ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF PORTSMOUTH, VIRGINIA

YEAR ENDED JUNE 30, 2025

Prepared by:

DEPARTMENT OF FINANCE

ACKNOWLEDGEMENTS

The preparation of this report has been accomplished by the efficient and dedicated services of the staff of the Department of Finance. We would also like to thank Danielle Nikolaisen and Brown Edwards & Company, LLC, Certified Public Accountants, for their assistance. The contributions of all are invaluable and sincerely appreciated and clearly reflect the high standards which have been set by the City of Portsmouth.

ACFR PREPARATION TEAM

(in alphabetical order)

Trey Burke, Stephanie Council, Patrick Fletcher, LaKeitha Forrest, Nicole Jackson, and Darrell Parker

COVER

Layout: Peter Glagola

It is also appropriate to thank the City Manager, Mayor and Members of City Council for making possible the excellent financial position of the City through their interest and support in planning and conducting the financial affairs of the City.

CITY OF PORTSMOUTH, VIRGINIA

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INTRODUCTORY SECTION

City of Portsmouth, Virginia
Principal Officials
June 30, 2025

City Council Members

Shannon E. Glover, Mayor – term expires 12/31/2028

William E. Moody, Jr., Vice Mayor – term expires 12/31/2026

Kathryn W. Bryant – term expires 12/31/2028

William S. Dodson, Jr. – term expires 12/31/2028

Mark A. Hugel – term expires 12/31/2026

Vernon L. Tillage, Jr. – term expires 12/31/2026

Yolanda E. Thomas – term expires 12/31/2028

City Council Appointments

Steven Carter, MBA, CGCIO - City Manager

Lavonda Graham-Williams - City Attorney

Steve Edwards, CAE, RES - City Assessor

Debra Y. White, CMC - City Clerk

Constitutional Officers

Honorable Cynthia P. Morrison, Clerk of the Circuit Court

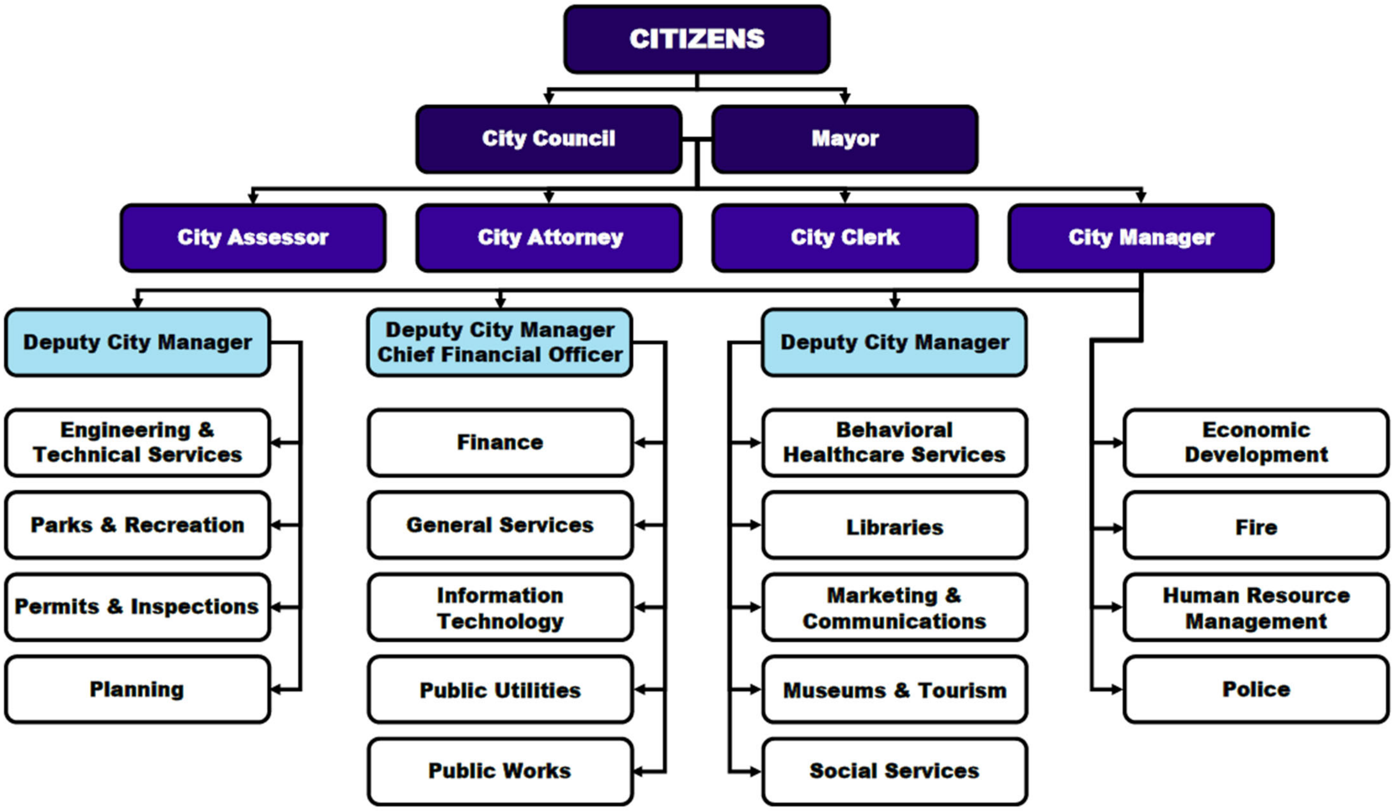
Franklin D. Edmondson, MCR, Commissioner of the Revenue

Stephanie N. Morales, Commonwealth's Attorney

Paige D. Cherry, City Treasurer

Michael A. Moore, Sheriff

The Municipal Organization of the City of Portsmouth, VA



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council
City of Portsmouth, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Portsmouth, Virginia (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 18 to the financial statements, the City adopted Government Accounting Standards Board Statement No. 101, *Compensated Absences*, effective July 1, 2024, which resulted in a restatement of beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2026, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
July 24, 2026

This section of the City of Portsmouth's (City's) Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the City's financial performance during the fiscal year ended June 30, 2025. The MD&A should be read in conjunction with the transmittal letter found in the Introductory Section of this report and the City's financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The City's net position totaled $628,229,939 at June 30, 2025, a change of $62,341,500 over June 30, 2024.

- The City's unrestricted net position totaled $27.9 million, which was comprised of a deficit of $(13.4) million resulting from governmental activities and $41.3 million resulting from business-type activities.

- Government-wide current assets totaled $340,042,858, of which $281,876,359 was attributable to governmental activities and $58,166,499 was attributable to business-type activities; while current liabilities totaled $87,669,175, with $71,023,337 from governmental activities and $16,645,838 from business-type activities. The ratio of current assets to current liabilities was 3.9:1.0 overall – 4.0:1.0 for governmental activities and 3.5:1.0 for business-type activities.

- The City's long-term liabilities at June 30, 2025, totaled $601,846,030, an increase of $4,205,861 from the prior year. The long-term liabilities include $457.1 million in bonds, $4.1 million in other loans, $23,4 million OPEB liability, landfill closure and post-closure care of $4.2 million, $5.9 million in claims payable, compensated absences of $12.5 million, lease liabilities of $3.5 million, and net pension liabilities of $91.2 million.

- The City's deferred outflows at June 30, 2025, totaled $67.8 million, an increase of $2.8 million from the prior year. The City's deferred inflows at June 30, 2025, totaled $25.9 million, an increase of $2.5 million from the prior year. These deferred amounts primarily consist of amounts deferred for pensions and OPEB, which vary annually based on actuarial valuations performed by third-parties. Deferred amounts from leases decrease evenly over the life of the related lease.

- The City's governmental general revenues and transfers of $253.8 million were $54.7 million more than expenses, net of program revenues of $199.2 million. Taxes funded 92.3% of general revenues and transfers.

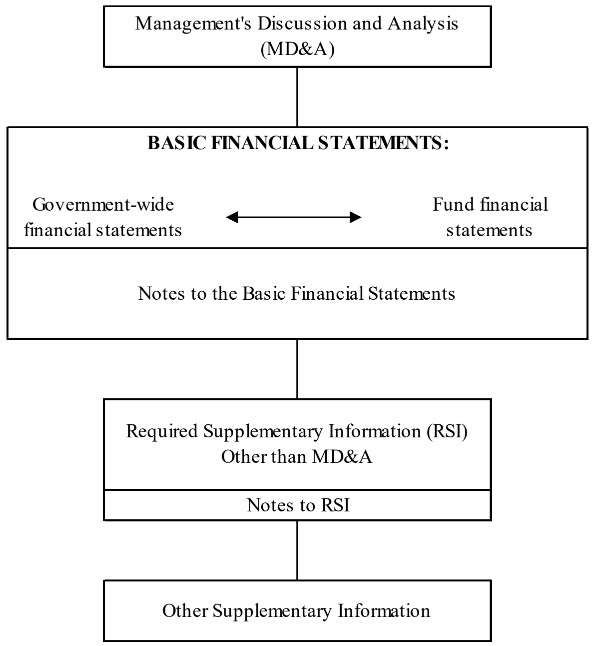
- The General Fund total fund balance increased 12.3% during the current year to $143.5 million from $125.8 million in the prior year. Unassigned fund balance of $134.3 million increased $22.3 million from prior year.

- Total net position for the Public Utility Fund increased 5.12% from $209,416,602 at June 30, 2024, to $220,146,092 at June 30, 2025. The Public Utility Fund had Unrestricted Net Position of $44.8 million which is a $10.4 million decrease from June 30, 2024.

FINANCIAL SECTION OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

This Annual Comprehensive Financial Report consists of four sections: introductory, financial, statistical, and compliance. As the following chart shows, the financial section of this report has four components – *management's discussion and analysis* (this section), the *basic financial statements*, the *required supplementary information,* and the *other supplementary information*. The basic financial statements have three components – *government-wide financial statements, fund financial statements*, and *notes to the basic financial statements*.

Components of the Financial Section



The City's financial statements present two kinds of statements each with a different snapshot of the City's finances. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison, and enhance the City's accountability.

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the City's finances is, "Is the City, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about the City as a whole and about its activities in a manner that provides an answer to this question. These statements include all assets and liabilities as well as deferred outflows/inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. The City's net position, which is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, is one way to measure the City's overall financial health and its current financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial condition is improving or deteriorating. Other non-financial factors will need to be considered, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, the City is divided into the following:

> Governmental activities - The City's basic municipal services, such as public safety (police and fire), public works, parks and recreation, and general administration, are reported herein. Property taxes, other local taxes, and state and federal grants finance most of these activities.
>
> Business-type activities - Activities for which the City charges customers to provide. The City's water and sewer system, waste management services, golf courses, parking services, and economic development provided to the City, citizens, and customers are reported herein.
>
> Component units - The City includes three other separate legal entities in its report – the School Board, the Economic Development Authority (EDA), and the Portsmouth Port and Industrial Commission (PPIC), all of which are discretely presented. Although legally separate, these "component units" are important in that the City is financially accountable for providing operating and capital funding to them.

Fund Financial Statements

The focus of the fund financial statement presentation is on the City's most significant funds. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. Funds are accounting units that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. Other funds are established to control and manage money for particular purposes or to demonstrate certain tax and grant revenues are properly used.

The City has three types of funds:

> Governmental funds - Most of the City's basic services are included in governmental funds, which focus on (1) the inflows and outflows of cash and other financial assets that can readily be converted into cash and (2) the balances remaining at year end that are available for future spending. Consequently, the governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided on the subsequent page of the governmental funds financial statement that explains the relationship (or differences) between these statements. The City has four major governmental funds: the General Fund, the Debt Service Fund, the Capital Projects Fund, and the Grants Fund.
>
> Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long and short-term financial information.
>
> In fact, the City's enterprise funds (one type of proprietary fund) are the same as business-type activities, but the fund financial statements provide more detailed and additional information, such as cash flows. The City has one major enterprise fund: the Public Utility Fund.
>
> The City uses internal service funds (another type of proprietary fund) to report activities that provide supplies and services for other City programs and activities, such as the City Garage Fund, the Information Technology Fund, the Risk Management Fund, and the Health Insurance Fund.
>
> Fiduciary funds - The City is the trustee, or fiduciary, for its employees' pension plans and Other Postemployment Benefit plan and is responsible for the plans' assets, which can be used only to benefit the trust beneficiaries as part of a trust arrangement. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The City excludes these activities from the City's government-wide financial statements in that the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY ENTITY

Statements of Net Position

The following table reflects the condensed Statements of Net Position:

Net position (assets plus deferred outflows minus liabilities plus deferred inflows) may serve over time as a useful indicator of a government's financial position. The City of Portsmouth's net position totaled $628,229,939 at June 30, 2025. By far, the largest portion of the City's net position is reflected in its net investment in capital assets (land, buildings, improvements, etc. net of depreciation and amortization and debt-related to capital assets). The City uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources. $48.3 million of the City's net position is currently subject to various external restrictions.

The net position of the City's governmental activities increased by $54.7 million from $338.4 million to $393.1 million, as reflected in the Statement of Activities.

The net position of the City's business-type activities decreased by $7.7 million from $227.4 million to $235.1 million, as reflected in the Statement of Activities.

Table 1
Summary of Statements of Net Position
As of June 30, 2025 and 2024 (in millions*)

	Governmental Activties		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 284.1	$ 254.3	58.2	69.3	342.3	323.6
Capital assets	601.1	572.6	332.4	321.2	933.5	893.8
Total assets	885.2	826.9	390.6	390.4	1,275.8	1,217.4
Deferred outflows of resources	61.5	60.1	6.3	5.0	67.8	65.1
Total assets and deferred outflows of resources	946.7	887.0	396.9	395.4	1,343.6	1,282.4
Current liabilities	71.0	67.8	16.6	15.4	87.7	83.2
Long-term liabilities	458.6	447.7	143.3	150.0	601.8	597.6
Total liabilities	529.6	515.4	159.9	165.3	689.5	680.8
Deferred inflows of resources	24.1	22.0	1.8	1.4	25.9	23.4
Total liabilities and deferred inflows of resources	553.6	537.4	161.8	166.7	715.4	704.2
Net position:						
Net investment in capital assets	358.2	351.0	193.8	174.0	552.0	525.0
Restricted	48.3	48.7	-	-	48.3	48.7
Unrestricted (deficit)	(13.4)	(50.1)	41.3	54.6	27.9	4.5
Total net position	$ 393.1	$ 349.6	235.1	228.7	628.2	578.2

*please note some totals may not recalculate due to rounding differences

Statements of Activities

The following table shows the revenues and expenses of the governmental and business-type activities:

Table 2
Summary of Changes in Net Position
Years ended June 30, 2025 and 2024 (in millions*)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 20.2	$ 20.2	64.6	63.2	84.8	83.4
Operating grants and contributions	105.5	140.3	-	-	105.5	140.3
Capital grants and contributions	22.8	3.1	-	-	22.8	3.1
General revenues:						
Taxes	234.2	227.7	-	-	234.2	227.7
Other	15.0	27.7	3.0	3.5	18.0	31.2
Total revenues	397.7	419.0	67.6	66.7	465.3	485.7
Expenses						
General government	35.7	39.6	-	-	35.7	39.6
Judicial	29.6	28.5	-	-	29.6	28.5
Public safety	76.3	76.1	-	-	76.3	76.1
Public works	47.0	36.3	-	-	47.0	36.3
Health and welfare	37.2	34.8	-	-	37.2	34.8
Parks, recreational, and cultural	19.2	17.9	-	-	19.2	17.9
Community development	9.9	8.9	-	-	9.9	8.9
Education	78.8	66.4	-	-	78.8	66.4
Public Utility	-	-	38.9	39.8	38.9	39.8
Golf	-	-	2.6	2.4	2.6	2.4
Parking Authority	-	-	1.0	2.7	1.0	2.7
Waste Management	-	-	12.8	11.9	12.8	11.9
Interest on long-term debt	10.9	10.4	-	-	10.9	10.4
Total expenses	347.7	318.9	55.3	56.7	403.0	375.7
Excess before transfers	50.0	100.1	12.3	10.0	62.3	110.1
Transfers	4.7	13.9	(4.7)	(13.9)	-	-
Change in net position	54.7	114.0	7.7	(4.0)	62.3	110.1
Net position, beginning of year	338.4	235.5	227.4	232.6	565.9	468.2
Net position, end of year	$ 393.1	$ 349.6	235.1	228.7	628.2	578.2

*please note some totals may not recalculate due to rounding differences

Governmental Activities

The City's total revenues from governmental activities were $397.7 million for the fiscal year ended June 30, 2025, which represents a decrease of $21.3 million from the prior year. The largest source of revenue is taxes, which represents 58.89% of the total and is comprised of property taxes, other local taxes, and utility taxes. The City's assessed real property value increased 9.44% from the prior year which is the primary driver of the $6.5 million increase in property tax revenues. Additionally, the City received $15.1 million less in program-specific grant funds, received $1.3 million less in revenues from the use of property, and realized $11.5 million less in rebate revenue in 2025 than 2024.

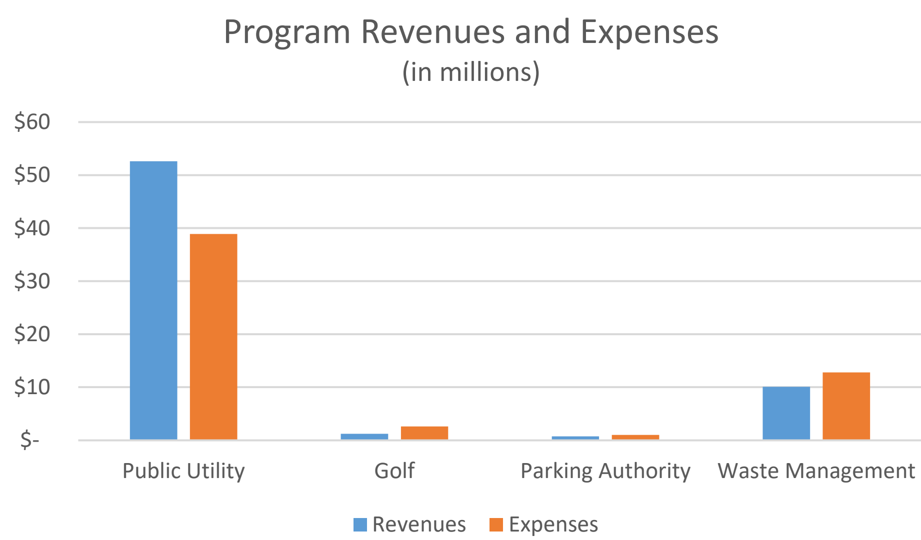
Program revenues are derived from the program itself and reduce the cost of the function to the City. Total program revenues for governmental activities were $148.5 million. The largest component of program revenues for governmental activities is operating grants and contributions totaling $105.5 million, representing 71.05% of total program revenues for governmental activities.

Governmental Activities (Continued)

For the fiscal year ended June 30, 2025, expenses for the City's governmental activities totaled $347.7 million. The City's expenses cover a wide range of services, with 2.8% related to public safety, 22.7% related to education, 10.3% general government, 13.5% public works, and 10.7% related to health and welfare. There was approximately $28.8 million more spent in 2025 than in 2024, primarily due to increases in education and public works due to the increase to the Schools' budget and significant increase in public works projects required during 2025.

Business-type Activities

The total net position for business-type activities increased $7.7 million from $227.4 million in fiscal year 2024 to $235.1 million in fiscal year 2025, primarily due to public utility activities. Charges for services, including water and sewer utility fees, waste management fees, parking fees, and golf fees, represent 95.6% of total revenues for business-type activities. The following graph compares the program revenues and expenses of the business-type activities.



FINANCIAL ANALYSIS OF THE CITY FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on current inflows, outflows, and balances of available resources. Such information is useful in assessing the City's financing requirements. For the fiscal year ended June 30, 2025, the governmental funds reflected a combined fund balance of $215.3 million. The General Fund's fund balance totaled $143.5 million at June 30, 2025, an increase of $17.7 million from the prior year's $125.8 million. The General Fund's unassigned fund balance totaled $112.0 million at June 30, 2025.

General Fund Budgetary Highlights
Fiscal Year Ended June 30, 2025 (in millions)

		Original Budget	Final Budget	Actual
Revenues and transfers				
Taxes	$	229.4	229.4	234.0
Intergovernmental		62.9	62.9	72.2
Transfers		4.2	4.2	4.2
Appropriated fund balance		12.6	15.3	-
Other revenues		18.0	18.2	18.7
Total	$	327.0	330.0	329.1
Expenditures and transfers				
Expenditures	$	277.2	280.2	267.1
Transfers		49.8	49.8	44.4
Total	$	327.0	330.0	311.5

Actual expenditures in the above chart are shown on the budgetary basis (see Schedule I-2). The General Fund had a $17.7 million increase in fund balance. Actual General Fund revenues and transfers were $14.4 million more than final budgeted revenues and transfers during fiscal year 2025 primarily due to $4.6 million higher tax collections than originally anticipated and $9.3 million more in intergovernmental revenues received than anticipated, primarily $7.0 million in gaming taxes. Actual General Fund expenditures and transfers were $18.5 million less than the final budget primarily due to across-the-board savings in addition to decreased funding to the Capital Projects Fund in the form of $5.0 million in transfers less than budget.

The City spent $53.5 million in the Capital Projects Fund to fund major projects, including $32.3 million in costs related to the City jail relocation, $3.0 million in stormwater improvements, $2.2 million for the waste management fleet, $1.9 million in public safety equipment, and $1.1 million in school projects and the Department of Social Services building improvements. The Capital Projects Fund has a $20.2 million fund balance at June 30, 2025, all of which is restricted or committed for future capital project costs. The $14.5 million increase in fund balance during 2025 is primarily due to the receipt of bond proceeds for current and future year projects.

As of June 30, 2025, the Debt Service Fund has assets of $4.5 million, a decrease of $0.6 million due to debt service requirements in excess of transfers from the General Fund. Total expenditures were $41.3 million, all of which was debt service and bond issuance costs.

The grant fund received spent $14.3 million in restricted grants during the year, which was $9.3 million more that it received – the difference comprised of grant funds received in prior years. The Grants Fund has a $14.6 million fund balance at June 30, 2025.

Proprietary Funds

Total net position of the Public Utility Fund increased $10.7 million during fiscal year 2025 from $209.4 million to $220.1 million due primarily to service charges in excess of operating expenses. Of the total net position, $175.3 million represents its net investment in capital assets. Unrestricted net position totaled $44.8 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, the City had invested $933.5 million, net of depreciation and amortization, in a broad range of capital assets, including machinery and equipment, buildings, park and golf facilities, roads, bridges, water and sewer lines, and lease assets, as reflected in the following schedule:

Capital Assets
As of June 30, 2025 and 2024 **(in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	$ 21.1	$ 21.1	13.7	13.6	34.8	34.7
Buildings*	229.4	206.5	3.8	3.9	233.1	210.5
Improvements other than buildings	179.0	180.2	142.9	147.7	321.9	327.9
Machinery, furniture, and equipment*	51.7	49.6	10.3	12.5	62.0	62.1
Intangibles	1.4	1.4	-	-	1.4	1.4
Subscriptions	-	-	-	-	-	-
Construction in progress	118.5	113.7	161.7	143.5	280.3	257.1
Total	601.1	572.6	332.4	321.2	933.5	893.8

*Includes right-of-use lease assets

Major capital asset activity for the fiscal year ended June 30, 2025, included:

- Capital asset changes for governmental activities totaled an increase of $22.8 million for buildings; a decrease of $1.2 million for improvements other than buildings/infrastructure; an increase of $2.0 million for machinery, furniture, and equipment, and an increase of $4.9 million for construction in progress in the fiscal year. There were additions of $32.6 million, $3.8 million, $0.2 million, $8.8 million, and $0.1 million, to buildings, improvements, infrastructure, machinery furniture and equipment, and intangibles, respectively. The remaining decreases are due to depreciation expense.
- Capital asset changes for business-type activities included (1) a decrease of $0.2 million for buildings primarily due to depreciation, (2) a net decrease of $4.8 million for infrastructure due to depreciation, (3) a decrease of $2.1 million for machinery, furniture and equipment due to depreciation, and (4) an increase of $18.3 million for construction in progress in the fiscal year.
- Depreciation expense totaled $21.9 million and $7.5 million for governmental and business-type activities, respectively.
- Construction in progress totaled $118.5 million for governmental activities at June 30, 2025.
- Construction in progress totaled $161.7 million for business-type activities at June 30, 2025.

More detailed information about the City's capital assets is presented in Note 4 to the basic financial statements as well as Exhibit M in Other Supplementary Information.

The City's adopted fiscal year 2023-2027 Capital Improvement Program established a five year program totaling $291.2 million. The major projects include $110.4 million for water and $82.6 million for sewer improvements, $29.0 for education, $36.4 million for drainage and street improvements, $13.4 million for municipal facilities, $10.0 million for fleet management, $1.1 million for industrial and economic development projects, $7.8 million for leisure services projects, and $500,000 for parking authority projects.

Long-term Debt

At year-end, the City had $475.9 million in outstanding debt, excluding premiums, claims payable, other post-employment benefit obligations, compensated absences, landfill closure and post-closure care costs, and net pension obligations. General obligation and revenue bonds outstanding represented $411.1 and $56.2 million, respectively, of this total, as reflected in the following schedule:

Outstanding Debt
As of June 30, 2025 and 2024 (in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 336.2	326.0	74.9	82.3	411.1	408.3
Revenue bond	-	-	56.2	56.9	56.2	56.9
Other loans payable	4.3	4.5	-	-	4.3	4.5
Lease liabilities	4.3	5.1	-	-	4.3	5.1
Subscription liabilities	-	-	-	-	-	-
Total	$ 344.8	335.6	131.1	139.2	475.9	474.8

The state limits the amount of general obligation debt the City can legally issue to 10% of the assessed value of real property within the City. The City's outstanding debt, not all of which is applicable to the state limits, is below this limit, which is currently $1,088 million. The City maintains bond ratings on general obligation debt of "Aa2", "AA," and "AA," from Moody's Investors Service, Standard & Poor's Ratings Services and Fitch, Inc., respectively.

More detailed information about the City's long-term liabilities is presented in Note 5 to the basic financial statements.

FINANCIAL INQUIRIES

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Chief Financial Officer, 801 Crawford Street, Portsmouth, VA 23704.

Basic Financial Statements

City of Portsmouth, Virginia **Exhibit A**
Statement of Net Position
June 30, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets:				
Current assets:				
Cash and temporary investments (Note 3)	$ 192,814,558	38,930,169	231,744,727	99,327,124
Restricted cash and investments (Note 3)	14,647,314	-	14,647,314	-
Receivables (net of allowance for uncollectibles):				
Taxes	23,970,103	-	23,970,103	-
Accounts	17,268,236	27,267,140	44,535,376	3,359,238
Internal balances	8,118,318	(8,118,318)	-	-
Due from fiduciary fund	275,000	-	275,000	-
Due from component units (Note 10)	724,512	-	724,512	-
Due from other governments (Note 11)	23,019,521	-	23,019,521	15,445,516
Deposits held by others	240,000	-	240,000	-
Prepaid expenses	146,874	-	146,874	-
Leases receivable (Note 6)	428,993	-	428,993	60,830
Inventory of supplies	222,930	87,508	310,438	1,141,347
Total current assets	281,876,359	58,166,499	340,042,858	119,334,055
Noncurrent assets:				
Net OPEB asset (Note 8)	146,942	18,161	165,103	15,607,675
Security deposit receivable	-	-	-	6,016
Leases receivable (Note 6)	2,107,831	-	2,107,831	1,560,019
Property held for resale	-	-	-	12,655,135
Capital assets (Note 4):				
Land	21,143,699	13,680,328	34,824,027	7,291,368
Buildings	411,898,746	20,404,937	432,303,683	93,535,748
Improvements other than buildings	588,880,152	310,659,432	899,539,584	-
Machinery, furniture and equipment	128,987,763	49,624,658	178,612,421	54,241,656
Intangibles	4,108,575	-	4,108,575	364,970
Subscriptions	-	-	-	4,047,287
Construction in progress	118,525,050	161,726,160	280,251,210	-
Total capital assets	1,273,543,985	556,095,515	1,829,639,500	159,481,029
Less - accumulated depreciation/amortization	(672,464,218)	(223,699,695)	(896,163,913)	(98,317,736)
Total capital assets, net	601,079,767	332,395,820	933,475,587	61,163,293
Total noncurrent assets	603,334,540	332,413,981	935,748,521	90,992,138
Total assets	885,210,899	390,580,480	1,275,791,379	210,326,193
Deferred outflows of resources:				
Deferred outflows from debt refundings	15,098,862	2,002,729	17,101,591	-
Deferred outflows related to pensions (Note 7)	37,534,170	3,644,331	41,178,501	32,703,112
Deferred outflows related to OPEB (Note 8)	8,903,029	653,959	9,556,988	7,011,216
Total deferred outflows of resources	61,536,061	6,301,019	67,837,080	39,714,328
Total assets and deferred outflows of resources	$ 946,746,960	396,881,499	1,343,628,459	250,040,521

The Notes to Financial Statements are an integral part of this statement.

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities:				
Current liabilities:				
Accounts payable	$ 17,284,518	4,276,997	21,561,515	7,122,618
Accrued payroll	2,702,539	531,621	3,234,160	10,096,865
Accrued interest payable	4,875,589	1,617,976	6,493,565	1,919
Deposits	-	312,246	312,246	3,900
Unearned revenue (Note 12)	18,939	-	18,939	14,253,089
Due to Primary Government (Note 10)	-	-	-	724,512
Due to other governments	2,092	-	2,092	-
Claims payable (Note 15)	4,655,607	-	4,655,607	1,496,000
Compensated absences (Note 5)	7,412,413	900,589	8,313,002	19,913,269
Workers' compensation claims (Note 15)	-	-	-	742,345
Bonds payable, net (Note 5)	33,127,729	9,006,409	42,134,138	-
Loans payable (Note 5)	200,000	-	200,000	-
Subscription liability (Note 5)	-	-	-	755,109
Lease liabilities (Note 5)	743,911	-	743,911	238,441
Total current liabilities	71,023,337	16,645,838	87,669,175	55,348,067
Noncurrent liabilities:				
Claims payable (Note 15)	5,873,854	-	5,873,854	-
Compensated absences (Note 5)	11,079,946	1,386,745	12,466,691	11,201,213
Noncurrent workers' compensation claims (Note 15)	-	-	-	194,179
Bonds payable, net (Note 5)	325,532,232	131,614,127	457,146,359	-
Landfill closure and postclosure care (Notes 5 and 13)	-	4,161,897	4,161,897	-
Loans payable (Note 5)	4,100,000	-	4,100,000	-
Lease liabilities (Note 5)	3,543,164	-	3,543,164	777,330
Subscription liabilities (Note 5)	-	-	-	636,825
Net OPEB liability (Notes 5 and 8)	22,033,915	1,341,283	23,375,198	13,955,401
Net pension liability (Notes 5 and 7)	86,408,413	4,770,454	91,178,867	82,371,655
Total noncurrent liabilities	458,571,524	143,274,506	601,846,030	109,136,603
Total liabilities	529,594,861	159,920,344	689,515,205	164,484,670
Deferred inflows of resources:				
Deferred inflows from debt refundings	-	558	558	-
Deferred inflows related to leases (Note 6)	2,446,976	-	2,446,976	1,592,475
Deferred inflows related to pensions (Note 7)	10,702,284	1,322,754	12,025,038	23,317,563
Deferred inflows related to OPEB (Note 8)	10,902,110	508,633	11,410,743	14,309,005
Total deferred inflows of resources	24,051,370	1,831,945	25,883,315	39,219,043
Total liabilities and deferred inflows of resources	553,646,231	161,752,289	715,398,520	203,703,713
Net position:				
Net investment in capital assets	358,232,050	193,777,455	552,009,505	58,755,588
Restricted for:				
Grants and donations	46,631,701	-	46,631,701	1,848,464
Cemetery trust, nonexpendable	1,000,000	-	1,000,000	-
OPEB	146,942	18,161	165,103	15,607,675
Other purposes	519,803	-	519,803	13,594,952
Unrestricted (deficit)	(13,429,767)	41,333,594	27,903,827	(43,469,871)
Total net position	$ 393,100,729	235,129,210	628,229,939	46,336,808

The Notes to Financial Statements are an integral part of this statement.

Statement of Activities

Year Ended June 30, 2025

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
					Primary Government			
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government:								
Governmental activities:								
General government	$ 35,736,744	540,635	34,143,381	-	(1,052,728)	-	(1,052,728)	-
Judicial	29,577,512	571,951	3,837,806	-	(25,167,755)	-	(25,167,755)	-
Public safety	79,293,356	4,395,561	19,779,192	49,153	(55,069,450)	-	(55,069,450)	-
Public works	47,047,600	11,777,825	17,420,768	21,338,968	3,489,961	-	3,489,961	-
Health and welfare	37,212,818	18,297	28,833,844	-	(8,360,677)	-	(8,360,677)	-
Parks, recreational and cultural	19,224,832	1,786,973	988,551	-	(16,449,308)	-	(16,449,308)	-
Community development	9,901,399	1,125,698	504,967	1,383,612	(6,887,122)	-	(6,887,122)	-
Education	78,839,929	-	-	-	(78,839,929)	-	(78,839,929)	-
Interest on long-term debt	10,853,788	-	-	-	(10,853,788)	-	(10,853,788)	-
Total governmental activities	347,687,978	20,216,940	105,508,509	22,771,733	(199,190,796)	-	(199,190,796)	-
Business-type activities:								
Public Utility	38,892,333	52,618,566	-	-	-	13,726,233	13,726,233	
Golf	2,611,481	1,208,713	-	-	-	(1,402,768)	(1,402,768)	
Parking Authority	996,621	735,665	-	-	-	(260,956)	(260,956)	
Waste Management	12,783,963	10,065,325	-	-	-	(2,718,638)	(2,718,638)	
Total business-type activities	55,284,398	64,628,269	-	-	-	9,343,871	9,343,871	-
Total primary government	402,972,376	84,845,209	105,508,509	22,771,733	(199,190,796)	9,343,871	(189,846,925)	-
Component Units:								
School Board	260,757,855	1,987,734	70,364,605	-	-	-	-	(188,405,516)
Economic Development Authority	2,200,453	185,724	-	-	-	-	-	(2,014,729)
Port and Industrial Commission	118,610	-	403,320	-	-	-	-	284,710
Total component units	$ 263,076,918	2,173,458	70,767,925	-	-	-	-	(190,135,535)
	General revenues:							
	Taxes:							
	General property taxes				173,294,973	-	173,294,973	-
	Business and occupational license taxes				7,736,487	-	7,736,487	-
	Restaurant food taxes				14,698,782	-	14,698,782	-
	Sales and use tax				13,950,313	-	13,950,313	-
	Telecommunications				5,374,510	-	5,374,510	-
	Other local taxes				9,292,844	-	9,292,844	-
	Utility taxes				9,871,502	-	9,871,502	-
	Grants and contributions not restricted to specific programs				-	-	-	145,786,783
	Investment earnings				3,258,607	2,365,405	5,624,012	1,874,981
	Miscellaneous				11,720,001	625,001	12,345,002	1,809,043
	Payment from Primary Government				-	-	-	75,642,160
	Transfers (Note 10)				4,651,350	(4,651,350)	-	-
	Total general revenues and transfers				253,849,369	(1,660,944)	252,188,425	225,112,967
	Change in net position				54,658,573	7,682,927	62,341,500	34,977,432
	Net position, beginning of year, as originally reported				349,575,655	228,668,248	578,243,903	32,577,729
	Restatement (Note 18)				(11,133,499)	(1,221,965)	(12,355,464)	(21,218,353)
	Net position, beginning of year, as restated				338,442,156	227,446,283	565,888,439	11,359,376
	Net position, end of year				$ 393,100,729	235,129,210	628,229,939	46,336,808

The Notes to Financial Statements are an integral part of this statement.

City of Portsmouth, Virginia **Exhibit C**
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Debt Service	Capital Projects	Grants Fund	Other Governmental Funds	Total
Assets:						
Cash and temporary investments (Note 3)	$ 105,617,168	4,515,233	10,655,779	16,681,091	31,966,527	169,435,798
Restricted cash and temporary investments (Note 3)	519,803	-	14,127,511	-	-	14,647,314
Receivables (net of allowance for uncollectibles):						
Taxes	23,970,103	-	-	-	-	23,970,103
Accounts	13,987,587	-	-	-	1,343,234	15,330,821
Leases receivable (Note 6)	2,536,824	-	-	-	-	2,536,824
Due from other funds (Note 10)	13,507,801	-	-	-	-	13,507,801
Due from component units (Note 10)	724,512	-	-	-	-	724,512
Due from other governments (Note 11)	17,886,920	-	-	-	5,132,601	23,019,521
Prepaids	138,210	-	-	8,664	-	146,874
Inventory of supplies	222,930	-	-	-	-	222,930
Total assets	179,111,858	4,515,233	24,783,290	16,689,755	38,442,362	263,542,498
Liabilities:						
Accounts payable	6,483,894	23,216	4,577,489	1,971,832	882,190	13,938,621
Accrued payroll	1,723,447	-	-	68,331	746,050	2,537,828
Unearned revenue (Note 12)	18,939	-	-	-	-	18,939
Due to other funds (Note 10)	-	-	-	-	1,521,067	1,521,067
Due to other governments	-	-	-	-	2,092	2,092
Total liabilities	8,226,280	23,216	4,577,489	2,040,163	3,151,399	18,018,547
Deferred inflows of resources:						
Unavailable revenues (Note 12)	24,937,639	-	-	-	2,837,767	27,775,406
Deferred lease amounts (Note 6)	2,446,976	-	-	-	-	2,446,976
Total deferred inflows of resources	27,384,615	-	-	-	2,837,767	30,222,382
Fund balances (Note 2):						
Nonspendable	361,140	-	-	-	1,000,000	1,361,140
Restricted	519,803	-	14,127,511	14,649,592	31,982,109	61,279,015
Committed	368,968	-	6,078,290	-	-	6,447,258
Assigned	7,970,000	4,492,017	-	-	-	12,462,017
Unassigned (deficit)	134,281,052	-	-	-	(528,913)	133,752,139
Total fund balances	143,500,963	4,492,017	20,205,801	14,649,592	32,453,196	215,301,569
Total liabilities, deferred inflows of resources, and fund balances	$ 179,111,858	4,515,233	24,783,290	16,689,755	38,442,362	263,542,498

The Notes to Financial Statements are an integral part of this statement.

City of Portsmouth, Virginia **Exhibit C (continued)**
Balance Sheet - Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2025

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

Total fund balances, governmental funds		$ 215,301,569
Capital and other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Internal Service Funds are included below. Those assets consist of:		
Net OPEB asset	140,338	
Land	21,128,651	
Buildings	403,846,101	
Machinery, furniture and equipment	102,543,928	
Intangibles	896,227	
Improvements other than buildings	588,880,152	
Leased assets	7,625,889	
Construction in progress	118,525,050	
Accumulated depreciation and amortization	(643,865,607)	599,720,729
Some of the city's taxes and other revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflow in the funds.		27,775,406
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Internal Service Funds are included below. Those liabilities consist of:		
Compensated absences	(17,443,535)	
Accrued interest payable	(4,875,589)	
General obligation bonds	(358,659,961)	
Long-term loan payable	(4,300,000)	
Lease liabilities	(4,287,075)	
Deferred inflows related to pension	(10,221,283)	
Deferred inflows related to OPEB	(10,717,153)	
Net pension liability	(84,176,616)	
Net OPEB liability	(21,546,176)	(516,227,388)
Deferred outflows from debt refunding as a result of bond refunding, which is not reported on governmental funds	15,098,862	
Deferred outflows related to OPEB, which is not reported on governmental funds	8,665,226	
Deferred outflows related to pensions, which is not reported on governmental funds	36,110,908	59,874,996
Internal service funds are used by the city to charge costs of certain activities to individual funds. The assets, liabilities and deferred flows of resources of the internal service funds are reported as components of other governmental funds.		6,655,417
Net position of governmental activities		$ 393,100,729

City of Portsmouth, Virginia **Exhibit D**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	General Fund	Debt Service	Capital Projects	Grants Fund	Other Governmental Funds	Total
Revenues:						
Taxes	$ 234,014,080	-	-	-	-	234,014,080
Intergovernmental	72,244,054	-	21,338,968	4,221,721	29,091,887	126,896,630
Charges for services	6,224,035	-	-	-	11,752,576	17,976,611
Investment income	2,364,185	-	-	-	739,409	3,103,594
Recovered costs	3,650,284	-	-	-	114,050	3,764,334
Fines and forfeitures	421,182	-	-	-	-	421,182
Licenses and permits	1,294,111	-	-	-	-	1,294,111
Use of property	525,036	-	-	-	-	525,036
Program income	-	-	-	-	1,383,612	1,383,612
Miscellaneous	4,194,691	-	-	795,029	2,965,947	7,955,667
Total revenues	324,931,658	-	21,338,968	5,016,750	46,047,481	397,334,857
Expenditures:						
Current:						
General government	25,221,843	-	-	17,680	-	25,239,523
Nondepartmental	8,739,365	-	-	-	-	8,739,365
Judicial	25,912,121	-	-	2,438,816	-	28,350,937
Public safety	80,001,605	-	-	3,074,288	5,318	83,081,211
Public works	24,328,502	-	2,852,285	2,075,585	3,501,323	32,757,695
Health and welfare	1,050,956	-	-	1,339,932	35,140,112	37,531,000
Parks, recreational and cultural	17,192,219	-	-	878,276	67,578	18,138,073
Community development	7,590,323	-	-	716,529	844,137	9,150,989
Education	75,642,160	-	-	-	-	75,642,160
Debt service - principal	843,464	30,912,286	-	-	213,579	31,969,329
Interest and fiscal charges	68,514	10,315,027	-	-	1,849	10,385,390
Bond issuance costs	7,350	23,216	-	-	-	30,566
Capital outlay	456,891	-	50,622,475	3,770,483	1,234,834	56,084,683
Total expenditures	267,055,313	41,250,529	53,474,760	14,311,589	41,008,730	417,100,921
Excess (deficiency) of revenues over (under) expenditures	57,876,345	(41,250,529)	(32,135,792)	(9,294,839)	5,038,751	(19,766,064)
Other financing sources (uses):						
Issuance of long-term debt	-	34,360	45,684,813	-	-	45,719,173
Transfers from other funds (Note 10)	4,196,434	40,565,951	941,000	-	5,511,070	51,214,455
Transfers to other funds (Note 10)	(44,420,222)	-	-	-	(2,337,321)	(46,757,543)
Total other financing sources (uses), net	(40,223,788)	40,600,311	46,625,813	-	3,173,749	50,176,085
Net change in fund balances	17,652,557	(650,218)	14,490,021	(9,294,839)	8,212,500	30,410,021
Fund balance, beginning of year	125,848,406	5,142,235	5,715,780	23,944,431	24,240,696	184,891,548
Fund balances, end of year	$ 143,500,963	4,492,017	20,205,801	14,649,592	32,453,196	215,301,569

City of Portsmouth, Virginia **Exhibit D (continued)**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Governmental Funds

Year Ended June 30, 2025

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

Net change in fund balances, total governmental funds		$ 30,410,021
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Donated assets and loss on disposal of assets are not reported in the governmental funds, but are reflected in the statement of activities.		
Purchases of capital assets	50,331,499	
Depreciation and amortization expense (not including Internal Service Funds)	(21,452,523)	28,878,976
The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of bonds	(45,498,211)	
Principal payments and retirement of debt	31,969,329	
Amortization expense	1,388,659	(12,140,223)
Some revenues in the statement of activities do not provide the use of current financial resources and, therefore, are not reported as revenues in the governmental funds.		205,331
Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in deferred outflows - debt	(1,560,288)	
Change in deferred outflows - pensions	13,616,341	
Change in deferred outflows - OPEB	(771,292)	
Change in deferred inflows - pensions	(13,463,603)	
Change in deferred inflows - OPEB	723,663	
Change in compensated absences	896,638	
Change in net pension liability	7,729,851	
Change in OPEB asset/liability	650,721	
Change in accrued interest	(487,165)	7,334,866
Internal service funds are used by the City to charge costs of certain activities to individual funds. The net revenue of internal service funds is reported as a component of governmental funds.		(30,398)
Change in net position of governmental activities		$ 54,658,573

The Notes to Financial Statements are an integral part of this statement.

City of Portsmouth, Virginia **Exhibit E-1**
Statement of Net Position
Proprietary Funds
June 30, 2025

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Assets:				
Current assets:				
Cash and temporary investments (Note 3)	$ 31,682,397	7,247,772	38,930,169	23,378,760
Accounts receivable (net of allowance for uncollectibles)	22,189,677	5,077,463	27,267,140	1,937,415
Inventory of supplies	-	87,508	87,508	-
Deposits-held by others	-	-	-	240,000
Total current assets	53,872,074	12,412,743	66,284,817	25,556,175
Noncurrent assets:				
Net OPEB assets	11,557	6,604	18,161	6,604
Capital assets (Note 4):				
Land	403,834	13,276,494	13,680,328	15,048
Buildings	782,898	19,622,039	20,404,937	693,083
Improvements other than buildings	310,060,851	598,581	310,659,432	-
Machinery, furniture and equipment	35,326,861	14,297,797	49,624,658	26,177,508
Intangible assets	-	-	-	3,212,348
Construction in progress	161,101,780	624,380	161,726,160	-
Total capital assets	507,676,224	48,419,291	556,095,515	30,097,987
Less - accumulated depreciation/amortization	(194,348,695)	(29,351,000)	(223,699,695)	(28,598,611)
Total capital assets, net	313,327,529	19,068,291	332,395,820	1,499,376
Total noncurrent assets	313,339,086	19,074,895	332,413,981	1,505,980
Total assets	367,211,160	31,487,638	398,698,798	27,062,155
Deferred outflows of resources:				
Deferred outflows from debt refunding	1,971,662	31,067	2,002,729	-
Deferred outflows related to pensions (Note 7)	2,189,347	1,454,984	3,644,331	1,423,262
Deferred outflows related to OPEB (Note 8)	416,156	237,803	653,959	237,803
Total deferred outflows of resources	4,577,165	1,723,854	6,301,019	1,661,065
Total assets and deferred outflows of resources	$ 371,788,325	33,211,492	404,999,817	28,723,220

The Notes to Financial Statements are an integral part of this statement.

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Liabilities:				
Current liabilities:				
Accounts payable	$ 3,964,167	312,830	4,276,997	3,345,897
Accrued interest payable	1,610,218	7,758	1,617,976	-
Accrued payroll	325,933	205,688	531,621	164,711
Deposits	131,804	180,442	312,246	-
Due to other funds (Note 10)	-	8,118,318	8,118,318	3,593,416
Current compensated absences (Note 5)	482,664	417,925	900,589	400,853
Current bonds payable (Note 5)	8,825,301	181,108	9,006,409	-
Current claims payable (Note 15)	-	-	-	4,655,607
Total current liabilities	15,340,087	9,424,069	24,764,156	12,160,484
Noncurrent liabilities:				
Noncurrent claims payable (Note 15)	-	-	-	5,873,854
Noncurrent compensated absences (Note 5)	738,985	647,760	1,386,745	647,971
Landfill closure and postclosure liability (Notes 5 and 13)	-	4,161,897	4,161,897	-
Noncurrent bonds payable (Note 5)	131,166,352	447,775	131,614,127	-
Net pension liability (Notes 5 and 7)	2,377,836	2,392,618	4,770,454	2,231,797
Net OPEB liability (Notes 5 and 8)	853,544	487,739	1,341,283	487,739
Total noncurrent liabilities	135,136,717	8,137,789	143,274,506	9,241,361
Total liabilities	150,476,804	17,561,858	168,038,662	21,401,845
Deferred inflows of resources:				
Deferred inflows from debt refunding	-	558	558	-
Deferred inflows related to pensions (Note 7)	841,753	481,001	1,322,754	481,001
Deferred inflows related to OPEB (Note 8)	323,676	184,957	508,633	184,957
Total deferred inflows of resources	1,165,429	666,516	1,831,945	665,958
Total liabilities and deferred inflows of resources	151,642,233	18,228,374	169,870,607	22,067,803
Net position:				
Net investment in capital assets	175,307,538	18,469,917	193,777,455	1,499,376
Restricted, OPEB	11,557	6,604	18,161	6,604
Unrestricted (deficit)	44,826,997	(3,493,403)	41,333,594	5,149,437
Total net position	$ 220,146,092	14,983,118	235,129,210	6,655,417

City of Portsmouth, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2025

Exhibit E-2

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities Internal Service Funds
Operating revenues:				
Charges for services	$ 52,618,566	12,009,703	64,628,269	46,464,732
Use of property	2,186	-	2,186	-
Other	444,651	178,164	622,815	2,078,860
Total operating revenues	53,065,403	12,187,867	65,253,270	48,543,592
Operating expenses:				
Personnel services	11,547,536	7,150,098	18,697,634	6,164,213
Contractual services	5,205,865	3,876,101	9,081,966	8,106,539
Supplies and materials	5,671,876	517,676	6,189,552	3,978,850
Utilities	1,618,511	188,597	1,807,108	159,319
Internal charges	2,237,797	2,750,882	4,988,679	378,295
Claims, settlements and refunds	-	-	-	27,215,778
Insurance premiums	-	-	-	1,649,796
Payments in lieu of taxes	871,199	-	871,199	-
Rent	-	132,042	132,042	-
Depreciation and amortization	6,443,592	1,084,736	7,528,328	412,120
Closure/postclosure	-	127,888	127,888	-
Other	1,102,615	785,325	1,887,940	858,531
Total operating expenses	34,698,991	16,613,345	51,312,336	48,923,441
Operating income (loss)	18,366,412	(4,425,478)	13,940,934	(379,849)
Nonoperating revenues (expenses):				
Gain on disposal of capital asset	-	242,306	242,306	-
Investment income	1,814,866	550,539	2,365,405	155,013
Interest expense and fiscal charges	(4,193,342)	(21,026)	(4,214,368)	-
Total nonoperating revenues (expenses), net	(2,378,476)	771,819	(1,606,657)	155,013
Income (loss) before operating transfers	15,987,936	(3,653,659)	12,334,277	(224,836)
Transfers from other funds (Note 10)	-	1,014,014	1,014,014	500,000
Transfers to other funds (Note 10)	(5,258,446)	(406,918)	(5,665,364)	(305,562)
Change in net position	10,729,490	(3,046,563)	7,682,927	(30,398)
Net position, beginning of year, as previously reported	210,098,817	18,569,431	228,668,248	7,221,669
Restatement (Note 18)	(682,215)	(539,750)	(1,221,965)	(535,854)
Net position, beginning of year, as restated	209,416,602	18,029,681	227,446,283	6,685,815
Net position, end of year	$ 220,146,092	14,983,118	235,129,210	6,655,417

The Notes to Financial Statements are an integral part of this statement.

City of Portsmouth, Virginia
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025

Exhibit E-3

	Public Utilities	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 48,432,788	12,265,897	60,698,685	48,404,738
Cash payments to suppliers for goods and services	(16,018,273)	(8,264,263)	(24,282,536)	(42,034,375)
Cash payments to employees for services	(11,446,340)	(6,864,984)	(18,311,324)	(5,882,734)
Net cash provided by (used in) operating activities	20,968,175	(2,863,350)	18,104,825	487,629
Cash flows from noncapital financing activities:				
Interfund loans	-	350,696	350,696	2,355,347
Transfers in from other funds	-	1,014,014	1,014,014	500,000
Transfers out to other funds	(5,258,446)	(406,918)	(5,665,364)	(305,562)
Net cash provided by (used in) noncapital financing activities	(5,258,446)	957,792	(4,300,654)	2,549,785
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(18,518,114)	-	(18,518,114)	-
Payments on long-term debt	(7,900,176)	(180,000)	(8,080,176)	-
Interest paid	(4,763,339)	(20,458)	(4,783,797)	-
Net cash used in capital and related financing activities	(31,181,629)	(200,458)	(31,382,087)	-
Cash flows from investing activities:				
Interest received	1,814,866	550,539	2,365,405	155,013
Net cash provided by investing activities	1,814,866	550,539	2,365,405	155,013
Net increase (decrease) in cash and temporary investments	(13,657,034)	(1,555,477)	(15,212,511)	3,192,427
Cash and temporary investments, beginning of year	45,339,431	8,803,249	54,142,680	20,186,333
Cash and temporary investments, end of year	$ 31,682,397	7,247,772	38,930,169	23,378,760
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 18,366,412	(4,425,478)	13,940,934	(379,849)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation/amortization	6,443,592	1,084,736	7,528,328	412,120
Landfill closure/postclosure	-	127,888	127,888	-
Pension expense (recovery), net of employer contributions	(87,507)	147,187	59,680	149,658
OPEB expense (recovery), net of employer contributions	32,578	(49,663)	(17,085)	(49,663)
Change in current assets and liabilities:				
Accounts receivable	(4,632,483)	23,559	(4,608,924)	(138,854)
Inventory of supplies	111,540	47,270	158,810	-
Accounts payable	578,050	(60,910)	517,140	(67,568)
Customer deposits	(132)	54,471	54,339	-
Accrued payroll and expense	115,111	55,990	171,101	60,005
Compensated absences	41,014	131,600	172,614	121,479
Claims payable	-	-	-	380,301
Total adjustments	2,601,763	1,562,128	4,163,891	867,478
Net cash provided by (used in) operating activities	$ 20,968,175	(2,863,350)	18,104,825	487,629
Supplemental disclosure of non-cash financing activities:				
Contribution of land and equipment	$ -	242,306	242,306	-

The Notes to Financial Statements are an integral part of this statement.

City of Portsmouth, Virginia **Exhibit F-1**
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

		Custodial Funds	Pension and OPEB Trusts
Assets:			
Cash and temporary investments (Note 3)	$	405,280	10,707,926
Investments (Note 3):			
Stocks		-	135,370,422
Bonds		-	51,524,820
Real estate		-	8,420,071
Other investments		-	1,896,035
Total investments		-	197,211,348
Fees receivable		-	
Total assets		405,280	207,919,274
Liabilities:			
Due to general fund, payables		275,000	-
Accounts payable		126,933	-
Total liabilities		401,933	-
Net position -			
Held for:			
New Port Community Development Authority		3,347	-
Pensions		-	196,069,050
Postemployment benefits other than pensions		-	11,850,224
Total net position	$	3,347	207,919,274

The Notes to Financial Statements are an integral part of this statement.

City of Portsmouth, Virginia **Exhibit F-2**
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year ended June 30, 2025

	Custodial Funds	Pension and OPEB Trust Funds
Additions:		
Contributions -		
Employers' contributions	$ -	10,909,738
Other receipts	187,520	-
Investment income -		
Gains	9,207	20,141,588
Taxes collections for other governments	3,331,957	-
Total additions	3,528,684	31,051,326
Deductions:		
Benefit payments	196,727	30,190,236
Administrative expenses	-	316,270
Payments of taxes to other governments	3,480,036	-
Total deductions	3,676,763	30,506,506
Change in net position	(148,079)	544,820
Net position, beginning of year	151,426	207,374,454
Net position, end of year	$ 3,347	207,919,274

The Notes to Financial Statements are an integral part of this statement.

City of Portsmouth, Virginia **Exhibit G-1**
Statement of Net Position
Component Units
June 30, 2025

	School Board	Economic Development Authority	Port and Industrial Commission	Total
Assets:				
Current assets:				
Cash and temporary investments (Note 3)	$ 91,078,752	7,356,694	891,678	99,327,124
Lease receivable, current portion (Note 6)	-	60,830	-	60,830
Accounts receivable (net of allowance for uncollectibles)	1,671,138	32,100	1,656,000	3,359,238
Due from other governments (Note 11)	15,445,516	-	-	15,445,516
Inventory of supplies	1,141,347	-	-	1,141,347
Total current assets	109,336,753	7,449,624	2,547,678	119,334,055
Noncurrent assets:				
OPEB assets (Note 8)	15,607,675	-	-	15,607,675
Security deposit receivable	-	6,016	-	6,016
Lease receivable, less current (Note 6)	-	1,560,019	-	1,560,019
Property held for resale	-	11,969,808	685,327	12,655,135
Capital assets (Note 4):				
Land	6,085,707	1,205,661	-	7,291,368
Buildings	93,535,748	-	-	93,535,748
Machinery, furniture and equipment	52,936,083	-	-	52,936,083
Intangibles	364,970	-	-	364,970
Leased equipment	1,305,573	-	-	1,305,573
Right-to-use subscription asset	4,047,287	-	-	4,047,287
Total capital assets	158,275,368	1,205,661	-	159,481,029
Less - accumulated depreciation	(98,317,736)	-	-	(98,317,736)
Total capital assets, net	59,957,632	1,205,661	-	61,163,293
Total noncurrent assets	75,565,307	14,741,504	685,327	90,992,138
Total assets	184,902,060	22,191,128	3,233,005	210,326,193
Deferred outflows of resources:				
Deferred outflows related to pensions (Note 7)	32,703,112	-	-	32,703,112
Deferred outflows related to OPEB (Note 8)	7,011,216	-	-	7,011,216
Total deferred outflows of resources	39,714,328	-	-	39,714,328
Total assets and deferred outflows of resources	$ 224,616,388	22,191,128	3,233,005	250,040,521

The Notes to Financial Statements are an integral part of this statement.

City of Portsmouth, Virginia **Exhibit G-1 (Continued)**
Statement of Net Position
Component Units
June 30, 2025

	School Board	Economic Development Authority	Port and Industrial Commission	Total
Liabilities:				
Current liabilities:				
Accounts payable	$ 5,157,879	108,318	1,856,421	7,122,618
Accrued payroll	9,387,325	-	-	9,387,325
Deposits	-	3,900	-	3,900
Accrued payroll taxes	709,540	-	-	709,540
Unearned revenues	14,253,089	-	-	14,253,089
Accrued interest	1,919	-	-	1,919
Due to Primary Government (Note 10)	-	610,322	114,190	724,512
Claims payable (Note 15)	1,496,000	-	-	1,496,000
Compensated absences (Note 5)	19,913,269	-	-	19,913,269
Workers' compensation claims (Note 15)	742,345	-	-	742,345
Lease liability	238,441	-	-	238,441
Subscription liability	755,109	-	-	755,109
Total current liabilities	52,654,916	722,540	1,970,611	55,348,067
Noncurrent liabilities:				
Compensated absences (Note 5)	11,201,213	-	-	11,201,213
Noncurrent workers' compensation claims (Note 15)	194,179	-	-	194,179
Noncurrent lease liability	777,330	-	-	777,330
Noncurrent subscription liability	636,825	-	-	636,825
Net pension liability (Note 7)	82,371,655	-	-	82,371,655
Net OPEB liability (Note 8)	13,955,401	-	-	13,955,401
Total noncurrent liabilities	109,136,603	-	-	109,136,603
Total liabilities	161,791,519	722,540	1,970,611	164,484,670
Deferred inflows of resources:				
Deferred inflows related to leases (Note 6)	-	1,592,475	-	1,592,475
Deferred inflows related to pensions (Note 7)	23,317,563	-	-	23,317,563
Deferred inflows related to OPEB (Note 8)	14,309,005	-	-	14,309,005
Total deferred inflows of resources	37,626,568	1,592,475	-	39,219,043
Net position:				
Net investment in capital assets	57,549,927	1,205,661	-	58,755,588
Restricted for:				
Grants and donations	1,848,464	-	-	1,848,464
OPEB	15,607,675	-	-	15,607,675
Other purposes	13,197,336	397,616	-	13,594,952
Unrestricted	(63,005,101)	18,272,836	1,262,394	(43,469,871)
Total net position	25,198,301	19,876,113	1,262,394	46,336,808
Total liabilities, deferred inflows of resources, and net position	$ 224,616,388	22,191,128	3,233,005	250,040,521

The Notes to Financial Statements are an integral part of this statement.

City of Portsmouth, Virginia
Statement of Activities
Component Units
Year Ended June 30, 2025

Exhibit G-2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Economic Development Authority	Port and Industrial Commission	Total
School Board:								
Administration, attendance and health services	$ 16,044,285	920,999	-	-	(15,123,286)	-	-	(15,123,286)
Instruction	165,293,959	93,053	60,261,672	-	(104,939,234)	-	-	(104,939,234)
Pupil transportation	11,313,722	170,496	-	-	(11,143,226)	-	-	(11,143,226)
Operations and maintenance	35,970,448	47,260	-	-	(35,923,188)	-	-	(35,923,188)
Information technology	18,497,507	-	-	-	(18,497,507)	-	-	(18,497,507)
Facilities	276,350	-	-	-	(276,350)	-	-	(276,350)
Food services	12,204,378	755,926	10,102,933	-	(1,345,519)	-	-	(1,345,519)
School Activities	1,092,489	-	-	-	(1,092,489)	-	-	(1,092,489)
Interest on long-term debt	64,717	-	-	-	(64,717)	-	-	(64,717)
Total School Board	260,757,855	1,987,734	70,364,605	-	(188,405,516)	-	-	(188,405,516)
Economic Development Authority	2,200,453	185,724	-	-	-	(2,014,729)	-	(2,014,729)
Port and Industrial Commission	118,610	-	403,320	-	-	-	284,710	284,710
Total Component Units	263,076,918	2,173,458	70,767,925	-	(188,405,516)	(2,014,729)	284,710	(190,135,535)

	School Board	Economic Development Authority	Port and Industrial Commission	Total
General revenues:				
Grants and contributions not restricted to specific programs	145,786,783	-	-	145,786,783
Investment earnings	1,699,155	155,459	20,367	1,874,981
Miscellaneous, other	1,809,043	-	-	1,809,043
Payment from Primary Government	75,642,160	-	-	75,642,160
Total general revenues	224,937,141	155,459	20,367	225,112,967
Change in net position	36,531,625	(1,859,270)	305,077	34,977,432
Net position, beginning of year, as originally reported	10,285,029	21,335,383	957,317	32,577,729
Restatement (Note 18)	(21,618,353)	400,000	-	(21,218,353)
Net position, beginning of year, as restated	(11,333,324)	21,735,383	957,317	11,359,376
Net position, end of year	$ 25,198,301	19,876,113	1,262,394	46,336,808

The Notes to Financial Statements are an integral part of this statement.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Portsmouth, Virginia (the City) was established by act of the Virginia General Assembly in 1858. It is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. City Council consists of a mayor and six other council members. The City is not part of a county and has taxing powers subject to statewide restrictions and tax limits.

The City provides a full range of municipal services including police and fire, sanitation, health and social services, public improvements, planning and zoning, parks and recreation, public libraries, education, water, sewer and storm water systems, and general administrative services.

The following is a summary of the more significant policies:

A. Financial Reporting Entity

The City's financial reporting entity is defined and its financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), which defines the distinction between the City as a Primary Government and its related entities. The financial reporting entity consists of the Primary Government and its component units, which are legally separate organizations for which the elected officials of the Primary Government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability of the Primary Government to impose its will, or b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government. The Primary Government may also be financially accountable if the component unit is fiscally dependent on the Primary Government, regardless of whether the component unit has a separately elected governing board. The Primary Government is hereafter referred to as the "City" and the reporting entity, which includes the City and its component units, is hereafter referred to as the "reporting entity".

As required by GAAP, the accompanying financial statements include all activities of the City, such as general operation and support services. The governmental operations of the School Board are separately disclosed on Exhibit G-2.

Discretely Presented Component Units

The component unit columns in the basic financial statements include the financial data of the City's discretely presented component units. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. These component units are fiscally dependent on the City and provide services primarily to the citizens of Portsmouth. The component units have a year end of June 30. A description of the discretely presented component units follows:

1. Portsmouth Public Schools (PPS) - The School Board of PPS is a separate legal entity comprising the governing body responsible for providing public education in the City for grades kindergarten through twelve. The members of the board are elected by voters; however, the School Board is fiscally dependent on the City as the City Council must approve its annual budget and appropriations, as well as all tax levies and borrowings to support its financial operations. Since there is the possibility that the School Board may provide a financial benefit or impose a financial burden on the City, the School Board is reported herein as a discretely presented component unit. The audited financial statements for the School Board may be obtained at the following address:

    Portsmouth School Board
    Department of Business Affairs
    City Hall Building, Third Floor
    801 Crawford Street
    Portsmouth, Virginia 23704

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Portsmouth Port and Industrial Commission (PPIC) - The PPIC was created by the General Assembly in 1954 as a political subdivision of the Commonwealth of Virginia and is authorized to acquire, own, lease, and dispose of properties in and around the various ports within the City to the extent that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Portsmouth. The PPIC has only one fund and the board is appointed by the City Council. Since there is the possibility that the PPIC may provide a financial benefit or impose a financial burden on the City, it is reported as a discretely presented component unit. The audited financial statements for the PPIC may be obtained at the following address:

   Portsmouth Port and Industrial Commission
   c/o Department of Economic Development
   200 High Street, Suite 200
   Portsmouth, Virginia 23704

3. Economic Development Authority (EDA) - The EDA was established under the Industrial Development and Revenue Bond Act of the Commonwealth of Virginia to facilitate economic development activity in the community and to provide financial benefits to the City of Portsmouth. The EDA is authorized to acquire, own, lease, and dispose of properties to the extent that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Portsmouth. The EDA has only one fund and the board is appointed by the City Council. Since there is the possibility that the EDA may provide a financial benefit or impose a financial burden on the City, it is reported as a discretely presented component unit. The separately audited financial statements for the EDA may be obtained at the following address:

   Economic Development Authority
   c/o Department of Economic Development
   200 High Street, Suite 200
   Portsmouth, Virginia 23704

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Financial Statement Presentation

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities are a) reported by columns, and b) reflected on a full accrual, economic resources basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that is otherwise being supported by general government revenues (property taxes, utility taxes, and other local taxes, etc.). The Statement of Activities reduces gross expenses (including depreciation) by directly related program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not specifically restricted to the various programs are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. Each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Major individual governmental funds and major individual enterprise funds, those comprising a significant portion of the City's financial activity, are reported in separate columns in the fund financial statements. The nonmajor funds are combined in a single column in the fund financial statements and detailed in the combining statements.

Internal service funds of the City (which traditionally provide services primarily to other funds of the government) are presented in summary form as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity (public safety, judicial, health and welfare, etc.).

The City's fiduciary funds are presented in the fund financial statements by type (pension and OPEB trust funds and custodial). Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements. The following is a brief description of the specific funds used by the City.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds, except those accounted for in proprietary funds and similar trust funds.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Improvements Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal, interest and related costs on long-term debt of governmental funds.

Grants Fund - The Grants Fund is used to account for the proceeds of restricted grants, and the related expenditures for grant purposes.

The City reports the following nonmajor governmental funds:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of certain specific revenue sources that are restricted to expenditures for specified purposes.

Permanent Fund - Cemetery Fund - The Cemetery Fund is used to account for the sale of cemetery lots, perpetual care payments, and donations and legacies made for the care of cemetery lots. The principal of such funds shall not be expended for any purpose.

Proprietary Fund Types
Proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues include charges for services, certain rental fees, and recovered costs. Operating expenses include the cost of sales and services, administrative expenses, and depreciation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Enterprise Funds - Enterprise funds are used to account for operations a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has one major enterprise fund, the Public Utility Fund, which accounts for the utility activity provided to the City.

The three nonmajor enterprise funds are: (1) the Golf Fund, which accounts for ownership and operation of three golf courses, (2) the Parking Authority, which is responsible for the operation and maintenance of parking garages, parking lots, and all street parking meters for the City, and (3) the Waste Management Fund, which accounts for waste disposal services and operation of the Craney Island landfill.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one department to other departments or agencies of the City, or to some agencies external to the City, on a cost-reimbursement basis. The City has five nonmajor internal service funds: the City Garage Fund, the Information Technology Fund, the Health Insurance and the Other Postemployment Benefit Fund (OPEB), the Risk Management Fund, and the School Board Risk Management Fund.

Fiduciary Fund Types
Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City maintains two pension trusts, an other-postemployment trust, and two custodial funds. The pension and OPEB trust funds account for the assets of the City's retirement and other post-employment benefit plans. Custodial funds are custodial in nature and do not measure the results of operations. The City's custodial fund accounts for assets held on behalf of Social Services Department clients and taxes collected by the City and passed through to the New Port Community Development Authority. Fiduciary funds are not included in the government-wide financial statements.

Reconciliation of Government-Wide and Fund Financial Statements
A summary reconciliation of the difference between total fund balances as reflected on the governmental funds Balance Sheet and total net position for governmental activities as shown on the government-wide Statement of Net Position is presented in a schedule accompanying the governmental funds' Balance Sheet. A summary reconciliation of the differences between net change in total fund balances as reflected on the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net position for governmental activities as shown on the government-wide Statement of Activities, is presented in a schedule accompanying the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances. The reconciliation differences stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

C. Measurement Focus and Basis of Accounting
The government-wide financial statements (i.e., Statement of Net Position and Statement of Activities) are reported using a full economic resources measurement focus and the accrual basis of accounting and include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with governmental and business-type activities. Assets and liabilities associated with fiduciary activities are included on the Statement of Fiduciary Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. The pension and OPEB trust funds' contributions from members are recorded when the employer makes payroll deductions from plan members. Nonexchange transactions, in which the City either gives or receives value without directly receiving or giving equal value in exchange, include sales taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized when the underlying exchange transaction takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

All governmental funds are accounted for using the current financial resources measurement focus wherein only current assets and current liabilities are included on the Balance Sheet in the fund statements and the focus is on the determination of, and changes in, financial position. Operating statements of governmental funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

The governmental funds utilize the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Measurable means the amount of the transaction can be determined; available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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 on the specific purpose or project before any amounts will be paid to the City. 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. These resources are reflected as revenues at the time of receipt or earlier if the accrual eligibility criteria are met. Real estate and personal property taxes are recorded as revenues and receivables when levied and billed, net of allowances for uncollectible amounts. Property taxes levied but not collected within 45 days after year-end are reflected as unearned revenues. Sales and utility taxes, which are collected by the State or utility companies and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the State or utility companies, which is generally in the month preceding receipt by the City, because they are generally not measurable until actually received. Licenses and permits, fines and forfeitures, charges for services (except those charges for services recognized when billed) and miscellaneous revenues (except interest on temporary investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Stormwater management fees are also recognized as revenue when earned. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, which is recorded when due.

The Custodial Funds use the economic resources measurement focus and accrual basis of accounting.

The accrual basis of accounting is followed by the proprietary funds, pension and OPEB trust funds. Accordingly, their revenues are recognized when earned and expenses are recognized when they are incurred. Unbilled utility service receivables are recorded in the enterprise funds when earned.

D. Property Taxes

The City's two major sources of property taxes are described below:

Real Estate Taxes

The City levies real estate taxes on all real estate within its boundaries, except those exempted by statute, each year as of July 1st on the estimated market value of the property. Real estate taxes become a lien on real property the first day of the levy year. The City, as required by state statute, follows the practice of reassessing all property annually. Real estate taxes are collected in equal quarterly payments due September 30, December 31, March 31, and June 30, and are considered delinquent after each due date. The real estate tax rate during 2025 was $1.25 per $100 of assessed value.

Personal Property Taxes

The City levies personal property taxes on motor vehicles and business and other tangible personal property. Personal property taxes do not create a lien on property. These levies are made each year as of January 1 with payment due the following June 5. Taxes on motor vehicles bought and sold after January 1 are prorated and the tax levies are adjusted. During the fiscal year, the personal property taxes reported as revenue are the adjusted levies less an allowance for uncollectible accounts. Personal property taxes are considered delinquent after the June 5 due date or, in the case of supplemental levies, thirty days after the taxes are levied and billed. The personal property tax rate for 2025, excluding machinery and tools, boats, and recreational vehicles, was $5.00 per $100 of assessed value. The personal property tax rate on machinery and tools, boats, and mobile homes was $3.00, $0.50, and $1.50 per $100 of assessed value, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Allowance for Uncollectible Accounts

Provision for uncollectible property taxes is based on a historical percentage of accounts written off applied to the total levies of all years carried in taxes receivable. Provision for uncollectible accounts receivable is based on an evaluation of delinquent accounts and adequacy of the allowance.

Governmental Activities:		
General Fund:		
Allowance for uncollectibles (taxes)	$	4,730,777
Allowance for uncollectibles		2,375,736
Total General Fund		7,106,513
Special Revenue Funds:		
Stormwater Management Fund - allowance for uncollectibles		1,250,083
Behavioral Health Services Fund - allowance for uncollectibles		652,373
Total Special Revenue Funds		1,902,456
Total Governmental activities	$	9,008,969
Business-type Activities:		
Enterprise Funds:		
Public Utility Fund - allowance for uncollectibles	$	2,085,030
Waste Management Fund - allowance for uncollectibles		1,452,651
Total Business-type activities	$	3,537,681

F. Cash and Temporary Investments

Cash and temporary investments from certain funds are combined and invested in local bank repurchase agreements and certificates of deposit. Each fund's share of the pooled cash is accounted for within the individual fund. Pooled cash overdrafts have been reclassified as interfund receivables and payables. The income from the pooled monies has been allocated to the respective funds based on the pooled cash balances of each fund at the end of each month. For purposes of the Statement of Cash Flows, investments with original maturities of three months or less from date of purchase are considered cash equivalents and are reported as cash and temporary investments.

G. Investments

Investments are carried at fair value. Fair value is determined by quoted market prices. Investments in corporate bonds and commercial paper are valued at amortized cost if the maturity date is less than one year.

H. Inventories

Inventories consist of expendable materials and supplies held for future consumption and are stated at cost using the first-in, first-out (FIFO) method. Inventory is accounted for under the consumption method.

I. Property Held for Resale

Property is stated at acquisition cost plus improvements, but not in excess of net realizable value. Capitalized costs of projects are assigned to individual components of the projects based on specific identification. If specific identification is not practicable, capitalized costs are allocated to each parcel benefited, based on relative fair value before construction. As property is sold, all costs associated with that property are charged to cost of land sold.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Balances

Fund balance consists of five classifications based on the extent of the constraints imposed upon the use of the resources in the governmental funds. The fund balance classifications are as follows:

Nonspendable - Fund balance is reported as nonspendable when it is either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted - Fund balance is reported as restricted when constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed - Fund balance is reported as committed when the use of amounts is constrained by limitations that the government imposes upon itself through formal action of City Council, the highest level of decision-making authority for the City, and remains legally binding unless removed in the same manner. Limitations of spending imposed by the annual operating budget lapse with the passage of time and thus do not remain binding indefinitely and therefore is not sufficient to commit fund balance. Committed fund balance also incorporates contractual obligations to the extent existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Fund balance is reported as assigned when amounts are intended to be used for specific purposes. Assigned fund balance does not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, the reported assigned fund balance represents the amount of fund balance that is neither restricted nor committed. In the general fund, intent is expressed by the City Council or an official to whom the City Council has delegated this authority through the annual budget ordinance. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amounts (except for negative balances) that are not classified as nonspendable and are neither restricted nor committed.

Unassigned - Fund balance is reported as unassigned in the General Fund for funds that are available for any purpose. The unassigned fund balance represents the residual classification for the General Fund and contains the amounts not specified in other classifications.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or committed, assigned, and unassigned amounts are available. Following the restricted spending for expenditures, committed, assigned, and unassigned are utilized in that order for purposes of spending in all other fund balance classifications other than restricted.

Fund Balance Policy Minimum – The City will maintain in the General Fund an unassigned fund balance equal to 15% of total revenues in accordance with its fund balance policy as approved by City Council.

K. Capital Assets

Capital assets and improvements include substantially all land, buildings, equipment, water distribution and sewage collection systems, and other elements of the City's infrastructure having a useful life of more than one year with a cost of more than $5,000 with the exception of infrastructure assets and intangibles, having a threshold of $100,000 and internally generated computer software, which has a $1,000,000 threshold.

Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Major infrastructure assets include the roads, bridges, curbs and gutters, streets and sidewalks, parks and improvements, and tunnels.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Capital assets are generally stated at historical cost, or at estimated historical cost based on appraisals or on other acceptable methods when historical cost is not available. Donated capital assets are stated at their acquisition value. Accumulated depreciation and amortization are reported as reductions of capital assets.

Lease and subscription assets are amortized over the life of the related agreements. Other capital asset depreciation has been provided over the estimated useful lives using the straight-line method annually as follows:

	Estimated Useful Life in Years
Primary Government:	
Buildings	5 - 50
Improvements other than buildings	5 - 50
Machinery, furniture, and equipment	3 - 30
Intangibles	3 - 20
Component unit – School Board:	
Buildings and improvements	20 – 50
Machinery, furniture, and equipment	5 – 30
Subscription Assets	5
Computer equipment and peripherals	3

L. Compensated Absences

City employees are granted annual leave time in varying amounts based on length of service. They may accumulate unused annual leave earned and, upon retirement, termination, or death, may be compensated for the accumulated amounts at their current rates of pay not to exceed 44 days. City employees accrue sick leave at the rate of eight hours for each full calendar month of work completed. Sworn Fire employees who work a 27-day cycle accrue 12 hours of paid sick leave for each full calendar month worked. Sick leave may be accumulated and carried forward until the time of retirement, termination, or death when the leave is forfeited except for those employees eligible for retirement under the Portsmouth Supplemental or Portsmouth Fire and Police retirement systems. For employees eligible to retire under the Portsmouth Retirement Systems under regular service retirement and excluding deferred or vested retirement, one-half of unused sick leave as of the effective date of retirement shall be added to creditable service for retirement purposes.

The liability for compensated absences has been recorded in accordance with the provisions of GAAP which changed effective July 1, 2024, with the implementation of GASB 101, *Compensated Absences*, which creates a unified framework for the accounting of these balances. Compensated absences balances now include all types of absences, uses a “more likely than not” probably threshold, and is accrued regardless of whether it is payable upon termination. See Note 18 for details of the restatement of beginning balances around the implementation of this new accounting standard. The cost of the compensated absences expected to be paid from future expendable financial resources is accounted for as a liability. In the governmental funds, the amount of compensated absences recorded as an expenditure in the General Fund and Special Revenue Funds is the amount used by and paid to employees during the fiscal year. In the government-wide and proprietary funds' financial statements, the amount of compensated absences recorded as an expense is the net amount earned during the fiscal year. A liability for compensated absences is reported in the governmental funds only if the compensated absences have matured as a result of employee resignations and terminations.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Intra-entity Activity

Payments from a fund receiving revenue to a fund through which the revenue is to be expended are reported as transfers. Such payments include transfers for debt service and capital construction. Resource flows between the Primary Government and the discretely presented component units are reported as if they were external transactions.

N. Deferred Outflows/Inflows of Resources

The City reports deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net assets by the government that is applicable to a future period.

- When the City refunds some of its existing debt, the difference between the funds required to retire the refunded debt and the net carrying amount of refunded debt results in a deferred amount on refunding. If there is an excess of the reacquisition price of refunded debt over its net carrying amount, it is treated as a deferred outflow of resources. If there is an excess net carrying value amount of refunded debt over its reacquisition price, it is treated as a deferred inflow of resources.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Differences resulting from a changes in proportion of the collective net pension and OPEB liabilities. This difference will be recognized in pension and OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Differences resulting from changes in assumptions on pension plan or OPEB investments. These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan.
- Revenues deferred as asset recognition criteria have not yet been met (see Note 12).
- Lease-related amounts are recognized at the inception of the lease for a lease where the City is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

O. Pensions

For purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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 within the fair value hierarchy established by GAAP.

P. Other Postemployment Benefit (OPEB) Plans

For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB plans' fiduciary net position, and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expenses, expenditures, assets, and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results may differ from those estimates.

R. Budgets

By City Charter and the *Code of Virginia*, the City Manager is required to present to City Council an operating budget on or before April 1 before the beginning of the next fiscal year on July 1. Prior to adoption of the budget by City Council, a public hearing is required to be conducted seven days prior to adoption of the budget and the public hearing is required to be advertised seven days prior to the public hearing. The City Council is required to adopt the budget on or before June 30. The legal level of budgetary control is set at the fund level with the exception of the General Fund, which is set at the activity or function level. The City Code provides that the City Manager may transfer any unencumbered appropriation balance less than $100,000 from one department, project, program, or purpose to another within the same fund without City Council approval. The City Manager is required to make a monthly report to the City Council of all budget transfers greater than $50,000. Also, the City Manager may transfer any or all of the unencumbered balance of the emergency contingency account budget to any item in the budget provided that any utilization of the emergency contingency account budget is reported to the City Council at its next regular meeting. The General, Special Revenue, and all proprietary funds have legally adopted annual budgets. Project length (multi-year) budgets are adopted for the Capital Projects Fund, the Community Development Fund, and the Grants Fund in lieu of annual budgets and appropriations.

(2) FUND BALANCE

The fund balances of the governmental funds at June 30, 2025, were composed of the following:

	General Fund	Debt Service	Capital Improvements	Grants	Other Nonmajor
Nonspendable:					
Inventory of supplies	$ 222,930	-	-	-	-
Prepaid items	138,210	-	-	-	-
Permanent - cemetery care	-	-	-	-	1,000,000
Total nonspendable fund balances	361,140	-	-	-	1,000,000
Restricted:					
Restricted cash	519,803	-	14,127,511	-	-
Behavioral health services	-	-	-	-	17,805,302
Public law library	-	-	-	-	275,028
Community development	-	-	-	-	236,347
Stormwater management infrastructure maintenance	-	-	-	-	10,951,121
Grants	-	-	-	14,649,592	-
Children's services	-	-	-	-	419,861
Willett Hall	-	-	-	-	463,429
Public access television	-	-	-	-	37,055
Asset forfeitures	-	-	-	-	634,622
Permanent - cemetery care	-	-	-	-	1,159,344
Total restricted fund balances	519,803	-	14,127,511	14,649,592	31,982,109
Committed:					
Capital projects	-	-	6,078,290	-	-
Various open purchase orders	368,968	-	-	-	-
Total committed fund balances	368,968	-	6,078,290	-	-
Assigned:					
Post-employment benefits	1,000,000	-	-	-	-
Capital projects, stormwater	1,000,000	-	-	-	-
Capital projects, other	5,000,000	-	-	-	-
Other	970,000	-	-	-	-
Debt service	-	4,492,017	-	-	-
Total assigned fund balances	7,970,000	4,492,017	-	-	-
Unassigned:					
Unassigned (deficit)	134,281,052	-	-	-	(528,913)
Total unassigned fund balance	134,281,052	-	-	-	(528,913)
Total fund balances	$ 143,500,963	4,492,017	20,205,801	14,649,592	32,453,196

(3) DEPOSITS AND INVESTMENTS

Deposits and Restricted Cash

At June 30, 2025, the carrying value of the City's deposits with banks and savings institutions was $233,812,806, and the total of the bank balances for these deposits was $190,951,957. With the exception of $2,051,477 held between two separate financial institutions and petty cash of $30,500, all cash of the City is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Sec. 2.2-4400 et seq. of the *Code of Virginia* or covered by federal depository insurance. As of June 30, 2025, restricted cash totaled $14,647,314, which primarily represents unspent bond proceeds and sheriff funds.

Investments

State statutes authorize the City to invest in obligations of the United States or agencies thereof, securities unconditionally guaranteed by the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, certificates of deposit, and the State Treasurer's Local Government Investment Pool (LGIP). The pension and OPEB trust funds are also authorized to invest in common stocks and marketable debt securities, which mature within twenty years with credit ratings no lower than Baa or BBB as measured by Moody's Investors Service, Inc., Standard and Poor's Financial Services, LLC, or Fitch Investors Service rating services.

Investment Policy

The primary goal of the investment policy is to maximize return on investment while minimizing risk to the investment. The City's investment policy addresses custodial credit risk, interest rate risk, concentration of risk, and credit risk, in which instruments are to be diversified and maturities timed according to anticipated needs in order to minimize any exposure. The City's policy does not address foreign currency risk. The City's investment policy requires that all investments and investment practices meet or exceed all statutes and guidelines governing the investment of public funds in Virginia, including the Investment *Code of Virginia* and the guidelines established by the State Treasury Board and the Governmental Accounting Standards Board. The policy specifically states that the City shall limit investments to those allowed under the Virginia Security for Public Deposits Act, Sec. 2.2-4400 et seq. of the *Code of Virginia*. The City Treasurer is responsible for diversifying the use of investment instruments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. It is the policy of the City to concentrate its investment efforts to banks located in the Commonwealth of Virginia, which are under the Virginia statutes for public funds and all banks must be approved by depositories by the State Treasury Board. The City's policy is to invest only in "prime quality" commercial paper, with a maturity of two hundred seventy days or less, or issuing corporations organized under the laws of the United States, or any state thereof including paper issued by banks and bank holding companies. Prime quality shall be as rated by the Moody's Investors Services, Inc. within its ratings of prime 1 or prime 2, by Standard and Poor's, Inc. within its ratings of A-1 or A-2, or by Fitch Investors Service within its ratings of F-1 and F-2. The maximum percentage of funds to be invested in any one issue shall not exceed 5% of the total portfolio.

As of June 30, 2025, the City's investment balances were as follows:

	Carrying Amount	Actual Credit Ratings	Required Credit Ratings	Average Days/Years to Maturity
LGIP	$ 45,993,686	AAAm	N/A	1 day

(3) DEPOSITS AND INVESTMENTS (CONTINUED)

Pension Investments - Common Collective Retirement Trust Fund
As of June 30, 2025, the pension investments in the City's common collective retirement trust fund were professionally managed by John Hancock Trust Company LLC and primarily invested in equity funds. The fair value of the pension investments are primarily determined by the quoted prices of securities on the various exchange markets. The allocation of the investment accounts are authorized between the Board of Trustees of the Portsmouth Supplemental Retirement System (which acts on behalf of and administers the retirement plan for the Portsmouth Fire and Police Retirement System), Morgan Stanley PWM (Private Wealth Management), and John Hancock Trust Company LLC. The target allocation for all pension investment funds is 65.0% for equity securities, 30.0% for fixed-income (bond) securities, 2.0% for real estate trust securities, and 2% for alternative investments. None of the City's pension investments have credit ratings.

At June 30, 2025, the fair value of the pension investment in the City's retirement trust fund was as follows:

Name of Brokerage Account or Mutual Fund	Investment Type	Weighted Average Maturity/Liquidation	Fair Value
John Hancock Trust Company LLC:			
Morgan Stanley Advisory Holding	MF Equity	1 day	$ 187,690,425
PIMCO Government Money Market	MF Equity	1 day	6,121,850
			$ 193,812,275

Included in the amounts above are $8,451,151 in funds that are reported as cash and temporary investments on the Statement of Fiduciary Net Position.

At June 30, 2025, the fair value of the OPEB Investments was as follows:

Investment Type	Fair Value
Fixed Income	$ 2,370,045
Stocks	5,806,610
Real Estate	1,777,534
Alternative Investments	1,896,035
	$ 11,850,224

Fair Value Measurement
The City categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and, Level 3 inputs are significant unobservable inputs (the City does not currently value any of its pension investments using Level 3 inputs).

(3) DEPOSITS AND INVESTMENTS (CONTINUED)

The recurring fair value measurement hierarchy (by fair value level of valuation inputs) and the readily determinable fair value amount (by type of security or asset) of the pension and OPEB investments in the City's retirement trust funds as of June 30, 2025, are as follows:

		Fair Value (FV) Measurements Using:		
Investments measured at FV Level:	Fair Value at 6/30/2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Bonds in mutual funds	$ 8,491,895	8,491,895	-	-
Equity securities				
Common stock in mutual funds	193,497,035	193,497,035	-	-
Other assets (futures contracts, etc.) in mutual funds	3,673,569	3,673,569	-	-
Total investments by fair value	$ 205,662,499	205,662,499	-	-

Included in the amounts above are $8,451,151 in funds that are reported as cash and temporary investments on the Statement of Fiduciary Net Position.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Trustees' policy for managing its exposure to fair value loss arising from increasing interest rates is to consult with its investment advisor regarding the options available for limiting the remaining term to maturity of the investment(s) with such an exposure as the circumstances of each situation warrants.

Credit Risk
Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Board of Trustee's policy for reducing its exposure to credit risk is to consult with its investment advisors to determine whether or not to hold or liquidate the investment(s) with such an exposure as the circumstances of each situation warrants. At June 30, 2025, the Board of Trustees' pension investments had no quality ratings.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single credit issuer. The Board of Trustees' policy for reducing risk is to consult its investment advisors and implement mutually agreeable strategies aimed at minimizing or eliminating the risk as the circumstances of each situation warrants.

Custodial Credit Risk
For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Board of Trustees will not be able to recover the value of its investments or collateral securities that are in the possession of an outside third party. The Board of Trustees does not have a policy for custodial credit risk.

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Board of Trustees does not have a formal policy for foreign currency risk.

(3) DEPOSITS AND INVESTMENTS (CONTINUED)

Component Unit - School Board
All of the deposits of the School Board, a discretely presented component unit, of $91,078,752 are maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by Federal depository insurance. The School Board has $18,658,381 invested in the School OPEB Trust Fund. The City Treasurer's policies on deposits and investments, as noted above, also apply to the School Board.

Component Unit - Economic Development Authority
At year end, the carrying value of deposits with banks for the Economic Development Authority, a discretely presented component unit, was $7,356,694. The Authority maintains its cash in bank deposit accounts at financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times, cash and cash equivalents may exceed federally insured limits. The Authority had approximately $1,150,000 that was uninsured as of June 30, 2025. The Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Component Unit - Portsmouth Port and Industrial Commission
At year end, the carrying value of deposits with banks for the Portsmouth Port and Industrial Commission, a discretely presented component unit, was $891,678. All cash of the Commission is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

(4) CAPITAL ASSETS

Primary Government - Governmental Activities		Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:					
Land	$	21,143,699	-	-	21,143,699
Construction in progress (CIP)		113,657,566	4,867,484	-	118,525,050
Total capital assets not being depreciated or amortized		134,801,265	4,867,484	-	139,668,749
Capital assets being depreciated:					
Buildings		371,978,243	32,560,941	-	404,539,184
Buildings, lease asset		7,359,562	-	-	7,359,562
Improvements other than buildings		10,796,706	3,758,120	-	14,554,826
Improvements other than buildings (Infrastructure)		574,054,307	271,019	-	574,325,326
Machinery, furniture, and equipment		120,254,865	8,767,282	(300,711)	128,721,436
Machinery, furniture, and equipment, lease asset		266,327	-	-	266,327
Intangibles		4,001,922	106,653	-	4,108,575
Subscriptions		132,590	-	(132,590)	-
Total capital assets being depreciated or amortized		1,088,844,522	45,464,015	(433,301)	1,133,875,236
Less accumulated depreciation and amortization for:					
Buildings		(169,941,188)	(8,785,995)	-	(178,727,183)
Buildings, lease asset		(2,860,263)	(953,421)	-	(3,813,684)
Improvements other than buildings		(7,974,081)	(2,805,829)	-	(10,779,910)
Improvements other than buildings (Infrastructure)		(396,649,894)	(2,421,558)	-	(399,071,452)
Machinery, furniture, and equipment		(70,715,928)	(6,679,388)	300,711	(77,094,605)
Machinery, furniture, and equipment, lease asset		(172,139)	(57,380)	-	(229,519)
Intangibles		(2,598,448)	(149,417)	-	(2,747,865)
Subscriptions		(120,935)	(11,655)	132,590	-
Total accumulated depreciation and amortization		(651,032,876)	(21,864,643)	433,301	(672,464,218)
Total capital assets being depreciated or amortized, net		437,811,646	23,599,372	-	461,411,018
Governmental activities capital assets, net		572,612,911	28,466,856	-	601,079,767

Under Virginia Law, localities have a tenancy-in-common with the School Board whenever a locality incurs a financial obligation for school property, which is payable over more than one fiscal year. The School Board and City have agreed that such property, with a net book value of $72,455,389, will be carried on the City's financial statements until the outstanding debt is repaid.

	CIP June 30, 2025	Outstanding Commitments	Unobligated Balance
Governmental Activities Projects	$ 118,525,050	$ 44,660,029	$ 190,827,578

(4) CAPITAL ASSETS (CONTINUED)

Governmental activities' depreciation/amortization expense was charged to functions as follows:

General government	$	2,475,286
Judicial		2,207,070
Public safety		1,739,298
Public works		8,848,509
Health and welfare		588,243
Parks, recreation and cultural		1,429,902
Community development		966,446
Education		3,197,769
Total governmental activities, excluding internal service funds		21,452,523
Depreciation/amortization on capital assets of internal service funds (see Exhibit E-2) charged to various functions based on usage of capital assets.		412,120
Total governmental activities	$	21,864,643

Primary Government - Business-type Activities	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:				
Land	$ 13,598,078	82,250	-	13,680,328
Construction in progress	143,469,431	18,256,729	-	161,726,160
Total capital assets not being depreciated	157,067,509	18,338,979	-	175,406,488
Capital assets being depreciated:				
Buildings	20,244,881	160,056	-	20,404,937
Improvements other than buildings	598,581	-	-	598,581
Improvements other than buildings (Infrastructure)	310,060,851	-	-	310,060,851
Machinery, furniture, and equipment	49,377,020	261,385	(13,747)	49,624,658
Total capital assets being depreciated	380,281,333	421,441	(13,747)	380,689,027
Less accumulated depreciation for:				
Buildings	(16,292,255)	(376,162)	13,747	(16,654,670)
Improvements other than buildings	(441,010)	(10,711)	-	(451,721)
Improvements other than buildings (Infrastructure)	(162,531,287)	(4,773,569)	-	(167,304,856)
Machinery, furniture, and equipment	(36,920,562)	(2,367,886)	-	(39,288,448)
Total accumulated depreciation	(216,185,114)	(7,528,328)	13,747	(223,699,695)
Total capital assets being depreciated, net	164,096,219	(7,106,887)	-	156,989,332
Business-type activities capital assets, net	321,163,728	11,232,092	-	332,395,820

Depreciation expense was charged to business-type activities as follows:

Public utilities	$	6,443,592
Parking authority		270,962
Golf		94,645
Waste management		719,129
Total Business-type activities	$	7,528,328

	CIP June 30, 2025	Outstanding Commitments	Unobligated Balance
Business-type Activities Projects	$ 161,726,160	$ 8,441,509	$ 159,364,337

(4) CAPITAL ASSETS (CONTINUED)

Primary Government - Major Enterprise Fund		Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Public Utility Fund					
Capital assets not being depreciated:					
Land	$	403,834	-	-	403,834
Construction in progress		142,845,051	18,256,729	-	161,101,780
Total capital assets not being depreciated		143,248,885	18,256,729	-	161,505,614
Capital assets being depreciated:					
Buildings		782,898	-	-	782,898
Improvements other than buildings (Infrastructure)		310,060,851	-	-	310,060,851
Machinery, furniture, and equipment		35,065,476	261,385	-	35,326,861
Total capital assets being depreciated		345,909,225	261,385	-	346,170,610
Less accumulated depreciation for:					
Buildings		(316,668)	(18,068)	-	(334,736)
Improvements other than buildings (Infrastructure)		(162,531,287)	(4,773,569)	-	(167,304,856)
Machinery, furniture, and equipment		(25,057,148)	(1,651,955)	-	(26,709,103)
Total accumulated depreciation		(187,905,103)	(6,443,592)	-	(194,348,695)
Total capital assets being depreciated, net		158,004,122	(6,182,207)	-	151,821,915
Public Utility Fund capital assets, net		301,253,007	12,074,522	-	313,327,529

Discretely Presented Component Unit - School Board		Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:					
Land	$	6,085,707	-	-	6,085,707
Total capital assets not being depreciated		6,085,707	-	-	6,085,707
Capital assets being depreciated:				-	
Buildings		93,535,748	-	-	93,535,748
Machinery, furniture, and equipment		43,178,503	13,143,201	(3,385,621)	52,936,083
Intangibles		364,970	-	-	364,970
Right-to-use assets being amortized:				-	
Leased Equipment		1,305,573	-	-	1,305,573
Subscriptions		3,920,417	221,804	(94,934)	4,047,287
Total capital assets being depreciated/amortized		142,305,211	13,365,005	(3,480,555)	152,189,661
Less accumulated depreciation/amortization for:					
Buildings		(63,241,769)	(2,476,506)	-	(65,718,275)
Machinery, furniture, and equipment		(28,127,525)	(4,764,165)	3,349,372	(29,542,319)
Intangibles		(364,970)	-	-	(364,970)
Right-to-use equipment		(199,463)	(217,596)	-	(417,060)
Right-to-use subscriptions		(1,220,148)	(1,149,900)	94,934	(2,275,113)
Total accumulated depreciation/amortization		(93,153,876)	(8,608,166)	3,444,306	(98,317,736)
Capital assets being depreciated/amortized, net		49,151,335	4,756,839	(36,249)	53,871,925
School Board capital assets, net		55,237,042	4,756,839	(36,249)	59,957,632

(5) LONG - TERM LIABILITIES

Details of Long-Term Indebtedness

At June 30, 2025, the long-term indebtedness of the City consisted of the following:

		Maturity Date	Interest Rate	Amount Outstanding
Governmental Activities				
General obligation bonds, net:				
2006B	VPSA School Financing Bonds	7/15/2026	4.40 - 4.60%	$ 731,153
2009	VPSA Qualified School Construction Bonds	9/1/2026	0.00%	2,685,715
2015A	G.O. Refunding Bonds	8/1/2030	3.00 - 5.00%	6,899,154
2015B	Taxable G.O. Refunding Bonds	8/1/2028	3.00 - 3.30%	11,795,000
2016A	G.O. Refunding Bonds	8/1/2035	2.00 - 5.00%	23,725,000
2016B	Taxable G.O. Refunding Bonds	8/1/2025	2.00 - 2.20%	2,490,000
2016QZAB	Virginia G.O. Qualified Zone Academy Bonds	9/15/2031	0.00%	3,255,000
2017QZAB	Virginia G.O. Qualified Zone Academy Bonds	9/15/2029	0.00%	1,332,180
2017A	G.O. Refunding Bonds	7/15/2034	3.00 - 5.00%	52,585,000
2017B	G.O. Taxable Refunding Bonds	7/15/2035	2.35 - 3.90%	1,925,000
2018	G.O. New Money Vehicle Financing	7/15/2028	3.01%	2,986,000
2019	G.O. Bonds	7/15/2039	3.00 - 5.00%	20,210,000
2019B	Taxable G.O. Refunding Bonds (Pensions)	2/1/2037	2.00 - 3.00%	111,705,000
2021A	G.O. Bonds	7/15/2041	2.00 - 5.00%	28,420,000
2021B	Taxable G.O. Refunding Bonds	7/15/2041	0.19 - 2.6%	24,350,000
2023	Stormwater G.O. Bonds	1/1/2044	0.00%	1,054
2024	G.O. Bonds	7/15/2044	4.00 – 5.00%	41,100,000
	Total general obligation bonds			$ 336,195,256
Leases:				
Building	1725 Green Street	6/30/2026	1.0590%	$ 81,364
Building	Portsmouth Business Center, Suite 300C	11/30/2025	0.8930%	76,645
Building	700 Port Centre Parkway	5/31/2030	1.5270%	3,916,626
Building	200 High Street, Suite 200	12/31/2028	1.4510%	175,632
Equipment	Copiers, various	2 - 5 years	1.06% - 0.51%	36,808
				$ 4,287,075

General obligation bonds are stated exclusive of premiums and discounts.

(5) LONG – TERM LIABILITIES (CONTINUED)

Details of Long-Term Indebtedness (continued)

		Maturity Date	Interest Rate	Amount Outstanding
Business-Type Activities				
Public Utilities:				
General obligation bonds:				
2009E	Prentis Park Bonds	7/15/2041	0.00%	$ 1,282,200
2015A	G.O. Refunding Bonds	8/1/2030	3.00 - 5.00%	5,610,000
2015B	Taxable G.O. Refunding Bonds	8/1/2028	3.00 - 3.30%	4,075,000
2017A	G.O. Refunding Bonds	7/15/2041	3.00 - 5.00%	36,360,000
2021A	G.O. Refunding Bonds	7/15/2025	5.00%	140,000
2021B	Taxable G.O. Bonds	7/15/2041	0.12 - 2.60%	26,780,000
Total general obligation bonds				74,247,200
Revenue bonds:				
2019C	Infrastructure Revenue Bonds	10/1/2049	2.974 - 5.125%	28,675,000
2022B	Water and Sewer System Revenue Bond	10/1/2052	4.777 - 5.226%	23,890,000
2023	Water and Sewer System Revenue Bond	3/1/2053	0.300%	3,681,079
Total revenue bonds				56,246,079
Total Public Utilities				130,493,279
Parking Authority:				
2015A	G.O. Refunding Bonds	8/1/2030	3.00 - 5.00%	10,847
2017B	G.O. Taxable Refunding Bonds	7/15/2025	2.20 - 3.90%	15,000
2017A	G.O. Refunding Bonds	7/15/2026	5.00%	10,000
2021B	Taxable G.O. Bonds	7/15/2030	0.12 - 1.65%	45,000
Total Parking Authority				80,847
Golf:				
2015A	G.O. Refunding Bonds	8/1/2028	3.00 - 5.00%	385,000
2017B	G.O. Taxable Refunding Bonds	7/15/2035	2.35 - 2.85%	160,000
Total Golf				545,000
				$ 131,119,126

General obligation bonds are stated exclusive of premiums and discounts.

At June 30, 2025, the long-term indebtedness of the School Board component unit consisted of the following:

	Amount Outstanding
School Board:	
Compensated absences	$ 31,114,482
Medical claims payable	1,496,000
Workers' compensation claims payable	936,524
Subscription liability	1,391,934
Lease liability	1,015,771
Net pension liability	82,371,655
Net OPEB liability	13,955,401
Total long-term liabilities	$ 132,281,767

(5) LONG – TERM LIABILITIES (CONTINUED)

The following is a summary of changes in long-term indebtedness of the City for the year ended June 30, 2025:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due Within One Year
Primary Government -					
Governmental Activities:					
General obligation bonds	$ 326,007,541	41,100,000	(30,912,285)	336,195,256	31,683,265
Bond premiums/(discounts)	19,455,153	3,009,552	-	22,464,705	1,444,464
	345,462,694	44,109,552	(30,912,285)	358,659,961	33,127,729
Lease liabilities	5,144,119	-	(857,044)	4,287,075	743,911
VDOT loans	4,500,000	-	(200,000)	4,300,000	200,000
Compensated absences, as restated (Note 18)	19,267,518	-	(775,159)	18,492,359	7,412,413
Net OPEB Liability	22,562,222	-	(528,307)	22,033,915	-
Net pension liability	93,622,829	-	(7,214,416)	86,408,413	-
Total Governmental Activities	490,559,382	44,109,552	(40,487,211)	494,181,723	41,484,053
Business-type Activities:					
General obligation bonds	82,283,185	-	(7,410,138)	74,873,047	7,695,138
Bond premiums/(discounts)	6,555,248	-	(546,532)	6,008,716	460,301
Total general obligation bonds, net	88,838,433	-	(7,956,670)	80,881,763	8,155,439
Revenue bond	56,916,117	-	(670,038)	56,246,079	714,280
Bond premium	3,629,384	-	(136,690)	3,492,694	136,690
Total revenue bond, net	60,545,501	-	(806,728)	59,738,773	850,970
Landfill closure and post-closure care	4,034,009	127,888	-	4,161,897	-
Compensated absences, as restated (Note 18)	2,114,720	172,614	-	2,287,334	900,589
Net OPEB Liability	1,264,157	77,126	-	1,341,283	-
Net pension liability	3,642,535	1,127,919	-	4,770,454	-
Total Business-type Activities	160,439,355	1,505,547	(8,763,398)	153,181,504	9,906,998
Major Enterprise Funds:					
Public Utility Fund					
General obligation bonds	81,477,338	-	(7,230,138)	74,247,200	7,515,138
Bond premiums/(discounts)	6,549,077	-	(543,397)	6,005,680	459,193
Total general obligation bonds, net	88,026,415	-	(7,773,535)	80,252,880	7,974,331
Revenue bond	56,916,117	-	(670,038)	56,246,079	714,280
Bond premium	3,629,384	-	(136,690)	3,492,694	136,690
Total revenue bond, net	60,545,501	-	(806,728)	59,738,773	850,970
Compensated absences, as restated (Note 18)	1,180,635	41,014	-	1,221,649	482,664
Net OPEB Liability	758,494	95,050	-	853,544	-
Net pension liability	1,740,926	636,910	-	2,377,836	-
Total Public Utility Fund	152,251,971	772,974	(8,580,263)	144,444,682	9,307,965

The change in compensated absences balances above is presented net.

(5) LONG – TERM LIABILITIES (CONTINUED)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the government-wide Statement of Net Position. Pension and OPEB liabilities, in addition to the amount due within one year for compensated absences, which has been estimated, are generally liquidated by the fund for which the employee works.

Section 148 of the Internal Revenue Code of 1986 requires public entities to refund interest earned in excess of interest paid over the first five years outstanding on tax-exempt borrowings. The regulations are applicable to borrowings incurred subsequent to August 1986. The City has calculated the rebate due as of June 30, 2025, the settlement date, and reflected the liability, if any, in either the Public Utility Fund or the governmental activities column of the Statement of Net Position, depending on the bond issue and timing of payment.

The debt recorded in the enterprise and internal service funds is paid from revenues earned in those funds. General obligation debt is paid from the General Fund for which the primary funding sources are general property taxes and other local taxes.

The following is a summary of changes in long-term indebtedness of the School Board component unit for the year ended June 30, 2025:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due Within One Year
School Board:					
Compensated absences	$ 26,923,648	4,190,834	-	31,114,482	19,913,269
Claims payable	2,123,472	22,414,744	(22,105,692)	2,432,524	2,238,345
Subscription liability	2,246,260	217,904	(1,072,230)	1,391,934	755,109
Lease	1,247,821	-	(232,050)	1,015,771	238,441
Net OPEB Liability	15,735,849	-	(1,780,448)	13,955,401	-
Net pension liability	93,062,248	-	(10,690,593)	82,371,655	-
Total School Board	141,339,298	26,823,482	(35,881,013)	132,281,767	23,145,164

Conduit Debt

Periodically, the PPIC has issued Private Activity Revenue Bonds as authorized in the Industrial Development and Revenue Bond Act, Section 15.2-4900 et seq. of the Code of Virginia. These bonds provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The PPIC is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The PPIC has two Private Activity Revenue Bond outstanding as of June 30, 2025. The first bond was a Bank Qualified Refunding Revenue Bond issued in 2019 in the amount of $4,643,940 for the CYA Sport & Community, LLC Project in Chantilly, VA. As of June 30, 2025, the balance was approximately $4.5 million.

Debt Limit

The Commonwealth of Virginia imposes a legal limit of 10 percent of the assessed valuation of taxed real property as a ceiling in the amount of the general obligation borrowings, which may be issued by the City without referendum. At June 30, 2025, the City's debt limit was $1,088,132,000 of which $677,064,000 is available for the issuance of additional debt. There are no overlapping tax jurisdictions. However, the City has adopted three debt affordability policies that restrict the amount of debt beyond the amount indicated by the legal debt margin. These policies require that the ratio of all net tax-supported Debt Service to combined General Fund and School revenues should not exceed 10%, the ratio of net tax-supported Debt to Market Value should not exceed four percent, and the 10-year debt payout ratio of net tax-supported Debt should be greater than or equal to 50%.

(5) LONG – TERM LIABILITIES (CONTINUED)

Debt Compliance and Repayment
The annual requirements to pay all outstanding long-term bonds as of June 30, 2025, including interest payments, are summarized as follows:

Governmental Activities:

Fiscal Year	General Obligation Bonds		Leases	
Ending	Principal	Interest	Principal	Interest
2026	$ 31,683,265	$ 10,627,137	$ 743,911	$ 59,332
2027	27,657,529	9,683,318	560,397	50,125
2028	27,674,436	8,837,559	711,917	40,852
2029	27,879,436	7,960,680	996,805	28,057
2030	25,952,788	7,097,353	1,274,045	10,230
2031-2035	122,107,802	22,868,058	-	-
2036-2040	53,935,000	7,159,704	-	-
2041-2045	19,305,000	1,623,663	-	-
	$ 336,195,256	$ 75,857,472	$ 4,287,075	$ 188,596

Business-type Activities:

Fiscal Year	General Obligation Bonds		Revenue Bonds	
Ending	Principal	Interest	Principal	Interest
2026	$ 7,695,138	$ 2,120,282	$ 714,280	$ 2,324,808
2027	5,525,138	1,873,748	759,655	2,293,043
2028	5,730,138	1,713,980	1,315,028	2,245,904
2029	6,220,138	1,565,978	1,380,404	2,182,875
2030	6,023,785	1,406,312	1,450,781	2,116,385
2031-2035	20,267,886	4,914,708	8,299,586	9,530,274
2036-2040	18,295,691	2,064,573	10,109,169	7,729,131
2041-2045	5,115,133	148,379	12,238,900	5,581,819
2046-2050	-	-	15,078,774	2,745,864
2051-2055	-	-	4,899,502	351,059
	$ 74,873,047	$ 15,807,960	$ 56,246,079	$ 37,101,162

Authorized but Unissued Bonds

The total of general obligation bonds authorized but unissued for governmental funds as of June 30, 2025, was $104,520,278.

The total of bonds authorized but unissued for enterprise funds as of June 30, 2025, was $205,293,962.

(6) LEASE RECEIVABLES

The City, as the lessor, has entered into the following lease arrangements:

Cell Site - I-264 Exit 2A: An initial lease receivable was recorded in the amount of $89,518. As of June 30, 2025, the value of the lease receivable is $24,967. The lessee is required to make monthly fixed payments of $1,400 through December, 2026. The lease has an interest rate of 1.1770%. The value of the deferred inflow of resources as of June 30, 2025, was $24,414, and the City recognized lease revenue of $16,276 during the fiscal year.

Cavalier Manor Recreation Center: An initial lease receivable was recorded in the amount of $62,289. As of June 30, 2025, the value of the lease receivable is $12,712. The lessee is required to make monthly fixed payments of $1,231 through June, 2026. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of June 30, 2025, was $12,458, and the City recognized lease revenue of $12,458 during the fiscal year. The lessee has 4 extension option(s), each for 12 months.

Recreation Center - John F. Kennedy: An initial lease receivable was recorded in the amount of $132,394. As of June 30, 2025, the value of the lease receivable is $27,018. The lessee is required to make monthly fixed payments of $2,529 through June, 2026. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of June 30, 2025, was $26,479, and the City recognized lease revenue of $26,479 during the fiscal year. The lessee has 4 extension options, each for 12 months.

Recreation Center - Joseph E. Parker: An initial lease receivable was recorded in the amount of $28,990. As of June 30, 2025, the value of the lease receivable is $5,916. The lessee is required to make monthly fixed payments of $542 through June, 2026. The lease has an interest rate of 1.0590%. The value of the deferred inflow of resources as of June 30, 2025, was $5,798, and the City recognized lease revenue of $5,798 during the fiscal year. The lessee has 4 extension options, each for 12 months.

4690 Greenwood Drive: An initial lease receivable was recorded in the amount of $320,900. As of June 30, 2025, the value of the lease receivable is $192,704. The lessee is required to make monthly fixed payments of $2,554 through August, 2030. The lease has an interest rate of 0.3160%. The value of the deferred inflow of resources as of June 30, 2025, was $180,658, and the City recognized lease revenue of $35,060 during the fiscal year. The lessee has 1 extension option of 60 months.

1701 High Street - Suite 102: An initial lease receivable was recorded in January, 2022, in the amount of $3,363,359. As of June 30, 2025, the value of the lease receivable is $2,273,507. The lessee is required to make monthly fixed payments of $30,987 through December, 2031. The lease has an interest rate of 1.8800%. The value of the deferred inflow of resources as of June 30, 2025, was $2,197,169, and the City recognized lease revenue of $338,026 during the fiscal year. The lessee has 1 extension option for 60 months.

The Economic Development Authority, as the lessor, has entered into the following lease arrangements:

Hotel: Previously, the City redeveloped a tract of land to further economic development and enhancement of the City's downtown and waterfront areas through the development of a hotel and conference center with accompanying parking. A 250-room, first-class, full-service destination hotel is currently owned and operated by 425 Water LLC. The owner is paying the Authority for air rights (intangible) and management of the conference center. The parking garage is operated by the hotel, no payments are made to the Authority. The agreement for the air rights and conference center expires on June 1, 2049, with the right to extend for four 10-year teams and one 9-year term. The lease has an interest rate of 0.89%. The Economic Development Authority recognized lease revenue of $66,584 during the fiscal year.

(6) LEASE RECEIVABLES (CONTINUED)

The City and Economic Development Authority expect the following principal and interest payments on these leases through maturity:

Fiscal Year Ending	Primary Government		Economic Development Authority	
	Principal	Interest	Principal	Interest
2026	$ 428,993	$ 40,917	$ 60,830	$ 14,155
2027	382,589	34,072	61,376	13,611
2028	381,840	27,514	61,926	13,062
2029	389,620	20,859	62,481	12,509
2030	397,562	14,076	63,041	11,950
2031-2035	556,220	8,218	323,789	51,195
2036-2040	-	-	338,567	36,459
2041-2045	-	-	354,021	21,052
2046-2050	-	-	294,818	5,276
	$ 2,536,824	$ 145,656	$ 1,620,849	$ 179,269

(7) RETIREMENT PLANS

Most full-time employees of the City are eligible for benefits in the event of retirement, death, or disability under the State-administered Virginia Retirement System (VRS) or under one of the two retirement systems administered by the City.

In addition, professional and nonprofessional employees of the school board are covered by VRS. All professional employees participate in the statewide teacher ("cost-sharing pool") retirement system, and nonprofessional employees participate as a separate group in the agent multiple-employee retirement system.

The policies and plans for all three retirement systems are described below.

Portsmouth Retirement Systems

Summary of Significant Accounting Policies

Measurement focus and basis of accounting. The City accounts for the Portsmouth Supplemental Retirement System (PSRS) and the Fire and Police Retirement System (FPRS) as pension trust funds and does not separately issue financial reports for these plans. The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Contributions to each plan are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method used to value investments. Investments are reported at fair value in accordance with GAAP. Investments are measured using fair value hierarchy. Securities traded on a national exchange are reported at fair value based on the closing market prices quoted each business day, which are published and represent verifiable valuation (Level 1) inputs. Securities that do not have a readily determinable fair value are reported at estimated fair value based on appropriate market valuation measurement techniques (using a market, cost or income approach), which are recognized and represent observable valuation (Level 2) inputs.

Plan Description - Portsmouth Supplemental Retirement System

Plan description and membership. The Portsmouth Supplemental Retirement System (PSRS) is a single-employer non-contributory retirement system that was established on October 1, 1953. It was designed to provide retirement, death, or disability benefits for all regular full-time, permanent employees who were not eligible for membership in VRS or the Portsmouth FPRS. On December 1, 1984, the City offered an option to all employees of the PSRS to either remain with their current system or transfer to VRS. All regular full-time employees hired after December 1, 1984, with the exception of City Council members, are members of VRS as required by State statutes. City Council members are no longer eligible for membership as of December 31, 2016, except for former City Council members returning to service. Therefore, the PSRS has become a "closed" system.

Benefits provided. All regular full-time permanent employees (except those eligible for membership in the Virginia Retirement System and the Portsmouth Fire and Police Retirement System as noted above) who were hired prior to December 1, 1984 were eligible to participate in the PSRS. Employees who have attained age 50 with five years of service are eligible for a retirement benefit payable monthly during the lifetime of the member that is equal to 2% of their average final compensation (AFC) multiplied by their years of creditable service. AFC is the average annual compensation during the 36 consecutive months of creditable service that yields the highest average.

Benefits may be increased from time to time by cost-of-living adjustments approved by City Council. Effective July 1, 1994, retirees who retire on Normal Service Retirement may be eligible to receive an additional allowance of $200 per month until age 65. The married member shall be provided a 50% spousal option at no cost if the spouse is no more than 5 years younger than the member. The PSRS plan also provides death and disability benefits. These benefit provisions and all other requirements of the PSRS are established by City Council. The City (employer) is required by City code to contribute the amounts necessary to fund the system based on an actuarially determined percentage of payroll. There are no required contributions due from employees.

(7) RETIREMENT PLANS (CONTINUED)
Local Plans (Continued)

Plan Description - Portsmouth Fire and Police Retirement System

Plan description and membership. The FPRS is a single-employer retirement system that was established on January 1, 1957. Its membership is comprised of every firefighter or police officer, hired prior to July 1, 1995, who is a full-time permanent employee. All full-time firefighters and police officers hired after June 30, 1995, are members of the VRS Law Enforcement Officers (LEO) retirement system as required by State statutes. Therefore, the FPRS has become a "closed" system.

Benefits provided. Benefits vest after five years of service. Employees may retire at any time with 20 years of service, regardless of age. Employees 50 or older may retire at any time with less than 20 years of service provided the vesting requirement has been satisfied. Employees are entitled to an annual retirement benefit payable in an amount equal to 3% of the average final compensation (AFC) for the first 20 years and 2% for each of the next 5 years of service and 1% for each year thereafter multiplied by their years of creditable service. AFC is defined as the highest consecutive 36 months of compensation. Benefits begin at age 60, upon written request, for members who terminate employment prior to age 50 with less than 20 years of creditable service.

Benefits may be increased from time to time by percentage adjustments approved by City Council. Effective July 1, 1994, retirees receive a supplement of $200 per month until age 65. In addition, an automatic 50% survivor option has been added for all retirees at no cost to the retirees. The FPRS also provides death and disability benefits. These benefit provisions and all other requirements of the FPRS are established by City Council.

The City (employer) is required by City code to contribute the amounts necessary to fund the system based on an actuarially determined percentage of payroll. There are no required contributions due from employees.

Plan Participants

Participation in the Portsmouth Supplemental Retirement System and the Fire and Police Retirement System consisted of the following as of June 30, 2025:

	Total	PSRS	FPRS
Retirees and beneficiaries	914	306	608
Vested terminated employees not yet receiving benefits	39	8	31
Current vested employees	7	6	1
	960	320	640

Contributions

The funding policy of PSRS and FPRS provides for periodic employer contributions at actuarially determined rates which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Rates necessary to support post-retirement supplements which may be payable in addition to the basic benefits are determined separately on a pay-as-you-go basis.

Total employer contributions to the PSRS and FPRS for fiscal year 2025 were $2,133,512 and $7,314,135, respectively or $9,447,647 in total.

Plan Investments

Investment policy. This Statement of Investment Policy defines the investment policies for the management and oversight of the Portsmouth Retirement System (the "Plan"). It establishes objectives, strategies to achieve them, procedures for monitoring and control, and identifies responsibilities for the oversight and management of Plan assets.

The Board of Trustees of the City of Portsmouth Supplemental Retirement Systems (the Board) is responsible for the Investment Policy of both systems and may amend it from time to time.

(7) RETIREMENT PLANS (CONTINUED)
Local Plans (Continued)

Plan Investments (continued)

Responsibilities. Responsibilities for the oversight and management of Plan assets are specified as follows:

1. The Board establishes investment policy, makes asset allocation decisions, determines asset class strategies and retains investment managers to implement asset allocation and asset class strategy decisions.
2. The Board has engaged Graystone Consulting to assist the Board in areas of asset allocation, investment policy, portfolio strategy implementation, performance monitoring and evaluation, and rebalancing policy implementation.
3. Graystone Consulting is responsible for investing Plan assets in a manner consistent with the Plan's Investment Policy within the John Hancock Retirement Plans Services Investment Platform.

Objectives. Objectives of the Investment Policy are as follows:

1. Invest Plan assets prudently to provide retirement benefits for qualified participants.
2. Maximize long-term return by investing to achieve the rate of return specified by the Plan’s actuarial assumptions.
3. Diversify investments by asset type, class, capitalization, and style to minimize risk.
4. Minimize management and custodial costs.

Performance Objectives. In achieving the Plan’s objectives, the Plan’s performance objective is to outperform the Policy Portfolio return after fees at a comparable level of risk. This investment objective is expected to be achieved over the long term and is measured over rolling five-year periods.

Policy Portfolio. Asset allocation policy is the principal method for achieving the investment objectives stated above. The Plan’s policy targets and ranges are as follows:

	Target	Range
Equities	66%	50% - 90%
Fixed Income	30%	10% - 50%
Real Estate	2%	0% - 5%
Alternatives	2%	0% - 5%

US equities are held for their long-term expected return premium over fixed income investments and inflation. Non-US equities are held for their expected return premium (along with US equities), as well as diversification relative to equities. Cash equivalents are held solely to meet the Plan’s liquidity requirements.

The asset allocation policy is reviewed by the Board at a high level regularly. A detailed review may be conducted if significant changes occur in the Plan’s financial position or spending policy.

Rebalancing policy. The portfolio shall be rebalanced by John Hancock Retirement Plan Services quarterly to reflect target asset allocation percentages by fund manager listed on the approved lineup.

(7) RETIREMENT PLANS (CONTINUED)
Local Plans (Continued)

Plan Investments (continued)

Monitoring and control. The Investment portfolio shall be reviewed on demand and at a minimum of once each quarter. Specific guidelines by investment medium include:

1. Equities:
   A. Investments shall be diversified by number within each approved class.
   B. Management employed shall have demonstrated historical performance and risk proficiency.
   C. Performance review shall include third-party publications.
   D. Performance review shall include peer comparisons.
   E. Appropriate benchmarks for returns comparisons include, but are not limited to, the following:

U.S. Large Cap Value	Russell 1000 Value Index
U.S. Large Cap Growth	Russell 1000 Growth Index
U.S. Large Cap Core	Russell 1000 Index and S&P 500 Index
U.S. Mid Cap Value	Russell Mid Cap Value Index
U.S. Mid Cap Growth	Russell Mid Cap Growth Index
U.S. Small Cap Value	Russell 2000 Value Index
U.S. Small Cap Growth	Russell 2000 Growth Index
International Equity	MSCI EAFE Index

2. Fixed Income:
   A. Investments shall be diversified by type and number.
   B. Average duration of the portfolio shall not exceed 10 years.
   C. U.S. guaranteed issues shall constitute the largest percentage of holdings.
   D. Credit quality shall average a minimum of an S&P "A" rating.
   E. Performance review shall include third-party publications.
   F. Performance reviews shall include peer comparisons, when possible.
   G. A benchmark for returns comparisons includes, but is not limited to the Barclays Capital Aggregate Bond Index.

3. Alternative Investments:
   As the name implies, this general investment classification includes markets other than the traditional markets, such as Equities, Fixed Income, and Cash Equivalents. Extensive research and empirical evidence has verified that investment diversification among a number of different, non-correlated asset classes has the potential to reduce overall portfolio volatility and improve returns. Rather than taking direct positions in alternative markets, such as Real Estate, Agricultural Products, Energy, Metals, Currencies, etc. or, investing in Limited Partnerships, which can lack liquidity and/or transparency, latitude will be retained to access these markets/assets through Mutual Funds.

   A. Real Estate:
      1. The investment medium shall be equity real estate.
      2. Investments shall provide asset class diversification to reduce portfolio standard deviation.
      3. The funds will be invested publicly traded real estate mutual funds and not in real estate limited partnerships.
      4. Investments shall be diversified and of high quality; core assets will comprise a majority of the allocation.
      5. A benchmark for returns comparisons includes, but is not limited to, the Russell Open-End Real Estate Universe.

(7) RETIREMENT PLANS (CONTINUED)
Local Plans (Continued)

Plan Investments (continued)

B. Managed Futures:
1. Fund Managers shall access the respective markets via Managed Futures, which eliminates such concerns as storage and insurance costs, or, unwanted delivery.
2. Investments shall provide asset class diversifications to reduce portfolio standard deviation.
3. The funds will be invested in Managed Futures Mutual Funds and not Managed Futures Limited Partnerships.
4. Investments shall be diversified and of high quality. Fund Managers have the latitude to take long or small positions in the representative markets, based upon their professional evaluation of relevant trends.
5. A benchmark for returns comparisons includes, but is not limited to, the Morningstar Diversified Futures Index TR.

Underperformance of investments in any of the above media, as measured by comparisons with peers and benchmarks for two consecutive quarters, shall trigger a review by the Investment Committee. This review shall continue quarterly until either performance has improved or management has been replaced.

Any recommended changes to investment management shall include comparisons of management and custodial costs.

Concentrations
There are no significant investments (other than U.S. Government and U.S. Government-guaranteed obligations) in any one organization that represent 5% or more of net assets available for benefits.

Rate of Return
For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.43% and 10.36% for FPRS and PSRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability of the Portsmouth Retirement Systems
The FPRS and PSRS net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of July 1, 2024, using updated actuarial assumptions. As of June 30, 2024, the net pension liability amounts for the FPRS and PSRS are as follows:

	PSRS	FPRS
Total Pension Liability	$ 62,945,166	$ 209,119,875
Less: Fiduciary Net Position	46,862,989	149,612,641
Net Pension Liability	$ 16,082,177	$ 59,507,234
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.45%	71.54%

(7) RETIREMENT PLANS (CONTINUED)
Local Plans (Continued)

Changes in Net Pension Liability - FPRS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2023	$ 215,972,839	$ 147,722,907	$ 68,249,932
Change for the year:			
Service Cost	11,279	-	11,279
Interest	14,896,076	-	14,896,076
Differences between expected and actual experience	(1,029,659)	-	(1,029,659)
Contributions - employer	-	7,560,516	(7,560,516)
Net investment income	-	16,272,977	(16,272,977)
Benefit payments, including refunds of employee contributions	(20,730,660)	(21,665,160)	934,500
Administrative expenses	-	(278,599)	278,599
Net changes	(6,852,964)	1,889,734	(8,742,698)
Balance at June 30, 2024	$ 209,119,875	$ 149,612,641	$ 59,507,234

Changes in Net Pension Liability - PSRS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2023	$ 65,785,424	$ 47,260,644	$ 18,524,780
Change for the year:			
Service Cost	11,803	-	11,803
Interest	4,499,599	-	4,499,599
Differences between expected and actual experience	(154,144)	-	(154,144)
Contributions - employer	-	2,260,709	(2,260,709)
Net investment income	-	5,128,220	(5,128,220)
Benefit payments, including refunds of employee contributions	(7,197,516)	(7,694,016)	496,500
Administrative expenses	-	(92,568)	92,568
Net changes	(2,840,258)	(397,655)	(2,442,603)
Balance at June 30, 2024	$ 62,945,166	$ 46,862,989	$ 16,082,177

(7) RETIREMENT PLANS (CONTINUED)
Local Plans (Continued)

Actuarial Assumptions.
The total pension liability was determined by an actuarial valuation as of July 1, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal - Level Percentage of Pay
Interest Rate	7.25%
Annual Rates of Salary Increase:	
Salaries	3.00%
Future Social Security Wage Bases	3.00%
Future Social Security Cost of Living Increases	2.50%
Statutory Limits on Compensation and Benefits	2.50%

Mortality rates were based on the Pub-2016 General/Safety Mortality Table with Generational Projection (Scale MP-2021).

The long-term expected rate of return on pension plan investments was derived using estimates of hypothetical average returns from statistical models. Actual returns may vary from the expected returns.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City's pension plans, calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability would be if it were calculated on a sensitivity basis using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
PSRS			
Total Pension Liability	$ 67,362,464	62,945,166	59,043,264
Less: Fiduciary Net Position	46,862,989	46,862,989	46,862,989
Net Pension Liability	$ 20,499,475	16,082,177	12,180,275
FPRS			
Total Pension Liability	$ 227,452,078	209,119,875	193,397,978
Less: Fiduciary Net Position	149,612,641	149,612,641	149,612,641
Net Pension Liability	$ 77,839,437	59,507,234	43,785,337

(7) RETIREMENT PLANS (CONTINUED)
Local Plans (Continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension
For the year ended June 30, 2025, the City recognized total pension expense of $5,852,056 ($1,389,954 for PSRS and $4,462,102 for FPRS). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for both the PSRS and the FPRS:

	PSRS		FPRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 1,038,730	$ -	$ 3,041,149	$ -
Employer contribution subsequent to the measurement date	2,133,512	-	7,314,135	-
Total	$ 3,172,242	$ -	$ 10,355,284	$ -

Deferred outflows of resources for contributions subsequent to measurement date will be recognized in net pension liability/collective net pension liability in fiscal year ended 2026. The amounts reported as deferred outflows of resources related to PSRS and FPRS pensions will be recognized in pension expense as follows:

Year ended June 30,	PSRS	FPRS
2026	$ (87,606)	$ (239,688)
2027	2,139,537	6,499,053
2028	(631,065)	(1,999,652)
2029	(382,136)	(1,218,564)
	$ 1,038,730	$ 3,041,149

Plan Financial Statements
John Hancock does not provide any independently verified audited statements for the pension plans. Below is the financial statement for the City's plans. Additional information can be seen on Exhibit F-1 and F-2 and Exhibit N-1 and N-2.

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System
Assets		
Cash equivalents	$ 1,602,275	$ 9,105,651
Investments		
Stocks	30,876,637	98,687,175
Real estate	1,614,806	5,027,731
Fixed income	11,949,567	37,205,208
Total investments	44,441,010	140,920,114
Total assets	46,043,285	150,025,765
Net position restricted for pension	$ 46,043,285	$ 150,025,765

(7) RETIREMENT PLANS (CONTINUED)
Local Plans (Continued)

Plan Financial Statements (continued)

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System
Additions:		
Contributions		
Employers' contributions	$ 2,133,512	$ 7,314,135
Investment gain	4,527,215	14,651,594
Total additions	6,660,727	21,965,729
Deductions:		
Benefit payments	7,404,121	21,324,024
Administrative expenses	76,310	228,581
Total deductions	7,480,431	21,552,605
Change in net position	(819,704)	413,124
Net position restricted for pensions, beginning of year	46,862,989	149,612,641
Net position restricted for pensions, end of year	$ 46,043,285	$ 150,025,765

As of June 30, 2025, the net pension liability amounts for the FPRS and PSRS are as follows:

	PSRS	FPRS
Total Pension Liability	$ 60,717,493	$ 205,880,198
Less: Fiduciary Net Position	46,043,285	150,025,765
Net Pension Liability	$ 14,674,208	$ 55,854,433
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.83%	72.87%

(7) RETIREMENT PLANS

<u>Virginia Retirement System</u>

Plan Description

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent and Cost-Sharing, Multiple Employer Defined Benefit Pension Plans
Administering Entity:	Virginia Retirement System (System)

All full-time, salaried permanent employees of the City and School Board are automatically covered by a VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave and previously refunded service

Within the VRS Plan, the System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and eligibility for covered groups within each plan are set out below:

VRS PLAN 1

About VRS Plan 1
VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Eligible Members
Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election
VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 1 or ORP.

Retirement Contributions
Members contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Service Credit
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

VRS PLAN 1 (continued)

Vesting
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Calculating the Benefit
The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

Average Final Compensation
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

Retirement Age
Normal retirement: Age 65. Political subdivision hazardous duty employees: Age 60.

Earliest Unreduced Retirement Eligibility
Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years (60 months) of service credit or age 50 with at least 25 years of service credit.

Earliest Reduced Retirement Eligibility
Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. Political subdivision hazardous duty employees may retire with a reduced benefit as early as age 50 with at least five years of service credit.

Cost-of-Living Adjustment (COLA) in Retirement
The COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

VRS PLAN 1 (continued)

Exceptions to COLA Effective Dates:
The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death- in-service benefit.

Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.

Purchase of Prior Service
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

VRS PLAN 2

About Plan 2
Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.

Eligible Members
Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010 and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an ORP and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

Retirement Contributions, Service Credit, Vesting, and Calculating the Benefit
Same as Plan 1.

Average Final Compensation
A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier
Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. Sheriffs, regional jail superintendents and political subdivision hazardous duty employees: Same as Plan 1.

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

VRS PLAN 2 (continued)

Normal Retirement Age
Normal Social Security retirement age. Political subdivision hazardous duty employees: Same as Plan 1.

Earliest Unreduced Retirement Eligibility
Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service credit equal 90. Political subdivision hazardous duty employees: Same as Plan 1.

Earliest Reduced Retirement Eligibility
Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit. Political subdivision hazardous duty employees: Same as Plan 1.

COLA in Retirement
The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility:
Same as Plan 1.

Exceptions to COLA Effective Dates:
Same as Plan 1.

Disability Coverage
Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

Purchase of Prior Service
Same as Plan 1.

VRS HYBRID RETIREMENT PLAN

About VRS Hybrid Retirement Plan
The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses and any required fees.

Eligible Members
Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees*
- School division employees
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

*Non-Eligible Members – Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

Those employees eligible for an ORP must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

VRS HYBRID RETIREMENT PLAN (continued)

Retirement Contributions
A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit

Defined Benefit Component:
Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:
Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Vesting

Defined Benefit Component:
Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component:
Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distributions are not required, except as governed by law until age 73.

Calculating the Benefit

Defined Benefit Component:
See definition under Plan 1.

Defined Contribution Component:
The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation
Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

VRS HYBRID RETIREMENT PLAN (continued)

Service Retirement Multiplier

Defined Benefit Component:
The retirement multiplier for the defined benefit component is 1.0%. For members that opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Defined Contribution Component:
Not applicable.

Normal Retirement Age

Defined Benefit Component:
Same as Plan 2.

Defined Contribution Component:
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:
Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service credit equal 90.

Defined Contribution Component:
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility

Defined Benefit Component:
Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of service credit.

Defined Contribution Component:
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

COLA in Retirement

Defined Benefit Component: Same as Plan 2.
Defined Contribution Component: Not applicable.
Eligibility: Same as Plan 1.
Exceptions to COLA Effective Dates: Same as Plan 1.

Disability Coverage
Eligible political subdivision and school division employees (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer- paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one- year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service
Defined Benefit Component: Same as Plan 1, except Hybrid Retirement Plan members are ineligible for ported service.
Defined Contribution Component: Not applicable.

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

Pension Plan Data
Information about the VRS Political Subdivision and Teacher Retirement Plans is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/media/shared/pdf/publications, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Employees Covered by Benefit Terms
As of the June 30, 2023, actuarial valuation, the following City and School Board employees were covered by the benefit terms of the City's and School Board's VRS pension plans:

	City	School Board - Non- Professional
Inactive members or their beneficiaries currently receiving benefits	1,378	364
Inactive members:		
Vested inactive members	376	66
Non-vested Inactive members	813	189
LTD	2	-
Inactive members active elsewhere in VRS	901	82
Total inactive members	2,092	337
Active members	1,415	302
Total covered employees	4,885	1,003

Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to Political Subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The City's contractually required employer contribution rate for the year ended June 30, 2025, was 14.13 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the VRS pension plan from the City were $14,570,341 and $12,260,728 for the years ended June 30, 2025 and 2024, respectively.

The School Board (Non-Professional) VRS pension plan's contractually required employer contribution rate for the fiscal year ended June 30, 2025, was 10.75 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarial rate for this plan was 11.75 percent. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the Non-Professional VRS pension plan were $1,030,420 and $931,751 for the years ended June 30, 2025 and 2024, respectively.

The School Board Professional VRS plan's contractually required contribution rate for the fiscal year ended June 30, 2025, was 14.21 percent of covered employee compensation. This was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the Professional VRS plan were $16,071,606 and $13,793,363 for the years ended June 30, 2025 and 2024, respectively.

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

Contributions (Continued)

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $410,313, $504,846, and $63,826 for the City and School Board (Professional and Non-Professional), respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $323,662, $365,594, and $43,758 for the City and School Board (Professional and Non-Professional), respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $4,103,130, $50,470,611, and $6,373,001 for the City and School Board (Professional and Non-Professional), respectively, for the year ended June 30, 2025.

Net Pension Liability

The net pension liability is calculated separately for each employer participating in the VRS Political Subdivision Retirement Plan and represents that particular employer's total pension liability determined in accordance with U.S. generally accepted accounting principles, less that employer's fiduciary net position. For Political Subdivisions, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

The net pension liability is calculated separately for each system participating in the VRS Teacher Employee Retirement Plan and represents that particular system's total pension liability determined in accordance with U.S. generally accepted accounting principles, less that system's fiduciary net position. As of June 30, 2024, net pension liability amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

Total pension liability	$ 60,622,260
Plan fiduciary net position	51,235,326
Employer's net pension liability	$ 9,386,934
Plan fiduciary net position as a percentage of the total pension liability	84.52%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

At June 30, 2025, the School Board reported a liability of $77,490,084 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was also determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The School Board's proportion of the Net Pension Liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion was 0.82551% as compared to 0.87183% at June 30, 2023.

Actuarial Assumptions - General Employees

The total pension liability for general employees in the City's VRS plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

Actuarial Assumptions - General Employees (continued)

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return plan investment	6.75 percent, net of pension plan investment expenses, including inflation

Mortality rates:

General Employees – Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees - Non-Hazardous Duty:
Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvements Scale MP-2020.
Retirement rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age
Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates: No change
Salary scale: No change
Line of Duty disability: No change
Discount rate: No change

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for public safety employees with hazardous duty benefits in the City's VRS plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 4.75 percent
Investment rate of return plan investment	6.75 percent, net of pension plan investment expenses, including inflation

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits (continued)

Mortality rates - Hazardous Duty:
45% of deaths are assumed to be service related
Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.
Mortality Improvements:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

Hazardous Duty:
Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates: Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal rates: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability rates: No change
Salary scale: No change
Line of Duty disability: No change
Discount rate: No change

Actuarial Assumptions - Teachers

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.95 percent
Investment rate of return plan investment	6.75 percent, net of pension plan investment expenses, including inflation

Mortality rates:
Pre-Retirement:
Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.
Post-Retirement:
Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

Actuarial Assumptions - Teachers (continued)

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates: No change
Salary scale: No change
Discount rate: No change

Long-Term Expected Rate of Return

The long-term expected rate of return on pension 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 pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
Total	100.00%		7.07%
	* Expected arithmetic nominal return		7.07%

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

* The above allocation provides for a one-year return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, Political Subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2024, the alternate rate was the employer contribution rate used in the fiscal year 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations, whichever was greater. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability - City VRS Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2023	$ 445,177,256	434,686,604	10,490,652
Change for the year:			
Service Cost	13,277,383	-	13,277,383
Interest	30,158,091	-	30,158,091
Differences between expected and actual experience	20,202,395	-	20,202,395
Contributions - employer	-	12,260,728	(12,260,728)
Contributions - employee	-	4,534,092	(4,534,092)
Net investment income	-	42,009,223	(42,009,223)
Benefit payments, including refunds of employee contributions	(23,336,200)	(23,336,200)	-
Administrative expenses	-	(273,532)	273,532
Other changes	-	8,554	(8,554)
Net changes	40,301,669	35,202,865	5,098,804
Balance at June 30, 2024	$ 485,478,925	469,889,469	15,589,456

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

Changes in Net Pension Liability - School Board Non-Professional VRS Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2023	$ 41,898,648	36,954,043	4,944,605
Change for the year:			
Service cost	744,008	-	744,008
Interest	2,778,621	-	2,778,621
Differences between expected and actual experience	1,222,644	-	1,222,644
Changes in assumptions	-	-	-
Contributions – employer	-	924,627	(924,627)
Contributions - employee	-	380,655	(380,655)
Net investment income	-	3,527,081	(3,527,081)
Benefit payments, including refunds of employee contributions	(2,955,792)	(2,955,792)	-
Administrative expenses	-	(24,566)	24,566
Other changes	-	510	(510)
Net changes	1,789,481	1,852,515	(63,034)
Balance at June 30, 2024	$ 43,688,129	38,806,558	4,881,571

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

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

	1.00% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1.00% Increase (7.75%)**
City VRS Plan	$ 74,649,074	$ 15,589,456	$ (33,278,429)
School Board Professional VRS Plan	$ 143,961,387	$ 77,490,084	$ 23,052,202
School Board Non-Professional VRS Plan	$ 9,463,603	$ 4,881,571	$ 1,025,309

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

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

For the year ended June 30, 2025, the City and School Board (Non-Professional) recognized pension expense/(recovery) of $9,061,680 and $175,854, respectively.

For the year ended June 30, 2025, the School Board recognized for its Professional VRS plan pension expense of $3,897,597. Since there was a change in proportionate share between the measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022, measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to VRS pensions from the following sources:

	City		School Board Professional		School Board Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 13,080,634	$ -	$ 13,443,437	$ 1,595,575	$ 595,647	$ -
Change in assumptions	-	-	1,406,549	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	12,025,038	-	10,666,557	-	1,063,309
Changes in proportion	-	-	155,453	9,992,122	-	-
Employer contributions subsequent to the measurement date	14,570,341	-	16,071,606	-	1,030,420	-
Total	$ 27,650,975	$ 12,025,038	$ 31,077,045	$ 22,254,254	$ 1,626,067	$ 1,063,309

(7) RETIREMENT PLANS (CONTINUED)
Virginia Retirement System (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Deferred outflows of resources for contributions subsequent to the measurement date will be recognized in pension expense in the fiscal year ending June 30, 2026. Amounts reported as deferred outflows and inflows of resources related to both the City and School Board VRS plans will be recognized in pension expense as follows:

Year ended June 30,	City	School Board Professional	School Board Nonprofessional
2026	$ (2,520,607)	(8,329,691)	(362,942)
2027	8,517,104	3,118,077	309,959
2028	(2,361,380)	(478,878)	(196,839)
2029	(2,579,521)	(1,558,323)	(217,840)
2030	-	-	-
	$ 1,055,596	(7,248,815)	(467,662)

Payables to the Pension Plan

At June 30, 2025, the City and the School Board reported a liability of $0 for legally required contributions to the pension plan.

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

Primary Government	Local - PSRS	Local - FPRS	VRS	Total
Governmental activities				
Deferred outflows	$ 2,569,517	$ 10,355,284	$ 24,609,369	$ 37,534,170
Net pension liability	13,026,564	59,507,234	13,874,615	86,408,413
Deferred inflows	-	-	10,702,284	10,702,284
Pension expense	1,528,028	5,396,602	8,064,895	14,989,525
Business-type activities				
Deferred outflows	602,725	-	3,041,606	3,644,331
Net pension liability	3,055,613	-	1,714,841	4,770,454
Deferred inflows	-	-	1,322,754	1,322,754
Pension expense	358,426	-	996,785	1,355,211
Total Primary Government				
Deferred outflows	3,172,242	10,355,284	27,650,975	41,178,501
Net pension liability	16,082,177	59,507,234	15,589,456	91,178,867
Deferred inflows	-	-	12,025,038	12,025,038
Pension expense	1,886,454	5,396,602	9,061,680	16,344,736

	VRS		
Discretely presented component unit - School Board	Prof	Non-Prof	Total
Deferred outflows	$ 31,077,045	$ 1,626,067	$ 32,703,112
Net pension liability	77,490,084	4,881,571	82,371,655
Deferred inflows	22,254,254	1,063,309	23,317,563
Pension expense (revenue)	3,897,597	175,854	4,073,451

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB)

City of Portsmouth Retired Employees Health Care Program

Plan Description
The City of Portsmouth Retired Employee Health Care Program is a single-employer defined benefit healthcare program administered by the City of Portsmouth. The defined benefit plan for the City's Program was established to provide post employment benefits other than pensions as defined by and in accordance with Section 15.2-1545 of the *Code of Virginia*.

In accordance with Article 8, Chapter 15, subtitled II of Title 15.2 of the Virginia Code, the City has elected to establish a trust for the purpose of accumulating and investing assets to fund other postemployment benefits obligations. The City joined the Virginia Pooled OPEB Trust Fund (Trust), which was established by the Virginia Municipal League and the Virginia Association of Counties in 2018.

The Trust's Board of Trustees has fiduciary responsibility for the investment of monies and administration of the Trust pursuant to the Trust Agreement. The Board of Trustees is composed of nine members. Trustees are members of Local Finance Boards of participating employers and are elected for staggered three-year terms by the participants in the Trust.

The Portsmouth City Public Schools School Board administers a similar defined benefit healthcare plan.

Plan Membership
The membership as of January 1, 2024, includes:

	City	School Board
Active Participants	1,450	1,718
Retirees and Spouses	716	12

Benefits Provided
The Program provides medical (health) and dental insurance benefits to eligible retirees and their families through the same self-insured program that provides coverage to active City employees. Effective, July 1, 2014, the City established the eligibility requirement of 10 years of continuous City service as of July 1, 2014, for employees to be eligible for retiree health coverage and a fixed monthly City contribution. After that date, the requirement is 15 years of continuous City service for employees to be eligible for retiree health coverage with no City contribution unless an employee has 25 years or more of continuous City service. In addition, post-65 retiree health coverage was eliminated for future retirees on June 30, 2015.

Significant Accounting Policies
The OPEB Trust is a fiduciary-type component unit of the City. The measurement focus of the OPEB Trust is on the flow of economic resources. This focus emphasizes the determination of changes in the OPEB trust's net position. With this measurement focus, all assets and liabilities associated with the operation of this fiduciary fund are included on the *Statement of Fiduciary Net Position*. This fund uses the accrual basis of accounting whereby contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
City of Portsmouth Retired Employees Health Care Program (continued)

Contributions
Contribution requirements of the City and plan members are established and may be amended by the respective legislative bodies. The School Board has the authority to establish and amend the funding policy of their plan. The required contribution is based on projected pay-as-you-go financing requirements, with the potential for additional amounts to prefund benefits as determined annually by the City Council. For fiscal year 2025, the City contributed $1,462,091 to the program, all for current premiums, and there was no additional prefunding contribution. Retired employees receiving benefits contributed $398,456 through required monthly contributions that vary from $1,452.65 to $5,729.88 depending on the retiree's choice of Health Maintenance Organization or Preferred Provider coverage, the retiree's age, and whether the coverage is for the retiree only or includes other family members. Contribution requirements of the Portsmouth City Public School Board and plan members are established and may be amended by the Portsmouth City Public School Board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Portsmouth City Public School Board. For the year ended June 30, 2025, the Portsmouth City Public School Board made no further contributions to the plan to pay current benefits and to prefund benefits.

Investment
The OPEB's plan investment policy in regard to the allocation of invested assets is established and may be amended by the Virginia Pooled OPEB Trust Fund Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan.

Rate of Return
For the year ended June 30, 2025, the annual money-weighted rate of return on City OPEB plan investments, net of OPEB plan investment expense, was 8.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability
The components of the net OPEB liability of the City at June 30, 2025, were as follows:

	City	School Board
Total OPEB Liability	$ 19,856,765	$ 4,668,380
Fiduciary Net Position	(11,850,224)	(20,220,877)
Net OPEB Liability	$ 8,006,541	$(15,552,497)
Fiduciary Net Position as a % of Total OPEB Liability	59.68%	433.15%

Changes in Net OPEB Liability of the City:

City	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2024	$ 19,436,590	$ 10,898,824	$ 8,537,766
Service cost	625,031	-	625,031
Interest on total OPEB liability	1,257,235	-	1,257,235
Effect of economic/demographic gains or losses	-		-
Effect of assumptions changes or inputs	-	-	-
Benefits payments	(1,462,091)	(1,462,091)	-
Administrative expenses	-	(11,379)	11,379
Employer contributions	-	1,462,091	(1,462,091)
Net investment income	-	962,779	(962,779)
Balance as of June 30, 2025	$ 19,856,765	$ 11,850,224	$ 8,006,541

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
City of Portsmouth Retired Employees Health Care Program (continued)

***Changes in Net OPEB Asset of the Portsmouth City Public School Board*:**

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balances at June 30, 2024	$ 4,319,354	$ 18,658,381	$ (14,339,027)
Changes during the year:			
Service cost	109,134	-	109,134
Interest	416,326	-	416,326
Experience (gains/losses)	(1,289)	-	(1,289)
Change in actuarial assumptions	97,785	-	97,785
Contributions/benefits paid from general operating funds	-	241,340	(241,340)
Net investment income	-	1,613,485	(1,613,485)
Benefit payments, including refunds of employer contributions	(272,930)	(275,930)	-
Administrative expenses	-	(19,399)	19,399
Balance at June 30, 2025	$ 4,668,380	$ 20,220,877	$ (15,552,497)

Actuarial Assumptions

The net OPEB asset for the City was measured as of June 30, 2025, and is based on a valuation performed as of January 1, 2024. The net OPEB asset for the Portsmouth City Public School Board was measured as of June 30, 2025, and is based on a valuation performed as of that date. The following actuarial assumptions were included in the measurements:

	City	School Board
Inflation	2.50%	2.75%
Salary increase	3.50 – 5.35%, depending upon years of service	7.00% (for purposes of allocating liability)
Investment rate of return	6.50%	9.73% (including inflation)
20-year Aa Municipal bond rate	n/a	4.81%

Mortality – City (General):

Pre-Retirement	Pub-2010 Amount Weighted General Employee Rates, projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years. 20% of deaths are assumed to be service related.
Post-Retirement	Pub-2010 Amount Weighted General Healthy Retiree Rates, projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates, projected generationally;110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
City of Portsmouth Retired Employees Health Care Program (continued)

Actuarial Assumptions (continued)

Mortality – City (Public Safety):

Pre-Retirement	Pub-2010 Amount Weighted Safety Employee Rates, projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years. 70% of deaths are assumed to be service related.
Post-Retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates, projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Post-Disablement	Pub-2010 Amount Weighted General Disabled Rates, projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Mortality - School Board:

Public Teacher 2010 Headcount weighted mortality; Spouses and all others; Public General 2016 Employee and Healthy Retiree, Headcount weighted, mortality tables with improvement scale MP 2021

Long-Term Expected Rate of Return

City's OPEB Plan
The best-estimate range for the long term expected rate of return is determined by taking the annual average long-term future inflation and real return components, with each component being reasonable in our professional opinion, include the anticipated effects of return volatility and correlation among various asset classes.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Core fixed income	20.00%	2.35%	2.20%
Large Cap US equities	21.00%	5.39%	3.78%
Small Cap US equities	10.00%	6.80%	4.22%
Developed foreign equities	13.00%	6.61%	4.79%
Emerging market equities	5.00%	8.78%	5.73%
Private real estate property	15.00%	5.99%	4.57%
Private equity	10.00%	10.43%	6.22%
Hedge FOF Strategic	6.00%	2.49%	1.95%
Assumed inflation - mean		2.28%	2.28%
Portfolio real mean return		5.67%	4.74%
Portfolio nominal mean return		7.95%	7.13%
Portfolio standard deviation			13.32%
Long-term expected rate of return			6.50%

Portsmouth City Public School Board's OPEB Plan
The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns, net of 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. For the year ended June 30, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 9.73%.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
City of Portsmouth Retired Employees Health Care Program (continued)

Discount Rate

City's OPEB Plan
The discount rate used to measure the total OPEB liability for the City was 6.50%. The projection of cash flows used to determine the discount rate assumed that Employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

Portsmouth City Public School Board's OPEB Plan
The discount rate used to measure the total OPEB liability for the Portsmouth City Public School Board was 9.73%. The projection of cash flows used to determine the discount rate assumed that Employer contribution will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current Plan participants. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. The discount rate is used to determine the Total OPEB Liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability/(asset) of the City and the School Board, as well as what the City and School Board's net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	Net OPEB liability/(asset)		
	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City	$ 9,633,985	$ 8,006,541	$ 6,546,819
	1% Decrease (8.73%)	Discount Rate (9.73%)	1% Increase (10.73%)
School Board	$ (15,298,214)	$ (15,552,497)	$ (15,787,212)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following table presents the City's and School Board's net OPEB liability/(asset), calculated using the current healthcare trend rates, as well as what the City's and School Board's net OPEB liability/(asset) would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current trend rate:

	Net OPEB liability/(asset)		
	1% Decrease	Current Trend Rate (6.70-3.90%)	1% Increase
City	$ 5,999,753	$ 8,006,541	$ 10,356,749
	1% Decrease (3.50%)	Discount Rate (4.50%)	1% Increase (5.50%)
School Board	$ (15,814,617)	$ (15,552,497)	$ (15,258,902)

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
City of Portsmouth Retired Employees Health Care Program (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the City and School Board reported a liability and asset of $8,006,541 and $(15,552,497), respectively. For the City, the net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024. For the School Board, the net OPEB asset was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. For the year ended June 30, 2025, the City and School Board recognized OPEB expense/(recovery) of $692,226 and $(2,834,611), respectively. At June 30, 2025, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Portsmouth	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 1,001,619	$ 66,203
Net difference between projected and actual investment earnings	-	178,989
Differences between expected and actual experience	3,126,623	3,463,533
Total	$ 4,128,242	$ 3,708,725
Portsmouth City Public School Board		
Differences between expected and actual experience	$ 300,417	$ 5,980,496
Changes in assumptions	1,739,916	4,505,885
Investment earnings (gains/losses)	965,315	-
Total	$ 3,005,648	$ 10,486,381

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	City	School Board
2026	$ (285,420)	$ (1,002,334)
2027	(507,746)	(1,651,675)
2028	(83,874)	(1,536,532)
2029	143,004	(860,056)
2030	416,793	(903,998)
Thereafter	736,760	(1,526,138)
Total	$ 419,517	$ (7,480,733)

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
City of Portsmouth Retired Employees Health Care Program (continued)

Significant Changes

City

Since the January 1, 2022, valuation, the age-related claims cost assumptions were updated. The healthcare trend assumption was changed. The mortality, termination, and retirement assumptions applicable to VRS members were changed to be consistent with those used in the City's June 30, 2021 Virginia Retirement System (VRS) actuarial valuation. The mortality assumptions applicable to FPRS and PSRS members were changed to be the same as those applicable to VRS members.

Portsmouth City Public School Board

In the June 30, 2025, actuarial valuation, the discount rate was increased from 9.70% to 9.73% based on mortality improvement updated from MP-2021. The Pre-65 Medical Inflation was 7.25%, then 7.50% graded down to 4.5% by 0.25% per year based on national surveys of expected medical trend. Salary scale changed from 5.0% to 7.0%.

Plan Financial Statements

Below is the City's OPEB plan financial statements as of and for the year ended June 30, 2025.

	OPEB Trust Fund
Assets	
Investments	
Stocks	$ 5,806,610
Bonds	2,370,045
Real estate	1,777,534
Other	1,896,035
Total investments	11,850,224
Total assets	11,850,224
Net position restricted for OPEB	$ 11,850,224

	OPEB Trust Fund
Additions:	
Contributions:	
Employers' contributions	$ 1,462,091
Investment income:	
Gains	962,779
Total additions	2,424,870
Deductions:	
Benefit payments	1,462,091
Administrative expenses	11,379
Total deductions	1,473,470
Change in net position	951,400
Net position restricted for OPEB, beginning of year	10,898,824
Net position restricted for OPEB, end of year	$ 11,850,224

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

VRS Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, costsharing 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 VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net 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.

General Information about the Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLIP upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OBEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

The specific information for GLIP OPEB, including eligibility, coverage and benefits is set out in the table below:

GLIP PLAN PROVISIONS
Eligible Employees The GLIP was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contribution and accrued interest.
Benefit Amounts The benefits payable under the GLIP have several components. • Natural Death Benefit - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit - The accidental death benefit is double the natural death benefit • Other Benefit Provisions - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in benefit Amounts The benefit amounts provided to members covered under the GLIP are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost of Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLIP. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment. The minimum benefit adjusted for the COLA was and was $9,532 as of June 30, 2025.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

Contributions

The contribution requirements for the GLIP 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 GLIP was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% 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, 2025, was 0.47% of covered employee compensation. This rate was the final approved by the General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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. Contributions to the GLIP from the City were $488,539 and $520,228 for the years ended June 30, 2025 and 2024, respectively. Portsmouth City Public School Board contributions were $114,512 and $47,268 for the years ended June 30, 2025 and 2024, respectively, for nonprofessional employees and $1,211,240 and $476,007 for the years ended June 30, 2025 and 2024, respectively, for professional employees.

GLIP OPEB Liabilities, GLIP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLIP OPEB

City - At June 30, 2025, the City reported a liability of $4,186,940 for its proportionate share of the Net GLIP OPEB Liability. The Net GLIP OPEB Liability was measured as of June 30, 2024, and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The City's proportion of the Net GLIP OPEB Liability was based on the City's actuarially determined employer contributions to the GLIP for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the City's proportion was 0.37321% as compared to 0.34458% at June 30, 2023. For insurance only employees, the City's proportion was 0.00199% as compared to 0.00324% at June 30, 2023. For the year ended June 30, 2025, the City recognized GLI OPEB expense/(recovery) of $97,835. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Portsmouth City Public School Board - At June 30, 2025, the Portsmouth City Public School Board reported a liability of $380,418 for its proportionate share of the Net GLIP OPEB Liability for nonprofessional employees. At June 30, 2025, the Portsmouth City Public School Board reported a liability of $3,831,072 for its proportionate share of the Net GLIP OPEB Liability for professional employees. The Net GLIP OPEB Liability was measured as of June 30, 2024, and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The School Board's proportion of the Net GLIP OPEB Liability was based on the School Board's actuarially determined employer contributions to the GLIP for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion was 0.12282% as compared to 0.03333% at June 30, 2023, for nonprofessional employees. At June 30, 2024, the School Board's proportion was 0.34331% as compared to 0.36842% at June 30, 2023 for professional employees. For the year ended June 30, 2025, the Portsmouth City Public School Board recognized GLIP OPEB expense of ($8,874) for nonprofessional employees. For the year ended June 30, 2025, the Portsmouth City Public School Board recognized GLIP OPEB expense of ($96,344) for professional employees. Since there was a change in proportionate share between measurement dates, a portion of the GLIP OPEB expense was related to deferred amounts from changes in proportion.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

GLIP OPEB Liabilities, GLIP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLIP OPEB (continued)

At June 30, 2025, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the GLIP OPEB from the following sources:

	City		School Board - Professional		School Board - Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 660,377	$ 102,272	$ 604,248	$ 93,580	$ 60,001	$ 9,292
Net difference between projected and actual earnings on GLI OPEB program investments	-	352,915	-	322,919	-	32,065
Changes in assumptions	23,866	207,497	21,837	189,860	2,168	18,853
Changes in proportion	318,638	191,418	28,331	723,187	7,702	33,507
Employer contributions subsequent to the measurement date	488,539	-	1,211,240	-	114,512	-
Total	$ 1,491,420	$ 854,102	$ 1,865,656	$ 1,329,546	$ 184,383	$ 93,717

Amounts reported as deferred outflows of resources related contributions subsequent to the measurement date will be recognized as an increase (reduction) of the net GLIP OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLIP OPEB expense in future reporting periods as follows:

Year ended June 30,	City	School Board - Professional	School Board - Nonprofessional
2026	$ (179,922)	$ (352,548)	$ (30,658)
2027	100,430	(96,281)	(2,185)
2028	31,423	(165,230)	(3,525)
2029	82,239	(75,116)	5,236
2030	114,609	14,044	7,285
Thereafter	-	-	-
	$ 148,779	$ (675,131)	$ (23,847)

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

Actuarial Assumptions

The total GLIP OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.5 percent
Salary increases, including inflation -	
General state employees	3.5 percent - 5.35 percent
Teachers	3.5 percent - 5.95 percent
SPORS employees	3.5 percent - 4.75 percent
VaLORS employees	3.5 percent - 4.75 percent
JRS employees	4.0 percent
Locality - General employees	3.5 percent - 5.35 percent
Locality - Hazardous Duty employees	3.5 percent - 4.75 percent
Investment rate of return	6.75 percent, net of investment expenses, including inflation

<u>Mortality rates – General State Employees</u>

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

Mortality rates – Teachers

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

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

Post-Disablement:
Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality rates – SPORS Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

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

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

<u>Mortality rates – VaLORS Employees</u>

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

Mortality rates – JRS Employees

Pre-Retirement:
Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

Mortality rates – Largest Ten Locality Employers - General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally;110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

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

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

<u>Mortality rates – Non-Largest Ten Locality Employers - General Employees</u>

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally;110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

Mortality rates – Largest Ten Locality Employers - Hazardous Duty Employees
Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3years.
Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers - Hazardous Duty Employees
Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

Net GLIP OPEB Liability

The net OPEB liability (NOL) for the GLIP represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLIP are as follows (amounts expressed in thousands):

Total GLI OPEB Liability	$ 4,196,055
Plan Fiduciary Net Position	3,080,133
Employers' Net GLI OPEB Liability	$ 1,115,922
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

The total GLIP OPEB Liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB Liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return
See Note 7 for detailed information. The long-term expected rate of return for the GLIP is the same as that of the VRS pension plan.

Discount Rate
See Note 7 for detailed information. The long-term expected rate of return for the GLIP is the same as that of the VRS pension plan.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Group Life Insurance Program (continued)

Sensitivity of the Employer's Proportionate Share of the Net GLIP OPEB Liability to Changes in the Discount Rate

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

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
City's proportionate share of the GLIP OPEB liability	$ 6,511,235	$ 4,186,940	$ 2,309,215
School Board's proportionate share of the GLIP OPEB liability - Professional	$ 5,957,815	$ 3,831,072	$ 2,112,944
School Board's proportionate share of the GLIP OPEB liability - Nonprofessional	$ 591,599	$ 380,418	$ 209,811

GLIP Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/ publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

VRS Employee Virginia Local Disability Programs

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability 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.

Plan Description
All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP). The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

VLDP PLAN PROVISIONS
<u>Eligible Employees</u> The Political Subdivision and Teacher Employee VLDPs were implemented January 1, 2014, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits. Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: • Political subdivision - Full-time general employees; including local law enforcement officers, firefighters or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS. • Teachers - Teachers and other full-time permanent (professional) salaried employees of public school division covered under VRS.
<u>Benefit Amounts</u> The Political Subdivision and Teacher Employee VLDPs provides the following benefits for eligible employees: *Short Term Disability:* • The program provides a short term disability benefit beginning after a seven calendar day waiting period from the first day of disability. Employees become eligible for non work related short-term disability coverage after one year of continuous participation in VLDP with their current employer. • During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non work related or work related disability. • Once the eligibility period is satisfied, employees are eligible for higher income replacement levels. *Long- Term Disablility:* • The VLDP program provides a long term disability benefit beginning after 125 work days of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week. • Members approved for long term disability will receive 60% of their pre-disability income. If approved for work related long term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Employee Virginia Local Disability Programs (continued)

VLDP PLAN PROVISIONS (Continued)
Virginia Local Disability Program Notes: • Members approved for short term or long term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible. • VLDP Long Term Care Plan is a self funded program that assists with the cost of covered long term care services.

Contributions

City and Portsmouth City Public Schools (Nonprofessional) - The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2025, was 0.74% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the City to the VRS Political Subdivision Employee VLDP were $304,300 and $300,884 for the years ended June 30, 2025 and 2024, respectively. Contributions from the School Board were $47,202 and $44,933 for the years ended June 30, 2025 and 2024, respectively.

Portsmouth City Public Schools (Professional) – The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025, was 0.45% of covered employee compensation for employees in the VRS Teacher Employee VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions were $227,540 and $172,790 for the years ended June 30, 2025 and 2024, respectively.

VLDP OPEB Liabilities/Assets, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB

At June 30, 2025, the City and School Board (Nonprofessional) reported assets of $165,103 and $24,656, respectively, for their proportionate share of the VRS Political Subdivision Employee VLDP net OPEB asset. The net VRS Political Subdivision Employee VLDP OPEB asset was measured as of June 30, 2024, and the total VRS Political Subdivision Employee VLDP OPEB liability used to calculate the net VRS Political Subdivision Employee VLDP OPEB asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The City's and School Board's proportions of the net VRS Political Subdivision Employee VLDP OPEB asset were based on the City's and School Board's actuarially determined employer contributions to the VRS Political Subdivision Employee VLDP OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the City's proportion of the VRS Political Subdivision Employee VLDP was 4.57671% as compared to 4.20421% at June 30, 2023. At June 30, 2024, the School Board's proportion of the VRS Political Subdivision Employee VLDP was 0.68347% as compared to 0.71643% at June 30, 2023.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Employee Virginia Local Disability Programs (continued)

VLDP OPEB Liabilities/Assets, VLDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP OPEB (continued)

For the year ended June 30, 2025, the City and School Board (Nonprofessional) recognized VRS Political Subdivision Employee VLDP OPEB expense of $223,282 and $33,192, respectively. Since there was a change in proportionate share between measurement dates, a portion of the VRS Political Subdivision Employee VLDP Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Portsmouth City Public School Board (Professional) reported an asset of $30,522 for its proportionate share of the VRS Teacher Employee VLDP net OPEB asset. The net VRS Teacher Employee VLDP OPEB asset was measured as of June 30, 2024, and the total VRS Teacher Employee VLDP OPEB liability used to calculate the net VRS Teacher Employee VLDP OPEB asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Portsmouth City Public School Board's proportion of the net VRS Teacher Employee VLDP OPEB asset was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee VLDP OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Portsmouth City Public School Board's proportion of the VRS Teacher Employee VLDP was 3.40673% as compared to 3.61064% at June 30, 2023.

For the year ended June 30, 2025, the Portsmouth City Public School Board (Professional) recognized VRS Teacher Employee VLDP OPEB expense of $134,660. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee Virginia Local Disability Program net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the City and School Board reported deferred outflows of resources and deferred inflows of resources related to the VRS VLDP OPEB from the following sources:

	City		School Board Professional		School Board Nonprofessional	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ -	$ 3,834	$ 8,243	$ -	$ -	$ 573
Differences between expected and actual experience	19,617	34,790	93,381	8,208	2,930	5,195
Net difference between projected and actual investment earnings on plan investments	-	14,933	-	5,157	-	2,230
Changes in proportionate share	1,500	7,552	8,556	3,314	309	1,234
Employer contributions subsequent to the measurement date	304,300	-	227,540	-	47,202	-
Total	$ 325,417	$ 61,109	$ 337,720	$ 16,679	$ 50,441	$ 9,232

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction (increase) of the net OPEB liability/(asset) in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to VLDP OPEB will be recognized in VLDP OPEB expense in future reporting periods as follows:

Year ended June 30,	City	School Board Professional	School Board Nonprofessional
2026	$ (15,969)	$ 7,587	$ (2,582)
2027	(2,650)	12,897	(398)
2028	(6,062)	9,539	(874)
2029	(9,245)	9,547	(1,307)

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Employee Virginia Local Disability Programs (continued)

2030	(6,053)	11,294	(832)
Thereafter	(13)	42,638	-
	$ (39,992)	$ 93,502	$ (5,993)

Actuarial Assumptions
The actuarial assumptions for the VLDP are the same as those used for the GLIP.

Net VLDP OPEB Liabilities (Assets)
The net OPEB liabilities (NOL) for the Political Subdivision Employee and Teacher Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the City's and School Board's Virginia Local Disability Program are as follows (amounts expressed in thousands):

	Political Subdivision Employee VLDP OPEB Plan	Teacher Employer VLDP OPEB Plan
Total Employee VLDP OPEB Liability	$ 12,230	$ 12,741
Plan Fiduciary Net Position	15,837	13,637
Employee Net VLDP OPEB Liability (Asset)	$ (3,607)	$ (896)
Plan Fiduciary Net Position as a Percentage of the Total Employee VLDP OPEB Liability	129.49%	107.03%

The total VLDP OPEB liabilities are calculated by the System's actuary, and the plans' fiduciary net positions are reported in the System's financial statements. The net VLDP OPEB liabilities are disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return
See Note 7 for detailed information. The long-term expected rate of return for the VLDP is the same as that of the VRS pension plan.

Discount Rate
See Note 7 for detailed information. The long-term expected rate of return for the VLDP is the same as that of the VRS pension plan.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Employee Virginia Local Disability Programs (continued)

Sensitivity of the Proportionate Share of the VLDP Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the proportionate share of the net VLDP OPEB liabilities/(assets) using the discount rate of 6.75%, as well as what the proportionate share of the net VLDP OPEB liabilities/(assets) would be if they were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
City's proportionate share of net VLDP OPEB Liability (Asset)	$ (120,062)	$ (165,103)	$ (204,740)
School Board's proportionate share of net VLDP OPEB Liability (Asset) - professional	$ 18,551	$ (30,522)	$ (73,321)
School Board's proportionate share of net VLDP OPEB Liability (Asset) - non-professional	$ (17,930)	$ (24,656)	$ (30,575)

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

VRS Line of Duty Act Program

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to § 9.1-400 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 Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/ deductions from the VRS Line of Duty Act Program OPEB Plan'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.

Plan Description

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.
The specific information for LODA OPEB, including eligibility, coverage and benefits is set out in the table below:

LODA PLAN PROVISIONS
Eligible Employees The eligible employees of the LODA are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the VRS, the SPORS, or the VaLORS.
Benefit Amounts The LODA provides death and health insurance benefits for eligible individuals: • Death – The LODA death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: o $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. o $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. o An additional $20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001. • Health Insurance – The LODA provides health insurance benefits. o The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Line of Duty Act Program (continued)

Contributions

The contribution requirements for the LODA are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA for the year ended June 30, 2025, was $1,015.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA from the entity were $571,445 and $428,796 for the years ended June 30, 2025 and 2024, respectively.

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2025, the City reported a liability of $11,181,717 for its proportionate share of the net LODA OPEB liability. The net LODA OPEB liability was measured as of June 30, 2024, and the total LODA OPEB liability used to calculate the net LODA OPEB liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The City's proportion of the net LODA OPEB liability was based on the City's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the City's proportion was 2.84121% as compared to 2.78993% at June 30, 2023.

For the year ended June 30, 2025, the City recognized LODA OPEB expense of $1,142,678. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on LODA OPEB plan investments	$ -	$ 36,963
Differences between expected and actual experience	389,054	2,731,356
Change in assumptions	2,061,243	2,252,051
Changes in proportion	590,167	1,766,437
Employer contribution subsequent to the measurement date	571,445	-
Total	$ 3,611,909	$ 6,786,807

Amounts reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date will be recognized as a reduction of the net LODA OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year Ended June 30,	
2026	$ (454,941)
2027	(415,788)
2028	(454,809)
2029	(380,143)
2030	(540,531)
Thereafter	(1,500,131)
	$ (3,746,343)

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Line of Duty Act Program (continued)

Actuarial Assumptions
The actuarial assumptions for the LODA OPEB are the same as those used for the GLIP.

Net LODA OPEB Liability
The net OPEB liability (NOL) for the LODA represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the LODA are as follows (amounts expressed in thousands):

Total LODA OPEB Liability	$	398,395
Plan Fiduciary Net Position		4,841
Employers' Net OPEB Liability	$	393,554
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability		1.22%

The total LODA OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return
The long-term expected rate of return on LODA OPEB Program's investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

Discount Rate
The discount rate used to measure the total LODA OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will 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, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the City's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate
The following presents the City's proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the City's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

	1.00% Decreases (2.97%)	Current Discount Rate (3.97%)	1.00% Increase (4.97%)
City's proportionate share of the total LODA net OPEB liability	$ 12,395,802	$ 11,181,717	$ 10,137,739

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
VRS Line of Duty Act Program (continued)

Sensitivity of the City's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA contains a provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the City's proportionate share of the net LODA OPEB liability using health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	1.00% Decrease (6.25% decreasing to 3.25%)	Health Care Trend Rates (7.25% decreasing to 4.25%)	1.00% Increase (8.25% decreasing to 5.25%)
City's proportionate share of the total LODA Net OPEB Liability	$ 9,525,338	$ 11,181,717	$ 13,214,118

LODA OPEB Plan Fiduciary Net Position

Detailed information about the LODA Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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 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.

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

The specific information for the Teacher Health Insurance Credit Program ("THICP") OPEB, including eligibility, coverage, and benefits is set out in the table below:

Eligibility:
The THICP was established July 1, 1993, for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Full-time permanent (professional) salaried employees of public school divisions covered under VRS are enrolled automatically upon employment.

Benefit Amounts:
The THICP provides the following benefits for eligible employees:
At Retirement **-** For teachers and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
Disability Retirement **-** For teachers and other professional school employees who retire on disability or go on long-term disability under the 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.

Other Plan Information:
The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Teacher Employee Health Insurance Credit Program (continued)

Contributions
The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025, was 1.21% of covered employee compensation for employees in the HICP. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Portsmouth City Public School Board to THICP were $1,237,081 and $1,062,496 for the years ended June 30, 2025 and 2024, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HICP
At June 30, 2025, the Portsmouth City Public School Division reported a liability of $9,471,576 for its proportionate share of the net THICP OPEB liability. The net THICP OPEB liability was measured as of June 30, 2024, and the total THICP OPEB liability used to calculate the net THICP OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Portsmouth City Public School Division's proportion of the net THICP OPEB liability was based on the Portsmouth City Public School Board's actuarially determined employer contributions to the THICP OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Portsmouth City Public School Board's proportion of THICP was 0.81959% as compared to 0.86624% at June 30, 2023.

For the year ended June 30, 2025, the Portsmouth City Public School Board recognized THICP OPEB expense of $345,617. Since there was a change in proportionate share between measurement dates, a portion of the THICP net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2025, the Portsmouth City Public School Board reported deferred outflows of resources and deferred inflows of resources related to THICP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on THICP OPEB program investments	$ -	$ 33,691
Difference between expected and actual experience	-	448,741
Change in assumptions	163,168	-
Changes in proportion	44,622	1,559,928
Employer contributions subsequent to the measurement date	1,237,081	-
Total	$ 1,444,871	$ 2,042,360

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net THICP OPEB liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the THICP OPEB will be recognized in the THICP OPEB expense (recovery) in future reporting periods as follows:

Year Ended June 30:	
2026	$ (404,562)
2027	(361,583)
2028	(370,042)
2029	(376,084)
2030	(235,837)
Thereafter	(86,462)
	$ (1,834,570)

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Teacher Employee Health Insurance Credit Program (continued)

Actuarial Assumptions
The actuarial assumptions for the THICP are the same as those used for the GLIP.

Net THICP OPEB Liability
The net THICP OPEB liability represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2024, net OPEB liability amounts for the THICP are as follows (amounts expressed in thousands):

Total Teacher Employer THICP OPEB liability	$	1,478,105
Plan fiduciary net position		322,457
Teacher employee Net THICP OPEB Liability	$	1,155,648
Plan fiduciary net position as a percentage of the Total Teacher THICP OPEB liability		21.82%

The total THICP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net THICP OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return
See Note 7 for detailed information. The long-term expected rate of return for the THICP is the same as that of the VRS pension plan.

Discount Rate
See Note 7 for detailed information. The long-term expected rate of return for the THICP is the same as that of the VRS pension plan.

Sensitivity of the Portsmouth City Public School Board's Proportionate Share of the Net THICP OPEB Liability to Changes in the Discount Rate
The following presents the Portsmouth City Public School Board's proportionate share of the net THICP OPEB liability using the discount rate of 6.75%, as well as what the Portsmouth City Public School Board's proportionate share of the net THICP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
School Board's proportionate share of THICP net OPEB Liability	$ 10,771,544	$ 9,471,576	$ 8,369,733

THICP OPEB Plan Fiduciary Net Position
Detailed information about the VRS THICP Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Political Subdivision Health Insurance Credit Program

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision 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. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's fiduciary net 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.

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by this plan upon employment. This plan is administered by the VRS (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision Health Insurance Credit Program ("PSHICP") OPEB including eligibility, coverage and benefits is set out in the paragraphs below:

Eligibility:
The PSHICP was established July 1, 1993, for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.

Benefit Amounts:
The PSHICP provides the following benefits for eligible employees:
At Retirement **-** For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month.
Disability Retirement **-** For employees who retire on disability or go on long-term disability under the VLDP Program, the monthly benefit is $45.00 per month.

Other Plan Information:
The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. No Health Insurance Credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Employees Covered by Benefit Terms

As of the June 2024, actuarial valuation, the following School Board employees were covered by the benefit terms of the School Board's HIC OPEB plan:

	School Board - Non- Professional
Active members	302
Inactive members	128
Total covered employees	430

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Political Subdivision Health Insurance Credit Program (continued)

Contributions
The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. The School's contractually required employer contribution rate for the year ended June 30, 2025, was 1.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Portsmouth City Public School Board to PSHICP were $106,462 and $96,242 for the years ended June 30, 2025 and 2024, respectively.

Net PSHICP OPEB Liability
The Portsmouth City Public School Division's net PSHICP OPEB Liability was measured as of June 30, 2024. The total PSHICP OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions
The actuarial assumptions for the PSHICP are the same as those used for the GLIP.

Long-Term Expected Rate of Return
See Note 7 for detailed information. The long-term expected rate of return for the PSHICP is the same as that of the VRS pension plan.

Discount Rate
See Note 7 for detailed information. The long-term expected rate of return for the PSHICP is the same as that of the VRS pension plan.

Changes in Net OPEB Liability - School Board VRS PSHICP

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2023	$ 576,081	176,228	399,853
Change for the year:			
Service cost	7,474	-	7,474
Interest	38,418	-	38,418
Difference between expected and actual experience	(56,656)	-	(56,656)
Benefit payments	(28,787)	(28,787)	-
Contributions - employer	-	96,240	(96,240)
Net investment income	-	20,832	(20,832)
Administrative expenses	-	(319)	319
Other	-	1	(1)
Net changes	(39,551)	87,967	(127,518)
Balance at June 30, 2024	$ 536,530	264,195	272,335

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)
Political Subdivision Health Insurance Credit Program (continued)

Sensitivity of the Portsmouth City Public School Board's Proportionate Share of the Net PSHICP OPEB Liability to Changes in the Discount Rate
The following presents the PSHICP net HIC OPEB liability using the discount rate of 6.75%, as well as what the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
School Board's proportionate share of PSHICP net OPEB Liability	$ 327,961	$ 272,335	$ 224,865

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB
For the year ended June 30, 2025, the Portsmouth City Public School Board recognized PSHICP OPEB expense /(recovery) of $(99,907). At June 30, 2025, the Portsmouth City Public School Board reported deferred outflows of resources and deferred inflows of resources related to PSHICP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 327,341
Change in assumptions	16,035	-
Net difference between projected and actual earnings on THICP OPEB program investments	-	3,749
Employer contributions subsequent to the measurement date	106,462	-
Total	$ 122,497	$ 331,090

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net PSHICP OPEB liability in the fiscal year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSHICP OPEB will be recognized in the PSHICP OPEB expense in the future reporting period as follows:

Year Ended June 30:	
2026	$ (134,821)
2027	(134,285)
2028	(39,698)
2029	(6,251)
2030	-
Thereafter	-
Total	$ (315,055)

PSHICP OPEB Plan Fiduciary Net Position
Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report*. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

(8) OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Combining Schedule of OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plans

Primary Government	Local	GLIP (VRS)	VLDP (VRS)	LODA (VRS)	Total
Governmental activities:					
Net OPEB asset	$ -	$ -	$ 146,942	$ -	$ 146,942
Deferred outflows	3,674,135	1,327,364	289,621	3,611,909	8,903,029
Net OPEB liability	7,125,821	3,726,377	-	11,181,717	22,033,915
Deferred inflows	3,300,765	760,151	54,387	6,786,807	10,902,110
OPEB expense (recovery)	(685,180)	87,073	198,720	1,143,193	743,806
Business-type activities:					
Net OPEB asset	$ -	$ -	$ 18,161	$ -	$ 18,161
Deferred outflows	454,107	164,056	35,796	-	653,959
Net OPEB liability	880,720	460,563	-	-	1,341,283
Deferred inflows	407,960	93,951	6,722	-	508,633
OPEB expense (recovery)	(84,685)	10,762	24,561	-	(49,362)
Total Primary Government:					
Net OPEB asset	$ -	$ -	$ 165,103	$ -	$ 165,103
Deferred outflows	4,128,242	1,491,420	325,417	3,611,909	9,556,988
Net OPEB liability	8,006,541	4,186,940	-	11,181,717	23,375,198
Deferred inflows	3,708,725	854,102	61,109	6,786,807	11,410,743
OPEB expense (recovery)	(769,865)	97,835	223,281	1,143,193	694,444

Discretely presented component unit – School Board

		HIC (VRS)		GLI (VRS)		VLDP (VRS)		
	Local	Prof	Non-Prof	Prof	Non-Prof	Prof	Non-Prof	Total
Net OPEB asset	$ 15,552,497	-	-	-	-	30,522	24,656	$ 15,607,675
Deferred outflows	$ 3,005,648	1,444,871	122,497	1,865,656	184,383	337,720	50,441	$ 7,011,216
Net OPEB liability	$ -	9,471,576	272,335	3,831,072	380,418	-	-	$ 13,955,401
Deferred inflows	$ 10,486,381	2,042,360	331,090	1,329,546	93,717	16,679	9,232	$ 14,309,005
OPEB expense	$ (2,834,611)	345,617	(99,907)	(96,344)	(8,874)	134,660	33,192	$ (2,526,267)

(9) DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time benefit-eligible City employees, permits employees to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation balance is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the participants. The assets are not included in the accompanying financial statements.

(10) INTERFUND BALANCES AND TRANSFERS

Due From/To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2025, are as follows:

Due From:	Due To: General Fund
Nonmajor Governmental Funds	$ 1,521,067
Nonmajor Enterprise Funds	8,118,318
Internal Service Funds	3,593,416
Fiduciary Funds - Custodial Fund	275,000
Total	$ 13,507,801

These interfund balances result from short-term operational borrowings and are due within one year.

Transfers From/To Other Funds

Individual interfund transfers within the Primary Government were made for operating and as capital purposes. The total interfund transfers for the fiscal year ended June 30, 2025, were as follows:

Transfers to:	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Fund	Internal Service Funds	Public Utility Fund	Total
General Fund	$ -	821,434	-	-	3,375,000	4,196,434
Capital Improvements Fund	-	-	-	-	941,000	941,000
Nonmajor Governmental Funds	5,511,070	-	-	-	-	5,511,070
Nonmajor Enterprise Funds	1,014,014	-	-	-	-	1,014,014
Debt Service	37,895,138	1,515,887	406,918	305,562	442,446	40,565,951
Internal Service Funds	-	-	-	-	500,000	500,000
Total	$ 44,420,222	2,337,321	406,918	305,562	5,258,446	52,728,469

Payments Between Component Units

Significant transactions between the Primary Government and component units during fiscal year 2025 were as follows:

Payments from the City to the School Board for school operations;	
Statement of Activities - Payment from Primary Government	$ 75,642,160
Payments from the Economic Development Authority to the City	
Statement of Activities – Miscellaneous General Revenues	$ 257,300

(11) DUE FROM/TO OTHER GOVERNMENTS

Due From Other Governments

Amounts due from other governments at June 30, 2025, are as follows:

	State
Governmental activities:	
General Fund:	
Personal property tax relief	$ 9,862,962
Gaming tax	6,476,033
Constitutional officers' support	885,410
Other	662,515
Total General Fund	17,886,920
Nonmajor governmental funds:	
Behavioral Health Services	3,091,177
Children's Services Act Fund	631,469
Social Services Fund	1,409,955
Total nonmajor governmental funds	5,132,601
Total governmental activities	$ 23,019,521

(12) UNEARNED REVENUES AND DEFERRED INFLOWS

Unearned revenues represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred inflows represent an acquisition of net position that will not be recognized as revenue until a future period. Unearned revenues and deferred inflows at June 30, 2025, are provided in the table below.

	General Fund	Non-major Governmental Funds	Governmental Activities	Business-Type Activities
Unearned Revenues				
Grant funding received in advance	$ 18,939	-	18,939	n/a
Deferred Inflows of Resources				
Deferred taxes, fees and unavailable revenue	21,017,857	2,837,767	n/a	n/a
Deferred revenue-other	3,919,782	-	n/a	n/a
Deferred lease amounts	2,446,976	-	2,446,976	n/a
Total Deferred Inflows of Resources	$27,384,615	2,837,767	2,446,976	

(13) COMMITMENTS

Landfill Closure and Postclosure Care Costs and Liability

State and federal laws and regulations require the City to place a final cover on its Craney Island landfill site when it stops accepting waste and then perform certain maintenance and monitoring functions at the site for thirty years after closure. The $4,161,897 reported as landfill closure and postclosure care liability at June 30, 2025, represents the cumulative amount reported to date based on the use of 31.9% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $8,884,802 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2025. Actual costs may be higher due to inflation, changes in technology, or changes in laws and regulations. The remaining landfill life is estimated to be 142.84 years. The City is required by Federal and State statutes to prepare a Local Government Financial Test Worksheet to demonstrate how the landfill's closure and postclosure care financial assurance requirements will be met.

Encumbrances

Encumbrances outstanding at year end represent the estimated amount of the expenditures required to complete contracts, purchase orders and other commitments in process of completion at fiscal year-end. Outstanding encumbrances at June 30, 2025, for the City and Schools are as follows:

City		**Schools**	
Governmental Funds:		Governmental Funds:	
Capital Projects Fund	$ 44,660,029	General Fund	$ 3,433,497
		Grants Fund	1,393,741
		Food Service Fund	9,196
			$ 4,891,278

(14) LITIGATION AND CONTINGENT LIABILITIES

Litigation
The City is not involved in any pending or threatening litigation considered material to the financial statements.

Federally Assisted Grant Programs
The City participates in a number of federally assisted grant programs. Although the City has been audited in accordance with the provisions of the Uniform Guidance, these programs are still subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, City management believes such disallowances, if any, will not be significant.

(15) SELF-INSURANCE PROGRAMS

City

The City is self-insured for exposures to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; terrorist acts; and, natural disasters. The City uses two internal service funds. The Risk Management Fund accounts for and finances its uninsured risks of loss and the Health Insurance and OPEB Fund account for and pays its health insurance premiums and claims costs. The Risk Management Fund pays insurance premiums and provides for payment of approved claims for workers' compensation, general liability, fidelity, wharfingers, hull and machinery, and property. The property deductible is $100,000 per occurrence with a $100,000,000 loss limit per occurrence. The City purchases commercial excess insurance policies for workers' compensation and general liability. For the fiscal years ending June 30, 2024, and June 30, 2025, property damage claims did not exceed $75,000.

All funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The risk management claims liability of $8,939,586 (undiscounted) reported in the fund at June 30, 2025, is based on GAAP, which requires that a liability for claims be reported if information available prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount of the risk management claims liability due within one year is $3,065,732. A loss analysis, which included an estimate of claims incurred but not reported (IBNR), was conducted by Glicksman Consulting LLC to compute this liability as of June 30, 2025.

Changes in the risk management claims liability amount in fiscal years 2025 and 2024, respectively, were as follows:

Risk Management:		2025		2024
Claims payable, beginning of year	$	8,826,180	$	9,244,670
Claims expense and changes in estimates		2,556,235		(102,435)
Claims payments		(2,442,829)		(316,055)
Claims payable, end of year	$	8,939,586	$	8,826,180

The City is also exposed to the risk of loss for employee and retired employee medical benefits. Effective January 1, 2001, the City established a self-insured health care benefits program for all City employees and retired employees. These benefits are accounted for in the Health Insurance and OPEB Fund, which is an internal service fund. Certain claims expenses paid on behalf of each employee during a single policy year are covered by excess loss insurance with a specific stop-loss limit of $175,000 depending on the specific medical plan. Claims processing and payments for all medical claims are made through third party administrators. The computed medical claims liability as of June 30, 2025, is $1,589,875 (undiscounted) and is due within one year. A loss analysis, which included an estimate of incurred but not reported claims, was conducted by Willis Tower Watson to compute the liability as of June 30, 2025.

Changes in the medical claim liability amount in fiscal years 2025 and 2024, respectively, were as follows:

Medical:		2025		2024
Claims payable, beginning of year	$	1,322,980	$	1,952,000
Claims expense and changes in estimates		19,664,342		14,969,698
Claims payments		(19,397,447)		(15,598,718)
Claims payable, end of year	$	1,589,875	$	1,322,980

(15) SELF-INSURANCE PROGRAMS (CONTINUED)

School Board

The school board uses its Risk Management and Insurance Fund, an internal service fund, to account for and finance its uninsured risks of loss and to pay insurance premiums. The fund services all claims for risk of loss to which the school board is exposed, including workers' compensation, automobile, and general liability. A loss analysis was conducted by an actuary to compute the liability for the fund. The actuarially computed liability as of June 30, 2025, was determined to be $1,851,595 (undiscounted).

Changes in the school's claim liability amount in fiscal years 2025 and 2024 were:

School Board:	2025	2024
Claims payable, beginning of year	$ 971,472	$ 1,297,105
Claims and changes in estimates	4,070,082	3,917,165
Claim payments and changes in estimates	(4,105,030)	(4,242,798)
Claims payable, end of year	$ 936,524	$ 971,472

Effective January 1, 2015, the School Board established a Self-Insured Health Care Benefits Plan (Self-Insured Health Plan) for all school board employees and retirees. The Self-Insured Health Plan policy year is based on a calendar year. The Self-Insured Health Plan is accounted for within the General Fund with employer and employee premiums, medical claims, administrative costs, wellness program costs, and other health plan costs recorded in the General Fund. Expenditures charged to various School Board departments are based expected claims liability and administrative costs for a full calendar year as provided by the third party health care benefit consultant. Medical claim expenses paid on behalf of each individual employee covered during a single policy year are covered by excess loss insurance with a specific stop loss limit of $350,000. The Self-Insured Health Plan also has aggregate stop loss coverage at 120% of expected medical claims during a single policy year.

Claim processing and payments for all health care claims are made through a third party administrator. The School Board uses information provided by the third-party administrator and health care benefit consultant to aid in the determination of health self-insurance liabilities. The computed current liability as of June 30, 2025 is $1,152,000 (undiscounted), as follows:

	Balance as of July 1	Claims and Changes in Estimates	Claim Payments	Balance as of June 30
Medical Claims				
2024-2025	$ 1,152,000	$ 18,344,662	$ 18,000,662	$ 1,496,000
2023-2024	$ 1,119,000	$ 16,235,083	$ 16,202,083	$ 1,152,000

(16) RELATED PARTIES

Jointly Governed Organizations

Hampton Roads Regional Jail Authority (HRRJA)
HRRJA is a regional organization which includes the cities of Chesapeake, Hampton, Newport News, Norfolk, and Portsmouth and is governed by a 15 member Board of Directors, consisting of three representatives appointed by each of the member cities. HRRJA is a primary government with no component units created pursuant to Article #3 Chapter 3 Title 53 of the *Code of Virginia*. The Authority was created for the purpose of providing, operating and maintaining a regional jail facility for the correctional overflow from each community. The participating governments do not have an equity interest in HRRJA and accordingly no equity interest has been reflected in the City's financial statements at June 30, 2025. Completed financial statements of the Commission can be obtained from HRRJA, 2690 Elmhurst Lane, Portsmouth, Virginia 23701-2745.

Hampton Roads Planning District Commission (the Commission)
A regional planning agency authorized by the Virginia Area Development Act of 1968, it was created by the merger of the Southeastern Virginia Planning District Commission and the Peninsula Planning District Commission on July 1, 1990. The Commission performs various planning services for the cities of Chesapeake, Franklin, Hampton, Newport News, Norfolk, Portsmouth, Poquoson, Suffolk, Williamsburg and Virginia Beach, plus the counties of Gloucester, Isle of Wight, James City, Southampton, and York. Revenue of the Commission is received primarily from local governmental (member) contributions and various state and federal grant programs. The participating governments do not have an equity interest in the Commission and accordingly no equity interest has been reflected in the City's financial statements at June 30, 2025. Completed financial statements of the Commission can be obtained from the Commission.

Transportation District Commission (TDC)
The TDC was formed on June 29, 1999 to effect the merger of the Peninsula Transportation District Commission and the Tidewater Transportation District Commission effective October 1, 1999. The TDC was established in accordance with the Chapter 45 of Title 15.2 of the *Code of Virginia*. The TDC provides public transportation facilities and services within the cities of Chesapeake, Hampton, Norfolk, Portsmouth, Newport News and Virginia Beach. Oversight responsibility is exercised by all of the participating localities through their designated representatives. Responsibility for the day-to-day operations of the TDC rests with professional management. The TDC is the governing body of Hampton Roads Transit (HRT).

Hampton Roads Economic Development Alliance *(*HREDA)
The HREDA is a non-profit, public-private partnership that aggressively markets Virginia's Hampton Roads attraction initiatives and activities are designed to promote the jurisdictions of Chesapeake, Franklin, Hampton, Isle of Wight, Newport News, Norfolk, Poquoson, Portsmouth, Southampton County, Suffolk and Virginia Beach, Virginia. The business affairs are managed by a Board of not less than 50 or more than 300 Directors. Separate financial statements are available from the HREDA, 500 Main Street, Suite 1300, Norfolk, Virginia 23510.

Related Organizations

Portsmouth Redevelopment and Housing Authority (PRHA)
The City Council is responsible for appointing members of the board of the Portsmouth Redevelopment and Housing Authority, but the City's accountability for the Authority does not extend beyond making these appointments and PRHA is both operationally and financially independent of the City.

New Port Community Development Authority
The City Council is responsible for appointing members of the board of the New Port Community Development Authority, but the City's accountability for the Authority does not extend beyond making these appointments and the Authority is both operationally and financially independent of the City.

(17) FUND RESULTS AND RECONCILIATIONS

FUND DEFICITS

The Parking Authority proprietary fund and the Health Insurance and OPEB internal service fund have fund balances with accumulated deficits of ($295,966) and $(5,558,893), respectively, which will be funded by future external charges for services and internal service charges, respectively. The Social Services special revenue fund had a fund balance with an accumulated deficit of ($528,913) which will be funded by future intergovernmental revenues.

(18) RESTATEMENT

For the year ending June 30, 2025, the City and School Board adopted GASB No. 101, *Compensated Absences.* This statement establishes new accounting and financial reporting requirements for compensated absences. As a result of implementing this standard, the City and School Board changed its method of accounting for compensated absences by lowering the likelihood threshold and updating definitions for accumulated leave. This change required a restatement of the beginning net position to reflect the updated liability for compensated absences and associated salary-related payments. The cumulative effect of this accounting change on the beginning net position is summarized as follows:

	Net position, June 30, 2024, as previously reported	Adjustment for implementation of GASB Statement No. 101	Net position, June 30, 2024, as restated
Internal Service Funds	$ 7,221,669	(535,854)	6,685,815
Governmental Activities*	349,575,655	(11,113,499)	338,442,156
Business-Type Activities	228,668,248	(1,221,965)	227,446,283
Total Primary Government	578,243,903	(12,355,464)	565,888,439
School Board	10,285,029	(21,618,353)	(11,333,324)

*Includes restatement for Internal Service Funds

The EDA has restated its financial statements as of July 1, 2024, to correct a previously reported error, the omission of the acquisition of a property held for resale with a value of $400,000.

	Property held for resale	Net position
Balance July 1, 2024, as previously reported	$ 13,599,875	$ 21,335,383
Restatement	400,000	400,000
Balance July 1, 2024, as restated	$ 13,999,875	$ 21,735,383

Required Supplementary Information
Other than Management's Discussion and Analysis

City of Portsmouth, Virginia **Exhibit I-1**
Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Taxes:				
General property taxes:				
Real property - current	$ 125,782,924	125,782,924	124,310,380	(1,472,544)
Real property - delinquent	2,873,744	2,873,744	4,725,275	1,851,531
Real property - Public Services Corporation	1,806,652	1,806,652	1,654,248	(152,404)
Personal property - current	27,315,618	27,315,618	29,150,358	1,834,740
Personal property - delinquent	5,532,481	5,532,481	5,031,497	(500,984)
Personal property - Public Services Corporation	4,052,468	4,052,468	2,841,496	(1,210,972)
Machinery and tools taxes	1,173,158	1,173,158	959,668	(213,490)
Penalties and other charges	2,482,261	2,482,261	2,560,609	78,348
Interest	878,398	878,398	1,856,111	977,713
Total general property taxes	171,897,704	171,897,704	173,089,642	1,191,938
Other local taxes:				
Admission and amusement taxes	300,000	300,000	230,709	(69,291)
Bank franchise taxes	832,578	832,578	1,058,379	225,801
Business and occupational license taxes	8,188,446	8,188,446	7,737,437	(451,009)
Cigarette taxes	2,635,246	2,635,246	2,031,462	(603,784)
Occupancy	385,307	385,307	383,581	(1,726)
Licensing fees - current	1,647,680	1,647,680	1,643,306	(4,374)
Licensing fees - delinquent	895,429	895,429	890,988	(4,441)
Lodging taxes	1,253,251	1,253,251	1,344,518	91,267
Recordation taxes	1,635,916	1,635,916	1,686,403	50,487
Restaurant food taxes	14,024,593	14,024,593	14,698,782	674,189
Sales and use tax - local	12,535,846	12,535,846	13,950,313	1,414,467
Short-term rental taxes	11,196	11,196	22,548	11,352
Telecommunications	5,191,266	5,191,266	5,374,510	183,244
Total other local taxes	49,536,754	49,536,754	51,052,936	1,516,182
Utility taxes:				
Electricity taxes	3,493,354	3,493,354	4,176,191	682,837
E-911 taxes	610,797	610,797	643,769	32,972
Gas taxes	1,293,809	1,293,809	1,323,166	29,357
Water taxes	2,582,346	2,582,346	3,728,376	1,146,030
Total utility taxes	7,980,306	7,980,306	9,871,502	1,891,196
Total taxes	229,414,764	229,414,764	234,014,080	4,599,316

City of Portsmouth, Virginia **Exhibit I-1 (Continued)**
Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Intergovernmental revenue:				
Commonwealth of Virginia:				
Noncategorical aid:				
Mobile home sales taxes	5,000	5,000	480	(4,520)
Personal property tax relief act	9,862,962	9,862,962	9,862,962	-
Recordation tax distribution	5,000	5,000	5,345	345
Rolling stock taxes	79,729	79,729	100,780	21,051
Vehicle rental tax	293,545	293,545	314,607	21,062
Gaming tax	15,800,000	15,800,000	22,766,968	6,966,968
Categorical aid:				
Circuit Court Clerk	1,081,899	1,081,899	1,221,588	139,689
City Registrar	90,112	90,112	102,976	12,864
City Sheriff	7,703,027	7,703,027	7,766,549	63,522
Sheriff Pretrial	14,000	35,000	37,279	2,279
City Treasurer	567,220	567,220	495,707	(71,513)
Commissioner of Revenue	741,105	741,105	432,458	(308,647)
Commonwealth's Attorney	1,866,708	1,866,708	1,481,758	(384,950)
DMV select	74,130	74,130	61,098	(13,032)
Other categorical aid:				
Correctional facilities block grant	260,000	260,000	310,401	50,401
FEMA grant	-	-	150,333	150,333
Law enforcement grant	7,819,469	7,819,469	9,478,293	1,658,824
Library funds - books	225,030	262,487	261,897	(590)
Street and highway maintenance	16,368,222	16,368,222	17,392,575	1,024,353
Total Commonwealth of Virginia	62,857,158	62,915,615	72,244,054	9,328,439
Total intergovernmental revenue	62,857,158	62,915,615	72,244,054	9,328,439

City of Portsmouth, Virginia **Exhibit I-1 (Continued)**
Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Charges for services:				
Ambulance fees - current	3,000,000	3,000,000	4,149,648	1,149,648
Boat ramp parking	2,000	2,000	750	(1,250)
Circuit Court Clerk fees	4,000	4,000	7,181	3,181
City Sheriff fees	119,697	119,697	21,022	(98,675)
ATM fees	1,000	1,000	(29,694)	(30,694)
EZ Pass fees	5,000	5,000	7,140	2,140
Courthouse maintenance fees	23,657	23,657	42,722	19,065
Courthouse replacement fees	31,225	31,225	61,491	30,266
False alarm fees	5,000	5,000	2,015	(2,985)
Fire report fees	750	750	580	(170)
Fire and EMS attendance fees	1,200	1,200	-	(1,200)
Library fines and fees	13,000	13,000	17,610	4,610
DNA samples	500	500	850	350
Erosion and sediment control	500	500	-	(500)
Museum admission charges	700,000	700,000	1,503,861	803,861
Notary fees	-	-	255	255
Concealed carry permits	50,839	50,839	50,208	(631)
Police firearms buyback	-	-	10	10
Police record fees	50,000	50,000	44,113	(5,887)
Recreation activity fees	85,000	85,000	36,868	(48,132)
Rental inspection fees	35,000	35,000	30,180	(4,820)
Inspections	120,000	120,000	87,656	(32,344)
Plans and specifications	-	-	5,975	5,975
Street closures	-	-	350	350
Sunset Thursday Sponsors	2,500	2,500	-	(2,500)
Swimming fees	-	-	637	637
Vacant structure	2,000	2,000	2,000	-
UMOJA	27,000	27,000	26,821	(179)
Seawall Festival	-	-	2,000	2,000
Pokey Smokey II	10,000	10,000	12,476	2,476
Ticket sales - Visitor Center	-	-	279	279
EMS collections - delinquent	39,652	39,652	135,381	95,729
Certificate of occupancy	3,300	3,300	3,650	350
Total charges for services	4,332,820	4,332,820	6,224,035	1,891,215

City of Portsmouth, Virginia **Exhibit I-1 (Continued)**
Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Investment income:				
Investment income	3,751,024	3,751,024	2,364,185	(1,386,839)
Total investment income	3,751,024	3,751,024	2,364,185	(1,386,839)
Recovered costs:				
City garage fund	339,985	339,985	489,341	149,356
Information technology fund	194,079	194,079	289,730	95,651
Court appointed attorneys	726	726	221	(505)
Golf fund	139,605	139,605	136,118	(3,487)
Health department	140,000	140,000	173,367	33,367
Health insurance fund	9,584	9,584	18,039	8,455
Law library fund	1,428	1,428	2,400	972
Behavioral health services fund	339,277	339,277	550,859	211,582
DEA	16,560	16,560	17,198	638
Training academy upkeep	4,494	4,494	7,039	2,545
Parking authority	27,399	27,399	43,685	16,286
Fire watch/EMS	100,000	100,000	-	(100,000)
Postage	214,065	214,065	297,989	83,924
Public utility fund	537,075	537,075	738,754	201,679
Social security payments - jail	12,600	12,600	30,012	17,412
Stormwater management fund	96,038	96,038	135,966	39,928
Social services fund	548,787	548,787	411,882	(136,905)
Waste management fund	187,028	187,028	253,525	66,497
Jail weekends	4,113	4,113	1,278	(2,835)
Prisoner upkeep fees	26,000	26,000	23,657	(2,343)
Fed prisoner transport	19,375	19,375	17,419	(1,956)
Other recovered costs	873,985	873,985	11,805	(862,180)
Total recovered costs	3,832,203	3,832,203	3,650,284	(181,919)
Fines and forfeitures:				
Circuit Court fines	8,000	8,000	9,528	1,528
Conviction fees	90,000	90,000	134,605	44,605
General District Court fines	130,000	130,000	225,432	95,432
Juvenile Court fines	-	-	351	351
Speed Zone	-	-	51,266	51,266
Total fines and forfeitures	228,000	228,000	421,182	193,182

City of Portsmouth, Virginia **Exhibit I-1 (Continued)**
Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Licenses and permits:				
Bicycle licenses	84	84	26	(58)
Building plan review fees	62,980	62,980	53,140	(9,840)
Building reinspection fees	20,550	20,550	6,901	(13,649)
Building structure permits	255,719	255,719	253,241	(2,478)
Dog impounding	-	-	131	131
Dog licenses	13,143	13,143	10,770	(2,373)
Electrical inspection fees	20,245	20,245	17,900	(2,345)
Electrical permits	90,807	90,807	86,043	(4,764)
Elevator inspection fees	1,230	1,230	285	(945)
Final engineering inspection permit	15,120	15,120	21,298	6,178
Hauling and permits fees	143,460	143,460	166,800	23,340
Land disturbance permit	91,446	91,446	97,370	5,924
License transfer fees	4,242	4,242	3,396	(846)
Mechanical inspection fees	3,314	3,314	3,054	(260)
Mechanical permits	153,008	153,008	219,798	66,790
Miscellaneous permits	24,200	24,200	35,995	11,795
Penalties on licenses	76,633	76,633	83,206	6,573
Plumbing inspection fees	11,000	11,000	2,950	(8,050)
Plumbing permits	63,477	63,477	74,562	11,085
Restricted parking permits	979	979	1,829	850
Right of way permits	176,939	176,939	101,874	(75,065)
Sign permit fees	3,466	3,466	2,155	(1,311)
Site plan review fees	18,500	18,500	7,800	(10,700)
State surcharge on permits	13,683	13,683	12,549	(1,134)
Yard sale permits	1,640	1,640	875	(765)
Zoning and plat fees	33,280	33,280	30,163	(3,117)
Total licenses and permits	1,299,145	1,299,145	1,294,111	(5,034)
Use of property:				
Rental of antenna sites	60,000	60,000	1,289	(58,711)
Rental of recreation facilities	55,000	55,000	95,155	40,155
Rental of recreation facilities	-	-	90,516	90,516
Other	-	-	50	50
Rental of general properties	400,000	400,000	338,026	(61,974)
Total use of property	515,000	515,000	525,036	10,036

Budgetary Comparison Schedule
Schedule of Revenues and Other Financing Sources
General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Miscellaneous:				
Admin fee - RE	250,000	250,000	397,891	147,891
Admin fee - PP	800,000	800,000	859,327	59,327
Admin fee - EMS	-	-	11,122	11,122
Contributions	-	-	503,898	503,898
Credit card fees	8,000	8,000	32,516	24,516
Returned check fees	-	-	100	100
Gift shop sales	263,000	263,000	220,527	(42,473)
Other revenue	169,476	382,294	396,881	14,587
Unclaimed property tax refunds	20,000	20,000	120,867	100,867
Economic Development Authority contribution	125,000	125,000	257,300	132,300
Payments in lieu of taxes:				
PRHA	93,139	93,139	-	(93,139)
Regional Jail	-	-	67,767	67,767
Virginia Port Authority	399,956	399,956	375,552	(24,404)
South Norfolk Jordan Bridge	155,763	155,763	79,734	(76,029)
Public utility fund	1,710,333	1,710,333	871,199	(839,134)
Cash Over/Under	-	-	10	10
Total miscellaneous revenue	3,994,667	4,207,485	4,194,691	(12,794)
Total revenues	310,224,781	310,496,056	324,931,658	14,435,602
Other financing sources:				
Transfers from other funds:				
BHS	377,586	377,586	377,586	-
Stormwater management	443,848	443,848	443,848	-
Public utility fund	3,375,000	3,375,000	3,375,000	-
Use of fund balance	12,550,000	15,326,330	-	(15,326,330)
Total other financing sources	16,746,434	19,522,764	4,196,434	(15,326,330)
Total revenues and other financing sources	326,971,215	330,018,820	329,128,092	(890,728)

City of Portsmouth, Virginia **Exhibit I-2**
Budgetary Comparison Schedule
Schedule of Expenditures and Other Financing Uses
General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
General government:				
Administration:				
Legislative:				
City Council	422,506	422,506	374,410	48,096
City Clerk	563,941	563,941	572,040	(8,099)
Total legislative	986,447	986,447	946,450	39,997
Executive:				
City Manager	1,690,828	1,690,828	1,466,874	223,954
Management and legislative services	396,380	396,380	378,479	17,901
Marketing, entertainment & tourism	2,700,328	2,700,328	2,782,249	(81,921)
Total executive	4,787,536	4,787,536	4,627,602	159,934
Boards and commissions:				
Civil Service Commission	190,519	190,519	2,098	188,421
General Registrar	1,310,605	1,310,605	1,229,702	80,903
Total boards and commissions	1,501,124	1,501,124	1,231,800	269,324
Total administration	7,275,107	7,275,107	6,805,852	469,255
Financial administration:				
Commissioner of Revenue	2,766,033	2,766,033	2,611,765	154,268
City Assessor	1,810,049	1,810,049	1,545,546	264,503
City Treasurer	2,869,619	3,087,275	3,039,337	47,938
Procurement and risk management	631,300	631,300	541,060	90,240
Finance	2,444,425	2,444,425	2,895,682	(451,257)
Budget and grants	806,974	806,974	-	806,974
Total financial administration	11,328,400	11,546,056	10,633,390	912,666
Public transportation	3,324,623	3,324,623	3,324,623	-
City Attorney	3,053,086	3,053,086	2,451,755	601,331
Human resource management	2,306,365	2,306,365	2,006,223	300,142
Total general government	27,287,581	27,505,237	25,221,843	2,283,394
Nondepartmental:				
Contingency	1,000,000	980,000	-	980,000
Miscellaneous	1,419,040	3,351,384	7,314,956	(3,963,572)
Support to civic organizations	1,563,786	1,563,786	1,424,409	139,377
Total nondepartmental	3,982,826	5,895,170	8,739,365	(2,844,195)
Judicial:				
Circuit Court judges	1,031,622	1,031,622	1,042,756	(11,134)
Circuit Court Clerk	2,285,192	2,285,192	2,138,574	146,618
Magistrate	20,062	20,062	16,693	3,369
General District Court	219,811	219,811	181,830	37,981
Juvenile and Domestic Relations Court	51,978	51,978	44,729	7,249
Juvenile court services	1,858,668	1,858,668	1,475,547	383,121
Commonwealth's Attorney	3,586,671	3,586,671	3,460,777	125,894
Sheriff	17,884,363	17,905,361	17,551,215	354,146
Total judicial	26,938,367	26,959,365	25,912,121	1,047,244

See Independent Auditor's Report and Notes to Required Supplementary Information.

City of Portsmouth, Virginia **Exhibit I-2 (continued)**
Budgetary Comparison Schedule
Schedule of Expenditures and Other Financing Uses
General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Public safety:				
Sheriff	-	-	967	(967)
Police Department	40,207,176	40,313,885	35,886,780	4,427,105
E-911 communications	3,611,369	3,611,369	3,536,921	74,448
Operations Support Bureau	98,412	98,412	61,141	37,271
Admin and Support Bureau	-	-	-	-
Field Operations Bureau	20,742	20,742	17,789	2,953
Animal control and security	2,125,515	2,125,515	1,884,351	241,164
Fire, rescue, and emergency services	35,328,832	35,442,799	38,613,656	(3,170,857)
Total public safety	81,392,046	81,612,722	80,001,605	1,611,117
Public works:				
Engineering	2,982,488	2,983,050	2,756,546	226,504
Streets and highways	8,230,719	8,863,489	7,753,952	1,109,537
Mosquito control	955,213	945,213	622,931	322,282
Traffic engineering	3,146,661	3,146,661	2,866,742	279,919
General services:				
Properties management	6,706,286	7,586,286	6,309,305	1,276,981
Utilities	3,110,000	3,110,000	3,193,196	(83,196)
Rental of land and buildings	631,200	631,200	-	631,200
Storeroom	-	-	101,644	(101,644)
Harbor Center Pavilion	744,392	744,392	724,186	20,206
Total public works	26,506,959	28,010,291	24,328,502	3,681,789
Health and welfare	1,366,199	1,366,199	1,050,956	315,243
Parks, recreational and cultural:				
Museum	4,319,907	4,319,907	3,372,091	947,816
Parks, recreational and cultural	11,885,770	11,905,770	10,578,255	1,327,515
Public library	3,346,594	3,384,051	3,241,873	142,178
Total parks, recreation and cultural	19,552,271	19,609,728	17,192,219	2,417,509
Community development:				
Permits and inspections	4,911,598	4,826,598	3,720,930	1,105,668
Economic development	2,012,458	2,012,458	1,626,635	385,823
Planning	2,733,350	2,733,350	2,242,758	490,592
Total community development	9,657,406	9,572,406	7,590,323	1,982,083
Education	78,746,746	78,746,746	75,642,160	3,104,586
Debt service, cost of issuance	-	-	7,350	(7,350)
Debt service, principal	-	-	843,464	(843,464)
Debt service, interest	-	-	68,514	(68,514)
Capital outlay	1,738,000	938,142	456,891	481,251
Total expenditures	277,168,401	280,216,006	267,055,313	13,160,693

City of Portsmouth, Virginia **Exhibit I-2 (continued)**
Budgetary Comparison Schedule
Schedule of Expenditures and Other Financing Uses
General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Other financing uses:				
Transfers to other funds:				
Behavioral health services fund	715,466	715,466	715,466	-
Social services fund	3,470,219	3,470,219	2,903,266	566,953
Comprehensive services fund	707,977	707,977	892,338	(184,361)
Stormwater fund	1,000,000	1,000,000	1,000,000	-
Golf	1,014,014	1,014,014	1,014,014	-
Debt service	37,895,138	37,895,138	37,895,138	-
Capital projects	5,000,000	5,000,000	-	5,000,000
Total other financing uses	49,802,814	49,802,814	44,420,222	5,382,592
Total expenditures and other financing uses	326,971,215	330,018,820	311,475,535	18,543,285
Net change in fund balance	-	-	17,652,557	17,652,557
Fund balance - beginning	-	-	125,848,406	125,848,406
Fund balance - ending	$ -	-	143,500,963	143,500,963

City of Portsmouth, Virginia **Exhibit I-3**
Budgetary Comparison Schedule
Schedule of Revenues, Expenditures and Changes in Fund Balance
Grants Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues:				
Intergovernmental	$ 77,034,400	172,757,397	4,221,721	(168,535,676)
Investment income	4,828	4,828	-	(4,828)
Miscellaneous	1,964,594	2,349,028	795,029	(1,553,999)
Total revenues	79,003,822	175,111,253	5,016,750	(170,094,503)
Expenditures:				
Current:				
General government	8,749,651	11,637,298	17,680	11,619,618
Nondepartmental	-	300,000	-	300,000
Judicial	21,152,247	30,793,965	2,438,816	28,355,149
Public safety	28,360,116	33,198,810	3,074,288	30,124,522
Public works	4,512,821	4,316,189	2,075,585	2,240,604
Health and welfare	13,044,205	20,499,902	1,339,932	19,159,970
Parks, recreational and cultural	12,519,713	18,708,681	878,276	17,830,405
Community development	5,333,463	5,232,931	716,529	4,516,402
Capital outlay	42,284,913	53,917,572	3,770,483	50,147,089
Total expenditures	135,957,129	178,605,348	14,311,589	164,293,759
Deficiency of revenues under expenditures	(56,953,307)	(3,494,095)	(9,294,839)	(5,800,744)
Other financing sources (uses):				
Transfers from other funds	589,103	2,993,864	-	(2,993,864)
Transfers to other funds	(409)	-	-	-
Total other financing sources, net	588,694	2,993,864	-	(2,993,864)
Net change in fund balance	(56,364,613)	(500,231)	(9,294,839)	(8,794,608)
Fund balance - beginning	-	-	23,944,431	23,944,431
Fund balance - ending	$ (56,364,613)	(500,231)	14,649,592	15,149,823

See Independent Auditor's Report and Notes to Required Supplementary Information.

Budgetary Comparison Schedules

The budgetary data reported in the required supplementary information reflects the approved City Budget as adopted by the City Council for the year ended June 30, 2025, as amended. The budget as adopted by the City Council may be amended by the City Council through supplemental appropriations or transfers, as necessary. The legal level of budgetary control rests at the fund level with the exception of the General Fund, which is appropriated at the activity or department level. In addition, the City Code provides that the City Manager may transfer any unencumbered appropriation balance less than $100,000 from one department, project, program, or purpose within the same fund without City Council approval. The City Manager shall make a monthly report to the City Council of all transfers greater than $50,000. Also, the City Manager may transfer any or all of the unencumbered balance of the emergency contingency account to any item in the City budget provided that any such utilization from the emergency budget contingency is reported to the City Council at the next regular council meeting.

The General, Special Revenue, and all proprietary funds have legally adopted annual budgets with the exception of the Grants Fund, and the Community Development Fund. The Capital Projects Funds, Grants Fund, and the Community Development Fund, utilize project budgets in lieu of annual budgets.

The City employs encumbrance accounting under which obligations in the form of purchase orders, contracts, and other commitments for the expenditure or transfer out of funds are recorded in order to reserve that portion of the applicable appropriation in the governmental fund balance, since encumbrances do not constitute expenditures or liabilities. For outstanding encumbrances, the appropriation carries over into the following year upon City Council action. According to the City code, unexpended, unencumbered appropriations lapse at the end of the fiscal year.

The General Fund's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (PSRS)

Fiscal Year Ended June 30,*	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY										
Service cost	$ 11,803	19,747	27,467	37,325	39,225	50,442	56,948	54,347	62,202	71,563
Interest	4,499,599	4,662,338	4,815,010	5,082,959	5,305,149	5,542,060	5,773,968	6,021,175	6,344,585	6,536,219
Changes in benefit terms	-	-	-	-	-	-	-	-	-	814,802
Differences between expected and actual experience	(154,144)	303,780	213,717	(603,260)	(393,653)	(681,062)	(159,223)	(180,994)	(1,383,499)	(1,680,961)
Changes of assumptions	-	-	152,288	(362,961)	(249,133)	(156,756)	(470,893)	(966,754)	(1,236,291)	-
Benefit payments, including refunds of member contributions	(7,197,516)	(7,229,061)	(7,332,578)	(7,935,764)	(7,859,123)	(8,140,802)	(8,474,573)	(8,378,061)	(8,326,253)	(8,478,761)
Net change in total pension liability	(2,840,258)	(2,243,196)	(2,124,096)	(3,781,701)	(3,157,535)	(3,386,118)	(3,273,773)	(3,450,287)	(4,539,256)	(2,737,138)
Total pension liability, beginning	65,785,424	68,028,620	70,152,716	73,934,417	77,091,952	80,478,070	83,751,843	87,202,130	91,741,386	94,478,524
Total pension liability, ending (a)	62,945,166	65,785,424	68,028,620	70,152,716	73,934,417	77,091,952	80,478,070	83,751,843	87,202,130	91,741,386
PLAN FIDUCIARY NET POSITION										
Contributions - employer	2,260,709	1,602,512	2,517,941	3,377,371	4,200,064	2,350,640	2,229,196	2,005,017	1,796,671	2,438,432
Net investment income	5,128,220	4,538,679	(9,512,540)	14,753,283	2,482,586	3,854,272	2,618,347	5,916,252	960,609	418,733
Benefit payments, including refunds of member contributions	(7,694,016)	(7,229,061)	(7,332,578)	(7,935,764)	(7,859,123)	(8,140,802)	(8,474,573)	(8,378,061)	(8,326,253)	(8,478,761)
Administrative expenses	(92,568)	(70,211)	(109,127)	(95,328)	(87,733)	(60,617)	(54,742)	(106,586)	(28,605)	(67,152)
Net change in plan fiduciary net position	(397,655)	(1,158,081)	(14,436,304)	10,099,562	(1,264,206)	(1,996,507)	(3,681,772)	(563,378)	(5,597,578)	(5,688,748)
Plan fiduciary net position, beginning	47,260,644	48,418,725	62,855,029	52,755,467	54,019,673	56,016,180	59,697,952	60,261,330	65,858,908	71,547,656
Plan fiduciary net position, ending (b)	46,862,989	47,260,644	48,418,725	62,855,029	52,755,467	54,019,673	56,016,180	59,697,952	60,261,330	65,858,908
City's net pension liability, ending (a) - (b)	$ 16,082,177	18,524,780	19,609,895	7,297,687	21,178,950	23,072,279	24,461,890	24,053,891	26,940,800	25,882,478
Plan fiduciary net position as a percentage of total pension liability	74.45%	71.84%	71.17%	89.60%	71.35%	70.07%	69.60%	71.28%	69.11%	71.79%
Employer's covered payroll*	$ 395,407	408,387	590,863	693,168	723,213	732,897	754,205	806,870	887,695	1,034,003
City's net pension liability as a percentage of covered payroll	4067.25%	4536.08%	3318.86%	1052.80%	2928.45%	3148.09%	3243.40%	2981.14%	3034.92%	2503.13%

*Amounts presented have a measurement date of the previous fiscal year-end.

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS (PSRS)

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 1,661,012	1,764,209	1,602,512	1,627,773	2,058,105	2,210,592	2,170,640	1,867,696	1,807,082	1,796,671
Contributions in relation to the actuarially determined contribution	1,661,012	1,764,209	1,602,512	2,517,941	3,377,371	4,200,064	2,350,640	1,867,696	1,807,082	1,796,671
Contribution deficiency (excess)	-	-	-	(890,168)	(1,319,266)	(1,989,472)	(180,000)	-	-	-
Covered payroll	$ 407,003	395,407	408,387	590,863	693,168	723,213	732,897	754,205	806,870	887,695
Contributions as a percentage of covered payroll	408.11%	446.18%	392.40%	426.15%	487.24%	580.75%	320.73%	247.64%	223.96%	202.40%

NOTES TO SCHEDULE

Methods and Assumptions used to determine contribution rate:

Measurement date	June 30, 2025
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
Actuarial Cost Method	Entry Age Normal-Level Percentage of Pay
Interest rate	7.25%
Salary increases	3.00%
Social Security wage bases	3.00%
Social Security cost of living increases	2.50%
Statutory limits on compensation and benefits	2.50%
Mortality	Pub-2016 General Mortality Table Adjusted to 2016 with Generational Projection (Scale MP-2021)
Projected rate of return	7.25%
Plan Fiduciary net position	Fair Market Value of assets

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money weighted rate of return, net of investment expenses	10.36%	11.51%	9.99%	-15.70%	29.03%	4.78%	7.32%	4.66%	10.59%	1.55%

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (FPRS)

Fiscal Year Ended June 30,*	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY										
Service cost	$ 11,279	21,837	96,414	118,664	125,340	188,000	209,549	288,723	469,262	655,555
Interest	14,896,076	15,310,008	15,588,902	16,085,412	16,555,536	16,847,652	17,224,136	17,571,555	17,775,245	17,755,749
Changes in benefit terms	-	-	-	-	-	-	-	-	-	2,226,338
Differences between expected and actual experience	(1,029,659)	(75,358)	1,447,947	(124,107)	(867,255)	1,347,426	637,275	1,548,069	2,934,513	483,962
Changes of assumptions	-	-	302,623	(800,780)	(564,095)	(442,750)	(1,023,739)	(2,060,009)	(2,264,494)	-
Benefit payments, including refunds of member contributions	(20,730,660)	(21,106,801)	(21,219,756)	(22,267,894)	(21,915,426)	(21,922,564)	(22,317,498)	(22,016,787)	(21,297,801)	(20,421,823)
Net change in total pension liability	(6,852,964)	(5,850,314)	(3,783,870)	(6,988,705)	(6,665,900)	(3,982,236)	(5,270,277)	(4,668,449)	(2,383,275)	699,781
Total pension liability, beginning	215,972,839	221,823,153	225,607,023	232,595,728	239,261,628	243,243,864	248,514,141	253,182,590	255,565,865	254,866,084
Total pension liability, ending (a)	209,119,875	215,972,839	221,823,153	225,607,023	232,595,728	239,261,628	243,243,864	248,514,141	253,182,590	255,565,865
PLAN FIDUCIARY NET POSITION										
Contributions - employer	7,560,516	6,253,165	8,199,999	10,279,577	13,546,417	7,535,021	7,098,559	6,566,389	5,794,277	6,734,263
Net investment income	16,272,977	14,125,480	(29,189,401)	44,674,758	7,444,047	11,417,345	7,521,227	16,820,681	2,782,322	1,144,912
Benefit payments, including refunds of member contributions	(21,665,160)	(21,106,801)	(21,219,756)	(22,267,894)	(21,915,426)	(21,922,564)	(22,317,498)	(22,016,787)	(21,297,801)	(20,421,923)
Administrative expenses	(278,599)	(209,202)	(318,245)	(278,056)	(246,543)	(173,148)	(141,157)	(254,463)	(120,447)	(184,118)
Net change in plan fiduciary net position	1,889,734	(937,358)	(42,527,403)	32,408,385	(1,171,505)	(3,143,346)	(7,838,869)	1,115,820	(12,841,649)	(12,726,866)
Plan fiduciary net position, beginning	147,722,907	148,660,265	191,187,668	158,779,283	159,950,788	163,094,134	170,933,003	169,817,183	182,658,832	195,385,698
Plan fiduciary net position, ending (b)	149,612,641	147,722,907	148,660,265	191,187,668	158,779,283	159,950,788	163,094,134	170,933,003	169,817,183	182,658,832
City's net pension liability, ending (a) - (b)	$ 59,507,234	68,249,932	73,162,888	34,419,355	73,816,445	79,310,840	80,149,730	77,581,138	83,365,407	72,907,033
Plan fiduciary net position as a percentage of total pension liability	71.54%	68.40%	67.02%	84.74%	68.26%	66.85%	67.05%	68.78%	67.07%	71.47%
Employer's covered payroll*	$ 114,707	96,133	299,877	820,886	978,235	1,240,364	1,715,414	1,772,265	2,396,142	3,871,105
City's net pension liability as a percentage of covered payroll	51877.60%	70995.32%	24397.63%	4192.95%	7545.88%	6394.16%	4672.33%	4377.51%	3479.15%	1883.36%

*Amounts presented have a measurement date of the previous fiscal year-end.

SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS (FPRS)

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 6,403,635	6,626,016	6,253,165	6,184,757	7,187,730	7,658,733	7,214,521	6,449,059	6,205,544	5,794,277
Contributions in relation to the actuarially determined contribution	6,403,635	6,626,016	6,253,165	8,199,999	10,279,577	13,546,417	7,535,021	6,449,059	6,205,544	5,794,277
Contribution deficiency (excess)	-	-	-	(2,015,242)	(3,091,847)	(5,887,684)	(320,500)	-	-	-
Covered payroll	$ 118,115	114,707	96,133	299,877	820,886	978,235	1,240,364	1,715,414	1,772,265	2,396,142
Contributions as a percentage of covered payroll	5421.53%	5776.47%	6504.70%	2734.45%	1252.25%	1384.78%	607.48%	375.95%	350.15%	241.82%

NOTES TO SCHEDULE

Methods and Assumptions used to determine contribution rate:

Measurement date	June 30, 2025
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
Actuarial Cost Method	Entry Age Normal-Level Percentage of Pay
Interest rate	7.25%
Salary increases	3.00%
Social Security wage bases	3.00%
Social Security cost of living increases	2.50%
Statutory limits on compensation and benefits	2.50%
Mortality	Pub-2016 Safety Mortality Table Adjusted to 2016 with Generational Projection (Scale MP-2021)
Projected rate of return	7.25%
Plan Fiduciary net position	Fair Market Value of assets

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money weighted rate of return, net of investment expenses	10.43%	11.59%	10.05%	-15.76%	29.04%	4.80%	7.39%	4.64%	10.59%	1.55%

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (VRS)

Fiscal Year Ended June 30,*	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY										
Service cost	$ 13,277,383	11,583,071	10,502,224	9,996,320	10,187,472	9,121,520	8,717,390	8,380,639	8,655,196	8,776,873
Interest	30,158,091	28,753,222	27,872,655	25,423,743	24,068,852	23,152,433	22,448,469	21,674,217	20,862,680	19,666,648
Differences between expected and actual experience	20,202,395	1,384,926	(5,494,049)	(6,451,489)	(2,510,540)	(384,172)	(5,889,195)	(5,377,366)	(4,862,954)	664,081
Changes of assumptions	-	-	-	15,847,603	-	10,469,482	-	476,225	-	-
Changes in benefit terms	-	-	-	-	5,997,538	-	-	-	-	-
Benefit payments, including refunds of member contributions	(23,336,200)	(21,869,106)	(19,963,379)	(18,113,062)	(17,228,670)	(15,836,768)	(14,603,292)	(13,582,645)	(12,540,446)	(11,502,410)
Net change in total pension liability	40,301,669	19,852,113	12,917,451	26,703,115	20,514,652	26,522,495	10,673,372	11,571,070	12,114,476	17,605,192
Total pension liability, beginning	445,177,256	425,325,143	412,407,692	385,704,577	365,189,925	338,667,430	327,994,058	316,422,988	304,308,512	286,703,320
Total pension liability, ending (a)	485,478,925	445,177,256	425,325,143	412,407,692	385,704,577	365,189,925	338,667,430	327,994,058	316,422,988	304,308,512
PLAN FIDUCIARY NET POSITION										
Contributions - employer	12,260,728	10,463,248	9,624,231	9,355,328	8,208,380	7,340,220	6,948,793	6,776,993	6,360,911	6,647,357
Contributions - employee	4,534,092	3,944,856	3,740,529	3,557,452	3,512,571	3,380,321	3,374,302	3,398,847	3,313,387	3,451,819
Net investment income	42,009,223	26,711,085	(436,565)	91,870,741	6,400,033	21,221,718	22,278,231	33,161,239	4,734,570	11,935,602
Benefit payments, including refunds of member contributions	(23,336,200)	(21,869,106)	(19,963,379)	(18,113,062)	(17,228,670)	(15,836,768)	(14,603,292)	(13,582,645)	(12,540,446)	(11,502,410)
Administrative expenses	(273,532)	(266,201)	(262,909)	(227,302)	(217,972)	(209,912)	(192,188)	(190,996)	(168,003)	(162,543)
Other changes	8,554	(78,282)	9,300	8,682	(7,590)	(13,408)	(19,865)	(29,655)	(1,996)	(2,528)
Net change in plan fiduciary net position	35,202,865	18,905,600	(7,288,793)	86,451,839	666,752	15,882,171	17,785,981	29,533,783	1,698,423	10,367,297
Plan fiduciary net position, beginning	434,686,604	415,781,004	423,069,797	336,617,958	335,951,206	320,069,035	302,283,054	272,749,271	271,050,848	260,683,551
Plan fiduciary net position, ending (b)	469,889,469	434,686,604	415,781,004	423,069,797	336,617,958	335,951,206	320,069,035	302,283,054	272,749,271	271,050,848
City's net pension liability (asset), ending (a) - (b)	$ 15,589,456	10,490,652	9,544,139	(10,662,105)	49,086,619	29,238,719	18,598,395	25,711,004	43,673,717	33,257,664
Plan fiduciary net position as a percentage of total pension liability	96.79%	97.64%	97.76%	102.59%	87.27%	91.99%	94.51%	92.16%	86.20%	89.07%
Employer's covered payroll*	$ 95,420,217	80,861,080	76,482,202	73,407,806	76,314,683	70,023,770	68,412,766	66,034,550	66,394,228	69,067,846
City's net pension liability as a percentage of covered payroll	16.34%	12.97%	12.48%	-14.52%	64.32%	41.76%	27.19%	38.94%	65.78%	48.15%

*Amounts presented have a measurement date of the previous fiscal year-end.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (VRS)
PORTSMOUTH CITY PUBLIC SCHOOL BOARD (NON-PROFESSIONAL)

Fiscal Year Ended June 30,*	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY										
Service cost	$ 744,008	616,970	603,768	644,553	650,516	669,679	694,189	763,448	695,895	729,606
Interest	2,778,621	2,805,754	2,807,161	2,687,000	2,677,105	2,650,616	2,671,683	2,600,444	2,552,232	2,501,150
Changes in benefit terms	-	-	-	-	-	-	-	-	(293,248)	-
Differences between expected and actual experience	1,222,644	(989,661)	(575,577)	(588,445)	(327,140)	164,308	(1,077,881)	110,155	(2,270,264)	(215,707)
Changes of assumptions	-	-	-	1,279,576	-	1,011,011	-	(44,324)	-	-
Benefit payments, including refunds of member contributions	(2,955,792)	(2,968,343)	(2,770,447)	(2,922,149)	(2,785,628)	(2,615,831)	(2,562,064)	(2,261,995)	-	(2,300,353)
Net change in total pension liability	1,789,481	(535,280)	64,905	1,100,535	214,853	1,879,783	(274,073)	1,167,728	684,615	714,696
Total pension liability, beginning	41,898,648	42,433,928	42,369,023	41,268,488	41,053,635	39,173,852	39,447,925	38,280,197	37,595,582	36,880,886
Total pension liability, ending (a)	43,688,129	41,898,648	42,433,928	42,369,023	41,268,488	41,053,635	39,173,852	39,447,925	38,280,197	37,595,582
PLAN FIDUCIARY NET POSITION										
Contributions - employer	924,627	836,530	764,944	762,490	772,742	782,510	879,860	882,435	801,790	726,275
Contributions - employee	380,655	413,885	319,984	320,410	348,626	351,917	365,276	372,038	378,872	345,765
Net investment income	3,527,081	2,293,349	(18,013)	8,411,421	613,175	2,081,974	2,269,942	3,443,683	487,721	1,307,987
Benefit payments, including refunds of member contributions	(2,955,792)	(2,968,343)	(2,770,447)	(2,922,149)	(2,785,628)	(2,615,831)	(2,562,064)	(2,261,995)	(2,270,264)	(2,300,353)
Administrative expenses	(24,566)	(23,703)	(24,116)	(22,131)	(21,853)	(21,661)	(20,333)	(20,455)	(18,573)	(18,893)
Other changes	510	914	855	782	(1,328)	(1,304)	(1,991)	(3,044)	(211)	(276)
Net change in plan fiduciary net position	1,852,515	552,632	(1,726,793)	6,550,823	(1,074,266)	577,605	930,690	2,412,662	(620,665)	60,505
Plan fiduciary net position, beginning	36,954,043	36,401,411	38,128,204	31,577,381	32,651,647	32,074,042	31,143,352	28,730,690	29,351,355	29,290,850
Plan fiduciary net position, ending (b)	38,806,558	36,954,043	36,401,411	38,128,204	31,577,381	32,651,647	32,074,042	31,143,352	28,730,690	29,351,355
City's net pension liability, ending (a) - (b)	$ 4,881,571	4,944,605	6,032,517	4,240,819	9,691,107	8,401,988	7,099,810	8,304,573	9,549,507	8,244,227
Plan fiduciary net position as a percentage of total pension liability	88.83%	88.20%	85.78%	89.99%	76.52%	79.53%	81.88%	78.95%	75.05%	78.07%
Employer's covered payroll	$ 8,667,452	7,750,272	7,134,225	7,065,959	7,621,243	7,627,378	7,691,444	7,719,383	8,465,913	8,498,497
School's net pension liability as a percentage of covered payroll	56.32%	63.80%	84.56%	60.02%	127.16%	110.16%	92.31%	107.58%	112.80%	97.01%

*Amounts presented have a measurement date of the previous fiscal year-end.

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY AND RELATED RATIOS (VRS)
PORTSMOUTH CITY PUBLIC SCHOOL BOARD (PROFESSIONAL)

Fiscal Year Ended June 30,*	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	0.83%	0.87%	0.93%	0.99%	0.99%	0.99%	1.00%	1.00%	1.04%	1.05%
Employer's proportionate share of the net pension liability	$ 77,490,084	88,117,643	88,937,624	76,676,112	142,941,716	130,340,952	117,977,000	123,472,000	146,345,000	132,145,000
Employer's covered payroll	$ 87,967,878	86,320,559	86,469,946	86,986,780	85,550,274	82,858,890	81,002,287	79,054,292	81,200,579	79,779,153
Employer's proportionate share of the net pension liability as a percentage of covered payroll	88.09%	102.08%	102.85%	88.15%	167.09%	157.30%	145.65%	156.19%	180.23%	165.64%
Plan fiduciary net position as a percentage of the total pension liability	84.52%	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%

*Amounts presented have a measurement date of the previous fiscal year-end

SCHEDULE OF EMPLOYERS' PENSION CONTRIBUTIONS (VRS)

Fiscal Year Ending June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
City of Portsmouth					
2025	$ 14,570,341	$ 14,570,341	$ -	$103,127,373	14.13%
2024	12,260,728	12,260,728	-	95,420,217	12.85%
2023	10,463,248	10,463,248	-	80,861,080	12.94%
2022	9,624,231	9,624,231	-	76,482,202	12.58%
2021	9,355,328	9,355,328	-	73,407,806	12.74%
2020	8,196,197	8,196,197	-	76,314,683	10.74%
2019	7,477,388	7,477,388	-	70,023,770	10.68%
2018	7,052,500	7,052,500	-	68,412,766	10.31%
2017	6,794,955	6,794,955	-	66,034,550	10.29%
2016	8,025,853	6,419,355	1,606,498	66,394,228	9.67%
Portsmouth City Public School Board (Professional)					
2025	$ 16,071,606	$ 16,071,606	$ -	$102,497,490	15.68%
2024	13,793,363	13,793,363	-	87,967,878	15.68%
2023	13,535,064	13,535,064	-	86,320,559	15.68%
2022	13,558,488	13,558,488	-	86,469,946	15.68%
2021	13,639,527	13,639,527	-	86,986,780	15.68%
2020	13,414,283	13,414,283	-	85,550,274	15.68%
2019	12,992,275	12,992,275	-	82,858,890	15.68%
2018	13,219,573	13,219,573	-	81,002,287	16.32%
2017	11,589,359	11,589,359	-	79,054,292	14.66%
2016	11,190,544	11,190,544	-	81,200,579	13.78%
Portsmouth City Public School Board (Non-Professional)					
2025	$ 1,030,420	$ 1,030,420	$ -	$ 9,585,302	10.75%
2024	924,627	924,627	-	8,667,452	10.67%
2023	833,154	833,154	-	7,750,272	10.75%
2022	766,929	766,929	-	7,134,225	10.75%
2021	759,591	759,591	-	7,065,959	10.75%
2020	819,284	819,284	-	7,621,243	10.75%
2019	819,943	819,943	-	7,627,378	10.75%
2018	899,130	899,130	-	7,691,444	11.69%
2017	902,396	902,396	-	7,719,383	11.69%
2016	813,358	813,358	-	8,465,913	9.61%

CITY OF PORTSMOUTH OPEB PLAN - CITY

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL OPEB LIABILITY										
Service cost	$ 625,031	569,828	418,392	407,997	464,838	641,148	545,143	1,150,539	N/A	N/A
Interest on total OPEB liability	1,257,235	974,903	927,797	1,238,220	1,485,071	1,504,363	1,541,001	1,098,940	N/A	N/A
Effect of plan changes	-	-	-	(2,088,995)	-	-	-	-	N/A	N/A
Effect of economic/demographic gains (losses)	-	4,088,661	-	(2,952,684)	(6,137,799)	-	-	-	N/A	N/A
Effect of assumption changes or inputs	-	86,310	554,371	(127,791)	1,913,854	(444,507)	860,350	(8,498,386)	N/A	N/A
Benefit payments	(1,462,091)	(1,401,528)	(1,255,357)	(1,270,171)	(1,657,395)	(1,980,500)	(1,844,970)	(1,826,247)	N/A	N/A
Net change in total OPEB liability	420,175	4,318,174	645,203	(4,793,424)	(3,931,431)	(279,496)	1,101,524	(8,075,154)	N/A	N/A
Total OPEB liability, beginning	19,436,590	15,118,416	14,473,213	19,266,637	23,198,068	23,477,564	22,376,040	30,451,194	N/A	N/A
Total OPEB liability, ending (a)	19,856,765	19,436,590	15,118,416	14,473,213	19,266,637	23,198,068	23,477,564	22,376,040	N/A	N/A
PLAN FIDUCIARY NET POSITION										
Employer contributions	1,462,091	2,901,528	2,755,357	1,770,171	2,657,395	1,980,500	2,844,970	4,826,247	N/A	N/A
Net investment income	962,779	857,664	548,861	(666,853)	1,353,350	128,763	169,344	46,475	N/A	N/A
Benefit payments	(1,462,091)	(1,401,528)	(1,255,357)	(1,270,171)	(1,657,395)	(1,980,500)	(1,844,970)	(1,826,247)	N/A	N/A
Administrative expenses	(11,379)	(9,561)	(7,315)	(7,710)	(5,500)	(5,181)	(3,513)	-	N/A	N/A
Net change in plan fiduciary net position	951,400	2,348,103	2,041,546	(174,563)	2,347,850	123,582	1,165,831	3,046,475	N/A	N/A
Plan fiduciary net position, beginning	10,898,824	8,550,721	6,509,175	6,683,738	4,335,888	4,212,306	3,046,475	-	N/A	N/A
Plan fiduciary net position, ending (b)	11,850,224	10,898,824	8,550,721	6,509,175	6,683,738	4,335,888	4,212,306	3,046,475	N/A	N/A
City's net OPEB liability, ending (a) - (b)	$ 8,006,541	8,537,766	6,567,695	7,964,038	12,582,899	18,862,180	19,265,258	19,329,565	N/A	N/A
Plan fiduciary net position as a percentage of total OPEB liability	59.68%	56.07%	56.56%	44.97%	34.69%	18.69%	17.94%	13.61%	N/A	N/A
Employer's covered payroll	$ 93,180,215	93,180,215	72,624,573	72,624,573	74,950,930	78,135,614	78,135,614	78,135,614	N/A	N/A
City's net OPEB liability as a percentage of covered payroll	8.59%	9.16%	9.04%	10.97%	16.79%	24.14%	24.66%	24.74%	N/A	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required
If prior years are not reported in accordance with the current GAAP standards, they should not be included

CITY OF PORTSMOUTH OPEB PLAN - CITY (Continued)

NET MONEY-WEIGHTED RATE OF RETURN

Fiscal Year Ending June 30	Net Money-Weighted Rate of Return
2025	8.84%
2024	9.36%
2023	7.71%
2022	-9.74%
2021	29.20%
2020	3.06%
2019	5.03%
2018	9.46%
2017	N/A
2016	N/A

SCHEDULE OF EMPLOYER CONTRIBUTIONS

There were no Employer Contributions prior to the establishment of the trust in April, 2018. Prior to that date, the City's contributions were made on a pay-as-you-go basis.

Fiscal Year Ending June 30	Employer Contribution	Covered Payroll	Contribution as a % of Covered Payroll
2025	$ 1,462,091	93,180,215	1.57%
2024	2,901,528	93,180,215	3.11%
2023	2,755,357	72,624,573	3.79%
2022	1,770,171	72,624,573	2.44%
2021	2,657,395	74,950,930	3.55%
2020	1,980,500	78,135,614	2.53%
2019	2,844,970	78,135,614	3.64%
2018	4,826,247	78,135,614	6.18%
2017	N/A	N/A	N/A
2016	N/A	N/A	N/A

GROUP LIFE INSURANCE PROGRAM - VRS DIRECTED - CITY

Schedule of City of Portsmouth Proportionate Share of Net OPEB Liability

Years Ended June 30,*	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB liability
2025	0.37520%	$ 4,186,940	$ 96,338,428	4.34607%	73.41%
2024	0.34782%	4,171,452	81,930,552	5.09145%	69.30%
2023	0.35797%	4,310,304	77,868,445	5.53537%	67.21%
2022	0.36436%	4,242,139	75,227,141	5.63911%	67.45%
2021	0.36119%	6,027,670	74,335,483	8.10874%	52.64%
2020	0.36998%	6,020,560	70,400,385	8.55189%	52.00%
2019	0.37419%	5,682,000	71,151,669	7.98576%	51.22%
2018	0.37603%	5,658,000	69,360,272	8.15741%	48.86%

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

Schedule of Employer Contributions

Fiscal Year Ending	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 488,539	$ 488,539	$ -	$ 103,944,561	0.47%
2024	520,228	520,228	-	96,338,428	0.54%
2023	442,425	442,425	-	81,930,552	0.54%
2022	420,489	420,489	-	77,868,445	0.54%
2021	406,227	406,227	-	75,227,141	0.54%
2020	386,545	386,545	-	74,335,483	0.52%
2019	366,082	366,082	-	70,400,385	0.52%
2018	367,170	367,170	-	71,151,669	0.52%
2017	360,673	360,673	-	69,360,272	0.52%
2016	338,743	338,743	-	70,571,371	0.48%

LINE OF DUTY ACT - VRS DIRECTED - CITY

Schedule of City of Portsmouth Proportionate Share of Net OPEB Liability

Years Ended June 30,*	Employer's Proportion of the Net LODA OPEB Liability	Employer's Proportionate Share of the Net LODA OPEB Liability	Covered-Employee Payroll	Employer's Proportionate Share of the Net LODA OPEB Liability as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB liability
2025	2.84121%	$ 11,181,717	$ 36,328,314	30.77962%	1.22%
2024	2.78993%	11,184,807	33,440,576	33.44681%	1.31%
2023	2.99696%	11,342,157	29,920,335	37.90785%	1.87%
2022	2.93069%	12,924,097	33,148,220	38.98881%	1.68%
2021	3.16661%	13,262,252	33,702,307	39.35117%	1.02%
2020	3.02633%	10,858,053	32,241,604	33.67715%	0.79%
2019	3.55949%	11,159,000	31,515,462	35.40802%	0.60%
2018	3.61539%	9,501,000	N/A**	N/A	1.30%

* Amounts presented have a measurement date of the previous fiscal year end.
** Employer's covered payroll amount is not determinable.

Schedule of Employer Contributions

Fiscal Year Ending	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll*	Contributions as a Percentage of Covered Payroll
2025	$ 571,445	$ 571,445	$ -	$ 39,562,004	1.44%
2024	428,796	428,796	-	36,328,314	1.18%
2023	370,239	370,239	-	33,440,576	1.11%
2022	412,757	412,757	-	29,920,335	1.38%
2021	403,487	403,487	-	33,148,220	1.22%
2020	430,343	430,343	-	33,702,307	1.30%
2019	406,171	406,171	-	32,241,604	1.30%
2018	379,145	379,145	-	31,515,462	1.20%
2017	389,925	389,925	-	N/A	-
2016	351,125	351,125	-	N/A	-

The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan

VIRGINIA LOCAL DISABILITY PROGRAM - VRS DIRECTED - CITY

Schedule of City of Portsmouth Proportionate Share of Net OPEB Liability

Years Ended June 30,*	Employer's Proportion of the Net VLDP OPEB Liability	Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB liability
2025	4.57671%	$ (165,103)	$ 35,398,159	-0.46642%	129.49%
2024	4.20421%	(67,646)	25,732,840	-0.26288%	116.89%
2023	4.83996%	(28,456)	22,674,716	-0.12550%	107.99%
2022	4.83886%	(48,982)	19,438,408	-0.25199%	119.59%
2021	4.53564%	45,277	16,901,402	0.26789%	76.84%
2020	4.43242%	89,793	13,695,972	0.65562%	49.19%
2019	4.43899%	34,000	10,778,174	0.31545%	51.39%
2018	4.40350%	25,000	8,086,092	0.30917%	38.40%

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

Schedule of Employer Contributions

Fiscal Year Ending	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 304,300	$ 304,300	$ -	$ 41,121,590	0.74%
2024	300,884	300,884	-	35,398,159	0.85%
2023	218,729	218,729	-	25,732,840	0.85%
2022	188,200	188,200	-	22,674,716	0.83%
2021	161,339	161,339	-	19,438,408	0.83%
2020	121,690	121,690	-	16,901,402	0.72%
2019	98,611	98,611	-	13,695,972	0.72%
2018	64,683	64,683	-	10,778,174	0.60%
2017	48,589	48,589	-	8,086,092	0.60%
2016	32,983	32,983	-	5,497,040	0.60%

PORTSMOUTH CITY PUBLIC SCHOOLS OPEB PLAN

Schedule of Changes in Net OPEB Liability and Related Ratios

Year Ended,*	2025	2024	2023	2022	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY									
Service cost	$ 109,134	$ 153,790	$ 166,541	$ 131,581	$ 147,317	$ 393,468	$ 950,173	$ 625,456	$ 713,189
Interest	416,326	723,414	683,397	624,168	607,082	1,206,350	791,875	997,917	958,969
Changes in benefit terms	-	-	-	-	-	-	-	459,794	-
Differences between expected and actual experience	(1,289)	(2,270,721)	(132,654)	553,937	(9,247)	(5,630,299)	(433,312)	(4,735,709)	(747,036)
Changes of assumptions	97,785	(1,425,696)	(16,450)	(632,710)	12,545	(1,999,924)	(4,968,846)	3,663,387	2,171,672
Benefit payments, including lump sum liability settlement for 114 participants	(272,930)	(269,787)	(342,548)	(589,083)	(479,513)	(414,517)	(191,650)	(73,336)	(80,005)
Net change in total OPEB liability	349,026	(3,089,000)	358,286	87,893	278,184	(6,444,922)	(3,851,760)	937,509	3,016,789
Total OPEB liability, beginning	4,319,354	7,408,354	7,050,068	6,962,175	6,683,991	13,128,913	16,980,673	16,043,164	13,026,375
Total OPEB liability, ending (a)	4,668,380	4,319,354	7,408,354	7,050,068	6,962,175	6,683,991	13,128,913	16,980,673	16,043,164
PLAN FIDUCIARY NET POSITION									
Contributions/benefit payments made from general operating funds	241,340	229,487	282,548	443,633	479,513	414,517	-	-	-
Net investment income	1,613,485	1,616,290	1,209,718	(1,624,252)	4,107,360	405,789	924,764	532,735	743,975
Benefit payments, including refunds of employee contributions	(272,930)	(269,787)	(342,548)	(589,083)	(479,513)	(414,517)	(191,650)	(73,336)	(80,005)
Administrative expenses	(19,399)	(17,478)	(16,829)	(19,507)	(15,979)	(15,333)	(125)	-	(7,000)
Net change in plan fiduciary net position	1,562,496	1,558,512	1,132,889	(1,789,209)	4,091,381	390,456	732,989	459,399	656,970
Plan fiduciary net position, beginning	18,658,381	17,099,869	15,966,980	17,756,189	13,664,808	13,274,352	12,541,363	12,081,964	11,424,994
Plan fiduciary net position, ending (b)	20,220,877	18,658,381	17,099,869	15,966,980	17,756,189	13,664,808	13,274,352	12,541,363	12,081,964
Net OPEB (asset) liability - ending (a) - (b)	$ (15,552,497)	$ (14,339,027)	$ (9,691,515)	$ (8,916,912)	$ (10,794,014)	$ (6,980,817)	$ (145,439)	$ 4,439,310	$ 3,961,200
Plan fiduciary net position as a percentage of total OPEB liability	433.15%	431.97%	230.82%	226.48%	255.04%	204.44%	101.11%	73.86%	75.31%
Employer's covered payroll*	$143,468,822	$113,668,068	$111,530,111	$ 90,734,180	$ 95,933,446	$ 94,052,398	$ 98,200,691	$ 91,796,317	$ 96,277,315
Net OPEB (asset) liability as a percentage of covered payroll	-10.84%	-12.61%	-8.69%	-9.83%	-11.25%	-7.42%	-0.15%	4.84%	4.11%

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

Note: Schedule is intended to show information for 10 years. Since 2025 is the ninth year for this presentation, only nine years of data is available. However, additional years will be included as they become available.

PORTSMOUTH CITY PUBLIC SCHOOLS OPEB PLAN (Continued)

Actuarially Determined Employer Contribution

Year Ended,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	$ -	$ -	$ -	$ -	$ -	$ 409,268	$ 992,361	$ 662,983	$ 763,112
Amortization and unfunded liability	(241,340)	(229,487)	(282,548)	(443,633)	(479,513)	(414,517)	372,888	350,393	171,131
Recommended contribution	(241,340)	(229,487)	(282,548)	(443,633)	(479,513)	(5,249)	1,365,249	1,013,376	934,243
Contribution/benefit payments made	-	-	-	-	-	-	-	(703,482)	(80,005)
Contribution deficiency (excess)	$ (241,340)	$ (229,487)	$ (282,548)	$ (443,633)	$ (479,513)	$ (5,249)	$ 1,365,249	$ 309,894	$ 854,238
Employer's covered payroll*	$143,468,822	$113,668,068	$111,530,111	$ 90,734,180	$ 95,933,446	$ 94,052,398	$ 98,200,691	$ 91,796,317	$ 96,277,315
Contribution as a percentage of covered payroll	-0.17%	-0.20%	-0.25%	-0.49%	-0.50%	-0.01%	1.39%	0.34%	0.89%

Note: Schedule is intended to show information for 10 years. Since 2025 is the ninth year for this presentation, only nine years of data is available. However, additional years will be included as they become available.

Notes to Schedule

Methods and assumptions used to determine contribution rate:
Measurement date: June 30, 2025
Timing: Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
Actuarial Cost Method: Projected unit credit (level dollar)
Amortization method: Level percent, open
Remaining amortization period: 20 years
Discount rate: 9.70% for 2025 contribution; 9.75% for June 30, 2025, liability and 2026 contribution
Payroll growth: 7.0%
Return on plan assets: 9.70%
Mortality rate:
Teachers: Public Teacher 2010 Employee and Healthy Retiree, headcount weighted, 2021 improvement
All others and spouses: Public General 2010 Employee and Healthy Retiree, headcount weighted, MP-2021
Asset valuation method: Fair value

GROUP LIFE INSURANCE PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Proportionate Share of Net OPEB Liability

Fiscal Year Ending June 30, *	Employer's Proportion of Net GLI OPEB Liability	Employer's Proportionate Share of Net GLI OPEB Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of Net GLI OPEB Liability as a Percentage of it's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability
PROFESSIONAL					
2025	0.34%	$ 3,831,072	$ 88,149,463	4.35%	73.41%
2024	0.37%	4,418,511	86,782,314	5.09%	69.30%
2023	0.42%	4,813,616	86,960,852	5.54%	67.21%
2022	0.42%	4,929,908	87,414,751	5.64%	67.45%
2021	0.42%	6,969,394	85,948,427	8.11%	52.64%
2020	0.42%	6,937,361	83,572,402	8.30%	52.00%
2019	0.43%	6,507,000	81,466,826	7.99%	51.22%
2018	0.43%	6,485,000	79,488,375	8.16%	48.86%
NON-PROFESSIONAL					
2025	0.12%	$ 380,418	$ 8,753,280	4.35%	73.41%
2024	0.03%	399,731	7,852,000	5.09%	69.30%
2023	0.03%	404,576	7,308,311	5.54%	67.21%
2022	0.04%	419,317	7,431,691	5.64%	67.45%
2021	0.04%	625,146	7,710,431	8.11%	52.64%
2020	0.04%	639,353	7,701,528	8.30%	52.00%
2019	0.04%	621,000	7,777,114	7.98%	51.22%
2018	0.04%	638,000	7,821,559	8.16%	48.86%

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

Note: Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data is available. However, additional years will be included as they become available.

GROUP LIFE INSURANCE PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS (Continued)

Schedule of Employer Contributions

Fiscal Year Ending June 30,	(a) Contractually Required Contribution	(b) Contribution in Relation to Contractually Required Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contribution as a Percentage Covered Employee Payroll (b) / (d)
PROFESSIONAL					
2025	$ 482,496	$ 482,496	$ -	$ 102,658,685	0.47%
2024	476,007	476,007	-	88,149,463	0.54%
2023	468,624	468,624	-	86,782,314	0.54%
2022	469,589	469,589	-	86,960,852	0.54%
2021	472,040	472,040	-	87,414,751	0.54%
2020	446,932	446,932	-	85,948,427	0.52%
2019	434,576	434,576	-	83,572,402	0.52%
2018	423,628	423,628	-	81,466,826	0.52%
2017	413,340	413,340	-	79,488,375	0.52%
2016	384,497	384,497	-	80,103,513	0.48%
NON-PROFESSIONAL					
2025	$ 45,612	$ 45,612	$ -	$ 9,704,620	0.47%
2024	47,268	47,268	-	8,753,280	0.54%
2023	42,401	42,401	-	7,852,000	0.54%
2022	39,465	39,465	-	7,308,311	0.54%
2021	40,131	40,131	-	7,431,691	0.54%
2020	40,094	40,094	-	7,710,431	0.52%
2019	40,048	40,048	-	7,701,528	0.52%
2018	40,441	40,441	-	7,777,114	0.52%
2017	40,672	40,672	-	7,821,559	0.52%
2016	37,875	37,875	-	7,890,684	0.48%

HEALTH INSURANCE CREDIT PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Proportionate Share of Net OPEB Liability

Fiscal Year Ending June 30,*	Employer's proportion of the net HIC OPEB liability	Employer's proportionate share of the net HIC OPEB liability	Employer's covered payroll	Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total HIC OPEB liability
PROFESSIONAL					
2025	0.82%	$ 9,471,576	$ 87,809,619	10.79%	21.82%
2024	0.87%	10,493,782	86,373,937	12.15%	17.90%
2023	0.93%	11,591,277	86,492,159	13.40%	15.08%
2022	0.98%	12,626,727	87,000,018	14.51%	13.15%
2021	0.98%	12,731,690	85,561,365	14.88%	9.95%
2020	0.99%	12,939,248	82,904,682	15.61%	8.97%
2019	1.00%	12,721,000	81,030,323	15.70%	8.08%
2018	1.00%	12,719,000	79,120,346	16.08%	7.04%

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

Note: Schedule is intended to show information for 10 years. 2018 is the first year for this presentation. Additional years will be included as they become available.

HEALTH INSURANCE CREDIT PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Changes in Net HIC OPEB Liability and Related Ratios

NON-PROFESSIONAL

Year Ended,*	**2025**	**2024**	**2023**	**2022**
TOTAL OPEB LIABILITY				
Service cost	$ 7,474	$ 7,745	$ 10,735	$ 12,245
Interest	38,418	69,528	66,746	60,586
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(56,656)	(509,877)	-	-
Changes of assumptions	-	-	48,868	20,995
Net investment income	-	-	(55,220)	
Benefit payments	(28,787)	(27,225)	(26,616)	-
Net change in total HIC OPEB liability	(39,551)	(459,829)	44,513	93,826
Total HIC OPEB liability, beginning	576,081	1,035,910	991,397	897,571
Total HIC OPEB liability, ending (a)	536,530	576,081	1,035,910	991,397
PLAN FIDUCIARY NET POSITION				
Contributions	96,240	86,026	64,216	63,628
Net investment income	20,832	9,277	(1,000)	8,483
Benefit payments, including refunds of employee contributions	(28,787)	(27,225)	(26,616)	-
Administrative expenses	(319)	(262)	(209)	(282)
Other	1	12	180	-
Net change in plan fiduciary net position	87,967	67,828	36,571	71,829
Plan fiduciary net position, beginning	176,228	108,400	71,829	-
Plan fiduciary net position, ending (b)	264,195	176,228	108,400	71,829
Net HIC OPEB liability - ending (a) - (b)	$ 272,335	$ 399,853	$ 927,510	$ 919,568
Plan fiduciary net position as a percentage of total HIC OPEB liability	49.24%	30.59%	10.46%	7.25%
Employer's covered payroll*	$ 8,670,426	$ 7,750,204	$ 7,137,001	$ 7,069,603
Net HIC OPEB liability as a percentage of covered payroll	3.14%	5.16%	13.00%	13.01%

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

Note: Schedule is intended to show information for 10 years. FYE 2021 is the first year of plan participation. Additional years will be included as they become available.

HEALTH INSURANCE CREDIT PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS (Continued)

Schedule of Employer Contributions

Fiscal Year Ending June 30,	(a) Contractually Required Contribution	(b) Contribution in Relation to Contractually Required Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contribution as a Percentage Covered Employee Payroll (b) / (d)
PROFESSIONAL					
2025	$ 1,237,081	$ 1,237,081	$ -	$ 102,233,892	1.21%
2024	1,062,496	1,062,496	-	87,809,619	1.21%
2023	1,045,125	1,045,125	-	86,373,937	1.21%
2022	1,046,555	1,046,555	-	86,492,159	1.21%
2021	1,052,700	1,052,700	-	87,000,018	1.21%
2020	1,026,736	1,026,736	-	85,561,365	1.20%
2019	994,856	994,856	-	82,904,682	1.20%
2018	996,673	996,673	-	81,030,323	1.23%
2017	878,236	878,236	-	79,120,346	1.11%
2016	843,986	843,986	-	79,621,342	1.06%
NON-PROFESSIONAL					
2025	$ 106,462	$ 106,462	-	$ 9,591,111	1.11%
2024	96,242	96,242	-	8,670,426	1.11%
2023	86,027	86,027	-	7,750,204	1.11%
2022	64,233	64,233	-	7,137,001	0.90%
2021	63,626	63,626	-	7,069,603	0.90%

VIRGINIA LOCAL DISABILITY PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS

Schedule of Proportionate Share of Net OPEB Liability

Years Ended June 30,*	Employer's proportion of the net VLDP OPEB liability	Employer's proportionate share of the net VLDP OPEB liability	Employer's covered payroll	Employer's proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total VLDP OPEB liability
PROFESSIONAL					
2025	3.41%	$ (30,522)	$ 36,763,796	-0.08%	107.03%
2024	3.61%	23,972	33,717,389	0.07%	93.77%
2023	3.81%	(4,286)	30,678,752	-0.01%	101.57%
2022	4.37%	(30,790)	29,430,476	-0.10%	114.46%
2021	4.43%	35,514	26,183,088	0.14%	78.28%
2020	4.61%	26,811	22,116,307	0.12%	74.12%
2019	4.61%	35,000	17,204,128	0.20%	46.18%
2018	4.43%	27,000	12,496,408	0.22%	31.96%
NON-PROFESSIONAL					
2025	0.68%	$ (24,656)	$ 5,286,294	-0.47%	129.50%
2024	0.72%	(11,527)	4,385,037	-0.26%	116.89%
2023	0.83%	(4,618)	3,680,031	-0.13%	107.99%
2022	0.79%	(8,334)	3,307,193	-0.25%	119.59%
2021	0.87%	8,689	3,243,582	0.27%	76.84%
2020	0.93%	18,906	2,884,002	0.66%	49.19%
2019	0.90%	7,000	2,187,809	0.32%	51.39%
2018	0.85%	5,000	1,551,694	0.32%	38.40%

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

Note: Schedule is intended to show information for 10 years. 2018 is the first year for this presentation. Additional years will be included as they become available.

VIRGINIA LOCAL DISABILITY PROGRAM - VRS DIRECTED - PUBLIC SCHOOLS (Continued)

Schedule of Employer Contributions

Fiscal Year Ending June 30,	(a) Contractually Required Contribution	(b) Contribution in Relation to Contractually Required Contribution	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contribution as a Percentage Covered Employee Payroll (b) / (d)
PROFESSIONAL					
2025	$ 227,540	$ 227,540	$ -	$ 50,564,492	0.45%
2024	172,790	172,790	-	36,763,796	0.47%
2023	158,472	158,472	-	33,717,389	0.47%
2022	144,190	144,190	-	30,678,752	0.47%
2021	138,323	138,323	-	29,430,476	0.47%
2020	107,351	107,351	-	26,183,088	0.41%
2019	90,677	90,677	-	22,116,307	0.41%
2018	53,333	53,333	-	17,204,128	0.31%
2017	38,612	38,612	-	12,496,408	0.31%
2016	22,903	22,903	-	7,897,682	0.29%
NON-PROFESSIONAL					
2025	$ 47,202	$ 47,202	$ -	$ 6,378,813	0.74%
2024	44,933	44,933	-	5,286,294	0.85%
2023	37,273	37,273	-	4,385,037	0.85%
2022	30,530	30,530	-	3,680,031	0.83%
2021	27,450	27,450	-	3,307,193	0.83%
2020	23,354	23,354	-	3,243,582	0.72%
2019	17,881	17,881	-	2,884,002	0.62%
2018	13,127	13,127	-	2,187,809	0.60%
2017	9,310	9,310	-	1,551,694	0.60%
2016	6,913	6,913	-	1,152,140	0.60%

VRS-DIRECTED POLITICAL SUBDIVISION RETIREMENT PLANS

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

Changes of assumptions
The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

<u>General Employees – Non-Hazardous Duty:</u>
Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability rates: No change
Salary scale: No change
Line of Duty disability: No change
Discount rate: No change

<u>Hazardous Duty Employee:</u>
Mortality rates (pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates: Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal rates: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience
Disability rates: No change
Salary scale: No change
Line of Duty disability: No change
Discount rate: No change

VRS-DIRECTED OPEB PLANS

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 actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees, Largest 10 Locality Employers – General Employees, Non-Largest 10 Locality Employers – General Employees, and Teachers:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

SPORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

(2) VRS-DIRECTED OPEB PLANS (Continued)

VaLORS Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

JRS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

Largest Ten Locality Employers - Hazardous Duty Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70 for all
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

(2) VRS-DIRECTED OPEB PLANS (Continued)

Non-Largest Ten Locality Employers - Hazardous Duty Employees:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70 for all
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Other Supplementary Information

Nonmajor Governmental Funds

City of Portsmouth, Virginia
Combining Balance Sheet
Nonmajor Government Funds
June 30, 2025

Exhibit J-1

	SPECIAL REVENUE FUNDS										
	Behavioral Health Services	Public Law Library	Social Services	Stormwater Management	Children's Services	Willett Hall	Community Development	Public Access Television Fund	Asset Forfeiture Fund	Permanent Fund - Cemetery	Total
Assets:											
Cash and temporary investments	$17,207,397	276,146	17,420	10,597,278	44,204	463,429	492,789	37,055	636,714	2,194,095	31,966,527
Accounts receivable (net of allowance for uncollectibles)	797,245	-	48,107	478,721	19,161	-	-	-	-	-	1,343,234
Due from other governments	3,091,177	-	1,409,955	-	631,469	-	-	-	-	-	5,132,601
Total assets	21,095,819	276,146	1,475,482	11,075,999	694,834	463,429	492,789	37,055	636,714	2,194,095	38,442,362
Liabilities:											
Accounts payable	169,450	1,118	92,854	60,789	274,973	-	248,255	-	-	34,751	882,190
Accrued payroll	283,300	-	390,474	64,089	-	-	8,187	-	-	-	746,050
Due to other governments	-	-	-	-	-	-	-	-	2,092	-	2,092
Due to other funds	-	-	1,521,067	-	-	-	-	-	-	-	1,521,067
Total liabilities	452,750	1,118	2,004,395	124,878	274,973	-	256,442	-	2,092	34,751	3,151,399
Deferred inflows of resources:											
Unavailable revenues	2,837,767	-	-	-	-	-	-	-	-	-	2,837,767
Total liabilities and deferred inflows of resources	3,290,517	1,118	2,004,395	124,878	274,973	-	256,442	-	2,092	34,751	5,989,166
Fund balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Restricted	17,805,302	275,028	-	10,951,121	419,861	463,429	236,347	37,055	634,622	1,159,344	31,982,109
Unassigned	-	-	(528,913)	-	-	-	-	-	-	-	(528,913)
Total fund balances	$17,805,302	275,028	(528,913)	10,951,121	419,861	463,429	236,347	37,055	634,622	2,159,344	32,453,196

City of Portsmouth, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Government Funds
Year Ended June 30, 2025

Exhibit J-2

	SPECIAL REVENUE FUNDS									
	Behavioral Health Services	Public Law Library	Social Services	Stormwater Management	Children's Services	Willett Hall	Community Development	Public Access Television Fund	Asset Forfeiture Fund	Permanent Fund - Cemetery	Total
Revenues:											
Intergovernmental	$10,451,510	-	16,477,986	-	1,958,937	-	-	-	203,454	-	29,091,887
Charges for services	18,297	61,075	-	11,568,303	-	-	-	58,201	-	46,700	11,752,576
Investment income	570,985	-	-	94,701	-	-	-	-	15,340	58,383	739,409
Recovered costs	-	-	114,050	-	-	-	-	-	-	-	114,050
Program income	-	-	-	-	-	-	1,383,612	-	-	-	1,383,612
Miscellaneous	2,965,947	-	-	-	-	-	-	-	-	-	2,965,947
Total revenues	14,006,739	61,075	16,592,036	11,663,004	1,958,937	-	1,383,612	58,201	218,794	105,083	46,047,481
Expenditures:											
Current:											
Public safety	-	-	-	-	-	-	-	-	5,318	-	5,318
Public works	-	-	-	3,501,323	-	-	-	-	-	-	3,501,323
Health and welfare	13,426,818	-	18,899,558	-	2,813,736	-	-	-	-	-	35,140,112
Parks, recreational, cultural	-	32,828	-	-	-	-	-	-	-	34,750	67,578
Community development	-	-	-	-	-	-	844,137	-	-	-	844,137
Debt service - principal	180,556	-	33,023	-	-	-	-	-	-	-	213,579
Interest and fiscal charges	1,565	-	284	-	-	-	-	-	-	-	1,849
Capital outlay	358,867	-	-	-	-	-	839,716	36,251	-	-	1,234,834
Total expenditures	13,967,806	32,828	18,932,865	3,501,323	2,813,736	-	1,683,853	36,251	5,318	34,750	41,008,730
Revenues over (under) expenditures	38,933	28,247	(2,340,829)	8,161,681	(854,799)	-	(300,241)	21,950	213,476	70,333	5,038,751
Other financing sources (uses):											
Transfers from other funds	715,466	-	2,903,266	1,000,000	892,338	-	-	-	-	-	5,511,070
Transfers to other funds	(867,036)	-	(925,161)	(545,124)	-	-	-	-	-	-	(2,337,321)
Total other financing sources (uses), net	(151,570)	-	1,978,105	454,876	892,338	-	-	-	-	-	3,173,749
Net change in fund balances	(112,637)	28,247	(362,724)	8,616,557	37,539	-	(300,241)	21,950	213,476	70,333	8,212,500
Fund balances, beginning of year	17,917,939	246,781	(166,189)	2,334,564	382,322	463,429	536,588	15,105	421,146	2,089,011	24,240,696
Fund balances, end of year	$17,805,302	275,028	(528,913)	10,951,121	419,861	463,429	236,347	37,055	634,622	2,159,344	32,453,196

See Independent Auditor's Report.

City of Portsmouth, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2025

Exhibit J-3

	Behavioral Health Services			Public Law Library		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	$ 16,102,907	10,451,510	(5,651,397)	-	-	-
Charges for services	113,500	18,297	(95,203)	43,226	61,075	17,849
Investment income	-	570,985	570,985	-	-	-
Miscellaneous	8,315,695	2,965,947	(5,349,748)	-	-	-
Total revenues	24,532,102	14,006,739	(10,525,363)	43,226	61,075	17,849
Expenditures:						
Health and welfare	24,044,777	13,426,818	10,617,959	-	-	-
Parks, recreational, cultural	-	-	-	43,226	32,828	10,398
Debt service - principal	-	180,556	(180,556)	-	-	-
Interest and fiscal charges	-	1,565	(1,565)	-	-	-
Capital outlay	1,015,064	358,867	656,197	-	-	-
Total expenditures	25,059,841	13,967,806	11,092,035	43,226	32,828	10,398
Revenues over (under) expenditures	(527,739)	38,933	566,672	-	28,247	28,247
Other financing sources (uses):						
Transfers from other funds	715,466	715,466	-	-	-	-
Transfers to other funds	(867,036)	(867,036)	-	-	-	-
Total other financing uses, net	(151,570)	(151,570)	-	-	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ (679,309)	(112,637)	566,672	-	28,247	28,247
Fund balances, beginning of year		17,917,939	17,917,939		246,781	246,781
Fund balances, end of year		17,805,302	18,484,611		275,028	275,028

See Independent Auditor's Report.

City of Portsmouth, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2025

Exhibit J-3 (Continued)

	Social Services			Stormwater Management		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	$ 20,106,193	16,477,986	(3,628,207)	-	-	-
Charges for services	-	-	-	10,978,152	11,568,303	590,151
Investment income	-	-	-	-	94,701	94,701
Recovered costs	115,257	114,050	(1,207)	-	-	-
Total revenues	20,221,450	16,592,036	(3,629,414)	10,978,152	11,663,004	684,852
Expenditures:						
Health and welfare	22,293,498	18,899,558	3,393,940	-	-	-
Public works	-	-	-	4,138,028	3,501,323	636,705
Debt service - principal	-	33,023	(33,023)	145,000	-	145,000
Interest and fiscal charges	-	284	(284)	-	-	-
Capital outlay	197,635	-	197,635	-	-	-
Total expenditures	22,491,133	18,932,865	3,558,268	4,283,028	3,501,323	781,705
Revenues over (under) expenditures	(2,269,683)	(2,340,829)	(71,146)	6,695,124	8,161,681	1,466,557
Other financing sources (uses):						
Transfers from other funds	3,220,219	2,903,266	(316,953)	1,000,000	1,000,000	-
Transfers to other funds	(950,536)	(925,161)	25,375	(7,695,124)	(545,124)	7,150,000
Total other financing sources (uses), net	2,269,683	1,978,105	(291,578)	(6,695,124)	454,876	7,150,000
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	(362,724)	(362,724)	-	8,616,557	8,616,557
Fund balances, beginning of year		(166,189)	(166,189)		2,334,564	2,334,564
Fund balances, end of year		(528,913)	(528,913)		10,951,121	10,951,121

See Independent Auditor's Report.

City of Portsmouth, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2025

Exhibit J-3 (Continued)

	Children's Services			Willett Hall		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	$ 1,938,815	1,958,937	20,122	-	-	-
Total revenues	1,938,815	1,958,937	20,122	-	-	-
Expenditures:						
Health and welfare	2,896,792	2,813,736	83,056	-	-	-
Total expenditures	2,896,792	2,813,736	83,056	-	-	-
Revenues under expenditures	(957,977)	(854,799)	103,178	-	-	-
Other financing sources -						
Transfers from other funds	957,977	892,338	(65,639)	-	-	-
Revenues and other financing sources over expenditures	$ -	37,539	37,539	-	-	-
Fund balances, beginning of year		382,322	382,322		463,429	463,429
Fund balances, end of year		$ 419,861	419,861		463,429	463,429

City of Portsmouth, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2025

Exhibit J-3 (Continued)

	Public Access Fund			Asset Forfeiture Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Intergovernmental	$ -	-	-	1,960,565	203,454	(1,757,111)
Charges for services	50,000	58,201	8,201	-	-	-
Investment income	-	-	-	-	15,340	15,340
Total revenues	50,000	58,201	8,201	1,960,565	218,794	(1,741,771)
Expenditures:						
Judicial	-	-	-	659,364	-	659,364
Public Safety	-	-	-	932,920	5,318	927,602
Capital outlay	50,000	36,251	13,749	128,445	-	128,445
Total expenditures	50,000	36,251	13,749	1,720,729	5,318	1,715,411
Revenues over expenditures	-	21,950	21,950	239,836	213,476	(26,360)
Other financing uses -						
Transfers to other funds	-	-	-	(240,248)	-	240,248
Revenues over (under) expenditures and other financing uses	$ -	21,950	21,950	(412)	213,476	213,888
Fund balances, beginning of year		15,105	15,105		421,146	421,146
Fund balances, end of year		37,055	37,055		634,622	635,034

See Independent Auditor's Report.

Nonmajor Proprietary Funds

City of Portsmouth, Virginia **Exhibit K-1**
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2025

	Golf	Parking Authority	Waste Management	Total
Assets:				
Current assets:				
Cash and temporary investments	$ 2,201	5,000	7,240,571	7,247,772
Accounts receivable	36,904	1,707	5,038,852	5,077,463
Inventory of supplies	75,347	12,161	-	87,508
Total current assets	114,452	18,868	12,279,423	12,412,743
Noncurrent assets:				
Net OPEB assets	1,651	-	4,953	6,604
Capital assets:				
Land	9,687,539	679,680	2,909,275	13,276,494
Buildings	2,382,425	17,174,159	65,455	19,622,039
Improvements other than buildings	314,073	284,508	-	598,581
Machinery, furniture, and equipment	894,603	408,688	12,994,506	14,297,797
Construction in progress	-	624,380	-	624,380
Total capital assets	13,278,640	19,171,415	15,969,236	48,419,291
Less accumulated depreciation	(3,375,758)	(14,650,838)	(11,324,404)	(29,351,000)
Total capital assets, net	9,902,882	4,520,577	4,644,832	19,068,291
Total noncurrent assets	9,904,533	4,520,577	4,649,785	19,074,895
Deferred outflows of resources:				
Deferred outflows from debt refunding	31,067	-	-	31,067
Deferred outflows related to pensions (Note 7)	276,509	-	1,178,475	1,454,984
Deferred outflows related to OPEB (Note 8)	59,451	-	178,352	237,803
Total deferred outflows of resources	367,027	-	1,356,827	1,723,854
Total assets and deferred outflows of resources	$ 10,386,012	4,539,445	18,286,035	33,211,492

City of Portsmouth, Virginia **Exhibit K-1 (Continued)**
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2025

	Golf	Parking Authority	Waste Management	Total
Liabilities:				
Current liabilities:				
Accounts payable	$ 28,508	25,704	258,618	312,830
Accrued interest payable	6,915	843	-	7,758
Accrued payroll	50,070	10,473	145,145	205,688
Deposits	180,442	-	-	180,442
Due to other funds (Note 10)	3,467,975	4,650,343	-	8,118,318
Current compensated absences (Note 5)	142,215	22,615	253,095	417,925
Current general obligation bonds (Note 5)	160,239	20,869	-	181,108
Total current liabilities	4,036,364	4,730,847	656,858	9,424,069
Noncurrent liabilities:				
Noncurrent compensated absences (Note 5)	266,473	41,948	339,339	647,760
Landfill closure and postclosure liability	-	-	4,161,897	4,161,897
Noncurrent general obligation bonds (Note 5)	385,717	62,058	-	447,775
Net pension liability (Note 7)	155,895	-	2,236,723	2,392,618
Net OPEB liability (Note 8)	121,935	-	365,804	487,739
Total noncurrent liabilities	930,020	104,006	7,103,763	8,137,789
Deferred inflows of resources:				
Deferred inflows from debt refunding	-	558	-	558
Deferred inflows related to pensions (Note 7)	120,250	-	360,751	481,001
Deferred inflows related to OPEB (Note 8)	46,239	-	138,718	184,957
Total deferred inflows of resources	166,489	558	499,469	666,516
Total liabilities and deferred inflows of resources	5,132,873	4,835,411	8,260,090	18,228,374
Net position:				
Net investment in capital assets	9,387,993	4,437,092	4,644,832	18,469,917
Restricted, OPEB	1,651	-	4,953	6,604
Unrestricted	(4,136,505)	(4,733,058)	5,376,160	(3,493,403)
Total net position	$ 5,253,139	(295,966)	10,025,945	14,983,118

See Independent Auditor's Report.

City of Portsmouth, Virginia **Exhibit K-2**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Proprietary Funds
Year Ended June 30, 2025

	Golf	Parking Authority	Waste Management	Total
Operating revenues:				
Charges for services	$ 1,208,713	735,665	10,065,325	12,009,703
Other	87,143	85,908	5,113	178,164
Total operating revenues	1,295,856	821,573	10,070,438	12,187,867
Operating expenses:				
Personnel services	1,485,579	312,270	5352249	7,150,098
Contractual services	189,599	257,498	3,429,004	3,876,101
Supplies and materials	222,243	16,497	278,936	517,676
Utilities	103,794	84,803	-	188,597
Internal charges	71,411	68,687	2,610,784	2,750,882
Rent	132,042	-	-	132,042
Depreciation	94,645	270,962	719,129	1,084,736
Closure/postclosure	-	-	127,888	127,888
Other	291,547	227,805	265,973	785,325
Total operating expenses	2,590,860	1,238,522	12,783,963	16,613,345
Operating loss	(1,295,004)	(416,949)	(2,713,525)	(4,425,478)
Nonoperating revenues (expenses):				
Capital contributions	242,306	-	-	242,306
Investment income	-	-	550,539	550,539
Interest expense and fiscal charges	(20,621)	(405)	-	(21,026)
Net nonoperating revenues (expenses)	221,685	(405)	550,539	771,819
Net loss before transfers	(1,073,319)	(417,354)	(2,162,986)	(3,653,659)
Transfers from other funds	1,014,014	-	-	1,014,014
Transfers to other funds	(18,368)	(8,487)	(380,063)	(406,918)
Change in net position	(77,673)	(425,841)	(2,543,049)	(3,046,563)
Net position, beginning of year, as restated (Note 18)	5,330,812	129,875	12,568,994	18,029,681
Net position, end of year	$ 5,253,139	(295,966)	10,025,945	14,983,118

City of Portsmouth, Virginia **Exhibit K-3**
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
Year Ended June 30, 2025

	Golf	Parking Authority	Waste Management	Total
Cash flows from operating activities:				
Receipts from customers	$ 1,313,423	821,688	10,130,786	12,265,897
Payments to suppliers	(983,751)	(661,318)	(6,619,194)	(8,264,263)
Payments to employees	(1,405,865)	(293,190)	(5,165,929)	(6,864,984)
Net cash used in operating activities	(1,076,193)	(132,820)	(1,654,337)	(2,863,350)
Cash flows from noncapital financing activities:				
Interfund loans	261,018	89,678	-	350,696
Transfers in	1,014,014	-	-	1,014,014
Transfers out	(18,368)	(8,487)	(380,063)	(406,918)
Net cash provided by (used in) noncapital and related financing activities	1,256,664	81,191	(380,063)	957,792
Cash flows from capital and related financing activities:				
Principal paid on long-term debt	(160,000)	(20,000)	-	(180,000)
Interest paid	(18,270)	(2,188)	-	(20,458)
Net cash used in capital and related financing activities	(178,270)	(22,188)	-	(200,458)
Cash flows from investing activities:				
Interest received	-	-	550,539	550,539
Net increase (decrease) in cash and temporary investments	2,201	(73,817)	(1,483,861)	(1,555,477)
Cash and temporary investments, beginning of year	-	78,817	8,724,432	8,803,249
Cash and temporary investments, end of yeaı	$ 2,201	5,000	7,240,571	7,247,772
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	$ (1,295,004)	(416,949)	(2,713,525)	(4,425,478)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	94,645	270,962	719,129	1,084,736
Landfill closure/post-closure	-	-	127,888	127,888
Pension expense (recovery), net of employer contributions	(55,087)	-	202,274	147,187
OPEB expense (recovery), net of employer contributions	(12,416)	-	(37,247)	(49,663)
Decrease (increase) in:				
Accounts receivable	(36,904)	115	60,348	23,559
Inventories	47,270	-	-	47,270
Increase (decrease) in:				
Accounts payable	(20,385)	(6,028)	(34,497)	(60,910)
Customer deposits	54,471	-	-	54,471
Accrued payroll	8,321	(185)	47,854	55,990
Compensated absences	138,896	19,265	(26,561)	131,600
Total adjustments	218,811	284,129	1,059,188	1,562,128
Net cash used in operating activities	$ (1,076,193)	(132,820)	(1,654,337)	(2,863,350)
Supplemental disclosure of non-cash investing activities:				
Contribution of land and equipment	$ 242,306	-	-	242,306

See Independent Auditor's Report.

Internal Service Funds

City of Portsmouth, Virginia
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

Exhibit L-1

	City Garage	Information Technology	Health Insurance and OPEB	Risk Management	Risk Management School Board	Total
Assets:						
Current assets:						
Cash and temporary investments (Note 3)	$ 96,929	1,873,051	63,853	15,526,293	5,818,634	23,378,760
Accounts receivable	1,379,040	-	557,718	657	-	1,937,415
Deposits-held by others	-	-	-	240,000	-	240,000
Total current assets	1,475,969	1,873,051	621,571	15,766,950	5,818,634	25,556,175
Noncurrent assets:						
Net OPEB assets	1,651	4,953	-	-	-	6,604
Capital assets (Note 4):						
Land	15,048	-	-	-	-	15,048
Buildings	693,083	-	-	-	-	693,083
Machinery, furniture, and equipment	21,276,118	4,901,390	-	-	-	26,177,508
Intangible assets	-	3,212,348	-	-	-	3,212,348
Total capital assets	21,984,249	8,113,738	-	-	-	30,097,987
Less accumulated depreciation	(21,602,141)	(6,996,470)	-	-	-	(28,598,611)
Total capital assets, net	382,108	1,117,268	-	-	-	1,499,376
Deferred outflows of resources:						
Deferred outflows related to pensions (Note 7)	308,231	1,115,031	-	-	-	1,423,262
Deferred outflows related to OPEB (Note 8)	59,451	178,352	-	-	-	237,803
Total deferred outflows of resources	367,682	1,293,383	-	-	-	1,661,065
Total assets and deferred outlfows of resources	2,227,410	4,288,655	621,571	15,766,950	5,818,634	28,723,220
Liabilities:						
Current liabilities:						
Accounts payable	1,289,748	392,154	1,000,242	663,753	-	3,345,897
Accrued payroll	53,375	107,174	-	4,162	-	164,711
Due to other funds (Note 10)	3,069	-	3,590,347	-	-	3,593,416
Current compensated absences (Note 5)	94,941	296,572	-	9,340	-	400,853
Current claims payable (Note 15)	-	-	1,589,875	3,065,732	-	4,655,607
Total current liabilities	1,441,133	795,900	6,180,464	3,742,987	-	12,160,484
Noncurrent liabilities:						
Noncurrent claims payable (Note 15)	-	-	-	5,873,854	-	5,873,854
Noncurrent compensated absences (Note 5)	133,204	502,391	-	12,376	-	647,971
Net pension liability (Note 7)	316,717	1,915,080	-	-	-	2,231,797
Net OPEB liability (Note 8)	121,935	365,804	-	-	-	487,739
Total noncurrent liabilities	571,856	2,783,275	-	5,886,230	-	9,241,361
Deferred inflows of resources:						
Deferred inflows related to pensions (Note 7)	120,250	360,751	-	-	-	481,001
Deferred inflows related to OPEB (Note 8)	46,239	138,718	-	-	-	184,957
Total deferred inflows of resources	166,489	499,469	-	-	-	665,958
Total liabilities and deferred inflows of resources	2,179,478	4,078,644	6,180,464	9,629,217	-	22,067,803
Net position:						
Net investment in capital assets	382,108	1,117,268	-	-	-	1,499,376
Restricted, OPEB	1,651	4,953	-	-	-	6,604
Unrestricted	(335,827)	(912,210)	(5,558,893)	6,137,733	5,818,634	5,149,437
Total net position	$ 47,932	210,011	(5,558,893)	6,137,733	5,818,634	6,655,417

City of Portsmouth, Virginia
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2025

Exhibit L-2

	City Garage	Information Technology	Health Insurance and OPEB	Risk Management	Risk Management School Board	Total
Operating revenues:						
Charges for services	$ 6,499,922	13,492,474	20,107,031	6,365,305	-	46,464,732
Other	226,080	-	1,852,780	-	-	2,078,860
Total operating revenues	6,726,002	13,492,474	21,959,811	6,365,305	-	48,543,592
Operating expenses:						
Personnel services	1,783,424	4,217,030	-	163,759	-	6,164,213
Contractual services	1,207,594	6,647,674	-	251,271	-	8,106,539
Supplies and materials	3,249,781	729,069	-	-	-	3,978,850
Utilities	-	159,319	-	-	-	159,319
Internal charges	288,215	6,642	-	83,438	-	378,295
Claims, settlements and refunds	-	-	24,151,604	3,064,174	-	27,215,778
Insurance premiums	-	-	-	1,649,796	-	1,649,796
Depreciation and amortization	281,565	130,555	-	-	-	412,120
Other - operating expense	494,074	346,418	18,039	-	-	858,531
Total operating expenses	7,304,653	12,236,707	24,169,643	5,212,438	-	48,923,441
Operating income (loss)	(578,651)	1,255,767	(2,209,832)	1,152,867	-	(379,849)
Nonoperating revenues (expenses):						
Investment income	-	-	-	-	155,013	155,013
Net income (loss) before transfers	(578,651)	1,255,767	(2,209,832)	1,152,867	155,013	(224,836)
Transfers from other funds	-	-	500,000	-	-	500,000
Transfers to other funds	(44,696)	(251,184)	-	(9,682)	-	(305,562)
Change in net position	(623,347)	1,004,583	(1,709,832)	1,143,185	155,013	(30,398)
Net position, beginning of year, as restated (Note 18)	671,279	(794,572)	(3,849,061)	4,994,548	5,663,621	6,685,815
Net position, end of year	$ 47,932	210,011	(5,558,893)	6,137,733	5,818,634	6,655,417

City of Portsmouth, Virginia **Exhibit L-3**

Combining Statement of Cash Flows

Internal Service Funds

Year Ended June 30, 2025

	City Garage	Information Technology	Health Insurance and OPEB	Risk Management	Risk Management School Board	Total
Cash flows from operating activities:						
Receipts from customers	$ 6,748,305	13,492,474	21,798,654	6,365,305	-	48,404,738
Payments to suppliers	(4,749,859)	(7,866,536)	(24,680,921)	(4,737,059)	-	(42,034,375)
Payments to employees	(1,821,821)	(3,903,520)	-	(157,393)	-	(5,882,734)
Net cash provided by (used in) operating activities	176,625	1,722,418	(2,882,267)	1,470,853	-	487,629
Cash flows from noncapital financing activities:						
Interfund loans	(35,000)	-	2,390,347	-	-	2,355,347
Transfers in	-	-	500,000	-	-	500,000
Transfers out	(44,696)	(251,184)	-	(9,682)	-	(305,562)
Net cash provided by (used in) noncapital financing activities	(79,696)	(251,184)	2,890,347	(9,682)	-	2,549,785
Cash flows from investing activities:						
Interest received	-	-	-	-	155,013	155,013
Net increase in cash and temporary investments	96,929	1,471,234	8,080	1,461,171	155,013	3,192,427
Cash and temporary investments, beginning of year	-	401,817	55,773	14,065,122	5,663,621	20,186,333
Cash and temporary investments, end of year	$ 96,929	1,873,051	63,853	15,526,293	5,818,634	23,378,760
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$ (578,651)	1,255,767	(2,209,832)	1,152,867	-	(379,849)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	281,565	130,555	-	-	-	412,120
Pension expense (recovery), net of employer contributions	(57,557)	207,215	-	-	-	149,658
OPEB expense (recovery), net of employer contributions	(12,416)	(37,247)	-	-	-	(49,663)
Decrease (increase) in:						
Accounts receivable	22,303	-	(161,157)	-	-	(138,854)
Increase (decrease) in:						
Accounts payable	489,805	22,586	(778,173)	198,214	-	(67,568)
Accrued payroll	20,847	37,964	-	1,194	-	60,005
Compensated absences	10,729	105,578	-	5,172	-	121,479
Nonoperating revenues reported as operating revenues:						
Claims payable	-	-	266,895	113,406	-	380,301
Total adjustments	755,276	466,651	(672,435)	317,986	-	867,478
Net cash provided by (used in) operating activities	$ 176,625	1,722,418	(2,882,267)	1,470,853	-	487,629

Capital Project Funds

General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2024 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2025 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Twin Pines Rd Widening	$ 2,625,000	11,395,851	77,989	77,989	484,525	11,395,851	2,140,475	75,906	2,064,569
Churchland Bridge	42,562,697	31,243,313	-	-	36,131,121	31,243,313	6,431,576	62,467	6,369,109
Paradise Creek Bridge Replacement	16,704,000	1,046,883	57,131	57,131	808,038	1,046,883	15,895,962	32,108	15,863,854
Fredrick Blvd Turn Lane	150,000	-	-	-	-	-	150,000	-	150,000
Court/Bart/Pavilion Intersection	1,321,368	1,286,066	282,650	282,650	1,563,755	1,286,066	-	15,814	-
Ballard Ave-Hyman St Improvements	3,141,000	410,230	149,741	149,741	389,602	410,230	2,751,398	2,054,687	696,711
Effingham St Imp @ Portsmouth Naval	500,000	317,185	159,316	(13,431)	470,105	489,932	29,895	16,065	13,830
Hoffler Creek Parkway Active Transp.	1,200,000	-	-	-	-	-	1,200,000	-	1,200,000
Citywide Systematic FYA Improvement	1,323,440	378,987	480,290	(35,822)	862,328	895,099	461,112	598,588	-
Burtons Point Road Reconstruction	2,450,000	1,865,803	523,152	(299,944)	2,316,764	2,688,899	133,236	60,177	73,058
West Norfolk Road EDA	500,000	77,980	486	486	78,466	77,980	421,534	117,050	304,483
City Hall Elevator Replacement	3,200,000	-	750,757	750,757	868,740	-	2,331,260	491,281	1,839,979
10209 VPDES Permit Compliance	1,408,002	-	-	-	-	-	1,408,002	-	1,408,002
Primrose/Hatton Street	152,300	5,715	136,800	136,800	142,515	5,715	9,785	9,785	-
Churchland Bridge Bike-Ped Enhancem	260,000	131,261	-	-	121,558	131,261	138,442	-	138,442
VPDES Permit Compliance	7,530,377	-	1,267	1,267	6,328,330	-	1,202,047	445,168	756,880
Crtl-VSMP Prmit Comp	10,080,482	1,652,566	664,861	664,861	5,537,748	1,652,566	4,542,734	1,057,154	3,485,580
George Washington Highway Corridor	5,950,000	149,321	60,088	60,088	209,408	149,321	5,740,592	756,894	4,983,698
LED Streetlight Upgrades	2,500,000	-	-	-	-	-	2,500,000	-	2,500,000
Fredrick Blvd Turn Lane	75,000	65,438	-	-	65,438	65,438	9,562	4,562	5,000
Lincoln Park Redevelopment	350,000	-	-	-	338,000	-	12,000	-	12,000
CMAQ Signal Timing Phase 4	132,000	125,548	-	-	94,912	125,548	37,088	-	37,088
Drainage Facility Repair Lake Mgmt - New	9,796,904	6,584,484	57,305	57,305	8,307,064	6,584,484	1,489,840	626,365	863,475
Crtl-Stormwater Infra Renewal/Repla	19,759,103	11,535,080	3,015,701	786,053	14,189,348	13,764,728	5,569,755	2,830,833	2,738,922
High Street Innovation Corridor	2,800,000	-	-	-	-	-	2,800,000	-	2,800,000
Turnpike Road Improvement	778,950	212,382	51,467	-	263,849	263,849	515,101	2,175	512,926
Systematic Rpcmt of Non-MUTCD signs	579,928	30,770	155,406	155,406	186,176	30,770	393,752	549,158	-
High Street & Crawford Street Impro	310,000	26,425	-	-	28,000	26,425	282,000	1,200	280,800
Neighborhood Roadway and Drainage	19,435,000	2,798,959	806,573	806,573	4,201,821	2,798,959	15,233,179	9,822,618	5,410,561
Pavilion Mast/Canopy Replacement	4,439,801	-	-	-	-	-	4,439,801	-	4,439,801
Stormwater Pump Station	10,000,000	-	-	-	-	-	10,000,000	10,000,000	-
Signal System Upgrades Phase V	4,936,344	532,853	11,076	11,076	462,261	532,853	4,474,083	544,481	3,929,602
Westhaven Bicycle Improvements	500,000	406,624	-	-	401,065	406,624	98,935	18,749	80,186
Traffic Inventory - New	100,000	6,015	5,103	5,103	83,779	6,015	16,221	15,308	913
Control-Traffic Inventory	1,135,000	490,403	26,161	26,161	486,248	490,403	648,752	26,931	621,821
Traffic Signal Improvements - New	227,501	11,512	33,389	33,389	189,025	11,512	38,476	9,464	29,011
Control-Traffic Signal Improvements	708,058	82,651	83,075	-	214,797	165,726	493,261	3,307	489,954
Upgrade City's Trffc Signal (2 - 4)	6,502,191	-	-	-	6,431,762	-	70,429	-	70,429
11419 Emergency Vehicle Preemp	36,294	29,657	-	-	5,128	29,657	31,166	3,632	27,534
Bridge Repairs - New	669,268	620,396	-	-	470,225	620,396	199,043	-	199,043

See Independent Auditor's Report.

Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2025

General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2024 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2025 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Control-Bridge Repairs	3,625,000	781,701	546,920	431,998	1,135,408	896,623	2,489,592	41,675	2,447,917
ADA Compliance Curb Cuts - New	369,692	285,595	40,997	40,997	234,887	285,595	134,805	1,224	133,582
Dredging of Lakes - New	3,861,962	2,796,529	58,922	58,922	2,700,001	2,796,529	1,161,961	88,014	1,073,947
POT-Dredging of Lakes and Ponds FY2	2,500,000	575,093	-	-	727,940	575,093	1,772,060	129,459	1,642,601
Midtown Corridor	1,338,322	-	-	-	-	-	1,338,322	-	1,338,322
Flooring and Carpet	155,000	-	-	-	21,893	-	133,107	-	133,107
Resiliency Planning	325,000	-	-	-	86,171	-	238,829	-	238,829
Municipal Facilities Plan	675,000	-	-	-	-	-	675,000	-	675,000
Municipal Audio Video	250,000	-	6,020	6,020	182,340	-	67,660	222	67,437
Municipal VOIP Migration	75,000	-	-	-	74,118	-	882	-	882
Document Management	325,000	-	-	-	81,655	-	243,345	-	243,345
Fire Station Concrete Replacement	920,000	-	-	-	175,629	-	744,371	209,355	535,016
Effingham Fire Station Repairs	250,000	-	-	-	251,235	-	-	-	-
City Gateways - New	294,618	125,738	-	-	331,282	125,738	-	1,524	-
City Gateways-New	250,000	28,878	-	-	42,988	28,878	207,012	-	207,012
Cedar Grove Cemetery	167,272	-	-	-	167,272	-	-	-	-
14119 Dog Parks	650,000	31,807	-	-	2,229	31,807	647,771	15,852	631,919
Prentis Place Recreation Area	1,050,000	-	83,500	83,500	83,500	-	966,500	-	966,500
DSS Roof Repair	678,248	-	797	797	64,747	-	613,501	-	613,501
Facility assessments & prelim engin	650,374	-	84,259	84,259	473,197	-	177,177	169,401	7,776
Children's Museum Staff	651,000	21,420	325,877	325,877	461,697	21,420	189,303	167,883	21,420
Mt Olive & Mt Calvary Cemetery Impr	327,700	-	22,350	22,350	318,550	-	9,150	-	9,150
IT Security Audit	600,000	-	94,276	94,276	187,705	-	412,295	-	412,295
City Hall Plumbing System Replacement	4,550,000	68,113	-	-	68,113	68,113	4,481,888	1,513,255	2,968,633
801 Water Street	4,080,871	137,278	-	-	4,145,769	137,278	-	-	-
Portside Festival Site	636,000	-	-	-	329,652	-	306,348	65,849	240,499
14419 Hurricane Shelter Assess	28,700	-	-	-	69,000	-	-	37,085	-
Safe Haven Building Renovation	2,000,000	74,927	-	-	53,962	74,927	1,946,038	501	1,945,537
PCCLM Bldging and Site Improvements	107,000	7,550	-	-	59,594	7,550	47,406	7,688	39,718
Public Safety Facilities Plan	7,300,000	1,260,126	44,446	44,446	1,902,834	1,260,126	5,397,166	112,776	5,284,390
Misc. Buildings for Parks & Rec	150,000	-	-	-	-	-	150,000	4,222	145,779
Portsmouth City Jail Relocation	46,625,000	-	32,312,781	32,312,781	32,312,781	-	14,312,219	4,287,324	10,024,895
Public Utilities Oper Fac Upgrade	1,800,000	886,647	173,741	163,311	1,176,322	897,077	623,678	3,713	619,966
Upgrading Existing City Fuel Stations	450,000	25,224	-	-	40,232	25,224	409,769	-	409,769
Recreation Center Enhancements - New	1,197,308	-	-	-	1,194,067	-	3,241	3,174	67
Control-Rec Center Enhancements-pavil	2,528,180	277,244	920,328	913,017	1,733,585	284,555	794,595	106,719	687,876
City Park Master Plan	800,000	-	-	-	-	-	800,000	-	800,000
14809 Links at City Park Facility Improv	390,000	-	21,225	21,225	77,089	-	312,911	-	312,911
Bide-A-Wee Facility Improvements	905,000	-	202,142	202,142	346,680	-	558,320	119,000	439,320
Rail To Trail	1,500,000	-	390,767	390,767	658,142	-	841,858	51,337	790,521

City of Portsmouth, Virginia **Exhibit M**
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2025

General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2024 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2025 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Demolition of Buildings - New	586,640	197,628	-	-	572,760	197,628	13,881	8,099	5,782
Control-Demolition of Bldgs	650,000	-	80,157	80,157	293,272	-	356,728	8,347	348,381
Water Treatment Plant Building	800,000	18,119	-	-	114,284	18,119	685,717	-	685,717
Recreation Facility Repair	1,298,172	-	-	-	-	-	1,298,172	-	1,298,172
Museums-Capital	30,055	-	-	-	438	-	29,617	-	29,617
DSS Building	1,787,000	-	1,096,048	1,096,048	1,680,003	-	106,997	6,997	100,000
Fredrick Blvd Operations Facility	1,200,000	-	-	-	-	-	1,200,000	-	1,200,000
15019 DSS HVAC Replacement	467,288	-	-	-	467,288	-	-	-	-
Cavalier Manor Athletics Compl	1,052,702	-	-	-	1,027,855	-	24,847	3,723	21,123
Rails and Trails	900,000	377,973	188,310	188,310	926,295	377,973	-	62,365	-
Outside Recreation Facility Repairs - New	422,367	45,926	-	-	402,302	45,926	20,065	613	19,452
Crtl-Outdoor Recr Facility Repair	2,525,000	1,091,880	29,434	29,434	789,093	1,091,880	1,735,907	12,044	1,723,863
Facility Assessment Plan	100,000	-	42,009	42,009	42,009	-	57,991	591	57,400
Public Works Building	85,000	8,495	-	-	8,495	8,495	76,505	-	76,505
15219 Circle of Sail	74,215	-	-	-	8,223	-	65,992	-	65,992
New Fire Station	6,000,000	786,602	35,473	35,473	1,226,511	786,602	4,773,489	417,525	4,355,964
Waste Management Building	3,988,645	3,416,311	-	-	2,371,872	3,416,311	1,616,773	-	1,616,773
Roof Replacement - Old	2,235,430	-	-	-	2,235,430	-	-	-	-
Roof Replacement - New	1,207,443	62,950	817,109	85,276	1,093,568	794,783	113,875	53,557	60,318
Control-Roof Replacement	800,000	-	3,829	3,829	3,829	-	796,171	974	795,197
Landfill Cover Material	3,045,651	-	-	-	3,045,651	-	-	-	-
ADA Municipal Facility Compliance - New	177,909	5,898	3,875	3,875	129,506	5,898	48,403	-	48,403
Hazmat Program - New	604,800	16,028	5,966	5,966	137,722	16,028	467,078	6,685	460,393
1846 Courthouse HVAC Replacement - New	298,610	223,254	-	-	173,085	223,254	125,525	2,554	122,971
Control-1846 Courthouse	550,000	38,230	-	-	106,357	38,230	443,644	2,530	441,114
Courthouse A/V Upgrade	95,000	-	30	30	75,953	-	19,047	-	19,047
Replacement of HVAC - New	563,989	349,924	-	-	382,437	349,924	181,552	7,224	174,328
Control-Replacement of HVAC	900,000	708,285	175,222	175,222	679,495	708,285	220,505	11,540	208,965
Parking Garage Repairs - New	927,953	504,951	1,414	1,414	562,081	504,951	365,872	238,983	126,888
CONTROL-Parking Garage Repairs	300,000	-	-	-	-	-	300,000	-	300,000
Various Building Renovations - New	1,921,881	955,854	-	-	1,555,540	955,854	366,342	406,166	-
Crtl-Renovations to Various Bldgs	800,000	24,395	-	-	26,423	24,395	773,578	6,176	767,402
Repair Of Seawall	1,381,158	141,701	-	-	1,117,094	141,701	264,064	60	264,004
Repair of Seawall	325,000	-	35,577	35,577	48,222	-	276,779	-	276,779
The Pines Acquisition and Renovation	6,833,260	-	-	-	-	-	6,833,260	-	6,833,260
Sportsplex Buildings	955,000	-	183	183	688,039	-	266,961	-	266,961
Seawall Reinforcement	28,206,747	-	-	-	26,113,099	-	2,093,648	2,804	2,090,844
POT-Seawall Replacement FY20	10,600,000	-	104	104	2,279,214	-	8,320,786	604	8,320,182
Harbor Center Pavilion - Upgrade	364,296	-	-	-	364,296	-	-	-	-
Harbor Center Pavilion - New	35,000	-	-	-	35,000	-	-	-	-

See Independent Auditor's Report.

City of Portsmouth, Virginia **Exhibit M**
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2025

General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2024 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2025 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Ctrl-Union Bank and Trust Pavilion	3,155,000	-	98,310	98,310	835,519	-	2,319,481	47,274	2,272,208
Benchmark Monumental	75,000	-	-	-	25,000	-	50,000	-	50,000
Historical/Interpretive Sign	159,145	-	-	-	-	-	159,145	-	159,145
City Fiber Network	15,702,934	-	-	-	9,671,657	-	6,031,277	84	6,031,193
Municipal Access Control	487,500	171,362	-	-	276,926	171,362	210,574	16,377	194,197
Telecom - Switch and Other Infrastructure	267,066	-	-	-	-	-	267,066	-	267,066
Landfill Scales	-	-	-	-	-	-	-	-	-
DSS Document Management System	325,000	-	-	-	285,515	-	39,485	-	39,485
Municipal Security Came	950,000	749,928	24,319	12,669	553,888	761,578	396,112	9,384	386,728
E-911 DMZ Server	832,200	-	-	-	410,311	-	421,889	10,000	411,889
Security Audit	100,000	-	-	-	-	-	100,000	-	100,000
DSS Security Monitoring System	113,327	78,146	-	-	74,947	78,146	38,380	-	38,380
23318 Election Syst. Software	540,241	-	-	-	540,123	-	118	-	118
Permitting System Replacement	150,000	-	-	-	126,850	-	23,150	3,825	19,325
PS New Radio System	20,300,000	11,900,553	-	-	16,386,844	11,900,553	3,913,156	13,750	3,899,406
CAMA Software System	300,000	-	-	-	275,441	-	24,560	-	24,560
CAD System	777,480	-	296	296	722,486	-	54,994	-	54,994
Crime Analysis System	112,250	-	-	-	103,348	-	8,902	-	8,902
Revenue System Treasurer/COR	1,135,917	1,117,158	3,713	3,713	984,580	1,117,158	151,337	6,511	144,826
CJIS Advance Authentication Project	215,235	-	-	-	215,235	-	-	-	-
Waste Management Fleet	5,600,000	-	2,162,479	2,162,479	4,133,878	-	1,466,122	417,188	1,048,933
Command/E/911 Back-Up Vehicle	703,791	-	-	-	703,791	-	-	-	-
23619 Waste Management Equip &	286,002	-	-	-	-	-	286,002	-	286,002
23719 City Garage Fleet	3,000,000	-	-	-	3,000,000	-	-	-	-
23720 FY20 City Garage Fleet	11,500,000	-	176,899	176,899	5,671,231	-	5,828,769	319,510	5,509,259
23721 City Garage Fleet	22,300	-	-	-	22,300	-	-	-	-
23722 Parks Vehicle Replacement	873,000	-	455,091	455,091	479,600	-	393,400	-	393,400
Public Safety Equipment	4,534,000	-	1,890,169	1,890,168	1,977,635	1	2,556,365	2,027,988	528,377
EMS Equipment Replacement	300,000	-	164,083	164,083	297,248	-	2,752	15,346	-
Public Utilities Vehicle Replacement	1,882,000	-	946,375	946,375	1,769,355	-	112,645	59,248	53,397
Stormwater Fund Fleet	1,920,000	-	524,119	524,119	1,386,759	-	533,241	1,020,619	-
23819 Public Utilities Equip &	107,035	-	-	-	-	-	107,035	-	107,035
55581 CARES Act Broadband	750,000	-	-	-	750,000	-	-	-	-
Betty W. Gard Donation	2,000	-	2,000	2,000	2,000	-	-	-	-
Paradise Creek 2020	31,613	-	-	-	31,613	-	-	-	-
HMES & CAES Roof Coating	1,250,000	-	-	-	7,000	-	1,243,000	-	1,243,000
Churchland High HVAC	5,212,009	3,713,849	14,733	14,733	3,201,563	3,713,849	2,010,446	57,673	1,952,773
Brighton ES Roof Replacement	597,547	-	-	-	-	-	597,547	1,100	596,447
Churchland Academy Parking Lot Add	527,500	408,283	-	-	503,420	408,283	24,080	-	24,080

See Independent Auditor's Report.

City of Portsmouth, Virginia **Exhibit M**
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2025

General Government Capital Projects Fund

	Total Project Authorization	CIP June 30, 2024 Balance	Current Year Expenditures	Current Year Closed/Exp	Total Expenditures	CIP June 30, 2025 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
90019 Mt. Hermon Bus Loop Upgr	35,870	35,870	-	-	35,870	35,870	-	-	-
Churchland HS Track-Rplcmt	200,000	-	-	-	-	-	200,000	-	200,000
Churchland HS Stage/Sound/Lighting	-	-	-	-	77,414	-	-	22,586	-
90119 New Middle School	40,440	40,440	-	-	40,440	40,440	-	-	-
Churchland HS Stage/	145,086	-	-	-	12,637	-	132,449	-	132,449
90215 Westhaven Elementary Roo	1,826,500	-	-	-	1,826,500	-	-	-	-
IRC Data Center HVAC & UPS Project	60,000	41,124	-	-	41,124	41,124	18,876	18,876	-
Hodges Manor ES Rooftop Unit Replac	380,000	-	-	-	-	-	380,000	-	380,000
Future School Project -	11,251,720	3,552,512	1,113,555	998,359	9,763,033	3,667,708	1,488,687	1,510,510	-
Wilson High PA	157,935	-	-	-	157,935	-	-	-	-
90317 Mt Hermon Rooftop HVAC U	162,672	-	-	-	142,071	-	20,601	-	20,601
W Wilson HS HVAC Cooling Tower Repl	538,852	259,749	-	-	75,949	259,749	462,903	41,600	421,303
W Wilson HS HVAC Cooling Tower Repl	1,265,252	373,483	-	-	406,189	373,483	859,063	355,368	503,695
Mt Hermon PreSchool Roof Replacement	1,042,305	-	-	-	1,042,305	-	-	-	-
Interactive White Board Panels-NOT CIP	-	-	-	-	12,425	-	-	-	-
90515 Woodrow Wilson High Scho	2,578,007	-	-	-	2,555,280	-	22,727	22,727	-
Churchland Middle Restroom Renov	452,628	226,388	-	-	485,641	226,388	-	-	-
Churchland Middle School Restroom	-	62,647	-	-	62,647	62,647	-	-	-
James Hurst, Churchland	1,737,401	-	-	-	1,737,401	-	-	-	-
Woodrow Wilson HS Restroom Renovati	876,000	1,047,442	-	-	1,033,326	1,047,442	-	1,645	-
School Safety Improvements	1,000,000	-	-	-	980,420	-	19,580	-	19,580
School Bus Security Cameras-Replcmn	250,000	-	-	-	200,297	-	49,703	-	49,703
School Furniture-Rplcmnt	273,039	-	-	-	-	-	273,039	-	273,039
School Bus Fleet Replacement	1,000,000	-	-	-	983,110	-	16,890	-	16,890
Churchland HS Rec Enhancements	4,800,000	-	-	-	-	-	4,800,000	-	4,800,000
IC Norcom HS Rec Enhancements	6,700,000	-	464,750	464,750	811,800	-	5,888,200	11,500	5,876,700
Manor HS Rec Enhancements	4,600,000	-	-	-	-	-	4,600,000	-	4,600,000
CTE Center	14,000,000	-	-	-	-	-	14,000,000	-	14,000,000
	$ 507,134,265	113,657,563	53,474,762	48,607,275	273,396,782	118,525,050	234,492,087	44,660,029	190,827,578

When a project is authorized, financing is either presently available or general obligation bonds are authorized to be issued. In anticipation of the issuance of general obligation bonds, bond anticipation notes may be utilized to provide temporary financing. As of June 30, 2025, $234,492,087 represents the amount authorized but not yet spent. This includes commitments totaling $44,660,029 that have been reserved for encumbrances for capitalizable and non-capitalizable expenditures.

City of Portsmouth, Virginia
Capital Projects Funds
Schedule of Expenditures and Encumbrances - Budget and Actual
June 30, 2025

Exhibit M (continued)

Public Utility Capital Projects Fund

	Total Project Authorization	CIP June 30, 2024 Balance	Current Year Expenditures	Total Expenditures	Current Year Closed/Exp	CIP June 30, 2025 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Water Treatment Plant B	$ 150,000	-	-	-	-	-	150,000	-	150,000
Suction Well Rehab	29,169,757	888,063	7,762,962	8,651,024	(32,071)	8,618,954	20,518,733	1,735,677	18,783,055
Miscellaneous Sewer/Sewer Pump Station	34,248,167	9,167,058	1,278,274	17,162,523	(30,199)	10,415,133	17,085,644	1,171,794	15,913,849
Sewer Cave In	8,074,238	4,659,214	168,543	8,088,088	-	4,827,757	(13,850)	2,137	-
Sanitary Sewer Overflow	41,665,449	20,313,657	212,972	30,844,149	(992)	20,525,637	10,821,300	1,538,930	9,282,370
Infrastructure Improvements	38,330,605	-	77,531	77,531	-	77,531	38,253,074	144,538	38,108,536
Infrastructure Improvements	22,793,355	9,857,579	664,634	12,137,955	(15,826)	10,506,387	10,655,400	329,815	10,325,585
Lake Cohoon Raw Water Pump Station	9,610,575	134,217	191,231	325,448	(23,142)	302,306	9,285,127	245,644	9,039,484
Dam Upgrades	14,533,083	2,039,302	982,261	3,025,833	(45,544)	2,976,019	11,507,250	2,263,139	9,244,112
Replacement of Water Plant Equipment	11,220,396	3,982,151	15,246	5,617,502	-	3,997,397	5,602,894	203,136	5,399,758
Meter Replacement	16,199,000	1,787,017	864,408	13,119,249	-	2,651,425	3,079,751	44,985	3,034,767
Miscellaneous Water Improvements	14,327,926	3,537,109	1,254,300	8,000,435	-	4,791,408	6,327,491	431,862	5,895,630
Lead Service Line Replacement	150,000	-	-	-	-	-	150,000	-	150,000
Downtown Master Utility	33,400,000	19,821,785	-	29,862,623	-	19,821,785	3,537,377	-	3,537,377
Low Pressure Transmission Main	37,400,000	9,132,120	4,579,357	15,288,393	-	13,711,477	22,111,607	64,454	22,047,153
Lake Kilby Filter Replacement	49,600,000	52,735,599	11,956	51,582,619	-	52,747,555	(1,982,619)	-	-
Water Tank Rehab	5,500,000	2,566,051	10,418	3,692,993	-	2,576,469	1,807,007	105,828	1,701,179
MUNIS Upgrade	1,104,000	558,175	330,412	888,587	-	888,587	215,413	41,675	173,738
Scada Upgrades	7,250,000	1,665,954	-	1,665,954	-	1,665,954	5,584,046	-	5,584,046
	$374,726,551	142,845,050	18,404,504	210,030,906	(147,774)	161,101,780	164,695,645	8,323,613	158,370,639

As of June 30, 2025, $164,695,645 represents the amount authorized, but not yet spent. This includes commitments totaling $8,323,613 that have been reserved for encumbrances for capitalizable and non capitalizable expenditures. When a project is authorized, financing is either presently available or general obligation public utility bonds or revenue bonds are authorized to be issued. In anticipation of the issuance of general obligation public utility bonds or revenue bonds, bond anticipation notes may be utilized to provide temporary financing.

Parking Authority Capital Projects Fund

	Total Project Authorization	Prior Year CIP	Current Year Expenditures	Prior Year Cumulative Expenditures	Total Expenditures	Current Year Closed/Exp	CIP June 30, 2025 Balance	Unexpended Balance	Encumbrances	Unencumbered Balance
Parking Garage Repairs	$ 150,000	-	-	-	-	-	-	150,000	-	150,000
County Street Parking Garage Replacement	1,750,000	624,380	178,974	624,380	803,354	178,974	624,380	946,646	109,545	837,101
Garage Facilities Repair	597,044	-	3,068	579,028	582,096	3,068	-	14,948	8,351	6,597
	$ 2,497,044	624,380	182,042	1,203,408	1,385,450	182,042	624,380	1,111,594	117,896	993,698

As of June 30, 2025, the ending capital improvements balance for Parking Authority is $624,380. When a project is authorized, financing is either presently available or general obligation bonds are authorized to be issued. In anticipation of the issuance of general obligation bonds, bond anticipation notes may be utilized to provide temporary financing. As of June 30, 2025, $1,111,594 represents the amount authorized but not yet spent. This includes commitments totaling $117,896 that have been reserved for encumbrances for capitalizable and non capitalizable expenditures.

Fiduciary Funds

City of Portsmouth, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Pension and OPEB Trust Funds
June 30, 2025

Exhibit N-1

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System	OPEB	Total
Assets:				
Cash and temporary investments	$ 1,602,275	9,105,651	-	10,707,926
Investments:				
Stocks	30,876,637	98,687,175	5,806,610	135,370,422
Bonds	11,949,567	37,205,208	2,370,045	51,524,820
Real estate	1,614,806	5,027,731	1,777,534	8,420,071
Other investments	-	-	1,896,035	1,896,035
Total investments	44,441,010	140,920,114	11,850,224	197,211,348
Total assets	46,043,285	150,025,765	11,850,224	207,919,274
Net position, restricted	$ 46,043,285	150,025,765	11,850,224	207,919,274

City of Portsmouth, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Pension and OPEB Trust Funds
Year Ended June 30, 2025

Exhibit N-2

	Portsmouth Supplemental Retirement System	Portsmouth Fire and Police Retirement System	OPEB	Total
Additions:				
Contributions -				
Employers' contributions	$ 2,133,512	7,314,135	1,462,091	10,909,738
Investment income:				
Gains	4,527,215	14,651,594	962,779	20,141,588
Total additions	6,660,727	21,965,729	2,424,870	31,051,326
Deductions:				
Benefit payments	7,404,121	21,324,024	1,462,091	30,190,236
Administrative expenses	76,310	228,581	11,379	316,270
Total deductions	7,480,431	21,552,605	1,473,470	30,506,506
Net increase (decrease) in fiduciary net position	(819,704)	413,124	951,400	544,820
Net position, beginning of year	46,862,989	149,612,641	10,898,824	207,374,454
Net position, end of year	$ 46,043,285	150,025,765	11,850,224	207,919,274

STATISTICAL SECTION

This section of the City of Portsmouth's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These contain information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These help the reader assess the factors affecting the City's ability to generate its own-source revenues.

Debt Capacity

These present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic information

These offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating information

These contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

City of Portsmouth, Virginia
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit A-1

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Governmental activities:										
Net investment in capital assets	$ 358,232,050	351,001,996	295,959,817	258,558,928	240,866,613	204,945,661	200,446,790	220,454,135	242,691,679	241,411,418
Restricted	48,298,446	48,719,935	23,067,744	23,158,975	20,118,136	24,979,443	52,109,797	22,041,451	55,330,226	49,061,774
Unrestricted	(13,429,767)	(50,146,276)	(83,490,039)	(120,251,881)	(146,325,433)	(130,632,180)	(175,399,829)	(194,467,639)	(248,155,977)	(251,725,514)
Total governmental activities net position	$ 393,100,729	349,575,655	235,537,522	161,466,022	114,659,316	99,292,924	77,156,758	48,027,947	49,865,928	38,747,678
Business-type activities:										
Net investment in capital assets	$ 193,777,455	174,030,668	176,554,643	174,396,037	171,522,822	171,170,094	181,733,546	153,628,157	144,631,061	126,805,696
Restricted	18,161	-	13,412,392	-	558,916	-	-	-	2,508,031	-
Unrestricted	41,333,594	54,637,580	42,653,956	53,558,028	66,490,254	59,473,324	41,768,401	51,257,896	64,151,335	71,131,481
Total business-type activities net position	$ 235,129,210	228,668,248	232,620,991	227,954,065	238,571,992	230,643,418	223,501,947	204,886,053	211,290,427	197,937,177
Primary Government:										
Net investment in capital assets	$ 552,009,505	525,032,664	472,514,460	432,954,965	412,389,435	376,115,755	382,180,336	374,082,292	387,322,740	368,217,114
Restricted	48,316,607	48,719,935	36,480,136	23,158,975	20,677,052	24,979,443	52,109,797	22,041,451	57,838,257	49,061,774
Unrestricted (deficit)	27,903,827	4,491,304	(40,836,083)	(66,693,853)	(79,835,179)	(71,158,856)	(133,631,428)	(143,209,743)	(184,004,642)	(180,594,033)
Total primary government net position	$ 628,229,939	578,243,903	468,158,513	389,420,087	353,231,308	329,936,342	300,658,705	252,914,000	261,156,355	236,684,855

See Independent Auditor's Report.

City of Portsmouth, Virginia **Exhibit A-2**
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Expenses:										
Governmental activities:										
General government	$ 35,736,744	39,610,986	35,719,213	35,626,879	39,218,688	37,889,362	38,413,786	42,436,115	37,937,076	25,571,539
Judicial	29,577,512	28,512,646	23,389,363	21,431,679	22,734,294	21,085,253	20,000,218	20,427,454	23,792,900	24,814,308
Public safety	79,293,356	76,104,208	67,235,021	54,066,701	64,342,740	62,543,113	60,442,523	55,762,645	56,460,539	51,693,737
Public works	47,047,600	36,331,372	33,339,557	28,779,345	26,595,222	29,546,493	26,998,794	35,206,810	30,344,639	20,442,395
Health and welfare	37,212,818	34,781,339	28,183,685	26,039,910	33,872,311	29,325,558	27,543,060	29,216,518	30,170,881	32,409,223
Parks, recreation and cultural	19,224,832	17,910,782	16,204,417	15,838,459	13,874,278	13,051,449	12,450,105	6,781,419	10,808,887	11,067,649
Community development	9,901,399	8,891,739	8,177,582	7,276,917	10,748,112	6,840,482	8,486,376	6,364,265	8,253,909	6,020,487
Education	78,839,929	66,402,524	62,657,231	62,631,150	62,337,766	58,144,523	51,759,910	46,578,589	55,180,440	53,908,322
Interest on long-term debt	10,853,788	10,367,014	11,424,658	12,007,784	13,069,364	14,941,569	17,378,172	15,649,378	15,532,828	18,198,185
Total governmental activities expenses	347,687,978	318,912,610	286,330,727	263,698,824	286,792,775	273,367,802	263,472,944	258,423,193	268,482,099	244,125,845
Business-type activities:										
Public utility	38,892,333	39,809,711	37,762,832	34,108,614	33,885,768	31,071,754	28,170,625	32,062,023	22,740,807	22,974,962
Golf	2,611,481	2,380,276	2,006,969	1,939,130	2,057,858	1,764,967	1,819,201	2,067,354	1,697,090	2,050,694
Port Facility and Economic Development	-	-	-	-	-	-	-	-	-	-
Parking Authority	996,621	2,669,634	1,022,836	1,030,209	932,079	1,105,374	1,114,194	1,119,619	1,176,209	1,151,506
Economic Development Authority	-	-	-	-	10,072,772	5,671,700	988,921	-	-	-
Waste Management	12,783,963	11,888,518	10,021,411	9,304,945	778,716	574,777	8,128,218	9,652,409	10,186,922	10,041,170
Total business-type activities expenses	55,284,398	56,748,139	50,814,048	46,382,898	47,727,193	40,188,572	40,221,159	44,901,405	35,801,028	36,218,332
Total Primary Government expenses	402,972,376	375,660,749	337,144,775	310,081,722	334,519,968	313,556,374	303,694,103	303,324,598	304,283,127	280,344,177
Program revenues:										
Governmental activities:										
Charges for services:										
General government	540,635	1,880,819	653,200	623,126	1,061,263	1,633,780	3,500,310	3,202,906	3,197,150	2,922,590
Judicial	571,951	655,532	425,255	355,548	399,607	496,707	2,336,975	159,077	178,372	571,659
Public safety	4,395,561	3,688,461	2,947,638	3,104,411	3,349,186	3,501,829	3,649,855	3,299,769	2,432,614	3,586,477
Public works	11,777,825	11,808,374	10,457,803	10,344,561	9,258,966	9,479,152	9,405,532	8,659,518	7,645,659	7,602,200
Health and welfare	18,297	37,867	67,864	36,295	45,840	2,649,505	3,192,307	1,884,948	806,120	1,242,294
Parks, recreation and cultural	1,786,973	1,097,010	1,507,066	962,677	120,213	1,023,382	2,329,340	2,455,855	2,405,301	2,992,632
Community development	1,125,698	1,030,811	1,405,549	1,557,252	1,032,064	1,896,922	3,709,517	1,988,338	3,676,204	3,397,562
Operating grants and contributions	105,508,509	140,345,454	84,224,702	83,025,540	81,808,041	76,180,235	62,722,800	64,669,930	67,314,255	66,867,871
Capital grants and contributions	22,771,733	3,143,829	2,482,872	7,112,521	3,214,539	958,741	314,197	3,145,146	2,188,987	696,766
Total governmental activities program revenues	148,497,182	163,688,157	104,171,949	107,121,931	100,289,719	97,820,253	91,160,833	89,465,487	89,844,662	89,880,051

See Independent Auditor's Report.

City of Portsmouth, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit A-2 (continued)

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Business-type activities:										
Charges for services:										
Public utility	$ 52,618,566	50,471,914	48,467,212	46,120,310	48,432,770	43,160,577	41,460,539	41,663,524	42,498,157	44,203,060
Golf	1,208,713	1,173,825	1,451,759	1,187,127	1,244,100	1,133,098	935,022	1,095,721	873,507	1,175,592
Parking Authority	735,665	748,688	795,149	702,484	586,816	789,927	937,609	973,460	953,160	995,542
Economic Development Authority	-	-	-	-	-	-	1,078,463	-	-	-
Waste Management	10,065,325	10,833,201	10,352,608	10,427,817	11,242,476	11,252,024	11,506,536	11,397,440	12,573,844	12,438,646
Operating grants and contributions	-	-	-	-	3,095,458	23,500	154,525	-	-	-
Total business-type activities program revenues	64,628,269	63,227,628	61,066,728	58,437,738	64,601,620	56,359,126	56,072,694	55,130,145	56,898,668	58,812,840
Total Primary Government program revenues	213,125,451	226,915,785	165,238,677	165,559,669	164,891,339	154,179,379	147,233,527	144,595,632	146,743,330	148,692,891
Net (Expense)/Revenue										
Governmental activities	(199,190,796)	(155,224,453)	(182,158,778)	(156,576,893)	(186,503,056)	(175,547,549)	(172,312,111)	(168,957,706)	(178,637,437)	(154,245,794)
Business-type activities	9,343,871	6,479,489	10,252,680	12,054,840	16,874,427	16,170,554	15,851,535	10,228,740	21,097,640	22,594,508
Total Primary Government net (expense)/revenue	(189,846,925)	(148,744,964)	(171,906,098)	(144,522,053)	(169,628,629)	(159,376,995)	(156,460,576)	(158,728,966)	(157,539,797)	(131,651,286)
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
General property taxes	173,294,973	170,911,970	159,461,502	139,607,728	134,296,897	131,684,219	125,246,599	120,322,381	118,800,657	119,741,652
Other local taxes	51,052,936	47,357,758	46,478,032	45,725,087	43,399,798	37,688,861	40,277,057	39,144,817	39,194,725	38,783,705
Utility taxes	9,871,502	9,407,014	8,631,855	8,658,682	8,996,899	8,168,579	8,328,132	8,154,958	8,019,365	8,053,834
Investment earnings	3,258,607	3,967,632	2,334,618	246,191	172,751	1,340,130	2,411,049	2,438,303	1,040,792	1,480,919
Miscellaneous	11,720,001	23,683,003	20,208,481	10,404,082	7,499,760	7,628,767	5,722,887	17,197,309	12,577,198	4,193,125
Transfers	4,651,350	13,935,209	9,261,590	8,596,029	7,503,343	11,173,159	13,369,690	8,722,105	10,122,950	9,336,088
Total governmental activities	253,849,369	269,262,586	246,376,078	213,237,799	201,869,448	197,683,715	195,355,414	195,979,873	189,755,687	181,589,323
Business-type activities:										
Contributions - land	-	-	-	-	-	-	-	-	-	-
Investment earnings	2,365,405	2,887,206	2,062,045	139,314	134,245	1,473,592	1,275,565	1,371,144	747,570	485,672
Loss on disposal of capital assets	-	-	-	-	(2,117,140)	-	-	-	-	-
Miscellaneous	625,001	615,771	756,904	565,248	540,385	670,484	681,409	369,061	1,630,990	772,630
Transfers	(4,651,350)	(13,935,209)	(9,261,590)	(8,596,029)	(7,503,343)	(11,173,159)	(13,369,690)	(8,722,105)	(10,122,950)	(9,921,248)
Total business-type activities	(1,660,944)	(10,432,232)	(6,442,641)	(7,891,467)	(8,945,853)	(9,029,083)	(11,412,716)	(6,981,900)	(7,744,390)	(8,662,946)
Total Primary Government	252,188,425	258,830,354	239,933,437	205,346,332	192,923,595	188,654,632	183,942,698	188,997,973	182,011,297	172,926,377
Change in net position:										
Governmental activities	54,658,573	114,038,133	64,217,300	56,660,906	15,366,392	22,136,166	23,043,303	27,022,167	11,118,250	27,343,529
Business-type activities	7,682,927	(3,952,743)	3,810,039	4,163,373	7,928,574	7,141,471	4,438,819	3,246,840	13,353,250	13,931,562
Total Primary Government	$ 62,341,500	110,085,390	68,027,339	60,824,279	23,294,966	29,277,637	27,482,122	30,269,007	24,471,500	41,275,091

City of Portsmouth, Virginia
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit A-3

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
General Fund:										
Nonspendable	$ 361,140	334,410	191,543	103,618	107,272	107,281	819,000	1,129,260	-	1,439,820
Restricted	519,803	368,619	287,873	246,880	251,715	256,872	328,618	595,922	3,088,288	231,460
Committed	368,968	626,332	404,165	7,220,500	8,002,867	8,644,680	5,735,921	5,717,715	-	-
Assigned	7,970,000	12,550,000	9,600,000	1,585,083	4,036,500	2,897,149	2,909,455	6,843,249	5,835,038	6,035,208
Unassigned	134,281,052	111,969,045	105,081,593	80,433,488	70,349,086	68,086,040	61,443,205	56,699,726	57,358,331	58,427,712
Total General Fund	$143,500,963	125,848,406	115,565,174	89,589,569	82,747,440	79,992,022	71,236,199	70,985,872	66,281,657	66,134,200
All Other Governmental Funds:										
Nonspendable	$ 1,000,000	1,000,000	1,001,320	1,000,000	1,000,000	1,000,000	1,000,000	1,000,277	-	1,002,223
Restricted	60,759,212	47,351,316	21,778,551	32,123,685	54,224,549	23,722,571	55,420,167	25,401,502	46,150,142	48,830,314
Committed	6,078,290	5,715,780	17,372,602	28,812,377	15,893,733	26,874,639	10,673,489	10,643,271	-	-
Assigned	4,492,017	5,142,235	5,069,307	535,678	-	-	-	-	-	657,536
Unassigned	(528,913)	(166,189)	(685,273)	-	266,586	(211,994)	(304,621)	(285,517)	(2,443,922)	(2,124,671)
Total all other governmental funds	$ 71,800,606	59,043,142	44,536,507	62,471,740	71,384,868	51,385,216	66,789,035	36,759,533	43,706,220	48,365,402

City of Portsmouth, Virginia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit A-4

	Fiscal Year									
	2025	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**
Revenues:										
Taxes	$ 234,014,080	214,229,941	212,669,224	194,485,314	188,208,646	177,183,904	174,299,649	166,143,061	165,316,609	165,989,121
Licenses and permits	1,294,111	1,124,258	1,319,623	1,670,001	1,125,063	1,063,342	970,984	1,184,721	1,101,703	1,133,825
Fines and forfeitures	421,182	484,846	214,775	173,169	199,968	256,229	430,782	407,379	393,231	623,879
Investment income and use of property	3,628,630	5,702,566	2,654,993	757,848	1,080,029	2,874,280	3,904,685	3,614,523	2,256,497	1,864,034
Charges for services	17,976,611	16,694,901	15,426,339	14,611,658	13,026,253	14,451,607	13,533,254	13,820,844	12,300,039	13,227,327
Recovered costs	3,764,334	3,687,121	3,728,194	3,547,099	3,437,434	3,437,754	3,320,565	3,250,747	3,094,150	3,880,881
Miscellaneous	7,955,667	18,723,933	14,772,360	7,007,011	4,062,325	4,191,013	4,910,656	4,707,444	6,981,435	4,432,350
Intergovernmental	126,896,630	140,345,454	84,252,609	89,657,478	83,609,112	80,012,134	72,716,057	70,603,236	73,792,879	73,090,368
Program income	1,383,612	3,143,829	2,454,965	480,583	1,413,468	502,791	175,260	326,162	-	-
Total revenues	397,334,857	404,136,849	337,493,082	312,390,161	296,162,298	283,973,054	274,261,892	264,058,117	265,236,543	264,241,785
Expenditures:										
General government	25,239,523	25,185,428	21,772,247	24,092,651	22,148,133	25,346,040	17,755,008	18,831,693	17,279,723	16,668,136
Nondepartmental	8,739,365	13,278,476	11,798,451	11,681,531	14,544,761	11,864,509	15,207,616	11,230,129	11,609,303	11,586,048
Judicial	28,350,937	27,396,237	22,093,719	19,973,906	19,641,145	19,360,029	18,593,526	18,987,412	18,825,217	19,135,481
Public safety	83,081,211	79,213,820	64,900,120	62,240,979	60,483,309	62,453,305	58,790,353	59,002,490	56,384,491	53,900,072
Public works	32,757,695	28,847,278	25,449,755	22,470,824	23,717,727	30,346,586	27,199,246	18,389,321	16,051,725	17,460,963
Health and welfare	37,531,000	35,153,977	29,075,457	28,599,474	33,597,934	29,383,223	28,761,332	30,161,237	30,793,964	32,037,049
Parks, recreation and cultural	18,138,073	16,940,617	14,793,964	14,144,427	11,759,148	11,889,210	12,253,121	11,879,662	12,048,666	10,114,937
Community development	9,150,989	8,255,233	6,938,988	6,416,183	8,532,181	5,945,399	5,472,555	5,143,342	5,379,225	4,946,123
Debt service:										
Principal	31,969,329	30,948,814	30,207,038	28,094,979	27,331,892	18,848,017	10,950,672	10,959,457	21,413,187	20,049,788
Interest and other debt service charges	10,385,390	10,559,097	11,648,350	11,606,473	13,428,837	16,088,730	27,298,006	26,335,349	16,428,402	18,507,554
Education	75,642,160	63,671,284	59,901,284	59,901,284	59,622,845	55,396,045	49,163,551	45,556,751	52,400,000	51,200,000
Capital outlay	56,084,683	52,474,533	39,813,144	34,154,930	28,336,802	20,357,621	19,731,291	29,716,193	24,188,084	11,866,954
Total expenditures	417,070,355	391,924,794	338,392,517	323,377,641	323,144,714	307,278,714	291,176,277	286,193,036	282,801,987	267,473,105
(Deficiency)/Excess of revenues over (under) expenditures	(19,735,498)	12,212,055	(899,435)	(10,987,480)	(26,982,416)	(23,305,660)	(16,914,385)	(22,134,919)	(17,565,444)	(3,231,320)
Other financing sources (uses):										
Transfers in	51,214,455	80,688,426	69,062,939	67,246,029	65,974,941	72,986,697	70,148,636	66,597,507	61,176,380	62,566,204
Transfers out	(46,757,543)	(68,110,614)	(60,240,952)	(58,329,548)	(57,156,048)	(59,319,558)	(61,259,826)	(57,092,269)	(51,928,913)	(53,326,537)
Discount on bonds issued	-	-	-	-	-	-	-	761,000	-	-
Payments to escrow agent	-	-	-	-	(28,468,646)	(128,754,443)	-	(81,531,318)	-	-
Payment for current refunding of debt	-	-	-	-	-	-	-	-	-	(56,930,880)
Premium on bonds issued	-	-	-	-	3,937,239	749,968	2,996,699	-	-	4,358,163
General obligation bonds issued	-	-	117,820	-	36,730,000	-	35,208,705	85,520,779	6,143,000	53,205,000
Bridge Loan	-	-	-	-	-	1,700,000	-	3,400,000	-	-
Refunding bonds issued	-	-	-	-	28,720,000	129,295,000	-	-	-	-
Total other financing sources (uses)	4,456,912	12,577,812	8,939,807	8,916,481	49,737,486	16,657,664	47,094,214	17,655,699	15,390,467	9,871,950
Net change in fund balances	$ (15,278,586)	24,789,867	8,040,372	(2,070,999)	22,755,070	(6,647,996)	30,179,829	(4,479,220)	(2,174,977)	6,640,630
Debt service as a percentage of noncapital expenditures	11.55%	12.21%	13.80%	13.80%	13.77%	12.49%	14.06%	14.24%	14.54%	15.08%

City of Portsmouth, Virginia **Exhibit B-1**

Assessed Value and Estimated Actual Value of Taxable Real Property

Last Ten Fiscal Years

(in thousands of dollars)

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2025	$ 7,857,741	$ 2,351,411	$ 672,172	$ 10,881,324	$ 1.24	$ 10,881,324
2024	7,110,455	2,230,025	602,012	9,942,492	1.23	9,942,492
2023	6,308,278	1,882,961	594,061	8,785,300	1.25	8,785,300
2022	5,598,345	1,771,825	553,996	7,924,166	1.30	7,924,166
2021	5,334,479	1,678,482	848,227	7,861,188	1.30	7,861,188
2020	5,208,484	1,676,921	739,560	7,624,965	1.30	7,624,965
2019	5,159,525	1,727,978	688,392	7,575,895	1.30	7,575,895
2018	5,124,105	1,782,294	400,870	7,307,269	1.30	7,307,269
2017	5,094,814	1,775,072	399,322	7,269,208	1.30	7,269,208
2016	5,040,388	1,733,055	399,095	7,172,538	1.30	7,172,538

Source: City Assessor's Office

City of Portsmouth, Virginia **Exhibit B-2**
Property Tax Rates
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property (1,4)	Personal Property (2) Vehicles	Boats	RV's	Manufacturer's Machinery and Tools (3)
2025	$ 1.25	$ 5.00	$ 0.50	$ 1.50	$ 3.00
2024	1.25	5.00	0.50	1.50	3.00
2023	1.30	5.00	0.50	1.50	3.00
2022	1.30	5.00	0.50	1.50	3.00
2021	1.30	5.00	0.50	1.50	3.00
2020	1.30	5.00	0.50	1.50	3.00
2019	1.30	5.00	0.50	1.50	3.00
2018	1.30	5.00	0.50	1.50	3.00
2017	1.30	5.00	0.50	1.50	3.00
2016	1.30	5.00	0.50	1.50	3.00

(1) As required by State law, real estate is assessed at 100% of estimated fair market value. The real estate rate is per $100 of assessed value.

(2) Most personal property, primarily vehicles and boats, is assessed at 100% of the National Automobile Dealer Association (NADA) average loan values and BUC Boat Price Guide values. Business personal property is assessed using a predetermined depreciation schedule.

(3) The assessment basis for manufacturer's machinery and tool is calculated on a straight 50 percent of original cost method. The tax rate is per $100 of assessed value.

(4) To address the increase in real property assessments, the city implemented a one-time, five-cent tax rate credit. With the tax rate decrease, the effective tax rate is $1.25 per $100 of value.

City of Portsmouth, Virginia **Exhibit B-3**
Principal Property Tax Payers
Current year and Nine Years Ago

	2025		2016	
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value (1)	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Virginia International Gateway Inc.	$ 525,077,260	4.76%	$ 361,084,820	5.02%
Rivers Portsmouth Gaming LLC	161,105,770	1.46%		
Lineage VA Portsmouth RE LLC	57,793,478	0.52%		
Virginia Electric and Power Co.	56,896,338	0.52%	37,449,988	0.52%
Westwinds Property LLC	46,295,760	0.42%	24,324,260	0.36%
FF NAV 850, LLC	40,184,100	0.36%	27,000,000	0.38%
Columbia Gas of Virginia Inc.	33,188,659	0.30%	25,696,238	0.34%
AP Preston Trails LLC	31,158,720	0.28%		
PRHA	27,486,630	0.25%	21,647,810	0.30%
Metro Machine Corp.	26,578,250	0.24%	22,071,490	0.31%
Wheelabrator Portsmouth, Inc.			23,630,593	0.33%
425 Water, LLC			22,099,250	0.31%
LMH Family Communities, LLC			19,855,120	0.28%
	$ 1,005,764,965	9.12%	$ 584,859,569	8.15%

(1) FY2025 total City taxable real property assessed value - $11,028,729,210.

Source: Portsmouth City Assessor and Portsmouth Commissioner of the Revenue

City of Portsmouth, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Exhibit B-4

Tax Year	Fiscal Year Ending	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Delinquent Taxes	Total Collections to Date: Amount	Adjustments to Levy	Outstanding Taxes A/R	Percentage of Levy
Real Estate									
2024	June 30, 2025	$ 129,164,135	$ 121,830,377	94.32%	$ -	$ 121,830,377	$ (5,055,994)	$ 2,277,764	98.16%
2023	June 30, 2024	124,281,231	117,956,214	94.91%	3,064,022	121,020,236	(3,260,995)	-	97.21%
2022	June 30, 2023	114,112,408	109,545,623	96.00%	2,528,416	112,074,039	(1,711,778)	326,591	99.27%
2021	June 30, 2022	103,013,659	96,687,277	93.86%	5,259,406	101,946,683	(1,066,976)	-	100.00%
2020	June 30, 2021	102,194,939	94,660,121	92.63%	5,414,048	100,074,169	(2,120,770)	-	100.00%
2019	June 30, 2020	99,124,039	95,203,527	96.04%	3,013,634	98,217,161	(906,878)	-	100.00%
2018	June 30, 2019	97,431,512	93,892,019	96.37%	2,780,361	96,672,380	(759,132)	-	99.85%
2017	June 30, 2018	93,340,092	87,454,514	93.69%	4,418,971	91,873,485	(1,466,607)	-	99.84%
2016	June 30, 2017	92,868,293	86,739,589	93.40%	4,673,953	91,413,542	(1,439,083)	15,668	99.83%
2015	June 30, 2016	91,537,233	85,998,777	93.95%	4,204,151	90,202,928	(1,334,305)	-	99.86%
Personal Property									
2024	June 30, 2025	$ 38,838,124	$ 23,887,305	61.50%	$ -	$ 23,887,305	$ (1,192,894)	$ 13,757,925	63.45%
2023	June 30, 2024	38,164,902	24,930,238	65.32%	11,472,903	36,403,141	1,909,538	3,671,300	68.89%
2022	June 30, 2023	36,894,985	24,146,377	65.45%	12,455,931	36,602,308	2,595,098	2,887,776	89.75%
2021	June 30, 2022	31,984,875	22,630,145	70.75%	12,232,946	34,863,091	4,769,288	1,891,072	93.84%
2020	June 30, 2021	25,960,198	19,895,842	76.64%	10,652,876	30,548,718	5,880,300	1,291,780	95.41%
2019	June 30, 2020	35,075,223	17,942,402	51.15%	9,883,877	27,826,279	(6,303,937)	945,006	96.39%
2018	June 30, 2019	21,780,010	16,491,312	75.72%	4,423,654	20,914,966	(865,044)	-	96.41%
2017	June 30, 2018	20,278,000	15,383,909	75.87%	8,766,322	24,150,231	3,872,231	-	100.00%
2016	June 30, 2017	20,208,249	14,992,869	74.19%	8,532,732	23,525,601	3,317,352	-	100.00%
2015	June 30, 2016	23,350,303	17,520,280	75.03%	8,784,686	26,304,966	2,954,663	-	100.00%

(1) Personal property taxes are assessed on property owned as of January 1 and become due June 5th of each year. Because the due date falls so near the last day of the fiscal year, there is normally a substantial amount of delinquent taxes receivable as of the close of the fiscal year, the majority of which is collected in the following fiscal year.

(2) Adjustments to levies includes supplements, abatements, prorations, adjustments and writeoffs.

City of Portsmouth, Virginia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Exhibt C-1

	Governmental Activities						Business-Type Activities					
Fiscal Year	General Obligation Bonds	Literary Loans	Other Loans	Leases	Subscriptions	Net Government Debt	General Obligation Bonds	Revenue Bonds	Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2025	$ 358,660	$ -	$ 4,300	$ 4,287	$ -	$ 367,247	$ 80,882	$ 59,739	$ -	$ 507,868	*	5,187
2024	345,463	-	4,500	5,144	-	355,107	88,838	60,546	-	504,491	*	5,223
2023	376,760	-	4,700	5,982	110	387,552	97,030	57,697	-	542,279	*	*
2022	407,201	-	4,900	6,818	-	418,919	105,497	31,972	-	556,388	*	5,734
2021	435,660	-	5,100	7,645	-	448,405	121,422	32,079	-	601,906	13%	6,152
2020	423,204	-	5,100	612	-	428,916	127,134	32,185	-	588,235	13%	6,008
2019	430,402	-	3,400	1,786	-	435,588	135,712	-	-	571,300	14%	6,052
2018	414,630	-	3,400	2,865	-	420,895	138,872	-	-	559,767	14%	5,908
2017	413,227	250	-	4,355	-	417,832	134,752	-	-	552,584	15%	5,827
2016	433,556	500	-	6,072	-	440,128	142,457	-	27	582,612	16%	6,122

The city of Portsmouth has no overlapping debt.
* Information not available at this time.

City of Portsmouth, Virginia **Exhibit C-2**

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

(dollars in thousands, except per capita)

	General Bonded Debt Outstanding (1)		Percentage of Actual Taxable Value of Property	Net Bonded Debt Per Capita
Fiscal Year	General Obligation Bonds (1)	Total		
2025	$ 439,542	$ 439,542	4.04%	$ 4,489
2024	434,301	434,301	4.37%	4,496
2023	473,790	473,790	5.39%	*
2022	512,698	512,698	6.47%	5,284
2021	557,082	557,082	7.09%	5,694
2020	550,338	550,338	7.22%	5,621
2019	566,114	566,114	7.47%	5,997
2018	553,502	553,502	7.57%	5,842
2017	547,979	547,979	7.54%	5,778
2016	576,013	576,013	8.03%	6,053

(1) Includes general obligation bonds, public utility bonds, golf bonds, and parking bonds.

City of Portsmouth, Virginia
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Exhibit C-3

Legal Debt Margin Calculation for Fiscal Year 2025

Assessed value	$ 10,881,324
Debt limit (10% of assessed value)	1,088,132
Debt applicable to limit:	411,068
Legal debt margin	$ 677,064

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Debt limit	$ 1,088,132	994,249	878,530	792,417	786,119	762,497	757,590	730,727	726,921	717,254
Total net debt applicable to limit	411,068	408,291	445,846	476,195	514,243	505,353	557,592	561,547	536,765	557,355
Legal debt margin	$ 677,064	$ 585,958	$ 432,684	$ 316,222	$ 271,876	$ 257,144	$ 199,998	$ 169,180	$ 190,156	$ 159,899
Total net debt applicable to limit as a percentage of debt limit	37.8%	41.1%	50.7%	60.1%	65.4%	66.3%	73.6%	76.8%	73.8%	77.7%

City of Portsmouth, Virginia **Exhibit D-1**

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate % (5)
2025	97,915	*	*	36.8	12,911	4.70%
2024	96,599	*	*	35.6	13,162	3.60%
2023	*	*	*	*	13,370	*
2022	97,029	*	*	36.0	13,517	3.90%
2021	97,840	$ 4,690,877	$ 47,944	35.6	13,395	6.50%
2020	97,915	4,393,544	44,871	35.5	13,991	9.80%
2019	94,398	4,021,806	42,605	36.7	14,006	3.90%
2018	94,750	3,898,431	41,144	35.3	14,339	4.10%
2017	94,838	3,749,433	39,535	36.0	14,611	5.30%
2016	95,165	3,624,567	38,087	35.0	14,927	6.00%

(1) Census Bureau

(2) Bureau of Economic Analysis

(3) Census Bureau, American Community Survey, 1-Year Estimates

(4) Virginia Department of Education, average daily membership

(5) Bureau of Labor Statistics, Annual estimate

City of Portsmouth, Virginia
Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years

Exhibit E-1

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
General government	124	144	148	153	110	112	116	113	195	205
Judicial administration	227	221	222	210	198	193	193	185	216	219
Public Safety	530	537	545	551	502	499	467	476	420	404
Public Works	58	65	65	60	49	67	64	64	54	45
Parks, recreational and cultural services	92	170	196	173	112	94	100	103	109	237
Community Development	38	38	40	46	46	43	42	41	60	9
Total General Fund	1,069	1,175	1,216	1,193	1,017	1,008	982	982	1,054	1,119
Special Revenue Funds										
Willett Hall Fund	1	1	-	1	-	-	-	-	-	-
Stormwater Management Fund	21	16	14	20	20	22	23	25	30	29
Grants	-	-	-	15	14	15	14	13	4	4
Behavioral Health Services Fund	82	100	92	87	100	86	81	82	115	115
Social Services Fund	175	186	163	163	174	149	130	137	195	154
Total Special Revenue Funds	279	303	269	286	308	272	248	257	344	302
Enterprise Funds										
Public Utilities Fund	85	77	82	85	100	91	93	101	135	116
Golf Fund	11	11	11	10	10	11	10	10	11	26
Waste Management Fund	44	45	40	42	46	39	41	42	55	59
Parking Authority Fund	2	3	4	2	2	2	2	2	4	5
Total Enterprise Funds	142	136	137	139	158	143	146	155	205	206
Internal Service Funds										
City Garage Fund	33	28	28	27	28	25	21	21	38	25
Information Technology Fund	23	29	29	30	30	28	31	29	39	35
Risk Management Fund	3	2	2	1	1	2	1	1	1	2
Total Internal Service Funds	59	59	59	58	59	55	53	51	78	62
Total all funds	1,549	1,673	1,681	1,676	1,542	1,478	1,429	1,445	1,681	1,689

Source: Munis Employee Master download September 17, 2025

City of Portsmouth, Virginia
Operating Indicators by Function/Program
Last Ten Fiscal Years

Exhibit E-2

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Physical arrests	9,097	6,617	5,896	4,689	4,422	2,874	2,633	2,698	2,549	2,692
Parking violations	4,102	2,976	2,247	2,937	2,073	2,916	2,828	3,958	2,747	3,306
Traffic violations	18,580	6,715	5,366	6,952	5,502	3,901	2,906	6,219	2,698	4,609
Fire										
Emergency responses	18,561	18,724	18,162	18,663	19,060	20,610	21,653	22,253	23,359	23,202
Fires extinguished	295	429	360	368	333	447	352	177	286	168
Inspections	913	920	1,614	1,950	1,367	1,316	1,208	371	723	1,421
Refuse collection										
Refuse collection (tons/day)	135	75	154	174	235	233	233	232	177	183
Recyclables collected (pounds/day)	117,243	73,120	110,146	88,820	45,000	48,430	48,430	39,500	34,666	41,904
Other public works										
Street resurfacing (miles)	16.5	24.6	25.7	22.0	14.5	19.5	13.1	24.0	24.0	24.0
Potholes repaired	7,688	3,334	3,619	2,147	1,903	1,505	1,810	2,008	2,008	2,624
Parks and recreation										
Community center admissions	193,600	140,792	42,133	72,585	53,989	37,876	59,211	82,603	135,293	133,514
Library										
Volumes in collection	288,843	274,917	209,671	235,124	222,765	215,275	216,829	201,996	218,491	229,235
Total volumes borrowed	278,651	278,651	209,772	186,904	183,862	88,857	84,096	102,075	102,626	161,456
Water										
New connections	89	92	87	47	73	3,083	3,427	*	*	494
Water main breaks	94	81	100	95	79	87	127	103	116	125
Average daily consumption (millions of gallons)	15.1	17.8	15.2	16.5	16.0	15.5	14.5	7.9	14.1	15.9

Sources: City of Portsmouth Departments

* Information not available at the time of publication.

City of Portsmouth, Virginia
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Exhibit E-3

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	253	249	255	255	255	259	257	264	278	*
Fire										
Stations	8	8	8	8	8	8	8	8	8	8
Fire trucks	12	12	13	13	20	20	20	19	19	20
Boat	1	1	1	1	1	1	1	1	1	2
Emergency Medical Services										
Ambulances	5	5	5	9	11	11	11	10	11	11
Refuse collection										
Collection trucks	28	28	28	51	49	50	49	49	49	49
Other public works										
Streets (miles)	398	398	398	398	398	398	398	398	400	400
Highway (miles)	881	881	881	881	881	881	881	881	884	884
Streetlights	10,747	10,747	10,750	10,768	10,768	10,776	10,776	10,780	10,790	10,798
Signalized intersections	122	122	122	122	122	122	122	122	122	122
Parks and recreation										
Acreage	588	588	588	588	588	588	590	590	590	590
Playgrounds	15	15	16	16	16	16	16	16	16	16
Baseball/softball diamonds	36	36	36	36	36	36	36	36	36	36
Soccer/football fields	34	34	34	36	36	36	36	36	36	36
Community centers	7	7	7	7	7	7	7	7	7	7
Pools/Splash Park	3	3	3	3	3	2	2	2	2	2
Golf Course	3	3	3	3	3	3	3	3	3	3
Water										
Water mains (miles)	626	626	626	626	626	544	456	*	422	422
Fire hydrants	2,593	2,593	2,593	2,593	2,593	2,573	2,512	2,512	2,512	2,512
Storage capacity (millions of gallons)	9	9	9	9	9	11.5	11.5	11.5	11.5	11.5
Wastewater										
Sanitary sewers (miles)	438	438	432	432	432	434	434	436	438	438
Storm sewers (miles)	250	250	250	250	250	267	257	98	*	8
Treatment capacity (millions of gallons)	32	32	32	32	32	32	32	32	32	32

Source: City of Portsmouth Departments

* Information not available at the time of publication.