

2022



Annual Comprehensive Financial Report

School Board of the City of Norfolk

(A Component Unit of the City of Norfolk, Virginia)
Fiscal Year Ended June 30, 2022

School Board of the City of Norfolk

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

Fiscal Year Ended June 30, 2022

Prepared by:

Division of Business and Finance - Accounting Department

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SCHOOL BOARD OF THE CITY OF NORFOLK
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION

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School Board of the City of Norfolk

Mr. Carlos Clanton*
Chair, Ward 3

Dr. Noëlle M. Gabriel
Vice Chair, Superward 6

Ms. Tanya K. Bhasin
Member, Ward 2

Ms. Lauren D. Campsen
Member, Ward 5

Mr. Rodney A Jordan
Member, Superward 7

Dr. Adale M. Martin*
Member, Ward 1

Dr. Leon Rouson*
Member, Ward 4

Dr. Sharon I. Byrdsong
Superintendent

*Effective January 11, 2023, Dr. Adale M. Martin was elected Chair and Ms. Tiffany Moore-Buffaloe replaced Dr. Leon Rouson as the Member, Ward 4.

Members of Norfolk City Council

Dr. Kenneth Cooper Alexander
Mayor

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

Ms. Courtney R. 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. Danica J. Royster
Super Ward 7

*Effective January 1, 2023, Mr. John E. “JP” Paige replaced Mr. Paul R. Riddick for Ward 5.



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 Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'Will Sutter'.

William A. Sutter
President

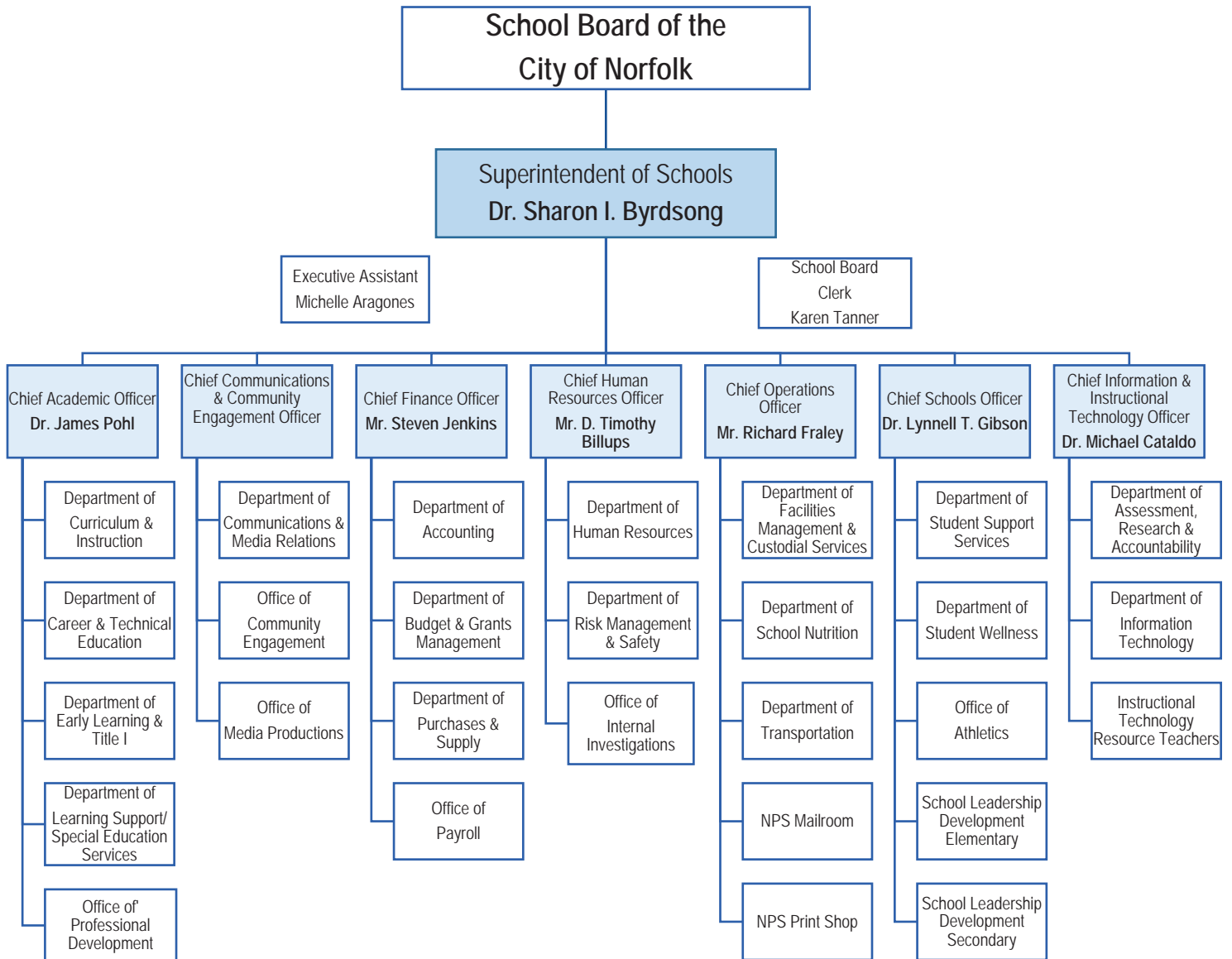
A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Organization Chart

Division Level Leadership

Fiscal Year 2021-2022





Mission

Ensure that all students maximize their academic potential, develop skills for lifelong learning and become successful contributors 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 2024)
- 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)

Five Goals for Achieving Equity and Excellence for All ... Drive for Five!

- Work to improve students' academic performance and will work to integrate social-emotional learning into daily instruction
- Attract and retain highly qualified, effective teachers to teach our students
- Improve our aging infrastructure so that our students are educated in school buildings that are worthy of them
- Be more purposeful and strategic in developing and sustaining effective partnerships with our families and other community stakeholders
- Be more intentional in our efforts to foster a division-wide culture of caring



During the last several months, the School Board and school administration have developed a strategic plan that focuses on equity and excellence for all. The plan has five goals:

1. Create authentic and culturally relevant learning experiences so that each student will be a creative, collaborative, civic-minded, critical thinker with effective communication skills.
2. Attract, develop, and retain a highly effective workforce.
3. Ensure equitable allocation of human, fiscal, and material resources in support of equity and excellence for all.
4. Establish, strengthen, and sustain community partnerships to support students' engagement, success, and opportunities.
5. Cultivate a safe, caring, and welcoming environment whereby the physical and social emotional needs of each student and member of the NPS workforce are valued.



January 17, 2023

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 Annual Comprehensive Financial Report (ACFR) 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, 2022. 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. 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 management discussion and analysis (MD&A) that follows the report of the independent auditors.

The independent public accounting firm of CliftonLarsonAllen (CLA), LLP 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, 2022, 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 and adopts annual budgets for the general fund, grants fund, capital projects fund and child nutrition fund. 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 27,480 students in 2022 and provided a full range of educational services appropriate for students from pre-kindergarten through grade 12, including regular and enriched academic education, early childhood education, special education for children with disabilities, career and technical education, and programs for English Learners. These programs are supplemented by a wide variety of offerings in fine arts and athletics. For financial reporting purposes, the School Board is considered a component unit of the City of Norfolk.

ECONOMIC OUTLOOK



Norfolk, Virginia is a city of approximately 238,000 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 boards and commissions, as well as city representatives to regional and other boards and authorities. For additional information, go to www.norfolk.gov.

The public school district is comprised of 32 elementary or combined schools, 6 middle schools, 5 high schools, and 5 auxiliary schools. The auxiliary schools provide adult, pre-school, career and technical education, and alternative settings. The average ages of elementary, middle and high school buildings are 50, 45, and 36 respectively. Enrollment declined by nearly 2,900 students in the past five years and is projected to decline further in the future. Salaries for classroom teachers ranged from \$47,200 for a new teacher with a bachelor's degree to \$90,362 for the most experienced classroom teachers with advanced degrees.

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 as required by the Constitution of Virginia. As a fiscally dependent school division, NPS does not levy taxes or issue debt; funds are appropriated to NPS by 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 the fiscal year 2022, the Commonwealth of Virginia funded 48.3% and the City of Norfolk funded 30.1% percent of the operating budget for the School Board. The remaining 21.6% is funded through the federal government (21.1%) and other (0.5%) sources. Long-term financial planning includes a multi-year forecast based on certain revenue and expenditure assumptions.

The school administration 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 appears to be recovering from effects of the COVID-19 pandemic. The school administration believes economic recovery will lead to additional funding from the Commonwealth and the City of Norfolk over the next biennium. However, the school administration maintains a position of fiscal restraint with respect to revenue projections and spending trends.

MAJOR PRIORITIES

The division's priorities, as noted within the Norfolk City School Board Accountability Plan 2020-2024, are as follows:

- Increase the percentage of schools earning full accreditation (100% fully accredited by 2024)
- 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)

Looking forward, the School Board's recently adopted strategic plan focuses on equity and excellence for all in five domains: students, workforce, resource allocation, community engagement, and safety and climate.

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. Once City Council approves the annual budget, the School Board revises its annual budget to agree with Council's approval. The Superintendent is authorized to expend and commit 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 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 receive 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. The report indicates NPS had sufficient resources to cover current expenditures and it relies on tax resources to fund its primary activities (K-12 instruction).

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 2022-23 reflects modest growth. Providing quality instruction during a pandemic while increasing student achievement and teacher performance will require very strategic resource allocation.

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 CliftonLarsonAllen, LLP, an independent audit firm, has been included in this report.

Single Audit Act

The School Board participates in the annual single audit as part of the City of Norfolk to comply with provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Uniform Guidance. Information related to the single audit, including the schedule of expenditure of federal awards, the independent auditors' report on internal control and compliance with applicable laws regulations, contracts and grants, and a schedule of findings and questioned costs, if any, will be included in the forth-coming Single Audit Report of the City of Norfolk.

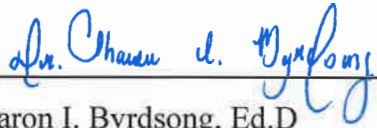
AWARDS

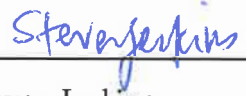
The School Board has received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting Program (COE) for excellence in the preparation and issuance of the financial statements for fiscal year ended 2021.


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 general community of the School Board. We would also like to thank the staff of the Division of Business and Finance, in particular the accounting office staff, 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


Liesl R. DeVary
Senior Director of Accounting

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Members
School Board of the City of Norfolk, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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), a component unit of the City of Norfolk, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board, as of June 30, 2022, 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.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the Board adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Correction of an Error

As discussed in Note 7 to the financial statements, the Board corrected a prior year financial statement error and restated beginning Fiduciary net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

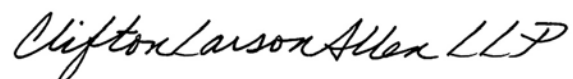
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2023 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 Board's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Arlington, Virginia
January 17, 2023

**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, 2022**

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, 2022. The intent of management's discussion and analysis is to look at the School Board's financial performance. Readers should 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.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- On the government-wide financial statements:
 - Total net position improved by approximately \$47 million from a net deficit of \$326.8 million at June 30, 2021, to a net deficit of \$279.8 million. The reduction in the deficit is primarily related to employee pensions and Other Post-Employment Benefits.
 - Total revenues increased from \$399.7 million during FY 2021 to \$447.4 million for the year ended June 30, 2022, an increase of approximately \$47.7 million or 11.9%.
 - Total expenses increased by \$14.6 million on the Statement of Net Activities from \$385.8 million in fiscal year 2021 to \$400.4 million in fiscal year 2022, or 3.8%. Much of the increase was in pupil transportation, school facilities and food services.

**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, 2022**

- On the fund financial statements:
 - In the General Fund, the ending fund balance decreased \$5.7 million from \$45.2 million at June 30, 2021, to \$39.5 million at June 30, 2022. While revenues exceeded expenditures by \$10.9 million, the fund balance decreased largely due to a transfer of \$17.7 million to the capital projects funds during FY 2022.
 - In the General Fund, total encumbrances were \$7.2 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.

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 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 Interest on Long Term Debt.

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, 2022

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 interest on long term debt. Intergovernmental revenues, interest, and investment earnings finance most of these activities. Additionally, all capital and long-term liabilities are reported here.

Statement of Net Position
(Thousands of dollars)

	Governmental Activities			
	2022	2021	Difference	% Change
Assets and Deferred Outflows of Resources:				
Current assets	\$ 118,618	\$ 107,094	\$ 11,524	10.8%
Capital assets, net	9,947	10,602	(655)	-6.2%
Total Assets	\$ 128,565	\$ 117,696	10,869	9.2%
Deferred outflows of resources	84,109	104,172	(20,063)	-19.3%
Total Assets and Deferred Outflows	212,674	221,868	(9,194)	-4.1%
Liabilities and Deferred Inflows of Resources:				
Current	56,510	60,343	(3,833)	-6.4%
Non-current	270,010	428,359	(158,349)	-37.0%
Total liabilities	\$ 326,520	\$ 488,702	\$ (162,182)	-33.2%
Deferred inflows of resources	166,015	60,012	106,003	176.6%
Total Liabilities and Deferred Inflows	492,535	548,714	(56,179)	-10.2%
Net Position:				
Invested in capital assets	\$ 9,140	\$ 10,602	\$ (1,462)	-13.8%
Restricted	10,755	7,319	3,436	46.9%
Unrestricted (deficit)	(299,755)	(344,768)	45,013	-13.1%
Total net position (deficit)	\$ (279,860)	\$ (326,847)	\$ 46,987	-14.4%

- **Total assets and deferred outflows of resources** decreased 4.1% due primarily to changes in the deferred outflows of resources related to pension and OPEB liability. Deferred outflows of resources are a combination of contributions made after the measurement date (end of fiscal year 2021) and changes in actuarial assumptions for pension and other post-employment benefits.

**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, 2022**

- **Total liabilities and deferred inflows of resources** decreased \$56.2 million or 10.2% from the prior fiscal year. Non-current liabilities are due in more than one year and comprise compensated absences, workers' compensation, general claims, lease liability, net pension liabilities and net Other Post-Employment Benefits (OPEB) liability for the School Board. Current liabilities are due within a year. Current liabilities decreased \$3.8 million from \$60.3 million in 2021 to \$56.5 million at June 30, 2022. This decrease was due to a reduction in payables and payroll liabilities. Non-current liabilities totaled \$428.4 million in fiscal year 2021 and \$270 million in fiscal year 2022. The decrease was primarily due to a \$160.2 million decrease in the estimated net pension liability.
- **Total net position** increased \$47 million when compared to the prior fiscal year, primarily due to positive investment experience related to pensions. As of June 30, 2022, there is a net deficit of \$279.9 million.
- **Investments in capital assets** decreased from \$10.6 million in 2021 to \$9.1 million in 2022 due to asset retirements and capitalized leases.
- **Restricted assets** are those held in the Grants, Child Nutrition Funds, and Pension Asset. These assets increased from \$7.3 million in 2021 to \$10.76 million in 2022. The increase is largely attributable to favorable investment experience in the pension fund.

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, 2022

Statement of Net Activities
(Thousands of dollars)

	Governmental Activities			
	2022	2021	Difference	% Change
Revenues:				
Program Revenues:				
Charges for services	\$ 1,281	\$ 2,125	\$ (844)	-39.7%
Operating grants and contributions	266,661	231,433	35,228	15.2%
Capital grants and contributions	4,632	4,965	(333)	-6.7%
Total Program Revenues	272,574	238,523	34,051	14.3%
General Revenues:				
Local government	129,622	120,973	8,649	7.1%
Commonwealth of Virginia	42,835	38,758	4,077	10.5%
Use of money, property and other	2,377	1,455	922	63.4%
Total General Revenues	174,834	161,186	13,648	8.5%
Total Revenues	447,408	399,709	47,699	11.9%
Expenses:				
Instruction	279,558	277,321	2,237	0.8%
Administration, Attendance and Health	20,658	22,666	(2,008)	-8.9%
Pupil Transportation	13,462	9,293	4,169	44.9%
Operation and Maintenance	38,343	36,118	2,225	6.2%
Information Technology	19,915	21,906	(1,991)	-9.1%
School Facilities	9,946	5,934	4,012	67.6%
Food Services	18,524	12,550	5,974	47.6%
Interest on Long Term Debt	16	-	16	N/A
Total Expenses	400,422	385,788	14,634	3.8%
Increase (decrease) in Net Position	46,986	13,921	33,065	237.5%
Net Position - beginning	(326,846)	(340,767)	13,921	-4.1%
Net Position (deficit) - ending	\$ (279,860)	\$ (326,846)	\$ 46,986	-14.4%

- **Total revenues** increased \$47.7 million. This increase is mainly due to higher inflows in revenue from operating grants and contributions and increased contributions from the City of Norfolk.
- **Total expenses** increased \$14.6 million from \$385.8 million in fiscal year 2021 to \$400.4 million in fiscal year 2022, or 3.8%. The largest part of the increase was for pupil transportation and food service. Spending on school facilities (capital) rose by \$5.9 million or 67.6%. The district resumed in-person instruction in FY 2022 resulting in increased expenses.

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, 2022

Capital and Right-of-Use Assets

At June 30, 2022, the School Board had an investment of \$9.9 million in a broad range of capital assets (net of accumulated depreciation and amortization), including land, mobile classrooms, equipment and vehicles, intangible assets and right-of-use assets (leases). This amount represents a net decrease of \$1.5 million or -13.2% between fiscal year 2021 and 2022.

Governmental Activities (Thousands of Dollars)				
	2022	2021	Difference	% Change
Capital assets, not being depreciated				
Land	\$ 488	\$ 488	\$ -	0.0%
Capital assets, being depreciated and amortized				
Mobile Classrooms	5,316	5,316	0	0.0%
Equipment and Vehicles	37,747	39,017	(1,270)	-3.3%
Intangible Assets	1,323	1,323	-	0.0%
Right-of-Use assets				
Land and Building	851	851	-	N/A
Total capital assets, being depreciated	45,237	46,507	(1,270)	-2.7%
Less: Accumulated Depreciation and Amortization	(35,779)	(35,542)	(237)	0.7%
Total Capital and Right-of-Use Assets, Net	\$ 9,946	\$ 11,453	\$ (1,507)	-13.2%

The \$9.9 million in total capital assets, net of accumulated depreciation and amortization 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.

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

Long Term Obligations

As of June 30, 2022, the School Board had \$278.2 million in long-term obligations compared to \$437.7 million at June 30, 2021. This \$159.5 million decrease is primarily a result of positive investment experience related to pensions and Other Post-Employment Benefits (OPEB). Long-term obligations are comprised of compensated absences, workers' compensation, claims liability, leases, net pension liability and total OPEB liability. Approximately \$8.2 million in long-term obligations is due within one year (see Exhibit I).

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, 2022

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.

Long Term Obligations
(Thousands of dollars)

	2022	2021	Difference	% Change
Long-Term Obligations:				
Compensated Absences	\$ 9,720	\$ 10,304	\$ (584)	-5.7%
Worker's Compensation	3,685	3,449	236	6.8%
Claims Liability	172	179	(7)	-3.9%
Leases	807	851	(44)	-5.2%
Net Pension Liability	160,586	320,825	(160,239)	-49.9%
Other Post Employment Benefits:				
Retiree Healthcare	62,640	55,878	6,762	12.1%
VRS OPEB GLI Trust	11,546	16,592	(5,046)	-30.4%
VRS OPEB HIC Trust	29,007	29,588	(581)	-2.0%
Total Long-Term Obligations	<u>\$ 278,163</u>	<u>\$ 437,666</u>	<u>\$ (159,503)</u>	<u>-36.4%</u>

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

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.

**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, 2022**

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 funds. However, the grants fund and capital project fund are mostly project-based funds with budgets that span several fiscal years. Budgetary comparison schedules have been provided within the Required Supplementary Information Section for the General Fund and Child Nutrition Fund to demonstrate compliance with the annual budget. General Fund budgetary highlights for the 2022 fiscal year include:

- General Fund Revenue was \$5.9 million less than budgeted. The amount budgeted from the City of Norfolk reflects a decrease of \$4.1 million. This difference equates to the amount of real estate taxes collected by the city designated for debt service related to school capital projects. The City transfers this amount to the City's Debt Service Fund. The remaining \$1 million variance in the budget is a combination of increased funds received from local and federal sources offset by a decrease in projected state revenue. The original budget was amended to reflect a transfer from the general fund to the capital projects fund in the amount of \$17.7 million to further the district's priority of maintaining and refurbishing equipment and facilities.
- General Fund Expenditures were \$18.9 million less than budgeted. \$8.8 million of the reduction is attributed to a combination of unfilled budgeted positions and normal attrition in the area of Instruction, \$4.1 for debt service as mentioned above, \$1.1 million for school facilities and \$4.9 million of net savings in all other programs. The original budget was amended to reflect a transfer from the general fund to the capital projects fund in the amount of \$17.7 million to further the districts priority of maintaining and refurbishing equipment and facilities. Other adjustments from the original budget were to support changes in expenses throughout the fiscal year.

As of June 30, 2022, the School Board's governmental funds reported combined fund balances of \$70.3 million, an increase of approximately \$15.1 million from the ending fund balance in FY21. The components are as follows:

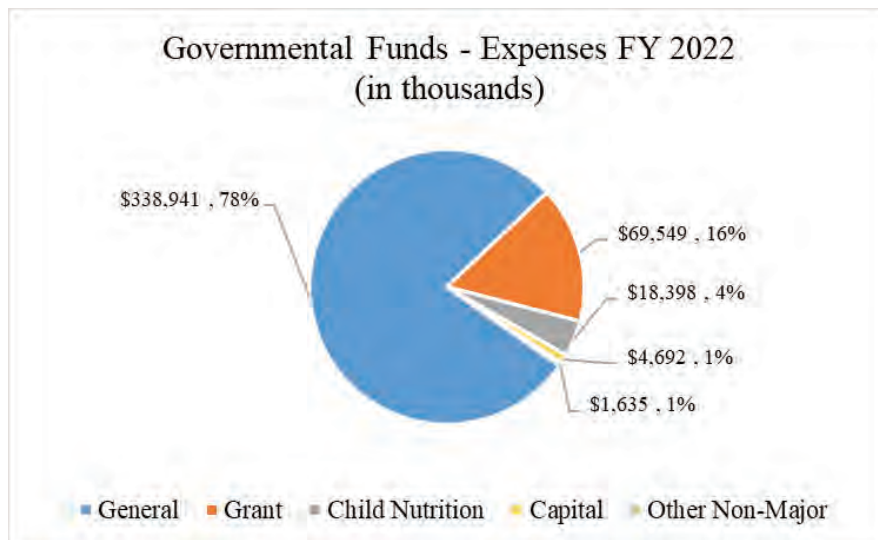
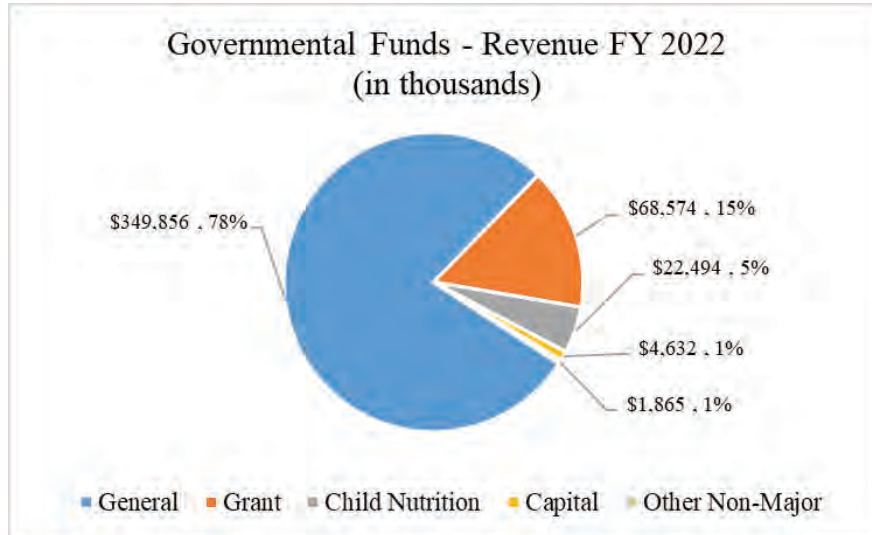
- \$1.7 million, not in spendable form
- \$7.5 million, restricted for particular purposes

**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, 2022**

- \$22 million committed for particular purposes
- \$7.2 million assigned for particular purposes
- \$31.8 million, unassigned and available for discretionary use

The basic governmental fund financial statements are presented in Exhibits III and IV of this report. Below is an illustration of the proportional share of governmental funds revenues and expenses.



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, 2022

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, 2022, the total fund balance of the General Fund was \$39.5 million.

General Fund Revenues

Revenues for the General fund totaled \$349.9 million for fiscal year 2022, which was nearly \$16 million or 4.8% greater than the revenues received in fiscal year 2021. 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)

	2022 Amount	2022 Percent of Total	2021 Amount	2021 Percent of Total	\$ Increase (Decrease) From 2021	% Increase (Decrease) From 2021
Local Government	\$ 129,622	37.1%	\$ 120,973	36.2%	\$ 8,649	7.1%
Commonwealth of Virginia	210,820	60.3%	206,167	61.8%	4,653	2.3%
Federal Government	8,235	2.4%	4,253	1.3%	3,982	93.6%
Other Revenues	1,179	0.2%	2,480	0.7%	(1,301)	-52.5%
Total	<u>\$ 349,856</u>	<u>100.0%</u>	<u>\$ 333,873</u>	<u>100.0%</u>	<u>\$ 15,983</u>	<u>4.8%</u>

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. The increase was due to various CARES ACT funds and from Local Government.

General Fund Expenditures

General Fund expenditures were \$338.9 million for fiscal year 2022, an increase of \$19.1 million from expenditures of \$319.8 million in fiscal year 2021 or 6% higher in 2022. 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.

**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, 2022**

General Fund Expenditures
(Thousands of dollars)

	2022 Amount	2022 Percent of Total	2021 Amount	2021 Percent of Total	\$ Increase (Decrease) From 2021	% Increase (Decrease) From 2021
Instruction	\$ 254,178	75.0%	\$ 243,979	76.3%	\$ 10,199	4.2%
Support Services						
Administration, Attendance and Health	19,430	5. %	18,497	5.8%	933	5.0%
Pupil Transportation	12,996	3.8%	9,335	2.9%	3,661	39.2%
Operation and Maintenance	38,561	11.4%	34,175	10.7%	4,386	12.8%
Information Technology	13,275	3.9%	12,035	3.8%	1,240	10.3%
School Facilities	441	0.1%	1,735	0.5%	(1,294)	-74.6%
Food Services	-	0.0%	0.84	0.0%	(1)	-100.0%
Debt Service	61	0.0%	-	0.0%	61	N/A
Subtotal - Support Services	84,764	25.0%	75,778	23.7%	8,986	11.9%
Total - Instruction and Support Services	\$ 338,942	100.0%	\$ 319,757	100.0%	\$ 19,185	6.0%

Grant Funds

Norfolk Public Schools received revenue from approximately 47 grants of approximately \$68.6 million. The funds represented 15.0% of the overall funding for the School Board in 2022, 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 93% or \$63.7 million in grants related revenue for the year. The Commonwealth of Virginia provided 6% or \$4.3 million while private donors provided 1% or \$0.5 million of the resources received. Grant funds were dedicated to primarily to instruction.

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 2022, it made up 1% of the overall governmental funds received during the fiscal year.

The capital funds are used for the infrastructure of the schools and auxiliaries. In fiscal year 2022, the Capital Projects Fund expended \$4.6 million through the implementation of 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, 2022**

Child Nutrition Funds

The Child Nutrition Fund addresses nutritional activities for students. Total funds received during FY 2022 was \$22.5 million, including \$22.3 million from the federal government, \$0.15 million came from the state and \$0.05 million came from charges for service. The district returned to in-person instruction for the entire year in FY 2022.

Other Non-Major Funds

Other non-major funds include the Textbook Fund, School Activity Funds and the Central School of Nursing. The School Board established the Textbook Fund during FY 2021 with \$1.28 million transferred over from the General Fund. The School Activity Funds consist primarily of student clubs and restricted donations for the individual schools. The Central School of Nursing is a program that prepares graduates for a career in practical nursing and charges tuition to attend.

Revenue for Other Non-Major Funds increased by \$1.2 million to \$1.9 million in FY 2022. The increase was in the area of Student Activity Funds since the district returned to in-person instruction in FY 2022. Expenses increased from \$795,000 in FY 2021 to \$1.6 million in FY 2022 also resulting from a return to in-person instruction.

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 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. Fiduciary funds do not involve the measurement of results of operations, as they are custodial in nature (*assets equal liabilities*).

A majority of the fiduciary funds are held for the Governor's School for the Arts and the Southeastern Cooperative Educational Programs. The Statement of Fiduciary Net Position is presented in Exhibit V of this report.

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 VI – Fiduciary Statement of Changes in Net Position 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, 2022**

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the School Board's 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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 2022, the School Board adopted a balanced budget for fiscal year 2023 that reflected appropriations of \$383.3 million for the General Fund, or an increase of \$28.4 million from the original fiscal year 2022 General Fund budget of \$354.9 million.

Underlying assumptions for the FY 2022 budget are noted below.

Revenue assumptions included:

- State revenue projections are based on the Commonwealth biennial budget adopted during the 2022 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 2022, the composite index for Norfolk was 0.3059 meaning that the locality was responsible for 30.59% of the basic education program. Starting in July 2022, the composite index for Norfolk increased to 0.3064 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.
- 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. The amount of FIA is expected to remain constant.

**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, 2022**

- Estimated local revenues received from tuition, fees, building rental and interest income is estimated using historical data and is subject to fluctuate.

Expenditure priorities included:

- Competitive compensation
- Employee recruitment and retention
- Additional resources for schools/students
 - Instructional support and learning recovery
 - Social-emotional well-being of students
 - Early childhood development
 - Special education
- Technology infrastructure and instructional supports
- Safety and security
- Building maintenance and repairs

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 Liesl R. DeVary, 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 Annual Comprehensive Financial Report (ACFR) and other financial information.

BASIC FINANCIAL STATEMENTS

Exhibit I

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	\$ 63,249,844
Accounts receivable, net	1,622,454
Due from primary government	1,349,040
Due from the Federal government	27,690,116
Due from the Commonwealth of Virginia	23,050,187
Inventories	1,656,484
Total current assets	<u>118,618,125</u>
Non-current Assets:	
Capital and Right-of-Use Assets (Note 2):	
Land	487,500
Capital and Right-of-Use Assets net of accumulated depreciation and amortization	<u>9,459,271</u>
Total capital assets, net	<u>9,946,771</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions (Note 6)	62,976,545
Deferred outflows related to OPEB (Note 6)	<u>21,133,101</u>
Total deferred outflows of resources	<u>84,109,646</u>
Total assets and deferred outflows of resources	<u><u>\$ 212,674,542</u></u>
LIABILITIES	
Current Liabilities:	
Vouchers payable	\$ 12,004,835
Retainage payable	159,930
Accrued Payroll and Employee Withholding	28,149,458
Due to Fiduciary Fund	6,897,438
Unearned revenue	247,419
Other payables	897,401
Long-term liabilities - current portion (Note 2)	<u>8,153,307</u>
Total current liabilities	<u>\$ 56,509,788</u>

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Statement of Net Position
June 30, 2022

	Governmental Activities
LIABILITIES, continued	
Non-current Liabilities:	
Net pension liability (Notes 2 and 6)	\$ 160,586,303
Other Post Employment Benefits	103,193,187
Other long-term liabilities (Note 2)	<u>6,230,276</u>
Total non-current liabilities	<u>270,009,766</u>
 Deferred Inflows of Resources	
Deferred inflows related to pensions (Note 6)	144,017,051
Deferred inflows related to OPEB (Note 6)	<u>21,998,410</u>
Total deferred inflows of resources	<u>166,015,461</u>
 Total liabilities and deferred inflows of resources	 <u><u>\$ 492,535,015</u></u>
 NET POSITION	
Invested in capital assets	\$ 9,140,024
Restricted for:	
Grants	40,238
Child Nutrition	7,431,795
Pension Asset	3,283,183
Unrestricted (deficit)	<u>(299,755,713)</u>
 Total net position (deficit)	 <u><u>\$ (279,860,473)</u></u>

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

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, 2022

					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	\$ 279,557,731	\$ 1,235,578	\$ 244,260,190	\$ -	\$ (34,061,963)
Administration, Attendance, and Health	20,658,375	-	-	-	(20,658,375)
Pupil Transportation	13,461,573	-	-	-	(13,461,573)
Operation and Maintenance	38,342,736	-	-	-	(38,342,736)
Information Technology	19,914,952	-	-	-	(19,914,952)
School Facilities	9,946,386	-	-	4,631,636	(5,314,750)
Food Services	18,524,091	45,300	22,401,175	-	3,922,384
Interest on Long Term Debt	16,174				(16,174)
Total	<u>\$ 400,422,018</u>	<u>\$ 1,280,878</u>	<u>\$ 266,661,365</u>	<u>\$ 4,631,636</u>	<u>\$ (127,848,139)</u>
Unrestricted Intergovernmental Revenues:					
Local government					\$ 129,622,172
Commonwealth of Virginia					42,835,233
Unrestricted Revenues:					
Use of money and property					356,875
Other					2,019,911
Total					<u>\$ 174,834,191</u>
Change in net position					\$ 46,986,052
Net position-beginning					(326,846,525)
Net position-ending					<u>\$ (279,860,473)</u>

The accompanying notes are an integral part of 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, 2022

	General Fund	Grants Fund	Capital Projects Fund	Child Nutrition Fund	Other Non-Major Fund	Total Governmental Funds
ASSETS						
Cash and investments	\$ 50,434,611	\$ -	\$ -	\$ 11,343,493	\$ 1,471,740	\$ 63,249,844
Accounts receivable, net	209,406	1,321,659	-	91,389	-	1,622,454
Due from other funds	27,610,890	-	18,819,150	-	1,454,830	47,884,870
Due from the primary government		-	1,349,040	-	-	1,349,040
Due from the Federal government	2,065,397	24,417,181	-	1,207,538	-	27,690,116
Due from the Commonwealth	20,640,301	2,409,886	-	-	-	23,050,187
Inventories	541,279	-	-	1,115,205	-	1,656,484
Total assets	\$ 101,501,884	\$ 28,148,726	\$ 20,168,190	\$ 13,757,625	\$ 2,926,570	\$ 166,502,995
LIABILITIES						
Vouchers payable	\$ 8,289,929	\$ 2,527,981	\$ 781,415	\$ 405,510		\$ 12,004,835
Contract retainage	-	-	159,930	-	-	159,930
Accrued payroll & Employee Withholding	26,171,624	1,638,080	-	339,754	-	28,149,458
Due to Fiduciary Funds	6,897,438	-	-	-	-	6,897,438
Due to other funds	20,273,979	23,145,530		4,465,361	-	47,884,870
Unearned revenue	-	247,419	-	-	-	247,419
Other payables	347,923	549,478	-	-	-	897,401
Interest payable	-	-	-	-	-	-
Total liabilities	\$ 61,980,893	\$ 28,108,488	\$ 941,345	\$ 5,210,625	\$ -	\$ 96,241,351
FUND BALANCES						
Nonspendable (Inventories)	\$ 541,279	\$ -	\$ -	\$ 1,115,205	\$ -	\$ 1,656,484
Restricted funds		40,238		7,431,795		7,472,033
Committed funds		-		-		-
School Facilities			19,226,845			19,226,845
Textbook Fund					1,280,720	1,280,720
Student Activity Funds					1,471,740	1,471,740
School of Nursing					174,110	174,110
Assigned to:						-
Instruction	2,222,652	-	-	-	-	2,222,652
Administration, Attendance and Health	662,852	-	-	-	-	662,852
Pupil Transportation	718,301	-	-	-	-	718,301
Operation and Maintenance	1,481,074	-	-	-	-	1,481,074
Information Technology	1,772,393	-	-	-	-	1,772,393
School Facilities	300,003	-	-	-	-	300,003
Unassigned (deficit):	31,822,437	-	-	-	-	31,822,437
Total fund balances	\$ 39,520,991	\$ 40,238	\$ 19,226,845	\$ 8,547,000	\$ 2,926,570	\$ 70,261,644
Total liabilities and fund balances	\$ 101,501,884	\$ 28,148,726	\$ 20,168,190	\$ 13,757,625	\$ 2,926,570	\$ 166,502,995

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

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, 2022

Fund balances - total governmental funds	\$ 70,261,644
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Amounts reported for governmental activities in the Statement of Net Position
is different because:

Capital and right-of-use assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,946,771
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Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows of resources related to pensions	62,976,545
Deferred outflows of resources related to OPEB	21,133,101
Deferred inflows of resources related to pensions	(144,017,051)
Deferred inflows of resources related to OPEB	(21,998,410)

Long-term obligations, are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	(9,720,342)
Workers Compensation	(3,684,687)
Claims Liability	(171,807)
Leases Payable	(806,747)
Net Pension Liability	(160,586,303)
Other Post Employment Benefits Liability	(103,193,187)
Net Position of Governmental Activities (Deficit)	\$ (279,860,473)

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

Exhibit IV

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, 2022

	General Fund	Grants Fund	Capital Projects Fund	Child Nutrition Fund	Other Non-Major Fund	Total Governmental Funds
REVENUES						
Use of money and property	\$ 309,293	\$ -	\$ -	\$ 47,582	\$ -	\$ 356,875
Charges for services	826,208	-	-	45,300	409,370	1,280,878
Other	43,711	533,676	-	-	1,456,047	2,033,434
Intergovernmental:						-
Local government	129,622,172		4,631,636	-	-	134,253,808
Commonwealth of Virginia	210,820,102	4,305,116	-	150,247	-	215,275,465
Federal government	8,234,836	63,735,369	-	22,250,928	-	94,221,133
Total revenues	\$ 349,856,322	\$ 68,574,161	\$ 4,631,636	\$ 22,494,057	\$ 1,865,417	\$ 447,421,593
EXPENDITURES						
Current operating:						
Instruction	\$ 254,178,341	\$ 52,617,908	\$ -	\$ -	\$ 1,635,489	\$ 308,431,738
Administration, attendance and health	19,429,923	3,131,051	-	-	-	22,560,974
Pupil transportation	12,995,931	167,490	-	-	-	13,163,421
Operation and maintenance	38,561,131	1,142,289	-	-	-	39,703,420
Information technology	13,274,912	7,157,313	-	-	-	20,432,225
School facilities	440,773	4,700,272	-	-	-	5,141,045
Food services		632,526	-	18,397,921	-	19,030,447
Debt service:						
Principal	44,546					44,546
Interest and other charges	16,174					16,174
Capital outlays	-		4,692,402	-	-	4,692,402
Total expenditures	\$ 338,941,731	\$ 69,548,849	\$ 4,692,402	\$ 18,397,921	\$ 1,635,489	\$ 433,216,392
Excess (deficiency) of revenues over (under) expenditures	\$ 10,914,591	\$ (974,688)	\$ (60,766)	\$ 4,096,136	\$ 229,928	\$ 14,205,201
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 250,000	\$ -	\$ 17,700,000	\$ -	\$ -	\$ 17,950,000
Transfers out	(17,700,000)	-		(250,000)	-	(17,950,000)
Other - Leasing	851,293					851,293
Total other financing sources and uses	\$ (16,598,707)	\$ -	\$ 17,700,000	\$ (250,000)	\$ -	\$ 851,293
Net change in fund balances	\$ (5,684,116)	\$ (974,688)	\$ 17,639,234	\$ 3,846,136	\$ 229,928	\$ 15,056,494
Fund balances - beginning	\$ 45,205,107	\$ 1,014,926	\$ 1,587,611	\$ 4,700,864	\$ 2,696,642	\$ 55,205,150
Fund balances -ending	\$ 39,520,991	\$ 40,238	\$ 19,226,845	\$ 8,547,000	\$ 2,926,570	\$ 70,261,644

The accompanying notes are an integral part of 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, 2022

Net change in fund balances - total governmental funds	\$ 14,205,201
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 and amortization expense to allocate those expenditures over the life of the assets.	
Capital and right-of-use assets	\$ 1,395,795
Loss on disposal of asset	(13,523)
Depreciation and amortization expense	<u>(2,037,601)</u> (655,329)
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 in governmental funds.	
Changes in Compensated Absences	583,654
Changes in Workers Compensation Claims	(235,727)
Changes in Claims Liability	7,243
Changes in Lease Liability	44,546
Changes in OPEB Liabilities and related deferred outflows and inflows of resources	39,000,349
Changes in Pension Liability and related deferred outflows and inflows of resources	(5,963,885)
Change in Net Position of Governmental Activities	<u><u>\$ 46,986,052</u></u>

The accompanying notes are an integral part of 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 Net Position
June 30, 2022**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash equivalent	\$ 11,231,213
Receivables	
Due from General Fund	\$ 6,897,438
Other	359,946
Total Receivables	<u>7,257,384</u>
Total Assets	<u><u>\$ 18,488,597</u></u>
LIABILITIES	
Accounts payable and other liabilities	<u>2,953,501</u>
Total Liabilities	<u>2,953,501</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and	
Other governments	<u><u>\$ 15,535,096</u></u>

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

Exhibit VI

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Fiduciary Statement of Changes in Net Position
June 30, 2022**

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Miscellaneous	\$ 53,811,244
Total Additions	<u>53,811,244</u>
DEDUCTIONS	
Payments on behalf of other governments	<u>53,107,348</u>
Total Deductions	<u>53,107,348</u>
Net Increase in fiduciary net position	703,896
NET POSITION	
Net Position Beginning of Year - Restated (See Note 7)	<u>\$ 14,831,200</u>
Net Position End of Year	<u><u>\$ 15,535,096</u></u>

The accompanying notes are an integral part of 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, 2022**

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 Annual Comprehensive Financial Report (ACFR). 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 allocates indirect expenses to grants and fiduciary funds. The operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants.

**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, 2022**

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 (custodial). 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 2022.

GOVERNMENTAL FUNDS

Governmental Funds are those through which most functions of the school district 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 2022, Child Nutrition met the requirements of a major fund under the guidelines of the Governmental Accounting Standards Board.

Other Non-Major Funds – Other non-major funds include the Textbook Fund, School Activity Funds, and the Central School of Nursing. The Textbook Fund was established during FY 2021 and \$1.28 million was transferred into it from the General Fund.

**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, 2022**

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 Student Activity Funds are established to direct and account for monies used to support co-curricular and extracurricular student activities at the school level.

The Central School of Nursing is an interactive learning environment whereby knowledge, skills and attitudes can best be developed through the correlation of theory and practice. The program prepares graduates for a career in practical nursing and charges tuition to attend.

FIDUCIARY FUNDS

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School Board as an agent for individuals, private organizations, and other governmental units. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Fiduciary Funds of the School Board are funds held for other 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 district 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 custodial funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both

**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, 2022**

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 Board; therefore, revenues are recognized based upon the expenditures incurred.

Revenues are considered available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. Sales taxes, which are collected by the state and subsequently remitted to the School Board, are recognized as revenues and receivables upon collection by the state, which is generally within two months preceding receipt by the School Board. 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 Board.

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

**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, 2022**

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 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

Two pension plans are maintained on behalf of NPS employees. For teachers and most administrative employees, NPS participates in the statewide teacher retirement plan that is administered by the Virginia Retirement System (VRS). NPS also maintains a separate plan for employees not covered by the teacher retirement plan that is also administered by VRS. The following aspects of employee pensions are reported on the same basis as they were reported to the Virginia Retirement System (VRS): (1) Net pension liability, (2) deferred outflows and inflows of resources, (3) pension expense, (4) fiduciary net position, and (5) changes in net fiduciary position.

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)

NPS provides three OPEB programs that are available to eligible former employees; a Health Insurance Credit Program (HICP), a Group Life Insurance Program (GLI) and a Retiree Healthcare Program.

The Health Insurance Credit and Group Life Insurance Programs are multiple-employer, cost-sharing plan administered by Virginia Retirement System (VRS). Both programs 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 and other eligible retired employees. 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

**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, 2022**

when due and payable in accordance with the benefit terms. Investments are reported at fair value. 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.

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

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School Board has two items that qualify for reporting in this category. It is the deferred amounts related to pension and OPEB that are reported in the government-wide statement of net position. The deferred amounts related to pension and OPEB related differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements the School Board reports deferred amounts related to pension and OPEB.

H. 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, 2022, the carrying amount of cash deposits for the School Board was \$74.5 million, including \$11.2 million held in custodial 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”).

**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, 2022**

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 is 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, 2022, the School Board investment account had a balance of \$0.

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.

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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 2022.

The School Board receives a significant amount of funds from the Commonwealth of Virginia and the Federal Government. The funds received from the Commonwealth are normally distributed equally throughout the year, however, there are times that funding may be either changed or delayed at fiscal yearend resulting in a large amount due from the Commonwealth. For the fiscal year ending June 30, 2022, there was over \$20 million owed by the Commonwealth for amounts pertaining to the fiscal year. These funds were received by the School Board within 60 days of end of year.

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 \$766,122. Total inventory of food and related materials on hand at June 30, 2022, was \$890,362 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 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 \$41,056 at June 30, 2022. The district also held \$764,597 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:

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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.

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.

LEASES

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-of-use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-of-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The School Board adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption. Further information is available in note 2D.

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

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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 2E.

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, and leases net of amortization expense.

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.

Restricted

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

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Committed

The committed fund balance classification includes amounts, if applicable, that can only be used for the specific purposes determined by a formal action of the School Board (Student Activity Funds, Textbook Fund, and School of Nursing) and/or City of Norfolk (Capital Project Funds).

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.

I. Encumbrances

Encumbrances outstanding do not constitute expenditures until expended or accrued as liabilities except in statements presented on the budgetary basis. At June 30, 2022, the School Board had issued purchase orders encumbering expendable funds as follows:

General Fund	\$7,157,275
Child Nutrition Fund	1,127,133
Capital Projects Fund	2,757,208
Grants Funds	15,775,555

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, 2022, is as follows:

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Major Funds	Due From (Receivable)	Due to (Payable)
General Fund	\$ 27,610,890	\$20,273,979
Grants Fund	-	23,145,530
Capital Projects Fund	18,819,150	-
Child Nutrition Fund	-	4,465,361
Other Non-Major Fund	1,454,830	-
Totals	<u>\$ 47,884,870</u>	<u>\$ 47,884,870</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. Inter-fund receivables and payables are created as a result. The interfund balances are expected to be paid within one year.

B. Interfund Transfers

The composition of interfund transfers for the year ended Jun 30, 2022, is as follows:

	Transfers in:		
	General Fund	Capital Projects Fund	Total
Transfers out:			
General Fund	\$ -	\$ 17,700,000	\$ 17,700,000
Child Nutrition Fund	250,000		250,000
Total	<u>\$ 250,000</u>	<u>\$ 17,700,000</u>	<u>\$ 17,950,000</u>

A transfer of \$17,700,000 from the General Fund to the Capital Projects Fund was made to further one of the district's priorities to maintain and refurbish equipment and facilities. The funds represent excess revenues over expenses from FY 2021 which were treated as reversion funds from the City of Norfolk.

A transfer of \$250,000 from the Child Nutrition Fund to the General Fund is a budgeted transfer representing reimbursement to the General Fund in support of indirect costs associated with the Child Nutrition Fund.

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C. Capital and Right-of-Use Assets

Changes in Capital Assets	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated				
Land	\$ 487,500	\$ -	\$ -	\$ 487,500
Capital assets, being depreciated and amortized				
Mobile Classrooms	5,316,406	-	-	5,316,406
Equipment and Vehicles	39,016,755	544,502	(1,814,257)	37,747,000
Intangible assets	1,323,387	-	-	1,323,387
Right-of-Use Assets				
Land and Building	851,293	-	-	851,293
Total capital assets, being depreciated	46,507,841	544,502	(1,814,257)	45,238,086
Less accumulated depreciation for:				
Mobile Classrooms	4,903,784	56,905	-	4,960,689
Equipment & Vehicles	29,314,778	1,929,045	(1,800,734)	29,443,089
Intangible assets	1,323,386	-	-	1,323,386
Less - Accumulated Amortization				
Land and Building	-	51,651		51,651
Total accumulated depreciation and amortization	35,541,948	2,037,601	(1,800,734)	35,778,815
Total capital assets being depreciated and amortized, net	10,965,893	(1,493,099)	(13,523)	9,459,271
Total capital assets, net	\$ 11,453,393	\$ (1,493,099)	\$ (13,523)	\$ 9,946,771

Depreciation and amortization expense by function for the year ending June 30, 2022 follows:

Instruction	\$ 233,554
Administration, Attendance and Health	49,841
Pupil Transportation	1,057,309
Operation and Maintenance	26,597
Information Technology	428,877
School Facilities	112,939
Food Services	128,484
Total	<u>\$ 2,037,601</u>

D. Leases

The School Board leases certain operating facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2045 and provide for renewal options in five-year increments.

A summary of the School Board's long-term leases are as follows:

Land and building improvements are leased from the United States Navy for the Camp Allen Elementary School. The lease has a fixed annual installment in the amount of \$30,000 and is set to expire in 2045.

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In April 2021, the School Board entered into a lease agreement with Cox Communications for an equipment colocation agreement. The lease has fixed monthly installments of \$2,560 for five years. The lease is renewable for an additional five years.

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

	Principal	Interest	Total
2023	\$45,392	\$15,328	\$60,720
2024	46,254	14,466	60,720
2025	47,133	13,587	60,720
2026	48,029	12,691	60,720
2027	48,941	11,779	60,720
2028 - 2032	228,291	91,882	320,173
2033 - Thereafter	342,707	135,197	477,904
Total minimum lease payments	<u>\$806,747</u>	<u>\$294,930</u>	<u>\$1,101,677</u>

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

Governmental Activities:

Land and building improvements	\$851,293
Less accumulated amortization	<u>(51,651)</u>
	<u>\$799,642</u>

E. Long-Term Obligations

Long-term obligations are reported on the government-wide statement of net position. 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, 2022, is as follows:

Long-Term Obligations	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Compensated absences	\$ 10,303,996	\$ 13,226,898	\$ (13,810,552)	\$ 9,720,342	\$ 7,290,257
Worker's compensation claims	3,448,960	1,245,676	(1,009,949)	3,684,687	718,828
Other claims liability	179,050	75,143	(82,386)	171,807	98,830
Leases	851,293		(44,546)	806,747	45,392
Net pension liability	320,824,685		(160,238,382)	160,586,303	-
Other post employment benefits:					
Retiree healthcare	55,877,982	11,986,642	(5,224,933)	62,639,691	-
Group life insurance (VRS)	16,591,575	3,926,179	(8,971,314)	11,546,440	-
Health insurance credit (VRS)	29,587,954	5,698,197	(6,279,095)	29,007,056	-
Total Long-Term Obligations	<u>\$ 437,665,495</u>	<u>\$ 36,158,735</u>	<u>\$ (195,661,157)</u>	<u>\$ 278,163,073</u>	<u>\$ 8,153,307</u>

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Note 3. Contingencies

A. Litigation

The School Board, as of June 30, 2022, 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 as of June 30, 2022.

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 \$5.03 million to SECEP during the fiscal year ended June 30, 2022. The School Board is the fiscal agent for SECEP, and the assets held for SECEP are included in Fiduciary 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

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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 \$236,000 to the Governor's School during the fiscal year ended June 30, 2022. The School Board is the fiscal agent for Governor's School and the assets held for the Governor's School are included in Fiduciary 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, self-insurance claims, and related expense payments made during fiscal year 2022 was \$2.2 million. Settlements paid over the past three years have not exceeded insurance coverage paid during that time. There have been no significant reductions in insurance coverage from the prior fiscal year.

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.

As of June 30, 2022, 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, 2022, and June 30, 2021:

	Workers'	Claims	Total
	Compensation	Liability	Liability
Balance, July 1, 2021	\$ 3,448,960	\$ 179,050	\$ 3,628,010
Claims and related charges	1,245,676	75,143	1,320,819
Employer payments	(1,009,949)	(82,386)	(1,092,335)
Balance, June 30, 2022	\$ 3,684,687	\$ 171,807	\$ 3,856,494

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	Workers'		Claims		Total
	Compensation		Liability		Liability
Balance, July 1, 2020	\$ 3,528,676	\$	358,269	\$	3,886,945
Claims and related charges	601,652		8,880		610,532
Employer payments	(681,368)		(188,099)		(869,467)
Balance, June 30, 2021	\$ 3,448,960	\$	179,050	\$	3,628,010

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 \$40.5 million in premiums to the fund in the fiscal year ended June 30, 2022. For active employees that consisted of \$36.1 million in employer contributions and \$4.4 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.

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 teachers and 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-professionals).

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,

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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 annual comprehensive 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.

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 contribution rates for the fiscal year ended June 30, 2022, was 16.62% of the annual covered employee compensation (excluding 5% employee contribution). In accordance with §51.1-145 of the *Code of Virginia* (1950), as amended, contributions were funded based on actuarial report 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. The School Board's contributions to the VRS Teacher Retirement Plan for the last three years were:

<u>Years ended</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
	\$ 31.26 million	\$ 32.08 million	\$ 29.07 million

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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, 2022, the School Board reported a net pension liability of \$163.9 million for its proportionate share of the net pension liability. The total pension liability was based on an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board's proportion was 2.426% as compared to 2.451% at June 30, 2020.

For the year ended June 30, 2021, the School Board's share of pension expense was a negative \$5.37 million. Since there was a change in proportionate share between June 30, 2020, and June 30, 2021, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. At June 30, 2022, 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
Changes In assumptions	\$ 28,709,500	
Differences between expected and actual experience		\$ 13,957,453
Differences between projected and actual investment earnings on pension plan investments		103,266,168
Changes in proportionate share		14,676,494
Contributions subsequent to measurement date	31,262,584	
Totals	<u>\$ 59,972,084</u>	<u>\$ 131,900,115</u>

Contributions subsequent to the measurement date (deferred outflows of \$31.27 million) will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Excluding contributions subsequent to the measurement date, there were net deferred inflows of resources of \$103.2 million at June 30, 2022. 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:

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Year ended June 30:

2023	\$	(27,557,433)
2024		(22,638,155)
2025		(23,237,915)
2026		(29,781,822)
2027		24,810
Total	\$	<u>(103,190,515)</u>

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial method	Entry age
Inflation	2.5%
Salary increases	3.5 – 5.95% *
Investment rate of return	6.75%, net of pension plan investment expenses *
* <i>Including inflation</i>	

Mortality rates were based on the following:

Pre-retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Post-retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

Post-disablement:

Pub-2010 Amount Weighted Teachers Disability Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020, valuation was based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.

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Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Long Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected	Weighted Average Long-Term
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi -Asset Public Strategies	6.00%	3.29%	0.20%
PIP- Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

** The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a*

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range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

**On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.*

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, 2021, 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, 2021 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%)	\$ 316.26 million
Net Pension Liability – Current discount rate (6.75%)	\$ 163.87 million
Net Pension Liability – 1.0% increase (7.75%)	\$ 38.51 million

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's fiduciary net position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report. A copy of the 2022 VRS Annual Comprehensive Financial Report may be downloaded from the VRS website at <https://www.varetire.org/> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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Payables to the Pension Plan

As of June 30, 2022, the School Board had no outstanding amounts payable to the teacher retirement plan as of the fiscal year then ended.

B. VRS Retirement Plan for Political Subdivisions

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 political subdivision plan covers employees working in maintenance, custodial, nutritional, and transportation services.

Employees Covered by Benefit Terms

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

Active members	636
Retirees and beneficiaries elsewhere	90
Inactive members or beneficiaries currently receiving benefits	515
Inactive members: Vested	64
Nonvested	298
Working for another VRS employer	<u>101</u>
Total members	<u><u>1,704</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.

The School Board's contractually required contribution rate for the fiscal year ended June 30, 2021, increased slightly to 6.89% 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, 2019. 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 were as follows:

<u>Years ended</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
	\$1,164,717	\$1,178,041	\$1,212,412

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Net Pension Liability

The School Board's total pension liability was based on an actuarial valuation as of June 30, 2020. 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, 2021. The net liability (asset) for the political subdivision plan was (\$3.28) million and is included on the Statement of Net Position as a non-current liability.

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, 2020	\$ 96,508,425	\$ 84,687,078	\$ 11,821,347
Changes for year:			
Service cost	1,500,286		1,500,286
Interest	6,307,770		6,307,770
Changes in assumptions	3,099,843		3,099,843
Difference between expected and actual experience	(1,570,273)		(1,570,273)
Contributions - employer	-	1,077,199	(1,077,199)
Contributions - employee	-	794,589	(794,589)
Net investment income	-	22,627,071	(22,627,071)
Benefit payment (including employee refunds)	(6,119,959)	(6,119,959)	-
Administrative expenses	-	(58,816)	58,816
Other changes	-	2,113	(2,113)
Net Changes	3,217,667	18,322,197	(15,104,530)
Balances at June 30, 2021	\$ 99,726,092	\$ 103,009,275	\$ (3,283,183)

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%)	\$ 8.23 million
Net Pension Liability (Asset) – Current discount rate (6.75%)	(\$3.28 million)
Net Pension Liability (Asset) – 1.0% increase (7.75%)	(\$12.96 million)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes In assumptions	\$ 1,839,744	
Differences between expected and actual experience		\$ 960,237
Differences between projected and actual investment earnings on pension plan investments		11,156,699
Changes in proportionate share		-
Contributions subsequent to measurement date	1,164,717	
Totals	<u>\$ 3,004,461</u>	<u>\$ 12,116,936</u>

Included in deferred outflows of resources are \$1,164,717 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, 2023. The net deferred inflow of resources excluding contributions subsequent to measurement date at June 30, 2021, was \$10,277,192. 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:

2023	\$ (2,014,907)
2024	(2,255,310)
2025	(2,595,777)
2026	<u>(3,411,198)</u>
Total	<u>\$ (10,277,192)</u>

Total Pension Expense

As of June 30, 2022, NPS recognized a negative total pension expense of (\$1.01) million for the political subdivision plan.

Payables to the Pension Plan

At June 30, 2022, the School Board had no outstanding amounts payable to the political subdivision retirement plan.

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Other Required Disclosures

Other disclosures for the VRS political subdivision retirement program are identical to those for the VRS teacher retirement plan. See the following disclosures on pages 60 through 62 that also apply to the political subdivision plan: (1) actuarial assumptions, (2) long-term expected rate of return, and (3) discount rate.

Summary of VRS Pension Plans at June 30, 2022

	Teacher's Plan	Subdivision Plan	Total
Net Pension Liability (asset)	\$ 163,869,486	\$ (3,283,183)	\$ 160,586,303
Deferred Outflows of Resources	59,972,084	3,004,461	62,976,545
Deferred Inflows of Resources	131,900,115	12,116,936	144,017,051
Pension Expense (revenue)	(5,374,075)	(1,012,563)	(6,386,638)

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, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percent open

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Remaining amortization period	30 years rolling
Asset valuation method	Not Applicable
Actuarial assumptions:	
Discount rate	2.16%
Rate of salary increases	3.50%
Rate of medical inflation	6.75% grading down to 3% over 15 years

In determining the annual required contribution (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.

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, 2021, was 2.16%. The discount rate used to measure the total OPEB liability as of July 1, 2020, was 2.21%. 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, 2021, and 2020 measurement dates is equal to the yield on the Bond Buyer GO 20-Bond Municipal Bond Index as of June 24, 2021 and June 25, 2020 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.

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Balance July 1, 2020	\$ 55,877,982
Changes during year:	
Service costs	\$ 4,412,775
Changes of benefits	6,316,408
Interest costs	1,257,459
Differences between expected and actual experience	(2,835,101)
Changes in assumptions	(29,571)
Benefits payments	(2,360,257)
Net changes	<u>6,761,713</u>
Balance June 30, 2021	<u>\$ 62,639,695</u>

During the measurement year, the TOL increased approximately \$6.76 million. This was the result of changes in assumptions and the differences between the expected and actual experience.

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 2.16%. 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 (1.16%)	\$ 69.34 million
Total OPEB Liability – Current discount rate (2.16%)	\$ 62.64 million
Total OPEB Liability – 1.0% increase (3.16%)	\$ 56.92 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	\$ 54.39 million
Total OPEB Liability – Current health trend	\$ 62.64 million
Total OPEB Liability – 1.0% increase in health trend	\$ 72.77 million

A one percent decrease in the healthcare trends decreases the TOL by 13% while a one percent increase in the healthcare trends increases the TOL by 16%.

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

For the year ended June 30, 2022, the School Board recognized OPEB related expense of \$10.3 million. At June 30, 2022, 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
Changes In assumptions	\$ 9,257,011	\$ 3,786,782
Differences between expected and actual experience		9,545,689
Differences between projected and actual investment earnings on pension plan investments	1,554,604	
Contributions subsequent to measurement date	2,404,662	
Totals	<u>\$ 13,216,277</u>	<u>\$ 13,332,471</u>

Amortization of Deferred Outflows and Inflows of Resources:

Year ended June 30:

2023	\$ (1,674,460)
2024	(1,674,452)
2025	289,915
2026	28,061
2027	510,080
Total	<u>\$ (2,520,856)</u>

Calculation of OPEB Expenses for Measurement Year Ended June 30, 2021

Change in OPEB Liability	\$ 6,761,713
Change in deferred outflows	2,406,112
Changes in deferred inflows	(1,215,900)
Employer contributions	2,360,257
OPEB expense	<u>\$ 10,312,182</u>
OPEB expense - percent of annual payroll	5.39%

Participation Data as of July 1, 2021

Active employees	3,394
Active employees – fully eligible	912
Average age 47.3 years	
Average service	11.6 years
Average salary	\$48,653

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Pre-65 Retirees	129
Average age	61.8 years
Pre-65 Spouses	10
Average age	60.6 years
Post-65 Participants	none

Payable to the OPEB Plan – Healthcare

At June 30, 2021, Norfolk Public Schools had no outstanding payables related to the OPEB Plan - Healthcare.

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 Program (HICP). The VRS Board of trustees is responsible for the general administration and operation of the pension plans and other employee benefit plans. VRS issues an Annual Comprehensive Financial Report (ACFR) containing the financial statements and required supplementary information for all of the system's pension and other employee benefit trust funds. The VRS ACFR is publicly 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.

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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	\$ 35.48 million
Plan fiduciary net position	\$ 23.93 million
Net OPEB liability for group life insurance	\$ 11.55 million

Plan fiduciary Net Position as a percentage of the total group life insurance liability was 7.45%.

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

For the year ended June 30, 2021, due to actuarial changes in assumptions, the School Board recognized a credit to the OPEB Group Life Insurance Expense of \$371,085 reducing the annual OPEB expense to \$96,091. The Schedule below identifies deferred outflows and inflows of resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 636,552	\$ 1,579,800
Differences between expected and actual experience	1,316,913	87,978
Differences between projected and actual investment earnings on OPEB Plan Investments		2,755,888
Changes in proportionate share	13,124	1,037,944
Contributions subsequent to measurement date	2,760,597	-
Totals	<u>\$ 4,727,186</u>	<u>\$ 5,461,610</u>

Amortization of Deferred Inflows and Outflows of Resources

Deferred outflows of resources resulting from the employer's contributions subsequent to the measurement date (\$2.76 million) will be recognized as a reduction of the Net GLI OPEB Liability in financial statements for the year ending June 30, 2023. 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.

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Year ended June 30:

2023	\$	(945,738)
2024		(765,594)
2025		(623,524)
2026		(968,573)
2027		(191,592)
Total	\$	<u>(3,495,021)</u>

Group Life Insurance Plan Sensitivity Analysis

Total OPEB Liability – 1.0% decrease (5.75%)	\$ 16.87 million
Total OPEB Liability – Current discount rate (6.75%)	\$ 11.55 million
Total OPEB Liability – 1.0% increase (7.75%)	\$ 7.25 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* (1950), 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 1.34% 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, 2019. The actuarially determined rate was expected to finance the costs of benefits payable during the year.

School Board contributions for the GLI program were \$2.76 million and \$2.7 million for the years ended June 30, 2022, and June 30, 2021 respectively.

Payable to the VRS Group Life Insurance OPEB Plan

At June 30, 2022, Norfolk Public Schools had no outstanding payables related to VRS GLI Other Post-Employment Benefits.

Other Required Disclosures

Other disclosures for the VRS group life insurance OPEB program are identical to those for the VRS teacher retirement plan. See disclosures on pages 60 through 62 that also apply to the group life insurance OPEB plan for (1) actuarial assumptions, (2) long-term expected rate of return, and (3) discount rate.

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

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Plan Description

The School Board contributes to the Virginia Retirement System (VRS), an agent, Teacher Health Insurance Credit Program, a cost-sharing multiple-employer (for teachers and professionals) defined benefit plan that provides a credit toward the cost of health insurance coverage for eligible retired teachers and professionals. Effective July 1, 2020, the School Board contributes to a similar plan, the VRS Health Insurance Credit Program for Political Subdivisions, which administers an agent multiple employer defined benefit plan that provides a credit toward the cost of health insurance coverage for eligible non-professionals. All full-time, personnel participate and are automatically enrolled upon employment in either the VRS Teacher Health Insurance Credit Program (THICP), (teachers and professionals) or the VRS Health Insurance Credit Program for political subdivisions (non-professionals). Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

1. Teacher Health Insurance Credit Program (THICP)

The THICP 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, 2022, NPS reported a liability of \$29.01 million for its proportionate share of the THICP Net OPEB Liability. The plan's Net OPEB Liability was measured as of June 30, 2021, based on the plan's Total OPEB liability less its Net Fiduciary Position at the actuarial valuation date. The School Board's proportion of the Net THICP OPEB Liability was based on actuarially determined employer contributions to the plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board's proportionate share of the VRS Teacher Employee Health Insurance Credit Program was 2.10% as compared to 2.54% at June 30, 2020.

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For the year ended June 30, 2022, the school division recognized THICP OPEB expense of \$1.59 million. Since there was a change in proportionate share between measurement dates, a portion of the VRS THICP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, 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	\$ 729,166	\$ 108,408
Differences between expected and actual experience		470,701
Differences between projected and actual investment earnings on pension plan investments		355,334
Changes in proportionate share		2,259,077
Contributions subsequent to measurement date	2,276,034	-
Totals	<u>\$ 3,005,200</u>	<u>\$ 3,193,520</u>

Amortization of Deferred Outflows and Inflows

The \$2.3 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

Year ended June 30:

2023	\$ (636,998)
2024	(641,032)
2025	(568,115)
2026	(375,219)
2027	(164,714)
Thereafter	<u>(78,276)</u>
Total	<u>\$ (2,464,354)</u>

Health Insurance Credit Program Sensitivity Analysis

Total OPEB Liability – 1.0% decrease (5.75%)	\$ 30.37 million
Total OPEB Liability – Current discount rate (6.75%)	\$ 26.97 million
Total OPEB Liability – 1.0% increase (7.75%)	\$ 24.10 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, 2022**

Employer Contribution

Employers' proportionate shares were calculated based on historical employer contributions. Although GASB Statement No. 74 encourages the use of the employer's projected long-term contribution efforts to the Other Post-Employment Benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS THICP 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, 2022, was 1.21% of covered employee compensation for eligible employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 \$2.23 million and \$2.22 million for the years ended June 30, 2022, and June 30, 2021, respectively.

Net Health Insurance Credit OPEB Liability

The net THICP OPEB liability (NOL) is calculated separately for each plan and represents that plan's total Health Insurance Credit OPEB liability determined in accordance with GASB Statement No. 74, less the System's fiduciary net position for the plan. As of June 30, 2021, the School Boards proportionate share of NOL amounts for the VRS Teacher Health Insurance Credit Program are as follows:

Total OPEB Liabilities	\$31.05 million
Fiduciary Net Position	\$4.08 million
Net OPEB Liability	\$26.97 million

Plan fiduciary Net Position as a percentage of the total Teacher HIC liability was 13.15%.

Payable to the Teachers VRS HIC OPEB Plan

At June 30, 2022, the School Board had no outstanding payables related to VRS HIC Other Post-Employment Benefits.

Other Required Disclosures

Other disclosures for the VRS Health Insurance Credit Program are identical to those for the VRS teacher retirement plan. See disclosures on pages 60 through 62 that also apply to the Teacher Health Insurance Credit Program: (1) actuarial assumptions, (2) long-term expected rate of return, and (3) discount rate.

**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, 2022**

2. Health Insurance Credit Program (HICP) for political subdivisions

The HICP is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. This separate plan covers employees working in maintenance, custodial, nutritional, and transportation services. The Political Subdivision Health Insurance Credit Programs was established pursuant to § 51.1-1400 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 HICP for retired political subdivision employees who elect the benefit and who retire with at least 15 years of service credit receive the following benefits:

- At retirement: \$1.50 per year of service per month with a maximum benefit of \$45.00 per month
- Disability Retirement: For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month

Employees Covered by Benefit Terms

As of the most recent actuarial valuation (June 30, 2021), the following employees were covered by the benefit terms:

Active members	636
Inactive members or beneficiaries currently receiving benefits	343
Inactive members: Vested	<u>10</u>
Total members	<u>989</u>

Employer Contribution

The contribution requirement for active employees is governed by § 51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board's contractually required employer contribution rate for the year ended June 30, 2022, was .86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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. Contributions from the School Board to the Political Subdivision Health Insurance Credit Program were \$145,624 and \$147,041 for the years ended June 30, 2022, and June 30, 2021, respectively.

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, 2022

Net Health Insurance Credit OPEB Liability

The School Board's net Health Insurance Credit OPEB liability was measured as of June 30, 2021. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Changes in Net HICP OPEB Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2020	\$ 1,988,499	\$ -	\$ 1,988,499
Changes for year:			
Service cost	23,828		23,828
Interest	134,222		134,222
Changes in assumptions	50,981		50,981
Contributions - employer	-	147,042	(147,042)
Contributions - employee	-	-	-
Net investment income	-	18,451	(18,451)
Benefit payment (including employee refunds)	(38)	(38)	-
Administrative expenses	-	(647)	647
Net Changes	208,993	164,808	44,185
Balances at June 30, 2021	\$ 2,197,492	\$ 164,808	\$ 2,032,684

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

At June 30, 2022, NPS reported a liability of \$2.03 million for its proportionate share of the HICP Net OPEB Liability. The plan's Net OPEB liability was measured as of June 30, 2021. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

For the year ended June 30, 2022, the school division recognized HICP OPEB expense of \$163,222. At June 30, 2022, NPS reported deferred outflows of resources and deferred inflows of resources related to the VRS HICP as follows:

SCHOOL BOARD OF THE CITY OF NORFOLK
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NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 38,814	\$ -
Differences between projected and actual investment earnings on pension plan investments		10,809
Contributions subsequent to measurement date	145,624	-
Totals	<u>\$ 184,438</u>	<u>\$ 10,809</u>

Amortization of Deferred Outflows and Inflows

The \$145,624 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

Year ended June 30:

2023	\$ 9,465
2024	9,465
2025	9,465
2026	(390)
Total	<u>\$ 28,005</u>

Health Insurance Credit Program Sensitivity Analysis

Total OPEB Liability – 1.0% decrease (5.75%)	\$ 2.24 million
Total OPEB Liability – Current discount rate (6.75%)	\$ 2.03 million
Total OPEB Liability – 1.0% increase (7.75%)	\$ 1.85 million

Payable to the VRS HICP OPEB for Political Subdivisions

At June 30, 2022, the School Board had no outstanding payables related to VRS HICP Other Post-Employment Benefits for Political Subdivisions.

Other Required Disclosures

Other disclosures for the VRS Health Insurance Credit Program are identical to those for the VRS teacher retirement plan. See disclosures on pages 60 through 62 that also apply to the Health Insurance Credit Program for political subdivisions: (1) actuarial assumptions, (2) long-term expected rate of return, and (3) discount rate.

**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, 2022**

Summary of Other Post Employment Benefit Liabilities

In thousands	Retiree Healthcare	Health Insurance Credit - Teachers	Health Insurance Credit - Other	Group Life Insurance	Combined Totals
Net OPEB Liability	\$ 62,639,691	\$ 26,974,372	\$ 2,032,684	\$ 11,546,440	\$ 103,193,187
Deferred Outflows of Resources	13,216,277	3,005,200	184,438	4,727,186	21,133,101
Deferred Inflows of Resources	13,332,471	3,193,520	10,809	5,461,610	21,998,410
OPEB Expense (revenue)	10,312,182	1,592,852	163,222	96,091	12,164,347
Provided through	Norfolk Consortium	VRS	VRS	VRS	

Additional Financial and Actuarial Information

Information contained in the VRS THICP and HICP OPEB and VRS GLI OPEB program notes were extracted from the VRS audited financial statements for the fiscal year ended June 30, 2022. 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 2022 Annual Comprehensive Financial Report. A copy of the 2022 VRS Annual Comprehensive Financial Report is publicly available on the VRS website at www.varetire.org.

Note 7. Restatement Note – Correction of an Error

The Fiduciary Net Position was overstated in the prior fiscal year due to an error. The restatement of June 30, 2021, net position is as follows:

Fiduciary net position June 30, 2021, as previously stated	\$17,745,292
Fiduciary net position June 30, 2021, as restated	\$14,831,200

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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 Budgetary Inflows and Outflows
General Fund - Comparison of Budget to Actual
- Unaudited -
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Over/(Under)
	Original	Final		
Budgetary Inflows (revenue)				
Local sources	\$ 3,206,000	\$ 2,354,707	\$ 3,125,713	771,006
Commonwealth of Virginia	212,240,337	213,886,343	210,820,102	(3,066,241)
Federal government	5,675,000	5,675,000	6,147,254	472,254
Local government*	133,746,972	133,746,972	129,622,172	(4,124,800)
Other Financing Sources		851,293	851,293	-
Use of Fund Balance, fiscal year 2021	-	17,700,000	17,700,000	-
Amounts available for appropriation	\$ 354,868,309	\$ 374,214,315	\$ 368,266,534	\$ (5,947,781)
Budgetary Outflows (expenditures)				
Instruction	\$ 260,840,391	\$ 261,235,238	\$ 252,442,207	(8,793,031)
Administration, Attendance, and Health	20,398,996	20,057,099	19,211,587	(845,512)
Pupil Transportation	13,508,157	13,285,475	12,716,861	(568,614)
Operation and Maintenance	40,658,333	41,514,904	38,003,435	(3,511,469)
Information Technology	13,557,632	14,717,328	14,804,968	87,640
Food Services	4,124,800	4,185,520	60,720	(4,124,800)
School Facilities	1,780,000	1,518,751	408,773	(1,109,978)
Transfer to Other Funds	-	17,700,000	17,700,000	-
Total charges to appropriations	\$ 354,868,309	\$ 374,214,315	\$ 355,348,551	\$ (18,865,764)
Excess of budgetary inflows over outflows	\$ -	\$ -	\$ 12,917,983	\$ 12,917,983

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

Revenue (inflows of resources)	
Revenue as noted above	\$ 368,266,534
Transfer from other funds shown above as revenue (not GAAP revenue)	(250,000)
Revenue collected but not part of the general fund budget	391,081
Other financing sources (leases) shown above as revenue (not GAAP revenue)	(851,293)
Use of fund balances shown above as revenue above (not GAAP revenue)	(17,700,000)
Total revenue as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 349,856,322</u>
Expenditures (outflows of resources)	
Expenditures as noted above	\$ 355,348,551
Transfer to other funds shown above as expenditure (not GAAP revenue)	(17,700,000)
Expenses not part of General Fund budget and excluded above	493,824
Payments on purchase orders issued prior to July 1, 2021 (charged to prior appropriations)	7,956,631
Purchase orders outstanding at June 30, 2022 (budgetary charge, not a GAAP expenditure)	(7,157,275)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund	<u>\$ 338,941,731</u>

* The City of Norfolk transfers the amount allocated to Norfolk Public Schools for Debt Services to the City's Debt Service Fund.

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Schedule of Budgetary Inflows and Outflows
Child Nutrition Fund - Comparison of Budget to Actual
- Unaudited -
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Over/(Under)
	Original	Final		
Budgetary Inflows (revenue)				
Cafeteria sales	\$ 82,400	\$ 82,400	\$ 10,773	(71,627)
Commonwealth of Virginia	400,000	400,000	150,247	(249,753)
Federal Assistance	20,470,000	20,470,000	22,250,928	1,780,928
Other revenue	81,600	81,600	82,109	509
Use of existing fund balances	966,000	966,000	-	(966,000)
Amounts available for appropriation	\$ 22,000,000	\$ 22,000,000	\$ 22,494,057	\$ 494,057
Budgetary Outflows (expenditures)				
Personal services (wages and benefits)	\$ 10,292,787	\$ 10,292,787	\$ 8,976,515	(1,316,272)
Food and supplies	9,601,007	9,601,007	8,446,915	(1,154,092)
Other operating expenditures	824,206	824,206	593,893	(230,313)
Capital outlays	1,032,000	1,032,000	479,077	(552,923)
Transfers to other funds	250,000	250,000	250,000	0
Total charges to appropriations	\$ 22,000,000	\$ 22,000,000	\$ 18,746,400	\$ (3,253,600)
Excess of budgetary inflows over outflows	\$ -	\$ -	\$ 3,747,657	\$ 3,747,657

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

Revenue (inflows of resources)

Revenue as noted above	\$ 22,494,057
Total revenue as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit IV)	<u>\$ 22,494,057</u>

Expenditures (outflows of resources)

Expenditures as noted above	\$ 18,746,400
Transfer to other funds (budgetary charge, but not an expenditure)	(250,000)
Payments on purchase orders issued prior to July 1, 2021 (charged to prior appropriations)	283,286
Purchase orders outstanding at June 30, 2022 (budgetary charge, not a GAAP expenditure)	<u>(381,765)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit IV)	<u>\$ 18,397,921</u>

(UNAUDITED)

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*

<i>Amounts in thousands</i>	2022	2021	2020	2019	2018	2017	2016	2015
School Board's proportion of the net pension liability (asset)	2.426%	2.451%	2.545%	2.568%	2.701%	2.403%	2.430%	2.467%
School Board's proportionate share of the net pension liability (asset)	\$ 163,869	\$ 309,003	\$ 290,090	\$ 260,983	\$ 283,848	\$ 336,787	\$ 305,901	\$ 298,089
School Board's covered payroll	\$ 185,754	\$ 185,400	\$ 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	88%	167%	148%	139%	147%	173%	161%	158%
Plan fiduciary net position as a percentage of the total pension liability	81.27%	71.47%	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 the VRS Retirement Plan Required Supplementary Information

(UNAUDITED)

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		
	Contractually Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	as % of Covered Payroll		
2022	\$ 31,263	\$ 31,263	\$ -	\$ 188,094	16.62%		
2021	\$ 30,900	\$ 30,900	\$ -	\$ 185,754	16.63%		
2020	\$ 29,075	\$ 29,075	\$ -	\$ 185,400	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%		

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.

See Notes to the VRS Retirement Plan Required Supplementary Information

(UNAUDITED)

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*

<i>Amounts in thousands</i>	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	\$ 1,500	\$ 1,548	\$ 1,498	\$ 1,504	\$ 1,552	\$ 1,527	\$ 1,563	\$ 1,530
Interest	6,308	6,173	6,129	6,055	5,976	5,891	5,770	5,586
Differences between expected and actual experience	(1,570)	(135)	(1,066)	(2,077)	(850)	(1,511)	(1,027)	-
Changes of assumptions	3,100		2,361		-	-	-	-
Benefit payments, including refunds of employee contributions	(6,120)	(5,063)	(4,992)	(5,155)	(4,706)	(4,814)	(4,343)	(4,659)
Change in proportionate share	-	-	348	8	76	1	21	-
Net change in total pension liability	3,218	2,523	4,278	336	2,048	1,094	1,984	2,457
Total pension liability - beginning	96,509	93,986	89,708	89,062	87,660	86,566	84,582	82,125
Total pension liability - ending (a)	\$ 99,727	\$ 96,509	\$ 93,986	\$ 89,398	\$ 89,708	\$ 87,660	\$ 86,566	\$ 84,582
Plan fiduciary net position								
Contributions - employer	\$ 1,077	\$ 1,125	\$ 1,151	\$ 1,435	\$ 1,408	\$ 1,794	\$ 1,768	\$ 1,722
Contributions - employee	795	832	845	814	807	800	785	775
Net investment income	22,627	1,636	5,486	5,851	8,877	1,248	3,321	10,151
Benefit payments, including refunds of employee contributions	(6,120)	(5,063)	(4,994)	(5,155)	(4,706)	(4,814)	(4,343)	(4,659)
Administrative expense	(59)	(57)	(56)	(52)	(52)	(47)	(47)	(56)
Change in proportionate share		-	612	(2)	41	1	18	-
Other	2	(2)	(3)	(36)	(17)	(17)	(11)	1
Net change in plan fiduciary net position	18,322	(1,529)	3,041	2,855	6,358	(1,035)	1,491	7,934
Plan fiduciary net position - beginning	84,688	86,217	83,176	80,321	73,963	74,998	73,507	65,573
Plan fiduciary net position - ending (b)	\$ 103,010	\$ 84,688	\$ 86,217	\$ 83,176	\$ 80,321	\$ 73,963	\$ 74,998	\$ 73,507
School Board's net pension liability (a) - (b)	\$ (3,283)	\$ 11,821	\$ 7,769	\$ 6,222	\$ 9,387	\$ 13,697	\$ 11,568	\$ 11,075
Plan fiduciary net position as a percentage of the total pension liability	103.29%	87.75%	91.73%	93.04%	89.54%	84.37%	86.64%	86.91%
Covered payroll	\$ 17,140	\$ 17,819	\$ 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	-19.15%	66.34%	34.00%	27.91%	39.51%	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 the VRS Retirement Plan Required Supplementary Information

(UNAUDITED)

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		Actual Contributions		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$	1,165	\$	1,165	\$ -	\$ 16,904	6.89%
2021	\$	1,178	\$	1,178	\$ -	\$ 17,140	6.87%
2020	\$	1,212	\$	1,212	\$ -	\$ 17,819	6.80%
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%

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.

See Notes to the VRS Retirement Plan Required Supplementary Information

(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, 2022**

Changes of benefit terms

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

Changes of assumptions

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the prior from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled):

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement Rates:

Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all

Withdrawal Rates:

Adjusted rates to better fit experience at each year age and service through 9 years of service

Disability Rates: No Changes

Discount Rates: No Changes

Salary Scale: No Changes

(UNAUDITED)

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 Total Other Post-Employment Benefits (OPEB) Liability and Related Ratios

OPEB - Retire Healthcare

Last Ten Fiscal Years*

Total OPEB Liability	2022	2021	2020	2019	2018
Service cost	\$ 4,412,775	\$ 2,947,665	\$ 625,247	\$ 1,381,764	\$ 1,468,830
Interest	1,257,459	1,644,140	1,896,670	1,673,986	1,702,533
Changes of benefit terms	6,316,408	-	-	-	-
Difference between expected and actual experience	(2,835,101)	(5,024,887)	(4,651,923)	3,627,408	(3,274,812)
Changes in assumptions	(29,571)	11,937,594	1,277,781	(1,794,422)	(10,475,847)
Benefit payments, including refunds of member contributions	(2,360,257)	(2,262,170)	(2,401,320)	(2,129,544)	(2,580,746)
Net change in total OPEB liability	\$ 6,761,713	\$ 9,242,342	\$ (3,253,545)	\$ 2,759,192	\$ (13,160,042)
Total OPEB liability - beginning	55,877,982	46,635,640	49,889,185	47,129,993	60,290,035
Total OPEB liability - ending	\$ 62,639,695	\$ 55,877,982	\$ 46,635,640	\$ 49,889,185	\$ 47,129,993
Covered employee payroll	\$ 185,123,319	\$ 185,408,346	\$ 193,251,731	\$ 202,324,943	\$ 202,324,943
Total OPEB liability as a percentage of covered payroll	33.84%	30.14%	24.13%	24.66%	23.29%

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

(UNAUDITED)

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
Other Post Employment Benefits (OPEB) - Retiree Healthcare
Last Ten Fiscal Years
(Amounts in Thousands)

Date	Contractually Required Contributions	Actual Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as Percentage of Covered Payroll
2022	\$ 2,404,662	\$ 2,404,662	\$ -	\$ 191,402,722	1.26%
2021	\$ 2,360,257	\$ 2,360,257	\$ -	\$ 185,123,319	1.27%
2020	\$ 2,262,170	\$ 2,262,170	\$ -	\$ 181,738,692	1.24%
2019	\$ 2,129,544	\$ 2,129,544	\$ -	\$ 193,251,731	1.10%
2018	\$ 2,580,746	\$ 2,580,746	\$ -	\$ 202,324,943	1.28%

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

(UNAUDITED)

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 OPEB Liability
Teacher Health Insurance Credit Program (THICP)*
Last Ten Fiscal Years*

<i>Amounts in thousands</i>	2022	2021	2020	2019	2018
Employer's Proportionate share of contribution of the Net THIC OPEB Liability (Asset)	2.10%	2.12%	2.20%	2.57%	2.70%
Employer's Proportionate share of the Net THICP OPEB Liability (Asset)	\$ 26,974	\$ 29,588	\$ 28,802	\$ 28,146	\$ 29,296
Employer's Covered Payroll	\$ 188,094	\$ 185,400	\$ 184,851	\$ 182,653	\$ 182,244
Employer's Proportionate share of the Net THICP OPEB Liability (Asset) as a Percentage of its Covered Payroll	14.34%	15.96%	15.58%	15.41%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total THICP OPEB Liability	13.15%	9.95%	8.97%	8.08%	7.04%

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

See Notes to the VRS Other Post-Employment Benefits Required Supplementary Information

(UNAUDITED)

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 Health Insurance Credit Program
Last Ten Fiscal Years*
(Amounts in Thousands)

Fiscal Years	Contractually Required Contribution		Actual Contributions		Contribution Deficiency (Excess)		Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$	2,276,037	\$	2,276,037	\$	-	\$ 188,093,526	1.21%
2021	\$	2,249,621	\$	2,249,621	\$	-	\$ 185,753,972	1.21%
2020	\$	2,225,202	\$	2,225,202	\$	-	\$ 185,399,785	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%

See Notes to the VRS Other Post-Employment Benefits Required Supplementary Information

(UNAUDITED)

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 OPEB Liability
VRS Health Insurance Credit Program (HICP)*
Last Ten Fiscal Years*

<i>Amounts in thousands</i>	2022
Employer's Proportionate share of contribution of the Net HIC OPEB Liability (Asset)	4.20%
Employer's Proportionate share of the Net HIC OPEB Liability (Asset)	\$ 2,033
Employer's Covered Payroll	\$ 16,904
Employer's Proportionate share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	12.03%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	40.52%

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

See Notes to the VRS Other Post-Employment Benefits Required Supplementary Information

(UNAUDITED)

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 Health Insurance Credit Program for Political Subdivisions
Last Ten Fiscal Years*
(Amounts in Thousands)

Fiscal Years	Contractually Required Contribution		Actual Contributions		Contribution Deficiency (Excess)		Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$	145,624	\$	145,624	\$	-	\$ 16,904,462	0.86%
2021	\$	147,041	\$	147,041	\$	-	\$ 17,097,830	0.86%

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

See Notes to the VRS Other Post-Employment Benefits Required Supplementary Information

(UNAUDITED)

**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 OPEB Liability
VRS Group Life Insurance Program for Teachers (TGLI)*
Last Ten Fiscal Years***

<i>Amounts in thousands</i>	2022	2021	2020	2019	2018
Employer's Proportionate share of contribution of the Net TGLI OPEB Liability (Asset)	0.99%	0.91%	0.95%	1.10%	1.16%
Employer's Proportionate share of the Net TGLI OPEB Liability (Asset)	\$ 11,546	\$ 16,592	\$ 15,421	\$ 16,679	\$ 14,976
Employer's Covered Payroll	\$ 188,094	\$ 185,408	\$ 185,315	\$ 183,561	\$ 183,561
Employer's Proportionate share of the Net TGLI OPEB Liability as a Percentage of its Covered Payroll	6.14%	8.95%	8.32%	9.09%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total TGLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

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

See Notes to the VRS Other Post-Employment Benefits Required Supplementary Information

(UNAUDITED)

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
Last Ten Fiscal Years*
(Amounts in Thousands)

Fiscal Years	Contractually Required Contribution	Actual Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a percentage of Covered Payroll
2022	\$ 2,760,597	\$ 2,760,597	\$ -	\$ 188,093,526	1.47%
2021	\$ 2,508,948	\$ 2,508,948	\$ -	\$ 185,753,972	1.35%
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%

See Notes to the VRS Other Post-Employment Benefits Required Supplementary Information

(UNAUDITED)

**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 OPEB Liability
VRS Group Life Insurance Program for Political Subdivision
Last Ten Fiscal Years***

<i>Amounts in thousands</i>	2022	2021	2020	2019	2018
Employer's Proportionate share of contribution o the Net GLI OPEB Liability (Asset)	0.08%	0.09%	0.09%	0.09%	0.09%
Employer's Proportionate share of the Net GLI OPEB Liability (Asset)	\$ 984	\$ 1,462	\$ 1,503	\$ 1,392	\$ 1,185
Employer's Covered Payroll	\$ 16,904	\$ 17,819	\$ 18,647	\$ 17,509	\$ 16,999
Employer's Proportionate share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.8%	8.2%	8.1%	8.0%	7.0%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.5%	52.6%	52.0%	51.2%	48.9%

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

See Notes to the VRS Other Post-Employment Benefits Required Supplementary Information

(UNAUDITED)

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
Last Ten Fiscal Years*
(Amounts in Thousands)

Fiscal Years	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as Percentage of Covered Payroll
2022	\$ 251,536	\$ 251,536	\$ -	\$ 16,904,462	1.49%
2021	\$ 233,914	\$ 233,914	\$ -	\$ 17,140,227	1.36%
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%

See Notes to the VRS Other Post-Employment Benefits Required Supplementary Information

(UNAUDITED)

**School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)**

**Notes to the VRS Other Post-Employment Benefits Required Supplementary Information
For the Year Ending June 30, 2022**

Changes of benefit terms

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

Changes of assumptions

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the prior from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled):

Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

Retirement Rates:

Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all

Withdrawal Rates:

Adjusted rates to better fit experience at each year age and service through 9 years of service

Disability Rates: No Changes

Discount Rates: No Changes

Salary Scale: No Changes

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COMBINING FIDUCIARY FUND STATEMENTS

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Combining Statement of Fiduciary Net Position
June 30, 2022

	Southeastern Cooperative Educational Program Fund	Governor's School for the Arts Fund	Total
ASSETS			
Cash and Cash equivalent	<u>\$ 10,957,180</u>	<u>\$ 274,033</u>	<u>\$ 11,231,213</u>
Receivables			
Other	<u>6,849,532</u>	<u>407,852</u>	<u>7,257,384</u>
Total Assets	<u>17,806,712</u>	<u>681,885</u>	<u>18,488,597</u>
LIABILITIES			
Accounts payable and other liabilities	<u>2,893,719</u>	<u>59,782</u>	<u>2,953,501</u>
Total Liabilities	<u>2,893,719</u>	<u>59,782</u>	<u>2,953,501</u>
NET POSITION			
Resticted for:			
Individuals, organizations, and			
Other governments	<u>14,912,993</u>	<u>622,103</u>	<u>15,535,096</u>
Total Net Position	<u><u>\$ 14,912,993</u></u>	<u><u>\$ 622,103</u></u>	<u><u>\$ 15,535,096</u></u>

The notes to financial statements are an integral part of this statement.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Combining Statement of Changes in Fiduciary Net Position
June 30, 2022

	<u>OPEB Trust</u>	<u>Southeastern Cooperative Educational Program Fund</u>	<u>Governor's School for the Arts Fund</u>	<u>Total</u>
ADDITIONS				
Contributions:				
Miscellaneous	\$ 308,873	\$ 50,605,618	\$ 2,896,753	\$ 53,811,244
Total Additions	<u>308,873</u>	<u>50,605,618</u>	<u>2,896,753</u>	<u>53,811,244</u>
DEDUCTIONS				
Payments on behalf				
other governments	<u>308,873</u>	<u>49,882,470</u>	<u>2,916,005</u>	<u>53,107,348</u>
Total Deductions	<u>308,873</u>	<u>49,882,470</u>	<u>2,916,005</u>	<u>53,107,348</u>
Net increase (decrease) in fiduciary net position	<u>-</u>	<u>723,148</u>	<u>(19,252)</u>	<u>703,896</u>
NET POSITION				
Net Position Beginning of Year	<u>-</u>	<u>14,189,845</u>	<u>641,355</u>	<u>14,831,200</u>
Net Position End of Year	<u>\$ -</u>	<u>\$ 14,912,993</u>	<u>\$ 622,103</u>	<u>\$ 15,535,096</u>

The notes to the financial statements are an integral part of this statement.

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STATISTICAL SECTION (UNAUDITED)

School Board of the City of Norfolk

The overall financial health is presented for the School Board. The School Board is a component unit of the City of Norfolk. 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.

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.

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)

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)

2013	2014	2015 Note 1	2016	2017	2018	2019	2020	2021	2022
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Government-wide:

Invested in capital assets	\$ 14,406	\$ 12,874	\$ 11,775	\$ 10,240	\$ 10,454	\$ 10,732	\$ 12,455	\$ 11,218	\$ 10,602	\$ 9,140
Restricted	1,920	2,339	2,739	8,566	10,095	11,909	13,141	7,688	7,319	10,755
Unrestricted	(1,810)	(7,034)	(344,957)	(338,067)	(343,959)	(412,061)	(381,698)	(361,289)	(344,768)	(299,756)
Total government-wide net position	<u>\$ 14,516</u>	<u>\$ 8,179</u>	<u>\$ (330,443)</u>	<u>\$ (319,261)</u>	<u>\$ (323,410)</u>	<u>\$ (389,420)</u>	<u>\$ (356,102)</u>	<u>\$ (342,383)</u>	<u>\$ (326,847)</u>	<u>\$ (279,861)</u>

Note:

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

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

(UNAUDITED)

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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Instruction	\$ 272,338	\$ 265,740	\$ 265,732	\$ 269,725	\$ 271,176	\$ 248,835	\$ 255,047	\$ 266,404	\$ 277,321	\$ 279,558
Support Services:										
Administration, Attendance and Health	16,138	15,962	15,908	16,263	17,056	16,603	16,835	19,504	22,666	20,658
Pupil Transportation	13,668	12,162	12,952	12,740	14,099	11,384	11,083	12,234	9,293	13,462
Operation and Maintenance	34,551	34,703	35,232	34,641	35,328	33,345	33,702	37,333	36,118	38,343
Information Technology	10,373	11,239	13,234	9,994	10,609	11,076	12,124	12,274	21,906	19,915
School Facilities	9,160	3,735	5,771	6,960	8,669	5,303	4,695	2,823	5,934	9,946
Food Services	16,821	17,227	16,967	18,123	18,718	17,089	17,342	17,139	12,550	18,524
Other	250	244	144	207	78	3	-	-	-	16
Total Expenses	373,299	361,012	365,940	368,653	375,733	343,638	350,829	367,711	385,788	400,422
Revenues:										
Program Revenues:										
Charges for services	4,349	3,562	3,451	3,966	3,844	3,234	3,337	2,662	2,125	1,281
Operating grants and contributions	224,467	203,139	207,303	212,121	215,023	210,572	219,202	214,479	231,433	266,661
Capital grants and contributions	8,207	3,700	3,541	9,892	2,418	2,703	2,926	1,489	4,965	4,632
Total Program Revenues	237,023	210,401	214,295	225,979	221,285	216,509	225,464	218,630	238,523	272,574
Net (Expense) Revenue	(136,276)	(150,611)	(151,645)	(142,674)	(154,448)	(127,129)	(125,365)	(149,081)	(147,265)	(127,848)
General Revenues:										
Local government	107,187	111,854	117,722	114,769	114,972	120,972	122,972	124,711	120,973	129,622
Commonwealth of Virginia	31,463	30,702	31,992	37,088	32,470	30,899	33,975	35,157	38,758	42,835
Use of money and property	1,262	806	841	1,227	1,449	692	1,038	858	534	357
Other	235	912	462	772	1,408	962	698	2,074	921	2,020
Total General Revenues	140,147	144,274	151,017	153,856	150,299	153,525	158,683	162,800	161,186	174,834
Change in Net Position	\$ 3,871	\$ (6,337)	\$ (628)	\$ 11,182	\$ (4,149)	\$ 26,396	\$ 33,318	\$ 13,719	\$ 13,921	\$ 46,986

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

(UNAUDITED)

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 293	\$ 398	\$ 424	\$ 461	\$ 487	\$ 620	\$ 596	\$ 649	\$ 505	\$ 541
Restricted	-	-	-	-	-	-	-	-	7,843	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	16,807	11,891	10,198	6,420	6,545	8,649	8,334	8,094	7,957	7,157
Unassigned	2,445	3,411	1,149	13	722	4,391	11,415	22,513	28,900	31,823
Total General Fund	<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>	<u>\$ 45,205</u>	<u>\$ 39,521</u>
All Other Governmental Funds										
Nonspendable	\$ 495	\$ 598	\$ 825	\$ 691	\$ 815	\$ 819	\$ 903	\$ 1,536	\$ 1,329	\$ 1,115
Restricted	6,608	6,933	7,963	9,398	8,867	9,291	10,540	7,024	5,974	7,472
Committed	-	2,543	2,058	6,720	2,837	1,798	1,697	1,945	2,697	22,154
Assigned	1,854	-	225	-	-	-	-	-	-	-
Unassigned	(2,225)	(2,185)		(1,709)	(2,079)	(3,404)	(4,289)	(2,248)	-	-
Total all other governmental funds	<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>	<u>\$ 10,000</u>	<u>\$ 30,741</u>

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

(UNAUDITED)

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Use of money and property	\$ 1,262	\$ 806	\$ 842	\$ 1,227	\$ 1,449	\$ 692	\$ 1,038	\$ 858	\$ 534	\$ 357
Charges for services	4,349	3,562	3,451	3,966	3,844	3,234	3,337	2,662	2,125	1,281
Other	235	912	462	772	1,408	962	698	2,074	923	2,033
Intergovernmental :										
Local government	117,494	116,514	122,177	125,650	119,354	123,675	125,897	126,200	125,939	134,254
Commonwealth of Virginia	192,776	183,947	186,713	186,893	190,209	192,041	198,499	203,113	214,889	215,275
Federal government	61,055	48,934	51,668	56,639	55,320	49,430	54,677	46,570	55,302	94,221
Total revenues	<u>377,171</u>	<u>354,675</u>	<u>365,313</u>	<u>375,147</u>	<u>371,584</u>	<u>370,034</u>	<u>384,147</u>	<u>381,477</u>	<u>399,711</u>	<u>447,421</u>
EXPENDITURES										
Current:										
Instruction	272,152	261,357	268,246	273,972	271,151	265,970	273,583	270,817	278,683	308,432
Administration, Attendance, and Health	15,853	15,382	15,686	16,610	16,932	17,856	17,908	19,847	22,625	22,561
Pupil Transportation	13,435	12,995	13,669	13,390	14,031	12,992	12,987	11,708	9,335	13,163
Operation and Maintenance	34,629	34,207	35,158	34,706	35,143	34,962	36,014	36,905	35,277	39,703
Information Technology	10,348	11,193	13,238	9,947	10,861	11,468	13,808	11,967	21,474	20,432
School Facilities	1,958	1,318	1,938	1,940	604	639	903	342	1,735	5,141
Food Services	16,916	17,110	17,025	18,215	18,675	17,478	18,168	17,227	12,464	19,030
Other	247	242	145	207	78	3	-	-	-	-
Intergovernmental for Debt Service:										
School Facilities	181	172	114	8	-	-	-	-	-	61
Capital Outlay:										
School Facilities	8,080	3,387	3,533	4,307	7,910	4,695	3,743	2,348	4,042	4,692
Total expenditures	<u>373,799</u>	<u>357,363</u>	<u>368,752</u>	<u>373,302</u>	<u>375,385</u>	<u>366,063</u>	<u>377,114</u>	<u>371,161</u>	<u>385,635</u>	<u>433,216</u>
Excess (deficiency) of revenues over expenditures	3,372	(2,688)	(3,439)	1,845	(3,801)	3,971	7,033	10,316	14,076	14,205
OTHER FINANCING SOURCES (USES)										
Transfers in from primary government										
Transfers in	-	-	-	-	-	-	-	4,391	168	17,950
Transfers out	-	-	-	-	-	-	-	(4,391)	(168)	(17,950)
Other financial sources	-	-	-	-	-	-	-	-	-	851
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>851</u>
Net change in fund balance	<u>\$ 3,372</u>	<u>\$ (2,688)</u>	<u>\$ (3,439)</u>	<u>\$ 1,845</u>	<u>\$ (3,801)</u>	<u>\$ 3,971</u>	<u>\$ 7,033</u>	<u>\$ 10,316</u>	<u>\$ 14,076</u>	<u>\$ 15,056</u>
Debt service as a percentage of noncapital Expenditures	0.05%	0.05%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%

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

(UNAUDITED)

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

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Charges for Services										
Instruction	\$ 2,564	\$ 2,054	\$ 2,018	\$ 2,520	\$ 2,449	\$ 2,040	\$ 2,221	\$ 1,929	\$ 2,102	\$ 1,236
Food Services	1,785	1,508	1,433	1,446	1,395	1,194	1,116	733	23	45
Subtotal of Charges for Services	4,349	3,562	3,451	3,966	3,844	3,234	3,337	2,662	2,125	1,281
Operating Grants and Contributions										
Instruction	207,885	186,579	190,303	193,622	195,687	193,741	201,055	200,590	223,349	244,260
Pupil Transportation	2,100	960	915	989	1,964	-	-	-	-	-
Food Services	14,483	15,600	16,086	17,510	17,372	16,831	18,147	13,889	8,084	22,401
Subtotal of Operating Grants and Contributions	224,468	203,139	207,304	212,121	215,023	210,572	219,202	214,479	231,433	266,661
Capital Grants and Contributions										
School Facilities	8,208	3,700	3,541	9,892	2,417	2,703	2,925	1,489	4,965	4,632
Subtotal of Capital Grants and Contributions	8,208	3,700	3,541	9,892	2,417	2,703	2,925	1,489	4,965	4,632
Total Program Revenues	\$ 237,025	\$ 210,401	\$ 214,296	\$ 225,979	\$ 221,284	\$ 216,509	\$ 225,464	\$ 218,630	\$ 238,523	\$ 272,574

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

(UNAUDITED)

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
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
2021	534	2,125	923	125,939	214,889	55,302	399,711
2022	357	1,281	2,033	134,254	215,276	94,221	447,422
Change 2013-2022	-71.7%	-70.5%	765.1%	14.3%	11.7%	54.3%	18.6%

This information comes from State of Revenues, Expenditures, and Changes in Fund Balance, Governmental Funds, Exhibit IV.

(UNAUDITED)

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

Fiscal Year	Debt Service		
	Principal	Interest	Total
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	-	-	-
2021	-	-	-
2022	44,546	16,174	60,720

Notes:

1. Prior to 2022, the debt was for the transportation facility.
2. The debt was fully paid to the City of Norfolk from 1995-2016.
3. The original cost of the facility was \$3.1 million. No additional debt has been incurred.
4. Beginning in 2022, the debt represents capital leases.

(UNAUDITED)

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
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%
2021	-	-	-	-	0.00%
2022	44,546	16,174	60,720	338,941,731	0.02%

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. Prior to 2022, the debt was for the transportation facility.
4. Beginning in 2022, the debt represents capital leases.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Child Nutrition
Summary of Meals Served
As of June 30, 2022

School	Breakfast	Lunch	Total
Elementary Schools	1,561,479	1,751,847	3,313,326
Middle Schools	341,316	622,323	963,639
High Schools	145,267	452,767	598,034
Auxiliary Facilities	57,351	62,871	120,222
Totals	2,105,413	2,889,808	4,995,221

This information comes from Norfolk Public Schools Child Nutrition Services.

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 2021

	Schools	Paid	Reduced	Free	Total Free
Elementary Schools					
121	BAY VIEW ELEM.	0.00%	0.00%	100.00%	100.00%
114	CAMP ALLEN ELEM.	0.00%	0.00%	100.00%	100.00%
109	CAMPOSTELLA ELEM.	0.00%	0.00%	100.00%	100.00%
126	CHESTERFIELD ACADEMY ELEM.	0.00%	0.00%	100.00%	100.00%
128	COLEMAN PLACE ELEM.	0.00%	0.00%	100.00%	100.00%
129	CROSSROADS ELEM	0.00%	0.00%	100.00%	100.00%
135	GHENT ELEM.	0.00%	0.00%	100.00%	100.00%
134	GRANBY ELEM.	0.00%	0.00%	100.00%	100.00%
136	INGLESIDE ELEM	0.00%	0.00%	100.00%	100.00%
108	JACOX ELEM.	0.00%	0.00%	100.00%	100.00%
150	JAMES MONROE ELEM.	0.00%	0.00%	100.00%	100.00%
141	LARCHMONT ELEM.	0.00%	0.00%	100.00%	100.00%
142	LARRYMORE ELEM.	0.00%	0.00%	100.00%	100.00%
145	LINDENWOOD ELEM.	0.00%	0.00%	100.00%	100.00%
146	LITTLE CREEK ELEM.	0.00%	0.00%	100.00%	100.00%
147	LITTLE CREEK ELEM. ANNEX	0.00%	0.00%	100.00%	100.00%
123	MARY CALCOTT ELEM.	0.00%	0.00%	100.00%	100.00%
151	NORVIEW ELEM.	0.00%	0.00%	100.00%	100.00%
154	OCEAN VIEW ELEM.	0.00%	0.00%	100.00%	100.00%
153	OCEANAIR ELEM.	0.00%	0.00%	100.00%	100.00%
165	P.B. YOUNG SR. ELEM.	0.00%	0.00%	100.00%	100.00%
122	RICHARD BOWLING ELEM.	0.00%	0.00%	100.00%	100.00%
137	SEWELLS POINT ELEM.	0.00%	0.00%	100.00%	100.00%
156	SHERWOOD FOREST ELEM.	0.00%	0.00%	100.00%	100.00%
131	ST. HELENA ELEM.	0.00%	0.00%	100.00%	100.00%
159	SUBURBAN PARK ELEMENTARY	0.00%	0.00%	100.00%	100.00%
161	TANNERS CREEK ELEMENTARY	0.00%	0.00%	100.00%	100.00%
118	TARRALLTON ELEM.	0.00%	0.00%	100.00%	100.00%
119	TIDEWATER PARK ELEM.	0.00%	0.00%	100.00%	100.00%
160	W.H. TAYLOR ELEM	0.00%	0.00%	100.00%	100.00%
115	WILLARD MODEL ELEM.	0.00%	0.00%	100.00%	100.00%
106	WILLOUGHBY ELEM.	0.00%	0.00%	100.00%	100.00%
Middle Schools					
206	AZALEA MIDDLE	0.00%	0.00%	100.00%	100.00%
207	BLAIR MIDDLE	0.00%	0.00%	100.00%	100.00%
172	ACADEMY FOR DISCOVERY AT LAKEWOOD	0.00%	0.00%	100.00%	100.00%
216	LAKE TAYLOR MIDDLE	0.00%	0.00%	100.00%	100.00%
211	NORTHSIDE MIDDLE	0.00%	0.00%	100.00%	100.00%
212	NORVIEW MIDDLE	0.00%	0.00%	100.00%	100.00%
214	RUFFNER MIDDLE	0.00%	0.00%	100.00%	100.00%
249	THE ACADEMY OF INTERNATIONAL STUDIES AT ROSEM	0.00%	0.00%	100.00%	100.00%
High Schools					
304	B. T. WASHINGTON HIGH	0.00%	0.00%	100.00%	100.00%
301	GRANBY HIGH	0.00%	0.00%	100.00%	100.00%
305	LAKE TAYLOR HIGH	0.00%	0.00%	100.00%	100.00%
302	MAURY HIGH	0.00%	0.00%	100.00%	100.00%
303	NORVIEW HIGH	0.00%	0.00%	100.00%	100.00%
Auxiliary Facilities					
130	BERKLEY/CAMPOSTELLA EARLY CHILDHOOD CENTER	0.00%	0.00%	100.00%	100.00%
171	EASTON PRESCHOOL	0.00%	0.00%	100.00%	100.00%
392	MADISON	0.00%	0.00%	100.00%	100.00%
163	NORFOLK RE-ED SCHOOL - SECEP	0.00%	0.00%	100.00%	100.00%
396	NORFOLK TECHNICAL CTR	0.00%	0.00%	100.00%	100.00%
School Board for the City of Norfolk Totals October 2021 Totals		0.00%	0.00%	100.00%	100.00%
		0.00%	0.00%	100.00%	100.00%

This information comes from Norfolk Public Schools Child Nutrition Services.

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Summary of Child Nutrition Services Funds

As of June 30, 2022

Currently, Norfolk serves an average of 29,000 meals and 1,700 after-school snacks each day. Child Nutrition Services provides breakfasts, lunches, and snacks which meet the nutritional requirements of the U.S. Department of Agriculture. Meals are provided free of charge to students. Norfolk operates the program as a non-profit organization and utilizes commodities provided by USDA as part of entitlement funding, as well as items purchased from commercial vendors.

Account Description	FTEs		Budget 2021	Actual 2021	Budget 2022	Actual 2022	Budget 2023	Budget % Increase Over 2022
	2021	2022						
Revenue								
Sales			1,204,000	23,710	82,400	10,773	67,400	-18.20%
Federal and State Food Program Reimbursements			16,540,000	7,365,025	19,670,000	21,186,970	21,606,000	9.84%
Federal Commodities Donated			1,200,000	718,869	1,200,000	1,214,205	1,200,000	0.00%
Other			1,256,000	196,629	1,047,600	82,109	126,600	-87.92%
Total Revenue			20,200,000	8,304,233	22,000,000	22,494,057	23,000,000	4.55%
Expenditures								
Cost of Goods Sold			9,117,295	3,635,352	9,247,257	8,540,267	9,386,497	1.51%
Employee Compensation	192.00	192.00	9,234,283	7,697,259	10,292,787	8,976,514	10,713,692	4.09%
Maintenance Costs			623,000	268,924	660,950	255,643	756,900	14.52%
Supplies and Materials			134,135	135,822	114,800	81,631	135,235	17.80%
Cafeteria and Other Equipment			365,000	37,424	690,000	251,511	870,000	26.09%
Other Costs			726,287	388,063	994,206	542,355	1,095,699	10.21%
Total Expenditures	192.00	192.00	20,200,000	12,162,844	22,000,000	18,647,921	22,958,023	4.35%
Excess of Revenues over Expenditures			-	(3,858,611)	-	3,846,136	41,977	
Fund Balance - Beginning of Year			8,559,475	8,559,475	4,700,864	4,700,864	8,547,000	
Fund Balance - End of Year			\$ 8,559,475	\$ 4,700,864	\$ 4,700,864	\$ 8,547,000	\$ 8,588,977	

This information comes from Norfolk Public Schools Child 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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Instructional Services	3,241.05	3,293.60	3,261.10	3,253.85	3,191.85	3,097.35	3,103.85	3,112.85	3,127.85	3,108.38
Central Administration	97	81	81	82.5	84	84	87	86.5	90	84.5
Student Attendance and Health Services	49	59.5	75.5	100.5	101.5	99.5	103	103	103	112
Pupil Transportation	278	271	271	271	283	283	294	297	300	300
Operations and Maintenance	401.5	401	401	400.5	407.5	411.5	411	411	414	417
Information Technology	64	63	63	63	63	63	63	63	63	89
Total Approved Positions General Fund Budget	4,130.55	4,169.10	4,152.60	4,171.35	4,130.85	4,038.35	4,061.85	4,073.35	4,097.85	4,110.88

(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	
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
2021	337,148,281	26,677	1,898	28,575	11,799
2022	354,868,309	25,949	1,529	27,478	12,915

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 2022 Budget: Summary of Operating Expenditures by Cost Category, pg. 143 and Student Demographics, pg. 265.

(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
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	5.65%	371,161,059	13,268	4.96%	74.81%
2021	27,667	381,593,284	13,792	4.25%	385,635,385	13,938	4.31%	73.29%
2022	25,949	428,463,270	16,512	25.24%	433,216,392	16,695	25.83%	100.00%

Notes:

1. Enrollment information obtained from Fall Membership Reports as provided by the Virginia Department of Education (VDOE) excludes 1,529 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 2022 Budget, pg. 30 and pg. 192.

(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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Schools</u>										
Elementary (K - 8 & Pre K - 8)										
Buildings	33	33	33	33	36	35	35	34	34	34
Square feet	2,179,947	2,179,947	2,179,947	2,179,947	2,533,106	2,801,190	2,801,190	2,630,882	2,630,882	2,630,882
Capacity	19,758	19,758	19,758	19,758	26,915	27,765	27,765	21,304	21,304	21,304
Enrollment	16,143	16,098	16,038	15,650	18,191	15,772	17,445	17,514	13,900	13,900
Middle										
Buildings	8	8	7	8	8	7	7	6	6	6
Square feet	1,167,600	1,167,600	1,027,600	1,167,600	1,167,600	987,600	987,600	908,674	908,674	908,674
Capacity	9,487	9,487	9,487	9,487	9,487	8,237	8,237	6,418	6,418	6,418
Enrollment	6,577	6,377	6,159	6,345	5,335	6,820	5,164	4,798	6,262	6,262
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	7,957	7,863	7,904	7,981	7,910	7,740	7,541	7,525	7,505	7,505

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 2022

Location	Year Built	Square Foot	Site Acreage	Mobile Units	Renovations & Additions	Age	Total Square Feet Bldgs. & Mobiles
Granby High	1939	292,294	25	0	1997-1998	23	292,294
Lake Taylor High	1967	261,000	44.7	2	1974	6	262,824
Maury High	1910	265,000	9.8	0	1988	33	265,000
Norview High	2004	287,272	27	0		17	287,272
B. T. Washington High	1974	265,000	30	0		47	265,000
High School Average Age:						25.20	
Azalea Gardens Middle	1961	120,374	21.1	3		60	123,110
Blair Middle	1922	241,597	7.4	0	2007	14	241,597
Northside Middle	1956	122,675	14.5	1		65	123,587
Norview Middle	1995	152,000	19	0		26	152,000
Rosemont Middle	1959	126,028	18.5	0		62	126,028
Ruffner Middle	1994	146,000	10.52	0		27	146,000
Middle School Average Age:						42.33	
Academy for Discovery at Lakewood	1991	140,000	14.1	0		30	140,000
Bayview Elementary	1922	83,095	9.4	0	1999	22	83,095
Lake Taylor School	1965	118,926	20	0		56	124,398
Richard Bowling Elementary	2017	101,060	25.8	0		4	101,060
Calcott Elementary	1952	65,100	12	2	1954	69	66,924
Camp Allen Elementary	2019	97,630	14	0		3	97,630
Southside STEM Academy at Campostella	2016	181,056	18.5	0		5	181,056
Chesterfield Academy	1953	58,750	12.3	10	1971	68	67,870
Coleman Place Elementary	2007	96,818	9.2	0		14	96,818
Crossroads Elementary	2012	146,923	12	0		11	146,923
Fairlawn Elementary	1959	58,500	16.4	0	1961	62	68,532
Ghent Elementary	1978	60,800	13	3		43	63,536
Granby Elementary	1948	82,081	9	0	1989	73	82,081
Ingleside Elementary	1954	58,500	16	6		67	63,972
Jacox Elementary	1949	79,200	11.7	4		72	82,848
Larchmont Elementary	2016	92,958	23	0		5	92,958
Larrymore Elementary	1957	77,325	13	0	1964	64	77,325
Lindenwood Elementary	1953	54,900	9.5	7	1965	68	61,284
Little Creek Elementary	1954	56,795	17	5		67	61,355
Little Creek Primary*	1957	44,500		1		64	45,412
Monroe Elementary	1990	64,000	12.8	0		31	64,000
Norview Elementary	1952	57,640	14.2	14	1953	69	70,408
Ocean View Elementary	2017	92,650	20.5	0		4	92,650
Oceanair Elementary	1956	62,470	17.7	8		65	69,766
St. Helena Elementary	1966	36,074	13.2	2		55	37,898
Sewells Point Elementary	1966	60,900	8.9	6	1984	55	66,372
Sherwood Forest Elementary	1957	66,340	13.3	4	1989	64	69,988
Suburban Park Elementary	1955	61,980	15	0	1988	66	61,980
Tanners Creek Elementary	1990	83,000	9	0		31	83,000
Tarrallton Elementary	1964	46,300	15.2	3		57	49,036
Taylor Elementary	1998	54,786	2.8	0		23	54,786
Tidewater Park Elementary	1964	39,675	8.3	5		57	44,235
Willard Elementary	1952	80,925	14.9	0	1990	69	80,925
Willoughby Elementary	1967	58,400	12	0		54	58,400
P. B. Young Sr. Elementary	1954	55,325	8	0		67	55,325
Elementary School Average Age:						46.69	

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Facilities Information on Schools (continued)
As of 2022

Location	Year Built	Square Foot	Site Acreage	Mobile Units	Renovations & Additions	Age	Total Square Feet Bldgs. & Mobiles
Berkley/Campostella ECC	1953	46,453	10.6	0	1991	68	46,453
Camp Young	1946	27,398	30	0		75	27,398
Easton Preschool	1959	37,500	11.7	0	1961	62	37,500
Madison Career Center	1919	75,501	3	0	1921	102	75,501
Norfolk Technical Center	1968	125,938	29.5	0		53	125,938
Bellmore	1968	77,028	3.9	1		53	77,940
Transportation	1995	24,689	9.9	1		29	25,601
Other Average Age:						63.14	
Total Mobiles		88					
Average Age of all Buildings		46.34			Total age of all buildings		2,456
Total Number of Acres		788			Total # of buildings		53
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.

STATISTICAL SECTION (UNAUDITED)

City of Norfolk

The overall financial health is presented for the School Board. The School Board is a component unit of the City of Norfolk. 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.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
						Fiscal Year				
Governmental activities:										
Net investment in capital assets	restated									
Restricted	\$ 319,550	\$ 337,937	\$ 428,380	\$ 386,641	\$ 365,913	\$ 351,887	\$ 382,093	\$ 384,078	\$ 374,478	\$ 372,139
Unrestricted	11,111	22,062	10,485	12,412	12,042	6,485	6,690	9,094	8,217	8,048
	22,593	(149,763)	(217,542)	(153,467)	(124,543)	(108,368)	(109,199)	(148,756)	(177,514)	(24,679)
Subtotal governmental activities net position	353,254	210,236	221,323	245,586	253,412	250,004	279,584	244,416	205,180	355,508
Business-type activities:										
Net investment in capital assets	275,195	259,371	266,206	301,340	342,470	330,979	364,975	406,149	451,059	535,599
Restricted	13,244	32,495	29,610	31,766	35,237	36,017	28,501	29,946	32,588	28,914
Unrestricted	78,631	77,120	100,988	85,668	59,766	98,533	102,475	121,751	113,452	104,802
Subtotal business-type activities net position	367,070	368,986	396,804	418,774	437,473	465,529	495,951	557,846	597,099	669,315
Primary government:										
Net investment in capital assets	594,745	597,308	694,586	687,981	708,383	682,866	747,068	790,227	825,537	907,738
Restricted	24,355	54,557	40,095	44,178	47,279	42,502	35,191	39,040	40,805	36,963
Unrestricted	101,224	(72,643)	(116,554)	(67,799)	(64,777)	(9,835)	(6,724)	(27,005)	(64,062)	80,123
Total primary government net position	\$ 720,324	\$ 579,222	\$ 618,127	\$ 664,360	\$ 690,885	\$ 715,533	\$ 775,535	\$ 802,262	\$ 802,279	\$ 1,024,823

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
Changes in Net Position Last
Ten Fiscal Years
(Amounts in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program Revenue										
Governmental activities:										
Charges for services										
General government	\$ 9,489	\$ 4,149	\$ 7,152	\$ 4,642	\$ 4,822	\$ 4,728	\$ 7,267	\$ 6,069	\$ 8,057	\$ 7,812
Judicial administration	3,717	3,142	2,938	2,729	2,688	2,507	2,396	1,896	22,659	23,772
Public safety	10,154	7,613	7,563	8,307	8,364	7,802	8,504	8,067	11,727	12,230
Public works	38,320	37,769	41,821	42,341	40,322	41,185	40,169	23,242	25,330	24,484
Health and public assistance	5,349	5,597	5,577	6,310	6,390	6,385	5,498	5,928	5,374	6,067
Culture and recreation	10,297	9,685	9,848	10,054	9,835	9,305	9,810	6,817	3,448	7,894
Community development	2,368	1,960	2,557	2,370	2,511	1,264	2,244	2,510	1,872	1,946
Capital grants and contributions ²	15,000	15,933	1,000	5,672	5,941	11,954	3,806	(25,255)	1,983	(5)
Operating grants and contributions	131,719	120,713	125,802	132,611	135,194	151,519	142,804	161,602	207,936	233,842
Total governmental activities program revenue	226,413	206,561	203,358	215,036	216,067	236,649	222,498	190,876	288,386	318,042
Business-type activities:										
Charges for services										
Water utility	76,584	79,097	82,996	80,749	84,529	86,942	111,546	91,377	95,239	103,716
Wastewater utility	25,469	27,119	28,144	27,823	29,065	30,201	31,222	31,705	32,120	35,334
Parking facilities	19,162	20,413	19,520	19,612	20,577	22,148	22,324	19,953	18,073	19,229
Storm Water utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21,666	22,393	22,389
Capital grants and contributions ²	-	2,761	3,006	338	188	144	381	26,705	-	-
Total business-type activities program revenue	121,215	129,390	133,666	128,522	134,359	139,435	165,473	191,406	167,825	180,668
Total primary government program revenues	347,628	335,951	337,024	343,558	350,426	376,084	387,971	382,282	456,211	498,709
Expenses										
Governmental activities:										
General government	119,764	122,656	126,959	130,550	155,159	152,832	157,320	157,801	150,511	142,589
Judicial administration	51,654	55,062	49,056	51,926	55,547	57,118	46,124	48,443	47,505	47,384
Public safety	125,270	125,122	120,710	119,828	133,378	160,378	138,890	153,190	102,697	135,156
Public works	71,324	66,909	81,171	79,200	80,825	69,194	66,079	61,612	57,246	58,041
Health and public assistance	90,993	90,919	86,776	85,730	89,103	87,827	97,275	97,275	76,088	90,165
Culture and recreation	56,039	56,499	58,443	60,064	62,996	46,799	58,962	64,901	35,794	54,751
Community development	16,158	12,622	13,040	16,734	15,402	23,320	29,381	40,728	66,151	71,342
Education	109,287	109,467	117,722	114,769	114,972	131,137	136,660	135,699	112,363	138,902
Interest on long-term debt	28,249	25,187	22,060	22,950	19,326	24,965	28,817	24,998	29,876	25,474
Total government activities expenses	668,738	664,443	675,937	681,751	726,708	753,570	753,968	784,647	678,231	763,804
Business-type activities:										
Water utility	61,358	61,609	59,448	59,415	65,319	61,276	63,967	65,534	63,489	47,456
Wastewater utility	19,983	20,128	19,142	19,226	22,072	21,012	20,201	21,082	21,087	16,424
Parking facilities	20,961	23,677	20,045	20,651	21,078	23,084	25,365	24,850	20,031	12,079
Storm Water utility	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13,239	16,331	14,858
Total business-type activities expenses	102,302	105,414	98,635	99,292	108,469	105,372	109,533	124,705	120,938	90,818
Total primary government expenses	771,040	769,857	774,572	781,043	835,177	858,942	863,501	909,352	799,169	854,621
Net (Expense) Revenue										
Governmental activities	(442,325)	(457,892)	(472,579)	(486,715)	(510,641)	(516,921)	(531,470)	(593,771)	(389,845)	(445,762)
Business-type activities	18,913	23,976	35,031	29,230	25,890	34,063	55,940	66,701	46,887	89,850
Total primary government net expense	<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>	<u>\$ (342,958)</u>	<u>\$ (355,912)</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
Changes in Net Position Last
Ten Fiscal Years
(Amounts in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenue and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real estate and personal property	\$ 246,345	\$ 254,357	\$ 263,490	\$ 263,395	\$ 271,461	\$ 277,132	\$ 303,623	\$ 316,998	\$ 329,293	\$ 357,257
Consumption utility	43,211	43,055	42,961	41,849	41,452	41,292	39,947	38,890	36,767	31,207
Sales and use	29,707	29,436	29,981	30,330	31,185	32,799	33,259	35,395	39,525	42,726
Restaurant food	30,818	31,127	32,634	34,224	34,934	37,990	39,210	35,284	36,384	43,567
Business licenses	29,301	29,889	28,640	28,935	30,557	28,529	29,929	29,916	31,620	32,645
Cigarette	7,926	7,409	7,821	7,784	7,860	7,492	7,889	7,703	7,374	6,389
Motor vehicle licenses	4,210	3,966	3,953	4,488	4,642	4,760	4,903	4,963	5,039	2,121
Other	18,124	16,618	18,280	18,424	18,909	21,277	22,127	19,382	18,507	26,345
Interest and investment earnings	563	783	164	291	249	270	1,212	1,403	457	(222)
Grants and contributions not restricted to specific programs	33,539	33,788	33,793	34,863	36,440	28,158	35,965	36,316	39,500	39,720
Miscellaneous	11,501	14,563	11,916	16,404	30,778	31,189	12,677	17,377	244	3,833
Gain on disposal of assets	1,734	-	-	-	-	-	-	-	-	-
Capital contributions Norfolk Public Schools	-	-	-	-	-	-	-	3,716	-	-
Debt proceeds to trust	-	-	-	-	-	-	-	-	(210,000)	-
Transfers between governmental and business-type activities	10,114	10,052	10,033	10,000	10,000	10,000	30,309	11,259	15,900	10,500
Total governmental activities	467,093	475,043	483,666	490,987	518,467	520,888	561,050	558,602	350,610	596,090
Business-type activities:										
Interest and investment earnings	234	496	112	295	432	671	2,507	3,383	130	-
Grants and contributions not restricted to specific programs	1,626	219	214	149	150	142	134	126	325	-
Unrealized gain (loss) on investments	-	-	-	-	-	(52)	-	45	5,069	(17,937)
Miscellaneous	4,042	3,162	2,506	2,295	2,228	2,059	2,151	2,899	2,742	10,803
Gain (Loss) on disposal of assets	9	(88)	(2)	-	-	-	-	-	-	-
Transfers between governmental and business-type activities	(10,114)	(10,052)	(10,033)	(10,000)	(10,000)	(10,000)	(30,309)	(11,259)	(15,900)	(10,500)
Total business-type activities	(4,203)	(6,263)	(7,203)	(7,261)	(7,190)	(7,180)	(25,517)	(4,806)	(7,635)	(17,634)
Total primary governmental activities	462,890	468,780	476,463	483,726	511,277	513,708	535,533	553,796	342,976	578,456
Change in Net Position										
Governmental activities	9,211	2,464	16,951	(19,654)	1,546	(10,582)	561,050	(35,168)	(39,235)	150,328
Business-type activities	19,773	28,768	22,027	18,629	26,873	48,760	(25,517)	61,895	39,253	72,216
Total Primary Government changes in net position	\$ 28,984	\$ 31,232	\$ 38,978	\$ (1,025)	\$ 28,419	\$ 38,178	\$ 535,533	\$ 26,726	\$ 18	\$ 222,544

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable										
Restricted	\$ -	\$ -	\$ -	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619
Committed	300	265	2,100	3,015	165	145	135	130	120	115
Assigned	3,000	3,000	4,000	5,000	8,698	9,347	10,032	13,051	16,404	18,884
Unassigned	33,919	23,901	25,904	26,557	36,605	44,118	65,231	66,842	138,914	217,246
Total General Fund	54,055	58,100	65,580	73,077	70,652	70,962	76,510	74,994	75,557	92,920
	91,274	85,266	97,584	107,788	116,120	124,572	151,908	155,017	230,995	329,784
Grants Fund:										
Nonspendable	-	-	-	-	-	-	-	-	1,374	-
Restricted	-	-	-	-	-	-	-	-	1,734	1,618
Committed	-	-	-	-	-	-	-	-	2,428	4,393
Assigned	-	-	-	-	-	-	-	-	738	889
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Grants Fund ⁽¹⁾	-	-	-	-	-	-	-	-	6,274	6,900
Capital Projects Fund:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	10,933	-	-	-	-	-	-	-	-
Committed	13,637	14,480	14,704	6,170	-	-	4,105	-	-	-
Assigned	7,339	4,052	-	-	-	-	-	-	-	-
Unassigned	-	-	(84,624)	(216,480)	(190,871)	(128,799)	-	(7,055)	(51,497)	5,117
Total Capital Projects Fund ⁽²⁾	20,976	29,465	(69,920)	(210,310)	(190,871)	(128,799)	4,105	(7,055)	(51,497)	5,117
All Other Governmental Funds:										
Nonspendable	24	-	-	-	-	-	-	-	-	-
Restricted	10,811	10,864	8,385	9,397	6,223	6,340	6,554	8,965	6,362	6,602
Committed	2,454	5,050	2,764	3,138	5,872	7,323	7,705	5,579	38	38
Assigned	20,708	22,144	17,843	26,554	20,345	21,501	22,339	14,148	12,719	11,331
Unassigned	-	(1,556)	(2,913)	(2,689)	(932)	(823)	(66)	(64)	-	-
Total Other Governmental Funds ⁽¹⁾	33,997	36,502	26,079	36,400	31,508	34,341	36,532	28,628	19,119	17,971
Total fund balance, governmental funds	\$ 146,247	\$ 151,233	\$ 53,743	\$ (66,122)	\$ (43,243)	\$ 30,114	\$ 192,545	\$ 176,590	\$ 204,891	\$ 359,773

(1) Prior to fiscal year 2021, Grants Fund was reported with the All Other Governmental Funds. Tested as a Major Fund for FY21 due to CARES and ARPA funding.

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue:										
General property taxes	\$ 246,359	\$ 256,979	\$ 262,433	\$ 265,943	\$ 269,816	\$ 277,559	\$ 303,370	\$ 311,961	\$ 327,739	\$ 352,648
Other local taxes	163,297	161,499	164,270	166,034	169,539	174,139	177,263	171,533	175,217	185,001
Licenses and permits	4,098	3,089	3,013	3,038	3,576	3,292	4,118	3,599	3,495	3,883
Fines and forfeitures	1,102	1,242	1,264	1,111	921	1,068	1,027	801	978	1,359
Use of money and property	6,539	6,329	9,668	7,354	7,786	7,504	11,098	9,861	6,438	8,663
Charges for services	56,077	60,040	59,983	62,709	62,315	62,383	60,905	41,335	43,250	44,161
Miscellaneous	26,178	29,133	10,142	11,325	12,080	11,311	11,287	11,743	11,105	12,226
Recovered costs ⁽¹⁾	11,396	-	-	-	-	-	-	-	-	-
Intergovernmental	161,148	153,782	158,840	166,686	176,784	193,289	182,023	198,634	267,558	298,592
Total revenues	676,194	672,093	669,613	684,200	702,817	730,545	751,091	749,467	835,780	906,534
Expenditures:										
Current										
General government	112,804	109,292	110,904	118,468	127,367	131,203	136,987	133,751	144,751	149,596
Judicial administration	50,920	51,673	51,360	50,513	50,767	52,012	45,914	47,359	47,296	49,664
Public safety	117,427	113,394	112,055	116,436	121,494	123,905	127,610	131,883	136,809	136,670
Public works	54,427	55,267	61,369	58,716	63,231	66,882	62,511	53,665	52,029	55,308
Health and public assistance	88,413	88,671	85,631	85,815	87,330	86,702	87,554	91,787	88,067	92,189
Culture and recreation	47,153	46,705	48,765	44,531	44,825	45,968	45,399	43,499	34,012	39,991
Community development	15,128	12,482	12,303	13,677	14,994	22,237	28,212	38,095	72,093	70,985
Education	109,287	111,854	117,722	114,769	114,972	120,972	122,972	124,711	120,973	129,622
Debt service:										
Principal retirement	50,559	48,135	49,255	46,175	50,663	52,583	49,122	61,128	63,782	53,852
Interest and other charges	27,668	28,682	26,896	26,955	27,150	27,317	32,212	29,448	27,612	27,161
Debt issuance costs	-	1,127	680	318	-	907	1,823	1,886	1,026	1,282
Capital outlay	116,580	100,709	103,113	140,093	98,492	67,938	49,790	49,490	44,918	47,952
Total expenditures	790,366	767,991	780,053	816,466	801,285	798,626	790,106	806,702	833,368	854,272
(Deficiency) of revenues (under) expenditures	(114,172)	(95,898)	(110,440)	(132,266)	(98,468)	(68,081)	(39,015)	(57,235)	2,412	52,262
Other financing sources (uses):										
Proceeds of refunding bonds	-	73,428	74,094	-	49,378	27,744	-	221,756	46,383	36,895
Proceeds from capital leases	-	-	-	2,400	-	-	-	-	-	-
Proceeds from line of credit	-	-	1,000	-	-	-	-	-	-	-
Cost of issuance	-	1,127	811	-	(1,106)	-	-	-	(261)	-
Proceeds of debt (general obligation bonds and notes)	-	77,930	-	-	90,094	95,305	144,820	27,553	(5,688)	90,520
Payment to refunded bonds escrow agent	-	(79,964)	(81,267)	-	(55,684)	(31,799)	-	(220,838)	(46,122)	-
Premium on bonds issued	-	17,081	7,530	-	22,586	20,111	24,939	7,591	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Proceeds from sale or disposal of fixed assets	1,966	-	-	-	6,080	20,077	1,378	3,716	15,678	1,397
Operating transfers in	112,121	107,633	102,604	107,953	106,474	108,550	128,910	120,991	125,961	114,611
Operating transfers (out)	(102,006)	(95,224)	(92,571)	(97,953)	(96,474)	(98,550)	(98,601)	(109,732)	(110,061)	(104,111)
Total other financing sources (uses)	12,081	102,011	12,201	12,400	121,348	141,438	201,446	51,037	25,890	139,312
Special items:										
Contribution to stormwater utility fund	-	-	-	-	-	-	-	(9,757)	-	-
Total special items	-	-	-	-	-	-	-	(9,757)	-	-
Net change in fund balances	\$ (102,091)	\$ 6,113	\$ (98,239)	\$ (119,866)	\$ 22,880	\$ 73,357	\$ 162,431	\$ (15,955)	\$ 28,302	\$ 191,574
Debt service as a percentage of noncapital expenditures	11.57%	11.22%	11.28%	10.91%	10.95%	10.77%	11.03%	11.89%	11.16%	9.62%

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
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
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
2021	327,739	175,217	3,495	978	6,438	43,250	11,105	N/A	267,558	835,780
2022	352,648	185,001	3,883	1,359	8,663	44,161	12,226	N/A	298,592	906,534
Change 2013-2022	43.1%	13.3%	-5.2%	23.3%	32.5%	-21.2%	-53.3%	N/A	85.3%	34.1%

City of Norfolk, Virginia
Financial Trends Information
Other Local Tax Revenues by Source, Governmental Funds ⁽²⁾
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
2013	\$ 43,211	\$ 29,707	\$ 30,818	\$ 29,301	\$ 7,926	\$ 4,210	\$ 18,124	\$ 163,297
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
2021	36,767	39,525	36,384	31,620	7,374	5,039	18,507	175,217
2022	31,207	42,726	43,567	32,645	6,389	2,121	26,345	185,001
Change 2013-2022	-27.8%	43.8%	41.4%	11.4%	-19.4%	-49.6%	45.4%	13.3%

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

N/A - Not Available

City of Norfolk, Virginia
Revenue Capacity Information
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
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
2021	22,154,798	2,207,130	275,805	24,637,733	24,637,733
2022	23,076,118	3,277,428	328,211	26,681,757	26,681,757

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
Direct Property Rates
Last Ten Fiscal Years

		Fiscal Year									
		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Property tax rate per \$100 of assessed value:											
Real property	\$	1.11	1.15	1.15	1.15	1.15	1.15	1.25	1.25	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	1.15	1.11	1.15	1.15	1.15	1.25	1.25	1.25	1.25
Airplanes		2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Boats (pleasure)		0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.25	0.25	0.00
Boats (business)		1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreational vehicles		1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Disabled veterans		3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total direct tax rate		1.22	1.22	1.22	1.24	1.23	1.25	1.33	1.32	1.32	1.33
Assessed value of real property as a percent of fair market value:											
As determined by the City Assessor		100%	98%	100%	100%	100%	100%	100%	100%	100%	100%
As determined by the Commonwealth's Department of Taxation		100%	99%	100%	99%	97%	97%	98%	98%	98%	94%

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 2013 through 2022.
3. The most recent Virginia Assessment/Sales ratio study is for 2020.
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
Principal Property Taxpayers
Current Year and Nine Years
Ago

	2013			2022		
	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Taxpayer						
MPB, Inc.				200,247,500	1	0.87%
ODU Real Estate Foundation	97,755,300	5	0.53%	139,768,300	2	0.61%
MacArthur Shopping Center	160,697,300	2	0.88%	134,563,500	3	0.58%
Bon Secours-DePaul Med Ctr Inc				113,622,000	4	0.49%
Fort Norfolk Comm Inc				94,442,100	5	0.41%
Ap Arlay Point LLC Et Al				88,216,900	6	0.38%
SLNWC Office Company, LLC				87,832,000	7	0.38%
Hertz Norfolk 999 Waterside, LLC				76,553,400	8	0.33%
Crown Point Owner LLC				75,618,800	9	0.33%
Dominion Enterprises	66,624,400	8	0.36%	71,081,100	10	0.31%
Norfolk Western Railway Company	130,136,689	3	0.71%			
Northern Southern	86,978,700	6	0.47%			
Verizon Virginia, Inc.	114,436,112	4	0.62%			
Virginia Natural Gas, Inc.	70,699,085	7	0.39%			
Virginia Power Co.	292,679,729	1	1.60%			
Wells Fargo Building	65,577,400	9	0.36%			
Military Circle, LLC	58,279,300	10	0.32%			
	<u>\$ 656,628,501</u>		<u>3.57%</u>	<u>\$ 1,081,945,600</u>		<u>4.69%</u>

Note:

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

City of Norfolk, Virginia
Revenue Capacity Information
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		Delinquent Collections	Total Collections	Percentage of Total Collections to Tax Levy ⁽²⁾
				Collections to Tax Levy ⁽²⁾				
2013	\$ 244,309	\$ 243,683	\$ 229,872	94.33%	\$ 13,784	\$ 243,656	99.99%	
2014	254,008	254,598	240,481	94.46%	13,977	\$ 254,458	99.94%	
2015	256,040	260,734	245,803	94.27%	14,740	\$ 260,543	99.93%	
2016	264,043	265,482	251,933	94.90%	13,231	\$ 265,164	99.88%	
2017	268,718	269,672	255,712	94.82%	12,360	\$ 268,072	99.41%	
2018	275,648	277,578	262,585	94.60%	11,678	\$ 274,263	98.81%	
2019	300,270	300,270	285,588	95.11%	12,755	\$ 298,343	99.36%	
2020	314,540	314,540	288,746	91.80%	22,491	\$ 311,238	98.95%	
2021	327,530	327,530	308,016	94.04%	12,518	\$ 320,534	97.86%	
2022	355,926	355,926	328,909	92.41%	-	\$ 328,909	92.41%	

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.

City of Norfolk, Virginia
Debt Capacity Information
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							
2013	\$ 664,909	\$ -	\$ -	\$ 664,909	\$ 2,699	7.25%	0.54
2014	718,937	-	-	718,937	2,918	7.82%	0.52
2015	665,809	1,000	-	666,809	2,698	7.06%	0.33
2016	611,876	175,289	-	787,165	3,186	8.34%	0.31
2017	664,941	189,803	-	854,744	3,471	8.68%	0.30
2018	720,180	156,574	-	876,754	3,568	8.68%	0.29
2019	831,837	9,800	-	841,637	3,434	8.09%	0.33
2020	790,550	60,000	-	850,550	3,457	N/A	0.29
2021	935,414	83,260	-	1,018,674	4,278	N/A	0.20
2022	977,364	52,762	-	1,030,126	N/A	N/A	0.35
Business-Type Activities							
2013	184,119	-	486,832	670,951	2,723	7.32%	0.55
2014	259,717	-	410,401	670,118	2,720	7.29%	0.57
2015	247,490	-	443,911	691,401	2,797	7.32%	0.57
2016	236,084	16,711	436,720	689,515	2,791	7.31%	0.61
2017	258,922	10,089	424,459	693,470	2,816	7.04%	0.63
2018	261,164	10,000	442,381	713,545	2,904	7.06%	0.65
2019	217,515	9,220	443,646	670,381	2,736	6.44%	0.74
2020	262,378	3,000	424,304	689,682	2,751	N/A	0.81
2021	258,887	-	377,953	636,840	2,675	N/A	0.94
2022	242,450	-	362,492	604,942	N/A	N/A	1.11
Total Primary Governmental Activities							
2013	849,028	-	486,832	1,335,860	5,422	14.57%	0.55
2014	978,654	-	410,401	1,389,055	5,638	15.11%	0.49
2015	913,299	1,000	443,911	1,358,210	5,495	14.39%	0.46
2016	847,960	192,000	436,720	1,476,680	5,976	15.65%	0.45
2017	923,863	199,892	424,459	1,548,214	6,287	15.72%	0.45
2018	981,344	166,574	442,381	1,590,299	6,471	15.74%	0.45
2019	1,049,352	19,020	443,646	1,512,018	6,170	14.53%	0.51
2020	1,052,928	63,000	424,304	1,540,232	6,207	N/A	0.52
2021	1,194,301	83,260	377,953	1,655,514	6,953	N/A	0.48
2022	1,219,814	52,762	362,492	1,635,068	N/A	N/A	0.63

Note:

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

N/A - not available

City of Norfolk, Virginia
Debt Capacity Information
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
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%	3,568
2019	1,068,372	226,735	841,637	22,633,265	245,054	3.72%	3,434
2020	1,103,120	252,570	850,550	23,780,896	246,063	3.58%	3,457
2021	1,277,561	258,887	1,018,674	24,637,733	238,102	4.13%	4,278
2022	1,272,576	242,450	1,030,126	26,681,757	N/A	3.86%	N/A

Notes:

1. Assessed value of taxable property is detailed in Revenue Capacity Schedule 1.
2. The source of 2012 through 2020 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
Computation of Direct Bonded Debt
June 30, 2022

	Jurisdiction	Debt	Government	Government
Direct:	City of Norfolk	\$ 1,272,576	100%	\$ 1,272,576

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
Legal Debt Margin
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total assessed value of taxed real property	\$ 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	\$ 22,154,797,959	\$ 23,076,117,734
Debt Limit - 10% of total assessed valuation	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	2,215,479,796	2,307,611,773
Net debt applicable to debt limitation	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	1,267,408,068	1,253,606,782
Legal Debt Margin	\$ 1,013,926,798	\$ 929,440,869	\$ 959,120,794	\$ 922,291,955	\$ 877,405,167	\$ 907,492,982	\$ 1,046,422,009	\$ 1,027,161,253	\$ 948,071,728	\$ 1,054,004,991
Net debt percentage of debt limitation	44.65%	49.55%	48.80%	51.73%	54.85%	54.33%	48.57%	51.40%	57.21%	54.32%

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

Fiscal Year	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Debt Service			
			Income Available for Debt Service	Principal	Interest	Coverage
2013	80,091,220	34,810,702	45,280,518	7,000,000	14,700,777	2.09
2014	82,078,002	34,466,877	47,611,125	7,250,000	15,630,219	2.08
2015	85,490,793	36,882,803	48,607,990	7,805,000	13,905,866	2.24
2016	83,103,038	32,731,817	50,371,221	8,750,000	16,612,870	1.99
2017	86,970,065	37,735,743	49,234,322	10,090,000	15,988,725	1.89
2018	89,419,996	34,889,820	54,530,176	13,860,000	14,376,733	1.93
2019	115,557,713	36,530,929	79,026,784	14,200,000	15,858,467	2.63
2020	95,843,067	36,671,425	59,171,642	13,830,000	15,044,375	2.05
2021	97,628,276	36,700,664	60,927,612	15,965,000	14,311,275	2.01
2022	102,685,609	28,736,895	73,948,714	17,170,000	13,504,400	2.41

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
Revenue Bonds Debt Service Coverage
Wastewater Utility Fund
Last Ten Fiscal Years

Fiscal Year	Revenue Available for Debt Service ⁽¹⁾	Operating Expenses Less Depreciation & Amortization ⁽²⁾	Debt Service			Coverage
			Income Available for Debt Service	Principal	Interest	
2013	25,898,789	11,541,897	14,356,892	1,725,000	-	8.32
2014	27,409,238	10,767,704	16,641,534	1,957,500	-	8.50
2015	28,241,721	10,581,959	17,659,762	2,490,000	-	7.09
2016	28,028,027	10,347,338	17,680,689	3,019,967	-	5.85
2017	29,246,659	12,826,121	16,420,538	3,488,443	-	4.71
2018	30,336,506	11,186,214	19,150,292	3,856,919	-	4.97
2019	31,582,034	11,291,981	20,290,053	4,525,669	-	4.48
2020	32,097,154	11,933,730	20,163,424	6,816,855	325,483	2.82
2021	32,531,015	11,805,718	20,725,297	7,393,268	241,212	2.71
2022	35,217,195	8,879,081	26,338,114	7,556,803	110,126	3.44

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
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		Interest on Serial Bonds	Interest on Other Debt	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
		Other	Long-term Debt					
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%
2021	63,781,523		-	27,612,204	-	91,393,726	629,115,874	14.53%
2022	53,852,387		-	27,160,898	-	81,013,285	620,115,756	13.06%

Notes:

1. Total general expenditures include the expenditures of the General fund and Debt Service fund.
2. Total general expenditures are presented using the modified accrual basis of accounting.

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

Year	Population	Personal Income (000's)	Per Capita Personal Income	Civilian Labor Force Estimates	% Unemployed
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%
2020	246,063	10,439,462	42,996	111,825	3.5%
2021	238,102	N/A	65,408	107,879	5.7%

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 2022.
2. Personal income and per capita personal income estimates from U.S. Bureau of Economic Analysis. Data not available for 2021 or 2022.
3. Unemployment rate and civilian labor force from the U.S. Bureau of Labor Statistics.
4. All information on an average annual calendar year.

N/A - not available

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

Employer	Rank	
	2013	2022
U.S. Department of Defense	1	1
Sentara Healthcare	2	2
Norfolk City School Board	3	3
City of Norfolk	4	4
Old Dominion University, 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		
Bank of America	10	
Total Employment	137,468	136,702

Notes:

1. The source of the City's top ten employers is the Virginia Employment Commission.
2. The data for 2022 is the quarter ended December 2021, as that is the most current data available.
3. The source of the City's total employment is the Bureau of Labor Statistics quarter ended March 2013 and 2nd Quarter 2021.
4. Each of the top 10 employers has 1,000+ employees. The actual number of employees for each employer was not available.



**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, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated January 17, 2023.

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.

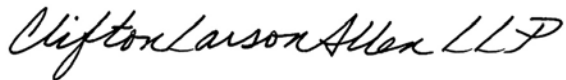
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control 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
January 17, 2023