



# Norfolk Public Schools

The cornerstone of a proudly diverse community



## Comprehensive Annual Financial Report

School Board of the City of Norfolk

# 2019

(A Component Unit of the City of Norfolk, Virginia)  
Fiscal Year Ended June 30, 2019  
Prepared by the Accounting Department

**School Board of the City of Norfolk**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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

**Fiscal Year Ended June 30, 2019**

**Prepared by:**

**Division of Business and Finance - Accounting Department**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
FISCAL YEAR ENDED JUNE 30, 2019  
PREPARED BY DIVISION OF BUSINESS AND FINANCE ACCOUNTING DEPARTMENT**

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# School Board for the City of Norfolk

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Dr. Noëlle M. Gabriel  
Chair

Mr. Carlos Clanton  
Vice Chair

Ms. Tanya K. Bhasin  
Member

Ms. Lauren D. Campsen  
Member

Ms. Courtney R. Doyle  
Member

Mr. Rodney A. Jordan  
Member

Ms. Adele M. Martin  
Member

Ms. Christine Smith  
Member

Dr. Melinda J. Boone  
Superintendent

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## **Members of Norfolk City Council**

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Mr. Kenneth Cooper Alexander  
Mayor

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

Ms. Courtney Doyle  
Ward 2

Ms. Mamie B. Johnson  
Ward 3

Mr. Paul R. Riddick  
Ward 4

Mr. Thomas R. Smigiel, Jr  
Ward 5

Ms. Andria P. McClellan  
Super Ward 6

Ms. Angelia M. Williams Graves  
Super Ward 7



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

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

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



**ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**

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

**School Board of the City of Norfolk**

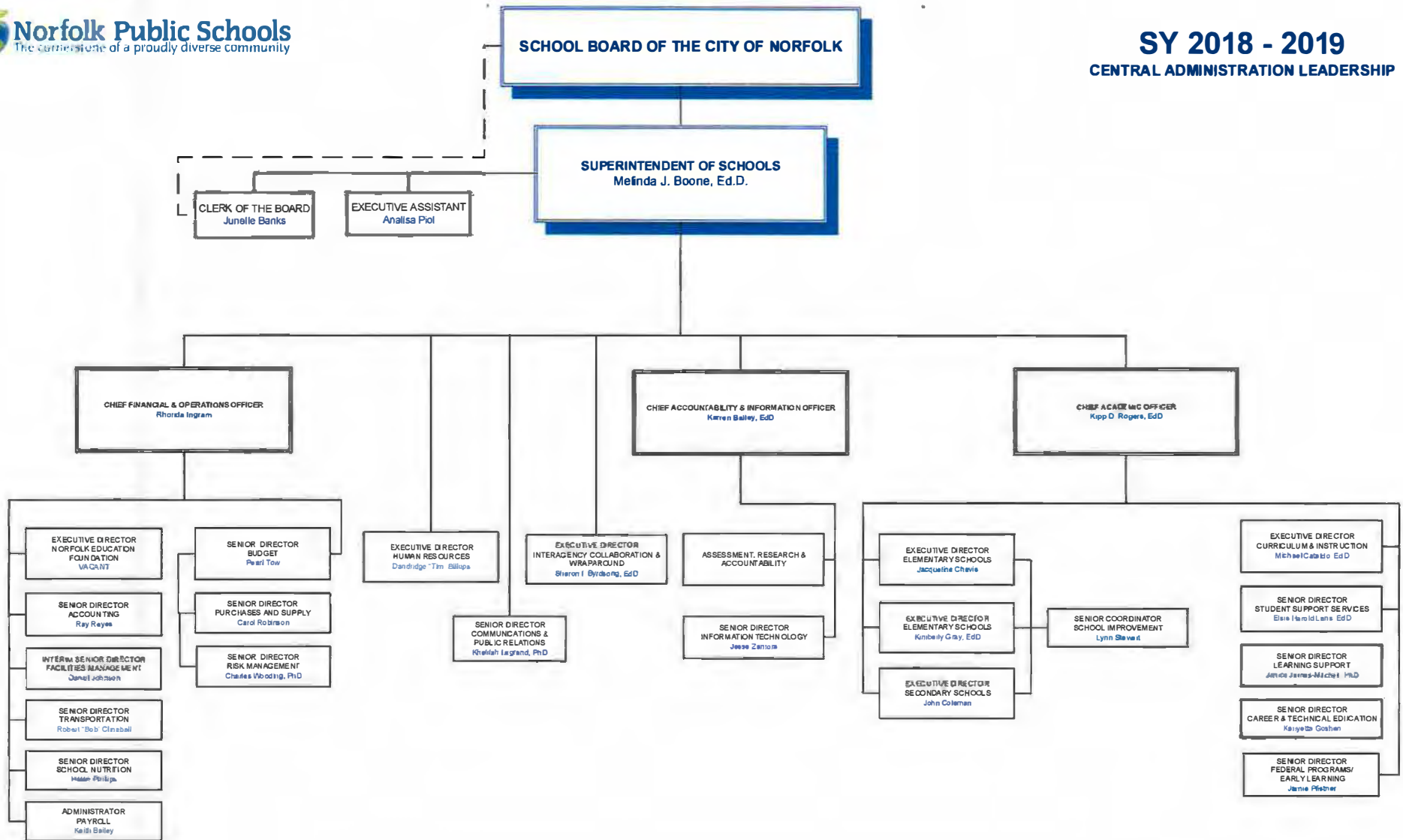
**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2018.**

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



**Tom Wohlleber, CSRM**  
President

**David J. Lewis**  
Executive Director





# Norfolk Public Schools

***Quality Teaching and Learning for All: ALL Means ALL***

## **Mission**

The mission of Norfolk Public Schools, the cornerstone of a proudly diverse community, is to ensure that all students maximize their academic potential, develop skills for lifelong learning and are successful contributors to a global society, as distinguished by:

- Courageous advocacy for all students.
- Family and community investment.
- Data-driven personalized learning.
- Strong and effective leadership teams.
- Shared responsibility for Teaching and Learning.
- Access to rigorous and rewarding college and career readiness opportunities

## **Strategies**

- 1) We will promote NPS as the cornerstone of our community's well-being.
- 2) We will empower and facilitate meaningful family and community partnerships.
- 3) We will relentlessly pursue engaged learning through high-quality instruction.
- 4) We will host environments in which all individuals feel safe and secure.
- 5) We will nurture a culture of excellence, equity and justice through continuous improvement.

December 2, 2019

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the School Board of the City of Norfolk, a component unit of the City of Norfolk, Virginia, for the fiscal year ended June 30, 2019. 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 MD&A. The MD&A can be found immediately following the report of the independent auditors.

The independent public accounting firm of Clifton Larson Allen, LLP (CLA) performed the audit of the School Board of the City of Norfolk. They were awarded the contract to provide the annual financial audit for the year ending June 30, 2019, as part of a combined contract including the School Board of the City of Norfolk, the City of Norfolk (City), and other City agencies.

The report includes all funds that are controlled by or dependent on the Superintendent and School Board. The School Board has budgetary control. Additional information regarding the School Board's financial reporting entity may be found in the notes to the basic financial statements. The School Board served approximately 30,150 students in 2019 and provided a full range of educational services appropriate to grades Pre-K-12, including regular and enriched academic education, early childhood education, special education for children with special needs, career and technical education, and programs for those with limited English proficiency. These programs are supplemented by a wide variety of offerings in fine arts and athletics. The School Board is considered a component unit of the City of Norfolk.

## ECONOMIC OUTLOOK



Norfolk, Virginia is a city of over 247,000 residents and more than 120 diverse neighborhoods. It is the cultural, educational, business and medical center of Hampton Roads, hosts the world's largest naval base, the region's international airport, and is one of the busiest international ports on the east coast of the United States. Norfolk neighborhoods are vibrant and inclusive places where caring neighbors want to live, invest, and participate. The City of Norfolk operates under a Council-Manager form of government. The Norfolk City Council is the legislative body of the city government. It is authorized to exercise all powers conferred upon the City by the Commonwealth of Virginia in the state constitution, state laws and the Charter of the City of Norfolk. The Council establishes policy for the City, approves the budget, levies its taxes, and appoints the City Attorney, City Assessor, City Auditor, City Clerk, and the City Manager. The Council also appoints members to the Norfolk Redevelopment and Housing Authority, Planning Commission and other boards and commissions, as well as city representatives to regional and other boards and authorities. For additional information, go to [www.norfolk.gov](http://www.norfolk.gov).

The City of Norfolk has approximately 141,592 employees in its workforce. Some of the most prominent industries include the military, manufacturing, construction, retail, education and finance, to name a few. Norfolk is one of the top ten markets for business relocation and expansion, according to Expansion Management Magazine.

The public school system is comprised, 35 elementary schools, 7 middle schools, 5 high schools, and 6 auxiliary schools. The auxiliary schools provide adult, career and technical education and provides other opportunities as well. The average ages of elementary, middle and high school buildings are 47, 42, and 33 respectively. Enrollment has decline by about 2,140 in the past five years, and there is potential for further declines. Salaries for teachers range between \$47,794 and \$75,243 per year in 2019. City funding for the School Board is derived from real estate and personal property taxes. Real estate in Norfolk is taxed at \$1.15 per \$100 of assessed value annually.



The personal property tax rate for motor vehicles is \$4.33 per \$100 of assessed value, using the NADA Blue Book value.

Norfolk Public Schools (NPS) is a fiscally dependent school division pursuant to State law. As a fiscally dependent school division, NPS does not levy taxes or issue debt. All local funds are appropriated to NPS by the City Council, which has the authority to tax and incur debt. The School Board derives its authority from the Commonwealth and has a constitutional responsibility to provide public education to the citizens of Norfolk.

The School Board derives most of its funding from allocations from the Commonwealth of Virginia and the City of Norfolk. For the fiscal year 2019 budget year, the Commonwealth of Virginia funded 59% and the City of Norfolk funded 38% percent of the operating budget for the School Board. The remaining 4% is funded through Federal (1.8%) and other (1.2%) sources. Long-term financial planning includes a multi-year forecast that evaluates the budget and makes certain revenue and expenditure assumptions for planning purposes.

The School Board is cautiously optimistic about the economic outlook based on the slow economic recovery around the Commonwealth and the Hampton Roads region. As the Hampton Roads region continues to experience slow job growth and the moderate recovery of the region's real estate market, the School Board believes that these positive trends may result in additional funding support from the Commonwealth and the City of Norfolk over the next biennium. However, the School Board will maintain a position of fiscal restraint with respect to revenue projections and spending trends.

## **MAJOR PRIORITIES**

The School Board & Division priorities in fiscal year 2019 continue to be as follows:

1. Ensure full accreditation
2. Increase academic achievement of all students
3. Improve climate, safety and attendance
4. Become a School Board of Distinction
5. Promote Norfolk Public Schools to reflect the outstanding accomplishments of staff, teachers, and students
6. Develop and coordinate a capital improvement plan for facilities and technology to enhance teaching and learning
7. Attract, retain, and help to develop strong academic families and highly qualified teachers and staff

## **NPS Theory of Action**

Norfolk Public Schools students will develop their individual potential, maximize skills for lifelong learning, and successfully contribute to a global society. All personnel will

intentionally facilitate an environment that supports exemplary and innovative teaching and learning opportunities in every school, in every classroom, every day, for every student no exception.

## **FINANCIAL INFORMATION**

### Internal Controls

Internal controls are designed to provide reasonable assurance that assets of the reporting entity are protected from loss, theft, or misuse. In addition, internal controls are used to ensure that reliable financial records are maintained for preparation of financial statements that are in conformity with generally accepted accounting principles. Internal control monitoring occurs regularly. The School Board's internal controls are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. In addition, this internal control structure is subject to periodic evaluation by management of the School Board.

### Budgetary Controls

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

The School Board also maintains an encumbrance accounting system as one method of accomplishing budgetary control. Outstanding encumbrances are reported as an assignment of fund balance of the General Fund at year-end. The School Board must request re-appropriation from the City to retain any unexpended or unencumbered appropriated funds.

### Financial Highlights

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

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

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

While the school division will continue to operate within a balanced budget, funding for fiscal year 2019-20 reflects modest growth. The demands of increased student achievement and teacher performance will require very strategic resource allocation decisions to ensure increased efficiency and effectiveness.

#### Independent Audit

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

#### Single Audit Act

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

### **AWARDS**

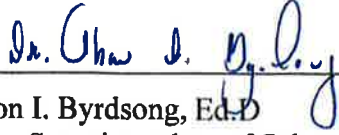
For the 12<sup>th</sup> consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the School Board of the City of Norfolk for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, the CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

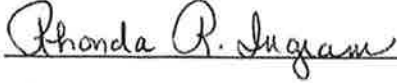
In addition, the School Board has received the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting Program (COE) for excellence in the preparation and issuance of the financial statements for fiscal year ended 2018.


### **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 Department of Business and Finance, in

Respectfully submitted,

 12.6.19  
Sharon I. Byrdsong, Ed.D.  
Acting Superintendent of Schools

  
Rhonda R. Ingram, CPA  
Executive Director of Budget & Finance

  
Ray Reyes, CPA, CGFM, SFO  
Senior Director, Accounting

## FINANCIAL SECTION

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CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

The Members  
School Board of the City of Norfolk, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School Board of the City of Norfolk, Virginia (the Board), a component unit of the City of Norfolk, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2019, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

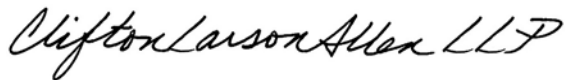
The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Arlington, Virginia  
November 19, 2019

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2019**

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## **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, 2019. The intent of management's discussion and analysis is to look at the School Board's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of our financial performance.

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

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

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

## **OVERALL ANALYSIS**

The School Board enrolls approximately 28,000 students with a General Fund operating budget of \$329.6 million, and Child Nutrition Services budget of \$19.2 million. Grants and Capital Projects are multi-year funds. The Grants estimated revenue was \$38,000 million and the Capital Projects budget was \$7 million. In general, the operations of the School Board show positive financial results. In those revenue areas directly linked to the economy, the School Board did not experience any major disruptions. On the expenditure side, the School Board's monitoring of the budget resulted in the reprogramming of funds to maximize the overall instructional goals.

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2019**

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## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2019 are as follows:

On the government-wide financial statements:

- Total net position deficit decreased from a net deficit of \$389.4 million at June 30, 2018 to a net deficit of \$356.1 million at June 30, 2019, approximately \$33.3 million. The deficit decrease is primarily due to changes in reporting requirements related to long-term liabilities for pensions and Other Post-Employment Benefits.
- Total revenues increased from \$370.0 million in 2018 to \$384.1 million at June 30, 2019, an increase of approximately \$14.1 million: 7.0 million increase from the Commonwealth, 4.0 million from the federal government, 2.0 million from the City of Norfolk and 1.1 million from other sources.
- Total expenses increased by \$7.2 million on the Statement of Net Activities from \$343.6 million in fiscal year 2018 to \$350.8 million in fiscal year 2019, or 2%. The increase occurred in the area of Instruction.

On the fund financial statements:

- In the General Fund, the ending fund balance increased \$6.6 million from \$13.7 million at June 30, 2018 to \$20.3 million at June 30, 2019. This was due to decreases in accounts payable, coupled with an increase in cash balance at year-end. The balance in accounts payable at year-end is mostly impacted by purchases within the last 30 days of the year. The amount of vendor invoices to be paid from the General Fund at year-end was \$471,833 less than in the previous year. The amount payable from Grant Funds decreased by \$352,491.
- In the General Fund, total encumbrances were \$8.3 million at the end of the fiscal year and are reported as Assigned fund balance. The School Board considers fund balances to be assigned at the time of encumbrance.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2019**

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## **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 and 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 the 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 and the Commonwealth. Governmental activities are reported by major programs of the School Board and consist of Instruction, Administration, Attendance and Health, Pupil Transportation, Information Technology, Operation and Maintenance, School Facilities, Food Services, and Community Services.

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

### **Financial Analysis of the School Board as a Whole**

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2019**

***Summary of Net Position***

***(Thousands of dollars)***

	Governmental Activities			
	2019	2018	Difference	% Change
Assets and Deferred Outflows of Resources:				
Current assets	\$ 73,388	\$ 70,877	\$ 2,511	3.5%
Capital assets, net	12,455	10,732	1,723	16.1%
Total assets	\$ 85,843	\$ 81,609	\$ 4,234	5.2%
Deferred outflows of resources	46,783	39,639	7,144	18.0%
Liabilities and Deferred Inflows of Resources:				
Current	52,166	56,411	(4,245)	-7.5%
Non-current	366,506	390,682	(24,176)	-6.2%
Total liabilities	\$ 418,672	\$ 447,093	\$ (28,421)	-6.4%
Deferred inflows of resources	70,057	63,576	6,481	10.2%
Net Position:				
Invested in capital assets	\$ 12,455	\$ 10,731	\$ 1,724	16.1%
Restricted	13,141	11,909	1,232	10.3%
Unrestricted (deficit)	(381,698)	(412,061)	30,363	-7.4%
Total net position (deficit)	\$ (356,102)	\$ (389,421)	\$ 33,319	-8.6%

- **Total assets and deferred outflows of resources** increased 9.0% due primarily to changes in the deferred outflows of resources. Deferred outflows of resources are a combination of contributions made after the measurement date (end of fiscal year 2018) and changes in actuarial assumptions.
- **Total liabilities and deferred inflows of resources** decreased \$21.9 million or 4.0% from the prior fiscal year. Non-current liabilities are due in more than one year and are comprised of compensated absences, workers' compensation, general claims, net pension liabilities and net Other Post-Employment Benefits (OPEB) liability for the School Board. Current liabilities are due within a year. Current liabilities decreased \$4.2 million from \$56.4 million in 2018 to \$52.2 million at June 30, 2019. This reduction was the result of paying down amounts due to other agencies. Non-current liabilities totaled \$390.7 million in fiscal year 2018 and \$366.5 million in fiscal year 2019. The decrease was primarily due to a \$25.3 million reduction in the estimated net pension liability, offset by a net increase in other long-term liabilities.
- **Total net position** increased \$33.3 million when compared to the prior fiscal year, primarily due to changes in actuarial assumptions related to pensions. As of June 30, 2019, there is a net deficit of \$356.1 million.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2019**

Investments in capital assets increased from \$10.7 million in 2018 to \$12.5 million in 2019. Restricted assets, which consist mostly of open purchase orders, increased from \$11.9 million in 2018 to \$13.1 million in 2019.

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

	Governmental Activities			
	2019	2018	Difference	% Change
Revenues:				
Program Revenues:				
Charges for services	\$ 3,337	\$ 3,234	\$ 103	3.2%
Operating grants and contributions	219,202	210,572	8,630	4.1%
Capital grants and contributions	2,926	2,703	223	8.3%
Total Program Revenues	225,465	216,509	8,956	4.1%
General Revenues:				
Local government	122,971	120,972	1,999	1.7%
Commonwealth of Virginia	33,975	30,899	3,076	10.0%
Use of money and property and other	1,736	1,654	82	5.0%
Total General Revenues	158,682	151,871	6,811	4.5%
Total Revenues	384,147	368,380	15,767	4.3%
Expenses:				
Instruction	255,047	248,835	6,212	2.5%
Administration, Attendance and Health	16,835	16,603	232	1.4%
Pupil Transportation	11,083	11,384	(301)	-2.6%
Operation and Maintenance	33,702	33,345	357	1.1%
Information Technology	12,124	11,076	1,048	9.5%
School Facilities	4,695	5,303	(608)	-11.5%
Food Services	17,342	17,089	253	1.5%
Community Services	-	3	(3)	-100.0%
Total Expenses	350,829	343,638	7,191	2.1%
Change in Net Position	33,318	24,742	8,576	34.7%
Beginning Net Position	(389,420)	(415,817)	26,397	-6.3%
Ending Net Position (Deficit)	\$ (356,102)	\$ (391,075)	\$ 34,973	-8.9%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2019**

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- **Total revenues** increased \$15.8 million. This increase is mainly due to additional inflows in revenue from operating grants and contributions and the Commonwealth of Virginia.
- **Total expenses** increased \$7.2 million on the Statement of Net Activities from \$343.6 million in fiscal year 2018 to \$350.8 million in fiscal year 2019, or 2.0%. The increase took place predominantly in the area of instruction.

**Capital Assets**

At June 30, 2019, the School Board had an investment of \$12.5 million in a broad range of capital assets (net of accumulated depreciation), including land, mobile classrooms, equipment and vehicles. This amount represents a net increase of \$1.7 million or 16.1% between fiscal year 2018 and 2019.

*Change in Capital Assets*  
*(Thousands of dollars)*

	Governmental Activities			
	June 30, 2019	June 30, 2018	Difference	% Change
Non-Depreciable Assets:				
Land	\$ 488	\$ 488	\$ -	0.0%
Total Non-Depreciable Assets	\$ 488	\$ 488	\$ -	0.0%
Other Capital Assets:				
Mobile Classrooms	6,701	6,701	-	0.0%
Equipment and Vehicles	37,628	37,636	(8)	0.0%
Intangible Assets	1,323	1,323	-	0.0%
Total Other Capital Assets	\$ 45,652	\$ 45,660	\$ (8)	0.0%
Total Capital Assets	\$ 46,140	\$ 46,148	\$ (8)	0.0%
Less: Accumulated Depreciation	(33,685)	(35,416)	1,731	-4.9%
Total Capital Assets, Net	\$ 12,455	\$ 10,732	\$ 1,723	16.1%

The \$12.5 million in total capital assets, net of accumulated depreciation is reported in the Statement of Net Position (Exhibit I). School buildings are reported by the City of Norfolk and not included in the total capital assets.



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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2019**

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

**Long Term Obligations**

As of June 30, 2019, the School Board had \$374.5 million in long-term obligations compared to \$398.4 million for fiscal year 2018. This \$23.9 million reduction is the result of gains in pension assets and favorable changes in the actuarial assumptions. Long-term obligations are comprised of compensated absences, workers' compensation, claims liability, net pension liability and total OPEB liability. Approximately \$8.0 million in long-term obligations is due within one year (see Exhibit I).

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

***Change in Long-Term Obligations***  
***(Thousands of dollars)***

	June 30, 2018	Additions	Retirements	June 30, 2019	Difference	% Change
Long-Term Obligations:						
Compensated Absences	\$ 9,086	\$ 11,232	\$ (11,047)	\$ 9,272	\$ 186	2.05%
Workers' Compensation	3,651	864	(750)	3,765	114	3.12%
Claims Liability	466	74	(142)	398	(68)	-14.59%
Net pension liability	292,589	30,899	(56,282)	267,206	(25,383)	10.40%
Other Post Employment Benefits	47,130	4,112	(1,353)	49,889	2,759	5.85%
VRS OPEB GLI Trust	16,161	2,555	(2,911)	15,805	(356)	-2.20%
VRS OPEB HIC Trust	29,296	1,463	(2,612)	28,146	(1,150)	-3.93%
Total Long-Term Obligations	\$ 398,379	\$ 51,199	\$ (75,097)	\$ 374,481	\$ (23,898)	-6.0%

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

**OVERVIEW OF FUND FINANCIAL STATEMENTS**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Board, like other state and local

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governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All School Board funds are reported in the governmental funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

The School Board maintains four 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 General, Grants, and Capital Project funds, and Child Nutrition, which are considered to be major funds.

The School Board adopts an appropriated multiyear budget for all of its major and non-major governmental funds, and an annual budget for the General Fund. Budgetary comparison schedules have been provided in Schedule 6 within Required Supplementary Information for the General Fund to demonstrate compliance with the annual budget. General Fund budgetary highlights for the 2019 fiscal year include:

- General Fund Revenue were \$3.3 million less than budgeted. This decrease was the result of debt service amounts budgeted but not yet received.
- General Fund Expenditures were \$10.9 million less than budgeted. \$5.7 million of the reduction is attributed to a combination of unfilled budgeted positions and normal attrition in the area of Instruction. \$3.6 million were attributed to budgeted facility improvements that were not undertaken in 2019 and \$1.7 million of savings in all other programs.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2019**

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As of June 30, 2019, the School Board's governmental funds reported combined fund balances of \$29.2 million, an increase of nearly \$7.0 million from the ending fund balance in FY18. In the General Fund, unassigned fund balance was \$11.4 million and represents resources which are not committed, restricted or assigned to a specific program or function. The remaining combined fund balance is either nonspendable, restricted, committed or assigned to specific programs, functions or contracts.

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

**General Fund**

The General Fund is the general operating fund of the School Board that is used to account for all of the financial resources, except those required to be accounted for in another fund. At June 30, 2019, the total fund balance of the General Fund was \$20.3 million.

**General Fund Revenues**

Revenues for the General fund totaled \$326.3 million for fiscal year 2019, which was approximately \$7.0 million or 2.2% greater than the revenues received in fiscal year 2018. The following illustration 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)***

	2019 Amount	2019 Percent of Total	2018 Amount	2018 Percent of Total	Increase (Decrease) From 2018	% Increase (Decrease) 2018
Local government	\$ 122,972	37.7%	\$ 120,972	37.1%	\$ 2,000	1.7%
Commonwealth of Virginia	194,068	59.5%	187,882	57.6%	6,186	3.3%
Federal government	6,076	1.9%	4,812	1.5%	1,264	26.3%
Other revenues	3,225	1.0%	2,657	0.8%	568	21.4%
Total	\$ 326,341	100.0%	\$ 316,323	96.9%	\$ 10,018	3.2%

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2019**

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

**General Fund Expenditures**

General Fund expenditures were \$319.7 million for fiscal year 2019, an increase of \$9.2 million from expenditures of \$310.4 in 2018. 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)***

	2019 Amount	2019 Percent of Total	2018 Amount	2018 Percent of Total	Increase/ (Decrease) From 2018	Percent Increase Decrease From 2018
Instruction	\$ 239,721	75.0%	\$ 233,484	75.2%	\$ 6,237	2.7%
Support Services:						
Administration, Attendance and Health	17,551	5.5%	17,569	5.7%	(18)	-0.1%
Pupil Transportation	12,957	4.1%	12,821	4.1%	136	1.1%
Operation and Maintenance	35,942	11.2%	34,873	11.2%	1,069	3.1%
Information Technology	12,587	3.9%	11,030	3.6%	1,557	14.1%
School Facilities	898	0.3%	639	0.2%	259	40.5%
Community Services	-	0.0%	1	0.0%	(1)	0.0%
Subtotal - Support Services	79,935	25.0%	76,933	24.8%	3,002	3.9%
Total - Instruction and Support Service:	\$ 319,656	100.0%	\$ 310,417	100.0%	\$ 9,239	3.0%

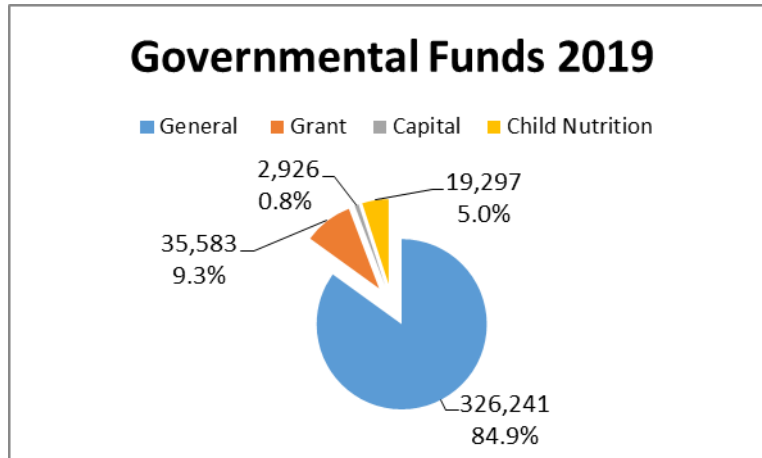
**Grant Funds**

Norfolk Public Schools received revenue from approximately 58 grants of approximately \$35.6 million. The funds represented 9.3% of the overall funding for the School Board in 2019, 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.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2019**

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The Federal Government provided 86.8% or \$30.9 million in grants related revenue for the year. The Commonwealth of Virginia provided 11.3% or \$4.0 million while private donors provided 1.9% or under \$1.0 million of the resources received. Grant funds were dedicated fully to instruction and instructional support.

### **Capital Projects Fund**

The School Board's capital projects are funded by the City of Norfolk. For spending purposes, the Capital Projects Fund is considered a multi-year fund. In 2019, it made up less than 1% (see chart above) of the overall governmental funds received and expended during the fiscal year.

The capital funds are used for the infrastructure of the schools and auxiliaries. In fiscal year 2019, the Capital Projects Fund expended \$3.7 million that were used by the School Board to implement various building improvement projects. The City of Norfolk provided 100% of the revenue received for these projects.

### **Fiduciary Funds**

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

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED JUNE 30, 2019**

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

## **OTHER INFORMATION**

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

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

## **BUDGETARY HIGHLIGHTS**

Budgets are prepared on a basis consistent with the Commonwealth of Virginia statutes for the General Fund, Grants Fund, Capital Projects Fund and Child Nutrition Fund. All annual unencumbered appropriations in the General Fund lapse at the end of the fiscal year. In May of 2019, the School Board adopted a balanced budget for fiscal year 2020 that reflected appropriations of \$336.1 million for the General Fund, or an increase of \$6.5 million from the fiscal year 2019 General Fund budget of \$329.6.

During the budgetary process there were certain revenue and expenditure assumptions made to get to the final budget amounts for fiscal year 2020.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
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**Revenue assumptions included:**

- State revenue projections is based on amendments adopted in the 2018 Special Session of the General Assembly to the 2018-2020 Biennial Budget. The assumptions take into consideration Standards of Quality (SOQ) funds, which include basic aid, sales tax, fringe benefit funds, special and vocational education, lottery funded programs and incentive programs. SOQ funding levels are determined by two major variables: The Average Daily Membership (ADM), the number of students in the district, which in 2019 is estimated to decrease by around 2000 students. The second variable is the Composite Index, which assumes that for every one dollar spent in a given state supported program, the City must spend about \$0.30 in what is called "local share."
- City funding is negotiated every year between NPS and City Council and are expected to have nominal increases every in the coming year.
- Federal revenue, which consists mostly of Federal Impact Aid (FIA), is designed to mitigate the loss of tax dollars due to income and property connected with the federal government that is not taxed. The amount of FIA is expected to remain constant.
- Estimated local revenues received from tuition, fees, building rental and interest income is estimated using historical data and is subject to fluctuate.

**Expenditure assumptions included:**

- Increases of salary and wages of support personnel
- Increases in employee benefits: retirement and health insurance premiums
- Classroom technology refresh
- School buses replacements
- Building maintenance
- Emerging issues are those that are expected to require additional resources in future years. Most emerging issues are related to efforts to improve student performance. Others are caused by legislative changes that require greater services to students and/or staff. Finally, several are related to external market conditions.

**REQUESTS FOR INFORMATION**

This report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the School Board's finances and to demonstrate compliance and accountability for its resources. Questions about any information provided in this report or

requests for additional financial information should be addressed to Ray Reyes, Sr. Director of Accounting at (757) 628-3883, Ext. 21278 or Rhonda Ingram, Executive Director of Budget and Finance 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.nps.k12.va.us> for a complete copy of the Comprehensive Annual Financial Report (CAFR) and other financial information.

## FINANCIAL STATEMENTS

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

Government-Wide Financial Statements comprise the:

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

Governmental Funds Financial Statements comprise the:

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



Exhibit I

**School Board of the City of Norfolk  
(A Component Unit of the City of Norfolk, Virginia)  
Statement of Net Position  
June 30, 2019**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and investments	\$ 32,795,490
Accounts receivable	9,816,329
Due from primary government	2,413,163
Due from the Federal government	19,097,330
Due from the Commonwealth of Virginia	7,766,741
Inventories	1,498,511
Total current assets	<u>73,387,564</u>
Non-current Assets:	
Capital Assets (Note 2):	
Land	487,500
Mobile classrooms, equipment, vehicles and intangibles, net of accumulated depreciation and amortization	<u>11,967,543</u>
Total capital assets, net	<u>12,455,043</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions (Note 6)	35,423,357
Deferred outflows related to OPEB (Note 6)	11,360,041
Total deferred outflows of resources	<u>46,783,398</u>
Total assets and deferred outflows of resources	<u>\$ 132,626,005</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Vouchers payable	\$ 3,569,868
Retainage payable	5,181
Payroll withholding	12,978,931
Accrued payroll	21,620,198
Unearned revenue	247,419
Due to other agencies	4,315,220
Other payables	1,453,354
Long-term liabilities - current portion (Note 2)	7,975,726
Total current liabilities	<u>52,165,897</u>
Non-current Liabilities:	
Net pension liability (Notes 2 and 6)	267,206,011
Other Post Employment Benefits	93,839,838
Other long-term liabilities (Note 2)	5,459,689
Total non-current liabilities	<u>366,505,538</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions (Note 6)	53,167,336
Deferred inflows related to OPEB (Note 6)	16,889,577
Total deferred inflows of resources	<u>70,056,913</u>
Total liabilities and deferred inflows of resources	<u>\$ 488,728,348</u>
<b>NET POSITION</b>	
Invested in capital assets	\$ 12,455,043
Restricted for:	
Capital Projects	1,697,768
Grants	395,572
Child Nutrition	11,047,742
Unrestricted (deficit)	<u>(381,698,468)</u>
Total net position (deficit)	<u>\$ (356,102,343)</u>

See Accompanying Notes to the Basic Financial Statements.

**School Board of the City of Norfolk**  
**(A Component Unit of the City of Norfolk, Virginia)**  
**Statement of Activities**  
**For the Year Ended, June 30, 2019**

					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
<b>Governmental Activities:</b>					
Instruction	\$ 255,047,104	\$ 2,220,774	\$ 201,054,595	\$ -	\$ (51,771,735)
Administration, Attendance, and Health	16,835,135	-	-	-	(16,835,135)
Pupil Transportation	11,082,840	-	-	-	(11,082,840)
Operation and Maintenance	33,702,376	-	-	-	(33,702,376)
Information Technology	12,124,258	-	-	-	(12,124,258)
School Facilities	4,695,059	-	-	2,925,520	(1,769,539)
Food Services	17,342,049	1,116,017	18,147,396	-	1,921,364
Total	<u>\$ 350,828,821</u>	<u>\$ 3,336,791</u>	<u>\$ 219,201,991</u>	<u>\$ 2,925,520</u>	<u>(125,364,519)</u>
Unrestricted Intergovernmental Revenues:					
Local government					122,971,922
Commonwealth of Virginia					33,974,859
Unrestricted Revenues:					
Use of money and property					1,037,697
Other					698,351
Total					<u>158,682,829</u>
Change in net position					33,318,310
Net position-beginning					(389,420,653)
Net position-ending					<u>\$ (356,102,343)</u>

See Accompanying Notes to the Basic Financial Statements.

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

	<b>General Fund</b>	<b>Grants</b>	<b>Capital Projects</b>	<b>Child Nutrition Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	20,492,566	-	-	12,302,924	32,795,490
Accounts receivable	9,392,977	338,430	-	84,922	9,816,329
Due from other funds	23,062,356	-	-	-	23,062,356
Due from the primary government	-	-	2,413,163	-	2,413,163
Due from the Federal government	835,563	17,571,909	-	689,858	19,097,330
Due from the Commonwealth of Virginia	6,889,940	855,330	-	21,471	7,766,741
Inventories	595,654	-	-	902,857	1,498,511
Total assets	<u>61,269,056</u>	<u>18,765,669</u>	<u>2,413,163</u>	<u>14,002,032</u>	<u>96,449,920</u>
<b>LIABILITIES</b>					
Vouchers payable	3,004,682	247,502	150,286	167,398	3,569,868
Retainage payable	-	-	5,181	-	5,181
Payroll withholdings	12,978,931	-	-	-	12,978,931
Accrued payroll	19,721,402	1,638,012	-	260,784	21,620,198
Due to other agencies	4,315,220	-	-	-	4,315,220
Due to other funds	-	16,691,187	3,845,061	2,526,108	23,062,356
Unearned revenue	-	247,419	-	-	247,419
Other payables	903,876	549,478	-	-	1,453,354
Total liabilities	<u>40,924,111</u>	<u>19,373,599</u>	<u>4,000,528</u>	<u>2,954,290</u>	<u>67,252,528</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories	595,654	-	-	902,857	1,498,511
Restricted for:					
Food Services	-	-	-	10,144,885	10,144,885
Grants	-	395,572	-	-	395,572
Committed to:					-
School Facilities	-	-	1,697,768	-	1,697,768
Assigned to:					
Instruction	876,035	-	-	-	876,035
Administration, Attendance and Health	1,627,259	-	-	-	1,627,259
Pupil Transportation	1,015,211	-	-	-	1,015,211
Operation and Maintenance	3,152,409	-	-	-	3,152,409
Information Technology	1,438,847	-	-	-	1,438,847
School Facilities	224,534	-	-	-	224,534
Funding Sources	-	-	-	-	-
Unassigned (deficit):	11,414,997	(1,003,503)	(3,285,133)	-	7,126,361
Total fund balances	<u>20,344,945</u>	<u>(607,931)</u>	<u>(1,587,365)</u>	<u>11,047,742</u>	<u>29,197,392</u>
Total liabilities and fund balances	<u>61,269,056</u>	<u>18,765,669</u>	<u>2,413,163</u>	<u>14,002,032</u>	<u>96,449,919</u>

**Exhibit III (Con't.)**

**School Board of the City of Norfolk  
(A Component Unit of the City of Norfolk, Virginia)  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2019**

Fund balances--total governmental fund	\$ 29,197,392
--	---------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	12,455,043
Deferred outflows of resources related to pensions	35,423,357
Deferred outflows of resources related to OPEB	11,360,041
Deferred inflows of resources related to pensions	(53,167,336)
Deferred inflows of resources related to OPEB	(16,889,577)
Long-term obligations, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences	(9,272,252)
Workers Compensation	(3,765,184)
Claims Liability	(397,979)
Net Pension Liability	(267,206,011)
Other Post Employment Benefits	(93,839,838)
Net Position of Governmental Activities (deficit)	<u>\$ (356,102,343)</u>

**See Accompanying Notes to the Basic Financial Statements.**

Exhibit IV

**School Board of the City of Norfolk**  
**(A Component Unit of the City of Norfolk, Virginia)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>General Fund</b>	<b>Grants</b>	<b>Capital Projects</b>	<b>Child Nutrition Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Use of money and property	\$ 1,003,686	\$ -	\$ -	\$ 34,011	\$ 1,037,697
Charges for services	2,220,776	-	-	1,116,015	3,336,791
Other	-	698,351	-	-	698,351
Intergovernmental:					
Local government	122,971,922	-	2,925,520	-	125,897,442
Commonwealth of Virginia	194,068,168	4,015,635	-	415,555	198,499,358
Federal government	6,076,198	30,869,453	-	17,731,841	54,677,491
Total revenues	<u>326,340,750</u>	<u>35,583,439</u>	<u>2,925,520</u>	<u>19,297,422</u>	<u>384,147,131</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	239,721,331	33,861,792	-	-	273,583,124
Administration, Attendance, and Health	17,550,750	357,522	-	-	17,908,271
Pupil Transportation	12,957,076	29,441	-	-	12,986,517
Operation and Maintenance	35,942,254	72,277	-	-	36,014,531
Information Technology	12,586,699	1,219,982	-	-	13,806,680
School Facilities	897,776	-	5,181	-	902,957
Food Services	-	301,441	-	17,866,940	18,168,381
Intergovernmental for Debt Service:					-
School Facilities	-	-	-	-	-
Capital Outlay:					
School Facilities	-	-	3,743,332	-	3,743,332
Total expenditures	<u>319,655,886</u>	<u>35,842,455</u>	<u>3,748,513</u>	<u>17,866,940</u>	<u>377,113,793</u>
Excess of revenues					
Net change in fund balance	<u>6,684,864</u>	<u>(259,015)</u>	<u>(822,993)</u>	<u>1,430,483</u>	<u>7,033,338</u>
Fund balances--beginning	<u>13,660,081</u>	<u>(348,916)</u>	<u>(764,372)</u>	<u>9,617,259</u>	<u>22,164,052</u>
Fund balances--ending	<u>\$ 20,344,945</u>	<u>\$ (607,931)</u>	<u>\$ (1,587,365)</u>	<u>\$ 11,047,742</u>	<u>\$ 29,197,392</u>

See Accompanying Notes to the Basic Financial Statements.

**School Board of the City of Norfolk**  
**(A Component Unit of the City of Norfolk, Virginia)**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance to the Statement of Activities**  
**For the Year Ended June 30, 2019**

Net change in fund balances--total governmental funds

Amounts reported for governmental activities in the Statement of Activities are  
different because: \$ 7,033,338

Governmental funds report capital outlays as expenditures while governmental  
activities report depreciation expense to allocate those expenditures over  
the life of the assets:

Capital acquisitions	4,014,499	
Depreciation expense	<u>(2,291,024)</u>	1,723,475

Change in deferred outflows of resources related to pensions	1,821,522
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Change in deferred outflows of resources related to OPEB	5,322,994
--	-----------

Change in deferred inflows of resources related to pensions	(5,082,880)
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Change in deferred inflows of resources related to OPEB	(1,398,174)
---	-------------

Some expenses reported in the Statement of Activities do not require the use  
of current financial resources and therefore are not reported as  
expenditures in governmental funds:

Compensated Absences	(185,961)
Workers Compensation	(114,026)
Claims Liability	68,370
Net Pension Liability	25,383,131
Other Post Employment Benefits	<u>(1,253,480)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 33,318,310</u></u>

**See Accompanying Notes to the Basic Financial Statements.**

**Exhibit V**

**School Board of the City of Norfolk  
(A Component Unit of the City of Norfolk, Virginia)  
Statement of Fiduciary Assets and Liabilities  
June 30, 2019**

	<u><b>Agency Funds</b></u>
<b>ASSETS</b>	
Cash	\$ 12,999,621
Receivables from others	<u>5,025,826</u>
Total assets	<u><u>\$ 18,025,446</u></u>
 <b>LIABILITIES</b>	
Amounts held for others	<u>\$ 18,025,446</u>
Total liabilities	<u><u>\$ 18,025,446</u></u>

**See Accompanying Notes to the Basic Financial Statements.**

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**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 an appointed seven-member board that serves staggered terms and is vested with policymaking and budgetary authority. On November 4, 2014, a referendum was passed requiring School Board members to be elected versus appointed. The first elected members joined the School Board in fiscal year 2017.

The process of replacing appointed members with elected members will continue until the terms of all appointed members expires. The School Board works in conjunction with the Superintendent, who is the executive and administrative head of the School Board. City Council approves the School Board's operating budget, levies taxes to finance operations, and approves the borrowing of money and the issuance of bonds, when necessary. The School Board receives local, state, and federal government funding and must adhere to the legal requirements of each funding entity.

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

**B. Government-wide and Fund Financial Statements**

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

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a program are offset by the program's revenue. Direct expenses are those that are clearly identified to a specific activity. Program revenues are those that are directly associated with a specific activity (e.g. Instruction or Food Services). Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given activity, and (2) grants and contributions that are restricted



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

to meeting the operational and capital requirements of a particular activity. Taxes and other items not attributable to program revenues are reported as general revenue. The School Board does not allocate indirect expenses. The operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants.

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

Fund financial statements are provided for governmental and fiduciary funds. The School Board does not have proprietary funds. The School Board's fiduciary funds are presented in the fund financial statements by type (agency). Since these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the governmental agency, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the School Board in fiscal year 2019.

**GOVERNMENTAL FUNDS**

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

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

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

**Capital Projects Fund** - The Capital Projects Fund accounts for all of the financial resources used for the acquisition or construction of major capital facilities. The majority of the activity within the Capital Projects Fund is financed by the City. The Capital Projects Fund, though not a major fund, is discretely presented.

**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 2019 Child Nutrition met the requirements of a major fund under the guidelines of the Governmental Accounting Standards 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, 2019**

**FIDUCIARY FUNDS**

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

**C. Basis of Accounting and Measurement Focus**

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

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

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

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

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

- Commonwealth of Virginia
- Federal Government
- Local Government

**D. Budgets and Budgetary Accounting**

The Superintendent is required by Section 22.1-92 of the *Code of Virginia*, as amended, to prepare, with the approval of the School Board, and submit to the City Council “the estimate of the amount of money deemed to be needed during the next fiscal year for the support of the public School Board.” Before the School Board gives final approval to its general operating, grants, child nutrition, and capital projects budgets, the School Board is required to hold at least one public hearing.

The City Manager is required by the City Charter to present a proposed operating budget, which includes the School Board’s operating budget, at least 60 days before the beginning of each fiscal year that begins July 1. The proposed operating budget must be balanced with projected expenditures equal to estimated revenues and/or the required financing from the proper undesignated fund balances. The necessary budget ordinances are also submitted at this time. The City Council is required by the City Charter to hold a public hearing on the budget at which time all interested persons are given an opportunity to comment.

An annual budget is legally adopted for the General Fund. The budget for this fund is adopted consistent with the modified accrual basis except that expenditures are budgeted in the year that the applicable purchase orders or other contractual commitments are expected to be issued. The legal level of budgetary control for the General Fund is at the category level (i.e. instruction, administration, attendance and health, pupil transportation, operations and maintenance, information technology, school plant and food services); while Grants and

**SCHOOL BOARD OF THE CITY OF NORFOLK  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

Capital Projects, which are budgeted on a multi-year basis, are at the fund level. These categories or funds cannot legally be exceeded. In addition, certain controls are exercised administratively on all funds. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures (including encumbrances) with the amended budgets.

Accordingly, the Budgetary Comparison Schedule presents actual expenditures in accordance with the legally adopted budget as amended. Due to the difference in the basis of accounting for budgetary and fund accounting purposes, Schedule 6 within Required Supplementary Information provides reconciliation between the budgetary basis and fund financial accounting (modified accrual) basis. Unencumbered appropriations on the annual budget lapse at the end of each fiscal year for funds with annual budgets. The School Board can request the City to re-appropriate funds in the subsequent fiscal year.

**E. Pensions**

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

**F. Norfolk Public Schools Other Post-Employment Benefits (OPEB)**

Deferred inflows and outflows under GASB 75 are treated and reported in a similar fashion as they are in pensions. They are amortized over a closed five-year period or the average remaining service life of employees in the plan.

***Norfolk Public Schools Teacher Employee Health Insurance Credit Program***

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program 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 Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit 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.

***Norfolk Public Schools Group Life Insurance***

The Virginia Retirement System (VRS) 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 Group Life Insurance 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 Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**G. Upcoming GASB Pronouncements**

The GASB issued Statement No. 87, *Leases*, in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**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, 2019, the carrying amount of cash deposits for the School Board was \$45,795,111. This amount includes agency funds of \$12,999,621.

**Investments** - Virginia State statutes authorize the School Board to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; obligations of the International Bank for Reconstruction and Developments (“World Bank”) and Asian Development Bank; the African Development Bank; “prime quality” commercial paper and certain corporate notes; bankers acceptances; money market mutual funds, and the State Treasurer’s Local Government Investment Pool (“LGIP”).

Investments are reported at fair value as established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with the authoritative guidance on fair value investments and disclosures under U.S. GAAP, the fair value of investments are disclosed in a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the disclosure of inputs used in the valuation process. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (level 3 measurements). The guidance established three levels of the fair value hierarchy as follows:

Level 1 – Quoted prices in active markets for identical assets. Equity securities are priced using an exchange-traded price or a broker quote in an active market.

Level 2 – Inputs other than quoted prices that are observable for the asset, including quoted prices for similar investments based on their interest rates, credit risk and alike factors.

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

At June 30, 2019, the School Board investment account had a balance of \$1,438,414.

**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

**SCHOOL BOARD OF THE CITY OF NORFOLK  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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

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

## **RECEIVABLES AND PAYABLES**

All inter-fund receivables and payables are displayed in the fund statements as “Due to/Due from Other Funds.” These amounts offset each other and are eliminated from the Government-Wide Statement of Net Position to avoid overstating assets and liabilities. All trade receivables are reported net of an allowance for uncollectible accounts, if needed. There were no uncollectible accounts for fiscal year 2019.

## **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 indicate that they 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 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

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the estimated wholesale market value (provided by USDA). The value of these commodities was \$902,857 at year-end.

**CAPITAL ASSETS**

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

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

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

School buildings share joint title with the City and are carried on the City's financial statements for reporting purposes and include all building improvements under the City's charter. Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the *Code of Virginia*, 1950, amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of the School Board was reported in the School Board's discrete column along with the related capital assets. Under the revised law, local governments have a "tenancy in common" with the School Board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to the outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt.

However, the Charter of the City of Norfolk, Section 109, establishes that "all real estate with the buildings and improvements thereon purchased with money appropriated by the council or received from any other source for the purpose of public education, shall be the property of the said City of Norfolk unless such money so received from any other source be received on other conditions." Section 22.1-125 of the Code of Virginia provides that the title to school real



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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.

**COMPENSATED ABSENCES**

The School Board accrues compensated absences (i.e., annual and sick leave benefits). The current and non-current portions of vacation and sick leave, which accumulates monthly, are recorded 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 makes no payment on the unused portion upon employment termination. Employees are paid \$20 for each day of accumulated sick leave upon retirement. Most School Board employees have ten-month employment contracts and are not entitled to vacation.

The amount of compensated absences liability for the School Board is reported within the government-wide financial statements. The payment of this liability is primarily made through the General Fund and Grants Fund. See Note 2C for further details.

**NET POSITION/FUND BALANCES**

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

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

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

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the governmental funds’ 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:

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**Non-spendable**

Non-spendable for inventories – Portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories, which are not expendable, available resources.

**Restricted**

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

**Committed**

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

**Assigned**

Portion of fund balance that is intended to be used for specific purposes, but which is neither restricted nor committed. Assignment occurs by the School Board under the direction of the Chief Financial Officer. The administration's financial management system uses encumbrance based accounting wherein purchase orders, contracts, and other commitments for the expenditure of monies are recorded (reduces the available appropriation) in the General, Grants, Capital Projects, and Child Nutrition Funds.

**Unassigned**

Portion of spendable fund balance which is available for expenditure and which has not been assigned or committed at year-end. A negative unassigned fund balance may be reported in other governmental funds if the expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes. Under GASB Statement No. 54, positive unassigned fund balances are only reported in the General Fund. However, in governmental funds other than the General Fund, expenditures incurred for a specific purpose might exceed the amount restricted, committed, or assigned to that purpose, and a negative residual amount for that purpose may result. If that occurs, any negative residual is offset to the extent of any other assigned amounts in that fund, and any remaining negative residual amount is classified as a negative unassigned fund balance in the applicable governmental fund.

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As required under GASB 54, in the event that committed, assigned, and unassigned resources are available for use for the same purpose, committed amounts would be 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 themselves in the next year when the encumbrances are incurred and revenue generation is triggered.

**I. Encumbrances**

Encumbrances outstanding do not constitute expenditures until expended or accrued as liabilities except in statements presented on the budgetary basis. At June 30, 2019, the Child Nutrition Fund had purchase order commitments approximating \$1,126,163. These encumbrances are included in the restricted fund balance due to the requirements placed by the Department of Agriculture. In the Capital Projects Fund, there were open purchase orders amounting to \$1,697,768 at June 30, 2019 for various capital improvement projects, which will be reimbursed by the City as expenditures are incurred. These amounts are presented as committed fund balance. Fund balances in the Grants Fund reflect the difference between outstanding expenditures and reimbursements submitted to the respective grantors as of June 30, 2019. Encumbrances for the Grants Funds were approximately \$369,471 as of June 30, 2019, which are reflected as restricted fund balance. These encumbrances will be reimbursed by the grantor agencies as expenditures are incurred. In the General Fund, there were open purchase orders totaling \$8,334,295 at June 30, 2019.

**Note 2. Detail Notes on All Funds**

**A. Inter-fund Receivables and Payables**

The composition of inter-fund receivables and payable balances as of June 30, 2019 is as follows:

	<b>Due From</b>	<b>Due to</b>
	<b>(Receivables)</b>	<b>(Payables)</b>
<b>Major Funds:</b>		
General Fund	\$ 23,062,356	\$ -
Grants	-	16,691,187
Capital Projects	-	3,845,061
Child Nutrition Fund	-	2,526,108
	<u>\$ 23,062,356</u>	<u>\$ 23,062,356</u>

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

**B. Capital Assets**

**Changes in Capital Assets**

	<b>Capital Assets</b>				<b>Capital Assets</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>June 30, 2019</b>
Capital assets, not being depreciated					
Land	\$ 487,500	\$ -	\$ -	\$ -	487,500
Total capital assets, not being depreciated	487,500	-	-	-	487,500
Capital assets, being depreciated:					
Mobile Classrooms	6,700,563	-	-	-	6,700,563
Equipment and vehicles	37,636,363	4,014,499	(4,022,778)	-	37,628,084
Intangible assets	1,323,387	-	-	-	1,323,387
Total capital assets, being depreciated	45,660,313	4,014,499	(4,022,778)	-	45,652,034
Less accumulated depreciation for:					
Mobile Classrooms	(5,649,358)	(307,538)	-	-	(5,956,895)
Equipment and vehicles	(28,523,211)	(1,864,815)	3,972,430	-	(26,415,596)
Intangible assets	(1,243,676)	(68,323)	-	-	(1,311,999)
Total accumulated depreciation	(35,416,245)	(2,240,676)	3,972,430	-	(33,684,490)
Total capital assets being depreciated, net	10,244,068	1,773,823	(50,348)	-	11,967,543
Total capital assets, net	\$ 10,731,568	\$ 1,773,823	\$ (50,348)	\$ -	12,455,043

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**Depreciation expense by function for the year ended June 30, 2019 follows:**

Instruction	\$ 276,988
Administration, Attendance, and Health	104,374
Pupil Transportation	822,835
Operation and Maintenance	364,316
Information Technology	437,691
School Facilities	133,241
Food Services	101,231
Total	<u><u>\$ 2,240,676</u></u>

**C. Long-Term Obligations**

Long-term obligations are reported on the government-wide statement of net assets. However, the current portion of long-term obligations is reported on the funds balance sheet and is normally paid from the General Fund. The following is a summary of the changes in long-term obligations for the year ended June 30, 2019 and the corresponding current portion:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Long-Term Obligations:					
Compensated absences	\$ 9,086,289	\$ 11,232,305	\$ (11,046,342)	\$ 9,272,252	\$ 6,954,189
Workers' compensation	3,651,158	863,727	(749,701)	3,765,184	785,667
Claims liability	466,349	74,064	(142,434)	397,979	235,870
Net pension liability	292,589,142	30,899,103	(56,282,234)	267,206,011	-
Other post employment benefits	47,129,993	4,112,417	(1,353,225)	49,889,185	-
VRS OPEB GLI Trust	16,160,668	2,554,664	(2,911,008)	15,804,324	
VRS OPEB HIC Trust	29,295,697	1,462,806	(2,612,174)	28,146,329	
Total Long-Term Obligations	<u><u>\$ 398,379,296</u></u>	<u><u>\$ 51,199,086</u></u>	<u><u>\$ (75,097,118)</u></u>	<u><u>\$ 374,481,264</u></u>	<u><u>\$ 7,975,726</u></u>

**Note 3. Contingencies**

**A. Litigation**

The School Board, as of June 30, 2019, 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.

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**B. Intergovernmental Grants**

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

**C. Pollution Remediation**

The School Board evaluates its exposure to certain environmental liabilities throughout the year at each of its locations across the City. Estimates of liabilities are made based on consultations with industry experts and often arise when school buildings are replaced. No pollution remediation obligations existed at June 30, 2019.

**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*, and provides for the establishment and operation of jointly owned schools of Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth, Southampton, Suffolk, and Virginia Beach. The organization provides a formal structure through which the eight participating school systems can plan and operate programs for children with special needs. A Regional School Board comprised of one School Board member for 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 \$6,315,576 to SECEP during the fiscal year ended June 30, 2019. The School Board is the fiscal agent for SECEP and the assets it holds for SECEP are included in Agency Funds.

**B. The Governor’s School for the Arts**

The Governor’s School for the Arts (Governor’s School) is a regional secondary arts school sponsored by the Virginia Department of Education and the public School Boards of Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth, Southampton, Suffolk, and Virginia Beach. A Regional School Board is comprised of one School Board member from each division that governs it. Students attend 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

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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 \$242,038 to the Governor's School during the fiscal year ended June 30, 2019. The School Board is the fiscal agent for Governor's School and the assets it holds for the Governor's School are included in Agency Funds.

**Note 5. Self-Insurance Program**

The School Board is self-insured for a portion of its risks. This self-insurance is for workers' compensation and claims liability. Commercial insurance is purchased to cover self-insured levels for specific losses exceeding certain limits. The program provides for the payments of claims liabilities, property losses, and related expenses covered by a combination of purchased policies and self-insurance plans. The total of insurance premiums, self-insurance claims, and related expense payments made during fiscal year 2019 was \$1,408,428. Settlements paid over the past three years have not exceeded insurance coverage paid during that time.

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

At June 30, 2019, workers' compensation and claims liability totaling \$4,163,163 are reported as long-term liabilities. These liabilities are the School Board's best estimate based on currently available information.

The following is a summary of the changes (current and long-term) in the self-insurance program for the years ended June 30, 2019:

	<b>June 30, 2019</b>		
	<b>Workers' Compensation</b>	<b>Claims' Liability</b>	<b>Total</b>
Balance, beginning of year	\$ 3,651,158	\$ 466,349	4,117,507
Claims and other changes	863,727	74,064	937,791
Employer payments	(749,701)	(142,434)	(892,135)
Balance, end of year	<u>\$ 3,765,184</u>	<u>\$ 397,979</u>	<u>4,163,163</u>

In addition, effective January 1, 2014 the School Board, in conjunction with the City, became self-insured for health care coverage under a Healthcare Consortium. The Consortium also includes the Norfolk Redevelopment and Housing Authority. An internal service fund was

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established by the City to account for the self-insurance activity related to the consortium. This internal service fund is managed by the City. The School Board pays healthcare premiums directly to the City for deposit into the internal service fund. Employer and employees' share of premiums for active employees are collected a month in advance for coverage in the subsequent month. Premiums for employees are collected over a 10-month period (September through June) for 12 months of coverage. The School Board remitted a total of \$42.9 million in premiums to the fund in the fiscal year ended June 30, 2019. For active employees that consisted of \$38 million in employer contributions and \$4.9 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**

**A. Virginia Retirement System**

**PLAN DESCRIPTION**

The School Board contributes to the Virginia Retirement System (VRS), an agent, which administers both an agent multiple-employer (for non-professionals) and a cost-sharing multiple-employer (for professionals) defined benefit pension plan for the School Board as well as a hybrid plan which contains both defined benefit and defined contribution aspects. All full-time, salaried, permanent professional employees of the School Board must participate and are automatically covered by the VRS Teacher Retirement Plan upon employment. All full-time, salaried permanent non-professional employees of the School Board must participate and are automatically covered by the VRS Retirement Plan for political subdivisions.

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



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compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for nonhazardous duty members is 1.70%. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. The multiplier for the Hybrid Plan is 1.0%.

Retirees are eligible for an annual cost-of-living-adjustment (COLA) effective July 1 of the second calendar year after retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. The report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf> or obtained by writing the VRS System at P. O. Box 2500, Richmond, VA 23218-2500.

**B. VRS Teacher Retirement Plan**

**Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their annual reported compensation to the VRS. Prior to fiscal year 2013, the School Board had assumed the 5.00% member contribution for its employees. However, beginning on July 1, 2012, employers were required to begin making the employee pay the 5% member contribution. The employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. The School Board elected to require employees to pay the full 5% member contribution beginning on July 1, 2012.

The School Board's required professional contribution rates for the fiscal years ended June 30, 2019 was 15.68% of the annual covered employee compensation (not including 5% employee contribution). This rate was based on an actuarial valuation as of June 30, 2017. 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. Based on the provisions of §51.1-145 of the *Code of Virginia*, as amended, the contributions were funded at 87.4% of the actuarial rate for the year ended June 30, 2018. The School Board's contributions to the VRS for the years ended June 30, 2019, 2018 and 2017 for professional employees were \$28,774,879, \$29,028,062, and \$26,582,248, respectively; such amounts comprising 100% of the required statutory contributions for each of the three years.

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

At June 30, 2019, the School Board reported a net pension liability of \$267,206,011 for its proportionate share of the collective net pension liability. The total pension liability was based on an actuarial valuation as of June 30, 2018 and includes the combined liability balances of the VRS Teacher Retirement Plan, \$260,983,440 and the Political Subdivision plan, \$6,222,571. The School Board's proportion of the collective net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the School Board's proportion was 2.568% as compared to 2.701% at June 30, 2017.

For the year ended June 30, 2018, the School Board recognized pension expense of \$8,688,702. Since there was a change in proportionate share between June 30, 2018 and June 30, 2017, 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, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 22,316,661
Net difference between projected and actual earnings on pension plan investments	-	2,419,337
Changes in proportion and differences between School Board contributions and proportionate share of contributions	2,544,797	24,202,707
School Board contributions subsequent to the measurement date	28,774,878	-
Total	<u>\$ 31,319,675</u>	<u>\$ 48,938,705</u>

The deferred outflows of resources of \$28,774,878 resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. At June 30, 2019, there were net deferred inflows of resources of \$46,393,908. 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

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expense as follows:

**Year Ended June 30:**

2020	\$ (9,547,412)
2021	(11,417,199)
2022	(16,127,224)
2023	(6,854,222)
2024	(2,447,851)
Total	<u>\$ (46,393,908)</u>

**Actuarial Assumptions**

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Mortality rates were based on the following:

**Pre-Retirement:**

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

**Post-Retirement:**

RP-2014 White Collar Employee rates to age 49, White Collar Healthy Annuitant rates at ages 50 and older projected with scale BB to 2020. Males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

**Post-Disablement:**

RP-2000 Disability Mortality Rates Projected with scale BB to 2020; 115% for males and females.

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The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follow:

- Updated the mortality table to 2020
- Lowered rates at older ages and changed final retirement from 70 to 75
- Decreased the rates of withdrawals for 3 through 9 years of service
- Adjusted disability rates to better match experience
- The salary scale remained unchanged

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategy	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.30%</u>

\*The above allocation provides a one-year return of 7.3%. 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, several models are used that provide a range of returns at various time periods.

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**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. 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, 2018, the rate contributed by the School Board for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, the School Board is assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School Board's proportionate share of the net pension liability using the discount rate of 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 398,658,815	\$ 260,983,440	\$ 147,026,354

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**Pension Plan Fiduciary Net Position**

Detailed information about the VRS Teacher Retirement Plan's fiduciary net position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-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, 2019, the School Board had no outstanding amounts payable to the teachers retirement plan as of the fiscal year then ended.

**C. VRS Retirement Plan for Political Subdivisions**

The GASB 68 agent multiple-employer plan's annual actuarial report prepared by VRS for the School Board contains combined information related to the School Board and SECEP. As such, amounts reflected herein present only the School Board's proportionate share as of the measurement date, which amounted to 99.27% as of June 30, 2018.

**Employees Covered by Benefit Terms**

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefits	607
Inactive members:	
Vested inactive members	48
Non-vested inactive members	230
Inactive members active elsewhere in VRS	100
Total inactive members	378
Active members	661
Total	1,646

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**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. Prior to fiscal year 2013, the School Board had assumed the 5.00% member contribution for its employees. However, beginning on July 1, 2012, employers were required to begin making the employee pay the 5% member contribution. The employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. The School Board elected to require employees to pay the full 5% member contribution beginning on July 1, 2012.

The School Board contractually required contribution rate for the fiscal year ended June 30, 2019 remained at 6.81% of covered employee compensation (not including 5% employee contribution). This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The School Board's contributions to the VRS for the years ended June 30, 2019, 2018 and 2017 for non-professional employees were \$1,195,410, \$1,434,613, \$1,408,370, respectively.

**Net Pension Liability**

The School Board's net pension liability was measured as of June 30, 2018. The total pension liability used to calculate 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, 2017.

**Actuarial Assumptions**

The total pension liability in the June 30, 2016 actuarial valuation was determined using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

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Mortality rates were based on the following:

Largest 10 – Non-Hazardous Duty: 20% of deaths to be service related.

**Pre-Retirement:**

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

**Post-Retirement:**

RP-2014 Disability Mortality rates projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**Post-Disablement:**

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates. All others (non-10 largest), Non-Hazardous Duty: 15% of deaths are assumed service related.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follow:

- Updated the mortality table RP-2014 projected to 2020
- Changed final retirement age from 70 to 75
- Withdrawal rates adjusted to better fit experience
- Disability rates were lowered

**Long-Term Expected Rate of Return**

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



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<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	* Expected arithmetic nominal return		<u>7.30%</u>

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the School Board's contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the School Board for the VRS Retirement Plan for political subdivisions was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, the School Board is assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a) - (b)</b>
<b>Balances at June 30, 2017</b>	<b>\$ 89,061,828</b>	<b>\$ 80,320,925</b>	<b>\$ 8,740,903</b>
<b>Changes for the year:</b>			
Service cost	1,504,299	-	1,504,299
Interest	6,054,523	-	6,054,523
Changes in assumptions	-	-	-
Difference between expected and actual experience	(2,076,508)	-	(2,076,508)
Contributions - employer	-	1,434,613	(1,434,613)
Contributions - employee	-	814,369	(814,369)
Net investment income	-	5,850,775	(5,850,775)
Benefits payments, including refunds of employee contributions	(5,154,770)	(5,154,770)	-
Administrative expense	-	(51,856)	51,856
Change in proportionate share	8,745	(2,440)	11,185
Other changes	-	(36,072)	36,072
<b>Net changes</b>	<b>336,288</b>	<b>2,854,620</b>	<b>(2,518,332)</b>
<b>Balances at June 30, 2018</b>	<b>\$ 89,398,116</b>	<b>\$ 83,175,545</b>	<b>\$ 6,222,571</b>

All amounts reflected in this schedule are based on the School Board's proportionate share as of the June 30, 2018 measurement date for the June 30, 2019 net pension liability of 99.27%. The remainder 0.73% is SECEP's proportionate share of the Net Pension Liability.

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

The following presents the net pension liability using the discount rate of 7.00%, as well as what the School Board's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
School Board's Net Pension Liability	\$ 16,275,784	\$ 6,222,571	\$ (2,295,302)

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

For the year ended June 30, 2019, the School Board recognized pension expense of \$1,327,632. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 1,922,866	\$ 2,537,730
Change in assumptions	-	218,888
Net difference between projected and actual earnings on pension plan investments	-	1,472,013
Changes in proportion and differences between School Board contributions and proportionate share of contributions	985,406	-
School Board contributions subsequent to the measurement date	1,195,410	-
Total	<u>\$ 4,103,682</u>	<u>\$ 4,228,631</u>

The deferred outflows of resources of \$1,195,410 resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Not including the contributions subsequent to measurement date, there were also net deferred inflows of resources of \$1,320,359. 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:**

2020	\$ (5,931)
2021	(495,567)
2022	(335,051)
2023	(483,810)
2024	-
Total	<u>(1,320,359)</u>

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**Total Pension Expense**

As of June 30, 2019, NPS recognized total pension expense of \$10,016,334 for teachers and political subdivision.

**Payables to the Pension Plan**

As of June 30, 2019, the School Board had no outstanding amounts payable to the political subdivision retirement plan as of the fiscal year then ended.

**D. Other Post-Employment Benefits (OPEB)**

**PLAN DESCRIPTION**

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

Actuarial Methods and Assumptions

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

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Valuation date	July 1, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level percent open
Remaining amortization period	30 years rolling
Asset valuation method	Not Applicable
Actuarial assumptions:	
Discount rate	3.87%
Rate of salary increases	3.00%
Rate of Medical Inflation	7.00% (pre-Medicare) grading down to 3.25% over 20 years

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

## **METHODOLOGY**

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

Currently, the School Board pays a set amount towards the monthly premiums of pre-65 retirees. These payments are primarily made through the General Fund. These retirees are allowed to purchase health care using the same premium structure as active employees. The discount rate used to measure the total OPEB liability as of July 1, 2017 was 3.58%. The discount rate used to measure the total OPEB liability as of July 1, 2018 was 3.87%. 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, 2017 and 2018 measurement dates is equal to the yield on the Bond Buyer GO 20-Bond Municipal Bond Index as of July 1, 2017 and July 1, 2018 respectively.

### Development of Total OPEB Liability

The tables below show the changes in the total OPEB liability (TOL). The TOL is shown on the Schools Financial statements.

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During the measurement year, the TOL increased by approximately \$2.8 million. This was the result of changes in assumptions and the differences between the expected and actual experience.

	Increase (Decrease)	
		Total OPEB Liability
<b>Balance at 7/1/2017</b>		
Changes for the year:	\$ 47,129,993	
Service cost MOY	1,381,764	
Interest	1,673,986	
Difference between expected and actual experience	3,627,408	
Changes of assumptions	(1,794,422)	
Benefits payments	(2,129,544)	
Net changes	2,759,192	
<b>Balance at 7/1/2018</b>	<u>\$ 49,889,185</u>	

**Sensitivity of the Total OPEB liability to changes in the discount rate and healthcare cost trend rates**

The following table presents NPS' Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1-percentage point higher (4.58%) than the current discount rate:

**Sensitivity Analysis - Changes in Discount Rate**

1% Decrease 2.87%	Discount rate Rate 3.87%	1% Increase 4.87%
<b>56,664,010</b>	<b>49,889,185</b>	<b>44,317,913</b>

The following table presents NPS' Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

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**Sensitivity Analysis - Healthcare Cost Trend Rate**

<b>1% Decrease</b>	<b>Healthcare Trend</b>	<b>1% Increase</b>
<b>47,010,959</b>	<b>49,889,185</b>	<b>52,941,871</b>

A one percent decrease in the healthcare trends decreases the TOL by approximately 14% and decreases the NOL by approximately 14%. A one percent increase in the healthcare trends increases the TOL by approximately 6% and increases the NOL by approximately 6%.

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

For the year ended June 30, 2019, the School Board recognized OPEB related expense of \$1,353,225. At June 30, 2019, the School Board reported deferred outflows or resources and deferred inflows of resources related to OPEB as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between projected and actual experience	3,109,207	2,339,150
Change of assumptions	-	9,020,824
Contributions subsequent to measurement date	2,129,544	-
<b>Total</b>	<b>5,238,751</b>	<b>11,359,974</b>

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**Schedule of Deferred Inflows and Outflows of Resources as of July 1, 2018**

Year ended June 30:

2019	\$	(1,702,525)
2020		(1,702,525)
2021		(1,702,525)
2022		(1,702,525)
2023		(1,702,517)
Thereafter		<u>261,850</u>
	\$	<u>(8,250,767)</u>

**Calculation of OPEB Expenses**

	<u>Measurement Year Ending 2018</u>
Change in Net OPEB Liability	\$ 2,759,192.00
Change in Deferred Outflows	(3,109,207.00)
Change in Deferred Inflows	(426,304.00)
Employer Contributions	2,129,544.00
OPEB Expense	\$ 1,353,225.00
OPEB Expense as a % of Payroll	0.70%



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**Membership Information**

Participation Data as of July 1, 2018

Active Participants	
Employees	4,292
Employees fully eligible	967
Average age	47
Average service	12
Average salary	45,017
Pre-65 Inactive Participants	
Retirees	198
Retirees average age	61
Spouses	24
Spouses average age	59

**ACTUARIAL ASSUMPTIONS AND METHODS**

The assumptions and methodology used in developing the TOL as of July 1, 2017 was 3.58%. The discount rate used to measure the TOL as of July 1, 2018 was 3.87%, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**Payable to the OPEB Plan**

At June 30, 2019, Norfolk Public Schools had no outstanding payables related to Other Post-Employment Benefits.

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**Virginia Retirement System Post-Employment Benefits Trust Funds**

The Virginia Retirement System (VRS) is an independent agency of the Commonwealth of Virginia. VRS administers several Post Employment Benefit trust funds. NPS participates in two of those funds, the Group Life Insurance Plan (GLI) and the Retiree Health Insurance Credit Plan (HIC). The VRS Board of trustees is responsible for the general administration and operation of

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the pension plans and other employee benefit plans. VRS issues a Comprehensive Annual Financial Report (CAFR) containing the financial statements and required supplementary information for all of the system's pension and other employee benefit trust funds. The VRS CAFR is publically available on the VRS website at [www.varetire.org](http://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.

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

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.

**Plan Description**

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

**Actuarial assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

**Inflation**

Salary increases, including inflation –

Teachers	3.5% - 5.35%
Locality – General employees	3.5% - 5.35%

Investments rate of return	7.0% net of plan investment expenses, including inflation.
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**Mortality rates – Teachers**

Pre-Retirement:

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

Post-Retirement:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumption as a result of the experience study are as follows:

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

The estimated Group Life Insurance OPEB liability (NOL) applicable to Norfolk Public Schools, teachers and political subdivision, determined by VRS in accordance with GASB Statement No. 74 less NPS's proportion of the Plan Fiduciary Net Position is as follows:

Total GLI OPEB Liability	32,398,812
Plan Fiduciary Net Position	<u>16,594,488</u>
GLI Net OPEB Liability (Asset)	<u><u>15,804,324</u></u>

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**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projections of cash flows used to determine the discount rate assumed that employer contributions would be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by the school divisions for the VRS GLI OPEB plan will be subject to the portion of the VRS Board –certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class.

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
<b>Total</b>	<b>100.00%</b>		<b>4.80%</b>
	Inflation		2.50%
	Expected arithmetic nominal return		7.30%

**VRS GLI OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources for Teachers**

For the year ended June 30, 2019, due to actuarial changes in assumptions, the School Board recognized a credit to the OPEB Group Life Insurance Expense related to teachers of \$144,305.

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At June 30, 2019, the School Board also reported deferred outflows of resources and deferred inflows of resources related to the teachers VRS GLI OPEB as follows:

**Deferred outflows/inflows for teachers**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between projected and actual experience		\$ 258,366
Net difference between projected and actual earnings on OPEB plan investments	\$ 704,242	469,206
Change of assumptions		600,550
Changes in proportionate share Contributions After Measurement Date	135,558.00	1,227,886
	2,423,056	-
Total	<u>\$ 3,262,856</u>	<u>\$ 2,556,008</u>

The following schedule reflects the amortization of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2019. The average remaining service lives of all employees provided with group life insurance benefits through the VRS GLI OPEB Plan at June 30, 2019, was 6.38 years. Deferred outflows of resources related to the group life insurance benefit resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in NPS financial statements for the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB Plan will be recognized in the teachers group life insurance expense as follows:

**Deferred Outflows (Inflows) of Resources**

Period Ending June 30, 2019	\$ (423,767)
Period Ending June 30, 2020	(423,767)
Period Ending June 30, 2021	(423,767)
Period Ending June 30, 2022	(291,097)
Period Ending June 30, 2023	(147,761)
Thereafter	(6,049)
	<u>\$ (1,716,208)</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, 2019**

**Group Life Insurance Plan Sensitivity Analysis**

<b>Sensitivity Analysis - GLI for Teachers</b>		
<b>NPL 1% Decrease Discount Rate (6.0%)</b>	<b>NPL Current Discount rate (7.0%)</b>	<b>NPL 1% Increase Discount Rate (8.0%)</b>
<b>18,834,270</b>	<b>14,412,324</b>	<b>10,820,938</b>

**VRS GLI OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of  
Resources for Political Subdivision**

For the year ended June 30, 2019, the School Board recognized OPEB Group Life Insurance Expense related to political subdivision of \$10,000. The School Board also reported deferred outflows of resources and deferred inflows of resources related to political subdivision VRS GLI OPEB as follows:

**Deferred outflows/inflows for political subdivision**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between projected and actual experience	\$ 68,000	\$ 25,000
Net difference between projected and actual earnings on OPEB plan investments		45,000
Change of assumptions	2,000.00	58,000
Changes in proportionate share Contributions After Measurement Date	191	227,000
	236,065	-
Total	<u>\$ 306,256</u>	<u>\$ 355,000</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

The following schedule reflects the amortization of the net balance of remaining deferred outflows (inflows) of resources at June 30, 2019. The average remaining service lives of all employees provided with group life insurance benefits through the VRS GLI OPEB Plan at June 30, 2019, was 6.38 years. Deferred outflows of resources related to the political subdivision group life insurance benefit resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in NPS financial statements for the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB Plan will be recognized in the group life insurance expense as follows:

**Deferred Outflows (Inflows) of Resources**

Period Ending June 30, 2020	\$ (71,163)
Period Ending June 30, 2021	(71,163)
Period Ending June 30, 2022	(71,163)
Period Ending June 30, 2023	(68,320)
Period Ending June 30, 2024	-
Thereafter	(3,000)
	<u>\$ (284,809)</u>

**Sensitivity Analysis - GLI for Political Subdivision**

NPL 1% Decrease Discount Rate (6.0%)	NPL Current Discount rate (7.0%)	NPL 1% Increase Discount Rate (8.0%)
1,819,261	1,392,000	1,045,228

**Employer Contribution**

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Norfolk Public Schools total employer contributions into the GLI program were \$2,423,056 and \$2,358,991 for the years ended June 30, 2019 and June 30, 2018 respectively. Norfolk Public Schools pays 100% of the employee contributions. As a result, the amounts reported by NPS differ from those reported by VRS that uses only the employer required percentage of 0.52%.

**Payable to the VRS GLI OPEB Plan**

At June 30, 2019, Norfolk Public Schools had no outstanding payables related to VRS GLI Other Post-Employment Benefits.

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

**Plan Description**

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Program is a multiple employer, cost-sharing plan. The VRS Teacher Employee Health Insurance Credit Program automatically covers all full-time, salaried, permanent (professional) employees of public school divisions. This plan is administered by the Virginia Retirement System along with other pension and OPEB plans. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and end upon the retiree's death.

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

- \$4.00 per month multiplied by twice the amount of service credit, or
- \$4.00 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**VRS Teachers Health Insurance Credit (HIC) Program OPEB Liability, Expense and  
Deferred Outflows and Deferred Inflows of Resources**

At June 30, 2019, NPS reported a liability of \$28,146,421 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. NPS' proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, NPS' proportion of the VRS Teacher Employee Health Insurance Credit Program was 2.57 % as compared to 2.70 % at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$1,936,448. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2019, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between projected and actual experience	\$ 328,615	\$ 20,738
Net difference between projected and actual earnings on OPEB plan investments		139,120
Change of assumptions		245,405
Changes in proportionate share Contributions After Measurement Date		2,213,332
	2,223,563	-
Total	<u>\$ 2,552,178</u>	<u>\$ 2,618,595</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

The \$2,223,563 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from NPS' contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Deferred Outflows (Inflows) of Resources**

Period Ending June 30, 2020	\$ (566,351)
Period Ending June 30, 2021	(566,351)
Period Ending June 30, 2022	(566,351)
Period Ending June 30, 2023	(400,720)
Period Ending June 30, 2024	(182,728)
Thereafter	(7,479)
	<u><u>\$ (2,289,980)</u></u>

**Sensitivity Analysis HIC for Teachers**

NPL 1% Decrease Discount Rate (6.0%)	NPL Current Discount rate (7.0%)	NPL 1% Increase Discount Rate (8.0%)
<b>31,437,205</b>	<b>28,146,421</b>	<b>25,347,615</b>

**Employer Contribution**

Employers' proportionate shares were calculated based on historical employer contributions. Although GASB Statement No. 75 encourages the use of the employer's projected long-term contribution efforts to the Other Post-Employment Benefit plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS HIC OPEB Plan that are not representative of the future contribution efforts are excluded in the determination of employers' proportionate shares. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. NPS' contributions to

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

the VRS Teacher Employee Health Insurance Credit were \$2,223,563 and \$2,201,938 for the years ended June 30, 2019 and June 30, 2018 respectively.

**Actuarial Assumptions and Methods**

The total Teacher Health Insurance Credit OPEB liability was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.00%, net of plan investment expenses, including inflation

**Mortality rates**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumption as a result of the experience study are as follows:

**SCHOOL BOARD OF THE CITY OF NORFOLK  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

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

***Note 3. Net Health Insurance Credit OPEB Liability***

The net Health Insurance Credit OPEB liability (NOL) is calculated separately for each plan and represents that particular plan's total Health Insurance Credit OPEB liability determined in accordance with GASB Statement No. 74, less the System's fiduciary net position for the plan. As of June 30, 2018, NOL amounts for the VRS Teacher Health Insurance Credit Program are as follows:

Total Teacher HIC OPEB Liability	30,621,259
Plan Fiduciary Net Position	2,474,838
HIC Net OPEB Liability (Asset)	<u>28,146,421</u>

Plan fiduciary Net Position as a percentage of the total Teacher HIC liability was 8.08%.

The total Teacher HIC OPEB liability is calculate by the VRS actuary, and each plan's fiduciary net position is reported on the VRS financial statements.

**Discount Rate**

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projections of cash flows used to determine the discount rate assumed that employer contributions would be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by the school divisions for the VRS HIC OPEB plan will be subject to the portion of the VRS Board –certified rates that are funded by the Virginia General Assembly.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class.

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return</b>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
	Inflation		<u>2.50%</u>
	Expected arithmetic nominal return		<u>7.30%</u>

**SCHOOL BOARD OF THE CITY OF NORFOLK  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**Combining OPEB Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to the Statement of net Position**

	<u>School's</u>	<u>Virginia Retirement System</u>		
	<b>OPEB Plan</b>	<b>Health Insurance Credit</b>	<b>Group Life Insurance</b>	<b>Combined Totals</b>
Net OPEB Liability	\$ 49,889,185	\$ 28,146,420	\$ 15,804,324	\$ 93,839,929
Total Deferred Outflows of Resources	\$ 5,238,751	\$ 3,569,112	\$ 2,552,178	\$ 11,360,041
Total Deferred Inflows of Resources	\$ 11,359,974	\$ 2,911,008	\$ 2,618,595	\$ 16,889,577

**Payable to the Teachers VRS HIC OPEB Plan**

At June 30, 2019, Norfolk Public Schools had no outstanding payables related to VRS HIC Other Post-Employment Benefits.

**Additional Financial and Actuarial Information**

Information contained in the VRS Teacher HIC OPEB and VRS GLI OPEB program notes were extracted from the VRS audited financial statements for the fiscal year ended June 30, 2018. 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 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR is publicly available on the VRS website at [www.varetire.org](http://www.varetire.org).

## REQUIRED SUPPLEMENTARY INFORMATION

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**School Board of the City of Norfolk**  
**(A Component Unit of the City of Norfolk, Virginia)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**for the General Fund**  
**- Unaudited -**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over/(Under)
	Original	Final		
Resources (inflows)				
Local sources	\$ 3,420,410	\$ 3,420,410	\$ 3,224,462	(195,948)
Commonwealth of Virginia	193,868,180	193,868,180	194,068,168	199,988
Federal government	5,651,426	5,651,426	6,076,198	424,772
Local government	126,673,922	126,673,922	122,971,922	(3,702,000)
Carryforward funds from fiscal year 2018	-	-	-	-
Amounts available for appropriation	329,613,938	329,613,938	326,340,750	(3,273,188)
Charges to appropriations (outflows)				
Instruction	244,419,391	243,220,015	237,494,135	(5,725,880)
Administration, Attendance, and Health	19,446,576	19,454,937	18,874,364	(580,573)
Pupil Transportation	13,905,647	13,792,671	13,322,666	(470,005)
Operation and Maintenance	36,645,339	38,043,707	37,650,160	(393,547)
Information Technology	10,094,985	11,074,898	10,866,542	(208,356)
School Facilities	5,102,000	4,027,710	422,303	(3,605,407)
Total charges to appropriations	329,613,938	329,613,938	318,630,169	(10,983,769)
Budgetary fund balance, June 30, 2019	\$ -	\$ -	7,710,581	7,710,581

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

**Sources/Inflows of resources**

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule, above	\$ 326,340,750
Other budgetary resources but not revenue for financial reporting purposes	-
Total revenues and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)	<u>\$ 326,340,750</u>

**Uses/Outflows of resources**

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedule, above	\$ 318,630,169
Difference - budget to GAAP:	
Acquisition of school buses by the local government	-
Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year received for GAAP purposes	<u>1,025,717</u>
Total expenditures and transfers as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (Exhibit IV)	<u>\$ 319,655,886</u>

(UNAUDITED)

Schedule 2

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

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

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

(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)**

**Schedule 3**

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

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

(UNAUDITED)

## Schedule 4

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

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

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

(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)**

**Schedule 5**

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

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

(UNAUDITED)

**Schedule 6**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
OTHER POST-EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

**Other Post-Employment Benefits**

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

**Schedule of Changes in Total OPEB Liability and Related Ratios**

<b>Total OPEB Liability*</b>	<b>2019</b>	<b>2018</b>
Service cost	1,381,764	1,468,830
Interest	1,673,986	1,702,533
Changes of benefits	-	-
Differences between expected and actual experience	3,627,408	(3,274,812)
Changes of assumptions	(1,794,422)	(10,475,847)
Benefit payments	(2,129,544)	(2,580,746)
Net changes	2,759,192	(13,160,042)
Total OPEB liability - beginning	47,129,993	60,290,035
<b>Total OPEB liability - ending</b>	<b>49,889,185</b>	<b>47,129,993</b>
Covered payroll	193,211,731	202,324,943
Total OPEB liability as a percentage of covered payroll	25.82%	23.29%

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

(UNAUDITED)

**Schedule 7**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
OTHER POST-EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

(UNAUDITED)

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
NOTES TO OTHER POST-EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY  
INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

**Rationale for Economic Assumptions:**

The actuarial assumptions for the School Board that were adopted by the State of Virginia Plan Board based upon recommendations by the State's actuary. The assumptions are listed in the June 30, 2018 Actuarial Valuation report prepared by CavMac Consulting.

**Changes in Economic Assumption since Prior Valuation:**

There were no changes in assumptions.

**Separation from Active Service:**

Illustrative rates of assumed separation from services are as follows and are based on the assumptions used for the Teachers of the Virginia Retirement System and available in the most recently published actuarial valuation report as of July 1, 2018.

**Mortality**

Pre-retirement	RP-2014 white Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020
Post-retirement	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 74 and 2.0% increase compounded from ages 75 to 90.
Post-desablement	RP-2014 Disabled Mortality Rates projected with Scales BB to 2020; 115% of rates for males and females
Disability Rates	Adjusted rates to better match experience
Salary Scale	Representative values reflect an annual salary inflation rate of 3.50%



(UNAUDITED)

**Schedule 8**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
VRS TEACHERS RETIREMENT PLAN  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

(UNAUDITED)

**Schedule 9**

**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 TEACHERS RETIREMENT PLAN  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

(UNAUDITED)

## Schedule 10

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
VRS POLITICAL SUBDIVISION PLAN  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

(UNAUDITED)

**Schedule 11**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
VRS POLITICAL SUBDIVISION PLAN  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

(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 ENDED JUNE 30, 2019**

**A. VRS Retirement Plan Required Supplementary Information Notes**

**Changes of benefit terms**

There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation. The 2014 valuation includes hybrid retirement plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

**Changes of assumptions**

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

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

(UNAUDITED)

**Schedule 12**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
VRS HEALTH INSURANCE CREDIT PLAN  
FOR THE YEAR ENDED JUNE 30, 2019**

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

	2019	2018
Employee's Proportionate share of contributions of the Net HIC OPEB Liability (Asset)	2.54%	2.70%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	28,146,329	29,295,697
Employer's Covered Payroll	184,851,346	182,652,676
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	15.23%	16.04%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	8.08%	7.04%

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

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

(UNAUDITED)

**Schedule 13**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
VRS HEALTH INSURANCE CREDIT PLAN  
FOR THE YEAR ENDED JUNE 30, 2019**

Date	Contractually Required Contributions	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
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	(219,947)	183,289,209	1.18%
2015	2,118,850	1,903,373	(215,477)	179,563,539	1.18%
2014	2,096,027	1,988,538	(107,489)	179,147,604	1.17%
2013	2,074,185	1,967,817	(106,368)	177,280,774	1.17%
2012	1,837,036	1,020,576	(816,460)	170,095,923	1.08%
2011	1,916,054	1,064,474	(851,579)	177,412,350	1.08%
2010	2,113,182	1,396,685	(716,497)	134,296,612	1.57%

(UNAUDITED)

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
NOTES TO THE VRS HEALTH CARE CREDIT PLAN REQUIRED SUPPLEMENTARY  
INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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



(UNAUDITED)

**Schedule 14**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
VRS GROUP LIFE INSURANCE PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2019**

Schedules of Employer's Share of Net OPEB Liabilities, Teachers Group Life Insurance Program\*

	2019	2018
Employer's Proportionate share of contributions of the Net GLI OPEB Liability (Asset)	1.09%	1.16%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	14,412,324	14,976,053
Employer's Covered Payroll	185,314,756	183,561,479
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.78%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

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

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

(UNAUDITED)

**Schedule 15**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
VRS GROUP LIFE INSURANCE PROGRAM FOR TEACHERS  
FOR THE YEAR ENDED JUNE 30, 2019**

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

(UNAUDITED)

**Schedule 16**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
VRS GROUP LIFE INSURANCE PROGRAM FOR POLITICAL SUBDIVISION  
FOR THE YEAR ENDED JUNE 30, 2019**

Schedules of Employer's Share of Net OPEB Liabilities, Political Subdivision Group Life Insurance Program\*

	2019	2018
Employer's Proportionate share of contributions of the Net GLI OPEB Liability (Asset)	0.09%	0.09%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	1,392,000	1,184,614
Employer's Covered Payroll	18,647,166	17,508,534
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	7.46%	6.77%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%	48.86%

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

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

(UNAUDITED)

**Schedule 17**

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
VRS GROUP LIFE INSURANCE PROGRAM FOR POLITICAL SUBDIVISION  
FOR THE YEAR ENDED JUNE 30, 2019**

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

(UNAUDITED)

**SCHOOL BOARD OF THE CITY OF NORFOLK  
(A COMPONENT UNIT OF THE CITY OF NORFOLK, VIRGINIA)  
NOTES TO THE VRS GROUP LIFE INCURANCE PROGRAM REQUIRED SUPPLEMENTARY  
INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

## OTHER SUPPLEMENTARY INFORMATION

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(UNAUDITED)

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

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>June 30, 2019</b>
<b>ASSETS</b>				
Cash, investments and accounts receivable	<b>Beginning</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending</b>
Governor's School for the Arts	473,815	5,949,583	5,981,067	442,330
Southeastern Cooperative Educational Programs	15,339,282	116,499,894	115,715,643	16,123,533
Trust Fund	121,315	1,908,170	1,788,098	241,388
School Activity Funds	1,293,857	3,008,624	3,084,286	1,218,195
Total Assets	17,228,269	127,366,271	126,569,094	18,025,446
<b>LIABILITIES</b>				
Due to other agencies	<b>Beginning</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending</b>
Governor's School for the Arts	473,815	14,869,228	14,900,712	442,330
Southeastern Cooperative Educational Programs	15,339,282	229,389,663	228,605,412	16,123,533
Trust Fund	121,315	1,194,585	1,074,512	241,388
School Activity Funds	1,293,857	3,008,624	3,084,286	1,218,195
Total Liabilities	17,228,269	248,462,100	247,664,923	18,025,446



## STATISTICAL SECTION (UNAUDITED)

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

### **Contents**

#### **Financial Trends Information**

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

#### **Revenue Capacity Information**

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

#### **Debt Capacity Information**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

**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)**

**Schedule 1**

	<b>Fiscal Year</b>									
	2010	2011	2012	2013	2014	2015 Note 1	2016	2017	2018	2019
Government-wide:										
Invested in capital assets	\$ 23,589	\$ 11,568	\$ 12,265	\$ 14,406	\$ 12,874	\$ 11,775	\$ 10,240	\$ 10,454	\$ 10,732	\$ 12,455
Restricted	611	1,000	416	1,920	2,339	2,739	8,566	10,095	11,909	13,141
Unrestricted	5,625	2,225	(2,036)	(1,810)	(7,034)	(344,957)	(338,067)	(343,959)	(412,061)	(381,698)
Total government-wide net position	\$ 29,825	\$ 14,793	\$ 10,645	\$ 14,516	\$ 8,179	\$ (330,443)	\$ (319,261)	\$ (323,410)	\$ (389,420)	\$ (356,102)

## Note:

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

(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)**

Schedule 2

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Instruction	\$ 282,213	\$ 267,477	\$ 265,178	\$ 272,338	\$ 265,740	\$ 265,732	\$ 269,725	\$ 271,176	\$ 248,835	\$ 255,047
Support Services:										
Administration, Attendance and Health	13,396	12,412	12,436	16,138	15,962	15,908	16,263	17,056	16,603	16,835
Pupil Transportation	10,765	11,028	10,869	13,668	12,162	12,952	12,740	14,099	11,384	11,083
Operation and Maintenance	33,660	35,283	33,038	34,551	34,703	35,232	34,641	35,328	33,345	33,702
Information Technology	10,860	8,274	10,547	10,373	11,239	13,234	9,994	10,609	11,076	12,124
School Facilities	52,851	20,266	24,171	9,160	3,735	5,771	6,960	8,669	5,303	4,695
Food Services	14,676	15,564	15,935	16,821	17,227	16,967	18,123	18,718	17,089	17,342
Other	306	238	276	250	244	144	207	78	3	-
Total Expenses	418,727	370,542	372,450	373,299	361,012	365,940	368,653	375,733	343,638	350,829
Revenues:										
Program Revenues:										
Charges for services	5,527	4,847	4,597	4,349	3,562	3,451	3,966	3,844	3,234	3,337
Operating grants and contributions	238,021	209,644	206,947	224,467	203,139	207,303	212,121	215,023	210,572	219,202
Capital grants and contributions	2,877	6,877	20,652	8,207	3,700	3,541	9,892	2,418	2,703	2,926
Total Program Revenues	246,425	221,368	232,196	237,023	210,401	214,295	225,979	221,285	216,509	225,464
Net (Expense) Revenue	(172,302)	(149,174)	(140,254)	(136,276)	(150,611)	(151,645)	(142,674)	(154,448)	(127,129)	(125,365)
General Revenues:										
Local government	101,011	104,511	104,511	107,187	111,854	117,722	114,769	114,972	120,972	122,972
Commonwealth of Virginia	30,267	28,912	30,311	31,463	30,702	31,992	37,088	32,470	30,899	33,975
Use of money and property	799	716	1,284	1,262	806	841	1,227	1,449	692	1,038
Other	74	2	-	235	912	462	772	1,408	962	698
Total General Revenues	873	718	1,284	1,497	1,718	1,303	1,999	2,857	1,654	158,683
Change in Net Position	\$ (8,627)	\$ (148,456)	\$ (138,970)	\$ (134,779)	\$ (148,893)	\$ (150,342)	\$ (140,675)	\$ (151,591)	\$ (125,475)	\$ 33,318

This information comes from the Statement of Activities, exhibit II

**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)**

Schedule 3

	Fiscal Year									
	2010	2011 Note 1	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 11,394									
Unreserved	4,369									
Nonspendable		\$ 293	\$ 293	\$ 293	\$ 398	\$ 424	\$ 461	\$ 487	\$ 620	\$ 596
Restricted		-	-	-	-	-	-	-	-	-
Committed		-	-	-	-	-	-	-	-	-
Assigned		14,103	13,109	16,807	11,891	10,198	6,420	6,545	8,649	8,334
Unassigned		2,102	3,126	2,445	3,411	1,149	13	722	4,391	11,415
Total General Fund	\$ 15,763	\$ 16,498	\$ 16,528	\$ 19,545	\$ 15,700	\$ 11,771	\$ 6,894	\$ 7,754	\$ 13,660	\$ 20,345
All Other Governmental Funds										
Reserved	\$ 4,073									
Unreserved, reported in:										
Grant Fund	(2,484)									
Capital Projects Fund	(457)									
Child Nutrition Services Fund	5,108									
Nonspendable		\$ 430	\$ 401	\$ 495	\$ 598	\$ 825	\$ 691	\$ 815	\$ 819	\$ 903
Restricted		5,331	5,560	6,608	6,933	7,963	9,398	8,867	9,291	10,540
Committed		72	4,651	-	2,543	2,058	6,720	2,837	1,798	1,697
Assigned		1,033	-	1,854	-	225	-	-	-	-
Unassigned		(105)	(4,235)	(2,225)	(2,185)		(1,709)	(2,079)	(3,404)	(4,289)
Total all other governmental funds	\$ 6,240	\$ 6,761	\$ 6,377	\$ 6,732	\$ 7,889	\$ 11,071	\$ 15,100	\$ 10,440	\$ 8,504	\$ 8,852

Note:

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

**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)**

Schedule 4

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>REVENUES</b>										
Use of money and property	\$ 799	\$ 716	\$ 1,284	\$ 1,262	\$ 806	\$ 842	\$ 1,227	\$ 1,449	\$ 692	\$ 1,038
Charges for services	5,526	4,847	4,597	4,349	3,562	3,451	3,966	3,844	3,234	3,337
Other	224	397	218	235	912	462	772	1,408	962	698
Intergovernmental :										
Local government	103,889	111,389	125,163	117,494	116,514	122,177	125,650	119,354	123,675	125,897
Commonwealth of Virginia	195,582	177,685	168,216	192,776	183,947	186,713	186,893	190,209	192,041	198,499
Federal government	72,556	60,477	68,824	61,055	48,934	51,668	56,639	55,320	49,430	54,677
Total revenues	378,576	355,511	368,302	377,171	354,675	365,313	375,147	371,584	370,034	384,147
<b>EXPENDITURES</b>										
Current:										
Instruction	284,101	263,502	263,542	272,152	261,357	268,246	273,972	271,151	265,970	273,583
Administration, Attendance, and Health	12,998	11,990	11,980	15,853	15,382	15,686	16,610	16,932	17,856	17,908
Pupil Transportation	10,503	10,709	10,639	13,435	12,995	13,669	13,390	14,031	12,992	12,987
Operation and Maintenance	33,695	35,225	32,938	34,629	34,207	35,158	34,706	35,143	34,962	36,014
Information Technology	10,665	8,161	10,517	10,348	11,193	13,238	9,947	10,861	11,468	13,808
School Facilities	2,784	2,356	1,535	1,958	1,318	1,938	1,940	604	639	903
Food Services	14,721	15,525	15,971	16,916	17,110	17,025	18,215	18,675	17,478	18,168
Other	306	238	275	247	242	145	207	78	3	-
Support Activities and facilities	-	-	-	-	-	-	-	-	-	-
Categorical grants	-	-	-	-	-	-	-	-	-	-
Intergovernmental for Debt Service:										
School Facilities	206	198	189	181	172	114	8	-	-	-
Capital Outlay:										
School Facilities	3,049	6,350	21,069	8,080	3,387	3,533	4,307	7,910	4,695	3,743
Total expenditures	373,028	354,254	368,655	373,799	357,363	368,752	373,302	375,385	366,063	377,114
Excess (deficiency) of revenues over expenditures	5,548	1,257	(353)	3,372	(2,688)	(3,439)	1,845	(3,801)	3,971	7,033
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in from primary government										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	\$ 5,548	\$ 1,257	\$ (353)	\$ 3,372	\$ (2,688)	\$ (3,439)	\$ 1,845	\$ (3,801)	\$ 3,971	\$ 7,033

Debt service as a percentage of noncapital Expenditures	0.06%	0.06%	0.05%	0.05%	0.05%	0.03%	0.00%	0.00%	0.00%	0.00%
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**School Board of the City of Norfolk**  
**(A Component Unit of the City of Norfolk, Virginia)**  
**Financial Trends Information**  
**Program Revenues by Function (Optional Schedule)**  
**Last Ten Fiscal Years**  
**(Amounts in Thousands)**

Schedule 5

Function/Program	Fiscal Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Charges for Services</b>										
Instruction	\$ 2,947	\$ 2,246	\$ 2,201	\$ 2,564	\$ 2,054	\$ 2,018	\$ 2,520	\$ 2,449	\$ 2,040	\$ 2,221
Food Services	2,579	2,601	2,396	1,785	1,508	1,433	1,446	1,395	1,194	1,116
Subtotal of Charges for Services	5,526	4,847	4,597	4,349	3,562	3,451	3,966	3,844	3,234	3,337
<b>Operating Grants and Contributions</b>										
Instruction	225,951	196,997	193,423	207,885	186,579	190,303	193,622	195,687	193,741	201,055
Pupil Transportation	-	-	-	2,100	960	915	989	1,964	-	-
Information Technology	-	-	-	-	-	-	-	-	-	-
Food Services	12,070	12,646	13,523	14,483	15,600	16,086	17,510	17,372	16,831	18,147
Subtotal of Operating Grants and Contributions	238,021	209,643	206,946	224,468	203,139	207,304	212,121	215,023	210,572	219,202
<b>Capital Grants and Contributions</b>										
School Facilities	2,877	6,877	20,652	8,208	3,700	3,541	9,892	2,417	2,703	2,925
Subtotal of Capital Grants and Contributions	2,877	6,877	20,652	8,208	3,700	3,541	9,892	2,417	2,703	2,925
<b>Total Program Revenues</b>	<b>\$ 246,424</b>	<b>\$ 221,367</b>	<b>\$ 232,195</b>	<b>\$ 237,025</b>	<b>\$ 210,401</b>	<b>\$ 214,296</b>	<b>\$ 225,979</b>	<b>\$ 221,284</b>	<b>\$ 216,509</b>	<b>\$ 225,464</b>

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)**

**Schedule 6**

Fiscal Years	Use of Money and Property	Charges for Services	Other	Inter- Governmental Local	Inter- Governmental State	Inter- Governmental Federal	Total
2010	799	5,526	224	103,888	195,583	72,556	378,576
2011	716	4,847	397	111,389	177,685	60,477	355,511
2012	1,284	4,597	218	125,163	168,216	68,824	368,302
2013	1,262	4,349	235	117,494	192,776	61,055	377,171
2014	806	3,562	912	116,514	183,947	48,934	354,675
2015	842	3,451	462	122,177	186,713	51,668	365,313
2016	1,227	3,966	772	125,650	186,893	56,639	375,147
2017	1,449	3,844	1,408	119,354	190,209	55,320	371,584
2018	692	3,234	962	123,675	192,041	49,430	370,034
2019	1,038	3,337	698	125,897	198,499	54,678	384,147
Change 2010-2019	29.9%	-39.6%	211.6%	21.2%	1.5%	-24.6%	1.5%

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

(UNAUDITED)

**Schedule 1**

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

Fiscal Year	Debt Service		
	Principal	Interest	Total
2010	156,900	49,578	206,478
2011	156,900	40,937	197,837
2012	156,900	32,297	189,197
2013	156,900	23,656	180,556
2014	156,900	15,015	171,915
2015	107,775	6,375	114,150
2016	7,975	437	8,412
2017	-	-	-
2018	-	-	-
2019	-	-	-

Notes:

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



(UNAUDITED)

**Schedule 2**

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2010	156,900	49,578	206,478	373,029,687	0.06%
2011	156,900	40,937	197,837	354,254,534	0.06%
2012	156,900	32,297	189,197	283,647,437	0.07%
2013	156,900	23,656	180,556	304,651,547	0.06%
2014	156,900	15,015	171,915	305,083,446	0.06%
2015	107,775	6,375	114,150	313,153,524	0.04%
2016	7,975	437	8,412	312,094,823	0.00%
2017	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2019	-	-	-	-	0.00%

Notes:

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

(UNAUDITED)

**School Board of the City of Norfolk**  
**(A Component Unit of the City of Norfolk, Virginia)**  
**School Nutrition**  
**Summary of Meals Served**  
**As of June 30, 2018**

<b>School</b>	<b>Breakfast</b>	<b>Lunch</b>	<b>Total</b>
Elementary Schools	1,900,026	2,161,709	4,061,735
Middle Schools	250,032	609,918	859,950
High Schools	186,182	492,630	678,812
Auxiliary Facilities	61,948	73,376	135,324
Totals	2,398,188	3,337,633	5,735,821

This information comes from School Nutrition Services

**School Board of the City of Norfolk**  
**(A Component Unit of the City of Norfolk, Virginia)**  
**Percentage of Free and Reduced Price Lunch Eligibility Data**  
**For the Month of October 2018**

Schools		Paid	Reduced	Free	Total Free / Reduced
Elementary Schools					
121	BAY VIEW ELEM.	46.81%	8.09%	45.10%	53.19%
114	CAMP ALLEN ELEM.	30.99%	9.86%	59.15%	69.01%
109	CAMPOSTELLA ELEM.	0.00%	0.00%	100.00%	100.00%
126	CHESTERFIELD ACADEMY ELEM.	0.00%	0.00%	100.00%	100.00%
128	COLEMAN PLACE ELEM.	0.00%	0.00%	100.00%	100.00%
129	CROSSROADS ELEM.	37.69%	7.33%	54.98%	62.31%
168	FAIRLAWN ELEM.	0.00%	0.00%	100.00%	100.00%
135	GHENT ELEM.	74.95%	3.35%	21.70%	25.05%
134	GRANBY ELEM.	0.00%	0.00%	100.00%	100.00%
136	INGLESIDE ELEM.	0.00%	0.00%	100.00%	100.00%
108	JACOX ELEM.	0.00%	0.00%	100.00%	100.00%
150	JAMES MONROE ELEM.	0.00%	0.00%	100.00%	100.00%
141	LARCHMONT ELEM.	77.85%	2.00%	20.15%	22.15%
142	LARRYMORE ELEM.	0.00%	0.00%	100.00%	100.00%
145	LINDENWOOD ELEM.	0.00%	0.00%	100.00%	100.00%
146	LITTLE CREEK ELEM.	0.00%	0.00%	100.00%	100.00%
147	LITTLE CREEK ELEM. ANNEX	0.00%	0.00%	100.00%	100.00%
123	MARY CALCOTT ELEM.	49.65%	8.97%	41.38%	50.35%
151	NORVIEW ELEM.	0.00%	0.00%	100.00%	100.00%
154	OCEAN VIEW ELEM.	42.34%	5.67%	51.99%	57.66%
153	OCEANAIR ELEM.	0.00%	0.00%	100.00%	100.00%
165	P.B. YOUNG SR. ELEM.	0.00%	0.00%	100.00%	100.00%
169	POPLAR HALLS ELEMENTARY	0.00%	0.00%	100.00%	100.00%
122	RICHARD BOWLING ELEM.	0.00%	0.00%	100.00%	100.00%
137	SEWELLS POINT ELEM.	57.19%	15.35%	27.46%	42.81%
156	SHERWOOD FOREST ELEM.	0.00%	0.00%	100.00%	100.00%
131	ST. HELENA ELEM.	0.00%	0.00%	100.00%	100.00%
159	SUBURBAN PARK ELEMENTARY	0.00%	0.00%	100.00%	100.00%
161	TANNERS CREEK ELEMENTARY	0.00%	0.00%	100.00%	100.00%
118	TARRALLTON ELEM.	53.18%	17.34%	29.48%	46.82%
119	TIDEWATER PARK ELEM.	0.00%	0.00%	100.00%	100.00%
160	W.H. TAYLOR ELEM.	70.00%	3.82%	26.18%	30.00%
115	WILLARD MODEL ELEM.	0.00%	0.00%	100.00%	100.00%
106	WILLOUGHBY ELEM.	52.88%	8.38%	38.74%	47.12%
Middle Schools					
206	AZALEA MIDDLE	40.71%	6.97%	52.32%	59.29%
207	BLAIR MIDDLE	41.12%	6.63%	52.25%	58.88%
172	ACADEMY FOR DISCOVERY AT LAKEWOOD	65.44%	7.36%	27.20%	34.56%
216	LAKE TAYLOR MIDDLE	0.00%	0.00%	100.00%	100.00%
211	NORTHSIDE MIDDLE	0.00%	0.00%	100.00%	100.00%
212	NORVIEW MIDDLE	0.00%	0.00%	100.00%	100.00%
214	RUFFNER MIDDLE	0.00%	0.00%	100.00%	100.00%
249	THE ACADEMY OF INTERNATIONAL STUDIES AT ROSEMONT	38.50%	7.26%	54.24%	61.50%
High Schools					
304	B. T. WASHINGTON HIGH	0.00%	0.00%	100.00%	100.00%
301	GRANBY HIGH	44.74%	6.33%	48.93%	55.26%
305	LAKE TAYLOR HIGH	36.62%	5.15%	58.23%	63.38%
302	MAURY HIGH	56.18%	5.96%	37.86%	43.82%
303	NORVIEW HIGH	44.55%	8.01%	47.44%	55.45%
Auxiliary Facilities					
130	BERKLEY/CAMPOSTELLA EARLY CHILDHOOD CENTER	0.00%	0.00%	100.00%	100.00%
171	EASTON PRESCHOOL	48.74%	6.72%	44.54%	51.26%
392	MADISON	0.00%	0.00%	100.00%	100.00%
163	NORFOLK RE-ED SCHOOL - SECEP	11.23%	5.62%	83.15%	88.77%
396	NORFOLK TECHNICAL CTR	41.46%	7.06%	51.48%	58.54%
School Board for the City of Norfolk Totals		25.19%	3.73%	71.08%	74.81%
October 2018 Totals		25.19%	3.73%	71.08%	74.81%

Source of data: Norfolk Public Schools - School Nutrition

(UNAUDITED)

**School Board of the City of Norfolk**  
**(A Component Unit of the City of Norfolk, Virginia)**  
**Summary of Child Nutrition Program Funds**  
**As of June 30, 2019**

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

Account Description	FTEs		Budget 2018	Actual 2018	Budget 2019	Actual 2019	Budget 2020	Budget % Increase Over 2019
	2018	2019						
<b>Revenue</b>								
Sales			1,545,000	1,154,705	1,637,400	1,062,910	1,672,400	2.14%
Federal and State Food Program Reimbursements			16,350,000	15,974,495	16,280,000	17,275,208	16,130,000	-0.92%
Federal Commodities Donated			1,200,000	856,729	1,200,000	872,188	1,200,000	0.00%
Interest Earnings			16,000	13,377	16,000	-	16,000	0.00%
Other			89,000	100,298	66,600	87,117	981,600	1373.87%
<b>Total Revenue</b>			<b>19,200,000</b>	<b>18,099,604</b>	<b>19,200,000</b>	<b>19,297,423</b>	<b>20,000,000</b>	<b>4.17%</b>
<b>Expenditures</b>								
Cost of Goods Sold			9,489,929	8,654,952	9,117,295	8,923,880	9,115,795	-0.02%
Employee Compensation	192.00	192.00	7,922,928	7,236,598	8,272,418	7,361,248	9,034,618	9.21%
Maintenance Costs			375,000	408,544	377,000	685,204	505,000	33.95%
Supplies and Materials			94,000	110,326	27,835	59,365	44,135	58.56%
Cafeteria and Other Equipment			696,000	268,976	660,000	341,215	410,000	-37.88%
Other Costs			622,143	487,501	745,452	496,029	890,452	19.45%
<b>Total Expenditures</b>	<b>192.00</b>	<b>192.00</b>	<b>19,200,000</b>	<b>17,166,897</b>	<b>19,200,000</b>	<b>17,866,941</b>	<b>20,000,000</b>	<b>4.17%</b>
Excess of Revenues over Expenditures			-	932,707	-	1,430,482	-	
Fund Balance - Beginning of Year			8,684,552	8,684,552	9,617,259	9,617,259	11,047,741	
<b>Fund Balance - End of Year</b>			<b>\$ 8,684,552</b>	<b>\$ 9,617,259</b>	<b>\$ 9,617,259</b>	<b>\$ 11,047,741</b>	<b>\$ 11,047,741</b>	

This information comes from School Nutrition :

(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**

<b>Positions Approved</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total Instructional Services</b>	3,725.95	3,459.63	3,315.05	3,241.05	3,293.60	3,261.10	3,253.85	3,191.85	3,097.35	3,103.85
<b>Central Administration</b>	100.25	96	95	97	81	81	82.5	84	84	87
<b>Student Attendance and Health Services</b>	61	48	50	49	59.5	75.5	100.5	101.5	99.5	103
<b>Pupil Transportation</b>	305	284	281	278	271	271	271	283	283	294
<b>Operations and Maintenance</b>	478	415	409.5	401.5	401	401	400.5	407.5	411.5	411
<b>Community Services (Jobs Bill)</b>	1	0	0	0	0	0	0	0	0	0
<b>Facility Improvements</b>	0	0	0	0	0	0	0	0	0	0
<b>Information Technology</b>	76	63	61	64	63	63	63	63	63	63
<b>Total Approved Positions General Fund Budget</b>	<b>4,747.20</b>	<b>4,365.63</b>	<b>4,211.55</b>	<b>4,130.55</b>	<b>4,169.10</b>	<b>4,152.60</b>	<b>4,171.35</b>	<b>4,130.85</b>	<b>4,038.35</b>	<b>4,061.85</b>

*Source of Data: Norfolk Public Schools 2018 Budget: Summary of Operating Expenditures by Cost Category, pg. 171.*

(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 (a)			Average Costs per Student exclusive of Adult Education
		K-12	Pre-K	Total	
2010	327,186,336	30,839	2,302	33,141	9,873
2011	290,958,964	30,630	2,344	32,974	8,824
2012	286,229,821	30,498	2,380	32,878	8,706
2013	304,420,159	30,260	2,185	32,445	9,383
2014	311,188,133	29,805	2,259	32,064	9,705
2015	318,499,501	29,598	2,259	31,857	9,998
2016	313,925,928	29,606	2,174	31,780	9,878
2017	321,094,220	29,325	2,174	31,499	10,194
2018	324,641,648	28,958	2,174	31,132	10,428
2019	328,991,404	28,221	1,929	30,150	10,912

Notes:

(a) Local budget education expenditures exclude adult education.

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

*Source of Data: Norfolk Public Schools 2019 Budget: Summary of Operating Expenditures by Cost Category, pg. 160 and Student Demographics, pg. 277.*

(UNAUDITED)

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

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenditures	Cost Per Pupil	Percentage Change	Percentage of Students Receiving Free or Reduced-Price Meals
2010	31,709	369,774,070	11,661	0.25%	373,029,687	11,764	-1.01%	61.92%
2011	31,443	347,706,732	11,058	-5.17%	354,254,534	11,267	-4.23%	64.43%
2012	31,081	347,397,094	11,177	1.07%	368,655,704	11,861	5.28%	65.16%
2013	30,677	365,538,171	11,916	6.61%	373,799,050	12,185	2.73%	66.05%
2014	30,338	353,804,702	11,662	-2.13%	357,363,799	11,779	-3.33%	66.96%
2015	30,101	365,105,355	12,129	4.01%	368,751,971	12,250	4.00%	66.96%
2016	29,976	368,986,997	12,309	1.48%	373,302,572	12,453	1.66%	66.83%
2017	31,436	367,474,521	11,690	-5.04%	375,384,984	11,941	-4.11%	70.61%
2018	28,958	361,368,751	12,479	6.75%	366,063,305	12,641	5.86%	70.26%
2019	28,221	373,365,280	13,230	6.02%	377,113,793	13,363	5.71%	70.26%

Notes:

1. Enrollment information obtained from Fall Membership Reports as provided by the Virginia Department of Education (VDOE) excludes 1,929 Pre-K students..
2. Operating expenditures are total expenditures less debt service and capital outlay taken from Exhibit IV.
3. Percentage of students receiving free or reduced-price meals information presented for the month of October of the respective fiscal year. the information comes from the 2019 Budget, pg. 210

(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									
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019

**Schools**

**Elementary (K - 8 & Pre K - 8)**

Buildings	35	35	33	33	33	33	33	36	35	35
Square feet	2,260,302	2,260,302	2,179,947	2,179,947	2,179,947	2,179,947	2,179,947	2,533,106	2,801,190	2,801,190
Capacity	20,550	20,550	19,758	19,758	19,758	19,758	19,758	26,915	27,765	27,765
Enrollment	16,199	16,220	16,152	16,143	16,098	16,038	15,650	18,191	15,772	17,445

**Middle**

Buildings	9	8	8	8	8	7	8	8	7	7
Square feet	1,215,629	1,167,600	1,167,600	1,167,600	1,167,600	1,027,600	1,167,600	1,167,600	987,600	987,600
Capacity	10,074	9,487	9,487	9,487	9,487	9,487	9,487	9,487	8,237	8,237
Enrollment	6,552	6,481	6,597	6,577	6,377	6,159	6,345	5,335	6,820	5,164

**High**

Buildings	5	5	5	5	5	5	5	5	5	5
Square feet	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566	1,370,566
Capacity	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706	8,706
Enrollment	8,958	8,742	8,332	7,957	7,863	7,904	7,981	7,910	7,740	7,541

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 2019**

<b>Location</b>	<b>Year Built</b>	<b>Square Foot</b>	<b>Site Acreage</b>	<b>Mobile Units</b>	<b>Renovations and Additions</b>	<b>Age</b>	<b>Total Sqft. Bldgs. &amp; Mobiles</b>
Granby High	1939	292,294	25	0	1997-1998	21	292,294
Lake Taylor High	1967	261,000	44.7	2	1974	52	262,824
Maury High	1910	265,000	9.8	0	1988	31	265,000
Norview High	2004	287,272	27	0		15	287,272
B. T. Washington High	1974	265,000	30	0		45	265,000
<b>High School Average Age:</b>						<b>32.80</b>	
Azalea Middle	1961	120,374	21.1	3		58	123,110
Blair Middle	1922	241,597	7.4	0	2007	12	241,597
Lake Taylor Middle	1965	118,926	20	0		54	124,398
Northside Middle	1956	122,675	14.5	1		63	123,587
Norview Middle	1995	152,000	19	0		24	152,000
Rosemont Middle	1959	126,028	18.5	0		60	126,028
Ruffner Middle	1994	146,000	10.52	0		25	146,000
<b>Middle School Average Age:</b>						<b>42.29</b>	
Academy for Discovery at Lakewood	1991	140,000	14.1	0		28	140,000
Bayview Elementary	1922	83,095	9.4	0	1999	20	83,095
Richard Bowling Elementary	2017	101,060	25.8	0		2	101,060
Calcott Elementary	1952	65,100	12	2	1954	67	66,924
Camp Allen Elementary- see note: bottom of next Page	1970	69,200	14	0	1984	49	69,200
Southside STEM Academy at Campostella	2016	181,056	18.5	0		3	181,056
Chesterfield Academy	1953	58,750	12.3	10	1971	66	67,870
Coleman Place Elementary	2007	96,818	9.2	0		12	96,818
Crossroads Elementary	2012	146,923	12	0		9	146,923
Fairlawn Elementary	1959	58,500	16.4	0	1961	60	68,532
Ghent Elementary	1978	60,800	13	3		41	63,536
Granby Elementary	1948	82,081	9	0	1989	71	82,081
Ingleside Elementary	1954	58,500	16	6		65	63,972
Jacox Elementary	1949	79,200	11.7	4		70	82,848
Larchmont Elementary	2016	92,958	23	0		3	92,958
Larrymore Elementary	1957	77,325	13	0	1964	62	77,325
Lindenwood Elementary	1953	54,900	9.5	7	1965	66	61,284
Little Creek Elementary	1954	56,795	17	5		65	61,355
Little Creek Primary*	1957	44,500		1		62	45,412
Monroe Elementary	1990	64,000	12.8	0		29	64,000
Norview Elementary	1952	57,640	14.2	14	1953	67	70,408
Ocean View Elementary	2017	92,650	20.5	0		2	92,650
Oceanair Elementary	1956	62,470	17.7	8		63	69,766
Poplar Halls Elementary	1959	44,400	17.8	3	1961	60	47,136
St. Helena Elementary	1966	36,074	13.2	2		53	37,898
Sewells Point Elementary	1966	60,900	8.9	6	1984	53	66,372
Sherwood Forest Elementary	1957	66,340	13.3	4	1989	62	69,988
Suburban Park Elementary	1955	61,980	15	0	1988	64	61,980
Tanners Creek Elementary	1990	83,000	9	0		29	83,000
Tarrallton Elementary	1964	46,300	15.2	3		55	49,036
Taylor Elementary	1998	54,786	2.8	0		21	54,786
Tidewater Park Elementary	1964	39,675	8.3	5		55	44,235
Willard Elementary	1952	80,925	14.9	0	1990	67	80,925
Willoughby Elementary	1967	58,400	12	0		52	58,400
P. B. Young Sr. Elementary	1954	55,325	8	0		65	55,325
<b>Elementary School Average Age:</b>						<b>46.76</b>	

(UNAUDITED)

**School Board of the City of Norfolk**  
**(A Component Unit of the City of Norfolk, Virginia)**  
**Facilities Information on Schools**  
**As of 2019**

<b>Location</b>	<b>Year Built</b>	<b>Square Foot</b>	<b>Site Acreage</b>	<b>Mobile Units</b>	<b>Renovations and Additions</b>	<b>Age</b>	<b>Total Sqft. Bldgs. &amp; Mobiles</b>
Berkley/Campostella ECC	1953	46,453	10.6	0	1991	66	46,453
Camp Young	1946	27,398	30	0		73	27,398
Easton Preschool	1959	37,500	11.7	0	1961	60	37,500
Madison Career Center	1919	75,501	3	0	1921	100	75,501
Norfolk Technical Center	1968	125,938	29.5	0		51	125,938
Bellmore	1968	77,028	3.9	1		51	77,940
Transportation	1995	24,689	9.9	1		24	25,601
<b>Other Average Age:</b>						<b>60.71</b>	

Total Mobiles	91
Average Age of all Buildings	45.64
Total Number of Acres	792
Total Number of Square Feet	5,245,099
Total Square feet including mobiles	5,483,595

Total Square footage column include Building plus Mobiles as of (month and year)

Age of original structure is different for buildings that have renovations

\*School buildings not in use during the fiscal year

*Source of data: Norfolk Public Schools Facilities Management*

Note:

Camp Allen...Phase One has been completed and Phase Two is currentl being closed out. This changes the year built to-2019. The total square footage of Phases One & Two is 97,630

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:			restated	restated		restated			restated	
Net investment in capital assets	\$ 155,954	\$ 324,576	\$ 295,206	\$ 319,550	\$ 337,937	\$ 428,380	\$ 386,641	\$ 365,913	\$ 351,887	\$ 382,093
Restricted	120,974	6,744	11,081	11,111	22,062	10,485	12,412	12,042	6,485	6,690
Unrestricted	76,365	5,347	25,832	22,593	(149,763)	(217,542)	(153,467)	(124,543)	(108,368)	(109,199)
Subtotal governmental activities net position	353,293	336,667	332,119	353,254	210,236	221,323	245,586	253,412	250,004	279,584
Business-type activities:										
Net investment in capital assets	229,693	267,107	270,913	275,195	259,371	266,206	301,340	342,470	330,979	364,928
Restricted	40,056	12,928	12,928	13,244	32,495	29,610	31,766	35,237	36,017	28,501
Unrestricted	63,316	62,458	72,063	78,631	77,120	100,988	85,668	59,766	98,533	103,337
Subtotal business-type activities net position	333,065	342,493	355,904	367,070	368,986	396,804	418,774	437,473	465,529	496,766
Primary government:										
Net investment in capital assets	385,647	591,683	566,119	594,745	597,308	694,586	687,981	708,383	682,866	747,021
Restricted	161,030	19,672	24,009	24,355	54,557	40,095	44,178	47,279	42,502	35,191
Unrestricted	139,681	67,805	97,895	101,224	(72,643)	(116,554)	(67,799)	(64,777)	(9,835)	(5,862)
Total primary government net position	\$ 686,358	\$ 679,160	\$ 688,023	\$ 720,324	\$ 579,222	\$ 618,127	\$ 664,360	\$ 690,885	\$ 715,533	\$ 776,350

Note: Restatements are due to implementation of new accounting pronouncements.

\* GASB 75 was implemented effective July 1, 2017.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Program Revenue</b>										
Governmental activities:										
Charges for services										
General government	\$ 13,156	\$ 18,630	\$ 9,441	\$ 9,489	\$ 4,149	\$ 7,152	\$ 4,642	\$ 4,822	\$ 4,728	\$ 7,267
Judicial administration	3,501	3,629	3,690	3,717	3,142	2,938	2,729	2,688	2,507	2,396
Public safety	5,627	7,942	8,424	10,154	7,613	7,563	8,307	8,364	7,802	8,504
Public works	35,451	36,890	50,597	38,320	37,769	41,821	42,341	40,322	41,185	40,169
Health and public assistance	83	82	50	5,349	5,597	5,577	6,310	6,390	6,385	5,498
Culture and recreation	9,224	10,101	9,751	10,297	9,685	8,948	10,054	9,835	9,305	9,810
Community development	2,259	1,479	1,807	2,368	1,960	2,557	2,370	2,511	1,264	2,244
Capital grant contributions	7,175	-	765	15,000	15,933	1,000	5,672	5,941	11,954	3,806
Operating grants and contributions	127,665	116,648	119,353	131,719	120,713	125,802	132,611	135,194	151,519	142,804
Total governmental activities program revenue	204,141	195,401	203,878	226,413	206,561	203,358	215,036	216,067	236,649	222,498
Business-type activities:										
Charges for services										
Water utility	78,983	80,573	78,148	76,584	79,097	82,996	80,749	84,529	86,942	111,546
Wastewater utility	23,815	24,362	24,798	25,469	27,119	28,144	27,823	29,065	30,201	31,222
Parking facilities	18,785	19,682	19,452	19,162	20,413	19,520	19,612	20,577	22,148	23,139
Capital grants and contributions	366	130	187	-	2,761	3,006	338	188	144	381
Total business-type activities program revenue	121,949	124,747	122,585	121,215	129,390	133,666	128,522	134,359	139,435	166,288
Total primary government program revenues	326,090	320,148	326,463	347,628	335,951	337,024	343,558	350,426	376,084	388,786
<b>Expenses</b>										
Governmental activities:										
General government	112,874	103,550	109,188	119,764	122,656	126,959	130,550	155,159	152,832	156,670
Judicial administration	52,020	49,980	51,102	51,654	55,062	49,056	51,926	55,547	57,118	46,124
Public safety	130,263	129,721	129,138	125,270	125,122	120,710	119,828	133,378	160,378	138,890
Public works	132,176	101,137	91,542	71,324	66,909	81,171	79,200	80,825	69,194	66,079
Health and public assistance	91,923	82,368	75,428	90,993	90,919	86,776	85,730	89,103	87,827	91,735
Culture and recreation	73,342	64,352	63,499	56,039	56,499	58,443	60,064	62,996	46,799	58,962
Community development	15,429	18,638	17,223	16,158	12,622	13,040	16,734	15,402	23,320	29,381
Education	101,011	104,511	104,512	109,287	109,467	117,722	114,769	114,972	131,137	136,660
Interest on long-term debt	26,014	27,931	26,822	28,249	25,187	22,060	22,950	19,326	24,965	29,467
Total governmental activities expenses	735,052	682,188	668,454	668,738	664,443	675,937	681,751	726,708	753,570	753,968
Business-type activities:										
Water utility	64,316	67,852	64,473	61,358	61,609	59,448	59,415	65,319	61,276	63,967
Wastewater utility	18,983	19,707	18,806	19,983	20,128	19,142	19,226	22,072	21,012	20,201
Parking facilities	20,008	22,050	20,469	20,961	23,677	20,045	20,651	21,078	23,084	25,365
Total business-type activities expenses	103,307	109,609	103,748	102,302	105,414	98,635	99,292	108,469	105,372	109,533
Total primary government expenses	838,359	791,797	772,202	771,040	769,857	774,572	781,043	835,177	858,942	863,501
<b>Net (Expense) Revenue</b>										
Governmental activities	(530,911)	(486,787)	(464,576)	(442,325)	(457,882)	(472,579)	(466,715)	(510,641)	(516,921)	(531,470)
Business-type activities	18,642	15,138	18,837	18,913	23,976	35,031	29,230	25,890	34,063	56,755
Total primary government net expense	\$ (512,269)	\$ (471,649)	\$ (445,739)	\$ (423,412)	\$ (433,906)	\$ (437,548)	\$ (437,485)	\$ (484,751)	\$ (482,858)	\$ (474,715)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenue and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes:										
Real estate and personal property	\$ 256,339	\$ 255,530	\$ 245,439	\$ 246,345	\$ 254,357	\$ 263,490	\$ 263,395	\$ 271,461	\$ 277,132	\$ 303,623
Consumption utility	44,053	48,360	43,588	43,211	43,055	42,961	41,849	41,452	41,292	39,947
Sales and use	28,249	28,411	27,599	29,707	29,436	29,981	30,330	31,185	32,799	33,259
Restaurant food	27,292	24,094	30,300	30,818	31,127	32,634	34,224	34,934	37,990	39,210
Business licenses	26,009	25,849	28,667	29,301	29,889	28,640	28,935	30,557	28,529	29,929
Cigarette	7,176	7,161	8,097	7,926	7,409	7,821	7,784	7,860	7,492	7,889
Motor vehicle licenses	4,308	4,313	4,318	4,210	3,966	3,953	4,488	4,642	4,760	4,903
Other	16,528	15,698	18,665	18,124	16,618	18,280	18,424	18,909	21,277	22,127
Interest and investment earnings	892	1,065	916	563	783	164	291	249	270	1,212
Grants and contributions not restricted to specific programs	32,892	32,642	32,726	33,539	33,788	33,793	34,863	36,440	28,158	35,965
Miscellaneous	5,637	5,901	4,653	11,501	14,563	11,916	16,404	30,778	31,189	12,677
Gain on disposal of assets	-	-	-	1,734	-	-	-	-	-	-
Capital contributions Norfolk Public Schools	40,387	11,085	-	-	-	-	-	-	-	-
Transfers between governmental and business-type activities	13,054	10,052	10,087	10,114	10,052	10,033	10,000	10,000	10,000	30,309
Total governmental activities	502,816	470,161	455,055	467,093	475,043	483,666	490,987	518,467	520,888	561,050
Business-type activities:										
Interest and investment earnings	618	511	314	234	496	112	295	432	671	2,507
Grants and contributions not restricted to specific programs	148	557	371	1,626	219	214	149	150	142	134
Unrealized gain (loss) on investments	-	-	-	-	-	-	-	-	(52)	-
Miscellaneous	3,432	3,431	3,951	4,042	3,162	2,506	2,295	2,228	2,059	2,151
Gain (Loss) on disposal of assets	2,744	(157)	26	9	(88)	(2)	-	-	-	-
Transfers between governmental and business-type activities	(13,054)	(10,052)	(10,087)	(10,114)	(10,052)	(10,033)	(10,000)	(10,000)	(10,000)	(30,309)
Total business-type activities	(6,112)	(5,710)	(5,425)	(4,203)	(6,263)	(7,203)	(7,261)	(7,190)	(7,180)	(25,517)
Total primary governmental activities	496,704	464,451	449,630	462,890	468,780	476,463	483,726	511,277	513,708	535,533
<b>Change in Net Position</b>										
Governmental activities	(28,095)	(16,626)	(9,521)	24,768	17,161	11,087	24,272	7,826	3,967	29,580
Business-type activities	12,530	9,428	13,412	14,710	17,713	27,828	21,969	18,700	26,883	31,238
Total Primary Government changes in net position	\$ (15,565)	\$ (7,198)	\$ 3,891	\$ 39,478	\$ 34,874	\$ 38,915	\$ 46,241	\$ 26,526	\$ 30,850	\$ 60,818

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Nonspendable	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 139	\$ -	\$ -	-
Restricted	-	395	330	300	265	2,100	3,015	165	145	135
Committed	-	1,899	3,000	3,000	3,000	4,000	5,000	8,698	9,347	10,032
Assigned	-	38,014	34,839	33,919	23,901	25,904	26,557	36,605	44,118	65,603
Unassigned	-	55,968	54,338	54,055	58,100	65,580	73,077	70,652	70,962	76,138
Reserved <sup>(1)</sup>	8,296	-	-	-	-	-	-	-	-	-
Unreserved <sup>(1)</sup>	53,840	-	-	-	-	-	-	-	-	-
Total General Fund	<u>62,136</u>	<u>96,281</u>	<u>92,507</u>	<u>91,274</u>	<u>85,266</u>	<u>97,584</u>	<u>107,788</u>	<u>116,120</u>	<u>124,572</u>	<u>151,908</u>
Capital Projects Fund:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	41,063	95,053	-	10,933	-	-	-	-	-
Committed	-	11,978	14,376	13,637	14,480	14,704	6,170	-	-	4,105
Assigned	-	26,307	15,345	7,339	4,052	-	-	-	-	-
Unassigned	-	-	-	-	-	(84,624)	(216,480)	(190,871)	(128,799)	-
Reserved <sup>(1)</sup>	60,696	-	-	-	-	-	-	-	-	-
Unreserved <sup>(1)</sup>	86,260	-	-	-	-	-	-	-	-	-
Total Capital Projects Fund <sup>(2)</sup>	<u>146,956</u>	<u>79,348</u>	<u>124,774</u>	<u>20,976</u>	<u>29,465</u>	<u>(69,920)</u>	<u>(210,310)</u>	<u>(190,871)</u>	<u>(128,799)</u>	<u>4,105</u>
All Other Governmental Funds:										
Nonspendable	-	22	23	24	-	-	-	-	-	-
Restricted	-	2,621	9,474	10,811	10,864	8,385	9,397	6,223	6,340	6,554
Committed	-	11,259	3,246	2,454	5,050	2,764	3,138	5,872	7,323	7,705
Assigned	-	9,877	13,569	20,708	22,144	17,843	26,554	20,345	21,501	22,339
Unassigned	-	-	-	-	(1,556)	(2,913)	(2,689)	(932)	(823)	(66)
Reserved <sup>(1)</sup>	34,634	-	-	-	-	-	-	-	-	-
Unreserved <sup>(1)</sup>	14,008	-	-	-	-	-	-	-	-	-
Total other governmental funds	<u>48,642</u>	<u>23,779</u>	<u>26,312</u>	<u>33,997</u>	<u>36,502</u>	<u>26,079</u>	<u>36,400</u>	<u>31,508</u>	<u>34,341</u>	<u>36,532</u>
Total fund balance, governmental funds	<u>\$ 257,734</u>	<u>\$ 199,408</u>	<u>\$ 243,593</u>	<u>\$ 146,247</u>	<u>\$ 151,233</u>	<u>\$ 53,743</u>	<u>\$ (66,122)</u>	<u>\$ (43,243)</u>	<u>\$ 30,114</u>	<u>\$ 192,545</u>

(1) The City implemented GASB Statement No. 54 during fiscal year 2011. Prior year amounts have not been restated for the implementation of GASB 54.

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue:										
General property taxes	\$ 257,055	\$ 258,004	\$ 252,917	\$ 246,359	\$ 256,979	\$ 262,433	\$ 265,943	\$ 269,816	\$ 277,559	\$ 303,370
Other local taxes	153,615	153,886	161,234	163,297	161,499	164,270	166,034	169,539	174,139	177,263
Licenses and permits	3,526	3,691	3,574	4,098	3,089	3,013	3,038	3,576	3,292	4,118
Fines and forfeitures	1,164	1,298	1,108	1,102	1,242	1,264	1,111	921	1,068	1,027
Use of money and property	6,746	7,169	6,695	6,539	6,329	9,668	7,354	7,786	7,504	11,098
Charges for services	50,540	47,955	47,859	56,077	60,040	59,983	62,709	62,315	62,383	60,905
Miscellaneous	18,080	14,850	11,643	26,178	29,133	10,142	11,325	12,080	11,311	11,287
Recovered costs <sup>(1)</sup>	9,503	10,723	10,312	11,396	-	-	-	-	-	-
Intergovernmental	152,619	149,489	161,572	161,148	153,782	158,840	166,686	176,784	193,289	182,023
Total revenues	652,848	647,065	656,914	676,194	672,093	669,613	684,200	702,817	730,545	751,091
Expenditures:										
Current										
General government	97,061	80,855	100,504	112,804	109,292	110,904	118,468	127,367	131,203	136,987
Judicial administration	48,726	47,535	48,233	50,920	51,673	51,360	50,513	50,767	52,012	45,914
Public safety	115,488	115,975	116,296	117,427	113,394	112,055	116,436	121,494	123,905	127,610
Public works	59,574	70,124	62,330	54,427	55,267	61,369	58,716	63,231	66,882	62,511
Health and public assistance	89,682	79,757	74,331	88,413	88,671	85,631	85,815	87,330	86,702	87,554
Culture and recreation	51,708	45,862	44,529	47,153	46,705	48,765	44,531	44,825	45,968	45,399
Community development	10,851	16,565	15,142	15,128	12,482	12,303	13,677	14,994	22,237	28,212
Education	101,011	104,511	104,512	109,287	111,854	117,722	114,769	114,972	120,972	122,972
Debt service:										
Principal retirement	46,052	50,865	57,683	50,559	48,135	49,255	46,175	50,663	52,583	48,472
Interest and other charges	23,782	29,675	27,360	27,668	28,682	26,896	26,955	27,150	27,317	32,862
Debt issuance costs	-	-	-	-	1,127	680	318	-	907	1,823
Capital outlay	99,210	76,534	98,892	116,580	100,709	103,113	140,093	98,492	67,938	49,790
Total expenditures	743,145	718,258	749,812	790,366	767,991	780,053	816,466	801,285	798,626	790,106
(Deficiency) of revenues (under) expenditures	(90,297)	(71,193)	(92,898)	(114,172)	(95,898)	(110,440)	(132,266)	(98,468)	(68,081)	(39,015)
Other financing sources (uses):										
Proceeds of refunding bonds	-	84,136	74,859	-	73,428	74,094	-	49,378	27,744	-
Proceeds from capital leases	-	-	-	-	-	-	2,400	-	-	-
Proceeds from line of credit	-	-	-	-	-	1,000	-	-	-	-
Cost of issuance	-	-	-	-	1,127	811	-	(1,106)	-	-
Proceeds of debt (general obligation bonds and notes)	156,208	2,821	109,835	-	77,930	-	-	90,094	95,305	144,820
Payment to refunded bonds escrow agent	-	(84,136)	(74,859)	-	(79,964)	(81,267)	-	(55,684)	(31,799)	-
Premium on bonds issued	3,633	505	15,311	-	17,081	7,530	-	22,586	20,111	24,939
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Proceeds from sale or disposal of fixed assets	-	-	2,700	1,966	-	-	-	6,080	20,077	1,378
Operating transfers in	104,007	104,873	107,336	112,121	107,633	102,604	107,953	106,474	108,550	128,910
Operating transfers (out)	(90,953)	(95,332)	(97,899)	(132,006)	(95,224)	(92,571)	(97,953)	(96,474)	(98,550)	(98,601)
Total other financing sources (uses)	172,895	12,867	137,083	12,081	102,011	12,201	12,400	121,348	141,438	201,446
Net change in fund balances	\$ 82,598	\$ (58,326)	\$ 44,855	\$ (132,091)	\$ 6,113	\$ (98,239)	\$ (119,866)	\$ 22,880	\$ 73,357	\$ 162,431
Debt service as a percentage of noncapital expenditures	9.68%	12.19%	12.27%	11.57%	11.22%	11.28%	10.91%	10.95%	10.77%	11.03%

Note:

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

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities:</b>										
General government	\$ 19,736	\$ 21,795	\$ 10,466	\$ 10,833	\$ 5,077	\$ 12,739	\$ 7,798	\$ 6,725	\$ 7,570	\$ 10,376
Judicial administration	26,461	27,069	27,880	29,479	28,537	23,113	25,811	27,242	26,163	26,275
Public safety	7,459	12,335	14,217	15,980	11,116	14,226	11,662	12,606	14,991	11,762
Public works	55,542	61,552	77,436	68,326	63,124	76,359	69,609	77,639	98,084	74,029
Health and public assistance	62,585	52,280	51,654	62,657	62,224	57,059	72,181	70,931	60,539	60,707
Culture and recreation	23,976	10,330	11,573	26,284	25,837	9,947	17,301	10,020	9,489	10,050
Community development	7,532	10,040	8,538	10,266	7,626	7,498	8,255	8,360	17,316	27,018
Interest on long-term debt	849	-	2,115	2,587	3,021	2,417	2,419	2,544	2,497	2,281
Total governmental activities	<u>204,140</u>	<u>195,401</u>	<u>203,879</u>	<u>226,412</u>	<u>206,562</u>	<u>203,358</u>	<u>215,036</u>	<u>216,067</u>	<u>236,649</u>	<u>222,498</u>
<b>Business-type activities:</b>										
Water utility	79,349	80,703	78,335	76,585	81,757	85,925	81,087	84,718	86,944	111,927
Wastewater utility	23,815	24,362	24,798	25,469	27,219	28,144	27,823	29,065	30,342	31,222
Parking facilities	<u>18,785</u>	<u>19,682</u>	<u>19,452</u>	<u>19,162</u>	<u>20,414</u>	<u>19,596</u>	<u>19,612</u>	<u>20,576</u>	<u>22,149</u>	<u>21,717</u>
Total business-type activities	<u>121,949</u>	<u>124,747</u>	<u>122,585</u>	<u>121,216</u>	<u>129,390</u>	<u>133,665</u>	<u>128,522</u>	<u>134,359</u>	<u>139,435</u>	<u>164,866</u>
<b>Total primary government</b>	<u>\$ 326,089</u>	<u>\$ 320,148</u>	<u>\$ 326,464</u>	<u>\$ 347,628</u>	<u>\$ 335,952</u>	<u>\$ 337,023</u>	<u>\$ 343,558</u>	<u>\$ 350,426</u>	<u>\$ 376,084</u>	<u>\$ 387,364</u>



**City of Norfolk, Virginia**  
**Financial Trends Information**  
**Schedule 6**  
**Total Revenue by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
(Amounts in Thousands)

Fiscal Year	General Property Taxes	Other Local Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs <sup>(1)</sup>	Inter- governmental	Totals
2010	\$ 257,055	\$ 153,615	\$ 3,526	\$ 1,164	\$ 6,746	\$ 50,540	\$ 18,080	\$ 9,503	\$ 152,619	\$ 652,848
2011	258,004	153,886	3,691	1,298	7,169	47,955	14,850	10,723	149,489	647,065
2012	252,917	161,234	3,575	1,108	6,694	47,859	11,643	10,312	161,572	656,914
2013	246,359	163,297	4,098	1,102	6,539	56,077	26,178	11,396	161,148	676,194
2014	256,979	161,500	3,089	1,242	6,329	60,039	29,133	N/A	153,782	672,093
2015	262,433	164,271	3,013	1,264	9,668	59,983	10,141	N/A	158,840	669,613
2016	265,943	166,034	3,038	1,111	7,354	62,709	11,325	N/A	166,686	684,200
2017	269,816	169,539	3,576	921	7,786	62,315	12,080	N/A	176,784	702,817
2018	277,559	174,139	3,292	1,068	7,504	62,383	11,311	N/A	193,289	730,545
2019	303,370	177,263	4,118	1,027	11,098	60,905	11,287	N/A	182,023	751,091
Change 2010-2019	18.0%	15.4%	16.8%	-11.8%	64.5%	20.5%	-37.6%	N/A	19.3%	15.0%

**City of Norfolk, Virginia**  
**Financial Trends Information**  
**Other Local Tax Revenues by Source, Governmental Funds <sup>(2)</sup>**  
**Schedule 7**  
**Last Ten Fiscal Years**  
(Amounts in Thousands)

Fiscal Year	Consumption Utility Taxes	Sales and Use Taxes	Restaurant Food Taxes	Business License Taxes	Cigarette Taxes	Motor Vehicle Licenses	Other	Total
2010	\$ 44,053	\$ 28,249	\$ 27,292	\$ 26,009	\$ 7,176	\$ 4,308	\$ 16,528	\$ 153,615
2011	43,188	28,411	28,474	25,849	7,161	4,313	16,490	153,886
2012	43,588	27,599	30,300	28,667	8,097	4,318	18,665	161,234
2013	43,211	29,707	30,818	29,301	7,926	4,209	18,124	163,296
2014	43,055	29,436	31,127	29,689	7,409	3,966	16,618	161,500
2015	42,961	29,981	32,634	28,640	7,821	3,953	18,281	164,271
2016	41,849	30,330	34,224	28,535	7,784	4,488	18,424	166,034
2017	41,452	31,185	34,934	30,557	7,860	4,642	18,909	169,539
2018	41,292	32,799	37,990	28,529	7,492	4,760	21,277	174,139
2019	39,947	33,259	39,210	29,929	7,889	4,903	22,126	177,263
Change 2010-2019	-9.3%	17.7%	43.7%	15.1%	9.9%	13.8%	33.9%	15.4%

Notes:

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

N/A - Not Available

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

Fiscal Year	Real Property	Personal Property	Other Property	Total Taxable Assessed Value	Estimate Actual Taxable Value
2010	\$ 19,940,273	\$ 1,610,680	\$ 226,801	\$ 21,777,754	\$ 21,777,754
2011	19,320,642	1,832,276	230,756	21,383,674	21,383,674
2012	18,676,729	1,613,797	238,497	20,529,023	20,529,023
2013	18,319,947	1,532,337	241,023	20,093,307	20,093,307
2014	18,421,412	1,512,332	258,302	20,192,046	20,192,046
2015	18,734,201	1,902,442	255,710	20,892,353	20,892,353
2016	19,106,737	1,952,955	277,301	21,336,993	21,336,993
2017	19,433,889	2,219,662	265,149	21,918,700	21,918,700
2018	19,870,881	1,938,053	288,054	22,096,988	22,096,988
2019	20,345,182	2,006,838	281,245	22,633,265	22,633,265

**Notes:**

1. Real property and personal property includes both general and public service corporations.
2. Other property includes machinery and tools, mobile homes, airplanes and boats.
3. Estimated actual taxable property values are based on data supplied by the City's Commissioner of the Revenue and the City Assessor.

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Property tax rate per \$100 of assessed value:										
Real property	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.11	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.15	\$ 1.25
Downtown improvement district	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16
Personal property	4.25	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33	4.33
Machinery and tools	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Mobile homes	1.11	1.11	1.11	1.11	1.15	1.11	1.15	1.15	1.15	1.25
Airplanes	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
Boats (pleasure)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Boats (business)	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreational vehicles	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Disabled veterans	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total direct tax rate	1.19	1.19	1.21	1.22	1.22	1.22	1.24	1.23	1.25	1.25
Assessed value of real property as a percent of fair market value:										
As determined by the City Assessor	100%	96%	100%	100%	98%	100%	100%	100%	100%	100%
As determined by the Commonwealth's Department of Taxation	96%	N/A	100%	100%	99%	100%	99%	97%	97%	97%

Notes:

1. Cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of a county government since they are located outside of any county boundaries.
2. The real property and personal property assessments for public service corporations are based on information furnished to the Commissioner of the Revenue by the State Corporation Commission and the Commonwealth's Department of Taxation for calendar years 2010 through 2019.
3. The most recent Virginia Assessment/Sales ratio study is for 2018.
4. The total direct tax rate is calculated using a weighted average formula that combines real, personal and other property using the original property tax levy and total taxable property assessed value.

N/A - Not available

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

Taxpayer	2010			2019		
	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Real Property Taxable Assessed Value	Rank	Percentage of Total Assessed Value
MacArthur Shopping Center	164,302,700	2	0.82%	232,330,500	1	1.14%
Virginia Power Co.	\$ 250,544,353	1	1.26%			
ODU Real Estate Foundation	146,219,200	3	0.73%	140,054,800	2	0.69%
Verizon Virginia Inc.	137,765,205	4	0.69%			
Northern Southern	114,940,468	5	0.58%	88,591,700	3	0.44%
SLNWC Office Company LLC				81,533,700	4	0.40%
Norfolk Hotel Associates LLC				73,192,400	5	0.36%
LCP Waterside Hotel Owner, LLC				73,104,600	6	0.36%
Bank of America	88,003,700	6	0.44%			
Ford Motor Company	82,579,100	7	0.41%			
Cox Virginia Telecom	72,055,257	8	0.36%			
Dominion Enterprises				69,320,500	7	0.34%
MPB, Inc.				67,445,200	8	0.33%
Military Circle LLC	66,280,400	9	0.33%	65,274,400	9	0.32%
WIM Core Portfolio Owner, LLC				63,811,400	10	0.31%
Virginia Natural Gas, Inc.	61,520,006	10	0.31%			
	<u>\$ 1,184,210,389</u>		<u>5.94%</u>	<u>\$ 954,659,200</u>		<u>4.69%</u>
	\$ 19,940,273,451			\$ 20,345,181,583		

Note:

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

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

Tax Year	Original Tax Levy	Adjusted Tax Levy <sup>(1)</sup>	Current Collections	Percent of Current Collections to Tax Levy <sup>(2)</sup>	Delinquent Collections	Total Collections	Percentage of Total Collections to Tax Levy <sup>(2)</sup>
2010	\$ 258,544	\$ 257,715	\$ 239,192	92.81%	\$ 18,495	\$ 257,687	99.99%
2011	254,756	253,375	235,518	92.95%	17,829	253,347	99.99%
2012	247,528	247,398	233,396	94.34%	13,965	247,361	99.99%
2013	244,309	243,683	229,872	94.33%	13,768	243,640	99.98%
2014	254,008	254,598	240,481	94.46%	12,630	253,111	99.42%
2015	256,040	260,734	245,803	94.27%	13,395	259,198	99.41%
2016	264,043	265,482	251,933	94.90%	11,719	263,652	99.31%
2017	268,718	269,672	255,712	94.82%	11,678	267,390	99.15%
2018	275,648	277,578	262,585	94.60%	10,953	273,538	98.54%
2019	300,270	300,270	285,588	95.11%	-	285,588	95.11%

Notes:

- Adjusted Tax Levy has been adjusted to reflect residual taxable amount after exonerations and reassessments. Information obtained from Office of the City Treasurer.
- Percentage of Collections to Tax Levy are calculated using the adjusted Tax Levy amounts. Taxes collected during the current year that relate to prior years are included in the year assessed. Total collections for the year ended June 30, 2019, were \$301,309,000 of which \$15,721,000 are for prior years and are included under the column entitled "Delinquent Collections."

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

Fiscal Year	General Obligation Bonds	General Obligation Notes/ Line of Credit	Revenue Bonds	Total Outstanding Debt	Outstanding Debt per Capita (Actual)	% of Personal Income	Debt to Net Position Ratio
Governmental Activities							
2010	\$ 699,748	\$ 1,812	\$ -	\$ 701,560	\$ 2,889	8.46%	0.50
2011	651,755	1,208	-	652,963	2,677	7.72%	0.52
2012	717,407	-	-	717,407	2,919	8.07%	0.46
2013	664,909	-	-	664,909	2,699	7.25%	0.54
2014	718,937	-	-	718,937	2,918	7.82%	0.52
2015	665,809	1,000	-	666,809	2,698	7.06%	0.33
2016	611,876	175,289	-	787,165	3,186	8.34%	0.31
2017	664,941	189,803	-	854,744	3,471	N/A	0.30
2018	720,180	156,574	-	876,754	N/A	N/A	0.29
2019	831,837	9,800	-	841,637	N/A	N/A	0.30
Business-Type Activities							
2010	\$ 201,701	\$ -	\$ 403,485	\$ 605,186	\$ 2,492	7.30%	0.55
2011	189,782	-	445,687	635,469	2,606	7.51%	0.54
2012	193,729	-	439,410	633,139	2,576	7.12%	0.56
2013	184,119	-	486,832	670,951	2,723	7.32%	0.55
2014	259,717	-	410,401	670,118	2,720	7.29%	0.57
2015	247,490	-	443,911	691,401	2,797	7.32%	0.57
2016	236,084	16,711	436,720	689,515	2,791	7.31%	0.61
2017	258,922	10,089	424,459	693,470	2,816	N/A	0.63
2018	261,164	10,000	442,381	713,545	N/A	N/A	0.65
2019	217,515	9,220	443,646	670,381	N/A	N/A	0.69
Total Primary Governmental Activities							
2010	\$ 901,449	\$ 1,812	\$ 403,485	\$ 1,306,746	\$ 5,382	15.76%	0.57
2011	841,537	1,208	445,687	1,288,432	5,283	15.23%	0.54
2012	911,136	-	439,410	1,350,546	5,494	15.19%	0.51
2013	849,028	-	486,832	1,335,860	5,422	14.57%	0.55
2014	978,654	-	410,401	1,389,055	5,638	15.11%	0.49
2015	913,299	1,000	443,911	1,358,210	5,495	14.39%	0.46
2016	847,960	192,000	436,720	1,476,680	5,976	15.65%	0.45
2017	923,863	199,892	424,459	1,548,214	6,287	N/A	0.45
2018	981,344	166,574	442,381	1,590,299	N/A	N/A	0.45
2019	1,049,352	19,020	443,646	1,512,018	N/A	N/A	0.47

Note:

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

N/A - not available

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

Fiscal Year	Gross Bonded Debt (in thousands)	Debt Payable from Enterprise Revenue (in thousands)	Net Bonded Debt (in thousands)	Assessed Value of Taxable Property (in thousands)	Population	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2010	\$ 901,449	\$ 201,701	\$ 699,748	\$ 21,777,754	\$ 242,803	3.21%	\$ 2,882
2011	841,537	189,782	651,755	21,383,674	243,985	3.05%	2,671
2012	911,136	193,729	717,407	20,529,023	245,803	3.49%	2,919
2013	849,028	184,119	664,909	20,093,307	246,392	3.31%	2,699
2014	978,654	259,717	718,937	19,788,842	246,394	3.63%	2,918
2015	914,299	247,490	665,809	20,892,353	247,189	3.19%	2,694
2016	1,039,960	252,795	787,165	21,366,996	247,087	3.68%	3,186
2017	1,123,755	269,011	854,744	21,518,700	246,256	3.90%	3,471
2018	1,147,918	271,164	876,754	22,096,988	N/A	3.97%	N/A
2019	1,068,372	226,735	841,637	22,633,265	N/A	3.72%	N/A

Notes:

1. Assessed value of taxable property is detailed in Revenue Capacity Schedule 1.
2. The source of 2011 through 2018 population estimates is the Weldon Cooper Center for Public Service, University of Virginia. The source for the 2010 population estimate is the U.S. Census Bureau.
3. Gross Bonded Debt includes unamortized premiums.

N/A - not available

**City of Norfolk, Virginia**  
**Debt Capacity Information**  
**Schedule 3**  
**Computation of Direct Bonded Debt**  
**June 30, 2019**

	Jurisdiction	Gross Bonded Debt (in thousands)	% Applicable to Government	\$ Applicable to Government (in thousands)
Direct:	City of Norfolk	\$ 1,068,372	100%	\$ 1,068,372

Note:

1. There is no overlapping debt because cities in Virginia have jurisdiction over the entire area within their boundaries and operate independently of any municipal government.

City of Norfolk, Virginia  
Debt Capacity Information  
Schedule 4  
Legal Debt Margin  
June 30, 2019

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total assessed value of taxed real property	\$ 19,940,273,451	\$ 19,320,643,495	\$ 18,676,730,533	\$ 18,319,948,478	\$ 18,421,412,121	\$ 18,734,201,726	\$ 19,106,737,956	\$ 19,433,889,018	\$ 19,870,880,970	\$ 20,344,603,804
Debt Limit - 10% of total assessed valuation	1,994,027,345	1,932,064,350	1,867,673,053	1,831,994,848	1,842,141,212	1,873,420,173	1,910,673,796	1,943,388,902	1,987,088,097	2,034,460,380
Net debt applicable to debt limitation	889,556,676	829,621,927	877,060,431	818,068,050	912,700,343	914,299,379	988,381,839	1,065,983,734	1,079,595,115	988,038,371
Legal Debt Margin	\$ 1,104,470,669	\$ 1,102,442,422	\$ 990,612,622	\$ 1,013,926,798	\$ 929,440,869	\$ 959,120,794	\$ 922,291,955	\$ 877,405,167	\$ 907,492,982	\$ 1,046,422,009
Net debt percentage of debt limitation	44.61%	42.94%	46.96%	44.65%	49.55%	48.80%	51.73%	54.85%	54.33%	48.57%



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

Fiscal Year	Revenue Available for Debt Service <sup>(1)</sup>	Operating Expenses Less Depreciation & Amortization <sup>(2)</sup>	Income Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 82,470,020	\$ 34,567,741	\$ 47,902,279	\$ 9,420,000	\$ 15,929,680	\$ 25,349,680	1.89
2011	83,737,444	37,068,753	46,668,691	9,875,000	16,527,844	26,402,844	1.77
2012	81,295,219	34,667,524	46,627,695	1,285,000	11,184,363	22,469,363	2.08
2013	80,091,220	34,810,702	45,280,518	7,000,000	14,700,777	21,700,777	2.09
2014	82,078,002	34,466,877	47,611,125	7,250,000	15,630,219	22,880,219	2.08
2015	85,490,793	36,882,803	48,607,990	7,805,000	13,905,866	21,710,866	2.24
2016	83,103,038	32,731,817	50,371,221	8,750,000	16,612,870	25,362,870	1.99
2017	86,970,065	37,735,743	49,234,322	10,090,000	15,988,725	26,078,725	1.89
2018	89,419,996	34,889,820	54,530,176	13,860,000	14,376,733	28,236,733	1.93
2019	115,557,713	36,530,929	79,026,784	14,200,000	15,858,467	30,058,467	2.63

**Notes:**

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

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

Fiscal Year	Revenue Available for Debt Service <sup>(1)</sup>	Operating Expenses Less Depreciation & Amortization <sup>(2)</sup>	Income Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2010	\$ 24,122,430	\$ 11,168,344	\$ 12,954,086	\$ 425,000	\$ -	\$ 425,000	30.48
2011	24,856,689	11,375,370	13,481,319	850,000	-	850,000	15.86
2012	25,695,602	10,860,728	14,834,874	1,225,000	-	1,225,000	12.11
2013	25,898,789	11,541,897	14,356,892	1,725,000	-	1,725,000	8.32
2014	27,409,238	10,767,704	16,641,534	1,957,500	-	1,957,500	8.50
2015	28,241,721	10,581,959	17,659,762	2,490,000	-	2,490,000	7.09
2016	28,028,027	10,347,338	17,680,689	3,019,967	-	3,019,967	5.85
2017	29,246,659	12,826,121	16,420,538	3,488,443	-	3,488,443	4.71
2018	30,336,506	11,186,214	19,150,292	3,856,919	-	3,856,919	4.97
2019	31,582,034	11,291,981	20,290,053	4,525,669	-	4,525,669	4.48

**Notes:**

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

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

Fiscal Year	Principal on Serial Bonds	Redemption of Other Long-term Debt	Interest on Serial Bonds	Interest on Other Debt	Total Debt Service	Total General Expenditures	Ratio of Debt Service to Total General Expenditures
2010	\$ 45,496,455	\$ 1,529,811	\$ 22,898,993	\$ 4,448	\$ 69,929,707	\$ 567,371,918	12.33%
2011	49,650,794	-	28,802,303	-	78,453,097	577,669,780	13.58%
2012	55,716,041	-	26,525,905	-	82,241,946	590,849,686	13.92%
2013	50,558,810	-	27,668,004	-	78,226,814	594,180,698	13.17%
2014	48,400,297	-	28,682,414	-	77,082,711	588,506,007	13.10%
2015	49,212,914	-	26,896,108	-	76,109,022	593,478,745	12.82%
2016	46,175,445	-	26,955,137	-	73,130,582	596,768,904	12.25%
2017	50,663,318	-	27,149,634	-	77,812,952	618,253,753	12.59%
2018	52,583,233	-	27,316,523	-	79,899,756	644,120,067	12.40%
2019	49,121,542	-	32,211,610	-	81,333,152	661,339,026	12.30%

Notes:

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

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

Year	Population	Personal Income (000's)	Per Capita Personal Income	Civilian Labor Force Estimates	% Unemployed
2009	241,725	8,276,010	34,237	98,751	8.5%
2010	242,803	8,380,127	34,501	112,449	8.8%
2011	243,985	8,608,415	35,342	112,932	8.3%
2012	245,803	8,928,833	36,308	112,848	7.6%
2013	246,392	8,842,338	36,066	112,742	7.0%
2014	246,394	9,122,284	37,052	112,175	6.4%
2015	247,189	9,529,615	38,676	111,318	5.6%
2016	247,087	9,433,045	35,940	110,644	5.2%
2017	246,256	9,811,229	40,094	113,166	4.9%
2018	245,741	-	-	112,100	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 2019.
2. Personal income and per capita personal income estimates from U.S. Bureau of Economic Analysis. Data not available for 2019.
3. Unemployment rate and civilian labor force from the U.S. Bureau of Labor Statistics.
4. All information on an average annual calendar year.

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

Employer	Rank	
	2010	2019
U.S. Department of Defense	1	1
Sentara Healthcare	3	2
Norfolk City School Board/Public Schools	2	3
City of Norfolk	4	4
Old Dominion University	5	5
Children's Hospital of the King's Daughters	6	6
Portfolio Recovery Associates	10	7
Eastern Virginia Medical School - Medical College of Hampton Roads	9	8
The Wellpoint Companies		9
Norfolk State University	8	10
Norshipco	7	
Total Employment	93,314	139,076

Notes:

1. The source of the City's top ten employers is the Virginia Employment Commission.
2. The data for 2019 is the quarter ended December 2018, as that is the most current data available.
3. The source of the City's total employment is the Bureau of Labor Statistics, 1<sup>st</sup> Quarter 2010 and 1<sup>st</sup> Quarter 2019.
4. Each of the top 10 employers has 1000+ employees. The actual number of employees for each employer was not available.

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

Fiscal Year	Residential Construction			Non-Residential Construction	
	Building Permits	Number of Units	Estimated Value (in thousands)	Building Permits	Estimated Value (in thousands)
2010	191	621	\$ 58,729	35	\$ 104,922
2011	221	479	37,298	27	40,073
2012	268	371	39,360	26	116,401
2013	384	822	63,728	28	105,635
2014	432	1,393	93,072	33	37,575
2015	399	729	59,018	36	233,824
2016	384	894	74,377	20	91,171
2017	459	1,193	68,571	25	82,443
2018	346	597	54,899	15	118,459
2019	274	1,125	83,245	31	238,513

**Notes:**

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

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

	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Goods-Producing Industries:										
Construction	5.0	4.7	4.4	4.1	3.8	3.8	4.2	4.1	4.6	4.5
Manufacturing	7.1	6.8	6.5	6.8	6.7	6.1	6.3	6.0	6.1	6.7
Service-Providing Industries:										
Wholesale trade	4.3	4.1	3.9	3.7	3.5	3.5	3.5	3.5	3.3	2.1
Retail trade	12.9	12.8	12.9	12.6	12.8	12.7	12.7	12.7	12.8	12.3
Transportation and warehousing	8.8	8.8	8.8	9.0	8.8	8.8	8.8	8.6	8.6	8.2
Information	3.0	2.7	2.5	2.9	2.9	2.8	2.9	3.0	2.9	2.4
Finance and insurance	6.1	5.4	5.5	5.3	5.3	5.6	5.2	5.3	5.1	5.2
Real estate and rental and leasing	2.7	2.6	2.6	2.5	2.7	2.6	2.6	2.5	2.6	2.4
Professional and technical services	11.7	11.6	11.5	11.0	11.4	11.0	10.5	10.4	10.7	10.9
Management of companies and enterprises	2.3	2.1	2.0	2.0	1.9	1.8	1.7	1.6	1.6	1.8
Administrative, support and waste services	6.6	6.6	7.4	6.8	7.6	7.7	7.7	7.3	8.3	9.3
Educational services	16.1	16.1	15.9	16.0	16.1	15.9	15.6	15.4	15.0	3.5
Healthcare and social assistance	20.7	21.0	21.9	22.4	22.4	21.8	22.0	22.8	23.1	21.8
Arts, entertainment and recreation	2.3	2.2	2.3	2.3	2.3	2.3	2.2	2.3	2.3	1.9
Accommodation and food services	10.3	10.3	10.9	10.9	10.6	10.5	10.9	11.2	11.5	11.3
Public administration	14.1	13.9	14.2	14.4	12.7	12.4	18.0	18.4	18.2	18.3
Other services	3.8	3.8	4.0	4.1	4.2	4.3	4.1	4.2	4.5	4.5
Total (adjusted for rounding)	138.7	136.3	138.0	137.8	136.4	134.4	139.7	140.2	141.9	142.7

**Notes:**

1. Labor Market Statistics, Virginia Employment Commission is the source of annual employment averages by industry.
2. All information on an average annual calendar year.
3. This schedule includes data for the ten-year period 2009 - 2018 as calendar year. Calendar year data not available for 2019.

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	438	492	501	461	425	473	450	453	441	442
Judicial administration	14	12	10	13	12	10	10	10	10	11
Public safety										
Police	878	891	879	828	837	823	838	874	843	843
Fire	517	510	517	507	504	489	489	504	482	482
Other	83	90	90	77	76	76	74	70	65	65
Public works	440	431	427	395	388	369	383	387	379	379
Health and public assistance	485	532	534	709	697	697	715	710	686	686
Culture and recreational	509	512	501	459	456	429	442	446	455	455
Community development	113	137	142	94	96	103	128	132	131	131
Business-type activities:										
Water utility	269	289	289	266	273	265	262	259	258	258
Wastewater utility	95	103	104	99	99	95	94	92	91	91
Parking facilities	87	85	85	85	76	63	58	53	54	54
 Total full-time equivalent positions	 3,928	 4,084	 4,079	 3,993	 3,937	 3,892	 3,941	 3,990	 3,895	 3,895

Note:

1. Data obtained from the City's Human Resources Information System.



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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police:										
Service calls	245,336	241,282	251,099	245,620	259,938	240,459	241,530	235,763	247,070	239,755
Arrests	28,069	27,930	29,080	27,073	25,850	21,404	19,364	17,938	19,382	19,499
Reports filed	31,487	30,507	28,649	28,035	26,060	26,039	27,322	27,287	24,168	23,286
Fire:										
Incidences (fires, EMS)	40,234	40,641	45,350	44,370	43,713	44,699	46,670	47,232	45,039	44,817
Highways and Streets:										
Streets resurfacing (miles)	69	67	139	53	76	26	41	78	77	74
Sanitation:										
Total solid waste collected and disposed (tons)	100,480	84,162	89,106	83,297	79,382	80,128	84,162	87,851	81,974	86,568
Water Utilities:										
Water delivered to water mains (gallons in thousands)	22,666,500	22,810,560	22,039,690	21,532,680	21,147,530	21,530,000	21,349,210	21,920,310	21,498,500	21,364,650
Total water consumption (gallons in thousands)	21,280,000	21,155,000	20,360,972	20,109,000	20,241,312	20,054,780	19,282,870	19,649,330	19,548,271	19,178,839
Percent of unmetered water	6.11%	7.25%	7.62%	6.62%	4.29%	6.85%	9.68%	10.36%	9.07%	10.23%
Average daily delivery (gallons in thousands)	62,100	62,494	60,217	58,994	57,938	59,000	58,320	60,060	59,900	59,890
Maximum daily pumpage (gallons in thousands)	76,400	80,200	76,310	74,640	74,890	88,970	67,610	72,220	81,000	69,940
Minimum daily pumpage (gallons in thousands)	52,200	52,350	50,070	49,890	48,030	51,110	51,010	48,120	50,000	49,790

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety:										
Police										
Stations	3	3	3	3	3	3	3	3	3	3
Fire										
Fire stations	14	14	14	14	14	14	14	14	14	14
Education:										
High schools	5	5	5	5	5	5	5	5	5	5
Middle schools	8	8	8	8	8	7	8	8	8	8
Elementary (K - 8 & Pre K - 8)	35	35	34	33	33	33	33	33	33	33
Other educational facilities	5	5	6	6	6	7	10	10	10	10
Libraries	11	11	11	11	11	11	11	11	12	12
Public Recreation:										
Parks:										
Acreage	587	587	587	587	587	587	630	630	630	630
Regional parks	2	2	2	2	2	2	2	2	2	2
Neighborhood parks	71	71	71	71	71	71	72	72	72	72
Preserves and nature areas	1	1	1	1	1	1	1	1	1	1
Nature education centers	1	1	1	1	1	1	1	1	1	1
Playgrounds	101	101	101	102	105	106	106	106	106	106
Hiking trails (miles)	2	2	2	2	2	2	5	5	5	5
Recreation:										
Acreage	957	957	957	957	957	957	981	981	981	981
Recreational and senior centers	30	30	30	30	30	30	30	30	30	30
Swimming pools	6	6	6	6	6	6	6	6	6	6
Tennis courts	148	148	142	142	142	142	142	142	142	142
Baseball/softball diamonds	86	86	86	86	86	86	86	86	86	86
Football/soccer fields	49	49	49	49	49	49	49	49	49	49
Field hockey	3	3	3	3	3	3	3	3	3	3
Basketball courts	203	203	201	201	201	201	201	201	201	201
Municipal beaches	3	3	3	3	3	3	3	3	3	3
Municipal golf courses	3	3	3	3	3	2	2	2	2	2
Public Services:										
Transportation and Engineering:										
Streets (lane miles)	2,188	2,188	2,189	2,174	2,175	2,166	2,195	2,213	2,220	2,250
Sidewalks (miles)	968	968	968	968	887	887	902	902	906	909
Bridges	50	50	50	50	50	52	52	53	53	53
Signalized intersections	301	304	305	304	311	312	312	313	315	315
Street lights	30,717	31,277	31,132	31,138	31,138	31,269	31,289	32,081	32,121	32,786
Utilities:										
Water customer accounts	66,140	64,289	64,440	64,654	64,856	65,687	65,426	65,673	65,984	66,151
Miles of water main in the system	835	838	824	826	828	828	821	822	821	822
Capital assets (in '000)										
Water fund	\$ 442,304	\$ 448,407	\$ 470,466	\$ 480,999	\$ 487,577	\$ 503,659	\$ 533,746	\$ 561,297	\$ 566,863	\$ 570,315
Wastewater fund	183,974	198,842	214,308	229,891	238,931	249,210	261,039	266,307	272,992	280,035
Total utilities assets (in '000)	\$ 626,278	\$ 647,249	\$ 684,774	\$ 710,890	\$ 726,508	\$ 752,869	\$ 794,785	\$ 827,604	\$ 839,855	\$ 850,350
Convention Center:										
Meeting rooms	8	8	8	8	8	8	8	58	58	58
Meeting/ballroom space/exhibit (square feet)	68,130	68,130	68,130	68,130	68,130	68,130	68,130	118,879	118,879	118,879
Parking Facilities:										
Parking lots/garages	26	25	24	24	24	24	25	27	27	27
Parking meters	584	584	756	738	752	676	643	643	643	643
Storm Water Management:										
Miles of storm sewers	357	357	357	366	386	386	404	385	385	385

City of Norfolk, Virginia  
Operating Information  
Schedule 4  
Water System Statistics  
As of June 30, 2019

**Average Metered Consumption (million gallons per day)**

Fiscal Year	Norfolk Retail	Virginia Beach	U.S. Navy	Chesapeake	Total
2011	17.4	33.7	4.3	2.2	57.6
2012	17.1	32.4	4.0	2.3	55.8
2013	16.8	32.2	4.0	2.5	55.5
2014	16.7	31.8	4.3	2.3	55.1
2015	16.8	30.8	5.0	2.3	54.9
2016	15.8	30.9	4.2	2.0	52.9
2017	15.7	31.5	4.6	2.1	53.9
2018	15.6	30.7	5.1	2.2	53.6
2019	15.5	30.2	4.9	2.0	52.6

**Retail Customers' Average Annual Costs - Norfolk Retail**

Fiscal Year	Revenue	Volume (Mgal <sup>1</sup> )	Average Cost (\$/Mgal <sup>1</sup> )
2011	\$ 34,472,000	6,362,000	\$ 5.42
2012	33,537,000	6,241,000	5.37
2013	33,813,000	6,134,000	5.51
2014	34,920,000	6,092,000	5.73
2015	35,846,000	6,136,000	5.84
2016	35,288,000	5,769,000	6.12
2017	36,213,000	5,717,000	6.33
2018	37,929,000	5,702,000	6.65
2019	38,776,000	5,659,000	6.85

**Wholesale Customers' Average Annual Costs - Virginia Beach**

Fiscal Year	Revenue	Volume (Mgal <sup>1</sup> )	Average Cost (\$/Mgal <sup>1</sup> )
2011	\$ 28,703,000	12,307,800	\$ 2.33
2012	25,519,000	11,826,000	2.16
2013	22,643,000	11,739,000	1.93
2014	23,188,000	11,814,000	1.95
2015	23,771,000	11,257,000	2.11
2016	23,731,000	11,263,000	2.11
2017	24,722,000	11,489,000	2.15
2018	23,548,000	11,200,000	2.10
2019	25,158,000	11,015,000	2.28

**Wholesale Customers' Average Annual Costs -**

**U.S. Navy, including Norfolk and Virginia Beach Facilities**

Fiscal Year	Revenue	Volume (Mgal <sup>1</sup> )	Average Cost (\$/Mgal <sup>1</sup> )
2011	\$ 8,837,000	1,562,000	\$ 5.66
2012	8,534,000	1,460,000	5.85
2013	8,768,000	1,444,000	6.07
2014	9,927,000	1,571,000	6.32
2015	12,017,000	1,838,000	6.54
2016	10,356,000	1,530,000	6.77
2017	11,710,000	1,662,000	7.05
2018	13,310,000	1,844,000	7.22
2019	13,315,000	1,774,000	7.51

**Wholesale Customers' Average Annual Costs - Chesapeake**

Fiscal Year	Revenue	Volume (Mgal <sup>1</sup> )	Average Cost (\$/Mgal <sup>1</sup> )
2011	\$ 4,299,000	803,000	\$ 5.35
2012	4,691,000	840,000	5.58
2013	5,099,000	897,500	5.68
2014	4,912,000	835,300	5.88
2015	5,009,000	823,800	6.08
2016	4,718,000	720,000	6.55
2017	5,100,000	781,000	6.53
2018	5,471,000	802,000	6.82
2019	5,148,000	718,000	7.17

<sup>(1)</sup> "Mgal" means 1,000 gallons

**Additional Information:**

1) Water Utility Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget, July 1, 2017 - June 30, 2018  
July 1, 2018 - June 30, 2019

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

3) Financial information on the Water Utility Fund is provided in the "Introductory Section" and the "Financial Section" of each respective year's Comprehensive Annual Financial Report.

**City of Norfolk, Virginia**  
**Operating Information**  
**Schedule 5**  
**Wastewater System Statistics**  
**As of June 30, 2019**

**The Wastewater System**

The City owns and operates a sanitary sewer system (the "Wastewater System") that collects and conveys wastewater to the regional treatment agency, the Hampton Roads Sanitation District.

Approximate population served	244,076 citizens
Total wastewater pumping stations	135 pump stations
Miles of gravity wastewater mains	685 miles
Miles of wastewater force mains	68 miles

**Organization and Management**

The Department of Utilities is responsible for the operation of two enterprise funds, the Water Utilities Fund and the Wastewater Utilities Fund. Kristen M. Lentz, P.E. is the Director of Utilities, and Robert Carteris is the Assistant Director of Utilities. The Department, which is comprised of eight divisions, is organized as follows: Water Production, Water Quality, Wastewater, Water Distribution, Water Accounts, Engineering, Accounting & Budget and the Director's Office.

**Rates**

Each customer using the Wastewater System is charged at a rate based on the water meter flow unless an effluent meter is used. In the absence of an effluent meter, the water meter flow is used. Rates are set by City Council. Effective in Fiscal Year 2005, the City Council established a long-term retail rate plan and starting in 2006, Fiscal Year wastewater rates increase annually by 4.0% and produces the following rates:

<b>Fiscal Year</b>	<b>Retail Rate</b>
2018	\$4.13 per 100 cubic feet
2019	\$4.30 per 100 cubic feet
Thereafter	4.0% annual increases each July 1

**Largest Users**

<b>Rank</b>	<b>Entity</b>	<b>Usage (CCF)</b>
1	Norfolk Redevelopment and Housing Authority	462,716
2	BAE Systems	145,015
3	Old Dominion University	133,716
4	Sentara Norfolk General	126,408
5	Virginia International Terminals	69,248

**Operating Income**

	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2019</b>
Total Operating Revenues	\$ 29,240,091	\$ 30,315,078	\$ 31,309,706
Total Operating Expenses	19,452,987	18,039,472	18,280,874
Total Operating Income	<u>\$ 9,787,104</u>	<u>\$ 12,275,606</u>	<u>\$ 13,028,832</u>

**City of Norfolk, Virginia  
Operating Information  
Schedule 6  
Parking System Statistics  
As of June 30, 2019**

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

Time	Hourly Rates	Time	Hourly Rates
0 to 1 Hour	\$1.50	6 PM to 9 PM/Collect-On-Entry	\$3.00
1 to 2 Hours	\$3.00	9 PM to 3 AM/Collect-On-Entry	\$5.00
2 to 3 Hours	\$4.50	Special Event Rate/Collect-On-Entry	\$5.00
3 to 4 Hours	\$6.00		
4 to 5 Hours	\$7.50		
5 to 6 Hours	\$9.00		
6 to 7 Hours	\$10.50		
7 to 8 Hours	\$12.00		
Maximum Daily Rate (up to 24 Hours)	\$13.00		
Lost Ticket/Per Day	\$13.00		

**Short-term Parking Rates at the MacArthur Center Garages**

Monday - Friday	Saturday & Sunday
\$1.00 for first hour - third hour	\$1.00 for entry prior to 6 PM
\$2.00 for each additional hour until 6 PM	\$2.00 for entry after 6 PM
\$2.00 for entry after 6 PM	
Maximum of \$10.00 per 24-hour period	Maximum of \$10.00 per 24-hour period

**Special Event Rates**

All facilities, except the MacArthur Center Garages, have a collect-on-entry, special event rate of \$5.00 per vehicle. The MacArthur Center Garages special event fee is \$2.00 per vehicle.

**Metered Parking Rates**

Metered Area	General Location	Hourly Rate
Tier 1	All streets west of St. Paul's Boulevard, City Hall Avenue and south, Waterside Drive and north, and all streets east of Boush Street including Boush Street	\$0.45 per 15 minutes
Tier 2	All remaining downtown areas with meters	\$0.35 per 15 minutes
Education Lot	Corner of St. Paul's Boulevard and City Hall Avenue	\$0.50 per 30 minutes
Spotswood Lot	Located off Colley Avenue, between Brandon and Spotswood Avenue	\$0.50 per half hour; \$2.00 maximum four-hour limit
ODU Village	161 meters located on 41 <sup>st</sup> , 43 <sup>rd</sup> , 45 <sup>th</sup> , 46 <sup>th</sup> , 47 <sup>th</sup> Street and Monarch Way	\$0.50 per 30 minutes

**Monthly Parking Rates at all City-Owned Facilities**

Daytime rates vary from \$37.00 unreserved per month in outlying lots to \$130.00 for reserved spaces in the core downtown. Nightly monthly parking rates vary from \$20.00 per month to \$43.00 per month.

**Parking Fines**

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

**Parking Fines**

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

**Additional Information**

1) Parking Facilities Fund Annual Budget is contained in the City of Norfolk Approved Operating Budget.  
July 1, 2017 - June 30, 2018  
July 1, 2018 - June 30, 2019

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

## General Ledger Balances Per 614

4002 Real Property Delinquent	(4,987,304.10)
4012 Real Prop PSC Delinquent	0.00
4022 Pers Prop. Delinquent	(8,864,586.66)
4042 Taxes- Mobile Home Delinquent	(5,287.27)
4052 Machinery and Tools -Delinquent	(242,620.45)
	<u>(14,099,798.48)</u>

4001 Real Property Current	(178,524,674.44)
4005 Real Property BID Current	(1,659,597.17)
4011 Real Property PSC	(8,815,091.41)
4021 PP Current	(32,679,308.72)
4031 PP-PSC	(112,389.96)
4041 Mobile Homes Current	(9,607.62)
4051 Machinery and Tools - Current	(5,409,309.97)
	<u>(227,209,979.29)</u>

4003 R/E Tax Refunds	201,108.86
4020 PP Tax Refunds	6,334.89
	<u>207,443.75</u>

Total Current Collections (227,002,535.54)

Total All Collections (241,102,334.02)

## FY18

## Real Estate

1st Quarter-Land Book	18,926,923,100
2nd Quarter-Land Book	48,111,600
3rd Quarter-Land Book	42,201,100
4th Quarter-Land Book	25,417,100
Public Service Corporation (PSC)	828,228,068
Total	19,870,880,968

Land Book Can be found  
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## FY18

## Revenue (COR) Report

Tangible Vehicle	1,433,094,255
Omitted Assessments	19,949,963
Furniture and Fixtures	484,254,258
PSC Personal Property	754,849
	1,938,053,325

## FY18

## Other Property per COR Report

Machinery & Tools	155,128,973
Mobil Homes	1,695,789
Aircraft	13,011,458
Watercraft	39,434,801
Commercial Vehicles	78,783,458
	288,054,479

Total Assessed 22,096,988,772

15419  
7535  
4423  
4957  
7186

## FY17

## Real Estate

1st Quarter-Land Book	18,481,369,800
2nd Quarter-Land Book	21,046,800
3rd Quarter-Land Book	16,755,700
4th Quarter-Land Book	64,263,000
Public Service Corporation (PSC)	817,089,356
Total	19,400,524,656

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## FY16

Personal Property per  
Commissioner Office of  
Revenue (COR) Report

Tangible Vehicle	1,494,021,799
Omitted Assessments	24,398,553
Furniture and Fixtures	433,375,413
PSC Personal Property	1,159,754
	1,952,955,519

## FY16

Other Property per  
COR Report

Machinery & Tools	150,419,326
Mobil Homes	1,616,500
Aircraft	11,769,305
Watercraft	59,364,724
Commercial Vehicles	54,131,740
	277,301,595

Total Assessed 21,630,781,770

15419  
7535  
4423  
4957  
7186

## COMPLIANCE SECTION





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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Members  
School Board of the City of Norfolk, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Board of the City of Norfolk, Virginia (the Board), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 19, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Arlington, Virginia  
November 19, 2019