



Norfolk Public Schools
The cornerstone of a proudly diverse community

Comprehensive Annual Financial Report

School Board of the City of Norfolk

2020

(A Component Unit of the
City of Norfolk, Virginia)
Fiscal Year Ended
June 30, 2020
Prepared by the
Accounting Department



School Board of the City of Norfolk

COMPREHENSIVE ANNUAL FINANCIAL REPORT

(A Component Unit of the City of Norfolk, Virginia)

Fiscal Year Ended June 30, 2020

Prepared by:

Division of Business and Finance - Accounting Department

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)
FISCAL YEAR ENDED JUNE 30, 2020
PREPARED BY DIVISION OF BUSINESS AND FINANCE ACCOUNTING DEPARTMENT**

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School Board for the City of Norfolk

Dr. Adale M. Martin
Chair, Ward 1

Mr. Rodney A. Jordan
Vice Chair, Superward 7

Ms. Tanya K. Bhasin
Member, Ward 2

Ms. Lauren D. Campsen
Member, Ward 5

Mr. Carlos Clanton
Member, Ward 3

Dr. Noëlle M. Gabriel
Member, Superward 6

Ms. Christine Smith
Member, Ward 4

Dr. Sharon I. Byrdsong
Superintendent

Members of Norfolk City Council

Dr. Kenneth Cooper Alexander
Mayor

Mr. Martin A. Thomas, Jr
Vice Mayor, Ward 1

Ms. Courtney Doyle
Ward 2

Ms. Mamie B. Johnson
Ward 3

Mr. Paul R. Riddick
Ward 4

Mr. Thomas R. Smigiel, Jr
Ward 5

Ms. Andria P. McClellan
Super Ward 6

Ms. Angelia M. Williams Graves
Super Ward 7



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**School Board of the City of Norfolk
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

**The Certificate of Excellence in Financial Reporting
is presented to**

School Board of the City of Norfolk

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



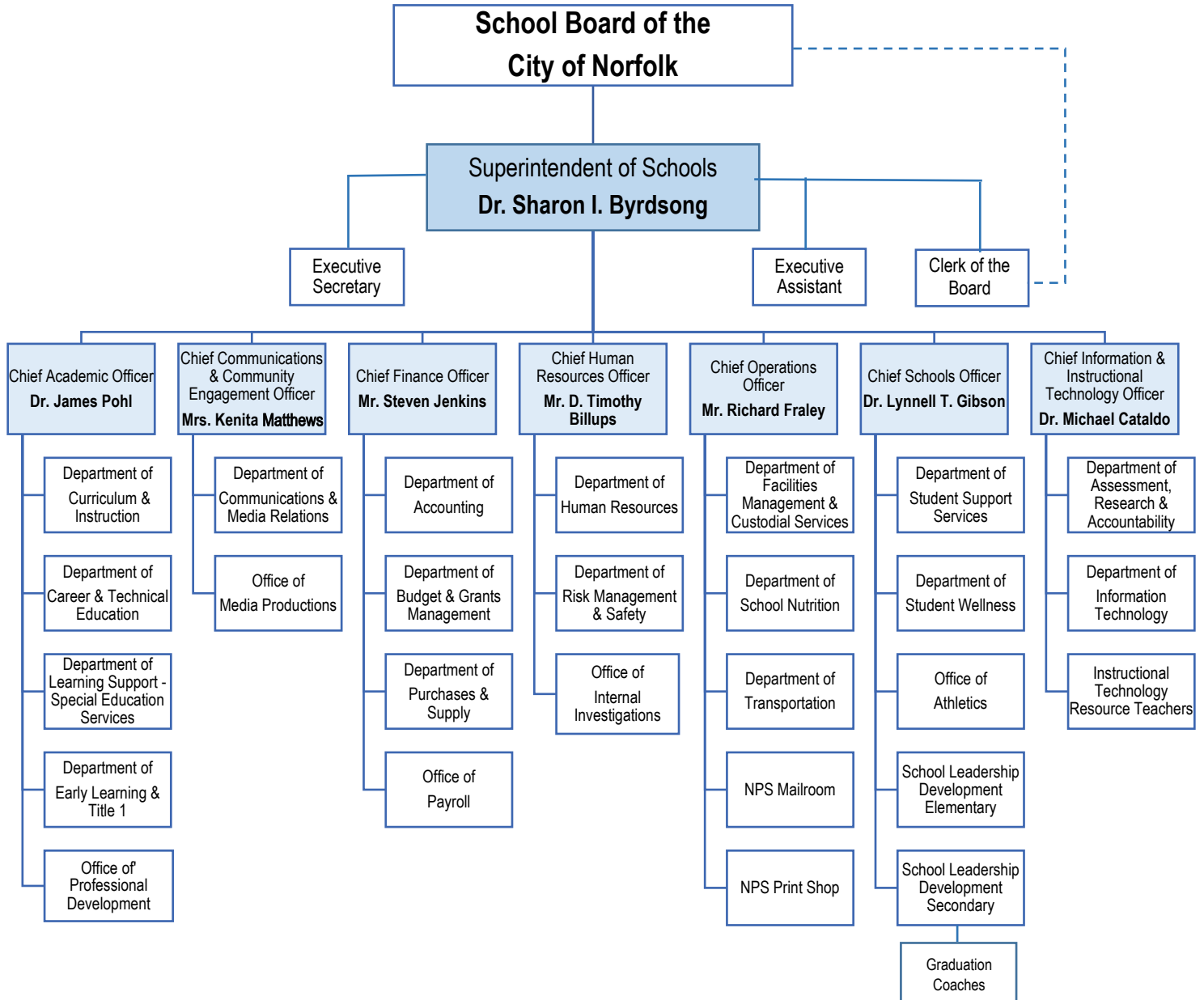
Claire Hertz, SFO
President

David J. Lewis
Executive Director

Organization Chart

Division Level Leadership

Fiscal Year 2020-2021





Norfolk Public Schools

The cornerstone of a proudly diverse community

Mission

Norfolk Public Schools is on a mission to ensure that all students maximize their academic potential, develop skills for lifelong learning and become successful contributions to a global society.

We believe Norfolk Public Schools is the cornerstone of a proudly diverse community with highly qualified teachers and staff dedicated to providing diverse teaching and learning opportunities for all students.

SCHOOL BOARD GOALS

- Improve Student Academic Achievement and Outcomes
- Ensure Safe, Caring, and Healthy Learning Environments
- Strengthen Family and Community Engagement

SCHOOL BOARD PRIORITIES:

- Increase the percentage of schools earning full accreditation (100% fully accredited by 2022)
- Increase the percentage of VDOE Continuous Improvement Schools and NPS High Academic Performing Schools
- Decrease all subgroup achievement gaps (5% or less by 2024)
- Increase the On-Time graduation (85% by 2024)
- Provide Educational Equity, Options, and Opportunities
- Attract and retain highly qualified & effective staff (fully staffed at start of school)
- Expand Educational Planning and create a Five Year Capital Improvement Plan for facilities and technology
- Promote a culture of safety, high attendance rates, decreased dropout rate, positive organizational culture, and student behavior
- Attract and retain community partnerships and strengthen family engagements
- Strive to Improve Relationships and Increase Governance Capacity (School Board only)



January 15, 2021

To the Honorable Members of the School Board of the City of Norfolk and to the constituents of Norfolk Public Schools:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the School Board of the City of Norfolk, a component unit of the City of Norfolk, Virginia, for the fiscal year that ended on June 30, 2020. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and includes all disclosures necessary to understand the School Board's financial activities. The responsibility for the accuracy, completeness and fairness of the data presented, as well as all accompanying disclosures, rests with the School Board and its management.

This report is prepared in conformity with accounting principles generally accepted in the United States of America for governments as promulgated by the Governmental Accounting Standards Board (GASB). This report is intended to present a comprehensive summary of significant financial data to meet the needs of the citizens, taxpayers, financial institutions, and the School Board of the City of Norfolk. Generally accepted accounting principles (GAAP) require that management include a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). The letter of transmittal is intended to complement the required MD&A which follows the report of the independent auditors.

The independent public accounting firm of Clifton Larson Allen, LLP (CLA) performed the audit of the School Board of the City of Norfolk. They were awarded the contract to provide the annual financial audit for the year ending June 30, 2020, as part of a combined contract including the School Board of the City of Norfolk, the City of Norfolk (City), and other city agencies.

The report includes all funds that are controlled by or dependent on the Superintendent and School Board. The School Board has budgetary control. Additional information regarding the School Board's financial reporting entity may be found in the notes to the basic financial statements. The School Board served approximately 27,350 students in fiscal year 2020 and provided a full range of educational services appropriate to grades Pre-K-12, including regular and enriched academic education, early childhood education, special education for students with disabilities, career and technical education, and programs for those with limited English proficiency. These programs are supplemented by a wide variety of offerings in fine arts and athletics. The School Board is considered a component unit of the City of Norfolk.

ECONOMIC OUTLOOK



Norfolk, Virginia is a city of approximately 247,000 residents and more than 120 diverse neighborhoods. It is the cultural, educational, business and medical center of Hampton Roads, hosts the world's largest naval base, the region's international airport, and is one of the busiest international ports on the east coast of the United States. Norfolk's neighborhoods are vibrant and inclusive places where caring neighbors want to live, invest, and participate.

The City of Norfolk operates under a Council-Manager form of government. The Norfolk City Council is the legislative body of the city government. It is authorized to exercise all powers conferred upon the City by the Commonwealth of Virginia in the state constitution, state laws and the Charter of the City of Norfolk. The Council establishes policy for the City, approves the budget, levies its taxes, and appoints the City Attorney, City Assessor, City Auditor, City Clerk, and the City Manager. The Council also appoints members to the Norfolk Redevelopment and Housing Authority, Planning Commission and other boards and commissions, as well as city representatives to regional and other boards and authorities. For additional information, go to www.norfolk.gov.

Employers within the City of Norfolk hire approximately 215,930 employees. Some of the most prominent industries include the military, manufacturing, construction, retail, education and finance, to name a few. Norfolk is one of the top ten markets for business relocation and expansion, according to Expansion Management Magazine.

The public school system is comprised, 33 elementary schools, 6 middle schools, 5 high schools, and 6 auxiliary sites. The auxiliary sites provide adult, and career, and technical education as well as other educational opportunities. The average ages of elementary, middle and high school buildings are 48, 43, and 34 respectively. Enrollment declined by nearly 3,940 students in the past five years and is expected to decline further in the future. Teacher salaries ranged between \$40,700 and \$100,400 during fiscal year 2020. City funding for the School Board is derived primarily from real estate and personal property taxes. Real estate in Norfolk is taxed at \$1.25 per \$100 of assessed value annually. The personal property tax rate for motor vehicles is \$4.33 per \$100 of assessed value, using the NADA Blue Book value.

Norfolk Public Schools (NPS) is a fiscally dependent school division pursuant to State law. As a fiscally dependent school division, NPS does not levy taxes or issue debt. All local funds are

appropriated to NPS by the City Council, which has the authority to tax and incur debt. The School Board derives its authority from the Commonwealth and has a constitutional responsibility to provide public education to the citizens of Norfolk.

The School Board derives most of its funding from allocations from the Commonwealth of Virginia and the City of Norfolk. For fiscal year 2020, the Commonwealth of Virginia funded 53% and the City of Norfolk funded 33% percent of the operating budget for the School Board. The remaining 14% is funded through Federal (12%) and other (2%) sources. Long-term financial planning includes a multi-year forecast based on certain revenue and expenditure assumptions.

The School Board is cautiously optimistic about the economic outlook based on the slow economic recovery around the Commonwealth and the Hampton Roads region. Economic activity in Hampton Roads is expected to recover from effects of the COVID-19 pandemic over the next several years. The School Board believes economic recovery will result in additional funding support from the Commonwealth and the City of Norfolk over the next biennium. However, the School Board maintains a position of fiscal restraint with respect to revenue projections and spending trends.

MAJOR PRIORITIES

The School Board's priorities are as follows:

- Increase the percentage of schools earning full accreditation to 100% by 2022.
- Increase the percentage of VDOE Continuous Improvement Schools and NPS High Academic Performing Schools.
- Decrease all subgroup achievement gaps to 5% or less by 2024.
- Increase the on-time graduation rate to 85% by 2024.
- Provide Educational Equity, Options, and Opportunities.
- Attract and retain highly qualified and effective staff so schools are fully staffed at the start of each year.
- Expand Educational Planning and create a five-year Capital Improvement Plan for facilities and technology.
- Promote a culture of safety, high attendance rates, decreased dropout rate, positive organizational culture, and student behavior.
- Attract and retain community partnerships and strengthen family engagements.
- Strive to improve relationships and increase governance capacity.

FINANCIAL INFORMATION

Internal Controls

Internal controls are designed to provide reasonable assurance that assets of the School Board are protected from loss, theft, or misuse. In addition, internal controls ensure that reliable financial records are maintained for preparation of financial statements that are in conformity with generally accepted accounting principles. Internal control monitoring occurs regularly. The School Board's

internal controls are adequate to safeguard assets and provide reasonable assurance of proper recording of financial transactions. In addition, this internal control structure is subject to periodic evaluation by management of the School Board.

Budgetary Controls

Budgetary controls are maintained to ensure compliance with Virginia statutes governing public entities and school operations. These statutes provide legal standards for preparing, presenting, adopting, and administering the budget. The School Board submits a proposed budget to City Council which then adopts its own operating and capital project budgets incorporating the City's contributions to the School Board. After the School Board makes required adjustments, they adopt an approved budget. The Superintendent is authorized to make expenditures and commitments of funds as approved by the Board in the adopted annual budget in accordance with the Board's policies and applicable state and federal regulations and laws.

The School Board also maintains an encumbrance accounting system as one method of accomplishing budgetary control. Outstanding encumbrances are reported as an assignment of fund balance at year-end. In order to utilize operating funds remaining in its budget after year end, the School Board must request re-appropriation of the unexpended funds from City Council.

Financial Highlights

The School Board continues to be in very sound financial condition as demonstrated by the basic financial statements included in this report. The School Board has operated within the resources available while achieving many of its program goals. As reflected in the reports:

- NPS had enough resources to cover current expenditures as presented in the governmental fund statements.
- NPS continues to rely on tax resources to fund its activities, which are primarily instructional.

The School Board of the City of Norfolk is a component unit of the City of Norfolk, Virginia, and the City is the legal holder of debt related to the acquisition of school facilities. The school buildings are titled to the City.

While the school division will continue to operate within a balanced budget, funding for fiscal year 2020-21 reflects modest growth. The demands of providing quality instruction during a pandemic along with continued expectations of increased student achievement and teacher performance will require very strategic resource allocation decisions.

Independent Audit

State statutes require an annual independent audit of the School Board's financial records and transactions. This requirement has been addressed. An unmodified opinion by Clifton Larson Allen, LLP, an independent audit firm, has been included in this report.

Single Audit Act

The School Board is required to undergo an annual single audit as part of the City in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Uniform Guidance. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' report on internal control and compliance with applicable laws, regulations, contracts, and grants along with a schedule of findings and questioned costs, if any, are included in the Comprehensive Annual Financial Report of the City of Norfolk.

AWARDS

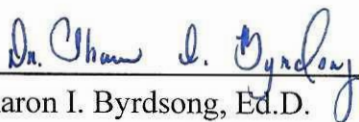
For the 13th consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the School Board of the City of Norfolk for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, the CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, the School Board has received the International Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) for excellence in the preparation and issuance of the financial statements for fiscal year ended 2019.

ACKNOWLEDGMENTS

We would like to express appreciation to the members of the School Board of the City of Norfolk for their concern in providing fiscal responsibility and accurate reporting of financial data to the students, parents, staff and the general community. We would also like to thank the staff of the Division of Business and Finance, in particular the staff of the Department of Accounting, who devote so many hours each year to the preparation of accurate financial reports.

Respectfully submitted,



Sharon I. Byrdsong, Ed.D.
Superintendent of Schools



Steven Jenkins
Chief Finance Officer



Millard S. Hobbs
Senior Director, Accounting

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Members
School Board of the City of Norfolk, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School Board of the City of Norfolk, Virginia (the Board), a component unit of the City of Norfolk, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2020, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, schedules of employer contributions, schedules of changes in net pension liability, schedule of employer's proportionate share of net pension liability, schedule of changes in the total and net OPEB liability, schedules of proportionate share of net OPEB liability, and the budgetary comparison schedule, as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information as listed in the table of contents 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of the Board'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 Board'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 Board's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
December 16, 2020

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**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

INTRODUCTION

Our discussion and analysis of the financial performance of the School Board of the City of Norfolk, Virginia (School Board) provides an overview of the school district's financial activities for the fiscal year ended June 30, 2020. The intent of management's discussion and analysis is to look at the School Board's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of our financial performance.

The School Board has prepared its annual financial report using the Governmental Accounting Standards Board (GASB) financial reporting model. The reporting model is a combination of both government-wide financial statements and fund financial statements. The basic financial statements contain three components:

- 1) Government-wide financial statements include the Statement of Net Position and the Statement of Activities, which provide a broad, long-term overview of the School Board's finances;
- 2) Fund financial statements, to include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, which provide a greater level of detail and focus on how well the School Board has performed in the short term in the most significant funds, and
- 3) Notes to the basic financial statements.

The report presents the financial highlights for the last fiscal year and contains other supplementary information.

OVERALL ANALYSIS

The School Board enrolls approximately 28,000 students with a General Fund operating budget of \$336.2 million, and Child Nutrition Services budget of \$20.0 million. The budget as amended included the use of Fund Balances of \$4.4 million in the General Fund and \$0.9 million in the Child Nutrition Fund. Grants and Capital Projects are multi-year funds and are included in the school board budget in total by funding source. The Grants budget included estimated revenue of \$40 million and the Capital Projects budget was \$4 million. The School Board realized positive financial operating results during FY 2020. In those revenue areas directly linked to the economy, the School Board experienced reductions in city funding (\$1.3 million) related to the COVID-19 Pandemic. On the expenditure side, the School Board's monitoring of the budget resulted in the reprogramming of funds to maximize the overall instructional goals.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

FINANCIAL HIGHLIGHTS

Key financial highlights for 2020 are as follows:

- On the government-wide financial statements:
 - Total net position improved from a net deficit of \$356.1 million at June 30, 2019 to a net deficit of \$342.4 million at June 30, 2020, approximately \$13.7 million. The reduction in the deficit is primarily related to employee pensions and Other Post-Employment Benefits.
 - Total revenues decreased from \$384.1 million in 2019 to \$381.5 million at June 30, 2020, a decrease of approximately \$2.7 (0.7%) million. A \$6.8 million decrease in total program revenues was partially offset by a \$4.1 million increase in inter-governmental revenue from the Commonwealth of Virginia and the City of Norfolk. Other revenue sources also increased \$0.5 million.
 - Total expenses increased by \$16.9 million on the Statement of Net Activities from \$350.8 million in fiscal year 2019 to \$367.7 million in fiscal year 2020, or 5%. Much of the increase was in instructional services.
- On the fund financial statements:
 - In the General Fund, the ending fund balance increased \$10.9 million from \$20.3 million at June 30, 2019 to \$31.3 million at June 30, 2020. This was due to increase in accounts payable, coupled with an increase in cash balance at year-end. The balance in accounts payable at year-end is mostly impacted by purchases within the last 30 days of the year. The amount of vendor invoices to be paid from the General Fund at year-end was \$6.8 million more than in the previous year.
 - In the General Fund, total encumbrances were \$8.1 million at the end of the fiscal year and are reported as assigned fund balance. The School Board considers fund balances to be assigned at the time of encumbrance.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

OVERVIEW OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide readers with a broad overview of the School Board's finances in a manner similar to a private sector business. The Statement of Net Position and the Statement of Activities provide information about the activities of the School Board as a whole, presenting both an aggregate and a long-term view of finances. These statements include all assets and liabilities using the accrual basis of accounting. This basis of accounting includes all of the current year's revenues and expenses regardless of when cash is received or paid.

- The **Statement of Net Position** presents information on all of the School Board's assets and deferred outflows of resources along with its liabilities and deferred inflows of resources, with the difference reported as *net position*. Increases or decreases in net position may serve as a useful indicator of whether financial position is improving.
- The **Statement of Activities** shows to what extent program expenses need to be financed from general revenues. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

Government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from functions with recovered costs through user fees and charges (*business-type activities*). The School Board reports only governmental activities, since it has no business-type activities.

The government-wide financial statements (Statement of Net Position and Statement of Activities) present governmental activities of the School Board. Support for these governmental activities comes from the City of Norfolk and the Commonwealth of Virginia. Governmental activities are reported by major functions, including Instruction, Administration, Attendance and Health, Pupil Transportation, Information Technology, Operation and Maintenance, School Facilities, Food Services, and Community Services.

The government-wide financial statements are presented in Exhibits I and II.

Financial Analysis of the School Board as a Whole

All of the School Board's services are reported in the government-wide financial statements, including instruction, pupil support services, instructional support services, administrative support services, facility support services, food services, and community services. Intergovernmental revenues, interest, and investment earnings finance most of these activities. Additionally, all capital and long-term liabilities are reported here.

SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020

Statement of Net Position
(Thousands of dollars)

	Governmental Activities			
	2020	2019	Difference	% Change
Assets and Deferred Outflows of Resources:				
Current assets	\$ 93,975	\$ 73,388	20,587	28.1%
Capital assets, net	11,218	12,455	(1,237)	-9.9%
Total Assets	\$ 105,192	\$ 85,843	19,349	22.5%
Deferred outflows of resources	75,337	46,783	28,554	61.0%
Total Assets and Deferred Outflows	180,529	132,626	47,903	36.1%
Liabilities and Deferred Inflows of Resources:				
Current	62,774	52,166	10,608	20.3%
Non-current	395,678	366,506	29,172	8.0%
Total liabilities	\$ 458,452	\$ 418,672	39,780	9.5%
Deferred inflows of resources	64,462	70,057	(5,595)	-8.0%
Total Liabilities and Deferred Inflows	522,914	488,729	34,185	7.0%
Net Position:				
Invested in capital assets	\$ 11,218	\$ 12,455	(1,237)	-9.9%
Restricted	7,688	13,141	(5,453)	-41.5%
Unrestricted (deficit)	(361,289)	(381,698)	20,409	-5.3%
Total net position (deficit)	\$ (342,384)	\$ (356,102)	13,718	-3.9%

- **Total assets and deferred outflows of resources** increased 36.1% due primarily to changes in the deferred outflows of resources. Deferred outflows of resources are a combination of contributions made after the measurement date (end of fiscal year 2019) and changes in actuarial assumptions for pension and other post-employment benefits.
- **Total liabilities and deferred inflows of resources** increased \$34.2 million or 7.0% from the prior fiscal year. Non-current liabilities are due in more than one year and are comprised of compensated absences, workers' compensation, general claims, net pension liabilities and net Other Post-Employment Benefits (OPEB) liability for the School Board. Current liabilities are due within a year. Current liabilities increased \$10.6 million from \$52.2 million in 2019 to \$62.8 million at June 30, 2020. This increase was the result of owing more to other agencies and increased payables to vendors. Non-current liabilities totaled \$366.5 million in fiscal year 2019 and \$395.7 million in fiscal year 2020. The increase was primarily due to a \$30.7 million increase in the estimated net pension liability.
- **Total net position** increased \$13.7 million when compared to the prior fiscal year, primarily due to changes in actuarial assumptions related to pensions. As of June 30, 2020, there is a net deficit of \$342.4 million.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

Investments in capital assets decreased from \$12.5 million in 2019 to \$11.2 million in 2020. Restricted assets are those held in the Capital Projects and Child Nutrition Funds; these decreased from \$13.1 million in 2019 to \$7.7 million in 2020.

***Statement of Net Activities
(Thousands of dollars)***

	Governmental Activities			
	2020	2019	Difference	% Change
Revenues:				
Program Revenues:				
Charges for services	\$ 2,662	\$ 3,337	\$ (675)	-20.2%
Operating grants and contributions	214,479	219,202	(4,723)	-2.2%
Capital grants and contributions	1,489	2,926	(1,437)	-49.1%
Total Program Revenues	218,630	225,465	(6,835)	-3.0%
General Revenues:				
Local government	124,711	122,971	1,740	1.4%
Commonwealth of Virginia	35,157	33,975	1,182	3.5%
Use of money and property and other	2,932	1,736	1,196	68.9%
Total General Revenues	162,799	158,682	4,117	2.6%
Total Revenues	381,429	384,147	(2,718)	-0.7%
Expenses:				
Instruction	266,404	255,048	11,356	4.5%
Administration, Attendance and Health	19,504	16,835	2,669	15.9%
Pupil Transportation	12,234	11,083	1,151	10.4%
Operation and Maintenance	37,333	33,702	3,631	10.8%
Information Technology	12,274	12,124	150	1.2%
School Facilities	2,823	4,695	(1,872)	-39.9%
Food Services	17,139	17,342	(203)	-1.2%
Community Services	-	-	-	0.0%
Total Expenses	367,711	350,829	16,882	4.8%
Change in Net Position	13,719	33,318	(19,599)	-58.8%
Beginning Net Position	(356,102)	(389,420)	33,318	-8.6%
Ending Net Position (Deficit)	\$ (342,383)	\$ (356,102)	\$ 13,719	-3.9%

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

- **Total revenues** decreased \$2.7 million. This decrease is mainly due to lower inflows in revenue from operating grants and capital grants.
- **Total expenses** increased \$16.9 million on the Statement of Net Activities from \$350.8 million in fiscal year 2019 to \$367.7 million in fiscal year 2020, or 4.8%. The largest part of the increase was for Instruction: there were also significant increases in operations and maintenance, pupil transportation, and administration, attendance and health. Spending on school facilities (capital) dropped by \$1.87 million (39.9%).

Capital Assets

At June 30, 2020, the School Board had an investment of \$11.2 million in a broad range of capital assets (net of accumulated depreciation), including land, mobile classrooms, equipment and vehicles. This amount represents a net decrease of \$1.2 million or 9.9% between fiscal year 2019 and 2020.

***Statement of Net Activities
(Thousands of dollars)***

	Governmental Activities			
	2020	2019	Difference	% Change
Non-Depreciable Assets:				
Land	488	488	-	0.0%
Total Non-Depreciable Assets	488	488	-	0.0%
Other Capital Assets:				
Mobile Classrooms	5,316	6,701	(1,385)	-20.7%
Equipment and Vehicles	37,664	37,628	36	0.1%
Intangible Assets	1,323	1,323	-	0.0%
Total Other Capital Assets	44,304	45,652	(1,348)	-3.0%
Total Capital Asset	44,791	46,140	(1,348)	-2.9%
Less: Accumulated Depreciation	(33,574)	(33,685)	111	-0.3%
Total Capital Assets, Net	11,218	12,455	(1,237)	-9.9%

The \$11.2 million in total capital assets, net of accumulated depreciation is reported in the Statement of Net Position (Exhibit I). School buildings are reported assets of the City of Norfolk and are not included in the School Board's capital assets.

SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020

Additional information on the School Board's capital assets is presented in Note 2B of the financial statements.

Long Term Obligations

As of June 30, 2020, the School Board had \$404.0 million in long-term obligations compared to \$374.5 million for fiscal year 2019. This \$29.5 million increase is primarily caused by changes in the actuarial assumptions of future earnings from investments held in the retirement fund. Long-term obligations are comprised of compensated absences, workers' compensation, claims liability, net pension liability and total OPEB liability. Approximately \$8.3 million in long-term obligations is due within one year (see Exhibit I).

Workers' compensation and claims liability for the School Board are actuarial projections of probable liability based on reasonable estimates of loss. The School Board provides for payment of losses through a combination of purchased policies and self-insurance plans.

Statement of Net Activities
(Thousands of dollars)

	June 30, 2019	June 30, 2020	Difference	% Change
Long-Term Obligations:				
Compensated Absences	\$ 9,272	\$ 9,882	\$ 609	6.6%
Worker's Compensation	3,765	\$ 3,529	\$ (237)	-6.3%
Claims Liability	398	\$ 358	\$ (40)	-10.0%
Net Pension Liability	267,206	\$ 297,859	\$ 30,653	11.5%
Other Post Employment Benefits				
Retiree Healthcare	49,889	\$ 46,636	\$ (3,254)	-6.5%
VRS OPEB GLI Trust	15,804	\$ 16,924	\$ 1,119	7.1%
VRS OPEB HIC Trust	28,146	28,802	656	2%
Total Long-Term Obligations	<u>\$ 374,481</u>	<u>\$ 403,989</u>	<u>\$ 29,508</u>	<u>8%</u>

Additional information showing the breakdown of the School Board's long-term obligations is presented in Note 2C of this report.

OVERVIEW OF 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 School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

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 the fiscal year for spending in future years. Such information may be useful in evaluating a government's near-term financing requirements.

These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the School Board's operations and the services it provides.

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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The School Board fund financial statements provide detailed information about the most significant funds – not the School Board as a whole.

The School Board maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for each major fund of the School Board.

The School Board adopts an appropriated budget for all of its major and non-major governmental funds, and an annual budget for the General Fund. Budgetary comparison schedules have been provided in Schedule 1 within Required Supplementary Information for the General Fund to demonstrate compliance with the annual budget. General Fund budgetary highlights for the 2020 fiscal year include:

- General Fund Revenue was \$4.0 million less than budgeted. This difference concerned dedicated real estate taxes collected by the City of Norfolk that is included in the school budget but is actually sent to and paid from the City's Debt Service Fund.
- General Fund Expenditures were \$21.8 million less than budgeted. \$7.5 million of the reduction is attributed to a combination of unfilled budgeted positions and normal attrition in the area of Instruction and \$14.3 million of savings in all other programs.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

As of June 30, 2020, the School Board's governmental funds reported combined fund balances of \$39.5 million, an increase of nearly \$10.3 million from the ending fund balance in FY19. In the General Fund, unassigned fund balance was \$22.5 million and represents resources which are not committed, restricted or assigned to a specific program or function. The remaining combined fund balance is either nonspendable, restricted, committed or assigned to specific programs, functions or contracts.

The basic governmental fund financial statements are presented in Exhibits III and IV of this report.

General Fund

The General Fund is used by the School Board to account for all of the financial resources, except those required to be accounted for in another fund. At June 30, 2020, the total fund balance of the General Fund was \$31.3 million.

General Fund Revenues

Revenues for the General fund totaled \$332.1 million for fiscal year 2020, which was approximately \$5.8 million or 1.8% greater than the revenues received in fiscal year 2019. The following table presents the amounts of revenues from the General Fund sources, the relationship of each to the total, and the increase or decrease from the previous fiscal year for each revenue source.

***General Fund Revenues by Source
(Thousands of dollars)***

	2020 Amount	2020 Percent of Total	2019 Amount	2019 Percent of Total	Increase (Decrease) From 2019	% Increase (Decrease) From 2019
Local Government	\$ 124,711	37.5%	\$ 122,972	37.7%	\$ 1,739	1.4%
Commonwealth of Virginia	199,074	59.9%	194,068	59.5%	5,006	2.6%
Federal Government	5,644	1.7%	6,076	1.9%	(432)	-7.1%
Other Revenues	2,709	0.8%	3,225	1.0%	(516)	-16.0%
Total	<u>\$ 332,137</u>	<u>100%</u>	<u>\$ 326,341</u>	<u>100%</u>	<u>\$ 5,796</u>	<u>1.8%</u>

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

The largest sources of revenue are from the Commonwealth of Virginia and the Local Government. The Commonwealth of Virginia revenue includes funding for basic school aid, reimbursement of a portion of teachers' fringe benefits, salary support, remedial and vocational education, class size and at-risk initiatives, gifted and talented, special education, regional programs related to special education and other purposes. As a percentage of the total, revenue change in each of the sources was minimal.

General Fund Expenditures

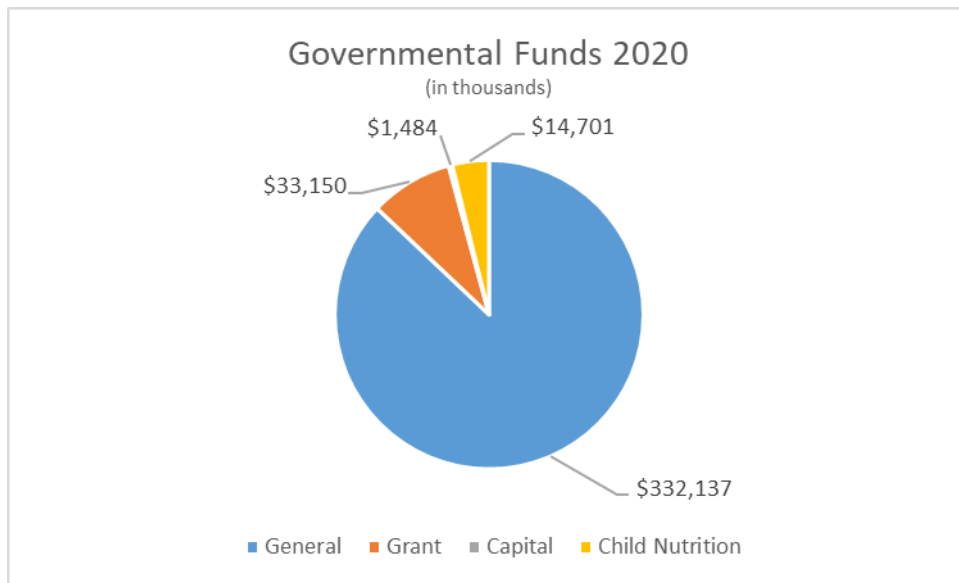
General Fund expenditures were \$316.8 million for fiscal year 2020, a decrease of \$2.8 million from expenditures of \$319.7 or 0.9% less in 2019. The following table presents the amounts of General Fund expenditures by function, the relationship of each to the total, and the increase or decrease from the previous fiscal year for each function.

***General Fund Expenditures
(Thousands of dollars)***

	2020 Amount	2020 Percent of Total	2019 Amount	2019 Percent of Total	Increase (Decrease) From 2019	% Increase (Decrease) From 2019
Instruction	\$ 238,077	75.1%	\$ 239,721	75.0%	\$ (1,644)	-0.7%
Support Services						
Administration, Attendance and Health	19,424	6.1%	17,551	5.5%	1,873	10.7%
Pupil Transportation	11,708	3.7%	12,957	4.1%	(1,249)	-9.6%
Operation and Maintenance	36,678	11.6%	35,942	11.2%	736	2.0%
Information Technology	10,606	3.3%	12,587	3.9%	(1,981)	-15.7%
School Facilities	341	0.1%	898	0.3%	(557)	-62.0%
Community Services	-	0.0%	-	0.0%	-	0.0%
Subtotal - Support Services	78,758	24.9%	79,935	25.0%	(1,177)	-1.5%
Total - Instruction and Support Services	316,834	100.0%	319,656	100.0%	(2,822)	-0.9%

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**



Grant Funds

Norfolk Public Schools received revenue from approximately 58 grants of approximately \$33.15 million. The funds represented 8.7% of the overall funding for the School Board in 2020, and were provided by federal, state, and private agencies for the instructional needs of students, training of teachers, and/or purchase of equipment that is needed for the educational process.

The Federal Government provided 82.8% or \$27.46 million in grants related revenue for the year. The Commonwealth of Virginia provided 10.9% or \$3.6 million while private donors provided 6.3% or \$2.1 million of the resources received. Grant funds were dedicated fully to instruction and instructional support.

Capital Projects Fund

The School Board's capital projects are funded by the City of Norfolk and from prior year budgetary savings by the School Board. For spending purposes, the Capital Projects Fund is a multi-year fund. In 2020, it made up less than 1% (see chart above) of the overall governmental funds received and expended during the fiscal year.

The capital funds are used for the infrastructure of the schools and auxiliaries. In fiscal year 2020, the Capital Projects Fund expended \$2.354 million implement various building improvement projects. The City of Norfolk provided 100% of the revenue received for these projects.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School Board. Fiduciary funds are excluded from the government-wide financial statements, because the resources of those funds are not available to support the School Board's programs.

The School Board's Fiduciary funds are Agency funds used to account for the assets held by the School Board as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency funds do not involve the measurement of results of operations, as they are custodial in nature (*assets equal liabilities*).

Practically all agency funds are held for the Governor's School for the Arts, the Southeastern Cooperative Educational Programs and the School Activity Funds. The School Activity Funds consist primarily of student clubs and restricted donations for the individual schools. The Statement of Fiduciary Assets and Liabilities is presented in Exhibit V of this report.

Text Book Funds

The School Board established the Text Book Fund during FY 2020 with \$1.8 million transferred over from the General Fund. No other activity took place in the fund during FY 2020.

Child Nutrition Funds

The Child Nutrition Fund addresses nutritional activities for students. Total funds received during FY 2020 was \$14.7 million, including \$13.5 million from the federal government, \$0.4 million came from the state and \$0.7 million came from charges for service. COVID-19 negatively impacted revenue since children did not physically attend school from late March through June; thus staff served fewer meals and federal reimbursement was lower. While revenue and the cost of food was lower in FY 2020, staffing cost continued since practically all of the Child Nutrition staff continued on payroll during the period that schools were closed.

NOTES TO THE FINANCIAL STATEMENTS

The Notes to the Basic Financial Statements follow the statements in the report and complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

The Notes to the Basic Financial Statements begin after Exhibit V (The Statement of Fiduciary Assets and Liabilities) of this report.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the School Board's progress in funding the retirement benefits for its employees through the Virginia Retirement System (VRS) and Other Post Employment Benefits (OPEB).

Required supplementary information on these retirement benefits is presented immediately following the Notes to the Basic Financial Statements.

BUDGETARY HIGHLIGHTS

Budgets are prepared on a basis consistent with the Commonwealth of Virginia statutes for the General Fund, Grants Fund, Capital Projects Fund and Child Nutrition Fund. All annual unencumbered appropriations in the General Fund lapse at the end of the fiscal year. In May of

2020, the School Board adopted a balanced budget for fiscal year 2021 that reflected appropriations of \$337.1 million for the General Fund, or an increase of \$0.9 million from the original fiscal year 2020 General Fund budget of \$336.2.

Underlying Assumptions for the FY 2021 budget are noted below.

Revenue assumptions included:

- State revenue projections are based on the Commonwealth biennial budget adopted during the 2020 General Assembly session. The School Board revenue projections reflect the state budget adopted by the General Assembly and signed by the governor. A significant portion of state funding levels are determined by two major variables:
 - The Average Daily Membership (ADM), the number of students in the district.
 - The Composite Index, a measure of the capacity of the school board to fund the basic education program. During FY 2020, the composite index for Norfolk was 0.2958 meaning that the locality was responsible for 29.58% of the basic education program. Starting in July 2020, the composite index for Norfolk increased to 0.3059 meaning that the locality is responsible for a slightly greater portion of the basic education program.
- In May 2018, City Council adopted a policy governing the allocation of local revenue to Norfolk Public Schools. The policy allocates 29.55% of specific non-dedicated tax revenue to the School Board. The policy also established a practice whereby excess or surplus funds can be re-appropriated for non-recurring costs in future years.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2020**

- Federal revenue recognized in the General Fund consists mostly of Federal Impact Aid (FIA) intended to mitigate the loss of tax dollars due to tax exemptions on income and property connected with the federal government that. The amount of FIA is expected to remain constant.
- Estimated local revenues received from tuition, fees, building rental and interest income is estimated using historical data and is subject to fluctuate.

Expenditure assumptions included:

- Increases of salary and wages of support personnel,
- Increases in employee retirement and health care,
- Refresh classroom technology,
- Replacing school buses,
- Building maintenance,
- Ongoing efforts to improve student performance,
- Legislative changes expanding services to students and/or staff, and
- External market conditions

REQUESTS FOR INFORMATION

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the School Board's finances and to demonstrate compliance and accountability for its resources. Questions about any information provided in this report or requests for additional financial information should be addressed to Millard S. Hobbs, Sr. Director of Accounting at (757) 628-3883, Ext. 21278 or Steven Jenkins, Chief Financial Officer for the School Board of the City of Norfolk, 800 E. City Hall Avenue, Norfolk, VA 23510-1357, at (757) 628-3482. Please visit our website at <http://www.npsk12.com> for a complete copy of the Comprehensive Annual Financial Report (CAFR) and other financial information.

FINANCIAL STATEMENTS

The next section includes the Government-wide financial statements, Governmental Funds financial statement, and a reconciliation between the two sets of statements.

Government-Wide Financial Statements comprise the:

- 1- Statement of Net Position, Exh. I
- 2- Statement of Activities, Exh. II

Governmental Funds Financial Statements comprise the:

- 1- Balance sheet, Exh. III
- 2- Statement of Revenue Expenditures and Changes
in Fund Balance, Exh. IV
- 3- Statement of Fiduciary Assets and Liabilities, Exh. V

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	\$ 46,355,975
Accounts receivable	8,502,158
Due from primary government	5,160,864
Due from the Federal government	13,677,939
Due from the Commonwealth of Virginia	18,094,154
Inventories	2,184,644
Total current assets	<u>93,975,734</u>
Non-current Assets:	
Capital Assets (Note 2):	
Land	487,500
Mobile classrooms, equipment, vehicles and intangible assets, net of accumulated depreciation and amortization	<u>10,730,340</u>
Total capital assets, net	<u>11,217,840</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions (Note 6)	61,467,337
Deferred outflows related to OPEB (Note 6)	13,869,227
Total deferred outflows of resources	<u>75,336,564</u>
Total assets and deferred outflows of resources	<u>\$ 180,530,138</u>
LIABILITIES	
Current Liabilities:	
Vouchers payable	11,779,365
Retainage payable	118,716
Payroll withholding	11,955,356
Accrued payroll	21,533,033
Due to other agencies	6,880,221
Due to primary government	1,262,173
Unearned revenue	247,419
Other payables	686,160
Long-term liabilities - current portion (Note 2)	8,311,493
Total current liabilities	<u>62,773,936</u>

Exhibit I (Con't.)**Non-current Liabilities:**

Net pension liability (Notes 2 and 6)	297,859,309
Other Post Employment Benefits	92,361,309
Other long-term liabilities (Note 2)	<u>5,457,057</u>
Total non-current liabilities	<u>395,677,675</u>

Deferred Inflows of Resources

Deferred inflows related to pensions (Note 6)	46,755,936
Deferred inflows related to OPEB (Note 6)	<u>17,705,987</u>
Total deferred inflows of resources	<u>64,461,923</u>

Total liabilities and deferred inflows of resources	<u><u>\$ 522,913,534</u></u>
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NET POSITION

Invested in capital assets	\$ 11,217,840
Restricted for:	
Capital Projects	664,537
Child Nutrition	7,023,614
Unrestricted (deficit)	<u>(361,289,387)</u>
Total net position (deficit)	<u><u>\$ (342,383,396)</u></u>

See Accompanying Notes to the Basic Financial Statements

Exhibit II

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Statement of Activities
For the Year Ended, June 30, 2020**

					Net (Expense) Revenue and Changes in Net Position
		Program Revenues			
Functions/Programs:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 266,404,062	\$ 1,928,625	\$ 200,589,504	\$ -	\$ (63,885,933)
Administration, Attendance, and Health	19,504,224	-	-	-	(19,504,224)
Pupil Transportation	12,234,221	-	-	-	(12,234,221)
Operation and Maintenance	37,333,387	-	-	-	(37,333,387)
Information Technology	12,273,504	-	-	-	(12,273,504)
School Facilities	2,822,738	-	-	1,489,275	(1,333,463)
Food Services	17,138,597	733,545	13,889,485	-	(2,515,567)
Total	<u>\$ 367,710,733</u>	<u>\$ 2,662,170</u>	<u>\$ 214,478,989</u>	<u>\$ 1,489,275</u>	<u>(149,080,299)</u>
Unrestricted Intergovernmental Revenues:					
Local government					124,710,671
Commonwealth of Virginia					35,156,686
Unrestricted Revenues:					
Use of money and property					857,754
Other					2,074,135
Total					<u>162,799,246</u>
Change in net position					13,718,947
Net position-beginning					(356,102,343)
Net position-ending					<u>\$ (342,383,396)</u>

See Accompanying Notes to the Basic Financial Statements

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Grants Fund	Capital Projects Fund	Child Nutrition Fund	Textbook Fund	Total Governmental Funds
ASSETS						
Cash and investments	\$ 35,170,364	\$ -	\$ -	\$ 11,185,611	\$ -	\$ 46,355,975
Accounts receivable	7,019,443	249,771	-	1,232,944	-	8,502,158
Due from other funds	22,359,954	-	-	-	1,280,720	23,640,674
Due from the primary government	-	-	5,160,864	-	-	5,160,864
Due from the Federal government	662,225	13,012,464	-	3,250	-	13,677,939
Due from the Commonwealth of Virginia	16,985,310	1,086,172	-	22,672	-	18,094,154
Inventories	648,783	-	-	1,535,861	-	2,184,644
Other	-	-	-	-	-	-
Total assets	<u>82,846,079</u>	<u>14,348,407</u>	<u>5,160,864</u>	<u>13,980,338</u>	<u>1,280,720</u>	<u>117,616,408</u>
LIABILITIES						
Vouchers payable	9,772,565	556,239	1,319,298	131,263	-	11,779,365
Retainage payable	-	-	118,716	-	-	118,716
Payroll withholdings	11,955,356	-	-	-	-	11,955,356
Accrued payroll	19,738,395	1,512,819	-	281,819	-	21,533,033
Due to other agencies	6,880,221	-	-	-	-	6,880,221
Due to primary government	1,262,173	-	-	-	-	1,262,173
Due to other funds	1,295,739	14,278,841	3,058,313	5,007,781	-	23,640,674
Unearned revenue	-	247,419	-	-	-	247,419
Other payables	685,422	738	-	-	-	686,160
Total liabilities	<u>51,589,871</u>	<u>16,596,056</u>	<u>4,496,327</u>	<u>5,420,863</u>	<u>-</u>	<u>78,103,117</u>
FUND BALANCES						
Nonspendable:						
Inventories	648,783	-	-	1,535,861	-	2,184,644
Restricted for:						
Food Services	-	-	-	7,023,614	-	7,023,614
Committed to:						
School Facilities	-	-	664,537	-	-	664,537
Textbooks	-	-	-	-	1,280,720	1,280,720
Assigned to:						
Instruction	4,621,721	-	-	-	-	4,621,721
Administration, Attendance and Health	160,496	-	-	-	-	160,496
Pupil Transportation	108,374	-	-	-	-	108,374
Operation and Maintenance	1,762,256	-	-	-	-	1,762,256
Information Technology	320,492	-	-	-	-	320,492
School Facilities	1,121,150	-	-	-	-	1,121,150
Unassigned (deficit):	22,512,936	(2,247,649)	-	-	-	20,265,287
Total fund balances	<u>31,256,208</u>	<u>(2,247,649)</u>	<u>664,537</u>	<u>8,559,475</u>	<u>1,280,720</u>	<u>39,513,291</u>
Total liabilities and fund balances	<u>\$ 82,846,079</u>	<u>\$ 14,348,407</u>	<u>\$ 5,160,864</u>	<u>\$ 13,980,338</u>	<u>\$ 1,280,720</u>	<u>\$ 117,616,408</u>

See Accompanying Notes to the Basic Financial Statements

Exhibit III (Con't.)

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020**

Fund balances - total governmental funds	\$ 39,513,291
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Amounts reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	11,217,840
Deferred outflows of resources related to pensions	61,467,337
Deferred outflows of resources related to OPEB	13,869,227
Deferred inflows of resources related to pensions	(46,755,936)
Deferred inflows of resources related to OPEB	(17,705,987)
Long-term obligations, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(9,881,605)
Workers Compensation	(3,528,676)
Claims Liability	(358,269)
Net Pension Liability	(297,859,309)
Other Post Employment Benefits	<u>(92,361,309)</u>
Net Position of Governmental Activities (Deficit)	<u><u>\$ (342,383,396)</u></u>

See Accompanying Notes to the Basic Financial Statements

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Grants Fund	Capital Projects Fund	Child Nutrition Fund	Textbook Fund	Total Governmental Funds
REVENUES						
Use of money and property	\$ 779,948	\$ -	\$ -	\$ 77,806	\$ -	\$ 857,754
Charges for services	1,928,625	-	-	733,545	-	2,662,170
Other		2,074,135	-	-	-	2,074,135
Intergovernmental:						
Local government	124,710,671	-	1,489,275	-	-	126,199,946
Commonwealth of Virginia	199,073,869	3,616,411	-	422,426	-	203,112,706
Federal government	5,643,981	27,459,208	-	13,467,059	-	46,570,248
Total revenues	<u>332,137,094</u>	<u>33,149,754</u>	<u>1,489,275</u>	<u>14,700,836</u>	<u>-</u>	<u>381,476,959</u>
EXPENDITURES						
Current:						
Instruction	238,076,634	32,740,226	-	-	-	270,816,860
Administration, Attendance and Health	19,423,710	423,314	-	-	-	19,847,024
Pupil Transportation	11,708,210	-	-	-	-	11,708,210
Operation and Maintenance	36,678,308	227,066	-	-	-	36,905,374
Information Technology	10,605,981	1,171,926	-	188,706	-	11,966,613
School Facilities	341,496	-	-	-	-	341,496
Food Services	-	226,940	-	17,000,397	-	17,227,337
Capital Outlay:						
School Facilities	-	-	2,348,145	-	-	2,348,145
Total expenditures	<u>316,834,339</u>	<u>34,789,472</u>	<u>2,348,145</u>	<u>17,189,103</u>	<u>-</u>	<u>371,161,059</u>
Net change in fund balance	<u>15,302,755</u>	<u>(1,639,718)</u>	<u>(858,870)</u>	<u>(2,488,267)</u>	<u>-</u>	<u>10,315,900</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	3,110,772	-	1,280,720	4,391,492
Transfers out	(4,391,492)	-	-	-	-	(4,391,492)
Total other fin. sources and uses	<u>(4,391,492)</u>	<u>-</u>	<u>3,110,772</u>	<u>-</u>	<u>1,280,720</u>	<u>-</u>
Fund balances--beginning	<u>20,344,945</u>	<u>(607,931)</u>	<u>(1,587,365)</u>	<u>11,047,742</u>	<u>-</u>	<u>29,197,391</u>
Fund balances--ending	<u>\$ 31,256,208</u>	<u>\$ (2,247,649)</u>	<u>\$ 664,537</u>	<u>\$ 8,559,475</u>	<u>\$ 1,280,720</u>	<u>\$ 39,513,291</u>

See Accompanying Notes to the Basic Financial Statements

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances--total governmental funds		\$ 10,315,900
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 assets:		
Capital acquisitions	\$ 823,902	
Depreciation expense	<u>(2,061,107)</u>	(1,237,205)
Change in deferred outflows of resources related to pensions		26,043,980
Change in deferred outflows of resources related to OPEB		2,509,186
Change in deferred inflows of resources related to pensions		6,411,400
Change in deferred inflows of resources related to OPEB		(816,410)
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:		
Compensated Absences		(609,353)
Workers Compensation		236,508
Claims Liability		39,710
Net Pension Liability		(30,653,298)
Other Post Employment Benefits		1,478,529
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 activities:		
Change in Net Position of Governmental Activities		<u><u>\$ 13,718,947</u></u>

See Accompanying Notes to the Basic Financial Statements

Exhibit V

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Statement of Fiduciary Assets and Liabilities
June 30, 2020**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 12,978,451
Receivables from others	<u>7,103,829</u>
Total assets	<u><u>\$ 20,082,280</u></u>
 LIABILITIES	
Amounts held for others	<u>\$ 20,082,280</u>
Total liabilities	<u><u>\$ 20,082,280</u></u>

See Accompanying Notes to the Basic Financial Statements

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 1. Summary of Significant Accounting Policies

The accounting policies of the School Board of the City of Norfolk, Virginia (School Board) have been adopted in conformity with U.S. generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant accounting policies:

A. Reporting Entity

The School Board is responsible for elementary and secondary education within the City of Norfolk, Virginia (the City). The School Board is governed by a seven-member elected board that serves staggered terms and is vested with policymaking and budgetary authority. The School Board works in conjunction with the Superintendent, who is the executive and administrative head of the School Board. City Council approves the School Board's operating budget, levies taxes to finance operations, and approves the borrowing of money and the issuance of bonds, when necessary. The School Board receives local, state, and federal government funding and must adhere to the legal requirements of each funding entity.

The School Board is considered a component unit of the City due to its fiscal dependence on the City. Therefore, the School Board's financial position and results of operations are presented in the City's Comprehensive Annual Financial Report (CAFR). The School Board does not have any component units for financial reporting purposes.

B. Government-wide and Fund Financial Statements

The basic financial statements include both the government-wide (presentation of the School Board as a whole) financial statements (i.e. Statement of Net Position and Statement of Activities) and fund financial statements. While previous reporting models emphasized fund types (i.e. the total of all funds of a particular fund type), the current reporting model emphasizes either the School Board as a whole or a major individual fund within the basic financial statements and required supplementary information.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a program are offset by the program's revenue. Direct expenses are those that are clearly identified to a specific activity. Program revenues are those that are directly associated with a specific activity (e.g. Instruction or Food Services). Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given activity, and (2) grants and contributions that are restricted to meeting the operational and capital requirements of a particular activity. Taxes and other items not attributable to program revenues are reported as general revenue. The School Board does not allocate indirect expenses. The operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants.

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(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

In the government-wide Statement of Net Position, the governmental activities column is presented on a full accrual basis and the economic resources measurement focus. This basis incorporates long-term assets and receivables and long-term obligations. School Board funds that involve internal activity are eliminated for financial presentation purposes.

Fund financial statements are provided for governmental and fiduciary funds. The School Board does not have proprietary funds. The School Board's fiduciary funds are presented in the fund financial statements by type (agency). Since these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the governmental agency, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the School Board in fiscal year 2020.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most functions of the School System are financed. The School Board reports the following funds:

General Fund – The General Fund is the general operating fund of the School Board and is used to account for all financial resources except for those accounted for in another fund. Revenues are derived primarily from Federal (including impact aid and grants), state (including basic aid, grants, and sales tax), and local governments. The General Fund is always considered a major fund for reporting purposes.

Grants Fund – The Grants Fund is used to account for proceeds of specific revenue sources (other than major capital projects) that are restricted by legal and regulatory provisions and finance expenditures for specified purposes. Grants are funded by federal, state, and private, agencies. The Grants Fund is considered a major fund for reporting purposes.

Capital Projects Fund - The Capital Projects Fund accounts for all of the financial resources used for the acquisition or construction of major capital facilities. The majority of the activity within the Capital Projects Fund is financed by the City. The school board considers the fund major.

Child Nutrition Fund – The Child Nutrition Fund is used to account for proceeds of specific revenue sources that are restricted by legal and regulatory provisions that finance expenditures for food services. Child Nutrition is funded by state and federal agencies. In fiscal year 2020 Child Nutrition met the requirements of a major fund under the guidelines of the Governmental Accounting Standards Board.

Textbook Fund – The Textbook Fund was established during FY 2020 and \$1.28 million was transferred into it from the General Fund. The initial purpose of the fund is to pay for new textbook adoptions. No activity has taken place in the Textbook Fund to date. The school board considers the fund major.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for assets held by the School Board as an agent for individuals, private organizations, and other governmental units. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Agency Funds of the School Board are funds held for Student Activities and fiscal agencies (the Governor’s School for the Arts and Southeastern Cooperative Educational Programs). See Note 4 for additional information regarding these organizations.

C. Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses (such as capital leases and compensated absences) are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the School System receives value without directly giving equal value in exchange, include appropriations from the City, state sales taxes, grants, and other similar items. Revenue from sales taxes is recognized on the accrual basis in the fiscal year during which the underlying exchange transaction takes place. Revenues from grants and similar items are recognized in the fiscal year in which all eligibility requirements, including time requirements, if any, have been satisfied. Revenues from City appropriations are recognized in the fiscal year the appropriations are made.

The accounting and financial reporting treatment related to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet for governmental funds. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

All governmental fund types use the modified accrual basis of accounting. The full accrual basis of accounting is used by the agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available to finance expenditures of the fiscal period). These funds are normally budgeted in this manner. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. In the other (typically categorical grants), monies must be expended for the specific purpose or project before any amounts will be paid to the School System; therefore, revenues are recognized based upon the expenditures incurred.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Revenues are considered available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, Norfolk Public Schools considers revenues available if they are collected within 60 days of the end of the current fiscal period. Sales taxes, which are collected by the state and subsequently remitted to the School System, are recognized as revenues and receivables upon collection by the state, which is generally within two months preceding receipt by the School System. Reimbursement grants are recognized as revenue when measurable, all eligibility criteria have been met, the related amounts become available, and if received within one year. Revenue from the City for activity within the capital projects fund is recognized when the related expenditure is incurred. All other revenue items are considered measurable and available only when cash is received by the School System.

The following is a list of major revenue sources, which meet the “susceptible to accrual” criteria:

- Commonwealth of Virginia
- Federal Government
- Local Government

D. Budgets and Budgetary Accounting

The Superintendent is required by Section 22.1-92 of the *Code of Virginia*, as amended, to prepare, with the approval of the School Board, and submit to the City Council “the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public School Board.” Before the School Board approves the budget, must hold at least one public hearing. Before the budget becomes effective, the Norfolk City Council must take action to approve the amount requested or a different amount.

Two types of funds are maintained: (a) annual operating funds and (b) project-based funds. Annual operating funds include the General and Child Nutrition funds and have an annual appropriation that expires on June 30 each year. Project-based funds have operating budgets which often span several fiscal years and include the Capital Improvement and Grant funds.

The annual operating budget is adopted consistent with the modified accrual basis of accounting except that purchase orders or other contractual commitments are recognized in the budget year in which they were issued. Spending is controlled by school or department and by object class (personal services and non-personal services). Grants and Capital Improvements are budgeted on a multi-year basis and spending controls are at the project level.

The Budget to Actual comparison (Required Supplemental Information) presents actual expenditures in accordance with the legally adopted budget as amended. As such, purchase orders and contractual commitments recognized in the year they were issued rather than in the year they were paid. A reconciliation of the budget reports and the statement of revenues, expenditures and fund balances is included on Schedule 1 of the Required Supplemental

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Information. Unencumbered appropriations lapse at the end of each fiscal year for funds with annual budgets. The School Board may request the City to re-appropriate funds in the subsequent fiscal year.

E. 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 of the Virginia Retirement System (VRS) Teacher Retirement Plan and Political Subdivision's Retirement Plan and the additions to/deductions from the VRS Teacher and Political Subdivision's Retirement Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Deferred inflows and outflows are amortized over a closed five-year period or the average remaining service life of employees in the pension plan.

F. Other Post-Employment Benefits (OPEB)

Deferred inflows and outflows under GASB 75 are treated and reported in a similar fashion as pensions. They are amortized over a closed five-year period or the average remaining service life of employees in the plan. There are three OPEB programs available to eligible retired employees:

1. Teacher Employee Health Insurance Credit Program (HICP)
2. Group Life Insurance Program (GLI)
3. Retiree Health Insurance Program

The Health Insurance Credit Group Life Insurance Programs are multiple-employer, cost-sharing plan administered by Virginia Retirement System (VRS). Both program were established to provide benefits in accordance with applicable statutes of the *Code of Virginia*. HICP is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. GLI provides continued life insurance benefits to eligible retired employees. For purposes of measuring, the net OPEB liability, deferred inflows and outflows of resources, the fiduciary net position, and the additions to/deductions from the program's net fiduciary 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.

The retiree health insurance program is also a multiple-employer, cost-sharing plan that is administered by the Norfolk Consortium, an entity that includes the City of Norfolk and Norfolk Redevelopment and Housing Authority. Reporting of the school board share of the

**SCHOOL BOARD OF THE CITY OF NORFOLK
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

net OPEB liability, deferred outflows and deferred inflows is in accordance with annual actuarial reporting.

G. Assets, Liabilities and Fund Equity

DEPOSITS AND INVESTMENTS

Deposits - All cash of the School Board is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (“Act”), Section 2.2-4400 et. Seq. of the *Code of Virginia* or covered by the federal depository issuance. At June 30, 2020, the carrying amount of cash deposits for the School Board was \$59.3 million, including \$12.98 million held in agency funds.

Investments - Virginia State statutes authorize 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 Developments (“World Bank”) and Asian Development Bank; the African Development Bank; “prime quality” commercial paper and certain corporate notes; bankers acceptances; money market mutual funds, and the State Treasurer’s Local Government Investment Pool (“LGIP”).

Investments 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. In accordance with the authoritative guidance on fair value investments and disclosures under U.S. GAAP, the fair value of investments are disclosed in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires 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 their interest rates, credit risk and alike factors.

Level 3 – Unobservable inputs for the assets, including the fund’s own investment assumptions for determination fair value.

At June 30, 2020, the School Board investment account had a balance of \$15.5 million.

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Custodial Credit Risk - All deposits of the School Board are held in designated official depositories and are collateralized in accordance with the Act, Section 2.2-4400 et. Seq. of the

Code of Virginia or covered by the Federal Depository Insurance Corporation (FDIC). Under the Act, banks holding public deposits in excess of the amounts insured by the FDIC must pledge collateral for 50% of excess deposits to a collateral pool in the name of the State Treasury Board. If any member financial institution whose public deposits are collateralized in accordance with the requirements of the Act fails, the entire market value of the collateral pool becomes available to satisfy the claims of 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. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying the local governments of compliance by banks. The School Board itself does not have credit risk.

Interest Rate and Foreign Currency Risk – Interest rate risk represents the risk governments are exposed to because of changes in interest rates for their debt investments. Interest rate risk is reduced by investing operating funds primarily in shorter-term securities. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The School Board does not have interest rate or foreign currency risk.

RECEIVABLES AND PAYABLES

All inter-fund receivables and payables are displayed in the fund statements as “Due to/Due from Other Funds.” These amounts offset each other and are eliminated from the Government-Wide Statement of Net Position to avoid overstating assets and liabilities. All trade receivables are reported net of an allowance for uncollectible accounts, if needed. There were no uncollectible accounts for fiscal year 2020.

INVENTORIES

Governmental fund inventories consist of expendable materials and supplies that are recorded as expenditures when consumed. The governmental fund inventories reported on the governmental funds balance sheet are reflected as non-spendable fund balance reserves that are a component of net position but do not constitute resources available for appropriation even though they are a component of net position. The weighted average cost method is used to record inventories. The value of these materials and supplies at year-end was \$648,783. Total inventory of food and related materials on hand at June 30, 2020 was \$2.184 million.

The Child Nutrition Fund's inventories also include United States Department of Agriculture (“USDA”) commodities under the Donated Commodity Program (operated as an adjunct to

**SCHOOL BOARD OF THE CITY OF NORFOLK
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

the National School Lunch Program). The program provides free agricultural products for use in the preparation of school lunches. The contributions are recorded in the financial statements as revenue upon receipt and expenditures at the time of consumption of the products based on the estimated wholesale market value (provided by USDA). The value of food products containing only USDA commodities was \$51,497 at June 30, 2020. The district also held \$1.1 million of food products processed by private suppliers, some of these products were processed with USDA commodities.

CAPITAL ASSETS

Capital outlays are recorded as expenditures in governmental funds and as assets in the government-wide financial statements to the extent that assets meet the School Board's capitalization threshold of \$5,000 and have an estimated useful life greater than one year. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Mobile Classrooms	20 years
Equipment	3 to 20 years
Vehicles (School Buses)	10 to 12 years
Intangible Assets	5 years

All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their acquisition value on the date donated. Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful life are capitalized. Upon sale or retirement of land, building improvements, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any related gain or loss is included in the results of operations.

School buildings share joint title with the City and are carried on the City's financial statements for reporting purposes and include all building improvements under the City's charter.

However, the Charter of the City of Norfolk, Section 109, establishes that "all real estate with the buildings and improvements thereon purchased with money appropriated by the council or received from any other source for the purpose of public education, shall be the property of the said City of Norfolk unless such money so received from any other source be received on other conditions." Section 22.1-125 of the Code of Virginia provides that the title to school real property may vest in the City by mutual consent of the School Board and the governing body of the City." Therefore, the real estate of Norfolk Public Schools is recorded in the City's financial statements.

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COMPENSATED ABSENCES

Employees of the School Board accrue compensated absences each month, the current and non-current portions of which are presented in the School Board government-wide financial statements. Vacation leave is fully vested when earned by School Board employees; however, accumulated vacation leave cannot exceed 50 days. School Board employees are paid for unused vacation leave, at their normal rate of pay, upon termination of employment. Employees may accumulate an unlimited number of sick leave days; however, the School Board only pays \$20 for each day of accumulated sick leave upon an employee's retirement. Most School Board employees have ten-month employment contracts and are not entitled to vacation leave.

The School Board liability for compensated absences is reported within the government-wide financial statements. The payment of this liability is primarily made through the General Fund and Grants Fund. Further information is available in note 2(C).

NET POSITION/FUND BALANCES

The School Board's net position is classified as (1) invested in capital assets, net of related obligations, (2) restricted or (3) unrestricted. The restricted portion of net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through state statute. The School Board generally first uses restricted resources for expenses incurred for which both restricted and unrestricted net position are available.

Investments in capital assets include mobile classrooms, vehicles and equipment net of accumulated depreciation.

Unrestricted assets are those assets not classified as either restricted or investments in capital assets, such as net assets or liabilities in pension and other post employment benefits.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the governmental fund financial statements, unassigned fund balance represents the portion of spendable fund balance that has not been assigned or committed at year-end. The governmental fund types classify fund balances as follows:

Non-spendable

Non-spendable for inventories – The portion of fund balance not available for appropriation because it represents the value of inventories purchased and on hand at year-end. These resources are not expendable or available for appropriation.

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Restricted

The portion of fund balance not available for appropriation because it represents the funds legally restricted by the grantor for specific purposes.

Committed

School Facilities – The portion of fund balance not available for appropriation because it represents the funds legally restricted by City ordinance for specific programs or projects. The City is defined by the School Board as the highest level of decision-making authority in order to establish the category of a committed fund balance.

Assigned

The portion of fund balance that is intended to be used for specific purposes, but which is neither restricted nor committed. Assignment typically occurs through the issuance of purchases orders and other contracts or commitments that encumber existing resources.

Unassigned

The portion of spendable fund balance which is available for expenditure and has not been assigned or committed at year-end. In accordance with GASB Statement No. 54, positive unassigned fund balances are only reported in the General Fund. In other funds, the unassigned classification is only used to report a deficit balance resulting from overspending for specific purposes for which amounts were restricted, committed, or assigned.

In the event that committed, assigned, and unassigned resources are available for use for the same purpose, GASB Statement No. 54 requires that committed amounts are spent first, followed by assigned amounts, and then unassigned amounts. Negative unassigned balances within the capital projects and grants funds are a result of timing. Those negative balances due to timing differences normally reverse in the following year when the encumbrances are liquidated and revenue generation is triggered.

H. Encumbrances

Encumbrances outstanding do not constitute expenditures until expended or accrued as liabilities except in statements presented on the budgetary basis. At June 30, 2020, the School Board had issued purchase orders encumbering expendable funds as follows:

General Fund	\$8,094,489
Child Nutrition Fund	656,084
Capital Projects Fund	4,474,629
Grants Funds	4,707,387

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The unassigned fund balances in the Capital Projects and Grant Funds are negative since revenue is only recognized once a purchase order is liquidated and payments are made to a vendor. This typically happens in the following year.

Note 2. Financial Statement Classification Details for All Funds

A. Inter-fund Receivables and Payables

The composition of inter-fund receivables and payables as of June 30, 2020 is as follows:

Major Funds	Due From (Receivable)	Due to (Payable)
General Fund	\$ 22,359,954	\$ 1,295,739
Grants Fund	-	14,278,841
Capital Projects Fund	-	3,058,313
Child Nutrition Fund	-	5,007,781
Textbook Fund	1,280,720	-
Totals	<u>\$ 23,640,764</u>	<u>\$ 23,640,764</u>

As required by the City's Charter and the Code of Virginia, all deposits must be deposited into the General Fund as public deposits for the School Board. Due to/due from accounts are created as a result.

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B. Capital Assets

Changes in Capital Assets	June 30, 2019	Additions	Deletions	June 30, 2020
Capital assets, non-depreciable				
Land	\$ 487,500	\$ -	\$ -	\$ 487,500
Capital assets, depreciable				
Mobile Classrooms	\$ 6,700,563	\$ 30,000	\$ (1,414,157)	\$ 5,316,406
Equipment & Vehicles	37,628,084	841,181	(805,132)	37,664,133
Intangible assets	1,323,387	-	-	1,323,387
Total capital assets, depreciable	\$ 45,652,034	\$ 871,181	\$ (2,219,289)	\$ 44,303,926
Less accumulated depreciation for:				
Mobile Classrooms	\$ 5,956,895	\$ 250,562	\$ (1,383,152)	\$ 4,824,305
Equipment & Vehicles	26,415,596	1,799,158	(788,859)	27,425,895
Intangible assets	1,311,999	11,387	-	1,323,386
Total accumulated depreciation	\$ 33,684,490	\$ 2,061,107	\$ (2,172,011)	\$ 33,573,586
Total capital assets (depreciable), net	\$ 11,967,544	\$ (1,189,926)	\$ (47,278)	\$ 10,730,340
Total capital assets, net	\$ 12,455,044	\$ (1,189,926)	\$ (47,278)	\$ 11,217,840

Depreciation expense by function for the year ending June 30, 2020 follows:

Instruction	\$ 258,293
Administration, Attendance and Health	103,291
Pupil Transportation	843,881
Operation and Maintenance	207,565
Information Technology	404,632
School Facilities	133,097
Food Services	110,348
Total	<u>\$ 2,061,107</u>

C. Long-Term Obligations

Long-term obligations are reported on the government-wide statement of net assets. However, the current portion of long-term obligations is reported on the funds balance sheet and is normally paid from the General Fund. A summary of the changes in and the current portion of long-term obligations for the year ended June 30, 2020 is as follows:

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Long-Term Obligations	Balance June 30, 2019	Net Changes	Balance June 30, 2020	Current Portion
Compensated absences	\$ 9,272,252	\$ 609,353	\$ 9,881,605	\$ 7,411,204
Worker's compensation claims	3,765,184	(236,508)	3,528,676	664,242
Other claims liability	397,979	(39,710)	358,269	236,046
Net pension liability	267,206,011	30,653,298	297,859,309	-
Other post employment benefits:				
Retiree healthcare	49,889,185	(3,253,545)	46,635,640	-
Group life insurance (VRS)	15,804,324	1,119,448	16,923,772	-
Health insurance credit (VRS)	28,146,329	655,568	28,801,897	-
Total Long-Term Obligations	\$ 374,481,264	\$ 29,507,904	\$ 403,989,168	\$ 8,311,492

Note 3. Contingencies

A. Litigation

The School Board, as of June 30, 2020, is a named defendant in several lawsuits and claims that may or may not become lawsuits. The School Board is vigorously defending all cases, and expects no losses will be incurred which would have a material effect on the School Board's financial position.

B. Intergovernmental Grants

The School Board has received proceeds from several Federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying basic financial statements for the refund of grant monies.

C. Pollution Remediation

The School Board evaluates its exposure to certain environmental liabilities throughout the year at each of its locations across the City. Estimates of liabilities are made based on consultations with industry experts and often arise when school buildings are replaced. No pollution remediation obligations existed at June 30, 2020.

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Note 4. Joint Ventures

A. Southeastern Cooperative Educational Programs

The Southeastern Cooperative Educational Programs (SECEP) is a public body established in accordance with the *Code of Virginia* for the establishment and operation of school programs of Chesapeake, Franklin, Isle of Wight County, Norfolk, Portsmouth, Southampton County, Suffolk, and Virginia Beach. The organization provides a formal structure through which these eight participating school divisions can plan and operate programs for children with special needs. A Regional School Board comprised of one School Board member from each division governs SECEP. Complete financial statements can be obtained from SECEP, 6160 Kempsville Circle, Suite 300, Norfolk, VA 23502. The School Board paid tuition of \$5.5 million to SECEP during the fiscal year ended June 30, 2020. The School Board is the fiscal agent for SECEP and the assets held for SECEP are included in Agency Funds.

B. The Governor's School for the Arts

The Governor's School for the Arts is a regional secondary arts school sponsored by the Virginia Department of Education and the public School Boards of Chesapeake, Franklin, Isle of Wight County, Norfolk, Portsmouth, Southampton County, Suffolk, and Virginia Beach. The school is governed by a Regional School Board comprised of one School Board member from each participating school division. Students attend their regular high school part of the day and the Governor's School for three hours every afternoon of the week. The purpose of the School is to provide individualized, focused, instructional programs in the arts for students who have innate talent and potential for growth, along with a high degree of commitment to develop their talent. Financial information can be obtained from the Governor's School for the Arts, Old Dominion University, 5MG04, Norfolk, VA 23529-0556. The School Board paid tuition of \$234,090 to the Governor's School during the fiscal year ended June 30, 2020. The School Board is the fiscal agent for Governor's School and the assets held for the Governor's School are included in Agency Funds.

Note 5. Self-Insurance Program

The School Board is self-insured for a portion of its risks. This self-insurance program covers workers' compensation and other claims liabilities. Commercial insurance is purchased to cover self-insured levels for specific losses exceeding certain limits. The program provides for the payments of claims liabilities, property losses, and related expenses covered by a combination of purchased policies and self-insurance plans. The total of insurance premiums,

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self-insurance claims, and related expense payments made during fiscal year 2020 was \$2.3 million. Settlements paid over the past three years have not exceeded insurance coverage paid during that time.

The School Board currently reports all of these activities as insurance costs in the operations and maintenance line item of the General and Grant Funds. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At June 30, 2020, workers' compensation and other claims liabilities totaling \$3.9 million are reported as long-term liabilities. These liabilities reflect the School Board's best estimate of these liabilities based on currently available information.

The following is a summary of the changes (current and long-term) in the self-insurance program for the year ended June 30, 2020:

	Workers' Compensation	Claims Liability	Total
Balance, July 1, 2019	\$ 3,765,184	\$ 397,979	\$ 4,163,163
Claims and related charges	855,322	131,423	986,745
Employer payments	(1,091,830)	(171,133)	(1,262,963)
Balance, June 30, 2020	<u>\$ 3,528,676</u>	<u>\$ 358,269</u>	<u>\$ 3,886,945</u>

Starting in 2014, the School Board joined the City of Norfolk and Norfolk Redevelopment and Housing Authority to form the Norfolk Healthcare Consortium. The Consortium provides healthcare to participating employees and retirees through a self-insured program. The program is an internal service fund established and managed by the City. The School Board pays healthcare premiums directly to the Consortium for deposit into the internal service fund. Employer and employees' share of premiums for active employees are collected a month in advance for coverage in the subsequent month. Premiums for employees are collected over a 10-month period (September through June) for 12 months of coverage. The School Board remitted a total of \$36.9 million in premiums to the fund in the fiscal year ended June 30, 2020. For active employees that consisted of \$32.6 million in employer contributions and \$4.3 million in employee contributions. The School Board, as a member of the consortium, has voting authority to amend the plan's provisions. Any deficits experienced by the fund will be recovered through adjustments in premiums over a reasonable period.

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Note 6. Retirement and Other Post-Employment Benefits

PLAN DESCRIPTION – Virginia Retirement System

The School Board contributes to the Virginia Retirement System (VRS), an agent, which administers both an agent multiple-employer (for non-professionals) and a cost-sharing multiple-employer (for professionals) defined benefit pension plan for the School Board as well as a hybrid plan which contains both defined benefit and defined contribution aspects. All full-time, personnel participate and are automatically enrolled upon employment in either the VRS Teacher Retirement Plan (teachers and professionals) or the VRS Retirement Plan for political subdivisions (non-professional staff).

Members earn one month of service credit for each month they are employed and for which the School Board and member 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 were eligible and opted in during the election window which was January 1, 2014 to April 30, 2014. 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 age, 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 each year of service is as follows:

Plan 1 members – 1.70%
Plan 2 members – 1.65%
Hybrid members – 1.00%

Retirees are eligible for an annual cost-of-living-adjustment (COLA) effective July 1 of the second calendar year after retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. 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.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. The report is available on the VRS website; see Annual Reports on the Publications link.

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A. Teacher Retirement Plan (cost sharing plan)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their annual reported compensation to the VRS.

The School Board's required professional contribution rates for the fiscal years ended June 30, 2020 was 15.68% of the annual covered employee compensation (excluding 5% employee contribution). This rate was based on an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with §51.1-145 of the *Code of Virginia*, as amended, contributions were funded based on actuarial report as of June 30, 2018. During the year ended June 30, 2020, contributions to the Teacher Retirement Plan were 15.68% of creditable compensation. The School Board's contributions to the VRS Teacher Retirement Plan for the last three years was:

Year ended June, 30:	2020	\$ 29.07 million
	2019	\$ 28.77 million
	2018	\$ 29.03 million

Such contributions comprised 100% of the required statutory contributions for each of the three years.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the School Board reported a net pension liability of \$297.86 million for its proportionate share of the collective net pension liability. The total pension liability was based on an actuarial valuation as of June 30, 2019; it includes \$290.09 million for the Teacher Retirement Plan and \$7.77 million for the Political Subdivision plan (see note 6B starting on page 45). The School Board's proportion of the collective net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board's proportion was 2.545% as compared to 2.568% at June 30, 2018.

For the year ended June 30, 2019, the School Board's share of pension expense was \$23.68 million. Since there was a change in proportionate share between June 30, 2018 and June 30, 2019, a portion of the pension expense was related to deferred amounts from changes in

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proportion and from differences between employer contributions and the proportionate share of employer contributions. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 28,725,680	
Differences between expected and actual experience		\$ 18,575,710
Differences between projected and actual investment earnings on pension plan investments		6,369,683
Changes in proportionate share		18,894,371
Contributions subsequent to measurement date	29,074,631	
Totals	<u>\$ 57,800,311</u>	<u>\$ 43,839,764</u>

Contributions subsequent to the measurement date (deferred outflows of \$29.07 million) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Excluding contributions subsequent to the measurement date, there were net deferred inflows of resources of \$15.1 million at June 30, 2020. The net deferred inflows of resources are amortized over a closed five-year period or the average remaining service life of employees in the pension plan. These net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ (6,346,431)
2022	(11,455,604)
2023	(2,214,803)
2024	2,803,777
2025	2,098,977
Total	<u>\$ (15,114,084)</u>

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.5%
Salary increases	3.5 – 5.35% *
Investment rate of return	6.75%, net of pension plan investment expenses *
<i>* Including inflation</i>	

Mortality rates were based on the following:

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Pre-Retirement:

RP-2014 Employee Rates Employee rates to age 80, Healthy Annuitant rates to ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except 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 VRS Board action are as follows:

Mortality Rates	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

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 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	Weighted Average
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		Expected Rate of Return	Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
Multi-Asset Public Strategies	6.00%	3.52%	0.21%
Private Investment Partnership	3.00%	6.29%	0.19%
Totals	100.00%		5.13%

	Inflation	2.50%
*Expected arithmetic nominal return		7.63%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the School Board's 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 ending June 30, 2019, the rate contributed by the School Board for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, the School Board is assumed to contribute 100% 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.

Sensitivity of the School Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

Net Pension Liability – 1.0% decrease (5.75%)	\$ 436.71 million
Net Pension Liability – Current discount rate (6.75%)	\$ 290.09 million
Net Pension Liability – 1.0% increase (7.75%)	\$ 168.86 million

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Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

As of June 30, 2020, the School Board had no outstanding amounts payable to the teachers retirement plan as of the fiscal year then ended.

B. VRS Retirement Plan for Political Subdivisions (agent plan)

A separate plan has been established for School Board employees who are not eligible for participation in the VRS Teacher Retirement Plan. This separate multi-employer agency plan covers employees working in maintenance, custodial, nutritional, and transportation services.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms:

Active members	659
Retirees and beneficiaries elsewhere	96
Inactive members or beneficiaries currently receiving benefits	518
Inactive members: Vested	65
Nonvested	260
Working for another VRS employer	<u>102</u>
Total members	<u><u>1,700</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their annual reported compensation to the VRS.

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The School Board's contractually required contribution rate for the fiscal year ended June 30, 2020 remained at 6.81% of covered employee compensation (not including 5% employee contribution). This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The School Board's contributions to the VRS for the last three years was as follows:

<u>Years ended</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
	\$1,212,412	\$1,195,410	\$1,434,613

Net Pension Liability

The School Board's total pension liability was based on a actuarial valuation as of June 30, 2018. The net pension liability was determined by an actuarial valuation performed as of that date, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019. The net liability for the political subdivision plan was \$7.77 million and is included on the Statement of Net Position as a non-current liability.

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined 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, 2019:

Inflation	2.5%
Salary increases	3.5 – 5.35% *
Investment rate of return	6.75%, net of pension plan investment expenses *
* Including inflation	

Mortality rates were based on the following:

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020, males 95% of rates, females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

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Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

15% of deaths are assumed to be service-related.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, except 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 are as follow:

Mortality Rates (Pre-retirement, post- retirement healthy, and disabled)	Update to a more current mortality table– RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

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 allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
Multi-Asset Public Strategies	6.00%	3.52%	0.21%
Private Investment Partnership	3.00%	6.29%	0.19%
Totals	100.00%		5.13%

Inflation 2.50%
*Expected arithmetic nominal return 7.63%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System 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. 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, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019, on, participating employers are assumed to continue to contribute 100% 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.

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Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2018	\$ 90,055,521	\$ 83,787,204	\$ 6,268,317
Changes for year:			
Service cost	1,498,139		1,498,139
Interest	6,129,168		6,129,168
Changes in assumptions	2,360,950		2,360,950
Difference between expected and actual experience	(1,066,300)		(1,066,300)
Contributions - employer	-	1,150,594	(1,150,594)
Contributions - employee	-	844,493	(844,493)
Net investment income	-	5,485,877	(5,485,877)
Benefit payments (including employee refunds)	(4,991,943)	(4,991,943)	-
Administrative expenses		(56,021)	56,021
Other changes		(3,442)	3,442
Balances at June 30, 2019	\$ 93,985,535	\$ 86,216,762	\$ 7,768,773

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

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

Net Pension Liability – 1.0% decrease (5.75%)	\$ 18.28 million
Net Pension Liability – Current discount rate (6.75%)	\$ 7.77 million
Net Pension Liability – 1.0% increase (7.75%)	(\$ 0.73 million)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the School Board recognized pension expense of \$1.21 million. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 1,445,853	
Differences between expected and actual experience		\$ 1,189,557
Differences between projected and actual investment earnings on pension plan investments	1,008,731	1,726,615
Changes in proportionate share		
Contributions subsequent to measurement date	1,212,442	
Totals	<u>\$ 3,667,026</u>	<u>\$ 2,916,172</u>

Included in deferred outflows of resources are \$1,212,442 of School Board contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability during the year ended June 30, 2021. The net deferred inflow of resources excluding contributions subsequent to measurement date at June 30, 2020 was \$461,588. The net deferred inflows of resources are amortized over a closed five-year period or the average remaining service life of employees in the pension plan. These net deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$ (19,145)
2022	(484,275)
2023	(12,620)
2024	54,452
Total	<u>\$ (461,588)</u>

Total Pension Expense

As of June 30, 2020, NPS recognized total pension expense of \$24.47 million for teachers and the political subdivision.

Payables to the Pension Plan

At June 30, 2020, the School Board had no outstanding amounts payable to the political subdivision retirement plan as of the fiscal year then ended.

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C. Other Post-Employment Benefits (OPEB)

1. Retiree Healthcare

PLAN DESCRIPTION

In addition to the pension benefits described, the School Board authorizes a defined benefit OPEB plan in accordance with adopted statutes. The plan provides healthcare benefits to all non-Medicare eligible employees and their dependents. All employees hired on or after July 1, 2008 will need 15 years of service to qualify for benefits. The School Board pays \$75 per month towards the cost of healthcare benefits for each retiree who has elected to continue healthcare coverage through the School Board. Coverage is discontinued when an employee reaches the age of 65 and become eligible for Medicare. Expenditures for post-retirement healthcare benefits are recognized on a monthly basis through the School Board's financial records. The plan is considered a single employer, defined benefit OPEB plan. The plan is unfunded and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75 issued by the Governmental Accounting Standards Board. Therefore, rather than unfunded OPEB obligation, Norfolk Public Schools reports a Total OPEB liability.

Actuarial Methods and Assumptions

The information presented above was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	July 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percent open
Remaining amortization period	30 years rolling
Asset valuation method	Not Applicable
Actuarial assumptions:	
Discount rate	3.50%
Rate of salary increases	3.00%
Rate of Medical Inflation	6.81% grading down to 3.25% over 20 years

In determining the ARC, the rate of employer contributions to the Plan is composed of the Normal Cost plus amortization of the Unfunded Actuarial Liability. The Normal Cost is a portion of the actuarial present value of plan benefits and expenses that is allocated to a valuation year by the actuarial cost method. The Actuarial Liability is that portion of the Present Value of Projected Benefits that will not be paid by Future Employer Normal Cost or active employee contributions.

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METHODOLOGY

The Entry Age Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this method, the normal cost rate is the percentage of pay contribution that would be sufficient to fund the plan benefits if it were paid from each member's entry into the System until termination and retirement.

Currently, the School Board pays a set amount towards the monthly premiums of pre-65 retirees. These payments are primarily made through the General Fund. These retirees are allowed to purchase health care using the same premium structure as active employees.

The discount rate used to measure the total OPEB liability as of July 1, 2018 was 3.87%. The discount rate used to measure the total OPEB liability as of July 1, 2019 was 3.50%.

The Plan follows a pay-as-you-go contribution policy.

Based on the assumptions of a pay-as-you-go plan, the discount rate used by NPS actuaries at the July 1, 2018 and 2019 measurement dates is equal to the yield on the Bond Buyer GO 20-Bond Municipal Bond Index as of July 1, 2018 and July 1, 2019 respectively.

Development of Total OPEB Liability

The table below shows the changes in the total OPEB liability (TOL) as stated in the School Board's financial statements.

Balance June 30, 2018	\$ 49,889,185
Changes during year:	
Service costs (MOY)	\$ 625,247
Interest costs	1,896,670
Differences between expected and actual experience	(4,651,923)
Changes in assumptions	1,277,781
Benefit payments	(2,401,320)
Net changes	\$ (3,253,545)
Balance at June 30, 2019	\$ 46,635,640

During the measurement year, the TOL decreased approximately \$3.25 million. This was the result of changes in assumptions and the differences between the expected and actual experience.

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Sensitivity of Total OPEB Liability (TOL) to changes in the discount rate

The School Board's Total OPEB Liability is determined by an assumed discount rate of 3.50%. The size of the liability changes as interest rates change. The total liability changes as the assumed discount rate change. Below is the current estimated liability along with the estimated liability if the discount were to change by one percentage point.

Total OPEB Liability – 1.0% decrease (2.50%)	\$ 52.60 million
Total OPEB Liability – Current discount rate (3.50%)	\$ 46.64 million
Total OPEB Liability – 1.0% increase (4.50%)	\$ 41.70 million

Sensitivity of TOL to changes in healthcare cost trends

Below is the estimate of the School Board's Total OPEB liability, as well as what it would be using a healthcare cost trend rate that is one percentage point lower and one percentage point higher than the current discount rate:

Total OPEB Liability – 1.0% decrease in health trend	\$ 43.70 million
Total OPEB Liability – Current health trend	\$ 46.64 million
Total OPEB Liability – 1.0% increase in health trend	\$ 49.85 million

A one percent decrease in the healthcare trends decreases the TOL by 6% while a one percent increase in the healthcare trends increases the TOL by 7%.

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

For the year ended June 30, 2020, the School Board recognized OPEB related expense of \$2.4 million. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 1,095,241	\$ 7,267,929
Differences between expected and actual experience	2,591,006	5,858,682
Contributions subsequent to measurement date	2,401,300	
Totals	<u>\$ 6,087,547</u>	<u>\$ 13,126,611</u>

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Amortization of Deferred Outflows and Inflows of Resources as of July 1, 2019

Year ended June 30,	2020	\$	(2,184,545)
	2021		(2,184,545)
	2022		(2,184,545)
	2023		(2,184,545)
	2024		(220,170)
	Thereafter		(482,014)
	Total		<u>(9,440,364)</u>

Calculation of OPEB Expenses for Measurement Year Ended June 30, 2019

Change in net OPEB liability	\$	(3,253,545)
Changes in deferred outflows		(577,040)
Changes in deferred inflows		1,766,637
Employer contributions		<u>2,401,300</u>
OPEB expense	\$	<u>337,352</u>
OPEB expense - percent of annual payroll		0.16%

Participation Data at July 1, 2019

Active employees	3,991
Active employees – fully eligible	913
Average age	47.2 years
Average service	11.6 years
Average salary	\$45,537
Pre-65 Retirees	180
Average service	27.0 years
Pre-65 Spouses	27
Average age	58.9 years
Post-65 Participants	none

ACTUARIAL ASSUMPTIONS AND METHODS

The discount rate used in developing the TOL as of June 28, 2018 was 3.87% whereas, the discount rate used at June 27, 2019 was 3.50%. The discount rates are based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Payable to the OPEB Plan – Healthcare

At June 30, 2020, Norfolk Public Schools had no outstanding payables related to Other Post-Employment Benefits.

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2. VRS Post-Employment Benefits Trust Funds

The Virginia Retirement System (VRS), an independent agency of the Commonwealth of Virginia, administers several Post Employment Benefit trust funds. The School Board participates in two of these funds: (a) Group Life Insurance Plan (GLI) and (b) Retiree Health Insurance Credit Plan (HIC). The VRS Board of trustees is responsible for the general administration and operation of the pension plans and other employee benefit plans. VRS issues a Comprehensive Annual Financial Report (CAFR) containing the financial statements and required supplementary information for all of the system's pension and other employee benefit trust funds. The VRS CAFR is publically available on the VRS website at 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.

(a) Other Post-Employment Benefits – Group Life Insurance (GLI)

PLAN DESCRIPTION

The Virginia Retirement System Group Life Insurance Program 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 which 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 or participating employers.

The VRS Group Life Insurance Program upon employment automatically covers all full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions. In addition to the Basic GLI benefits, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optimal Group Life Insurance Program.

Actuarial assumptions

The total GLI OPEB liability was based on an actuarial valuation as of July 1, 2018, 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, 2019

Inflation	Price inflation	2.5%
	Salary increases (including inflation)	

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Teacher plan	3.5% - 5.95%
Other employees	3.5% - 5.35%
Investments rate of return	6.75% net of plan investment expenses, including inflation.

Mortality rates

For the period before retirement	RP-2014 Employee Rates projected with Scale BB to 2020
For the period after service retirement	RP-2014 Healthy Annuitant Rates projected with Scale BB to 2020
For the period after disability retirement	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020

The actuarial assumptions used to determine the TOL as of the July 1, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, as well as the investment rate of return of 6.75% adopted by the Board of Trustees at its October 10, 2019 meeting.

The estimated Group Life Insurance OPEB liability (NOL) applicable to the School Board as determined by VRS in accordance with GASB Statement No. 74 less the School Board's proportionate share of the Plan Fiduciary Net Position is as follows:

Total OPEB liability for group life insurance	\$ 35.26 million
Plan fiduciary net position	\$ 18.33 million
Net OPEB liability for group life insurance	\$ 16.92 million

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. 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, 2018, 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, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments is 6.75% based on the market outlook and expectations of the investment staff of VRS. An analysis of the

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10-year forward returns outlook provided by VRS as July 2019 indicates expected returns of 7.11% at the 50th percentile based on the following target asset allocation policy:

Asset Class	Allocation Policy	L-T Return*
Public Equity	34%	5.61%
Fixed Income	15%	0.88%
Credit Strategies	14%	5.13%
Real Assets	14%	5.27%
Private Equity	14%	8.77%
Multi-Asset Public Strategies (MAP)	6%	3.52%
Private Investment Partnerships (PIP)	3%	6.29%

**Long-term expected real rate of return*

Given that VRS has qualified professionals on its staff and is in the best position to understand its own portfolio and the reasonable expectations, a long-term (30 to 50 years) rate was selected that would be adjusted only when there are compelling changes to investment policy or evidence of a change in the long-term trends in the capital markets.

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

For the year ended June 30, 2020, due to actuarial changes in assumptions, the School Board recognized a credit to the OPEB Group Life Insurance Expense of \$253,160 reducing the annual OPEB expense to \$138,616. The Schedule below identifies deferred outflows and inflows of resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 1,068,472	\$ 510,326
Differences between expected and actual experience	1,125,536	219,518
Differences between projected and actual investment earnings on pension plan investments	-	347,629
Changes in proportionate share	10,756	1,038,783
Contributions subsequent to measurement date	2,679,653	-
Totals	\$ 4,884,417	\$ 2,116,256

Amortization of Deferred Inflows and Outflows of Resources

Deferred outflows of resources resulting from the employer's contributions subsequent to the measurement date (\$2.68 million) will be recognized as a reduction of the Net

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GLI OPEB Liability in financial statements for the year ending June 30, 2021. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the plan membership as of the Measurement Date, and investment gains/losses are amortized over five years.

Year ended June 30,	2020	\$	(192,567)
	2021		(192,556)
	2022		(45,322)
	2023		141,053
	2024		283,397
	Thereafter		94,503
	Total	\$	88,508

Group Life Insurance Plan Sensitivity Analysis

Total OPEB Liability – 1.0% decrease (5.75%)	\$ 21.38 million
Total OPEB Liability – Current discount rate (6.75%)	\$ 16.92 million
Total OPEB Liability – 1.0% increase (7.75%)	\$ 13.47 million

Employer Contributions

The contribution requirements for the Group Life Insurance 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 for the Group Life Insurance Program was 1.31% of covered employee compensation. While covered employees are responsible for 60% 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 on an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits payable during the year.

School Board contributions for the GLI program were \$2.68 million and \$2.66 million for the years ended June 30, 2020 and June 30, 2019 respectively.

Payable to the VRS Group Life Insurance OPEB Plan

At June 30, 2020, Norfolk Public Schools had no outstanding payables related to VRS GLI Other Post-Employment Benefits.

(b) Other Post-Employment Benefits – Health Insurance Credit Plan (HIC)

Plan Description

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The Virginia Retirement System (VRS) Teacher Health Insurance Program is a multiple employer, cost-sharing plan that automatically covers all full-time, salaried, permanent (professional) employees of public school divisions. This plan is administered by VRS along with other pension and OPEB plans. 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 end upon the retiree's death.

The program was established in 1993 for retired teacher employees covered under VRS who retired with at least 15 years of service credit. At retirement, for teacher and other professional school employees the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For teachers or other professional employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:

- \$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.

OPEB Liability, Expense and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2020, NPS reported a liability of \$28.80 million for its proportionate share of the VRS Teacher Health Insurance Credit Program Net OPEB Liability. The plan's Net OPEB Liability was measured as of June 30, 2019 based on the plan's Total OPEB liability less its Net Fiduciary Position at the actuarial valuation date. The School Board proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on actuarially determined employer contributions to the plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board's proportionate share of the VRS Teacher Employee Health Insurance Credit Program was 2.54% as compared to 2.57% at June 30, 2018.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$1.97 million. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

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At June 30, 2020, NPS reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	-	\$ 200,133
Differences between expected and actual experience	\$ 670,354	163,137
Differences between projected and actual investment earnings on pension plan investments	1,819	
Changes in proportionate share	-	2,099,850
Contributions subsequent to measurement date	2,225,090	-
Totals	<u>\$ 2,897,263</u>	<u>\$ 2,463,120</u>

Amortization of Deferred Outflows and Inflows

The \$2.22 million reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability of the plan in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

Year ended June 30,	2020	\$	(371,405)
	2021		(371,435)
	2022		(358,814)
	2023		(363,038)
	2024		(289,551)
	Thereafter		(36,704)
	Total	\$	(1,790,947)

Health Insurance Credit Plan Sensitivity Analysis

Total OPEB Liability – 1.0% decrease (5.75%)	\$ 32.23 million
Total OPEB Liability – Current discount rate (6.75%)	\$ 28.80 million
Total OPEB Liability – 1.0% increase (7.75%)	\$ 25.89 million

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,

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allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS HIC OPEB Plan that are not representative of the future contribution efforts are excluded in the determination of employers' proportionate shares. Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation for eligible employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The School Board's contributions to the plan were \$2.21 million and \$2.23 million for the years ended June 30, 2020 and June 30, 2019 respectively.

Actuarial Assumptions and Methods

The Total Teacher Health Insurance Credit OPEB Liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. Other assumptions are as follows:

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation

Mortality rates

Pre-Retirement	RP-2014 Employee Rates projected with Scale BB to 2020.
Post-Retirement	RP-2014 Healthy Annuitant Rates projected with Scale BB to 2020.
Post-Disablement	RP-2014 Disabled Mortality Rates projected with Scale BB to 2020.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016.

Net Health Insurance Credit OPEB Liability

The net Health Insurance Credit OPEB liability (NOL) is calculated separately for each plan and represents that particular plan's total Health Insurance Credit OPEB

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(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

liability determined in accordance with GASB Statement No. 74, less the System's fiduciary net position for the plan. As of June 30, 2018, the School Boards proportionate share of NOL amounts for the VRS Teacher Health Insurance Credit Program are as follows:

Total OPEB Liabilities	\$31.64 million
Fiduciary Net Position	\$2.84 million
Net OPEB Liability	\$28.80 million

Plan fiduciary Net Position as a percentage of the total Teacher HIC liability was 8.97%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. 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.

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 target asset allocation and best estimate of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Allocation Policy	L-T Return*
Public Equity	34%	5.61%
Fixed Income	15%	0.88%
Credit Strategies	14%	5.13%
Real Assets	14%	5.27%
Private Equity	14%	8.77%
Multi-Asset Public Strategies (MAP)	6%	3.52%
Private Investment Partnerships (PIP)	3%	6.29%

**Long-term expected real rate of return*

Payable to the Teachers VRS HIC OPEB Plan

**SCHOOL BOARD OF THE CITY OF NORFOLK
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

At June 30, 2020, the School Board had no outstanding payables related to VRS HIC Other Post-Employment Benefits.

Summary of Other Post Employment Benefit Liabilities

<i>In thousands</i>	Health			
	Retiree Healthcare	Insurance Credit	Group Life Insurance	Combined Totals
Net OPEB Liability	\$ 46,635	\$ 28,802	\$ 16,924	\$ 92,361
Deferred Outflows of Resources	\$ 6,088	\$ 2,897	\$ 4,884	\$ 13,869
Deferred Inflows of Resources	\$ 13,127	\$ 2,463	\$ 2,116	\$ 17,706
Provided through	Norfolk Consortium	VRS	VRS	

Additional Financial and Actuarial Information

Information contained in the VRS Teacher HIC OPEB and VRS GLI OPEB program notes were extracted from the VRS audited financial statements for the fiscal year ended June 30, 2019. Additional financial information supporting the preparation of the VRS programs financial information, including the unmodified audit opinion on the financial statements and required supplementary information, is presented in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR is publicly available on the VRS website at www.varetire.org.

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REQUIRED SUPPLEMENTARY INFORMATION

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
for the General Fund
- Unaudited -
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over/(Under)
	Original	Final		
Resources (inflows)				
Local sources	\$ 3,206,000	\$ 3,206,000	\$ 2,708,573	(497,427)
Commonwealth of Virginia	197,478,663	197,478,663	199,073,869	1,595,206
Federal government	5,653,293	5,653,293	5,643,981	(9,312)
Local government	129,823,854	129,823,854	124,710,671	(5,113,183)
Use of Fund Balance fiscal year 2019	-	4,391,492	4,391,492	-
	<u>336,161,810</u>	<u>340,553,302</u>	<u>336,528,586</u>	<u>(4,024,716)</u>
Amounts available for appropriation				
Charges to appropriations (outflows)				
Instruction	250,445,722	249,498,024	238,547,519	(10,950,505)
Administration, Attendance, and Health	19,762,840	19,715,661	19,423,710	(291,951)
Pupil Transportation	14,044,327	13,766,743	11,708,210	(2,058,533)
Operation and Maintenance	37,231,501	38,370,467	36,678,308	(1,692,159)
Information Technology	9,397,750	9,559,792	10,605,981	1,046,189
Debt Services	3,851,000	3,851,000	-	(3,851,000)
School Facilities	1,428,670	1,400,123	341,496	(4,169,399)
Transfers to other funds	-	4,391,492	4,391,492	-
	<u>336,161,810</u>	<u>340,553,302</u>	<u>321,696,716</u>	<u>(21,967,358)</u>
Total charges to appropriations				
	<u>\$ -</u>	<u>\$ -</u>	<u>14,831,870</u>	<u>14,831,870</u>
Budgetary fund balance, June 30, 2020				

**Reconciliation of Budgetary Inflows and Outflows with
Revenues and Expenditures in Exhibit IV:**

Sources/Inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule, above

\$ 336,528,586

Use of fund balances shown above as revenue

(4,391,492)

Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 332,137,094

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule, above

\$ 321,696,716

Difference - budget to GAAP:

Use of fund balances shown above as revenue

\$ (4,391,492)

Acquisition of school buses by the local government

-

Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year received for GAAP purposes

(470,885)

Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)

\$ 316,834,339

(UNAUDITED)

Schedule 2

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Schedule of the School Board's Proportionate Share of the Net Pension Liability
VRS Teacher Retirement Plan
Last Ten Fiscal Years*
(Amounts in thousands)**

Fiscal Year	2020	2019	2018	2017	2016	2015
School Board's proportion of the net pension liability (asset)	2.545%	2.568%	2.701%	2.403%	2.430%	2.467%
School Board's proportionate share of the net pension liability (asset)	\$ 290,090	\$ 260,983	\$ 283,848	\$ 336,787	\$ 305,901	\$ 298,089
School Board's covered payroll	\$ 195,455	\$ 188,385	\$ 192,822	\$ 194,172	\$ 189,624	\$ 189,067
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	148%	139%	147%	173%	161%	158%
Plan fiduciary net position as a percentage of the total pension liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

*The schedule is intended to show information for 10 years. Additional years will be included as they become available.

*See notes to schedule

(UNAUDITED)

Schedule 3

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Schedule of School Board Contributions
VRS Teacher Retirement Plan
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Years	Contributions in Relation to			Contributions		
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	as a % of Covered Payroll	
2020	\$ 29,075	\$ 29,075	\$ -	\$ 185,408	15.68%	
2019	\$ 28,775	\$ 28,775	\$ -	\$ 195,455	14.72%	
2018	\$ 29,028	\$ 29,028	\$ -	\$ 188,385	15.41%	
2017	\$ 26,582	\$ 26,582	\$ -	\$ 192,822	13.79%	
2016	\$ 25,755	\$ 25,755	\$ -	\$ 194,172	13.26%	
2015	\$ 26,206	\$ 26,206	\$ -	\$ 189,624	13.82%	
2014	\$ 21,056	\$ 21,056	\$ -	\$ 189,067	11.14%	
2013	\$ 20,911	\$ 20,911	\$ -	\$ 144,714	14.45%	
2012	\$ 19,516	\$ 19,516	\$ -	\$ 148,138	13.17%	
2011	\$ 16,027	\$ 16,027	\$ -	\$ 135,016	11.87%	
2010	\$ 21,492	\$ 21,492	\$ -	\$ 157,542	13.64%	

Note: Covered payroll prior to June 30, 2014 was calculated on payroll subject to pension coverage. Under GASB 68, covered payroll should include total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not.

(UNAUDITED)

Schedule 4

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Schedule of Changes in the School Board's Net Pension Liability and Related Ratios
VRS Retirement Plan for Political Subdivisions
Last Ten Fiscal Years*
(Amounts in thousands)

	2020	2019	Fiscal Year		2016	2015
			2018	2017		
Total pension liability						
Service cost	\$ 1,498	\$ 1,504	\$ 1,552	\$ 1,527	\$ 1,563	\$ 1,530
Interest	\$ 6,129	6,055	5,976	5,891	5,770	5,586
Changes in assumptions	-	-	(850)	-	-	-
Differences between expected and actual experience	\$ (1,066)	(2,077)	(646)	(1,511)	(1,027)	-
Changes of assumptions	\$ 2,361		-	-	-	-
Benefit payments, including refunds of employee contributions	\$ (4,992)	(5,155)	(4,706)	(4,814)	(4,343)	(4,659)
Change in proportionate share	658	8	76	1	21	-
Net change in total pension liability	4,588	336	1,402	1,094	1,984	2,457
Total pension liability - beginning	89,398	89,062	87,660	86,566	84,582	82,125
Total pension liability - ending (a)	\$ 93,986	\$ 89,398	\$ 89,062	\$ 87,660	\$ 86,566	\$ 84,582
Plan fiduciary net position						
Contributions - employer	\$ 1,151	\$ 1,435	\$ 1,408	\$ 1,794	\$ 1,768	\$ 1,722
Contributions - employee	845	814	807	800	785	775
Net investment income	5,486	5,851	8,877	1,248	3,321	10,151
Benefit payments, including refunds of employee contributions	(4,994)	(5,155)	(4,706)	(4,814)	(4,343)	(4,659)
Administrative expense	(56)	(52)	(52)	(47)	(47)	(56)
Change in proportionate share	611	(2)	41	1	18	-
Other	(3)	(36)	(17)	(17)	(11)	1
Net change in plan fiduciary net position	3,040	2,855	6,358	(1,035)	1,491	7,934
Plan fiduciary net position - beginning	83,176	80,321	73,963	74,998	73,507	65,573
Plan fiduciary net position - ending (b)	\$ 86,216	\$ 83,176	\$ 80,321	\$ 73,963	\$ 74,998	\$ 73,507
School Board's net pension liability (a) - (b)	\$ 7,770	\$ 6,222	\$ 8,741	\$ 13,697	\$ 11,568	\$ 11,075
Plan fiduciary net position as a percentage of the total pension liability	91.73%	93.04%	90.19%	84.37%	86.64%	86.91%
Covered employee payroll	22,848	22,292	23,756	22,219	22,224	21,766
School Board's net pension liability as a percentage of covered employee payroll	34.01%	27.91%	36.79%	61.65%	52.05%	50.88%

*The schedule is intended to show information for 10 years. Additional years will be included as they become available.

*See notes to schedule

(UNAUDITED)

Schedule 5

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Schedule of School Board Contributions
VRS Retirement Plan for Political Subdivisions
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Years	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2020	\$ 1,212	\$ 1,212	\$ -	\$ 23,659	5.12%
2019	\$ 1,195	\$ 1,195	\$ -	\$ 22,848	5.23%
2018	\$ 1,435	\$ 1,435	\$ -	\$ 22,292	6.44%
2017	\$ 1,408	\$ 1,408	\$ -	\$ 23,756	5.93%
2016	\$ 1,794	\$ 1,794	\$ -	\$ 22,219	8.07%
2015	\$ 1,768	\$ 1,768	\$ -	\$ 22,224	7.96%
2014	\$ 1,722	\$ 1,722	\$ -	\$ 21,766	7.91%
2013	\$ 1,734	\$ 1,734	\$ -	\$ 15,661	11.07%
2012	\$ 1,858	\$ 1,858	\$ -	\$ 14,818	12.54%
2011	\$ 1,923	\$ 1,923	\$ -	\$ 15,287	12.58%
2010	\$ 1,928	\$ 1,928	\$ -	\$ 16,169	11.92%

Note: Covered payroll prior to June 30, 2014 was calculated on payroll subject to pension coverage. Under GASB 68, covered payroll should include total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not.

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
OTHER POST-EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDING JUNE 30, 2020

Rationale for Economic Assumptions:

The actuarial assumptions for the School Board that were adopted by the State of Virginia Plan Board based upon recommendations by the State's actuary. The assumptions are listed in the June 30, 2019 Actuarial Valuation report prepared by Cavanaugh Macdonald Consulting.

Changes in Economic Assumption since Prior Valuation:

The expected return on plan assets was reduced from 7.0% to 6.75%.

Separation from Active Service:

Illustrative rates of assumed separation from services are as follows and are based on the assumptions used for the Teachers of the Virginia Retirement System and available in the most recently published actuarial valuation report as of July 1, 2020.

MORTALITY RATES:

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 75, and 2.0% increase compounded from ages 75 to 90

Post-Disablement:

RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females

Salary Increases: For teachers, annual pay increases ranging from 3.5% for senior teachers to 5.95% the newest teachers. Included in these rates is an inflation rate of 2.5% and a productivity component of 1% per year.

(UNAUDITED)

Schedule 6

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
OTHER POST-EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDING JUNE 30, 2020

Other Post-Employment Benefits - Retire Healthcare

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 75 and eventually will build up to 10 years of information.

Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability	2020	2019	2018
Service cost	625,247	1,381,764	1,468,830
Interest	1,896,670	1,673,986	1,702,533
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(4,651,923)	3,627,408	(3,274,812)
Changes in assumptions	1,277,781	(1,794,422)	(10,475,847)
Benefit payments, including refunds of member contributions	(2,401,320)	(2,129,544)	(2,580,746)
Net change in total OPEB liability	(3,253,545)	2,759,192	(13,160,042)
Total OPEB liability - beginning	49,889,185	47,129,993	60,290,035
Total OPEB liability - ending	46,635,640	49,889,185	47,129,993
<hr/>			
Covered payroll	185,408,346	193,251,731	202,324,943
Total OPEB liability as a percentage of covered payroll	25.15%	25.82%	23.29%

*This schedule will present information for 10 years. Fiscal year 2018 is the first year the information is required.

*See notes to schedule

(UNAUDITED)

Schedule 7

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
OTHER POST-EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDING JUNE 30, 2020

Schedule of the School Board Contributions to Other Post-Employment Benefits

Date	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2020	2,401,320	2,401,320	-	185,408,346	1.30%
2019	2,129,544	2,129,544	-	193,251,731	1.10%
2018	2,580,746	2,580,746	-	202,324,943	1.28%

(UNAUDITED)

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Notes to the VRS Retirement Plan Required Supplementary Information
For the Year Ending June 30, 2020**

A. VRS Retirement Plan Required Supplementary Information Notes

Changes of benefit terms

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation. The 2014 valuation includes hybrid retirement plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2019 are not material.

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study for the four-year period ending June 30, 2016:

- Used the following mortality tables:
 - RP-2014 Employee Mortality Table projected to 2020
 - RP-2014 Combined Mortality Table projected to 2020
 - RP-2014 Disability Mortality Table projected to 2020
- Decreased the rates of service retirement at older ages
- Decreased the rates of disability retirement
- Rates of salary did not change

(UNAUDITED)

Schedule 8

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Proportionate Share of the Net OPEB Liability
VRS Health Insurance Credit Plan
For the Year Ending June 30, 2020
(Amounts in Thousands)**

**Schedule of Employer's Share of the Net OPEB Liability
Health Insurance Credit Program (HIC)***

	2020	2019	2018
Employer's Proportionate share of contribution of the Net HIC OPEB Liability (Asset)	2.20%	2.57%	2.70%
Employer's Proportionate share of the Net HIC OPEB Liability (Asset)	\$ 28,802	\$ 28,146	\$ 29,296
Employer's Covered Payroll	\$ 184,851	\$ 182,653	\$ 182,244
Employer's Proportionate share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	15.58%	15.41%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	8.97%	8.08%	7.04%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only three years of data is available. However, additional years will be included as the information becomes available.

*The amounts presented have a measurement date of the previous fiscal year end.

*See notes on schedule

(UNAUDITED)

Schedule 9

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Proportionate Share of the Net OPEB Liability
VRS Health Insurance Credit Plan
For the Year Ending June 30, 2020**

Fiscal Years	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
2020	2,225,202	2,225,202	-	185,408,346	1.20%
2019	2,181,192	2,181,192	-	184,851,346	1.18%
2018	2,218,572	2,181,192	(37,380)	182,652,676	1.21%
2017	2,241,605	2,022,912	(218,693)	182,244,255	1.23%
2016	2,162,812	1,942,866	(219,946)	183,289,209	1.18%
2015	2,118,850	1,903,373	(215,477)	179,563,539	1.18%
2014	2,096,027	1,988,538	(107,489)	179,147,604	1.17%
2013	2,074,185	1,967,817	(106,368)	177,280,774	1.17%
2012	1,837,036	1,020,576	(816,460)	170,095,923	1.08%
2011	1,916,054	1,064,474	(851,580)	177,412,350	1.08%
2010	2,113,182	1,396,685	(716,497)	134,296,612	1.57%

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Notes to the VRS Health Care Credit Plan Required Supplementary Information
For the Year Ending June 30, 2020

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2017 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 Projected to 2020 Lowered rates at older ages and changed final retirement from 70 to 75
Retirement Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Withdrawal Rates	Adjusted rates to better match experience
Disability Rates	No change
Salary Scale	

(UNAUDITED)

Schedule 10

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Proportionate Share of the Net OPEB Liability
VRS Group Life Insurance Program
For the Year Ending June 30, 2020
(Amounts in Thousands)**

**Schedule of Employer's Share of the Net OPEB Liability
Teachers Group Life Insurance Program***

	2020	2019	2018
Employer's Proportionate share of contribution as the Net GLI OPEB Liability (Asset)	0.95%	1.10%	1.16%
Employer's Proportionate share of the Net GLI OPEB Liability (Asset)	\$ 15,421	\$ 16,679	\$ 14,976
Employer's Covered Payroll	\$ 185,315	\$ 183,561	\$ 183,561
Employer's Proportionate share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	8.32%	9.09%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only three years of data is available. However, additional years will be included as the information becomes available.

*The amounts presented have a measurement date of the previous fiscal year end. The amounts do not include the contributions applicabl to SECEP.

*See notes to schedule

(UNAUDITED)

Schedule 11

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Schedule of School Board Contributions
VRS Group Life Insurance Program for Teachers
For the Year Ending June 30, 2020**

Fiscal Years	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
2020	1,115,191	1,115,191	-	185,408,346	0.60%
2019	967,651	967,651	-	185,314,756	0.52%
2018	928,060	928,060	-	183,561,479	0.51%
2017	713,913	713,913	-	183,561,479	0.39%
2016	980,737	888,214	(92,523)	185,044,583	0.53%
2015	957,946	867,574	(90,372)	180,744,568	0.53%
2014	956,581	866,338	(90,243)	180,486,956	0.53%
2013	949,415	859,848	(89,567)	179,134,888	0.53%
2012	756,893	481,659	(275,234)	172,021,135	0.44%
2011	790,105	588,271	(201,834)	179,569,349	0.44%
2010	687,144	366,459	(320,685)	190,873,348	0.36%

(UNAUDITED)

Schedule 12

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Schedule of School Board Contributions
VRS Group Life Insurance Program for Political Subdivision
For the Year Ending June 30, 2020**

**Schedule of Employer's Share of the Net OPEB Liability
Political Subdivision Group Life Insurance Program***

	2020	2019	2018
Employer's Proportionate share of contribution as the Net GLI OPEB Liability (Asset)	0.09%	0.09%	0.09%
Employer's Proportionate share of the Net GLI OPEB Liability (Asset)	1,503	1,392	1,185
Employer's Covered Payroll	18,647	17,509	16,999
Employer's Proportionate share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	8.06%	7.95%	6.97%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only three years of data is available. However, additional years will be included as the information becomes available.

*The amounts presented have a measurement date of the previous fiscal year end. SECEP does not participate in the GLI political subdivision program.

*See notes to schedule

(UNAUDITED)

Schedule 13

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedules of Required Supplementary Information
Schedule of School Board Contributions
VRS Group Life Insurance Program for Political Subdivision
For the Year Ending June 30, 2020**

Fiscal Years	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
2020	94,141	94,141	-	17,819,139	0.53%
2019	94,141	94,141	-	18,647,166	0.50%
2018	90,630	90,630	-	17,508,534	0.52%
2017	88,330	88,330	-	16,998,577	0.52%
2016	87,509	79,253	(8,256)	16,511,056	0.53%
2015	85,773	77,681	(8,092)	16,183,507	0.53%
2014	84,332	76,376	(7,956)	15,911,617	0.53%
2013	84,269	76,319	(7,950)	15,899,875	0.53%
2012	66,679	42,432	(24,247)	15,154,333	0.44%
2011	68,404	43,530	(24,874)	15,546,367	0.44%
2010	59,565	32,900	(26,665)	16,546,793	0.36%

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Notes to the VRS Group Life Insurance Program Required Supplementary Information
For the Year Ending June 30, 2020

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2018 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 Projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

OTHER SUPPLEMENTARY INFORMATION

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(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
ASSETS				
Cash, investments and accounts receivable	Beginning	Additions	Deductions	Ending
Governor's School for the Arts	\$ 442,330	\$ 6,158,459	\$ 5,959,999	\$ 640,790
Southeastern Cooperative Educational Programs	16,123,533	117,386,635	115,507,091	18,003,077
Trust Fund	241,388	4,761	187,382	58,767
School Activity Funds	1,218,195	2,879,647	2,718,196	1,379,646
Total Assets	<u>\$ 18,025,446</u>	<u>\$ 126,429,502</u>	<u>\$ 124,372,668</u>	<u>\$ 20,082,280</u>
LIABILITIES				
Due to other agencies	Beginning	Additions	Deductions	Ending
Governor's School for the Arts	\$ 442,330	\$ 14,035,845	\$ 13,837,385	\$ 640,790
Southeastern Cooperative Educational Programs	16,123,533	228,898,357	227,018,813	18,003,077
Trust Fund	241,388	5,983	188,604	58,767
School Activity Funds	1,218,195	211,523	50,072	1,379,646
Total Liabilities	<u>\$ 18,025,446</u>	<u>\$ 243,151,708</u>	<u>\$ 241,094,874</u>	<u>\$ 20,082,280</u>

STATISTICAL SECTION (UNAUDITED)

The overall financial health is presented for the School Board and/or the City of Norfolk. The School Board is a component unit of the City. Where applicable and available, ten years worth of financial data is presented.

Contents

Financial Trends Information

These schedules contain trend information that is intended to assist readers in understanding and assessing how the government's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain information that is intended to assist readers in understanding and assessing the government's most significant local revenue sources.

Debt Capacity Information

These schedules present information that is intended to assist readers in assessing the affordability of the government's current levels of outstanding debt, and its ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to assist readers in understanding the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to assist readers in understanding how the information in the government's financial report relates to the services the government provides and the activities it performs.

(UNAUDITED)

Schedule 1

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Financial Trends Information
Net Position by Category
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015 Note 1	2016	2017	2018	2019	2020
Government-wide:										
Invested in capital assets	\$ 11,568	\$ 12,265	\$ 14,406	\$ 12,874	\$ 11,775	\$ 10,240	\$ 10,454	\$ 10,732	\$ 12,455	\$ 11,218
Restricted	1,000	416	1,920	2,339	2,739	8,566	10,095	11,909	13,141	7,688
Unrestricted	2,225	(2,036)	(1,810)	(7,034)	(344,957)	(338,067)	(343,959)	(412,061)	(381,698)	(361,289)
Total government-wide net position	\$ 14,793	\$ 10,645	\$ 14,516	\$ 8,179	\$ (330,443)	\$ (319,261)	\$ (323,410)	\$ (389,420)	\$ (356,102)	\$ (342,383)

Note:

1. GASB Statement No. 68 was implemented in fiscal year 2015.

This information comes from the Statement of Net Position, Exhibit I.

(UNAUDITED)

Schedule 2

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Financial Trends Information
Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Instruction	\$ 267,477	\$ 265,178	\$ 272,338	\$ 265,740	\$ 265,732	\$ 269,725	\$ 271,176	\$ 248,835	\$ 255,047	\$ 266,404
Support Services:										
Administration, Attendance and Health	12,412	12,436	16,138	15,962	15,908	16,263	17,056	16,603	16,835	19,504
Pupil Transportation	11,028	10,869	13,668	12,162	12,952	12,740	14,099	11,384	11,083	12,234
Operation and Maintenance	35,283	33,038	34,551	34,703	35,232	34,641	35,328	33,345	33,702	37,333
Information Technology	8,274	10,547	10,373	11,239	13,234	9,994	10,609	11,076	12,124	12,274
School Facilities	20,266	24,171	9,160	3,735	5,771	6,960	8,669	5,303	4,695	2,823
Food Services	15,564	15,935	16,821	17,227	16,967	18,123	18,718	17,089	17,342	17,139
Other	238	276	250	244	144	207	78	3	-	-
Total Expenses	370,542	372,450	373,299	361,012	365,940	368,653	375,733	343,638	350,829	367,711
Revenues:										
Program Revenues:										
Charges for services	4,847	4,597	4,349	3,562	3,451	3,966	3,844	3,234	3,337	2,662
Operating grants and contributions	209,644	206,947	224,467	203,139	207,303	212,121	215,023	210,572	219,202	214,479
Capital grants and contributions	6,877	20,652	8,207	3,700	3,541	9,892	2,418	2,703	2,926	1,489
Total Program Revenues	221,368	232,196	237,023	210,401	214,295	225,979	221,285	216,509	225,464	218,630
Net (Expense) Revenue	(149,174)	(140,254)	(136,276)	(150,611)	(151,645)	(142,674)	(154,448)	(127,129)	(125,365)	(149,081)
General Revenues:										
Local government	104,511	104,511	107,187	111,854	117,722	114,769	114,972	120,972	122,972	124,711
Commonwealth of Virginia	28,912	30,311	31,463	30,702	31,992	37,088	32,470	30,899	33,975	35,157
Use of money and property	716	1,284	1,262	806	841	1,227	1,449	692	1,038	858
Other	2	-	235	912	462	772	1,408	962	698	2,074
Total General Revenues	134,141	136,106	140,147	144,274	151,017	153,856	150,299	153,525	158,683	162,800
Change in Net Position	\$ (15,033)	\$ (4,148)	\$ 3,871	\$ (6,337)	\$ (628)	\$ 11,182	\$ (4,149)	\$ 26,396	\$ 33,318	\$ 13,719

This information comes from the Statement of Activities, Exhibit II.

(UNAUDITED)

Schedule 3

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Financial Trends Information
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)

	Fiscal Year									
	2011 Note 1	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved										
Unreserved										
Nonspendable	\$ 293	\$ 293	\$ 293	\$ 398	\$ 424	\$ 461	\$ 487	\$ 620	\$ 596	\$ 649
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	14,103	13,109	16,807	11,891	10,198	6,420	6,545	8,649	8,334	8,094
Unassigned	2,102	3,126	2,445	3,411	1,149	13	722	4,391	11,415	22,513
Total General Fund	<u>\$ 16,498</u>	<u>\$ 16,528</u>	<u>\$ 19,545</u>	<u>\$ 15,700</u>	<u>\$ 11,771</u>	<u>\$ 6,894</u>	<u>\$ 7,754</u>	<u>\$ 13,660</u>	<u>\$ 20,345</u>	<u>\$ 31,256</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Grant Fund										
Capital Projects Fund										
Child Nutrition Services Fund										
Nonspendable	\$ 430	\$ 401	\$ 495	\$ 598	\$ 825	\$ 691	\$ 815	\$ 819	\$ 903	\$ 1,536
Restricted	5,331	5,560	6,608	6,933	7,963	9,398	8,867	9,291	10,540	7,024
Committed	72	4,651	-	2,543	2,058	6,720	2,837	1,798	1,697	1,945
Assigned	1,033	-	1,854	-	225	-	-	-	-	-
Unassigned	(105)	(4,235)	(2,225)	(2,185)		(1,709)	(2,079)	(3,404)	(4,289)	(2,248)
Total all other governmental funds	<u>\$ 6,761</u>	<u>\$ 6,377</u>	<u>\$ 6,732</u>	<u>\$ 7,889</u>	<u>\$ 11,071</u>	<u>\$ 15,100</u>	<u>\$ 10,440</u>	<u>\$ 8,504</u>	<u>\$ 8,852</u>	<u>\$ 8,257</u>

Note:

1. The change in the classification of fund balance amounts in 2011 is discussed in FY12 Management's Discussion and Analysis. Prior year amounts have not been restated for the implementation of Statement 54.

This information comes from the Governmental Funds Balance Sheet, Exhibit III.

(UNAUDITED)

Schedule 4

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Financial Trends Information
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REVENUES										
Use of money and property	\$ 716	\$ 1,284	\$ 1,262	\$ 806	\$ 842	\$ 1,227	\$ 1,449	\$ 692	\$ 1,038	\$ 858
Charges for services	4,847	4,597	4,349	3,562	3,451	3,966	3,844	3,234	3,337	2,662
Other	397	218	235	912	462	772	1,408	962	698	2,074
Intergovernmental :										
Local government	111,389	125,163	117,494	116,514	122,177	125,650	119,354	123,675	125,897	126,200
Commonwealth of Virginia	177,685	168,216	192,776	183,947	186,713	186,893	190,209	192,041	198,499	203,113
Federal government	60,477	68,824	61,055	48,934	51,668	56,639	55,320	49,430	54,677	46,570
Total revenues	355,511	368,302	377,171	354,675	365,313	375,147	371,584	370,034	384,147	381,477
EXPENDITURES										
Current:										
Instruction	263,502	263,542	272,152	261,357	268,246	273,972	271,151	265,970	273,583	270,817
Administration, Attendance, and Health	11,990	11,980	15,853	15,382	15,686	16,610	16,932	17,856	17,908	19,847
Pupil Transportation	10,709	10,639	13,435	12,995	13,669	13,390	14,031	12,992	12,987	11,708
Operation and Maintenance	35,225	32,938	34,629	34,207	35,158	34,706	35,143	34,962	36,014	36,905
Information Technology	8,161	10,517	10,348	11,193	13,238	9,947	10,861	11,468	13,808	11,967
School Facilities	2,356	1,535	1,958	1,318	1,938	1,940	604	639	903	342
Food Services	15,525	15,971	16,916	17,110	17,025	18,215	18,675	17,478	18,168	17,227
Other	238	275	247	242	145	207	78	3	-	-
Intergovernmental for Debt Service:										
School Facilities	198	189	181	172	114	8	-	-	-	-
Capital Outlay:										
School Facilities	6,350	21,069	8,080	3,387	3,533	4,307	7,910	4,695	3,743	2,348
Total expenditures	354,254	368,655	373,799	357,363	368,752	373,302	375,385	366,063	377,114	371,161
Excess (deficiency) of revenues over expenditures	1,257	(353)	3,372	(2,688)	(3,439)	1,845	(3,801)	3,971	7,033	10,316
OTHER FINANCING SOURCES (USES)										
Transfers in from primary government										
Transfers in	-	-	-	-	-	-	-	-	-	4,391
Transfers out	-	-	-	-	-	-	-	-	-	(4,391)
Total other financing sources and uses	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 1,257	\$ (353)	\$ 3,372	\$ (2,688)	\$ (3,439)	\$ 1,845	\$ (3,801)	\$ 3,971	\$ 7,033	\$ 10,316
Debt service as a percentage of noncapital Expenditures	0.06%	0.05%	0.05%	0.05%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%

This information comes from the Statement of Revenues, Expenditures and Changes in Fund Balance, Exhibit IV.

(UNAUDITED)

Schedule 5

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Financial Trends Information
Program Revenues by Function (Optional Schedule)
Last Ten Fiscal Years
(Amounts in Thousands)

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for Services										
Instruction	\$ 2,246	\$ 2,201	\$ 2,564	\$ 2,054	\$ 2,018	\$ 2,520	\$ 2,449	\$ 2,040	\$ 2,221	\$ 1,929
Food Services	2,601	2,396	1,785	1,508	1,433	1,446	1,395	1,194	1,116	733
Subtotal of Charges for Services	4,847	4,597	4,349	3,562	3,451	3,966	3,844	3,234	3,337	2,662
Operating Grants and Contributions										
Instruction	196,997	193,423	207,885	186,579	190,303	193,622	195,687	193,741	201,055	200,590
Pupil Transportation	-	-	2,100	960	915	989	1,964	-	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-
Food Services	12,646	13,523	14,483	15,600	16,086	17,510	17,372	16,831	18,147	13,889
Subtotal of Operating Grants and Contributions	209,643	206,946	224,468	203,139	207,304	212,121	215,023	210,572	219,202	214,479
Capital Grants and Contributions										
School Facilities	6,877	20,652	8,208	3,700	3,541	9,892	2,417	2,703	2,925	1,489
Subtotal of Capital Grants and Contributions	6,877	20,652	8,208	3,700	3,541	9,892	2,417	2,703	2,925	1,489
Total Program Revenues	\$ 221,367	\$ 232,195	\$ 237,025	\$ 210,401	\$ 214,296	\$ 225,979	\$ 221,284	\$ 216,509	\$ 225,464	\$ 218,630

This information comes from the Statement of Activities, Exhibit II.

(UNAUDITED)

Schedule 6

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Financial Trends Information
Total Revenue by Source, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)**

Fiscal Years	Use of Money and Property	Charges for Services	Other	Inter- Governmental Local	Inter- Governmental State	Inter- Governmental Federal	Total
2011	716	4,847	397	111,389	177,685	60,477	355,511
2012	1,284	4,597	218	125,163	168,216	68,824	368,302
2013	1,262	4,349	235	117,494	192,776	61,055	377,171
2014	806	3,562	912	116,514	183,947	48,934	354,675
2015	842	3,451	462	122,177	186,713	51,668	365,313
2016	1,227	3,966	772	125,650	186,893	56,639	375,147
2017	1,449	3,844	1,408	119,354	190,209	55,320	371,584
2018	692	3,234	962	123,675	192,041	49,430	370,034
2019	1,038	3,337	698	125,897	198,499	54,678	384,147
2020	858	2,662	2,074	126,200	203,113	46,570	381,477
Change 2011-2020	19.8%	-45.1%	422.4%	13.3%	14.3%	-23.0%	7.3%

This information comes from Schedule 4, Changes in Fund Balances, Governmental Funds.

(UNAUDITED)

Schedule 1

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Debt Capacity Information
Transportation Facility
Last Ten Fiscal Years**

Fiscal Year	Debt Service		
	Principal	Interest	Total
2011	156,900	40,937	197,837
2012	156,900	32,297	189,197
2013	156,900	23,656	180,556
2014	156,900	15,015	171,915
2015	107,775	6,375	114,150
2016	7,975	437	8,412
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-

Notes:

1. The debt was fully paid to the City of Norfolk from 1995-2016.
2. The original cost of the facility was \$3.1 million. No additional debt has been incurred.

(UNAUDITED)

Schedule 2

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Debt Capacity Information
Ratio of Annual Debt Service Expenditures
to Total General Expenditures
Last Ten Years**

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2011	156,900	40,937	197,837	354,254,534	0.06%
2012	156,900	32,297	189,197	283,647,437	0.07%
2013	156,900	23,656	180,556	304,651,547	0.06%
2014	156,900	15,015	171,915	305,083,446	0.06%
2015	107,775	6,375	114,150	313,153,524	0.04%
2016	7,975	437	8,412	312,094,823	0.00%
2017	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2019	-	-	-	-	0.00%
2020	-	-	-	-	0.00%

Notes:

1. Total general expenditures include the expenditures for debt service.
2. Total general expenditures are presented using the modified accrual basis of accounting.
3. The debt was fully paid in 2016. No additional debt was incurred.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
School Nutrition
Summary of Meals Served
As of June 30, 2020

School	Breakfast	Lunch	Total
Elementary Schools	1,446,095	1,591,724	3,037,819
Middle Schools	214,352	449,292	663,644
High Schools	161,453	365,512	526,965
Auxiliary Facilities	35,598	45,222	80,820
Totals	1,857,498	2,451,750	4,309,248

This information comes from Norfolk Public Schools School Nutrition Services.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Percentage of Free and Reduced Price Lunch Eligibility Data
For the Month of October 2019

Schools		Paid	Reduced	Free	Total Free / Reduced
Elementary Schools					
121	BAY VIEW ELEM.	46.67%	5.87%	47.46%	53.33%
114	CAMP ALLEN ELEM.	38.17%	8.87%	52.96%	61.83%
109	CAMPOSTELLA ELEM.	4.02%	0.00%	95.98%	95.98%
126	CHESTERFIELD ACADEMY ELEM.	3.98%	0.00%	96.02%	96.02%
128	COLEMAN PLACE ELEM.	3.99%	0.00%	96.01%	96.01%
129	CROSSROADS ELEM	38.65%	7.80%	53.55%	61.35%
168	FAIRLAWN ELEM.	3.99%	0.00%	96.01%	96.01%
135	GHENT ELEM.	69.39%	6.12%	24.49%	30.61%
134	GRANBY ELEM.	4.10%	0.00%	95.90%	95.90%
136	INGLESIDE ELEM	4.03%	0.00%	95.97%	95.97%
108	JACOX ELEM.	4.06%	0.00%	95.94%	95.94%
150	JAMES MONROE ELEM.	3.89%	0.00%	96.11%	96.11%
141	LARCHMONT ELEM.	77.44%	1.52%	21.04%	22.56%
142	LARRYMORE ELEM.	4.03%	0.00%	95.97%	95.97%
145	LINDENWOOD ELEM.	3.86%	0.00%	96.14%	96.14%
146	LITTLE CREEK ELEM.	4.06%	0.00%	95.94%	95.94%
147	LITTLE CREEK ELEM. ANNEX	3.97%	0.00%	96.03%	96.03%
123	MARY CALCOTT ELEM.	45.77%	10.74%	43.49%	54.23%
151	NORVIEW ELEM.	3.93%	0.00%	96.07%	96.07%
154	OCEAN VIEW ELEM.	40.71%	7.43%	51.86%	59.29%
153	OCEANAIR ELEM.	4.12%	0.00%	95.88%	95.88%
165	P.B. YOUNG SR. ELEM.	3.95%	0.00%	96.05%	96.05%
122	RICHARD BOWLING ELEM.	4.10%	0.00%	95.90%	95.90%
137	SEWELLS POINT ELEM.	51.38%	19.61%	29.01%	48.62%
156	SHERWOOD FOREST ELEM.	3.99%	0.00%	96.01%	96.01%
131	ST. HELENA ELEM.	4.07%	0.00%	95.93%	95.93%
159	SUBURBAN PARK ELEMENTARY	4.08%	0.00%	95.92%	95.92%
161	TANNERS CREEK ELEMENTARY	4.04%	0.00%	95.96%	95.96%
118	TARRALTON ELEM.	47.32%	21.69%	30.99%	52.68%
119	TIDEWATER PARK ELEM.	3.86%	0.00%	96.14%	96.14%
160	W.H. TAYLOR ELEM	68.89%	4.83%	26.28%	31.11%
115	WILLARD MODEL ELEM.	3.94%	0.00%	96.06%	96.06%
106	WILLOUGHBY ELEM.	47.06%	11.34%	41.60%	52.94%
Middle Schools					
206	AZALEA MIDDLE	34.76%	7.00%	58.24%	65.24%
207	BLAIR MIDDLE	36.00%	8.40%	55.60%	64.00%
172	ACADEMY FOR DISCOVERY AT LAKEWOOD	67.34%	9.39%	23.27%	32.66%
216	LAKE TAYLOR MIDDLE	4.05%	0.00%	95.95%	95.95%
211	NORTHSIDE MIDDLE	4.02%	0.00%	95.98%	95.98%
212	NORVIEW MIDDLE	4.03%	0.00%	95.97%	95.97%
214	RUFFNER MIDDLE	4.10%	0.00%	95.90%	95.90%
249	THE ACADEMY OF INTERNATIONAL STUDIES AT ROSEM	54.00%	7.02%	38.98%	46.00%
High Schools					
304	B. T. WASHINGTON HIGH	0.00%	0.00%	95.98%	95.98%
301	GRANBY HIGH	45.01%	7.22%	47.77%	54.99%
305	LAKE TAYLOR HIGH	35.17%	5.12%	59.71%	64.83%
302	MAURY HIGH	56.21%	4.93%	38.86%	43.79%
303	NORVIEW HIGH	43.17%	8.60%	48.23%	56.83%
Auxiliary Facilities					
130	BERKLEY/CAMPOSTELLA EARLY CHILDHOOD CENTER	0.00%	0.00%	95.79%	95.79%
171	EASTON PRESCHOOL	55.14%	7.48%	37.38%	44.86%
392	MADISON	0.00%	0.00%	95.90%	95.90%
163	NORFOLK RE-ED SCHOOL - SECEP	4.84%	4.84%	90.32%	95.16%
396	NORFOLK TECHNICAL CTR	49.58%	7.44%	42.98%	50.42%
School Board for the City of Norfolk Totals		26.71%	4.12%	69.17%	73.29%
October 2019 Totals		26.71%	4.12%	69.17%	73.29%

This information comes from Norfolk Public Schools School Nutrition Services.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Summary of Child Nutrition Program Funds
As of June 30, 2020

Currently, Norfolk serves an average of 35,500 meals each day. School Nutrition provides breakfast, lunch, supper and snacks that meet the nutritional requirements of the U.S. Department of Agriculture. Meals are provided free of charge to students who are eligible for free or reduced meals. Norfolk operates the program as a non-profit organization and utilizes commodities provided by USDA as well as those provided by private vendors.

Account Description	FTEs		Budget 2019	Actual 2019	Budget 2020	Actual 2020	Budget 2021	Budget % Increase Over 2020
	2019	2020						
Revenue								
Sales			1,637,400	1,062,910	1,672,400	733,331	1,204,000	-28.01%
Federal and State Food Program Reimbursements			16,280,000	17,275,208	16,130,000	12,840,031	16,540,000	2.54%
Federal Commodities Donated			1,200,000	872,188	1,200,000	1,049,454	1,200,000	0.00%
Interest Earnings			16,000	-	16,000	-		-100.00%
Other			66,600	87,117	981,600	78,019	1,256,000	27.95%
Total Revenue			19,200,000	19,297,423	20,000,000	14,700,835	20,200,000	1.00%
Expenditures								
Cost of Goods Sold			9,117,295	8,923,880	9,115,795	7,393,523	9,117,295	0.02%
Employee Compensation	192.00	192.00	8,272,418	7,361,248	9,034,618	7,645,602	9,234,283	2.21%
Maintenance Costs			377,000	685,204	505,000	875,487	623,000	23.37%
Supplies and Materials			27,835	59,365	44,135	42,917	44,135	0.00%
Cafeteria and Other Equipment			660,000	341,215	410,000	471,503	365,000	-10.98%
Other Costs			745,452	496,029	890,452	760,069	816,287	-8.33%
Total Expenditures	192.00	192.00	19,200,000	17,866,941	20,000,000	17,189,101	20,200,000	1.00%
Excess of Revenues over Expenditures			-	1,430,482	-	(2,488,266)	-	
Fund Balance - Beginning of Year			9,617,259	9,617,259	11,047,741	11,047,741	8,559,475	
Fund Balance - End of Year			\$ 9,617,259	\$ 11,047,741	\$ 11,047,741	\$ 8,559,475	\$ 8,559,475	

This information comes from Norfolk Public Schools School Nutrition Services.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Approved Positions by Program
Last Ten Fiscal Years

Positions Approved	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Instructional Services	3,459.63	3,315.05	3,241.05	3,293.60	3,261.10	3,253.85	3,191.85	3,097.35	3,103.85	3,112.85
Central Administration	96	95	97	81	81	82.5	84	84	87	86.5
Student Attendance and Health Services	48	50	49	59.5	75.5	100.5	101.5	99.5	103	103
Pupil Transportation	284	281	278	271	271	271	283	283	294	297
Operations and Maintenance	415	409.5	401.5	401	401	400.5	407.5	411.5	411	411
Community Services (Jobs Bill)	0	0	0	0	0	0	0	0	0	0
Facility Improvements	0	0	0	0	0	0	0	0	0	0
Information Technology	63	61	64	63	63	63	63	63	63	63
Total Approved Positions General Fund Budget	4,365.63	4,211.55	4,130.55	4,169.10	4,152.60	4,171.35	4,130.85	4,038.35	4,061.85	4,073.35

This information comes from the Norfolk Public Schools 2020 Budget: Summary of Operating Expenditures by Cost Category, pg. 158.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Average Costs Per Student
Last Ten Years

Fiscal Year	Total Local Budget or Expenditures excluding Adult Education	Student Memberships (b)			Average Costs per Student exclusive of Adult Education
		K-12	Pre-K	Total	
2011	290,958,964	30,630	2,344	32,974	8,824
2012	286,229,821	30,498	2,380	32,878	8,706
2013	304,420,159	30,260	2,185	32,445	9,383
2014	311,188,133	29,805	2,259	32,064	9,705
2015	318,499,501	29,598	2,259	31,857	9,998
2016	313,925,928	29,606	2,174	31,780	9,878
2017	321,094,220	29,325	2,174	31,499	10,194
2018	324,641,648	28,958	2,174	31,132	10,428
2019	328,991,404	28,221	1,929	30,150	10,912
2020	335,535,901	27,801	1,848	29,649	11,317

Notes:

(a) Local budget education expenditures exclude adult education.

(b) Student membership is average daily membership for the year. Pre-kindergarten membership excludes students enrolled in classes funded by Federal Title 1 funds.

This information comes from the Norfolk Public Schools 2020 Budget: Summary of Operating Expenditures by Cost Category, pg. 158 and Student Demographics, pg. 275.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Operating Statistics
Last Ten Years

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenditures	Cost Per Pupil	Percentage Change	Percentage of Students Receiving Free or Reduced-Price Meals
2011	31,443	347,706,732	11,058	-5.17%	354,254,534	11,267	-4.23%	64.43%
2012	31,081	347,397,094	11,177	1.07%	368,655,704	11,861	5.28%	65.16%
2013	30,677	365,538,171	11,916	6.61%	373,799,050	12,185	2.73%	66.05%
2014	30,338	353,804,702	11,662	-2.13%	357,363,799	11,779	-3.33%	66.96%
2015	30,101	365,105,355	12,129	4.01%	368,751,971	12,250	4.00%	66.96%
2016	29,976	368,986,997	12,309	1.48%	373,302,572	12,453	1.66%	66.83%
2017	31,436	367,474,521	11,690	-5.04%	375,384,984	11,941	-4.11%	70.61%
2018	28,958	361,368,751	12,479	6.75%	366,063,305	12,641	5.86%	70.26%
2019	28,221	373,365,280	13,230	6.02%	377,113,793	13,363	5.71%	70.26%
2020	27,974	368,812,914	13,184	-0.35%	371,161,059	13,268	-0.71%	74.81%

Notes:

1. Enrollment information obtained from Fall Membership Reports as provided by the Virginia Department of Education (VDOE) excludes 1,863 Pre-K students.
2. Operating expenditures are total expenditures less debt service and capital outlay taken from Exhibit IV.
3. Percentage of students receiving free or reduced-price meals information presented for the month of October of the respective fiscal year.

This information comes from the Norfolk Public Schools 2020 Budget, pg. 208.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
School Building Information
Last Ten Fiscal Years

Fiscal Year									
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020

Schools

Elementary (K - 8 & Pre K - 8)

Buildings	35	33	33	33	33	33	36	35	35	34
Square feet	2,260,302	2,179,947	2,179,947	2,179,947	2,179,947	2,179,947	2,533,106	2,801,190	2,801,190	2,630,882
Capacity	20,550	19,758	19,758	19,758	19,758	19,758	26,915	27,765	27,765	21,304
Enrollment	16,220	16,152	16,143	16,098	16,038	15,650	18,191	15,772	17,445	17,514

Middle

Buildings	8	8	8	8	7	8	8	7	7	6
Square feet	1,167,600	1,167,600	1,167,600	1,167,600	1,027,600	1,167,600	1,167,600	987,600	987,600	908,674
Capacity	9,487	9,487	9,487	9,487	9,487	9,487	9,487	8,237	8,237	6,418
Enrollment	6,481	6,597	6,577	6,377	6,159	6,345	5,335	6,820	5,164	4,798

High

Buildings	5	5	5	5	5	5	5	5	5	5
Square feet	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566
Capacity	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706
Enrollment	8,742	8,332	7,957	7,863	7,904	7,981	7,910	7,740	7,541	7,525

Notes:

1. Square footage does not include mobile units.
2. Enrollment information obtained from Fall Membership Reports as provided by the Virginia Department of Education (VDOE).
3. School building information only presented for facilities in use during the fiscal year.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Facilities Information on Schools
As of 2020

Location	Year Built	Square Foot	Site Acreage	Mobile Units	Renovations & Additions	Age	Total Sqft. Bldgs. & Mobiles
Granby High	1939	292,294	25	0	1997-1998	21	292,294
Lake Taylor High	1967	261,000	44.7	2	1974	52	262,824
Maury High	1910	265,000	9.8	0	1988	31	265,000
Norview High	2004	287,272	27	0		15	287,272
B. T. Washington High	1974	265,000	30	0		45	265,000
High School Average Age:						32.80	
Azalea Gardens Middle	1961	120,374	21.1	3		58	123,110
Blair Middle	1922	241,597	7.4	0	2007	12	241,597
Northside Middle	1956	122,675	14.5	1		63	123,587
Norview Middle	1995	152,000	19	0		24	152,000
Rosemont Middle	1959	126,028	18.5	0		60	126,028
Ruffner Middle	1994	146,000	10.52	0		25	146,000
Middle School Average Age:						40.33	
Academy for Discovery at Lakewood	1991	140,000	14.1	0		28	140,000
Bayview Elementary	1922	83,095	9.4	0	1999	20	83,095
Lake Taylor School	1965	118,926	20	0		54	124,398
Richard Bowling Elementary	2017	101,060	25.8	0		2	101,060
Calcott Elementary	1952	65,100	12	2	1954	67	66,924
Camp Allen Elementary	2019	97,630	14	0		1	97,630
Southside STEM Academy at Campostella	2016	181,056	18.5	0		3	181,056
Chesterfield Academy	1953	58,750	12.3	10	1971	66	67,870
Coleman Place Elementary	2007	96,818	9.2	0		12	96,818
Crossroads Elementary	2012	146,923	12	0		9	146,923
Fairlawn Elementary	1959	58,500	16.4	0	1961	60	68,532
Ghent Elementary	1978	60,800	13	3		41	63,536
Granby Elementary	1948	82,081	9	0	1989	71	82,081
Ingleside Elementary	1954	58,500	16	6		65	63,972
Jacox Elementary	1949	79,200	11.7	4		70	82,848
Larchmont Elementary	2016	92,958	23	0		3	92,958
Larrymore Elementary	1957	77,325	13	0	1964	62	77,325
Lindenwood Elementary	1953	54,900	9.5	7	1965	66	61,284
Little Creek Elementary	1954	56,795	17	5		65	61,355
Little Creek Primary*	1957	44,500		1		62	45,412
Monroe Elementary	1990	64,000	12.8	0		29	64,000
Norview Elementary	1952	57,640	14.2	14	1953	67	70,408
Ocean View Elementary	2017	92,650	20.5	0		2	92,650
Oceanair Elementary	1956	62,470	17.7	8		63	69,766
St. Helena Elementary	1966	36,074	13.2	2		53	37,898
Sewells Point Elementary	1966	60,900	8.9	6	1984	53	66,372
Sherwood Forest Elementary	1957	66,340	13.3	4	1989	62	69,988
Suburban Park Elementary	1955	61,980	15	0	1988	64	61,980
Tanners Creek Elementary	1990	83,000	9	0		29	83,000
Tarrallton Elementary	1964	46,300	15.2	3		55	49,036
Taylor Elementary	1998	54,786	2.8	0		21	54,786
Tidewater Park Elementary	1964	39,675	8.3	5		55	44,235
Willard Elementary	1952	80,925	14.9	0	1990	67	80,925
Willoughby Elementary	1967	58,400	12	0		52	58,400
P. B. Young Sr. Elementary	1954	55,325	8	0		65	55,325
Elementary School Average Age:						44.69	

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Facilities Information on Schools
As of 2020

Location	Year Built	Square Foot	Site Acreage	Mobile Units	Renovations & Additions	Age	Total Sqft. Bldgs. & Mobiles
Berkley/Campostella ECC	1953	46,453	10.6	0	1991	66	46,453
Camp Young	1946	27,398	30	0		73	27,398
Easton Preschool	1959	37,500	11.7	0	1961	60	37,500
Madison Career Center	1919	75,501	3	0	1921	100	75,501
Norfolk Technical Center	1968	125,938	29.5	0		51	125,938
Bellmore	1968	77,028	3.9	1		51	77,940
Transportation	1995	24,689	9.9	1		24	25,601
Other Average Age:						60.71	
Total Mobiles		88					
Average Age of all Buildings		45.19					
Total Number of Acres		788					
Total Number of Square Feet		5,369,129					
Total Square Feet Including Mobiles		5,464,889					

Total square footage column includes buildings plus mobiles as of June 2020.

Age of original structure is different for buildings that have renovations.

*School buildings not in use during the fiscal year

This information comes from Norfolk Public Schools Facilities Management.

City of Norfolk, Virginia
Financial Trends Information
Schedule 1
Net Position by Category
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:		restated	restated		restated			restated		
Net investment in capital assets	\$ 324,576	\$ 295,206	\$ 319,550	\$ 337,937	\$ 428,380	\$ 386,641	\$ 365,913	\$ 351,887	\$ 382,093	\$ 384,078
Restricted	6,744	11,081	11,111	22,062	10,485	12,412	12,042	6,485	6,690	9,094
Unrestricted	5,347	25,832	22,593	(149,763)	(217,542)	(153,467)	(124,543)	(108,368)	(109,199)	(148,756)
Subtotal governmental activities net position	336,667	332,119	353,254	210,236	221,323	245,586	253,412	250,004	279,584	244,416
Business-type activities:										
Net investment in capital assets	267,107	270,913	275,195	259,371	266,206	301,340	342,470	330,979	364,975	406,149
Restricted	12,928	12,928	13,244	32,495	29,610	31,766	35,237	36,017	28,501	29,946
Unrestricted	62,458	72,063	78,631	77,120	100,988	85,668	59,766	98,533	102,475	121,751
Subtotal business-type activities net position	342,493	355,904	367,070	368,986	396,804	418,774	437,473	465,529	495,951	557,846
Primary government:										
Net investment in capital assets	591,683	566,119	594,745	597,308	694,586	687,981	708,383	682,866	747,068	790,227
Restricted	19,672	24,009	24,355	54,557	40,095	44,178	47,279	42,502	35,191	39,040
Unrestricted	67,805	97,895	101,224	(72,643)	(116,554)	(67,799)	(64,777)	(9,835)	(6,724)	(27,005)
Total primary government net position	<u>\$ 679,160</u>	<u>\$ 688,023</u>	<u>\$ 720,324</u>	<u>\$ 579,222</u>	<u>\$ 618,127</u>	<u>\$ 664,360</u>	<u>\$ 690,885</u>	<u>\$ 715,533</u>	<u>\$ 775,535</u>	<u>\$ 802,262</u>

Note:

1. Restatements are due to implementation of new accounting pronouncements.
2. Beginning in fiscal year 2020, the Storm Water Special Revenue Fund was converted to an Enterprise Fund.

City of Norfolk, Virginia
Financial Trends Information
Schedule 2
Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Program Revenue										
Governmental activities:										
Charges for services										
General government	\$ 18,630	\$ 9,441	\$ 9,489	\$ 4,149	\$ 7,152	\$ 4,642	\$ 4,822	\$ 4,728	\$ 7,267	\$ 6,069
Judicial administration	3,629	3,690	3,717	3,142	2,938	2,729	2,688	2,507	2,396	1,896
Public safety	7,942	8,424	10,154	7,613	7,563	8,307	8,364	7,802	8,504	8,067
Public works	36,890	50,597	38,320	37,769	41,821	42,341	40,322	41,185	40,169	23,242
Health and public assistance	82	50	5,349	5,597	5,577	6,310	6,390	6,385	5,498	5,928
Culture and recreation	10,101	9,751	10,297	9,685	8,948	10,054	9,835	9,305	9,810	6,817
Community development	1,479	1,807	2,368	1,960	2,557	2,370	2,511	1,264	2,244	2,510
Capital grants and contributions ²	-	765	15,000	15,933	1,000	5,672	5,941	11,954	3,806	(25,255)
Operating grants and contributions	116,648	119,353	131,719	120,713	125,802	132,611	135,194	151,519	142,804	161,602
Total governmental activities program revenue	195,401	203,878	226,413	206,561	203,358	215,036	216,067	236,649	222,498	190,876
Business-type activities:										
Charges for services										
Water utility	80,573	78,148	76,584	79,097	82,996	80,749	84,529	86,942	111,546	91,377
Wastewater utility	24,362	24,798	25,469	27,119	28,144	27,823	29,065	30,201	31,222	31,705
Parking facilities	19,682	19,452	19,162	20,413	19,520	19,612	20,577	22,148	22,324	19,953
Storm Water utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21,666
Capital grants and contributions ²	130	187	-	2,761	3,006	338	188	144	381	26,705
Total business-type activities program revenue	124,747	122,585	121,215	129,390	133,666	128,522	134,359	139,435	165,473	191,406
Total primary government program revenues	320,148	326,463	347,628	335,951	337,024	343,558	350,426	376,084	387,971	382,282
Expenses										
Governmental activities:										
General government	103,550	109,188	119,764	122,656	126,959	130,550	155,159	152,832	157,320	157,801
Judicial administration	49,980	51,102	51,654	55,062	49,056	51,926	55,547	57,118	46,124	48,443
Public safety	129,721	129,138	125,270	125,122	120,710	119,828	133,378	160,378	138,890	153,190
Public works	101,137	91,542	71,324	66,909	81,171	79,200	80,825	69,194	66,079	61,612
Health and public assistance	82,368	75,428	90,993	90,919	86,776	85,730	89,103	87,827	91,735	97,275
Culture and recreation	64,352	63,499	56,039	56,499	58,443	60,064	62,996	46,799	58,962	64,901
Community development	18,638	17,223	16,158	12,622	13,040	16,734	15,402	23,320	29,381	40,728
Education	104,511	104,512	109,287	109,467	117,722	114,769	114,972	131,137	136,660	135,699
Interest on long-term debt	27,931	26,822	28,249	25,187	22,060	22,950	19,326	24,965	28,817	24,998
Total government activities expenses	682,188	668,454	668,738	664,443	675,937	681,751	726,708	753,570	753,968	784,647
Business-type activities:										
Water utility	67,852	64,473	61,358	61,609	59,448	59,415	65,319	61,276	63,967	65,534
Wastewater utility	19,707	18,806	19,983	20,128	19,142	19,226	22,072	21,012	20,201	21,082
Parking facilities	22,050	20,469	20,961	23,677	20,045	20,651	21,078	23,084	25,365	24,850
Storm Water utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13,239
Total business-type activities expenses	109,609	103,748	102,302	105,414	98,635	99,292	108,469	105,372	109,533	124,705
Total primary government expenses	791,797	772,202	771,040	769,857	774,572	781,043	835,177	858,942	863,501	909,352
Net (Expense) Revenue										
Governmental activities	(486,787)	(464,576)	(442,325)	(457,882)	(472,579)	(466,715)	(510,641)	(516,921)	(531,470)	(593,771)
Business-type activities	15,138	18,837	18,913	23,976	35,031	29,230	25,890	34,063	55,940	66,701
Total primary government net expense	<u>\$ (471,649)</u>	<u>\$ (445,739)</u>	<u>\$ (423,412)</u>	<u>\$ (433,906)</u>	<u>\$ (437,548)</u>	<u>\$ (437,485)</u>	<u>\$ (484,751)</u>	<u>\$ (482,858)</u>	<u>\$ (475,530)</u>	<u>\$ (527,070)</u>

Note:

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.

City of Norfolk, Virginia
Financial Trends Information
Schedule 2-1
Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenue and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real estate and personal property	\$ 255,530	\$ 245,439	\$ 246,345	\$ 254,357	\$ 263,490	\$ 263,395	\$ 271,461	\$ 277,132	\$ 303,623	\$ 316,998
Consumption utility	48,360	43,588	43,211	43,055	42,961	41,849	41,452	41,292	39,947	38,890
Sales and use	28,411	27,599	29,707	29,436	29,981	30,330	31,185	32,799	33,259	35,395
Restaurant food	24,094	30,300	30,818	31,127	32,634	34,224	34,934	37,990	39,210	35,284
Business licenses	25,849	28,667	29,301	29,889	28,640	28,935	30,557	28,529	29,929	29,916
Cigarette	7,161	8,097	7,926	7,409	7,821	7,784	7,860	7,492	7,889	7,703
Motor vehicle licenses	4,313	4,318	4,210	3,966	3,953	4,488	4,642	4,760	4,903	4,963
Other	15,698	18,665	18,124	16,618	18,280	18,424	18,909	21,277	22,127	19,382
Interest and investment earnings	1,065	916	563	783	164	291	249	270	1,212	1,403
Grants and contributions not restricted to specific programs	32,642	32,726	33,539	33,788	33,793	34,863	36,440	28,158	35,965	36,316
Miscellaneous	5,901	4,653	11,501	14,563	11,916	16,404	30,778	31,189	12,677	17,377
Gain on disposal of assets	-	-	1,734	-	-	-	-	-	-	-
Capital contributions Norfolk Public Schools	11,085	-	-	-	-	-	-	-	-	3,716
Transfers between governmental and business-type activities	10,052	10,087	10,114	10,052	10,033	10,000	10,000	10,000	30,309	11,259
Total governmental activities	<u>470,161</u>	<u>455,055</u>	<u>467,093</u>	<u>475,043</u>	<u>483,666</u>	<u>490,987</u>	<u>518,467</u>	<u>520,888</u>	<u>561,050</u>	<u>558,602</u>
Business-type activities:										
Interest and investment earnings	511	314	234	496	112	295	432	671	2,507	3,383
Grants and contributions not restricted to specific programs	557	371	1,626	219	214	149	150	142	134	126
Unrealized gain (loss) on investments	-	-	-	-	-	-	-	(52)	-	45
Miscellaneous	3,431	3,951	4,042	3,162	2,506	2,295	2,228	2,059	2,151	2,899
Gain (Loss) on disposal of assets	(157)	26	9	(88)	(2)	-	-	-	-	-
Transfers between governmental and business-type activities	(10,052)	(10,087)	(10,114)	(10,052)	(10,033)	(10,000)	(10,000)	(10,000)	(30,309)	(11,259)
Total business-type activities	<u>(5,710)</u>	<u>(5,425)</u>	<u>(4,203)</u>	<u>(6,263)</u>	<u>(7,203)</u>	<u>(7,261)</u>	<u>(7,190)</u>	<u>(7,180)</u>	<u>(25,517)</u>	<u>(4,806)</u>
Total primary governmental activities	<u>464,451</u>	<u>449,630</u>	<u>462,890</u>	<u>468,780</u>	<u>476,463</u>	<u>483,726</u>	<u>511,277</u>	<u>513,708</u>	<u>535,533</u>	<u>553,796</u>
Change in Net Position										
Governmental activities	5,585	12,730	9,211	2,464	16,951	(19,654)	1,546	(10,582)	561,050	(35,168)
Business-type activities	<u>13,127</u>	<u>13,488</u>	<u>19,773</u>	<u>28,768</u>	<u>22,027</u>	<u>18,629</u>	<u>26,873</u>	<u>48,760</u>	<u>(25,517)</u>	<u>61,895</u>
Total Primary Government changes in net position	<u>\$ 18,712</u>	<u>\$ 26,218</u>	<u>\$ 28,984</u>	<u>\$ 31,232</u>	<u>\$ 38,978</u>	<u>\$ (1,025)</u>	<u>\$ 28,419</u>	<u>\$ 38,178</u>	<u>\$ 535,533</u>	<u>\$ 26,726</u>

City of Norfolk, Virginia
Financial Trends Information
Schedule 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$ 5.00	\$ -	\$ -	\$ -	\$ -	\$ 139	\$ -	\$ -	\$ -	\$ -
Restricted	395.00	330	300	265	2,100	3,015	165	145	135	130
Committed	1,899	3,000	3,000	3,000	4,000	5,000	8,698	9,347	10,032	13,051
Assigned	38,014	34,839	33,919	23,901	25,904	26,557	36,605	44,118	65,231	66,842
Unassigned	55,968	54,338	54,055	58,100	65,580	73,077	70,652	70,962	76,510	74,994
Reserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Unreserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Total General Fund	<u>96,281</u>	<u>92,507</u>	<u>91,274</u>	<u>85,266</u>	<u>97,584</u>	<u>107,788</u>	<u>116,120</u>	<u>124,572</u>	<u>151,908</u>	<u>155,017</u>
Capital Projects Fund:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	41,063	95,053	-	10,933	-	-	-	-	-	-
Committed	11,978	14,376	13,637	14,480	14,704	6,170	-	-	4,105	-
Assigned	26,307	15,345	7,339	4,052	-	-	-	-	-	-
Unassigned	-	-	-	-	(84,624)	(216,480)	(190,871)	(128,799)	-	(7,055)
Reserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Unreserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund ⁽²⁾	<u>79,348</u>	<u>124,774</u>	<u>20,976</u>	<u>29,465</u>	<u>(69,920)</u>	<u>(210,310)</u>	<u>(190,871)</u>	<u>(128,799)</u>	<u>4,105</u>	<u>(7,055)</u>
All Other Governmental Funds:										
Nonspendable	22	23	24	-	-	-	-	-	-	-
Restricted	2,621	9,474	10,811	10,864	8,385	9,397	6,223	6,340	6,554	8,965
Committed	11,259	3,246	2,454	5,050	2,764	3,138	5,872	7,323	7,705	5,579
Assigned	9,877	13,569	20,708	22,144	17,843	26,554	20,345	21,501	22,339	14,148
Unassigned	-	-	-	(1,556)	(2,913)	(2,689)	(932)	(823)	(66)	(64)
Reserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Unreserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Total other governmental funds	<u>23,779</u>	<u>26,312</u>	<u>33,997</u>	<u>36,502</u>	<u>26,079</u>	<u>36,400</u>	<u>31,508</u>	<u>34,341</u>	<u>36,532</u>	<u>28,628</u>
Total fund balance, governmental funds	<u>\$ 199,408</u>	<u>\$ 243,593</u>	<u>\$ 146,247</u>	<u>\$ 151,233</u>	<u>\$ 53,743</u>	<u>\$ (66,122)</u>	<u>\$ (43,243)</u>	<u>\$ 30,114</u>	<u>\$ 192,545</u>	<u>\$ 176,590</u>

(1) The City implemented GASB Statement No. 54 during fiscal year 2011.

(2) The decrease in the Capital Projects fund balance is primarily attributable to timing of the City's external borrowing (see page 34).

City of Norfolk, Virginia
Financial Trends Information
Schedule 4
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue:										
General property taxes	\$ 258,004	\$ 252,917	\$ 246,359	\$ 256,979	\$ 262,433	\$ 265,943	\$ 269,816	\$ 277,559	\$ 303,370	\$ 311,961
Other local taxes	153,886	161,234	163,297	161,499	164,270	166,034	169,539	174,139	177,263	171,533
Licenses and permits	3,691	3,574	4,098	3,089	3,013	3,038	3,576	3,292	4,118	3,599
Fines and forfeitures	1,298	1,108	1,102	1,242	1,264	1,111	921	1,068	1,027	801
Use of money and property	7,169	6,695	6,539	6,329	9,668	7,354	7,786	7,504	11,098	9,861
Charges for services	47,955	47,859	56,077	60,040	59,983	62,709	62,315	62,383	60,905	41,335
Miscellaneous	14,850	11,643	26,178	29,133	10,142	11,325	12,080	11,311	11,287	11,743
Recovered costs ⁽¹⁾	10,723	10,312	11,396	-	-	-	-	-	-	-
Intergovernmental	149,489	161,572	161,148	153,782	158,840	166,686	176,784	193,289	182,023	198,634
Total revenues	647,065	656,914	676,194	672,093	669,613	684,200	702,817	730,545	751,091	749,467
Expenditures:										
Current										
General government	80,855	100,504	112,804	109,292	110,904	118,468	127,367	131,203	136,987	133,751
Judicial administration	47,535	48,233	50,920	51,673	51,360	50,513	50,767	52,012	45,914	47,359
Public safety	115,975	116,296	117,427	113,394	112,055	116,436	121,494	123,905	127,610	131,883
Public works	70,124	62,330	54,427	55,267	61,369	58,716	63,231	66,882	62,511	53,665
Health and public assistance	79,757	74,331	88,413	88,671	85,631	85,815	87,330	86,702	87,554	91,787
Culture and recreation	45,862	44,529	47,153	46,705	48,765	44,531	44,825	45,968	45,399	43,499
Community development	16,565	15,142	15,128	12,482	12,303	13,677	14,994	22,237	28,212	38,095
Education	104,511	104,512	109,287	111,854	117,722	114,769	114,972	120,972	122,972	124,711
Debt service:										
Principal retirement	50,865	57,683	50,559	48,135	49,255	46,175	50,663	52,583	49,122	61,128
Interest and other charges	29,675	27,360	27,668	28,682	26,896	26,955	27,150	27,317	32,212	29,448
Debt issuance costs	-	-	-	1,127	680	318	-	907	1,823	1,886
Capital outlay	76,534	98,892	116,580	100,709	103,113	140,093	98,492	67,938	49,790	49,490
Total expenditures	718,258	749,812	790,366	767,991	780,053	816,466	801,285	798,626	790,106	806,702
(Deficiency) of revenues (under) expenditures	(71,193)	(92,898)	(114,172)	(95,898)	(110,440)	(132,266)	(98,468)	(68,081)	(39,015)	(57,235)
Other financing sources (uses):										
Proceeds of refunding bonds	84,136	74,859	-	73,428	74,094	-	49,378	27,744	-	221,756
Proceeds from capital leases	-	-	-	-	-	2,400	-	-	-	-
Proceeds from line of credit	-	-	-	-	1,000	-	-	-	-	-
Cost of Issuance	-	-	-	1,127	811	-	(1,106)	-	-	-
Proceeds of debt (general obligation bonds and notes)	2,821	109,835	-	77,930	-	-	90,094	95,305	144,820	27,553
Payment to refunded bonds escrow agent	(84,136)	(74,859)	-	(79,964)	(81,267)	-	(55,684)	(31,799)	-	(220,838)
Premium on bonds issued	505	15,311	-	17,081	7,530	-	22,586	20,111	24,939	7,591
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Proceeds from sale or disposal of fixed assets	-	2,700	1,966	-	-	-	6,080	20,077	1,378	3,716
Operating transfers in	104,873	107,136	112,121	107,633	102,604	107,953	106,474	108,550	128,910	120,991
Operating transfers (out)	(95,332)	(97,899)	(102,006)	(95,224)	(92,571)	(97,953)	(96,474)	(98,550)	(98,601)	(109,732)
Total other financing sources (uses)	12,867	137,083	12,081	102,011	12,201	12,400	121,348	141,438	201,446	51,037
Special items:										
Contribution to stormwater utility fund	-	-	-	-	-	-	-	-	-	(9,757)
Total special items	-	-	-	-	-	-	-	-	-	(9,757)
Net change in fund balances	\$ (58,326)	\$ 44,185	\$ (102,091)	\$ 6,113	\$ (98,239)	\$ (119,866)	\$ 22,880	\$ 73,357	\$ 162,431	\$ (15,955)
Debt service as a percentage of noncapital expenditures	12.19%	12.27%	11.57%	11.22%	11.28%	10.91%	10.95%	10.77%	11.03%	12.02%

Note:

1. Beginning in fiscal year 2014, recovered costs are classified as the appropriate revenue or expense reimbursement.

City of Norfolk, Virginia
Financial Trends Information
Schedule 5
Program Revenue by Function
Last Ten Fiscal Years
(Amounts in thousands)

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 21,795	\$ 10,466	\$ 10,833	\$ 5,077	\$ 12,739	\$ 7,798	\$ 6,725	\$ 7,570	\$ 10,376	\$ 6,069
Judicial administration	27,069	27,880	29,479	28,537	23,113	25,811	27,242	26,163	26,275	1,896
Public safety	12,335	14,217	15,980	11,116	14,226	11,662	12,606	14,991	11,762	8,067
Public works	61,552	77,436	68,326	63,124	76,359	69,609	77,639	98,084	74,029	23,242
Health and public assistance	52,280	51,654	62,657	62,224	57,059	72,181	70,931	60,539	60,707	5,928
Culture and recreation	10,330	11,573	26,284	25,837	9,947	17,301	10,020	9,489	10,050	6,817
Community development	10,040	8,538	10,266	7,626	7,498	8,255	8,360	17,316	27,018	2,510
Interest on long-term debt	-	2,115	2,587	3,021	2,417	2,419	2,544	2,497	2,281	-
Total governmental activities	<u>195,401</u>	<u>203,879</u>	<u>226,412</u>	<u>206,562</u>	<u>203,358</u>	<u>215,036</u>	<u>216,067</u>	<u>236,649</u>	<u>222,498</u>	<u>54,529</u>
Business-type activities:										
Water utility	80,703	78,335	76,585	81,757	85,925	81,087	84,718	86,944	111,927	91,377
Wastewater utility	24,362	24,798	25,469	27,219	28,144	27,823	29,065	30,342	31,222	31,705
Parking facilities	19,682	19,452	19,162	20,414	19,596	19,612	20,576	22,149	22,324	19,953
Storm Water utility ⁽¹⁾	-	-	-	-	-	-	-	-	-	21,666
Total business-type activities	<u>124,747</u>	<u>122,585</u>	<u>121,216</u>	<u>129,390</u>	<u>133,665</u>	<u>128,522</u>	<u>134,359</u>	<u>139,435</u>	<u>165,473</u>	<u>164,701</u>
Total primary government	<u>\$ 320,148</u>	<u>\$ 326,464</u>	<u>\$ 347,628</u>	<u>\$ 335,952</u>	<u>\$ 337,023</u>	<u>\$ 343,558</u>	<u>\$ 350,426</u>	<u>\$ 376,084</u>	<u>\$ 387,971</u>	<u>\$ 219,230</u>

Note:

1. Beginning in fiscal year 2020, the Storm Water Special Revenue Fund was converted to an Enterprise Fund.

City of Norfolk, Virginia
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	Recovered Costs ⁽¹⁾	Inter- governmental	Totals
2011	\$ 258,004	\$ 153,886	\$ 3,691	\$ 1,298	\$ 7,169	\$ 47,955	\$ 14,850	\$ 10,723	\$ 149,489	\$ 647,065
2012	252,917	161,234	3,575	1,108	6,694	47,859	11,643	10,312	161,572	656,914
2013	246,359	163,297	4,098	1,102	6,539	56,077	26,178	11,396	161,148	676,194
2014	256,979	161,500	3,089	1,242	6,329	60,039	29,133	N/A	153,782	672,093
2015	262,433	164,271	3,013	1,264	9,668	59,983	10,141	N/A	158,840	669,613
2016	265,943	166,034	3,038	1,111	7,354	62,709	11,325	N/A	166,686	684,200
2017	269,816	169,539	3,576	921	7,786	62,315	12,080	N/A	176,784	702,817
2018	277,559	174,139	3,292	1,068	7,504	62,383	11,311	N/A	193,289	730,545
2019	303,370	177,263	4,118	1,027	11,098	60,905	11,287	N/A	182,023	751,091
2020	311,961	171,533	3,599	801	9,861	41,335	11,743	N/A	198,634	749,467
Change 2011-2020	20.9%	11.5%	(2.5%)	(38.3%)	37.6%	(13.8%)	(20.9%)	N/A	32.9%	15.8%

City of Norfolk, Virginia
Financial Trends Information
Other Local Tax Revenues by Source, Governmental Funds ⁽²⁾
Schedule 7
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
2011	\$ 43,188	\$ 28,411	\$ 28,474	\$ 25,849	\$ 7,161	\$ 4,313	\$ 16,490	\$ 153,886
2012	43,588	27,599	30,300	28,667	8,097	4,318	18,665	161,234
2013	43,211	29,707	30,818	29,301	7,926	4,209	18,124	163,296
2014	43,055	29,436	31,127	29,889	7,409	3,966	16,618	161,500
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
Change 2011-2020	(10.0%)	24.6%	23.9%	15.7%	7.6%	15.1%	17.5%	11.5%

Notes:

- Beginning in fiscal year 2014, recovered costs are classified as the appropriate revenue or expense reimbursement.
- Presents additional details on Other Local Taxes presented in Schedule 6 above.

N/A - Not Available

City of Norfolk, Virginia
Revenue Capacity Information
Schedule 1
Assessed Valuations and Estimated Actual Values of Taxable Property
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Real Property	Personal Property	Other Property	Total Taxable Assessed Value	Estimate Actual Taxable Value
2011	\$ 19,320,642	\$ 1,832,276	\$ 230,756	\$ 21,383,674	\$ 21,383,674
2012	18,676,729	1,613,797	238,497	20,529,023	20,529,023
2013	18,319,947	1,532,337	241,023	20,093,307	20,093,307
2014	18,421,412	1,512,332	258,302	20,192,046	20,192,046
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

Notes:

1. Real property and personal property includes 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.

City of Norfolk, Virginia
Revenue Capacity Information
Schedule 2
Direct Property Rates
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Property tax rate per \$100 of assessed value:										
Real property	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.25	\$ 1.25
Downtown improvement district	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
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	1.11	1.11	1.15	1.11	1.15	1.15	1.15	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	0.50	0.50	0.50	0.50	0.25
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	1.19	1.21	1.22	1.22	1.22	1.24	1.23	1.25	1.33	1.32
Assessed value of real property as a percent of fair market value:										
As determined by the City Assessor	96%	100%	100%	98%	100%	100%	100%	100%	100%	100%
As determined by the Commonwealth's Department of Taxation	N/A	100%	100%	99%	100%	99%	97%	97%	97%	97%

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 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 2011 through 2020.
3. The most recent Virginia Assessment/Sales ratio study is for 2018.
4. 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.

N/A - Not available

**City of Norfolk, Virginia
Revenue Capacity Information
Schedule 3
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2011			2020		
	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value
MacArthur Shopping Center	152,853,900	2	0.79%	217,243,100	1	1.02%
MPB, Inc.				141,016,100	2	0.66%
ODU Real Estate Foundation	101,124,500	5	0.52%	140,375,100	3	0.66%
Northern Southern	148,086,410	3	0.77%	94,716,000	4	0.44%
SLNWC Office Company, LLC				83,675,700	5	0.39%
Hertz Norfolk 999 Waterside, LLC				77,423,200	6	0.36%
Norfolk Hotel Associates, LLC				73,812,100	7	0.35%
Dominion Enterprises				69,962,400	8	0.33%
WIM Core Portfolio Owner, LLC				64,921,300	9	0.30%
Sir Properties Trust				59,059,300	10	0.28%
Bank of America	80,654,300	6	0.42%			
Cox Virginia Telecom	62,560,511	8	0.32%			
Dominion Tower LTD Partnership	59,652,400	9	0.31%			
Ford Motor Company						
LCP Waterside Hotel Owner, LLC						
Military Circle, LLC						
Norfolk Housing, LLC	55,511,700	10	0.29%			
Verizon Virginia, Inc.	139,564,095	4	0.72%			
Virginia Natural Gas, Inc.	70,523,192	7	0.37%			
Virginia Power Co.	270,009,241	1	1.40%			
	<u>\$ 1,140,540,249</u>		<u>5.90%</u>	<u>\$ 1,022,204,300</u>		<u>4.79%</u>
	\$ 19,320,643,495			\$ 21,334,650,731		

Note:

1. Information obtained from the City's Real Estate Assessor's Office.

City of Norfolk, Virginia
Revenue Capacity Information
Schedule 4
Property Tax Levy and Collections by Tax Year
Last Ten Years

Tax Year	Original Tax Levy	Adjusted Tax Levy ⁽¹⁾	Current Collections	Percent of Current Collections to Tax Levy ⁽²⁾	Delinquent Collections	Total Collections	Percentage of Total Collections to Tax Levy ⁽²⁾
2011	\$ 254,756	\$ 253,375	\$ 235,518	92.95%	\$ 17,857	\$ 253,375	100.00%
2012	247,528	247,398	233,396	94.34%	14,000	247,396	100.00%
2013	244,309	243,683	229,872	94.33%	13,809	243,681	100.00%
2014	254,008	254,598	240,481	94.46%	13,991	254,472	99.95%
2015	256,040	260,734	245,803	94.27%	13,560	259,363	99.47%
2016	264,043	265,482	251,933	94.90%	11,902	263,835	99.38%
2017	268,718	269,672	255,712	94.82%	11,926	267,638	99.25%
2018	275,648	277,578	262,585	94.60%	12,160	274,745	98.98%
2019	300,270	300,270	285,588	95.11%	12,137	297,725	99.15%
2020	314,540	314,540	288,746	91.80%	-	288,746	91.80%

Notes:

- Adjusted Tax Levy has been adjusted to reflect residual taxable amount after exonerations and reassessments. Information obtained from Office of the City Treasurer.
- 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. Total collections for the year ended June 30, 2020, were \$305,160,852 of which \$16,414,379 are for prior years and are included under the column entitled "Delinquent Collections."

City of Norfolk, Virginia
Debt Capacity Information
Schedule 1
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amount in Thousands)

Fiscal Year	General Obligation Bonds	General Obligation Notes/ Line of Credit	Revenue Bonds	Total Outstanding Debt	Outstanding Debt per Capita (Actual)	% of Personal Income	Debt to Net Position Ratio
Governmental Activities							
2011	\$ 651,755	\$ 1,208	\$ -	\$ 652,963	\$ 2,676	7.53%	0.52
2012	717,407	-	-	717,407	2,919	7.96%	0.46
2013	664,909	-	-	664,909	2,699	7.44%	0.54
2014	718,937	-	-	718,937	2,918	7.76%	0.52
2015	665,809	-	-	665,809	2,694	6.98%	0.33
2016	611,876	-	-	611,876	2,476	6.41%	0.40
2017	664,941	-	-	664,941	2,700	6.77%	0.38
2018	720,180	-	-	720,180	2,931	7.06%	0.35
2019	831,837	-	-	831,837	3,395	N/A	0.34
2020	790,550	-	-	790,550	N/A	N/A	0.31
Business-Type Activities							
2011	\$ 189,782	\$ -	\$ 445,687	\$ 635,469	\$ 2,605	7.33%	0.54
2012	193,729	-	439,410	633,139	2,576	7.03%	0.56
2013	184,119	-	486,832	670,951	2,723	7.50%	0.55
2014	259,717	-	410,401	670,118	2,720	7.23%	0.57
2015	247,490	-	443,911	691,401	2,797	7.25%	0.57
2016	236,084	-	436,720	672,804	2,723	7.05%	0.62
2017	258,922	-	424,459	683,381	2,775	6.96%	0.64
2018	261,164	-	442,381	703,545	2,863	6.89%	0.66
2019	217,515	-	443,646	661,161	2,698	N/A	0.75
2020	249,570	-	424,304	673,874	N/A	N/A	0.83
Total Primary Governmental Activities							
2011	\$ 841,537	\$ 1,208	\$ 445,687	\$ 1,288,432	\$ 5,281	14.87%	0.54
2012	911,136	-	439,410	1,350,546	5,494	14.99%	0.51
2013	849,028	-	486,832	1,335,860	5,422	14.94%	0.55
2014	978,654	-	410,401	1,389,055	5,638	14.99%	0.49
2015	913,299	-	443,911	1,357,210	5,491	14.24%	0.46
2016	847,960	-	436,720	1,284,680	5,199	13.46%	0.52
2017	923,863	-	424,459	1,348,322	5,475	13.73%	0.51
2018	981,344	-	442,381	1,423,725	5,794	13.95%	0.50
2019	1,049,352	-	443,646	1,492,998	6,093	N/A	0.52
2020	1,040,120	-	424,304	1,464,424	N/A	N/A	0.55

Note:

1. Population is detailed in Schedule 2 Debt Capacity Information.

N/A - not available

City of Norfolk, Virginia
Debt Capacity Information
Schedule 2
Ratios of General Bonded Debt
Total Assessed Value and Bonded Debt Per Capita
Last Ten Years

Fiscal Year	Gross Bonded Debt (in thousands)	Debt Payable from Enterprise Revenue (in thousands)	Net Bonded Debt (in thousands)	Assessed Value of Taxable Property (in thousands)	Population	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2011	\$ 841,537	\$ 189,782	\$ 651,755	\$ 21,383,674	\$ 243,985	3.05%	\$ 2,671
2012	911,136	193,729	717,407	20,529,023	245,803	3.49%	2,919
2013	849,028	184,119	664,909	20,093,307	246,392	3.31%	2,699
2014	978,654	259,717	718,937	19,788,842	246,394	3.63%	2,918
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%	N/A
2019	1,068,372	226,735	841,637	22,633,265	245,054	3.72%	N/A
2020	1,103,120	252,570	850,550	23,780,896	N/A	3.58%	N/A

Notes:

1. Assessed value of taxable property is detailed in Revenue Capacity Schedule 1.
2. The source of 2011 through 2019 population estimates is the Weldon Cooper Center for Public Service, University of Virginia.
3. Gross Bonded Debt includes unamortized premiums.

N/A - not available

City of Norfolk, Virginia
Debt Capacity Information
Schedule 3
Computation of Direct Bonded Debt
June 30, 2020

	Jurisdiction	Gross Bonded Debt (in thousands)	% Applicable to Government	\$ Applicable to Government (in thousands)
Direct:	City of Norfolk	\$ 1,103,120	100%	\$ 1,103,120

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.

City of Norfolk, Virginia
Debt Capacity Information
Schedule 4
Legal Debt Margin
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total assessed value of taxed real property	\$ 19,320,643,495	\$ 18,676,730,533	\$ 18,319,948,478	\$ 18,421,412,121	\$ 18,734,201,726	\$ 19,106,737,956	\$ 19,433,889,018	\$ 19,870,880,970	\$ 20,344,603,804	\$ 21,134,551,094
Debt Limit - 10% of total assessed valuation	1,932,064,350	1,867,673,053	1,831,994,848	1,842,141,212	1,873,420,173	1,910,673,796	1,943,388,902	1,987,088,097	2,034,460,380	2,113,455,109
Net debt applicable to debt limitation	829,621,927	877,060,431	818,068,050	912,700,343	914,299,379	988,381,839	1,065,983,734	1,079,595,115	988,038,371	1,086,293,856
Legal Debt Margin	<u>\$ 1,102,442,422</u>	<u>\$ 990,612,622</u>	<u>\$ 1,013,926,798</u>	<u>\$ 929,440,869</u>	<u>\$ 959,120,794</u>	<u>\$ 922,291,955</u>	<u>\$ 877,405,167</u>	<u>\$ 907,492,982</u>	<u>\$ 1,046,422,009</u>	<u>\$ 1,027,161,253</u>
Net debt percentage of debt limitation	42.94%	46.96%	44.65%	49.55%	48.80%	51.73%	54.85%	54.33%	48.57%	51.40%

City of Norfolk, Virginia
Debt Capacity Information
Schedule 5
Revenue Bonds Debt Service Coverage
Water Utility Fund
Last Ten Fiscal Years

Fiscal Year				Debt Service			Coverage
	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Income Available for Debt Service	Principal	Interest	Total	
2011	\$ 83,737,444	\$ 37,068,753	\$ 46,668,691	\$ 9,875,000	\$ 16,527,844	\$ 26,402,844	1.77
2012	81,295,219	34,667,524	46,627,695	11,285,000	11,184,363	22,469,363	2.08
2013	80,091,220	34,810,702	45,280,518	7,000,000	14,700,777	21,700,777	2.09
2014	82,078,002	34,466,877	47,611,125	7,250,000	15,630,219	22,880,219	2.08
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	96,751,921	36,444,887	60,307,034	13,830,000	15,044,375	28,874,375	2.09

Notes:

1. Includes operating revenue, plus interest income not capitalized.
2. Includes operating expenses, less depreciation/amortization and payment in lieu of taxes (PILOT).

City of Norfolk, Virginia
Debt Capacity Information
Schedule 6
Revenue Bonds Debt Service Coverage
Wastewater Utility Fund
Last Ten Fiscal Years

Fiscal Year				Debt Service			
	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Income Available for Debt Service	Principal	Interest	Total	Coverage
2011	\$ 24,856,689	\$ 11,375,370	\$ 13,481,319	\$ 850,000	\$ -	\$ 850,000	15.86
2012	25,695,602	10,860,728	14,834,874	1,225,000	-	1,225,000	12.11
2013	25,898,789	11,541,897	14,356,892	1,725,000	-	1,725,000	8.32
2014	27,409,238	10,767,704	16,641,534	1,957,500	-	1,957,500	8.50
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

Notes:

1. Includes operating revenue, plus interest income not capitalized.
2. Includes operating expenses, less depreciation/amortization and payment in lieu of taxes (PILOT).

City of Norfolk, Virginia
Debt Capacity
Schedule 7
Ratio of Annual Debt Service Expenditures for General Bonded Debt and Other Debt
Last Ten Years
to Total General Expenditures

Fiscal Year	Principal on Serial Bonds	Redemption of Other Long-term Debt	Interest on Serial Bonds	Interest on Other Debt	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2011	\$ 49,650,794	\$ -	\$ 28,802,303	\$ -	\$ 78,453,097	\$ 577,669,780	13.58%
2012	55,716,041	-	26,525,905	-	82,241,946	590,849,686	13.92%
2013	50,558,810	-	27,668,004	-	78,226,814	594,180,698	13.17%
2014	48,400,297	-	28,682,414	-	77,082,711	588,506,007	13.10%
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%

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.

City of Norfolk, Virginia
Demographic and Economic Information
Schedule 1
Population Statistics
Last Ten Calendar Years

Year	Population	Personal Income (000's)	Per Capita Personal Income	Civilian Labor Force Estimates	% Unemployed
2010	242,803	\$ 8,380,127	\$ 34,501	112,449	8.8%
2011	243,985	8,608,415	35,342	112,932	8.3%
2012	245,803	8,928,833	36,308	112,848	7.6%
2013	246,392	8,842,338	36,066	112,742	7.0%
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%

Notes:

1. Population from the Weldon Cooper Center for Public Service, University of Virginia and U.S. Census Bureau. Population data was not available for 2020
2. Personal income and per capita personal income estimates from U.S. Bureau of Economic Analysis. Data not available for 2020.
3. Unemployment rate and civilian labor force from the U.S. Bureau of Labor Statistics.
4. All information on an average annual calendar year.

City of Norfolk, Virginia
Demographic and Economic Information
Schedule 2
Ten Largest Employers in Norfolk
Current Year and Nine Years Ago

Employer	Rank	
	2011	2020
U.S. Department of Defense	1	1
Sentara Healthcare	3	2
Norfolk City School Board	2	3
City of Norfolk	4	4
Old Dominion University, Norfolk	5	5
Children's Hospital of the King's Daughters	6	6
Sentara Health Management		7
Eastern Virginia Medical School	8	8
Anthem		9
Norfolk State University	9	10
Norshipco	7	
Portfolio Recovery Associates	10	
Total Employment	90,948	140,487

Notes:

1. The source of the City's top ten employers is the Virginia Employment Commission.
2. The data for 2020 is the quarter ended December 2019, as that is the most current data available.
3. The source of the City's total employment is the Bureau of Labor Statistics, 1st Quarter 2011 and 1st Quarter 2020.
4. Each of the top 10 employers has 1,000+ employees. The actual number of employees for each employer was not available.

City of Norfolk, Virginia
Demographic and Economic Information
Schedule 3
New Construction and Property Values

Fiscal Year	Residential Construction			Non-Residential Construction	
	Building Permits	Number of Units	Estimated Value (in thousands)	Building Permits	Estimated Value (in thousands)
2011	221	479	\$ 37,298	27	\$ 40,073
2012	268	371	39,360	26	116,401
2013	384	822	63,728	28	105,635
2014	432	1,393	93,072	33	37,575
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

Notes:

1. The source of residential and nonresidential construction is the City's Department of Planning and Community Development.
2. Non-residential construction includes commercial buildings, public buildings, schools, public utility buildings and miscellaneous structures.

City of Norfolk, Virginia
Demographic and Economic Information
Schedule 4
Annual Employment Average by Industry
(in thousands)

	Calendar Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Goods-Producing Industries:										
Construction	4.7	4.4	4.1	3.8	3.8	4.2	4.1	4.6	4.5	4.2
Manufacturing	6.8	6.5	6.8	6.7	6.1	6.3	6.0	6.1	6.7	7.1
Service-Providing Industries:										
Wholesale trade	4.1	3.9	3.7	3.5	3.5	3.5	3.5	3.3	2.1	2.0
Retail trade	12.8	12.9	12.6	12.8	12.7	12.7	12.7	12.8	12.3	11.7
Transportation and warehousing	8.8	8.8	9.0	8.8	8.8	8.8	8.6	8.6	8.2	8.7
Information	2.7	2.5	2.9	2.9	2.8	2.9	3.0	2.9	2.4	2.3
Finance and insurance	5.4	5.5	5.3	5.3	5.6	5.2	5.3	5.1	5.2	5.3
Real estate and rental and leasing	2.6	2.6	2.5	2.7	2.6	2.6	2.5	2.6	2.4	2.4
Professional and technical services	11.6	11.5	11.0	11.4	11.0	10.5	10.4	10.7	10.9	11.2
Management of companies and enterprises	2.1	2.0	2.0	1.9	1.8	1.7	1.6	1.6	1.8	1.7
Administrative, support and waste services	6.6	7.4	6.8	7.6	7.7	7.7	7.3	8.3	9.3	8.9
Educational services	16.1	15.9	16.0	16.1	15.9	15.6	15.4	15.0	19.1	18.9
Healthcare and social assistance	21.0	21.9	22.4	22.4	21.8	22.0	22.8	23.1	21.8	20.0
Arts, entertainment and recreation	2.2	2.3	2.3	2.3	2.3	2.2	2.3	2.3	1.9	1.9
Accommodation and food services	10.3	10.9	10.9	10.6	10.5	10.9	11.2	11.5	11.3	11.7
Public administration	13.9	14.2	14.4	12.7	12.4	18.0	18.4	18.2	18.3	18.4
Other services	3.8	4.0	4.1	4.2	4.3	4.1	4.2	4.5	4.5	4.6
Total (adjusted for rounding)	136.3	138.0	137.8	136.4	134.4	139.7	140.2	141.9	142.7	141.0

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 2010 - 2019 as calendar year. Calendar year data not available for 2020.

City of Norfolk, Virginia
Operating Information
Schedule 1
Full-Time Equivalent (FTE) Positions by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	492	501	461	425	473	450	453	441	442	447
Judicial administration	12	10	13	12	10	10	10	10	11	12
Public safety										
Police	891	879	828	837	823	838	874	843	843	792
Fire	510	517	507	504	489	489	504	482	482	483
Other	90	90	77	76	76	74	70	65	65	61
Public works	431	427	395	388	369	383	387	379	379	274
Health and public assistance	532	534	709	697	697	715	710	686	686	642
Culture and recreational	512	501	459	456	429	442	446	455	455	434
Community development	137	142	94	96	103	128	132	131	131	130
Business-type activities:										
Water utility	289	289	266	273	265	262	259	258	258	250
Wastewater utility	103	104	99	99	95	94	92	91	91	90
Parking facilities	85	85	85	76	63	58	53	54	54	50
Storm Water utility ⁽²⁾	-	-	-	-	-	-	-	-	-	91
Total full-time equivalent positions	4,084	4,079	3,993	3,937	3,892	3,941	3,990	3,895	3,895	3,756

Note:

1. Data obtained from the City's Human Resources Information System.
2. In Fiscal Year 2020, Storm Water transitioned to a proprietary fund. Employees in this fund were previously reported in Public Works.

City of Norfolk, Virginia
Operating Information
Schedule 2
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Service calls	241,282	251,099	245,620	259,938	240,459	241,530	235,763	247,070	239,755	234,468
Arrests	27,930	29,080	27,073	25,850	21,404	19,364	17,938	19,382	19,499	17,276
Reports filed	30,507	28,649	28,035	26,060	26,039	27,322	27,287	24,168	23,286	23,082
Fire:										
Incidences (fires, EMS)	40,641	45,350	44,370	43,713	44,699	46,670	47,232	45,039	44,817	45,042
Highways and Streets:										
Streets resurfacing (miles)	67	139	53	76	26	41	78	77	74	72
Sanitation:										
Total solid waste collected and disposed (tons)	84,162	89,106	83,297	79,382	80,128	84,162	87,851	81,974	86,568	87,770
Water Utilities:										
Water delivered to water mains (gallons in thousands)	22,810,560	22,039,690	21,532,680	21,147,530	21,530,000	21,349,210	21,920,310	21,498,500	21,364,650	20,642,560
Total water consumption (gallons in thousands)	21,155,000	20,360,972	20,109,000	20,241,312	20,054,780	19,282,870	19,649,330	19,548,271	19,178,839	18,930,786
Percent of unmetered water	7.25%	7.62%	6.62%	4.29%	6.85%	9.68%	10.36%	9.07%	10.23%	8.29%
Average daily delivery (gallons in thousands)	62,494	60,217	58,994	57,938	59,000	58,320	60,060	59,900	59,890	56,400
Maximum daily pumpage (gallons in thousands)	80,200	76,310	74,640	74,890	88,970	67,610	72,220	81,000	69,940	69,400
Minimum daily pumpage (gallons in thousands)	52,350	50,070	49,890	48,030	51,110	51,010	48,120	50,000	49,790	48,630

City of Norfolk, Virginia
Operating Information
Schedule 3
Capital Assets and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety:										
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Fire										
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	8	8	8	8	7	8	8	8	8	8
Elementary (Pre K - 8)	35	34	33	33	33	33	33	33	33	33
Other educational facilities	5	6	6	6	7	10	10	10	10	10
Libraries	11	11	11	11	11	11	11	12	12	12
Public Recreation:										
Parks:										
Acreage	587	587	587	587	587	630	630	630	630	633
Regional parks	2	2	2	2	2	2	2	2	2	2
Neighborhood parks	71	71	71	71	71	72	72	72	72	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	101	101	102	105	106	106	106	106	106	106
Hiking trails (miles)	2	2	2	2	2	5	5	5	5	5
Recreation:										
Acreage	957	957	957	957	957	981	981	981	977	977
Recreational and senior centers	30	30	30	30	30	30	30	30	29	29
Swimming pools	6	6	6	6	6	6	6	6	6	5
Tennis courts	148	142	142	142	142	142	142	142	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	203	201	201	201	201	201	201	201	199	199
Municipal beaches	3	3	3	3	3	3	3	3	3	3
Municipal golf courses	3	3	3	3	2	2	2	2	2	2
Public Services:										
Transportation and Engineering:										
Streets (lane miles)	2,188	2,189	2,174	2,175	2,166	2,195	2,213	2,220	2,250	1,719
Sidewalks (miles)	968	968	968	887	887	902	902	906	909	895
Bridges	50	50	50	50	52	52	53	53	53	53
Signalized intersections	304	305	304	311	312	312	313	315	315	315
Street lights	31,277	31,132	31,138	31,138	31,269	31,289	32,081	32,121	32,786	34,286
Utilities:										
Water customer accounts	64,289	64,440	64,654	64,856	65,687	65,426	65,673	65,984	66,151	66,964
Miles of water main in the system	838	824	826	828	828	821	822	821	822	823
Capital assets (in '000)										
Water fund	\$ 448,407	\$ 470,466	\$ 480,999	\$ 487,577	\$ 503,659	\$ 533,746	\$ 561,297	\$ 566,863	\$ 570,315	\$ 575,825
Wastewater fund	198,842	214,308	229,891	238,931	249,210	261,039	266,307	272,992	280,035	290,103
Total utilities assets (in '000)	\$ 647,249	\$ 684,774	\$ 710,890	\$ 726,508	\$ 752,869	\$ 794,785	\$ 827,604	\$ 839,855	\$ 850,350	\$ 865,928
Convention Center:										
Meeting rooms	8	8	8	8	8	8	58	58	58	58
Meeting/ballroom space/exhibit (square feet)	68,130	68,130	68,130	68,130	68,130	68,130	118,879	118,879	118,879	129,379
Parking Facilities:										
Parking lots/garages	25	24	24	24	24	25	27	27	27	26
Parking meters	584	756	738	752	676	643	643	643	643	659
Storm Water Management:										
Miles of storm sewers	357	357	366	386	386	404	385	385	385	399

**City of Norfolk, Virginia
Operating Information
Schedule 4
Water System Statistics
As of June 30, 2020**

Average Metered Consumption (million gallons per day)

Fiscal Year	Norfolk Retail	Virginia Beach	U.S. Navy	Chesapeake	Total
2011	17.4	33.7	4.3	2.2	57.6
2012	17.1	32.4	4.0	2.3	55.8
2013	16.8	32.2	4.0	2.5	55.5
2014	16.7	31.8	4.3	2.3	55.1
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

Retail Customers' Average Annual Costs - Norfolk Retail

Fiscal Year	Revenue	Volume (Mgal¹)	Average Cost (\$/Mgal¹)
2011	\$ 34,472,000	6,362,000	\$ 5.42
2012	33,537,000	6,241,000	5.37
2013	33,813,000	6,134,000	5.51
2014	34,920,000	6,092,000	5.73
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

Wholesale Customers' Average Annual Costs - Virginia Beach

Fiscal Year	Revenue	Volume (Mgal¹)	Average Cost (\$/Mgal¹)
2011	\$ 28,703,000	12,307,800	\$ 2.33
2012	25,519,000	11,826,000	2.16
2013	22,643,000	11,739,000	1.93
2014	23,188,000	11,614,000	1.99
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

**Wholesale Customers' Average Annual Costs -
U.S. Navy, including Norfolk and Virginia Beach Facilities**

Fiscal Year	Revenue	Volume (Mgal¹)	Average Cost (\$/Mgal¹)
2011	\$ 8,837,000	1,562,000	\$ 5.66
2012	8,534,000	1,460,000	5.85
2013	8,768,000	1,444,000	6.07
2014	9,927,000	1,571,000	6.32
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	11,835,924	1,524,000	7.77

Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Revenue	Volume (Mgal¹)	Average Cost (\$/Mgal¹)
2011	\$ 4,299,000	803,000	\$ 5.35
2012	4,691,000	840,000	5.58
2013	5,099,000	897,500	5.68
2014	4,912,000	835,300	5.88
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

Raw Water Consumption (million gallons per day)

Fiscal Year	WTWA	Virginia Beach	Chesapeake	Total
2011	4.20	-	7.13	11.33
2012	5.40	-	7.21	12.61
2013	5.40	-	7.23	12.63
2014	5.65	-	7.11	12.76
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

Wholesale Customers' Average Annual Costs - WTWA

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
2011	\$ 1,762,950	1,533,000	\$ 1.15
2012	2,306,070	1,971,000	1.17
2013	2,384,910	1,971,000	1.21
2014	2,536,568	2,062,250	1.23
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

Wholesale Customers' Average Annual Costs - Virginia Beach

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
2011	\$ -	-	\$ -
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	2,371,100	1,825,000	1.31
2020	4,941,000	3,650,000	1.35

Wholesale Customers' Average Annual Costs - Chesapeake

Fiscal Year	Revenue	Volume (Mgal ¹)	Average Cost
2011	\$ 2,989,952	2,602,450	1.15
2012	3,090,236	2,631,650	1.17
2013	3,202,788	2,638,950	1.21
2014	3,191,564	2,595,150	1.23
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

⁽¹⁾ "Mgal" means 1,000 gallons

Additional Information:

1) Water Utility Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget.

July 1, 2018 - June 30, 2019

July 1, 2019 - June 30, 2020

2) Water Utility Fund Financial Statements are contained in the financial section "Enterprise Funds" of each respective year's Comprehensive Annual 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 Comprehensive Annual Financial Report.

City of Norfolk, Virginia
Operating Information
Schedule 5
Wastewater System Statistics
As of June 30, 2020

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	242,234	citizens
Total wastewater pumping stations	141	pump stations
Miles of gravity wastewater mains	682	miles
Miles of wastewater force mains	54	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. Kristen M. Lentz, P.E. is the Director of Utilities and Robert Carteris is the Assistant Director of Utilities. 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 2006, Fiscal Year wastewater rates increase annually by 4.0% and produces the following rates:

Fiscal Year	Retail Rate
2019	\$4.30 per 100 cubic feet
2020	\$4.47 per 100 cubic feet
Thereafter	4.0% annual increases each July 1

Largest Users

Rank	Entity	Usage (CCF)
1	Norfolk Redevelopment and Housing Authority	472,493
2	BAE Systems	135,110
3	Old Dominion University	135,056
4	Sentara Norfolk General	121,273
5	Norfolk State University	79,317

Operating Income

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020
Total Operating Revenues	\$ 30,315,078	\$ 31,309,706	\$ 31,817,215
Total Operating Expenses	18,039,472	18,280,874	19,190,658
Total Operating Income	\$ 12,275,606	\$ 13,028,832	\$ 12,626,557

**City of Norfolk, Virginia
Operating Information
Schedule 6
Parking System Statistics
As of June 30, 2020**

Short-term Parking Rates at all City-Owned Facilities, Except the MacArthur Center Garages

Time	Hourly Rates	Time	Hourly Rates
0 to 1 Hour	\$1.50	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	\$4.50	Special Event Rate/Collect-On-Entry	\$5.00
3 to 4 Hours	\$6.00		
4 to 5 Hours	\$7.50		
5 to 6 Hours	\$9.00		
6 to 7 Hours	\$10.50		
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	Saturday & Sunday
\$1.00 for first hour - third hour	\$1.00 for entry prior to 6 PM
\$2.00 for each additional hour until 6 PM	\$2.00 for entry after 6 PM
\$2.00 for entry after 6 PM	
Maximum of \$10.00 per 24-hour period	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 per vehicle. The MacArthur Center Garages special event fee is \$2.00 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, and all streets east of Boush Street including Boush Street	\$0.45 per 15 minutes
Tier 2	All remaining downtown areas with meters	\$0.35 per 15 minutes
Education Lot	Corner of St. Paul's Boulevard and City Hall Avenue	\$0.50 per 30 minutes
Spotswood Lot	Located off Colley Avenue, between Brandon and Spotswood Avenue	\$0.50 per half hour; \$2.00 maximum four-hour limit
ODU Village	161 meters located on 41 st , 43 rd , 45 th , 46 th , 47 th Street and Monarch Way	\$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 \$130.00 for reserved spaces in the core downtown. Nightly monthly parking rates vary from \$20.00 per month to \$43.00 per month.

Parking Fines

Parking Violation	Fine Schedule	Parking Violation	Fine Schedule
Overtime Parking - Meter	\$25.00	No Parking - This Side	\$30.00
Overtime Parking - Time Zone	40.00	No Stopping Zone	40.00
Overtime Parking - Meter Feeding	30.00	Restricted City Lot	35.00
No Parking	40.00	Handicapped Parking	255.00
No Parking - Fire Hydrant	75.00	Taxi Stand	40.00
No Parking - Cross Walk	40.00	Blocking Driveway	35.00
No Parking - Loading Zone	35.00	Overnight Parking	30.00
No Parking - Here to Corner	35.00	Parking off of Roadway	40.00
No Parking - Facing Wrong Way	30.00	Blocking Fire Lane	105.00
No Parking - Bus Stop	40.00		
No Parking - Street Cleaning	45.00		

Parking Fines

Fiscal Year	Parking Tickets Issued	Revenue	Collection Rate
2011	62,731	\$ 2,062,060	82%
2012	58,928	2,169,813	87%
2013	56,751	1,822,693	85%
2014	57,409	2,382,072	100%
2015	46,593	2,292,227	94%
2016	41,850	2,153,328	87%
2017	39,542	1,956,999	82%
2018	36,990	2,089,907	87%
2019	35,582	1,481,645	76%
2020	29,142	1,207,960	73%

Additional Information

1) Parking Facilities Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget.
July 1, 2018 - June 30, 2019
July 1, 2019 - June 30, 2020

2) Parking Facilities Fund Financial Statements are contained in the financial section "Enterprise Funds" of each respective year's Comprehensive Annual Financial Report.



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 Members
School Board of the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Norfolk, Virginia (the Board), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the 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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 determination of financial statement amounts. 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 over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
December 16, 2020