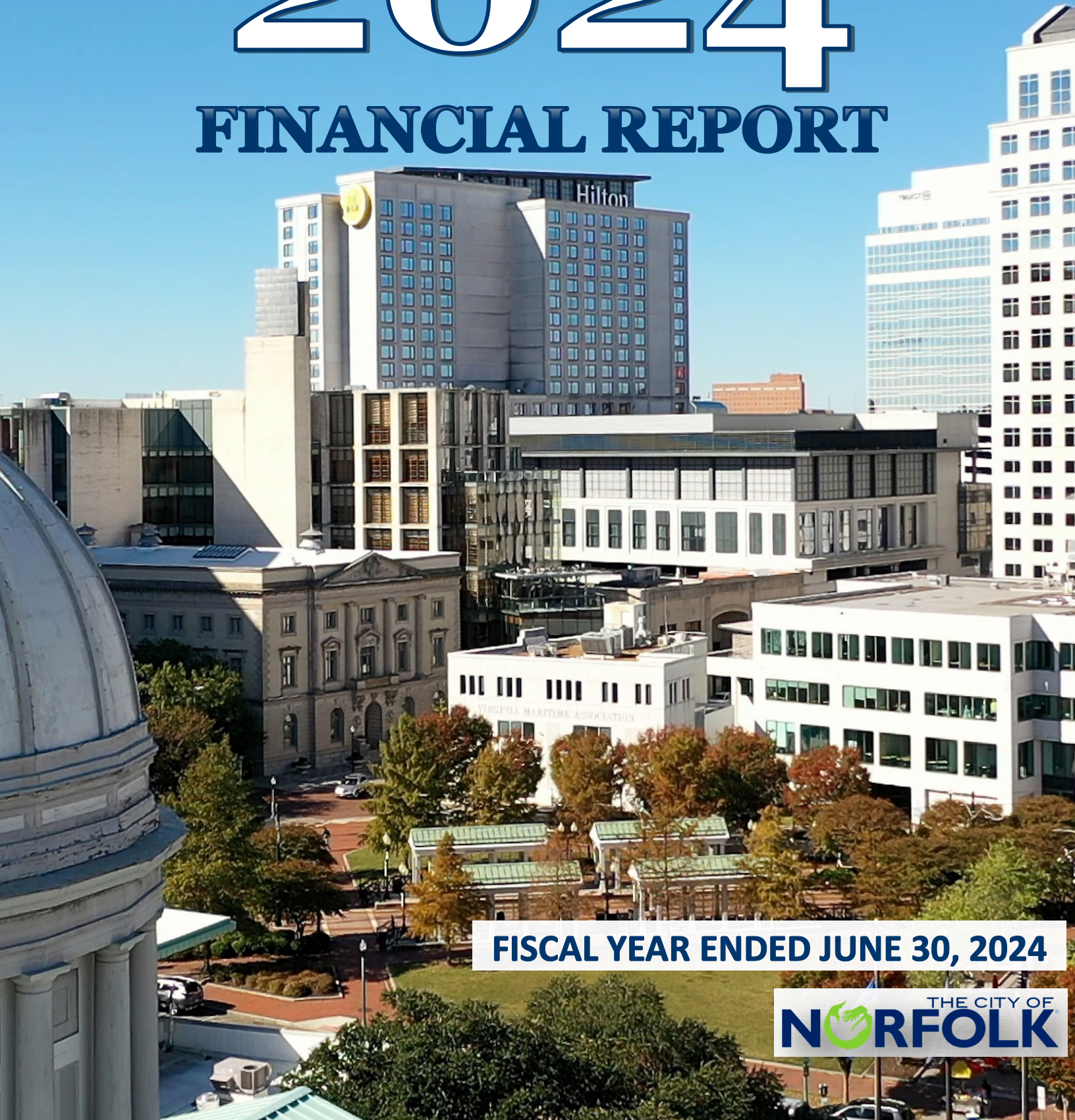


CITY OF NORFOLK, VIRGINIA
Department of Finance

POPULAR ANNUAL 2024 FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2024

INTRODUCTION

Dear Citizens and Council Members,

Our Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2024, 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

City Council Members As of June 30, 2024



Kenneth C. Alexander
Ph.D.
Mayor



Martin A. Thomas
Vice Mayor, Ward 1



Courtney R. Doyle
Ward 2



Mamie B. Johnson
Ward 3



John E. Paige
Ward 4



Thomas R. Smigiel Jr.
Ward 5



Andria P. McClellan
Superward 6



Danica J. Royster
Superward 7



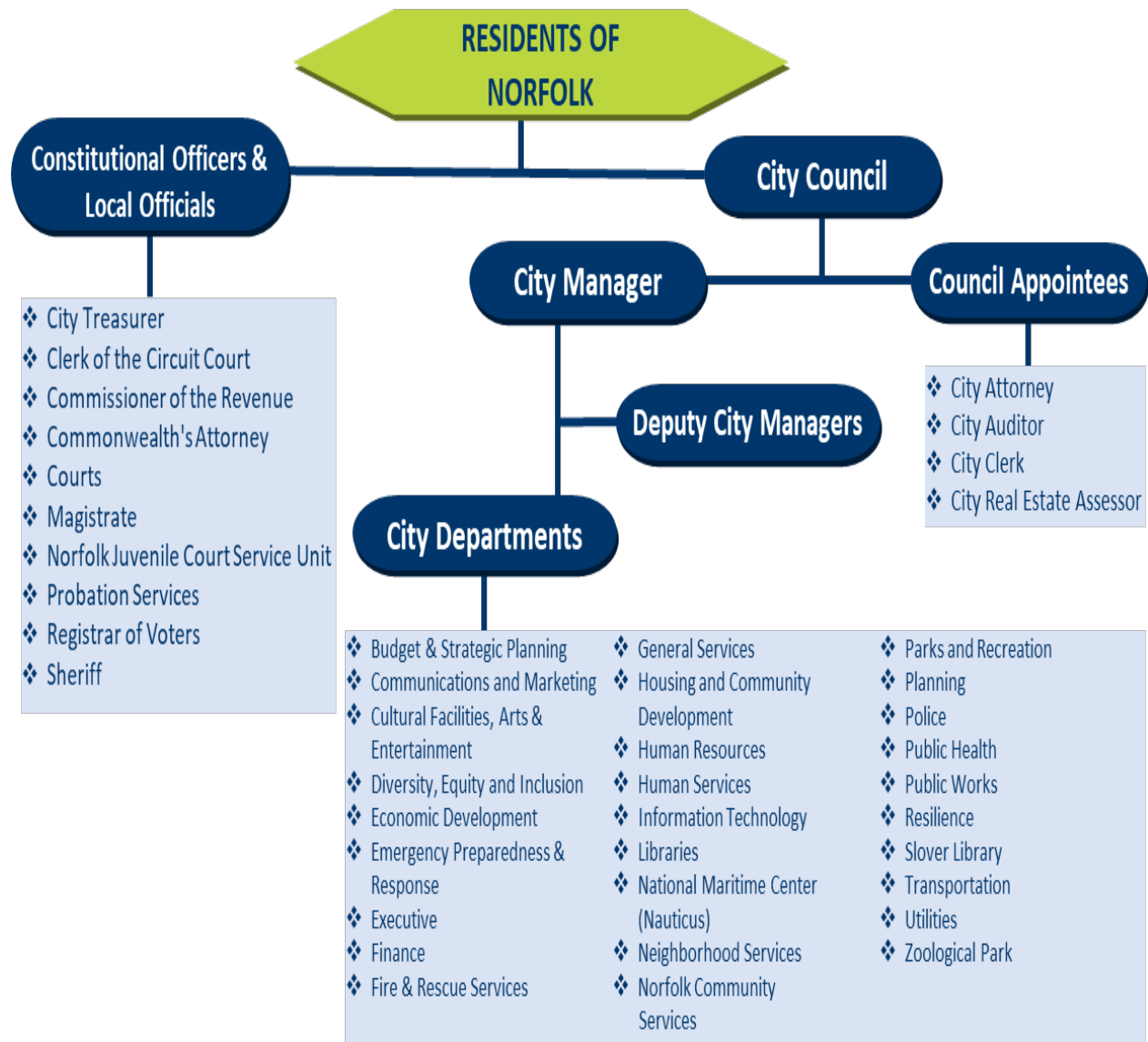
City Manager
Patrick G. Roberts

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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 <https://www.norfolk.gov/318/Finance>

NORFOLK GOVERNMENT



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, cemeteries, libraries, economic development, solid waste disposal, and general administration. Additionally, water, storm water, wastewater, and parking services are provided under an enterprise fund concept with user-charges set by City Council and operate on a self-supporting basis.

NORFOLK EDUCATION

Lifelong Learning

Old Dominion University received more than \$700,000 for a project aimed at addressing flooding in five underserved neighborhoods in Norfolk through the use of green infrastructure in January 2024. The funding includes a \$494,000 grant from the National Fish and Wildlife Foundation, and \$213,000 from the City and the Institute for Coastal Adaptation & Resilience (CAR).



In 2023, the Virginia General Assembly approved \$14 million to support the merger that established Eastern Virginia Medical School as the medical school of Old Dominion University. The School will encompass medicine, health professions, health sciences, and nursing.



In 2023, Norfolk Public Schools received \$33 million in School Construction Assistance Program funding for the replacement of Maury High School and the renovation of Booker T. Washington High School.



Tidewater Community College's new Visual Arts and Design Center launched its first exhibit "A Look Within" in October 2023. Featuring works from the CAN Foundation's workshop, the exhibit explores themes of self-reflection, growth, and personal transformation developed over a three-month period.



The Elizabeth River Project recognized Norfolk State University as a 2023 Sustained Distinguished Performance River Star Business. In collaboration with BrightView Landscape Services and students, NSU completed initiatives, including Earth Day events, a 3,000 square foot Pollinator Meadows storm water project, and the planting of new trees

K-12 Education and Libraries



In recent years, the Norfolk Public Library system has made significant strides to enhance its services and expand its technological capabilities. The Innovation Hub, which opened at the Jordan-Newby Anchor branch, introduces two new tech features to the library system: a teleservices booth and a memory lab.

NORFOLK BY THE NUMBERS



The information provided above is the most recent data available.



Picture: Sentara Leigh Hospital—Norfolk VA

TOP 5 PRIVATE EMPLOYERS (1,000+)

Sentara Healthcare
 Old Dominion University
 Children's Hospital of The King's Daughters
 Eastern Virginia Medical School
 ADP Incorporated

FUN FACT

Norfolk is home of the USS Wisconsin battleship and a vibrant harbor. Ocean-going cruise vessels of up to 3,000 passengers regularly stop at the Half Moone Cruise and Celebration Center downtown. In 2023, Cruise Norfolk hosted nearly 250,000 unique cruise passenger visits – by far the busiest cruise season in Norfolk's history. Norfolk will become the East Coast's newest year-round cruise port in 2025 when Carnival begins sailing from downtown each week.



FUNDING CITY SERVICES

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 committed or restricted for specific purposes. **Debt Service Fund** revenue is used to pay for principal and interest on City debt. **Capital Projects Fund** revenue is used to pay for capital outlays including school construction and road repair.

General Fund

Libraries, Police and
Fire & Rescue¹



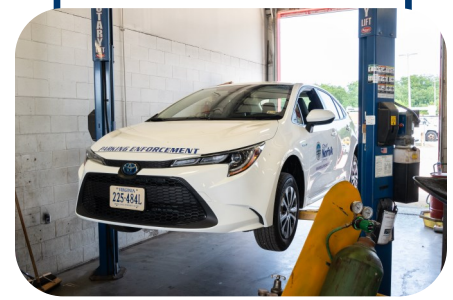
Enterprise Funds

Water, Wastewater and
Storm Water Utility and
Parking Facilities



Internal Service Funds

Healthcare and Fleet



Special Revenue Funds

Waste Management, Public
Amenities and Towing and
Recovery Operations²



Debt Service Fund



Capital Projects Fund



Picture: (top-left to right) Fire Station No. 13, Freemason Street Parking Garage, Fleet Maintenance, Waste Management Services, management of the City's debt and the Half Moone—Cruise Terminal.

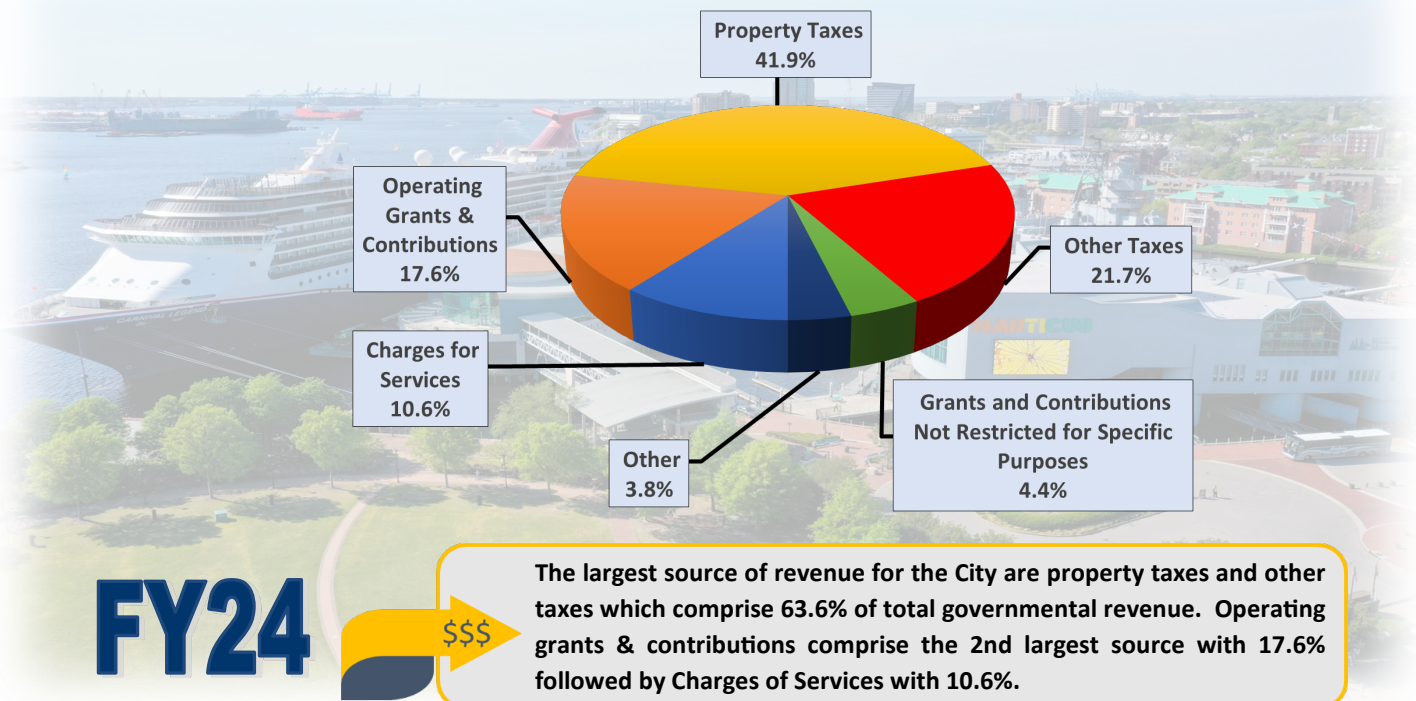
(¹) - A representation of the many departments that are funded through the General Fund. (²) - A representation of the many departments that are funded through the Special Revenue Fund.

REVENUES

Governmental activities include general revenues and ongoing expenses for public safety, public works, parks, and general government. Fiscal year 2024 revenues totaled \$938,328,164 a decrease of \$39.7 million from fiscal year 2023. The decrease can be attributed to the federal ARPA funding received in fiscal year 2023.

Governmental Activities Revenue	Fiscal Year		
Program Revenue	2024	2023	2022
Charges for Services	\$ 99,025,919	\$ 95,710,121	\$ 84,204,497
Operating Grants & Contributions	165,152,487	201,095,425	233,837,011
Capital Grants & Contributions	273,572	14,507,612	-
General Revenue			
Property Taxes	392,895,405	395,914,526	357,257,211
Other Taxes	203,504,142	200,201,555	185,001,440
Grants and Contributions Not Restricted for Specific Purposes	41,384,425	38,583,643	39,719,848
Other	36,092,214	32,043,797	3,611,293
Total Revenues	\$ 938,328,164	\$ 978,056,679	\$ 903,631,300

Governmental



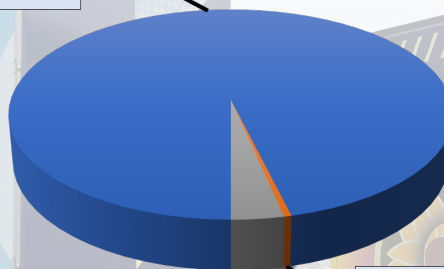
REVENUES

Business-type activities cover the City's Water, Wastewater, Storm Water Utilities, and Parking Facilities. Fiscal year 2024 revenues totaled \$202,793,974 mostly from charges for services amounting to \$195,030,268.

Business-Type Activities Revenue	Fiscal Year		
Program Revenue	2024	2023	2022
Charges for Services	\$ 195,030,268	\$ 186,768,133	\$ 178,665,490
Capital Grants & Contributions	940,347	6,812,429	-
Other	6,823,359	3,189,665	12,805,556
Total Revenue	\$ 202,793,974	\$ 196,770,227	\$ 191,471,046

Business-type

Charges for
Services
96.2%



Other
3.3%

Capital Grants &
Contributions
0.5%

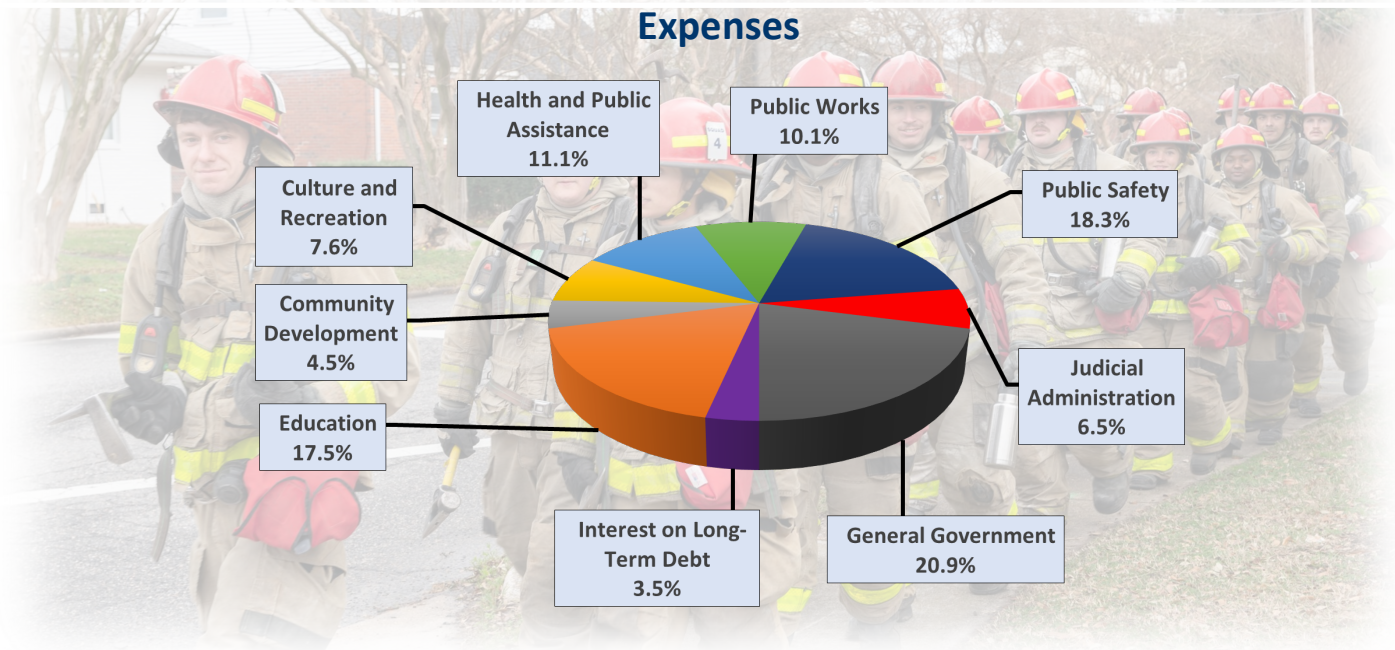
FY24

\$\$\$

Revenues from charges for services related to business-type activities saw a 4.4% increase compared to the prior year. This aligns with the budgeted annual rate increases.

WHERE THE MONEY GOES

The City's **governmental activities** include a variety of services with a significant portion of spending (20.9%) directed towards general government. Total expenses for governmental activities in fiscal year 2024 were \$882,749,699.



Governmental Activities Expense	Fiscal Year		
	2024	2023	2022
General Government ¹	\$ 184,796,350	\$ 163,078,726	\$ 142,588,555
Judicial Administration	57,359,497	61,730,007	47,384,436
Public Safety	161,392,975	135,118,042	135,155,626
Public Works	89,245,393	85,372,658	58,040,675
Health and Public Assistance	98,090,823	96,769,724	90,165,347
Culture and Recreation	67,086,852	64,618,422	54,751,290
Community Development	39,799,765	45,021,559	71,342,476
Education	154,787,859	118,262,832	138,901,682
Interest on Long-Term Debt	30,190,185	30,084,375	25,473,700
Total Expenses	\$ 882,749,699	\$ 800,056,345	\$ 763,803,787

¹General 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.

FY24

\$\$\$

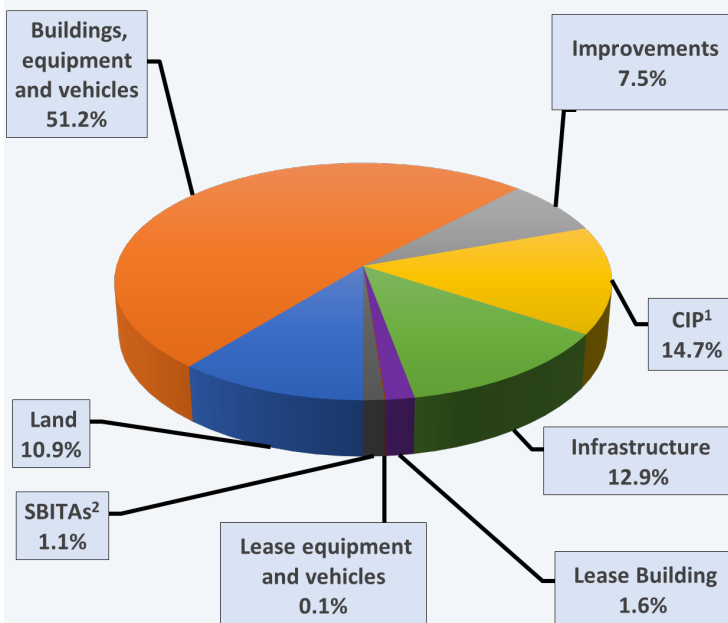
Expenses for governmental activities increased by 10.3% largely due to increased General Government, Public Safety, and Education spending.

CAPITAL ASSETS

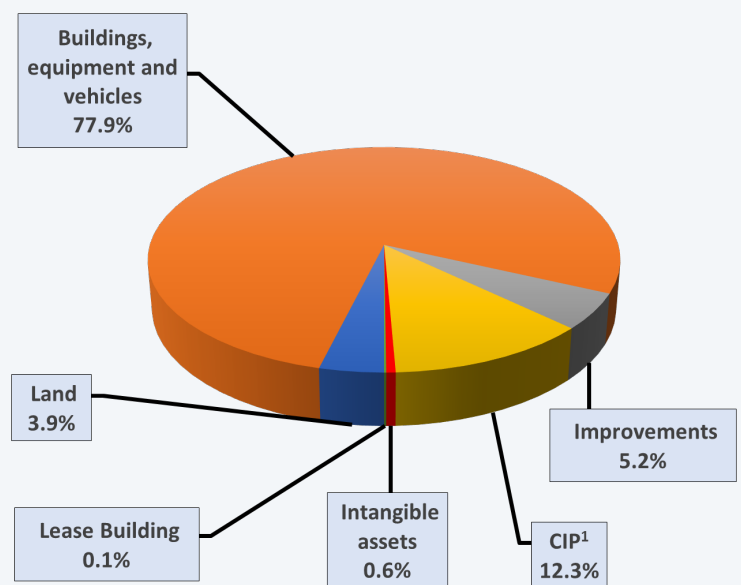
Assets are items the City owns that will provide future economic benefits. The City's capital assets, like parks and public parking garages, contribute to the community's quality of life. Parks are examples of governmental activities, while parking garages represent business-type activities.

As of June 30, 2024, the City's total **Capital Assets** were \$2,489,963,228 with \$1,313,399,881 in governmental assets and \$1,176,563,347 in business-type assets. These include land, buildings, infrastructure, machinery, equipment, intangibles, and construction in progress.

**Governmental Capital Assets
as of June 30, 2024
\$1,313,399,881**



**Business-Type Capital Assets
as of June 30, 2024
\$1,176,563,347**



¹CIP (Construction in Progress)

²SBITAs (Subscription-Based Information Technology Arrangements)



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			
		2024	2023	2022	
What We Have	+	Current and Other Assets	\$ 1,026,945,234	\$ 1,031,887,694	\$ 877,579,354
		Capital Assets	2,489,963,228	2,361,490,522	2,308,081,420
		Deferred Outflows of Resources	207,939,015	284,957,960	161,939,918
		Total Assets and Deferred Outflows of Resources	3,724,847,477	3,678,336,176	3,347,600,692
		Long-Term Liabilities	2,058,414,566	2,161,284,534	1,828,074,651
What We Owe	—	Other Liabilities	217,923,294	212,793,414	314,126,701
		Deferred Inflows of Resources	56,098,121	47,412,766	180,576,139
		Total Liabilities and Deferred Inflows of Resources	2,332,435,981	2,421,490,714	2,322,777,491
What's Left		Net Position			
	=	Net Investment in Capital Assets	1,106,220,848	1,039,816,360	907,737,671
		Restricted	67,456,682	52,166,165	36,962,564
		Unrestricted	218,733,966	164,862,937	80,122,966
		Total Net Position	\$ 1,392,411,496	\$ 1,256,845,462	\$ 1,024,823,201

The City’s owns things of value called assets while liabilities or debt are amounts owed to others. Deferred outflows and inflows are similar but don't 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 2024, the City’s assets exceeded liabilities by \$1,392,411,496 a 10.8% increase from fiscal year 2023.

FY24



The largest portion (79.4%) 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 represents information showing 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.

Business-Type and Governmental Activities Totals	Fiscal Year		
	2024	2023	2022
Program Revenue			
Charges for Services	\$ 294,056,187	\$ 282,478,254	\$ 262,869,987
Operating Grants & Contributions	165,152,487	201,095,425	233,837,011
Capital Grants & Contributions	1,213,919	21,320,041	-
General Revenue			
Property Taxes	392,895,405	395,914,526	357,257,211
Other Taxes	203,504,142	200,201,555	185,001,440
Grants and Contributions Not Restricted for Specific Purposes	41,384,425	38,583,643	39,719,848
Other	42,915,573	35,233,462	16,416,849
Total Revenue	1,141,122,138	1,174,826,906	1,095,102,346
Expenses			
Governmental Activities	882,749,699	800,056,345	763,803,787
Water Utility	77,836,386	74,370,318	57,826,975
Wastewater Utility	22,840,448	23,191,209	18,658,063
Parking Facilities	23,610,378	21,813,638	16,309,662
Storm Water Utility	22,019,386	20,144,889	15,960,244
Total Expenses	1,029,056,297	939,576,399	872,558,731
Increase (decrease) in Net Position before Special Items	112,065,841	235,250,507	222,543,615
Special Items*	23,500,193	(3,228,246)	-
Increase (decrease) in Net Position after Special Items	135,566,034	232,022,261	-
Net Position Beginning of Year	1,256,845,462	1,024,823,201	802,279,586
Net Position End of Year	\$ 1,392,411,496	\$ 1,256,845,462	\$ 1,024,823,201

*In fiscal years 2023 and 2024, there were transfers of assets recorded as special items. Special items on financial statements typically refer to unusual or infrequent events or transactions that are disclosed separately from normal operational income and expenses.

FY24



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.

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 million for operating expenses during significant emergencies, like hurricane recovery. The City's total debt outstanding decreased by 3.4% from the previous year.

	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
Line of Credit	55,000,000	50,000,000	-	-	55,000,000	50,000,000
Revenue Bonds	-	-	338,942,356	310,948,040	338,942,356	310,948,040
Total	\$ 931,832,260	\$ 1,000,481,682	\$ 571,903,834	\$ 556,283,065	\$ 1,503,736,094	\$ 1,556,764,747



Picture: Fire-Rescue Station 11 Replacement



Picture: Norfolk Scope Arena Improvements

General Obligation Debt Limit

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 \$2,721,043,458.

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

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

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

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

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, 2023. This was the 38th 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 2024 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.



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, 2023

Christopher P. Morrell
Executive Director/CEO

**Fiscal Year 2023 Distinguished Budget
Presentation Award, GFOA**



**2023 Annual Achievement of
Excellence in Procurement,
National Procurement Institute**



**Fiscal Year 2024 Gold Level Certification,
What Works Cities**



**2023 Virginia Values Veterans Secretary
Award, Department of Veterans Services**



**2023 ComPsych Health at Work,
Mid-Size Group Silver Award,
ComPsych Corporation**



CITY EARNS 8th 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 2023 marked the City's 8th consecutive year receiving this award. We believe the fiscal year 2024 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.

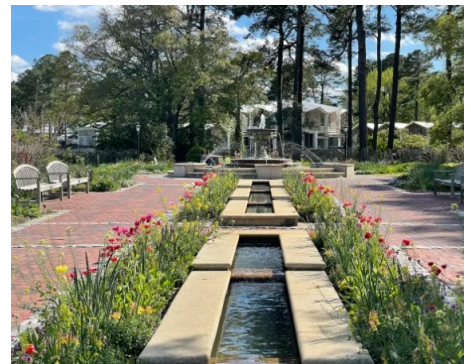
WATTS Going Down—Norfolk



Nauticus Design Build Sail Exhibit



Norfolk Botanical Garden



Lafayette Park Multi-Use Court



STAY CONNECTED

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[NorfolkVA](https://www.X.com/NorfolkVA)



FACEBOOK

[www.Facebook.com/](https://www.Facebook.com/NorfolkVA)

[NorfolkVA](https://www.Facebook.com/NorfolkVA)



YOUTUBE

[www.Youtube.com/](https://www.Youtube.com/NorfolkVA)

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[company/City-of-Norfolk](https://www.Linkedin.com/company/City-of-Norfolk)



This report, based on the City's 2024 ACFR, is not GAAP-compliant. It only includes general government financial data, excluding all component units. Information is summarized, with certain GAAP-required statements and disclosures omitted. The PAFR and the City's GAAP-compliant 2024 ACFR are available at:

<https://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



www.Norfolk.gov