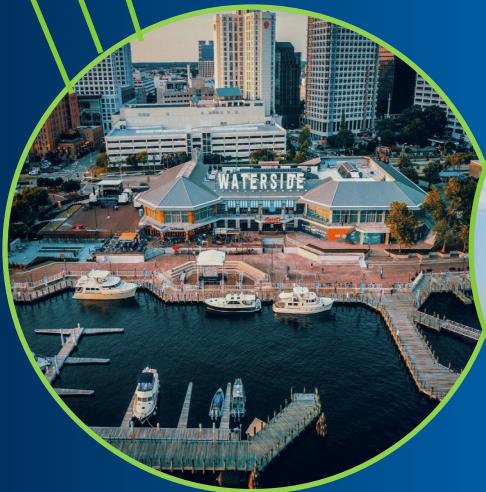


# POPULAR ANNUAL FINANCIAL REPORT

# 2022



**CITY OF NORFOLK, VIRGINIA**

**DEPARTMENT OF FINANCE**

**FISCAL YEAR ENDED JUNE 30, 2022**



Dear Citizens and Council Members,

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2022, 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*

## In This Issue

Norfolk Government.....	3
Norfolk Education.....	4
Norfolk By the Numbers.....	5
Funding City Services.....	6
Revenues.....	7-8
Where the Money Goes.....	9
Capital Assets.....	10
Statement of Net Position.....	11
Statement of Activities.....	12
Debt Administration.....	13
Norfolk Awards and Recognition.....	14
Glossary.....	15
Stay Connected.....	16

## City Council Members as of June 30, 2022



Mayor  
Kenneth Cooper Alexander



Vice Mayor  
Martin A. Thomas  
Ward 1



Council Member  
Courtney Doyle  
Ward 2



Council Member  
Mamie B. Johnson  
Ward 3



Council Member  
Paul R. Ridick  
Ward 4



Council Member  
Thomas R. Smigiel, Jr.  
Ward 5



Council Member  
Andria P. McClellan  
Superward 6



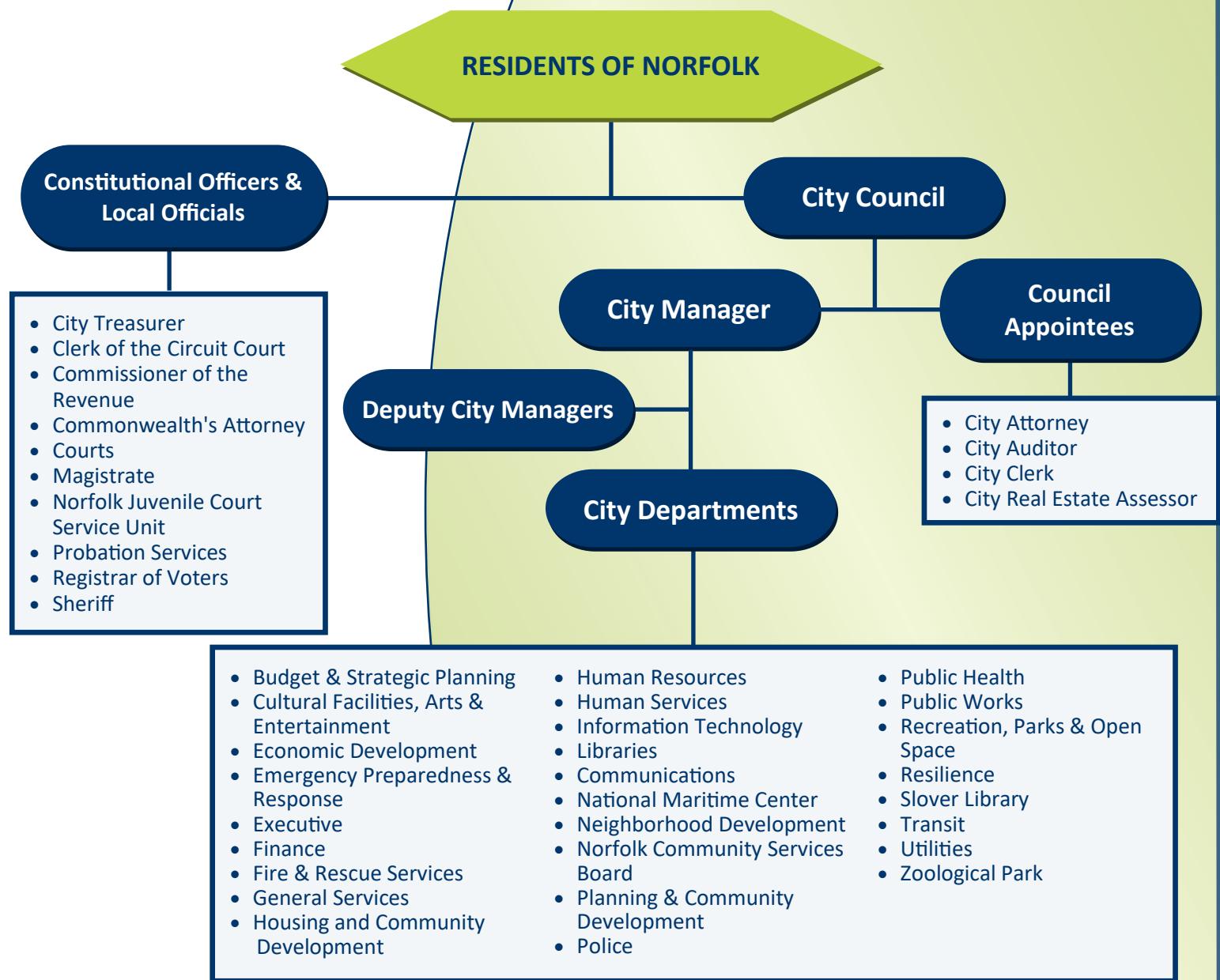
Council Member  
Danica J. Royster  
Superward 7



City Manager  
Larry 'Chip' Filer

# Norfolk Government

## City of Norfolk, Virginia - Organizational Chart



The City provides a full range of general governmental services for its residents. These services include police protection, fire and paramedical services, public health and social services, planning and zoning management, code enforcement, street maintenance, traffic control, parks and cemeteries operation and maintenance, recreation and library services, economic development, solid waste disposal and general administrative services. In addition, water, storm water and wastewater utilities, as well as, parking facility services are provided under an enterprise fund concept with user-charges set by City Council. These enterprise funds operate on a self-supporting basis.

# Norfolk Education

## Higher Education

### Old Dominion University

Old Dominion University is one of only 100 public research-extensive universities nationwide and one of four in Virginia.



### Tidewater Community College

Tidewater Community College's Norfolk Campus is in the heart of downtown. The urban campus is strategically located in the cultural, business and theater district of the City.

### Norfolk State University

Norfolk State University is Virginia's largest public, historically black university and one of the largest predominately black institutions in the nation.



### Eastern Virginia Medical School



Eastern Virginia Medical School, dedicated solely to biomedical and health education, has an economic impact on the regional economy of \$1.2 billion annually.

## K-12 Education & Libraries



### Norfolk Public Schools

NATIONALLY RECOGNIZED. GLOBALLY COMPETITIVE.

### Larchmont Elementary School



Norfolk Public Schools ("NPS") is on a mission to ensure that all students maximize their academic potential, develop skills for lifelong learning and become successful contributors to a global society. NPS is the largest urban school division and the seventh largest division overall in the Commonwealth of Virginia. The school division enrolls a racially and economically diverse population and has an array of academically challenging programs from which to choose.



### Richard Acker Memorial Library

The Norfolk Public Library offers free access to information, books, programs, and online resources to meet the needs of our diverse community for life-long learning.

# Norfolk By The Numbers



# Funding City Services



## GENERAL FUND

Examples:

Libraries, Police & Fire



## ENTERPRISE FUNDS

Water Utility, Wastewater Utility, Storm Water Utility & Parking Facilities



## SPECIAL REVENUE FUNDS

Examples:

Waste Management & Public Amenities



## INTERNAL SERVICE FUNDS

Healthcare & Fleet



## DEBT SERVICE FUND

Fund Used To Pay For Principal & Interest On City Debt

## CAPITAL PROJECTS FUND (CIP)

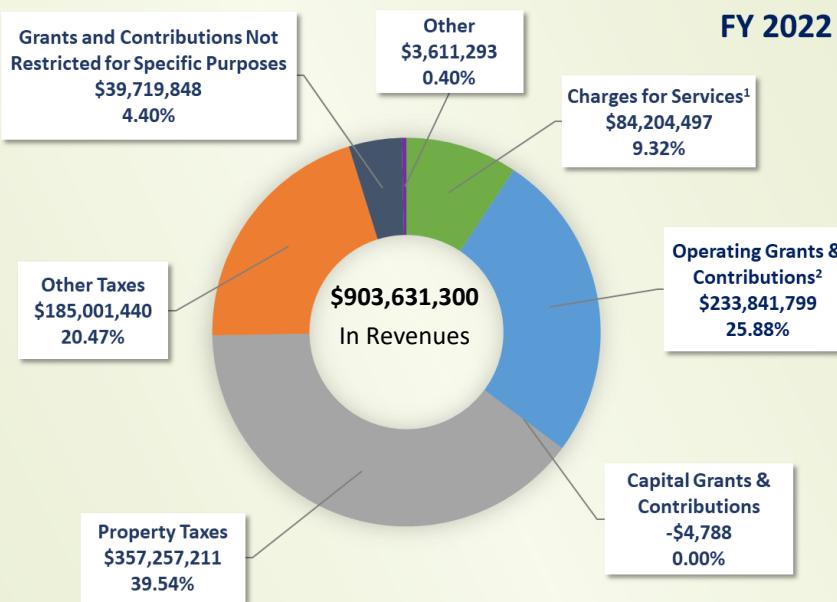
Fund Used To Pay For Capital Outlays, Including School Construction & Road Repair

The City has six different types of funds. The General Fund, made up of property taxes, charges for services and fees, funds the City's daily operations and services. Internal service funds account for services provided to other departments and agencies of the City. Special revenue and enterprise funds use revenue restricted for specific purposes.

# Revenues

Governmental activities capture the general revenues and continuing expenses of primary governmental functions including public safety (police and fire), public works (roads and bridges), parks, recreation, cultural affairs and general government. Revenues for fiscal year 2022 totaled \$903,631,300, more than a \$70 million increase from fiscal year 2021.

Property and Other Taxes comprise the vast majority of the governmental activities revenues at 60 percent of the total. Operating Grants & Contributions comprised the second largest source with 26 percent, followed by Charges for Services with 9 percent.



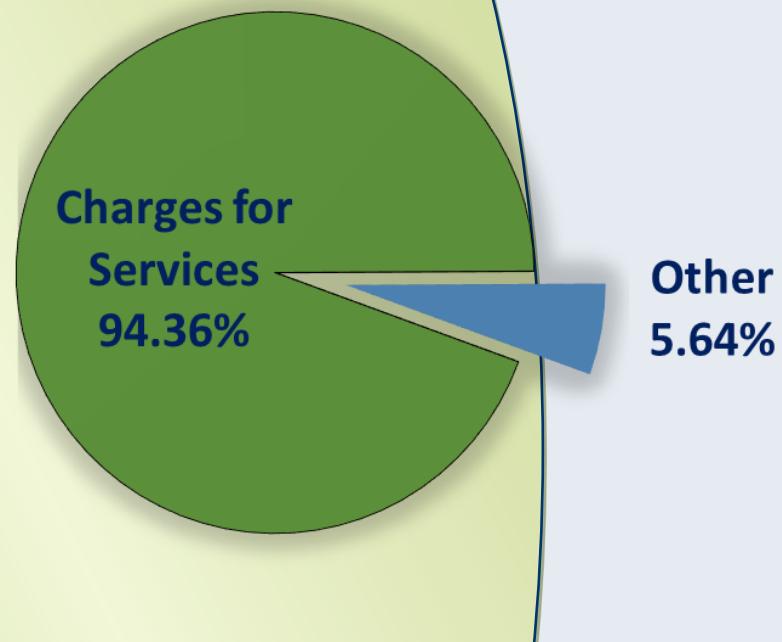
## Governmental Activities: Revenue by Source - FY 2022

Governmental Activities Revenue	Fiscal Year		
	2022	2021	2020
<b>Program Revenue</b>			
Charges for Services	\$ 84,204,497	\$ 78,467,164	\$ 54,528,931
Operating Grants & Contributions	233,841,799	207,935,782	161,602,162
Capital Grants & Contributions	(4,788)	1,982,849	1,247,094
<b>General Revenue</b>			
Property Taxes	357,257,211	329,293,467	316,997,699
Other Taxes	185,001,440	175,216,636	171,533,022
Grants and Contributions Not Restricted for Specific Purposes	39,719,848	39,499,807	36,316,393
Other	3,611,293	700,504	22,496,391
<b>Total Revenues</b>	<b>\$ 903,631,300</b>	<b>\$ 833,096,209</b>	<b>\$ 764,721,692</b>

# Revenues

## Business-Type Activities Revenues

**FY 2022**

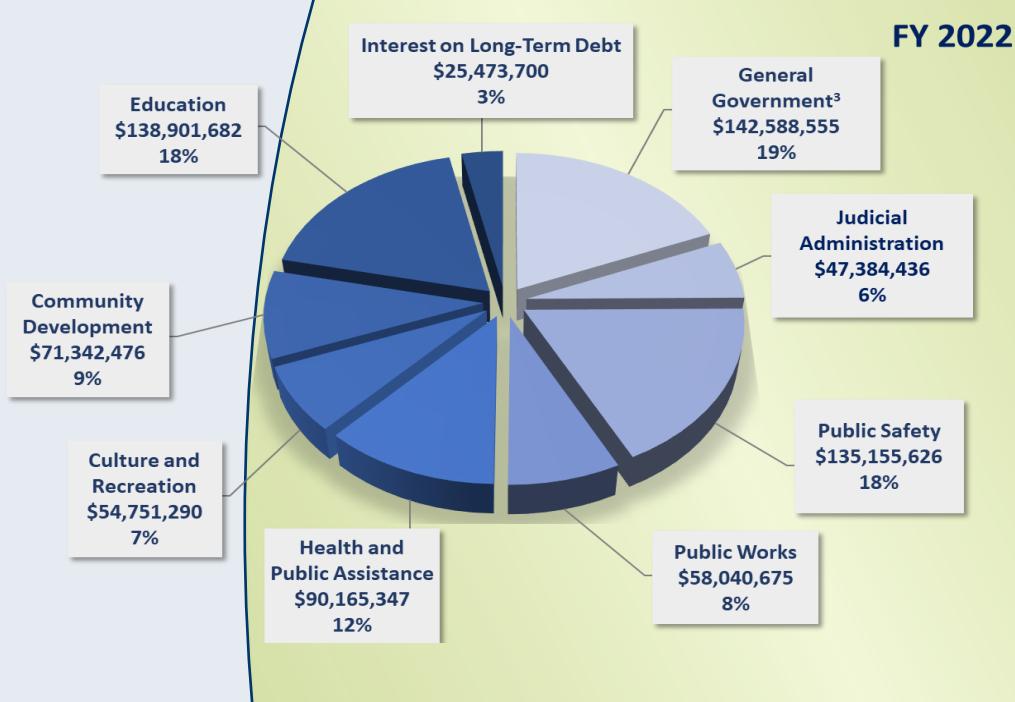


Business-type activities include the operations of the City's Water Utility, Wastewater Utility, Storm Water Utility and Parking Facilities funds. Total revenues for fiscal year 2022 were \$191,471,046 with the majority from fees categorized as charges for services of \$178,665,490.

Business-Type Revenue	Fiscal Year		
	2022	2021	2020
Charges for Services	\$ 178,665,490	\$167,825,333	\$ 164,700,673
Capital Grants & Contributions	-	-	202,692
Other	12,805,556	8,265,227	5,544,777
<b>Total Revenue</b>	<b>\$ 191,471,046</b>	<b>\$176,090,560</b>	<b>\$ 170,448,142</b>

# Where the Money Goes

The City's governmental activities include a variety of services with a significant portion of spending (36 percent) directed towards public education and public safety. Total expenses for governmental activities in fiscal year 2022 were \$763,803,787.

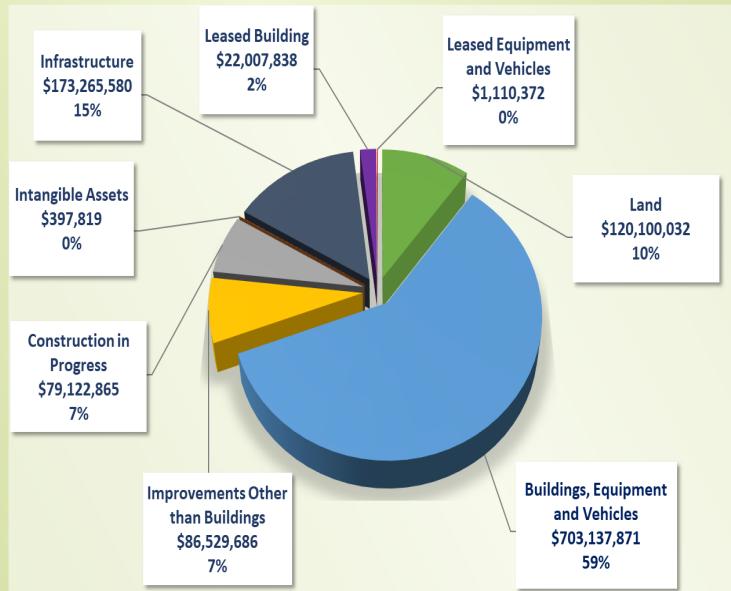


<sup>1</sup> General Government expenses are related to the administration of the City's affairs. These expenses include the cost of all elected officials, as well as the Departments of Finance, Human Resources and Law, among many others.

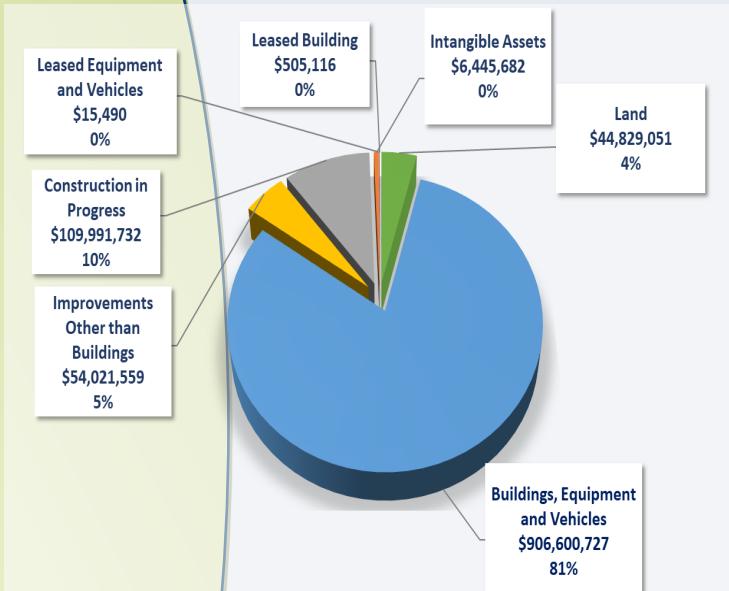
	Fiscal Year		
Governmental Activities Expense	2022	2021	2020
General Government <sup>1</sup>	\$ 142,588,555	\$ 150,511,364	\$157,800,826
Judicial Administration	47,384,436	47,505,416	48,443,053
Public Safety	135,155,626	102,696,731	153,190,268
Public Works	58,040,675	57,246,349	61,611,766
Health and Public Assistance	90,165,347	76,087,642	97,274,531
Culture and Recreation	54,751,290	35,794,242	64,901,083
Community Development	71,342,476	66,150,674	40,728,057
Education	138,901,682	112,363,179	135,699,293
Interest on Long-Term Debt	25,473,700	29,875,970	24,998,008
<b>Total Expenses</b>	<b>\$ 763,803,787</b>	<b>\$ 678,231,567</b>	<b>\$784,646,885</b>

# Capital Assets

## Governmental Capital Assets Total as of June 30, 2022 \$1,185,672,063



## Business-Type Capital Assets Total as of June 30, 2022 \$1,122,409,357



**Assets** can be generally defined as the items the City owns that will provide an economic benefit in the future. Specifically, the City's capital assets are owned primarily for their contribution to the quality of the community. Examples include, a parcel of land that is owned and used as a park (governmental activity), or a public parking garage that charges for permit parking (business-type activity).

The City's total capital assets at June 30, 2022, was \$2,308,081,420 consisting of \$1,185,672,063 in governmental assets and \$1,122,409,357 in business-type assets. The investment in capital assets includes land, buildings, improvements, infrastructure (streets, roads, bridges, highways, water, sewer systems, etc.), machinery, equipment, intangibles and construction in progress.

# 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.

The City owns things of value called assets; amounts owed to others are called liabilities or debt. Deferred outflows and inflows of resources are terms for things that are similar to assets and liabilities, but don’t meet the technical definition.

The difference between assets and deferred outflows and liabilities and deferred inflows is called net position. A positive net position indicates a measure of financial stability. Net position is the common measurement term for both the governmental and business-type activities when they are reported together.

This allows all activities to be combined and shown as government-wide totals for the primary government. The categories of net position are listed in order of decreasing restrictions, with net investment in capital assets being generally unavailable for spending and unrestricted net position being available for use without restriction.

Major factors causing unrestricted net position to be negative, similar to many localities, are the adoption of GASB 68 and the recognition of the net pension liabilities to the City’s employees’ retirement system and the Virginia retirement system. GASB 68 improves information provided by state and local governmental employers about financial support for pensions.

In the case of the City, assets exceeded liabilities by \$1,024,823,201 at the close of fiscal year 2022. This is an increase of approximately 28 percent from fiscal year 2021.

	Fiscal Year		
	2022	2021	2020
<b>What We Have</b>			
<b>Current and Other Assets</b>	\$ 877,579,354	\$ 701,223,663	\$ 567,326,163
<b>Capital Assets</b>	2,308,081,420	2,237,849,318	2,230,298,897
<b>Deferred Outflows of Resources</b>	161,939,918	350,362,662	163,068,051
<b>Total Assets and Deferred Outflows of Resources</b>	3,347,600,692	\$ 3,289,435,643	\$ 2,960,693,111
<b>Long-Term Liabilities</b>	1,828,074,651	2,163,614,708	1,936,170,430
<b>Other Liabilities</b>	314,126,701	294,850,385	190,368,768
<b>Deferred Inflows of Resources</b>	180,576,139	28,690,964	31,892,020
<b>Total Liabilities and Deferred Inflows of Resources</b>	2,322,777,491	\$ 2,487,156,057	\$ 2,158,431,218
<b>Net Position</b>			
<b>Net Investment in Capital Assets</b>	907,737,671	825,536,757	790,226,577
<b>Restricted</b>	36,962,564	40,804,912	39,040,578
<b>Unrestricted</b>	80,122,966	(64,062,083)	(27,005,262)
<b>Total Net Position</b>	\$ 1,024,823,201	\$ 802,279,586	\$ 802,261,893

# Statement of Activities

The City's income statement is known as the "Statement of Activities" and represents information showing how the government's net position changed during the fiscal year for governmental and business-type activities. 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. 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.

Business-Type and Governmental Activities Totals	Fiscal Year		
	2022	2021	2020
<b>Program Revenue</b>			
Charges for Services	\$ 264,872,163	\$ 246,292,497	\$ 219,229,604
<b>Operating Grants &amp; Contributions</b>	233,841,799	207,935,782	161,602,162
Capital Grants & Contributions	(4,788)	1,982,849	1,449,786
<b>General Revenue</b>			
Property Taxes	357,257,211	329,293,467	316,997,699
Other Taxes	185,001,440	175,216,636	171,533,022
<b>Grants and Contributions Not Restricted for Specific Purposes</b>	39,719,848	39,499,807	36,316,393
<b>Other</b>	14,414,673	8,965,731	28,041,168
<b>Total Revenue</b>	\$ 1,095,102,346	\$ 1,009,186,769	\$ 935,169,834
<b>Expenses</b>			
<b>Governmental Activities</b>	\$ 763,803,787	\$ 678,231,567	\$ 784,646,885
Water Utility	57,826,975	63,488,950	64,625,130
Wastewater Utility	18,658,063	21,086,758	21,082,383
Storm Water Utility	15,960,244	16,330,958	13,239,213
Parking Facilities	16,309,662	20,030,843	24,849,833
<b>Total Expenses</b>	\$ 872,558,731	\$ 799,169,076	\$ 908,443,444
<b>Increase (decrease) in Net Position before Transfers</b>	222,543,615	17,693	26,726,390
<b>Net Position Beginning of Year</b>	802,279,586	802,261,893	775,535,503
<b>Net Position End of Year</b>	<b>\$ 1,024,823,201</b>	<b>\$ 802,279,586</b>	<b>\$ 802,261,893</b>

# Debt Administration

## General Obligation Debt Limit

The Commonwealth of Virginia imposes a legal limit on general obligation (G.O.) outstanding debt of (10 percent) of a local government's assessed valuation for property tax purposes. The City's G.O. debt that applies to the debt limit is \$1.25 billion, which is 54.11 percent of assessed valuation and is significantly less than the current calculated statutory debt limit of \$2.31 billion.

## Outstanding Debt

The City's debt structure includes general obligation debt that is backed by the full faith and credit of the City and revenue debt that is supported by income from operations. The City also maintains a line of credit to fund short-term capital needs prior to the issuance of long-term debt. The City also has authorization to draw up to \$50 million to fund operating expenses caused by a significant emergency event, such as a hurricane recovery.

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 922,252,298	\$ 887,775,611	\$ 228,217,085	\$ 245,636,154	\$ 1,150,469,383	\$1,133,411,765
Line of Credit	52,762,400	83,260,000	-	-	52,762,400	83,260,000
Revenue Bonds	-	-	331,235,960	366,771,983	331,235,960	366,771,983
<b>Total</b>	<b>\$ 975,014,698</b>	<b>\$ 971,035,611</b>	<b>\$ 559,453,045</b>	<b>\$ 612,408,137</b>	<b>\$ 1,534,467,743</b>	<b>\$1,583,443,748</b>

### Credit Ratings

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

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



The City's Capital Improvement Program supported the construction of Five Points Civic Plaza Park.



The City's Capital Improvement Program supports the improvement of the City's Streets and Bridges.

# Norfolk Awards and Recognition

## 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 for the fiscal year ended June 30, 2021. This was the 36<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 FY 2022 ACFR continues to meet the requirements and has been submitted to GFOA again this year.

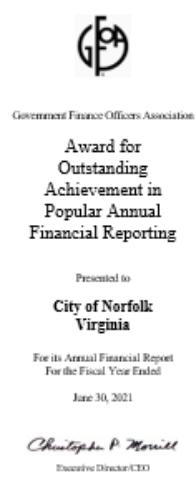
*Top 100 Best Places  
to Live in America,  
Livability Journal  
Communications, Inc,  
2021*

*Gold Excellence Awards -  
Community Profile Brochure  
& WeldNOW Mobile  
Wedding Lab by Norfolk  
Economic Development  
Department, International  
Economic Development  
Council (IEDC), 2022*

*2022 Secretary  
Award, Virginia  
Department of  
Veterans Services  
(VDVS), 2022*

*Distinguished Budget  
Presentation Award,  
Government Finance  
Officers Association  
(GFOA), 2022*

*Best Places to Work  
in Local Government  
for 2021, Engaging  
Local Government  
Leaders (ELGL), 2021*



## CITY EARNS 6<sup>th</sup> PAFR AWARD

The GFOA awarded the City the Certificate of Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2021. Fiscal Year 2021 was the 6<sup>th</sup> year that the City received this prestigious award. We believe that this FY 2022 PAFR continues to meet the requirements and has been submitted to GFOA again this year.

# 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** - what the City owns.

**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, infrastructure and buildings that will provide an economic benefit in the future, with a useful life greater than a year.

**CIP** - Capital Improvement Project.

**Deferred inflows** - an acquisition of a 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** - what the City owes.

**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 assets and liabilities. It is the net worth of the City.

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

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

CHKD



Norfolk Botanical Gardens



Dream Court - Ocean View



## About this Report

Although this report is largely based on the City's 2022 Annual Comprehensive Financial Report, this report is not prepared in accordance with generally accepted accounting principles ("GAAP"). Only the financial data for the general government is included in this report and, therefore, all of the City's discretely presented component units are excluded. Additionally, information is presented in a summarized manner and certain financial statements and note disclosures required by GAAP are omitted. A copy of this PAFR, as well as the City's audited 2022 ACFR, which is prepared in accordance with GAAP, is located at <http://www.Norfolk.gov/325/Financial-Reports>

## 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

# Stay Connected

[www.Norfolk.gov](http://www.Norfolk.gov)



[www.facebook.com/Norfolk](http://www.facebook.com/Norfolk)



Get updates on the latest City news

Hear about community events

Learn about City facilities and programs

See photos of current City Projects



[www.youtube.com/NorfolkTV](http://www.youtube.com/NorfolkTV)



Norfolk City Council Meetings

Norfolk News Now

Short videos about Norfolk's History

Videos pertaining to Norfolk Planning Commission



[www.twitter.com/NorfolkVa](http://www.twitter.com/NorfolkVa)



See regular updates from our website newsfeed!



[www.linkedin.com/company/City-of-Norfolk](http://www.linkedin.com/company/City-of-Norfolk)



Recent Headlines

Upcoming Events

**This Popular Annual Financial Report is a publication of the**

**Department of Finance**

**810 Union Street, Suite 600**

**Norfolk, VA 23510**

**(757) 664-4346**

**For more information about the City's Department of Finance, visit <http://www.Norfolk.gov/Finance>**