

Annual Comprehensive Financial Report



2023

School Board of the City of Norfolk

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

Fiscal Year Ended June 30, 2023

Prepared by the Accounting Department



Norfolk Public Schools

The cornerstone of a proudly diverse community

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, 2023

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, 2023

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Members of the School Board	1
Members of City Council	2
ASBO Certificate of Excellence	3
Organizational Chart	4
Mission Statement	5
Letter of Transmittal	7
 FINANCIAL SECTION	
Independent Auditors' Report	14
Management's Discussion and Analysis (Unaudited)	17
Basic Financial Statements:	
Government-wide Statements:	
Statement of Net Position, Exhibit I	32
Statement of Activities, Exhibit II	34
Fund Financial Statements:	
Balance Sheet – Governmental Funds, Exhibit III	35
Reconciliation of the Balance Sheet of Governmental Funds to the	
Government-wide Statement of Net Position, Exhibit III continued	36
Statement of Revenues, Expenditures, and Changes in Fund Balances	
- Governmental Funds, Exhibit IV	37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds to the Government-wide	
Statement of Activities, Exhibit IV continued	38
Statement of Fiduciary Net Position, Exhibit V	39
Fiduciary Statement of Changes in Net Position, Exhibit VI	40
Notes to the Basic Financial Statements	41
 Required Supplementary Information:	
Budget to Actual Schedule for the General Fund	82
Budget to Actual Schedule for the Child Nutrition Funds	83
Schedule of the School Board's Proportionate Share of the Net Pension Liability	84
Schedule of School Board Contributions –VRS Teacher Retirement Plan	85
Schedule of Changes in the School Board's Net Pension Liability	
and Related Ratios – VRS Retirement Plan for Political Subdivisions	86
Schedule of School Board Contributions – VRS Political Subdivisions	87
Notes to the VRS Retirement Plan Required Supplementary Information	88
Schedule of Changes in Total OPEB liability and Related Ratios – OPEB Retiree Healthcare	89
Schedule of the School Board Contributions - OPEB Retiree Healthcare	90
Schedule of School Board's Proportionate Share of Net OPEB Liability –	
VRS Teacher Health Insurance Credit Program	91
Schedule of School Board Contributions – VRS Teacher Health Insurance Credit Program	92
Schedule of Changes in the School Board's Net OPEB Liability –	
and Related Ratios - VRS Health Insurance Credit Program for Political Subdivision	93
Schedule of School Board's Contributions – VRS Health Insurance Credit Program	
for Political Subdivision	94
Schedule of School Board's Proportionate Share of Net OPEB Liability -	
VRS Group Life Insurance Program for Teachers	95

TABLE OF CONTENTS (continued)

Required Supplementary Information (continued)

Schedule of School's Board Contributions - VRS Group Life Insurance Program for Teachers.....	96
Schedule of School Board's Proportionate Share of Net OPEB Liability – VRS Group Life Insurance for Political Subdivisions	97
Schedule of School Board Contributions –VRS Group Life Insurance for Political Subdivision.....	98
Notes to VRS OPEB Required Supplementary Information	99

Combining and Individual Fund Financial Statements and Schedules:

Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	103
Fiduciary Fund:	
Combining Statement of Fiduciary Net Position	104
Combining Statement of Changes in Net Position	105

STATISTICAL SECTION

School Board of the City of Norfolk:	
Financial Trends Information:	
Net Position by Category	108
Changes in Net Position	109
Fund Balances, Governmental Funds.....	110
Changes in Fund Balance, Governmental Funds	111
Program Revenues by Function	112
Total Revenue by Source, Governmental Funds.....	113
Debt Capacity Information:	
Debt Service Schedule	114
Ratio of Annual Debt Service Expenditures to Total General Expenditures	115
Operating Information:	
Summary of Meals Served	116
Summary of Child Nutrition Services Funds	117
Approved Positions by Program	118
Average Costs Per Student.....	119
Operating Statistics	120
School Building Information.....	121
Facilities Information on Schools	122
City of Norfolk:	
Financial Trends Information:	
Net Position by Category	125
Changes in Net Position	126
Fund Balances, Governmental Fund	128
Changes in Fund Balances, Governmental Funds.....	129
Total Revenue by Source, Governmental Funds.....	130
Other Local Tax Revenues by Source, Governmental Funds	130
Revenue Capacity Information:	
Assessed Valuations and Estimated Actual Values of Taxable Property	131
Direct Property Rates	132
Principal Property Taxpayers.....	133
Property Tax Levy and Collections by Tax Year.....	134
Debt Capacity Information:	
Ratios of Outstanding Debt by Type.....	135
Ratios of General Bonded Debt	136

TABLE OF CONTENTS (continued)

STATISTICAL SECTION continued

City of Norfolk continued

Debt Capacity Information continued

Computation of Direct Bonded Debt136

Legal Debt Margin137

Ratio of Annual Debt Service Expenditures for General Bonded

Debt and Other Debt.....138

Demographic and Economic Information:

Population Statistics.....139

Ten Largest Employers140

COMPLIANCE SECTION

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*141

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INTRODUCTORY SECTION

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School Board of the City of Norfolk

Dr. Adale M. Martin
Chair, Ward 1

Ms. Tiffany Moore-Buffaloe *

Vice Chair, Ward 4

Ms. Tanya K. Bhasin
Member, Ward 2

Ms. Lauren D. Campsen
Member, Ward 5

Mr. Carlos Clanton
Member, Ward 3

Dr. Noëlle M. Gabriel *

Member, Superward 6

Mr. Rodney A Jordan
Member, Superward 7

Dr. Sharon I. Byrdsong
Superintendent

*Effective January 17, 2024, Ms. Tiffany Moore-Buffaloe was elected Chair and Dr. Noelle M. Gabriel was elected Vice Chair.

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. John E. “JP” Paige
Ward 4

Mr. Thomas R. Smigiel, Jr
Ward 5

Ms. Andria P. McClellan
Super Ward 6

Ms. Danica J. Royster
Super Ward 7



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, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'.

John W. Hutchison
President

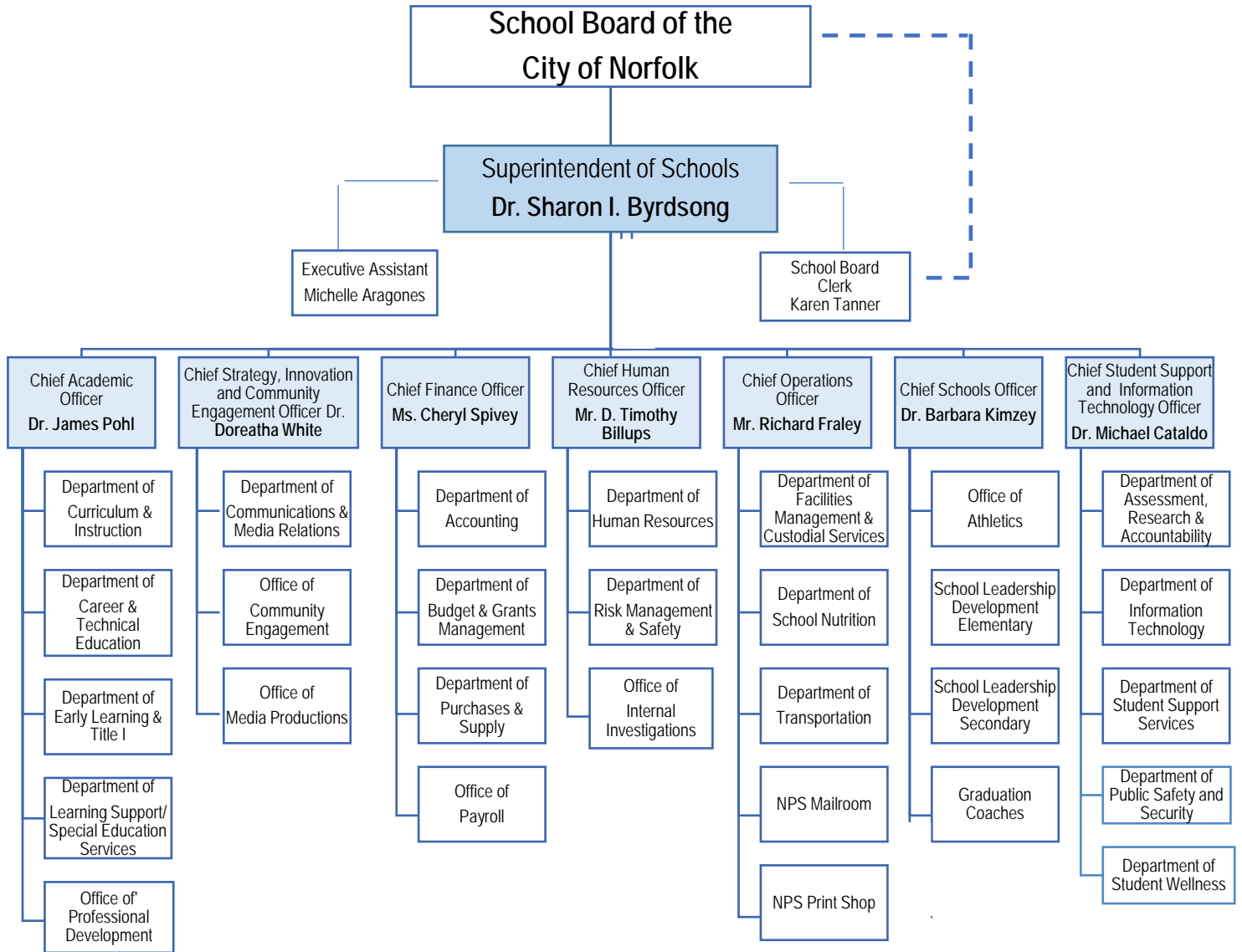
A handwritten signature in black ink, reading 'Siobhan McMahon'.

Siobhan McMahon, CAE
Interim Executive Director

Organization Chart

Division Level Leadership

Fiscal Year 2023-2024





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.



The School Board and school administration have developed a strategic plan that focuses on equity and excellence for all. The plan has five goals:

- **Student Excellence:** Create authentic and culturally relevant learning experiences so that each student will be a creative, collaborative, civic-minded, critical thinker with effective communication skills.
- **Workforce:** Attract, develop, and retain a highly effective workforce.
- **Resources:** Ensure equitable allocation of human, fiscal, and material resources in support of equity and excellence for all.
- **Community:** Establish, strengthen, and sustain community partnerships to support students' engagement, success, and opportunities.
- **Safety & Climate:** 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 19, 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, 2023. 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, 2023, 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 27,330 students in 2023 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 247,000 residents and more than 120 diverse neighborhoods. It is the healthcare, educational, and finance leader 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 27 elementary schools, 3 early childhood centers, 5 PreK-8/3-8 schools, 5 middle schools, 5 high schools, and 9 auxiliary schools. The auxiliary schools include but are not limited to adult, career and technical education, and alternative settings. The average ages of elementary, middle, and high school buildings are 52, 44, and 48 respectively. Enrollment declined by nearly 3,500 students in the past five years and is projected to decline further in the future. Currently, salaries for 10-month classroom teachers range from \$53,000 for a new teacher with a bachelor's degree to \$96,560 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 2023, the Commonwealth of Virginia funded 49.9% and the City of Norfolk funded 22.9% percent of the operating budget for the School Board. The remaining 27.2% is funded through the federal government (26.1%) and other (1.1%) sources. Long-term financial planning includes a multi-year forecast based on certain revenue and expenditure assumptions.

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 division's 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 the 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 the 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. City Council's legal level of budgetary control for the General Fund is in lump sum or at the category level. This means City Council can allocate its appropriation in these categories: instructional support; administration, attendance and health; pupil transportation; operations and maintenance; facilities; and technology. For the fiscal year ending June 30, 2023, the City Council approved the School Board's annual budget by lump sum. Grants and capital projects, which are budgeted on a multi-year basis, are allocated at the fund level. Spending in categories and funds cannot legally exceed what is allocated. 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 2023-24 reflects modest decline caused by CARES and ESSER ending. Providing quality instruction 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.

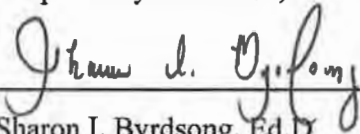
AWARDS

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 2022.

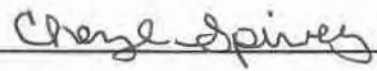
ACKNOWLEDGMENTS

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.

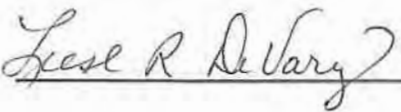
Respectfully submitted,



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



Cheryl Spivey
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 Schools or District), a component unit of the City of Norfolk, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Schools' 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 Schools, as of June 30, 2023, and the respective changes in financial position 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 and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the Specifications). 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 Schools 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 1H to the financial statements, effective July 1, 2022, the Schools adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Our opinions are 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 Schools' 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 Schools' 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 Schools' 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Schools' basic financial statements. The combining and individual non-major governmental and fiduciary fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual non-major governmental and fiduciary fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

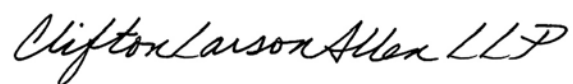
Other Information

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 December 14, 2023, on our consideration of the Schools' 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 Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Arlington, Virginia
December 14, 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, 2023**

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, 2023. The intent of the 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 2023 are as follows:

- On the government-wide financial statements:
 - Total net position improved by approximately \$45.23 million from a net deficit of \$279.9 million at June 30, 2022, to a net deficit of \$234.6 million. The reduction in the deficit is primarily related to employee pensions and Other Post-Employment Benefits.
 - Total revenues increased from \$447.4 million during FY 2022 to \$483.4 million for the year ended June 30, 2023, an increase of approximately \$36 million or 8.1%.
 - Total expenses increased by \$37.8 million on the Statement of Net Activities from \$400.4 million in fiscal year 2022 to \$438.2 million in fiscal year 2022, or 9.4%. Much of the increase was in instruction, and school facilities.

**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, 2023**

- On the fund financial statements:
 - In the General Fund, the ending fund balance decreased \$13.6 million from \$39.5 million at June 30, 2022, to \$25.9 million at June 30, 2023. This decrease is largely due to a transfer of \$11.6 million to the capital projects funds during FY 2023.
 - In the General Fund, total encumbrances were \$4.8 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.

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

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, 2023

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			
	2023	2022	Difference	% Change
Assets and Deferred Outflows of Resources:				
Current assets	\$ 150,783	\$ 118,618	\$ 32,165	27.1%
Capital assets, net	16,097	9,947	6,150	61.8%
Total Assets	166,880	128,565	38,315	29.8%
Deferred outflows of resources	72,312	84,109	(11,797)	-14.0%
Total Assets and Deferred Outflows	239,192	212,674	26,518	12.5%
Liabilities and Deferred Inflows of Resources:				
Current	90,554	56,510	34,044	60.2%
Non-current	304,132	270,010	34,122	12.6%
Total liabilities	394,686	326,520	68,166	20.9%
Deferred inflows of resources	79,136	166,015	(86,879)	-52.3%
Total Liabilities and Deferred Inflows	473,822	492,535	(18,713)	-3.8%
Net Position:				
Invested in capital assets	9,887	9,140	747	8.2%
Restricted	10,242	10,755	(513)	-4.8%
Unrestricted (deficit)	(254,759)	(299,755)	44,996	-15.0%
Total net position (deficit)	\$ (234,630)	\$ (279,860)	\$ 45,230	-16.2%

- **Total assets and deferred outflows of resources** increased 12.5% or \$26.5 million due to a combination of an increase in cash position and decrease in deferred outflows of resources. Cash and cash equivalents increased approximately \$22.0 million due to an increase in grants.
- **Total liabilities and deferred inflows of resources** decreased \$18.7 million or 3.8% from the prior fiscal year. This decrease is a combination of a decrease in deferred inflows of resources netted against an increase in current and non-current liabilities. Current liabilities increased \$34.0 million from \$56.5 million in 2022 to \$90.6 million at June 30, 2023. This increase was

**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, 2023**

largely due to the recordation of approximately \$30 million due to primary government (City of Norfolk). Previously, the School Board did not physically return unused local funds and instead held the funds in the fund balance. Historically the City of Norfolk appropriates the unused funds to the School Board for use in one-time purchases. 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. Non-current liabilities increased approximately \$34.1 million primarily due to an increase in the estimated net pension liability.

- **Total net position** increased \$45.2 million when compared to the prior fiscal year, primarily due to an increase in current assets for the reasons explained above. As of June 30, 2023, there is a net deficit of \$234.6 million.
- **Net investments in capital assets** increased from \$9.1 million in 2022 to \$9.9 million in 2023 primarily due to the purchase of new buses.
- **Restricted assets** are those held in the Grants and Child Nutrition Funds. These assets decreased from \$10.8 million in 2022 to \$10.2 million in 2023. The decrease is combination of an increase in grants and child nutrition netted against a decrease in pension asset.

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, 2023

Statement of Net Activities
(Thousands of dollars)

	Governmental Activities			
	2023	2022	Difference	% Change
Revenues:				
Program Revenues:				
Charges for services	\$ 1,109	\$ 1,281	\$ (172)	-13.4%
Operating grants and contributions	323,841	266,661	57,180	21.4%
Capital grants and contributions	3,551	4,632	(1,081)	-23.3%
Total Program Revenues	328,501	272,574	55,927	20.5%
General Revenues:				
Local government	107,319	129,622	(22,303)	-17.2%
Commonwealth of Virginia	43,809	42,835	974	2.3%
Use of money, property and other	3,796	2,377	1,419	59.7%
Total General Revenues	154,924	174,834	(19,910)	-11.4%
Total Revenues	483,425	447,408	36,017	8.1%
Expenses:				
Instruction	295,366	279,558	15,808	5.7%
Administration, Attendance and Health	21,810	20,658	1,152	5.6%
Pupil Transportation	14,859	13,462	1,397	10.4%
Operation and Maintenance	38,795	38,343	452	1.2%
Information Technology	16,771	19,915	(3,144)	-15.8%
School Facilities	30,031	9,946	20,085	201.9%
Food Services	20,533	18,524	2,009	10.8%
Interest on Long Term Debt	30	16	14	N/A
Total Expenses	438,195	400,422	37,773	9.4%
Increase (decrease) in Net Position	45,230	46,986	(1,756)	-3.7%
Net Position - beginning	(279,860)	(326,846)	46,986	-14.4%
Net Position (deficit) - ending	\$ (234,630)	\$ (279,860)	\$ 45,230	-16.2%

- **Total revenues** increased \$36.0 million. This increase is mainly due to higher inflows in revenue from operating grants and contributions.
- **Total expenses** increased \$37.8 million from \$400.4 million in fiscal year 2022 to \$438.2 million in fiscal year 2023, or 9.4%. The largest part of the increase was for instruction and school facilities. Spending on school facilities rose by \$20.0 million or 202%.

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, 2023

• **Capital and Right-of-Use Assets**

At June 30, 2023, the School Board had an investment of \$16.1 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 and SBITA). This amount represents a net increase of \$6.2 million or 61.8% between fiscal year 2023 and 2022. The increase is largely driven by the capitalization of subscription-based information technology arrangements (SBITA).

Governmental Activities				
(Thousands of Dollars)				
	2023	2022	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%
Equipment and Vehicles	39,089	37,747	1,342	3.6%
Intangible Assets	1,323	1,323	-	0.0%
Right-of-Use assets				
Land and Building	851	851	-	N/A
Subscriptions	7,618	-	7,618	
Total capital assets, being depreciated	54,197	45,237	8,960	19.8%
Less: Accumulated Depreciation and Amortization	(38,588)	(35,779)	(2,809)	7.9%
Total Capital and Right-of-Use Assets, Net	\$ 16,097	\$ 9,946	\$ 6,151	61.8%

The \$16.1 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, 2023, the School Board had \$316.8 million in long-term obligations compared to \$278.2 million at June 30, 2022. This \$38.6 million increase is primarily a result of negative investment experience related to pensions. Long-term obligations are comprised of compensated absences, workers' compensation, claims liability, leases, SBITA, net pension liability and total OPEB liability. Approximately \$12.7 million in long-term obligations is due within one year (see Exhibit I). Workers' compensation and claims liability for the School Board are actuarial projections of

**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, 2023**

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)

	2023	2022	Difference	% Change
<u>Long-Term Obligations:</u>				
Compensated Absences	\$ 10,166	\$ 9,720	\$ 446	4.6%
Worker's Compensation	3,881	3,685	196	5.3%
Claims Liability	106	172	(66)	-38.4%
Leases/Subscriptions	6,210	807	5,403	669.5%
Net Pension Liability	195,513	160,586	34,927	21.7%
Other Post Employment Benefits:				
Retiree Healthcare	62,277	62,640	(363)	-0.6%
VRS OPEB GLI Trust	11,471	11,546	(75)	-0.6%
VRS OPEB HIC Trust	27,168	29,007	(1,839)	-6.3%
Total Long-Term Obligations	<u>\$ 316,792</u>	<u>\$ 278,163</u>	<u>\$ 38,629</u>	<u>13.9%</u>

Additional information showing the breakdown of the School Board's long-term obligations is presented in Note 2F 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, 2023**

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 projects 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 2023 fiscal year (see Required Supplementary Information, General Fund – Comparison of Budget to Actual) include:

- General Fund Revenue was nearly \$38.0 million less than budgeted. The largest decrease is the amount budgeted from the City of Norfolk which reflects a decrease of \$40.0 million. This variance includes \$4.5 million 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. Additionally, the School Board returned approximately \$32.9 million to the City of Norfolk representing unused funds from the local appropriation. Previously, the School Board did not physically return unused local funds and instead held the funds in the fund balance. Historically, the City of Norfolk appropriates the unused funds to the School Board for use in one-time purchases in future years. The balance of \$2.6 million was appropriated from the School Board's fund balance to be used towards an employee bonus in FY 2023, therefore, no revenue was recorded for this amount.

Revenue received from federal government sources was approximately \$4.0 million more than budgeted. This is due to receiving additional funds from the American Rescue Plan for employee bonuses and, additional funds for impact aid and NJROTC.

Revenue received from the Commonwealth of Virginia had a negative variance of approximately \$1.1 million due to changes in the funding formula for standards of quality. Revenue from local sources had a negative variance of \$819,000 from fewer building rentals, field trips and other small revenue. The original budget was amended to reflect a transfer from the general fund to the capital projects fund in the amount of \$11.6 million to further the district's priority of maintaining and refurbishing equipment and facilities.

**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, 2023**

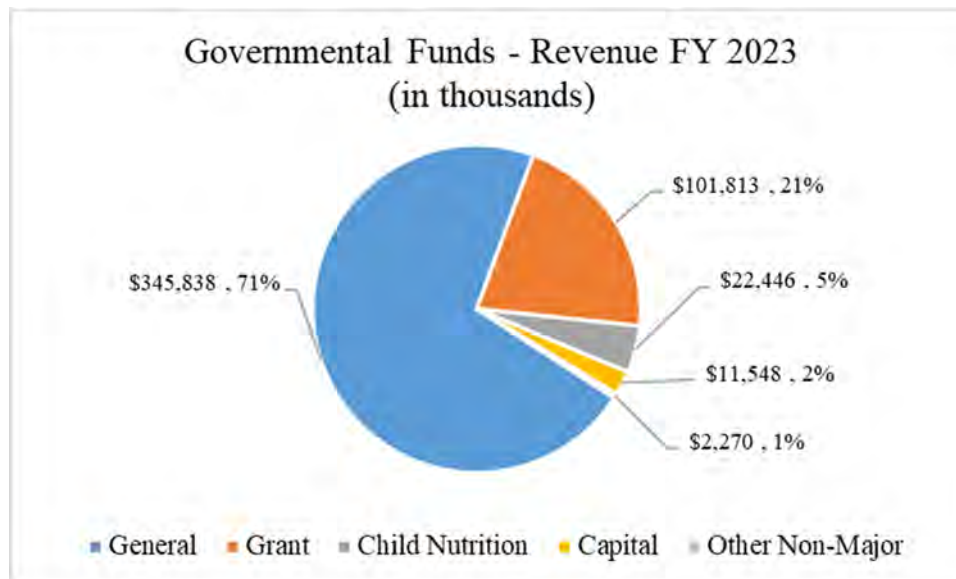
- General Fund Expenditures were \$34.3 million less than budgeted. \$23 million of the reduction is attributed to a combination of unfilled budgeted positions and normal attrition in the area of Instruction. Staffing vacancies were also experienced in administration, attendance and health, operation and maintenance and information technology. Pupil transportation expenses were approximately \$1.8 million underbudget primarily due to lower than projected fuel costs. The School Facilities' variance includes \$4.5 for debt service which is transferred to the City's Debt Service Fund. The original budget was amended in various categories to reflect changes in operations throughout the fiscal year however the largest adjustment was \$11.6 million to reflect a transfer from the general fund to the capital projects fund to further the districts priority of maintaining and refurbishing equipment and facilities.

As of June 30, 2023, the School Board's governmental funds reported combined fund balances of \$72.9 million, an increase of approximately \$2.6 million from the ending fund balance in FY 2022.

The components are as follows:

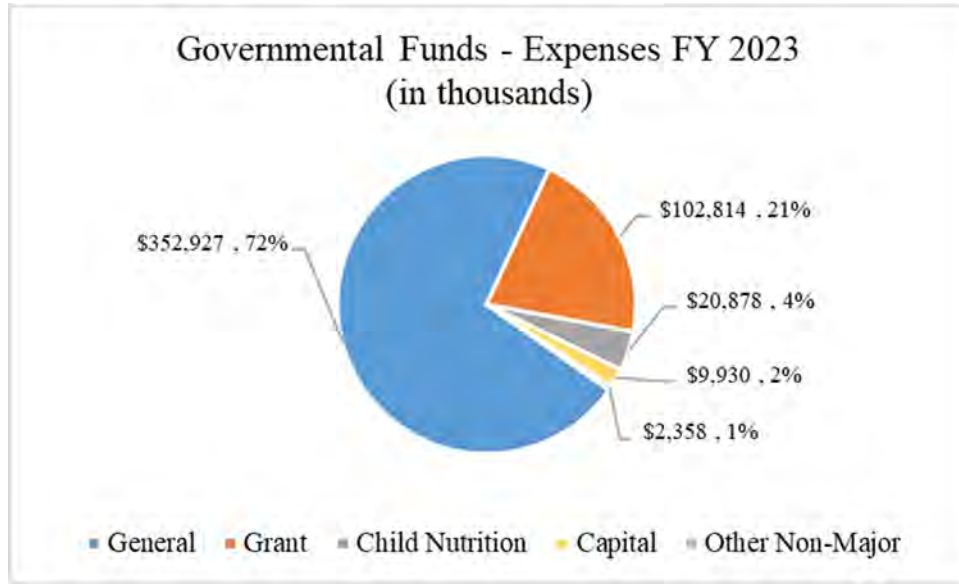
- \$2.0 million, not in spendable form;
- \$10.2 million, restricted for particular purposes, such as, grants and child nutrition;
- \$35.2 million committed for particular purposes, such as capital projects, and other non-major funds; and,
- \$25.4 million assigned for particular purposes, such as encumbrances and one-time purchases in future fiscal years.

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, 2023



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, 2023, the total fund balance of the General Fund was \$26 million representing approximately \$4.8 million in encumbrances and \$21.2 million to be used for one-time purchases in future fiscal years.

General Fund Revenues

Revenues for the General fund totaled \$345.8 million for fiscal year 2023, which was nearly \$4.0 million or 1.1% less than the revenues received in fiscal year 2022. 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)

	2023 Amount	2023 Percent of Total	2022 Amount	2022 Percent of Total	\$ Increase (Decrease) From 2022	% Increase (Decrease) From 2022
Local Government	\$ 107,319	31.0%	\$ 129,622	37.1%	\$ (22,303)	-17.2%
Commonwealth of Virginia	225,485	65.2%	210,820	60.3%	14,665	7.0%
Federal Government	10,928	3.2%	8,235	2.4%	2,693	32.7%
Other Revenues	2,106	0.6%	1,179	0.3%	927	78.6%
Total	\$ 345,838	100.0%	\$ 349,856	100.0%	\$ (4,018)	-1.1%

**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, 2023**

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. Although the School Board received a total of \$140.3 million from the City of Norfolk as budgeted, the School Board is returning approximately \$32.9 million in unused funds.

General Fund Expenditures

General Fund expenditures were \$352.9 million for fiscal year 2023, an increase of approximately \$14.0 million from expenditures of \$338.9 million in fiscal year 2022 or 4.1% higher in 2023. Information Technology increased approximately \$5.5 million or 41.2% primarily due to the implementation of GASB 96, Subscription Based Information Technology Arrangements (SBITA). The following table presents the amounts of General Fund expenditures by function, the relationship of each to the total, and the increase or decrease from the previous fiscal year for each function.

*General Fund Expenditures
(Thousands of dollars)*

	2023 Amount	2023 Percent of Total	2022 Amount	2022 Percent of Total	\$ Increase (Decrease) From 2021	% Increase (Decrease) From 2021
Instruction	\$ 255,898	72.51%	\$ 254,178	75.0%	\$ 1,720	0.7%
Support Services						
Administration, Attendance and Health	21,575	6.1%	19,430	5.7%	2,145	11.0%
Pupil Transportation	14,839	4.2%	12,996	3.8%	1,843	14.2%
Operation and Maintenance	40,191	11.4%	38,561	11.4%	1,630	4.2%
Information Technology	18,750	5.3%	13,275	3.9%	5,475	41.2%
School Facilities	475	0.1%	441	0.1%	34	7.7%
Debt Service	1,199	0.34%	61	0.0%	1,138	N/A
Subtotal - Support Services	97,029	27.5%	84,764	25.0%	12,265	14.5%
Total - Instruction and Support Services	<u>\$ 352,927</u>	<u>100.0%</u>	<u>\$ 338,942</u>	<u>100.0%</u>	<u>\$ 13,985</u>	<u>4.1%</u>

Grant Funds

Norfolk Public Schools received revenue from over 50 grants of approximately \$102 million. The funds represented 21.0% of the overall funding for the School Board in 2023, 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 91% or \$93.2 million in grant related revenue for the year. The Commonwealth of Virginia provided 7.5% or \$7.7 million while private donors provided 1.5% or

**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, 2023**

nearly \$1.0 million of the resources received. Grant funds were dedicated primarily to instruction and school facilities.

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 2023, it made up 2.4% 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 2023, the Capital Projects Fund expended \$9.9 million through the implementation of various building improvement projects. The City of Norfolk provided 100% of the revenue received for these projects.

Child Nutrition Funds

The Child Nutrition Fund addresses nutritional activities for students. Total funds received during FY 2023 were \$22.4 million, including nearly \$22.0 million from the federal government, \$0.4 million came from the state and \$0.07 million came from charges for service.

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 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 \$0.4 million to \$2.3 million in FY 2023. The increase was due to an increase in various student activities. Expenses increased from \$1.6 million in FY 2022 to \$2.4 million in FY 2023 also resulting from increased student activities.

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*).

**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, 2023**

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.

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 2023, the School Board adopted a balanced budget for fiscal year 2024 that reflected appropriations of approximately \$401.0 million for the General Fund, or an increase of \$18.0 million from the original fiscal year 2023 General Fund budget of \$383.0 million.

Underlying assumptions for the FY 2024 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 2023, the composite index for Norfolk was 0.3064 meaning that the locality was responsible for 30.64% of the basic education program and the Commonwealth was responsible for 69.36% of the costs.

**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, 2023**

- 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.
- 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:

- Compensation
- Employee recruitment and retention
- Safety and security
- Building maintenance and repairs
- 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

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 Cheryl Spivey, 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

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Current Assets:	
Cash and investments	\$ 80,879,974
Accounts receivable, net	569,943
Due from the federal government	48,095,049
Due from the Commonwealth of Virginia	19,209,432
Inventories	2,028,677
Capital assets not being depreciated	487,500
Capital assets, net of accumulated depreciation/ amortization	15,609,464
Total assets	<u>166,880,039</u>
Deferred Outflows of Resources	
Pension related	52,113,571
OPEB related	20,198,474
Total deferred outflows of resources	<u>72,312,045</u>
LIABILITIES	
Vouchers payable	11,549,736
Retainage payable	221,806
Accrued payroll and employee withholding	30,292,882
Due to fiduciary fund	6,103,791
Due to primary government	29,725,725
Non-current Liabilities:	
Due within one year: Leases, subscriptions, compensated absences, claims, OPEB	12,660,078
Due in more than one year:	
Net pension liability	195,512,717
Other post employment benefits	98,675,653
Other long-term liabilities	9,943,518
Total liabilities	<u>394,685,906</u>
Deferred Inflows of Resources	
Pension related	57,621,781
OPEB related	21,514,622
Total deferred inflows of resources	<u>79,136,403</u>

Exhibit I

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Statement of Net Position
June 30, 2023

NET POSITION

Net Investment in capital assets	9,886,596
Restricted for:	
Grants	1,821,731
Child Nutrition	8,420,466
Unrestricted (deficit)	<u>(254,759,018)</u>
Total net position (deficit)	<u><u>\$ (234,630,225)</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, 2023

					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	\$ 295,366,474	\$ 1,091,354	\$ 301,465,178	\$ -	\$ 7,190,058
Administration, attendance, and health	21,809,872	-	-	-	(21,809,872)
Pupil transportation	14,859,084	-	-	-	(14,859,084)
Operation and maintenance	38,795,279	-	-	-	(38,795,279)
Information technology	16,770,823	-	-	-	(16,770,823)
School facilities	30,030,991	-	-	3,551,207	(26,479,784)
Food services	20,533,031	17,854	22,375,644	-	1,860,467
Interest on long term debt	29,564	-	-	-	(29,564)
Total governmental activities	<u>\$ 438,195,118</u>	<u>\$ 1,109,208</u>	<u>\$ 323,840,822</u>	<u>\$ 3,551,207</u>	<u>(109,693,881)</u>
Unrestricted intergovernmental revenues:					
Local government					107,319,294
Commonwealth of Virginia					43,808,526
Unrestricted revenues:					
Use of money and property					1,052,828
Other					2,743,481
Total					<u>154,924,129</u>
Change in net position					45,230,248
Net position-beginning					(279,860,473)
Net position-ending					<u>\$ (234,630,225)</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, 2023

	General Fund	Grants Fund	Capital Projects Fund	Child Nutrition Fund	Other Nonmajor Fund	Total Governmental Funds
ASSETS						
Cash and investments	\$ 70,046,802	\$ -	\$ -	\$ 9,423,616	\$ 1,409,556	\$ 80,879,974
Accounts receivable, net	254,767	221,916	-	93,260	-	569,943
Due from other funds	44,715,801	-	29,248,224	-	1,429,808	75,393,833
Due from the primary government	-	-	3,245,105	-	-	3,245,105
Due from the Federal government	851,282	46,130,649	-	1,113,118	-	48,095,049
Due from the Commonwealth	16,424,844	2,379,937	380,809	23,842	-	19,209,432
Inventories	584,630	-	-	1,444,047	-	2,028,677
Total assets	\$ 132,878,126	\$ 48,732,502	\$ 32,874,138	\$ 12,097,883	\$ 2,839,364	\$ 229,422,013
LIABILITIES						
Vouchers payable	\$ 8,832,828	\$ 2,280,680	\$ 253,574	\$ 182,654	\$ -	\$ 11,549,736
Contract retainage	-	-	221,806	-	-	221,806
Accrued payroll & Employee withholdings	28,327,877	1,615,110	-	349,895	-	30,292,882
Due to fiduciary funds	6,103,791	-	-	-	-	6,103,791
Due to other funds	30,678,031	43,014,981	-	1,700,821	-	75,393,833
Due to primary government	32,970,830	-	-	-	-	32,970,830
Total liabilities	106,913,357	46,910,771	475,380	2,233,370	-	156,532,878
FUND BALANCES						
Nonspendable (Inventories)	584,630	-	-	1,444,047	-	2,028,677
Restricted funds	-	1,821,731	-	8,420,466	-	10,242,197
Committed funds	-	-	-	-	-	-
School Facilities	-	-	32,398,758	-	-	32,398,758
Textbook Fund	-	-	-	-	1,280,720	1,280,720
Student Activity Funds	-	-	-	-	1,409,556	1,409,556
School of Nursing	-	-	-	-	149,088	149,088
Assigned to:	-	-	-	-	-	-
Instruction	10,014,306	-	-	-	-	10,014,306
Administration, Attendance and Health	746,167	-	-	-	-	746,167
Pupil Transportation	184,186	-	-	-	-	184,186
Operation and Maintenance	371,241	-	-	-	-	371,241
Information Technology	125,322	-	-	-	-	125,322
School Facilities	13,938,917	-	-	-	-	13,938,917
Total fund balances	25,964,769	1,821,731	32,398,758	9,864,513	2,839,364	72,889,135
Total liabilities and fund balances	\$ 132,878,126	\$ 48,732,502	\$ 32,874,138	\$ 12,097,883	\$ 2,839,364	\$ 229,422,013

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, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - total governmental funds	\$	72,889,135
Capital and right-to-use assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		16,096,964
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	52,113,571	
Deferred outflows of resources related to OPEB	20,198,474	
Deferred inflows of resources related to pensions	(57,621,781)	
Deferred inflows of resources related to OPEB	(21,514,622)	
Total deferred outflows and inflows related to postemployment benefits		(6,824,358)
Long-term obligations, are not due and payable in the current period, and therefore, are not reported in the funds.		
Compensated Absences	(10,166,458)	
Workers Compensation	(3,880,934)	
Claims Liability	(105,601)	
Leases and SBITAs Payable	(6,210,368)	
Net Pension Liability	(195,512,717)	
Other Post Employment Benefits Liability	(100,915,888)	
Total long-term liabilities		(316,791,966)
Net position of governmental activities (Deficit)	\$	(234,630,225)

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 Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Grants Fund	Capital Projects Fund	Child Nutrition Fund	Other Nonmajor Fund	Total Governmental Funds
REVENUES						
Use of money and property	\$ 1,000,712	\$ -	\$ -	\$ 52,116	\$ -	\$ 1,052,828
Charges for services	1,050,936	-	-	17,854	40,418	1,109,208
Other	54,205	983,866	-	-	2,195,511	3,233,582
Intergovernmental:						
Local government	107,319,294	-	3,551,207	-	-	110,870,501
Commonwealth of Virginia	225,484,617	7,660,148	7,996,997	408,421	-	241,550,183
Federal government	10,928,140	93,169,364	-	21,967,223	34,438	126,099,165
Total revenues	345,837,904	101,813,378	11,548,204	22,445,614	2,270,367	483,915,467
EXPENDITURES						
Current operating:						
Instruction	255,898,082	73,496,987	-	-	2,357,573	331,752,642
Administration, attendance and health	21,575,013	2,457,989	-	-	-	24,033,002
Pupil transportation	14,838,664	240,322	-	-	-	15,078,986
Operation and maintenance	40,190,737	190,608	-	-	-	40,381,345
Information technology	18,749,678	4,043,904	-	-	-	22,793,582
School facilities	475,295	20,579,897	-	-	-	21,055,192
Food services	-	758,892	-	20,878,101	-	21,636,993
Debt service:						
Principal	1,182,489	1,032,360	-	-	-	2,214,849
Interest and other charges	16,821	12,743	-	-	-	29,564
Capital outlays	-	-	9,930,291	-	-	9,930,291
Total expenditures	352,926,779	102,813,702	9,930,291	20,878,101	2,357,573	488,906,446
Excess (deficiency) of revenues over (under) expenditures	(7,088,875)	(1,000,324)	1,617,913	1,567,513	(87,206)	(4,990,979)
OTHER FINANCING SOURCES (USES)						
Transfers in	250,000	-	11,554,000	-	-	11,804,000
Transfers out	(11,554,000)	-	-	(250,000)	-	(11,804,000)
Other - SBITAs	4,836,653	2,781,817	-	-	-	7,618,470
Total other financing sources and uses	(6,467,347)	2,781,817	11,554,000	(250,000)	-	7,618,470
Net change in fund balances	(13,556,222)	1,781,493	13,171,913	1,317,513	(87,206)	2,627,491
Fund balances - beginning	39,520,991	40,238	19,226,845	8,547,000	2,926,570	70,261,644
Fund balances -ending	\$ 25,964,769	\$ 1,821,731	\$ 32,398,758	\$ 9,864,513	\$ 2,839,364	\$ 72,889,135

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 Balances to the Statement of Activities
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,627,491
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense or amortization expense. This is the amount by which capital outlays exceeded depreciation expense and amortization expense in the current period.	6,150,193
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Changes in Compensated Absences	(446,116)
Changes in Workers Compensation Claims	(196,247)
Changes in Claims Liability	66,206
Changes in Lease Liability	45,392
Changes in Subscription Based Information Technology Arrangements	(5,449,013)
Changes in OPEB Liabilities and related deferred outflows and inflows of resources	1,826,460
Changes in Pension Liability and related deferred outflows and inflows of resources	40,605,882
	<u>36,452,564</u>
Change in net position of governmental activities	<u>\$ 45,230,248</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
Fiduciary Funds
June 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash equivalent	<u>\$ 15,560,293</u>
Receivables	
Due from General Fund	6,103,791
Other	<u>624,074</u>
Total Receivables	<u>6,727,865</u>
 Total Assets	 <u>22,288,158</u>
 LIABILITIES	
Accounts payable and other liabilities	<u>2,998,729</u>
Total Liabilities	<u>2,998,729</u>
 NET POSITION	
Restricted for:	
Individuals, organizations, and	
Other governments	<u><u>\$ 19,289,429</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)
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023**

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Miscellaneous	\$ 54,746,892
Total Additions	<u>54,746,892</u>
DEDUCTIONS	
Payments on behalf of other governments	<u>50,992,559</u>
Total Deductions	<u>50,992,559</u>
Net Increase in fiduciary net position	3,754,333
NET POSITION	
Net Position Beginning of Year	<u>15,535,096</u>
Net Position End of Year	<u><u>\$ 19,289,429</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, 2023**

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, 2023**

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 2023.

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 2023, 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

**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, 2023**

FY 2021 and \$1.28 million was transferred into it from the General Fund. The initial purpose of the fund is to pay for new textbook adoptions. No activity has taken place in the Textbook Fund to date.

The 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 use the economic resources measurement focus. 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 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 an 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

**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, 2023**

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

**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, 2023**

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

The Budget to Actual comparison (Required Supplemental Information) presents actual expenditures in accordance with the legally adopted budget as amended. As such, purchase orders and contractual commitments were 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

**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, 2023**

additions to/deductions from the program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. 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 \$96.4 million, including \$15.6 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;

**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, 2023**

“prime quality” commercial paper and certain corporate notes; bankers acceptances; money market mutual funds, and the State Treasurer’s Local Government Investment Pool (“LGIP”).

Investments are reported at fair value as established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with the authoritative guidance on fair value investments and disclosures under U.S. GAAP, the fair value of investments 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, 2023, 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

**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, 2023**

risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The School Board does not have interest rate or foreign currency risk.

RECEIVABLES AND PAYABLES

All inter-fund receivables and payables are displayed in the fund statements as “Due to/Due from Other Funds.” These amounts offset each other and are eliminated from the Government-Wide Statement of Net Position to avoid overstating assets and liabilities. All trade receivables are reported net of an allowance for uncollectible accounts, if needed. There were no uncollectible accounts for fiscal year 2023.

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, 2023, there was over \$19.2 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 \$584,630. Total inventory of food and related materials on hand at June 30, 2023, was \$1,444,047 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 \$128,580 at June 30, 2023. The district also held \$1,251,129 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.

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, 2023

Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

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

Right of use assets are amortized over the shorter of the right of use contract/agreement or life of the asset class based on the above schedule.

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-to-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.

**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, 2023**

**SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(SBITC)**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The School Board adopted the requirements of the guidance effective July 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption. Further information is available in note 2E.

COMPENSATED ABSENCES

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

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

NET POSITION/FUND BALANCES

The School Board's net position is classified as (1) net investment 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, leases and subscription-based information technology agreements, net of amortization expense.

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, 2023

Restricted assets are those assets that are legally restricted by the grantor specific purposes.

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.

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.

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, 2023

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 a budgetary basis. At June 30, 2023, the School Board had issued purchase orders encumbering expendable funds as follows:

General Fund	\$4,757,878
Child Nutrition Fund	\$1,573,703
Capital Projects Fund	\$15,432,216
Grants Funds	\$18,568,794

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, 2023, is as follows:

Major Funds	Due From (Receivable)	Due to (Payable)
General Fund	\$ 44,715,801	\$30,678,031
Grants Fund	-	43,014,981
Capital Projects Fund	29,248,224	-
Child Nutrition Fund	-	1,700,821
Other Non-Major Fund	1,429,808	-
Totals	<u>\$ 75,393,833</u>	<u>\$ 75,393,833</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, 2023, is as follows:

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, 2023

	Transfers in:		
	General Fund	Capital Projects Fund	Total
Transfers out:			
General Fund	\$ -	\$ 11,554,000	\$ 11,554,000
Child Nutrition Fund	250,000		250,000
Total	<u>\$ 250,000</u>	<u>\$ 11,554,000</u>	<u>\$ 11,804,000</u>

A transfer of \$11,554,000 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 and FY 2022 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.

C. Capital and Right-of-Use Assets

Changes in Capital Assets	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
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	37,747,000	3,347,534	(2,006,495)	39,088,039
Intangible assets	1,323,387	-	-	1,323,387
Right-to-Use Assets				
Land and Building	851,293	-	-	851,293
Subscriptions	-	7,618,471	-	7,618,471
Total capital assets, being depreciated	<u>45,238,086</u>	<u>10,966,005</u>	<u>(2,006,495)</u>	<u>54,197,596</u>
Less accumulated depreciation for:				
Mobile Classrooms	4,960,689	54,751	-	5,015,440
Equipment & Vehicles	29,443,089	2,235,811	(1,516,394)	30,162,506
Intangible assets	1,323,386	-	-	1,323,386
Less - Accumulated Amortization				
Land and Building	51,651	51,651	-	103,302
Subscriptions	-	1,983,498	-	1,983,498
Total accumulated depreciation and amortization	<u>35,778,815</u>	<u>4,325,711</u>	<u>(1,516,394)</u>	<u>38,588,132</u>
Total capital assets being depreciated and amortized, net	<u>9,459,271</u>	<u>(366,422)</u>	<u>(490,101)</u>	<u>15,609,464</u>
Total capital assets, net	<u>\$ 9,946,771</u>	<u>\$ (366,422)</u>	<u>\$ (490,101)</u>	<u>\$ 16,096,964</u>

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, 2023

Depreciation and amortization expense by function for the year ending June 30, 2023 follows:

Instruction	\$ 328,221
Administration, Attendance and Health	101,167
Pupil Transportation	1,193,600
Operation and Maintenance	31,471
Information Technology	2,342,702
School Facilities	116,492
Food Services	212,058
Total	<u>\$ 4,325,711</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.

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
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	49,871	10,849	60,720
2029 - 2033	201,909	40,251	242,160
2034 - Thereafter	319,218	40,782	360,000
Total minimum lease payments	<u>\$761,355</u>	<u>\$144,405</u>	<u>\$905,760</u>

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, 2023

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>(103,102)</u>
	<u>\$747,191</u>

E. Subscription-Based Information Technology Arrangements (SBITA)

The School Board has entered into subscription based-information technology arrangements (SBITAs) for instructional and operational needs. The SBITA arrangements expire at various dates through 2029 and provide for renewal options.

As of June 30, 2023, SBITA assets and the related accumulated amortization totaled \$7,618,471 and \$1,983,498, respectively.

SBITA	Expiration	Liability	June 30, 2023	
			Related Asset Value	Amortization Value
Achieve 3000 Pro Virginia Site500	6/30/2025	\$ 53,431	\$ 81,025	\$ 27,008
Ally for Web Community	6/30/2024	172,445	348,380	174,190
Courseware Subscription	6/30/2025	345,363	523,723	160,027
Edmentum - Exact Path Math	6/30/2025	580,613	880,465	293,488
Facility Management Software	2/28/2024	-	60,388	36,233
Frontline - Professional Learning Management	6/30/2025	132,951	201,451	67,150
Generation Genius - Educational Streaming Video	7/31/2028	133,882	161,858	26,259
Hayes - Educational Software	6/30/2026	270,002	364,128	91,032
IBM SPSS	4/30/2024	-	5,286	2,883
Jason Learning Digital Solution	6/30/2025	113,760	171,439	57,146
K-12 Science Instructional Resources	10/31/2028	328,184	395,306	62,417
Microsoft Service and Support	6/30/2025	58,051	88,031	23,230
Newsela - Full District Product Suite	4/30/2025	212,606	421,769	146,561
Raptor Volunteer Management	5/31/2024	-	38,411	21,845
Rethink SEL Student Access	6/30/2024	50,577	102,177	51,088
Rethink Cloud-Based Learning	2/28/2024	-	9,373	5,614
Rethink Special Ed and Vizzle Platform	6/30/2024	276,406	558,406	279,203
Tyler Saas Software	6/30/2029	2,720,744	3,206,855	458,123
Total		\$ 5,449,013	\$ 7,618,471	\$ 1,983,498

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, 2023

Total future subscription payments under SBITA agreements are as follows:

	Principal	Interest	Total
2024	\$1,954,732	\$113,882	\$2,068,614
2025	1,269,125	72,705	1,341,830
2026	633,078	45,716	678,794
2027	552,143	32,525	584,668
2028	563,467	21,200	584,667
2029	476,468	9,642	486,110
Total	<u>\$5,449,013</u>	<u>\$295,669</u>	<u>\$5,744,682</u>

F. 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, 2023, is as follows:

Long-Term Obligations	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Compensated absences	\$ 9,720,342	\$ 14,084,292	\$ (13,638,176)	\$ 10,166,458	\$ 7,624,844
Worker's compensation claims	3,684,687	1,177,394	(981,147)	3,880,934	741,079
Other claims liability	171,807	45,208	(111,414)	105,601	53,796
Leases	806,747		(45,392)	761,355	45,392
Subscriptions (SBITA)		7,618,471	(2,169,458)	5,449,013	1,954,732
Net pension liability	160,586,303	34,926,414		195,512,717	-
Other post employment benefits:					
Retiree healthcare	62,639,695	8,301,750	(8,664,282)	62,277,163	2,240,235
Group life insurance (VRS)	11,546,336	6,808,264	(6,883,611)	11,470,989	-
Health insurance credit (VRS)	29,007,056	5,428,667	(7,267,987)	27,167,736	-
Total Long-Term Obligations	<u>\$ 278,162,973</u>	<u>\$ 78,390,460</u>	<u>\$ (39,761,467)</u>	<u>\$ 316,791,966</u>	<u>\$ 12,660,078</u>

Note 3. Contingencies

A. Litigation

The School Board, as of June 30, 2023, 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

**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, 2023**

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, 2023.

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 \$5.55 million to SECEP during the fiscal year ended June 30, 2023. 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 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 \$245,255 to the Governor's School during the fiscal year ended June 30, 2023. The School Board is the fiscal agent for the 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

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, 2023

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 2023 was \$2.1 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, 2023, workers' compensation and other claims liabilities totaling nearly \$4.0 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, 2023, and June 30, 2022:

	Workers'	Claims	Total
	Compensation	Liability	Liability
Balance, July 1, 2022	\$ 3,684,687	\$ 171,807	\$ 3,856,494
Claims and related charges	1,177,394	45,208	1,222,602
Employer payments	(981,147)	(111,414)	(1,092,561)
Balance, June 30, 2023	<u>\$ 3,880,934</u>	<u>\$ 105,601</u>	<u>\$ 3,986,535</u>

	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	<u>\$ 3,684,687</u>	<u>\$ 171,807</u>	<u>\$ 3,856,494</u>

Starting in 2014, the School Board joined the City of Norfolk and Norfolk Redevelopment and Housing Authority to form the Norfolk Healthcare Consortium. The Consortium provides healthcare to participating employees and retirees through a self-insured program. The program is an internal service fund established and managed by the City. The School Board pays healthcare premiums directly to the Consortium for deposit into the internal service fund. Employer and employees' share of premiums for active employees are collected a month in advance for coverage in the subsequent month. Premiums for employees are collected over a 10-month period (September through June) for 12 months of coverage. The School Board

**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, 2023**

remitted a total of \$41.1 million in premiums to the fund in the fiscal year ended June 30, 2023. For active employees that consisted of \$36.7 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, 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

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, 2023

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.

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, 2023, 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, 2021. 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.

A. VRS Teacher Retirement Plan

The School Board's contributions to the VRS Teacher Retirement Plan for the last three years were:

<u>Years ended</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	\$ 32.1 million	\$ 31.26 million	\$ 30.9 million

Such contributions comprised 100% of the required statutory contributions for each of the three years. In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the School Board reported a net pension liability of \$193.5 million for its proportionate share of the net pension liability. The total pension liability was based on an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The School Board's proportion of the collective net pension liability was based on 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, 2023

School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Board's proportion was 2.345% as compared to 2.426% at June 30, 2021.

For the year ended June 30, 2023, the School Board's share of pension expense was \$1.1 million. Since there was a change in proportionate share between measurement dates, 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, 2023, 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	\$ 18,239,686	
Differences between expected and actual experience		\$ 13,340,073
Differences between projected and actual investment earnings on pension plan investments		25,223,575
Changes in proportionate share	4,345	15,169,421
Contributions subsequent to measurement date	32,134,991	
Totals	<u>\$ 50,379,022</u>	<u>\$ 53,733,069</u>

Contributions subsequent to the measurement date (deferred outflows of \$32.13 million) will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Excluding contributions subsequent to the measurement date, there were net deferred inflows of resources of \$35.49 million at June 30, 2023. 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:

2024	\$ (12,638,420)
2025	(13,149,700)
2026	(19,382,754)
2027	9,681,836
Total	<u>\$ (35,489,038)</u>

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

**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, 2023**

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, 2021, 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. 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

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, 2023

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 weighing 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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi -Asset Public Strategies	6.00%	3.73%	0.22%
PIP- Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.83%

** The above allocation provides a one-year return of 7.83%. 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 range of returns over various time periods that ultimately provide a median return of 6.72%, 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, 2022, 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

**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, 2023**

by the Virginia General Assembly. From July 1, 2022 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%)	\$ 345.54 million
Net Pension Liability – Current discount rate (6.75%)	\$ 193.46 million
Net Pension Liability – 1.0% increase (7.75%)	\$ 69.64 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 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

As of June 30, 2023, 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.

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, 2023

Employees Covered by Benefit Terms

As of the most recent actuarial valuation (June 30, 2022), the following employees were covered by the benefit terms:

Active members	556
Retirees and beneficiaries elsewhere	96
Inactive members or beneficiaries currently receiving benefits	517
Long term disability	1
Inactive members: Vested	93
Nonvested	320
Working for another VRS employer	<u>101</u>
Total members	<u><u>1,684</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, 2023, decreased slightly to 6.31% 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, 2021. 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, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
	\$1,154,904	\$1,164,717	\$1,178,041

Net Pension Liability

The School Board's total pension liability was based on an actuarial valuation as of June 30, 2021. 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, 2022. The net liability for the School Board was \$2.05 million and is included on the Statement of Net Position as a non-current liability.

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, 2023

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, 2021	\$ 99,726,092	\$ 103,009,275	\$ (3,283,183)
Changes for year:			
Service cost	1,367,688		1,367,688
Interest	6,621,248		6,621,248
Changes in assumptions	-		-
Difference between expected and actual experience	(915,217)		(915,217)
Contributions - employer	-	1,065,659	(1,065,659)
Contributions - employee	-	782,267	(782,267)
Net investment income	-	(44,070)	44,070
Benefit payment (including employee refunds)	(6,002,448)	(6,002,448)	-
Administrative expenses	-	(65,097)	65,097
Other changes	-	2,320	(2,320)
Net Changes	1,071,271	(4,261,369)	5,332,640
Balances at June 30, 2022	\$ 100,797,363	\$ 98,747,906	\$ 2,049,457

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%)	\$ 13.78 million
Net Pension Liability (Asset) – Current discount rate (6.75%)	\$ 2.05 million
Net Pension Liability (Asset) – 1.0% increase (7.75%)	(\$7.64 million)

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	\$ 579,645	\$ -
Differences between expected and actual experience		824,301
Differences between projected and actual investment earnings on pension plan investments		3,064,411
Contributions subsequent to measurement date	1,154,904	
Totals	\$ 1,734,549	\$ 3,888,712

Included in deferred outflows of resources are \$1,154,904 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, 2024. The net deferred inflow of resources excluding

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, 2023

contributions subsequent to measurement date at June 30, 2022, was \$3,309,067. 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:

2024	\$	(1,268,883)
2025		(1,370,932)
2026		(2,040,226)
2027		1,370,974
Total	\$	<u>(3,309,067)</u>

Total Pension Expense

As of June 30, 2023, NPS recognized a negative total pension expense of (\$569,826) for the political subdivision plan.

Payables to the Pension Plan

At June 30, 2023, the School Board had no outstanding amounts payable to the political subdivision retirement plan.

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 61 through 64 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, 2023

	Teacher's Plan	Subdivision Plan	Total
Net Pension Liability (asset)	\$ 193,463,260	\$ 2,049,457	\$ 195,512,717
Deferred Outflows of Resources	50,379,022	1,734,549	52,113,571
Deferred Inflows of Resources	53,733,069	3,888,712	57,621,781
Pension Expense (revenue)	1,069,152	(569,826)	499,326

**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, 2023**

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. Coverage is discontinued when an employee reaches the age of 65 and becomes 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 an unfunded OPEB obligation, Norfolk Public Schools reports a Total OPEB liability.

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, 2022
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll
Remaining amortization period	30 years rolling
Asset valuation method	Not Applicable
Actuarial assumptions:	
Investment rate of return	3.54%
Rate of salary increases	3.00%
Rate of medical inflation	7.5% grading down to 4.04% over 19 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.

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, 2023

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, 2022, was 3.54%. The discount rate used to measure the total OPEB liability as of July 1, 2021, was 2.16%. 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, 2022, and 2021 measurement dates is equal to the yield on the Bond Buyer GO 20-Bond Municipal Bond Index as of June 30, 2022, and June 25, 2021 respectively.

Development of Total OPEB Liability

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

Balance July 1, 2021	\$ 62,639,695
Changes during year:	
Service costs	\$ 4,402,612
Interest costs	1,374,480
Differences between expected and actual experience	(6,259,620)
Changes in assumptions	2,524,658
Benefits payments	(2,404,662)
Net changes	(362,532)
Balance June 30, 2022	<u>\$ 62,277,163</u>

During the measurement year, the TOL decreased approximately \$362,500. This was the result of an increase in the discount rate, updates to demographic assumptions for members, and a gain in 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 (2.54%)	\$ 68.99 million
Total OPEB Liability – Current discount rate (3.54%)	\$ 62.28 million
Total OPEB Liability – 1.0% increase (4.54%)	\$ 56.44 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, 2023

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	\$ 54.85 million
Total OPEB Liability – Current health trend	\$ 62.28 million
Total OPEB Liability – 1.0% increase in health trend	\$ 71.19 million

A one percent decrease in the healthcare trends decreases the TOL by \$7.43 million while a one percent increase in the healthcare trends increases the TOL by \$8.91 million.

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

For the year ended June 30, 2023, the School Board recognized OPEB related expense of \$3.36 million. At June 30, 2023, 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	\$ 9,388,826	\$ 2,028,959
Differences between expected and actual experience	1,036,403	12,230,636
Contributions subsequent to measurement date	2,240,235	
Totals	<u>\$ 12,665,464</u>	<u>\$ 14,259,595</u>

Amortization of Deferred Outflows and Inflows of Resources:

Year ended June 30:

2024	\$ (2,421,444)
2025	(457,077)
2026	(718,931)
2027	(236,914)
Total	<u>\$ (3,834,366)</u>

**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, 2023**

Calculation of OPEB Expenses for Measurement Year Ended June 30, 2022

Change in OPEB Liability	\$ (362,532)
Change in deferred outflows	386,386
Changes in deferred inflows	927,124
Employer contributions	2,404,662
OPEB Expense	<u>\$ 3,355,640</u>
OPEB expense - percent of annual payroll	1.72%

Participation Data as of July 1, 2022

Active employees	3,711
Active employees – fully eligible	901
Average age	48.1 years
Average service	11.8 years
Average salary	\$52,633
Pre-65 Retirees	107
Average age	61.4 years
Pre-65 Spouses	3
Average age	60.9 years
Post-65 Participants	none

Payable to the OPEB Plan – Healthcare

At June 30, 2023, 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.

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

**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, 2023**

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.

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	\$ 22.27 million
Plan fiduciary net position	\$ 10.80 million
Net OPEB liability for group life insurance	\$ 11.47 million

Plan fiduciary Net Position as a percentage of the total group life insurance liability was 67.2%.

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

For the year ended June 30, 2023, due to actuarial changes in assumptions, the School Board recognized a credit to the OPEB Group Life Insurance Expense of \$463,727 reducing the annual OPEB expense to negative (\$88,280). The Schedule below identifies deferred outflows and inflows of resources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 427,848	\$ 1,117,314
Differences between expected and actual experience	908,352	460,185
Differences between projected and actual investment earnings on OPEB Plan Investments		716,763
Changes in proportionate share	9,600	1,124,842
Contributions subsequent to measurement date	2,864,320	-
Totals	<u>\$ 4,210,120</u>	<u>\$ 3,419,104</u>

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, 2023

Amortization of Deferred Inflows and Outflows of Resources

Deferred outflows of resources resulting from the employer's contributions subsequent to the measurement date (\$2.86 million) will be recognized as a reduction of the Net GLI OPEB Liability in financial statements for the year ending June 30, 2024. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the plan membership as of the Measurement Date, and investment gains/losses are amortized over five years.

Year ended June 30:

2024	\$	(603,621)
2025		(461,779)
2026		(790,774)
2027		(40,919)
2028		(176,211)
Total	\$	<u>(2,073,304)</u>

Group Life Insurance Plan Sensitivity Analysis

Total OPEB Liability – 1.0% decrease (5.75%)	\$ 16.69 million
Total OPEB Liability – Current discount rate (6.75%)	\$ 11.47 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, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year.

School Board contributions for the GLI program were \$3.11. million and \$3.01 million for the years ended June 30, 2023, and June 30, 2022 respectively.

Payable to the VRS Group Life Insurance OPEB Plan

At June 30, 2023, Norfolk Public Schools had no outstanding payables related to VRS GLI Other Post-Employment Benefits.

**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, 2023**

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 61 through 64 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.

ii. Other Post-Employment Benefits – Health Insurance Credit Program

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, teacher and other professional school employees receive the monthly benefit of \$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.

**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, 2023**

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

At June 30, 2023, NPS reported a liability of \$25.21 million for its proportionate share of the THICP Net OPEB Liability. The plan's Net OPEB Liability was measured as of June 30, 2022, 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, 2022, the School Board's proportionate share of the VRS Teacher Employee Health Insurance Credit Program was 2.33% as compared to 2.10% at June 30, 2021. For the year ended June 30, 2023, the school division recognized THICP OPEB expense of \$1.28 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, 2023, 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	\$ 736,470	\$ 64,375
Differences between expected and actual experience		1,027,541
Differences between projected and actual investment earnings on pension plan investments		25,302
Changes in proportionate share		2,614,864
Contributions subsequent to measurement date	2,339,380	-
Totals	<u>\$ 3,075,850</u>	<u>\$ 3,732,082</u>

Amortization of Deferred Outflows and Inflows

The \$2.4 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

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, 2023

Year ended June 30:

2024	\$ (807,630)
2025	(735,197)
2026	(542,526)
2027	(335,176)
2028	(307,183)
Thereafter	<u>(267,900)</u>
Total	<u>\$ (2,995,612)</u>

Health Insurance Credit Program Sensitivity Analysis

Total OPEB Liability – 1.0% decrease (5.75%)	\$ 28.41 million
Total OPEB Liability – Current discount rate (6.75%)	\$ 25.21 million
Total OPEB Liability – 1.0% increase (7.75%)	\$ 22.49 million

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, 2023, 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, 2021. 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 \$2.34 million and \$2.28 million for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution.

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, 2022, the School Boards proportionate share of NOL amounts for the VRS Teacher Health Insurance Credit Program are as follows:

**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, 2023**

Total OPEB Liabilities	\$29.69 million
Fiduciary Net Position	\$4.48 million
Net OPEB Liability	\$25.21 million

Plan fiduciary Net Position as a percentage of the total Teacher HIC liability was 15.08%.

Payable to the Teachers VRS HIC OPEB Plan

At June 30, 2023, 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 61 through 64 that also apply to the Teacher Health Insurance Credit Program: (1) actuarial assumptions, (2) long-term expected rate of return, and (3) discount rate.

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, 2022), the following employees were covered by the benefit terms:

Active members	555
Inactive members or beneficiaries currently receiving benefits	238

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, 2023

Inactive members: Vested 25

Total members 818

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, 2023, was 1.02% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$186,688 and \$145,624 for the years ended June 30, 2023, and June 30, 2022, respectively.

Net Health Insurance Credit OPEB Liability

The School Board's net Health Insurance Credit OPEB liability was measured as of June 30, 2022. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Changes in Net HICP OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 2,197,492	\$ 164,808	\$ 2,032,684
Changes for year:			
Service cost	21,604		21,604
Interest	147,635		147,635
Changes in assumptions	38,794		38,794
Difference between expected and actual experience	(137,123)		(137,123)
Contributions - employer	-	145,655	(145,655)
Contributions - employee	-	-	-
Net investment income	-	(1,643)	1,643
Benefit payment (including employee refunds)	(63,829)	(63,829)	-
Administrative expenses	-	(460)	460
Other changes	-	864	(864)
Net Changes	7,081	80,587	(73,506)
Balances at June 30, 2022	<u>\$ 2,204,573</u>	<u>\$ 245,395</u>	<u>\$ 1,959,178</u>

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, 2023

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

At June 30, 2023, NPS reported a liability of \$1.96 million for its proportionate share of the HICP Net OPEB Liability. The plan's Net OPEB liability was measured as of June 30, 2022. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

For the year ended June 30, 2023, the school division recognized HICP OPEB expense of \$143,643. At June 30, 2023, NPS reported deferred outflows of resources and deferred inflows of resources related to the VRS HICP as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 56,025	\$ -
Differences between expected and actual experience		103,841
Differences between projected and actual investment earnings on pension plan investments	4,327	
Contributions subsequent to measurement date	186,688	-
Totals	<u>\$ 247,040</u>	<u>\$ 103,841</u>

Amortization of Deferred Outflows and Inflows

The \$186,688 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as follows:

Year ended June 30:

2024	\$ (11,292)
2025	(11,292)
2026	(21,147)
2027	242
Total	<u>\$ (43,489)</u>

Health Insurance Credit Program Sensitivity Analysis

Total OPEB Liability – 1.0% decrease (5.75%)	\$ 2.15 million
Total OPEB Liability – Current discount rate (6.75%)	\$ 1.96 million
Total OPEB Liability – 1.0% increase (7.75%)	\$ 1.79 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, 2023**

Payable to the VRS HICP OPEB for Political Subdivisions

At June 30, 2023, 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 61 through 64 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.

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	\$ 62,277,163	\$ 25,208,558	\$ 1,959,178	\$ 11,470,989	\$ 100,915,888
Deferred Outflows of Resources	12,665,464	3,075,850	247,040	4,210,120	20,198,474
Deferred Inflows of Resources	14,259,595	3,732,082	103,841	3,419,104	21,514,622
OPEB Expense (revenue)	3,355,640	1,283,928	143,643	(88,280)	4,694,931
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.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final	(Budgetary Basis)	Final Budget Over/(Under)
Budgetary Inflows (revenue)				
Local sources	\$ 3,820,000	\$ 2,170,000	\$ 1,350,803	(819,197)
Commonwealth of Virginia	226,569,211	226,569,211	225,484,617	(1,084,594)
Federal government	5,305,000	6,955,000	10,928,140	3,973,140
Local government*	147,349,715	147,349,715	107,319,294	(40,030,421)
Transfer from other funds	250,000	250,000	250,000	-
Use of Fund Balance, fiscal year 2022	-	11,554,000	11,554,000	-
Amounts available for appropriation	\$ 383,293,926	\$ 394,847,926	\$ 356,886,854	\$ (37,961,072)
Budgetary Outflows (expenditures)				
Instruction	\$ 278,805,900	\$ 278,614,384	\$ 255,636,686	(22,977,698)
Administration, Attendance, and Health	23,245,907	23,397,601	21,658,327	(1,739,274)
Pupil Transportation	16,022,942	16,121,290	14,304,549	(1,816,741)
Operation and Maintenance	42,946,853	44,620,357	38,953,485	(5,666,872)
Information Technology	14,485,924	14,472,649	17,102,607	2,629,958
School Facilities*	7,786,400	6,067,645	1,335,212	(4,732,433)
Transfer to Other Funds	-	11,554,000	11,554,000	-
Total charges to appropriations	\$ 383,293,926	\$ 394,847,926	\$ 360,544,866	\$ (34,303,060)
Budgetary Outflows in excess of budgetary inflows	\$ -	\$ -	\$ (3,658,012)	\$ (3,658,012)

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

Revenue (inflows of resources)

Revenue as noted above	\$ 356,886,854
Transfer from other funds shown above as revenue (not GAAP revenue)	(250,000)
Revenue collected but not part of the general fund budget	755,050
Use of fund balances shown above as revenue above (not GAAP revenue)	(11,554,000)
Total revenue as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 345,837,904</u>

Expenditures (outflows of resources)

Expenditures as noted above	\$ 360,544,866
Transfer to other funds shown above as expenditure (not GAAP revenue)	(11,554,000)
Expenses not part of General Fund budget and excluded above	337,204
Debt Service not part of General Fund budget and excluded above	1,199,312
Payments on purchase orders issued prior to July 1, 2022 (charged to prior appropriations)	7,157,275
Purchase orders outstanding at June 30, 2023 (budgetary charge, not a GAAP expenditure)	(4,757,878)
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund	<u>\$ 352,926,779</u>

* The City of Norfolk transfers the amount allocated to Norfolk Public Schools for Debt Services to the City's Debt Service Fund. The FY 2023 debt service amount was \$4,503,400.

Please see Note 1 item D in the Notes to the Basic Financial Statements for more information regarding Budgets and Budgetary Accounting.

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, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance from Final Budget Over/(Under)
	Original	Final		
Budgetary Inflows (revenue)				
Cafeteria sales	\$ 67,400	\$ 67,400	\$ 31,833	(35,567)
Commonwealth of Virginia	436,000	436,000	408,421	(27,579)
Federal Assistance	22,370,000	22,370,000	21,967,223	(402,777)
Other revenue	126,600	126,600	38,137	(88,463)
Amounts available for appropriation	\$ 23,000,000	\$ 23,000,000	\$ 22,445,614	\$ (554,386)
Budgetary Outflows (expenditures)				
Personal services (wages and benefits)	\$ 10,713,692	\$ 10,713,692	\$ 9,136,402	(1,577,290)
Food and supplies	9,800,632	10,017,632	11,430,890	1,413,258
Other operating expenditures	965,676	848,676	494,717	(353,959)
Capital outlays	1,270,000	1,170,000	1,008,030	(161,970)
Transfers to other funds	250,000	250,000	250,000	0
Total charges to appropriations	\$ 23,000,000	\$ 23,000,000	\$ 22,320,039	\$ (679,961)
Excess of budgetary inflows over outflows	\$ -	\$ -	\$ 125,575	\$ 125,575

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

Revenue (inflows of resources)	
Revenue as noted above	\$ 22,445,614
Total revenue as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit IV)	<u>\$ 22,445,614</u>
Expenditures (outflows of resources)	
Expenditures as noted above	\$ 22,320,039
Transfer to other funds (budgetary charge, but not an expenditure)	(250,000)
Payments on purchase orders issued prior to July 1, 2022 (charged to prior appropriations)	381,765
Purchase orders outstanding at June 30, 2023 (budgetary charge, not a GAAP expenditure)	<u>(1,573,703)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit IV)	<u>\$ 20,878,101</u>

Please see Note 1 item D in the Notes to the Basic Financial Statements for more information regarding Budgets and Budgetary Accounting.

(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)	2.345%	2.426%	2.451%	2.545%	2.568%	2.701%	2.403%	2.430%
School Board's proportionate share of the net pension liability (asset)	\$ 193,463	\$ 163,869	\$ 309,003	\$ 290,090	\$ 260,983	\$ 283,848	\$ 336,787	\$ 305,901
School Board's covered payroll	\$ 188,102	\$ 185,754	\$ 185,400	\$ 195,455	\$ 188,385	\$ 192,822	\$ 194,172	\$ 189,624
School Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	103%	88%	167%	148%	139%	147%	173%	161%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	81.27%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%

*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	Contractually		Actual		Contribution		Employer's		Contributions
	Required		Contributions		Deficiency		Covered		as % of
	Contribution				(Excess)		Payroll		Covered
									Payroll
2023	\$	32,135	\$	32,135	\$	-	\$	193,352	16.62%
2022	\$	31,263	\$	31,263	\$	-	\$	188,102	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%

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	2014
Total pension liability									
Service cost	\$ 1,368	\$ 1,500	\$ 1,548	\$ 1,498	\$ 1,504	\$ 1,552	\$ 1,527	\$ 1,563	\$ 1,530
Interest	6,621	6,308	6,173	6,129	6,055	5,976	5,891	5,770	5,586
Differences between expected and actual experience	(915)	(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	(6,002)	(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	1,072	3,218	2,523	4,278	336	2,048	1,094	1,984	2,457
Total pension liability - beginning	99,727	96,509	93,986	89,708	89,062	87,660	86,566	84,582	82,125
Total pension liability - ending (a)	\$ 100,799	\$ 99,727	\$ 96,509	\$ 93,986	\$ 89,398	\$ 89,708	\$ 87,660	\$ 86,566	\$ 84,582
Plan fiduciary net position									
Contributions - employer	\$ 1,066	\$ 1,077	\$ 1,125	\$ 1,151	\$ 1,435	\$ 1,408	\$ 1,794	\$ 1,768	\$ 1,722
Contributions - employee	782	795	832	845	814	807	800	785	775
Net investment income	(44)	22,627	1,636	5,486	5,851	8,877	1,248	3,321	10,151
Benefit payments, including refunds of employee contributions	(6,002)	(6,120)	(5,063)	(4,994)	(5,155)	(4,706)	(4,814)	(4,343)	(4,659)
Administrative expense	(65)	(59)	(57)	(56)	(52)	(52)	(47)	(47)	(56)
Change in proportionate share			-	612	(2)	41	1	18	-
Other	2	2	(2)	(3)	(36)	(17)	(17)	(11)	1
Net change in plan fiduciary net position	(4,261)	18,322	(1,529)	3,041	2,855	6,358	(1,035)	1,491	7,934
Plan fiduciary net position - beginning	103,010	84,688	86,217	83,176	80,321	73,963	74,998	73,507	65,573
Plan fiduciary net position - ending (b)	\$ 98,749	\$ 103,010	\$ 84,688	\$ 86,217	\$ 83,176	\$ 80,321	\$ 73,963	\$ 74,998	\$ 73,507
School Board's net pension liability (a) - (b)	\$ 2,050	\$ (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	97.97%	103.29%	87.75%	91.73%	93.04%	89.54%	84.37%	86.64%	86.91%
Covered payroll	\$ 16,904	\$ 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	12.13%	-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
2023	\$	1,155	\$	1,155	\$	-	\$ 18,303	6.31%
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%

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, 2023**

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, 2021, 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	2017
Service cost	\$ 4,402,612	\$ 4,412,775	\$ 2,947,665	\$ 625,247	\$ 1,381,764	\$ 1,468,830
Interest	1,374,480	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	(6,259,620)	(2,835,101)	(5,024,887)	(4,651,923)	3,627,408	(3,274,812)
Changes in assumptions	2,524,658	(29,571)	11,937,594	1,277,781	(1,794,422)	(10,475,847)
Benefit payments, including refunds of member contributions	(2,404,662)	(2,360,257)	(2,262,170)	(2,401,320)	(2,129,544)	(2,580,746)
Net change in total OPEB liability	\$ (362,532)	\$ 6,761,713	\$ 9,242,342	\$ (3,253,545)	\$ 2,759,192	\$ (13,160,042)
Total OPEB liability - beginning	62,639,695	55,877,982	46,635,640	49,889,185	47,129,993	60,290,035
Total OPEB liability - ending	\$ 62,277,163	\$ 62,639,695	\$ 55,877,982	\$ 46,635,640	\$ 49,889,185	\$ 47,129,993
Covered employee payroll	\$ 191,402,722	\$ 185,123,319	\$ 185,408,346	\$ 193,251,731	\$ 202,324,943	\$ 202,324,943
Total OPEB liability as a percentage of covered payroll	32.54%	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.

**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.

(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
2023	\$ 2,240,235	\$ 2,240,235	\$ -	\$ 195,322,719	1.15%
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	2017
Employer's Proportionate share of contribution of the Net THIC OPEB Liability (Asset)	2.33%	2.10%	2.12%	2.20%	2.57%	2.70%
Employer's Proportionate share of the Net THICP OPEB Liability (Asset)	\$ 25,209	\$ 26,974	\$ 29,588	\$ 28,802	\$ 28,146	\$ 29,296
Employer's Covered Payroll	\$ 188,093	\$ 185,754	\$ 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	13.40%	14.52%	15.96%	15.58%	15.41%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total THICP OPEB Liability	15.08%	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
2023	\$	2,339,380	\$	2,339,380	\$	-	\$ 193,337,136	1.21%
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%

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 Changes in the School Board's Net OPEB Liability and Related Ratios
VRS Health Insurance Credit Program for Political Subdivisions
Last Ten Fiscal Years*

<i>Amounts in thousands</i>	2022	2021
Total pension liability		
Service cost	\$ 21,604	\$ 23,828
Interest	147,635	134,222
Differences between expected and actual experience	(137,123)	
Changes of assumptions	38,794	50,981
Benefit payments, including refunds of employee contributions	(63,829)	(38)
Net change in total pension liability	7,081	208,993
Total pension liability - beginning	2,197,492	1,988,499
Total pension liability - ending (a)	\$ 2,204,573	\$ 2,197,492
Plan fiduciary net position		
Contributions - employer	\$ 145,655	\$ 147,042
Contributions - employee	-	-
Net investment income	(1,643)	18,451
Benefit payments, including refunds of employee contributions	(63,829)	(38)
Administrative expense	(460)	(647)
Other	864	
Net change in plan fiduciary net position	80,587	164,808
Plan fiduciary net position - beginning	164,808	-
Plan fiduciary net position - ending (b)	\$ 245,395	\$ 164,808
School Board's net pension liability (a) - (b)	\$ 1,959,178	\$ 2,032,684
Plan fiduciary net position as a percentage of the total pension liability	11.13%	7.50%
Covered payroll	\$ 16,904,462	\$ 17,097,830
School Board's net pension liability as a percentage of covered employee payroll	11.59%	11.89%

*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 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
2023	\$	186,688	\$	186,688	\$	-	\$ 18,302,756 1.02%
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	2017
Employer's Proportionate share of contribution of the Net TGLI OPEB Liability (Asset)	0.95%	0.99%	0.91%	0.95%	1.10%	1.16%
Employer's Proportionate share of the Net TGLI OPEB Liability (Asset)	\$ 10,516	\$ 11,546	\$ 16,592	\$ 15,421	\$ 16,679	\$ 14,976
Employer's Covered Payroll	\$ 188,093	\$ 185,754	\$ 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	5.59%	6.22%	8.95%	8.32%	9.09%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total TGLI OPEB Liability	67.21%	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
2023	\$ 2,619,063	\$ 2,619,063	\$ -	\$ 193,337,136	1.35%
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%

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	2017
Employer's Proportionate share of contribution o the Net GLI OPEB Liability (Asset)	0.08%	0.08%	0.09%	0.09%	0.09%	0.09%
Employer's Proportionate share of the Net GLI OPEB Liability (Asset)	\$ 955	\$ 984	\$ 1,462	\$ 1,503	\$ 1,392	\$ 1,185
Employer's Covered Payroll	\$ 16,904	\$ 17,140	\$ 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	5.6%	5.7%	8.2%	8.1%	8.0%	7.0%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.2%	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
2023	\$ 245,257	\$ 245,257	\$ -	\$ 18,636,047	1.32%
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%

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, 2023**

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 AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	School Activities Fund	School of Nursing Fund	Textbook Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 1,409,556	\$ -	\$ -	\$ 1,409,556
Due from other funds		149,088	1,280,720	1,429,808
Total assets	\$ 1,409,556	\$ 149,088	\$ 1,280,720	\$ 2,839,364
FUND BALANCES				
Committed funds				
Student Activity Funds	\$ 1,409,556	\$ -	\$ -	\$ 1,409,556
School of Nursing	-	149,088	-	149,088
Textbook Fund	-	-	1,280,720	1,280,720
Total fund balances	\$ 1,409,556	\$ 149,088	\$ 1,280,720	\$ 2,839,364
Total liabilities and fund balances	\$ 1,409,556	\$ 149,088	\$ 1,280,720	\$ 2,839,364

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)
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	School Activities Fund	School of Nursing Fund	Textbook Fund	Total Nonmajor Governmental Funds
REVENUES				
Charges for services	\$ -	\$ 40,418	\$ -	\$ 40,418
Other	2,195,511	-	-	2,195,511
Intergovernmental:				-
Federal government	-	34,438	-	34,438
Total revenues	2,195,511	74,856	-	2,270,367
EXPENDITURES				
Current operating:				
Instruction	2,257,695	99,878	-	2,357,573
Total expenditures	2,257,695	99,878	-	2,357,573
Excess of revenues under expenditures	(62,184)	(25,022)	-	(87,206)
Net change in fund balances	(62,184)	(25,022)	-	(87,206)
Fund balances - beginning	1,471,740	174,110	1,280,720	2,926,570
Fund balances -ending	\$ 1,409,556	\$ 149,088	\$ 1,280,720	\$ 2,839,364

The accompanying notes are an integral part of the basic financial 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, 2023

	Southeastern Cooperative Educational Program Fund	Governor's School for the Arts Fund	Total
ASSETS			
Cash and Cash equivalent	<u>\$ 14,938,189</u>	<u>\$ 622,104</u>	<u>\$ 15,560,293</u>
Receivables			
Other	<u>6,660,609</u>	<u>67,256</u>	<u>6,727,865</u>
Total Assets	<u>21,598,798</u>	<u>689,360</u>	<u>22,288,158</u>
LIABILITIES			
Accounts payable and other liabilities	<u>2,923,357</u>	<u>75,372</u>	<u>2,998,729</u>
Total Liabilities	<u>2,923,357</u>	<u>75,372</u>	<u>2,998,729</u>
NET POSITION			
Restricted for:			
Individuals, organizations, and			
Other governments	<u>18,675,441</u>	<u>613,988</u>	<u>19,289,429</u>
Total Net Position	<u><u>\$ 18,675,441</u></u>	<u><u>\$ 613,988</u></u>	<u><u>\$ 19,289,429</u></u>

The notes to the 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
For the Year Ended June 30, 2023

	Southeastern Cooperative Educational Program Fund	Governor's School for the Arts Fund	Total
	<hr/>	<hr/>	<hr/>
ADDITIONS			
Contributions:			
Miscellaneous	\$ 51,556,687	\$ 3,190,205	\$ 54,746,892
Total Additions	<hr/> 51,556,687	<hr/> 3,190,205	<hr/> 54,746,892
DEDUCTIONS			
Payments on behalf			
other governments	47,794,239	3,198,320	50,992,559
Total Deductions	<hr/> 47,794,239	<hr/> 3,198,320	<hr/> 50,992,559
Net increase (decrease) in fiduciary net position	<hr/> 3,762,448	<hr/> (8,115)	<hr/> 3,754,333
NET POSITION			
Net Position Beginning of Year	<hr/> 14,912,993	<hr/> 622,103	<hr/> 15,535,096
Net Position End of Year	<hr/> <hr/> \$ 18,675,441	<hr/> <hr/> \$ 613,988	<hr/> <hr/> \$ 19,289,429

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)

2014	2015 Note 1	2016	2017	2018	2019	2020	2021	2022	2023
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Government-wide:

Net investment in capital assets	\$ 12,874	\$ 11,775	\$ 10,240	\$ 10,454	\$ 10,732	\$ 12,455	\$ 11,218	\$ 10,602	\$ 9,140	\$ 9,887
Restricted	2,339	2,739	8,566	10,095	11,909	13,141	7,688	7,319	10,755	10,242
Unrestricted	(7,034)	(344,957)	(338,067)	(343,959)	(412,061)	(381,698)	(361,289)	(344,768)	(299,756)	(254,759)
Total government-wide net position	<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>	<u>\$ (234,630)</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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses:										
Instruction	\$ 265,740	\$ 265,732	\$ 269,725	\$ 271,176	\$ 248,835	\$ 255,047	\$ 266,404	\$ 277,321	\$ 279,558	\$ 295,366
Support Services:										
Administration, Attendance and Health	15,962	15,908	16,263	17,056	16,603	16,835	19,504	22,666	20,658	21,810
Pupil Transportation	12,162	12,952	12,740	14,099	11,384	11,083	12,234	9,293	13,462	14,859
Operation and Maintenance	34,703	35,232	34,641	35,328	33,345	33,702	37,333	36,118	38,343	38,795
Information Technology	11,239	13,234	9,994	10,609	11,076	12,124	12,274	21,906	19,915	16,771
School Facilities	3,735	5,771	6,960	8,669	5,303	4,695	2,823	5,934	9,946	30,031
Food Services	17,227	16,967	18,123	18,718	17,089	17,342	17,139	12,550	18,524	20,533
Other	244	144	207	78	3	-	-	-	16	30
Total Expenses	361,012	365,940	368,653	375,733	343,638	350,829	367,711	385,788	400,422	438,195
Revenues:										
Program Revenues:										
Charges for services	3,562	3,451	3,966	3,844	3,234	3,337	2,662	2,125	1,281	1,109
Operating grants and contributions	203,139	207,303	212,121	215,023	210,572	219,202	214,479	231,433	266,661	323,840
Capital grants and contributions	3,700	3,541	9,892	2,418	2,703	2,926	1,489	4,965	4,632	3,551
Total Program Revenues	210,401	214,295	225,979	221,285	216,509	225,464	218,630	238,523	272,574	328,500
Net (Expense) Revenue	(150,611)	(151,645)	(142,674)	(154,448)	(127,129)	(125,365)	(149,081)	(147,265)	(127,848)	(109,695)
General Revenues:										
Local government	111,854	117,722	114,769	114,972	120,972	122,972	124,711	120,973	129,622	107,319
Commonwealth of Virginia	30,702	31,992	37,088	32,470	30,899	33,975	35,157	38,758	42,835	43,809
Use of money and property	806	841	1,227	1,449	692	1,038	858	534	357	1,053
Other	912	462	772	1,408	962	698	2,074	921	2,020	2,744
Total General Revenues	144,274	151,017	153,856	150,299	153,525	158,683	162,800	161,186	174,834	154,925
Change in Net Position	\$ (6,337)	\$ (628)	\$ 11,182	\$ (4,149)	\$ 26,396	\$ 33,318	\$ 13,719	\$ 13,921	\$ 46,986	\$ 45,230

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 398	\$ 424	\$ 461	\$ 487	\$ 620	\$ 596	\$ 649	\$ 505	\$ 541	\$ 585
Restricted	-	-	-	-	-	-	-	7,843	-	-
Assigned	11,891	10,198	6,420	6,545	8,649	8,334	8,094	7,957	7,157	25,380
Unassigned	3,411	1,149	13	722	4,391	11,415	22,513	28,900	31,823	-
Total General Fund	<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>	<u>\$ 25,965</u>
All Other Governmental Funds										
Nonspendable	\$ 598	\$ 825	\$ 691	\$ 815	\$ 819	\$ 903	\$ 1,536	\$ 1,329	\$ 1,115	\$ 1,444
Restricted	6,933	7,963	9,398	8,867	9,291	10,540	7,024	5,974	7,472	10,242
Committed	2,543	2,058	6,720	2,837	1,798	1,697	1,945	2,697	22,154	35,238
Assigned	-	225	-	-	-	-	-	-	-	-
Unassigned	(2,185)		(1,709)	(2,079)	(3,404)	(4,289)	(2,248)	-	-	-
Total all other governmental funds	<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>	<u>\$ 46,924</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Use of money and property	\$ 806	\$ 842	\$ 1,227	\$ 1,449	\$ 692	\$ 1,038	\$ 858	\$ 534	\$ 357	\$ 1,053
Charges for services	3,562	3,451	3,966	3,844	3,234	3,337	2,662	2,125	1,281	1,109
Other	912	462	772	1,408	962	698	2,074	923	2,033	3,233
Intergovernmental :										
Local government	116,514	122,177	125,650	119,354	123,675	125,897	126,200	125,939	134,254	110,871
Commonwealth of Virginia	183,947	186,713	186,893	190,209	192,041	198,499	203,113	214,889	215,275	241,550
Federal government	48,934	51,668	56,639	55,320	49,430	54,677	46,570	55,302	94,221	126,099
Total revenues	<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>	<u>483,915</u>
EXPENDITURES										
Current:										
Instruction	261,357	268,246	273,972	271,151	265,970	273,583	270,817	278,683	308,432	331,753
Administration, Attendance, and Health	15,382	15,686	16,610	16,932	17,856	17,908	19,847	22,625	22,561	24,033
Pupil Transportation	12,995	13,669	13,390	14,031	12,992	12,987	11,708	9,335	13,163	15,079
Operation and Maintenance	34,207	35,158	34,706	35,143	34,962	36,014	36,905	35,277	39,703	40,381
Information Technology	11,193	13,238	9,947	10,861	11,468	13,808	11,967	21,474	20,432	22,794
School Facilities	1,318	1,938	1,940	604	639	903	342	1,735	5,141	21,055
Food Services	17,110	17,025	18,215	18,675	17,478	18,168	17,227	12,464	19,030	21,637
Other	242	145	207	78	3	-	-	-	-	-
Intergovernmental for Debt Service:										
School Facilities	172	114	8	-	-	-	-	-	61	2,244
Capital Outlay:										
School Facilities	3,387	3,533	4,307	7,910	4,695	3,743	2,348	4,042	4,692	9,930
Total expenditures	<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>	<u>488,906</u>
Excess (deficiency) of revenues over expenditures	(2,688)	(3,439)	1,845	(3,801)	3,971	7,033	10,316	14,076	14,205	(4,991)
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	-	4,391	168	17,950	11,804
Transfers out	-	-	-	-	-	-	(4,391)	(168)	(17,950)	(11,804)
Other financial sources	-	-	-	-	-	-	-	-	851	7,618
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>851</u>	<u>7,618</u>
Net change in fund balance	<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>	<u>\$ 2,627</u>
Debt service as a percentage of noncapital Expenditures	0.05%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.47%

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charges for Services										
Instruction	\$ 2,054	\$ 2,018	\$ 2,520	\$ 2,449	\$ 2,040	\$ 2,221	\$ 1,929	\$ 2,102	\$ 1,236	\$ 1,091
Food Services	1,508	1,433	1,446	1,395	1,194	1,116	733	23	45	18
Subtotal of Charges for Services	3,562	3,451	3,966	3,844	3,234	3,337	2,662	2,125	1,281	1,109
Operating Grants and Contributions										
Instruction	186,579	190,303	193,622	195,687	193,741	201,055	200,590	223,349	244,260	301,465
Pupil Transportation	960	915	989	1,964	-	-	-	-	-	-
Food Services	15,600	16,086	17,510	17,372	16,831	18,147	13,889	8,084	22,401	22,375
Subtotal of Operating Grants and Contributions	203,139	207,304	212,121	215,023	210,572	219,202	214,479	231,433	266,661	323,840
Capital Grants and Contributions										
School Facilities	3,700	3,541	9,892	2,417	2,703	2,925	1,489	4,965	4,632	3,551
Subtotal of Capital Grants and Contributions	3,700	3,541	9,892	2,417	2,703	2,925	1,489	4,965	4,632	3,551
Total Program Revenues	\$ 210,401	\$ 214,296	\$ 225,979	\$ 221,284	\$ 216,509	\$ 225,464	\$ 218,630	\$ 238,523	\$ 272,574	\$ 328,500

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
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	215,275	94,221	447,421
2023	1,053	1,109	3,233	110,871	241,550	126,099	483,915
Change 2014-2023	30.6%	-68.9%	254.5%	-4.8%	31.3%	157.7%	36.4%

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
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
2023	2,214,849	29,564	2,244,413

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.
5. Beginning in 2023, the debt represents capital leases and subscription based information technology arrangements (SBITA).

(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
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%
2023	2,214,849	29,564	2,244,413	352,926,779	0.64%

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.
5. Beginning in 2023, the debt represents capital leases and subscription based information technology arrangements (SBITA).

(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, 2023

School	Breakfast	Lunch	Snack	Supper	Total
Elementary Schools	1,652,460	1,957,956	110,908	103,555	3,824,879
Middle Schools	186,595	493,352	8,267	19,190	707,404
High Schools	169,457	502,952	10,521	40,797	723,727
Auxiliary Facilities	23,132	39,390	22	1,884	64,428
Totals	2,031,644	2,993,650	129,718	165,426	5,320,438

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, 2023

Last school year, Norfolk serves an average of 28,716 meals each school day, plus a daily average of 1,687 after school meals. Child Nutrition Services provides breakfasts, lunches, snacks, and suppers 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 2022	Actual 2022	Budget 2023	Actual 2023	Budget 2024	Budget % Increase Over 2023
	2022	2023						
Revenue								
Sales			82,400	10,773	67,400	31,833	78,000	15.73%
Federal and State Food Program Reimbursements			19,670,000	21,186,970	21,606,000	20,698,797	22,255,000	3.00%
Federal Commodities Donated			1,200,000	1,214,205	1,200,000	1,676,847	1,530,000	27.50%
Other			1,047,600	82,109	126,600	38,137	137,000	8.21%
Total Revenue			22,000,000	22,494,057	23,000,000	22,445,614	24,000,000	4.35%
Expenditures								
Cost of Goods Sold			9,247,257	8,540,267	9,386,497	9,924,004	10,201,972	8.69%
Employee Compensation	192.00	192.00	10,292,787	8,976,514	10,713,692	9,136,402	10,922,300	1.95%
Maintenance Costs			660,950	255,643	756,900	348,162	689,400	-8.92%
Supplies and Materials			114,800	81,631	135,235	498,235	267,000	97.43%
Cafeteria and Other Equipment			690,000	251,511	870,000	655,414	1,083,000	24.48%
Other Costs			994,206	542,355	1,095,699	565,884	836,328	-23.67%
Total Expenditures	192.00	192.00	22,000,000	18,647,921	22,958,023	21,128,101	24,000,000	4.54%
Excess of Revenues over Expenditures			-	3,846,136	41,977	1,317,513	-	
Fund Balance - Beginning of Year			4,700,864	4,700,864	8,547,000	8,547,000	9,864,513	
Fund Balance - End of Year			\$ 4,700,864	\$ 8,547,000	\$ 8,588,977	\$ 9,864,513	\$ 9,864,513	

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Instructional Services	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	3,123.35
Central Administration	81	81	82.5	84	84	87	86.5	90	84.5	85.5
Student Attendance and Health Services	59.5	75.5	100.5	101.5	99.5	103	103	103	112	118
Pupil Transportation	271	271	271	283	283	294	297	300	300	295
Operations and Maintenance	401	401	400.5	407.5	411.5	411	411	414	417	423
Information Technology	63	63	63	63	63	63	63	63	89	93
Total Approved Positions General Fund Budget	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	4,137.85

(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	
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
2023	382,676,079	25,619	1,711	27,330	14,002

Notes:

(a) Local budget education expenditures exclude adult education of \$617,847, which comes from the Norfolk Public Schools 2023 Budget: Summary of Operating Expenditures by Cost Category, pg. 156.

(b) Student membership is average daily membership for the year which comes from the Virginia Department of Education Fall Membership report. Pre-kindergarten membership excludes students enrolled in classes funded by Federal Title 1 funds.

(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
2014	30,338	353,804,702	11,662	-2.13%	357,363,799	11,779	-3.33%
2015	30,101	365,105,355	12,129	4.01%	368,751,971	12,250	4.00%
2016	29,976	368,986,997	12,309	1.48%	373,302,572	12,453	1.66%
2017	31,436	367,474,521	11,690	-5.04%	375,384,984	11,941	-4.11%
2018	28,958	361,368,751	12,479	6.75%	366,063,305	12,641	5.86%
2019	28,221	373,365,280	13,230	6.02%	377,113,793	13,363	5.71%
2020	27,974	368,812,914	13,184	-0.35%	371,161,059	13,268	-0.71%
2021	27,667	381,593,284	13,792	4.61%	385,635,385	13,938	5.05%
2022	25,949	428,463,270	16,512	19.72%	433,216,392	16,695	19.78%
2023	25,619	476,731,742	18,609	12.70%	488,906,446	19,084	14.31%

Notes:

1. Enrollment information obtained from Fall Membership Reports as provided by the Virginia Department of Education (VDOE) excludes 1,711 Pre-K students.
2. Operating expenditures are total expenditures less debt service and capital outlay taken from Exhibit IV.

This information comes from the Norfolk Public Schools 2023 Budget, pg. 283.

(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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Schools</u>										
Elementary (K - 8 & Pre K - 8)										
Buildings	33	33	33	36	35	35	34	34	35	35
Square feet	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	2,630,882
Capacity	19,758	19,758	19,758	26,915	27,765	27,765	21,304	21,304	21,304	21,304
Enrollment	16,098	16,038	15,650	18,191	15,772	17,445	17,514	13,900	13,900	13,900
Middle										
Buildings	8	7	8	8	7	7	6	6	6	6
Square feet	1,167,600	1,027,600	1,167,600	1,167,600	987,600	987,600	908,674	908,674	908,674	908,674
Capacity	9,487	9,487	9,487	9,487	8,237	8,237	6,418	6,418	6,418	6,418
Enrollment	6,377	6,159	6,345	5,335	6,820	5,164	4,798	6,262	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	7,863	7,904	7,981	7,910	7,740	7,541	7,525	7,505	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 June 30, 2023

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	25	292,294
Lake Taylor High	1967	261,000	44.7	2	1974	56	262,824
Maury High	1910	265,000	9.8	0	1988	113	265,000
Norview High	2004	287,272	27	0		19	287,272
B. T. Washington High	1974	265,000	30	0		49	265,000
High School Average Age:						52.40	
Azalea Gardens Middle	1961	120,374	21.1	3		62	123,110
Blair Middle	1922	241,597	7.4	0	2007	16	241,597
Northside Middle	1956	122,675	14.5	1		67	123,587
Norview Middle	1995	152,000	19	0		28	152,000
Rosemont Middle	1959	126,028	18.5	0		64	126,028
Ruffner Middle	1994	146,000	10.52	0		29	146,000
Middle School Average Age:						44.33	
Academy for Discovery at Lakewood	1991	140,000	14.1	0		32	140,000
Bayview Elementary	1922	83,095	9.4	0	1999	24	83,095
Lake Taylor School	1965	118,926	20	0		58	124,398
Richard Bowling Elementary	2017	101,060	25.8	0		7	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		7	181,056
Chesterfield Academy	1953	58,750	12.3	0	1971	70	58,570
Coleman Place Elementary	2007	96,818	9.2	0		16	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		45	63,536
Granby Elementary	1948	82,081	9	0	1989	75	82,081
Ingleside Elementary	1954	58,500	16	7		69	63,972
Jacox Elementary	1949	79,200	11.7	4		74	82,848
Larchmont Elementary	2016	92,958	23	0		6	92,958
Larrymore Elementary	1957	77,325	13	0	1964	66	77,325
Lindenwood Elementary	1953	54,900	9.5	7	1965	70	61,284
Little Creek Elementary	1954	56,795	17	5		69	61,355
Little Creek Primary*	1957	44,500		1		66	45,412
Monroe Elementary	1990	64,000	12.8	0		33	64,000
Norview Elementary	1952	57,640	14.2	14	1953	70	70,408
Ocean View Elementary	2017	92,650	20.5	0		6	92,650
Oceanair Elementary	1956	62,470	17.7	8		65	69,766
St. Helena Elementary	1966	36,074	13.2	2		57	37,898
Sewells Point Elementary	1966	60,900	8.9	6	1984	57	66,372
Sherwood Forest Elementary	1957	66,340	13.3	4	1989	66	69,988
Suburban Park Elementary	1955	61,980	15	0	1988	68	61,980
Tanners Creek Elementary	1990	83,000	9	0		33	83,000
Tarrallton Elementary	1964	46,300	15.2	3		59	49,036
Taylor Elementary	1998	54,786	2.8	0		25	54,786
Tidewater Park Elementary	1964	39,675	8.3	0		59	44,235
Willard Elementary	1952	80,925	14.9	0	1990	71	80,925
Willoughby Elementary	1967	58,400	12	0		56	58,400
P. B. Young Sr. Elementary	1954	55,325	8	0		69	55,325
Elementary School Average Age:						48.37	

(UNAUDITED)

School Board of the City of Norfolk
(A Component Unit of the City of Norfolk, Virginia)
Facilities Information on Schools (continued)
As of June 30, 2023

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	10	1991	70	46,453
Camp Young	1946	27,398	30	0		77	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		55	125,938
Bellmore	1968	77,028	3.9	1		55	77,940
Transportation	1995	24,689	9.9	1		28	25,601
Other Average Age:						64.14	
Total Mobiles		84					
Average Age of all Buildings		50.38			Total age of all buildings		2,670
Total Number of Acres		788			Total # of buildings		53
Total Number of Square Feet		5,369,129					
Total Square Feet Including Mobiles		5,455,589					

Total square footage column includes buildings plus mobiles as of June 2023.

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
Net Position by Category
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets		restated (1)			restated (1)					
Restricted	\$ 337,937	\$ 428,380	\$ 386,641	\$ 365,913	\$ 351,887	\$ 382,093	\$ 384,078	\$ 374,478	\$ 372,139	\$ 455,181
Unrestricted	22,062	10,485	12,412	12,042	6,485	6,690	9,094	8,217	8,048	18,777
	(149,763)	(217,542)	(153,467)	(124,543)	(108,368)	(109,199)	(148,756)	(177,514)	(24,679)	65,572
Subtotal governmental activities net position	210,236	221,323	245,586	253,412	250,004	279,584	244,416	205,180	355,508	539,530
Business-type activities: (2)										
Net investment in capital assets										
Restricted	259,371	266,206	301,340	342,470	330,979	364,975	406,149	451,059	535,599	590,892
Unrestricted	32,495	29,610	31,766	35,237	36,017	28,501	29,946	32,588	28,914	33,389
	77,120	100,988	85,668	59,766	98,533	102,475	121,751	113,452	104,802	92,447
Subtotal business-type activities net position	368,986	396,804	418,774	437,473	465,529	495,951	557,846	597,099	669,315	716,728
Primary government:										
Net investment in capital assets										
Restricted	597,308	694,586	687,981	708,383	682,866	747,068	790,227	825,537	907,738	1,046,073
Unrestricted	54,557	40,095	44,178	47,279	42,502	35,191	39,040	40,805	36,963	52,166
	(72,643)	(116,554)	(67,799)	(64,777)	(9,835)	(6,724)	(27,005)	(64,062)	80,123	158,019
Total primary government net position	\$ 579,222	\$ 618,127	\$ 664,360	\$ 690,885	\$ 715,533	\$ 775,535	\$ 802,262	\$ 802,279	\$ 1,024,823	\$ 1,256,258

Notes:

(1) Restatements are due to implementation of new accounting pronouncements.

(2) Beginning in fiscal year 2020, the Storm Water Utility Special Revenue Fund was converted to an Enterprise Fund.

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program Revenue										
Governmental activities:										
Charges for services										
General government	\$ 4,149	\$ 7,152	\$ 4,642	\$ 4,822	\$ 4,728	\$ 7,267	\$ 6,069	\$ 8,057	\$ 7,812	\$ 8,008
Judicial administration	3,142	2,938	2,729	2,688	2,507	2,396	1,896	22,659	23,772	25,000
Public safety	7,613	7,563	8,307	8,364	7,802	8,504	8,067	11,727	12,230	15,770
Public works	37,769	41,821	42,341	40,322	41,185	40,169	23,242	25,330	24,484	25,629
Health and public assistance	5,597	5,577	6,310	6,390	6,385	5,498	5,928	5,374	6,067	10,577
Culture and recreation	9,685	8,948	10,054	9,835	9,305	9,810	6,817	3,448	7,894	9,423
Community development	1,960	2,557	2,370	2,511	1,264	2,244	2,510	1,872	1,946	3,333
Capital grants and contributions ²	15,933	1,000	5,672	5,941	11,954	3,806	(25,255)	1,983	(5)	14,508
Operating grants and contributions	120,713	125,802	132,611	135,194	151,519	142,804	161,602	207,936	233,842	198,743
Total governmental activities program revenue	206,561	203,358	215,036	216,067	236,649	222,498	190,876	288,386	318,042	310,991
Business-type activities:										
Charges for services										
Water utility	79,097	82,996	80,749	84,529	86,942	111,546	91,377	95,239	103,716	107,264
Wastewater utility	27,119	28,144	27,823	29,065	30,201	31,222	31,705	32,120	35,334	35,521
Parking facilities	20,413	19,520	19,612	20,577	22,148	22,324	19,953	18,073	19,229	20,618
Storm Water utility	N/A	N/A	N/A	N/A	N/A	N/A	21,666	22,393	22,389	23,365
Capital grants and contributions ²	2,761	3,006	338	188	144	381	26,705	-	-	3,228
Total business-type activities program revenue	129,390	133,666	128,522	134,359	139,435	165,473	191,406	167,825	180,668	189,996
Total primary government program revenues	335,951	337,024	343,558	350,426	376,084	387,971	382,282	456,211	498,709	500,987
Expenses										
Governmental activities:										
General government	122,656	126,959	130,550	155,159	152,832	157,320	157,801	150,511	142,589	163,079
Judicial administration	55,062	49,056	51,926	55,547	57,118	46,124	48,443	47,505	47,384	61,730
Public safety	125,122	120,710	119,828	133,378	160,378	138,890	153,190	102,697	135,156	135,118
Public works	66,909	81,171	79,200	80,825	69,194	66,079	61,612	57,246	58,041	85,373
Health and public assistance	90,919	86,776	85,730	89,103	87,827	91,735	97,275	76,088	90,165	96,770
Culture and recreation	56,499	58,443	60,064	62,996	46,799	58,962	64,901	35,794	54,751	64,618
Community development	12,622	13,040	16,734	15,402	23,320	29,381	40,728	66,151	71,342	45,021
Education	109,467	117,722	114,769	114,972	131,137	136,660	135,699	112,363	138,902	118,263
Interest on long-term debt	25,187	22,060	22,950	19,326	24,965	28,817	24,998	29,876	25,474	30,084
Total government activities expenses	664,443	675,937	681,751	726,708	753,570	753,968	784,647	678,231	763,804	800,056
Business-type activities:										
Water utility	61,609	59,448	59,415	65,319	61,276	63,967	65,534	63,489	47,456	74,370
Wastewater utility	20,128	19,142	19,226	22,072	21,012	20,201	21,082	21,087	16,424	23,191
Parking facilities	23,677	20,045	20,651	21,078	23,084	25,365	24,850	20,031	12,079	21,814
Storm Water utility ^{(1) (2)}	N/A	N/A	N/A	N/A	N/A	N/A	13,239	16,331	14,858	20,145
Total business-type activities expenses	105,414	98,635	99,292	108,469	105,372	109,533	124,705	120,938	90,818	139,520
Total primary government expenses	769,857	774,572	781,043	835,177	858,942	863,501	909,352	799,169	854,621	939,576
Net (Expense) Revenue										
Governmental activities	(457,882)	(472,579)	(466,715)	(510,641)	(516,921)	(531,470)	(593,771)	(389,845)	(445,762)	(489,065)
Business-type activities	23,976	35,031	29,230	25,890	34,063	55,940	66,701	46,887	89,850	50,476
Total primary government net expense	\$ (433,906)	\$ (437,548)	\$ (437,485)	\$ (484,751)	\$ (482,858)	\$ (475,530)	\$ (527,070)	\$ (342,958)	\$ (355,912)	\$ (438,589)

Notes:

(1) Beginning in fiscal year 2020, the Storm Water Utility 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
Changes in Net Position
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenue and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real estate and personal property	\$254,357	\$263,490	\$263,395	\$271,461	\$277,132	\$303,623	\$316,998	\$329,293	\$357,257	\$395,650
Consumption utility	43,055	42,961	41,849	41,452	41,292	39,947	38,890	36,767	31,207	37,134
Sales and use	29,436	29,981	30,330	31,185	32,799	33,259	35,395	39,525	42,726	44,955
Restaurant food	31,127	32,634	34,224	34,934	37,990	39,210	35,284	36,384	43,567	48,332
Business licenses	29,889	28,640	28,935	30,557	28,529	29,929	29,916	31,620	32,645	34,436
Cigarette	7,409	7,821	7,784	7,860	7,492	7,889	7,703	7,374	6,389	6,372
Motor vehicle licenses	3,966	3,953	4,488	4,642	4,760	4,903	4,963	5,039	2,121	813
Other	16,618	18,280	18,424	18,909	21,277	22,127	19,382	18,507	26,345	28,159
Interest and investment earnings	783	164	291	249	270	1,212	1,403	457	(222)	11,598
Grants and contributions not restricted to specific progra	33,788	33,793	34,863	36,440	28,158	35,965	36,316	39,500	39,720	38,584
Miscellaneous	14,563	11,916	16,404	30,778	31,189	12,677	17,377	244	3,833	20,445
Capital asset transfers	-	-	-	-	-	-	-	-	-	(3,228)
Capital contributions Norfolk Public Schools	-	-	-	-	-	-	3,716	-	-	-
Debt proceeds to trust	-	-	-	-	-	-	-	(210,000)	-	-
Transfers between governmental and business-type activi	10,052	10,033	10,000	10,000	10,000	30,309	11,259	15,900	10,500	9,838
Total governmental activities	475,043	483,666	490,987	518,467	520,888	561,050	558,602	350,610	596,090	673,088
Business-type activities:										
Interest and investment earnings	496	112	295	432	671	2,507	3,383	130	-	2,577
Grants and contributions not restricted to specific progra	219	214	149	150	142	134	126	325	-	-
Unrealized gain (loss) on investments	-	-	-	-	(52)	-	45	5,069	(17,937)	-
Miscellaneous	3,162	2,506	2,295	2,228	2,059	2,151	2,899	2,742	10,803	4,197
Gain (Loss) on disposal of assets	(88)	(2)	-	-	-	-	-	-	-	-
Transfers between governmental and business-type activi	(10,052)	(10,033)	(10,000)	(10,000)	(10,000)	(30,309)	(11,259)	(15,900)	(10,500)	(9,838)
Total business-type activities	(6,263)	(7,203)	(7,261)	(7,190)	(7,180)	(25,517)	(4,806)	(7,635)	(17,634)	(3,064)
Total primary governmental activities	468,780	476,463	483,726	511,277	513,708	535,533	553,796	342,976	578,456	670,024
Change in Net Position										
Governmental activities	2,464	16,951	(19,654)	1,546	(10,582)	561,050	(35,168)	(39,235)	150,328	184,023
Business-type activities	28,768	22,027	18,629	26,873	48,760	(25,517)	61,895	39,253	72,216	47,412
Total Primary Government changes in net position	\$ 31,232	\$ 38,978	\$ (1,025)	\$ 28,419	\$ 38,178	\$535,533	\$ 26,726	\$ 18	\$222,544	\$231,435

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Nonspendable	\$ -	\$ -	\$ 139	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 619	\$ -
Restricted	265	2,100	3,015	165	145	135	130	120	115	115
Committed	3,000	4,000	5,000	8,698	9,347	10,032	13,051	16,404	18,884	21,553
Assigned	23,901	25,904	26,557	36,605	44,118	65,231	66,842	138,914	217,246	333,209
Unassigned	58,100	65,580	73,077	70,652	70,962	76,510	74,994	75,557	92,920	81,844
Reserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Unreserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Total General Fund	85,266	97,584	107,788	116,120	124,572	151,908	155,017	230,995	329,784	436,720
Grants Fund:										
Nonspendable	-	-	-	-	-	-	-	1,374	-	-
Restricted	-	-	-	-	-	-	-	1,734	1,618	11,757
Committed	-	-	-	-	-	-	-	2,428	4,393	6,783
Assigned	-	-	-	-	-	-	-	738	889	698
Unassigned	-	-	-	-	-	-	-	-	-	-
Reserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Unreserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Total Grants Fund ⁽¹⁾	-	-	-	-	-	-	-	6,274	6,900	19,238
Capital Projects Fund:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	10,933	-	-	-	-	-	-	-	-	-
Committed	14,480	14,704	6,170	-	-	4,105	-	-	-	88,771
Assigned	4,052	-	-	-	-	-	-	-	-	-
Unassigned	-	(84,624)	(216,480)	(190,871)	(128,799)	-	(7,055)	(51,497)	5,117	-
Reserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Unreserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund	29,465	(69,920)	(210,310)	(190,871)	(128,799)	4,105	(7,055)	(51,497)	5,117	88,771
All Other Governmental Funds:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	10,864	8,385	9,397	6,223	6,340	6,554	8,965	6,362	6,602	6,904
Committed	5,050	2,764	3,138	5,872	7,323	7,705	5,579	38	38	164
Assigned	22,144	17,843	26,554	20,345	21,501	22,339	14,148	12,719	11,331	11,207
Unassigned	(1,556)	(2,913)	(2,689)	(932)	(823)	(66)	(64)	-	-	-
Reserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Unreserved ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Total Other Governmental Funds ⁽¹⁾	36,502	26,079	36,400	31,508	34,341	36,532	28,628	19,119	17,971	18,276
Total fund balance, governmental fund	\$ 151,233	\$ 53,743	\$ (66,122)	\$ (43,243)	\$ 30,114	\$ 192,545	\$ 176,590	\$ 204,891	\$ 359,773	\$ 563,005

Note:

(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
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Amounts in thousands)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue:										
General property taxes	\$ 256,979	\$ 262,433	\$ 265,943	\$ 269,816	\$ 277,559	\$ 303,370	\$ 311,961	\$ 327,739	\$ 352,648	\$ 379,811
Other local taxes	161,499	164,270	166,034	169,539	174,139	177,263	171,533	175,217	185,001	200,202
Licenses and permits	3,089	3,013	3,038	3,292	3,292	4,118	3,599	3,495	3,883	5,018
Fines and forfeitures	1,242	1,264	1,111	921	1,068	1,027	801	978	1,359	1,098
Use of money and property	6,329	9,668	7,354	7,786	7,504	11,098	9,861	6,438	8,663	21,859
Charges for services	60,040	59,983	62,709	62,315	62,383	60,905	41,335	43,250	44,161	49,379
Miscellaneous	29,133	10,142	11,325	12,080	11,311	11,287	11,743	11,105	12,226	23,986
Recovered costs ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Intergovernmental	153,782	158,840	166,686	176,784	193,289	182,023	198,634	267,558	298,592	263,443
Total revenues	672,093	669,613	684,200	702,817	730,545	751,091	749,467	835,780	906,534	944,796
Expenditures:										
Current										
General government	109,292	110,904	118,468	127,367	131,203	136,987	133,751	144,751	149,596	154,760
Judicial administration	51,673	51,360	50,513	50,767	52,012	45,914	47,359	47,296	49,664	55,255
Public safety	113,394	112,055	116,436	121,494	123,905	127,610	131,883	136,809	136,670	143,184
Public works	55,267	61,369	58,716	63,231	66,882	62,511	53,665	52,029	55,308	41,082
Health and public assistance	88,671	85,631	85,815	87,330	86,702	87,554	91,787	88,067	92,189	94,016
Culture and recreation	46,705	48,765	44,531	44,825	45,968	45,399	43,499	34,012	39,991	51,543
Community development	12,482	12,303	13,677	14,994	22,237	28,212	38,095	72,093	70,985	38,845
Education	111,854	117,722	114,769	114,972	120,972	122,972	124,711	120,973	129,622	107,319
Debt service:										
Principal retirement	48,135	49,255	46,175	50,663	52,583	49,122	61,128	63,782	53,852	68,761
Interest and other charges	28,682	26,896	26,955	27,150	27,317	32,212	29,448	27,612	27,161	28,879
Debt issuance costs	1,127	680	318	-	907	1,823	1,886	1,026	1,282	1,951
Capital outlay	100,709	103,113	140,093	98,492	67,938	49,790	49,490	44,918	47,952	77,205
Total expenditures	767,991	780,053	816,466	801,285	798,626	790,106	806,702	833,368	854,272	862,800
(Deficiency) of revenues (under) expenditures	(95,898)	(110,440)	(132,266)	(98,468)	(68,081)	(39,015)	(57,235)	2,412	52,262	81,996
Other financing sources (uses):										
Proceeds of refunding bonds	73,428	74,094	-	49,378	27,744	-	221,756	46,383	36,895	13,540
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	96,990
Payment to refunded bonds escrow agent	(79,964)	(81,267)	-	(55,684)	(31,799)	-	(220,838)	(46,122)	(36,693)	-
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	-	-	-	6,080	20,077	1,378	3,716	15,678	1,397	765
Operating transfers in	107,633	102,604	107,953	106,474	108,550	128,910	120,991	125,961	114,611	164,862
Operating transfers (out)	(95,224)	(92,571)	(97,953)	(96,474)	(98,550)	(98,601)	(109,732)	(110,061)	(104,111)	(154,921)
Total other financing sources (uses)	102,011	12,201	12,400	121,348	141,438	201,446	51,037	25,890	102,619	121,236
Special items:										
Contribution to stormwater utility fund	-	-	-	-	-	-	(9,757)	-	-	-
Total special items	-	-	-	-	-	-	(9,757)	-	-	-
Net change in fund balances	\$ 6,113	\$ (98,239)	\$ (119,866)	\$ 22,880	\$ 73,357	\$ 162,431	\$ (15,955)	\$ 28,302	\$ 154,881	\$ 203,232
Debt service as a percentage of noncapital expenditures	11.22%	11.28%	10.91%	10.95%	10.77%	11.03%	11.89%	11.16%	9.62%	11.32%

City of Norfolk
Financial Trends Information
Other Local Tax Revenues by Source, Governmental Funds ⁽¹⁾
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
2014	\$ 43,055	\$ 29,436	\$ 31,127	\$ 29,889	\$ 7,409	\$ 3,966	\$ 16,618
2015	42,961	29,981	32,634	28,640	7,821	3,953	18,281
2016	41,849	30,330	34,224	28,935	7,784	4,488	18,424
2017	41,452	31,185	34,934	30,557	7,860	4,642	18,909
2018	41,292	32,799	37,990	28,529	7,492	4,760	21,277
2019	39,947	33,259	39,210	29,929	7,889	4,903	22,126
2020	38,890	35,395	35,284	29,916	7,703	4,963	19,382
2021	36,767	39,525	36,384	31,620	7,374	5,039	18,507
2022	31,207	42,726	43,567	32,645	6,389	2,121	26,345
2023	37,134	44,955	48,332	34,436	6,373	813	28,159
Change							
2014-2023	-13.8%	52.7%	55.3%	15.2%	-14.0%	-79.5%	69.5%
							24.0%

Note:

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

(1) Presents additional details on Other Local Taxes presented in Schedule 6 above.

Other Local Tax Revenues by Source, Governmental Funds ⁽¹⁾
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
2014	\$ 43,055	\$ 29,436	\$ 31,127	\$ 29,889	\$ 7,409	\$ 3,966	\$ 16,618
2015	42,961	29,981	32,634	28,640	7,821	3,953	18,281
2016	41,849	30,330	34,224	28,935	7,784	4,488	18,424
2017	41,452	31,185	34,934	30,557	7,860	4,642	18,909
2018	41,292	32,799	37,990	28,529	7,492	4,760	21,277
2019	39,947	33,259	39,210	29,929	7,889	4,903	22,126
2020	38,890	35,395	35,284	29,916	7,703	4,963	19,382
2021	36,767	39,525	36,384	31,620	7,374	5,039	18,507
2022	31,207	42,726	43,567	32,645	6,389	2,121	26,345
2023	48,332	34,436	6,372	813	28,159	11,598	38,584
Change							
2014-2023	12.3%	17.0%	-79.5%	-97.3%	280.1%	192.4%	132.2%
							4.2%

Note:

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

(1) Presents additional details on Other Local Taxes presented in Schedule 6 above.

City of Norfolk
Revenue Capacity Information
Assessed Valuations and Estimated Actual Values of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property⁽¹⁾	Personal Property⁽¹⁾	Other Property⁽²⁾	Total Taxable Assessed Value	Estimated Actual Taxable Value⁽³⁾
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
2023	-	-	-	-	-

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
Revenue Capacity Information
Direct Property Rates
Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property tax rate per \$100 of assessed value ⁽¹⁾ :										
Real property	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.25	\$ 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	1.41
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	1.15	1.11	1.15	1.15	1.15	1.25	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	0.25	0.25	0.00	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 ⁽²⁾	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⁽³⁾:
As determined by the City Assessor

Taxation ⁽⁴⁾	98%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	99%	100%	99%	97%	97%	98%	98%	98%	94%	87%

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 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.
- (3) 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 2014 through 2023.
- (4) The most recent Virginia Assessment/Sales ratio study is for 2021.

City of Norfolk
Revenue Capacity Information
Principal Property Taxpayers
Current Year and Nine Years Ago

	2014			2023		
Taxpayer	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value
MPB, Inc.				203,741,300	1	0.80%
ODU Real Estate Foundation				146,456,600	2	0.58%
Fort Norfolk Retirement Community Inc.	116,691,000	5	0.63%	100,160,700	3	0.40%
Fort Norfolk Community Inc.				94,442,100	4	0.37%
Ap Arlay Point LLC Et Al				91,861,400	5	0.36%
SLNWC Office Company, LLC				91,114,000	6	0.36%
Hertz Norfolk 999 Waterside, LLC				77,367,800	7	0.31%
Crown Point Owner LLC				739,334,000	8	2.92%
Dominion Enterprises	61,618,200	8	0.33%	72,985,000	9	0.29%
WIM Core Portfolio Owner, LLC						0.00%
City Walk One, LLC						0.00%
Sir Properties Trust						0.00%
Park Crescent Owner, LLC						0.00%
Cox Virginia Telecom						0.00%
Dominion Tower LTD Partnership						
Norfolk Outlets, LLC				72,255,300	10	0.29%
Virginia Power Co.	301,301,543	1	1.64%			
MacArthur Shopping Center	183,168,300	2	0.99%			
Norfolk Western Railway Company	128,937,516	3	0.70%			
Verizon Virginia, Inc.	98,558,756	4	0.54%			
Northern Southern	94,315,266	6	0.51%			
Virginia Natural Gas, Inc.	71,459,122	7	0.39%			
Wells Fargo Building	69,376,700	9	0.38%			
Military Circle, LLC	60,093,800	10	0.33%			
	\$ 1,185,520,203		6.44%	\$ 1,689,718,200		6.68%

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

City of Norfolk
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⁾				
2014	\$ 254,008	\$ 254,598	\$ 240,481	94.46%	\$	13,980	\$ 254,458	99.94%
2015	256,040	260,734	245,803	94.27%		14,744	260,543	99.93%
2016	264,043	265,482	251,933	94.90%		13,239	265,164	99.88%
2017	268,718	269,672	255,712	94.82%		13,513	268,072	99.41%
2018	275,648	277,578	262,585	94.60%		11,886	274,263	98.81%
2019	300,270	300,270	285,588	95.11%		13,177	298,343	99.36%
2020	314,540	314,540	288,746	91.80%		23,609	311,238	98.95%
2021	327,530	327,530	308,016	94.04%		15,645	320,534	97.86%
2022	355,926	355,926	328,909	92.41%	-	-	328,909	92.41%
2023	381,434	381,434	353,120	92.58%	-	-	353,120	92.58%

Notes:

(1) Adjusted Tax Levy has been adjusted to reflect residual taxable amount after exonerations and reassessments. Information obtained from Office of the City Treasurer.

(2) 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
Debt Capacity Information
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amount in Thousands)

Fiscal Year	General Obligation		General Obligation Notes/Line of Credit		Long Term Lease and SBITA ⁽²⁾		Total Outstanding Debt		Outstanding Debt per Capita ⁽¹⁾ (Actual)		% of Personal Income		Debt to Net Position Ratio	
	Bonds				Revenue Bonds	Liability					Income			
Governmental Activities														
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	8.15%	0.29	
2021		935,414		83,260	-	-	-		1,018,674		4,278	9.23%	0.20	
2022		977,364		52,762	-	-	-		1,030,126		4,332	N/A	0.35	
2023		1,012,069		50,000	-	-	40,147		1,102,217		N/A	N/A	-	
Business-type Activities														
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	6.61%	0.81	
2021		258,887		-	377,953	-	-		636,840		2,675	5.77%	0.94	
2022		242,450		-	362,492	-	-		604,942		2,544	N/A	1.11	
2023		261,042		-	338,191	-	1,986		601,219		N/A	N/A	-	
Total Primary Governmental Activities														
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		6,953	14.75%	0.52	
2021		1,194,301		83,260	377,953	-	-		1,655,514		6,953	15.01%	0.48	
2022		1,219,814		52,762	362,492	-	-		1,635,068		6,877	N/A	0.63	
2023		1,273,112		50,000	338,191	-	42,133		1,703,436		N/A	N/A	-	

Note:

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

(2) Subscription Based Information Agreement (SBITA)

N/A - not available

City of Norfolk
Debt Capacity Information
Ratios of General Bonded Debt to Total Assessed Value and Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt ⁽¹⁾ (in thousands)	Debt Payable from Enterprise Revenue (in thousands)	Assessed Value of Taxable Property ⁽²⁾ (in thousands)		Population ⁽³⁾	Ratio of Net Bonded Debt to Assessed Value		Net Bonded Debt per Capita
			Net Bonded Debt (in thousands)	Property ⁽²⁾ (in thousands)		Bonded Debt to Assessed Value		
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	237,770	3.86%		4,332
2023	1,323,112	261,042	1,062,070	27,997,665	N/A	3.79%		N/A

Notes:

- (1) Gross Bonded Debt includes unamortized premiums.
(2) Assessed value of taxable property is detailed in Revenue Capacity Schedule 1.
(3) The source of 2014 through 2022 population estimates is the Weldon Cooper Center for Public Service, University of Virginia.

N/A - not available

Debt Capacity Information
Computation of Direct Bonded Debt
As of June 30, 2023

	Gross Bonded Debt		% Applicable to Government		\$ Applicable to Government	
	Jurisdiction(1)	(in thousands)	(in thousands)		(in thousands)	
Direct:	City of Norfolk	\$ 1,323,112	100%	\$	1,323,112	

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
Debt Capacity Information
Legal Debt Margin
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total assessed value of taxed real property	\$ 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	\$ 25,295,259,876
Debt Limit - 10% of total assessed valuation	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	2,529,525,988
Net debt applicable to debt limitation	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	1,299,296,707
Legal Debt Margin	\$ 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	\$ 1,230,229,281
Net debt percentage of debt limitation	49.55%	48.80%	51.73%	54.85%	54.33%	48.57%	51.40%	57.21%	54.32%	51.37%

**City of Norfolk
Debt Capacity
Ratio of Annual Debt Service Expenditures for General Bonded Debt and Other Debt to Total General Expenditures
Last Ten Years**

Fiscal Year	Principal on Serial Bonds	Redemption of		Interest on Serial Bonds	Interest on Other Debt		Total Debt Service	Total General Expenditures ⁽¹⁾⁽²⁾	Ratio of Debt Service to Total General Expenditures
		Other Long-term Debt	Other Long-term Debt						
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	620,318,236	13.06%
2023	68,760,616	-	-	28,879,010	-	-	97,639,626	645,916,220	15.12%

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
Demographic and Economic Information
Population Statistics
Last Ten Calendar Years

Year	Population⁽¹⁾	Personal Income (000's)⁽²⁾	Per Capita Personal Income⁽²⁾	Civilian Labor Force Estimates⁽³⁾	% Unemployed⁽³⁾
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	11,031,039	46,923	107,879	5.7%
2022	238,005	11,159,969	47,898	109,445	3.9%

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 2023.
- (2) Personal income and per capita personal income estimates from U.S. Bureau of Economic Analysis. Data not available for 2023.
- (3) Unemployment rate and civilian labor force from the U.S. Bureau of Labor Statistics.
- (4) All information on an average annual calendar year.

City of Norfolk
Demographic and Economic Information
Ten Largest Employers in Norfolk⁽¹⁾
Current Year and Nine Years Ago

Employer	Rank	
	2014	2023
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
BAE Systems Norfolk Ship Repair	7	
Sentara Health Management		7
Eastern Virginia Medical School	8	8
Anthem		9
Norfolk State University	9	10
Norshipco		
Portfolio Recovery Associates		
Bank of America	10	
Total Employment ⁽²⁾	138,691	139,246

Notes:

(1) The source of the City's top ten employers is the Virginia Employment Commission. The most current data available is the quarter ended December 2022. Each of the top 10 employers has 1,000+ employees. The actual number of employees for each employer was not available.

(2) The source of the City's total employment is the Bureau of Labor Statistics quarter ended March 2013 and 4th Quarter 2022



**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, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the Specifications), 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 (Schools or District), a component unit of the City of Norfolk, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated December 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Schools' internal control over financial reporting (internal control) as a basis for designing 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 the Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools' 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Arlington, Virginia
December 14, 2023