



City of Norfolk

For the Fiscal Year Ended June 30, 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT 2021



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**City of Norfolk, Virginia
Annual Comprehensive
Financial Report
For the Fiscal Year Ended
June 30, 2021**

**Prepared by:
The Department of Finance**

**Christine Garczynski
Director of Finance**



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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 accomplished through the efficient and dedicated services of the staff of the Department of Finance and contributing departments and our independent auditors, CliftonLarsonAllen LLP. The contributions of all are invaluable and clearly reflect the high standards set by the City of Norfolk.

It is also appropriate to thank the City Manager, Deputy City Managers, Mayor and Members of the City Council for making possible the excellent financial position of the City through their interest and support in planning and conducting the financial affairs of the City.



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**CITY OF NORFOLK, VIRGINIA
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June 30, 2021

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
Andria P. McClellan
Paul R. Riddick
Danica J. Royster
Thomas R. Smigiel, Jr.

City Manager

Dr. Larry “Chip” H. Filer II

Chief 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
Registrar of Voters
Director of Budget & Strategic Planning
Director of Cultural Facilities, Arts & Entertainment
Director of Economic Development
Director of Emergency Preparedness & Response
Director of Finance
Director of Fire & Rescue Services
Director of General Services
Director of Human Resources
Director of Human Services
Director of Information Technology
Director of Libraries
Director of Communications
Director of National Maritime Center (Nauticus)
Director of Neighborhood Development
Executive Director of Norfolk Community Services Board
Director of Planning & Community Development
Chief of Police
Director of Public Health
Director of Public Works
Director of Recreation, Parks & Open Space
Director of Office of Resilience
Director of Slover Library
Director of the Office of St. Paul’s Transformation
Director of Transit
Acting Director of Utilities
Director of Zoological Park

Wynter Benda
Michael Goldsmith
Trista Pope
James A. Rogers
Catheryn R. Whitesell
Bernard A. Pishko, Esquire
Tammie Dantzler
Allan Bull
W.A. (Pete) Rodda
Stephanie Iles
Gregory Patrick
John S. Rhamstine
Jared Chalk
James Redick
Christine Garczynski
John DiBacco
Nikki Riddick
Marva Smith
Denise Gallop
Fraser Picard
Sonal Rastogi
Lori Crouch
Stephen Kirkland
Michelle Johnson
Sarah Paige-Fuller
George Homewood
Larry Boone
Parham Jaber, M.D.
Richard Broad, P.E.
Darrell Crittendon
Doug Beaver
Lynn B. Clements
Susan Perry
Amy Inman
Robert Carteris
Gregory Bockheim



CITY OF NORFOLK, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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Municipal Officials

JUDICIAL

Fourth Judicial Circuit Court

Chief Judge
Judge
Judge
Judge
Judge
Judge
Judge
Clerk

Mary Jane Hall
Michelle J. Atkins
John R. Doyle, III
Junius P. Fulton, III
Jerrauld C. Jones
David W. Lannetti
Everett A. Martin, Jr.
Joseph A. Migliozi, Jr.
George E. Schaefer, III

Norfolk General District Court

Chief Judge
Judge
Judge
Judge
Judge
Judge
Clerk

Tasha D. Scott
Tameeka M. Williams
Joan E. Mahoney
Joseph C. Lindsey
Michael C. Rosenblum
Robert B. Rigney
Thomas E. Baldwin

Norfolk Juvenile and Domestic Relations District Court

Chief Judge
Judge
Judge
Judge
Judge
Clerk

Robert McL. Smith III
M. Randolph Carlson, II
Lauri D. Hogge
Devon R. Paige
Lyn M. Simmons
Joan M. Butt

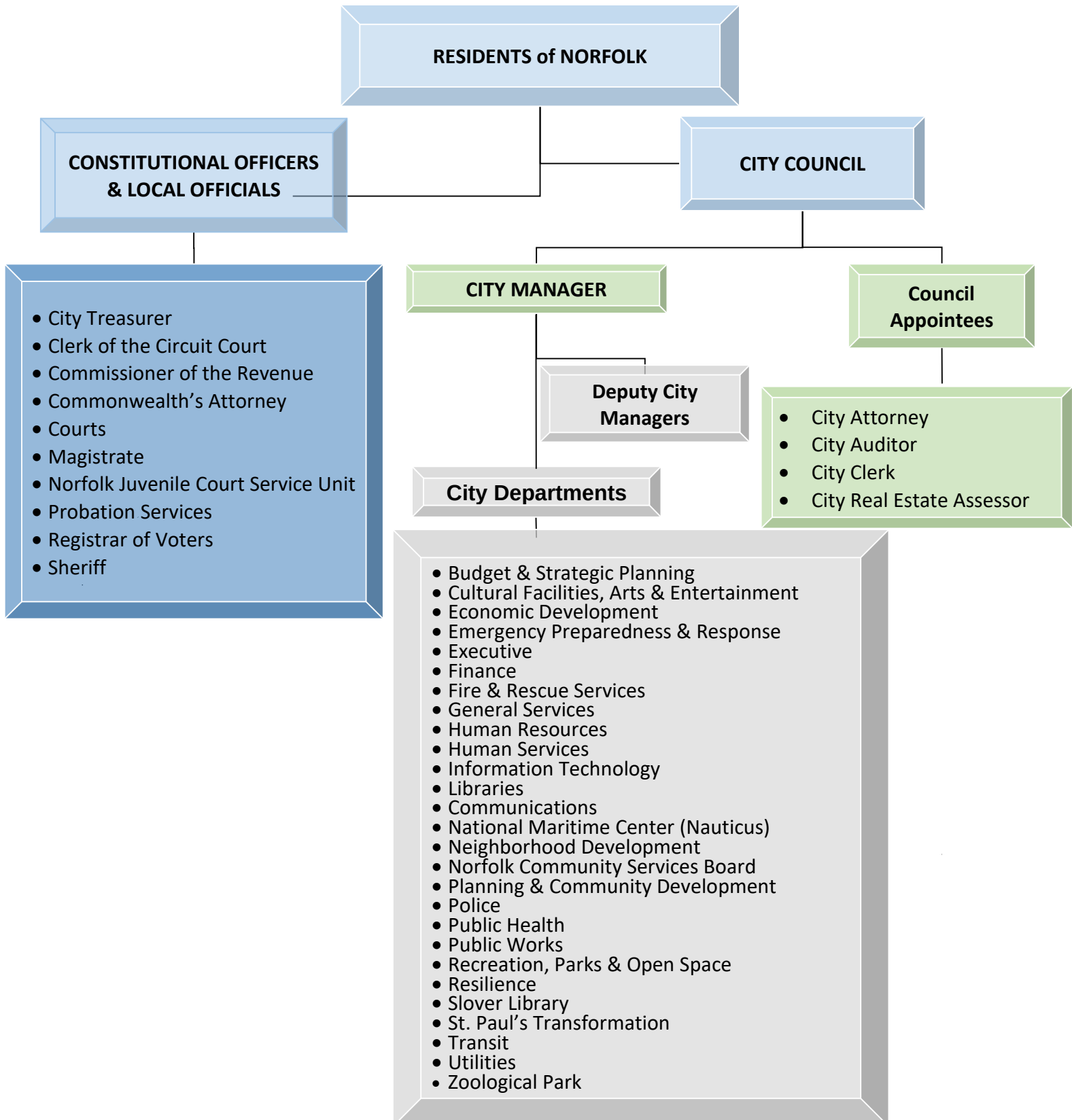
Other Constitutional Officers

City Treasurer
Commissioner of the Revenue
Commonwealth's Attorney
Sheriff

Daun Hester
Blythe A. Scott, Esq.
Gregory D. Underwood
Joseph P. Baron

CITY OF NORFOLK, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2021

ORGANIZATIONAL CHART



January 24, 2022

To the Honorable Council and
Residents of Norfolk, Virginia:

The Annual Comprehensive Financial Report (ACFR) of the City of Norfolk (the City) for the fiscal year that ended June 30, 2021, is hereby submitted. The *Code of Virginia* and the Charter of the City of Norfolk require the City to publish, at the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with *Government Auditing Standards* by a firm of licensed certified public accountants. This report has been prepared by the Department of Finance and complies with state law and guidelines of the Auditor of Public Accounts of the Commonwealth of Virginia.

Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of various funds and component units of the City as of June 30, 2021. Extensive disclosures have been included to enable the reader to gain a comprehensive understanding of the City's financial activities.

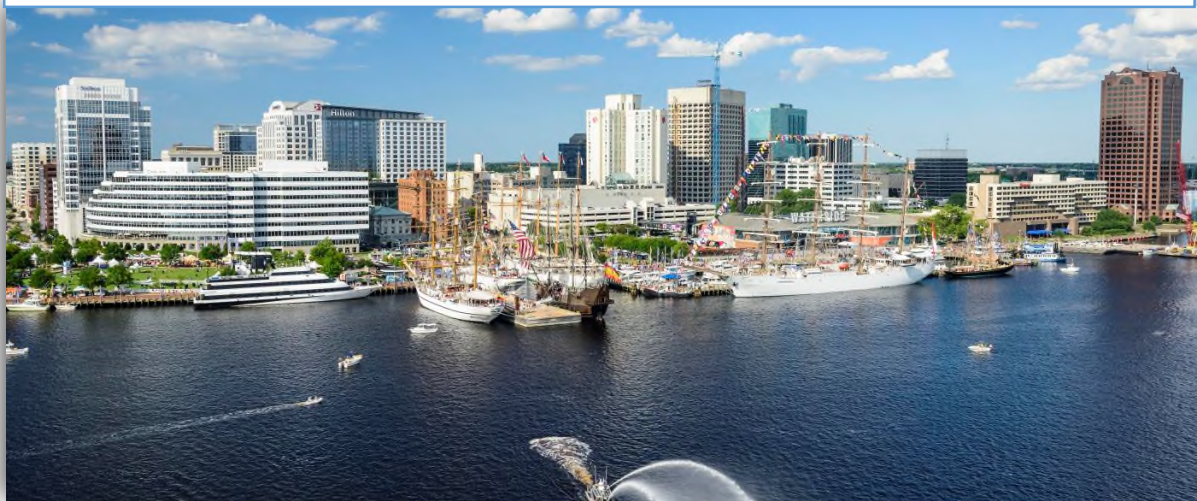
Important information regarding the financial statements and audit is discussed under the Financial Information located on page 9.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (the MD&A). The MD&A immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the City

The City of Norfolk was established as a town in 1682, as a borough in 1736 and incorporated as a city in 1845. Norfolk is the economic, business, educational and cultural center of southeastern Virginia. Norfolk is the 3rd most populated city in Virginia and has a fun filled atmosphere with vibrant entertainment and culture, delicious cuisine, all along its 144 miles of shoreline. The City lies at the mouth of the James, Elizabeth Rivers and the Chesapeake Bay, and is adjacent to the Atlantic Ocean and the cities of Chesapeake, Portsmouth and Virginia Beach. With the bay, ocean and several rivers in our backyard, residents are never far from the water, which provide ample recreational opportunities and are the centerpiece of dozens of historic neighborhoods. The waterways have been central to Norfolk's identity and an ongoing source of its financial stability, thanks to a major international port, significant military facilities and related businesses.

Downtown Norfolk



The City Council is comprised of eight members, who formulate policies for the administration of the City. Seven members are elected through a ward system and the Mayor, currently Kenny Alexander, is elected at-large. The Vice Mayor, Martin A. Thomas, Jr., is elected by the City Council.

Among the City officials appointed by the City Council is the City Manager, the administrative head of the municipal government. The City Manager implements the policies of the City Council, directs business procedures and appoints, with the power to remove, the heads of executive departments and other employees of the City except those otherwise specifically covered by statutory provisions. Dr. Larry "Chip" Filer currently serves as the City's 16th City Manager. Dr. Filer has held the position of City Manager since September 16, 2019.

The City provides a full range of general governmental services for 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.

The City budget appropriates all funds including City, state and federal pass-through funds for education, social service, correctional facilities and judicial activities. Cities in Virginia have sole jurisdiction over the entire area within their boundaries and operate independently from any other municipal government. The City does not overlap with any other municipal jurisdiction and, consequently, citizens of Virginia cities are not subject to overlapping taxation. Further, cities in Virginia are prohibited from annexation to adjust their boundaries.

Financial Information

All the financial activities of the financial reporting entity are included within this report. In accordance with the requirements of the Governmental Accounting Standards Board ("GASB"), the financial reporting entity consists of the primary government (the City of Norfolk), as well as its component units. The City has included the financial data of two discrete component units which are legally separate entities: The School Board for the City of Norfolk and the Economic Development Authority (EDA). The discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the primary government and to differentiate 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, and although legally separate, it is considered a part of the City's operations, and therefore data from this entity is combined with financial information from the City. Additional information on these component units can be found in Note I of the Notes to the Basic Financial Statements contained within this document.

COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to a large number of other countries, including the United States and to the Commonwealth of Virginia (the "Commonwealth") was declared a pandemic by the World Health Organization on March 11, 2020. Developments with respect to COVID-19 continue to occur at a steady pace, including daily as the number of infections in the Commonwealth, the United States and throughout the globe continues to increase. Accordingly, it is currently difficult to ascertain the overall extent and severity of the virus's impact.

COVID-19 Impacts and Response - City of Norfolk

The City's operations have been significantly impacted by the outbreak and continued spread of COVID-19. Beginning March 17, 2020, employees were encouraged to work from home, City buildings were closed to the public and in-person transactions with citizens were discontinued. All City business is being transacted by mail, phone, or internet; however, operations of the City continue to the safest extent possible.

In anticipation of the impact of COVID-19 on the City's revenue, the Fiscal Year 2021 Budget conservatively projected a revenue loss of \$40 million from the initial proposed budget with no use of reserves. The City acted swiftly to address the revenue loss and began the fiscal year

in a conservative budgetary stance by funding core services and closing non-essential facilities and programs. The City is the cultural center of the region and is home to several local entertainment and sport venues, which were impacted by the Governor's imposed lockdowns and social-distancing measures to slow the spread of the COVID-19 virus. These include venues such as Harbor Park, Chrysler Hall, the Scope Arena, the Zoo, Nauticus, and the Harrison Opera House. The City's Fiscal Year 2021 Operating Budget incorporated the City's expectations for reduced revenues from these sources. Given the limited capacity of brick-and-mortar facilities due to the pandemic, the City proactively erected a tent to serve as a primary venue for the successful relaunch of arts and culture events in Norfolk prior to migrating back into the local venues while the City began to emerge from COVID-19.

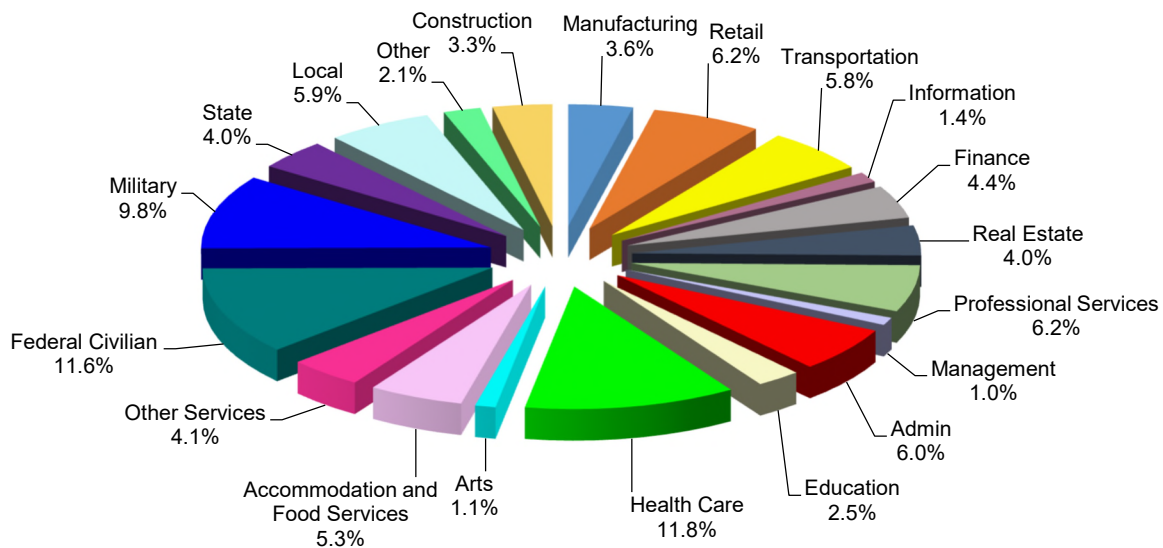
To help mitigate the impact of COVID-19, the City has fully expended and drawn its entire \$42 million in funds from the Commonwealth that were available under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). These funds were used for items such as direct aid for businesses and residents impacted by COVID-19, hazard pay for eligible City employees, building improvements to support social distancing, and information technology to support remote work. Although a broad range of uses are allowed, revenue replacement is not a permissible use of these funds. Additionally, in May 2021 the City received \$77 million of its total \$154 million allocation from the American Rescue Plan Act. The City Council is anticipated to allocate ARPA funds for budget stabilization, investing in our neighborhoods, direct assistance to our residents and businesses, and economic stimulus in early calendar year 2022.

The City is largely dependent on real and personal property as a source of revenue. As part of the Fiscal Year 2021 Budget, the City Council did not increase real estate tax and personal property tax rates. The City continues to refine and update the financial forecast as we begin to recover from the pandemic, with budget development focused on ensuring revenue aligns with the capacity and resources required to deliver programs and services effectively to residents. The budget supports the City Council priorities that includes Norfolk Public Schools, attracting and retaining talent, recreation and library operations, support for our youth, Citywide beautification, affordable housing and community development and streamlined development services.

Local Economic Condition and Outlook

The City has a stable economic base anchored by the world's largest naval station and the Port of Virginia, one of the busiest ports on the east coast. Norfolk is a leader in health care, education and finance within the Hampton Roads region. While Norfolk's economy is grounded by its maritime assets and is the core of a military region, the economy also benefits from diverse corporate strength. As shown in the following chart, no one sector constitutes more than 12 percent of total employment. This diversity acts as a mitigating factor against any federal government's reduction in defense spending. In addition, the City continues to promote comprehensive urban revitalization, to foster job growth and to expand economic opportunities that enhance diversification, while capitalizing on Norfolk's competitive advantages.

Norfolk Employment by Sector



Source: Bureau of Economic Analysis, total full-time and part-time employment by North American Industry Classification System industry, for 2020; Total employment – 184,989.

With 184,989 jobs, Norfolk serves its role well as the Hampton Roads region's urban job center and has the highest job density in the region. Norfolk's vibrancy has spurred the development of several new businesses over the last year, as well as encouraged the expansion of existing businesses. The City recognizes that expanding its business and industrial tax base will ease the burden on homeowners and it is committed to promoting economic development throughout the City.

Military

Norfolk is proud to be the home of the world's largest Naval Station and the presence of the military in Norfolk has a significant impact on the local economy. According to the most recent data available to the City, the U.S. Navy's direct economic impact on the region was \$15.4 billion in fiscal year 2019, the most recent data available, comprised of a total annual payroll of \$12.2 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 more than 69,900 with an additional 3,000 military contractor personnel.

The Hampton Roads region is home to six aircraft carriers, including the Gerald R. Ford, the USS Dwight D. Eisenhower, USS John C. Stennis (currently undergoing overhaul at Newport News Shipbuilding through at least 2025), USS Harry S. Truman, USS George Washington and the USS George H.W. Bush at Naval Station Norfolk. In addition, the region is home port to 54 ships and home to 35 aircraft squadrons with 72 homeported operating units in the City. In 2019, the Navy



announced a new, \$150 million training facility at Naval Station Norfolk called the Combined Integrated Air and Missile Defense and Anti-Submarine Warfare Trainer. The trainer simulates the ship's Combat Information Center for cruisers and destroyers, so sailors can replicate realistic and rigorous combat. It is the second one in the nation.

In August 2020, the Naval Submarine Base in Norfolk became the home port of two additional submarines. The U.S. Navy Virginia-class attack submarine USS Texas (SSN-775), previously based in Honolulu, Hawaii, and the Los Angeles-class submarine USS Newport News (SSN 750), which is currently undergoing maintenance at the base.

The North Atlantic Treaty Organization ("NATO") approved the addition of two new Joint Force Commands one based in Norfolk, the other in Ulm, Germany. In July 2021, NATO launched its defense readiness initiative, this new fully operational force ensures alliance maritime security in the Atlantic. Together, the two command centers employ more than 1,200 personnel.

The Port of Virginia and Shipping

The City also serves as a gateway between world commerce centers and the heartland (the central land area of the United States), which offers efficient train routing from the Norfolk-based Port of Virginia. With one of the world's largest natural deep-water harbors and a temperate climate, the Port of Virginia is an integral part of the City's economy. The Port of Virginia is one the nation's sixteen strategic ports for deploying military personnel and equipment worldwide. The Port is home to the deepest harbor on the east coast of the United States. The Port is also working to increase the depth of the Norfolk Harbor to 55 feet, while working to widen the Thimble Shoals Channel to 1,400 feet, with an anticipated completion by the end of 2024.



The \$452 million NIT optimization project is complete. This state-funded project increased the total capacity of NIT by over 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. Two new ship-to-shore ("STS") cranes have been put into service at NIT, giving NIT a total of 16 STS cranes, spread over six berths. As a result, NIT is now positioned as an industry leader in efficiency, offering customers abundant capacity, designed to meet their transportation and logistics needs today, and in the years to come.

In November 2021, the Virginia Port Authority Board of Commissioners approved a \$61.5 million construction bid, that will expand the port's double-stack, on-dock rail operation in February 2022. By 2023, the Port is projected to double the size of its Central Rail Yard at Norfolk International Terminals (NIT), allowing the port to handle 1.1 million containers per year via rail.

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 International Airport

Norfolk leads the way as the most multi-modal city in the Hampton Roads region. During the month of June 2021, Norfolk International Airport ("NIA") experienced growth of 254% in passenger activity when compared to the same time last year, which reflects an increase in the number of passengers from 93,725 to 331,900. NIA is the primary airport serving Hampton Roads and northeast North Carolina. Designated as Virginia's first green airport, Norfolk International Airport is one of the most powerful economic generators in the

Hampton Roads region. Currently, NIA is served by Allegiant Air, American Airlines, Boutique, Breeze, Delta, Frontier, Southwest, United and their regional partners. Offering over 150 arrivals and departures daily to major cities throughout the U.S., NIA presently ranks in the top 13% of commercial service airport in the United States with nearly 2.4 million scheduled passengers served from January to September of 2021. Norfolk newest airline, Breeze Airways ("Breeze") started service in June 2021. Breeze is a start-up airline dedicating its services to a number of underserved routes across the southeast. Breeze is anticipated to commit a direct investment of \$43.5 million, add 200,000 inbound seats, while bringing more than 88 high-wage jobs to the airport.

Adjacent to the celebrated Norfolk Botanical Garden, Norfolk International Airport is surrounded by year-round beauty and is a role model for reconciling air facilities and a delicate ecological sanctuary. Norfolk Botanical Garden is a Virginia Historic Landmark and is listed on the National Register of Historic Places. Norfolk Botanical Garden began construction on The Garden of Tomorrow, a multi-million-dollar project to enhance visitor experience, education and conservation. The project will introduce a covered water education center, a walk-in ticketing system, entry pavilion and a parking garden designed to collect, treat and reuse rainwater and increase parking availability. Additionally, the Garden of Tomorrow will feature a 26,000 square foot conservatory with four distinct biomes.



Norfolk Botanical Garden

In August 2021, the City's light rail system, the Tide, celebrated ten years of service. The light-rail runs from the Eastern Virginia Medical School complex near Fort Norfolk to the Newtown Road/Virginia Beach City line. Amtrak passenger rail line service connecting Norfolk to Washington, D.C. via Petersburg and Richmond operates from the City's train station located at Harbor Park.



Light Rail

of the I-64 Hampton Roads Bridge Tunnel will become the largest highway construction project in the Commonwealth's history. This transformation will widen the current four-lane segments along nearly ten miles of the I-64 corridor in Norfolk and Hampton, adding twin tunnels across the harbor. The expansion will increase capacity, ease major congestion, as well as enhance travel time reliability for the region. HRTAC is the primary funding agent of the project, which is being financed with regional sales and gas tax collections and the City is not liable for any debt obligation. Additional funding includes \$200 million from the Commonwealth's SMART SCALE transportation prioritization program and \$108 million from the Virginia Department of Transportation. Construction began in 2019, with estimated completion in 2025.

In 2019, the Virginia Department of Rail and Public Transportation added two trains to the Hampton Roads rail service, adding routes between Richmond and Norfolk, as well as one that travels to Newport News. In March 2021, the state finalized a deal for the operation of a third daily train between Norfolk and Washington, D.C.

Announced in 2017, the \$3.8 billion expansion



Norfolk Amtrak Station



Lime Scooters

The City of Norfolk has developed a Multimodal Transportation Master Plan to reinvent the City's transportation system over the coming years. The Plan focuses on making Norfolk's streets safer and improves transportation equity by providing more efficient and affordable transportation options to work, school or daily needs with or without a car. The new multimodal system redesigns City bus routes to better meet the goals, priorities, and develops a long-term vision for multimodal transportation in Norfolk.

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. NPS is the largest urban school division and the seventh largest division overall in the Commonwealth of Virginia. The school division enrolls a racially and economically diverse population and has an array of academically challenging programs from which to choose. NPS offers innovative public-school programs, which include Early Childhood Education, a unique, comprehensive program full-day preschool classrooms ensuring 3-year-olds and 4-year-olds enter school with critical early literacy and numeracy

skills. NPS has an astounding 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.

The City is home to the Governor's Magnet School for the Arts, Virginia's only magnet school for the arts, which offers classes in performing or visual arts to approximately 350 students from six cities and two counties in its Downtown location in Norfolk on Granby Street.



Camp Allen Elementary School

Following the replacement of five schools from 2012 to 2017, the City worked with the federal government on the replacement of the Camp Allen Elementary School. Camp Allen Elementary School, which opened in 2020, is located on Naval Station Norfolk and is part of a federal initiative to upgrade schools on military bases and serving military dependents. In support of this initiative, the U.S. Department of Defense paid 80 percent of the nearly \$28.7 million construction cost.



Richard A. Tucker Library

The City opened the Richard A. Tucker Memorial Library in 2021. The 12,000 square foot facility includes a meeting room, computer lab, as well as a Nature Explorium, an outdoor classroom with active learning stations that will offer a way to connect learning, literacy, and an appreciation of nature as a regular part of a library visit for children and families.

The Slover Library, the main public library, blends traditional library functions with the best of contemporary library resources and services. Nestled between The Main and Slover Library, the Selden Market, which features the area's up-and-coming small businesses in retail, food, and more.

Higher Education

Higher education plays a critical role in developing a highly skilled and competitive workforce. The City is home to several institutions of higher learning: Old Dominion University ("ODU"), NSU, Tidewater Community College ("TCC"), Eastern Virginia Medical School ("EVMS"), and Tidewater Tech Trade School ("Tidewater Tech"). ODU is one of only 100 public research-extensive universities nationwide and one of four in Virginia. NSU is Virginia's largest public, historically black university and one of the largest predominately black institutions in the nation. Located in Downtown, TCC has five buildings, including the Jeanne and George Roper Performing Arts Center. EVMS, dedicated solely to biomedical and health education, has an economic impact on the regional economy of \$1.2 billion annually.

In 2021, NSU received the largest single-donor gift in its 85-year history. NSU accepted a \$40 million donation to advance NSU's mission in support of access, student achievement and academic excellence.

EVMS, dedicated solely to biomedical and health education, has an economic impact on the regional economy of \$1.2 billion annually. In 2018, EVMS announced Waitzer Hall, named for the largest family gift in EVMS history, a new \$80 million, 11-story education and academic support building to address growth in enrollment over the past several years. Completed in the fall 2020, Waitzer Hall is the second-largest building on EVMS' campus, providing 89,000-square feet of classroom, innovative research and office space. Sentara Healthcare has tripled its financial support for EVMS by committing \$130 million through 2023.



EVMS Education and Academic Support Building

Educational leaders in the area are stepping up to battle health disparities across Hampton Roads. In November 2021, Old Dominion University, Norfolk State University, and Eastern Virginia Medical School pledged to create the "ONE" School of Public Health. The One School has received \$5 million from the Commonwealth and \$4 million from Sentara Healthcare. The project is expected to be completed in the next few years.

In 2019, Tidewater Tech invested over \$3 million to relocate its career training school to a new 44,000 square-foot custom-built tech training facility. Tidewater Tech specializes in trade vocations including auto technician, HVAC, building maintenance and repair, and welding.

The Aviation Institute of Maintenance ("AIM"), a trade academy offering Federal Aviation Administration certification courses for maintenance technicians relocated back to the City in 2019, where it first began in 1969. AIM has grown to become a network of campuses across the nation, and provides high quality, hands-on training to students in Aviation Maintenance and related industry technician programs.

Healthcare

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

As the region's first magnet hospital, Sentara Norfolk General Hospital, a 525-bed tertiary care facility, is home to the area's only Level I Trauma Center, burn trauma unit and nationally ranked heart program at Sentara Heart Hospital. For 18 straight years, the Cardiology and Heart Program at Sentara Norfolk General Hospital has been ranked among the nation's Top 50 heart programs. The \$199 million expansion and modernization project was completed in winter 2020. The project added floors to two existing wings, expanded the emergency department, expanded and modernized 18 operating rooms, replaced a 48-bed ward-style

special care nursery with state-of-the-art unit rooms, as well as consolidated the hospital's 54 intensive care unit beds on two floors.

CHKD, the site of Virginia's only free-standing, full-service pediatric hospital is home to one of the nation's top pediatric residency programs. With 206 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 has a new 60-bed, \$224 million medical-psychiatric facility for patients that is under construction and anticipated to be completed in 2022. The CHKD also is in the process of building a \$60 million psychiatric center, with 48 inpatient beds for children as well as offering many mental health treatments and programs by day. It is expected to be completed in 2022.



Following a \$126 million expansion that included two five-story patient towers was completed in 2016, Sentara Leigh completed a \$93.5 million Cancer Center in June 2020. Another addition to the campus is a \$29 million, 76,538 square foot regional orthopedic medical office building opened in 2020. The Sentara Orthopedic Medical Office Building provides outpatient



orthopedic services that will include an outpatient surgery center, physical therapy, imaging services, and provider offices. In 2018, Sentara Healthcare committed to triple its financial support for EVMS with a commitment of \$130 million over the next five years.

The Sentara Leigh Hospital emergency department, with 35 beds, has the highest annual patient volume

of 12 Sentara hospitals. With patient volumes continuing to increase, Sentara Leigh Hospital is launching a \$14 million project to right-size the emergency department to accommodate existing and future volume, adding 13 new acute care beds and 16 additional 'vertical care' chairs in semi-private cubicles for a total of 66 'venues of care' for patients at all levels of need. The project was completed in summer 2021.

New Investments

Economic development initiatives focus on the attraction, expansion, and retention of businesses that play to the City's strengths: maritime, higher education, medical and research facilities, neighborhood, community revitalization, and commercial corridor development. New development, expansion and retention of the City's business community has led to continued economic growth. Recent growth in areas such as manufacturing, research and technology, healthcare, residential apartments, craft brewing and boutique retail has increased

the diversification of the City's local economy. Since 2018, the City has realized over \$2.3 billion in new development, business expansion and announcements of pending projects.

Below, we describe some of the significant economic development activities and announcements in the City in Fiscal Year 2021:

- TowneBank and Children's Hospital of The King's Daughters ("CHKD") completed the purchase of the Norfolk Southern building in Downtown Norfolk. The move is expected to bring nearly 900 employees to Downtown Norfolk. The headquarters of Towne's Financial Services will include moving approximately 400 team members to the City. CHKD plans to relocate approximately 475 members of its workforce currently outside of Downtown Norfolk into the building. Norfolk Southern will continue to occupy several floors until the end of 2021.
- TST Fabrications, LLC, a wholly owned subsidiary of TST Construction, will invest \$4.1 million to expand its manufacturing presence in the City by acquiring the production assets of a sheet metal fabrication business. Virginia successfully competed with Georgia, Maryland, and North Carolina for the project, which is anticipated to create 34 new jobs.
- Lyon Shipyard, a family-owned full-service ship repair and industrial service provider, is investing \$24 million to expand its Norfolk operations. The company plans to add a new marine travel lift and increase the footprint of its waterfront dry dock. The expansion is expected to create 119 new jobs, with construction anticipated to begin in the second half of 2021.
- CMA-CGM Group ("CMA-CGM"), a world leader in shipping and logistics, will maintain its North American headquarters in the City, with a planned investment of more than \$36 million, CMA-CGM will retain its 655 jobs in the City, and grows its presence with the creation of more than 400 new jobs.
- Tegra Global, an apparel manufacturing and supply chain provider, invested \$4 million in an expansion that opened fall 2020 and created approximately 300 new jobs.
- MetroNet provides high-speed internet, voice and video services to business and residential subscribers over fiber infrastructure. MetroNet will begin laying the infrastructure for its fiber network in October 2021, with service to residences beginning in March 2022. Fiber paths will be aligned with strategic growth areas established by the City, which will allow for coordination on several projects including the St. Paul's Area, the Military Circle Mall and the Norfolk Innovation Center.
- The renovation of Norfolk's Military Shopping Circle Mall continues. In 2014, the Norfolk Economic Development Authority ("EDA") purchased the 200,000 square foot former J.C. Penney's department store and redeveloped the building into a modern office building. In June 2020, MPB, Inc. (Sentara Healthcare) purchased the building for \$20.0 million for its Optima Insurance subsidiary. Also, in June 2020, the EDA completed its purchase of the Military Circle Shopping Mall, including surrounding out parcels and the former DoubleTree Hotel. In spring 2021, the City narrowed potential developers for the area through a Request for Quotation. Four developers advanced to the Request for Proposal process, with evaluations on the three proposals anticipated to be completed in winter 2022. The proposed redevelopment is intended

to be a walkable neighborhood to support an inclusive, healthy and sustainable mixed-use community with entertainment, retail, food and beverage establishments.

- Katoen Natie Norfolk Inc., a plastics and polymers warehousing and distribution company and subsidiary of Katoen Natie, will invest \$61 million to expand its freight distribution center within the City. The company will add a 243,000 square-foot warehouse and rail facility to and is expected to create 35 new jobs.

Residential Development

One of Norfolk's greatest strengths are its neighborhoods. With over 120 civic leagues and more than 95,000 housing units, Norfolk offers a diversity of housing choices that range from charming starter homes to grand residences, from downtown lofts and town homes to brand new developments along the Chesapeake Bay. By increasing the variety of housing opportunities, the City expects to increase the diversity of its citizenry and expand the tax base. The City's goal for neighborhood and commercial development is to provide an environment that increases private sector investment, retail sales generation and corresponding municipal revenue generation, create a framework for targeted and coordinated public and private investment and build upon and coordinate with other ongoing community development initiatives.



The St. Paul's area is under major revitalization. In May 2019, the NRHA and City of Norfolk were awarded a \$30 million Choice Neighborhood Initiative (CNI) Implementation Grant for the Tidewater Gardens Transformation Plan, phase one of the overall redevelopment of the St. Paul's Area. With the award of the CNI Implementation Grant, Norfolk will redevelop the Tidewater Garden

community into more than 700 new, mixed-income housing units; improve the neighborhood's landscape by creating new resilient, open space that doubles as storm water mitigation, increase opportunities for local businesses by providing ground floor commercial and retail spaces, reconnect the community through a redesigned multi-modal road network and improve families' access to quality jobs, education and health services through a human development initiative called People First. Construction of the first buildings and phase 1 construction of the roadway network is anticipated to begin in fall/winter 2021. The entire project is anticipated to be complete by September 2025.

The U.S. Department of Transportation has awarded the City \$14.4 million as part of the BUILD grant program. The funds will be leveraged with a \$6.2 million match from the City for a \$20.6 million road improvement project in Tidewater Gardens that provides key connections and a new road network through this important Norfolk neighborhood. The street grid is being improved to replace the existing super blocks and connect streets east and west across St. Paul's Boulevard, as well as provide more appropriate street widths, signals to facilitate walkability, and to address parking needs. Church Street will be realigned and

buildings along each side will be mixed-use, with ground level retail or community-serving offices. High quality commercial and neighborhood amenities will be interwoven throughout the mixed-use community such as schools, small businesses, access to healthy foods, and multi-modal transportation options contributing to its vibrancy and that will make it one of the best Norfolk neighborhoods where all Norfolk residents will be able to live, play, and thrive. The St. Paul's area holds much potential and presents the City with one of the greatest chances for economic uplift and housing opportunity in a generation.

Residential investment continues to grow throughout the City, particularly in Downtown. Several new projects have recently opened in Downtown, bringing the population to well over 7,000 residents. Another major project which recently opened is the River Tower at Harbor's Edge in the Fort Norfolk area. This is an expansion of Harbor's Edge, a full-service, premier Life Plan Retirement Community on the Elizabeth River. Completed in summer of 2021, the \$200 million project delivers a 24-story River Tower with 147 new luxury residences and more than 95,000 square feet of common space.



River Tower at Harbor's Edge

Acclaim at East Beach, a new waterfront active retirement living community, is complete at the East Beach area. The living center provides a high-end, retirement living in a resort-style setting. The four-story apartment building includes 132 studio and two-bedroom spaces. The development was completed in September of 2021.



Acclaim at East Beach

A new, exciting district has developed in Norfolk, known as the "Railroad District". This district has been awarded a 2018 Real Estate Development & Reuse award by the International Economic Development Council for "Catalyzing Development in Historic Districts." To allow Residential and Commercial land uses, not otherwise permitted within the industrial base zoning districts, the City created a new historic overlay district, "Norfolk & Western

Historic Overlay" for properties located in either the Norfolk & Western Railroad or the Williamston-Woodland State and National Historic District. Using Historic State/Federal tax credit program and the overlay, seven existing warehouses were brought into productive use as rental housing and commercial spaces following \$80 million in rehabilitation projects. Since 2016, 271 apartments and 11 commercial uses have opened in existing light industrial warehouses, with more planned in the future. The 167-acre district is bringing new entrepreneurs with trendy concepts developing and creating a viable live/work community. The surge in popularity of industrial breweries and loft apartments in historic buildings created a need for a successful integration of mixed-use projects, while ensuring preservation of industrial uses.

Commercial Development

Norfolk continues to see commercial development within its borders. Simon Property Group Inc. has opened the first phase of Simon Premium Outlet Park. The \$75 million investment included approximately 85 stores, 332,000 square feet of leasable space and is anticipated to generate an estimated \$2.5 million in tax revenue. The City retained approximately 65 acres for green space and walking trails around the lake creating new public open space.



Norfolk Premium Outlets

2021 HIRE Vets Medallion Award from the Department of Labor was presented in November 2021. This is the only federal award recognizing exceptional achievement in veteran employment. By meeting the criteria required for a Gold Medallion Award, the City of Norfolk demonstrated both patriotism and recognition of the value veterans bring to the workplace. Norfolk Works is collaborating with the U.S. Census Bureau to help fill more than 1,000 job openings for the decennial census, many paying \$18 per hour. Since its start in December 2016, Norfolk Works has now completed more than 30 employment projects supporting over 2,000 job offers.

Adjacent to the Simon Norfolk Premium Outlets a 331,000 square foot IKEA opened in 2019. The second in Virginia, the building has the largest solar rooftop array in Hampton Roads and charging stations for electric vehicles. The 450-seat restaurant serves IKEA's famous Swedish meatballs. IKEA brings in an estimated more than \$2.5 million in annual direct tax revenue.

The Pamunkey Indian Tribe and the City recently announced the development of a \$500 million casino and resort development. The HeadWaters Resort and Casino ("HeadWaters") will be located on roughly 20-acres of waterfront property adjacent to Harbor Park, home of the City's Triple-A baseball stadium. The project is anticipated to have more than 300 four-diamond hotel rooms, a gaming floor, rooftop bar, waterside infinity pool, luxury spa, sports bar and grill, steakhouse, multi-purpose event center and a rooftop outdoor event space. HeadWaters is initially estimated to produce \$28.4 to \$44.5 million in annual tax revenues, create 4,000 to 5,000 construction jobs, 3,500 full-time positions and have an annual indirect economic impact value of \$1 billion. The General Assembly approved commercial gaming in its spring 2020 session. The project won City approval with an overwhelming majority of residents voting in favor of the project as part of the November 2020 ballot. In July 2021, the Virginia Lottery Board approved the proposed permanent casino gaming regulations. The proposed permanent regulations currently await the Governor's approval, after which there will be a 60-day public comment period, leading up to the final approval by the Lottery Board. Once the Virginia



The HeadWaters Resort and Casino

Lottery approves HeadWaters' operator license application, construction on the facility will commence immediately. The initial phase of the project is expected to be completed in 2023.

Quality of Life, Arts and Culture

Norfolk offers a mix of cultural attractions and entertainment for its citizens and tourist. Theatre venues include the Attucks Theatre, the Harrison Opera House, Chrysler Museum, and the "Theater District" which includes Chrysler Hall, Jeanne and George Roper Theater, Wells



Peter G. Decker Half Moone Center

Theatre and the NorVa. 2019 marked the 100th Anniversary of the Attucks Theatre. Built in 1972, one of Norfolk's most notarized venues, Chrysler Hall is nearing its 50th anniversary.

The 80,000 square foot Peter G. Decker, Jr. Half Moone Center is located between Town Point Park and Nauticus/Battleship Wisconsin and continues to serve as a multi-purpose facility for the City offering five distinct event spaces that can accommodate from 50 to 1,500 guests. Battleship Wisconsin celebrated 75 years in

2019, as the battleship was commissioned April 16, 1944.

In February 2020, the City and Carnival announced a five-year deal that will bring ships to the City from 2022 through 2026. While the 2020 and 2021 cruise season was cancelled for the City, Half Moone's 2022 cruise season is scheduled to be busiest for the City ever. Carnival currently has fourteen cruises scheduled for its 4,000-passenger ship the Carnival Magic.

Additionally, a new \$2.6 million cruise ship gangway is under construction, with an expected completion in 2022. This will make way for twenty-five other cruises from a variety of lines, including the Norwegian Cruise Line, to depart from Norfolk.

Arts District

Norfolk's arts district, the NEON District, is home to a new wave of passion and creativity in downtown. NEON, or New Energy of Norfolk, draws from the neighborhood's history with the automobile. Long time cultural institutions like the Chrysler Museum of Art and Harrison Opera House anchor the District.

Hotel Development

The City has approximately 5,000 hotel rooms, including nearly 1,800 in the downtown area. Pre-pandemic, tourism and conventions employed over 7,000 workers in the City and generate an estimated \$28.8 million in state taxes and \$23.9 million in local tax revenue. Travelers to the City spent over \$764 million annually. The Hilton Norfolk at The Main and The Exchange conference center opened in 2017. The \$164 million public/private downtown project includes a 50,000 square foot conference center, a 4-Star Hilton hotel with approximately 300 rooms, three full-service restaurants and a parking garage. The project has created approximately 250 jobs and an estimated \$2 million in annual tax revenue.

Tru Hotel is coming to Norfolk near the Simon Norfolk Premium Outlet. The 98-room, 4-story hotel is Hilton's newest brand designed for the young-at-heart. Tru features a large lobby with a market, games, lounge, workspace and of course, modern rooms and amenities.

The Autograph Collection Marriott hotel, a boutique hotel located at the 200 block of Granby Street in the former Royster building opened in 2020. With the help of the Perry family, who are the developers of the project, the \$30 million investment has a glass art theme and more than 100,000 square feet of meeting space. The hotel has 117 rooms and a ground floor restaurant with a Michelin star chef. Meeting and event space seamlessly connect to the glass art gallery.



The Hilton Main Hotel

Waterfront Recreation Investment

Norfolk has seven miles of Chesapeake Bay beachfront and a total of 144 miles of shoreline including along Downtown's Elizabeth River, the Lafayette River, lakes, the Hampton Roads Harbor and the Chesapeake Bay. Town Point Park, located in the Downtown area along the Elizabeth River, brings thousands of visitors Downtown annually and generates both tax and parking revenue.



Waterside District

The Waterside District is a regional destination located in the heart of the central business district and adjacent to the City's world-class waterfront and festival site. The anchor is a 30,000 square foot section known as "The Marketplace" that has businesses and restaurants, including a live performance stage and roof top deck.

Sports and Recreation

Norfolk is home to the Norfolk Tides, a AAA minor league baseball team (the "Tides"), for the Baltimore Orioles. Norfolk is also home to the Norfolk Admirals, an East Coast Hockey League affiliate of the National Hockey League's ("NHL") Arizona Coyotes and of the American Hockey League's ("AHL") Tucson Roadrunners. Old Dominion University competes in the Conference USA. Norfolk State University has a long-established football program, which currently competes in the Mid-Eastern Athletic Conference.



Harbor Park

The recently reconstructed S.B. Ballard Stadium at Old Dominion University was completed for its home opener of the 2019 football season. The \$67.5 million includes more than 25,000 seats and luxury suites. Additionally, located at Harbor Park is the Pernell “Sweet Pea” Whitaker Boxing and Fitness Center, named after late boxing legend, Pernell Whitaker. The Norfolk native was an Olympic gold medal winner and a four-weight world champion. The 13,000 square foot state-of-the-art facility is equipped with two U.S.A. Boxing regulation-sized competition rings, stadium-style seating and the capacity to host large shows and championship bouts.

Broad Creek Legacy Park is an 11-acre park in the Broad Creek emerging district. The park theme is "Healthy, Active and Abundant," and includes walking trails, open space, game tables and an urban orchard. This park along with the Jordan-Newby Library, Richard Bowling Elementary School and KROC Center will provide the community a nexus for education, fitness, recreation and community engagement.



Pernell "Sweet Pea" Whitaker Boxing and Fitness Center

In October 2021, the City broke ground on its most unique park to date, the Five Points Civic Plaza Park. This green space will include a community garden, public art, allowing citizens to socialize, network, be creative, as well as have fun. Construction on this \$1.25 million project is expected to begin winter 2021.

Adopted Financial Policies

On February 26, 2019, the City Council adopted updates to its prior financial policies. The updated Financial Policies are comprehensive and further strengthen the City's financial position. The adopted Financial Policies include an increase to the General Fund Unassigned Reserve with a new minimum of 10% of General Fund Expenditures plus General Fund Transfers Out, an increase maximum funding in the Risk Management Reserve of \$8 million, no change in the existing Economic Downturn Reserve, and creation of a new Inclusive Development Opportunity Fund to be funded at \$2 million.

As of the end of Fiscal Year 2021, the City was at the minimum level in the General Fund Unassigned Reserve and at the maximum funding of the Economic Downturn Reserve. In Fiscal Year 2021, the Inclusive Development Opportunity Fund was fully funded with the Fiscal Year 2020 surplus in accordance with the City's Financial Policies. The adopted Financial Policies included a pension funding policy, which established the City's contribution at the greater of the prior year's contribution or the current year's actuarially defined contribution. The adopted Financial Policies included a net tax-supported debt service maximum of 11% of the General Fund budget with a target at 10% or less and a net tax-supported debt maximum of 4.0% of total taxable property value with a target of 3.5% or less. Debt affordability measures included a ten-year minimum debt pay-out ratio of 55%, an overlapping debt maximum of 0.5% of taxable property, and a variable rate debt limitation at 20% by fund. The adopted Financial Policies also established minimum days cash on hand, minimum debt service coverage, and minimum reserves for each of the City's enterprise funds.

On May 11, 2021, the City Council updated the Financial Policies to make changes to the City's pension funding policies. Additionally, the revised Financial Policies included descriptions of conditions under which the City could draw on each of its reserves.

Long-Term Financial Planning

Annually, the City prepare 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. Continuing good fiscal practices helps ensure ongoing structural balance.

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

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 for its general obligation bonds: 'Aa2' by Moody's Investors Service ("Moody's"), 'AAA' by S&P Global Ratings ("S&P") and 'AA+' from Fitch Ratings ("Fitch"). On February 4, 2020, S&P raised the City's credit rating to AAA on its long-term general obligation bonds. This upgrade makes Norfolk one of just 16 municipalities in Virginia with this highest credit rating from S&P (based on ratings as of February 4, 2020). S&P highlighted the rating reflects Norfolk's "strong economy," its "very strong management, with strong financial policies and practices" and "very strong budgetary flexibility, strong budgetary performance, as well as very strong liquidity." S&P also highlighted in its report the City's resiliency efforts to address sustainability, climate change and sea level risk in its long-term financial and capital planning efforts and its development regulations being strong supporting factors in the City's upgrade to AAA.

The details of bonds outstanding and bonds authorized, but not issued are shown in Note IX to the financial statements. Tables 1 through 7 of the Statistical Section provide detailed historical information regarding the debt position and debt service requirements of the City.

Key Initiatives

The FY 2021 Financial Report reflects the use of resources to achieve the City's vision and goals as defined by City Council. To ensure that Norfolk remains a preferred coastal city to attract residents, businesses and visitors, the City balances its efforts and use of resources to sustain the important components that make the City livable and successful. Highlights of some key initiatives during FY 2021 impacting the success and sustainability of the City are shown below.

On June 29, 2021, the City issued the Series 2021 General Obligation Bonds and deposited \$119,553,490 of the net proceeds thereof with Norfolk Employees' Retirement System (NERS) to pay a portion of the City's outstanding Unfunded Actuarial Liability. With this deposit, the City has experienced an increase in the NERS funded ratio from approximately 77% to approximately 91% as determined by the NERS actuary. Additionally, effective January 2022, NERS will be closed for all new hires, requiring participation in the Virginia Retirement System's (VRS) Hybrid Plan.



The City Manager's Office of Resilience implements Norfolk's resilience strategy. At the core of our resilience strategy is a commitment by each citizen, organization, and municipal system, and by leadership from all sectors, to acknowledge our stresses and vulnerabilities and to work



proactively to find solutions. The City has adopted a comprehensive resilience strategy to address the challenges facing the City. This strategy is driven by three goals: (1) design the coastal community of the future, (2) create economic opportunity by advancing efforts to grow existing and new industry sectors and (3) advance initiatives to connect communities, deconcentrate poverty and strengthen neighborhoods.

Resilience – Designing the Coastal Community of the Future

Norfolk is on the frontlines of the challenge of sea-level rise and has long been a national leader for its resilience strategy and efforts. To accomplish this comprehensive strategy, the City created two multi-disciplinary offices to effectively align opportunities, connect internal and external stakeholders and resources, and have a laser focus on helping the City achieve its comprehensive resiliency goals.

The City’s Resilience Office is focused on expanding and institutionalizing this integrated approach to building resilience in the environment, mitigating economic, and social stresses and potential shocks that challenge the City and actively leveraging opportunities and resources across City departments, local community, as well as national and international partners. Further, to support resilience efforts in the St. Paul’s area, the Office of St. Paul’s Transformation, a division of the City’s new Department of Housing and Community Development, oversees and coordinates all aspects of the transformation in partnership with the Norfolk Redevelopment and Housing Authority (“NRHA”), residents, other City departments, community organizations, and private partners. Together, they work to ensure a successful transformation that puts ‘People First’, adheres to the six design principles developed by residents, and fulfills the St. Paul’s Vision to transform the area into one of Norfolk’s most desirable neighborhoods where residents of all income levels, races, ages and cultures can live, learn, work, play and thrive. These two offices are co-located in order to create synergies and ensure resilience goals are embedded and implemented into major neighborhood transformations.

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, Norfolk is helping to build a global practice of resilience by working with cities around the world. The City is proactively assessing its vulnerability, developing strategies, implementing policies, and designing engineering measures that will enhance its resiliency and reduce the impacts of tidal and storm surge flooding.



The City is undertaking many initiatives to address its resilience goals, including the following:

1. City Council has shown its commitment to resilience by dedicating 1 cent (equating to \$2.06 million each year) of the real estate tax to resilience projects.
2. Encouraging and requiring resiliency as part of development activities: the City's zoning code includes resilient development activities. These efforts go far beyond the FEMA floodplain requirements and include provisions that target the City's unique situation and circumstances.
3. The City conducted a multi-year process to identify resiliency challenges and opportunities. Beginning in 2015, the City engaged in the "Dutch Dialogues Virginia,"

which was a workshop that brought together urban water management experts from New Orleans and the Netherlands – urban designers, engineers, architects, and planners – to meet with their counterparts in Hampton Roads to discuss ideas and solutions for the future. At the workshop's conclusion, the team identified numerous, applicable strategies to promote integrated water management and resilience across Hampton Roads.

4. Construction began in January 2020 to address coastal resilience in the City's Ohio Creek watershed area, which is expected to be completed in December 2022. The Ohio Creek watershed project is funded by a grant totaling \$112.7 million through the U.S. Department of Housing and Urban Development's ("HUD")



National Disaster Resilience Competition. In addition to providing coastal resilience to the area, the project will add amenities such as a new resilience park that will include open space, walking paths, basketball courts, and a fishing pier.

5. In September 2020, the City was awarded \$14.4 million as part of the Better Utilizing Infrastructure to Leverage Development ("BUILD") grant program through the U.S. Department of Transportation. The grant will be used to fund road improvements in the St. Paul's Area, with construction scheduled to begin in fall 2021. This grant will provide the necessary roadway infrastructure to support the implementation of the \$30 million HUD Choice Neighborhood Implementation Grant received in May 2019, also for the St. Paul's Area.
6. To effectively align opportunities, connect internal and external stakeholders and resources, the City has a multi-disciplinary Resilience Office. The office is focused on expanding and institutionalizing this integrated approach to building resilience in the environment, mitigating economic, and social stresses and potential shocks that challenge the City and actively leveraging opportunities and resources across City departments, local community, as well as national and international partners
7. In April 2020, the City amended its revolving line of credit to authorize draws for up to \$50 million to fund operating expenses caused by a significant emergency event. Expanding the permitted uses of the line of credit, which previously could only fund capital expenditures, provides the City a low-cost source of interim funding for emergency expenditures. To date, the line of credit has not been used to fund emergency expenditures

Norfolk is a Smart City

The Resilience Office is working with the City's Right of Way and Public Works Department to test low-cost sensors that have the capability to detect water levels, optimize flood infrastructure effectiveness, and inform residents of flood risk. Currently over 40 sensors are collecting data that will allow the City to better understand and respond to flood risk. This data is also being integrated into the design of our more resilient stormwater network in the St. Paul's

Transformation Project. The City is also sharing the data from our sensors with our academic and non-profit partners that are helping us with developing flood forecast models that can predict flooding well in advance of the event occurring.

A Smart City integrates multiple technologies to enhance the quality of life, livability, workability, and sustainability for residents, businesses, and visitors. As dependency on technology grows, the City needs to be able to accommodate changes

that allow connectivity with our mobile customers. By using a holistic approach to technology integration, service delivery becomes intelligent, interconnected, and efficient.



As a Smart City, technology and data analytics are embedded in the infrastructure to improve real time responses. In support of the Smart City initiative, in fiscal year 2018 Norfolk joined the Regional Connectivity Ring ("RCR") to bring faster broadband internet services to the region. Norfolk finds itself in a unique position as it relates to high-speed technology, as a result of two major transatlantic fiber lines. Together these cables provide access to expanded economic markets, as well as research and development hubs. This combined with the transatlantic cables will mean that fiber companies will be interested in building infrastructure in our region. This ring will be approximately 103 miles of fiber which will connect the five cities to the superhighway of the transatlantic cables. It will also create opportunities for regional government collaboration, connecting high education centers, and providing opportunities for businesses throughout the region.

Community Engagement

Community engagement has become a year-round conversation with residents. Participation in government creates ownership at all levels, empowers citizens, engages people in decision-making, and ensures transparency. Community engagement improves resource management and the ability of local authorities to solve problems, creates more inclusive and cohesive communities, and increases the number and quality of initiatives. We are committed to continually improve methods for residents to connect and define the City's future.



INTERNAL CONTROL AND BUDGET ACCOUNTING

The City's management team is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. The City's control environment reflects the attitude of management at all levels towards ethical behavior, organizational values, competence, integrity, and the well-being of the organization.

Budget controls ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General, certain Special Revenue, Debt Service, Enterprise and School Board Governmental Component Unit Funds are included in the annual appropriated budget. The level of budget control is established by each organizational unit. Additional controls are exercised administratively.

As a recipient of federal financial assistance, the City also is responsible for maintaining an adequate internal control structure. This structure allows the City to ensure and document compliance with the U.S. Office of Management and Budget Super Circular for major federal award programs.

AWARDS AND RECOGNITION

Over the past year, the City has received several awards and was recognized by a variety of organizations. Among these awards and recognitions are:

Top Citizen Engaged Communities in the U.S. for 2018 to 2020, *Public Technology Institute*, 2019; **#73 100 Best Fleets**, *The 100 Best Fleets in the Americas*, 2020; **2021 Hire Vets Medallion Award**, *United States Department of Labor*, 2021; **#43 Best Fleets in North America**, *National Automotive Fleet Association*, 2019; **Virginia's Citizen Planners of the Year Dogwood Award**, *Virginia Chapter of the American Planning Association's (APA)*, 2021; **The Gold Excellence in Economic Development Award, Silver Excellence in Economic Development Award & Community Impact Award**, *International Economic Development Council (IEDC)*, 2020; **Ranked 10th for Digital Cities (Population 125,000 to 249,999)**, *the Center for Digital Government's*, 2021; **#7 City in the United States for Dog Parks**, *LawnStarter*, 2021; **Ranked Top 10 in Cities Where Millennials Are Moving**, *SmartAsset*, 2019; **Best Places to Visit in Virginia**, *U.S. New & World Report*, 2020; **Norfolk's Continued Participation in the What Works Cities Initiative**, *Bloomberg Philanthropies*, 2020; **Achievement in Excellence in Procurement (AEP)**, *The National Procurement Institute, Inc.*, 2020; **Norfolk Fiscal Year 2020 Employees' Retirement System Received 16th consecutive GFOA recognition for its ACFR**, *GFOA*, 2020; **Norfolk's Fiscal Year 2020 Popular Annual Financial Report (PAFR) Received GFOA recognition for its PAFR**, *GFOA*, 2021; **Norfolk's Fiscal Year 2020 Report to Our Citizens Received a Certificate of Excellence in Citizen-Centric Reporting**, *Association of Government Accountants (AGA)*, 2021; **Norfolk Fiscal Year 2021 Distinguished Budget Presentation Award**, *GFOA*, 2021.

INDEPENDENT AUDIT

According to the City Charter and Section 15.2-2511 of the *Code of Virginia*, as amended, an annual audit by an independent auditor of the City is required. Accordingly, the records have been audited by CliftonLarsonAllen LLP. As a result of an audit of the City's financial records, CliftonLarsonAllen LLP has issued an unmodified opinion with respect to the City's financial statements for the year ended June 30, 2021. The independent auditors' report is presented in the financial section of this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This reflects the 35th consecutive year that the City received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an efficiently organized Annual Comprehensive Financial Report providing full disclosure and transparency. This report must satisfy both GAAP and applicable legal requirements. This award is valid for a period of one year only. We believe that the fiscal year ended June 30, 2021 Annual Comprehensive Financial Report (ACFR) continues to meet the requirements and it will be submitted to GFOA again this year. In addition, the City prepared its third Popular Annual Financial Report for fiscal year ended June 30, 2020 and was awarded a Certificate of Achievement for Excellence in Financial Reporting by the GFOA for that report.

ACKNOWLEDGMENTS

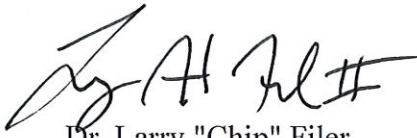
We express our sincere appreciation to all staff who contributed to this report, especially the members of the ACFR Team in Financial Reporting and other divisions within the Department of Finance, who prepared and compiled this report and maintain the accounting records of the City on a current and timely basis. We commend them for their professionalism, hard work and continued efforts to improve both the financial reporting of the City and this report. In addition, we acknowledge the professionalism, knowledge and assistance of each City department throughout the year in the efficient administration of the City's financial operations.

In addition, we wish to express our appreciation to the Office of the City Auditor and CliftonLarsonAllen LLP for their coordination and support during the year.

This ACFR reflects our ongoing commitment to the residents and businesses of Norfolk, the City Council and all interested readers of this report to provide information with the highest standards of financial reporting.

In closing, credit must be given to the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances. The City Council's oversight of the financial affairs has resulted in this strong financial report and is commended for their dedication in supporting the policies and practices that made it so.

Respectfully submitted,



Dr. Larry "Chip" Filer
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 Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



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**CITY OF NORFOLK, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2021**

FINANCIAL SECTION

~ Independent Auditors' Report ~

**~ Management's Discussion and Analysis ~
(Unaudited)**

~ Basic Financial Statements ~

Government-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

**Required Supplementary Information
(Unaudited)**

Other Supplementary Information





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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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Norfolk, Virginia (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (Specifications). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Norfolk, Virginia as of June 30, 2021, 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.

Emphasis of Matter

During fiscal year ended June 30, 2021, the City adopted GASB Statement No. 84, *Fiduciary Activities*. The implementation of this standard resulted in a change in accounting principle (see Note 18). Our auditors' opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining, individual nonmajor fund financial statements and schedules, introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

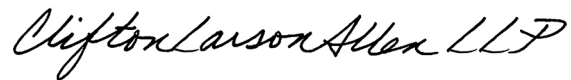
The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information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

The Honorable Members of City Council
City of Norfolk, Virginia

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
January 21, 2022



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**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

(Unaudited)





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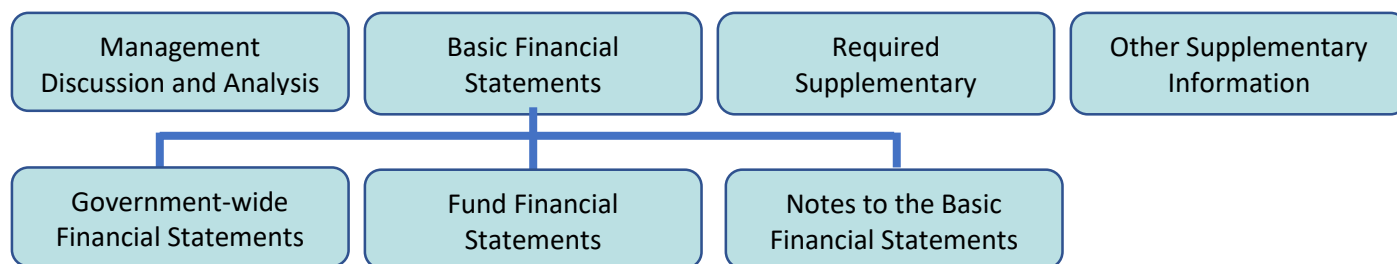
CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

The management of the City of Norfolk (the "City") provides this narrative overview and analysis of the City's financial performance during the fiscal year that ended June 30, 2021. Readers are encouraged to read the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements which follows this section. The intent of this discussion and analysis is to provide a summarized view of the City's financial performance as a whole; readers should also review the basic financial statements and supporting notes to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the City, on a government-wide basis excluding component units, exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$802,279,586 (net position). Of this amount, there is a negative unrestricted net position of \$64,062,083. Total net position increased by \$17,693 and unrestricted net position decreased by \$37,056,821 from the prior fiscal year end.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$205,180,357, a decrease of \$39,235,358 in comparison with the prior year. The primary factors that contributed to the overall decrease in net position include large increases experienced in both the pension and OPEB liabilities along with issuance of over \$200M in bonds offset increase in program revenues. The City issued \$ \$210,800,000 in taxable obligation bonds in fiscal year 2021 to increase the funding of the City's pension system. \$119,553,490 in bond proceeds was sent directly to the pension system and \$90,446,510 in proceeds were used to create and fund an irrevocable pension funding trust which will make transfers to the pension system over the life of the bonds. In addition, the City coordinated a debt refunding of general obligation bonds for savings.
- At the end of the current fiscal year, the total unassigned fund balance for the General fund was \$75,541,491 or 8.4 percent of the original General fund budget.
- The City's total outstanding bonded indebtedness increased by \$158,638,717 during the current fiscal year primarily due to the issuance of new debt.

Components of the Financial Section



CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to 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 are comprised of three components: 1) government-wide financials statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements and related notes themselves.

Government-wide financial statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements include all of the government's assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting. The *government-wide financial statements* are comprised of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of the City's assets plus deferred outflows and liabilities plus deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are mainly supported by taxes and intergovernmental revenues (governmental activities) from other functions intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the City include activities such as general government, public safety, public works, judicial administration, community development, health and public assistance, education, and culture and recreation. The business-type activities of the City include Water Utility, Wastewater Utility, Parking Facilities and Storm Water enterprise activities.

The government-wide financial statements include not only the City itself (known as the primary government), but also the following legally separate component units for which the City is financially accountable: 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 72 - 73 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

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

finance-related legal requirements. In the basic financial statements, the emphasis is on major funds. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary 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 government'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. 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 considered major funds. All other governmental funds are combined in a single, aggregated presentation. Individual fund data for each of the non-major funds are presented separately in the form of combined statements elsewhere in this report.

The City adopts an annual budget for certain funds. To demonstrate compliance with this budget, budgetary comparison statements have been provided in this report. (Reference Exhibits E-1 and E-2.)

The basic governmental fund financial statements can be found in pages 63 - 66 of this report.

Proprietary funds – The City maintains two types of proprietary funds: enterprise and internal service.

The enterprise funds are used to account for the Water and Wastewater Utilities, the Parking Facilities and the Storm Water operations. Enterprise funds are used to report the same functions presented as 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 had two internal service funds, Fleet Management and Healthcare during fiscal year 2021. The internal service funds are allocated to governmental activities at the entity wide level.

Proprietary funds provide the same type of information as the government-wide financial statements only in more detail. The proprietary fund financial statements provide separate information for the Water and Wastewater Utilities, the Parking Facilities and the Storm Water Utility operations, all of which are considered major funds. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Individual fund data for the internal service funds is provided in the form of combining statements in this report.

The basic proprietary fund financial statements can be found on pages 67 – 69 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. The fiduciary funds of the City include the pension trust fund, the pension funding trust, the Commonwealth of Virginia custodial fund and other custodial funds. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are dedicated for specific non-City programs. The accounting for fiduciary funds is much like that used in proprietary funds.

The fiduciary fund financial statements can be found in pages 70 - 71 of this report.

Notes to the financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 77.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons for the General fund, the City's net pension liability and other post-employment benefits to its employees. Required supplementary information can be found on pages 163 – 181 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented on pages 189 - 190 and 193 -195, respectively, of this report.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Government-Wide Financial Analysis

Over time, net position may serve as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$802,279,586 at the close of fiscal year 2021.

By far, the largest portion of the City's net position, \$825,536,757 or 102.9 percent is its investment in capital assets (e.g., land, buildings, equipment, intangibles and infrastructure) less accumulated depreciation and amortization and less any related outstanding debt and deferred inflows and outflows of resources used to acquire those assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, approximately 5.1 percent represent resources that are subject to external restrictions on how they may be used. The negative balance of \$64,062,083 of unrestricted net position is primarily due to the adoption of GASB 68 and GASB 75 and the recognition of the net pension liability to the City's employee retirement system, the Virginia retirement system and the total OPEB liability.

Summary of the City of Norfolk's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 490,433,154	\$ 371,143,091	\$ 210,790,509	\$ 196,183,072	\$ 701,223,663	\$ 567,326,163
Capital Assets	1,148,608,872	1,155,199,282	1,089,240,446	1,075,099,615	2,237,849,318	2,230,298,897
Total Assets	1,639,042,026	1,526,342,373	1,300,030,955	1,271,282,687	2,939,072,981	2,797,625,060
Deferred Outflows of Resources	300,765,531	120,521,077	49,597,131	42,546,974	350,362,662	163,068,051
Total Assets and Deferred Outflows of Resources	\$ 1,939,807,557	\$ 1,646,863,450	\$ 1,349,628,086	\$ 1,313,829,661	\$ 3,289,435,643	\$ 2,960,693,111
Long-Term Liabilities	\$ 1,452,858,977	\$ 1,207,626,778	\$ 710,755,731	\$ 728,543,652	\$ 2,163,614,708	\$ 1,936,170,430
Other Liabilities	256,797,991	166,705,465	38,052,394	23,663,303	294,850,385	190,368,768
Total Liabilities	1,709,656,968	1,374,332,243	748,808,125	752,206,955	2,458,465,093	2,126,539,198
Deferred Inflows of Resources	24,970,232	28,115,492	3,720,732	3,776,528	28,690,964	31,892,020
Total Liabilities and Deferred Inflows of Resources	\$ 1,734,627,200	\$ 1,402,447,735	\$ 752,528,857	\$ 755,983,483	\$ 2,487,156,057	\$ 2,158,431,218
Net Position:						
Net Investment in Capital Assets	374,477,923	384,077,864	451,058,834	406,148,713	825,536,757	790,226,577
Restricted	8,216,570	9,094,407	32,588,342	29,946,171	40,804,912	39,040,578
Unrestricted	(177,514,136)	(148,756,556)	113,452,053	121,751,294	(64,062,083)	(27,005,262)
Total Net Position	\$ 205,180,357	\$ 244,415,715	\$ 597,099,229	\$ 557,846,178	\$ 802,279,586	\$ 802,261,893

For governmental activities, total net position decreased by \$39,235,358 or 16.1 percent overall during the current fiscal year. The primary factor that contributed to the change in total governmental net position was the increase in debt.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

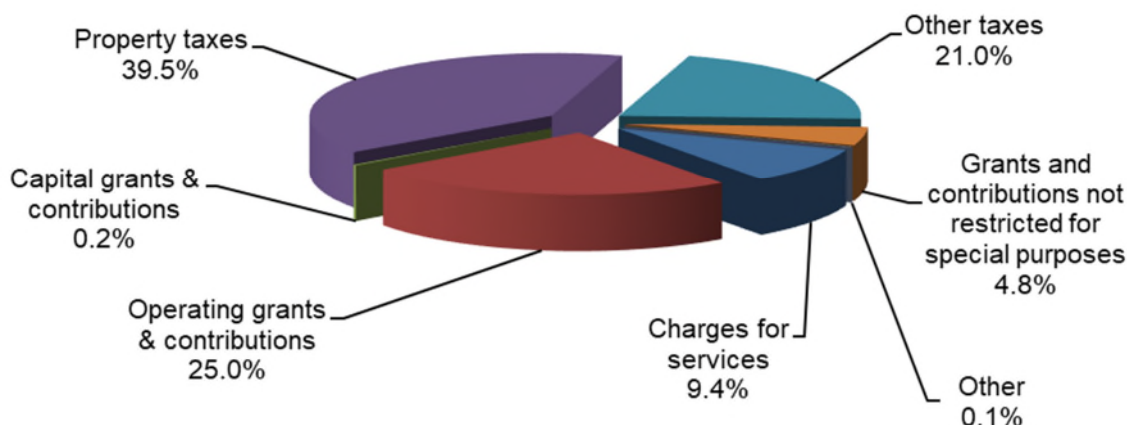
For business-type activities, net position increased by \$39,253,051 or 7.0 percent during the fiscal year. Of this amount, increases of \$25,625,510, \$10,268,874, \$6,137,090 and a decrease of \$2,778,423 are changes attributed to the Water Utility, Wastewater Utility, Storm Water Utility and Parking Facilities funds, respectively. Overall revenues increased by \$5,642,418 compared to the prior year due to increases in rates for Water and Wastewater Utilities funds.

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

Changes in the City of Norfolk's Net Position							
	Governmental Activities		Business-Type Activities		Totals		
	2021	2020	2021	2020	2021	2020	
Revenues:							
Program Revenues:							
Charges for Services	\$ 78,467,164	\$ 54,528,931	\$ 167,825,333	\$ 164,700,673	\$ 246,292,497	\$ 219,229,604	
Operating Grants & Contributions	207,935,782	161,602,162	-	-	207,935,782	161,602,162	
Capital Grants & Contributions	1,982,849	1,247,094	-	202,692	1,982,849	1,449,786	
General Revenues:							
Property Taxes	329,293,467	316,997,699	-	-	329,293,467	316,997,699	
Other Taxes	175,216,636	171,533,022	-	-	175,216,636	171,533,022	
Grants and Contributions not restricted for specific purposes	39,499,807	36,316,393	-	-	39,499,807	36,316,393	
Other	700,504	22,496,391	8,265,227	5,544,777	8,965,731	28,041,168	
Total Revenues	833,096,209	764,721,692	176,090,560	170,448,142	1,009,186,769	935,169,834	
Expenses:							
General Government	150,511,364	157,800,826	-	-	150,511,364	157,800,826	
Judicial Administration	47,505,416	48,443,053	-	-	47,505,416	48,443,053	
Public Safety	102,696,731	153,190,268	-	-	102,696,731	153,190,268	
Public Works	57,246,349	61,611,766	-	-	57,246,349	61,611,766	
Health and Public Assistance	76,087,642	97,274,531	-	-	76,087,642	97,274,531	
Culture and Recreation	35,794,242	64,901,083	-	-	35,794,242	64,901,083	
Community Development	66,150,674	40,728,057	-	-	66,150,674	40,728,057	
Education	112,363,179	135,699,293	-	-	112,363,179	135,699,293	
Interest on Long-Term Debt	29,875,970	24,998,008	-	-	29,875,970	24,998,008	
Water Utility	-	-	63,488,950	64,625,130	63,488,950	64,625,130	
Wastewater Utility	-	-	21,086,758	21,082,383	21,086,758	21,082,383	
Parking Facilities	-	-	20,030,843	24,849,833	20,030,843	24,849,833	
Storm Water Utility	-	-	16,330,958	13,239,213	16,330,958	13,239,213	
Total Expenses	678,231,567	784,646,885	120,937,509	123,796,559	799,169,076	908,443,444	
Increase (decrease) in Net Position before Special Items and Transfers	154,864,642	(19,925,193)	55,153,051	46,651,583	210,017,693	26,726,390	
Special Items	(210,000,000)	(26,501,897)	-	26,501,897	(210,000,000)	-	
Transfers	15,900,000	11,258,675	(15,900,000)	(11,258,675)	-	-	
Increase (decrease) in Net Position	(39,235,358)	(35,168,415)	39,253,051	61,894,805	17,693	26,726,390	
Net Position Beginning of Year, Restated	244,415,715	279,584,130	557,846,178	495,951,373	802,261,893	775,535,503	
Net Position End of Year	\$ 205,180,357	\$ 244,415,715	\$ 597,099,229	\$ 557,846,178	\$ 802,279,586	\$ 802,261,893	

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Governmental Activities: Revenues by Source



Governmental Activities – The City's total revenues from governmental activities were \$833,096,209 for the fiscal year that ended June 30, 2021. The largest sources of revenue for the City are property taxes and other taxes which comprise 60.5 percent of total governmental revenues. Revenues from property taxes, which are comprised of personal and real estate taxes, increased by \$12,295,768 compared to prior year. The real estate (general tax) tax rate for fiscal year 2021 was \$1.25 per \$100 of assessed value which had previously changed to set aside \$0.02 for school construction technology and infrastructure spending. Revenues from other taxes increased by \$3,683,614 or 2.2 percent in comparison to the prior year. Other taxes include sales & use, consumers' utility, restaurant food, business license and hotel/motel taxes.

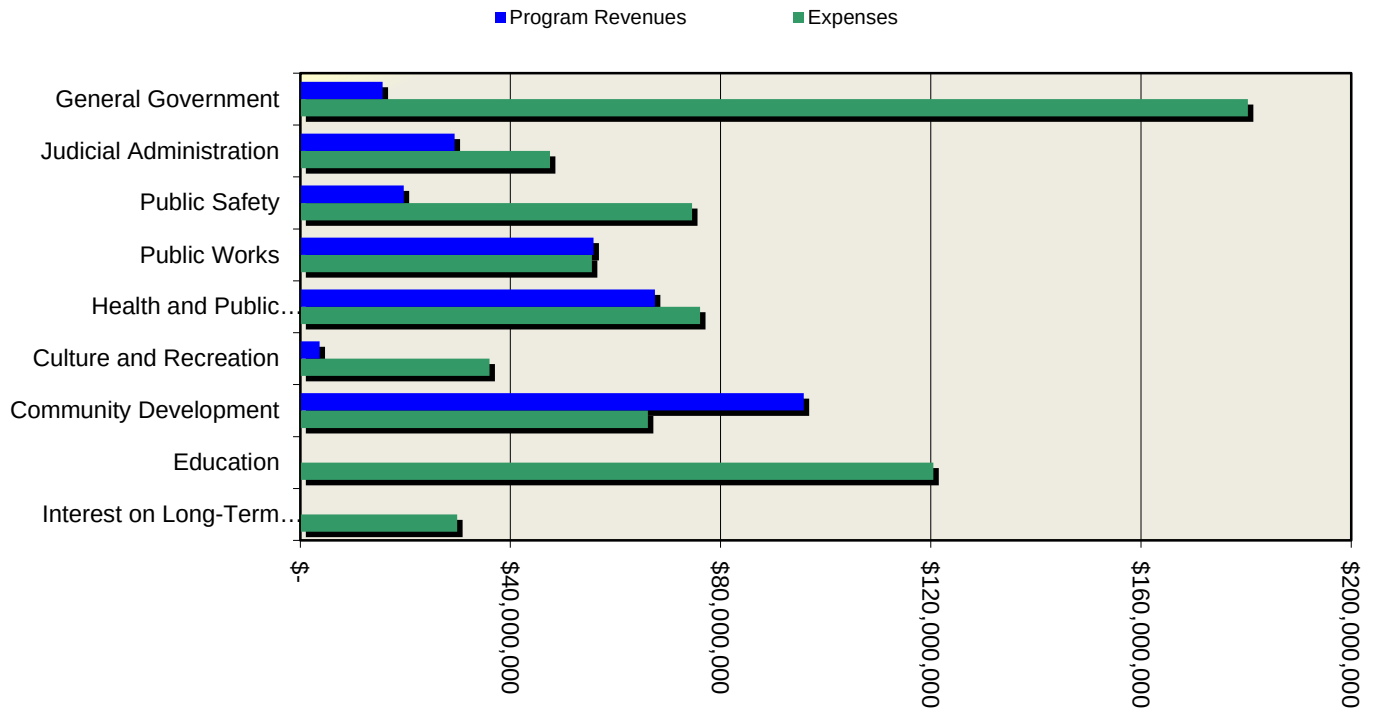
Operating grants and contributions for governmental activities ended the fiscal year at \$207,935,782 which represents an increase of approximately 28.7 percent from the prior year. For the 2021 fiscal year, there was \$39,499,807 in grants and contributions not restricted for specific programs that represents an increase of approximately 8.8 percent from the prior year. Other revenue decreased by \$21,795,887 in comparison to prior year.

The City's expenses for governmental activities cover a wide array of services, with \$102,696,731 or 15.1 percent related to public safety, \$150,511,364 or 22.2 percent related to general government and \$112,363,179 or 16.6 percent for education (including payments to the School Board, a component unit). Expenses for governmental activities decreased by 13.6 percent largely due to the adoption of GASB 68 and GASB 75 and the recognition of the net pension deferrals to the City's employee retirement system, the Virginia retirement system and the total OPEB liability.

Depreciation expense for governmental activities of \$53,049,760 was recorded.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

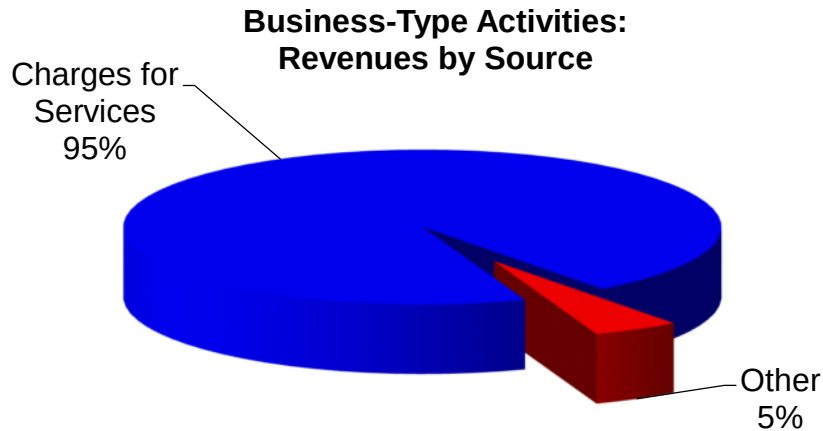
Governmental Activities
Expenses and Program Revenues



**CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021**

Business-type Activities – Business-type activities increased the City's net position by \$39,253,051. Key elements of this change are as follows:

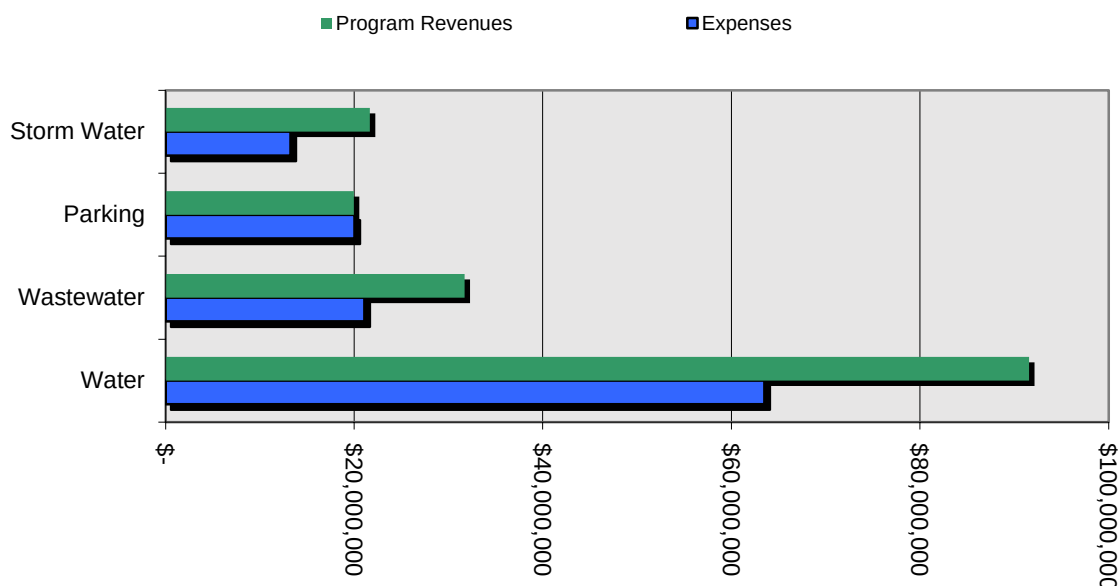
- Revenue from charges for services for business-type activities increased by 1.9 percent. Water Utility charges for services increased \$3,861,975 and Wastewater Utility charges for services increased \$414,853.
- Parking Facilities revenues decreased \$1,879,570 or 9.4 percent from the prior year.
- Storm Water Utility charges for services increased by 3.4 percent or \$727,402 in fiscal year 2021.



Total operating expenses for business-type activities increased overall by \$1,156,921 or 1.1 percent. The Water Utility fund's expenses decreased by \$88,365. The Wastewater Utility fund's expenses increased by \$40,192. The Parking Facilities fund's expenses decreased by \$1,108,748. The Storm Water Utility fund's operating expense increased by \$1,946,201 in fiscal year 2021.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Business Type Activities - Expenses and Program Revenues



Financial Analysis of the Government's Funds

As previously noted, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's classifications of fund balance comprise a hierarchy based on the extent to which the City is bound to observe constraints imposed upon the use of the financial resources of the funds. 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 combined ending fund balance of \$204,891,204, an increase of \$28,301,606 over the prior year due primarily to the City receiving CAREs Act funding from the federal government that was used to offset COVID related expenses. Of the total ending fund balance, there is a nonspendable balance of \$1,388,421 which consists of inventory and prepaid items. Restricted fund balance is \$8,216,570 of the total fund balance and is that portion of fund balance that can only be spent for the specific purposes as stipulated by a third party or legislation. Funds that typically fall in this category are

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

federal and state awards/grants, as well as certain tax dollars levied for specific purposes. Committed fund balance is \$18,869,936 of total ending fund balance and represents amounts within fund balance that have been designated for a specific purpose by City Council. Included in this classification are amounts designated by City Council for the City's self-insured workers' compensation and general liability programs. Assigned fund balance is \$152,371,717 of the total ending fund balance and represents funds intended to be used by the City for specific purposes. Encumbrances that are not considered committed are included in this classification. The remaining \$24,044,560 of the ending fund balance in the City's governmental funds is available for spending at the government's discretion and is classified as unassigned.

The City's primary governmental fund is its General fund. As a matter of fiscal policy, the City's unassigned fund balance is targeted to be no less than ten percent of the combination of general fund operation expenditures and transfers out, which was \$63,041,222 for fiscal year 2021.

For the General fund, on the budgetary basis of accounting, the City ended the fiscal year with revenues over projections by \$39,312,236. Total expenditures were less than appropriations by \$66,590,096.

The General fund revenues increased by \$14,147,028 from the prior year. Overall expenditures increased by \$4,400,861 or 5.4 percent from fiscal year 2021. General fund financial and budget highlights of the 2021 fiscal year include:

- General property tax revenues increased by \$15,563,498 or 5.1 percent;
- Other local tax revenues increased by \$3,344,963 or 2.1 percent;
- Charges for services decreased by \$158,491 or 1.0 percent;
- Education expenditures were significantly less than the budget by approximately \$32.6 million primarily as a result of the COVID-19 pandemic.

The Grants fund is reported as a major fund for fiscal year 2021. This is due primarily to receipt of Coronavirus Aid, Relief, and Economic Security Act and American Rescue Plan Act of 2021 funding. Revenues increased 133%, Expenditures increased 129%, Assets increased 145% and Liabilities increased 199%.

The City spent \$41,163,429 from the Capital Projects fund to support major capital projects, repairs to City and School buildings, infrastructure and neighborhood improvements. The fund had a total fund deficit of \$51,496,931. In fiscal year 2021, the City issued bonds, but also used cash on hand and a line of credit to fund these expenditures.

The Debt Service fund did not have any assets, liabilities or net position at fiscal year-end. During the year bonds were issued to refund existing debt and new debt was also issued. Additionally, a net \$43,980,000 was drawn on the line of credit established for flexible, interim financing for the management of capital projects for governmental and business-type activities.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Generally, the City can only use the net position of these funds to finance continuing operations of the enterprise operations. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Capital Asset and Debt Administration

Capital Assets – The City's net investment in capital assets for its governmental and business-type activities as presented on the Statement of Net Position as of June 30, 2021, totaled \$825,536,757. The investment in capital assets includes land, buildings, improvements, infrastructure (streets, roads, bridges, highways, water/sewer systems, etc.), machinery, equipment, intangibles and construction in progress, net of the debt outstanding that was used to finance the assets. Infrastructure assets represent 7.1 percent of total general governmental assets.

Major capital projects spending during the fiscal year included the following:

- \$9.0 million in improvements to various civic facilities including libraries and fire stations;
- \$2.9 million in improvements to various cultural facilities;
- \$4.6 million to acquire equipment and technology;
- \$3.6 million in construction of Southside Library; and
- \$3.3 million for bridge and street improvements.

Construction in progress totaled \$67.5 million for governmental activities at the end of the fiscal year. Construction in progress totaled \$79.6 million for business-type activities, which includes Water Utility, Wastewater Utility, Parking Facilities and Storm Water Utility projects.

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

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2019
Land	\$ 112,317,666	\$ 107,836,270	\$ 47,298,301	\$ 52,298,301	\$ 159,615,967	\$ 160,134,571
Buildings, equipment and vehicles	722,819,447	741,940,075	905,072,212	913,000,429	1,627,891,659	1,654,940,504
Improvements other than buildings	87,035,854	84,104,279	51,914,068	51,770,358	138,949,922	135,874,637
Construction in progress	67,527,633	63,990,506	79,578,983	52,513,243	147,106,616	116,503,749
Intangible assets	597,482	738,635	5,376,882	5,517,285	5,974,364	6,255,920
Infrastructure	158,310,790	156,589,517	-	-	158,310,790	156,589,517
Total	\$ 1,148,608,872	\$ 1,155,199,282	\$ 1,089,240,446	\$ 1,075,099,616	\$ 2,237,849,318	\$ 2,230,298,898

Additional information on the City's capital assets can be found in Note VI on pages 101 - 102 of this report.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Long-term Debt – At June 30, 2021, the City (including the enterprise funds) had total bonded debt outstanding of \$1,583,443,826. Of this amount, \$1,216,765 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds 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	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$ 887,775,611	\$ 729,939,268	\$ 245,636,154	\$ 249,569,588	\$ 1,133,411,765	\$ 979,508,856
Line of Credit	83,260,000	60,000,000	-	3,000,000	83,260,000	63,000,000
Revenue Bonds	-	-	366,771,983	382,296,253	366,771,983	382,296,253
Total	<u>\$ 971,035,611</u>	<u>\$ 789,939,268</u>	<u>\$ 612,408,137</u>	<u>\$ 634,865,841</u>	<u>\$ 1,583,443,748</u>	<u>\$ 1,424,805,109</u>

The City's total debt outstanding increased by \$158,638,717 or 11.1 percent during the fiscal year.

The development of the Capital Improvement Plan for General Capital (bonds not supported by self-supporting user fees) is guided by two adopted measures of affordability. The measures or debt limits are based on the approved Capital Improvement Plan are as follows:

- Debt service as a percent of the General Fund Budget will not exceed 10 percent; and
- Net debt as a percent of taxable property will not exceed 3.5 percent.

Business-type activities debt practices are governed by revenue bond indentures in addition to various City Council financial policies governing affordability.

The latest 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+	AA+

The City's Wastewater Revenue Bonds do not maintain an underlying or stand-alone unenhanced credit rating.

The Commonwealth of Virginia imposes a constitutional statutes limit for the amount of general obligation debt the City may issue which is limited to 10 percent of its total assessed valuation. The City's general obligation debt outstanding is significantly below the City's current debt limitation of \$2,215,479,796.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Additional information on the City's long-term debt can be found in Note IX on pages 105 - 113 of this report.

Economic Factors and Next Year's Budgets and Rates

- Development of the fiscal year 2022 Adopted Budget began the summer of 2020 during a period of unprecedented public health and economic uncertainty. While this Budget begins our recovery from the COVID-19 pandemic, our revenues remain significantly below where they would have been if not for the pandemic. Although the Adopted Budget includes substantial reinvestment in city services, resources are not available to restore all the services reductions in last year's budget. Despite these challenges, the fiscal year 2022 Adopted Budget makes major investments in City Council's priorities and begins the process of rebuilding the organizational capacity necessary to deliver important services effectively.
- Taxable real estate assessments are projected to rise in the fiscal year 2022 by 3.25 percent.
- Other local taxes, which are comprised of consumer and business-based taxes, are expected to be most impacted by the economic effects of COVID-19 as this revenue category has been sensitive to changes in economic conditions. These taxes are expected to be 13.0 percent below the fiscal year 2021 budget.
- The following reflects other tax change projections in the fiscal year 2021 budget:
 - o Hotel taxes – 27.0 percent increase;
 - o Restaurant food taxes – 11.0 percent increase; and
 - o Personal property taxes – 3.2 percent increase.
- Rate increases for the Storm Water Utility, Water Utility and Wastewater Utility funds continue to provide necessary funding to finance capital improvements.

All of these factors were considered in preparing the City's budget for fiscal year 2022. The fiscal year 2022 operating budget includes transfers in from non-general funds of approximately \$18.8 million and carrying forward prior year unspent appropriations totaling approximately \$14.2 million.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

The following table represents the Storm Water, Waste Management, Wastewater and Water Utility fees implemented with the City's fiscal year 2022 budget.

Description	FY 2022 Approved	FY 2021 Approved
Storm Water Fees – Residential	\$12.72/month	\$12.38/month
Storm Water Fees – Commercial	\$12.72/month per 2,000 sq. ft.	\$12.38/month per 2,000 sq. ft.
Wastewater Fees	\$4.84/100 cubic feet	\$4.65/100 cubic feet
Water Fees	\$5.67/100 cubic feet	\$5.48/100 cubic feet
Refuse Disposal – Residential Single or Multiple Units (4 or less)	\$27.01/unit/month	\$27.01/unit/month
Refuse Disposal – Residential Multiple Units (5 or more)	\$45.94/container/month	\$45.94/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

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2021

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information 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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Statement of Net Position
June 30, 2021

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and short-term investments	\$ 332,632,530	\$ 144,727,064	\$ 477,359,594	\$ 69,999,157
Receivables, net:				
Taxes	54,198,856	-	54,198,856	-
Accounts	25,119,634	25,178,253	50,297,887	7,153,869
Notes	13,260,000	-	13,260,000	387,475
Accrued investment income	40,698	52,253	92,951	432,541
Internal balances	15,579,885	-	15,579,885	-
Due from other governments	47,956,639	-	47,956,639	29,189,520
Due from primary government	-	-	-	5,388,581
Inventories	14,993	3,513,597	3,528,590	1,834,009
Property held for resale	-	-	-	832,952
Prepaid items	1,373,428	47,198	1,420,626	71,226
Restricted cash and investments	256,491	37,272,144	37,528,635	1,528,288
Non-depreciable capital assets	179,942,313	131,493,329	311,435,642	8,907,783
Depreciable capital assets, net	968,666,559	957,747,117	1,926,413,676	20,780,186
Total assets	<u>\$ 1,639,042,026</u>	<u>\$ 1,300,030,955</u>	<u>\$ 2,939,072,981</u>	<u>\$ 146,505,587</u>
Deferred outflows of resources				
Related to pensions	\$ 220,205,732	\$ 10,541,436	\$ 230,747,168	\$ 80,630,595
Related to OPEB	38,725,679	4,001,428	42,727,107	23,541,332
Loss on defeasance of bonds	41,834,120	35,054,267	76,888,387	-
Total deferred outflow of resources	<u>300,765,531</u>	<u>49,597,131</u>	<u>350,362,662</u>	<u>104,171,927</u>
Total assets and deferred outflows of resources	<u>\$ 1,939,807,557</u>	<u>\$ 1,349,628,086</u>	<u>\$ 3,289,435,643</u>	<u>\$ 250,677,514</u>
LIABILITIES				
Vouchers payable	\$ 28,132,180	\$ 13,836,892	\$ 41,969,072	\$ 11,768,487
Employees withholdings	455,514	-	455,514	-
Contract retainage	3,167,580	1,977,715	5,145,295	325,854
Accrued interest	9,424,645	4,232,110	13,656,755	-
Accrued payroll	6,968,410	722,796	7,691,206	32,473,483
Internal balances	-	15,579,885	15,579,885	-
Due to other governments	19,360,598	-	19,360,598	5,819,210
Due to component unit	5,388,581	-	5,388,581	-
Other payables	-	-	-	2,054,014
Unearned revenue	88,406,261	-	88,406,261	479,661
Other current liabilities	12,234,222	1,702,996	13,937,218	602,724
Line of credit	83,260,000	-	83,260,000	-
Long-term liabilities:				
Due within one year	67,002,503	38,721,855	105,724,358	8,754,758
Due in more than one year	929,446,426	625,092,861	1,554,539,287	20,147,248
Net pension liability	349,838,343	39,206,928	389,045,271	320,824,685
Net OPEB liability	106,571,705	7,734,087	114,305,792	102,057,511
Total liabilities	<u>\$ 1,709,656,968</u>	<u>\$ 748,808,125</u>	<u>\$ 2,458,465,093</u>	<u>\$ 505,307,635</u>
Deferred inflows of resources				
Related to pensions	\$ 11,467,465	\$ 2,074,242	\$ 13,541,707	\$ 40,433,068
Related to OPEB	13,390,479	980,081	14,370,560	19,578,432
Gain on defeasance of bonds	112,288	666,409	778,697	-
Total deferred inflows of resources	<u>24,970,232</u>	<u>3,720,732</u>	<u>28,690,964</u>	<u>60,011,500</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,734,627,200</u>	<u>\$ 752,528,857</u>	<u>\$ 2,487,156,057</u>	<u>\$ 565,319,135</u>
NET POSITION				
Net investment in capital assets	\$ 374,477,923	\$ 451,058,834	\$ 825,536,757	\$ 14,717,969
Restricted for:				
Endowed care - nonexpendable	6,362,158	-	6,362,158	-
General government	123,410	-	123,410	-
Judicial administration	79,914	-	79,914	-
Public safety	149,902	-	149,902	-
Health and public assistance	1,249,368	-	1,249,368	-
Culture and recreation	59,381	-	59,381	-
Community development	192,437	-	192,437	-
Public works	-	-	-	-
Capital projects	-	-	-	1,587,611
Water utility	-	27,134,089	27,134,089	-
Wastewater utility	-	2,057,153	2,057,153	-
Parking fund	-	3,397,100	3,397,100	-
Other Programs	-	-	-	5,731,434
Unrestricted	(177,514,136)	113,452,053	(64,062,083)	(336,678,635)
Total net position (deficit)	<u>\$ 205,180,357</u>	<u>\$ 597,099,229</u>	<u>\$ 802,279,586</u>	<u>\$ (314,641,621)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,939,807,557</u>	<u>\$ 1,349,628,086</u>	<u>\$ 3,289,435,643</u>	<u>\$ 250,677,514</u>

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

CITY OF NORFOLK, VIRGINIA

Exhibit 2

Statement of Activities
For the Year Ending June 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position				
Functions/Programs	Expenses	Charges for Services	Operating	Capital	Primary Government			Component Units	
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 150,511,364	\$ 8,057,132	\$ 5,645,144	\$ 1,982,849	\$ (134,826,239)	\$ -	\$ (134,826,239)	\$ -	
Judicial administration	47,505,416	22,658,862	6,751,245	-	(18,095,309)	-	(18,095,309)	-	
Public safety	102,696,731	11,727,381	35,640,590	-	(55,328,760)	-	(55,328,760)	-	
Public works	57,246,349	25,329,925	31,238,722	-	(677,702)	-	(677,702)	-	
Health and public assistance	76,087,642	5,373,656	62,127,640	-	(8,586,346)	-	(8,586,346)	-	
Culture and recreation	35,794,242	3,447,991	231,578	-	(32,114,673)	-	(32,114,673)	-	
Community development	66,150,674	1,872,217	66,300,863	-	2,022,406	-	2,022,406	-	
Education	112,363,179	-	-	-	(112,363,179)	-	(112,363,179)	-	
Interest on long-term debt	29,875,970	-	-	-	(29,875,970)	-	(29,875,970)	-	
Intergovernmental	-	-	-	-	-	-	-	-	
Total governmental activities	<u>678,231,567</u>	<u>78,467,164</u>	<u>207,935,782</u>	<u>1,982,849</u>	<u>(389,845,772)</u>	<u>-</u>	<u>(389,845,772)</u>	<u>-</u>	
Business-type activities:									
Water utility	63,488,950	95,238,963	-	-	-	31,750,013	31,750,013	-	
Wastewater utility	21,086,758	32,120,068	-	-	-	11,033,310	11,033,310	-	
Parking facilities	20,030,843	18,073,340	-	-	-	(1,957,503)	(1,957,503)	-	
Storm Water utility	16,330,958	22,392,962	-	-	-	6,062,004	6,062,004	-	
Total business-type activities	<u>120,937,509</u>	<u>167,825,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,887,824</u>	<u>46,887,824</u>	<u>-</u>	
Total primary government	<u>\$ 799,169,076</u>	<u>\$ 246,292,497</u>	<u>\$ 207,935,782</u>	<u>\$ 1,982,849</u>	<u>\$ (389,845,772)</u>	<u>\$ 46,887,824</u>	<u>\$ (342,957,948)</u>	<u>\$ -</u>	
Component units:									
Norfolk Public Schools	\$ 385,788,073	\$ 2,124,928	\$ 231,432,565	\$ 4,965,175				\$ (147,265,405)	
Norfolk Economic Development Authority	9,389,538	447,137	225,000	-				\$ (8,717,401)	
Total component units	<u>\$ 395,177,611</u>	<u>\$ 2,572,065</u>	<u>\$ 231,657,565</u>	<u>\$ 4,965,175</u>				<u>(155,982,806)</u>	
General revenues:									
Taxes:									
General property taxes - real estate and personal property					329,293,467	-	329,293,467	-	
Consumption utility taxes					36,766,805	-	36,766,805	-	
Sales and use taxes					39,525,254	-	39,525,254	-	
Restaurant food taxes					36,383,931	-	36,383,931	-	
Business license taxes					31,619,828	-	31,619,828	-	
Hotel/Motel taxes					10,577,858	-	10,577,858	-	
Cigarette taxes					7,374,123	-	7,374,123	-	
Admissions taxes					1,171,064	-	1,171,064	-	
Motor vehicle licenses					5,039,466	-	5,039,466	-	
Franchise, recordation and other miscellaneous local taxes					6,758,307	-	6,758,307	-	
Use of money and property					314,909	130,098	445,007	3,433,558	
Gain on Investment					141,646	5,068,810	5,210,456	-	
Grants and contributions not restricted to specific programs					39,499,807	324,617	39,824,424	127,294,154	
Miscellaneous					243,949	2,741,702	2,985,651	1,130,274	
Intergovernmental revenue - Commonwealth of Virginia					-	-	-	38,758,193	
Payment from Primary Government					-	-	-	-	
Special Items:									
Debt proceeds to trust					(210,000,000)	-	(210,000,000)	-	
Transfers					15,900,000	(15,900,000)	-	-	
Total general revenues and transfers					<u>350,610,414</u>	<u>(7,634,773)</u>	<u>342,975,641</u>	<u>170,616,179</u>	
Changes in net position					<u>(39,235,358)</u>	<u>39,253,051</u>	<u>17,693</u>	<u>14,633,373</u>	
Net position (deficit) - beginning as restated					<u>244,415,715</u>	<u>557,846,178</u>	<u>802,261,893</u>	<u>(329,274,994)</u>	
Net position (deficit) - ending					<u>\$ 205,180,357</u>	<u>\$ 597,099,229</u>	<u>\$ 802,279,586</u>	<u>\$ (314,641,621)</u>	

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

CITY OF NORFOLK, VIRGINIA

Exhibit A-1

Balance Sheet - Governmental Funds
June 30, 2021

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Grants	Capital Projects	Debt Service		
ASSETS						
Cash and short-term investments	\$ 198,358,226	\$ 88,983,765	\$ 19,111,506	\$ -	\$ 18,078,975	\$ 324,532,472
Receivables, net:						
Taxes	53,339,472	-	-	-		53,339,472
Accounts	6,635,346	1,828,884	3,506,070	-	5,085,757	17,056,057
Notes	-	-	13,260,000	-		13,260,000
Accrued investment income	-	-	40,698	-	-	40,698
Due from other funds	15,972,866	-	15,207,089	-	-	31,179,955
Due from other governments	21,614,043	14,842,013	-	-	10,835,851	47,291,907
Restricted cash	-	-	-	-	256,491	256,491
Inventory	14,993	-	-	-	-	14,993
Prepaid items	-	1,373,428	-	-	-	1,373,428
Total assets	<u>\$ 295,934,946</u>	<u>\$ 107,028,090</u>	<u>\$ 51,125,363</u>	<u>\$ -</u>	<u>\$ 34,257,074</u>	<u>\$ 488,345,473</u>
LIABILITIES, DEFERRED INFLOWS						
Vouchers payable	\$ 16,312,327	\$ 4,014,955	\$ 1,986,975	\$ -	\$ 4,653,998	\$ 26,968,255
Employee withholdings	455,514	-	-	-	-	455,514
Contract retainage	7,495	59,069	185,126	-	2,915,890	3,167,580
Accrued payroll	6,493,665	118,535	-	-	279,343	6,891,543
Notes payable	-	-	83,260,000	-	-	83,260,000
Due to other funds	-	-	11,801,612	-	3,798,458	15,600,070
Due to other governments	36,253	19,324,345	-	-	-	19,360,598
Due to component unit	-	-	5,388,581	-	-	5,388,581
Unearned revenue	-	77,075,541	-	-	-	77,075,541
Other liabilities	4,479,117	161,464	-	-	23,901	4,664,482
Total liabilities	<u>27,784,371</u>	<u>100,753,909</u>	<u>102,622,294</u>	<u>-</u>	<u>11,671,590</u>	<u>242,832,164</u>
Deferred Inflow of Resources						
Revenues levied for the next year and unavailable revenue	37,155,702	-	-	-	3,466,403	40,622,105
FUND BALANCES						
Nonspendable	14,993	1,373,428	-	-	-	1,388,421
Restricted	120,000	1,734,412	-	-	6,362,158	8,216,570
Committed	16,404,139	2,427,994	-	-	37,803	18,869,936
Assigned	138,914,250	738,347	-	-	12,719,120	152,371,717
Unassigned	75,541,491	-	(51,496,931)	-	-	24,044,560
Total fund balances (deficit)	<u>230,994,873</u>	<u>6,274,181</u>	<u>(51,496,931)</u>	<u>-</u>	<u>19,119,081</u>	<u>204,891,204</u>
Total liabilities and fund balances	<u>\$ 295,934,946</u>	<u>\$ 107,028,090</u>	<u>\$ 51,125,363</u>	<u>\$ -</u>	<u>\$ 34,257,074</u>	<u>\$ 488,345,473</u>

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

CITY OF NORFOLK, VIRGINIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2021

Exhibit A-2

Fund balances - total governmental funds	\$	204,891,204
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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	2,818,366,684	
Accumulated depreciation	<u>(1,673,603,561)</u>	
		1,144,763,123

Recognition of deferred inflows as revenue in government wide statements		36,888,255
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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	(11,327,732)	
Deferred outflows related to pensions	219,061,232	
Deferred inflows related to OPEB	(13,299,809)	
Deferred outflows related to OPEB	38,298,844	
Loss on defeasance	41,834,120	
Gain on defeasance	(112,288)	
		274,454,367

Long-term liabilities, including bonds payable, are not
due and payable in the current period and therefore
are not reported in the funds:

Bonds payable - including premium	(935,413,605)	
Net pension liability	(345,658,896)	
Other post-employment benefits	(105,747,247)	
Compensated absences	(21,809,108)	
Workers' compensation and claims liability	(36,098,411)	
Other	(2,846,376)	
Accrued interest payable	<u>(9,424,645)</u>	
		(1,456,998,288)

Internal service funds		516,964
Receivable for Build America Bonds - interest rate subsidy		664,732

Net position of governmental activities	<u>\$</u>	<u>205,180,357</u>
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The accompanying notes are an integral part of the basic
financial statements.

CITY OF NORFOLK, VIRGINIA

Exhibit A-3

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ending June 30, 2021

	Major Funds				Nonmajor	Total
	General	Special Revenue	Capital	Debt	Governmental	Governmental
	Fund	Grants	Projects	Service	Funds	Funds
REVENUES						
General property taxes	\$ 321,256,589	\$ -	\$ -	\$ -	\$ 6,482,000	\$ 327,738,589
Other local taxes	165,042,172	-	-	-	10,174,464	175,216,636
Permits and licenses	3,495,079	-	-	-	-	3,495,079
Fines and forfeitures	977,880	300	-	-	-	978,180
Use of money and property	6,184,195	37,041	141,646	-	75,608	6,438,490
Charges for services	17,349,418	197,228	-	-	25,703,133	43,249,779
Miscellaneous	9,056,295	1,436,883	75,000	-	536,344	11,104,522
Intergovernmental	134,830,829	84,915,263	-	-	47,812,146	267,558,238
Total revenues	658,192,457	86,586,715	216,646	-	90,783,695	835,779,513
EXPENDITURES						
Current operating:						
General government	131,973,370	12,539,791	-	-	238,064	144,751,225
Judicial administration	43,282,831	4,013,096	-	-	-	47,295,927
Public safety	97,289,459	34,121,399	-	-	5,397,987	136,808,845
Public works	19,731,512	10,930,299	-	-	21,367,344	52,029,155
Health and public assistance	66,389,275	20,466,522	-	-	1,210,888	88,066,685
Culture and recreation	32,149,634	318,126	-	-	1,544,198	34,011,958
Community development	13,498,301	12,815,509	-	-	45,779,341	72,093,151
Education	120,973,357	-	-	-	-	120,973,357
Debt service:						
Principal	-	-	-	63,781,523	-	63,781,523
Interest and other charges	-	-	-	27,612,203	-	27,612,203
Debt issuance costs	542,012	-	483,844	-	-	1,025,856
Capital outlay	3,754,212	-	41,163,429	-	-	44,917,641
Total expenditures	529,583,963	95,204,742	41,647,273	91,393,726	75,537,822	833,367,526
Excess (deficiency) of revenues over expenditures	128,608,494	(8,618,027)	(41,430,627)	(91,393,726)	15,245,873	2,411,987
OTHER FINANCING SOURCES (USES)						
Issuance of refunding bonds	-	-	-	46,383,297	-	46,383,297
Issuance of debt	210,000,000	-	(5,688,175)	-	-	204,311,825
Debt issuance costs	-	-	-	(261,076)	-	(261,076)
Proceeds sale of capital assets	15,677,794	-	-	-	-	15,677,794
Payment to bond refunding escrow agent	-	-	-	(46,122,221)	-	(46,122,221)
Transfers in	24,382,000	5,026,104	4,361,247	91,393,726	797,648	125,960,725
Transfers out	(92,690,071)	-	(1,683,962)	-	(15,686,692)	(110,060,725)
Total other financing sources and uses	157,369,723	5,026,104	(3,010,890)	91,393,726	(14,889,044)	235,889,619
SPECIAL ITEMS						
Debt proceeds to trust	(210,000,000)	-	-	-	-	(210,000,000)
Total other financing sources (uses) and special items	(52,630,277)	5,026,104	(3,010,890)	91,393,726	(14,889,044)	25,889,619
Net changes in fund balances	75,978,217	(3,591,923)	(44,441,517)	-	356,829	28,301,606
Fund balances - beginning	155,016,656	9,866,104	(7,055,414)	-	18,762,252	176,589,598
Fund balances - ending	\$ 230,994,873	\$ 6,274,181	\$ (51,496,931)	\$ -	\$ 19,119,081	\$ 204,891,204

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

CITY OF NORFOLK, VIRGINIA

Exhibit A-4

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

For the Year Ending June 30, 2021

Net change in fund balances--total governmental funds	\$	28,301,606
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	58,744,366	
Subtract disposals	(13,782,386)	
Subtract depreciation expense	<u>(52,547,831)</u>	(7,585,851)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		1,608,182
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 issued	(257,183,297)	
Add debt repayment	63,781,523	
Premium on bond sale	35,565,431	
Loss on defeasance of debt	947,769	
Gain on defeasance of debt	26,625	
Line of Credit	-	
Amortization of premiums, gains and losses	<u>12,972,262</u>	(143,889,687)
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.		
Change in non-capital long-term liabilities (Note VIII)		
Compensated absences	(1,108,778)	
Retires life insurance	10,000	
Net OPEB Liability, Net of changes in deferred inflows and outflows	(6,809,025)	
Workers comp unpaid claims	(1,416,624)	
Landfill closure	(77,362)	
Net Pension Liability, Net of changes in deferred inflows and outflows	91,919,775	
Accrued interest payable	<u>137,511</u>	82,655,497
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.		(989,837)
Change in net position of governmental activities	<u>\$</u>	<u>(39,235,358)</u>

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

CITY OF NORFOLK, VIRGINIA

Exhibit B-1

Statement of Fund Net Position - Proprietary Funds
June 30, 2021

	Business-Type Activities					Governmental Activities- Internal Service Funds
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	
ASSETS						
Current assets:						
Cash and short-term investments	\$ 70,599,982	\$ 25,257,395	\$ 28,138,013	\$ 20,731,674	\$ 144,727,064	\$ 8,100,058
Investments					-	
Restricted short-term investments	-	2,060,902.00	-	-	2,060,902.00	-
Receivables, net						
Accounts	7,481,525	3,510,667	1,915,649	3,317,438	16,225,279	8,922,961
Unbilled accounts	5,048,096	1,651,565	785,060	1,468,253	8,952,974	
Accrued investment income	52,253	-	-	-	52,253	
Inventories	3,488,531	23,449	-	1,617	3,513,597	
Prepaid Expenses	47,198	-	-	-	47,198	-
Restricted cash and investments	27,134,089	-	6,557,430	1,519,723	35,211,242	-
Total current assets	113,851,674	32,503,978	37,396,152	27,038,705	210,790,509	17,023,019
Restricted investments	-	-	-	-	-	-
Noncurrent assets:						
Capital assets:						
Non-depreciable capital assets	58,826,124	35,674,630	32,887,190	4,105,385	131,493,329	415,000
Depreciable capital assets	827,962,000	379,851,311	111,652,470	81,992,507	1,401,458,288	12,434,194
Accumulated depreciation	(298,858,460)	(115,050,401)	-	(29,802,310)	(443,711,171)	(9,003,445)
Capital assets, net	587,929,664	300,475,540	144,539,660	56,295,582	1,089,240,446	3,845,749
Total noncurrent assets	587,929,664	300,475,540	144,539,660	56,295,582	1,089,240,446	3,845,749
Total assets	\$ 701,781,338	\$ 332,979,518	\$ 181,935,812	\$ 83,334,287	\$ 1,300,030,955	\$ 20,868,768
Deferred outflows of resources						
Related to pensions	5,916,761	1,735,296	988,113	1,901,266	10,541,436	1,144,500
Related to OPEB	2,242,986	652,124	393,885	712,433	4,001,428	426,835
Loss on defeasance of bonds	10,973,167	4,124,925	18,509,031	1,447,144	35,054,267	-
Total deferred outflows	\$ 19,132,914	\$ 6,512,345	\$ 19,891,029	\$ 4,060,843	\$ 49,597,131	\$ 1,571,335
Total assets and deferred outflows of resources	\$ 720,914,252	\$ 339,491,863	\$ 201,826,841	\$ 87,395,130	\$ 1,349,628,086	\$ 22,440,103
LIABILITIES						
Current liabilities:						
Vouchers payable	\$ 5,592,384	\$ 6,417,419	\$ 405,611	\$ 1,421,478	\$ 13,836,892	\$ 1,192,965
Contract retainage	1,129,005	776,439	61,818	10,453	1,977,715	-
Accrued interest	2,319,531	797,408	961,720	153,451	4,232,110	-
Accrued payroll	380,173	129,635	63,332	149,656	722,796	76,867
Due to other funds	372,795	-	15,207,090	-	15,579,885	-
Unearned Revenue	-	-	-	-	-	7,596,870
Current portion of bonds payable	17,170,000	13,090,846	4,717,514	2,485,127	37,463,487	-
Compensated absences	739,505	178,300	116,518	224,045	1,258,368	158,453
Other current liabilities	584,004	233,085	885,589	318	1,702,996	7,540,700
Total current liabilities	28,287,397	21,623,132	22,419,192	4,444,528	76,774,249	16,565,855
Noncurrent liabilities:						
General obligation bonds payable	-	71,624,858	141,009,462	33,118,089	245,752,409	-
Revenue bonds payable	298,737,353	79,436,725	-	329,678	378,503,756	-
Net pension liability	21,961,899	6,383,736	3,874,785	6,986,508	39,206,928	4,179,446
Net OPEB liability	4,332,313	1,259,262	764,327	1,378,185	7,734,087	824,459
Compensated absences	425,381	128,736	90,431	192,148	836,696	122,976
Total noncurrent liabilities	325,456,946	158,833,317	145,739,005	42,004,608	672,033,876	5,126,881
Total liabilities	\$ 353,744,343	\$ 180,456,449	\$ 168,158,197	\$ 46,449,136	\$ 748,808,125	\$ 21,692,736
Deferred inflows of resources						
Related to Pensions	879,066	208,657	354,555	631,964	2,074,242	139,733
Related to OPEB	508,352	141,886	118,592	211,251	980,081	90,670
Gain on bonds refunding	-	8,865	494,814	162,730	666,409	-
Total deferred inflows of resources	\$ 1,387,418	\$ 359,408	\$ 967,961	\$ 1,005,945	\$ 3,720,732	\$ 230,403
Total liabilities and deferred inflows of resources	\$ 355,131,761	\$ 180,815,857	\$ 169,126,158	\$ 47,455,081	\$ 752,528,857	\$ 21,923,139
NET POSITION						
Net investment in capital assets	\$ 278,022,935	\$ 133,510,465	\$ 16,417,056	\$ 23,108,378	\$ 451,058,834	\$ 3,845,749
Restricted for:						
Other purposes:						
Water Utility fund operations	27,134,089	-	-	-	27,134,089	-
Wastewater Utility fund operations	-	2,057,153	-	-	2,057,153	-
Parking Facilities fund operations	-	-	3,397,100	-	3,397,100	-
Unrestricted	60,625,467	23,108,388	12,886,527	16,831,671	113,452,053	(3,328,785)
Total net position	\$ 365,782,491	\$ 158,676,006	\$ 32,700,683	\$ 39,940,049	\$ 597,099,229	\$ 516,964
Total liabilities and net position	\$ 720,914,252	\$ 339,491,863	\$ 201,826,841	\$ 87,395,130	\$ 1,349,628,086	\$ 22,440,103

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

CITY OF NORFOLK, VIRGINIA

Exhibit B-2

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
For the Year Ending June 30, 2021

	Business-Type Activities					Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	
Operating revenues:						
Charges for services	\$ 95,238,963	\$ 32,120,068	\$ 18,073,340	\$ 22,392,962	\$ 167,825,333	\$ 95,366,472
Miscellaneous	2,283,950	398,111	-	73,458	2,755,519	62,152
Total operating revenues	97,522,913	32,518,179	18,073,340	22,466,420	170,580,852	95,428,624
Operating expenses:						
Personal services	16,369,895	4,835,820	6,101,824	5,727,132	33,034,671	3,029,747
Healthcare costs	-	-	-	-	-	86,119,093
Cost of goods sold	-	-	-	(25,313)	(25,313)	2,402,071
Plant operations	6,141,362	2,314,077	1,696,232	2,341,248	12,492,919	4,576,041
Chemicals	3,106,383	1,115	3,250	838	3,111,586	-
Depreciation and amortization	15,443,778	7,246,765	6,006,867	1,573,779	30,271,189	322,678
Retirement and OPEB expense	4,469,913	1,293,005	683,806	1,288,125	7,734,849	938,370
Administrative expenses	1,795,077	1,417,284	465,702	645,880	4,323,943	-
Other	8,056,372	2,122,784	3,318,660	4,046,713	17,544,529	348,578
Total operating expenses	55,382,780	19,230,850	18,276,341	15,598,402	108,488,373	97,736,578
Operating income (loss), net	42,140,133	13,287,329	(203,001)	6,868,018	62,092,479	(2,307,954)
Nonoperating revenues (expenses):						
Interest income	105,363	12,836	10,270	1,629	130,098	-
Intergovernmental revenue	-	324,617	-	-	324,617	-
Interest expense and fiscal charges, net of capitalized interest	(8,149,540)	(1,854,736)	(3,749,109)	(732,556)	(14,485,941)	-
Gain (loss) on sale or disposal of capital assets	43,370	(1,172)	1,994,607	-	2,036,805	-
Gain (loss) on investments	-	-	5,068,810	-	5,068,810	-
Miscellaneous revenue (expense)	(13,816)	-	-	(1)	(13,817)	-
Total nonoperating revenues (expenses)	(8,014,623)	(1,518,455)	3,324,578	(730,928)	(6,939,428)	-
Net income (loss) before contributions and transfers	34,125,510	11,768,874	3,121,577	6,137,090	55,153,051	(2,307,954)
Capital contribution	-	-	-	-	-	1,318,117
Transfer in	-	-	-	-	-	-
Transfers out	(8,500,000)	(1,500,000)	(5,900,000)	-	(15,900,000)	-
Changes in net position	25,625,510	10,268,874	(2,778,423)	6,137,090	39,253,051	(989,837)
Total net position - beginning	340,156,981	148,407,132	35,479,106	33,802,959	557,846,178	1,506,801
Restatement related to OPEB	-	-	-	-	-	-
Total net position - ending	\$ 365,782,491	\$ 158,676,006	\$ 32,700,683	\$ 39,940,049	\$ 597,099,229	\$ 516,964

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

CITY OF NORFOLK, VIRGINIA

Exhibit B-3

Statement of Cash Flows - Proprietary Funds
For the Year Ending June 30, 2021

	Business-Type Activities					Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 99,908,773	\$ 32,177,520	\$ 17,469,205	\$ 21,470,262	\$ 171,025,760	\$ 89,080,983
Payments to suppliers	(9,175,982)	(2,160,987)	(1,801,858)	(5,630,040)	(18,768,867)	(2,877,807)
Payments to employees	(18,629,040)	(5,548,050)	(6,223,748)	(6,391,020)	(36,791,858)	(92,603,794)
Other payments	(12,008,022)	(3,554,943)	(4,526,242)	(787,057)	(20,876,264)	(347,258)
Net cash and short-term investments provided by (used in) operating activities	60,095,729	20,913,540	4,917,357	8,662,145	94,588,771	(6,747,876)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Internal activity	(8,758)	-	(3,961,189)	241,544	(3,728,403)	-
Intergovernmental revenues	-	324,617	-	-	324,617	-
Operating subsidies and transfers to other funds	(8,500,000)	(1,500,000)	-	-	(10,000,000)	-
Net cash provided by (used in) noncapital financing activities	(8,508,758)	(1,175,383)	(3,961,189)	241,544	(13,403,786)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from issuance of debt	-	18,718,639	21,272,830	7,652,223	47,643,692	-
Purchases of capital assets	(28,159,085)	(12,799,551)	1,106,342	(1,740,125)	(41,592,419)	-
Refunding of debt principal	-	(7,339,753)	(15,175,111)	-	(22,514,864)	-
Proceeds from sale of capital assets	43,370	(1,172)	(6,183,732)	-	(6,141,534)	-
Proceeds from refunding debt	-	-	-	(1,988,269)	(1,988,269)	-
Principal paid on capital debt	(15,965,000)	(12,757,931)	-	(2,699,097)	(31,422,028)	-
Interest paid on capital debt	(13,193,906)	(3,293,644)	(6,447,807)	(983,781)	(23,919,138)	-
Net cash provided by (used in) capital and related financing activities	(57,274,621)	(17,473,412)	(5,427,478)	240,951	(79,934,560)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	27,714,113	17,136,985	101,744	-	44,952,842	-
Purchase of investments	(28,813,598)	(18,710,190)	140,810	(1,018,801)	(48,401,779)	-
Interest and dividends	166,497	29,632	10,510	1,695	208,334	-
Net cash provided by (used in) investing activities	(932,988)	(1,543,573)	253,064	(1,017,106)	(3,240,603)	-
Net increase (decrease) in cash and short-term investments	(6,620,638)	721,172	(4,218,246)	8,127,534	(1,990,178)	(6,747,876)
Cash and short-term investments - beginning of the year	77,220,620	24,536,223	32,356,259	12,604,140	146,717,242	14,847,934
Cash and short-term investments - end of the year	\$ 70,599,982	\$ 25,257,395	\$ 28,138,013	\$ 20,731,674	\$ 144,727,064	\$ 8,100,058
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:						
Operating income (loss)	\$ 42,140,133	\$ 13,287,329	\$ (203,001)	\$ 6,868,018	\$ 62,092,479	\$ (2,307,954)
Adjustments to reconcile operating income (loss) to net cash and short-term investments provided by (used in) operating activities:						
Depreciation expense and amortization	15,443,778	7,246,765	6,006,867	1,573,779	30,271,189	322,678
Effect of changes in assets, deferred outflows and liabilities, deferred inflows:						
Receivables, net	2,385,858	(340,659)	(604,135)	(996,158)	444,906	(3,838,698)
Inventories	(507,673)	581	-	7,609	(499,483)	-
Prepays	-	-	-	-	-	-
Vouchers payable	520,358	153,624	(102,377)	584,662	1,156,267	1,057,987
Accrued payroll	81,238	(15,241)	8,410	35,074	109,481	11,119
Net pension liability	1,725,214	596,016	156,364	704,500	3,182,094	515,935
OPEB liability	404,316	-	(286,698)	641,413	759,031	-
Other liabilities	(2,097,493)	(14,875)	(58,073)	(756,752)	(2,927,193)	(2,508,943)
Net cash and short-term investments provided by (used in) operating activities	\$ 60,095,729	\$ 20,913,540	\$ 4,917,357	\$ 8,662,145	\$ 94,588,771	\$ (6,747,876)
Noncash investing, capital and financing activities:						
Unrealized gain / (loss) on investments	\$ (13,816)	\$ -	\$ -	\$ -	\$ (13,816)	\$ -
Capital contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,318,117
Acquisition of capital assets through change in in contract retainage	\$ 542,220	\$ 128,057	\$ -	\$ -	\$ 670,277	\$ -
Acquisition of capital assets through vouchers payable	\$ (1,814,481)	\$ 4,461,264	\$ -	\$ (2,576,745)	\$ 70,038	\$ -
Capitalized interest, less interest earned on certain long-term construction contracts	\$ 1,117,369	\$ 360,593	\$ -	\$ -	\$ 1,477,962	\$ -
Deferred inflow of resources	\$ (164,956)	\$ (397,043)	\$ 354,555	\$ 308,093	\$ 100,649	\$ -

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

CITY OF NORFOLK, VIRGINIA
Statement of Net Position - Fiduciary Funds
June 30, 2021

Exhibit C-1

	Trust Funds	Custodial Funds
ASSETS		
Cash and short-term investments	\$ 128,404,510	\$ 11,005,651
Investments, fair value:		
United States Treasury securities	71,863,000	-
Fixed income securities	118,431,000	-
Equity securities	111,244,000	-
Future/options/swaps	(281,000)	-
Balanced commingled funds:		
Equity	779,941,000	-
Fixed income	243,752,000	-
Real estate	81,595,000	-
Total investments	1,406,545,000	-
Receivables:		
Accrued investment income	1,093,000	-
Due from broker for securities sold	41,922,000	-
Other	-	50,779
Total assets	<u>\$ 1,577,964,510</u>	<u>\$ 11,056,430</u>
LIABILITIES		
Vouchers payable	\$ 2,112,000	\$ 614,621
Due to brokers for securities purchased	96,537,000	-
Due to governmental funds	-	-
Other liabilities	-	10,441,809
Total liabilities	<u>\$ 98,649,000</u>	<u>\$ 11,056,430</u>
NET POSITION		
Restricted for pension	1,479,315,510	-
Restricted for individuals, organizations and others	-	-
Total net position	<u>\$ 1,479,315,510</u>	<u>\$ -</u>

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

CITY OF NORFOLK, VIRGINIA
Statement of Changes in Net Position - Fiduciary Funds
For the Year Ending June 30, 2021

Exhibit C-2

	Trust Funds	Custodial Funds
Changes to net position attributed to:		
Additions:		
Investment income:		
Net appreciation in fair value of investments	\$ 260,275,000	\$ -
Interest	5,264,000	-
Dividends	6,014,000	-
Other	939,000	-
	<u>272,492,000</u>	<u>-</u>
Less investment expense	(2,140,000)	-
Net investment income	<u>270,352,000</u>	<u>-</u>
 Employer contributions	 250,698,510	
Employee contributions	9,712,000	-
Purchase of service	655,000	-
Custodial fund additions	-	9,965,787
Total Additions	<u>531,417,510</u>	<u>9,965,787</u>
 Deductions:		
Benefit payments and expenses:		
Refunds of contributions	923,000.00	-
Benefits paid to plan members and beneficiaries	94,649,000	-
Administrative costs	620,000	-
Custodial fund deductions	-	9,965,787
Total Deductions	<u>96,192,000</u>	<u>9,965,787</u>
 Net increase in net position	 435,225,510	 -
 Net position restricted for pensions:		
Net position - beginning	1,044,090,000	-
Net Position - ending	<u>\$ 1,479,315,510</u>	<u>\$ -</u>

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

CITY OF NORFOLK, VIRGINIA
Statement of Net Position - Component Units
June 30, 2021

Exhibit D-1

	Norfolk Public Schools	Norfolk Economic Development Authority	Total
ASSETS			
Cash and cash equivalents	\$ 63,825,601	\$ 3,994,068	\$ 67,819,669
Investments	-	-	-
Accounts receivable, net of allowance for uncollectible accounts	6,832,541	321,328	7,153,869
MUCIPP program receivables	-	-	-
Other receivable	23,535	409,006	432,541
Loan receivable	-	387,475	387,475
Due from	-	-	-
Due from primary government	5,388,581	-	5,388,581
Due from other governments	29,189,520	-	29,189,520
Due from other agencies	-	-	-
Internal balances	-	-	-
Inventories	1,834,009	-	1,834,009
Property held for sale	-	832,952	832,952
Prepaid expenses	-	71,226	71,226
Restricted cash	-	1,528,288	1,528,288
Investments	-	2,179,488	2,179,488
Deferred rent receivable	-	-	-
Non-depreciable capital assets	487,500	8,420,283	8,907,783
Depreciable capital assets, net	10,114,600	10,665,586	20,780,186
Total assets	<u>117,695,887</u>	<u>28,809,700</u>	<u>146,505,587</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	80,630,595	-	80,630,595
Deferred outflows related to OPEB	23,541,332	-	23,541,332
Total assets and deferred outflows	<u>\$ 221,867,814</u>	<u>\$ 28,809,700</u>	<u>\$ 250,677,514</u>
LIABILITIES			
Vouchers payable	\$ 11,452,173	\$ 316,314	\$ 11,768,487
Contract retainage	25,854	300,000	325,854
Accrued payroll	32,473,483	-	32,473,483
Unearned revenues	247,419	232,242	479,661
Due to primary government	-	-	-
Revolving loan program	-	602,724	602,724
Due to other government agencies	5,819,210	-	5,819,210
Other payable	1,870,498	183,516	2,054,014
Current portion of long-term liabilities	8,454,758	300,000	8,754,758
Long-term notes payable	-	14,670,000	14,670,000
Long-term vested compensated absences	-	-	-
Long-term other post employment benefits	-	-	-
Net pension liability	320,824,685	-	320,824,685
Other post-employment benefits liability	102,057,511	-	102,057,511
Other long-term liabilities	5,477,248	-	5,477,248
Total liabilities	<u>\$ 488,702,839</u>	<u>\$ 16,604,796</u>	<u>\$ 505,307,635</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	40,433,068	-	40,433,068
Deferred inflows related to OPEB	19,578,432	-	19,578,432
Total liabilities and deferred inflows	<u>\$ 548,714,339</u>	<u>\$ 16,604,796</u>	<u>\$ 565,319,135</u>
NET POSITION			
Net investment in capital assets	\$ 10,602,100	\$ 4,115,869	\$ 14,717,969
Restricted for:			
Capital projects	1,587,611	-	1,587,611
Child nutrition	4,716,508	-	4,716,508
Other programs	1,014,926	-	1,014,926
Unrestricted	(344,767,670)	8,089,035	(336,678,635)
Total net position (deficit)	<u>\$ (326,846,525)</u>	<u>\$ 12,204,904</u>	<u>\$ (314,641,621)</u>

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

CITY OF NORFOLK, VIRGINIA

Exhibit D-2

Statement of Activities - Component Units
For the Year Ending June 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grant Contributions	Capital Grant Contributions	Norfolk Public Schools	Norfolk Economic Development Authority	Totals
Norfolk Public Schools:							
Instructional	\$ 277,320,904	\$ 2,102,419	\$ 223,348,671	\$ -	\$ (51,869,814)	\$ -	\$ (51,869,814)
Administration, attendance and health	22,666,006	-	-	-	(22,666,006)	-	(22,666,006)
Pupil transportation	9,292,658	-	-	-	(9,292,658)	-	(9,292,658)
Operation and maintenance	36,117,894	-	-	-	(36,117,894)	-	(36,117,894)
Information technology	21,905,699	-	-	-	(21,905,699)	-	(21,905,699)
School facilities	5,934,489	-	-	4,965,175	(969,314)	-	(969,314)
Food services	12,550,423	22,509	8,083,894	-	(4,444,020)	-	(4,444,020)
Community services	-	-	-	-	-	-	-
Total Norfolk Public Schools	385,788,073	2,124,928	231,432,565	4,965,175	(147,265,405)	-	(147,265,405)
Norfolk Economic Development Authority:							
Economic development	9,113,033	447,137	225,000	-	-	(8,440,896)	(8,440,896)
Interest expense	276,505	-	-	-	-	(276,505)	(276,505)
Total Norfolk Economic Development Authority	9,389,538	447,137	225,000	-	-	(8,717,401)	(8,717,401)
Total component units	\$ 395,177,611	\$ 2,572,065	\$ 231,657,565	\$ 4,965,175	\$ (147,265,405)	\$ (8,717,401)	\$ (155,982,806)
General revenues:							
Use of money and property					533,591	2,899,967	3,433,558
Payment from Primary Government					120,973,357	6,320,797	127,294,154
Miscellaneous					921,184	209,090	1,130,274
Gain on Investment					-	-	-
Intergovernmental revenue - Commonwealth of Virginia					38,758,193	-	38,758,193
Total general revenues					161,186,325	9,429,854	170,616,179
Changes in net position					13,920,920	712,453	14,633,373
Net position - beginning as restated					(340,767,445)	11,492,451	(329,274,994)
Net position - ending					\$ (326,846,525)	\$ 12,204,904	\$ (314,641,621)

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS





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CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 the following municipal services to approximately 246,000 residents, as authorized by its charter or code: public safety, highway and street maintenance, water production and quality, solid waste management, wastewater treatment, cultural and parking facilities, environmental storm water management, public health, social programs, parks and recreation, public education, public improvements, planning and zoning code enforcement, public libraries and general administration.

Blended Component Unit: *The Employees' Retirement System of the City of Norfolk (ERS)* has a ten-member Board of Trustees. Eight members are appointed by City Council. The City Manager and the Director of Finance are ex-officio members. The ERS is the administrator of a single-employer contributory defined benefit plan that covers substantially all employees of the City of Norfolk, excluding School Board employees and certain employees of the Constitutional Officers covered by the Virginia Retirement System, as authorized by Section 143(a) of the City Charter. The ERS was established and placed under the management of the Board of Trustees for the purpose of providing retirement and death benefits as authorized by the provisions of Chapter 37 of the Norfolk City Code. The City makes its contributions, in conjunction with investment earnings and certain employee contributions, to provide the funding for pension benefits and administrative costs. The financial data for the operation of the ERS are combined with that of the City 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 emphasize that it is legally separate 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), Norfolk Public Schools is an elected body. The School Board is a corporate body and in its corporate capacity is vested with the duties, obligations and responsibilities imposed upon school boards by law. The City Council is required to appropriate annually to the School Board the amount needed for the support of the public schools in maintaining educational programs that meet the standards of quality prescribed by law. Categorical aid from the Commonwealth of Virginia (the Commonwealth) and the federal government designated for educational purposes is included in the City's General fund budgetary revenue. This categorical aid, plus moneys derived from local sources, provides the funds for the major share of the School Board's operations. On an ongoing basis, the City also issues debt to finance needed capital projects of the school system. The School Board presently operates thirty-three elementary schools, one Pre-K – 8 school, one K – 8 school, eight middle schools, five high schools and several auxiliary schools, including alternative, magnet and specialty programs.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

The Economic Development Authority (EDA), a political subdivision of the Commonwealth, was created by ordinance of the City of Norfolk in 1972, pursuant to the provisions of the Industrial Development and Revenue Bond Act. The EDA is authorized to acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate or remain in the City and further the use of the Commonwealth's agricultural and natural resources. The EDA is empowered by the Commonwealth to authorize and issue industrial development bonds. The EDA acts as an intermediary between financial institutions and borrowers; it has no responsibility for borrowers' debt. Although Commissioners are appointed by City Council, the EDA designates its own management, maintains its own books of account and receives revenue from administrative fees charged to borrowers and sale of property. Additionally, there is the potential of financial benefit to the City.

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

The City of Norfolk Retirement Board
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 to a significant extent on fees and charges for support. Likewise, the Primary Government is reported separately from certain legally separate *component units* for which the *Primary Government* is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with 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

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 do not meet the criteria for classification as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though 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.
- 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 and to finance special programs that may have reporting periods that do not correspond 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, which includes the acquisition and construction of major capital facilities of the City, some of which 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. Effective July 1, 2019, the Storm Water special revenue fund became an enterprise fund.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Additionally, the City reports the following other fund types:

- *Special Revenue funds* account for proceeds of specific resources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects. Examples include community development, emergency call center services, 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 whose services 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 (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 for the sole benefit of ERS to help offset potential volatility in the City's annual pension contribution.
- The *Endowed Care fund* is used to report resources that are restricted by the City Code to be used for perpetual and endowed care at certain City-owned cemeteries. Both the investment earnings and the principal may be used to support maintenance of City-owned 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 are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City's discretely presented component units are also included in the government-wide financial statements utilizing the same basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue and related assets are recorded when they become susceptible to accrual, that is, when they become both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers revenues, except for grant revenues, to be available if they are collected within 45 days of the end of the fiscal year. Real and personal property taxes

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

are recorded as receivables when levied and billed, which corresponds with the fiscal year for which the taxes have been levied, net of allowances for uncollectible accounts. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables when the underlying exchange occurs and are remitted to the City by the state within two months of the transaction. In accordance with generally accepted accounting principles (GAAP) property taxes due and collected within 45 days after June 30 are recognized as revenue; those not collected within 45 days after year-end are reported as deferred inflows. Items such as license fees, permit fees and fines are recorded as revenue when received. Intergovernmental revenue, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, is recognized at the time the specific expenditures expected to be funded by this revenue are made. Revenue from general purpose grants is recognized during the entitlement period.

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
 - o Shared expenses
 - o Categorical aid
- Revenue from the federal government

Amounts reported as *program revenues* include: 1) charges for services, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues*, rather than as program revenues. Therefore, all taxes are general revenue.

Expenditures, other than interest on general long-term obligations, are recorded as related fund liabilities when incurred. Interest on general long-term obligations is recognized when due.

Since the governmental funds' financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds' Balance Sheet and total Governmental activities net position as shown on the Government-wide Statement of Net Position is presented in Exhibit A-2. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances and the change in net position of governmental activities as shown on the Government-wide Statement of Activities is presented in Exhibit A-4.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the City's Water Utility, Wastewater Utility, Parking Facilities and Storm Water enterprise funds, and of the City's internal service funds are charges to customers for sales and services and administrative expenses, as well as depreciation on capital assets. Revenues and expenses not meeting this definition, including interest income or expense are reported as non-operating revenues and expenses.

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When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, less restrictive resources next – committed, assigned, and finally unassigned resources.

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

D. Budgets and Budgetary Accounting

An operating budget is adopted each fiscal year for the General fund, Water Utility enterprise fund, Wastewater Utility enterprise fund, Parking Facilities enterprise fund, Storm Water Utility enterprise fund, Public Amenities special revenue fund, Cemeteries special revenue fund, Emergency Operations Center/911 special revenue fund, Golf special revenue fund, Towing & Recovery Operations special revenue fund, Tax Increment Financing special revenue fund, Waste Management special revenue fund, and internal service funds. The General fund budget includes the budgets for Norfolk Public Schools, Maritime Center and the Community Services Board. Project length budgets are appropriated for the Capital Projects fund, Community Development special revenue fund and Grants special revenue fund. All funds are under formal budgetary control.

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 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.

CITY OF NORFOLK, VIRGINIA
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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 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, 2021, were rated by Standard and Poor's 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

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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 footnote 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 subject to 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 has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying fund financial statements generally reflect such transactions as transfers.

Internal Service funds record charges for services to all City departments and funds as operating revenue. All City funds record these payments to the Internal Service funds as operating expenditures or expenses. The Fleet Management fund, and the Healthcare fund primarily support governmental activities and are therefore 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. Charges for these services are treated as operating expenses by the enterprise and internal service funds and as expense reimbursements by the General fund in the fund financial statements.

H. Inventories

Inventories are stated at cost, using either the first-in, first-out or the moving average method. Proprietary funds expense inventories when consumed. Inventories are stated at cost, using either the first-in, first-out or the moving average method. Proprietary funds expense inventories when consumed.

CITY OF NORFOLK, VIRGINIA
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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. Capital assets are defined by the City's capitalization policy as assets owned by the City 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 at the time of purchase and are not capitalized in the governmental funds. However, they are capitalized in the Government-wide Statement of Net Position if they meet the criteria for capitalization in the City's financial statements. Where historical cost records are not available, assets are recorded at estimated historical cost. Gifts or donated capital assets are recorded at their acquisition value on the date received. In the enterprise and internal service funds, interest costs incurred on funds borrowed for construction projects are capitalized, net of interest earned on the temporary investment of the unexpended portion of those funds. When an asset is retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated, and any resulting gain or loss is reflected as non-operating revenue or expense.

The City evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the City are reported at the lower of the carrying value or fair value. Impairment losses on capital assets that will continue to be used by the City are measured using the method that best reflects the diminished service utility of the capital asset. Any insurance recoveries received as a result of impairment events or changes in circumstances that result in the impairment of a capital asset are netted against the impairment loss. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

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

	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

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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. Cost is determined by acquisition price, if purchased, or at estimated acquisition value at the date of contribution, if contributed. Subsequent land improvements are added to land and land improvements held for sale.

K. Compensated Absences

It is the City and the School Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation leave is fully vested when earned by City employees. Accumulated vacation leave cannot exceed certain limits as codified in Section 2-49 in the City Code of Ordinances. Sick leave does not vest for City employees; however, upon retirement, City employees receive credit for each day of accumulated sick leave toward their pension benefit. There is no liability for unpaid accrued sick leave service since the City does not pay it when the employee separates from service. The additional retirement benefit is reflected in the actuarial liability of the ERS. The entire unpaid liability for vacation leave is recorded in the government-wide financial statements.

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

L. Net Position/Fund Balances

Net position in government-wide and proprietary fund financial statements may be classified as net investment in capital assets; restricted; and unrestricted. Restricted net position has constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through state statutes.

Fund balances in governmental fund financial statements are classified as nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that are not in spendable form. Restricted fund balance includes amounts that can be spent only for specific purposes as stipulated by a third party or through enabling legislation. Committed fund balance includes amounts that can be used only for specific purposes as determined by City Council through formal action (ordinance). Committed amounts cannot be used for any other purpose unless approved by City Council by taking the same type of formal action. In the General fund, assigned fund balance includes amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In the governmental funds, except for the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assignment authority has been given to the City Manager by the City Council. The unassigned fund balance classification is for all amounts not included in other classifications.

CITY OF NORFOLK, VIRGINIA
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Under GASB Statement No. 54, positive unassigned fund balances are only reported in the General fund. However, in governmental funds other than the General fund, expenditures incurred for a specific purpose might exceed the amount restricted, committed, or assigned to that purpose, and a negative residual amount may result which is classified as a negative unassigned fund balance in the applicable governmental fund. Negative unassigned fund balances within the Capital Projects fund is a result of timing and will correct itself when permanent financing is put in place for all capital project expenditures incurred to date.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. 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. Refer to Note IX for details on the amounts reported in Long-term Obligations.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Deferred Inflows and Outflows of Resources

The City reports deferred inflows and outflows on its fund level balance sheets and government-wide statement of net position. Deferred inflows represent an acquisition of net position which will be recognized as revenue in a future period. They arise in governmental funds when potential revenue does not meet the “measurable” and “available” criteria for recognition in the current period. Certain intergovernmental receivables such as uncollected property tax not meeting the availability criteria have been deferred and will be realized in a subsequent period in governmental funds.

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Deferred outflows represent a consumption of net position which will be recognized as expense in a future period. The City reports the gains and losses on defeasance from debt refundings and certain components of the net pension liability as deferred inflows and outflows in governmental and business-type activities.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and the additions and deductions there to, of each of the plans that the City and its component units participate in, which include the Virginia Retirement System (VRS) City of Norfolk Constitutional Offices, the VRS Teacher Retirement Plan, the VRS Political Subdivision Retirement Plan and the City of Norfolk Employees' Retirement System Plan (ERS) have been determined on the same basis as they were reported by each respective plan. 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 effected employees. Deferred outflows of resources related to employer contributions made after the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with 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. The City's expense reported for the fiscal year ended June 30, 2021, for ERS and VRS was \$81,859,770.

Q. Other Post-employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense of each of the plans that the City and its component units participate in have been determined on the same basis as they were 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 net OPEB liability in the next fiscal year. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The allocation of proportionate shares of the net OPEB liability and other OPEB amounts to participating funds is based on employer contributions.

II. Deposits and Investments

Custodial Credit Risk - Deposits

The City maintains a cash and investments pool for all funds except the Pension Trust and Endowed Care funds. Each fund's portion of the pool is disclosed in the Statement of Net Position and respective fund balance sheets as cash and short-term investments. The cash and investments of the Pension Trust and Endowed Care funds, as well as certain restricted assets of the enterprise funds, are held separately from the pooled City funds.

CITY OF NORFOLK, VIRGINIA
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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") shall elect to secure deposits by either the Pooled Method or the Dedicated Method (which became available by amendments made to the Act effective July 1, 2010). The Pooled Method requires any public depository that receives or holds public deposits to pledge collateral, ranging from 50 to 100 percent of the public deposits held, to the State Treasury Board to cover public deposits in excess of Federal deposit insurance. The Pooled Method also provides that if any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of participating governmental entities. If the value of the pool's collateral were inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to members of the pool. Under the Dedicated Method, Qualified Public Depositories are responsible for securing their own public deposits, by the pledge and deposit of eligible collateral with a qualified escrow agent, equal to or in excess of required collateral amounts, priced at a minimum of 105 percent to 130 percent of all public deposits held by the bank, based on a rating determined under the Act; and therefore will not be assessed for losses of another bank that is in default or has become insolvent. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. Both methods of securing public deposits are similar to depository insurance. Funds deposited in accordance with the Act are considered to be fully insured. The City's primary banking institution has elected to be governed by the Dedicated Method.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The City's equity and fixed income investments (except for bank deposits) are not insured and are registered in the name of the City and held by State Street Bank as custodian. The remaining City investments are held 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 is that all securities purchased by or for the System and City be properly and clearly labeled as an asset of the System or City and held in safekeeping by a third-party custodial bank or institution in compliance with Section 2.2-4515 of the Code of Virginia. The City's other component units have no formal policy regarding custodial credit risk for investments.

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Interest Rate Risk

The City's Pension Trust fund uses a "Duration" policy to manage its interest rate risk. The duration policy is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The City's investment policy establishes a maximum maturity requirement for an individual security to effectively manage interest rate risk. The City's investment policy also establishes a maximum weighted average maturity. The City's other discretely presented component units do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City uses the segmented time distribution method to evaluate interest rate risks as disclosed below as of June 30, 2021.

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	\$ 50,861,136	\$ 4,218,568	\$ 12,946,646	\$ 17,132,922	\$ 8,978,000	\$ 7,585,000	\$ -
Futures/Options/Swaps	(281,000)	(1,463,000)	6,000	723,000	68,000	385,000	-
Asset Backed Securities	2,363,000	-	184,000	334,000	203,000	1,642,000	-
Bank Loans	190,000	-	190,000	-	-	-	-
U.S. Government Securities	93,486,714	6,226,492	15,511,955	34,747,267	8,903,000	28,098,000	-
Mortgage Backed Securities	66,589,000	1,148,000	37,000	438,000	81,000	64,885,000	-
Equity Funds	779,941,000	-	-	-	-	-	779,941,000
Common Stock	38,685,000	-	-	-	-	-	38,685,000
Master Limited Partnerships	97,474,000	-	-	-	-	-	97,474,000
Municipal Bonds	4,453,761	1,056,225	433,243	956,293	-	2,008,000	-
Commercial Paper	8,295,169	8,295,169	-	-	-	-	-
Certificates of Deposit	9,092,320	8,251,525	840,795	-	-	-	-
Federal Agencies	13,682,264	1,466,658	12,215,606	-	-	-	-
Fixed Income Funds	251,452,000	-	-	-	-	-	251,452,000
Real Estate Funds	48,980,000	-	-	-	-	-	48,980,000
External investment pools	279,044,853	279,044,853	-	-	-	-	-
Total	<u>\$ 1,744,309,217</u>	<u>\$ 308,244,490</u>	<u>\$ 42,365,245</u>	<u>\$ 54,331,482</u>	<u>\$ 18,233,000</u>	<u>\$ 104,603,000</u>	<u>\$ 1,216,532,000</u>

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

Per Exhibit 1 (Primary Government):

Cash and unrestricted short-term investments	\$ 477,359,594
Restricted cash and investments	37,528,635
Total	<u>\$ 514,888,229</u>

Per Exhibit C-1 (Fiduciary):

Cash and short-term investments	\$ 139,410,161
Investments	1,406,545,000
Total	<u>\$ 1,545,955,161</u>

Total Primary Government and Fiduciary funds	<u>\$ 2,060,843,390</u>
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Less cash	316,534,173
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Deposits and investments reported above	<u>\$ 1,744,309,217</u>
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Credit Risk Related to Issuer

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's Pension Trust fund's formal policy governing credit risk is that securities rated below investment grade by two of the three primary rating agencies, Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings ("Fitch"), and Standard and Poor's Global Ratings ("S&P"), are not permitted without the written permission of the board. PIMCO, one of the ERS fund managers, has been given the authority by the Board to invest 20% of the portfolio in below investment grade securities. The City's Pension Trust fund invests in certain derivatives including futures, swaps and options. Those securities are included in reported investments in the ERS's financial statements. For accounting purposes, all derivative instruments are considered to be investments and not hedges. ERS primarily enters into derivative transactions in order to manage risks from exposure to foreign currency rate fluctuation and to shorten the duration of the fixed income investment portfolio. The City's rated debt investments as of June 30, 2021, were rated by S&P and/or an equivalent national rating organization and the ratings are presented below using the S&P credit quality rating scale.

Ratings (S&P)	Corporate Debt	Futures/Options/ Swaps	Asset Backed Securities	Bank Loans	Federal Agency	Equity Funds	U.S. Government Securities	Mortgage Backed Securities	Commercial Paper	Certificates of Deposit	Common Stock	Master Limited Partnerships	Municipal Bonds	Fixed Income/ Equity Real Estate Funds	External Investment Pools
AAA	\$ 288,922	\$ -	\$ 1,706,000	\$ 190,000	\$ -	\$ -	\$ 63,368,000	\$ 66,101,000	\$ -	\$ -	\$ -	\$ -	\$ 590,935	\$ -	\$ -
AAAm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	279,044,853
AA+	1,433,296	-	-	-	13,682,264	-	21,623,714	-	-	-	-	-	-	31,654,000	-
AA	991,160	-	-	-	-	-	1,077,000	-	-	-	-	-	2,318,268	-	-
AA-	3,696,758	-	-	-	-	-	-	-	-	840,795	-	-	749,558	-	-
AAm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A+	4,786,000	-	-	-	-	-	1,840,000	-	-	-	-	-	263,000	-	-
A	3,839,000	-	4,000	-	-	-	-	4,000	-	-	-	-	532,000	-	-
A-	3,782,000	-	-	-	-	-	-	-	8,295,169	8,251,525	-	-	-	7,701,000	-
BBB+	5,369,000	-	439,000	-	-	-	-	-	-	-	-	-	-	-	-
BBB	8,333,000	-	-	-	-	-	-	220,000	-	-	-	-	-	-	-
BBB-	11,983,000	-	184,000	-	-	-	-	64,000	-	-	-	-	-	-	-
BB+	3,120,000	-	-	-	-	-	-	143,000	-	-	-	-	-	-	-
BB	404,000	-	-	-	-	-	-	11,000	-	-	-	-	-	-	-
BB-	1,040,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B+ and Below	-	-	30,000	-	-	-	-	46,000	-	-	-	-	-	-	-
Not Rated	1,795,000	(281,000)	-	-	-	779,941,000	5,578,000	-	-	-	38,685,000	97,474,000	-	261,077,000	-
Total	\$ 50,861,136	\$ (281,000)	\$ 2,363,000	\$ 190,000	\$ 13,682,264	\$ 779,941,000	\$ 93,486,714	\$ 66,589,000	\$ 8,295,169	\$ 9,092,320	\$ 38,685,000	\$ 97,474,000	\$ 4,453,761	\$ 300,432,000	\$ 279,044,853

Concentration of Credit Risk

Concentration risk is the risk of loss attributed to 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, no more than 20 percent of each account's fixed income portfolio, including cash equivalents, shall be invested in bonds rated Baa (1, 2 and 3) or BBB (+ or -). Upon written request from an investment manager, the Retirement Board of Trustees will consider allowing more than 20 percent in these ratings and the purchase of bonds rated below Baa3 or BBB-.

The following table represents the fair value of investments that represent 5% or more of the System's net position at June 30, 2021:

SSGA MSCI ACWI IMI Index Fund	\$ 777,941,000
PIMCO Total Return Fund	\$ 215,990,000
SSGA Bond Market Index Fund	\$ 212,097,000

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Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City's Pension Trust does not have a formal policy; however, it manages its' exposure to fair value loss by requiring international securities investment managers to maintain diversified portfolios by issuer to limit foreign currency and security risks. The exposure to foreign currency risk in both cash and investments is presented below:

Currency	Amount
New Zealand Dollar	\$ 19,000
Australian Dollar	12,000
Canadian Dollar	27,000
Euro Currency	1,885,000
Mexican Peso	376,000
Pound Sterling	331,000
	<u>\$ 2,650,000</u>

Neither the City, nor its component units, have a formal policy to limit foreign currency risk; however, all of the City's authorized investments are subject to the Code of Virginia Section 2.2-4501 and the City's investment policy. Risk of loss arises from changes in currency exchange rates.

Fair Value Measurement

In accordance with the authoritative guidance on fair value measurements and disclosures under U.S. GAAP, the funds disclose the fair values of their investments in a hierarchy that prioritize the inputs to valuation techniques used to measure fair value. GAAP requires that investments be measured and reported at fair value and the disclosure of inputs used in the valuation process. The 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 upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance established three levels of the fair value hierarchy as follows:

Level 1 – Quoted prices in active markets for identical assets. Equity securities are priced using an exchange traded price or a broker quote in an active market.

Level 2 – Inputs other than quoted prices that are observable for the asset, including quoted prices for similar investments based on interest rates, credit risk and alike factors. The United States treasury and fixed income securities are priced using pricing models based on a compilation of primarily observable market information or a broker quote in a non-active market for an identical or similar security. The certificate of deposit is valued based on discounted cash flows using current interest rates at the stated maturity. The short-term investment trades daily without restriction at \$100 per unit.

Level 3 – Unobservable inputs for the assets, including the fund's own assumptions for determining fair value.

Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing

CITY OF NORFOLK, VIRGINIA
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securities are not necessarily an indication of the risk associated with investing in those securities.

The table below provides the inputs used to determine the fair value at June 30, 2021.

	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	N/A
Investments Measured at Fair Value				
Cash Equivalents				
Government Issues	\$ 15,098,000	\$ -	\$ 15,098,000	\$ -
Short-Term	21,000,000	-	21,000,000	-
Short-Term Fund	61,464,000	-	61,464,000	-
	<u>\$ 97,562,000</u>	<u>\$ -</u>	<u>\$ 97,562,000</u>	<u>\$ -</u>
Fixed Income Securities				
U.S. Treasury Securities	\$ 93,486,714	\$ -	\$ 93,486,714	\$ -
Corporate Bonds	50,861,136	-	50,861,136	-
Futures/Options/Swaps	(281,000)	204,000	(485,000)	-
Commercial Paper	8,295,169	-	8,295,169	-
Certificates of Deposit	9,092,320	-	9,092,320	-
Municipals	4,453,761	-	4,453,761	-
Asset Backed Securities	2,363,000	-	2,363,000	-
Bank Loans	190,000	-	190,000	-
Mortgage Backed Securities	66,589,000	-	66,589,000	-
Federal Agency	13,682,264	-	13,682,264	-
Total Fixed Income Securities	<u>\$ 248,732,364</u>	<u>\$ 204,000</u>	<u>\$ 248,528,364</u>	<u>\$ -</u>
Equity Securities				
Common Stock	\$ 38,685,000	\$ 37,664,000	\$ 1,021,000	\$ -
Master Limited Partnerships	97,474,000	64,859,000	-	32,615,000
Total Equity Securities	<u>\$ 136,159,000</u>	<u>\$ 102,523,000</u>	<u>\$ 1,021,000</u>	<u>\$ 32,615,000</u>
Commingled Securities				
Fixed Income Fund	\$ 39,355,000	\$ -	\$ 39,355,000	\$ -
Total Commingled Securities	<u>\$ 39,355,000</u>	<u>\$ -</u>	<u>\$ 39,355,000</u>	<u>\$ -</u>
Total Investments by Fair Value Level	<u>\$ 521,808,364</u>	<u>\$ 102,727,000</u>	<u>\$ 386,466,364</u>	<u>\$ 32,615,000</u>
Investments Measured at the Net Asset Value (NAV)				
Commingled Funds				
Equity Funds	\$ 779,941,000			
Fixed Income Funds	212,097,000			
Real Estate Funds	48,980,000			
Total Investments Measured at NAV	<u>1,041,018,000</u>			
Investments Measured at Amortized Costs				
External Investment Pools	279,044,853			
Less Cash Equivalents	<u>(97,562,000)</u>			
Total Investments	<u>\$ 1,744,309,217</u>			

External investment pools include the PFM, LGIP and SNAP. 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*. The City held \$254,673,798 in LGIP funds, \$3,068,978 in SNAP funds, and \$14,068,828 in PFM funds at June 30, 2021.

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.

1. **Equity Funds.** This type includes an investment in an equity fund with an investment object to track the performance of the MSCI ACWI IMI index over the long-term. These investments can be redeemed semi-monthly with semi-monthly notice.
2. **Fixed Income Funds.** This type includes 2 investments in fixed income funds. An investment in a liquid short-term fund that invest approximately 65% of its total

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assets in a diversified portfolio of fixed income instruments. This investment can be redeemed within 3-7 business days with 1-day notice. An investment in a fund with an investment objective to track the performance of the Barclay's U.S. Aggregate Bond Index over the long-term. This investment can be redeemed within 1-15 days, depending on trade size, with 1-day notice.

3. Real Estate Funds. This type includes 2 investments in real estate funds that invest in U.S. real estate. These funds compare themselves to the NCREIF Fund index – Open-End diversifies Core Equity (NFI-ODCE) benchmark. These investments can be redeemed quarterly with a 45-60 day notice.

School Board

At June 30, 2021, the School Board had cash of approximately \$59.3 million, including \$12.98 million held in custodial funds which are excluded from amounts reported in Exhibit D-1.

Economic Development Authority (EDA)

Cash includes cash on hand and cash deposited with financial institutions. At June 30, 2021, there was \$5,522,356 in cash and cash equivalents (\$1,570,968 which is considered restricted), including \$3,171,331 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*.

The Authority considers all funds with an original maturity of greater than three months, but less than on year, to be short-term investments. At June 30, 2021, the Authority held a certificate of deposit yielding 0.10 percent in the amount of \$2,179,488, which is carried at fair value.

The definition of 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. 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: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantively the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Fair value of the certificate of deposit is determined based on a discounted cash flow analysis using prevailing rates over the stated term, which are Level 2 inputs. Fair value approximates cost due to the short-term nature of the instrument.

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III. Property Taxes

Local real property assessments are made under the direction of a City Assessor appointed by the City Council. The City has the power to levy taxes on property located within its boundaries for payment of its obligations without limitation as to rate or amount. Rates are established by the City Council. The rates in effect for the year ended June 30, 2021, on each \$100 of assessed value, were \$1.25 for real property, an additional \$0.16 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, \$1.25 for mobile homes, \$2.40 for airplanes and \$1.50 for business boats. The City has a Real Estate Tax Relief/ Tax Deferral Program for Norfolk homeowners who are 65 and older or completely disabled and meet certain eligibility requirements. The property tax calendar is as follows:

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

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IV. Accounts Receivable

A. Unbilled Accounts Receivable

Following is a summary by fund of unbilled accounts receivable recognized at June 30, 2021:

Water Utility fund	\$ 5,048,096
Wastewater Utility fund	1,651,565
Parking Facilities fund	785,060
Storm Water Utility fund	1,468,253
	<u>\$ 8,952,974</u>

The associated revenue is included in charges for services. All amounts were billed in July 2021.

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, 2021, are as follows:

Primary Government:

General Fund:

Taxes	\$ 9,067,175
Accounts	19,605,962
Community Services Board	589,719
Total General Fund	<u>29,262,856</u>

Waste Management special revenue fund	1,258,500
Water Utility fund	3,600,812
Wastewater Utility fund	1,999,950
Parking Facilities fund	22,512,485
Storm Water Utility fund	582,000
Total Primary Government	<u>\$ 59,216,603</u>

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V. Due From Other Governments

Amounts due from other governments, at June 30, 2021, are as follows:

	General Fund	Capital Projects Fund	Special Revenue Funds	Total Governmental Funds	Component Unit School Board
Commonwealth of Virginia:					
Non-categorical aid	\$ 22,506,671	\$ -	\$ -	\$ 22,506,671	\$ 15,871,243
Nonmajor governmental funds grants	-	-	2,426,701	2,426,701	-
Total - Commonwealth of Virginia	22,506,671	-	2,426,701	24,933,372	15,871,243
Federal Government:					
Major governmental funds	-	-	-	-	\$ 13,318,277
Nonmajor governmental funds grants	-	-	16,374,546	16,374,546	-
Total - Federal Government	-	-	16,374,546	16,374,546	13,318,277
Total - Due from other governments	\$ 22,506,671	\$ -	\$ 18,801,247	\$ 41,307,918	\$ 29,189,520

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VI. Capital Assets

A summary of changes in capital assets, at June 30, 2021, follows:

	Primary Government		
	Beginning Balance	Additions	Ending Balance
Governmental activities:			
Non-depreciable capital assets:			
Land	\$ 107,836,270	\$ 8,382,728	\$ (3,901,332)
Intangible assets	97,014	-	97,014
Construction in progress	63,990,506	41,163,425	(37,626,298)
Total non-depreciable assets	171,923,790	49,546,153	(41,527,630)
Depreciable assets:			
Buildings	1,165,481,472	11,734,102	(5,656,219)
Improvements other than buildings	137,090,937	12,729,962	(5,215,230)
Equipment and vehicles	151,324,108	17,749,918	(25,348,760)
Intangible assets	5,400,781	63,500	(226,030)
Infrastructure	1,177,101,901	9,945,732	(902,609)
Total depreciable assets	2,636,399,199	52,223,214	(37,348,848)
Less accumulated depreciation/amortization:			
Buildings Depreciation	(464,263,196)	(26,871,397)	2,876,619
Improvements other than buildings Depreciation	(52,986,658)	(8,930,991)	4,347,834
Equipment and vehicles Depreciation	(110,602,309)	(8,748,795)	15,143,904
Intangible assets depreciation	(4,759,160)	(274,118)	295,495
Infrastructure depreciation	(1,020,512,384)	(8,224,459)	902,609
Total accumulated depreciation/amortization	(1,653,123,707)	(53,049,760)	23,566,461
Depreciable assets, net	983,275,492	(826,546)	(13,782,387)
Total governmental activities capital assets, net	\$ 1,155,199,282	\$ 48,719,607	\$ (55,310,017)
Business-Type activities:			
Non-depreciable capital assets:			
Land	\$ 52,298,301	\$ -	\$ (5,000,000)
Intangible assets	4,616,045	-	-
Construction in progress	52,513,243	44,229,709	(17,163,968)
Total non-depreciable assets	109,427,589	44,229,709	(22,163,968)
Depreciable assets:			
Land improvements	75,020,995	1,108,496	-
Buildings	499,946,403	7,130,093	(2,524,759)
Building Improvements	-	111,925	-
Equipment and vehicles	900,976,261	16,758,021	(2,090,832)
Intangible assets amortizable	8,071,540	132,362	-
Totals depreciable assets	1,484,015,199	25,240,898	(4,615,591)
Less accumulated depreciation/amortization:			
Land improvements depreciation	(23,250,637)	(964,786)	-
Buildings depreciation	(169,439,531)	(10,826,654)	914,968
Building Improvements Depreciation	-	(1,127)	-
Equipment and vehicles depreciation	(318,482,704)	(18,208,861)	809,008
Intangible assets amortization	(7,170,300)	(272,765)	-
Total accumulated depreciation/amortization	(518,343,172)	(30,274,193)	1,723,976
Depreciable assets, net	965,672,027	(5,033,295)	(2,891,615)
Business-Type activities capital assets, net	\$ 1,075,099,616	\$ 39,196,413	\$ (25,055,583)
Component units activities:			
Non-depreciable capital assets:			
Land	\$ 8,907,783	\$ -	\$ -
Total non-depreciable assets	8,907,783	-	-
Depreciable assets:			
Buildings and mobile classrooms	6,401,741	-	-
Building improvements	10,584,776	23,585	(246,958)
Equipment and vehicles	37,664,133	1,687,620	(334,998)
Intangible assets	1,323,387	-	-
Total depreciable assets	55,974,037	1,711,205	(581,956)
Less accumulated depreciation:			
Buildings and mobile classrooms	(4,952,092)	(79,479)	-
Building improvements	(69,859)	(583,509)	-
Equipment and vehicles	(27,425,895)	(2,221,581)	332,698
Intangible assets	(1,323,386)	-	-
Total accumulated depreciation	(33,771,232)	(2,884,569)	332,698
Depreciable assets, net	22,202,805	(1,173,364)	(249,258)
Component units activities capital assets, net	\$ 31,110,588	\$ (1,173,364)	\$ (249,258)

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Depreciation expense was charged to governmental and business-type activities as follows:

Governmental activities:	
General government	\$ 8,461,402
Judicial administration	1,074,915
Public safety	4,233,876
Public works, which includes the depreciation of infrastructure assets	11,510,947
Health and sanitation	738,688
Culture and recreation	15,412,964
Community development	361,075
Education	10,753,964
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	501,929
Total depreciation expense	<u>\$ 53,049,760</u>
Business-type activities:	
Water Utility fund	\$ 15,443,780
Wastewater Utility fund	7,246,765
Parking Facilities fund	6,009,868
Storm Water fund	1,573,780
Total depreciation expense	<u>\$ 30,274,193</u>
Component unit activities	
School Board	\$ 2,301,060
Norfolk Economic Development Authority	583,509
Total depreciation expense	<u>\$ 2,884,569</u>

The following is a summary by fund of interest expense/revenue capitalized during the fiscal year ended June 30, 2021:

	Expense	Revenue	Capitalized
Water Utility fund	\$ 1,117,369	\$ -	\$ 1,117,369
Wastewater Utility fund	360,593	-	360,593
	<u>\$ 1,477,962</u>	<u>\$ -</u>	<u>\$ 1,477,962</u>

VII. Property Held for Resale

The Authority entered into a real estate purchase agreement on August 28, 2014, to sell approximately 30 acres of the remaining Lake Wright Golf Course property to Northampton Development, LLC. 4.41 acres of Lake Wright Golf Course property was retained by the Authority and is held for resale recorded at \$602,952 that represents the cost basis of 4.41 acres at approximately \$136,724 per acre.

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In addition, land and land improvements held for resale also includes two acres located at 7405 Sewells Point Road that are recorded at approximately \$115,000 per acre totaling \$230,000.

VIII.

Short-term Obligations

A. Variable Rate Bonds

General Obligation Variable Rate Demand Bonds, Series 2007

The City issued \$32,365,000 in General Obligation Variable Rate Demand Bonds, Series 2007 (AMT) on March 29, 2007, to finance the Half Moone Cruise & Celebration Center. As of June 30, 2021, \$23,730,000 remains outstanding and included in the City's long-term debt. The Series 2007 Bonds are general obligations of the City and the City's full faith and credit are 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.

In 2019, the existing liquidity facility was due to expire, and the City entered into a Standby Bond Purchase Agreement dated as of March 1, 2019 (the "Liquidity Facility") among the City, the Trustee and Bank of America, N.A. (the "Bank"). The annual Liquidity Facility fee is 38 basis points (0.38%) for a five-year term. Additionally, the Bank also serves as the Remarketing Agent for the 2007 bonds for a fee of 8 basis points (0.08%). During the fiscal year ended June 30, 2021, the average weekly interest rate on the Series 2007 Bonds was 9 basis points (0.09%).

Under the Liquidity Facility, un-remarketed Bonds held by the Bank (the "Bank Bonds"), if any, shall bear interest at the Bank Rate and have interest payable to the Bank in accordance with the Liquidity Facility.

Through June 30, 2021, all the Series 2007 Bonds have been successfully remarketed by the remarketing agent.

CITY OF NORFOLK, VIRGINIA
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B. Line of Credit

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 that was later amended in May 2016, to increase the maximum available credit to \$200,000,000. On June 4, 2019, the City amended the credit agreement to reduce the maximum available credit to \$125,000,000 with authorization to increase the amount to \$200,000,000. On April 24, 2020, the City amended the credit agreement to increase the maximum available credit to \$200,000,000. This line of credit has been used to provide flexible interim financing for capital improvement projects, including school construction. Further, the City maintains discretion over future increases and decreases to the line of credit maximum available amount dependent upon future cash flow needs of capital improvement projects. Borrowings under the line of credit bear interest payable semi-annually in February and August. Tax-exempt borrowings are at a rate of 79 percent of LIBOR, plus 25 basis points. Taxable borrowings are 100 percent of LIBOR, plus 35 basis points. LIBOR can be the 1, 3, 6 or 12-month LIBOR rate, chosen by the City on the date of each advance, and will be applicable through the end of the chosen LIBOR period. The full faith and credit pledge of the City secures the line of credit that will be repaid through the issuance of general obligation bonds or other City sources. There is no minimum advance amount, and each advance shall be made on three days' notice given by the City to BANA.

In April 2020, the City amended the credit agreement with BANA to authorize draws on the City's existing revolving line of credit for up to \$50 million to fund operating expenses caused by a significant emergency event. To date, the line of credit has not been used to fund emergency expenditures. As of June 30, 2021, there is an outstanding drawn amount on the line of \$83.3 million for capital expenditures.

On November 21, 2019, the City amended its existing credit agreement with BANA to extend the termination date of the line of credit from December 17, 2019 to December 17, 2021.

Activity for the year ended June 30, 2021, is as follows:

	Balance at June 30, 2020	Additions	Deductions	Balance at June 30, 2021
Capital Projects fund	\$ 60,000,000	\$ 59,720,000	\$ (36,460,000)	\$ 83,260,000
Parking Facilities fund	3,000,000	-	(3,000,000)	-
	<u>\$ 63,000,000</u>	<u>\$ 59,720,000</u>	<u>\$ (39,460,000)</u>	<u>\$ 83,260,000</u>

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For the Year Ended June 30, 2021

IX. Long-term Obligations

A. General Obligation and Revenue Bonds

The City has traditionally issued general obligation or revenue bonds to provide funds for the construction and acquisition of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. In 1993 and 2008, the City established Water revenue and Wastewater revenue bond programs, respectively. Additionally, in 2019, the City established a Storm Water revenue bond program.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. Revenue bonds are limited liability obligations where revenues derived from the respective acquired or constructed assets are pledged to pay debt service.

A summary of general obligation bond and revenue bond transactions for the fiscal year ended June 30, 2021, follows:

	Governmental Activities - General Obligation Bonds	Enterprise Funds				
		Water Utility Bonds	Wastewater Utility Bonds	Parking Facilities Bonds	Storm Water Utility Bonds	Total Enterprise Funds
General obligation bonds outstanding at July 1, 2020	\$ 729,939,268	\$ -	\$ 73,155,520	\$ 146,201,485	\$ 30,212,583	\$ 249,569,588
Bonds retired	(59,502,407)	-	(5,364,663)	-	(2,545,020)	(7,909,683)
Bonds refunded/defeased	(42,652,790)	-	(7,339,753)	(15,175,111)	(2,142,346)	(24,657,210)
Bonds transferred	2,808,243	-	3,139,140	(11,252,543)	5,305,160	(2,808,243)
Bonds reamortized	-	-	-	-	-	-
Bonds issued	257,183,297	-	8,093,278	21,272,830	2,075,594	31,441,702
Bonds outstanding at June 30, 2021	887,775,611	-	71,683,522	141,046,661	32,905,971	245,636,154
Unamortized (discount) premium	47,637,994	-	5,529,701	4,680,315	2,679,146	12,889,162
General obligation bonds outstanding at June 30, 2021, adjusted for unamortized (discount) premium	<u>\$ 935,413,605</u>	<u>\$ -</u>	<u>\$ 77,213,223</u>	<u>\$ 145,726,976</u>	<u>\$ 35,585,117</u>	<u>\$ 258,525,316</u>
Revenue bonds outstanding at July 1, 2020		295,450,000	86,846,253	-	-	382,296,253
Bonds retired		(15,965,000)	(7,393,268)	-	-	(23,358,268)
Bonds refunded		-	-	-	-	-
Bonds transferred		-	-	-	-	-
Bonds issued		-	7,486,221	-	347,777	7,833,998
Revenue Bonds outstanding at June 30, 2021		279,485,000	86,939,206	-	347,777	366,771,983
Unamortized (discount) premium		36,422,353	-	-	-	36,422,353
Revenue bonds outstanding at June 30, 2021, adjusted for unamortized (discount) premium		<u>\$ 315,907,353</u>	<u>\$ 86,939,206</u>	<u>\$ -</u>	<u>\$ 347,777</u>	<u>\$ 403,194,336</u>
Total bonds outstanding at June 30, 2021, adjusted for unamortized (discount)/premium	<u>\$ 935,413,605</u>	<u>\$ 315,907,353</u>	<u>\$ 164,152,429</u>	<u>\$ 145,726,976</u>	<u>\$ 35,932,894</u>	<u>\$ 661,719,652</u>

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2021

General obligation and revenue bonds outstanding at June 30, 2021, are composed of the following individual issues:

Bond Issue/Purpose	Dated	Issue Amount	Interest Rate	Governmental Activities	Business-type Activities			Balance Outstanding
				Public Improvement	Storm Water Utility	Wastewater Utility	Parking Facilities	
Series 2002 Property Acquisition	8/14/2002	3,400,000	5.375% Variable - June 30, 2021, rate of 0.02%	\$ 3,400,000	\$ -	\$ -	\$ -	\$ 3,400,000
Series 2007 VRDB	3/29/2007	32,365,000		23,730,000	-	-	-	23,730,000
Series 2010B Capital Improvement	1/21/2010	117,650,000	4.950 - 5.962%	69,723,949	3,469,623	5,871,429	-	79,065,001
Series 2010F Capital Improvement	2/25/2010	5,000,000	4.65 - 5.60%	2,500,000	-	-	-	2,500,000
Series 2012A Refunding	5/30/2012	69,030,000	3.00 - 5.00%	12,327,788	347,472	1,333,803	340,937	14,350,000
Series 2012D Capital Improvement	6/28/2012	7,350,000	4.35%	7,350,000	-	-	-	7,350,000
Series 2013A Capital Improvements and Refunding	11/7/2013	130,990,000	5.00%	12,135,000	945,000	1,140,000	-	14,220,000
Series 2013B Capital Improvements and Refunding	11/7/2013	81,715,000	3.085 - 3.565%	-	-	-	10,880,000	10,880,000
Series 2013C QECB	11/7/2013	2,470,000	4.855%	2,470,000	-	-	-	2,470,000
Series 2014 Refunding	4/2/2014	65,155,000	2.00 - 5.00%	25,067,812	1,426,941	6,365,247	-	32,860,000
Series 2014B Refunding	10/1/2014	9,900,000	3.290%	4,166,816	171,336	308,216	73,632	4,720,000
Series 2014C Refunding	9/30/2014	58,510,000	4.00 - 5.00%	44,720,874	2,109,592	7,594,533	-	54,424,999
Series 2015 Refunding	3/2/2015	16,320,000	3.320%	3,982,436	156,110	521,454	-	4,660,000
Series 2016A	10/19/2016	106,680,000	5.000%	24,080,000	2,640,000	5,480,000	-	32,200,000
Series 2016B Refunding	10/19/2016	69,870,000	3.50 - 5.00%	41,972,041	2,235,765	5,201,928	12,555,267	61,965,001
Series 2016C	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	0.000%	-	1,842,243	-	-	1,842,243
Series 2017A GO Capital Improvement	12/5/2017	103,520,000	5.000%	22,040,000	-	-	-	22,040,000
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%	12,505,661	1,013,288	1,210,417	11,705,634	26,435,000
Series 2018 SW VRA Brownfield	9/27/2018	1,117,725	0.25%	-	844,523	11,039,011	-	11,883,534
Series 2018 Refunding	12/21/2018	11,710,000	3.540%	880,000	-	-	9,870,000	10,750,000
Series 2019 GO Capital Improvement	2/7/2019	133,695,000	5.000%	64,515,000	-	-	-	64,515,000
Series 2019B GO Refunding	8/15/2019	159,305,000	1.884 - 3.346%	94,267,730	2,129,923	-	50,308,335	146,705,988
Series 2019C GO Refunding	8/15/2019	28,905,000	1.811 - 3.186%	21,803,606	212,691	3,494,877	3,283,825	28,794,999
Series 2019D GO Refunding	9/19/2019	89,025,009	1.79 - 2.92%	66,091,004	1,805,051	2,969,119	16,984,825	87,849,999
Series 2020A GO Capital Improvement	4/2/2020	37,275,000	4.00 - 5.00%	19,108,950	9,102,910	9,063,140	-	37,275,000
Series 2020B GO Refunding	4/2/2020	45,630,000	1.15 - 2.50%	34,041,265	409,531	2,103,411	8,245,794	44,800,001
Series 2020C GO Refunding	10/15/2020	77,825,000	0.359 - 1.514%	53,595,679	2,043,972	7,986,937	13,208,412	76,835,000
Series 2021 GO	6/29/2021	210,800,000	0.215 - 2.434%	210,800,000	-	-	-	210,800,000
Total General Obligation Bonds				<u>\$ 887,775,611</u>	<u>\$ 32,905,971</u>	<u>\$ 71,683,522</u>	<u>\$ 141,046,661</u>	<u>\$ 1,133,411,765</u>

Bond Issue/Purpose	Dated	Interest Rate	Storm Water Utility	Business-type Activities		Balance Outstanding
			Utility	Water Utility	Wastewater Utility	
Series 2007 Wastewater Revenue	11/9/2007	0.00%	\$ -	\$ -	\$ 7,225,000	\$ 7,225,000
Series 2009 Wastewater Revenue	11/17/2009	0.00%	-	-	3,750,000	3,750,000
Series 2010 Water Revenue	9/30/2010	2.50 - 4.50%	-	19,290,000	-	19,290,000
Series 2010 Wastewater Revenue	10/19/2010	0.00%	-	-	5,500,000	5,500,000
Series 2011 Wastewater Revenue	10/21/2011	0.00%	-	-	5,812,500	5,812,500
Series 2012 Water Revenue Refunding	4/4/2012	5.00%	-	16,205,000	-	16,205,000
Series 2012 Wastewater Revenue	12/18/2012	0.00%	-	-	7,829,554	7,829,554
Series 2013 Wastewater Revenue	12/12/2013	0.00%	-	-	7,250,000	7,250,000
Series 2015 Wastewater Revenue	3/2/2015	0.00%	-	-	6,772,763	6,772,763
Series 2015A Water Revenue	4/16/2015	5.25%	-	29,660,000	-	29,660,000
Series 2015B Water Revenue Refunding	4/16/2015	5.00 - 5.25%	-	53,085,000	-	53,085,000
Series 2016 Wastewater Revenue	4/21/2016	0.00%	-	-	4,685,579	4,685,579
Series 2017 Wastewater Revenue	5/31/2017	0.00%	-	-	5,637,045	5,637,045
Series 2017 Water Revenue Refunding	12/18/2017	5.00%	-	134,545,000	-	134,545,000
Series 2018 Water Revenue	3/26/2018	2.50 - 5.00%	-	26,700,000	-	26,700,000
Series 2018 Wastewater Revenue	6/22/2018	0.00%	-	-	6,838,275	6,838,275
Series 2019A Wastewater Revenue	5/16/2019	2.00%	-	-	2,064,195	2,064,195
Series 2019B Wastewater Revenue	5/16/2019	1.00%	-	-	3,490,413	3,490,413
Series 2019C Wastewater Revenue	5/16/2019	1.00%	-	-	4,013,376	4,013,376
Series 2019D Wastewater Revenue	5/16/2019	0.00%	-	-	4,987,500	4,987,500
Series 2019E Wastewater Revenue	11/21/2019	0.00%	-	-	7,827,024	7,827,024
Series 2020 Wastewater Revenue	11/19/2020	0.00%	-	-	3,255,982	3,255,982
Series 2020 Storm Water Revenue	11/19/2020	0.25%	347,777	-	-	347,777
Total Revenue Bonds			<u>\$ 347,777</u>	<u>\$ 279,485,000</u>	<u>\$ 86,939,206</u>	<u>\$ 366,771,983</u>

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The Series 2007 General Obligation Variable Rate Demand Bonds, utilized to finance the construction of the cruise terminal, are remarketed weekly and reset at an interest rate of 2 basis points (0.02 percent) as June 30, 2021 (see Note VIII).

B. General Obligation Bonds

A summary of the requirements to amortize general obligation bonds are as follows:

Year Ending June 30,	<u>Governmental Activities</u>				<u>Business-type Activities</u>			
	<u>Bonds</u>		<u>Direct Borrowings and Direct</u>		<u>Bonds</u>		<u>Direct Borrowings and</u>	
	Principal	Interest	Placements Principal	Interest	Principal	Interest	Direct Placements Principal	Interest
2022	\$ 46,473,866	\$ 26,917,740	\$ 1,984,063	\$ 285,016	\$ 4,146,911	\$ 6,913,252	\$ 8,625,996	\$ 491,004
2023	56,262,298	25,654,875	1,803,230	222,344	4,240,353	6,399,342	9,384,955	437,445
2024	56,830,343	23,660,988	1,591,640	166,058	4,336,892	5,835,072	9,406,962	384,162
2025	58,382,125	21,236,708	2,167,367	113,395	4,956,106	5,906,573	8,565,239	329,679
2026	59,364,534	19,790,413	741,476	40,046	5,258,547	5,197,262	8,561,278	304,272
2027-2031	277,869,479	71,496,812	741,476	15,144	36,536,169	20,295,638	33,615,928	1,117,180
2032-2036	182,210,591	33,448,582	-	-	37,767,263	10,731,962	20,648,501	578,525
2037-2041	103,035,067	10,892,003	-	-	26,451,332	4,045,653	10,336,778	133,812
2042-2046	25,033,265	3,442,743	-	-	9,166,735	2,025,337	720,000	-
2047-2051	13,284,791	519,464	-	-	2,910,209	100,080	-	-
Total	\$ 878,746,359	\$ 237,060,328	\$ 9,029,252	\$ 842,003	\$ 135,770,517	\$ 67,450,171	\$ 109,865,637	\$ 3,776,079

The detailed requirements to amortize general obligation bonds for the major proprietary funds are as follows:

Year Ending June 30,	<u>Storm Water Utility Fund*</u>		<u>Wastewater Utility Fund*</u>		<u>Parking Facilities Fund*</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,467,028	\$ 1,225,736	\$ 5,588,365	\$ 2,514,669	\$ 4,717,514	\$ 3,663,851
2023	2,594,421	1,133,656	5,874,988	2,190,898	5,155,899	3,512,233
2024	2,523,656	1,022,683	5,846,644	1,955,692	5,373,554	3,240,859
2025	2,424,007	906,946	5,910,515	1,766,593	5,186,823	3,562,713
2026	2,337,926	842,890	5,761,616	1,609,200	5,720,283	3,049,444
2027-2031	11,179,163	2,870,425	23,125,951	5,130,446	35,846,983	13,411,947
2032-2036	6,024,332	1,313,140	9,413,482	2,539,507	42,977,950	7,457,840
2037-2041	3,355,438	327,147	6,408,089	1,559,985	27,024,583	2,292,333
2042-2046	-	-	3,097,472	680,494	6,789,263	1,344,843
2047-2051	-	-	656,400	21,526	2,253,809	78,554
	\$ 32,905,971	\$ 9,642,623	\$ 71,683,522	\$ 19,969,010	\$ 141,046,661	\$ 41,614,617

*Includes direct borrowings and direct placements.

General Obligation Bonds, Series 2021 (Federally Taxable)

On June 15, 2021, the City sold \$210,800,000 in taxable General Obligation Bonds to increase the funding of the Norfolk Employees' Retirement System (NERS). The true interest cost on the bonds was 1.94 percent. The City used \$119,553,490 of the bond proceeds to immediately improve the pension funded ratio of NERS from 77 percent to approximately 91 percent. The remaining bond proceeds of \$90,446,510 were used to fund the newly created irrevocable Pension Funding Trust (Section 115 Trust), which U.S. Bank National Association is the trustee. The Trust will make transfers to NERS over the life of the bonds and is currently anticipated to be \$8,716,323 annually.

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Direct Borrowings and Direct Placements

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

As of June 30, 2021, the total outstanding on the Series 2018 is \$10,750,000. The City’s Series 2018 contain a provision that in the event of a default the lender can exercise its option to declare all amounts outstanding under the bonds immediately due and payable.

General Obligation Forward Refunding Bonds, Series 2014B and 2015 (the “Forward Refunding Bonds”)

As of June 30, 2021, the total outstanding on the Forward Refunding Bonds was \$9,380,000. The Forward Refunding Bonds contain a provision that in the event of a default the lender can exercise its option to declare all amounts outstanding under the bonds immediately due and payable.

Storm Water General Obligation Bonds

As of June 30, 2021, the City has two separate series of bonds that it has borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the Virginia Resources Authority. The total outstanding Storm Water General Obligation Bonds at June 30, 2021 was \$2,686,765. The Storm Water General Obligation Bonds contain a provision that in the event of a default the lender can exercise its option to declare all amounts outstanding under the bonds immediately due and payable.

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 to the terms of the revenue bond indenture, certain resources have been set aside for the repayment of the revenue bonds. These resources are classified as restricted cash and investments on the Statement of Net Position because their use is limited by applicable 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, indebtedness under leases that are treated as capital leases under GAAP, 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 because their use is limited 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

CITY OF NORFOLK, VIRGINIA
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additional payments and all other indebtedness of the borrower payable from revenues, including without limitation, indebtedness under leases that are treated as capital leases under GAAP, 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 because their use is limited by applicable bond covenants.

As of June 30, 2021, draws for project expenses of \$125,316, \$406,187, \$3,641,587, and \$3,463,844 from bond issuances in fiscal year 2017, 2018, 2019 and 2020 respectively, resulted in total Virginia Resources Authority ("VRA") drawdowns of \$7,636,934 for fiscal year 2021. In conjunction with the state water control board, the VRA administers and manages the Virginia Water Facilities Revolving Fund.

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

Year Ending June 30,	Water Revenue		Wastewater Revenue*		Storm Water Revenue*	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	17,170,000	13,504,400	7,502,481	110,126	18,099	435
2023	18,335,000	12,632,275	7,885,918	84,644	36,266	801
2024	19,440,000	11,687,900	7,911,244	59,840	36,357	711
2025	18,075,000	10,757,525	7,630,235	34,141	36,447	620
2026	19,170,000	9,833,900	7,340,214	17,298	36,539	529
2027-2031	56,310,000	39,200,138	27,019,459	5,147	184,069	1,268
2032-2036	44,775,000	27,090,125	15,776,321	-	-	-
2037-2041	42,850,000	16,139,325	5,514,935	-	-	-
2042-2046	39,725,000	5,433,325	358,399	-	-	-
2047-2051	3,635,000	184,125	-	-	-	-
Total	\$ 279,485,000	\$ 146,463,038	\$ 86,939,206	\$ 311,196	\$ 347,777	\$ 4,364

*Represents direct borrowings and direct placements.

Direct Borrowings and Direct Placements

Wastewater Revenue Bonds

As of June 30, 2021, the City has fifteen separate series of bonds that it has borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the Virginia Resources Authority. The total outstanding Wastewater Revenue Bonds at June 30, 2021 was \$86,939,284. The Wastewater Revenue Bonds contain a provision that in the event of a default the lender can exercise its option to declare all amounts outstanding under the bonds immediately due and payable.

Storm Water Revenue Bonds

As of June 30, 2021, the City has one bond series that it has borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the Virginia Resources Authority. The total outstanding Storm Water Revenue Bonds at June 30, 2021 was \$347,777. The Storm Water Revenue Bond 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.

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2021

D. Current and Advanced Refundings

On October 15, 2020, the City completed the sale of \$77,825,000 of General Obligation Refunding Bonds for savings. The refunding resulted in aggregate total debt service savings of \$3,759,797, and total net present value savings of \$3,001,517, or 4.7 percent of the refunded principal. The reacquisition price exceeded the net carrying amount of the old debt by \$6,296,623. This difference will be displayed as deferred outflows and amortized over the life of the old or new debt whichever is shorter.

The City defeases certain general obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At June 30, 2021, the following defeased bonds from advance refunding are still outstanding:

General Obligation Bonds

Defeased In	Original Issue	Amount	Redemption
2017	2013A	\$ 31,540,000	8/1/2023
2018	2013A	53,815,000	8/1/2023
2020	2012A	1,445,000	10/1/2021
2020	2012A	17,655,000	10/1/2022
2020	2013B	42,605,000	8/1/2023
2020	2014	8,845,000	8/1/2024
2020	2016A	6,690,000	10/1/2026
2020	2016A	36,395,000	10/1/2022
2020	2016B	2,970,000	10/1/2026
2020	2017A	64,945,000	9/1/2024
2020	2017C	19,300,000	3/1/2027
2020	2019	61,045,000	8/1/2028
		<u>\$ 347,250,000</u>	

Water Revenue Bonds

Defeased In	Original Issue	Amount	Redemption
2018	2012	\$ 82,650,000	5/1/2022
		<u>\$ 82,650,000</u>	

E. Economic Development Authority

In April 2016, the City and the Economic Development Authority of the City of Norfolk (the "EDA") entered into a financing agreement, with Bank of America, N.A. ("BANA") to provide funds for an economic development project in the City in the maximum principal amount of \$14,500,000. The City and the EDA also entered into a cooperation agreement related to the financing, whereby the City provides a general obligation guarantee of the payments required under the financing agreement. During fiscal year 2021, the bond was paid in full with funds received from the City of Norfolk. These funds were received on January 8, 2021 as an uncollateralized loan from the City. There no set repayment terms. The balance on the loan was \$13,260,000 at June 30, 2021.

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2021

F. Lease Obligations

The City leases various facilities for operational and office space from various lessors under operating leases. Total rental expenditures under these operating leases were \$4,498,467 for the fiscal year ended June 30, 2021.

Future year lease obligations are listed below:

Year Ending June 30,	Operating Lease Obligations
2022	4,050,607
2023	2,771,097
2024	1,872,407
2025	959,983
2026	850,590
2027-2031	2,066,515
2032-2036	227,209
Total minimum lease payments	\$ 12,798,408

G. Landfill Liability

The Campostella Landfill was issued a permit by the Virginia Department of Health on February 18, 1983, to operate a construction demolition debris (CDD) waste landfill. The landfill accepted primarily CDD and inert waste in addition to sanitary and debris waste. The landfill stopped 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. State and federal laws require the City to perform certain maintenance and monitoring activities at the site for 10 years after regulatory closure. 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 \$2,726,376 reported as an obligation for closure and post-closure costs at June 30, 2021, 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.

The Campostella Landfill statistically exceeded groundwater protection standards in May 2002. Until a remedy for corrective action is chosen and approved, \$2,057,749 is included in the liability above for groundwater corrective action as required by state law. It is not anticipated that a corrective action will be approved within one year, as such the entire amount is reported as a long-term liability.

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H. Compensated Absences

A liability for vested vacation and sick leave benefits is recorded as general long-term obligations. These benefits represent future obligations of the following funds and component units:

Primary Government	
Governmental Activities:	
General Fund	\$ 20,584,902
Grants Fund	324,262
Nonmajor governmental funds	899,942
Internal service funds	281,429
Total Governmental Activities	<u>\$ 22,090,535</u>
Business-type Activities:	
Water Utility fund	\$ 1,164,886
Wastewater Utility fund	307,036
Parking Facilities fund	206,949
Storm Water Utility fund	416,193
Total Business-type Activities	<u>\$ 2,095,064</u>
Component Unit - School Board	<u>\$ 10,303,996</u>

I. Debt Limit

The Commonwealth of Virginia imposes a legal limit of 10 percent of the assessed valuation of taxed real property as a ceiling in the amount of general obligation borrowings, which may be issued by the City without referendum. At June 30, 2021, the City's debt limit is \$2,215,479,796 of which \$948,041,728 is available for the issuance of additional debt. There are no overlapping tax jurisdictions.

J. Bonds Authorized and Unissued

A summary of bonds authorized and unissued as of June 30, 2021, are as follows:

<u>Projects</u>	<u>Total</u>
General Obligation Bonds Authorized and Unissued:	
General Capital Improvement Projects	\$ 175,214,653
Maritime Center Capital Improvement Projects	4,850,000
Waste Management Capital Improvement Projects	2,257,223
Storm Water Utility Fund Projects	31,793,506
Parking Facilities Fund Projects	7,000,000
Wastewater Utility Fund Projects	22,695,424
G.O. Bonds Authorized and Unissued	<u>\$ 243,810,806</u>
Revenue Bonds Authorized and Unissued:	
Water Utility Fund Projects	82,441,821
Revenue Bonds Authorized and Unissued	<u>82,441,821</u>
Total Bonds Authorized and Unissued	<u>\$ 326,252,627</u>

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

K. Changes in Long-Term Obligations

A summary of fiscal year 2021 changes in long-term obligations, net of unamortized discounts and premiums, are as follows:

	Primary Government			
	Beginning Balance	Additions	Reductions	Ending Balance
				Amounts Due Within One Year
<u>GOVERNMENTAL ACTIVITIES:</u>				
Bonds, Direct Borrowing and Direct Placements:				
General obligation bonds	\$ 719,678,370	\$ 259,111,540	\$ (100,043,551)	\$ 878,746,359
Direct borrowings and direct placements	10,260,898	880,000	(2,111,646)	9,029,252
Net Premiums	60,610,256	-	(12,972,262)	47,637,994
Total Bonds	790,549,524	259,991,540	(115,127,459)	935,413,605
Other Liabilities:				
Vested compensated absences	20,700,331	11,934,750	(10,825,973)	21,809,108
Other post-employment benefits	71,359,160	39,855,390	(5,467,304)	105,747,246
Retiree's life insurance	130,000	-	(10,000)	120,000
Self-insurance	34,681,787	8,782,980	(7,366,356)	36,098,411
Net pension liability	283,444,635	121,494,257	(59,279,995)	345,658,897
Landfill closure and post-closure costs	2,694,048	32,328	-	2,726,376
Total Other Liabilities	413,009,961	182,099,705	(82,949,628)	512,160,038
Governmental Activities				
Long-term liabilities	1,203,559,485	442,091,245	(198,077,087)	1,447,573,643
Internal Service Funds:				
Net pension liability	\$ 3,388,330	\$ 1,465,681	\$ (674,565)	\$ 4,179,446
Other post-employment benefits	397,382	480,673	(53,596)	824,459
Vested compensated absences	281,581	148,540	(148,692)	281,429
Total Internal Service Funds	4,067,293	2,094,894	(876,853)	5,285,334
Total Governmental Activities	\$ 1,207,626,778	\$ 444,186,139	\$ (198,953,940)	\$ 1,452,858,977
<u>BUSINESS-TYPE ACTIVITIES:</u>				
Bonds, Direct Borrowing and Direct Placements:				
Water Utility	\$ 295,450,000	\$ -	\$ (15,965,000)	\$ 279,485,000
Wastewater Utility	160,001,773	18,718,640	(20,097,685)	158,622,728
Parking Facilities	146,201,485	21,272,830	(26,427,654)	141,046,661
Storm Water	30,212,583	7,728,531	(4,687,366)	33,253,748
Net Premiums	57,816,484	-	(8,504,969)	49,311,515
Total Bonds Payable	689,682,325	47,720,001	(75,682,674)	661,719,652
Other Liabilities:				
Vested compensated absences	2,048,138	1,360,146	(1,313,220)	2,095,064
Net pension liability	32,948,860	12,586,088	(6,328,020)	39,206,928
Other post-employment benefits	3,864,329	4,409,542	(539,784)	7,734,087
Total Other Liabilities	38,861,327	18,355,776	(8,181,024)	49,036,079
Total Business-Type Activities	\$ 728,543,652	\$ 66,075,777	\$ (83,863,698)	\$ 710,755,731
<u>COMPONENT UNITS:</u>				
Other Liabilities:				
Vested compensated absences	\$ 9,881,605	\$ 422,391	\$ -	\$ 10,303,996
Other post-employment benefits	92,361,309	10,028,399	(332,197)	102,057,511
Net pension liability	297,859,309	22,965,376	-	320,824,685
Workers' compensation claims	3,528,676	-	(79,716)	3,448,960
Long-term Notes Payable	31,331,739	13,720,000	(30,081,739)	14,970,000
Claims liability	358,269	-	(179,219)	179,050
Component Units				
long-term obligations	\$ 435,320,907	\$ 47,136,166	\$ (30,672,871)	\$ 451,784,202

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2021

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 state employees in constitutional offices (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 Employee (Note X.B). In addition, the School Board has a defined contribution plan.

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

Plan Description

The ERS is the administrator of a single-employer contributory, defined benefit plan (the Plan) that covers substantially all employees of the City, excluding School Board employees and Constitutional Officers' employees who are covered by the VRS. The ERS provides retirement benefits, as well as death and disability benefits. Cost-of-living adjustments (COLAs) are not required, are not regularly instituted and are available solely at the discretion of the City Council. The ERS and its benefits are established by Chapter 37 of the Code of the City of Norfolk, Virginia, as amended. ERS pension expenses and liabilities are allocated based on the employer's contribution to the Plan.

Plan Membership

As of June 30, 2020, the actuarial valuation and net pension liability measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries receiving benefits:	
General	2,879
Public Safety	1,333
Vested Former Members:	
General	1,065
Public Safety	319
Active Plan Members:	
General	2,911
Public Safety	1,240
	<u>9,747</u>

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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 credited service for public safety employees. The normal service retirement benefit per annum is equal to 2.0% 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 accrue benefits at 2.5% of average final compensation times years of creditable service, not to exceed 65% of average final compensation. Mandatory retirement is age 65 for public safety 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 credited service for public safety employees. The normal service retirement benefit per annum for general employees is equal to 1.75% of average final compensation times years of creditable service, with service limited to 35 years. Public safety employees accrue benefits at 2.5% of average final compensation times years of creditable service, not to exceed 65% 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 with the exception of 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 policemen and firemen 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 seventy percent (70%) while continuing employment with the City without loss of any other employee benefits.

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 monthly pension directly. The participant's DROP balance is not credited with investment gains and losses.

CITY OF NORFOLK, VIRGINIA
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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, with the exception of 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 \$160,231,736 and \$38,494,093 for the years ended June 30, 2021 and 2020, respectively. The fiscal year 2021 contribution included an additional contribution of \$119,553,490 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 \$9,712,000 and \$9,838,000 for the year ended June 30, 2021 and June 30, 2020, respectively were expected to cover the actuarially determined contributions.

Actuarial Assumptions

The actuarial assumptions above 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, 2020 actuarial valuation, the actuarial assumptions included the following:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent Closed, 20-year Layers
Amortization Growth Rate	3.0%
Asset Valuation Method	3-year Smoothed Value
Inflation Rate	3.0%
Salary Increases – General	Average of 5.12% over a 30-year career; based on rates that vary by year of service and are compounded annually
Salary Increases – Public Safety	Average of 6.19% over a 30-year career; based on rates that vary by year of service and are compounded annually
Investment Rate of Return	7.0%

CITY OF NORFOLK, VIRGINIA
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Actuarial Assumptions (continued)

Mortality	108% of RP-2014 adjusted back to 2006 using MP-2014 and brought forward to 2016 using MP-2016 and generational improvements of 0.75% per year (ages <86) thereafter
	100% of RP-2014 Disabled Mortality adjusted back to 2006 using MP-2014 and brought forward to 2016 using MP-2016 and generational improvements of 0.75% per year (ages <86) thereafter

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. 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, 2020, are summarized in the following table:

<u>Asset Class</u>	30-year 2020	
	Long-term Expected Real Rate of Return	Target Allocations
Private Core Real Estate	8.00%	7.5%
Master Limited Partnerships	5.00%	7.5%
Core Fixed Income	31.00%	30.0%
Equity (ACWI IMI)	56.00%	55.0%
		<u>100.0%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The GASB 67 depletion schedule, as prepared by the actuary based on those assumptions was presented for 99 years. Based on the assumptions, the pension plan's fiduciary net position was projected to be available to make projected future payments and pay administrative expenses. Projected benefit payments are discounted at the long-term expected return of 7.00% (net of investment expenses) to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 2.21% to the extent it is not available. The single equivalent rate to determine the total pension liability as of the measurement date of June 30, 2020, was 7.00%.

CITY OF NORFOLK, VIRGINIA
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Net Pension Liability

The net pension liability was measured as of June 30, 2020, with an actuarial valuation date of June 30, 2020. 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, Waste Management, Grants, Community Development, Cemeteries, EOC/911 and Resiliency special revenue funds. The employer contributions made in fiscal year 2021 of \$156,096,808 for governmental activities and \$4,134,928 for business-type activities are included as deferred outflows. As of June 30, 2021, the City reported a net pension liability of \$337,731,072 in governmental activities and \$39,206,928 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 2020 was 89.6% and 10.4%, 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)
Balances at June 30, 2019	\$ 1,397,988,000	\$ 1,084,248,000	\$ 313,740,000
Service cost	26,978,000	-	26,978,000
Interest	96,458,000	-	96,458,000
Contributions - employer	-	38,494,000	(38,494,000)
Contributions - employee	-	10,209,000	(10,209,000)
Net investment income	-	5,737,000	(5,737,000)
Benefits payments, including refunds of member contributions	(93,998,000)	(93,998,000)	-
Difference between expected and actual experience	(6,398,000)	-	(6,398,000)
Change in assumptions	-	-	-
Administrative expense	-	(600,000)	600,000
Balances at June 30, 2020	\$ 1,421,028,000	\$ 1,044,090,000	\$ 376,938,000

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
ERS Net Pension Liability	\$ 531,455,000	\$ 376,938,000	\$ 246,205,000

CITY OF NORFOLK, VIRGINIA
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Pension Expense and Deferred Inflows and Outflows of Resources Related to the ERS Pension

Total pension expense included for the City is \$63,708,760 for governmental activities and \$7,024,915 for business-type activities or \$70,733,675 combined for the City.

At June 30, 2021, deferred inflows (outflows) reported in the City's financial statements are as follows:

Deferred Inflows of Resources			
	Governmental Activities	Business-Type Activities	Total
Differences between expected and actual experience	\$ 8,321,161	\$ 970,839	\$ 9,292,000
Change in assumptions	3,146,304	369,197	3,515,501
Net change in proportionate share (Storm Water Utility)	-	383,448	383,448
Net change in proportionate share (Parking Facilities)	-	216,557	216,557
Net change in proportionate share (Water Utility)	-	134,201	134,201
	<u>\$ 11,467,465</u>	<u>\$ 2,074,242</u>	<u>\$ 13,541,707</u>

Deferred Outflows of Resources			
	Governmental Activities	Business-Type Activities	Total
Differences between expected and actual experience	\$ -	\$ -	\$ -
Net difference between projected and actual earnings on plan investments	51,443,583	5,957,404	57,400,987
Change in assumptions	3,717,376	434,124	4,151,500
Net change in proportionate share (Internal Service funds)	50,352	-	50,352
Net change in proportionate share (Wastewater Utility)	-	14,980	14,980
Net change in proportionate share (Governmental funds)	668,874	-	668,874
	<u>\$ 55,880,185</u>	<u>\$ 6,406,508</u>	<u>\$ 62,286,693</u>

Deferred outflows related to pension contributions made after the measurement date of \$156,096,808 for governmental activities and \$4,134,928 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 (outflows) of resources will be recognized in pension expense as follows:

Amortization of Deferred (Inflows) Outflows			
Year Ended:	Governmental Activities	Business-type Activities	Total
2022	\$ 6,636,515	\$ 412,685	\$ 7,049,200
2023	11,146,317	911,883	12,058,200
2024	14,345,923	1,581,675	15,927,598
2025	12,283,965	1,426,023	13,709,988
2026	-	-	-
	<u>\$ 44,412,720</u>	<u>\$ 4,332,266</u>	<u>\$ 48,744,986</u>

CITY OF NORFOLK, VIRGINIA
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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 two agent multiple-employer plans (for school employee political subdivisions and City of Norfolk state constitutional offices) and a cost-sharing multiple-employer (for teachers) defined benefit pension plan as well as a hybrid plan that contains both defined benefit and defined contribution aspects. All full-time, salaried permanent employees of the School Board, Constitutional Offices of the City of Norfolk, (Commissioner of the Revenue, City Treasurer, Circuit Courts, Commonwealth's Attorney, Sheriff employees) 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 employed and for which the City or the School Board and member 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 age, creditable service and average final compensation. The benefit from the defined contribution component is dependent upon member and employee 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 members and nonhazardous duty members is 1.70%. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013, unless they are hazardous duty employees, and their employer has elected the enhanced retirement multiplier. The multiplier for the Hybrid Plan is 1.0%. The 2014 valuation included hybrid retirement plan members for the first time.

Retirees are eligible for an annual cost-of-living-adjustment (COLA) effective July 1 of the second calendar year after retirement. Under Plan 1, the COLA cannot exceed 5.0%; under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.0%. 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.

The VRS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the VRS. The report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications> or obtained by writing the VRS System at P.O. Box 2500, Richmond, Virginia 23218-2500.

Detailed information about the VRS Teacher Retirement Plan's fiduciary net position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report. A copy may be requested by writing to the System's Chief Financial Officer at

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P.O. Box 2500, Richmond, VA 23218-2500 or can be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>.

The City's participation in the VRS agent multiple-employer plan resides solely within the governmental activities.

Contributions

The contribution requirement for active employees governed by Section 51.1-145 of the Code of Virginia (1950), as amended, by the Virginia General Assembly changed the funding requirements for VRS employees. Employees are required to contribute 5.00% of their annual reported compensation to the VRS. The Employers actuarially determined contribution rates as of June 30, 2020, not including the employee 5.00% contributions were 10.65% of covered payroll for the City of Norfolk employees, 15.68% of the annual covered payroll for School Board professional employees and 6.81% of annual covered payroll for the other school employees based on the June 30, 2019 actuarial valuation. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

The School Board's contributions to the VRS for the fiscal years ended June 30, 2021, 2020 and 2019 for professional employees were \$30,900,000, \$29,070,000 and \$28,774,879, respectively: such amounts comprised 100% of the required statutory contributions for each of the three years. The School Board's contributions to the VRS for political subdivisions for the years ended June 30, 2021, 2020, and 2019 were \$1,178,041, \$1,212,412 and \$1,195,410, respectively.

The City of Norfolk contributions to the VRS for constitutional offices for the fiscal years ended June 30, 2021, 2020 and 2019 were \$3,368,369, \$2,720,994 and \$2,400,682, respectively, which is 100% of the actuarial determined contribution.

Actuarial Assumptions

The total pension liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent Closed
Remaining amortization period	16 – 25 years
Asset Valuation Method	5-year Smoothed Market

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Actuarial Assumptions

Investment Rate of Return*	6.75%, net of investment expense
Projected Salary Increases*	3.50% - 5.95%
*Includes Inflation at	2.50%
Cost-of-living Adjustments	2.25% - 2.50%

Mortality rates were based on the following (Agent Multiple Plans)

Pre-Retirement	RP-2014 Employee Rates to age 80; Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates
Post-Retirement	RP-2014 Employee Rates to age 49; Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1% increase compounded from ages 70 to 90
Post-Disablement	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

Mortality rates were based on the following (Cost Sharing Plan +A30)

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

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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- Salary scale remained unchanged
- Line of Duty disability rate increased from 14% to 20%
- Discount rate decreased from 7.00% to 6.75%

The long-term expected rate of return on pension plan investments was determined using a lag-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 allocation and best estimate of arithmetic real rates of return for each major asset class are summarize 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	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. 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 7.11%, included expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100% of the actuarially determined employer

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contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Expense and Deferred Inflows and Outflows of Resources

Deferred inflows and outflows are recorded for the net differences between actual and projected investment earnings, contributions made subsequent to the measurement date of June 30, 2020, and changes in proportionate share between June 30, 2019 and June 30, 2020. Pension expense reported for the fiscal year ended June 30, 2020, for the City for Norfolk, the School Board Political Subdivisions and the School Board Teachers was \$4,134,553, \$1,978,000 and \$26,610,000, respectively. At June 30, 2021, the reported deferred inflows of resources related to pensions from the following sources:

Deferred Inflows of Resources			
	Agent Multiple-Employer Plans		Cost Sharing Plan
	City of Norfolk Constitutional Offices	School Board Non-Professional	School Board Teachers
Change in proportion and difference between contribution and proportionate rate	\$ -	\$ -	\$ 21,102,569
Change in assumptions	-	-	-
Differences between expected and actual experience	-	321,364	18,112,292
Net difference between projected and actual earnings on plan investments	-	896,843	-
	<u>\$ -</u>	<u>\$ 1,218,207</u>	<u>\$ 39,214,861</u>

Deferred Outflows of Resources			
	Agent Multiple-Employer Plans		Cost Sharing Plan
	City of Norfolk Constitutional Offices	School Board Non-Professional	School Board Teachers
Change in proportion and difference between contribution and proportionate rate	\$ -	\$ -	\$ -
Change in assumptions	1,508,543	530,756	21,093,300
Differences between expected and actual experience	3,806	-	-
Net difference between projected and actual earnings on plan investments	3,348,021	3,425,027	23,503,080
	<u>\$ 4,860,370</u>	<u>\$ 3,955,783</u>	<u>\$ 44,596,380</u>

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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 Teachers and the School Board Political Subdivisions contributed \$3,368,369, \$30,900,391 and \$1,178,041, respectively in fiscal year 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Amortization of Deferred Inflows and Outflows

	Agent Multiple-Employer Plans		Cost Sharing Plan
	City of Norfolk Constitutional Employees	School Board Political Subdivisions	School Board Teachers
Year Ended:			
2022	\$ 985,526	\$ 277,775	\$ (7,471,955)
2023	1,631,847	774,512	1,469,115
2024	1,182,133	869,870	6,401,691
2025	1,060,864	815,419	5,787,946
2026	-	-	(805,278)
	<u>\$ 4,860,370</u>	<u>\$ 2,737,576</u>	<u>\$ 5,381,519</u>

Plan Membership

As of June 30, 2019, actuarial valuation, the plan memberships consisted of the following:

	Agent Multiple-Employer Plans	
	City of Norfolk Constitutional Offices	School Board Political Subdivisions
Inactive member or their beneficiaries		
currently receiving benefits	327	605
Inactive members:		
Vested	90	64
Non-vested	249	298
Active elsewhere in the VRS	255	101
Total inactive members	<u>594</u>	<u>463</u>
Active members	<u>592</u>	<u>636</u>
Total	<u>1,513</u>	<u>1,704</u>

CITY OF NORFOLK, VIRGINIA
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Change in Net Pension Liability

Below are the schedules of changes in Net Pension Liability for each of the agent multiple-employer plans:

City of Norfolk

	Total Pension Liability (a)	Increase(Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019	\$ 116,252,300	\$ 110,210,473	\$ 6,041,827
Service cost	3,744,655	-	3,744,655
Interest	7,692,139	-	7,692,139
Change in assumptions	-	-	-
Difference between expected and actual	628,451	-	628,451
Contributions - employer	-	2,582,271	(2,582,271)
Contributions - employee	-	1,379,532	(1,379,532)
Net Investment income	-	2,111,228	(2,111,228)
Benefits payments, including refunds of employee contributions	(4,589,364)	(4,589,364)	-
Administrative expense	-	(70,713)	70,713
Other changes	-	(2,517)	2,517
Balance at June 30, 2020	\$ 123,728,181	\$ 111,620,910	\$ 12,107,271

School Board Political Subdivisions

	Total Pension Liability (a)	Increase(Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019	\$ 93,985,535	\$ 86,216,762	\$ 7,768,773
Service cost	1,547,597	-	1,547,597
Interest	6,173,153	-	6,173,153
Change in assumptions	-	-	-
Difference between expected and actual	(135,022)	-	(135,022)
Contributions - employer	-	1,124,590	(1,124,590)
Contributions - employee	-	831,942	(831,942)
Net Investment income	-	1,635,708	(1,635,708)
Benefits payments, including refunds of employee contributions	(5,062,838)	(5,062,838)	-
Administrative expense	-	(57,005)	57,005
Change in proportionate share	-	-	-
Other changes	-	(2,081)	2,081
Balance at June 30, 2020	\$ 96,508,425	\$ 84,687,078	\$ 11,821,347

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Agent Multiple-Employer Plans			
School Board non-professional employee net pension liability	\$ 22,176,508	\$ 11,821,347	\$ 3,030,540
City of Norfolk's constitutional offices net pension liability	\$ 28,412,606	\$ 12,107,271	\$ (1,371,190)
Cost Sharing Plans			
School Board Teachers net pension liability	\$ 453,377,217	\$ 309,003,338	\$ 189,587,881

Payables to the Pension Plan

As of June 30, 2021, the School Board had no outstanding amounts payable to the political subdivision pension plan for the fiscal year ended June 30, 2021.

As of June 30, 2021, the School Board had no outstanding amounts payable to the teacher's pension plan for the fiscal year ended June 30, 2021.

XI. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. In the calendar year 2021, the deferral may be up to 25 percent of gross income up to a maximum of \$19,500 per year with increases to the annual contribution limit for catch-up contributions for participants over age 50 or for participants for three years prior to normal retirement age. The benefits from the deferred compensation plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

The laws governing the City's deferred compensation plan have been complied with pursuant to the provisions of IRC Section 457. Accordingly, all assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2020 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	147	76	150
Active members	3,762	1,171	4,022
Total	<u>3,909</u>	<u>1,247</u>	<u>4,172</u>

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2020. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions applied to all periods included in the measurement.

Actuarial Assumptions

For the June 30, 2020 actuarial valuation, the actuarial assumptions included the following:

Actuarial Costs Method	Entry Age Normal
Amortization Method	Level Percent Open
Asset Valuation Method	Not Applicable
Remaining Amortization Period	30-year rolling
Investment Rate of Return	2.21%
Rate of Salary Increases	3.50%
Rate of Medical Inflation	7.00% (Pre-Medicare) grading to 3.00% over 16 years
Mortality (City)	108% of RP-2014 adjusted back to 2006 using MP-2014 and brought forward to 2016 using MP-2016 and generational improvements of 0.75% per year (ages<86) thereafter 100% of RP-2014 Disabled Mortality adjusted back to 2006 using MP-2014 and brought forward to 2016 using MP-2016 and generational improvements of 0.75% per year (ages<86) thereafter

CITY OF NORFOLK, VIRGINIA
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Mortality (School Board)

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 74 and 2% increase compounded from ages 75 to 90

RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females

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.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, was 2.21%. Since the Plan utilizes a pay-as-you-go contribution policy, the discount rate used at the June 30, 2020, measurement date was based on the Bond Buyer GO 20-Bond Municipal Bond Index.

Changes in Total OPEB Liability

The total pension liability was measured at of June 30, 2020, with an actuarial valuation date of June 30, 2020. OPEB expense and liability are allocated to governmental and enterprise funds. As of June 30, 2021, the City reported a total OPEB liability of \$106,571,706 in governmental activities and \$7,734,087 in business-type activities. Changes to the total OPEB liability are as follows:

	City	Line of Duty	School Board	Total OPEB Liability
Balance at June 30, 2019	\$ 36,796,180	\$ 38,824,691	\$ 46,635,640	\$ 122,256,511
Service cost	3,409,119	1,517,526	2,947,665	7,874,310
Interest	1,323,007	1,364,547	1,644,140	4,331,694
Change in benefits	-	-	-	-
Difference between expected and actual	(3,450,033)	(1,985,552)	(5,024,887)	(10,460,472)
Assumption changes	37,661,645	1,418,301	11,937,594	51,017,540
Contributions - employer	-	-	-	-
Net Investment income	-	-	-	-
Benefits payments	(1,383,661)	(1,189,977)	(2,262,170)	(4,835,808)
Administrative expense	-	-	-	-
Balance at June 30, 2020	\$ 74,356,257	\$ 39,949,536	\$ 55,877,982	\$ 170,183,775

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

The following presents the total OPEB liability using the discount rate of 2.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
City	\$ 82,392,768	\$ 74,356,257	\$ 67,353,305
Line of Duty	\$ 44,267,328	\$ 39,949,536	\$ 36,187,046
School Board	\$ 61,917,340	\$ 55,877,982	\$ 50,615,334

CITY OF NORFOLK, VIRGINIA
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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 2.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 3.00%)	1% Increase (8.00% decreasing to 4.00%)
City	\$ 69,278,224	\$ 74,356,257	\$ 79,228,635
Line of Duty	\$ 37,221,251	\$ 39,949,536	\$ 42,567,328
School Board	\$ 52,061,891	\$ 55,877,982	\$ 59,539,525

OPEB Expense and Deferred Inflows and Outflows of Resources

OPEB expense reported for the fiscal year ended June 30, 2021, for the City (including Line of Duty) and the School Board was \$11,126,097 and \$3,394,790, respectively. At June 30, 2021, 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 City	Business-Type Activities City	Governmental Activities Line of Duty	School Board
Change in assumptions	\$ -	\$ -	\$ 5,257,446	\$ 5,515,034
Net change in proportionate share (Internal Service funds)	-	-	-	-
Net change in proportionate share (Storm Water Utility)	-	52,543	-	-
Net change in proportionate share (Parking Facilities)	-	29,209	-	-
Net change in proportionate share (Wastewater Utility)	-	4,290	-	-
Net change in proportionate share (Water Utility)	-	22,716	-	-
Differences between expected and actual experience	7,448,298	871,323	684,735	9,033,337
Total	<u>\$ 7,448,298</u>	<u>\$ 980,081</u>	<u>\$ 5,942,181</u>	<u>\$ 14,548,371</u>

Deferred Outflows of Resources

	Governmental Activities City	Business-Type Activities City	Governmental Activities Line of Duty	School Board
Change in assumptions	\$ 32,326,319	\$ 3,757,487	\$ 3,006,712	\$ 11,144,922
Net change in proportionate share (Governmental funds)	105,208	-	-	-
Net change in proportionate share (Internal Service funds)	3,550	-	-	-
Differences between expected and actual experience	-	-	-	2,072,805
Total	<u>\$ 32,435,077</u>	<u>\$ 3,757,487</u>	<u>\$ 3,006,712</u>	<u>\$ 13,217,727</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2021. The City and the School Board contributed \$3,527,835 (\$3,283,894 for governmental activities and \$243,941 for business-type activities) and \$2,360,257, respectively in fiscal year 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Amortization of Deferred Inflows and Outflows

	Governmental Activities City	Business-Type Activities City	Governmental Activities Line of Duty	School Board
Year Ended:				
2022	\$ 4,185,181	\$ 461,667	\$ (1,134,950)	\$ (1,197,015)
2023	4,185,181	461,667	(1,134,950)	(1,197,015)
2024	4,185,180	461,667	(1,134,955)	(1,197,007)
2025	4,137,300	452,074	(327,665)	767,360
2026	3,909,630	437,265	878,086	505,506
2027-2031	4,384,308	503,066	(81,035)	987,527
	<u>\$ 24,986,780</u>	<u>\$ 2,777,406</u>	<u>\$ (2,935,469)</u>	<u>\$ (1,330,644)</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 Virginia Retirement System (VRS) is an independent agency of the Commonwealth of Virginia. VRS administers several post-employment benefit trust funds. The School Board participates in two of those funds, the Group Life Insurance (GLI) Plan and the Retiree Health Insurance Credit (HIC) Plan. The VRS Board of Trustees is responsible for the general administration and operation of the pension plans and other employee benefit plans. VRS issues an Annual Comprehensive Financial Report containing the financial statements and required supplementary information for the system's pension and other employee benefit trust funds which is publicly available on the VRS website at www.varetire.org. The pension and other trust funds administered by 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 GLI Program 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.

CITY OF NORFOLK, VIRGINIA
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Plan Description

The VRS GLI Program upon employment automatically covers all full-time salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions. 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 Optimal Group Life Insurance 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 1.31% of covered employee compensation. While covered employees are responsible for 60% 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 on an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits payable during the year.

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5%
Salary Increases, including inflation	
Teachers	3.5% - 5.95%
Other employees	3.5% - 5.35%
Investment Rate of Return	6.75% net of plan investment expenses, including inflation
Mortality Rates – Teachers:	
Pre-Retirement	RP-2014 Employee Rates projected with Scale BB to 2020
Post-Retirement	RP-2014 Healthy Annuitant Rates projected with Scale BB to 2020
Post-Disablement	RP-2014 Disability Mortality Rates projected with Scale BB to 2020

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumption as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

The estimated Group Life Insurance OPEB liability applicable to the School Board determined by VRS in accordance with GASB Statement No. 74 less the School Board's proportion of the Plan Fiduciary Net Position is as follows:

Total GLI OPEB Liability	\$ 35,030,000
Plan Fiduciary Net Position	<u>18,440,000</u>
GLI Net OPEB Liability	<u>\$ 16,590,000</u>

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. 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, 2020, 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 Assembly. From July 1, 2020 on, school divisions are assumed to contribute 100% 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.

CITY OF NORFOLK, VIRGINIA
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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 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	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. 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 7.11%, included expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations provide a median return of 6.81%.

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

The following presents the net OPEB liability using the discount rate of 6.75%, 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%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GLI Net OPEB Liability	\$ 21,810,000	\$ 16,590,000	\$ 12,350,000

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2021

VRS GLI OPEB Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2021, the School Board recognized a credit to the OPEB Group Life Insurance expense of \$365,013. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to VRS GLI OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportion and difference between contribution and proportionate rate	\$ 8,580	\$ 1,368,042
Change in assumptions	829,766	346,441
Differences between expected and actual experience	1,064,192	149,021
Net difference between projected and actual earnings on Plan investments	498,393	-
Contributions after measurement date	2,742,975	-
	<u>\$ 5,143,906</u>	<u>\$ 1,863,504</u>

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

Amortization of Deferred Inflows and Outflows

Year Ended:	
2022	\$ (97,758)
2023	42,992
2024	223,454
2025	365,537
2026	19,475
2027-2031	(16,273)
	<u>\$ 537,427</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, 2021 and June 30, 2020 were approximately \$2,740,000 and \$2,680,000, respectively.

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Health Insurance Credit (HIC) Plan

Plan Description

The Virginia Teacher Employee Health Insurance Credit Program automatically covers all full-time, salaried, permanent (professional) employees of public school divisions. This plan is administered by the Virginia Retirement System along with other pension and OPEB plans. 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 end upon the retiree's death. The program was established July 1, 1993, for retired teacher employees covered under VRS who retired with at least 15 years of service credit. At retirement, for teacher and other professional school employees, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For teachers or other professional employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:

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

Contributions

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

Actuarial Assumptions

The total Teacher Health Insurance Credit OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5%
Salary Increases, including inflation	3.5% - 5.95%
Investment Rate of Return	6.75% net of plan investment expenses, including inflation

Mortality Rates – Teachers:

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Pre-Retirement	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020
Post-Retirement	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2% increase compounded from ages 75 to 90
Post-Disablement	RP-2014 Disability Mortality Rates with Scale BB to 2020; 115% of rates for males and females

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

The net Health Insurance Credit OPEB liability was determined in accordance with GASB Statement No. 74. As of June 30, 2020, the net OPEB liability portion of the VRS Teacher Health Insurance Credit Program applicable to the School Board is as follows:

Total Teacher HIC OPEB Liability	\$ 32,860,000
Plan Fiduciary Net Position	<u>3,270,000</u>
HIC Net OPEB Liability	<u>\$ 29,590,000</u>

Plan fiduciary net position as a percentage of the total Teacher HIC liability was 9.95%. The total Teacher HIC OPEB liability is calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements.

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Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. 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, 2020, 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 Virginia Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, school divisions are assumed to contribute 100% 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	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. 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 7.11%, included expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the fiscal year 2020 actuarial valuations provide a median return of 6.81%.

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

The following presents the net OPEB liability using the discount rate of 6.75%, 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%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
HIC Net OPEB Liability	\$ 33,080,000	\$ 29,590,000	\$ 26,620,000

VRS HIC OPEB Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2020, the School Board recognized HIC OPEB expense of \$3,720,000. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportion and difference between contribution and proportionate rate	\$ -	\$ 2,647,183
Change in assumptions	545,602	150,796
Differences between expected and actual experience	-	368,578
Net difference between projected and actual earnings on Plan investments	122,309	-
Contributions after measurement date	2,249,618	-
	<u>\$ 2,917,529</u>	<u>\$ 3,166,557</u>

CITY OF NORFOLK, VIRGINIA
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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:		
2022	\$	(529,078)
2023		(516,956)
2024		(521,018)
2025		(448,018)
2026		(255,082)
2027-2031		(228,494)
	\$	<u>(2,498,646)</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 Plan that are not representative of the future contribution efforts are excluded in the determination of employers' proportionate shares. The School Board's total employer contribution into the HIC program for the years ended June 30, 2021 and June 30, 2020 were approximately \$2,220,000 and \$2,220,000, respectively.

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.

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2021

XIII. Interfund Receivable and Payable Balances

The composition of interfund activity as June 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount
General fund	Capital Projects fund	\$ 11,801,612
	Nonmajor Governmental funds	3,798,458
	Water Utility fund	372,795
	Total General fund	<u>\$ 15,972,865</u>
Capital Projects fund	Parking Facilities fund	<u>\$ 15,207,090</u>
	Total Capital Projects fund	<u>\$ 15,207,090</u>
	Total Governmental funds	<u>\$ 31,179,955</u>
Payable Fund	Receivable Fund	Amount
Capital Projects fund	General fund	\$ 11,801,612
	Total Capital Projects fund	<u>\$ 11,801,612</u>
Nonmajor Governmental funds	General fund	\$ 3,798,458
	Total Nonmajor Governmental funds	<u>\$ 3,798,458</u>
	Total Governmental funds	<u>\$ 15,600,070</u>
Payable Fund	Receivable Fund	Amount
Water Utility fund	General fund	\$ 372,795
	Total Water Utility fund	<u>\$ 372,795</u>
Parking Facilities fund	Capital Projects fund	\$ 15,207,090
	Total Parking Facilities fund	<u>\$ 15,207,090</u>
	Total Enterprise and Internal Service funds	<u>\$ 15,579,885</u>
	Total Due to Other funds	<u>\$ 31,179,955</u>

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XIV. Interfund Transfers

The outstanding balances between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursement occurs, (2) transactions are recorded in the accounting system and (3) payment between funds are made.

The following interfund transfers occurred during fiscal year 2021:

Fund	In	Out
General	\$ 24,382,000	\$ 92,690,071
Grants	5,026,104	
Capital Projects	4,361,247	1,683,962
Debt Service	91,393,726	-
Non-major Governmental	797,648	15,686,692
Storm Water Utility	-	-
Water Utility	-	8,500,000
Wastewater Utility	-	1,500,000
Parking Facilities	-	5,900,000
	<u>\$ 125,960,725</u>	<u>\$ 125,960,725</u>

The purpose of the transfer balances are as follows:

General fund transfers in of \$24,382,000 include \$8,500,000 from the Water Utility fund, \$1,500,000 from the Wastewater Utility fund, \$4,982,000 from the Tax Increment Financing special revenue fund, \$3,500,000 from the Public Amenities special revenue fund, and \$5,900,000 from the Parking Facilities fund.

The General fund transfers out of \$92,690,071 represent a transfer of \$85,689,034 to the Debt Service fund to fund general obligation debt, \$3,529,240 to the Grants special revenue fund in support of grant projects, \$2,861,247 to the Capital Projects fund as a contribution for the annual capital improvement plan budget, and \$610,550 to the Emergency Operations Center/911 special revenue fund.

The Grants special revenue fund received transfers in of \$5,026,104 as support of grant projects. The General fund transferred \$3,529,240 and the Capital Projects transferred \$1,496,864.

The Capital Projects fund transferred \$1,496,864 to the Grants special revenue fund for matching and \$187,098 to the Public Amenities special revenue fund. Capital projects transfers in included \$2,861,247 from the General fund and \$1,500,000 from the Tax Increment Financing special revenue fund.

Debt service transfers in of \$91,393,726 include \$4,865,735 from the Public Amenities special revenue fund, \$205,656 from the Towing & Recovery Operations special revenue fund, \$633,301 from the Waste Management special revenue fund and \$85,689,034 from the General fund to fund the current fiscal year's debt service payments.

The Public Amenities special revenue fund transferred \$3,500,000 to the General fund and \$4,865,735 to the Debt Service fund to cover its general obligation debt service cost.

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The Public Amenities special revenue fund transferred in \$187,098 from the Capital Projects fund.

The Towing & Recovery Operations special revenue fund transferred \$205,656 to the Debt Service fund to cover its general obligation debt service cost.

The Tax Increment Financing special revenue fund transferred \$4,982,000 to the General fund and \$1,500,000 to the Capital Projects fund.

The Water and Wastewater Utility funds transferred \$8,500,000 and \$1,500,000 to the General fund, respectively. The Parking Facilities fund transferred \$5,900,000 in cash and general obligation bond debt to the General fund.

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For the Year Ended June 30, 2021

XV. Fund Balance by Functional Category (GASB 54)

In the fund financial statements, fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balances are reported in five components as follows:

	General fund	Grants fund	Capital Projects fund	Non-major Governmental funds	Total Governmental funds
FUND BALANCES					
Nonspendable					
Inventory and Prepaid items	\$ 14,993	\$ 1,373,428	\$ -	\$ -	\$ 1,388,421
Total Nonspendable	14,993	1,373,428	-	-	1,388,421
Restricted					
General government	\$ 120,000	\$ 3,410.00	\$ -	\$ -	\$ 123,410
Judicial administration	-	79,914	-	-	79,914
Public safety	-	149,902	-	-	149,902
Public works	-	-	-	-	-
Health and public assistance	-	1,249,368	-	-	1,249,368
Culture and recreation	-	59,381	-	6,362,158	6,421,539
Community development	-	192,437	-	-	192,437
Total Restricted	120,000	1,734,412	-	6,362,158	8,216,570
Committed					
General government	7,194,809	-	-	-	7,194,809
Judicial administration	-	(399,071)	-	-	(399,071)
Public safety	-	57,367	-	-	57,367
Public works	-	1,687,009	-	-	1,687,009
Health and public assistance	7,209,330	180,034	-	-	7,389,364
Culture and recreation	-	902,135	-	37,803	939,938
Community development	2,000,000	520	-	-	2,000,520
Other purposes capital	-	-	-	-	-
Total Committed	16,404,139	2,427,994	-	37,803	18,869,936
Assigned					
General government	80,848,715	9,752	-	(9,752)	80,848,715
Judicial administration	-	(540,788)	-	550,540	9,752
Public safety	-	167,342	-	(708,130)	(540,788)
Public works	20,045	107,937	-	83,558	211,540
Health and public assistance	1,317,791	145,807	-	4,711,143	6,174,741
Culture and recreation	1,126,386	650,717	-	(504,910)	1,272,193
Community development	4,826,414	197,580	-	8,399,091	13,423,085
Education	26,717,899	-	-	-	26,717,899
- Other purposes	-	-	-	-	-
(FY-2021 Budget appropriation)	24,057,000	-	-	-	24,057,000
Total Assigned	138,914,250	738,347	-	12,719,120	152,371,717
Unassigned					
Other	75,541,491	-	(51,496,931)	-	24,044,560
Total Unassigned	75,541,491	-	(51,496,931)	-	24,044,560
Total fund balances	\$ 230,994,873	\$ 6,274,181	\$ (51,496,931)	\$ 19,119,081	\$ 204,891,204

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2021

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, 2021, are comprised of the following:

A. Unavailable Revenues

Deferred inflows in the General fund and nonmajor governmental funds, representing uncollected tax billings and other accounts receivable not available for funding of current expenditures, were \$37,155,702 and \$3,466,403, respectively as of June 30, 2021.

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 \$41,834,120 for governmental activities and \$35,054,267 for business-type activities that consists of a loss of \$10,973,167 for the Water Utility fund, \$4,124,925 for the Wastewater Utility fund, \$18,509,031 for the Parking Facilities fund and \$1,447,144 for the Storm Water Utility fund. Gains on the defeasance of debt are reported on the financial statements as deferred inflows of resources and were \$112,288 for governmental activities and \$666,409 for business-type activities, specifically \$8,865 for the Wastewater Utility fund, \$494,814 for the Parking Facilities fund and \$162,730 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 is amortized over a five-year period or estimated remaining service life. As June 30, 2021, the amount reported as governmental activities was \$11,467,465 (which includes the Fleet Management fund of \$139,733), and the amounts reported in business-type activities were \$879,066 for the Water Utility fund, \$208,657 for the Wastewater Utility fund, \$354,555 for the Parking Facilities fund and \$631,964 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 2021 that will not be reflected in the pension liabilities because they were made after the measurement date. The amounts included as deferred outflows of resources in the June 30, 2021 financial statements are \$220,205,732 for governmental activities (which includes \$1,144,500 in the Fleet Management fund), \$5,916,761 for the Water Utility fund, \$1,735,296 for the Wastewater Utility fund, \$988,113 for the Parking Facilities fund and \$1,901,266 for the Storm Water Utility fund.

CITY OF NORFOLK, VIRGINIA
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Deferred inflows and outflows related to pensions are summarized as follows:

	Governmental Funds	Internal Service Funds	Governmental Activities	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Business-Type Activities
ERS:								
Deferred Outflows	\$ 210,832,493	\$ 1,144,500	\$ 211,976,993	\$ 5,916,761	\$ 1,735,296	\$ 988,113	\$ 1,901,266	\$ 10,541,436
Deferred Inflows	(11,327,732)	(139,733)	(11,467,465)	(879,066)	(208,657)	(354,555)	(631,964)	(2,074,242)
	<u>\$ 199,504,761</u>	<u>\$ 1,004,767</u>	<u>\$ 200,509,528</u>	<u>\$ 5,037,695</u>	<u>\$ 1,526,639</u>	<u>\$ 633,558</u>	<u>\$ 1,269,302</u>	<u>\$ 8,467,194</u>
VRS:								
Deferred Outflows	\$ 8,228,739	\$ -	\$ 8,228,739	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows	-	-	-	-	-	-	-	-
	<u>\$ 8,228,739</u>	<u>\$ -</u>	<u>\$ 8,228,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total deferred outflows related to pensions			\$ 220,205,732					\$ 10,541,436
Total deferred inflows related to pensions			\$ (11,467,465)					\$ (2,074,242)

D. Deferred Inflows and Outflows Related to OPEB

Deferred inflows from OPEB-related items represent the difference between actual and estimated experience and changes in assumptions and are amortized over a seven-year period. As June 30, 2021, the amount reported as governmental activities was \$13,390,479 (which includes the Fleet Management fund of \$90,670), and the amounts reported in business-type activities were \$508,352 for the Water Utility fund, \$141,886 for the Wastewater Utility fund, \$118,592 for the Parking Facilities fund and \$211,251 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 2021 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, 2021 financial statements are \$38,725,679 for governmental activities (which includes \$426,835 in the Fleet Management fund), \$2,242,986 for the Water Utility fund, \$652,124 for the Wastewater Utility fund, \$393,885 for the Parking Facilities fund and \$712,433 for the Storm Water Utility fund.

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

	Governmental Funds	Internal Service Funds	Governmental Activities	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Business-Type Activities
City:								
Deferred Outflows - City	\$ 34,165,297	\$ 426,835	\$ 34,592,132	\$ 2,242,986	\$ 652,124	\$ 393,885	\$ 712,433	\$ 4,001,428
Deferred Inflows - City	(7,357,628)	(90,670)	(7,448,298)	(508,352)	(141,886)	(118,592)	(211,251)	(980,081)
	<u>\$ 26,807,669</u>	<u>\$ 336,165</u>	<u>\$ 27,143,834</u>	<u>\$ 1,734,634</u>	<u>\$ 510,238</u>	<u>\$ 275,293</u>	<u>\$ 501,182</u>	<u>\$ 3,021,347</u>
Line of Duty:								
Deferred Outflows - LOD	\$ 4,133,547	\$ -	\$ 4,133,547	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows - LOD	(5,942,181)	-	(5,942,181)	-	-	-	-	-
	<u>\$ (1,808,634)</u>	<u>\$ -</u>	<u>\$ (1,808,634)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total deferred outflows related to OPEB			\$ 38,725,679					\$ 4,001,428
Total deferred inflows related to OPEB			\$ (13,390,479)					\$ (980,081)

CITY OF NORFOLK, VIRGINIA
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XVII. Commitments and Contingencies

A. Capital Projects

Commitments for completion of capital projects in the business-type activities, authorized at June 30, 2021, are as follows:

Water Utility fund projects	\$ 31,516,133
Wastewater Utility fund projects	14,406,726
Parking Facilities fund projects	785,973
Storm Water Utility fund projects	3,397,928
Total	<u>\$ 46,708,832</u>

See Exhibit J-3 Schedule of Expenditures – Budget and Actual for listing of capital projects in the governmental activities, authorized at June 30, 2021.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Litigation

From time to time the City and its component units are defendants in a number of lawsuits. Although it is not possible to determine the final outcome on these matters, management and the City Attorney are of the opinion that the liability will not be material and will not have a significant effect on the City's financial condition.

CITY OF NORFOLK, VIRGINIA
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D. Pollution Remediation Obligation

GASB Statement No. 49, *Accounting and Financial Reporting or Pollution Remediation Obligations*, identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. According to the standard, a government would have to estimate its expected outlays for pollution remediation if it knows a site is polluted and any of the following recognition triggers occur:

- Pollution poses an imminent danger to the public or environment and the government has little or no discretion to avoid fixing the problem;
- A government has violated a pollution prevention related permit or license;
- A regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the clean-up;
- A 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 the government is legally required to complete).

At June 30, 2021, no significant liabilities existed for pollution remediation.

E. Encumbrances

Encumbrances as of June 30, 2021, in the General fund, Grant fund and Capital Projects fund totaled \$20,808,447, \$29,088,426 and \$43,456,572, respectively. Encumbrances as of June 30, 2021, for nonmajor governmental funds in the aggregate totaled \$47,977,987.

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) which 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.

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.

CITY OF NORFOLK, VIRGINIA
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XIX. Tax Abatements

As of June 30, 2021, 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. The details of these programs for the fiscal year ended June 30, 2021, are as follows:

		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, that is of the highest construction quality and architectural design complementing the surrounding area.	Intended to reduce business, professional and occupational license tax for technology-related businesses up to 5 years if they are established in the "Technology Zone."	A temporary exemption in business license tax is available to new businesses that locate in Norfolk after January 1, 2016.	Intended to reduce business utility taxes for a five-year period if they are located in the "Enterprise Zone (EZ)."	To incentive businesses to locate to 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%. B. Multi-family, commercial or industrial structure must be at least 40 years old and improvements will increase assessed value by at least 40%.	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.
6	"How recipients"	Through a reduction of the property's assessed value recipients will not	Through a reduction in business,	Reduction in business license tax.	Reduction in utility tax.	Taxes are reduced through performance grant

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		Tax Abatement Program	Technology Zone	New Business License Incentive Program	Local Utility Tax Relief	Economic Development Program
	taxes are reduced	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.	professional and occupational license.			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 11th year through 15th year following the start of the tax abatement as soon: • 11th year – 20% • 12th year – 40% • 13th year – 60% • 14th year – 80% • 15th year – 100%	Below is the schedule for the reduction of tax: • 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: • 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

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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.
10	Gross dollar amount, on accrual basis, by which the tax revenues were reduced due to the abatement	<u>2021</u> \$3,954,103	<u>2021</u> \$ -	<u>2021</u> \$-	<u>2021</u> \$-	<u>2021</u> \$2,098,651

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 2021 was \$10,999,011.

The City currently reports of all these activities as part of the risk management function in the general government section of the General fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. For actuarial purposes, estimated outstanding losses are the accrual cost of unpaid claims valued as of each accounting date. The estimated outstanding losses include case reserves, the development on known claims and incurred but not reported (IBNR) claims. Allocated loss adjustment expenses (ALAE) are the direct expenses for settling specific claims. ALAE is included in the workers' compensation estimates but excluded in the liability estimates. At June 30, 2021, these liabilities were estimated at \$36,098,411 with \$6,106,951 projected as the current portion anticipated to be paid within a year. Estimated liabilities at the end of fiscal year 2021 were determined by an independent actuary.

Effective January 1, 2014, the Norfolk Healthcare Consortium (Consortium) began participating in a City-administered health insurance fund, which is reflected as an internal service fund. The Consortium is comprised of the City, the Norfolk Public Schools and the Norfolk Redevelopment and Housing Authority. Each participating employee and employer deposit their respective premium into the fund. Medical claims, administrative costs, wellness programs costs, fees related to the Affordable Healthcare Act and benefit consultant costs are expended from the fund. Employee premiums from City departments are netted against related expenses as a recovered cost. The City has recorded \$7,540,700 for medical and pharmacy claims incurred, but not reported as of June 30, 2021. Payments from the Norfolk Public Schools are made in 10 payments per year instead of 12, so there is a portion recognized in the financial statements as unearned income. The unearned income as of June 30, 2021 was \$7,596,870. The City is

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

responsible for deficit conditions that may exist when liabilities exceed assets and may make additional assessments to Consortium members as needed.

Changes in the City's claims liability amount in the fiscal years 2021 and 2020 are as follows:

	Workers' Compensation and Risk Management		Health Insurance		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Estimated Outstanding Claims at the Beginning of Year	\$34,681,787	\$30,208,137	\$ 6,552,500	\$ 7,651,000	\$ 41,234,287	\$37,859,137
Additional Incurred Claims or Changes in Estimates	8,782,980	13,413,334	87,721,507	78,650,032	96,504,487	92,063,366
Claims Paid	(7,366,356)	(8,939,684)	(86,733,307)	(79,748,532)	(94,099,663)	(88,688,216)
Estimated Outstanding Claims at the End of Year	<u>\$36,098,411</u>	<u>\$34,681,787</u>	<u>\$ 7,540,700</u>	<u>\$ 6,552,500</u>	<u>\$ 43,639,111</u>	<u>\$41,234,287</u>

The City in its General fund has committed \$7,171,121 of fund balance to provide for risks of loss and claims payments that may not be fully covered by purchased insurance or annual budget appropriations. There have not been any significant reductions in insurance coverage and settled claims have not required the City to utilize its reserves in any of the past three fiscal years.

Norfolk Public Schools also self-insures its workers' compensation and general liability and its future expected self-insured losses as of June 30, 2021, projected at \$3,628,010 of which \$726,761 is the current portion and a longer-term projection of \$2,901,249. The NPS provides payments for that entity's risks of loss through a combination of purchased insurance policies and self-insurance plans. These losses are funded through the NPS operating budgets and/or the City's fund balance designation.

Changes in the School Board's liability amount in the fiscal years 2021 and 2020 are as follows:

	Total	
	<u>2021</u>	<u>2020</u>
Estimated Outstanding Claims at the Beginning of Year	\$ 3,886,945	\$ 4,163,163
Additional Incurred Claims or Changes in Estimates	610,532	986,745
Claims Paid	(869,467)	(1,262,963)
Estimated Outstanding Claims at the End of Year	<u>\$ 3,628,010</u>	<u>\$ 3,886,945</u>

XXI. Jointly Governed Organizations

A. Hampton Roads Regional Jail Authority (HRRJA)

HRRJA is a regional organization that includes the cities of Chesapeake, Hampton, Newport News, Norfolk and Portsmouth, created for the purpose of providing, operating and maintaining a regional jail facility for the correctional overflow from each community. HRRJA is a primary government, with no component units, that is a body politic and corporate created pursuant to Article 3.1, Chapter 3, Title 53.1 of the Code of Virginia, as amended, and is governed by a twelve-member Board of Directors, consisting of three representatives appointed by each of the member cities. The

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

budgeting and financing of HRRJA are subject to the approval of the Board of Directors, with each individual having a single vote. HRRJA is responsible for its own financial matters, maintains its own books of account and is audited annually by independent accountants that it engages.

The participating governments do not have an equity interest in the HRRJA, and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2021. Complete financial statements of HRRJA can be obtained from HRRJA.

B. Hampton Roads Planning District Commission (the Commission)

A regional planning agency authorized by the Virginia Area Development Act of 1968, was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. The Commission performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, and the counties of Gloucester, Isle of Wight, James City, Southampton and York. Revenue of the Commission is received primarily from member contributions and various state and federal grant programs.

The participating governments do not have an equity interest in the Commission, and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2021. Complete financial statements of the Commission can be obtained from the Commission.

C. Transportation District Commission of Hampton Roads (TDC)

TDC known as Hampton Roads Transit (HRBT) a political subdivision of the commonwealth, was formed on May 9, 1923, as a joint exercise of governmental power in accordance with Chapter 32 of Title 15.2 of the Code of Virginia. HRBT provides public transportation facilities and services within the cities of Norfolk, Chesapeake, Hampton, Newport News and Virginia Beach, Virginia. Oversight responsibility is exercised by the participating localities through their designated representatives. Responsibility for the day-to-day operation HRBT rests with professional management. HRBT was constructed the City's light rail system.

The participating governments do not have an equity interest in TDC, and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2021. Complete financial statements of TDC can be obtained from TDC.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 and the counties of Isle of Wight and Southampton, created for the purpose of providing, operating and maintaining a regional system for the collection, transfer, processing and disposal of solid waste refuse. SPSA is a primary government, with no component units, that is a public body politic and corporate created pursuant to the Virginia Water and Sewer Authorities Act, and is governed by a Board of Directors consisting of eight member representatives appointed by each of the member cities and counties. Budgeting and financing of SPSA is subject to the approval of the Board of Directors, with each individual having a single vote. The Authority is responsible for its own financial matters, maintains its own books of account and is audited annually by independent accountants that it engages.

The participating governments do not have an equity interest in SPSA, and accordingly, no equity interest has been reflected in the City's financial statements June 30, 2021. Complete financial statements of the SPSA can be obtained from SPSA.

B. The Slover Library Foundation (The Foundation)

The Slover Library Foundation, a not-for-profit organization, was formed on October 31, 2008, to participate in the funding of a central library for the City. The central library was named the Slover Library. Two historic downtown structures, the Seaboard Building and the Selden Arcade, were joined by an architecturally significant structure to create a new technologically advanced library. Funding provided by the Foundation in the future will be used for purchase and maintenance of technology used in the library. The Foundation designates its own management, maintains its own books of account, engages its own independent accountant and receives its revenue from third parties.

C. Norfolk Botanical Garden Society (The Society)

The City of Norfolk has an agreement with the Norfolk Botanical Garden Society to operate the Norfolk Botanical Garden that is owned by the City. This agreement expires on June 30, 2022. The Society receives annual funding from the City of Norfolk for improvements and operating costs.

XXIII. Related Organizations

A. Norfolk Redevelopment and Housing Authority (NRHA)

The Norfolk Redevelopment and Housing Authority (NRHA), a political subdivision of the Commonwealth, was created by the City on July 30, 1940, under the provisions of the United States Housing Act of 1937. NRHA provides subsidized public housing and administers redevelopment and conservation efforts within the City in accordance with State and federal legislation. The seven members of the Board of Commissioners are appointed by City Council. NRHA is responsible, through a contract with the City, for

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

the administration of such activities as community development and urban renewal. The City does not exercise a significant degree of oversight responsibility. The NRHA develops its own operating budget without approval from City Council and executes contracts on its own behalf. NRHA is responsible for its own financial matters as it maintains its own book of accounts, is audited annually by independent accountants it engages, and has authority over earnings, deficits and moneys other than City contract funds. The City contracts with NRHA to complete specific projects, generally capital improvement projects.

The City currently has two significant projects with the NRHA; (1) Waterside Redevelopment and (2) Conference center hotel and garage. The City conveyed ownership of Waterside to the NRHA and agreed to provide \$32 million in development support. NRHA will operate Waterside upon completion. The City and Professional Hospitality Resources, Inc. have constructed a conference center, hotel and parking garage that opened in fiscal year 2017. The City contributed up to \$64 million to the development costs. The conference center and garage will initially be owned by NRHA; however, ownership will revert to the City once all agreements have been finalized. The ownership of the garage reverted to the City in 2017.

B. Norfolk Airport Authority (The Authority)

Norfolk Airport Authority, a political subdivision of the Commonwealth, was created to operate an airport and to promote industrial growth and consists of both an Airport fund and an Investment fund. The Airport fund was established by the Authority to account for the operations of the Norfolk International Airport (the Airport). Revenue generated by airport operations is used to meet all operating expenses and to provide for payment of all principal and interest on debt of the Authority related to the Airport. The Investment fund was established by the Authority to provide for certain airport capital improvements. The Authority finances individual capital projects by issuing bonds or obtaining loans and intergovernmental grants in its own name and concurrently entering into leases that provide for payment of all principal and interest on the related obligations as they become due. Revenue includes rental income on non-airport property owned by the Authority and interest on investments. The Authority's Commissioners are appointed by City Council, but the Authority designates its own management and has oversight responsibility for its own fiscal matters. The City does not provide funds for the operations of the Authority and, pursuant to Section 144(q) of the City Charter, the Authority is required to submit its annual budget to the City Council for the purposes of information only. The City has the option to reacquire, without consideration, title to all property and equipment after payment by the Authority of all obligations relating to the 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 main purpose of the Museum is the advancement, encouragement and promotion of the study and appreciation of art. The Museum designates its own management, which is self-sustaining, maintains its own books of account, engages its own independent accountant, and receives its revenue from facility rental fees, patron membership, planned giving and from other independent grants. The City owns the museum building and provides support for its maintenance.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

D. The Hospital Authority of Norfolk (HAN)

The Hospital Authority of Norfolk, which has a nine-member Board of Commissioners appointed by City Council, is a tax-exempt, not-for-profit political subdivision of the Commonwealth created pursuant to an Agreement of Transfer dated July 1, 1998. HAN operates Lake Taylor Hospital as a long-term care facility licensed by the Virginia State Health Department to provide a continuum of patient care ranging from sub-acute hospital services to skilled nursing care.

XXIV. Subsequent Events

Closure of ERS

On May 13, 2021, City Council enacted an ordinance requiring that all new hires, both general and sworn public safety employees, participate in VRS effective January 1, 2022. It is expected that required contributions to ERS will grow over the next ten years or less by between \$5 and \$10 million as a result of the closure of ERS to new hires.

General Obligation Capital Improvement Bonds, Series 2021A (Tax-Exempt)
General Obligation Refunding Bonds, Series 2021B (Federally Taxable)

On August 12, 2021, the City completed a sale of two series of General Obligation Capital Improvement and Refunding Bonds in the aggregate principal amount of \$111,115,000 in at a true interest cost of 1.87% percent.

The City issued its \$74,220,000 General Obligation Capital Improvement Bonds, Series 2021A (Tax-Exempt) to finance capital improvement projects and provide long-term financing for expenditures that were previously funded on an interim basis.

In addition, the City issued \$36,895,000 of General Obligation Refunding Bonds, Series 2021B (Federally Taxable) to lower the interest cost on existing debt and achieve savings. The refunding generated a net present value savings \$2,548,768, or 8.56% of the original debt.

Line of Credit Amendment

On November 18, 2021, the City amended its existing credit agreement with Bank of America Merrill Lynch ("BAML") to extend the termination date of the Line of Credit from December 17, 2021, to November 18, 2023. The amendment also includes a change to the interest rate index to the Bloomberg Short-Term Bank Yield Index rate (BSBY) administered by Bloomberg Index Services Limited and published on the applicable Reuters screen page. The new tax-exempt borrowing rate will be 79 percent of BSBY, plus 33 basis points. The new taxable borrowing rate will be 100 percent of BSBY, plus 42 basis points. If the BSBY Rate is not available at such time for any reason or the Bank makes the determination to incorporate or adopt a new interest rate to replace the BSBY Rate in credit agreements, then the Bank shall replace the BSBY Rate with the daily Secured Overnight Financing Rate (SOFR) published on such date by the SOFR Administrator on the Federal Reserve Bank of New York's website. Additionally, the commitment fee on the unutilized portion of the Line of Credit will be waived.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

XXV. Adoption of New Accounting Pronouncements

The City adopted the following GASB pronouncements in fiscal year 2021:

- GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported by establishing criteria for identifying fiduciary activities of all state and local governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 92, *Omnibus 2020*. This objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues have been identified during the implementation of certain GASB Statements. Most of the requirements of this Statement are effective for reporting periods beginning after June 15, 2020.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR* to replace instances of *comprehensive annual financial report* and its acronym. The requirements of this Statement are effective for fiscal years ending after December 15, 2021.

XXVI. Accounting Pronouncements Issued, But Not Yet Implemented

The GASB has issued several pronouncements that will impact future financial presentations. Management has not determined what, if any, impact implementation of the following statements will have on the City.

- GASB Statement No. 87, *Leases*. The objective of this Statement is to improve accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period to enhance relevance and

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

comparability of information while simplifying the accounting. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

- GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement addresses the accounting and financial reporting implications that result from the replacement of IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement provides accounting and financial reporting requirements for those public-private and public-public partnerships that do not meet the definition of a service concession arrangement or are not within the scope of GASB Statement No. 87, as amended. This Statement also requires a government that engages in an availability payment arrangement that contains multiple components to recognize each component as a separate arrangement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain benefit plans; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for certain Section 457 plans. The requirements of this Statement for items (1) and (2) were immediately effective upon issuance in June of 2020. The requirements for item (3) are effective for fiscal years beginning after June 15, 2021.



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**REQUIRED SUPPLEMENTARY
INFORMATION
(*OTHER THAN MANAGEMENT'S
DISCUSSION & ANALYSIS*)**

(Unaudited)





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CITY OF NORFOLK
Norfolk Employees' Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios (unaudited)
For Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service Costs	\$ 26,978,000	\$ 26,372,000	\$ 25,146,000	\$ 26,310,000	\$ 25,919,058	\$ 25,467,399	\$ 24,578,759
Interest	96,458,000	94,853,000	92,517,000	86,974,000	84,710,490	82,839,251	80,203,196
Changes of benefit terms	-	-	11,698,000	590,000	568,480	352,800	20,689,842
Difference between expected and actual experience	(6,398,000)	(8,189,000)	(1,598,000)	(2,543,000)	(2,665,615)	(2,471,392)	(10,654,079)
Changes in assumptions	-	(7,031,000)	16,606,000	53,197,000	(6,508,735)	-	-
Benefits payments, including refunds of member contributions	(93,998,000)	(92,866,000)	(85,933,000)	(83,977,000)	(80,783,975)	(79,031,490)	(77,065,376)
Net change in total pension liability	23,040,000	13,139,000	58,436,000	80,551,000	21,239,703	27,156,568	37,752,342
Total pension liability - beginning	1,397,988,000	1,384,849,000	1,326,413,000	1,245,862,000	1,224,622,781	1,197,466,213	1,159,713,871
Total pension liability - ending	<u>\$ 1,421,028,000</u>	<u>\$ 1,397,988,000</u>	<u>\$ 1,384,849,000</u>	<u>\$ 1,326,413,000</u>	<u>\$ 1,245,862,484</u>	<u>\$ 1,224,622,781</u>	<u>\$ 1,197,466,213</u>
Plan Fiduciary Net Position							
Employer contributions	\$ 38,494,000	\$ 37,079,000	\$ 35,494,000	\$ 33,457,000	\$ 30,761,340	\$ 34,932,005	\$ 42,330,492
Employee contributions	10,209,000	10,009,000	9,859,000	9,450,000	8,733,481	4,914,726	1,671,644
Net investment income	5,737,000	55,313,000	72,662,000	111,228,000	3,278,018	16,596,553	157,291,834
Benefit payments, including refunds of member contributions	(93,998,000)	(92,866,000)	(85,933,000)	(83,977,000)	(80,783,975)	(79,031,489)	(77,065,376)
Administrative expense	(600,000)	(617,000)	(764,000)	(668,000)	(671,568)	(386,495)	(412,809)
Net change in fiduciary net position	(40,158,000)	8,918,000	31,318,000	69,490,000	(38,682,704)	(22,974,700)	123,815,785
Total net position - beginning	1,084,248,000	1,075,330,000	1,044,012,000	974,522,000	1,013,204,260	1,036,178,960	912,363,175
Total net position - ending	<u>\$ 1,044,090,000</u>	<u>\$ 1,084,248,000</u>	<u>\$ 1,075,330,000</u>	<u>\$ 1,044,012,000</u>	<u>\$ 974,521,556</u>	<u>\$ 1,013,204,260</u>	<u>\$ 1,036,178,960</u>
Net Pension Liability	<u>\$ 376,938,000</u>	<u>\$ 313,740,000</u>	<u>\$ 309,519,000</u>	<u>\$ 282,401,000</u>	<u>\$ 271,340,928</u>	<u>\$ 211,418,521</u>	<u>\$ 161,287,253</u>
Plan fiduciary net position as a percentage of the total pension liability	73.47%	77.56%	77.65%	78.71%	78.22%	82.74%	86.53%
Covered payroll	\$ 197,405,000	\$ 195,358,000	\$ 191,549,000	\$ 188,068,000	\$ 175,678,692	\$ 178,467,817	\$ 177,560,789
Net pension liability as a percentage of covered payroll	190.95%	160.60%	161.59%	150.16%	154.45%	118.46%	90.83%

*This schedule is intended to illustrate the requirement to show information for 10 years. Additional years will be included as they become available.

CITY OF NORFOLK
Norfolk Employees' Retirement System
Schedule of Employer Contributions (unaudited)
Last 10 Fiscal Years
(Amounts in thousands)

Fiscal Year	Actuarially Determined Required Contributions*	Employer Contributions*	Contribution Deficiency (Excess)	Employer's Covered Payroll **	Contributions as a % of Covered Payroll
2021	\$ 40,698	\$ 160,232	\$ (119,534)	\$ 200,484	79.92%
2020	38,494	38,494	-	197,405	19.50%
2019	37,079	37,079	-	195,358	18.98%
2018	35,494	35,494	-	191,549	18.53%
2017	33,457	33,457	-	188,068	17.79%
2016	30,761	30,761	-	175,679	17.51%
2015	38,263	34,932	3,331	178,468	19.57%
2014	42,330	42,330	-	177,561	23.84%
2013	41,466	41,466	-	184,062	22.53%
2012	42,828	42,828	-	167,593	25.55%

* The actuarially determined contribution and the employer contributions were adjusted for years prior to 2014 to retrospectively apply to the timing of recognition under GASB Statement No. 67.

** 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 years 2014 through 2021, the balances exclude payroll for active employees participating in DROP for which contributions are not made.

CITY OF NORFOLK
Virginia Retirement System State Constitutional Offices
Schedule of Changes in Net Pension Liability and Related Ratios (unaudited)
For Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service costs	\$ 3,744,655	\$ 3,476,583	\$ 3,318,884	\$ 3,487,288	\$ 3,496,157	\$ 3,531,000	\$ 3,600,000
Interest	7,692,139	7,340,551	6,992,769	6,689,417	6,370,584	6,001,000	5,574,000
Difference between expected and actual experience	628,451	(668,598)	(887,137)	(599,933)	(1,331,914)	(763,000)	-
Changes in assumptions	-	3,533,431	-	(893,223)	-	-	-
Benefits payments, including refunds of member contributions	(4,589,364)	(4,589,364)	(4,323,052)	(4,376,843)	(3,585,300)	(3,377,000)	(2,798,000)
Net change in total pension liability	7,475,881	9,092,603	5,101,464	4,306,706	4,949,527	5,392,000	6,376,000
Total pension liability - beginning	116,252,300	107,159,697	102,058,233	97,751,527	92,802,000	87,410,000	81,034,000
Total pension liability - ending	<u>\$ 123,728,181</u>	<u>\$ 116,252,300</u>	<u>\$ 107,159,697</u>	<u>\$ 102,058,233</u>	<u>\$ 97,751,527</u>	<u>\$ 92,802,000</u>	<u>\$ 87,410,000</u>
Plan Fiduciary Net Position							
Employer contributions	\$ 2,582,271	\$ 2,538,585	\$ 2,394,595	\$ 2,355,587	\$ 2,804,570	\$ 2,830,000	\$ 3,167,000
Employee contributions	1,379,532	1,365,984	1,316,482	1,362,997	1,357,832	1,373,000	1,422,000
Projected earnings on plan investments	2,111,228	6,951,171	7,206,612	10,677,625	1,525,201	3,742,000	10,933,000
Benefit payments, including refunds of member contributions	(4,589,364)	(4,589,364)	(4,323,052)	(4,376,843)	(3,585,300)	(3,377,000)	(2,798,000)
Administrative expense	(70,713)	(67,621)	(61,420)	(61,057)	(52,120)	(50,000)	(57,000)
Other	(2,517)	(4,399)	(6,456)	(9,527)	391	(3,000)	1,000
Net change in fiduciary net position	1,410,437	6,194,356	6,526,761	9,948,782	2,050,574	4,515,000	12,668,000
Total net position - beginning	110,210,473	104,016,117	97,489,356	87,540,574	85,490,000	80,975,000	68,307,000
Total net position - ending	<u>\$ 111,620,910</u>	<u>\$ 110,210,473</u>	<u>\$ 104,016,117</u>	<u>\$ 97,489,356</u>	<u>\$ 87,540,574</u>	<u>\$ 85,490,000</u>	<u>\$ 80,975,000</u>
Net Pension Liability	<u>\$ 12,107,271</u>	<u>\$ 6,041,827</u>	<u>\$ 3,143,580</u>	<u>\$ 4,568,877</u>	<u>\$ 10,210,953</u>	<u>\$ 7,312,000</u>	<u>\$ 6,435,000</u>
Plan fiduciary net position as a percentage of the total pension liability	90.21%	94.80%	97.07%	95.52%	89.55%	92.12%	92.64%
Covered payroll	\$ 29,006,741	\$ 28,350,756	\$ 27,469,101	\$ 26,351,750	\$ 27,083,985	\$ 26,861,778	\$ 26,952,068
Net Pension liability as a percentage of covered payroll	41.74%	21.31%	11.44%	17.34%	37.70%	27.22%	23.88%

*This schedule is intended to illustrate the requirement to show information for 10 years.
Additional years will be included as they become available.

See accompanying independent auditors' report

CITY OF NORFOLK
Virginia Retirement System State Constitutional Offices

Schedule of Employer Contributions (unaudited)

Last 10 Fiscal Years

(Amounts in thousands)

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	\$ 3,368	\$ 3,368	\$ -	\$ 29,119	11.57%
2020	2,582	2,582	-	29,007	8.90%
2019	2,539	2,539	-	28,351	8.96%
2018	2,394	2,394	-	27,470	8.71%
2017	2,356	2,356	-	26,352	8.94%
2016	2,805	2,805	-	27,084	10.36%
2015	2,830	2,830	-	26,862	10.54%
2014	3,167	3,167	-	26,952	11.75%
2013	3,135	3,135	-	27,300	11.48%
2012	3,212	3,212	-	24,677	13.02%

Note: Covered payroll prior to June 30, 2014, was calculated on payroll subject to pension coverage. Under Statement No. GASB 68, covered payroll should include total payroll for employees covered under pension plan whether that payroll is subject to pension coverage or not.

See accompanying independent auditors' report

SCHOOL BOARD OF THE CITY OF NORFOLK
A Component Unit of the City of Norfolk
Virginia Retirement System Teachers Retirement Plan
Schedule of the School Board's Proportionate Share of the Net Pension Liability (unaudited)
For Fiscal Years
(Amounts in thousands)

	2021	2020	2019	2018	2017	2016	2015
School Board's proportion of the Net Pension Liability	2.451%	2.545%	2.568%	2.701%	2.400%	2.430%	2.467%
School Board's proportionate share of the Net Pension Liability	\$ 309,003	\$ 290,090	\$ 260,983	\$ 283,848	\$ 336,787	\$ 305,901	\$ 298,089
Covered payroll	\$ 185,400	\$ 195,455	\$ 188,385	\$ 192,822	\$ 194,172	\$ 189,624	\$ 189,067
School Board's proportionate of the Net Pension Liability as a percentage of its covered payroll	167%	148%	139%	147%	173%	161%	158%
Plan fiduciary net position as a percentage of the total pension liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

*The schedule is intended to illustrate the requirement to show information for 10 years. Since 2015 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
A Component Unit of the City of Norfolk
Virginia Retirement System Teachers Retirement Plan
Schedule of School Board Contributions (unaudited)
Last 10 Fiscal Years
(Amounts in thousands)

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	\$ 30,900	\$ 30,900	\$ -	\$ 185,754	16.63%
2020	29,075	29,075	-	185,400	15.68%
2019	28,775	28,775	-	195,455	14.72%
2018	29,028	29,028	-	188,385	15.41%
2017	26,582	26,582	-	192,822	13.79%
2016	25,755	25,755	-	194,172	13.26%
2015	26,206	26,206	-	189,624	13.82%
2014	21,056	21,056	-	189,067	11.14%
2013	20,911	20,911	-	144,714	14.45%
2012	19,516	19,516	-	148,138	13.17%

Note: Covered payroll prior to June 30, 2014, was calculated on payroll subject to pension coverage. Under GASB Statement No. 68, covered payroll should include total payroll for employees covered under pension plan whether that payroll is subject to pension coverage or not.

SCHOOL BOARD OF THE CITY OF NORFOLK
A Component Unit of the City of Norfolk
Virginia Retirement System School Board Political Subdivisions
Schedule of Changes in the School Board's Net Pension Liability and Related Ratios (unaudited)
For Fiscal Years
(Amounts in thousands)

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability							
Service costs	\$ 1,548	\$ 1,498	\$ 1,504	\$ 1,552	\$ 1,527	\$ 1,563	\$ 1,530
Interest	6,173	6,129	6,054	5,976	5,891	5,770	5,586
Changes in assumptions	-	2,361	-	(850)	-	-	-
Difference between expected and actual experience	(135)	(1,066)	(2,076)	(646)	(1,511)	(1,027)	-
Benefits payments, including refunds of member contributions	(5,063)	(4,992)	(5,155)	(4,706)	(4,814)	(4,343)	(4,659)
Change in proportionate share	-	658	9	76	1	21	
Net change in total pension liability	2,523	4,588	336	1,402	1,094	1,984	2,457
Total Pension Liability - Beginning	93,986	89,398	89,062	87,660	86,566	84,582	82,125
Total Pension Liability - Ending	<u>\$ 96,509</u>	<u>\$ 93,986</u>	<u>\$ 89,398</u>	<u>\$ 89,062</u>	<u>\$ 87,660</u>	<u>\$ 86,566</u>	<u>\$ 84,582</u>
Plan Fiduciary Net Position							
Employer contributions	\$ 1,125	\$ 1,151	\$ 1,435	\$ 1,408	\$ 1,794	\$ 1,768	\$ 1,722
Employee contributions	832	845	814	807	800	785	775
Projected earnings on plan investments	1,636	5,486	5,851	8,877	1,248	3,321	10,151
Benefit payments, including refunds of member contributions	(5,063)	(4,994)	(5,155)	(4,706)	(4,814)	(4,343)	(4,659)
Administrative expense	(57)	(56)	(52)	(52)	(47)	(47)	(56)
Change in proportionate share	-	612	(2)	41	1	18	
Other	(2)	(3)	(36)	(17)	(17)	(11)	1
Net change in Fiduciary Net Position	(1,529)	3,041	2,855	6,358	(1,035)	1,491	7,934
Total Net Position - Beginning	86,217	83,176	80,321	73,963	74,998	73,507	65,573
Total Net Position - Ending	<u>\$ 84,688</u>	<u>\$ 86,217</u>	<u>\$ 83,176</u>	<u>\$ 80,321</u>	<u>\$ 73,963</u>	<u>\$ 74,998</u>	<u>\$ 73,507</u>
Net Pension Liability	<u>\$ 11,821</u>	<u>\$ 7,769</u>	<u>\$ 6,222</u>	<u>\$ 8,741</u>	<u>\$ 13,697</u>	<u>\$ 11,568</u>	<u>\$ 11,075</u>
Plan fiduciary net position as a percentage of the total pension liability	87.75%	91.73%	93.04%	90.19%	84.37%	86.64%	86.91%
Covered payroll	\$ 17,819	\$ 22,848	\$ 22,292	\$ 23,756	\$ 22,219	\$ 22,224	\$ 21,766
Net Pension liability as a percentage of covered payroll	66.34%	34.00%	27.91%	36.79%	61.65%	52.05%	50.88%

*The schedule is intended to illustrate the requirement to show information for 10 years. Since 2015 was the first year for presentation, no older data is available. However, additional years will be included as they become available.

See accompanying independent auditors' report

SCHOOL BOARD OF THE CITY OF NORFOLK
A Component Unit of the City of Norfolk
Virginia Retirement System School Board Political Subdivisions
Schedule of School Board Contributions (unaudited)
Last 10 Fiscal Years
(Amounts in thousands)

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	\$ 1,178	\$ 1,178	\$ -	\$ 17,140	6.87%
2020	1,212	1,212	-	17,819	6.80%
2019	1,195	1,195	-	22,848	5.23%
2018	1,435	1,435	-	22,292	6.44%
2017	1,408	1,408	-	23,756	5.93%
2016	1,794	1,794	-	22,219	8.07%
2015	1,768	1,768	-	22,224	7.96%
2014	1,722	1,722	-	21,766	7.91%
2013	1,734	1,734	-	15,661	11.07%
2012	1,858	1,858	-	14,818	12.54%

Note: Covered payroll prior to June 30, 2014, was calculated on payroll subject to pension coverage. Under Statement No. GASB 68, covered payroll should include total payroll for employees covered under pension plan whether that payroll is subject to pension coverage or not.

CITY OF NORFOLK
City OPEB Liability
Schedule of Changes in Total OPEB Liability and Related Ratios (unaudited)
For Fiscal Years

	2021	2020	2019	2018
Total OPEB Liability				
Service costs	\$ 3,409,119	\$ 4,029,985	\$ 2,485,855	\$ 2,638,578
Interest	1,323,007	1,461,628	1,178,923	864,633
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(3,450,033)	(5,055,352)	(2,005,011)	(1,413,447)
Changes in assumptions	37,661,645	1,272,010	3,702,351	1,815,771
Benefits payments, including refunds of member contributions	(1,383,661)	(1,355,887)	(1,223,511)	(1,247,913)
Net change in total OPEB liability	37,560,077	352,384	4,138,607	2,657,622
Total OPEB liability - beginning	36,796,180	36,443,796	32,305,189	29,647,567
Total OPEB liability - ending	<u>\$ 74,356,257</u>	<u>\$ 36,796,180</u>	<u>\$ 36,443,796</u>	<u>\$ 32,305,189</u>
Covered employee payroll	\$ 201,420,320	\$ 198,510,945	\$ 199,097,008	\$ 196,905,143
Net OPEB liability as a percentage of covered employee payroll	36.92%	18.54%	18.30%	16.41%

*The schedule is intended to illustrate the requirement to show information for 10 years. Since 2018 was the first year for presentation, no older data is available. However, additional years will be included as they become available.

CITY OF NORFOLK
City Line of Duty OPEB Liability
Schedule of Changes in Total OPEB Liability and Related Ratios (unaudited)
For Fiscal Years

	2021	2020	2019	2018
Total OPEB Liability				
Service costs	\$ 1,517,526	\$ 1,454,436	\$ 1,517,002	\$ 991,486
Interest	1,364,547	1,187,989	1,336,572	637,503
Changes of benefit terms	-	-	-	19,652,972
Difference between expected and actual experience	(1,985,552)	4,206,413	(3,476,174)	(2,397)
Changes in assumptions	1,418,301	2,507,435	(4,964,076)	(5,648,603)
Benefits payments, including refunds of member contributions	(1,189,977)	(1,007,750)	(1,030,394)	(822,158)
Net change in total OPEB liability	1,124,845	8,348,523	(6,617,070)	14,808,803
Total OPEB liability - beginning	38,824,691	30,476,168	37,093,238	22,284,435
Total OPEB liability - ending	<u>\$ 39,949,536</u>	<u>\$ 38,824,691</u>	<u>\$ 30,476,168</u>	<u>\$ 37,093,238</u>
Covered employee payroll	\$ 71,415,407	\$ 70,942,265	\$ 66,183,480	\$ 68,244,678
Net OPEB liability as a percentage of covered employee payroll	55.94%	54.73%	46.05%	54.35%

*The schedule is intended to illustrate the requirement to show information for 10 years. Since 2018 was the first year for presentation, no older data is available. However, additional years will be included as they become available.

CITY OF NORFOLK
School Board OPEB Liability
Schedule of Changes in Total OPEB Liability and Related Ratios (unaudited)
For Fiscal Years

	2021	2020	2019	2018
Total OPEB Liability				
Service costs	\$ 2,947,665	\$ 625,247	\$ 1,381,764	\$ 1,468,830
Interest	1,644,140	1,896,670	1,673,986	1,702,533
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(5,024,887)	(4,651,923)	3,627,408	(3,274,812)
Changes in assumptions	11,937,594	1,277,781	(1,794,422)	(10,475,847)
Benefits payments, including refunds of member contributions	(2,262,170)	(2,401,320)	(2,129,544)	(2,580,746)
Net change in total OPEB liability	9,242,342	(3,253,545)	2,759,192	(13,160,042)
Total OPEB liability - beginning	46,635,640	49,889,185	47,129,993	60,290,035
Total OPEB liability - ending	<u>\$ 55,877,982</u>	<u>\$ 46,635,640</u>	<u>\$ 49,889,185</u>	<u>\$ 47,129,993</u>
 Covered employee payroll	 \$ 185,123,319	 \$ 185,408,346	 \$ 193,211,731	 \$ 202,324,943
Net OPEB liability as a percentage of covered employee payroll	30.18%	25.15%	25.82%	23.29%

*The schedule is intended to illustrate the requirement to show information for 10 years. Since 2018 was the first year for presentation, no older data is available. However, additional years will be included as they become available.

SCHOOL BOARD OF THE CITY OF NORFOLK
A Component Unit of the City of Norfolk
Virginia Retirement System - Health Insurance Credit Program (HIC)
Schedule of the School Board's Share of the Net OPEB Liability (unaudited)
For Fiscal Years
(Amounts in thousands)

	2021	2020	2019	2018
School Board's proportion of contributions of the Net HIC OPEB Liability	2.12%	2.20%	2.57%	2.70%
School Board's proportionate share of the Net HIC OPEB Liability	\$ 29,588	\$ 28,802	\$ 28,146	\$ 29,296
Covered payroll	\$ 185,400	\$ 184,851	\$ 182,653	\$ 182,244
School Board's proportionate of the Net HIC OPEB Liability as a percentage of its covered payroll	15.96%	15.58%	15.41%	16.08%
Plan fiduciary net position as a percentage of the Total HIC OPEB Liability	9.95%	8.97%	8.08%	7.04%

*The schedule is intended to illustrate the requirement to show information for 10 years. Since 2018 was the first year for presentation, no older data is available. Additional years will be included as they become available.

*The amount presented have a measurement date of the previous fiscal year end.

SCHOOL BOARD OF THE CITY OF NORFOLK
A Component Unit of the City of Norfolk
Virginia Retirement System - Group Life Insurance Program (GLI) Teachers
Schedule of the School Board's Share of the Net OPEB Liability (unaudited)
For Fiscal Years
(Amounts in thousands)

	2021	2020	2019	2018
School Board's proportion of contributions of the Net GLI OPEB Liability	0.91%	0.95%	1.10%	1.16%
School Board's proportionate share of the Net GLI OPEB Liability	\$ 16,592	\$ 15,421	\$ 16,679	\$ 14,976
Covered payroll	\$ 185,408	\$ 185,315	\$ 183,561	\$ 183,561
School Board's proportionate of the Net GLI OPEB Liability as a percentage of its covered payroll	8.95%	8.32%	9.09%	8.16%
Plan fiduciary net position as a percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%

*The schedule is intended to illustrate the requirement to show information for 10 years. Since 2018 was the first year for presentation, no older data is available. Additional years will be included as they become available.

*The amount presented have a measurement date of the previous fiscal year end.

SCHOOL BOARD OF THE CITY OF NORFOLK
A Component Unit of the City of Norfolk
Virginia Retirement System - Group Life Insurance Program (GLI) Political Subdivisions
Schedule of the School Board's Share of the Net OPEB Liability (unaudited)
For Fiscal Years
(Amounts in thousands)

	2021	2020	2019	2018
School Board's proportion of contributions of the Net GLI OPEB Liability	0.09%	0.09%	0.09%	0.09%
School Board's proportionate share of the Net GLI OPEB Liability	\$ 1,462	\$ 1,503	\$ 1,392	\$ 1,185
Covered payroll	\$ 17,819	\$ 18,647	\$ 17,509	\$ 16,999
School Board's proportionate of the Net GLI OPEB Liability as a percentage of its covered payroll	8.20%	8.06%	7.95%	6.97%
Plan fiduciary net position as a percentage of the Total GLI OPEB Liability	52.60%	52.00%	51.22%	48.86%

*The schedule is intended to illustrate the requirement to show information for 10 years. Since 2018 was the first year for presentation, no older data is available. Additional years will be included as they become available.

*The amount presented have a measurement date of the previous fiscal year end.

SCHOOL BOARD OF THE CITY OF NORFOLK
A Component Unit of the City of Norfolk
Virginia Retirement System - Health Insurance Credit Program (HIC)
Schedule of School Board Contributions (unaudited)
Last 10 Fiscal Years
(Amounts in thousands)

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	\$ 2,250	\$ 2,250	-	\$ 185,754	1.21%
2020	2,225	2,225	-	185,400	1.20%
2019	2,181	2,181	-	184,851	1.18%
2018	2,219	2,181	38	182,653	1.21%
2017	2,242	2,023	219	182,244	1.23%
2016	2,163	1,943	220	183,289	1.18%
2015	2,119	1,903	216	179,564	1.18%
2014	2,096	1,989	107	179,148	1.17%
2013	2,074	1,968	106	177,281	1.17%
2012	1,837	1,021	816	170,096	1.08%

*The schedule will eventually report 10 years of data as the information becomes available.

SCHOOL BOARD OF THE CITY OF NORFOLK
A Component Unit of the City of Norfolk
Virginia Retirement System - Group Life Insurance Program (GLI) Teachers
Schedule of School Board Contributions (unaudited)
Last 10 Fiscal Years
(Amounts in thousands)

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	\$ 2,509	\$ 2,509	\$ -	\$ 185,754	1.35%
2020	1,115	1,115	-	185,408	0.60%
2019	968	968	-	185,315	0.52%
2018	928	928	-	183,561	0.51%
2017	714	714	-	183,561	0.39%
2016	981	888	93	185,045	0.53%
2015	958	868	90	180,745	0.53%
2014	957	866	91	180,487	0.53%
2013	949	860	89	179,135	0.53%
2012	757	482	275	172,021	0.44%

*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% for the employer and 60% 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% of the total premiums paid by the school board.

SCHOOL BOARD OF THE CITY OF NORFOLK
A Component Unit of the City of Norfolk
Virginia Retirement System - Group Life Insurance Program (GLI) Political Subdivisions
Schedule of School Board Contributions (unaudited)
Last 10 Fiscal Years
(Amounts in thousands)

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	\$ 234	\$ 234	\$ -	\$ 17,140	1.37%
2020	94	94	-	17,819	0.53%
2019	94	94	-	18,647	0.50%
2018	91	91	-	17,509	0.52%
2017	88	88	-	16,999	0.52%
2016	88	79	9	16,511	0.53%
2015	86	78	8	16,184	0.53%
2014	84	76	8	15,912	0.53%
2013	84	76	8	15,890	0.53%
2012	67	42	25	15,154	0.44%

*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% for the employer and 60% 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% of the total premiums paid by the school board.

CITY OF NORFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended JUNE 30, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

B. VRS Retirement Plan for Political Subdivisions

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

CITY OF NORFOLK, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended JUNE 30, 2021

C. 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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

D. 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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 are as follows:

Mortality Rates	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

CITY OF NORFOLK, VIRGINIA

Exhibit E-1

**Schedule of Revenue, Budget and Actual (Unaudited)
General Fund
For the Year Ending June 30, 2021**

	Original Budget	Final Budget	Budget Basis Actual	Positive (negative) Variance with Final Budget
General property taxes	\$ 311,526,200	\$ 311,526,200	\$ 321,256,588	\$ 9,730,388
Other local taxes	143,126,000	143,126,000	165,042,172	21,916,172
Permits, privilege fees and licenses	3,214,000	3,214,000	3,495,082	281,082
Fines and forfeitures	1,201,000	1,201,000	977,880	(223,120)
Use of money and property	7,543,055	7,543,055	6,059,279	(1,483,776)
Charges for services	23,539,021	23,539,021	19,582,845	(3,956,176)
Miscellaneous revenue	8,983,473	8,983,473	24,704,813	15,721,340
Recovered costs	10,880,725	10,880,725	10,109,571	(771,154)
Non-categorical aid - Virginia	34,146,200	34,146,200	37,783,449	3,637,249
Shared expense - Virginia	21,930,000	22,115,696	21,960,917	(154,779)
Categorical aid - Virginia	278,285,660	278,285,660	273,182,194	(5,103,466)
Categorical aid - Federal	8,736,882	8,736,882	7,355,358	(1,381,524)
Other sources and transfers	30,368,000	35,568,000	36,668,000	1,100,000
Total revenue budget	\$ 883,480,216	\$ 888,865,912	\$ 928,178,148	\$ 39,312,236

Exhibit E-1 for GASB 54 includes the General Fund, the Nauticus Fund and the Community Services Board.

CITY OF NORFOLK, VIRGINIA

Exhibit E-2

**Schedule of Expenditures, Budget and Actual (Unaudited)
General Fund
For the Year Ending June 30, 2021**

	Original Budget	Final Budget	Budget Basis Actual	Positive (negative) Variance with Final Budget
Legislative	\$ 5,274,627	\$ 5,263,733	\$ 4,189,744	\$ 1,073,989
Executive	10,555,078	10,821,078	8,913,047	1,908,031
Department of Law	5,024,632	5,024,632	4,676,807	347,825
Constitutional Officers	49,931,416	50,117,112	47,645,030	2,472,082
Judicial	1,357,910	1,434,910	1,282,747	152,163
Elections	1,007,964	1,237,964	1,220,705	17,259
General Management	50,949,863	52,160,486	50,680,097	1,480,389
Community Development	11,548,033	11,603,033	10,866,908	736,125
Parks, Recreation and Culture	36,184,766	36,284,766	32,822,282	3,462,484
Central and Outside Agency Appropriations	59,725,931	82,755,184	71,250,755	11,504,429
Public Health and Assistance	79,677,741	80,017,741	71,565,920	8,451,821
Public Safety	126,663,507	101,848,525	97,786,357	4,062,168
Public Works	16,496,914	16,406,914	13,962,227	2,444,687
Transit	11,934,317	11,942,317	11,911,286	31,031
Debt service	79,999,236	79,999,236	84,126,118	(4,126,882)
Public School Education	337,148,281	341,948,281	309,375,786	32,572,495
Total expenditure budget	<u>\$ 883,480,216</u>	<u>\$ 888,865,912</u>	<u>\$ 822,275,816</u>	<u>\$ 66,590,096</u>

Exhibit E-2 for GASB 54 includes the General Fund, the Nauticus Fund and the Community Services Board.

CITY OF NORFOLK, VIRGINIA
Notes to Required Supplementary Information
Reconciliation of (non-GAAP) Budgetary Basis to GAAP (Unaudited)
For the Year Ending June 30, 2021

	General Fund
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from Exhibit E-1	\$ 928,178,148
Differences--budget to GAAP:	
The effects of accounting for school revenue as a component unit	(207,728,780)
The effects of accounting for transfer from fund balance	(12,286,000)
General fund transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(24,382,000)
The effects of reclassification of recovered costs	(10,109,571)
Gross proceeds from other financing sources	(15,479,340)
Total revenues as reported on the Statement of Revenues, Expenditure and Changes in Fund Balances - Governmental Funds	<u>\$ 658,192,457</u>
<u>Uses/outflows of resources:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from Exhibit E-2	\$ 822,275,816
Differences--budget to GAAP:	
The effects of accounting for school expenditures as a component unit	(187,140,256)
The effects of accounting for Special Revenue fund as a non major fund	-
The effects of reclassification of recovered costs	(10,109,571)
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	(2,751,955)
General fund transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes	(92,690,071)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 529,583,963</u>

There were no material violations of the annual appropriated budget for the General fund for fiscal year 2021.

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

**~ Nonmajor Governmental Funds ~
~ Agency Funds ~
~ Internal Service 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 ~**





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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 & 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.

Emergency Operations Center/911 Fund: To account for the operation of the City's emergency operations center/911.

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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CITY OF NORFOLK, VIRGINIA
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

Exhibit F-1

										Total Special Revenue	Endowed Care Fund	Nonmajor Governmental Funds
	Towing	Waste Management	Community Development	Cemeteries	Golf	Public Amenities	EOC/ 911	Tax Increment	Resiliency			
ASSETS												
Cash and short-term investments	\$ 329,363	\$ 3,964,080	\$ -	\$ 202,190	\$ 300,492	\$ 6,737,591	\$ 183,641	\$ -	\$ -	\$ 11,717,357	\$ 6,361,618	\$ 18,078,975
Receivables, net	14,820	3,748,531	415,597	46,885	-	859,384	-	-	-	5,085,217	540	5,085,757
Accrued investment income	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	1,196,540	-	-	-	-	-	9,639,311	10,835,851	-	10,835,851
Prepaid	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	256,491	-	-	-	-	-	-	256,491	-	256,491
Total assets	<u>\$ 344,183</u>	<u>\$ 7,712,611</u>	<u>\$ 1,868,628</u>	<u>\$ 249,075</u>	<u>\$ 300,492</u>	<u>\$ 7,596,975</u>	<u>\$ 183,641</u>	<u>\$ -</u>	<u>\$ 9,639,311</u>	<u>\$ 27,894,916</u>	<u>\$ 6,362,158</u>	<u>\$ 34,257,074</u>
LIABILITIES, DEFERRED INFLOWS												
Vouchers payable	\$ 59,905	\$ 1,757,796	\$ 720,286	\$ 18,298	\$ -	\$ -	\$ 41,100	\$ -	\$ 2,056,613	\$ 4,653,998	\$ -	\$ 4,653,998
Contract retainage	-	-	175,088	-	-	-	-	-	2,740,802	2,915,890	-	2,915,890
Accrued payroll	10,376	124,417	-	26,162	-	-	118,388	-	-	279,343	-	279,343
Notes payable	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	3,798,458	3,798,458	-	3,798,458
Due To Other Governments	-	-	-	-	-	-	-	-	-	-	-	-
Due to Component Units	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	23,901	-	-	-	-	-	-	-	-	23,901	-	23,901
Total liabilities	<u>94,182</u>	<u>1,882,213</u>	<u>895,374</u>	<u>44,460</u>	<u>-</u>	<u>-</u>	<u>159,488</u>	<u>-</u>	<u>8,595,873</u>	<u>11,671,590</u>	<u>-</u>	<u>11,671,590</u>
DEFERRED INFLOWS OF RESOURCES												
Revenue not available for current obligation	-	1,331,386	973,254	118,325	-	-	-	-	1,043,438	3,466,403	-	3,466,403
FUND BALANCES												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	6,362,158	6,362,158
Committed	-	-	-	-	37,803	-	-	-	-	37,803	-	37,803
Assigned	250,001	4,499,012	-	86,290	262,689	7,596,975	24,153	-	-	12,719,120	-	12,719,120
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>250,001</u>	<u>4,499,012</u>	<u>-</u>	<u>86,290</u>	<u>300,492</u>	<u>7,596,975</u>	<u>24,153</u>	<u>-</u>	<u>-</u>	<u>12,756,923</u>	<u>6,362,158</u>	<u>19,119,081</u>
Total liabilities and fund balances	<u>\$ 344,183</u>	<u>\$ 7,712,611</u>	<u>\$ 1,868,628</u>	<u>\$ 249,075</u>	<u>\$ 300,492</u>	<u>\$ 7,596,975</u>	<u>\$ 183,641</u>	<u>\$ -</u>	<u>\$ 9,639,311</u>	<u>\$ 27,894,916</u>	<u>\$ 6,362,158</u>	<u>\$ 34,257,074</u>

CITY OF NORFOLK, VIRGINIA

Exhibit F-2

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ending June 30, 2021**

										Total Special Revenue	Endowed Care Fund	Total Nonmajor Governmental Funds
	Towing	Waste Management	Community Development	Cemeteries	Golf	Public Amenities	EOC/ 911	Tax Increment	Resiliency			
REVENUES												
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,482,000	\$ -	\$ 6,482,000	\$ -	\$ 6,482,000
Other local taxes	-	-	-	-	-	6,602,868	3,571,596	-	-	10,174,464	-	10,174,464
Use of money and property	-	11,045	-	-	-	-	-	-	-	11,045	64,563	75,608
Charges for services	1,421,036	22,359,960	-	1,635,948	43,308	-	91	-	-	25,460,343	242,790	25,703,133
Miscellaneous	639	49,838	26,288	3,017	-	-	-	-	456,562	536,344	-	536,344
Intergovernmental:										-		
Commonwealth of Virginia	-	-	-	-	-	15,089	1,286,186	-	-	1,301,275	-	1,301,275
Federal government	3,492	-	9,204,576	-	-	-	-	-	37,302,803	46,510,871	-	46,510,871
Total revenue	1,425,167	22,420,843	9,230,864	1,638,965	43,308	6,617,957	4,857,873	6,482,000	37,759,365	90,476,342	307,353	90,783,695
EXPENDITURES												
General government	-	-	-	-	-	238,064	-	-	-	238,064	-	238,064
Public safety	-	-	-	-	-	-	5,397,987	-	-	5,397,987	-	5,397,987
Public works	981,495	20,385,849	-	-	-	-	-	-	-	21,367,344	-	21,367,344
Health and public assistance	-	-	1,210,888	-	-	-	-	-	-	1,210,888	-	1,210,888
Cultural and recreation	-	-	-	1,535,198	9,000	-	-	-	-	1,544,198	-	1,544,198
Community Development	-	-	8,019,976	-	-	-	-	-	37,759,365	45,779,341	-	45,779,341
Total expenditures	981,495	20,385,849	9,230,864	1,535,198	9,000	238,064	5,397,987	-	37,759,365	75,537,822	-	75,537,822
Excess (deficiency) of revenue over (under) expenditures	443,672	2,034,994	-	103,767	34,308	6,379,893	(540,114)	6,482,000	-	14,938,520	307,353	15,245,873
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	-	-	187,098	610,550	-	-	797,648	-	797,648
Transfers out	(205,656)	(633,301)	-	-	-	(8,365,735)	-	(6,482,000)	-	(15,686,692)	-	(15,686,692)
Total other financing sources and (uses)	(205,656)	(633,301)	-	-	-	(8,178,637)	610,550	(6,482,000)	-	(14,889,044)	-	(14,889,044)
SPECIAL ITEMS												
Contribution to Storm Water Utility fund	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources and (uses) and special items	(205,656)	(633,301)	-	-	-	(8,178,637)	610,550	(6,482,000)	-	(14,889,044)	-	(14,889,044)
Net change in fund balances	238,016	1,401,693	-	103,767	34,308	(1,798,744)	70,436	-	-	49,476	307,353	356,829
Fund balances--beginning	11,985	3,097,319	-	(17,477)	266,184	9,395,719	(46,283)	-	-	12,707,447	6,054,805	18,762,252
Fund balances--ending	\$ 250,001	\$ 4,499,012	\$ -	\$ 86,290	\$ 300,492	\$ 7,596,975	\$ 24,153	\$ -	\$ -	\$ 12,756,923	\$ 6,362,158	\$ 19,119,081

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 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 and Pre-65 Retirees.





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CITY OF NORFOLK, VIRGINIA

Exhibit G-1

**Combining Statement of Net Position - Internal Service Funds
June 30, 2021**

	Healthcare	Fleet Management	Total
ASSETS			
Current assets:			
Cash and short-term investments	\$ 5,940,107	\$ 2,159,951	\$ 8,100,058
Receivables, net	8,738,056	184,905	8,922,961
Due from other funds	-	-	-
Due from component unit	-	-	-
Due from agency fund	-	-	-
Total current assets	<u>14,678,163</u>	<u>2,344,856</u>	<u>17,023,019</u>
Noncurrent assets:			
Capital assets:			
Land	-	415,000	415,000
Buildings and equipment, net	-	12,434,194	12,434,194
Accumulated depreciation	-	(9,003,445)	(9,003,445)
Total noncurrent assets	<u>-</u>	<u>3,845,749</u>	<u>3,845,749</u>
Deferred outflows of resources			
Related to pensions	-	1,144,500	1,144,500
Related to OPEB	-	426,835	426,835
Total assets	<u><u>\$ 14,678,163</u></u>	<u><u>\$ 7,761,940</u></u>	<u><u>\$ 22,440,103</u></u>
LIABILITIES			
Current liabilities:			
Vouchers payable	\$ 543,139	\$ 649,826	\$ 1,192,965
Unearned revenue	7,596,870	-	7,596,870
Due to agency fund	-	-	-
Compensated absences	23,072	135,381	158,453
Accrued payroll	17,745	59,122	76,867
Obligations for employees' retirement	-	-	-
Internal balances	-	-	-
Other liabilities	7,540,700	-	7,540,700
Total current liabilities	<u>15,721,526</u>	<u>844,329</u>	<u>16,565,855</u>
Noncurrent liabilities:			
Compensated absences	17,906	105,070	122,976
Net pension liability	-	4,179,446	4,179,446
Net OPEB liability	-	824,459	824,459
Total noncurrent liabilities	<u>17,906</u>	<u>5,108,975</u>	<u>5,126,881</u>
Deferred inflows of resources			
Related to pensions	-	139,733	139,733
Related to OPEB	-	90,670	90,670
Total deferred inflows	<u>-</u>	<u>230,403</u>	<u>230,403</u>
Total liabilities	<u><u>\$ 15,739,432</u></u>	<u><u>\$ 6,183,707</u></u>	<u><u>\$ 21,923,139</u></u>
NET POSITION			
Net investment in capital assets	\$ -	\$ 3,845,749	\$ 3,845,749
Unrestricted	<u>(1,061,269)</u>	<u>(2,267,516)</u>	<u>(3,328,785)</u>
Total net position	<u><u>\$ (1,061,269)</u></u>	<u><u>\$ 1,578,233</u></u>	<u><u>\$ 516,964</u></u>

CITY OF NORFOLK, VIRGINIA

Exhibit G-2

**Combining Statement of Revenues, Expenses and
Changes in Fund Net Position - Internal Service Funds
For the Year Ended June 30, 2021**

	Healthcare	Fleet Management	Total
OPERATING REVENUES			
Charges for services	\$ 84,891,976	\$ 10,474,496	\$ 95,366,472
Miscellaneous	-	62,152	62,152
Total operating revenues	84,891,976	10,536,648	95,428,624
OPERATING EXPENSES			
Personal services	601,932	2,427,815	3,029,747
Healthcare costs	86,119,093	-	86,119,093
Cost of goods sold	-	2,402,071	2,402,071
Plant operations	-	4,576,041	4,576,041
Depreciation and amortization	-	322,678	322,678
Retirement and OPEB expense	10,962	927,408	938,370
Other	1,320	347,258	348,578
Total operating expenses	86,733,307	11,003,271	97,736,578
Operating income (loss)	(1,841,331)	(466,623)	(2,307,954)
NONOPERATING REVENUE			
Capital contributions	-	1,318,117	1,318,117
Total nonoperating revenue	-	1,318,117	1,318,117
Net income (loss)	(1,841,331)	851,494	(989,837)
Net change in net position	(1,841,331)	851,494	(989,837)
Net position - beginning	780,062	726,739	1,506,801
Net position - ending	\$ (1,061,269)	\$ 1,578,233	\$ 516,964

CITY OF NORFOLK, VIRGINIA

Exhibit G-3

Combining Statement of Cash Flows - Internal Service Funds For the Year Ended June 30, 2021

	Healthcare	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 78,564,221	\$ 10,516,762	\$ 89,080,983
Payments to employees	-	(2,877,807)	(2,877,807)
Payments to suppliers	(85,736,149)	(6,867,645)	(92,603,794)
Other payments	-	(347,258)	(347,258)
Net cash provided by (used in) operating activities	<u>(7,171,928)</u>	<u>424,052</u>	<u>(6,747,876)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund activity	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases of capital assets	-	-	-
Capital Contributions	-	-	-
Net cash provided by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and short-term investments	(7,171,928)	424,052	(6,747,876)
Cash and short-term investments - beginning of the year	<u>13,112,035</u>	<u>1,735,899</u>	<u>14,847,934</u>
Cash and short-term investments - end of the year	<u><u>\$ 5,940,107</u></u>	<u><u>\$ 2,159,951</u></u>	<u><u>\$ 8,100,058</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities			
Operating income (loss)	\$ (1,841,331)	\$ (466,623)	\$ (2,307,954)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	322,678	322,678
Effect of changes in assets, deferred outflows and liabilities and deferred inflows:			
Receivables, net	(3,818,812)	(19,886)	(3,838,698)
Prepaid expenses	-	-	-
Vouchers payable	947,520	110,467	1,057,987
Accrued payroll	49,638	(38,519)	11,119
Net pension liability	-	515,935	515,935
Unearned revenue	(2,508,943)	-	(2,508,943)
Net cash provided by (used in) operating activities	<u><u>\$ (7,171,928)</u></u>	<u><u>\$ 424,052</u></u>	<u><u>\$ (6,747,876)</u></u>
Noncash investing, capital, and financing activities:			
Capital contributions	<u><u>\$ -</u></u>	<u><u>\$ 1,318,117</u></u>	<u><u>\$ 1,318,117</u></u>
Acquisition of capital assets through change in capital contributions			



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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), 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:

Other Custodial Fund; to account for other monies held for private organizations and other funds including Sheriff's inmate funds and funds held on behalf of employees.

Commonwealth of Virginia; to account for monies on deposit with the City Treasurer held for the Treasurer of the Commonwealth of Virginia.





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CITY OF NORFOLK, VIRGINIA
Combining Statement of Net Position - Fiduciary Funds
June 30, 2021
(unaudited)

Exhibit H-1

	Pension Trust Fund Employees' Retirement System	Pension Funding Trust	Other Custodial	Commonwealth of Virginia	Total
ASSETS					
Cash and short-term investments	\$ 37,958,000	\$ 90,446,510	\$ 10,803,039	\$ 202,612	\$ 139,410,161
Investments, fair value:					
United States Treasury securities	71,863,000	-	-	-	71,863,000
Fixed income securities	118,431,000	-	-	-	118,431,000
Equity securities	111,244,000	-	-	-	111,244,000
Future/options/swaps	(281,000)	-	-	-	(281,000)
Balanced commingled funds:					
Equity	779,941,000	-	-	-	779,941,000
Fixed income	243,752,000	-	-	-	243,752,000
Real estate	81,595,000	-	-	-	81,595,000
Total investments	1,444,503,000	90,446,510	10,803,039	202,612	1,545,955,161
Receivables:					
Accounts, net of allowance for uncollectible accounts	-	-	-	-	-
Accrued investment income	1,093,000	-	-	-	1,093,000
Due from broker for securities sold	41,922,000	-	-	-	41,922,000
Other	-	-	50,779	-	50,779
Total assets	1,487,518,000	90,446,510	10,853,818	202,612	1,589,020,940
LIABILITIES					
Vouchers payable	2,112,000	-	614,621	-	2,726,621
Due to brokers for securities purchased	96,537,000	-	-	-	96,537,000
Due to governmental funds	-	-	-	-	-
Due to other agencies	-	-	10,239,197	202,612	10,441,809
Total liabilities	98,649,000	-	10,853,818	202,612	109,705,430
NET POSITION	<u>\$ 1,388,869,000</u>	<u>\$ 90,446,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,479,315,510</u>

CITY OF NORFOLK, VIRGINIA
Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2021
(unaudited)

Exhibit H-2

	Pension Trust Fund Employees' Retirement System	Pension Funding Trust	Other Custodial	Commonwealth of Virginia	Total
Changes to net position attributed to:					
Additions:					
Investment income:					
Net appreciation in fair value of investments	\$ 260,275,000	\$ -	\$ -	\$ -	\$ 260,275,000
Interest	5,264,000	-	-	-	5,264,000
Dividends	6,014,000	-	-	-	6,014,000
Other	939,000	-	-	-	939,000
	<u>272,492,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,492,000</u>
Less investment expense	(2,140,000)	-	-	-	(2,140,000)
Less other	-	-	-	-	-
Net investment income	<u>270,352,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270,352,000</u>
	-	-	-	-	-
Employer contributions	160,252,000	90,446,510	-	-	250,698,510
Employee contributions	9,712,000	-	-	-	9,712,000
Purchase of service	655,000	-	-	-	655,000
Custodial fund additions	-	-	2,013,574	7,952,213	9,965,787
Total Additions	<u>440,971,000</u>	<u>90,446,510</u>	<u>2,013,574</u>	<u>7,952,213</u>	<u>541,383,297</u>
Deductions:					
Benefit payments and expenses:					
Refunds of contributions	923,000.00	-	-	-	923,000
Benefits paid to plan members and benefi	94,649,000	-	-	-	94,649,000
Administrative costs	620,000	-	-	-	620,000
Custodial fund deductions	-	-	2,013,574	7,952,213	9,965,787
Total Deductions	<u>96,192,000</u>	<u>-</u>	<u>2,013,574</u>	<u>7,952,213</u>	<u>106,157,787</u>
Net increase in net position	<u>344,779,000</u>	<u>90,446,510</u>	<u>-</u>	<u>-</u>	<u>435,225,510</u>
Net position restricted for pensions:					
Net position - beginning	1,044,090,000	-	-	-	1,044,090,000
Net Position - ending	<u>\$ 1,388,869,000</u>	<u>\$ 90,446,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,479,315,510</u>

SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL –

~Special Revenue Funds~

~Internal Service Funds~

~Capital Projects Fund~

~Grants Fund~





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**Schedule of Revenues and Expenditures - Budget and Actual
Towing & Recovery Operations Special Revenue Fund
For the Year Ending June 30, 2021**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Use of money and property	\$ 335	\$ -	\$ (335)
Charges for services	1,655,000	1,421,036	(233,964)
Intergovernmental federal	-	3,492	3,492
Miscellaneous	100	639	539
Total revenue	<u>\$ 1,655,435</u>	<u>\$ 1,425,167</u>	<u>\$ (230,268)</u>
Expenditures and transfers:			
Towing and recovery	1,453,127	981,495	\$ 471,632
Transfer out	202,308	205,656	(3,348)
Total expenditures	<u>\$ 1,655,435</u>	<u>\$ 1,187,151</u>	<u>\$ 468,284</u>

**Schedule of Revenues and Expenditures - Budget and Actual
Golf Special Revenue Fund
For the Year Ending June 30, 2021**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Charges for services	\$ 15,000	\$ 43,308	\$ 28,308
Total revenue	<u>\$ 15,000</u>	<u>\$ 43,308</u>	<u>\$ 28,308</u>
Expenditures:			
Golf operations	15,000	9,000	6,000
Total expenditures	<u>\$ 15,000</u>	<u>\$ 9,000</u>	<u>\$ 6,000</u>

**Schedule of Revenues and Expenditures - Budget and Actual
Emergency Operations Special Revenue Fund (EOC 911)
For the Year Ending June 30, 2021**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Other local taxes	\$ 3,571,596	\$ 3,571,596	\$ -
Charges for services	4,500	91	(4,409)
Recovered cost	1,164,593	1,286,186	121,593
Commonwealth of Virginia	113,617	-	(113,617)
Transfer in	1,364,343	610,550	(753,793)
Total revenue	<u>\$ 6,218,649</u>	<u>\$ 5,468,423</u>	<u>\$ (750,226)</u>
Expenditures:			
Operations	6,218,649	5,397,987	820,662
Total expenditures	<u>\$ 6,218,649</u>	<u>\$ 5,397,987</u>	<u>\$ 820,662</u>

**Schedule of Revenues and Expenditures - Budget and Actual
Cemeteries Special Revenue Fund
For the Year Ending June 30, 2021**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Charges for services	\$ 1,252,902	\$ 1,457,901	\$ 204,999
Miscellaneous	525	3,017	2,492
Recovered cost	178,353	178,047	(306)
Transfer in	220,070	-	(220,070)
Rollover from last year*	42,000	42,000	-
Total revenue	<u>\$ 1,693,850</u>	<u>\$ 1,680,965</u>	<u>\$ (12,885)</u>
Expenditures:			
Cemetery operations	<u>\$ 1,693,850</u>	<u>\$ 1,535,198</u>	<u>\$ 158,652</u>

*Not considered as revenue on a GAAP basis

**Schedule of Revenues and Expenditures - Budget and Actual
Public Amenities Special Revenue Fund
For the Year Ending June 30, 2021**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Taxes-Hotel & Restaurant	\$ 5,714,000	\$ 6,602,868	\$ 888,868
Intergovernmental - state	98,000	15,089	(82,911)
Transfer in	-	187,098	187,098
Rollover from last year*	3,033,735	3,033,735	-
Total revenue	<u>\$ 8,845,735</u>	<u>\$ 9,838,790</u>	<u>\$ 993,055</u>
Expenditures:			
Transfer out (CIP)	-	-	-
Transfer out (Debt Service)	\$ 4,865,735	\$ 4,865,735	-
Transfer out (Capital Projects)	-	-	-
Transfer out (General fund)	-	3,500,000	(3,500,000)
All purpose	3,980,000	238,064	3,741,936
Total expenditures	<u>\$ 8,845,735</u>	<u>\$ 8,603,799</u>	<u>\$ 241,936</u>

*Not considered as revenue on a GAAP basis

**Schedule of Revenues and Expenditures - Budget and Actual
Tax Increment Financing Special Revenue Fund
For the Year Ending June 30, 2021**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Taxes-real property	\$ 6,482,000	\$ 6,482,000	\$ -
Rollover from last year	-	-	-
Total revenue	<u>\$ 6,482,000</u>	<u>\$ 6,482,000</u>	<u>\$ -</u>
Expenditures:			
Transfer out (Debt Service)	\$ 6,482,000	\$ 1,500,000	\$ 4,982,000
Transfer out (General fund)	-	4,982,000	(4,982,000)
All-Purpose Appropriation	-	-	-
Total expenditures	<u>\$ 6,482,000</u>	<u>\$ 6,482,000</u>	<u>\$ -</u>

Schedule of Revenues and Expenditures - Budget and Actual

**Community Development Fund
For the Year Ending June 30, 2021**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Intergovernmental Federal	\$ 5,561,639	\$ 9,230,864	\$ 3,669,225
Total revenue	<u>\$ 5,561,639</u>	<u>\$ 9,230,864</u>	<u>\$ 3,669,225</u>
Expenditures:			
Operations	<u>\$ 5,561,639</u>	<u>\$ 9,230,864</u>	<u>\$ (3,669,225)</u>

Note: Budget for the Community Development fund are 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 Year Ending June 30, 2021**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Use of money and property	\$ 11,000	\$ 11,045	\$ 45
Charges for services	21,908,893	22,359,960	451,067
Miscellaneous	10,100	49,838	39,738
Total revenue	<u>\$ 21,929,993</u>	<u>\$ 22,420,843</u>	<u>\$ 490,850</u>
Expenditures and transfers:			
Public works	\$ 20,651,563	\$ 20,385,849	\$ 265,714
Transfer out	1,278,430	633,301	645,129
Total expenditures	<u>\$ 21,929,993</u>	<u>\$ 21,019,150</u>	<u>\$ 910,843</u>

**Schedule of Revenues and Expenditures - Budget and Actual
Fleet Internal Service Fund
For the Year Ending June 30, 2021**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
Revenues:			
Use of money and property	\$ -	\$ -	\$ -
Charges for services	11,169,524	10,474,496	(695,028)
Miscellaneous & capital contributions	70,365	1,380,269	1,309,904
Rollover from last year*	300,000	300,000	-
Total revenue	<u>\$ 11,539,889</u>	<u>\$ 12,154,765</u>	<u>\$ 614,876</u>
Expenditures:			
Fleet	<u>\$ 11,539,889</u>	<u>\$ 11,003,271</u>	<u>\$ 536,618</u>

**Schedule of Revenues and Expenditures - Budget and Actual
Healthcare Management Internal Service Fund
For the Year Ending June 30, 2021**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
Revenues:			
Charges for services	<u>\$ 104,199,343</u>	<u>\$ 84,891,976</u>	<u>\$ (19,307,367)</u>
Expenditures:			
Healthcare	<u>\$ 104,199,343</u>	<u>\$ 86,733,307</u>	<u>\$ 17,466,036</u>

CITY OF NORFOLK, VA
Capital Improvement Program
Schedule of Expenditures - Budget and Actual
From Inception and for the Year Ending June 30, 2021

	Expenditures				
	Project Budget	Prior Years	Current	Total	Available
Community Development					
Neighborhood Project Development	\$ 4,935,000	\$ 1,341,314	\$ 146,647	\$ 1,487,961	\$ 3,447,039
Neighborhood Conservation Revitalization	46,390,203	48,273,986	409,690	48,683,676	(2,293,473)
Broad Creek Renaissance	32,631,300	27,342,174	814,824	28,156,998	4,474,302
Neighborhood commercial Improvements	79,998,695	80,058,960	338,137	80,397,097	(398,402)
Create Special Service Areas	744,950	493,585	-	493,585	251,365
Convert Street Lights to LED	75,000	65,940	4,957	70,897	4,103
Improve Emerging Districts	4,500,000	942,044	612,512	1,554,556	2,945,444
Improve Road Infrastructure in St. Paul's Area	6,000,000	269,270	126,550	395,820	5,604,180
Maintain Sidewalks Citywide	1,300,000	477,046	368,989	846,035	453,965
Improve Infrastructure at Moton Circle	750,000	-	-	-	750,000
Other	974,774	974,774	-	974,774	-
Community Development Total	177,325,148	160,239,093	2,822,305	162,086,624	15,238,524
Cultural Facilities					
Attucks Theatre Renovations	2,550,629	2,558,762.00	-	2,558,762	(8,133)
Scope and Chrysler Hall Improvements	29,987,779	25,994,581.00	173,150	26,167,731	3,820,048
Chrysler Museum Improvements	15,208,912	15,066,111.00	-	15,066,111	142,801
Civic Building Improvements	1,278,681	1,217,017.00	-	1,217,017	61,664
Conference Center	68,911,437	65,619,457.00	-	65,619,457	3,291,980
Harrison Opera House Improvements	404,856	404,856.00	-	404,856	-
MacArthur Memorial Improvements	2,658,969	2,658,969.00	-	2,658,969	-
Nauticus/Maritime Center Improvements	4,337,500	824,619.00	-	824,619	3,512,881
Fund Nauticus Capital Campaign	1,000,000	-	-	-	1,000,000
USS Wisconsin Improvements	11,464,974	11,178,289.00	308,719	11,487,008	(22,034)
Replace Cruise Terminal Passenger Boarding Bridge	700,000	-	1,660,792	1,660,792	(960,792)
Maintain Wells Theatre	750,000	-	750,000	750,000	-
Other	8,907,578	5,862,035.00	-	5,862,035	3,045,543
Cultural Facilities Total	148,161,315	131,384,696	2,892,661	134,277,357	13,883,958
Economic Development					
Acquire/Dispose/Upgrade City Properties	87,990,463	76,935,611.00	795,019	77,730,630	10,259,833
Nauticus/Cruise Terminal Development	37,350,000	37,305,659.00	-	37,305,659	44,341
Huntersville Redevelopment	1,000,000	924,423.00	-	924,423	75,577
Wachovia Center Development	3,553,101	3,553,101.00	-	3,553,101	-
Kroc Center Development	4,000,000	3,994,779.00	-	3,994,779	5,221
Other	16,553,258	16,065,758.00	-	16,065,758	487,500
Economic Development Total	150,446,822	138,779,331	795,019	139,574,350	10,872,472
General/Other					
Campostella Landfill Closure	6,500,000	3,921,554.00	39,956	3,961,510	2,538,490
Control Beach Erosion	33,416,700	32,018,143.00	1,223,660	33,241,803	174,897
Transfer to Debt Service	1,600,000	6,445,854.00	368,859	6,814,713	(5,214,713)
Integrated Financial Management System Implementa	5,900,224	5,900,407.00	-	5,900,407	(183)
Waterway Dredging Projects	7,009,487	6,672,001.00	73,941	6,745,942	263,546
Conservation and Green Vision Implementation	5,377,373	4,877,374.00	-	4,877,374	499,999
Public Safety Radio Communication System Upgrade	4,703,668	4,703,668.00	-	4,703,668	-
Upgrade and Expand Broadband Infrastructure	2,000,000	612,751.00	-	612,751	1,387,249
Acquire Technology	3,300,000	-	4,578,243	4,578,243	(1,278,243)
Other	34,358,367	19,103,359.00	-	19,103,359	15,255,008
General/Other Total	104,165,819	84,255,111	6,284,659	90,539,770	13,626,050
Public Buildings and Facilities					
Fire Station Emergency Generation Program	7,400,188	6,378,974.00	1,739,633	8,118,607	(718,419)
Infrastructure Improvements	45,310,473	6,089,728.00	5,830,308	11,920,036	33,390,437
Annual Roof Maintenance	9,678,652	-	3,360	3,360	9,675,292
Library Facilities - Anchor Branch	20,476,238	20,096,375.00	-	20,096,375	379,863
Police Precinct Replacement	20,328,986	-	-	-	20,328,986
Courts Replacement and Renovations	122,620,168	115,662,905.00	24,180	115,687,085	6,933,083
Jail Renovations	10,562,510	-	102,568	102,568	10,459,942
Selden Arcade Renovations	8,400,543	-	-	-	8,400,543
City Hall Building Renovations	25,596,839	20,906,332.00	1,052,830	21,959,162	3,637,677
Tow Yard Acquisition	697,045	-	-	-	697,045
Fire Facilities Replacement/Improvements	12,259,541	11,765,372.00	1,363,235	13,128,607	(869,066)
Police Training Facilities	656,000	-	-	-	656,000
Main Library Construction	69,727,997	67,466,575.00	-	67,466,575	2,261,422
Design/Construct Government Center Plaza	4,749,980	-	-	-	4,749,980
Construct Southside Library	7,100,000	1,329,850.00	3,571,605	4,901,455	2,198,545
Acquire Equipment and Technology	11,191,100	3,441,561.00	-	3,441,561	7,749,539
Create Gender-Neutral Restroom in City Hall	42,000	-	-	-	42,000
Improve Cemeteries Infrastructure	250,000	-	245,578	245,578	4,422
Improve Marriott Waterside Conference Center (PA)	6,500,000	-	131,491	131,491	6,368,509
Improve Waste Management Facilities	1,000,000	-	186,895	186,895	813,105
Renovate the School Administration Building	3,900,000	-	1,351,673	1,351,673	2,548,327
Upgrade Security at City Facilities	560,000	122,042.00	294,197	416,239	143,761

CITY OF NORFOLK, VA
Capital Improvement Program
Schedule of Expenditures - Budget and Actual
From Inception and for the Year Ending June 30, 2021

	Expenditures				
	Project Budget	Prior Years	Current	Total	Available
Improve Animal Care Center Infrastructure	500,000	-	-	-	500,000
Renovate Magistrate's Office	550,000	-	80,131	80,131	469,869
Repair and Replace Underground Storage Tanks	100,000	-	-	-	100,000
Replace Fire Station 11	5,400,000	-	29,268	29,268	5,370,732
Relocate the City's Data Center	6,000,000	-	36,353	36,353	5,963,647
Replace Chiller at Central Energy Plant	800,000	-	33,964	33,964	766,036
Other	32,136,679	17,590,524.00	3,291,242	20,881,766	11,254,913
Public Buildings and Facilities Total	434,494,939	328,743,415.37	19,368,511	290,218,749	144,276,189
Parks/Recreational Facilities					
Zoo Master Plan	28,407,037	27,633,732.00	-	27,633,732	773,305
Titustown Recreation Center Improvements	3,550,000	3,000,000.00	-	3,000,000	550,000
Botanical Gardens	2,494,413	2,494,412.00	-	2,494,412	1
Existing Recreation Center Improvements	14,260,717	14,224,817.00	171,643	14,396,460	(135,743)
Norview Recreation Center	7,947,756	7,947,756.00	-	7,947,756	-
Lambert's Point Golf Course	9,050,000	9,050,000.00	-	9,050,000	-
Lambert's Point Community and Recreation Center	6,715,893	6,715,893.00	-	6,715,893	-
Harbor Park Improvements	4,759,747	3,814,253.00	-	3,814,253	945,494
Athletic Field Renovations	2,685,903	2,685,903.00	-	2,685,903	-
Norfolk Fitness & Wellness Center Renovations	1,803,669	1,803,669.00	-	1,803,669	-
Broadcreek & Westside Neighborhood Parks	2,610,062	2,610,012.00	-	2,610,012	50
TownPoint Park Improvements	11,478,749	11,478,749.00	-	11,478,749	-
Martin Luther King Park	116,020	116,019.00	-	116,019	1
Waterside Waterfront Renovations	8,671,789	8,391,626.00	-	8,391,626	280,163
Ingleside Gymnasium	1,695,874	1,695,874.00	-	1,695,874	-
Other	14,192,410	13,855,320.00	-	13,855,320	337,090
Parks/Recreational Facilities Total	120,440,038	117,518,035	171,643	117,689,678	2,750,360
Schools					
Blair Middle School Replacement	7,071,710	7,071,710.00	-	7,071,710	-
Norfolk Public School Initiative	5,265,000	5,263,456.00	-	5,263,456	1,544
Norview High School Construction	29,865,659	29,865,659.00	-	29,865,659	-
Southside Middle School	1,535,212	1,313,413.00	-	1,313,413	221,799
High School Athletic Field	1,495,091	1,495,091.00	-	1,495,091	-
Coleman Place Elementary Replacement	20,293,970	20,293,970.00	-	20,293,970	-
Crossroads Elementary Replacement	34,108,313	31,672,306.00	1,675	31,673,981	2,434,332
Larchmont Elementary School	23,109,625	22,834,870.00	-	22,834,870	274,755
Ocean View Elementary School	22,847,436	21,809,362.00	-	21,809,362	1,038,074
Campostella STEM Academy	35,629,524	34,059,741.00	-	34,059,741	1,569,783
Broad Creek Elementary School	21,961,042	21,478,941.00	-	21,478,941	482,101
Camp Allen Elementary School	30,431,984	26,505,159.00	-	26,505,159	3,926,825
Schools Other	53,838,847	45,053,743.00	4,945,594	49,999,337	3,839,510
Schools Total	287,453,413	268,717,421.00	4,947,268	273,664,689	13,788,724
Transportation					
Old Dominion University Master Plan	10,304,204	5,610,091.00	-	5,610,091	4,694,113
VDOT Urban Support	9,773,025	8,758,519.00	8,565	8,767,084	1,005,941
Bridge Maintenance & Repair Program	42,618,240	35,703,985.00	1,445,766	37,149,751	5,468,489
Signal & Intersection Enhancements	13,706,765	12,416,313.00	365,644	12,781,957	924,808
Citywide Soundwall Program	8,405,303	8,403,332.00	-	8,403,332	1,971
Neighborhood Streets Improvements	76,997,088	76,924,544.00	1,821,432	78,745,976	(1,748,888)
Atlantic City Development	14,356,810	13,899,027.00	-	13,899,027	457,783
Citywide Boat Ramp Improvements	2,388,822	2,407,557.00	-	2,407,557	(18,735)
Construct Light Rail	105,010,914	70,303,888.00	-	70,303,888	34,707,026
Develop Multi-Modal Transfer Station at Harbor Park	4,348,573	3,846,809.00	-	3,846,809	501,764
Install New Sidewalks	2,550,000	91,133.00	86,763	177,896	2,372,104
Rehabilitate Hampton Boulevard Bridge	700,000	-	153,192	153,192	546,808
Install ADA Ramps Citywide	500,000	-	-	-	500,000
Other	33,598,348	26,633,856.00	-	26,633,856	6,964,492
Transportation Total	325,258,092	264,999,054	3,881,362	268,880,416	56,377,676
Grand Total	1,747,745,587	1,494,636,158.15	\$ 41,163,429	\$ 1,476,931,634	\$ 270,813,953

CITY OF NORFOLK, VA
Schedule of Revenues and Expenditures, Budget and Actual
Grants Special Revenue Fund
For the Year Ending June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Fines and forfeitures	-	-	300	300
Use of money and property	-	-	37,041	37,041
Charges for services	-	-	197,228	197,228
Miscellaneous	-	-	1,436,883	1,436,883
Intergovernmental	32,641,736	259,877,677	84,915,263	(174,962,414)
Total revenues	<u>32,641,736</u>	<u>259,877,677</u>	<u>86,586,715</u>	<u>(173,290,962)</u>
Expenditures				
Current				
General government	247,000	18,841,076	12,539,791	6,301,285
Judicial administration	5,270,500	27,479,785	4,013,096	23,466,689
Public safety	1,694,664	24,290,266	34,121,399	(9,831,133)
Public works	35,000	79,280,939	10,930,299	68,350,640
Health and public assistance	25,252,572	64,243,168	20,466,522	43,776,646
Culture and recreation	142,000	10,759,570	318,126	10,441,444
Community development	-	34,982,873	12,815,509	22,167,364
Total Expenditures	<u>32,641,736</u>	<u>259,877,677</u>	<u>95,204,742</u>	<u>164,672,935</u>

Original Budget -Annual Grants Plan in Budget Book

Final Budget - budgets including active special revenue grant units that span multi years



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STATISTICAL
SECTION
(Unaudited)





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CITY OF NORFOLK, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2021

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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City of Norfolk, Virginia
Financial Trends Information
Schedule 1
Net Position by Category
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:	restated	restated		restated			restated			
Net investment in capital assets	\$ 295,206	\$ 319,550	\$ 337,937	\$ 428,380	\$ 386,641	\$ 365,913	\$ 351,887	\$ 382,093	\$ 384,078	\$ 374,478
Restricted	11,081	11,111	22,062	10,485	12,412	12,042	6,485	6,690	9,094	8,217
Unrestricted	25,832	22,593	(149,763)	(217,542)	(153,467)	(124,543)	(108,368)	(109,199)	(148,756)	(177,514)
Subtotal governmental activities net position	332,119	353,254	210,236	221,323	245,586	253,412	250,004	279,584	244,416	205,180
Business-type activities:										
Net investment in capital assets	270,913	275,195	259,371	266,206	301,340	342,470	330,979	364,975	406,149	451,059
Restricted	12,928	13,244	32,495	29,610	31,766	35,237	36,017	28,501	29,946	32,588
Unrestricted	72,063	78,631	77,120	100,988	85,668	59,766	98,533	102,475	121,751	113,452
Subtotal business-type activities net position	355,904	367,070	368,986	396,804	418,774	437,473	465,529	495,951	557,846	597,099
Primary government:										
Net investment in capital assets	566,119	594,745	597,308	694,586	687,981	708,383	682,866	747,068	790,227	825,537
Restricted	24,009	24,355	54,557	40,095	44,178	47,279	42,502	35,191	39,040	40,805
Unrestricted	97,895	101,224	(72,643)	(116,554)	(67,799)	(64,777)	(9,835)	(6,724)	(27,005)	(64,062)
Total primary government net position	\$ 688,023	\$ 720,324	\$ 579,222	\$ 618,127	\$ 664,360	\$ 690,885	\$ 715,533	\$ 775,535	\$ 802,262	\$ 802,279

Note:

1. Restatements are due to implementation of new accounting pronouncements.
2. Beginning in fiscal year 2020, the Storm Water Special Revenue Fund was converted to an Enterprise Fund.

City of Norfolk, Virginia
Financial Trends Information
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program Revenue										
Governmental activities:										
Charges for services										
General government	\$ 9,441	\$ 9,489	\$ 4,149	\$ 7,152	\$ 4,642	\$ 4,822	\$ 4,728	\$ 7,267	\$ 6,069	\$ 8,057
Judicial administration	3,690	3,717	3,142	2,938	2,729	2,688	2,507	2,396	1,896	22,659
Public safety	8,424	10,154	7,613	7,563	8,307	8,364	7,802	8,504	8,067	11,727
Public works	50,597	38,320	37,769	41,821	42,341	40,322	41,185	40,169	23,242	25,330
Health and public assistance	50	5,349	5,597	5,577	6,310	6,390	6,385	5,498	5,928	5,374
Culture and recreation	9,751	10,297	9,685	8,948	10,054	9,835	9,305	9,810	6,817	3,448
Community development	1,807	2,368	1,960	2,557	2,370	2,511	1,264	2,244	2,510	1,872
Capital grants and contributions ²	765	15,000	15,933	1,000	5,672	5,941	11,954	3,806	(25,255)	1,983
Operating grants and contributions	119,353	131,719	120,713	125,802	132,611	135,194	151,519	142,804	161,602	207,936
Total governmental activities program revenue	203,878	226,413	206,561	203,358	215,036	216,067	236,649	222,498	190,876	288,386
Business-type activities:										
Charges for services										
Water utility	78,148	76,584	79,097	82,996	80,749	84,529	86,942	111,546	91,377	95,239
Wastewater utility	24,798	25,469	27,119	28,144	27,823	29,065	30,201	31,222	31,705	32,120
Parking facilities	19,452	19,162	20,413	19,520	19,612	20,577	22,148	22,324	19,953	18,073
Storm Water utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21,666	22,393
Capital grants and contributions ²	187	-	2,761	3,006	338	188	144	381	26,705	-
Total business-type activities program revenue	122,585	121,215	129,390	133,666	128,522	134,359	139,435	165,473	191,406	167,825
Total primary government program revenues	326,463	347,628	335,951	337,024	343,558	350,426	376,084	387,971	382,282	456,211
Expenses										
Governmental activities:										
General government	109,188	119,764	122,656	126,959	130,550	155,159	152,832	157,320	157,801	150,511
Judicial administration	51,102	51,654	55,062	49,056	51,926	55,547	57,118	46,124	48,443	47,505
Public safety	129,138	125,270	125,122	120,710	119,828	133,378	160,378	138,890	153,190	102,697
Public works	91,542	71,324	66,909	81,171	79,200	80,825	69,194	66,079	61,612	57,246
Health and public assistance	75,428	90,993	90,919	86,776	85,730	89,103	87,827	91,735	97,275	76,088
Culture and recreation	63,499	56,039	56,499	58,443	60,064	62,996	46,799	58,962	64,901	35,794
Community development	17,223	16,158	12,622	13,040	16,734	15,402	23,320	29,381	40,728	66,151
Education	104,512	109,287	109,467	117,722	114,769	114,972	131,137	136,660	135,699	112,363
Interest on long-term debt	26,822	28,249	25,187	22,060	22,950	19,326	24,965	28,817	24,998	29,876
Total government activities expenses	668,454	668,738	664,443	675,937	681,751	726,708	753,570	753,968	784,647	678,231
Business-type activities:										
Water utility	64,473	61,358	61,609	59,448	59,415	65,319	61,276	63,967	65,534	63,489
Wastewater utility	18,806	19,983	20,128	19,142	19,226	22,072	21,012	20,201	21,082	21,087
Parking facilities	20,469	20,961	23,677	20,045	20,651	21,078	23,084	25,365	24,850	20,031
Storm Water utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13,239	16,331
Total business-type activities expenses	103,748	102,302	105,414	98,635	99,292	108,469	105,372	109,533	124,705	120,938
Total primary government expenses	772,202	771,040	769,857	774,572	781,043	835,177	858,942	863,501	909,352	799,169
Net (Expense) Revenue										
Governmental activities	(464,576)	(442,325)	(457,882)	(472,579)	(466,715)	(510,641)	(516,921)	(531,470)	(593,771)	(389,845)
Business-type activities	18,837	18,913	23,976	35,031	29,230	25,890	34,063	55,940	66,701	46,887
Total primary government net expense	<u>\$ (445,739)</u>	<u>\$ (423,412)</u>	<u>\$ (433,906)</u>	<u>\$ (437,548)</u>	<u>\$ (437,485)</u>	<u>\$ (484,751)</u>	<u>\$ (482,858)</u>	<u>\$ (475,530)</u>	<u>\$ (527,070)</u>	<u>\$ (342,958)</u>

Note:

1. Beginning in fiscal year 2020, the Storm Water Special Revenue Fund was converted to an Enterprise Fund.

2. 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.

City of Norfolk, Virginia
Financial Trends Information
Schedule 2-1
Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenue and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real estate and personal property	\$ 245,439	\$ 246,345	\$ 254,357	\$ 263,490	\$ 263,395	\$ 271,461	\$ 277,132	\$ 303,623	\$ 316,998	\$ 329,293
Consumption utility	43,588	43,211	43,055	42,961	41,849	41,452	41,292	39,947	38,890	36,767
Sales and use	27,599	29,707	29,436	29,981	30,330	31,185	32,799	33,259	35,395	39,525
Restaurant food	30,300	30,818	31,127	32,634	34,224	34,934	37,990	39,210	35,284	36,384
Business licenses	28,667	29,301	29,889	28,640	28,935	30,557	28,529	29,929	29,916	31,620
Cigarette	8,097	7,926	7,409	7,821	7,784	7,860	7,492	7,889	7,703	7,374
Motor vehicle licenses	4,318	4,210	3,966	3,953	4,488	4,642	4,760	4,903	4,963	5,039
Other	18,665	18,124	16,618	18,280	18,424	18,909	21,277	22,127	19,382	18,507
Interest and investment earnings	916	563	783	164	291	249	270	1,212	1,403	457
Grants and contributions not restricted to specific programs	32,726	33,539	33,788	33,793	34,863	36,440	28,158	35,965	36,316	39,500
Miscellaneous	4,653	11,501	14,563	11,916	16,404	30,778	31,189	12,677	17,377	244
Gain on disposal of assets	-	1,734	-	-	-	-	-	-	-	-
Capital contributions Norfolk Public Schools	-	-	-	-	-	-	-	-	3,716	-
Debt proceeds to trust	-	-	-	-	-	-	-	-	-	(210,000)
Transfers between governmental and business-type activities	10,087	10,114	10,052	10,033	10,000	10,000	10,000	30,309	11,259	15,900
Total governmental activities	455,055	467,093	475,043	483,666	490,987	518,467	520,888	561,050	558,602	350,610
Business-type activities:										
Interest and investment earnings	314	234	496	112	295	432	671	2,507	3,383	130
Grants and contributions not restricted to specific programs	371	1,626	219	214	149	150	142	134	126	325
Unrealized gain (loss) on investments	-	-	-	-	-	-	(52)	-	45	5,069
Miscellaneous	3,951	4,042	3,162	2,506	2,295	2,228	2,059	2,151	2,899	2,742
Gain (Loss) on disposal of assets	26	9	(88)	(2)	-	-	-	-	-	-
Transfers between governmental and business-type activities	(10,087)	(10,114)	(10,052)	(10,033)	(10,000)	(10,000)	(10,000)	(30,309)	(11,259)	(15,900)
Total business-type activities	(5,425)	(4,203)	(6,263)	(7,203)	(7,261)	(7,190)	(7,180)	(25,517)	(4,806)	(7,635)
Total primary governmental activities	449,630	462,890	468,780	476,463	483,726	511,277	513,708	535,533	553,796	342,976
Change in Net Position										
Governmental activities	12,730	9,211	2,464	16,951	(19,654)	1,546	(10,582)	561,050	(35,168)	(39,235)
Business-type activities	13,488	19,773	28,768	22,027	18,629	26,873	48,760	(25,517)	61,895	39,253
Total Primary Government changes in net position	\$ 26,218	\$ 28,984	\$ 31,232	\$ 38,978	\$ (1,025)	\$ 28,419	\$ 38,178	\$ 535,533	\$ 26,726	\$ 18

City of Norfolk, Virginia
Financial Trends Information
Schedule 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ 15
Restricted	330	300	265	2,100	3,015	165	145	135	130	120
Committed	3,000	3,000	3,000	4,000	5,000	8,698	9,347	10,032	13,051	16,404
Assigned	34,839	33,919	23,901	25,904	26,557	36,605	44,118	65,231	66,842	138,914
Unassigned	54,338	54,055	58,100	65,580	73,077	70,652	70,962	76,510	74,994	75,542
Total General Fund	92,507	91,274	85,266	97,584	107,788	116,120	124,572	151,908	155,017	230,995
Grants Fund:										
Nonspendable	-	-	-	-	-	-	-	-	-	1,374
Restricted	-	-	-	-	-	-	-	-	-	1,734
Committed	-	-	-	-	-	-	-	-	-	2,428
Assigned	-	-	-	-	-	-	-	-	-	738
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Grants Fund ⁽¹⁾	-	-	-	-	-	-	-	-	-	6,274
Capital Projects Fund:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	95,053	-	10,933	-	-	-	-	-	-	-
Committed	14,376	13,637	14,480	14,704	6,170	-	-	4,105	-	-
Assigned	15,345	7,339	4,052	-	-	-	-	-	-	-
Unassigned	-	-	-	(84,624)	(216,480)	(190,871)	(128,799)	-	(7,055)	(51,497)
Total Capital Projects Fund ⁽²⁾	124,774	20,976	29,465	(69,920)	(210,310)	(190,871)	(128,799)	4,105	(7,055)	(51,497)
All Other Governmental Funds:										
Nonspendable	23	24	-	-	-	-	-	-	-	-
Restricted	9,474	10,811	10,864	8,385	9,397	6,223	6,340	6,554	8,965	6,362
Committed	3,246	2,454	5,050	2,764	3,138	5,872	7,323	7,705	5,579	38
Assigned	13,569	20,708	22,144	17,843	26,554	20,345	21,501	22,339	14,148	12,719
Unassigned	-	-	(1,556)	(2,913)	(2,689)	(932)	(823)	(66)	(64)	-
Total Other Governmental Funds ⁽¹⁾	26,312	33,997	36,502	26,079	36,400	31,508	34,341	36,532	28,628	19,119
Total fund balance, governmental funds	\$ 243,593	\$ 146,247	\$ 151,233	\$ 53,743	\$ (66,122)	\$ (43,243)	\$ 30,114	\$ 192,545	\$ 176,590	\$ 204,891

(1) Prior to fiscal year 2021, Grants Fund was reported with the All Other Governmental Funds. Tested as a Major Fund for FY21 due to CARES and ARPA funding.

(2) The decrease in the Capital Projects fund balance is primarily attributable to timing of the City's external borrowing (see page 34).

City of Norfolk, Virginia
Financial Trends Information
Schedule 4
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue:										
General property taxes	\$ 252,917	\$ 246,359	\$ 256,979	\$ 262,433	\$ 265,943	\$ 269,816	\$ 277,559	\$ 303,370	\$ 311,961	\$ 327,739
Other local taxes	161,234	163,297	161,499	164,270	166,034	169,539	174,139	177,263	171,533	175,217
Licenses and permits	3,574	4,098	3,089	3,013	3,038	3,576	3,292	4,118	3,599	3,495
Fines and forfeitures	1,108	1,102	1,242	1,264	1,111	921	1,068	1,027	801	978
Use of money and property	6,695	6,539	6,329	9,668	7,354	7,786	7,504	11,098	9,861	6,438
Charges for services	47,859	56,077	60,040	59,983	62,709	62,315	62,383	60,905	41,335	43,250
Miscellaneous	11,643	26,178	29,133	10,142	11,325	12,080	11,311	11,287	11,743	11,105
Recovered costs ⁽¹⁾	10,312	11,396	-	-	-	-	-	-	-	-
Intergovernmental	161,572	161,148	153,782	158,840	166,686	176,784	193,289	182,023	198,634	267,558
Total revenues	656,914	676,194	672,093	669,613	684,200	702,817	730,545	751,091	749,467	835,780
Expenditures:										
Current										
General government	100,504	112,804	109,292	110,904	118,468	127,367	131,203	136,987	133,751	144,751
Judicial administration	48,233	50,920	51,673	51,360	50,513	50,767	52,012	45,914	47,359	47,296
Public safety	116,296	117,427	113,394	112,055	116,436	121,494	123,905	127,610	131,883	136,809
Public works	62,330	54,427	55,267	61,369	58,716	63,231	66,882	62,511	53,665	52,029
Health and public assistance	74,331	88,413	88,671	85,631	85,815	87,330	86,702	87,554	91,787	88,067
Culture and recreation	44,529	47,153	46,705	48,765	44,531	44,825	45,968	45,399	43,499	34,012
Community development	15,142	15,128	12,482	12,303	13,677	14,994	22,237	28,212	38,095	72,093
Education	104,512	109,287	111,854	117,722	114,769	114,972	120,972	122,972	124,711	120,973
Debt service:										
Principal retirement	57,683	50,559	48,135	49,255	46,175	50,663	52,583	49,122	61,128	63,782
Interest and other charges	27,360	27,668	28,682	26,896	26,955	27,150	27,317	32,212	29,448	27,612
Debt issuance costs	-	-	1,127	680	318	-	907	1,823	1,886	1,026
Capital outlay	98,892	116,580	100,709	103,113	140,093	98,492	67,938	49,790	49,490	44,918
Total expenditures	749,812	790,366	767,991	780,053	816,466	801,285	798,626	790,106	806,702	833,368
(Deficiency) of revenues (under) expenditures	(92,898)	(114,172)	(95,898)	(110,440)	(132,266)	(98,468)	(68,081)	(39,015)	(57,235)	2,412
Other financing sources (uses):										
Proceeds of refunding bonds	74,859	-	73,428	74,094	-	49,378	27,744	-	221,756	46,383
Proceeds from capital leases	-	-	-	-	2,400	-	-	-	-	-
Proceeds from line of credit	-	-	-	1,000	-	-	-	-	-	-
Cost of Issuance	-	-	1,127	811	-	(1,106)	-	-	-	(261)
Proceeds of debt (general obligation bonds and notes)	109,835	-	77,930	-	-	90,094	95,305	144,820	27,553	204,312
Payment to refunded bonds escrow agent	(74,859)	-	(79,964)	(81,267)	-	(55,684)	(31,799)	-	(220,838)	(46,122)
Premium on bonds issued	15,311	-	17,081	7,530	-	22,586	20,111	24,939	7,591	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Proceeds from sale or disposal of fixed assets	2,700	1,966	-	-	-	6,080	20,077	1,378	3,716	15,678
Operating transfers in	107,136	112,121	107,633	102,604	107,953	106,474	108,550	128,910	120,991	125,961
Operating transfers (out)	(97,899)	(102,006)	(95,224)	(92,571)	(97,953)	(96,474)	(98,550)	(98,601)	(109,732)	(110,061)
Total other financing sources (uses)	137,083	12,081	102,011	12,201	12,400	121,348	141,438	201,446	51,037	235,890
Special items:										
Contribution to stormwater utility fund	-	-	-	-	-	-	-	-	(9,757)	-
Debt proceeds to trust	-	-	-	-	-	-	-	-	-	(210,000)
Total special items	-	-	-	-	-	-	-	-	(9,757)	-
Net change in fund balances	\$ 44,185	\$ (102,091)	\$ 6,113	\$ (98,239)	\$ (119,866)	\$ 22,880	\$ 73,357	\$ 162,431	\$ (15,955)	\$ 28,302
Debt service as a percentage of noncapital expenditures	12.27%	11.57%	11.22%	11.28%	10.91%	10.95%	10.77%	11.03%	11.89%	11.16%

Note:

1. Beginning in fiscal year 2014, recovered costs are classified as the appropriate revenue or expense reimbursement.

City of Norfolk, Virginia
Financial Trends Information
Schedule 5
Program Revenue by Function
Last Ten Fiscal Years
(Amounts in thousands)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	\$ 10,466	\$ 10,833	\$ 5,077	\$ 12,739	\$ 7,798	\$ 6,725	\$ 7,570	\$ 10,376	\$ 6,069	\$ 8,057
Judicial administration	27,880	29,479	28,537	23,113	25,811	27,242	26,163	26,275	1,896	22,659
Public safety	14,217	15,980	11,116	14,226	11,662	12,606	14,991	11,762	8,067	11,727
Public works	77,436	68,326	63,124	76,359	69,609	77,639	98,084	74,029	23,242	25,330
Health and public assistance	51,654	62,657	62,224	57,059	72,181	70,931	60,539	60,707	5,928	5,374
Culture and recreation	11,573	26,284	25,837	9,947	17,301	10,020	9,489	10,050	6,817	3,448
Community development	8,538	10,266	7,626	7,498	8,255	8,360	17,316	27,018	2,510	1,872
Interest on long-term debt	2,115	2,587	3,021	2,417	2,419	2,544	2,497	2,281	-	-
Total governmental activities	<u>203,879</u>	<u>226,412</u>	<u>206,562</u>	<u>203,358</u>	<u>215,036</u>	<u>216,067</u>	<u>236,649</u>	<u>222,498</u>	<u>54,529</u>	<u>78,467</u>
Business-type activities:										
Water utility	78,335	76,585	81,757	85,925	81,087	84,718	86,944	111,927	91,377	95,239
Wastewater utility	24,798	25,469	27,219	28,144	27,823	29,065	30,342	31,222	31,705	32,120
Parking facilities	19,452	19,162	20,414	19,596	19,612	20,576	22,149	22,324	19,953	18,073
Storm Water utility ⁽¹⁾	-	-	-	-	-	-	-	-	21,666	22,393
Total business-type activities	<u>122,585</u>	<u>121,216</u>	<u>129,390</u>	<u>133,665</u>	<u>128,522</u>	<u>134,359</u>	<u>139,435</u>	<u>165,473</u>	<u>164,701</u>	<u>167,825</u>
Total primary government	<u>\$ 326,464</u>	<u>\$ 347,628</u>	<u>\$ 335,952</u>	<u>\$ 337,023</u>	<u>\$ 343,558</u>	<u>\$ 350,426</u>	<u>\$ 376,084</u>	<u>\$ 387,971</u>	<u>\$ 219,230</u>	<u>\$ 246,292</u>

Note:

1. Beginning in fiscal year 2020, the Storm Water Special Revenue Fund was converted to an Enterprise Fund.

City of Norfolk, Virginia
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	Recovered Costs ⁽¹⁾	Inter- governmental	Totals
2012	\$ 252,917	\$ 161,234	\$ 3,575	\$ 1,108	\$ 6,694	\$ 47,859	\$ 11,643	\$ 10,312	\$ 161,572	\$ 656,914
2013	246,359	163,297	4,098	1,102	6,539	56,077	26,178	11,396	161,148	676,194
2014	256,979	161,500	3,089	1,242	6,329	60,039	29,133	N/A	153,782	672,093
2015	262,433	164,271	3,013	1,264	9,668	59,983	10,141	N/A	158,840	669,613
2016	265,943	166,034	3,038	1,111	7,354	62,709	11,325	N/A	166,686	684,200
2017	269,816	169,539	3,576	921	7,786	62,315	12,080	N/A	176,784	702,817
2018	277,559	174,139	3,292	1,068	7,504	62,383	11,311	N/A	193,289	730,545
2019	303,370	177,263	4,118	1,027	11,098	60,905	11,287	N/A	182,023	751,091
2020	311,961	171,533	3,599	801	9,861	41,335	11,743	N/A	198,634	749,467
2021	327,739	175,217	3,495	978	6,438	43,250	11,105	N/A	267,558	835,780
Change 2012-2021	29.6%	8.7%	(2.2%)	(11.7%)	(3.8%)	(9.6%)	(4.6%)	N/A	65.6%	27.2%

City of Norfolk, Virginia
Financial Trends Information
Other Local Tax Revenues by Source, Governmental Funds ⁽²⁾
Schedule 7
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
2012	\$ 43,588	\$ 27,599	\$ 30,300	\$ 28,667	\$ 8,097	\$ 4,318	\$ 18,665	\$ 161,234
2013	43,211	29,707	30,818	29,301	7,926	4,210	18,124	163,297
2014	43,055	29,436	31,127	29,889	7,409	3,966	16,618	161,500
2015	42,961	29,981	32,634	28,640	7,821	3,953	18,281	164,271
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
Change 2012-2021	(15.6%)	43.2%	20.1%	10.3%	(8.9%)	16.7%	(0.8%)	8.7%

Notes:

- Beginning in fiscal year 2014, recovered costs are classified as the appropriate revenue or expense reimbursement.
- Presents additional details on Other Local Taxes presented in Schedule 6 above.

N/A - Not Available

City of Norfolk, Virginia
Revenue Capacity Information
Schedule 1
Assessed Valuations and Estimated Actual Values of Taxable Property
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Real Property	Personal Property	Other Property	Total Taxable Assessed Value	Estimate Actual Taxable Value
2012	\$ 18,676,729	\$ 1,613,797	\$ 238,497	\$ 20,529,023	\$ 20,529,023
2013	18,319,947	1,532,337	241,023	20,093,307	20,093,307
2014	18,421,412	1,512,332	258,302	20,192,046	20,192,046
2015	18,734,201	1,902,442	255,710	20,892,353	20,892,353
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

Notes:

1. Real property and personal property includes 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.

City of Norfolk, Virginia
Revenue Capacity Information
Schedule 2
Direct Property Rates
Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Property tax rate per \$100 of assessed value:										
Real property	\$ 1.11	\$ 1.11	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.25	\$ 1.25	\$ 1.25
Downtown improvement district	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
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	1.11	1.11	1.15	1.11	1.15	1.15	1.15	1.25	1.25	1.25
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	0.50	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	1.21	1.22	1.22	1.22	1.24	1.23	1.25	1.33	1.32	1.32
Assessed value of real property as a percent of fair market value:										
As determined by the City Assessor	100%	100%	98%	100%	100%	100%	100%	100%	100%	100%
As determined by the Commonwealth's Department of Taxation	100%	100%	99%	100%	99%	97%	97%	98%	98%	98%

- 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 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 2012 through 2021.
 3. The most recent Virginia Assessment/Sales ratio study is for 2019.
 4. 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.

N/A - Not available

City of Norfolk, Virginia
Revenue Capacity Information
Schedule 3
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2012			2021		
	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value
MacArthur Shopping Center	134,795,000	2	0.72%	188,026,500	1	0.86%
MPB, Inc.				171,356,000	2	0.78%
ODU Real Estate Foundation	95,337,600	5	0.51%	140,719,200	3	0.64%
SLNWC Office Company, LLC				85,013,200	4	0.39%
Hertz Norfolk 999 Waterside, LLC				77,423,200	5	0.35%
Dominion Enterprises	62,976,800	9	0.34%	69,962,400	6	0.32%
WIM Core Portfolio Owner, LLC				64,913,800	7	0.30%
City Walk One, LLC				59,287,300	8	0.27%
Sir Properties Trust				59,059,300	9	0.27%
Park Crescent Owner, LLC				56,640,300	10	0.26%
Cox Virginia Telecom	60,493,127	10	0.32%			
Dominion Tower LTD Partnership	63,636,100	7	0.34%			
Norfolk Western Railway Company	123,191,166	4	0.66%			
Northern Southern	84,438,400	6	0.45%			
Verizon Virginia, Inc.	130,714,269	3	0.70%			
Virginia Natural Gas, Inc.	63,141,478	8	0.34%			
Virginia Power Co.	282,667,645	1	1.51%			
	<u>\$ 1,101,391,585</u>		<u>5.90%</u>	<u>\$ 972,401,200</u>		<u>4.42%</u>
	\$ 18,676,730,533			\$ 21,977,674,100		

Note:

1. Information obtained from the City's Real Estate Assessor's Office.

City of Norfolk, Virginia
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⁾
2012	\$ 247,528	\$ 247,398	\$ 233,396	94.34%	\$ 14,000	\$ 247,396	100.00%
2013	244,309	243,683	229,872	94.33%	13,809	243,681	100.00%
2014	254,008	254,598	240,481	94.46%	13,991	254,472	99.95%
2015	256,040	260,734	245,803	94.27%	13,560	259,363	99.47%
2016	264,043	265,482	251,933	94.90%	11,902	263,835	99.38%
2017	268,718	269,672	255,712	94.82%	11,926	267,638	99.25%
2018	275,648	277,578	262,585	94.60%	12,160	274,745	98.98%
2019	300,270	300,270	285,588	95.11%	12,137	297,725	99.15%
2020	314,540	314,540	288,746	91.80%	-	288,746	91.80%
2021	327,530	327,530	308,016	94.04%	-	308,016	94.04%

Notes:

- Adjusted Tax Levy has been adjusted to reflect residual taxable amount after exonerations and reassessments. Information obtained from Office of the City Treasurer.
- 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.

City of Norfolk, Virginia
Debt Capacity Information
Schedule 1
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amount in Thousands)

Fiscal Year	General Obligation Bonds	General Obligation Notes/ Line of Credit	Revenue Bonds	Total Outstanding Debt	Outstanding Debt per Capita (Actual)	% of Personal Income	Debt to Net Position Ratio
Governmental Activities							
2012	\$ 717,407	\$ -	\$ -	\$ 717,407	\$ 2,919	8.07%	0.46
2013	664,909	-	-	664,909	2,699	7.25%	0.54
2014	718,937	-	-	718,937	2,918	7.82%	0.52
2015	665,809	1,000	-	666,809	2,698	7.06%	0.33
2016	611,876	175,289	-	787,165	3,186	8.34%	0.31
2017	664,941	189,803	-	854,744	3,471	8.68%	0.30
2018	720,180	156,574	-	876,754	3,568	8.68%	0.29
2019	831,837	9,800	-	841,637	3,434	8.09%	0.33
2020	790,550	60,000	-	850,550	N/A	N/A	0.29
2021	935,414	83,260	-	1,018,674	N/A	N/A	0.20
Business-Type Activities							
2012	\$ 193,729	\$ -	\$ 439,410	\$ 633,139	\$ 2,576	7.12%	0.56
2013	184,119	-	486,832	670,951	2,723	7.32%	0.55
2014	259,717	-	410,401	670,118	2,720	7.29%	0.57
2015	247,490	-	443,911	691,401	2,797	7.32%	0.57
2016	236,084	16,711	436,720	689,515	2,791	7.31%	0.61
2017	258,922	10,089	424,459	693,470	2,816	7.04%	0.63
2018	261,164	10,000	442,381	713,545	2,904	7.06%	0.65
2019	217,515	9,220	443,646	670,381	2,736	6.44%	0.74
2020	262,378	3,000	424,304	689,682	N/A	N/A	0.81
2021	258,887	-	377,953	636,840	N/A	N/A	0.94
Total Primary Governmental Activities							
2012	\$ 911,136	\$ -	\$ 439,410	\$ 1,350,546	\$ 5,494	15.19%	0.51
2013	849,028	-	486,832	1,335,860	5,422	14.57%	0.55
2014	978,654	-	410,401	1,389,055	5,638	15.11%	0.49
2015	913,299	1,000	443,911	1,358,210	5,495	14.39%	0.46
2016	847,960	192,000	436,720	1,476,680	5,976	15.65%	0.45
2017	923,863	199,892	424,459	1,548,214	6,287	15.72%	0.45
2018	981,344	166,574	442,381	1,590,299	6,471	15.74%	0.45
2019	1,049,352	19,020	443,646	1,512,018	6,170	14.53%	0.51
2020	1,052,928	63,000	424,304	1,540,232	N/A	N/A	0.52
2021	1,194,301	83,260	377,953	1,655,514	N/A	N/A	0.48

Note:

1. Population is detailed in Schedule 2 Debt Capacity Information.

N/A - not available

City of Norfolk, Virginia
Debt Capacity Information
Schedule 2
Ratios of General Bonded Debt
Total Assessed Value and Bonded Debt Per Capita
Last Ten Years

Fiscal Year	Gross Bonded Debt (in thousands)	Debt Payable from Enterprise Revenue (in thousands)	Net Bonded Debt (in thousands)	Assessed Value of Taxable Property (in thousands)	Population	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2012	\$ 911,136	\$ 193,729	\$ 717,407	\$ 20,529,023	245,803	3.49%	\$ 2,919
2013	849,028	184,119	664,909	20,093,307	246,392	3.31%	2,699
2014	978,654	259,717	718,937	19,788,842	246,394	3.63%	2,918
2015	914,299	247,490	665,809	20,892,353	247,189	3.19%	2,694
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	N/A	4.13%	N/A

Notes:

1. Assessed value of taxable property is detailed in Revenue Capacity Schedule 1.
2. The source of 2012 through 2020 population estimates is the Weldon Cooper Center for Public Service, University of Virginia.
3. Gross Bonded Debt includes unamortized premiums.

N/A - not available

City of Norfolk, Virginia
Debt Capacity Information
Schedule 3
Computation of Direct Bonded Debt
June 30, 2020

	Jurisdiction	Debt	Government	Government
Direct:	City of Norfolk	\$ 1,277,561	100%	\$ 1,277,561

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.

City of Norfolk, Virginia
Debt Capacity Information
Schedule 4
Legal Debt Margin
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total assessed value of taxed real property	\$ 18,676,730,533	\$ 18,319,948,478	\$ 18,421,412,121	\$ 18,734,201,726	\$ 19,106,737,956	\$ 19,433,889,018	\$ 19,870,880,970	\$ 20,344,603,804	\$ 21,134,551,094
Debt Limit - 10% of total assessed valuation	1,867,673,053	1,831,994,848	1,842,141,212	1,873,420,173	1,910,673,796	1,943,388,902	1,987,088,097	2,034,460,380	2,113,455,109
Net debt applicable to debt limitation	877,060,431	818,068,050	912,700,343	914,299,379	988,381,839	1,065,983,734	1,079,595,115	988,038,371	1,086,293,856
Legal Debt Margin	\$ 990,612,622	\$ 1,013,926,798	\$ 929,440,869	\$ 959,120,794	\$ 922,291,955	\$ 877,405,167	\$ 907,492,982	\$ 1,046,422,009	\$ 1,027,161,253
Net debt percentage of debt limitation	46.96%	44.65%	49.55%	48.80%	51.73%	54.85%	54.33%	48.57%	51.40%

City of Norfolk, Virginia
Debt Capacity Information
Schedule 5
Revenue Bonds Debt Service Coverage
Water Utility Fund
Last Ten Fiscal Years

Fiscal Year				Debt Service				
	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Income Available for Debt Service	Principal	Interest	Total	Coverage	
2012	\$ 81,295,219	\$ 34,667,524	\$ 46,627,695	\$ 11,285,000	\$ 11,184,363	\$ 22,469,363	2.08	
2013	80,091,220	34,810,702	45,280,518	7,000,000	14,700,777	21,700,777	2.09	
2014	82,078,002	34,466,877	47,611,125	7,250,000	15,630,219	22,880,219	2.08	
2015	85,490,793	36,882,803	48,607,990	7,805,000	13,905,866	21,710,866	2.24	
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	

Notes:

1. Includes operating revenue, plus interest income not capitalized.
2. Includes operating expenses, less depreciation/amortization and payment in lieu of taxes (PILOT).

City of Norfolk, Virginia
Debt Capacity Information
Schedule 6
Revenue Bonds Debt Service Coverage
Wastewater Utility Fund
Last Ten Fiscal Years

Fiscal Year				Debt Service				
	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Income Available for Debt Service	Principal	Interest	Total	Coverage	
2012	\$ 25,695,602	\$ 10,860,728	\$ 14,834,874	\$ 1,225,000	\$ -	\$ 1,225,000	12.11	
2013	25,898,789	11,541,897	14,356,892	1,725,000	-	1,725,000	8.32	
2014	27,409,238	10,767,704	16,641,534	1,957,500	-	1,957,500	8.50	
2015	28,241,721	10,581,959	17,659,762	2,490,000	-	2,490,000	7.09	
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	

Notes:

1. Includes operating revenue, plus interest income not capitalized.
2. Includes operating expenses, less depreciation/amortization and payment in lieu of taxes (PILOT).

City of Norfolk, Virginia
Debt Capacity
Schedule 7
Ratio of Annual Debt Service Expenditures for General Bonded Debt and Other Debt
Last Ten Years
to Total General Expenditures

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	Ratio of Debt Service to Total General Expenditures
2012	\$ 55,716,041	\$ -	\$ 26,525,905	\$ -	\$ 82,241,946	\$ 590,849,686	13.92%
2013	50,558,810	-	27,668,004	-	78,226,814	594,180,698	13.17%
2014	48,400,297	-	28,682,414	-	77,082,711	588,506,007	13.10%
2015	49,212,914	-	26,896,108	-	76,109,022	593,478,745	12.82%
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%

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.

City of Norfolk, Virginia
Demographic and Economic Information
Schedule 1
Population Statistics
Last Ten Calendar Years

Year	Population	Personal Income (000's)	Per Capita Personal Income	Civilian Labor Force Estimates	% Unemployed
2011	243,985	\$ 8,608,415	\$ 35,342	112,932	8.3%
2012	245,803	8,928,833	36,308	112,848	7.6%
2013	246,392	8,842,338	36,066	112,742	7.0%
2014	246,394	9,122,284	37,052	112,175	6.4%
2015	247,189	9,529,615	38,676	111,318	5.6%
2016	247,087	9,433,045	35,940	110,644	5.2%
2017	246,256	9,811,229	40,094	113,166	4.9%
2018	245,741	10,207,860	41,822	112,100	3.9%
2019	245,054	10,407,518	42,875	112,364	3.5%
2020	246,063	10,439,462	42,996	111,825	3.5%

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 2021.
2. Personal income and per capita personal income estimates from U.S. Bureau of Economic Analysis. Data not available for 2021.
3. Unemployment rate and civilian labor force from the U.S. Bureau of Labor Statistics.
4. All information on an average annual calendar year.

City of Norfolk, Virginia
Demographic and Economic Information
Schedule 2
Ten Largest Employers in Norfolk
Current Year and Nine Years Ago

Employer	Rank	
	2012	2021
U.S. Department of Defense	1	1
Sentara Healthcare	2	2
Norfolk City School Board	3	3
City of Norfolk	4	4
Old Dominion University, Norfolk	5	5
Children's Hospital of The King's Daughters	6	6
Sentara Health Management		7
Eastern Virginia Medical School	9	8
Anthem		9
Norfolk State University	8	
Norshipco	7	10
Portfolio Recovery Associates	10	
Total Employment	137,468	132,671

Notes:

1. The source of the City's top ten employers is the Virginia Employment Commission.
2. The data for 2021 is the quarter ended March 2021, as that is the most current data available.
3. The source of the City's total employment is the Bureau of Labor Statistics quarter ended March 2012 and 2nd Quarter 2021.
4. Each of the top 10 employers has 1,000+ employees. The actual number of employees for each employer was not available.

City of Norfolk, Virginia
Demographic and Economic Information
Schedule 3
New Construction and Property Values

Fiscal Year	Residential Construction			Non-Residential Construction	
	Building Permits	Number of Units	Estimated Value (in thousands)	Building Permits	Estimated Value (in thousands)
2012	268	371	\$ 39,360	26	\$ 116,401
2013	384	822	63,728	28	105,635
2014	432	1,393	93,072	33	37,575
2015	399	729	59,018	36	233,824
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

Notes:

1. The source of residential and nonresidential construction is the City's Department of Planning and Community Development.
2. Non-residential construction includes commercial buildings, public buildings, schools, public utility buildings and miscellaneous structures.

City of Norfolk, Virginia
Demographic and Economic Information
Schedule 4
Annual Employment Average by Industry
(in thousands)

	Calendar Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Goods-Producing Industries:										
Construction	4.4	4.1	3.8	3.8	4.2	4.1	4.6	4.5	4.2	4.0
Manufacturing	6.5	6.8	6.7	6.1	6.3	6.0	6.1	6.7	7.1	7.0
Service-Providing Industries:										
Wholesale trade	3.9	3.7	3.5	3.5	3.5	3.5	3.3	2.1	2.0	1.8
Retail trade	12.9	12.6	12.8	12.7	12.7	12.7	12.8	12.3	11.7	10.9
Transportation and warehousing	8.8	9.0	8.8	8.8	8.8	8.6	8.6	8.2	8.7	8.4
Information	2.5	2.9	2.9	2.8	2.9	3.0	2.9	2.4	2.3	2.1
Finance and insurance	5.5	5.3	5.3	5.6	5.2	5.3	5.1	5.2	5.3	5.2
Real estate and rental and leasing	2.6	2.5	2.7	2.6	2.6	2.5	2.6	2.4	2.4	2.2
Professional and technical services	11.5	11.0	11.4	11.0	10.5	10.4	10.7	10.9	11.2	11.3
Management of companies and enterprises	2.0	2.0	1.9	1.8	1.7	1.6	1.6	1.8	1.7	1.7
Administrative, support and waste services	7.4	6.8	7.6	7.7	7.7	7.3	8.3	9.3	8.9	8.2
Educational services	15.9	16.0	16.1	15.9	15.6	15.4	15.0	19.1	18.9	18.4
Healthcare and social assistance	21.9	22.4	22.4	21.8	22.0	22.8	23.1	21.8	20.0	19.5
Arts, entertainment and recreation	2.3	2.3	2.3	2.3	2.2	2.3	2.3	1.9	1.9	1.6
Accommodation and food services	10.9	10.9	10.6	10.5	10.9	11.2	11.5	11.3	11.7	9.1
Public administration	14.2	14.4	12.7	12.4	18.0	18.4	18.2	18.3	18.4	17.8
Other services	4.0	4.1	4.2	4.3	4.1	4.2	4.5	4.5	4.6	3.8
Total (adjusted for rounding)	138.0	137.8	136.4	134.4	139.7	140.2	141.9	142.7	141.0	132.8

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 2011 - 2020 as calendar year. Calendar year data not available for 2021.

City of Norfolk, Virginia
Operating Information
Schedule 1
Full-Time Equivalent (FTE) Positions by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	501	461	425	473	450	453	441	442	447	439
Judicial administration	10	13	12	10	10	10	10	11	12	15
Public safety										
Police	879	828	837	823	838	874	843	843	792	745
Fire	517	507	504	489	489	504	482	482	483	490
Other	90	77	76	76	74	70	65	65	61	57
Public works	427	395	388	369	383	387	379	379	274	270
Health and public assistance	534	709	697	697	715	710	686	686	642	633
Culture and recreational	501	459	456	429	442	446	455	455	434	389
Community development	142	94	96	103	128	132	131	131	130	137
Business-type activities:										
Water utility	289	266	273	265	262	259	258	258	250	249
Wastewater utility	104	99	99	95	94	92	91	91	90	86
Parking facilities	85	85	76	63	58	53	54	54	50	47
Storm Water utility ⁽²⁾	-	-	-	-	-	-	-	-	91	91
Total full-time equivalent positions	4,079	3,993	3,937	3,892	3,941	3,990	3,895	3,895	3,756	3,648

Note:

1. Data obtained from the City's Human Resources Information System.

2. In Fiscal Year 2020, Storm Water transitioned to a proprietary fund. Employees in this fund were previously reported in Public Works.

City of Norfolk, Virginia
Operating Information
Schedule 2
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Service calls	251,099	245,620	259,938	240,459	241,530	235,763	247,070	239,755	234,468	210,359
Arrests	29,080	27,073	25,850	21,404	19,364	17,938	19,382	19,499	17,276	9,961
Reports filed	28,649	28,035	26,060	26,039	27,322	27,287	24,168	23,286	23,082	21,807
Fire:										
Incidences (fires, EMS)	45,350	44,370	43,713	44,699	46,670	47,232	45,039	44,817	45,042	46,803
Highways and Streets:										
Streets resurfacing (miles)	139	53	76	26	41	78	77	74	72	72
Sanitation:										
Total solid waste collected and disposed (tons)	89,106	83,297	79,382	80,128	84,162	87,851	81,974	86,568	87,770	90,057
Water Utilities:										
Water delivered to water mains (gallons in thousands)	22,039,690	21,532,680	21,147,530	21,530,000	21,349,210	21,920,310	21,498,500	21,364,650	20,642,560	21,156,180
Total water consumption (gallons in thousands)	20,360,972	20,109,000	20,241,312	20,054,780	19,282,870	19,649,330	19,548,271	19,178,839	18,930,786	19,384,252
Percent of unmetered water	7.62%	6.62%	4.29%	6.85%	9.68%	10.36%	9.07%	10.23%	8.29%	8.38%
Average daily delivery (gallons in thousands)	60,217	58,994	57,938	59,000	58,320	60,060	59,900	59,890	56,400	57,960
Maximum daily pumpage (gallons in thousands)	76,310	74,640	74,890	88,970	67,610	72,220	81,000	69,940	69,400	72,090
Minimum daily pumpage (gallons in thousands)	50,070	49,890	48,030	51,110	51,010	48,120	50,000	49,790	48,630	50,320

City of Norfolk, Virginia
Operating Information
Schedule 3
Capital Assets and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety:										
Police Stations	3	3	3	3	3	3	3	3	3	3
Fire										
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	7	8	8	8	8	8	8
Elementary (Pre K - 8)	34	33	33	33	33	33	33	33	33	33
Other educational facilities	6	6	6	7	10	10	10	10	10	10
Libraries	11	11	11	11	11	11	12	12	12	12
Public Recreation:										
Parks:										
Acreage	587	587	587	587	630	630	630	630	633	633
Regional parks	2	2	2	2	2	2	2	2	2	2
Neighborhood parks	71	71	71	71	72	72	72	72	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	1
Playgrounds	101	102	105	106	106	106	106	106	106	106
Hiking trails (miles)	2	2	2	2	5	5	5	5	5	5
Recreation:										
Acreage	957	957	957	957	981	981	981	977	977	977
Recreational and senior centers	30	30	30	30	30	30	30	29	29	29
Swimming pools	6	6	6	6	6	6	6	6	5	5
Tennis courts	142	142	142	142	142	142	142	138	138	138
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	201	201	201	201	199	199	196
Municipal beaches	3	3	3	3	3	3	3	3	3	3
Municipal golf courses	3	3	3	2	2	2	2	2	2	2
Public Services:										
Transportation and Engineering:										
Streets (lane miles)	2,189	2,174	2,175	2,166	2,195	2,213	2,220	2,250	1,719	2,210
Sidewalks (miles)	968	968	887	887	902	902	906	909	895	900
Bridges	50	50	50	52	52	53	53	53	53	52
Signalized intersections	305	304	311	312	312	313	315	315	315	317
Street lights	31,132	31,138	31,138	31,269	31,289	32,081	32,121	32,786	34,286	34,278
Utilities:										
Water customer accounts	64,440	64,654	64,856	65,687	65,426	65,673	65,984	66,151	66,964	67,514
Miles of water main in the system	824	826	828	828	821	822	821	822	823	821
Capital assets (in '000)										
Water fund	\$ 470,466	\$ 480,999	\$ 487,577	\$ 503,659	\$ 533,746	\$ 561,297	\$ 566,863	\$ 570,315	\$ 575,825	587,930
Wastewater fund	214,308	229,891	238,931	249,210	261,039	266,307	272,992	280,035	290,103	300,476
Total utilities assets (in '000)	\$ 684,774	\$ 710,890	\$ 726,508	\$ 752,869	\$ 794,785	\$ 827,604	\$ 839,855	\$ 850,350	\$ 865,928	\$ 888,406
Convention Center:										
Meeting rooms	8	8	8	8	8	58	58	58	58	68
Meeting/ballroom space/exhibit (square feet)	68,130	68,130	68,130	68,130	68,130	118,879	118,879	118,879	129,379	129,379
Parking Facilities:										
Parking lots/garages	24	24	24	24	25	27	27	27	26	26
Parking meters	756	738	752	676	643	643	643	643	659	625
Storm Water Management:										
Miles of storm sewers	357	366	386	386	404	385	385	385	399	407

City of Norfolk, Virginia
Operating Information
Schedule 4
Water System Statistics
As of June 30, 2021

Average Metered Consumption (million gallons per day)

Fiscal Year	Norfolk Retail	Virginia Beach	U.S. Navy	Chesapeake	Total
2012	17.1	32.4	4.0	2.3	55.8
2013	16.8	32.2	4.0	2.5	55.5
2014	16.7	31.8	4.3	2.3	55.1
2015	16.8	30.8	5.0	2.3	54.9
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

Retail Customers' Average Annual Costs - Norfolk Retail

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
			(\$/Mgal ¹)
2012	\$ 33,537,000	6,241,000	\$ 5.37
2013	33,813,000	6,134,000	5.51
2014	34,920,000	6,092,000	5.73
2015	35,846,000	6,136,000	5.84
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

Wholesale Customers' Average Annual Costs - Virginia Beach

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
			(\$/Mgal ¹)
2012	\$ 25,519,000	11,826,000	\$ 2.16
2013	22,643,000	11,739,000	1.93
2014	23,188,000	11,614,000	1.99
2015	23,771,000	11,257,000	2.11
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

Wholesale Customers' Average Annual Costs -

U.S. Navy, including Norfolk and Virginia Beach Facilities

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
			(\$/Mgal ¹)
2012	\$ 8,534,000	1,460,000	\$ 5.85
2013	8,768,000	1,444,000	6.07
2014	9,927,000	1,571,000	6.32
2015	12,017,000	1,838,000	6.54
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	11,835,924	1,524,000	7.77
2021	12,305,000	1,532,000	8.03

Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
			(\$/Mgal ¹)
2012	\$ 4,691,000	840,000	\$ 5.58
2013	5,099,000	897,500	5.68
2014	4,912,000	835,300	5.88
2015	5,009,000	823,800	6.08
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

Raw Water Consumption (million gallons per day)

Fiscal Year	WTWA	Virginia Beach	Chesapeake	Total
2012	5.40	-	7.21	12.61
2013	5.40	-	7.23	12.63
2014	5.65	-	7.11	12.76
2015	6.00	-	7.08	13.08
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

Wholesale Customers' Average Annual Costs - WTWA

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
2012	\$ 2,306,070	1,971,000	\$ 1.17
2013	2,384,910	1,971,000	1.21
2014	2,536,568	2,062,250	1.23
2015	2,737,500	2,190,000	1.25
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

Wholesale Customers' Average Annual Costs - Virginia Beach

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
2012	\$ -	-	\$ -
2013	-	-	-
2014	-	-	-
2015	-	-	-
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

Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
2012	\$ 3,090,236	2,631,650	\$ 1.17
2013	3,202,788	2,638,950	1.21
2014	3,191,564	2,595,150	1.23
2015	3,240,364	2,584,200	1.25
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

⁽¹⁾ "Mgal" means 1,000 gallons

Additional Information:

1) Water Utility Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget.

July 1, 2019 - June 30, 2020

July 1, 2020 - June 30, 2021

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.

City of Norfolk, Virginia
Operating Information
Schedule 5
Wastewater System Statistics
As of June 30, 2021

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	241,056	citizens
Total wastewater pumping stations	135	pump stations
Miles of gravity wastewater mains	677	miles
Miles of wastewater force mains	54	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. Kristen M. Lentz, P.E. is the Director of Utilities and Robert Carteris is the Assistant Director of Utilities. 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 2006, Fiscal Year wastewater rates increase annually by 4.0% and produces the following rates:

Fiscal Year	Retail Rate
2020	\$4.47 per 100 cubic feet
2021	\$4.65 per 100 cubic feet
Thereafter	4.0% annual increases each July 1

Largest Users

Rank	Entity	Usage (CCF)
1	Sentara Leigh Hospital	437,580
2	Norfolk Housing, LLC	130,598
3	Pickett Farms Apts LP	93,616
4	Old Dominion University	93,149
5	Lexington Park Apts	85,114

Operating Income

	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
Total Operating Revenues	\$ 31,309,706	\$ 31,817,215	\$ 32,518,179
Total Operating Expenses	18,280,874	19,190,658	19,230,850
Total Operating Income	\$ 13,028,832	\$ 12,626,557	\$ 13,287,329

**City of Norfolk, Virginia
Operating Information
Schedule 6
Parking System Statistics
As of June 30, 2021**

Short-term Parking Rates at all City-Owned Facilities, Except the MacArthur Center Garages

Time	Hourly Rates	Time	Hourly Rates
0 to 1 Hour	\$1.50	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	\$4.50	Special Event Rate/Collect-On-Entry	\$5.00
3 to 4 Hours	\$6.00		
4 to 5 Hours	\$7.50		
5 to 6 Hours	\$9.00		
6 to 7 Hours	\$10.50		
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	
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 per vehicle. The MacArthur Center Garages special event fee is \$2.00 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, and all streets east of Boush Street including Boush Street	\$0.45 per 15 minutes
Tier 2	All remaining downtown areas with meters	\$0.35 per 15 minutes
Education Lot	Corner of St. Paul's Boulevard and City Hall Avenue	\$0.50 per 30 minutes
Spotswood Lot	Located off Colley Avenue, between Brandon and Spotswood Avenue	\$0.50 per half hour; \$2.00 maximum four-hour limit
ODU Village	161 meters located on 41 st , 43 rd , 45 th , 46 th , 47 th Street and Monarch Way	\$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 \$130.00 for reserved spaces in the core downtown. Nightly monthly parking rates vary from \$20.00 per month to \$43.00 per month.

Parking Fines

Parking Violation	Fine Schedule	Parking Violation	Fine Schedule
Overtime Parking - Meter	\$25.00	No Parking - This Side	\$30.00
Overtime Parking - Time Zone	40.00	No Stopping Zone	40.00
Overtime Parking - Meter Feeding	30.00	Restricted City Lot	35.00
No Parking	40.00	Handicapped Parking	255.00
No Parking - Fire Hydrant	75.00	Taxi Stand	40.00
No Parking - Cross Walk	40.00	Blocking Driveway	35.00
No Parking - Loading Zone	35.00	Overnight Parking	30.00
No Parking - Here to Corner	35.00	Parking off of Roadway	40.00
No Parking - Facing Wrong Way	30.00	Blocking Fire Lane	105.00
No Parking - Bus Stop	40.00		
No Parking - Street Cleaning	45.00		

Parking Fines

Fiscal Year	Parking Tickets Issued	Revenue	Collection Rate
2012	58,928	\$ 2,169,813	87%
2013	56,751	1,822,693	85%
2014	57,409	2,382,072	100%
2015	46,593	2,292,227	94%
2016	41,850	2,153,328	87%
2017	39,542	1,956,999	82%
2018	36,990	2,089,907	87%
2019	35,582	1,481,645	76%
2020	29,142	1,207,960	73%
2021	30,664	1,841,044	71%

Additional Information

1) Parking Facilities Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget.

July 1, 2019 - June 30, 2020

July 1, 2020 - June 30, 2021

2) Parking Facilities Fund Financial Statements are contained in the financial section "Enterprise Funds" of each respective year's Annual Comprehensive Financial Report.



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