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# Budget Overview

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# ACKNOWLEDGMENTS

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The preparation of the city's annual resource allocation plan requires a tremendous amount of hard work and dedication on the part of many people. Developing expenditures and revenues information requires varying sources of data and multiple perspectives.

The FY 2024 Budget was developed with the assistance of many who deserve acknowledgment and appreciation:

- Residents of the city and civic league members, particularly those who attended community outreach meetings
- Members of the city's Employee Relations Committee
- Executive budget team
- Department and office directors
- Members of the business community
- Council Appointees
- Constitutional Officers

Special recognition and gratitude to the Department of Budget and Strategic Planning staff who worked to prepare this year's budget.

**Director, Department of Budget and Strategic Planning**

Catheryn Whitesell

**Department of Budget and Strategic Planning Staff**

Anne Agorsor, Jason Beasley, Alan Boring, Moira Facer, Patricia Harrison, Matthew Konopka, Amanda Kostusiak, Carl Larsen, Dyteya Lewis, Stephen Lucas, Pamela Marino, Betty Meyer, Izek Montebon, Miguel Ortiz, Cecelia Rieb, Caylin Sawyer, Natasha Singh-Miller, Crystal Skinner, Jay Spare, Anne Marie Strano, Adam Tabakin, Genevieve Thomas, Andréa Vargas, and Timothy Werner.

**City Manager,**

A handwritten signature in black ink, appearing to read 'L. H. Filer', written in a cursive, stylized script.

**Larry H. Filer, Ph.D.**

# DISTINGUISHED BUDGET PRESENTATION AWARD

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

## *Distinguished Budget Presentation Award*

PRESENTED TO

**City of Norfolk  
Virginia**

For the Fiscal Year Beginning

**July 01, 2022**

*Christopher P. Morill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Norfolk, Virginia for its annual budget for the fiscal year beginning July 1, 2022. The review process by GFOA has not commenced for the annual budget for the fiscal year beginning July 1, 2023.

This prestigious award is presented to governmental entities that prepare budget documents which exhibit the highest qualities in meeting or exceeding both the guidelines established by the National Advisory Council on State and Local Budgeting and GFOA's standards of best practices. Documents submitted for the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting. The award is valid for a period of one year. The FY 2024 budget continues to conform to program requirements and will be submitted to GFOA for award eligibility.

# CITY OF NORFOLK GOVERNMENT

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Norfolk City Council is the legislative body of the city government. It is authorized to exercise all the powers conferred upon the city by the Commonwealth of Virginia in the state constitution, state laws, and the Charter of the City of Norfolk.

City Council is composed of eight members. Seven members are elected through a ward system, and the Mayor is elected at large by the residents of Norfolk. These members elect a vice president (Vice Mayor) of the Council. For further information on the duties, powers, and meetings of the Council, call the Office of the City Clerk, 757-664-4253.

The City Council meets the first, second, and fourth Tuesday of each month in Norfolk City Hall. There are two formal meetings held at 6:00 p.m. in the Council Chambers on the second and fourth Tuesday. Work sessions are held prior to the formal meetings and on the first Tuesday of each month. Starting times of the work sessions are determined by the agenda.

The City of Norfolk operates under a Council-Manager form of government whereby the Council appoints a chief executive, the City Manager, Larry “Chip” Filer, PhD. The Council also appoints a City Attorney, Bernard A. Pishko; City Auditor, Tammie Dantzler; City Clerk, Richard A. Bull; and City Real Estate Assessor, W.A. (Pete) Rodda.

# NORFOLK CITY COUNCIL AND CITY MANAGER

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Mayor  
Kenneth Cooper  
Alexander, Ph.D.



Vice Mayor  
Martin A. Thomas Jr.  
Ward 1



Council Member  
Courtney R. Doyle  
Ward 2



Council Member  
Mamie B. Johnson  
Ward 3



Council Member  
John E. "JP" Paige  
Ward 4



Council Member  
Thomas R. Smigiel Jr.  
Ward 5



Council Member  
Andria P. McClellan  
Superward 6



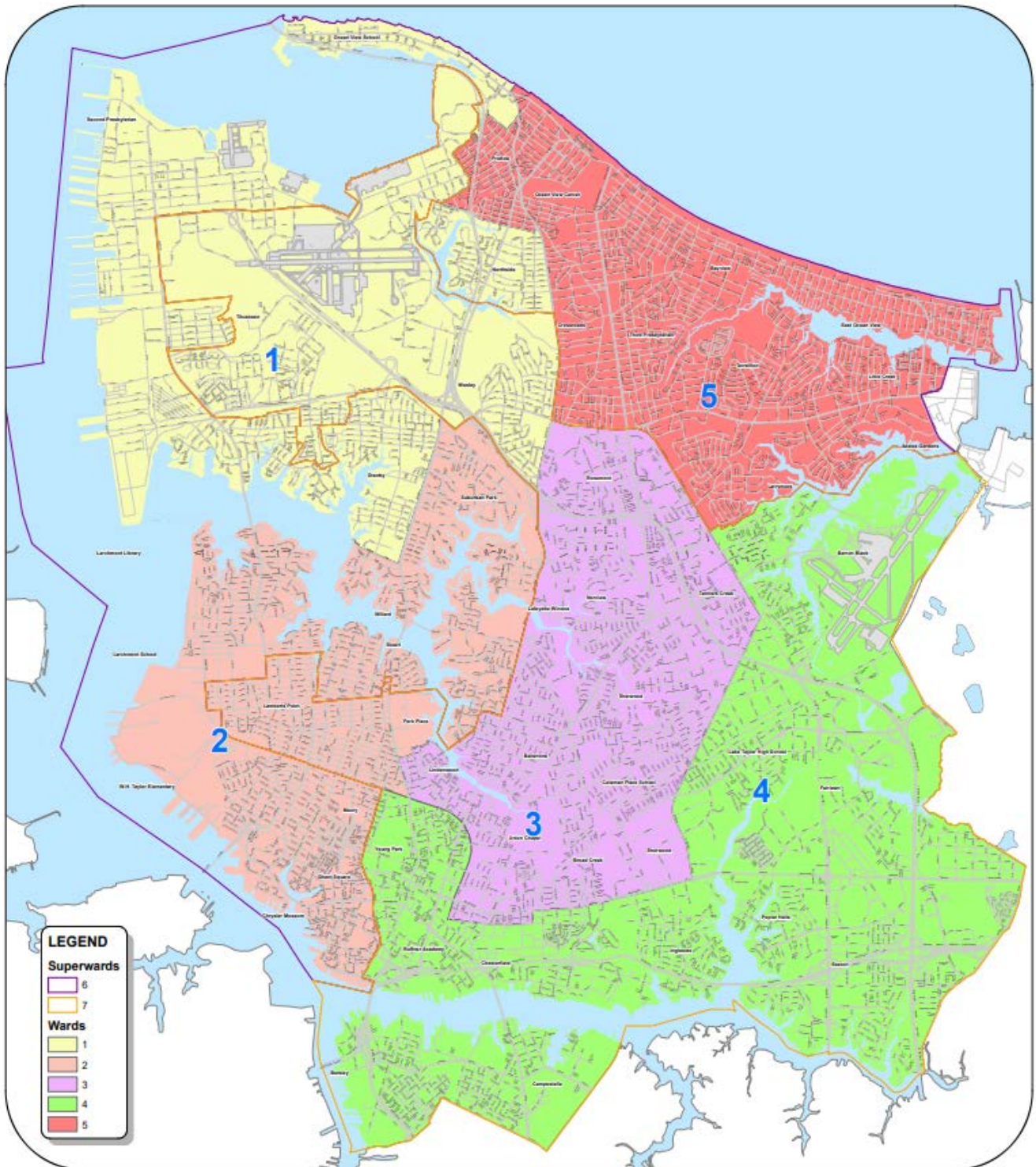
Council Member  
Danica J. Royster  
Superward 7



City Manager  
Larry "Chip" Filer, Ph.D.



# CITY OF NORFOLK WARD MAP



# CITY COUNCIL'S VISION FOR NORFOLK

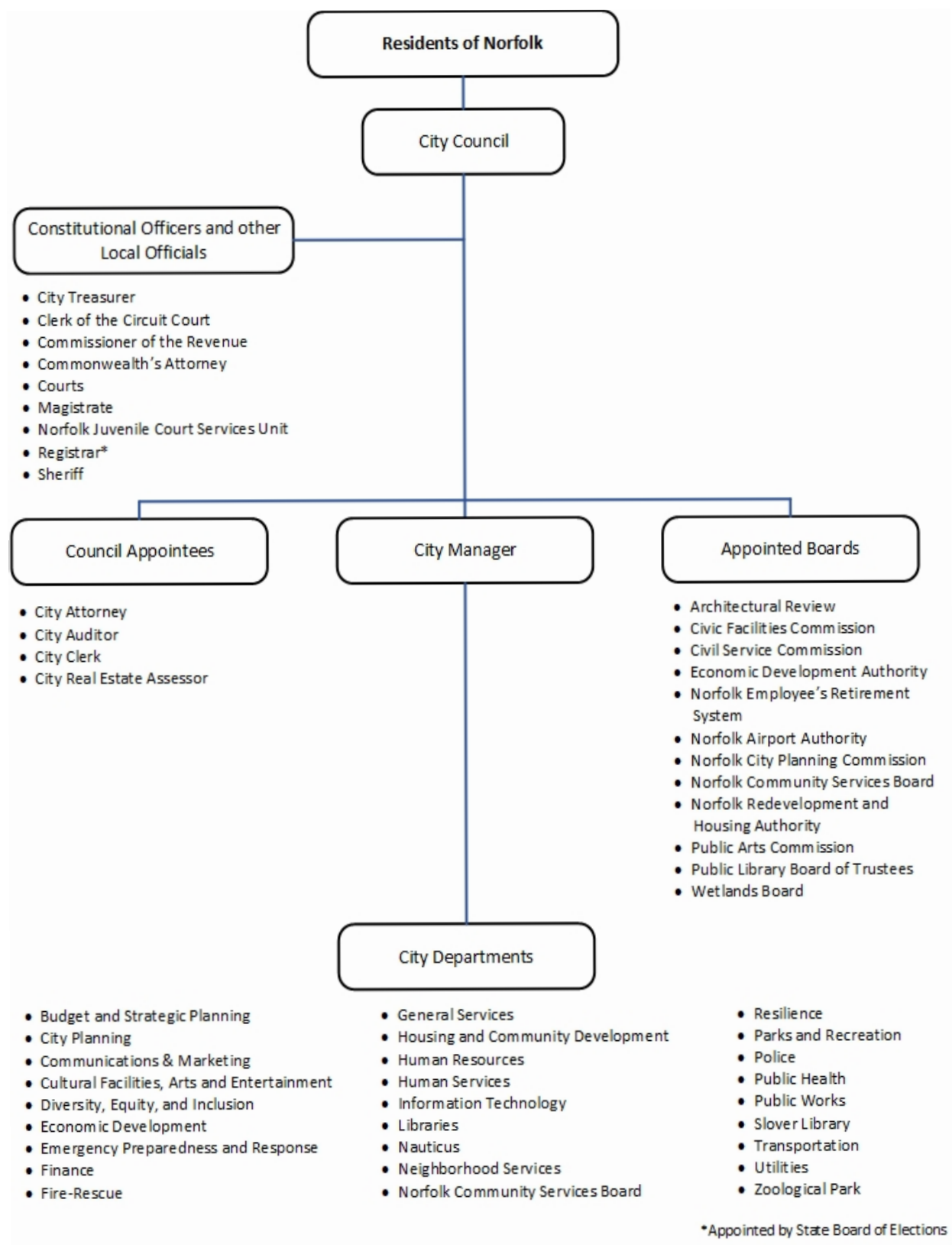
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## Vision Statement

- Norfolk is a national leader in the quality of life offered to all its citizens.
- This is achieved through effective partnerships between city government and its constituents.
- As a result, Norfolk is a physically attractive, socially supportive, and financially sound city.
- Here, the sense of community is strong.
- Neighborhoods are designed so that people of all ages can know their neighbors and travel the streets and sidewalks safely.
- The sense of community exists citywide.
- Norfolk is known nationally as a strategically located place where there are abundant and fulfilling employment, recreational, and educational opportunities.



# CITY OF NORFOLK ORGANIZATIONAL CHART



# READER'S GUIDE TO THE BUDGET

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## PURPOSE

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The budget is an instrument that sets policy and summarizes public service programs provided by the city government and how the programs are funded. It is the annual plan for coordinating revenues and expenditures. The budget presented covers the period of **July 1, 2023 to June 30, 2024**. The Adopted Budget document may include technical changes made after the City Manager's presentation of the proposed budget to City Council.

## BUDGET OVERVIEW

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This section provides information on budget and financial policies, fund structure, basis of budget and accounting, budget process, budget calendar, and the city's organizational chart. The section also includes revenue and expenditure summaries, discussion of major revenue sources, indebtedness, and personnel staffing. Historical revenue and expenditure amounts for FY 2022 provided in the summaries do not include designations and financial adjustments posted after June 30, 2022. FY 2024 adopted amounts may include technical changes made after the City Manager's presentation of the proposed budget to the City Council.

## GENERAL FUND REVENUE AND EXPENDITURE

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The General Fund is used to account for primary government services. A summary of historical and estimated revenue from each source is provided for the General Fund. For each department within the General Fund, a summary of historical and approved expenditures is provided. Historical revenue and expenditure amounts for FY 2022 do not include designations and financial adjustments posted after June 30, 2022. FY 2024 adopted amounts may include technical changes made after the City Manager's presentation of the proposed budget to the City Council.

## ANNUAL GRANTS PLAN

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This section provides an overview of the grants that the city anticipates to receive annually from federal, state, and other agencies that are dedicated for specific purposes. This information provides readers a more complete picture of the city's resources available to provide programs and services for residents.

## DEPARTMENT PROGRAM BUDGETS

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This section provides detailed budget information by program for every department within the General Fund. This includes a brief description of proposed FY 2024 budget actions, their impact on the budget and full time equivalent (FTE) personnel. Performance measures for each program are included in program budget pages to measure outcome and impact of the program. Program enhancements that were requested by the department but not funded in the FY 2024 budget are also provided in this section. Historical revenue and expenditure amounts for FY 2021 and FY 2022 provided in the department summaries do not include designations and financial adjustments posted after June 30 of each fiscal year. FY 2024 adopted amounts may include technical changes made after the City Manager's presentation of the proposed budget to the City Council.

## PUBLIC SCHOOL EDUCATION

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This section provides information on the proposed appropriation for Norfolk Public Schools.

## SPECIAL REVENUE, ENTERPRISE, AND INTERNAL SERVICE FUNDS

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These sections provide detailed budget information by program for the city's Special Revenue, Enterprise, and Internal Service Funds. A brief description of proposed FY 2024 budget actions, their impact on the budget and full time equivalent (FTE) personnel are provided in this section. Performance measures for each program are included in program budget pages to measure outcome and impact of the program. Program enhancements that were requested by the department but not funded in the FY 2024 budget are also provided in this section. Historical revenues and expenditures for FY 2021 and FY 2022 provided in the department summaries do not include designations and financial adjustments posted after June 30 of each fiscal year. FY 2024 adopted amounts may include technical changes made after the City Manager's presentation of the proposed budget to the City Council.

## CAPITAL IMPROVEMENT PLAN

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The city's debt service as a percentage of the General Fund budget must not exceed eleven percent (11%). Net debt, as a percentage of property, must not exceed four percent (4%). Due to these affordability measures, the city cannot afford to fund all requested General Capital projects. The Unfunded CIP Request Report shows projects that were requested by departments, but not included in the five-year Capital Improvement Plan.

## ANNUAL PLAN - U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) ENTITLEMENT GRANT PROGRAM

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This section contains the Annual Plan for the Community Development Block Grant (CDBG), HOME Investment Partnerships Program, and Emergency Solutions Grant Program. The Annual Plan identifies the annual funding of the city's priority community development projects and activities as outlined in the five-year Consolidated Plan.

## NORFOLK STATISTICAL INFORMATION

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This section provides statistical and general information about the city such as an overview of the organization, services, and selected functions.

## ORDINANCES, GLOSSARY, AND INDEX

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The ordinances adopted by the City Council establish the operating, capital improvement plan, annual grants, and the Annual Plan budget. The glossary provides definitions of budget-related terminology. The index contains an alphabetical reference of information contained in the document.

# FINANCIAL POLICIES

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## OPERATING BUDGET

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The operating budget for the city is developed pursuant to Section 67 of the Charter of the City of Norfolk, Virginia. In accordance with the City Charter, the City Manager submits to the City Council, no less than 60 days before the end of the fiscal year, a proposed operating budget for the ensuing fiscal year. The operating budget includes expenditure amounts based on detailed estimates furnished by departments and other divisions of the city government. The budget is presented in a manner that identifies appropriations, taxes, and estimated revenues with comparative statements. The budget is prepared by fund and department.

Following the formal presentation of the proposed budget by the City Manager, a public hearing is conducted to provide an opportunity for the public to make comments on the proposed operating budget and any proposed tax and fee adjustments such as, proposed changes to the real estate tax rate. The public hearing for the operating budget is held at least seven days prior to City Council's approval of the budget. City Council is required to approve a final operating budget no later than 30 days before the end of the current fiscal year.

The formal approval of the budget is executed by the adoption of the ordinance delineating appropriations by fund. Additional budget controls are exercised administratively on an appropriation unit basis over combinations of object categories (account groups: personnel services, materials, supplies and repairs, contractual services, equipment, public assistance, department specific appropriation, and debt service), as well as on a line item basis over individual objects (budget accounts). Departments may transfer funds within a departmental budget with approval from the City Manager or the Department of Budget and Strategic Planning.

The City Manager or designee is authorized to transfer from any department, fund, or activity which has an excess of funds appropriated for its use to any department, activity, or fund all or any part of such excess. Basic policies and guidelines for the development of the city's annual budget are provided below.

The administration is committed to high standards of financial management and currently maintains and follows financial practices and guidelines. On February 26, 2019, City Council passed a resolution to update the city's policies on reserves, debt affordability, and surplus funds utilization, and adopt new financial policies on pension funding and enterprise fund financial management. On May 11, 2021, City Council passed a resolution updating the Pension Funding Policy to allow for the positive impacts garnered from the sale of debt to refinance a portion of the city's pension liability. The update also provides a framework of when the city's existing reserves will be utilized. The city's Reserve Policy documents the city's approach to establishing and maintaining strong reserves across the spectrum of city operations. The policy is designed to:

- Identify city operations and functions for which reserves should be established and maintained, considering risks to the operation from unexpected events and the availability of other resources to address such events, and the volatility of expenditures and revenues of the operation;
- Establish target reserve levels and provide a timeframe for meeting reserve targets, using a phased approach where necessary so that reserve goals are balanced appropriately with current budget availability; and
- Establish criteria for the use of reserves and the process to replenish reserves.

Financial policies demonstrate commitment to consistent financial practices, operational efficiencies, and best practices; preserve fiscal integrity; and improve fiscal stability to promote long-term fiscal sustainability. Sound financial management practices contribute to maintaining high city credit ratings and lower borrowing costs for capital projects.

## RESERVE FUNDS

Description	Policy
General Fund Unassigned Reserve	Maintained for the purpose of sustaining General Fund operations in the case of public emergency such as a natural disaster or other unforeseen catastrophic event, and will not be accessed to meet operating shortfalls or to fund new programs or personnel. At least ten percent (10%) of General Fund expenditures plus General Fund transfers out. City Council must approve all planned uses.
Risk Management Reserve	Provide funding sources for certain claims made against the City. Maximum funding of eight million dollars (\$8,000,000) and no less than five million dollars (\$5,000,000). City Council must approve all withdrawals.
Economic Downturn Reserve	Serves as a countercyclical reserve or "bridge funding". The Council may use this to transition expenditure growth to match slower revenue growth during an economic recession, or to mitigate the impact of a severe, but temporary revenue loss, or to fund one-time economic stimulus to speed the city's recovery from an economic downturn. Fund at no less than two and one-half percent (2.5%) of the three (3) year average of real estate tax revenues, not-to-exceed five million dollars (\$5,000,000). City Council must approve all withdrawals.
Inclusive Development Opportunity Fund	The Fund can be used to advance inclusive economic development and reduce inequities by improving the health, stability and economic security of residents and neighborhoods; fostering business and job growth; increasing household wealth; and supporting people, places, and actions that promote inclusive economic growth throughout the city's diverse communities. Supports inclusive economic growth, with a targeted threshold of two million dollars (\$2,000,000). City Council must approve all withdrawals.
Reserve Replenishment	In the event a reserve, is used to provide for temporary funding needs, the city shall restore the reserve to the minimum level within five (5) fiscal years following the fiscal year in which the event occurred and shall include a projected timeline for full reimbursement in the authorizing ordinance.

## PENSION FUNDING

Description	Policy
Pension Funding Policy	The year following the issuance of pension obligation bonds, the contribution will be the current year's actuarially defined contribution plus debt service on the bonds. Each subsequent year, the city's total pension contribution will be the greater of the prior year's contribution or the current year's actuarially defined contribution. The contribution may be adjusted if one of the following conditions is met: 1). NERS' funded ratio reaches 100%, 2). the year over year increase in the city's total pension contribution exceeds six percent (6%) or 3). if the total pension contribution rises above eighty million dollars (\$80,000,000). The city will strive to fund the actuarially defined contribution plus debt service on the pension obligation bonds in any year. The city's enterprise funds will pay their respective portion, from dedicated fees and revenues, of pension costs including debt.

## DEBT AFFORDABILITY MEASURES

Description	Policy
Net Debt as a Percent of the Total Assessed Value of Taxable Property	Keep General Fund net debt below three and one-half percent (3.5%) with a not-to-exceed of four percent (4.0%) of the total assessed value of taxable property. For purposes of this ratio, the city will exclude debt issued to fund pension costs, as that debt is replacing an existing liability rather than funding a new capital project.
Debt Service as Percent of General Fund Budget	Keep General Fund debt service below ten percent (10%) with a not-to-exceed of eleven percent (11%) of General Fund budget. For purposes of this ratio, the city will exclude the debt service on debt issued to fund pension costs, as that debt is replacing an existing liability rather than funding a new capital project.
Ten-year (10) General Obligation Payout Ratio	Strive to repay the principal amount of the long-term general obligation bonds by at least fifty-five percent (55%) or greater within ten (10) years.
Overlapping Debt – e.g. Special service district financing or tax increment financing that would be subject to annual appropriation	The total amount of overlapping debt not to exceed one-half percent (0.5%) of total assessed value of taxable property.
Variable Rate Debt	Limit the city's outstanding debt with variable interest rate to no more than twenty percent (20%) by fund.

## USE OF SURPLUS

Description	Policy
Surplus Policy	Use of Surplus
	Entire prior fiscal year-end surplus will fund reserves until the minimum requirement of each reserve has been met.
	1 If reserves are not at their required minimum. Funding of reserves will be in the following priority. 1. General Fund Unassigned Reserve 2. Risk Management Reserve 3. Economic Downturn Reserve 4. Inclusive Development Opportunity Reserve
	2 If reserves have met the required minimum, but not the maximum. Fifty percent (50%) of prior fiscal year-end surplus will fund reserves and fifty percent (50%) will cash fund (pay-go) the Capital Improvement Plan.
	3 If reserves are fully funded at the maximum requirement. Entire prior fiscal year-end surplus will cash fund (pay-go) the Capital Improvement Plan or one-time technology and equipment purchases.

## PARKING FUND

Description	Policy
Debt Service Coverage	Maintain debt service at a minimum of 1.1 times.
Unrestricted Cash	Maintain a minimum of 240 days of operating and maintenance expense.

*Parking Fund (continued)*

Description	Policy
Repair & Replacement Reserve	Intended to be used for emergency or unforeseen capital needs. Maintain a repair and replacement reserve of one million dollars (\$1,000,000) within five (5) years. City Council must approve all withdrawals.
Ten-Year Financial Plan	Develop a ten-year financial plan annually that integrates revenue and expense projections and project cashflow forecasts relative to the financial policies.

## WATER UTILITY FUND

Description	Policy
Debt Service Coverage	Maintain debt service at a minimum of 1.5 times gross of ROI and PILOT.
Unrestricted Cash	Maintain a minimum of 240 days of operating and maintenance expense.
Repair & Replacement Reserve	Intended to be used for emergency or unforeseen capital needs. Maintain a repair and replacement reserve of two million dollars (\$2,000,000) within five (5) years. City Council must approve all withdrawals, and the intended use must comply with all legal and Master Indenture of Trust requirements.
Return on Investment ("ROI")	The General Fund ROI transfer from the Water Utility Fund shall not exceed \$8.5 million in a given year. Additional transfers may only be considered in the event the Water Utility Fund receives one-time, significant revenues and provided that the additional transfer would not cause the Fund to fail to adhere to any other financial policies.
Payment in Lieu of Taxes ("PILOT")	The PILOT paid by the Water Utility Fund to the General Fund to be based on the taxable assessed value of real property using the applicable tax rate.
Ten-Year Financial Plan	Develop a ten-year financial plan annually that integrates revenue and expense projections and project cashflow forecasts relative to the financial policies.

## WASTEWATER UTILITY FUND

Description	Policy
Debt Service Coverage	Maintain revenue bond debt service at 1.15 times and 1.1 times combined coverage (General Obligation and Revenue) minimum gross of ROI and PILOT.
Unrestricted Cash	Maintain a minimum of 180 days of operating and maintenance expense.
Repair & Replacement Reserve	Intended to be used for emergency or unforeseen capital needs. Maintain a repair and replacement reserve of one million dollars (\$1,000,000) within five (5) years. City Council must approve all withdrawals.
Return on Investment ("ROI")	The General Fund ROI Transfer from the Wastewater Utility Fund shall not exceed \$1.5 million in a given year. Additional transfers may only be considered in the event the Wastewater Utility Fund receives one-time, significant revenues and provided that the additional transfer would not cause the Fund to fail to adhere to any other financial policies.



#### Wastewater Utility Fund (continued)

Description	Policy
Payment in Lieu of Taxes ("PILOT")	The PILOT paid by the Wastewater Utility Fund to the General Fund to be based on the taxable assessed value of real property using the applicable tax rate.
Ten-Year Financial Plan	Develop a ten-year financial plan annually which integrates revenue and expense projections and project cashflow forecasts relative to the financial policies.

## STORM WATER UTILITY FUND

Description	Policy
Debt Service Coverage	Maintain revenue bond debt service coverage minimum at 1.15 times coverage and 1.1 times combined coverage (General Obligation and Revenue).
Unrestricted Cash	Maintain a minimum of 180 days of operating and maintenance expense.
Repair & Replacement Reserve	Intended to be used for emergency or unforeseen capital needs. Maintain a repair and replacement reserve of one million dollars (\$1,000,000) within five (5) years. City Council must approve all withdrawals.
Ten-Year Financial Plan	Develop a ten-year financial plan annually that integrates revenue and expense projections and project cashflow forecasts relative to the financial policies.

## CAPITAL IMPROVEMENT PLAN

The city uses several guiding principles and best practices to manage the Capital Improvement Plan (CIP). The principles (see Guiding Principles under CIP section) governing the CIP are closely linked with the debt affordability measures in the financial policies described in the previous section. Using the principles as a foundation, the CIP is developed to promote capital infrastructure to support the city policies by establishing a five-year capital implementation plan. In formulating this long-range plan, input is solicited from various parties such as city departments, City Council, residents, and businesses. The CIP includes projects that meet the following city policy areas (see CIP section for definitions):

- Education
- Economic Development
- Environmental Sustainability
- Cultural Facilities
- General and Other
- Neighborhood Development
- Public Buildings
- Parks and Recreation Facilities
- Transportation

To be included in the CIP, the project must cost \$75,000 or more and should enhance, increase the value of, or extend the life of the asset by more than the life of the debt instrument used to finance the improvement or grant program. Various sources of funding are used to fund the CIP. These sources include General Fund supported debt and

nongeneral fund supported debt, such as revenue bonds or cash contributions from various resources. For general capital improvements, the city strives to achieve an annual pay-as-you-go cash contribution.

## MULTI-YEAR PLANNING

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The city's multi-year planning process includes preparing a long-term base budget forecast annually. The long-term forecast of base revenues and expenditures enables the city to plan for the upcoming fiscal year's budget and to identify financial challenges projected over the next five years. The long-term forecast is also utilized for monitoring the city's debt affordability measures. In addition, the annual budget development process incorporates a two-year lens, whereby each recommended budget action is analyzed to determine its impact not just in the upcoming fiscal year but also in the following year.

In the summer of each fiscal year, the Department of Budget and Strategic Planning (Budget Office) initiates the process of compiling information for the long-term forecast from city departments, regional and city partner agencies, state and federal agencies, and state and regional economists. In FY 2019, the Budget Office integrated the long-term forecast submission process in the performance budgeting ("budget") system. As a result of the budget system enhancement, items in the forecast were seamlessly incorporated in the department's base budget for the upcoming fiscal year. The actions in the Adopted FY 2023 Budget that impact the following fiscal year's base budget are incorporated in the start point of the following year's long-term forecasting process. Also, the long-term base revenue forecast is updated to reflect actions in the adopted budget. During the fall, the Budget Office refined the long-term forecast compiled during the summer. Although the long-term forecast was not presented at the fall financial update, the internal long-term forecast highlighted the projected fiscal impact from the Norfolk casino delay in coming online, compensation and benefit cost increases, debt service payment increases, other inflationary and contractual increases, and the potential use of one-time funds to bridge the budget deficit.

The long-term base budget forecast annually incorporates adjustments to base revenues and expenditures due to: state, federal, and local mandates; debt payments; compensation and benefit cost increases; and other inflationary or contractual cost increases needed to maintain existing levels of service; the estimated impact of the Norfolk Public Schools (NPS) revenue sharing formula; obligations related to regional partnerships; the opening of new city facilities; economic development projects coming to fruition; national, state, and regional economic forecasts; state budget actions enacted by the General Assembly; state budget forecasts; annualization of prior year prorated costs; and removal of one-time budgetary items. However, the base revenue and expenditure forecast does not include: new fees; fee or tax rate changes; the cost of budget enhancements such as, new programs or initiatives, and program or service expansion; or policy changes under consideration and requiring City Council or administrative action. The preliminary long-term forecast provided the start point of the development of the budget for the upcoming fiscal year (FY 2024) as well as the base budget outlook for the following year (FY 2025).

# FUND STRUCTURE

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The city uses fund accounting to ensure and demonstrate compliance with finance-related legal and regulatory requirements. 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's funds can be divided into four categories: governmental funds, proprietary funds, component unit funds, and fiduciary funds.

## GOVERNMENTAL FUNDS

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Governmental funds consist of the General Fund, Special Revenue Funds, Capital Projects Fund, Debt Service Funds, and Permanent Fund. Most governmental functions of the city are financed through these funds. Governmental funds are supported by taxes and intergovernmental revenues. The modified accrual basis of accounting is used for the budgets of all governmental funds.

### **General Fund**

The general operating fund of the city accounts for all financial transactions of the general government, except those required to be accounted for in another fund. The General Fund accounts for the city's normal recurring activities such as police, fire-rescue, public education (K-12), and public works. These activities are supported by revenue from: general property and other local taxes; permits, fees and licenses; fines and forfeitures; use of money and property; charges for services; recovered costs; and aid from the Commonwealth and Federal Government.

### **Special Revenue Funds**

The Special Revenue Funds account for the proceeds of specific revenue resources restricted or committed to expenditure for specific purposes (other than expendable trusts or major capital projects) and require separate accounting because of legal or regulatory provisions or administrative action.

### **Capital Projects Fund**

The Capital Projects Fund accounts for the acquisition, construction, or renovation of major capital facilities of the city and Norfolk Public Schools.

## PROPRIETARY FUNDS

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Proprietary funds consist of Enterprise Funds and Internal Service Funds. Enterprise Funds account for operations similar to those found in the private sector and include Water Utility, Wastewater Utility, Storm Water Management, and Parking Facilities. Internal Service Funds account for the financing of goods and services provided by one department to other departments in the city on a cost reimbursement basis and include Healthcare and Fleet Management. The Proprietary Funds measurement focus is based upon determination of net income, financial position, and changes in financial position.

### **Enterprise Funds**

#### Water Utility Fund

This fund accounts for the operations of the city-owned water system. The cost of providing services is financed or recovered through user charges to customers, which include Norfolk residents, commercial customers, the U.S. Navy, and other regional localities and authorities.

#### Wastewater Utility Fund

This fund accounts for the operation of the city-owned wastewater (sewer) system. The cost of providing services is financed or recovered through user charges to Norfolk residential and commercial customers.

### Storm Water Management Fund

This fund accounts for the operation of the environmental storm water management system, including maintenance of storm water drainage facilities. The cost of providing services is financed or recovered through user charges to Norfolk residents and commercial and industrial customers.

### Parking Facilities Fund

This fund accounts for the operation of city-owned parking facilities (garages, lots, and on-street meters). The cost of providing services is financed or recovered through user charges for long-term and short-term customer use and fines for parking violations.

## **Internal Service Funds**

### Healthcare Fund

This fund accounts for the financing of medical coverage provided to employees of the Norfolk Healthcare Consortium through a city-administered health insurance plan. The Consortium includes the City of Norfolk, Norfolk Public Schools, and the Norfolk Redevelopment and Housing Authority. Employees and the Consortium share the costs of the health insurance premium, medical claims, administrative costs, wellness program costs, fees related to the Affordable Care Act, and benefit consultant expenses are paid by the Healthcare Fund.

### Fleet Management Fund

This fund accounts for the maintenance, repair, and service for the city fleet of vehicles, heavy equipment, and miscellaneous machinery on a cost reimbursement basis.

## **COMPONENT UNIT FUNDS**

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### **Education**

The city's total budget includes the funds of the Norfolk Public Schools. The primary sources of revenue are the city's local contribution, basic school aid and sales tax revenues from the state, and educational program grants. Major expenditures are for instructional salaries and schools' facility operating costs.

### **School Operating Fund**

The School Operating Fund is the General Fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund, such as School Nutrition Services.

### **School Grants**

This fund accounts for revenues and expenditures for federal, state, and other grants for educational programs.

### **School Nutrition Services**

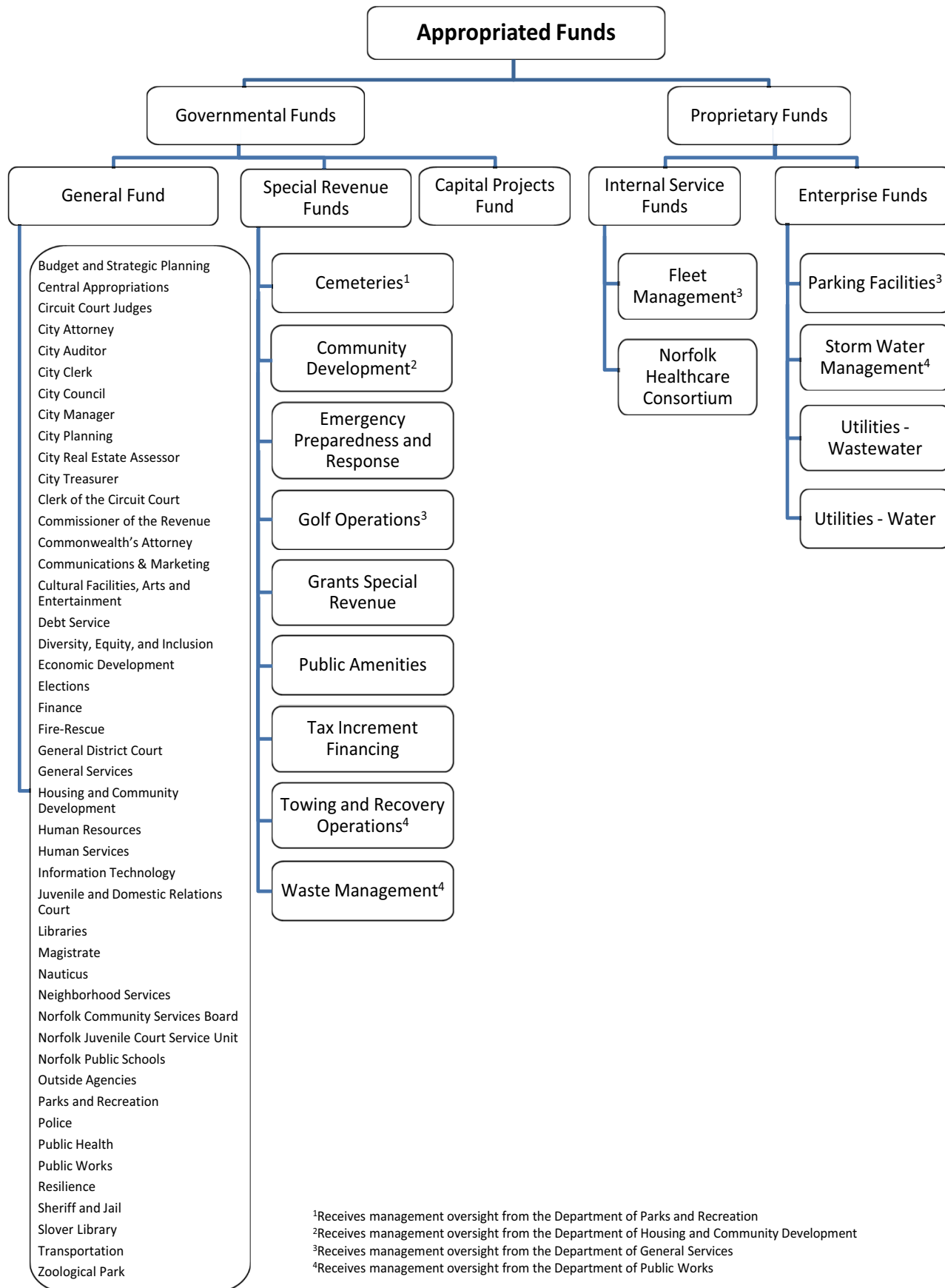
This fund supports the school breakfast and lunch program. School Nutrition Services is a self-funded non-reverting operation supported through cafeteria sales and federal and state reimbursements.

## **FIDUCIARY FUNDS AND ENDOWED CARE FUND**

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Fiduciary Funds are used to account for resources held for the benefit of parties outside the city and include the city's Pension Trust Fund, Pension Funding Trust Fund, Commonwealth of Virginia custodial fund, and other custodial funds. Custodial funds are used to account for assets held by the city for individuals, private organizations, other governmental units, and/or other funds. 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. Fiduciary Funds and the Endowed Care Fund are not included in the city's budget, since its resources are not available to support the city's own programs. These funds financial statements are presented separately within the city's Annual Comprehensive Financial Report.

# FUND STRUCTURE



# BASIS OF BUDGETING AND ACCOUNTING

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## BASIS OF BUDGETING

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The budgets of governmental fund types (General Fund, Special Revenue, and Capital Projects Funds) of the city are generally prepared on the modified accrual basis of accounting. The accrual basis of accounting is generally used to budget for the Enterprise Funds and Internal Service Funds except for depreciation, debt principal payments, capital outlay, and contractual commitments (see Basis of Accounting below).

For the modified accrual basis, expenditures are recorded as expenditures when the related fund liability is incurred (other than interest on general long-term liabilities). For budgetary purposes, purchase orders issued and other contractual commitments are considered expenditures when executed. Revenues are recorded when they are measurable and available. The accrual basis recognizes expenses when the liability is incurred regardless of the related cash flows. Revenues, however, are recognized when earned. The accrual methodology is based upon known present and future expenses and revenues and not upon cash spent or received.

The level of control at which expenditures may not exceed the budget is at the department level for the General Fund and fund level for all other funds. The City Manager or designee is authorized to transfer from any department, fund, or activity with excess funds appropriated to any department, fund, or activity all or any part of such excess appropriation. Unencumbered appropriations lapse at the end of the fiscal year, except appropriations that are designated or are for the Grants (Special Revenue) and Capital Improvement Programs, which are carried forward until the designation, grant, or project is completed or terminated.

## BASIS OF ACCOUNTING

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The Annual Comprehensive Financial Report (ACFR) presents the status of the city's finances in accordance with Generally Accepted Accounting Principles (GAAP). In most cases this conforms to how the city prepares its budget. Exceptions are as follows:

- Compensated absences are recorded as earned by employees (GAAP basis), as opposed to being expended when paid (Budget basis);
- Principal payments on long-term debt within the Proprietary Funds reduce the amount of debt remaining on a GAAP basis as opposed to being expended on a Budget basis;
- Capital Outlay within the Proprietary Funds is recorded as assets on a GAAP basis and expended on a Budget basis;
- Depreciation expenses are recorded on a GAAP basis only; and
- Recording unfulfilled purchase orders and contractual obligations as expenditures in the year executed.

In addition to the fund financial statements, government-wide financial statements are prepared on the accrual basis of accounting. In government-wide financial statements, certain funds are grouped together for reporting purposes.

# BUDGET PROCESS

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## FORMULATION OF THE CITY MANAGER'S BUDGET

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The City Charter requires the City Manager to prepare and submit to the City Council an annual budget.

The annual budget process commences at the beginning of the fiscal year. The budget calendar establishes the timeline for the process, dates for submission of department requests, budget work sessions, and public hearings leading to final adoption of the budget.

Department requests are based on budget instructions. Each request must relate to the organization's program objectives and the priorities of the city. The requests are received and compiled by the budget staff. Due to revenue constraints, departments are generally encouraged to develop proposals to realign or reduce expenditures rather than seek additional funding.

An operating budget is adopted each fiscal year for the General Fund, Enterprise Funds (Water Utility, Wastewater Utility, Storm Water Management, and Parking Facilities), Special Revenue Funds (Cemeteries, Emergency Preparedness and Response, Golf Operations, Public Amenities, Tax Increment Financing, Towing and Recovery Operations, and Waste Management), and Internal Service Funds (Fleet Management and Healthcare). Budgets are also individually adopted within the Special Revenue (Grants) Fund. Ordinances are generally adopted when a grant to the city has been awarded. Recurring grants identified in the Annual Grants Plan section are appropriated as part of the operating budget ordinance.

All funds are under formal budget control, the most significant of which is the General Fund. No less than 60 days before the end of the current fiscal year, the City Manager submits to the City Council a proposed operating budget for the next fiscal year. The operating budget includes recommended expenditures and the means to finance them. The adopted budget may include technical changes made after the City Manager's presentation of the proposed budget to City Council.

## CITY COUNCIL'S AUTHORIZATION AND APPROPRIATION

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After general distribution of the proposed budget, public hearings are conducted to obtain comments and recommendations from the public. No less than 30 days before the end of the fiscal year, the City Council shall pass an annual appropriation ordinance which shall be based on the budget document submitted by the City Manager and subsequent changes made by the City Council. The annual operating budget ordinance appropriates funding for use by departments for salaries, benefits and positions, and nonpersonnel as set forth in the detailed budget document. Amounts appropriated to each department are intended to be expended for the purposes designated by object group categories including: personnel services; materials, supplies and repairs; contractual services; equipment; public assistance; department specific appropriation; and debt service.

## CITY MANAGER'S AUTHORIZATION

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In accordance with the City Charter, at least 60 days before the end of each fiscal year, the City Manager shall prepare and submit to the City Council an annual budget for the ensuing fiscal year. The budget shall be balanced at all times. The total amount of appropriations shall not exceed the estimated revenues of the city.



In a given year, the City Manager or designee is authorized to transfer from any department, fund, or activity with excess funds appropriated to any department, fund, or activity as necessary.

## BUDGET IMPLEMENTATION

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Once the budget is adopted, it is effective on July 1 and becomes the legal basis for the programs and services of each department of the city during the fiscal year. No department or other agency of the city government may spend in excess of adopted and appropriated amounts, unless authorized by budget transfer as approved by the City Manager or designee. Financial and programmatic monitoring of departmental activities to ensure conformity with the budget takes place throughout the year. The budget can be found in the libraries and on the city website. The City Manager is responsible for maintaining a balanced budget at all times. In the event a gap is identified between revenues and expenditures, the City Manager will take actions necessary to rebalance the budget. Budget amendments may be made by the City Council to meet the changing needs of the city. The means by which the City Council may amend the budget include, but are not limited to, appropriation of additional funds and decreasing the amount of appropriated funds.

## CAPITAL IMPROVEMENT PLAN, ANNUAL GRANTS PLAN, AND ANNUAL PLAN

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City Council also adopts a Capital Improvement Plan, Annual Grants Plan, and the Annual Plan budget. These budgets are submitted by the City Manager with the operating budget, and public hearings are held and the budgets are legislatively enacted through adoption of ordinances.

Appropriations for project funds and grant funds do not lapse at year end, but continue until the purpose of the appropriation has been fulfilled or terminated. Amendments to these budgets may be affected by City Council actions. The level of budget control is on a project basis with additional administrative controls being exercised.

## BUDGET PRINCIPLES AND POLICIES

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These include the following:

- Provisions to strive for a structurally balanced budget whereby ongoing expenditures are supported by ongoing revenues;
- Preparation of a mid-year budget update, reporting projected revenues and expenditures for the entire fiscal year and receipt of unanticipated revenues and other major changes to the adopted budget;
- Preparation of a five to ten-year forecast, which serves as the basis for the City Manager's annual recommended budget; and
- Requirement that the City Manager prepare a Five-Year Capital Improvement Plan that incorporates operating costs and is stated in "year of expenditure dollars."

# BUDGET CALENDAR

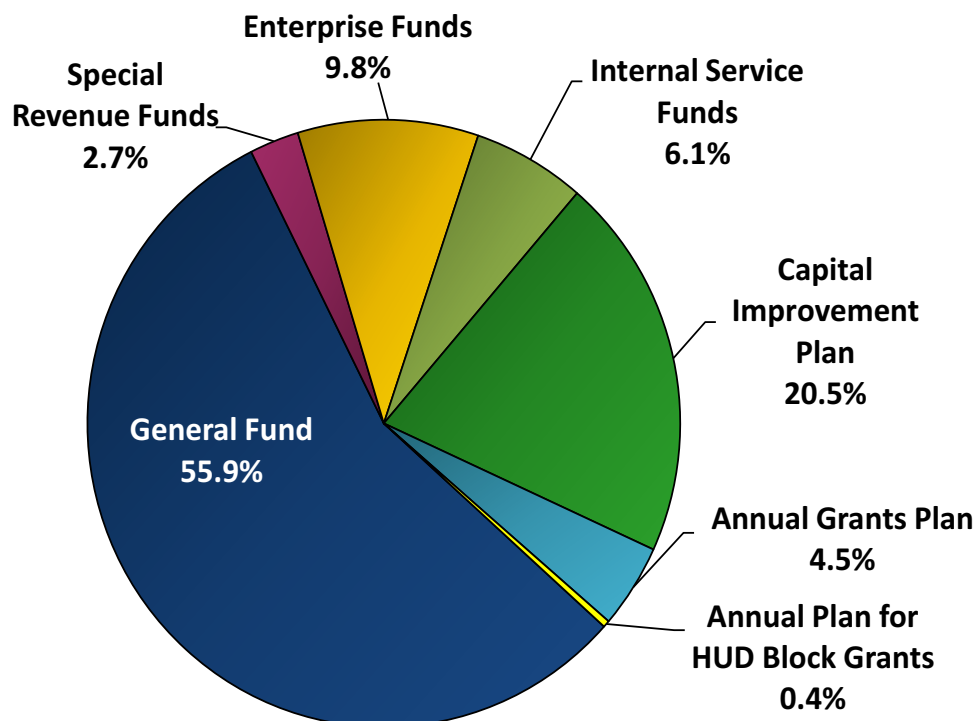
Date	Responsible Party	Description	Legal Requirement
August - September 2022	City Departments	Long-term Forecast Operating Budget Requests	N/A
October 2022 - December 2022	City Departments	Departments Submit Operating and Capital Improvement Budget Requests Department Program Budget Development with Budget Staff	N/A
January 2023 - March 2023	Budget and Strategic Planning Management Leadership Team City Departments	Department Meetings with Management Leadership Team on Operating and Capital Budget Requests	N/A
February 14, 2023	Budget and Strategic Planning	City Manager's Mid-Year Budget Review and Financial Update	N/A
March 22, 2023	Norfolk Public Schools	School Board approves FY 2024 Educational Plan and Budget	Code of Virginia 15.2-2503
March 28, 2023	Budget and Strategic Planning	Public Hearing Notice of the HUD Grant (CDBG, ESG, and HOME) Budget	U.S. Department of Housing and Urban Development (HUD)
March 28, 2023	City Manager	City Manager Presentation of Proposed Budget to City Council	City of Norfolk Charter Sec. 67
April 8, 2023	City Clerk	Public Hearing Notice of the Real Estate Tax Increase due to increased reassessment	Code of Virginia 58.1-3321
April 10, 2023	City Clerk	Public Hearing Notice of the Operating and Capital Improvement Plan Budgets	Code of Virginia 15.2-2506, 58.1-3007
April 11, 2023	City Council	City Council Budget Worksession	N/A
April 19, 2023	City Council	Public Hearing on the Operating, Capital Improvement Plan, and HUD Grant (CDBG, ESG and HOME) Budgets	Code of Virginia 15.2-2506, 58.1-3007
April 25, 2023	City Council	City Council Budget Worksession	N/A
May 7, 2023	City Clerk	Second Public Hearing Notice of the Real Estate Tax Increase due to increased reassessment	Code of Virginia 58.1-3321
May 9, 2023	City Council	City Council Budget Worksession - Reconciliation	N/A
May 9, 2023	City Council	Public Hearing on the Real Estate Tax Increase due to increased reassessment	Code of Virginia 58.1-3321
May 23, 2023	City Council	City Council Budget Worksession - Reconciliation	N/A
June 6, 2023	City Clerk	Second Public Hearing on the Real Estate Tax Increase due to increased reassessment	Code of Virginia 58.1-3321
June 13, 2023	City Council	City Council Budget Adoption	City of Norfolk Charter Sec. 68 Code of Virginia 15.2-2503

# FINANCIAL PLAN

The city's financial plan consists of the General Fund and other operating funds, Capital Improvement Plan, Annual Grants Plan, and Annual Plan for U.S. Housing and Urban Development (HUD) block grants. The following table compares the Adopted FY 2024 Financial Plan to the Adopted FY 2023 Financial Plan. The tables and charts in the pages that follow show revenues and expenditures for the General Fund and operating funds combined ("All Funds").

	FY 2023 Adopted	FY 2024 Adopted	FY 2023 \$ Change	vs. FY 2024 % Change
General Fund	1,008,355,624	1,079,245,028	70,889,404	7.0%
Special Revenue Funds	50,928,594	52,016,213	1,087,619	2.1%
Enterprise Funds	184,755,843	189,980,838	5,224,995	2.8%
Internal Service Funds	117,374,103	118,615,533	1,241,430	1.1%
<b>Total Operating Funds</b>	<b>1,361,414,164</b>	<b>1,439,857,612</b>	<b>78,443,448</b>	<b>5.8%</b>
Capital Improvement Plan	299,822,385	395,613,169	95,790,784	31.9%
<b>Total Operating and Capital</b>	<b>1,661,236,549</b>	<b>1,835,470,781</b>	<b>174,234,232</b>	<b>10.5%</b>
Annual Plan for HUD Block Grants	6,431,703	7,054,048	622,345	9.7%
Annual Grants Plan	50,326,212	86,498,241	36,172,029	71.9%
<b>Total Financial Plan</b>	<b>1,717,994,464</b>	<b>1,929,023,070</b>	<b>211,028,606</b>	<b>12.3%</b>

## Adopted FY 2024 Financial Plan



Note: Percentages may not total to 100 due to rounding.

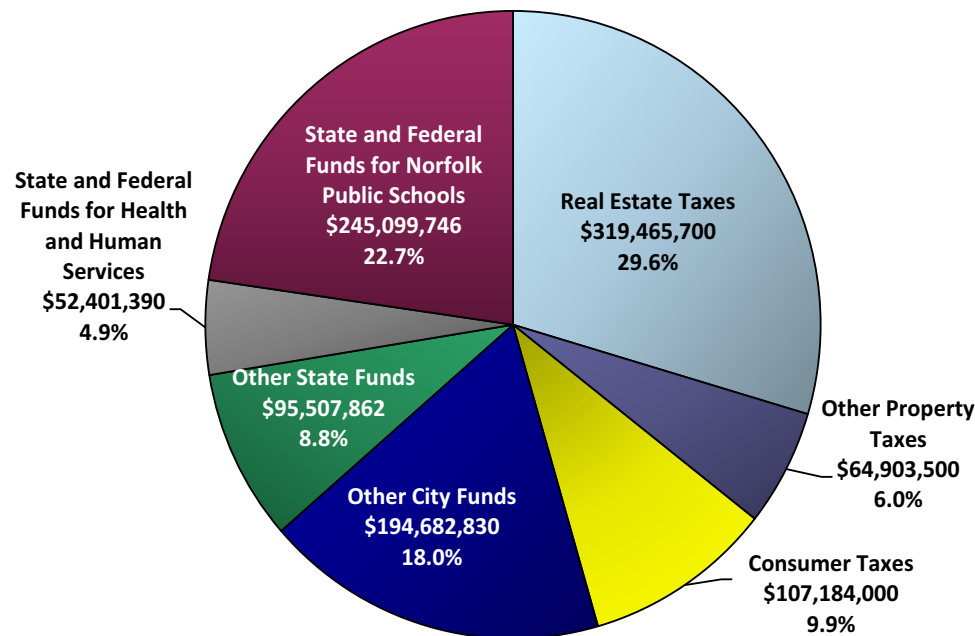
# GENERAL FUND BUDGET OVERVIEW

## Adopted FY 2024 General Fund Revenues \$1,079,245,028

Funding for Norfolk comes from a variety of sources as shown at right.

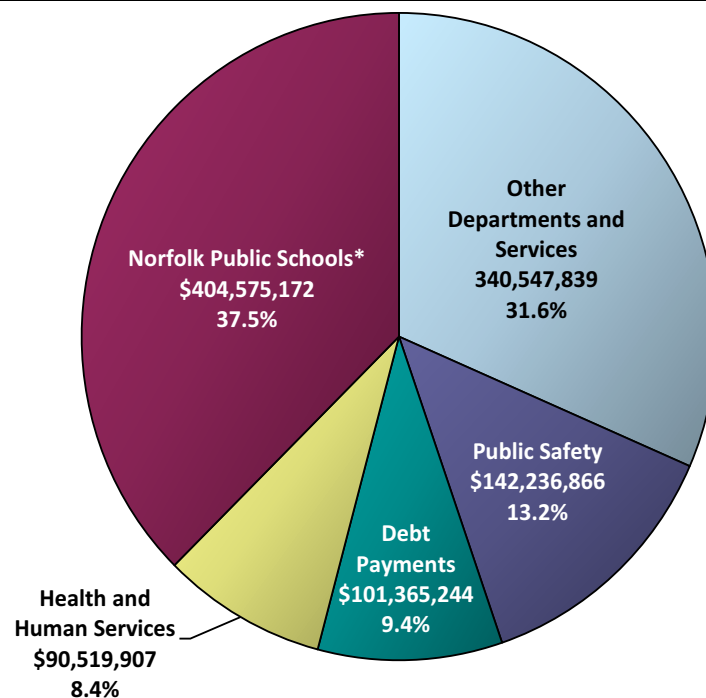
“Other City Funds” include local taxes, fees, charges, fines, rent and interest.

“Consumer Taxes” include sales, hotel, meals, admissions and cigarette taxes.



## Adopted FY 2024 General Fund Expenditures \$1,079,245,028

In the FY 2024 budget, “Other Departments and Services” include public works, transit, libraries, Slover library, recreation, cultural facilities, zoo, Nauticus, planning, neighborhood development, economic development, finance, human resources, information technology, general services, legislative, executive, law, judicial, constitutional officers, outside agencies, and central appropriations.



Note: Percentages may not total to 100 due to rounding. \*Does not include in-kind support.

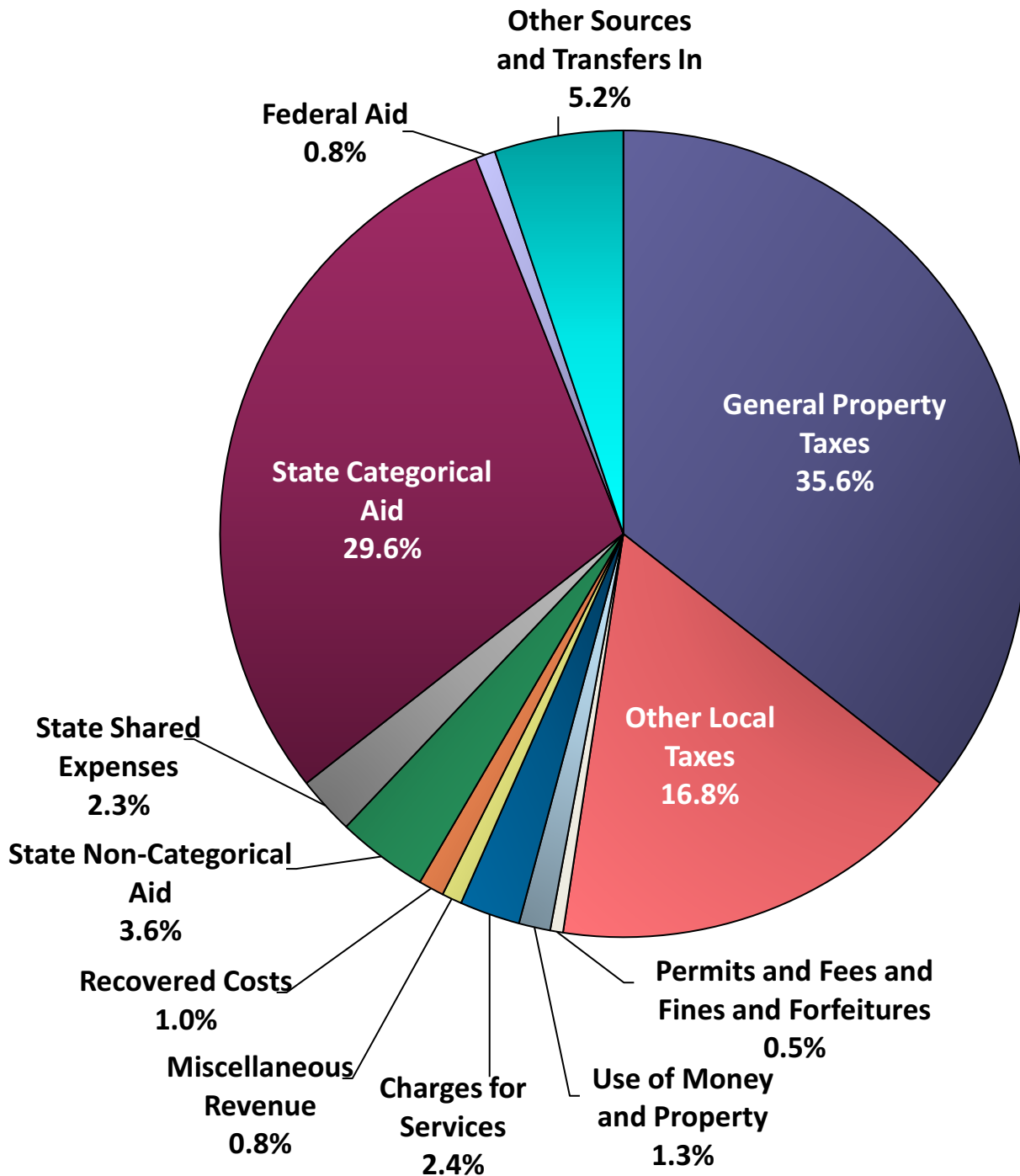
# ESTIMATED GENERAL FUND REVENUES BY SOURCE

The following table compares the Adopted FY 2024 General Fund Operating Budget to the Adopted FY 2023 General Fund Operating Budget and the FY 2022 Actual amount. Funding sources are shown by category to provide an overview of the principal sources of revenue for the general operating fund of the city. These revenue sources support general government operations. The tables and charts in the pages that follow show revenues and expenditures for all funds.

Source	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	FY 2023 vs. FY 2024 \$ Change	% Change
General Property Taxes	345,879,422	355,118,800	384,369,200	29,250,400	8.2%
Other Local Taxes	173,337,193	171,966,025	181,084,500	9,118,475	5.3%
Permits and Fees	3,883,494	3,965,900	4,068,000	102,100	2.6%
Fines and Forfeitures	1,353,222	1,340,000	1,505,000	165,000	12.3%
Use of Money and Property	7,995,023	9,013,620	13,603,434	4,589,814	50.9%
Charges for Services	23,580,895	25,491,731	26,172,740	681,009	2.7%
Miscellaneous Revenue	10,889,955	9,227,966	8,669,610	-558,356	-6.1%
Recovered Costs	11,179,703	12,058,130	10,997,183	-1,060,947	-8.8%
Non-Categorical Aid - State	39,719,848	38,682,200	39,362,165	679,965	1.8%
Shared Expenses - State	22,779,442	23,544,200	25,119,100	1,574,900	6.7%
Categorical Aid - State	282,023,720	306,286,328	319,960,477	13,674,149	4.5%
Federal Aid	9,763,200	8,420,256	8,615,256	195,000	2.3%
Other Sources and Transfers In	44,885,400	43,240,468	55,718,363	12,477,895	28.9%
<b>General Fund Total</b>	<b>977,270,518</b>	<b>1,008,355,624</b>	<b>1,079,245,028</b>	<b>70,889,404</b>	<b>7.0%</b>

Note: FY 2022 amounts may not sum to total due to rounding.

# Adopted FY 2024 General Fund Revenues by Source



Note: Percentages may not total to 100 due to rounding.

# ESTIMATED REVENUES BY SOURCE (ALL FUNDS)

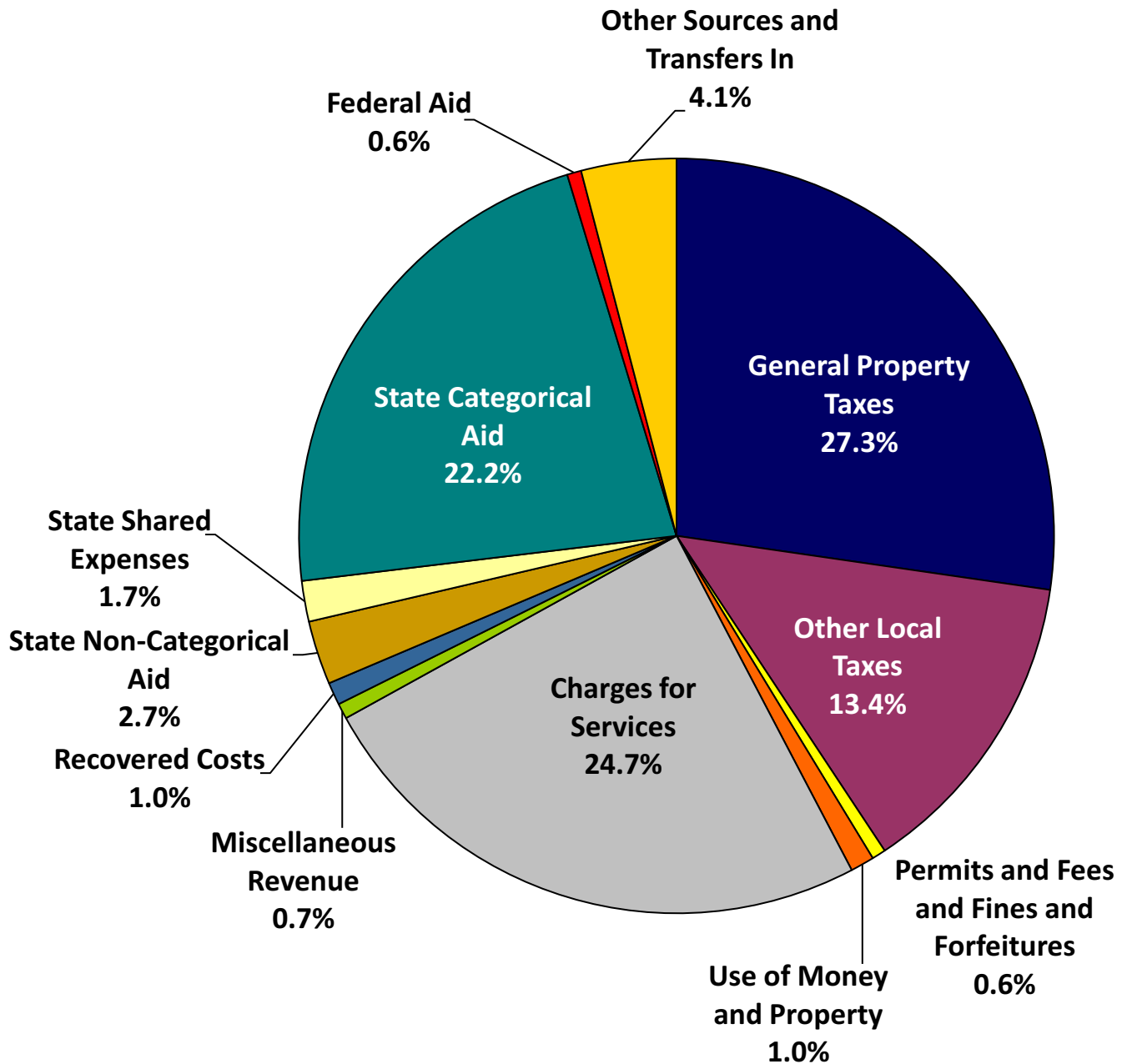
The following table compares the Adopted FY 2024 Operating Budget to the Adopted FY 2023 Operating Budget and the FY 2022 Actual amount. Funding sources by category are shown to provide an overview of the sources of revenue for the general and nongeneral operating funds of the city. Revenues are reflected in those categories where they are originally raised.

Source	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	FY 2023 \$ Change	vs. FY 2024 % Change
General Property Taxes	352,647,822	362,319,500	392,905,200	30,585,700	8.4%
Other Local Taxes	185,001,440	183,035,801	193,171,096	10,135,295	5.5%
Permits and Fees	4,514,498	4,829,469	4,936,100	106,631	2.2%
Fines and Forfeitures	3,324,085	4,009,028	3,616,000	-393,028	-9.8%
Use of Money and Property	8,079,555	10,291,475	14,671,289	4,379,814	42.6%
Charges for Services	316,787,232	340,867,459	355,071,262	14,203,803	4.2%
Miscellaneous Revenue	11,615,878	10,021,378	9,587,955	-433,423	-4.3%
Recovered Costs	14,918,281	15,045,189	13,984,242	-1,060,947	-7.1%
Non-Categorical Aid - State	39,719,848	38,682,200	39,362,165	679,965	1.8%
Shared Expenses - State	22,779,442	23,544,200	25,119,100	1,574,900	6.7%
Categorical Aid - State	282,091,591	306,422,328	320,096,477	13,674,149	4.5%
Federal Aid	12,044,562	8,533,873	8,728,873	195,000	2.3%
Other Sources and Transfers In	47,210,313	53,812,264	58,607,853	4,795,589	8.9%
<b>Total All Funds</b>	<b>1,300,734,548</b>	<b>1,361,414,164</b>	<b>1,439,857,612</b>	<b>78,443,448</b>	<b>5.8%</b>

Note: FY 2022 amounts may not sum to total due to rounding.



# Adopted FY 2024 Revenues by Source (All Funds)



Note: Percentages may not total to 100 due to rounding.

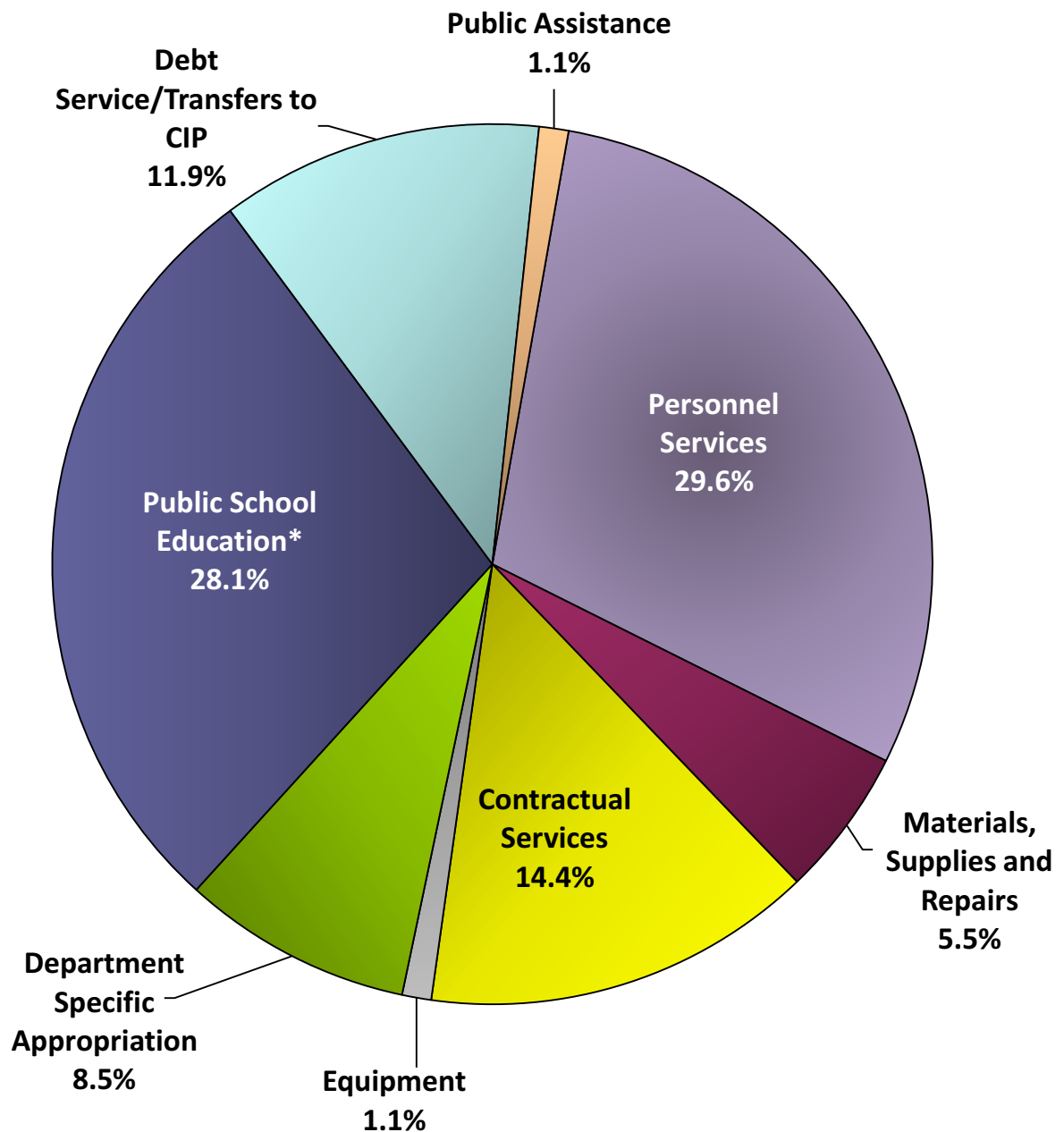
# ESTIMATED EXPENDITURES BY USE (ALL FUNDS)

The following table compares the Adopted FY 2024 Operating Budget to the Adopted FY 2023 Operating Budget and the FY 2022 Actual amount. Funding uses by category are shown to provide an overview of the principal uses of expenditures for the general and nongeneral operating funds of the city. Expenditures are reflected in those categories where they are originally spent.

Uses	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	FY 2023 Adopted	% Change
Personnel Services	295,199,093	392,312,688	426,149,609	33,836,921	8.6%
Materials, Supplies and Repairs	62,155,397	68,186,480	78,555,664	10,369,184	15.2%
Contractual Services	147,008,290	200,860,116	207,197,960	6,337,844	3.2%
Equipment	9,134,061	14,300,879	15,429,750	1,128,871	7.9%
Department Specific Appropriation	82,462,952	120,844,305	121,691,730	847,425	0.7%
Public School Education	343,066,532	385,180,630	404,575,172	19,394,542	5.0%
Debt Service/Transfers to CIP	136,524,545	164,289,513	170,700,519	6,411,006	3.9%
Public Assistance	12,947,717	15,439,553	15,557,208	117,655	0.8%
Norfolk Redevelopment & Housing Authority	53,475	0	0	0	0.0%
<b>Total All Funds</b>	<b>1,088,552,062</b>	<b>1,361,414,164</b>	<b>1,439,857,612</b>	<b>78,443,448</b>	<b>5.8%</b>

Note: FY 2022 amounts may not sum to total due to rounding.

## Adopted FY 2024 Expenditures by Use (All Funds)



Note: Percentages may not total to 100 due to rounding.

\*Does not include "in-kind" support. See Public School Education section.

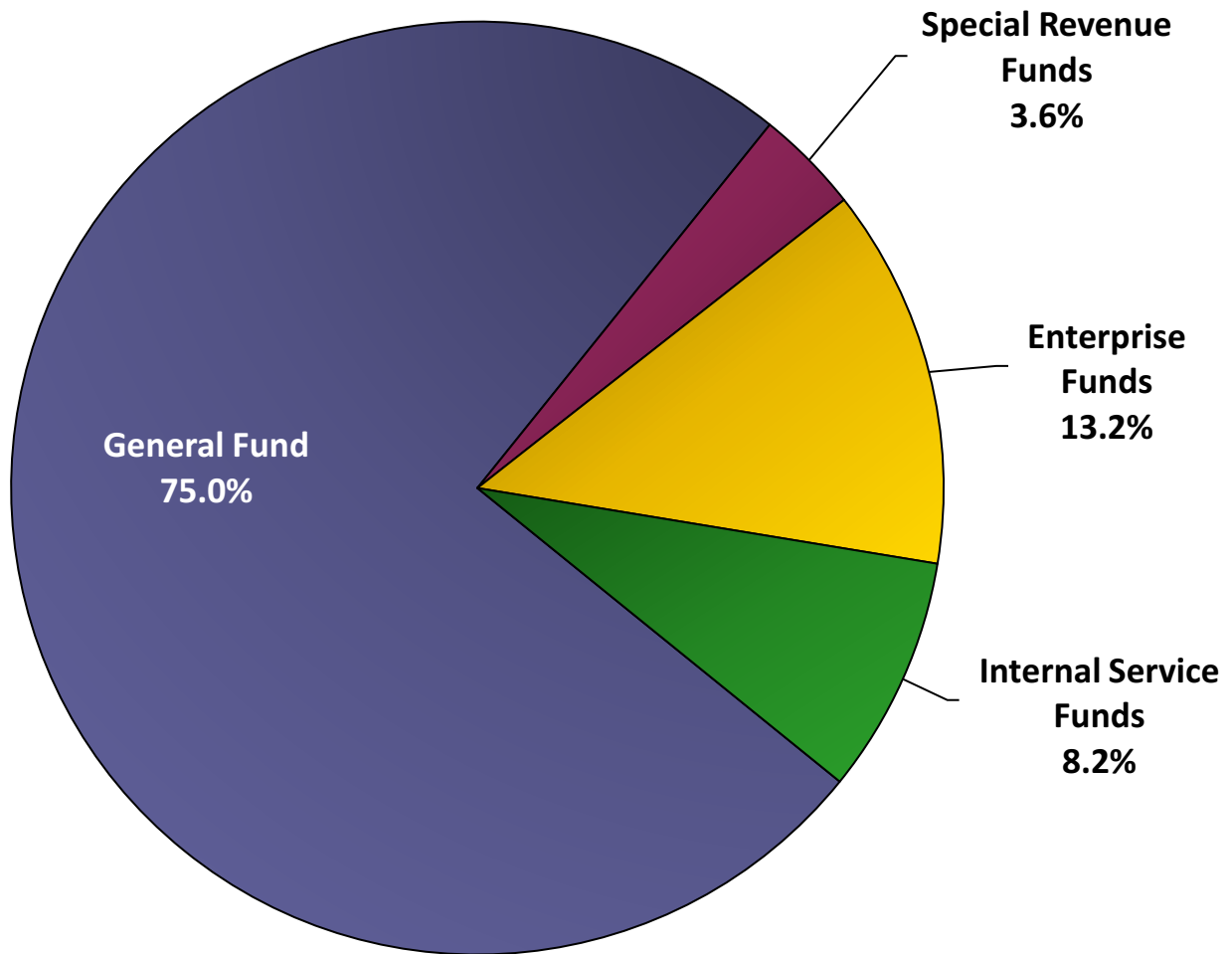
# ESTIMATED EXPENDITURES BY FUND TYPE

The following table compares expenditures by fund type in the Adopted FY 2024 Operating Budget to the Adopted FY 2023 Operating Budget and the FY 2022 Actual amount.

Fund Type	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	FY 2023 \$ Change	vs. FY 2024 % Change
General Fund	833,542,646	1,008,355,624	1,079,245,028	70,889,404	7.0%
Special Revenue Funds	45,705,405	50,928,594	52,016,213	1,087,619	2.1%
Enterprise Funds	136,393,942	184,755,843	189,980,838	5,224,995	2.8%
Internal Service Funds	72,910,069	117,374,103	118,615,533	1,241,430	1.1%
<b>Total All Funds</b>	<b>1,088,552,062</b>	<b>1,361,414,164</b>	<b>1,439,857,612</b>	<b>78,443,448</b>	<b>5.8%</b>

Note: FY 2022 amounts may not sum to total due to rounding.

## Adopted FY 2024 Expenditures by Fund Type (All Funds)



Note: Percentages may not total to 100 due to rounding.

# ESTIMATED GENERAL FUND EXPENDITURES BY AREA

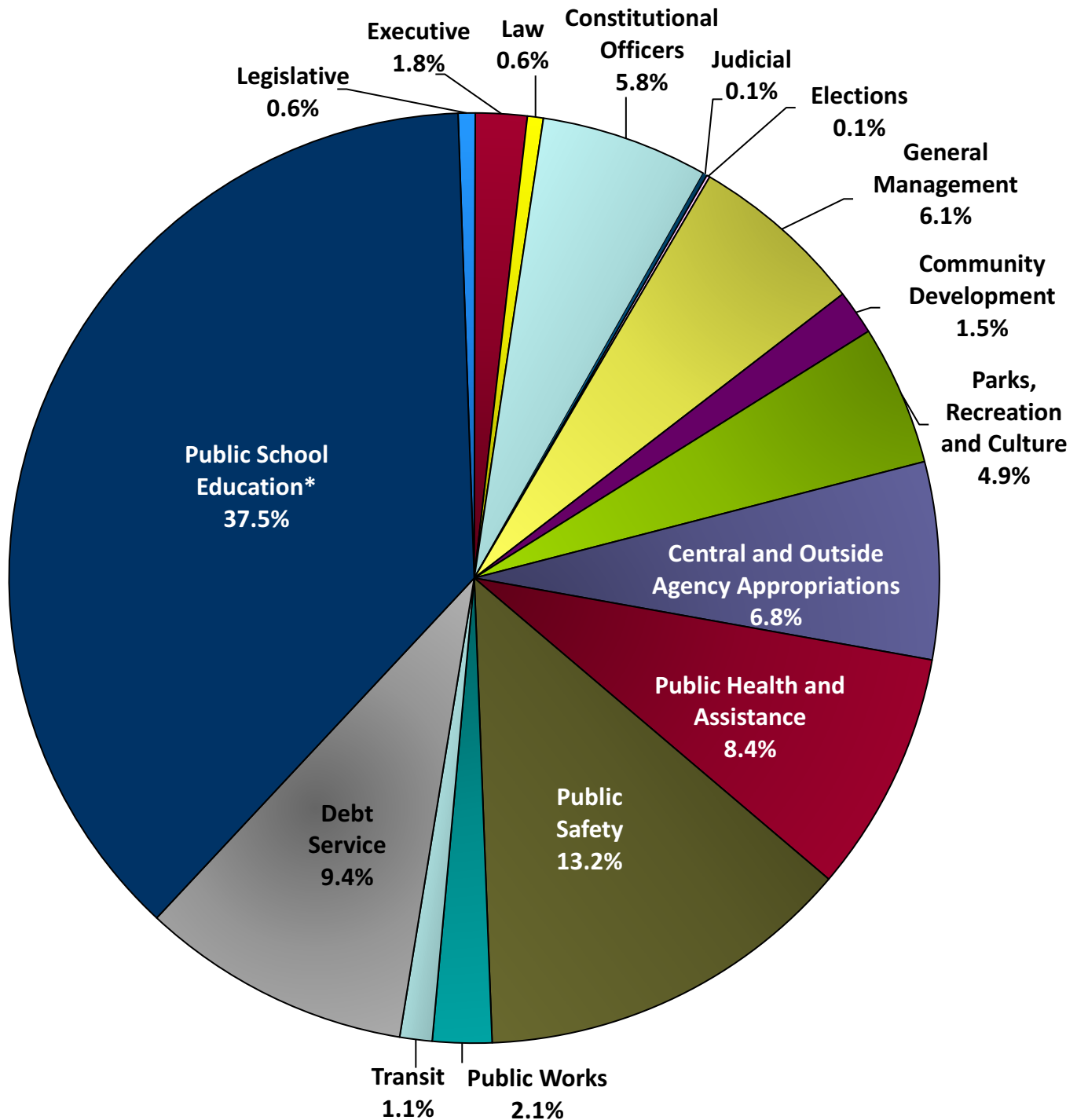
The following table compares the Adopted FY 2024 General Fund Operating Budget to the Adopted FY 2023 General Fund Operating Budget and the FY 2022 Actual amount by area. Major areas of service are shown to provide a broad overview of the expenditures for the general operating fund of the city.

Service Area	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	FY 2023 vs. FY 2024	
				\$ Change	% Change
Legislative	5,242,990	5,765,596	6,378,474	612,878	10.6%
Executive	11,139,642	14,642,550	19,321,880	4,679,330	32.0%
Department of Law	5,062,426	5,509,385	5,963,932	454,547	8.3%
Constitutional Officers	51,124,525	58,356,436	62,793,765	4,437,329	7.6%
Judicial	1,309,000	1,446,826	1,522,739	75,913	5.2%
Elections	1,108,609	1,031,721	1,179,525	147,804	14.3%
General Management	53,446,819	60,235,927	65,839,103	5,603,176	9.3%
Community Development	12,534,650	14,570,246	16,727,751	2,157,505	14.8%
Parks, Recreation and Culture	38,252,745	45,806,308	52,598,666	6,792,358	14.8%
Public Health and Assistance	72,871,669	84,576,523	90,519,907	5,943,384	7.0%
Public Safety <sup>1</sup>	66,602,943	133,452,386	142,236,866	8,784,480	6.6%
Public Works	16,978,181	22,366,099	22,188,536	-177,563	-0.8%
Transportation	11,338,517	11,564,407	12,119,902	555,495	4.8%
Central and Outside Agency Appropriations	67,758,000	76,153,863	73,913,566	-2,240,297	-2.9%
Debt Service	75,705,398	87,696,721	101,365,244	13,668,523	15.6%
Public School Education	343,066,532	385,180,630	404,575,172	19,394,542	5.0%
<b>General Fund Total</b>	<b>833,542,646</b>	<b>1,008,355,624</b>	<b>1,079,245,028</b>	<b>70,889,404</b>	<b>7.0%</b>

<sup>1</sup>The FY 2022 amount reflects the transitioning of eligible expenses to the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant.

Note: FY 2022 amounts may not sum to total due to rounding.

# Adopted FY 2024 General Fund Expenditures by Area



Note: Percentages may not total to 100 due to rounding.

\*Does not include "in-kind" support. See Public School Education section.

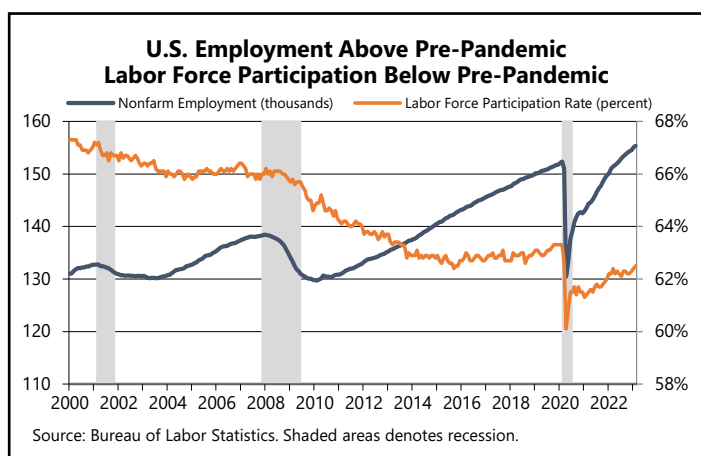
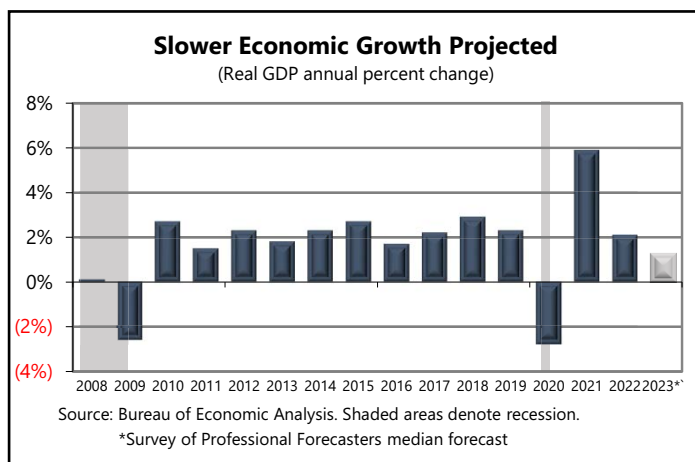


# MAJOR REVENUE SOURCES

Evaluating the city's current and long-term financial health requires a review of the economy and major revenue sources. Overall, the city's revenues are anticipated to continue to recover in FY 2023 from the impact of the COVID-19 pandemic. General Fund revenues are projected to increase by 7.0 percent while revenues citywide (all funds) are projected to increase 5.8 percent. Real estate assessments, which drives real estate taxes, the largest locally generated General Fund revenue source are projected to grow by approximately 7.29 percent in FY 2024, the second highest increase since FY 2008, after increasing 10.2 percent in FY 2023.

## ECONOMIC OVERVIEW

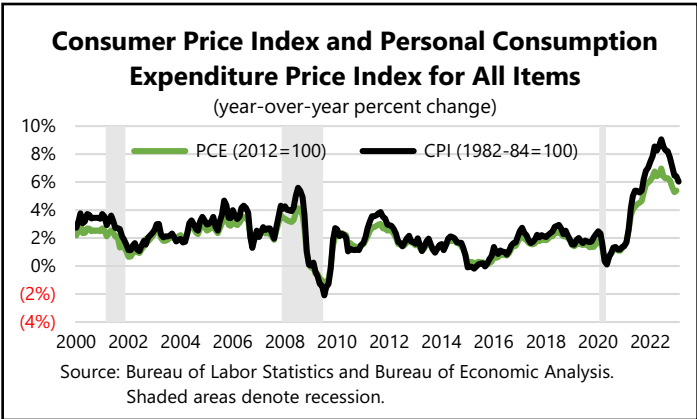
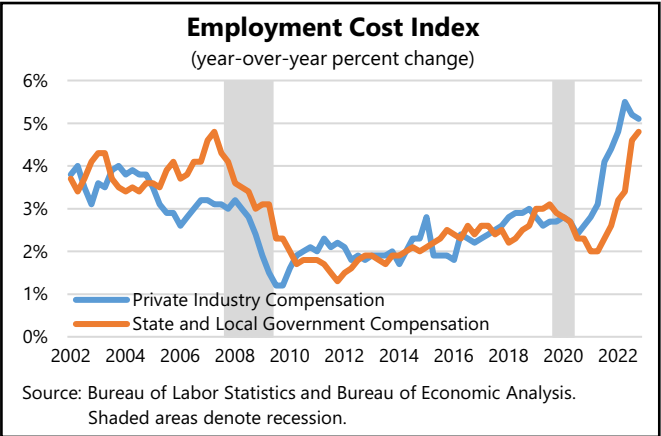
The economy's growth decelerated in 2022. Real gross domestic product (GDP) which is the broadest measure of economic activity, declined in the first half of the year, then bounced back in the latter half to end the year with an annual growth of 2.1 percent (second estimate). In comparison, real GDP increased by 5.9 percent in 2021. Consumer spending on services, business inventory, business investment in equipment and intellectual property products (such as, software and research and development), and state and local government spending contributed positively to the economy's growth in 2022, but their growth was below their 2021 growth. Offsetting the growth were consumer spending on goods, business investment in structures, and residential investment given the rise interest rates. Net exports and federal spending also contributed negatively to the growth. The consensus view is for the economy's growth to slow further in 2023 with the possibility of a recession occurring during the year, although the timing of the recession is not clear. In addition, the consensus view of the recent crisis in the banking sector which surfaced with the collapse of Silicon Valley Bank in March is that it could further increase the possibility of a recession this year.



National employment continued to grow in 2022 and has exceeded the pre-pandemic peak in February 2020. The Bureau of Labor Statistics (BLS) reported the average annual nonfarm employment grew by 4.3 percent in 2022, after increasing 2.9 percent in 2021. The economy added an average of 399,000 jobs per month, with all the major sectors gaining jobs. Job growth continued in the first two months of 2023, having added an average of 408,000 jobs per month (preliminary). With the job growth, the unemployment rate continued to fall in 2022. The annual unemployment rate fell from 5.3 percent in 2021 to 3.6 percent in 2022, which was the lowest annual rate since 1969. During the first two months of 2023, the seasonally adjusted unemployment

rate fell to 3.4 percent in January, the lowest since May 1969, but rose back to 3.6 percent in February. Despite the number of jobs being above the pre-pandemic level, the labor force participation rate which had fallen during the pandemic, remains below the pre-pandemic participation rate.

Along with the tight labor market, compensation rose in 2022. The Bureau of Labor Statistics employment cost index, which measures the quarterly change in the cost of employee compensation (salary and benefits), free from the influence of employment shifts among occupations and industries, rose 5.1 percent for private sector workers year-over-year for the fourth quarter of 2022 compared to the 4.4 percent and 2.6 percent increase in the fourth quarter of 2021 and 2020, respectively. Similarly, the employment cost index for state and local government workers rose 4.8 percent year-over-year for the fourth quarter of 2022 compared to the 2.6 percent and 2.3 percent increase in the fourth quarter of 2021 and 2020, respectively. The prices of goods and services continued to rise in 2022 from 2021 brought on by the supply chain issues and war in Ukraine. Both the Consumer Price Index (CPI) and Personal Consumption Expenditures (PCE) price index for all-items and excluding food and energy prices, continued to rise in 2022. Although the increase in both the CPI and PCE has been declining, both inflation indices remain elevated.

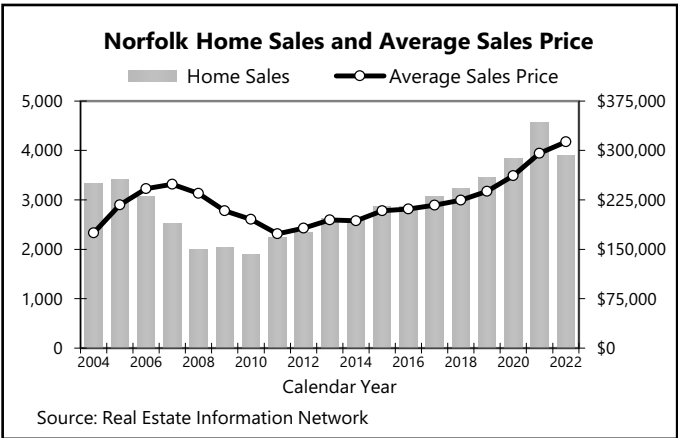


As a result, the Federal Reserve raised the target level for the federal funds rate seven times in 2022 from 0.0-0.25% to 4.25-4.50% in 2022. The increase continues in 2023 as the Federal Reserve raised the target level to 4.50-4.75% in February and 4.75-5.00% in March. The Federal Reserve is anticipated to continue to raise rates during 2023 to continue to bring down inflation.

Although the consensus is for a recession in the national economy to occur during 2023, the economic outlook for the region from the economists at Old Dominion University presented in January, is positive. Hampton Roads is likely to grow faster than the nation and may

outperform the nation. Growth in jobs, taxable sales, hotel revenues, and port activity in Hampton Roads is expected to continue in 2023. More importantly, the outlook anticipates that defense spending will continue to boost the Hampton Roads economy in 2023. Likewise, the economic outlook from the Hampton Roads Planning District Commission (HRPDC) also presented in January, is positive as well. The HRPDC outlook is also anticipating the region's growth to exceed that of the nation, and the growth in jobs and taxable sales to continue in 2023.

## GENERAL FUND REVENUE OVERVIEW

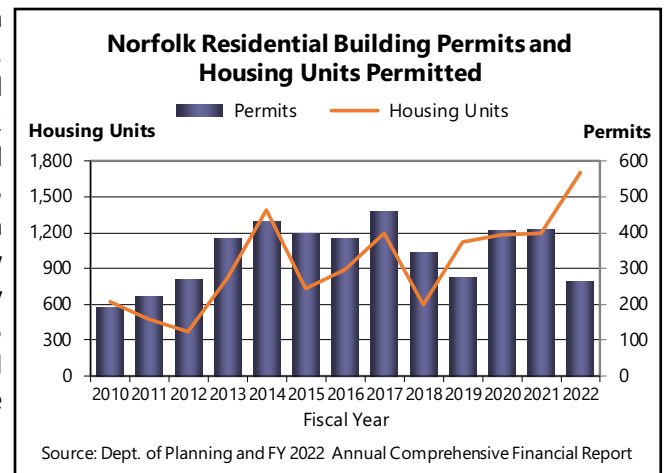


The city generates revenue through taxes, user charges, and intergovernmental transfers from the state and federal government. Over half of the city's General Fund revenues are generated locally from various taxes and fees including real estate, personal property, retail sales, permits, fines, and user charges. These sources fund municipal services such as police, fire-rescue, parks and recreation, libraries, street maintenance, public education (K-12), public health, and human services.

Similar to other Virginia localities, Norfolk is highly dependent on real estate taxes to fund the city's general operations including police, fire-rescue, and public schools

(K-12). Real estate taxes are the city's largest source of locally generated revenue. For FY 2024, the Office of the Real Estate Assessor is estimating that the land book value of taxable real estate assessments on July 1, 2023 will increase by approximately 7.29 percent from the July 1, 2022 land book value. This would mark the eleventh consecutive year of growth. Although the 7.29 percent increase is lower than the previous year's growth of 10.2 percent, it will be the second highest increase since FY 2008.

The increase is largely from residential assessments which reflects the continued strength in the local housing market. Although home sales declined, the sales price of homes sold continued to rise. Home sales declined in calendar year 2022 compared to calendar year 2021. The number of existing and new homes sold in Norfolk decreased by approximately 15 percent, after increasing by approximately 19 percent in 2021. However, the average sales price of existing and new homes sold combined continued to increase in 2022, rising by approximately 6 percent after increasing by approximately 13 percent in 2021. On the other hand, general commercial assessments is anticipated to decline largely due to the decline in MacArthur Mall's value.



New housing units permitted continued to increase. In FY 2022, the number of housing units permitted rose again, increasing to 1,702 in FY 2022 from 1,194 in FY 2021. In contrast, the number of nonresidential (or "commercial") building permits was flat from FY 2022, while their value decreased in FY 2022 from FY 2021. The new residential and commercial building activity and improvements to existing structures permitted throughout the city should support future growth in real estate assessments. It is important to note that the city of Norfolk is predominantly built out, and the building activity occurring currently is mainly redevelopment, infill development, and vertical expansion.

The Commonwealth of Virginia provides approximately 35.6 percent of General Fund revenues in the FY 2024 General Fund budget. Revenue from the Commonwealth consists of funding that are mostly for dedicated purposes such as K-12 education, social services, transportation, and shared expenses of constitutional officers. House Bill (HB) 599 funds for law enforcement, the city's share of the Commonwealth's personal property tax ("car tax") relief funds, and the tax on rental of cars also comprise revenue from the Commonwealth. In total, it is the largest revenue source category in the General Fund.

As a result of the Great Recession, the Commonwealth saw a significant decline in revenues and in turn, reduced direct aid to education, HB 599 funds for police, Constitutional Officers salaries and benefits funding, jail per diem, and funds for street maintenance. The Commonwealth also imposed a "flexible cut" to state aid to localities and permanently eliminated the local share of ABC profits and wine tax. Not all revenues from the Commonwealth have returned to the pre-recession peak such as, HB 599 funds, and jail per diem funding, even though the Commonwealth's General Fund revenues have been above its last pre-recession peak since FY 2012. The Proposed FY 2023 Budget for revenues from the Commonwealth are based upon the funding approved by the 2022 Special Session I and the 2023 Session of the General Assembly as of February 25, 2023.

The remaining revenue comes from the federal government, recovered costs, interfund transfers, and carryforward of prior year funds. Revenue from the federal government are mostly dedicated to Norfolk Public Schools and the Norfolk Community Services Board. Interfund transfers include a return on investment from Utilities (water and wastewater) operations. It also includes funding from the Public Amenities Fund to support the Norfolk Consortium (see Outside Agencies) and excess revenues from the Tax Increment Financing Fund. Carryforward funds are generated through a combination of projected current year savings, realized savings from prior years, and account closeouts. Carryforward funds may also include the re-appropriation of prior year(s) unspent designated funds. For FY 2024, the budget includes the carryforward of budget savings from the transition of eligible expenses in FY 2022 to the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant for the continuity of services.

Preliminary General Fund revenue projections, based on historical data and current economic data, were initially compiled over the summer. Estimates were updated in the fall with submission of estimates from city departments and offices and information from the Governor’s amendments to the 2022-2024 biennial budget. Projections were updated through February to incorporate the current information available from the city, Commonwealth, and Norfolk Public Schools. Initial revenue estimates were based on the analysis of the collection history and patterns, underlying drivers that impact a revenue source, information from departments that collect revenue, overall economic environment, and developments projected for the city in the coming year. The revenue amounts shown in the discussion that follows include the FY 2023 budget and FY 2024 budget.

The Adopted FY 2024 General Fund budget is approximately \$1.1 billion, which is 7.0 percent (70.9 million) above the Adopted FY 2023 Budget.

## General Fund Revenue Summary

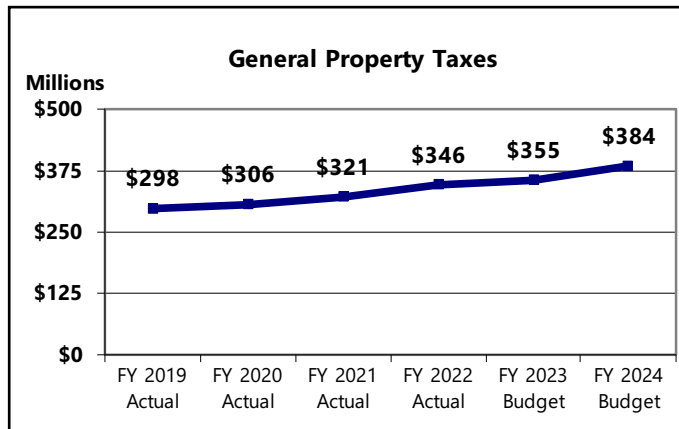
Source	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted	FY 2023 vs. FY 2024 \$ Change	FY 2024 % Change	FY 2024 % of Total
General Property Taxes	345,879,422	355,118,800	384,369,200	29,250,400	8.2%	35.6%
Other Local Taxes	173,337,193	171,966,025	181,084,500	9,118,475	5.3%	16.8%
Permits and Fees	3,883,494	3,965,900	4,068,000	102,100	2.6%	0.4%
Fines and Forfeitures	1,353,222	1,340,000	1,505,000	165,000	12.3%	0.1%
Use of Money and Property	7,995,023	9,013,620	13,603,434	4,589,814	50.9%	1.3%
Charges for Services	23,580,895	25,491,731	26,172,740	681,009	2.7%	2.4%
Miscellaneous Revenue	10,889,955	9,227,966	8,669,610	-558,356	-6.1%	0.8%
Recovered Costs	11,179,703	12,058,130	10,997,183	-1,060,947	-8.8%	1.0%
Non-Categorical Aid - State	39,719,848	38,682,200	39,362,165	679,965	1.8%	3.6%
Shared Expenses - State	22,779,442	23,544,200	25,119,100	1,574,900	6.7%	2.3%
Categorical Aid - State	282,023,720	306,286,328	319,960,477	13,674,149	4.5%	29.6%
Federal Aid	9,763,200	8,420,256	8,615,256	195,000	2.3%	0.8%
Other Sources and Transfers In	44,885,400	43,240,468	55,718,363	12,477,895	28.9%	5.2%
<b>General Fund Total</b>	<b>977,270,518</b>	<b>1,008,355,624</b>	<b>1,079,245,028</b>	<b>70,889,404</b>	<b>7.0%</b>	<b>100.0%</b>

Note: FY 2022 Actual amounts may not sum to total due to rounding. Percentages may not total to 100 due to rounding.

## REVENUE MONITORING

Collection of the city’s revenue sources are monitored throughout the year. Financial reports are monitored monthly and quarterly to determine the accuracy of budget projections. This allows for appropriate administrative action if actual results differ substantially from projections. A detailed analysis is completed to project future revenue collections taking into account revenue drivers, information from departments that administer revenues, seasonal fluctuations, and economic conditions. Strong collection rates for locally generated taxes and fees reflect Norfolk residents’ commitment and fulfillment of responsibility to the city.

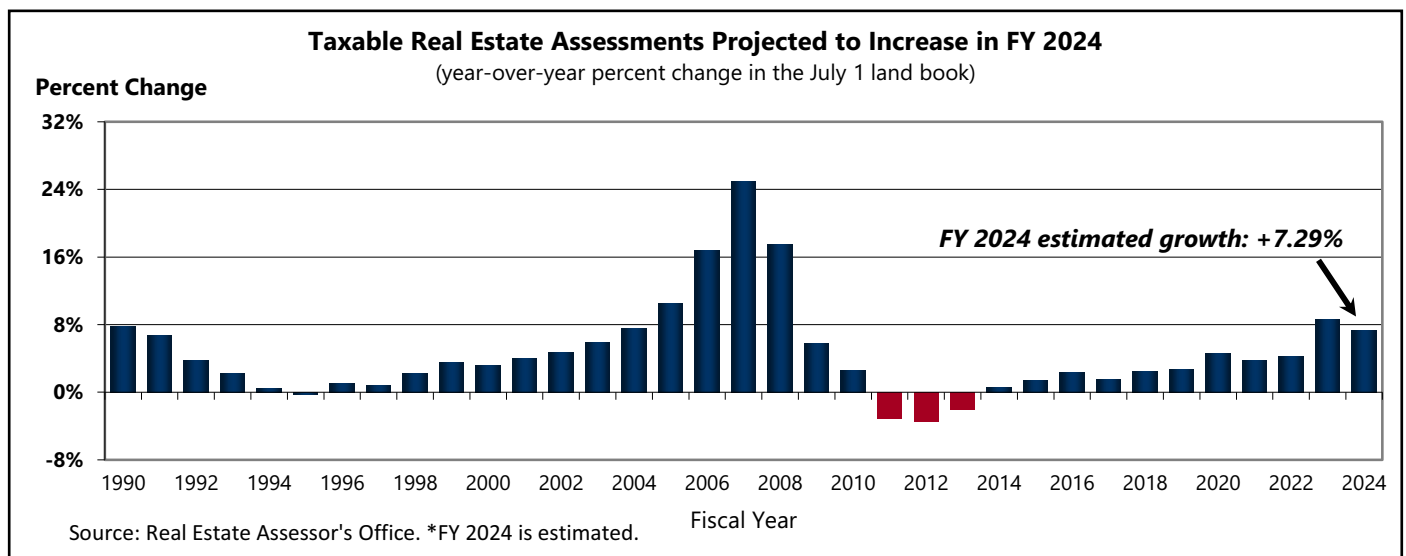
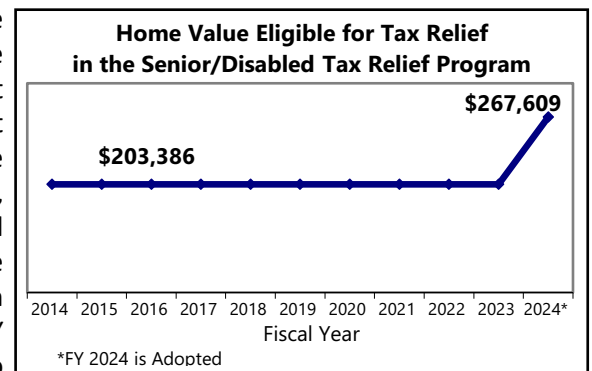
## GENERAL PROPERTY TAXES



General property taxes are levied on the assessed value of real estate and personal property including motor vehicles and machinery and tools. These taxes make up approximately 35.6 percent or \$384 million of the city's FY 2024 General Fund revenues. Real estate tax revenue is the largest component of general property taxes, comprising approximately \$319 million or 29.6 percent of FY 2024 General Fund revenues. It includes current and delinquent real estate taxes as well as, the tax on public service corporations and the additional \$0.16 per \$100 of assessed value levied on real estate located within the Downtown Improvement District (DID). The estimate for current real estate taxes reflects the real estate tax rate of

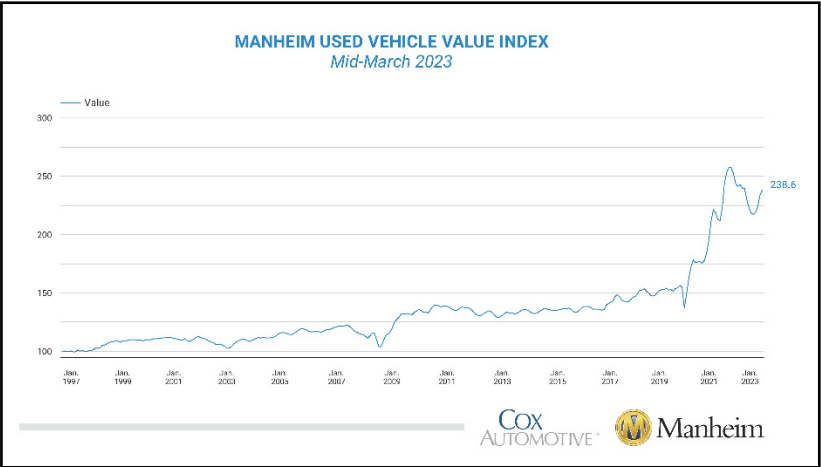
\$1.25 per \$100 of assessed value and setting aside a sum sufficient amount estimated at approximately \$5.5 million for real estate tax relief to qualifying senior and disabled homeowners and to state mandated disabled veterans and surviving spouses of the armed forces killed in action. This year's Operating Budget includes funding to increase the exemption level for senior and disabled homeowners from \$203,386 to \$267,609 and to allow for automatic adjustments to the average city home value going forward.

The current real estate tax revenue estimate also reflects the Office of the Real Estate Assessor's estimate of the overall taxable assessments in the land book on July 1, 2023. The most recent update from the Office of the Real Estate Assessor indicated that overall taxable assessments on July 1, 2023 are projected to be approximately 7.29 percent above the land book value on July 1, 2022. This would be the eleventh consecutive year of growth and the second highest growth since FY 2008. In comparison, over the past ten years, taxable real estate assessments have increased at an average annual rate of 3.3 percent. The projected increase in FY 2024 continues to be largely from residential assessments due to the robust housing market. On the other hand, general commercial assessments are anticipated to decline by 0.47 percent largely due to the decline in MacArthur Mall value. It is also important to note that due to the significant property owned by federal, state, and local governments, and religious and secular organizations in Norfolk, approximately 35 percent of the city's real estate assessed value is tax exempt. This would be equivalent to a potential

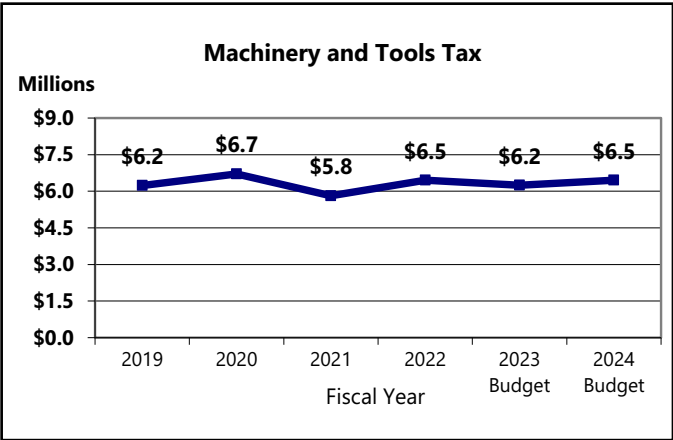


revenue loss of approximately \$166 million based on the FY 2023 assessed value and the current real estate tax rate of \$1.25 per \$100 of assessed value.

The second largest component of general property taxes is the personal property tax, which is levied on tangible personal property, that includes motor vehicles, boats, aircraft, business furnishings, and office equipment. Household goods and personal effects are exempt from taxation. Personal property taxes in total include current and delinquent collections, refunds, and taxes from public service corporations. In FY 2024, these comprise approximately 5.4 percent or \$58 million of General Fund revenues. Personal property taxes are estimated to be approximately 7.6 percent above the FY 2023 budget . The increase reflects the value of motor vehicles not declining as quickly as anticipated in FY 2023 from FY 2022. As a result, revenues are anticipated to be above budget in FY 2023.



The FY 2024 budget assumes no change in the general tax rate on personal property at \$4.33 per \$100 of assessed value. The estimate is also based on the state car tax relief at 55 percent (55%) rate for FY 2024 (tax bills due June 5, 2024). The 55 percent relief rate is anticipated to fully exhaust relief funds provided to the city by the Commonwealth under the Personal Property Tax Relief Act. This means that qualifying vehicles with an assessed value of more than \$1,000 will receive a 55 percent (55%) tax relief rate on the vehicle’s first \$20,000 of assessed value. Qualifying vehicles with an assessed value of \$1,000 or less will receive 100 percent (100%) tax relief rate. Prior to FY 2006, qualifying vehicles with an assessed value of more than \$1,000 were reimbursed for 70 percent of the total property tax eligible for relief. State legislation passed in 2004 capped car tax relief funds statewide at \$950 million beginning in FY 2006. Consequently, each locality in the state now receives a fixed share of the \$950 million of statewide personal property tax relief funds per state code. Each locality’s share was determined based on the proportional share of actual personal property tax relief payments received in tax year 2005, as certified by the Virginia Auditor of Public Accounts, of which, Norfolk’s share is \$16,871,056.



The machinery and tools tax is the third largest component of general property taxes. In FY 2024, the tax makes up approximately 0.6 percent or \$6.5 million of General Fund revenues. The tax is levied on machinery and tools used in manufacturing, mining, radio and television broadcasting, cable television, dry cleaning or laundry businesses at a rate of \$4.25 per \$100 of assessed value. That tax rate is eight cents below the tax rate on general personal property of \$4.33 per \$100 of assessed value. Machinery and tools tax revenue is expected to remain stable in FY 2024. It is important to note that there have been several attempts by state legislators to curtail or eliminate localities’ taxing authority over this source.



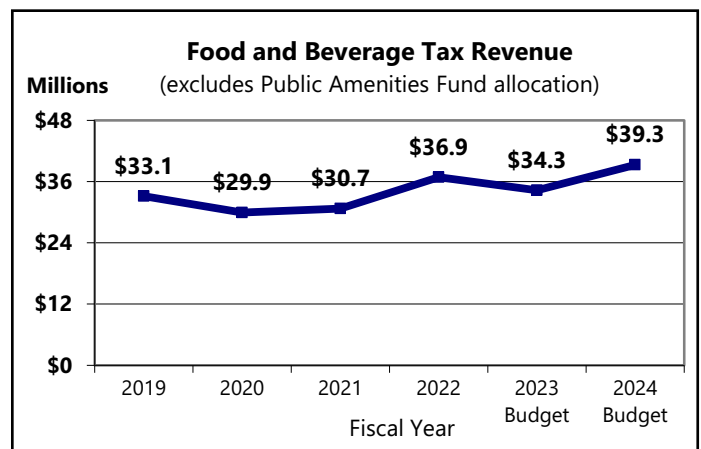
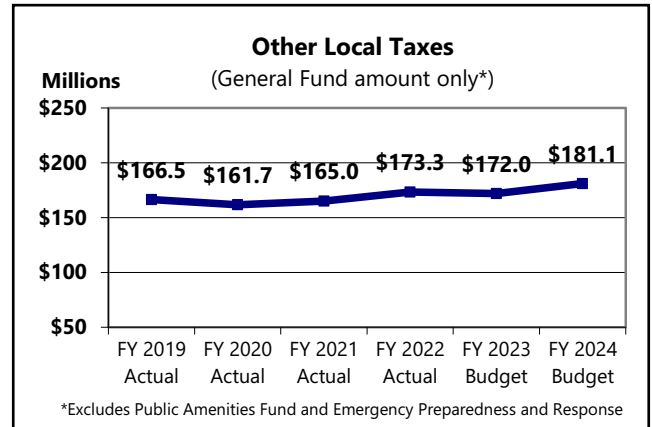
## OTHER LOCAL TAXES

Other local taxes are comprised of consumer and business-based taxes, including taxes on utilities (water, gas, electricity, and communications), sales, hotel, restaurant/meals, admissions, and cigarettes, as well as franchise, business license, and recordation taxes. Historically, the revenue category are sensitive to changes in economic conditions and was impacted by the economic effects of COVID-19. It declined in FY 2020 but rose back to the pre-pandemic level in FY 2022 with the growth in sales tax and recovery of food and beverage and hotel taxes. Other local taxes are projected to comprise approximately 16.8 percent or \$181 million of General Fund revenues in FY 2024 and are 5.3 percent above the FY 2023 budget. Other local taxes include consumption-

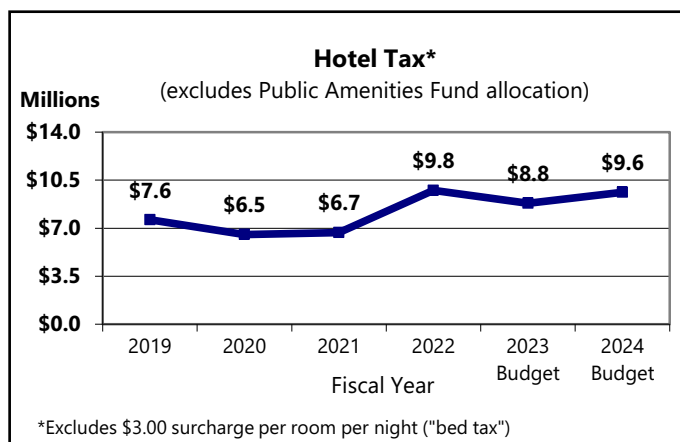
based taxes, which have now recovered and have risen back to pre-pandemic levels. Citywide (all funds), other local taxes make up approximately 13.4 percent or \$193.2 million of the operating budget in FY 2024 and are approximately 5.5 percent above the FY 2023 budget. The citywide amount includes the Public Amenities Fund portion of the hotel and food and beverage taxes and Emergency Preparedness and Response portion of the telecommunications sales and use tax. Also, the adopted budget reflects the ordinance adopted by the City Council on April 25, 2023 to continue the temporary exemption of certain motor vehicles from the city's motor vehicle license fee that would otherwise have been assessed from calendar year 2022 through calendar year 2023.

The sales and use tax makes up approximately 4.1 percent or \$44.8 million of the city's General Fund revenue in FY 2024 which is approximately 3.9 percent above the FY 2023 budget. Unlike the other consumption-based taxes, sales and use tax did not decline during the pandemic, and continues to grow. The sales and use tax is levied on selling, distribution, leasing, or renting of tangible personal property, use or consumption of tangible personal property, as well as taxable services in Virginia. Revenue from this source has historically been sensitive to the state of the economy, household income, and underlying price level changes. Changes in the local retail activity (such as new businesses, expansions, closures, and job changes) and in the local economy impact the projection of this revenue source. Also, much of the growth in FY 2020 and FY 2021 was largely due to Wayfair-related legislation. Since July 1, 2019, sales tax requirements have been in place for remote sellers and marketplace facilitators that have an economic nexus in Virginia. Under the law enacted during the 2019 session of the General Assembly, a remote seller or marketplace facilitator who meet the economic nexus standards of selling or facilitating the sale of more than \$100,000 in annual gross retail sales or 200 or more transactions to Virginia customers began collecting sales tax on July 1, 2019. Prior to the law, mainly businesses with a physical presence in Virginia were required to collect the state's sales and use tax. Adjustments made by the Virginia Department of Taxation for overpayments and underpayments of the tax by businesses also affect sales and use tax collections.

Taxes are collected on prepared food and beverages. The tax rate is 6.5 percent of the value of the meal. One percentage point is allocated to the Public Amenities Fund, and 5.5 percentage points is allocated to the General Fund. The revenue generated by 1.0 percentage point of the tax rate for the Public Amenities Fund is estimated to be approximately \$7.1 million in FY 2024, and the revenue generated from the 5.5 percentage points of the tax rate allocated to the General Fund is estimated to be approximately \$39.3 million or 3.6 percent of General Fund revenues in FY 2024. The FY 2024 estimate is approximately 14.4 percent above the FY 2023 budget, which reflects the continued recovery from the



pandemic and has risen above its pre-pandemic level. The recovery has been faster than anticipated. As a result, FY 2023 revenues are outpacing the budget.



Hotel taxes are levied on occupied hotel rooms at the rate of 8.0 percent of the room charge. Similar to the food and beverage tax, 1.0 percentage point is allocated to the Public Amenities Fund and 7.0 percentage points is allocated to the General Fund. The 8.0 percent tax rate does not include the 1.0 percent tax imposed by the General Assembly for the regional transportation district. The revenue generated by the 1.0 percentage point of the tax for the Public Amenities Fund is estimated to be approximately \$1.4 million in FY 2024, and the revenue generated from the 7.0 percentage points allocated to the General Fund is estimated to be approximately \$9.6 million or 0.9 percent of General Fund revenues in FY 2024. The FY 2024 estimate

is 9.2 percent above the FY 2023 budget, which reflects the continued recovery from the pandemic and has risen above its pre-pandemic level.

The hotel tax estimate does not include the \$3.00 surcharge per room night ("bed tax"), estimated to generate approximately \$3.4 million in FY 2024. The bed tax was enacted on April 1, 2006 at the rate of \$1.00 per room night with support from the Norfolk Hotel-Motel Association and the revenue designated for Norfolk Convention and Visitor's Bureau (Visit Norfolk) for visitor promotion and advertising for conventions and tourism. In FY 2012, the bed tax was raised to \$2.00 per room night with the additional \$1.00 revenue designated for the Norfolk Consortium (see Outside Agencies section). In FY 2019, the bed tax was raised to \$3.00 per room night (current rate) to offset budget reductions to Outside Agencies (see Outside Agencies section).

Business license taxes are collected from entities that engage in a business, trade, profession, or occupation in the city. It is generally imposed as a percentage of gross receipts generated during the previous calendar year. It is also applied to individuals that maintain a place of business, either permanent or temporary, or conduct a business-related activity. Business license tax rates vary depending on business classification and gross receipts generated. Norfolk's rates are at the state maximum allowed for the main business classifications. Revenue collections in recent years have been reduced by refunds of overpayments. In FY 2022, the city recorded over \$5 million in business license tax refund liability. Business license taxes makes up approximately 3.0 percent or \$32.1 million of General Fund revenues in FY 2024.

Consumer utility taxes on water, gas, electricity, and the communications sales and use tax combined, make up approximately 3.0 percent or \$32.3 million of the city's General Fund revenue in FY 2024. The consumer utility tax is levied on the purchase of utility service including water, gas, and electricity. Monthly receipts are monitored and used as a basis for estimating the revenue yield, taking seasonal variations into consideration. The consumer utility tax on telephones, cell phones, and cable TV was abolished and replaced by a statewide uniform communications sales and use tax on January 1, 2007. The Emergency 911 (E-911) tax on telephones was also replaced by a statewide uniform \$0.75 tax per phone at the same time. The E-911 tax is distributed to the city together with the communications sales and use tax in one lump sum. Consequently, a portion of the city's communications sales and use tax is allocated to directly support emergency communications (E-911) in the Emergency Preparedness and Response Special Revenue Fund (approximately \$3.6 million). The FY 2024 estimate is 0.6 percent below the FY 2023 budget, largely due to the communications sales and use tax. The General Fund portion of the communications sales and use tax is estimated to be approximately \$11.1 million in FY 2024 which is approximately 3.9 percent below the FY 2023 budget. Since the inception of the tax, revenue has fluctuated due to adjustments for overpayments and underpayments of the tax by telecommunications service providers. Revenue has also been on a downward trend due to changes in technology and lower utilization of communications services subject to the tax such as, landline telephones. State legislation to modernize local taxation authority to reflect technological changes in communication services were proposed during the 2018 General Assembly Session but were not enacted.



## PERMITS AND FEES

Permits are issued to regulate new construction and ensure public safety. Revenues from this source are comprised of fees for permits, licenses, and other privileges subject to city regulation. The revenues partially cover the expense of providing regulatory services such as, zoning inspections, building code inspections, plan review, right-of-way permitting, and fire inspections in the city. Revenue from this source has generally fluctuated based upon the level of building construction activity in the city and large commercial projects. Permits and regulatory fees are projected to be approximately 0.4 percent or \$4.1 million of General Fund revenues in FY 2024 and is approximately 2.6 percent above the FY 2023 budget.

## FINES AND FORFEITURES

Fines and forfeitures in the General Fund largely consist of revenues received from the courts as fines and forfeitures for violations of city ordinances. In FY 2023, fines and forfeitures provide approximately 0.1 percent or \$1.5 million of General Fund revenues. The FY 2024 budget is approximately 12 percent or \$119,000 above the FY 2023 budget. Citywide, fines and forfeitures total approximately \$4.2 million of revenues from all operating funds in FY 2024. The majority of the revenues from this source citywide are generated from fines for parking citations which support the operations of the Parking Facilities Fund (nongeneral fund).

## USE OF MONEY AND PROPERTY

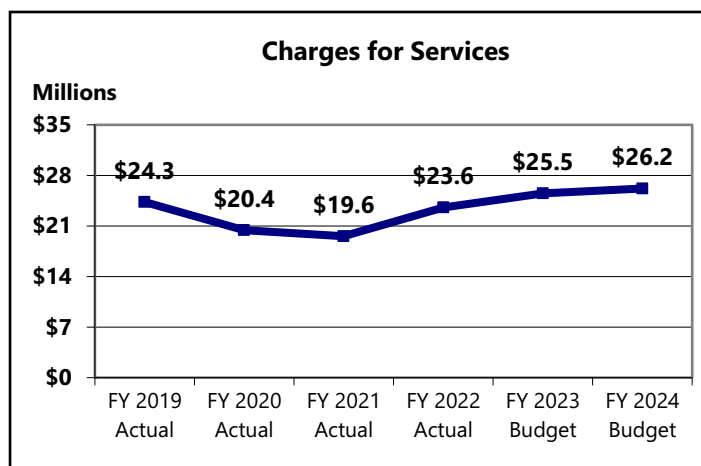
Revenue from use of money and property is comprised primarily of interest earned on cash balances, rent from short-term and long-term property leases, income from cultural facilities venues, and prudent management of city assets. In FY 2024, revenue from this source makes up approximately 1.3 percent or \$13.6 million of General Fund revenues. The FY 2024 budget is approximately 50 percent or \$4.6 million above the FY 2023 budget. The growth largely reflects the positive impact of rising interest rates on the city's interest from investments.

## CHARGES FOR SERVICES

Charges for services include fees charged for various programs and services such as, recreation centers, Virginia Zoo, courts (judiciary), paramedical rescue, Norfolk Public School activities, Norfolk Community Services Board (NCSB), cruise ship terminal, and Nauticus.

Charges for services make up approximately 2.4 percent or \$26.2 million of FY 2024 General Fund revenues. The FY 2024 budget is 2.7 percent above the FY 2023 budget which reflects increased utilization of city facilities such as, the cruise ship terminal, Nauticus, and recreation centers anticipated in FY 2023. Charges for services continues to recover and has risen above its pre-pandemic level.

Citywide, most of the revenue from this source are charges for services by nongeneral funds. Charges for services citywide make up approximately \$354 million of operating budget, over ten times the amount in the General Fund alone. Nongeneral fund charges are mostly from user fees for utilities (water and wastewater services), parking facilities, storm water management, and refuse disposal. The rates for these user fees are set to ensure operations are fully supported by the fees collected.



This year's proposed Operating Budget includes an increase in Cemeteries, Storm Water, Parking, and Waste Management fees in addition to the automatic fee increases in Water, Wastewater, and Storm Water. See Selected Tax Rates and Fees and Proposed Fee Changes section for changes in the rates for nongeneral fund charges for services in FY 2024.

## MISCELLANEOUS REVENUE

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Miscellaneous revenue consists of revenues not classified in other categories and includes revenue from payments in lieu of taxes (PILOT), fee for services provided to the U.S. Navy's housing public-private venture, administrative fees, and proceeds from the sale of city-owned land. In FY 2024, the city is estimating to receive approximately \$8.7 million, which represents 0.8 percent of FY 2024 General Fund revenues. The FY 2024 budget includes estimated proceeds from the auction of city-owned vacant property that began in Spring 2022.

## RECOVERED COSTS

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Recovered costs consist of revenue from nongeneral funds, partner agencies, and the public for certain expenses, such as indirect costs, employee compensation, debt service, and communications and information technology services. Recovered costs make up approximately 1.0 percent or \$11.1 million of FY 2024 General Fund revenues. The FY 2024 budget is approximately 8.4 percent (\$1.0 million) below the FY 2023 budget. The decrease in the FY 2024 budget from FY 2023 is largely due to the distribution and allocation of indirect costs to nongeneral fund departments.

## REVENUE FROM THE COMMONWEALTH

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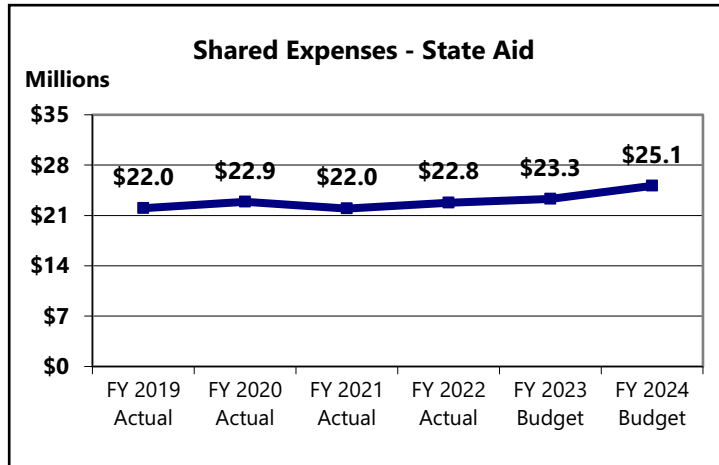
Revenue from the Commonwealth totals approximately \$384 million or 35.6 percent of FY 2024 General Fund revenues and is 4.3 percent above the FY 2023 budget. Revenue from the Commonwealth is divided into three categories which are discussed below: Non-categorical aid (\$39.4 million), Shared expenses (\$25.1 million), and Categorical aid (\$320.0 million). Estimates are based upon the funding approved by the 2022 Special Session I and the 2023 Session of the General Assembly as of February 25, 2023. If the state amends the budget at a later date, the city may amend its budget to reflect additional revenue resulting from state amendments.

## NON-CATEGORICAL AID - VIRGINIA

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Non-categorical aid consists of revenue from the Commonwealth without restriction as to use. Non-categorical aid is estimated to be 3.6 percent or \$39.4 million of General Fund revenues and is approximately 1.8 percent above the FY 2023 budget. The increase is largely from the estimate for state aid for HB 599 funds for law enforcement based upon the funding approved by the 2022 Special Session I and the 2023 Session of the General Assembly as of February 25, 2023. The increase was partly offset by the delay in the opening of a temporary gambling facility affiliated with the casino project. The temporary gambling facility had been anticipated to open in the beginning of the 2023 calendar year.

## SHARED EXPENSES



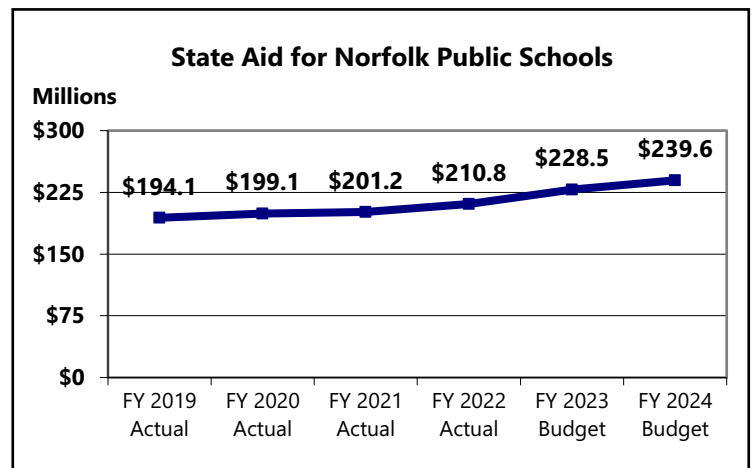
Shared expenses consist of recovered costs from the Commonwealth for a portion of the state-supported salaries and benefits, and qualifying nonpersonnel expenses of constitutional offices and other offices serving the Norfolk community, including the Norfolk Electoral Board, Sheriff, City Treasurer, Commissioner of the Revenue, Clerk of the Circuit Court, and Commonwealth's Attorney. Shared expenses make up approximately 2.3 percent or \$25.1 million of FY 2024 General Fund revenues. The FY 2024 amount is approximately 2.4 percent above the FY 2023 budget. The increase largely reflects the five percent state salary increase of state-supported constitutional officers and staff, along with the registrar and electoral

board members based upon the funding approved by the 2022 Special Session I and the 2023 Session of the General Assembly as of February 25, 2023. The General Assembly passed a "lite" version of the state budget which only included a 5 percent increase for constitutional employees. If the state amends this budget to include a higher increase for Sheriff Deputies as has been discussed, we will work with the Sheriff to adjust their pay increase appropriately and reflect the increased revenue from the state.

## STATE CATEGORICAL AID

Categorical aid from the Commonwealth consists mainly of revenues earmarked for core services including, K-12 education, social services administration and public assistance grants, Norfolk Community Services Board (NCSB), libraries, Virginia Department of Transportation (VDOT) funding for street maintenance and localities that host port-owned facilities, and local adult correctional facility. State categorical aid makes up approximately 29.7 percent or \$320.0 million of General Fund revenues in FY 2024 which is approximately 4.5 percent above the FY 2023 budget. The increase is largely for Norfolk Public Schools (\$12.0 million), street maintenance and human services.

Of the \$320.0 million of state categorical aid estimated to be received in FY 2024, most of the revenue is earmarked for Norfolk Public Schools, approximately \$239.6 million of the \$320.0 million. Categorical aid for Norfolk Public Schools includes the state sales and use tax and state school funds. State sales and use tax for schools is the revenue from the city's proportionate share of the state sales and use tax designated for public education. Since July 1, 2012, the city's share of the state sales and use tax is based on the population estimate provided by the Weldon Cooper Center for Public Service at the University of Virginia. In addition, in FY 2014, state sales and use tax dedicated to public education



increased to 1½ cent as part of the statewide transportation bill. Prior to FY 2014, 1¼ cent of the state sales and use tax was dedicated to public education, which reflected the change in FY 2005 when half of the one-half cent sales and use tax increase adopted by the General Assembly was earmarked for local school divisions and real estate tax relief. Half of that quarter percent is distributed in the manner discussed above. The other half of the quarter percent goes to support the Standards of Quality (SOQ), which is included in state school funds. State school funds support school operational costs. The rate of reimbursements is based on the SOQ formula with reimbursement rates varying by program and area of emphasis. Changes in enrollment figures affect this revenue source. Localities are required to

match the state contribution based on a composite index. Norfolk continues to provide more than its required share of local effort.

Categorical aid also includes the state reimbursement for the cost of operating the Department of Human Services and Norfolk Community Services Board, estimated to be approximately \$39.9 million and \$9.5 million, respectively. State aid is tied to operating costs that include the cost of personnel, fringe benefits, nonpersonal services, and rent for buildings and parking. The reimbursement rate of the overall costs varies by program.

The jail per diem estimate is approximately \$1.6 million in FY 2024 with no changes anticipated in the jail per diem rates based on the estimate provided by the Virginia Compensation Board. Since the 2016-2018 biennium, the amount appropriated by the Commonwealth has been based on the expected cost of jail per diems. In prior years, the General Assembly did not appropriate the full estimated statewide cost for jail per diems and the funding shortfall was addressed in the mid-biennium or caboose budget. However, if the appropriation falls short due to statewide inmate population being higher than anticipated, the Compensation Board will prorate the amounts distributed to local jails. The last time jail per diem rates were changed was during the 2010 session of the General Assembly. Since March 1, 2010, per diem payments for local responsible inmates in local or regional jails was reduced to \$4.00 per day from \$8.00 per day, while the per diem payments for state inmates housed in local jails was changed to \$12.00 per day from \$8.00 or \$14.00 per day (reflecting the \$6.00 bonus payment for certain state inmates). Payment for jail contract beds fell to \$8.00 per day from \$14.00 per day. These changes in the per diem rates resulted in approximately a \$2.0 million decline in jail per diem funding to the city. Effective July 1, 2022, the per diem payment for state inmates housed in local jails was changed to \$15.00 per day from \$12.00 per day.

Categorical aid also includes funds received from the Virginia Department of Transportation (VDOT) for street construction and maintenance and support for localities that host Virginia Port Authority owned real estate, estimated in total to be approximately \$28.7 million in FY 2023. The funds for street construction and maintenance are received from VDOT to maintain the city's principal and minor arterials, collector roads, and local streets based on moving lane miles. The revenue allocated to the city is based on a statewide maintenance index of the unit costs used on roads and bridges. Changes in the index are used to calculate and implement annual per-land-mile rates. The rates fluctuate on index changes and number of miles assessed. These funds offset qualifying operating costs recorded in the city's budget.

## FEDERAL AID

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Aid from the federal government primarily includes funds for Norfolk Public Schools and Norfolk Community Services Board. Federal aid totals approximately \$8.6 million or 0.8 percent of General Fund revenues in FY 2024 and is 2.3 percent (\$195,000) above the FY 2023 budget.

## OTHER SOURCES AND TRANSFERS IN

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Revenue from other sources and transfers in consist of intra-governmental transfers and carry forward funds. It totals approximately \$55.7 million or 5.2 percent of General Fund revenues in FY 2024, which is an increase of approximately \$12.5 million from the FY 2023 budget. In FY 2024, other sources and transfers in includes transfers in of \$20.5 million from nongeneral funds such as: Utilities (\$10 million); Tax Increment Financing Fund (\$7.0 million) which consists of the annual transfer of excess revenue; and Public Amenities Fund (\$3.5 million) to support the Norfolk Consortium. See Outside Agencies section of the budget document for details on the Norfolk Consortium. The remaining amount of approximately \$35.2 million consists of: carryforward of prior year budget savings from transitioning eligible expenses to the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) grant (\$13.3 million); carryforward of prior year savings by the Norfolk Community Services Board (\$2.0 million); carryforward of the Department of Public Health's FY 2022 year-end settlement (\$471,000); and carryforward of prior year savings and anticipated current year savings (\$19.4 million).

# APPROPRIATIONS

Department	FY 2024 Adopted
<b>GENERAL FUND</b>	
<b>LEGISLATIVE</b>	
City Auditor	1,214,892
City Clerk	1,932,740
City Council	395,607
City Real Estate Assessor	2,835,235
<b>Total Legislative</b>	<b>6,378,474</b>
<b>EXECUTIVE</b>	
Budget and Strategic Planning	3,562,058
City Manager	4,293,548
Communications & Marketing	2,572,850
Diversity, Equity, and Inclusion	1,393,649
Housing and Community Development	6,341,473
Resilience	1,158,302
<b>Total Executive</b>	<b>19,321,880</b>
<b>DEPARTMENT OF LAW</b>	<b>5,963,932</b>
<b>CONSTITUTIONAL OFFICERS</b>	
City Treasurer	3,098,885
Clerk of the Circuit Court	3,470,939
Commissioner of the Revenue	3,483,443
Commonwealth's Attorney	7,085,084
Sheriff and Jail	45,655,414
<b>Total Constitutional Officers</b>	<b>62,793,765</b>
<b>JUDICIAL</b>	
Circuit Court Judges	958,303
General District Court	260,761
Juvenile and Domestic Relations Court	81,833
Magistrate	12,248
Norfolk Juvenile Court Service Unit	209,594
<b>Total Judicial</b>	<b>1,522,739</b>
<b>ELECTIONS</b>	<b>1,179,525</b>
<b>GENERAL MANAGEMENT</b>	
Finance	8,283,788

<b>Department</b>	<b>FY 2024 Adopted</b>
General Services	31,269,174
Human Resources	5,043,080
Information Technology	21,243,061
<b>Total General Management</b>	<b>65,839,103</b>
<b>COMMUNITY DEVELOPMENT</b>	
City Planning	6,416,205
Economic Development	3,375,939
Neighborhood Development	6,935,607
<b>Total Community Development</b>	<b>16,727,751</b>
<b>PARKS, RECREATION AND CULTURE</b>	
Cultural Facilities, Arts and Entertainment	6,865,561
Libraries	10,981,220
Nauticus	4,776,144
Parks and Recreation	21,962,524
Slover Library	2,971,111
Virginia Zoological Park	5,042,106
<b>Total Parks, Recreation and Culture</b>	<b>52,598,666</b>
<b>PUBLIC HEALTH AND ASSISTANCE</b>	
Human Services	55,770,320
Norfolk Community Services Board	31,348,922
Public Health	3,400,665
<b>Total Public Health and Assistance</b>	<b>90,519,907</b>
<b>PUBLIC SAFETY</b>	
Fire-Rescue	58,844,372
Police	83,392,494
<b>Total Public Safety</b>	<b>142,236,866</b>
<b>PUBLIC WORKS</b>	<b>22,188,536</b>
<b>TRANSPORTATION</b>	<b>12,119,902</b>
<b>CENTRAL AND OUTSIDE AGENCY APPROPRIATIONS</b>	
Central Appropriations	23,132,668
Outside Agencies	50,780,898
<b>Total Central and Outside Agency Appropriations</b>	<b>73,913,566</b>
<b>DEBT SERVICE</b>	<b>101,365,244</b>
<b>PUBLIC SCHOOL EDUCATION (Norfolk Public Schools)</b>	<b>404,575,172</b>
<b>Total General Fund</b>	<b>1,079,245,028</b>

<b>Department</b>	<b>FY 2024 Adopted</b>
<b>SPECIAL REVENUE FUNDS</b>	
Cemeteries	2,220,050
Emergency Preparedness And Response	7,023,383
Golf Operations	15,000
Public Amenities	8,651,000
Tax Increment Financing	8,536,000
Towing and Recovery Operations	1,813,787
Waste Management	23,756,993
<b>Total Special Revenue Funds</b>	<b>52,016,213</b>
<b>ENTERPRISE FUNDS</b>	
Parking Facilities	21,318,487
Storm Water Management	23,721,854
Utilities - Wastewater	37,444,240
Utilities - Water	107,496,257
<b>Total Enterprise Funds</b>	<b>189,980,838</b>
<b>INTERNAL SERVICE FUNDS</b>	
Fleet Management	12,914,995
Healthcare	105,700,538
<b>Total Internal Service Funds</b>	<b>118,615,533</b>
<b>TOTAL CITY OPERATIONS</b>	<b>1,439,857,612</b>
<b>CAPITAL IMPROVEMENT PLAN</b>	<b>395,613,169</b>
<b>ANNUAL GRANTS PLAN<sup>1</sup></b>	<b>86,498,241</b>
<b>ANNUAL PLAN</b>	<b>7,054,048</b>
<b>TOTAL APPROPRIATIONS</b>	<b>1,929,023,070</b>

<sup>1</sup>The amount reflects the “up to” amount appropriated by the operating budget ordinance. The actual grant award will vary annually.

Note: Numbers may not add to total/subtotal due to rounding.

# SELECTED TAX RATES AND FEES

Description	FY 2023 Adopted	FY 2024 Adopted
<b>PROPERTY TAXES</b>		
<b>Real Estate</b> (General Tax)	\$1.25/\$100 Assessed Value	\$1.25/\$100 Assessed Value
<b>Real Estate</b> (Downtown Improvement District)	\$1.41/\$100 Assessed Value	\$1.41/\$100 Assessed Value
<b>Personal Property</b>		
Airplane	\$2.40/\$100 Assessed Value	\$2.40/\$100 Assessed Value
Motor Vehicle	\$4.33/\$100 Assessed Value	\$4.33/\$100 Assessed Value
Recreational Vehicle	\$1.50/\$100 Assessed Value	\$1.50/\$100 Assessed Value
Business Furniture, Fixtures, and Equipment	\$4.33/\$100 Assessed Value	\$4.33/\$100 Assessed Value
Watercraft - Business	\$1.50/\$100 Assessed Value	\$1.50/\$100 Assessed Value
Watercraft - Recreational	\$0.000001/\$100 Assessed Value	\$0.000001/\$100 Assessed Value
<b>Machinery &amp; Tools</b>	\$4.25/\$100 Assessed Value	\$4.25/\$100 Assessed Value
<b>OTHER LOCAL TAXES</b>		
<b>Amusement and Admissions</b>	10%	10%
<b>Cigarette</b>	95 cents/pack of 20 cigarettes (47.5 mils/cigarette)	95 cents/pack of 20 cigarettes (47.5 mils/cigarette)
<b>Emergency 911 (Landline)</b>	Replaced by the statewide E-911 tax rate of \$0.75/line/month	Replaced by the statewide E-911 tax rate of \$0.75/line/month
<b>Hotel/Motel Lodging</b>	8%	8%
<b>Bed Tax</b>	\$3.00 per room night	\$3.00 per room night
<b>Food and Beverage</b>	6.5%	6.5%
<b>Recreational Boat License:</b>		
Boats under 16 feet in length	\$15.00	\$15.00
Boats 16 feet and over in length	\$40.00	\$40.00
<b>Motor Vehicle License:</b>		
Small Trailers (<2,000 pounds)	\$11.50	\$11.50
Motorcycles	\$20.00	\$20.00
Cars and Small Trucks	\$31.00	\$31.00
Mid-Size Trucks/Vans (>4,000 pounds)	\$36.00	\$36.00
Large Vehicles (over 19,000 pounds)	\$1.60-\$1.80/1,000 pounds of gross weight (additional \$5 flat fee)	\$1.60-\$1.80/1,000 pounds of gross weight (additional \$5 flat fee)



Description	FY 2023 Adopted	FY 2024 Adopted
<b>REFUSE DISPOSAL</b>		
<b>Residential</b>		
Single or Multiple Units (four units or less)	<b>\$27.01/unit/month</b>	<b>\$28.51/unit/month</b>
Multiple Units (five units or more)	<b>\$45.94/container/month</b>	<b>\$47.44/container/month</b>
<b>Commercial</b>		
Business 1 times per week	\$61.18/unit/month	\$61.18/unit/month
Business 5 times per week	\$151.64/unit/month	\$151.64/unit/month
Combined Commercial and Residential	\$88.19/unit/month	\$88.19/unit/month
<b>WATER AND WASTEWATER UTILITY FEES</b>		
Water	<b>\$5.87/100 cubic feet</b>	<b>\$6.08/100 cubic feet</b>
Wastewater	<b>\$5.03/100 cubic feet</b>	<b>\$5.23/100 cubic feet</b>
<b>STORM WATER FEES (rate calculated based on a 30-day month)</b>		
Residential	<b>\$13.05/month</b>	<b>\$13.57/month</b>
Commercial	<b>\$13.05/month per 2,000 sq. ft.</b>	<b>\$13.57/month per 2,000 sq. ft.</b>
<b>UTILITY TAXES</b>		
<b>Commercial</b>		
Gas	Rate/month: \$3.225 + \$0.167821/CCF 0-70 CCF + \$0.161552/CCF 71-430 CCF + \$0.15363/CCF on balance (maximum of \$500/month)	Rate/month: \$3.225 + \$0.167821/CCF 0-70 CCF + \$0.161552/CCF 71-430 CCF + \$0.15363/CCF on balance (maximum of \$500/month)
Electricity (Manufacturing)	Rate/month: \$1.38 + \$0.004965/kWh 0-3,625,100 kWhs + \$0.004014/kWh on balance (maximum of \$53,000/month)	Rate/month: \$1.38 + \$0.004965/kWh 0-3,625,100 kWhs + \$0.004014/kWh on balance (maximum of \$53,000/month)
Electricity (Non-Manufacturing)	Rate/month: \$2.87 + \$0.017933/kWh 0-537 kWh + \$0.006330/kWh on balance	Rate/month: \$2.87 + \$0.017933/kWh 0-537 kWh + \$0.006330/kWh on balance
Telephone (Cellular, Landline)	Replaced by the State Communications Sales & Use Tax 5% of sales price of services	Replaced by the State Communications Sales & Use Tax 5% of sales price of services
Water	25% on first \$75, plus 15% of bill in excess of \$75	25% on first \$75, plus 15% of bill in excess of \$75
<b>Residential</b>		
Cable and Satellite Service Telephone (Cellular, Landline)	Replaced by the State Communications Sales & Use Tax	Replaced by the State Communications Sales & Use Tax
Electricity	\$1.75 + \$0.016891/kWh monthly (capped at \$3.75/month)	\$1.75 + \$0.016891/kWh monthly (capped at \$3.75/month)
Gas	\$1.50/month	\$1.50/month
Water (5/8" Meter)	25% on first \$22.50/month	25% on first \$22.50/month

# GENERAL FUND BALANCE RESERVES

The establishment and maintenance of general operating reserves is considered one of the most effective management practices a local government can employ. The purpose of a reserve is to act as the city's "savings" account to meet emergency, unanticipated needs without jeopardizing the ongoing provision of city services. Reserves help to cushion against cash flow challenges such as providing an interim source of funding for emergency costs from a significantly large unexpected expenses such as a hurricane. The appropriate size of reserves depends on variability of revenues and expenditures and an organization's cash flow needs.

The City Council adopted a resolution on May 16, 2000 to create reserve funds. On July 23, 2013, City Council adopted a resolution that updated the policies on reserve funds establishing reserve target levels, formalized the city's long-standing self-imposed debt affordability measures, and established financial policies for the Parking Facilities Fund. City Council's resolution passed on February 26, 2019, updated the city's policies on reserves, debt affordability, and surplus funds utilization, and adopted new financial policies on pension funding and enterprise fund financial management. On May 11, 2021, City Council passed a resolution updating the Pension Funding Policy to allow for the positive impacts garnered from the sale of debt to refinance a portion of the city's pension liability. The update also provides a framework of when the city's existing reserves will be utilized. The city's Reserve Policy documents the city's approach to establishing and maintaining strong reserves across the spectrum of city operations. The city's financial policies demonstrate its commitment to consistent financial practices, operational efficiencies and best practices. Sound financial management practices contribute to maintaining high city credit ratings and lower borrowing costs for capital projects, preserve fiscal integrity, and promote long-term fiscal sustainability. The Financial Policies section provides more detail on the policies.

## General Fund Balance Reserves

Reserve	FY 2022 Estimate	FY 2022 Minimum	FY 2022 Maximum	FY 2023 Projection
<b>General Fund Unassigned Reserve<sup>1</sup></b>	\$66,085,337	\$62,298,236	N/A	\$66,085,337
<b>Risk Management Reserve</b>	\$8,000,000	\$5,000,000	\$8,000,000	\$8,000,000
<b>Economic Downturn Reserve</b>	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
<b>Inclusive Development Opportunity Fund</b>	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>General Fund Balance Reserves at June 30<sup>2</sup></b>	<b>\$81,085,337</b>			<b>\$81,085,337</b>

<sup>1</sup>The amounts are in accordance with the most recent financial policies adopted by City Council. The FY 2022 General Fund unassigned reserve policy minimum is equal to ten percent (10%) of General Fund expenditures, plus General Fund transfers out as of June 30, 2022. The FY 2022 Estimate and FY 2023 Projection are equal to the FY 2020 policy minimum and assumes no change from the FY 2020 General Fund Unassigned Reserve amount.

<sup>2</sup>The amounts above exclude reserves for encumbrances and other legally restricted reserves and designations for specific appropriations.

# ESTIMATED GENERAL FUND - FUND BALANCE

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## Beginning General Fund - Fund Balance, July 1, 2022\*

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**\$329,784,361**

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### Add Revenues\*\*

Revenues (excluding transfers)	\$965,115,156
Return from water and wastewater utility funds	10,000,000
Return from tax increment financing fund	5,700,700
Return from Norfolk Public Schools (reversion funds)	2,556,191
Public amenities fund support for Norfolk Consortium	3,500,000

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**Total Fund Balance and Revenues****\$1,316,656,408**

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### Less: Anticipated Expenditures\*\*

Norfolk Public Schools operating budget	\$385,180,630
Public safety	133,452,386
Public health and assistance	84,576,523
Other city departments	\$241,295,501
Central appropriations and outside agencies	76,153,863
Debt service	87,696,721

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\*Amount reported in the FY 2022 Annual Comprehensive Financial Report

\*\*Based on FY 2023 Adopted Budget

# SUMMARY OF CHANGES IN FUND BALANCE

## General Fund

	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted
<b>Operating Revenues</b>			
General property taxes	345,879,422	355,118,800	384,369,200
Other local taxes	173,337,193	171,966,025	181,084,500
Permits and fees	3,883,494	3,965,900	4,068,000
Fines and forfeitures	1,353,222	1,340,000	1,505,000
Charges for services	23,580,895	25,491,731	26,172,740
Miscellaneous	10,889,955	9,227,966	8,669,610
Recovered costs	11,179,703	12,058,130	10,997,183
Commonwealth	344,523,010	368,512,728	384,441,742
Federal	9,763,200	8,420,256	8,615,256
<b>Total Operating Revenues</b>	<b>924,390,094</b>	<b>956,101,536</b>	<b>1,009,923,231</b>
<b>Operating Expenses</b>			
Personnel services	254,231,004	333,017,455	360,628,052
Contractual services	50,097,896	59,692,587	67,015,429
Materials, supplies and repairs	36,584,919	42,667,443	47,871,070
Department specific appropriation	405,876,096	460,111,179	475,790,032
Public assistance	13,450,940	15,439,553	15,557,208
<b>Total Operating Expenses</b>	<b>760,240,855</b>	<b>910,928,217</b>	<b>966,861,791</b>
<b>Operating Income (Loss)</b>	<b>164,149,239</b>	<b>45,173,319</b>	<b>43,061,440</b>
<b>Non-Operating Revenues (Expenses)</b>			
Use of money and property	7,995,023	9,013,620	13,603,434
Capital outlay	(9,632,571)	(6,972,755)	(7,452,064)
Debt service	(75,964,232)	(88,268,047)	(101,897,354)
Acctg. for Encumbrances for Budget not GAAP	(3,077,946)	0	0
<b>Total Non-Operating Revenue/Expense</b>	<b>(80,679,726)</b>	<b>(86,227,182)</b>	<b>(95,745,984)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>83,469,513</b>	<b>(41,053,863)</b>	<b>(52,684,544)</b>
Operating transfers in	18,768,400	21,756,891	20,536,000
Operating transfers out	(3,448,425)	(2,186,605)	(3,033,819)
<b>Total Operating Transfers</b>	<b>15,319,975</b>	<b>19,570,286</b>	<b>17,502,181</b>
<b>Net Change in Fund Balance</b>	<b>98,789,488</b>	<b>(21,483,577)</b>	<b>(35,182,363)</b>
<b>Beginning Fund Balance at July 1</b>	<b>230,994,873</b>	<b>329,784,361</b>	<b>308,300,784</b>
<b>Ending Fund Balance at June 30</b>	<b>329,784,361</b>	<b>308,300,784</b>	<b>273,118,421</b>

Note: FY 2022 amounts are based on figures in the city's Annual Comprehensive Financial Report. The net change in fund balance in FY 2023 and FY 2024 includes FY 2022 budget savings from the use of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) to offset FY 2022 qualifying expenses, FY 2021 budget savings from the use of CARES Act Coronavirus Relief Funds (CRF), and other prior year budget savings.

## Special Revenue Funds

	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted
<b>Operating Revenues</b>			
General property taxes	6,768,400	7,200,700	8,536,000
Other local taxes	11,664,247	11,069,776	12,086,596
Fines and forfeitures	0	11,000	11,000
Charges for services	24,045,417	23,975,192	25,301,345
Miscellaneous	43,539	561,775	637,445
Recovered costs	0	1,919,594	1,919,594
Commonwealth	1,618,384	136,000	136,000
Federal	3,215	113,617	113,617
<b>Total Operating Revenues</b>	<b>44,143,202</b>	<b>44,987,654</b>	<b>48,741,597</b>
<b>Operating Expenses</b>			
Personnel services	12,378,880	14,678,212	16,106,387
Contractual services	10,240,846	13,193,813	12,940,901
Materials, supplies and repairs	2,559,951	2,605,862	2,712,641
Department specific appropriation	955,103	937,157	1,066,481
<b>Total Operating Expenses</b>	<b>26,134,780</b>	<b>31,415,044</b>	<b>32,826,410</b>
<b>Operating Income (Loss)</b>	<b>18,008,422</b>	<b>13,572,610</b>	<b>15,915,187</b>
<b>Non-Operating Revenues (Expenses)</b>			
Use of money and property	54,870	925,335	925,335
Capital outlay	(3,308,752)	(3,564,798)	(2,077,818)
Debt service	(6,548,728)	(6,748,052)	(6,575,985)
<b>Total Non-Operating Revenue/Expense</b>	<b>(9,802,610)</b>	<b>(9,387,515)</b>	<b>(7,728,468)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>8,205,812</b>	<b>4,185,095</b>	<b>8,186,719</b>
Operating transfers in	674,294	1,499,321	2,190,929
Operating transfers out	(10,268,400)	(9,200,700)	(10,536,000)
<b>Total Operating Transfers</b>	<b>(9,594,106)</b>	<b>(7,701,379)</b>	<b>(8,345,071)</b>
<b>Net Change in Fund Balance</b>	<b>(1,388,294)</b>	<b>(3,516,284)</b>	<b>(158,352)</b>
<b>Beginning Fund Balance at July 1</b>	<b>12,756,923</b>	<b>11,368,629</b>	<b>7,852,345</b>
<b>Ending Fund Balance at June 30</b>	<b>11,368,629</b>	<b>7,852,345</b>	<b>7,693,993</b>

Note: FY 2022 amounts are based on figures in the city's Annual Comprehensive Financial Report. For FY 2023, the majority of the net change in fund balance reflects the change in fund balance of the Public Amenities Fund and Waste Management Fund. See Public Amenities Fund and Waste Management Fund sections for details.

# SUMMARY OF CHANGES IN NET ASSETS

## Enterprise Funds

	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted
<b>Operating Revenues</b>			
Permits and fees	0	863,569	868,100
Fines and forfeitures	0	2,658,028	2,100,000
Charges for services	178,665,490	174,684,561	185,581,818
Miscellaneous	2,002,176	231,637	280,900
Recovered costs	0	1,003,600	1,003,600
<b>Total Operating Revenues</b>	<b>180,667,666</b>	<b>179,441,395</b>	<b>189,834,418</b>
<b>Operating Expenses</b>			
Personnel services	18,409,026	39,851,746	43,926,874
Contractual services/Materials, supplies and repairs	42,099,516	39,444,042	43,375,279
Depreciation	30,309,075	0	0
Department specific appropriation	0	24,276,578	26,683,460
<b>Total Operating Expenses</b>	<b>90,817,617</b>	<b>103,572,366</b>	<b>113,985,613</b>
<b>Operating Income (Loss)</b>	<b>89,850,049</b>	<b>75,869,029</b>	<b>75,848,805</b>
<b>Non-Operating Revenues (Expenses)</b>			
Use of money and property	(1,118,924)	349,020	139,020
Capital outlay	0	(2,619,613)	(4,738,706)
Intergovernmental revenue	2,730,661	0	0
Miscellaneous revenue (expense)	(28,597)	0	0
Interest and Fiscal Charges	(16,818,403)	0	0
Gain/(Loss)-Sale of fixed assets & investments	8,101,316	7,400	7,400
Debt service	0	(66,032,166)	(58,491,319)
<b>Total Non-Operating Revenue/Expense</b>	<b>(7,133,947)</b>	<b>(68,295,359)</b>	<b>(63,083,605)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>82,716,102</b>	<b>7,573,670</b>	<b>12,765,200</b>
Capital Contribution	0	0	0
Operating transfers in	0	0	0
Operating transfers out	(10,500,000)	(12,531,698)	(12,765,200)
<b>Total Operating Transfers/Capital Contribution</b>	<b>(10,500,000)</b>	<b>(12,531,698)</b>	<b>(12,765,200)</b>
<b>Net Income (Loss)</b>	<b>72,216,102</b>	<b>(4,958,028)</b>	<b>0</b>
<b>Beginning Net Assets at July 1</b>	<b>597,099,229</b>	<b>669,315,331</b>	<b>664,357,303</b>
<b>Ending net assets at June 30</b>	<b>669,315,331</b>	<b>664,357,303</b>	<b>664,357,303</b>

Note: FY 2022 amounts are based on figures in the city's Annual Comprehensive Financial Report. The FY 2023 net income change is due to the Parking Facilities Fund. See Parking Facilities Fund section for details.

## Internal Service Funds

	FY 2022 Actual	FY 2023 Adopted	FY 2024 Adopted
<b>Operating Revenues</b>			
Charges for services	101,063,749	116,715,975	118,015,359
Miscellaneous	138,445	0	0
Recovered costs	0	63,865	63,865
<b>Total Operating Revenues</b>	101,202,194	116,779,840	118,079,224
<b>Operating Expenses</b>			
Personnel services	2,089,398	4,765,275	5,488,296
Cost of Goods Sold	4,933,939	0	0
Contractual services	74,634,572	108,337,713	108,055,717
Materials, supplies and repairs/Other	4,838,673	4,210,059	4,884,512
Depreciation	383,794	0	0
<b>Total Operating Expenses</b>	86,880,376	117,313,047	118,428,525
<b>Operating Income (Loss)</b>	14,321,818	(533,207)	(349,301)
<b>Non-Operating Revenues (Expenses)</b>			
Use of money and property	0	3,500	3,500
Capital outlay	0	(38,790)	(59,237)
Miscellaneous revenue (expense)	0	0	0
Gain/(Loss)-Sale of fixed assets & investments	0	3,000	3,000
Debt Service	0	(22,266)	(127,771)
<b>Total Non-Operating Revenue/Expense</b>	0	(54,556)	(180,508)
<b>Income (Loss) Before Operating Transfers</b>	14,321,818	(587,763)	(529,809)
Capital Contribution	30,932	0	0
Operating transfers in	0	0	0
Operating transfers out	0	0	0
<b>Total Operating Transfers</b>	30,932	0	0
<b>Net Income (Loss)</b>	14,352,750	(587,763)	(529,809)
<b>Beginning Net Assets at July 1</b>	516,964	14,869,714	14,281,951
<b>Ending net assets at June 30</b>	<b>14,869,714</b>	<b>14,281,951</b>	<b>13,752,142</b>

Note: FY 2022 amounts are based on figures in the city's Annual Comprehensive Financial Report. The budgeted FY 2023 and FY 2024 net income change is due to the Fleet Management Fund. See Fleet Management Fund section for details. Ending net assets at June 30 will vary based on actual revenues and expenditures.

# TRANSFERS FROM/TO

The tables below present certain fund to fund transfers which include: General Fund support of capital projects and special revenue funds; transfers from enterprise activities and special revenue funds to the General Fund; and cash contribution from General Fund and nongeneral funds for capital projects.

## Transfer from General Fund to

**FY 2024**

Capital Improvement Plan	842,890
Cemetery Fund	329,252
Emergency Preparedness and Response Fund	1,861,677
Grants Fund (estimated) <sup>1</sup>	5,340,632
<b>Total Transfers from General Fund</b>	<b>8,374,451</b>

## Transfer to General Fund from

Public Amenities Fund	3,500,000
Tax Increment Financing Fund	7,036,000
Wastewater Utility Fund	1,500,000
Water Utility Fund	8,500,000
<b>Total Transfers to General Fund</b>	<b>20,536,000</b>

## Capital Improvement Plan Cash Sources

General Fund <sup>2</sup>	62,142,890
Community Development Block Grant	1,500,000
Norfolk Public Schools <sup>2</sup>	16,891,347
State Match <sup>2</sup>	24,628,800
Storm Water Management Fund	1,315,200
Wastewater Utility Fund	20,880,000
Water Utility Fund	34,700,000
<b>Total Capital Improvement Plan Cash Sources</b>	<b>162,058,237</b>

<sup>1</sup> Actual amount transferred from the General Fund may vary based upon the actual grant award. See Annual Grants Plan for details.

<sup>2</sup> See Adopted CIP Ordinance for details.



# FULL TIME EQUIVALENT (FTE) STAFFING SUMMARY

	FY 2022 Adopted FTE	FY 2023 Adopted FTE	FY 2024 Adopted FTE	Change FY 2023 to FY 2024
<b>General Fund</b>				
Budget and Strategic Planning	19.0	22.0	29.0	7.0
Circuit Court Judges	5.0	5.0	5.0	0.0
City Attorney	34.0	37.0	37.0	0.0
City Auditor	9.0	9.0	9.0	0.0
City Clerk	13.0	13.0	13.8	0.0
City Council	8.0	8.0	8.0	0.0
City Manager	16.0	18.0	18.0	0.0
City Planning	63.0	71.0	73.0	2.0
City Real Estate Assessor	25.0	25.0	25.0	0.0
City Treasurer	31.0	32.0	32.0	0.0
Clerk of Circuit Court	46.0	46.0	44.0	(2.0)
Commissioner of the Revenue	37.0	37.0	37.0	0.0
Commonwealth's Attorney	64.0	64.0	64.0	0.0
Communications	16.0	14.0	18.0	4.0
Cultural Facilities, Arts & Entertainment	41.0	46.0	47.0	1.0
Diversity, Equity, and Inclusion	0.0	8.0	11.0	3.0
Economic Development	16.0	22.0	22.0	0.0
Elections	6.0	6.0	7.0	1.0
Finance Department	55.0	65.0	68.0	3.0
Fire-Rescue	514.0	523.0	526.0	3.0
General Services and Administration	128.4	127.4	138.4	11.0
Housing and Community Development	19.0	28.0	30.0	2.0
Human Resources	31.0	33.0	35.0	2.0
Human Services	490.5	486.5	483.5	(3.0)
Information Technology	84.0	85.0	86.0	1.0
Libraries	95.0	100.0	114.5	14.5
Nauticus	27.0	27.0	29.0	2.0
Neighborhood Services	52.0	56.0	69.0	13.0
Norfolk Community Services Board	272.8	310.5	311.5	1.0
Parks and Recreation	180.0	202.0	215.0	13.0
Police	859.0	830.0	750.0	(80.0)
Public Health	7.0	7.0	7.0	0.0
Public Works	141.0	138.0	140.0	2.0

	FY 2022 Adopted FTE	FY 2023 Adopted FTE	FY 2024 Adopted FTE	Change FY 2023 to FY 2024
Resilience	6.0	7.0	11.0	4.0
Sheriff and Jail	440.0	436.0	438.0	2.0
Slover Library	30.0	30.0	35.0	5.0
St. Paul's Area Transformation	7.0	0.0	0.0	0.0
Transit	62.0	57.0	60.0	3.0
Zoological Park	48.0	51.0	51.0	0.0
<b>Total General Fund</b>	<b>3,997.7</b>	<b>4,082.4</b>	<b>4,097.7</b>	<b>15.3</b>
<b>Special Revenue Funds</b>				
Cemeteries	26.0	29.0	29.0	0.0
Emergency Preparedness and Response	76.5	82.0	82.0	0.0
Towing and Recovery Operations	8.0	8.0	8.0	0.0
Waste Management	106.0	106.0	106.0	0.0
<b>Total Special Revenue Funds</b>	<b>216.5</b>	<b>225.0</b>	<b>225.0</b>	<b>0.0</b>
<b>Enterprise Funds</b>				
Parking Facilities	67.2	66.4	85.4	19.0
Storm Water Management	111.0	112.0	113.0	1.0
Wastewater Utility	103.0	102.0	101.0	(1.0)
Water Utility	289.0	289.0	291.0	2.0
<b>Total Enterprise Funds</b>	<b>570.2</b>	<b>569.4</b>	<b>590.4</b>	<b>21.0</b>
<b>Internal Service Funds</b>				
Fleet	52.0	52.0	52.0	0.0
Healthcare	8.0	13.0	14.0	1.0
<b>Total Internal Service Funds</b>	<b>60.0</b>	<b>65.0</b>	<b>66.0</b>	<b>1.0</b>
<b>Total All Funds</b>	<b>4,844.4</b>	<b>4,941.8</b>	<b>4,979.1</b>	<b>37.3</b>

Note: Totals may not add up due to rounding.

**Only permanent positions are reflected in the Budget Document.**

# CITY INDEBTEDNESS

The Virginia Constitution authorizes cities and counties in Virginia to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds, the governing body of the city is required to levy an ad valorem tax on all property subject to local taxation to ensure debt service payment. The issuance of general obligation bonds is subject to a limit of 10 percent of the assessed value of taxable real property in the city.

The Public Finance Act of Virginia authorizes a city in Virginia to issue limited liability revenue bonds provided that the rates, rents, fees, or other charges are sufficient to pay the cost of operation and administration and the principal and interest on the bonds when due. In determining general obligation statutory debt limitations, certain classes of indebtedness may be excluded, including revenue anticipation notes maturing in one year or less, general obligation bonds payable from a specified revenue producing undertaking, so long as the undertaking is self-supporting, capital leases, and revenue bonds. The city's Wastewater and Storm Water enterprise operations finance capital needs through a combination of self-supporting, general obligation and revenue bonds and the water enterprise utilizes only revenue bonds for its financing needs. The city's Parking, Nauticus, Towing and Recovery and Waste Management operations finance capital needs with self-supporting general obligation bonds.

The following table shows the estimated General Obligation Legal Debt Margin for the current fiscal year as of June 30, 2023, and for the past four fiscal years.

As of	Taxable Real Property Assessed Value <sup>(1)</sup>	Debt Limit: 10% of Assessed Value	Debt Applicable to Debt Limit <sup>(3)(4)(5)</sup>	Amount of Debt as % of Debt Limit	Legal Margin for Additional Debt
June 30, 2023 <sup>(2)</sup>	25,250,814,276	2,525,081,428	1,204,396,707	47.71%	1,320,684,721
June 30, 2022	23,076,117,734	2,307,611,773	1,253,606,783	54.32%	1,054,004,991
June 30, 2021	22,154,797,959	2,215,479,796	1,267,408,068	57.21%	948,071,728
June 30, 2020	21,134,551,094	2,113,455,109	1,099,194,913	52.01%	1,014,260,196
June 30, 2019	20,344,603,804	2,034,460,380	988,038,371	48.57%	1,046,422,009

(1)The figure includes the assessed valuation of the following properties: public service corporations (as assessed by the State Corporation Commission and the Virginia Department of Taxation); and residential, commercial, apartments and vacant land (as assessed by the City Assessor).

(2)Taxable Real Property Assessed Value is estimated as of March 31, 2023.

(3)Projected Debt Applicable to Debt Limit excludes \$362,613,171 of General Obligation Bonds authorized by ordinance for Capital Improvement Projects, but not yet issued.

(4)Includes \$50,375,000 that has been economically defeased, but must be included as part of the city's debt subject to the debt limit.

(5)Existing Debt as June 30, 2023. Exclusive of any future amount borrowed on the Line of Credit and future bond issuance.

## OVERLAPPING DEBT

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The City of Norfolk is autonomous and independent of any county or other political subdivision and is not subject to taxation by any county or school district, nor is it liable for any county or school division indebtedness. Currently, there is no overlapping debt.

## STATEMENT OF NO PAST DEFAULT

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The city has never defaulted on the payment of either principal or interest on its general obligation debt.

## OUTSTANDING DEBT

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Debt service for General Capital Improvements is funded from the General Fund. The debt of the enterprise and other fee-supported operations are paid from the respective revenues. The estimated total outstanding bonded indebtedness, including revenue bonds, at the end of FY 2023 is estimated to be \$1,320,684,707 (exclusive of the bonds economic defeased, the amount borrowed on the Line of Credit and any future bond issuance).

## GENERAL CAPITAL IMPROVEMENTS—AFFORDABILITY MEASURES

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City Council's has adopted policies on debt affordability measures. The city's financial policies demonstrate its commitment to sound financial practices and recognize that they contribute to maintaining the city's high credit ratings and lower borrowing costs for capital projects, preserve fiscal integrity, and promote long-term fiscal sustainability. The Capital Improvement Plan (CIP) for General Capital Improvements (bonds not supported by self-supporting user fees) is now guided by five measures of affordability. These measures, or internal debt limits, are as follows:

- Debt Service as a percent of the General Fund budget (remain below 10 percent, with a not to exceed of 11 percent of the General Fund budget)
- Net Debt as a percent of taxable property (remain below 3.5 percent, with a not to exceed of 4 percent of the total assessed value of taxable property)
- Ten-year General Obligation Payout Ratio (retirement of the principal amount of the long-term general obligation bonds by at least 55 percent or greater within 10 years)
- Overlapping Debt Limit (overlapping debt not to exceed 0.5 percent of total assessed value of taxable property)
- Variable Rate Debt Limits (the city's outstanding debt with variable interest rate will not exceed 20 percent by fund)

The FY 2024 Capital Improvement Plan is currently within the five measures of affordability listed above, and the city plans to continue to remain below a debt to taxable property ratio of 3.5 percent or less and a debt service to budget expenditures ratio of 10 percent or less. However, the new policy levels provide the city flexibility to consider projects of significance and importance in moving the city forward in addressing our resiliency challenges of coastal flooding, neighborhoods resiliency, and economic vibrancy.

## ENTERPRISE OPERATIONS DEBT

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Norfolk's Water, Wastewater, and Storm Water Revenue Bond programs are governed by bond indentures of trust and financing agreements, which specify debt coverage requirements for their respective operations. Each of the revenue bond programs are backed by the revenues of their respective system. The city has covenanted that it will establish, fix, charge and collect rates, fees, and other charges so that in each Fiscal Year Net Revenues are not less than the debt service coverage requirement. All revenue bond programs, historically and estimated for FY 2024 meet debt coverage requirements. As previously noted, outstanding Wastewater and Storm Water bonds are a combination of general obligations of the city and revenue bonds, and Water bonds are solely revenue bonds. The city's Parking operations finance capital needs with self-supporting general obligation bonds. As a matter of practice, the city pays such general obligation bonds from its respective enterprise activities. If money in the respective funds is not sufficient to pay debt service on the general obligations, the city is obligated to pay such debt service from the General Fund or other available revenues.

## BOND RATINGS

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Bond or credit ratings are an independent opinion of the general creditworthiness of an issuer, such as the city, based on relevant risk factors. Long-term general obligation ratings are based on an issuer's ability and willingness to repay fully the principal and interest of its debt obligations, on a timely basis. Municipal credit ratings are primarily based on four main factors: the issuer's financial position, the issuer's current and future debt burden, financial management and the economy. Often an investor places significant emphasis on a bond's credit rating to help evaluate a price or willingness to hold the investment.

Each of the three major credit rating agencies in the U.S.: Moody's Investors Service ("Moody's"), S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch") applies its own methodology in measuring creditworthiness and uses a specific rating scale to communicate its ratings opinions. Typically, ratings are expressed as letter grades that range, from 'AAA' to 'D' to communicate the agency's opinion of relative level of credit risk. Credits are further distinguished with "notches" within each rating category. Credit ratings for the city's General Obligation and Water Revenue Bond programs are as follows:

<b>Bonding Program</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
General Obligation	Aa2	AAA	AA+
Water Revenue	Aa2	AA+	AA+

Norfolk's ratings on its General Obligations Bonds are considered very strong and continue to assist the city in achieving least cost of funds to finance key capital projects throughout the city. In general, AA category rating signifies very high-quality bonds with some elements of long-term risks and AAA signifies the highest-quality bonds.

The city's Wastewater and Storm Water Revenue Bonds do not maintain an underlying, or stand-alone unenhanced, credit rating.

## Computation of Legal Debt Margin

### June 30, 2022 (Estimated)

Total Assessed Value of Taxed Real Property as of March 31, 2021	\$25,250,814,276
Debt Limit: 10 percent of Total Assessed Value	2,525,081,428
Amount of Debt Applicable to Debt Limit: <sup>(1)(2)(3)(4)</sup>	
Gross Debt	869,066,707
Economic Defeasance	50,375,000
Series 2021 (Pension Obligation Bonds)	204,955,000
Line of Credit	80,000,000
Legal Debt Margin	\$1,320,684,721
Amount of Debt as a percent of Debt Limit	47.70%

(1) Includes all non-general fund supported General Obligation debt such as Wastewater, Parking, Storm Water, Nauticus, Towing and Recovery Operations and Waste Management.

(2) The Legal Debt Margin computation does not include any Revenue Bond debt issued by the city, because such debt is not subject to the Commonwealth's Constitutional Debt Limit.

(3) Excludes \$362,613,171 of General Obligation Bonds authorized by ordinance for Capital Improvement Projects, but not yet issued. Includes \$50,375,000 that has been economically defeased, but must be included as part of the City's debt subject to the debt limit.

(4) Existing Debt Service as of June 30, 2023. Exclusive of any future amount borrowed on the Line of Credit and any future bond issuance.

# YEARLY MATURITY OF LONG-TERM DEBT

Fiscal Year	General Obligation <sup>(1)(2)</sup>			General Obligation Equipment <sup>(1)</sup>			Water Revenue <sup>(1)</sup>		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	76,002,969	32,027,593	108,030,563	585,000	148,275	733,275	19,195,000	10,934,013	30,129,013
2025	77,878,264	29,577,577	107,455,841	460,000	120,750	580,750	17,880,000	10,014,638	27,894,638
2026	77,703,559	27,317,993	105,021,552	355,000	100,375	455,375	18,965,000	9,101,013	28,066,013
2027	78,518,855	25,138,767	103,657,622	355,000	82,625	437,625	11,915,000	8,325,813	20,240,813
2028	78,924,151	22,814,102	101,738,254	190,000	69,000	259,000	12,600,000	7,706,363	20,306,363
2029	72,693,982	20,424,404	93,118,386	1,285,000	32,125	1,317,125	13,400,000	7,049,388	20,449,388
2030	70,290,290	18,230,279	88,520,569	-	-	-	8,675,000	6,490,125	15,165,125
2031	66,025,290	16,219,034	82,244,324	-	-	-	7,605,000	6,075,063	13,680,063
2032	66,170,290	13,838,835	80,009,125	-	-	-	7,840,000	5,680,400	13,520,400
2033	59,720,290	12,038,979	71,759,268	-	-	-	8,080,000	5,273,606	13,353,606
2034	41,800,290	10,009,548	51,809,837	-	-	-	8,515,000	4,849,413	13,364,413
2035	41,320,290	8,811,960	50,132,250	-	-	-	9,000,000	4,401,656	13,401,656
2036	48,940,290	7,500,421	56,440,771	-	-	-	7,315,000	3,983,288	11,298,288
2037	49,672,899	6,155,480	55,828,380	-	-	-	6,300,000	3,633,575	9,933,575
2038	46,745,000	4,521,383	51,266,383	-	-	-	6,655,000	3,301,581	9,956,581
2039	38,140,000	3,298,387	41,438,387	-	-	-	7,035,000	2,950,713	9,985,713
2040	14,515,000	2,545,400	17,060,400	-	-	-	5,150,000	2,639,794	7,789,794
2041	14,615,000	2,014,442	16,629,442	-	-	-	5,415,000	2,371,856	7,786,856
2042	5,670,000	1,520,325	7,190,325	-	-	-	8,480,000	2,016,988	10,496,988
2043	7,025,000	1,323,706	8,348,706	-	-	-	8,920,000	1,570,613	10,490,613
2044	7,215,000	1,103,108	8,318,108	-	-	-	10,050,000	1,079,869	11,129,869
2045	7,410,000	877,020	8,287,020	-	-	-	10,590,000	541,981	11,131,981
2046	7,600,000	643,921	8,243,921	-	-	-	1,685,000	223,875	1,908,875
2047	7,935,000	395,553	8,330,553	-	-	-	1,770,000	137,500	1,907,500
2048	5,400,000	178,431	5,578,431	-	-	-	1,865,000	46,625	1,911,625
2049	2,860,000	45,560	2,905,560	-	-	-	-	-	-
<b>Total</b>	<b>1,070,791,707</b>	<b>268,572,210</b>	<b>1,339,363,917</b>	<b>3,230,000</b>	<b>553,150</b>	<b>3,783,150</b>	<b>224,900,000</b>	<b>110,399,744</b>	<b>335,299,744</b>

\*Fiscal Year amounts may not add to total due to rounding.

**YEARLY MATURITY OF LONG-TERM DEBT (CONTINUED)**

Fiscal Year	Wastewater Revenue <sup>(1)</sup>			Storm Water Revenue <sup>(1)</sup>			Totals <sup>(1)</sup>		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	8,327,090	59,840	8,386,930	34,578	676	35,254	104,144,637	43,170,397	147,315,034
2025	8,254,955	55,504	8,310,459	34,664	590	35,254	104,507,883	39,769,058	144,276,941
2026	8,454,222	86,592	8,540,814	34,751	503	35,254	105,512,532	36,606,475	142,119,008
2027	7,752,445	70,946	7,823,391	34,838	416	35,254	98,576,137	33,618,567	132,194,704
2028	7,070,271	62,286	7,132,557	34,925	329	35,254	98,819,347	30,652,080	129,471,427
2029	6,361,301	58,756	6,420,057	35,012	241	35,254	93,775,295	27,564,914	121,340,209
2030	5,939,849	55,208	5,995,057	35,100	154	35,254	84,940,238	24,775,766	109,716,004
2031	5,518,415	51,643	5,570,057	35,188	66	35,254	79,183,892	22,345,805	101,529,697
2032	5,146,998	48,059	5,195,057	-	-	-	79,157,288	19,567,294	98,724,582
2033	4,650,600	44,458	4,695,057	-	-	-	72,450,889	17,357,043	89,807,932
2034	4,421,719	40,838	4,462,557	-	-	-	54,737,009	14,899,798	69,636,807
2035	3,902,873	37,200	3,940,074	-	-	-	54,223,163	13,250,817	67,473,980
2036	3,366,546	33,545	3,400,090	-	-	-	59,621,835	11,517,253	71,139,088
2037	2,787,323	29,870	2,817,193	-	-	-	58,760,222	9,818,926	68,579,148
2038	2,386,960	26,178	2,413,138	-	-	-	55,786,960	7,849,142	63,636,102
2039	2,177,716	22,467	2,200,182	-	-	-	47,352,716	6,271,566	53,624,282
2040	2,069,401	18,737	2,088,138	-	-	-	21,734,401	5,203,931	26,938,332
2041	1,897,808	14,989	1,912,797	-	-	-	21,927,808	4,401,288	26,329,096
2042	1,476,235	11,222	1,487,457	-	-	-	15,626,235	3,548,535	19,174,770
2043	760,021	7,436	767,457	-	-	-	16,705,021	2,901,754	19,606,775
2044	763,826	3,631	767,457	-	-	-	18,028,826	2,186,608	20,215,434
2045	153,109	383	153,491	-	-	-	18,153,109	1,419,384	19,572,493
2046	-	-	-	-	-	-	9,285,000	867,796	10,152,796
2047	-	-	-	-	-	-	9,705,000	533,053	10,238,053
2048	-	-	-	-	-	-	7,265,000	225,056	7,490,056
2049	-	-	-	-	-	-	2,860,000	45,560	2,905,560
<b>Total</b>	<b>93,639,682</b>	<b>839,788</b>	<b>94,479,469</b>	<b>279,054</b>	<b>2,974</b>	<b>282,028</b>	<b>1,392,840,443</b>	<b>380,367,866</b>	<b>1,773,208,309</b>

\*Fiscal Year amounts may not add to total due to rounding.

(1) Existing Debt Service as of June 30, 2023. Exclusive of bonds economic defeased, the amount borrowed on the Line of Credit, and any future bond issuance.

(2) General Obligation bonds have been used to finance Wastewater, Parking, Storm Water, Nauticus, and Towing and Recovery, and Waste Management projects. The bonded debt associated with those projects is self-supported by the respective funds. The Debt Service portion of the General Fund budget finances only General Capital projects, and equipment, but not its self-supporting funds.