

# 2025

## POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2025



City of Norfolk, Virginia  
Department of Finance



## MESSAGE TO OUR READERS

Dear Citizens and Council Members,

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2025, was prepared by the Department of Finance to provide readers of interest an easy-to-understand summary of our financial activities. This report is intended to increase awareness throughout the community of the financial operations of the City. As such, this report is written in a user-friendly manner that will summarize and communicate the City's financial condition.

All of the data presented in this report is taken from the City's Annual Comprehensive Financial Report (ACFR). The financial data in the ACFR is presented in accordance with Generally Accepted Accounting Principles (GAAP). Organizations that issue an ACFR are required to be compliant with GAAP. This also helps to make their reports and records comparable with other entities, so definitions, parameters, and calculations are performed and presented the same way throughout different organizations. However, when trying to give a user-friendly overview, it can be beneficial to provide condensed data that does not include all the extensive financial details and additional documentation required by GAAP. For that reason, this document is presented on a non-GAAP basis even though the original source is the ACFR, a GAAP-compliant document.

We hope you enjoy reading this report and invite you to access this report and our audited ACFR online for more detailed information. We welcome your questions, comments and suggestions regarding the information included in this report. You can contact our office at (757) 664-4346.

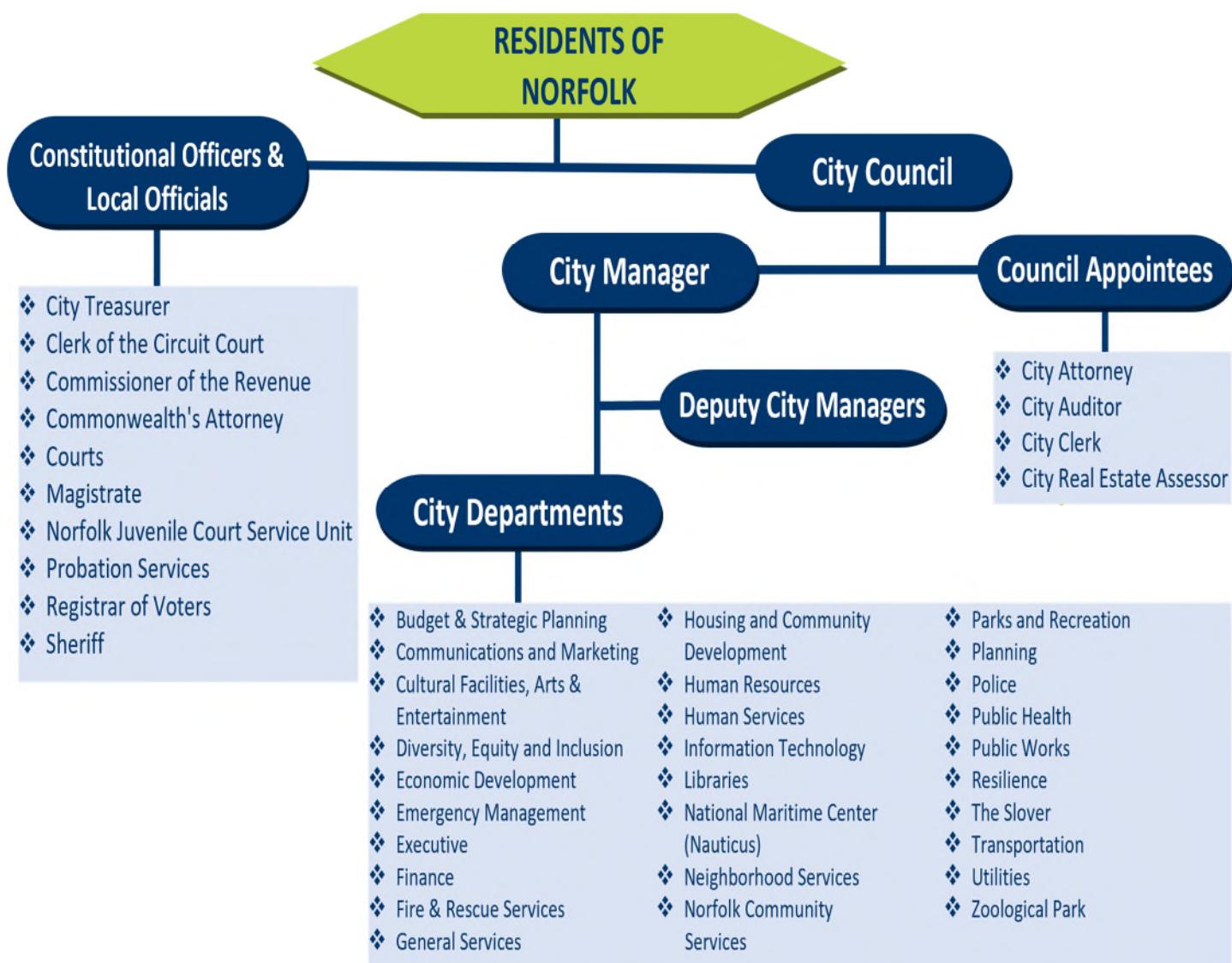
Sincerely,

The Department of Finance

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# NORFOLK GOVERNMENT



## City Leadership

(As of June 30, 2025)



This report, based on the City's fiscal year 2025 ACFR, is not GAAP-compliant. It summarizes only general government data and excludes component units. Some GAAP-required statements and disclosures are omitted. The PAFR and the City's full GAAP-compliant 2025 ACFR are available at:

<https://www.norfolk.gov/325/Financial-Reports>

# NORFOLK BY THE NUMBERS

14  
Fire Stations

4.0%  
2025  
Unemployment  
Rate

32,181  
Streetlights

216,126  
Police  
Service Calls

22  
City-Owned  
Parking Lots /  
Garages

138  
Wastewater  
Pump Stations

633  
Acres of  
Parks

22  
Recreation  
and Senior  
Centers

12  
Libraries

7  
Major  
Performance  
Venues

17  
Storm Water  
Pump  
Stations

2  
Police Precincts  
and 1 Police  
Headquarters

27,000  
Norfolk  
Public Schools  
Population

3,748  
Full-time  
employee  
positions

5<sup>th</sup>  
Largest City  
in Virginia

\$339,000  
2025 Median  
Listing Home  
Price

The information provided above is the most recent data available.

## TOP 5 PRIVATE EMPLOYERS (1,000+)

Sentara Healthcare  
Old Dominion University  
Children's Hospital of The King's Daughters  
Sentara Health Management  
ADP Incorporated



## DID YOU KNOW?

- Beginning in 2025, Norfolk became the East Coast's newest year-round cruise port, marking a significant milestone in the City's growing role as a premier travel and tourism destination.
- A \$750 million resort and casino is under development on the waterfront adjacent to the Harbor Park baseball stadium in Downtown.



# HOW DOES THE CITY WORK?

The City offers a range of services including police and fire protection, public health, planning and zoning, code enforcement, street maintenance, traffic control, parks and recreation, libraries, economic development, solid waste disposal, and general administration. Water, storm water, wastewater, and parking services are provided under an enterprise fund concept and operate on a self-supporting basis with user-charges set by City Council.

## GENERAL FUND



Property taxes, charges for services, and fees fund daily operations and services:

- Libraries
- Police, Fire and Rescue
- Parks and Recreation

## ENTERPRISE FUNDS



Revenue received for services to be used for operating the following funds:

- Water & Wastewater Utilities
- Storm Water Utilities
- Parking Facilities

## INTERNAL SERVICE FUNDS



Services provided to departments and agencies of the City:

- Healthcare
- Fleet Management

## SPECIAL REVENUE FUNDS



Revenue received to be used for specific purposes such as:

- Waste Management
- Public Amenities
- Towing and Recovery

## DEBT SERVICE FUND



Revenue is received from other funds and is used to pay for City debt.

- Principal and Interest

## CAPITAL PROJECTS FUND (CIP)



Revenue is used to pay for construction type projects including:

- Maury High School Construction
- Recreation center and library upgrades
- Norfolk Flood Wall Construction

# WHERE DOES THE MONEY COME FROM?

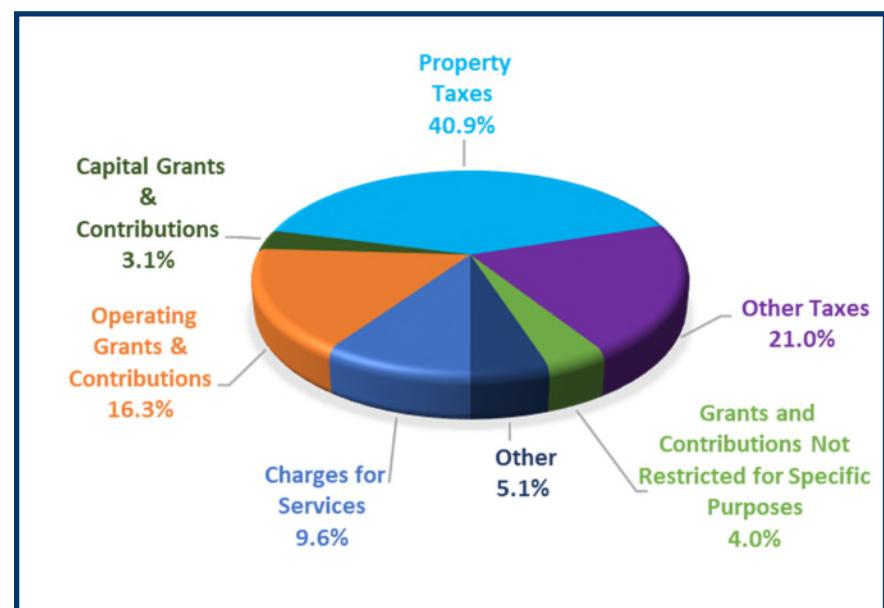
**Governmental activities** include general revenues and ongoing expenses for public safety, public works, parks, and general government. Fiscal year 2025 revenues totaled \$1.0 billion, an increase of \$86.0 million from fiscal year 2024. There were notable increases in property taxes, due to rising assessments and collection rate increases, as well as other taxes including restaurant, consumption, and sales and use taxes. The large increase in capital grants and contributions includes \$31.7 million in capital project transfers from Norfolk Botanical Gardens and Nauticus.

Governmental Activities Revenue	Fiscal Year		
	2025	2024	2023
<b>Program Revenue</b>			
Charges for Services	\$ 98,654,191	\$ 99,025,919	\$ 95,710,121
Operating Grants & Contributions	167,217,564	165,152,487	201,095,425
Capital Grants & Contributions	31,965,033	273,572	14,507,612
<b>General Revenue</b>			
Property Taxes	418,589,583	392,895,405	395,914,526
Other Taxes	215,041,711	203,504,142	200,201,555
Grants and Contributions Not Restricted for Specific Purposes	41,164,986	41,384,425	38,583,643
Other	51,666,259	36,092,214	32,043,797
<b>Total Revenues</b>	<b>\$ 1,024,299,327</b>	<b>\$ 938,328,164</b>	<b>\$ 978,056,679</b>



In fiscal year 2025, the largest sources of revenue for the City were property taxes and other taxes which comprised 61.9% of total governmental revenue. Operating grants & contributions comprised the 2nd largest source with 16.3% followed by Charges for Services with 9.6%.

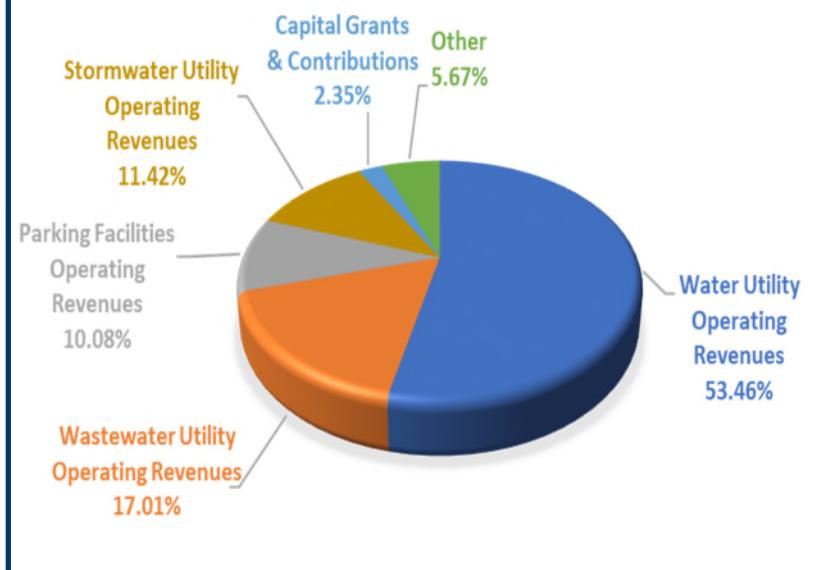
## Governmental Activities Revenue



**Business-type activities** cover the City's Water, Wastewater, Storm Water Utilities, and Parking Facilities. Revenues are directly related to approved rates and services provided. Fiscal year 2025 revenues totaled \$230.4 million mostly from operating revenue amounting to \$211.9 million. Overall revenues increased largely driven by approved rate increases and revenue recognized from governmental sources.

Operating revenues for business-type activities saw an 8.6% increase compared to the prior year. This aligns with the approved annual rate increases as well as increase in usage for many of the City's enterprise funds.

### Business-type Activities Revenue

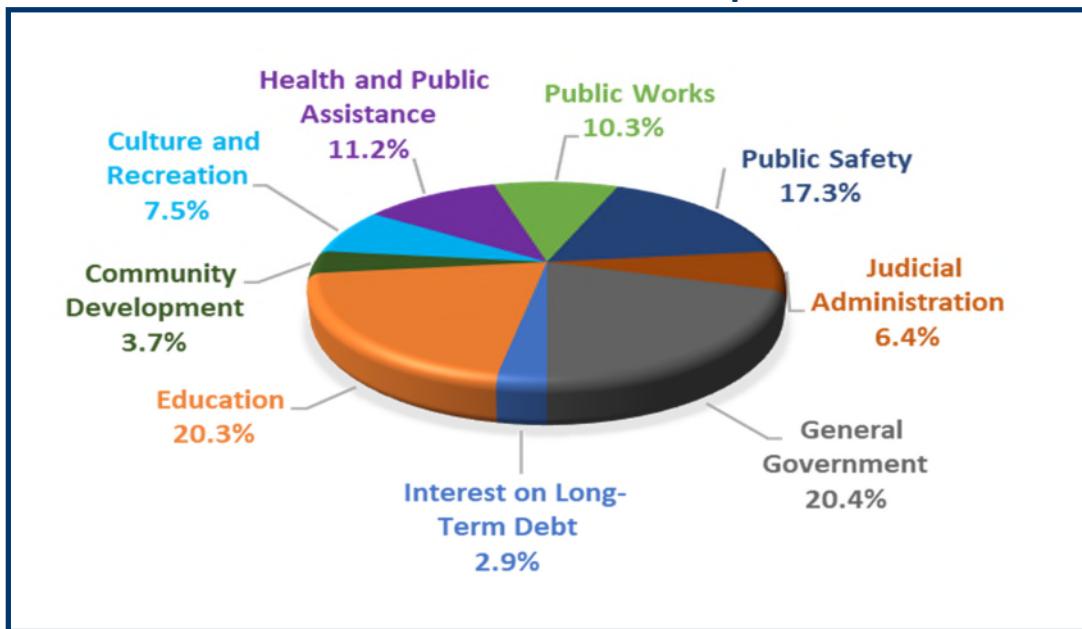


Business-Type Activities Revenue	Fiscal Year		
	2025	2024	2023
<b>Program Revenue</b>			
Water Utility Operating Revenues	\$ 123,154,730	\$114,141,778	\$107,264,132
Wastewater Utility Operating Revenues	39,186,832	37,592,566	35,520,672
Stormwater Utility Operating Revenues	26,315,877	24,648,902	23,365,405
Parking Facilities Operating Revenues	23,221,872	18,647,022	20,617,924
Capital Grants & Contributions	5,413,754	940,347	6,812,429
Other	13,059,254	6,823,359	3,189,665
<b>Total Revenue</b>	<b>\$ 230,352,319</b>	<b>\$202,793,974</b>	<b>\$196,770,227</b>

# WHERE DOES THE MONEY GO?

The City's governmental activities include a variety of services with a significant portion of spending (20.4%) directed towards general government. General Government expenses are related to the administration of the City's affairs. These expenses include the cost of all elected officials, as well as the Departments of Finance, Human Resources and Law, among many others. Total expenses for governmental activities in fiscal year 2025 were \$978.7 million.

## Governmental Activities Expenses



Governmental Activities Expense	Fiscal Year		
	2025	2024	2023
General Government	\$ 199,678,171	\$ 184,796,350	\$ 163,078,726
Judicial Administration	62,861,407	57,359,497	61,730,007
Public Safety	169,079,112	161,392,975	135,118,042
Public Works	100,995,181	89,245,393	85,372,658
Health and Public Assistance	109,697,171	98,090,823	96,769,724
Culture and Recreation	73,647,237	67,086,852	64,618,422
Community Development	36,188,022	39,799,765	45,021,559
Education	198,613,982	154,787,859	118,262,832
Interest on Long-Term Debt	27,986,749	30,190,185	30,084,375
<b>Total Expenses</b>	<b>\$ 978,747,032</b>	<b>\$ 882,749,699</b>	<b>\$ 800,056,345</b>

Governmental activity expenses grew by 10.9%, reflecting Norfolk's commitment to better services and quality of life. More resources were directed to General Government, Health and Public Assistance, Public Safety, Public Works and Education.

**FY2025**

# NORFOLK EDUCATION

## K-12 Education



In March 2025, Norfolk City Council directed the School Board to create a consolidation plan by August 2025 to close ten schools starting August 2026. The goal was to align resources with declining enrollment, address aging facilities, and fund critical capital projects. In October 2025, the Board approved a plan to close nine schools over several years, beginning in the 2026–2027 school year. This initiative aims to strengthen the school system and invest in modern, high-quality learning environments.

## Libraries

Norfolk's public library system serves as a major community resource, offering residents access to learning, technology, and cultural programming across multiple branches. The Jordan-Newby Anchor Branch at Broad Creek is Norfolk Public Library's second anchor branch library. It provided two floors of books and resources, two high-tech meeting rooms, a computer lab, a reading patio, a reading terrace and an expansive Children's Area with a Playscape, KidZone and Art Studio.



## Higher Education Highlights

Old Dominion University (ODU) and Norfolk State University (NSU) are advancing major capital projects that will expand the region's academic and research capabilities. ODU began construction in April 2025 on a new biological sciences building and is renovating Bud Metheny Ballpark, a \$24 million project set for completion in 2026. NSU has broken ground on a \$118 million science building designed to support immersive learning and community collaboration, with completion expected in fall 2027.

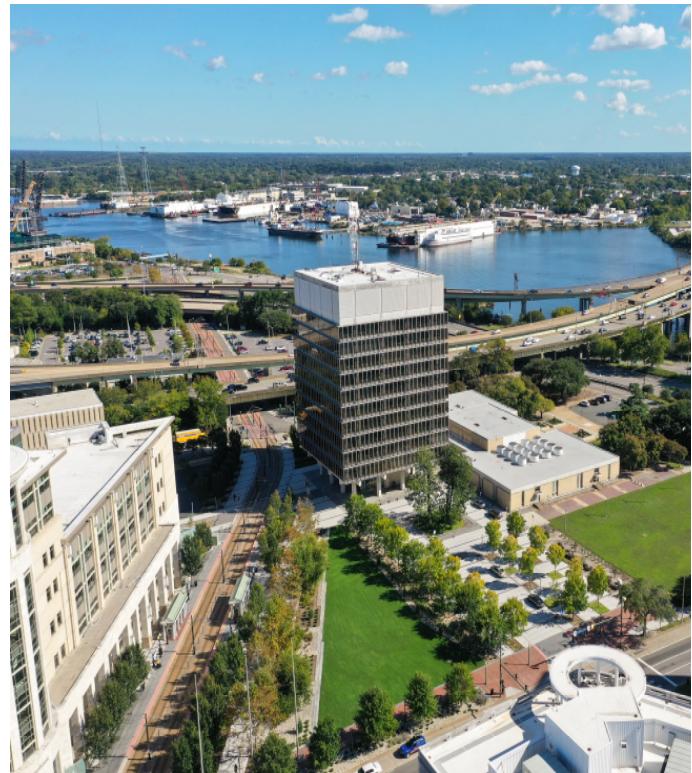
Tidewater Community College (TCC) is expanding educational and career pathways across the region. In 2024, TCC launched the Passport Program with NSU and Christopher Newport University, guaranteeing admission for students who complete 16 credits with a 2.0 GPA.



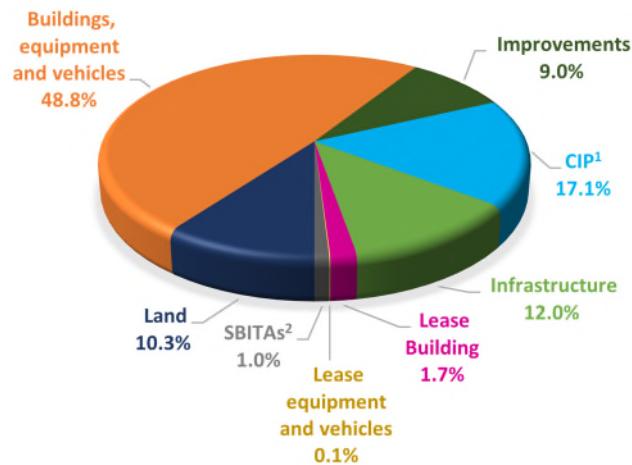
# CAPITAL ASSETS

Assets are items the City owns that will provide future economic benefits. The City's capital assets, like parks and public parking garages, contribute to the community's quality of life. Parks are examples of governmental activities, while water treatment plants represent business-type activities.

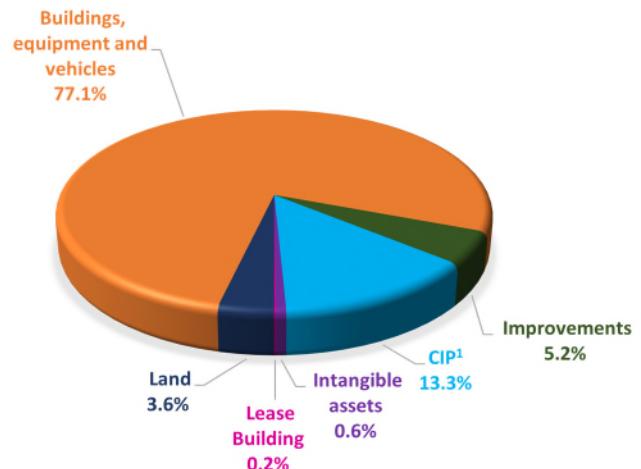
As of June 30, 2025, the City's total **Capital Assets** were \$2.6 billion with \$1.4 billion in governmental assets and \$1.2 billion in business-type assets. These include land, buildings, infrastructure, machinery, equipment, intangibles, and construction in progress.



## Governmental Capital Assets as of June 30, 2025 \$1,369,384,250



## Business-Type Capital Assets as of June 30, 2025 \$1,226,675,306



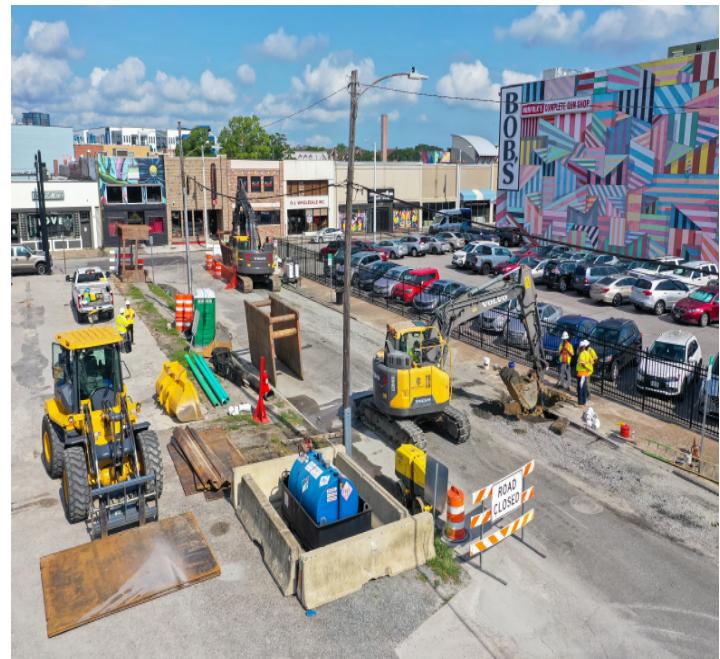
<sup>1</sup>CIP (Construction in Progress)

<sup>2</sup>SBITAs (Subscription-Based Information Technology Arrangements)

# DEBT ADMINISTRATION

## Outstanding Debt

The City's debt structure includes **General Obligation Bonds** backed by the full faith and credit of the City and **Revenue Bonds** supported by operational income. The City also maintains a **Line of Credit** for short-term capital needs and has authorization to draw up to \$50.0 million for operating expenses during significant emergencies, like hurricane recovery. The City's total debt outstanding decreased by 7.5% from the previous year.



	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 806,055,135	\$ 876,832,260	\$ 217,600,339	\$ 232,961,478	\$ 1,023,655,474	\$ 1,109,793,738
Line of Credit	-	55,000,000	-	-	-	55,000,000
Revenue Bonds	-	-	316,447,662	338,942,356	316,447,662	338,942,356
<b>Total</b>	<b>\$ 806,055,135</b>	<b>\$ 931,832,260</b>	<b>\$ 534,048,001</b>	<b>\$ 571,903,834</b>	<b>\$ 1,340,103,136</b>	<b>\$ 1,503,736,094</b>

## General Obligation Debt

The Commonwealth of Virginia limits the City's general obligation debt to 10% of its total assessed valuation. The City's current general obligation debt is well below the limit of \$2.9 billion.



As a result of strong credit ratings, the City may receive lower borrowing costs on its bond issuances.

### Credit Ratings\*

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

\* Contact the appropriate agency for an explanation of what each rating means

\*\* No underlying ratings for Wastewater or Storm Water Revenue Bonds

# STATEMENT OF NET POSITION

The financial balance sheet, known in accounting terms as the “**Statement of Net Position**”, provides a picture of the health of the City at the end of a fiscal year, which can then be compared against other fiscal years.

	Fiscal Year		
	2025	2024	2023
Current and Other Assets	\$ 921,831,752	\$ 1,026,945,234	\$ 1,031,887,694
Capital Assets	2,596,059,556	2,489,963,228	2,361,490,522
Deferred Outflows of Resources	154,770,684	207,939,015	284,957,960
Total Assets and Deferred Outflows of Resources	3,672,661,992	3,724,847,477	3,678,336,176
Long-Term Liabilities	1,903,205,433	2,058,414,566	2,161,284,534
Other Liabilities	174,511,062	217,923,294	212,793,414
Deferred Inflows of Resources	61,839,610	56,098,121	47,412,766
Total Liabilities and Deferred Inflows of Resources	2,139,556,105	2,332,435,981	2,421,490,714
<b>Net Position</b>			
Net Investment in Capital Assets	1,322,937,635	1,106,220,848	1,039,816,360
Restricted	105,401,499	67,456,682	52,166,165
Unrestricted	104,766,753	218,733,966	164,862,937
<b>Total Net Position</b>	<b>\$ 1,533,105,887</b>	<b>\$ 1,392,411,496</b>	<b>\$ 1,256,845,462</b>

The City owns things of value called assets, while liabilities or debt are amounts owed to others. Deferred outflows and inflows are similar but do not meet the technical definitions. The difference is called net position, indicating financial condition. Net position categories range from net investment in capital assets to unrestricted net position. As of fiscal year 2025, the City's assets exceeded liabilities by \$1.5 billion, a 10.1% increase from fiscal year 2024.

## FY2025

The largest portion (86.3%) of the City's net position is its investment in capital assets (e.g., land, buildings, equipment, intangibles and infrastructure) less accumulated depreciation and amortization and less any related outstanding debt and deferred inflows and outflows of resources used to acquire those assets.

# STATEMENT OF ACTIVITIES

The City's income statement is known as the **"Statement of Activities"** and shows how the government's net position changed during the fiscal year for governmental and business-type activities. Governmental funds such as the General Fund are reported on a modified accrual basis of accounting, but are included in this statement on an accrual basis like the business-type funds.

Governmental Activities and Business-Type Activities	Fiscal Year		
	2025	2024	2023
<b>Program Revenue</b>			
Charges for Services	\$ 310,533,502	\$ 294,056,187	\$ 282,478,254
Operating Grants & Contributions	167,217,564	165,152,487	201,095,425
Capital Grants & Contributions	37,378,787	1,213,919	21,320,041
<b>General Revenue</b>			
Property Taxes	418,589,582	392,895,405	395,914,526
Other Taxes	215,041,711	203,504,142	200,201,555
Grants and Contributions Not Restricted for Specific Purposes	41,164,986	41,384,425	38,583,643
Other	64,725,513	42,915,573	35,233,462
<b>Total Revenue</b>	<b>1,254,651,645</b>	<b>1,141,122,138</b>	<b>1,174,826,906</b>
<b>Expenses</b>			
Governmental Activities	978,747,032	882,749,699	800,056,345
Water Utility	74,651,290	77,836,386	74,370,318
Wastewater Utility	22,898,363	22,840,448	23,191,209
Storm Water Utility	17,550,942	22,019,386	20,144,889
Parking Facilities	22,646,869	23,610,378	21,813,638
<b>Total Expenses</b>	<b>1,116,494,496</b>	<b>1,029,056,297</b>	<b>939,576,399</b>
Increase (decrease) in Net Position before Capital Asset Transfers	138,157,149	112,065,841	235,250,507
Special Items	-	-	(3,228,246)
Capital Asset Transfers	2,537,242	23,500,193	-
Increase (decrease) in Net Position after Capital Asset Transfers	140,694,391	135,566,034	232,022,261
Net Position Beginning of Year	1,392,411,496	1,256,845,462	1,024,823,201
<b>Net Position End of Year</b>	<b>\$ 1,533,105,887</b>	<b>\$ 1,392,411,496</b>	<b>\$ 1,256,845,462</b>

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement on an accrual basis.

**FY2025**

# NORFOLK AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This was the 39<sup>th</sup> consecutive year that the City received this prestigious award. This award is valid for a period of one year only. We believe that the fiscal year 2025 ACFR continues to meet the requirements for this award.

GFOA identified the City as a Triple Crown Winner for fiscal year 2023, for achieving all three of its prestigious awards for exceptional financial reporting and awaiting notification of award for fiscal year 2024.



Government Finance Officers Association

Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting

Presented to

**City of Norfolk**  
Virginia

For its Annual Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morrell*

Executive Director/CEO

Fiscal Year 2025 Distinguished Budget  
Presentation Award, GFOA



2024 Annual Achievement of Excellence in  
Procurement,  
National Procurement Institute



2025 Innovation in Resilience Award,  
Elizabeth River Project and Norfolk  
Innovation Corridor



Fiscal Year 2025 Gold Level Certification,  
What Works Cities



2024 Virginia Value Veteran Secretary  
Award, Department of Veteran Services



## CITY EARNS 9<sup>th</sup> PAFR AWARD

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report (PAFR) whose contents conform to program standards for creativity, presentation, understandability, and reader appeal. Fiscal year 2024 marked the City's 9<sup>th</sup> consecutive year receiving this award. We believe the fiscal year 2025 PAFR will again meet the requirements for this award.

# GLOSSARY

The following terms are used in this report and are defined below.

**Accrual basis** - revenues are recorded when earned and expenses are recorded when a liability is incurred, not when the cash is paid.

**Assets** - something of value that the City expects will provide future benefit.

**Business-type activities** - private sector-type operations where fees for services typically cover all or most of the cost of operations, including depreciation.

**Capital assets** - items such as City land, construction in progress, equipment, vehicles, intangible assets, infrastructure and buildings that will provide an economic benefit in the future, with a useful life greater than one year.

**CIP (Construction in Progress)** - account that accumulates all the expenses related to a construction project that is not yet completed.

**Deferred inflows** - an acquisition of net assets that is applicable to a future reporting period.

**Deferred outflows** - a consumption of net assets that is applicable to a future reporting period.

**Governmental activities** - activities generally financed through taxes and intergovernmental revenues. Includes primary governmental functions like public safety, public works, parks and recreation and general government.

**Liabilities** - debts and obligations that the City owes to other parties.

**Modified accrual basis of accounting** - method under which revenues are recognized in the period they become available and measurable, and expenses are recognized in the period the associated liability is incurred.

**Net position** - difference between (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources. It is the net worth of the City. It is also a key indicator of a government's financial health and represents the resources available to meet future needs.

**Restricted** - funds that are not available for general use because they have been set aside for a specific purpose or project.

**SBITA (Subscription-Based Information Technology Arrangement)** - defined as a contract that conveys control of the right to use another party's Information Technology (IT) software, alone or in combination with tangible capital assets as specified in the contract for a period of time through a subscription.

**Unrestricted** - funds available to use for operations.

Reimagine Nauticus - Grand Opening



ADP Corporate 5K



Parade of Nations



Food Truck Mobile Vendor Fair



# STAY CONNECTED

## Instagram

Get updates on public engagement, community information, and City services



## YouTube

Watch Norfolk City Council meetings, Norfolk News Now, Norfolk's history, and Norfolk Planning Commission videos



## Facebook

Get updates on the latest City news, community events, facilities and programs



## LinkedIn

See recent headlines, upcoming events, and job postings



## Nextdoor

Find the most recent public safety notices, service changes, traffic and transportation alerts



## X

Get regular updates from our website newsfeed



## Comments and Questions

The Department of Finance is committed to accomplishing the City Council's priorities and providing clear and transparent reporting of the City's financial activities. We hope this report has been helpful in providing a brief overview of the City and its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

City of Norfolk, Department of Finance

810 Union Street, Suite 600

Norfolk, VA, 23510