11.

GAAP requires that management include a narrative introduction, overview, and analysis — referred to as Management's Discussion and Analysis (MD&A) — to accompany the basic financial statements. The MD&A, which follows the independent auditors' report, provides important context and analysis to the financial statements. This transmittal letter is intended to complement the MD&A and should be read alongside it.

Profile of the City

The City of Norfolk (the City) was established as a town in 1682, as a borough in 1736 and incorporated as a city in 1845. Norfolk serves as the regional center for employment, healthcare, arts and culture, and higher education. The City welcomes millions of visitors each year as the region's premier entertainment destination, offering a rich array of artistic, athletic, historical and cultural experiences including concerts, family amenities, cruises, museums, and collegiate and professional sporting events, all set against the backdrop of its 144 miles of scenic shoreline.

Situated at the confluence of the James and Elizabeth Rivers and the Chesapeake Bay, Norfolk is adjacent to the cities of Virginia Beach, Portsmouth, and Chesapeake. With access to the bay, ocean, and multiple rivers, residents are always close to the water, which offers abundant recreational activities and serves as the centerpiece for many of the City's historic neighborhoods.

The City's waterways have long been central to its identity and a key driver of its economic stability, thanks to a major international port, significant military facilities and related industries that continue to contribute to Norfolk's financial success.

Downtown Norfolk



The City is an independent, full service City with sole local government taxing power within its boundaries. It derives its governing authority from the City Charter, originally adopted by the General Assembly in 1918, which provides for a Council Manager form of government. The governing body of the City is the City Council, which formulates policies for the administration of the City. The City Council exercises all of the governmental powers conferred upon the City. The City Council is comprised of eight members, a Mayor (elected at large) and seven members from the "ward system." Two members of the seven members are elected from super wards. The City Council elects a Vice Mayor from among its members. The current Mayor, Kenneth Cooper Alexander, provides leadership on key

initiatives affecting the entire community. The Vice Mayor, Martin A. Thomas, Jr., is selected by the City Council from among its members to assist in leading council activities and preside in the Mayor's absence.

Among the City officials appointed by the City Council is the City Manager, the administrative head of the municipal government. The City Manager carries out the policies of the City Council, directs business procedures and appoints, with the power to remove, the heads of departments and other employees of the City except those otherwise specifically covered by statutory provisions. Patrick "Pat" Roberts, the 17th City Manager, has held this position since June 2023. The City Council also appoints members to certain boards, commissions and authorities as it deems necessary to or beneficial for the operation of the City.

Norfolk provides a comprehensive array of governmental services to meet the needs of its residents. These services include police protection; fire and paramedical services; public health and social services; planning and zoning management; neighborhood preservation and code enforcement; environmental storm water management; local street maintenance; traffic control; parks and recreation operations; design, construction and maintenance of public buildings and infrastructure; coastal resilience; cemeteries operations and maintenance; library services; collection and disposal of refuse and recycling; water and wastewater utilities; construction and operation of parking facilities; arts, entertainment, and cultural affairs; and general administrative services.

These services, combined with the leadership of the City Council and City Manager, aim to enhance the quality of life in Norfolk and foster a well-governed, vibrant community.

The City's budget allocates all financial resources, including municipal funds, as well as state and federal pass-through funds for public education, social services, correctional facilities, and judicial activities. In Virginia, cities hold exclusive jurisdiction over their entire geographic area and operate independently from counties and other municipalities, thus allowing for a more streamlined and localized approach to governance. This autonomy provides the City with flexibility in budgeting and managing resources, ensuring it can address the unique needs of its residents without the complexities of overlapping municipal jurisdictions. Additionally, Virginia law prohibits cities from annexing surrounding areas to adjust their boundaries, reinforcing their autonomous governance.

Financial Information

All financial activities of the financial reporting entity are included in this report. In accordance with Governmental Accounting Standards Board (GASB) requirements, the financial reporting entity consists of the primary government (the City of Norfolk) and its component units. The City has included financial data from two discrete component units: The School Board for the City of Norfolk (School Board) and the Economic Development Authority (EDA), both of which are legally separate entities. These component units are reported in separate columns in the financial statements to highlight their legal separation and distinguish their financial position, results of operations, and cash flows from those of the primary government. The Employees' Retirement System of the City is a blended component unit; although legally separate, it is considered part of the City's operations, and its data is combined with that of the City.

Local Economic Condition and Outlook

The City has cultivated a stable and resilient economic base, anchored by its strategic assets such as the world's largest naval station and the Port of Virginia, one of the busiest and most vital ports on the East Coast. These maritime assets are critical to the local economy, providing substantial employment and driving economic activity.

However, Norfolk's economy is not solely reliant on its military and maritime sectors. The City is also a recognized leader in healthcare, education, and finance within the broader Hampton Roads region. Major medical centers, higher education institutions, and financial services firms bolster Norfolk's position as a key economic hub, creating a well-rounded economic landscape that provides diverse employment opportunities.

In addition to its military and maritime strength, Norfolk benefits from a robust and diversified corporate presence and broad mix of industries including advanced manufacturing, finance, technology, healthcare, insurance, maritime, resilience and offshore wind, among others. This diverse array of employment acts as a protective factor, insulating Norfolk's economy from the potential volatility of federal defense spending cuts or other specific sector downturns.

Norfolk's government continues to foster growth through comprehensive urban revitalization efforts, job creation initiatives, and the expansion of economic opportunities. By promoting a business-friendly environment and leveraging its unique competitive advantages, Norfolk is actively working to attract new industries and investments, further diversifying its economy. These efforts ensure that Norfolk remains a vibrant, forward-thinking city that is well-positioned to adapt to changing economic conditions while maintaining its long-term stability and growth trajectory.

The City's economic vibrancy has spurred the growth of numerous new businesses in the past year, while also fostering the expansion of established businesses. Recognizing the importance of broadening its business and industrial tax base to ease the financial burden on homeowners, Norfolk remains steadfast in its commitment to driving economic development throughout the City. By attracting both new investments and supporting the growth of existing enterprises, Norfolk continues to strengthen its position as a hub of opportunity in the region.

Military

The military presence in the City remains a cornerstone of the local economy. With strategic access to the Atlantic, the City is the home of the world's largest naval complex, which marked its centennial in 2017. This vast complex houses key headquarters, including the Commander in Chief of U.S. Atlantic Command, NATO's Supreme Allied Command Atlantic, the Commander in Chief of the U.S. Atlantic Fleet, and numerous other major naval commands that contribute significantly to the operational capabilities of the U.S. Navy's Atlantic Fleet. Hampton Roads also stands at the largest hub of Coast Guard operations globally, with the Atlantic Area Command and Maritime Defense Zone Atlantic based in nearby Portsmouth, and the Maintenance & Logistic Command Atlantic headquarters located in Downtown Norfolk.

According to the most recent data available to the City, the U.S. Navy's direct economic impact on the region was \$15.8 billion in the federal fiscal year 2020, from October 1, 2019, through September 30, 2020, comprised of a total annual payroll of \$13.2 billion and the balance consumed on goods and services and procurement contracts. The region, and particularly the City, expect to continue as a center of activity for the U.S. Navy with current total personnel (military and civilian) of approximately 73,150 with an additional 3,000 military contractor personnel. According to estimates by the Hampton

USS George Washington (CVN-73)



Roads Planning District Commission, defense-related activities account for more than 40 percent of the region's economy and annual Department of Defense (DoD) spending in the area exceeded \$28 billion in 2023.

The military assigns to and reassigns from its various locations within the region ships, squadrons and personnel on a regular basis. Annually, approximately 13,000 military personnel transition from active service into the private sector, contributing a highly skilled, disciplined, and experienced workforce that bolsters regional businesses.

The aircraft carriers homeported at Naval Station Norfolk include the USS Gerald R. Ford, USS Dwight D. Eisenhower, USS John C. Stennis (currently undergoing overhaul at Newport News Shipbuilding), USS Harry S. Truman, and USS George H.W. Bush. Naval Station Norfolk is the largest naval base in the world by supported military population,

Virginia Values Veterans (V3) Award



and it hosts roughly 75 ships and 134 aircraft, including cruisers, destroyers, amphibious assault ships, submarines, and a range of supply and logistics vessels.

Norfolk is home to Joint Force Command (JFC) Norfolk, which is one of NATO's three operational commands and the only one located in North America. JFC Norfolk, which was established in July 2019, is designed to strengthen NATO's ability to respond swiftly to security threats, particularly in the North Atlantic region. As part of this initiative, NATO introduced the "4x30 readiness" concept, which calls for 30 battalions, 30 air squadrons, and 30 major naval combatants to be ready for deployment within 30 days. The presence of JFC Norfolk significantly enhances the City's military footprint and contributes to its reputation as a pivotal hub for defense and security operations.

The Port of Virginia and Shipping

The City serves as a critical gateway connecting world commerce centers and the heartland, the central land area of the United States, by offering efficient train routing provided by the Port of Virginia (the Port). The Port, which boasts the largest natural deep-water harbor on the East Coast, plays a pivotal role in the local economy, reinforcing its role as a critical hub for global commerce.

Located on 648 acres along the Elizabeth and Lafayette Rivers, Norfolk International Terminals (NIT) is the Port's largest terminal. In August 2024, NIT's \$452 million revamped and expanded central rail yard became fully operational, adding two new track bundles and three electric rail-mounted gantry cranes. This project boosts annual rail capacity by 46 percent within the same footprint. In total, the Port has added capacity of over 1.2 million containers due to the expansion project at Virginia International Gateway and the terminal optimization project at NIT.

In March 2022, NIT welcomed a pair of massive, 171 foot capacity, container cranes to the South berth, the final piece of the land side investments to complete the South Berth's \$450 million optimization project. The cranes have the capacity to reach across a vessel that is 26 containers wide and expanded the Port's lift capacity, berth productivity and ability to handle multiple Ultra Large Container Vessels simultaneously.

A transformative \$650 million upgrade of the North Berth, underway since September 2023 as part of the broader Gateway Investment Program, is set for completion by 2027. The project includes the installation of 36 automated stacking cranes and new ship-to-shore cranes, expanding the North Berth's annual capacity to 1.4 million 20-foot equivalent units (or TEUs). Once completed, NIT's total capacity across both berths will reach approximately 3.6 million TEUs, significantly enhancing the port's efficiency and competitiveness.

Overall, these expansions and growth at the Port translate into more jobs and greater economic prosperity for the City and the Commonwealth of Virginia.

Transportation

Norfolk leads the way as the most multimodal city in the Hampton Roads region, providing a comprehensive transportation network through its airport, rail, port and road systems.

Norfolk International Airport (NIA) serves as the primary gateway for Hampton Roads and northeast North Carolina. NIA is serviced by major airlines such as American, Breeze Airways, Delta, Frontier, Southwest, Spirit, United, and their regional affiliates. NIA currently offers a mix of year-round and seasonal nonstop service to 45 major airports nationwide, with connections to hundreds of additional destinations around the globe. NIA set passenger records for the past three consecutive years, driven by increased demand and new direct international flights.

NIA is currently undergoing a \$920 million modernization to upgrade public areas within the airport terminals and enhance the overall traveler experience, with estimated completion in 2028. Construction is underway for a new Federal Inspection Services (FIS) facility to accommodate international arrivals, with both the concourse expansion and FIS facility projected for completion in early 2026. Further developments include a consolidated Transportation Security Administration checkpoint, a revamped ticketing lobby, a new checked baggage inspection system, expanded baggage makeup and shipping areas, a new rental car facility, an enlarged cell phone lot, and a new administration building. These enhancements will significantly elevate passenger convenience and support the airport's continued growth.

Norfolk International Terminals (NIT)



The City's light rail system, the Tide, provides a vital east-west transit connection, running from the Eastern Virginia Medical School complex near Fort Norfolk to the Newtown Road/Virginia Beach city line. In addition, the Harbor Park Amtrak Station, a modern 3,500-square-foot facility, offers passenger rail service connecting Norfolk to Washington, D.C., via Petersburg and Richmond, and to New York and Boston. In 2024, the Virginia Passenger Rail Authority recognized Norfolk as one of the top five busiest Amtrak stations in the Southeast, a milestone that underscores the growing demand for intercity rail travel and the City's strategic role in regional connectivity.

Tide Light Rail



The \$3.9 billion expansion of the I-64 Hampton Roads Bridge-Tunnel (HRBT), which is nearing completion, represents the largest highway construction project in Virginia's history. This transformative initiative will widen approximately ten miles of the I-64 corridor between Norfolk and Hampton, expanding the current four-lane segments and adding twin tunnels beneath the harbor. The project will significantly increase roadway capacity, reduce congestion, and improve travel time reliability for the entire Hampton Roads region. The project is primarily funded by the Hampton Roads Transportation Accountability Commission (HRTAC) through regional sales and gas tax revenues. Importantly, the City is not liable for any project debt. Construction began in 2019, and is progressing steadily, with estimated completion in August 2027.

Tunnel Boring Machine, Mary



HRTAC also has a transit fund program, which includes funding for six localities in the region, including the City of Norfolk. In Fiscal Year 2025, HRTAC funded \$30 million of transit projects in the region.

In 2020, the U.S. Department of Transportation awarded the City \$14.4 million through the BUILD Grant Program, supporting critical infrastructure improvements as part of the St. Paul's Community Transformation Project. This federal investment is matched by \$6.2 million from the City, resulting in a \$20.6 million initiative to reimagine and modernize 1.33 miles of City streets. The project aims to create a connected, integrated street network with broadband, storm water management, and coastal resilience features to support new housing, mobility, and public spaces.

Education – Pre-K to 12 and Libraries

Norfolk Public Schools (NPS) is on a mission to ensure that all students maximize their academic potential, develop skills for lifelong learning and become successful contributors to a global society. As the largest urban school division in the Commonwealth of Virginia, NPS serves a racially and economically diverse student population, offering a wide array of academically challenging programs tailored to various interests and needs.

NPS offers innovative public-school programs, including Early Childhood Education, a comprehensive initiative that offers full-day preschool for three and four-year-olds. NPS also has an array of academically challenging programs from which to choose, including five middle school specialty programs, five high school specialty programs, three K-8 choice schools, one 3-8 school, two Pre K-2 schools, two 3-5 schools and one Pre K-8 school.

Among its unique offerings, Norfolk is home to the Governor's Magnet School for the Arts, Virginia's only magnet school dedicated exclusively for the arts. Located in Downtown Norfolk, the school serves as a vibrant cultural anchor, offering specialized instruction in the performing and visual arts to approximately 350 talented students from six cities and two counties across the region.

Matthew Fontaine Maury High School



In March 2025, Norfolk City Council directed the Norfolk School Board to develop a comprehensive plan to consolidate and close 10 schools. In October 2025, the Schools Board approved a plan to close nine schools over the next several years, with closures beginning in the 2026 – 2027 school year. The closures are designed to better align resources with declining enrollment and surplus capacity, address aging school facilities, and redirect savings toward critical capital improvement projects.

Higher Education

Higher education plays a vital role in shaping Norfolk's workforce, by cultivating a highly skilled and competitive talent pool. The City is home to several distinguished institutions, including Old Dominion University (effective July 1, 2024, merged with Eastern Virginia Medical School to form the Macon and John Brock Virginia Health Sciences at ODU) (ODU), Norfolk State University (NSU), Tidewater Community College (TCC), Eastern Virginia Medical School (EVMS), and Tidewater Tech Trade School. ODU stands out as one of only 100 public research-extensive universities in the United States and is one of just four in Virginia. NSU is Virginia's largest public Historically Black College and University and one of the largest predominantly Black institutions in the nation. Founded in 1935, NSU has a proud legacy of academic excellence, cultural impact, and community service. The university offers a wide range of undergraduate, graduate, and professional programs across disciplines such as science, technology, education, business, and the liberal arts. Located in Downtown, TCC occupies several key buildings, including the Jeanne and George Roper Performing Arts Center. This central location places TCC at the heart of the City's cultural and educational district, offering students convenient access to local galleries, the NEON Arts District, and other nearby amenities.

For the fourth consecutive year, U.S. News & World Report has ranked NSU among the Top 20 Historically Black Colleges and Universities in the nation, further solidifying its role as a leader in higher education and a champion of student success. Construction is underway on a \$118 million, 131,000 square foot building, slated for completion in Fall 2027, to house the biology, chemistry, and physics departments, as well as the Dozoretz National Institute for

Mathematics and Applied Sciences. The facility will feature modern laboratories, classrooms, a planetarium, a greenhouse, a makerspace, and student collaboration areas.

In January 2023, Eastern Virginia Medical School (EVMS) and NSU announced a groundbreaking partnership to address healthcare disparities and strengthen the medical workforce. The collaboration, known as the EVMS-NSU Research and Training Incubator for Collaboration in Health Equity Initiative, aims to reduce health inequities affecting minority communities while expanding career opportunities for NSU students pursuing healthcare professions. A key objective of the initiative is to develop a diverse medical workforce that reflects the communities it serves — an approach supported by research showing that mental health outcomes improve when healthcare providers share cultural and community ties with their patients.

NSU Apple Distinguished School



ODU is undergoing significant campus development, including breaking ground on a new Biological Sciences Building in April 2025 that will house classrooms, teaching labs, research spaces, and support areas for the biological sciences. Additionally, anticipated to be completed in 2026, a \$24 million renovation to the Bud Metheny Ballpark is underway, adding improved player amenities, hospitality areas, and a capacity of up to 3,000 guests.

ODU Student Recreation Center



EVMS, known as the first U.S. institution to produce a viable fetus via in vitro fertilization and home to a nationally recognized Cancer Research Center, has officially merged with ODU to form the Macon & Joan Brock Virginia Health Sciences at Old Dominion University. This landmark merger combines EVMS's clinical and research strengths with ODU's excellence in health sciences, nursing, and biomedical research and creates the largest portfolio of health science degrees in the Commonwealth.

Tidewater Tech is a leading vocational and technical training institution in Norfolk, specializing in preparing students for careers in skilled trades such as automotive technology, HVAC, welding, and building maintenance. The school is committed to equipping students with practical, hands-on experience that meets the evolving demands of the regional workforce. With strong ties to local industries and employers, Tidewater Tech offers programs designed to provide job-ready skills and certifications that enhance employment opportunities.

Healthcare

Within the City, there are four general, acute care and specialized hospitals including Sentara Norfolk General Hospital, Sentara Leigh Hospital, Children's Hospital of The King's Daughters (CHKD), and Lake Taylor Transitional Care Hospital (Lake Taylor Transitional).

Sentara Norfolk General, a 525-bed tertiary care facility and the region's first magnet hospital, recently underwent extensive renovations and remains home to the area's only Level I Trauma Center, burn trauma unit, and the nationally recognized Sentara Heart Hospital. Its cardiology program is consistently ranked among the nation's top

50 by U.S. News & World Report. Sentara also opened a new two-story outpatient facility in the City's new St. Paul's district. The 20,000-square-foot Sentara Medical Office at St. Paul's offers primary care, family medicine, and physical therapy services.

In March 2023, Sentara Leigh Hospital's expanded its Family Maternity Center, adding thirteen private postpartum family rooms, advanced maternal-fetal technology, private consultation areas, and increased appointment availability to support growing birth rates.

CHKD, the site of Virginia's only standalone, full service pediatric hospital is home to one of the nation's top pediatric residency programs. With 266 beds, the hospital serves the medical and surgical needs of children throughout the greater Hampton Roads metro area, the eastern shore of Virginia and northeastern North Carolina. The CHKD opened a 14 story, \$224 million Children's Pavilion in September 2022 dedicated exclusively to pediatric mental and behavioral health care. The hospital has 60 inpatient beds, an indoor and outdoor recreation center, and a music therapy room and recording studio. The rooftop on the 14th floor features a basketball court, a soccer field with turf and a four square court. This innovative approach reflects a commitment to creating a healing environment that prioritizes the holistic needs of young patients.

CHKD Pediatric Mental Health Facility



In addition to the Pavilion, CHKD has expanded its administrative footprint in Downtown Norfolk. In partnership with TowneBank, CHKD purchased the 22-story Norfolk Southern Tower in 2020 for \$30 million. This acquisition allowed CHKD to relocate non-clinical departments such as information services, human resources, and health system administration to the tower, freeing up space on its main campus for expanded clinical services. The move also consolidated TowneBank's financial services divisions under one roof, with approximately 900 employees occupying the building.

Lake Taylor Transitional Care Hospital focuses on post-acute care and rehabilitation. As a transitional care facility, it provides long-term recovery services for patients needing specialized care after acute hospital treatment. The hospital supports patients with complex medical conditions, offering a bridge between the acute care setting and home-based recovery.

Commercial Development

The City's economic development initiatives aim to leverage its strengths in key sectors such as maritime industries, higher education, medical and research facilities, and neighborhood revitalization. By focusing on commercial corridor development and strategic industries, Norfolk has seen growth in business attraction, expansion, and retention, leading to economic growth and diversification of its local economy.

Significant announcements and activities in Fiscal Year 2025 emphasized this trend, with large-scale investments and new development initiatives creating increased opportunities for residents and businesses. Norfolk continues to foster an environment conducive to innovation and growth. Below are some of the key economic development activities and announcements:

Marking a significant milestone for the oldest continuously operating family-owned shipyard in the United States, Colonna's Shipyard announced in October 2025 the acquisition of its fourth drydock. The new drydock represents

an investment of over \$79 million on the City's working waterfront, positioning Colonna's Shipyard to further enhance its capabilities in providing critical ship repair, and conversion and maintenance services to a diverse range of maritime clients.

In May 2022, Fairwinds Landing signed a long-term lease with Norfolk Southern Railway Company to transform Norfolk Southern's 130+ acre underutilized marine terminal into a world-class maritime operations and logistics center, supporting the offshore wind, defense, and transportation industries. This project represents a total investment of over \$750 million. Full production at the site is anticipated by 2027, with an estimated \$4.25 million in annual tax revenue and the creation of 1,000 to 1,500 new jobs. The development aims to revitalize underutilized land, diversify Norfolk's traditional industry base, and tap into the growing offshore wind industry.

In June 2023, Fairwinds Landing and Dominion Energy broke ground on an offshore wind operations and maintenance facility. The complex will feature a 30,000-square-foot office, a 17,500-square-foot warehouse, and a 950-linear-foot vessel berthing facility. This \$50 million capital investment is expected to create approximately 200 jobs.

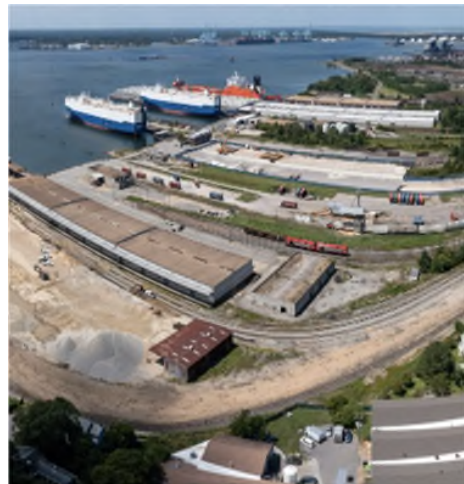
Hill's Newport News Shipbuilding (NNS) division began production at Fairwinds Landing in late Summer 2023, addressing critical space constraints at its primary facility in Newport News. The initial 8-acre footprint is home to 150 shipbuilders constructing steel panels for the Gerald R. Ford-class aircraft carrier Enterprise (CVN 80). Plans are underway to nearly triple the division's presence, with total employment expected to reach 500 and capital investment projected to reach \$100 million. The project was announced in November 2023 and is currently underway, reinforcing Norfolk's role in supporting the nation's shipbuilding and defense infrastructure.

PadenCold Inc., a family-owned local business, is investing \$2.8 million to expand its operations in Norfolk. Announced in June 2024 and currently underway, the project not only added three full-time jobs, but also supported workforce development through the retraining of 21 local residents in advanced cold storage management. This expansion underscores PadenCold's commitment to both job creation and upskilling, strengthening Norfolk's workforce and supporting the region's evolving cold storage and logistics sector.

Total Quality Logistics (TQL), the second-largest freight brokerage in North America and one of the world's largest third-party logistics firms, expanded its operations in Norfolk. The project, announced in June 2024 and now complete, resulted in the creation of 100 new jobs. With over 8,000 employees nationwide and recognized as one of the Best Places to Work in Virginia for eight consecutive years, TQL's investment reflects Norfolk's strategic position as a long-standing distribution and logistics hub.

In July 2025, Gorove Slade announced that it is expanding its presence in Virginia with a new office in Downtown Norfolk. The expansion marks a significant step in the firm's continued growth across the Hampton Roads region and beyond, bringing its transportation planning and engineering services closer to the heart of one of Virginia's most dynamic areas. The project is currently underway.

Fairwinds Landing, LLC



CHS Container Group USA, Inc. established its headquarters in Norfolk in April 2025, and officially began operations in May 2025. A subsidiary of CHS Container Handel GmbH of Bremen, Germany, CHS USA and its affiliates supply shipping containers across North America. The company brings its offshore container expertise to support the growing offshore wind industries in New England and Virginia, strengthening Norfolk's position in the global logistics and maritime sectors.

The former DePaul Medical Center site is undergoing a transformative adaptive reuse led by Next Step To Success, a Norfolk-based nonprofit focused on youth development. Construction is unfolding in two phases, with demolition of the original hospital expected to be completed by November 2025. Phase one will include a main administrative building, gymnasium, cafeteria and auditorium, and two of four planned classroom buildings, with the remaining classroom structures to follow in a future phase. The nonprofit plans to welcome its first cohort of 200 – 250 students by Summer 2027, with the full campus eventually accommodating up to 400 students. The new St. Vincent DePaul House campus will also feature extensive outdoor recreational amenities, including soccer and lacrosse fields, tennis and multipurpose courts, a wiffle ball field, and a community garden. Supported by the James Barry-Robinson Trust, the project preserves the site's legacy of service while reimagining it as a dynamic hub for education, mentorship, and community enrichment in Norfolk's heart.

Land 'N' Sea Distributing, Inc., a wholesale distributor specializing in marine and recreational vehicle parts and accessories, announced in August 2025 a \$1.1 million expansion in Norfolk. This investment in a 120,000-square-foot facility is expected to create 29 new jobs, increase inventory capacity, and support future growth.

TST Fabrication & Machine, a service-disabled, veteran-owned company, is investing \$3 million to expand its Norfolk headquarters, creating 56 new jobs. Announced in March 2025, the project is currently underway, with hiring expected to be complete by 2027. This expansion underscores Norfolk's strong base in advanced manufacturing and defense support, while contributing to innovation, job growth, and economic resilience in the region.

Currie Medical Inc., a company specializing in medical device manufacturing and reprocessing, is investing \$1.22 million to expand its operations in Norfolk. The company has leased a 30,000 square-foot facility to house its medical device reprocessing operation and distribution center, creating 60 new jobs. Announced in October 2024, the project is currently underway. Currie Medical's growth highlights Virginia's strength in specialized manufacturing and innovative medical technology. As a locally based company serving national healthcare systems, Currie Medical's exclusive partnership with Sentara supports regional healthcare with sustainable products and reprocessing services.



Katoen Natie Norfolk Inc., a plastics and polymers warehousing and distribution company and subsidiary of Katoen Natie, announced its second expansion in Norfolk, representing a substantial investment of \$59.9 million. The project includes construction of a new 450,000-square-foot warehouse, a rail yard, and expansion of an existing rail spur to accommodate rising demand. Announced in November 2023 and currently underway, the expansion is expected to create 76 new jobs. The company cited Norfolk's strategic East Coast location, access to dual rail service (Norfolk Southern and CSX), deep-water port, and skilled workforce, including former military personnel, as key reasons for choosing to grow in the City.

Lyon Shipyard, a full-service ship repair and industrial services provider, announced an \$8.5 million investment to expand its operations in Norfolk. The project, announced in September 2023, expands the company's capacity to service commercial ships and offshore wind farm vessels, and is expected to create 134 new jobs. This investment enhances Norfolk's role in supporting the maritime and renewable energy sectors and strengthens the City's industrial base.

Booz Allen Hamilton, a global consulting and technology services firm headquartered outside Washington, D.C., expanded its Norfolk operations in August 2023 by launching a new business services delivery hub team. The team, which provides customer service and HR support for the company's more than 32,000 employees worldwide, joined Booz Allen's long-standing Norfolk office as part of a multi-year, multilocation growth strategy. With over 1,000 employees in Hampton Roads, this expansion—now complete — is expected to create 200 new jobs, leveraging the region's strong military-connected talent pool and long-standing business success.

Bauer Compressors, Inc., a subsidiary of Munich-based Bauer Kompressoren Group, announced a \$7.4 million expansion of its Norfolk operations in May 2023. This investment will boost production capacity for hydrogen and natural gas compressors to meet growing demand in clean energy markets. The project is expected to create 47 new jobs and is anticipated to be complete by Summer 2026, reinforcing Norfolk's position in the advanced manufacturing and green technology sectors.

Residential Development

One of Norfolk's greatest strengths is its neighborhoods. With over 120 civic leagues and more than 104,000 housing units, the City offers a diverse range of housing choices, from charming starter homes to grand residences, and from Downtown lofts and townhomes to new developments along the Chesapeake Bay. By expanding the diversity of housing opportunities, the City aims to attract a broader, more inclusive population and strengthen its tax base. The goal for neighborhood and commercial development is to foster an environment that encourages private sector investment, increases retail sales and corresponding municipal revenues, provides a framework for targeted, coordinated public and private investment, and aligns with and enhances ongoing community development initiatives.

A key area of focus in Norfolk's Downtown growth strategy is the St. Paul's Area, a transformative revitalization and resilience initiative on 230 acres just east of Downtown. This reimagined neighborhood blends modern living with deep community history and is guided by the City's three pillars of resilience: coastal resilience, economic resilience, and neighborhood resilience. The redevelopment was jumpstarted with a \$30 million Choice Neighborhood Initiative ("CNI") Implementation Grant from the U.S. Department of Housing and Urban Development. With this funding, the City begun to redevelop the first phase of the St. Paul's Area transformation, Tidewater Gardens, into more than 700 new mixed-income housing units, improve the neighborhoods landscape that doubles as storm water mitigation, and a redesigned multi modal road network and improving access. The project also includes a human development program called People First, designed to connect residents with resources to help them thrive.

The final project within the first phase of the St. Paul's Area redevelopment will deliver another 191 new mixed-income housing units and nestle residential buildings along the planned Blue/Greenway, creating a walkable, park-adjacent environment that blends housing with green space and community amenities. Construction is expected to begin in 2025 and continue through late 2027 to early 2028. Infrastructure improvements are also progressing, including a new roadway network a new bridge, a modernized storm water network, upgraded water and sewer utilities, and enhanced pedestrian accommodations. This park will feature recreational green spaces and waterways, walking trails, a pavilion and gathering area, lighting, playgrounds, water features, and paved plazas serving as a dynamic living laboratory to tackle the City's significant sea-level rise challenges. The Blueway/Greenway is anticipated to be completed in 2026, with additional phases rolling out through 2026. The Greenway will also facilitate the relocation of residential and commercial properties away from flood-prone areas, further strengthening Norfolk's resilience against climate impacts. This thoughtfully designed space aims to blend sustainability with community engagement, offering residents and visitors a beautiful and functional destination for outdoor activities and social connection.

Aspire at Church Street



Another notable project is Fusion at NEON, which is a vibrant 239-unit residential development that opened in Fall 2024. Fusion at NEON offers a mix of studio, one-, two-, and three-bedroom apartments in the heart of the City's arts and culture hub. Designed for modern urban living, Fusion features ground-floor coworking space and integrated parking, creating a seamless live-work environment. Its location, just steps from cultural landmarks like the Chrysler Museum of Art and the Elizabeth River Trail, connects residents directly to the creative energy of the NEON District.

Nearby in the Waterside District, Gravity on 400 — a 273-unit mixed-use mid-rise community also opened in Fall 2024 — caters to urban professionals and City dwellers. The development offers upscale studio to three-bedroom apartments and luxury amenities including a resort-style pool, state-of-the-art fitness center, Peloton studio, and ground-floor commercial space, contributing to the vitality of Downtown's residential core.

In East Ocean View, The Tern is a new 7.3-acre residential development that broke ground in Spring 2024. The community will feature 96 golf-cart-friendly luxury townhomes with breathtaking views of the Chesapeake Bay, priced between \$300,000 and \$500,000. Designed to blend coastal living with convenience, the project will offer shared beach access, a dog park, and the adaptive reuse of a nearby commercial building to create a vibrant restaurant and retail space, enhancing the neighborhood's walkability and appeal.

Additionally, a recent surge in new construction is revitalizing neighborhoods along key corridors in Ocean View and Pretty Lake. A standout among these developments is The Mainsail, a modern townhome community that broke ground in 2024 and quickly sold out. Featuring 3 to 4-bedroom residences with stunning Chesapeake Bay views, these homes blend coastal charm with contemporary living, appealing to families and professionals seeking quality living in a vibrant waterfront neighborhood.

The Norfolk Railroad District, a historic neighborhood just south of Downtown, is transforming from its industrial and railroading roots into a vibrant mixed-use community known for its creative energy and proximity to the Elizabeth River waterfront. Key residential developments such as Peanut Factory Flats, Tidewater Square, and B+G Place have utilized historic tax credits to rehabilitate old buildings into new housing opportunities. These projects expand housing options, preserve the District's historic character, and help foster a walkable, thriving neighborhood.

Arts and Culture

Norfolk is a vibrant cultural hub offering a diverse mix of attractions and experiences that enrich the lives of residents and draw visitors from across the region and beyond. The City's rich arts scene is anchored by a range of historic and contemporary venues that support theater, music, visual arts, and creative expression.

The City's performing arts venues include several beloved institutions such as the Attucks Theatre, the Harrison Opera House, and the Chrysler Museum of Art, as well as the larger Theater District, which features Chrysler Hall, the Jeanne and George Roper Theater, the Wells Theatre, and The NorVa, a nationally recognized live music venue.

At the heart of Norfolk's creative ecosystem is the NEON District (New Energy of Norfolk), a revitalized arts and cultural corridor in Downtown. The district embodies the City's ongoing transformation, drawing inspiration from the area's industrial past and channeling it into a dynamic future of artistic innovation. Home to murals, galleries, studios, and performance spaces, NEON is anchored by longstanding institutions such as the Chrysler Museum and the Harrison Opera House, and serves as a platform for local artists and entrepreneurs to share their work and ideas.

In addition to its arts and cultural offerings, Norfolk plays a pivotal role in regional tourism through the Peter G. Decker Jr. Half Moone Center, the Commonwealth's only dedicated cruise departure point. Located on the Downtown waterfront between Town Point Park, the Nauticus maritime science center, and the USS Wisconsin, the terminal offers an unmatched embarkation experience.

Beginning in 2025, Norfolk became the East Coast's newest year-round cruise port, marking a significant milestone in the City's growing role as a premier travel and tourism destination. Building on a two-decade partnership with Carnival Cruise Line, Norfolk hosts weekly sailings from its Downtown waterfront. The year-round operations are expected to generate an immediate economic impact of \$17.6 million annually, boosting local businesses, tourism, and hospitality sectors. This investment positions Norfolk as a strategic and attractive homeport for the cruise industry, with a modern facility and a vibrant, walkable Downtown experience just steps from the terminal.

Signaling continued growth for Cruise Norfolk, in September 2025, it was announced that Carnival Freedom will reposition from Port Canaveral to Norfolk in May 2027, replacing Carnival Sunshine. This move establishes a new homeport for Carnival Freedom and launches the most diverse and expansive cruise program ever offered from Norfolk, bringing with it more travel options including sailings from the Bahamas, Bermuda, the Eastern Caribbean, Canada, and more. It is expected the larger ship will enhance the economic impact to the City and the region, generating increased tourism spending at hotels, restaurants, attractions, and local businesses.

Norwegian Cruise Line will significantly increase its presence in the City with weekly visits of the Norwegian Pearl from April to August 2027, marking one of the largest port-of-call commitments in the City's history and bringing approximately 49,000 additional cruise passengers to the region.

Norfolk's commitment to arts education and innovation is also reflected in its specialized institutions. The Virginia Arts Festival headquarters serves as a year-round base for education outreach, artist rehearsals, and intimate performances. Adjacent to the Festival's headquarters is the home of the Hurrah Players, a celebrated local theater company that operates a 100-seat theater and two rehearsal halls, cultivating the next generation of performers and creative professionals.

The Perry Glass Studio, part of the Chrysler Museum of Art, stands out as the only public glass art studio of its kind in the Mid-Atlantic and has earned national recognition as a leader in contemporary glass art and education. In March 2025, the Museum completed a transformative \$55 million expansion, significantly enhancing its capacity for public engagement, artistic innovation, and educational programming. The 18,000-square-foot expansion features three state-of-the-art glassmaking shops, dedicated classrooms for hands-on learning, and a 200-seat performance theater designed for live demonstrations, lectures, and collaborative performances. This investment solidifies Norfolk's role as a major destination for glass artistry and strengthens the City's cultural identity on a national scale.

Other cultural attractions include the Virginia Arts Festival headquarters, a home for the Hurrah Players, and the Perry Glass Studio of the Chrysler Museum. The Virginia Arts Festival headquarters houses year-round education outreach activities, a rehearsal and intimate performance space, as well as the Festival's administrative offices. Adjacent to the Virginia Arts Festival headquarters is the home of the Hurrah Players that opened a new three-story facility in late 2024, which features a 100-seat theater and two rehearsal halls, and consolidates their administrative operations into one place. The new building also houses the Nusbaum Family TV & Film Academy, the first television and film academy for youth in Hampton Roads. The academy offers specialized training for middle and high school students in behind-the-scenes crafts like filmmaking, animation and photography.

Nauticus, Norfolk's premier science and maritime museum, completed a \$21 million transformation as part of its "Reimagine Nauticus" capital campaign. Finalized in November 2024, the project modernized the museum's exhibits and facilities to better reflect its educational mission and enhance the overall visitor experience. A key addition is the "STEM to STERN" program, which broadens understanding of maritime-related industries and career paths through hands-on, STEM-focused learning. The renovation also introduced a refreshed lobby and entrance area, featuring the new "Wonder Hall," designed to create an engaging and welcoming first impression for guests. Nauticus has continued its restoration and preservation of the historic Battleship USS Wisconsin, which is included in general admission. This transformation positions Nauticus as a dynamic and forward-looking destination for maritime education and exploration.

Waterfront Recreation Investment

The City boasts seven miles of Chesapeake Bay beachfront and a total of 144 miles of shoreline that stretch along Downtown's Elizabeth River, the Lafayette River, the Norfolk Harbor and the Chesapeake Bay. Town Point Park, situated in the heart of Downtown area along the Elizabeth River, attracts thousands of visitors each year, contributing significantly to the local economy through tax and parking revenues.

A \$750 million resort and casino is under development on the waterfront adjacent to the Harbor Park baseball stadium in Downtown. The development includes a 200-room hotel, a casino floor with 1,500 slot machines and 50 table games, a 25,000-square-foot multipurpose event center, and a 1,400-space parking garage. Additional resort amenities will feature a spa, fitness center, eight restaurants — including a food hall, gastropub, and

steakhouse, and a 25,000-square foot amenity deck. Construction began in late 2024, with a temporary casino expected to open by November 2025. The full resort and casino complex is slated for completion in Fall 2027. This landmark development is projected to deliver substantial economic benefits to Norfolk, creating approximately 2,500 jobs and generating an annual indirect economic impact of \$850 million. Upon completion, the resort and casino will be the largest of its kind in the region, providing a premier, all-encompassing entertainment destination and cementing Downtown Norfolk's status as the region's leading entertainment hub.

Sports and Recreation

Norfolk is home to the Norfolk Tides, a Triple-A minor league baseball team affiliated with the Baltimore Orioles. The City also hosts the Norfolk Admirals, a member of the East Coast Hockey League. Additionally, Old Dominion University competes in the Conference USA, while Norfolk State University boasts a long-established football program competing in the Mid-Eastern Athletic Conference.

Broad Creek Legacy Park, an 11-acre green space in the Broad Creek district, embraces the theme "Healthy, Active and Abundant." The park offers walking trails, open space, game tables and an urban orchard. Alongside the Jordan-Newby Library, Richard Bowling Elementary School and KROC Center, the park serves as a vibrant community hub for education, fitness, recreation, and engagement.

In Spring 2025, Norfolk began demolition on the existing Norfolk Fitness and Wellness Center to build a new \$68 million combined recreation and library center, expected to open in Fall 2027. The new facility will include a natatorium, gymnasium, library, and outdoor amenities including an exercise course, nature explorium, tennis courts and pickleball courts.

Town Point Park



The Elizabeth River Trail is a scenic 10.5-mile multi-use path that stretches northward along follows the Elizabeth River, beginning at Norfolk State University. Originally created by repurposing an abandoned railroad spur, the trail offers pedestrians and cyclists a safe and picturesque route with numerous access points along the river. The trail also connects to key landmarks such as the Atlantic City spur near the Midtown Tunnel and Plum Point Park, a five-acre site dedicated to environmental restoration featuring wetlands, estuarine wildlife, and open meadows.

Adopted Financial Policies

The City has long-standing comprehensive financial policies, which were last updated by the City Council in May 2021. The adopted Financial Policies include a General Fund Unassigned Reserve with a minimum of 10 percent of General Fund Expenditures plus General Fund Transfers Out, a Risk Management Reserve of up to \$8 million, an Economic Downturn Reserve of up to \$5 million, and an Inclusive Development Opportunity Fund funded at \$2 million. As of the end of Fiscal Year 2025, the City exceeded the minimum level in the General Fund Unassigned

Reserve and is at the maximum level in the Risk Management Reserve, the Economic Downturn Reserve, and the Inclusive Development Opportunity Fund.

The adopted Financial Policies include a pension funding policy, which establishes the City's contribution at the greater of the prior year's contribution or the current year's actuarially defined contribution. The Financial Policies include a net tax-supported debt service maximum of 11 percent of the General Fund budget with a target at 10 percent or less and a net tax-supported debt maximum of 4 percent of total taxable property value with a target of 3.5 percent or less. Debt affordability measures include a ten-year minimum debt pay-out ratio of 55 percent, an overlapping debt maximum of 0.5 percent of taxable property, and a variable rate debt limitation at 20 percent by fund.

The City's adopted Financial Policies provide that the Water Utility, Wastewater Utility, Parking Facilities and Storm Water Utility Funds will be self-supporting. Each fund must maintain annual net revenue in an amount to provide sufficient debt service coverage to support annual debt service. The Parking Facilities coverage requirement is 1.1 times its total annual debt service. The Water Utility Fund must maintain a coverage above 1.5 times its total annual debt service, and both the Wastewater and Storm Water Utility Funds are required to have a debt service coverage minimum of 1.15 times any revenue debt service and 1.1 times their total annual debt service. Additionally, each fund may only have 20 percent of its outstanding debt in the variable rate form. Each of these funds must maintain a working cash balance. The Parking Facilities and Water Utility Funds are required to have 240 days of operating expenses in unrestricted cash. The Wastewater and Storm Water Funds must maintain at least 180 days of operating expenses in unrestricted cash. To monitor these Policies, each fund is required to annually produce a ten-year plan that integrates revenue and expense projections and project cash flow forecasts. Based on Fiscal Year 2024 financial results, the City is in compliance with its Financial Policies for each Enterprise Fund.

Long-Term Financial Planning

Annually, the City prepares a five-year financial forecast of revenues and expenditures for the City's General 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's budget guiding principles are based on a five-pronged approach of raising revenue, reducing expenditures, becoming more efficient, growing the economy, and sharing services and leveraging resources.

The City reviews and revises its five-year Capital Improvement Plan (CIP) annually to adapt to evolving conditions that affect existing projects and reflect the changing priorities of the City Council. This annual review process identifies necessary capital projects, estimates capital requirements, develops financing strategies, and assesses the operational expenses associated with projects following their completion. By actively engaging in long-term financial planning, Norfolk ensures that its infrastructure investments align with community needs while promoting fiscal responsibility.

Debt Administration

Norfolk typically borrows money by issuing general obligation and revenue bonds to finance major capital projects. Bond financing spreads the cost of capital projects over a period of many years, rather than charging the full cost to current taxpayers. The City has the same obligation to adhere to sound financial management that a home or

business does. The City adheres to adopted financial policies that promote effective financial management. The City has multiple measures of debt affordability and is in compliance with all of them.

The City has strong credit ratings for a local government. Currently, the City's general obligation bonds are rated 'Aa2' by Moody's Investors Service ("Moody's"), 'AAA' by S&P Global Ratings ("S&P") and 'AA+' from Fitch Ratings ("Fitch"), as its Water Revenue bonds are rated 'Aa2' by Moody's, 'AA+' by S&P and 'AAA' from Fitch. Credit ratings are one of several tools that investors and lenders use when making decisions regarding a municipality's future financial strengths and weaknesses. The rating indicates the City's financial strength, continued stability, and capacity to meet its financial commitments. Strong ratings assist the City in maintaining low cost of funds to finance strategic capital projects throughout the City. On September 24, 2024, Fitch upgraded the City's Water Utility System's (the "System") credit rating to AAA, the highest possible rating. This upgrade reflects the strength and reliability of the System's financial management and operations. The rating highlights the System's exceptional financial profile, including healthy reserves, strong debt service coverage levels, and robust liquidity. It also underscores the operational capacity of the System to meet the future needs of its users across the Hampton Roads region.

The details of bonds outstanding and bonds authorized, but not issued are shown in Note IX to the financial statements. Tables 1 through 8 of the Debt Capacity Statistical Section provide detailed historical information regarding the debt position and debt service requirements of the City.

Resilience – Designing the Coastal Community of the Future

The City is on the frontlines of the challenge of sea-level rise and has long been a national leader for its resilience strategy and efforts. As a coastal community, the City is one of several localities in the United States vulnerable to flooding from sea level rise and storm-surge. Named as one of the world's first members of Resilient Cities Network, a program pioneered by The Rockefeller Foundation, the City is helping to build a global practice of resilience by working with cities around the world.

The City is proud to be a national leader of resilience and in advancing the Association of State Floodplain Managers (ASFPM) strategic initiatives of educating policymakers on sound floodplain management policies and practices; improving the knowledge of floodplain managers through the Certified Floodplain Manager (CFM) certification program; delivering ongoing professional development and training events; conducting applied research, promoting emerging technologies, and developing tools that address all aspects of flooding and floodplain management; and increasing international awareness on flooding and flood loss reduction.

The City has adopted a comprehensive resilience strategy to address the challenges facing the City. This strategy is driven by three goals: design the coastal community of the future; create economic opportunity by advancing efforts to grow existing and new industry sectors; and advance initiatives to connect communities, deconcentrate poverty and strengthen neighborhoods. The actions that support these goals and strategies are diverse. They range from developing the gold standard in resilient land use codes, to collaborating with global partners to innovate the next generation of water management techniques, to partnering with the federal government and the Commonwealth in funding projects that reduce risk and/or drive the City's desired impact.



As part of the Infrastructure Investment and Jobs Act, (Bipartisan Infrastructure Law) the City will receive nearly \$400 million in Federal funding to increase community resilience to support the City's Coastal Storm Risk Management ("CSRMM") project, also known as Resilient Norfolk. This funding comes after years of coordination and planning efforts to address flooding in the City. In 2016, the City and the U.S. Army Corps of Engineers ("USACE") began the Norfolk CSRMM Final Integrated Feasibility Report and Environmental Impact Statement, with the Chief of Engineer's Report completed in February 2019. The project aims to reduce the City's risk from coastal flooding and damage due to nor'easters, hurricanes and other significant storm events. The project features storm-surge barriers, nearly eight miles of floodwalls and levees, 11 tide gates, and 10 pump stations, along with a series of nonstructural projects that include home elevations, basement fills, and commercial floodproofing. The total project cost is estimated at \$2.6 billion over the next ten years. In 2023, City Council authorized a Project Partnership Agreement between the City and the USACE, in which 65 percent of the project will be federally funded. The Commonwealth has provided approximately \$49 million in grant funding to support the project.

Tax Abatement

The City offers a range of tax abatement incentives through five distinct programs designed to foster economic growth and community revitalization. These include the Tax Abatement Program, which supports property owners in improving older homes, businesses, and industrial sites; the Technology Zone, which encourages the development of technology-based businesses by offering tax relief in designated areas; the New Business License Incentive Program, which provides financial incentives to new businesses opening within the City; Local Utility Tax Relief, which helps businesses offset utility costs to promote growth and sustainability; and the Economic Development Program, which targets larger-scale projects and offers tax incentives to drive investment and job creation. Each of these programs is tailored to meet the specific needs of businesses and property owners, helping to enhance Norfolk's economic landscape and attract long-term investments.

Community Engagement

Community engagement has become an ongoing dialogue between the City and its residents. By fostering participation in government, the City empowers citizens and promotes ownership at all levels, ensuring transparency in decision-making processes. This commitment to community engagement enhances resource management and enables the City Council to address challenges effectively, resulting in more inclusive and cohesive neighborhoods. The City is dedicated to investing in transparent practices and maximizing outreach efforts that are both geographically and culturally sensitive. Through a structured approach that prioritizes community-level involvement, the City seeks to inform its strategies and initiatives, ultimately enriching the overall quality of life for all residents.

Internal Control and Budget Accounting

The City's management team is responsible for establishing and maintaining a robust internal control structure that safeguards government assets from loss, theft or misuse. This internal control system is essential for ensuring that the financial statements are prepared in conformity with Generally Accepted Accounting Principles (GAAP). By maintaining this structure, the City can provide accurate and transparent financial reporting, which is crucial for building trust with residents, stakeholders, and regulatory bodies.

The internal control framework is designed to provide reasonable assurance that the objectives related to financial reporting and compliance are met. The concept of reasonable assurance acknowledges that the cost of implementing controls should not exceed the benefits derived from them. Therefore, management must make informed estimates and judgments when evaluating the costs and benefits of these controls. This careful consideration allows the City to allocate resources efficiently while maintaining effective oversight of financial activities.

The City's control environment significantly influences its internal control system. It reflects management's commitment to ethical behavior, adherence to organizational values, and the competence and integrity of its employees. A strong control environment promotes a culture of accountability and transparency, which is vital for effective governance.

Budget controls play a critical role in ensuring compliance with the legal provisions outlined in the annual appropriated budget, which is approved by the City Council. This budget encompasses the activities of several funds, including the General Fund, specific Special Revenue Funds, Debt Service Funds, Enterprise Funds, and the School Board's Governmental Component Unit Funds. Each organizational unit is empowered to establish its level of budget control, which fosters accountability and ensures that expenditures align with approved appropriations. In addition to these unit-level controls, the City exercises administrative controls to further safeguard financial resources.

Furthermore, as a recipient of federal financial assistance, the City is mandated to maintain an adequate internal control structure that allows for effective documentation of compliance with the U.S. Office of Management and Budget's Super Circular. This requirement is particularly relevant for managing major federal award programs, ensuring that the City adheres to federal regulations and standards.

Awards and Recognition

The strength of the City's policies and practices is reflected in the City's strong credit ratings and in multiple financial awards the City has received, such as:

Received 39th consecutive Government Finance Officers Association (GFOA) Achievement for Excellent in Financial Reporting Award for its Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR), 2024.

Received 9th consecutive GFOA Award for Outstanding Achievement for its Fiscal Year 2024 Popular Annual Financial Report (PAFR), 2024.

Received 8th consecutive Association of Government Accountants (AGA) Certificate of Excellence in Citizen-Centric Reporting for its Fiscal Year 2024 Report to Our Citizens, 2024.

GFOA Distinguished Budget Presentation Award for its Fiscal Year 2024 Budget, 2024.

Norfolk Employees' Retirement System Received 19th consecutive GFOA Achievement for Excellent in Financial Reporting Award for its Fiscal Year 2024 ACFR, 2024.

Norfolk Employees' Retirement System Received 4th consecutive GFOA Award for Outstanding Achievement for its Fiscal Year 2024 PAFR, 2024.

Triple Crown Winner for winning all three GFOA awards possible for exceptional financial reporting, GFOA, 2023.

Annual Achievement of Excellence in Procurement (AEP), The National Procurement Institute, 2025.

Achieved Gold Level Certification from What Works Cities for establishing exceptional data capabilities to inform policy, allocate funding, improve services, evaluate programs, and engage residents, 2025.

Secretary's Award for Efforts to Hire and Retain Veteran Employees in Fiscal Year 2024, Virginia Secretary of Veterans and Defense Affairs, 2024.

Recognized for being a SolSmart Gold city, for its efforts to advance solar power in the community; Norfolk is the only city in Hampton Roads and one of six localities in Virginia to achieve this status, 2024.

Independent Audit

In accordance with Section 99 of the City Charter and Section 15.2-2511 of the Code of Virginia, as amended, an annual audit by an independent auditor is required. Accordingly, CliftonLarsonAllen LLP conducted the audit of the City's financial records for the fiscal year ended June 30, 2025. Based on their audit, CliftonLarsonAllen LLP issued an unmodified opinion, also known as a "clean" opinion, on the City's financial statements. The independent auditor's report is presented in the financial section of this report.

Certificate of Achievement

In November 2024, the Government Finance Officers Association (GFOA) named the City a 2023 Triple Crown Winner. GFOA's Triple Crown designation recognizes governments who have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award and Distinguished Budget Presentation Award for a fiscal year.

The GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This reflects the 39th consecutive year that the City received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an efficiently organized ACFR providing full disclosure and transparency. The Certificate of Achievement for Excellence is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment of this award represents a significant accomplishment by a government and its financial management team. This award is valid for a period of one year only. We believe that the fiscal year ended June 30, 2025, ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City submitted its 8th Popular Annual Financial Report for fiscal year ended June 30, 2024, and is awaiting the results for the Certificate of Achievement for Excellence in Financial Reporting by the GFOA for that report.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2024. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

Acknowledgments

We express our sincere appreciation to all who overcame immense challenges to ensure the seamless operations of the City and the successful production of this report. The preparation and completion of this ACFR epitomize the professionalism, dedication, and efficiency of the entire ACFR Team in Financial Reporting and other divisions within the Department of Finance. The unwavering commitment of these individuals to continual improvement make Norfolk a national leader in quality financial reporting. Additionally, we would also like to express our appreciation to all other staff and professional contributors Citywide.

We also wish to express our profound appreciation to the Office of the City Auditor and CliftonLarsonAllen LLP for their invaluable coordination and support throughout the year.

This ACFR is a testament to our ongoing commitment to the residents and businesses of Norfolk, the City Council, and all interested readers. We strive to provide information with the utmost integrity and transparency, adhering to the highest standards of financial reporting.

In closing, we must acknowledge the City Council for their unwavering support in maintaining the highest standards of professionalism in managing the City's finances. Their diligent oversight and dedication to sound financial policies and practices have been pivotal in producing this exemplary financial report. We commend the City Council for their steadfast commitment to excellence.

Respectfully submitted,



Patrick G. Roberts
City Manager



Christine Garczynski
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Norfolk
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



Financial Section

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Independent Auditors' Report



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INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council
City of Norfolk, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Norfolk, Virginia (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Accounts of the Commonwealth of Virginia (the Specifications). Our responsibilities under those standards and specifications are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards* and the Specifications, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information other than the MD&A as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

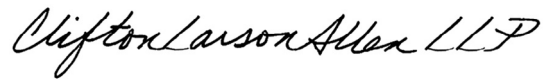
Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section, as listed in the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

The Honorable Members of City Council
City of Norfolk, Virginia

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Arlington, Virginia
January 26, 2026



Management's Discussion and Analysis (Unaudited)

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

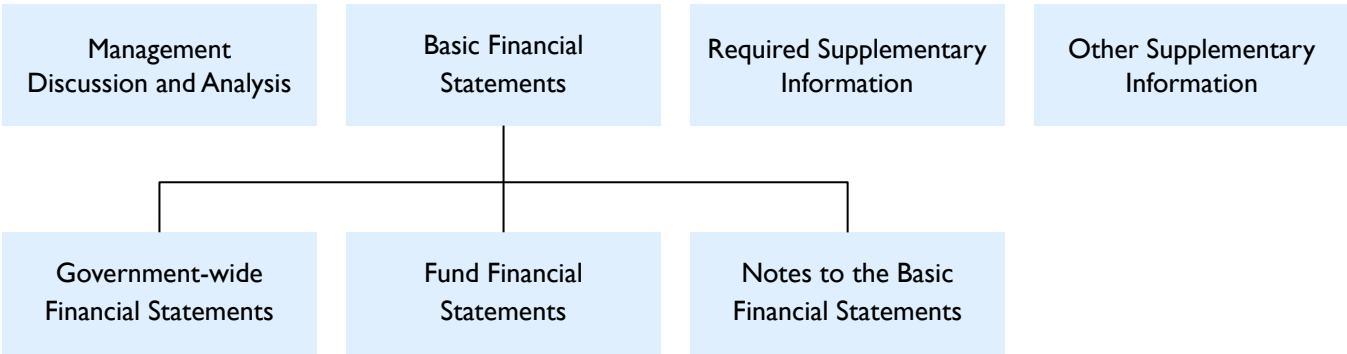
This overview provides an analysis of the City of Norfolk’s (the “City”) financial performance for the fiscal year ending June 30, 2025.

For comprehensive understanding, readers should review this discussion in conjunction with the transmittal letter at the beginning of this report and the accompanying financial statements and notes.

Financial Highlights

- **Net Position:** The City’s assets and deferred outflows, excluding component units, exceeded its liabilities and deferred inflows by \$1,533,105,887 (net position) at the end of fiscal year 2025. Within this amount, the unrestricted net position is \$104,766,753. Total net position increased by \$140,694,391, although the unrestricted net position had a decrease of \$113,967,213 from the previous fiscal year.
- **Governmental Activities:** The City’s governmental activities reported a net position of \$677,849,058, reflecting an increase of \$54,194,519 from the previous year.
- **General Fund:** The General Fund’s total unassigned fund balance reached \$97,721,249 at the end of fiscal year, which represents 8.4 percent of the original General Fund budget.
- **Bonded Indebtedness:** The City’s total outstanding bonded indebtedness decreased by \$108,632,958 primarily due to principal payments made during the year without the issuance of new general obligation debt, the issuance of new revenue bond debt as well as a refunding of revenue bonds for savings.

Components of the Financial Section



Overview of the Financial Statements

This discussion and analysis introduces the City’s basic financial statements. The financial section of this report includes Management’s Discussion and Analysis, the basic financial statements and required supplementary information. The basic financial statements consist of three main components:

- **Government-wide Financial Statements:** These provide a broad overview of the City’s financial position and results.
- **Fund Financial Statements:** These statements offer a more detailed look at individual City funds.
- **Notes to the Basic Financial Statements:** These notes provide essential information to enhance understanding of the data presented in the financial statements.

Additionally, this report includes other supplementary information beyond the basic financial statements and related notes, offering further context and details on the City's financial activities.

Government-wide financial statements – The *government-wide financial statements* provide a broad overview of the City's finances, similar to private-sector reporting, using the accrual basis of accounting. These statements include all the City's assets, liabilities, deferred outflows and deferred inflows and consist of two main reports:

Statement of Net Position: Presents the City's assets and deferred outflows against liabilities and deferred inflows. The difference is reported as net position, which can serve as an indicator of financial health over time.

Statement of Activities: Shows changes in net position throughout the fiscal year, reporting revenues and expenses when they occur, regardless of cash flow timing (e.g., uncollected taxes, accrued vacation).

These statements differentiate between:

- **Governmental Activities:** Functions supported primarily by taxes and intergovernmental revenues (governmental activities), such as general government, judicial administration, public safety, public works, health and public assistance, culture and recreation, and community development.
- **Business-Type Activities:** Self-sustaining enterprise activities funded by the user fees, such as Water Utility, Wastewater Utility, Parking Facilities and Storm Water Utility.

In addition to the primary government, the financial statements include separate reports for legally distinct component units for which the City is financially accountable, such as Norfolk Public Schools ("School Board") and the Norfolk Economic Development Authority ("EDA"). Financial information for these component units is reported separately from the financial information presented for the primary government and can be found on pages 69-70 of this report.

Fund financial statements – 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In the basic financial statements, the emphasis is on major funds. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers can better understand the long-term impact of the City's near-term financing decisions. A reconciliation between the government-wide financial statements and the fund financial statements is included as part of the basic financial statements.

The City maintains several individual governmental funds. Detailed information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance for the general, grant, capital projects and debt service funds, all of which are

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

considered major funds. All other governmental funds are combined in a single, aggregated presentation, while individual data for non-major funds are provided in combined statements elsewhere in this report.

The City adopts annual budgets for certain funds. Budgetary comparison statements are included in this report to demonstrate compliance. (Reference Exhibits E-1 and E-2.)

The basic governmental fund financial statements are found on pages 59-62 of this report.

Proprietary funds: Proprietary funds provided detailed information similar to the government-wide financial statements but with greater specificity. The proprietary fund statements present separate information for the City's enterprise funds - Water and Wastewater Utilities, the Parking Facilities and the Storm Water Utility operations, - all of which are major funds.

The enterprise funds are used to account for the Water and Wastewater Utilities, the Parking Facilities and the Storm Water Utility operations, where services are financed through user charges. Enterprise funds align with business-type activities in the government-wide financial statements.

Internal service funds are an accounting mechanism to accumulate and allocate costs internally among the City's functions. The City has two internal service funds: Fleet Management and Healthcare. For reporting purposes, the internal service funds are combined into a single aggregated presentation in the proprietary fund statements, while individual fund details are allocated to governmental activities at the entity-wide level elsewhere in this report.

The proprietary fund financial statements can be found on pages 63-66 of this report.

Fiduciary funds: The City's fiduciary funds include the pension trust fund, the pension funding trust, the Commonwealth of Virginia custodial fund and other custodial funds. These funds account for resources held on behalf of entities outside the City. Fiduciary funds are excluded from the government-wide financial statements since their resources are earmarked for specific non-City programs. Accounting for fiduciary funds is similar to the method used in proprietary funds.

The fiduciary fund financial statements are available on pages 67-68 of this report.

Notes to the basic financial statements – The notes offer essential information to enhance understanding of the data presented in the government-wide and fund financial statements. They provide context, explanations, and details that are critical for a comprehensive understanding of the City's financial position. The notes to the financial statements begin on page 76 of this report.

Other Information – Beyond the basic financial statements and accompanying notes, this report includes required supplementary information on budgetary comparisons for the General and Special Revenue Grant funds, as well as details on the City's net pension liability and other post-employment benefits to its employees. This required supplementary information is available on pages 167-192 of this report.

Additionally, combining statements for nonmajor governmental funds and internal service funds are presented on pages 199-200 and 205-207, respectively.

Government-wide Financial Analysis

The City's net position can be a valuable indicator of its financial health. As of the close of fiscal year 2025, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,533,105,887.

The City's largest portion of the net position, totaling \$1,322,937,635 or 86.3 percent, is invested in capital assets - such as land, buildings, equipment, vehicles, leases, intangibles and infrastructure - net of accumulated depreciation and related debt, deferred inflows and outflows. These capital assets are essential for providing services to citizens and are not available for future spending. While the net position reflects the City's investment in these assets, the funds to repay the associated debt must come from other resources, as the assets themselves cannot be liquidated for liability purposes.

An additional approximately 6.9 percent of the City's net position consists of resources with external restrictions governing their use. The balance of \$104,766,753 in unrestricted net position consists of a decrease of \$113,967,213 for governmental activities. Of this amount, \$16 million was reclassified as Community Services Board restricted fund balance, a \$30 million increase in expenditures related to ARPA funding being fully exhausted in a previous fiscal year, \$20 million from the implementation of GASB 101 for Compensated Absences, and a \$29 million increase in VDOT project spending. Business-type activities saw an increase of \$86,499,872 which is largely because of an increase in Water Utility fund unrestricted net position.

Summary of the City of Norfolk's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 679,957,882	\$ 787,521,276	\$ 241,873,882	\$ 239,423,958	\$ 921,831,764	\$ 1,026,945,234
Capital Assets	1,369,384,250	1,313,399,881	1,226,675,306	1,176,563,347	2,596,059,556	2,489,963,228
Total Assets	2,049,342,132	2,100,921,157	1,468,549,188	1,415,987,305	3,517,891,320	3,516,908,462
Deferred Outflows of Resources	119,811,790	166,284,227	34,958,894	41,654,788	154,770,684	207,939,015
Total Assets and Deferred Outflows of Resources	2,169,153,922	2,267,205,384	1,503,508,082	1,457,642,093	3,672,662,004	3,724,847,477
Long-Term Liabilities	1,297,481,154	1,402,754,687	605,724,279	655,659,879	1,903,205,433	2,058,414,566
Other Liabilities	142,257,061	189,227,026	32,254,013	28,696,268	174,511,074	217,923,294
Total Liabilities	1,439,738,215	1,591,981,713	637,978,292	684,356,147	2,077,716,507	2,276,337,860
Deferred Inflows of Resources	51,566,649	51,569,132	10,272,961	4,528,989	61,839,610	56,098,121
Total Liabilities and Deferred Inflows of Resources	1,491,304,864	1,643,550,845	648,251,253	688,885,136	2,139,556,117	2,332,435,981
Net Position:						
Net Investment in Capital Assets	656,375,774	520,426,088	666,561,861	585,794,760	1,322,937,635	1,106,220,848
Restricted	53,247,343	29,826,394	52,154,156	37,630,288	105,401,499	67,456,682
Unrestricted	(31,774,059)	73,402,057	136,540,812	145,331,909	104,766,753	218,733,966
Total Net Position	\$ 677,849,058	\$ 623,654,539	\$ 855,256,829	\$ 768,756,957	\$ 1,533,105,887	\$ 1,392,411,496

The City's governmental activities saw an 8.7 percent increase in total net position, totaling \$54,194,519.

In business-type activities, net position increased by \$86,499,872, or 11.3 percent. This increase includes, \$49,441,767 from the Water Utility, \$16,369,039 from the Wastewater Utility, \$9,295,630 from the Parking Facilities, and \$11,393,436 from the Storm Water Utility. Overall revenues increased by \$27,558,345 compared to the prior year, largely driven by approved rate increases and revenue received from governmental sources.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

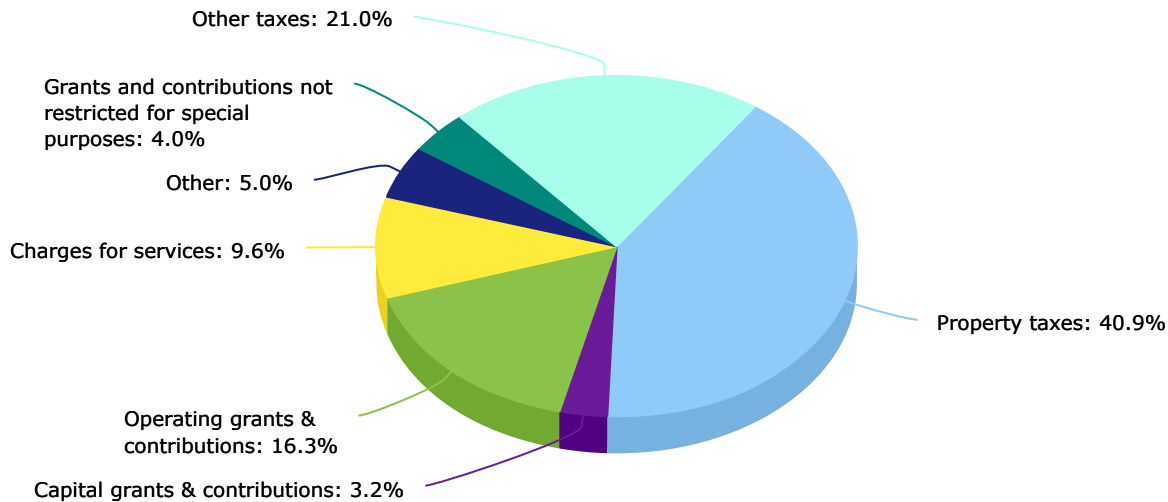
The following presents key programmatic and functional elements contributing to changes in the government-wide net position:

Changes in the City of Norfolk's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	\$ 98,654,191	\$ 99,025,919	\$ 211,879,311	\$ 195,030,268	\$ 310,533,502	\$ 294,056,187
Operating Grants & Contributions	167,217,564	165,152,487	-	-	167,217,564	165,152,487
Capital Grants & Contributions	31,965,033	273,572	5,413,754	940,347	37,378,787	1,213,919
General Revenues:						
Property Taxes	418,589,582	392,895,405	-	-	418,589,582	392,895,405
Other Taxes	215,041,711	203,504,142	-	-	215,041,711	203,504,142
Grants and Contributions not restricted for specific purposes	41,164,986	41,384,425	-	-	41,164,986	41,384,425
Other	51,666,259	36,092,214	13,059,254	6,823,359	64,725,513	42,915,573
Total Revenues	1,024,299,326	938,328,164	230,352,319	202,793,974	1,254,651,645	1,141,122,138
Expenses:						
General Government	199,678,171	184,796,350	-	-	199,678,171	184,796,350
Judicial Administration	62,861,407	57,359,497	-	-	62,861,407	57,359,497
Public Safety	169,079,112	161,392,975	-	-	169,079,112	161,392,975
Public Works	100,995,181	89,245,393	-	-	100,995,181	89,245,393
Health and Public Assistance	109,697,171	98,090,823	-	-	109,697,171	98,090,823
Culture and Recreation	73,647,237	67,086,852	-	-	73,647,237	67,086,852
Community Development	36,188,022	39,799,765	-	-	36,188,022	39,799,765
Education	198,613,982	154,787,859	-	-	198,613,982	154,787,859
Interest on Long-Term Debt	27,986,749	30,190,185	-	-	27,986,749	30,190,185
Water Utility	-	-	74,651,290	77,836,386	74,651,290	77,836,386
Wastewater Utility	-	-	22,898,363	22,840,448	22,898,363	22,840,448
Parking Facilities	-	-	22,646,869	23,610,378	22,646,869	23,610,378
Storm Water Utility	-	-	17,550,942	22,019,386	17,550,942	22,019,386
Total Expenses	978,747,032	882,749,699	137,747,464	146,306,598	1,116,494,496	1,029,056,297
Increase (decrease) in Net Position before Special Items and Transfers	45,552,294	55,578,465	92,604,855	56,487,376	138,157,149	112,065,841
Capital asset transfers	2,537,242	23,500,193	-	-	2,537,242	23,500,193
Transfers	6,104,983	4,458,189	(6,104,983)	(4,458,189)	-	-
Increase (decrease) in Net Position	54,194,519	83,536,847	86,499,872	52,029,187	140,694,391	135,566,034
Net Position Beginning of Year	623,654,539	540,117,692	768,756,957	716,727,770	1,392,411,496	1,256,845,462
Net Position End of Year	\$ 677,849,058	\$ 623,654,539	\$ 855,256,829	\$ 768,756,957	\$ 1,533,105,887	\$ 1,392,411,496

Governmental Activities – For the fiscal year ending June 30, 2025, the City's governmental activities generated total revenues of \$1,024,299,326. Property taxes and other taxes are the City's primary revenue sources, comprising 62.0 percent of total governmental revenues. Property tax revenue, which includes personal and real estate taxes, increased by \$25,694,177 over the prior year. The real estate tax rate for fiscal year 2025 was \$1.23 per \$100 of assessed value. Additionally, revenue from other taxes rose by \$11,537,569, or 5.7 percent, compared to the previous fiscal year.

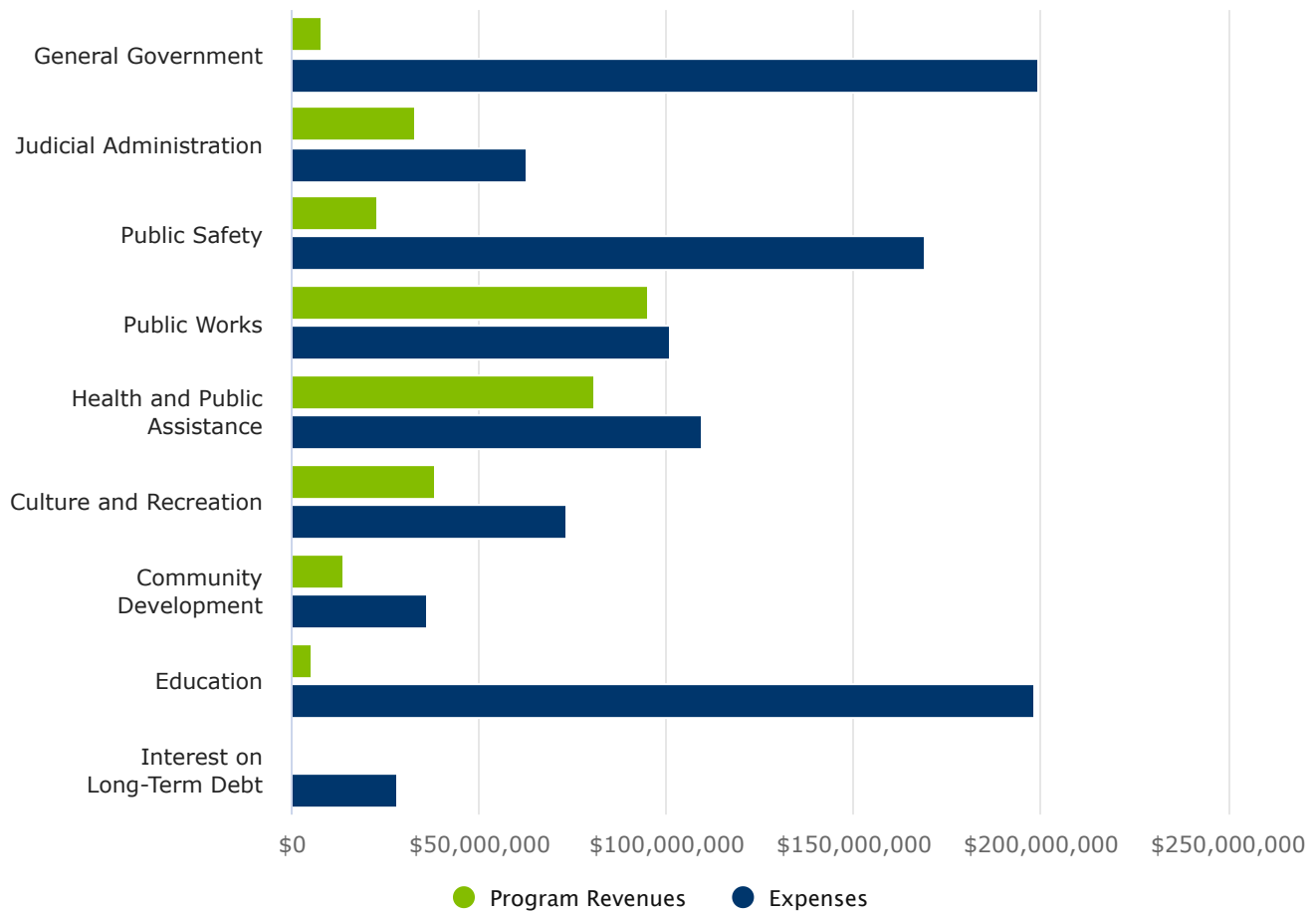
Governmental Activities: Revenues by Source



Operating grants and contributions for governmental activities totaled \$167,217,564 reflecting an increase of approximately 1.3 percent from the prior year. For fiscal year 2025, unrestricted grants and contributions amounted to \$41,164,986, representing a decrease of approximately 0.5 percent compared to the prior year. Additionally, other revenue overall increased by \$15,574,045 compared to the prior year, primarily due to proceeds from land sales related to the Casino development.

The City's expenses for governmental activities encompass a broad range of services, with \$199,678,171 (20.4 percent) allocated to general government, \$169,079,112 (17.3 percent) for public safety, and \$198,613,982 (20.3 percent) for education, which includes payments to the School Board, a component unit. Overall expenses for governmental activities increased by 10.9 percent, primarily driven by a decrease in American Rescue Plan Act (ARPA) funding for public safety, transportation Virginia Department of Transportation (VDOT) project spending and a fiscal year 2025 increase in education expenses as a result of the School Board's request for \$30 million reversion funds.

Governmental Activities - Expenses and Program Revenues

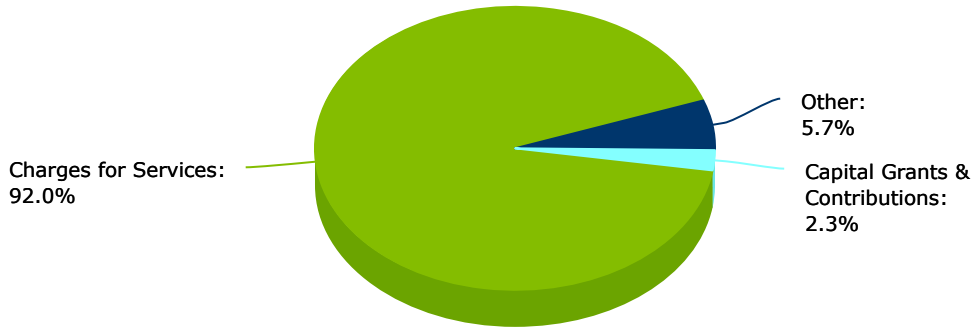


Depreciation and amortization expenses for governmental activities amounted to \$66,038,218.

Business-type Activities – Business-type activities contributed to an increase in the City’s net position of \$86,499,872. Key elements of this change include:

- Revenue from charges for services for business-type activities increased by 8.6 percent in fiscal year 2025.
 - **Water Utility:** Charges for services increased by \$9,012,952, or 7.9 percent.
 - **Wastewater Utility:** Charges for services increased by \$1,594,266, or 4.2 percent.
 - **Parking Facilities:** Revenues increased by \$4,574,850, or 24.5 percent.
 - **Storm Water Utility:** Charges for services increased by \$1,666,975, or 6.8 percent.

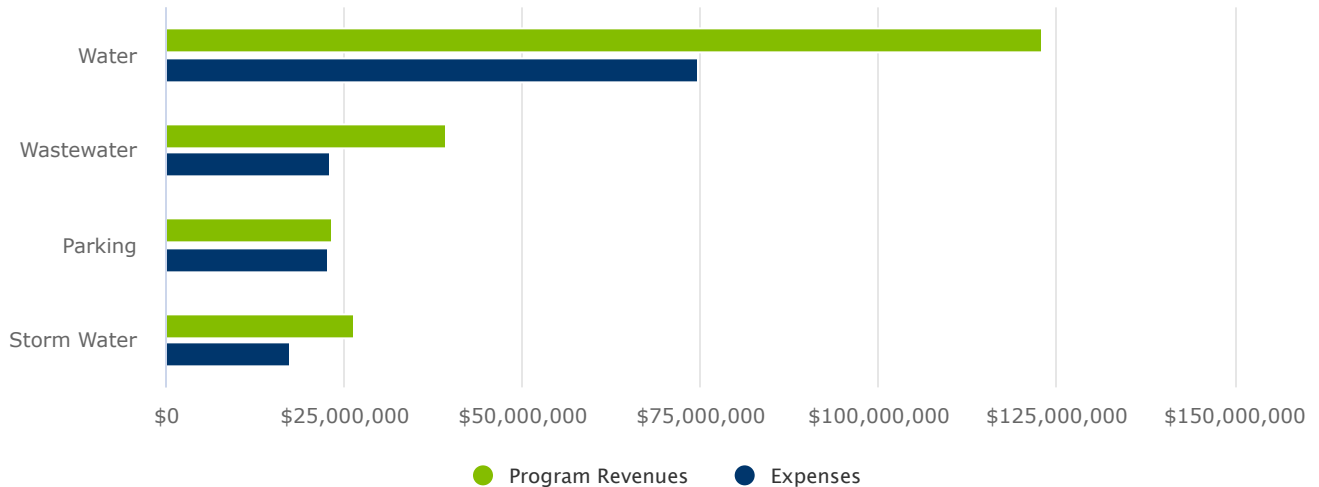
Business-Type Activities: Revenues by Source



Total expenses for business-type activities decreased overall by \$8,559,134, or 5.9 percent overall.

- **Water Utility:** Expenses decreased by \$3,185,096, or 4.1 percent
- **Wastewater Utility:** Expenses increased by \$57,915, or 0.3 percent
- **Parking Facilities:** Expenses decreased by \$963,509, or 4.1 percent
- **Storm Water Utility:** Expenses decreased by \$4,468,444, or 20.3 percent

Business Type Activities - Expenses and Program Revenues



Financial Analysis of the Government's Funds

As previously noted, the City utilizes fund accounting to ensure compliance with finance-related legal requirements and to demonstrate accountability in managing its financial resources.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is crucial for assessing

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

the City's financing requirements. In particular, the unassigned fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City classifies its fund balance within a hierarchy based on the constraints imposed on the use of its financial resources. Fund balance is reported in the following categories: nonspendable, restricted, committed, assigned and unassigned.

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$441,510,903 reflecting a net decrease of \$67,646,019 primarily due to a decrease in ARPA funding and an increase in education expenses. The restricted fund amounts to \$41,385,862, which can only be used for specific purposes stipulated by a third party or legislation. This category typically includes federal and state awards/grants and certain tax revenues earmarked for designated purposes.

The committed fund balance totals are \$117,999,559, representing amounts designated for specific purposes by the City Council. This includes funds allocated for the City's self-insured workers' compensation, general liability programs and \$85,536,348 in capital projects funds.

The assigned fund balance is \$184,404,233, representing funds intended for specific purposes as determined by the City. This category includes encumbrances that are not considered committed.

Lastly, the remaining balance of \$97,721,249 is classified as unassigned and is available for spending at the City's discretion.

The City's primary governmental fund is its General fund. As a matter of fiscal policy, the City's unassigned fund balance is no less than 10 percent of the total combination of General fund operating expenditures and transfers out, which amounted to \$90,401,239 for fiscal year 2025.

On a budgetary basis, the City ended the fiscal year with revenues under projections by \$15,756,763. This shortfall was primarily due to school-related revenue that had been budgeted for the current year but was received in fiscal year 2024, along with an increase in tax revenue. However, total expenditures were less than appropriations by \$33,616,550.

The General fund revenues increased by \$27,909,938, or 3.4 percent from the prior year. Overall expenditures increased by \$84,723,633, or 12.2 percent from fiscal year 2024. General fund financial and budget highlights of fiscal year 2025 include:

- General property tax revenues increased by \$9,949,782, or 2.5 percent, primarily due to a rise in housing market demand.
- Use of money and property revenues increased by \$2,123,676, or 8.0 percent, primarily due to an increase in investment interest revenues.
- Other local tax revenues rose by \$11,374,737, or 5.9 percent, attributed to increases in admission, business licenses, vehicle licenses, restaurant and meals, and hotel taxes, reflecting continued economic recovery.
- Education expenditures increased by \$43,780,168, or 30.3 percent, primarily due to an increase in requested reversion fund, and revenue share.
- Public Safety expenditures increased by \$36,440,012, or 30.7 percent, primarily due to a decrease in ARPA funding for public safety and an increase in compensated absence liability.
- Capital outlay expenditures decreased by \$28,400,880, or 74.5 percent, primarily due to the large purchase in fiscal year 2024 of MacArthur Center Mall and a decrease in floodwall spending in fiscal year 2025.

The Grants fund has been reported as a major fund since fiscal year 2021 due to funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA). In fiscal year 2025, revenues decreased by 36.4 percent, expenditures decreased by 28.8 percent, assets increased 33.1 percent and liabilities decreased by 0.3 percent.

The City allocated \$85,275,554 from the Capital Projects fund for major capital projects, repairs to City and School buildings, infrastructure enhancements and neighborhood improvements. The fund ended with a total fund surplus of \$85,536,348. Fiscal year 2025 saw the City utilizing existing general obligation bonds on hand, but also used available cash and its line of credit to fund these expenditures.

At the end of fiscal year 2025, the Debt Service fund had no assets, liabilities or net position. Additionally, the City ended the year with no outstanding balance from a line of credit established for flexible interim financing for managing capital projects related to both governmental and business-type activities.

Proprietary Funds – The City's proprietary funds offer detailed financial information similar to the government-wide financial statements, specifically for enterprise operations. Typically, the net position of these funds is restricted to supporting the ongoing operations and obligations of the associated enterprises, such as the Water, Wastewater, and Storm Water Utilities, as well as Parking Facilities. Relevant financial considerations for these proprietary funds have already been covered within the analysis of the City's business-type activities, which included factors like revenue growth, expense fluctuations, and operational efficiencies.

Capital Asset and Debt Administration

Capital Assets – As of June 30, 2025, the City's net investment in capital assets for both governmental and business-type activities totaled \$1,322,937,635, as presented on the Statement of Net Position. This investment encompasses a broad range of assets, including land, buildings and improvements, infrastructure such as streets, roads, bridges, highways, water/wastewater systems, etc., machinery and equipment, intangibles and construction in progress. These assets are reported net of any outstanding debt and lease liabilities associated with their financing. The inclusion of lease assets net of the lease liability reflects additional investments made to support the City's infrastructure and operational needs. Infrastructure assets represent 12.0 percent of total general governmental assets.

Major capital projects spending in fiscal year 2025 included:

- \$21.4 million for Maury High School construction, school maintenance and upgrades.
- \$18.1 million for cultural facilities improvements, including Nauticus, Scope and Chrysler Hall.
- \$15.5 million for upgrades to recreation centers and libraries.
- \$13.3 million for upgrades to civic facilities, including enhancements at City Hall.
- \$11.7 million allocated for bridge and streets improvements.
- \$10.6 million dedicated to constructing a Downtown floodwall and beach erosion control measures.

Additionally, construction in progress totaled \$234.3 million for governmental activities, \$162.7 million for business-type activities, covering ongoing projects in Water Utility, Wastewater Utility, Parking Facilities and Storm Water Utility improvements.

**Summary of the City of Norfolk's Capital Assets
(net of accumulated depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	\$ 140,842,068	\$ 162,587,206	\$ 44,573,901	\$ 45,726,971	\$ 185,415,969	\$ 208,314,177
Buildings, equipment and vehicles	668,507,471	663,501,653	946,119,374	916,863,241	1,614,626,845	1,580,364,894
Improvements other than buildings	123,278,749	94,809,987	63,766,735	61,228,525	187,045,484	156,038,512
Construction in progress	234,346,583	281,350,048	162,681,600	144,545,017	397,028,183	425,895,065
Intangible assets	270,166	106,470	7,872,583	6,635,646	8,142,749	6,742,116
Infrastructure	164,048,921	165,237,777	-	-	164,048,921	165,237,777
Lease Building	23,965,644	17,873,709	1,625,633	1,540,898	25,591,277	19,414,607
Lease equipment and vehicles	903,150	533,447	35,480	23,049	938,630	556,496
Subscription-based information technology arrangement liability	13,221,498	25,654,608	-	-	13,221,498	25,654,608
Total	<u>\$1,369,384,250</u>	<u>\$1,411,654,905</u>	<u>\$1,226,675,306</u>	<u>\$1,176,563,347</u>	<u>\$2,596,059,556</u>	<u>\$2,588,218,252</u>

Further details on the City's capital assets, can be found in Note VI on pages 97-99 of this report.

Long-term Debt – As of June 30, 2025, the City (inclusive of enterprise funds), had total bonded debt outstanding of \$1,340,103,136. Of this amount, \$1,023,655,474 comprises general obligation debt and line of credit backed by the full faith and credit of the City. The remaining debt amount represents bonded debts secured solely by specified revenue sources (i.e. revenue bonds).

A summary of the City's outstanding bonded debt is as follows:

City of Norfolk's Bonded Debt

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 806,055,135	\$ 876,832,260	\$ 217,600,339	\$ 232,961,478	\$ 1,023,655,474	\$ 1,109,793,738
Revenue Bonds	-	-	316,447,662	338,942,356	316,447,662	338,942,356
Total	<u>\$ 806,055,135</u>	<u>\$ 876,832,260</u>	<u>\$ 534,048,001</u>	<u>\$ 571,903,834</u>	<u>\$ 1,340,103,136</u>	<u>\$ 1,448,736,094</u>

The City's total debt outstanding decreased by \$108,632,958, or 7.5 percent, during the fiscal year.

The Capital Improvement Plan (CIP) for General Capital projects - those funded with bonds not supported by self-supporting user fees is developed according to two key measures of affordability adopted by the City. These debt limits, aligned with the approved CIP, are as follows:

- Debt service as a percentage of the General Fund Budget (remain below 10.0 percent, with a not to exceed of 11 percent of the General Fund budget)
- Net debt as a percentage of taxable property (remain below 3.5 percent, with a not to exceed of 4.0 percent of the total assessed value of taxable property)
- Ten-year General Obligation Payout Ratio (retirement of the principal amount of the long-term general obligation bonds by at least 55.0 percent or greater within 10 years)
- Variable Rate Debt Limits (the City's outstanding debt with variable interest rate will not exceed 20.0 percent by fund)

Debt practices for the City's business-type activities are governed by revenue bond indentures but also by specific City Council financial policies that focus on affordability.

The most recent credit ratings for the City's general obligation and water revenue bond programs, as of the date of this report, are as follows:

Bonding Program	Moody's Investors Service	S&P Global Ratings	Fitch Ratings
General Obligation	Aa2	AAA	AA+
Water Revenue	Aa2	AA+	AAA

On September 24, 2024, Fitch Ratings announced an upgrade to its rating for the City's Water Revenue Bonds to "AAA" from "AA+." The City's Wastewater and Storm Water Revenue Bonds do not maintain an underlying or stand-alone unenhanced credit rating.

The Commonwealth of Virginia imposes a constitutional statutory limit that restricts the amount of general obligation debt the City may issue to 10 percent of its total assessed valuation. On June 30, 2025, the City's general obligation debt remains well below the City's current debt limitation, which stands at \$2,901,537,940.

Further details on the City's long-term debt can be found in Note IX on pages 100-113 of this report.

Economic Factors and Fiscal Year 2026 Budget and Rates

- The City continues to experience a recovery from the pandemic, reflected in strong revenue growth. Fiscal year 2025 revenues, driven primarily by consumption-based and real estate taxes, have outperformed budget expectations. However, this growth occurs alongside economic challenges such as inflation, a tight labor market, and rising interest rates on municipal bonds. The adopted fiscal year 2026 budget emphasizes delivering services at the appropriate scale. The City is focusing on strategic resource allocation informed by data and resident feedback, allowing for the expansion or right-sizing services where necessary.
- Taxable real estate assessments are projected to increase by 5.7 percent in fiscal year 2026.
- Other local taxes, comprising of consumer and business-based taxes, are anticipated to be significantly influenced by the lingering economic impacts of COVID-19. This revenue category is expected to exceed the fiscal year 2025 budget by 2.0 percent.
- The following are the projected changes in specific tax categories for the fiscal year 2026:
 - Hotel taxes – projected increase of 3.2 percent.
 - Meals taxes – projected decrease of 3.6 percent.
 - Personal property taxes – projected increase 15.9 percent.
- To ensure adequate funding for capital improvements and operations, rate increases for the Water Utility, the Wastewater Utility, and the Storm Water Utility funds have been implemented.

All of these economic factors were considered while preparing the City's budget for fiscal year 2026. The operating budget includes approximately \$13.5 million in transfers from non-general funds and carries forward approximately \$25.1 million in unspent appropriations from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following table outlines the fee structure for the Water Utility, Wastewater Utility, Storm Water Utility, and the Waste Management services as implemented in the City's fiscal year 2026 budget.

Description	Fiscal Year 2026 Approved	Fiscal Year 2025 Approved
Storm Water Fees – Residential	\$14.59/month	\$14.07/month
Storm Water Fees – Commercial	\$14.59/month per 2,000 sq. ft.	\$14.07/month per 2,000 sq. ft.
Wastewater Fees	\$5.66/100 cubic feet	\$5.44/100 cubic feet
Water Fees	\$6.51/100 cubic feet	\$6.29/100 cubic feet
Refuse Disposal – Residential Single or Multiple Units (4 or less)	\$33.51/unit/month	\$28.51/unit/month
Refuse Disposal – Residential Multiple Units (5 or more)	\$47.44/container/month	\$47.44/container/month
Refuse Disposal – Commercial Business once per week	\$61.18/unit/month	\$61.18/unit/month
Refuse Disposal – Commercial Business 5 times per week	\$151.64/unit/month	\$151.64/unit/month
Refuse Disposal – Commercial Combined Commercial and Residential	\$88.19/unit/month	\$88.19/unit/month

Requests for Information

This financial report aims to present a comprehensive overview of the City's financial status for all stakeholders and interested parties. Questions regarding the information contained in this report or requests for further details should be addressed to the Director of Finance, 810 Union Street, Suite 600, Norfolk, Virginia, 23510 or the City's website at www.norfolk.gov.



Basic Financial Statements



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Exhibit I

Statement of Net Position June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and short-term investments	\$ 488,502,832	\$ 166,246,334	\$ 654,749,166	\$ 99,283,021
Receivables, net:				
Taxes	65,839,381	-	65,839,381	-
Accounts	34,354,300	32,232,593	66,586,893	749,879
Leases	11,698,582	1,159,293	12,857,875	679,324
Notes	-	-	-	724,932
Accrued investment income	1,858,975	462,146	2,321,121	-
Internal balances	11,444,623	(11,444,623)	-	-
Due from other governments	39,136,409	1,959,749	41,096,158	55,055,038
Due from component unit	18,141,838	-	18,141,838	-
Inventories	-	4,613,851	4,613,851	1,995,838
Other	-	-	-	94,567
Prepaid items	-	113,600	113,600	213,102
Restricted cash and investments	-	45,742,409	45,742,409	773,986
Net pension asset	8,980,942	788,530	9,769,472	-
Non-depreciable capital assets	375,285,665	211,866,372	587,152,037	34,761,225
Depreciable capital assets, net	956,008,293	1,013,147,821	1,969,156,114	89,366,656
Amortizable right to use assets, net	38,090,292	1,661,113	39,751,405	1,051,230
Total assets	2,049,342,132	1,468,549,188	3,517,891,320	284,748,798
Deferred outflows of resources				
Related to pensions	69,807,869	8,032,955	77,840,824	71,594,383
Related to OPEB	18,839,295	2,111,561	20,950,856	28,262,321
Loss on defeasance of bonds	31,164,626	24,814,378	55,979,004	-
Total deferred outflow of resources	119,811,790	34,958,894	154,770,684	99,856,704
Total assets and deferred outflows of resources	\$ 2,169,153,922	\$ 1,503,508,082	\$ 3,672,662,004	\$ 384,605,502
LIABILITIES				
Vouchers payable	\$ 67,329,912	\$ 22,906,260	\$ 90,236,172	\$ 14,024,701
Employees withholdings	1,247,268	-	1,247,268	-
Contract retainage	1,032,001	2,731,224	3,763,225	434,794
Accrued interest	8,579,591	3,028,673	11,608,264	-
Accrued payroll	9,318,736	1,434,888	10,753,624	33,383,975
Due to other governments	706,929	-	706,929	13,191,719
Due to primary government	-	-	-	18,744,561
Unearned revenue	31,114,107	748,484	31,862,591	7,927,696
Other current liabilities	22,928,517	1,404,484	24,333,001	-
Long-term liabilities:				
Due within one year	99,971,531	53,656,474	153,628,005	9,211,521
Due in more than one year	892,093,515	522,268,652	1,414,362,167	-
Net pension liability	215,359,382	23,764,618	239,124,000	187,974,552
Net OPEB liability	90,056,726	6,034,535	96,091,261	109,079,938
Other	-	-	-	44,674,927
Total liabilities	1,439,738,215	637,978,292	2,077,716,507	438,648,384
Deferred inflows of resources				
Related to pensions	4,680,563	1,201,982	5,882,545	44,044,958
Related to OPEB	35,181,693	3,377,661	38,559,354	20,064,012
Related to leases	11,698,582	1,159,293	12,857,875	699,973
Gain on defeasance of bonds	5,811	4,534,025	4,539,836	-
Total deferred inflows of resources	51,566,649	10,272,961	61,839,610	64,808,943
NET POSITION				
Net investment in capital assets	656,375,774	666,561,861	1,322,937,635	98,198,892
Restricted for:				
Endowed care - nonexpendable	7,895,885	-	7,895,885	-
General government	16,534,770	-	16,534,770	-
Judicial administration	449,327	-	449,327	-
Public safety	13,252,614	-	13,252,614	-
Health and public assistance	874,021	-	874,021	-
Public works	2,379,245	-	2,379,245	-
Net pension asset	8,980,942	788,530	9,769,472	-
Opioid settlement	2,880,539	-	2,880,539	-
Water Utility	-	30,065,995	30,065,995	-
Wastewater Utility	-	2,906,423	2,906,423	-
Parking Facilities	-	2,502,966	2,502,966	-
Storm Water Utility	-	15,890,242	15,890,242	-
Other programs	-	-	-	8,762,467
Unrestricted	(31,774,059)	136,540,812	104,766,753	(225,813,184)
Total net position (deficit)	677,849,058	855,256,829	1,533,105,887	(118,851,825)
Total liabilities, deferred inflows of resources and net position	\$ 2,169,153,922	\$ 1,503,508,082	\$ 3,672,662,004	\$ 384,605,502

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

Statement of Activities For the Fiscal Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
					Primary Government				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units	
Primary government:									
Governmental activities:									
General government	\$ 199,678,171	\$ 7,781,387	\$ 162,211	\$ 111,479	\$ (191,623,094)	\$ -	\$ (191,623,094)	\$ -	
Judicial administration	62,861,407	28,418,527	4,545,534	-	(29,897,346)	-	(29,897,346)	-	
Public safety	169,079,112	15,518,342	7,146,070	-	(146,414,700)	-	(146,414,700)	-	
Public works	100,995,181	26,520,196	68,941,133	-	(5,533,852)	-	(5,533,852)	-	
Health and public assistance	109,697,171	7,407,642	73,697,717	-	(28,591,812)	-	(28,591,812)	-	
Culture and recreation	73,647,237	11,075,880	930,644	26,403,254	(35,237,459)	-	(35,237,459)	-	
Community development	36,188,022	1,932,217	11,794,255	-	(22,461,550)	-	(22,461,550)	-	
Education	198,613,982	-	-	5,450,300	(193,163,682)	-	(193,163,682)	-	
Interest on long-term debt	27,986,749	-	-	-	(27,986,749)	-	(27,986,749)	-	
Total governmental activities	\$ 978,747,032	\$ 98,654,191	\$ 167,217,564	\$ 31,965,033	\$ (680,910,244)	\$ -	\$ (680,910,244)	\$ -	
Business-type activities:									
Water utility	\$ 74,651,290	\$ 123,154,730	\$ -	\$ 2,327,202	\$ -	\$ 50,830,642	\$ 50,830,642	\$ -	
Wastewater utility	22,898,363	39,186,832	-	352,916	-	16,641,385	16,641,385	-	
Parking facilities	22,646,869	23,221,872	-	-	-	575,003	575,003	-	
Storm Water utility	17,550,942	26,315,877	-	2,733,636	-	11,498,571	11,498,571	-	
Total business-type activities	137,747,464	211,879,311	-	5,413,754	-	79,545,601	79,545,601	-	
Total primary government	\$ 1,116,494,496	\$ 310,533,502	\$ 167,217,564	\$ 37,378,787	\$ (680,910,244)	\$ 79,545,601	\$ (601,364,643)	\$ -	
Component units:									
Norfolk Public Schools	\$ 530,309,954	\$ 1,095,941	\$ 322,304,655	\$ 12,110,855				\$ (194,798,503)	
Norfolk Economic Development Authority	12,447,600	282,907	4,490,215	-				(7,674,478)	
Total component units	\$ 542,757,554	\$ 1,378,848	\$ 326,794,870	\$ 12,110,855				\$ (202,472,981)	
General revenues:									
Taxes:									
General property taxes - real estate and personal property					418,589,582	-	418,589,582	-	
Consumption utility taxes					36,148,670	-	36,148,670	-	
Sales and use taxes					48,191,551	-	48,191,551	-	
Meals taxes					49,623,020	-	49,623,020	-	
Business license taxes					40,577,701	-	40,577,701	-	
Hotel/Motel taxes					17,522,889	-	17,522,889	-	
Cigarette taxes					4,731,449	-	4,731,449	-	
Admissions taxes					6,748,742	-	6,748,742	-	
Motor vehicle licenses					4,707,321	-	4,707,321	-	
Franchise, recordation and other miscellaneous local taxes					6,790,368	-	6,790,368	-	
Use of money and property					87,550	-	87,550	2,318,748	
Gain (loss) on investment					22,101,191	7,740,211	29,841,402	-	
Gain (loss) on disposal of capital assets					10,157,117	2,971,819	13,128,936	-	
Grants and contributions not restricted to specific programs					41,164,986	-	41,164,986	-	
Miscellaneous					19,320,401	-	19,320,401	3,674,019	
Intergovernmental revenue - Commonwealth of Virginia					-	2,347,224	2,347,224	42,043,152	
Payment from Primary Government					-	-	-	189,482,965	
Capital asset transfers					2,537,242	-	2,537,242	-	
Transfers					6,104,983	(6,104,983)	-	-	
Total general revenues and transfers					735,104,763	6,954,271	742,059,034	237,518,884	
Changes in net position					54,194,519	86,499,872	140,694,391	35,045,903	
Net position (deficit) - beginning, as previously presented					623,654,539	768,756,957	1,392,411,496	(129,929,143)	
Error correction					-	-	-	6,401,475	
Change in accounting principle					-	-	-	(30,370,060)	
Net position (deficit) - beginning, as restated					623,654,539	768,756,957	1,392,411,496	(153,897,728)	
Net position (deficit) - ending					\$ 677,849,058	\$ 855,256,829	\$ 1,533,105,887	\$ (118,851,825)	

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

Exhibit A-I

**Balance Sheet
Governmental Funds
June 30, 2025**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Grants	Capital Projects		
ASSETS:					
Cash and short-term investments	\$ 270,843,917	\$ 57,321,081	\$ 88,146,614	\$ 20,394,886	\$ 436,706,498
Receivables, net:					
Taxes	64,767,844	-	-	-	64,767,844
Accounts	7,115,342	5,238,505	1,550,000	4,554,235	18,458,082
Accrued investment income	1,685,921	-	173,054	-	1,858,975
Due from other funds	5,270,966	470,242	11,000,000	-	16,741,208
Due from other governments	27,767,885	9,882,923	-	979,781	38,630,589
Due from Component units	8,052,781	523,413	18,708,377	183,516	27,468,087
Leases receivable	11,698,582	-	-	-	11,698,582
Restricted cash	-	-	-	135,939	135,939
Total assets	\$ 397,203,238	\$ 73,436,164	\$ 119,578,045	\$ 26,248,357	\$ 616,465,804
LIABILITIES:					
Vouchers payable	\$ 24,222,038	\$ 5,766,753	\$ 17,587,742	\$ 1,598,220	\$ 49,174,753
Employee withholdings	1,247,268	-	-	-	1,247,268
Contract retainage	3,500	-	1,028,501	-	1,032,001
Accrued payroll	8,645,760	196,616	-	315,122	9,157,498
Due to other funds	470,242	-	-	-	470,242
Due to other governments	-	523,413	-	183,516	706,929
Due to component unit	32,953	-	9,293,296	-	9,326,249
Unearned revenue	-	20,109,308	-	3,702,181	23,811,489
Other liabilities	11,433,454	-	6,132,158	27,606	17,593,218
Total liabilities	46,055,215	26,596,090	34,041,697	5,826,645	112,519,647
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue-property tax	45,575,236	-	-	-	45,575,236
Unavailable revenue-Opioid	-	5,161,436	-	-	5,161,436
Deferred lease revenue	11,698,582	-	-	-	11,698,582
Total deferred inflows of resources	57,273,818	5,161,436	-	-	62,435,254
FUND BALANCES:					
Restricted	16,534,770	16,955,207	-	7,895,885	41,385,862
Committed	10,000,000	22,294,733	85,536,348	168,478	117,999,559
Assigned	169,618,186	2,428,698	-	12,357,349	184,404,233
Unassigned	97,721,249	-	-	-	97,721,249
Total fund balances (deficit)	293,874,205	41,678,638	85,536,348	20,421,712	441,510,903
Total liabilities, deferred inflows of resources and fund balances	\$ 397,203,238	\$ 73,436,164	\$ 119,578,045	\$ 26,248,357	\$ 616,465,804

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

**Reconciliation of Government Funds Balance Sheet to Governmental Activities
Statement of Net Position
June 30, 2025**

Fund balances - total governmental funds		\$ 441,510,903
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
	Gross capital assets at historical cost	3,070,674,699
	Accumulated depreciation	<u>(1,704,147,716)</u>
		1,366,526,983
Recognition of deferred inflows as revenue in government wide statements		50,736,672
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
	Deferred inflows related to pensions	(4,648,150)
	Deferred outflows related to pensions	69,101,285
	Deferred inflows related to OPEB	(34,781,048)
	Deferred outflows related to OPEB	18,679,409
	Net pension asset	8,911,351
	Loss on defeasance	31,164,626
	Gain on defeasance	<u>(5,811)</u>
		88,421,662
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
	Lease liability	(26,802,017)
	Subscription-based information technology arrangements liability	(12,868,248)
	Bonds payable - including premium	(855,706,829)
	Net pension liability	(213,152,197)
	OPEB	(92,120,632)
	Compensated absences	(46,578,709)
	Workers' compensation unpaid claims	(35,569,854)
	Other private debt	(7,762,655)
	Other	(3,334,469)
	Accrued interest payable	<u>(8,579,591)</u>
		(1,302,475,201)
Internal service funds		32,622,219
Receivable for Build America Bonds - interest rate subsidy		<u>505,820</u>
Net position of governmental activities		<u>\$ 677,849,058</u>

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

Exhibit A-3

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025**

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Grants	Capital Projects	Debt Service		
REVENUES:						
General property taxes	\$ 406,822,397	\$ -	\$ -	\$ -	\$ 11,267,300	\$ 418,089,697
Other local taxes	205,699,655	-	-	-	9,342,056	215,041,711
Permits and licenses	3,366,267	-	-	-	-	3,366,267
Fines and forfeitures	1,407,589	2,250	-	-	-	1,409,839
Use of money and property	28,535,500	1,879,154	2,600,593	-	321,347	33,336,594
Charges for services	24,138,573	103,982	-	-	26,343,552	50,586,107
Miscellaneous	8,534,838	3,416,249	11,656,581	-	260,778	23,868,446
Intergovernmental	160,851,709	47,307,793	30,450,300	-	4,934,022	243,543,824
Total revenues	839,356,528	52,709,428	44,707,474	-	52,469,055	989,242,485
EXPENDITURES:						
Current operating:						
General government	168,501,073	-	9,608,992	-	387,907	178,497,972
Judicial administration	58,926,354	3,800,325	55,847	-	-	62,782,526
Public safety	155,165,173	6,713,631	253,543	-	-	162,132,347
Public works	33,091,627	11,765,276	11,084,943	-	25,495,576	81,437,422
Health and public assistance	79,289,806	25,702,505	565,125	-	820,819	106,378,255
Culture and recreation	50,646,631	1,385,940	1,252,543	-	2,208,737	55,493,851
Community development	25,584,101	5,397,457	150,249	-	4,152,579	35,284,386
Education	188,114,127	-	581,743	-	-	188,695,870
Debt service:						
Principal	8,337,207	-	-	75,864,416	-	84,201,623
Interest and other charges	1,264,634	-	-	28,810,926	-	30,075,560
Debt issuance costs	469,379	-	-	-	-	469,379
Capital outlay	9,710,459	-	85,275,554	-	-	94,986,013
Total expenditures	779,100,571	54,765,134	108,828,539	104,675,342	33,065,618	1,080,435,204
Excess (deficiency) of revenues over expenditures	60,255,957	(2,055,706)	(64,121,065)	(104,675,342)	19,403,437	(91,192,719)
OTHER FINANCING SOURCES (USES):						
Issuance of leases / subscription-based information technology arrangements	7,119,041	-	-	-	-	7,119,041
Gain (loss) on disposal of capital assets	95,186	-	10,054,918	-	-	10,150,104
Transfers in	26,935,037	20,792,362	14,008,134	104,675,342	2,022,716	168,433,591
Transfers out	(124,911,821)	-	(17,501,402)	-	(19,742,813)	(162,156,036)
Total other financing sources (uses)	(90,762,557)	20,792,362	6,561,650	104,675,342	(17,720,097)	23,546,700
Net changes in fund balances	(30,506,600)	18,736,656	(57,559,415)	-	1,683,340	(67,646,019)
NET POSITION:						
Net position - beginning	324,380,805	22,941,982	143,095,763	-	18,738,372	509,156,922
Net position - ending	\$ 293,874,205	\$ 41,678,638	\$ 85,536,348	\$ -	\$ 20,421,712	\$ 441,510,903

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

**Reconciliation of Government Funds Statement of Revenues, Expenditures and Changes
in Fund Balance to Governmental Activities Statement of Activities
For the Fiscal Year Ended June 30, 2025**

Net change in fund balances-total governmental funds		\$ (67,646,019)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset.		
	Add capital acquisitions	131,569,414
	Subtract disposals	(9,703,716)
	Subtract depreciation expense	<u>(65,633,767)</u>
		56,231,931
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		109,754
Bonds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
	Less debt transfer	(5,087,291)
	Add debt repayment	75,864,416
	Loss on defeasance of debt	(2,646,598)
	Gain on defeasance of debt	26,619
	Other private debt	(7,762,655)
	Amortization of premiums, gains and losses	<u>5,840,002</u>
		66,234,493
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
	Lease liability	(3,052,996)
	Subscription-based information technology arrangements liability	<u>4,271,162</u>
		1,218,166
	Change in non-capital long-term liabilities (Note IX):	
	Compensated absences	(21,231,486)
	Retiree's life insurance	5,000
	Total OPEB liability, net of changes in deferred inflows and outflows	(3,564,534)
	Workers' compensation unpaid claims	2,544,587
	Landfill closure	(69,412)
	Net pension liability, net of changes in deferred inflows and outflows	16,590,460
	Accrued interest payable	<u>329,578</u>
		(5,395,807)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the Internal Service funds is reported with governmental activity		3,487,410
Adjustment for Build America Bonds - interest rate subsidy		<u>(45,409)</u>
Change in net position of governmental activities		<u>\$ 54,194,519</u>

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

Exhibit B- I

**Statement of Fund Net Position
Proprietary Funds
June 30, 2025**

	Business-Type Activities					Governmental Activities
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash and short-term investments	\$ 96,045,472	\$ 10,458,108	\$ 30,975,654	\$ 28,767,097	\$ 166,246,331	\$ 51,660,395
Receivables, net						
Accounts	11,153,986	4,959,747	3,058,857	3,350,027	22,522,617	16,967,755
Unbilled accounts	6,601,444	1,614,499	25,706	1,468,328	9,709,977	-
Accrued investment income	395,832	44,209	-	22,105	462,146	-
Leases	-	-	332,308	-	332,308	-
Due from other governments	-	-	-	1,959,749	1,959,749	-
Inventories	4,593,133	20,231	-	475	4,613,839	-
Prepaid expenses	113,600	-	-	-	113,600	-
Restricted cash and investments	30,065,995	3,011,054	7,571,667	5,093,693	45,742,409	-
Total current assets	148,969,462	20,107,848	41,964,192	40,661,474	251,702,976	68,628,150
Noncurrent assets:						
Net pension asset	393,415	104,631	121,461	169,023	788,530	69,591
Leases receivable, noncurrent	-	-	826,985	-	826,985	-
Capital assets:						
Non-depreciable capital assets	110,351,099	55,105,728	28,357,559	18,051,986	211,866,372	415,000
Depreciable capital assets	895,134,927	437,963,626	222,177,026	101,235,698	1,656,511,277	12,962,413
Accumulated depreciation	(350,855,688)	(143,552,241)	(114,294,933)	(34,660,594)	(643,363,456)	(10,520,146)
Amortizable right to use assets	1,863,530	-	39,078	-	1,902,608	-
Accumulated amortization	(237,897)	-	(3,598)	-	(241,495)	-
Capital assets, net	656,255,971	349,517,113	136,275,132	84,627,090	1,226,675,306	2,857,267
Total noncurrent assets	656,649,386	349,621,744	137,223,578	84,796,113	1,228,290,821	2,926,858
Total assets	805,618,848	369,729,592	179,187,770	125,457,587	1,479,993,797	71,555,008
DEFERRED OUTFLOWS OF RESOURCES:						
Related to pensions	4,537,027	1,105,140	732,153	1,658,635	8,032,955	706,584
Related to OPEB	1,259,319	257,194	226,164	368,884	2,111,561	159,886
Loss on defeasance of bonds	7,524,139	2,558,976	13,843,616	887,647	24,814,378	-
Total deferred outflows of resources	13,320,485	3,921,310	14,801,933	2,915,166	34,958,894	866,470
Total assets and deferred outflows of resources	\$ 818,939,333	\$ 373,650,902	\$ 193,989,703	\$ 128,372,753	\$ 1,514,952,691	\$ 72,421,478
LIABILITIES:						
Current liabilities:						
Vouchers payable	\$ 12,751,553	\$ 7,581,990	\$ 602,444	\$ 1,970,263	\$ 22,906,250	\$ 18,155,160
Contract retainage	1,247,590	1,065,792	51,389	366,453	2,731,224	-
Accrued interest	1,437,048	603,807	710,160	277,658	3,028,673	-
Accrued payroll	741,003	222,960	172,660	298,265	1,434,888	161,238
Due to other funds	444,623	-	11,000,000	-	11,444,623	4,826,343
Unearned Revenue	-	-	748,484	-	748,484	7,302,618
Current portion of bonds payable	19,235,000	14,491,478	14,274,831	3,391,079	51,392,388	-
Current compensated absences	1,013,715	222,883	139,004	276,306	1,651,908	213,082
Current OPEB liability	84,439	21,857	11,843	28,074	146,213	10,143
Other current liabilities	1,653,631	81,000	135,496	310	1,870,437	5,582,102
Total current liabilities	38,608,602	24,291,767	27,846,311	6,608,408	97,355,088	36,250,686
Noncurrent liabilities:						
General obligation bonds payable	-	53,944,881	111,750,699	41,155,330	206,850,910	-
Revenue bonds payable	241,703,957	70,322,719	-	273,932	312,300,608	-
Net pension liability	13,333,337	3,700,514	2,061,777	4,668,990	23,764,618	2,207,185
Net OPEB liability	3,383,326	940,584	524,385	1,186,240	6,034,535	563,929
Compensated absences	1,244,656	226,287	153,060	268,930	1,892,933	344,401
Lease liabilities	1,195,977	-	28,232	-	1,224,209	-
Total noncurrent liabilities	260,861,253	129,134,985	114,518,153	47,553,422	552,067,813	3,115,515
Total liabilities	299,469,855	153,426,752	142,364,464	54,161,830	649,422,901	39,366,201

Continued

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

Statement of Fund Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities					Governmental Activities
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	Internal Service Funds
DEFERRED INFLOWS OF RESOURCES:						
Related to Pensions	766,583	67,753	207,391	160,255	1,201,982	32,413
Related to OPEB	1,904,645	531,196	305,294	636,526	3,377,661	400,645
Related to leases	-	-	1,159,293	-	1,159,293	-
Gain on defeasance of bonds	3,999,919	-	418,292	115,814	4,534,025	-
Total deferred inflows of resources	6,671,147	598,949	2,090,270	912,595	10,272,961	433,058
Total liabilities and deferred inflows of resources	306,141,002	154,025,701	144,454,734	55,074,425	659,695,862	39,799,259
NET POSITION:						
Net investment in capital assets	386,843,064	209,709,549	23,587,847	46,421,401	666,561,861	2,857,267
Restricted for:						
Net pension asset	393,415	104,631	121,461	169,023	788,530	69,591
Water Utility fund operations	30,065,995	-	-	-	30,065,995	-
Wastewater Utility fund operations	-	2,906,423	-	-	2,906,423	-
Parking Facilities fund operations	-	-	2,502,966	-	2,502,966	-
Storm Water Utility fund operations	-	-	-	15,890,242	15,890,242	-
Unrestricted	95,495,857	6,904,598	23,322,695	10,817,662	136,540,812	29,695,361
Total net position	512,798,331	219,625,201	49,534,969	73,298,328	855,256,829	32,622,219
Total liabilities, deferred inflows of resources and fund balances	\$ 818,939,333	\$ 373,650,902	\$ 193,989,703	\$ 128,372,753	\$ 1,514,952,691	\$ 72,421,478

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

Exhibit B-2

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Business-Type Activities					Governmental Activities
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	Internal Service Funds
OPERATING REVENUES:						
Charges for services	\$ 121,122,244	\$ 38,975,762	\$ 22,778,111	\$ 26,104,238	\$ 208,980,355	\$ 102,555,800
Miscellaneous	2,032,486	211,070	443,761	211,639	2,898,956	447,286
Total operating revenues	123,154,730	39,186,832	23,221,872	26,315,877	211,879,311	103,003,086
OPERATING EXPENSES:						
Personal services	20,809,710	6,522,566	4,577,736	7,797,331	39,707,343	4,915,991
Healthcare costs	-	-	-	-	-	84,186,846
Cost of goods sold	-	-	-	-	-	4,568,435
Plant operations	8,512,691	2,243,766	1,495,715	1,660,370	13,912,542	5,077,679
Chemicals	6,587,261	-	828	6,268	6,594,357	-
Depreciation and amortization	16,538,805	8,552,025	6,961,432	1,847,330	33,899,592	404,451
Pension and OPEB expense	522,341	346,151	65,116	440,164	1,373,772	160,562
Administrative expenses	2,515,918	1,047,777	-	848,100	4,411,795	-
Other	9,641,858	2,336,177	5,313,151	3,369,719	20,660,905	193,042
Total operating expenses	65,128,584	21,048,462	18,413,978	15,969,282	120,560,306	99,507,006
Operating income (loss), net	58,026,146	18,138,370	4,807,894	10,346,595	91,319,005	3,496,080
NONOPERATING REVENUES (EXPENSES):						
Interest income	6,316,090	757,943	487,732	112,152	7,673,917	-
Intergovernmental revenue	1,658,431	688,793	-	-	2,347,224	-
Interest expense and fiscal charges	(9,522,707)	(1,849,901)	(4,232,891)	(1,581,659)	(17,187,158)	-
Gain (loss) on disposal of capital assets	62,410	21,659	2,877,257	10,493	2,971,819	7,013
Gain (loss) on investments	-	-	-	66,294	66,294	-
Total nonoperating revenues (expenses)	(1,485,776)	(381,506)	(867,902)	(1,392,720)	(4,127,904)	7,013
Net income (loss) before contributions and transfers	56,540,370	17,756,864	3,939,992	8,953,875	87,191,101	3,503,093
Capital contribution	-	-	-	-	-	156,889
Capital contribution - Grants	2,327,202	352,916	-	2,733,636	5,413,754	-
Transfer in	-	-	5,503,531	17,309	5,520,840	-
Transfers out	(9,425,805)	(1,740,741)	(147,893)	(311,384)	(11,625,823)	(172,572)
Changes in net position	49,441,767	16,369,039	9,295,630	11,393,436	86,499,872	3,487,410
Net position - beginning	463,356,564	203,256,162	40,239,339	61,904,892	768,756,957	29,134,809
Net position - ending	\$ 512,798,331	\$ 219,625,201	\$ 49,534,969	\$ 73,298,328	\$ 855,256,829	\$ 32,622,219

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

Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended June 30, 2025

	Business-Type Activities					Governmental Activities
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 124,722,139	\$ 39,050,252	20,783,127	\$ 30,380,422	\$ 214,935,940	\$ 103,842,849
Payments to suppliers	(13,445,621)	1,807,644	(2,636,245)	(6,135,534)	(20,409,756)	(5,086,250)
Payments to employees	(22,676,637)	(7,086,308)	(4,836,931)	(8,521,933)	(43,121,809)	(94,828,235)
Other payments	(13,235,616)	(3,362,660)	(4,314,791)	(935,312)	(21,848,379)	2,379,127
Net cash and short-term investments provided by (used in) operating activities	75,364,265	30,408,928	8,995,160	14,787,643	129,555,996	6,307,491
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Internal activity	67,779	-	5,355,638	17,309	5,440,726	(172,572)
Operating subsidies and transfers to other funds	(9,425,805)	(1,740,139)	(1,500,000)	(311,383)	(12,977,327)	-
Net cash provided by (used in) noncapital financing activities	(9,358,026)	(1,740,139)	3,855,638	(294,074)	(7,536,601)	(172,572)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from issuance of debt	2,012,566	5,567,554	-	98,870	7,678,990	-
Capital contributions	2,327,202	21,659	-	-	2,348,861	-
Intergovernmental revenues	1,658,431	1,041,709	-	864,394	3,564,534	-
Purchases / leases of capital assets	(39,524,762)	(25,455,427)	(5,966,709)	(10,301,085)	(81,247,983)	7,013
Lease liability payments made	(361,382)	-	10,619	-	(350,763)	-
Proceeds from sale of capital assets	62,410	-	(2,210,034)	10,493	(2,137,131)	-
Principal paid on capital debt	(17,880,000)	(14,305,889)	(818,924)	(3,442,722)	(36,447,535)	-
Interest paid on capital debt	(13,555,430)	(2,259,618)	(3,081,190)	(1,740,727)	(20,636,965)	-
Net cash provided by (used in) capital and related financing activities	(65,260,965)	(35,390,012)	(12,066,238)	(14,510,777)	(127,227,992)	7,013
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	30,778,567	3,903,333	-	-	34,681,900	-
Purchase of investments	(33,102,339)	(2,053,411)	2,827,295	(2,003,998)	(34,332,453)	-
Lease receivable payments received	-	-	(573,219)	-	(573,219)	-
Interest and dividends	5,948,796	726,286	487,732	112,148	7,274,962	-
Net cash provided by (used in) investing activities	3,625,024	2,576,208	2,741,808	(1,891,850)	7,051,190	-
Net increase (decrease) in cash and short-term investments	4,370,298	(4,145,015)	3,526,368	(1,909,058)	1,842,593	6,141,932
Cash and short-term investments - beginning of the year	91,675,174	14,603,123	27,449,286	30,676,155	164,403,738	45,518,463
Cash and short-term investments - end of the year	\$ 96,045,472	\$ 10,458,108	\$ 30,975,654	\$ 28,767,097	\$ 166,246,331	\$ 51,660,395
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:						
Operating income (loss)	\$ 58,026,146	\$ 18,138,370	4,807,894	\$ 10,346,595	\$ 91,319,005	\$ 3,496,080
Adjustments to reconcile operating income (loss) to net cash and short-term investments provided by (used in) operating activities:						
Depreciation expense and amortization	16,538,805	8,552,025	6,961,432	1,847,330	33,899,592	404,451
Effect of changes in assets, deferred outflows and liabilities, deferred inflows:						
Receivables, net	1,568,726	(136,579)	(2,059,231)	4,220,282	3,593,198	1,373,020
Inventories	147,453	(6,198)	-	-	141,255	-
Vouchers payable	1,526,787	4,056,936	118,576	(1,342,126)	4,360,173	(243,573)
Lease receivables	-	-	-	-	-	1,820,467
Accrued payroll	1,049,389	239,290	140,999	80,973	1,510,651	234,933
Net pension liability	(2,120,187)	(463,939)	(308,150)	(169,023)	(3,061,299)	(244,630)
OPEB liability	(273,788)	32,628	(92,046)	(386,912)	(720,118)	-
Other liabilities	(1,099,066)	(3,605)	(574,314)	190,524	(1,486,461)	(533,257)
Net cash and short-term investments provided by (used in) operating activities	\$ 75,364,265	\$ 30,408,928	\$ 8,995,160	\$ 14,787,643	\$ 129,555,996	\$ 6,307,491
Noncash investing, capital and financing activities:						
Unrealized gain / (loss) on investments	\$ 527,020	\$ 44,744	-	\$ -	\$ 571,764	\$ -
Gain/ (Loss) on sale or disposal of capital assets	62,410	21,659	2,877,257	-	2,961,326	-
Capital contribution	-	-	-	-	-	156,889
Acquisition of capital assets through change in contract retainage	(605,395)	(171,432)	(35,419)	147,678	(664,568)	-
Acquisition of capital assets through vouchers payable	801,971	56,410	-	626,673	1,485,054	-
Capitalized interest, less interest earned on certain long-term construction contracts	219,923	(2,475)	-	-	217,448	-
Deferred inflow of resources	828,626	101,683	207,391	(176,538)	961,162	-

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

Exhibit C-1

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Trust Funds	Custodial Funds
ASSETS:		
Cash and short-term investments	\$ 13,135,890	\$ 13,394,682
Investments, fair value:		
Fixed income securities	31,388,260	-
Equity securities	34,091,853	-
Balanced commingled funds:		
Equity	875,951,000	-
Fixed income	370,591,000	-
Real estate	105,477,000	-
Hedge Funds	51,146,000	-
Total investments	<u>1,468,645,113</u>	<u>-</u>
Receivables:		
Accrued investment income	795,654	-
Other	-	79,316
Total assets	<u><u>\$ 1,482,576,657</u></u>	<u><u>\$ 13,473,998</u></u>
LIABILITIES:		
Vouchers payable	\$ 2,556,000	\$ 250,633
Other liabilities	-	219,169
Total liabilities	<u>2,556,000</u>	<u>469,802</u>
NET POSITION:		
Restricted for pension	1,480,020,657	-
Restricted for individuals, organizations and others	-	13,004,196
Total net position	<u>1,480,020,657</u>	<u>13,004,196</u>
Total liabilities and net position	<u><u>\$ 1,482,576,657</u></u>	<u><u>\$ 13,473,998</u></u>

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2025

	Trust Funds	Custodial Funds
CHANGES TO NET POSITION ATTRIBUTED TO:		
Additions:		
Investment income:		
Net appreciation in fair value of investments	\$ 142,296,613	\$ -
Interest	1,523,837	-
Dividends	8,624,127	-
Other	4,897,495	-
Less investment expense	(2,105,849)	-
Net investment income	155,236,223	-
Employer contributions	43,091,000	-
Employee contributions	7,287,000	-
Purchase of service	381,000	-
Custodial fund additions	-	43,497,709
Total additions	205,995,223	43,497,709
Deductions:		
Benefit payments and expenses:		
Refunds of contributions	192,000	-
Benefits paid to plan members and beneficiaries	102,538,000	-
Administrative costs	935,000	-
Contributions to retirement system	8,716,323	-
Custodial fund deductions	-	44,716,485
Total deductions	112,381,323	44,716,485
Net increase in net position	93,613,900	(1,218,776)
NET POSITION:		
Net position - beginning	1,386,406,757	14,222,972
Net Position - ending	<u>\$ 1,480,020,657</u>	<u>\$ 13,004,196</u>

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

Exhibit D-I

**Statement of Net Position
Component Units
June 30, 2025**

	Norfolk Public Schools	Norfolk Economic Development Authority	Total
ASSETS:			
Cash and cash equivalents	\$ 93,800,110	\$ 5,482,911	\$ 99,283,021
Accounts receivable, net of allowance for uncollectible accounts	589,175	160,704	749,879
Leases receivable	-	679,324	679,324
Loan receivable	-	724,932	724,932
Due from primary government	9,293,296	32,953	9,326,249
Due from other governments	54,887,445	167,593	55,055,038
Inventories	1,995,838	-	1,995,838
Prepaid expenses	-	213,102	213,102
Other	94,567	-	94,567
Restricted cash	-	773,986	773,986
Non-depreciable capital assets	25,272,638	9,488,587	34,761,225
Depreciable capital assets, net	81,795,083	7,571,573	89,366,656
Amortizable right to use assets, net	1,032,970	18,260	1,051,230
Total assets	<u>268,761,122</u>	<u>25,313,925</u>	<u>294,075,047</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	71,594,383	-	71,594,383
Deferred outflows related to OPEB	28,262,321	-	28,262,321
Total deferred outflows	<u>99,856,704</u>	<u>-</u>	<u>99,856,704</u>
Total assets and deferred outflows of resources	<u>\$ 368,617,826</u>	<u>\$ 25,313,925</u>	<u>\$ 393,931,751</u>
LIABILITIES:			
Vouchers payable	\$ 13,712,562	\$ 312,139	\$ 14,024,701
Contract retainage	434,794	-	434,794
Accrued payroll	33,383,975	-	33,383,975
Unearned revenues	7,921,684	6,012	7,927,696
Due to primary government	13,503,080	13,441,593	26,944,673
Revolving loan program due to City	-	523,413	523,413
Due to other governments	13,191,719	-	13,191,719
Revolving loan program defederalized	-	602,724	602,724
Current portion of long-term liabilities	9,192,897	18,624	9,211,521
Net pension liability	187,974,552	-	187,974,552
Other post-employment benefits liability	109,079,938	-	109,079,938
Other long-term liabilities	44,674,927	-	44,674,927
Total liabilities	<u>433,070,128</u>	<u>14,904,505</u>	<u>447,974,633</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to leases	-	699,973	699,973
Deferred inflows related to pensions	44,044,958	-	44,044,958
Deferred inflows related to OPEB	20,064,012	-	20,064,012
Total deferred inflows	<u>64,108,970</u>	<u>699,973</u>	<u>64,808,943</u>
Total liabilities and deferred inflows of resources	<u>497,179,098</u>	<u>15,604,478</u>	<u>512,783,576</u>
NET POSITION:			
Net investment in capital assets	94,017,173	4,181,719	98,198,892
Restricted for:			
Child nutrition	5,359,145	-	5,359,145
Other programs	1,926,384	-	1,926,384
Economic Development Authority	-	1,476,938	1,476,938
Unrestricted	(229,863,974)	4,050,790	(225,813,184)
Total net position (deficit)	<u>(128,561,272)</u>	<u>9,709,447</u>	<u>(118,851,825)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 368,617,826</u>	<u>\$ 25,313,925</u>	<u>\$ 393,931,751</u>

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

**Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2025**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grant Contributions	Capital Grant Contributions	Norfolk Public Schools	Norfolk Economic Development Authority	Totals
Norfolk Public Schools:							
Instructional	\$ 355,228,306	\$ 1,077,077	\$ 291,439,113	\$ -	\$ (62,712,116)	\$ -	\$ (62,712,116)
Administration, attendance and health	25,769,975	-	-	-	(25,769,975)	-	(25,769,975)
Pupil transportation	26,282,047	-	-	-	(26,282,047)	-	(26,282,047)
Operation and maintenance	54,635,890	-	-	-	(54,635,890)	-	(54,635,890)
Information technology	22,471,367	-	-	-	(22,471,367)	-	(22,471,367)
School facilities	19,331,754	-	7,304,830	12,110,855	83,931	-	83,931
Food services	26,550,659	18,864	23,560,712	-	(2,971,083)	-	(2,971,083)
Interest on long-term debt	39,956	-	-	-	(39,956)	-	(39,956)
Total Norfolk Public Schools	530,309,954	1,095,941	322,304,655	12,110,855	(194,798,503)	-	(194,798,503)
Norfolk Economic Development Authority:							
Economic development	12,446,871	282,907	4,490,215	-	-	(7,673,749)	(7,673,749)
Interest expense	729	-	-	-	-	(729)	(729)
Total Norfolk Economic Development Authority	12,447,600	282,907	4,490,215	-	-	(7,674,478)	(7,674,478)
Total Component Units	\$ 542,757,554	\$ 1,378,848	\$ 326,794,870	\$ 12,110,855	\$ (194,798,503)	\$ (7,674,478)	\$ (202,472,981)
General revenues:							
Use of money and property					1,355,544	963,204	2,318,748
Payment from Primary Government					188,114,127	1,368,838	189,482,965
Miscellaneous					3,140,793	533,226	3,674,019
Intergovernmental revenue - Commonwealth of Virginia					39,195,268	2,847,884	42,043,152
Total general revenues					231,805,732	5,713,152	237,518,884
Changes in net position					37,007,229	(1,961,326)	35,045,903
Net position (deficit) - beginning, as previously presented					(141,599,916)	11,670,773	(129,929,143)
Error correction - capital assets					7,765,371	-	7,765,371
Error correction - grant revenue					(1,363,896)	-	(1,363,896)
Change in accounting principle					(30,370,060)	-	(30,370,060)
Net position (deficit) - beginning, as restated					(165,568,501)	11,670,773	(153,897,728)
Net position (deficit) - ending					\$ (128,561,272)	\$ 9,709,447	\$ (118,851,825)

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



Notes to the Basic Financial Statements



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I Summary of Significant Accounting Policies

A Financial Reporting Entity Information

The City of Norfolk (the “City”) was incorporated February 13, 1845, and operates under a charter adopted February 7, 1918, which mandates a Council-Manager form of government. The City and its component units provide various municipal services to approximately 235,000 residents, as authorized by its charter or code, including public safety, highway and street maintenance, solid waste management, cultural and parking facilities, public health, social programs, parks and recreation, public education, public improvements, planning and zoning code enforcement, public libraries, general administration, environmental storm water management, water production and quality, and wastewater treatment.

Blended Component Unit: *The Employees’ Retirement System of the City of Norfolk (ERS)* is governed by a ten-member Board of Trustees, eight of whom are appointed by the City Council, with the City Manager and the Director of Finance serving as ex-officio members. The ERS administers a single-employer contributory defined benefit plan that covers City of Norfolk employees excluding City employees, School Board employees and certain employees of the Constitutional Officers who are covered by the Virginia Retirement System, as authorized by Section 143(a) of the City Charter. Established under the management of the Board of Trustees, the ERS provides retirement and death benefits as authorized by Chapter 37 of the Norfolk City Code. The City contributes, along with investment earnings and certain employee contributions, to fund pension benefits and administrative costs. The financial data for the ERS operations are combined with the City’s and reported in the General fund.

Discretely Presented Component Units: Although these legally separate entities are, in substance, part of the City’s operations, each discretely presented component unit is reported in a separate column in the government-wide financial statements to highlight its legal separation from the primary government. The component units discussed below are included in the City’s financial reporting entity due to their financial relationships with the City.

The School Board for the City of Norfolk (School Board), is an elected body responsible for the governance of Norfolk Public Schools. The School Board is a corporate body entity vested with the duties and responsibilities required by law. The City Council is obligated to annually appropriate funds for the School Board to support public schools and maintain educational programs that meet state standards. Categorical aid from the Commonwealth of Virginia (the Commonwealth) and the federal government designated for education is included in the City’s General fund budgetary revenue. This categorical aid, along with local funding, finances the majority of the School Board’s operations. The City also issues debt to finance capital projects of the school system. The School Board operates three Pre-Schools, one Pre-K – elementary school, twenty-six elementary schools, five K–8 schools, six middle schools, five high schools, and several auxiliary programs, including alternative, magnet and specialty programs.

The Economic Development Authority (EDA), a political subdivision of the Commonwealth, was created by ordinance of the City of Norfolk in 1972 under the Industrial Development and Revenue Bond Act. The EDA is authorized to acquire, own, lease, and dispose of properties to promote industry and trade by attracting manufacturing, industrial and commercial enterprises to the City. It is empowered to issue industrial development bonds and serves as an intermediary between financial institutions and borrowers. The EDA does not bear responsibility for borrowers’ debt. While Commissioners are appointed by the City Council, the EDA designates

its own management, maintains independent financial records, and generates revenue from administrative fees, and property sales. The City may also benefit financially from the EDA's activities.

Complete financial statements of the individual component units can be obtained from their respective administrative offices:

The City of Norfolk Retirement Office
810 Union Street
City Hall Building, Suite 309
Norfolk, Virginia 23510
www.norfolk.gov/retirement

The School Board for the City of Norfolk
800 East City Hall Avenue
P.O. Box 1357
Norfolk, Virginia 23510
www.nps.k12.va.us

The Norfolk Economic Development Authority
999 Waterside Drive, Suite 2430
Norfolk, Virginia 23510
www.norfolkdevelopment.com

B Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on the non-fiduciary activities of the Primary Government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely heavily on fees and charges for support. Additionally, the *Primary Government* is reported separately from certain legally separate *component units* for which it is financially accountable.

The Statement of Activities illustrates how the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that can be clearly linked to a specific function or segment. 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 that are not classified as program revenues are reported as general revenues.

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

The City reports the following major governmental funds:

- The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

- The *Grants fund* is a special revenue fund. It accounts for the receipt and disbursement of revenue from such sources as federal and state agencies, adjacent municipalities, and City matching funds to finance special programs. These programs may have reporting periods that do not align with the City's fiscal year.
- The *Debt Service fund* accounts for financial resources that are restricted, committed, or assigned to expenditures for principal and interest payments on long-term debt obligations of governmental funds.
- The *Capital Projects fund* accounts for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition and construction of major capital facilities of the City. Some of these facilities are also used by the School Board and other agencies.

The City reports the following major proprietary funds:

- The *Water Utility fund* accounts for the activities of the City's water system, treatment plant, and distribution systems.
- The *Wastewater Utility fund* accounts for the activities of the City's sewage pumping stations, and collection systems.
- The *Parking Facilities fund* accounts for the activities of City-owned or operated parking facilities.
- The *Storm Water Utility fund* accounts for the activities of the City's environmental storm water management system including maintenance of storm water drainage facilities.

Additionally, the City reports the following other fund types:

- *Special Revenue funds* account for proceeds from specific resources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects. Examples include community development, public amenities, cemetery operations, golf operations, tax increment financing districts, towing and recovery operations, waste management and individual grant programs.
- *Internal Service funds* account for the City's self-insured healthcare program and fleet management services, which are provided to other departments or agencies of the City on a cost reimbursement basis. The Healthcare Fund is described in Note XX.
- The *Pension Trust fund* accounts for the activities of the Employees' Retirement System of the City of Norfolk (ERS), which accumulates resources for pension benefit payments to qualified employees and is a fiduciary fund.
- The *Pension Funding Trust fund* was established in fiscal year 2021 to help offset potential volatility in the City's annual pension contribution, benefiting ERS.
- The *Endowed Care fund* is used to report resources restricted by the City Code for perpetual and endowed care at certain City-owned cemeteries. Both the investment earnings and the principal may be used to support maintenance of these cemeteries.
- The *Custodial funds* are used to account for the assets held by the City for individuals, private organizations, other governmental units and/or other funds.

C Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Under this approach, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of when cash is received or paid. Property taxes are recognized as revenues in the year they are levied, and grants or similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met. The City's discretely presented component units are included in the government-wide financial statements, also using the accrual basis of accounting.

Governmental fund financial statements, on the other hand, use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are measurable and available to finance current period expenditures. Revenues are considered available if they are collected within 45 days after the fiscal year end, with the exception of grant revenues. Real and personal property taxes are recognized as receivables when levied and billed, net of allowances for uncollectible accounts. Sales and utility taxes, which are collected by the state or utilities and remitted to the City, are recognized when the underlying exchange transaction occurs and when remitted within two (2) months. Property taxes collected within 45 days after fiscal year end are recognized as revenue, while those not collected within the time frame are reported as deferred inflows. Other revenues, such as license fees, permit fees, and fines, are recorded as revenue when received. Intergovernmental revenues, primarily in the form of reimbursable federal, state, and other grants for specific expenditures, are recognized when the related expenditures occur, while revenue from general purpose grants is recognized as earned over the life of the grant.

Major sources of governmental fund revenue susceptible to accrual include the following:

- Real property taxes
- Personal property taxes
- Sales and use taxes
- Consumer utility taxes
- Revenue from the Commonwealth
 - Shared Expenses
 - Categorical aid
- Revenue from the federal government

The City follows specific accounting principles for its financial statements to ensure clarity and accuracy in reporting revenues, expenses, and interfund activities. *Program revenues* are divided into three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Any internally dedicated resources are classified as general revenues, with all taxes falling into this category.

Expenditures in governmental funds are recorded as liabilities when incurred, except for interest on general long-term obligations, which is recognized when due. Given the differences in the measurement focus and accounting basis between governmental funds and government-wide financial statements, a reconciliation of differences between fund balances and net position is

shown in Exhibit A-2, and the change in fund balances and change in net position, is shown in Exhibit A-4.

Proprietary funds make a clear distinction between operating and non-operating revenues and expenses. Operating items generally relate to providing services or goods, such as charges to customers for sales and services, while non-operating items include interest income or expense.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, followed by committed, assigned, and finally unassigned resources. Additionally, interfund activities are generally eliminated in the government-wide statements, except for payments in lieu of taxes and charges between proprietary funds and other government functions, to avoid distorting costs and program revenues.

D Budgets and Budgetary Accounting

An operating budget is adopted each fiscal year for various City funds, including the General fund, Water Utility enterprise fund, Wastewater Utility enterprise fund, Parking Facilities enterprise fund, Storm Water Utility enterprise fund, and several special revenue funds such as Public Amenities, Cemeteries, Golf, Towing and Recovery Operations, Tax Increment Financing, and Waste Management. Additionally, internal service funds are also included in the budget process. The General fund budget encompasses budgets for Norfolk Public Schools, the Maritime Center and the Community Services Board. For specific projects, the City adopts project-length budgets for the Capital Projects fund, Community Development special revenue fund, and the Grants special revenue fund. All funds are subject to formal budgetary control to ensure proper financial management and accountability.

No less than 60 days before the end of the fiscal year, the City Manager must submit to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of funding them. Prior to the adoption of the budget, a public hearing is conducted, then on or before July 1, the budget is legally enacted through adoption of an ordinance. The property taxes included in the budget become a lien on real properties on July 1.

The ordinance for the annual operating budget appropriates funds by department. Additional budgetary controls are exercised administratively, both on an appropriation unit basis over parts, all, or any combination of object categories (budgetary account groups) such as: (1) personal services; (2) materials, supplies and repairs; (3) general operations and fixed charges; (4) equipment; (5) public assistance; and (6) all-purpose appropriations, as well as on a line-item basis over individual objects (budgetary accounts). The City Manager is authorized to transfer funds between departments and funds without further approval by City Council. The legal level of budgetary control is at the fund level.

The School Board manages and controls all funds made available for public school purposes by the City Council with the exception of funds for construction of new school buildings. In accordance with the Code of Virginia, the School Board has exclusive authority to expend funds within the total amounts appropriated by City Council. Consistent with the enabling ordinance, the Schedules of Revenue and Expenditures – Budget and Actual of the General fund presented in Exhibits E-1 and E-2 include the revenues and expenditures of the School Board.

A reconciliation of revenues and expenditures reported in accordance with U.S. generally accepted accounting principles (GAAP) and those presented in accordance with non-GAAP

budgetary basis, for the General fund, can be found following Exhibit E-2. The budgets for the enterprise funds and internal service funds are prepared on a basis generally consistent with U.S. GAAP.

Except for capital projects and certain special revenue funds' appropriations, unencumbered annual appropriations lapse at the end of the fiscal year. City Council may authorize supplemental appropriations to the operating budgets during the fiscal year. Budgeted amounts as reported in the financial statements represent the original appropriations, and all supplemental adjustments or appropriations.

City Council adopts a capital improvement budget on a project basis. As in the case of the General fund budget, these budgets are submitted by the City Manager, public hearings are held, and the budgets are legally enacted through adoption of an ordinance. Appropriations for these budgets continue until the purpose of the appropriation has been fulfilled. Amendments to these budgets are affected by City Council.

E Deposits and Investments

The City's cash and short-term investments include cash on hand, demand deposits, and short-term investments with maturities of one year or less from the date of acquisition.

Investment statutes authorize the City and the School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank) and Asian Development Bank, commercial paper rated A-1 by S & P Global Ratings or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, Virginia State Non-Arbitrage Program (SNAP) and the State Treasurer's Local Government Investment Pool (LGIP). SNAP and LGIP investments are valued at amortized cost and qualify as external investment pools per GASB 79, *Certain External Investment Pools and Pool Participants*. The LGIP and SNAP are not registered with the Securities and Exchange Commission (SEC) as an investment company but maintains a policy to operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. 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 monthly meetings.

The City has a formal investment policy that addresses credit risk, interest rate risk, concentration of credit risk and custodial credit risk. The City's fixed income investments as of June 30, 2025, were rated by S&P Global Ratings and the ratings are presented in Note II. The Pension Trust fund is authorized to invest in common stocks and other investments as directed by statutes of the Commonwealth.

Investments, except for external investment pools and real estate that are reported at amortized cost or net asset value, are reported at fair value as established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See additional disclosure within Note II.

The City uses the pooled cash investment method, and as a result individual fund overdrafts are reclassified as due to/due from other funds or internal balances for financial statement purposes. Income from the investment of pooled cash is allocated to the various funds based

on the percentage of cash and temporary investments of each fund to the total pooled cash and temporary investments.

For purposes of the statements of cash flows, all highly liquid debt instruments, with a maturity of 90 days or less, and certificates of deposit are grouped into cash and short-term investments. The cash and investment pool discussed above is considered cash, since it has the same characteristics as a demand deposit account.

F Restricted Assets

Restricted assets are those whose use is limited by externally imposed constraints such as debt covenants, grantors or laws or regulations of other governments.

G Interfund Transactions

During the normal course of operations, the City engages in numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. These transactions are generally reflected as transfers in the accompanying fund financial statements.

Internal Service funds record charges for services provided to all City departments and funds as operating revenue. All City funds record payments to the Internal Service funds as operating expenditures or expenses. The Fleet Management fund and the Healthcare fund primarily support governmental activities and, as such, are included with governmental funds in the government-wide financial statements. A distinct presentation of the City's Internal Service funds can be found in the "Other Supplementary Information" section of this document.

The General fund provides administrative services to enterprise funds and internal service funds. In the fund financial statements, charges for these services are treated as operating expenses by the enterprise and internal service funds, and as expense reimbursements by the General fund.

H Inventories

Inventories are stated at cost using either the first-in, first-out (FIFO) method, or the moving average method. In proprietary funds, inventories are expensed when consumed.

I Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported at historical cost less accumulated depreciation and amortization in the applicable governmental or business-type activities column in the government-wide financial statements and in proprietary funds. According to the City's capitalization policy, capital assets are defined as those with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year.

Capital outlays of governmental funds are recorded as expenditures when purchased and are not capitalized in the governmental funds. However, these assets are capitalized in the *Government-wide Statement of Net Position* if they meet the criteria for capitalization in the City's financial statements. In cases where historical cost records are unavailable, assets are recorded at estimated historical cost. Gifts or donated capital assets are recorded at their acquisition value on the date received. When an asset is retired or otherwise disposed of, its

cost and accumulated depreciation are eliminated, with any resulting gain or loss reflected as non-operating revenue or expense.

The City evaluates significant events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset is generally considered impaired if (a) the decline in service utility is large in magnitude, and (b) the event or change is outside the normal life cycle of the asset. Impaired capital assets that will no longer be used are reported at the lower of the carrying value or fair value. For impaired assets that will continue to be used, impairment losses are measured in a manner that best reflects the diminished service utility. Any insurance recoveries resulting from impairment events are netted against the impairment loss. The cost of normal maintenance and repairs is expensed as incurred and does not affect the capitalized value of assets.

Capital assets of the City, as well as its component units, are depreciated using the straight-line method over the following estimated useful lives (in years):

Category	Governmental Funds	Enterprise Funds	Internal Service Funds
Building and improvements	40	10-75	40-50
Improvements other than buildings	15-25	10-99	15
Warehouse equipment and fixtures	-	-	7-10
Transmission and distribution mains	-	50-99	-
Service meters and meter installation	-	35-50	-
Pumping and utilities' equipment	-	10-30	-
Vehicles and garage equipment	4-20	4-10	4-25
Data processing equipment	5-10	5-10	5-10
Furniture, fixtures, and equipment	3-25	3-25	3-20
Infrastructure	5-100	-	-
Intangibles	5-10	5-10	5-10

J Land and Land Improvement Held for Resale

Land and land improvements held for resale are recorded at the lower of cost or estimated acquisition value. The cost is determined by acquisition price, if purchased, or by the estimated acquisition value at the date of contribution, if contributed. Subsequent land improvements are capitalized and added to the carrying value of land and land improvements held for sale.

K Compensated Absences

It is the policy of the City and the School Board to permit employees to accumulate earned but unused vacation and sick pay benefits. For City employees, vacation leave is fully vested when earned. However, accumulated vacation leave cannot exceed certain limits, as specified in Section 2-49 in the City Code of Ordinances. Sick leave, on the other hand, does not vest for City employees; never less, upon retirement, Employee Retirement System (ERS) City employees receive credit for each day of accumulated sick leave toward their pension benefit. Since the City does not pay for unused sick leave when an employee separates from service, there is no liability for unpaid accrued sick leave. The additional retirement benefit from sick leave is reflected in the actuarial liability of the Employee Retirement System (ERS) for applicable

members. The full liability for unused vacation leave is recorded in the government-wide financial statements. For members of the Virginia Retirement System (VRS), unused sick leave is forfeited upon termination.

For School Board employees, accumulated vacation leave cannot exceed 50 days. These employees are compensated for unused vacation leave at their normal rate of pay upon termination of employment. Most School Board employees are on ten-month contracts and are not entitled to vacation leave. Additionally, upon retirement, School Board employees are paid \$20 for each day of accumulated sick leave.

L Net Position/Fund Balances

Net position in government-wide and proprietary fund financial statements may be classified into three categories: net investment in capital assets, restricted, and unrestricted. Net Investment in capital assets represents the portion of net position invested in capital assets, net of accumulated depreciation and any outstanding related debt. Restricted Net Position represents resources subject to externally imposed constraints by creditors, grantors, contributors, laws, and regulations of other governments, or through state statutes. Unrestricted Net Position represents the remaining resources that are not subject to restrictions or invested in capital assets.

Fund balances in governmental fund financial statements are classified into five categories: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that are not in spendable form, such as inventories, prepaid items, and long-term receivables. Restricted fund balance consists of amounts that can be spent for specific purposes, as dictated by external parties such as creditors, grantors, contributors, or laws, or through enabling legislation. Committed fund balance refers to amounts that can be used only for specific purposes as determined by formal action, such as an ordinance, by City Council. These amounts cannot be redirected for other purposes unless the City Council takes the same type of formal action.

Assigned fund balance in the General fund includes amounts intended to be used for specific purposes, but that 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 balance that is not restricted or committed, with assignment authority granted to the City Manager by the City Council. The unassigned fund balance represents the remaining balance in the General fund that is not classified as nonspendable, restricted, committed, or assigned. In other governmental funds, a negative residual amount may result when expenditures exceed the restricted, committed, or assigned fund balances, and this negative amount is classified as a negative unassigned fund balance in the applicable governmental fund.

When expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available, the City applies restricted resources first. Within the unrestricted fund balance, committed amounts are used first, followed by assigned amounts, and then unassigned amounts. Under GASB Statement No. 54, positive unassigned fund balances are reported only in the General fund. However, in governmental funds other than the General fund, if expenditures for a specific purpose exceed the available restricted, committed, or assigned balances, a negative unassigned fund balance may result.

M Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses/expenditures. These estimates also impact the disclosure of contingent assets and liabilities as of the date of the financial statements. Due to the inherent nature of such estimates, actual results could differ from those estimates.

N Bond Premiums, Discounts, Issuance Costs and Loss on Defeasance

In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported with the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred. For details on the amounts reported in Long-term Obligations, please refer to Note IX.

Gains and losses from the defeasance of refunding bonds are reported in the government-wide and proprietary fund financial statements as deferred inflows and outflows of resources. These gains and losses are amortized using the straight-line method over the term of the debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs in the current period. The face amount of debt issued is reported as other financing sources. Premiums from debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds or paid separately, are reported as debt service expenditures in the period incurred.

O Deferred Inflows and Outflows of Resources

The City reports deferred inflows and outflows on both its fund-level balance sheets and government-wide statement of net position. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. They arise in governmental funds when potential revenue does not meet the “measurable” and “available” criteria for recognition in the current period. For example, certain intergovernmental receivables, such as uncollected property tax that does not meet the availability criteria, are deferred and will be recognized in a future period in governmental funds.

Deferred outflows of resources represent a consumption of net assets that apply to future periods. The City reports gains and losses from debt defeasance and certain components of the net pension liability as deferred inflows and outflows in governmental and business-type activities.

P Pensions

For measuring the net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position, as well as the additions and deductions for each of the plans in which the City and its component units participate, has been determined based on the same reporting basis as each respective plan. These plans include the Virginia Retirement System (VRS) City of Norfolk Political Subdivision Retirement Plan, the VRS Norfolk Public Schools Teacher Retirement

Plan, the VRS Norfolk Public Schools Political Subdivision Retirement Plan and the Employees' Retirement System of the City of Norfolk Plan (ERS).

Except for deferred outflows related to employer contributions made after the measurement date, deferred inflows and outflows are amortized over a closed five-year period or the average remaining service life of the affected employees. Deferred outflows of resources related to employer contributions made after the measurement date will be recognized as a reduction in the net pension liability in the next fiscal year. Benefit payments, including refunds of employee contributions, are recognized when due and payable according to the benefit terms. The allocation of proportionate shares of the ERS net pension liability and other pension amounts to participating funds is based on employer contributions.

Q Other Post-employment Benefits (OPEB)

For measuring the total OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense, information for each of the plans in which the City and its component units participate has been determined using the same basis as reported by each respective plan. Deferred outflows of resources related to employer contributions made after the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. Benefit payments are recognized when due and payable in accordance with the benefit terms. The allocation of proportionate shares of the total OPEB liability and other OPEB amounts to participating funds is based on employer contributions.

R Intangible Right-To-Use Asset Liability

The City has recorded intangible right-to-use assets (lease assets) as a result of implementing GASB 87. These lease assets are initially measured at an amount equal to the initial measurement of the related lease liability, plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. Lease assets are recognized for leases with a total value equal to \$100,000 or more. The lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The City applies the same useful life estimates used for capital assets when determining the useful life of the underlying leased asset.

S Lease Receivable

The City's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease initially recognized at an amount equal to the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

T Right To Use Subscription Assets

The City has recorded right-to-use subscription assets as a result of implementing GASB 96, Subscription-Based Information Technology Arrangements (SBITAs). The subscription asset is measured as the sum of the initial subscription liability, payments made to the vendor at the commencement of the subscription term, and capitalizable implementation costs, less any incentives received from the vendor at or before the commencement of the subscription term. SBITAs are recognized for arrangements with a total value of \$125,000 or more. The subscription asset is amortized on a straight-line basis over the term of the subscription, recognized as an

outflow of resources. The City evaluates each SBITA to determine whether the subscription term or the useful life of the underlying software governs the amortization period. The City has established the useful life of SBITAs as 2 to 10 years.

U Right to Use Subscription Liabilities

The City's right-to-use subscription liability is measured at the present value of the subscription payments expected to be made during the subscription term.

V Conduit Debt Obligations

The Economic Development Authority (the Authority) is authorized to issue revenue bonds for the purpose of acquiring and constructing facilities. Liability under the bonds is assumed by the enterprises for which facilities are constructed. The revenue bonds are not considered a debt or pledge of faith and credit of the Commonwealth of Virginia or any political subdivision, including the City. The bonds are payable solely from revenues generated from the sale or lease of the facilities constructed or acquired.

Although the Authority facilitates these transactions, it does not retain the benefits of asset ownership or the liability for bond repayment. As a result, the Authority does not recognize the associated assets, liabilities, rental income, or interest expense related to the bond issuances in its financial statements. All of these bonds are tax-exempt and are issued for the benefit of nonprofit organizations, manufacturing companies, or enterprise-zone businesses (as defined in Sections 1397(c) and 1394(b)(3) of the Internal Revenue Code of 1986, as amended). No commitments requiring disclosure exist. For further details, refer to Note IX.

II Deposits and Investments

Custodial Credit Risk – Deposits

The City maintains a cash and investments pool for all funds, except for the Pension Trust and Endowed Care funds. Each fund's portion of the pool is disclosed in the Statement of Net Position and the respective fund balance sheets under "cash and short-term investments". This pooling arrangement allows for efficient management of the City's cash and investments.

However, the cash and investments of the Pension Trust and Endowed Care funds, and certain restricted assets of the enterprise funds, are held separately from the pooled City funds. These separately held funds are managed according to the specific requirements or restrictions associated with each fund, ensuring that the assets are used in accordance with their designated purposes.

All deposits of the City and its component units are collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance.

Under the act, any public depository that receives or holds public deposits (Qualified Public Depositories), must choose between two methods of securing those deposits: The Pooled Method or the Dedicated Method.

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. **Pooled Method:** Under this method, public depositories must pledge collateral, ranging from 50 to 100 percent of the public deposits held, to the State Treasury Board. This collateral secures deposits in excess of the amount covered by federal deposit insurance. If a financial institution within the pool fails, the entire collateral pool becomes available to satisfy claims from participating governmental entities. If the collateral in the pool is insufficient to cover losses, additional amounts will be assessed to members of the pool on a pro rata basis.
2. **Dedicated Method:** Under this method, Qualified Public Depositories are responsible for securing their own public deposit by pledging collateral with a qualified escrow agent. The collateral must be equal to or exceed the required amounts and be priced at a minimum of 105 to 130 percent of the total public deposits held by the bank, based on its rating. The institutions using this method will not be assessed for losses caused by other banks in default or insolvency.

The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act, and for notifying local governments about the compliance status of their banks. Both methods of securing public deposits are considered similar to depository insurance, ensuring that funds deposited under the Act are fully insured.

The City's primary banking institution has elected to be governed by the Dedicated Method of securing public deposits.

Custodial Credit Risk - Investments

Custodial credit risk is the risk that, if a counterparty fails, the City may not be able to recover the value of its investment or collateral securities held by an outside party.

For the City's equity and fixed income investments (excluding bank deposits), these are not insured but are registered in the name of the City and held by State Street Bank and Principal Custody Solutions as custodians. The remaining City investments are either held directly by the City or in the City's name by the City's custodial banks.

The policy for the Pension Trust fund (System) and the City ensures that all securities purchased by or for the System and the City are clearly labeled as assets of the System or City and are held in safekeeping by a third-party custodial bank or institution. This policy is in compliance with Section 2.2-4515 of the Code of Virginia, which mandates the safekeeping of such securities.

The City's other component units do not have a formal policy in place regarding custodial credit risk for investments.

Interest Rate Risk

The City's Pension Trust fund uses a "Duration" policy to manage its interest rate risk. Duration is a measure of a debt investment's exposure to fair value changes resulting from fluctuations in interest rates. It is calculated using the present value of cash flows, weighted according to the proportion that each cash flow represents of the investment's total price. The City's investment policy also establishes a maximum maturity requirement for individual securities to manage interest rate risk effectively. Additionally, the policy sets a maximum weighted average maturity for the investment portfolio to further control exposure to interest rate changes.

However, the City's other discretely presented component units do not have a formal investment policy that specifically limits investment maturities to manage exposure to fair value losses from rising interest rates.

To evaluate interest rate risk, the City uses the segmented time distribution method, which categorizes investments by their maturities and measures the risk accordingly. Below is a breakdown of the City's interest rate risk as of June 30, 2025, as evaluated using this method.

Primary Government and Fiduciary Funds

Investment Type	Total Investments	Investment Maturities					N/A
		Less than 1 year	1-3 years	3-6 years	6-10 years	10 years +	
Corporate Bonds	\$ 81,987,692	\$ 10,763,526	\$ 44,630,663	\$ 13,438,707	\$ 639,426	\$ -	\$ 12,515,370
U.S. Government Securities	162,769,774	19,771,147	138,556,769	4,441,858	-	-	-
Equity Funds	880,278,737	-	-	-	-	-	880,278,737
Municipal Bonds	3,480,211	796,671	2,683,540	-	-	-	-
Commercial Paper	12,397,361	12,397,361	-	-	-	-	-
Certificates of Deposit	13,572,244	13,572,244	-	-	-	-	-
Equity Securities	7,886,000	-	-	-	-	-	7,886,000
Fixed Income Funds	370,591,000	-	69,477,000	44,702,000	47,126,000	181,964,000	27,322,000
Mutual Funds	8,723,321	8,723,321	-	-	-	-	-
Real Estate Funds	105,477,000	-	-	-	-	-	105,477,000
Money Market Fund	12,895,466	12,362,590	-	-	-	-	532,876
Hedge Funds	51,146,000	-	-	-	-	-	51,146,000
External Investment Pools	363,165,764	-	-	-	-	-	363,165,764
Total	<u>\$ 2,074,370,570</u>	<u>\$ 78,386,860</u>	<u>\$ 255,347,972</u>	<u>\$ 62,582,565</u>	<u>\$ 47,765,426</u>	<u>\$ 181,964,000</u>	<u>\$ 1,448,323,747</u>

A reconciliation of the carrying value of deposits and investments as reported above in the Statement of Net Position (Primary Government) and the Statement of Fiduciary Net Position for the City is as follows:

Per Exhibit I (Primary Government):

Cash and unrestricted short-term investments	\$ 654,749,166
Restricted cash and investments	45,742,409
Total Primary Government	<u>700,491,575</u>

Per Exhibit H- I (Fiduciary):

Cash and short-term investments	\$ 13,135,890
Investments	1,468,645,113
Total Fiduciary funds	<u>1,481,781,003</u>
Total Primary Government and Fiduciary funds	2,182,272,578
Less cash	107,902,008
Carrying value of deposits and investments	<u>\$ 2,074,370,570</u>

Credit Risk Related to Issuer

Credit risk is the risk that an issuer or other counterparty to an investment will fail to fulfill its obligations. In accordance with the current asset allocation policy, the City's Pension Trust fund has adopted a four percent target allocation to below investment-grade bonds, but it allows a range of up to nine percent. Below investment-grade securities are defined by the City's Pension Trust fund as those rated below investment-grade by at least two of the three primary rating agencies: Moody's Investors Service, Inc. (Moody's), Fitch Ratings (Fitch), and S&P Global Ratings (S&P).

The City's Pension Trust fund also invests in certain derivatives, including futures, swaps, and options. These securities are included in reported investments in the ERS's financial statements. For accounting purposes, all derivative instruments are classified as investments, not as hedges. ERS primarily enters into derivative transactions to manage risks from various exposures including, but not limited to, exposure to foreign currency rate fluctuation and duration risk within the fixed income investment portfolio.

As of June 30, 2025, the City's rated debt investments were rated by S&P and/or an equivalent national rating organization. The ratings are presented below using the S&P credit quality rating scale.

Rated Debt Investments

Ratings (S&P)	Corporate Bonds	U.S. Government Securities	Equity Funds	Equity Securities	Commercial Paper	Certificates of Deposit	Municipal Bonds	Fixed Income Funds	Mutual Funds	Real Estate Funds	Money Market Funds	Hedge Funds	External Investment Pools
AAA	\$ 1,948,669	\$ 5,472,495	\$ -	\$ -	\$ -	\$ -	\$ 436,217	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
A-I+	712,751	-	-	-	-	1,189,430	-	-	-	-	-	-	-
AA+	6,873,372	157,297,279	-	-	-	-	1,322,541	-	-	-	-	-	-
AA	7,797,943	-	-	-	-	-	808,322	-	8,723,321	-	-	-	-
AA-	30,526,373	-	-	-	-	-	913,131	-	-	-	-	-	-
A+	15,896,521	-	-	-	-	-	-	-	-	-	-	-	-
A	3,712,036	-	-	-	-	-	-	-	-	-	-	-	-
A-	1,365,231	-	-	-	12,397,361	12,382,814	-	-	-	-	391,920	-	-
Not Rated	13,154,796	-	880,278,737	7,886,000	-	-	-	370,591,000	-	105,477,000	12,503,546	51,146,000	363,165,764
Total	\$81,987,692	\$ 162,769,774	\$880,278,737	\$ 7,886,000	\$ 12,397,361	\$ 13,572,244	\$ 3,480,211	\$ 370,591,000	\$ 8,723,321	\$105,477,000	\$12,895,466	\$51,146,000	\$363,165,764

Concentration of Credit Risk

Concentration risk refers to risk of loss that arises from the magnitude of an entity's investment in a single issuer. Mutual funds are excluded from this disclosure requirement. For the City's Pension Trust fund investment, the policy dictates that no more than 20 percent of each account's fixed income portfolio, including cash equivalents, may be invested in bonds rated Baa (1, 2, and 3) or BBB (+ or -). In the event that an investment manager wishes to exceed this limit, they may submit a written request to the Retirement Board of Trustees, which will consider allowing an investment in bonds rated above 20 percent in these categories and the purchase of the bonds rated below Baa3 or BBB-.

The following table represents the fair value of investments that represent 5 percent or more of the System's net position at June 30, 2025:

	<u>Market Value</u>	<u>% of Portfolio</u>
State Street Global Advisors (SSgA) Russell 3000 Index	\$ 215,059,830	15.21%
First Eagle Global Equity	126,224,080	8.92%
SSgA MSCI EAFE Index	99,666,663	7.05%
Wellington Core Bond	97,480,500	6.89%
J. Stern & Co. World Stars Global Equity Fund	92,360,201	6.53%

Fair Value Measurement

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, funds disclose the fair values of their investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. U.S. GAAP requires that investments be measured and reported at fair value, with the disclosure of inputs used in the valuation process. The fair value hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to valuations based on unobservable inputs that are significant to the valuation (Level 3 measurements). The hierarchy consists of the following three levels:

Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible to the reporting entity at the measurement date. These inputs are considered the most reliable and represent the highest priority in the fair value hierarchy.

Level 2 Inputs – Other than quoted prices included in Level 1, these are inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. Level 2 inputs are typically derived from market data, such as interest rates or yield curves, that can be observed through external sources.

Level 3 Inputs – Unobservable inputs for the assets, or liability, used to measure fair value in cases where observable inputs are not available. These inputs are based on the reporting entity's own assumptions about the asset or liability, and they often involve significant judgment. Level 3 measurements represent the lowest priority in the fair value hierarchy.

This hierarchy ensures that fair value measurements are based on the most reliable data available and provides transparency about the methods and assumptions used in determining the fair value of investments.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The following table provides the inputs used to determine the fair value on June 30, 2025:

	June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	(Level 3)
Investments Measured at Fair Value				
Fixed Income Securities				
U.S. Government Securities	\$ 162,769,774	\$ -	\$ 162,769,774	\$ -
Corporate Bonds	81,987,692	-	81,987,692	-
Commercial Paper	12,397,361	-	12,397,361	-
Certificates of Deposit	13,572,244	-	13,572,244	-
Municipal Bonds	3,480,211	-	3,480,211	-
Money Market Funds	12,895,466	-	12,895,466	-
Equity Securities	7,886,000	-	7,886,000	-
Mutual Funds	8,723,321	-	8,723,321	-
Total Fixed Income Securities	<u>303,712,069</u>	<u>-</u>	<u>303,712,069</u>	<u>-</u>
Commingled Securities				
Total Investments by Fair Value Level	<u>\$ 303,712,069</u>	<u>\$ -</u>	<u>\$ 303,712,069</u>	<u>\$ -</u>

Investments Measured at the Net Asset Value (NAV)

Commingled Funds	
Equity Funds	\$ 880,278,737
Fixed Income Funds	370,591,000
Real Estate Funds	105,477,000
Hedge Funds	51,146,000
Total Investments Measured at NAV	<u>\$ 1,407,492,737</u>

Investments Measured at Amortized Costs

External Investment Pools	\$ 363,165,764
Total Investments	<u>\$ 2,074,370,570</u>

The external investment pool is LGIP. These investments are reported at amortized cost in accordance with Rule 2a-7, and qualify as external investment pools per GASB No. 79, Certain External Investment Pools and Pool Participants. As of June 30, 2025, the City held \$363,165,764 in LGIP funds.

The remaining commingled funds are reported at net asset value (NAV) as a practical expedient, based on the fair market values of the underlying securities in the respective fund. There are no unfunded commitments for these types of investments.

The City's investment portfolio includes several types of funds with specific investment objectives and liquidity features.

1. Equity Funds. This type includes an investment in an equity fund with an investment objective aimed to track the performance of the MSCI ACWI IMI index over the long-term, with investments that can be redeemed semi-monthly upon semi-monthly notice.

2. Fixed Income Funds. This type consists of two investments in fixed income funds. One is a liquid short-term fund that invests approximately 65 percent of its total assets in a diversified portfolio of fixed income instruments, which can be redeemed within 3-7 business days with 1-day notice. The other fund tracks the performance of the Barclay's U.S. Aggregate Bond Index over the long-term, with the ability to redeem within 1-15 days, depending on trade size, with 1-day notice.

3. Real Estate Funds. This type includes two investments in U.S. real estate funds that compare themselves to the NCREIF Property Index – Open End Diversified Core Equity (NFI-ODCE) Index. These investments can be redeemed quarterly, with a 45 to 60-day notice.

4. Hedge Funds. This type of investment has an investment intended to diversify the portfolio and provide downside protection. These funds can utilize options, derivatives, and leverage, and invest across various asset classes, including equity, rates, and currencies. The liquidity of these hedge funds varies by strategy ranging from daily liquid to monthly, with some strategies involving a soft lock up (e.g., illiquid for a year but then monthly thereafter). As of June 30, 2025, the City holds four hedge funds.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When considering fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at measurement date.
- Level 2 Inputs: Inputs other than quoted prices included in Level 1 observable for the asset or liability, either directly or indirectly, for the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs used to measure fair value when observable inputs are unavailable, typically in situations where there is little or no market activity for the asset or liability at the measurement date. For example, the fair value of a certificate of deposit is determined using a discounted cash flow analysis based on prevailing rates over the stated term, which uses Level 2 Inputs. The fair value approximates cost due to the short-term nature of the instrument.

School Board

As of June 30, 2025, the School Board had cash totaling approximately \$93,800,110, including \$15,560,293 held in custodial funds, which are excluded from the amounts reported in Exhibit D-1.

Economic Development Authority (EDA)

Cash includes both cash on hand and cash deposited with financial institutions. As of June 30, 2025, the total cash and cash equivalents amounted to \$6,256,897, of which \$773,986, is considered restricted. This includes \$2,846,378 held in the LGIP, which is carried at amortized cost because it qualifies as an external investment pool under GASB 79, *Certain External Investment Pools and Pool Participants*.

III **Property Taxes**

Local real property assessments are conducted under the direction of a City Assessor appointed by the City Council. The City has the authority to levy taxes on property within its boundaries to pay its obligations without limitation as to rate or amount. The rates for the year ended June 30, 2025, were established by the City Council and are as follows for each \$100 of assessed value; \$1.23 for real property, an additional \$0.18 for the Downtown Improvement District, \$4.33 for motor vehicles, \$4.33 for business furniture, fixtures, and equipment, \$1.50 for recreational vehicles, \$4.25 for machinery and tools, \$1.50 for mobile homes, \$2.40 for airplanes and \$1.50 for business boats. The City offers a Real Estate Tax Relief/Tax Deferral Program for Norfolk homeowners who are 65 years or older or completely disabled, provided they meet certain eligibility requirements. The property tax calendar is as follows:

Category	Real Property	Other than Real Property
Lien Date	July 1	January 1
Levy date for existing property	July 1	January 1
Levy date for real property improvement, new construction, or newly acquired property	October 1, January 1, and April 1	Date of Acquisition
Due Dates	September 30, December 5, March 31, and June 5	June 5 or 30 days after acquisition
Collection dates	On or before due date	

In the event that any installments of taxes on the properties listed above are not paid on or before the due date, penalties and interest are assessed in accordance with the City Code of Ordinances.

IV **Accounts Receivable**

A **Unbilled Accounts Receivable**

A summary of unbilled account receivable by fund as of June 30, 2025, is as follows:

Water Utility fund	\$ 6,601,444
Wastewater Utility fund	1,614,499
Parking Facilities fund	25,706
Storm Water Utility fund	1,468,328
	<u>\$ 9,709,977</u>

The corresponding revenue is recognized under charges for services. All unbilled amounts were invoiced in July 2025.

B Allowances for Uncollectible Accounts Receivable

Allowances for uncollectible accounts receivable are generally established using historical collection data, consideration of economic conditions, specific account analysis and subsequent cash receipts. The allowances at June 30, 2025, are as follows:

Primary Government:

General fund:		
Taxes	\$ 19,175,559	
Accounts	29,584,954	
Community Services Board	974,336	
Total General fund		49,734,849
Special Revenue Grants fund		81,734
Nonmajor fund:		
Towing fund	43,801	
Waste Management fund	2,278,100	
Cemeteries fund	13,620	
Endowed Care fund	540	
Total Nonmajor fund		2,336,061
Fleet internal service fund		144,204
Enterprise fund:		
Water Utility fund	3,760,937	
Wastewater Utility fund	2,300,000	
Parking Facilities fund	2,204,617	
Storm Water Utility fund	1,291,408	
Total Enterprise fund		9,556,962
Total Primary Government		\$ 61,853,810

C Lease Receivable

The City, acting as lessor, has long-term, non-cancelable lease agreements that expire at various dates through 2069 and include renewal options ranging from zero to five years. During the year ending June 30, 2025, the City recognized lease and interest revenues from its various lease agreements. Governmental activities recorded \$542,105 in lease revenue and \$88,759 in interest revenue. Business-type activities, the City recognized \$430,401 in lease revenue and \$16,973 in interest revenue.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Total future minimum lease payments to be received under lease agreements are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 488,123	\$ 235,628	\$ 332,308	\$ 18,296	\$ 1,074,355
2027	482,579	221,540	234,200	13,247	951,566
2028	465,168	206,988	225,554	8,860	906,570
2029	348,172	193,752	224,033	4,666	770,623
2030	176,677	187,887	114,562	1,107	480,233
2031-2035	687,441	890,455	28,636	659	1,607,191
2036-2040	827,828	804,319	-	-	1,632,147
2041-2045	741,796	727,049	-	-	1,468,845
2046-2050	1,001,690	643,956	-	-	1,645,646
2051-2055	1,309,676	534,052	-	-	1,843,728
2056-2060	1,578,944	394,225	-	-	1,973,169
2061-2065	1,854,925	235,394	-	-	2,090,319
2066-2070	1,735,563	51,139	-	-	1,786,702
	<u>\$ 11,698,582</u>	<u>\$ 5,326,384</u>	<u>\$ 1,159,293</u>	<u>\$ 46,835</u>	<u>\$ 18,231,094</u>

V Due From Other Governments

At June 30, 2025, amounts due from other governments are as follows:

	General Fund	Grants Fund	Special Revenue Funds	Total Governmental Funds	Total Component Unit
Commonwealth of Virginia	\$ 27,251,079	\$ 4,608,203	\$ -	\$ 31,859,282	\$ 28,127,002
Federal Government	516,806	5,274,720	979,781	6,771,307	26,928,036
Total - Due from other governments	<u>\$ 27,767,885</u>	<u>\$ 9,882,923</u>	<u>\$ 979,781</u>	<u>\$ 38,630,589</u>	<u>\$ 55,055,038</u>

VI Capital Assets

A summary of changes in capital assets at June 30, 2025, is as follows:

	Primary Government				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Governmental activities:					
Non-depreciable capital assets:					
Land	\$ 143,125,653	\$ 1,528,699	\$ (8,164,377)	\$ 4,352,093	\$ 140,842,068
Intangible assets	97,014	-	-	-	97,014
Construction in progress	192,549,218	79,834,186	-	(38,036,821)	234,346,583
Total non-depreciable assets	335,771,885	81,362,885	(8,164,377)	(33,684,728)	375,285,665
Depreciable/amortizable assets:					
Buildings	1,187,390,784	131,600	(6,553)	6,192,722	1,193,708,553
Improvements other than buildings	182,089,770	325,117	(243,116)	35,458,838	217,630,609
Equipment and vehicles	158,142,531	7,911,202	(3,947,892)	21,468,257	183,574,098
Intangible assets amortizable	5,087,556	-	-	-	5,087,556
Infrastructure	1,048,176,642	5,441,369	(1,290,978)	-	1,052,327,033
Lease building	30,565,820	6,516,723	(1,147,955)	-	35,934,588
Lease equipment and vehicles	2,005,731	602,318	(952,274)	-	1,655,775
Subscription-Based Information Technology Arrangements (SBITAs)	19,874,553	-	(1,026,319)	-	18,848,234
Total depreciable/amortizable assets	2,633,333,387	20,928,329	(8,615,087)	63,119,817	2,708,766,446
Less accumulated depreciation/amortization:					
Buildings depreciation	(564,321,770)	(26,627,997)	21,377	-	(590,928,390)
Improvements other than buildings depreciation	(83,881,042)	(10,811,651)	340,833	-	(94,351,860)
Equipment and vehicles depreciation	(109,249,635)	(12,184,146)	3,586,991	-	(117,846,790)
Intangible assets amortization	(4,791,824)	(122,580)	-	-	(4,914,404)
Infrastructure depreciation	(879,257,914)	(9,020,198)	-	-	(888,278,112)
Lease building amortization	(9,030,312)	(4,086,586)	1,147,954	-	(11,968,944)
Lease equipment and vehicles amortization	(1,174,276)	(530,623)	952,274	-	(752,625)
Subscription-Based Information Technology Arrangements amortization	(3,998,618)	(2,654,437)	1,026,319	-	(5,626,736)
Total accumulated depreciation/amortization	(1,655,705,391)	(66,038,218)	7,075,748	-	(1,714,667,861)
Total Depreciable/amortizable assets, net	977,627,996	(45,109,889)	(1,539,339)	63,119,817	994,098,585
Total governmental activities capital assets, net	\$ 1,313,399,881	\$ 36,252,996	\$ (9,703,716)	\$ 29,435,089	\$ 1,369,384,250
Business-Type activities:					
Non-depreciable capital assets:					
Land	\$ 45,726,971	\$ -	\$ (1,153,070)	\$ -	\$ 44,573,901
Intangible assets	4,610,871	-	-	-	4,610,871
Construction in progress	144,545,017	79,344,539	(61,207,956)	-	162,681,600
Total non-depreciable assets	194,882,859	79,344,539	(62,361,026)	-	211,866,372
Depreciable/amortizable assets:					
Land improvements	88,738,649	3,702,074	-	-	92,440,723
Buildings	499,417,425	40,556	(4,574,729)	-	494,883,252
Building improvements	18,775,143	11,367,026	(1,190,511)	-	28,951,658
Equipment and vehicles	978,899,269	51,057,834	(2,081,904)	-	1,027,875,199
Intangible assets amortizable	10,621,296	1,739,150	-	-	12,360,446
Lease building	2,159,736	1,863,530	(2,159,736)	-	1,863,530
Lease equipment and vehicles	28,811	39,078	(28,811)	-	39,078
Total depreciable/amortizable assets	1,598,640,328	69,809,248	(10,035,691)	-	1,658,413,886
Less accumulated depreciation/amortization:					
Land improvements depreciation	(27,510,124)	(1,163,864)	-	-	(28,673,988)
Buildings depreciation	(194,444,488)	(9,703,565)	4,167,039	-	(199,981,014)
Building improvements depreciation	(14,093,205)	(1,856,962)	541,019	-	(15,409,148)

NOTES TO THE BASIC FINANCIAL STATEMENTS

Primary Government					
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Equipment and vehicles depreciation	(371,690,903)	(20,245,623)	1,735,953	-	(390,200,573)
Intangible assets amortization	(8,596,523)	(502,211)	-	-	(9,098,734)
Lease building amortization	(618,838)	(423,769)	804,710	-	(237,897)
Lease equipment and vehicles amortization	(5,762)	(3,598)	5,762	-	(3,598)
Total accumulated depreciation/amortization	(616,959,843)	(33,899,592)	7,254,483	-	(643,604,952)
Total Depreciable/amortizable assets, net	981,680,485	35,909,656	(2,781,208)	-	1,014,808,934
Total Business-Type activities capital assets, net	\$ 1,176,563,344	\$ 115,254,195	\$ (65,142,234)	\$ -	\$ 1,226,675,306
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Component units:					
Non-depreciable capital assets:					
Land	\$ 8,163,935	\$ 1,812,152	\$ -	\$ -	\$ 9,976,087
Construction in progress	40,092,711	29,621,433	(1,756,699)	(43,172,307)	24,785,138
Total non-depreciable assets	48,256,646	31,433,585	(1,756,699)	(43,172,307)	34,761,225
Depreciable assets:					
Buildings and mobile classrooms	6,053,554	-	(1,558,575)	(737,148)	3,757,831
Improvements other than buildings	-	-	-	-	-
Building improvements	10,198,899	-	-	-	10,198,899
Equipment and vehicles	75,150,062	9,209,655	(7,167,350)	40,635,065	117,827,432
Textbooks	1,912,678	105,931	-	-	2,018,609
Lease building	851,293	-	-	-	851,293
Lease equipment and vehicles	-	-	-	-	-
Subscription-Based Information Technology Arrangements (SBITAs)	4,411,616	36,519	(1,122,421)	-	3,325,714
Total depreciable assets	98,578,102	9,352,105	(9,848,346)	39,897,917	137,979,778
Less accumulated depreciation / amortization:					
Buildings and mobile classrooms	(5,050,678)	(54,862)	1,534,402	-	(3,571,138)
Improvements other than buildings	-	-	-	-	-
Building improvements	(2,218,775)	(529,666)	-	56,822	(2,691,619)
Equipment and vehicles	(31,591,139)	(11,033,131)	4,949,312	-	(37,674,958)
Textbooks depreciation	-	(498,400)	-	-	(498,400)
Lease building amortization	(154,953)	(51,651)	-	-	(206,604)
Lease equipment and vehicles depreciation	-	-	-	-	-
Subscription-Based Information Technology Arrangements amortization	(3,051,720)	(975,324)	1,107,871	-	(2,919,173)
Total accumulated depreciation / amortization	(42,067,265)	(13,143,034)	7,591,585	56,822	(47,561,892)
Total Depreciable assets, net	56,510,837	(3,790,929)	(2,256,761)	39,954,739	90,417,886
Total Component units capital assets, net	\$ 104,767,483	\$ 27,642,656	\$ (4,013,460)	\$ (3,217,568)	\$ 125,179,111

Governmental activities recorded transfers of \$13,805,225 from the Nauticus Foundation and \$12,479,722 from Norfolk Botanical Gardens with a total of \$26,284,947 in CIP and in service assets. The City's component units had a total transfer of \$3,217,568. This consisted of Norfolk Public School transfer of \$2,537,242 and the Economic Development Authority transferred the Rosna Theater with a book value of \$680,326. The City recorded the Rosna Theater at fair market value of \$612,900 in accordance with GASB guidance. The total transfers recorded by the City amounted to \$26,217,521, which equals the net of all transfers from outside foundations and the Component Units.

During the current fiscal year, the City identified that an amount of \$778,515 was presented in the prior year's supplementary schedule within the Component Units section under Construction in Progress rather than Land. This was a presentation error only and did not affect the financial statements or net position. The current year schedule reflects the correct classification.

Depreciation and amortization expense at June 30, 2025, was allocated to governmental, business type, and component unit activities as follows:

Governmental activities:	
General government	\$ 12,998,505
Judicial administration	789,832
Public safety	3,982,489
Public works, which includes the depreciation of infrastructure assets	14,463,634
Health and sanitation	2,093,425
Culture and recreation	18,256,473
Community development	816,143
Education	12,233,266
In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets	404,451
Total depreciation expense	<u>\$ 66,038,218</u>
Business-type activities:	
Water Utility fund	\$ 16,538,805
Wastewater Utility fund	8,552,025
Parking Facilities fund	6,961,432
Storm Water fund	1,847,330
Total depreciation expense	<u>\$ 33,899,592</u>
Component unit activities:	
School Board	\$ 12,595,109
Norfolk Economic Development Authority	547,925
Total depreciation expense	<u>\$ 13,143,034</u>

VII Property Held for Resale

During fiscal year 2025, the Authority evaluated parcels previously classified as land held for resale. Due to the likelihood that they will not be sold within one year, the following parcels were reclassified as capital assets (land) and are no longer reported as held for resale: 935 Denison Avenue - \$230,000, Prime Outlets Boulevard - \$100,000, 331 Riverview Avenue - \$879,200 and Lake Wright - \$602,952 for a total of \$1,812,152.

VIII Short-term Obligations

On December 17, 2014, the City established a revolving line of credit agreement with Bank of America, N.A. ("BANA") for up to \$125,000,000, which was later amended in May 2016 to increase the maximum available credit to \$200,000,000. The credit agreement was further amended on June 4, 2019, reducing the maximum available credit to \$125,000,000, with authorization for future

NOTES TO THE BASIC FINANCIAL STATEMENTS

increases to \$200,000,000. On April 24, 2020, the City amended the credit agreement again to increase the maximum available credit to \$200,000,000.

On November 17, 2023, the City amended its credit agreement with Bank of America Merrill Lynch (“BAML”) to extend the termination date of the Line of Credit from November 17, 2023 to November 17, 2025. The amendment also changed the interest rate index to the Secured Overnight Financing Rate (“SOFR”) plus 42 basis points, and provided for an alternate rate in the event the SOFR is unavailable. The agreement does not include a commitment fee on the unutilized portion of the line of credit.

This line of credit provides flexible interim financing for capital improvement projects, including school construction, and is secured by the full faith and credit pledge of the City, with repayment through general obligation bonds or other City sources. Borrowings under the credit agreement bear interest payable semi-annually in February and August, with no minimum advance amount and a three-day notice required for each advance.

In April 2020, the credit agreement was amended to allow draws of up to \$50,000,000 for operating expenses related to a significant emergency event. However, to date, the line of credit has not been used for such purposes.

The interest rate on the line of credit is based on the Secured Overnight Financing Rate (“SOFR”). Under the terms of the agreement through November 17, 2025, the tax-exempt borrowing rate is 79 percent of SOFR, plus 33 basis points and the taxable borrowing rate is SOFR, plus 42 basis points. There is no commitment fee on the unutilized portion of the line of credit. On October 23, 2025, the City and BANA extended this line of credit in the principal amount of \$150,000,000 for three years. Beginning November 17, 2025, the tax-exempt borrowing rate will be 79 percent of SOFR, plus 44 basis points and the taxable borrowing rate will be SOFR, plus 56 basis points.

As of June 30, 2025, there was no outstanding balance on the line of credit for capital expenditures.

Activity for the year ended June 30, 2025 is as follows:

	Balance as of June 30, 2024	Additions	Reductions	Balance as of June 30, 2025
Capital Projects Fund	\$ 55,000,000	\$ 50,000,000	\$ 105,000,000	\$ -

IX Long-term Obligations

A General Obligation and Revenue Bonds

The City has historically utilized general obligation or revenue bonds to finance a significant portion of the construction and acquisition costs of capital projects. General obligation bonds have been issued to support both governmental and business-type activities. In 1993, the City launched its Water Revenue Bond program, followed by the establishment of the Wastewater Revenue Bond program in 2008. Most recently, in 2019, the City introduced a Storm Water Revenue Bond program.

General obligation bonds are direct obligations that are backed by the full faith and credit of the City, whereas revenue bonds are limited liability obligations, with debt service payments secured by revenues generated from the assets acquired or constructed with the bonds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

A summary of general obligation bond and revenue bond transactions for the fiscal year ended June 30, 2025, is as follows:

	Governmental Activities General Obligation Bonds	Business-type Activities				
		Water Utility Bonds	Wastewater Utility Bonds	Parking Facilities Bonds	Storm Water Utility Bonds	Total Enterprise Funds
General obligation bonds outstanding at July 1, 2024	\$ 876,832,260	\$ -	\$ 61,812,830	\$ 127,480,338	\$ 43,668,310	\$ 232,961,478
Bonds retired	(75,864,416)	-	(6,046,866)	(818,924)	(3,408,058)	(10,273,848)
Bonds transferred	5,087,291	-	-	(5,087,291)	-	(5,087,291)
Bonds issued	-	-	-	-	-	-
Bonds outstanding at June 30, 2025	806,055,135	-	55,765,964	121,574,123	40,260,252	217,600,339
Unamortized (discount) / premium	49,651,693	-	4,206,782	4,451,407	4,251,406	12,909,595
General obligation bonds outstanding at June 30, 2025, adjusted for unamortized (discount) / premium	<u>\$ 855,706,828</u>	<u>\$ -</u>	<u>\$ 59,972,746</u>	<u>\$ 126,025,530</u>	<u>\$ 44,511,658</u>	<u>\$ 230,509,934</u>
Revenue bonds outstanding at July 1, 2024	\$ -	\$ 257,220,000	\$ 81,477,879	\$ -	\$ 244,477	\$ 338,942,356
Bonds retired	-	(17,880,000)	(8,259,101)	-	(34,664)	(26,173,765)
Bonds reamortized	-	(29,660,000)	-	-	-	(29,660,000)
Bonds issued	-	27,672,647	5,567,554	-	98,870	33,339,071
Revenue Bonds outstanding at June 30, 2025	-	237,352,647	78,786,332	-	308,683	316,447,662
Unamortized (discount) / premium	-	23,586,310	-	-	-	23,586,310
Revenue bonds outstanding at June 30, 2025, adjusted for unamortized (discount) / premium	<u>\$ -</u>	<u>\$ 260,938,957</u>	<u>\$ 78,786,332</u>	<u>\$ -</u>	<u>\$ 308,683</u>	<u>\$ 340,033,972</u>
Total bonds outstanding at June 30, 2025, adjusted for unamortized (discount) / premium	<u>\$ 855,706,828</u>	<u>\$ 260,938,957</u>	<u>\$ 138,759,078</u>	<u>\$ 126,025,530</u>	<u>\$ 44,820,341</u>	<u>\$ 570,543,906</u>

The general obligation bonds outstanding as of June 30, 2025, are comprised of the following individual issues:

Bond Issue/Purpose	Dated	Issue Amount	Interest Rate	Governmental Activities	Business-type Activities			Balance Outstanding
				Public Improvement	Wastewater Utility	Parking Facilities	Storm Water Utility	
Series 2002 Property Acquisition	8/14/2002	\$ 3,400,000	5.375%	\$ 3,400,000	\$ -	\$ -	\$ -	\$ 3,400,000
Series 2007 VRDB	3/29/2007	32,365,000	1.91% ⁽¹⁾	16,250,000	-	-	-	16,250,000
Series 2010B Capital Improvement	1/21/2010	117,650,000	5.20 - 5.962%	42,345,369	3,522,858	-	2,081,773	47,950,000
Series 2010F Capital Improvement	2/25/2010	5,000,000	4.95 - 5.60%	1,500,000	-	-	-	1,500,000
Series 2012D Capital Improvement	6/28/2012	7,350,000	4.35%	7,350,000	-	-	-	7,350,000
Series 2013C QECB	11/7/2013	2,470,000	4.86%	2,165,000	-	-	-	2,165,000
Series 2014C Refunding	9/30/2014	58,510,000	4.00 - 5.00%	18,736,363	3,195,890	-	887,747	22,820,000
Series 2016A Capital Improvement	10/19/2016	106,680,000	5.00%	11,655,000	2,740,000	-	1,320,000	15,715,000
Series 2016B Refunding	10/19/2016	69,870,000	3.50 - 5.00%	40,003,159	5,027,273	12,153,615	2,165,953	59,350,000
Series 2016C QECB	10/19/2016	10,500,000	3.00 - 3.050%	10,500,000	-	-	-	10,500,000
Series 2017 GO Storm Water VRA	5/31/2017	2,405,791	0.00%	-	-	-	1,361,085	1,361,085
Series 2017B GO Capital Improvement	12/5/2017	3,590,000	3.793%	-	-	3,590,000	-	3,590,000
Series 2017C GO Refunding	12/5/2017	59,275,000	2.50 - 5.00%	742,499	68,126	982,149	57,226	1,850,000
Series 2018 SW VRA Brownfield	9/27/2018	1,117,725	0.25%	-	-	-	374,389	374,389
Series 2018 Refunding	12/21/2018	11,710,000	3.54%	300,000	-	8,260,000	-	8,560,000
Series 2019 GO Capital Improvement	2/7/2019	133,695,000	5.00%	44,315,000	-	-	-	44,315,000
Series 2019B GO Refunding	8/15/2019	159,305,000	1.933 - 3.346%	79,219,558	9,530,790	48,579,121	1,745,531	139,075,000
Series 2019C GO Refunding	8/15/2019	28,905,000	1.831 - 3.186%	21,174,406	3,432,983	3,265,912	196,699	28,070,000
Series 2019D GO Refunding	9/19/2019	89,025,009	1.84 - 2.92%	61,399,640	2,820,663	16,984,825	1,714,872	82,920,000
Series 2020A GO Capital Improvement	4/2/2020	37,275,000	4.00 - 5.00%	15,522,810	8,435,312	-	8,041,878	32,000,000
Series 2020B GO Refunding	4/2/2020	45,630,000	1.30 - 2.50%	30,791,479	1,920,686	8,218,880	373,955	41,305,000
Series 2020C GO Refunding	10/15/2020	77,825,000	0.429 - 1.514%	46,143,495	6,933,859	8,951,023	1,791,623	63,820,000
Series 2021 GO Pension	6/29/2021	210,800,000	0.265 - 2.434%	185,255,000	-	-	-	185,255,000
Series 2021A GO Capital Improvement	8/12/2021	74,220,000	5.00%	59,821,346	2,357,246	7,271,321	1,570,087	71,020,000
Series 2021B GO Refunding	8/12/2021	36,895,000	0.30 - 1.42%	21,090,011	205,278	1,762,277	662,434	23,720,000
Series 2023A Capital Improvement	5/17/2023	108,800,000	5.00%	84,885,000	5,575,000	-	15,915,000	106,375,000
Series 2023B Capital Improvement	5/17/2023	15,070,000	4.066%	1,490,000	-	1,555,000	-	3,045,000
Total General Obligation Bonds				<u>\$ 806,055,135</u>	<u>\$ 55,765,964</u>	<u>\$ 121,574,123</u>	<u>\$ 40,260,252</u>	<u>\$ 1,023,655,474</u>

1. Variable rate as of June 30, 2025

NOTES TO THE BASIC FINANCIAL STATEMENTS

The Series 2007 General Obligation Variable Rate Demand Bonds (VRDBs), issued to finance the construction of a cruise terminal, are remarketed on a weekly basis. As of June 30, 2025, the interest rate on these bonds was set at 191 basis points (1.91 percent) (see Note VIII).

The revenue bonds outstanding as of June 30, 2025, are comprised of the following individual issues:

Bond Issue/Purpose	Dated	Interest Rate	Business-type Activities			Balance Outstanding
			Water Utility	Wastewater Utility	Storm Water Utility	
Series 2007 Wastewater Revenue	11/9/2007	0.00%	\$ -	\$ 3,825,000	\$ -	\$ 3,825,000
Series 2009 Wastewater Revenue	11/17/2009	0.00%	-	2,250,000	-	2,250,000
Series 2010 Wastewater Revenue	10/19/2010	0.00%	-	3,500,000	-	3,500,000
Series 2011 Wastewater Revenue	10/21/2011	0.00%	-	3,952,500	-	3,952,500
Series 2012 Wastewater Revenue	12/18/2012	0.00%	-	5,509,686	-	5,509,686
Series 2013 Wastewater Revenue	12/12/2013	0.00%	-	5,250,000	-	5,250,000
Series 2015 Wastewater Revenue	3/2/2015	0.00%	-	5,024,953	-	5,024,953
Series 2015B Water Revenue Refunding	4/16/2015	5.00 - 5.25%	46,305,000	-	-	46,305,000
Series 2016 Wastewater Revenue	4/21/2016	0.00%	-	3,485,579	-	3,485,579
Series 2017 Wastewater Revenue	5/31/2017	0.00%	-	4,337,045	-	4,337,045
Series 2017 Water Revenue Refunding	12/18/2017	5.00%	85,760,000	-	-	85,760,000
Series 2018 Water Revenue	3/26/2018	2.50 - 5.00%	26,100,000	-	-	26,100,000
Series 2018 Wastewater Revenue	6/22/2018	0.00%	-	5,435,552	-	5,435,552
Series 2019B Wastewater Revenue	5/16/2019	1.00%	-	712,078	-	712,078
Series 2019C Wastewater Revenue	5/16/2019	1.00%	-	1,364,568	-	1,364,568
Series 2019D Wastewater Revenue	5/16/2019	0.00%	-	2,137,500	-	2,137,500
Series 2019E Wastewater Revenue	11/21/2019	0.00%	-	8,250,000	-	8,250,000
Series 2020 Wastewater Revenue	11/19/2020	0.00%	-	7,990,000	-	7,990,000
Series 2020 Storm Water Revenue	11/19/2020	0.25%	-	-	209,813	209,813
Series 2022A Wastewater Revenue	1/28/2022	0.50%	-	6,800,004	-	6,800,004
Series 2022B Wastewater Revenue	7/28/2022	0.50%	-	5,375,773	-	5,375,773
Series 2023 Water Revenue	11/14/2023	0.50%	51,515,000	-	-	51,515,000
Series 2024 Water Revenue Refunding	12/10/2024	5.00%	25,185,000	-	-	25,185,000
Series 2024 Water Revenue	12/17/2024	1.00%	2,487,647	-	-	2,487,647
Series 2024 Wastewater Revenue	12/17/2024	0.50%	-	3,586,094	-	3,586,094
Series 2025 Storm Water Revenue	5/29/2025	0.50%	-	-	98,870	98,870
Total Revenue Bonds			\$ 237,352,647	\$ 78,786,332	\$ 308,683	\$ 316,447,662

B General Obligation Bonds

As of June 30, 2025, the City's general obligation bonds have the following requirements for amortization:

Year Ending June 30,	Governmental Activities				Business-type Activities			
	Bonds		Direct Borrowings and Direct Placements		Bonds		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 67,689,535	\$ 25,485,686	\$ -	\$ 182,750	\$ 15,160,466	\$ 6,401,482	\$ 8,498,559	\$ 146,932
2027	68,100,138	23,371,554	-	182,750	15,144,862	6,045,947	238,855	566
2028	67,799,880	21,159,295	-	182,750	15,410,120	5,651,357	239,151	270
2029	63,384,657	19,122,356	-	182,750	14,885,343	5,051,611	138,982	23
2030	60,333,509	17,220,977	-	182,750	14,166,491	4,533,509	120,290	-
2031-2035	248,323,265	58,824,771	3,400,000	395,958	65,151,735	16,139,560	601,448	-
2036-2040	167,539,216	22,678,954	-	-	49,015,784	6,774,919	158,189	-
2041-2045	40,885,679	5,201,444	-	-	13,474,321	2,557,596	-	-
2046-2050	18,599,256	892,994	-	-	5,195,743	370,471	-	-
Total	\$ 802,655,135	\$ 193,958,031	\$ 3,400,000	\$ 1,309,708	\$ 207,604,865	\$ 53,526,452	\$ 9,995,474	\$ 147,791

The detailed amortization requirements for general obligation bonds for the enterprise funds are as follows:

Year Ending June 30,	Wastewater Utility Fund*		Parking Facilities Fund*		Storm Water Utility Fund*	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 6,027,866	\$ 1,967,804	\$ 14,274,831	\$ 2,912,087	\$ 3,356,328	\$ 1,668,523
2027	6,043,604	1,805,527	6,007,965	2,691,287	3,332,149	1,549,700
2028	6,087,283	1,598,393	6,139,779	2,632,295	3,422,209	1,420,938
2029	5,391,160	1,221,089	6,351,877	2,592,777	3,281,289	1,237,767
2030	4,339,147	1,076,330	6,753,889	2,318,693	3,193,744	1,138,486
2031-2035	13,822,134	3,815,206	40,056,469	8,240,407	11,874,580	4,083,948
2036-2040	8,162,414	2,076,318	32,509,614	2,912,095	8,501,945	1,786,505
2041-2045	4,618,243	950,132	5,558,070	1,394,504	3,298,008	212,960
2046-2050	1,274,113	96,615	3,921,629	273,856	-	-
	<u>\$ 55,765,964</u>	<u>\$ 14,607,414</u>	<u>\$ 121,574,123</u>	<u>\$ 25,968,001</u>	<u>\$ 40,260,252</u>	<u>\$ 13,098,827</u>

*Includes direct borrowings and direct placements.

General Obligation Direct Borrowings and Direct Placements

General Obligation Bonds, Series 2021 (“Series 2021 Bonds”)

On June 29, 2021, the City issued its \$210.8 million General Obligation Bonds, Series 2021 (“Series 2021 Bonds”) to fund a portion of the City’s pension liability. In accordance with the financial policies adopted by City Council, the City’s enterprise funds repay their respective portion of pension costs and debt service from their dedicated fees and revenues to the General Fund. The portion of the Series 2021 Bonds paid by the enterprise funds in fiscal year 2025, and planned for fiscal year 2026, is summarized below:

	Business-type Activities					Governmental Activities
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total Enterprise Funds	
Fiscal Year 2025						
Total Debt Service	\$925,805	\$240,740	\$147,893	\$311,383	\$1,625,821	\$13,618,063
Principal Outstanding as of June 30, 2025	\$11,251,073	\$2,925,660	\$1,797,304	\$3,784,161	\$19,758,198	\$165,496,802
Fiscal Year 2026						
Total Debt Service	\$925,681	\$240,709	\$147,873	\$311,341	\$1,625,604	\$13,616,240
Principal Outstanding as of June 30, 2026	\$10,526,530	\$2,737,255	\$1,681,562	\$3,540,470	\$18,485,817	\$154,839,184

General Obligation Refunding Bonds, Series 2018 (“Series 2018 Bonds”)

As of June 30, 2025, the total outstanding balance on the Series 2018 Bonds is \$8,560,000.

**General Obligation Variable Rate Demand Bonds,
Series 2007 (“Series 2007 Bonds”)**

The City issued \$32,365,000 in General Obligation Variable Rate Demand Bonds, Series 2007 (“Series 2007 Bonds”) on March 29, 2007, to finance the Half Moone Cruise & Celebration Center. As of June 30, 2025, \$16,250,000 remains outstanding, which was included in the City’s long-term debt. These Series 2007 Bonds are general obligations of the City, with its full faith and credit irrevocably pledged to the repayment of principal and interest.

The Series 2007 Bonds shall bear interest from time to time in any one of seven Interest Rate Periods: (i) a Daily Rate Period, (ii) a Weekly Rate Period, (iii) a Monthly Rate Period, (iv) a Commercial Paper Period, (v) an Indexed Put Rate Period, (vi) a Medium-Term Rate Period and (vii) a Fixed Rate Period. All Series 2007 Bonds must be in the same Interest Rate Period at any one time. Since delivery, the interest rate period on the Series 2007 Bonds has been at the Weekly Rate.

A portion of the Series 2007 Bonds maturing on August 1, 2037, in the amount of \$1,910,000 are subject to mandatory redemption. The remainder of the Series 2007 Bonds are subject to redemption at the direction of the City, in whole at any time or in part on any Interest Payment Date, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the redemption date. The final maturity on the Series 2007 Bonds is August 1, 2037.

The City maintains a Standby Bond Purchase Agreement (“Liquidity Facility”) dated as of March 1, 2019, between the City, the Trustee, and Bank of America, N.A. (the “Bank”). The annual fee for the Liquidity Facility is 38 basis points (0.38 percent) for a five-year term. Additionally, the Bank also serves as the Remarketing Agent for the Series 2007 Bonds for a fee of 8 basis points (0.08 percent).

During the fiscal year ended June 30, 2024, the average weekly interest rate on the Series 2007 Bonds was 360 basis points (3.60 percent). Under the Liquidity Facility, un-remarketed Bonds held by the Bank (“Bank Bonds”), if any, shall bear interest at the Bank Rate and have interest payable to the Bank in accordance with the Liquidity Facility agreement. However, through June 30, 2025, all the Series 2007 Bonds have been successfully remarketed by the Remarketing Agent.

**General Obligation Property Acquisition Bond,
Series 2002 (“Series 2002 Bonds”)**

As of June 30, 2025, the total outstanding on the Series 2002 Bonds is \$3,400,000. The City issued these bonds to finance a portion of the purchase price of property located within the boundaries of Shore Drive and Little Creek Road.

Storm Water General Obligation Bonds (“Series 2017 and Series 2018 Bonds”)

As of June 30, 2025, the City has two separate series of Storm Water direct borrowing General Obligation Bonds that it has borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the Virginia Resources Authority (VRA). The total outstanding Storm Water General Obligation Bonds at June 30, 2025, is \$1,735,474, with \$1,361,085 from Series 2017 and \$374,389 from Series 2018.

C Revenue Bonds

The Water Revenue Bond covenants require that each year’s Water Utility fund net revenue not be less than the greater of (i) the sum of 1.1 times senior debt service and 1.0 times subordinated debt service or (ii) 1.0 times the funding requirements for transfers from the revenue fund to the operating fund, the bond fund, the parity debt service fund, the debt service reserve fund, the subordinate debt service fund, the repair and replacement reserve fund and the rate stabilization fund. Pursuant with the Water Revenue Bond indenture, certain resources have been set aside for repayment of the revenue bonds and are classified as restricted cash and investments on the Statement of Net Position due to the limitations imposed by the bond covenants.

The Wastewater Revenue Bond covenants require that each year’s Wastewater Utility fund net revenue will equal at least 1.15 times the amount required during the fiscal year to pay the principal of the Wastewater Revenue Bonds, the additional payments and all other indebtedness of the borrower payable from revenues, including without limitation, lease liabilities recognized under GASB Statement No. 87, but excluding any general obligation bonds issued to finance wastewater system property. These resources are classified as restricted investments on the Statement of Net Position, as their use is restricted by applicable bond covenants.

The Storm Water Revenue Bond covenants require that each year’s Storm Water Utility fund net revenue will equal at least 1.15 times the amount required during the fiscal year to pay the principal of the Storm Water Revenue Bonds, the additional payments and all other indebtedness of the borrower payable from revenues, including without limitation, lease liabilities recognized under GASB Statement No. 87, but excluding any general obligation bonds issued to finance storm water system property. These resources are classified as restricted investments on the Statement of Net Position, as their use is restricted by applicable bond covenants.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The detailed requirements to amortize Water, Wastewater and Storm Water revenue bonds are as follows:

Ending June 30,	Water Utility Revenue Bonds ⁽¹⁾		Wastewater Utility Revenue Bonds ⁽²⁾		Storm Water Utility Revenue Bonds ⁽²⁾	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 18,965,000	\$ 11,378,863	\$ 8,463,612	\$ 77,202	\$ 34,751	\$ 503
2027	16,235,000	10,495,663	7,761,791	61,600	34,838	416
2028	14,000,000	9,817,101	7,255,195	70,605	39,764	817
2029	13,400,000	9,066,114	6,547,151	66,149	39,876	705
2030	12,456,145	8,414,937	6,126,629	61,671	39,988	594
2031-2035	56,143,424	33,223,996	24,588,624	240,391	59,997	1,895
2036-2040	42,604,027	21,145,186	13,759,933	125,021	25,437	1,202
2041-2045	51,776,196	9,509,837	3,994,976	30,540	26,080	559
2046-2050	11,772,855	566,955	288,421	1,443	7,952	40
Total	<u>\$ 237,352,647</u>	<u>\$ 113,618,652</u>	<u>\$ 78,786,332</u>	<u>\$ 734,622</u>	<u>\$ 308,683</u>	<u>\$ 6,731</u>

1. Water Utility revenue bonds consist of publicly sold debt.

2. Wastewater Utility and Storm Water Utility revenue bonds include direct borrowing and direct placement debt.

The City issues, from time to time, revenue bonds for its major proprietary funds. During fiscal year 2025 revenue bonds were issued as follows:

Water Revenue Refunding Bonds, Series 2024

On December 12, 2024, the City completed the sale of two series of tax-exempt Water Revenue Refunding Bonds, totaling an aggregate principal amount of \$60,015,000. The Bonds were issued at a true interest cost of 3.83 percent.

The City issued \$25,185,000 in Water Revenue Refunding Bonds, Series 2024, with the goal of lowering the interest cost on existing debt and achieving savings on December 12, 2024. The second series, the Water Revenue Refunding Bond, Series 2025, for \$34,830,000 were forward delivery bonds that closed on August 6, 2025.

Water Revenue Bond, Series 2024

On December 17, 2024, the City issued a \$15,600,000 Water System Revenue Bond, with the Virginia Resources Authority ("VRA"). This Bond will partially fund the capital costs associated with developing a lead water service line inventory and replacing lead service lines, in response to the U.S. Environmental Protection Agency's Lead and Copper Rule Revisions. The Bond has an interest rate of 1.00 percent. Further, the loan is structured with an additional \$10,400,000 principal forgiveness component, made possible through federal funding under the Bipartisan Infrastructure Law.

As of June 30, 2025, the total drawn by the Water Utility fund for the Series 2024 Revenue Bond was \$2,487,647.

Wastewater Revenue Bond, Series 2024

On December 17, 2024, the City issued a \$18,110,000 Wastewater System Revenue Bond, with the VRA. The Bond has an interest rate of 0.50 percent.

As of June 30, 2025, the total drawn by the Wastewater Utility fund for the Series 2024 Revenue Bond was \$3,586,094.

Storm Water Revenue Bond, Series 2025A

On May 29, 2025, the City issued a \$16,550,305 Storm Water System Revenue Bond, with the VRA. The Bond has an interest rate of 0.50 percent.

As of June 30, 2025, the total drawn by the Storm Water Utility fund for the Series 2025A Revenue Bond was \$98,870.

Revenue Bond Direct Borrowing and Direct Placement Debt

Included in the City's Revenue Bond portfolio are several direct borrowing and direct placement issuances that include:

Storm Water Revenue Bonds, Series 2020 and Series 2025A

As of June 30, 2025 the City has two bond series that it has borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the VRA. The total outstanding for the Storm Water Revenue Bond at June 30, 2025, was \$209,813 for the series 2020 and \$98,870 for the Series 2025A. The Storm Water Revenue Bonds contains a provision that, in the event of a default, the lender can exercise its option to declare all amounts outstanding under the bond immediately due and payable.

Wastewater Revenue Bonds

As of June 30, 2025, the City has eighteen separate series of Wastewater Revenue Bonds borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the VRA. The total outstanding balance for the Wastewater Revenue Bonds at June 30, 2025, is \$78,786,332. Debt Service on the Wastewater Revenue Bonds is secured by a revenue pledge of the Wastewater Utility fees.

For the fiscal year 2025, the Wastewater Utility fund drew a total of \$5,567,554. In conjunction with the State Water Control Board, the VRA administers and manages the Virginia Water Facilities Revolving Fund.

Water Revenue Bonds

As of June 30, 2025, the City has one bond series that it has through Bipartisan Infrastructure Law, administered by the VRA. The total outstanding balance for the Water Revenue Bond at June 30, 2025, is \$2,487,647. Debt Service on the Water Revenue Bond is secured by a revenue pledge from revenues generated by the Water Utility fund.

D Current and Advanced Refundings

The City defeases certain general obligation and revenue bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on old bonds. As a result, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

As of June 30, 2025, the following defeased bonds from advance refundings remain outstanding:

General Obligation Bonds				
Defeased In	Original Issue		Amount	Redemption
2020	2016A	\$	36,395,000	10/1/2026
2020	2016B		2,970,000	10/1/2026
2020	2017C		19,300,000	3/1/2027
2020	2019		61,045,000	8/1/2028
2021	2016A		4,220,000	10/1/2026
2021	2016B		3,885,000	10/1/2026
2021	2017C		12,150,000	3/1/2027
2021	2019		5,570,000	8/1/2028
2022	2016B		975,000	10/1/2026
2022	2017C		18,635,000	3/1/2027
2022	2019		10,180,000	8/1/2028
			<u>\$ 175,325,000</u>	

E Private Non-General Obligation Debt

On January 28, 2015, the United States Army Corps of Engineers (“USACE”) and the City entered into a 50-year agreement to periodically nourish the beaches in Ocean View and Willoughby Spit, designating it as a federal project along a 7.3-mile stretch of waterfront vulnerable to coastal storms. This project involved placing 1.2 million cubic yards of sand along the shoreline, widening the beach to 60 feet, and creating a slope to 5 feet above mean low water.

Willoughby Spit, formed during a hurricane around 1749, and Ocean View have been influenced by coastal storms ever since. In the late 1990s, the City, with assistance from the Commonwealth of Virginia, constructed a series of breakwaters along the shoreline. However, state funding was discontinued before beach nourishment behind the breakwaters could be completed, leaving the area with reduced protection. In 2003, Hurricane Isabel destroyed the protective beach berm, nearly three-quarters of the protective sand dune, and several dwellings.

A feasibility study was completed by the Norfolk District in 1983, and the project was authorized under Section 501 of the Water Resources Development Act of 1986 (PL 99-662), as amended. A limited reevaluation report was completed post-Hurricane Sandy on February 19, 2014.

As the Non-Federal Sponsor, the City is responsible for 35 percent of the construction costs allocated by the Government for hurricane and storm damage reduction for each cycle of periodic renourishment. As of the agreement’s effective date, construction costs were projected at \$18.4 million, with the Government’s share at \$12.9 million and the City’s share at \$5.5 million. The periodic renourishment costs were projected at \$7.5 million, with the Government’s share at \$5.3 million and the City’s share at \$2.2 million. The project was completed in 2017, and repayment began in 2019, with a total Non-Federal Share of \$11,129,397 at an interest rate of 3 percent and a revised 29.8 percent share. The 31-year repayment continues through 2048, with an outstanding principal amount of \$8,009,458 as of June 30, 2025.

The detailed amortization requirements for Willoughby Spit and Ocean View for the Governmental Funds are as follows:

Year Ending June 30,2025	Governmental Activities	
	Principal	Interest
2026	\$ 246,803	\$ 240,284
2027	254,207	232,880
2028	261,834	225,253
2029	269,689	217,398
2030	277,779	209,308
2031-2035	1,519,011	916,424
2036-2040	1,760,949	674,486
2041-2045	2,041,423	394,012
2046-2048	1,377,763	83,479
	<u>\$ 8,009,458</u>	<u>\$ 3,193,524</u>

F Economic Development Authority

The City has agreed to finance a project on behalf of the EDA in the amount of \$12,762,400. The City reasonably expects to be repaid by the EDA for this project. As of the end of the fiscal year, the balance outstanding is \$12,878,077, which includes interest. Additionally, there is a separate cooperative agreement from May 23, 2017, for another economic development project with a balance of \$380,000. Further, another cooperative agreement from February 1, 2017, for supporting the administration of the Innovation fund program with a balance of \$183,516. There are no set repayment terms.

In the past, the EDA has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the third-party entity served by the bond issuance. Neither the EDA nor the City is obligated in any manner for the repayment of these conduit debt issues. As a result, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2025, there were eight series of limited commitment conduit bonds outstanding, with an aggregate unpaid principal amount of \$410,240,947.

G Lease Obligations

The City leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements with expiration dates extending through 2035 and renewal options ranging from one year to five years.

A summary of the Governmental Activities' long-term leases as of June 30,2025, are as follows:

Buildings leased for multiple departments within the City totaling \$25,841,004. Vehicles leased for the Community Services Board totaling \$189,031. A lease agreement with Ricoh for printers, extending through 2030, has lease obligations totaling \$771,982.

A summary of the Business-Type Activities' long-term leases as of June 30,2025 are as follows:

NOTES TO THE BASIC FINANCIAL STATEMENTS

The Department of Utilities leases building spaces for its call-center and offices with lease obligations totaling \$1,654,484. The Parking Facilities fund has a lease agreement with Ricoh for printers through 2030, with lease obligations for equipment totaling \$35,690.

The total future minimum lease payments under lease agreements are summarized as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2026	\$ 3,901,919	\$ 690,392	\$ 465,965	\$ 26,213	\$ 5,084,489
2027	3,680,971	584,443	487,723	18,972	4,772,109
2028	2,799,906	494,818	510,267	11,394	3,816,385
2029	2,722,420	416,886	221,222	3,466	3,363,994
2030	2,804,401	403,874	4,991	29	3,213,295
2031-2035	10,892,400	583,622	-	-	11,476,022
	<u>\$ 26,802,017</u>	<u>\$ 3,174,035</u>	<u>\$ 1,690,168</u>	<u>\$ 60,074</u>	<u>\$ 31,726,294</u>

Right-to-use assets acquired through outstanding leases, categorized by underlying asset class, are as follows:

	Governmental Activities	Business-type Activities
Buildings	\$ 35,934,588	\$ 1,863,530
Equipment and Vehicles	1,655,775	39,078
Less accumulated depreciation	(12,721,569)	(241,495)
	<u>\$ 24,868,794</u>	<u>\$ 1,661,113</u>

H Landfill Liability

The Campostella Landfill, which was issued a permit by the Virginia Department of Health on February 18, 1983, to operate as a construction demolition debris (CDD) waste landfill, ceased receiving waste on June 30, 1992. The Virginia Department of Environmental Quality (DEQ) approved the closure certification and officially designated the facility closed on August 2, 2002. Following regulatory closure, state and federal laws mandate that the City perform specific maintenance and monitoring activities at the site for ten years.

During the fiscal year ended June 30, 2010, the DEQ notified the City that it must demonstrate corrective action and years of post-close care costs beyond December 31, 2010. The \$3,224,469 reported as an obligation for closure and post-closure costs at June 30, 2025, reflects the estimated total cost to perform these activities. Actual costs may be higher due to inflation, changes in technology and/or changes in laws.

Additionally, the Campostella Landfill statistically exceeded groundwater protection standards in May 2002. Although corrective action has not yet been determined or approved by the DEQ, a portion of the liability, totaling \$2,433,687, is set aside for groundwater corrective action as required by state law. Given that corrective actions are not expected to be approved within the next year, the entire amount is classified as a long-term liability.

I Compensated Absences

In accordance with GASB Statement No. 101, in fiscal year 2025, a liability is recorded as general long-term obligations for compensated absences more likely than not to be used or paid. This includes vacation, eligible sick leave benefits, compensatory leave, paid family leave, and military leave attributable to past service.

As of June 30, 2025, the total liability for compensated absences for the following funds and component units is as follows:

Leave Type	Governmental	Internal Service Funds	Business Type	Component Unit
Vested vacation	\$ 27,140,439	\$ 353,111	\$ 2,200,687	\$ -
Sick leave	17,386,981	197,882	1,251,202	49,996,037
Compensatory leave	1,629,855	4,980	30,782	-
Paid family leave	332,872	1,512	61,273	-
Military leave	88,562	-	895	-
Total Compensated Absence Liability	\$ 46,578,709	\$ 557,485	\$ 3,544,839	\$ 49,996,037

J Debt Limit

The Commonwealth of Virginia imposes a legal debt limit for municipalities, setting a ceiling of 10 percent of the assessed valuation of taxed real property for the amount of general obligation borrowings a city can issue without holding a referendum. As of June 30, 2025, the City's debt limit is \$2,901,537,940 of which \$1,877,882,466 remains available for the issuance of additional debt. There are no overlapping tax jurisdictions within the City.

K Bonds Authorized and Unissued

A summary of bonds authorized and unissued as of June 30, 2025, is as follows:

Projects	Total
General Obligation Bonds Authorized and Unissued:	
General Capital Improvement Projects	\$ 395,495,315
Maritime Center Capital Improvement Projects	4,664,813
Waste Management Capital Improvement Projects	1,757,223
Storm Water Utility Fund Improvement Projects	64,243,201
Parking Facilities Fund Projects	24,650,822
Wastewater Utility Fund Projects	28,172,424
General Obligation Bonds Authorized and Unissued	<u>\$ 518,983,798</u>
Revenue Bonds Authorized and Unissued:	
Water Utility Fund Projects	<u>\$ 104,790,320</u>
Total Bonds Authorized and Unissued	<u>\$ 623,774,118</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

L Changes in Long-Term Obligations

A summary of fiscal year 2025 changes in long-term obligations, net of unamortized discounts and premiums, is as follows:

	Primary Government				Amounts Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
GOVERNMENTAL ACTIVITIES:					
Bonds, Direct Borrowing and Direct Placements:					
General obligation bonds	\$ 872,552,260	\$ 5,087,291	\$ (74,984,416)	\$ 802,655,135	\$ 67,689,535
Direct borrowings and direct placements	4,280,000	-	(880,000)	3,400,000	-
Other private debt	-	8,009,458	-	8,009,458	246,803
Net Premiums	55,491,696	-	(5,840,003)	49,651,693	-
Total Bonds	932,323,956	13,096,749	(81,704,419)	863,716,286	67,936,338
Other Liabilities:					
Vested compensated absences	25,347,223	33,638,357	(12,406,871)	46,578,709	17,548,656
Other post-employment benefits	106,062,960	11,848,076	(25,790,404)	92,120,632	2,627,835
Retiree's life insurance	115,000	-	(5,000)	110,000	-
Self-insurance	38,114,441	5,515,257	(8,059,844)	35,569,854	5,408,825
Net pension liability	253,167,340	115,174,564	(155,189,707)	213,152,197	-
Landfill closure and post-closure costs	3,155,057	69,412	-	3,224,469	-
Lease	23,749,021	7,119,041	(4,066,045)	26,802,017	3,901,919
Subscription-based information technology arrangements	17,139,410	-	(4,271,162)	12,868,248	2,324,733
Total Other Liabilities	466,850,452	173,364,707	(209,789,033)	430,426,126	31,811,968
Internal Service Funds:					
Net pension liability	2,527,214	1,286,957	(1,606,986)	2,207,185	-
Other post-employment benefits	700,784	112,620	(239,332)	574,072	10,143
Vested compensated absences	352,281	397,572	(192,368)	557,485	213,082
Total Internal Service Funds	3,580,279	1,797,149	(2,038,686)	3,338,742	223,225
Total Governmental Activities	\$ 1,402,754,687	\$ 188,258,605	\$ (293,532,138)	\$ 1,297,481,154	\$ 99,971,531
BUSINESS-TYPE ACTIVITIES:					
Bonds, Direct Borrowing and Direct Placements:					
Water Utility	\$ 257,220,000	\$ 27,672,647	\$ (47,540,000)	\$ 237,352,647	\$ 19,235,000
Wastewater Utility	143,290,709	5,567,554	(14,305,967)	134,552,296	14,491,478
Parking Facilities	127,480,338	-	(5,906,215)	121,574,123	14,274,831
Storm Water Utility	43,912,787	98,870	(3,442,722)	40,568,935	3,391,079
Net Premiums	41,410,012	3,201,437	(8,115,544)	36,495,905	-
Total Bonds Payable	613,313,846	36,540,508	(79,310,448)	570,543,906	51,392,388
Other Liabilities:					
Vested compensated absences	2,197,299	2,937,307	(1,589,767)	3,544,839	1,651,908
Net pension liability	30,149,446	12,659,179	(19,044,007)	23,764,618	-
Other post-employment benefits	8,360,375	880,150	(3,059,777)	6,180,748	146,213
Lease	1,638,913	286,955	(235,700)	1,690,168	465,965
Total Other Liabilities	47,059,962	16,763,591	(23,929,251)	35,180,373	2,264,086
Total Business-Type Activities	\$ 660,373,808	\$ 53,304,099	\$ (103,239,699)	\$ 605,724,279	\$ 53,656,474

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
COMPONENT UNITS:					
Other Liabilities:					
Vested compensated absences	\$ 40,320,496	\$ 26,317,899	\$ (16,642,358)	\$ 49,996,037	\$ 8,303,845
Other post-employment benefits	100,755,008	31,960,066	(23,635,136)	109,079,938	-
Net pension liability	208,002,114	95,039,664	(115,067,226)	187,974,552	-
Workers' compensation claims	4,218,428	5,744,195	(7,425,839)	2,536,784	492,091
Claims liability	298,947	2,330,393	(2,337,544)	291,796	164,530
Lease	715,101	18,624	(47,133)	686,592	66,653
Subscription-based information technology arrangements	1,204,589	-	(829,350)	375,239	184,402
Total Component Units Activities	<u>\$ 355,514,683</u>	<u>\$ 161,410,841</u>	<u>\$ (165,984,586)</u>	<u>\$ 350,940,938</u>	<u>\$ 9,211,521</u>

M Subscription-Based Information Technology Arrangements (SBITAs) Obligations

For the period ended June 30, 2025, the City entered into multiple subscription-based technology arrangements (SBITAs) with various vendors for diverse purposes. The arrangements were all subject to a discounted rate, specifically calculated at the borrowing rate of 4.074 percent. For the fiscal year ended June 30, 2025, there was a principal reduction of \$4,271,162. Notably, the total expenditures paid under these subscriptions were \$4,775,011 for the fiscal year ended June 30, 2025.

The total future minimum SBITA payments under agreements for governmental activities as of June 30, 2025, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal Reduction	Interest	Total
2026	\$ 2,324,733	\$ 412,826	\$ 2,737,559
2027	1,390,777	358,370	1,749,147
2028	1,231,934	310,135	1,542,069
2029	1,309,395	258,866	1,568,261
2030	1,364,620	205,435	1,570,055
2031-2035	5,246,789	267,137	5,513,926
	<u>\$ 12,868,248</u>	<u>\$ 1,812,769</u>	<u>\$ 14,681,017</u>

X Pension Plans

The City and its component units participate in four defined benefit pension retirement plans. These include the Employees' Retirement System (ERS) of the City of Norfolk (Note X.A); a Virginia Retirement System (VRS) agent multiple-employer plan for the benefit of City of Norfolk employees (Note X.B); a Virginia Retirement System (VRS) cost sharing plan administered by the Commonwealth of Virginia for the benefit of Norfolk School Board employees (Note X.B); and a VRS agent multiple-employer plan for the benefit of Norfolk School Board Political Subdivision employees (Note X.B). As of the year ended June 30, 2025, the balances of these four plans, based on the measurement date of June 30, 2024 are reported in the government-wide financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Norfolk Retirement Plans	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total Primary Government	Norfolk Public Schools
Norfolk ERS				
Total Pension Liability	\$ (1,400,319,615)	\$ (154,523,385)	\$ (1,554,843,000)	\$ -
Net Pension Liability	(215,359,382)	(23,764,618)	(239,124,000)	-
Deferred Outflows	49,932,456	6,227,716	56,160,172	-
Deferred Inflows	-	(870,850)	(870,850)	-
Pension Expense	(25,789,283)	(1,482,041)	(27,271,324)	-
VRS - Political Subdivision				
Total Pension Liability	\$ (167,597,113)	\$ (14,715,088)	\$ (182,312,201)	\$ (107,742,824)
Net Pension Asset	8,980,942	788,530	9,769,472	-
Net Pension Liability	-	-	-	(1,481,134)
Deferred Outflows	19,875,413	1,805,239	21,680,652	2,329,664
Deferred Inflows	(4,680,563)	(331,132)	(5,011,695)	(2,851,572)
Pension Expense	(6,064,578)	(599,959)	(6,664,537)	(160,642)
VRS - Teachers				
Total Pension Liability	\$ -	\$ -	\$ -	\$ (1,125,816,463)
Net Pension Liability	-	-	-	(186,493,418)
Deferred Outflows	-	-	-	69,264,719
Deferred Inflows	-	-	-	(41,193,386)
Pension Expense	-	-	-	(11,748,597)
Total of all plans				
Total Pension Liability	\$ (1,567,916,728)	\$ (169,238,473)	\$ (1,737,155,201)	\$ (1,233,559,287)
Net Pension Asset	8,980,942	788,530	9,769,472	-
Net Pension Liability	(215,359,382)	(23,764,618)	(239,124,000)	(187,974,552)
Deferred Outflows	69,807,869	8,032,955	77,840,824	71,594,383
Deferred Inflows	(4,680,563)	(1,201,982)	(5,882,545)	(44,044,958)
Pension Expense	(31,853,861)	(2,082,000)	(33,935,861)	(11,909,239)

A Employees' Retirement System of the City of Norfolk (ERS)

Plan Description

The ERS administers a single-employer contributory and defined benefit plan (the System or the Plan) that covers eligible employees of the City, excluding those employed by the School Board and Constitutional Officers' employees, who are covered by the VRS. The ERS provides retirement, death and disability benefits, though cost-of-living adjustments (COLAs) are not required or guaranteed, not regularly instituted, and are available at the discretion of the City Council. The ERS and its benefits are governed by Chapter 37 of the Code of the City of Norfolk, Virginia, as amended. Pension expenses and liabilities are allocated based on individual benefit calculations. The ERS publishes an Annual Comprehensive Financial Report, which includes financial statements and required supplementary information. This report is available to be downloaded from the City of Norfolk website at www.norfolk.gov/retirement or can be obtained by contacting the Employees' Retirement System of the City of Norfolk at 810 Union Street, Suite 309, Norfolk, Virginia 23510.

Plan Closure

The City of Norfolk, a political subdivision of the Commonwealth of Virginia, elected to join the Virginia Retirement System (VRS) and provide VRS retirement benefits for its eligible employees, effective January 1, 2022. As of this date, the System was closed to new membership.

Plan Membership

As of June 30, 2024, the actuarial valuation and net pension liability measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries receiving benefits:	
General	3,120
Public Safety	1,510
Vested Former Members:	
General	1,158
Public Safety	415
Active Plan Members:	
General	1,238
Public Safety	653
	<u>8,094</u>

Plan Benefits

The ERS provides retirement benefits, as well as death and disability benefits. All benefits vest after five years of creditable service. Employee eligibility requirements are as follows:

Retirement (for employees who became members prior to July 1, 1980): Normal retirement is the earlier of age 60 or after completion of 30 years of credited service for general employees, and the earlier of age 55 or after the completion of 25 years of creditable service for public safety employees. General employees' normal service retirement benefit per annum is equal to 2.00 percent of average final compensation (average of the three highest years of compensation) times years of creditable service, with service limited to 35 years. Public safety employees' normal service retirement benefit per annum is equal to 2.50 percent of average final compensation (average of the three highest years of compensation) times years of creditable service, not to exceed 65.00 percent of average final compensation. Mandatory retirement is age 65 for public safety employees. There is no mandatory retirement age for general employees.

Retirement (for employees who became members on or after July 1, 1980): Normal retirement is the earlier of age 60 or after completion of 30 years of credited service for general employees, and age 55 or after the completion of 25 years of creditable service for public safety employees. General employees' normal service retirement benefit per annum is equal to 1.75 percent of average final compensation (average of the three highest years of compensation) times years of creditable service, with service limited to 35 years. Public safety employees' normal service retirement benefit per annum is equal to 2.50 percent of average final compensation (average of the three highest years of compensation) times years of creditable service, not to exceed 65.00 percent of average final compensation. Mandatory retirement is age 65 for public safety employees. There is no mandatory retirement age for general employees.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Retirement (for employees who became members on or after July 1, 2018): Normal retirement is the earlier of the retirement age as defined under the Social Security Act (42 U.S.C §416) or the age at which the combination of a participant's age and service sums to at least 90 for general employees, and the earlier of age 60 or age 50 with 25 years of creditable service for public safety employees. The normal service retirement benefit per annum for general employees is equal to 1.75 percent of average final compensation times years of creditable service, with service limited to 35 years. Public safety employees accrue benefits at 2.50 percent of average final compensation times years of creditable service, not to exceed 65.00 percent of average final compensation. Mandatory retirement is age 65 for public safety employees. There is no mandatory retirement age for general employees.

Effective December 13, 2011, all employees hired on or after December 2011 are required to meet the vesting requirement of five years to be eligible to receive benefits under the Plan except for Norfolk Community Services Board employees. The aforementioned had their prior service with the Norfolk Community Services Board counted towards the five-year vesting requirement without this service being deemed creditable service in the Plan.

Effective January 1, 2015, the City Council adopted Ordinance Number 45,566 that established a Deferred Retirement Option Program (DROP) for police officers and firefighters eligible for normal service retirement. Eligible members may elect to participate for a maximum of four years, deferring receipt of a reduced retirement benefit of 70.00 percent while continuing employment with the City without loss of any other employee benefits.

Effective January 1, 2023, any active member of the ERS eligible for normal service retirement may elect to participate in DROP. Prior to this change, only sworn police and firefighters were eligible to participate.

Upon the member's election to participate in the DROP; the amount of creditable service and the average final compensation becomes frozen for purposes of determining pension benefits. The participant is considered retired for all purposes related to the Plan and does not accrue additional retirement benefits, except for ad hoc COLAs, if applicable. The DROP participant's monthly pension is held in lieu of being paid to the participant. Upon termination of employment, the participant will receive the DROP balance and will begin receiving the full monthly pension benefit. The participant's DROP balance is not credited with investment gains or losses.

Contributions

Section 37 of the Code of the City of Norfolk, Virginia, established the authority under which the City's obligation to contribute to the Plan is determined. Contribution requirements are actuarially determined at the end of each fiscal year and paid by the City in the ensuing year. Effective January 8, 2015, all Plan members pay contribution on a salary reduction basis in the amount of 5 percent of earnable compensation, except for the City Council members hired before October 5, 2010. Employees of the Norfolk Community Services Board at June 30, 2012, who became City employees on July 1, 2012, were also required to pay member contributions effective January 8, 2015. Total employer contributions to the ERS plan were \$43,091,000 and \$42,319,000 for the years ended June 30, 2025 and 2024, respectively. The fiscal year 2025 contribution included an additional contribution of \$8,716,323 representing a portion of the \$210,800,800 in taxable general obligation proceeds that were issued on June 29, 2021, to increase the funding of ERS. These contributions combined with employee

contributions of \$7,668,000 and \$8,587,000 for the year ended June 30, 2025 and 2024, respectively were expected to cover the actuarially determined liabilities.

Actuarial Assumptions

The actuarial assumptions below are based on the presumption that the ERS will continue indefinitely. Were the ERS to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial accrued liability.

For the June 30, 2024, actuarial valuation, the actuarial assumptions included the following:

Actuarial Cost Method	Entry Age Normal Cost Method
Asset Valuation Method	3-Year Smoothed Value
Amortization Method	Level Percent Closed, 20-Years Layers
Discount Rate	6.75 percent
Investment Rate of Return	6.75 percent
Amortization Growth Rate	3.00 percent
Inflation Rate	3.00 percent
Salary Increases - General Employees	Average of 4.52 percent over a 30-year career; based on rated that vary by year of service and are compounded annually
Salary Increases - Public Safety Employees	Average of 5.04 percent over a 30-year career; based on rated that vary by year of service and are compounded annually
Mortality	Pre-Retirement/Healthy Annuitant Pub-2010(B) General Employee Below-Median Table with fully generational improvements using Scale MP-2021, with 5.00 percent of deaths assumed accidental Disableds Pub-2010 General Disabled Annuitant Table with fully generational improvements using Scale MP-2021

The long-term expected rate of return on the ERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	20-year 2024 Long-term Expected Real Rate of Return	Target Allocations
Global Equity	5.90%	52.00%
Private Equity	8.40%	5.00%
High Yield & Bank Loans	3.90%	4.00%
Real Estate	5.20%	8.00%
Natural Resources & Infrastructure	6.40%	5.00%
Gold	3.70%	3.00%
Short-Term TIPS	0.90%	5.00%
Investment Grade Fixed Income	2.00%	14.00%
Hedge Funds	1.60%	4.00%
		<u>100.00%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that plan member contributions will continue to be made at the current contributions rate specified in City Charter 37. City (employer) contributions will be made in accordance with the funding policy assumption adopted by the Board of Trustees, whereby City contributions in a particular fiscal year will be no less than the preceding fiscal year until the System reaches 100.00 percent funded. The GASB 67 depletion schedule, as prepared by the actuary based on those assumptions, was prepared for the next 99 years. Based on the assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future payments and pay administrative expenses. Projected benefit payments are discounted at the long-term expected return of 6.75 percent (net of investment expenses). The single equivalent rate used, for the purposes of GASB 67, to determine the total pension liability as of the measurement date of June 30, 2024, was 6.75 percent.

Net Pension Liability

The net pension liability was measured as of June 30, 2024, with an actuarial valuation date of June 30, 2024. Pension expense and liability are allocated to governmental and enterprise funds based on the actual employer contributions. Governmental funds typically used to liquidate the pension liability include the General fund, Towing and Recovery Operations, Waste Management, Grants, Community Development, Cemeteries, and Resiliency special revenue funds. The employer contributions made in fiscal year 2025 of \$38,374,304 for governmental activities and \$4,717,019 for business-type activities are included as deferred outflows. As of June 30, 2025, the City reported a net pension liability of \$215,359,382 in governmental activities and \$23,764,618 in business-type activities. The net pension liability is allocated based on employer's contributions during the measurement period.

The percentage for governmental activities and business-type activities for fiscal year 2024 was 90.06 percent and 9.94 percent, respectively. Changes to the ERS net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2023	\$ 1,530,754,000	\$ 1,244,910,000	\$ 285,844,000
Service cost	17,117,000	-	17,117,000
Interest	101,028,000	-	101,028,000
Contributions - employer	-	42,319,000	(42,319,000)
Contributions - employee	-	8,587,000	(8,587,000)
Net investment income (loss)	-	123,193,000	(123,193,000)
Benefits payments, including refunds of member contributions	(102,342,000)	(102,342,000)	-
Difference between expected and actual experience	8,286,000	-	8,286,000
Administrative expense	-	(948,000)	948,000
Balance at June 30, 2024	<u>\$ 1,554,843,000</u>	<u>\$ 1,315,719,000</u>	<u>\$ 239,124,000</u>

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

The following presents the net pension liability, calculated using the discount rate of 6.75 percent, as well as what the City's ERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 5.75 percent or 1-percentage-point higher 7.75 percent than the current rate:

	1% Decrease (5.75)	Current Discount Rate (6.75)	1% Increase (7.75)
ERS Net Pension Liability	\$ 410,673,000	\$ 239,124,000	\$ 94,858,000

Pension Expense and Deferred Inflows and Outflows of Resources Related to the ERS Pension

Total pension expense included for the City is \$25,789,283 for governmental activities and \$1,482,041 for business-type activities or \$27,271,324 combined for the City.

At June 30, 2025, deferred inflows and outflows reported in the City's financial statements are as follows:

Deferred Inflows of Resources			
	Governmental Activities	Business-Type Activities	Total
Net change in proportionate share (Storm Water Utility)	\$ -	\$ 96,556	\$ 96,556
Net change in proportionate share (Parking Facilities)	-	138,970	138,970
Net change in proportionate share (Wastewater Utility)	-	20,402	20,402
Net change in proportionate share (Water Utility)	-	614,922	614,922
	<u>\$ -</u>	<u>\$ 870,850</u>	<u>\$ 870,850</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Deferred Outflows of Resources			
	Governmental Activities	Business-Type Activities	Total
Differences between expected and actual experience	\$ 3,731,261	\$ 411,739	\$ 4,143,000
Net difference between projected and actual earnings on plan investments	6,956,042	1,098,958	8,055,000
Net change in proportionate share (Internal Service Funds)	55,605	-	55,605
Net change in proportionate share (Governmental Funds)	815,245	-	815,245
	<u>\$ 11,558,153</u>	<u>\$ 1,510,697</u>	<u>\$ 13,068,850</u>

Deferred outflows related to pension contributions made after the measurement date of \$38,374,303 for governmental activities and \$4,717,019 for business-type activities, but before the end of the City's contributing reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts related to deferred inflows and outflows of resources will be recognized in pension expense as follows:

Amortization of Deferred (Inflows) and Outflows			
Year Ended:	Governmental Activities	Business-type Activities	Total
2026	\$ (527,470)	\$ (895,530)	\$ (1,423,000)
2027	30,340,757	3,580,243	33,921,000
2028	(11,139,351)	(1,259,649)	(12,399,000)
2029	(7,115,783)	(785,217)	(7,901,000)
	<u>\$ 11,558,153</u>	<u>\$ 639,847</u>	<u>\$ 12,198,000</u>

B Virginia Retirement System (VRS)

Plan Description – Virginia Retirement System

The School Board and the City of Norfolk both participate in pensions offered by the Virginia Retirement System (VRS), which include multiple employers, agent (for school employee political subdivision and City of Norfolk political subdivision) and a multiple employer, cost-sharing (for teachers) defined benefit pension plan as well as a hybrid plan containing both defined benefit and defined contribution aspects. All full-time, permanent employees of the School Board, the City of Norfolk, and other members of the School Board must participate in the VRS and are automatically covered by the respective VRS Plans upon employment. Members earn one month of service credit for each month they are eligible and for which the City or the School Board and members pay contributions to VRS. Benefits vest after five years of service. Members hired before July 1, 2010, and who were vested as of January 1, 2013, are covered under Plan 1. Members hired or rehired on or after July 1, 2010, and Plan 1 members who were not vested on January 1, 2013, are covered under Plan 2. Members hired on or after January 1, 2014, are covered under the Hybrid Retirement Plan (Hybrid Plan), as well as Plan 1 and 2 members who are eligible and opted in during the January 1, 2014, to April 30, 2014, election window. The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. The defined benefit is based on a member's retirement multiplier, creditable service, and average final compensation. The benefit from the defined contribution component is dependent upon member and employer contributions as well as investment performance. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2 and the Hybrid Plan, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for Plan 1 (nonhazardous duty) members is 1.70 percent. The retirement multiplier for Plan 2

(nonhazardous duty) members with service accrued prior to January 1, 2013, is 1.70 percent and subsequently reduced to 1.65 percent effective January 1, 2013. The retirement multiplier for Plan 1 and Plan 2 (hazardous duty) members is 1.85 percent. The retirement multiplier for the Hybrid Plan is 1.00 percent. The 2014 valuation included hybrid retirement plan members for the first time.

The VRS provides annual cost-of-living adjustments (COLA) to eligible retirees. Retirees receiving an unreduced benefit or reduced benefit with at least 20 years of service credit are entitled to a COLA effective July 1 after one full calendar year (January 1 – December 31) from the effective retirement date. Retirees receiving a reduced benefit with fewer than 20 years of service credit, are entitled to a COLA effective July 1 after one full calendar year (January 1 – December 31) from the date the retiree would have become eligible for an unreduced benefit. Under Plan 1, the COLA cannot exceed 5.00 percent; under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00 percent. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Plan Membership

As of June 30, 2023, actuarial valuation, the following employees were covered by the benefit terms of the pension plan for the measurement date June 30, 2024:

Agent Multiple-Employer Plans		
	City of Norfolk Political Subdivisions	School Board Political Subdivisions
Inactive member or their beneficiaries currently receiving benefits	425	607
Inactive members:		
Vested	142	86
Non-vested	702	367
Active elsewhere in the VRS	383	115
Total inactive members	1,227	568
Long-term disability members	6	1
Active members	2,238	616
Total	3,896	1,792

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00 percent of their annual reported compensation to the VRS. The City and the School Board's actuarially determined contribution rates as of June 30, 2025, were 12.84 percent of covered payroll for the City employees, 7.05 percent of the annual covered payroll for School Board professional employees and 15.87 percent of annual covered payroll for the other school employees based on an actuarially determined rates from an actuarial valuation as of June 30, 2023. The actuarially determined rates, after considering projected investment earnings and employee contributions, were expected to finance the costs of benefits earned by employees during the year, as well as any unfunded liability accrued.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The School Board’s contributions to the VRS for teachers for the fiscal years ended June 30, 2025, and 2024 were \$33,504,985 and \$35,168,009, respectively. The School Board’s contributions to the VRS for other school employees for the years ended June 30, 2025, and 2024 were \$1,758,601 and \$1,357,268, respectively. The City contributions to the VRS for the fiscal years ended June 30, 2025, and 2024 were \$14,790,677 and \$14,804,821, respectively.

Actuarial Assumptions

The total pension liabilities for the Political Subdivisions and Teachers plans were based on an actuarial valuation as of June 30, 2023, 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, 2024.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization period	2 - 24 years
Asset Valuation Method	5-year Smoothed Market
Inflation	2.50 percent
Projected Salary Increases	3.50 - 5.35 percent - General 3.50 - 4.75 percent - Public Safety 3.50 - 5.95 percent - Teachers
Investment Rate of Return	6.75 percent, net of pension plan investment expense, including inflation
Mortality Rates	
Pre-Retirement	General - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95.00 percent of rates for males; 105.00 percent of rates for females set forward 2 years Public Safety – Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale: 95 percent of rates for males; 105.00 percent of rates for females set forward 2 years Teachers – Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110.00 percent of rates for males
Post-Retirement	General - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110.00 percent of rates for males; 105.00 percent of rates for females set forward 3 years Public Safety – Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale: 110.00 percent of rates for males; 105.00 percent of rates for females set forward 3 years Teachers – Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105.00 percent of rates for females

Post-Disablement	<p>General - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95.00 percent of rates for males set back 3 years; 90.00 percent of rates for females set back 3 years</p> <p>Public Safety – Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale: 95.00 percent of rates for males set back 3 years; 90.00 percent of rates for females set back 3 years</p> <p>Teachers – Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110.00 percent of rates for males and females</p>
Beneficiaries and Survivors	<p>General - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110.00 percent of rates for males and females set forward 2 years</p> <p>Public Safety – Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110.00 percent of rates for males and females set forward 2 years</p> <p>Teachers – Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally</p>
Mortality Improvement	<p>General/Public Safety/Teachers- Rates projected generationally with Modified MP-2020 Improvement Scale that is 75.00 percent of the MP-2020 rates</p>

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	<p>General/Public Safety/Teachers – Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020</p>
Retirement Rates	<p>General – Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age</p> <p>Public Safety – Adjusted rates to better fit experience and changed final retirement age from 65 to 70</p> <p>Teachers – Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all</p>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Withdrawal Rates	General/Teachers – Adjusted rates to better fit experience at each year age and service though 9 years of service
	Public Safety – Decrease rates
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change
Line of Duty Disability	No change

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan 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 plan 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 Real Rate of Return	Weighted Average Long-term Expected Real Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Private Investment Partnership (PIP)	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.07%

* The above allocation provides a one-year return of 7.07 percent. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14 percent, including expected inflation of 2.50 percent. On June 15, 2023, the VRS Board elected a long-term rate of 6.75 percent which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14 percent, including expected inflation of 2.50 percent.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that member contributions are made per the VRS Statutes and the employer contributions are 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, 2024, the rate contributed by the school divisions for the VRS Teacher Retirement Plan

was subject to the portion of the VRS Board-certified rates that were funded by the Virginia General Assembly which was 112 percent of the actuarially determined contribution rate. From July 1, 2024, on, school divisions are assumed to continue to contribute 100 percent 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.

Net Pension Liability

The net pension liability (asset) represents the total pension liability determined in accordance with GASB Statement No. 68, less the fiduciary net position. The net pension liability (asset) was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024. Below are the schedules of changes in net pension liability (asset) for each of the agent multiple-employer plans:

City of Norfolk Political Subdivision

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2023	\$ 157,613,333	\$ 163,872,097	\$ (6,258,764)
Service cost	11,782,301	-	11,782,301
Interest	11,192,617	-	11,192,617
Difference between expected and actual experience	8,882,108	-	8,882,108
Contributions - employer	-	13,738,586	(13,738,586)
Contributions - employee	-	5,160,740	(5,160,740)
Net investment income	-	16,549,508	(16,549,508)
Benefits payments, including refunds of employee contributions	(7,158,158)	(7,158,158)	-
Administrative expense	-	(85,417)	85,417
Other changes	-	4,317	(4,317)
Balance at June 30, 2024	<u>\$ 182,312,201</u>	<u>\$ 192,081,673</u>	<u>\$ (9,769,472)</u>

School Board Political Subdivision

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at June 30, 2023	\$ 104,528,404	\$ 100,535,777	\$ 3,992,627
Service cost	1,543,522	-	1,543,522
Interest	6,956,846	-	6,956,846
Difference between expected and actual experience	729,121	-	729,121
Contributions - employer	-	1,184,632	(1,184,632)
Contributions - employee	-	1,013,477	(1,013,477)
Net investment income	-	9,607,656	(9,607,656)
Benefits payments, including refunds of employee contributions	(6,015,069)	(6,015,069)	-
Administrative expense	-	(66,470)	66,470
Other changes	-	1,687	(1,687)
Balance at June 30, 2024	<u>\$ 107,742,824</u>	<u>\$ 106,261,690</u>	<u>\$ 1,481,134</u>

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Agent Multiple-Employer Plans			
City of Norfolk - Political Subdivisions - Net Pension Liability (Asset)	\$ 14,490,592	\$ (9,769,472)	\$ (29,537,639)
School Board - Political Subdivisions - Net Pension Liability (Asset)	15,945,438	1,481,134	(6,035,321)
Cost Sharing Plans			
School Board - Teachers - Net Pension Liability	\$ 346,468,144	\$ 186,493,418	\$ 55,479,148

Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2025, the City of Norfolk, recognized pension expense of \$6,064,578 for governmental activities and \$599,959 for business-type activities or \$6,664,537 in total. The School Board Political Subdivision and School Board Teachers recognized pension expense of \$160,642 and \$11,748,597 respectively. At June 30, 2025, the reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources				
	Governmental Activities	Business-type Activities	Total Primary Government		
	City of Norfolk Political Subdivisions	City of Norfolk Political Subdivisions	City of Norfolk Political Subdivisions	School Board Political Subdivisions	School Board Teachers
Change in proportion and difference between contribution and proportionate rate	\$ 10,743	\$ 92,636	\$ 103,379	\$ -	\$ 11,682,551
Differences between expected and actual experience	250,630	5,763	256,393	-	3,839,965
Net difference between projected and actual earnings on plan investments	4,419,190	232,733	4,651,923	2,851,572	25,670,870
	<u>\$ 4,680,563</u>	<u>\$ 331,132</u>	<u>\$ 5,011,695</u>	<u>\$ 2,851,572</u>	<u>\$ 41,193,386</u>

Deferred Outflows of Resources

	Governmental Activities	Business-type Activities	Total Primary Government		
	City of Norfolk Political Subdivisions	City of Norfolk Political Subdivisions	City of Norfolk Political Subdivisions	School Board Political Subdivisions	School Board Teachers
Change in proportion and difference between contribution and proportionate rate	\$ 103,379	\$ -	\$ 103,379	\$ -	\$ 20,701
Change in assumptions	-	-	-	-	3,385,060
Differences between expected and actual experience	8,896,488	758,781	9,655,269	571,063	32,353,973
	<u>\$ 8,999,867</u>	<u>\$ 758,781</u>	<u>\$ 9,758,648</u>	<u>\$ 571,063</u>	<u>\$ 35,759,734</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. The City of Norfolk, the School Board Political Subdivision and the School Board Teachers contributed \$11,922,004 (includes \$10,875,546 for governmental activities and \$1,046,548 for business-type activities), \$1,758,601 and \$33,504,985 respectively for the fiscal year ended June 30, 2025. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Amortization of Deferred Inflows and Outflows

	Governmental Activities	Business-type Activities	Total Primary Government		
	City of Norfolk Political Subdivisions	City of Norfolk Political Subdivisions	City of Norfolk Political Subdivisions	School Board Political Subdivisions	School Board Teachers
Year Ended:					
2026	\$ (908,404)	\$ 163,459	\$ (744,945)	\$ (2,063,026)	\$ (16,542,448)
2027	3,953,265	177,928	4,131,193	903,625	11,924,093
2028	1,000,212	72,667	1,072,879	(530,608)	1,833,698
2029	274,231	13,595	287,826	(590,500)	(2,648,995)
	<u>\$ 4,319,304</u>	<u>\$ 427,649</u>	<u>\$ 4,746,953</u>	<u>\$ (2,280,509)</u>	<u>\$ (5,433,652)</u>

Pension Plan Data

Detailed information about the VRS Political Subdivision and Teachers Retirement Plans is available in the separately issued VRS 2025 Annual Comprehensive Financial Report. A copy of the 2025 ACFR may be requested by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500 or can be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2025-annual-report.pdf>

Payables to the Pension Plan

As of June 30, 2025, no outstanding amounts are payable to the Political Subdivision pension plan for the fiscal year ended June 30, 2025.

As of June 30, 2025, no outstanding amounts are payable to the Teachers' pension plan for the fiscal year ended June 30, 2025.

XI Deferred Compensation Plan

The City provides its employees with a deferred compensation plan under Internal Revenue Code (IRC) Section 457 which is available to all City employees. The plan allows employees to defer a portion of their salary to be received in future years. Participants can contribute up to the annual contribution limit set by the IRS, with additional catch-up contribution options available for those over age 50 or within three years of reaching normal retirement age. For the calendar years 2024 and 2025, the maximum contribution limits (excluding catch-up contributions), were \$23,000 and \$23,500, respectively. Employees can access the benefits from the deferred compensation plan only upon termination, retirement, death, or in the case of plan-allowed unforeseeable emergency.

The City's deferred compensation plan is administered in compliance with the provisions of IRC Section 457. As a result, all assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries, ensuring that the funds are used solely for their intended purpose.

XII Other Post-Employment Benefits (OPEB)

A City of Norfolk Sponsored Other Post-Employment Benefits

Plan Description

The City of Norfolk and the Norfolk School Board provide post-retirement healthcare benefits, in accordance with adopted statutes, which require extending access to healthcare benefits to certain retirees. General City employees are eligible to participate at the earlier of age 55 and 15 years of creditable service or 25 years of creditable service. City firefighters and police officers, who have a mandatory retirement age of 65, are eligible to participate at the earlier of age 50 and 15 years of creditable service or 20 years of creditable service. Employees who retire on accidental disability are also eligible. Grandfathered school employees (hired prior to July 1, 2008) who are older than age 50 with at least 5 years of service are eligible as well as non-grandfathered school employees who are older than age 50 with 15 years of creditable service. Retirees that elect to participate may purchase healthcare coverage using the same health care plans and premium structures available to active employees. Retiree participation, plan/benefit elections and contributions, are administered by the City's Retirement Bureau and the City's and the School Boards' benefits offices based on the participation guidelines established by the Norfolk City Council and the Norfolk School Board. Benefits are currently managed on a pay-as-you-go basis and a separate financial report of the OPEB Plan is not issued. No assets are accumulated in a trust that meets the criteria established in paragraph 4 of Governmental Accounting Standards Board Statement No. 75. Therefore, rather than a net OPEB liability, the City and School Board report a total OPEB liability. The Plan is considered a single-employer plan. As of July 1, 2012, the City became responsible for payment of the Line of Duty Act benefits (LODA). These benefits, which cover certain hazardous duty personnel who are paid or who volunteer, are included as part of the total OPEB liability in the City's financial statements.

Employees Covered by Benefit Terms

As of the June 30, 2024, actuarial valuation, the following employees were covered by the benefit terms of the Plan:

	City	Line of Duty	School Board
Inactive member or their beneficiaries currently receiving benefits	56	80	73
Active members	4,181	1,321	3,781
Total	4,237	1,401	3,854

Contributions

No employee contributions are required prior to retirement to participate in or fund the OPEB Plan. The City and the School Board committed to a set contribution amount as an explicit subsidy of \$25 or \$35 per month for the City and \$75 per month for the School Boards per participating retiree. Effective January 1, 2014, the City and the School Boards eliminated healthcare coverage for post 65 retirees (e.g., retirees eligible for Medicare) along with the \$25 or \$35 and \$75 monthly subsidy, respectively. The pre-65 retirees will continue to receive the subsidy and will participate in the consortium with the active employees. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The Plan sponsors also pay an implicit subsidy by allowing retirees to participate in the same benefit plans under the same premium structure as available to active employees, however, the Plan sponsors are not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to employees.

Total OPEB Liability

The City's and the School Boards' total OPEB liability was measured as of June 30, 2024. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2024, using updated actuarial assumptions applied to all periods included in the measurement.

Actuarial Assumptions

For the June 30, 2024, actuarial valuation, the actuarial assumptions included the following:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years rolling
Asset Valuation Method	Not Applicable
Discount Rate	3.93 percent
Rate of Salary Increase for Amortization	3.00 percent
Rate of Medical Inflation	7.00 percent (Pre-Medicare) grading to 3.73 percent over 19 years
Mortality (City - ERS members)	
Pre-Retirement	General - Pub-2010(B) General Employee Below-Median Table (5.00 percent of deaths assumed accidental)

NOTES TO THE BASIC FINANCIAL STATEMENTS

	Public Safety - Pub-2010 Safety Employee Table (60.00 percent of deaths assumed accidental)
Healthy Annuitants	General - Pub-2010(B) General Healthy Annuitant Below-Median Table Public Safety - Pub-2010 Safety Healthy Annuitant Table
Disabled	General - Pub-2010 General Disabled Annuitant Table Public Safety - Pub-2010 Safety Disabled Annuitant Table
Mortality Projection Scale	Rates projected generationally from the base year using the MP-2021 projection scale
Mortality (City & School Board - VRS members)	
Pre-Retirement	City General - Pub-2010 Amount Weighted General Employee Rates; males set forward 2 years; 105.00 percent rates for females set forward 3 years School Board - Pub-2010 Amount Weighted Teachers Employee Rates; 110.00 percent of rates for males
Healthy Annuitants	City General - Pub-2010 Amount Weighted General Healthy Retiree Rates; 95.00 percent of rates for males set forward 2 years; 95.00 percent of rates for females set forward 1 year School Board - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates; males set forward 1 year; 105.00 percent of rates for females
Disabled	City General - Pub-2010 Amount Weighted General Disabled Rates; 110.00 percent of rates for males set forward 3 years; 110.00 percent of rates for females set forward 2 years School Board - Pub-2010 Amount Weighted Teachers Disabled Rates; 110.00 percent of rates for males and females
Beneficiaries & Survivors	City General - Pub-2010 Amount Weighted General Healthy Contingent Annuitant Rates School Board - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates
Mortality Projection Scale	Rates projected generationally from the base year using the Modified MP-2020 Improvement scale that is 75.00 percent of the MP-2020 rates.

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Actuarial valuations are subjected to continual revisions as actual results are compared to past expectations and new estimates are made about the future.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2024, was 3.93 percent. Since the Plan utilizes a pay-as-you-go contribution policy, the discount rate used at the

June 30, 2024, measurement date was based on the Bond Buyer 20-Bond General Obligation Index.

Changes in Total OPEB Liability

The total OPEB liability was measured as of June 30, 2024, with an actuarial valuation date of July 1, 2024. The City OPEB expense and liability are allocated to governmental and enterprise funds. As of June 30, 2024, the City (including Line of Duty) and the School Board reported a total OPEB liability of \$98,875,452 (\$92,694,704 in governmental activities and \$6,180,748 in business-type activities) and \$75,393,014 respectively. Changes to the total OPEB liability are as follows:

	City	Line of Duty	School Board	Total OPEB Liability
Balance at June 30, 2023	\$ 79,263,799	\$ 35,860,320	\$ 64,312,869	\$ 179,436,988
Service cost	5,890,161	824,556	3,965,357	10,680,074
Interest	2,966,104	1,300,169	2,383,184	6,649,457
Change in benefits	-	22,963	-	22,963
Difference between expected and actual experience	(2,352,146)	1,353,878	(8,387,522)	(9,385,790)
Assumption changes	(21,720,484)	(1,371,132)	15,107,056	(7,984,560)
Benefits payments	(1,855,344)	(1,307,392)	(1,987,930)	(5,150,666)
Balance at June 30, 2024	<u>\$ 62,192,090</u>	<u>\$ 36,683,362</u>	<u>\$ 75,393,014</u>	<u>\$ 174,268,466</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability using the discount rate of 3.93 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93 percent) or one percentage point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
City	\$ 68,369,444	\$ 62,192,090	\$ 56,737,679
Line of Duty	40,327,011	36,683,362	33,466,134
School Board	82,881,576	75,393,014	68,780,847

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00% decreasing to 2.73%)	Healthcare Cost Trend Rates (7.00% decreasing to 3.73%)	1% Increase (8.00% decreasing to 4.73%)
City	\$ 55,176,754	\$ 62,192,090	\$ 70,502,618
Line of Duty	32,545,439	36,683,362	41,585,241
School Board	66,888,600	75,393,014	85,467,539

OPEB Expense and Deferred Inflows and Outflows of Resources

OPEB expense reported for the fiscal year ended June 30, 2025, for the City (including Line of Duty) and the School Board was \$6,103,443 and \$6,904,725, respectively. At June 30, 2025, the reported deferred inflows of resources and deferred outflows of resources related to the OPEB Plan from the following sources:

Deferred Inflows of Resources					
	Governmental Activities	Business-Type Activities	Governmental Activities	Total Primary Government	School Board
	City	City	Line of Duty		
Change in assumptions	\$ 16,547,950	\$ 1,951,205	\$ 5,610,897	\$ 24,110,052	\$ 281,040
Net change in proportionate share (Governmental Fund)	350,717	-	-	350,717	-
Net change in proportionate share (Water Utility)	-	27,151	-	27,151	-
Net change in proportionate share (Internal Services Fund)	111,278	-	-	111,278	-
Differences between expected and actual experience	11,993,549	1,399,305	567,302	13,960,156	12,979,898
Total	<u>\$ 29,003,494</u>	<u>\$ 3,377,661</u>	<u>\$ 6,178,199</u>	<u>\$ 38,559,354</u>	<u>\$ 13,260,938</u>

Deferred Outflows of Resources					
	Governmental Activities	Business-type Activities	Governmental Activities	Total Primary Government	School Board
	City	City	Line of Duty		
Change in assumptions	\$ 12,017,532	\$ 1,398,934	\$ 902,298	\$ 14,318,764	\$ 16,688,785
Net change in proportionate share (Water Utility)	-	345,011	-	345,011	-
Net change in proportionate share (Parking Facilities)	-	71,003	-	71,003	-
Net change in proportionate share (Storm Water Utility)	-	73,132	-	73,132	-
Differences between expected and actual experience	655,292	77,268	2,626,195	3,358,755	-
Total	<u>\$ 12,672,824</u>	<u>\$ 1,965,348</u>	<u>\$ 3,528,493</u>	<u>\$ 18,166,665</u>	<u>\$ 16,688,785</u>

Contributions made after the measurement date of the total OPEB liability but before the end of the reporting period will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year. The City and the School Board contributions \$2,784,191 (\$2,637,978 for governmental activities and \$146,213 for business-type activities) and \$2,779,340, respectively in fiscal year 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization of Deferred (Inflows) and Outflows					
	Governmental Activities	Business-Type Activities	Governmental Activities	Total Primary Government	School Board
Year Ended:	City	City	Line of Duty		
2026	\$ (2,967,149)	\$ (249,056)	\$ (721,033)	\$ (3,937,238)	\$ 294,330
2027	(2,492,472)	(183,253)	(1,680,154)	(4,355,879)	776,347
2028	(5,395,274)	(530,253)	(124,258)	(6,049,785)	1,013,264
2029	(5,395,273)	(530,253)	(124,261)	(6,049,787)	1,343,906
2030	(80,502)	80,502	-	-	-
	<u>\$ (16,330,670)</u>	<u>\$ (1,412,313)</u>	<u>\$ (2,649,706)</u>	<u>\$ (20,392,689)</u>	<u>\$ 3,427,847</u>

Other OPEB Plans

The City provides supplemental life insurance benefits through General fund appropriation to the state employees of its constitutional offices. The respective costs and related net OPEB liability of these benefits are not significant.

B Virginia Retirement System Post-Employment Benefits Trust Funds

The VRS is an independent agency of the Commonwealth of Virginia responsible for administering several post-employment benefit trust funds. The School Board participates in two of these funds: the Group Life Insurance (GLI) Plan and the Health Insurance Credit (HIC) Plan. The VRS Board of Trustees oversees the administration and operation of the pension and other employee benefit plans. The VRS issues an Annual Comprehensive Financial Report containing the financial statements and required supplementary information for the system's pension and other trust funds. This report is publicly available on the VRS website at www.varetire.org. The pension and other trust funds managed by the VRS are classified as fiduciary funds and are included in the basic financial statements of the Commonwealth of Virginia.

Group Life Insurance (GLI)

The Virginia Retirement System Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and that provides the authority under which benefit terms are established or may be amended. The GLI program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

Plan Description

The VRS GLI Program upon employment automatically covers all full-time, permanent employees of the state agencies, teachers, and employees of participating political subdivisions. This plan is administered along with the pensions and other OPEB plans for public employer groups in the Commonwealth of Virginia.

In addition to the basic GLI benefits, members are also eligible to elect additional coverage for themselves, as well as spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program.

Contributions

The contribution requirements for the GLI 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 of the GLI Program was 1.34 percent of covered employee compensation. While covered employees are responsible for 60 percent of the program costs, employers may choose to pay the entire cost. The School Board has elected to pay all program costs. The contribution rate was based

NOTES TO THE BASIC FINANCIAL STATEMENTS

on an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits payable during the year.

In June 2023, the Commonwealth of Virginia made a special contribution of approximately \$10.1 million to the GLI plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution.

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation Rate	2.50 percent
Salary Increases, including inflation	3.50 percent - 5.35 percent - Non-Hazardous Duty 3.50 percent - 4.75 percent - Hazardous Duty 3.50 percent – 5.95 percent - Teachers
Investment Rate of Return	6.75 percent, net of investment expenses, including inflation
Mortality Rates	
Pre-Retirement	
General Employees	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years; 105 percent of rates for females set forward 3 years
Hazardous Duty	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95 percent of rates for males; 105 percent of rates for females set forward 2 years
Teachers	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110 percent of rates for males
Post-Retirement	
General Employees	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95 percent of rates for males set forward 2 years; 95 percent of rates for females set forward 1 year
Hazardous Duty	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110 percent of rates for males; 105 percent of rates for females set forward 3 years
Teachers	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105 percent of rates for females
Post-Disablement	
General Employees	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110 percent of rates for males; 110 percent of rates for females set forward 2 years

Hazardous Duty	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95 percent of rates for males set back 3 years; 90 percent of rates for females set back 3 years
Teachers	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110 percent of rates for males and females
Beneficiaries and Survivors	
General Employees	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally
Hazardous Duty	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110 percent of rates for males and females set forward 2 years
Teachers	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75 percent of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2021. Changes to the actuarial assumption as a result of the experience study are as follows:

Mortality Rates

General Employees/Teachers	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Hazardous Duty	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement Rates

General Employees/Teachers	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Hazardous Duty	Adjusted rates to better fit experience and changed final retirement age from 65 to 70

Withdrawal Rates

General Employees\Teachers	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
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Hazardous Duty	Decreased rates
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Disability Rates No change

Salary Scale No change

Line of Duty Disability No change

Discount Rate No change

Net GLI OPEB Liability

The net OPEB liability for the GLI Program represents the program’s total OPEB liability determined by VRS in accordance with GASB Statement No. 74, less the School Board’s associated fiduciary net position. As of the measurement date of June 30, 2024, the net OPEB liability amounts for the GLI program are as follows:

	School Board Political Subdivisions	School Board Teachers	Total
Total GLI OPEB Liability	\$ 3,577,138	\$ 34,916,873	\$ 38,494,011
Plan Fiduciary Net Position	2,625,814	25,630,948	28,256,762
Net GLI OPEB Liability	<u>\$ 951,324</u>	<u>\$ 9,285,925</u>	<u>\$ 10,237,249</u>

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the school divisions for the VRS GLI OPEB plan will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly. From July 1, 2024 on, employers are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB 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 GLI OPEB liability.

Long-Term Expected Rate of Return

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 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:

NOTES TO THE BASIC FINANCIAL STATEMENTS

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Real Rate of Return	Weighted Average Long-term Expected Real Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Private Investment Partnership (PIP)	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.07%

* The above allocation provides a one-year return of 7.07 percent. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14 percent, including expected inflation of 2.50 percent. On June 15, 2023, the VRS Board elected a long-term rate of 6.75 percent which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14 percent, including expected inflation of 2.50 percent.

Sensitivity of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net GLI OPEB Liability - Teachers	\$ 14,441,008	\$ 9,285,925	\$ 5,121,486
Net GLI OPEB Liability - Political Subdivision	1,479,432	951,324	524,682

GLI OPEB Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2025, the School Board recognized GLI OPEB expense of \$12,758. The School Board reported deferred outflows of resources and deferred inflows of resources related to VRS GLI OPEB as follows:

NOTES TO THE BASIC FINANCIAL STATEMENTS

Deferred Inflows of Resources

	School Board Political Subdivisions	School Board Teachers	Total
Change in proportion and difference between contribution and proportionate rate	\$ 68,487	\$ 996,923	\$ 1,065,410
Change in assumptions	47,146	460,195	507,341
Differences between expected and actual experience	23,238	226,825	250,063
Net difference between projected and actual earnings on Plan investments	80,187	782,713	862,900
	<u>\$ 219,058</u>	<u>\$ 2,466,656</u>	<u>\$ 2,685,714</u>

Deferred Outflows of Resources

	School Board Political Subdivisions	School Board Teachers	Total
Change in proportion and difference between contribution and proportionate rate	\$ 62,696	\$ 2,758	\$ 65,454
Change in assumptions	5,423	52,931	58,354
Differences between expected and actual experience	150,046	1,464,617	1,614,663
	<u>\$ 218,165</u>	<u>\$ 1,520,306</u>	<u>\$ 1,738,471</u>

The School Board reported \$3,542,963 as deferred outflows related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date and will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to GLI OPEB will be recognized in GLI OPEB expense in the future reporting periods as follows:

Amortization of Deferred Inflows and Outflows

Year Ended:	Total
2026	\$ (796,677)
2027	(68,922)
2028	(197,270)
2029	(14,113)
2030	129,739
	<u>\$ (947,243)</u>

Employer Contribution

Employers' proportionate shares were calculated based on historical employer contributions. Although GASB Statement No. 75 encourages the use of the employer's projected long-term contribution efforts to the other post-employment benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS GLI OPEB Plan that are not representative of the future contribution efforts are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution efforts are contributions for adjustments to prior periods. The School Board's total employer contribution into the GLI program for the years ended June 30, 2025 and 2024 were approximately \$3,542,962 and \$3,163,397, respectively.

Health Insurance Credit (HIC) Plans

Plan Description

The School Board contributes to the VRS Health Insurance Credit Program (HIC), a multiple-employer defined benefit plan that provides a credit toward the cost of health insurance coverage for eligible retirees. The Health Insurance Credit Program was established pursuant to § 51.1-1400 et. seq. of the Code of Virginia, as amended, and that provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net OPEB HIC liability, deferred outflows of resources and deferred inflows of resources related to the OPEB HIC and OPEB HIC expense, information about the fiduciary net position of the VRS HIC Program; and the additions to/deductions from the VRS HIC Program's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

All full-time, permanent employees are automatically covered by either the VRS Teacher Health Insurance Credit Program (THICP), (teachers and professionals), a multiple-employer, cost-sharing plan or the VRS Political Subdivision Health Insurance Credit Program (HICP), (non-professionals), a multiple-employer, agent plan. The plans are administered by the Virginia Retirement 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.

Teacher Health Insurance Credit Program (THICP)

The THICP was established for retired teachers and professional employees of public school divisions covered under VRS. The THICP provides eligible employees with the following benefits:

- At retirement (for teachers and other professional school employees who retire with at least 15 years of service credit):
 - \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement (for teachers and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP)):
 - \$4.00 per month, multiplied by twice the amount of service credit, or
 - \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Political Subdivision Health Insurance Credit Program (HICP)

The School Board began contributing to the HICP July 1, 2020, for retired non-professional employees covered under VRS. This separate plan covers employees working in maintenance, custodial, nutritional, and transportation services. The HICP provides eligible employees with the following benefits:

NOTES TO THE BASIC FINANCIAL STATEMENTS

- At retirement (for non-professional school employees who retire with at least 15 years of service credit):
 - \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.
- Disability Retirement (for employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP)):
 - \$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 years of service credit to qualify for the health insurance credit as a retiree.
- No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.

Employees Covered by Benefit Terms

As of the June 30, 2024, actuarial valuation, the following employees were covered by the benefit terms of the HICP OPEB Plan:

	School Board Political Subdivision
Active members	565
Inactive member or their beneficiaries currently receiving benefits	236
Total	801

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) and §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rate for the year ended June 30, 2025, was 1.21 percent of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. The contractually required employer contribution rate for the School Board Political Subdivision Health Insurance Credit Program for the year ended June 30, 2025, was 1.02 percent of covered employee compensation. These rates were based on an actuarial valuation as of June 30, 2023. The actuarially determined rates 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’s contributions to the plan were \$2.9 million and \$2.5 million for the years ended June 30, 2025, and June 30, 2024, respectively.

In June 2024, the Commonwealth made a special contribution of approximately \$4.0 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2022 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The School Board Teachers’ proportionate share is reflected in the School Board’s financial statements.

Actuarial Assumptions

The HIC OPEB liabilities were based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation Rate	2.50 percent
Salary Increases, including inflation	3.50 percent - 5.35 percent - Non-Hazardous Duty 3.50 percent - 4.75 percent - Hazardous Duty 3.50 percent – 5.95 percent - Teachers
Investment Rate of Return	6.75 percent, net of investment expenses, including inflation
Mortality Rates	
Pre-Retirement	
General Employees	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95 percent of rates for males; 105 percent of rates for females set forward 3 years
Hazardous Duty	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95 percent of rates for males; 105 percent of rates for females set forward 2 years
Teachers	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110 percent of rates for males
Post-Retirement	
General Employees	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110 percent of rates for males; 105 percent of rates for females set forward 3 years
Hazardous Duty	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110 percent of rates for males; 105 percent of rates for females set forward 3 years
Teachers	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105 percent of rates for females
Post-Disablement	
General Employees	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95 percent of rates for males set back 3 years; 90 percent of rates for females set back 3 years
Hazardous Duty	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95 percent of rates for males set back 3 years; 90 percent of rates for females set back 3 years
Teachers	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110 percent of rates for males and females
Beneficiaries and Survivors	

NOTES TO THE BASIC FINANCIAL STATEMENTS

General Employees	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110 percent of rates for males and females set forward 2 years
Hazardous Duty	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110 percent of rates for males and females set forward 2 years
Teachers	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75 percent of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation was based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board are as follows:

Mortality Rates

General Employees/Teachers	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Hazardous Duty	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement Rates

General Employees/Teachers	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Hazardous Duty	Adjusted rates to better fit experience and changed final retirement age from 65 to 70

Withdrawal Rates

General Employees\Teachers	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Hazardous Duty	Decreased rates

Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net HIC OPEB Liability

The School Board Political Subdivision net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. Changes to the net HICP OPEB liability are as follows:

School Board Political Subdivision

	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balance at June 30, 2023	\$ 1,357,769	\$ 383,380	\$ 974,389
Service cost	14,043	-	14,043
Interest	90,417	-	90,417
Difference between expected and actual experience	(134,456)	-	(134,456)
Contributions - employer	-	219,397	(219,397)
Net investment income	-	44,026	(44,026)
Benefits payments, including refunds of employee contributions	(64,592)	(64,592)	-
Administrative expense	-	(689)	689
Balance at June 30, 2024	<u>\$ 1,263,181</u>	<u>\$ 581,522</u>	<u>\$ 681,659</u>

The School Board's proportion of the net THIC OPEB liability was based on the actuarially determined employer contributions to the VRS THIC OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board Teachers' proportion of the VRS Teacher Employee Health Insurance Credit Program was 2.21 percent as compared to 2.24 percent at June 30, 2023. As of June 30, 2025, the net OPEB liability portion applicable to the School Board are as follows:

School Board Teachers

Total HIC OPEB Liability	\$ 29,120,914
Plan Fiduciary Net Position	<u>6,352,898</u>
Net HIC OPEB Liability	<u>\$ 22,768,016</u>

Plan fiduciary net position as a percentage of the total THICP and HICP liabilities were 21.82 percent and 46.04 percent, respectively. The total HIC OPEB liabilities are calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75 percent. The projections of cash flows used to determine the discount rate assumed that employer contributions would be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the school divisions for the VRS HIC OPEB plan will be subject to the portion of the VRS Board certified rates that are funded by the

NOTES TO THE BASIC FINANCIAL STATEMENTS

General Assembly which was 100 percent of the actuarially determined contribution rate. From July 1, 2022 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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 VRS System investment expense and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by 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 Real Rate of Return	Weighted Average Long-term Expected Real Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Private Investment Partnership (PIP)	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.07%

* The above allocation provides a one-year return of 7.07 percent. 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 6.72 percent, including expected inflation of 2.50 percent. The VRS Board elected a long-term rate of 6.75 percent which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11 percent, including expected inflation of 2.50 percent.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net THICP OPEB Liability - Teachers	\$ 25,892,914	\$ 22,768,016	\$ 20,119,380
Net HICP OPEB Liability - Political Subdivision	811,348	681,659	570,795

HIC OPEB Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2025, the School Board recognized THICP and HICP OPEB expenses of \$950,650 and \$(82,337), respectively. At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB as follows:

Deferred Inflows of Resources			
	School Board Political Subdivisions	School Board Teachers	Total
Change in proportion and difference between contribution and proportionate rate	\$ -	\$ 2,294,626	\$ 2,294,626
Differences between expected and actual experience	656,696	1,078,694	1,735,390
Net difference between projected and actual earnings on Plan investments	6,357	80,987	87,344
	<u>\$ 663,053</u>	<u>\$ 3,454,307</u>	<u>\$ 4,117,360</u>

Deferred Outflows of Resources			
	School Board Political Subdivisions	School Board Teachers	Total
Change in proportion and difference between contribution and proportionate rate	\$ -	\$ 375	\$ 375
Change in assumptions	12,859	392,228	405,087
	<u>\$ 12,859</u>	<u>\$ 392,603</u>	<u>\$ 405,462</u>

Contributions made after the measurement date, reported as deferred outflows of \$2,852,864 and \$255,436, will be recognized as a reduction of the net OPEB Liability in the fiscal year ending June 30, 2025, for teacher's HIC program and the political subdivision HIC program, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIC OPEB will be recognized in HIC OPEB expense as follows:

Amortization of Deferred (Inflows) and Outflows			
Year Ended:	School Board Political Subdivisions	School Board Teachers	Total
2026	\$ (266,482)	\$ (864,300)	\$ (1,130,782)
2027	(245,093)	(654,873)	(899,966)
2028	(121,892)	(621,586)	(743,478)
2029	(16,727)	(548,156)	(564,883)
2030	-	(293,712)	(293,712)
Thereafter	-	(79,077)	(79,077)
	<u>\$ (650,194)</u>	<u>\$ (3,061,704)</u>	<u>\$ (3,711,898)</u>

Employer Contribution

Employers' proportionate shares were calculated based on historical employer contributions. Although GASB Statement No. 75 encourages the use of the employer's projected long-term contribution efforts to the other post-employment benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS HIC OPEB Plans that are not representative of the future contribution efforts are excluded in the determination of employers' proportionate shares. The School

NOTES TO THE BASIC FINANCIAL STATEMENTS

Board's total employer contribution into the teachers HIC program for the years ended June 30, 2025 and 2024 were approximately \$2,852,864 and \$2,560,267, respectively. The School Board's total employer contribution into the political subdivision HIC program for the years ended June 30, 2025 and 2024 were \$254,436 and \$219,400, respectively.

Other OPEB Plans

The City provides supplemental life insurance benefits through General fund appropriation to City employees. The respective costs and related net OPEB liability of these benefits are not significant.

XIII Interfund Receivable and Payable Balances

The composition of interfund activity as June 30, 2025, is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Water Utility fund	\$ 444,623
	Internal Service funds	4,826,343
	Total General fund	5,270,966
Capital Projects fund	Parking Facilities fund	11,000,000
	Total Capital Projects fund	11,000,000
Special Revenue Grant fund	General fund	470,242
	Total Special Revenue Grant fund	470,242
Total Governmental funds - Receivable		<u>16,741,208</u>
Total Due from Other funds		<u>\$ 16,741,208</u>
Payable Fund	Receivable Fund	Amount
General fund	Special Revenue Grant fund	\$ 470,242
	Total General fund	470,242
Total Governmental funds - Payable		<u>470,242</u>
Payable Fund	Receivable Fund	Amount
Water Utility fund	General fund	444,623
Parking Facilities fund	Capital Projects fund	11,000,000
Internal Service funds	General fund	4,826,343
Total Enterprise and Internal Service funds		<u>16,270,966</u>
Total Due to Other funds		<u>\$ 16,741,208</u>

XIV Interfund Transfers

The outstanding balances between funds are primarily due to timing differences, such as the period between when the interfund goods and services were provided, reimbursements are made, transactions are recorded, and payments are completed.

The following interfund transfers occurred during fiscal year 2025:

Fund	Transfers In	Transfers Out
General	\$ 26,935,037	\$ 124,911,821
Grants	20,792,362	-
Capital Projects	14,008,134	17,501,402
Debt Service	104,675,342	-
Nonmajor Governmental	2,022,716	19,742,813
Internal Service Fund	-	172,572
Water Utility	-	9,425,805
Wastewater Utility	-	1,740,741
Parking Facilities	5,503,531	147,893
Storm Water Utility	17,309	311,384
	<u>\$ 173,954,431</u>	<u>\$ 173,954,431</u>

The purpose of the transfer balances for fiscal year 2025 are as follows:

The General fund transfers in total of \$26,935,037, which includes \$2,167,737 for pension debt obligations from various funds, \$8,500,000 from the Water Utility fund, \$1,500,000 from the Wastewater Utility fund, \$11,267,300 from the Tax Increment Financing special revenue fund and \$3,500,000 from the Public Amenities special revenue fund.

The General fund transfers out total \$124,911,821, which includes \$100,069,170 to the Debt Service fund for general obligation debt, \$3,808,270 to the Grants special revenue fund to support grant projects, \$5,003,531 to the Parking fund, \$14,008,134 to the Capital Projects fund as the contribution to the annual capital improvement plan budget, \$1,511,974 to the Waste Management fund, and \$510,742 to the Cemeteries fund.

The Grants special revenue fund received transfers in of \$20,792,362, which include \$3,808,270 from the General Fund for grant projects and \$17,001,401 for Capital Projects. The Storm Water Utility fund had a reduction to Grants special revenue funds transfers in the amount of \$17,309 due to an adjustment.

The Capital Projects fund transfers in of \$14,008,134 from the General fund as a contribution to the annual capital improvement plan budget. The Capital Projects fund transfers out of \$17,501,402 includes \$17,001,402 to the Grants special revenue fund and \$500,000 to the Parking Facilities fund.

The Debt Service fund transfers in of \$104,675,342 include \$4,333,921 from the Public Amenities special revenue fund, \$142,825 from the Towing and Recovery Operations special revenue fund, \$129,426 from the Waste Management special revenue fund, and \$100,069,170 from the General fund for debt service payments.

The Public Amenities special revenue fund transferred \$3,500,000 to the General fund and \$4,333,921 to the Debt Service fund to cover its general obligation debt service cost.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The Towing and Recovery Operations special revenue fund transferred \$142,825 to the Debt Service fund to cover its general obligation debt service cost and \$21,903 to the General fund for pension debt obligations.

The Tax Increment Financing special revenue fund transferred \$11,267,300 to the General fund.

The Water and Wastewater Utility funds transferred \$9,425,805 and \$1,740,741 to the General fund, respectively, which includes the transfers for pension debt obligations of \$925,805 and \$240,741, respectively.

Additionally, the Storm Water Utility, Parking Facilities, Fleet Management, Healthcare, Waste Management and Cemeteries funds transferred \$311,384, \$147,893, \$136,281, \$36,291, \$285,103 and \$62,335 for pension debt obligations to the General fund, respectively.

XV Fund Balance by Functional Category (GASB 54)

In the fund financial statements, fund balances for governmental funds are reported in classifications that reflect a hierarchy based on the level of constraint on how the amounts can be spent. These classifications are determined by the extent to which the City is bound to honor restrictions or commitments for specific purposes. The four components of fund balances are as follows:

	General fund	Grants fund	Capital Projects fund	Non-major Governmental funds	Total Governmental funds
FUND BALANCES					
Restricted					
General government	\$ 110,000	\$ -	\$ -	\$ -	\$ 110,000
Judicial administration	-	449,327	-	-	449,327
Public safety	-	13,252,614	-	-	13,252,614
Public works	-	2,379,245	-	-	2,379,245
Health and public assistance	16,424,770	874,021	-	-	17,298,791
Culture and recreation	-	-	-	7,895,885	7,895,885
Total Restricted	16,534,770	16,955,207	-	7,895,885	41,385,862
Committed					
General government	8,000,000	-	26,967,783	-	34,967,783
Judicial administration	-	204,413	1,104,214	-	1,308,627
Public safety	-	312,820	566,661	-	879,481
Public works	-	18,990,619	21,048,621	-	40,039,240
Health and public assistance	-	1,968,360	523,938	-	2,492,298
Culture and recreation	-	216,000	6,554,713	168,478	6,939,191
Community development	2,000,000	602,521	9,478,173	-	12,080,694
Education	-	-	19,292,245	-	19,292,245
Total Committed	10,000,000	22,294,733	85,536,348	168,478	117,999,559
Assigned					
General government	100,812,370	-	-	-	100,812,370
Judicial administration	-	6,983	-	-	6,983
Public safety	-	265,686	-	-	265,686
Public works	7,569,081	-	-	2,136,811	9,705,892
Health and public assistance	6,217,975	89,400	-	9,957,941	16,265,316
Culture and recreation	1,289,128	2,063,969	-	262,597	3,615,694
Community development	20,300,350	2,660	-	-	20,303,010
Education	14,770,195	-	-	-	14,770,195
(Fiscal year 2025 Budget appropriation)	18,659,087	-	-	-	18,659,087
Total Assigned	169,618,186	2,428,698	-	12,357,349	184,404,233
Unassigned					
Other	97,721,249	-	-	-	97,721,249
Total Unassigned	97,721,249	-	-	-	97,721,249
Total fund balances	\$ 293,874,205	\$ 41,678,638	\$ 85,536,348	\$ 20,421,712	\$ 441,510,903

XVI Deferred Inflows and Outflows of Resources

Deferred inflows and deferred outflows of resources, as represented in the entity-wide and fund financial statements at June 30, 2025, consist of the following:

A Unavailable Revenues

As of June 30, 2025 deferred inflows in the General fund and Special Revenue Grants fund, representing uncollected tax billings and other accounts receivable not available for funding of current expenditures, amounted to \$45,575,236 and \$5,161,436, respectively.

B Deferred Inflows and Outflows from Refunding Transactions

Refunding transactions for the City of Norfolk have resulted in a Loss on Defeasance on the entity-wide financial statements of \$31,164,626 for governmental activities and \$24,814,378 for business-type activities. The loss for business-type activities consists of a loss of \$7,524,139 for the Water Utility fund, \$2,558,976 for the Wastewater Utility fund, \$13,843,616 for the Parking Facilities fund and \$887,647 for the Storm Water Utility fund. Gains on the defeasance of debt are reported as deferred inflows of resources and were \$5,811 for governmental activities and \$4,534,025 for business-type activities. Specifically, \$3,999,919 for the Water Utility fund, \$418,292 for the Parking Facilities fund and \$115,814 for the Storm Water Utility fund.

C Deferred Inflows and Outflows Related to Pensions

Deferred inflows from pension-related items represent the difference between actual and estimated experience and are amortized over a five-year period or estimated remaining service life. As of June 30, 2025, the amount reported as governmental activities was \$4,680,563 (which includes \$32,413 in the Fleet Management fund). The amounts reported in business-type activities were \$766,583 for the Water Utility fund, \$67,753 for the Wastewater Utility fund, \$207,391 for the Parking Facilities fund and \$160,255 for the Storm Water Utility fund.

Deferred outflows from pension-related items represent the difference between projected and actual investment earnings, as well as contributions made in fiscal year 2025 that will not be reflected in the pension liabilities because they were made after the measurement date. As of June 30, 2025, the amount reported as deferred outflows in governmental activities was \$69,807,869 (which includes \$706,584 in the Fleet Management fund). The amounts reported in business-type activities were \$4,537,027 for the Water Utility fund, \$1,105,140 for the Wastewater Utility fund, \$732,153 for the Parking Facilities fund and \$1,658,635 for the Storm Water Utility fund.

Deferred inflows and outflows related to pensions are summarized as follows:

	Applicable to Governmental Funds	Internal Service Funds	Governmental Activities	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Business-Type Activities
ERS:								
Deferred Outflows	\$ 49,400,620	\$ 531,836	\$ 49,932,456	\$ 3,645,695	\$ 849,183	\$ 462,609	\$ 1,270,229	\$ 6,227,716
Deferred Inflows	-	-	-	(614,922)	(20,402)	(138,970)	(96,556)	(870,850)
	\$ 49,400,620	\$ 531,836	\$ 49,932,456	\$ 3,030,773	\$ 828,781	\$ 323,639	\$ 1,173,673	\$ 5,356,866
VRS:								
Deferred Outflows	\$ 19,700,665	\$ 174,748	\$ 19,875,413	\$ 891,332	\$ 255,957	\$ 269,544	\$ 388,406	\$ 1,805,239
Deferred Inflows	(4,648,150)	(32,413)	(4,680,563)	(151,661)	(47,351)	(68,421)	(63,699)	(331,132)
	\$ 15,052,515	\$ 142,335	\$ 15,194,850	\$ 739,671	\$ 208,606	\$ 201,123	\$ 324,707	\$ 1,474,107
Totals:								
Deferred Outflows	\$ 69,101,285	\$ 706,584	\$ 69,807,869	\$ 4,537,027	\$ 1,105,140	\$ 732,153	\$ 1,658,635	\$ 8,032,955
Deferred Inflows	\$ (4,648,150)	\$ (32,413)	\$ (4,680,563)	\$ (766,583)	\$ (67,753)	\$ (207,391)	\$ (160,255)	\$ (1,201,982)

D Deferred Inflows and Outflows Related to OPEB

As of June 30, 2025, deferred inflows from OPEB-related items represent the difference between actual and estimated experience and changes in assumptions, which are amortized over the average remaining service life. For governmental activities, the deferred inflows totaled \$35,181,693 (which includes the Fleet Management fund of \$400,645). In business-type activities, the deferred inflows amounted to \$1,904,645 for the Water Utility fund, \$531,196 for the Wastewater Utility fund, \$305,294 for the Parking Facilities fund and \$636,526 for the Storm Water Utility fund.

Deferred outflows from OPEB-related items represent the difference between actual and estimated experience and changes in assumptions as well as contributions made in fiscal year 2025 that will not be reflected in the OPEB liabilities because they were made after the measurement date. The amounts included as deferred outflows of resources in the June 30, 2025, financial statements are \$18,839,295 for governmental activities (which includes \$159,886 in the Fleet Management fund), \$1,259,319 for the Water Utility fund, \$257,194 for the Wastewater Utility fund, \$226,164 for the Parking Facilities fund and \$368,884 for the Storm Water Utility fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Deferred inflows and outflows related to OPEB are summarized as follows:

	Applicable to Governmental Funds	Internal Service Funds	Governmental Activities	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Business- Type Activities
City:								
Deferred Outflows	\$ 13,702,425	\$ 159,886	\$ 13,862,311	\$ 1,259,319	\$ 257,194	\$ 226,164	\$ 368,884	\$ 2,111,561
Deferred Inflows	(28,602,849)	(400,645)	(29,003,494)	(1,904,645)	(531,196)	(305,294)	(636,526)	(3,377,661)
	<u>\$ (14,900,424)</u>	<u>\$ (240,759)</u>	<u>\$ (15,141,183)</u>	<u>\$ (645,326)</u>	<u>\$ (274,002)</u>	<u>\$ (79,130)</u>	<u>\$ (267,642)</u>	<u>\$ (1,266,100)</u>
Line of Duty:								
Deferred Outflows	\$ 4,976,984	\$ -	\$ 4,976,984	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows	(6,178,199)	-	(6,178,199)	-	-	-	-	-
	<u>\$ (1,201,215)</u>	<u>\$ -</u>	<u>\$ (1,201,215)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Totals:								
Deferred Outflows	\$ 18,679,409	\$ 159,886	\$ 18,839,295	\$ 1,259,319	\$ 257,194	\$ 226,164	\$ 368,884	\$ 2,111,561
Deferred Inflows	<u>\$ (34,781,048)</u>	<u>\$ (400,645)</u>	<u>\$ (35,181,693)</u>	<u>\$ (1,904,645)</u>	<u>\$ (531,196)</u>	<u>\$ (305,294)</u>	<u>\$ (636,526)</u>	<u>\$ (3,377,661)</u>

E Deferred Inflows Related to Leases

As of June 30, 2025 deferred inflows in the Governmental activities and Business-type activities, representing future lease revenue, were \$11,698,582 and \$1,159,293, respectively. These amounts reflect lease revenues that are expected to be received in future periods. For additional details on the lease revenue schedules, please refer to section IV paragraph C, "Lease Receivable."

XVII Commitments and Contingencies

A Capital Projects

As of June 30, 2025, the commitments for the completion of capital projects in the Business-type activities are as follows:

Water Utility fund projects	\$ 58,404,577
Wastewater Utility fund projects	38,765,376
Parking Facilities fund projects	2,929,953
Storm Water Utility fund projects	20,101,134
Total	<u>\$ 120,201,040</u>

For a detailed listing of capital projects in the governmental activities, please refer to Exhibit J-3, Schedule of Expenditures – Budget and Actual, which includes the authorized projects as of June 30, 2025.

B Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by the respective grantor agencies, particularly the federal government. In the event that claims are disallowed, including those that have already been collected, it may result in a liability for the applicable funds. At this time, the amount, if any, of expenditures that could be disallowed by

the grantor is undetermined; however, the City anticipates that any such disallowed amounts, if they occur, will be immaterial.

C Litigation

From time to time, the City and its component units are defendants in various lawsuits. While the final outcome on these cases cannot be determined at this time, management, along with the City Attorney, believes that any resulting liability will not be material and will not have a significant impact on the City's financial condition.

D Pollution Remediation Obligation

GASB Statement No. 49, *Accounting and Financial Reporting of Pollution Remediation Obligations*, outlines the conditions under which a governmental entity must report a liability for pollution remediation. The statement specifies that a government must estimate its expected costs for pollution remediation if it is aware of a polluted site and any of the following recognition triggers are met:

- Pollution poses an imminent danger to the public or environment and the government has limited or no discretion to avoid addressing the problem;
- The government has violated a pollution prevention related permit or license;
- A regulator has identified, or evidence suggests it will identify, the government as responsible (or potentially responsible) for cleaning up pollution or for contributing to the clean-up cost;
- The government is named, or evidence indicates that it will be named, in a lawsuit to compel it to address the pollution; and
- A government begins, or legally obligates itself to begin, cleanup or post-cleanup activities (limited to amounts is legally required to complete).

As of June 30, 2025, no significant liabilities related to pollution remediation have been identified for the City.

E Encumbrances

As of June 30, 2025, the City reported encumbrances across various funds. The General fund, Grant fund, and Capital Projects fund totaled \$34,984,050, \$36,103,880, and \$208,401,939, respectively. Additionally, the nonmajor governmental funds, in the aggregate, had encumbrances totaling \$3,839,333. These encumbrances represent the City's commitments for expenditures that are expected to be fulfilled in future years.

XVIII Surety Bonds and Insurance

The Commonwealth of Virginia has secured a blanket bond for the City Treasurer (\$1,500,000), Commissioner of Revenue (\$3,000), Sheriff (\$30,000) and Clerk of the Circuit Court (\$2,235,000) that covers the bonds required by law or agreement for the position held. The Commonwealth of Virginia also provides a performance duty bond in the amount of \$500,000 for these constitutional officers.

NOTES TO THE BASIC FINANCIAL STATEMENTS

All non-bonded City employees, including employees of elected constitutional officers, are covered by an insurance policy that provides up to \$10,000,000 in coverage which is provided by Travelers Insurance Company.

XIX Tax Abatements

As of June 30, 2025, the City provides tax abatements through five programs: the Tax Abatement Program, Technology Zone, New Business License Incentive Program, Local Utility Tax Relief, and the Economic Development Program. Each program aims to encourage economic growth, support local businesses, and attract new enterprises to the City. The specific details and impact of these programs for the fiscal year ended June 30, 2025, are outlined below:

	Tax Abatement Program	Technology Zone	New Business License Incentive Program	Local Utility Tax Relief	Economic Development Program
1 Purpose of the program	Encourages significant improvement of residential, commercial and industrial properties throughout the City, ensuring that the construction is of the highest and complements the surrounding area.	Intended to support technology-related businesses by reducing business, professional, and occupational license taxes up to five years if they are established in the designated "Technology Zone."	A temporary exemption offers business license tax relief to new businesses that locate in Norfolk after January 1, 2016.	Intended to reduce business utility taxes for businesses located in the "Enterprise Zone (EZ)" for a five-year period.	To incentivize businesses to locate within the City of Norfolk.
2 Type of tax abatement	Property Tax	Business, Professional and Occupational License Tax	Business License Tax	Utility Tax	Personal Property, Real Estate and Business Tangible Property
3 Authority for program	Norfolk Code Section 24-203 & Section 27-76	Norfolk Code 45.6	Norfolk Code 24-25.9 and 24-25.2	Norfolk Code 45.5-5	City Council, designated to the City Manager
4 Administering department	Office of the Real Estate Assessor	Department of Development	Commissioner of the Revenue	Department of Development	Department of Development
5 Criteria to be eligible to receive abatement	A. Residential structure must be at least 15 years old, and improvements will increase assessed value by at least 20 percent. B. Multi-family, commercial or industrial structure must be at least 40 years old, and improvements will increase assessed value by at least 40 percent.	Applicants must meet criteria of establishing their technology related business according to certain criteria mention in the above-mentioned ordinance.	The business must apply and meet several criteria. Below is a list of the top 3 requirements: 1) Must be locating to Norfolk for the first time (name change, merger or acquisition are disqualifiers). 2) Must not file a consolidated financial statement with a parent or other affiliated entity with combined taxable gross receipts of more than \$1 million. 3) Cannot be considered an affiliated group or have a franchisee relationship.	Existing EZ businesses must make a \$100,000 taxable investment within the Enterprise Zone. New EZ businesses must make a \$500,000 taxable investment within the Enterprise Zone.	The City evaluates all economic development opportunities on an individual basis. The economic development agreements are specific to each developer and generally constitute a significant economic development opportunity for the City and have a positive factor in achieving the objectives of the City and are worthy of inducement.

	Tax Abatement Program	Technology Zone	New Business License Incentive Program	Local Utility Tax Relief	Economic Development Program
6 How recipients' taxes are reduced	Through a reduction of the property's assessed value recipients will not pay full taxes on those improvements for 14 years. The increase in assessed value due to the improvements will not be recognized for tax purposes for the first 10 years following the commencement of the tax abatement.	Through a reduction in business, professional and occupational license.	Reduction in business license tax.	Reduction in utility tax.	Taxes are reduced through performance grant payments that are provided to the recipient in the subsequent year.
7 How the amount of abatement is determined	The increase in assessed value due to the improvements will be recognized for tax purposes on a sliding scale in the 11 th year through 15 th year following the start of the tax abatement as soon: <ul style="list-style-type: none"> • 11th year – 20% • 12th year – 40% • 13th year – 60% • 14th year – 80% • 15th year – 100% 	Below is the schedule for the reduction of tax: <ul style="list-style-type: none"> • Year 1 - 2 = 100% • Year 3 - 4 = 50% 	Receives a \$50 per tax class reduction for the first two years. The abatement eligibility is determined by a qualification process. The taxpayer must answer 25 questions to qualify.	Below is the schedule for the reduction of tax: <ul style="list-style-type: none"> • 1st year - 50% • 2nd year - 40% • 3rd year - 30% • 4th year - 20% • 5th year - 10% 	Specific percentages are identified in each agreement that apply to various items (i.e., assessed value, value of business personal property, etc.). Percentages are not uniform and are independently determined during negotiation of agreement.
8 Terms for recapture if conditions unmet	Because taxes are not abated until after the improvements have been made, there is no provisions for recapturing abated taxes	Because taxes are not abated until after the requirements have been made, there is no provisions for recapturing abated taxes	If the business estimates its gross receipts will exceed \$1 million, but the actual gross receipts are less than \$1 million, the benefits of the program are not available unless the business completes the qualification process. Likewise, if the qualifying business estimated less than \$1 million and the actual gross receipts were more than \$1 million the business is responsible for the entire tax amount and will be removed from the program.	Because taxes are not abated until after the requirements have been made, there is no provisions for recapturing abated taxes	Because taxes are not abated until after the requirements have been made, there is no provisions for recapturing abated taxes
9 Types of commitments made by the City, other than to reduce taxes	N/A	N/A	N/A	N/A	There are some, but they vary by contract. These include percentage back for gross receipts and utility charges.

NOTES TO THE BASIC FINANCIAL STATEMENTS

	Tax Abatement Program	Technology Zone	New Business License Incentive Program	Local Utility Tax Relief	Economic Development Program
10 Gross dollar amount, on accrual basis, by which the tax revenues were reduced due to the abatement	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2025</u>
	\$4,010,918	\$-	\$-	\$-	\$2,267,072

XX Self and Purchased Insurance Programs

The City is exposed to various risks of loss related to torts, theft and destruction of assets, errors and omissions, injuries to employees, and natural disasters. On July 11, 1978, the City established a protected self-insurance program, pursuant to an ordinance adopted by City Council, to cover these risks. The program provides for the payment of claims liabilities, property losses, and related expenses covered by a combination of purchased insurance policies and self-insurance plans. The total of insurance premiums, self-insurance claims (including workers' compensation), and related expense payments made during fiscal year 2025 was \$13,916,903.

The City currently reports all risk management activities as part of the general government section of the General fund. Claims expenditures and liabilities are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. For actuarial purposes, the estimated outstanding losses are calculated as the accrual cost of unpaid claims valued as of each accounting date. The liabilities include case reserves, development on known claims, and incurred but not reported (IBNR) claims. Allocated loss adjustment expenses (ALAE), which are the direct cost of settling specific claims, are included in the workers' compensation estimates but excluded from the broader liability estimates. As of June 30, 2025, the City's outstanding claims were projected at \$35,569,854 with \$5,408,825 anticipated to be paid within a year. These liabilities were determined by an independent actuary, ensuring the estimates reflect the most current and accurate projections for claims that have been incurred but not yet settled. The claims liabilities encompass a variety of self-insured risks, including workers' compensation, property losses, and other covered events under the City's self-insurance program.

Additionally, the City administers a health insurance fund for the Norfolk Healthcare Consortium, which began participating in the fund on January 1, 2014. This Consortium includes the City, the Norfolk Public Schools, and the Norfolk Redevelopment and Housing Authority. The health insurance fund is reflected as an internal service fund and is funded by premiums from both the employees and employers within the Consortium. Medical claims, administrative costs, wellness program costs, and fees related to the Affordable Healthcare Act are covered by the fund. For the fiscal year ending June 30, 2025, the City recorded \$5,582,102 as a current liability for medical and pharmacy claims incurred but not reported.

The City's accounting treatment includes recognizing payments from the Norfolk Public Schools as a source of unearned income, as their premiums are paid in 10 installments per year rather than 12. As of June 30, 2025, unearned income related to this arrangement was reported at \$7,302,618. Furthermore, the City is responsible for any deficit conditions that may arise within the Consortium, and may levy additional assessments to Consortium members as necessary to cover any liabilities exceeding assets.

The changes in the City's claims liability amount in the fiscal years 2025 and 2024 are as follows:

	Workers' Compensation and Risk Management		Health Insurance		Total	
	2025	2024	2025	2024	2025	2024
Estimated Outstanding Claims at the Beginning of Year	\$ 38,114,441	\$ 37,151,537	\$ 4,830,400	\$ 5,270,600	\$ 42,944,841	\$ 42,422,137
Additional Incurred Claims or Changes in Estimates	5,515,257	7,815,899	86,232,925	85,354,562	91,748,182	93,170,461
Claims Paid	(8,059,844)	(6,852,995)	(85,481,223)	(85,794,762)	(93,541,067)	(92,647,757)
Estimated Outstanding Claims at the End of Year	<u>\$ 35,569,854</u>	<u>\$ 38,114,441</u>	<u>\$ 5,582,102</u>	<u>\$ 4,830,400</u>	<u>\$ 41,151,956</u>	<u>\$ 42,944,841</u>

The City has committed \$8,000,000 in its General fund balance to cover risks of loss and claims payments that may not be fully addressed by purchased insurance or annual budget appropriations. The fund balance commitment is intended to provide financial protection against unforeseen claims or losses that exceed insurance coverage. Notably, there have been no significant reductions in the City's insurance coverage, and the City has not had to utilize these reserves for settled claims in any of the past three fiscal years.

The School Board also self-insures its workers' compensation and general liability, with future expected self-insured losses projected at \$2,828,580 as of June 30, 2025. Of this amount, \$656,621 is the current portion, while the remaining \$2,171,959 is projected as a longer-term liability. The School Board addresses its risks of loss through a combination of purchased insurance policies and self-insurance plans. These projected losses are funded through the School Board's operating budgets and/or the City's designated fund balance.

The changes in the School Board's liability amount in the fiscal years 2025 and 2024 are as follows:

	2025	2024
Estimated Outstanding Claims at the Beginning of Year	\$ 4,517,375	\$ 3,986,535
Additional Incurred Claims or Changes in Estimates	8,074,588	1,529,646
Claims Paid	(9,763,383)	(998,806)
Estimated Outstanding Claims at the End of Year	<u>\$ 2,828,580</u>	<u>\$ 4,517,375</u>

XXI Jointly Governed Organizations

A Hampton Roads Regional Jail Authority (HRRJA)

HRRJA was established to provide regional correctional services to participating localities, including the City of Norfolk. HRRJA is a primary government, with no component units, established pursuant to Article 3.1, Chapter 3, Title 53.1 of the Code of Virginia, as amended. The Authority was governed by a board composed of representatives from each member locality. Each city was responsible for a portion of the Authority's operating and capital costs, based on usage or other agreed-upon formulas. The City of Norfolk was a member of the Authority and contributed financially to its operations.

All member cities, including the City of Norfolk, jointly voted to close the jail and dissolve the authority. The jail was permanently closed in early 2024, and the Authority is currently in a two-year period of winding down its operations and dissolving as a legal entity. The member cities unanimously agreed to sell the facility to the City of Portsmouth in May 2024. The

proceeds from the sale were distributed among the member cities. The City currently houses its inmates in the Norfolk City Jail.

B Hampton Roads Planning District Commission (the Commission)

The Hampton Roads Planning District Commission, a regional planning agency created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990, provides various planning services for several cities and counties for the region. These include the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, as well as the counties of Gloucester, Isle of Wight, James City, Southampton and York. The Commission's revenue primarily comes from member contributions, along with various state and federal grant programs.

As the participating governments do not hold an equity interest in the Commission, no such interest is reflected in the City's financial statements for the year ended June 30, 2025. Complete financial statements for the Commission can be obtained directly from the Commission itself.

C Transportation District Commission of Hampton Roads (TDC)

TDC was established on June 29, 1999, to merge the Peninsula Transportation District Commission and the Tidewater Transportation District Commission, effective October 1, 1999. TDC was established in accordance with Chapter 45 of Title 15.2 of the Code of Virginia. It provides public transportation facilities and services within the cities of Norfolk, Portsmouth, Virginia Beach, Chesapeake and Hampton, Virginia. Oversight responsibility is exercised by all the participating localities through their designated representatives. Oversight responsibility is exercised by all the participating localities through their designated representatives, while day-to-day operations are managed by professional staff. TDC serves as the governing body for Hampton Roads Transit (HRT), which is responsible for the construction and operation of the City's light rail system.

Since the participating governments do not hold an equity interest in TDC, no equity interest is reflected in the City's financial statements for the fiscal year ending June 30, 2025. Complete financial statements of TDC can be obtained directly from TDC.

XXII Joint Ventures

A Southeastern Public Service Authority (SPSA)

SPSA is a joint venture of the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk and Virginia Beach as well as the counties of Isle of Wight and Southampton, SPSA was; created for the purpose of providing, operating and maintaining a regional system for the collection, transfer, processing, and disposal of solid waste refuse. SPSA operates as a primary government, with no component units; and is recognized as a public body politic and corporate, created pursuant to the Virginia Water and Sewer Authorities Act. It is governed by a Board of Directors consisting of eight member representatives appointed by each of the member cities and counties.

SPSA is responsible for its own financial matters, including maintaining its books of account and engaging independent auditors for annual audits. Budgeting and financing decisions are subject to approval by the Board of Directors, with each representative holding an equal vote.

Since the participating governments do not hold an equity interest in SPSA, no equity interest is reflected in the City's financial statements for the fiscal year ending June 30, 2025. Complete financial statements of the SPSA can be obtained directly from SPSA.

B The Slover Library Foundation (The Foundation)

The Slover Library Foundation, a not-for-profit organization established on October 31, 2008, was created to support the funding of a central library for the City, now known as the Slover Library. The library was developed by merging two historic Downtown structures, the Seaboard Building and the Selden Arcade, with an architecturally significant new building to create a modern technologically advanced library. Moving forward, the Foundation will provide funding for the purchase and maintenance of technology used in the library. The Foundation operates independently, with its own management, accounting books, and independent accountant, and generates revenue from third party sources.

C Norfolk Botanical Gardens Society (The Society)

The City of Norfolk has an agreement with the Norfolk Botanical Garden Society to operate the Norfolk Botanical Garden which is owned by the City. Per Ordinance No. 49,593, the agreement for the capital improvement for fiscal year 2025 expires on June 30, 2025. Under the terms of the agreement, the Society receives annual funding from the City of Norfolk to support improvements and cover operating costs associated with the garden's maintenance and operations.

XXIII Related Organizations

A Norfolk Redevelopment and Housing Authority (NRHA)

The Norfolk Redevelopment and Housing Authority (NRHA) is a political subdivision of the Commonwealth of Virginia, established by the City on July 30, 1940, under the provisions of the United States Housing Act of 1937. NRHA is responsible for providing subsidized public housing and overseeing redevelopment and conservation efforts within the City, in alignment with state and federal legislation. The Board of Commissioners consists of seven members, all appointed by the City Council. While NRHA operates independently, it does so under a contract with the City to manage activities such as community development and urban renewal.

The City does not exert significant oversight over NRHA's operations. NRHA develops its operating budget without City Council approval and is authorized to execute contracts on its own name. It manages its financial matters independently, maintaining its own book of accounts, and undergoes an annual audit by independent auditors it engages. NRHA retains authority over its earnings, deficits, and funds, other than those related to City contracts. The City contracts with NRHA for specific projects, usually capital improvement projects, but does not have a direct role in NRHA's overall financial operations.

B Norfolk Airport Authority (The Authority)

The Norfolk Airport Authority, a political subdivision of the Commonwealth of Virginia, was established to operate Norfolk International Airport and promote industrial growth in the region. The Authority consists of two main funds: the Airport fund and the Investment fund.

The Airport fund is dedicated to managing the operations of the Norfolk International Airport, using the revenue generated from airport operations to cover all operating expenses and to pay the principal and interest on the Authority's debt related to the Airport. The Investment fund was created to finance certain capital improvements at the airport.

To fund capital projects, the Authority issues bonds, obtains loans and applies for intergovernmental grants. These capital projects are financed through leases that ensure payment of principal and interest on the related obligations. The Authority also generates revenue through rental income on non-airport properties it owns and from interest on investments.

The Authority is governed by Commissioners appointed by the City Council, but it designates its own management and maintains oversight responsibility for its fiscal matters. While the City does not fund the operations of the Authority, it does require the Authority to submit its annual budget to the City Council for informational purposes only, as per Section 144(q) of the City Charter. Additionally, the City has the option to reacquire title to all property and equipment at the airport, without consideration, once the Authority has paid off all obligations related to improvements at the Airport.

C The Chrysler Museum, Inc. (The Museum)

The Chrysler Museum, a Virginia non-stock, not-for-profit organization, was formed on January 1, 1980, by incorporating the Chrysler Museum in Norfolk.

The Museum's primary mission is to advance, encourage and promote the study and appreciation of art. It is self-sustaining and independently managed, with its own management team and financial operations. The Museum maintains its own books of account and engages an independent accountant for annual audits. Its revenue is generated through facility rental fees, patron membership, planned giving, and various independent grants.

While the Museum operates autonomously, the City owns the building housing the Museum and provides support for its maintenance. This partnership ensures the ongoing preservation and operation of the Museum, allowing it to continue serving the community as a cultural and educational institution.

D The Hospital Authority of Norfolk (HAN)

The Hospital Authority of Norfolk is a tax-exempt, not-for-profit political subdivision of the Commonwealth, established pursuant to an Agreement of Transfer dated July 1, 1998. The Authority operates Lake Taylor Hospital, a long-term care facility that is licensed by the Virginia State Health Department. The hospital provides a wide range of patient care services, from sub-acute hospital services to skilled nursing care, as part of its continuum of care. HAN is governed by a nine-member Board of Commissioners, all of whom are appointed by the City Council. This governance structure ensures that the Authority remains accountable to the City while fulfilling its role in providing essential healthcare services to the community.

XXIV Restatement

A Correction of an Error

During the fiscal year ended June 30, 2025, the School Board identified an error in the prior year's financial statements related to the reporting of capital assets being depreciated and amortized. Specifically, costs associated with the acquisition of equipment, textbooks and furniture within various schools, which were incurred during the fiscal year ended June 30, 2024, were not capitalized. The error resulted in an understatement of capital assets and an overstatement of expenses for the fiscal year ended June 30, 2024.

The following table presents a reconciliation of the fund balance impacted by error correction made in fiscal year 2024:

	Component Unit
	Norfolk Public School
6/30/24, as previously reported	\$(141,599,916)
Error correction	6,401,475
Change in accounting principle	-
6/30/24, as adjusted or restated	\$(135,198,441)

XXV Subsequent Events

Water Revenue Refunding Bonds, Series 2025 (Forward Delivery)

On December 12, 2024, the City completed the sale of two series of tax-exempt Water Revenue Refunding Bonds, totaling an aggregate principal amount of \$60,015,000. The Bonds were issued at a true interest cost of 3.83 percent.

The City issued \$25,185,000 Water Revenue Refunding Bonds, Series 2024, with the goal of lowering the interest cost on existing debt and achieving savings. The refunding generated net present value savings of \$4,767,416, which represents 16.1 percent of the original debt.

Additionally, the City sold \$34,830,000 in Water Revenue Refunding Bonds, Series 2025 (Forward Delivery), also aimed at lowering the interest cost on existing debt and achieving debt service savings. The refunding generated net present value savings of \$4,570,798, or 11.8 percent of the original debt. The Water Revenue Refunding Bonds, Series 2025 (Forward Delivery) closed on August 6, 2025.

General Obligation Capital Improvement and Refunding Bonds, Series 2025A and General Obligation Capital Improvement Bonds, Series 2025B (Federally Taxable)

On October 15, 2025, the City completed a two-prong sale of \$256,110,000 in General Obligation Capital Improvement and Refunding Bonds at a true interest cost of 3.794 percent.

The City issued its \$241,325,000 General Obligation Capital Improvement and Refunding Bonds, Series 2025A (Tax-Exempt) to fund approximately \$190 million in approved capital projects and refinanced \$78.2 million in previously issued bonds. Utilizing two different refinancing strategies - a traditional refunding and a tender exchange - the City saved a combined \$2.1 million on a net present value basis, thereby lowering future debt service costs. As part of this transaction, to refinance outstanding bonds for savings, Norfolk completed the first tender transaction by a locality in Virginia's history.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Through this tender process, the City offered to buy back its bonds from investors before their maturity date, aiming to manage its debt more effectively under favorable market conditions.

In addition, the City issued \$14,785,000 of General Obligation Capital Improvement Bonds, Series 2025B (Federally Taxable) to fund \$14.7 million of approved taxable capital projects.

Both the Series 2025 A & B Bonds closed on October 15, 2025.

Line of Credit Amendment

On October 23, 2025, the City amended its existing credit agreement with Bank of America, N.A. to extend the termination date of the Line of Credit from November 17, 2025 to November 17, 2027. The amendment also included changes to the formula used to calculate the interest rate on draws from the Line of Credit. The new tax-exempt borrowing rate will be 44 basis points plus 79 percent multiplied by the Secured Overnight Financing Rate ("SOFR"). The new taxable borrowing rate will be 56 basis points plus 100 percent multiplied by SOFR. If the interest rate is set for a 3-month or 6-month term, there is an additional 10 basis points added to the interest rate. There is no commitment fee on the unutilized portion of the Line of Credit.

XXVI Adoption of New Accounting Pronouncements

The City adopted the following GASB pronouncements in fiscal year 2025:

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*. The objectives of this Statement are to improve financial reporting by providing users with essential information that is currently not often provided. This statement will allow users to have better information with which to understand and anticipate certain risks to a government's financial condition. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of substantial impact. Additionally, governments are required to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

XXVII Accounting Pronouncements Issued, But Not Yet Implemented

The GASB has issued the following pronouncement(s) that will impact future financial presentations.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

Earlier application of these statements is encouraged. Management has not determined the impact, if any, that the implementation of the new GASB pronouncements will have on the City. For the original pronouncements and further details, please visit the GASB’s website, www.gasb.org.



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Required Supplementary Information

**(OTHER THAN MANAGEMENT'S
DISCUSSION & ANALYSIS)
(UNAUDITED)**



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Employees' Retirement System of the City of Norfolk
Schedule of Proportionate Share of Net Pension Liability (unaudited)
For the Measurement Dates of June 30, 2015 through 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Costs	\$ 25,467,399	\$ 25,919,058	\$ 26,310,000	\$ 25,146,000	\$ 26,372,000	\$ 26,978,000	\$ 27,208,000	\$ 25,972,000	\$ 21,246,000	\$ 17,117,000
Interest	82,839,251	84,710,490	86,974,000	92,517,000	94,853,000	96,458,000	98,032,000	98,454,000	101,376,000	101,028,000
Changes of benefit terms	352,800	568,480	590,000	11,698,000	-	-	-	(880,000)	(4,451,000)	-
Difference between expected and actual experience	(2,471,392)	(2,665,615)	(2,543,000)	(1,598,000)	(8,189,000)	(6,398,000)	-	4,369,000	(14,071,000)	8,286,000
Changes in assumptions	-	(6,508,735)	53,197,000	16,606,000	(7,031,000)	-	(19,181,000)	77,210,000	-	-
Benefits payments, including refunds of member contributions	(79,031,490)	(80,783,975)	(83,977,000)	(85,933,000)	(92,866,000)	(93,998,000)	(95,572,000)	(102,025,000)	(107,961,000)	(102,342,000)
Net Change in Total Pension Liability	27,156,568	21,239,703	80,551,000	58,436,000	13,139,000	23,040,000	10,487,000	103,100,000	(3,861,000)	24,089,000
Total Pension Liability - Beginning of year	1,197,466,213	1,224,622,781	1,245,862,000	1,326,413,000	1,384,849,000	1,397,988,000	1,421,028,000	1,431,515,000	1,534,615,000	1,530,754,000
Total Pension Liability - Ending of year	<u>\$ 1,224,622,781</u>	<u>\$ 1,245,862,484</u>	<u>\$ 1,326,413,000</u>	<u>\$ 1,384,849,000</u>	<u>\$ 1,397,988,000</u>	<u>\$ 1,421,028,000</u>	<u>\$ 1,431,515,000</u>	<u>\$ 1,534,615,000</u>	<u>\$ 1,530,754,000</u>	<u>\$ 1,554,843,000</u>
Plan Fiduciary Net Position										
Employer contributions	\$ 34,932,005	\$ 30,761,340	\$ 33,457,000	\$ 35,494,000	\$ 37,079,000	\$ 38,494,000	\$ 160,252,000	\$ 41,457,000	\$ 40,134,000	\$ 42,319,000
Employee contributions	4,914,726	8,733,481	9,450,000	9,859,000	10,009,000	10,209,000	10,367,000	9,937,000	8,096,000	8,587,000
Net investment income	16,596,553	3,278,018	111,228,000	72,662,000	55,313,000	5,737,000	270,352,000	(134,727,000)	102,983,000	123,193,000
Benefit payments, including refunds of member contributions	(79,031,489)	(80,783,975)	(83,977,000)	(85,933,000)	(92,866,000)	(93,998,000)	(95,572,000)	(102,025,000)	(107,961,000)	(102,342,000)
Administrative expense	(386,495)	(671,568)	(668,000)	(764,000)	(617,000)	(600,000)	(620,000)	(848,000)	(1,005,000)	(948,000)
Net Change in Fiduciary Net position	(22,974,700)	(38,682,704)	69,490,000	31,318,000	8,918,000	(40,158,000)	344,779,000	(186,206,000)	42,247,000	70,809,000
Total Net Position - Beginning of year	1,036,178,960	1,013,204,260	974,522,000	1,044,012,000	1,075,330,000	1,084,248,000	1,044,090,000	1,388,869,000	1,202,663,000	1,244,910,000
Total Net Position - Ending of year	<u>\$ 1,013,204,260</u>	<u>\$ 974,521,556</u>	<u>\$ 1,044,012,000</u>	<u>\$ 1,075,330,000</u>	<u>\$ 1,084,248,000</u>	<u>\$ 1,044,090,000</u>	<u>\$ 1,388,869,000</u>	<u>\$ 1,202,663,000</u>	<u>\$ 1,244,910,000</u>	<u>\$ 1,315,719,000</u>
Net Pension Liability	<u>\$ 211,418,521</u>	<u>\$ 271,340,928</u>	<u>\$ 282,401,000</u>	<u>\$ 309,519,000</u>	<u>\$ 313,740,000</u>	<u>\$ 376,938,000</u>	<u>\$ 42,646,000</u>	<u>\$ 331,952,000</u>	<u>\$ 285,844,000</u>	<u>\$ 239,124,000</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	82.74%	78.22%	78.71%	77.65%	77.56%	73.47%	97.02%	78.37%	81.33%	84.62%
Covered Payroll	\$ 178,467,817	\$ 175,678,692	\$ 188,068,000	\$ 191,549,000	\$ 195,358,000	\$ 197,405,000	\$ 200,484,000	\$ 195,554,000	\$ 199,856,000	\$ 160,320,000
Net Pension Liability as a percentage of covered payroll	118.46%	154.45%	150.16%	161.59%	160.60%	190.95%	21.27%	169.75%	143.02%	149.15%
Annual money-weighted rate of return, net of investment expense	1.97%	0.39%	11.64%	7.16%	8.91%	0.58%	25.85%	(10.32%)	8.39%	8.39%

See accompanying independent auditors' report

REQUIRED SUPPLEMENTARY INFORMATION

Employees' Retirement System of the City of Norfolk Schedule of Employer Contributions (unaudited) Last 10 Fiscal Years

Fiscal Year	Actuarially Determined Required Contributions	Employer Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 30,761,000	\$ 30,761,000	\$ -	\$ 175,679,000	17.51%
2017	33,457,000	33,457,000	-	188,068,000	17.79%
2018	35,494,000	35,494,000	-	191,549,000	18.53%
2019	37,079,000	37,079,000	-	195,358,000	18.98%
2020	38,494,000	38,494,000	-	197,405,000	19.50%
2021	40,698,000	160,232,000	(119,534,000)	200,484,000	79.92%
2022	41,457,000	41,457,000	-	195,554,000	21.20%
2023	31,417,000	40,134,000	(8,717,000)	199,856,000	20.08%
2024	33,603,000	42,319,000	(8,716,000)	160,320,000	26.40%
2025	34,375,000	43,091,000	(8,716,000)	141,434,000	30.47%

Note:

The actuarial determination of the ADC is based on the projection of covered payroll for the period for which the ADC will apply. The covered payroll was provided by the actuary. For the fiscal years 2016 through 2025, the balances exclude payroll for active employees participating in DROP in which contributions are not made.

City of Norfolk
VRS Political Subdivisions Plan
Schedule of Proportionate Share of Net Pension Liability (unaudited)
For the Measurement Dates of June 30, 2015 through 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service costs	\$ 3,531,000	\$ 3,496,157	\$ 3,487,288	\$ 3,318,884	\$ 3,476,583	\$ 3,744,655	\$ 3,903,237	\$ 3,822,562	\$ 7,469,996	\$ 11,782,301
Interest	6,001,000	6,370,584	6,689,417	6,992,769	7,340,551	7,692,139	8,170,060	9,300,295	9,832,433	11,192,617
Changes of benefit terms	-	-	-	-	-	-	2,862,884	-	-	-
Difference between expected and actual experience	(763,000)	(1,331,914)	(599,933)	(887,137)	(668,598)	628,451	(1,320,751)	(3,003,466)	5,171,227	8,882,108
Changes in assumptions	-	-	(893,223)	-	3,533,431	-	4,823,773	-	-	-
Benefits payments, including refunds of member contributions	(3,377,000)	(3,585,300)	(4,376,843)	(4,323,052)	(4,589,364)	(4,589,364)	(5,380,511)	(5,654,573)	(6,112,014)	(7,158,158)
Net Change in Total Pension Liability	5,392,000	4,949,527	4,306,706	5,101,464	9,092,603	7,475,881	13,058,692	4,464,818	16,361,642	24,698,868
Total Pension Liability - Beginning of year	87,410,000	92,802,000	97,751,527	102,058,233	107,159,697	116,252,300	123,728,181	136,786,873	141,251,691	157,613,333
Total Pension Liability - Ending of year	<u>\$ 92,802,000</u>	<u>\$ 97,751,527</u>	<u>\$ 102,058,233</u>	<u>\$ 107,159,697</u>	<u>\$ 116,252,300</u>	<u>\$ 123,728,181</u>	<u>\$ 136,786,873</u>	<u>\$ 141,251,691</u>	<u>\$ 157,613,333</u>	<u>\$ 182,312,201</u>
Plan Fiduciary Net Position										
Employer contributions	\$ 2,830,000	\$ 2,804,570	\$ 2,355,587	\$ 2,394,595	\$ 2,538,585	\$ 2,582,271	\$ 3,215,071	\$ 4,153,369	\$ 10,620,748	\$ 13,738,586
Employee contributions	1,373,000	1,357,832	1,362,997	1,316,482	1,365,984	1,379,532	1,399,418	3,492,481	6,603,494	5,160,740
Projected earnings on plan investments	3,742,000	1,525,201	10,677,625	7,206,612	6,951,171	2,111,228	30,602,780	(241,055)	9,848,375	16,549,508
Benefit payments, including refunds of member contributions	(3,377,000)	(3,585,300)	(4,376,843)	(4,323,052)	(4,589,364)	(4,589,364)	(5,380,511)	(5,654,573)	(6,112,014)	(7,158,158)
Administrative expense	(50,000)	(52,120)	(61,057)	(61,420)	(67,621)	(70,713)	(74,847)	(84,767)	(85,463)	(85,417)
Other	(3,000)	391	(9,527)	(6,456)	(4,399)	(2,517)	(58,742)	3,361	4,062	4,317
Net Change in Fiduciary Net Position	4,515,000	2,050,574	9,948,782	6,526,761	6,194,356	1,410,437	29,703,169	1,668,816	20,879,202	28,209,576
Total Net Position - Beginning of year	80,975,000	85,490,000	87,540,574	97,489,356	104,016,117	110,210,473	111,620,910	141,324,079	142,992,895	163,872,097
Total Net Position - Ending of year	<u>\$ 85,490,000</u>	<u>\$ 87,540,574</u>	<u>\$ 97,489,356</u>	<u>\$ 104,016,117</u>	<u>\$ 110,210,473</u>	<u>\$ 111,620,910</u>	<u>\$ 141,324,079</u>	<u>\$ 142,992,895</u>	<u>\$ 163,872,097</u>	<u>\$ 192,081,673</u>
Net Pension Liability/(Asset)	<u>\$ 7,312,000</u>	<u>\$ 10,210,953</u>	<u>\$ 4,568,877</u>	<u>\$ 3,143,580</u>	<u>\$ 6,041,827</u>	<u>\$ 12,107,271</u>	<u>\$ (4,537,206)</u>	<u>\$ (1,741,204)</u>	<u>\$ (6,258,764)</u>	<u>\$ (9,769,472)</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.12%	89.55%	95.52%	97.07%	94.80%	90.21%	103.32%	101.23%	103.97%	105.36%
Covered Payroll	\$ 26,861,778	\$ 27,083,985	\$ 26,351,750	\$ 27,469,101	\$ 27,660,906	\$ 28,310,269	\$ 28,045,990	\$ 36,741,402	\$ 88,048,870	\$ 88,048,870
Net Pension Liability as a percentage of covered payroll	27.22%	37.70%	17.34%	11.44%	21.84%	42.77%	(16.18%)	(4.74%)	(7.11%)	(11.10%)

See accompanying independent auditors' report

REQUIRED SUPPLEMENTARY INFORMATION

**City of Norfolk
VRS Political Subdivisions Plan
Schedule of Employer Contributions (unaudited)
Last 10 Fiscal Years**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 2,805,000	\$ 2,805,000	\$ -	\$ 27,084,000	10.36%
2017	2,356,000	2,356,000	-	26,352,000	8.94%
2018	2,394,000	2,394,000	-	27,470,000	8.71%
2019	2,606,000	2,606,000	-	27,661,000	9.42%
2020	2,667,000	2,667,000	-	28,310,000	9.42%
2021	3,309,000	3,309,000	-	28,046,000	11.80%
2022	4,335,000	4,335,000	-	36,741,000	11.80%
2023	11,701,000	11,701,000	-	88,049,000	13.29%
2024	14,805,000	14,805,000	-	115,302,000	12.84%
2025	14,791,000	14,791,000	-	136,862,000	10.81%

See accompanying independent auditors' report

School Board of the City of Norfolk
VRS Teachers Retirement Plan
Schedule of Proportionate Share of the Net Pension Liability (unaudited)
For the Measurement Dates of June 30, 2015 through 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
School Board's proportion of the Net Pension Liability (Asset)	2.43%	2.40%	2.70%	2.57%	2.55%	2.45%	2.43%	2.35%	2.26%	2.23%
School Board's proportionate share of the Net Pension Liability (Asset)	\$ 305,901,000	\$ 336,787,000	\$ 283,848,000	\$ 260,983,000	\$ 290,090,000	\$ 309,003,000	\$ 163,869,000	\$ 193,463,000	\$ 204,009,000	\$ 186,493,000
Covered Payroll	\$ 189,624,000	\$ 194,172,000	\$ 192,822,000	\$ 188,385,000	\$ 195,455,000	\$ 185,400,000	\$ 185,754,000	\$ 188,102,000	\$ 193,352,000	\$ 199,586,000
School Board's proportionate of the Net Pension Liability (Asset) as a percentage of its covered payroll	161.32%	173.45%	147.21%	138.54%	148.42%	166.67%	88.22%	102.85%	94.78%	93.00%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Asset)	70.68%	68.28%	72.92%	74.81%	73.51%	71.47%	81.27%	82.61%	87.88%	88.57%

See accompanying independent auditors' report

REQUIRED SUPPLEMENTARY INFORMATION

**School Board of the City of Norfolk
VRS Teachers Retirement Plan
Schedule of Employer Contributions (unaudited)
Last 10 Fiscal Years**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 25,755,000	\$ 25,755,000	\$ -	\$ 194,172,000	13.26%
2017	26,582,000	26,582,000	-	192,822,000	13.79%
2018	29,028,000	29,028,000	-	188,385,000	15.41%
2019	28,775,000	28,775,000	-	195,455,000	14.72%
2020	29,075,000	29,075,000	-	185,400,000	15.68%
2021	30,900,000	30,900,000	-	185,754,000	16.63%
2022	31,263,000	31,263,000	-	188,102,000	16.62%
2023	32,135,000	32,135,000	-	193,352,000	16.62%
2024	35,168,000	35,168,000	-	199,586,000	17.62%
2025	33,504,000	33,504,000	-	211,086,000	15.87%

See accompanying independent auditors' report

School Board of the City of Norfolk
VRS Political Subdivision's Retirement Plan
Schedule of Proportionate Share of the Net Pension Liability (unaudited)
For the Measurement Dates of June 30, 2015 through 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service costs	\$ 1,563,000	\$ 1,527,000	\$ 1,552,000	\$ 1,504,000	\$ 1,498,000	\$ 1,548,000	\$ 1,500,000	\$ 1,368,000	\$ 1,430,000	\$ 1,544,000
Interest	5,770,000	5,891,000	5,976,000	6,054,000	6,129,000	6,173,000	6,308,000	6,621,000	6,690,000	6,957,000
Changes in assumptions	-	-	(850,000)	-	2,361,000	-	3,100,000	-	-	-
Difference between expected and actual experience	(1,027,000)	(1,511,000)	(646,000)	(2,076,000)	(1,066,000)	(135,000)	(1,570,000)	(915,000)	1,840,000	729,000
Benefits payments, including refunds of member contributions	(4,343,000)	(4,814,000)	(4,706,000)	(5,155,000)	(4,992,000)	(5,063,000)	(6,120,000)	(6,002,000)	(6,229,000)	(6,015,000)
Change in proportionate share	21,000	1,000	76,000	9,000	658,000	-	-	-	-	-
Net Change in Total Pension Liability	1,984,000	1,094,000	1,402,000	336,000	4,588,000	2,523,000	3,218,000	1,072,000	3,731,000	3,215,000
Total Pension Liability - Beginning of year	84,582,000	86,566,000	87,660,000	89,062,000	89,398,000	93,986,000	96,509,000	99,727,000	100,799,000	104,530,000
Total Pension Liability - Ending of year	<u>\$ 86,566,000</u>	<u>\$ 87,660,000</u>	<u>\$ 89,062,000</u>	<u>\$ 89,398,000</u>	<u>\$ 93,986,000</u>	<u>\$ 96,509,000</u>	<u>\$ 99,727,000</u>	<u>\$ 100,799,000</u>	<u>\$ 104,530,000</u>	<u>\$ 107,745,000</u>
Plan Fiduciary Net Position										
Employer contributions	\$ 1,768,000	\$ 1,794,000	\$ 1,408,000	\$ 1,435,000	\$ 1,151,000	\$ 1,125,000	\$ 1,077,000	\$ 1,066,000	\$ 1,025,000	\$ 1,185,000
Employee contributions	785,000	800,000	807,000	814,000	845,000	832,000	795,000	782,000	837,000	1,013,000
Projected earnings on plan investments	3,321,000	1,248,000	8,877,000	5,851,000	5,486,000	1,636,000	22,627,000	(44,000)	6,216,000	9,608,000
Benefit payments, including refunds of member contributions	(4,343,000)	(4,814,000)	(4,706,000)	(5,155,000)	(4,994,000)	(5,063,000)	(6,120,000)	(6,002,000)	(6,229,000)	(6,015,000)
Administrative expense	(47,000)	(47,000)	(52,000)	(52,000)	(56,000)	(57,000)	(59,000)	(65,000)	(64,000)	(66,000)
Change in proportionate share	18,000	1,000	41,000	(2,000)	612,000	-	-	-	-	-
Other	(11,000)	(17,000)	(17,000)	(36,000)	(3,000)	(2,000)	2,000	2,000	3,000	2,000
Net Change in Fiduciary Net Position	1,491,000	(1,035,000)	6,358,000	2,855,000	3,041,000	(1,529,000)	18,322,000	(4,261,000)	1,788,000	5,727,000
Total Net Position - Beginning of year	73,507,000	74,998,000	73,963,000	80,321,000	83,176,000	86,217,000	84,688,000	103,010,000	98,749,000	100,537,000
Total Net Position - Ending of year	<u>\$ 74,998,000</u>	<u>\$ 73,963,000</u>	<u>\$ 80,321,000</u>	<u>\$ 83,176,000</u>	<u>\$ 86,217,000</u>	<u>\$ 84,688,000</u>	<u>\$ 103,010,000</u>	<u>\$ 98,749,000</u>	<u>\$ 100,537,000</u>	<u>\$ 106,264,000</u>
Net Pension Liability	<u>\$ 11,568,000</u>	<u>\$ 13,697,000</u>	<u>\$ 8,741,000</u>	<u>\$ 6,222,000</u>	<u>\$ 7,769,000</u>	<u>\$ 11,821,000</u>	<u>\$ (3,283,000)</u>	<u>\$ 2,050,000</u>	<u>\$ 3,993,000</u>	<u>\$ 1,481,000</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.64%	84.37%	90.19%	93.04%	91.73%	87.75%	103.29%	97.97%	96.18%	98.63%
Covered Payroll	\$ 22,224,000	\$ 22,219,000	\$ 23,756,000	\$ 22,292,000	\$ 22,848,000	\$ 17,819,000	\$ 17,140,000	\$ 16,904,000	\$ 18,303,000	\$ 21,510,000
Net Pension Liability as a percentage of covered payroll	52.05%	61.65%	36.79%	27.91%	34.00%	66.34%	(19.15%)	12.13%	21.82%	6.89%

See accompanying independent auditors' report

REQUIRED SUPPLEMENTARY INFORMATION

**School Board of the City of Norfolk
VRS Political Subdivision's Retirement Plan
Schedule of Employer Contributions (unaudited)
Last 10 Fiscal Years**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 1,794,000	\$ 1,794,000	\$ -	\$ 22,219,000	8.07%
2017	1,408,000	1,408,000	-	23,756,000	5.93%
2018	1,435,000	1,435,000	-	22,292,000	6.44%
2019	1,195,000	1,195,000	-	22,848,000	5.23%
2020	1,212,000	1,212,000	-	17,819,000	6.80%
2021	1,178,000	1,178,000	-	17,140,000	6.87%
2022	1,165,000	1,165,000	-	16,904,000	6.89%
2023	1,155,000	1,155,000	-	18,303,000	6.31%
2024	1,357,000	1,357,000	-	21,510,000	6.31%
2025	1,759,000	1,759,000	-	24,945,000	7.05%

See accompanying independent auditors' report

City of Norfolk
Other Postemployment Benefits
Schedule of Proportionate Share of Total OPEB Liability (unaudited)
For the Measurement Dates of June 30, 2017 through 2024

	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service costs	\$ 2,638,578	\$ 2,485,855	\$ 4,029,985	\$ 3,409,119	\$ 8,084,842	\$ 8,049,381	\$ 5,545,774	\$ 5,890,161
Interest	864,633	1,178,923	1,461,628	1,323,007	1,705,737	1,642,734	2,881,623	2,966,104
Changes of benefit terms	-	-	-	-	-	-	(71,988)	-
Difference between expected and actual experience	(1,413,447)	(2,005,011)	(5,055,352)	(3,450,033)	(8,935,659)	1,831,400	(10,237,005)	(2,352,146)
Changes in assumptions	1,815,771	3,702,351	1,272,010	37,661,645	280,846	(2,806,920)	3,571,000	(21,720,484)
Benefits payments, including refunds of member contributions	(1,247,913)	(1,223,511)	(1,355,887)	(1,383,661)	(2,401,000)	(2,094,590)	(2,138,633)	(1,855,344)
Net Change in Total OPEB Liability	2,657,622	4,138,607	352,384	37,560,077	(1,265,234)	6,622,005	(449,229)	(17,071,709)
Total OPEB Liability - Beginning of year	29,647,567	32,305,189	36,443,796	36,796,180	74,356,257	73,091,023	79,713,028	79,263,799
Total OPEB Liability - Ending of year	<u>\$ 32,305,189</u>	<u>\$ 36,443,796</u>	<u>\$ 36,796,180</u>	<u>\$ 74,356,257</u>	<u>\$ 73,091,023</u>	<u>\$ 79,713,028</u>	<u>\$ 79,263,799</u>	<u>\$ 62,192,090</u>
Covered-employee payroll	\$ 196,905,143	\$ 199,097,008	\$ 198,510,945	\$ 201,420,320	\$ 194,653,151	\$ 235,148,147	\$ 192,331,537	\$ 244,681,530
Total OPEB Liability as a percentage of covered employee payroll	16.41%	18.30%	18.54%	36.92%	37.55%	33.90%	41.21%	25.42%

Notes:

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

No assets are accumulated in a trust that meets the criteria established in GASB codification P52.101 (Statement No. 75) to pay related benefits for the OPEB plan.

See accompanying independent auditors' report

City of Norfolk
Other Postemployment Benefits - Line of Duty
Schedule of Proportionate Share of Total OPEB Liability (unaudited)
For the Measurement Dates of June 30, 2017 through 2024

	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service costs	\$ 991,486	\$ 1,517,002	\$ 1,454,436	\$ 1,517,526	\$ 1,762,063	\$ 1,787,336	\$ 701,255	\$ 824,556
Interest	637,503	1,336,572	1,187,989	1,364,547	889,866	939,071	1,260,722	1,300,169
Changes of benefit terms	19,652,972	-	-	-	-	-	-	22,963
Difference between expected and actual experience	(2,397)	(3,476,174)	4,206,413	(1,985,552)	1,299,665	1,239,154	19,942	1,353,878
Changes in assumptions	(5,648,603)	(4,964,076)	2,507,435	1,418,301	416,582	(10,043,665)	(744,789)	(1,371,132)
Benefits payments, including refunds of member contributions	(822,158)	(1,030,394)	(1,007,750)	(1,189,977)	(1,126,835)	(1,214,979)	(1,274,604)	(1,307,392)
Net Change in Total OPEB Liability	14,808,803	(6,617,070)	8,348,523	1,124,845	3,241,341	(7,293,083)	(37,474)	823,042
Total OPEB Liability - Beginning of year	22,284,435	37,093,238	30,476,168	38,824,691	39,949,536	43,190,877	35,897,794	35,860,320
Total OPEB Liability - Ending of year	<u>\$ 37,093,238</u>	<u>\$ 30,476,168</u>	<u>\$ 38,824,691</u>	<u>\$ 39,949,536</u>	<u>\$ 43,190,877</u>	<u>\$ 35,897,794</u>	<u>\$ 35,860,320</u>	<u>\$ 36,683,362</u>
Covered-employee payroll	\$ 68,244,678	\$ 66,183,480	\$ 70,942,265	\$ 71,415,407	\$ 67,982,090	\$ 74,507,824	\$ 87,014,129	\$ 83,086,648
Total OPEB Liability as a percentage of covered employee payroll	54.35%	46.05%	54.73%	55.94%	63.53%	48.18%	41.21%	44.15%

Notes:

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

No assets are accumulated in a trust that meets the criteria established in GASB codification P52.101 (Statement No. 75) to pay related benefits for the OPEB plan.

See accompanying independent auditors' report

School Board of the City of Norfolk
Other Postemployment Benefits
Schedule of Proportionate Share of Total OPEB Liability (unaudited)
For the Measurement Dates of June 30, 2017 through 2024

	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service costs	\$ 1,468,830	\$ 1,381,764	\$ 625,247	\$ 2,947,665	\$ 4,412,775	\$ 4,402,612	\$ 3,698,962	\$ 3,965,357
Interest	1,702,533	1,673,986	1,896,670	1,644,140	1,257,459	1,374,480	2,230,206	2,383,184
Changes of benefit terms	-	-	-	-	6,316,408	-	-	-
Difference between expected and actual experience	(3,274,812)	3,627,408	(4,651,923)	(5,024,887)	(2,835,101)	(6,259,620)	(1,201,258)	(8,387,522)
Changes in assumptions	(10,475,847)	(1,794,422)	1,277,781	11,937,594	(29,571)	2,524,658	(451,969)	15,107,056
Benefits payments, including refunds of member contributions	(2,580,746)	(2,129,544)	(2,401,320)	(2,262,170)	(2,360,257)	(2,404,662)	(2,240,235)	(1,987,930)
Net Change in Total OPEB Liability	(13,160,042)	2,759,192	(3,253,545)	9,242,342	6,761,713	(362,532)	2,035,706	11,080,145
Total OPEB Liability - Beginning of year	60,290,035	47,129,993	49,889,185	46,635,640	55,877,982	62,639,695	62,277,163	64,312,869
Total OPEB Liability - Ending of year	<u>\$ 47,129,993</u>	<u>\$ 49,889,185</u>	<u>\$ 46,635,640</u>	<u>\$ 55,877,982</u>	<u>\$ 62,639,695</u>	<u>\$ 62,277,163</u>	<u>\$ 64,312,869</u>	<u>\$ 75,393,014</u>
Covered-employee payroll	\$ 202,324,943	\$ 202,324,943	\$ 193,251,731	\$ 185,408,346	\$ 185,123,319	\$ 191,402,722	\$ 195,322,719	\$ 197,836,126
Total OPEB Liability as a percentage of covered employee payroll	23.29%	24.66%	24.13%	30.14%	33.84%	32.54%	32.93%	38.11%

Notes:

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

No assets are accumulated in a trust that meets the criteria established in GASB codification P52.101 (Statement No. 75) to pay related benefits for the OPEB plan.

See accompanying independent auditors' report

**School Board of the City of Norfolk
VRS Teachers HIC Plan
Schedule of Proportionate Share of Net HIC OPEB Liability (unaudited)
For the Measurement Dates of June 30, 2017 through 2024**

	2017	2018	2019	2020	2021	2022	2023	2024
School Board's proportion of contributions of the Net HIC OPEB Liability (Asset)	2.70%	2.57%	2.20%	2.12%	2.10%	2.33%	2.24%	2.21%
School Board's proportionate share of the Net HIC OPEB Liability (Asset)	\$ 29,295,697	\$ 28,146,329	\$ 28,801,987	\$ 29,588,000	\$ 26,974,000	\$ 25,209,000	\$ 24,247,000	\$ 22,768,000
Covered Payroll	\$ 182,244,255	\$ 182,652,676	\$ 184,851,000	\$ 185,400,000	\$ 185,754,000	\$ 188,093,000	\$ 193,337,000	\$ 211,592,000
School Board's proportionate share of the Net HIC OPEB Liability (Asset) as a percentage of its covered payroll	16.07%	15.41%	15.58%	15.96%	14.52%	13.40%	12.54%	10.76%
Plan Fiduciary Net Position as a percentage of the Total HIC OPEB Liability (Asset)	7.04%	8.08%	8.97%	9.95%	13.15%	15.08%	17.89%	21.82%

Note:

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

**School Board of the City of Norfolk
VRS Teachers HIC Plan
Schedule of Employer Contributions (unaudited)
Last 10 Fiscal Years**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 2,162,812	\$ 1,942,866	\$ (219,946)	\$ 183,289,209	1.18%
2017	2,241,605	2,022,912	(218,693)	182,244,255	1.23%
2018	2,218,572	2,181,192	(37,380)	182,652,676	1.21%
2019	2,181,192	2,181,192	-	184,851,346	1.18%
2020	2,225,202	2,225,202	-	185,399,785	1.20%
2021	2,249,621	2,249,621	-	185,753,972	1.21%
2022	2,276,037	2,276,037	-	188,093,526	1.21%
2023	2,339,380	2,339,380	-	193,337,136	1.21%
2024	2,560,267	2,560,267	-	211,592,390	1.21%
2025	2,852,864	2,852,864	-	235,773,904	1.21%

See accompanying independent auditors' report

REQUIRED SUPPLEMENTARY INFORMATION

School Board of the City of Norfolk **VRS Political Subdivisions HIC Plan** **Schedule of Proportionate Share of Net HIC OPEB Liability (unaudited)** **For the Measurement Dates of June 30, 2021 through 2024**

	2021	2022	2023	2024
Total HIC OPEB Liability				
Service costs	\$ 23,828	\$ 21,604	\$ 14,199	\$ 14,043
Interest	134,222	147,635	147,479	90,417
Changes of benefit terms	-	-	-	-
Difference between actual and expected experience	-	(137,123)	(940,699)	(134,456)
Changes in assumptions	50,981	38,794	-	-
Benefits payments, including refunds of member contributions	(38)	(63,829)	(67,783)	(64,592)
Net Change in Total HIC OPEB Liability	208,993	7,081	(846,804)	(94,588)
Total HIC OPEB Liability - Beginning of year	1,988,499	2,197,492	2,204,573	1,357,769
Total HIC OPEB Liability - Ending of year	<u>\$ 2,197,492</u>	<u>\$ 2,204,573</u>	<u>\$ 1,357,769</u>	<u>\$ 1,263,181</u>
Plan Fiduciary Net position				
Employer contributions	\$ 147,042	\$ 145,655	\$ 186,523	\$ 219,397
Net investment income	18,451	(1,643)	19,743	44,026
Benefit payments, including refunds of member contributions	(38)	(63,829)	(67,783)	(64,592)
Administrative expense	(647)	(460)	(548)	(689)
Other	-	864	50	-
Net Change in Fiduciary Net Position	164,808	80,587	137,985	198,142
Plan Fiduciary Net Position - Beginning of year	-	164,808	245,395	383,380
Plan Fiduciary Net Position - Ending of year	<u>\$ 164,808</u>	<u>\$ 245,395</u>	<u>\$ 383,380</u>	<u>\$ 581,522</u>
Total HIC OPEB Liability - Ending of the year	<u>\$ 2,032,684</u>	<u>\$ 1,959,178</u>	<u>\$ 974,389</u>	<u>\$ 681,659</u>
Plan fiduciary net position as a percentage of the Total HIC OPEB Liability	7.50%	11.13%	28.24%	46.04%
Covered payroll	\$ 17,097,830	\$ 16,904,462	\$ 18,302,756	\$ 21,509,788
Total HIC OPEB Liability as a percentage of covered payroll	11.89%	11.59%	5.32%	3.17%

Note:

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2021 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

**School Board of the City of Norfolk
VRS Political Subdivisions HIC Plan
Schedule of Employer Contributions (unaudited)
Last 10 Fiscal Years**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2021	\$ 147,041	\$ 147,041	\$ -	\$ 17,097,830	0.86%
2022	145,624	145,624	-	16,904,462	0.86%
2023	186,688	186,688	-	18,302,756	1.02%
2024	219,400	219,400	-	21,509,788	1.02%
2025	254,436	254,436	-	24,944,690	1.02%

Note:

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2021 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

**School Board of the City of Norfolk
VRS Teachers GLI Plan
Schedule of Proportionate Share of Net GLI OPEB Liability (unaudited)
For the Measurement Dates of June 30, 2017 through 2024**

	2017	2018	2019	2020	2021	2022	2023	2024
School Board's proportion of contributions of the Net GLI OPEB Liability (Asset)	1.16%	1.10%	0.95%	0.91%	0.99%	0.95%	0.96%	0.93%
School Board's proportionate share of the Net GLI OPEB Liability (Asset)	\$ 14,976,000	\$ 16,679,000	\$ 15,421,000	\$ 16,592,000	\$ 11,546,000	\$ 10,516,000	\$ 10,272,000	\$ 9,286,000
Covered Payroll	\$ 183,561,479	\$ 183,561,479	\$ 185,314,756	\$ 185,408,346	\$ 185,753,972	\$ 188,093,526	\$ 193,337,136	\$ 199,586,000
School Board's proportionate share of the Net GLI OPEB Liability (Asset) as a percentage of its covered payroll	8.16%	9.09%	8.32%	8.95%	6.22%	5.59%	5.31%	4.65%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability (Asset)	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%	73.41%

Note:

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

School Board of the City of Norfolk
VRS Teachers GLI Plan
Schedule of School Board Contributions (unaudited)
Last 10 Fiscal Years

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 980,737	\$ 888,214	\$ (92,523)	\$ 185,044,583	0.53%
2017	713,913	713,913	-	183,561,479	0.39%
2018	928,060	928,060	-	183,561,479	0.51%
2019	967,651	967,651	-	185,314,756	0.52%
2020	1,115,191	1,115,191	-	185,408,346	0.60%
2021	2,508,948	2,508,948	-	185,753,972	1.35%
2022	2,760,597	2,760,597	-	188,093,526	1.47%
2023	2,619,063	2,619,063	-	193,337,136	1.35%
2024	2,870,066	2,870,066	-	199,586,141	1.44%
2025	3,201,910	3,201,910	-	211,086,859	1.52%

Note:

The amounts shown here represent the employer share of group life insurance contributions and exclude the employee portion of group life insurance costs. The statewide cost sharing for group life insurance is 40 percent for the employer and 60 percent for employees. VRS permits school boards to pay both the employee and employer share of contributions, and the Norfolk School Board has elected to do that. The contributions noted above represent 40 percent of the total premiums paid by the Norfolk School Board.

See accompanying independent auditors' report

**School Board of the City of Norfolk
VRS Political Subdivisions GLI Plan
Schedule of Proportionate Share of Net GLI OPEB Liability (unaudited)
For the Measurement Dates of June 30, 2017 through 2024**

	2017	2018	2019	2020	2021	2022	2023	2024
School Board's proportion of contributions of the Net GLI OPEB Liability (Asset)	0.09%	0.09%	0.09%	0.09%	0.08%	0.08%	0.08%	0.09%
School Board's proportionate share of the Net GLI OPEB Liability (Asset)	\$ 1,185,000	\$ 1,392,000	\$ 1,503,000	\$ 1,462,000	\$ 984,000	\$ 955,000	\$ 949,000	\$ 951,000
Covered Payroll	\$ 16,998,577	\$ 17,508,534	\$ 18,647,166	\$ 17,819,139	\$ 17,140,227	\$ 16,904,462	\$ 18,303,000	\$ 21,890,000
School Board's proportionate share of the Net GLI OPEB Liability (Asset) as a percentage of its covered payroll	6.97%	7.95%	8.06%	8.20%	5.74%	5.65%	5.18%	4.34%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability (Asset)	48.86%	51.22%	52.00%	52.60%	67.45%	67.20%	69.30%	73.40%

Note:

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

**School Board of the City of Norfolk
VRS Political Subdivisions GLI Plan
Schedule of Employer Contributions (unaudited)
Last 10 Fiscal Years**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2016	\$ 87,509	\$ 79,253	\$ (8,256)	\$ 16,511,056	0.53%
2017	88,330	88,330	-	16,998,577	0.52%
2018	90,630	90,630	-	17,508,534	0.52%
2019	94,141	94,141	-	18,647,166	0.50%
2020	94,141	94,141	-	17,819,139	0.53%
2021	233,914	233,914	-	17,140,227	1.36%
2022	251,536	251,536	-	16,904,462	1.49%
2023	245,257	245,257	-	18,302,756	1.32%
2024	293,331	293,331	-	21,890,372	1.34%
2025	341,052	341,052	-	25,451,679	1.34%

Note:

The amounts shown here represent the employer share of group life insurance contributions and exclude the employee portion of group life insurance costs. The statewide cost sharing for group life insurance is 40 percent for the employer and 60 percent for employees. VRS permits school boards to pay both the employee and employer share of contributions, and the Norfolk School Board has elected to do that. The contributions noted above represent 40 percent of the total premiums paid by the Norfolk School Board.

See accompanying independent auditors' report

Notes to Required Supplementary Information
for the Year Ended June 30, 2025

A VRS Teacher Retirement Plan

Changes of benefit terms and assumptions

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality Rates	Updated to PUB2010 public sector mortality tables. Replaced load with MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan I; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

B VRS Retirement Plan for Political Subdivisions

Changes of benefit terms and assumptions

There have been no changes to the benefits provisions since the last valuation.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality Rates	Updated to PUB2010 public sector mortality tables. Replaced load with MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan I; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 Hazardous Duty: Changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service Hazardous Duty: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience

Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

C City of Norfolk Other Post-employment Benefit Plan

Changes of benefit terms and assumptions

Rates of retirement were updated for NERS general employees to reflect the addition of the DROP benefit and for public safety members to account for the increase in the DROP period from 4 to 5 years. The additional \$10 credit per month for completing the personal health assessment survey for retirees.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	No change
Retirement Rates	No change
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	3.65 percent

D VRS Post-employment Benefit Plan – Group Life Insurance (GLI) Program

Changes of benefit terms and assumptions

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality Rates	Updated to PUB2010 public sector mortality tables. Replaced load with MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan I; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 Hazardous Duty: Changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service Hazardous Duty: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience

REQUIRED SUPPLEMENTARY INFORMATION

Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

E VRS Post-employment Benefit Plan – Health Insurance Credit (HIC) Plan

Changes of benefit terms and assumptions

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality Rates	Updated to PUB2010 public sector mortality tables. Replaced load with MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan I; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80
Withdrawal Rates	Hazardous Duty: Changed final retirement age from 65 to 70 Adjusted rates to better fit experience at each year age and service through 9 years of service Hazardous Duty: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Exhibit E-I

Schedule of Revenue, Budget and Actual (Unaudited)
General Fund
For the Fiscal Year Ended June 30, 2025

	Original Budget	Final Budget	Budget Basis Actual	Positive (negative) Variance with Final Budget
General property taxes	\$ 397,122,005	\$ 397,122,005	\$ 406,822,397	\$ 9,700,392
Other local taxes	199,722,376	199,722,376	205,699,655	5,977,279
Permits, privilege fees and licenses	4,416,039	4,416,039	3,366,267	(1,049,772)
Fines and forfeitures	1,476,800	1,476,800	1,407,589	(69,211)
Use of money and property	29,093,591	29,375,591	26,658,826	(2,716,765)
Charges for services	27,579,054	27,579,054	28,952,110	1,373,056
Miscellaneous revenue	9,141,600	9,141,600	8,516,274	(625,326)
Recovered costs	12,396,074	12,396,074	11,627,064	(769,010)
Non-categorical aid - Virginia	40,562,002	40,562,002	42,889,749	2,327,747
Shared expense - Virginia	28,204,741	28,204,741	27,986,211	(218,530)
Categorical aid - Virginia	323,213,650	341,203,650	318,083,821	(23,119,829)
Categorical aid - Federal	8,754,146	8,754,146	30,592,177	21,838,031
Other sources and transfers	78,754,528	79,254,528	50,849,703	(28,404,825)
Total General Fund revenue budget	<u>\$ 1,160,436,606</u>	<u>\$ 1,179,208,606</u>	<u>\$ 1,163,451,843</u>	<u>\$ (15,756,763)</u>

Exhibit E-I for GASB 54 includes the General fund, the Land Acquisition fund, the Nauticus fund, and the Community Services Board.

Schedule of Expenditures, Budget and Actual (Unaudited)
General Fund
For the Fiscal Year Ended June 30, 2025

	Original Budget	Final Budget	Budget Basis Actual	Positive (negative) Variance with Final Budget
Legislative	\$ 6,737,216	\$ 6,829,846	\$ 6,486,569	\$ 343,277
Executive	5,598,718	5,598,718	5,007,983	590,735
Department of Law	6,676,962	6,676,962	6,831,623	(154,661)
Finance, City Treasurer, Commissioner of Revenue	16,135,659	16,818,391	16,699,706	118,685
Department of Human Resources	5,474,670	5,474,670	6,025,358	(550,688)
Courts, Sheriff and Detention	59,897,933	59,897,933	58,047,511	1,850,422
Department of Public Health	3,557,364	3,557,364	2,930,564	626,800
Department of Human Services	88,858,572	88,108,572	76,647,179	11,461,393
Department of Public Works	23,258,513	23,258,513	24,645,660	(1,387,147)
Recreation Parks and Open Space, Maritime Center	28,283,496	28,283,496	27,984,196	299,300
Education	441,194,115	459,184,115	441,163,638	18,020,477
Norfolk Public Libraries	15,173,804	15,173,804	14,334,127	839,677
Elections	1,241,613	1,440,977	1,421,566	19,411
Department of Planning & Community Development	14,168,024	14,350,024	13,426,838	923,186
Department of Neighborhood Development	5,866,075	6,366,075	5,086,829	1,279,246
Department of Cultural Facilities, Arts & Entertainment	7,108,711	7,108,711	7,065,312	43,399
Departmental Support	23,584,177	22,267,356	29,637,010	(7,369,654)
Outside Agencies	49,354,058	49,434,040	47,527,523	1,906,517
Department of Police	94,980,880	94,980,880	94,104,551	876,329
Department of Fire - Rescue	62,332,321	62,332,321	64,122,593	(1,790,272)
Debt Service	107,699,052	107,699,052	106,096,260	1,602,792
Office of Budget and Strategic Planning	3,450,723	3,450,723	3,299,072	151,651
Office of Resilience	1,421,985	1,421,985	1,428,970	(6,985)
Department of General Services	36,933,223	38,033,223	35,727,880	2,305,343
Department of Economic Development	9,598,749	9,610,862	9,335,302	275,560
Department of Information Technology	24,465,872	24,465,872	23,213,156	1,252,716
Virginia Zoological Park	5,205,246	5,205,246	5,770,046	(564,800)
Transportation	12,178,875	12,178,875	11,525,034	653,841
Total General Fund expenditure budget	<u>\$ 1,160,436,606</u>	<u>\$ 1,179,208,606</u>	<u>\$ 1,145,592,056</u>	<u>\$ 33,616,550</u>

Exhibit E-2 for GASB 54 includes the General fund, the Land Acquisition fund, the Nauticus fund, and the Community Services Board.

Exhibit E-3

Schedule of Revenues and Expenditures, Budget and Actual (Unaudited)
Special Revenue Grants Fund
From Inception through June 30, 2025

	Original Budget	Final Budget	Budget Basis Actual	Positive (negative) Variance with Final Budget
REVENUES:				
Fines and forfeitures	\$ 3,309,900	\$ 3,309,900	\$ 2,250	\$ (3,307,650)
Use of money and property	-	-	1,879,154	1,879,154
Charges for services	-	593,880	103,982	(489,898)
Miscellaneous	-	1,961,716	3,416,249	1,454,533
Transfer in	16,563,801	47,690,093	20,792,362	(26,897,731)
Intergovernmental	94,022,938	103,139,704	47,307,793	(55,831,911)
Total revenues	<u>\$ 113,896,639</u>	<u>\$ 156,695,293</u>	<u>\$ 73,501,790</u>	<u>\$ (83,193,503)</u>
EXPENDITURES:				
Current				
Judicial administration	5,635,932	7,689,735	3,800,325	3,889,410
Public safety	6,221,700	9,718,775	6,713,631	3,005,144
Public works	46,643,609	25,218,229	11,765,276	13,452,953
Health and public assistance	29,357,998	55,894,985	25,702,505	30,192,480
Culture and recreation	663,400	1,166,806	1,385,940	(219,134)
Community development	25,374,000	57,006,763	5,397,457	51,609,306
Total Expenditures	<u>\$ 113,896,639</u>	<u>\$ 156,695,293</u>	<u>\$ 54,765,134</u>	<u>\$ 101,930,159</u>

Notes:

Original Budget - Annual Grants Plan in Budget Book

Final Budget - budgets including active special revenue grant units that span multi years

**Notes to Required Supplementary Information
Reconciliation of (non-GAAP) Budgetary Basis to GAAP (Unaudited)
For the Fiscal Year Ended June 30, 2025**

	<u>General Fund</u>	<u>Grants Special Revenue Fund</u>
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from Exhibit E-1 and E-3	\$ 1,163,451,843	\$ 73,501,790
Differences--budget to GAAP:		
The effects of accounting for school revenue as a component unit	(261,523,362)	-
The effects of accounting for transfer from fund balance	(23,914,666)	-
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(26,935,037)	(20,792,362)
The effects of reclassification of recovered costs	(11,627,064)	-
Gross proceeds from other financing sources	(95,186)	-
Total revenues as reported on the Statement of Revenues, Expenditure and Changes in Fund Balances - Governmental Funds	<u>\$ 839,356,528</u>	<u>\$ 52,709,428</u>
<u>Uses/outflows of resources:</u>		
Actual amounts (budgetary basis) "Total charges to appropriations" from Exhibit E-2 and E-3	\$ 1,145,592,056	\$ 54,765,134
Differences--budget to GAAP:		
The effects of accounting for school expenditures as a component unit	(253,049,511)	-
The effects of reclassification of recovered costs	(11,627,064)	-
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	3,968,897	-
General fund other private debt liabilities are expenditures for financial reporting, but are not outflows for budgetary resources	246,803	-
General fund transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes	(124,911,821)	-
Fund balance and debt savings transfers to/from other funds are outflows for financial reporting purposes, but are not outflows of budgetary resources	11,762,170	-
General fund lease proceeds are recorded for financial reporting, but are not inflows for budgetary resources	7,119,041	-
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 779,100,571</u>	<u>\$ 54,765,134</u>



Other Supplementary Information

Combining Financial Statements

- Nonmajor Governmental Funds •
 - Internal Service Funds •
 - Custodial Funds •

Other Schedules

- Schedule of Revenues and Expenditures – Budget and Actual – Special Revenue Funds •
- Schedule of Revenues and Expenditures – Budget and Actual – Internal Service Funds •
 - Schedule of Expenditures – Budget and Actual – Capital Improvement Program •
 - Schedule of Expenditures – Budget and Actual – Grants Fund •



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Nonmajor Governmental Funds



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Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue funds are used to account for proceeds of specific resources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The individual special revenue funds are:

Towing and Recovery Operations Fund: To improve neighborhood livability by providing reliable dispatching of towing services, storage of vehicles and recovery or disposal of vehicles.

Waste Management Fund: To account for the costs and revenues associated with the City's solid waste and environmental management programs.

Community Development Fund: To account for all entitlement funds received under Title I of the Housing and Community Development Act of 1974, commonly known as the Community Development Block Grant Program.

Cemeteries Fund: To account for the operation of the City's cemeteries.

Golf Fund: To account for the operation of the City's golf courses.

Public Amenities Fund: To promote cultural and entertainment activity in the downtown area.

Tax Increment Financing Fund: To account for debt service requirements for the general obligation bonds and property tax collections within the Broad Creek Renaissance Tax Increment Financing District.

Resiliency Fund: To account for the receipt and disbursement of revenue from the National Disaster Resilience Grant.

Endowed Care Fund: The Endowed Care fund is used to report resources that are restricted by City Code. The City's Endowed Care fund is used to account for the perpetual care and endowed care at certain City-owned cemeteries. Both the earnings and principal are used for purposes that support the maintenance of City-owned cemeteries.



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**Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2025**

	Towing and Recovery Operations	Waste Management	Community Development	Cemeteries	Golf	Public Amenities	Tax Increment	Resiliency	Total Special Revenue	Endowed Care	Total Nonmajor Governmental Funds
ASSETS:											
Cash and short-term investments	\$ 2,204,632	\$ 788,155	\$ -	\$ 185,028	\$ 431,075	\$ 8,886,404	\$ -	\$ 3,707	\$ 12,499,001	\$ 7,895,885	\$ 20,394,886
Receivables, net	30,672	3,030,738	402,488	18,800	-	1,071,537	-	-	4,554,235	-	4,554,235
Due from other governments	-	-	979,781	-	-	-	-	-	979,781	-	979,781
Due from component units	-	-	183,516	-	-	-	-	-	183,516	-	183,516
Restricted cash and cash equivalents	-	-	135,939	-	-	-	-	-	135,939	-	135,939
Total assets	\$ 2,235,304	\$ 3,818,893	\$ 1,701,724	\$ 203,828	\$ 431,075	\$ 9,957,941	\$ -	\$ 3,707	\$ 18,352,472	\$ 7,895,885	\$ 26,248,357
LIABILITIES:											
Vouchers payable	\$ 50,273	\$ 1,000,026	\$ 524,699	\$ 23,222	\$ -	\$ -	\$ -	\$ -	\$ 1,598,220	\$ -	\$ 1,598,220
Accrued payroll	20,614	235,869	-	58,639	-	-	-	-	315,122	-	315,122
Due to other governments	-	-	183,516	-	-	-	-	-	183,516	-	183,516
Unearned revenue	-	2,582,998	993,509	121,967	-	-	-	3,707	3,702,181	-	3,702,181
Other liabilities	27,606	-	-	-	-	-	-	-	27,606	-	27,606
Total liabilities	98,493	3,818,893	1,701,724	203,828	-	-	-	3,707	5,826,645	-	5,826,645
FUND BALANCES:											
Restricted	-	-	-	-	-	-	-	-	-	7,895,885	7,895,885
Committed	-	-	-	-	168,478	-	-	-	168,478	-	168,478
Assigned	2,136,811	-	-	-	262,597	9,957,941	-	-	12,357,349	-	12,357,349
Total fund balances	2,136,811	-	-	-	431,075	9,957,941	-	-	12,525,827	7,895,885	20,421,712
Total liabilities, deferred inflows of resources and fund balances	\$ 2,235,304	\$ 3,818,893	\$ 1,701,724	\$ 203,828	\$ 431,075	\$ 9,957,941	\$ -	\$ 3,707	\$ 18,352,472	\$ 7,895,885	\$ 26,248,357

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2025**

	Towing and Recovery Operations	Waste Management	Community Development	Cemeteries	Golf	Public Amenities	Tax Increment	Resiliency	Total Special Revenue	Endowed Care	Total Nonmajor Governmental Funds
REVENUES:											
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,267,300	\$ -	\$ 11,267,300	\$ -	\$ 11,267,300
Other local taxes	-	-	-	-	-	9,342,056	-	-	9,342,056	-	9,342,056
Use of money and property	-	3,361	-	-	100,584	-	-	-	103,945	217,402	321,347
Charges for services	1,808,266	22,602,089	-	1,665,548	-	-	-	-	26,075,903	267,649	26,343,552
Miscellaneous	-	42,910	205,771	12,097	-	-	-	-	260,778	-	260,778
Intergovernmental:											
Commonwealth of Virginia	-	-	-	-	-	162,211	-	-	162,211	-	162,211
Federal government	4,184	-	4,590,662	-	-	-	-	176,965	4,771,811	-	4,771,811
Total revenue	1,812,450	22,648,360	4,796,433	1,677,645	100,584	9,504,267	11,267,300	176,965	51,984,004	485,051	52,469,055
EXPENDITURES:											
General government	-	-	-	-	-	387,907	-	-	387,907	-	387,907
Public works	1,464,739	24,030,837	-	-	-	-	-	-	25,495,576	-	25,495,576
Health and public assistance	-	-	820,819	-	-	-	-	-	820,819	-	820,819
Cultural and recreation	-	-	-	2,126,052	82,685	-	-	-	2,208,737	-	2,208,737
Community Development	-	-	3,975,614	-	-	-	-	176,965	4,152,579	-	4,152,579
Total expenditures	1,464,739	24,030,837	4,796,433	2,126,052	82,685	387,907	-	176,965	33,065,618	-	33,065,618
Operating income (loss), net	347,711	(1,382,477)	-	(448,407)	17,899	9,116,360	11,267,300	-	18,918,386	485,051	19,403,437
OTHER FINANCING SOURCES (USES):											
Transfers in	-	1,511,974	-	510,742	-	-	-	-	2,022,716	-	2,022,716
Transfers out	(164,728)	(414,529)	-	(62,335)	-	(7,833,921)	(11,267,300)	-	(19,742,813)	-	(19,742,813)
Total other financing sources and (uses)	(164,728)	1,097,445	-	448,407	-	(7,833,921)	(11,267,300)	-	(17,720,097)	-	(17,720,097)
Changes in fund balances	182,983	(285,032)	-	-	17,899	1,282,439	-	-	1,198,289	485,051	1,683,340
Fund balances - beginning of year	1,953,828	285,032	-	-	413,176	8,675,502	-	-	11,327,538	7,410,834	18,738,372
Fund balances - end of year	\$ 2,136,811	\$ -	\$ -	\$ -	\$ 431,075	\$ 9,957,941	\$ -	\$ -	\$ 12,525,827	\$ 7,895,885	\$ 20,421,712



Internal Service Funds



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Internal Service Funds

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 government and to other government units, on a cost reimbursement basis. The individual internal service funds are:

Fleet Management Fund: To provide the operating departments with maintenance, repair, and service for the City's fleet of vehicles, heavy equipment, and miscellaneous machinery.

Healthcare Fund: To provide for the self-insured healthcare costs for the City of Norfolk, Norfolk Public Schools, NRHA (Norfolk Redevelopment and Housing Authority) and Pre-65 (retirees under 65).



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Exhibit G-I

**Combining Statement of Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2025**

	Healthcare	Fleet Management	Total
ASSETS:			
Current assets:			
Cash and short-term investments	\$ 51,660,395	\$ -	\$ 51,660,395
Receivables, net	16,688,000	279,755	16,967,755
Total current assets	68,348,395	279,755	68,628,150
Noncurrent assets:			
Net pension asset	-	69,591	69,591
Capital assets:			
Land	-	415,000	415,000
Buildings and equipment, net	-	12,962,413	12,962,413
Accumulated depreciation	-	(10,520,146)	(10,520,146)
Total noncurrent assets	-	2,926,858	2,926,858
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	-	706,584	706,584
Related to OPEB	-	159,886	159,886
Total deferred outflows of resources	-	866,470	866,470
Total assets and deferred outflows of resources	\$ 68,348,395	\$ 4,073,083	\$ 72,421,478
LIABILITIES:			
Current liabilities:			
Vouchers payable	\$ 17,157,022	\$ 998,138	\$ 18,155,160
Unearned revenue	7,302,618	-	7,302,618
Compensated absences	54,684	158,398	213,082
Current OPEB liability	-	10,143	10,143
Accrued payroll	39,033	122,205	161,238
Internal balances	-	4,826,343	4,826,343
Other liabilities	5,582,102	-	5,582,102
Total current liabilities	30,135,459	6,115,227	36,250,686
Noncurrent liabilities:			
Compensated absences	88,834	255,567	344,401
Net pension liability	-	2,207,185	2,207,185
Net OPEB liability	-	563,929	563,929
Total noncurrent liabilities	88,834	3,026,681	3,115,515
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	-	32,413	32,413
Related to OPEB	-	400,645	400,645
Total deferred inflows of resources	-	433,058	433,058
NET POSITION:			
Net investment in capital assets	-	2,857,267	2,857,267
Restricted for:			
Net pension asset	-	69,591	69,591
Unrestricted	38,124,102	(8,428,741)	29,695,361
Total net position (deficit)	38,124,102	(5,501,883)	32,622,219
Total liabilities, deferred inflows of resources and net position	\$ 68,348,395	\$ 4,073,083	\$ 72,421,478

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2025

	Healthcare	Fleet Management	Total
OPERATING REVENUES:			
Charges for services	\$ 89,846,039	\$ 12,709,761	\$ 102,555,800
Miscellaneous	433,282	14,004	447,286
Total operating revenues	90,279,321	12,723,765	103,003,086
OPERATING EXPENSES:			
Personal services	1,141,678	3,774,313	4,915,991
Healthcare costs	84,186,846	-	84,186,846
Cost of goods sold	-	4,568,435	4,568,435
Plant operations	-	5,077,679	5,077,679
Depreciation and amortization	-	404,451	404,451
Retirement and OPEB expense	144,153	16,409	160,562
Other	32,514	160,528	193,042
Total operating expenses	85,505,191	14,001,815	99,507,006
Operating income (loss), net	4,774,130	(1,278,050)	3,496,080
NONOPERATING REVENUE / (EXPENSE):			
Capital contributions	-	156,889	156,889
Gain (loss) on disposal of capital assets	-	7,013	7,013
Transfers out	(36,291)	(136,281)	(172,572)
Total Nonoperating Revenue (Expense)	(36,291)	27,621	(8,670)
Changes in net position	4,737,839	(1,250,429)	3,487,410
Net position (deficit) - beginning of year	33,386,263	(4,251,454)	29,134,809
Net position (deficit) - end of year	\$ 38,124,102	\$ (5,501,883)	\$ 32,622,219

Exhibit G-3

**Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2025**

	Healthcare	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 91,398,839	\$ 12,444,010	\$ 103,842,849
Payments to employees	(1,212,942)	(3,873,308)	(5,086,250)
Payments to suppliers	(84,726,862)	(10,101,373)	(94,828,235)
Other payments	719,188	1,659,939	2,379,127
Net cash provided by (used in) operating activities	<u>6,178,223</u>	<u>129,268</u>	<u>6,307,491</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund activity	<u>(36,291)</u>	<u>(136,281)</u>	<u>(172,572)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from sale of capital assets	-	7,013	7,013
Net cash provided by capital and related financing activities	<u>-</u>	<u>7,013</u>	<u>7,013</u>
Net increase (decrease) in cash and short-term investments	6,141,932	-	6,141,932
Cash and short-term investments - beginning of the year	<u>45,518,463</u>	<u>-</u>	<u>45,518,463</u>
Cash and short-term investments - end of the year	<u>\$ 51,660,395</u>	<u>\$ -</u>	<u>\$ 51,660,395</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities			
Operating income (loss)	\$ 4,774,130	\$ (1,278,050)	\$ 3,496,080
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	404,451	404,451
Effect of changes in assets, deferred outflows and liabilities and deferred inflows:			
Receivables, net	1,652,775	(279,755)	1,373,020
Vouchers payable	211,686	(455,259)	(243,573)
Due from other funds	-	1,820,467	1,820,467
Accrued payroll	72,889	162,044	234,933
Net pension liability	-	(244,630)	(244,630)
Unearned revenue	(533,257)	-	(533,257)
Net cash provided by (used in) operating activities	<u>\$ 6,178,223</u>	<u>\$ 129,268</u>	<u>\$ 6,307,491</u>
Noncash investing, capital, and financing activities:			
Capital contributions	<u>\$ -</u>	<u>\$ 156,889</u>	<u>\$ 156,889</u>



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Trust Funds and Custodial Funds



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Trust Funds and Custodial Funds

Trust funds and Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds:

The City has the following Trust Funds:

Pension Trust Fund: To account for the activities of the Employees' Retirement System (ERS) of the City, which accumulates resources for pension benefit payments to qualified employees and is a fiduciary fund.

Pension Funding Trust Fund: Established in fiscal year 2021 for the sole benefit of ERS to help offset potential volatility in the City's annual pension contribution.

The City has the following Custodial Funds:

Sheriff's Inmate Funds: To account for funds on behalf of the inmates to cover charges while they are incarcerated. Funds are returned directly to the inmates upon their release from jail.

Due to Private Organizations: To account for funds received on behalf of other organizations to be paid out to private organizations.

Human Services: To account for receipt of welfare checks, foster children support checks from the state and payments on behalf of individuals.

Other Custodial Funds: To account for other monies received on behalf of others and funds held on behalf of employees.

Commonwealth of Virginia: To account for monies collected by the City on behalf of the Commonwealth of Virginia.



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Combining Statement of Fiduciary Net Position (Unaudited)
Fiduciary Funds - Trust Funds
For the Fiscal Year Ended June 30, 2025

	Pension Trust For Employees' Retirement System	Pension Funding Trust	Total Trusts
ASSETS:			
Cash and short-term investments	\$ 3,880,000	\$ 9,255,890	\$ 13,135,890
Investments, fair value:			
Fixed income securities	-	31,388,260	31,388,260
Equity securities	7,886,000	26,205,853	34,091,853
Balanced commingled funds:			
Equity	875,951,000	-	875,951,000
Fixed income	370,591,000	-	370,591,000
Real estate	105,477,000	-	105,477,000
Hedge	51,146,000	-	51,146,000
Total investments	<u>1,411,051,000</u>	<u>57,594,113</u>	<u>1,468,645,113</u>
Receivables:			
Accrued investment income	605,000	190,654	795,654
Total assets	<u><u>1,415,536,000</u></u>	<u><u>67,040,657</u></u>	<u><u>1,482,576,657</u></u>
LIABILITIES:			
Vouchers payable	2,556,000	-	2,556,000
Total liabilities	<u>2,556,000</u>	<u>-</u>	<u>2,556,000</u>
NET POSITION:			
Restricted for pension	1,412,980,000	67,040,657	1,480,020,657
Total net position (deficit)	<u>1,412,980,000</u>	<u>67,040,657</u>	<u>1,480,020,657</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 1,415,536,000</u></u>	<u><u>\$ 67,040,657</u></u>	<u><u>\$ 1,482,576,657</u></u>

Combining Statement of Changes in Fiduciary Net Position (Unaudited)
Fiduciary Funds - Trust Funds
For the Fiscal Year Ended June 30, 2025

	Pension Trust For Employees' Retirement System	Pension Funding Trust	Total Trust
CHANGES TO NET POSITION ATTRIBUTED TO:			
Additions:			
Investment income:			
Net appreciation in fair value of investments	\$ 139,155,000	\$ 3,141,613	\$ 142,296,613
Interest	165,000	1,358,837	1,523,837
Dividends	7,869,000	755,127	8,624,127
Other	4,953,000	(55,505)	4,897,495
Less investment expense	(1,985,000)	(120,849)	(2,105,849)
Net investment income	150,157,000	5,079,223	155,236,223
Employer contributions	43,091,000	-	43,091,000
Employee contributions	7,287,000	-	7,287,000
Purchase of service	381,000	-	381,000
Total additions	200,916,000	5,079,223	205,995,223
Deductions:			
Benefit payments and expenses:			
Refunds of contributions	192,000	-	192,000
Benefits paid to plan members and beneficiaries	102,538,000	-	102,538,000
Administrative costs	925,000	10,000	935,000
Contributions to retirement system	-	8,716,323	8,716,323
Total deductions	103,655,000	8,726,323	112,381,323
Net change in net position	97,261,000	(3,647,100)	93,613,900
NET POSITION RESTRICTED FOR PENSIONS:			
Net position - beginning of year	1,315,719,000	70,687,757	1,386,406,757
Net position - end of year	\$ 1,412,980,000	\$ 67,040,657	\$ 1,480,020,657

Combining Statement of Fiduciary Net Position (Unaudited)
Fiduciary Funds - Custodial Funds
For the Fiscal Year Ended June 30, 2025

	Sheriff's Inmate Funds	Due to Private Organizations	Human Services	Other Custodial Funds	Commonwealth of Virginia	Total
ASSETS:						
Cash and short-term investments	\$ 3,514,128	\$ 4,897,846	\$ 35,867	\$ 2,568,659	\$ 2,378,182	\$ 13,394,682
Total cash and investments	3,514,128	4,897,846	35,867	2,568,659	2,378,182	13,394,682
Receivables:						
Other	-	-	-	79,316	-	79,316
Total assets	<u>3,514,128</u>	<u>4,897,846</u>	<u>35,867</u>	<u>2,647,975</u>	<u>2,378,182</u>	<u>13,473,998</u>
LIABILITIES:						
Vouchers payable	-	-	-	250,633	-	250,633
Due to other agencies	-	-	-	-	219,169	219,169
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,633</u>	<u>219,169</u>	<u>469,802</u>
NET POSITION:						
Restricted for individuals, organizations and others	3,514,128	4,897,846	35,867	2,397,342	2,159,013	13,004,196
Total net position (deficit)	<u>3,514,128</u>	<u>4,897,846</u>	<u>35,867</u>	<u>2,397,342</u>	<u>2,159,013</u>	<u>13,004,196</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,514,128</u>	<u>\$ 4,897,846</u>	<u>\$ 35,867</u>	<u>\$ 2,647,975</u>	<u>\$ 2,378,182</u>	<u>\$ 13,473,998</u>

Combining Statement of Changes in Fiduciary Net Position (Unaudited)
Fiduciary Funds - Custodial Funds
For the Fiscal Year Ended June 30, 2025

	Sheriff's Inmate Funds	Due to Private Organizations	Human Services	Other Custodial Funds	Commonwealth of Virginia	Total
CHANGES TO NET POSITION ATTRIBUTED TO:						
Additions:						
Deposits received on behalf of others	\$ -	\$ 4,722,441	\$ -	\$ 2,170,828	\$ -	\$ 6,893,269
Event deposits	-	30,252,954	-	-	-	30,252,954
Meal tax (bond) deposits	-	-	-	133,165	-	133,165
Other deposits	-	-	-	486,751	1,755,715	2,242,466
Prisoner holdings deposits	2,542,636	-	-	-	-	2,542,636
State forfeitures	-	-	-	-	186,223	186,223
State receipts for other individuals	-	-	40,876	-	-	40,876
Taxes and fees	-	-	-	-	1,206,120	1,206,120
Total additions	2,542,636	34,975,395	40,876	2,790,744	3,148,058	43,497,709
Deductions:						
Event disbursements	-	31,995,773	-	-	-	31,995,773
Meal tax (bond) disbursements	-	-	-	115,692	-	115,692
Other disbursements	-	-	-	2,481,953	1,648,642	4,130,595
Pass through payments	-	4,764,128	-	-	-	4,764,128
Payable to the state	-	-	132,729	-	1,247,350	1,380,079
Prisoner holdings disbursements	2,330,218	-	-	-	-	2,330,218
Total deductions	2,330,218	36,759,901	132,729	2,597,645	2,895,992	44,716,485
Net change in net position	212,418	(1,784,506)	(91,853)	193,099	252,066	(1,218,776)
NET POSITION:						
Net position - beginning of year	3,301,710	6,682,352	127,720	2,204,243	1,906,947	14,222,972
Net position - end of year	\$ 3,514,128	\$ 4,897,846	\$ 35,867	\$ 2,397,342	\$ 2,159,013	\$ 13,004,196



Schedule of Revenues and Expenditures



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Schedule of Revenues and Expenditures

Budget and Actual

- Special Revenue Funds •
- Internal Service Funds •
- Capital Projects Fund •
- Grants Fund •



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Exhibit J-1

**Schedule of Revenues and Expenditures - Budget and Actual
Towing and Recovery Operations Special Revenue Fund
For the Fiscal Year Ended June 30, 2025**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
REVENUES:			
Use of money and property	\$ 335	\$ -	\$ (335)
Charges for services	1,755,000	1,808,266	53,266
Miscellaneous	100	-	(100)
Intergovernmental federal	-	4,184	4,184
Rollover from last year ⁽¹⁾	98,597	98,597	-
Total revenue	<u>\$ 1,854,032</u>	<u>\$ 1,911,047</u>	<u>\$ 57,015</u>
EXPENDITURES AND TRANSFERS:			
Towing and recovery	\$ 1,668,690	\$ 1,464,739	\$ 203,951
Transfer out (Debt Service)	135,459	123,796	11,663
Transfer out (General fund)	49,883	40,932	8,951
Total expenditures	<u>\$ 1,854,032</u>	<u>\$ 1,629,467</u>	<u>\$ 224,565</u>

Note:

1. Not considered as revenue on a U.S. GAAP basis

**Schedule of Revenues and Expenditures - Budget and Actual
Golf Special Revenue Fund
For the Fiscal Year Ended June 30, 2025**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
REVENUES:			
Use of money and property	\$ 15,000	\$ 100,584	\$ 85,584
Rollover from last year*	73,685	-	(73,685)
Total revenue	<u>\$ 88,685</u>	<u>\$ 100,584</u>	<u>\$ 11,899</u>
EXPENDITURES:			
Golf operations	\$ 88,685	\$ 82,685	\$ 6,000
Total expenditures	<u>\$ 88,685</u>	<u>\$ 82,685</u>	<u>\$ 6,000</u>

**Schedule of Revenues and Expenditures - Budget and Actual
Cemeteries Special Revenue Fund
For the Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
REVENUES:			
Charges for services	\$ 1,814,346	\$ 1,665,548	\$ (148,798)
Miscellaneous	-	12,097	12,097
Transfer in	476,041	510,742	34,701
Total revenue	<u>\$ 2,290,387</u>	<u>\$ 2,188,387</u>	<u>\$ (102,000)</u>
EXPENDITURES:			
Cemetery operations	\$ 2,226,367	\$ 2,126,052	\$ 100,315
Transfer out (Debt Service)	64,020	62,335	1,685
Total expenditures	<u>\$ 2,290,387</u>	<u>\$ 2,188,387</u>	<u>\$ 102,000</u>

**Schedule of Revenues and Expenditures - Budget and Actual
Public Amenities Special Revenue Fund
For the Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
REVENUES:			
Taxes-Hotel & Restaurant	\$ 9,729,400	\$ 9,342,056	\$ (387,344)
Intergovernmental - state	197,929	162,211	(35,718)
Total revenue	<u>\$ 9,927,329</u>	<u>\$ 9,504,267</u>	<u>\$ (423,062)</u>
EXPENDITURES AND TRANSFERS:			
Transfer out (Debt Service)	\$ 4,333,921	\$ 4,333,921	\$ -
Transfer out (General fund)	3,500,000	3,500,000	-
All purpose	2,093,408	387,907	1,705,501
Total expenditures	<u>\$ 9,927,329</u>	<u>\$ 8,221,828</u>	<u>\$ 1,705,501</u>

**Schedule of Revenues and Expenditures - Budget and Actual
Tax Increment Financing Special Revenue Fund
For the Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
REVENUES:			
Taxes-real property	<u>\$ 11,267,300</u>	<u>\$ 11,267,300</u>	<u>\$ -</u>
EXPENDITURES AND TRANSFERS:			
Transfer out (General fund)	<u>\$ 11,267,300</u>	<u>\$ 11,267,300</u>	<u>\$ -</u>

Exhibit J-1

**Schedule of Revenues and Expenditures - Budget and Actual
Community Development Special Revenue Fund
For the Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
REVENUES:			
Miscellaneous	\$ -	\$ 205,771	\$ 205,771
Intergovernmental federal	4,589,454	4,590,662	1,208
Total revenue	<u>\$ 4,589,454</u>	<u>\$ 4,796,433</u>	<u>\$ 206,979</u>
EXPENDITURES:			
Community Development operations	\$ 4,589,454	\$ 4,796,433	\$ (206,979)
Total expenditures	<u>\$ 4,589,454</u>	<u>\$ 4,796,433</u>	<u>\$ (206,979)</u>

Note:

Budget for the Community Development fund is from the current year annual plan and can be expensed over multiple years

**Schedule of Revenues and Expenditures - Budget and Actual
Waste Management Special Revenue Fund
For the Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
REVENUES:			
Use of money and property	\$ 11,000	\$ 3,361	\$ (7,639)
Charges for services	23,292,692	22,250,820	(1,041,872)
Miscellaneous	10,100	42,910	32,810
Recovered cost	443,201	351,269	(91,932)
Transfer in	1,000,000	1,511,974	511,974
Rollover from last year ⁽¹⁾	348,212	348,212	-
Total revenue	<u>\$ 25,105,205</u>	<u>\$ 24,508,546</u>	<u>\$ (596,659)</u>
EXPENDITURES AND TRANSFERS:			
Public works	\$ 24,884,128	\$ 24,030,837	\$ 853,291
Transfer out (Debt Service)	173,630	293,453	(119,823)
Transfer out (General fund)	47,447	121,076	(73,629)
Total expenditures	<u>\$ 25,105,205</u>	<u>\$ 24,445,366</u>	<u>\$ 659,839</u>

Note:

1. Not considered as revenue on a U.S. GAAP basis

**Schedule of Revenues and Expenditures - Budget and Actual
Fleet Internal Service Fund
For the Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
REVENUES:			
Charges for services	\$ 12,250,040	\$ 12,709,761	\$ 459,721
Miscellaneous & capital contributions	1,581,880	21,017	(1,560,863)
Rollover from last year ⁽¹⁾	509,567	509,567	-
Total revenue	<u>\$ 14,341,487</u>	<u>\$ 13,240,345</u>	<u>\$ (1,101,142)</u>
EXPENDITURES:			
Fleet	\$ 14,240,586	\$ 14,001,815	\$ (238,771)
Transfer out	100,901	136,281	35,380
Total expenditures	<u>\$ 14,341,487</u>	<u>\$ 14,138,096</u>	<u>\$ (203,391)</u>

Note:

1. Not considered as revenue on a U.S. GAAP basis

**Schedule of Revenues and Expenditures - Budget and Actual
Healthcare Management Internal Service Fund
For the Fiscal Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
REVENUES:			
Charges for services	\$ 105,700,538	\$ 89,846,039	\$ (15,854,499)
Miscellaneous & capital contributions	-	433,282	(433,282)
Total revenue	<u>\$ 105,700,538</u>	<u>\$ 90,279,321</u>	<u>\$ (16,287,781)</u>
EXPENDITURES:			
Healthcare	\$ 105,664,246	\$ 85,505,191	\$ 20,159,055
Transfer out (Debt Service)	36,292	36,291	1
Total expenditures	<u>\$ 105,700,538</u>	<u>\$ 85,541,482</u>	<u>\$ 20,159,056</u>

Exhibit J-3

**Capital Improvement Program
Schedule of Expenditures - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2025**

	Project Budget	Expenditures			Available Budget
		Prior Years	Current	Total	
Community Development					
Neighborhood Project Development	\$ 39,357,175	\$ 8,946,225	\$ 3,403,721	\$ 12,349,946	\$ 27,007,229
Neighborhood Conservation Revitalization	52,560,203	49,062,084	338,866	49,400,950	3,159,253
Broad Creek Renaissance	32,631,300	28,156,998	-	28,156,998	4,474,302
Neighborhood commercial Improvements	80,998,695	81,974,571	-	81,974,571	(975,876)
Create Special Service Areas	744,950	493,585	-	493,585	251,365
Convert Street Lights to LED	5,275,000	826,628	854,905	1,681,533	3,593,467
Improve Emerging Districts	20,150,000	13,252,359	191,179	13,443,538	6,706,462
Improve Road Infrastructure in St. Paul's Area	18,223,839	5,088,919	1,692,668	6,781,587	11,442,252
Maintain Sidewalks Citywide	1,300,000	1,195,606	-	1,195,606	104,394
Improve Infrastructure at Moton Circle	6,250,000	3,000	-	3,000	6,247,000
Support Blue/Greenway Amenities in St. Paul's Area	9,760,000	-	-	-	9,760,000
Design Berkley Square Complex	1,000,000	-	-	-	1,000,000
Other	974,774	974,774	-	974,774	-
Community Development Total	\$ 269,225,936	\$ 189,974,749	\$ 6,481,339	\$ 196,456,088	\$ 72,769,848
Cultural Facilities					
Attucks Theatre Renovations	\$ 2,550,629	\$ 2,558,762	\$ -	\$ 2,558,762	\$ (8,133)
Scope and Chrysler Hall Improvements	38,837,779	30,766,726	4,595,510	35,362,236	3,475,543
Chrysler Museum Improvements	15,208,912	15,066,111	-	15,066,111	142,801
Civic Building Improvements	1,278,681	1,217,017	-	1,217,017	61,664
Conference Center	68,911,437	65,619,457	-	65,619,457	3,291,980
Harrison Opera House Improvements	404,856	404,856	-	404,856	-
MacArthur Memorial Improvements	2,658,969	2,658,969	-	2,658,969	-
Nauticus/Maritime Center Improvements	13,837,500	10,324,619	9,107,391	19,432,010	(5,594,510)
Fund Nauticus Capital Campaign	1,000,000	-	-	-	1,000,000
USS Wisconsin Improvements	15,194,974	13,644,563	452,055	14,096,618	1,098,356
Replace Cruise Terminal Passenger Boarding Bridge	700,000	3,136,749	54,514	3,191,263	(2,491,263)
Maintain Wells Theatre	750,000	750,000	-	750,000	-
Fund Norfolk Botanical Garden's Capital Campaign	2,500,000	2,500,000	2,500,000	5,000,000	(2,500,000)
Fund Virginia Arts Festival capital campaign	1,000,000	1,000,000	-	1,000,000	-
Improve Cultural Facilities	2,000,000	-	1,355,386	1,355,386	644,614
Other	8,907,578	5,862,035	-	5,862,035	3,045,543
Cultural Facilities Total	\$ 175,741,315	\$ 155,509,864	\$ 18,064,856	\$ 173,574,720	\$ 2,166,595
Economic Development					
Acquire/Dispose/Upgrade City Properties	\$ 115,290,463	\$ 94,326,653	\$ 1,405,005	\$ 95,731,658	\$ 19,558,805
Nauticus/Cruise Terminal Development	50,550,000	37,981,811	-	37,981,811	12,568,189
Huntersville Redevelopment	1,000,000	924,423	-	924,423	75,577
Wachovia Center Development	3,553,101	3,553,101	-	3,553,101	-
Kroc Center Development	4,000,000	3,994,779	-	3,994,779	5,221
Support CHKD Pediatric Mental Health Hospital	3,000,000	3,000,000	-	3,000,000	-
Improve Former Greenies Site	2,500,000	273,151	1,658,460	1,931,611	568,389
Renovate Selden Market	1,850,000	-	1,239,235	1,239,235	610,765
Implement Norfolk Green Fund	300,000	125,000	-	125,000	175,000
Other	16,553,258	16,065,758	-	16,065,758	487,500
Economic Development Total	\$ 198,596,822	\$ 160,244,676	\$ 4,302,700	\$ 164,547,376	\$ 34,049,446
General/Other					
Camptostella Landfill Closure	\$ 6,500,000	\$ 4,760,795	\$ 164,920	\$ 4,925,715	\$ 1,574,285
Control Beach Erosion	46,409,700	40,830,011	104,942	40,934,953	5,474,747
Transfer to Debt Service	1,600,000	6,814,713	-	6,814,713	(5,214,713)
Integrated Financial Management System Implementation	5,900,224	5,900,407	-	5,900,407	(183)
Waterway Dredging Projects	12,859,487	7,333,642	804,823	8,138,465	4,721,022
Conservation and Green Vision Implementation	5,377,373	4,877,374	-	4,877,374	499,999
Public Safety Radio Communication System Upgrade	4,703,668	4,703,668	-	4,703,668	-
Upgrade and Expand Broadband Infrastructure	3,000,000	612,751	-	612,751	2,387,249
Acquire Technology	29,846,143	13,375,055	6,154,543	19,529,598	10,316,545
Support Major Demolitions	12,500,000	1,283,338	132,354	1,415,692	11,084,308
Construct a Downtown Flood Wall	116,628,800	28,448,906	10,595,501	39,044,407	77,584,393
Support Citywide Signage Improvements	1,550,000	-	63,716	-	1,550,000
Other	34,358,367	19,103,357	-	19,103,357	15,255,010
General/Other Total	\$ 281,233,762	\$ 138,044,017	\$ 18,020,799	\$ 156,001,100	\$ 125,232,662
Public Buildings and Facilities					
Fire Station Emergency Generation Program	\$ 14,850,188	\$ 12,914,994	\$ 70,390	\$ 12,985,384	\$ 1,864,804
Infrastructure Improvements	61,360,473	12,698,424	2,987,392	15,685,816	45,674,657
Annual Roof Maintenance	9,678,652	180,393	-	180,393	9,498,259
Library Facilities - Anchor Branch	20,726,238	20,096,375	29,581	20,125,956	600,282
Police Precinct Replacement	20,328,986	-	-	-	20,328,986
Courts Replacement and Renovations	122,620,168	121,836,691	10,260	121,846,951	773,217
Jail Renovations	20,929,491	1,805,019	2,507,690	4,312,709	16,616,782
Selden Arcade Renovations	8,400,543	-	-	-	8,400,543
City Hall Building Renovations	53,103,839	35,004,350	4,217,472	39,221,822	13,882,017
Tow Yard Acquisition	697,045	-	-	-	697,045

Capital Improvement Program
Schedule of Expenditures - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Budget	Expenditures			Available Budget
		Prior Years	Current	Total	
Fire Facilities Replacement/Improvements	16,309,541	14,042,381	223,940	14,266,321	2,043,220
Police Training Facilities	656,000	-	-	-	656,000
Main Library Construction	69,727,997	67,466,575	-	67,466,575	2,261,422
Design/Construct Government Center Plaza	4,749,980	-	-	-	4,749,980
Construct Southside Library	7,100,000	4,904,187	-	4,904,187	2,195,813
Acquire Equipment and Technology	12,191,100	3,441,561	903,129	4,344,690	7,846,410
Create Gender-Neutral Restroom in City Hall	42,000	20,613	-	20,613	21,387
Improve Cemeteries Infrastructure	1,475,000	464,090	315,363	779,453	695,547
Improve Marriott Waterside Conference Center (PA)	6,500,000	131,491	-	131,491	6,368,509
Improve Waste Management Facilities	1,000,000	189,748	-	189,748	810,252
Renovate the School Administration Building	3,900,000	1,836,123	74,568	1,910,691	1,989,309
Upgrade Security at City Facilities	3,310,000	1,325,988	408,792	1,734,780	1,575,220
Improve Animal Care Center Infrastructure	10,500,000	-	15,430	15,430	10,484,570
Renovate Magistrate's Office	550,000	456,378	-	456,378	93,622
Repair and Replace Underground Storage Tanks	350,000	-	37,187	37,187	312,813
Replace Fire Station I I	5,400,000	46,984	1,394,768	1,441,752	3,958,248
Relocate the City's Data Center	6,000,000	3,554,692	126,782	3,681,474	2,318,526
Replace Chiller at Central Energy Plant	1,600,000	800,000	-	800,000	800,000
Other	53,201,772	32,884,670	-	32,884,670	20,317,102
Public Buildings and Facilities Total	\$ 537,259,013	\$ 336,101,727	\$ 13,322,744	\$ 349,424,471	\$ 187,834,542
Parks/Recreational Facilities					
Zoo Master Plan	\$ 35,032,037	\$ 27,708,163	\$ 560,976	\$ 28,269,139	\$ 6,762,898
Titustown Recreation Center Improvements	3,550,000	3,000,000	-	3,000,000	550,000
Botanical Gardens	2,494,413	2,494,413	-	2,494,413	-
Existing Recreation Center Improvements	25,949,561	14,505,750	4,672,803	19,178,553	6,771,008
Norview Recreation Center	7,947,756	7,947,756	-	7,947,756	-
Lambert's Point Golf Course	9,050,000	9,050,000	-	9,050,000	-
Lambert's Point Community and Recreation Center	6,715,893	6,715,893	-	6,715,893	-
Harbor Park Improvements	14,574,747	7,731,845	2,533,537	10,265,382	4,309,365
Athletic Field Renovations	3,185,903	2,716,827	-	2,716,827	469,076
Norfolk Fitness & Wellness Center Renovations	1,803,669	1,803,669	-	1,803,669	-
Broad Creek & Westside Neighborhood Parks	2,610,062	2,610,012	-	2,610,012	50
Town Point Park Improvements	11,478,749	11,478,749	-	11,478,749	-
Martin Luther King Park	116,020	116,020	-	116,020	-
Waterside Waterfront Renovations	10,171,789	8,546,329	119,834	8,666,163	1,505,626
Ingleside Gymnasium	1,695,874	1,695,874	-	1,695,874	-
Southside Boys & Girls Club Improvements	1,500,000	1,500,000	-	1,500,000	-
Construct Park along East Water Street	500,000	499,748	-	499,748	252
Design Combination Rec & Library Facility at NFWC	69,550,000	204,747	6,640,730	6,845,477	62,704,523
Improve Huntersville Park Site	700,000	434,891	15,536	450,427	249,573
Support Outdoor Athletic Field Lighting	2,250,000	1,539,071	244,585	1,783,656	466,344
Transform Northside Park	5,000,000	61,535	456,488	518,023	4,481,977
Construct Public Boat Ramp on Pretty Lake	3,000,000	42,569	-	42,569	2,957,431
Construct Wooden Fishing Pier at Granby Street Bridge	1,285,000	139,648	2,010	141,658	1,143,342
Implement Ocean View Beach Access Routes	3,750,081	-	217,204	217,204	3,532,877
Other	14,192,410	13,855,320	-	13,855,320	337,090
Parks/Recreational Facilities Total	\$ 238,103,964	\$ 126,398,828	\$ 15,463,703	\$ 141,862,532	\$ 96,241,432
Schools					
Blair Middle School Replacement	\$ 7,071,710	\$ 7,071,710	\$ -	\$ 7,071,710	\$ -
Norfolk Public School Initiative	5,265,000	5,263,456	-	5,263,456	1,544
Norview High School Construction	29,865,659	29,865,659	-	29,865,659	-
Southside Middle School	1,535,212	1,313,413	-	1,313,413	221,799
High School Athletic Field	1,495,091	1,495,091	-	1,495,091	-
Coleman Place Elementary Replacement	20,293,970	20,293,970	-	20,293,970	-
Crossroads Elementary Replacement	34,108,313	31,673,981	-	31,673,981	2,434,332
Larchmont Elementary School	23,109,625	22,834,870	-	22,834,870	274,755
Ocean View Elementary School	22,847,436	21,809,362	-	21,809,362	1,038,074
Campostella STEM Academy	35,629,524	34,059,741	-	34,059,741	1,569,783
Broad Creek Elementary School	21,961,042	21,478,941	-	21,478,941	482,101
Camp Allen Elementary School	30,431,984	26,505,159	-	26,505,159	3,926,825
Construct Maury High School	50,000,000	-	6,129,900	6,129,900	43,870,100
Renovate Booker T. Washington High School	43,536,700	-	-	-	43,536,700
Schools Other	154,932,337	65,964,003	15,282,027	81,246,030	73,686,307
Schools Total	\$ 482,083,603	\$ 289,629,356	\$ 21,411,927	\$ 311,041,283	\$ 171,042,320

Exhibit J-3

**Capital Improvement Program
Schedule of Expenditures - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2025**

	Project Budget	Expenditures			Available Budget
		Prior Years	Current	Total	
Transportation					
Old Dominion University Master Plan	\$ 10,304,204	\$ 5,610,091	\$ -	\$ 5,610,091	\$ 4,694,113
VDOT Urban Support	9,773,025	9,186,858	-	9,186,858	586,167
Bridge Maintenance & Repair Program	62,384,519	40,973,241	2,885,469	43,858,710	18,525,809
Signal & Intersection Enhancements	18,806,765	14,023,767	626,816	14,650,583	4,156,182
Citywide Soundwall Program	8,405,303	8,403,332	-	8,403,332	1,971
Neighborhood Streets Improvements	86,697,088	80,396,066	7,948,808	88,344,874	(1,647,786)
Atlantic City Development	14,356,810	13,899,027	-	13,899,027	457,783
Citywide Boat Ramp Improvements	3,288,822	3,077,667	214,694	3,292,361	(3,539)
Construct Light Rail	105,010,914	70,303,888	-	70,303,888	34,707,026
Develop Multi-Modal Transfer Station at Harbor Park	4,348,573	3,846,809	-	3,846,809	501,764
Install New Sidewalks	2,800,000	588,055	60,171	648,226	2,151,774
Rehabilitate Hampton Boulevard Bridge	7,700,000	7,549,779	-	7,549,779	150,221
Install ADA Ramps Citywide	2,650,000	763,694	14,334	778,028	1,871,972
Improve Colonial Avenue for Pedestrians	550,000	43,015	1,998	45,013	504,987
Reconstruct Westminster Avenue	1,000,000	67,697	(67,697)	-	1,000,000
Install Signals at Virginia Beach Blvd and Winburne Ln Intersection	800,000	-	-	-	800,000
Install Traffic Signals at Hampton Boulevard and Jamestown Crescent	930,000	112,240	65,732	177,972	752,028
Rehabilitate Shore Drive Bridge over Little Creek	1,500,000	93,860	8,340	102,200	1,397,800
Support Citywide Resurfacing	6,000,000	5,997,075	1,806	5,998,881	1,119
Other	35,098,348	26,633,856	-	26,633,856	8,464,492
Transportation Total	<u>\$ 382,404,371</u>	<u>\$ 291,570,017</u>	<u>\$ 11,760,471</u>	<u>\$ 303,330,488</u>	<u>\$ 79,073,883</u>
Grand Total	<u>\$ 2,564,648,786</u>	<u>\$ 1,687,473,234</u>	<u>\$ 108,828,539</u>	<u>\$ 1,796,238,058</u>	<u>\$ 768,410,728</u>



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Statistical Section (Unaudited)



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STATISTICAL SECTION

This section of the City of Norfolk's annual comprehensive financial report provides detailed historical and economic information for users of the financial statements, notes to the financial statements, and required supplementary information for the purpose of assessing and evaluating the City's economic condition.

Financial Trends Information – These schedules provide information on the City's net assets, changes to net assets and fund balance for assessing the changes in financial position over time.

Revenue Capacity Information – These schedules provide information on the City's ability to generate revenue, specifically property tax revenue (the major source of revenue for governmental activities).

Debt Capacity Information – These schedules provide information on the City's outstanding debt, debt limitations and the ability to leverage and pay future debt.

Demographic and Economic Information – These schedules provide information about the environment in which the City operates.

Operating Information – These schedules provide operating information related to the City's infrastructure, assets and services provided by function.

Sources: Unless otherwise noted, the information in these statistical schedules is from the annual comprehensive financial reports for the relevant years.



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**Financial Trends Information
Schedule I
Net Position by Category
Last Ten Fiscal Years
(Amounts in thousands)**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:			restated ⁽¹⁾	restated ⁽¹⁾						
Net investment in capital assets	\$ 386,641	\$ 365,913	\$ 351,887	\$ 382,093	\$ 384,078	\$ 374,478	\$ 372,139	\$ 448,924	\$ 520,426	\$ 656,376
Restricted	12,412	12,042	6,485	6,690	9,094	8,217	8,048	18,777	29,826	53,247
Unrestricted	(153,467)	(124,543)	(108,368)	(109,199)	(148,756)	(177,514)	(24,679)	72,416	73,402	(31,774)
Subtotal governmental activities net position	245,586	253,412	250,004	279,584	244,416	205,180	355,508	540,118	623,655	677,849
Business-type activities: ⁽²⁾										
Net investment in capital assets	301,340	342,470	330,979	364,975	406,149	451,059	535,599	590,892	585,796	666,562
Restricted	31,766	35,237	36,017	28,501	29,946	32,588	28,914	33,389	37,630	52,154
Unrestricted	85,668	59,766	98,533	102,475	121,751	113,452	104,802	92,446	145,332	136,541
Subtotal business-type activities net position	418,774	437,473	465,529	495,951	557,846	597,099	669,315	716,728	768,757	855,257
Primary government:										
Net investment in capital assets	687,981	708,383	682,866	747,068	790,227	825,537	907,738	1,039,816	1,106,222	1,322,938
Restricted	44,178	47,279	42,502	35,191	39,040	40,805	36,963	52,166	67,456	105,401
Unrestricted	(67,799)	(64,777)	(9,835)	(6,724)	(27,005)	(64,062)	80,123	164,863	218,734	104,767
Total primary government net position	\$ 664,360	\$ 690,885	\$ 715,533	\$ 775,535	\$ 802,262	\$ 802,279	\$ 1,024,823	\$ 1,256,845	\$ 1,392,411	\$ 1,533,106

Notes:

1. Restatements are due to implementation of new accounting pronouncements.
2. Beginning in fiscal year 2020, the Storm Water Utility Special Revenue Fund was converted to an Enterprise Fund.

**Financial Trends Information
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Revenue										
Governmental activities:										
Charges for services										
General government	\$ 4,642	\$ 4,822	\$ 4,728	\$ 7,267	\$ 6,069	\$ 8,057	\$ 7,812	\$ 8,008	\$ 7,336	\$ 7,781
Judicial administration	2,729	2,688	2,507	2,396	1,896	22,659	23,772	25,000	26,614	28,419
Public safety	8,307	8,364	7,802	8,504	8,067	11,727	12,230	15,770	15,105	15,518
Public works	42,341	40,322	41,185	40,169	23,242	25,330	24,484	25,629	25,782	26,520
Health and public assistance	6,310	6,390	6,385	5,498	5,928	5,374	6,067	7,445	12,849	7,408
Culture and recreation	10,054	9,835	9,305	9,810	6,817	3,448	7,894	9,541	10,620	11,076
Community development	2,370	2,511	1,264	2,244	2,510	1,872	1,946	4,317	720	1,932
Capital grants and contributions ⁽²⁾	5,672	5,941	11,954	3,806	(25,255)	1,983	(5)	14,508	274	31,965
Operating grants and contributions	132,611	135,194	151,519	142,804	161,602	207,936	233,842	201,095	165,152	167,218
Total governmental activities program revenue	215,036	216,067	236,649	222,498	190,876	288,386	318,042	311,313	264,452	297,837
Business-type activities:										
Charges for services										
Water utility	80,749	84,529	86,942	111,546	91,377	95,239	103,716	107,264	114,142	123,155
Wastewater utility	27,823	29,065	30,201	31,222	31,705	32,120	35,334	35,521	37,593	39,187
Parking facilities	19,612	20,577	22,148	22,324	19,953	18,073	19,229	20,618	18,647	23,222
Storm Water utility	N/A	N/A	N/A	N/A	21,666	22,393	22,389	23,365	24,649	26,316
Capital grants and contributions ⁽²⁾	338	188	144	381	26,705	-	-	6,813	940	5,414
Total business-type activities program revenue	128,522	134,359	139,435	165,473	191,406	167,825	180,668	193,581	195,971	217,293
Total primary government program revenues	343,558	350,426	376,084	387,971	382,282	456,211	498,709	504,894	460,423	515,130
Expenses										
Governmental activities:										
General government	130,550	155,159	152,832	157,320	157,801	150,511	142,589	163,079	184,796	199,678
Judicial administration	51,926	55,547	57,118	46,124	48,443	47,505	47,384	61,730	57,359	62,861
Public safety	119,828	133,378	160,378	138,890	153,190	102,697	135,156	135,118	161,393	169,079
Public works	79,200	80,825	69,194	66,079	61,612	57,246	58,041	85,373	89,245	100,995
Health and public assistance	85,730	89,103	87,827	91,735	97,275	76,088	90,165	96,770	98,091	109,697
Culture and recreation	60,064	62,996	46,799	58,962	64,901	35,794	54,751	64,618	67,087	73,647
Community development	16,734	15,402	23,320	29,381	40,728	66,151	71,342	45,021	39,800	36,188
Education	114,769	114,972	131,137	136,660	135,699	112,363	138,902	118,263	154,788	198,614
Interest on long-term debt	22,950	19,326	24,965	28,817	24,998	29,876	25,474	30,084	30,190	27,987
Total government activities expenses	681,751	726,708	753,570	753,968	784,647	678,231	763,804	800,056	882,750	978,747
Business-type activities:										
Water utility	59,415	65,319	61,276	63,967	65,534	63,489	47,456	74,370	77,837	74,651
Wastewater utility	19,226	22,072	21,012	20,201	21,082	21,087	16,424	23,191	22,840	22,898
Parking facilities	20,651	21,078	23,084	25,365	24,850	20,031	12,079	21,814	23,610	22,647
Storm Water utility ⁽¹⁾⁽²⁾	N/A	N/A	N/A	N/A	13,239	16,331	14,858	20,145	22,019	17,551
Total business-type activities expenses	99,292	108,469	105,372	109,533	124,705	120,938	90,818	139,520	146,307	137,747
Total primary government expenses	781,043	835,177	858,942	863,501	909,352	799,169	854,621	939,576	1,029,056	1,116,494
Net (Expense) Revenue										
Governmental activities	(466,715)	(510,641)	(516,921)	(531,470)	(593,771)	(389,845)	(445,762)	(488,743)	(618,298)	(680,910)
Business-type activities	29,230	25,890	34,063	55,940	66,701	46,887	89,850	54,061	49,664	79,546
Total primary government net expense	\$ (437,485)	\$ (484,751)	\$ (482,858)	\$ (475,530)	\$ (527,070)	\$ (342,958)	\$ (355,912)	\$ (434,682)	\$ (568,634)	\$ (601,365)

Notes:

- Beginning in fiscal year 2020, the Storm Water Special Revenue Fund was converted to an Enterprise Fund.
 - The contribution to the Storm Water utility fund identified as a "special item" on the Statement of Activities is included in capital grants and contributions in fiscal year 2020.
- N/A - not available

Financial Trends Information
Schedule 2-1
Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenue and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real estate and personal property	\$ 263,395	\$ 271,461	\$ 277,132	\$ 303,623	\$ 316,998	\$ 329,293	\$ 357,257	\$ 395,915	\$ 392,895	\$ 418,590
Consumption utility	41,849	41,452	41,292	39,947	38,890	36,767	31,207	37,134	34,718	36,149
Sales and use	30,330	31,185	32,799	33,259	35,395	39,525	42,726	44,955	45,776	48,192
Restaurant food	34,224	34,934	37,990	39,210	35,284	36,384	43,567	48,332	48,989	49,623
Business licenses	28,935	30,557	28,529	29,929	29,916	31,620	32,645	34,436	36,390	40,578
Cigarette	7,784	7,860	7,492	7,889	7,703	7,374	6,389	6,372	5,722	4,731
Motor vehicle licenses	4,488	4,642	4,760	4,903	4,963	5,039	2,121	813	3,340	4,707
Other	18,424	18,909	21,277	22,127	19,382	18,507	26,345	28,159	28,569	31,062
Interest and investment earnings	291	249	270	1,212	1,403	457	(222)	11,598	26,347	22,101
Grants and contributions not restricted to specific programs	34,863	36,440	28,158	35,965	36,316	39,500	39,720	38,584	41,384	41,165
Miscellaneous	16,404	30,778	31,189	12,677	17,377	244	3,833	20,445	9,745	29,565
Capital asset transfers	-	-	-	-	-	-	-	(3,228)	(6,555)	2,537
Capital contributions Norfolk Public Schools	-	-	-	-	3,716	-	-	-	-	-
Debt proceeds to trust	-	-	-	-	-	(210,000)	-	-	-	-
Transfers between governmental and business-type activities	10,000	10,000	10,000	30,309	11,259	15,900	10,500	9,838	4,458	6,105
Total governmental activities	490,987	518,467	520,888	561,050	558,602	350,610	596,090	673,353	701,835	735,105
Business-type activities:										
Interest and investment earnings	295	432	671	2,507	3,383	130	-	2,577	6,794	7,740
Grants and contributions not restricted to specific programs	149	150	142	134	126	325	-	-	-	-
Unrealized gain (loss) on investments	-	-	(52)	-	45	5,069	(17,937)	-	-	-
Miscellaneous	2,295	2,228	2,059	2,151	2,899	2,742	10,803	613	29	5,319
Transfers between governmental and business-type activities	(10,000)	(10,000)	(10,000)	(30,309)	(11,259)	(15,900)	(10,500)	(9,838)	(4,458)	(6,105)
Total business-type activities	(7,261)	(7,190)	(7,180)	(25,517)	(4,806)	(7,635)	(17,634)	(6,648)	2,365	6,954
Total primary governmental activities	483,726	511,277	513,708	535,533	553,796	342,976	578,456	666,705	704,200	742,059
Change in Net Position										
Governmental activities	(19,654)	1,546	(10,582)	561,050	(35,168)	(39,235)	150,328	184,610	83,537	54,195
Business-type activities	18,629	26,873	48,760	(25,517)	61,895	39,253	72,216	47,413	52,029	86,500
Total Primary Government changes in net position	\$ (1,025)	\$ 28,419	\$ 38,178	\$ 535,533	\$ 26,726	\$ 18	\$ 222,544	\$ 232,023	\$ 135,566	\$ 140,694

Financial Trends Information
Schedule 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund:										
Nonspendable	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619	\$ -	\$ -	\$ -
Restricted	3,015	165	145	135	130	120	115	115	115	16,535
Committed	5,000	8,698	9,347	10,032	13,051	16,404	18,884	21,553	25,111	10,000
Assigned	26,557	36,605	44,118	65,231	66,842	138,914	217,246	333,209	197,196	169,618
Unassigned	73,077	70,652	70,962	76,510	74,994	75,557	92,920	81,843	101,957	97,721
Total General fund	107,788	116,120	124,572	151,908	155,017	230,995	329,784	436,720	324,381	293,874
Grants fund:										
Nonspendable	-	-	-	-	-	1,374	-	-	-	-
Restricted	-	-	-	-	-	1,734	1,618	8,625	14,029	16,955
Committed	-	-	-	-	-	2,428	4,393	6,783	6,904	22,295
Assigned	-	-	-	-	-	738	889	698	2,009	2,429
Total Grants fund ⁽¹⁾	-	-	-	-	-	6,274	6,900	16,106	22,942	41,679
Capital Projects fund:										
Committed	6,170	-	-	4,105	-	-	-	88,771	143,096	85,536
Unassigned	(216,480)	(190,871)	(128,799)	-	(7,055)	(51,497)	5,117	-	-	-
Total Capital Projects fund	(210,310)	(190,871)	(128,799)	4,105	(7,055)	(51,497)	5,117	88,771	143,096	85,536
All Other Governmental funds:										
Restricted	9,397	6,223	6,340	6,554	8,965	6,362	6,602	6,904	7,411	7,896
Committed	3,138	5,872	7,323	7,705	5,579	38	38	164	11,118	168
Assigned	26,554	20,345	21,501	22,339	14,148	12,719	11,331	11,207	209	12,357
Unassigned	(2,689)	(932)	(823)	(66)	(64)	-	-	-	-	-
Total Other Governmental funds ⁽¹⁾	36,400	31,508	34,341	36,532	28,628	19,119	17,971	18,275	18,737	20,422
Total fund balance, governmental funds	\$ (66,122)	\$ (43,243)	\$ 30,114	\$ 192,545	\$ 176,590	\$ 204,891	\$ 359,773	\$ 559,872	\$ 509,156	\$ 441,511

Note:

1. Prior to fiscal year 2021, Grants fund was reported with the All Other Governmental Funds. Tested as a Major Fund for fiscal year 2021 due to CARES and ARPA funding.

Financial Trends Information
Schedule 4
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue:										
General property taxes	\$ 265,943	\$ 269,816	\$ 277,559	\$ 303,370	\$ 311,961	\$ 327,739	\$ 352,648	\$ 379,812	\$ 405,409	\$ 418,090
Other local taxes	166,034	169,539	174,139	177,263	171,533	175,217	185,001	200,202	203,504	215,042
Licenses and permits	3,038	3,576	3,292	4,118	3,599	3,495	3,883	5,018	3,440	3,366
Fines and forfeitures	1,111	921	1,068	1,027	801	978	1,359	1,098	1,100	1,410
Use of money and property	7,354	7,786	7,504	11,098	9,861	6,438	8,663	21,859	36,579	33,337
Charges for services	62,709	62,315	62,383	60,905	41,335	43,250	44,161	49,379	49,130	50,586
Miscellaneous	11,325	12,080	11,311	11,287	11,743	11,105	12,226	20,854	12,687	23,868
Intergovernmental	166,686	176,784	193,289	182,023	198,634	267,558	298,592	263,443	237,167	243,544
Total revenues	684,200	702,817	730,545	751,091	749,467	835,780	906,534	941,665	949,017	989,242
Expenditures:										
Current										
General government	118,468	127,367	131,203	136,987	133,751	144,751	149,596	158,494	183,466	178,498
Judicial administration	50,513	50,767	52,012	45,914	47,359	47,296	49,664	55,377	58,426	62,783
Public safety	116,436	121,494	123,905	127,610	131,883	136,809	136,670	142,738	150,884	162,132
Public works	58,716	63,231	66,882	62,511	53,665	52,029	55,308	41,583	41,387	81,437
Health and public assistance	85,815	87,330	86,702	87,554	91,787	88,067	92,189	97,249	95,459	106,378
Culture and recreation	44,531	44,825	45,968	45,399	43,499	34,012	39,991	52,494	52,462	55,494
Community development	13,677	14,994	22,237	28,212	38,095	72,093	70,985	39,286	30,872	35,284
Education	114,769	114,972	120,972	122,972	124,711	120,973	129,622	107,319	144,334	188,696
Debt service:										
Principal retirement	46,175	50,663	52,583	49,122	61,128	63,782	53,852	76,045	81,479	84,202
Interest and other charges	26,955	27,150	27,317	32,212	29,448	27,612	27,161	29,669	31,915	30,076
Debt issuance costs	318	-	907	1,823	1,886	1,026	1,282	1,951	651	469
Capital outlay	140,093	98,492	67,938	49,790	49,490	44,918	47,952	77,205	149,209	94,986
Total expenditures	816,466	801,285	798,626	790,106	806,702	833,368	854,272	879,410	1,020,546	1,080,435
(Deficiency) of revenues (under) expenditures	(132,266)	(98,468)	(68,081)	(39,015)	(57,235)	2,412	52,262	62,255	(71,530)	(91,193)
Other financing sources (uses):										
Proceeds of refunding bonds	-	49,378	27,744	-	221,756	46,383	36,895	-	-	-
Proceeds from capital leases	2,400	-	-	-	-	-	-	-	-	-
Cost of Issuance	-	(1,106)	-	-	-	(261)	-	-	-	-
Proceeds of debt (general obligation bonds and notes)	-	90,094	95,305	144,820	27,553	(5,688)	90,520	96,990	-	-
Payment to refunded bonds escrow agent	-	(55,684)	(31,799)	-	(220,838)	(46,122)	(36,693)	-	-	-
Premium on bonds issued	-	22,586	20,111	24,939	7,591	-	-	13,540	-	-
Leases / subscription-based information technology arrangements proceeds	-	-	-	-	-	-	-	16,609	15,002	7,119
Proceeds from sale or disposal of fixed assets	-	6,080	20,077	1,378	3,716	15,678	1,397	765	1,228	10,150
Operating transfers in	107,953	106,474	108,550	128,910	120,991	125,961	114,611	164,862	291,575	168,434
Operating transfers (out)	(97,953)	(96,474)	(98,550)	(98,601)	(109,732)	(110,061)	(104,111)	(154,921)	(286,989)	(162,156)
Total other financing sources (uses)	12,400	121,348	141,438	201,446	51,037	25,890	102,619	137,845	20,815	23,547
Special items:										
Contribution to Storm Water utility fund	-	-	-	-	(9,757)	-	-	-	-	-
Total special items	-	-	-	-	(9,757)	-	-	-	-	-
Net change in fund balances	\$ (119,866)	\$ 22,880	\$ 73,357	\$ 162,431	\$ (15,955)	\$ 28,302	\$ 154,881	\$ 200,100	\$ (50,716)	\$ (67,646)
Debt service as a percentage of noncapital expenditures	10.91%	10.95%	10.77%	11.03%	11.89%	11.16%	11.01%	13.76%	13.38%	12.04%

Financial Trends Information
Schedule 5
Program Revenue by Function
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
Governmental activities:										
General government	\$ 7,798	\$ 6,725	\$ 7,570	\$ 10,376	\$ 8,214	\$ 15,685	\$ 72,995	\$ 72,312	\$ 38,827	\$ 8,054
Judicial administration	25,811	27,242	26,163	26,275	28,220	29,410	28,634	29,190	31,110	32,965
Public safety	11,662	12,606	14,991	11,762	15,033	47,368	16,119	20,055	17,184	22,664
Public works	69,609	77,639	98,084	74,029	56,285	56,569	63,533	63,174	69,988	95,461
Health and public assistance	72,181	70,931	60,539	60,707	68,621	67,501	72,999	72,400	79,754	81,106
Culture and recreation	17,301	10,020	9,489	10,050	7,142	3,680	8,693	13,862	10,968	38,410
Community development	8,255	8,360	17,316	27,018	31,822	68,173	55,068	25,848	16,621	13,726
Education	-	-	-	-	-	-	-	14,471	-	-
Interest on long-term debt	2,419	2,544	2,497	2,281	2,041	-	-	-	-	-
Total governmental activities	215,036	216,067	236,649	222,498	217,378	288,386	318,041	311,312	264,452	297,837
Business-type activities:										
Water utility	81,087	84,718	86,944	111,927	91,580	95,239	103,716	109,699	114,274	125,482
Wastewater utility	27,823	29,065	30,342	31,222	31,705	32,120	35,334	38,266	37,892	39,540
Parking facilities	19,612	20,576	22,149	22,324	19,953	18,073	19,229	20,618	18,647	23,222
Storm Water utility ⁽¹⁾	-	-	-	-	21,666	22,393	22,389	24,998	25,157	29,050
Total business-type activities	128,522	134,359	139,435	165,473	164,904	167,825	180,668	193,581	195,970	217,293
Total primary government ⁽²⁾	\$ 343,558	\$ 350,426	\$ 376,084	\$ 387,971	\$ 382,282	\$ 456,211	\$ 498,709	\$ 504,893	\$ 460,422	\$ 515,131

Note:

1. Beginning in fiscal year 2020, the Storm Water Utility Special Revenue Fund was converted to an Enterprise Fund.
2. Fiscal years 2020-2023 program revenue recalculated to include Operating Grants and Contributions and Capital Grants and Contributions.

Financial Trends Information
Schedule 6
Total Revenue by Source, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	General Property Taxes	Other Local Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Intergovernmental	Totals
2016	\$ 265,943	\$ 166,034	\$ 3,038	\$ 1,111	\$ 7,354	\$ 62,709	\$ 11,325	\$ 166,686	\$ 684,200
2017	269,816	169,539	3,576	921	7,786	62,315	12,080	176,784	702,817
2018	277,559	174,139	3,292	1,068	7,504	62,383	11,311	193,289	730,545
2019	303,370	177,263	4,118	1,027	11,098	60,905	11,287	182,023	751,091
2020	311,961	171,533	3,599	801	9,861	41,335	11,743	198,634	749,467
2021	327,739	175,217	3,495	978	6,438	43,250	11,105	267,558	835,780
2022	352,648	185,001	3,883	1,359	8,663	44,161	12,226	298,592	906,534
2023	379,812	200,202	5,018	1,098	21,859	49,379	20,854	263,443	941,665
2024	405,409	203,504	3,440	1,100	36,579	49,130	12,687	237,167	949,016
2025	418,090	215,042	3,366	1,410	33,337	50,586	23,868	243,544	989,242
Change 2016-2025	57.20%	29.50%	10.80%	26.90%	353.30%	(19.30%)	110.80%	46.10%	44.60%

Financial Trends Information
Schedule 7
Other Local Tax Revenues by Source, Governmental Funds ⁽¹⁾
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Consumption Utility Taxes	Sales and Use Taxes	Restaurant Food Taxes	Business License Taxes	Cigarette Taxes	Motor Vehicle Licenses	Other	Total
2016	\$ 41,849	\$ 30,330	\$ 34,224	\$ 28,935	\$ 7,784	\$ 4,488	\$ 18,424	\$ 166,034
2017	41,452	31,185	34,934	30,557	7,860	4,642	18,909	169,539
2018	41,292	32,799	37,990	28,529	7,492	4,760	21,277	174,139
2019	39,947	33,259	39,210	29,929	7,889	4,903	22,126	177,263
2020	38,890	35,395	35,284	29,916	7,703	4,963	19,382	171,533
2021	36,767	39,525	36,384	31,620	7,374	5,039	18,507	175,217
2022	31,207	42,726	43,567	32,645	6,389	2,121	26,345	185,001
2023	37,134	44,955	48,332	34,436	6,373	813	28,159	200,202
2024	34,718	45,776	48,989	36,390	5,722	3,340	28,569	203,504
2025	36,149	48,192	49,623	40,578	4,731	4,707	31,062	215,042
Change 2016-2025	(13.60%)	58.90%	45.00%	40.20%	(39.20%)	4.90%	68.60%	29.50%

Note:

1. Presents additional details on Other Local Taxes presented in Schedule 6 above.

**Revenue Capacity Information
Schedule I
Assessed Valuations and Estimated Actual Values of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Real Property ⁽¹⁾	Personal Property ⁽¹⁾	Other Property ⁽²⁾	Total Taxable Assessed Value	Estimated Actual Taxable Value ⁽³⁾
2016	\$ 19,106,737	\$ 1,952,955	\$ 277,301	\$ 21,336,993	\$ 21,336,993
2017	19,433,889	2,219,662	265,149	21,918,700	21,918,700
2018	19,870,881	1,938,053	288,054	22,096,988	22,096,988
2019	20,345,182	2,006,838	281,245	22,633,265	22,633,265
2020	21,334,651	2,141,764	304,481	23,780,896	23,780,896
2021	22,154,798	2,207,130	275,805	24,637,733	24,637,733
2022	23,076,118	3,277,428	328,211	26,681,757	26,681,757
2023	25,294,182	2,394,576	308,907	27,997,665	27,997,665
2024	27,210,435	2,360,831	352,964	29,924,230	29,924,230
2025	28,957,228	2,388,236	378,459	31,723,923	31,723,923

Notes:

1. Real property and personal property include both general and public service corporations.
2. Other property includes machinery and tools, mobile homes, airplanes and boats.
3. Estimated actual taxable property values are based on data supplied by the City's Commissioner of the Revenue and the City Assessor.

Revenue Capacity Information
Schedule 2
Direct Property Rates
Last Ten Fiscal Years

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Property tax rate per \$100 of assessed value ⁽¹⁾										
Real property	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.23
Downtown Improvement District ⁽⁵⁾	1.31	1.31	1.31	1.41	1.41	1.41	1.41	1.41	1.41	1.39
Personal property	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33
Machinery and tools	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Mobile homes	1.15	1.15	1.15	1.25	1.25	1.25	1.25	1.25	1.25	1.23
Airplanes	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Boats (pleasure)	0.50	0.50	0.50	0.50	0.25	0.25	-	-	-	-
Boats (business)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreational vehicles	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Disabled veterans	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total direct tax rate ⁽²⁾	1.24	1.23	1.25	1.33	1.32	1.32	1.33	1.36	1.35	1.32
Assessed value of real property as a percent of fair market value ⁽³⁾										
As determined by the City Assessor	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
As determined by the Commonwealth's Department of Taxation ⁽⁴⁾	99.00%	97.00%	97.00%	98.00%	98.00%	98.00%	94.00%	87.00%	80.00%	81.80%

Notes:

1. Cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of a county government since they are located outside of any county boundaries.
2. The total direct tax rate is calculated using a weighted average formula that combines real, personal and other property using the original property tax levy and total taxable property assessed value.
3. The real property and personal property assessments for public service corporations are based on information furnished to the Commissioner of the Revenue by the State Corporation Commission and the Commonwealth's Department of Taxation for calendar years 2016 through 2025.
4. For fiscal year 2025, the most recent Virginia Assessment/Sales ratio study available is used from 2023 (historically a two year lag in availability of data).
5. Fiscal years 2016 through 2025 were updated to reflect tax rate per the budget.

**Revenue Capacity Information
Schedule 3
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2016			2025		
	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value
MPB, Inc.				\$ 224,646,200	1	0.77%
ODU Real Estate Foundation	\$ 129,988,800	2	0.68%	160,717,500	2	0.55%
Fort Norfolk Retirement Community, Inc.				110,147,400	3	0.38%
Fort Norfolk Community, Inc.				101,053,000	4	0.35%
North Pine Associates, LLC	50,770,000	10	0.27%	89,326,400	5	0.31%
Norfolk Outlets, LLC				89,254,100	6	0.31%
PC Roll LLC Et Al				83,586,300	7	0.29%
Crown Point Owner, LLC				82,480,500	8	0.28%
Hertz Norfolk 999 Waterside, LLC				81,003,400	9	0.28%
Ap Arlay Point LLC Et Al				80,219,800	10	0.28%
MacArthur Shopping Center	199,763,100	1	1.05%			
Norfolk Southern	88,086,900	3	0.46%			
Wells Fargo Building	76,225,200	4	0.40%			
Dominion Enterprises	61,618,200	5	0.32%			
Virginia Power Co.	57,691,600	6	0.30%			
Military Circle, LLC	57,417,100	7	0.30%			
Norfolk Housing, LLC	56,783,300	8	0.30%			
Marriott (Norfolk Hotel Association)	51,894,500	9	0.27%			
	<u>\$ 830,238,700</u>		<u>4.35%</u>	<u>\$ 1,102,434,600</u>		<u>3.80%</u>

Note:

Information obtained from the City's Real Estate Assessor's Office.

**Revenue Capacity Information
Schedule 4
Property Tax Levy and Collections by Tax Year
Last Ten Years**

Tax Year	Original Tax Levy	Adjusted Tax Levy ⁽¹⁾	Current Collections	Percent of Current Collections to Tax Levy ⁽²⁾	Delinquent Collections	Total Collections	Percentage of Total Collections to Tax Levy ⁽²⁾
2016	\$ 264,043	\$ 265,482	\$ 251,933	94.90%	\$ 13,248	\$ 265,181	99.89%
2017	268,718	269,672	255,712	94.82%	13,524	269,236	99.84%
2018	275,648	277,578	262,585	94.60%	12,964	275,549	99.27%
2019	300,270	300,270	285,588	95.11%	14,567	300,155	99.96%
2020	314,540	314,540	288,746	91.80%	24,275	313,021	99.52%
2021	327,530	327,530	308,016	94.04%	16,972	324,988	99.22%
2022	355,926	355,926	328,909	92.41%	22,533	351,442	98.74%
2023	381,434	381,434	353,120	92.58%	22,309	375,429	98.43%
2024	404,302	404,302	375,710	92.93%	18,442	394,152	97.49%
2025	420,991	420,991	391,909	93.09%	-	391,909	93.09%

Notes:

1. Adjusted Tax Levy has been adjusted to reflect residual taxable amount after exonerations and reassessments obtained from Office of the City Treasurer.
2. Percentage of Collections to Tax Levy are calculated using the adjusted Tax Levy amounts. Taxes collected during the current year that relate to prior years are included in the year assessed.

**Debt Capacity Information
Schedule I
Ratios of Outstanding Debt by Type⁽¹⁾
Last Ten Fiscal Years
(Amounts in Thousands)**

Fiscal Year	General Obligation Bonds	Revenue Bonds	Private Debt⁽⁴⁾	Long-Term Lease Liability	Long-Term SBITA⁽³⁾ Liability	Total Outstanding Debt	Outstanding Debt per Capita⁽²⁾ (Actual)	% of Personal Income	Debt to Net Position Ratio
Governmental Activities									
2016	\$ 611,876	\$ -	\$ -	\$ -	\$ -	\$ 611,876	\$ 2,476	6.49%	0.40
2017	664,941	-	-	-	-	664,941	2,700	6.75%	0.38
2018	720,180	-	-	-	-	720,180	2,931	7.13%	0.35
2019	831,837	-	-	-	-	831,837	3,395	7.99%	0.34
2020	790,550	-	-	-	-	790,550	3,213	7.57%	0.31
2021	935,414	-	-	-	-	935,414	3,929	8.48%	0.22
2022	977,364	-	-	-	-	977,364	4,111	8.76%	0.36
2023	1,012,070	-	-	27,473	6,257	1,045,800	4,392	8.80%	0.53
2024	932,324	-	-	23,749	17,139	973,212	3,966	N/A	0.65
2025	855,707	-	8,009	26,802	12,868	903,386	3,851	N/A	0.74
Business-Type Activities									
2016	236,084	436,720	-	-	-	672,804	2,722	7.13%	0.61
2017	258,922	424,459	-	-	-	683,381	2,766	6.94%	0.63
2018	261,164	442,381	-	-	-	703,545	2,857	6.96%	0.65
2019	217,515	443,646	-	-	-	661,161	2,690	6.35%	0.74
2020	262,378	424,304	-	-	-	686,682	2,802	6.58%	0.81
2021	258,887	377,953	-	-	-	636,840	2,675	5.77%	0.94
2022	242,450	362,492	-	-	-	604,942	2,544	5.42%	1.11
2023	261,042	338,191	-	1,986	-	601,219	2,525	5.06%	1.19
2024	246,909	366,404	-	1,639	-	614,952	2,506	N/A	1.22
2025	230,510	340,034	-	1,690	-	572,234	2,439	N/A	1.49
Total Primary Governmental Activities									
2016	847,960	436,720	-	-	-	1,284,680	5,198	13.62%	0.52
2017	923,863	424,459	-	-	-	1,348,322	5,466	13.69%	0.51
2018	981,344	442,381	-	-	-	1,423,725	5,788	14.09%	0.50
2019	1,049,352	443,646	-	-	-	1,492,998	6,085	14.34%	0.52
2020	1,052,928	424,304	-	-	-	1,477,232	6,015	14.15%	0.54
2021	1,194,301	377,953	-	-	-	1,572,254	6,604	14.25%	0.51
2022	1,219,814	362,492	-	-	-	1,582,306	6,953	14.18%	0.65
2023	1,273,112	338,191	-	29,459	6,257	1,647,019	6,917	13.86%	0.76
2024	1,179,233	366,404	-	25,388	17,139	1,588,164	6,472	N/A	0.88
2025	1,086,217	340,034	8,009	28,492	12,868	1,475,620	6,290	N/A	1.04

Notes:

1. Beginning in fiscal year 2024, short-term line of credit is removed from the total outstanding debt, therefore Debt per Capita, % of Personal Income and Debt to Net Position Ratio has been recalculated from fiscal year 2015 through 2023.
 2. Population is detailed in Schedule 2 Debt Capacity Information.
 3. Subscription-Based Information Technology Arrangements (SBITAs)
 4. 50-year beach nourishment agreement (see note IX: Long-term Obligation)
- N/A - not available

**Debt Capacity Information
Schedule 2
Ratios of General Bonded Debt to
Total Assessed Value and Bonded Debt Per Capita
Last Ten Fiscal Years**

Fiscal Year	Gross Bonded Debt ⁽¹⁾ (in thousands)	Debt Payable from Enterprise Revenue (in thousands)	Net Bonded Debt (in thousands)	Assessed Value of Taxable Property ⁽²⁾ (in thousands)	Population ⁽³⁾	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2016	\$ 1,039,960	\$ 252,795	\$ 787,165	\$ 21,366,996	247,087	3.68%	\$ 3,186
2017	1,123,755	269,011	854,744	21,918,700	246,256	3.90%	3,471
2018	1,147,918	271,164	876,754	22,096,988	245,741	3.97%	3,568
2019	1,068,372	226,735	841,637	22,633,265	245,054	3.72%	3,434
2020	1,103,120	252,570	850,550	23,780,896	246,063	3.58%	3,457
2021	1,277,561	258,887	1,018,674	24,637,733	238,102	4.13%	4,278
2022	1,272,576	242,450	1,030,126	26,681,757	237,770	3.79%	4,332
2023	1,323,112	261,042	1,062,070	27,997,665	238,112	3.12%	4,460
2024	1,179,233	246,909	932,324	29,924,230	245,406	3.12%	3,799
2025	1,086,217	230,510	855,707	31,723,923	N/A	2.70%	N/A

Notes:

1. Gross Bonded Debt includes unamortized premiums.
2. Assessed value of taxable property is detailed in Revenue Capacity Schedule 1.
3. The source of 2016 through 2024 population estimates is the Weldon Cooper Center for Public Service, University of Virginia.

N/A - not available

**Debt Capacity Information
Schedule 3
Computation of Direct Bonded Debt
As of June 30, 2025**

	Jurisdiction ⁽¹⁾	Gross Bonded Debt (in thousands)	% Applicable to Government	\$ Applicable to Government (in thousands)
Direct:	City of Norfolk	\$ 1,086,217	100.00%	\$ 1,086,217

Note:

1. There is no overlapping debt because cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of any municipal government.

**Debt Capacity Information
Schedule 4
Legal Debt Margin
Last Ten Fiscal Years**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total assessed value of taxed real property ⁽¹⁾	\$ 19,106,737,956	\$ 19,433,889,018	\$ 19,870,880,970	\$ 20,344,603,804	\$ 21,134,551,094	\$ 22,154,797,959	\$ 23,076,117,734	\$ 25,295,259,876	\$ 27,210,434,577	\$ 29,015,379,398
Debt Limit - 10% of total assessed valuation	1,910,673,796	1,943,388,902	1,987,088,097	2,034,460,380	2,113,455,109	2,215,479,796	2,307,611,773	2,529,525,988	2,721,043,458	2,901,537,940
Net debt applicable to debt limitation	988,381,839	1,065,983,734	1,079,595,115	988,038,371	1,086,293,856	1,267,408,068	1,253,606,782	1,299,296,707	1,164,793,797	1,023,655,474
Legal Debt Margin	<u>\$ 922,291,955</u>	<u>\$ 877,405,167</u>	<u>\$ 907,492,982</u>	<u>\$ 1,046,422,009</u>	<u>\$ 1,027,161,253</u>	<u>\$ 948,071,728</u>	<u>\$ 1,054,004,991</u>	<u>\$ 1,230,229,281</u>	<u>\$ 1,556,249,661</u>	<u>\$ 1,877,882,466</u>
Net debt percentage of debt limitation	51.73%	54.85%	54.33%	48.57%	51.40%	57.21%	54.32%	51.37%	42.81%	35.28%

Notes:

1. From last preceding tax assessment

Debt Capacity Information
Schedule 5
Revenue Bonds Debt Service Coverage for Water Utility Fund
Last Ten Fiscal Years

Fiscal Year	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Income Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2016	\$ 83,103,038	\$ 32,731,817	\$ 50,371,221	\$ 8,750,000	\$ 16,612,870	\$ 25,362,870	1.99
2017	86,970,065	37,735,743	49,234,322	10,090,000	15,988,725	26,078,725	1.89
2018	89,419,996	34,889,820	54,530,176	13,860,000	14,376,733	28,236,733	1.93
2019	115,557,713	36,530,929	79,026,784	14,200,000	15,858,467	30,058,467	2.63
2020	95,843,067	36,671,425	59,171,642	13,830,000	15,044,375	28,874,375	2.05
2021	97,628,276	36,700,664	60,927,612	15,965,000	14,311,275	30,276,275	2.01
2022	102,685,609	28,736,895	73,948,714	17,170,000	13,504,400	30,674,400	2.41
2023	108,973,861	42,198,815	66,775,046	18,090,000	11,866,138	29,956,138	2.23
2024	119,228,854	51,737,695	67,491,159	19,195,000	12,128,874	31,323,874	2.15
2025	131,126,374	45,857,881	85,268,493	17,880,000	11,519,448	29,399,448	2.90

Notes:

1. Includes operating revenue, plus interest income not capitalized.

2. Includes operating expenses, less depreciation/amortization and payment in lieu of taxes (PILOT).

**Debt Capacity Information
Schedule 6
Revenue Bonds Debt Service Coverage for Wastewater Utility Fund
Last Ten Fiscal Years**

Fiscal Year	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Income Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2016	\$ 28,028,027	\$ 10,347,338	\$ 17,680,689	\$ 3,019,967	\$ -	\$ 3,019,967	5.85
2017	29,246,659	12,826,121	16,420,538	3,488,443	-	3,488,443	4.71
2018	30,336,506	11,186,214	19,150,292	3,856,919	-	3,856,919	4.97
2019	31,582,034	11,291,981	20,290,053	4,525,669	-	4,525,669	4.48
2020	32,097,154	11,933,730	20,163,424	6,816,855	325,483	7,142,338	2.82
2021	32,531,015	11,805,718	20,725,297	7,393,268	241,212	7,634,480	2.71
2022	35,217,195	8,879,081	26,338,114	7,556,803	110,126	7,666,929	3.44
2023	35,906,216	10,452,416	25,453,800	8,301,763	85,166	8,386,929	3.03
2024	38,463,326	12,773,234	25,690,092	8,327,090	59,840	8,386,930	3.06
2025	39,944,775	12,294,419	27,650,356	8,254,960	124,660	8,379,620	3.30

Notes:

1. Includes operating revenue, plus interest income.
2. Includes operating expenses, less depreciation/amortization and payment in lieu of taxes (PILOT).

Debt Capacity Information
Schedule 7
Revenue Bonds Debt Service Coverage for Storm Water Fund
Last Ten Fiscal Years ⁽¹⁾

Fiscal Year					Debt Service			
	Revenue Available for Debt Service ⁽²⁾	Operating Expenses Less Depreciation & Amortization ⁽³⁾	Operating expenses less expensed CIP	Income Available for Debt Service	Principal	Interest	Total	Coverage
2020	\$ 21,796,074	\$ 10,820,892	\$ 9,257,249	\$ 10,975,182	\$ -	\$ -	\$ -	-
2021	22,468,049	14,024,623	11,855,005	8,443,426	-	-	-	-
2022	22,399,627	13,289,530	10,066,601	9,110,097	34,232	1,022	35,254	258.41
2023	23,533,410	17,427,981	13,957,904	6,105,429	34,491	762	35,253	173.19
2024	24,931,086	18,803,547	17,245,839	6,127,539	34,578	676	35,254	173.81
2025	26,272,291	13,996,184	11,732,832	12,276,107	34,664	590	35,254	348.22

Notes:

1. Storm Water became an enterprise fund in 2020; therefore, revenue bond debt service coverage is only reported through those fiscal years.
2. Includes operating revenue, plus interest income not capitalized.
3. Includes operating expenses, less depreciation, amortization and payment in lieu of taxes (PILOT).

Debt Capacity Information
Schedule 8
Ratio of Annual Debt Service Expenditures for General Bonded Debt and Other Debt
to Total General Expenditures
Last Ten Years

Fiscal Year	Principal on Serial Bonds	Redemption of Other Long-term Debt	Interest on Serial Bonds	Interest on Other Debt	Total Debt Service	Total General Expenditures ^{(1) (2)}	Ratio of Debt Service to Total General Expenditures
2016	\$ 46,175,445	\$ -	\$ 26,955,137	\$ -	\$ 73,130,582	\$ 596,768,904	12.25%
2017	50,663,318	-	27,149,634	-	77,812,952	618,253,753	12.59%
2018	52,583,233	-	27,316,523	-	79,899,756	644,120,067	12.40%
2019	49,121,542	-	32,211,611	-	81,333,153	661,339,027	12.30%
2020	53,737,152	-	29,710,170	-	83,447,322	664,623,252	12.56%
2021	63,781,523	-	27,612,204	-	91,393,726	629,115,874	14.53%
2022	53,852,387	-	27,160,898	-	81,013,285	620,318,236	13.06%
2023	68,760,616	-	28,879,010	-	97,639,626	662,525,713	14.74%
2024	73,649,422	-	30,634,647	-	104,284,069	798,661,007	13.06%
2025	75,864,416	-	28,810,926	-	104,675,342	883,775,913	11.84%

Notes:

1. Total general expenditures include the expenditures of the General Fund and Debt Service Fund.
2. Total general expenditures are presented using the modified accrual basis of accounting.

**Demographic and Economic Information
Schedule I
Population Statistics
Last Ten Calendar Years**

Year	Population (1)(4)	Personal Income (000's) (2)(4)	Per Capita Personal Income (2)(4)	Civilian Labor Force Estimates (3)(4)	% Unemployed (3)(4)
2015	247,242	\$ 9,028,309	\$ 37,002	112,799	5.5%
2016	247,596	9,209,716	37,921	112,035	5.3%
2017	248,046	9,385,901	38,910	113,366	4.6%
2018	245,422	9,196,448	38,323	112,458	3.7%
2019	242,979	9,487,418	39,716	111,964	3.5%
2020	238,024	10,019,400	42,136	113,790	9.2%
2021	238,102	11,056,250	47,076	107,978	5.7%
2022	237,770	11,188,036	48,109	107,133	3.4%
2023	238,112	11,877,740	51,434	109,344	3.3%
2024	245,406	-	-	109,878	3.4%

Notes:

1. Population from the Weldon Cooper Center for Public Service, University of Virginia and U.S. Census Bureau. Population data was not available for 2025.
2. Personal income and per capita personal income estimates from U.S. Bureau of Economic Analysis. Data not available for 2024.
3. Unemployment rate and civilian labor force from the U.S. Bureau of Labor Statistics as of July 2024.
4. Calculations were corrected for 2015 - 2023.
5. All information on an average annual calendar year.

Demographic and Economic Information
Schedule 2
Ten Largest Employers in Norfolk ⁽¹⁾
Current Year and Nine Years Ago

Employer	Rank	
	2016	2025
U.S. Department of Defense	1	1
Sentara Healthcare	2	2
Norfolk City School Board	3	3
Old Dominion University	4	4
Children's Hospital of The King's Daughters	5	5
Eastern Virginia Medical School	6	
Anthem	7	
Sentara Health Management		6
U.S. Navy Exchange	8	
ADP Incorporated		7
Norfolk State University	9	8
Walmart	10	
Security Forces, Inc		9
Hampton Roads Connector Partners		10
Total Employment ⁽²⁾	140,167	143,105

Notes:

1. The source of the City's top ten employers is the Virginia Employment Commission. The most current data available is the quarter ended March 2025. Each of the top 10 employers has 1,000+ employees. The actual number of employees for each employer was not available.
2. The source of the City's total employment is the Bureau of Labor Statistics quarter ended 1st Quarter 2016 and 1st Quarter 2025.

Demographic and Economic Information
Schedule 3
New Construction and Property Values ⁽¹⁾

Fiscal Year	Residential Construction ⁽¹⁾			Non-Residential Construction ^{(1) (2)}	
	Building Permits	Number of Units	Estimated Value (in thousands)	Building Permits	Estimated Value (in thousands)
2016	384	894	\$ 74,377	20	\$ 91,171
2017	459	1,193	68,571	25	82,443
2018	346	597	54,899	15	118,459
2019	274	1,125	83,245	31	238,513
2020	405	1,182	87,820	26	282,015
2021	410	1,194	125,073	25	120,380
2022	263	1,702	181,971	25	71,622
2023	268	1,104	142,403	36	107,622
2024	169	815	91,453	25	92,225
2025	134	264	43,746	23	66,086

Notes:

1. The source of residential and nonresidential construction is the City's Department of Planning.
2. Non-residential construction includes commercial buildings, public buildings, schools, public utility buildings and miscellaneous structures.

Demographic and Economic Information
Schedule 4
Annual Employment Average by Industry
(in thousands)

	Calendar Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Goods-Producing Industries:										
Construction	4.2	4.1	4.6	4.5	4.2	4.0	4.4	4.9	5.5	5.6
Manufacturing	6.3	6.0	6.1	6.7	7.1	7.0	7.1	6.8	6.7	6.7
Service-Providing Industries:										
Wholesale trade	3.5	3.5	3.3	2.1	2.0	1.8	1.8	1.8	1.8	1.9
Retail trade	12.7	12.7	12.8	12.3	11.7	10.9	11.2	11.3	11.2	11.0
Transportation and warehousing	8.8	8.6	8.6	8.2	8.7	8.4	8.7	9.6	9.4	9.0
Information	2.9	3.0	2.9	2.4	2.3	2.1	2.0	1.7	1.6	1.5
Finance and insurance	5.2	5.3	5.1	5.2	5.3	5.2	5.0	5.3	6.2	5.7
Real estate and rental and leasing	2.6	2.5	2.6	2.4	2.4	2.2	2.2	2.7	2.8	2.7
Professional and technical services	10.5	10.4	10.7	10.9	11.2	11.3	11.4	11.4	12.5	14.8
Management of companies and enterprises	1.7	1.6	1.6	1.8	1.7	1.7	1.6	1.9	2.2	1.5
Administrative, support and waste services	7.7	7.3	8.3	9.3	8.9	8.2	8.5	10.1	9.5	9.2
Educational services	15.6	15.4	15.0	19.1	18.9	18.4	17.9	15.2	15.5	19.2
Healthcare and social assistance	22.0	22.8	23.1	21.8	20.0	19.5	19.0	19.8	20.4	23.1
Arts, entertainment and recreation	2.2	2.3	2.3	1.9	1.9	1.6	1.7	2.1	2.2	2.4
Accommodation and food services	10.9	11.2	11.5	11.3	11.7	9.1	9.7	10.4	10.6	10.4
Public administration	18.0	18.4	18.2	18.3	18.4	17.8	18.0	18.8	19.0	19.4
Other services	4.1	4.2	4.5	4.5	4.6	3.8	3.8	3.9	3.8	0.2
Total (adjusted for rounding)	139.7	140.2	141.9	142.7	141.0	132.8	133.9	137.7	140.8	144.3

Notes:

1. Labor Market Statistics, Virginia Employment Commission is the source of annual employment averages by industry.
2. All information on an average annual calendar year.
3. This schedule includes data for the ten-year period 2016 - 2025 as calendar year.

Operating Information
Schedule I
Full-Time Equivalent (FTE) Positions by Function/Program ⁽¹⁾
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
General government	450	453	441	442	447	439	436	444	465	488
Judicial administration	10	10	10	11	12	15	12	11	13	16
Public safety										
Police	838	874	843	843	792	745	672	626	623	662
Fire	489	504	482	482	483	490	497	493	485	491
Other	74	70	65	65	61	57	58	57	54	29
Public works	383	387	379	379	274	270	263	268	277	280
Health and public assistance	715	710	686	686	642	633	624	603	597	615
Culture and recreational ⁽³⁾	442	446	455	455	434	389	379	438	473	488
Community development	128	132	131	131	130	137	147	160	175	185
Business-type activities:										
Water utility	262	259	258	258	250	249	244	242	244	243
Wastewater utility	94	92	91	91	90	86	81	80	82	81
Parking facilities	58	53	54	54	50	47	67	50	55	63
Storm Water utility ⁽²⁾	-	-	-	-	91	91	92	99	104	107
Total full-time equivalent positions	3,941	3,990	3,895	3,895	3,756	3,648	3,553	3,571	3,647	3,748

Notes:

1. Data obtained from PeopleSoft information system.
2. In Fiscal Year 2020, Storm Water Utility transitioned to a proprietary fund. Employees in this fund were previously reported in Public Works.
3. The drop in FTEs from 2020-2022 is a direct result of layoffs due to the COVID-19 pandemic.

**Operating Information
Schedule 2
Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Service calls	241,530	235,763	247,070	239,755	234,468	210,359	204,717	213,487	213,048	216,126
Arrests	19,364	17,938	19,382	19,499	17,276	9,961	8,512	5,342	9,811	10,129
Reports filed	27,322	27,287	24,168	23,286	23,082	21,807	24,369	13,428	21,866	21,735
Fire:										
Incidences (fires, EMS)	46,670	47,232	45,039	44,817	45,042	46,803	52,145	53,951	55,334	54,518
Highways and Streets:										
Streets resurfacing (miles)	41	78	77	74	72	72	82	29	35	69
Sanitation:										
Total solid waste collected and disposed (tons)	84,162	87,851	81,974	86,568	87,770	90,057	82,691	82,127	81,754	81,455
Water Utility:										
Water delivered to water mains (gallons in thousands)	21,349,210	21,920,310	21,498,500	21,364,650	20,642,560	21,156,180	21,385,500	21,686,940	21,207,640	21,060,500
Total water consumption (gallons in thousands)	19,282,870	19,649,330	19,548,271	19,178,839	18,930,786	19,384,252	19,881,856	19,520,685	19,311,518	19,712,628
Average daily delivery (gallons in thousands)	58,320	60,060	59,900	59,890	56,400	57,960	58,590	59,390	57,944	57,700
Maximum daily pumpage (gallons in thousands)	67,610	72,220	81,000	69,940	69,400	72,090	69,320	72,360	68,380	77,700
Minimum daily pumpage (gallons in thousands)	51,010	48,120	50,000	49,790	48,630	50,320	49,050	49,290	51,120	43,600
Percent of unmetered water	9.68%	10.36%	9.07%	10.23%	8.29%	8.38%	7.03%	9.99%	8.94%	6.40%

Operating Information
Schedule 3
Capital Assets and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety:										
Police stations	3	3	3	3	3	3	2	2	2	2
Fire stations	14	14	14	14	14	14	14	14	14	14
Education:										
High schools	5	5	5	5	5	5	5	5	5	5
Middle schools	8	8	8	8	8	8	8	6	4	4
Elementary (PreK - 8)	33	33	33	33	33	33	33	32	32	32
Other educational facilities	10	10	10	10	10	10	10	6	6	6
Libraries	11	11	12	12	12	12	12	12	12	12
Public Recreation:										
Parks:										
Acreage	630	630	630	630	633	633	633	633	633	633
Regional parks	2	2	2	2	2	2	2	2	2	6
Neighborhood parks	72	72	72	72	73	73	73	73	73	73
Preserves and nature areas	1	1	1	1	1	1	1	1	1	1
Nature education centers	1	1	1	1	1	1	1	1	1	2
Playgrounds	106	106	106	106	106	106	107	107	107	88
Hiking trails (miles)	5	5	5	5	5	5	5	5	5	13
Recreation:										
Acreage	981	981	981	977	977	977	977	977	992	1,152
Recreational and senior centers	30	30	30	29	29	29	29	29	29	22
Swimming pools	6	6	6	6	5	5	5	5	5	8
Tennis courts	142	142	142	138	138	138	138	138	138	125
Baseball/softball diamonds	86	86	86	86	86	86	86	86	86	86
Football/soccer fields	49	49	49	49	49	49	49	49	49	49
Field hockey	3	3	3	3	3	3	3	3	3	3
Basketball courts	201	201	201	199	199	196	196	196	196	173
Municipal beaches	3	3	3	3	3	3	3	3	3	3
Municipal golf courses	2	2	2	2	2	2	2	2	1	1
Public Services:										
Transportation and Engineering:										
Streets (lane miles) ⁽¹⁾	*	*	*	*	*	*	*	*	1,757	1,757
Sidewalks (miles)	902	902	906	909	895	900	900	894	894	900
Bridges	52	53	53	53	53	52	52	52	52	52
Signalized intersections	312	313	315	315	315	317	317	317	317	318
Streetlights	31,289	32,081	32,121	32,786	34,286	34,278	32,248	32,248	32,092	32,181

Operating Information
Schedule 3
Capital Assets and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Utilities:										
Water customer accounts	65,426	65,673	65,984	66,151	66,964	67,514	67,500	67,360	67,558	67,560
Miles of water main in the system	821	822	821	822	823	821	821	821	822	822
Capital assets (in '000)										
Water fund	\$ 533,746	\$ 561,297	\$ 566,863	\$ 570,315	\$ 575,825	\$ 587,930	\$ 607,588	\$ 618,131	\$ 631,878	\$ 656,256
Wastewater fund	261,039	266,307	272,992	280,035	290,103	300,476	316,923	321,369	332,431	349,517
Total utilities assets (in '000)	\$ 794,785	\$ 827,604	\$ 839,855	\$ 850,350	\$ 865,928	\$ 888,406	\$ 924,511	\$ 939,500	\$ 964,309	\$ 1,005,773
Convention Center:										
Meeting rooms	8	58	58	58	58	68	68	73	73	73
Meeting/ballroom space/exhibit (square feet)	68,130	118,879	118,879	118,879	129,379	129,379	129,379	132,829	132,829	132,829
Parking Facilities:										
Parking lots/garages	25	27	27	27	26	26	26	24	24	22
Parking meters	643	643	643	643	659	625	625	546	554	551
Storm Water Management:										
Miles of storm sewers ⁽²⁾	404	385	385	385	399	407	475	475	476	480

Notes:

1. Change in calculation due to survey completed in fiscal year 2024. Prior year reported mileage was determined to be unreliable.

2. Increase in storm sewer miles beginning in fiscal year 2022 based on change in measurement technique.

**Operating Information
Schedule 4
Water Utility Statistics
As of June 30, 2025**

Average Metered Consumption (million gallons per day)

Fiscal Year	Norfolk Retail	Virginia Beach	U.S. Navy	Chesapeake	Total
2016	15.8	30.9	4.2	2.0	52.9
2017	15.7	31.5	4.6	2.1	53.9
2018	15.6	30.7	5.1	2.2	53.6
2019	15.5	30.2	4.9	2.0	52.6
2020	15.1	30.6	4.2	2.0	51.9
2021	15.3	31.6	4.2	2.0	53.1
2022	15.6	32.3	4.5	2.0	54.4
2023	15.3	32.0	4.5	2.1	53.9
2024	15.0	31.3	4.7	2.0	53.0
2025	15.6	31.0	5.2	1.9	53.7

Retail Customers' Average Annual Costs - Norfolk Retail

Fiscal Year	Revenue	Volume (Mgal) ⁽¹⁾	Average Cost (\$/Mgal) ⁽¹⁾
2016	\$ 35,288,000	5,769,000	\$ 6.12
2017	36,213,000	5,717,000	6.33
2018	37,929,000	5,702,000	6.65
2019	38,776,000	5,659,000	6.85
2020	39,330,000	5,516,000	7.13
2021	40,810,000	5,585,000	7.31
2022	43,354,000	5,706,000	7.60
2023	43,101,000	5,526,000	7.80
2024	45,004,689	5,472,000	8.22
2025	47,993,000	5,699,000	8.42

Wholesale Customers' Average Annual Costs - Virginia Beach

Fiscal Year	Revenue	Volume (Mgal) ⁽¹⁾	Average Cost (\$/Mgal) ⁽¹⁾
2016	\$ 23,731,000	11,263,000	\$ 2.11
2017	24,722,000	11,489,000	2.15
2018	23,548,000	11,200,000	2.10
2019	25,158,000	11,015,000	2.28
2020	22,771,000	11,157,000	2.04
2021	25,646,000	11,546,000	2.22
2022	25,812,000	11,788,000	2.19
2023	27,292,281	11,524,000	2.37
2024	30,075,007	11,423,211	2.63
2025	33,611,000	11,310,000	2.97

**Wholesale Customers' Average Annual Costs -
U.S. Navy, including Norfolk and Virginia Beach Facilities**

Fiscal Year	Revenue	Volume (Mgal) ⁽¹⁾	Average Cost (\$/Mgal) ⁽¹⁾
2016	\$ 10,356,000	1,530,000	\$ 6.77
2017	11,710,000	1,662,000	7.05
2018	13,310,000	1,844,000	7.22
2019	13,315,000	1,774,000	7.51
2020	11,835,000	1,524,000	7.77
2021	12,305,000	1,532,000	8.03
2022	13,698,000	1,648,000	8.31
2023	15,501,000	1,801,000	8.61
2024	15,077,294	1,695,765	8.89
2025	17,332,000	1,882,000	9.21

STATISTICAL SECTION (UNAUDITED)

**Operating Information
Schedule 4
Water Utility Statistics
As of June 30, 2025**

Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Revenue	Volume (Mgal) ⁽¹⁾	Average Cost (\$/Mgal) ⁽¹⁾
2016	\$ 4,718,000	720,000	\$ 6.55
2017	5,100,000	781,000	6.53
2018	5,471,000	802,000	6.82
2019	5,148,000	718,000	7.17
2020	5,384,000	734,000	7.34
2021	5,526,000	721,000	7.66
2022	5,848,000	739,168	7.91
2023	6,089,000	759,171	8.02
2024	6,070,000	720,000	8.43
2025	6,304,000	702,000	8.98

Wholesale Customers' Average Annual Costs - Western Tidewater Water Authority (WTWA)

Fiscal Year	Revenue	Volume (Mgal) ⁽¹⁾	Average Cost (\$/Mgal) ⁽¹⁾
2016	\$ 3,128,963	2,463,750	1.27
2017	3,128,963	2,463,750	1.27
2018	3,531,375	2,737,500	1.29
2019	3,586,125	2,737,500	1.31
2020	4,065,188	3,011,250	1.35
2021	4,125,413	3,011,250	1.37
2022	4,566,150	3,285,000	1.39
2023	4,763,250	3,285,000	1.45
2024	5,587,237	3,559,000	1.57
2025	5,800,762	3,559,000	1.63

Wholesale Customers' Average Annual Costs - Virginia Beach

Fiscal Year	Revenue	Volume (Mgal) ⁽¹⁾	Average Cost (\$/Mgal) ⁽¹⁾
2016	\$ -	-	-
2017	-	-	-
2018	-	-	-
2019	2,371,100	1,825,000	1.31
2020	4,941,000	3,650,000	1.35
2021	5,000,500	3,650,000	1.37
2022	5,073,500	3,650,000	1.39
2023	5,292,500	3,650,000	1.45
2024	5,746,200	3,650,000	1.57
2025	5,949,500	3,650,000	1.63

Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Revenue	Volume (Mgal) ⁽¹⁾	Average Cost (\$/Mgal) ⁽¹⁾
2016	\$ 3,302,111	2,591,500	1.27
2017	3,301,122	2,595,150	1.27
2018	3,330,149	2,576,900	1.29
2019	3,352,605	2,558,650	1.31
2020	3,465,383	2,558,650	1.35
2021	3,510,027	2,555,000	1.37
2022	3,580,444	2,558,650	1.40
2023	3,721,368	2,562,300	1.45
2024	4,033,290	2,562,000	1.57
2025	4,176,816	2,555,000	1.63

⁽¹⁾ "Mgal" means 1,000 gallons

**Operating Information
Schedule 4
Water Utility Statistics
As of June 30, 2025**

Raw Water Consumption (million gallons per day)

Fiscal Year	WTWA	Virginia Beach	Chesapeake	Total
2016	6.75	-	7.10	13.85
2017	6.75	-	7.11	13.86
2018	7.50	-	7.06	14.56
2019	7.50	10.00	7.01	24.51
2020	8.25	10.00	7.01	25.26
2021	8.25	10.00	7.00	25.25
2022	9.00	10.00	7.01	26.01
2023	9.00	10.00	7.02	26.02
2024	9.75	10.00	7.20	26.95
2025	9.75	10.00	7.22	26.97

Additional Information:

- 1) Water Utility Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget.
July 1, 2023 - June 30, 2024
July 1, 2024 - June 30, 2025
- 2) Water Utility Fund Financial Statements are contained in the financial section "Enterprise Funds" of each respective year's Annual Comprehensive Financial Report.
- 3) Financial information on the Water Utility fund is provided in the "Introductory Section" and the "Financial Section" of each respective year's Annual Comprehensive Financial Report.

**Operating Information
Schedule 5
Wastewater Utility Statistics
As of June 30, 2025**

The Wastewater System

The City owns and operates a sanitary sewer system (the "Wastewater System") that collects and conveys wastewater to the regional treatment agency, the Hampton Roads Sanitation District.

Approximate population served	237,665	citizens
Total wastewater pumping stations	138	pump stations
Miles of gravity wastewater mains	677	miles
Miles of wastewater force mains	55	miles

Organization and Management

The Department of Utilities is responsible for the operation of two enterprise funds, the Water Utilities Fund and the Wastewater Utilities Fund. The Department, which is comprised of eight divisions, is organized as follows: Water Production, Water Quality, Wastewater, Water Distribution, Water Accounts, Engineering, Accounting & Budget and the Director's Office.

Rates

Each customer using the Wastewater System is charged at a rate based on the water meter flow unless an effluent meter is used. In the absence of an effluent meter, the water meter flow is used. Rates are set by City Council. Effective in fiscal year 2005, the City Council established a long-term retail rate plan and starting in fiscal year 2006, wastewater rates increase annually by 4.00% and produces the following rates:

Fiscal Year	Retail Rate
2021	\$4.65 per 100 cubic feet
2023	\$5.03 per 100 cubic feet
2024	\$5.23 per 100 cubic feet
2025	\$5.44 per 100 cubic feet
Thereafter	4.00% annual increase each July 1

Largest Users

Rank	Entity	Usage (CCF)
1	Norfolk Redevelopment and Housing Authority	342,499
2	Old Dominion University	128,637
3	Sentara Norfolk General	121,950
4	Virginia International Terminals, LLC	119,615
5	Norfolk State University	118,341

Operating Income

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Total Operating Revenues	\$ 35,520,672	\$ 37,592,566	\$ 39,186,832
Total Operating Expenses	20,940,708	20,827,726	21,048,462
Total Operating Income	<u>\$ 14,579,964</u>	<u>\$ 16,764,840</u>	<u>\$ 18,138,370</u>

**Operating Information
Schedule 6
Parking Facilities Statistics
As of June 30, 2025**

Short-term Parking Rates at all City-Owned Facilities, Except the MacArthur Center Garages

Time	Hourly Rates	Time	Hourly Rates
0 to 1 Hour	\$2.00	6 PM to 9 PM/Collect-On-Entry	\$3.00
1 to 2 Hours	\$3.00	9 PM to 3 AM/Collect-On-Entry	\$5.00
2 to 3 Hours	\$5.00	Special Event Rate/Collect-On-Entry	\$5.00-\$10.00
3 to 4 Hours	\$6.00		
4 to 5 Hours	\$8.00		
5 to 6 Hours	\$9.00		
6 to 7 Hours	\$11.00		
7 to 8 Hours	\$12.00		
Maximum Daily Rate (up to 24 Hours)	\$13.00		
Lost Ticket/Per Day	\$13.00		

Short-term Parking Rates at the MacArthur Center Garages

Monday - Friday	Saturday & Sunday
\$1.00 for first hour - third hour	\$1.00 for entry prior to 6 PM
\$2.00 for each additional hour until 6 PM	\$2.00 for entry after 6 PM
\$2.00 for entry after 6 PM	\$3.00 for entry before 6 PM and stay less than 3 hours
Maximum of \$10.00 per 24-hour period	Maximum of \$10.00 per 24-hour period

Special Event Rates

All facilities, except the MacArthur Center Garages, have a collect-on-entry, special event rate of \$5.00-\$10.00 per vehicle. The MacArthur Center Garages special event fee is the same per vehicle.

Metered Parking Rates

Metered Area	General Location	Hourly Rate
Tier 1	All streets west of St. Paul's Boulevard, City Hall Avenue and South, Waterside Drive and north, all streets east of Boush Street including Boush Street, and east side of St. Paul's Boulevard between Market Street and Charlotte Street (St. Paul's Lot).	\$0.45 per 15 minutes
Tier 2	All streets west of St. Paul's Boulevard and east of Duke Street; north of City Hall Avenue and south of Charlotte Street; and all remaining downtown areas with meters, generally north of Charlotte Street to Princess Anne Road to east of Llewellyn Avenue to west of Monticello Avenue.	\$0.35 per 15 minutes
Education Lot	Corner of St. Paul's Boulevard and City Hall Avenue	\$0.45 per 30 minutes
ODU Village and Spotswood Lot	Meters located on 41 st , 43 rd , 45 th , 46 th , 47 th Street and Monarch Way, and 800 Block of Spotswood Avenue between Colley Avenue and Core Avenue	\$0.50 per 30 minutes

Monthly Parking Rates at all City-Owned Facilities

Daytime rates vary from \$37.00 unreserved per month in outlying lots to \$128.80 for reserved spaces in the core downtown. Nightly monthly parking rates vary from \$20.00 per month to \$39.00 per month.

**Operating Information
Schedule 6
Parking Facilities Statistics
As of June 30, 2025**

Parking Fines

Parking Violation	Fine Schedule	Parking Violation	Fine Schedule
Overtime Parking - Meter	\$35.00	No Parking - This Side	\$50.00
Overtime Parking - Time Zone	50.00	No Stopping Zone	50.00
Overtime Parking - Meter Feeding	50.00	Restricted City Lot	50.00
No Parking	50.00	Handicapped Parking	300.00
No Parking - Fire Hydrant	150.00	Taxi Stand	50.00
No Parking - Cross Walk	50.00	Blocking Driveway	50.00
No Parking - Loading Zone	50.00	Overnight Parking	50.00
No Parking - Here to Corner	50.00	Parking off of Roadway	50.00
No Parking - Facing Wrong Way	50.00	Blocking Fire Lane	150.00
No Parking - Bus Stop	50.00		
No Parking - Street Cleaning	60.00		

Parking Fines

Fiscal Year	Parking Tickets Issued	Revenue	Collection Rate
2021	30,664	\$1,841,044	71.00%
2022	32,705	1,950,728	61.00%
2023	16,741	1,117,440	49.00%
2024	23,359	1,808,751	62.00%
2025	32,035	3,792,900	64.00%

Additional Information

- 1) Parking Facilities Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget.
 July 1, 2023 - June 30, 2024
 July 1, 2024 - June 30, 2025
- 2) Parking Facilities Fund Financial Statements are contained in the financial section "Enterprise Funds" of each respective year's Annual Comprehensive Financial Report.

**Operating Information
Schedule 7
Storm Water Utility Statistics
As of June 30, 2025**

Storm Water System

The City owns and operates activities of the City's environmental Storm Water Management System (the "Storm Water System") including maintenance of storm water drainage facilities. Effective July 1, 2019, the Storm Water Utility special revenue fund became an enterprise fund.

Approximate population served	226,357	citizens
Total storm water pumping stations	17	pump stations
Miles of gravity storm water pipes	480	miles
Miles of storm water ditches	199	miles
Number of storm water structures	36,532	
Number of storm water outfalls	1,010	

Rates

Owners of developed land, both residential and non-residential, are applied a monthly storm water fee based on an Equivalent Residential Unit (ERU). Fees cover services costs for the collection, treatment and discharge of storm water runoff. Residential property is charged 1 ERU, and Nonresidential property is based on impervious surface area. The rates are set by City Council each year, and effective 2013, a 3.00% annual increase was enacted unless otherwise amended.

Fiscal Year	Retail Rate (Residential)	Retail Rate (Commercial)
2023	\$13.05/month	\$13.05/month per 2,000 sq. ft.
2024	\$13.56/month	\$13.56/month per 2,000 sq. ft.
2025	\$14.07/month	\$14.07/month per 2,000 sq. ft.

Largest Users

Rank	Entity	ERUs
1	Norfolk Airport Authority	6,343
2	Norfolk Redevelopment and Housing Authority	1,597
3	WHLR-Janaf, LLC	1,569
4	Old Dominion University	1,373
5	Economic Development Authority	1,305

Operating Income

	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Total Operating Revenues	\$ 23,365,405	\$ 24,648,902	\$ 26,315,877
Total Operating Expenses	19,058,051	20,404,021	15,969,282
Total Operating Income	<u>\$ 4,307,354</u>	<u>\$ 4,244,881</u>	<u>\$ 10,346,595</u>



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Other Reports of Independent Auditors



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**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
City of Norfolk, 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; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the Specifications), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Norfolk, Virginia (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 26, 2026. The City's financial statements include the operations of the Norfolk Public Schools and Norfolk Economic Development Authority for the year ended June 30, 2025. These component units engaged in their own separate audits in accordance with *Government Auditing Standards*; therefore, this report does not include internal control over financial reporting or compliance and other matters for those entities.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

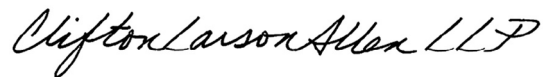
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CliftonLarsonAllen LLP

Arlington, Virginia
January 26, 2026

