

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FY 2022

For the Fiscal Year Ended June 30, 2022



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**City of Norfolk, Virginia
Annual Comprehensive
Financial Report
For the Fiscal Year Ended
June 30, 2022**

**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
ANNUAL COMPREHENSIVE FINANCIAL REPORT**

June 30, 2022

Municipal Officials

Honorable City Council

President and Mayor
Vice Mayor
Member
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

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 Housing and Community Development
Director of Human Resources
Director of Human Services
Director of Information Technology
Director of Libraries
Director of Communications and Marketing
Director of National Maritime Center (Nauticus)
Director of Neighborhood Development
Executive Director of Norfolk Community Services Board
Director of Planning & Community Development
Interim Chief of Police
Director of Parks & Recreation
Interim Director of Public Health
Director of Public Works
Interim Chief of Office of Resilience
Director of Slover Library
Interim Director of Transit
Director of Utilities
Director of Zoological Park

Michael Goldsmith
LaVoris Pace
Trista Pope
Patrick Roberts
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
Dr. Susan Perry
Marva Smith
Denise Gallop
Fraser Picard
Sonal Rastogi
Chris Jones
Stephen Kirkland
Kimberley Pierce
Sarah Paige-Fuller
George Homewood
Michael Goldsmith
Darrell Crittendon
Sulola Adekoya, MD, MPH
Richard Broad, P.E.
Kyle Spencer
Lynn B. Clements
John Stevenson
Doug Beaver
Gregory Bockheim



CITY OF NORFOLK, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
June 30, 2022
Municipal Officials

JUDICIAL

Fourth Judicial Circuit Court

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

Norfolk General District Court

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

Norfolk Juvenile and Domestic Relations District Court

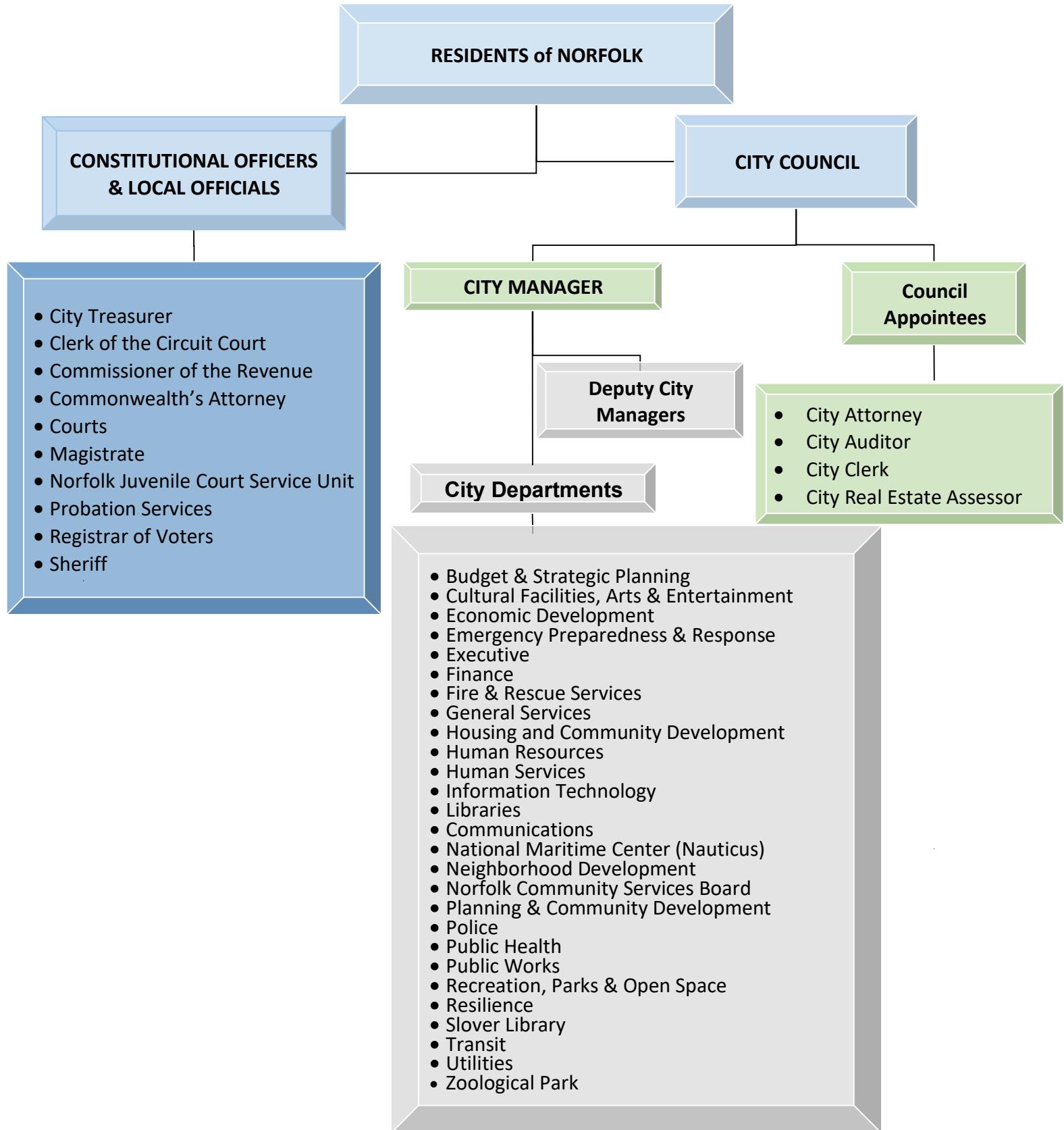
Chief Judge	Devon R. Paige
Judge	M. Randolph Carlson, II
Judge	Lauri D. Hogge
Judge	Lyn M. Simmons
Judge	Robert McL. Smith III
Clerk	Joan M. Butt

Other Constitutional Officers

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

CITY OF NORFOLK, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2022

ORGANIZATIONAL CHART



December 15, 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, 2022, 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, 2022. 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 in 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 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

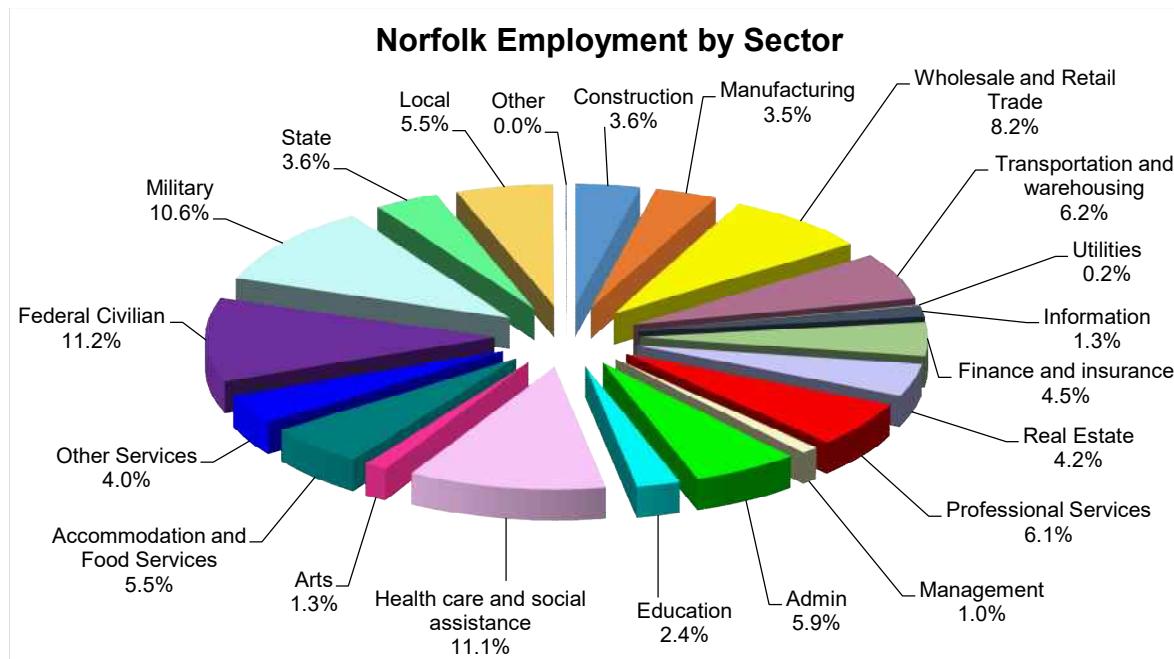
All the financial activities of the financial reporting entity are included within this report. In accordance with the requirements of the Governmental Accounting Standards Board ("GASB"), the financial reporting entity consists of the primary government (the City of Norfolk), as well as its component 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.

Response to Coronavirus (COVID-19) Impacts - City of Norfolk

To help mitigate the impact of COVID-19, the City expended and drew 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 its first installment of \$77 million from the American Rescue Plan Act, the second installment of \$77 million was received in June 2022 for a total allocation of \$154 million.

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.



Source: Bureau of Economic Analysis, total full-time and part-time employment by North American Industry Classification System industry, for 2021; Total employment – 192,649.

With 192,649 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 \$15.8 billion in fiscal year 2020, comprised of a total annual payroll of \$13.2 billion and the balance consumed on goods and services and procurement contracts. The region, and particularly the City, expect to continue as a center of activity for the U.S. Navy with current

total personnel (military and civilian) of more than 126,300 with an additional 15,530 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 55 ships and home to 34 aircraft squadrons with 109 homeported operating units in the City. In October 2022, the first-in-class aircraft carrier USS Gerald R Ford departed from Naval Station Norfolk on its first deployment to conduct operations and training exercise in the North Atlantic alongside North Atlantic Treaty Organization ("NATO") partners.

United States Navy



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 in July 2021 the addition of two new Joint Force Commands one based in Norfolk, the other in Ulm, Germany. NATO has since launched its defense readiness initiative, a new fully operational force, that ensures alliance maritime security in the Atlantic. Together, the two command centers employ more than 1,200 personnel.

Norfolk is one of the most veteran friendly cities in the nation with a significant workforce development program. During our first time applying, Norfolk was awarded the 2021 HIRE Vets Medallion Award from the Department of Labor 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 demonstrated both patriotism and recognition of the value veterans bring to the workplace.

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



Norfolk International Terminals (NIT)

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 recent \$452 million Norfolk International Terminals (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. Construction is underway, and by 1st quarter of 2024, the Port is projected to double the size of its Central Rail Yard at 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 leads the way as the most multimodal city in the Hampton Roads region. Norfolk International Airport ("NIA") ranks in the top 14 percent of the country's airports in terms of



Norfolk International Airport

passengers served annually, with over 3.3 million passengers and over 62,000 flight operations in 2021. NIA has experienced exponential growth in passenger activity following the pandemic, with over 2.3 million passengers traveling through the airport this year, compared to the 1.6 million people who traveled through NIA in the first half of 2021. NIA is the primary airport serving Hampton Roads and northeast North Carolina. Designated as Virginia's first green airport, NIA is one of the most powerful economic generators in the Hampton Roads region.

Currently, NIA is served by Allegiant, American, Boutique, Breeze, Delta, Frontier, Southwest, United and their regional partners. Norfolk newest airline, Breeze Airways ("Breeze") started service in June 2021. Breeze is a start-up airline dedicating its services to several underserved routes across the southeast. Breeze is slated 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. In October 2022 Spirit Airlines announced its plan to launch nonstop flights to Orlando and Fort Lauderdale, Florida from NIA starting in March 2023. The flights will connect Hampton Roads passengers to Florida's Atlantic coast and several international destinations in the Caribbean and Latin America.

The City's light rail system, the Tide 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 where the Minor League Baseball Norfolk Tides play, and not far from where the HeadWaters Resort & Casino is planned to be built.

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 July 2022, Amtrak services added a third daily departure from Norfolk giving customers more flexibility and convenience for travel within Virginia, to Washington, D.C., and to cities in the Northeast and providing five total daily Amtrak services to the Hampton Roads region.



Norfolk Amtrak Station

Announced in 2017, the \$3.8 billion expansion 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. Hampton Roads Transportation Accountability Commission ("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 2026.

The City has developed a Multimodal Transportation Master Plan to set a vision for its 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. Multimodal Norfolk provides the framework for large and small decisions about transportation projects, priorities, coordinated planning with land use decisions, public/private initiatives, infrastructure projects and more.



Lime Scooters

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 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.



Norview High School



Richard A. Tucker Library

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"), Norfolk State University ("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. ODU continues to grow, and recently announced that the building that houses the

Old Dominion University Student Recreation Center is expanding. The 17,500 square foot two-story expansion will become home to Student Health Services, Counseling Services and Health Promotion. The expansion is anticipated to be completed by spring 2024.

Located in Downtown, TCC has five buildings, including the Jeanne and George Roper Performing Arts Center. In February 2022 TCC started a \$8 million renovation for the future home of its visual arts program, including new classrooms, art studios, and other amenities, will be located on Boush Street in the City's downtown area. This project is proposed to be completed and ready for students by spring 2023.

NSU is Virginia's largest public, historically black university and one of the largest predominately black institutions in the nation. 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. This gift will aid with providing more scholarships opportunities , expanding the campus, creating an Institutional Excellence Fund to provide matching funds to faculty and staff seeking to acquire grants, and supporting economic development opportunities.

EVMS, dedicated solely to biomedical and health education, has an estimated economic impact on the regional economy of \$1.2 billion annually. 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.

Old Dominion University and Eastern Virginia Medical School have a long history of working together collaboratively on many academic, outreach, and research initiatives. Cross-functional teams, including both ODU and EVMS officials, have been working to develop strategies around the areas of Research, Education and Training and Patient Care, as well as additional work in communications and finance. The goal is to develop a comprehensive plan to consider potential integration of ODU and EVMS in 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.

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 areas only Level I Trauma Center, burn trauma unit and nationally ranked heart program at Sentara Heart Hospital. For 20 straight years, the Cardiology and Heart Program at Sentara Norfolk General Hospital has been ranked among the nation's top heart programs.

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. In April 2022, CHKD completed the Children's Pavilion, a \$224 million, 60-bed, 14-story hospital, and outpatient center on CHKD's campus in Norfolk. The project includes 60 inpatient psychiatric beds, along with primary care pediatrics, sports medicine, outpatient mental health services and support services. The first of 12 private inpatient beds for psychiatric treatment opened in October 2022 and the remaining 48 will open in phases through mid-2023.



Children's Hospital of The Kings' Daughters

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 \$2.4 billion in new development, business expansion and announcements of pending projects, an increase of almost \$150 million since the last report.

Below, we describe some of the significant economic development activities and announcements in the City in Fiscal Year 2022:

- Norfolk is well on its way to becoming a "Gigabit City." Announced in 2021, MetroNet is providing Norfolk with cutting-edge fiber optic telecommunication services, including high-speed Fiber Internet and full-featured Fiber Phone. In June 2021, the City Council granted MetroNet a franchise to construct and operate in Norfolk.

Construction of the \$90 million project began in January 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 City is in the planning stage to revitalize Military Circle Mall. The City is seeking to redevelop the area into a walkable, live-work-play community. Norfolk's Military Circle Mall will close by the end of the calendar year to make way for its demolition in the first quarter of 2023.
- SVT Robotics, a Norfolk-based software company that accelerates the deployment of industrial robotics, will invest \$101,400 and create 37 new jobs to expand its operation at 730 West 20th Street in the City. The company will construct a laboratory to house robotic equipment used to demonstrate its proprietary SOFTBOT™ Platform's capabilities for clients and industrial robotic manufacturers.
- Breeze Airways is a new U.S. based airline offering low-cost, nonstop service to mid-size markets. Since beginning service from Norfolk in May 2021, Breeze has steadily increased its nonstop destinations to 14 states. This project represented a \$5.2 million investment and created 116 new jobs.
- Tabet Manufacturing Company, Inc., a leading developer and manufacturer of large suite communications equipment and custom solutions for military and industrial customers, plans to invest \$6.5 million to expand its operation. The company will construct a new manufacturing facility adjacent to its current facility to increase production capacity and create 68 new jobs.
- Dante Valve Company, a family-owned, international manufacturer and distributor of valves and related products, will invest \$1.9 million and create 40 new jobs to expand its operation in the City. The company will add 10,000 square feet to its facility to increase production and better serve its East Coast customers.
- Colonna's Shipyard, Inc. is a diversified industrial company established in 1875 delivering ship repair, machining, and steel fabrication services to commercial and government markets. Colonna's has embarked on an expansion of its primary machining and steel fabrication building, the addition of a propulsion shaft inspection and storage building, and a steel processing center. In addition, Colonna's has established a new division, Weld America, that provides specialty on-site welding services to industrial customers. This project represented a \$28 million investment and created 40 new jobs.
- Fairwinds Landing, LLC has signed a definitive agreement with Norfolk Southern Railway Company for a 30-year lease of the company's Lambert's Point Docks, a facility situated adjacent to Norfolk Southern's coal terminal. Fairwinds' vision is to transform the property into a world-class maritime operations and logistics center that supports the offshore wind, defense, and transportation industries. The facility will be rebranded as "Fairwinds Landing" to mark its transformation. Beginning in late 2022, Fairwinds expects to invest more than \$100 million in buildings and infrastructure. The facility is expected to host over 500 new jobs.

- TechArk Solutions plans to expand its Norfolk-based headquarters. TechArk will invest over \$100,000 to improve its present facility located within the Norfolk Innovation Corridor – a Technology Zone – and create eight new high-tech, high-wage jobs in Norfolk. TechArk was recently included in the annual Inc. 5000 list, a prestigious ranking of the fastest-growing companies in the country.
- Embody, Inc. is a Norfolk-based medical device company developing novel collagen-based technologies for soft tissue repair. The firm will invest \$5 million to expand its facilities at Innovation Research Park at Old Dominion University. The company will add 10,000 square feet to its operation to increase product research and development capabilities, and will create 92 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.



St. Paul's Area

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 is redeveloping 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 underway. The entire project is anticipated to be complete by September 2025.

In April 2022, to support the City's plan of redeveloping the St. Paul's area, Bruce Smith has announced plans to construct an apartment complex at the southeast corner of St. Paul's Boulevard and East Brambleton Avenue. The area is currently a parking lot for downtown and Scope arena. Smith has plans to construct a 261 unit development with 4,200 square feet of ground-level retail space. The six-and-a-half story building also would include eight project-based voucher units under the Department of Housing and Urban Development.



St. Paul's Apartment Complex Renderings

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 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 that was completed in summer 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.

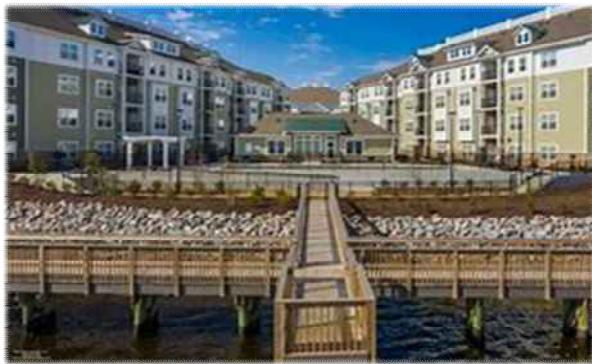


River Tower at Harbor's Edge

Acclaim at East Beach, a new waterfront active retirement living community, was completed in September of 2021 in 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.

To continue to prioritize affordable housing for the City, Norfolk established the Department of Housing and Community Development ("DHCD") in 2021. DHCD consolidated and created a variety of complementary City functions into one department, including managing

federal programs that support housing development and community needs, preserving neighborhoods and housing, creating housing policy and supporting neighborhood transformation. Residential development that supports the City's goal of creating thriving, resilient, connected communities of choice will be managed out of this new department.



The Retreat at Harbor Pointe

Pointe offers affordable housing to residents of Norfolk making 50-60 percent of the Area Median Income.

Commercial Development

Norfolk continues to see commercial development within its borders. Simon Property Group Inc. 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. Also, in this same area of the City, a 331,000 square foot IKEA opened in 2019 bringing in an estimated more than \$2.5 million in annual direct tax revenue. These investments continue to serve as a catalyst for other development in the area.



Norfolk Premium Outlets

The Pamunkey Indian Tribe and the City announced the development of a \$500 million casino and resort development. The HeadWaters Resort and Casino ("HeadWaters") is planned to 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-



The HeadWaters Resort and Casino

purpose event center and a rooftop outdoor event space. HeadWaters is initially estimated to produce \$25 to \$45 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 Pamunkey Indian Tribe submitted a plan to the City to build a temporary casino with opening targeting to be in 2023. The temporary facility will have all the gaming activities of the eventual casino including slot machines and table games. Construction of the temporary casino is expected to take six months and it will open after the tribe receives its gaming license from the Virginia Lottery. The temporary casino is planned to be a 35-foot tall, one-story building built on the same property where the permanent HeadWaters will be. The groundbreaking on the permanent project is anticipated in 2024.

Quality of Life, Arts and Culture



Peter G. Decker Half Moone Center

Norfolk offers a mix of cultural attractions and entertainment for its citizens and tourists. Theatre venues include the 100-year-old Attucks Theatre, the Harrison Opera House, Chrysler Museum, and the "Theater District" which includes Chrysler Hall, Jeanne and George Roper Theater, Wells Theatre and the NorVa. Built in 1972, one of Norfolk's most notarized venues, Chrysler Hall celebrated its 50th anniversary this year.

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. The 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. 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, and announced in November 2022 that it will double the sailings by extending sailings to a consecutive six-month period from May through October.

In May 2022, the centers new \$2.6 million cruise ship gangway opened for passengers. Carnival Magic set sail for a six-night Bahamas cruise becoming the largest ship to depart from the City's Half Moone Cruise Center. With the new cruise season and gangway opening, this will make way for twenty-five other cruises from a variety of lines, including the Norwegian Cruise Line, to depart from Norfolk.



Carnival Cruise Line

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. The Garden of Tomorrow will provide co-conscious design features and as much green space as possible, and will feature a 26,000 square foot conservatory with aerial views of the tropical rainforest biomes, and the largest rose garden on the east coast. The projected grand opening is slated for year 2024. The Garden of Tomorrow will make a meaningful impact in the City and on the environment through practicing and encouraging conservation.



Norfolk Botanical Garden

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.



The Chrysler Museum of Art

The Chrysler Museum of Art has a new exhibit that transforms sand to glass. This exhibit contains 270 samples of sand from around the globe including Fort Monroe, Naval Station Norfolk, and the Virginia Beach Ocean Front, each sample has been used and melted into glass to display its uniqueness. The Chrysler Museum of the Art continues to bring uniqueness of art and science to the Hampton Roads area while bringing artist and creatives from around the world to the City.

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 now open 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 Glass Light Hotel & Gallery is a part of The Autograph Collection Marriott hotel located in downtown in the former Royster building that opened in 2020. In the heart of downtown Norfolk's Local Historic District, the reimagined 1912 building now hotel has 113 guest rooms and suites. This \$30 million investment has a glass art theme gallery on site that is open to guests and the public. The Perry Glass Art Collection features glass pieces from local and international artists. The Glass Light Hotel & Gallery won the 2020 HRACRE Excellence in Development Design Award, along with the winning first place in 2020 for historical renovations by the Associated Builders and Contractors of Virginia.

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.

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.



Waterside District

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.

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. With upcoming casino construction and potential renovation at Harbor Park the Fitness center will be temporarily moving to Ingleside Recreation Center.



Harbor Park

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 in the Five Points area of the City. Construction on this \$1.25 million project will include green space, a community garden and public art, allowing citizens to socialize, network, be creative, as well as have fun.

The City announced a \$3.2 million redevelopment projects for the Park Place neighborhood. The Rosna Theatre, located on 35th Street, will be the future site of Team Norfolk Boxing and will serve as a community hub. The new space in the 1930s-era theater will be hosting boxing and wrestling programs, as well as private sector partnerships and events. A new restaurant is also included for the space that will have windows looking out to the boxing club.

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 minimum of 10 percent 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 (i.e., \$5 million maximum), and creation of a new Inclusive Development Opportunity Fund to be funded at \$2 million. As of the end of Fiscal Year 2022, the City was at the minimum level in the General Fund Unassigned Reserve, and at the maximum level in the Risk Management Reserve, the Economic Downturn Reserve, and the Inclusive Development Opportunity Fund.

The adopted Financial Policies include a net tax-supported debt service maximum of 11 percent of the General Fund budget with a target at 10 percent or less and a net tax-supported debt maximum of 4.0 percent of total taxable property value with a target of 3.5 percent or less. Debt affordability measures include a ten-year minimum debt pay-out ratio of 55 percent, an overlapping debt maximum of 0.5 percent of taxable property, and a variable rate debt limitation at 20 percent by fund. The adopted Financial Policies also establish minimum days cash on hand, minimum debt service coverage, and minimum reserves for each of the City's enterprise funds.

The Financial Policies adopted in 2019 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. On May 11, 2021, the City Council updated the Financial Policies to make changes to the City's pension funding policies. The changes to the pension funding policies maintain the strengths of the prior policy, but accommodate the issuance of

bonds used to fund pension costs. Additionally, the 2021 updates to the Financial Policies included descriptions of conditions under which the City could draw on each of its reserves.

Long-Term Financial Planning

Annually, the City prepares a five-year financial forecast of revenues and expenditures for the City's General Fund, which serves as a planning tool for the annual operating budget. This forecast establishes a framework for use in decision making by highlighting significant issues that must be addressed to maintain a structurally balanced budget. It assists the City in understanding the fiscal challenges ahead and the need to establish priorities. This forecast identifies key factors that affect the City's fiscal outlook such as changes in major revenue streams and costs. The City's budget guiding principles are based on a five-pronged approach of raising revenue, reducing expenditures, becoming more efficient, growing the economy, and sharing services and leveraging resources. 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 made 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 fiscal year 2022 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 fiscal year 2022 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 percent to approximately 91 percent as determined by the NERS actuary. Additionally, effective January 2022, NERS was closed for all new hires, requiring participation in the Virginia Retirement System's ("VRS") Hybrid Plan.



The City is proactively assessing its vulnerability, developing strategies, implementing policies, and designing engineering measures that will enhance its resiliency. For example, because the City is a coastal community vulnerable to flooding from sea level rise and storm-surge, the City is actively working to reduce the impacts of flooding. 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. The actions that support these goals and strategies are diverse. They range from developing the gold standard in resilient land use codes, to collaborating with global partners to innovate the next generation of water management techniques, to partnering with the federal government and the Commonwealth in funding projects that reduce risk and / or drive the City's desired impact.



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 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 \$2.08 million each year, as of fiscal year 2022) 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



Ohio Creek

- such as a new resilience park that will include open space, walking paths, basketball courts, and a fishing pier.
- 5. To effectively align opportunities, connect internal and external stakeholders and resources, the City has a multi-disciplinary Resilience Office. The 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.

- 6. 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.

- 7. In March 2022, the United States Army Corps of Engineers (“USACE”) announced the City will receive an additional \$150 million from President Biden’s Bipartisan Infrastructure Law to support the Coastal Storm Risk Management (“CSRM”) project. This funding is in addition to the \$249.3 million in funding announced in January 2022. The City will use the funding for the design and construction of a large-scale extension of the Downtown Norfolk Floodwall. When completed, this project will help reduce and manage flooding for major portions of the City through a system of surge barriers, tidal gates, floodwalls, levees, pump stations and non-structural measures. The project funding now totals \$399.3 million with a required \$215 million match of non-federal funds over the next several years. The federal funding allocation for developing complete plans and specifications for extension northwards to the Midtown Tunnel and west towards the Campostella Bridge as well as a floodgate at the Hague.

- 8. The City and the USACE began the Norfolk Coastal Storm Risk Management Final Integrated Feasibility Report and Environmental Impact Statement in 2016, with the Chief of Engineer’s Report completed in February 2019. The project was authorized by Congress in the Bipartisan Water Resources Development Act of 2020.



Global Connectivity Ring

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 storm water 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, Norfolk joined the Regional Connectivity Ring ("RCR") that includes Chesapeake, Portsmouth, Suffolk and Virginia Beach, to bring faster broadband internet services to the region. Due to the two major transatlantic undersea fiber lines that will come ashore in neighboring Virginia Beach, Norfolk is uniquely positioned as it relates to high-speed technology and will allow for some of the fastest broadband available on the East Coast. 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 119 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; #44 100 Best Fleets, The 100 Best Fleets in the Americas, 2022; 2021 Hire Vets Medallion Award, United States Department of Labor, 2021; 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; Best Places to Visit in Virginia, U.S. News & 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 2021 Employees' Retirement System Received 17th consecutive GFOA recognition for its ACFR, GFOA, 2021; Norfolk's Fiscal Year 2021 Popular Annual Financial Report (PAFR) Received 3rd GFOA recognition for its PAFR, GFOA, 2022; Norfolk's Fiscal Year 2021 Report to Our Citizens Received a Certificate of Excellence in Citizen-Centric Reporting, Association of Government Accountants (AGA), 2022; Norfolk Fiscal Year 2022 Distinguished Budget Presentation Award, GFOA, 2022; Best Places to Work in Local Government for 2021, Engaging Local Government Leaders (ELGL), 2021; Top 100 Best Places to Live in America for 2021 #99, Livability-Journal Communications, Inc 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, 2022. 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, 2021. This reflects the 36th 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, 2022 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 6th Popular Annual Financial Report for fiscal year ended June 30, 2021, and anticipates being awarded a Certificate of Achievement for Excellence in Financial Reporting by the GFOA for that report.

ACKNOWLEDGMENTS

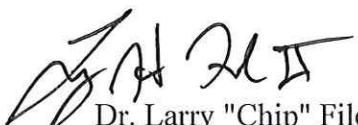
We express our sincere appreciation to all who overcame immense challenges to continue the operations of the City, as well as produce this report. The preparation and completion of this ACFR represents the culmination of the professionalism, dedication, and efficiency of the entire staff of the ACFR Team in Financial Reporting and other divisions within the Department of Finance. The dedicated efforts of these individuals who strive for continual improvement continue to make Norfolk a national leader in quality financial reporting. Additionally, we would also like to express our appreciation to all other staff and professional contributors Citywide.

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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Monell

Executive Director/CEO



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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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

The Honorable Members of City Council
City of Norfolk, Virginia

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

The Honorable Members of City Council
City of Norfolk, Virginia

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 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 the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is fluid and cursive, with "CliftonLarson" on the first line and "Allen LLP" on the second line.

CliftonLarsonAllen LLP

City of Norfolk, Virginia
December 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)





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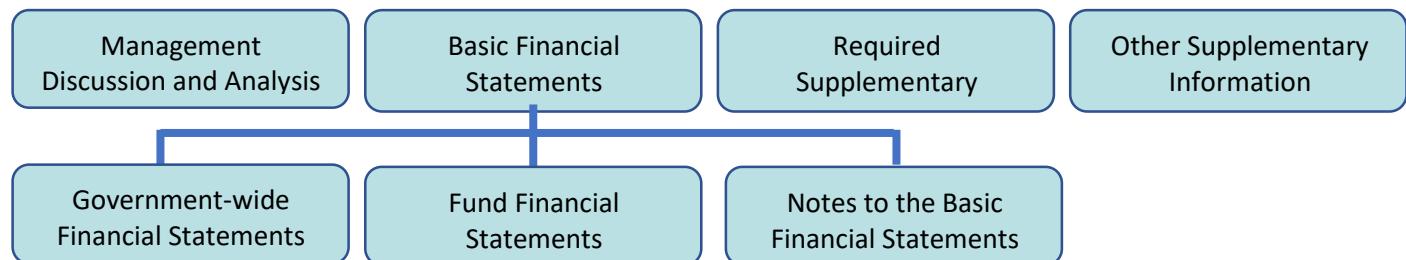
CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

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, 2022. 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 2022 by \$1,024,823,201 (net position). Of this amount, there is an unrestricted net position of \$80,122,966. Total net position increased by \$222,543,615 and unrestricted net position increased by \$144,185,049 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 \$355,507,870 an increase of \$150,327,513 in comparison with the prior year. The increase is attributed to receipt of The American Rescue Plan Act (ARPA) funding. 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 \$92,920,042 or 10.0 percent of the original General fund budget.
- The City's total outstanding bonded indebtedness decreased by \$17,879,562 during the current fiscal year primarily due to the refunding of debt.

Components of the Financial Section



CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

Overview of the Financial Statements

This discussion and analysis are 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, judicial administration, public safety, public works, health and public assistance, culture and recreation, community development and education. The business-type activities of the City include Water Utility, Wastewater Utility, Parking Facilities and Storm Water Utility 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 74 - 75 of this report.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

Fund financial statements – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In the basic financial statements, the emphasis is on major funds. All 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 65 - 68 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 Utility 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 has two internal service funds, Fleet Management and Healthcare. 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

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

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

The basic proprietary fund financial statements can be found on pages 69 – 71 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 on pages 72 - 73 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 82.

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 177 - 192 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented on pages 197 - 198 and 201 - 203, respectively, of this report.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

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 \$1,024,823,201 at the close of fiscal year 2022.

By far, the largest portion of the City's net position, \$907,737,671 or 88.6 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 4.0 percent represent resources that are subject to external restrictions on how they may be used. The balance of \$80,122,966 of unrestricted net position is primarily due to the receipt of ARPA funding.

Summary of the City of Norfolk's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and Other Assets						
Capital Assets	\$ 692,290,764	\$ 490,433,154	\$ 185,288,590	\$ 210,790,509	\$ 877,579,354	\$ 701,223,663
Total Assets	1,185,672,063	1,148,608,872	1,122,409,357	1,089,240,446	2,308,081,420	2,237,849,318
	1,877,962,827	1,639,042,026	1,307,697,947	1,300,030,955	3,185,660,774	2,939,072,981
Deferred Outflows of Resources	121,391,789	300,765,531	40,548,129	49,597,131	161,939,918	350,362,662
Total Assets and Deferred Outflows of Resources	\$ 1,999,354,616	\$ 1,939,807,557	\$ 1,348,246,076	\$ 1,349,628,086	\$ 3,347,600,692	\$ 3,289,435,643
Long-Term Liabilities	\$ 1,208,309,474	\$ 1,452,858,977	\$ 619,765,177	\$ 710,755,731	\$ 1,828,074,651	\$ 2,163,614,708
Other Liabilities	272,996,710	256,797,991	41,129,991	38,052,394	314,126,701	294,850,385
Total Liabilities	1,481,306,184	1,709,656,968	660,895,168	748,808,125	2,142,201,352	2,458,465,093
Deferred Inflows of Resources	162,540,562	24,970,232	18,035,577	3,720,732	180,576,139	28,690,964
Total Liabilities and Deferred Inflows of Resources	\$ 1,643,846,746	\$ 1,734,627,200	\$ 678,930,745	\$ 752,528,857	\$ 2,322,777,491	\$ 2,487,156,057
Net Position:						
Net Investment in Capital Assets	372,138,564	374,477,923	535,599,107	451,058,834	907,737,671	825,536,757
Restricted	8,048,225	8,216,570	28,914,339	32,588,342	36,962,564	40,804,912
Unrestricted	(24,678,919)	(177,514,136)	104,801,885	113,452,053	80,122,966	(64,062,083)
Total Net Position	\$ 355,507,870	\$ 205,180,357	\$ 669,315,331	\$ 597,099,229	\$ 1,024,823,201	\$ 802,279,586

For governmental activities, total net position increased by \$150,327,513 or 73.3 percent overall during the current fiscal year. The primary factor that contributed to the change in total governmental net position was the receipt of ARPA funding.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

For business-type activities, net position increased by \$72,216,102 or 12.1 percent during the fiscal year. Of this amount, increases of \$37,400,433, \$15,641,219, \$10,937,429 and \$8,237,021 are changes attributed to the Water Utility, Wastewater Utility, Parking Facilities and Storm Water Utility funds, respectively. Overall revenues increased by \$15,380,486 compared to the prior year due primarily to approved annual rate increases and increase in consumption.

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

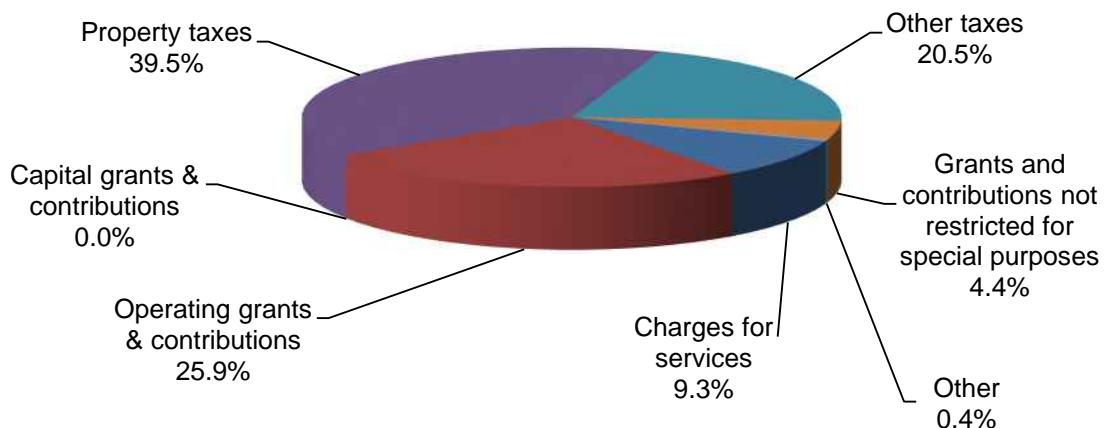
Changes in the City of Norfolk's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 84,204,497	\$ 78,467,164	\$ 178,665,490	\$ 167,825,333	\$ 262,869,987	\$ 246,292,497
Operating Grants & Contributions	233,841,799	207,935,782	-	-	233,841,799	207,935,782
Capital Grants & Contributions	(4,788)	1,982,849	-	-	(4,788)	1,982,849
General Revenues:						
Property Taxes	357,257,211	329,293,467	-	-	357,257,211	329,293,467
Other Taxes	185,001,440	175,216,636	-	-	185,001,440	175,216,636
Grants and Contributions not restricted for specific purposes	39,719,848	39,499,807	-	-	39,719,848	39,499,807
Other	3,611,293	700,504	12,805,556	8,265,227	16,416,849	8,965,731
Total Revenues	903,631,300	833,096,209	191,471,046	176,090,560	1,095,102,346	1,009,186,769
Expenses:						
General Government	142,588,555	150,511,364	-	-	142,588,555	150,511,364
Judicial Administration	47,384,436	47,505,416	-	-	47,384,436	47,505,416
Public Safety	135,155,626	102,696,731	-	-	135,155,626	102,696,731
Public Works	58,040,675	57,246,349	-	-	58,040,675	57,246,349
Health and Public Assistance	90,165,347	76,087,642	-	-	90,165,347	76,087,642
Culture and Recreation	54,751,290	35,794,242	-	-	54,751,290	35,794,242
Community Development	71,342,476	66,150,674	-	-	71,342,476	66,150,674
Education	138,901,682	112,363,179	-	-	138,901,682	112,363,179
Interest on Long-Term Debt	25,473,700	29,875,970	-	-	25,473,700	29,875,970
Water Utility	-	-	57,826,975	63,488,950	57,826,975	63,488,950
Wastewater Utility	-	-	18,658,063	21,086,758	18,658,063	21,086,758
Parking Facilities	-	-	16,309,662	20,030,843	16,309,662	20,030,843
Storm Water Utility	-	-	15,960,244	16,330,958	15,960,244	16,330,958
Total Expenses	763,803,787	678,231,567	108,754,944	120,937,509	872,558,731	799,169,076
Increase (decrease) in Net Position						
Special Items	-	(210,000,000)	-	-	-	(210,000,000)
Transfers	10,500,000	15,900,000	(10,500,000)	(15,900,000)	-	-
Increase (decrease) in Net Position	150,327,513	(39,235,358)	72,216,102	39,253,051	222,543,615	17,693
Net Position Beginning of Year	205,180,357	244,415,715	597,099,229	557,846,178	802,279,586	802,261,893
Net Position End of Year	\$ 355,507,870	\$ 205,180,357	\$ 669,315,331	\$ 597,099,229	\$ 1,024,823,201	\$ 802,279,586

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

Governmental Activities – The City's total revenues from governmental activities were \$903,631,300 for the fiscal year that ended June 30, 2022. The largest sources of revenue for the City are property taxes and other taxes which comprise 60.0 percent of total governmental revenues. Revenues from property taxes, which are comprised of personal and real estate taxes, increased by \$27,963,744 compared to prior year. The real estate (general tax) tax rate for fiscal year 2022 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 \$9,787,804 or 5.6 percent in comparison to the prior year. Other taxes include sales & use, consumers' utility, restaurant food, business license and hotel/motel taxes.

Governmental Activities: Revenues by Source

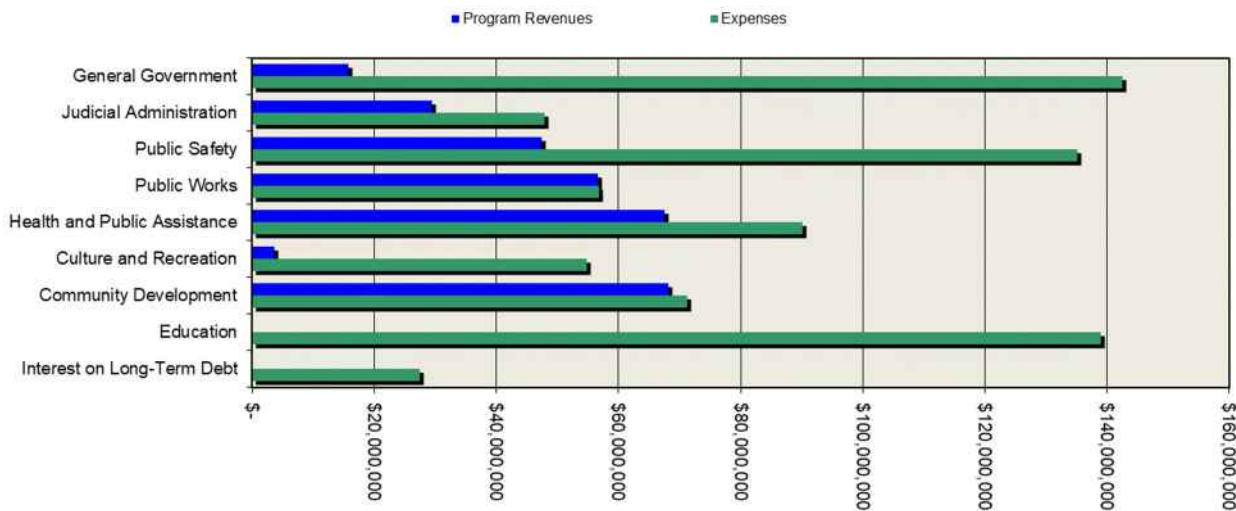


Operating grants and contributions for governmental activities ended the fiscal year at \$233,841,799 which represents an increase of approximately 12.5 percent from the prior year. For the 2022 fiscal year, there was \$39,719,848 in grants and contributions not restricted for specific programs that represents an increase of approximately 0.6 percent from the prior year. Other revenue increased by \$2,910,789 in comparison to prior year.

The City's expenses for governmental activities cover a wide array of services, with \$135,155,626 or 17.7 percent related to public safety, \$142,588,555 or 18.7 percent related to general government and \$138,901,682 or 18.2 percent for education (including payments to the School Board, a component unit). Expenses for governmental activities increased by 12.6 percent largely due to increased Public Safety and Education expenses.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

**Governmental Activities
 Expenses and Program Revenues**

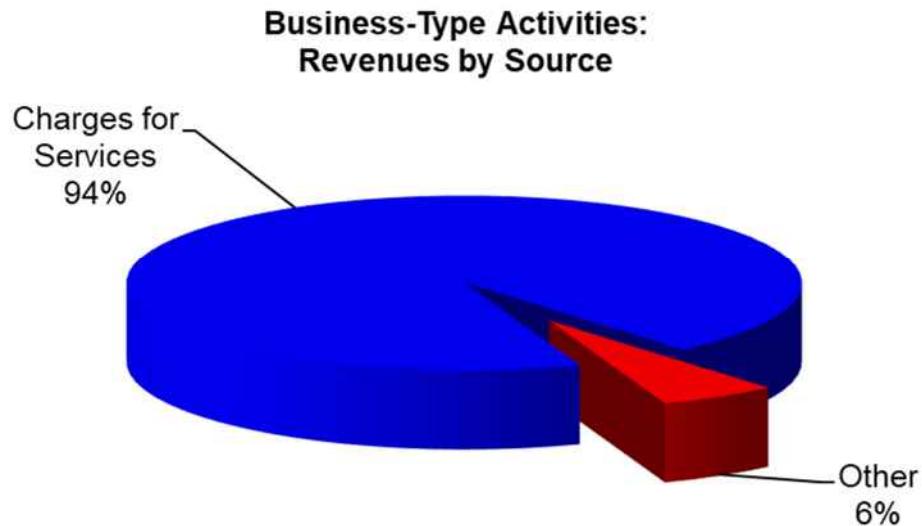


Depreciation expense for governmental activities of \$60,782,950 was recorded.

Business-type Activities – Business-type activities increased the City's net position by \$72,216,102. Key elements of this change are as follows:

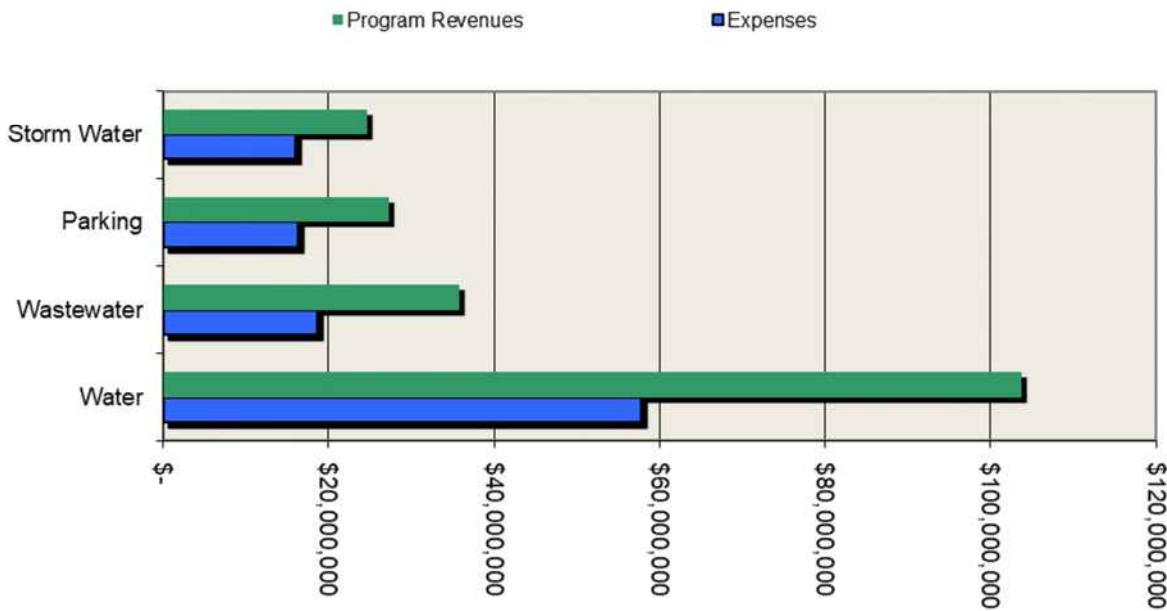
- Revenue from charges for services for business-type activities increased by 6.5 percent. Water Utility charges for services increased \$6,692,341 and Wastewater Utility charges for services increased \$3,149,491.
- Parking Facilities revenues increased \$1,089,788 or 6.0 percent from the prior year.
- Storm Water Utility charges for services decreased by 0.4 percent or \$91,463 in fiscal year 2022.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022



Total operating expenses for business-type activities decreased overall by \$17,670,756 or 16.3 percent. The Water Utility fund's expenses decreased by \$7,926,576. The Wastewater Utility fund's expenses decreased by \$2,806,553. The Parking Facilities fund's expenses decreased by \$6,197,128. The Storm Water Utility fund's operating expense decreased by \$740,499 in fiscal year 2022.

**Business Type Activities -
Expenses and Program Revenues**



CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

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 \$359,772,698, an increase of \$154,881,494 over the prior year due primarily to the City receiving ARPA 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 \$619,039 which consists of inventory, lease receivables and deferred lease revenue. Restricted fund balance is \$8,335,634 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 federal and state awards/grants, as well as certain tax dollars levied for specific purposes. Committed fund balance is \$23,314,384 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 \$229,466,133 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 \$98,037,508 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 \$62,298,236 for fiscal year 2022.

For the General fund, on the budgetary basis of accounting, the City ended the fiscal year with revenues over projections by \$30,371,450. Total expenditures were less than appropriations by \$120,008,175.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

The General fund revenues increased by \$43,414,175 from the prior year. Overall expenditures increased by \$9,518,508 or .02 percent from fiscal year 2021. General fund financial and budget highlights of the 2022 fiscal year include:

- General property tax revenues increased by \$24,622,833 or 7.7 percent;
- Other local tax revenues increased by \$8,295,021 or 5.0 percent;
- Charges for services increased by \$2,343,643 or 13.5 percent;
- Education expenditures were significantly less than the budget by approximately \$30 million primarily as a result of the COVID-19 pandemic.

The Grants fund began being reported as a major fund for fiscal year 2021 due primarily to receipt of Coronavirus Aid, Relief, and Economic Security Act and American Rescue Plan Act of 2021 funding. In fiscal year 2022, revenues increased 44%, Expenditures increased 41%, Assets increased 23% and Liabilities increased 24%.

The City spent \$32,205,600 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 surplus of \$5,117,466. In fiscal year 2022, 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 \$52,762,400 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.

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, 2022, totaled \$907,737,671. 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. Leased assets net of the lease liability are also included in the investment in capital assets. Infrastructure assets represent 14.6 percent of total general governmental assets.

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

- \$11.0 million in improvements to various civic facilities including data center and city hall;
- \$1.7 million in improvements to various cultural facilities;
- \$4.9 million to acquire equipment and technology;
- \$5.4 million to acquire City Property; and
- \$2.8 million for bridge and street improvements.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

Construction in progress totaled \$79.1 million for governmental activities at the end of the fiscal year. Construction in progress totaled \$110.0 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	
	2022		2021		2022	
	2022	2021	2022	2021	2022	2021
Land	\$ 120,100,032	\$ 112,317,666	\$ 44,829,051	\$ 47,298,301	\$ 164,929,083	\$ 159,615,967
Buildings, equipment and vehicles	703,137,871	722,819,447	906,600,727	905,072,212	1,609,738,598	1,627,891,659
Improvements other than buildings	86,529,686	87,035,854	54,021,559	51,914,068	140,551,245	138,949,922
Construction in progress	79,122,865	67,527,633	109,991,732	79,578,983	189,114,597	147,106,616
Intangible assets	397,819	597,482	6,445,682	5,376,882	6,843,501	5,974,364
Infrastructure	173,265,580	158,310,790	-	-	173,265,580	158,310,790
Leased Building	22,007,838	-	505,116	-	22,512,954	-
Leased equipment and vehicles	1,110,372	-	15,490	-	1,125,862	-
Total	\$ 1,185,672,063	\$ 1,148,608,872	\$ 1,122,409,357	\$ 1,089,240,446	\$ 2,308,081,420	\$ 2,237,849,318

Additional information on the City's capital assets can be found in Note VI on pages 104 - 105 of this report.

Long-term Debt – At June 30, 2022, the City (including the enterprise funds) had total bonded debt outstanding of \$1,534,467,743. Of this amount, \$1,203,231,783 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	
	2022		2021		2022	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 922,252,298	\$ 887,775,611	\$ 228,217,085	\$ 245,636,154	\$ 1,150,469,383	\$ 1,133,411,765
Line of Credit	52,762,400	83,260,000	-	-	52,762,400	83,260,000
Revenue Bonds	-	-	331,235,960	366,771,983	331,235,960	366,771,983
Total	\$ 975,014,698	\$ 971,035,611	\$ 559,453,045	\$ 612,408,137	\$ 1,534,467,743	\$ 1,583,443,748

The City's total debt outstanding decreased by \$48,976,005 or 3.1 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 10.0 percent; and
- Net debt as a percent of taxable property will not exceed 3.5 percent.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

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 \$2,307,611,773.

Additional information on the City's long-term debt can be found in Note IX on pages 108 - 118 of this report.

Economic Factors and Next Year's Budgets and Rates

- Development of the fiscal year 2023 Adopted Budget began the summer of 2021 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 2023 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 2023 by 8.61 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 6.4 percent above the fiscal year 2022 budget.
- The following reflects other tax change projections in the fiscal year 2022 budget:
 - Hotel taxes – 40.0 percent increase;
 - Restaurant food taxes – 12.0 percent increase; and
 - Personal property taxes – 15.0 percent increase.

CITY OF NORFOLK, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended June 30, 2022

- 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 2023. The fiscal year 2023 operating budget includes transfers in from non-general funds of approximately \$19.2 million and carrying forward prior year unspent appropriations totaling approximately \$21.4 million.

The following table represents the Storm Water, Waste Management, Wastewater and Water Utility fees implemented with the City's fiscal year 2023 budget.

Description	FY 2023 Approved	FY 2022 Approved
Storm Water Fees – Residential	\$13.05/month	\$12.72/month
Storm Water Fees – Commercial	\$13.05/month per 2,000 sq. ft.	\$12.72/month per 2,000 sq. ft.
Wastewater Fees	\$5.03/100 cubic feet	\$4.84/100 cubic feet
Water Fees	\$5.87/100 cubic feet	\$5.67/100 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, 2022

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.



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BASIC FINANCIAL STATEMENTS





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CITY OF NORFOLK, VIRGINIA

Exhibit 1

Statement of Net Position
June 30, 2022

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
	\$	\$	\$	\$
ASSETS				
Cash and short-term investments	\$ 503,515,091	\$ 97,810,050	\$ 601,325,141	\$ 71,340,984
Receivables, net:				
Taxes	60,290,364	-	60,290,364	-
Accounts	22,500,951	27,881,025	50,381,976	1,626,716
Leases	12,057,938	1,343,558	13,401,496	-
Notes	-	-	-	1,029,665
Accrued investment income	40,698	22,654	63,352	205,161
Internal balances	15,655,419	-	15,655,419	-
Due from other governments	78,215,310	90,507	78,305,817	50,837,654
Due from primary government	-	-	-	1,349,040
Inventories	14,993	4,040,783	4,055,776	1,656,484
Property held for resale	-	-	-	832,952
Prepaid items	-	80,540	80,540	47,599
Restricted cash and investments	-	54,019,473	54,019,473	1,528,288
Non-depreciable capital assets	199,319,911	159,436,828	358,756,739	8,163,935
Depreciable capital assets, net	963,233,942	962,451,923	1,925,685,865	17,780,532
Depreciable right to use assets, net	23,118,210	520,606	23,638,816	799,642
Total assets	<u>\$ 1,877,962,827</u>	<u>\$ 1,307,697,947</u>	<u>\$ 3,185,660,774</u>	<u>\$ 157,198,652</u>
Deferred outflows of resources				
Related to pensions	\$ 47,148,153	\$ 4,522,977	\$ 51,671,130	\$ 62,976,545
Related to OPEB	33,603,422	3,347,617	36,951,039	21,133,101
Loss on defeasance of bonds	40,640,214	32,677,535	73,317,749	-
Total deferred outflow of resources	<u>121,391,789</u>	<u>40,548,129</u>	<u>161,939,918</u>	<u>84,109,646</u>
Total assets and deferred outflows of resources	<u>\$ 1,999,354,616</u>	<u>\$ 1,348,246,076</u>	<u>\$ 3,347,600,692</u>	<u>\$ 241,308,298</u>
LIABILITIES				
Vouchers payable	\$ 54,583,747	\$ 18,045,650	\$ 72,629,397	\$ 12,314,710
Employees withholdings	512,876	-	512,876	-
Contract retainage	4,497,183	2,004,487	6,501,670	159,930
Accrued interest	8,219,434	3,767,698	11,987,132	-
Accrued payroll	8,231,995	835,497	9,067,492	28,149,458
Internal balances	-	15,655,419	15,655,419	-
Due to other governments	36,253	-	36,253	6,897,438
Due to component unit	1,349,040	-	1,349,040	-
Other payables	132,758,561	821,240	133,579,801	448,723
Unearned revenue	10,045,221	-	10,045,221	602,724
Other current liabilities	52,762,400	-	52,762,400	-
Line of credit	-	-	-	-
Long-term liabilities:				
Due within one year	88,683,479	37,318,756	126,002,235	8,489,841
Due in more than one year	976,994,152	569,479,167	1,546,473,319	14,126,239
Net pension liability	33,775,973	4,332,821	38,108,794	160,586,303
Net OPEB liability	108,855,870	7,426,030	116,281,900	103,193,187
Other	-	1,208,403	1,208,403	6,230,276
Total liabilities	<u>\$ 1,481,306,184</u>	<u>\$ 660,895,168</u>	<u>\$ 2,142,201,352</u>	<u>\$ 342,279,746</u>
Deferred inflows of resources				
Related to pensions	\$ 133,985,713	\$ 14,363,133	\$ 148,348,846	\$ 144,017,051
Related to OPEB	16,411,236	1,695,553	18,106,789	21,998,410
Related to leases	12,057,938	1,343,558	13,401,496	147,628
Gain on defeasance of bonds	85,675	633,333	719,008	-
Total deferred inflows of resources	<u>162,540,562</u>	<u>18,035,577</u>	<u>180,576,139</u>	<u>166,163,089</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,643,846,746</u>	<u>\$ 678,930,745</u>	<u>\$ 2,322,777,491</u>	<u>\$ 508,442,835</u>
NET POSITION				
Net investment in capital assets	\$ 372,138,564	\$ 535,599,107	\$ 907,737,671	\$ 11,704,817
Restricted for:				
Endowed care - nonexpendable	6,602,461	-	6,602,461	-
General government	(1,831,805)	-	(1,831,805)	-
Judicial administration	78,051	-	78,051	-
Public safety	206,511	-	206,511	-
Health and public assistance	2,219,658	-	2,219,658	-
Culture and recreation	3,231	-	3,231	-
Community development	770,118	-	770,118	-
Water utility	-	25,147,479	25,147,479	-
Wastewater utility	-	500,336	500,336	-
Parking fund	-	3,266,524	3,266,524	-
Other Programs	-	-	-	10,755,216
Unrestricted	(24,678,919)	104,801,885	80,122,966	(289,594,570)
Total net position (deficit)	<u>\$ 355,507,870</u>	<u>\$ 669,315,331</u>	<u>\$ 1,024,823,201</u>	<u>\$ (267,134,537)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 1,999,354,616</u>	<u>\$ 1,348,246,076</u>	<u>\$ 3,347,600,692</u>	<u>\$ 241,308,298</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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units	
					Governmental Activities	Business-Type Activities			
Primary government:									
Governmental activities:									
General government	\$ 142,588,555	\$ 7,812,152	\$ 65,187,375	\$ (4,788)	\$ (69,593,816)	\$ -	\$ (69,593,816)	\$ -	
Judicial administration	47,384,436	23,771,587	4,862,455	-	(18,750,394)	-	(18,750,394)	-	
Public safety	135,155,626	12,229,610	3,889,398	-	(119,036,618)	-	(119,036,618)	-	
Public works	58,040,675	24,484,242	39,048,732	-	5,492,299	-	5,492,299	-	
Health and public assistance	90,165,347	6,066,853	66,932,529	-	(17,165,965)	-	(17,165,965)	-	
Culture and recreation	54,751,290	7,894,496	798,490	-	(46,058,304)	-	(46,058,304)	-	
Community development	71,342,476	1,945,557	53,122,820	-	(16,274,099)	-	(16,274,099)	-	
Education	138,901,682	-	-	-	(138,901,682)	-	(138,901,682)	-	
Interest on long-term debt	25,473,700	-	-	-	(25,473,700)	-	(25,473,700)	-	
Total governmental activities	<u>\$ 763,803,787</u>	<u>\$ 84,204,497</u>	<u>\$ 233,841,799</u>	<u>\$ (4,788)</u>	<u>\$ (445,762,279)</u>	<u>\$ -</u>	<u>\$ (445,762,279)</u>	<u>\$ -</u>	
Business-type activities:									
Water utility	47,456,204	103,716,245	-	-	-	56,260,041	56,260,041	-	
Wastewater utility	16,424,297	35,333,559	-	-	-	18,909,262	18,909,262	-	
Parking facilities	12,079,213	19,229,133	-	-	-	7,149,920	7,149,920	-	
Storm Water utility	14,857,903	22,388,729	-	-	-	7,530,826	7,530,826	-	
Total business-type activities	<u>90,817,617</u>	<u>180,667,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,850,049</u>	<u>89,850,049</u>	<u>-</u>	
Total primary government	<u>\$ 854,621,404</u>	<u>\$ 264,872,163</u>	<u>\$ 233,841,799</u>	<u>\$ (4,788)</u>	<u>\$ (445,762,279)</u>	<u>\$ 89,850,049</u>	<u>\$ (355,912,230)</u>	<u>\$ -</u>	
Component units:									
Norfolk Public Schools	\$ 400,422,018	\$ 1,280,878	\$ 266,661,365	\$ 4,631,636				\$ (127,848,139)	
Norfolk Economic Development Authority	6,296,392	470,476	2,250,464	-				\$ (3,575,452)	
Total component units	<u>\$ 395,177,611</u>	<u>\$ 2,572,065</u>	<u>\$ 231,657,565</u>	<u>\$ 4,965,175</u>				<u>(131,423,591)</u>	
General revenues:									
Taxes:									
General property taxes - real estate and personal property				357,257,211	-	357,257,211	-		
Consumption utility taxes				31,207,179	-	31,207,179	-		
Sales and use taxes				42,726,193	-	42,726,193	-		
Restaurant food taxes				43,567,303	-	43,567,303	-		
Business license taxes				32,645,360	-	32,645,360	-		
Hotel/Motel taxes				14,539,389	-	14,539,389	-		
Cigarette taxes				6,388,731	-	6,388,731	-		
Admissions taxes				3,985,616	-	3,985,616	-		
Motor vehicle licenses				2,121,193	-	2,121,193	-		
Franchise, recordation and other miscellaneous local taxes				7,820,476	-	7,820,476	-		
Use of money and property				40,566	-	40,566	2,662,528		
Gain (loss) on Investment				(262,712)	(17,937,327)	(18,200,039)	-		
Grants and contributions not restricted to specific programs				39,719,848	-	39,719,848	-		
Miscellaneous				3,833,439	8,072,719	11,906,158	2,853,280		
Intergovernmental revenue - Commonwealth of Virginia				-	2,730,661	2,730,661	42,835,233		
Payment from Primary Government				-	-	-	130,579,634		
Transfers									
Total general revenues and transfers				10,500,000	(10,500,000)	-	-		
Changes in net position				596,089,792	(17,633,947)	578,455,845	178,930,675		
Net position (deficit) - beginning				150,327,513	72,216,102	222,543,615	47,507,084		
Net position (deficit) - ending				205,180,357	597,099,229	802,279,586	(314,641,621)		
				<u>\$ 355,507,870</u>	<u>\$ 669,315,331</u>	<u>\$ 1,024,823,201</u>	<u>\$ (267,134,537)</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, 2022

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Grants	Capital Projects	Debt Service		
ASSETS						
Cash and short-term investments	\$ 318,792,392	\$ 98,854,873	\$ 34,116,875	\$ -	\$ 17,709,616	\$ 469,473,756
Receivables, net:						
Taxes	59,486,111	-	-	-	-	59,486,111
Accounts	5,251,665	1,881,966	1,850,031	-	5,310,688	14,294,350
Notes	-	-	12,762,400	-	-	12,762,400
Accrued investment income	-	-	40,698	-	-	40,698
Due from other funds	4,739,603	-	15,207,089	-	-	19,946,692
Due from other governments	20,597,584	31,279,029	-	-	12,947,285	64,823,898
Leases receivable	12,661,984	-	-	-	-	12,661,984
Restricted cash	-	-	-	-	268,812	268,812
Inventory	14,993	-	-	-	-	14,993
Total assets	<u>\$ 421,544,332</u>	<u>\$ 132,015,868</u>	<u>\$ 63,977,093</u>	<u>\$ -</u>	<u>\$ 36,236,401</u>	<u>\$ 653,773,694</u>
LIABILITIES, DEFERRED INFLOWS						
Vouchers payable	\$ 25,402,205	\$ 3,061,883	\$ 4,510,076	\$ -	\$ 5,993,610	\$ 38,967,774
Employee withholdings	512,876	-	-	-	-	512,876
Contract retainage	2,208	-	183,820	-	4,311,155	4,497,183
Accrued payroll	7,661,309	139,230	-	-	337,114	8,137,653
Notes payable	-	-	52,762,400	-	-	52,762,400
Due to other funds	-	-	54,291	-	4,236,982	4,291,273
Due to other governments	36,253	-	-	-	-	36,253
Due to component unit	-	-	1,349,040	-	-	1,349,040
Unearned revenue	-	121,414,341	-	-	-	121,414,341
Other liabilities	4,499,614	500,633	-	-	152,774	5,153,021
Total liabilities	<u>\$ 38,114,465</u>	<u>\$ 125,116,087</u>	<u>\$ 58,859,627</u>	<u>\$ -</u>	<u>\$ 15,031,635</u>	<u>\$ 237,121,814</u>
Deferred Inflow of Resources						
Revenues levied for the next year and unavailable revenue	41,587,568	-	-	-	3,233,676	44,821,244
Deferred lease revenue	12,057,938	-	-	-	-	12,057,938
Revenues levied for the next year and unavailable revenue	<u>53,645,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,233,676</u>	<u>56,879,182</u>
FUND BALANCES						
Nonspendable	619,039	-	-	-	-	619,039
Restricted	115,000	1,618,173	-	-	6,602,461	8,335,634
Committed	18,883,878	4,392,703	-	-	37,803	23,314,384
Assigned	217,246,402	888,905	-	-	11,330,826	229,466,133
Unassigned	92,920,042	-	5,117,466	-	-	98,037,508
Total fund balances (deficit)	<u>\$ 329,784,361</u>	<u>\$ 6,899,781</u>	<u>\$ 5,117,466</u>	<u>\$ -</u>	<u>\$ 17,971,090</u>	<u>\$ 359,772,698</u>
Total liabilities and fund balances	<u>\$ 421,544,332</u>	<u>\$ 132,015,868</u>	<u>\$ 63,977,093</u>	<u>\$ -</u>	<u>\$ 36,236,401</u>	<u>\$ 653,773,694</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, 2022

Exhibit A-2

Fund balances - total governmental funds	\$ 359,772,698
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	2,899,798,546
Accumulated depreciation	<u>(1,717,619,372)</u>
	1,182,179,174
Recognition of deferred inflows as revenue in government wide statements	
	41,264,917
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	(132,483,405)
Deferred outflows related to pensions	46,726,708
Deferred inflows related to OPEB	(16,207,269)
Deferred outflows related to OPEB	33,251,299
Loss on defeasance	40,640,214
Gain on defeasance	<u>(85,675)</u>
	(28,158,128)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Lease liability	(24,405,114)
Bonds payable - including premium	(977,364,224)
Net pension liability	(33,344,810)
Other post-employment benefits	(108,116,893)
Compensated absences	(22,687,868)
Workers' compensation and claims liability	(37,943,384)
Other	(2,967,790)
Accrued interest payable	<u>(8,219,434)</u>
	(1,215,049,517)
Internal service funds	
	14,869,714
Receivable for Build America Bonds - interest rate subsidy	
	629,012
Net position of governmental activities	
	<u><u>\$ 355,507,870</u></u>

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, 2022

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Grants	Capital Projects	Debt Service		
REVENUES						
General property taxes	\$ 345,879,422	\$ -	\$ -	\$ -	\$ 6,768,400	\$ 352,647,822
Other local taxes	173,337,193	-	-	-	11,664,247	185,001,440
Permits and licenses	3,883,494	-	-	-	-	3,883,494
Fines and forfeitures	1,353,222	5,850	-	-	-	1,359,072
Use of money and property	8,593,994	-	-	-	69,178	8,663,172
Charges for services	19,693,061	196,405	-	-	24,271,412	44,160,878
Miscellaneous	9,539,408	1,794,659	-	-	892,226	12,226,293
Intergovernmental	139,326,838	122,808,416	-	-	36,456,758	298,592,012
Total revenues	<u>701,606,632</u>	<u>124,805,330</u>	<u>-</u>	<u>-</u>	<u>80,122,221</u>	<u>906,534,183</u>
EXPENDITURES						
Current operating:						
General government	146,826,373	2,051,426	347,609	-	371,042	149,596,450
Judicial administration	45,988,944	3,675,125	-	-	-	49,664,069
Public safety	65,702,097	65,276,589	-	-	5,690,882	136,669,568
Public works	15,221,488	16,878,720	-	-	23,207,716	55,307,924
Health and public assistance	69,440,056	21,623,186	-	-	1,126,151	92,189,393
Culture and recreation	37,689,743	627,527	-	-	1,673,892	39,991,162
Community development	12,499,103	23,927,795	-	-	34,557,695	70,984,593
Education	129,622,172	-	-	-	-	129,622,172
Debt service:						
Principal	-	-	-	53,852,387	-	53,852,387
Interest and other charges	-	-	-	27,160,898	-	27,160,898
Debt issuance costs	366,442	-	712,857	202,480	-	1,281,779
Capital outlay	15,746,053	-	32,205,600	-	-	47,951,653
Total expenditures	<u>539,102,471</u>	<u>134,060,368</u>	<u>33,266,066</u>	<u>81,215,765</u>	<u>66,627,378</u>	<u>854,272,048</u>
Excess (deficiency) of revenues over expenditures	<u>162,504,161</u>	<u>(9,255,038)</u>	<u>(33,266,066)</u>	<u>(81,215,765)</u>	<u>13,494,843</u>	<u>52,262,135</u>
OTHER FINANCING SOURCES (USES)						
Issuance of refunding bonds	-	-	-	36,895,000	-	36,895,000
Issuance of debt	-	-	90,520,066	-	-	90,520,066
Proceeds sale of capital assets	1,396,813	-	-	-	-	1,396,813
Payment to bond refunding escrow agent	-	-	-	(36,692,520)	-	(36,692,520)
Transfers in	18,768,400	9,880,638	4,274,131	81,013,285	674,294	114,610,748
Transfers out	(83,879,886)	-	(4,913,734)	-	(15,317,128)	(104,110,748)
Total other financing sources and uses	<u>(63,714,673)</u>	<u>9,880,638</u>	<u>89,880,463</u>	<u>81,215,765</u>	<u>(14,642,834)</u>	<u>102,619,359</u>
Net changes in fund balances	98,789,488	625,600	56,614,397	-	(1,147,991)	154,881,494
Fund balances - beginning	230,994,873	6,274,181	(51,496,931)	-	19,119,081	204,891,204
Fund balances - ending	<u>\$ 329,784,361</u>	<u>\$ 6,899,781</u>	<u>\$ 5,117,466</u>	<u>\$ -</u>	<u>\$ 17,971,090</u>	<u>\$ 359,772,698</u>

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, 2022

Net change in fund balances--total governmental funds	\$ 154,881,494
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	118,604,096
Subtract disposals	(20,823,719)
Subtract depreciation expense	<u>(60,364,326)</u>
	37,416,051
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.	4,376,662
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	(96,650,816)
Add debt repayment	53,852,387
Premium on bond sale	77,310,836
Loss on defeasance of debt	1,193,906
Gain on defeasance of debt	(26,613)
Line of Credit	-
Amortization of premiums, gains and losses	<u>7,473,932</u>
	(43,153,632)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Lease liability	(24,405,114)
Change in non-capital long-term liabilities (Note VIII)	(24,405,114)
Compensated absences	(878,760)
Retires life insurance	5,000
Total OPEB Liability, Net of changes in deferred inflows and outflows	(10,324,651)
Workers' compensation unpaid claims	(1,844,973)
Landfill closure	(126,414)
Net Pension Liability, Net of changes in deferred inflows and outflows	18,823,889
Accrued interest payable	<u>1,205,211</u>
	6,859,302
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.	
	14,352,750
Adjustment for federal interest rate subsidy	(35,720)
Change in net position of governmental activities	<u><u>\$ 150,327,513</u></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, 2022

	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	\$ 27,633,117	\$ 16,199,734	\$ 32,429,650	\$ 21,547,549	\$ 97,810,050	\$ 33,772,523	
Restricted short-term investments	25,147,479	-	-	-	25,147,479	-	
Receivables, net							
Accounts	9,571,409	4,791,693	1,922,716	3,246,045	19,531,863	8,406,808	
Unbilled accounts	5,491,182	1,452,760	171,721	1,233,499	8,349,162	-	
Accrued investment income	19,851	2,803	-	-	22,654	-	
Leases	-	-	1,343,558	-	1,343,558	-	
Due from other governments	-	-	-	90,507	90,507	-	
Inventories	4,016,772	23,536	-	475	4,040,783	-	
Prepaid Expenses	80,540	-	-	-	80,540	-	
Restricted cash and investments	15,487,289	4,360,097	6,574,621	2,449,987	28,871,994	-	
Total current assets	<u>87,447,639</u>	<u>26,830,623</u>	<u>42,442,266</u>	<u>28,568,062</u>	<u>185,288,590</u>	<u>42,179,331</u>	
Noncurrent assets:							
Capital assets:							
Non-depreciable capital assets	73,214,630	50,147,821	30,630,677	5,443,700	159,436,828	415,000	
Depreciable capital assets	845,904,024	388,102,025	214,001,795	85,256,279	1,533,264,123	12,453,220	
Accumulated depreciation	(312,035,725)	(121,326,907)	(106,356,394)	(31,093,174)	(570,812,200)	(9,375,331)	
Depreciable right to use assets, net	505,116	-	22,295	-	527,411	-	
Accumulated amortization	-	-	(6,805)	-	(6,805)	-	
Capital assets, net	607,588,045	316,922,939	138,291,568	59,606,805	1,122,409,357	3,492,889	
Total noncurrent assets	<u>607,588,045</u>	<u>316,922,939</u>	<u>138,291,568</u>	<u>59,606,805</u>	<u>1,122,409,357</u>	<u>3,492,889</u>	
Total assets	<u>\$ 695,035,684</u>	<u>\$ 343,753,562</u>	<u>\$ 180,733,834</u>	<u>\$ 88,174,867</u>	<u>\$ 1,307,697,947</u>	<u>\$ 45,672,220</u>	
Deferred outflows of resources							
Related to pensions	2,538,983	754,548	364,996	864,450	4,522,977	421,445	
Related to OPEB	1,872,764	549,690	327,001	598,162	3,347,617	352,123	
Loss on defeasance of bonds	9,189,614	3,713,363	18,449,893	1,324,665	32,677,535	-	
Total deferred outflows	<u>\$ 13,601,361</u>	<u>\$ 5,017,601</u>	<u>\$ 19,141,890</u>	<u>\$ 2,787,277</u>	<u>\$ 40,548,129</u>	<u>\$ 773,568</u>	
Total assets and deferred outflows of resources	<u><u>\$ 708,637,045</u></u>	<u><u>\$ 348,771,163</u></u>	<u><u>\$ 199,875,724</u></u>	<u><u>\$ 90,962,144</u></u>	<u><u>\$ 1,348,246,076</u></u>	<u><u>\$ 46,445,788</u></u>	
LIABILITIES							
Current liabilities:							
Vouchers payable	\$ 9,689,130	\$ 6,700,327	\$ 419,319	\$ 1,236,874	\$ 18,045,650	\$ 15,615,973	
Contract retainage	1,390,993	598,979	13,664	851	2,004,487	-	
Accrued interest	2,052,856	745,165	772,315	197,362	3,767,698	-	
Accrued payroll	460,979	136,129	75,107	163,282	835,497	94,342	
Due to other funds	448,330	-	15,207,089	-	15,655,419	-	
Unearned Revenue	-	-	821,240	-	821,240	7,787,893	
Current portion of bonds payable	18,090,000	14,113,618	1,120,811	2,800,752	36,125,181	-	
Current compensated absences	700,149	178,300	104,435	210,691	1,193,575	165,601	
Other current liabilities	856,475	256,085	95,525	318	1,208,403	4,892,200	
Total current liabilities	<u>33,688,912</u>	<u>22,728,603</u>	<u>18,629,505</u>	<u>4,610,130</u>	<u>79,657,150</u>	<u>28,556,009</u>	
Noncurrent liabilities:							
General obligation bonds payable	-	67,449,609	132,795,884	32,439,476	232,684,969	-	
Revenue bonds payable	255,557,535	79,693,708	-	279,054	335,530,297	-	
Net pension liability	2,452,390	730,347	373,902	776,182	4,332,821	431,163	
Total OPEB liability	4,203,144	1,251,742	640,833	1,330,311	7,426,030	738,977	
Compensated absences	402,742	107,181	69,624	170,306	749,853	143,650	
Lease liabilities	505,116	-	8,932	-	514,048	-	
Total noncurrent liabilities	<u>263,120,927</u>	<u>149,232,587</u>	<u>133,889,175</u>	<u>34,995,329</u>	<u>581,238,018</u>	<u>1,313,790</u>	
Total liabilities	<u><u>\$ 296,809,839</u></u>	<u><u>\$ 171,961,190</u></u>	<u><u>\$ 152,518,680</u></u>	<u><u>\$ 39,605,459</u></u>	<u><u>\$ 660,895,168</u></u>	<u><u>\$ 29,869,799</u></u>	
Deferred inflows of resources							
Related to Pensions	7,764,753	2,249,237	1,646,665	2,702,478	14,363,133	1,502,308	
Related to OPEB	879,529	236,862	253,026	326,136	1,695,553	203,967	
Related to leases	-	-	1,343,558	-	1,343,558	-	
Gain on bonds refunding	-	6,649	475,683	151,001	633,333	-	
Total deferred inflows of resources	<u>\$ 8,644,282</u>	<u>\$ 2,492,748</u>	<u>\$ 3,718,932</u>	<u>\$ 3,179,615</u>	<u>\$ 18,035,577</u>	<u>\$ 1,706,275</u>	
Total liabilities and deferred inflows of resources	<u><u>\$ 305,454,121</u></u>	<u><u>\$ 174,453,938</u></u>	<u><u>\$ 156,237,612</u></u>	<u><u>\$ 42,785,074</u></u>	<u><u>\$ 678,930,745</u></u>	<u><u>\$ 31,576,074</u></u>	
NET POSITION							
Net investment in capital assets	\$ 333,452,804	\$ 152,386,352	\$ 22,319,783	\$ 27,440,168	\$ 535,599,107	\$ 3,492,889	
Restricted for:							
Water Utility fund operations	25,147,479	-	-	-	25,147,479	-	
Wastewater Utility fund operations	-	500,336	-	-	500,336	-	
Parking Facilities fund operations	-	-	3,266,524	-	3,266,524	-	
Unrestricted	44,582,641	21,430,537	18,051,805	20,736,902	104,801,885	11,376,825	
Total net position	<u>\$ 403,182,924</u>	<u>\$ 174,317,225</u>	<u>\$ 43,638,112</u>	<u>\$ 48,177,070</u>	<u>\$ 669,315,331</u>	<u>\$ 14,869,714</u>	
Total liabilities and net position	<u><u>\$ 708,637,045</u></u>	<u><u>\$ 348,771,163</u></u>	<u><u>\$ 199,875,724</u></u>	<u><u>\$ 90,962,144</u></u>	<u><u>\$ 1,348,246,076</u></u>	<u><u>\$ 46,445,788</u></u>	

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
Proprietary Funds
For the Year Ending June 30, 2022

	Business-Type Activities					Governmental Activities - Internal Service Funds
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	
Operating revenues:						
Charges for services	\$ 101,931,304	\$ 35,269,559	\$ 19,163,128	\$ 22,301,499	\$ 178,665,490	\$ 101,063,749
Miscellaneous	1,784,941	64,000	66,005	87,230	2,002,176	138,445
Total operating revenues	<u>103,716,245</u>	<u>35,333,559</u>	<u>19,229,133</u>	<u>22,388,729</u>	<u>180,667,666</u>	<u>101,202,194</u>
Operating expenses:						
Personal services	16,340,372	4,753,556	2,541,700	5,847,805	29,483,433	3,141,381
Healthcare costs	-	-	-	-	-	74,634,572
Cost of goods sold	-	-	-	1,142	1,142	4,933,939
Plant operations	6,364,844	2,618,581	730,001	2,090,201	11,803,627	4,623,795
Chemicals	3,777,974	1,425	4,887	581	3,784,867	-
Depreciation and amortization	15,536,269	7,353,413	5,851,020	1,568,373	30,309,075	383,794
Retirement and OPEB expense	(6,094,822)	(1,779,485)	(1,142,836)	(2,057,264)	(11,074,407)	(1,051,983)
Administrative expenses	2,233,510	1,571,723	-	630,377	4,435,610	-
Other	9,298,057	1,905,084	4,094,441	6,776,688	22,074,270	214,878
Total operating expenses	<u>47,456,204</u>	<u>16,424,297</u>	<u>12,079,213</u>	<u>14,857,903</u>	<u>90,817,617</u>	<u>86,880,376</u>
Operating income (loss), net	<u>56,260,041</u>	<u>18,909,262</u>	<u>7,149,920</u>	<u>7,530,826</u>	<u>89,850,049</u>	<u>14,321,818</u>
Nonoperating revenues (expenses):						
Interest income	(1,030,649)	(116,364)	17,191	10,898	(1,118,924)	-
Intergovernmental revenue	-	391,010	-	2,339,651	2,730,661	-
Interest expense and fiscal charges, net of capitalized interest	(9,340,122)	(2,117,402)	(4,247,640)	(1,113,239)	(16,818,403)	-
Gain (loss) on sale or disposal of capital assets	49,374	74,713	8,017,958	38,760	8,180,805	30,932
Gain (loss) on investments	-	-	-	(79,489)	(79,489)	-
Miscellaneous revenue (expense)	(38,211)	-	-	9,614	(28,597)	-
Total nonoperating revenues (expenses)	<u>(10,359,608)</u>	<u>(1,768,043)</u>	<u>3,787,509</u>	<u>1,206,195</u>	<u>(7,133,947)</u>	<u>30,932</u>
Net income (loss) before contributions and transfers	<u>45,900,433</u>	<u>17,141,219</u>	<u>10,937,429</u>	<u>8,737,021</u>	<u>82,716,102</u>	<u>14,352,750</u>
Transfers out	<u>(8,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>(500,000)</u>	<u>(10,500,000)</u>	<u>-</u>
Changes in net position	<u>37,400,433</u>	<u>15,641,219</u>	<u>10,937,429</u>	<u>8,237,021</u>	<u>72,216,102</u>	<u>14,352,750</u>
Total net position - beginning	<u>365,782,491</u>	<u>158,676,006</u>	<u>32,700,683</u>	<u>39,940,049</u>	<u>597,099,229</u>	<u>516,964</u>
Total net position - ending	<u>\$ 403,182,924</u>	<u>\$ 174,317,225</u>	<u>\$ 43,638,112</u>	<u>\$ 48,177,070</u>	<u>\$ 669,315,331</u>	<u>\$ 14,869,714</u>

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, 2022

	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	\$ 101,183,284	\$ 34,251,338	\$ 19,769,401	\$ 22,604,369	\$ 177,808,392	\$ 101,909,370
Payments to suppliers	(10,545,346)	(2,568,556)	(727,836)	(9,286,686)	(23,128,424)	(2,788,232)
Payments to employees	(18,731,376)	(5,431,303)	(4,096,427)	(6,733,825)	(34,992,931)	(73,254,342)
Other payments	(10,883,148)	(3,467,478)	(4,090,830)	(772,139)	(19,213,595)	(194,332)
Net cash and short-term investments provided by (used in) operating activities	<u>61,023,414</u>	<u>22,784,001</u>	<u>10,854,308</u>	<u>5,811,719</u>	<u>100,473,442</u>	<u>25,672,464</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Internal activity, payments to or from other funds	75,535	-	(1)	-	75,534	-
Intergovernmental revenues	-	391,010	-	2,276,120	2,667,130	-
Operating subsidies and transfers to other funds	(8,500,000)	(1,500,000)	-	(500,000)	(10,500,000)	-
Net cash provided by (used in) noncapital financing activities	<u>(8,424,465)</u>	<u>(1,108,990)</u>	<u>(1)</u>	<u>1,776,120</u>	<u>(7,757,336)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from issuance of debt	-	11,120,601	(102,102)	3,140,434	14,158,933	-
Purchases / leases of capital assets	(30,994,989)	(23,746,902)	8,352,893	(4,503,208)	(50,892,206)	-
Refunding of debt principal	(19,325,000)	(747,069)	(9,490,107)	(627,538)	(30,189,714)	-
Proceeds from sale of capital assets	49,374	74,713	-	38,760	162,847	-
Principal paid on capital debt	(17,170,000)	(13,153,311)	(2,218,072)	(2,634,647)	(35,176,030)	-
Interest paid on capital debt	(13,588,062)	(1,862,343)	(4,397,392)	(1,166,909)	(21,034,706)	-
Net cash provided by (used in) capital and related financing activities	<u>(81,028,677)</u>	<u>(28,314,311)</u>	<u>(7,854,780)</u>	<u>(5,773,108)</u>	<u>(122,970,876)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sales and maturities of investments	50,938,415	21,035,002	1,292,110	-	73,265,527	-
Purchase of investments	(64,477,305)	(23,624,789)	(17,191)	(1,000,000)	(89,119,285)	-
Interest and dividends	(998,247)	171,426	17,191	1,144	(808,486)	-
Net cash provided by (used in) investing activities	<u>(14,537,137)</u>	<u>(2,418,361)</u>	<u>1,292,110</u>	<u>(998,856)</u>	<u>(16,662,244)</u>	<u>-</u>
Net increase (decrease) in cash and short-term investments	<u>(42,966,865)</u>	<u>(9,057,661)</u>	<u>4,291,637</u>	<u>815,875</u>	<u>(46,917,014)</u>	<u>25,447,688</u>
Cash and short-term investments - beginning of the year	<u>70,599,982</u>	<u>25,257,395</u>	<u>28,138,013</u>	<u>20,731,674</u>	<u>146,717,242</u>	<u>8,100,059</u>
Cash and short-term investments - end of the year	<u><u>\$ 27,633,117</u></u>	<u><u>\$ 16,199,734</u></u>	<u><u>\$ 32,429,650</u></u>	<u><u>\$ 21,547,549</u></u>	<u><u>\$ 144,727,064</u></u>	<u><u>\$ 33,547,747</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:						
Operating income (loss)	\$ 56,260,041	\$ 18,909,262	\$ 7,149,920	\$ 7,530,826	\$ 89,850,049	\$ 14,321,818
Adjustments to reconcile operating income (loss) to net cash and short-term investments provided by (used in) operating activities:						
Depreciation expense and amortization	15,536,269	7,353,413	5,851,020	1,568,373	30,309,075	383,794
Effect of changes in assets, deferred outflows and liabilities, deferred inflows:						
Receivables, net	(2,532,972)	(1,095,896)	606,272	215,640	(2,806,956)	707,173
Lease receivables	-	-	(1,343,558)	-	(1,343,558)	-
Inventories	(528,241)	(87)	-	1,142	(527,186)	-
Prepads	-	-	-	-	-	-
Vouchers payable	159,066	51,537	43,682	(560,978)	(306,693)	11,774,508
Accrued payroll	18,811	(15,061)	(21,115)	13,626	(3,739)	45,297
Net pension liability	(9,246,038)	(2,632,055)	(2,877,767)	(6,210,326)	(20,966,186)	(1,560,126)
OPEB liability	741,401	189,888	77,824	(47,874)	961,239	-
Lease liability	-	-	1,343,558	-	-	-
Other liabilities	615,077	23,000	24,472	3,301,290	3,963,839	-
Net cash and short-term investments provided by (used in) operating activities	<u><u>\$ 61,023,414</u></u>	<u><u>\$ 22,784,001</u></u>	<u><u>\$ 10,854,308</u></u>	<u><u>\$ 5,811,719</u></u>	<u><u>\$ 99,129,884</u></u>	<u><u>\$ 25,672,464</u></u>
Noncash investing, capital and financing activities:						
Unrealized gain / (loss) on investments	<u><u>\$ (38,211)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (13,816)</u></u>	<u><u>\$ -</u></u>
Capital contribution	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,932</u></u>
Acquisition of capital assets through change in contract retainage	<u><u>\$ 261,988</u></u>	<u><u>\$ (177,460)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 670,277</u></u>	<u><u>\$ -</u></u>
Acquisition of capital assets through vouchers payable	<u><u>\$ 3,937,673</u></u>	<u><u>\$ 231,370</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (366,772)</u></u>	<u><u>\$ 70,038</u></u>	<u><u>\$ -</u></u>
Capitalized interest, less interest earned on certain long-term construction contracts	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,477,962</u></u>	<u><u>\$ -</u></u>
Deferred inflow of resources	<u><u>\$ 7,256,872</u></u>	<u><u>\$ 2,135,556</u></u>	<u><u>\$ 354,555</u></u>	<u><u>\$ (184,128)</u></u>	<u><u>\$ 100,649</u></u>	<u><u>\$ -</u></u>

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

CITY OF NORFOLK, VIRGINIA
Statement of Net Position - Fiduciary Funds
June 30, 2022

Exhibit C-1

	Trust Funds	Custodial Funds
ASSETS		
Cash and short-term investments	\$ 115,288,509	\$ 12,808,437
Investments, fair value:		
United States Treasury securities	53,721,000	-
Fixed income securities	101,929,000	-
Equity securities	91,432,000	-
Future/options/swaps	(1,097,000)	-
Balanced commingled funds:		
Equity	640,444,000	-
Fixed income	220,874,000	-
Real estate	106,621,000	-
Total investments	<u>1,329,212,509</u>	<u>12,808,437</u>
Receivables:		
Accrued investment income	884,000	-
Due from broker for securities sold	60,237,000	-
Other	2,000	-
Total assets	<u>\$ 1,390,335,509</u>	<u>\$ 12,808,437</u>
LIABILITIES		
Vouchers payable	\$ 3,927,000	\$ 196,306
Due to brokers for securities purchased	107,281,000	-
Other liabilities	-	12,612,131
Total liabilities	<u>\$ 111,208,000</u>	<u>\$ 12,808,437</u>
NET POSITION		
Restricted for pension	-	-
Restricted for individuals, organizations and others	-	-
Total net position	<u>\$ 1,279,127,509</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, 2022

Exhibit C-2

	Trust Funds	Custodial Funds
Changes to net position attributed to:		
Additions:		
Investment income:		
Net appreciation in fair value of investments	\$ (144,707,000)	\$ -
Interest	2,766,000	-
Dividends	7,837,000	-
Other	2,188,000	-
	<hr/>	<hr/>
	(131,916,000)	-
Less investment expense	<hr/>	<hr/>
Net investment income	<hr/>	<hr/>
	(2,811,000)	-
	<hr/>	<hr/>
	(134,727,000)	-
Employer contributions	41,457,000	-
Employee contributions	9,364,000	-
Purchase of service	572,000	-
Custodial fund additions	-	2,851,433
Total Additions	<hr/>	<hr/>
	(83,334,000)	2,851,433
 Deductions:		
Benefit payments and expenses:		
Refunds of contributions	2,924,000	-
Benefits paid to plan members and beneficiaries	99,100,000	-
Administrative costs	848,000	-
Custodial fund deductions	13,982,001	2,851,433
Total Deductions	<hr/>	<hr/>
	116,854,001	2,851,433
Net increase in net position	<hr/>	<hr/>
	(200,188,001)	-
 Net position restricted for pensions:		
Net position - beginning	1,479,315,510	-
Net Position - ending	<hr/>	<hr/>
	\$ 1,279,127,509	\$ -
	<hr/>	<hr/>

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

CITY OF NORFOLK, VIRGINIA
Statement of Net Position - Component Units
June 30, 2022

Exhibit D-1

	Norfolk Public Schools	Norfolk Economic Development Authority	Total
ASSETS			
Cash and cash equivalents	\$ 63,249,844	\$ 8,091,140	\$ 71,340,984
Investments	-	-	-
Accounts receivable, net of allowance for uncollectible accounts	1,622,454	4,262	1,626,716
Leases receivable	-	205,161	205,161
Loan receivable	-	1,029,665	1,029,665
Due from primary government	1,349,040	-	1,349,040
Due from other governments	50,740,303	97,351	50,837,654
Inventories	1,656,484	-	1,656,484
Property held for sale	-	832,952	832,952
Prepaid expenses	-	47,599	47,599
Restricted cash	-	1,528,288	1,528,288
Non-depreciable capital assets	487,500	7,676,435	8,163,935
Depreciable capital assets, net	8,659,629	9,120,903	17,780,532
Depreciable right to use assets, net	799,642	-	799,642
Total assets	<u>128,564,896</u>	<u>28,633,756</u>	<u>157,198,652</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	62,976,545	-	62,976,545
Deferred outflows related to OPEB	21,133,101	-	21,133,101
Total assets and deferred outflows	<u>\$ 212,674,542</u>	<u>\$ 28,633,756</u>	<u>\$ 241,308,298</u>
LIABILITIES			
Vouchers payable	\$ 12,004,835	\$ 646,409	\$ 12,651,244
Contract retainage	159,930	-	159,930
Accrued payroll	28,149,458	-	28,149,458
Unearned revenues	247,419	201,304	448,723
Revolving loan program	-	602,724	602,724
Due to other government agencies	6,897,438	-	6,897,438
Other payable	897,401	183,516	1,080,917
Current portion of long-term liabilities	8,153,307	-	8,153,307
Long-term notes payable	-	14,126,239	14,126,239
Net pension liability	160,586,303	-	160,586,303
Other post-employment benefits liability	103,193,187	-	103,193,187
Other long-term liabilities	6,230,276	-	6,230,276
Total liabilities	<u>\$ 326,519,554</u>	<u>\$ 15,760,192</u>	<u>\$ 342,279,746</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to leases	-	147,628	147,628
Deferred inflows related to pensions	144,017,051	-	144,017,051
Deferred inflows related to OPEB	21,998,410	-	21,998,410
Total liabilities and deferred inflows	<u>\$ 492,535,015</u>	<u>\$ 15,907,820</u>	<u>\$ 508,442,835</u>
NET POSITION			
Net investment in capital assets	\$ 9,140,024	\$ 2,564,793	\$ 11,704,817
Restricted for:			
Child nutrition	7,431,795	-	7,431,795
Other programs	3,323,421	-	3,323,421
Unrestricted	(299,755,713)	10,161,143	(289,594,570)
Total net position (deficit)	<u>\$ (279,860,473)</u>	<u>\$ 12,725,936</u>	<u>\$ (267,134,537)</u>

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

CITY OF NORFOLK, VIRGINIA
Statement of Activities - Component Units
For the Year Ending June 30, 2022

	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	\$ 279,557,731	\$ 1,235,578	\$ 244,260,190	\$ -	\$ (34,061,963)	\$ -	\$ (34,061,963)
Administration, attendance and health	20,658,375	-	-	-	(20,658,375)	-	(20,658,375)
Pupil transportation	13,461,573	-	-	-	(13,461,573)	-	(13,461,573)
Operation and maintenance	38,342,736	-	-	-	(38,342,736)	-	(38,342,736)
Information technology	19,914,952	-	-	-	(19,914,952)	-	(19,914,952)
School facilities	9,946,386	-	-	4,631,636	(5,314,750)	-	(5,314,750)
Food services	18,524,091	45,300	22,401,175	-	3,922,384	-	3,922,384
Total Norfolk Public Schools	400,405,844	1,280,878	266,661,365	4,631,636	(127,831,965)	-	(127,831,965)
Norfolk Economic Development Authority:							
Economic development	6,236,530	470,476	2,250,464	-	-	(3,515,590)	(3,515,590)
Interest expense	59,862	-	-	-	(16,174)	(59,862)	(76,036)
Total Norfolk Economic Development Authority	6,296,392	470,476	2,250,464	-	(16,174)	(3,575,452)	(3,591,626)
Total component units	\$ 406,702,236	\$ 1,751,354	\$ 268,911,829	\$ 4,631,636	\$ (127,848,139)	\$ (3,575,452)	\$ (131,423,591)
General revenues:							
Use of money and property				356,875	2,305,653	2,662,528	
Payment from Primary Government				129,622,172	957,462	130,579,634	
Miscellaneous				2,019,911	833,369	2,853,280	
Intergovernmental revenue - Commonwealth of Virginia				42,835,233	-	42,835,233	
Total general revenues				174,834,191	4,096,484	178,930,675	
Changes in net position				46,986,052	521,032	47,507,084	
Net position - beginning as restated				(326,846,525)	12,204,904	(314,641,621)	
Net position - ending				\$ (279,860,473)	\$ 12,725,936	\$ (267,134,537)	

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, 2022

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CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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.

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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

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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 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.

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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

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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 (2) 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
 - Shared expenses
 - 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 Utility 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.

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Revenues and expenses not meeting this definition, including interest income or expense are reported as non-operating revenues and expenses.

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

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– Budget and Actual of the General fund presented in Exhibits E-1 and E-2 include the revenues and expenditures of the School Board.

A reconciliation of revenues and expenditures reported in accordance with U.S. generally accepted accounting principles (GAAP) and those presented in accordance with non-GAAP budgetary basis, for the General fund, can be found following Exhibit E-2. The budgets for the enterprise funds and internal service funds are prepared on a basis generally consistent with U.S. GAAP.

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

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

E. Deposits and Investments

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

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

The City has 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, 2022, 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.

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

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

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

F. Restricted Assets

Restricted assets are those whose use is 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.

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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.

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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 that is classified as a negative unassigned fund balance in the applicable governmental fund.

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 payables 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 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 of resources represent an acquisition of net assets that applies to future periods. They arise in governmental funds when potential revenue does not meet the "measurable" and "available" criteria for recognition in the current period. 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. Deferred outflows of resources represent a consumption of net assets that apply to future periods. The City reports the gains and losses on defeasance from debt refundings and certain

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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.

Q. Other Post-employment Benefits (OPEB)

For purposes of measuring the total 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.

R. Right To Use Leased Assets

The City has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement period of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

CITY OF NORFOLK, VIRGINIA
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S. Right To Use Leased Assets

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

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.

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 (that 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.

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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.

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, 2022.

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	\$ 48,109,719	\$ 4,427,669	\$ 10,025,165	\$ 21,591,952	\$ 5,103,791	\$ 6,961,141	\$	-
Futures/Options/Swaps	(1,096,829)	(1,123,908)	(12,318)	(122,374)	278,103	(116,333)		-
Asset Backed Securities	6,719,898	2,965,252	945,727	2,026,082	318,776	464,062		-
Bank Loans	95,661	-	-	95,661	-	-		-
U.S. Government Securities	144,084,163	15,312,641	62,673,321	40,558,082	3,342,309	22,197,811		-
Mortgage-Backed Securities	54,912,674	900	292,729	37,124	236,152	54,345,769		-
Equity Funds	640,443,527	-	-	-	-	-		640,443,527
Common Stock	35,478,051	-	-	-	-	-		35,478,051
Master Limited Partnerships	49,059,614	-	-	-	-	-		49,059,614
Municipal Bonds	2,782,336	99,942	783,386	131,222	-	1,767,786		-
Commercial Paper	14,746,299	14,746,299	-	-	-	-		-
Certificates of Deposit	30,582,600	30,582,600	-	-	-	-		-
Federal Agencies	8,189,978	2,573,279	5,616,700	-	-	-		-
Fixed Income Funds	227,768,418	-	-	-	-	-		227,768,418
Real Estate Funds	106,621,391	-	-	-	-	-		106,621,391
External investment pools	219,989,773	219,989,773	-	-	-	-		-
Total	<u>\$ 1,588,487,274</u>	<u>\$ 289,574,448</u>	<u>\$ 80,324,710</u>	<u>\$ 64,317,749</u>	<u>\$ 9,279,130</u>	<u>\$ 85,620,236</u>	<u>\$ 1,059,371,001</u>	

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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	\$ 601,325,141
Restricted cash and investments	54,019,473
Total	<u>\$ 655,344,614</u>

Per Exhibit C-1 (Fiduciary):

Cash and short-term investments	\$ 128,096,946
Investments	1,329,212,509
Total	<u>\$ 1,457,309,455</u>
 Total Primary Government and Fiduciary funds	 <u>\$ 2,112,654,069</u>
 Less cash	 524,166,795
 Deposits and investments reported above	 <u><u>\$ 1,588,487,274</u></u>

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 percent 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 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, 2022, 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	\$ 1,325,661	\$ -	\$ 3,449,700	\$ -	\$ -	\$ -	\$ 48,001,972	\$ 53,542,169	\$ -	\$ -	\$ -	\$ 282,367	\$ -	\$ -	\$ 219,989,773
AAAm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AA+	1,758,287	-	-	-	-	8,189,978	-	90,362,838	-	-	-	-	-	30,683,527	-
AA	3,673,987	-	298,466	-	-	-	-	2,323,011	118,770	-	-	-	1,435,135	-	-
AA-	6,289,999	-	-	-	-	-	-	-	-	-	-	-	527,813	-	-
AAAm-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A+	4,645,184	-	2,806,136	-	-	-	2,131,636	-	-	-	-	-	-	-	-
A	4,141,466	-	-	-	-	-	-	-	3,683	-	-	-	435,787	-	-
A-	1,796,729	-	-	-	-	-	-	-	-	14,746,299	30,582,600	-	-	6,894,725	-
BBB+	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BBB	5,968,563	-	-	-	-	-	-	584,906	-	-	-	-	101,234	-	-
BBB-	9,474,849	-	-	-	-	-	151,804	47,147	-	-	-	-	-	-	-
BB+	1,875,256	-	-	-	-	-	-	-	107,706	-	-	-	-	-	-
BB	691,106	-	-	95,661	-	-	-	-	8,122	-	-	-	-	-	-
BB-	268,328	-	159,116	-	-	-	-	-	-	-	-	-	-	-	-
B+ and Below	6,108,538	-	-	-	-	-	-	500,170	-	-	-	-	-	-	-
Not Rated	91,766	(1,096,829)	6,480	-	-	640,443,527	1,112,902	-	-	-	35,478,051	49,059,614	-	296,811,557	-
Total	\$ 48,109,719	\$ (1,096,829)	\$ 6,719,898	\$ 95,661	\$ 8,189,978	\$ 640,443,527	\$ 144,084,163	\$ 54,912,674	\$ 14,746,299	\$ 30,582,600	\$ 35,478,051	\$ 49,059,614	\$ 2,782,336	\$ 334,389,809	\$ 219,989,773

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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 percent or more of the System's net position at June 30, 2022:

SSGA MSCI ACWI IMI Index Fund	\$ 640,444,000
PIMCO Total Return Fund	\$ 185,546,000
SSGA Bond Market Index Fund	\$ 190,191,000

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
Australian Dollar	\$ 11,774
Canadian Dollar	54,341
Danish Krone	588,159
Euro Currency	3,215,787
Japanese Yen	1,545,796
Mexican Peso	6,489
New Zealand Dollar	18,405
Norwegian Krone	181
Pound Sterling	685,813
South African Rand	50
Yuan Renminbi	65
	<hr/>
	<hr/>
	\$ 6,126,860

Neither the City, nor its component units, have a formal policy to limit foreign currency risk; however, all 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.

CITY OF NORFOLK, VIRGINIA
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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 prioritizes the inputs to valuation techniques used to measure fair value. U.S. 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 that are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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The following table provides the inputs used to determine the fair value at June 30, 2022.

	June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Observable Inputs (Level 2)	
Investments Measured at Fair Value					
Cash Equivalents					
Government Issues	\$ 9,687,000	\$ -		\$ 9,687,000	
Short-Term	24,250,000	-		24,250,000	
Short-Term Fund	1,777,000	-		1,777,000	
	<u>\$ 35,714,000</u>	<u>\$ -</u>		<u>\$ 35,714,000</u>	
Fixed Income Securities					
U.S. Treasury Securities	\$ 144,084,163	\$ -		\$ 144,084,163	
Corporate Bonds	48,109,719	-		48,109,719	
Futures/Options/Swaps	(1,096,829)	(327,000)		(769,829)	
Commercial Paper	14,746,299	-		14,746,299	
Certificates of Deposit	30,582,600	-		30,582,600	
Municipals	2,782,336	-		2,782,336	
Asset Backed Securities	6,719,898	-		6,719,898	
Bank Loans	95,661	-		95,661	
Mortgage Backed Securities	54,912,674	-		54,912,674	
Federal Agency	8,189,978	-		8,189,978	
	<u>\$ 309,126,500</u>	<u>\$ (327,000)</u>		<u>\$ 309,453,500</u>	
Equity Securities					
Common Stock	\$ 35,478,051	\$ 35,268,000		\$ 210,051	
Master Limited Partnerships	49,059,614	49,060,000		(386)	
	<u>\$ 84,537,665</u>	<u>\$ 84,328,000</u>		<u>\$ 209,665</u>	
Commingled Securities					
Fixed Income Fund	\$ 37,578,252	\$ -		\$ 37,578,252	
	<u>\$ 37,578,252</u>	<u>\$ -</u>		<u>\$ 37,578,252</u>	
Total Investments by Fair Value Level	\$ 466,956,417	\$ 84,001,000		\$ 382,955,417	
Investments Measured at the Net Asset Value(NAV)					
Commingled Funds					
Equity Funds	\$ 640,443,527				
Fixed Income Funds	190,190,166				
Real Estate Funds	106,621,391				
	<u>\$ 937,255,085</u>				
Investments Measured at Amortized Costs					
External Investment Pools		219,989,773			
Less Cash Equivalents		(35,714,000)			
	<u>\$ 1,588,487,274</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 GASSB No. 79, *Certain External Investment Pools and Pool Participants*. The City held \$223,094,071 in LGIP funds, \$0 in SNAP funds, and \$154,734,191 in PFM funds at June 30, 2022.

The remaining commingled funds are reported at net asset value (NAV) as a practical expedient, based on the fair 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 percent of its total 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

CITY OF NORFOLK, VIRGINIA
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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, 2022, the School Board had cash of approximately \$63.2 million, including \$11.0 million held in custodial funds that 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, 2022, there was \$9,619,428 in cash and cash equivalents (\$1,528,288 that is considered restricted), including \$3,179,558 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 one 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. Upon CD maturity on October 22, 2021, the remaining balance was transferred to a money market account yielding 0.26 percent. At June 30, 2022, there were no investments accounts.

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, 2022, 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, 2022:

Water Utility fund	\$ 5,491,182
Wastewater Utility fund	1,452,760
Parking Facilities fund	171,721
Storm Water Utility fund	1,233,499
	<hr/>
	\$ 8,349,162

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, 2022, are as follows:

Primary Government:

General Fund:

Taxes	\$ 10,380,587
Accounts	23,483,662
Community Services Board	760,433
Total General Fund	<hr/> 34,624,682

Waste Management special revenue fund	\$ 1,666,700
Water Utility fund	3,763,773
Wastewater Utility fund	1,999,950
Parking Facilities fund	22,583,872
Storm Water Utility fund	678,100
Total Primary Government	<hr/> \$ 65,317,077

C. Lease Receivable

The City, acting as lessor, leases buildings under long-term, non-cancelable lease agreements. The leases expire at various dates through 2058 and provide for renewal options ranging from zero to five years. During the year ended June 30, 2022, the governmental activities recognized \$604,046 and \$221,681 in lease revenue and interest revenue, respectively, pursuant to these contracts. The business-type activities recognized \$484,284 and \$29,637 in lease revenue and interest revenue, respectively, pursuant to these contracts.

CITY OF NORFOLK, VIRGINIA
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Total future minimum lease payments to be received under lease agreements are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 711,305	\$ 215,650	\$ 482,644	\$ 20,484	\$ 1,430,083
2024	641,353	202,652	414,500	11,975	1,270,480
2025	481,822	192,392	248,699	5,474	928,387
2026	344,027	185,014	112,777	2,290	644,108
2027	302,710	178,896	11,300	1,492	494,398
Thereafter	<u>9,576,722</u>	<u>4,270,127</u>	<u>73,639</u>	<u>3,949</u>	<u>\$ 13,924,438</u>
	<u><u>\$ 12,057,938</u></u>	<u><u>\$ 5,244,732</u></u>	<u><u>\$ 1,343,558</u></u>	<u><u>\$ 45,664</u></u>	<u><u>\$ 18,691,893</u></u>

V. Due From Other Governments

Amounts due from other governments, at June 30, 2022, are as follows:

	General Fund	Grants Fund	Capital Projects Fund	Special Revenue Funds	Total Governmental Funds	Component Unit School Board
Commonwealth of Virginia:						
Non-categorical aid	\$ 20,551,531	\$ 14,057,089	\$ -	\$ -	\$ 34,608,620	\$ -
Nonmajor governmental funds grants	-	-	-	-	-	23,050,187
Reimbursement and miscellaneous	-	-	-	-	-	-
Total - Commonwealth of Virginia	20,551,531	14,057,089	-	-	34,608,620	23,050,187
Federal Government:						
Major governmental funds	46,053	17,221,940	-	-	17,267,993	27,690,116
Nonmajor governmental funds grants	-	-	-	12,947,285	12,947,285	-
Total - Federal Government	46,053	17,221,940	-	12,947,285	30,215,278	27,690,116
Total - Due from other governments	\$ 20,597,584	\$ 31,279,029	\$ -	\$ 12,947,285	\$ 64,823,898	\$ 50,740,303

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VI. Capital Assets

A summary of changes in capital assets at June 30, 2022, follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Non-depreciable capital assets:				
Land	\$ 112,317,666	\$ 8,919,033	\$ (1,136,667)	\$ 120,100,032
Intangible assets	97,014	-	-	97,014
Construction in progress	67,527,633	32,205,600	(20,610,368)	79,122,865
Total non-depreciable assets	<u>179,942,313</u>	<u>41,124,633</u>	<u>(21,747,035)</u>	<u>199,319,911</u>
Depreciable assets:				
Buildings	1,171,559,355	9,928,434	(1,606,338)	1,179,881,451
Improvements other than buildings	144,605,669	8,599,171	(316,431)	152,888,409
Equipment and vehicles	143,725,266	6,487,467	(7,644,601)	142,568,132
Intangible assets	5,238,251	-	-	5,238,251
Infrastructure	1,186,145,024	24,438,958	(931,580)	1,209,652,402
Leased Building	-	26,601,070	-	26,601,070
Leased equipment and vehicles	-	1,490,127	-	1,490,127
Total depreciable assets	<u>2,651,273,565</u>	<u>77,545,227</u>	<u>(10,498,950)</u>	<u>2,718,319,842</u>
Less accumulated depreciation/amortization:				
Buildings Depreciation	(488,257,974)	(28,618,359)	2,536,925	(514,339,408)
Improvements other than buildings Depreciation	(57,569,815)	(9,395,550)	606,642	(66,358,723)
Equipment and vehicles Depreciation	(104,207,200)	(8,828,806)	8,063,702	(104,972,304)
Intangible assets depreciation	(4,737,783)	(199,663)	-	(4,937,446)
Infrastructure depreciation	(1,027,834,234)	(8,767,585)	214,997	(1,036,386,822)
Leased building depreciation	-	(4,593,232)	-	(4,593,232)
Leased equipment and vehicles depreciation	-	(379,755)	-	(379,755)
Total accumulated depreciation/amortization	<u>(1,682,607,006)</u>	<u>(60,782,950)</u>	<u>11,422,266</u>	<u>(1,731,967,690)</u>
Depreciable assets, net	<u>968,666,559</u>	<u>16,762,277</u>	<u>923,316</u>	<u>986,352,152</u>
Total governmental activities				
capital assets, net	<u><u>\$ 1,148,608,872</u></u>	<u><u>\$ 57,886,910</u></u>	<u><u>\$ (20,823,719)</u></u>	<u><u>\$ 1,185,672,063</u></u>
Business-Type activities:				
Non-depreciable capital assets:				
Land	\$ 47,298,301	\$ -	\$ (2,469,250)	\$ 44,829,051
Intangible assets	4,616,045	-	-	4,616,045
Construction in progress	79,578,983	61,867,983	(31,455,233)	109,991,732
Total non-depreciable assets	<u>131,493,329</u>	<u>61,867,983</u>	<u>(33,924,483)</u>	<u>159,436,828</u>
Depreciable assets:				
Land improvements	76,129,491	3,090,862	-	79,220,353
Buildings	504,551,737	9,799,320	(2,534,280)	511,816,777
Building Improvements	111,925	98,704	-	210,629
Equipment and vehicles	915,643,450	20,721,801	(3,942,046)	932,423,205
Intangible assets amortizable	8,203,902	1,389,257	-	9,593,159
Leased Building	-	505,116	-	505,116
Leased equipment and vehicles	-	22,295	-	22,295
Totals depreciable assets	<u>1,504,640,506</u>	<u>35,627,355</u>	<u>(6,476,326)</u>	<u>1,533,791,534</u>
Less accumulated depreciation/amortization:				
Land improvements depreciation	(24,215,423)	(983,372)	-	(25,198,795)
Buildings depreciation	(179,351,217)	(10,734,689)	2,534,280	(187,551,626)
Building Improvements Depreciation	(1,127)	(1,131)	-	(2,258)
Equipment and vehicles depreciation	(335,882,557)	(18,262,622)	3,849,179	(350,295,999)
Intangible assets amortization	(7,443,065)	(320,457)	-	(7,763,522)
Leased building depreciation	-	-	-	-
Leased equipment and vehicles depreciation	-	(6,805)	-	(6,805)
Total accumulated depreciation/amortization	<u>(546,893,389)</u>	<u>(30,309,075)</u>	<u>6,383,459</u>	<u>(570,819,005)</u>
Depreciable assets, net	<u>957,747,117</u>	<u>5,318,280</u>	<u>(92,867)</u>	<u>962,972,529</u>
Business-Type activities				
capital assets, net	<u><u>\$ 1,089,240,446</u></u>	<u><u>\$ 67,186,262</u></u>	<u><u>\$ (34,017,350)</u></u>	<u><u>\$ 1,122,409,357</u></u>

CITY OF NORFOLK, VIRGINIA
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Component units:

Non-depreciable capital assets:				
Land	\$ 8,604,617	\$ -	\$ (440,682)	\$ 8,163,935
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>8,604,617</u>	<u>-</u>	<u>(440,682)</u>	<u>8,163,935</u>
Depreciable assets:				
Buildings and mobile classrooms	6,401,741	(1,085,335)	-	5,316,406
Improvements other than buildings	-	-	-	-
Building improvements	10,664,569	1,096,748	(1,562,418)	10,198,899
Equipment and vehicles	39,016,755	608,795	(1,814,257)	37,811,293
Intangible assets	1,323,387	-	-	1,323,387
Leased Building	-	851,293	-	851,293
Leased equipment and vehicles	-	-	-	-
Total depreciable assets	<u>57,406,452</u>	<u>1,471,501</u>	<u>(3,376,675)</u>	<u>55,501,278</u>
Less accumulated depreciation:				
Buildings and mobile classrooms	(5,031,571)	70,882	-	(4,960,689)
Improvements other than buildings	-	-	-	-
Building improvements	(653,365)	(684,227)	195,303	(1,142,289)
Equipment and vehicles	(29,314,778)	(1,929,045)	1,800,734	(29,443,089)
Intangible assets	(1,323,386)	-	-	(1,323,386)
Leased building depreciation	-	(51,651)	-	(51,651)
Leased equipment and vehicles depreciation	-	-	-	-
Total accumulated depreciation	<u>(36,323,100)</u>	<u>(2,594,041)</u>	<u>1,996,037</u>	<u>(36,921,104)</u>
Depreciable assets, net	<u>21,083,352</u>	<u>(1,122,540)</u>	<u>(1,380,638)</u>	<u>18,580,174</u>
Component units				
capital assets, net	<u>\$ 29,687,969</u>	<u>\$ (1,122,540)</u>	<u>\$ (1,821,320)</u>	<u>\$ 26,744,109</u>

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

Governmental activities:

General government	\$ 10,399,108
Judicial administration	1,232,842
Public safety	4,698,108
Public works, which includes the depreciation of infrastructure assets	11,948,716
Health and sanitation	3,226,856
Culture and recreation	17,966,522
Community development	739,159
Education	10,153,015
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	418,625
Total depreciation expense	<u>\$ 60,782,950</u>

Business-type activities:

Water Utility fund	\$ 15,536,270
Wastewater Utility fund	7,353,413
Parking Facilities fund	5,851,020
Storm Water fund	1,568,373
Total depreciation expense	<u>\$ 30,309,075</u>

Component unit activities

School Board	\$ 2,037,601
Norfolk Economic Development Authority	556,440
Total depreciation expense	<u>\$ 2,594,041</u>

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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.

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, 2022, \$23,000,000 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 percent) 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 percent). During the fiscal year ended June 30, 2021, the average weekly interest rate on the Series 2007 Bonds was 9 basis points (0.09 percent).

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2022

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, 2022, all the Series 2007 Bonds have been successfully remarketed by the remarketing agent.

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. 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.

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.

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 amended tax-exempt borrowing rate is 79 percent of BSBY, plus 25 basis points. The amended taxable borrowing rate is 100 percent of BSBY, plus 32 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”). There is no commitment fee on the unutilized portion of the Line of Credit.

As of June 30, 2022, there is an outstanding drawn amount on the line of \$52.8 million for capital expenditures.

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For the Year Ended June 30, 2022

Activity for the year ended June 30, 2022, is as follows:

	Balance as of June 30, 2021	Additions	Reductions	Balance as of June 30, 2022
Capital Projects Fund	\$ 83,260,000	\$ 54,100,200	\$ 84,597,800	\$ 52,762,400

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, 2022, follows:

	Enterprise Funds					Total Enterprise Funds
	Governmental Activities - General Obligation Bonds	Water Utility Bonds	Wastewater Utility Bonds	Parking Facilities Bonds	Storm Water Bonds	
General obligation bonds outstanding at July 1, 2021	\$ 887,775,611	\$ -	\$ 71,683,522	\$ 141,046,661	\$ 32,905,971	\$ 245,636,154
Bonds retired	(53,852,387)	-	(5,596,509)	(2,218,072)	(2,600,415)	(10,414,996)
Bonds refunded/defeased	(18,808,950)	-	(747,069)	(9,606,442)	(627,538)	(10,981,050)
Bonds transferred	10,487,208	-	-	(10,487,208)	-	(10,487,208)
Bonds reamortized	-	-	-	-	-	-
Bonds issued	96,650,816	-	2,570,667	9,134,156	2,759,361	14,464,184
Bonds outstanding at June 30, 2022	922,252,298	-	67,910,612	127,869,095	32,437,378	228,217,085
Unamortized (discount) premium	55,111,926	-	5,413,986	6,047,600	2,771,794	14,233,380
General obligation bonds outstanding at June 30, 2022, adjusted for unamortized (discount) premium	\$ 977,364,224	\$ -	\$ 73,324,597	\$ 133,916,695	\$ 35,209,172	\$ 242,450,465
Revenue bonds outstanding at July 1, 2021		\$ 279,485,000	\$ 86,939,284	\$ -	\$ 347,777	\$ 366,772,061
Bonds retired		(17,170,000)	(7,556,803)	-	(34,232)	(24,761,035)
Bonds reamortized		(19,325,000)	4,704	-	-	(19,320,296)
Bonds transferred		-	-	-	-	-
Bonds issued		-	8,545,230	-	-	8,545,230
Revenue Bonds outstanding at June 30, 2022		242,990,000	87,932,414	-	313,546	331,235,960
Unamortized (discount) premium		30,657,535	-	-	-	30,657,535
Revenue bonds outstanding at June 30, 2022, adjusted for unamortized (discount) premium		\$ 273,647,535	\$ 87,932,414	\$ -	\$ 313,546	\$ 361,893,494
Total bonds outstanding at June 30, 2022, adjusted for unamortized (discount)/premium	\$ 977,364,224	\$ 273,647,535	\$ 161,257,011	\$ 133,916,695	\$ 35,522,718	\$ 604,343,959

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General obligation and revenue bonds outstanding at June 30, 2022, are composed of the following individual issues:

Bond Issue/Purpose	Dated	Issue Amount	Interest Rate	Governmental Activities		Business-type Activities			Balance Outstanding
				Improvement	Public	Storm Water Utility	Wastewater Utility	Parking Facilities	
Series 2002 Property Acquisition	8/14/2002	3,400,000	5.375%	3,400,000		-	-	-	3,400,000
			Variable - June 30, 2022, rate of 0.93						
Series 2007 VRDB	3/29/2007	32,365,000	0.93	23,000,000		-	-	-	23,000,000
Series 2010B Capital Improvement	1/21/2010	117,650,000	4.950 - 5.962%	62,998,054	3,122,661	5,284,286		-	71,405,000
Series 2010F Capital Improvement	2/25/2010	5,000,000	4.65 - 5.60%	2,250,000	-	-	-	-	2,250,000
Series 2012A Refunding	5/30/2012	69,030,000	3.00 - 5.00%	6,654,844	185,701	689,455		-	7,530,000
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	4.25 - 5.00%	8,070,000	630,000	760,000		-	9,460,000
Series 2013B Capital Improvements and Refunding	11/7/2013	81,715,000	3.365 - 4.955%	7,660,000	-	-	-	-	7,660,000
Series 2013C QEBC	11/7/2013	2,470,000	4.855%	2,470,000	-	-	-	-	2,470,000
Series 2014 Refunding	4/2/2014	65,155,000	3.00 - 5.00%	18,915,903	1,071,029	4,868,068		-	24,855,000
Series 2014B Refunding	10/1/2014	9,900,000	3.290%	3,243,224	131,043	235,733		-	3,610,000
Series 2014C Refunding	9/30/2014	58,510,000	4.00 - 5.00%	38,067,167	1,800,616	6,482,217		-	46,350,000
Series 2015 Refunding	3/2/2015	16,320,000	3.320%	2,978,281	116,748	389,972		-	3,485,000
Series 2016A	10/19/2016	106,680,000	2.50 - 5.00%	20,955,000	2,310,000	4,795,000		-	28,060,000
Series 2016B Refunding	10/19/2016	69,870,000	3.00 - 5.00%	40,856,131	2,219,589	5,161,459	12,372,822		60,610,000
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%	-	1,721,953	-	-	-	1,721,953
Series 2017A GO Capital Improvement	12/5/2017	103,520,000	5.00%	16,530,000	-	-	-	-	16,530,000
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%	4,536,049	370,174	444,764	1,979,012	-	7,330,000
Series 2018 SW VRA Brownfield	9/27/2018	1,117,725	0.25%	-	727,429	-	-	-	727,429
Series 2018 Refunding	12/21/2018	11,710,000	3.540%	880,000	-	-	-	9,355,000	10,235,000
Series 2019 GO Capital Improvement	2/7/2019	133,695,000	5.00%	51,890,000	-	-	-	-	51,890,000
Series 2019B GO Refunding	8/15/2019	159,305,000	1.899 - 3.346%	92,970,746	2,103,143	10,877,873	49,828,238	155,780,000	
Series 2019C GO Refunding	8/15/2019	28,905,000	1.818 - 3.186%	21,664,191	209,813	3,477,556	3,278,440	28,630,000	
Series 2019D GO Refunding	9/19/2019	89,025,009	1.810 - 2.920%	64,949,044	1,783,118	2,933,013	16,984,825	86,650,000	
Series 2020A GO Capital Improvement	4/2/2020	37,275,000	4.00 - 5.00%	18,211,165	8,837,652	8,906,183	-	-	35,955,000
Series 2020B GO Refunding	4/2/2020	45,630,000	1.25% - 2.50%	33,190,463	400,217	2,055,573	8,238,747	43,885,000	
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
Series 2021A GO Capital Improvement	8/12/2021	74,220,000	4.00 - 5.00%	59,821,346	1,570,087	2,357,246	7,271,321	71,020,000	
Series 2021B GO Refunding	8/12/2021	36,895,000	0.200 - 1.420%	33,845,011	1,082,434	205,278	1,762,277	36,895,000	
Total General Obligation Bonds				922,252,298	\$32,437,378	67,910,612	127,869,095	1,150,469,383	

Bond Issue/Purpose	Dated	Interest Rate	Business-type Activities			Balance Outstanding
			Storm Water Utility	Water Utility	Wastewater Utility	
Series 2007 Wastewater Revenue	11/9/2007	0.00%	-	-	6,375,000	6,375,000
Series 2009 Wastewater Revenue	11/17/2009	0.00%	-	-	3,375,000	3,375,000
Series 2010 Water Revenue	9/30/2010	2.50 - 4.50%	-	-	-	-
Series 2010 Wastewater Revenue	10/19/2010	0.00%	-	-	5,000,000	5,000,000
Series 2011 Wastewater Revenue	10/21/2011	0.00%	-	-	5,347,500	5,347,500
Series 2012 Water Revenue Refunding	4/4/2012	5.00%	-	-	-	-
Series 2012 Wastewater Revenue	12/18/2012	0.00%	-	-	7,249,587	7,249,587
Series 2013 Wastewater Revenue	12/12/2013	0.00%	-	-	6,750,000	6,750,000
Series 2015 Wastewater Revenue	3/2/2015	0.00%	-	-	6,335,810	6,335,810
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%	-	52,085,000	-	52,085,000
Series 2016 Wastewater Revenue	4/21/2016	0.00%	-	-	4,385,579	4,385,579
Series 2017 Wastewater Revenue	5/31/2017	0.00%	-	-	5,312,045	5,312,045
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%	-	-	6,487,594	6,487,594
Series 2019A Wastewater Revenue	5/16/2019	2.00%	-	-	1,489,044	1,489,044
Series 2019B Wastewater Revenue	5/16/2019	1.00%	-	-	2,806,187	2,806,187
Series 2019C Wastewater Revenue	5/16/2019	1.00%	-	-	3,361,049	3,361,049
Series 2019D Wastewater Revenue	5/16/2019	0.00%	-	-	4,275,000	4,275,000
Series 2019E Wastewater Revenue	11/21/2019	0.00%	-	-	9,750,000	9,750,000
Series 2020 Wastewater Revenue	11/19/2020	0.00%	-	-	8,187,786	8,187,786
Series 2020 Storm Water Revenue	11/19/2020	0.25%	313,546	-	-	313,546
Series 2022 Wastewater Revenue	1/28/2022	0.50%	-	-	1,445,233	1,445,233
Total Revenue Bonds			\$ 313,546	\$ 242,990,000	\$ 87,932,414	\$ 331,235,960

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, 2022 (see Note VIII).

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2022

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 Placements</u>			<u>Bonds</u>		<u>Direct Borrowings and Direct Placements</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 64,868,190	\$ 27,722,249	\$ 1,817,426	\$ 406,713	\$ 8,726,810	\$ 6,375,634	\$ 1,035,250	\$ 350,133		
2024	64,895,343	25,580,622	1,602,248	350,019	9,054,657	5,923,074	1,035,721	322,153		
2025	62,487,125	23,071,374	2,177,975	297,008	13,197,875	6,036,138	475,289	293,808		
2026	63,339,534	21,600,295	751,928	223,311	13,205,466	5,309,081	761,631	285,681		
2027	64,175,138	19,711,777	751,928	198,066	13,154,862	5,044,910	791,927	266,639		
2028-2032	284,780,006	70,744,400	-	913,750	66,504,994	18,979,818	4,294,002	989,812		
2033-2037	180,289,716	34,522,492	3,400,000	30,458	55,145,284	9,460,049	2,619,058	503,388		
2038-2042	93,245,482	10,481,859	-	-	24,774,518	3,355,686	1,665,000	62,393		
2043-2047	25,835,259	2,701,149	-	-	11,349,741	1,642,159	-	-		
2048-2051	7,835,000	215,931	-	-	425,000	8,060	-	-		
Total	\$ 911,750,793	\$ 236,352,147	\$ 10,501,505	\$ 2,419,326	\$ 215,539,207	\$ 62,134,611	\$ 12,677,878	\$ 3,074,005		

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

Year Ending June 30,	Storm Water Utility Fund*		Wastewater Utility Fund*		Parking Facilities Fund*	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	2,766,261	1,188,595	5,874,988	2,280,661	1,120,811	3,256,510
2024	2,690,789	1,077,266	5,846,643	2,045,455	1,552,946	3,122,506
2025	2,586,434	960,967	5,910,515	1,856,356	5,176,215	3,512,622
2026	2,495,649	896,099	5,761,616	1,698,963	5,709,831	2,999,700
2027	2,471,470	820,725	5,777,355	1,550,746	5,697,965	2,940,078
2028-2032	11,048,267	2,741,243	21,801,036	4,687,409	37,949,694	12,540,977
2033-2037	5,744,726	1,259,640	8,182,289	2,218,726	43,837,327	6,485,072
2038-2042	2,633,782	226,596	5,578,575	1,482,482	18,227,161	1,709,000
2043-2047	-	-	3,177,595	465,341	8,172,146	1,176,819
2048-2051	-	-	-	-	425,000	8,060
	\$ 32,437,378	\$ 9,171,132	\$ 67,910,612	\$ 18,286,141	\$ 127,869,095	\$ 37,751,343

*Includes direct borrowings and direct placements.

General Obligation Direct Borrowings and Direct Placements

**General Obligation Capital Improvement Bonds, Series 2021A (Tax-Exempt)
(the “Series 2021A”)**

On August 12, 2021, 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 as deferred outflows.

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For the Year Ended June 30, 2022

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

As of June 30, 2022, the total outstanding on the Series 2018 is \$10,235,000. 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, 2022, the total outstanding on the Forward Refunding Bonds was \$7,095,000. 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.

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

As of June 30, 2022, the total outstanding on the Series 2002 is \$3,400,000. The City issued its \$3,400,000 General Obligation Property Acquisition Bond, Series 2002 to finance a portion of the purchase price of property, located within the boundaries of Shore Drive and Little Creek Road.

Storm Water General Obligation Bonds

As of June 30, 2022, 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, 2022, was \$2,449,383. 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

Wastewater VRA Revenue Bonds, Series 2022A (the “Series 2022A”)

On January 28, 2022, the City issued a \$8,545,230 Wastewater System Revenue Bond, with the Virginia Resource Authority (VRA). In conjunction with the State Water Control Board, VRA administers the Virginia Water Facilities Revolving Loan Fund. The Series 2022A bond has an interest rate of 0.5 percent.

Water Revenue Bond Defeasance (2022)

Series 2010 and Series 2012 Water Revenue and Refunding Bonds

On June 10, 2022, the City defeased (retired) \$19,325,000 of its existing Series 2010 and 2012 Water Revenue and Refunding Bonds, which were eligible to be prepaid without penalty. This prepayment produces \$8.2 million in net present debt service savings for the Water System, by eliminating the associated future interest payments. By prepaying the debt, the City was also able to release over \$2.2 million from reserves securing the Series 2010 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

CITY OF NORFOLK, VIRGINIA
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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 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, 2022, draws for project expenses of \$2,172,976, \$5,908,847, and \$2,101,673 from bond issuances in fiscal year 2019, 2020 and 2022 respectively, resulted in total VRA drawdowns of \$10,183,496 for fiscal year 2022. 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, Wastewater and Storm Water revenue bonds are as follows:

Year Ending June 30, 2022	Water Revenue		Wastewater Revenue*		Storm Water Revenue*	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	18,090,000	11,866,138	8,241,153	85,166	34,491	762
2024	19,195,000	10,934,013	8,266,479	59,840	34,578	676
2025	17,880,000	10,014,638	8,020,797	55,504	34,664	590
2026	18,965,000	9,101,013	7,766,367	58,456	34,751	503
2027	11,915,000	8,325,813	7,061,449	44,206	34,838	416
2028-2032	50,120,000	33,001,338	26,534,200	163,438	140,224	790
2033-2037	39,210,000	22,141,538	15,545,531	109,359	-	-
2038-2042	32,735,000	13,280,931	6,341,650	53,913	-	-
2043-2047	33,015,000	3,553,838	154,789	5,727	-	-
2048-2051	1,865,000	46,625	-	-	-	-
Total	\$ 242,990,000	\$ 122,265,881	\$ 87,932,414	\$ 635,609	\$ 313,546	\$ 3,737

*Includes both publicly sold debt and direct borrowing and direct placement debt.

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Revenue Bond Direct Borrowing and Direct Placement Debt

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

Storm Water Revenue Bonds

As of June 30, 2022, the City has one bond series that it has borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the VRA. The total outstanding Storm Water Revenue Bond at June 30, 2022, was \$313,546. 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.

Wastewater Revenue Bonds

As of June 30, 2022, the City has seventeen separate series of bonds that it has borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the VRA. The total outstanding Wastewater Revenue Bonds at June 30, 2022, were \$88,531,258. 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.

As of June 30, 2022, Wastewater Utility fund draws for project expenses were \$2,172,976, \$5,246,517, and \$1,521,452 from bond issuances in fiscal year 2019, 2020 and 2022, respectively, that resulted in total VRA drawdowns of \$8,940,944 for fiscal year 2022. In conjunction with the State Water Control Board, the VRA administers and manages the Virginia Water Facilities Revolving Fund.

D. Current and Advanced Refundings

General Obligation Refunding Bonds, Series 2021B (the "Series 2021B")

On August 12, 2021, 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 8.6 percent of the original debt.

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.

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At June 30, 2022, 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	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	10/1/2022
2020	2016A	36,395,000	10/1/2026
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
2021	2012A	6,045,000	10/1/2022
2021	2013B	7,770,000	8/1/2023
2021	2014	17,600,000	8/1/2024
2021	2016A	4,220,000	10/1/2026
2021	2016B	3,885,000	10/1/2026
2021	2017A	5,510,000	9/1/2024
2021	2017C	12,150,000	3/1/2027
2021	2019	5,570,000	8/1/2028
2022	2016B	975,000	10/1/2026
2022	2017C	18,635,000	3/1/2027
2022	2019	10,180,000	8/1/2028
		<u>\$ 438,345,000</u>	

Water Revenue Bonds			
Defeased In	Original Issue	Amount	Redemption
2022	2010	18,050,000	6/10/2022
2022	2012	1,275,000	6/10/2022
			<u>\$ 19,325,000</u>

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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 are no set repayment terms. The balance on the loan was \$12,762,400 at June 30, 2022.

F. Lease Liability

The City leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2034 and provide for renewal options ranging from one year to five years.

A summary of the Governmental Activities' long-term leases are as follows:

Buildings are leased for multiple departments within the City, as of June 30, 2022, the lease obligations for buildings are \$23,313,890. Multiple vehicles are leased for Community Services Board, as of June 30, 2022, the lease obligations for vehicles are \$95,232. The City has a lease agreement with Ricoh for printers through 2027, as of June 30, 2022, the lease obligations for equipment are \$995,991.

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

Utilities leases building space for its call-center, as of June 30, 2022, the lease obligations are \$505,116. The Parking has a lease agreement with Ricoh for Printers through 2025, as of June 30, 2022, the lease obligations for equipment are \$15,636.

Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 3,697,862	\$ 408,505	\$ 55,049	\$ 14,487	\$ 4,175,903
2024	3,123,460	352,288	57,513	13,003	3,546,264
2025	2,388,805	305,461	57,983	11,451	2,763,700
2026	2,182,201	265,398	58,522	9,887	2,516,008
2027	1,982,311	226,538	62,226	8,235	2,279,310
Thereafter	11,030,476	741,365	229,459	14,252	12,015,552
	<u>\$ 24,405,115</u>	<u>\$ 2,299,555</u>	<u>\$ 520,752</u>	<u>\$ 71,315</u>	<u>\$ 27,296,737</u>

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Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class:

	Governmental Activities	Business-Type Activities
Equipment	\$ 26,438,958	\$ 22,295
Buildings	1,490,127	505,116
Less: accumulated depreciation	<u>(4,972,987)</u>	<u>(6,805)</u>
	<u>\$ 22,956,098</u>	<u>\$ 520,606</u>

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 \$2,852,790 reported as an obligation for closure and post-closure costs at June 30, 2022, 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, \$2,152,405 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.

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	\$ 21,544,131
Grants Fund	292,982
Nonmajor governmental funds	850,755
Internal service funds	309,251
Total Governmental Activities	<u>\$ 22,997,119</u>
Business-type Activities:	
Water Utility fund	\$ 1,102,891
Wastewater Utility fund	285,481
Parking Facilities fund	174,059
Storm Water Utility fund	380,997
Total Business-type Activities	<u>\$ 1,943,428</u>
Component Unit - School Board	<u>\$ 9,720,342</u>

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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, 2022, the City's debt limit is \$2,307,611,773 of which \$1,054,007,991 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, 2022, are as follows:

Projects	Total
General Obligation Bonds Authorized and Unissued:	
General Capital Improvement Projects	\$ 152,517,076
Maritime Center Capital Improvement Projects	4,664,813
Waste Management Capital Improvement Projects	2,257,223
Towing and Recovery Capital Improvement Projects	-
Wastewater Utility Fund Projects	19,195,424
Parking Facilities Fund Projects	7,000,000
Storm Water Utility Fund Improvement Projects	61,293,506
G.O. Bonds Authorized and Unissued:	<u><u>\$ 246,928,042</u></u>
Revenue Bonds Authorized and Unissued:	
Water Utility Fund Projects	97,441,821
Revenue Bonds Authorized and Unissued:	<u><u>97,441,821</u></u>
Total Bonds Authorized and Unissued:	<u><u>\$ 344,369,863</u></u>

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K. Changes in Long-Term Obligations

A summary of fiscal year 2022 changes in long-term obligations, net of unamortized discounts and premiums, are as follows:

	Primary Government			Ending Balance	Amounts Due Within One Year
	Beginning Balance	Additions	Reductions		
GOVERNMENTAL ACTIVITIES:					
Bonds, Direct Borrowing and Direct Placements:					
General obligation bonds	\$ 878,746,359	\$ 103,681,708	\$ (70,677,274)	\$ 911,750,793	\$ 64,868,190
Direct borrowings and direct placements	9,029,252	3,456,316	(1,984,063)	10,501,505	1,817,426
Net Premiums	47,637,994	17,353,642	(9,879,710)	55,111,926	-
Total Bonds	<u>935,413,605</u>	<u>124,491,666</u>	<u>(82,541,047)</u>	<u>977,364,224</u>	<u>66,685,616</u>
Other Liabilities:					
Vested compensated absences	21,809,108	11,431,837	(10,553,077)	22,687,868	12,149,119
Other post-employment benefits	105,747,246	13,566,720	(11,197,074)	108,116,892	-
Retiree's life insurance	120,000	-	(5,000)	115,000	-
Self-insurance	36,098,411	7,827,506	(5,982,533)	37,943,384	5,985,279
Net pension liability	345,658,897	132,972,355	(445,286,441)	33,344,811	-
Landfill closure and post-closure costs	2,726,376	126,414	-	2,852,790	-
Lease Liability	-	24,405,114	-	24,405,114	3,697,864
Total Other Liabilities	<u>512,160,038</u>	<u>190,329,946</u>	<u>(473,024,125)</u>	<u>229,465,859</u>	<u>21,832,262</u>
Governmental Activities					
Long-term liabilities	1,447,573,643	314,821,612	(555,565,172)	1,206,830,083	88,517,878
Internal Service Funds:					
Net pension liability	\$ 4,179,446	\$ 1,272,487	\$ (5,020,770)	\$ 431,163	\$ -
Other post-employment benefits	824,459	29,136	(114,618)	738,977	-
Vested compensated absences	281,429	155,917	(128,095)	309,251	165,601
Total Internal Service Funds	<u>5,285,334</u>	<u>1,457,540</u>	<u>(5,263,483)</u>	<u>1,479,391</u>	<u>165,601</u>
Total Governmental Activities	<u><u>\$ 1,452,858,977</u></u>	<u><u>\$ 316,279,152</u></u>	<u><u>\$ (560,828,655)</u></u>	<u><u>\$ 1,208,309,474</u></u>	<u><u>\$ 88,683,479</u></u>
BUSINESS-TYPE ACTIVITIES:					
Bonds, Direct Borrowing and Direct Placements:					
Water Utility	\$ 279,485,000	\$ -	\$ (36,495,000)	\$ 242,990,000	\$ 18,090,000
Wastewater Utility	158,622,728	11,120,602	(13,900,381)	155,842,949	14,113,618
Parking Facilities	141,046,661	9,134,156	(22,311,722)	127,869,095	1,120,811
Storm Water	33,253,748	2,759,361	(3,262,185)	32,750,924	2,800,752
Net Premiums	49,311,515	-	(4,424,036)	44,887,479	-
Total Bonds Payable	<u>661,719,652</u>	<u>23,014,119</u>	<u>(80,393,324)</u>	<u>604,340,447</u>	<u>36,125,181</u>
Other Liabilities:					
Vested compensated absences	2,095,064	1,241,319	(1,392,955)	1,943,428	1,193,575
Net pension liability	39,206,928	12,858,953	(47,733,061)	4,332,820	-
Other post-employment benefits	7,734,087	1,023,253	(1,331,310)	7,426,030	-
Lease Liability	520,753	-	-	520,753	-
Total Other Liabilities	<u>49,036,079</u>	<u>15,644,278</u>	<u>(50,457,326)</u>	<u>14,223,031</u>	<u>1,193,575</u>
Total Business-Type Activities	<u><u>\$ 710,755,731</u></u>	<u><u>\$ 38,658,397</u></u>	<u><u>\$ (130,850,650)</u></u>	<u><u>\$ 618,563,478</u></u>	<u><u>\$ 37,318,756</u></u>
COMPONENT UNITS:					
Other Liabilities:					
Vested compensated absences	\$ 10,303,996	\$ 13,226,898	\$ (13,810,552)	\$ 9,720,342	\$ 7,290,257
Other post-employment benefits	102,057,511	1,135,676	-	103,193,187	-
Net pension liability	320,824,685		(160,238,382)	160,586,303	-
Workers' compensation claims	3,448,960	1,245,676	(1,009,949)	3,684,687	718,828
Long-term Notes Payable	14,970,000		(507,227)	14,462,773	336,534
Claims liability	179,050	75,143	(82,386)	171,807	98,830
Lease Liability		806,747		806,747	45,392
Component Units					
long-term obligations	<u>\$ 451,784,202</u>	<u>\$ 16,490,140</u>	<u>\$ (175,648,496)</u>	<u>\$ 292,625,846</u>	<u>\$ 8,489,841</u>

CITY OF NORFOLK, VIRGINIA
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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). Pension expense for ERS and VRS reported for the fiscal year ended June 30, 2022, for the City (including Line of Duty) was \$5,333,000 and \$3,510,581, respectively, for a total of \$8,843,581.

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. The ERS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information. The report may be downloaded from the City of Norfolk website at www.norfolk.gov/retirement or obtained by writing the Employees' Retirement System of the City of Norfolk, 810 Union Street, Suite 309, Norfolk, Virginia 23510.

Plan Closure

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

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Plan Membership

As of June 30, 2021, the actuarial valuation and net pension liability measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries receiving benefits:	
General	2,912
Public Safety	1,360
Vested Former Members:	
General	1,092
Public Safety	348
Active Plan Members:	
General	2,604
Public Safety	<u>1,137</u>
	<u><u>9,453</u></u>

Plan Benefits

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

Retirement (for employees who became members prior to July 1, 1980): Normal retirement is the earlier of age 60 or after completion of 30 years of credited service for general employees, and the earlier of age 55 or after the completion of 25 years of credited service for public safety employees. The normal service retirement benefit per annum is equal to 2.0 percent of average final compensation (average of the three highest years of compensation) times years of creditable service, with service limited to 35 years. Public safety employees accrue benefits at 2.5 percent of average final compensation times years of creditable service, not to exceed 65 percent 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 percent of average final compensation times years of creditable service, with service limited to 35 years. Public safety employees accrue benefits at 2.5 percent of average final compensation times years of creditable service, not to exceed 65 percent of average final compensation. Mandatory retirement is age 65 for public safety employees. There is no mandatory retirement age for general employees.

Retirement (for employees who became members on or after July 1, 2018): Normal retirement is the earlier of the retirement age as defined under the Social Security Act (42 U.S.C §416) or the age at which the combination of a participant's age and service sums to at least 90 for general employees, and the earlier of age 60 or age 50 with 25 years of creditable service for public safety employees. The normal service retirement benefit per annum for general employees is equal to 1.75 percent of average final

CITY OF NORFOLK, VIRGINIA
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compensation times years of creditable service, with service limited to 35 years. Public safety employees accrue benefits at 2.5 percent of average final compensation times years of creditable service, not to exceed 65 percent of average final compensation. Mandatory retirement is age 65 for public safety employees. There is no mandatory retirement age for general employees.

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

Effective January 1, 2015, the City Council adopted Ordinance Number 45,566 that established a Deferred Retirement Option Program (DROP) for 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 70 percent while continuing employment with the City without loss of any other employee benefits.

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

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

Contributions

Section 37 of the Code of the City of Norfolk, Virginia, established the authority under which the City's obligation to contribute to the Plan is determined. Contribution requirements are actuarially determined at the end of each fiscal year and paid by the City in the ensuing year. Effective January 8, 2015, all Plan members pay contribution on a salary reduction basis in the amount of 5 percent of earnable compensation, except for the City Council members hired before October 5, 2010. Employees of the Norfolk Community Services Board at June 30, 2012, who became City employees on July 1, 2012, were also required to pay member contributions effective January 8, 2015. Total employer contributions to the ERS plan were \$41,457,423 and \$160,231,736 for the years ended June 30, 2022 and 2021, 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 \$9,364,336 and \$9,711,6700 for the year ended June 30, 2022 and June 30, 2021, respectively were expected to cover the actuarially determined contributions.

CITY OF NORFOLK, VIRGINIA
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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, 2021, actuarial valuation, the actuarial assumptions included the following:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent Closed, 20-Years Layers
Asset Valuation Method	3-Year Smoothed Value
Investment Rate of Return	7.00%
Amortization growth Rate	3.00%
Inflation Rate	3.00%
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
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 for healthy lives; and 100% of RP-2014 Disability 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 for disabled lives

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.

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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:

Asset Class	30-year 2021		Target Allocations
	Long-term Expected Real Rate of Return		
Private Core Real Estate	4.75%		7.5%
Master Limited Partnerships	6.50%		7.5%
Core Fixed Income	1.00%		30.0%
Core Plus Income	1.50%		0.0%
Equity (ACWI IMI)	5.15%		55.0%
			<u>100.0%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. 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 7.0 percent (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 percent 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, 2021, was 7.0 percent.

Net Pension Liability

The net pension liability was measured as of June 30, 2021, with an actuarial valuation date of June 30, 2021. Pension expense and liability are allocated to governmental and enterprise funds based on the actual employer contributions. Governmental funds typically used to liquidate the pension liability include the General fund, Towing and Recovery Operations, Waste Management, Grants, Community Development, Cemeteries, EOC/911 and Resiliency special revenue funds. The employer contributions made in fiscal year 2022 of \$37,129,138 for governmental activities and \$4,328,285 for business-type activities are included as deferred outflows. As of June 30, 2022, the City reported a net pension liability of \$38,313,179 in governmental activities and \$4,332,821 in business-type activities. The net pension liability is allocated based on employer's contributions during the measurement period.

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The percentage for governmental activities and business-type activities for 2021 was 89.8 percent and 10.2 percent, respectively. Changes to the ERS net pension liability are as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 1,421,028,000	\$ 1,044,090,000	\$ 376,938,000
Service cost	27,208,000	-	27,208,000
Interest	98,032,000	-	98,032,000
Changes in Benefits Terms	-	-	-
Contributions - employer	-	160,252,000	(160,252,000)
Contributions - employee	-	10,367,000	(10,367,000)
Net investment income	-	270,352,000	(270,352,000)
Benefits payments, including refunds of member contributions	(95,572,000)	(95,572,000)	-
Difference between expected and actual experience	(19,181,000)	-	(19,181,000)
Change in assumptions	-	-	-
Administrative expense	-	(620,000)	620,000
Balances at June 30, 2021	<u>\$ 1,431,515,000</u>	<u>\$ 1,388,869,000</u>	<u>\$ 42,646,000</u>

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

The following presents the net pension liability, calculated using the discount rate of 7.0 percent, as well as what the City's ERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
ERS Net Pension Liability	\$ 196,879,000	\$ 42,646,000	\$ (87,920,000)

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

Total pension expense included for the City is \$5,323,773 for governmental activities and \$10,963 for business-type activities or \$5,334,736 combined for the City.

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At June 30, 2022, 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	\$ 17,622,670	\$ 2,009,330	\$ 19,632,000
Net difference between projected and actual earnings on plan	98,267,367	10,973,633	109,241,000
Change in assumptions	1,572,480	184,520	1,757,000
Net change in proportionate share (Internal Service Funds)	221,263	-	221,263
Net change in proportionate share (Storm Water Utility)	-	344,593	344,593
Net change in proportionate share (Parking Facilities)	-	567,570	567,570
Net change in proportionate share (Water Utility)	-	283,487	283,487
	<u>\$ 117,683,780</u>	<u>\$ 14,363,133</u>	<u>\$ 132,046,913</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	-	-	-
Change in assumptions	-	-	-
Net change in proportionate share (Wastewater Utility)	-	91,862	91,862
Net change in proportionate share (Governmental funds)	1,325,051	-	1,325,051
	<u>\$ 1,325,051</u>	<u>\$ 91,862</u>	<u>\$ 1,416,913</u>

Deferred outflows related to pension contributions made after the measurement date of \$37,129,138 for governmental activities and \$4,328,285 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
2023	\$ 28,407,487	\$ 3,814,512	\$ 32,221,999
2024	25,208,240	3,144,761	28,353,001
2025	27,269,664	3,300,336	30,570,000
2026	35,473,338	4,011,662	39,485,000
	<u>\$ 116,358,729</u>	<u>\$ 14,271,271</u>	<u>\$ 130,630,000</u>

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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 employer contributions as well as investment performance. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2 and the Hybrid Plan, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for Plan 1 (nonhazardous duty) members is 1.7 percent. The retirement multiplier for Plan 2 (nonhazardous duty) members with service accrued prior to January 1, 2013 is 1.7 percent and subsequently reduced to 1.65 percent effective January 1, 2013. The retirement multiplier for Plan 1 and Plan 2 (hazardous duty) members is 1.85 percent. The retirement multiplier for the Hybrid Plan is 1.0 percent. The 2014 valuation included hybrid retirement plan members for the first time.

The VRS provides annual cost-of-living adjustments (COLA) to eligible retirees. Retirees receiving an unreduced benefit or reduced benefit with at least 20 years of service credit are entitled to a COLA effective July 1 after one full calendar year (January 1 – December 31) from the effective retirement date. Retirees receiving a reduced benefit with fewer than 20 years of service credit, are entitled to a COLA effective July 1 after one full calendar year (January 1 – December 31) from the date the retiree would have become eligible for an unreduced benefit. Under Plan 1, the COLA cannot exceed 5.0 percent; under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.0 percent. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The VRS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information for the VRS.

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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 2022 Annual Comprehensive Financial Report. A copy may be requested by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500 or can be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/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 percent of their annual reported compensation to the VRS. The Employers' actuarially determined contribution rates as of June 30, 2022, not including the employee 5.0 percent contributions were 12.84 percent of covered payroll for the City employees, 16.62 percent of the annual covered payroll for School Board professional employees and 6.89 percent 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 teachers for the fiscal years ended June 30, 2022, 2021 and 2020 were \$31,262,584, \$29,074,631 and \$30,900,391, respectively: such amounts comprised 100 percent 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, 2022, 2021 and 2020 were \$1,164,717, \$1,178,041 and \$1,212,412, respectively.

The City of Norfolk contributions to the VRS for constitutional offices for the fiscal years ended June 30, 2022, 2021 and 2020 were \$4,574,478, \$3,215,071 and \$2,582,271, respectively, which is 100 percent of the actuarial determined contribution.

Actuarial Assumptions

The total pension liability was based on an actuarial valuation as of June 30, 2019, 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, 2022.

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Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent Closed
Remaining amortization period	16 – 25 years
Asset Valuation Method	5-year Smoothed Market
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, that 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 percent to 20 percent
- Discount rate decreased from 7.0 percent to 6.75 percent

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	Weighted Average Long-term Expected Real
		Rate of Return	Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.39%</u>

* The above allocation provides a one-year return of 7.39 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.39 percent, included expected inflation of 2.50 percent. The VRS Board elected a long-term rate of 6.75 percent that 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 7.11 percent.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate 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.

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For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100 percent of the actuarially determined employer 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 percent of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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, 2021, and changes in proportionate share between June 30, 2020 and June 30, 2021. Pension expense reported for the fiscal year ended June 30, 2022, for the City for Norfolk, the School Board Political Subdivisions and the School Board Teachers was \$3,510,581, \$(1,012,563) and \$(5,374,040), respectively. At June 30, 2022, 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	\$ -	\$ -		\$ 14,676,494	
Change in assumptions	- -	- -		- -	
Differences between expected and actual experience	1,045,699		960,237		13,957,453
Net difference between projected and actual earnings on plan investments	15,256,234		11,156,699		103,266,168
	<u>\$ 16,301,933</u>		<u>\$ 12,116,936</u>		<u>\$ 131,900,115</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	3,972,449		1,839,744		28,709,500
Differences between expected and actual experience	249,867		-		-
Net difference between projected and actual earnings on plan investments	- -		- -		- -
	<u>\$ 4,222,316</u>		<u>\$ 1,839,744</u>		<u>\$ 28,709,500</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. The City of Norfolk, the School Board Political Subdivisions and the School Board Teachers contributed \$4,574,478 (\$4,471,648 for governmental activities and \$102,830 for business-type activities), \$1,164,717 and \$31,262,584, respectively in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Amortization of Deferred Inflows and Outflows

Year Ended:	Agent Multiple-Employer Plans		Cost Sharing Plan	
	City of Norfolk Constitutional Employees	School Board Political Subdivisions	School Board Teachers	
2023	\$ (2,009,403)	\$ (2,014,907)	\$ (27,557,433)	
2024	(2,459,116)	(2,255,310)	(22,638,155)	
2025	(2,991,351)	(2,595,777)	(23,237,915)	
2026	(4,619,747)	(3,411,198)	(29,781,822)	
2027	-	-	24,710	
	<u>\$ (12,079,617)</u>	<u>\$ (10,277,192)</u>	<u>\$ (103,190,615)</u>	

Plan Membership

As of June 30, 2021, 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	372		601
Inactive members:			
Vested	100		73
Non-vested	288		321
Active elsewhere in the VRS	228		96
Total inactive members	616		490
LTD members	1		
Active members	542		611
Total	<u>1,531</u>		<u>1,702</u>

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Net Pension Liability

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

City of Norfolk

		Increase(Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at June 30, 2020	\$ 123,728,181	\$ 111,620,910	\$ 12,107,271
Service cost	3,903,237	-	3,903,237
Interest	8,170,060	-	8,170,060
Change of benefit terms	2,862,884	-	2,862,884
Change in assumptions	4,823,773	-	4,823,773
Difference between expected and actual	(1,320,751)	-	(1,320,751)
Contributions - employer	-	3,215,071	(3,215,071)
Contributions - employee	-	1,399,418	(1,399,418)
Net Investment income	-	30,602,780	(30,602,780)
Benefits payments, including refunds of employee contributions	(5,380,511)	(5,380,511)	-
Administrative expense	-	(74,847)	74,847
Other changes	-	(58,742)	58,742
Balance at June 30, 2021	\$ 136,786,873	\$ 141,324,079	\$ (4,537,206)

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School Board Political Subdivisions

	Total Pension Liability (a)	Increase/(Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balance at June 30, 2020	\$ 96,508,425	\$ 84,687,078	\$ 11,821,347
Service cost	1,500,286	-	1,500,286
Interest	6,307,770	-	6,307,770
Change in assumptions	3,099,843	-	3,099,843
Difference between expected and actual experience	(1,570,273)	-	(1,570,273)
Contributions - employer	-	1,077,199	(1,077,199)
Contributions - employee	-	794,589	(794,589)
Net Investment income	-	22,627,071	(22,627,071)
Benefits payments, including			
refunds of employee contributions	(6,119,959)	(6,119,959)	-
Administrative expense	-	(58,816)	58,816
Change in proportionate share	-	-	-
Other changes	-	2,113	(2,113)
Balance at June 30, 2021	\$ 99,726,092	\$ 103,009,275	\$ (3,283,183)

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 percent, 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 percent) or one percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Agent Multiple-Employer Plans			
School Board non-professional employee net pension liability	\$ 8,226,045	\$ (3,283,183)	\$ (12,958,181)
City of Norfolk's constitutional offices net pension liability	\$ 14,163,632	\$ (4,537,206)	\$ (19,905,751)
Cost Sharing Plans			
School Board Teachers net pension liability	\$ 316,259,008	\$ 163,869,486	\$ 38,509,879

Payables to the Pension Plan

As of June 30, 2022, the School Board had no outstanding amounts payable to the political subdivision pension plan for the fiscal year ended June 30, 2022.

As of June 30, 2022, the School Board had no outstanding amounts payable to the teacher's pension plan for the fiscal year ended June 30, 2022.

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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. The deferral could be up to 25 percent of gross income up to a maximum 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 maximum contributions for calendar years 2021 and 2022, excluding catch up contributions, were \$19,500 and \$20,500, respectively. 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.

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.

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Employees Covered by Benefit Terms

As of the June 30, 2021, 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	84	66	129
Active members	3,615	1,123	3,934
Total	<u>3,699</u>	<u>1,189</u>	<u>4,063</u>

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, 2021. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions applied to all periods included in the measurement.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Actuarial Assumptions

For the June 30, 2021, 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	2.16%
Rate of Salary Increases	3.50%
Rate of Medical Inflation	6.75% (Pre-Medicare) grading to 3.00% over 15 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
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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, was 2.16 percent. 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 OPEB liability was measured as of June 30, 2021, with an actuarial valuation date of June 30, 2021. OPEB expense and liability are allocated to governmental and enterprise funds.

As of June 30, 2022, the City reported a total OPEB liability of \$108,855,870 in governmental activities and \$7,426,030 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, 2020	\$ 74,356,257	\$ 39,949,536	\$ 55,877,982	\$ 170,183,775
Service cost	8,084,842	1,762,063	4,412,775	14,259,680
Interest	1,705,737	889,866	1,257,459	3,853,062
Change in benefits	-	-	6,316,408	6,316,408
Difference between expected and actual Experience	(8,935,659)	1,299,665	(2,835,101)	(10,471,095)
Assumption changes	280,846	416,582	(29,571)	667,857
Contributions - employer	-	-	-	-
Net Investment income	-	-	-	-
Benefits payments	(2,401,000)	(1,126,835)	(2,360,257)	(5,888,092)
Administrative expense	-	-	-	-
Balance at June 30, 2021	\$ 73,091,023	\$ 43,190,877	\$ 62,639,695	\$ 178,921,595

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

The following presents the total OPEB liability using the discount rate of 2.16 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16 percent) or one percentage point higher (3.16 percent) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
City	\$ 80,903,469	\$ 73,091,023	\$ 66,415,818
Line of Duty	\$ 47,807,400	\$ 43,190,877	\$ 39,246,371
School Board	\$ 69,335,035	\$ 62,639,695	\$ 56,918,981

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 (1.16%)	Healthcare Cost Trend Rates (2.16%)	1% Increase (3.16%)
City	\$ 63,468,459	\$ 73,091,023	\$ 84,906,529
Line of Duty	\$ 37,504,721	\$ 43,190,877	\$ 50,172,884
School Board	\$ 54,393,067	\$ 62,639,695	\$ 72,765,695

CITY OF NORFOLK, VIRGINIA
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For the Year Ended June 30, 2022

OPEB Expense and Deferred Inflows and Outflows of Resources

OPEB expense reported for the fiscal year ended June 30, 2022, for the City (including Line of Duty) and the School Board was \$14,797,978 and \$10,312,182, respectively. At June 30, 2022, 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	\$ -	\$ -	\$ 3,741,348	\$ 3,786,782
Net change in proportionate share (Internal Service funds)	56,534	-	-	-
Net change in proportionate share (Storm Water Utility)	-	64,302	-	-
Net change in proportionate share (Parking Facilities)	-	116,749	-	-
Net change in proportionate share (Water Utility)	-	65,259	-	-
Differences between expected and actual experience	12,613,354	1,449,243	-	9,545,689
Total	<u>\$ 12,669,888</u>	<u>\$ 1,695,553</u>	<u>\$ 3,741,348</u>	<u>\$ 13,332,471</u>

Deferred Outflows of Resources				
	Governmental Activities City	Business-Type Activities City	Governmental Activities Line of Duty	School Board
Change in assumptions	\$ 26,848,040	\$ 3,119,551	\$ 2,793,045	\$ 9,257,011
Net change in proportionate share (Governmental funds)	293,460	-	-	-
Net change in proportionate share (Wastewater Utility)	-	9,384	-	-
Differences between expected and actual experience	-	-	577,990	1,554,604
Total	<u>\$ 27,141,500</u>	<u>\$ 3,128,935</u>	<u>\$ 3,371,035</u>	<u>\$ 10,811,615</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, 2022. The City and the School Board contributed \$3,309,569 (\$1,875,908 for governmental activities, \$1,214,979 for line of duty activities and \$218,682 for business-type activities) and \$2,404,662, respectively in fiscal year 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Amortization of Deferred Inflows and Outflows

	Governmental Activities City	Business-Type Activities City	Governmental Activities Line of Duty	School Board
Year Ended:				
2023	\$ 2,919,183	\$ 285,196	\$ (848,910)	\$ (1,674,460)
2024	2,919,183	285,195	(848,913)	(1,674,452)
2025	2,871,303	275,602	(41,624)	289,915
2026	2,643,633	260,793	1,164,127	28,061
2027	3,118,310	326,596	205,007	510,080
	<u>\$ 14,471,612</u>	<u>\$ 1,433,382</u>	<u>\$ (370,313)</u>	<u>\$ (2,520,856)</u>

CITY OF NORFOLK, VIRGINIA
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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 total 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.

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

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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, 2021.

Inflation Rate	2.50%
Salary Increases, including inflation	
Teachers	3.50% - 5.95%
Other employees	3.50% - 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

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%

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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	\$ 35,480,000
Plan Fiduciary Net Position	<u>23,930,000</u>
GLI Net OPEB Liability	<u>\$ 11,550,000</u>

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 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 percent of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on 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:

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Asset Class (Strategy)	Target Allocation	Arithmetic	Weighted Average
		Long-term	Long-term
		Expected Real Rate of Return	Expected Real Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	<u>7.39%</u>

* The above allocation provides a one-year return of 7.39 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94 percent, included expected inflation of 2.50 percent. The VRS Board elected a long-term rate of 6.75 percent that 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 7.11 percent.

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
GLI Net OPEB Liability	\$ 16,870,000	\$ 11,550,000	\$ 7,250,000

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VRS GLI OPEB Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2022, the School Board recognized a credit to the OPEB Group Life Insurance expense of \$371,085. At June 30, 2022, 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	\$ 13,124	\$ 1,037,944
Change in assumptions	636,552	1,579,800
Differences between expected and actual experience	1,316,913	87,978
Net difference between projected and actual earnings on Plan investments	-	2,755,888
	<hr/> <u>\$ 1,966,589</u>	<hr/> <u>\$ 5,461,610</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, 2022. 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	\$ (945,738)
2023	(765,594)
2024	(623,524)
2025	(968,573)
2026	(191,592)
	<hr/> <u>\$ (3,495,021)</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, 2022 and June 30, 2021 were approximately \$2,760,000 and \$2,740,000, respectively.

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Health Insurance Credit (HIC) Plans

Plan Description

The School Board contributes to the Virginia Retirement System (VRS), an agent, Teacher Health Insurance Credit Program, a cost-sharing multiple-employer (for teachers and professionals) defined benefit plan that provides a credit toward the cost of health insurance coverage for eligible retired teachers and professionals. Effective July 1, 2020, the School Board contributes to a similar plan, the VRS Health Insurance Credit Program for Political Subdivisions, which administers an agent multiple employer-defined benefit plan that provides a credit toward the cost of health insurance coverage for eligible non-professionals. All full-time, personnel participate and are automatically enrolled upon employment in either the VRS Teacher Health Insurance Credit Program (THICP), (teachers and professionals) or the VRS Health Insurance Credit Program for political subdivisions (non-professionals). 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.

Teacher Health Insurance Credit Program (THICP)

The THICP 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.

Health Insurance Credit Program (HICP)

The HICP is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. This separate plan covers employees working in maintenance, custodial, nutritional, and transportation services. The Political Subdivision Health Insurance Credit Programs was established pursuant to § 51.1-1400 et. seq. of the Code of Virginia, as amended, and that provides the authority under which benefit terms are established or may be amended. The HICP for retired political subdivision employees who elect the benefit and who retire with at least 15 years of service credit receive the following benefits:

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- At retirement: \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.
- Disability Retirement: For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

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 percent of covered employee compensation for employees in the VRS Employee Health Insurance Credit Programs. 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 HIC OPEB liabilities were 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, 2021.

Inflation	2.50%
Salary Increases, including inflation	3.5% - 5.95%
Investment Rate of Return	6.75% net of plan investment expenses, including inflation
Mortality Rates – Teachers:	
Pre-Retirement	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020
Post-Retirement	RP-2014 White Collar Employee Rates to age 49, White Collar 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

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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 HIC OPEB liabilities were determined in accordance with GASB Statement No. 74. As of June 30, 2022, the net OPEB liability portions applicable to the School Board are as follows:

	Cost Sharing Plan	Agent Multiple-Employer Plan	
		School Board Teachers	School Board Political Subdivisions
		_____	_____
Total OPEB Liability	\$ 31,050,000	\$ 2,197,492	
Plan Fiduciary Net Position	4,080,000		164,808
Net OPEB Liability	<u>\$ 26,970,000</u>		<u>\$ 2,032,684</u>

Plan fiduciary net position as a percentage of the total THICP and HICP liabilities were 13.15 percent and 40.52 percent, respectively. The total HIC OPEB liabilities are calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75 percent. The projections of cash flows used to determine the discount rate assumed that employer contributions would be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 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 percent of the actuarially determined contribution rate. From July 1, 2020 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates.

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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 (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	Weighted Average
		Long-term	Long-term
		Expected Real	Expected Real
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	57.00%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
*Expected arithmetic nominal return			7.39%

* The above allocation provides a one-year return of 7.39 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.39 percent, included expected inflation of 2.50 percent. The VRS Board elected a long-term rate of 6.75 percent that 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 7.11 percent.

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

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

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	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
THICP Net OPEB Liability	\$ 30,370,000	\$ 26,970,000	\$ 24,100,000
HICP Net OPEB Liability	\$ 2,240,000	\$ 2,030,000	\$ 1,850,000

HIC OPEB Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2020, the School Board recognized THICP and HICP OPEB expenses of \$1,592,852 and \$163,222, respectively. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB as follows:

Deferred Inflows of Resources			
	Cost Sharing Plan	Agent Multiple-Employer Plan	
	School Board	School Board	Political Subdivisions
	Teachers		
Change in proportion and difference between contribution and proportionate rate	\$ 2,259,077	\$ -	-
Change in assumptions	108,408	-	-
Differences between expected and actual experience	470,701	-	-
Net difference between projected and actual earnings on Plan investments	355,334	10,809	10,809
	<u>\$ 3,193,520</u>	<u>\$ 10,809</u>	

Deferred Outflows of Resources			
	Cost Sharing Plan	Agent Multiple-Employer Plan	
	School Board	School Board	Political Subdivisions
	Teachers		
Change in proportion and difference between contribution and proportionate rate	\$ -	\$ -	-
Change in assumptions	729,166	38,814	38,814
Differences between expected and actual experience	-	-	-
Net difference between projected and actual earnings on Plan investments	-	-	-
	<u>\$ 729,166</u>	<u>\$ 38,814</u>	

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Contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2022. 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:

Year Ended:	Amortization of Deferred Inflows and Outflows			
	Cost Sharing Plan		Agent Multiple-Employer Plans	
	School Board	Teachers	School Board	Political Subdivisions
2023	\$	(636,998)	\$	9,465
2024		(641,032)		9,465
2025		(568,115)		9,465
2026		(375,219)		(390)
2027		(164,714)		-
2028-2032		(78,276)		-
	<u>\$</u>	<u>(2,464,354)</u>	<u>\$</u>	<u>28,005</u>

Employer Contribution

Employers' proportionate shares were calculated based on historical employer contributions. Although GASB Statement No. 75 encourages the use of the employer's projected long-term contribution efforts to the other post-employment benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS HIC OPEB Plans that are not representative of the future contribution efforts are excluded in the determination of employers' proportionate shares. The School Board's total employer contribution into the teachers HIC program for the years ended June 30, 2022 and June 30, 2021 were approximately \$2,230,000 and \$2,220,000, respectively. The School Board's total employer contribution into the political subdivision HIC program for the years ended June 30, 2022 and June 30, 2021 were \$145,624 and \$147,041, 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.

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XIII. Interfund Receivable and Payable Balances

The composition of interfund activity as June 30, 2022, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Capital Projects fund	\$ 54,291
	Nonmajor Governmental funds	\$ 4,236,982
	Water Utility fund	448,330
	Total General fund	\$ 4,739,603
Capital Projects fund	Parking Facilities fund	\$ 15,207,089
	Total Capital Projects fund	\$ 15,207,089
	Total Governmental funds	\$ 19,946,692
<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Capital Projects fund	General fund	\$ 54,291
	Total Capital Projects fund	\$ 54,291
Nonmajor Governmental funds	General fund	\$ 4,236,982
	Total Nonmajor Governmental funds	\$ 4,236,982
	Total Governmental funds	\$ 4,291,273
<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Water Utility fund	General fund	\$ 448,330
	Total Water Utility fund	\$ 448,330
Parking Facilities fund	Capital Projects fund	\$ 15,207,089
	Total Parking Facilities fund	\$ 15,207,089
	Total Enterprise and Internal Service funds	\$ 15,655,419
	Total Due to Other funds	\$ 19,946,692

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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 2022:

Fund	In	Out
General	\$ 18,768,400	\$ 83,879,886
Grants	9,880,638	-
Capital Projects	4,274,131	4,913,734
Debt Service	81,013,285	-
Non-major Governmental	674,294	15,317,128
Storm Water Utility	-	500,000
Water Utility	-	8,500,000
Wastewater Utility	-	1,500,000
Parking Facilities	-	-
	<u>\$ 114,610,748</u>	<u>\$ 114,610,748</u>

The purpose of the transfer balances are as follows:

General fund transfers in of \$18,768,400 include \$8,500,000 from the Water Utility fund, \$1,500,000 from the Wastewater Utility fund, \$5,268,400 from the Tax Increment Financing special revenue fund, and \$3,500,000 from the Public Amenities special revenue fund.

The General fund transfers out of \$83,879,886 represent a transfer of \$75,964,232 to the Debt Service fund to fund general obligation debt, \$4,467,229 to the Grants special revenue fund in support of grant projects, \$2,774,131 to the Capital Projects fund as a contribution for the annual capital improvement plan budget, \$132,974 to the Cemeteries fund and \$541,320 to the Emergency Operations Center/911 special revenue fund.

The Grants special revenue fund received transfers in of \$9,880,638 as support of grant projects. The General fund transferred \$4,467,229. The Storm Water fund transferred \$500,000 and the Capital Projects fund transferred \$4,913,409.

The Capital Projects fund transferred \$4,913,409 to the Grants special revenue fund for matching and \$325 to Debt Service for debt savings. Capital projects transfers in included \$2,774,131 from the General fund and \$1,500,000 from the Tax Increment Financing special revenue fund.

Debt service transfers in of \$81,013,285 include \$4,762,996 from the Public Amenities special revenue fund, \$194,657 from the Towing & Recovery Operations special revenue fund, \$91,075 from the Waste Management special revenue fund, \$325 from the Capital Projects fund and \$75,964,232 from the General fund to fund the current fiscal year's debt service payments.

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The Public Amenities special revenue fund transferred \$3,500,000 to the General fund and \$4,762,996 to the Debt Service fund to cover its general obligation debt service cost.

The Towing & Recovery Operations special revenue fund transferred \$194,657 to the Debt Service fund to cover its general obligation debt service cost.

The Tax Increment Financing special revenue fund transferred \$5,268,400 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.

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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	\$ 619,039	\$ -	\$ -	\$ -	\$ 619,039
Total Nonspendable	619,039	-	-	-	619,039
Restricted					
General government	115,000	(1,906,200)	-	-	(1,791,200)
Judicial administration	-	78,051	-	-	78,051
Public safety	-	226,290	-	-	226,290
Public works	-	-	-	-	-
Health and public assistance	-	2,349,745	-	-	2,349,745
Culture and recreation	-	6,263	-	6,602,461	6,608,724
Community development	-	864,024	-	-	864,024
Total Restricted	115,000	1,618,173	-	6,602,461	8,335,634
Committed					
General government	8,000,000	-	-	-	8,000,000
Judicial administration	-	(576,909)	-	-	(576,909)
Public safety	-	6,059	-	-	6,059
Public works	-	3,923,293	-	-	3,923,293
Health and public assistance	8,883,878	9,668	-	-	8,893,546
Culture and recreation	-	272,560	-	37,803	310,363
Community development	2,000,000	758,032	-	-	2,758,032
Other purposes capital	-	-	-	-	-
Total Committed	18,883,878	4,392,703	-	37,803	23,314,384
Assigned					
General government	151,378,626	-	-	-	151,378,626
Judicial administration	-	36,858	-	-	36,858
Public safety	200,000	61,926	-	-	261,926
Public works	6,216,309	-	-	3,903,708	10,120,017
Health and public assistance	2,374,071	27,385	-	-	2,401,456
Culture and recreation	1,291,655	423,381	-	7,427,118	9,142,154
Community development	8,121,915	339,355	-	-	8,461,270
Education	27,830,249	-	-	-	27,830,249
(FY-2022 Budget appropriation)	19,833,577	-	-	-	19,833,577
Total Assigned	217,246,402	888,905	-	11,330,826	229,466,133
Unassigned					
Other	92,920,042	-	5,117,466	-	98,037,508
Total Unassigned	92,920,042	-	5,117,466	-	98,037,508
Total fund balances	\$ 329,784,361	\$ 6,899,781	\$ 5,117,466	\$ 17,971,090	\$ 359,772,698

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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, 2022, 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 \$41,587,568 and \$3,233,676, respectively as of June 30, 2022.

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 \$40,640,214 for governmental activities and \$32,677,535 for business-type activities that consists of a loss of \$9,189,614 for the Water Utility fund, \$3,713,363 for the Wastewater Utility fund, \$18,449,893 for the Parking Facilities fund and \$1,324,665 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 \$85,675 for governmental activities and \$633,333 for business-type activities, specifically \$6,649 for the Wastewater Utility fund, \$475,683 for the Parking Facilities fund and \$151,001 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, 2022, the amount reported as governmental activities was \$133,985,713 (which includes \$1,502,308 in the Fleet Management fund), and the amounts reported in business-type activities were \$7,764,753 for the Water Utility fund, \$2,249,237 for the Wastewater Utility fund, \$1,646,665 for the Parking Facilities fund and \$2,702,478 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 2022 that will not be reflected in the pension liabilities because they were made after the measurement date. As June 30, 2022, the amount reported as governmental activities was \$47,148,153 (which includes \$421,445 in the Fleet Management fund), and the amounts reported in business-type activities were \$2,538,983 for the Water Utility fund, \$754,548 for the Wastewater Utility fund, \$364,996 for the Parking Facilities fund and \$864,450 for the Storm Water Utility fund.

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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	\$ 38,041,131	\$ 413,058	\$ 38,454,189	\$ 2,476,050	\$ 743,405	\$ 354,596	\$ 846,096	\$ 4,420,147
Deferred Inflows	(116,181,472)	(1,502,308)	(117,683,780)	(7,764,753)	(2,249,237)	(1,646,665)	(2,702,478)	(14,363,133)
	<u>\$ (78,140,341)</u>	<u>\$ (1,089,250)</u>	<u>\$ (79,229,591)</u>	<u>\$ (5,288,703)</u>	<u>\$ (1,505,832)</u>	<u>\$ (1,292,069)</u>	<u>\$ (1,856,382)</u>	<u>\$ (9,942,986)</u>
VRS:								
Deferred Outflows	\$ 8,685,577	\$ 8,387	\$ 8,693,964	\$ 62,933	\$ 11,143	\$ 10,400	\$ 18,354	\$ 102,830
Deferred Inflows	(16,301,933)	-	(16,301,933)	-	-	-	-	-
	<u>\$ (7,616,356)</u>	<u>\$ 8,387</u>	<u>\$ (7,607,969)</u>	<u>\$ 62,933</u>	<u>\$ 11,143</u>	<u>\$ 10,400</u>	<u>\$ 18,354</u>	<u>\$ 102,830</u>
Total Deferred Outflows	\$ 46,726,708	\$ 421,445	\$ 47,148,153	\$ 2,538,983	\$ 754,548	\$ 364,996	\$ 864,450	\$ 4,522,977
Total Deferred Inflows	<u>\$ (132,483,405)</u>	<u>\$ (1,502,308)</u>	<u>\$ (133,985,713)</u>	<u>\$ (7,764,753)</u>	<u>\$ (2,249,237)</u>	<u>\$ (1,646,665)</u>	<u>\$ (2,702,478)</u>	<u>\$ (14,363,133)</u>

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, 2022, the amount reported as governmental activities was \$16,411,236 (which includes the Fleet Management fund of \$203,967), and the amounts reported in business-type activities were \$879,529 for the Water Utility fund, \$236,862 for the Wastewater Utility fund, \$253,026 for the Parking Facilities fund and \$326,136 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 2022 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, 2022, financial statements are \$33,603,422 for governmental activities (which includes \$352,123 in the Fleet Management fund), \$1,872,764 for the Water Utility fund, \$549,690 for the Wastewater Utility fund, \$327,001 for the Parking Facilities fund and \$598,162 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	\$ 28,665,285	\$ 352,123	\$ 29,017,408	\$ 1,872,764	\$ 549,690	\$ 327,001	\$ 598,162	\$ 3,347,617
Deferred Inflows	(12,465,921)	(203,967)	(12,669,888)	(879,529)	(236,862)	(253,026)	(326,136)	(1,695,553)
	<u>\$ 16,199,364</u>	<u>\$ 148,156</u>	<u>\$ 16,347,520</u>	<u>\$ 993,235</u>	<u>\$ 312,828</u>	<u>\$ 73,975</u>	<u>\$ 272,026</u>	<u>\$ 1,652,064</u>
Line of Duty:								
Deferred Outflows	\$ 4,586,014	\$ -	\$ 4,586,014	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows	(3,741,348)	-	(3,741,348)	-	-	-	-	-
	<u>\$ 844,666</u>	<u>\$ -</u>	<u>\$ 844,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Deferred Outflows	\$ 33,251,299	\$ 352,123	\$ 33,603,422	\$ 1,872,764	\$ 549,690	\$ 327,001	\$ 598,162	\$ 3,347,617
Total Deferred Inflows	<u>\$ (16,207,269)</u>	<u>\$ (203,967)</u>	<u>\$ (16,411,236)</u>	<u>\$ (879,529)</u>	<u>\$ (236,862)</u>	<u>\$ (253,026)</u>	<u>\$ (326,136)</u>	<u>\$ (1,695,553)</u>

E. Deferred Inflows Related to Leases

Deferred inflows in the Governmental activities and Business-type activities, representing future lease revenue, were \$12,057,938 and \$1,343,558, respectively as of June 30, 2022. See section IV paragraph C Lease Receivable for lease revenue schedules.

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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, 2022, are as follows:

Water Utility fund projects	\$ 33,467,115
Wastewater Utility fund projects	20,735,842
Parking Facilities fund projects	208,156
Storm Water Utility fund projects	7,814,999
Total	<u>\$ 54,411,112</u>

See Exhibit J-3 Schedule of Expenditures – Budget and Actual for listing of capital projects in the governmental activities, authorized at June 30, 2022.

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 several 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.

D. Pollution Remediation Obligation

GASB Statement No. 49, *Accounting and Financial Reporting of 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

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- 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, 2022, no significant liabilities existed for pollution remediation.

E. Encumbrances

Encumbrances as of June 30, 2022, in the General fund, Grant fund and Capital Projects fund totaled \$20,278,419, \$26,854,685, and \$89,504,595, respectively. Encumbrances as of June 30, 2022, for nonmajor governmental funds in the aggregate totaled \$20,453,882.

XVIII. Surety Bonds and Insurance

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

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

XIX. Tax Abatements

As of June 30, 2022, 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, 2022, 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

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		Tax Abatement Program	Technology Zone	New Business License Incentive Program	Local Utility Tax Relief	Economic Development Program
4	Administering department	Office of the Real Estate Assessor	Department of Development	Commissioner of the Revenue	Department of Development	Department of Development
5	Criteria to be eligible to receive abatement	A. Residential structure must be at least 15 years old, and improvements will increase assessed value by at least 20 percent. B. Multi-family, commercial or industrial structure must be at least 40 years old, and improvements will increase assessed value by at least 40 percent.	Applicants must meet criteria of establishing their technology related business according to certain criteria mention in the above-mentioned ordinance.	The business must apply and meet several criteria. Below is a list of the top 3 requirements: 1) Must be locating to Norfolk for the first time (name change, merger or acquisition are disqualifiers). 2) Must not file a consolidated financial statement with a parent or other affiliated entity with combined taxable gross receipts of more than \$1 million. 3) Cannot be considered an affiliated group or have a franchisee relationship.	Existing EZ businesses must make a \$100,000 taxable investment within the Enterprise Zone. New EZ businesses must make a \$500,000 taxable investment within the Enterprise Zone.	The City evaluates all economic development opportunities on an individual basis. The economic development agreements are specific to each developer and generally constitute a significant economic development opportunity for the City and have a positive factor in achieving the objectives of the City and are worthy of inducement.
6	"How recipients' taxes are reduced	Through a reduction of the property's assessed value recipients will not pay full taxes on those improvements for 14 years. The increase in assessed value due to the improvements will not be recognized for tax purposes for the first 10 years following the commencement of the tax abatement.	Through a reduction in business, professional and occupational license.	Reduction in business license tax.	Reduction in utility tax.	Taxes are reduced through performance grant payments that are provided to the recipient in the subsequent year.
7	How the amount of abatement is determined	The increase in assessed value due to the improvements will be recognized for tax purposes on a sliding scale in the 11th year through 15th year following the start of the tax abatement as soon: • 11 th year – 20% • 12 th year – 40% • 13 th year – 60%	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: • 1 st year - 50% • 2 nd year - 40% • 3 rd year - 30% • 4 th year - 20% • 5 th 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

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		Tax Abatement Program	Technology Zone	New Business License Incentive Program	Local Utility Tax Relief	Economic Development Program
		• 14 th year – 80% • 15 th year – 100%				negotiation of agreement.
8	Terms for recapture if conditions unmet	Because taxes are not abated until after the improvements have been made, there is no provisions for recapturing abated taxes	Because taxes are not abated until after the requirements have been made, there is no provisions for recapturing abated taxes	If the business estimates its gross receipts will exceed \$1 million, but the actual gross receipts are less than \$1 million, the benefits of the program are not available unless the business completes the qualification process. Likewise, if the qualifying business estimated less than \$1 million and the actual gross receipts were more than \$1 million the business is responsible for the entire tax amount and will be removed from the program.	Because taxes are not abated until after the requirements have been made, there is no provisions for recapturing abated taxes	Because taxes are not abated until after the requirements have been made, there is no provisions for recapturing abated taxes
9	Types of commitments made by the City, other than to reduce taxes	N/A	N/A	N/A	N/A	There are some, but they vary by contract. These include percentage back for gross receipts and utility charges.
10	Gross dollar amount, on accrual basis, by which the tax revenues were reduced due to the abatement	<u>2022</u> \$3,871,560	<u>2022</u> \$ -	<u>2022</u> \$5,659	<u>2022</u> \$2,393	<u>2022</u> \$1,317,760

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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 2022 was \$10,488,610.

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, 2022, these liabilities were estimated at \$37,943,384 with \$5,985,279 projected as the current portion anticipated to be paid within a year. Estimated liabilities at the end of fiscal year 2022 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 \$4,892,200 for medical and pharmacy claims incurred, but not reported as of June 30, 2022. 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, 2022 was \$7,787,893. The City is responsible for deficit conditions that may exist when liabilities exceed assets and may make additional assessments to Consortium members as needed.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Changes in the City's claims liability amount in the fiscal years 2022 and 2021 are as follows:

	Workers' Compensation and Risk Management		Health Insurance		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Estimated Outstanding Claims at the Beginning of Year	\$ 36,098,411	\$ 34,681,787	7,540,700	6,552,500	43,639,111	\$ 41,234,287
Additional Incurred Claims or Changes in Estimates	7,803,623	8,782,980	72,862,963	87,721,507	80,666,586	96,504,487
Claims Paid	(5,958,650)	(7,366,356)	(75,511,463)	(86,733,307)	(81,470,113)	(94,099,663)
Estimated Outstanding Claims at the End of Year	<u>\$ 37,943,384</u>	<u>\$ 36,098,411</u>	<u>\$ 4,892,200</u>	<u>\$ 7,540,700</u>	<u>\$ 42,835,584</u>	<u>\$ 43,639,111</u>

The City in its General fund has committed \$8,000,000 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, 2022, projected at \$3,856,494 of which \$817,658 is the current portion and a longer-term projection of \$3,038,836. 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 2022 and 2021 are as follows:

	Total	
	<u>2022</u>	<u>2021</u>
Estimated Outstanding Claims at the Beginning of Year	\$ 3,628,010	\$ 3,886,945
Additional Incurred Claims or Changes in Estimates	1,320,819	610,532
Claims Paid	(1,092,335)	(869,467)
Estimated Outstanding Claims at the End of Year	<u>\$ 3,856,494</u>	<u>\$ 3,628,010</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 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

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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, 2022. 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, 2022. Complete financial statements of the Commission can be obtained from the Commission.

C. Transportation District Commission of Hampton Roads (TDC)

TDC was formed on June 29, 1999 to effect the merger of the Peninsula Transportation District Commission and the Tidewater Transportation District Commission effective October 1, 1999. TDC was established in accordance with Chapter 45 of Title 15.2 of the Code of Virginia. TDC provides public transportation facilities and services within the cities of Norfolk, Portsmouth, Virginia Beach, Chesapeake, Hampton and Suffolk, Virginia. Oversight responsibility is exercised by all the participating localities through their designated representatives. Responsibility for the day-to-day operations of TDC rests with professional management. TDC serves as the governing body for Hampton Roads Transit (HRT) that 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, 2022. 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, 2022

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, 2022. 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, 2022

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, 2022

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

Wastewater Revenue Bond, Series 2022B

On July 28, 2022, the City's Wastewater capital improvement projects were partially funded through the issuance of a bond through the Virginia Clean Water Revolving Loan Fund, administered by Virginia Resources Authority. The City issued a \$5,696,820 Wastewater Revenue Bond at an interest rate of 0.50 percent. Additionally, the City received \$303,180 in principal forgiveness on the bond, which will pay for the remainder of the project at no cost to the City (total \$6,000,000). The bond will finance improvements to several the replacement of various sewer lines, mains, and pump stations across the City.

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.

XXV. Adoption of New Accounting Pronouncements

The City adopted the following GASB pronouncements in fiscal year 2022:

- 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

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

asset. The requirements of this Statement were 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 comparability of information while simplifying the accounting. The requirements of this Statement were effective for reporting periods beginning after December 15, 2020.
- GASB Statement No. 92, *Omnibus 2020*. The purpose of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The requirements of this Statement were effective for reporting periods beginning after June 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 LIBOR. The removal of LIBOR as an appropriate benchmark interest rate was effective for reporting periods ending after December 31, 2021.
- 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) were effective for fiscal years beginning after June 15, 2021.

XXVI. Accounting Pronouncements Issued, But Not Yet Implemented

The GASB has issued the following pronouncements that will impact future financial presentations.

- 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 were effective for reporting periods beginning after December 15, 2021.

CITY OF NORFOLK, VIRGINIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

- 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. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.
- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.
- GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Earlier application of these statements is encouraged. Management has not determined what, if any, impact implementation of the following statements will have on the City. For the original pronouncements, please visit the GASB's website, www.gasb.org.

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

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Costs	\$ 27,208,000	\$ 26,978,000	\$ 26,372,000	\$ 25,146,000	\$ 26,310,000	\$ 25,919,058	\$ 25,467,399	\$ 24,578,759
Interest	98,032,000	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	(19,181,000)	-	(7,031,000)	16,606,000	53,197,000	(6,508,735)	-	-
Benefits payments, including refunds of member contributions	(95,572,000)	(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	10,487,000	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	1,421,028,000	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>\$ 1,431,515,000</u>	<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	\$ 160,252,000	\$ 38,494,000	\$ 37,079,000	\$ 35,494,000	\$ 33,457,000	\$ 30,761,340	\$ 34,932,005	\$ 42,330,492
Employee contributions	10,367,000	10,209,000	10,009,000	9,859,000	9,450,000	8,733,481	4,914,726	1,671,644
Net investment income	270,352,000	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	(95,572,000)	(93,998,000)	(92,866,000)	(85,933,000)	(83,977,000)	(80,783,975)	(79,031,489)	(77,065,376)
Administrative expense	(620,000)	(600,000)	(617,000)	(764,000)	(668,000)	(671,568)	(386,495)	(412,809)
Net change in fiduciary net position	344,779,000	(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	1,044,090,000	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>\$ 1,388,869,000</u>	<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								
Plan fiduciary net position as a percentage of the total pension liability	\$ 42,646,000	\$ 376,938,000	\$ 313,740,000	\$ 309,519,000	\$ 282,401,000	\$ 271,340,928	\$ 211,418,521	\$ 161,287,253
Covered payroll	97.02%	73.47%	77.56%	77.65%	78.71%	78.22%	82.74%	86.53%
Net pension liability as a percentage of covered payroll	21.27%	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.

See accompanying independent auditors' report

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
2022	\$ 41,457	\$ 41,457	\$ -	\$ 195,554	21.20%
2021	40,698	160,232	(119,554)	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%

* 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 2022, 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

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service costs	\$ 3,903,237	\$ 3,744,655	\$ 3,476,583	\$ 3,318,884	\$ 3,487,288	\$ 3,496,157	\$ 3,531,000	\$ 3,600,000
Interest	8,170,060	7,692,139	7,340,551	6,992,769	6,689,417	6,370,584	6,001,000	5,574,000
Changes of benefit terms	2,862,884	-	-	-	-	-	-	-
Difference between expected and actual experience	(1,320,751)	628,451	(668,598)	(887,137)	(599,933)	(1,331,914)	(763,000)	-
Changes in assumptions	4,823,773	-	3,533,431	-	(893,223)	-	-	-
Benefits payments, including refunds of member contributions	(5,380,511)	(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	13,058,692	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	123,728,181	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	\$ 136,786,873	\$ 123,728,181	\$ 116,252,300	\$ 107,159,697	\$ 102,058,233	\$ 97,751,527	\$ 92,802,000	\$ 87,410,000
 Plan Fiduciary Net Position								
Employer contributions	\$ 3,215,071	\$ 2,582,271	\$ 2,538,585	\$ 2,394,595	\$ 2,355,587	\$ 2,804,570	\$ 2,830,000	\$ 3,167,000
Employee contributions	1,399,418	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	30,602,780	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	(5,380,511)	(4,589,364)	(4,589,364)	(4,323,052)	(4,376,843)	(3,585,300)	(3,377,000)	(2,798,000)
Administrative expense	(74,847)	(70,713)	(67,621)	(61,420)	(61,057)	(52,120)	(50,000)	(57,000)
Other	(58,742)	(2,517)	(4,399)	(6,456)	(9,527)	391	(3,000)	1,000
Net change in fiduciary net position	29,703,169	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	111,620,910	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	\$ 141,324,079	\$ 111,620,910	\$ 110,210,473	\$ 104,016,117	\$ 97,489,356	\$ 87,540,574	\$ 85,490,000	\$ 80,975,000
 Net Pension Liability	 \$ (4,537,206)	 \$ 12,107,271	 \$ 6,041,827	 \$ 3,143,580	 \$ 4,568,877	 \$ 10,210,953	 \$ 7,312,000	 \$ 6,435,000
Plan fiduciary net position as a percentage of the total pension liability	103.32%	90.21%	94.80%	97.07%	95.52%	89.55%	92.12%	92.64%
Covered payroll	\$ 27,457,189	\$ 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	-16.52%	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	Contributions in Relation to Contractually Required Contributions		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contributions	Contractually Required Contributions			
2022	\$ 4,574	\$ 4,574	-	\$ 28,047	16.31%
2021	3,215	3,215	-	27,457	11.71%
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)

	2022	2021	2020	2019	2018	2017	2016	2015
School Board's proportion of the Net Pension Liability		2.437%	2.451%	2.545%	2.568%	2.701%	2.400%	2.430%
School Board's proportionate share of the Net Pension Liability	\$ 163,869	\$ 309,003	\$ 290,090	\$ 260,983	\$ 283,848	\$ 336,787	\$ 305,901	\$ 298,089
Covered payroll	\$ 185,754	\$ 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		88%	167%	148%	139%	147%	173%	161%
Plan fiduciary net position as a percentage of the total pension liability		81.27%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%
								158%

*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.

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
2022	\$ 31,263	\$ 31,263	\$ -	\$ 188,094	16.62%
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%

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)

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service costs	\$ 1,500	\$ 1,548	\$ 1,498	\$ 1,504	\$ 1,552	\$ 1,527	\$ 1,563	\$ 1,530
Interest	6,308	6,173	6,129	6,054	5,976	5,891	5,770	5,586
Changes in assumptions	3,100	-	2,361	-	(850)	-	-	-
Difference between expected and actual experience	(1,570)	(135)	(1,066)	(2,076)	(646)	(1,511)	(1,027)	-
Benefits payments, including refunds of member contributions	(6,120)	(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	3,218	2,523	4,588	336	1,402	1,094	1,984	2,457
Total Pension Liability - Beginning	96,509	93,986	89,398	89,062	87,660	86,566	84,582	82,125
Total Pension Liability - Ending	\$ 99,727	\$ 96,509	\$ 93,986	\$ 89,398	\$ 89,062	\$ 87,660	\$ 86,566	\$ 84,582
Plan Fiduciary Net Position								
Employer contributions	\$ 1,077	\$ 1,125	\$ 1,151	\$ 1,435	\$ 1,408	\$ 1,794	\$ 1,768	\$ 1,722
Employee contributions	795	832	845	814	807	800	785	775
Projected earnings on plan investments	22,627	1,636	5,486	5,851	8,877	1,248	3,321	10,151
Benefit payments, including refunds of member contributions	(6,120)	(5,063)	(4,994)	(5,155)	(4,706)	(4,814)	(4,343)	(4,659)
Administrative expense	(59)	(57)	(56)	(52)	(52)	(47)	(47)	(56)
Change in proportionate share	-	-	612	(2)	41	1	18	-
Other	2	(2)	(3)	(36)	(17)	(17)	(11)	1
Net change in Fiduciary Net Position	18,322	(1,529)	3,041	2,855	6,358	(1,035)	1,491	7,934
Total Net Position - Beginning	84,688	86,217	83,176	80,321	73,963	74,998	73,507	65,573
Total Net Position - Ending	\$ 103,010	\$ 84,688	\$ 86,217	\$ 83,176	\$ 80,321	\$ 73,963	\$ 74,998	\$ 73,507
Net Pension Liability								
Plan fiduciary net position as a percentage of the total pension liability	103.29%	87.75%	91.73%	93.04%	90.19%	84.37%	86.64%	86.91%
Covered payroll	\$ 17,140	\$ 17,819	\$ 22,848	\$ 22,292	\$ 23,756	\$ 22,219	\$ 22,224	\$ 21,766
Net Pension liability as a percentage of covered payroll	-19.15%	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
		Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions			
2022	\$ 1,165	\$ 1,165	\$ 1,165	-	\$ 16,904	6.89%
2021	1,178	1,178	1,178	-	17,140	6.87%
2020	1,212	1,212	1,212	-	17,819	6.80%
2019	1,195	1,195	1,195	-	22,848	5.23%
2018	1,435	1,435	1,435	-	22,292	6.44%
2017	1,408	1,408	1,408	-	23,756	5.93%
2016	1,794	1,794	1,794	-	22,219	8.07%
2015	1,768	1,768	1,768	-	22,224	7.96%
2014	1,722	1,722	1,722	-	21,766	7.91%
2013	1,734	1,734	1,734	-	15,661	11.07%

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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service costs	\$ 8,084,842	\$ 3,409,119	\$ 4,029,985	\$ 2,485,855	\$ 2,638,578
Interest	1,705,737	1,323,007	1,461,628	1,178,923	864,633
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(8,935,659)	(3,450,033)	(5,055,352)	(2,005,011)	(1,413,447)
Changes in assumptions	280,846	37,661,645	1,272,010	3,702,351	1,815,771
Benefits payments, including refunds of member contributions	(2,401,000)	(1,383,661)	(1,355,887)	(1,223,511)	(1,247,913)
Net change in total OPEB liability	(1,265,234)	37,560,077	352,384	4,138,607	2,657,622
Total OPEB liability - beginning	74,356,257	36,796,180	36,443,796	32,305,189	29,647,567
Total OPEB liability - ending	\$ 73,091,023	\$ 74,356,257	\$ 36,796,180	\$ 36,443,796	\$ 32,305,189
 Covered employee payroll	 \$ 194,653,151	 \$ 201,420,320	 \$ 198,510,945	 \$ 199,097,008	 \$ 196,905,143
Total OPEB liability as a percentage of covered employee payroll	37.55%	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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service costs	\$ 1,762,063	\$ 1,517,526	\$ 1,454,436	\$ 1,517,002	\$ 991,486
Interest	889,866	1,364,547	1,187,989	1,336,572	637,503
Changes of benefit terms	-	-	-	-	19,652,972
Difference between expected and actual experience	1,299,665	(1,985,552)	4,206,413	(3,476,174)	(2,397)
Changes in assumptions	416,582	1,418,301	2,507,435	(4,964,076)	(5,648,603)
Benefits payments, including refunds of member contributions	(1,126,835)	(1,189,977)	(1,007,750)	(1,030,394)	(822,158)
Net change in total OPEB liability	3,241,341	1,124,845	8,348,523	(6,617,070)	14,808,803
Total OPEB liability - beginning	39,949,536	38,824,691	30,476,168	37,093,238	22,284,435
Total OPEB liability - ending	<u>\$ 43,190,877</u>	<u>\$ 39,949,536</u>	<u>\$ 38,824,691</u>	<u>\$ 30,476,168</u>	<u>\$ 37,093,238</u>
 Covered employee payroll	 \$ 67,982,090	 \$ 71,415,407	 \$ 70,942,265	 \$ 66,183,480	 \$ 68,244,678
Total OPEB liability as a percentage of covered employee payroll	63.53%	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

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service costs	\$ 4,412,775	\$ 2,947,665	\$ 625,247	\$ 1,381,764	\$ 1,468,830
Interest	1,257,459	1,644,140	1,896,670	1,673,986	1,702,533
Changes of benefit terms	6,316,408	-	-	-	-
Difference between expected and actual experience	(2,835,101)	(5,024,887)	(4,651,923)	3,627,408	(3,274,812)
Changes in assumptions	(29,571)	11,937,594	1,277,781	(1,794,422)	(10,475,847)
Benefits payments, including refunds of member contributions	(2,360,257)	(2,262,170)	(2,401,320)	(2,129,544)	(2,580,746)
Net change in total OPEB liability	6,761,713	9,242,342	(3,253,545)	2,759,192	(13,160,042)
Total OPEB liability - beginning	55,877,982	46,635,640	49,889,185	47,129,993	60,290,035
Total OPEB liability - ending	\$ 62,639,695	\$ 55,877,982	\$ 46,635,640	\$ 49,889,185	\$ 47,129,993
 Covered employee payroll	 \$ 185,123,319	 \$ 185,408,346	 \$ 193,251,731	 \$ 202,324,943	 \$ 202,324,943
Total OPEB liability as a percentage of covered employee payroll	33.84%	30.14%	24.13%	24.66%	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)

	2022	2021	2020	2019	2018
School Board's proportion of contributions of the Net HIC OPEB Liability	2.10%	2.12%	2.20%	2.57%	2.70%
School Board's proportionate share of the Net HIC OPEB Liability	\$ 26,974	\$ 29,588	\$ 28,802	\$ 28,146	\$ 29,296
Covered payroll	\$ 188,094	\$ 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	14.34%	15.96%	15.58%	15.41%	16.08%
Plan fiduciary net position as a percentage of the Total HIC OPEB Liability	13.15%	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 - 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
2022	\$ 2,276	\$ 2,276	-	\$ 188,094	1.21%
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%

*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 the School Board's Share of the Net OPEB Liability (unaudited)
 For Fiscal Years
 (Amounts in thousands)

	2022	2021	2020	2019	2018
School Board's proportion of contributions of the Net GLI OPEB Liability	0.99%	0.91%	0.95%	1.10%	1.16%
School Board's proportionate share of the Net GLI OPEB Liability	\$ 11,546	\$ 16,592	\$ 15,421	\$ 16,679	\$ 14,976
Covered payroll	\$ 188,094	\$ 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	6.14%	8.95%	8.32%	9.09%	8.16%
Plan fiduciary net position as a percentage of the Total GLI OPEB Liability	67.45%	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) 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
2022	\$ 2,761	\$ 2,761	\$ -	188,093	1.47%
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%

*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 the School Board's Share of the Net OPEB Liability (unaudited)
 For Fiscal Years
 (Amounts in thousands)

	2022	2021	2020	2019	2018
School Board's proportion of contributions of the Net GLI OPEB Liability	0.08%	0.09%	0.09%	0.09%	0.09%
School Board's proportionate share of the Net GLI OPEB Liability	\$ 984	\$ 1,462	\$ 1,503	\$ 1,392	\$ 1,185
Covered payroll	\$ 16,904	\$ 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	5.82%	8.20%	8.06%	7.95%	6.97%
Plan fiduciary net position as a percentage of the Total GLI OPEB Liability	67.45%	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 - 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
2022	\$ 251	\$ 251	\$ 251	\$ 251	-	\$ 16,904	1.48%
2021	234	234	234	234	-	17,140	1.37%
2020	94	94	94	94	-	17,819	0.53%
2019	94	94	94	94	-	18,647	0.50%
2018	91	91	91	91	-	17,509	0.52%
2017	88	88	88	88	-	16,999	0.52%
2016	88	79	79	79	9	16,511	0.53%
2015	86	78	78	78	8	16,184	0.53%
2014	84	76	76	76	8	15,912	0.53%
2013	84	76	76	76	8	15,890	0.53%
2012	67	42	42	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, 2022

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, 2021, 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, 2021, 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, 2022

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, 2021, 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, 2021, 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, 2022

	Original Budget	Final Budget	Budget Basis Actual	Positive (negative) Variance with Final Budget
General property taxes	\$ 322,871,000	\$ 326,065,057	\$ 345,879,422	\$ 19,814,365
Other local taxes	161,646,000	161,646,000	173,337,193	11,691,193
Permits, privilege fees and licenses	3,608,000	3,608,000	3,883,494	275,494
Fines and forfeitures	1,218,000	1,218,000	1,353,222	135,222
Use of money and property	7,646,765	7,646,765	7,928,353	281,588
Charges for services	23,380,568	23,380,568	23,581,695	201,127
Miscellaneous revenue	8,976,770	8,976,770	11,337,152	2,360,382
Recovered costs	11,247,290	11,247,290	11,245,573	(1,717)
Non-categorical aid - Virginia	35,777,200	35,777,200	39,719,848	3,942,648
Shared expense - Virginia	22,395,400	23,393,315	22,779,442	(613,873)
Categorical aid - Virginia	288,618,441	290,264,447	282,023,720	(8,240,727)
Categorical aid - Federal	8,790,256	8,790,256	9,316,003	525,747
Other sources and transfers	33,005,400	44,885,400	44,885,400	-
 Total revenue budget	 \$ 929,181,090	 \$ 946,899,068	 \$ 977,270,518	 \$ 30,371,450

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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budget Basis Actual</u>	<u>Positive (negative)</u> <u>Variance with Final Budget</u>
Legislative	\$ 5,513,857	\$ 5,575,857	\$ 5,242,952	\$ 332,905
Executive	11,654,617	9,011,034	8,233,378	777,656
Department of Law	5,226,300	5,256,300	5,062,425	193,875
Constitutional Officers	52,316,276	55,164,191	50,799,976	4,364,215
Judicial	1,416,511	1,475,511	1,230,322	245,189
Elections	1,022,942	1,137,915	1,127,520	10,395
General Management	54,622,541	55,508,244	52,447,448	3,060,796
Community Development	13,548,322	17,869,422	15,387,648	2,481,774
Parks, Recreation and Culture	40,564,449	40,596,115	38,187,686	2,408,429
Central and Outside Agency Appropriations	71,396,093	86,417,671	74,402,035	12,015,636
Public Health and Assistance	80,010,964	81,083,891	69,382,604	11,701,287
Public Safety	131,207,173	125,142,309	66,565,403	58,576,906
Public Works	18,507,582	18,818,072	17,469,990	1,348,082
Transit	11,599,756	11,139,266	10,815,326	323,940
Debt service	75,705,398	75,405,398	83,142,679	(7,737,281)
Public School Education	<u>354,868,309</u>	<u>357,297,872</u>	<u>327,393,501</u>	<u>29,904,371</u>
Total expenditure budget	<u>\$ 929,181,090</u>	<u>\$ 946,899,068</u>	<u>\$ 826,890,893</u>	<u>\$ 120,008,175</u>

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

Notes to Required Supplementary Information
Reconciliation of (non-GAAP) Budgetary Basis to GAAP (Unaudited)
For the Year Ending June 30, 2022

	General Fund
<u>Sources/inflows of resources:</u>	
Actual amounts (budgetary basis) "available for appropriation" from Exhibit E-1	\$ 977,270,518
Differences--budget to GAAP:	
The effects of accounting for school revenue as a component unit	(220,166,520)
The effects of accounting for transfer from fund balance	(26,117,000)
General fund transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(18,768,400)
The effects of reclassification of recovered costs	(9,215,153)
Gross proceeds from other financing sources	(1,396,813)
Total revenues as reported on the Statement of Revenues, Expenditure and Changes in Fund Balances - Governmental Funds	<u>\$ 701,606,632</u>
<u>Uses/outflows of resources:</u>	
Actual amounts (budgetary basis) "Total charges to appropriations" from Exhibit E-2	\$ 826,890,893
Differences--budget to GAAP:	
The effects of accounting for school expenditures as a component unit	\$ (197,771,329)
The effects of reclassification of recovered costs	\$ (9,215,153)
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	\$ 3,077,946
General fund transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes	\$ (83,879,886)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 539,102,471</u>

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

- ~ Nonmajor Governmental Funds ~**
- ~ Internal Service Funds ~**
- ~ Custodial Funds ~**

OTHER SCHEDULES

- ~ Schedule of Revenues and Expenditures – Budget and Actual – Special Revenue Funds ~**
- ~ Schedule of Revenues and Expenditures – Budget and Actual – Internal Service Funds ~**
- ~ Schedule of Expenditures – Budget and Actual – Capital Improvement Program ~**
- ~ Schedule of Expenditures – Budget and Actual – Grants Fund ~**





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Nonmajor Governmental Funds

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 (EOC)/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

Exhibit F-1

**Combining Balance Sheet
Non Major Funds
For the Year Ending June 30, 2022**

	Towing	Waste	Community Development	Cemeteries	Golf	Public Amenities	EOC/ 911	Tax Increment	Resiliency	Total Special Revenue	Endowed Care Fund	Nonmajor Governmental Funds
ASSETS												
Cash and short-term investments	\$ 978,372	\$ 3,065,920	\$ 415,597	\$ 156,261	\$ 341,462	\$ 6,319,206	\$ 246,474	\$ -	\$ -	\$ 11,107,695	\$ 6,601,921	\$ 17,709,616
Receivables, net	15,946	4,047,332	-	27,020	-	804,253	-	-	-	5,310,148	540	5,310,688
Due from other governments	-	-	-	1,507,420	-	-	-	-	11,439,865	12,947,285	-	12,947,285
Restricted cash and cash equivalents	-	-	268,812	-	-	-	-	-	-	268,812	-	268,812
Total assets	\$ 994,318	\$ 7,113,252	\$ 2,191,829	\$ 183,281	\$ 341,462	\$ 7,123,459	\$ 246,474	\$ -	\$ 11,439,865	\$ 29,633,940	\$ 6,602,461	\$ 36,236,401
LIABILITIES, DEFERRED INFLOWS												
Vouchers payable	\$ 47,863	\$ 1,946,960	\$ 536,034	\$ 32,382	\$ -	\$ -	\$ 97,064	\$ -	\$ 3,333,307	\$ 5,993,610	\$ -	\$ 5,993,610
Contract retainage	-	-	218,130	-	-	-	-	-	4,093,025	4,311,155	-	4,311,155
Accrued payroll	13,856	140,275	-	33,573	-	-	149,410	-	-	337,114	-	337,114
Due to other funds	-	-	418,200	-	-	-	-	-	3,818,782	4,236,982	-	4,236,982
Other liabilities	117,774	-	35,000	-	-	-	-	-	-	152,774	-	152,774
Total liabilities	179,493	2,087,235	1,207,364	65,955	-	-	246,474	-	11,245,114	15,031,635	-	15,031,635
DEFERRED INFLOWS OF RESOURCES												
Revenue not available for current obligations	-	1,937,134	984,465	117,326	-	-	-	-	194,751	3,233,676	-	3,233,676
FUND BALANCES												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-	6,602,461	6,602,461
Committed	-	-	-	-	37,803	-	-	-	-	37,803	-	37,803
Assigned	814,825	3,088,883	-	303,659	7,123,459	-	-	-	-	11,330,826	-	11,330,826
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	814,825	3,088,883	-	341,462	7,123,459	-	246,474	\$ -	\$ 11,439,865	\$ 11,368,629	\$ 6,602,461	\$ 17,971,090
Total liabilities and fund balances	\$ 994,318	\$ 7,113,252	\$ 2,191,829	\$ 183,281	\$ 341,462	\$ 7,123,459	\$ 246,474	\$ -	\$ 11,439,865	\$ 29,633,940	\$ 6,602,461	\$ 36,236,401

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, 2022

	Towing	Waste Management	Community Development	Cemeteries	Golf	Public Amenities	EOC/ 911	Tax Increment	Resiliency	Total Special Revenue	Endowed Care Fund	Total Nonmajor Governmental Funds
REVENUES												
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,768,400	\$ -	\$ 6,768,400	\$ -	\$ 6,768,400
Other local taxes	-	-	-	-	-	8,092,651	3,571,596	-	-	11,664,247	-	11,664,247
Permits and licenses	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Use of money and property	-	4,900	-	-	49,970	-	-	-	-	54,870	14,308	69,178
Charges for services	1,921,716	20,686,144	-	1,437,557	-	-	-	-	-	24,045,417	225,995	24,271,412
Miscellaneous	20	32,148	-	6,185	-	-	5,186	-	848,687	892,226	-	892,226
Intergovernmental:												
Commonwealth of Virginia	-	-	-	1,886	-	67,871	1,548,627	-	-	1,618,384	-	1,618,384
Federal government	3,215	-	7,926,185	-	-	-	-	-	26,908,974	34,838,374	-	34,838,374
Total revenue	1,924,951	20,723,192	7,926,185	1,445,628	49,970	8,160,522	5,125,409	6,768,400	27,757,661	79,881,918	240,303	80,122,221
EXPENDITURES												
General government	-	-	-	-	-	371,042	-	-	-	371,042	-	371,042
Judicial administration	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	5,690,882	-	-	5,690,882	-	5,690,882
Public works	1,165,470	22,042,246	-	-	-	-	-	-	-	23,207,716	-	23,207,716
Health and public assistance	-	-	1,126,151	-	-	-	-	-	-	1,126,151	-	1,126,151
Cultural and recreation	-	-	-	1,664,892	9,000	-	-	-	-	1,673,892	-	1,673,892
Community Development	-	-	-	6,800,034	-	-	-	-	27,757,661	34,557,695	-	34,557,695
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,165,470	22,042,246	7,926,185	1,664,892	9,000	371,042	5,690,882	-	27,757,661	66,627,378	-	66,627,378
Excess (deficiency) of revenue over (under) expenditures	759,481	(1,319,054)	-	(219,264)	40,970	7,789,480	(565,473)	6,768,400	-	13,254,540	240,303	13,494,843
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	132,974	-	-	541,320	-	-	674,294	-	674,294
Transfers out	(194,657)	(91,075)	-	-	-	(8,262,996)	-	(6,768,400)	-	(15,317,128)	-	(15,317,128)
Total other financing sources and (uses)	(194,657)	(91,075)	-	132,974	-	(8,262,996)	541,320	(6,768,400)	-	(14,642,834)	-	(14,642,834)
Net change in fund balances	564,824	(1,410,129)	-	(86,290)	40,970	(473,516)	(24,153)	-	-	(1,388,294)	240,303	(1,147,991)
Fund balances--beginning	250,001	4,499,012	-	86,290	300,492	7,596,975	24,153	-	-	12,756,923	6,362,158	19,119,081
Fund balances--ending	\$ 814,825	\$ 3,088,883	\$ -	\$ -	\$ 341,462	\$ 7,123,459	\$ -	\$ -	\$ -	\$ 11,368,629	\$ 6,602,461	\$ 17,971,090

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
Combining Statement of Net Position
Internal Service Funds
June 30, 2022

Exhibit G-1

	Healthcare	Fleet Management	Total
ASSETS			
Current assets:			
Cash and short-term investments	\$ 32,837,120	\$ 935,403	\$ 33,772,523
Receivables, net	8,071,785	335,023	8,406,808
Total current assets	<u>40,908,905</u>	1,270,426	42,179,331
Noncurrent assets:			
Capital assets:			
Land	-	415,000	415,000
Buildings and equipment, net	-	12,453,220	12,453,220
Accumulated depreciation	<u>-</u>	(9,375,331)	(9,375,331)
Total noncurrent assets	-	3,492,889	3,492,889
Deferred outflows of resources			
Related to pensions	-	421,445	421,445
Related to OPEB	-	352,123	352,123
Total assets and deferred outflows of resources	<u>\$ 40,908,905</u>	<u>\$ 5,536,883</u>	<u>\$ 46,445,788</u>
LIABILITIES			
Current liabilities:			
Vouchers payable	\$ 14,168,660	\$ 1,447,313	\$ 15,615,973
Unearned revenue	7,787,893	-	7,787,893
Compensated absences	38,563	127,038	165,601
Accrued payroll	27,056	67,286	94,342
Other liabilities	<u>4,892,200</u>	-	4,892,200
Total current liabilities	26,914,372	1,641,637	28,556,009
Noncurrent liabilities:			
Compensated absences	33,451	110,199	143,650
Net pension liability	-	431,163	431,163
Total OPEB liability	<u>-</u>	738,977	738,977
Total noncurrent liabilities	33,451	1,280,339	1,313,790
Deferred inflows of resources			
Related to pensions	-	1,502,308	1,502,308
Related to OPEB	<u>-</u>	203,967	203,967
Total deferred inflows	-	1,706,275	1,706,275
Total liabilities and differed inflows of resources	<u>\$ 26,947,823</u>	<u>\$ 4,628,251</u>	<u>\$ 31,576,074</u>
NET POSITION			
Net investment in capital assets	\$ -	\$ 3,492,889	\$ 3,492,889
Unrestricted	13,961,082	(2,584,257)	11,376,825
Total net position	<u>\$ 13,961,082</u>	<u>\$ 908,632</u>	<u>\$ 14,869,714</u>
Total liabilities and net position	<u>\$ 40,908,905</u>	<u>\$ 5,536,883</u>	<u>\$ 46,445,788</u>

CITY OF NORFOLK, VIRGINIA

Exhibit G-2

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
June 30, 2022**

	Healthcare	Fleet Management	Total
OPERATING REVENUES			
Charges for services	\$ 90,533,814	\$ 10,529,935	\$ 101,063,749
Miscellaneous	-	138,445	138,445
Total operating revenues	90,533,814	10,668,380	101,202,194
OPERATING EXPENSES			
Personal services	761,257	2,380,124	3,141,381
Healthcare costs	74,634,572	-	74,634,572
Cost of goods sold	-	4,933,939	4,933,939
Plant operations	-	4,623,795	4,623,795
Depreciation and amortization	-	383,794	383,794
Retirement and OPEB expense	95,085	(1,147,068)	(1,051,983)
Other	20,549	194,329	214,878
Total operating expenses	75,511,463	11,368,913	86,880,376
Operating income (loss)	<u>15,022,351</u>	<u>(700,533)</u>	<u>14,321,818</u>
NONOPERATING REVENUE			
Capital contributions	-	30,932	30,932
Net change in net position	<u>15,022,351</u>	<u>(669,601)</u>	<u>14,352,750</u>
Net position - beginning	<u>(1,061,269)</u>	<u>1,578,233</u>	<u>516,964</u>
Net position - ending	<u>\$ 13,961,082</u>	<u>\$ 908,632</u>	<u>\$ 14,869,714</u>

CITY OF NORFOLK, VIRGINIA
Combining Statement of Cash Flows - Internal Service Funds
For the Year Ended June 30, 2022

Exhibit G-3

	Healthcare	Fleet Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 91,391,108	\$ 10,518,262	\$ 101,909,370
Payments to employees	-	(2,788,232)	(2,788,232)
Payments to suppliers	(64,494,095)	(8,760,247)	(73,254,342)
Other payments	-	(194,332)	(194,332)
Net cash provided by (used in) operating activities	<u>26,897,013</u>	<u>(1,224,549)</u>	<u>25,672,464</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	26,897,013	(1,224,549)	25,672,464
Cash and short-term investments - beginning of the year	<u>5,940,107</u>	<u>2,159,952</u>	<u>8,100,059</u>
Cash and short-term investments - end of the year	<u>\$ 32,837,120</u>	<u>\$ 935,403</u>	<u>\$ 33,772,523</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities			
Operating income (loss)	\$ 15,022,351	\$ (700,533)	\$ 14,321,818
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	383,794	383,794
Effect of changes in assets, deferred outflows and liabilities and deferred inflows:			
Receivables, net	666,271	(150,121)	516,150
Vouchers payable	10,977,021	797,487	11,774,508
Accrued payroll	40,347	4,950	45,297
Net pension liability	-	(1,560,126)	(1,560,126)
Unearned revenue	<u>191,023</u>	<u>-</u>	<u>191,023</u>
Net cash provided by (used in) operating activities	<u>\$ 26,897,013</u>	<u>\$ (1,224,549)</u>	<u>\$ 25,672,464</u>
Noncash investing, capital, and financing activities:			
Capital contributions	<u>\$ -</u>	<u>\$ 30,932</u>	<u>\$ 30,932</u>



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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

Exhibit H-1

**Combining Statement of Net Position
Fiduciary Funds
For the Year Ending June 30, 2022
(unaudited)**

	Pension Trust For Employees' Retirement System	Pension Funding Trust	Total Trusts	Other Custodial	Commonwealth of Virginia	Total Custodial	Total
ASSETS							
Cash and short-term investments	\$ 38,824,000	\$ 76,464,509	\$ 115,288,509	\$ 12,589,668	\$ 218,769	\$ 12,808,437	\$ 128,096,946
Investments, fair value:							
United States Treasury securities	53,721,000	-	53,721,000	-	-	-	53,721,000
Fixed income securities	101,929,000	-	101,929,000	-	-	-	101,929,000
Equity securities	91,432,000	-	91,432,000	-	-	-	91,432,000
Future/options/swaps	(1,097,000)	-	(1,097,000)	-	-	-	(1,097,000)
Balanced commingled funds:							
Equity	640,444,000	-	640,444,000	-	-	-	640,444,000
Fixed income	220,874,000	-	220,874,000	-	-	-	220,874,000
Real estate	106,621,000	-	106,621,000	-	-	-	106,621,000
Total investments	1,213,924,000	-	1,213,924,000	-	-	-	1,213,924,000
Receivables:							
Accrued investment income	884,000	-	884,000	-	-	-	884,000
Due from broker for securities sold	60,237,000	-	60,237,000	-	-	-	60,237,000
Other	2,000	-	2,000	-	-	-	2,000
Total assets	1,313,871,000	76,464,509	1,390,335,509	12,589,668	218,769	12,808,437	1,403,143,946
LIABILITIES							
Vouchers payable	3,927,000	-	3,927,000	196,306	-	196,306	4,123,306
Due to brokers for securities purchased	107,281,000	-	107,281,000	-	-	-	107,281,000
Due to other agencies	-	-	-	12,393,362	218,769	12,612,131	12,612,131
Total liabilities	111,208,000	-	111,208,000	12,589,668	218,769	12,808,437	124,016,437
NET POSITION							
	\$ 1,202,663,000	\$ 76,464,509	\$ 1,279,127,509	\$ -	\$ -	\$ -	\$ 1,279,127,509

CITY OF NORFOLK, VIRGINIA

Exhibit H-2

**Combining Statement of Changes in Net Position
Fiduciary Funds
For the Year Ending June 30, 2022**
(unaudited)

	Pension Trust For Employees' Retirement System	Pension Funding Trust	Total Trust	Other Custodial	Commonwealth of Virginia	Total Custodial	Total
Changes to net position attributed to:							
Additions:							
Investment income:							
Net appreciation in fair value of investments	\$ (144,707,000)	\$ -	\$ (144,707,000)	\$ -	\$ -	\$ -	\$ (144,707,000)
Interest	2,766,000	-	2,766,000	-	-	-	2,766,000
Dividends	7,837,000	-	7,837,000	-	-	-	7,837,000
Other	2,188,000	-	2,188,000	-	-	-	2,188,000
	<u>(131,916,000)</u>	<u>-</u>	<u>(131,916,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,916,000)</u>
Less investment expense	(2,811,000)	-	(2,811,000)	-	-	-	(2,811,000)
Less other	-	-	-	-	-	-	-
Net investment income	(134,727,000)	-	(134,727,000)	-	-	-	(134,727,000)
Employer contributions							
Employer contributions	41,457,000	-	41,457,000	-	-	-	41,457,000
Employee contributions	9,364,000	-	9,364,000	-	-	-	9,364,000
Purchase of service	572,000	-	572,000	-	-	-	572,000
Custodial fund additions	-	-	-	-	2,851,433	2,851,433	2,851,433
Total Additions	(83,334,000)	-	(83,334,000)	-	2,851,433	2,851,433	(80,482,567)
Deductions:							
Benefit payments and expenses:							
Refunds of contributions	2,924,000.00	-	2,924,000	-	-	-	2,924,000
Benefits paid to plan members and beneficiaries	99,100,000	-	99,100,000	-	-	-	99,100,000
Administrative costs	848,000	-	848,000	-	-	-	848,000
Custodial fund deductions	-	13,982,001	13,982,001	-	2,851,433	2,851,433	16,833,434
Total Deductions	102,872,000	13,982,001	116,854,001	-	2,851,433	2,851,433	119,705,434
Net decrease in net position	(186,206,000)	(13,982,001)	(200,188,001)	-	-	-	(200,188,001)
Net position restricted for pensions:							
Net position - beginning	1,388,869,000	90,446,510	1,479,315,510	-	-	-	1,479,315,510
Net Position - ending	<u>1,202,663,000</u>	<u>\$ 76,464,509</u>	<u>1,279,127,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 1,279,127,509</u>

SCHEDEULE 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, 2022**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Use of money and property	\$ 825,335	\$ -	\$ (825,335)
Charges for services	830,000	1,921,716	1,091,716
Intergovernmental federal	-	3,215	3,215
Miscellaneous	100	20	(80)
Total revenue	<u>\$ 1,655,435</u>	<u>\$ 1,924,951</u>	<u>\$ 269,516</u>
Expenditures and transfers:			
Towing and recovery	1,458,127	1,165,470	\$ 292,657
Transfer out	197,308	194,657	2,651
Total expenditures	<u>\$ 1,655,435</u>	<u>\$ 1,360,127</u>	<u>\$ 295,308</u>

**Schedule of Revenues and Expenditures - Budget and Actual
Golf Special Revenue Fund
For the Year Ending June 30, 2022**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Charges for services	<u>\$ 15,000</u>	<u>\$ 49,970</u>	<u>\$ 34,970</u>
Expenditures:			
Golf operations	<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, 2022**

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Other local taxes	\$ 3,571,596	\$ 3,571,596	\$ -
Charges for services	4,250	-	(4,250)
Miscellaneous	-	5,186	5,186
Recovered cost	1,164,593	1,548,627	384,034
Intergovernmental - state	113,617	-	(113,617)
Transfer in	1,637,830	541,320	(1,096,510)
Total revenue	<u>\$ 6,491,886</u>	<u>\$ 5,666,729</u>	<u>\$ (825,157)</u>
Expenditures:			
Operations	6,491,886	5,690,882	801,004
Total expenditures	<u>\$ 6,491,886</u>	<u>\$ 5,690,882</u>	<u>\$ 801,004</u>

Schedule of Revenues and Expenditures - Budget and Actual
Cemeteries Special Revenue Fund
For the Year Ending June 30, 2022

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Charges for services	\$ 901,565	\$ 1,437,557	\$ 535,992
Miscellaneous	527,870	6,185	(521,685)
Recovered cost	-	1,886	1,886
Transfer in	333,805	132,974	(200,831)
Total revenue	<u>\$ 1,763,240</u>	<u>\$ 1,578,602</u>	<u>\$ (184,638)</u>
Expenditures:			
Cemetery operations	<u>\$ 1,763,240</u>	<u>\$ 1,664,892</u>	<u>\$ 98,348</u>

Schedule of Revenues and Expenditures - Budget and Actual
Public Amenities Special Revenue Fund
For the Year Ending June 30, 2022

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Taxes-Hotel & Restaurant	\$ 6,451,000	\$ 8,092,651	\$ 1,641,651
Intergovernmental - state	112,000	67,871	(44,129)
Rollover from last year*	2,186,997	-	(2,186,997)
Total revenue	<u>\$ 8,749,997</u>	<u>\$ 8,160,522</u>	<u>\$ (589,475)</u>
Expenditures:			
Transfer out (Debt Service)	\$ 4,762,997	\$ 4,762,996	\$ 1
Transfer out (General fund)	3,500,000	3,500,000	-
All purpose	487,000	371,042	115,958
Total expenditures	<u>\$ 8,749,997</u>	<u>\$ 8,634,038</u>	<u>\$ 115,959</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, 2022

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Taxes-real property	\$ 6,768,400	\$ 6,768,400	\$ -
Rollover from last year	-	-	-
Total revenue	<u>\$ 6,768,400</u>	<u>\$ 6,768,400</u>	<u>\$ -</u>
Expenditures:			
Transfer out (Debt Service)	\$ 1,500,000	\$ 1,500,000	\$ -
Transfer out (General fund)	5,268,400	5,268,400	-
Total expenditures	<u>\$ 6,768,400</u>	<u>\$ 6,768,400</u>	<u>\$ -</u>

Schedule of Revenues and Expenditures - Budget and Actual
Community Development Fund
For the Year Ending June 30, 2022

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Intergovernmental Federal	\$ 7,026,112	\$ 7,926,185	\$ 900,073
Total revenue	<u>\$ 7,026,112</u>	<u>\$ 7,926,185</u>	<u>\$ 900,073</u>
Expenditures:			
Operations	\$ 7,026,112	\$ 7,926,185	\$ (900,073)

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, 2022

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Use of money and property	\$ 11,000	\$ 4,900	\$ (6,100)
Charges for services	21,475,692	20,686,144	(789,548)
Miscellaneous	100	32,148	32,048
Transfer in	500,000	-	(500,000)
Rollover from last year*	443,201	-	(443,201)
Total revenue	<u>\$ 22,429,993</u>	<u>\$ 20,723,192</u>	<u>\$ (1,706,801)</u>
Expenditures and transfers:			
Public works	\$ 22,354,993	\$ 22,042,246	\$ 312,747
Transfer out	75,000	(91,075)	166,075
Total expenditures	<u>\$ 22,429,993</u>	<u>\$ 21,951,171</u>	<u>\$ 478,822</u>

Schedule of Revenues and Expenditures - Budget and Actual
Fleet Internal Service Fund
For the Year Ending June 30, 2022

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Use of money and property	\$ -	\$ -	\$ -
Charges for services	11,018,437	10,529,935	488,502
Miscellaneous & capital contributions	67,365	169,377	(102,012)
Rollover from last year*	300,000	300,000	-
Total revenue	<u>\$ 11,385,802</u>	<u>\$ 10,999,312</u>	<u>\$ 386,490</u>
Expenditures:			
Fleet	<u>\$ 11,385,802</u>	<u>\$ 11,368,913</u>	<u>\$ 16,889</u>

Schedule of Revenues and Expenditures - Budget and Actual
Healthcare Management Internal Service Fund
For the Year Ending June 30, 2022

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
Revenues:			
Charges for services	<u>\$ 106,086,057</u>	<u>\$ 90,533,814</u>	<u>\$ (15,552,243)</u>
Expenditures:			
Healthcare	<u>\$ 106,086,057</u>	<u>\$ 75,511,463</u>	<u>\$ 30,574,594</u>

CITY OF NORFOLK, VA
Capital Improvement Program
Schedule of Expenditures - Budget and Actual
From Inception and for the Year Ending June 30, 2022

Expenditures						
	Project Budget	Prior Years	Current	Total	Available	
Community Development						
Neighborhood Project Development	\$ 9,685,000	\$ 1,487,961	713,922	\$ 2,201,882	\$ 7,483,118	
Neighborhood Conservation Revitalization	46,390,203	48,683,676	347,969	49,031,645	(2,641,442)	
Broad Creek Renaissance	32,631,300	28,156,998	-	28,156,998	4,474,302	
Neighborhood commercial Improvements	80,248,695	80,397,097	121,897	80,518,993	(270,298)	
Create Special Service Areas	744,950	493,585	-	493,585	251,365	
Convert Street Lights to LED	175,000	70,897	94,832	165,729	9,271	
Improve Emerging Districts	4,500,000	1,554,556	922,536	2,477,091	2,022,909	
Improve Road Infrastructure in St. Paul's Area	16,000,000	395,820	(4,089,249)	(3,693,428)	19,693,428	
Maintain Sidewalks Citywide	1,300,000	846,035	304,254	1,150,289	149,711	
Improve Infrastructure at Moton Circle	750,000	-	3,000	3,000	747,000	
Support Blue/Greenway Amenities in St. Paul's Area	1,000,000	-	-	-	1,000,000	
Design Berkley Square Complex	1,000,000	-	-	-	1,000,000	
Other	974,774	974,774	-	974,774	-	
Community Development Total	195,399,922	162,086,624	(1,580,840)	161,480,558	33,919,364	
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	26,167,731.15	95,514	26,263,245	3,724,534	
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	6,837,500	824,619.00	-	824,619	6,012,881	
Fund Nauticus Capital Campaign	1,000,000	-	-	-	1,000,000	
USS Wisconsin Improvements	13,564,974	11,487,007.88	328,311	11,815,319	1,749,655	
Replace Cruise Terminal Passenger Boarding Bridge	700,000	1,660,791.86	1,246,692	2,907,484	(2,207,484)	
Maintain Wells Theatre	750,000	750,000.00	-	750,000	-	
Other	8,907,578	5,862,035.00	-	5,862,035	3,045,543	
Cultural Facilities Total	152,761,315	134,277,357	1,670,517	135,947,874	16,813,441	
Economic Development						
Acquire/Dispose/Upgrade City Properties	95,075,463	77,730,629.89	5,440,203	83,170,833	11,904,630	
Nauticus/Cruise Terminal Development	38,550,000	37,305,659.00	23,668	37,329,327	1,220,673	
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	0	
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	158,731,822	139,574,350	5,463,871	145,038,221	13,693,602	
General/Other						
Campostella Landfill Closure	6,500,000	3,961,510.05	3,403	3,964,913	2,535,087	
Control Beach Erosion	40,909,700	33,241,803.16	842,984	34,084,787	6,824,913	
Transfer to Debt Service	1,600,000	6,814,712.62	-	6,814,713	(5,214,713)	
Integrated Financial Management System Implementation	5,900,224	5,900,407.00	-	5,900,407	(183)	
Waterway Dredging Projects	7,159,487	6,745,941.50	17,769	6,763,711	395,776	
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	0	
Upgrade and Expand Broadband Infrastructure	2,000,000	612,751.00	-	612,751	1,387,249	
Acquire Technology	11,300,000	4,578,243.18	4,901,171	9,479,415	1,820,585	
Support Major Demolitions	1,000,000	-	247,245	247,245	752,755	
Other	34,358,367	19,103,359.00	-	19,103,359	15,255,008	
General/Other Total	120,808,819	90,539,770	6,012,572	96,552,341	24,256,478	
Public Buildings and Facilities						
Fire Station Emergency Generation Program	10,350,188	8,118,606.59	1,799,752	9,918,359	431,829	
Infrastructure Improvements	46,460,473	11,920,036.43	140,795	12,060,831	34,399,642	
Annual Roof Maintenance	9,678,652	3,360.00	156,207	159,567	9,519,085	
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	115,687,085.27	17,445	115,704,530	6,915,638	
Jail Renovations	10,862,510	102,568.26	107,816	210,385	10,652,125	
Selden Arcade Renovations	8,400,543	-	-	-	8,400,543	
City Hall Building Renovations	29,096,839	21,959,161.75	2,455,754	24,414,916	4,681,923	
Tow Yard Acquisition	697,045	-	-	-	697,045	
Fire Facilities Replacement/Improvements	12,759,541	13,128,606.85	376,749	13,505,356	(745,815)	
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	4,901,454.53	2,732	4,904,187	2,195,813	
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	500,000	245,578.00	218,512	464,090	35,910	
Improve Marriott Waterside Conference Center (PA)	6,500,000	131,491.02	-	131,491	6,368,509	
Improve Waste Management Facilities	1,000,000	186,895.30	2,852	189,748	810,252	
Renovate the School Administration Building	3,900,000	1,351,672.83	104,221	1,455,894	2,444,106	
Upgrade Security at City Facilities	1,060,000	416,239.33	153,484	569,723	490,277	
Improve Animal Care Center Infrastructure	500,000	-	-	-	500,000	
Renovate Magistrate's Office	550,000	80,130.76	339,145	419,276	130,724	
Repair and Replace Underground Storage Tanks	100,000	-	-	-	100,000	
Replace Fire Station 11	5,400,000	29,268.00	(2,118)	27,150	5,372,850	
Relocate the City's Data Center	6,000,000	36,353.19	2,811,537	2,847,891	3,152,109	
Replace Chiller at Central Energy Plant	800,000	33,964.40	266,556	300,520	499,480	
Other	35,861,679	20,881,765.75	2,138,905	23,020,671	12,841,008	
Public Buildings and Facilities Total	447,369,939	290,218,749	11,090,346	301,309,095	146,060,844	

CITY OF NORFOLK, VA
Capital Improvement Program
Schedule of Expenditures - Budget and Actual
From Inception and for the Year Ending June 30, 2022

Expenditures					
	Project Budget	Prior Years	Current	Total	Available
Parks/Recreational Facilities					
Zoo Master Plan	28,407,037	27,633,732.00	11,168	27,644,900	762,137
Titus town 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	14,360,717	14,396,460.32	89,522	14,485,983	(125,266)
Norview Recreation Center	7,947,756	7,947,756.00	-	7,947,756	(0)
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	(0)
Harbor Park Improvements	4,924,747	3,814,253.00	-	3,814,253	1,110,494
Athletic Field Renovations	2,685,903	2,685,903.00	-	2,685,903	0
Norfolk Fitness & Wellness Center Renovations	1,803,669	1,803,669.00	-	1,803,669	(0)
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	(0)
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	(0)
Southside Boys & Girls Club Improvements	1,500,000	-	1,500,000	1,500,000	-
Construct Park along East Water Street	500,000	-	499,749	499,749	251
Design Combination Rec & Library Facility at NFWC	4,000,000	-	58,672	58,672	3,941,328
Other	14,192,410	13,855,320.00	-	13,855,320	337,090
Parks/Recreational Facilities Total	126,705,038	117,689,678	2,159,111	119,848,789	6,856,249
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	(0)
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	0
Coleman Place Elementary Replacement	20,293,970	20,293,970.00	-	20,293,970	-
Crossroads Elementary Replacement	34,108,313	31,673,980.53	-	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	81,538,847	49,999,336.55	4,631,637	54,630,973	26,907,874
Schools Total	315,153,413	273,664,689.08	4,631,637	278,296,326	36,857,087
Transportation					
Old Dominion University Master Plan	10,304,204	5,610,091	-	5,610,091	4,694,113
VDOT Urban Support	9,773,025	8,767,084	24,325	8,791,409	981,616
Bridge Maintenance & Repair Program	43,618,240	37,149,751	1,154,615	38,304,367	5,313,873
Signal & Intersection Enhancements	14,806,765	12,781,957	309,400	13,091,357	1,715,408
Citywide Soundwall Program	8,405,303	8,403,332	-	8,403,332	1,971
Neighborhood Streets Improvements	77,547,088	78,745,976	754,995	79,500,971	(1,953,883)
Atlantic City Development	14,356,810	13,899,027	-	13,899,027	457,783
Citywide Boat Ramp Improvements	3,288,822	2,407,557	83,406	2,490,963	797,859
Construct Light Rail	105,010,914	70,303,888	-	70,303,888	34,707,026
Develop Multi-Modal Transfer Station at Harbor Park	4,348,573	3,846,809	-	3,846,809	501,764
Install New Sidewalks	2,550,000	177,896	66,883	244,779	2,305,221
Rehabilitate Hampton Boulevard Bridge	7,700,000	153,192	354,243	507,436	7,192,564
Install ADA Ramps Citywide	1,000,000	-	10,520	10,520	989,480
Improve Colonial Avenue for Pedestrians	550,000	-	-	-	550,000
Reconstruct Westminster Avenue	1,000,000	-	-	-	1,000,000
Install Signals at Virginia Beach Blvd and Winburne Ln Intersection	800,000	-	-	-	800,000
Other	33,598,348	26,633,856	-	26,633,856	6,964,492
Transportation Total	338,658,092	268,880,416	2,758,387	271,638,804	67,019,288
Grand Total	\$ 1,855,588,361	\$ 1,476,931,634	\$ 32,205,600	\$ 1,510,112,008	\$ 345,476,353

CITY OF NORFOLK, VA
Schedule of Revenues and Expenditures, Budget and Actual
Grants Special Revenue Fund
From Inception through June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 5,850	\$ 5,850
Use of money and property	-	-	-	-
Charges for services	-	-	196,405	196,405
Miscellaneous	-	-	1,794,659	1,794,659
Intergovernmental	75,521,801	224,457,976	122,808,416	(101,649,560)
Total revenues	<u>75,521,801</u>	<u>224,457,976</u>	<u>122,808,416</u>	<u>(101,649,560)</u>
			<u>124,805,330</u>	<u>(99,652,646)</u>
Expenditures				
Current				
General government	247,000	-	2,051,426	(2,051,426)
Judicial administration	3,813,500	4,790,444	3,675,125	1,115,319
Public safety	5,729,304	3,254,574	65,276,589	(62,022,015)
Public works	37,015,300	18,395,460	16,878,720	1,516,740
Health and public assistance	28,276,597	183,894,163	21,623,186	162,270,977
Culture and recreation	199,000	698,356	627,527	70,829
Community development	241,100	13,424,979	23,927,795	(10,502,816)
Total Expenditures	<u>\$ 75,521,801</u>	<u>\$ 224,457,976</u>	<u>\$ 134,060,368</u>	<u>\$ 90,397,608</u>

Original Budget - Annual Grants Plan in Budget Book

Final Budget - budgets include active special revenue grants 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, 2022

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
restated										
Net investment in capital assets	\$ 319,550	\$ 337,937	\$ 428,380	\$ 386,641	\$ 365,913	\$ 351,887	\$ 382,093	\$ 384,078	\$ 374,478	\$ 372,139
Restricted	11,111	22,062	10,485	12,412	12,042	6,485	6,690	9,094	8,217	8,048
Unrestricted	22,593	(149,763)	(217,542)	(153,467)	(124,543)	(108,368)	(109,199)	(148,756)	(177,514)	(24,679)
Subtotal governmental activities net position	<u>353,254</u>	<u>210,236</u>	<u>221,323</u>	<u>245,586</u>	<u>253,412</u>	<u>250,004</u>	<u>279,584</u>	<u>244,416</u>	<u>205,180</u>	<u>355,508</u>
Business-type activities:										
Net investment in capital assets	275,195	259,371	266,206	301,340	342,470	330,979	364,975	406,149	451,059	535,599
Restricted	13,244	32,495	29,610	31,766	35,237	36,017	28,501	29,946	32,588	28,914
Unrestricted	78,631	77,120	100,988	85,668	59,766	98,533	102,475	121,751	113,452	104,802
Subtotal business-type activities net position	<u>367,070</u>	<u>368,986</u>	<u>396,804</u>	<u>418,774</u>	<u>437,473</u>	<u>465,529</u>	<u>495,951</u>	<u>557,846</u>	<u>597,099</u>	<u>669,315</u>
Primary government:										
Net investment in capital assets	594,745	597,308	694,586	687,981	708,383	682,866	747,068	790,227	825,537	907,738
Restricted	24,355	54,557	40,095	44,178	47,279	42,502	35,191	39,040	40,805	36,963
Unrestricted	101,224	(72,643)	(116,554)	(67,799)	(64,777)	(9,835)	(6,724)	(27,005)	(64,062)	80,123
Total primary government net position	<u>\$ 720,324</u>	<u>\$ 579,222</u>	<u>\$ 618,127</u>	<u>\$ 664,360</u>	<u>\$ 690,885</u>	<u>\$ 715,533</u>	<u>\$ 775,535</u>	<u>\$ 802,262</u>	<u>\$ 802,279</u>	<u>\$ 1,024,823</u>

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenue										
Governmental activities:										
Charges for services										
General government	\$ 9,489	\$ 4,149	\$ 7,152	\$ 4,642	\$ 4,822	\$ 4,728	\$ 7,267	\$ 6,069	\$ 8,057	\$ 7,812
Judicial administration	3,717	3,142	2,938	2,729	2,688	2,507	2,396	1,896	22,659	23,772
Public safety	10,154	7,613	7,563	8,307	8,364	7,802	8,504	8,067	11,727	12,230
Public works	38,320	37,769	41,821	42,341	40,322	41,185	40,169	23,242	25,330	24,484
Health and public assistance	5,349	5,597	5,577	6,310	6,390	6,385	5,498	5,928	5,374	6,067
Culture and recreation	10,297	9,685	8,948	10,054	9,835	9,305	9,810	6,817	3,448	7,894
Community development	2,368	1,960	2,557	2,370	2,511	1,264	2,244	2,510	1,872	1,946
Capital grants and contributions ²	15,000	15,933	1,000	5,672	5,941	11,954	3,806	(25,255)	1,983	(5)
Operating grants and contributions	131,719	120,713	125,802	132,611	135,194	151,519	142,804	161,602	207,936	233,842
Total governmental activities program revenue	<u>226,413</u>	<u>206,561</u>	<u>203,358</u>	<u>215,036</u>	<u>216,067</u>	<u>236,649</u>	<u>222,498</u>	<u>190,876</u>	<u>288,386</u>	<u>318,042</u>
Business-type activities:										
Charges for services										
Water utility	76,584	79,097	82,996	80,749	84,529	86,942	111,546	91,377	95,239	103,716
Wastewater utility	25,469	27,119	28,144	27,823	29,065	30,201	31,222	31,705	32,120	35,334
Parking facilities	19,162	20,413	19,520	19,612	20,577	22,148	22,324	19,953	18,073	19,229
Storm Water utility	N/A	21,666	22,393	22,389						
Capital grants and contributions ²	-	2,761	3,006	338	188	144	381	26,705	-	-
Total business-type activities program revenue	<u>121,215</u>	<u>129,390</u>	<u>133,666</u>	<u>128,522</u>	<u>134,359</u>	<u>139,435</u>	<u>165,473</u>	<u>191,406</u>	<u>167,825</u>	<u>180,668</u>
Total primary government program revenues	<u>347,628</u>	<u>335,951</u>	<u>337,024</u>	<u>343,558</u>	<u>350,426</u>	<u>376,084</u>	<u>387,971</u>	<u>382,282</u>	<u>456,211</u>	<u>498,709</u>
Expenses										
Governmental activities:										
General government	119,764	122,656	126,959	130,550	155,159	152,832	157,320	157,801	150,511	142,589
Judicial administration	51,654	55,062	49,056	51,926	55,547	57,118	46,124	48,443	47,505	47,384
Public safety	125,270	125,122	120,710	119,828	133,378	160,378	138,890	153,190	102,697	135,156
Public works	71,324	66,909	81,171	79,200	80,825	69,194	66,079	61,612	57,246	58,041
Health and public assistance	90,993	90,919	86,776	85,730	89,103	87,827	91,735	97,275	76,088	90,165
Culture and recreation	56,039	56,499	58,443	60,064	62,996	46,799	58,962	64,901	35,794	54,751
Community development	16,158	12,622	13,040	16,734	15,402	23,320	29,381	40,728	66,151	71,342
Education	109,287	109,467	117,722	114,769	114,972	131,137	136,660	135,699	112,363	138,902
Interest on long-term debt	28,249	25,187	22,060	22,950	19,326	24,965	28,817	24,998	29,876	25,474
Total government activities expenses	<u>668,738</u>	<u>664,443</u>	<u>675,937</u>	<u>681,751</u>	<u>726,708</u>	<u>753,570</u>	<u>753,968</u>	<u>784,647</u>	<u>678,231</u>	<u>763,804</u>
Business-type activities:										
Water utility	61,358	61,609	59,448	59,415	65,319	61,276	63,967	65,534	63,489	47,456
Wastewater utility	19,983	20,128	19,142	19,226	22,072	21,012	20,201	21,082	21,087	16,424
Parking facilities	20,961	23,677	20,045	20,651	21,078	23,084	25,365	24,850	20,031	12,079
Storm Water utility	N/A	13,239	16,331	14,858						
Total business-type activities expenses	<u>102,302</u>	<u>105,414</u>	<u>98,635</u>	<u>99,292</u>	<u>108,469</u>	<u>105,372</u>	<u>109,533</u>	<u>124,705</u>	<u>120,938</u>	<u>90,818</u>
Total primary government expenses	<u>771,040</u>	<u>769,857</u>	<u>774,572</u>	<u>781,043</u>	<u>835,177</u>	<u>858,942</u>	<u>863,501</u>	<u>909,352</u>	<u>799,169</u>	<u>854,621</u>
Net (Expense) Revenue										
Governmental activities	(442,325)	(457,882)	(472,579)	(466,715)	(510,641)	(516,921)	(531,470)	(593,771)	(389,845)	(445,762)
Business-type activities	18,913	23,976	35,031	29,230	25,890	34,063	55,940	66,701	46,887	89,850
Total primary government net expense	<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>	<u>\$ (355,912)</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenue and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real estate and personal property	\$ 246,345	\$ 254,357	\$ 263,490	\$ 263,395	\$ 271,461	\$ 277,132	\$ 303,623	\$ 316,998	\$ 329,293	\$ 357,257
Consumption utility	43,211	43,055	42,961	41,849	41,452	41,292	39,947	38,890	36,767	31,207
Sales and use	29,707	29,436	29,981	30,330	31,185	32,799	33,259	35,395	39,525	42,726
Restaurant food	30,818	31,127	32,634	34,224	34,934	37,990	39,210	35,284	36,384	43,567
Business licenses	29,301	29,889	28,640	28,935	30,557	28,529	29,929	29,916	31,620	32,645
Cigarette	7,926	7,409	7,821	7,784	7,860	7,492	7,889	7,703	7,374	6,389
Motor vehicle licenses	4,210	3,966	3,953	4,488	4,642	4,760	4,903	4,963	5,039	2,121
Other	18,124	16,618	18,280	18,424	18,909	21,277	22,127	19,382	18,507	26,345
Interest and investment earnings	563	783	164	291	249	270	1,212	1,403	457	(222)
Grants and contributions not restricted to specific programs	33,539	33,788	33,793	34,863	36,440	28,158	35,965	36,316	39,500	39,720
Miscellaneous	11,501	14,563	11,916	16,404	30,778	31,189	12,677	17,377	244	3,833
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	10,114	10,052	10,033	10,000	10,000	10,000	30,309	11,259	15,900	10,500
Total governmental activities	467,093	475,043	483,666	490,987	518,467	520,888	561,050	558,602	350,610	596,090
Business-type activities:										
Interest and investment earnings	234	496	112	295	432	671	2,507	3,383	130	-
Grants and contributions not restricted to specific programs	1,626	219	214	149	150	142	134	126	325	-
Unrealized gain (loss) on investments	-	-	-	-	-	(52)	-	45	5,069	(17,937)
Miscellaneous	4,042	3,162	2,506	2,295	2,228	2,059	2,151	2,899	2,742	10,803
Gain (Loss) on disposal of assets	9	(88)	(2)	-	-	-	-	-	-	-
Transfers between governmental and business-type activities	(10,114)	(10,052)	(10,033)	(10,000)	(10,000)	(10,000)	(30,309)	(11,259)	(15,900)	(10,500)
Total business-type activities	(4,203)	(6,263)	(7,203)	(7,261)	(7,190)	(7,180)	(25,517)	(4,806)	(7,635)	(17,634)
Total primary governmental activities	462,890	468,780	476,463	483,726	511,277	513,708	535,533	553,796	342,976	578,456
Change in Net Position										
Governmental activities	9,211	2,464	16,951	(19,654)	1,546	(10,582)	561,050	(35,168)	(39,235)	150,328
Business-type activities	19,773	28,768	22,027	18,629	26,873	48,760	(25,517)	61,895	39,253	72,216
Total Primary Government changes in net position	\$ 28,984	\$ 31,232	\$ 38,978	\$ (1,025)	\$ 28,419	\$ 38,178	\$ 535,533	\$ 26,726	\$ 18	\$ 222,544

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	\$ -	\$ -	\$ -	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619
Restricted	300	265	2,100	3,015	165	145	135	130	120	115
Committed	3,000	3,000	4,000	5,000	8,698	9,347	10,032	13,051	16,404	18,884
Assigned	33,919	23,901	25,904	26,557	36,605	44,118	65,231	66,842	138,914	217,246
Unassigned	54,055	58,100	65,580	73,077	70,652	70,962	76,510	74,994	75,557	92,920
Total General Fund	91,274	85,266	97,584	107,788	116,120	124,572	151,908	155,017	230,995	329,784
Grants Fund:										
Nonspendable	-	-	-	-	-	-	-	-	1,374	-
Restricted	-	-	-	-	-	-	-	-	1,734	1,618
Committed	-	-	-	-	-	-	-	-	2,428	4,393
Assigned	-	-	-	-	-	-	-	-	738	889
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Grants Fund ⁽¹⁾	-	-	-	-	-	-	-	-	6,274	6,900
Capital Projects Fund:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	10,933	-	-	-	-	-	-	-	-
Committed	13,637	14,480	14,704	6,170	-	-	4,105	-	-	-
Assigned	7,339	4,052	-	-	-	-	-	-	-	-
Unassigned	-	-	(84,624)	(216,480)	(190,871)	(128,799)	-	(7,055)	(51,497)	5,117
Total Capital Projects Fund ⁽²⁾	20,976	29,465	(69,920)	(210,310)	(190,871)	(128,799)	4,105	(7,055)	(51,497)	5,117
All Other Governmental Funds:										
Nonspendable	24	-	-	-	-	-	-	-	-	-
Restricted	10,811	10,864	8,385	9,397	6,223	6,340	6,554	8,965	6,362	6,602
Committed	2,454	5,050	2,764	3,138	5,872	7,323	7,705	5,579	38	38
Assigned	20,708	22,144	17,843	26,554	20,345	21,501	22,339	14,148	12,719	11,331
Unassigned	-	(1,556)	(2,913)	(2,689)	(932)	(823)	(66)	(64)	-	-
Total Other Governmental Funds ⁽¹⁾	33,997	36,502	26,079	36,400	31,508	34,341	36,532	28,628	19,119	17,971
Total fund balance, governmental funds	\$ 146,247	\$ 151,233	\$ 53,743	\$ (66,122)	\$ (43,243)	\$ 30,114	\$ 192,545	\$ 176,590	\$ 204,891	\$ 359,773

(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.

City of Norfolk, Virginia
Financial Trends Information
Schedule 4

Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue:										
General property taxes	\$ 246,359	\$ 256,979	\$ 262,433	\$ 265,943	\$ 269,816	\$ 277,559	\$ 303,370	\$ 311,961	\$ 327,739	\$ 352,648
Other local taxes	163,297	161,499	164,270	166,034	169,539	174,139	177,263	171,533	175,217	185,001
Licenses and permits	4,098	3,089	3,013	3,038	3,576	3,292	4,118	3,599	3,495	3,883
Fines and forfeitures	1,102	1,242	1,264	1,111	921	1,068	1,027	801	978	1,359
Use of money and property	6,539	6,329	9,668	7,354	7,786	7,504	11,098	9,861	6,438	8,663
Charges for services	56,077	60,040	59,983	62,709	62,315	62,383	60,905	41,335	43,250	44,161
Miscellaneous	26,178	29,133	10,142	11,325	12,080	11,311	11,287	11,743	11,105	12,226
Recovered costs ⁽¹⁾	11,396	-	-	-	-	-	-	-	-	-
Intergovernmental	161,148	153,782	158,840	166,686	176,784	193,289	182,023	198,634	267,558	298,592
Total revenues	676,194	672,093	669,613	684,200	702,817	730,545	751,091	749,467	835,780	906,534
Expenditures:										
Current										
General government	112,804	109,292	110,904	118,468	127,367	131,203	136,987	133,751	144,751	149,596
Judicial administration	50,920	51,673	51,360	50,513	50,767	52,012	45,914	47,359	47,296	49,664
Public safety	117,427	113,394	112,055	116,436	121,494	123,905	127,610	131,883	136,809	136,670
Public works	54,427	55,267	61,369	58,716	63,231	66,882	62,511	53,665	52,029	55,308
Health and public assistance	88,413	88,671	85,631	85,815	87,330	86,702	87,554	91,787	88,067	92,189
Culture and recreation	47,153	46,705	48,765	44,531	44,825	45,968	45,399	43,499	34,012	39,991
Community development	15,128	12,482	12,303	13,677	14,994	22,237	28,212	38,095	72,093	70,985
Education	109,287	111,854	117,722	114,769	114,972	120,972	122,972	124,711	120,973	129,622
Debt service:										
Principal retirement	50,559	48,135	49,255	46,175	50,663	52,583	49,122	61,128	63,782	53,852
Interest and other charges	27,668	28,682	26,896	26,955	27,150	27,317	32,212	29,448	27,612	27,161
Debt issuance costs	-	1,127	680	318	-	907	1,823	1,886	1,026	1,282
Capital outlay	116,580	100,709	103,113	140,093	98,492	67,938	49,790	49,490	44,918	47,952
Total expenditures	790,366	767,991	780,053	816,466	801,285	798,626	790,106	806,702	833,368	854,272
(Deficiency) of revenues (under) expenditures	(114,172)	(95,898)	(110,440)	(132,266)	(98,468)	(68,081)	(39,015)	(57,235)	2,412	52,262
Other financing sources (uses):										
Proceeds of refunding bonds	-	73,428	74,094	-	49,378	27,744	-	221,756	46,383	36,895
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)	-	77,930	-	90,094	95,305	144,820	27,553	(5,688)	90,520	-
Payment to refunded bonds escrow agent	-	(79,964)	(81,267)	-	(55,684)	(31,799)	-	(220,838)	(46,122)	(36,693)
Premium on bonds issued	-	17,081	7,530	-	22,586	20,111	24,939	7,591	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Proceeds from sale or disposal of fixed assets	1,966	-	-	-	6,080	20,077	1,378	3,716	15,678	1,397
Operating transfers in	112,121	107,633	102,604	107,953	106,474	108,550	128,910	120,991	125,961	114,611
Operating transfers (out)	(102,006)	(95,224)	(92,571)	(97,953)	(96,474)	(98,550)	(98,601)	(109,732)	(110,061)	(104,111)
Total other financing sources (uses)	12,081	102,011	12,201	12,400	121,348	141,438	201,446	51,037	25,890	102,619
Special items:										
Contribution to stormwater utility fund	-	-	-	-	-	-	-	(9,757)	-	-
Total special items	-	-	-	-	-	-	-	(9,757)	-	-
Net change in fund balances	\$ (102,091)	\$ 6,113	\$ (98,239)	\$ (119,866)	\$ 22,880	\$ 73,357	\$ 162,431	\$ (15,955)	\$ 28,302	\$ 154,881
Debt service as a percentage of noncapital expenditures	11.57%	11.22%	11.28%	10.91%	10.95%	10.77%	11.03%	11.89%	11.16%	9.62%

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	\$ 10,833	\$ 5,077	\$ 12,739	\$ 7,798	\$ 6,725	\$ 7,570	\$ 10,376	\$ 6,069	\$ 8,057	\$ 7,812
Judicial administration	29,479	28,537	23,113	25,811	27,242	26,163	26,275	1,896	22,659	23,772
Public safety	15,980	11,116	14,226	11,662	12,606	14,991	11,762	8,067	11,727	12,230
Public works	68,326	63,124	76,359	69,609	77,639	98,084	74,029	23,242	25,330	24,484
Health and public assistance	62,657	62,224	57,059	72,181	70,931	60,539	60,707	5,928	5,374	6,067
Culture and recreation	26,284	25,837	9,947	17,301	10,020	9,489	10,050	6,817	3,448	7,894
Community development	10,266	7,626	7,498	8,255	8,360	17,316	27,018	2,510	1,872	1,946
Interest on long-term debt	2,587	3,021	2,417	2,419	2,544	2,497	2,281	-	-	-
Total governmental activities	<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>	<u>84,204</u>
Business-type activities:										
Water utility	76,585	81,757	85,925	81,087	84,718	86,944	111,927	91,377	95,239	103,716
Wastewater utility	25,469	27,219	28,144	27,823	29,065	30,342	31,222	31,705	32,120	35,334
Parking facilities	19,162	20,414	19,596	19,612	20,576	22,149	22,324	19,953	18,073	19,229
Storm Water utility ⁽¹⁾	-	-	-	-	-	-	-	21,666	22,393	22,389
Total business-type activities	<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>	<u>180,668</u>
Total primary government	<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>	<u>\$ 264,872</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
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
2022	352,648	185,001	3,883	1,359	8,663	44,161	12,226	N/A	298,592	906,534
Change 2013-2022	43.1%	13.3%	-5.2%	23.3%	32.5%	-21.2%	-53.3%	N/A	85.3%	34.1%

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
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
2022	31,207	42,726	43,567	32,645	6,389	2,121	26,345	185,001
Change 2013-2022	-27.8%	43.8%	41.4%	11.4%	-19.4%	-49.6%	45.4%	13.3%

Notes:

1. Beginning in fiscal year 2014, recovered costs are classified as the appropriate revenue or expense reimbursement.
2. 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
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
2022	23,076,118	3,277,428	328,211	26,681,757	26,681,757

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										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Property tax rate per \$100 of assessed value:											
Real property	\$ 1.11	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.25	\$ 1.25	\$ 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	0.16
Personal property	4.33	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	4.25
Mobile homes	1.11	1.15	1.11	1.15	1.15	1.15	1.25	1.25	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	2.40
Boats (pleasure)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.25	0.25	0.00	0.00
Boats (business)	1.50	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	1.50
Disabled veterans	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total direct tax rate	1.22	1.22	1.22	1.24	1.23	1.25	1.33	1.32	1.32	1.33	
Assessed value of real property as a percent of fair market value:											
As determined by the City Assessor	100%	98%	100%	100%	100%	100%	100%	100%	100%	100%	100%
As determined by the Commonwealth's Department of Taxation	100%	99%	100%	99%	97%	97%	98%	98%	98%	94%	

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 2013 through 2022.
3. The most recent Virginia Assessment/Sales ratio study is for 2020.
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	2013			2022		
	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value
MPB, Inc.				200,247,500	1	0.87%
ODU Real Estate Foundation	97,755,300	5	0.53%	139,768,300	2	0.61%
MacArthur Shopping Center	160,697,300	2	0.88%	134,563,500	3	0.58%
Bon Secours-DePaul Med Ctr Inc				113,622,000	4	0.49%
Fort Norfolk Comm Inc				94,442,100	5	0.41%
Ap Arlay Point LLC Et Al				88,216,900	6	0.38%
SLNWC Office Company, LLC				87,832,000	7	0.38%
Hertz Norfolk 999 Waterside, LLC				76,553,400	8	0.33%
Crown Point Owner LLC				75,618,800	9	0.33%
Dominion Enterprises	66,624,400	8	0.36%	71,081,100	10	0.31%
Norfolk Western Railway Company	130,136,689	3	0.71%			
Northern Southern	86,978,700	6	0.47%			
Verizon Virginia, Inc.	114,436,112	4	0.62%			
Virginia Natural Gas, Inc.	70,699,085	7	0.39%			
Virginia Power Co.	292,679,729	1	1.60%			
Wells Fargo Building	65,577,400	9	0.36%			
Military Circle, LLC	58,279,300	10	0.32%			
	\$ 656,628,501		3.57%	\$ 1,081,945,600		4.69%

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⁾
2013	\$ 244,309	\$ 243,683	\$ 229,872	94.33%	\$ 13,784	\$ 243,656	99.99%		
2014	254,008	254,598	240,481	94.46%	13,977	\$ 254,458	99.94%		
2015	256,040	260,734	245,803	94.27%	14,740	\$ 260,543	99.93%		
2016	264,043	265,482	251,933	94.90%	13,231	\$ 265,164	99.88%		
2017	268,718	269,672	255,712	94.82%	12,360	\$ 268,072	99.41%		
2018	275,648	277,578	262,585	94.60%	11,678	\$ 274,263	98.81%		
2019	300,270	300,270	285,588	95.11%	12,755	\$ 298,343	99.36%		
2020	314,540	314,540	288,746	91.80%	22,491	\$ 311,238	98.95%		
2021	327,530	327,530	308,016	94.04%	12,518	\$ 320,534	97.86%		
2022	355,926	355,926	328,909	92.41%	-	\$ 328,909	92.41%		

Notes:

1. Adjusted Tax Levy has been adjusted to reflect residual taxable amount after exonerations and reassessments.
Information obtained from Office of the City Treasurer.
2. Percentage of Collections to Tax Levy are calculated using the adjusted Tax Levy amounts. Taxes collected during the current year that relate to prior years are included in the year assessed.

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							
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	3,457	N/A	0.29
2021	935,414	83,260	-	1,018,674	4,278	N/A	0.20
2022	977,364	52,762	-	1,030,126	N/A	N/A	0.35
Business-Type Activities							
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	2,751	N/A	0.81
2021	258,887	-	377,953	636,840	2,675	N/A	0.94
2022	242,450	-	362,492	604,942	N/A	N/A	1.11
Total Primary Governmental Activities							
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	6,207	N/A	0.52
2021	1,194,301	83,260	377,953	1,655,514	6,953	N/A	0.48
2022	1,219,814	52,762	362,492	1,635,068	N/A	N/A	0.63

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	Debt Payable		Assessed Value		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
	Gross Bonded Debt (in thousands)	from Enterprise Revenue (in thousands)	Net Bonded Debt (in thousands)	of Taxable Property (in thousands)		
2013	\$ 849,028	\$ 184,119	\$ 664,909	\$ 20,093,307	3.31%	\$ 2,699
2014	978,654	259,717	718,937	19,788,842	3.63%	2,918
2015	914,299	247,490	665,809	20,892,353	3.19%	2,694
2016	1,039,960	252,795	787,165	21,366,996	3.68%	3,186
2017	1,123,755	269,011	854,744	21,918,700	3.90%	3,471
2018	1,147,918	271,164	876,754	22,096,988	3.97%	3,568
2019	1,068,372	226,735	841,637	22,633,265	3.72%	3,434
2020	1,103,120	252,570	850,550	23,780,896	3.58%	3,457
2021	1,277,561	258,887	1,018,674	24,637,733	4.13%	4,278
2022	1,272,576	242,450	1,030,126	26,681,757	N/A	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, 2022

Direct:	Jurisdiction		Debt	Government		Government
	City of Norfolk	\$		100%	\$	
			\$ 1,272,576			\$ 1,272,576

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total assessed value of taxed real property	\$ 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	\$ 22,154,797,959	\$ 23,076,117,734
Debt Limit - 10% of total assessed valuation	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	2,215,479,796	2,307,611,773
Net debt applicable to debt limitation	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	1,267,408,068	1,253,606,782
Legal Debt Margin	\$ 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	\$ 948,071,728	\$ 1,054,004,991
Net debt percentage of debt limitation	44.65%	49.55%	48.80%	51.73%	54.85%	54.33%	48.57%	51.40%	57.21%	54.32%

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

Fiscal Year	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Income Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
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
2022	102,685,609	28,736,895	73,948,714	17,170,000	13,504,400	30,674,400	2.41

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	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Income Available for Debt Service	Debt Service			
				Principal	Interest	Total	Coverage
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
2022	35,217,195	8,879,081	26,338,114	7,556,803	110,126	7,666,929	3.44

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	Redemption of Other Long-term Debt					Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
	Principal on Serial Bonds	Interest on Serial Bonds	Interest on Other Debt	Total Debt Service				
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%			
2022	53,852,387	27,160,898	81,013,285	620,115,756	13.06%			

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
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%
2021	238,102	N/A	46,923	107,879	5.7%

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 2022.
2. Personal income and per capita personal income estimates from U.S. Bureau of Economic Analysis. Data not available for 2021 or 2022.
3. Unemployment rate and civilian labor force from the U.S. Bureau of Labor Statistics.
4. All information on an average annual calendar year.

N/A - not available

City of Norfolk, Virginia
Demographic and Economic Information
Schedule 2
Ten Largest Employers in Norfolk
Current Year and Nine Years Ago

Employer	Rank	
	2013	2022
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	8	8
Anthem		9
Norfolk State University	9	10
Norshipco	7	
Portfolio Recovery Associates		
Bank of America	10	
Total Employment	137,468	136,702

Notes:

1. The source of the City's top ten employers is the Virginia Employment Commission.
2. The data for 2022 is the quarter ended December 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 2013 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)
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
2022	263	1,702	181,971	25	71,622

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Goods-Producing Industries:										
Construction	4.1	3.8	3.8	4.2	4.1	4.6	4.5	4.2	4.0	4.4
Manufacturing	6.8	6.7	6.1	6.3	6.0	6.1	6.7	7.1	7.0	7.1
Service-Providing Industries:										
Wholesale trade	3.7	3.5	3.5	3.5	3.5	3.3	2.1	2.0	1.8	1.8
Retail trade	12.6	12.8	12.7	12.7	12.7	12.8	12.3	11.7	10.9	11.2
Transportation and warehousing	9.0	8.8	8.8	8.8	8.6	8.6	8.2	8.7	8.4	8.7
Information	2.9	2.9	2.8	2.9	3.0	2.9	2.4	2.3	2.1	2.0
Finance and insurance	5.3	5.3	5.6	5.2	5.3	5.1	5.2	5.3	5.2	5.0
Real estate and rental and leasing	2.5	2.7	2.6	2.6	2.5	2.6	2.4	2.4	2.2	2.2
Professional and technical services	11.0	11.4	11.0	10.5	10.4	10.7	10.9	11.2	11.3	11.4
Management of companies and enterprises	2.0	1.9	1.8	1.7	1.6	1.6	1.8	1.7	1.7	1.6
Administrative, support and waste services	6.8	7.6	7.7	7.7	7.3	8.3	9.3	8.9	8.2	8.5
Educational services	16.0	16.1	15.9	15.6	15.4	15.0	19.1	18.9	18.4	17.9
Healthcare and social assistance	22.4	22.4	21.8	22.0	22.8	23.1	21.8	20.0	19.5	19.0
Arts, entertainment and recreation	2.3	2.3	2.3	2.2	2.3	2.3	1.9	1.9	1.6	1.7
Accommodation and food services	10.9	10.6	10.5	10.9	11.2	11.5	11.3	11.7	9.1	9.7
Public administration	14.4	12.7	12.4	18.0	18.4	18.2	18.3	18.4	17.8	18.0
Other services	4.1	4.2	4.3	4.1	4.2	4.5	4.5	4.6	3.8	3.8
Total (adjusted for rounding)	137.8	136.4	134.4	139.7	140.2	141.9	142.7	141.0	132.8	133.9

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 2013 - 2022 as calendar year.

City of Norfolk, Virginia
Operating Information
Schedule 1
Full-Time Equivalent (FTE) Positions by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	461	425	473	450	453	441	442	447	439	436
Judicial administration	13	12	10	10	10	10	11	12	15	12
Public safety										
Police	828	837	823	838	874	843	843	792	745	672
Fire	507	504	489	489	504	482	482	483	490	497
Other	77	76	76	74	70	65	65	61	57	58
Public works	395	388	369	383	387	379	379	274	270	263
Health and public assistance	709	697	697	715	710	686	686	642	633	624
Culture and recreational	459	456	429	442	446	455	455	434	389	379
Community development	94	96	103	128	132	131	131	130	137	147
Business-type activities:										
Water utility	266	273	265	262	259	258	258	250	249	244
Wastewater utility	99	99	95	94	92	91	91	90	86	81
Parking facilities	85	76	63	58	53	54	54	50	47	67
Storm Water utility ⁽²⁾	-	-	-	-	-	-	-	91	91	92
Total full-time equivalent positions	3,993	3,937	3,892	3,941	3,990	3,895	3,895	3,756	3,648	3,553

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>	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police:										
Service calls	245,620	259,938	240,459	241,530	235,763	247,070	239,755	234,468	210,359	204,717
Arrests	27,073	25,850	21,404	19,364	17,938	19,382	19,499	17,276	9,961	8,512
Reports filed	28,035	26,060	26,039	27,322	27,287	24,168	23,286	23,082	21,807	24,369
Fire:										
Incidences (fires, EMS)	44,370	43,713	44,699	46,670	47,232	45,039	44,817	45,042	46,803	52,145
Highways and Streets:										
Streets resurfacing (miles)	53	76	26	41	78	77	74	72	72	82
Sanitation:										
Total solid waste collected and disposed (tons)	83,297	79,382	80,128	84,162	87,851	81,974	86,568	87,770	90,057	82,691
Water Utilities:										
Water delivered to water mains (gallons in thousands)	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	21,385,500
Total water consumption (gallons in thousands)	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	19,881,856
Percent of unmetered water	6.62%	4.29%	6.85%	9.68%	10.36%	9.07%	10.23%	8.29%	8.38%	7.03%
Average daily delivery (gallons in thousands)	58,994	57,938	59,000	58,320	60,060	59,900	59,890	56,400	57,960	58,590
Maximum daily pumpage (gallons in thousands)	74,640	74,890	88,970	67,610	72,220	81,000	69,940	69,400	72,090	69,320
Minimum daily pumpage (gallons in thousands)	49,890	48,030	51,110	51,010	48,120	50,000	49,790	48,630	50,320	49,050

City of Norfolk, Virginia
Operating Information
Schedule 3
Capital Assets and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety:										
Police Stations	3	3	3	3	3	3	3	3	3	2
Fire stations	14	14	14	14	14	14	14	14	14	14
Education:										
High schools	5	5	5	5	5	5	5	5	5	5
Middle schools	8	8	7	8	8	8	8	8	8	8
Elementary (PreK - 8)	33	33	33	33	33	33	33	33	33	33
Other educational facilities	6	6	7	10	10	10	10	10	10	10
Libraries	11	11	11	11	11	12	12	12	12	12
Public Recreation:										
Parks:										
Acreage	587	587	587	630	630	630	630	633	633	633
Regional parks	2	2	2	2	2	2	2	2	2	2
Neighborhood parks	71	71	71	72	72	72	72	73	73	73
Preserves and nature areas	1	1	1	1	1	1	1	1	1	1
Nature education centers	1	1	1	1	1	1	1	1	1	1
Playgrounds	102	105	106	106	106	106	106	106	106	107
Hiking trails (miles)	2	2	2	5	5	5	5	5	5	5
Recreation:										
Acreage	957	957	957	981	981	981	977	977	977	977
Recreational and senior centers	30	30	30	30	30	30	29	29	29	29
Swimming pools	6	6	6	6	6	6	6	5	5	5
Tennis courts	142	142	142	142	142	142	138	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	199	199	196	196
Municipal beaches	3	3	3	3	3	3	3	3	3	3
Municipal golf courses	3	3	2	2	2	2	2	2	2	2
Public Services:										
Transportation and Engineering:										
Streets (lane miles)	2,174	2,175	2,166	2,195	2,213	2,220	2,250	1,719	2,210	2,210
Sidewalks (miles)	968	887	887	902	902	906	909	895	900	900
Bridges	50	50	52	52	53	53	53	53	52	52
Signalized intersections	304	311	312	312	313	315	315	315	317	317
Streetlights	31,138	31,138	31,269	31,289	32,081	32,121	32,786	34,286	34,278	32,248
Utilities:										
Water customer accounts	64,654	64,856	65,687	65,426	65,673	65,984	66,151	66,964	67,514	67,500
Miles of water main in the system	826	828	828	821	822	821	822	823	821	821
Capital assets (in '000)										
Water fund	\$ 480,999	\$ 487,577	\$ 503,659	\$ 533,746	\$ 561,297	\$ 566,863	\$ 570,315	\$ 575,825	\$ 587,930	\$ 607,588
Wastewater fund	229,891	238,931	249,210	261,039	266,307	272,992	280,035	290,103	300,476	316,923
Total utilities assets (in '000)	\$ 710,890	\$ 726,508	\$ 752,869	\$ 794,785	\$ 827,604	\$ 839,855	\$ 850,350	\$ 865,928	\$ 888,406	\$ 924,511
Convention Center:										
Meeting rooms	8	8	8	8	58	58	58	58	68	68
Meeting/ballroom space/exhibit (square feet)	68,130	68,130	68,130	68,130	118,879	118,879	118,879	129,379	129,379	129,379
Parking Facilities:										
Parking lots/garages	24	24	24	25	27	27	27	26	26	26
Parking meters	738	752	676	643	643	643	643	659	625	625
Storm Water Management:										
Miles of storm sewers	366	386	386	404	385	385	385	399	407	475

**City of Norfolk, Virginia
Operating Information
Schedule 4
Water System Statistics
As of June 30, 2022**

Average Metered Consumption (million gallons per day)

Fiscal Year	Norfolk Retail	Virginia Beach	U.S. Navy	Chesapeake	Total
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
2022	15.6	32.3	4.5	2.0	54.4

Retail Customers' Average Annual Costs - Norfolk Retail

Fiscal Year	Average Cost		
	Revenue	Volume (Mgal¹)	(\$/Mgal¹)
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
2022	43,354,000	5,706,000	7.60

Wholesale Customers' Average Annual Costs - Virginia Beach

Fiscal Year	Average Cost		
	Revenue	Volume (Mgal¹)	(\$/Mgal¹)
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
2022	25,812,000	11,788,000	2.19

Wholesale Customers' Average Annual Costs -

U.S. Navy, including Norfolk and Virginia Beach Facilities

Fiscal Year	Average Cost		
	Revenue	Volume (Mgal¹)	(\$/Mgal¹)
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	11,835,000	1,524,000	7.77
2021	12,305,000	1,532,000	8.03
2022	13,698,000	1,648,000	8.31

Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Average Cost		
	Revenue	Volume (Mgal¹)	(\$/Mgal¹)
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
2022	5,848,000	739,168	7.91

Raw Water Consumption (million gallons per day)

Fiscal Year	WTWA	Virginia Beach	Chesapeake	Total
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	10.00	7.06	14.56
2019	7.50	10.00	7.01	24.51
2020	8.25	10.00	7.01	25.26
2021	8.25	10.00	7.00	25.25
2022	9.00	10.00	7.01	26.01

Wholesale Customers' Average Annual Costs - WTWA

Fiscal Year	Revenue	Volume (Mgal ⁽¹⁾)	Average Cost
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
2022	4,566,150	3,285,000	1.39

Wholesale Customers' Average Annual Costs - Virginia Beach

Fiscal Year	Revenue	Volume (Mgal ⁽¹⁾)	Average Cost
2013	\$ -	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	2,371,100	1,825,000	1
2020	4,941,000	3,650,000	1.35
2021	5,000,500	3,650,000	1.37
2022	5,073,500	3,650,000	1.39

Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Revenue	Volume (Mgal ⁽¹⁾)	Average Cost
2013	\$ 3,202,788	2,638,950	1.213659978
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
2022	3,580,444	2,558,650	1.40

⁽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, 2020 - June 30, 2021
July 1, 2021 - June 30, 2022
- 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, 2022

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	238,410 citizens
Total wastewater pumping stations	137 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. Doug Beaver 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
2021	\$4.65 per 100 cubic feet
2022	\$4.84 per 100 cubic feet
Thereafter	4.0% annual increases each July 1

Largest Users

Rank	Entity	Usage (CCF)
1	Norfolk Redevelopment and Housing Authority	390,725
2	BAE Systems	217,455
3	Old Dominion University	117,388
4	Sentara Norfolk General	111,684
5	Norfolk State University	84,774

Operating Income

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Total Operating Revenues	\$ 31,817,215	\$ 32,518,179	\$ 35,333,559
Total Operating Expenses	<u>19,190,658</u>	<u>19,230,850</u>	<u>16,424,301</u>
Total Operating Income	<u>\$ 12,626,557</u>	<u>\$ 13,287,329</u>	<u>\$ 18,909,258</u>

**City of Norfolk, Virginia
Operating Information
Schedule 6
Parking System Statistics
As of June 30, 2022**

Short-term Parking Rates at all City-Owned Facilities, Except the MacArthur Center Garages

Time	Hourly Rates	Time	Hourly Rates
0 to 1 Hour	\$2.00	6 PM to 9 PM/Collect-On-Entry	\$3.00
1 to 2 Hours	\$3.00	9 PM to 3 AM/Collect-On-Entry	\$5.00
2 to 3 Hours	\$5.00	Special Event Rate/Collect-On-Entry	\$5-\$10
3 to 4 Hours	\$6.00		
4 to 5 Hours	\$8.00		
5 to 6 Hours	\$9.00		
6 to 7 Hours	\$11.00		
7 to 8 Hours	\$12.00		
Maximum Daily Rate (up to 24 Hours)	\$13.00		
Lost Ticket/Per Day	\$13.00		

Short-term Parking Rates at the MacArthur Center Garages

Monday - Friday	Saturday & Sunday
\$1.00 for first hour - third hour	\$1.00 for entry prior to 6 PM
\$2.00 for each additional hour until 6 PM	\$2.00 for entry after 6 PM
\$2.00 for entry after 6 PM	
Maximum of \$10.00 per 24-hour period	Maximum of \$10.00 per 24-hour period

Special Event Rates

All facilities, except the MacArthur Center Garages, have a collect-on-entry, special event rate of \$5.00-\$10.00 per vehicle. The MacArthur Center Garages special event fee is the same per vehicle.

Metered Parking Rates

Metered Area	General Location	Hourly Rate
Tier 1	All streets west of St. Paul's Boulevard, City Hall Avenue and south, Waterside Drive and north, 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 \$144.80 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	\$35.00	No Parking - This Side	\$50.00
Overtime Parking - Time Zone	50.00	No Stopping Zone	50.00
Overtime Parking - Meter Feeding	50.00	Restricted City Lot	50.00
No Parking	50.00	Handicapped Parking	300.00
No Parking - Fire Hydrant	150.00	Taxi Stand	50.00
No Parking - Cross Walk	50.00	Blocking Driveway	50.00
No Parking - Loading Zone	50.00	Overnight Parking	50.00
No Parking - Here to Corner	50.00	Parking off of Roadway	50.00
No Parking - Facing Wrong Way	50.00	Blocking Fire Lane	150.00
No Parking - Bus Stop	50.00		
No Parking - Street Cleaning	60.00		

Parking Fines

Fiscal Year	Parking Tickets Issued	Revenue	Collection Rate
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%
2022	32,705	1,950,728	61%

Additional Information

1) Parking Facilities Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget.

July 1, 2020 - June 30, 2021

July 1, 2021 - June 30, 2022

2) Parking Facilities Fund Financial Statements are contained in the financial section "Enterprise Funds" of each respective year's Annual Comprehensive Financial Report.

**City of Norfolk, Virginia
Operating Information
Schedule 7
Storm Water System Statistics
As of June 30, 2022**

The Storm Water System

The City owns and operates activities of the City's environmental Storm Water Management System (the "Storm Water System") including maintenance of storm water drainage facilities. Effective July 1, 2019, the Storm Water special revenue fund became an enterprise fund.

Approximate population served	238,410 citizens
Total storm water pumping stations	14 pump stations
Miles of gravity storm water pipes	452 miles
Miles of storm water ditches	203 miles
Number of storm water structures	35,338
Number of storm water outfalls	3,718

Rates

Owners of developed land, both residential and non-residential, are applied a monthly storm water fee based on an Equivalent Residential Unit (ERU). Fees cover services costs for the collection, treatment and discharge of storm water runoff. Residential property is charged 1 ERU, and Nonresidential property is based on impervious surface area. The rates are set by City Council each year, and effective 2013, a 3% annual increase was enacted unless otherwise amended.

Fiscal Year	Retail Rate (Residential)	Retail Rate (Commercial)
2021	\$12.38/month	\$12.38/month per 2,000 sq. ft.
2022	\$12.72/month	\$12.72/month per 2,000 sq. ft.

Largest Users

Rank	Entity	ERUs
1	Norfolk airport authority	390,725
2	Economic Dev Auth of the City of Norfolk	217,455
3	WHLR-Janaf, LLC	117,388
4	Norfolk Outlets, LLC	111,684
5	Visitors of ODU #2	84,774

Operating Income

	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Total Operating Revenues	\$ 21,750,748	\$ 22,446,420	\$ 22,388,729
Total Operating Expenses	<u>\$ 12,393,526</u>	<u>\$ 15,598,402</u>	<u>\$ 14,857,903</u>
Total Operating Income	<u>\$ 9,357,222</u>	<u>\$ 6,848,018</u>	<u>\$ 7,530,826</u>



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COMPLIANCE SECTION





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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS





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CITY OF NORFOLK, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Entity/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Clusters Total (\$)	Program Total (\$)	Passed Through to Sub-Recipients (\$)
DEPARTMENT OF AGRICULTURE							
<u>Pass-through Payments:</u>							
Virginia Department of Education							
National School Lunch Program (Child Nutrition Cluster) - 1	10.555		17,394,791				
Special Milk Program for Children (Child Nutrition Cluster)	10.556		1,214,205				
Child and Adult Care Food Program	10.558		2,355,067				
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559		849,822				
Fresh Fruit and Vegetable Program (Child Nutrition Cluster)	10.582	202221L160341			456,031		
Virginia Department of Juvenile Justice							
School Breakfast Program (Child Nutrition Cluster)	10.553	360001			24,328		
National School Lunch Program (Child Nutrition Cluster) - 1	10.555	360001			42,582		
Virginia Department of Social Services							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010121, 0030121, 0040121,			5,006,049		5,006,049
<i>Total for Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559 and 10.582)</i>						19,981,759	
<i>1 - Total for National School Lunch Program (10.555)</i>							17,437,373
Department of Commerce							
<u>Direct Payments:</u>							
Economic Adjustment Assistance (Economic Development Cluster)	11.307				549,900		549,900
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
<u>Direct Payments:</u>							
Community Development Block Grants/Entitlement Grants (CDBG - Entitlement Grants Cluster)	14.218		7,926,185		7,926,185		1,576,804
Emergency Solutions Grant Program - 2	14.231		2,306,960				378,474
Shelter Plus Care	14.238		475,772				
Home Investment Partnerships Program	14.239		1,046,110				604,604
Choice Neighborhoods Implementation Grants (HOPE VI Cluster)	14.889		1,663,305				
<u>Pass-through Payments:</u>							
Virginia Department of Housing and Community Development							
Emergency Solutions Grant Program - 2	14.231		928,598				
National Resilient Disaster Recovery Competition (CDBG - Disaster Recovery Grants-Pub. L. No. 113-2 Cluster)	14.272	B-13-DS-51-0001	26,908,974			26,908,974	
<i>2 - Total for Emergency Solutions Grant Program (14.231)</i>							3,235,558
DEPARTMENT OF INTERIOR							
<u>Pass-through Payments:</u>							
National Fish and Wildlife Foundation							
NFWF-USFWS Conservation Partnership	15.663	0318.18.062532			17,341		
Virginia Department of Health							
Sportfishing and Boating Safety Act	15.622	F20AP00105			7,095		
DEPARTMENT OF JUSTICE							
<u>Direct Payments:</u>							
Coronavirus Emergency Supplemental Funding Program - 3	16.034		103,514				
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528		68,095				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		83,380				
State Criminal Alien Assistance Program	16.606		12,060				
Public Safety Partnership and Community Policing Grants	16.710		45,663				
Edward Byrne Memorial Justice Assistance Grant Program - 4	16.738		83,189				
Second Chance Act Reentry Initiative	16.812		41,316				
Children of Incarcerated Parents	16.831		169,858				
Equitable Sharing Program	16.922		80,570				
<u>Pass-through Payments:</u>							
Virginia Department of Criminal Justice Services							
Coronavirus Emergency Supplemental Funding Program - 3	16.034	8825	42,226				
Community Based Violence Prevention Program	16.123	22-A8700YG22	448				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	9041	25,570				
Crime Victim Assistance	16.575	20-A4071VP18, 21-B4071VP19, 22-C4071VP20, 22-O1185VW19	590,025				
Violence Against Women Formula Grants	16.588	21-Z9223VA20, 22-Z9223VA21	100,303				
Residential Substance Abuse Treatment for State Prisoners	16.593	22-B5000RS19	154,740				
Project Safe Neighborhoods	16.609		29,987				
Edward Byrne Memorial Justice Assistance Grant Program - 4	16.738	2019-DJ-BX-0768, 20-A4925AD16	28,823				
Office of the Attorney General							
Services for Trafficking Victims	16.320	OVC-2020-18392	10,487				
<i>3 - Total for Coronavirus Emergency Supplemental Funding Program (16.034)</i>							145,740
<i>4 - Total for Edward Byrne Memorial Justice Assistance Grant Program (16.738)</i>							112,012

CITY OF NORFOLK, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Entity/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures (\$)	Loans (\$)	Clusters Total (\$)	Program Total (\$)	Passed Through to Sub-Recipients (\$)
DEPARTMENT OF TRANSPORTATION							
<u>Pass-through Payments:</u>							
Virginia Department of Transportation Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	UPC: 102950, 105592, 106290, 108796, 108797, 109303, 109312, 109312, 109565, 109568, 111023, 111024, 112758, 112759, 113465, 113509, 113746, 113748, 113866, 114721, 117038, 117320	5,751,290				
Virginia Department of Conservation and Recreation Recreational Trails Program (Highway Planning and Construction Cluster)	20.219				11,284		
Virginia Department of Motor Vehicles State and Community Highway Safety (Transit Services Program Cluster)	20.600	FSC-2021-51089-21089, FOP-2021-51453-21453, 69A37520300004020VA0, 69A37520300004020VA0	45,984		45,984		
Alcohol Open Container Requirements	20.607	154AL-2021-51017-21017, 69A37520300001540VAA	28,303				
<i>Total for Highway Planning and Construction Cluster (20.205 and 20.219)</i>					5,762,574		
DEPARTMENT OF THE TREASURY							
<u>Direct Payments:</u>							
Coronavirus State and Local Fiscal Recovery Funds - 6	21.027		62,000,000				
<u>Pass-through Payments:</u>							
Virginia Department of Accounts Coronavirus Relief Fund - 5	21.019		7,464				
Virginia Department of Housing and Community Development Coronavirus Relief Fund - 5	21.019		2,344,697				
Coronavirus State and Local Fiscal Recovery Funds - 6	21.027		13,200,876				
Virginia Department of Behavioral Health and Developmental Services Coronavirus State and Local Fiscal Recovery Funds - 6	21.027		41,490				
Virginia Department of Criminal Justice Services Coronavirus State and Local Fiscal Recovery Funds - 6	21.027	1106, 22-A4071ARRF	109,408				
Virginia Department of Housing and Community Development							
5 - Total for Coronavirus Relief Fund (21.019)					2,352,161		
6 - Total for Coronavirus State and Local Fiscal Recovery Funds (21.027)					75,351,774		
ENVIRONMENTAL PROTECTION AGENCY							
<u>Direct Payments:</u>							
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		33,919				
<u>Pass-through Payments:</u>							
Virginia Resources Authority Capitalization Grants for Clean Water State Revolving Funds (Clean Water State Revolving Fund Cluster)	66.458	C-515619E-01, C-515646-01 C-515664-01, C-515679G C-515721	7,513,109	7,513,109	7,513,109		
Chesapeake Bay Program	66.466	0603.19.065939	12,372				
DEPARTMENT OF ENERGY							
<u>Pass-through Payments:</u>							
Southeastern Energy Efficiency Alliance Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	2020-SEEA-126	27,236				

CITY OF NORFOLK, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Entity/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures (\$)	Clusters Total (\$)	Program Total (\$)	Passed Through to Sub-Recipients (\$)
DEPARTMENT OF EDUCATION						
<u>Direct Payments:</u>						
Impact Aid	84.041		1,937,041			
<u>Pass-through Payments:</u>						
Virginia Department of Education						
Adult Education - Basic Grants to States	84.002	V002A210047	234,338			
Title I Grants to Local Educational Agencies	84.010	S010A210046	17,773,848			
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	S013A200046	114,236			
Special Education - Grants to States (Special Education Cluster)	84.027	H027A210107	7,489,716			
Career and Technical Education - Basic Grants to States	84.048	V048A210046	951,946			
Special Education - Preschool Grants (Special Education Cluster)	84.173	H173A210112, H027X210107	260,965			
Education for Homeless Children and Youth	84.196	S424A210048	515,942			
Twenty-First Century Community Learning Centers	84.287	S267C210047	744,059			
English Language Acquisition State Grants	84.365	S365A200046	129,150			
Improving Teacher Quality State Grants	84.367	S365A210046	1,992,585			
School Improvement Grants	84.377	S377A160047	431,791			
Education Stabilization Fund	84.425	S425D200008, S425D210008, S425U210008	31,421,761			
Virginia Department of Behavioral Health and Developmental Services						
Special Education - Grants for Infants and Families	84.181		362,646			
<i>Total for Special Education Cluster (84.027 and 84.173)</i>				7,750,681		
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<u>Direct Payments:</u>						
HIV Emergency Relief Project Grants	93.914		5,845,267			5,764,385
<u>Pass-through Payments:</u>						
Virginia Department of Social Services						
Guardianship Assistance	93.090	1110122	1,030			
Title IV-E Prevention and Family Services and Programs (A)	93.472	1140122	33,151			
Promoting Safe and Stable Families	93.556	0950121, 0960121, 0950221	125,945			
Temporary Assistance for Needy Families	93.558	400122	2,932,896			
Refugee and Entrant Assistance - State Administered Programs	93.566	500122	13,770			
Low-Income Home Energy Assistance	93.568	600422	497,665			
Child Care and Development Block Grant (CCDF Cluster)	93.575	0770120, 0773121	54,537			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.598	760122	611,950			
Chafee Education and Training Vouchers Program (ETV)	93.599	9160121	1,871			
Stephanie Tubbs Jones Child Welfare Services Program	93.645	900121	6,996			
Foster Care - Title IV-E	93.658	1100122	2,040,087			
Adoption Assistance	93.659	1120122	3,045,110			
Social Services Block Grant	93.667	1000122	2,715,301			
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121, 9152121	52,733			
Children's Health Insurance Program	93.767	540122	30,237			
Medical Assistance Program (Medicaid Cluster)	93.778	1200122	2,714,123			
Virginia Department of Behavioral Health and Developmental Services						
Projects for Assistance in Transition from Homelessness (PATH)	93.150		108,430			
Opioid STR	93.798		432,699			
Block Grants for Community Mental Health Services	93.958		174,156			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		1,996,553			
<i>Total for CCDF Cluster (93.575 and 93.596)</i>				666,487		
DEPARTMENT OF HOMELAND SECURITY						
<u>Direct Payments:</u>						
Port Security Grant Program	97.056		114,898			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		117,680			
<u>Pass-through Payments:</u>						
Virginia Department of Emergency Management						
Flood Mitigation Assistance	97.029	FMA-PJ-03-VA-2016-005, FMA-PJ-03-VA-2018-001	1,001,674			
Emergency Management Performance Grants	97.042	13,8427	132,148			
Homeland Security Grant Program	97.067	8512, 8540, 8544, 2020HSGP	658,645			
TOTAL FEDERAL EXPENDITURES			<u>\$ 251,790,577</u>	<u>\$ 7,513,109</u>	<u>\$ 86,489,130</u>	<u>\$ 98,634,618</u>
						<u>\$ 19,962,607</u>

CITY OF NORFOLK, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

1. General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City. The City of Norfolk single audit reporting entity includes the primary government and the School Board and Community Services Board component units.

Federal awards not received through direct programs are passed through the departments and agencies of the Commonwealth of Virginia.

2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Expenditures are recorded when the liability is incurred or measurable. The related revenue is reported net of unexpended amounts returned to grantors.

3. Relationship to the Basic Financial Statements

Federal award revenue is reported in the City's basic financial statements as follows:

Major governmental funds	\$ 128,803,078
Non-major governmental funds	34,838,374
Total revenues from federal government	<u>163,641,452</u>

Component Unit - School Board

Total Federal Grants Awarded	\$ 86,285,204
Total - Norfolk Public Schools	86,285,204

Total federal financial assistance reported in basic financial statements	<u>\$ 249,926,656</u>
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Federal awards not reported as federal revenue in basic financial statements:

Enterprise - VRA Loan - Wastewater Fund & Storm Water Fund	7,513,109
Human Services	370,744
Federal awards not reported on the SEFA:	
Norfolk Public Schools Direct Payments	(2,389,444)
Build America Bond Interest Rate Subsidy	(2,007,984)
USDA	(14,754)
Other reconciling items:	
Grant funds recorded as revenue in financial statements, not on schedule of federal awards	(1,607,750)
Total federal awards	<u>\$ 251,790,577</u>

CITY OF NORFOLK, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

4. Clusters

Clustered programs for the year ended June 30, 2022, were as follows:

Grant Program / Cluster	CFDA Number	Federal Expenditures
School Breakfast Program	10.553	\$ 24,328
National School Lunch Program	10.555	17,437,373
Special Milk Program for Children	10.556	1,214,205
Summer Food Service Program for Children	10.559	849,822
Fresh Fruit and Vegetable Program	10.582	456,031
Total Child Nutrition Cluster		\$ 19,981,759
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 5,006,049
Total SNAP Cluster		\$ 5,006,049
Economic Adjustment Assistance	11.307	\$ 549,900
Total Economic Development Cluster		\$ 549,900
Community Development Block Grants/Entitlement Grants	14.218	\$ 7,926,185
Total CDBG - Entitlement Grants Cluster		\$ 7,926,185
National Disaster Resilience Competition	14.272	\$ 26,908,974
Total CDBG - Disaster Recovery Grants- Pub. L. No. 113-2 Cluster		\$ 26,908,974
Choice Neighborhoods Implementation Grants	14.889	\$ 1,663,305
Total HOPE VI Cluster		\$ 1,663,305
Highway Planning and Construction	20.205	\$ 5,751,290
Recreational Trails Program	20.219	11,284
Total Highway Planning and Construction Cluster		\$ 5,762,574
State and Community Highway Safety	20.600	\$ 45,984
Total Highway Safety Cluster		\$ 45,984
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 7,513,109
Total Clean Water State Revolving Fund Cluster		\$ 7,513,109
Special Education - Grants to States	84.027	\$ 7,489,716
Special Education - Preschool Grants	84.173	260,965
Total Special Education Cluster		\$ 7,750,681
Payments to States for Child Care Assistance	93.575	54,537
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	611,950
Total CCDF Cluster		\$ 666,487
Medical Assistance Program - Administrative	93.778	\$ 2,714,123
Total Medicaid Cluster		\$ 2,714,123

CITY OF NORFOLK, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

5. Virginia Resources Authority Loans

The City reports on the Schedule of Federal Awards, loan proceeds drawn from the Virginia Resources Authority. The loans are a pass-through award from the U. S. Environmental Protection Agency and administered by the Virginia Resources Authority Department of Environmental Quality. The balances at the end of the fiscal year 2022 are as follows:

Loan number	June 30, 2021 VRA Loan Balances	Disbursements Made During FY 2022	Total Loan Amount Disbursed	Total Amount Available to be Drawn	June 30, 2022 Outstanding Loan Balances
C-515574E-01	\$ 6,449,545	\$ -	6,449,545	\$ -	\$ -
C-515593E-01	7,025,775	-	7,025,775	-	-
C-515664E	-	1,521,452	1,521,452	6,898,327	1,521,452
C-515619E-01	7,827,024	2,172,976	10,000,000	-	10,000,000
C-515565GE-02	2,142,967	-	2,142,967	262,824	2,142,967
C-515646E-01	3,463,894	5,246,517	8,710,411	627,259	8,710,411
TOTALS	\$ 26,909,205	\$ 8,940,944	\$ 35,850,149	\$ 7,788,410	\$ 22,374,829

6. Indirect Cost Rate

For the fiscal year 2022, the City did not use the 10 percent de minimis cost rate for indirect cost billings to federal grants where an indirect cost is permitted. The City develops an indirect cost rate with the cost allocation plan that is used by the Department of Human Services for indirect cost billings.

OTHER REPORTS OF INDEPENDENT AUDITORS





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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Members of the City Council
City of Norfolk, Virginia

We have audited City of Norfolk, VA in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specification for Audits of Counties, Cities, and Towns (specifications)*, issued by the Virginia Auditor of Public Accounts, to the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Norfolk, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Norfolk's basic financial statements and have issued our report thereon dated .

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Norfolk's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Norfolk's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Norfolk's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Honorable Members of the City Council
City of Norfolk, Virginia

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Norfolk's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and Specifications*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards and Specifications* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
March 16, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Members of the City Council
City of Norfolk, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Norfolk, Virginia's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Norfolk's major federal programs for the year ended June 30, 2022. City of Norfolk's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Norfolk complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Norfolk and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Norfolk's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Norfolk's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Norfolk's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Norfolk's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Norfolk's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Norfolk's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Norfolk's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Honorable Members of City Council
City of Norfolk, Virginia

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Norfolk as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise City of Norfolk's basic financial statements. We have issued our report thereon, dated December 13, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

Arlington, Virginia
March 16, 2023



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CITY OF NORFOLK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued:	Unmodified		
2. Internal control over financial reporting:			
• Material weakness(es) identified?	_____	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	_____	yes	<input checked="" type="checkbox"/> none reported
3. Noncompliance material to financial statements noted?	_____	yes	<input checked="" type="checkbox"/> no

Federal Awards

1. Internal control over major federal programs:			
• Material weakness(es) identified?	_____	yes	<input checked="" type="checkbox"/> no
• Significant deficiency(ies) identified?	_____	yes	<input checked="" type="checkbox"/> none reported
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified		
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	yes	<input checked="" type="checkbox"/> no

Identification of Major Federal Programs

AL Number(s)

14.231

21.027

10.553/10.555/10.559

10.SNAP

93.658

93.659

84.425

66.458

Name of Federal Program or Cluster

COVID 19 - Covid Homeless Emergency Response Program

COVID 19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

Child Nutrition Cluster

Supplemental Nutrition Assistance Program (SNAP)

Foster Care - Title IV-E

Adoption Assistance

COVID 19 - Education Stabilization Fund

Capital Grants for Clean Water

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

yes _____ no

**CITY OF NORFOLK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

None

SECTION IV – FINDINGS AND QUESTIONED COSTS – COMMONWEALTH OF VIRGINIA

None



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