

FOR THE FISCAL  
YEAR ENDED  
JUNE 30, 2024



# 2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT





**City of Norfolk, Virginia**

**ANNUAL COMPREHENSIVE**

**FINANCIAL REPORT**

**For the Fiscal Year Ended**

**June 30, 2024**

**Prepared by:**

**The Department of Finance**

**Christine Garczynski**

**Director of Finance**



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# **CITY OF NORFOLK, VIRGINIA**

## **CODE OF ETHICS**

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

## **VALUES**

Accountability, Integrity, Innovation and Respect

## **ACKNOWLEDGMENTS**

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

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



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# **Introductory Section**

## Municipal Officials

### Honorable City Council

President and Mayor

Vice Mayor

Member

Member

Member

Member

Member

Member

Member

Kenneth Cooper Alexander, Ph.D.

Martin A. Thomas, Jr.

Courtney R. Doyle

Mamie B. Johnson

Andria P. McClellan

John E. "JP" Paige

Danica J. Royster

Thomas R. Smigiel, Jr.

### City Manager

Patrick G. Roberts

Deputy City Manager

Douglas Beaver

Deputy City Manager

LaVoris Pace

Deputy City Manager

Trista Pope

Deputy City Manager

Catheryn R. Whitesell

City Attorney

Bernard A. Pishko, Esquire

City Auditor

Tammie Dantzler

City Clerk

Richard (Allan) Bull

City Real Estate Assessor

W.A. (Pete) Rodda

Registrar of Voters

Stephanie Iles

Director of Budget & Strategic Planning

Peter Buryk

Director of Communications and Marketing

Kelly Straub

Acting Director of Cultural Facilities, Arts & Entertainment

Rob Henson

Director of Economic Development

Sean Washington

Director of Finance

Christine Garczynski

Chief of Fire & Rescue Services

Sidney Carroll

Director of General Services

Nikki Riddick

Director of Housing and Community Development

Susan Perry, Ph.D.

Director of Human Resources

Marva Smith

Director of Human Services

Denise Gallop

Chief Information Officer

Terri Doane

Director of Libraries

Sonal Rastogi

Director of National Maritime Center (Nauticus)

Stephen Kirkland

Director of Neighborhood Services

Kimberley Pierce

Acting Executive Director of Norfolk Community Services

Stephen Steward

Director of Parks & Recreation

Darrell Crittendon

Director of Planning

Robert Tajan

Chief of Police

Mark Talbot

Acting Director of Public Health

Sulola Adekoya, MD, MPH

Director of Public Works

Richard Broad, P.E.

Chief Resilience Officer

Kyle Spencer

Director of Slover Library

Jennifer A. George

Director of Transportation

John Stevenson

Director of Utilities

Robert Carteris

Director of Zoological Park

Gregory Bockheim

## JUDICIAL

### Fourth Judicial Circuit Court

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

### Norfolk General District Court

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

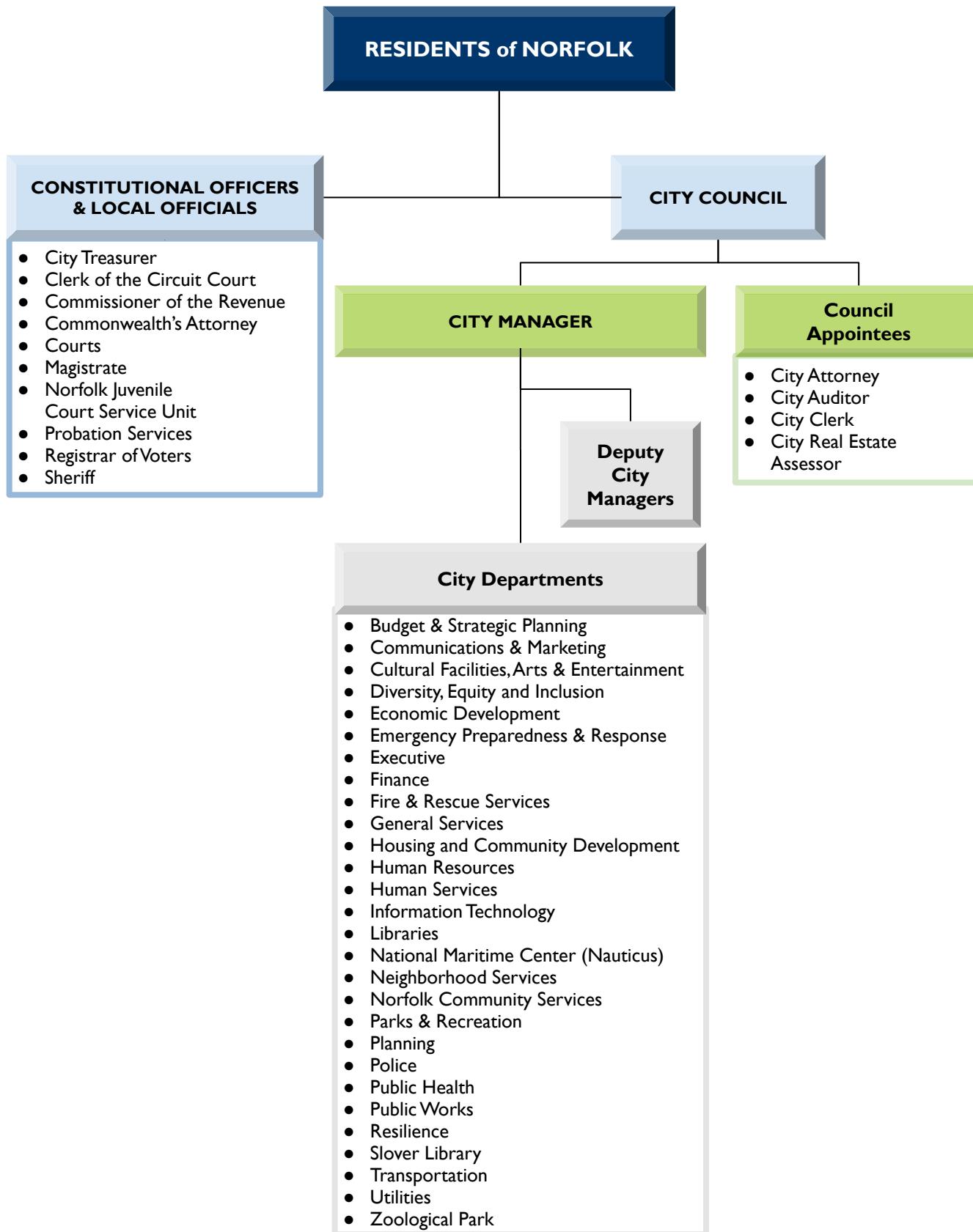
### Norfolk Juvenile and Domestic Relations District Court

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

### Other Constitutional Officers

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

## ORGANIZATIONAL CHART





March 17, 2025

To the Honorable Council and Residents of Norfolk, Virginia:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Norfolk (the City) for the fiscal year ending June 30, 2024. In accordance with the Code of Virginia and the City Charter, the City is required to publish a complete set of financial statements at the close of each fiscal year. These statements are prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with Government Auditing Standards by a licensed firm of certified public accountants. This report, prepared by the Department of Finance, complies with all state laws and guidelines issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Responsibility for the accuracy, completeness, and fairness of the data presented, including all necessary disclosures, rests with the City. To the best of our knowledge, the enclosed data is accurate in all material respects and presented in a manner that fairly reflects the financial position and operational results of the City's various funds and component units as of June 30, 2024. Comprehensive disclosures are included to provide readers with a thorough understanding of the City's financial activities.

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

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

## Profile of the City

The City of Norfolk was established as a town in 1682, became a borough in 1736 and was incorporated as a city in 1845. As the third most populous city in the Commonwealth, Norfolk serves as the regional center for employment, healthcare, arts and culture, higher education and professional sports. Norfolk offers a vibrant atmosphere filled with entertainment, rich culture, and diverse cuisine, all set against the backdrop of its 144 miles of scenic shoreline.

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

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

Downtown Norfolk



The City Council of Norfolk consists of eight members who are responsible for shaping policies that guide the administration of the City. Seven members are elected through a ward system, ensuring representation from across the City's diverse neighborhoods, while the Mayor is elected at-large. The current Mayor, Kenneth Cooper Alexander, provides leadership on key initiatives affecting the entire community. The Vice Mayor, Martin A. Thomas, Jr., is selected by the City Council from among its members to assist in leading council activities and preside in the Mayor's absence.

Among the City officials appointed by the City Council is the City Manager, who serves as the administrative head of the municipal government. The City Manager implements the policies set by the City Council, oversees business operations, and has the authority to appoint or remove the heads of executive departments and other City

employees, except those protected by statutory provisions. Patrick "Pat" Roberts, the 17<sup>th</sup> City Manager, has held this position since June 2023.

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

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

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

## **Financial Information**

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

## **Continued Coronavirus (COVID-19) Impacts – American Rescue Plan Act**

In March 2021, Congress passed the American Rescue Plan Act (ARPA), which provided critical financial relief to communities across the country in response to the COVID-19 pandemic. Under this legislation, the City was awarded \$154 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF). One key provision of ARPA allowed municipalities to allocate these funds to address revenue shortfalls, ensuring the continuity of essential public services. These funds were designated for a wide range of eligible uses, including support for government services in amounts equivalent to revenue lost due to the public health emergency. As of June 30, 2024, the City

has fully expended the awarded \$154 million under the revenue loss category, primarily by covering salaries for public safety personnel, such as police, fire and emergency response staff.

This strategic use of ARPA funds not only helped offset the economic impact of the pandemic but also ensured that essential services — particularly those related to public health and safety — remained fully operational during a time of heightened community need.

## **Local Economic Condition and Outlook**

The City has cultivated a stable and resilient economic base, anchored by its strategic assets such as the world's largest naval station and the Port of Virginia, one of the busiest and most vital ports on the East Coast. These maritime assets are critical to the local economy, providing substantial employment and driving economic activity. However, Norfolk's economy is not solely reliant on its military and maritime sectors. The City is also a recognized leader in healthcare, education, and finance within the broader Hampton Roads region. Major medical centers, higher education institutions, and financial services firms bolster Norfolk's position as a key economic hub, creating a well-rounded economic landscape that provides diverse employment opportunities.

In addition to its military and maritime strength, Norfolk benefits from a robust and diversified corporate presence. Based on the most recent data, no single economic sector accounts for more than 11 percent of total employment in the City. This diversification acts as a protective factor, insulating Norfolk's economy from the potential volatility of federal defense spending cuts or other sector-specific downturns. The broad mix of industries, advanced manufacturing, finance, technology, healthcare, insurance, maritime, resilience and offshore wind, ensures that the City's economic health remains balanced and resilient.

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

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

## Military

Norfolk takes immense pride in being home to the world's largest Naval Station, which has a profound impact on the local economy. According to the most recent data available, the U.S. Navy's direct economic contribution to the region was \$16.3 billion in fiscal year 2021. This total included an annual payroll of \$13.6 billion, with the remainder spent on goods, services, and procurement contracts. The region, particularly the City, remains a vital hub of activity for the U.S. Navy, with more than 240,700 military and civilian personnel, supplemented by an additional 16,850 military contractors.

Norfolk remains the primary hub for the East Coast's carrier fleet, and often benefits from ships being temporarily reassigned to the region while undergoing maintenance. The aircraft carriers homeported at Naval Station Norfolk include the USS Gerald R. Ford, USS Dwight D. Eisenhower, USS Harry S. Truman, and USS George H.W. Bush. The Naval Station is home to 81 ships and 134 aircraft that in addition to the aircraft carriers include cruisers, destroyers, large amphibious ships, submarines, and a variety of supply and logistics ships. In January 2024, the USS Gerald R. Ford, the U.S. Navy's newest and most advanced aircraft carrier, returned to Naval Station Norfolk, completing its first-ever deployment. The deployment lasted more than seven months and covered operations in the Mediterranean and the Atlantic, where the USS Gerald R. Ford led Carrier Strike Group 12. During its deployment, the ship participated in joint exercises with NATO allies, including naval operations in support of regional security and stability. The return to Norfolk, its homeport, not only celebrated the success of its inaugural deployment but also set the stage for future operations as a key asset in the Navy's global fleet.

### Virginia Values Veterans (V3) Award



USS George Washington (CVN-73)



Norfolk is home to Joint Force Command (JFC) Norfolk, which is one of NATO's three operational commands and the only one located in North America. Established to enhance NATO's operational readiness and response capabilities, JFC Norfolk plays a vital role in coordinating military operations across the North Atlantic and supporting NATO's collective defense initiatives to ensure worldwide security and stability, particularly considering emerging threats and challenges. The presence of JFC Norfolk significantly enhances the City's military footprint and contributes to its reputation as a pivotal hub for defense and security operations.

Norfolk is one of the most veteran friendly cities in the nation with a significant workforce development program. Norfolk is very proud to be the first municipality in the Commonwealth to attain a Bronze Level certification as it joins the group of 32 certified organizations that have committed to hiring over 3,000 veterans this year alone.

## The Port of Virginia and Shipping

The City serves as a critical gateway connecting world commerce centers and the heartland, the central land area of the United States, by offering efficient train routing provided by the Port of Virginia. The Port, renowned for having the world's largest natural deep-water harbors and a temperate climate, plays a pivotal role in the local economy. The Port's wider shipping channel is now open for two-way passage of ultra-large container vessels, reducing the amount of time one of the large vessels spends on berth by up to 15 percent. Widening the channel is part of the Port's \$1.4 billion strategic infrastructure investment package, known as the Wider, Deeper, Safer project, focused on creating efficiency, supporting larger cargo volumes and increasing the speed of cargo moving through the

gateway. In parallel to widening the channel, the port is also dredging it and the Norfolk Harbor to 55 feet deep and the ocean approach to 59 feet deep. Upon completion of the \$450 million dredging project in Fall 2025, the Port will have the deepest, widest channels on the U.S. East Coast.

Norfolk International Terminals (NIT)



The expansion of the Central Rail Yard at Norfolk International Terminal (NIT) is fully operational signaling the completion of the project giving the Port the capacity to process 455,000 additional rail twenty-foot equivalent container units (TEUs) annually, for a total annual rail capacity of 2 million TEUs by rail

annually. The largest intermodal rail port on the East Coast is expanding with the strategic investment in efficiency and on-dock capacity that will support more freight cargo more efficiently.

Moreover, the Port is making strides to establish itself as the primary logistics center for the burgeoning offshore wind energy sector in the Mid-Atlantic. In October 2023, the Port achieved a significant milestone by successfully handling its first shipment of components for Dominion Energy's Coastal Virginia Offshore Wind (CVOW) project that is harnessing wind energy to generate electricity. This marked a pivotal moment for both the Port and the offshore wind industry in Virginia, as it underscores the state's commitment to renewable energy and its potential to become a leading hub for offshore wind development in the Mid-Atlantic region.

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

Additionally, Virginia's competitive positioning attracted Katoen Natie, a leading warehousing and distribution company, to invest \$59.9 million to expand operations in Norfolk. This investment includes the construction of a new 450,000-square-foot warehouse and a rail yard, as well as an expansion of the existing rail spur, which together will create 76 new jobs in the Hampton Roads region.

## Transportation

Norfolk leads the way as the most multimodal city in the Hampton Roads region, providing a comprehensive transportation network through its airport, rail, port and road systems. Norfolk International Airport (NIA) serves as the primary gateway for Hampton Roads and northeast North Carolina. In 2024, NIA is serviced by major airlines such as Allegiant, American, Breeze Airways, Delta, Frontier, Southwest, Spirit, United, and their regional affiliates, offering both domestic and international flights.

Recognized as Virginia's first green airport, NIA plays a vital role in the region's economic landscape, functioning as one of Hampton Roads' most powerful economic engines. It ranks in the top 13 percent of U.S. airports for annual

passenger volume, serving over 4.5 million passengers and handling 75,000 flight operations in 2023. Its commitment to sustainability and operational efficiency was further validated when NIA earned a prestigious 4-Star Regional Airport Rating in 2024 and was ranked 5<sup>th</sup> in Skytrax's World's Best Domestic Airports 2024.

To support continued growth and enhance the passenger experience, NIA has undertaken a \$1.1 billion capital improvement plan that include the rehabilitation of Runway 05/23 by the end of calendar year 2024, the installation of moving walkways on the pedestrian bridge, terminal upgrades, and the expansion of Concourse A and a new airport Marriott hotel.

Additionally, underway is a new international arrivals area that will have a U.S. Customs and Border Protection inspection facility and Global Entry processing center with the goal of streamlining international passengers.

Norfolk's light rail system, The Tide, operates from the Eastern Virginia Medical School (EVMS) complex near Fort Norfolk to the Newtown Road/Virginia Beach city line, providing efficient and eco-friendly transportation across the City. In addition to the light rail, Norfolk is also served by Amtrak's passenger rail, connecting the City to Washington, D.C., via Petersburg and Richmond. The Amtrak station is located at Harbor Park, near the home field of the Norfolk Tides, the City's Minor League Baseball team, and close to the planned casino and resort.

Norfolk's Amtrak station has been recognized as one of the top stations in the Southeast by the Virginia Passenger Rail Authority (VPRA). Due to increased ridership, Amtrak Virginia service is expanding as part of VPRA's Transforming Rail in Virginia initiative. This expansion will add two additional roundtrip services in 2026 and three more by 2030, enhancing connectivity between Norfolk and other major cities in the region.

### Tunnel Boring Machine, Mary



The \$3.9 billion I-64 Hampton Roads Bridge-Tunnel (HRBT) expansion, announced in 2017, is the largest highway construction project in Virginia's history. Spanning nearly ten miles of the I-64 corridor between Norfolk and Hampton, the project will widen the current four-lane segments and add twin tunnels across the harbor. These improvements aim to ease congestion, increase capacity and enhance travel time reliability for the region.

Hampton Roads Transportation Accountability Commission is the primary funding agent of the project, which is being financed with

regional sales and gas tax collections and the City is not liable for any debt obligation. Additional funding includes \$308 million from the Virginia Department of Transportation.

Construction began in 2019 and is anticipated to be completed between 2025 and November 2026. In Spring 2024, the new North Trestle, connecting Hampton to the North Island, was opened to traffic. Early in 2024, the 430-foot-long tunnel boring machine, Mary, broke through the tunnel's endpoint, marking a significant milestone. Over the next five months, Mary will continue drilling, completing the new tunnels, effectively doubling the HRBT's capacity.

The Multimodal Transportation Master Plan complements these efforts by focusing on safe and convenient mobility options for all residents, regardless of their mode of transport. The plan emphasizes transportation equity and the redesign of bus routes to better serve Norfolk's neighborhoods, improving access to jobs, schools, and daily needs. It serves as a framework for future transportation projects, prioritizing safety, efficiency, and integration with public and private initiatives.

## **Education – Pre-K to 12 and Libraries**

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

NPS offers innovative public-school educational programs, including Early Childhood Education, a comprehensive initiative that offers full-day preschool for three and four-year-olds. This program focuses on equipping young learners with critical early literacy and numeracy skills, laying a strong foundation for their future education. Additionally, NPS features six middle school specialty programs, five high school specialty programs, three K-8 choice schools, one 3-8 school, two Pre-K-2 schools, two 3-5 schools, and one Pre-K-8 school, ensuring ample options for families.

Matthew Fontaine Maury High School



Among its unique offerings, Norfolk is home to Virginia's only magnet school for the arts, the Governor's Magnet School for the Arts. This prestigious institution provides training in various disciplines, including dance, instrumental music, musical theater, theater and film, visual arts, and vocal music, serving approximately 350 students from six cities and two counties at its Downtown location.

In 2023, NPS was awarded \$33 million in grant funding through the School Construction Assistance Program for renovations at Matthew Fontaine Maury High School and Booker T. Washington High School. Of this funding, \$30 million was allocated to construct a new Maury High School adjacent to the current facility, with the aim of opening the new building by 2029.

The City boasts thirteen public libraries, which serve as vital community resources. In recent years, the Norfolk Public Library system has focused on enhancing existing facilities and increasing technological capabilities. The newest library location in the Norfolk Public Library system is the Richard A. Tucker Memorial Library, a vital resource for the community, offering a variety of services and programs aimed at enhancing literacy, technology

access, and community engagement. In 2023, the library received the Excellence in Development Award, highlighting its significance in promoting educational and cultural initiatives within Norfolk.

These enhancements reflect Norfolk's commitment to improving educational and cultural opportunities for its residents, ensuring that both schools and libraries play essential roles in fostering learning and community engagement.

## Higher Education

Higher education is vital for cultivating a skilled and competitive workforce, and the City is home to several esteemed institutions, including Old Dominion University (ODU), Norfolk State University (NSU), Tidewater Community College (TCC), Eastern Virginia Medical School (EVMS), and Tidewater Tech Trade School. ODU stands out as one of only 100 public research-extensive universities in the United States and is one of just four in Virginia. NSU is Virginia's largest public historically Black university and ranks among the largest predominantly Black institutions nationwide. In 2024, the Elizabeth River Project selected NSU as the Sustained Distinguished Performance River Star Business for completing a new significant initiative in 2023. In 2023, NSU partnered with BrightView Landscape Services where students completed several projects like, earth day week events, installation of 3,000-square-foot Pollinator Meadows Best Management Practices Storm Water Project, geese management initiative using Collie dogs, campus landscape enhancements, new tree planting and tree maintenance, student volunteer campus cleanup, and student flower planting projects.

In October 2023, NSU was recognized as a 2023-2026 Apple Distinguished School. This recognition highlights NSU's proactive approach that emerged during the COVID-19 pandemic, to use Apple tools to enhance student learning and engagement. NSU became the first Historically Black University in the nation to facilitate a campus-wide deployment of Apple devices to all students. Since then, over 7,000 devices have been distributed to students, faculty and staff. This initiative has significantly enriched the educational experience, providing students with the resources to develop their own innovative learning strategies.

NSU Apple Distinguished School



Eastern Virginia Medical School (EVMS) has been a cornerstone of medical education and healthcare innovation since its inception in 1973. Over the past four decades, it has distinguished itself as a training ground for physicians, health professionals, educators and medical pioneers.

In 2023, EVMS expanded its commitment to patient care with the opening of the Goldrich Institute. This new facility offers a comprehensive range of medical management, and quality-of-life services specifically designed for individuals with neurodegenerative diseases, such as Parkinson's and Alzheimer's, as well as related movement disorders. The Goldrich Institute also provides essential support for families of patients, recognizing the significant impact these conditions have on caregivers and loved ones. Located within Andrews Hall, the Goldrich Institute features approximately 4,000 square feet of state-of-the-art clinical space dedicated to advanced treatment and support services.

EVMS and NSU announced a new partnership in January 2023 to address healthcare disparities and medical workforce. The new program, called the EVMS-NSU Research and Training Incubator for Collaboration in Health Equity Initiative (ENRICHe), will help address healthcare disparities among minorities and help expand career paths for NSU students interested in working in healthcare. Part of the goal is to create a medical workforce that resembles the community. School leaders believe, as research has shown, one of the main items to address is the mental health inequities in neighborhoods is to make sure that the health workforce mirrors the community in which they are practicing. In 2024, the partnership was further solidified with a shared commitment from both institutions to invest funds into this initiative. These funds will be allocated as seed grants to support research on health disparities, conducted by faculty and students from both EVMS and NSU. This investment underscores a long-term commitment to not only enhance educational pathways for students but also to generate meaningful research that addresses pressing health issues in the region.

In July 2024, EVMS and ODU finalized their integration, a significant development in the field of healthcare education. EVMS was one of the few remaining standalone medical schools in the country, and this merger presents a unique opportunity for both institutions to enhance their resources, expertise, and community outreach initiatives.



This integration resulted in the formation of the Macon and Joan Brock Virginia Health Sciences at Old Dominion University, which includes various schools of medicine, nursing, and health sciences. The partnership aims to provide cutting-edge education and research opportunities in medicine and healthcare, addressing both local and national health workforce needs. Sentara's collaboration plays a critical role in expanding resources and training the next generation of healthcare professionals, ensuring that graduates are well-prepared to meet the evolving healthcare challenges in their communities.

With the creation of this integrated center, students will have access to fifty-six health science programs, including eighteen unique offerings not available anywhere else in Virginia. These innovative programs include advanced degrees such as the Master of Surgical Assisting, Doctorate in Reproductive Clinical Science, and Art Therapy and Counseling. This expansion not only strengthens the educational landscape in Virginia but also positions the integrated institution as a leader in addressing critical healthcare needs and workforce shortages in the region.

Located in the heart of the ODU campus, the new Student Recreation Center has become the central hub for sports, wellness, and fitness activities. Completed in Spring 2024, the expansion project included a 121,000-square-foot state-of-the-art recreation facility, which incorporates the existing 31,000-square-foot natatorium and boasts a wide array of amenities, including a two-story climbing wall, an elevated jogging track, a three-court open gymnasium, and a multipurpose activity court. Additional features comprise a 15,000-square-foot fitness center, group exercise studios, a three-tiered cycling studio, three racquetball courts, and indoor fields for hockey and soccer. The center also includes dance studios, cardiovascular training rooms, lounge areas, classrooms, office space, and conference rooms. Beyond recreational facilities, the Center serves as a base for the Department of Human Movement Sciences, offering

ODU Student Recreation Center



programs in Exercise Science and Health & Physical Education. It is also home to essential student services such as Student Health Services, Counseling Services, and Health Promotion programs, making it a comprehensive resource for student wellness and support.

Tidewater Tech specializes in various trade vocations, including automotive technician training, HVAC (heating, ventilation, and air conditioning), building maintenance and repair, and welding. In a notable development, Tesla, the American electric vehicle and clean energy company opened a new dealership located in the City. This presence of an electric vehicle manufacturer affords Hampton Roads residents the increased availability to purchase electric vehicles and offers the opportunity for students in Hampton Roads to work in the electric car industry as auto technicians. To meet the demand for electric car vehicle maintenance, Tidewater Tech unveiled a unit within their auto technician program to educate students on performing quality maintenance on electric vehicles.

TCC serves as Hampton Roads' largest provider of higher education and workforce development services. It acts as a critical resource for local businesses and industries seeking skilled technical employees, as well as for training and retraining programs for current employees. TCC is a part of the Community College Workforce Cooperative, a regional partnership focused on meeting the job training needs of major industries in the region. TCC has moved its visual arts programs from Portsmouth to the City, adding another building to its Downtown Norfolk campus. This strategic move enhances the college's offerings and allows students to take advantage of nearby galleries, the New Energy of Norfolk (NEON) arts district, and the Governor's School for the Arts, fostering a vibrant cultural and educational environment.

TCC has announced the opening of a new Child Development Center in Downtown, set to begin operations in early 2025. This facility will provide high-quality early childhood education services to TCC students with children, helping them balance their educational pursuits with parenting responsibilities. The center will be staffed by alumni and students of TCC's Early Childhood Development Program and will focus on school readiness and essential skill development through play. The service will be available to any currently enrolled TCC student, and financial aid can be used to help cover the costs of childcare.

## **Healthcare**

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

As the region's first magnet hospital, the recently renovated Sentara Norfolk General Hospital, a 525-bed tertiary care facility, is home to the area's only Level I Trauma Center, burn trauma unit, and nationally ranked heart program at Sentara Heart Hospital. The Cardiology and Heart Program at Sentara Norfolk General Hospital has been ranked among the nation's Top 50 heart programs in the U.S. News & World Report's annual hospital rankings.

In March 2023, Sentara Leigh Hospital opened its newly expanded Family Maternity Center to accommodate more births, adding thirteen private postpartum rooms equipped with state-of-the-art technology. With its new cancer additions, Sentara Leigh Hospital now features expanded oncology services such as advanced radiation therapy, chemotherapy, and surgical oncology, that along with its research programs, clinical trials, and innovative therapies contribute to its nationally recognized status in cancer care. Additionally, the hospital's expansion includes outpatient cancer treatment facilities, which make it easier for patients to receive care closer to home.

CHKD, is Virginia's only free-standing, full-service pediatric hospital, and home to one of the nation's top pediatric residency programs. With 266 beds, CHKD provides specialized medical and surgical care for children across the Hampton Roads region, the eastern shore of Virginia and northeastern North Carolina. In September 2022, CHKD opened its Children's Pavilion, a 14-story, \$224 million state-of-the-art facility designed to address the growing demand for pediatric mental health services. This facility provides a comprehensive range of mental health treatments, including prevention programs, intensive day programs, research, and follow-up care for children dealing with mental health issues. The pavilion was specifically developed to support children with anxiety, depression, and trauma-related conditions, helping fill a critical gap in pediatric mental healthcare. The Children's Pavilion features 60 inpatient beds and offers a nontraditional hospital environment designed to enhance children's experiences and promote healing. Amenities include both indoor and outdoor recreation centers, as well as a music therapy room and recording studio. Notably, the rooftop on the 14th floor boasts a basketball court, a turf soccer field, and a four-square court. The enclosed, netted design of this top floor provides a safe space for children to play while enjoying fresh air and sunlight, which is crucial for their mental well-being. This innovative approach reflects a commitment to creating a healing environment that prioritizes the holistic needs of young patients.

CHKD Pediatric Mental Health Facility



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

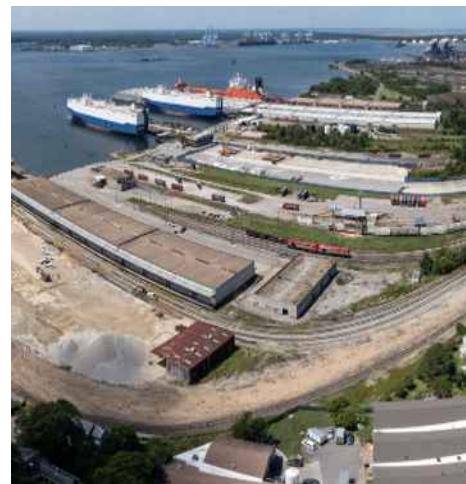
## New Investments

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

Significant announcements and activities in Fiscal Year 2024 have emphasized this trend, with large-scale investments and new development initiatives creating increased opportunities for residents and businesses. Norfolk continues to foster an environment conducive to innovation and growth. Below are some of the key economic development activities and announcements from Fiscal Year 2024:

- **Fairwinds Landing, LLC:** In May 2022, Fairwinds Landing signed a long-term lease with Norfolk Southern Railway Company to transform Norfolk Southern's 130+ acre underutilized marine terminal into a world-class maritime operations and logistics center, supporting the offshore wind, defense, and transportation industries. This project represents a total investment of over \$750 million. Full production at the site is anticipated by 2027, with an estimated \$4.25 million in annual tax revenue and the creation of 1,000 to 1,500 new jobs. The development aims to revitalize underutilized land, diversify Norfolk's traditional industry base, and tap into the growing offshore wind industry. Key tenants and development parcels include:
- **Dominion Energy:** In June 2023, Fairwinds Landing and Dominion Energy broke ground on an offshore wind operations and maintenance facility. The complex will feature a 30,000-square-foot office, a 17,500-square-foot warehouse, and a 950-linear-foot vessel berthing facility. This \$50 million capital investment is expected to create approximately 200 jobs.

Fairwinds Landing, LLC



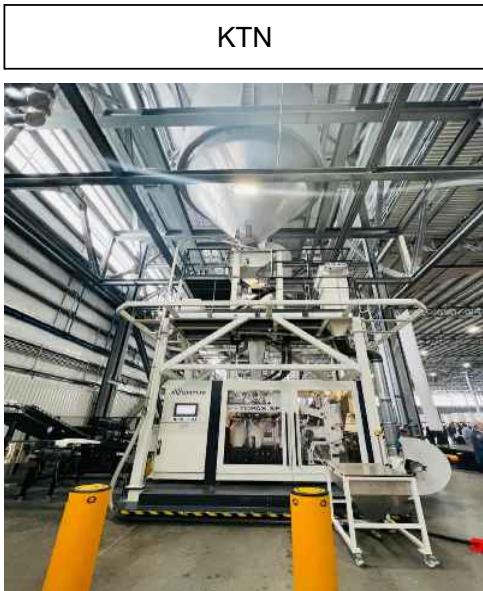
- **Huntington Ingalls Industries (HII) / Newport News Shipbuilding (NNS):** In November 2023, HII announced the start of production in Norfolk to support its aircraft carrier program. The shipyard is expected to invest \$100 million in capital, creating up to 500 new jobs.

- **Offshore Wind Manufacturing:** Fairwinds Landing has attracted significant interest as a premier site for offshore wind component manufacturing to support East Coast wind farms. Depending on the component, this manufacturing activity could bring in an additional \$400 to \$500 million in capital investment and generate 400 to 600 new jobs.

Over a three to five-year development timeline, these projects alone represent \$600 to \$700 million in capital improvements and the creation of 700 to 1,000 good-paying jobs.

- **PadenCold Inc.:** A locally owned storage company that provides frozen, refrigerated, and dry storage, PadenCold Inc. is investing \$2.8 million to expand in Norfolk. The company will retain 19 employees and create three new jobs as part of the cold storage modernization and warehouse expansion to meet increased demand.
- **Total Quality Logistics (TQL):** The second-largest freight brokerage firm in North America, TQL announced the opening of a new office in Norfolk, expanding its presence in Virginia. This project will create 100 new jobs and involve \$125,000 in office upgrades, further solidifying Norfolk's status as a transportation and logistics hub on the East Coast.

- **Katoen Natie Norfolk Inc. (KTN):** In November 2023, KTN, a logistics and engineering solutions provider, announced a \$59.9 million investment to expand its operations in Norfolk. The project includes a 450,000-square-foot warehouse, a rail yard, and an extended rail spur. Virginia successfully competed with Georgia and South Carolina for this project, which will create 76 new jobs.



- **The Railyard at Lambert's Point:** This adaptive reuse and new construction project involves a nearly \$40 million private investment and is expected to create 350 jobs. The development includes over 100,000 square feet of new and redeveloped space.
- **Booz Allen Hamilton:** In August 2023, Booz Allen Hamilton announced an expansion in Norfolk to include a new business services delivery hub. The consulting firm's expansion is expected to create 200 new jobs.

• **Lyon Shipyard:** Operating in Norfolk for nearly 100 years, Lyon Shipyard announced an \$8.5 million investment in September 2023 to expand its operations, increasing capacity for commercial ships and vessels servicing offshore wind farms. Virginia competed with Maryland and North Carolina for the project, which will create 134 new jobs.

- **Top Tier Solar Solutions:** Announced in June 2023, this solar energy company established operations in Norfolk, occupying a 27,488-square-foot space and creating 70 new jobs. The location is now fully operational.
- **DEME Group:** In November 2021, Dominion Energy Virginia awarded DEME Group a \$1.1 billion contract for its Coastal Virginia Offshore Wind (CVOW-C) project. DEME's responsibilities include the transportation and installation of monopile foundations, offshore substations, and submarine cables. In August 2023, DEME established an office in Downtown Norfolk, creating 40 new jobs.
- **Fugro:** A geo-data specialist, Fugro expanded its Americas Center of Expertise for offshore wind in Norfolk in June 2023. The expansion created 15 new jobs and is now complete.
- **Bauer Compressor, Inc.:** In May 2023, Bauer Compressor announced plans to invest \$7.4 million to expand its operations in Norfolk. The expansion will increase capacity to produce hydrogen and natural gas compressors, creating 47 new jobs. The project is expected to be completed by Summer 2026.

## Residential Development

One of Norfolk's greatest strengths is its neighborhoods. With over 120 civic leagues and more than 103,000 housing units, the City offers a diverse range of housing choices, from charming starter homes to grand residences, and from Downtown lofts and townhomes to new developments along the Chesapeake Bay. By offering a variety of housing options, the City aims to attract a diverse population and expand its tax base. The goal for neighborhood and commercial development is to create an environment that stimulates private sector investment, generates retail sales, and increases municipal revenue.

Residential investment continues to grow throughout the City, particularly in and around Downtown. The St. Paul's community, adjacent to Downtown, is undergoing major revitalization and is one of the City's key resilience projects. The transformation focuses on three components of resilience: coastal, economic, and neighborhood resilience. To date, Norfolk has received over \$105 million in federal and state funding to support redevelopment in this area.

Phase I of the St. Paul's redevelopment includes transforming the Tidewater Gardens community, now renamed Kindred. Tidewater Gardens, previously consisting of 618 units of 1950s-era public housing, is being replaced by more than 700 new mixed-income housing units, over 44,000 square feet of commercial and retail space, a 22.2-acre park called the Blueway/Greenway to mitigate flooding and provide recreational amenities, and a new roadway reconnecting the community to Downtown Norfolk. The project also includes a human development program called People First, designed to connect residents with resources to help them thrive. To date, three of the five planned infrastructure projects have been completed, including Wood Street and Posey Lane, the necessary pump station to accommodate the increased density, and Phase I infrastructure. Phase II is currently in progress, with an expected completion date in Winter 2026.

Additionally, the redevelopment directly addresses the area's chronic flooding issues by transforming the most flood-prone and lowest-elevation areas into a new 22-acre blue/greenway public park. This park will feature recreational green spaces and waterways, serving as a dynamic living laboratory to tackle the City's significant sea-level rise challenges. The Blueway/Greenway is anticipated to be completed in 2026, with additional phases rolling out through 2026. In addition to the housing and storm water park, the Kindred neighborhood will feature two initiatives designed to enhance existing public assets and reimagine them for a more resilient future. These projects will include a cultural art trail that celebrates Tidewater Gardens' rich cultural heritage and wayfinding signage to assist residents and visitors in navigating the Kindred neighborhood. Together, they aim to foster a vibrant community while preserving the area's unique character.

Aspire at Church Street



Private investment in the area has already led to three new affordable and mixed-income housing developments: Riverside Station, Market Heights, which won the 2024 CoStar Impact Award for Multifamily Development of the Year in the Hampton Roads, and Aspire at Church Street, a newly developed community featuring 85 apartments.

Additional developments include Gravity 400, a six-story luxury residential building along Waterside Drive. This building, the first of two large multifamily complexes from Marathon Development, features 273 units with extensive amenities and green space. The estimated \$50 million project is expected to be completed by late 2024.

Another notable project is Fusion at NEON, a five-story residential complex with ground-floor parking, walk-up townhouse-style apartments, coworking space, and one-to-three-bedroom units on the upper floors. Located at the crossroads of the NEON District, just a block from Granby Street, this \$50 million project is also expected to be completed by late 2024.

Acclaim at East Beach is a new waterfront active retirement community, with the first phase completed in September 2021 in the East Beach area. This high-end retirement living center offers resort-style amenities, featuring a four-story apartment building with 132 studio and two-bedroom units. The second phase of the project was completed in June 2024.

The Retreat at Harbor Pointe Apartments, located on the east side of the City, provides residents with the opportunity to live in a brand-new waterfront home along Virginia's historic Elizabeth River. With stunning views of the river and the Norfolk skyline, the community promotes an active lifestyle with an elevated waterfront walkway, a state-of-the-art fitness center, swimming pool, accessible playground for residents with disabilities, and bicycle storage. The Retreat at Harbor Pointe offers affordable housing to residents of Norfolk who earn 50-60 percent of the Area Median Income.

## **Commercial Development**

Norfolk's economic development initiatives focus on attracting, expanding, and retaining businesses that align with the City's strengths in maritime industries, higher education, medical and research facilities, neighborhood and community revitalization, and commercial corridor development. The ongoing development, expansion, and retention of businesses have contributed to the continued growth and diversification of Norfolk's local economy.

In 2023, the Economic Development Authority purchased the MacArthur Center, which has been a fixture of Downtown Norfolk since 1999 on land leased from the Norfolk Redevelopment and Housing Authority (NRHA). Originally operated by Taubman, the center was sold to Starwood in 2014 for \$265.5 million as part of a larger bundle of malls in a \$700 million loan package. Wells Fargo became the special servicer following a default on the loan. The City Council allocated \$18 million to purchase the property, which continues to operate as a mall. A separate sale includes the flagship Dillard's store located at MacArthur Center. With full control of the property, Norfolk is working with Washington D.C.-based design firm Gensler to explore future possibilities for the retail space and the 4,000-space parking garages located within the 23-acre Downtown site.

Fairwinds Landing, LLC signed a definitive agreement with Norfolk Southern Railway Company for a 30-year lease (with two 10-year extensions) to transform Norfolk Southern's Lambert's Point Docks, a 130-acre underutilized break-bulk terminal, into a world-class maritime operations and logistics center. The site will support the offshore wind, defense, and transportation industries. Key tenants include Dominion Energy Inc.'s offshore wind operations and maintenance facility, Fairlead Integrated, and Huntington Ingalls Newport News Shipyard's aircraft carrier component manufacturing business, along with a major offshore wind equipment manufacturer. Dominion Energy broke ground on its offshore wind operation at the site in June 2023, while Huntington Ingalls Industries began production in November 2023 to support its aircraft carrier program.

In October 2024, the Pamunkey Indian Tribe and its partner Boyd Gaming broke ground on the development of a \$500 million casino and resort development. The casino will be located on waterfront property adjacent to Harbor Park, home of the City's Triple-A baseball stadium. The project is anticipated to have 200 four-diamond hotel rooms, a gaming floor, rooftop bar, waterside infinity pool, luxury spa, sports bar and grill, steakhouse, multi-purpose event center, and a rooftop outdoor event space. The casino is initially estimated to produce \$30 to \$40 million in annual tax revenues, create 584 new jobs and have an annual indirect economic impact value of \$290 million. The complex is set to include a temporary casino opening in late 2025, with the full resort completion targeted for late 2027.

Casino & Resort



## Quality of Life, Arts and Culture

Norfolk offers a vibrant mix of cultural attractions and entertainment, drawing an estimated 1.8 million visitors annually to its events and cultural centers. These attractions include art venues, performing arts, sports, horticulture, a zoo, waterfront venues, military history, and shopping. SevenVenues manages many of Norfolk's major cultural and sporting sites, including Chrysler Hall, Scope Arena, the Attucks Theatre, the Wells Theatre, Harrison Opera House, Harbor Park, and open-air events. In 2023, SevenVenues events attracted over 900,000 attendees, generating an estimated economic impact of \$22 million.

Half Moone Cruise Terminal



In 2025, Norfolk will become the East Coast's newest year-round homeport, with weekly sailings from Carnival Cruise Line. The City will host 81 total cruise ship calls, bringing an estimated 300,000 unique cruise passenger visits and approximately \$3 million in direct revenue. This expansion is projected to have a total economic impact of 17.6 million, providing a significant boost for Downtown businesses. As part of the expansion, the Half Moone Cruise Terminal and Celebration Center will undergo several modifications to improve the debarking and embarking process. Enhancements include an expanded walkway from Waterside Drive, a circular traffic lane for passenger drop-off and pick-up, a porter lane adjacent to the traffic lane for easy access to vehicles, passenger canopies, revised bus lanes, and an addition to the waiting room building.

In 2023, Nauticus completed Phase 1 of its renovations, unveiling new exhibits like "Norfolk In Time." Phase 2 is currently underway and scheduled to open in late 2024. It will feature the "Design. Build. Sail." exhibit, which overlooks the Elizabeth River and the Sail Nauticus sailboat fleet, as well as "The Heart of the Navy" and "Our Port." The Goode Atrium will also undergo a transformation, including a refreshed grand entrance aimed at enhancing visitor engagement and educational experiences.

The Norfolk Botanical Garden, a Virginia Historic Landmark listed on the National Register of Historic Places, began construction on the Garden of Tomorrow, the largest project in its 85-year history. This multi-million-dollar initiative aims to enhance the visitor experience, expand educational programs, and promote conservation. The project will introduce a covered water education center, a walk-in ticketing system, an entry pavilion, and a parking garden designed to collect, treat, and reuse rainwater while increasing parking availability.

The Garden of Tomorrow will incorporate eco-conscious design features and maximize green space. A highlight of the project is the 26,000-square-foot Perry Conservatory, which will include a second-story skywalk offering aerial views of the tropical rainforest biomes and the largest rose garden on the East Coast. The conservatory will also house and protect some of the world's most threatened plants, expanding the garden's conservation efforts. Construction began in January 2023 and is expected to take two years.

Norfolk's arts district, the NEON District, is a hub of creativity and passion in Downtown, drawing inspiration from the neighborhood's historical ties to the automobile industry as it moves toward a vibrant future.

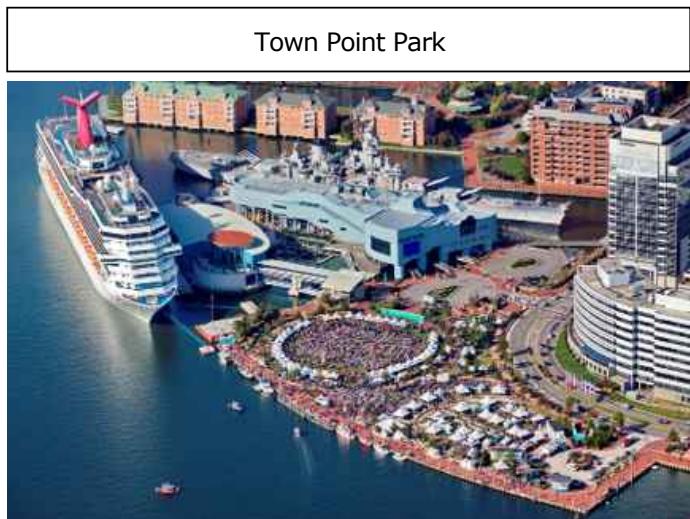
In March 2023, the Chrysler Museum of Art began expanding its Perry Glass Studio. The \$55 million, 18,000-square-foot project will include a second Hot Shop, classrooms for glassmaking, and a performance theater with seating for 200 people. The theater will host glassmaking demonstrations, educational sessions, and events.

## Waterfront Recreation Investment

Norfolk is a coastal city with seven miles of Chesapeake Bay beachfront and a total of 144 miles of shoreline, making it a significant location for both recreation and commerce. Situated at the mouth of the James and Elizabeth Rivers, the City has vital connections to the Chesapeake Bay and the Atlantic Ocean.

The Downtown area features Town Point Park, a waterfront park that draws thousands of visitors each year. This location not only provides recreational opportunities, but also contributes to the City's economy through tax and parking revenue generated by the influx of tourists. Overall, Norfolk's natural beauty and strategic location play a crucial role in its identity and economic viability.

The Waterside District, a regional destination in the heart of the central business district, is adjacent to Norfolk's world-class waterfront and festival site. Its anchor, The Marketplace, is a 30,000-square-foot area featuring several restaurants, a live performance stage, and a rooftop deck offering skyline and water views.



In November 2023, Hampton Roads Transit added two new ferry boats — Elizabeth River Ferry VI and VII — to its Elizabeth River Ferry service fleet. Ferry VII is designed to accommodate increased ridership from several high-profile projects, including Norfolk's casino and resort, Norfolk Tides home games, and Downtown Norfolk festivals.

## **Sports and Recreation**

Norfolk is home to the Norfolk Tides, a Triple-A minor league baseball team affiliated with the Baltimore Orioles. The City is also home to the Norfolk Admirals, a member of the East Coast Hockey League (ECHL). In August 2023, two Canadian professional ice hockey teams, the Winnipeg Jets and Manitoba Moose, added the Norfolk Admirals as their official ECHL affiliate.

Old Dominion University (ODU) competes in the Sun Belt Conference, while Norfolk State University has a long-established football program that currently competes in the Mid-Eastern Athletic Conference (MEAC). In March 2024, MEAC announced that Norfolk will remain the host city for the Men's and Women's Basketball Tournament until 2027. The City has hosted the tournament since 2013.

Broad Creek Legacy Park, an 11-acre park in the emerging Broad Creek district, is themed "Healthy, Active, and Abundant". It features walking trails, open spaces, game tables, and an urban orchard. Along with the Jordan-Newby Library, Richard Bowling Elementary School, and the KROC Community Center, the park provides a nexus for education, fitness, recreation, and community engagement. The 10.5-mile Elizabeth River Trail runs from NSU along the Elizabeth River. Originally an abandoned railroad spur, it was transformed into a walking and biking trail. The trail, accessible at various points along the river, offers scenic views and interpretive markers highlighting the area's history and environment. The Atlantic City spur of the trail, near the Midtown Tunnel, is adjacent to Plum Point Park. This five-acre park is a site for environmental restoration, offering stunning views of the Elizabeth River and serving as a habitat for wetland vegetation and estuarine wildlife like blue herons and egrets. Plum Point Park also features an open meadow with mature trees.

## **Adopted Financial Policies**

The City has long-standing comprehensive financial policies, which were last updated by the City Council in May 2021. The adopted Financial Policies include a General Fund Unassigned Reserve with a minimum of 10 percent of General Fund Expenditures plus General Fund Transfers Out, a Risk Management Reserve of up to \$8 million, an Economic Downturn Reserve of up to \$5 million, and an Inclusive Development Opportunity Fund funded at \$2 million. As of the end of Fiscal Year 2024, the City exceeded the minimum level in the General Fund Unassigned Reserve and is at the maximum level in the Risk Management Reserve, the Economic Downturn Reserve, and the Inclusive Development Opportunity Fund.

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

The City's adopted Financial Policies provide that the Water Utility, Wastewater Utility, Parking Facilities and Storm Water Utility Funds will be self-supporting. Each fund must maintain annual net revenue in an amount to provide sufficient debt service coverage to support annual debt service. The Parking Facilities coverage requirement is 1.1 times its total annual debt service. The Water Utility Fund must maintain a coverage above 1.5 times its total annual

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

## **Long-Term Financial Planning**

Annually, the City prepares a five-year financial forecast of revenues and expenditures for the City's General Fund, which serves as a planning tool for the annual operating budget. This forecast establishes a framework for use in decision making by highlighting significant issues that must be addressed to maintain a structurally balanced budget. It assists the City in understanding the fiscal challenges ahead and the need to establish priorities. This forecast identifies key factors that affect the City's fiscal outlook such as changes in major revenue streams and costs. The City's budget guiding principles are based on a five-pronged approach of raising revenue, reducing expenditures, becoming more efficient, growing the economy, and sharing services and leveraging resources.

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

## **Debt Administration**

Norfolk typically borrows money by issuing general obligation and revenue bonds to finance major capital projects. Bond financing spreads the cost of capital projects over a period of many years, rather than charging the full cost to current taxpayers. The City has the same obligation to adhere to sound financial management that a home or business does. The City adheres to adopted financial policies that promote effective financial management. The City has multiple measures of debt affordability and is in compliance with all of them.

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

also underscores the operational capacity of the System to meet the future needs of its users across the Hampton Roads region.

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

## Resilience – Designing the Coastal Community of the Future

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



To help address this challenge, the City maintains a dedicated Resilience Office that is focused on expanding and institutionalizing an integrated approach to building resilience in the environment, mitigating economic and social stresses, and potential shocks that challenge the City. Additionally, the Resilience Office actively leverages opportunities and resources across City departments, the local community, and national and international partners.

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

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



The City is actively assessing its vulnerability to tidal and storm surge flooding while developing strategies, implementing policies, and designing engineering measures to enhance its resilience. In pursuit of its resilience goals, the City is undertaking several initiatives, including the following:

- City Council has demonstrated its commitment to resilience by dedicating 1 cent of the real estate tax, equating to \$2.4 million annually as of Fiscal Year 2024.

- The City encourages and mandates resiliency as a fundamental component of development activities, integrating resilient practices into its zoning code that surpass the Federal Emergency Management Agency (FEMA) floodplain requirements. This proactive approach has earned the City a Class 5 score in the National Flood Insurance Program's Community Rating System, resulting in a 25 percent reduction in flood insurance premiums for residents.
- The City embarked on a multi-year process to identify resiliency challenges and opportunities, starting in 2015 with the "Dutch Dialogues Virginia" workshop. This initiative brought together urban water management experts, designers, engineers, architects, and planners from New Orleans and the Netherlands to collaborate with local counterparts in Hampton Roads. The workshop resulted in numerous applicable strategies aimed at promoting integrated water management and resilience across the region.
- The St. Paul's community, adjacent to Downtown, is under major revitalization, and is one of the City's key resilience projects. This project addresses the City's three resilience goals – coastal resilience, economic resilience and neighborhood resilience. The transformation focuses on the built environment, as well as the expansion of amenities for all residents of the area. To support resilience efforts in the St. Paul's community, the Office of St. Paul's Transformation, a division of the City's Department of Housing and Community Development, oversees and coordinates all aspects of the transformation in partnership with the NRHA, residents, other City departments, community organizations, and private partners. Together, they work to ensure a successful transformation that adheres to the six design principles developed by residents and transforms the area into one of the City's most desirable neighborhoods where residents of all income levels, races, ages and cultures can live, learn, work, play and thrive.
- In 2023, the City completed construction on its Ohio Creek watershed project, which is designed to address coastal resilience in the area. The project was funded by a grant totaling \$112.7 million through the U.S. Department of Housing and Urban Development's National Disaster Resilience Competition. In addition to providing coastal resilience to the area, the project added amenities such as a new resilience park that includes open space, walking paths, basketball courts, and a fishing pier. The Ohio Creek Watershed Project was awarded the national James Lee Witt Local Award for Excellence in Floodplain Management from the ASFPM.
- To effectively align opportunities, connect internal and external stakeholders and resources, the City has a multi-disciplinary Resilience Office. The Resilience Office is focused on expanding and institutionalizing this integrated approach to building resilience in the environment, mitigating economic and social stresses and potential shocks that challenge the City and actively leveraging opportunities and resources across City departments, local community, as well as national and international partners.
- In April 2020, the City amended its revolving line of credit to authorize draws for up to \$50 million to fund operating expenses caused by a significant emergency event. Expanding the permitted uses of the line of credit, which previously could only fund capital expenditures, provides the City a low-cost source of interim funding for emergency expenditures. To date, the line of credit has not been used to fund emergency expenditures.

- In April 2023, City Council authorized a Project Partnership Agreement between the City and the U.S. Army Corps of Engineers (USACE) to support the City's Coastal Storm Risk Management (CSRM) project, also known as Resilient Norfolk. 65 percent of the total project cost, which is estimated at \$2.6 billion over ten years, will be federally funded. This funding comes after years of coordination and planning efforts to address flooding in the City. In 2016, the City and the USACE began the Norfolk CSRM Final Integrated Feasibility Report and Environmental Impact Statement, with the Chief of Engineer's Report completed in February 2019. The project aims to reduce the City's risk from coastal flooding and damage due to nor'easters, hurricanes, and other significant storm events. The project features storm surge barriers, nearly eight miles of floodwalls, nearly one mile of levees, 11 tide gates, and 10 pump stations, along with a series of nonstructural projects that include home elevations, basement fills, and commercial floodproofing
- The City has received nearly \$34 million in grant funding through Virginia Department of Conservation and Recreation's Community Flood Preparedness Fund to support design and construction of the Norfolk Coastal Storm Risk Management project and to assist with other resilience efforts. In the largest award of its type under this program, Norfolk was granted \$24.6 million to offset local match requirements for construction of Phase 1A of the CSRM along the Harbor Park waterfront. Additional funds have been awarded to support development of a new citywide Watershed Master Plan, to analyze hydrology in the Lake Whitehurst Watershed, and to construct living shorelines in Pretty Lake and along the Eastern Branch of the Elizabeth River.
- The City was awarded a \$2.4 million grant as part of the Department of Defense (DOD) Defense Community Infrastructure Program (DCIP) to fund the Hampton Boulevard Drainage Improvement Project, identified as a priority in the local Joint Land Use Study (JLUS). This initiative aims to reduce flooding at a critical low point along the corridor, thereby minimizing delays and interruptions to the Navy's mission and the operations of the Port of Virginia, a designated Strategic Seaport. The project will also ensure connectivity with essential infrastructure, including the region's only Level I Trauma Center, Sentara Norfolk General Hospital, and the CHKD. By enhancing military readiness and improving quality of life for military personnel and their families, this project reflects a strategic investment in the community's resilience. Notably, this award is one of approximately fifteen projects selected for funding this year from hundreds of competitive applications nationwide.

## **Tax Abatement**

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

## **Community Engagement**

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

## **Internal Control and Budget Accounting**

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

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

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

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

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

## Awards and Recognition

The strength of the City's policies and practices is evident through numerous awards and recognitions from various organizations. Among these accolades are:

- **Secretary's Award for Efforts to Hire and Retain Veteran Employees in Fiscal Year 2024**, Virginia Secretary of Veterans and Defense Affairs, 2024.
- **2024 Annual Achievement of Excellence in Procurement (AEP)**, The National Procurement Institute, 2024.
- **2023 Outstanding Achievement for a Public Risk Management Program Award, 1<sup>st</sup> place winner**, The Public Risk Management and Insurance Association (PRIMA), 2023.
- **Fiscal Year 2023 Distinguished Budget Presentation Award**, GFOA, 2023.
- **Fiscal Year 2022 Popular Annual Financial Report (PAFR) Received 7<sup>th</sup> GFOA recognition for its PAFR**, GFOA, 2023.
- **Fiscal Year 2023 Report to Our Citizens Received 7<sup>th</sup> consecutive Certificate of Excellence in Citizen-Centric Reporting**, Association of Government Accountants (AGA), 2023.
- **Fiscal Year 2023 Parks and Recreation Received the Virginia Recreation and Park Society (VRPS) award for Best New Special Event**, VRPS 2023.
- **Norfolk Fiscal Year 2023 Employees' Retirement System Received 18<sup>th</sup> consecutive GFOA recognition for its ACFR**, GFOA, 2023.
- **Triple Crown Winner**, GFOA, 2022.
- **2023 ComPsych Health at Work, Mid-Size Group Silver Award**, The Norfolk Healthcare Consortium received the 2023 award for their outstanding commitment to enhancing health and wellness for employees of the City, the NPS and the NRHA.
- **2023 Savvy Awards Competition, 2<sup>nd</sup> place winner**, The Department of Communications & Marketing received second place in the Community Engagement Plan category for "Creating a Community-Driven ARPA Funding Plan," 2023.
- **What Works Cities**, Norfolk achieves Gold Level Certification from What Works Cities from efforts to use data-driven governance, 2023.
- **Norfolk's Ohio Creek Watershed Project Awarded the National James Lee Witt Local Award for Excellence in Floodplain Management**, the Association of State Floodplain Managers, 2023.
- **Department of Utilities Wins River Star Business Achievement Level Award**, Annual Water Quality Report, 2023.
- **100 Best Fleets Honorable Mention**, The 100 Best Fleets in the Americas, 2023.
- **Virginia's Citizen Planners of the Year Dogwood Award**, Virginia Chapter of the American Planning Association's (APA), 2021.
- **#10 City in the United States for Dog Parks**, LawnStarter, 2023.

## **Independent Audit**

In accordance with the City Charter and Section 15.2-2511 of the Code of Virginia, as amended, an annual audit by an independent auditor is required. Accordingly, CliftonLarsonAllen LLP conducted the audit of the City's financial records for the fiscal year ended June 30, 2024. Based on their audit, CliftonLarsonAllen LLP issued an unmodified opinion, also known as a "clean" opinion, on the City's financial statements. The independent auditor's report is presented in the financial section of this report.

## **Certificate of Achievement**

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

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This reflects the 38<sup>th</sup> consecutive year that the City received this prestigious award. To be awarded a Certificate of Achievement, a government must publish an efficiently organized ACFR providing full disclosure and transparency. The Certificate of Achievement for Excellence is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment of this award represents a significant accomplishment by a government and its financial management team. This award is valid for a period of one year only. We believe that the fiscal year ended June 30, 2024, ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City prepared its 8<sup>th</sup> Popular Annual Financial Report for fiscal year ended June 30, 2023, and has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the GFOA for that report.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2023. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

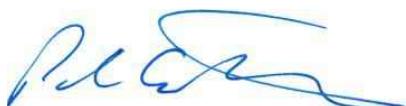
## Acknowledgments

We express our sincere appreciation to all who contributed to the preparation of this report, especially the Financial Reporting Team within the Department of Finance. The completion of this Annual Comprehensive Financial Report (ACFR) reflects the professionalism, dedication, and skill of the entire staff in the Financial Reporting Division, as well as the other teams within the Department of Finance, whose tireless efforts and commitment to excellence made this report possible. The process of year-end closing, conducting the audit, compiling data, and publishing this report required immense effort, professionalism, commitment, and personal sacrifice from these individuals, all of whom strive to position the City of Norfolk as a leader in municipal financial management.

We express our appreciation to the Office of the City Auditor and CliftonLarsonAllen LLP for their collaboration and support throughout the year. This report demonstrates our continued commitment to providing residents, businesses, the City Council, and other stakeholders with transparent, high-quality financial information.

Lastly, we express our gratitude to the City Council for their unwavering support of the highest standards of financial management. Their leadership, oversight and dedication to maintaining the City's strong fiscal policies and practices have directly contributed to the strong financial position of the City, as reflected in this report.

Respectfully submitted,



Patrick G. Roberts  
City Manager



Christine A. Garczynski  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Norfolk  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Monell*

Executive Director/CEO



# Financial Section

## Independent Auditors' Report

### Management's Discussion and Analysis (Unaudited)

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Required Supplementary Information (Unaudited)

Other Supplementary Information



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# Independent Auditors' Report



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## INDEPENDENT AUDITORS' REPORT

The Honorable Members of City Council  
City of Norfolk, Virginia

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Norfolk, Virginia (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note XXIV of the financial statements, effective July 1, 2023, the City adopted new accounting guidance for correction of an error. The guidance requires correction of an error to be reported retroactively by restating prior periods. Our opinions were not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

***Supplementary Information***

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

***Other Information***

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

The Honorable Members of City Council  
City of Norfolk, Virginia

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Arlington, Virginia  
March 17, 2025

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

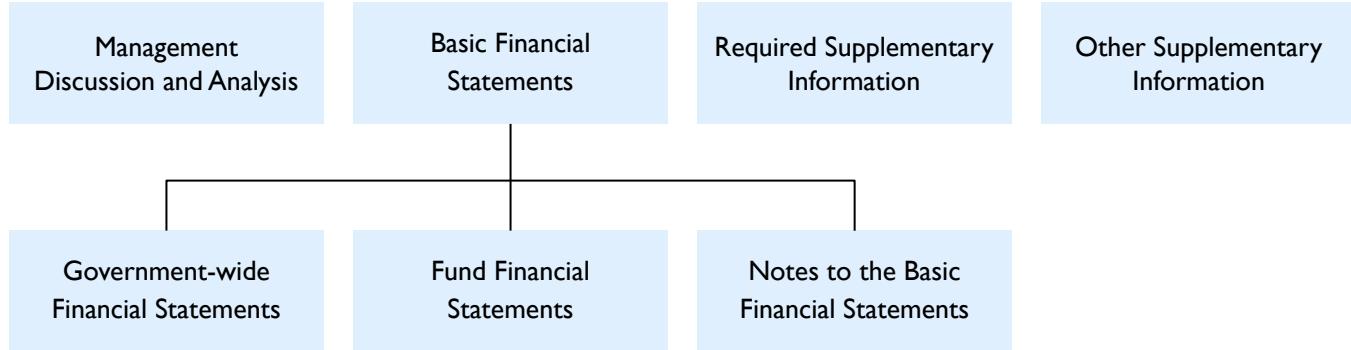
This overview provides an analysis of the City of Norfolk's (the "City") financial performance for the fiscal year ending June 30, 2024.

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

## Financial Highlights

- **Net Position:** The City's assets and deferred outflows, excluding component units, exceeded its liabilities and deferred inflows by \$1,392,411,496 (net position) at the end of FY 2024. Within this amount, the unrestricted net position is \$218,733,966. Total net position increased by \$135,566,034, although the unrestricted net position increased by \$53,871,029 from the previous fiscal year.
- **Governmental Activities:** The City's governmental activities reported a net position of \$623,654,539 reflecting an increase of \$83,536,847 from the previous year.
- **General Fund:** The General Fund's total unassigned fund balance reached \$101,958,118 at the end of fiscal year, which represents 9.4% of the original General Fund budget.
- **Bonded Indebtedness:** The City's total outstanding bonded indebtedness decreased by \$58,028,653 primarily due to principal payments made during the year without the issuance of any new debt.

## Components of the Financial Section



## Overview of the Financial Statements

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

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

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

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

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

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

These statements differentiate between:

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

In addition to the primary government, the financial statements include separate reports for legally distinct component units for which the City is financially accountable, such as Norfolk Public Schools ("School Board") and the Norfolk Economic Development Authority ("EDA"). Financial information for these component units is reported separately from the financial information presented for the primary government and can be found on pages 73-74 of this report.

**Fund financial statements** – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In the basic financial statements, the emphasis is on major funds. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

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

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

The basic governmental fund financial statements are found on pages 63-66 of this report.

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

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

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

The proprietary fund financial statements can be found on pages 67-70 of this report.

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

The fiduciary fund financial statements are available on pages 71-72 of this report.

**Notes to the basic financial statements** – The notes offer essential information to enhance understanding of the data presented in the government-wide and fund financial statements. They provide context, explanations, and details that are critical for a comprehensive understanding of the City's financial position. The notes to the financial statements begin on page 80 of this report.

**Other Information** – Beyond the basic financial statements and accompanying notes, this report includes required supplementary information on budgetary comparisons for the General fund, as well as details on the City's net pension liability and other post-employment benefits to its employees. This required supplementary information is available on pages 169-193 of this report.

Additionally, combining statements for nonmajor governmental funds and internal service funds are presented on pages 201-202 and 207-209, respectively.

## **Government-wide Financial Analysis**

The City's net position can be a valuable indicator of its financial health. As of the close of fiscal year 2024, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$1,392,411,496.

The City's largest portion of the net position, totaling \$1,106,220,848 or 79.4 percent, is invested in capital assets - such as land, buildings, equipment, intangibles and infrastructure - net of accumulated depreciation and related debt, deferred inflows and outflows. These capital assets are essential for providing services to citizens and are not available for future spending. While the net position reflects the City's investment in these assets, the funds to repay the associated debt must come from other resources, as the assets themselves cannot be liquidated for liability purposes.

An additional approximately 4.8 percent of the City's net position consists of resources with external restrictions governing their use. The balance of \$218,733,966 in unrestricted net position is largely because of an increase in Water unrestricted net position.

### **Summary of the City of Norfolk's Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current and Other Assets	\$ 787,521,276	\$ 845,573,208	\$ 239,423,958	\$ 186,314,486	\$ 1,026,945,234	\$ 1,031,887,694
Capital Assets	1,313,399,881	1,215,243,601	1,176,563,347	1,146,246,921	2,489,963,228	2,361,490,522
Total Assets	2,100,921,157	2,060,816,809	1,415,987,305	1,332,561,407	3,516,908,462	3,393,378,216
Deferred Outflows of Resources	166,284,227	232,461,726	41,654,788	52,496,234	207,939,015	284,957,960
Total Assets and Deferred Outflows of Resources	2,267,205,384	2,293,278,535	1,457,642,093	1,385,057,641	3,724,847,477	3,678,336,176
Long-Term Liabilities	1,402,754,687	1,514,991,613	655,659,879	646,292,921	2,058,414,566	2,161,284,534
Other Liabilities	189,227,026	195,063,541	28,696,268	17,729,873	217,923,294	212,793,414
Total Liabilities	1,591,981,713	1,710,055,154	684,356,147	664,022,794	2,276,337,860	2,374,077,948
Deferred Inflows of Resources	51,569,132	43,105,689	4,528,989	4,307,077	56,098,121	47,412,766
Total Liabilities and Deferred Inflows of Resources	1,643,550,845	1,753,160,843	688,885,136	668,329,871	2,332,435,981	2,421,490,714
Net Position:						
Net Investment in Capital Assets	520,426,088	448,924,433	585,794,760	590,891,927	1,106,220,848	1,039,816,360
Restricted	29,826,394	18,776,764	37,630,288	33,389,401	67,456,682	52,166,165
Unrestricted	73,402,057	72,416,495	145,331,909	92,446,442	218,733,966	164,862,937
Total Net Position	\$ 623,654,539	\$ 540,117,692	\$ 768,756,957	\$ 716,727,770	\$ 1,392,411,496	\$ 1,256,845,462

The City's governmental activities saw a 15.5 percent increase in total net position, totaling \$83,536,847.

In business-type activities, net position increased by \$52,029,187, or 7.3 percent. This increase includes, \$32,256,303 from the Water Utility, \$14,574,278 from the Wastewater Utility, \$8,753,535, from the Storm Water Utility, and a decrease of \$3,554,929 from the Parking Facilities. Overall revenues rose by \$6,023,747 compared to the prior year, largely driven by approved rate increases, higher consumption, and a reclassification of interest revenue.

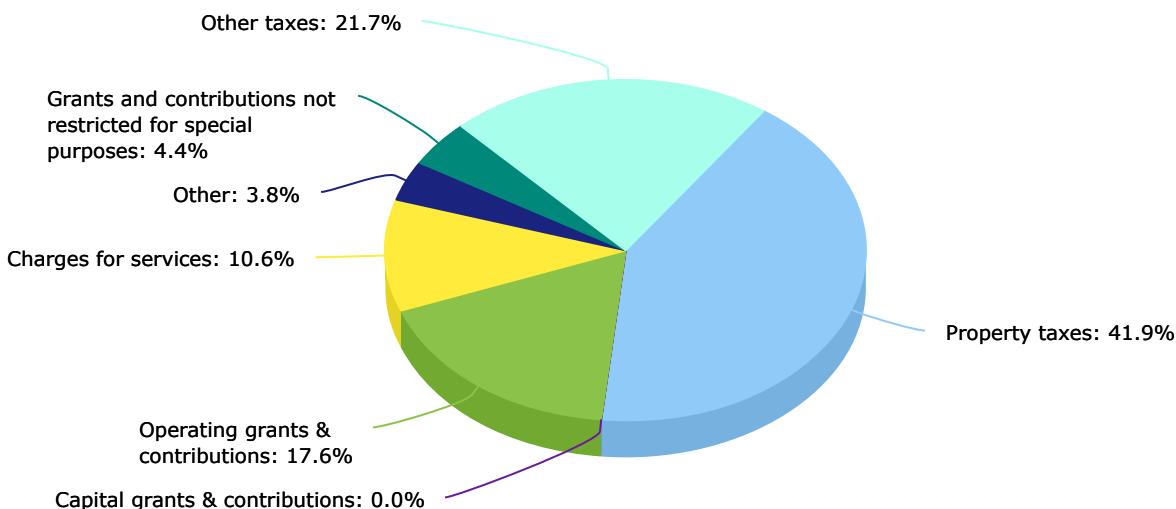
The following presents key programmatic and functional elements contributing to changes in the government-wide net position:

**Changes in the City of Norfolk's Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 99,025,919	\$ 95,710,121	\$ 195,030,268	\$ 186,768,133	\$ 294,056,187	\$ 282,478,254
Operating Grants & Contributions	165,152,487	201,095,425	-	-	165,152,487	201,095,425
Capital Grants & Contributions	273,572	14,507,612	940,347	6,812,429	1,213,919	21,320,041
General Revenues:						
Property Taxes	392,895,405	395,914,526	-	-	392,895,405	395,914,526
Other Taxes	203,504,142	200,201,555	-	-	203,504,142	200,201,555
Grants and Contributions not restricted for specific purposes	41,384,425	38,583,643	-	-	41,384,425	38,583,643
Other	36,092,214	32,043,797	6,823,359	3,189,665	42,915,573	35,233,462
Total Revenues	<u>938,328,164</u>	<u>978,056,679</u>	<u>202,793,974</u>	<u>196,770,227</u>	<u>1,141,122,138</u>	<u>1,174,826,906</u>
<b>Expenses:</b>						
General Government	184,796,350	163,078,726	-	-	184,796,350	163,078,726
Judicial Administration	57,359,497	61,730,007	-	-	57,359,497	61,730,007
Public Safety	161,392,975	135,118,042	-	-	161,392,975	135,118,042
Public Works	89,245,393	85,372,658	-	-	89,245,393	85,372,658
Health and Public Assistance	98,090,823	96,769,724	-	-	98,090,823	96,769,724
Culture and Recreation	67,086,852	64,618,422	-	-	67,086,852	64,618,422
Community Development	39,799,765	45,021,559	-	-	39,799,765	45,021,559
Education	154,787,859	118,262,832	-	-	154,787,859	118,262,832
Interest on Long-Term Debt	30,190,185	30,084,375	-	-	30,190,185	30,084,375
Water Utility	-	-	77,836,386	74,370,318	77,836,386	74,370,318
Wastewater Utility	-	-	22,840,448	23,191,209	22,840,448	23,191,209
Parking Facilities	-	-	23,610,378	21,813,638	23,610,378	21,813,638
Storm Water Utility	-	-	22,019,386	20,144,889	22,019,386	20,144,889
Total Expenses	<u>882,749,699</u>	<u>800,056,345</u>	<u>146,306,598</u>	<u>139,520,054</u>	<u>1,029,056,297</u>	<u>939,576,399</u>
Increase (decrease) in Net Position before Special Items and Transfers	55,578,465	178,000,334	56,487,376	57,250,173	112,065,841	235,250,507
Special Items	23,500,193	(3,228,246)	-	-	23,500,193	(3,228,246)
Transfers	4,458,189	9,837,734	(4,458,189)	(9,837,734)	-	-
Increase (decrease) in Net Position	83,536,847	184,609,822	52,029,187	47,412,439	135,566,034	232,022,261
Net Position Beginning of Year	<u>540,117,692</u>	<u>355,507,870</u>	<u>716,727,770</u>	<u>669,315,331</u>	<u>1,256,845,462</u>	<u>1,024,823,201</u>
Net Position End of Year	<u>\$ 623,654,539</u>	<u>\$ 540,117,692</u>	<u>\$ 768,756,957</u>	<u>\$ 716,727,770</u>	<u>\$ 1,392,411,496</u>	<u>\$ 1,256,845,462</u>

**Governmental Activities** – For the fiscal year ending June 30, 2024, the City's governmental activities generated total revenues of \$938,328,164. Property taxes and other taxes are the City's primary revenue sources, comprising 64.0 percent of total governmental revenues. Property tax revenue, which includes personal and real estate taxes, decreased by \$3,019,121 over the prior year. The real estate tax rate for fiscal year 2024 was \$1.25 per \$100 of assessed value. Additionally, revenue from other taxes rose by \$3,302,587, or 1.6 percent, compared to the previous fiscal year.

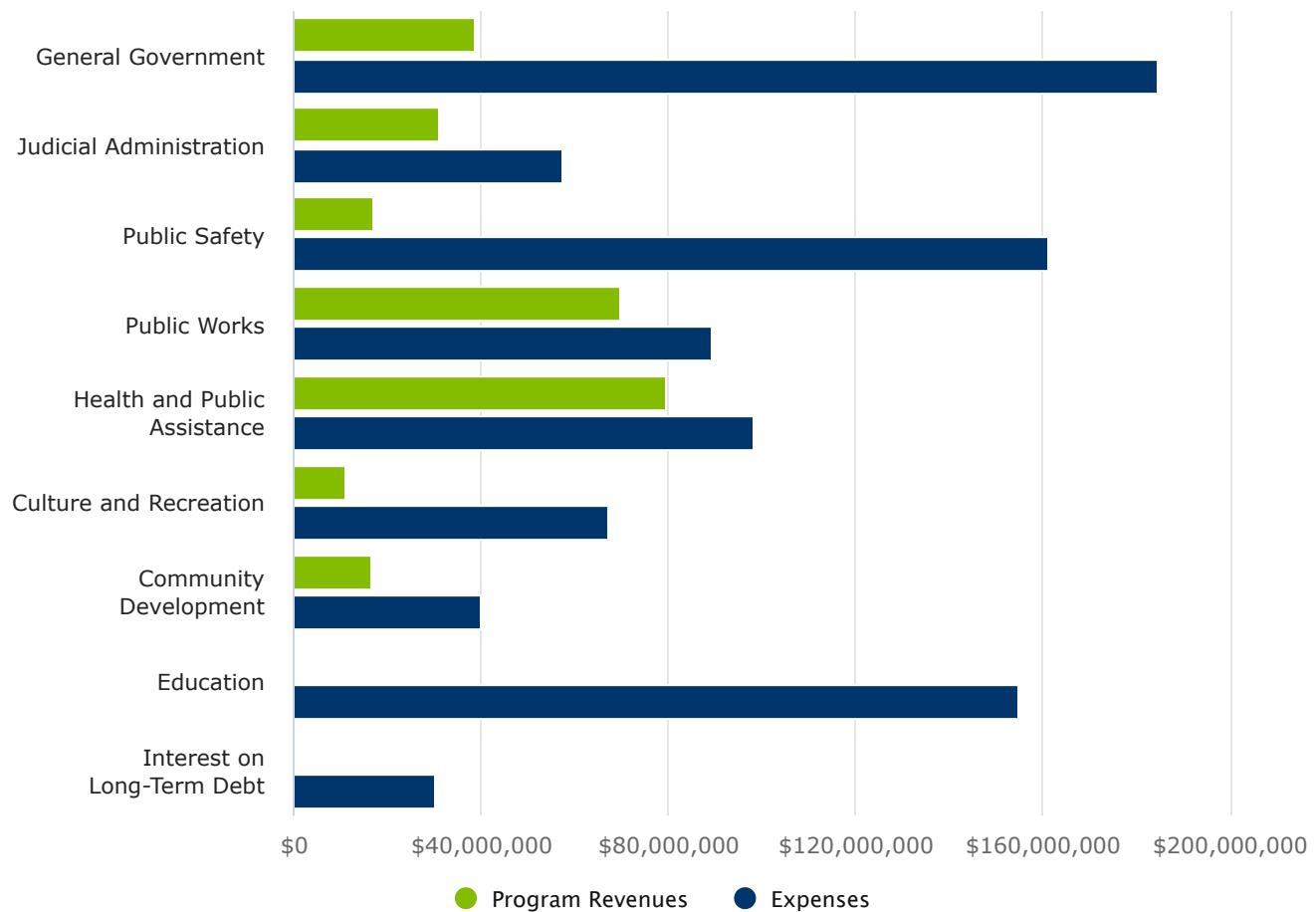
### Governmental Activities: Revenues by Source



Operating grants and contributions for governmental activities totaled \$165,152,487 reflecting a decrease of approximately 17.9 percent from the prior year, primarily due to decrease in ARPA funds and the end of the Ohio Creek Watershed Project. For fiscal year 2024, unrestricted grants and contributions amounted to \$41,384,425 representing an increase of approximately 7.3 percent compared to the prior year, primarily due to an increase in accruals in fiscal year 2024 to accurately record revenue to the appropriate year resulting in duplicate revenue that will balance out in fiscal year 2025 and additional state revenue spending for law enforcement. Additionally, other revenue overall increased by \$4,048,417 from the prior year, primarily due to an increase in investment interest from more shares being purchased and a decrease from a fiscal year 2023 one-time revenue from Section 108 funding and a fiscal year 2024 reduction in new lease and SBITA arrangements over fiscal year 2023.

The City's expenses for governmental activities encompass a broad range of services, with \$184,796,350 (20.9 percent) allocated to general government, \$161,392,975 (18.3 percent) for public safety, and \$154,787,859 (17.5 percent) for education, which includes payments to the School Board, a component unit. Overall expenses for governmental activities increased by 10.3 percent, primarily driven by a decrease in ARPA funding for public safety, increase in spending for downtown floodwall, transportation VDOT project spending and a fiscal year 2023 decrease in education expenses as a result of unspent appropriations by the schools.

### Governmental Activities - Expenses and Program Revenues

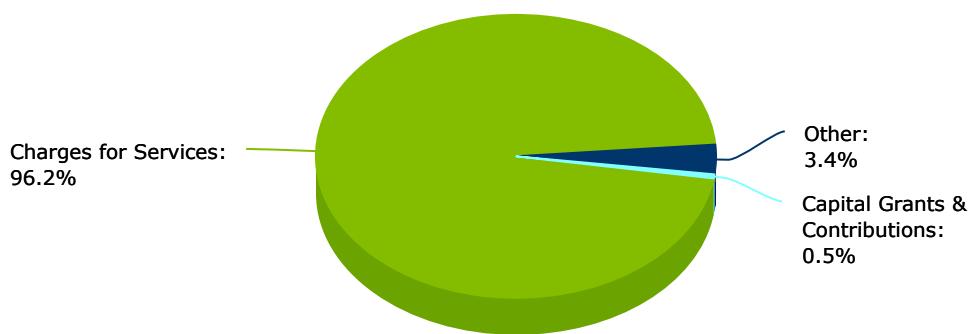


Depreciation and amortization expenses for governmental activities amounted to \$64,197,549.

**Business-type Activities** – Business-type activities contributed to an increase in the City's net position of \$52,029,187. Key elements of this change include:

- Revenue from charges for services for business-type activities increased by 4.4 percent in fiscal year 2024.
  - **Water Utility:** Charges for services increased \$6,877,646 or 6.4 percent.
  - **Wastewater Utility:** Charges for services increased \$2,071,894 or 5.8 percent.
  - **Parking Facilities:** Revenues decreased \$1,970,902 or 9.6 percent.
  - **Storm Water Utility:** Charges for services increased by \$1,283,497 or 5.5 percent.

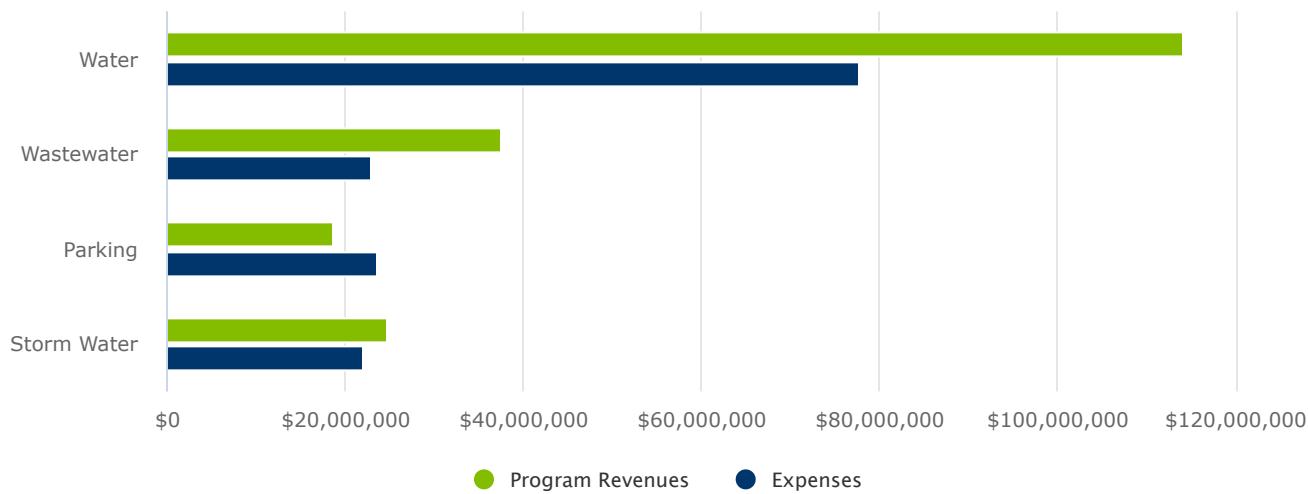
### Business-Type Activities: Revenues by Source



Total expenses for business-type activities increased by \$6,786,544, or 4.9 percent overall.

- **Water Utility:** Expenses increased by \$3,466,068, or 4.7 percent
- **Wastewater Utility:** Expenses decreased by \$350,761, or 1.5 percent
- **Parking Facilities:** Expenses increased by \$1,796,740, or 8.2 percent
- **Storm Water Utility:** Expenses increased by \$1,874,497, or 9.3 percent

### Business Type Activities - Expenses and Program Revenues



### Financial Analysis of the Government's Funds

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

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

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

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

At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$509,156,922 reflecting a net decrease of \$50,715,620 primarily due to no issuance of debt, increase in capital project spending and a decrease in ARPA funding. The restricted fund amounts to \$21,554,414, which can only be used for specific purposes stipulated by a third party or legislation. This category typically includes federal and state awards/grants and certain tax revenues earmarked for designated purposes.

The committed fund balance totals are \$186,229,532, representing amounts designated for specific purposes by the City Council. This includes funds allocated for the City's self-insured workers' compensation, general liability programs and \$143,095,763 in capital projects funds.

The assigned fund balance is \$199,414,858, representing funds intended for specific purposes as determined by the City. This category includes encumbrances that are not considered committed.

Lastly, the remaining balance of \$101,958,118 is classified as unassigned and is available for spending at the government's discretion.

The City's primary governmental fund is its General fund. As a matter of fiscal policy, the City's unassigned fund balance is no less than 10 percent of the total combination of General fund operating expenditures and transfers out, which amounted to \$96,215,542 for fiscal year 2024.

On a budgetary basis, the City ended the fiscal year with revenues exceeding projections by \$46,085,089. However, total expenditures exceeded appropriations by \$118,499,988, primarily due to transfer of previously assigned fund balance to fund Capital Projects.

The General fund revenues increased by \$39,881,467, or 5.2 percent from the prior year. Overall expenditures increased by \$129,490,851, or 22.9 percent from fiscal year 2023. General fund financial and budget highlights of fiscal year 2024 include:

- General property tax revenues increased by \$24,261,807, or 6.5 percent, primarily due to a rise in housing market demand.
- Use of money and property revenues increased by \$10,115,562, or 62.1 percent, primarily due to an increase in investment interest revenues.
- Other local tax revenues rose by \$6,706,471, or 3.6 percent, attributed to increases in admission, restaurant and meals, and hotel taxes, reflecting continued economic recovery, as well as a reporting entity change from Emergency Operations Center/911 fund to the General fund.
- Education expenditures increased by \$37,014,664, or 34.5 percent, primarily due to a fiscal year 2023 decrease in education expenses as a result of unspent appropriations by the schools.
- Public Safety expenditures increased by \$48,843,873, or 69.9 percent, primarily due to a decrease in ARPA funding for public safety, as well as a reporting entity change from Emergency Operations Center/911 fund to the General fund.
- Capital outlay expenditures increased by \$27,169,616, or 248.3 percent, primarily due to the purchase of MacArthur Center Mall.

The Grants fund has been reported as a major fund since fiscal year 2021 due to funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA). In fiscal year 2024, revenues decreased by 19.9 percent, expenditures decreased by 23.8 percent, assets decreased by 30.1 percent and liabilities decreased by 55.3 percent.

The City allocated \$111,098,001 from the Capital Projects fund for major capital projects, repairs to City and School buildings, infrastructure enhancements and neighborhood improvements. The fund ended with a total fund surplus of \$143,095,763. Fiscal year 2024 saw the City utilizing existing general obligation bonds on hand, but also used available cash and its line of credit to fund these expenditures.

At the end of fiscal year 2024, the Debt Service fund had no assets, liabilities or net position. Additionally, the City drew a net \$55,000,000 from a line of credit established for flexible interim financing for managing capital projects related to both governmental and business-type activities.

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

## **Capital Asset and Debt Administration**

**Capital Assets** – As of June 30, 2024, the City's net investment in capital assets for both governmental and business-type activities totaled \$1,106,220,848, as presented on the Statement of Net Position. This investment encompasses a broad range of assets, including land, buildings and improvements, infrastructure such as streets, roads, bridges, highways, water/wastewater systems, etc., machinery and equipment, intangibles and construction in progress. These assets are reported net of any outstanding debt and lease liabilities associated with their financing. The inclusion of lease assets net of the lease liability reflects additional investments made to support the City's infrastructure and operational needs. Infrastructure assets represent 12.9 percent of total general governmental assets.

Major capital projects spending in fiscal year 2024 included:

- \$26.5 million dedicated to constructing a Downtown floodwall and beach erosion control measures.
- \$18.0 million for upgrades to civic facilities, including enhancements at City Hall.
- \$16.6 million for improvements to various community developments, notably in the St. Paul's area.
- \$14.1 million for cultural facilities improvements, including Nauticus, Scope and Chrysler Hall.
- \$11.1 million allocated for bridge and streets improvements.

Additionally, construction in progress totaled \$192.5 million for governmental activities, \$144.5 million for business-type activities, covering ongoing projects in Water Utility, Wastewater Utility, Parking Facilities and Storm Water Utility improvements.

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

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Land	\$ 143,125,653	\$ 123,664,100	\$ 45,726,971	\$ 45,050,591	\$ 188,852,624	\$ 168,714,691
Buildings, equipment and vehicles	671,961,910	680,498,412	916,863,241	918,467,047	1,588,825,151	1,598,965,459
Improvements other than buildings	98,208,728	101,629,968	61,228,525	54,273,281	159,437,253	155,903,249
Construction in progress	192,549,218	103,748,388	144,545,017	120,489,068	337,094,235	224,237,456
Intangible assets	392,746	679,022	6,635,646	6,025,121	7,028,392	6,704,143
Infrastructure	168,918,728	172,599,679	-	-	168,918,728	172,599,679
Lease Building	21,535,508	25,197,307	1,540,898	1,933,048	23,076,406	27,130,355
Lease equipment and vehicles	831,455	1,129,463	23,049	8,765	854,504	1,138,228
Subscription-based information technology arrangement liability	15,875,935	6,097,262	-	-	15,875,935	6,097,262
Total	<u>\$1,313,399,881</u>	<u>\$1,215,243,601</u>	<u>\$1,176,563,347</u>	<u>\$1,146,246,921</u>	<u>\$2,489,963,228</u>	<u>\$2,361,490,522</u>

Further details on the City's capital assets, can be found in Note VI on pages 101-103 of this report.

**Long-term Debt** – As of June 30, 2024, the City (inclusive of enterprise funds), had total bonded debt outstanding of \$1,448,736,094. Of this amount, \$1,109,793,738 comprises general obligation debt and line of credit backed by the full faith and credit of the City. The remaining debt amount represents bonded debts secured solely by specified revenue sources (i.e., revenue bonds).

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

**City of Norfolk's Bonded Debt**

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 876,832,260	\$ 950,481,682	\$ 232,961,478	\$ 245,335,025	\$ 1,109,793,738	\$ 1,195,816,707
Revenue Bonds	-	-	338,942,356	310,948,040	338,942,356	310,948,040
Total	<u>\$ 876,832,260</u>	<u>\$ 950,481,682</u>	<u>\$ 571,903,834</u>	<u>\$ 556,283,065</u>	<u>\$ 1,448,736,094</u>	<u>\$ 1,506,764,747</u>

The City's total debt outstanding decreased by \$58,028,653 or 3.9 percent, during the fiscal year.

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

- Debt service as a percentage of the General Fund Budget (remain below 10 percent, with a not to exceed of 11 percent of the General Fund budget)
- Net debt as a percentage of taxable property (remain below 3.5 percent, with a not to exceed of 4 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)
- Variable Rate Debt Limits (the city's outstanding debt with variable interest rate will not exceed 20 percent by fund)

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

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

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

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

The Commonwealth of Virginia imposes a constitutional statutory limit that restricts the amount of general obligation debt the City may issue to 10 percent of its total assessed valuation. On June 30, 2024, the City's general obligation debt remains well below the City's current debt limitation, which stands at \$2,721,043,458.

Further details on the City's long-term debt can be found in Note IX on pages 104-115 of this report.

### **Economic Factors and Fiscal Year 2025 Budget and Rates**

- The City continues to experience a recovery from the pandemic, reelected in strong revenue growth. Fiscal year 2024 revenues, driven primarily by consumption-based and real estate taxes, have outperformed budget expectations. However, this growth occurs alongside economic challenges such as inflation, a tight labor market, and rising interest rates on municipal bonds. The adopted FY 2025 budget emphasizes delivering services at the appropriate scale. The City is focusing on strategic resource allocation informed by data and resident feedback, allowing for the expansion or right-sizing services where necessary.
- Taxable real estate assessments are projected to increase by 6.4 percent in fiscal year 2025.
- Other local taxes, comprising of consumer and business-based taxes, are anticipated to be significantly influenced by the lingering economic impacts of COVID-19. This revenue category is expected to exceed the fiscal year 2024 budget by 10.3 percent.
- The following are the projected changes in specific tax categories for the fiscal year 2025:
  - Hotel taxes – projected increase of 21.0 percent.
  - Meals taxes – projected increase of 13.0 percent.
  - Personal property taxes – projected increase 6.8 percent.
- To ensure adequate funding for capital improvements and operations, rate increases for the Water Utility, the Wastewater Utility, and the Storm Water Utility funds have been implemented.

All these economic factors were considered while preparing the City's budget for fiscal year 2025. The operating budget includes approximately \$24.8 million in transfers from non-general funds and carries forward approximately \$23.4 million in unspent appropriations from the prior year.

The following table outlines the fee structure for the Water Utility, Wastewater Utility, Storm Water Utility, and the Waste Management services as implemented in the City's fiscal year 2025 budget.

<b>Description</b>	<b>FY 2025 Approved</b>	<b>FY 2024 Approved</b>
Storm Water Fees – Residential	\$14.07/month	\$13.57/month
Storm Water Fees – Commercial	\$14.07/month per 2,000 sq. ft.	\$13.57/month per 2,000 sq. ft.
Wastewater Fees	\$5.44/100 cubic feet	\$5.23/100 cubic feet
Water Fees	\$6.29/100 cubic feet	\$6.08/100 cubic feet
Refuse Disposal – Residential Single or Multiple Units (4 or less)	\$28.51/unit/month	\$28.51/unit/month
Refuse Disposal – Residential Multiple Units (5 or more)	\$47.44/container/month	\$47.44/container/month
Refuse Disposal – Commercial Business once per week	\$61.18/unit/month	\$61.18/unit/month
Refuse Disposal – Commercial Business 5 times per week	\$151.64/unit/month	\$151.64/unit/month
Refuse Disposal – Commercial Combined Commercial and Residential	\$88.19/unit/month	\$88.19/unit/month

## **Requests for Information**

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



# Basic Financial Statements

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Exhibit I

**Statement of Net Position**  
**June 30, 2024**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and short-term investments	\$ 603,556,465	\$ 164,403,738	\$ 767,960,203	\$ 107,493,132
Receivables, net:				
Taxes	62,017,092	-	62,017,092	-
Accounts	36,671,979	30,847,901	67,519,880	565,806
Leases	12,161,425	586,074	12,747,499	1,079,380
Notes	-	-	-	863,485
Accrued investment income	40,698	612,854	653,552	-
Internal balances	7,876,844	(7,876,844)	-	-
Due from other governments	42,532,053	90,507	42,622,560	63,009,792
Due from component unit	16,862,940	-	16,862,940	-
Inventories	-	4,755,766	4,755,766	2,009,663
Property held for resale	-	-	-	1,812,152
Prepaid items	-	93,178	93,178	53,600
Restricted cash and investments	-	45,453,800	45,453,800	773,986
Net pension asset	5,801,780	456,984	6,258,764	-
Non-depreciable capital assets	335,771,885	194,882,859	530,654,744	48,256,646
Depreciable capital assets, net	939,385,098	980,116,541	1,919,501,639	46,689,230
Amortizable right to use assets, net	38,242,898	1,563,947	39,806,845	2,056,236
Total assets	2,100,921,157	1,415,987,305	3,516,908,462	274,663,108
<b>Deferred outflows of resources</b>				
Related to pensions	106,266,173	11,875,147	118,141,320	64,334,584
Related to OPEB	26,206,830	2,527,848	28,734,678	17,428,266
Loss on defeasance of bonds	33,811,224	27,251,793	61,063,017	-
Total deferred outflow of resources	166,284,227	41,654,788	207,939,015	81,762,850
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,267,205,384</b>	<b>\$ 1,457,642,093</b>	<b>\$ 3,724,847,477</b>	<b>\$ 356,425,958</b>
<b>LIABILITIES</b>				
Vouchers payable	\$ 61,772,217	\$ 15,392,107	\$ 77,164,324	\$ 29,351,411
Employees withholdings	1,399,824	-	1,399,824	-
Contract retainage	670,013	3,661,883	4,331,896	869,560
Accrued interest	8,909,169	4,003,648	12,912,817	-
Accrued payroll	7,365,953	1,161,420	8,527,373	31,053,866
Due to other governments	723,737	-	723,737	11,847,241
Due to primary government	-	-	-	16,862,941
Unearned revenue	30,448,033	684,231	31,132,264	12,974,395
Other current liabilities	22,938,080	3,792,979	26,731,059	602,724
Line of credit	55,000,000	-	55,000,000	-
Long-term liabilities:				
Due within one year	96,778,999	42,844,139	139,623,138	9,306,000
Due in more than one year	946,495,739	574,490,306	1,520,986,045	-
Net pension liability	255,694,554	30,149,446	285,844,000	208,002,114
Net OPEB liability	103,785,395	8,175,988	111,961,383	100,755,008
Other	-	-	-	7,081,501
Total liabilities	1,591,981,713	684,356,147	2,276,337,860	428,706,761
<b>Deferred inflows of resources</b>				
Related to pensions	14,533,985	1,443,722	15,977,707	38,799,661
Related to OPEB	24,841,292	1,933,965	26,775,257	17,769,299
Related to leases	12,161,425	584,120	12,745,545	1,079,380
Gain on defeasance of bonds	32,430	567,182	599,612	-
Total deferred inflows of resources	51,569,132	4,528,989	56,098,121	57,648,340
<b>NET POSITION</b>				
Net investment in capital assets	520,426,088	585,794,760	1,106,220,848	70,668,763
Restricted for:				
Endowed care - nonexpendable	7,410,834	-	7,410,834	-
General government	115,000	-	115,000	-
Judicial administration	320,210	-	320,210	-
Public safety	1,661,704	-	1,661,704	-
Health and public assistance	577,117	-	577,117	-
Public works	11,469,549	-	11,469,549	-
Net pension asset	5,801,780	456,984	6,258,764	-
Opioid settlement	2,470,200	-	2,470,200	-
Water utility	-	27,215,203	27,215,203	-
Wastewater utility	-	4,757,258	4,757,258	-
Parking facilities	-	4,085,757	4,085,757	-
Storm water utility	-	1,115,086	1,115,086	-
Other programs	-	-	-	24,761,277
Unrestricted	73,402,057	145,331,909	218,733,966	(225,359,183)
Total net position (deficit)	623,654,539	768,756,957	1,392,411,496	(129,929,143)
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 2,267,205,384</b>	<b>\$ 1,457,642,093</b>	<b>\$ 3,724,847,477</b>	<b>\$ 356,425,958</b>

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

**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
					Primary Government					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units		
<b>Primary government:</b>										
<b>Governmental activities:</b>										
General government	\$ 184,796,350	\$ 7,336,329	\$ 31,216,930	\$ 273,572	\$ (145,969,519)	\$ (26,250,105)	\$ (145,969,519)	\$ (26,250,105)		
Judicial administration	57,359,497	26,613,795	4,495,597	-	(144,208,950)	-	(144,208,950)	-		
Public safety	161,392,975	15,105,318	2,078,707	-	(19,256,635)	-	(19,256,635)	-		
Public works	89,245,393	25,782,485	44,206,273	-	(18,337,268)	-	(18,337,268)	-		
Health and public assistance	98,090,823	12,848,947	66,904,608	-	(56,118,846)	-	(56,118,846)	-		
Culture and recreation	67,086,852	10,619,689	348,317	-	(23,178,354)	-	(23,178,354)	-		
Community development	39,799,765	719,356	15,902,055	-	(154,787,859)	-	(154,787,859)	-		
Education	154,787,859	-	-	-	(30,190,185)	-	(30,190,185)	-		
Interest on long-term debt	30,190,185	-	-	-	-	-	-	-		
Total governmental activities	\$ 882,749,699	\$ 99,025,919	\$ 165,152,487	\$ 273,572	\$ (618,297,721)	\$ (618,297,721)	\$ (618,297,721)	\$ (618,297,721)	\$ (618,297,721)	\$ (618,297,721)
<b>Business-type activities:</b>										
Water utility	\$ 77,836,386	\$ 114,141,778	\$ -	\$ 132,776	\$ 36,438,168	\$ 36,438,168	\$ 36,438,168	\$ 36,438,168	\$ 36,438,168	\$ 36,438,168
Wastewater utility	22,840,448	37,592,566	-	299,867	15,051,985	15,051,985	15,051,985	15,051,985	15,051,985	15,051,985
Parking facilities	23,610,378	18,647,022	-	-	(4,963,356)	(4,963,356)	(4,963,356)	(4,963,356)	(4,963,356)	(4,963,356)
Storm Water utility	22,019,386	24,648,902	-	507,704	3,137,220	3,137,220	3,137,220	3,137,220	3,137,220	3,137,220
Total business-type activities	\$ 146,306,598	\$ 195,030,268	-	\$ 940,347	\$ 49,664,017	\$ 49,664,017	\$ 49,664,017	\$ 49,664,017	\$ 49,664,017	\$ 49,664,017
Total primary government	\$ 1,029,056,297	\$ 294,056,187	\$ 165,152,487	\$ 1,213,919	\$ (618,297,721)	\$ 49,664,017	\$ (568,633,704)	\$ (568,633,704)	\$ (568,633,704)	\$ (568,633,704)
<b>Component units:</b>										
Norfolk Public Schools	\$ 457,479,875	\$ 956,916	\$ 337,056,431	\$ 7,807,677					\$ (111,658,851)	
Norfolk Economic Development Authority	6,439,736	363,981	2,885,766	-					(3,189,989)	
Total component units	\$ 463,919,611	\$ 1,320,897	\$ 339,942,197	\$ 7,807,677					\$ (114,848,840)	
<b>General revenues:</b>										
Taxes:										
General property taxes - real estate and personal property					392,895,405	-	392,895,405	-		
Consumption utility taxes					34,718,005	-	34,718,005	-		
Sales and use taxes					45,775,754	-	45,775,754	-		
Meals taxes					48,989,338	-	48,989,338	-		
Business license taxes					36,389,886	-	36,389,886	-		
Hotel/Motel taxes					16,347,210	-	16,347,210	-		
Cigarette taxes					5,722,166	-	5,722,166	-		
Admissions taxes					5,608,793	-	5,608,793	-		
Motor vehicle licenses					3,339,892	-	3,339,892	-		
Franchise, recordation and other miscellaneous local taxes					6,613,098	-	6,613,098	-		
Use of money and property					84,773	-	84,773	-	1,593,711	
Gain (loss) on investment					26,347,128	6,794,350	33,141,478			
Gain (loss) on disposal of capital assets					1,232,025	(309,315)	922,710	(97,356)		
Grants and contributions not restricted to specific programs					41,384,425		41,384,425			
Miscellaneous					8,428,288	-	8,428,288	-	3,063,905	
Intergovernmental revenue - Commonwealth of Virginia					-	338,324	338,324		37,761,310	
Payment from Primary Government					-	-	-		145,350,963	
Capital asset transfers					(6,555,141)	-	(6,555,141)	-	6,555,141	
Other capital asset transfers					30,055,334	-	30,055,334	-		
Transfers					4,458,189	(4,458,189)				
Total general revenues and transfers					701,834,568	2,365,170	704,199,738		194,227,674	
Changes in net position					83,536,847	52,029,187	135,566,034		79,378,834	
Net position (deficit) - beginning, as previously presented					540,117,692	716,727,770	1,256,845,462		(221,720,113)	
Error correction									12,412,136	
Net position (deficit) - beginning, as restated					540,117,692	716,727,770	1,256,845,462		(209,307,977)	
Net position (deficit) - ending					\$ 623,654,539	\$ 768,756,957	\$ 1,392,411,496		\$ (129,929,143)	

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

Exhibit A-1

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

	<b>Major Funds</b>			<b>Nonmajor Governmental Funds</b>		<b>Total Governmental Funds</b>	
	<b>General Fund</b>	<b>Special Revenue Grants</b>	<b>Capital Projects</b>				
<b>ASSETS:</b>							
Cash and short-term investments	\$ 468,831,442	\$ 36,968,948	\$ 33,044,839	\$ 18,774,574		\$ 557,619,803	
Receivables, net:							
Taxes	61,045,397	-	-	-		61,045,397	
Accounts	8,161,859	5,147,694	1,650,000	4,343,346		19,302,899	
Accrued investment income	-	-	40,698	-		40,698	
Due from other funds	4,223,960	-	173,386,189	-		177,610,149	
Due from other governments	27,761,587	12,514,007	-	1,705,229		41,980,823	
Due from Component units	6,462,467	540,221	13,258,077	183,516		20,444,281	
Leases receivable	12,161,425	-	-	-		12,161,425	
Restricted cash	-	-	-	418,200		418,200	
<b>Total assets</b>	<b>\$ 588,648,137</b>	<b>\$ 55,170,870</b>	<b>\$ 221,379,803</b>	<b>\$ 25,424,865</b>		<b>\$ 890,623,675</b>	
<b>LIABILITIES:</b>							
Vouchers payable	\$ 21,621,631	\$ 6,511,939	\$ 13,028,366	\$ 1,459,846		\$ 42,621,782	
Employee withholdings	1,399,824	-	-	-		1,399,824	
Contract retainage	3,500	13,665	542,173	110,675		670,013	
Accrued payroll	6,751,526	190,214	-	292,706		7,234,446	
Line of credit	-	-	55,000,000	-		55,000,000	
Due to other funds	165,886,189	-	-	841,240		166,727,429	
Due to other governments	-	540,221	-	183,516		723,737	
Due to component unit	-	-	3,581,341	-		3,581,341	
Unearned revenue	-	18,839,944	-	3,772,214		22,612,158	
Other liabilities	11,367,886	581,338	6,132,160	26,296		18,107,680	
<b>Total liabilities</b>	<b>207,030,556</b>	<b>26,677,321</b>	<b>78,284,040</b>	<b>6,686,493</b>		<b>318,678,410</b>	
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable revenue-property tax	45,075,351	-	-	-		45,075,351	
Unavailable revenue-Opioid	-	5,551,567	-	-		5,551,567	
Deferred lease revenue	12,161,425	-	-	-		12,161,425	
<b>Total deferred inflows of resources</b>	<b>57,236,776</b>	<b>5,551,567</b>	<b>-</b>	<b>-</b>		<b>62,788,343</b>	
<b>FUND BALANCES:</b>							
Restricted	115,000	14,028,580	-	7,410,834		21,554,414	
Committed	25,111,316	6,904,064	143,095,763	11,118,389		186,229,532	
Assigned	197,196,371	2,009,338	-	209,149		199,414,858	
Unassigned	101,958,118	-	-	-		101,958,118	
<b>Total fund balances (deficit)</b>	<b>324,380,805</b>	<b>22,941,982</b>	<b>143,095,763</b>	<b>18,738,372</b>		<b>509,156,922</b>	
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 588,648,137</b>	<b>\$ 55,170,870</b>	<b>\$ 221,379,803</b>	<b>\$ 25,424,865</b>		<b>\$ 890,623,675</b>	

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

## BASIC FINANCIAL STATEMENTS

Exhibit A-2

### Reconciliation of Government Funds Balance Sheet to Governmental Activities Statement of Net Position June 30, 2024

Fund balances - total governmental funds		\$ 509,156,922
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets at historical cost	2,955,957,633	
Accumulated depreciation	<u>(1,645,662,581)</u>	
		1,310,295,052
Recognition of deferred inflows as revenue in government wide statements		50,626,918
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Deferred inflows related to pensions	(14,134,245)	
Deferred outflows related to pensions	105,158,175	
Deferred inflows related to OPEB	(24,558,391)	
Deferred outflows related to OPEB	25,963,614	
Net pension asset	5,765,239	
Loss on defeasance	33,811,224	
Gain on defeasance	<u>(32,430)</u>	
		131,973,186
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Lease liability	(23,749,021)	
Subscription-based information technology arrangements liability	(17,139,410)	
Bonds payable - including premium	(932,323,956)	
Net pension liability	(253,167,340)	
OPEB	(106,062,960)	
Compensated absences	(25,347,223)	
Workers' compensation unpaid claims	(38,114,441)	
Other	(3,270,057)	
Accrued interest payable	<u>(8,909,169)</u>	
		(1,408,083,577)
Internal service funds		29,134,809
Receivable for Build America Bonds - interest rate subsidy		<u>551,229</u>
Net position of governmental activities		<u>\$ 623,654,539</u>

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

Exhibit A-3

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2024**

	Major Funds				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Special Revenue Grants	Capital Projects	Debt Service		
<b>REVENUES:</b>						
General property taxes	\$ 396,872,615	\$ -	\$ -	\$ -	\$ 8,536,000	\$ 405,408,615
Other local taxes	194,324,918	-	-	-	9,179,224	203,504,142
Permits and licenses	3,439,696	-	-	-	-	3,439,696
Fines and forfeitures	1,090,260	10,000	-	-	-	1,100,260
Use of money and property	26,411,824	6,545,820	3,290,722	-	331,108	36,579,474
Charges for services	23,792,466	102,949	-	-	25,234,684	49,130,099
Miscellaneous	8,490,509	3,513,214	616,194	-	66,731	12,686,648
Intergovernmental	157,024,302	72,722,724	-	-	7,419,792	237,166,818
Total revenues	<u>811,446,590</u>	<u>82,894,707</u>	<u>3,906,916</u>	<u>-</u>	<u>50,767,539</u>	<u>949,015,752</u>
<b>EXPENDITURES:</b>						
Current operating:						
General government	183,078,323	-	-	-	387,878	183,466,201
Judicial administration	55,593,276	2,832,933	-	-	-	58,426,209
Public safety	118,725,161	32,158,698	-	-	-	150,883,859
Public works	4,219,692	13,156,992	-	-	24,010,774	41,387,458
Health and public assistance	72,935,356	20,917,532	-	-	1,606,190	95,459,078
Culture and recreation	49,562,956	632,458	-	-	2,266,605	52,462,019
Community development	18,055,176	7,171,533	-	-	5,645,507	30,872,216
Education	144,333,959	-	-	-	-	144,333,959
Debt service:						
Principal	7,830,337	-	-	73,649,422	-	81,479,759
Interest and other charges	1,280,120	-	-	30,634,647	-	31,914,767
Debt issuance costs	651,243	-	-	-	-	651,243
Capital outlay	<u>38,111,339</u>	<u>-</u>	<u>111,098,001</u>	<u>-</u>	<u>-</u>	<u>149,209,340</u>
Total expenditures	<u>694,376,938</u>	<u>76,870,146</u>	<u>111,098,001</u>	<u>104,284,069</u>	<u>33,916,954</u>	<u>1,020,546,108</u>
Excess (deficiency) of revenues over expenditures	<u>117,069,652</u>	<u>6,024,561</u>	<u>(107,191,085)</u>	<u>(104,284,069)</u>	<u>16,850,585</u>	<u>(71,530,356)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of leases / subscription-based information technology arrangements	15,002,067	-	-	-	-	15,002,067
Gain (loss) on disposal of capital assets	1,226,709	-	-	-	-	1,226,709
Transfers in	22,140,968	1,181,221	163,229,079	104,284,069	739,332	291,574,669
Transfers out	<u>(267,778,484)</u>	<u>(369,884)</u>	<u>(1,713,220)</u>	<u>-</u>	<u>(17,127,121)</u>	<u>(286,988,709)</u>
Total other financing sources (uses)	<u>(229,408,740)</u>	<u>811,337</u>	<u>161,515,859</u>	<u>104,284,069</u>	<u>(16,387,789)</u>	<u>20,814,736</u>
Net changes in fund balances	<u>(112,339,088)</u>	<u>6,835,898</u>	<u>54,324,774</u>	<u>-</u>	<u>462,796</u>	<u>(50,715,620)</u>
<b>NET POSITION:</b>						
Net position - beginning	436,719,893	16,106,084	88,770,989	-	18,275,576	559,872,542
Net position - ending	<u>\$ 324,380,805</u>	<u>\$ 22,941,982</u>	<u>\$ 143,095,763</u>	<u>\$ -</u>	<u>\$ 18,738,372</u>	<u>\$ 509,156,922</u>

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

## BASIC FINANCIAL STATEMENTS

Exhibit A-4

### Reconciliation of Government Funds Statement of Revenues, Expenditures and Changes in Fund Balance to Governmental Activities Statement of Activities For the Fiscal Year Ended June 30, 2024

Net change in fund balances-total governmental funds		\$ (50,715,620)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset.		
Add capital acquisitions	207,450,338	
Subtract disposals	(45,394,172)	
Subtract depreciation expense	<u>(63,801,141)</u>	
		98,255,024
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		(10,400,460)
Bonds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Add debt repayment	73,649,422	
Loss on defeasance of debt	(3,009,523)	
Gain on defeasance of debt	26,627	
Amortization of premiums, gains and losses	<u>6,096,082</u>	
		76,762,608
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Lease liability	3,723,599	
Subscription-based information technology arrangements liability	<u>(10,882,417)</u>	
		(7,158,818)
Change in non-capital long-term liabilities (Note VIII):		
Compensated absences	(1,391,309)	
Total OPEB liability, net of changes in deferred inflows and outflows	(5,370,184)	
Workers' compensation unpaid claims	(962,904)	
Landfill closure	(100,790)	
Net pension liability, net of changes in deferred inflows and outflows	(19,400,081)	
Accrued interest payable	<u>(86,023)</u>	
		(27,311,291)
Internal service funds are used by management to charge the costs of certain services to individual funds. The net revenue (expense) of the Internal Service funds is reported with governmental activity		4,145,010
Adjustment for Build America Bonds - interest rate subsidy		<u>(39,606)</u>
Change in net position of governmental activities		<u>\$ 83,536,847</u>

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

Exhibit B-1

**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2024**

	Business-Type Activities					Governmental Activities	
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	Internal Service Funds	
<b>ASSETS</b>							
Current assets:							
Cash and short-term investments	\$ 91,675,174	\$ 14,603,123	\$ 27,449,286	\$ 30,676,155	\$ 164,403,738	\$ 45,518,463	
Receivables, net							
Accounts	12,702,972	4,417,717	848,262	2,982,663	20,951,614	18,340,775	
Unbilled accounts	6,621,189	2,019,951	177,069	1,078,078	9,896,287	-	
Accrued investment income	555,558	57,296	-	-	612,854	-	
Leases	-	-	329,632	-	329,632	-	
Due from other funds	-	-	-	5,000,000	5,000,000	-	
Due from other governments	-	-	-	90,507	90,507	-	
Inventories	4,740,586	14,705	-	475	4,755,766	-	
Prepaid expenses	93,178	-	-	-	93,178	-	
Restricted cash and investments	27,215,203	4,816,232	10,398,964	3,023,401	45,453,800	-	
Total current assets	<u>143,603,860</u>	<u>25,929,024</u>	<u>39,203,213</u>	<u>42,851,279</u>	<u>251,587,376</u>	<u>63,859,238</u>	
Noncurrent assets:							
Net pension asset	232,287	58,974	51,933	113,790	456,984	36,542	
Leases receivable, noncurrent	-	-	256,442	-	256,442	-	
Capital assets:							
Non-depreciable capital assets	96,625,719	48,534,455	34,839,374	14,883,311	194,882,859	415,000	
Depreciable capital assets	869,228,982	419,632,289	214,047,885	93,542,629	1,596,451,785	12,732,639	
Accumulated depreciation	(335,517,518)	(135,736,057)	(112,054,714)	(33,026,955)	(616,335,244)	(10,042,810)	
Amortizable right to use assets	2,159,736	-	28,811	-	2,188,547	-	
Accumulated amortization	(618,838)	-	(5,762)	-	(624,600)	-	
Capital assets, net	631,878,081	332,430,687	136,855,594	75,398,985	1,176,563,347	3,104,829	
Total noncurrent assets	632,110,368	332,489,661	137,163,969	75,512,775	1,177,276,773	3,141,371	
Total assets	<u>775,714,228</u>	<u>358,418,685</u>	<u>176,367,182</u>	<u>118,364,054</u>	<u>1,428,864,149</u>	<u>67,000,609</u>	
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>							
Related to pensions	6,663,818	1,650,285	1,091,093	2,469,951	11,875,147	1,107,998	
Related to OPEB	1,431,208	382,887	231,751	482,002	2,527,848	243,216	
Loss on defeasance of bonds	8,079,298	2,869,238	15,285,885	1,017,372	27,251,793	-	
Total deferred outflows of resources	<u>16,174,324</u>	<u>4,902,410</u>	<u>16,608,729</u>	<u>3,969,325</u>	<u>41,654,788</u>	<u>1,351,214</u>	
<b>Total assets and deferred outflows of resources</b>	<b><u>\$ 791,888,552</u></b>	<b><u>\$ 363,321,095</u></b>	<b><u>\$ 192,975,911</u></b>	<b><u>\$ 122,333,379</u></b>	<b><u>\$ 1,470,518,937</u></b>	<b><u>\$ 68,351,823</u></b>	
<b>LIABILITIES:</b>							
Current liabilities:							
Vouchers payable	\$ 9,227,444	\$ 3,170,610	\$ 609,375	\$ 2,384,678	\$ 15,392,107	\$ 19,150,435	
Contract retainage	1,852,985	1,237,222	86,808	484,868	3,661,883	-	
Accrued interest	2,149,235	672,028	887,255	295,130	4,003,648	-	
Accrued payroll	634,440	182,516	127,172	217,292	1,161,420	131,507	
Due to other funds	376,844	-	12,500,000	-	12,876,844	3,005,876	
Unearned Revenue	-	-	684,231	-	684,231	7,835,875	
Current portion of bonds payable	17,880,000	14,301,826	5,906,215	3,442,722	41,530,763	-	
Current compensated absences	307,736	68,054	117,932	248,868	742,590	177,294	
Current OPEB liability	103,452	28,712	15,997	36,226	184,387	17,126	
Other current liabilities	3,287,019	117,993	774,050	316	4,179,378	4,830,400	
Total current liabilities	<u>35,819,155</u>	<u>19,778,961</u>	<u>21,709,035</u>	<u>7,110,100</u>	<u>84,417,251</u>	<u>35,148,513</u>	
Noncurrent liabilities:							
General obligation bonds payable	-	60,622,281	126,119,873	44,806,192	231,548,346	-	
Revenue bonds payable	266,802,005	73,222,919	-	209,813	340,234,737	-	
Net pension liability	17,168,247	4,464,324	2,742,546	5,774,329	30,149,446	2,527,215	
Net OPEB liability	4,657,269	1,209,224	744,495	1,565,000	8,175,988	683,658	
Compensated absences	1,007,809	207,845	78,621	160,434	1,454,709	174,987	
Lease liabilities	1,234,901	-	17,613	-	1,252,514	-	
Total noncurrent liabilities	<u>290,870,231</u>	<u>139,726,593</u>	<u>129,703,148</u>	<u>52,515,768</u>	<u>612,815,740</u>	<u>3,385,860</u>	
Total liabilities	<u>326,689,386</u>	<u>159,505,554</u>	<u>151,412,183</u>	<u>59,625,868</u>	<u>697,232,991</u>	<u>38,534,373</u>	
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Related to Pensions	785,236	208,396	124,184	325,906	1,443,722	399,740	
Related to OPEB	1,057,366	348,766	178,663	349,170	1,933,965	282,901	
Related to leases	-	-	584,120	-	584,120	-	
Gain on defeasance of bonds	-	2,217	437,422	127,543	567,182	-	
Total deferred inflows of resources	<u>1,842,602</u>	<u>559,379</u>	<u>1,324,389</u>	<u>802,619</u>	<u>4,528,989</u>	<u>682,641</u>	
Total liabilities and deferred inflows of resources	<u>328,531,988</u>	<u>160,064,933</u>	<u>152,736,572</u>	<u>60,428,487</u>	<u>701,761,980</u>	<u>39,217,014</u>	

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

## BASIC FINANCIAL STATEMENTS

Exhibit B-1

### Statement of Fund Net Position Proprietary Funds June 30, 2024

	Business-Type Activities				Governmental Activities	
	Water Utility	Wastewater Utility	Parking Facilities	Storm Water Utility	Total	Internal Service Funds
<b>NET POSITION:</b>						
Net investment in capital assets	344,707,972	187,514,851	19,567,896	34,004,041	585,794,760	3,104,829
Restricted for:						
Net pension asset	232,287	58,974	51,933	113,790	456,984	36,542
Water Utility fund operations	27,215,203	-	-	-	27,215,203	-
Wastewater Utility fund operations	-	4,757,258	-	-	4,757,258	-
Parking Facilities fund operations	-	-	4,085,757	-	4,085,757	-
Storm Water Utility fund operations	-	-	-	1,115,086	1,115,086	-
Unrestricted	91,201,102	10,925,079	16,533,753	26,671,975	145,331,909	25,993,438
Total net position	463,356,564	203,256,162	40,239,339	61,904,892	768,756,957	29,134,809
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 791,888,552</u>	<u>\$ 363,321,095</u>	<u>\$ 192,975,911</u>	<u>\$ 122,333,379</u>	<u>\$ 1,470,518,937</u>	<u>\$ 68,351,823</u>

Continued

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

Exhibit B-2

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2024**

	<b>Business-Type Activities</b>				<b>Governmental Activities</b>	
	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Parking Facilities</b>	<b>Storm Water Utility</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 112,206,910	\$ 37,356,183	\$ 18,540,570	\$ 24,582,696	\$ 192,686,359	\$ 103,412,162
Miscellaneous	1,934,868	236,383	106,452	66,206	2,343,909	1,332,802
Total operating revenues	<u>114,141,778</u>	<u>37,592,566</u>	<u>18,647,022</u>	<u>24,648,902</u>	<u>195,030,268</u>	<u>104,744,964</u>
<b>OPERATING EXPENSES:</b>						
Personal services	19,229,196	5,681,819	4,065,442	7,187,588	36,164,045	4,286,694
Healthcare costs	-	-	-	-	-	84,464,663
Cost of goods sold	-	-	-	19,079	19,079	6,143,740
Plant operations	9,523,546	2,636,880	1,285,888	2,181,210	15,627,524	4,711,655
Chemicals	6,848,044	125	5,234	15	6,853,418	-
Depreciation and amortization	16,423,209	8,054,492	6,068,848	1,600,474	32,147,023	396,408
Pension and OPEB expense	4,923,328	1,237,430	685,977	1,582,192	8,428,927	504,429
Administrative expenses	2,244,865	716,843	-	491,810	3,453,518	-
Other	8,968,716	2,500,137	7,370,251	7,341,653	26,180,757	262,257
Total operating expenses	<u>68,160,904</u>	<u>20,827,726</u>	<u>19,481,640</u>	<u>20,404,021</u>	<u>128,874,291</u>	<u>100,769,846</u>
Operating income (loss), net	<u>45,980,874</u>	<u>16,764,840</u>	<u>(834,618)</u>	<u>4,244,881</u>	<u>66,155,977</u>	<u>3,975,118</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest income	5,087,076	870,760	544,750	282,184	6,784,770	-
Intergovernmental revenue	-	286,245	-	52,079	338,324	-
Interest expense and fiscal charges	(9,675,482)	(2,012,722)	(4,128,738)	(1,615,365)	(17,432,307)	-
Gain (loss) on disposal of capital assets	(83,485)	43,530	(276,825)	7,465	(309,315)	(15,514)
Gain (loss) on investments	-	-	-	9,580	9,580	-
Total nonoperating revenues (expenses)	<u>(4,671,891)</u>	<u>(812,187)</u>	<u>(3,860,813)</u>	<u>(1,264,057)</u>	<u>(10,608,948)</u>	<u>(15,514)</u>
Net income (loss) before contributions and transfers	<u>41,308,983</u>	<u>15,952,653</u>	<u>(4,695,431)</u>	<u>2,980,824</u>	<u>55,547,029</u>	<u>3,959,604</u>
Capital contribution	-	-	-	-	-	313,177
Capital contribution - Grants	132,776	299,867	-	507,704	940,347	-
Transfer in	-	-	1,250,000	5,495,552	6,745,552	-
Transfers out	(9,185,456)	(1,678,242)	(109,498)	(230,545)	(11,203,741)	(127,771)
Changes in net position	32,256,303	14,574,278	(3,554,929)	8,753,535	52,029,187	4,145,010
Net position - beginning	431,100,261	188,681,884	43,794,268	53,151,357	716,727,770	24,989,799
Net position - ending	<u>\$463,356,564</u>	<u>\$203,256,162</u>	<u>\$40,239,339</u>	<u>\$61,904,892</u>	<u>\$768,756,957</u>	<u>\$29,134,809</u>

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

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Business-Type Activities</b>					<b>Governmental Activities</b>	
	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Parking Facilities</b>	<b>Storm Water Utility</b>	<b>Total</b>	<b>Internal Service Funds</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers	\$ 110,274,091	\$ 38,339,681	\$ 19,175,374	\$ 24,525,679	\$ 192,314,825	\$ 90,616,555	
Payments to suppliers	(15,901,775)	(2,310,360)	(2,616,171)	(8,079,597)	(28,907,903)	(4,693,271)	
Payments to employees	(21,375,258)	(6,322,515)	(3,833,615)	(8,115,358)	(39,646,746)	(92,947,231)	
Other payments	(8,998,525)	(3,091,157)	(7,791,794)	(630,882)	(20,512,358)	1,417,120	
Net cash and short-term investments provided by (used in) operating activities	63,998,533	26,615,649	4,933,794	7,699,842	103,247,818	(5,606,827)	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Internal activity	2,140,081	-	1,140,502	(4,874,329)	(1,593,746)	(127,771)	
Intergovernmental revenues		586,112		507,704	1,093,816		
Operating subsidies and transfers to other funds	(9,185,456)	(1,678,816)	(1,250,000)	139,339	(11,974,933)		
Net cash provided by (used in) noncapital financing activities	(7,045,375)	(1,092,704)	(109,498)	(4,227,286)	(12,474,863)	(127,771)	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from issuance of debt	51,515,000	3,738,140	-	-	55,253,140	-	
Capital contributions	132,775	-	-	5,000,000	5,132,775		
Purchases / leases of capital assets	(24,225,655)	(16,438,848)	(5,388,788)	(9,408,767)	(55,462,058)		
Lease liability payments made	(361,382)	-	(5,546)	-	(366,928)		
Proceeds from sale of capital assets	(83,485)	43,529	(276,825)	9,076	(307,705)		
Principal paid on capital debt	(19,195,000)	(14,442,120)	(2,277,946)	(3,717,385)	(39,632,451)		
Interest paid on capital debt	(8,642,374)	(2,328,561)	(3,204,316)	(1,698,997)	(15,874,248)		
Net cash provided by (used in) capital and related financing activities	(860,121)	(29,427,860)	(11,153,421)	(9,816,073)	(51,257,475)		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Proceeds from sales and maturities of investments	31,334,484	3,190,654	-	-	34,525,138		
Purchase of investments	(32,432,527)	-	(544,750)	(78,087)	(33,055,364)		
Lease receivable payments received	-	-	365,300	-	365,300		
Interest and dividends	5,609,570	873,786	544,750	282,189	7,310,295		
Net cash provided by (used in) investing activities	4,511,527	4,064,440	365,300	204,102	9,145,369		
Net increase (decrease) in cash and short-term investments	60,604,564	159,525	(5,963,825)	(6,139,415)	48,660,849	(5,734,598)	
Cash and short-term investments - beginning of the year	31,070,610	14,443,598	33,413,111	36,815,570	115,742,889	51,253,061	
Cash and short-term investments - end of the year	\$ 91,675,174	\$ 14,603,123	\$ 27,449,286	\$ 30,676,155	\$ 164,403,738	\$ 45,518,463	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:</b>							
Operating income (loss)	\$ 45,980,874	\$ 16,764,840	\$ (834,618)	\$ 4,244,881	\$ 66,155,977	\$ 3,975,118	
Adjustments to reconcile operating income (loss) to net cash and short-term investments provided by (used in) operating activities:							
Depreciation expense and amortization	16,423,209	8,054,492	6,068,848	1,600,474	32,147,023	396,408	
Effect of changes in assets, deferred outflows and liabilities, deferred inflows:							
Receivables, net	(3,867,687)	747,115	771,817	(123,223)	(2,471,978)	(14,103,362)	
Inventories	233,563	8,215	-	-	241,778		
Vouchers payable	276,550	668,574	(1,325,048)	1,323,288	943,364	1,932,627	
Lease receivables	-	-	-	-	-	2,119,577	
Accrued payroll	114,890	(17,002)	19,468	(14,724)	102,632	18,926	
Net pension liability	2,131,197	499,127	140,115	(1,107,217)	1,663,222	78,926	
OPEB liability	531,176	114,606	72,245	(25,619)	692,408	-	
Other liabilities	2,174,761	(224,318)	20,967	1,801,982	3,773,392	(25,047)	
Net cash and short-term investments provided by (used in) operating activities	\$ 63,998,533	\$ 26,615,649	\$ 4,933,794	\$ 7,699,842	\$ 103,247,818	\$ (5,606,827)	
<b>Noncash investing, capital and financing activities:</b>							
Unrealized gain / (loss) on investments	\$ (926,988)	\$ (40,440)	\$ -	\$ -	\$ (967,428)	\$ -	
Gain/ (Loss) on sale or disposal of capital assets	\$ (83,485)	\$ 74,215	\$ -	\$ (1,611)	\$ (10,881)	\$ -	
Capital contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,177	
Acquisition of capital assets through change in contract retainage	\$ 22,911	\$ 397,999	\$ 74,548	\$ 430,764	\$ 926,222	\$ -	
Acquisition of capital assets through vouchers payable	\$ 4,374,410	\$ 460,286	\$ -	\$ 500,909	\$ 5,335,605	\$ -	
Capitalized interest, less interest earned on certain long-term construction contracts	\$ 16,541	\$ (13,564)	\$ -	\$ -	\$ 2,977	\$ -	
Deferred inflow of resources	\$ 637,588	\$ 75,659	\$ 124,184	\$ (168,608)	\$ 668,823	\$ -	

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

Exhibit C-1

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2024**

	<b>Trust Funds</b>	<b>Custodial Funds</b>
<b>ASSETS:</b>		
Cash and short-term investments	\$ 11,973,503	\$ 14,575,974
Investments, fair value:		
Fixed income securities	37,287,473	-
Equity securities	28,297,623	-
Balanced commingled funds:		
Equity	843,573,000	-
Fixed income	302,294,000	-
Real estate	102,502,000	-
Hedge Funds	63,668,000	-
Total investments	<u>1,377,622,096</u>	<u>-</u>
Receivables:		
Accrued investment income	805,158	-
Other	-	110,456
<b>Total assets</b>	<u><u>\$ 1,390,400,757</u></u>	<u><u>\$ 14,686,430</u></u>
<b>LIABILITIES:</b>		
Vouchers payable	\$ 3,994,000	\$ 244,289
Other liabilities	-	219,169
Total liabilities	<u>3,994,000</u>	<u>463,458</u>
<b>NET POSITION:</b>		
Restricted for pension	1,386,406,757	-
Restricted for individuals, organizations and others	-	14,222,972
Total net position	<u>1,386,406,757</u>	<u>14,222,972</u>
<b>Total liabilities and net position</b>	<u><u>\$ 1,390,400,757</u></u>	<u><u>\$ 14,686,430</u></u>

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

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Trust Funds</b>	<b>Custodial Funds</b>
<b>CHANGES TO NET POSITION ATTRIBUTED TO:</b>		
Additions:		
Investment income:		
Net appreciation in fair value of investments	\$ 117,152,095	\$ -
Interest	787,201	-
Dividends	7,241,812	-
Other	5,492,269	-
Less investment expense	(2,043,392)	-
Net investment income	<u>128,629,985</u>	<u>-</u>
Employer contributions	42,319,000	-
Employee contributions	8,036,000	-
Purchase of service	551,000	-
Custodial fund additions	-	43,342,194
Total additions	<u>179,535,985</u>	<u>43,342,194</u>
Deductions:		
Benefit payments and expenses:		
Refunds of contributions	935,000	-
Benefits paid to plan members and beneficiaries	101,407,000	-
Administrative costs	958,355	-
Contributions to retirement system	8,716,323	-
Custodial fund deductions	-	41,309,783
Total deductions	<u>112,016,678</u>	<u>41,309,783</u>
Net increase in net position	<u>67,519,307</u>	<u>2,032,411</u>
<b>NET POSITION:</b>		
Net position - beginning	1,318,887,450	12,190,561
Net Position - ending	<u>\$1,386,406,757</u>	<u>\$ 14,222,972</u>

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

Exhibit D-1

**Statement of Net Position  
Component Units  
June 30, 2024**

	<b>Norfolk Public Schools</b>	<b>Norfolk Economic Development Authority</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 100,864,455	\$ 6,628,677	\$ 107,493,132
Accounts receivable, net of allowance for uncollectible accounts	347,779	218,027	565,806
Leases receivable	-	1,079,380	1,079,380
Loan receivable	-	863,485	863,485
Due from other governments	61,409,324	1,600,468	63,009,792
Inventories	2,009,663	-	2,009,663
Property held for sale	-	1,812,152	1,812,152
Prepaid expenses	-	53,600	53,600
Restricted cash	-	773,986	773,986
Non-depreciable capital assets	40,580,211	7,676,435	48,256,646
Depreciable capital assets, net	37,907,665	8,781,565	46,689,230
Amortizable right to use assets, net	2,056,236	-	2,056,236
Total assets	245,175,333	29,487,775	274,663,108
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows related to pensions	64,334,584	-	64,334,584
Deferred outflows related to OPEB	17,428,266	-	17,428,266
Total deferred outflows	81,762,850	-	81,762,850
<b>Total assets and deferred outflows of resources</b>	<b>\$ 326,938,183</b>	<b>\$ 29,487,775</b>	<b>\$ 356,425,958</b>
<b>LIABILITIES:</b>			
Vouchers payable	\$ 27,239,492	\$ 2,111,919	\$ 29,351,411
Contract retainage	869,560	-	869,560
Accrued payroll	31,053,866	-	31,053,866
Unearned revenues	12,933,230	41,165	12,974,395
Due to primary government	2,881,127	13,441,593	16,322,720
Revolving loan program due to city	-	540,221	540,221
Due to other governments	11,847,241	-	11,847,241
Revolving loan program defederalized	-	602,724	602,724
Current portion of long-term liabilities	9,306,000	-	9,306,000
Net pension liability	208,002,114	-	208,002,114
Other post-employment benefits liability	100,755,008	-	100,755,008
Other long-term liabilities	7,081,501	-	7,081,501
Total liabilities	411,969,139	16,737,622	428,706,761
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows related to leases	-	1,079,380	1,079,380
Deferred inflows related to pensions	38,799,661	-	38,799,661
Deferred inflows related to OPEB	17,769,299	-	17,769,299
Total deferred inflows	56,568,960	1,079,380	57,648,340
Total liabilities and deferred inflows of resources	468,538,099	17,817,002	486,355,101
<b>NET POSITION:</b>			
Net investment in capital assets	67,088,840	3,579,923	70,668,763
Restricted for:			
Child nutrition	7,308,006	-	7,308,006
Other programs	16,679,285	-	16,679,285
Economic Development Authority	-	773,986	773,986
Unrestricted	(232,676,047)	7,316,864	(225,359,183)
Total net position (deficit)	(141,599,916)	11,670,773	(129,929,143)
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 326,938,183</b>	<b>\$ 29,487,775</b>	<b>\$ 356,425,958</b>

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

**Statement of Activities  
Component Units  
For the Fiscal Year Ended June 30, 2024**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grant Contributions	Capital Grant Contributions	Norfolk Public Schools	Norfolk Economic Development Authority	Totals
					Norfolk Public Schools	Norfolk Economic Development Authority	
<b>Norfolk Public Schools:</b>							
Instructional	\$ 319,714,010	\$ 945,151	\$ 313,749,324	\$ -	\$ (5,019,535)	\$ -	\$ (5,019,535)
Administration, attendance and health	22,936,970	-	-	-	(22,936,970)	-	(22,936,970)
Pupil transportation	18,294,588	-	-	-	(18,294,588)	-	(18,294,588)
Operation and maintenance	43,384,794	-	-	-	(43,384,794)	-	(43,384,794)
Information technology	18,903,430	-	-	-	(18,903,430)	-	(18,903,430)
School facilities	11,661,520	-	-	14,362,818	2,701,298	-	2,701,298
Food services	22,523,813	11,765	23,307,107	-	795,059	-	795,059
Interest on long-term debt	60,750	-	-	-	(60,750)	-	(60,750)
Total Norfolk Public Schools	<u>457,479,875</u>	<u>956,916</u>	<u>337,056,431</u>	<u>14,362,818</u>	<u>(105,103,710)</u>	<u>-</u>	<u>(105,103,710)</u>
<b>Norfolk Economic Development Authority:</b>							
Economic development	6,439,736	363,981	2,885,766	-	-	(3,189,989)	(3,189,989)
Total Norfolk Economic Development Authority	<u>6,439,736</u>	<u>363,981</u>	<u>2,885,766</u>	<u>-</u>	<u>-</u>	<u>(3,189,989)</u>	<u>(3,189,989)</u>
Total Component Units	<u><u>\$ 463,919,611</u></u>	<u><u>\$ 1,320,897</u></u>	<u><u>\$ 339,942,197</u></u>	<u><u>\$ 14,362,818</u></u>	<u><u>\$ (105,103,710)</u></u>	<u><u>\$ (3,189,989)</u></u>	<u><u>\$ (108,293,699)</u></u>
General revenues:							
Use of money and property					760,705	833,006	1,593,711
Payment from Primary Government					144,333,959	1,017,004	145,350,963
Miscellaneous					2,963,265	100,640	3,063,905
Intergovernmental revenue - Commonwealth of Virginia					37,761,310	-	37,761,310
Gain (loss) on disposal of capital assets					(97,356)	-	(97,356)
Total general revenues					<u>185,721,883</u>	<u>1,950,650</u>	<u>187,672,533</u>
Changes in net position					<u>80,618,173</u>	<u>(1,239,339)</u>	<u>79,378,834</u>
Net position (deficit) - beginning, as previously presented					<u>(234,630,225)</u>	<u>12,910,112</u>	<u>(221,720,113)</u>
Error correction					<u>12,412,136</u>	<u>-</u>	<u>12,412,136</u>
Net position (deficit) - beginning, as restated					<u>(222,218,089)</u>	<u>12,910,112</u>	<u>(209,307,977)</u>
Net position (deficit) - ending					<u><u>\$ (141,599,916)</u></u>	<u><u>\$ 11,670,773</u></u>	<u><u>\$ (129,929,143)</u></u>

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



# **Notes to the Basic Financial Statements**

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

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## I Summary of Significant Accounting Policies

### A Financial Reporting Entity Information

The City of Norfolk (the “City”) was incorporated February 13, 1845, and operates under a charter adopted February 7, 1918, which mandates a Council-Manager form of government. The City and its component units provide the following municipal services to approximately 238,000 residents, as authorized by its charter or code: public safety, highway and street maintenance, solid waste management, cultural and parking facilities, public health, social programs, parks and recreation, public education, public improvements, planning and zoning code enforcement, public libraries, general administration, environmental storm water management, water production and quality and wastewater treatment.

**Blended Component Unit:** *The Employees’ Retirement System of the City of Norfolk (ERS) has a ten-member Board of Trustees. Eight members are appointed by the City Council. The City Manager and the Director of Finance are ex-officio members. The ERS is the administrator of a single-employer contributory defined benefit plan that covers employees of the City of Norfolk, excluding City employees, School Board employees and certain employees of the Constitutional Officers covered by the Virginia Retirement System, as authorized by Section 143(a) of the City Charter. The ERS was established and placed under the management of the Board of Trustees for the purpose of providing retirement and death benefits as authorized by the provisions of Chapter 37 of the Norfolk City Code. The City makes its contributions, in conjunction with investment earnings and certain employee contributions, to provide the funding for pension benefits and administrative costs. The financial data for the operation of the ERS are combined with that of the City and reported in the General fund.*

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

*The School Board for the City of Norfolk (School Board), Norfolk Public Schools is an elected body. The School Board is a corporate body and in its corporate capacity is vested with the duties, obligations and responsibilities imposed upon school boards by law. The City Council is required to appropriate annually to the School Board the amount needed for the support of the public schools in maintaining educational programs that meet the standards of quality prescribed by law. Categorical aid from the Commonwealth of Virginia (the Commonwealth) and the federal government designated for educational purposes is included in the City’s General fund budgetary revenue. This categorical aid, plus moneys derived from local sources, provides the funds for the major share of the School Board’s operations. On an ongoing basis, the City also issues debt to finance needed capital projects of the school system. The School Board presently operates three Pre-Schools, one Pre-K – elementary school, twenty-six elementary schools, five K – 8 school, six middle schools, five high schools and several auxiliary schools, including alternative, magnet and specialty programs.*

The Economic Development Authority (EDA), a political subdivision of the Commonwealth, was created by ordinance of the City of Norfolk in 1972, pursuant to the provisions of the Industrial Development and Revenue Bond Act. The EDA is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop

trade by inducing manufacturing, industrial and commercial enterprises to locate or remain in the City and further the use of the Commonwealth's agricultural and natural resources. The EDA is empowered by the Commonwealth to authorize and issue industrial development bonds. The EDA acts as an intermediary between financial institutions and borrowers; it has no responsibility for borrowers' debt. Although Commissioners are appointed by City Council, the EDA designates its own management, maintains its own books of account, and receives revenue from administrative fees charged to borrowers and sale of property. Additionally, there is the potential of financial benefit to the City.

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

The City of Norfolk Retirement Office  
810 Union Street  
City Hall Building, Suite 309  
Norfolk, Virginia 23510  
[www.norfolk.gov/retirement](http://www.norfolk.gov/retirement)

The School Board for the City of Norfolk  
800 East City Hall Avenue  
P.O. Box 1357  
Norfolk, Virginia 23510  
[www.nps.k12.va.us](http://www.nps.k12.va.us)

The Norfolk Economic Development Authority  
999 Waterside Drive, Suite 2430  
Norfolk, Virginia 23510  
[www.norfolkdevelopment.com](http://www.norfolkdevelopment.com)

## **B Government-wide and Fund Financial Statements**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that do not meet the criteria for classification as program revenues are reported as general revenues.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The City reports the following major governmental funds:

- The *General fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Grants fund* is a special revenue fund. It accounts for the receipt and disbursement of revenue from such sources as federal and state agencies, adjacent municipalities, and City matching funds to finance special programs that may have reporting periods that do not correspond with the City's fiscal year.
- The *Debt Service fund* accounts for financial resources that are restricted, committed, or assigned to expenditures for principal and interest payments on long-term debt obligations of governmental funds.
- The *Capital Projects fund* accounts for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, which includes the acquisition and construction of major capital facilities of the City, some of which are also used by the School Board and other agencies.

The City reports the following major proprietary funds:

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

Additionally, the City reports the following other fund types:

- *Special Revenue funds* account for proceeds of specific resources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects. Examples include community development, public amenities, cemetery operations, golf operations, tax increment financing districts, towing and recovery operations, waste management and individual grant programs.
- *Internal Service funds* account for the City's self-insured healthcare program and fleet management services whose services are provided to other departments or agencies of the City on a cost reimbursement basis. The Healthcare Fund is described in Note XX.
- The *Pension Trust fund* accounts for the activities of the Employees' Retirement System of the City of Norfolk (ERS), which accumulates resources for pension benefit payments to qualified employees and is a fiduciary fund.
- The *Pension Funding Trust fund* was established in fiscal year 2021 for the sole benefit of ERS to help offset potential volatility in the City's annual pension contribution.

- The *Endowed Care* fund is used to report resources that are restricted by the City Code to be used for perpetual and endowed care at certain City-owned cemeteries. Both the investment earnings and the principal may be used to support maintenance of City-owned cemeteries.
- The *Custodial* funds are used to account for the assets held by the City for individuals, private organizations, other governmental units and/or other funds.

**C Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City's discretely presented component units are also included in the government-wide financial statements utilizing the same basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue and related assets are recorded when they become susceptible to accrual, that is, when they become both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City generally considers revenues, except for grant revenues, to be available if they are collected within 45 days of the end of the fiscal year. Real and personal property taxes are recorded as receivables when levied and billed, which corresponds with the fiscal year for which the taxes have been levied, net of allowances for uncollectible accounts. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables when the underlying exchange occurs and are remitted to the City by the state within two (2) months of the transaction. In accordance with United States generally accepted accounting principles (U.S. GAAP) property taxes due and collected within 45 days after June 30 are recognized as revenue; those not collected within 45 days after year-end are reported as deferred inflows. Items such as license fees, permit fees and fines are recorded as revenue when received. Intergovernmental revenue, consisting primarily of reimbursable federal, state, and other grants for the purpose of funding specific expenditures, is recognized at the time expenditures occur. Revenue from general purpose grants is recognized when earned throughout the life of the grant.

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

- Revenue from the federal government

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

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

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

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

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

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

### **D Budgets and Budgetary Accounting**

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

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

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

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

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

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

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

## **E Deposits and Investments**

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

Investment statutes authorize the City and the School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank) and Asian Development Bank, commercial paper rated A-1 by S & P Global Ratings or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements,

## NOTES TO THE BASIC FINANCIAL STATEMENTS

Virginia State Non-Arbitrage Program (SNAP) and the State Treasurer's Local Government Investment Pool (LGIP). SNAP and LGIP investments are valued at amortized cost and qualify as external investment pools per GASB 79, *Certain External Investment Pools and Pool Participants*. The LGIP and SNAP are not registered with the Securities and Exchange Commission (SEC) as an investment company but maintains a policy to operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their monthly meetings.

The City has a formal investment policy that addresses credit risk, interest rate risk, concentration of credit risk and custodial credit risk. The City's fixed income investments as of June 30, 2024, were rated by S&P Global Ratings and the ratings are presented in Note II. The Pension Trust fund is authorized to invest in common stocks and other investments as directed by statutes of the Commonwealth.

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

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

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

### **F Restricted Assets**

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

### **G Interfund Transactions**

During the normal course of operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The accompanying fund financial statements generally reflect such transactions as transfers.

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

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

## **H Inventories**

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

## **I Capital Assets**

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

Capital outlays of governmental funds are recorded as expenditures at the time of purchase and are not capitalized in the governmental funds. However, they are capitalized in the *Government-wide Statement of Net Position* if they meet the criteria for capitalization in the City's financial statements. Where historical cost records are unavailable, assets are recorded at estimated historical cost. Gifts or donated capital assets are recorded at their acquisition value on the date received. When an asset is retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated, and any resulting gain or loss is reflected as non-operating revenue or expense.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

### **J Land and Land Improvement Held for Resale**

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

### **K Compensated Absences**

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

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

### **L Net Position/Fund Balances**

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

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

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Under GASB Statement No. 54, positive unassigned fund balances are only reported in the General fund. However, in governmental funds other than the General fund, expenditures incurred for a specific purpose might exceed the amount restricted, committed, or assigned to that purpose, and a negative residual amount may result that is classified as a negative unassigned fund balance in the applicable governmental fund.

## **M Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

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

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

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **O Deferred Inflows and Outflows of Resources**

The City reports deferred inflows and outflows on its fund level balance sheets and government-wide statement of net position. Deferred inflows of resources represent an acquisition of net assets that applies to future periods. They arise in governmental funds when potential revenue does not meet the “measurable” and “available” criteria for recognition in the current period. Certain intergovernmental receivables such as uncollected property tax not meeting the availability criteria have been deferred and will be realized in a subsequent period in governmental funds. Deferred outflows of resources represent a consumption of net assets that apply to future periods. The City reports the gains and losses on defeasance from debt refundings and certain components of the net pension liability as deferred inflows and outflows in governmental and business-type activities.

### **P Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and the additions and deductions there to, of each of the plans that the City and its component units participate in, which include the Virginia Retirement System (VRS) City of Norfolk Political Subdivision Retirement Plan, the VRS Norfolk Public Schools Teacher Retirement Plan, the VRS Norfolk Public Schools Political Subdivision Retirement Plan and the Employees’ Retirement System of the City of Norfolk Plan (ERS) have been determined on the same basis as they were reported by each respective plan. Except for deferred outflows related to employer contributions made after the measurement date, deferred inflows and outflows are amortized over a closed five-year period or the average remaining service life of the affected employees. Deferred outflows of resources related to employer contributions made after the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The allocation of proportionate shares of the ERS net pension liability and other pension amounts to participating funds is based on employer contributions.

### **Q Other Post-employment Benefits (OPEB)**

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

## **R Intangible Right-To-Use Asset Liability**

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

## **S Lease Receivable**

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

## **T Right To Use Subscription Assets**

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

## **U Right to Use Subscription Liabilities**

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

## **V Conduit Debt Obligations**

The Economic Development Authority (the Authority) is authorized to issue revenue bonds for the purpose of acquiring and constructing facilities. Liability under the bonds is assumed by the enterprises for which facilities are constructed. The revenue bonds are not deemed to constitute a debt or pledge of faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the City. The bonds are payable solely from revenues generated from the sale or lease of the facilities constructed or acquired. Although the Authority provides a conduit to execute such transactions, it retains neither the benefits of asset ownership, nor the liability for bond liquidation. Accordingly, the Authority does not recognize in its financial statements associated assets, liabilities, rental income or interest expense associated with the bond issuances. The Authority has issued eight bonds that remain outstanding as of June 30, 2024, with a total balance of \$396,397,169 maturing through fiscal year 2036. All of these bonds are tax-exempt and are issued for the benefit of nonprofit organizations, manufacturing companies or enterprise-zone businesses (as defined in Sections 1397(c) and 1394(b)(3) of the Internal Revenue Code of 1986, as amended). There are no commitments that need to be disclosed.

**II Deposits and Investments****Custodial Credit Risk – Deposits**

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

All deposits of the City and its component units are collateralized in accordance with the Virginia Security for Public Deposits Act (the Act), Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, any public depository that receives or holds public deposits (Qualified Public Depositories) shall elect to secure deposits by either the Pooled Method or the Dedicated Method (that became available by amendments made to the Act effective July 1, 2010). The Pooled Method requires any public depository that receives or holds public deposits to pledge collateral, ranging from 50 to 100 percent of the public deposits held, to the State Treasury Board to cover public deposits in excess of Federal deposit insurance. The Pooled Method also provides that if any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of participating governmental entities. If the value of the pool's collateral were inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to members of the pool. Under the Dedicated Method, Qualified Public Depositories are responsible for securing their own public deposits, by the pledge and deposit of eligible collateral with a qualified escrow agent, equal to or in excess of required collateral amounts, priced at a minimum of 105 percent to 130 percent of all public deposits held by the bank, based on a rating determined under the Act; and therefore will not be assessed for losses of another bank that is in default or has become insolvent. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. Both methods of securing public deposits are similar to depository insurance. Funds deposited in accordance with the Act are considered to be fully insured. The City's primary banking institution has elected to be governed by the Dedicated Method.

**Custodial Credit Risk - Investments**

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

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

## **Interest Rate Risk**

The City's Pension Trust fund uses a "Duration" policy to manage its interest rate risk. The duration policy is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The City's investment policy establishes a maximum maturity requirement for an individual security to effectively manage interest rate risk. The City's investment policy also establishes a maximum weighted average maturity. The City's other discretely presented component units do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City uses the segmented time distribution method to evaluate interest rate risks as disclosed below as of June 30, 2024.

## **Primary Government and Fiduciary Funds**

Investment Type	Total Investments	Investment Maturities						N/A
		Less than 1 year	1-3 years	3-6 years	6-10 years	10 years +		
Corporate Bonds	\$ 38,884,362	\$ 4,400,679	\$ 34,483,683	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Government Securities	138,359,014	14,702,680	115,242,872	-	-	-	-	8,413,462
Equity Funds	843,573,766	-	-	-	-	-	-	843,573,766
Municipal Bonds	2,006,497	555,486	1,451,011	-	-	-	-	-
Commercial Paper	10,482,984	9,238,938	1,244,046	-	-	-	-	-
Certificates of Deposit	10,503,858	9,312,444	1,191,414	-	-	-	-	-
Equity Securities	6,428,781	1,839,160	-	-	-	-	-	4,589,621
Fixed Income Funds	302,293,829	-	59,610,843	38,513,581	36,826,085	141,840,377	-	25,502,943
Real Estate Funds	102,502,026	-	-	-	-	-	-	102,502,026
Money Market Fund	23,951,972	23,707,623	244,349	-	-	-	-	-
Hedge Funds	63,667,803	-	-	-	-	-	-	63,667,803
External Investment Pools	539,973,298	539,973,298	-	-	-	-	-	-
<b>Total</b>	<b>\$ 2,082,628,190</b>	<b>\$ 603,730,308</b>	<b>\$ 213,468,218</b>	<b>\$ 38,513,581</b>	<b>\$ 36,826,085</b>	<b>\$ 141,840,377</b>	<b>\$ 1,048,249,621</b>	

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

### Per Exhibit I (Primary Government):

Cash and unrestricted short-term investments	\$ 767,960,203
Restricted cash and investments	45,453,800
<b>Total Primary Government</b>	<b>813,414,003</b>

### Per Exhibit C-1 (Fiduciary):

Cash and short-term investments	\$ 26,549,477
Investments	1,377,622,096
<b>Total Fiduciary funds</b>	<b>1,404,171,573</b>
Total Primary Government and Fiduciary funds	2,217,585,576
Less cash	134,957,386
<b>Carrying value of deposits and investments</b>	<b>\$ 2,082,628,190</b>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### Credit Risk Related to Issuer

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Based on the current asset allocation policy, the City's Pension Trust fund has adopted a 4 percent target allocation to below investment grade bonds but will allow a range of up to 9 percent. The City's Pension Trust fund defines this as securities rated below investment grade by two of the three primary rating agencies, Moody's Investors Service, Inc. (Moody's), Fitch Ratings (Fitch), and S&P Global Ratings (S&P). The City's Pension Trust fund invests in certain derivatives including futures, swaps, and options. Those securities are included in reported investments in the ERS's financial statements. For accounting purposes, all derivative instruments are considered to be investments and not hedges. ERS primarily enters into derivative transactions to manage risks from various exposures including, but not limited to, exposure to foreign currency rate fluctuation and to duration within the fixed income investment portfolio. The City's rated debt investments as of June 30, 2024, were rated by S&P and/or an equivalent national rating organization and the ratings are presented below using the S&P credit quality rating scale.

### Rated Debt Investments

		U.S.												
Ratings (S&P)	Corporate Bonds	Government Securities	Equity Funds	Equity Securities	Commercial Paper	Certificates of Deposit	Municipal Bonds	Fixed Income Funds	Real Estate Funds	Money Market Funds	Hedge Funds	External Investment Pools		
AAA	\$ 416,809	\$ 129,945,552	\$ -	\$ -	\$ -	\$ -	\$ 813,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AAAm	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AA+	2,811,986	-	-	-	9,238,938	-	421,629	-	-	-	-	-	-	-
AA	1,791,383	-	-	-	-	-	-	-	-	-	-	-	-	-
AA-	6,829,333	-	-	-	1,244,046	-	771,852	-	-	-	-	-	-	-
AAm-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BBB+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BBB	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BBB-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BB+	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BB	-	-	-	-	-	-	-	-	-	-	-	-	-	-
BB-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B+ and Below	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Not Rated	27,034,851	8,413,462	843,573,766	6,428,781	-	10,503,858	-	302,293,829	102,502,026	23,951,972	63,667,803	539,973,298		
Total	\$ 38,884,362	\$ 138,359,014	\$ 843,573,766	\$ 6,428,781	\$ 10,482,984	\$ 10,503,858	\$ 2,006,497	\$ 302,293,829	\$ 102,502,026	\$ 23,951,972	\$ 63,667,803	\$ 539,973,298		

### Concentration of Credit Risk

Concentration risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. Mutual funds are excluded from this disclosure requirement. For the City's Pension Trust fund investment, no more than 20 percent of each account's fixed income portfolio, including cash equivalents, shall be invested in bonds rated Baa (1, 2 and 3) or BBB (+ or -). Upon written request from an investment manager, the Retirement Board of Trustees will consider allowing more than 20 percent in these ratings and the purchase of bonds rated below Baa3 or BBB-.

The following table represents the fair value of investments that represent 5 percent or more of the System's net position at June 30, 2024:

	<b>Market Value</b>	<b>% of Portfolio</b>
SSGA Russell 3000 Index	\$ 187,906,261	14.3
First Eagle Global Equity	124,519,019	9.4
Artisan Global Opportunities	100,750,383	7.6
SSGA MSCI EAFE	86,159,403	6.5
Wellington Core Bond	75,650,793	5.7

### **Fair Value Measurement**

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

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

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

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

Portfolio investments are assigned a level based upon the observability of the inputs that are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The following table provides the inputs used to determine the fair value on June 30, 2024:

	<b>June 30, 2024</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Observable Inputs (Level 2)</b>	<b>(Level 3)</b>
<b>Investments Measured at Fair Value</b>				
Fixed Income Securities				
U.S. Government Securities	\$ 138,359,014	\$ -	\$ 138,359,014	\$ -
Corporate Bonds	38,884,362	-	38,884,362	-
Commercial Paper	10,482,984	-	10,482,984	-
Certificates of Deposit	10,503,858	-	10,503,858	-
Municipal Bonds	2,006,497	-	2,006,497	-
Money Market Funds	23,951,972	-	23,951,972	-
Equity Securities	6,428,781	-	6,428,781	-
Total Fixed Income Securities	<u>230,617,468</u>	<u>-</u>	<u>230,617,468</u>	<u>-</u>
Total Investments by Fair Value Level	<u>\$ 230,617,468</u>	<u>\$ -</u>	<u>\$ 230,617,468</u>	<u>\$ -</u>

### Investments Measured at the Net Asset Value (NAV)

Commingled Funds	
Equity Funds	\$ 843,573,766
Fixed Income Funds	302,293,829
Real Estate Funds	102,502,026
Hedge Funds	63,667,803
Total Investments Measured at NAV	<u>\$ 1,312,037,424</u>

### Investments Measured at Amortized Costs

External Investment Pools	\$ 539,973,298
Total Investments	<u>\$ 2,082,628,190</u>

External investment pools include the LGIP and PFMAM-SNAP. These investments are reported at amortized cost in accordance with Rule 2a-7, and qualify as external investment pools per GASB No. 79, Certain External Investment Pools and Pool Participants. The City held \$513,939,299 in LGIP funds and \$26,033,999 in PFMAM-SNAP funds on June 30, 2024.

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

1. **Equity Funds.** This type includes an investment in an equity fund with an investment object to track the performance of the MSCI ACWI IMI index over the long-term. These investments can be redeemed semi-monthly with semi-monthly notice.
2. **Fixed Income Funds.** This type includes 2 investments in fixed income funds. An investment in a liquid short-term fund that invests approximately 65 percent of its total assets in a diversified portfolio of fixed income instruments. This investment can be redeemed within 3-7 business days with 1-day notice. An investment in a fund with an investment objective to track the performance of the Barclay's U.S. Aggregate Bond Index over the long-term. This investment can be redeemed within 1-15 days, depending on trade size, with 1-day notice.

3. Real Estate Funds. This type includes 2 investments in real estate funds that invest in U.S. real estate. These funds compare themselves to the NCREIF Property Index – Open End Diversified Core Equity (NFI-ODCE) Index. These investments can be redeemed quarterly with a 45–60-day notice.
4. Hedge Funds. This type of investment has an investment objective to diversify the portfolio and provide downside protection. These investments can utilize options, derivatives, and leverage and invest across all asset classes (equity, rates, currencies, etc.). The liquidity varies by strategy ranging from daily liquid to monthly. Some strategies have a soft lock up (e.g., illiquid for a year but then monthly thereafter). There are four hedge funds as of June 30, 2024.

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

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantively the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date. Fair value of the certificate of deposit is determined based on a discounted cash flow analysis using prevailing rates over the stated term, which are Level 2 Inputs. Fair value approximates cost due to the short-term nature of the instrument.

## **School Board**

As of June 30, 2024, the School Board had cash totaling approximately \$116.4 million, including \$15.6 million held in custodial funds, which are excluded from the amounts reported in Exhibit D-1.

## **Economic Development Authority (EDA)**

Cash includes cash on hand and cash deposited with financial institutions. As of June 30, 2024, there was \$7,402,663 in cash and cash equivalents (\$773,986, that is considered restricted), including \$2,714,147 held in the LGIP, which is carried at amortized cost because it qualifies as an external investment pool under GASB 79, *Certain External Investment Pools and Pool Participants*.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### III Property Taxes

Local real property assessments are made under the direction of a City Assessor appointed by the City Council. The City has the power to levy taxes on property located within its boundaries for payment of its obligations without limitation as to rate or amount. Rates are established by the City Council. The rates in effect for the year ended June 30, 2024, on each \$100 of assessed value, were \$1.25 for real property, an additional \$0.16 for the Downtown Improvement District, \$4.33 for motor vehicles, \$4.33 for business furniture, fixtures, and equipment, \$1.50 for recreational vehicles, \$4.25 for machinery and tools, \$1.25 for mobile homes, \$2.40 for airplanes and \$1.50 for business boats. The City has a Real Estate Tax Relief/ Tax Deferral Program for Norfolk homeowners who are 65 and older or completely disabled and meet certain eligibility requirements. The property tax calendar is as follows:

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

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

### IV Accounts Receivable

#### A Unbilled Accounts Receivable

Following is a summary by fund of unbilled accounts receivable recognized at June 30, 2024:

Water Utility fund	\$ 6,621,189
Wastewater Utility fund	2,019,951
Parking Facilities fund	177,069
Storm Water Utility fund	1,078,078
	<hr/>
	\$ 9,896,287

The associated revenue is included in charges for services. All amounts were billed in July 2024.

**B Allowances for Uncollectible Accounts Receivable**

Allowances for uncollectible accounts receivable are generally established using historical collection data, consideration of economic conditions, specific account analysis and subsequent cash receipts. The allowances at June 30, 2024, are as follows:

**Primary Government:**

General fund:	
Taxes	\$ 14,132,507
Accounts	30,297,734
Community Services Board	<u>747,025</u>
Total General fund	45,177,266
Special Revenue Grants fund	569,692
Nonmajor fund:	
Towing fund	43,399
Waste Management fund	2,329,800
Cemeteries fund	21,620
Endowed Care fund	<u>540</u>
Total Nonmajor fund	2,395,359
Fleet internal service fund	389,382
Enterprise fund:	
Water Utility fund	3,949,154
Wastewater Utility fund	2,000,000
Parking Facilities fund	1,997,405
Storm Water Utility fund	<u>1,277,706</u>
Total Enterprise fund	9,224,265
<b>Total Primary Government</b>	<b><u>\$ 57,755,964</u></b>

**C Lease Receivable**

The City, acting as lessor, leases buildings under long-term, non-cancelable lease agreements. The leases expire at various dates through 2069 and provide for renewal options ranging from zero to five years. During the year ended June 30, 2024, the governmental activities recognized \$613,801 and \$242,192 in lease revenue and interest revenue, respectively, pursuant to these contracts. The business-type activities recognized \$483,974 and \$14,276 in lease revenue and interest revenue, respectively, pursuant to these contracts.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2025	\$ 544,934	\$ 251,742	\$ 329,632	\$ 7,144	\$ 1,133,452
2026	430,605	238,272	144,483	3,049	816,409
2027	444,608	224,722	41,517	1,644	712,491
2028	425,391	210,733	19,905	1,071	657,100
2029	306,519	198,084	50,537	2,143	557,283
2030-2034	731,607	927,403	-	-	1,659,010
2035-2039	914,210	831,374	-	-	1,745,584
2040-2044	715,040	740,971	-	-	1,456,011
2045-2049	946,087	662,577	-	-	1,608,664
2050-2054	1,243,891	558,404	-	-	1,802,295
2055-2059	1,551,011	423,990	-	-	1,975,001
2060-2064	1,757,242	269,255	-	-	2,026,497
2065-2069	2,150,280	84,069	-	-	2,234,349
	<u>\$ 12,161,425</u>	<u>\$ 5,621,596</u>	<u>\$ 586,074</u>	<u>\$ 15,051</u>	<u>\$ 18,384,146</u>

### V Due From Other Governments

Amounts due from other governments, at June 30, 2024, are as follows:

	General Fund	Grants Fund	Special Revenue Funds	Total Governmental Funds	Total Component Unit
Commonwealth of Virginia	\$ 27,761,587	\$ 2,705,228	\$ -	\$ 30,466,815	\$ 26,210,462
Federal Government	-	9,808,779	1,705,229	11,514,008	36,799,330
Total - Due from other governments	<u>\$ 27,761,587</u>	<u>\$ 12,514,007</u>	<u>\$ 1,705,229</u>	<u>\$ 41,980,823</u>	<u>\$ 89,220,254</u>

VI

**Capital Assets**

A summary of changes in capital assets at June 30, 2024, is as follows:

	Primary Government					
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance	
<b>Governmental activities:</b>						
Non-depreciable capital assets:						
Land	\$ 123,664,100	\$ 21,186,214	\$ (1,724,661)	\$ -	\$ 143,125,653	
Intangible assets	97,014	-	-	-	97,014	
Construction in progress	103,748,388	92,887,551	(38,233,119)	34,146,398	192,549,218	
Total non-depreciable assets	227,509,502	114,073,765	(39,957,780)	34,146,398	335,771,885	
Depreciable/amortizable assets:						
Buildings	1,182,165,557	10,488,450	(5,263,223)	-	1,187,390,784	
Improvements other than buildings	177,128,457	15,607,518	-	(10,646,205)	182,089,770	
Equipment and vehicles	143,660,138	21,252,433	(6,770,040)	-	158,142,531	
Intangible assets amortizable	5,714,099	-	(626,543)	-	5,087,556	
Infrastructure	1,209,087,362	7,839,088	(168,749,808)	-	1,048,176,642	
Lease building	32,388,679	-	(1,822,859)	-	30,565,820	
Lease equipment and vehicles	1,862,949	280,339	(137,557)	-	2,005,731	
Subscription-Based Information Technology Arrangements (SBITAs)	9,522,714	14,721,728	(4,369,889)	-	19,874,553	
Total depreciable/amortizable assets	2,761,529,955	70,189,556	(187,739,919)	(10,646,205)	2,633,333,387	
Less accumulated depreciation/amortization:						
Buildings depreciation	(540,302,063)	(25,879,242)	1,859,535	-	(564,321,770)	
Improvements other than buildings depreciation	(75,498,489)	(9,094,060)	711,507	-	(83,881,042)	
Equipment and vehicles depreciation	(105,025,220)	(10,687,502)	6,463,087	-	(109,249,635)	
Intangible assets amortization	(5,132,091)	(286,276)	626,543	-	(4,791,824)	
Infrastructure depreciation	(1,036,487,683)	(9,066,889)	166,296,658	-	(879,257,914)	
Lease building amortization	(7,191,372)	(3,661,799)	1,822,859	-	(9,030,312)	
Lease equipment and vehicles amortization	(733,486)	(578,726)	137,936	-	(1,174,276)	
Subscription-Based Information Technology Arrangements amortization	(3,425,452)	(4,943,054)	4,369,889	-	(3,998,618)	
Total accumulated depreciation/amortization	(1,773,795,856)	(64,197,549)	182,288,013	-	(1,655,705,391)	
Total Depreciable/amortizable assets, net	987,734,099	5,992,007	(5,451,905)	(10,646,205)	977,627,996	
Total governmental activities capital assets, net	\$ 1,215,243,601	\$ 120,065,772	\$ (45,409,685)	\$ 23,500,193	\$ 1,313,399,881	
<b>Business-Type activities:</b>						
Non-depreciable capital assets:						
Land	\$ 45,055,764	\$ 671,207	\$ -	\$ -	\$ 45,726,971	
Intangible assets	4,610,871	-	-	-	4,610,871	
Construction in progress	120,489,069	55,374,645	(31,318,697)	-	144,545,017	
Total non-depreciable assets	170,155,704	56,045,852	(31,318,697)	-	194,882,859	
Depreciable/amortizable assets:						
Land improvements	83,659,637	5,079,012	-	-	88,738,649	
Buildings	497,532,739	1,955,544	(70,857)	-	499,417,426	
Building improvements	19,662,187	98,842	(985,886)	-	18,775,143	
Equipment and vehicles	960,297,427	29,890,443	(11,288,603)	-	978,899,267	
Intangible assets amortizable	9,524,906	1,096,392	-	-	10,621,298	
Lease building	2,159,736	-	-	-	2,159,736	
Lease equipment and vehicles	22,295	28,811	(22,295)	-	28,811	
Total depreciable/amortizable assets	1,572,858,927	38,149,043	(12,367,641)	-	1,598,640,330	
Less accumulated depreciation/amortization:						
Land improvements depreciation	(26,385,113)	(1,125,011)	-	-	(27,510,124)	
Buildings depreciation	(184,545,043)	(9,886,588)	16,388	(29,244)	(194,444,487)	
Building improvements depreciation	(14,084,942)	(992,149)	983,886	-	(14,093,205)	

## NOTES TO THE BASIC FINANCIAL STATEMENTS

	Primary Government				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Equipment and vehicles depreciation	(363,396,561)	(19,264,673)	10,941,087	29,244	(371,690,903)
Intangible assets amortization	(8,115,833)	(480,690)	-	-	(8,596,523)
Lease building amortization	(226,688)	(392,150)	-	-	(618,838)
Lease equipment and vehicles amortization	(13,530)	(5,762)	13,530	-	(5,762)
Total accumulated depreciation/amortization	(596,767,710)	(32,147,023)	11,954,891	-	(616,959,842)
Total Depreciable/amortizable assets, net	976,091,217	6,002,021	(412,750)	-	981,680,488
Total Business-Type activities capital assets, net	\$ 1,146,246,920	\$ 62,047,872	\$ (31,731,447)	\$ -	\$ 1,176,563,347
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<b>Component units:</b>					
Non-depreciable capital assets:					
Land	\$ 7,385,420	\$ -	\$ -	\$ -	\$ 7,385,420
Construction in progress	13,190,651	50,332,709	-	(22,652,134)	40,871,226
Total non-depreciable assets	20,576,071	50,332,709	-	(22,652,134)	48,256,646
Depreciable assets:					
Buildings and mobile classrooms	6,053,554	-	-	-	6,053,554
Improvements other than buildings	-	-	-	-	-
Building improvements	10,198,899	-	-	-	10,198,899
Equipment and vehicles	39,152,332	2,490,498	(1,552,736)	29,207,275	69,297,369
Intangible assets amortizable	1,323,387	-	(1,323,387)	-	-
Lease building	851,293	-	-	-	851,293
Lease equipment and vehicles	-	-	-	-	-
Subscription-Based Information Technology Arrangements (SBITAs)	7,618,471	-	(3,206,855)	-	4,411,616
Total depreciable assets	65,197,936	2,490,498	(6,082,978)	29,207,275	90,812,731
Less accumulated depreciation / amortization:					
Buildings and mobile classrooms	(5,015,440)	(35,238)	-	-	(5,050,678)
Improvements other than buildings	-	-	-	-	-
Building improvements	(1,664,537)	(554,238)	-	-	(2,218,775)
Equipment and vehicles	(30,162,506)	(2,884,933)	1,456,300	-	(31,591,139)
Intangible assets amortization	(1,323,386)	-	1,323,386	-	-
Lease building amortization	(103,302)	(51,651)	-	-	(154,953)
Lease equipment and vehicles depreciation	-	-	-	-	-
Subscription-Based Information Technology Arrangements amortization	(1,983,498)	(1,984,466)	916,244	-	(3,051,720)
Total accumulated depreciation / amortization	(40,252,669)	(5,510,526)	3,695,930	-	(42,067,265)
Total Depreciable assets, net	24,945,267	(3,020,028)	(2,387,048)	29,207,275	48,745,466
Total Component units capital assets, net	\$ 45,521,338	\$ 47,312,681	\$ (2,387,048)	\$ 6,555,141	\$ 97,002,112

Governmental Construction in Progress transfers include \$518,208 from the Nauticus Foundation, \$24,755,976 from Norfolk Botanical Gardens and \$8,872,214 from Norfolk Public Schools. Improvements other than buildings transfers include transfer out of \$14,470,985 and transfer in of \$3,824,780 from Norfolk Public Schools to net to \$10,646,205.

Depreciation and amortization expense at June 30, 2024, was allocated to governmental, business type, and component unit activities as follows:

<b>Governmental activities:</b>	
General government	\$ 14,507,720
Judicial administration	680,460
Public safety	4,357,843
Public works, which includes the depreciation of infrastructure assets	13,476,010
Health and sanitation	2,078,259
Culture and recreation	16,790,265
Community development	599,467
Education	11,311,117
In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets	
Total depreciation expense	<u>396,408</u> <u>\$ 64,197,549</u>
<b>Business-type activities:</b>	
Water Utility fund	\$ 16,423,209
Wastewater Utility fund	8,054,492
Parking Facilities fund	6,068,848
Storm Water fund	1,600,474
Total depreciation expense	<u>\$ 32,147,023</u>
<b>Component unit activities:</b>	
School Board	\$ 4,956,288
Norfolk Economic Development Authority	554,238
Total depreciation expense	<u>\$ 5,510,526</u>

## **VII Property Held for Resale**

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

In addition, land and land improvements held for resale also includes two acres located at 935 Denison Avenue that are recorded at approximately \$115,000 per acre totaling \$230,000 and 7.5 acres on Prime Outlets Boulevard with a total value of \$100,000 net of easements and 0.92 acres located at 331 Riverview Avenue with assessed value of \$879,200.

## **VIII Short-term Obligations**

On December 17, 2014, the City established a revolving line of credit agreement with Bank of America, N.A. ("BANA"). The City has amended to adjust the maximum balance on the line of credit several times since inception. As of June 30, 2024, the City's maximum available credit through its line of credit is \$150,000,000. This line of credit provides flexible interim financing for capital improvement projects, including school construction, and is secured by the full faith and credit pledge of the City, with repayment through general obligation bonds or other City sources. Borrowing under the credit agreement bear interest payable semi-annually in February and August, with no minimum advance amount and a three-day notice required for each advance.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

On November 17, 2023, the City amended its credit agreement with Bank of America Merrill Lynch (“BAML”) to extend the termination date of the Line of Credit from November 17, 2023 to November 17, 2025. The amendment also changed the interest rate index to the Secured Overnight Financing Rate (“SOFR”) plus 42 basis points, and provided for an alternate rate in the event the SOFR is unavailable for taxable draws and 79% of SOFR plus 29 basis points for tax-exempt draws. The agreement does not include a commitment fee on the unutilized portion of the line of credit.

As of June 30, 2024, the outstanding balance on the line of credit is \$55 million for capital expenditures.

Activity for the year ended June 30, 2024 is as follows:

	<b>Balance as of June 30, 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance as of June 30, 2024</b>
Capital Projects Fund	\$ 50,000,000	\$ 55,000,000	\$ 50,000,000	\$ 55,000,000

## IX Long-term Obligations

### A General Obligation and Revenue Bonds

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

A summary of general obligation bond and revenue bond transactions for the fiscal year ended June 30, 2024, follows:

	Business-type Activities							Total Enterprise Funds		
	Governmental Activities		Water Utility Bonds		Wastewater Utility Bonds		Parking Facilities Bonds			
	General Obligation Bonds									
General obligation bonds outstanding at July 1, 2023	\$ 950,481,682	\$ -	\$ 68,225,624	\$ 129,758,284	\$ 47,351,117	\$ 245,335,025				
Bonds retired	(73,649,422)	-	(6,412,794)	(2,277,946)	(3,682,807)	(12,373,547)				
Bonds issued	-	-	-	-	-	-				
Bonds outstanding at June 30, 2024	876,832,260	-	61,812,830	127,480,338	43,668,310	232,961,478				
Unamortized (discount) premium	55,491,696	-	4,856,317	4,545,750	4,545,940	13,948,007				
General obligation bonds outstanding at June 30, 2024, adjusted for unamortized (discount) premium	<u>\$ 932,323,956</u>	<u>\$ -</u>	<u>\$ 66,669,147</u>	<u>\$ 132,026,088</u>	<u>\$ 48,214,250</u>	<u>\$ 246,909,485</u>				
Revenue bonds outstanding at July 1, 2023	\$ -	\$ 224,900,000	\$ 85,768,986	\$ -	\$ 279,055	\$ 310,948,041				
Bonds retired	-	(19,195,000)	(8,029,252)	-	(34,578)	(27,258,830)				
Bonds reamortized	-	-	3,738,145	-	-	3,738,145				
Bonds issued	-	51,515,000	-	-	-	51,515,000				
Revenue Bonds outstanding at June 30, 2024	-	257,220,000	81,477,879	-	244,477	338,942,356				
Unamortized (discount) premium	-	27,462,005	-	-	-	27,462,005				
Revenue bonds outstanding at June 30, 2024, adjusted for unamortized (discount) premium	<u>\$ -</u>	<u>\$ 284,682,005</u>	<u>\$ 81,477,879</u>	<u>\$ -</u>	<u>\$ 244,477</u>	<u>\$ 366,404,361</u>				
Total bonds outstanding at June 30, 2024, adjusted for unamortized (discount)/premium	<u>\$ 932,323,956</u>	<u>\$ 284,682,005</u>	<u>\$ 148,147,026</u>	<u>\$ 132,026,088</u>	<u>\$ 48,458,727</u>	<u>\$ 613,313,846</u>				

The general obligation bonds outstanding as of June 30, 2024, are comprised of the following individual issues:

Bond Issue/Purpose	Dated	Governmental Activities		Business-type Activities				Balance Outstanding	
		Issue Amount	Interest Rate	Public Improvement	Wastewater Utility	Parking Facilities	Storm Water Utility		
Series 2002 Property Acquisition	8/14/2002	\$ 3,400,000	5.375%	\$ 3,400,000	\$ -	\$ -	\$ -	\$ 3,400,000	
Series 2007 VRDB	3/29/2007	32,365,000	3.88% <sup>(1)</sup>	19,770,000	-	-	-	19,770,000	
Series 2010B Capital Improvement	1/21/2010	117,650,000	5.20 - 5.962%	49,311,264	4,110,000	-	2,428,736	55,850,000	
Series 2010F Capital Improvement	2/25/2010	5,000,000	4.95 - 5.60%	1,750,000	-	-	-	1,750,000	
Series 2012D Capital Improvement	6/28/2012	7,350,000	4.35%	7,350,000	-	-	-	7,350,000	
Series 2013C QEBC	11/7/2013	2,470,000	4.86%	2,470,000	-	-	-	2,470,000	
Series 2014 Refunding	4/2/2014	65,155,000	3.00 - 5.00%	6,395,224	1,691,708	-	358,068	8,445,000	
Series 2014C Refunding	9/30/2014	58,510,000	4.00-5.00%	25,060,292	4,280,641	-	1,189,067	30,530,000	
Series 2016A		106,680,000	5.00%	14,420,000	3,425,000	-	1,650,000	19,495,000	
Series 2016B Refunding		69,870,000	3.50 - 5.00%	40,301,022	5,074,131	12,230,164	2,184,683	59,790,000	
Series 2016C		10,500,000	3.00 - 3.050%	10,500,000	-	-	-	10,500,000	
Series 2017 GO Storm Water VRA	5/31/2017	2,405,791	0.00%	-	-	-	1,481,374	1,481,374	
Series 2017A GO Capital Improvement	12/5/2017	103,520,000	5.00%	5,510,000	-	-	-	5,510,000	
Series 2017B GO Capital Improvement	12/5/2017	3,590,000	3.793%	-	-	3,590,000	-	3,590,000	
Series 2017C GO Refunding	12/5/2017	59,275,000	2.50 - 5.00%	4,133,979	407,277	1,509,987	338,757	6,390,000	
Series 2018 SW VRA Brownfield	9/27/2018	1,117,725	0.25%	-	-	-	492,363	492,363	
Series 2018 Refunding		11,710,000	3.54%	880,000	-	8,260,000	-	9,140,000	
Series 2019 GO Capital Improvement	2/7/2019	133,695,000	5.00%	46,875,000	-	-	-	46,875,000	
Series 2019B GO Refunding	8/15/2019	159,305,000	1.933 - 3.346%	85,551,199	10,342,164	49,532,587	1,889,050	147,315,000	
Series 2019C GO Refunding	8/15/2019	28,905,000	1.831 - 3.186%	21,338,919	3,454,065	3,271,588	200,428	28,265,000	
Series 2019D GO Refunding	9/19/2019	89,025,009	1.84 - 2.92%	62,603,362	2,858,785	16,984,825	1,738,029	84,185,001	
Series 2020A GO Capital Improvement	4/2/2020	37,275,000	4.00 - 5.00%	16,415,595	8,592,269	-	8,307,136	33,315,000	
Series 2020B GO Refunding	4/2/2020	45,630,000	1.30 - 2.50%	31,600,439	1,966,172	8,225,579	382,810	42,175,000	
Series 2020C GO Refunding		77,825,000	0.429 - 1.514%	47,449,608	7,163,095	12,557,010	1,860,287	69,030,000	
Series 2021 GO	6/29/2021	210,800,000	0.265 - 2.434%	197,105,000	-	-	-	197,105,000	
Series 2021A GO Capital Improvement	8/12/2021	74,220,000	5.00%	59,821,346	2,357,245	7,271,321	1,570,088	71,020,000	
Series 2021B GO Refunding	8/12/2021	36,895,000	0.30 - 1.42%	25,195,011	205,278	1,762,277	797,434	27,960,000	
Series 2023A	5/17/2023	108,800,000	5.00%	84,910,000	5,885,000	-	16,800,000	107,595,000	
Series 2023B	5/17/2023	15,070,000	4.066%	6,715,000	-	2,285,000	-	9,000,000	
Total General Obligation Bonds				\$ 876,832,260	\$ 61,812,830	\$ 127,480,338	\$ 43,668,310	\$ 1,109,793,738	

I. Variable rate as of June 30, 2024

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The Series 2007 General Obligation Variable Rate Demand Bonds (VRDBs), issued to finance the construction of the cruise terminal, are remarketed on a weekly basis. As of June 30, 2024, the interest rate on these bonds was set at 388 basis points (3.88 percent) (see Note VIII).

The revenue bonds outstanding as of June 30, 2024, are comprised of the following individual issues:

Bond Issue/Purpose	Dated	Interest Rate	Business-type Activities		Storm Water Utility	Balance Outstanding
			Water Utility	Wastewater Utility		
Series 2007 Wastewater Revenue	11/9/2007	0.00%	\$ 4,675,000	\$ 4,675,000	-	\$ 4,675,000
Series 2009 Wastewater Revenue	11/17/2009	0.00%	-	2,625,000	-	2,625,000
Series 2010 Wastewater Revenue	10/19/2010	0.00%	-	4,000,000	-	4,000,000
Series 2011 Wastewater Revenue	10/21/2011	0.00%	-	4,417,500	-	4,417,500
Series 2012 Wastewater Revenue	12/18/2012	0.00%	-	6,089,653	-	6,089,653
Series 2013 Wastewater Revenue	12/12/2013	0.00%	-	5,750,000	-	5,750,000
Series 2015 Wastewater Revenue	3/2/2015	0.00%	-	5,461,905	-	5,461,905
Series 2015A Water Revenue	4/16/2015	5.25%	29,660,000	-	-	29,660,000
Series 2015B Water Revenue Refunding	4/16/2015	5.00 - 5.25%	48,600,000	-	-	48,600,000
Series 2016 Wastewater Revenue	4/21/2016	0.00%	-	3,785,579	-	3,785,579
Series 2017 Wastewater Revenue	5/31/2017	0.00%	-	4,662,045	-	4,662,045
Series 2017 Water Revenue Refunding	12/18/2017	5.00%	100,745,000	-	-	100,745,000
Series 2018 Water Revenue	3/26/2018	2.50 - 5.00%	26,700,000	-	-	26,700,000
Series 2018 Wastewater Revenue	6/22/2018	0.00%	-	5,786,233	-	5,786,233
Series 2019A Wastewater Revenue	5/16/2019	2.00%	-	303,832	-	303,832
Series 2019B Wastewater Revenue	5/16/2019	1.00%	-	1,417,089	-	1,417,089
Series 2019C Wastewater Revenue	5/16/2019	1.00%	-	2,036,711	-	2,036,711
Series 2019D Wastewater Revenue	5/16/2019	0.00%	-	2,850,000	-	2,850,000
Series 2019E Wastewater Revenue	11/21/2019	0.00%	-	8,750,000	-	8,750,000
Series 2020 Wastewater Revenue	11/19/2020	0.00%	-	8,460,000	-	8,460,000
Series 2020 Storm Water Revenue	11/19/2020	0.25%	-	-	244,477	244,477
Series 2022A Wastewater Revenue	1/28/2022	0.50%	-	6,710,619	-	6,710,619
Series 2022B Wastewater Revenue	7/28/2022	0.50%	-	3,696,713	-	3,696,713
Series 2023 Water Revenue	11/14/2023	0.50%	51,515,000	-	-	51,515,000
Total Revenue Bonds			\$ 257,220,000	\$ 81,477,879	\$ 244,477	\$ 338,942,356

## B General Obligation Bonds

As of June 30, 2024, the City's general obligation bonds have the following requirement for amortization:

Year Ending June 30,	Governmental Activities				Business-type Activities			
	Bonds		Direct Borrowings and Direct Placements		Bonds		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 66,677,125	\$ 27,483,056	\$ 580,000	\$ 214,581	\$ 15,122,875	\$ 7,218,580	\$ 238,264	\$ 282,617
2026	68,509,534	25,782,836	150,000	193,606	15,160,466	6,401,482	693,559	282,321
2027	69,270,138	23,644,652	150,000	188,165	15,144,862	6,045,947	723,855	265,519
2028	69,029,880	21,406,155	-	182,750	15,410,120	5,651,357	899,151	247,716
2029	63,384,657	19,319,880	3,400,000	182,750	14,885,343	5,051,611	823,982	223,663
2030-2034	265,633,545	68,236,509	-	578,708	66,911,455	18,370,194	3,531,448	746,763
2035-2039	195,248,963	28,845,272	-	-	57,961,037	8,243,784	3,323,478	337,451
2040-2044	51,029,068	7,118,658	-	-	14,695,932	3,041,949	-	-
2045-2049	23,769,350	1,420,357	-	-	7,435,651	720,129	-	-
Total	\$ 872,552,260	\$ 223,257,375	\$ 4,280,000	\$ 1,540,560	\$ 222,727,741	\$ 60,745,033	\$ 10,233,737	\$ 2,386,050

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

<b>Year Ending June 30,</b>	<b>Wastewater Utility Fund*</b>		<b>Parking Facilities Fund*</b>		<b>Storm Water Utility Fund*</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2025	\$ 6,046,866	\$ 2,134,956	\$ 5,906,215	\$ 3,590,689	\$ 3,408,058	\$ 1,775,551
2026	6,027,865	1,967,804	6,469,831	3,047,476	3,356,328	1,668,523
2027	6,043,604	1,805,527	6,492,965	2,956,240	3,332,149	1,549,700
2028	6,087,283	1,598,393	6,799,779	2,879,741	3,422,209	1,420,938
2029	5,391,160	1,221,089	7,036,877	2,816,417	3,281,289	1,237,767
2030-2034	16,417,006	4,345,091	40,945,094	10,168,310	13,080,803	4,603,556
2035-2039	8,402,779	2,243,321	43,927,527	4,127,881	8,954,209	2,210,033
2040-2044	5,496,009	1,230,953	4,366,657	1,402,685	4,833,265	408,311
2045-2049	1,900,258	195,237	5,535,393	524,892	-	-
	<b>\$ 61,812,830</b>	<b>\$ 16,742,371</b>	<b>\$ 127,480,338</b>	<b>\$ 31,514,331</b>	<b>\$ 43,668,310</b>	<b>\$ 14,874,379</b>

\*Includes direct borrowings and direct placements.

### **General Obligation Direct Borrowings and Direct Placements**

#### **General Obligation Bonds, Series 2021 (the “Series 2021 Bonds”)**

On June 29, 2021, the City issued its \$210.8 million General Obligation Bonds, Series 2021 (“the Series 2021 Bonds”) to fund a portion of the City’s pension liability. In accordance with the financial policies adopted by City Council, the City’s enterprise funds repay their respective portion of pension costs and debt service from their dedicated fees and revenues to the General Fund. The portion of the Series 2021 Bonds paid by the enterprise funds in FY 2024, and planned for FY 2025, is summarized below:

	<b>Business-type Activities</b>					<b>Governmental Activities</b>
	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Parking Facilities</b>	<b>Storm Water Utility</b>	<b>Total Enterprise Funds</b>	
<b>FY 2024</b>						
Total Debt Service	\$685,455	\$178,242	\$109,498	\$230,545	\$1,203,740	\$10,082,659
Principal Outstanding as of June 30, 2024	\$11,970,758	\$3,112,803	\$1,912,270	\$4,026,218	\$21,022,048	\$176,082,952
<b>FY 2025</b>						
Total Debt Service	\$925,805	\$240,740	\$147,893	\$311,383	\$1,623,821	\$13,618,062
Principal Outstanding as of June 30, 2025	\$11,251,073	\$2,925,660	\$1,797,304	\$3,784,161	\$19,758,198	\$165,496,802

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

As of June 30, 2024, the total outstanding balance on the Series 2018 Bonds is \$9,140,000.

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

The City issued \$32,365,000 in General Obligation Variable Rate Demand Bonds, Series 2007 (AMT) on March 29, 2007, to finance the Half Moone Cruise & Celebration Center. As of June 30, 2024, \$19,770,000 remains outstanding, which was included in the City’s long-term debt. These Series 2007 Bonds are general obligations of the City, with its full faith and credit irrevocably pledged to the repayment of principal and interest.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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

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

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

As of June 30, 2024, the total outstanding on the Series 2002 Bonds was \$3,400,000. The City issued these bonds to finance a portion of the purchase price of property located within the boundaries of Shore Drive and Little Creek Road.

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

As of June 30, 2024, the City has two separate series of Storm Water direct borrowing General Obligation Bonds that it has borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the Virginia Resources Authority (VRA). The total outstanding Storm Water General Obligation Bonds at June 30, 2024, was \$1,973,737, with \$1,481,374 from Series 2017 and \$492,363 from Series 2018.

## **C Revenue Bonds**

The Water Revenue Bond covenants require that each year's Water Utility fund net revenue not be less than the greater of (i) the sum of 1.1 times senior debt service and 1.0 times subordinated debt service or (ii) 1.0 times the funding requirements for transfers from the revenue fund to the operating fund, the bond fund, the parity debt service fund, the debt service reserve fund, the subordinate debt service fund, the repair and replacement reserve fund and the rate stabilization fund. Pursuant with the revenue bond indenture, certain resources have been set

aside for repayment of the revenue bonds and are classified as restricted cash and investments on the Statement of Net Position due to the limitations imposed by the bond covenants.

The Wastewater Revenue Bond covenants require that each year's Wastewater Utility fund net revenue will equal at least 1.15 times the amount required during the fiscal year to pay the principal of the Wastewater Revenue Bonds, the additional payments and all other indebtedness of the borrower payable from revenues, including without limitation, indebtedness under leases that are treated as capital leases under U.S. GAAP, but excluding any general obligation bonds issued to finance wastewater system property. These resources are classified as restricted investments on the Statement of Net Position, as their use is restricted by applicable bond covenants.

The Storm Water Revenue Bond covenants require that each year's Storm Water Utility fund net revenue will equal at least 1.15 times the amount required during the fiscal year to pay the principal of the Storm Water Revenue Bonds, the additional payments and all other indebtedness of the borrower payable from revenues, including without limitation, indebtedness under leases that are treated as capital leases under U.S. GAAP, but excluding any general obligation bonds issued to finance storm water system property. These resources are classified as restricted investments on the Statement of Net Position, as their use is restricted by applicable bond covenants.

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

Ending June 30,	Water Utility Revenue Bonds <sup>(1)</sup>		Wastewater Utility Revenue Bonds <sup>(2)</sup>		Storm Water Utility Revenue Bonds <sup>(2)</sup>	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 17,880,000	\$ 12,590,388	\$ 8,254,960	\$ 55,505	\$ 34,664	\$ 590
2026	18,965,000	11,676,763	8,266,297	86,592	34,751	503
2027	16,235,000	10,793,563	7,563,579	70,946	34,838	416
2028	14,000,000	10,031,113	6,880,459	62,286	34,925	329
2029	13,400,000	9,339,138	6,170,539	58,756	35,012	241
2030-2034	57,670,000	37,483,231	24,709,349	240,205	70,287	220
2035-2039	43,415,000	24,735,813	13,628,706	149,260	-	-
2040-2044	52,215,000	12,937,119	5,904,637	56,015	-	-
2045-2049	23,440,000	1,436,731	99,353	383	-	-
Total	<u>\$ 257,220,000</u>	<u>\$ 131,023,859</u>	<u>\$ 81,477,879</u>	<u>\$ 779,948</u>	<u>\$ 244,477</u>	<u>\$ 2,299</u>

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

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

## Water Revenue Bonds

On November 14, 2023, the City issued a \$51,515,000 Water System Revenue Bond, Series 2023 (the “Series 2023”). The Series 2023 carries an interest rate of 5.0 percent.

## Revenue Bond Direct Borrowing and Direct Placement Debt

The City’s Revenue Bond portfolio includes several direct borrowing and direct placement issuances including:

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### Storm Water Revenue Bonds

As of June 30, 2024, the City has one series of Storm Water Revenue Bonds borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the VRA. The total outstanding for the Storm Water Revenue Bond at June 30, 2024, was \$244,477. Debt service on the Storm Water Revenue Bond is secured by a revenue pledge of the Storm Water Utility fees.

### Wastewater Revenue Bonds

As of June 30, 2024, the City has seventeen separate series of Wastewater Revenue Bonds borrowed through the Virginia Clean Water Revolving Loan Fund, administered by the VRA. The total outstanding balance for the Wastewater Revenue Bonds at June 30, 2024, were \$81,477,879. Debt Service on the Wastewater Revenue Bonds is secured by a revenue pledge of the Wastewater Utility fees.

For the fiscal year 2024, the Wastewater Utility fund drew a total of \$3,738,140 for project expenses, with \$1,404,996 and \$2,333,144 drawn from bond issuances in fiscal year 2021 and 2022, respectively. The VRA, in conjunction with the State Water Control Board, administers and manages the Virginia Water Facilities Revolving Fund.

### D Current and Advanced Refundings

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

As of June 30, 2024, the following defeased bonds from advance refundings remain outstanding:

General Obligation Bonds				
Defeased In	Original Issue	Amount	Redemption	
2020	2014	\$ 8,845,000	8/1/2024	
2020	2016A	36,395,000	10/1/2026	
2020	2016B	2,970,000	10/1/2026	
2020	2017A	64,945,000	9/1/2024	
2020	2017C	19,300,000	3/1/2027	
2020	2019	61,045,000	8/1/2028	
2021	2013B	7,770,000	8/1/2023	
2021	2014	17,600,000	8/1/2024	
2021	2016A	4,220,000	10/1/2026	
2021	2016B	3,885,000	10/1/2026	
2021	2017A	5,510,000	9/1/2024	
2021	2017C	12,150,000	3/1/2027	
2021	2019	5,570,000	8/1/2028	
2022	2016B	975,000	10/1/2026	
2022	2017C	18,635,000	3/1/2027	
2022	2019	10,180,000	8/1/2028	
		\$ 279,995,000		

Water Revenue Bonds				
Defeased In	Original Issue	Amount	Redemption	
2022	2010	\$ 18,050,000	11/1/2031	
2022	2012	1,275,000	11/1/2039	
		\$ 19,325,000		

## **E Economic Development Authority**

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

In the past, the EDA has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the third-party entity served by the bond issuance. Neither the EDA nor the City is obligated in any manner for the repayment of these conduit debt issues. As a result, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2024, there were eight series of limited commitment conduit bonds outstanding, with an aggregate unpaid principal amount of \$408,402,024.

## **F Lease Obligations**

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

A summary of the Governmental Activities' long-term leases as of June 30, 2024, are as follows:

Buildings are leased for multiple departments within the City, as of June 30, 2024, the lease obligations for buildings are \$22,943,144. Multiple vehicles are leased for the Community Services Board. As of June 30, 2024, the lease obligations for vehicles are \$286,369. The City has a lease agreement with Ricoh for printers through 2029, and as of June 30, 2024, the lease obligations for equipment are \$519,508.

A summary of the Business-Type Activities' long-term leases as of June 30, 2024 are as follows:

The Department of Utilities leases building spaces for its call-center and offices. As of June 30, 2024, the lease obligations are \$1,615,648. The Parking Facilities fund has a lease agreement with Ricoh for printers through 2025, and as of June 30, 2024, the lease obligations for equipment are \$23,265.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Year Ending June 30,	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2025	\$ 3,487,384	\$ 525,630	\$ 386,399	\$ 34,574	\$ 4,433,987
2026	3,114,155	442,377	406,630	26,789	3,989,951
2027	2,861,945	369,694	427,648	18,593	3,677,880
2028	2,171,954	305,682	254,872	9,966	2,742,474
2029	2,056,189	256,471	70,140	4,612	2,387,412
2030-2035	10,057,394	531,233	93,224	3,163	10,685,014
	<u>\$ 23,749,021</u>	<u>\$ 2,431,087</u>	<u>\$ 1,638,913</u>	<u>\$ 97,697</u>	<u>\$ 27,916,718</u>

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

	Governmental Activities	Business-type Activities
Buildings	\$ 30,565,820	\$ 2,159,736
Equipment and Vehicles	2,005,731	28,811
Less accumulated depreciation	(10,204,588)	(624,600)
	<u>\$ 22,366,963</u>	<u>\$ 1,563,947</u>

### G Landfill Liability

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

During the fiscal year ended June 30, 2010, the DEQ notified the City that it must demonstrate corrective action and years of post-close care costs beyond December 31, 2010. The \$3,155,057 reported as an obligation for closure and post-closure costs at June 30, 2024, reflects the estimated total cost to perform these activities. Actual costs may be higher due to inflation, changes in technology and/or changes in laws.

Additionally, the Campostella Landfill statistically exceeded groundwater protection standards in May 2002. Although corrective action has not yet been determined or approved by the DEQ, a portion of the liability, totaling \$2,381,298, is set aside for groundwater corrective action as required by state law. Given that corrective actions are not expected to be approved within the next year, the entire amount is classified as a long-term liability.

## H Compensated Absences

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

<b>Primary Government</b>	
Governmental Activities:	
General Fund	\$ 23,992,728
Grants Fund	342,092
Nonmajor governmental funds	1,012,403
Internal service funds	352,281
Total Governmental Activities	<u>\$ 25,699,504</u>
Business-type Activities:	
Water Utility fund	\$ 1,315,545
Wastewater Utility fund	275,899
Parking Facilities fund	196,553
Storm Water Utility fund	409,302
Total Business-type Activities	<u>\$ 2,197,299</u>
Component Unit - School Board	<u>\$ 9,950,436</u>

## I Debt Limit

The Commonwealth of Virginia imposes a legal debt limit for municipalities, setting a ceiling of 10 percent of the assessed valuation of taxed real property for the amount of general obligation borrowings a city can issue without holding a referendum. As of June 30, 2024, the City's debt limit is \$2,721,043,458 of which \$1,556,249,661 remains available for the issuance of additional debt. There are no overlapping tax jurisdictions within the City.

## J Bonds Authorized and Unissued

A summary of bonds authorized and unissued as of June 30, 2024, is as follows:

<b>Projects</b>	<b>Total</b>
General Obligation Bonds Authorized and Unissued:	
General Capital Improvement Projects	\$ 286,956,315
Maritime Center Capital Improvement Projects	4,664,813
Waste Management Capital Improvement Projects	1,757,223
Storm Water Utility Fund Improvement Projects	80,793,506
Parking Facilities Fund Projects	21,300,822
Wastewater Utility Fund Projects	<u>28,195,424</u>
General Obligation Bonds Authorized and Unissued	<u>\$ 423,668,103</u>
Revenue Bonds Authorized and Unissued:	
Water Utility Fund Projects	<u>\$ 101,440,320</u>
Total Bonds Authorized and Unissued	<u>\$ 525,108,423</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### K Changes in Long-Term Obligations

A summary of fiscal year 2024 changes in long-term obligations, net of unamortized discounts and premiums, is as follows:

	Primary Government			Ending Balance	Amounts Due Within One Year
	Beginning Balance	Additions	Reductions		
<b>GOVERNMENTAL ACTIVITIES:</b>					
Bonds, Direct Borrowing and Direct Placements:					
General obligation bonds	\$ 941,797,603	\$ -	\$ (69,245,343)	\$ 872,552,260	\$ 66,677,125
Direct borrowings and direct placements	8,684,079	-	(4,404,079)	4,280,000	580,000
Net Premiums	61,587,778	-	(6,096,082)	55,491,696	-
Total Bonds	1,012,069,460	-	(79,745,504)	932,323,956	67,257,125
Other Liabilities:					
Vested compensated absences	23,955,914	13,178,888	(11,787,579)	25,347,223	12,756,626
Other post-employment benefits	106,494,319	12,612,692	(13,044,051)	106,062,960	2,961,223
Retiree's life insurance	115,000	-	-	115,000	-
Self-insurance	37,151,537	7,815,899	(6,852,995)	38,114,441	5,851,059
Net pension liability	293,987,779	109,511,066	(150,331,505)	253,167,340	-
Landfill closure and post-closure costs	3,054,267	100,790	-	3,155,057	-
Lease	27,472,619	280,340	(4,003,938)	23,749,021	3,487,384
	6,256,993	14,721,728	(3,839,311)	17,139,410	4,271,162
Total Other Liabilities	498,488,428	158,221,403	(189,859,379)	466,850,452	29,327,454
Internal Service Funds:					
Net pension liability	3,307,368	1,093,011	(1,873,165)	2,527,214	-
Other post-employment benefits	794,204	106,080	(199,500)	700,784	17,126
Vested compensated absences	332,152	189,803	(169,674)	352,281	177,294
Total Internal Service Funds	4,433,724	1,388,894	(2,242,339)	3,580,279	194,420
Total Governmental Activities	\$ 1,514,991,613	\$ 159,610,297	\$ (271,847,222)	\$ 1,402,754,687	\$ 96,778,999
<b>BUSINESS-TYPE ACTIVITIES:</b>					
Bonds, Direct Borrowing and Direct Placements:					
Water Utility	\$ 224,900,000	\$ 51,515,000	\$ (19,195,000)	\$ 257,220,000	\$ 17,880,000
Wastewater Utility	153,994,610	3,738,145	(14,442,046)	143,290,709	14,301,826
Parking Facilities	129,758,284	-	(2,277,946)	127,480,338	5,906,215
Storm Water	47,630,172	-	(3,717,385)	43,912,787	3,442,722
Net Premiums	42,949,893	3,486,503	(5,026,384)	41,410,012	-
Total Bonds Payable	599,232,959	58,739,648	(44,658,761)	613,313,846	41,530,763
Other Liabilities:					
Vested compensated absences	2,094,849	1,516,816	(1,414,366)	2,197,299	742,590
Net pension liability	34,656,853	13,496,926	(18,004,333)	30,149,446	-
Other post-employment benefits	8,322,299	1,375,332	(1,337,256)	8,360,375	184,387
Lease	1,985,961	-	(347,048)	1,638,913	386,399
Total Other Liabilities	47,059,962	16,389,074	(21,103,003)	42,346,033	1,313,376
Total Business-Type Activities	\$ 646,292,921	\$ 75,128,722	\$ (65,761,764)	\$ 655,659,879	\$ 42,844,139

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>COMPONENT UNITS:</b>					
Other Liabilities:					
Vested compensated absences	\$ 10,166,458	\$ 15,589,748	\$ (15,805,770)	\$ 9,950,436	\$ 7,462,827
Other post-employment benefits	100,915,888	17,424,887	(17,585,767)	100,755,008	-
Net pension liability	195,512,717	118,901,619	(106,412,222)	208,002,114	-
Workers' compensation claims	3,880,934	1,198,298	(860,804)	4,218,428	814,399
Long-term notes payable	1,687,406	-	(1,687,406)	-	-
Claims liability	105,601	331,348	(138,002)	298,947	152,291
Lease	761,355	-	(46,254)	715,101	47,133
Subscription-based information technology arrangements	5,449,013	-	(4,244,424)	1,204,589	829,350
Total Component Units Activities	<u>\$ 318,479,372</u>	<u>\$ 153,445,900</u>	<u>\$ (146,780,649)</u>	<u>\$ 325,144,623</u>	<u>\$ 9,306,000</u>

## L Subscription-Based Information Technology Arrangements (SBITAs) Obligations

For the period ended June 30, 2024, the City established multiple subscription-based technology arrangements with vendors for diverse purposes. All SBITAs were subject to a discounted rate, specifically calculated at the borrowing rate of 4.074%. For the fiscal year ended June 30, 2024, there was a principal reduction of \$3,839,311. Notably, the total expenditures paid under these subscriptions were \$4,510,396 for the fiscal year ended June 30, 2024.

Total future minimum SBITA payments under agreements are as follows:

Year Ending June 30,	Governmental Activities		
	Principal Reduction	Interest	Total
2025	\$ 4,271,162	\$ 503,849	\$ 4,775,011
2026	2,324,733	412,826	2,737,559
2027	1,390,777	358,370	1,749,147
2028	1,231,934	310,135	1,542,069
2029	1,309,395	258,866	1,568,261
2030-2035	6,611,409	472,572	7,083,981
	<u>\$ 17,139,410</u>	<u>\$ 2,316,618</u>	<u>\$ 19,456,028</u>

## X Pension Plans

The City and its component units participate in four defined benefit pension retirement plans. These include the Employees' Retirement System (ERS) of the City of Norfolk (Note X.A); a Virginia Retirement System (VRS) agent multiple-employer plan for the benefit of City of Norfolk employees (Note X.B); a Virginia Retirement System (VRS) cost sharing plan administered by the Commonwealth of Virginia for the benefit of Norfolk School Board employees (Note X.B); and a VRS agent multiple-employer plan for the benefit of Norfolk School Board Political Subdivision employees (Note X.B). As of the year ended June 30, 2024, the four plans had the following balances reported in the government-wide financial statements with the measurement date of June 30, 2023:

## NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>City of Norfolk Retirement Plans</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Component Unit Norfolk Public Schools</b>
<b>Norfolk ERS</b>			
Total Pension Liability	\$ (1,369,297,454)	\$ (161,456,546)	\$ -
Net Pension Liability	(255,694,554)	(30,149,446)	-
Deferred Outflows	88,128,171	10,252,120	-
Deferred Inflows	(10,880,081)	(1,310,886)	-
Pension Expense	(69,618,482)	(8,196,272)	-
<b>VRS - Political Subdivision</b>			
Total Pension Liability	\$ (146,105,187)	\$ (11,508,146)	\$ (104,528,404)
Net Pension Asset	5,801,780	456,984	-
Net Pension Liability	-	-	(3,992,627)
Deferred Outflows	18,138,002	1,623,027	1,007,604
Deferred Inflows	(3,653,904)	(132,836)	(1,800,610)
Pension Expense	(525,350)	(112,147)	(451,896)
<b>VRS - Teachers</b>			
Total Pension Liability	\$ -	\$ -	\$ (1,125,816,463)
Net Pension Liability	-	-	(204,009,487)
Deferred Outflows	-	-	26,801,703
Deferred Inflows	-	-	(36,999,051)
Pension Expense	-	-	(12,313,807)

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

### Plan Description

The ERS is the administrator of a single-employer contributory, defined benefit plan (the System or the Plan) that covers eligible employees of the City, excluding School Board employees and Constitutional Officers' employees who are covered by the VRS. The ERS provides retirement benefits, as well as death and disability benefits. Cost-of-living adjustments (COLAs) are not required, are not regularly instituted and are available solely at the discretion of the City Council. The ERS and its benefits are established by Chapter 37 of the Code of the City of Norfolk, Virginia, as amended. ERS pension expenses and liabilities are allocated based on members' individual benefit calculations. The ERS issues a publicly available Annual Comprehensive Financial Report that includes financial statements and required supplementary information. The report may be downloaded from the City of Norfolk website at [www.norfolk.gov/retirement](http://www.norfolk.gov/retirement) or obtained by writing the Employees' Retirement System of the City of Norfolk, 810 Union Street, Suite 309, Norfolk, Virginia 23510.

### Plan Closure

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

## Plan Membership

As of June 30, 2023, the actuarial valuation and net pension liability measurement date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries receiving benefits:	
General	3,044
Public Safety	1,480
Vested Former Members:	
General	1,178
Public Safety	418
Active Plan Members:	
General	1,417
Public Safety	704
	<hr/>
	8,241

## Plan Benefits

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

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

Retirement (for employees who became members on or after July 1, 1980): Normal retirement is the earlier of age 60 or after completion of 30 years of credited service for general employees, and age 55 or after the completion of 25 years of creditable service for public safety employees. General employees normal service retirement benefit per annum is equal to 1.75 percent of average final compensation (average of the three highest years of compensation) times years of creditable service, with service limited to 35 years. Public safety employees normal service retirement benefit per annum is equal to 2.5 percent of average final compensation (average of the three highest years of compensation) times years of creditable service, not to exceed 65 percent of average final compensation. Mandatory retirement is age 65 for public safety employees. There is no mandatory retirement age for general employees.

Retirement (for employees who became members on or after July 1, 2018): Normal retirement is the earlier of the retirement age as defined under the Social Security Act (42 U.S.C §416) or the age at which the combination of a participant's age and service sums to at least 90 for general employees, and the earlier of age 60 or age 50 with 25 years of creditable service for public safety employees. The normal service retirement benefit per annum for general employees is equal to 1.75 percent of average final compensation times years of creditable service, with service limited to 35 years. Public safety employees accrue benefits at 2.5 percent of average

## NOTES TO THE BASIC FINANCIAL STATEMENTS

final compensation times years of creditable service, not to exceed 65 percent of average final compensation. Mandatory retirement is age 65 for public safety employees. There is no mandatory retirement age for general employees.

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

Effective January 1, 2015, the City Council adopted Ordinance Number 45,566 that established a Deferred Retirement Option Program (DROP) for police officers and firefighters eligible for normal service retirement. Eligible members may elect to participate for a maximum of four years, deferring receipt of a reduced retirement benefit of 70 percent while continuing employment with the City without loss of any other employee benefits.

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

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

### **Contributions**

Section 37 of the Code of the City of Norfolk, Virginia, established the authority under which the City's obligation to contribute to the Plan is determined. Contribution requirements are actuarially determined at the end of each fiscal year and paid by the City in the ensuing year. Effective January 8, 2015, all Plan members pay contribution on a salary reduction basis in the amount of 5 percent of earnable compensation, except for the City Council members hired before October 5, 2010. Employees of the Norfolk Community Services Board at June 30, 2012, who became City employees on July 1, 2012, were also required to pay member contributions effective January 8, 2015. Total employer contributions to the ERS plan were \$42,319,000 and \$40,134,000 for the years ended June 30, 2024 and 2023, respectively. The fiscal year 2024 contribution included an additional contribution of \$8,716,323 representing a portion of the \$210,800,800 in taxable general obligation proceeds that were issued on June 29, 2021, to increase the funding of ERS. These contributions combined with employee contributions of \$8,587,000 and \$8,096,000 for the year ended June 30, 2024 and June 30, 2023, respectively were expected to cover the actuarially determined liabilities.

### **Actuarial Assumptions**

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the June 30, 2023, actuarial valuation, the actuarial assumptions included the following:

Actuarial Cost Method	Entry Age Normal Cost Method
Asset Valuation Method	3-Year Smoothed Value
Amortization Method	Level Percent Closed, 20-Years Layers
Discount Rate	6.75 percent
Investment Rate of Return	6.75 percent
Amortization Growth Rate	3.00 percent
Inflation Rate	3.00 percent
Salary Increases - General Employees	Average of 5.12 percent over a 30-year career; based on rates that vary by year of service and are compounded annually
Salary Increases - Public Safety Employees	Average of 6.19 percent over a 30-year career; based on rates that vary by year of service and are compounded annually
Mortality	Pre-Retirement/Healthy Annuitant 108% of RP-2014 adjusted back to 2006 using MP-2014 and brought forward to 2016 using MP-2016 and generational improvements of 0.75% per year (ages < 86) thereafter
	Disableds 100% of RP-2014 Disability Mortality adjusted back to 2006 using MP-2014 and brought forward to 2016 using MP-2016 and generational improvements of 0.75% per year (ages < 86) thereafter

The long-term expected rate of return on the ERS investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	20-year 2023 Long-term Expected Real Rate of Return	Target Allocations
Global Equity	6.60%	52.00%
Private Equity	9.40%	5.00%
High Yield & Bank Loans	9.10%	4.00%
Real Estate	5.20%	8.00%
Natural Resources & Infrastructure	6.10%	5.00%
Gold	3.30%	3.00%
Short-Term TIPS	1.00%	5.00%
Investment Grade Fixed Income	2.10%	14.00%
Hedge Funds	1.90%	4.00%
		<u>100.00%</u>

### Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that plan member contributions will continue to be made at the current contributions rate specified in City Charter 37. City (employer) contributions will be made in accordance with the funding policy assumption adopted by the Board of Trustees, whereby City contributions in a particular fiscal year will be no less than the preceding fiscal year until the System reaches 100 percent funded. The GASB 67 depletion schedule, as prepared by the actuary based on those assumptions, was prepared for the next 99 years. Based on the assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future payments and pay administrative expenses. Projected benefit payments are discounted at the long-term expected return of 6.75 percent (net of investment expenses). The single equivalent rate used, for the purposes of GASB 67, to determine the total pension liability as of the measurement date of June 30, 2023, was 6.75 percent.

### Net Pension Liability

The net pension liability was measured as of June 30, 2023, with an actuarial valuation date of June 30, 2023. Pension expense and liability are allocated to governmental and enterprise funds based on the actual employer contributions. Governmental funds typically used to liquidate the pension liability include the General fund, Towing and Recovery Operations, Waste Management, Grants, Community Development, Cemeteries, EOC/911 and Resiliency special revenue funds. The employer contributions made in fiscal year 2024 of \$38,113,548 for governmental activities and \$4,205,776 for business-type activities are included as deferred outflows. As of June 30, 2024, the City reported a net pension liability of \$255,694,554 in governmental activities and \$30,149,446 in business-type activities. The net pension liability is allocated based on employer's contributions during the measurement period.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The percentage for governmental activities and business-type activities for fiscal year 2023 was 89.47 percent and 10.53 percent, respectively. Changes to the ERS net pension liability are as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
<b>Balance at June 30, 2022</b>	<b>\$ 1,534,615,000</b>	<b>\$ 1,202,663,000</b>	<b>\$ 331,952,000</b>
Service cost	21,246,000	-	21,246,000
Interest	101,376,000	-	101,376,000
Changes of benefits	(4,451,000)	-	(4,451,000)
Contributions - employer	-	40,134,000	(40,134,000)
Contributions - employee	-	8,096,000	(8,096,000)
Net investment income (loss)	-	102,983,000	(102,983,000)
Benefits payments, including refunds of member contributions	(107,961,000)	(107,961,000)	-
Difference between expected and actual experience	(14,071,000)	-	(14,071,000)
Administrative expense	-	(1,005,000)	1,005,000
<b>Balance at June 30, 2023</b>	<b>\$ 1,530,754,000</b>	<b>\$ 1,244,910,000</b>	<b>\$ 285,844,000</b>

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

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

	<b>1% Decrease (5.75)</b>	<b>Current Discount Rate (6.75)</b>	<b>1% Increase (7.75)</b>
ERS Net Pension Liability	\$ 455,494,000	\$ 285,844,000	\$ 143,259,000

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

Total pension expense included for the City is \$69,618,482 for governmental activities and \$8,196,272 for business-type activities or \$77,814,754 combined for the City.

At June 30, 2024, deferred inflows and outflows reported in the City's financial statements are as follows:

	<b>Deferred Inflows of Resources</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Differences between expected and actual experience	\$ 10,601,710	\$ 1,229,290	\$ 11,831,000
Net change in proportionate share (Internal Service Funds)	278,371	-	278,371
Net change in proportionate share (Storm Water Utility)	-	65,996	65,996
Net change in proportionate share (Water Utility)	-	15,600	15,600
	<b>\$ 10,880,081</b>	<b>\$ 1,310,886</b>	<b>\$ 12,190,967</b>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

Deferred Outflows of Resources				
	Governmental Activities	Business-Type Activities	Total	
Net difference between projected and actual earnings on plan investments	\$ 49,686,635	\$ 6,014,365	\$ 55,701,000	
Net change in proportionate share (Parking Facilities)	-	30,332	30,332	
Net change in proportionate share (Wastewater Utility)	-	1,647	1,647	
Net change in proportionate share (Governmental Funds)	327,988	-	327,988	
	<u>\$ 50,014,623</u>	<u>\$ 6,046,344</u>	<u>\$ 56,060,967</u>	

Deferred outflows related to pension contributions made after the measurement date of \$38,113,548 for governmental activities and \$4,205,776 for business-type activities, but before the end of the City's contributing reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts related to deferred inflows and outflows of resources will be recognized in pension expense as follows:

Amortization of Deferred (Inflows) and Outflows			
Year Ended:	Governmental Activities	Business-type Activities	Total
2025	\$ 3,718,071	\$ 495,929	\$ 4,214,000
2026	1,985,301	348,699	2,334,000
2027	37,455,639	4,365,361	41,821,000
2028	(4,024,469)	(474,531)	(4,499,000)
	<u>\$ 39,134,542</u>	<u>\$ 4,735,458</u>	<u>\$ 43,870,000</u>

## B Virginia Retirement System (VRS)

### Plan Description – Virginia Retirement System

The School Board and the City of Norfolk both participate in pensions offered by the Virginia Retirement System (VRS), which include multiple employers, agent (for school employee political subdivision and City of Norfolk political subdivision) and a multiple employer, cost- sharing (for teachers) defined benefit pension plan as well as a hybrid plan containing both defined benefit and defined contribution aspects. All full-time, permanent employees of the School Board, the City of Norfolk, and other members of the School Board must participate in the VRS and are automatically covered by the respective VRS Plans upon employment. Members earn one month of service credit for each month they are eligible and for which the City or the School Board and members pay contributions to VRS. Benefits vest after five years of service. Members hired before July 1, 2010, and who were vested as of January 1, 2013, are covered under Plan 1. Members hired or rehired on or after July 1, 2010, and Plan 1 members who were not vested on January 1, 2013, are covered under Plan 2. Members hired on or after January 1, 2014, are covered under the Hybrid Retirement Plan (Hybrid Plan), as well as Plan 1 and 2 members who are eligible and opted in during the January 1, 2014, to April 30, 2014, election window. The Hybrid Plan combines the features of a defined benefit plan and a defined contribution plan. The defined benefit is based on a member's retirement multiplier, creditable service, and average final compensation. The benefit from the defined contribution component is dependent upon member and employer contributions as well as investment performance. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2 and the Hybrid Plan, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for Plan 1 (nonhazardous duty) members is 1.7 percent. The retirement multiplier for Plan 2

(nonhazardous duty) members with service accrued prior to January 1, 2013, is 1.7 percent and subsequently reduced to 1.65 percent effective January 1, 2013. The retirement multiplier for Plan 1 and Plan 2 (hazardous duty) members is 1.85 percent. The retirement multiplier for the Hybrid Plan is 1.0 percent. The 2014 valuation included hybrid retirement plan members for the first time.

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

### **Plan Membership**

As of June 30, 2022, actuarial valuation, the following employees were covered by the benefit terms of the pension plan for the measurement date June 30, 2023:

<b>Agent Multiple-Employer Plans</b>		
	<b>City of Norfolk Political Subdivisions</b>	<b>School Board Political Subdivisions</b>
Inactive member or their beneficiaries currently receiving benefits	397	613
Inactive members:		
Vested	107	84
Non-vested	291	336
Active elsewhere in the VRS	290	109
Total inactive members	688	529
Long-term disability members	3	1
Active members	1,150	565
Total	2,238	1,708

### **Contributions**

The contribution requirement for active employees is governed by Section 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00 percent of their annual reported compensation to the VRS. The City and Norfolk Public Schools' actuarially determined contribution rates as of June 30, 2024, were 12.84 percent of covered payroll for the City employees, 6.31 percent of the annual covered payroll for School Board professional employees and 16.62 percent of annual covered payroll for the other school employees based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rates, after considering projected investment earnings and employee contributions, were expected to finance the costs of benefits earned by employees during the year, as well as any unfunded liability accrued.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The School Board's contributions to the VRS for teachers for the fiscal years ended June 30, 2024, and 2023 were \$35,168,000 and \$32,135,000, respectively. The School Board's contributions to the VRS for other school employees for the years ended June 30, 2024, and 2023 were \$1,357,268 and \$1,154,904, respectively. The City contributions to the VRS for the fiscal years ended June 30, 2024, and 2023 were \$14,804,821 and \$11,700,979, respectively.

### Actuarial Assumptions

The total pension liabilities for the Political Subdivisions and Teachers plans were based on an actuarial valuation as of June 30, 2022, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization period	2 - 24 years
Asset Valuation Method	5-year Smoothed Market
Inflation	2.50%
Projected Salary Increases	3.50 - 5.35% - General 3.50 - 4.75% - Public Safety 3.50 – 5.95% - Teachers
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Mortality Rates	
Pre-Retirement	General - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
	Public Safety – Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale: 95% of rates for males; 105% of rates for females set forward 2 years
	Teachers – Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
Post-Retirement	General - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
	Public Safety – Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale: 110% of rates for males; 105% of rates for females set forward 3 years
	Teachers – Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-Disablement	General - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	General/Public Safety/Teachers – Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	General – Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
	Public Safety – Adjusted rates to better fit experience and changed final retirement age from 65 to 70
	Teachers – Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	General/Teachers – Adjusted rates to better fit experience at each year age and service though 9 years of service
	Public Safety – Decrease rates
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change
Line of Duty Disability	No change

### Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Real Rate of Return	Weighted Average Long-term Expected Real Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
Multi-Asset Public Strategies (MAPS)	4.00%	4.50%	0.18%
Private Investment Partnership (PIP)	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u><u>100.00%</u></u>	<u><u>5.75%</u></u>	
		Inflation	2.50%
		*Expected arithmetic nominal return	<u><u>8.25%</u></u>

\* The above allocation provides a one-year return of 8.25 percent. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14 percent, including expected inflation of 2.50 percent. On June 15, 2023, the VRS Board elected a long-term rate of 6.75 percent which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14 percent, including expected inflation of 2.50 percent.

### Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2023, on, school divisions are assumed to continue to contribute 112% of the actuarially determined contribution rates. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in fiscal year 2012 or 100 percent of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was

projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

### Net Pension Liability

The net pension liability (asset) represents the total pension liability determined in accordance with GASB Statement No. 68, less the fiduciary net position. The net pension liability (asset) was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. Below are the schedules of changes in net pension liability (asset) for each of the agent multiple-employer plans:

#### City of Norfolk Political Subdivision

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at June 30, 2022</b>	\$ 141,251,691	\$ 142,992,895	\$ (1,741,204)
Service cost	7,469,996	-	7,469,996
Interest	9,832,433	-	9,832,433
Difference between expected and actual experience	5,171,227	-	5,171,227
Contributions - employer	-	10,620,748	(10,620,748)
Contributions - employee	-	6,603,494	(6,603,494)
Net investment income	-	9,848,375	(9,848,375)
Benefits payments, including refunds of employee contributions	(6,112,014)	(6,112,014)	-
Administrative expense	-	(85,463)	85,463
Other changes	-	4,062	(4,062)
<b>Balance at June 30, 2023</b>	<u>\$ 157,613,333</u>	<u>\$ 163,872,097</u>	<u>\$ (6,258,764)</u>

#### School Board Political Subdivision

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balance at June 30, 2022</b>	\$ 100,797,363	\$ 98,747,906	\$ 2,049,457
Service cost	1,430,172	-	1,430,172
Interest	6,690,110	-	6,690,110
Difference between expected and actual experience	1,840,334	-	1,840,334
Contributions - employer	-	1,024,787	(1,024,787)
Contributions - employee	-	837,702	(837,702)
Net investment income	-	6,216,548	(6,216,548)
Benefits payments, including refunds of employee contributions	(6,229,575)	(6,229,575)	-
Administrative expense	-	(64,151)	64,151
Other changes	-	2,560	(2,560)
<b>Balance at June 30, 2023</b>	<u>\$ 104,528,404</u>	<u>\$ 100,535,777</u>	<u>\$ 3,992,627</u>

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<b>Agent Multiple-Employer Plans</b>			
City of Norfolk - Political Subdivisions - Net Pension Liability (Asset)	\$ 15,738,482	\$ (6,258,764)	\$ (23,946,540)
School Board - Political Subdivisions - Net Pension Liability (Asset)	15,945,438	3,992,627	(6,035,321)
<b>Cost Sharing Plans</b>			
School Board - Teachers - Net Pension Liability	\$ 261,636,016	\$ 204,009,487	\$ 74,427,431

### Pension Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2024, the City of Norfolk, recognized pension expense of \$525,350 for governmental activities and \$112,147 for business-type activities or \$637,497 in total. The School Board Political Subdivision and School Board Teachers recognized pension expense of \$451,896 and \$12,313,807 respectively. At June 30, 2024, the reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources			
	Governmental Activities	Business-type Activities	School Board Political Subdivisions	School Board Teachers
	City of Norfolk Political Subdivisions	City of Norfolk Political Subdivisions	School Board Political Subdivisions	School Board Teachers
Change in proportion and difference between contribution and proportionate rate	\$ 8,533	\$ 106,489	\$ -	\$ 15,773,091
Differences between expected and actual experience	1,359,713	26,347	146,127	7,961,283
Net difference between projected and actual earnings on plan investments	2,285,658	-	1,654,483	13,264,677
	<u>\$ 3,653,904</u>	<u>\$ 132,836</u>	<u>\$ 1,800,610</u>	<u>\$ 36,999,051</u>
	Deferred Outflows of Resources			
	Governmental Activities	Business-type Activities	School Board Political Subdivisions	School Board Teachers
	City of Norfolk Political Subdivisions	City of Norfolk Political Subdivisions	School Board Political Subdivisions	School Board Teachers
Change in proportion and difference between contribution and proportionate rate	\$ 115,022	\$ -	\$ -	\$ 28,630
Change in assumptions	781,504	-	-	9,248,465
Differences between expected and actual experience	3,632,960	286,154	1,007,604	17,524,608
Net difference between projected and actual earnings on plan investments	11,650	143,062	-	-
	<u>\$ 4,541,136</u>	<u>\$ 429,216</u>	<u>\$ 1,007,604</u>	<u>\$ 26,801,703</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. The City of Norfolk, the School Board Political Subdivision and the School Board Teachers contributed \$14,790,677 (\$13,596,866 for governmental activities and \$1,193,811 for business-type activities), \$1,357,268 and \$35,168,009 respectively for the year ended June 30, 2024. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended:	Amortization of Deferred Inflows and Outflows			
	Business-type Activities			
	City of Norfolk Political Subdivisions	City of Norfolk Political Subdivisions	School Board Political Subdivisions	School Board Teachers
2025	\$ (716,033)	\$ 65,269	\$ (478,308)	\$ (9,841,391)
2026	(1,722,340)	102,478	(1,805,458)	(15,963,234)
2027	3,139,329	116,947	1,430,868	12,944,450
2028	186,276	11,686	59,892	2,662,827
	<u>\$ 887,232</u>	<u>\$ 296,380</u>	<u>\$ (793,006)</u>	<u>\$ (10,197,348)</u>

### Pension Plan Data

Detailed information about the VRS Political Subdivision and Teachers Retirement Plans is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of the 2024 ACFR may be requested by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500 or can be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>

### Payables to the Pension Plan

As of June 30, 2024, no outstanding amounts are payable to the Political Subdivision pension plan for the fiscal year ended June 30, 2024.

As of June 30, 2024, no outstanding amounts are payable to the Teachers' pension plan for the fiscal year ended June 30, 2024.

## XI Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferral amount can be up to the IRS's annual maximum allowable contribution, with increases to the annual contribution limit for catch-up contributions for participants over age 50 or for participants for three years prior to normal retirement age. The maximum contributions for calendar years 2023 and 2024, excluding catch up contributions, were \$30,000 and \$30,500 respectively. The benefits from the deferred compensation plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

### XII Other Post-Employment Benefits (OPEB)

#### A City of Norfolk Sponsored Other Post-Employment Benefits

##### Plan Description

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

##### Employees Covered by Benefit Terms

As of the June 30, 2023, actuarial valuation, the following employees were covered by the benefit terms of the Plan:

	City	Line of Duty	School Board
Inactive member or their beneficiaries currently receiving benefits	67	78	67
Active members	4,162	1,337	3,721
Total	4,229	1,415	3,788

##### Contributions

No employee contributions are required prior to retirement to participate in or fund the OPEB Plan. The City and the School Board committed to a set contribution amount as an explicit subsidy of \$25 or \$35 per month for the City and \$75 per month for the School Boards per participating retiree. Effective January 1, 2014, the City and the School Boards eliminated

healthcare coverage for post 65 retirees (e.g., retirees eligible for Medicare) along with the \$25 or \$35 and \$75 monthly subsidy, respectively. The pre-65 retirees will continue to receive the subsidy and will participate in the consortium with the active employees. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The Plan sponsors also pay an implicit subsidy by allowing retirees to participate in the same benefit plans under the same premium structure as available to active employees, however, the Plan sponsors are not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to employees.

### **Total OPEB Liability**

The City's and the School Boards' total OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions applied to all periods included in the measurement.

### **Actuarial Assumptions**

For the June 30, 2023, actuarial valuation, the actuarial assumptions included the following:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years rolling
Asset Valuation Method	Not Applicable
Investment Rate of Return	3.65 percent
Rate of Salary Increase for Amortization	3.00 percent
Rate of Medical Inflation	7.50 percent (Pre-Medicare) grading to 4.04 percent over 19 years
Mortality (City - ERS members)	
Pre-Retirement	General - Pub-2010(B) General Employee Below-Median Table (5.00 percent of deaths assumed accidental)
Healthy Annuitants	Public Safety - Pub-2010 Safety Employee Table (60.00 percent of deaths assumed accidental)
Disabled	General - Pub-2010(B) General Healthy Annuitant Below-Median Table
Mortality Projection Scale	Public Safety - Pub-2010 Safety Healthy Annuitant Table
Mortality (City & School Board - VRS members)	
Pre-Retirement	General - Pub-2010 General Disabled Annuitant Table (25.00 percent of disabilities assumed accidental)
City General - Pub-2010 Amount Weighted General Employee Rates; males set forward 2 years; 105.00 percent rates for females set forward 3 years	Public Safety - Pub-2010 Safety Disabled Annuitant Table (70.00 percent of disabilities assumed accidental)
	Rates projected generationally from the base year using the MP-2021 projection scale

## NOTES TO THE BASIC FINANCIAL STATEMENTS

	School Board - Pub-2010 Amount Weighted Teachers Employee Rates; 110.00 percent of rates for males
Healthy Annuitants	City General - Pub-2010 Amount Weighted General Healthy Retiree Rates; 95.00 percent of rates for males set forward 2 years; 95.00 percent of rates for females set forward 1 year
	School Board - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates; males set forward 1 year; 105.00 percent of rates for females
Disabled	City General - Pub-2010 Amount Weighted General Disabled Rates; 110.00 percent of rates for males set forward 3 years; 110.00 percent of rates for females set forward 2 years
	School Board - Pub-2010 Amount Weighted Teachers Disabled Rates; 110.00 percent of rates for males and females
Beneficiaries & Survivors	City General - Pub-2010 Amount Weighted General Healthy Contingent Annuitant Rates
	School Board - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates
Mortality Projection Scale	Rates projected generationally from the base year using the Modified MP-2020 Improvement Scale that is 75.00 percent of the MP-2020 rates

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

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

### **Discount Rate**

The discount rate used to measure the total OPEB liability as of June 30, 2023, was 3.65 percent. Since the Plan utilizes a pay-as-you-go contribution policy, the discount rate used at the June 30, 2023, measurement date was based on the Bond Buyer 20-Bond General Obligation Index.

### **Changes in Total OPEB Liability**

The total OPEB liability was measured as of June 30, 2023, with an actuarial valuation date of June 30, 2023. The City OPEB expense and liability are allocated to governmental and enterprise funds. As of June 30, 2023, the City (including Line of Duty) and the School Board reported a total OPEB liability of \$115,124,119 (\$106,763,744 in governmental activities and \$8,360,375 in business-type activities) and \$64,312,869 respectively. Changes to the total OPEB liability are as follows:

	<b>City</b>	<b>Line of Duty</b>	<b>School Board</b>	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2022</b>	\$ 79,713,028	\$ 35,897,794	\$ 62,277,163	\$ 177,887,985
Service cost	5,545,774	701,255	3,698,962	9,945,991
Interest	2,881,623	1,260,722	2,230,206	6,372,551
Change in benefits	(71,988)	-	-	(71,988)
Difference between expected and actual experience	(10,237,005)	19,942	(1,201,258)	(11,418,321)
Assumption changes	3,571,000	(744,789)	(451,969)	2,374,242
Benefits payments	(2,138,633)	(1,274,604)	(2,240,235)	(5,653,472)
<b>Balance at June 30, 2023</b>	<b>\$ 79,263,799</b>	<b>\$ 35,860,320</b>	<b>\$ 64,312,869</b>	<b>\$ 179,436,988</b>

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

The following presents the total OPEB liability using the discount rate of 3.65 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65 percent) or one percentage point higher (4.65 percent) than the current rate:

	<b>Current Discount Rate (3.65%)</b>		
	<b>1% Decrease (2.65%)</b>	<b>1% Increase (4.65%)</b>	
City	\$ 88,308,666	\$ 79,263,799	\$ 71,930,423
Line of Duty	39,650,161	35,860,320	32,542,574
School Board	71,109,671	64,312,869	58,362,732

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

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

	<b>Healthcare Cost Trend Rates (7.50% decreasing to 4.04%)</b>		
	<b>1% Decrease (6.50% decreasing to 3.04%)</b>	<b>1% Increase (8.50% decreasing to 5.04%)</b>	
City	\$ 69,907,727	\$ 79,263,799	\$ 90,427,236
Line of Duty	31,627,471	35,860,320	40,910,853
School Board	56,721,562	64,312,869	73,370,632

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### OPEB Expense and Deferred Inflows and Outflows of Resources

OPEB expense reported for the fiscal year ended June 30, 2024, for the City (including Line of Duty) and the School Board was \$9,485,035 and \$3,177,078 respectively. At June 30, 2024, the reported deferred inflows of resources and deferred outflows of resources related to the OPEB Plan from the following sources:

	Deferred Inflows of Resources			
	Governmental Activities		Business-Type Activities	Governmental Activities
	City	City	Line of Duty	School Board
Change in assumptions	\$ 1,506,515	\$ 177,637	\$ 7,356,008	\$ 632,714
Net change in proportionate share (Wastewater Utility)	-	59,896	-	-
Net change in proportionate share (Parking Facilities)	-	7,272	-	-
Net change in proportionate share (Internal Services Fund)	112,311	-	-	-
Differences between expected and actual experience	14,518,908	1,689,160	1,347,550	9,616,974
Total	<u>\$ 16,137,734</u>	<u>\$ 1,933,965</u>	<u>\$ 8,703,558</u>	<u>\$ 10,249,688</u>

	Deferred Outflows of Resources			
	Governmental Activities		Business-type Activities	Governmental Activities
	City	City	Line of Duty	School Board
Change in assumptions	\$ 18,048,824	\$ 2,100,477	\$ 1,532,547	\$ 6,995,983
Net change in proportionate share (Governmental Fund)	52,396	-	-	-
Net change in proportionate share (Water Utility)	-	82,168	-	-
Net change in proportionate share (Storm Water Utility)	-	44,915	-	-
Differences between expected and actual experience	982,939	115,901	2,611,775	518,202
Total	<u>\$ 19,084,159</u>	<u>\$ 2,343,461</u>	<u>\$ 4,144,322</u>	<u>\$ 7,514,185</u>

Contributions made after the measurement date of the total OPEB liability but before the end of the reporting period will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year. The City and the School Board contributed \$3,162,736 (\$2,978,349 for governmental activities and \$184,387 for business-type activities) and \$1,987,930, respectively in fiscal year 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended:	Amortization of Deferred (Inflows) and Outflows			
	Governmental Activities		Business-Type Activities	Governmental Activities
	City	City	Line of Duty	School Board
2025	\$ 1,647,736	\$ 193,064	\$ (1,923,334)	\$ (787,723)
2026	1,420,066	178,255	(717,583)	(1,049,577)
2027	1,894,742	244,059	(1,676,704)	(567,560)
2028	(1,008,060)	(102,941)	(120,808)	(330,643)
2029	(1,008,059)	(102,941)	(120,807)	-
	<u>\$ 2,946,425</u>	<u>\$ 409,496</u>	<u>\$ (4,559,236)</u>	<u>\$ (2,735,503)</u>

**Other OPEB Plans**

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

**B Virginia Retirement System Post-Employment Benefits Trust Funds**

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

**Group Life Insurance (GLI)**

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

**Plan Description**

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

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

**Contributions**

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate of the GLI Program was 1.34 percent of covered employee compensation. While covered employees are responsible for 60 percent of the program costs, employers may choose to pay the entire cost. The School Board has elected to pay all program costs. The contribution rate was based

## NOTES TO THE BASIC FINANCIAL STATEMENTS

on an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year.

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

### Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2021. Changes to the actuarial assumption as a result of the experience study are as follows:

Mortality Rates	
General Employees/Teachers	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Hazardous Duty	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	
General Employees/Teachers	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Hazardous Duty	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	
General Employees\Teachers	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Hazardous Duty	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### Net GLI OPEB Liability

The net OPEB liability for the GLI Program represents the program's total OPEB liability determined by VRS in accordance with GASB Statement No. 74, less the School Board's associated fiduciary net position. As of the measurement date of June 30, 2023, the net OPEB liability amounts for the GLI program are as follows:

	School Board Political Subdivisions	School Board Teachers	Total
Total GLI OPEB Liability	\$ 3,091,260	\$ 33,464,568	\$ 36,555,828
Plan Fiduciary Net Position	2,142,363	23,192,243	25,334,606
Net GLI OPEB Liability	<u>\$ 948,897</u>	<u>\$ 10,272,325</u>	<u>\$ 11,221,222</u>

### Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the school divisions for the VRS GLI OPEB plan will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly. From July 1, 2023 on, employers are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

## NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Real Rate of Return</b>	<b>Weighted Average Long-term Expected Real Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
Multi-Asset Public Strategies (MAPS)	4.00%	4.50%	0.18%
Private Investment Partnership (PIP)	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	8.25%

\* The above allocation provides a one-year return of 8.25 percent. However, one-year returns do not consider the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14 percent, including expected inflation of 2.50 percent. On June 15, 2023, the VRS Board elected a long-term rate of 6.75 percent which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14 percent, including expected inflation of 2.50 percent.

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

The following presents the net GLI OPEB liability using the discount rate of 0.00 percent, as well as what the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (-1.00 percent) or one percentage point higher (1.00 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net GLI OPEB Liability - Teachers	\$ 15,226,759	\$ 10,272,325	\$ 6,266,586
Net GLI OPEB Liability - Political Subdivision	1,406,562	948,897	578,872

### **GLI OPEB Expense and Deferred Inflows and Outflows of Resources**

For the year ended June 30, 2024, the School Board recognized GLI OPEB expense of \$12,758. The School Board reported deferred outflows of resources and deferred inflows of resources related to VRS GLI OPEB as follows:

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### Deferred Inflows of Resources

	School Board Political Subdivisions	School Board Teachers	Total
Change in proportion and difference between contribution and proportionate rate	\$ 100,395	\$ 1,121,345	\$ 1,221,740
Change in assumptions	65,743	711,707	777,450
Differences between expected and actual experience	28,804	311,818	340,622
Net difference between projected and actual earnings on Plan investments	38,132	412,800	450,932
	<u>\$ 233,074</u>	<u>\$ 2,557,670</u>	<u>\$ 2,790,744</u>

### Deferred Outflows of Resources

	School Board Political Subdivisions	School Board Teachers	Total
Change in proportion and difference between contribution and proportionate rate	\$ 2,297	\$ 4,155	\$ 6,452
Change in assumptions	20,283	219,575	239,858
Differences between expected and actual experience	94,772	1,025,954	1,120,726
	<u>\$ 117,352</u>	<u>\$ 1,249,684</u>	<u>\$ 1,367,036</u>

The School Board reported \$3,163,743 (\$2,870,412 for Teachers and \$293,331 political subdivision) as deferred outflows related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date and will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to GLI OPEB will be recognized in GLI OPEB expense in the future reporting periods as follows:

### Amortization of Deferred Inflows and Outflows

Year Ended:	School Board Political Subdivisions	School Board Teachers	Total
2025	\$ (37,002)	\$ (420,544)	\$ (457,546)
2026	(70,241)	(707,269)	(777,510)
2027	(6,871)	(30,017)	(36,888)
2028	(10,621)	(157,791)	(168,412)
2029	9,013	7,635	16,648
	<u>\$ (115,722)</u>	<u>\$ (1,307,986)</u>	<u>\$ (1,423,708)</u>

### Employer Contribution

Employers' proportionate shares were calculated based on historical employer contributions. Although GASB Statement No. 75 encourages the use of the employer's projected long-term contribution efforts to the other post-employment benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS GLI OPEB Plan that are not representative of the future contribution efforts are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution efforts are contributions for adjustments to prior periods. The School Board's total employer contribution into the GLI program for the years ended June 30, 2024 and June 30, 2023 were approximately \$3,163,397 and \$2,864,320 respectively.

## **Health Insurance Credit (HIC) Plans**

### **Plan Description**

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

All full-time, permanent employees are automatically covered by either the VRS Teacher Health Insurance Credit Program (THICP), (teachers and professionals), a multiple-employer, cost-sharing plan or the VRS Political Subdivision Health Insurance Credit Program (HICP), (non-professionals), a multiple-employer, agent plan. The plans are administered by the Virginia Retirement System along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

### **Teacher Health Insurance Credit Program (THICP)**

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

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

### **Political Subdivision Health Insurance Credit Program (HICP)**

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

- At retirement (for non-professional school employees who retire with at least 15 years of service credit):
  - \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.
- Disability Retirement (for employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP)):
  - \$45.00 per month.

### Health Insurance Credit Program Notes

- The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.
- Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.
- No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.

### Employees Covered by Benefit Terms

As of the June 30, 2023, actuarial valuation, the following employees were covered by the benefit terms of the HICP OPEB Plan:

	School Board Political Subdivision
Active members	555
Inactive member or their beneficiaries currently receiving benefits	263
Total	818

### Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) and §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to the school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2024, was 1.21 percent of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. The contractually required employer contribution rate for the School Board Political Subdivision Health Insurance Credit Program for the year ended June 30, 2024, was 1.02 percent of covered employee compensation. These rates were based on an actuarial valuation as of June 30, 2021. The actuarially determined rates were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

In June 2023, the Commonwealth made a special contribution of approximately \$4.0 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The School Board Teachers' proportionate share is reflected in the NPS financial statements.

## **Actuarial Assumptions**

The HIC OPEB liabilities were based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The actuarial assumptions used in the June 30, 2022, valuation was based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board are as follows:

Mortality Rates	
General Employees/Teachers	Update to PUB-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Hazardous Duty	Update to PUB-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	
General Employees/Teachers	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all
Hazardous Duty	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	
General Employees\Teachers	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Hazardous Duty	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### **Net HIC OPEB Liability**

The School Board Political Subdivision net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. Changes to the net HICP OPEB liability are as follows:

#### **School Board Political Subdivision**

	<b>Total HIC OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net HIC OPEB Liability (Asset) (a) - (b)</b>
<b>Balance at June 30, 2022</b>	\$ 2,204,573	\$ 245,395	\$ 1,959,178
Service cost	14,199	-	14,199
Interest	147,479	-	147,479
Difference between expected and actual experience	(940,699)	-	(940,699)
Change in assumptions	-	186,523	(186,523)
Net investment income	-	19,743	(19,743)
Benefits payments, including refunds of employee contributions	(67,783)	(67,783)	-
Administrative expense	-	(548)	548
Other changes	-	50	(50)
<b>Balance at June 30, 2023</b>	<b>\$ 1,357,769</b>	<b>\$ 383,380</b>	<b>\$ 974,389</b>

The School Board's proportion of the net THIC OPEB liability was based on the actuarially determined employer contributions to the VRS THIC OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the School Board Teachers' proportion of the VRS Teacher Employee Health Insurance Credit Program was 2.23 percent as compared to 2.33 percent at June 30, 2022. As of June 30, 2024, the net OPEB liability portion applicable to the School Board are as follows:

#### **School Board Teachers**

Total HIC OPEB Liability	\$ 29,531,597
Plan Fiduciary Net Position	5,285,048
<b>Net HIC OPEB Liability</b>	<b>\$ 24,246,549</b>

Plan fiduciary net position as a percentage of the total THICP and HICP liabilities were 17.90 percent and 28.24 percent, respectively. The total HIC OPEB liabilities are calculated by the VRS actuary, and each plan's fiduciary net position is reported in the VRS financial statements.

#### **Discount Rate**

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

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

### Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. The ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Real Rate of Return	Weighted Average Long-term Expected Real Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
Multi-Asset Public Strategies (MAPS)	4.00%	4.50%	0.18%
Private Investment Partnership (PIP)	2.00%	7.18%	0.14%
Total	<u>99.00%</u>		<u>5.74%</u>
		Inflation	2.50%
		*Expected arithmetic nominal return	8.25%

\* The above allocation provides a one-year return of 8.25 percent. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72 percent, including expected inflation of 2.50 percent. The VRS Board elected a long-term rate of 6.75 percent which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11 percent, including expected inflation of 2.50 percent.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net THICP OPEB Liability - Teachers	\$ 27,425,555	\$ 24,246,549	\$ 21,552,618
Net HICP OPEB Liability - Political Subdivision	1,115,422	974,389	854,030

## HIC OPEB Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2024, the School Board recognized THICP and HICP OPEB expenses of \$950,650 and \$(82,337) respectively. At June 30, 2024, the School Board reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB as follows:

Deferred Inflows of Resources			
	School Board Political Subdivisions	School Board Teachers	Total
Change in proportion and difference between contribution and proportionate rate	\$ -	\$ 2,838,792	\$ 2,838,792
Change in assumptions	-	24,433	24,433
Differences between expected and actual experience	798,430	1,067,212	1,865,642
	<u>\$ 798,430</u>	<u>\$ 3,930,437</u>	<u>\$ 4,728,867</u>

Deferred Outflows of Resources			
	School Board Political Subdivisions	School Board Teachers	Total
Change in proportion and difference between contribution and proportionate rate	\$ -	\$ 453	\$ 453
Change in assumptions	34,442	564,418	598,860
Net difference between projected and actual earnings on Plan investments	4,570	12,168	16,738
	<u>\$ 39,012</u>	<u>\$ 577,039</u>	<u>\$ 616,051</u>

Contributions made after the measurement date, reported as deferred outflows of \$2,560,267 and \$219,400, will be recognized as a reduction of the net OPEB Liability in the fiscal year ending June 30, 2025 for teacher's HIC program and the political subdivision HIC program, respectively.

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

Amortization of Deferred (Inflows) and Outflows			
Year Ended:	School Board Political Subdivisions	School Board Teachers	Total
2025	\$ (223,958)	\$ (943,873)	\$ (1,167,831)
2026	(233,813)	(745,213)	(979,026)
2027	(212,424)	(534,272)	(746,696)
2028	(89,223)	(502,001)	(591,224)
2029	-	(428,479)	(428,479)
Thereafter	-	(199,560)	(199,560)
	<u>\$ (759,418)</u>	<u>\$ (3,353,398)</u>	<u>\$ (4,112,816)</u>

### Employer Contribution

Employers' proportionate shares were calculated based on historical employer contributions. Although GASB Statement No. 75 encourages the use of the employer's projected long-term contribution efforts to the other post-employment benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS HIC OPEB Plans that are not representative of the future contribution efforts are excluded in the determination of employers' proportionate shares. The School Board's total employer contribution into the teachers HIC program for the years ended June 30, 2024 and

## NOTES TO THE BASIC FINANCIAL STATEMENTS

June 30, 2023 were approximately \$2,560,267 and \$2,339,380, respectively. The School Board's total employer contribution into the political subdivision HIC program for the years ended June 30, 2024 and June 30, 2023 were \$219,400 and \$186,688 respectively.

### Other OPEB Plans

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

## XIII Interfund Receivable and Payable Balances

The composition of interfund activity as June 30, 2024, is as follows:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General fund	Nonmajor Governmental funds	\$ 841,240
	Water Utility fund	376,844
	Internal Services Funds	3,005,876
	Total General fund	4,223,960
Capital Projects fund	Parking Facilities fund	12,500,000
	General fund	160,886,189
	Total Capital Projects fund	173,386,189
	<b>Total Governmental funds - Receivable</b>	177,610,149
<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
Storm Water fund	General fund	5,000,000
	Total Storm Water fund	5,000,000
	<b>Total Enterprise and Internal Service funds</b>	5,000,000
	<b>Total Due from Other funds</b>	\$ 182,610,149
<b>Payable Fund</b>	<b>Receivable Fund</b>	<b>Amount</b>
General fund	Capital Projects fund	\$ 160,886,189
	Storm Water fund	5,000,000
	Total General fund	165,886,189
Nonmajor Governmental funds	General fund	841,240
	Total Nonmajor Governmental funds	841,240
	<b>Total Governmental funds - Payable</b>	166,727,429
<b>Payable Fund</b>	<b>Receivable Fund</b>	<b>Amount</b>
Water Utility fund	General fund	376,844
Parking Facilities fund	Capital Projects fund	12,500,000
Internal Services Funds	General fund	3,005,876
	<b>Total Enterprise and Internal Service funds</b>	15,882,720
	<b>Total Due to Other funds</b>	\$ 182,610,149

## XIV Interfund Transfers

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

The following interfund transfers occurred during fiscal year 2024:

Fund	Transfers In	Transfers Out
General	\$ 22,140,968	\$ 267,778,484
Grants	1,181,221	369,884
Capital Projects	163,229,079	1,713,220
Debt Service	104,284,069	-
Nonmajor Governmental	739,332	17,127,121
Internal Services Fund	-	127,771
Water Utility	-	9,185,456
Wastewater Utility	-	1,678,242
Parking Facilities	1,250,000	109,498
Storm Water Utility	5,495,552	230,545
	<u>\$ 298,320,221</u>	<u>\$ 298,320,221</u>

The purpose of the transfer balances are as follows:

General fund transfers in of \$22,140,968 includes \$1,604,968 to transfer in pension debt obligations from various funds, in addition to \$8,500,000 from the Water Utility fund, \$1,500,000 from the Wastewater Utility fund, \$7,036,000 from the Tax Increment Financing special revenue fund and \$3,500,000 from the Public Amenities special revenue fund.

The General fund transfers out of \$267,778,484 represent a transfer of \$99,466,404 to the Debt Service fund to fund general obligation debt, \$843,669 to the Grants special revenue fund in support of grant projects, \$5,000,000 to the Storm Water Utility fund, \$161,729,079 to the Capital Projects fund as a contribution for the annual capital improvement plan budget and \$739,332 to the Cemeteries fund.

The Grants special revenue fund received transfers in of \$1,181,221 as support of grant projects transferred from the General fund of \$843,669 and Capital Project \$463,220. Storm Water Utility fund had a reduction to Grants special revenue funds transfers in of \$125,668 due to an adjustment and a Grants special revenue fund transfers out of \$369,884 for a net transfer out of \$244,216.

The Capital Projects fund transfers in of \$163,229,079 includes \$1,500,000 from the Tax Increment Financing special revenue fund, and \$161,729,079 from the General fund. The Capital Projects fund transfers out of \$1,713,220 includes \$463,220 to the Grants special revenue fund and \$1,250,000 to the Parking Facilities.

Debt service transfers in of \$104,284,069 include \$4,534,676 from the Public Amenities special revenue fund, \$159,741 from the Towing and Recovery Operations special revenue fund, \$123,248 from the Waste Management special revenue fund, and \$99,466,404 from the General fund to fund the current fiscal year's debt service payments.

The Public Amenities special revenue fund transferred \$3,500,000 to the General fund and \$4,534,676 to the Debt Service fund to cover its general obligation debt service cost.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

The Towing and Recovery Operations special revenue fund transferred \$159,741 to the Debt Service fund to cover its general obligation debt service cost and \$16,217 to the General fund for pension debt obligations.

The Tax Increment Financing special revenue fund transferred \$7,036,000 to the General fund and \$1,500,000 to the Capital Projects fund.

The Water and Wastewater Utility funds transferred \$9,185,456 and \$1,678,242 to the General fund, respectively. These amounts include the transfer for pension debt obligations of \$685,456 and \$178,242, respectively.

The Storm Water Utility, Parking Facilities, Fleet Management, Healthcare, Waste Management and Cemeteries funds transferred \$230,545, \$109,498, \$100,901, \$26,870, \$211,087 and \$46,152 for pension debt obligations to the General fund, respectively.

**XV Fund Balance by Functional Category (GASB 54)**

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

	<b>General fund</b>	<b>Grants fund</b>	<b>Capital Projects fund</b>	<b>Non-major</b>	<b>Total</b>
<b>FUND BALANCES</b>					
Restricted					
General government	\$ 115,000	\$ -	\$ -	\$ -	\$ 115,000
Judicial administration	-	320,210	-	-	320,210
Public safety	-	1,661,704	-	-	1,661,704
Public works	-	11,469,549	-	-	11,469,549
Health and public assistance	-	577,117	-	-	577,117
Culture and recreation	-	-	-	7,410,834	7,410,834
Total Restricted	115,000	14,028,580	-	7,410,834	21,554,414
Committed					
General government	8,000,000	-	40,965,733	-	48,965,733
Judicial administration	-	347,124	2,113,878	-	2,461,002
Public safety	-	61,697	909,970	-	971,667
Public works	-	5,361,093	24,786,006	-	30,147,099
Health and public assistance	15,111,316	652,297	328,318	-	16,091,931
Culture and recreation	-	1,360	32,513,169	204,027	32,718,556
Community development	2,000,000	480,493	10,326,154	-	12,806,647
Education	-	-	31,152,535	-	31,152,535
Total Committed	25,111,316	6,904,064	143,095,763	204,027	175,315,170
Assigned					
General government	83,960,388	-	-	-	83,960,388
Judicial administration	-	14,348	-	-	14,348
Public safety	156,726	224,663	-	-	381,389
Public works	9,010,522	-	-	2,238,860	11,249,382
Health and public assistance	5,815,682	93,121	-	8,675,502	14,584,305
Culture and recreation	3,849,589	1,392,946	-	209,149	5,451,684
Community development	16,409,133	284,260	-	-	16,693,393
Education	51,286,157	-	-	-	51,286,157
(FY-2024 Budget appropriation)	26,708,174	-	-	-	26,708,174
Total Assigned	197,196,371	2,009,338	-	11,123,511	210,329,220
Unassigned					
Other	101,958,118	-	-	-	101,958,118
Total Unassigned	101,958,118	-	-	-	101,958,118
Total fund balances	\$ 324,380,805	\$ 22,941,982	\$ 143,095,763	\$ 18,738,372	\$ 509,156,922

**XVI Deferred Inflows and Outflows of Resources**

Deferred inflows and deferred outflows of resources, as represented in the entity-wide and fund financial statements at June 30, 2024, are comprised of the following:

**A Unavailable Revenues**

Deferred inflows in the General fund, Special Revenue Grants fund and Nonmajor Governmental fund, representing uncollected tax billings and other accounts receivable not available for funding of current expenditures, were \$45,075,351 and \$5,551,567 respectively as of June 30, 2024.

**B Deferred Inflows and Outflows from Refunding Transactions**

Refunding transactions for the City of Norfolk have resulted in a Loss on Defeasance on the entity-wide financial statements of \$33,811,224 for governmental activities and \$27,251,793 for business-type activities that consists of a loss of \$8,079,298 for the Water Utility fund, \$2,869,238 for the Wastewater Utility fund, \$15,285,885 for the Parking Facilities fund and \$1,017,372 for the Storm Water Utility fund. Gains on the defeasance of debt are reported on the financial statements as deferred inflows of resources and were \$32,430 for governmental activities and \$567,182 for business-type activities, specifically \$2,217 for the Wastewater Utility fund, \$437,422 for the Parking Facilities fund and \$127,543 for the Storm Water Utility fund.

**C Deferred Inflows and Outflows Related to Pensions**

Deferred inflows from pension-related items represent the difference between actual and estimated experience and is amortized over a five-year period or estimated remaining service life. As of June 30, 2024, the amount reported as governmental activities was \$14,533,985 (which includes \$399,740 in the Fleet Management fund), and the amounts reported in business-type activities were \$785,236 for the Water Utility fund, \$208,396 for the Wastewater Utility fund, \$124,184 for the Parking Facilities fund and \$325,906 for the Storm Water Utility fund.

Deferred outflows from pension-related items represent the difference between projected and actual investment earnings as well as contributions made in fiscal year 2024 that will not be reflected in the pension liabilities because they were made after the measurement date. As of June 30, 2024, the amount reported as governmental activities was \$106,266,173 (which includes \$1,107,998 in the Fleet Management fund), and the amounts reported in business-type activities were \$6,663,818 for the Water Utility fund, \$1,650,285 for the Wastewater Utility fund, \$1,091,093 for the Parking Facilities fund and \$2,469,951 for the Storm Water Utility fund.

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

	<b>Applicable to Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Governmental Activities</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Parking Facilities</b>	<b>Storm Water Utility</b>	<b>Business-Type Activities</b>
<b>ERS:</b>								
Deferred Outflows	\$ 87,160,071	\$ 968,100	\$ 88,128,171	\$ 5,836,267	\$ 1,439,223	\$ 860,093	\$ 2,116,537	\$ 10,252,120
Deferred Inflows	<u>(10,491,023)</u>	<u>(389,058)</u>	<u>(10,880,081)</u>	<u>(713,932)</u>	<u>(192,008)</u>	<u>(109,546)</u>	<u>(295,400)</u>	<u>(1,310,886)</u>
	<u>\$ 76,669,048</u>	<u>\$ 579,042</u>	<u>\$ 77,248,090</u>	<u>\$ 5,122,335</u>	<u>\$ 1,247,215</u>	<u>\$ 750,547</u>	<u>\$ 1,821,137</u>	<u>\$ 8,941,234</u>
<b>VRS:</b>								
Deferred Outflows	\$ 17,998,104	\$ 139,898	\$ 18,138,002	\$ 827,551	\$ 211,062	\$ 231,000	\$ 353,414	\$ 1,623,027
Deferred Inflows	<u>(3,643,222)</u>	<u>(10,682)</u>	<u>(3,653,904)</u>	<u>(71,304)</u>	<u>(16,388)</u>	<u>(14,638)</u>	<u>(30,506)</u>	<u>(132,836)</u>
	<u>\$ 14,354,882</u>	<u>\$ 129,216</u>	<u>\$ 14,484,098</u>	<u>\$ 756,247</u>	<u>\$ 194,674</u>	<u>\$ 216,362</u>	<u>\$ 322,908</u>	<u>\$ 1,490,191</u>
Total Deferred Outflows	<u>\$ 105,158,175</u>	<u>\$ 1,107,998</u>	<u>\$ 106,266,173</u>	<u>\$ 6,663,818</u>	<u>\$ 1,650,285</u>	<u>\$ 1,091,093</u>	<u>\$ 2,469,951</u>	<u>\$ 11,875,147</u>
Total Deferred Inflows	<u>\$ (14,134,245)</u>	<u>\$ (399,740)</u>	<u>\$ (14,533,985)</u>	<u>\$ (785,236)</u>	<u>\$ (208,396)</u>	<u>\$ (124,184)</u>	<u>\$ (325,906)</u>	<u>\$ (1,443,722)</u>

## **D Deferred Inflows and Outflows Related to OPEB**

Deferred inflows from OPEB-related items represent the difference between actual and estimated experience and changes in assumptions and are amortized over the average remaining service. As of June 30, 2024, the amount reported as governmental activities was \$24,841,292 (which includes the Fleet Management fund of \$282,901), and the amounts reported in business-type activities were \$1,057,366 for the Water Utility fund, \$348,766 for the Wastewater Utility fund, \$178,663 for the Parking Facilities fund and \$349,170 for the Storm Water Utility fund.

Deferred outflows from OPEB-related items represent the difference between actual and estimated experience and changes in assumptions as well as contributions made in fiscal year 2024 that will not be reflected in the OPEB liabilities because they were made after the measurement date. The amounts included as deferred outflows of resources in the June 30, 2024, financial statements are \$26,206,830 for governmental activities (which includes \$243,216 in the Fleet Management fund), \$1,431,208 for the Water Utility fund, \$382,887 for the Wastewater Utility fund, \$231,751 for the Parking Facilities fund and \$482,002 for the Storm Water Utility fund.

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

	<b>Applicable to Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Governmental Activities</b>	<b>Water Utility</b>	<b>Wastewater Utility</b>	<b>Parking Facilities</b>	<b>Storm Water Utility</b>	<b>Business- Type Activities</b>
<b>City:</b>								
Deferred Outflows	\$ 20,511,900	\$ 243,216	\$ 20,755,116	\$ 1,431,208	\$ 382,887	\$ 231,751	\$ 482,002	\$ 2,527,848
Deferred Inflows	<u>(15,854,833)</u>	<u>(282,901)</u>	<u>(16,137,734)</u>	<u>(1,057,366)</u>	<u>(348,766)</u>	<u>(178,663)</u>	<u>(349,170)</u>	<u>(1,933,965)</u>
	<u>\$ 4,657,067</u>	<u>\$ (39,685)</u>	<u>\$ 4,617,382</u>	<u>\$ 373,842</u>	<u>\$ 34,121</u>	<u>\$ 53,088</u>	<u>\$ 132,832</u>	<u>\$ 593,883</u>
<b>Line of Duty:</b>								
Deferred Outflows	\$ 5,451,714	\$ -	\$ 5,451,714	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows	<u>(8,703,558)</u>	<u>-</u>	<u>(8,703,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ (3,251,844)</u>	<u>\$ -</u>	<u>\$ (3,251,844)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Deferred Outflows	<u>\$ 25,963,614</u>	<u>\$ 243,216</u>	<u>\$ 26,206,830</u>	<u>\$ 1,431,208</u>	<u>\$ 382,887</u>	<u>\$ 231,751</u>	<u>\$ 482,002</u>	<u>\$ 2,527,848</u>
Total Deferred Inflows	<u>\$ (24,558,391)</u>	<u>\$ (282,901)</u>	<u>\$ (24,841,292)</u>	<u>\$ (1,057,366)</u>	<u>\$ (348,766)</u>	<u>\$ (178,663)</u>	<u>\$ (349,170)</u>	<u>\$ (1,933,965)</u>

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### **E Deferred Inflows Related to Leases**

Deferred inflows in the Governmental activities and Business-type activities, representing future lease revenue, were \$12,161,425 and \$584,120, respectively as of June 30, 2024. See section IV paragraph C Lease Receivable for the lease revenue schedules.

## **XVII Commitments and Contingencies**

### **A Capital Projects**

Commitments for completion of capital projects in the Business-type activities, authorized at June 30, 2024, are as follows:

Water Utility fund projects	\$ 46,519,743
Wastewater Utility fund projects	30,089,648
Parking Facilities fund projects	6,360,905
Storm Water Utility fund projects	15,247,313
Total	<u>\$ 98,217,609</u>

See Exhibit J-3 Schedule of Expenditures – Budget and Actual for listing of capital projects in the governmental activities, authorized at June 30, 2024.

### **B Contingent Liabilities**

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

### **C Litigation**

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

### **D Pollution Remediation Obligation**

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

- Pollution poses an imminent danger to the public or environment and the government has little or no discretion to avoid fixing the problem;
- A government has violated a pollution prevention related permit or license;

- A regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the clean-up;
- A government is named (or evidence indicates that it will be named) in a lawsuit to compel it to address the pollution; and
- A government begins or legally obligates itself to begin cleanup or post-cleanup activities (limited to amounts the government is legally required to complete).

At June 30, 2024, no significant liabilities existed for pollution remediation.

## **E Encumbrances**

Encumbrances as of June 30, 2024, in the General fund, Grant fund and Capital Projects fund totaled \$33,015,552, \$39,448,148, and \$123,093,738, respectively. Encumbrances as of June 30, 2024, for nonmajor governmental funds in the aggregate totaled \$4,472,203.

## **XVIII Surety Bonds and Insurance**

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

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

## **XIX Tax Abatements**

As of June 30, 2024, the City provides tax abatements through five programs – the Tax Abatement Program, Technology Zone, New Business License Incentive Program, Local Utility Tax Relief and the Economic Development Program. The details of these programs for the fiscal year ended June 30, 2024, are as follows:

	<b>Tax Abatement Program</b>	<b>Technology Zone</b>	<b>New Business License Incentive Program</b>	<b>Local Utility Tax Relief</b>	<b>Economic Development Program</b>
<b>1 Purpose of the program</b>	Encourages significant improvement of residential, commercial and industrial properties throughout the City, that is of the highest construction quality and architectural design complementing the surrounding area.	Intended to reduce business, professional and occupational license tax for technology related businesses up to 5 years if they are established in the "Technology Zone."	A temporary exemption in business license tax is available to new businesses that locate in Norfolk after January 1, 2016.	Intended to reduce business utility taxes for a five-year period if they are located in the "Enterprise Zone (EZ)."	To incentive businesses to locate to the City of Norfolk
<b>2 Type of tax abatement</b>	Property Tax	Business, professional and occupational license tax	Business License Tax	Utility Tax	Personal Property, Real Estate and Business Tangible Property

## NOTES TO THE BASIC FINANCIAL STATEMENTS

	<b>Tax Abatement Program</b>	<b>Technology Zone</b>	<b>New Business License Incentive Program</b>	<b>Local Utility Tax Relief</b>	<b>Economic Development Program</b>
<b>3 Authority for program</b>	Norfolk Code Section 24-203 & Section 27-76	Norfolk Code 45.6	Norfolk Code 24-25.9 and 24-25.2	Norfolk Code 45.5	City Council, designated to the City Manager
<b>4 Administering department</b>	Office of the Real Estate Assessor	Department of Development	Commissioner of the Revenue	Department of Development	Department of Development
<b>5 Criteria to be eligible to receive abatement</b>	<p>A. Residential structure must be at least 15 years old, and improvements will increase assessed value by at least 20 percent.</p> <p>B. Multi-family, commercial or industrial structure must be at least 40 years old, and improvements will increase assessed value by at least 40 percent.</p>	<p>Applicants must meet criteria of establishing their technology related business according to certain criteria mentioned in the above-mentioned ordinance.</p>	<p>The business must apply and meet several criteria. Below is a list of the top 3 requirements:</p> <ol style="list-style-type: none"> <li>1) Must be located to Norfolk for the first time (name change, merger or acquisition are disqualifiers).</li> <li>2) Must not file a consolidated financial statement with a parent or other affiliated entity with combined taxable gross receipts of more than \$1 million.</li> <li>3) Cannot be considered an affiliated group or have a franchisee relationship.</li> </ol>	<p>Existing EZ businesses must make a \$100,000 taxable investment within the Enterprise Zone. New EZ businesses must make a \$500,000 taxable investment within the Enterprise Zone.</p>	<p>The City evaluates all economic development opportunities on an individual basis. The economic development agreements are specific to each developer and generally constitute a significant economic development opportunity for the City and have a positive factor in achieving the objectives of the City and are worthy of inducement.</p>
<b>6 How recipients' taxes are reduced</b>	Through a reduction of the property's assessed value recipients will not pay full taxes on those improvements for 14 years. The increase in assessed value due to the improvements will not be recognized for tax purposes for the first 10 years following the commencement of the tax abatement.	Through a reduction in business, professional and occupational license.	Reduction in business license tax.	Reduction in utility tax.	Taxes are reduced through performance grant payments that are provided to the recipient in the subsequent year.
<b>7 How the amount of abatement is determined</b>	<p>The increase in assessed value due to the improvements will be recognized for tax purposes on a sliding scale in the 11<sup>th</sup> year through 15<sup>th</sup> year following the start of the tax abatement as soon:</p> <ul style="list-style-type: none"> <li>11<sup>th</sup> year – 20%</li> <li>12<sup>th</sup> year – 40%</li> <li>13<sup>th</sup> year – 60%</li> <li>14<sup>th</sup> year – 80%</li> <li>15<sup>th</sup> year – 100%</li> </ul>	<p>Below is the schedule for the reduction of tax:</p> <ul style="list-style-type: none"> <li>• Year 1 - 2 = 100%</li> <li>• Year 3 - 4 = 50%</li> </ul>	<p>Receives a \$50 per tax class reduction for the first two years.</p> <p>The abatement eligibility is determined by a qualification process. The taxpayer must answer 25 questions to qualify.</p>	<p>Below is the schedule for the reduction of tax:</p> <ul style="list-style-type: none"> <li>• 1<sup>st</sup> year - 50%</li> <li>• 2<sup>nd</sup> year - 40%</li> <li>• 3<sup>rd</sup> year - 30%</li> <li>• 4<sup>th</sup> year - 20%</li> <li>• 5<sup>th</sup> year - 10%</li> </ul>	<p>Specific percentages are identified in each agreement that apply to various items (i.e., assessed value, value of business personal property, etc.). Percentages are not uniform and are independently determined during negotiation of agreement.</p>

	<b>Tax Abatement Program</b>	<b>Technology Zone</b>	<b>New Business License Incentive Program</b>	<b>Local Utility Tax Relief</b>	<b>Economic Development Program</b>
<b>8 Terms for recapture if conditions unmet</b>	Because taxes are not abated until after the improvements have been made, there is no provisions for recapturing abated taxes	Because taxes are not abated until after the requirements have been made, there is no provisions for recapturing abated taxes	If the business estimates its gross receipts will exceed \$1 million, but the actual gross receipts are less than \$1 million, the benefits of the program are not available unless the business completes the qualification process. Likewise, if the qualifying business estimated less than \$1 million and the actual gross receipts were more than \$1 million the business is responsible for the entire tax amount and will be removed from the program.	Because taxes are not abated until after the requirements have been made, there is no provisions for recapturing abated taxes	Because taxes are not abated until after the requirements have been made, there is no provisions for recapturing abated taxes
<b>9 Types of commitments made by the City, other than to reduce taxes</b>	N/A	N/A	N/A	N/A	There are some, but they vary by contract. These include percentage back for gross receipts and utility charges.
<b>10 Gross dollar amount, on accrual basis, by which the tax revenues were reduced due to the abatement</b>	<u>2024</u> \$3,938,249	<u>2024</u> \$-	<u>2024</u> \$-	<u>2024</u> \$-	<u>2024</u> \$1,288,715

## XX Self and Purchased Insurance Programs

The City is exposed to various risks of loss related to torts, theft and destruction of assets, errors and omissions, injuries to employees, and natural disasters. On July 11, 1978, the City established a protected self-insurance program, pursuant to an ordinance adopted by City Council, to cover these risks. The program provides for the payment of claims liabilities, property losses, and related expenses covered by a combination of purchased insurance policies and self-insurance plans. The total of insurance premiums, self-insurance claims (including workers' compensation), and related expense payments made during fiscal year 2024 was \$13,876,977.

The City currently reports on all these activities as part of the risk management function in the general government section of the General fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. For actuarial purposes, estimated outstanding losses are the accrual cost of unpaid claims valued as of each accounting date. The estimated outstanding losses include case reserves, the development on known claims and incurred but not reported (IBNR) claims. Allocated loss adjustment expenses (ALAE) are the direct expenses for settling specific claims. ALAE is included in the workers' compensation estimates but excluded in the liability estimates. At June 30, 2024, these liabilities were estimated

## NOTES TO THE BASIC FINANCIAL STATEMENTS

at \$38,114,441 with \$5,851,059 projected as the current portion anticipated to be paid within a year. Estimated liabilities at the end of fiscal year 2024 were determined by an independent actuary.

Effective January 1, 2014, the Norfolk Healthcare Consortium (Consortium) began participating in a City-administered health insurance fund, which is reflected as an internal service fund. The Consortium is comprised of the City, the Norfolk Public Schools and the Norfolk Redevelopment and Housing Authority. Each participating employee and employer deposit their respective premium into the fund. Medical claims, administrative costs, wellness programs costs, fees related to the Affordable Healthcare Act and benefit consultant costs are expended from the fund. Employee premiums from City departments are netted against related expenses as a recovered cost. The City has recorded \$4,830,400 as a current liability for medical and pharmacy claims incurred, but not reported as of June 30, 2024. Payments from the Norfolk Public Schools are made in 10 payments per year instead of 12, so there is a portion recognized in the financial statements as unearned income. The unearned income as of June 30, 2024, was \$7,835,875. The City is responsible for deficit conditions that may exist when liabilities exceed assets and may make additional assessments to Consortium members as needed.

Changes in the City's claims liability amount in the fiscal years 2024 and 2023 are as follows:

	Workers' Compensation and Risk Management		Health Insurance		Total	
	2024	2023	2024	2023	2024	2023
Estimated Outstanding Claims at the Beginning of Year	\$ 37,151,537	\$ 37,943,384	\$ 5,270,600	\$ 4,892,200	\$ 42,422,137	\$ 42,835,584
Additional Incurred Claims or Changes in Estimates	7,815,899	4,924,913	85,354,562	75,398,369	93,170,461	80,323,282
Claims Paid	(6,852,995)	(5,716,760)	(85,794,762)	(75,019,969)	(92,647,757)	(80,736,729)
Estimated Outstanding Claims at the End of Year	<u>\$ 38,114,441</u>	<u>\$ 37,151,537</u>	<u>\$ 4,830,400</u>	<u>\$ 5,270,600</u>	<u>\$ 42,944,841</u>	<u>\$ 42,422,137</u>

The City in its General fund has committed \$8,000,000 of fund balance to provide for risks of loss and claims payments that may not be fully covered by purchased insurance or annual budget appropriations. There have not been any significant reductions in insurance coverage and settled claims have not required the City to utilize its reserves in any of the past three fiscal years.

Norfolk Public Schools (NPS) also self-insures its workers' compensation and general liability and its future expected self-insured losses as of June 30, 2024, projected at \$4,517,375 of which \$966,690 is the current portion and a longer-term projection of \$3,550,685. The NPS provides payments for that entity's risks of loss through a combination of purchased insurance policies and self-insurance plans. These losses are funded through the NPS operating budgets and/or the City's fund balance designation.

Changes in the School Board's liability amount in the fiscal years 2024 and 2023 are as follows:

	2024	2023
Estimated Outstanding Claims at the Beginning of Year	\$ 3,986,535	\$ 3,856,494
Additional Incurred Claims or Changes in Estimates	1,529,646	1,222,602
Claims Paid	(998,806)	(1,092,561)
Estimated Outstanding Claims at the End of Year	<u>\$ 4,517,375</u>	<u>\$ 3,986,535</u>

**XXI Jointly Governed Organizations****A Hampton Roads Regional Jail Authority (HRRJA)**

HRRJA is a regional organization composed of the cities of Chesapeake, Hampton, Newport News, Norfolk and Portsmouth. It was created to provide, operate and maintain a regional jail facility for the correctional overflow from each community. HRRJA is a primary government, with no component units, established pursuant to Article 3.1, Chapter 3, Title 53.1 of the Code of Virginia, as amended. It is governed by a twelve-member Board of Directors, with three representatives from each member city. The budgeting and financing of HRRJA are subject to the approval of the Board of Directors, with each individual having a single vote. HRRJA is responsible for its own finances of Directors, with each individual having a single vote. HRRJA is responsible for its own financial matters, maintains its own books of account and is audited annually by independent accountants it engages.

As the participating governments do not have an equity interest in the HRRJA, no equity interest is reflected in the City's financial statements as of June 30, 2024. Complete financial statements of HRRJA can be obtained from HRRJA. HRRJA's facility was closed and ceased operations on April 1, 2024. City of Hampton is currently handling and monitoring the facility's financial operations until April 1, 2026.

**B Hampton Roads Planning District Commission (the Commission)**

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

The participating governments do not have an equity interest in the Commission, and accordingly, no equity interest has been reflected in the City's financial statements at June 30, 2024. Complete financial statements of the Commission can be obtained from the Commission.

**C Transportation District Commission of Hampton Roads (TDC)**

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

Since the participating governments do not hold an equity interest in TDC, no equity interest is reflected in the City's financial statements for the fiscal year ending June 30, 2024. Complete financial statements of TDC can be obtained directly from TDC.

### **XXII Joint Ventures**

#### **A Southeastern Public Service Authority (SPSA)**

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

SPSA is responsible for its own financial matters, including maintaining its books of account and engaging independent auditors for annual audits, Budgeting and financing decisions are subject to approval by the Board of Directors, with each representative holding an equal vote. Since the participating governments do not hold an equity interest in SPSA, no equity interest is reflected in the City's financial statements for the fiscal year ending June 30, 2024. Complete financial statements of the SPSA can be obtained directly from SPSA.

#### **B The Slover Library Foundation (The Foundation)**

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

#### **C Norfolk Botanical Gardens Society (The Society)**

The City of Norfolk has an agreement with the Norfolk Botanical Garden Society to operate the Norfolk Botanical Garden which is owned by the City. Per Ordinance No. 49,593, the agreement for the capital improvement for Fiscal Year 2025 expires on June 30, 20245. Under the terms of the agreement, the Society receives annual funding from the City of Norfolk to support improvements and cover operating costs associated with the garden's maintenance and operations.

## XXIII Related Organizations

### A Norfolk Redevelopment and Housing Authority (NRHA)

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

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

### B Norfolk Airport Authority (The Authority)

The Norfolk Airport Authority, a political subdivision of the Commonwealth of Virginia, was established to operate Norfolk International Airport and promote industrial growth in the region. The Authority consists of two main funds: the Airport fund and the Investment fund. The Airport fund is dedicated to managing the operations of the *Norfolk International Airport*, using the revenue generated from airport operations to cover all operating expenses and to pay the principal and interest on the Authority's debt related to the Airport. The Investment fund was created to finance certain capital improvements at the airport.

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

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

### C The Chrysler Museum, Inc. (The Museum)

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

The Museum's primary mission is to advance, encourage and promote the study and appreciation of art. It is self-sustaining and independently managed, with its own management team and financial operations. The Museum maintains its own books of account and engages an independent

## NOTES TO THE BASIC FINANCIAL STATEMENTS

accountant for annual audits. Its revenue is generated through facility rental fees, patron membership, planned giving, and various independent grants.

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

### **D The Hospital Authority of Norfolk (HAN)**

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

## XXIV Restatement

### A Changes within the Financial Reporting Entity

During fiscal year 2024, the financial reporting entity for the Emergency Operations Center (EOC) and 911 Call Center was changed from the nonmajor EOC/911 Fund to the General Fund. The taxes and other revenues in this fund have not been sufficient to cover its expenses and it has required subsidy from the General Fund to operate. As a result, it is now included in the General Fund's balances and activities. This change in reporting entity resulted in a zero dollar change to beginning net position.

### B Correction of an Error

During the fiscal year ended June 30, 2024, the School Board identified an error in the prior year's financial statements related to the reporting of capital assets not being depreciated. Specifically, costs associated with the construction of heating, ventilation, and air conditioning systems within various schools, which were incurred during the fiscal year ended June 30, 2023, were not recorded in the Construction in Progress account. The error resulted in an understatement of capital assets and an overstatement of expenses for the fiscal year ended June 30, 2023.

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

	<b>Component Unit</b>
	<b>Norfolk Public School</b>
6/30/23, as previously reported	\$(234,630,225)
Error correction	12,412,136
6/30/23, as adjusted or restated	\$(222,218,089)

## XXV Subsequent Events

### Water Revenue Refunding Bonds, Series 2024 and Water Revenue Refunding Bonds, Series 2025 (Forward Delivery)

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

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

Additionally, the City sold \$34,830,000 in Water Revenue Refunding Bonds, Series 2025 (Forward Delivery), also aimed at lowering the interest cost on existing debt and achieving debt service savings. The refunding generated a net present value savings of \$4,596,551, or 11.9 percent of the original debt.

**Wastewater Revenue Bond, Series 2024**

On December 17, 2024, the City issued an \$18,110,000 Wastewater Revenue Bond, with the Virginia Resources Authority (VRA). The Bond will partially fund wastewater infrastructure projects. The Virginia Clean Water Revolving Loan Fund is administered by the VRA in collaboration with the State Water Control Board. The Bond was sold at an interest rate of 0.50 percent.

**Water Revenue Bond, Series 2024 (Lead and Cooper Rule Revisions Compliance Project)**

On December 17, 2024, the City issued a \$15,600,000 Water Revenue Bond, with VRA. This Bond will partially fund the capital costs associated with developing a lead water service line inventory and replacing lead service lines, in response to the U.S. Environmental Protection Agency's Lead and Copper Rule Revisions. The Virginia Drinking Water State Revolving Fund is administered and managed by the VRA in conjunction with the Virginia Department of Health. This fund supports drinking water infrastructure projects throughout the Commonwealth, and the Bond was sold at a favorable interest rate of 1.00 percent. Further, the loan is structured with an additional \$10,400,000 principal forgiveness component, made possible through federal funding under the Bipartisan Infrastructure Law.

**Line of Credit Repayment and Draw**

On July 31, 2024, the City repaid \$55 million of existing notes along with the accrued interest on its existing line of credit with Bank of America, N.A. Following this repayment, the outstanding balance on the line of credit was reduced to \$0.

Additionally, on February 21, 2025, the City drew \$50 million on the line for capital expenditures, and executed a rollover of this principal amount on March 21, 2025, paying all accrued interest. The advance under the line of credit bears interest at a Term SOFR Interest Rate Period of one-month. The maturity date of the existing one-month advance of \$50 million is April 21, 2025. The City intends to continue to rollover the principal portion of this advance and then subsequently repay it prior to June 30, 2025, with bond proceeds or other available funds.

**XXVI Adoption of New Accounting Pronouncements**

The City adopted the following GASB pronouncements in fiscal year 2024:

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

## **XXVII Accounting Pronouncements Issued, But Not Yet Implemented**

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

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

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

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

GASB Statement No. 103, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

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



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# **Required Supplementary Information**

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



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**Employees' Retirement System of the City of Norfolk**  
**Schedule of Proportionate Share of Net Pension Liability (unaudited)**  
**For the Measurement Dates of June 30, 2014 through 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service Costs	\$ 24,578,759	\$ 25,467,399	\$ 25,919,058	\$ 26,310,000	\$ 25,146,000	\$ 26,372,000	\$ 26,978,000	\$ 27,208,000	\$ 25,972,000	\$ 21,246,000
Interest	80,203,196	82,839,251	84,710,490	86,974,000	92,517,000	94,853,000	96,458,000	98,032,000	98,454,000	101,376,000
Changes of benefit terms	20,689,842	352,800	568,480	590,000	11,698,000	-	-	-	(880,000)	(4,451,000)
Difference between expected and actual experience	(10,654,079)	(2,471,392)	(2,665,615)	(2,543,000)	(1,598,000)	(8,189,000)	(6,398,000)	-	4,369,000	(14,071,000)
Changes in assumptions	-	-	(6,508,735)	53,197,000	16,606,000	(7,031,000)	-	(19,181,000)	77,210,000	-
Benefits payments, including refunds of member contributions	(77,065,376)	(79,031,490)	(80,783,975)	(83,977,000)	(85,933,000)	(92,866,000)	(93,998,000)	(95,572,000)	(102,025,000)	(107,961,000)
Net Change in Total Pension Liability	37,752,342	27,156,568	21,239,703	80,551,000	58,436,000	13,139,000	23,040,000	10,487,000	103,100,000	(3,861,000)
Total Pension Liability - Beginning of year	1,159,713,871	1,197,466,213	1,224,622,781	1,245,862,000	1,326,413,000	1,384,849,000	1,397,988,000	1,421,028,000	1,431,515,000	1,534,615,000
Total Pension Liability - Ending of year	<u>\$ 1,197,466,213</u>	<u>\$ 1,224,622,781</u>	<u>\$ 1,245,862,484</u>	<u>\$ 1,326,413,000</u>	<u>\$ 1,384,849,000</u>	<u>\$ 1,397,988,000</u>	<u>\$ 1,421,028,000</u>	<u>\$ 1,431,515,000</u>	<u>\$ 1,534,615,000</u>	<u>\$ 1,530,754,000</u>
<b>Plan Fiduciary Net Position</b>										
Employer contributions	\$ 42,330,492	\$ 34,932,005	\$ 30,761,340	\$ 33,457,000	\$ 35,494,000	\$ 37,079,000	\$ 38,494,000	\$ 160,252,000	\$ 41,457,000	\$ 40,134,000
Employee contributions	1,671,644	4,914,726	8,733,481	9,450,000	9,859,000	10,009,000	10,209,000	10,367,000	9,937,000	8,096,000
Net investment income	157,291,834	16,596,553	3,278,018	111,228,000	72,662,000	55,313,000	5,737,000	270,352,000	(134,727,000)	102,983,000
Benefit payments, including refunds of member contributions	(77,065,376)	(79,031,489)	(80,783,975)	(83,977,000)	(85,933,000)	(92,866,000)	(93,998,000)	(95,572,000)	(102,025,000)	(107,961,000)
Administrative expense	(412,809)	(386,495)	(671,568)	(668,000)	(764,000)	(617,000)	(600,000)	(620,000)	(848,000)	(1,005,000)
Net Change in Fiduciary Net position	123,815,785	(22,974,700)	(38,682,704)	69,490,000	31,318,000	8,918,000	(40,158,000)	344,779,000	(186,206,000)	42,247,000
Total Net Position - Beginning of year	912,363,175	1,036,178,960	1,013,204,260	974,522,000	1,044,012,000	1,075,330,000	1,084,248,000	1,044,090,000	1,388,869,000	1,202,663,000
Total Net Position - Ending of year	<u>\$ 1,036,178,960</u>	<u>\$ 1,013,204,260</u>	<u>\$ 974,521,556</u>	<u>\$ 1,044,012,000</u>	<u>\$ 1,075,330,000</u>	<u>\$ 1,084,248,000</u>	<u>\$ 1,044,090,000</u>	<u>\$ 1,388,869,000</u>	<u>\$ 1,202,663,000</u>	<u>\$ 1,244,910,000</u>
<b>Net Pension Liability</b>	<b>\$ 161,287,253</b>	<b>\$ 211,418,521</b>	<b>\$ 271,340,928</b>	<b>\$ 282,401,000</b>	<b>\$ 309,519,000</b>	<b>\$ 313,740,000</b>	<b>\$ 376,938,000</b>	<b>\$ 42,646,000</b>	<b>\$ 331,952,000</b>	<b>\$ 285,844,000</b>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.53%	82.74%	78.22%	78.71%	77.65%	77.56%	73.47%	97.02%	78.37%	81.33%
Covered Payroll	\$ 177,560,789	\$ 178,467,817	\$ 175,678,692	\$ 188,068,000	\$ 191,549,000	\$ 195,358,000	\$ 197,405,000	\$ 200,484,000	\$ 195,554,000	\$ 199,856,000
Net Pension Liability as a percentage of covered payroll	90.83%	118.46%	154.45%	150.16%	161.59%	160.60%	190.95%	21.27%	169.75%	143.02%
Annual money-weighted rate of return, net of investment expense	17.36%	1.97%	0.39%	11.64%	7.16%	8.91%	0.58%	25.85%	-10.32%	8.39%

See accompanying independent auditors' report

## REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year	Actuarially Determined Required Contributions	Employer Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 38,263,000	\$ 34,932,000	\$ 3,331,000	\$ 178,468,000	19.57%
2016	30,761,000	30,761,000	-	175,679,000	17.51%
2017	33,457,000	33,457,000	-	188,068,000	17.79%
2018	35,494,000	35,494,000	-	191,549,000	18.53%
2019	37,079,000	37,079,000	-	195,358,000	18.98%
2020	38,494,000	38,494,000	-	197,405,000	19.50%
2021	40,698,000	160,232,000	(119,534,000)	200,484,000	79.92%
2022	41,457,000	41,457,000	-	195,554,000	21.20%
2023	31,417,000	40,134,000	(8,717,000)	199,856,000	20.08%
2024	33,603,000	42,319,000	(8,716,000)	160,320,000	26.40%

#### Note:

The actuarial determination of the ADC is based on the projection of covered payroll for the period for which the ADC will apply. The covered payroll was provided by the actuary. For the years 2015 through 2024, the balances exclude payroll for active employees participating in DROP in which contributions are not made.

See accompanying independent auditors' report

**City of Norfolk**  
**VRS Political Subdivisions Plan**  
**Schedule of Proportionate Share of Net Pension Liability (unaudited)**  
**For the Measurement Dates of June 30, 2014 through 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service costs	\$ 3,600,000	\$ 3,531,000	\$ 3,496,157	\$ 3,487,288	\$ 3,318,884	\$ 3,476,583	\$ 3,744,655	\$ 3,903,237	\$ 3,822,562	\$ 7,469,996
Interest	5,574,000	6,001,000	6,370,584	6,689,417	6,992,769	7,340,551	7,692,139	8,170,060	9,300,295	9,832,433
Changes of benefit terms	-	-	-	-	-	-	-	2,862,884	-	-
Difference between expected and actual experience	-	(763,000)	(1,331,914)	(599,933)	(887,137)	(668,598)	628,451	(1,320,751)	(3,003,466)	5,171,227
Changes in assumptions	-	-	-	(893,223)	-	3,533,431	-	4,823,773	-	-
Benefits payments, including refunds of member contributions	(2,798,000)	(3,377,000)	(3,585,300)	(4,376,843)	(4,323,052)	(4,589,364)	(4,589,364)	(5,380,511)	(5,654,573)	(6,112,014)
<b>Net Change in Total Pension Liability</b>	<b>6,376,000</b>	<b>5,392,000</b>	<b>4,949,527</b>	<b>4,306,706</b>	<b>5,101,464</b>	<b>9,092,603</b>	<b>7,475,881</b>	<b>13,058,692</b>	<b>4,464,818</b>	<b>16,361,642</b>
<b>Total Pension Liability - Beginning of year</b>	<b>81,034,000</b>	<b>87,410,000</b>	<b>92,802,000</b>	<b>97,751,527</b>	<b>102,058,233</b>	<b>107,159,697</b>	<b>116,252,300</b>	<b>123,728,181</b>	<b>136,786,873</b>	<b>141,251,691</b>
<b>Total Pension Liability - Ending of year</b>	<b>\$ 87,410,000</b>	<b>\$ 92,802,000</b>	<b>\$ 97,751,527</b>	<b>\$ 102,058,233</b>	<b>\$ 107,159,697</b>	<b>\$ 116,252,300</b>	<b>\$ 123,728,181</b>	<b>\$ 136,786,873</b>	<b>\$ 141,251,691</b>	<b>\$ 157,613,333</b>
<b>Plan Fiduciary Net Position</b>										
Employer contributions	\$ 3,167,000	\$ 2,830,000	\$ 2,804,570	\$ 2,355,587	\$ 2,394,595	\$ 2,538,585	\$ 2,582,271	\$ 3,215,071	\$ 4,153,369	\$ 10,620,748
Employee contributions	1,422,000	1,373,000	1,357,832	1,362,997	1,316,482	1,365,984	1,379,532	1,399,418	3,492,481	6,603,494
Projected earnings on plan investments	10,933,000	3,742,000	1,525,201	10,677,625	7,206,612	6,951,171	2,111,228	30,602,780	(241,055)	9,848,375
Benefit payments, including refunds of member contributions	(2,798,000)	(3,377,000)	(3,585,300)	(4,376,843)	(4,323,052)	(4,589,364)	(4,589,364)	(5,380,511)	(5,654,573)	(6,112,014)
Administrative expense	(57,000)	(50,000)	(52,120)	(61,057)	(61,420)	(67,621)	(70,713)	(74,847)	(84,767)	(85,463)
Other	1,000	(3,000)	391	(9,527)	(6,456)	(4,399)	(2,517)	(58,742)	3,361	4,062
<b>Net Change in Fiduciary Net Position</b>	<b>12,668,000</b>	<b>4,515,000</b>	<b>2,050,574</b>	<b>9,948,782</b>	<b>6,526,761</b>	<b>6,194,356</b>	<b>1,410,437</b>	<b>29,703,169</b>	<b>1,668,816</b>	<b>20,879,202</b>
<b>Total Net Position - Beginning of year</b>	<b>68,307,000</b>	<b>80,975,000</b>	<b>85,490,000</b>	<b>87,540,574</b>	<b>97,489,356</b>	<b>104,016,117</b>	<b>110,210,473</b>	<b>111,620,910</b>	<b>141,324,079</b>	<b>142,992,895</b>
<b>Total Net Position - Ending of year</b>	<b>\$ 80,975,000</b>	<b>\$ 85,490,000</b>	<b>\$ 87,540,574</b>	<b>\$ 97,489,356</b>	<b>\$ 104,016,117</b>	<b>\$ 110,210,473</b>	<b>\$ 111,620,910</b>	<b>\$ 141,324,079</b>	<b>\$ 142,992,895</b>	<b>\$ 163,872,097</b>
<b>Net Pension Liability/(Asset)</b>	<b>\$ 6,435,000</b>	<b>\$ 7,312,000</b>	<b>\$ 10,210,953</b>	<b>\$ 4,568,877</b>	<b>\$ 3,143,580</b>	<b>\$ 6,041,827</b>	<b>\$ 12,107,271</b>	<b>\$ (4,537,206)</b>	<b>\$ (1,741,204)</b>	<b>\$ (6,258,764)</b>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	92.64%	92.12%	89.55%	95.52%	97.07%	94.80%	90.21%	103.32%	101.23%	103.97%
Covered Payroll	\$ 26,952,068	\$ 26,861,778	\$ 27,083,985	\$ 26,351,750	\$ 27,469,101	\$ 27,660,906	\$ 28,310,269	\$ 28,045,990	\$ 36,741,402	\$ 88,048,870
Net Pension Liability as a percentage of covered payroll	23.88%	27.22%	37.70%	17.34%	11.44%	21.84%	42.77%	(16.18%)	(4.74%)	(7.11%)

See accompanying independent auditors' report

## REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 2,830,000	\$ 2,830,000	\$ -	\$ 26,862,000	10.54%
2016	2,805,000	2,805,000	-	27,084,000	10.36%
2017	2,356,000	2,356,000	-	26,352,000	8.94%
2018	2,394,000	2,394,000	-	27,470,000	8.71%
2019	2,606,000	2,606,000	-	27,661,000	9.42%
2020	2,667,000	2,667,000	-	28,310,000	9.42%
2021	3,309,000	3,309,000	-	28,046,000	11.80%
2022	4,335,000	4,335,000	-	36,741,000	11.80%
2023	11,701,000	11,701,000	-	88,049,000	13.29%
2024	14,805,000	14,805,000	-	115,302,000	12.84%

See accompanying independent auditors' report

**School Board of the City of Norfolk**  
**VRS Teachers Retirement Plan**  
**Schedule of Proportionate Share of the Net Pension Liability (unaudited)**  
**For the Measurement Dates of June 30, 2014 through 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
School Board's proportion of the Net Pension Liability (Asset)	2.47%	2.43%	2.40%	2.70%	2.57%	2.55%	2.45%	2.43%	2.35%	2.26%
School Board's proportionate share of the Net Pension Liability (Asset)	\$ 298,089,000	\$ 305,901,000	\$ 336,787,000	\$ 283,848,000	\$ 260,983,000	\$ 290,090,000	\$ 309,003,000	\$ 163,869,000	\$ 193,463,000	\$ 204,009,000
Covered Payroll	\$ 189,067,000	\$ 189,624,000	\$ 194,172,000	\$ 192,822,000	\$ 188,385,000	\$ 195,455,000	\$ 185,400,000	\$ 185,754,000	\$ 188,102,000	\$ 193,352,000
School Board's proportionate of the Net Pension Liability (Asset) as a percentage of its covered payroll	157.66%	161.32%	173.45%	147.21%	138.54%	148.42%	166.67%	88.22%	102.85%	94.78%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Asset)	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%	71.47%	81.27%	82.61%	87.88%

See accompanying independent auditors' report

## REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 26,206,000	\$ 26,206,000	\$ -	\$ 189,624,000	13.82%
2016	25,755,000	25,755,000	-	194,172,000	13.26%
2017	26,582,000	26,582,000	-	192,822,000	13.79%
2018	29,028,000	29,028,000	-	188,385,000	15.41%
2019	28,775,000	28,775,000	-	195,455,000	14.72%
2020	29,075,000	29,075,000	-	185,400,000	15.68%
2021	30,900,000	30,900,000	-	185,754,000	16.63%
2022	31,263,000	31,263,000	-	188,102,000	16.62%
2023	32,135,000	32,135,000	-	193,352,000	16.62%
2024	35,168,000	35,168,000	-	199,586,000	17.62%

See accompanying independent auditors' report

**School Board of the City of Norfolk**  
**VRS Political Subdivision's Retirement Plan**  
**Schedule of Proportionate Share of the Net Pension Liability (unaudited)**  
**For the Measurement Dates of June 30, 2014 through 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service costs	\$ 1,530,000	\$ 1,563,000	\$ 1,527,000	\$ 1,552,000	\$ 1,504,000	\$ 1,498,000	\$ 1,548,000	\$ 1,500,000	\$ 1,368,000	\$ 1,430,000
Interest	5,586,000	5,770,000	5,891,000	5,976,000	6,054,000	6,129,000	6,173,000	6,308,000	6,621,000	6,690,000
Changes in assumptions	-	-	-	(850,000)	-	2,361,000	-	3,100,000	-	-
Difference between expected and actual experience	-	(1,027,000)	(1,511,000)	(646,000)	(2,076,000)	(1,066,000)	(135,000)	(1,570,000)	(915,000)	1,840,000
Benefits payments, including refunds of member contributions	(4,659,000)	(4,343,000)	(4,814,000)	(4,706,000)	(5,155,000)	(4,992,000)	(5,063,000)	(6,120,000)	(6,002,000)	(6,229,000)
Change in proportionate share	-	21,000	1,000	76,000	9,000	658,000	-	-	-	-
Net Change in Total Pension Liability	2,457,000	1,984,000	1,094,000	1,402,000	336,000	4,588,000	2,523,000	3,218,000	1,072,000	3,731,000
Total Pension Liability - Beginning of year	82,125,000	84,582,000	86,566,000	87,660,000	89,062,000	89,398,000	93,986,000	96,509,000	99,727,000	100,799,000
Total Pension Liability - Ending of year	<b>\$ 84,582,000</b>	<b>\$ 86,566,000</b>	<b>\$ 87,660,000</b>	<b>\$ 89,062,000</b>	<b>\$ 89,398,000</b>	<b>\$ 93,986,000</b>	<b>\$ 96,509,000</b>	<b>\$ 99,727,000</b>	<b>\$ 100,799,000</b>	<b>\$ 104,530,000</b>
Plan Fiduciary Net Position										
Employer contributions	\$ 1,722,000	\$ 1,768,000	\$ 1,794,000	\$ 1,408,000	\$ 1,435,000	\$ 1,151,000	\$ 1,125,000	\$ 1,077,000	\$ 1,066,000	\$ 1,025,000
Employee contributions	775,000	785,000	800,000	807,000	814,000	845,000	832,000	795,000	782,000	837,000
Projected earnings on plan investments	10,151,000	3,321,000	1,248,000	8,877,000	5,851,000	5,486,000	1,636,000	22,627,000	(44,000)	6,216,000
Benefit payments, including refunds of member contributions	(4,659,000)	(4,343,000)	(4,814,000)	(4,706,000)	(5,155,000)	(4,994,000)	(5,063,000)	(6,120,000)	(6,002,000)	(6,229,000)
Administrative expense	(56,000)	(47,000)	(47,000)	(52,000)	(52,000)	(56,000)	(57,000)	(59,000)	(65,000)	(64,000)
Change in proportionate share	-	18,000	1,000	41,000	(2,000)	612,000	-	-	-	-
Other	1,000	(11,000)	(17,000)	(17,000)	(36,000)	(3,000)	(2,000)	2,000	2,000	3,000
Net Change in Fiduciary Net Position	7,934,000	1,491,000	(1,035,000)	6,358,000	2,855,000	3,041,000	(1,529,000)	18,322,000	(4,261,000)	1,788,000
Total Net Position - Beginning of year	65,573,000	73,507,000	74,998,000	73,963,000	80,321,000	83,176,000	86,217,000	84,688,000	103,010,000	98,749,000
Total Net Position - Ending of year	<b>\$ 73,507,000</b>	<b>\$ 74,998,000</b>	<b>\$ 73,963,000</b>	<b>\$ 80,321,000</b>	<b>\$ 83,176,000</b>	<b>\$ 86,217,000</b>	<b>\$ 84,688,000</b>	<b>\$ 103,010,000</b>	<b>\$ 98,749,000</b>	<b>\$ 100,537,000</b>
Net Pension Liability	<b>\$ 11,075,000</b>	<b>\$ 11,568,000</b>	<b>\$ 13,697,000</b>	<b>\$ 8,741,000</b>	<b>\$ 6,222,000</b>	<b>\$ 7,769,000</b>	<b>\$ 11,821,000</b>	<b>\$ (3,283,000)</b>	<b>\$ 2,050,000</b>	<b>\$ 3,993,000</b>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	86.91%	86.64%	84.37%	90.19%	93.04%	91.73%	87.75%	103.29%	97.97%	96.18%
Covered Payroll	\$ 21,766,000	\$ 22,224,000	\$ 22,219,000	\$ 23,756,000	\$ 22,292,000	\$ 22,848,000	\$ 17,819,000	\$ 17,140,000	\$ 16,904,000	\$ 18,303,000
Net Pension Liability as a percentage of covered payroll	50.88%	52.05%	61.65%	36.79%	27.91%	34.00%	66.34%	-19.15%	12.13%	21.82%

See accompanying independent auditors' report

## REQUIRED SUPPLEMENTARY INFORMATION

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

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2015	\$ 1,768,000	\$ 1,768,000	\$ -	\$ 22,224,000	7.96%
2016	1,794,000	1,794,000	-	22,219,000	8.07%
2017	1,408,000	1,408,000	-	23,756,000	5.93%
2018	1,435,000	1,435,000	-	22,292,000	6.44%
2019	1,195,000	1,195,000	-	22,848,000	5.23%
2020	1,212,000	1,212,000	-	17,819,000	6.80%
2021	1,178,000	1,178,000	-	17,140,000	6.87%
2022	1,165,000	1,165,000	-	16,904,000	6.89%
2023	1,155,000	1,155,000	-	18,303,000	6.31%
2024	1,357,000	1,357,000	-	21,510,000	6.31%

See accompanying independent auditors' report

**City of Norfolk**  
**Other Postemployment Benefits**  
**Schedule of Proportionate Share of Total OPEB Liability (unaudited)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	2017	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>							
Service costs	\$ 2,638,578	\$ 2,485,855	\$ 4,029,985	\$ 3,409,119	\$ 8,084,842	\$ 8,049,381	\$ 5,545,774
Interest	864,633	1,178,923	1,461,628	1,323,007	1,705,737	1,642,734	2,881,623
Changes of benefit terms	-	-	-	-	-	-	(71,988)
Difference between expected and actual experience	(1,413,447)	(2,005,011)	(5,055,352)	(3,450,033)	(8,935,659)	1,831,400	(10,237,005)
Changes in assumptions	1,815,771	3,702,351	1,272,010	37,661,645	280,846	(2,806,920)	3,571,000
Benefits payments, including refunds of member contributions	(1,247,913)	(1,223,511)	(1,355,887)	(1,383,661)	(2,401,000)	(2,094,590)	(2,138,633)
Net Change in Total OPEB Liability	2,657,622	4,138,607	352,384	37,560,077	(1,265,234)	6,622,005	(449,229)
Total OPEB Liability - Beginning of year	29,647,567	32,305,189	36,443,796	36,796,180	74,356,257	73,091,023	79,713,028
Total OPEB Liability - Ending of year	\$ 32,305,189	\$ 36,443,796	\$ 36,796,180	\$ 74,356,257	\$ 73,091,023	\$ 79,713,028	\$ 79,263,799
Covered-employee payroll	\$ 196,905,143	\$ 199,097,008	\$ 198,510,945	\$ 201,420,320	\$ 194,653,151	\$ 235,148,147	\$ 192,331,537
Total OPEB Liability as a percentage of covered employee payroll	16.41%	18.30%	18.54%	36.92%	37.55%	33.90%	41.21%

**Notes:**

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

No assets are accumulated in a trust that meets the criteria established in GASB codification P52.101 (Statement No. 75) to pay related benefits for the OPEB plan.

See accompanying independent auditors' report

**City of Norfolk**  
**Other Postemployment Benefits - Line of Duty**  
**Schedule of Proportionate Share of Total OPEB Liability (unaudited)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total OPEB Liability</b>							
Service costs	\$ 991,486	\$ 1,517,002	\$ 1,454,436	\$ 1,517,526	\$ 1,762,063	\$ 1,787,336	\$ 701,255
Interest	637,503	1,336,572	1,187,989	1,364,547	889,866	939,071	1,260,722
Changes of benefit terms	19,652,972	-	-	-	-	-	-
Difference between expected and actual experience	(2,397)	(3,476,174)	4,206,413	(1,985,552)	1,299,665	1,239,154	19,942
Changes in assumptions	(5,648,603)	(4,964,076)	2,507,435	1,418,301	416,582	(10,043,665)	(744,789)
Benefits payments, including refunds of member contributions	(822,158)	(1,030,394)	(1,007,750)	(1,189,977)	(1,126,835)	(1,214,979)	(1,274,604)
Net Change in Total OPEB Liability	14,808,803	(6,617,070)	8,348,523	1,124,845	3,241,341	(7,293,083)	(37,474)
Total OPEB Liability - Beginning of year	22,284,435	37,093,238	30,476,168	38,824,691	39,949,536	43,190,877	35,897,794
Total OPEB Liability - Ending of year	<u>\$ 37,093,238</u>	<u>\$ 30,476,168</u>	<u>\$ 38,824,691</u>	<u>\$ 39,949,536</u>	<u>\$ 43,190,877</u>	<u>\$ 35,897,794</u>	<u>\$ 35,860,320</u>
Covered-employee payroll	\$ 68,244,678	\$ 66,183,480	\$ 70,942,265	\$ 71,415,407	\$ 67,982,090	\$ 74,507,824	\$ 87,014,129
Total OPEB Liability as a percentage of covered employee payroll	54.35%	46.05%	54.73%	55.94%	63.53%	48.18%	41.21%

**Notes:**

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

No assets are accumulated in a trust that meets the criteria established in GASB codification P52.101 (Statement No. 75) to pay related benefits for the OPEB plan.

**School Board of the City of Norfolk**  
**Other Postemployment Benefits**  
**Schedule of Proportionate Share of Total OPEB Liability (unaudited)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	2017	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>							
Service costs	\$ 1,468,830	\$ 1,381,764	\$ 625,247	\$ 2,947,665	\$ 4,412,775	\$ 4,402,612	\$ 3,698,962
Interest	1,702,533	1,673,986	1,896,670	1,644,140	1,257,459	1,374,480	2,230,206
Changes of benefit terms	-	-	-	-	6,316,408	-	-
Difference between expected and actual experience	(3,274,812)	3,627,408	(4,651,923)	(5,024,887)	(2,835,101)	(6,259,620)	(1,201,258)
Changes in assumptions	(10,475,847)	(1,794,422)	1,277,781	11,937,594	(29,571)	2,524,658	(451,969)
Benefits payments, including refunds of member contributions	(2,580,746)	(2,129,544)	(2,401,320)	(2,262,170)	(2,360,257)	(2,404,662)	(2,240,235)
Net Change in Total OPEB Liability	(13,160,042)	2,759,192	(3,253,545)	9,242,342	6,761,713	(362,532)	2,035,706
Total OPEB Liability - Beginning of year	60,290,035	47,129,993	49,889,185	46,635,640	55,877,982	62,639,695	62,277,163
Total OPEB Liability - Ending of year	<u>\$ 47,129,993</u>	<u>\$ 49,889,185</u>	<u>\$ 46,635,640</u>	<u>\$ 55,877,982</u>	<u>\$ 62,639,695</u>	<u>\$ 62,277,163</u>	<u>\$ 64,312,869</u>
Covered-employee payroll	\$ 202,324,943	\$ 202,324,943	\$ 193,251,731	\$ 185,408,346	\$ 185,123,319	\$ 191,402,722	\$ 195,322,719
Total OPEB Liability as a percentage of covered employee payroll	23.29%	24.66%	24.13%	30.14%	33.84%	32.54%	32.93%

**Notes:**

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

No assets are accumulated in a trust that meets the criteria established in GASB codification P52.101 (Statement No. 75) to pay related benefits for the OPEB plan.

See accompanying independent auditors' report

**School Board of the City of Norfolk**  
**VRS Teachers HIC Plan**  
**Schedule of Proportionate Share of Net HIC OPEB Liability (unaudited)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	2017	2018	2019	2020	2021	2022	2023	
School Board's proportion of contributions of the Net HIC OPEB Liability (Asset)		2.70%	2.57%	2.20%	2.12%	2.10%	2.33%	2.24%
School Board's proportionate share of the Net HIC OPEB Liability (Asset)	\$ 29,295,697	\$ 28,146,329	\$ 28,801,987	\$ 29,588,000	\$ 26,974,000	\$ 25,209,000	\$ 24,247,000	
Covered Payroll	\$ 182,244,255	\$ 182,652,676	\$ 184,851,000	\$ 185,400,000	\$ 185,754,000	\$ 188,093,000	\$ 193,337,000	
School Board's proportionate share of the Net HIC OPEB Liability (Asset) as a percentage of its covered payroll		16.07%	15.41%	15.58%	15.96%	14.52%	13.40%	12.54%
Plan Fiduciary Net Position as a percentage of the Total HIC OPEB Liability (Asset)		7.04%	8.08%	8.97%	9.95%	13.15%	15.08%	17.89%

**Note:**

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

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

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2015	\$ 2,118,850	\$ 1,903,373	\$ (215,477)	\$ 179,563,539	1.18%
2016	2,162,812	1,942,866	(219,946)	183,289,209	1.18%
2017	2,241,605	2,022,912	(218,693)	182,244,255	1.23%
2018	2,218,572	2,181,192	(37,380)	182,652,676	1.21%
2019	2,181,192	2,181,192	-	184,851,346	1.18%
2020	2,225,202	2,225,202	-	185,399,785	1.20%
2021	2,249,621	2,249,621	-	185,753,972	1.21%
2022	2,276,037	2,276,037	-	188,093,526	1.21%
2023	2,339,380	2,339,380	-	193,337,136	1.21%
2024	2,560,267	2,560,267	-	211,592,390	1.21%

See accompanying independent auditors' report

## REQUIRED SUPPLEMENTARY INFORMATION

**School Board of the City of Norfolk  
VRS Political Subdivisions HIC Plan**  
**Schedule of Proportionate Share of Net HIC OPEB Liability (unaudited)**  
**For the Measurement Dates of June 30, 2021 through 2023**

	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total HIC OPEB Liability</b>			
Service costs	\$ 23,828	\$ 21,604	\$ 14,199
Interest	134,222	147,635	147,479
Changes of benefit terms	-	-	-
Difference between actual and expected experience	-	(137,123)	(940,699)
Changes in assumptions	50,981	38,794	-
Benefits payments, including refunds of member contributions	(38)	(63,829)	(67,783)
Net Change in Total HIC OPEB Liability	208,993	7,081	(846,804)
Total HIC OPEB Liability - Beginning of year	1,988,499	2,197,492	2,204,573
Total HIC OPEB Liability - Ending of year	<u>\$ 2,197,492</u>	<u>\$ 2,204,573</u>	<u>\$ 1,357,769</u>
Plan Fiduciary Net position			
Employer contributions	\$ 147,042	\$ 145,655	\$ 186,523
Net investment income	18,451	(1,643)	19,743
Benefit payments, including refunds of member contributions	(38)	(63,829)	(67,783)
Administrative expense	(647)	(460)	(548)
Other	-	864	50
Net Change in Fiduciary Net Position	164,808	80,587	137,985
Plan Fiduciary Net Position - Beginning of year	-	164,808	245,395
Plan Fiduciary Net Position - Ending of year	<u>\$ 164,808</u>	<u>\$ 245,395</u>	<u>\$ 383,380</u>
<b>Total HIC OPEB Liability - Ending of the year</b>	<b><u>\$ 2,032,684</u></b>	<b><u>\$ 1,959,178</u></b>	<b><u>\$ 974,389</u></b>
Plan fiduciary net position as a percentage of the Total HIC OPEB Liability	7.50%	11.13%	28.24%
Covered payroll	\$ 17,097,830	\$ 16,904,462	\$ 18,302,756
Total HIC OPEB Liability as a percentage of covered payroll	11.89%	11.59%	5.32%

**Note:**

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2021 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

## REQUIRED SUPPLEMENTARY INFORMATION

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

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
2021	\$ 147,041	\$ 147,041	\$ -	\$ 17,097,830	0.86%
2022	145,624	145,624	-	16,904,462	0.86%
2023	186,688	186,688	-	18,302,756	1.02%
2024	219,400	219,400	-	21,509,788	1.02%

**Note:**

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2021 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

## REQUIRED SUPPLEMENTARY INFORMATION

**School Board of the City of Norfolk**  
**VRS Teachers GLI Plan**  
**Schedule of Proportionate Share of Net GLI OPEB Liability (unaudited)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	2017	2018	2019	2020	2021	2022	2023
School Board's proportion of contributions of the Net GLI OPEB Liability (Asset)		1.16%	1.10%	0.95%	0.91%	0.99%	0.95%
School Board's proportionate share of the Net GLI OPEB Liability (Asset)	\$ 14,976,000	\$ 16,679,000	\$ 15,421,000	\$ 16,592,000	\$ 11,546,000	\$ 10,516,000	\$ 10,272,000
Covered Payroll	\$ 183,561,479	\$ 183,561,479	\$ 185,314,756	\$ 185,408,346	\$ 185,753,972	\$ 188,093,526	\$ 193,337,136
School Board's proportionate share of the Net GLI OPEB Liability (Asset) as a percentage of its covered payroll	8.16%	9.09%	8.32%	8.95%	6.22%	5.59%	5.31%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability (Asset)	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%	69.30%

**Note:**

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$957,946	\$867,574	\$(90,372)	\$180,744,568	0.53%
2016	980,737	888,214	(92,523)	185,044,583	0.53%
2017	713,913	713,913	-	183,561,479	0.39%
2018	928,060	928,060	-	183,561,479	0.51%
2019	967,651	967,651	-	185,314,756	0.52%
2020	1,115,191	1,115,191	-	185,408,346	0.60%
2021	2,508,948	2,508,948	-	185,753,972	1.35%
2022	2,760,597	2,760,597	-	188,093,526	1.47%
2023	2,619,063	2,619,063	-	193,337,136	1.35%
2024	2,870,066	2,870,066	-	199,586,141	1.44%

**Note:**

The amounts shown here represent the employer share of group life insurance contributions and exclude the employee portion of group life insurance costs. The statewide cost sharing for group life insurance is 40 percent for the employer and 60 percent for employees. VRS permits school boards to pay both the employee and employer share of contributions, and the Norfolk School Board has elected to do that. The contributions noted above represent 40 percent of the total premiums paid by the Norfolk School Board.

See accompanying independent auditors' report

**School Board of the City of Norfolk**  
**VRS Political Subdivisions GLI Plan**  
**Schedule of Proportionate Share of Net GLI OPEB Liability (unaudited)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	2017	2018	2019	2020	2021	2022	2023
School Board's proportion of contributions of the Net GLI OPEB Liability (Asset)	0.09%	0.09%	0.09%	0.09%	0.08%	0.08%	0.08%
School Board's proportionate share of the Net GLI OPEB Liability (Asset)	\$ 1,185,000	\$ 1,392,000	\$ 1,503,000	\$ 1,462,000	\$ 984,000	\$ 955,000	\$ 949,000
Covered Payroll	\$ 16,998,577	\$ 17,508,534	\$ 18,647,166	\$ 17,819,139	\$ 17,140,227	\$ 16,904,462	\$ 18,303,000
School Board's proportionate share of the Net GLI OPEB Liability (Asset) as a percentage of its covered payroll	6.97%	7.95%	8.06%	8.20%	5.74%	5.65%	5.18%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability (Asset)	48.86%	51.22%	52.00%	52.60%	67.45%	67.20%	69.30%

**Note:**

The schedule is intended to illustrate the requirement to show information for 10 years. Since 2017 was the first year for presentation, no older data is available. Additional years will be included as they become available.

See accompanying independent auditors' report

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 85,773	\$ 77,681	\$ (8,092)	\$ 16,183,507	0.53%
2016	87,509	79,253	(8,256)	16,511,056	0.53%
2017	88,330	88,330	-	16,998,577	0.52%
2018	90,630	90,630	-	17,508,534	0.52%
2019	94,141	94,141	-	18,647,166	0.50%
2020	94,141	94,141	-	17,819,139	0.53%
2021	233,914	233,914	-	17,140,227	1.36%
2022	251,536	251,536	-	16,904,462	1.49%
2023	245,257	245,257	-	18,302,756	1.32%
2024	293,331	293,331	-	21,890,372	1.34%

**Note:**

The amounts shown here represent the employer share of group life insurance contributions and exclude the employee portion of group life insurance costs. The statewide cost sharing for group life insurance is 40 percent for the employer and 60 percent for employees. VRS permits school boards to pay both the employee and employer share of contributions, and the Norfolk School Board has elected to do that. The contributions noted above represent 40 percent of the total premiums paid by the Norfolk School Board.

See accompanying independent auditors' report

## REQUIRED SUPPLEMENTARY INFORMATION

# Notes to Required Supplementary Information for the Year Ended June 30, 2024

## A VRS Teacher Retirement Plan

### Changes of benefit terms and assumptions

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality Rates	Updated to PUB2010 public sector mortality tables. Replaced load with MP-2020
Retirement Rates	Adjusted rated to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

## B VRS Retirement Plan for Political Subdivisions

### Changes of benefit terms and assumptions

There have been no changes to the benefits provisions since the last valuation.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality Rates	Updated to PUB2010 public sector mortality tables. Replaced load with MP-2020
Retirement Rates	Adjusted rated to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 Hazardous Duty: Changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service Hazardous Duty: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience

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

**C City of Norfolk Other Post-employment Benefit Plan****Changes of benefit terms and assumptions**

Rates of retirement were updated for NERS general employees to reflect the addition of the DROP benefit and for public safety members to account for the increase in the DROP period from 4 to 5 years. The additional \$10 credit per month for completing the personal health assessment survey for retirees.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates	No change
Retirement Rates	No change
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	3.65 percent

**D VRS Post-employment Benefit Plan – Group Life Insurance (GLI) Program****Changes of benefit terms and assumptions**

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality Rates	Updated to PUB2010 public sector mortality tables. Replaced load with MP-2020
Retirement Rates	Adjusted rated to better fit experience for Plan I; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 Hazardous Duty: Changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service Hazardous Duty: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience

## REQUIRED SUPPLEMENTARY INFORMATION

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

### **E VRS Post-employment Benefit Plan – Health Insurance Credit (HIC) Plan**

#### **Changes of benefit terms and assumptions**

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except for the change in the discount rate which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Disability Rates	No change
Salary Scale	No change
Discount Rate	No change
Mortality Rates	Updated to PUB2010 public sector mortality tables. Replaced load with MP-2020
Retirement Rates	Adjusted rated to better fit experience for Plan I; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80
Withdrawal Rates	Hazardous Duty: Changed final retirement age from 65 to 70 Adjusted rates to better fit experience at each year age and service through 9 years of service Hazardous Duty: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience

Exhibit E-1

**Schedule of Revenue, Budget and Actual (Unaudited)  
General Fund  
For the Fiscal Year Ended June 30, 2024**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Budget Basis Actual</b>	<b>Positive (negative) Variance with Final Budget</b>
General property taxes	\$ 384,369,200	\$ 384,369,200	\$ 396,872,615	\$ 12,503,415
Other local taxes	184,656,096	184,656,096	194,324,918	9,668,822
Permits, privilege fees and licenses	4,068,000	4,068,000	3,439,696	(628,304)
Fines and forfeitures	1,505,000	1,505,000	1,090,260	(414,740)
Use of money and property	13,514,434	14,738,273	25,579,215	10,840,942
Charges for services	26,202,840	26,202,840	29,901,837	3,698,997
Miscellaneous revenue	8,659,610	8,659,610	8,463,629	(195,981)
Recovered costs	9,290,966	9,290,966	9,039,283	(251,683)
Non-categorical aid - Virginia	41,137,382	41,137,382	43,175,189	2,037,807
Shared expense - Virginia	25,119,100	26,858,051	26,520,477	(337,574)
Categorical aid - Virginia	321,550,487	321,550,487	293,358,540	(28,191,947)
Categorical aid - Federal	8,615,256	8,615,256	31,225,233	22,609,977
Other sources and transfers	57,580,040	61,680,040	76,425,398	14,745,358
<b>Total General Fund revenue budget</b>	<b>\$ 1,086,268,411</b>	<b>\$ 1,093,331,201</b>	<b>\$ 1,139,416,290</b>	<b>\$ 46,085,089</b>

Exhibit E-1 for GASB 54 includes the General fund, the EOC/911 fund, the Land Acquisition fund, the Nauticus fund, and the Community Services Board.

## REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-2

### Schedule of Expenditures, Budget and Actual (Unaudited) General Fund For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Budget Basis Actual	Positive (negative) Variance with Final Budget
Legislative	\$ 6,378,474	\$ 6,378,474	\$ 6,152,495	\$ 225,979
Executive	4,576,240	4,576,240	4,457,393	118,847
Department of Law	6,213,932	6,213,932	6,160,943	52,989
Finance, City Treasurer, Commissioner of Revenue	14,848,116	15,655,309	14,900,020	755,289
Department of Human Resources	5,280,277	5,280,277	4,966,670	313,607
Courts, Sheriff and Detention	57,741,176	59,139,134	55,541,944	3,597,190
Department of Public Health	3,400,665	3,400,665	1,124,771	2,275,894
Department of Human Services	87,119,242	87,119,242	72,903,051	14,216,191
Department of Public Works	22,188,536	22,188,536	21,480,840	707,696
Recreation Parks and Open Space, Maritime Center	26,938,668	26,938,668	26,778,048	160,620
Education	404,575,172	404,575,172	379,047,217	25,527,955
Norfolk Public Libraries	13,952,331	13,952,331	13,251,214	701,117
Elections	1,179,525	1,480,525	1,441,269	39,256
Department of Planning & Community Development	12,757,678	13,073,394	13,653,180	(579,786)
Department of Neighborhood Development	6,935,607	6,935,607	5,536,882	1,398,725
Department of Cultural Facilities, Arts & Entertainment	6,865,561	6,865,561	6,103,308	762,253
Departmental Support	23,246,702	50,144,627	195,797,153	(145,652,526)
Outside Agencies	50,770,062	55,318,396	63,760,492	(8,442,096)
Department of Police	90,143,680	74,958,155	73,323,268	1,634,887
Department of Fire - Rescue	58,844,372	44,908,847	45,348,147	(439,300)
Debt Service	100,522,354	101,746,193	111,428,139	(9,681,946)
Office of Budget and Strategic Planning	3,342,861	3,342,861	3,155,360	187,501
Office of Resilience	1,158,302	1,158,302	1,100,969	57,333
Department of General Services	35,235,673	35,645,673	45,796,839	(10,151,166)
Department of Economic Development	3,375,939	3,375,939	2,806,052	569,887
Department of Information Technology	21,515,258	21,515,258	20,294,960	1,220,298
Virginia Zoological Park	5,042,106	5,323,981	5,372,046	(48,065)
Transportation	12,119,902	12,119,902	10,148,519	1,971,383
<b>Total General Fund expenditure budget</b>	<b>\$ 1,086,268,411</b>	<b>\$ 1,093,331,201</b>	<b>\$ 1,211,831,189</b>	<b>\$ (118,499,988)</b>

Exhibit E-2 for GASB 54 includes the General fund, the EOC/911 fund, the Land Acquisition fund, the Nauticus fund, and the Community Services Board.

## REQUIRED SUPPLEMENTARY INFORMATION

### **Notes to Required Supplementary Information Reconciliation of (non-GAAP) Budgetary Basis to GAAP (Unaudited) For the Fiscal Year Ended June 30, 2024**

	<b>General Fund</b>
<b><u>Sources/inflows of resources:</u></b>	
Actual amounts (budgetary basis) "available for appropriation" from Exhibit E-1	\$ 1,139,416,290
<b>Differences--budget to GAAP:</b>	
The effects of accounting for school revenue as a component unit	(241,278,310)
The effects of accounting for transfer from fund balance	(39,282,363)
General fund transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes	(22,140,968)
The effects of reclassification of recovered costs	(9,039,283)
Gross proceeds from other financing sources	<u>(16,228,776)</u>
<b>Total revenues as reported on the Statement of Revenues, Expenditure and Changes in Fund Balances - Governmental Funds</b>	
	<u><u>\$ 811,446,590</u></u>
<b><u>Uses/outflows of resources:</u></b>	
Actual amounts (budgetary basis) "Total charges to appropriations" from Exhibit E-2	\$ 1,211,831,189
Differences--budget to GAAP:	
The effects of accounting for school expenditures as a component unit	(234,713,258)
The effects of reclassification of recovered costs	(9,039,283)
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(5,923,226)
General fund transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes	<u>(267,778,484)</u>
<b>Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</b>	
	<u><u>\$ 694,376,938</u></u>



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# Other Supplementary Information

## Combining Financial Statements

- Nonmajor Governmental Funds •
- Internal Service Funds •
- Custodial Funds •

## Other Schedules

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



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# **Nonmajor Governmental Funds**

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Special Revenue Funds account for proceeds of specific resources that are restricted, committed, or assigned to expenditures for specific purposes other than debt service or capital projects.



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## Nonmajor Governmental Funds

### Special Revenue Funds

**The Special Revenue funds are used to account for proceeds of specific resources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The individual special revenue funds are:**

Towing and Recovery Operations Fund: To improve neighborhood livability by providing reliable dispatching of towing services, storage of vehicles and recovery or disposal of vehicles.

Waste Management Fund: To account for the costs and revenues associated with the City's solid waste and environmental management programs.

Community Development Fund: To account for all entitlement funds received under Title I of the Housing and Community Development Act of 1974, commonly known as the Community Development Block Grant Program.

Cemeteries Fund: To account for the operation of the City's cemeteries.

Golf Fund: To account for the operation of the City's golf courses.

Public Amenities Fund: To promote cultural and entertainment activity in the downtown area.

Emergency Operations Center (EOC)/911 Fund: To account for the operation of the City's emergency operations center/911. In fiscal year 2024, the fund changed reporting entity and are included in the general fund.

Tax Increment Financing Fund: To account for debt service requirements for the general obligation bonds and property tax collections within the Broad Creek Renaissance Tax Increment Financing District.

Resiliency Fund: To account for the receipt and disbursement of revenue from the National Disaster Resilience Grant.

Endowed Care Fund: The Endowed Care fund is used to report resources that are restricted by City Code. The City's Endowed Care fund is used to account for the perpetual care and endowed care at certain City-owned cemeteries. Both the earnings and principal are used for purposes that support the maintenance of City-owned cemeteries.



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**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2024**

	Towing and Recovery Operations	Waste Management	Community Development	Cemeteries	Golf	Public Amenities	Formerly Non-Major Fund EOC/911 <sup>(1)</sup>	Tax Increment	Resiliency	Total Special Revenue	Endowed Care	Total Nonmajor Governmental Funds
<b>ASSETS:</b>												
Cash and short-term investments	\$ 1,995,914	\$ 1,023,903	\$ 415,597	\$ 208,509	\$ 413,176	\$ 7,703,807	\$ -	\$ -	\$ 18,431	\$ 11,363,740	\$ 7,410,834	\$ 18,774,574
Receivables, net	30,577	2,925,477	-	-	-	971,695	-	-	-	4,343,346	-	4,343,346
Due from other governments	-	-	1,637,664	-	-	-	-	-	67,565	1,705,229	-	1,705,229
Due from component units	-	-	183,516	-	-	-	-	-	-	183,516	-	183,516
Restricted cash and cash equivalents	-	-	418,200	-	-	-	-	-	-	418,200	-	418,200
<b>Total assets</b>	<b>\$ 2,026,491</b>	<b>\$ 3,949,380</b>	<b>\$ 2,654,977</b>	<b>\$ 208,509</b>	<b>\$ 413,176</b>	<b>\$ 8,675,502</b>	<b>\$ -</b>	<b>\$ 85,996</b>	<b>\$ 18,014,031</b>	<b>\$ 7,410,834</b>	<b>\$ 25,424,865</b>	
<b>LIABILITIES:</b>												
Vouchers payable	\$ 29,665	\$ 808,764	\$ 526,037	\$ 35,332	\$ -	\$ -	\$ -	\$ -	\$ 60,048	\$ 1,459,846	\$ -	\$ 1,459,846
Contract retainage	-	-	110,675	-	-	-	-	-	-	110,675	-	110,675
Accrued payroll	16,702	214,894	-	61,110	-	-	-	-	-	292,706	-	292,706
Due to other funds	-	-	841,240	-	-	-	-	-	-	841,240	-	841,240
Due to other governments	-	-	183,516	-	-	-	-	-	-	183,516	-	183,516
Unearned revenue	-	2,640,690	993,509	112,067	-	-	-	-	25,948	3,772,214	-	3,772,214
Other liabilities	26,296	-	-	-	-	-	-	-	-	26,296	-	26,296
<b>Total liabilities</b>	<b>72,663</b>	<b>3,664,348</b>	<b>2,654,977</b>	<b>208,509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,996</b>	<b>6,686,493</b>	<b>-</b>	<b>6,686,493</b>
<b>FUND BALANCES:</b>												
Restricted	-	-	-	-	-	-	-	-	-	-	7,410,834	7,410,834
Committed	1,953,828	285,032	-	-	204,027	8,675,502	-	-	-	11,118,389	-	11,118,389
Assigned	-	-	-	-	209,149	-	-	-	-	209,149	-	209,149
Total fund balances	1,953,828	285,032	-	-	413,176	8,675,502	-	-	-	11,327,538	7,410,834	18,738,372
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,026,491</b>	<b>\$ 3,949,380</b>	<b>\$ 2,654,977</b>	<b>\$ 208,509</b>	<b>\$ 413,176</b>	<b>\$ 8,675,502</b>	<b>\$ -</b>	<b>\$ 85,996</b>	<b>\$ 18,014,031</b>	<b>\$ 7,410,834</b>	<b>\$ 25,424,865</b>	

**Note:**

I. In FY24, the City changed the financial reporting entity for the EOC/911 balances and activity. These items are now included in the General Fund. See Footnote XXIV.

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2024**

	Towing and Recovery Operations	Waste Management	Community Development	Cemeteries	Golf	Public Amenities	Formerly Non-Major Fund EOC/911 <sup>(1)</sup>	Tax Increment	Resiliency	Total Special Revenue	Endowed Care	Total Nonmajor Governmental Funds
<b>REVENUES:</b>												
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,536,000	\$ -	\$ 8,536,000	\$ -	\$ 8,536,000
Other local taxes	-	-	-	-	-	9,179,224	-	-	-	9,179,224	-	9,179,224
Use of money and property	-	5,625	-	-	42,924	-	-	-	-	48,549	282,559	331,108
Charges for services	1,804,381	21,658,834	-	1,547,489	-	-	-	-	-	25,010,704	223,980	25,234,684
Miscellaneous	-	38,369	-	16,936	-	-	-	-	11,426	66,731	-	66,731
Intergovernmental:												
Commonwealth of Virginia	-	-	-	-	-	176,856	-	-	-	176,856	-	176,856
Federal government	2,665	-	6,611,459	-	-	-	-	-	628,812	7,242,936	-	7,242,936
Total revenue	1,807,046	21,702,828	6,611,459	1,564,425	42,924	9,356,080	-	8,536,000	640,238	50,261,000	506,539	50,767,539
<b>EXPENDITURES:</b>												
General government	-	-	-	-	-	387,878	-	-	-	387,878	-	387,878
Public works	1,342,947	22,667,827	-	-	-	-	-	-	-	24,010,774	-	24,010,774
Health and public assistance	-	-	1,606,190	-	-	-	-	-	-	1,606,190	-	1,606,190
Cultural and recreation	-	-	-	2,257,605	9,000	-	-	-	-	2,266,605	-	2,266,605
Community Development	-	-	5,005,269	-	-	-	-	-	640,238	5,645,507	-	5,645,507
Total expenditures	1,342,947	22,667,827	6,611,459	2,257,605	9,000	387,878	-	-	640,238	33,916,954	-	33,916,954
Operating income (loss), net	464,099	(964,999)	-	(693,180)	33,924	8,968,202	-	8,536,000	-	16,344,046	506,539	16,850,585
<b>OTHER FINANCING SOURCES (USES):</b>												
Transfers in	-	-	-	-	739,332	-	-	-	-	739,332	-	739,332
Transfers out	(175,958)	(334,335)	-	(46,152)	-	(8,034,676)	-	(8,536,000)	-	(17,127,121)	-	(17,127,121)
Total other financing sources and (uses)	(175,958)	(334,335)	-	693,180	-	(8,034,676)	-	(8,536,000)	-	(16,387,789)	-	(16,387,789)
Changes in fund balances	288,141	(1,299,334)	-	-	33,924	933,526	-	-	-	(43,743)	506,539	462,796
Fund balances - beginning of year, as previously presented	1,665,687	1,584,366	-	-	379,252	7,741,976	-	-	-	11,371,281	6,904,295	18,275,576
Change within financial reporting entity (nonmajor to general fund)	-	-	-	-	-	-	-	-	-	-	-	-
Beginning, as adjusted	1,665,687	1,584,366	-	-	379,252	7,741,976	-	-	-	11,371,281	6,904,295	18,275,576
Fund balances - end of year	\$ 1,953,828	\$ 285,032	\$ -	\$ 413,176	\$ 8,675,502	\$ -	\$ -	\$ -	\$ -	\$ 11,327,538	\$ 7,410,834	\$ 18,738,372

**Note:**

I. In FY24, the City changed the financial reporting entity for the EOC/911 balances and activity. These items are now included in the General Fund. See Footnote XXIV.



# **Internal Service Funds**

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## Internal Service Funds

**Internal service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The individual internal service funds are:**

Fleet Management Fund: To provide the operating departments with maintenance, repair, and service for the City's fleet of vehicles, heavy equipment, and miscellaneous machinery.

Healthcare Fund: To provide for the self-insured healthcare costs for the City of Norfolk, Norfolk Public Schools, NRHA (Norfolk Redevelopment and Housing Authority) and Pre-65 (retirees under 65).



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Exhibit G-1

**Combining Statement of Net Position  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2024**

	Healthcare	Fleet Management	Total
<b>ASSETS:</b>			
Current assets:			
Cash and short-term investments	\$ 45,518,463	\$ -	\$ 45,518,463
Receivables, net	18,340,775	-	18,340,775
Total current assets	63,859,238	-	63,859,238
Noncurrent assets:			
Net pension asset	-	36,542	36,542
Capital assets:			
Land	-	415,000	415,000
Buildings and equipment, net	-	12,732,639	12,732,639
Accumulated depreciation	-	(10,042,810)	(10,042,810)
Total noncurrent assets	-	3,141,371	3,141,371
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to pensions	-	1,107,998	1,107,998
Related to OPEB	-	243,216	243,216
Total deferred outflows of resources	-	1,351,214	1,351,214
<b>Total assets and deferred outflows of resources</b>	<b>\$ 63,859,238</b>	<b>\$ 4,492,585</b>	<b>\$ 68,351,823</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Vouchers payable	\$ 17,697,038	\$ 1,453,397	\$ 19,150,435
Unearned revenue	7,835,875	-	7,835,875
Compensated absences	39,568	137,726	177,294
Current OPEB liability	-	17,126	17,126
Accrued payroll	31,041	100,466	131,507
Internal balances	-	3,005,876	3,005,876
Other liabilities	4,830,400	-	4,830,400
Total current liabilities	30,433,922	4,714,591	35,148,513
Noncurrent liabilities:			
Compensated absences	39,053	135,934	174,987
Net pension liability	-	2,527,215	2,527,215
Net OPEB liability	-	683,658	683,658
Total noncurrent liabilities	39,053	3,346,807	3,385,860
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to pensions	-	399,740	399,740
Related to OPEB	-	282,901	282,901
Total deferred inflows of resources	-	682,641	682,641
<b>NET POSITION:</b>			
Net investment in capital assets	-	3,104,829	3,104,829
Restricted for:			
Net pension asset	-	36,542	36,542
Unrestricted	33,386,263	(7,392,825)	25,993,438
Total net position (deficit)	33,386,263	(4,251,454)	29,134,809
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 63,859,238</b>	<b>\$ 4,492,585</b>	<b>\$ 68,351,823</b>

## INTERNAL SERVICE FUNDS

Exhibit G-2

### Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the Fiscal Year Ended June 30, 2024

	Healthcare	Fleet Management	Total
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 91,333,175	\$ 12,078,987	\$ 103,412,162
Miscellaneous	1,230,009	102,793	1,332,802
Total operating revenues	<u>92,563,184</u>	<u>12,181,780</u>	<u>104,744,964</u>
<b>OPERATING EXPENSES:</b>			
Personal services	1,163,621	3,123,073	4,286,694
Healthcare costs	84,464,663	-	84,464,663
Cost of goods sold	-	6,143,740	6,143,740
Plant operations	-	4,711,655	4,711,655
Depreciation and amortization	-	396,408	396,408
Retirement and OPEB expense	115,338	389,091	504,429
Other	51,140	211,117	262,257
Total operating expenses	<u>85,794,762</u>	<u>14,975,084</u>	<u>100,769,846</u>
Operating income (loss), net	<u>6,768,422</u>	<u>(2,793,304)</u>	<u>3,975,118</u>
<b>NONOPERATING REVENUE / (EXPENSE):</b>			
Capital contributions	-	313,177	313,177
Gain (loss) on disposal of capital assets	-	(15,514)	(15,514)
Transfers out	(26,870)	(100,901)	(127,771)
Total Nonoperating Revenue (Expense)	<u>(26,870)</u>	<u>196,762</u>	<u>169,892</u>
Changes in net position	<u>6,741,552</u>	<u>(2,596,542)</u>	<u>4,145,010</u>
Net position (deficit) - beginning of year	<u>26,644,711</u>	<u>(1,654,912)</u>	<u>24,989,799</u>
Net position (deficit) - end of year	<u>\$ 33,386,263</u>	<u>\$ (4,251,454)</u>	<u>\$ 29,134,809</u>

Exhibit G-3

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Healthcare</b>	<b>Fleet Management</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 78,287,515	\$ 12,329,040	\$ 90,616,555
Payments to employees	(1,295,030)	(3,398,241)	(4,693,271)
Payments to suppliers	(82,208,873)	(10,738,358)	(92,947,231)
Other payments	(491,340)	1,908,460	1,417,120
Net cash provided by (used in) operating activities	<u>(5,707,728)</u>	<u>100,901</u>	<u>(5,606,827)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Interfund activity	(26,870)	(100,901)	(127,771)
Net increase (decrease) in cash and short-term investments	(5,734,598)	-	(5,734,598)
Cash and short-term investments - beginning of the year	51,253,061	-	51,253,061
Cash and short-term investments - end of the year	<u>\$ 45,518,463</u>	<u>\$ -</u>	<u>\$ 45,518,463</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities</b>			
Operating income (loss)	\$ 6,768,422	\$ (2,793,304)	\$ 3,975,118
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	-	396,408	396,408
Effect of changes in assets, deferred outflows and liabilities and deferred inflows:			
Receivables, net	(14,250,622)	147,260	(14,103,362)
Vouchers payable	1,815,590	117,037	1,932,627
Due from other funds	-	2,119,577	2,119,577
Accrued payroll	(16,071)	34,997	18,926
Net pension liability	-	78,926	78,926
Unearned revenue	(25,047)	-	(25,047)
Net cash provided by (used in) operating activities	<u>\$ (5,707,728)</u>	<u>\$ 100,901</u>	<u>\$ (5,606,827)</u>
<b>Noncash investing, capital, and financing activities:</b>			
Capital contributions	<u>\$ -</u>	<u>\$ 313,177</u>	<u>\$ 313,177</u>



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## Trust Funds and Custodial Funds

**Trust funds and Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds:**

The City has the following Trust Funds:

**Pension Trust Fund:** To account for the activities of the Employees' Retirement System (ERS) of the City, which accumulates resources for pension benefit payments to qualified employees and is a fiduciary fund.

**Pension Funding Trust Fund:** Established in fiscal year 2021 for the sole benefit of ERS to help offset potential volatility in the City's annual pension contribution.

The City has the following Custodial Funds:

**Sheriff's Inmate Funds:** To account for funds on behalf of the inmates to cover charges while they are incarcerated. Funds are returned directly to the inmates upon their release from jail.

**Due to Private Organizations:** To account for funds received on behalf of other organizations to be paid out to private organizations.

**Human Services:** To account for receipt of welfare checks, foster children support checks from the state and payments on behalf of individuals.

**Other Custodial Funds:** To account for other monies received on behalf of others and funds held on behalf of employees.

**Commonwealth of Virginia:** To account for monies collected by the City on behalf of the Commonwealth of Virginia.



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**Combining Statement of Fiduciary Net Position (Unaudited)**  
**Fiduciary Funds - Trust Funds**  
**For the Fiscal Year Ended June 30, 2024**

**ASSETS:**

Cash and short-term investments

Investments, fair value:

Fixed income securities

Equity securities

Balanced commingled funds:

Equity

Fixed income

Real estate

Hedge

Total investments

Receivables:

Accrued investment income

**Total assets****LIABILITIES:**

Vouchers payable

Total liabilities

**NET POSITION:**

Restricted for pension

Total net position (deficit)

**Total liabilities, deferred inflows of resources and net position**

	<b>Pension Trust For Employees' Retirement System</b>	<b>Pension Funding Trust</b>	<b>Total Trusts</b>
Cash and short-term investments	\$ 2,527,000	\$ 9,446,503	\$ 11,973,503
Investments, fair value:			
Fixed income securities	-	37,287,473	37,287,473
Equity securities	4,590,000	23,707,623	28,297,623
Balanced commingled funds:			
Equity	843,573,000	-	843,573,000
Fixed income	302,294,000	-	302,294,000
Real estate	102,502,000	-	102,502,000
Hedge	63,668,000	-	63,668,000
Total investments	<u>1,316,627,000</u>	<u>60,995,096</u>	<u>1,377,622,096</u>
Receivables:			
Accrued investment income	559,000	246,158	805,158
<b>Total assets</b>	<u>1,319,713,000</u>	<u>70,687,757</u>	<u>1,390,400,757</u>
<b>LIABILITIES:</b>			
Vouchers payable	3,994,000	-	3,994,000
Total liabilities	<u>3,994,000</u>	<u>-</u>	<u>3,994,000</u>
<b>NET POSITION:</b>			
Restricted for pension	1,315,719,000	70,687,757	1,386,406,757
Total net position (deficit)	<u>1,315,719,000</u>	<u>70,687,757</u>	<u>1,386,406,757</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 1,319,713,000</u></b>	<b><u>\$ 70,687,757</u></b>	<b><u>\$ 1,390,400,757</u></b>

**Combining Statement of Changes in Fiduciary Net Position (Unaudited)**  
**Fiduciary Funds - Trust Funds**  
**For the Fiscal Year Ended June 30, 2024**

**CHANGES TO NET POSITION ATTRIBUTED TO:****Additions:****Investment income:**

	Pension Trust For Employees' Retirement System	Pension Funding Trust	Total Trust
Net appreciation in fair value of investments	\$ 113,757,000	\$ 3,395,095	\$ 117,152,095
Interest	218,000	569,201	787,201
Dividends	5,884,000	1,357,812	7,241,812
Other	5,313,000	179,269	5,492,269
Less investment expense	(1,979,000)	(64,392)	(2,043,392)
Net investment income	<u>123,193,000</u>	<u>5,436,985</u>	<u>128,629,985</u>
Employer contributions	42,319,000	-	42,319,000
Employee contributions	8,036,000	-	8,036,000
Purchase of service	551,000	-	551,000
Total additions	<u>174,099,000</u>	<u>5,436,985</u>	<u>179,535,985</u>

**Deductions:****Benefit payments and expenses:**

Refunds of contributions	935,000	-	935,000
Benefits paid to plan members and beneficiaries	101,407,000	-	101,407,000
Administrative costs	948,000	10,355	958,355
Contributions to retirement system	-	8,716,323	8,716,323
Total deductions	<u>103,290,000</u>	<u>8,726,678</u>	<u>112,016,678</u>
Net change in net position	70,809,000	(3,289,693)	67,519,307

**NET POSITION RESTRICTED FOR PENSIONS:**

Net position - beginning of year	1,244,910,000	73,977,450	1,318,887,450
Net position - end of year	<u>\$ 1,315,719,000</u>	<u>\$ 70,687,757</u>	<u>\$ 1,386,406,757</u>

**Combining Statement of Fiduciary Net Position (Unaudited)**  
**Fiduciary Funds - Custodial Funds**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Sheriff's Inmate Funds</b>	<b>Due to Private Organizations</b>	<b>Human Services</b>	<b>Other Custodial Funds</b>	<b>Commonwealth of Virginia</b>	<b>Total</b>
<b>ASSETS:</b>						
Cash and short-term investments	\$ 3,301,710	\$ 6,682,352	\$ 127,720	\$ 2,338,075	\$ 2,126,117	\$ 14,575,974
Total cash and investments	3,301,710	6,682,352	127,720	2,338,075	2,126,117	14,575,974
Receivables:						
Other	-	-	-	110,456	-	110,456
<b>Total assets</b>	<b>3,301,710</b>	<b>6,682,352</b>	<b>127,720</b>	<b>2,448,531</b>	<b>2,126,117</b>	<b>14,686,430</b>
<b>LIABILITIES:</b>						
Vouchers payable	-	-	-	244,289	-	244,289
Due to other agencies	-	-	-	-	219,169	219,169
Total liabilities	-	-	-	244,289	219,169	463,458
<b>NET POSITION:</b>						
Restricted for individuals, organizations and others	3,301,710	6,682,352	127,720	2,204,242	1,906,948	14,222,972
Total net position (deficit)	3,301,710	6,682,352	127,720	2,204,242	1,906,948	14,222,972
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 3,301,710</b>	<b>\$ 6,682,352</b>	<b>\$ 127,720</b>	<b>\$ 2,448,531</b>	<b>\$ 2,126,117</b>	<b>\$ 14,686,430</b>

**Combining Statement of Changes in Fiduciary Net Position (Unaudited)**  
**Fiduciary Funds - Custodial Funds**  
**For the Fiscal Year Ended June 30, 2024**

	<b>Sheriff's Inmate Funds</b>	<b>Due to Private Organizations</b>	<b>Human Services</b>	<b>Other Custodial Funds</b>	<b>Commonwealth of Virginia</b>	<b>Total</b>
<b>CHANGES TO NET POSITION ATTRIBUTED TO:</b>						
<b>Additions:</b>						
Deposits received on behalf of others	\$ -	\$ 2,796,595	\$ -	\$ 2,027,645	\$ -	\$ 4,824,240
Event deposits	-	33,354,166	-	-	-	33,354,166
Meal tax (bond) deposits	-	-	-	131,248	-	131,248
Other deposits	-	-	-	835,354	1,187,886	2,023,240
Prisoner holdings deposits	2,105,909	-	-	-	-	2,105,909
State forfeitures	-	-	-	-	225,448	225,448
State receipts for other individuals	-	-	52,316	-	-	52,316
Taxes and fees	-	-	-	-	625,627	625,627
Total additions	2,105,909	36,150,761	52,316	2,994,247	2,038,961	43,342,194
<b>Deductions:</b>						
Event disbursements	-	30,704,192	-	-	-	30,704,192
Meal tax (bond) disbursements	-	-	-	116,438	-	116,438
Other disbursements	-	-	-	2,694,440	1,078,959	3,773,399
Pass through payments	-	3,593,527	-	-	-	3,593,527
Payable to the state	-	-	33,792	-	898,657	932,449
Prisoner holdings disbursements	2,189,778	-	-	-	-	2,189,778
Total deductions	2,189,778	34,297,719	33,792	2,810,878	1,977,616	41,309,783
Net change in net position	(83,869)	1,853,042	18,524	183,369	61,345	2,032,411
<b>NET POSITION:</b>						
Net position - beginning of year	3,385,579	4,829,310	109,196	2,020,873	1,845,603	12,190,561
Net position - end of year	\$ 3,301,710	\$ 6,682,352	\$ 127,720	\$ 2,204,242	\$ 1,906,948	\$ 14,222,972

# **Schedule of Revenues and Expenditures**

## **Budget and Actual**

- Special Revenue Funds •
- Internal Service Funds •
- Capital Projects Fund •
- Grants Fund •



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Exhibit J-1

**Schedule of Revenues and Expenditures - Budget and Actual  
Towing and Recovery Operations Special Revenue Fund  
For the Fiscal Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
REVENUES:			
Use of money and property	\$ 335	\$ -	\$ (335)
Charges for services	1,655,000	1,804,381	149,381
Miscellaneous	100	-	(100)
Intergovernmental federal	-	2,665	2,665
Rollover from last year <sup>(1)</sup>	158,352	158,352	-
Total revenue	<u>\$ 1,813,787</u>	<u>\$ 1,965,398</u>	<u>\$ 151,611</u>
EXPENDITURES AND TRANSFERS:			
Towing and recovery	\$ 1,634,131	\$ 1,342,947	\$ 291,184
Transfer out (Debt Service)	129,773	159,741	(29,968)
Transfer out (General fund)	49,883	16,217	33,666
Total expenditures	<u>\$ 1,813,787</u>	<u>\$ 1,518,905</u>	<u>\$ 294,882</u>

**Note:**

1. Not considered as revenue on a U.S. GAAP basis

**Schedule of Revenues and Expenditures - Budget and Actual  
Golf Special Revenue Fund  
For the Fiscal Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual Budgetary Basis</u>	<u>Positive (Negative) Variance</u>
REVENUES:			
Use of money and property	\$ 15,000	\$ 42,924	\$ 27,924
EXPENDITURES:			
Golf operations	\$ 15,000	\$ 9,000	\$ 6,000

## SPECIAL REVENUE FUNDS

### Schedule of Revenues and Expenditures - Budget and Actual Cemeteries Special Revenue Fund For the Fiscal Year Ended June 30, 2024

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
REVENUES:			
Charges for services	\$ 1,890,273	\$ 1,547,489	\$ (342,784)
Miscellaneous	525	16,936	16,411
Transfer in	329,252	739,332	410,080
Total revenue	<u>\$ 2,220,050</u>	<u>\$ 2,303,757</u>	<u>\$ 83,707</u>
EXPENDITURES:			
Cemetery operations	\$ 2,172,213	\$ 2,257,605	\$ (85,392)
Transfer out (Debt Service)	47,837	-	47,837
Transfer out (General fund)	-	46,152	(46,152)
Total expenditures	<u>\$ 2,220,050</u>	<u>\$ 2,303,757</u>	<u>\$ (83,707)</u>

Exhibit J-1

### Schedule of Revenues and Expenditures - Budget and Actual Public Amenities Special Revenue Fund For the Fiscal Year Ending June 30, 2024

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
REVENUES:			
Taxes-Hotel & Restaurant	\$ 8,515,000	\$ 9,179,224	\$ 664,224
Intergovernmental - state	136,000	176,856	40,856
Total revenue	<u>\$ 8,651,000</u>	<u>\$ 9,356,080</u>	<u>\$ 705,080</u>
EXPENDITURES AND TRANSFERS:			
Transfer out (Debt Service)	\$ 4,534,676	\$ 4,534,676	\$ -
Transfer out (General fund)	3,500,000	3,500,000	\$ -
All purpose	616,324	387,878	228,446
Total expenditures	<u>\$ 8,651,000</u>	<u>\$ 8,422,554</u>	<u>\$ 228,446</u>

### Schedule of Revenues and Expenditures - Budget and Actual Tax Increment Financing Special Revenue Fund For the Fiscal Year Ended June 30, 2024

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
REVENUES:			
Taxes-real property	<u>\$ 8,536,000</u>	<u>\$ 8,536,000</u>	<u>\$ -</u>
EXPENDITURES AND TRANSFERS:			
Transfer out (Debt Service)	\$ 1,500,000	\$ 1,500,000	\$ -
Transfer out (General fund)	7,036,000	7,036,000	\$ -
Total expenditures	<u>\$ 8,536,000</u>	<u>\$ 8,536,000</u>	<u>\$ -</u>

Exhibit J-1

**Schedule of Revenues and Expenditures - Budget and Actual  
Community Development Fund  
For the Fiscal Year Ended June 30, 2024**

	<b>Budget</b>	<b>Actual Budgetary Basis</b>	<b>Positive (Negative) Variance</b>
<b>REVENUES:</b>			
Intergovernmental Federal	\$ 4,589,454	\$ 6,611,459	\$ 2,022,005
<b>EXPENDITURES:</b>			
Operations	\$ 4,589,454	\$ 6,611,459	\$ (2,022,005)

**Note:**

Budget for the Community Development fund are from the current year annual plan and can be expensed over multiple years

**Schedule of Revenues and Expenditures - Budget and Actual  
Waste Management Special Revenue Fund  
For the Fiscal Year Ended June 30, 2024**

	<b>Budget</b>	<b>Actual Budgetary Basis</b>	<b>Positive (Negative) Variance</b>
<b>REVENUES:</b>			
Use of money and property	\$ 11,000	\$ 5,625	\$ (5,375)
Charges for services	23,292,692	21,281,870	(2,010,822)
Miscellaneous	10,100	38,369	28,269
Recovered cost	443,201	376,964	(66,237)
<b>Total revenue</b>	<b>\$ 23,756,993</b>	<b>\$ 21,702,828</b>	<b>\$ (2,054,165)</b>
<b>EXPENDITURES AND TRANSFERS:</b>			
Public works	\$ 23,609,932	\$ 22,667,827	\$ 942,105
Transfer out (Debt Service)	99,614	123,248	(23,634)
Transfer out (General fund)	47,447	211,087	(163,640)
<b>Total expenditures</b>	<b>\$ 23,756,993</b>	<b>\$ 23,002,162</b>	<b>\$ 754,831</b>

## INTERNAL SERVICE FUNDS

Exhibit J-2

### Schedule of Revenues and Expenditures - Budget and Actual Fleet Internal Service Fund For the Fiscal Year Ended June 30, 2024

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
<b>REVENUES:</b>			
Use of money and property	\$ 3,500	\$ -	\$ (3,500)
Charges for services	27,029,642	12,078,987	(14,950,655)
Miscellaneous & capital contributions	137,230	87,279	(49,951)
Rollover from last year <sup>(1)</sup>	1,059,618	1,059,618	-
<b>Total revenue</b>	<b>\$ 28,229,990</b>	<b>\$ 13,225,884</b>	<b>\$ (15,004,106)</b>
<b>EXPENDITURES:</b>			
Fleet	\$ 26,828,188	\$ 14,975,084	\$ (11,853,104)
Transfer out	201,802	100,901	(100,901)
<b>Total expenditures</b>	<b>\$ 27,029,990</b>	<b>\$ 15,075,985</b>	<b>\$ (11,954,005)</b>

**Note:**

1. Not considered as revenue on a U.S. GAAP basis

### Schedule of Revenues and Expenditures - Budget and Actual Healthcare Management Internal Service Fund For the Fiscal Year Ended June 30, 2024

	Budget	Actual Budgetary Basis	Positive (Negative) Variance
<b>REVENUES:</b>			
Charges for services	\$ 105,700,538	\$ 91,333,175	\$ (14,367,363)
Miscellaneous & capital contributions	-	1,230,009	(1,230,009)
<b>Total revenue</b>	<b>\$ 105,700,538</b>	<b>\$ 92,563,184</b>	<b>\$ (15,597,372)</b>
<b>EXPENDITURES:</b>			
Healthcare	\$ 105,673,668	\$ 85,794,762	\$ 19,878,906
Transfer out (Debt Service)	26,870	26,870	-
<b>Total expenditures</b>	<b>\$ 105,700,538</b>	<b>\$ 85,821,632</b>	<b>\$ 19,878,906</b>

**Capital Improvement Program**  
**Schedule of Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2024**

	Expenditures				
	Project Budget	Prior Years	Current	Total	Available
Community Development					
Neighborhood Project Development	\$ 30,935,000	\$ 4,450,130	\$ 4,496,095	\$ 8,946,225	\$ 21,988,775
Neighborhood Conservation Revitalization	50,800,203	48,789,432	272,652	49,062,084	1,738,119
Broad Creek Renaissance	32,631,300	28,156,998	-	28,156,998	4,474,302
Neighborhood commercial Improvements	80,998,695	81,092,547	882,024	81,974,571	(975,876)
Create Special Service Areas	744,950	493,585	-	493,585	251,365
Convert Street Lights to LED	5,275,000	367,465	459,163	826,628	4,448,372
Improve Emerging Districts	19,150,000	5,192,528	8,059,831	13,252,359	5,897,641
Improve Road Infrastructure in St. Paul's Area	17,223,839	2,742,738	2,346,181	5,088,919	12,134,920
Maintain Sidewalks Citywide	1,300,000	1,150,289	45,317	1,195,606	104,394
Improve Infrastructure at Moton Circle	750,000	3,000	-	3,000	747,000
Support Blue/Greenway Amenities in St. Paul's Area	2,000,000	-	-	-	2,000,000
Design Berkley Square Complex	1,000,000	-	-	-	1,000,000
Other	974,774	974,774	-	974,774	-
Community Development Total	\$ 243,783,761	\$ 173,413,486	\$ 16,561,263	\$ 189,974,749	\$ 53,809,012
Cultural Facilities					
Attucks Theatre Renovations	\$ 2,550,629	\$ 2,558,762	\$ 4,309,453	\$ 2,558,762	\$ (8,133)
Scope and Chrysler Hall Improvements	38,837,779	26,457,273	-	30,766,726	8,071,053
Chrysler Museum Improvements	15,208,912	15,066,111	-	15,066,111	142,801
Civic Building Improvements	1,278,681	1,217,017	-	1,217,017	61,664
Conference Center	68,911,437	65,619,457	-	65,619,457	3,291,980
Harrison Opera House Improvements	404,856	404,856	-	404,856	-
MacArthur Memorial Improvements	2,658,969	2,658,969	-	2,658,969	-
Nauticus/Maritime Center Improvements	13,837,500	4,324,619	6,000,000	10,324,619	3,512,881
Fund Nauticus Capital Campaign	1,000,000	-	-	-	1,000,000
USS Wisconsin Improvements	15,194,974	13,403,436	241,127	13,644,563	1,550,411
Replace Cruise Terminal Passenger Boarding Bridge	700,000	3,099,671	37,078	3,136,749	(2,436,749)
Maintain Wells Theatre	750,000	750,000	-	750,000	-
Fund Norfolk Botanical Garden's Capital Campaign	2,500,000	-	2,500,000	2,500,000	-
Fund Virginia Arts Festival capital campaign	1,000,000	-	1,000,000	1,000,000	-
Other	8,907,578	5,862,035	-	5,862,035	3,045,543
Cultural Facilities Total	\$ 173,741,315	\$ 141,422,206	\$ 14,087,658	\$ 155,509,864	\$ 18,231,451
Economic Development					
Acquire/Dispose/Upgrade City Properties	\$ 112,940,463	\$ 90,939,652	\$ 3,387,001	\$ 94,326,653	\$ 18,613,810
Nauticus/Cruise Terminal Development	50,550,000	37,329,327	652,484	37,981,811	12,568,189
Huntersville Redevelopment	1,000,000	924,423	-	924,423	75,577
Wachovia Center Development	3,553,101	3,553,101	-	3,553,101	-
Kroc Center Development	4,000,000	3,994,779	-	3,994,779	5,221
Support CHKD Pediatric Mental Health Hospital	3,000,000	3,000,000	-	3,000,000	-
Improve Former Greenies Site	2,500,000	107,782	165,369	273,151	2,226,849
Renovate Selden Market	1,500,000	-	-	-	1,500,000
Implement Norfolk Green Fund	300,000	60,398	64,602	125,000	175,000
Other	16,553,258	16,065,758	-	16,065,758	487,500
Economic Development Total	\$ 195,896,822	\$ 155,975,220	\$ 4,269,456	\$ 160,244,676	\$ 35,652,146
General/Other					
Campostella Landfill Closure	\$ 6,500,000	\$ 4,281,598	\$ 479,197	\$ 4,760,795	\$ 1,739,205
Control Beach Erosion	40,909,700	40,828,863	1,148	40,830,011	79,689
Transfer to Debt Service	1,600,000	6,814,713	-	6,814,713	(5,214,713)
Integrated Financial Management System Implementation	5,900,224	5,900,407	-	5,900,407	(183)
Waterway Dredging Projects	10,609,487	6,765,477	568,165	7,333,642	3,275,845
Conservation and Green Vision Implementation	5,377,373	4,877,374	-	4,877,374	499,999
Public Safety Radio Communication System Upgrade	4,703,668	4,703,668	-	4,703,668	-
Upgrade and Expand Broadband Infrastructure	3,000,000	612,751	-	612,751	2,387,249
Acquire Technology	21,746,143	11,749,666	1,625,389	13,375,055	8,371,088
Support Major Demolitions	12,000,000	711,147	572,191	1,283,338	10,716,662
Construct a Downtown Flood Wall	91,628,800	1,961,007	26,487,899	28,448,906	63,179,894
Support Citywide Signage Improvements	1,550,000	-	-	-	1,550,000
Other	34,358,367	19,103,357	-	19,103,357	15,255,010
General/Other Total	\$ 239,883,762	\$ 108,310,028	\$ 29,733,989	\$ 138,044,017	\$ 101,839,745
Public Buildings and Facilities					
Fire Station Emergency Generation Program	\$ 14,850,188	\$ 11,365,542	\$ 1,549,452	\$ 12,914,994	\$ 1,935,194
Infrastructure Improvements	49,835,473	12,742,766	(44,342)	12,698,424	37,137,049
Annual Roof Maintenance	9,678,652	180,393	-	180,393	9,498,259
Library Facilities - Anchor Branch	20,476,238	20,096,375	-	20,096,375	379,863
Police Precinct Replacement	20,328,986	-	-	-	20,328,986
Courts Replacement and Renovations	122,620,168	115,704,530	6,132,161	121,836,691	783,477
Jail Renovations	18,262,510	973,238	831,781	1,805,019	16,457,491
Selden Arcade Renovations	8,400,543	-	-	-	8,400,543
City Hall Building Renovations	44,403,839	28,453,993	6,550,357	35,004,350	9,399,489
Tow Yard Acquisition	697,045	-	-	-	697,045
Fire Facilities Replacement/Improvements	14,259,541	13,755,203	287,178	14,042,381	217,160

**Capital Improvement Program**  
**Schedule of Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2024**

<b>Expenditures</b>					
	<b>Project Budget</b>	<b>Prior Years</b>	<b>Current</b>	<b>Total</b>	<b>Available</b>
Police Training Facilities	656,000				656,000
Main Library Construction	69,727,997	67,466,575		67,466,575	2,261,422
Design/Construct Government Center Plaza	4,749,980				4,749,980
Construct Southside Library	7,100,000	4,904,187		4,904,187	2,195,813
Acquire Equipment and Technology	11,191,100	3,441,561		3,441,561	7,749,539
Create Gender-Neutral Restroom in City Hall	42,000	20,613		20,613	21,387
Improve Cemeteries Infrastructure	1,050,000	464,090		464,090	585,910
Improve Marriott Waterside Conference Center (PA)	6,500,000	131,491		131,491	6,368,509
Improve Waste Management Facilities	1,000,000	189,748		189,748	810,252
Renovate the School Administration Building	3,900,000	1,676,613	159,510	1,836,123	2,063,877
Upgrade Security at City Facilities	2,610,000	838,549	487,439	1,325,988	1,284,012
Improve Animal Care Center Infrastructure	500,000				500,000
Renovate Magistrate's Office	550,000	456,378		456,378	93,622
Repair and Replace Underground Storage Tanks	100,000				100,000
Replace Fire Station 11	5,400,000	36,872	10,112	46,984	5,353,016
Relocate the City's Data Center	6,000,000	3,337,510	217,182	3,554,692	2,445,308
Replace Chiller at Central Energy Plant	800,000	687,435	112,565	800,000	
Other	53,201,772	25,077,236	7,807,434	32,884,670	20,317,102
Public Buildings and Facilities Total	<u>\$ 498,892,032</u>	<u>\$ 312,000,898</u>	<u>\$ 24,100,829</u>	<u>\$ 336,101,727</u>	<u>\$ 162,790,305</u>
<hr/>					
Parks/Recreational Facilities					
Zoo Master Plan	\$ 29,957,037	\$ 27,648,020	\$ 60,143	\$ 27,708,163	\$ 2,248,874
Titus town Recreation Center Improvements	3,550,000	3,000,000		3,000,000	550,000
Botanical Gardens	2,494,413	2,494,412			2,494,412
Existing Recreation Center Improvements	20,049,561	14,501,212	4,538	14,505,750	5,543,811
Norview Recreation Center	7,947,756	7,947,756		7,947,756	
Lambert's Point Golf Course	9,050,000	9,050,000		9,050,000	
Lambert's Point Community and Recreation Center	6,715,893	6,715,893		6,715,893	
Harbor Park Improvements	9,124,747	6,547,923	1,183,922	7,731,845	1,392,902
Athletic Field Renovations	3,185,903	2,685,903	30,924	2,716,827	469,076
Norfolk Fitness & Wellness Center Renovations	1,803,669	1,803,669		1,803,669	
Broad Creek & Westside Neighborhood Parks	2,610,062	2,610,012		2,610,012	50
Town Point Park Improvements	11,478,749	11,478,749		11,478,749	
Martin Luther King Park	116,020	116,020		116,020	
Waterside Waterfront Renovations	8,671,789	8,391,626	154,703	8,546,329	125,460
Ingleside Gymnasium	1,695,874	1,695,874		1,695,874	
Southside Boys & Girls Club Improvements	1,500,000	1,500,000		1,500,000	
Construct Park along East Water Street	500,000	499,748		499,748	252
Design Combination Rec & Library Facility at NFVC	69,550,000	142,835	61,912	204,747	69,345,253
Improve Huntersville Park Site	700,000	25,622	409,269	434,891	265,109
Support Outdoor Athletic Field Lighting	2,250,000	288,969	1,250,102	1,539,071	710,929
Transform Northside Park	5,000,000		61,535	61,535	4,938,465
Construct Public Boat Ramp on Pretty Lake	3,000,000	1,350	41,219	42,569	2,957,431
Construct Wooden Fishing Pier at Granby Street Bridge	1,285,000		139,648	139,648	1,145,352
Implement Ocean View Beach Access Routes	400,000				400,000
Other	14,192,410	13,855,320		13,855,320	337,090
Parks/Recreational Facilities Total	<u>\$ 216,828,883</u>	<u>\$ 123,000,913</u>	<u>\$ 3,397,915</u>	<u>\$ 126,398,828</u>	<u>\$ 90,430,054</u>
<hr/>					
Schools					
Blair Middle School Replacement	\$ 7,071,710	\$ 7,071,710	\$ -	\$ 7,071,710	\$ -
Norfolk Public School Initiative	5,265,000	5,263,456		5,263,456	1,544
Norview High School Construction	29,865,659	29,865,659		29,865,659	
Southside Middle School	1,535,212	1,313,413		1,313,413	221,799
High School Athletic Field	1,495,091	1,495,091		1,495,091	
Coleman Place Elementary Replacement	20,293,970	20,293,970		20,293,970	
Crossroads Elementary Replacement	34,108,313	31,673,981		31,673,981	2,434,332
Larchmont Elementary School	23,109,625	22,834,870		22,834,870	274,755
Ocean View Elementary School	22,847,436	21,809,362		21,809,362	1,038,074
Campostella STEM Academy	35,629,524	34,059,741		34,059,741	1,569,783
Broad Creek Elementary School	21,961,042	21,478,941		21,478,941	482,101
Camp Allen Elementary School	30,431,984	26,505,159		26,505,159	3,926,825
Construct Maury High School	40,000,000				40,000,000
Renovate Booker T. Washington High School	43,536,700				43,536,700
Schools Other	135,212,379	58,156,325	7,807,678	65,964,003	69,248,376
Schools Total	<u>\$ 452,363,645</u>	<u>\$ 281,821,678</u>	<u>\$ 7,807,678</u>	<u>\$ 289,629,356</u>	<u>\$ 162,734,289</u>

Exhibit J-3

**Capital Improvement Program**  
**Schedule of Expenditures - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2024**

	Expenditures				
	Project Budget	Prior Years	Current	Total	Available
Transportation					
Old Dominion University Master Plan	\$ 10,304,204	\$ 5,610,091	\$ -	\$ 5,610,091	\$ 4,694,113
VDOT Urban Support	9,773,025	8,806,375	380,483	9,186,858	586,167
Bridge Maintenance & Repair Program	56,684,519	39,722,878	1,250,363	40,973,241	15,711,278
Signal & Intersection Enhancements	16,806,765	13,623,456	400,311	14,023,767	2,782,998
Citywide Soundwall Program	8,405,303	8,403,332	-	8,403,332	1,971
Neighborhood Streets Improvements	85,897,088	79,644,236	751,830	80,396,066	5,501,022
Atlantic City Development	14,356,810	13,899,027	-	13,899,027	457,783
Citywide Boat Ramp Improvements	3,288,822	2,814,928	262,739	3,077,667	211,155
Construct Light Rail	105,010,914	70,303,888	-	70,303,888	34,707,026
Develop Multi-Modal Transfer Station at Harbor Park	4,348,573	3,846,809	-	3,846,809	501,764
Install New Sidewalks	2,550,000	588,055	-	588,055	1,961,945
Rehabilitate Hampton Boulevard Bridge	7,700,000	4,712,251	2,837,528	7,549,779	150,221
Install ADA Ramps Citywide	2,000,000	763,694	-	763,694	1,236,306
Improve Colonial Avenue for Pedestrians	550,000	14,846	28,169	43,015	506,985
Reconstruct Westminster Avenue	1,000,000	-	67,697	67,697	932,303
Install Signals at Virginia Beach Blvd and Winburne Ln Intersection	800,000	-	-	-	800,000
Install Traffic Signals at Hampton Boulevard and Jamestown Crescent	930,000	61,134	51,106	112,240	817,760
Rehabilitate Shore Drive Bridge over Little Creek	1,500,000	26,268	67,592	93,860	1,406,140
Support Citywide Resurfacing	6,000,000	955,680	5,041,395	5,997,075	2,925
Other	35,098,348	26,633,856	-	26,633,856	8,464,492
Transportation Total	\$ 373,004,371	\$ 280,430,804	\$ 11,139,213	\$ 291,570,017	\$ 81,434,354
Grand Total	\$ 2,394,394,591	\$ 1,576,375,233	\$ 111,098,001	\$ 1,687,473,234	\$ 706,921,356

**Schedule of Revenues and Expenditures, Budget and Actual  
Grants Special Revenue Fund  
From Inception through June 30, 2024**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual - Budgetary Basis</b>	<b>Variance</b>
<b>REVENUES:</b>				
Fines and forfeitures	\$ 2,806,000	\$ -	\$ 10,000	\$ 10,000
Use of money and property	- -	- -	6,545,820	6,545,820
Charges for services	- -	- -	102,949	102,949
Miscellaneous	- -	- -	3,513,214	3,513,214
Transfer in	5,340,632	- -	1,181,221	1,181,221
Intergovernmental	78,351,609	135,437,160	72,722,724	(62,714,436)
<b>Total revenues</b>	<b><u>\$ 86,498,241</u></b>	<b><u>\$ 135,437,160</u></b>	<b><u>\$ 84,075,928</u></b>	<b><u>\$ (51,361,232)</u></b>
<b>EXPENDITURES:</b>				
Current				
General government	\$ 247,000	\$ - -	\$ - -	\$ - -
Judicial administration	5,144,432	5,959,388	2,832,933	3,126,455
Public safety	7,098,700	4,774,757	32,158,698	(27,383,941)
Public works	46,731,609	75,882,432	13,156,992	62,725,440
Health and public assistance	26,822,000	35,203,484	20,917,532	14,285,952
Culture and recreation	374,500	7,025,122	632,458	6,392,664
Community development	80,000	6,591,977	7,171,533	(579,556)
<b>Total Expenditures</b>	<b><u>\$ 86,498,241</u></b>	<b><u>\$ 135,437,160</u></b>	<b><u>\$ 76,870,146</u></b>	<b><u>\$ 58,567,014</u></b>

**Notes:**

Original Budget - Annual Grants Plan in Budget Book

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



# **Statistical Section (Unaudited)**

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## STATISTICAL SECTION

This section of the City of Norfolk's annual comprehensive financial report provides detailed historical and economic information for users of the financial statements, notes to the financial statements, and required supplementary information for the purpose of assessing and evaluating the City's economic condition.

**Financial Trends Information** – These schedules provide information on the City's net assets, changes to net assets and fund balance for assessing the changes in financial position over time.

**Revenue Capacity Information** – These schedules provide information on the City's ability to generate revenue, specifically property tax revenue (the major source of revenue for governmental activities).

**Debt Capacity Information** – These schedules provide information on the City's outstanding debt, debt limitations and the ability to leverage and pay future debt.

**Demographic and Economic Information** – These schedules provide information about the environment in which the City operates.

**Operating Information** – These schedules provide operating information related to the City's infrastructure, assets and services provided by function.

**Sources:** Unless otherwise noted, the information in these statistical schedules is from the annual comprehensive financial reports for the relevant years.



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**Financial Trends Information**  
**Schedule I**  
**Net Position by Category**  
**Last Ten Fiscal Years**  
**(Amounts in thousands)**

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	restated <sup>(1)</sup>									
Governmental activities:										
Net investment in capital assets	\$ 428,380	\$ 386,641	\$ 365,913	\$ 351,887	\$ 382,093	\$ 384,078	\$ 374,478	\$ 372,139	\$ 448,924	\$ 520,426
Restricted	10,485	12,412	12,042	6,485	6,690	9,094	8,217	8,048	18,777	29,826
Unrestricted	(217,542)	(153,467)	(124,543)	(108,368)	(109,199)	(148,756)	(177,514)	(24,679)	72,416	73,402
Subtotal governmental activities net position	221,323	245,586	253,412	250,004	279,584	244,416	205,180	355,508	540,118	623,655
Business-type activities: <sup>(2)</sup>										
Net investment in capital assets	266,206	301,340	342,470	330,979	364,975	406,149	451,059	535,599	590,892	585,796
Restricted	29,610	31,766	35,237	36,017	28,501	29,946	32,588	28,914	33,389	37,630
Unrestricted	100,988	85,668	59,766	98,533	102,475	121,751	113,452	104,802	92,446	145,332
Subtotal business-type activities net position	396,804	418,774	437,473	465,529	495,951	557,846	597,099	669,315	716,728	768,757
Primary government:										
Net investment in capital assets	694,586	687,981	708,383	682,866	747,068	790,227	825,537	907,738	1,039,816	1,106,222
Restricted	40,095	44,178	47,279	42,502	35,191	39,040	40,805	36,963	52,166	67,456
Unrestricted	(116,554)	(67,799)	(64,777)	(9,835)	(6,724)	(27,005)	(64,062)	80,123	164,863	218,734
Total primary government net position	<u>\$ 618,127</u>	<u>\$ 664,360</u>	<u>\$ 690,885</u>	<u>\$ 715,533</u>	<u>\$ 775,535</u>	<u>\$ 802,262</u>	<u>\$ 802,279</u>	<u>\$ 1,024,823</u>	<u>\$ 1,256,845</u>	<u>\$ 1,392,411</u>

**Notes:**

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

**Financial Trends Information**  
**Schedule 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Amounts in thousands)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Program Revenue</b>										
<b>Governmental activities:</b>										
Charges for services										
General government	\$ 7,152	\$ 4,642	\$ 4,822	\$ 4,728	\$ 7,267	\$ 6,069	\$ 8,057	\$ 7,812	\$ 8,008	\$ 7,336
Judicial administration	2,938	2,729	2,688	2,507	2,396	1,896	22,659	23,772	25,000	26,614
Public safety	7,563	8,307	8,364	7,802	8,504	8,067	11,727	12,230	15,770	15,105
Public works	41,821	42,341	40,322	41,185	40,169	23,242	25,330	24,484	25,629	25,782
Health and public assistance	5,577	6,310	6,390	6,385	5,498	5,928	5,374	6,067	7,445	12,849
Culture and recreation	8,948	10,054	9,835	9,305	9,810	6,817	3,448	7,894	9,541	10,620
Community development	2,557	2,370	2,511	1,264	2,244	2,510	1,872	1,946	4,317	720
Capital grants and contributions <sup>(2)</sup>	1,000	5,672	5,941	11,954	3,806	(25,255)	1,983	(5)	14,508	274
Operating grants and contributions	125,802	132,611	135,194	151,519	142,804	161,602	207,936	233,842	201,095	165,152
Total governmental activities program revenue	<u>203,358</u>	<u>215,036</u>	<u>216,067</u>	<u>236,649</u>	<u>222,498</u>	<u>190,876</u>	<u>288,386</u>	<u>318,042</u>	<u>311,313</u>	<u>264,452</u>
<b>Business-type activities:</b>										
Charges for services										
Water utility	82,996	80,749	84,529	86,942	111,546	91,377	95,239	103,716	107,264	114,142
Wastewater utility	28,144	27,823	29,065	30,201	31,222	31,705	32,120	35,334	35,521	37,593
Parking facilities	19,520	19,612	20,577	22,148	22,324	19,953	18,073	19,229	20,618	18,647
Storm Water utility	N/A	N/A	N/A	N/A	N/A	21,666	22,393	22,389	23,365	24,649
Capital grants and contributions <sup>(2)</sup>	3,006	338	188	144	381	26,705	-	-	6,813	940
Total business-type activities program revenue	<u>133,666</u>	<u>128,522</u>	<u>134,359</u>	<u>139,435</u>	<u>165,473</u>	<u>191,406</u>	<u>167,825</u>	<u>180,668</u>	<u>193,581</u>	<u>195,971</u>
Total primary government program revenues	<u>337,024</u>	<u>343,558</u>	<u>350,426</u>	<u>376,084</u>	<u>387,971</u>	<u>382,282</u>	<u>456,211</u>	<u>498,709</u>	<u>504,894</u>	<u>460,423</u>
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	126,959	130,550	155,159	152,832	157,320	157,801	150,511	142,589	163,079	184,796
Judicial administration	49,056	51,926	55,547	57,118	46,124	48,443	47,505	47,384	61,730	57,359
Public safety	120,710	119,828	133,378	160,378	138,890	153,190	102,697	135,156	135,118	161,393
Public works	81,171	79,200	80,825	69,194	66,079	61,612	57,246	58,041	85,373	89,245
Health and public assistance	86,776	85,730	89,103	87,827	91,735	97,275	76,088	90,165	96,770	98,091
Culture and recreation	58,443	60,064	62,996	46,799	58,962	64,901	35,794	54,751	64,618	67,087
Community development	13,040	16,734	15,402	23,320	29,381	40,728	66,151	71,342	45,021	39,800
Education	117,722	114,769	114,972	131,137	136,660	135,699	112,363	138,902	118,263	154,788
Interest on long-term debt	22,060	22,950	19,326	24,965	28,817	24,998	29,876	25,474	30,084	30,190
Total government activities expenses	<u>675,937</u>	<u>681,751</u>	<u>726,708</u>	<u>753,570</u>	<u>753,968</u>	<u>784,647</u>	<u>678,231</u>	<u>763,804</u>	<u>800,056</u>	<u>882,750</u>
<b>Business-type activities:</b>										
Water utility	59,448	59,415	65,319	61,276	63,967	65,534	63,489	47,456	74,370	77,837
Wastewater utility	19,142	19,226	22,072	21,012	20,201	21,082	21,087	16,424	23,191	22,840
Parking facilities	20,045	20,651	21,078	23,084	25,365	24,850	20,031	12,079	21,814	23,610
Storm Water utility <sup>(1)(2)</sup>	N/A	N/A	N/A	N/A	N/A	13,239	16,331	14,858	20,145	22,019
Total business-type activities expenses	<u>98,635</u>	<u>99,292</u>	<u>108,469</u>	<u>105,372</u>	<u>109,533</u>	<u>124,705</u>	<u>120,938</u>	<u>90,818</u>	<u>139,520</u>	<u>146,307</u>
Total primary government expenses	<u>774,572</u>	<u>781,043</u>	<u>835,177</u>	<u>858,942</u>	<u>863,501</u>	<u>909,352</u>	<u>799,169</u>	<u>854,621</u>	<u>939,576</u>	<u>1,029,056</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	(472,579)	(466,715)	(510,641)	(516,921)	(531,470)	(593,771)	(389,845)	(445,762)	(488,743)	(618,298)
Business-type activities	35,031	29,230	25,890	34,063	55,940	66,701	46,887	89,850	54,061	49,664
Total primary government net expense	<u>\$ (437,548)</u>	<u>\$ (437,485)</u>	<u>\$ (484,751)</u>	<u>\$ (482,858)</u>	<u>\$ (475,530)</u>	<u>\$ (527,070)</u>	<u>\$ (342,958)</u>	<u>\$ (355,912)</u>	<u>\$ (434,682)</u>	<u>\$ (568,634)</u>

**Notes:**

1. Beginning in fiscal year 2020, the Storm Water Special Revenue Fund was converted to an Enterprise Fund.
2. The contribution to the Storm Water utility fund identified as a "special item" on the Statement of Activities is included in capital grants and contributions in fiscal year 2020.

**Financial Trends Information**  
**Schedule 2-I**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Amounts in thousands)**

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
General Revenue and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real estate and personal property	\$ 263,490	\$ 263,395	\$ 271,461	\$ 277,132	\$ 303,623	\$ 316,998	\$ 329,293	\$ 357,257	\$ 395,915	\$ 392,895
Consumption utility	42,961	41,849	41,452	41,292	39,947	38,890	36,767	31,207	37,134	34,718
Sales and use	29,981	30,330	31,185	32,799	33,259	35,395	39,525	42,726	44,955	45,776
Restaurant food	32,634	34,224	34,934	37,990	39,210	35,284	36,384	43,567	48,332	48,989
Business licenses	28,640	28,935	30,557	28,529	29,929	29,916	31,620	32,645	34,436	36,390
Cigarette	7,821	7,784	7,860	7,492	7,889	7,703	7,374	6,389	6,372	5,722
Motor vehicle licenses	3,953	4,488	4,642	4,760	4,903	4,963	5,039	2,121	813	3,340
Other	18,280	18,424	18,909	21,277	22,127	19,382	18,507	26,345	28,159	28,569
Interest and investment earnings	164	291	249	270	1,212	1,403	457	(22)	11,598	26,347
Grants and contributions not restricted to specific programs	33,793	34,863	36,440	28,158	35,965	36,316	39,500	39,720	38,584	41,384
Miscellaneous	11,916	16,404	30,778	31,189	12,677	17,377	244	3,833	20,445	9,745
Capital asset transfers	-	-	-	-	-	-	-	-	(3,228)	(6,555)
Capital contributions Norfolk Public Schools										
Debt proceeds to trust								(210,000)		
Transfers between governmental and business-type activities	10,033	10,000	10,000	10,000	30,309	11,259	15,900	10,500	9,838	4,458
Total governmental activities	<u>483,666</u>	<u>490,987</u>	<u>518,467</u>	<u>520,888</u>	<u>561,050</u>	<u>558,602</u>	<u>350,610</u>	<u>596,090</u>	<u>673,353</u>	<u>701,835</u>
Business-type activities:										
Interest and investment earnings	112	295	432	671	2,507	3,383	130	-	2,577	6,794
Grants and contributions not restricted to specific programs	214	149	150	142	134	126	325	-	-	-
Unrealized gain (loss) on investments	-	-	-	(52)	-	45	5,069	(17,937)	-	-
Miscellaneous	2,506	2,295	2,228	2,059	2,151	2,899	2,742	10,803	613	29
Gain (Loss) on disposal of assets	(2)	-	-	-	-	-	-	-	-	-
Transfers between governmental and business-type activities	(10,033)	(10,000)	(10,000)	(10,000)	(30,309)	(11,259)	(15,900)	(10,500)	(9,838)	(4,458)
Total business-type activities	<u>(7,203)</u>	<u>(7,261)</u>	<u>(7,190)</u>	<u>(7,180)</u>	<u>(25,517)</u>	<u>(4,806)</u>	<u>(7,635)</u>	<u>(17,634)</u>	<u>(6,648)</u>	<u>2,365</u>
Total primary governmental activities	<u>476,463</u>	<u>483,726</u>	<u>511,277</u>	<u>513,708</u>	<u>535,533</u>	<u>553,796</u>	<u>342,976</u>	<u>578,456</u>	<u>666,705</u>	<u>704,200</u>
Change in Net Position										
Governmental activities	16,951	(19,654)	1,546	(10,582)	561,050	(35,168)	(39,235)	150,328	184,610	83,537
Business-type activities	22,027	18,629	26,873	48,760	(25,517)	61,895	39,253	72,216	47,413	52,029
Total Primary Government changes in net position	<u>\$ 38,978</u>	<u>\$ (1,025)</u>	<u>\$ 28,419</u>	<u>\$ 38,178</u>	<u>\$ 535,533</u>	<u>\$ 26,726</u>	<u>\$ 18</u>	<u>\$ 222,544</u>	<u>\$ 232,023</u>	<u>\$ 135,566</u>

**Financial Trends Information**  
**Schedule 3**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Amounts in thousands)**

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
General Fund:										
Nonspendable	\$ -	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619	\$ -	\$ -
Restricted	2,100	3,015	165	145	135	130	120	115	115	115
Committed	4,000	5,000	8,698	9,347	10,032	13,051	16,404	18,884	21,553	25,111
Assigned	25,904	26,557	36,605	44,118	65,231	66,842	138,914	217,246	333,209	197,196
Unassigned	65,580	73,077	70,652	70,962	76,510	74,994	75,557	92,920	81,843	101,957
Total General Fund	97,584	107,788	116,120	124,572	151,908	155,017	230,995	329,784	436,720	324,381
Grants Fund:										
Nonspendable	-	-	-	-	-	-	1,374	-	-	-
Restricted	-	-	-	-	-	-	1,734	1,618	8,625	14,029
Committed	-	-	-	-	-	-	2,428	4,393	6,783	6,904
Assigned	-	-	-	-	-	-	738	889	698	2,009
Total Grants Fund <sup>(1)</sup>	-	-	-	-	-	-	6,274	6,900	16,106	22,942
Capital Projects Fund:										
Committed	14,704	6,170	-	-	4,105	-	-	-	88,771	143,096
Unassigned	(84,624)	(216,480)	(190,871)	(128,799)	-	(7,055)	(51,497)	5,117	-	-
Total Capital Projects Fund	(69,920)	(210,310)	(190,871)	(128,799)	4,105	(7,055)	(51,497)	5,117	88,771	143,096
All Other Governmental Funds:										
Restricted	8,385	9,397	6,223	6,340	6,554	8,965	6,362	6,602	6,904	7,411
Committed	2,764	3,138	5,872	7,323	7,705	5,579	38	38	164	11,118
Assigned	17,843	26,554	20,345	21,501	22,339	14,148	12,719	11,331	11,207	209
Unassigned	(2,913)	(2,689)	(932)	(823)	(66)	(64)	-	-	-	-
Total Other Governmental Funds <sup>(1)</sup>	26,079	36,400	31,508	34,341	36,532	28,628	19,119	17,971	18,275	18,737
Total fund balance, governmental funds	\$ 53,743	\$ (66,122)	\$ (43,243)	\$ 30,114	\$ 192,545	\$ 176,590	\$ 204,891	\$ 359,773	\$ 559,872	\$ 509,156

**Note:**

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

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

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue:										
General property taxes	\$ 262,433	\$ 265,943	\$ 269,816	\$ 277,559	\$ 303,370	\$ 311,961	\$ 327,739	\$ 352,648	\$ 379,812	\$ 405,409
Other local taxes	164,270	166,034	169,539	174,139	177,263	171,533	175,217	185,001	200,202	203,504
Licenses and permits	3,013	3,038	3,576	3,292	4,118	3,599	3,495	3,883	5,018	3,440
Fines and forfeitures	1,264	1,111	921	1,068	1,027	801	978	1,359	1,098	1,100
Use of money and property	9,668	7,354	7,786	7,504	11,098	9,861	6,438	8,663	21,859	36,579
Charges for services	59,983	62,709	62,315	62,383	60,905	41,335	43,250	44,161	49,379	49,130
Miscellaneous	10,142	11,325	12,080	11,311	11,287	11,743	11,105	12,226	20,854	12,687
Intergovernmental	158,840	166,686	176,784	193,289	182,023	198,634	267,558	298,592	263,443	237,167
Total revenues	<u>669,613</u>	<u>684,200</u>	<u>702,817</u>	<u>730,545</u>	<u>751,091</u>	<u>749,467</u>	<u>835,780</u>	<u>906,534</u>	<u>941,665</u>	<u>949,017</u>
Expenditures:										
Current										
General government	110,904	118,468	127,367	131,203	136,987	133,751	144,751	149,596	158,494	183,466
Judicial administration	51,360	50,513	50,767	52,012	45,914	47,359	47,296	49,664	55,377	58,426
Public safety	112,055	116,436	121,494	123,905	127,610	131,883	136,809	136,670	142,738	150,884
Public works	61,369	58,716	63,231	66,882	62,511	53,665	52,029	55,308	41,583	41,387
Health and public assistance	85,631	85,815	87,330	86,702	87,554	91,787	88,067	92,189	97,249	95,459
Culture and recreation	48,765	44,531	44,825	45,968	45,399	43,499	34,012	39,991	52,494	52,462
Community development	12,303	13,677	14,994	22,237	28,212	38,095	72,093	70,985	39,286	30,872
Education	117,722	114,769	114,972	120,972	122,972	124,711	120,973	129,622	107,319	144,334
Debt service:										
Principal retirement	49,255	46,175	50,663	52,583	49,122	61,128	63,782	53,852	76,045	81,479
Interest and other charges	26,896	26,955	27,150	27,317	32,212	29,448	27,612	27,161	29,669	31,915
Debt issuance costs	680	318		907	1,823	1,886	1,026	1,282	1,951	651
Capital outlay	103,113	140,093	98,492	67,938	49,790	49,490	44,918	47,952	77,205	149,209
Total expenditures	<u>780,053</u>	<u>816,466</u>	<u>801,285</u>	<u>798,626</u>	<u>790,106</u>	<u>806,702</u>	<u>833,368</u>	<u>854,272</u>	<u>879,410</u>	<u>1,020,546</u>
(Deficiency) of revenues (under) expenditures	<u>(110,440)</u>	<u>(132,266)</u>	<u>(98,468)</u>	<u>(68,081)</u>	<u>(39,015)</u>	<u>(57,235)</u>	<u>2,412</u>	<u>52,262</u>	<u>62,255</u>	<u>(71,530)</u>
Other financing sources (uses):										
Proceeds of refunding bonds	74,094		49,378	27,744		-	221,756	46,383	36,895	
Proceeds from capital leases		2,400		-		-		-	-	
Proceeds from line of credit	1,000			-		-		-	-	
Cost of issuance	811		(1,106)		-		(261)		-	
Proceeds of debt (general obligation bonds and notes)		90,094	95,305	144,820	27,553	(5,688)	90,520	96,990		
Payment to refunded bonds escrow agent	(81,267)		(55,684)	(31,799)		(220,838)	(46,122)	(36,693)		
Premium on bonds issued	7,530		22,586	20,111	24,939	7,591			13,540	
Leases / subscription-based information technology arrangements proceeds		6,080	20,077	1,378	3,716	15,678	1,397	16,609		15,002
Proceeds from sale or disposal of fixed assets		102,604	107,953	106,474	108,550	128,910	120,991	125,961	114,611	164,862
Operating transfers in	(92,571)	(97,953)	(96,474)	(98,550)	(98,601)	(109,732)	(110,061)	(104,111)	(154,921)	(286,989)
Total other financing sources (uses)	<u>12,201</u>	<u>12,400</u>	<u>121,348</u>	<u>141,438</u>	<u>201,446</u>	<u>51,037</u>	<u>25,890</u>	<u>102,619</u>	<u>137,845</u>	<u>20,815</u>
Special items:										
Contribution to Storm Water utility fund	-	-		-		(9,757)		-	-	
Total special items	-	-		-		(9,757)		-	-	
Net change in fund balances	<u>\$ (98,239)</u>	<u>\$ (119,866)</u>	<u>\$ 22,880</u>	<u>\$ 73,357</u>	<u>\$ 162,431</u>	<u>\$ (15,955)</u>	<u>\$ 28,302</u>	<u>\$ 154,881</u>	<u>\$ 200,100</u>	<u>\$ (50,716)</u>
Debt service as a percentage of noncapital expenditures	11.28%	10.91%	10.95%	10.77%	11.03%	11.89%	11.16%	11.01%	13.76%	13.38%

**Financial Trends Information**  
**Schedule 5**  
**Program Revenue by Function**  
**Last Ten Fiscal Years**  
**(Amounts in thousands)**

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Function/Program</b>										
Governmental activities:										
General government	\$ 12,739	\$ 7,798	\$ 6,725	\$ 7,570	\$ 10,376	\$ 8,214	\$ 15,685	\$ 72,995	\$ 72,312	\$ 38,827
Judicial administration	23,113	25,811	27,242	26,163	26,275	28,220	29,410	28,634	29,190	31,110
Public safety	14,226	11,662	12,606	14,991	11,762	15,033	47,368	16,119	20,055	17,184
Public works	76,359	69,609	77,639	98,084	74,029	56,285	56,569	63,533	63,174	69,988
Health and public assistance	57,059	72,181	70,931	60,539	60,707	68,621	67,501	72,999	72,400	79,754
Culture and recreation	9,947	17,301	10,020	9,489	10,050	7,142	3,680	8,693	13,862	10,968
Community development	7,498	8,255	8,360	17,316	27,018	31,822	68,173	55,068	25,848	16,621
Education	-	-	-	-	-	-	-	-	14,471	-
Interest on long-term debt	2,417	2,419	2,544	2,497	2,281	2,041	-	-	-	-
Total governmental activities	203,358	215,036	216,067	236,649	222,498	217,378	288,386	318,041	311,312	264,452
<b>Business-type activities:</b>										
Water utility	85,925	81,087	84,718	86,944	111,927	91,580	95,239	103,716	109,699	114,274
Wastewater utility	28,144	27,823	29,065	30,342	31,222	31,705	32,120	35,334	38,266	37,892
Parking facilities	19,596	19,612	20,576	22,149	22,324	19,953	18,073	19,229	20,618	18,647
Storm Water utility <sup>(1)</sup>	-	-	-	-	-	21,666	22,393	22,389	24,998	25,157
Total business-type activities	133,665	128,522	134,359	139,435	165,473	164,904	167,825	180,668	193,581	195,970
Total primary government <sup>(2)</sup>	\$ 337,023	\$ 343,558	\$ 350,426	\$ 376,084	\$ 387,971	\$ 382,282	\$ 456,211	\$ 498,709	\$ 504,893	\$ 460,422

**Note:**

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

2. Fiscal years 2020-2023 program revenue recalculated to include Operating Grants and Contributions and Capital Grants and Contributions.

**Financial Trends Information**  
**Schedule 6**  
**Total Revenue by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

Fiscal Year	General Property Taxes	Other Local Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Intergovernmental	Totals
2015	\$ 262,433	\$ 164,271	\$ 3,013	\$ 1,264	\$ 9,668	\$ 59,983	\$ 10,141	\$ 158,840	\$ 669,613
2016	265,943	166,034	3,038	1,111	7,354	62,709	11,325	166,686	684,200
2017	269,816	169,539	3,576	921	7,786	62,315	12,080	176,784	702,817
2018	277,559	174,139	3,292	1,068	7,504	62,383	11,311	193,289	730,545
2019	303,370	177,263	4,118	1,027	11,098	60,905	11,287	182,023	751,091
2020	311,961	171,533	3,599	801	9,861	41,335	11,743	198,634	749,467
2021	327,739	175,217	3,495	978	6,438	43,250	11,105	267,558	835,780
2022	352,648	185,001	3,883	1,359	8,663	44,161	12,226	298,592	906,534
2023	379,812	200,202	5,018	1,098	21,859	49,379	20,854	263,443	941,665
2024	405,409	203,504	3,440	1,100	36,579	49,130	12,687	237,167	949,016
Change 2015-2024	54.50%	23.90%	14.20%	-13.00%	278.40%	-18.10%	25.10%	49.30%	41.70%

**Financial Trends Information**  
**Schedule 7**  
**Other Local Tax Revenues by Source, Governmental Funds<sup>(1)</sup>**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

Fiscal Year	Consumption Utility Taxes	Sales and Use Taxes	Restaurant Food Taxes	Business License Taxes	Cigarette Taxes	Motor Vehicle Licenses	Other	Total
2015	\$ 42,961	\$ 29,981	\$ 32,634	\$ 28,640	\$ 7,821	\$ 3,953	\$ 18,281	\$ 164,271
2016	41,849	30,330	34,224	28,935	7,784	4,488	18,424	166,034
2017	41,452	31,185	34,934	30,557	7,860	4,642	18,909	169,539
2018	41,292	32,799	37,990	28,529	7,492	4,760	21,277	174,139
2019	39,947	33,259	39,210	29,929	7,889	4,903	22,126	177,263
2020	38,890	35,395	35,284	29,916	7,703	4,963	19,382	171,533
2021	36,767	39,525	36,384	31,620	7,374	5,039	18,507	175,217
2022	31,207	42,726	43,567	32,645	6,389	2,121	26,345	185,001
2023	37,134	44,955	48,332	34,436	6,373	813	28,159	200,202
2024	34,718	45,776	48,989	36,390	5,722	3,340	28,569	203,504
Change 2015-2024	-19.20%	52.70%	50.10%	27.10%	-26.80%	-15.50%	56.30%	23.90%

**Note:**

I. Presents additional details on Other Local Taxes presented in Schedule 6 above.

**Revenue Capacity Information**  
**Schedule I**  
**Assessed Valuations and Estimated Actual Values of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Property <sup>(1)</sup>	Personal Property <sup>(1)</sup>	Other Property <sup>(2)</sup>	Total Taxable Assessed Value	Estimated Actual Taxable Value <sup>(3)</sup>
2015	\$ 18,734,201	\$ 1,902,442	\$ 255,710	\$ 20,892,353	\$ 20,892,353
2016	19,106,737	1,952,955	277,301	21,336,993	21,336,993
2017	19,433,889	2,219,662	265,149	21,918,700	21,918,700
2018	19,870,881	1,938,053	288,054	22,096,988	22,096,988
2019	20,345,182	2,006,838	281,245	22,633,265	22,633,265
2020	21,334,651	2,141,764	304,481	23,780,896	23,780,896
2021	22,154,798	2,207,130	275,805	24,637,733	24,637,733
2022	23,076,118	3,277,428	328,211	26,681,757	26,681,757
2023	25,294,182	2,394,576	308,907	27,997,665	27,997,665
2024	27,210,435	2,360,831	352,964	29,924,230	29,924,230

**Notes:**

1. Real property and personal property include both general and public service corporations.
2. Other property includes machinery and tools, mobile homes, airplanes and boats.
3. Estimated actual taxable property values are based on data supplied by the City's Commissioner of the Revenue and the City Assessor.

**Revenue Capacity Information**  
**Schedule 2**  
**Direct Property Rates**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Property tax rate per \$100 of assessed value <sup>(1)</sup>										
Real property	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.25
Downtown improvement district <sup>(5)</sup>	1.31	1.31	1.31	1.31	1.41	1.41	1.41	1.41	1.41	1.41
Personal property	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33
Machinery and tools	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Mobile homes	1.11	1.15	1.15	1.15	1.25	1.25	1.25	1.25	1.25	1.25
Airplanes	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Boats (pleasure)	0.50	0.50	0.50	0.50	0.50	0.25	0.25	0.00	0.00	0.00
Boats (business)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreational vehicles	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Disabled veterans	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total direct tax rate <sup>(2)</sup>	1.22	1.24	1.23	1.25	1.33	1.32	1.32	1.33	1.36	1.35
Assessed value of real property as a percent of fair market value <sup>(3)</sup>										
As determined by the City Assessor	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
As determined by the Commonwealth's Department of Taxation <sup>(4)</sup>	100.00%	99.00%	97.00%	97.00%	98.00%	98.00%	98.00%	94.00%	87.00%	80.00%

**Notes:**

1. Cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of a county government since they are located outside of any county boundaries.
2. The total direct tax rate is calculated using a weighted average formula that combines real, personal and other property using the original property tax levy and total taxable property assessed value.
3. The real property and personal property assessments for public service corporations are based on information furnished to the Commissioner of the Revenue by the State Corporation Commission and the Commonwealth's Department of Taxation for calendar years 2015 through 2024.
4. The most recent Virginia Assessment/Sales ratio study is for 2022 (historically a two year lag in availability of data).
5. Fiscal years 2015 through 2022 were updated to reflect tax rate per the budget.

**Revenue Capacity Information**  
**Schedule 3**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

<b>Taxpayer</b>	<b>2015</b>			<b>2024</b>		
	<b>Real Property Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>	<b>Real Property Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Assessed Value</b>
MPB, Inc.	\$ 116,806,100	4	0.62%	\$ 212,571,800	1	0.78%
ODU Real Estate Foundation				165,975,600	2	0.61%
Fort Norfolk Retirement Community, Inc.				102,926,900	3	0.38%
Fort Norfolk Community, Inc.				94,442,100	4	0.35%
Ap Arlay Point LLC Et Al				91,861,400	5	0.34%
Norfolk Outlets, LLC				89,254,100	6	0.33%
Hertz Norfolk 999 Waterside, LLC				78,856,400	7	0.29%
North Pine Associates LLC				77,656,800	8	0.29%
Crown Point Owner, LLC				77,501,300	9	0.28%
PC Roll LLC Et Al				75,905,600	10	0.28%
Dominion Enterprises	61,618,200	9	0.33%			
Virginia Power Co.	310,508,696	1	1.66%			
MacArthur Shopping Center	180,366,200	3	0.96%			
Norfolk Western Railway Company	198,408,924	2	1.06%			
Verizon Virginia, Inc.	84,861,347	6	0.45%			
Norfolk Southern	93,590,800	5	0.50%			
Virginia Natural Gas, Inc.	72,856,378	7	0.39%			
Wells Fargo Building	70,561,700	8	0.38%			
Military Circle, LLC	58,948,000	10	0.31%			
	<b>\$ 1,248,526,345</b>		<b>6.66%</b>	<b>\$ 1,066,952,000</b>		<b>3.93%</b>

**Note:**

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

**Revenue Capacity Information**  
**Schedule 4**  
**Property Tax Levy and Collections by Tax Year**  
**Last Ten Years**

Tax Year	Original Tax Levy	Adjusted Tax Levy <sup>(1)</sup>	Current Collections	Percent of Current Collections to Tax Levy <sup>(2)</sup>	Delinquent Collections	Total Collections	Percentage of Total Collections to Tax Levy <sup>(2)</sup>
2015	\$ 256,040	\$ 260,734	\$ 245,803	94.27%	\$ 14,744	\$ 260,547	99.93%
2016	264,043	265,482	251,933	94.90%	13,241	265,174	99.88%
2017	268,718	269,672	255,712	94.82%	13,519	269,231	99.84%
2018	275,648	277,578	262,585	94.60%	12,952	275,537	99.26%
2019	300,270	300,270	285,588	95.11%	13,367	298,955	99.56%
2020	314,540	314,540	288,746	91.80%	24,021	312,767	99.44%
2021	327,530	327,530	308,016	94.04%	16,430	324,446	99.06%
2022	355,926	355,926	328,909	92.41%	21,030	349,939	98.32%
2023	381,434	381,434	353,120	92.58%	17,948	371,068	97.28%
2024	404,302	404,302	375,710	92.93%	-	375,710	92.93%

**Notes:**

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

2. Percentage of Collections to Tax Levy are calculated using the adjusted Tax Levy amounts. Taxes collected during the current year that relate to prior years are included in the year assessed.

**Debt Capacity Information**  
**Schedule I**  
**Ratios of Outstanding Debt by Type<sup>(1)</sup>**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Long-Term Lease Liability</b>	<b>Long-Term SBITA<sup>(3)</sup> Liability</b>	<b>Total Outstanding Debt</b>	<b>Outstanding Debt per Capita<sup>(2)</sup> (Actual)</b>	<b>% of Personal Income</b>	<b>Debt to Net Position Ratio</b>
<b>Governmental Activities</b>								
2015	\$ 665,809	\$ -	\$ -	\$ -	\$ 665,809	\$ 2,694	7.05%	0.33
2016	611,876	-	-	-	611,876	2,476	6.49%	0.40
2017	664,941	-	-	-	664,941	2,700	6.75%	0.38
2018	720,180	-	-	-	720,180	2,931	7.13%	0.35
2019	831,837	-	-	-	831,837	3,395	7.99%	0.34
2020	790,550	-	-	-	790,550	3,213	7.57%	0.31
2021	935,414	-	-	-	935,414	3,929	8.48%	0.22
2022	977,364	-	-	-	977,364	4,111	8.76%	0.36
2023	1,012,070	-	27,473	6,257	1,045,800	4,392	8.80%	0.53
2024	932,324	-	23,749	17,139	973,212	3,966	N/A	0.65
<b>Business-Type Activities</b>								
2015	247,490	443,911	-	-	691,401	2,806	7.32%	0.57
2016	236,084	436,720	-	-	672,804	2,722	7.13%	0.61
2017	258,922	424,459	-	-	683,381	2,766	6.94%	0.63
2018	261,164	442,381	-	-	703,545	2,857	6.96%	0.65
2019	217,515	443,646	-	-	661,161	2,690	6.35%	0.74
2020	262,378	424,304	-	-	686,682	2,802	6.58%	0.81
2021	258,887	377,953	-	-	636,840	2,675	5.77%	0.94
2022	242,450	362,492	-	-	604,942	2,544	5.42%	1.11
2023	261,042	338,191	1,986	-	601,219	2,525	5.06%	1.19
2024	246,909	366,404	1,639	-	614,952	2,506	N/A	1.25
<b>Total Primary Governmental Activities</b>								
2015	913,299	443,911	-	-	1,357,210	5,500	14.37%	0.46
2016	847,960	436,720	-	-	1,284,680	5,198	13.62%	0.52
2017	923,863	424,459	-	-	1,348,322	5,466	13.69%	0.51
2018	981,344	442,381	-	-	1,423,725	5,788	14.09%	0.50
2019	1,049,352	443,646	-	-	1,492,998	6,085	14.34%	0.52
2020	1,052,928	424,304	-	-	1,477,232	6,015	14.15%	0.54
2021	1,194,301	377,953	-	-	1,572,254	6,953	14.25%	0.51
2022	1,219,814	362,492	-	-	1,582,306	6,655	14.18%	0.65
2023	1,273,112	338,191	29,459	6,257	1,647,019	6,917	13.86%	0.76
2024	1,179,233	366,404	25,388	17,139	1,588,164	6,472	N/A	0.88

**Notes:**

1. Beginning in fiscal year 2024, short-term line of credit is removed from the total outstanding debt, therefore Debt per Capita, % of Personal Income and Debt to Net Position Ratio has been recalculated from fiscal year 2015 through 2023.

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

3. Subscription-Based Information Technology Arrangements (SBITAs)

N/A - not available

**Debt Capacity Information**  
**Schedule 2**  
**Ratios of General Bonded Debt to**  
**Total Assessed Value and Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Bonded Debt <sup>(1)</sup> (in thousands)	Debt Payable from Enterprise Revenue (in thousands)	Net Bonded Debt (in thousands)	Assessed Value of Taxable Property <sup>(2)</sup> (in thousands)	Population <sup>(3)</sup>	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2015	\$ 914,299	\$ 247,490	\$ 665,809	\$ 20,892,353	247,189	3.19%	\$ 2,694
2016	1,039,960	252,795	787,165	21,366,996	247,087	3.68%	3,186
2017	1,123,755	269,011	854,744	21,918,700	246,256	3.90%	3,471
2018	1,147,918	271,164	876,754	22,096,988	245,741	3.97%	3,568
2019	1,068,372	226,735	841,637	22,633,265	245,054	3.72%	3,434
2020	1,103,120	252,570	850,550	23,780,896	246,063	3.58%	3,457
2021	1,277,561	258,887	1,018,674	24,637,733	238,102	4.13%	4,278
2022	1,272,576	242,450	1,030,126	26,681,757	237,770	3.86%	4,332
2023	1,323,112	261,042	1,062,070	27,997,665	238,112	3.79%	4,460
2024	1,179,233	246,909	932,324	29,924,230	245,406	3.12%	3,799

**Notes:**

1. Gross Bonded Debt includes unamortized premiums.
2. Assessed value of taxable property is detailed in Revenue Capacity Schedule 1.
3. The source of 2015 through 2023 population estimates is the Weldon Cooper Center for Public Service, University of Virginia.

N/A - not available

**Debt Capacity Information**  
**Schedule 3**  
**Computation of Direct Bonded Debt**  
**As of June 30, 2024**

	Jurisdiction <sup>(1)</sup>	Gross Bonded Debt (in thousands)	% Applicable to Government	\$ Applicable to Government (in thousands)
Direct:	City of Norfolk	\$ 1,179,233	100.00%	\$ 1,179,233

**Note:**

1. There is no overlapping debt because cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of any municipal government.

**Debt Capacity Information**  
**Schedule 4**  
**Legal Debt Margin**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Total assessed value of taxed real property	\$ 18,734,201,726	\$ 19,106,737,956	\$ 19,433,889,018	\$ 19,870,880,970	\$ 20,344,603,804	\$ 21,134,551,094	\$ 22,154,797,959	\$ 23,076,117,734	\$ 25,295,259,876	\$ 27,210,434,577
Debt Limit - 10% of total assessed valuation	1,873,420,173	1,910,673,796	1,943,388,902	1,987,088,097	2,034,460,380	2,113,455,109	2,215,479,796	2,307,611,773	2,529,525,988	2,721,043,458
Net debt applicable to debt limitation	914,299,379	988,381,839	1,065,983,734	1,079,595,115	988,038,371	1,086,293,856	1,267,408,068	1,253,606,782	1,299,296,707	1,164,793,797
Legal Debt Margin	\$ 959,120,794	\$ 922,291,955	\$ 877,405,167	\$ 907,492,982	\$ 1,046,422,009	\$ 1,027,161,253	\$ 948,071,728	\$ 1,054,004,991	\$ 1,230,229,281	\$ 1,556,249,661
Net debt percentage of debt limitation	48.80%	51.73%	54.85%	54.33%	48.57%	51.40%	57.21%	54.32%	51.37%	42.81%

**Debt Capacity Information**  
**Schedule 5**  
**Revenue Bonds Debt Service Coverage for**  
**Water Utility Fund**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Revenue Available for Debt Service <sup>(1)</sup></b>	<b>Operating Expenses Less Depreciation &amp; Amortization <sup>(2)</sup></b>	<b>Income Available for Debt Service</b>	<b>Debt Service</b>			<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2015	\$ 85,490,793	\$ 36,882,803	\$ 48,607,990	\$ 7,805,000	\$ 13,905,866	\$ 21,710,866	2.24
2016	83,103,038	32,731,817	50,371,221	8,750,000	16,612,870	25,362,870	1.99
2017	86,970,065	37,735,743	49,234,322	10,090,000	15,988,725	26,078,725	1.89
2018	89,419,996	34,889,820	54,530,176	13,860,000	14,376,733	28,236,733	1.93
2019	115,557,713	36,530,929	79,026,784	14,200,000	15,858,467	30,058,467	2.63
2020	95,843,067	36,671,425	59,171,642	13,830,000	15,044,375	28,874,375	2.05
2021	97,628,276	36,700,664	60,927,612	15,965,000	14,311,275	30,276,275	2.01
2022	102,685,609	28,736,895	73,948,714	17,170,000	13,504,400	30,674,400	2.41
2023	108,973,861	42,198,815	66,775,046	18,090,000	11,866,138	29,956,138	2.23
2024	119,228,854	51,737,695	67,491,159	19,195,000	12,128,874	31,323,874	2.15

**Notes:**

1. Includes operating revenue, plus interest income not capitalized.

2. Includes operating expenses, less depreciation/amortization and payment in lieu of taxes (PILOT).

**Debt Capacity Information**  
**Schedule 6**  
**Revenue Bonds Debt Service Coverage for**  
**Wastewater Utility Fund**  
**Last Ten Fiscal Years**

Fiscal Year	Revenue Available for Debt Service <sup>(1)</sup>	Operating Expenses Less Depreciation & Amortization <sup>(2)</sup>	Income Available for Debt Service	Debt Service				Coverage
				Principal	Interest	Total		
2015	\$ 28,241,721	\$ 10,581,959	\$ 17,659,762	\$ 2,490,000	\$ -	\$ 2,490,000		7.09
2016	28,028,027	10,347,338	17,680,689	3,019,967	-	3,019,967		5.85
2017	29,246,659	12,826,121	16,420,538	3,488,443	-	3,488,443		4.71
2018	30,336,506	11,186,214	19,150,292	3,856,919	-	3,856,919		4.97
2019	31,582,034	11,291,981	20,290,053	4,525,669	-	4,525,669		4.48
2020	32,097,154	11,933,730	20,163,424	6,816,855	325,483	7,142,338		2.82
2021	32,531,015	11,805,718	20,725,297	7,393,268	241,212	7,634,480		2.71
2022	35,217,195	8,879,081	26,338,114	7,556,803	110,126	7,666,929		3.44
2023	35,906,216	10,452,416	25,453,800	8,301,763	85,166	8,386,929		3.03
2024	38,463,326	12,773,234	25,690,092	8,327,090	59,840	8,386,930		3.06

**Notes:**

1. Includes operating revenue, plus interest income not capitalized.

2. Includes operating expenses, less depreciation/amortization and payment in lieu of taxes (PILOT).

**Debt Capacity Information**  
**Schedule 7**  
**Revenue Bonds Debt Service Coverage for Storm Water Fund**  
**Last Ten Fiscal Years<sup>(1)</sup>**

Fiscal Year	Revenue Available for Debt Service <sup>(2)</sup>	Operating Expenses Less Depreciation & Amortization <sup>(3)</sup>	Operating expenses less expensed CIP	Income Available for Debt Service	Debt Service			Coverage
					Principal	Interest	Total	
2020	\$ 21,796,074	\$ 10,820,892	\$ 9,257,249	\$ 10,975,182	\$ -	\$ -	\$ -	-
2021	22,468,049	14,024,623	11,855,005	8,443,426	-	-	-	-
2022	22,399,627	13,289,530	10,066,601	9,110,097	34,232	1,022	35,254	258.41
2023	23,533,410	17,427,981	13,957,904	6,105,429	34,491	762	35,253	173.19
2024	24,931,086	18,803,547	17,245,839	6,127,539	34,578	676	35,254	173.81

**Notes:**

1. Storm Water became an enterprise fund in 2020; therefore, revenue bond debt service coverage is only reported through those fiscal years.

2. Includes operating revenue, plus interest income not capitalized.

3. Includes operating expenses, less depreciation, amortization and payment in lieu of taxes (PILOT).

**Debt Capacity Information**  
**Schedule 8**  
**Ratio of Annual Debt Service Expenditures for General Bonded Debt and Other Debt**  
**to Total General Expenditures**  
**Last Ten Years**

<b>Fiscal Year</b>	<b>Principal on Serial Bonds</b>	<b>Redemption of Other Long-term Debt</b>	<b>Interest on Serial Bonds</b>	<b>Interest on Other Debt</b>	<b>Total Debt Service</b>	<b>Total General Expenditures<sup>(1)(2)</sup></b>	<b>Ratio of Debt Service to Total General Expenditures</b>
2015	\$ 49,212,914	\$ -	\$ 26,896,108	\$ -	\$ 76,109,022	\$ 593,478,745	12.82%
2016	46,175,445	- -	26,955,137	- -	73,130,582	596,768,904	12.25%
2017	50,663,318	- -	27,149,634	- -	77,812,952	618,253,753	12.59%
2018	52,583,233	- -	27,316,523	- -	79,899,756	644,120,067	12.40%
2019	49,121,542	- -	32,211,611	- -	81,333,153	661,339,027	12.30%
2020	53,737,152	- -	29,710,170	- -	83,447,322	664,623,252	12.56%
2021	63,781,523	- -	27,612,204	- -	91,393,726	629,115,874	14.53%
2022	53,852,387	- -	27,160,898	- -	81,013,285	620,318,236	13.06%
2023	68,760,616	- -	28,879,010	- -	97,639,626	662,525,713	14.74%
2024	73,649,422	- -	30,634,647	- -	104,284,069	798,661,007	13.06%

**Notes:**

1. Total general expenditures include the expenditures of the General Fund and Debt Service Fund.

2. Total general expenditures are presented using the modified accrual basis of accounting.

**Demographic and Economic Information**  
**Schedule I**  
**Population Statistics**  
**Last Ten Calendar Years**

<b>Year</b>	<b>Population (1)</b>	<b>Personal Income (000's) (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Civilian Labor Force Estimates (3)</b>	<b>% Unemployed (3)(4)</b>
2014	246,394	\$ 9,122,284	\$ 37,052	112,175	6.4%
2015	247,189	9,529,615	38,676	111,318	5.6%
2016	247,087	9,433,045	35,940	110,644	5.2%
2017	246,256	9,811,229	40,094	113,166	4.9%
2018	245,741	10,207,860	41,822	112,100	3.9%
2019	245,054	10,407,518	42,875	112,364	3.5%
2020	246,063	10,439,462	42,996	111,825	8.6%
2021	238,102	11,031,039	46,923	107,879	5.7%
2022	237,770	11,159,969	47,898	109,445	3.9%
2023	238,112	11,877,740	51,434	115,016	3.4%

**Notes:**

1. Population from the Weldon Cooper Center for Public Service, University of Virginia and U.S. Census Bureau.
2. Personal income and per capita personal income estimates from U.S. Bureau of Economic Analysis. Data not available for 2024.
3. Unemployment rate and civilian labor force from the U.S. Bureau of Labor Statistics as of July 2023.
4. % Unemployed calculation was corrected for 2020
5. All information on an average annual calendar year.

## STATISTICAL SECTION (UNAUDITED)

### Demographic and Economic Information Schedule 2 Ten Largest Employers in Norfolk<sup>(1)</sup> Current Year and Nine Years Ago

Employer	Rank	
	2015	2024
U.S. Department of Defense	1	1
Sentara Healthcare	2	2
Norfolk City School Board	3	3
City of Norfolk	4	4
Old Dominion University	5	5
Children's Hospital of The King's Daughters	6	6
Norshipco	7	
Sentara Health Management		7
Eastern Virginia Medical School	8	8
ADP Incorporated		9
Norfolk State University	9	10
U.S. Navy Exchange	10	
Total Employment <sup>(2)</sup>	133,080	144,165

#### Notes:

1. The source of the City's top ten employers is the Virginia Employment Commission. The most current data available is the quarter ended June 2024. Each of the top 10 employers has 1,000+ employees. The actual number of employees for each employer was not available.
2. The source of the City's total employment is the Bureau of Labor Statistics quarter ended 2<sup>nd</sup> Quarter 2015 and 2<sup>nd</sup> Quarter 2024.

**Demographic and Economic Information**  
**Schedule 3**  
**New Construction and Property Values<sup>(1)</sup>**

<b>Fiscal Year</b>	<b>Residential Construction<sup>(1)</sup></b>			<b>Non-Residential Construction<sup>(1)(2)</sup></b>		
	<b>Building Permits</b>	<b>Number of Units</b>	<b>Estimated Value (in thousands)</b>	<b>Building Permits</b>	<b>Estimated Value (in thousands)</b>	
2015	399	729	\$ 59,018	36	\$ 233,824	
2016	384	894	74,377	20	91,171	
2017	459	1,193	68,571	25	82,443	
2018	346	597	54,899	15	118,459	
2019	274	1,125	83,245	31	238,513	
2020	405	1,182	87,820	26	282,015	
2021	410	1,194	125,073	25	120,380	
2022	263	1,702	181,971	25	71,622	
2023	268	1,104	142,403	36	107,622	
2024	169	815	91,453	25	92,225	

**Notes:**

1. The source of residential and nonresidential construction is the City's Department of Planning.
2. Non-residential construction includes commercial buildings, public buildings, schools, public utility buildings and miscellaneous structures.

**Demographic and Economic Information**  
**Schedule 4**  
**Annual Employment Average by Industry**  
**(in thousands)**

	Calendar Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Goods-Producing Industries:</b>										
Construction	3.8	4.2	4.1	4.6	4.5	4.2	4.0	4.4	4.9	5.5
Manufacturing	6.1	6.3	6.0	6.1	6.7	7.1	7.0	7.1	6.8	6.7
<b>Service-Providing Industries:</b>										
Wholesale trade	3.5	3.5	3.5	3.3	2.1	2.0	1.8	1.8	1.8	1.8
Retail trade	12.7	12.7	12.7	12.8	12.3	11.7	10.9	11.2	11.3	11.2
Transportation and warehousing	8.8	8.8	8.6	8.6	8.2	8.7	8.4	8.7	9.6	9.4
Information	2.8	2.9	3.0	2.9	2.4	2.3	2.1	2.0	1.7	1.6
Finance and insurance	5.6	5.2	5.3	5.1	5.2	5.3	5.2	5.0	5.3	6.2
Real estate and rental and leasing	2.6	2.6	2.5	2.6	2.4	2.4	2.2	2.2	2.7	2.8
Professional and technical services	11.0	10.5	10.4	10.7	10.9	11.2	11.3	11.4	11.4	12.5
Management of companies and enterprises	1.8	1.7	1.6	1.6	1.8	1.7	1.7	1.6	1.9	2.2
Administrative, support and waste services	7.7	7.7	7.3	8.3	9.3	8.9	8.2	8.5	10.1	9.5
Educational services	15.9	15.6	15.4	15.0	19.1	18.9	18.4	17.9	15.2	15.5
Healthcare and social assistance	21.8	22.0	22.8	23.1	21.8	20.0	19.5	19.0	19.8	20.4
Arts, entertainment and recreation	2.3	2.2	2.3	2.3	1.9	1.9	1.6	1.7	2.1	2.2
Accommodation and food services	10.5	10.9	11.2	11.5	11.3	11.7	9.1	9.7	10.4	10.6
Public administration	12.4	18.0	18.4	18.2	18.3	18.4	17.8	18.0	18.8	19.0
Other services	4.3	4.1	4.2	4.5	4.5	4.6	3.8	3.8	3.9	3.8
Total (adjusted for rounding)	134.4	139.7	140.2	141.9	142.7	141.0	132.8	133.9	137.7	140.8

**Notes:**

1. Labor Market Statistics, Virginia Employment Commission is the source of annual employment averages by industry.
2. All information on an average annual calendar year.
3. This schedule includes data for the ten-year period 2015 - 2024 as calendar year.

**Operating Information**  
**Schedule I**  
**Full-Time Equivalent (FTE) Positions by Function/Program<sup>(1)</sup>**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
General government	473	450	453	441	442	447	439	436	444	465
Judicial administration	10	10	10	10	11	12	15	12	11	13
Public safety										
Police	823	838	874	843	843	792	745	672	626	623
Fire	489	489	504	482	482	483	490	497	493	485
Other	76	74	70	65	65	61	57	58	57	54
Public works	369	383	387	379	379	274	270	263	268	277
Health and public assistance	697	715	710	686	686	642	633	624	603	597
Culture and recreational <sup>(3)</sup>	429	442	446	455	455	434	389	379	438	473
Community development	103	128	132	131	131	130	137	147	160	175
Business-type activities:										
Water utility	265	262	259	258	258	250	249	244	242	244
Wastewater utility	95	94	92	91	91	90	86	81	80	82
Parking facilities	63	58	53	54	54	50	47	67	50	55
Storm Water utility <sup>(2)</sup>	-	-	-	-	-	91	91	92	99	104
Total full-time equivalent positions	3,892	3,941	3,990	3,895	3,895	3,756	3,648	3,553	3,571	3,647

**Notes:**

1. Data obtained from PeopleSoft information system.

2. In Fiscal Year 2020, Storm Water Utility transitioned to a proprietary fund. Employees in this fund were previously reported in Public Works.

**Operating Information**  
**Schedule 2**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Police:										
Service calls	240,459	241,530	235,763	247,070	239,755	234,468	210,359	204,717	213,487	213,048
Arrests	21,404	19,364	17,938	19,382	19,499	17,276	9,961	8,512	5,342	9,811
Reports filed	26,039	27,322	27,287	24,168	23,286	23,082	21,807	24,369	13,428	21,866
Fire:										
Incidences (fires, EMS)	44,699	46,670	47,232	45,039	44,817	45,042	46,803	52,145	53,951	55,334
Highways and Streets:										
Streets resurfacing (miles)	26	41	78	77	74	72	72	82	29	35
Sanitation:										
Total solid waste collected and disposed (tons)	80,128	84,162	87,851	81,974	86,568	87,770	90,057	82,691	82,127	81,754
Water Utility:										
Water delivered to water mains (gallons in thousands)	21,530,000	21,349,210	21,920,310	21,498,500	21,364,650	20,642,560	21,156,180	21,385,500	21,686,940	21,207,640
Total water consumption (gallons in thousands)	20,054,780	19,282,870	19,649,330	19,548,271	19,178,839	18,930,786	19,384,252	19,881,856	19,520,685	19,311,518
Percent of unmetered water	6.85%	9.68%	10.36%	9.07%	10.23%	8.29%	8.38%	7.03%	9.99%	8.94%
Average daily delivery (gallons in thousands)	59,000	58,320	60,060	59,900	59,890	56,400	57,960	58,590	59,390	57,944
Maximum daily pumpage (gallons in thousands)	88,970	67,610	72,220	81,000	69,940	69,400	72,090	69,320	72,360	68,380
Minimum daily pumpage (gallons in thousands)	51,110	51,010	48,120	50,000	49,790	48,630	50,320	49,050	49,290	51,120

**Operating Information**  
**Schedule 3**  
**Capital Assets and Infrastructure Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety:										
Police stations	3	3	3	3	3	3	3	2	2	2
Fire stations	14	14	14	14	14	14	14	14	14	14
Education:										
High schools	5	5	5	5	5	5	5	5	5	5
Middle schools	7	8	8	8	8	8	8	8	6	6
Elementary (PreK - 8)	33	33	33	33	33	33	33	33	32	32
Other educational facilities	7	10	10	10	10	10	10	10	6	6
Libraries	11	11	11	12	12	12	12	12	12	12
Public Recreation:										
Parks:										
Acreage	587	630	630	630	630	633	633	633	633	633
Regional parks	2	2	2	2	2	2	2	2	2	2
Neighborhood parks	71	72	72	72	72	73	73	73	73	73
Preserves and nature areas	1	1	1	1	1	1	1	1	1	1
Nature education centers	1	1	1	1	1	1	1	1	1	1
Playgrounds	106	106	106	106	106	106	106	107	107	107
Hiking trails (miles)	2	5	5	5	5	5	5	5	5	5
Recreation:										
Acreage	957	981	981	981	977	977	977	977	977	992
Recreational and senior centers	30	30	30	30	29	29	29	29	29	29
Swimming pools	6	6	6	6	6	5	5	5	5	5
Tennis courts	142	142	142	142	138	138	138	138	138	138
Baseball/softball diamonds	86	86	86	86	86	86	86	86	86	86
Football/soccer fields	49	49	49	49	49	49	49	49	49	49
Field hockey	3	3	3	3	3	3	3	3	3	3
Basketball courts	201	201	201	201	199	199	196	196	196	196
Municipal beaches	3	3	3	3	3	3	3	3	3	3
Municipal golf courses	2	2	2	2	2	2	2	2	2	1
Public Services:										
Transportation and Engineering:										
Streets (lane miles) <sup>(1)</sup>	*	*	*	*	*	*	*	*	*	1,757
Sidewalks (miles)	887	902	902	906	909	895	900	900	894	894
Bridges	52	52	53	53	53	53	52	52	52	52
Signalized intersections	312	312	313	315	315	315	317	317	317	317
Streetlights	31,269	31,289	32,081	32,121	32,786	34,286	34,278	32,248	32,248	32,092

**Operating Information**  
**Schedule 3**  
**Capital Assets and Infrastructure Statistics by Function/Program**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Utilities:										
Water customer accounts	65,687	65,426	65,673	65,984	66,151	66,964	67,514	67,500	67,360	67,558
Miles of water main in the system	828	821	822	821	822	823	821	821	821	822
Capital assets (in '000)										
Water fund	\$ 503,659	\$ 533,746	\$ 561,297	\$ 566,863	\$ 570,315	\$ 575,825	\$ 587,930	\$ 607,588	\$ 618,131	\$ 631,878
Wastewater fund	249,210	261,039	266,307	272,992	280,035	290,103	300,476	316,923	321,369	332,431
Total utilities assets (in '000)	\$ 752,869	\$ 794,785	\$ 827,604	\$ 839,855	\$ 850,350	\$ 865,928	\$ 888,406	\$ 924,511	\$ 939,500	\$ 964,309
Convention Center:										
Meeting rooms	8	8	58	58	58	58	68	68	73	73
Meeting/ballroom space/exhibit (square feet)	68,130	68,130	118,879	118,879	118,879	129,379	129,379	129,379	132,829	132,829
Parking Facilities:										
Parking lots/garages	24	25	27	27	27	26	26	26	24	24
Parking meters	676	643	643	643	643	659	625	625	546	554
Storm Water Management:										
Miles of storm sewers <sup>(2)</sup>	386	404	385	385	385	399	407	475	475	476

**Notes:**

1. Change in calculation due to survey completed in fiscal year 2024. Prior year reported mileage was determined to be unreliable.
2. Increase in storm sewer miles in fiscal year 2022 based on change in measurement technique. 2022 and 2023 have been updated to reflect the change.

**Operating Information**  
**Schedule 4**  
**Water Utility Statistics**  
**As of June 30, 2024**

**Average Metered Consumption (million gallons per day)**

Fiscal Year	Norfolk Retail	Virginia Beach	U.S. Navy	Chesapeake	Total
2015	16.8	30.8	5.0	2.3	54.9
2016	15.8	30.9	4.2	2.0	52.9
2017	15.7	31.5	4.6	2.1	53.9
2018	15.6	30.7	5.1	2.2	53.6
2019	15.5	30.2	4.9	2.0	52.6
2020	15.1	30.6	4.2	2.0	51.9
2021	15.3	31.6	4.2	2.0	53.1
2022	15.6	32.3	4.5	2.0	54.4
2023	15.3	32.0	4.5	2.1	53.9
2024	15.0	31.3	4.7	2.0	53.0

**Retail Customers' Average Annual Costs - Norfolk Retail**

Fiscal Year	Revenue	Volume (Mgal) <sup>(1)</sup>	Average Cost (\$/Mgal) <sup>(1)</sup>
2015	\$ 35,846,000	6,136,000	\$ 5.84
2016	35,288,000	5,769,000	6.12
2017	36,213,000	5,717,000	6.33
2018	37,929,000	5,702,000	6.65
2019	38,776,000	5,659,000	6.85
2020	39,330,000	5,516,000	7.13
2021	40,810,000	5,585,000	7.31
2022	43,354,000	5,706,000	7.60
2023	43,101,000	5,526,000	7.80
2024	45,004,689	5,472,000	8.22

**Wholesale Customers' Average Annual Costs - Virginia Beach**

Fiscal Year	Revenue	Volume (Mgal) <sup>(1)</sup>	Average Cost (\$/Mgal) <sup>(1)</sup>
2015	\$ 23,771,000	11,257,000	\$ 2.11
2016	23,731,000	11,263,000	2.11
2017	24,722,000	11,489,000	2.15
2018	23,548,000	11,200,000	2.10
2019	25,158,000	11,015,000	2.28
2020	22,771,000	11,157,000	2.04
2021	25,646,000	11,546,000	2.22
2022	25,812,000	11,788,000	2.19
2023	27,292,281	11,524,000	2.37
2024	30,075,007	11,423,211	2.63

**Wholesale Customers' Average Annual Costs - U.S. Navy, including Norfolk and Virginia Beach Facilities**

Fiscal Year	Revenue	Volume (Mgal) <sup>(1)</sup>	Average Cost (\$/Mgal) <sup>(1)</sup>
2015	\$ 12,017,000	1,838,000	\$ 6.54
2016	10,356,000	1,530,000	6.77
2017	11,710,000	1,662,000	7.05
2018	13,310,000	1,844,000	7.22
2019	13,315,000	1,774,000	7.51
2020	11,835,000	1,524,000	7.77
2021	12,305,000	1,532,000	8.03
2022	13,698,000	1,648,000	8.31
2023	15,501,000	1,801,000	8.61
2024	15,077,294	1,695,765	8.89

## STATISTICAL SECTION (UNAUDITED)

### Operating Information Schedule 4 Water Utility Statistics As of June 30, 2024

#### Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Revenue	Volume (Mgal) <sup>(1)</sup>	Average Cost (\$/Mgal) <sup>(1)</sup>
2015	\$ 5,009,000	823,800	\$ 6.08
2016	4,718,000	720,000	6.55
2017	5,100,000	781,000	6.53
2018	5,471,000	802,000	6.82
2019	5,148,000	718,000	7.17
2020	5,384,000	734,000	7.34
2021	5,526,000	721,000	7.66
2022	5,848,000	739,168	7.91
2023	6,089,000	759,171	8.02
2024	6,070,000	720,000	8.43

#### Wholesale Customers' Average Annual Costs - Western Tidewater Water Authority (WTWA)

Fiscal Year	Revenue	Volume (Mgal) <sup>(1)</sup>	Average Cost (\$/Mgal) <sup>(1)</sup>
2015	\$ 2,737,500	2,190,000	1.25
2016	3,128,963	2,463,750	1.27
2017	3,128,963	2,463,750	1.27
2018	3,531,375	2,737,500	1.29
2019	3,586,125	2,737,500	1.31
2020	4,065,188	3,011,250	1.35
2021	4,125,413	3,011,250	1.37
2022	4,566,150	3,285,000	1.39
2023	4,763,250	3,285,000	1.45
2024	5,587,237	3,559,000	1.57

#### Wholesale Customers' Average Annual Costs - Virginia Beach

Fiscal Year	Revenue	Volume (Mgal) <sup>(1)</sup>	Average Cost (\$/Mgal) <sup>(1)</sup>
2015	\$ -	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	2,371,100	1,825,000	1.31
2020	4,941,000	3,650,000	1.35
2021	5,000,500	3,650,000	1.37
2022	5,073,500	3,650,000	1.39
2023	5,292,500	3,650,000	1.45
2024	5,746,200	3,650,000	1.57

#### Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Revenue	Volume (Mgal) <sup>(1)</sup>	Average Cost (\$/Mgal) <sup>(1)</sup>
2015	\$ 3,240,364	2,584,200	1.25
2016	3,302,111	2,591,500	1.27
2017	3,301,122	2,595,150	1.27
2018	3,330,149	2,576,900	1.29
2019	3,352,605	2,558,650	1.31
2020	3,465,383	2,558,650	1.35
2021	3,510,027	2,555,000	1.37
2022	3,580,444	2,558,650	1.40
2023	3,721,368	2,562,300	1.45
2024	4,033,290	2,562,000	1.57

<sup>(1)</sup> "Mgal" means 1,000 gallons

**Operating Information**  
**Schedule 4**  
**Water Utility Statistics**  
**As of June 30, 2024**

**Raw Water Consumption (million gallons per day)**

<b>Fiscal Year</b>	<b>WTWA</b>	<b>Virginia Beach</b>	<b>Chesapeake</b>	<b>Total</b>
2015	6.00	-	7.08	13.08
2016	6.75	-	7.10	13.85
2017	6.75	-	7.11	13.86
2018	7.50	-	7.06	14.56
2019	7.50	10.00	7.01	24.51
2020	8.25	10.00	7.01	25.26
2021	8.25	10.00	7.00	25.25
2022	9.00	10.00	7.01	26.01
2023	9.00	10.00	7.02	26.02
2024	9.75	10.00	7.20	26.95

**Additional Information:**

- 1) Water Utility Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget.  
 July 1, 2022 - June 30, 2023  
 July 1, 2023 - June 30, 2024
- 2) Water Utility Fund Financial Statements are contained in the financial section "Enterprise Funds" of each respective year's Annual Comprehensive Financial Report.
- 3) Financial information on the Water Utility fund is provided in the "Introductory Section" and the "Financial Section" of each respective year's Annual Comprehensive Financial Report.

## STATISTICAL SECTION (UNAUDITED)

### Operating Information Schedule 5 Wastewater Utility Statistics As of June 30, 2024

#### The Wastewater System

The City owns and operates a sanitary sewer system (the "Wastewater System") that collects and conveys wastewater to the regional treatment agency, the Hampton Roads Sanitation District.

Approximate population served	237,665	citizens
Total wastewater pumping stations	137	pump stations
Miles of gravity wastewater mains	677	miles
Miles of wastewater force mains	55	miles

#### Organization and Management

The Department of Utilities is responsible for the operation of two enterprise funds, the Water Utilities Fund and the Wastewater Utilities Fund. The Department, which is comprised of eight divisions, is organized as follows: Water Production, Water Quality, Wastewater, Water Distribution, Water Accounts, Engineering, Accounting & Budget and the Director's Office.

#### Rates

Each customer using the Wastewater System is charged at a rate based on the water meter flow unless an effluent meter is used. In the absence of an effluent meter, the water meter flow is used. Rates are set by City Council. Effective in fiscal year 2005, the City Council established a long-term retail rate plan and starting in fiscal year 2006, wastewater rates increase annually by 4.00% and produces the following rates:

Fiscal Year	Retail Rate
2021	\$4.65 per 100 cubic feet
2022	\$4.84 per 100 cubic feet
2023	\$5.03 per 100 cubic feet
2024	\$5.23 per 100 cubic feet
Thereafter	4.00% annual increase each July 1

#### Largest Users

Rank	Entity	Usage (CCF)
1	Norfolk Redevelopment and Housing Authority	318,106
2	Old Dominion University	132,807
3	Sentara Norfolk General	128,618
4	Norfolk State University	108,791
5	City of Norfolk	62,517

#### Operating Income

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
Total Operating Revenues	\$ 35,333,559	\$ 35,520,672	\$ 37,592,566
Total Operating Expenses	16,424,301	20,940,708	20,827,726
Total Operating Income	\$ 18,909,258	\$ 14,579,964	\$ 16,764,840

**Operating Information**  
**Schedule 6**  
**Parking Facilities Statistics**  
**As of June 30, 2024**

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

Time	Hourly Rates	Time	Hourly Rates
0 to 1 Hour	\$2.00	6 PM to 9 PM/Collect-On-Entry	\$3.00
1 to 2 Hours	\$3.00	9 PM to 3 AM/Collect-On-Entry	\$5.00
2 to 3 Hours	\$5.00	Special Event Rate/Collect-On-Entry	\$5.00-\$10.00
3 to 4 Hours	\$6.00		
4 to 5 Hours	\$8.00		
5 to 6 Hours	\$9.00		
6 to 7 Hours	\$11.00		
7 to 8 Hours	\$12.00		
Maximum Daily Rate (up to 24 Hours)	\$13.00		
Lost Ticket/Per Day	\$13.00		

**Short-term Parking Rates at the MacArthur Center Garages****Monday - Friday**

\$1.00 for first hour - third hour  
\$2.00 for each additional hour until 6 PM  
\$2.00 for entry after 6 PM  
Maximum of \$10.00 per 24-hour period

**Saturday & Sunday**

\$1.00 for entry prior to 6 PM  
\$2.00 for entry after 6 PM  
\$3.00 for entry before 6 PM and stay less than 3 hours  
Maximum of \$10.00 per 24-hour period

**Special Event Rates**

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

**Metered Parking Rates**

Metered Area	General Location	Hourly Rate
Tier 1	All streets west of St. Paul's Boulevard, City Hall Avenue and South, Waterside Drive and north, all streets east of Boush Street including Boush Street, and east side of St. Paul's Boulevard between Market Street and Charlotte Street (St. Paul's Lot).	\$0.45 per 15 minutes
Tier 2	All streets west of St. Paul's Boulevard and east of Duke Street; north of City Hall Avenue and south of Charlotte Street; and all remaining downtown areas with meters, generally north of Charlotte Street to Princess Anne Road to east of Llewellyn Avenue to west of Monticello Avenue.	\$0.35 per 15 minutes
Education Lot	Corner of St. Paul's Boulevard and City Hall Avenue	\$0.45 per 30 minutes
ODU Village and Spotswood Lot	Meters located on 41 <sup>st</sup> , 43 <sup>rd</sup> , 45 <sup>th</sup> , 46 <sup>th</sup> , 47 <sup>th</sup> Street and Monarch Way, and 800 Block of Spotswood Avenue between Colley Avenue and Core Avenue	\$0.50 per 30 minutes

**Monthly Parking Rates at all City-Owned Facilities**

Daytime rates vary from \$37.00 unreserved per month in outlying lots to \$128.80 for reserved spaces in the core downtown. Nightly monthly parking rates vary from \$20.00 per month to \$39.00 per month.

## STATISTICAL SECTION (UNAUDITED)

### Operating Information Schedule 6 Parking Facilities Statistics As of June 30, 2024

#### Parking Fines

Parking Violation	Fine Schedule	Parking Violation	Fine Schedule
Overtime Parking - Meter	\$35.00	No Parking - This Side	\$50.00
Overtime Parking - Time Zone	50.00	No Stopping Zone	50.00
Overtime Parking - Meter Feeding	50.00	Restricted City Lot	50.00
No Parking	50.00	Handicapped Parking	300.00
No Parking - Fire Hydrant	150.00	Taxi Stand	50.00
No Parking - Cross Walk	50.00	Blocking Driveway	50.00
No Parking - Loading Zone	50.00	Overnight Parking	50.00
No Parking - Here to Corner	50.00	Parking off of Roadway	50.00
No Parking - Facing Wrong Way	50.00	Blocking Fire Lane	150.00
No Parking - Bus Stop	50.00		
No Parking - Street Cleaning	60.00		

#### Parking Fines

Fiscal Year	Parking Tickets		
	Issued	Revenue	Collection Rate
2020	29,142	\$1,207,960	73.00%
2021	30,664	1,841,044	71.00%
2022	32,705	1,950,728	61.00%
2023	16,741	1,117,440	49.00%
2024	23,359	1,808,751	62.00%

#### Additional Information

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

July 1, 2022 - June 30, 2023

July 1, 2023 - June 30, 2024

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

**Operating Information**  
**Schedule 7**  
**Storm Water Utility Statistics**  
**As of June 30, 2024**

**Storm Water System**

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

Approximate population served	228,643	citizens
Total storm water pumping stations	14	pump stations
Miles of gravity storm water pipes	476	miles
Miles of storm water ditches	199	miles
Number of storm water structures	37,528	
Number of storm water outfalls	1,009	

**Rates**

Owners of developed land, both residential and non-residential, are applied a monthly storm water fee based on an Equivalent Residential Unit (ERU). Fees cover services costs for the collection, treatment and discharge of storm water runoff. Residential property is charged 1 ERU, and Nonresidential property is based on impervious surface area. The rates are set by City Council each year, and effective 2013, a 3.00% annual increase was enacted unless otherwise amended.

<b>Fiscal Year</b>	<b>Retail Rate (Residential)</b>	<b>Retail Rate (Commercial)</b>
2022	\$12.72/month	\$12.72/month per 2,000 sq. ft.
2023	\$13.05/month	\$13.05/month per 2,000 sq. ft.
2024	\$13.56/month	\$13.56/month per 2,000 sq. ft.

**Largest Users**

<b>Rank</b>	<b>Entity</b>	<b>ERUs</b>
1	Norfolk Airport Authority	6,343
2	Norfolk Redevelopment and Housing Authority	1,626
3	WHLR-Janaf, LLC	1,575
4	Old Dominion University	1,373
5	Economic Development Authority	1,305

**Operating Income**

	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2023</b>	<b>Fiscal Year 2024</b>
Total Operating Revenues	\$ 22,388,729	\$ 23,365,405	\$ 24,648,902
Total Operating Expenses	14,857,903	19,058,051	20,404,021
<b>Total Operating Income</b>	<b>\$ 7,530,826</b>	<b>\$ 4,307,354</b>	<b>\$ 4,244,881</b>



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# **Other Reports of Independent Auditors**

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

The Honorable Members of the City Council  
City of Norfolk, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the Specifications), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Norfolk, Virginia (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 17, 2025. The City's financial statement include the operations of the Norfolk Public Schools and Norfolk Economic Development Authority for the year ended June 30, 2024. This report does not include operations of these entities because these entities engaged for their own separate audit in accordance with *Government Auditing Standards*.

***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

City of Norfolk, Virginia  
March 17, 2025



