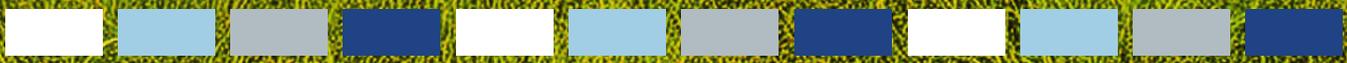


ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

City of Suffolk, Virginia





City of Suffolk, Virginia

Annual Comprehensive Financial Report

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**Prepared by:
The Department of Finance**

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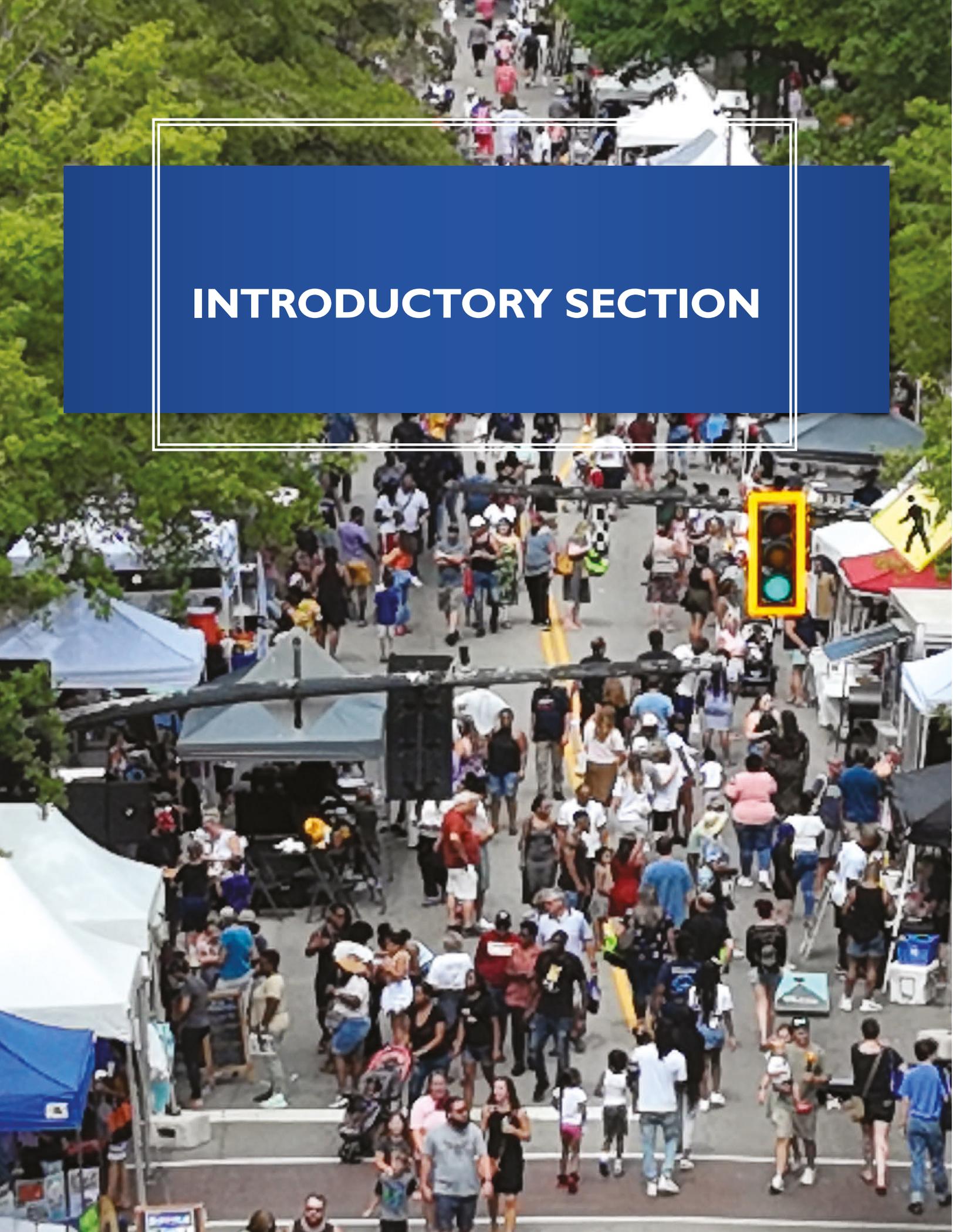
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COMPLIANCE SECTION





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An aerial photograph of a busy street festival. The street is filled with a diverse crowd of people walking in various directions. On the left side, there are several white and blue tents, likely for vendors or information. On the right side, there are more tents and a yellow pedestrian crossing sign. A traffic light with a green light is visible on the right. The background shows lush green trees and a clear sky. A blue rectangular box with a white border is overlaid on the upper portion of the image, containing the text "INTRODUCTORY SECTION" in white, bold, uppercase letters.

INTRODUCTORY SECTION



CITY MANAGER

CITY OF SUFFOLK
P.O. BOX 1858, SUFFOLK, VIRGINIA 23439-1858 PHONE: (757) 514-4012

December 15, 2025

The Honorable Council

City of Suffolk, Virginia

To the Honorable Mayor, City Council, and Citizens of Suffolk:

We are proud to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year July 1, 2024, through June 30, 2025. This report reflects the City of Suffolk's ongoing commitment to transparency, accountability, and excellence in financial management. In accordance with the Code of the Commonwealth of Virginia and the City Charter, this report has been prepared by the Department of Finance in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with *Government Auditing Standards* by a firm of licensed certified public accountants.

Suffolk's management assumes full responsibility for the accuracy, completeness, and reliability of the information presented. We believe the data contained herein fairly represents the City's financial position and results of operations, providing residents, investors, and stakeholders with a clear and comprehensive view of our financial health. The City has implemented strong internal controls to safeguard assets, maintain accurate financial records, and ensure accountability, offering reasonable assurance that the information in this report is reliable.

During the past year, Suffolk has continued to demonstrate strong financial stewardship while fostering growth and opportunity across the community. Our proactive planning, strategic management of residential and commercial development, and targeted infrastructure investments have positioned Suffolk as one of the most attractive cities in the Hampton Roads region for both businesses and families. These efforts enable the City to deliver high-quality services efficiently, supporting a vibrant economy, a thriving workforce, and an excellent quality of life for residents.

As required by City Charter Section 8.08 and Section 15.2-2511 of the Virginia Code, an independent audit of the City's financial statements was conducted by Cherry Bekaert LLP. They review each of the City's major funds and aggregate remaining funds. Their review confirmed that Suffolk's financial statements are presented fairly, in all material respects, in accordance with GAAP, and they issued an unmodified opinion. The independent auditor's report is presented as the first component of the financial section of this report.

The audit also included a federally mandated Single Audit, which ensures compliance with all requirements governing federal awards. This process highlights Suffolk's commitment to transparency, accountability, and responsible stewardship of public resources. A separate report detailing the auditors' findings regarding federal grant compliance will be issued.

This transmittal letter complements the Management’s Discussion and Analysis (MD&A), which provides an in-depth narrative overview of the City’s financial performance and trends. The MD&A is presented immediately following the independent auditor’s report in the financial section. Together, this report and the MD&A provide a clear, comprehensive, and inspiring picture of Suffolk’s strong financial foundation and ongoing progress as a dynamic, growing community.

Profile of the City

The present City of Suffolk was formed January 1, 1974, from the consolidation of the City of Suffolk and the City of Nansemond (formerly Nansemond County). The City is Virginia’s largest city in land area and one of the top twenty largest cities in land area in the nation with over 400 square miles of land mass and 30 square miles of waterways. The diverse landscape includes a mix of rural, suburban and urban development areas. The City is situated in the western portion of Hampton Roads, Virginia’s coastal plain area, and is bounded by the James River to the north, the Cities of Chesapeake and Portsmouth to the east, the State of North Carolina to the south, and the Counties of Southampton and Isle of Wight to the west. The City of Suffolk is one of seven major cities that form the Norfolk-Virginia Beach-Newport News metropolitan area with 1.7 million people. This region is also known as the Hampton Roads area.

The City’s government is organized under the Council-Manager form of government. The governing body, the City Council, is composed of seven members and a Mayor who develop policies for the administration of the City. The Mayor is elected at large and the Council members are elected by borough in a city-wide election every other year with terms of office being four years. The City Council appoints a City Manager to act as administrative head of the City. The City Manager serves at the pleasure of City Council and carries out the City Council’s policies and directs business procedures. The City Manager also appoints and removes the directors of all departments.

The School Board is elected by borough. Under Virginia law, all operations of the School Board are completely independent of the City Council and City Administration. City Council is required to make an annual appropriation to the School Board based upon an approved budget, but has no authority to direct how such appropriation is expended.

As a full-service city, Suffolk provides a broad range of municipal services authorized by statute or charter. Those services include education, public safety, highways and streets, parks and recreation, sanitation, health and social services, public improvements, planning and zoning, public utilities, storm water management and general administrative services.

The funds and entities included in the City’s ACFR are those controlled by, or dependent on, the City. This determination is explained in Note 1A within the Notes to Financial Statements tab. Consequently, this report includes the public School System and the Economic Development Authority as component units and excludes related organizations such as the Suffolk Redevelopment and Housing Authority, the Western Tidewater Regional Jail Authority, and the Western Tidewater Water Authority.

The City maintains budgetary controls, the objective of which is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by City Council. Budgetary control is maintained at the expenditure level of each department using an encumbrance accounting system. Open encumbrances are reported within the appropriate classification of fund balance at June 30, 2025. A description of the procedures utilized to establish budgetary data is presented in Note 1D within the Notes to Financial Statements tab.

Economic Activity – Calendar Year 2024

The City of Suffolk experienced another strong year of economic growth in 2024, building on momentum from previous years. The City reported approximately \$391.36 million in new capital investment and 517 new jobs across key sectors including logistics, healthcare, food and beverage, retail, and technology. These achievements reflect the City's ongoing commitment to supporting business expansion and attracting new industries.

Lowe's Home Center advanced a significant expansion project in Suffolk during FY 2025, reinforcing the City's position as a regional destination for retail and home-improvement services. Supported through the Local EDIP program, the project brings substantial capital investment and new employment opportunities. This expansion underscores Suffolk's continued success in attracting and retaining national industry leaders.

Westport Vano LLC's investment reflects sustained confidence in Suffolk's industrial and logistics sectors. The project introduces new capital investment and job creation, strengthening the City's growing industrial corridor. EDIP support for this expansion further demonstrates the City's commitment to facilitating high-quality business growth.

Blue Point Investment Group initiated new commercial development within the City, contributing to Suffolk's expanding and diversified economic base. This investment, supported by the Authority, broadens local business activity and enhances long-term revenue potential. The project highlights the strength of Suffolk's development climate and its ability to attract impactful private-sector investment.

The Elliott Apartments completed a transformative façade improvement that enhances the visual appeal and long-term stability of a key multi-family property. This revitalization effort supports neighborhood attractiveness, encourages adjacent private investment, and strengthens Suffolk's urban corridor. The Authority's involvement reflects ongoing support for community development and reinvestment.

Redwood Smokeshack received both façade and small business improvement funding, enabling a substantial upgrade to its facilities and customer experience. These enhancements support the long-term viability of a valued local business while adding to Suffolk's growing culinary and small-business environment. This project demonstrates the City's dedication to supporting homegrown enterprises and strengthening local commerce.

Darla's Boutique benefited from small business improvement resources that provided facility upgrades and enhanced retail appeal. These improvements support business growth, increase downtown activity, and contribute to an expanding local retail sector. The investment underscores the City's ongoing commitment to cultivating a vibrant, diverse, and resilient small-business community.

Overall, these achievements highlight Suffolk's continued economic momentum, marked by significant capital investments, job creation, and modernization of key industrial and service facilities. The City remains a prime destination for both domestic and international businesses seeking growth opportunities in Virginia.

NEW AND EXPANDING INDUSTRY
Calendar Year 2024

| | Number of Jobs | Square Feet | Approximate Capital Investment |
|----------------------------|-------------------|------------------|--------------------------------------|
| Advanced Manufacturing | 73 | 280,000 | \$ 193,557,000 |
| Warehousing & Distribution | 113 | 2,100,694 | \$ 147,033,400 |
| Medical | 54 | 7,600 | \$ 3,263,350 |
| Retail | 261 | 70,701 | \$ 22,704,806 |
| Office & Administration | 7 | 1,000 | \$ 3,597,000 |
| Hospitality & Other | 9 | 127,467 | \$ 21,204,000 |
| TOTAL | 517 | 2,587,462 | \$ 391,359,556 |

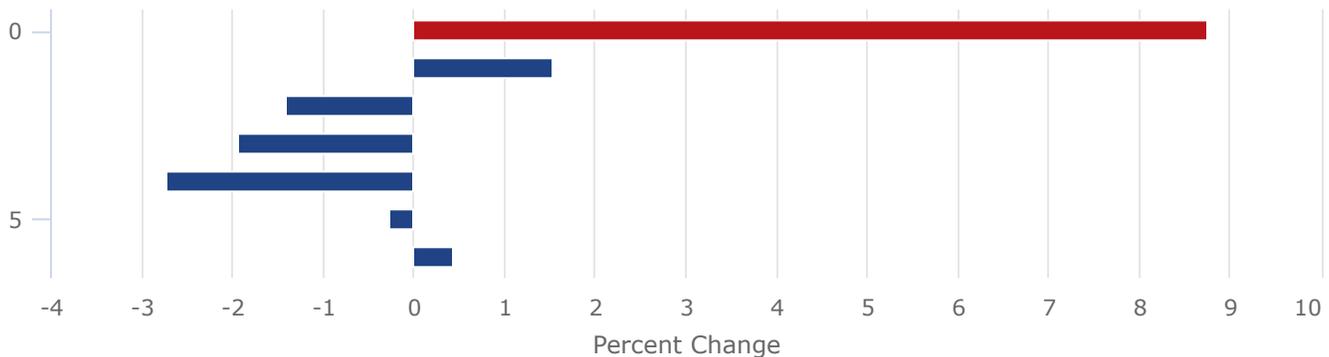
Source: City of Suffolk, Virginia, Department of Economic Development.

In addition to the growth of new and expanding businesses, Suffolk has continued to experience sustained population growth. The City’s population increased to 102,572 residents in 2024, an 8.7% increase since 2020, making Suffolk the fastest-growing city among the seven major cities in Hampton Roads. By comparison, Chesapeake grew by 1.5%, Virginia Beach decreased by 1.4%, Newport News declined by 1.9%, Portsmouth fell by 2.7%, Hampton dropped by 0.3%, and Norfolk saw a modest increase of 0.4%. This positive trend is expected to continue, with projections from the Weldon Cooper Center at the University of Virginia estimating Suffolk’s population will reach 112,920 by 2030.

HAMPTON ROADS POPULATION GROWTH BY CITY

| City | 2020 Census | 2024 Estimate | Percent Change (2020-2024) |
|-------------------|----------------|------------------|-------------------------------|
| Suffolk (red bar) | 94,324 | 102,572 | 8.7% |
| Chesapeake | 249,422 | 253,261 | 1.5% |
| Virginia Beach | 459,470 | 452,965 | -1.4% |
| Newport News | 186,247 | 182,621 | -1.9% |
| Portsmouth | 97,915 | 95,240 | -2.7% |
| Hampton | 137,148 | 136,793 | -0.3% |
| Norfolk | 244,348 | 245,406 | 0.4% |

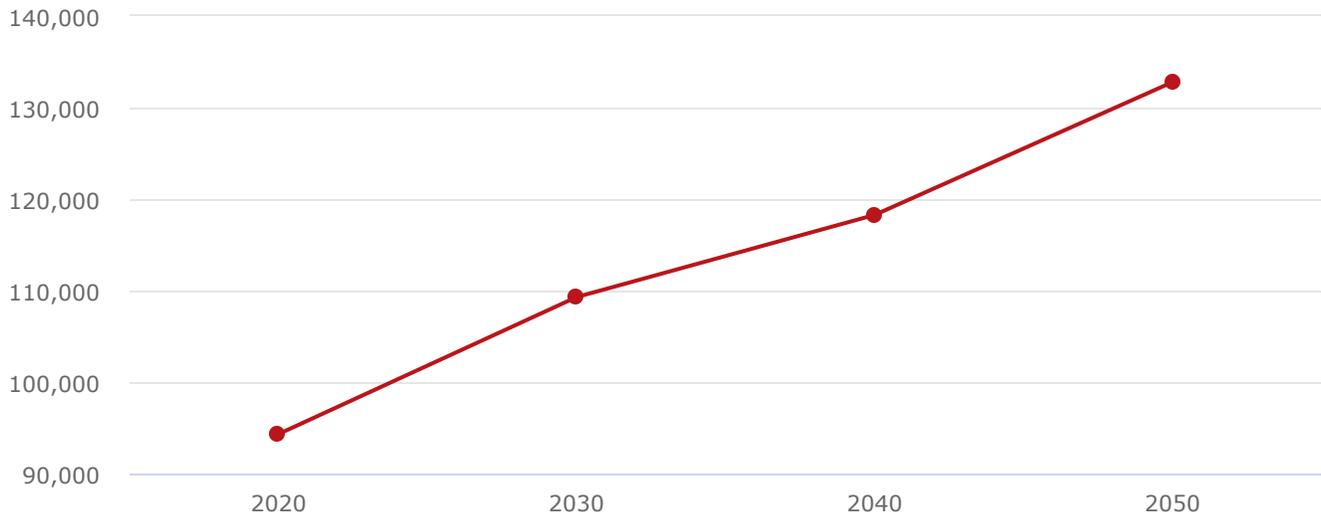
**Hampton Roads Population Growth by City
 2020-2024**



Estimate Source: Weldon Cooper Center for Public Service, Population Estimates.



Suffolk Population Growth and Projections



Source: Weldon Cooper Center for Public Service, Population Estimates

The City of Suffolk boasts a median household income of approximately \$90,089 (2023 ACS 5-year estimate). This figure is competitive regionally and aligns with strong local economic performance. Suffolk's central location in the Hampton Roads area makes it an attractive place for both businesses and families. The City's leadership takes a proactive approach to future growth, managing residential and commercial expansion strategically while prioritizing infrastructure improvements. As a result, Suffolk delivers efficient and effective public services and fosters a high quality of life for its residents.

Long-Term Financial Planning

City Council and City Management have established a vision for the future of the City along with target areas which serve as guiding principles to move the City forward and include Public Safety, Financial Stability, Growth Management and Comprehensive Planning, Civic Engagement and Responsive City Services, Expanded Economic Development, Public Education, Leisure, Health, and Wellness, and Transportation.

In planning for the specific initiatives under these priorities, the City maintains a comprehensive ten-year Capital Improvements Program and Plan (CIP). The FY 2025–FY 2034 CIP outlines planned capital investment of approximately \$2.0 billion over ten years. Within the initial five-year period (FY 2025–2029), expenditures across funds are planned at approximately \$383.1 million. The CIP places focus on critical areas including school facilities, public safety, transportation, infrastructure, and quality-of-life upgrades. Of this amount, nearly one-third of the General Government fund's CIP (\$283.6 million) is directed to public schools, transportation, public safety, public buildings, and parks.

Financial policies are vital to maintaining the City's overall financial health and stability. The City's financial policies are reviewed annually by City Management and the City's independent financial advisor. The financial policies include key financial indicators which are incorporated into the decision-making process when developing the Capital Improvements Program and Plan and annual operating and capital budget. One of the most important indicators is the unassigned general fund balance which is used to assess the ability of the City to cope with unexpected financial challenges or emergencies. It is the ratio of the percentage of budgeted governmental funds expenditures (net of the general fund contribution to the schools, transfers to other governmental funds, and Capital Projects fund expenditures), plus the budgeted expenditures in the School Operating and Food Service Funds. The City has set the unassigned fund balance percentage at 20%. Any surplus amounts over 20% are put into a budget stabilization fund until it reaches 2.5% based

on the same ratio and the remaining go to a capital reserve fund. At June 30, 2025, the unassigned fund balance ratio met the 20% target level. The budget stabilization fund is at 2.5% and the capital reserve fund totals \$60.7 million.

Financial policies are also developed for the Utility Fund which provides for written documentation of sound business practices. Categories include financial independence, target percentage for unrestricted cash and long-term investments, debt service coverage ratios, plus policies for asset replacement and system extension. The Utility Fund is further governed by revenue bond Master Trust Indenture requirements.

Awards and Recognition

Bond Ratings – Maintain rating of AAA

In August 2025, the City's bond ratings were reaffirmed by all three rating agencies: Moody's (Aaa), Fitch Rating Agency (AAA), and Standard and Poor's (AAA). These ratings reflect the City's commitment to strong financial management.

Annual Comprehensive Financial Report

The City of Suffolk, Virginia, was recognized by the Government Finance Officers Association of the United States and Canada (GFOA) with a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This marks the 40th consecutive year that the City has received this prestigious national award, which honors governments that demonstrate the highest standards in financial reporting.

To earn this recognition, a governmental unit must publish an ACFR that is both easily readable and efficiently organized, with content that conforms to program standards. Such reports are required to comply fully with generally accepted accounting principles (GAAP) in the United States as well as applicable legal requirements.

Citizen Reporting

The City of Suffolk was recognized with the Government Finance Officers Association (GFOA) Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2024. This marks the ninth consecutive year the City has received this distinction. The PAFR provides a clear and accessible overview of the City's financial results, enhancing community awareness and understanding of the City's financial operations. All information presented is derived from the audited financial statements included in the City's 2024 Annual Comprehensive Financial Report.

Annual Budget

The City of Suffolk operates on a fiscal year beginning July 1 and ending June 30, in accordance with state law and the City Charter. The annual operating and capital budget must be adopted by a majority vote of City Council prior to the start of the fiscal year. Should the City Council not adopt a budget by July 1, the proposed budget submitted by the City Manager automatically takes effect. The budget is statutorily required to be balanced, with revenues equal to expenditures, and all expenditures of the City to be budgeted and appropriated. Appropriations are established by ordinance at the Fund level. All governmental and business-type funds are annually budgeted and appropriated with an additional budget and appropriation approval in the annual budget ordinance for commitments and encumbrances to be carried forward to the next fiscal year.

During the fiscal year, additional appropriations may be authorized by City Council ordinance in response to grants, donations, proffers, other external funding sources, excess revenues, or available fund balance. The City Manager is authorized to transfer appropriations between line items within each budgeted Fund, while transfers across Funds or between capital projects require City Council approval by ordinance. Appropriations generally lapse at the close of business on June 30, except for certain unexpended balances that are authorized for carryforward in accordance with the budget appropriation ordinance and funds lawfully obligated or encumbered.

The Government Finance Officers Association (GFOA) awarded the City of Suffolk a Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning July 1, 2024. This award recognizes budget documents that meet the highest standards as a policy document, operations guide, financial plan, and communications tool. The 2024 award marks the seventeenth consecutive year that the City has received this recognition, which is valid for a one-year period.

Suffolk's Future is Bright

The City of Suffolk continues to experience steady growth each year as businesses and residents take advantage of its unique opportunities and high quality of life. Supported by sound financial management, strategic planning, and a diverse mix of urban, suburban, and rural environments, Suffolk is well-positioned to remain a premier community within the Hampton Roads region.

Acknowledgments

We sincerely appreciate the dedication and tireless efforts of the Department of Finance staff in coordinating the preparation of the Annual Comprehensive Financial Report (ACFR). Their commitment and attention to detail have been essential in ensuring the City's finances are managed with integrity and in full compliance with generally accepted accounting principles.

We also extend our gratitude to the Mayor and City Council for their thoughtful fiscal oversight and for establishing policies that have contributed to the City's strong and stable financial position.

Respectfully,



Interim City Manager



Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Suffolk
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO



Members of City Council

Directory of Principal Officials
As of June 30, 2025

Members of City Council

| | |
|-----------------------|---------------------|
| Michael D. Duman | Mayor |
| Lue R. Ward Jr | Vice Mayor |
| Shelley Butler Barlow | City Council Member |
| Timothy J. Johnson | City Council Member |
| John Rector | City Council Member |
| LeRoy Bennett | City Council Member |
| LeOtis L. Williams | City Council Member |
| Ebony Wright | City Council Member |

Constitutional Officers

| | |
|------------------------|-----------------------------|
| David D. Miles | Sheriff |
| Narendra Pleas | Commonwealth's Attorney |
| Susan L. Draper | Commissioner of the Revenue |
| Ronald H. Williams | Treasurer |
| W. Randolph Carter, Jr | Clerk of the Circuit Court |

City Administration

| | |
|--------------------|--------------------------------|
| Albert S. Moor, II | City Manager |
| Kevin Hughes | Deputy City Manager |
| Azeez Felder | Deputy City Manager |
| William Hutchings | City Attorney |
| Holt Butt | City Assessor |
| Erika S. Dawley | City Clerk |
| Gerry Jones | Capital Programs and Buildings |
| | Deputy Emergency Management |
| Brian Spicer | Coordinator |
| Angela Tillery | Health |
| Clint Rudy | Library |
| Jennifer Moore | Media and Community Relations |
| | Planning and Community |
| Kevin Wyne | Development |
| Robert Lewis | Public Works |
| Charles Meek | Finance |
| Michael Barakey | Fire and Rescue |
| Jessica Stallings | Human Resources |
| James "Danny" Buie | Police |
| Mark Furlo | Parks and Recreation |
| Paul Retel | Public Utilities |
| Harry Cromer | Social Services |
| Charles Kiriakou | Information Technology |

Suffolk Public Schools – School Board

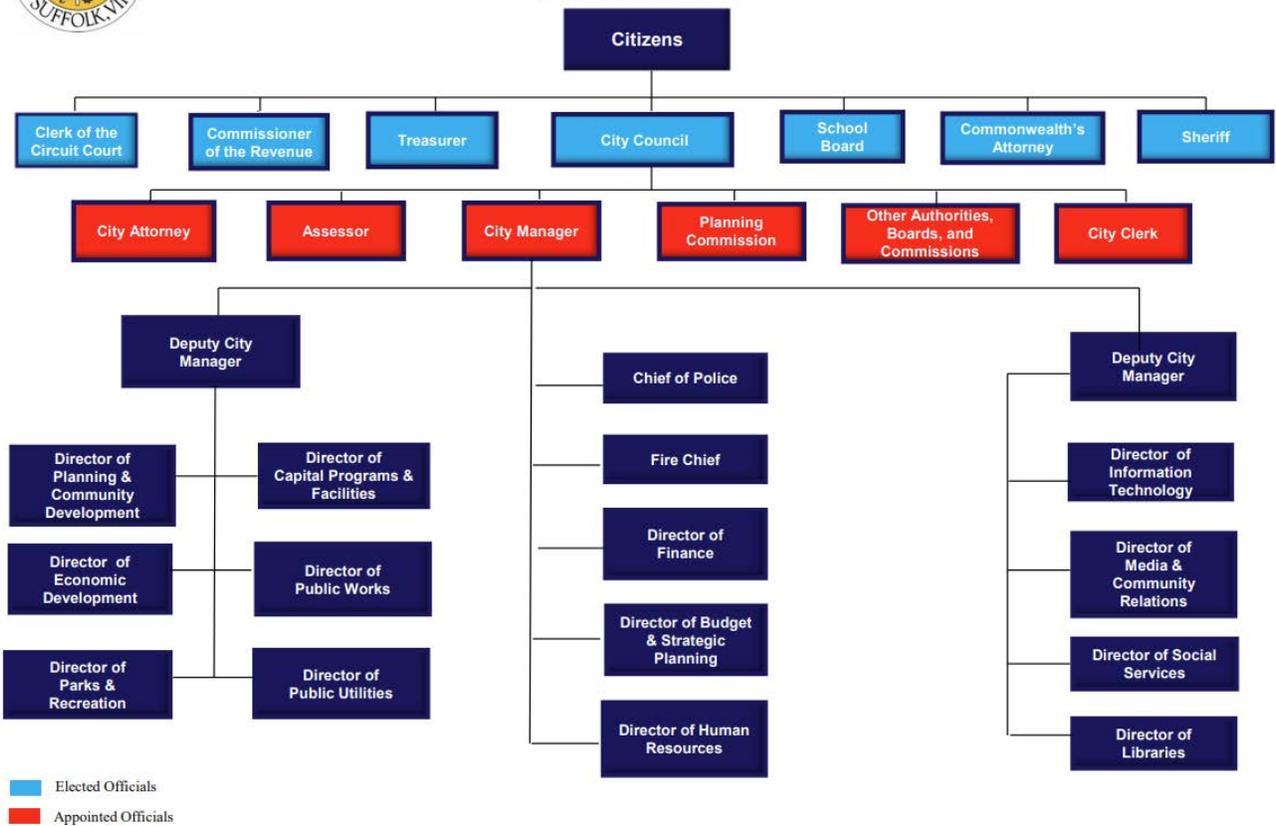
| | |
|------------------------------|---------------|
| Karen L. Jenkins | Chairman |
| Heather S. Howell | Vice Chairman |
| Phyllis C. Byrum | Board Member |
| Tyron D. Riddick | Board Member |
| Dawn Marie Brittingham, Ed.D | Board Member |
| Dr. Judith Brooks-Buck | Board Member |
| Kimberly A. Slingluff | Board Member |

Suffolk Public Schools – Administration

| | |
|------------------------|-------------------------|
| Dr. John B. Gordon III | School Superintendent |
| Wendy Forsman | Chief Financial Officer |

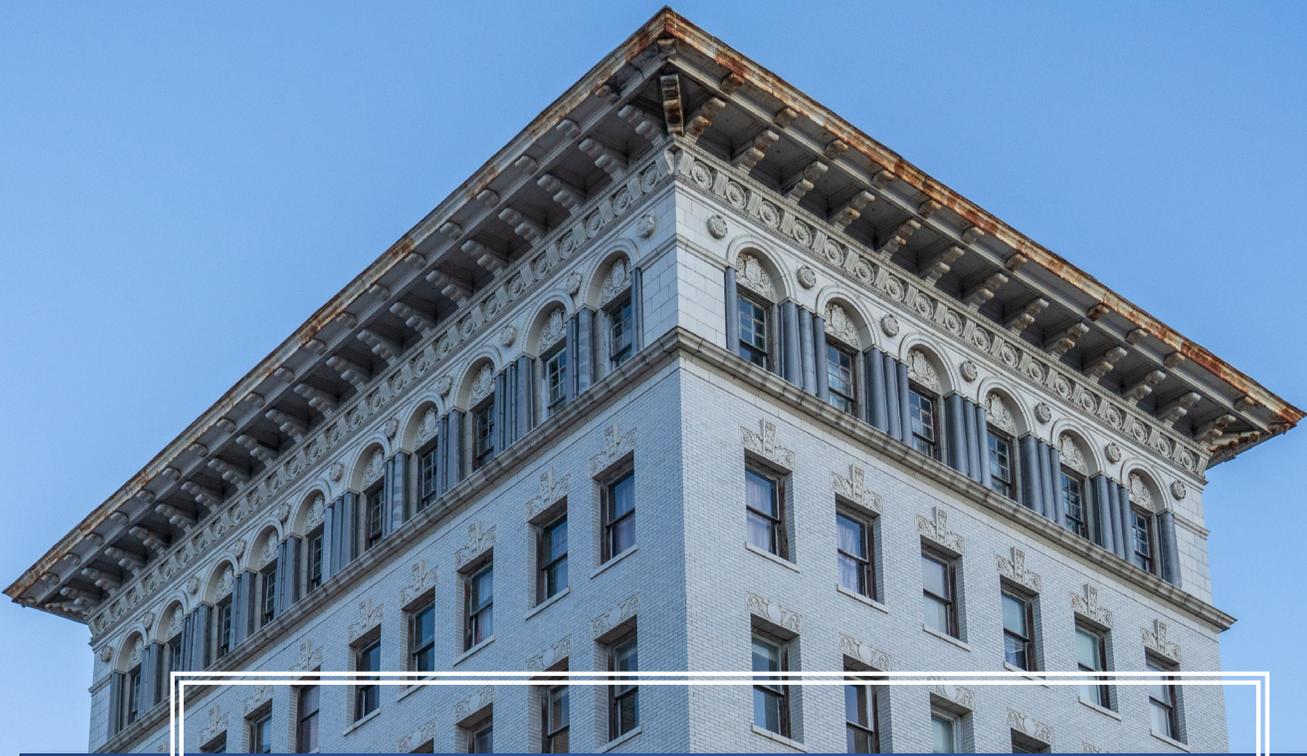


City of Suffolk FY 2025-2026 Operating and Capital Budget Organizational Chart

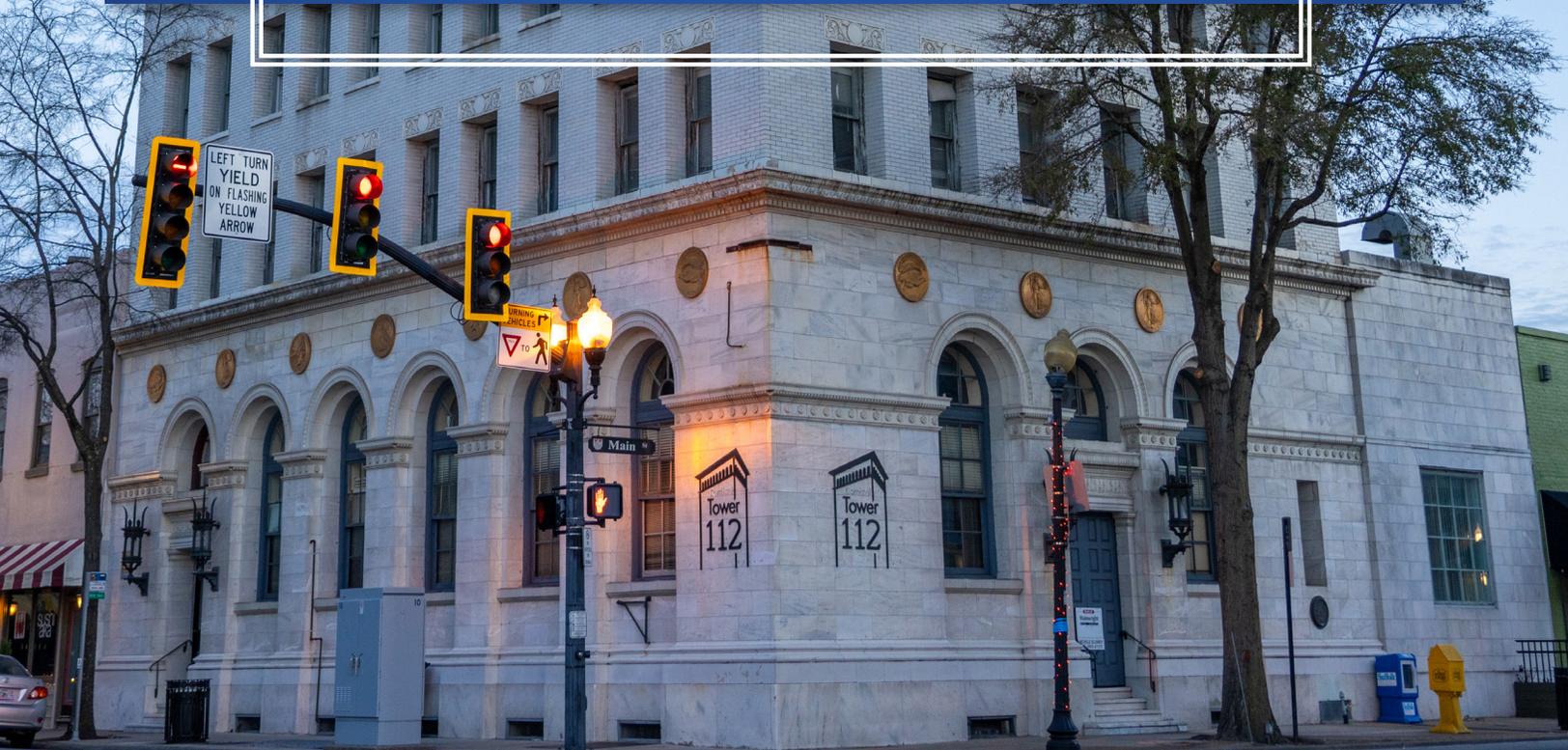




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FINANCIAL SECTION





Report of Independent Auditor

To the City Council
City of Suffolk, Virginia
Suffolk, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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 Suffolk, 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 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the “Specifications”). Our responsibilities under those standards and Specifications are further described in the *Auditor’s 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.

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.

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

Other 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 accompanying Other Supplementary Information, as listed in the table of contents, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, 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.

Cherry Bekart LLP

Virginia Beach, Virginia
December 15, 2025



Management's Discussion and Analysis



The Management of the City of Suffolk, Virginia (the “City”) presents this narrative discussion and analysis of the City’s financial performance as of and for the fiscal year ended June 30, 2025. To enhance your understanding of the City’s financial performance, please read this discussion and analysis in conjunction with the transmittal letter in the front of this report, the City’s basic financial statements, and supporting notes following this section.

Financial Highlights

The government-wide financial statements report information about the City as a whole using the economic resources measurement focus and accrual basis of accounting.

For the fiscal year ended June 30, 2025, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. As a result of implementing this standard, the beginning net position for fiscal year 2025 was restated. This restatement led to a \$10.9 million decrease in the beginning net position of the Primary Government.

The City’s total net position (assets and deferred outflows of resources less liabilities and deferred inflows of resources) on a government-wide basis was \$1,021.5 million at June 30, 2025. Of this balance, \$785.7 million is attributed to governmental activities and \$235.8 million to the business-type activities.

For fiscal year 2025, taxes, other general revenues net of transfers of the City’s governmental activities amounted to \$341.3 million and net program expenses \$212.5 million, which resulted in an increase from 2025 in net position for the City’s governmental activities of \$128.7 million.

Revenues of the City’s business-type activities were \$95.8 million, expenses were \$73.0 million and net transfers to the General Fund were \$1.5 million, which resulted in an increase of net position for the City’s business-type activities of \$20.3 million.

The City is rated AAA with Fitch, Standard and Poor’s and Moody’s.

Overview Of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The financial section of this report includes management’s discussion and analysis, the basic financial statements, and required supplementary information. The City’s basic financial statements comprise three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The City’s financial statements present two kinds of statements, each with a different measurement focus and basis of accounting. The *government-wide statements* (economic resources measurement focus and accrual basis of accounting) provide both long and short term information about the City’s overall financial status. The *fund financial statements* (current financial resources measurement focus and modified accrual basis of accounting) focus on the individual functions of the city government, reporting the City’s operations in more detail than the government-wide statements. Both perspectives 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 financial statements* are designed to provide the readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements include all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources reported using the accrual basis of accounting. Government-wide financial reporting consists of two statements: The Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information on all City assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is one way to measure the City's financial health, or financial position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information identifying how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some items of revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods.

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

Governmental Activities - Most of the City's basic services are reported here including general government, public safety, public works, education, health and welfare, parks and recreation and economic and community development. Government activities are financed primarily through property taxes, other taxes and state and federal grants.

Business-type Activities - The City's water and sewer services are reported here as well as the City's stormwater utility, and the refuse collection service. These services are supported by charges for services based on use.

Component Units - The City includes two separate legal entities in its report - the Suffolk School Board and the Economic Development Authority of the City of Suffolk. While legally separate, the City is financially accountable and provides operating and capital funding to these component units.

Fund Financial Statements

Fund financial statements provide more detailed information about the City's most significant funds. Funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Traditional users of government financial statements will find the fund financial statement presentation more familiar. The focus is now on the City's most significant funds. The fund financial statements are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for

Fund Financial Statements

governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Since this presentation does not include the long-term focus of the government-wide statements, both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The fund financial statements using the current financial resources measurement focus will show bond proceeds and interfund transfers as other financing sources, in addition capital outlay and bond principal payments will be shown as expenditures. The reconciliation between the fund statements and the government-wide statements will eliminate these transactions and incorporate capital assets and long-term debt obligations into the governmental activities column in the government-wide statements.

The City maintains several individual governmental funds. Information is presented separately in the governmental funds' statements for the General, Capital Projects, Road Maintenance, Grants and Debt Service funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements; provide both short- and long-term financial information. The City maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, and provide more detail and additional information, such as a cash flow statement. The City uses enterprise funds to account for its water and sewer operations, the activities of the stormwater utility fund, and the refuse collection services.

Internal Service funds are an accounting mechanism used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet management, information technology and insurance programs.

Fiduciary Funds - The fiduciary funds consist of custodial funds that are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for custodial funds is similar to that of the proprietary funds. The OPEB trust fund is also reported as a fiduciary fund.

Notes to the Financial Statements - Included as part of the basic financial statements, the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found at the end of the Basic Financial Statements section of this report.

Required Supplementary Information - In addition to the basic financial statements and notes, this section presents budgetary comparison schedules, a schedule of funding progress for defined benefit pension plan and an analysis of funding progress for other postemployment benefits.

Other Supplementary Information - This section of the report presents combining and individual fund statements and schedules.

Government-Wide Financial Analysis

Government-Wide Financial Analysis

Statement of Net Position

The City’s combined net position (which is the City’s “bottom line”) increased by \$149.9 million in fiscal year 2025. Of the City’s total net position, approximately \$16.2 million represents resources that are subject to external restrictions or enabling legislation. Net investment in capital assets (land, buildings, infrastructure, improvements, machinery and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets) of \$760.0 million comprises 74.39% of the net position. This portion of the net position is not available for spending because they are capital assets and do not represent a financial resource. Bond funds on hand for construction or purchase of capital assets are netted with the the liability and therefore are not a component of net position. These assets and liabilities are included in the calculation of *Net investment in capital assets*.

The City has a solid financial position with 24.02% of net position, or \$245.4 million, unrestricted. The unrestricted portion of net position is available to allow the City to provide services to citizens.

The following table reflects the condensed Statement of Net Position:

| | Net Position (In Millions) | | | | | |
|--|---------------------------------------|-----------------|---------------------------------|-----------------|-------------------|-----------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2025 | 2024* | 2025 | 2024* | 2025 | 2024* |
| Assets | | | | | | |
| Other assets | \$ 465.3 | \$ 450.5 | \$ 120.5 | \$ 113.9 | \$ 585.8 | \$ 564.4 |
| Capital assets | 766.1 | 664.0 | 465.3 | 461.9 | 1,231.4 | 1,125.9 |
| Total assets | <u>1,231.4</u> | <u>1,114.5</u> | <u>585.8</u> | <u>575.8</u> | <u>1,817.2</u> | <u>1,690.3</u> |
| Deferred outflows of resources | 40.8 | 35.7 | 23.5 | 24.2 | 64.3 | 59.9 |
| Total assets and deferred outflows of resources | 1,272.2 | 1,150.2 | 609.3 | 599.9 | 1,881.5 | 1,750.1 |
| Liabilities | | | | | | |
| Current and other liabilities | 88.3 | 88.5 | 27.5 | 27.1 | 115.8 | 115.6 |
| Long-term liabilities | 361.9 | 366.6 | 342.2 | 354.0 | 704.1 | 720.6 |
| Total liabilities | <u>450.2</u> | <u>455.1</u> | <u>369.7</u> | <u>381.1</u> | <u>819.9</u> | <u>836.2</u> |
| Deferred inflows of resources | 36.3 | 27.9 | 3.7 | 3.4 | 40.0 | 31.3 |
| Total liabilities and deferred inflows of resources | 486.5 | 483.0 | 373.4 | 384.5 | 859.9 | 867.5 |
| Net position | | | | | | |
| Net investments in capital assets | 614.5 | 427.3 | 145.5 | 164.0 | 760.0 | 591.3 |
| Restricted | 14.3 | 38.2 | 1.9 | 4.5 | 16.2 | 42.7 |
| Unrestricted | 156.9 | 201.6 | 88.5 | 47.0 | 245.4 | 248.6 |
| Total net position | <u>785.7</u> | <u>667.1</u> | <u>235.9</u> | <u>215.5</u> | <u>1,021.6</u> | <u>882.6</u> |
| Change in net position | 128.7 | 113.1 | 21.2 | 20.7 | 149.9 | 133.8 |
| Net position - beginning, as restated | 657.0 | 554.0 | 215.5 | 194.8 | 872.5 | 748.8 |
| Net position - ending, as corrected | <u>\$ 785.7</u> | <u>\$ 667.1</u> | <u>\$ 235.8</u> | <u>\$ 215.5</u> | <u>\$ 1,021.5</u> | <u>\$ 882.6</u> |

*2024 amounts have been corrected for error corrections and restated for GASB 100 implementation (Note 18)

Statement of Activities

The following table summarizes the changes in net position for governmental and business-type activities: Change in Net Position

| | Change in Net Position (In Millions) | | | | | |
|--|---|-----------------|--------------------------|-----------------|-------------------|-----------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 57.1 | \$ 11.3 | \$ 84.6 | \$ 80.7 | \$ 141.7 | \$ 92.0 |
| Operating grants and contributions | 16.7 | 53.1 | - | - | 16.7 | 53.1 |
| Capital grants and contributions | 35.1 | 35.1 | 4.1 | 8.1 | 39.2 | 43.2 |
| General revenues | | | | | | |
| Real estate and property taxes | 218.5 | 207.2 | - | - | 218.5 | 207.2 |
| Other taxes | 67.1 | 65.1 | - | - | 67.1 | 65.1 |
| Grants and contributions, not restricted | 14.8 | 14.7 | - | - | 14.8 | 14.7 |
| Unrestricted Investment earnings | 13.4 | 21.0 | 3.9 | 4.7 | 17.3 | 25.7 |
| Miscellaneous | 26.0 | 25.0 | 3.2 | 1.7 | 29.2 | 26.7 |
| Total revenues | <u>448.7</u> | <u>432.5</u> | <u>95.8</u> | <u>95.2</u> | <u>544.5</u> | <u>527.7</u> |
| Expenses | | | | | | |
| General government | 22.9 | 36.7 | - | - | 22.9 | 36.7 |
| Judicial | 13.0 | 12.2 | - | - | 13.0 | 12.2 |
| Public safety | 101.3 | 87.3 | - | - | 101.3 | 87.3 |
| Public works | 23.3 | 52.9 | - | - | 23.3 | 52.9 |
| Health and welfare | 22.7 | 19.5 | - | - | 22.7 | 19.5 |
| Transportation | 3.3 | 2.3 | - | - | 3.3 | 2.3 |
| Education | 103.0 | 71.7 | - | - | 103.0 | 71.7 |
| Parks, recreation, cultural | 11.5 | 16.0 | - | - | 11.5 | 16.0 |
| Community development | 10.9 | 11.0 | - | - | 10.9 | 11.0 |
| Interest on long-term debt | 9.6 | 8.9 | - | - | 9.6 | 8.9 |
| Utility | - | - | 55.9 | 57.2 | 55.9 | 57.2 |
| Refuse collection services | - | - | 10.8 | 10.4 | 10.8 | 10.4 |
| Stormwater utility | - | - | 6.3 | 5.5 | 6.3 | 5.5 |
| Total expenses | <u>321.5</u> | <u>318.5</u> | <u>73.0</u> | <u>73.1</u> | <u>394.5</u> | <u>391.6</u> |
| Excess (deficiency) of revenues over/(under) expenditures | 127.2 | 114.0 | 22.8 | 22.1 | 150.0 | 136.1 |
| Gain (Loss) on disposal of assets | - | (0.7) | - | - | - | (0.7) |
| Transfers | 1.5 | 1.4 | (1.6) | (1.4) | (0.1) | - |
| Change in net position | <u>128.7</u> | <u>114.7</u> | <u>21.2</u> | <u>20.7</u> | <u>149.9</u> | <u>135.4</u> |
| Net Position July 1 as previously presented | 668.7 | 554.0 | 215.5 | 194.8 | 884.2 | 748.8 |
| Restatements (Note 18) | (11.7) | - | (0.9) | - | (12.6) | - |
| Net Position July 1, as restated | <u>657.0</u> | <u>554.0</u> | <u>214.6</u> | <u>194.8</u> | <u>871.6</u> | <u>748.8</u> |
| Net position - ending | <u>\$ 785.7</u> | <u>\$ 668.7</u> | <u>\$ 235.8</u> | <u>\$ 215.5</u> | <u>\$ 1,021.5</u> | <u>\$ 884.2</u> |

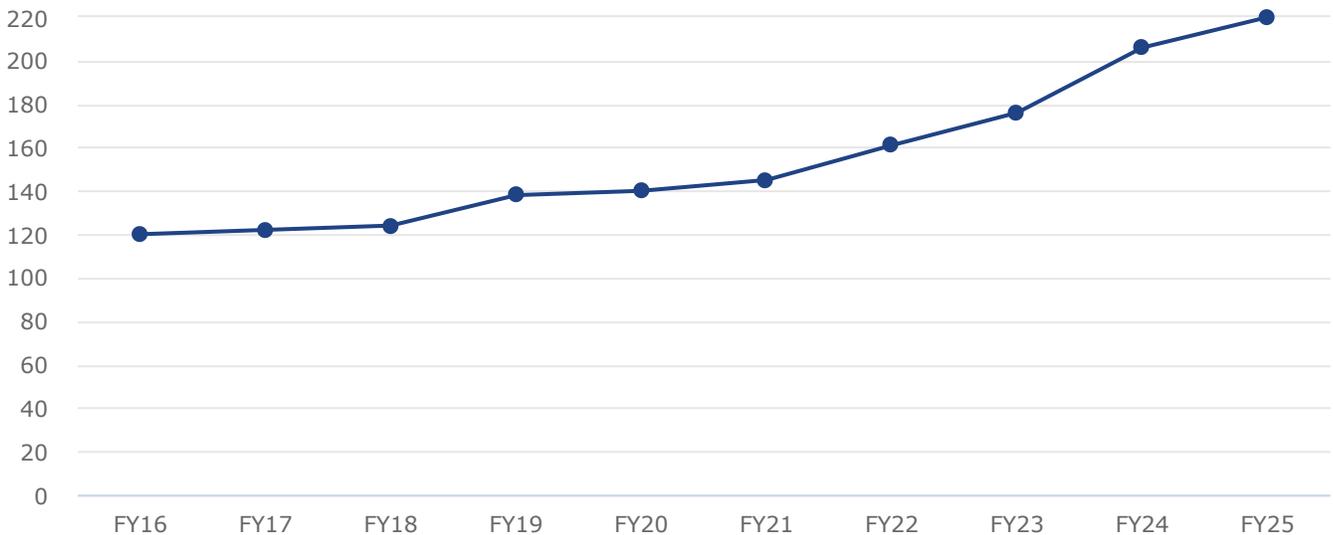
Governmental Activities

Governmental Activities

Revenue Highlights:

Real estate and personal property taxes revenues, the City’s largest revenue source, totaled \$220.1 million and \$205.7 million in fiscal years 2025 and 2024, respectively. The following chart indicates the growth in this revenue source, shown on the *Activities Statement* under *General Revenue* as “*Property taxes*”, over the past ten years. The drivers of this increase in revenue include an increase in assessed value of real estate and personal property, as well as increases in the real estate tax rate. The City had increases in tax rates in both FY 2016 and FY 2019 to fund public education and public safety operating needs. The City also experienced post pandemic increases in values for real estate and personal property, which was commonly experienced by other localities regionally and nationally during the same time period. The increase in the City’s assessed values was further bolstered by the City’s significant increases in commercial and residential development over the last ten years. As a result of both economic growth and property development, in FY 2024, the City was able to reduce the real estate tax rate by \$.02 from \$1.09 to \$1.07.

Suffolk Population Growth and Projections



Other Local Taxes are comprised of revenue from local sales tax, meals, lodging, and utilities increased from fiscal year 2024 to fiscal year 2025. The City experienced growth in sales, meals, business license, and lodging tax revenue, new businesses, and an increase in population.

Expense Highlights:

The City is committed to ensuring the highest level of safety for its citizens and has expended \$101.3 million towards public safety efforts; this represents 31.65% of the governmental expenses.

Education continues to be one of the City’s highest priorities and commitments representing \$103.0 million, this amount is an increase from fiscal year 2024 and represents 32.04% of governmental expenses.

Public Safety and Education together make up 63.55% of total governmental expenses for the City.



Business-type Activities

The business-type activities consist of Public Utilities, Stormwater Utilities, and Refuse Collection services.

Revenue Highlights:

Charges for services, including water and sewer fees, Stormwater utility fees and refuse collection fees represent 88.31% of the total revenues collected. These revenues increased slightly from fiscal year 2024 to 2025 due to increased water and sewer connections, equivalent residential units, additional households, and refuse host fee revenue.

Expense Highlights:

Utility Fund expenses were \$55.9 million of which 30.13% is depreciation and amortization expenses. There is a decrease in total expenditures. Stormwater expenses were \$6.3 million for fiscal year 2025, which is an increase in expenditures as compared to fiscal year 2024. The refuse fund expenses were \$10.8 million in fiscal year 2025, which is a slight increase from fiscal year 2024.

Financial Analysis Of The City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$363.7 million. Approximately 34.1% of this amount is available for spending at the government's discretion (unassigned fund balance). Fund Balance is divided into five classifications: non-spendable, restricted, committed, assigned and unassigned.

General Fund: The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund balance was \$240.6 million of which \$124.1 million represents unassigned fund balance. Fund Balance in the General Fund increased from fiscal year 2024. This increase is attributable to better than anticipated collections of local taxes such as sales tax and business license taxes as well as rising interest rates, which resulted in an increase of interest revenue, earned on the City's cash balances.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total budgeted expenditures. The City has a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget. The City also has a policy that any excess amounts over the 20% is dedicated to a budget stabilization fund, until that reaches 2.5% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The restricted portion of fund balance, \$2.0 million reflects restricted cash for unspent grant funds and developer deposits.

General Fund Budget analysis: The general fund final amended budget for fiscal year 2025 revenue excluding transfers was \$310.5 million. The total revenue collected in the general fund was \$346.0 million, which resulted in a revenue surplus over the budget of \$35.4 million. This surplus is primarily due to an increase in the assessed values of real and personal property over what was estimated during the budget development process. In addition, the other local taxes experienced increases due to increased economic development and population growth in the City. The other area of significant surplus over the budget was in the interest earnings, due to rising interest rates. On the expenditure side, the total actual expenditures on a budgetary basis were \$266.9 million compared to the

Financial Analysis Of The City's Funds

final amended budget excluding transfers of \$280.9 million; this resulted in an expenditure savings of \$14.0 million. The expenditure savings is primarily due to savings in salary line items. The City is actively using surplus funds for Capital Pay-Go in lieu of additional tax increases as some of the increases in revenue will be temporarily inflated; specifically, revenue from camera enforcement of speeding violations.

Capital Projects Fund: The Capital Projects Fund accounts for all construction projects of general public improvements, excluding capital projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$87.2 million, of which \$62.0 million is restricted. It consists of unspent bond proceeds and interest earnings, grant funding and cash proffers for subsequent years' projects. The overall fund balance decreased in the current year, as there are several large projects utilizing bond funds assigned to these projects.

Four of the City's significant capital projects are the following in fiscal year 2025:

- Shoulders Hill Intersection Improvements
- New Central Library
- New Fire Station
- Replacement of John F. Kennedy Middle School

Road Maintenance Fund: The Road Maintenance Fund has a fund balance of \$13.1 million. The Road Maintenance Fund accumulates resources from the Virginia Department of Transportation for the maintenance of roadways in the City. The fund balance in the fund decreased by \$5.7 million from the prior year. The decrease is a result of reallocating revenue collected from automated camera enforcement fines to the General Fund for public safety.

Consolidated Grants Fund: The consolidated grants fund has a fund balance of \$10.4 million. The fund accumulates resources from various local, state and federal agencies for specific purposes. The majority of the activity in the grants fund in fiscal year 2025 was for pandemic response related grants. Pandemic related funds are expected to be fully utilized by the 2027 Fiscal Year. The fund balance in the grant fund increased by \$6.9 million from the prior year due to a decrease in unearned revenue. Funds previously received and recorded as unearned were recognized as earned in FY2025.

Debt Service Fund: The Debt Service Fund has a fund balance of \$537 thousand. The General Fund routinely transfers monies to this fund to meet debt service requirements. The fund balance in the Debt Service fund decreased slightly as compared to the prior year due to slight differences in transfers for debt payments and actual interest cost of new debt from estimated costs.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise funds: The City's enterprise funds account for its water and sewer operations, stormwater utility efforts, and refuse collection services. The net position of the enterprise funds at the end of the current fiscal year totaled \$235.9 million. No significant changes occurred during the fiscal year.

Internal service funds: The internal service funds are used to account for entity-wide fleet management, information technology and risk management programs. The total net position at the end of the current fiscal year was \$45.2 million.

Trust funds: In fiscal year 2025, the City fully funded its annual contribution to the OPEB fund as calculated by the actuaries and there is currently a balance of \$60.0 million cash and cash equivalents in the OPEB Trust Fund. The City is expected to begin fully funding OPEB expenses out of the fund due to it being over 100% funded for post employment medical plan costs.

Capital Assets And Debt Administration

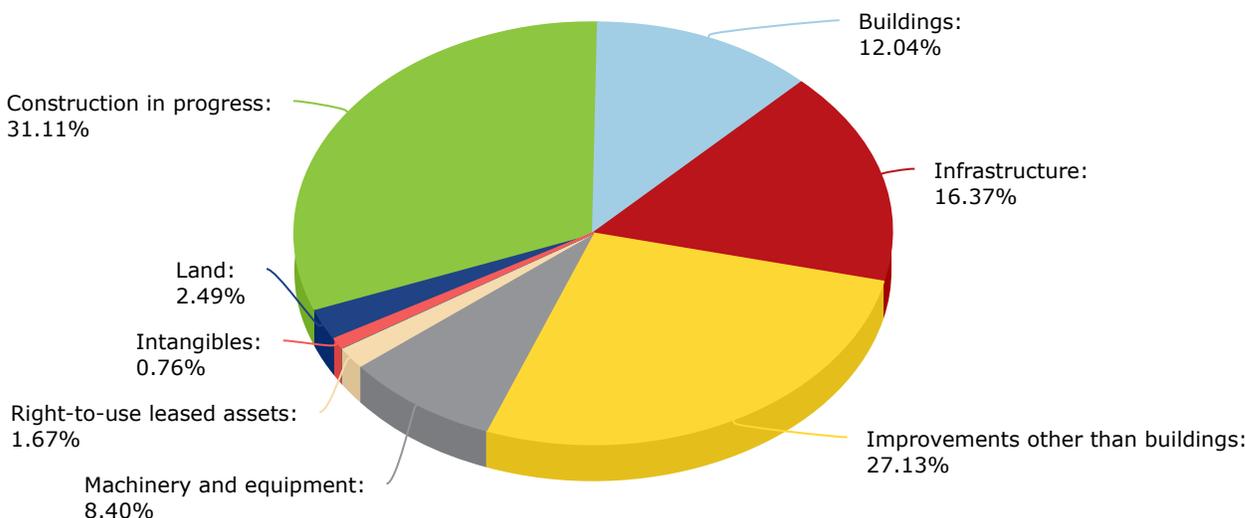
Capital Assets: The City’s capital assets for its governmental and business-type activities as of June 30, 2025, totaled \$1,231.4 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, intangibles, the intangible right to use assets, and construction in progress. The City continues to debt fund \$35M in capital projects annually. The school system was the largest capital project funded in FY25.

Additional information on the City’s capital assets can be found in Note #7.

Capital Assets (net of depreciation) (in Millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|----------------|--------------------------|----------------|------------------|------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Capital Assets (net of depreciation) | | | | | | |
| Land | \$26.0 | \$25.2 | \$4.7 | \$4.7 | \$30.7 | \$29.9 |
| Construction in progress | 346.5 | 246.8 | 36.6 | 22.8 | 383.1 | 269.6 |
| Buildings | 80.3 | 83.3 | 67.9 | 69.5 | 148.2 | 152.8 |
| Infrastructure | 199.0 | 201.4 | 2.6 | 2.6 | 201.6 | 204.0 |
| Improvements other than buildings | 45.4 | 47.6 | 288.7 | 293.8 | 334.1 | 341.4 |
| Machinery and equipment | 45.0 | 35.8 | 58.4 | 60.8 | 103.4 | 96.6 |
| Right-to-use leased assets | 18.8 | 20.0 | 1.8 | 2.8 | 20.6 | 22.8 |
| Right-to-use subscription assets | 0.3 | 0.3 | - | - | 0.3 | 0.3 |
| Intangibles | 4.8 | 3.6 | 4.6 | 4.9 | 9.4 | 8.5 |
| Total capital assets (net of depreciation) | \$766.1 | \$664.0 | \$465.3 | \$461.9 | \$1,231.4 | \$1,125.9 |

Capital Assets (Chart)



Economic Factors

Long-term debt: As previously stated, Schools continue to be the City’s largest capital expenditures, and as a result, a significant driver of long-term debt. In FY 2025, the City utilized a Literary Loan program through the Commonwealth of Virginia in the amount of \$25 million. This program will allow for capital draws until fully expended. When fully expended, the City will repay the loan by issuing the authorized \$25M in bonds. No draws were made in FY2025. The remainder of the \$10 million in debt issued was allocated to multiple capital projects for public safety, parks and public works which includes road construction. Road construction is currently the City’s second largest driver of City debt followed by public safety equipment, parks and public buildings.

At the end of the current fiscal year, the City had total outstanding debt of \$667.7 million. Claims payable, compensated absences and pension and OPEB liabilities are not included in these figures.

Long-term debt: At the end of the current fiscal year, the City had total outstanding debt of \$667.9 million. Claims payable, compensated absences and pension and OPEB liabilities are not included in these figures.

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Outstanding Debt | | | | | | |
| Bonds Payable | \$281.4 | \$295.3 | \$337.1 | \$348.1 | \$618.5 | \$643.4 |
| Bond Premiums | 16.1 | 17.3 | 13.2 | 13.7 | 29.3 | 31.0 |
| Lease Liabilities | 17.9 | 19.0 | 1.8 | 2.8 | 19.7 | 21.8 |
| Subscription Liabilities | 0.2 | 0.3 | - | - | 0.2 | 0.3 |
| Total outstanding debt | \$315.6 | \$331.9 | \$352.1 | \$364.6 | \$667.7 | \$696.5 |

The Commonwealth of Virginia limits the amount of general obligation debt outstanding to 10% of the locality’s assessed value of real property, which is \$1.6 billion for 2025. The City Charter further limits this general obligation limit to 7% of the City’s assessed value of real property or \$1.1 billion. Of the debt shown above, only \$416.4 million is general obligation debt that is applicable to the legal debt limits. The City has met both of the legal debt limits.

The City has a financial policy that further restricted the debt ratio of general government debt, not pledged by other revenue sources, to 4% or \$629.2 million to reflect its conservative use of borrowed monies. The City has met this policy limit as well. Achieving these limits represents the City’s conservative debt borrowing policy.

Additional information on the City’s long-term debt can be found in Note 88.

Economic Factors

The City’s economic development initiatives created 517 new jobs and over \$391 million dollars in new and expanding capital investment in the City during the calendar year 2024.

For fiscal year 2025, the City’s tax rate was \$1.07 per \$100 and remains the third lowest tax rate in the region.

Population in the City has increased 8.7% in the last four years.

The City has achieved bond ratings from Moody’s Investor Service of Aaa, and from Fitch Rating Agency and Standard and Poor’s Ratings Services of “AAA”. These ratings reflect the City’s continued commitment to strong financial management.

Requests For Information

This financial report is designed to provide our citizens, taxpayers, customers, and 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 information should be directed to the City’s Department of Finance, 442 West Washington Street, Suffolk, Virginia, 23439.





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Basic Financial Statements



Exhibit 1

Statement of Net Position
June 30, 2025

| | Primary Government | | | Component Units | |
|--|----------------------------|-----------------------------|----------------|-----------------|--------------------------------------|
| | Governmental Activities | Business-type Activities | Total | School Board | Economic Development Authority |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 333,429,455 | \$ 86,750,141 | \$ 420,179,596 | \$ 34,899,110 | \$ 4,817,016 |
| Receivables (net of uncollectible allowance) | | | | | |
| Property taxes | 5,736,696 | - | 5,736,696 | - | - |
| Due from other governments | 13,776,848 | - | 13,776,848 | - | - |
| Accounts receivable | 2,154,785 | 11,121,673 | 13,276,458 | 5,723,149 | 155,072 |
| Other receivables | 3,121,862 | - | 3,121,862 | 506,368 | - |
| Due from component units | 1,992,321 | - | 1,992,321 | - | - |
| Inventories | 700,695 | 460,860 | 1,161,555 | 396,736 | - |
| Land and improvements held for sale | - | - | - | - | 8,146,980 |
| Prepaid items | - | - | - | 195,000 | - |
| Lease receivables | 5,454,004 | - | 5,454,004 | - | 1,130,067 |
| Total current assets | 366,366,666 | 98,332,674 | 464,699,340 | 41,720,363 | 14,249,135 |
| Noncurrent assets: | | | | | |
| Cash and cash equivalents, restricted | 87,454,812 | 20,257,740 | 107,712,552 | - | 2,165,992 |
| Lease receivable, non-current | - | - | - | - | 14,571,780 |
| Capital assets | | | | | |
| Assets not being depreciated | 372,497,665 | 41,244,849 | 413,742,514 | 6,387,523 | 1,435,662 |
| Assets being depreciated, net | 393,574,973 | 424,027,135 | 817,602,108 | 147,269,182 | 18,680,377 |
| Net pension asset | - | - | - | 1,249,899 | - |
| Net OPEB asset medical plan | 11,495,325 | 1,908,809 | 13,404,134 | 7,840,123 | - |
| Net OPEB asset state plans | - | - | - | 61,136 | - |
| Total noncurrent assets | 865,022,775 | 487,438,533 | 1,352,461,308 | 162,807,863 | 36,853,811 |
| Total assets | 1,231,389,441 | 585,771,207 | 1,817,160,648 | 204,528,226 | 51,102,946 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Pension plan | 23,255,186 | 3,351,613 | 26,606,799 | 34,829,096 | - |
| OPEB medical plan | 8,794,114 | 1,452,600 | 10,246,714 | 1,900,659 | - |
| OPEB state plans | 5,763,464 | 131,251 | 5,894,715 | 4,486,620 | - |
| Deferred charge on refunding | 2,974,761 | 18,597,907 | 21,572,668 | - | 9,424 |
| Total deferred outflows of resources | 40,787,525 | 23,533,371 | 64,320,896 | 41,216,375 | 9,424 |

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

Statement of Net Position (Continued)
June 30, 2025

| | Primary Government | | | Component Units | |
|--|-------------------------|--------------------------|------------------|-----------------|--------------------------------|
| | Governmental Activities | Business-type Activities | Total | School Board | Economic Development Authority |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities | 18,193,430 | 5,273,165 | 23,466,595 | 4,648,275 | 45,814 |
| Accrued payroll and related liabilities | 3,858,602 | 424,186 | 4,282,788 | 21,584,850 | - |
| Due to primary government | - | - | - | 1,753,067 | 239,255 |
| Deposits and amounts held for others | 2,731,985 | 21,000 | 2,752,985 | - | 7,500 |
| Accrued interest payable | 3,508,835 | 3,034,770 | 6,543,605 | - | 2,831 |
| Prepaid taxes | 1,878,938 | - | 1,878,938 | - | - |
| Unearned revenues | 18,574,243 | - | 18,574,243 | - | - |
| Total current liabilities | 48,746,033 | 8,753,121 | 57,499,154 | 27,986,192 | 295,400 |
| Noncurrent liabilities: | | | | | |
| Due within one year | 39,518,106 | 18,738,429 | 58,256,535 | 7,634,023 | 842,773 |
| Due in more than one year | 306,712,947 | 336,116,668 | 642,829,615 | 9,225,152 | - |
| Net pension liability | 40,221,042 | 5,631,150 | 45,852,192 | 88,357,338 | - |
| Net OPEB liability state plans | 14,981,616 | 464,845 | 15,446,461 | 15,890,365 | - |
| Total noncurrent liabilities | 401,433,711 | 360,951,092 | 762,384,803 | 121,106,878 | 842,773 |
| Total liabilities | 450,179,744 | 369,704,213 | 819,883,957 | 149,093,070 | 1,138,173 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Leases | 6,464,303 | - | 6,464,303 | - | 15,336,608 |
| Pension plan | 9,491,178 | 1,374,454 | 10,865,632 | 17,037,434 | - |
| OPEB medical plan | 13,827,822 | 2,284,060 | 16,111,882 | 2,472,603 | - |
| OPEB state plans | 6,500,349 | 88,067 | 6,588,416 | 2,119,812 | - |
| Total deferred inflows of resources | 36,283,652 | 3,746,581 | 40,030,233 | 21,629,849 | 15,336,608 |
| NET POSITION | | | | | |
| Net investments in capital assets | 614,513,245 | 145,231,169 | 759,744,414 | 153,656,705 | 19,282,690 |
| Restricted | | | | | |
| Operating reserves | - | 3,187,583 | 3,187,583 | - | - |
| General government | 9,554,681 | - | 9,554,681 | - | - |
| Judicial | 108,978 | - | 108,978 | - | - |
| Public safety | 10,706,605 | - | 10,706,605 | - | - |
| Parks and recreation | 10,818,693 | - | 10,818,693 | - | - |
| Health and welfare | 1,133,059 | - | 1,133,059 | - | - |
| Economic development | - | - | - | - | 2,163,161 |
| Pension | - | - | - | 1,249,899 | - |
| OPEB | 11,495,325 | 1,908,809 | 13,404,134 | 7,901,259 | - |
| Unrestricted | 87,478,872 | 85,526,223 | 173,005,095 | (87,786,181) | 13,191,738 |
| Total net position | \$ 785,713,570 | \$ 235,853,784 | \$ 1,021,567,354 | \$ 75,021,682 | \$ 34,637,589 |

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

Statement of Activities
Year Ended June 30, 2025

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units | |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------------|------------------------|--------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total | School Board | Economic Development Authority |
| | | | | | | | | | |
| Primary Government: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General government administration | \$ 22,861,398 | \$ 664,218 | \$ 11,010,427 | \$ 185,824 | \$ (11,000,929) | \$ - | \$ (11,000,929) | | |
| Judicial administration | 12,982,921 | 2,521,512 | 391,544 | - | (10,069,865) | - | (10,069,865) | | |
| Public safety | 101,282,309 | 11,144,444 | 3,834,510 | 2,277,238 | (84,026,117) | - | (84,026,117) | | |
| Public works | 23,285,450 | 39,739,288 | 35,224 | 32,265,377 | 48,754,439 | - | 48,754,439 | | |
| Health and welfare | 22,735,514 | - | - | - | (22,735,514) | - | (22,735,514) | | |
| Transportation | 3,280,901 | - | - | - | (3,280,901) | - | (3,280,901) | | |
| Education | 103,016,685 | - | - | - | (103,016,685) | - | (103,016,685) | | |
| Parks, recreation and cultural | 11,530,862 | 1,342,151 | 73,920 | 369,511 | (9,745,280) | - | (9,745,280) | | |
| Community development | 10,925,849 | 1,660,649 | 1,429,086 | - | (7,836,114) | - | (7,836,114) | | |
| Interest and fiscal charges on long-term debt | 9,574,395 | - | - | - | (9,574,395) | - | (9,574,395) | | |
| Total governmental activities | <u>321,476,284</u> | <u>57,072,262</u> | <u>16,774,711</u> | <u>35,097,950</u> | <u>(212,531,361)</u> | <u>-</u> | <u>(212,531,361)</u> | <u>-</u> | <u>-</u> |
| Business-type activities: | | | | | | | | | |
| Utility | 55,931,287 | 65,003,261 | - | 4,148,197 | - | 13,220,171 | 13,220,171 | | |
| Stormwater utility | 6,342,684 | 9,191,333 | - | - | - | 2,848,649 | 2,848,649 | | |
| Refuse | 10,842,082 | 10,438,671 | - | - | - | (403,411) | (403,411) | | |
| Total business-type activities | <u>73,116,053</u> | <u>84,633,265</u> | <u>-</u> | <u>4,148,197</u> | <u>-</u> | <u>15,665,409</u> | <u>15,665,409</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$ 394,592,337</u> | <u>\$ 141,705,527</u> | <u>\$ 16,774,711</u> | <u>\$ 39,246,147</u> | <u>\$ (212,531,361)</u> | <u>\$ 15,665,409</u> | <u>\$ (196,865,952)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Component Unit: | | | | | | | | | |
| School Board | \$ 228,895,572 | \$ 233,886 | \$ 150,431,277 | \$ - | \$ - | \$ - | \$ - | \$ (78,230,409) | \$ - |
| Economic Development Authority | 2,879,776 | 1,716,127 | 1,365,000 | - | - | - | - | - | 201,351 |
| Total component units | <u>\$ 231,775,348</u> | <u>\$ 1,950,013</u> | <u>\$ 151,796,277</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (78,230,409)</u> | <u>\$ 201,351</u> |
| General revenues and transfers | | | | | | | | | |
| General revenues | | | | | | | | | |
| Property taxes | | | | | 218,510,268 | - | 218,510,268 | - | - |
| Sales and use taxes | | | | | 18,964,571 | - | 18,964,571 | - | - |
| Business license taxes | | | | | 13,385,196 | - | 13,385,196 | - | - |
| Meals taxes | | | | | 17,091,726 | - | 17,091,726 | - | - |
| Utility taxes | | | | | 5,338,259 | - | 5,338,259 | - | - |
| Communication taxes | | | | | 2,267,692 | - | 2,267,692 | - | - |
| Motor vehicle license taxes | | | | | 2,903,879 | - | 2,903,879 | - | - |
| Tobacco taxes | | | | | 1,397,435 | - | 1,397,435 | - | - |
| Lodging taxes | | | | | 2,429,980 | - | 2,429,980 | - | - |
| Recordation taxes | | | | | 2,159,572 | - | 2,159,572 | - | - |
| Other local taxes | | | | | 1,140,679 | - | 1,140,679 | - | - |
| Grants and contributions not restricted to specific programs | | | | | 14,760,139 | - | 14,760,139 | 3,954,530 | - |
| Miscellaneous | | | | | 25,971,588 | 3,232,517 | 29,204,105 | - | 277,529 |
| Unrealized gain on land held for sale | | | | | - | - | - | 133,480 | 804,500 |
| Unrestricted revenues from use of money and property | | | | | 13,399,544 | 3,903,819 | 17,303,363 | - | 286,647 |
| Transfers | | | | | 1,550,451 | (1,550,451) | - | - | - |
| Contribution from primary government | | | | | - | - | - | 73,579,134 | - |
| Total general revenues and transfers | | | | | <u>341,270,979</u> | <u>5,585,885</u> | <u>346,856,864</u> | <u>77,667,144</u> | <u>1,368,676</u> |
| Change in net position | | | | | 128,739,618 | 21,251,294 | 149,990,912 | (563,265) | 1,570,027 |
| Net position at July 1 | | | | | 668,683,937 | 215,480,494 | 884,164,431 | 86,751,415 | 33,067,562 |
| Restatements and corrections (Note 18) | | | | | \$ (11,709,985) | \$ (878,004) | \$ (12,587,989) | \$ (11,166,468) | \$ - |
| Net position at July 1, as restated | | | | | \$ 656,973,952 | \$ 214,602,490 | \$ 871,576,442 | | |
| Net position at June 30 | | | | | <u>\$ 785,713,570</u> | <u>\$ 235,853,784</u> | <u>\$ 1,021,567,354</u> | <u>\$ 75,021,682</u> | <u>\$ 34,637,589</u> |

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

**Balance Sheet
Governmental Funds
June 30, 2025**

| | Major Funds | | | | | Total Nonmajor Funds | Total Governmental Funds |
|--|-----------------------|-----------------------|----------------------|----------------------|-------------------|----------------------|--------------------------|
| | General Fund | Capital Projects | Road Maintenance | Consolidated Grants | Debt Service | | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 231,469,504 | \$ 31,293,100 | \$ 14,290,442 | \$ 8,491,533 | \$ 537,377 | \$ 10,502,371 | \$ 296,584,327 |
| Cash and investments – restricted | 7,283,954 | 64,968,191 | 1,060,865 | 12,425,825 | - | 1,303,929 | 87,042,764 |
| Receivables (net of allowance for uncollectibles): | | | | | | | |
| Property taxes | 5,725,250 | - | - | - | - | 11,446 | 5,736,696 |
| Due from other governments | 2,520,160 | 7,557,598 | - | 3,699,090 | - | - | 13,776,848 |
| Accounts receivable | 2,005,074 | - | - | - | - | - | 2,005,074 |
| Other receivables | 1,786,221 | - | 43,387 | 1,155,031 | - | 137,223 | 3,121,862 |
| Lease receivable | 4,229,931 | - | - | - | - | 355,195 | 4,585,126 |
| Inventories | 63,762 | - | - | - | - | 98,866 | 162,628 |
| Due from component units | 1,992,322 | - | - | - | - | - | 1,992,322 |
| Total assets | 257,076,178 | 103,818,889 | 15,394,694 | 25,771,479 | 537,377 | 12,409,030 | 415,007,647 |
| Liabilities | | | | | | | |
| Accounts payable and accrued liabilities | 3,441,416 | 10,312,361 | 1,019,561 | 1,906,987 | - | 258,895 | 16,939,220 |
| Accrued payroll and related liabilities | 3,447,153 | - | 184,490 | 18,897 | - | 11,239 | 3,661,779 |
| Unearned grant receipts | - | - | - | 12,306,171 | - | - | 12,306,171 |
| Unavailable revenues - taxes | 1,759,191 | - | - | - | - | 3,301 | 1,762,492 |
| Prepaid taxes | 1,878,938 | - | - | - | - | - | 1,878,938 |
| Proffers received | - | 6,268,072 | - | - | - | - | 6,268,072 |
| Deposits | 1,652,268 | - | 1,060,865 | - | - | 18,852 | 2,731,985 |
| Total liabilities | 12,178,966 | 16,580,433 | 2,264,916 | 14,232,055 | - | 292,287 | 45,548,657 |
| Deferred inflows of resources | | | | | | | |
| Leases | 4,279,343 | - | - | - | - | 368,785 | 4,648,128 |
| Opioid settlements | - | - | - | 1,133,059 | - | - | 1,133,059 |
| Total deferred inflows of resources | 4,279,343 | - | - | 1,133,059 | - | 368,785 | 5,781,187 |
| Fund balances | | | | | | | |
| Nonspendable | 63,762 | - | - | - | - | 98,866 | 162,628 |
| Restricted | 1,990,835 | 61,966,364 | - | 119,654 | - | 6,804,295 | 70,881,148 |
| Committed | - | - | - | - | - | 971,322 | 971,322 |
| Assigned | 114,470,806 | 25,272,092 | 13,129,778 | 10,286,711 | 537,377 | 3,873,475 | 167,570,239 |
| Unassigned | 124,092,466 | - | - | - | - | - | 124,092,466 |
| Total fund balances | 240,617,869 | 87,238,456 | 13,129,778 | 10,406,365 | 537,377 | 11,747,958 | 363,677,803 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 257,076,178 | \$ 103,818,889 | \$ 15,394,694 | \$ 25,771,479 | \$ 537,377 | \$ 12,409,030 | \$ 415,007,647 |

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

Exhibit 3

**Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2025**

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

| | |
|---|-----------------------|
| Total fund balance – governmental funds | \$ 363,677,803 |
| Capital assets net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 746,355,488 |
| Unavailable revenues represent amounts that were not available to fund current expenditures and, therefore, are not reported in the funds. | |
| Property taxes | 1,762,492 |
| Opioid settlements | 1,133,059 |
| Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. | (3,469,460) |
| Deferred charges on refunding are not current outflows of resources and not reported in the governmental funds | 2,974,761 |
| Differences between expected and actual experiences, assumptions changes and net differences between project and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of on the Statement of Net Position. | |
| Deferred outflows - pension plan | 22,090,254 |
| Deferred outflows - OPEB medical plan | 8,381,891 |
| Deferred outflows - OPEB state plans | 5,718,656 |
| Net pension liability | (38,480,376) |
| Net OPEB asset - medical plan | 10,960,606 |
| Net OPEB liability - state plans | (14,832,791) |
| Deferred inflows - pension plan | (9,057,173) |
| Deferred inflows - OPEB medical plan | (13,179,643) |
| Deferred inflows - OPEB state plans | (6,471,448) |
| Total deferred outflows and inflows related to postemployment benefits | <u>(34,870,024)</u> |
| Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds. | |
| Unearned revenues not reported in the funds as it did not arise from current financial resources relating to lease agreements. | (1,040,213) |
| Internal service funds are used by management to charge the costs of information technology, fleet management and risk management to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position. | 45,152,589 |
| Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the fund statements: | |
| General obligation bonds | (279,555,000) |
| Lease liabilities | (17,102,623) |
| Unamortized premiums and other credits on bonds | (15,836,567) |
| Arbitrage liability | (5,745,558) |
| Compensated absences | (17,723,177) |
| Total long-term liabilities | <u>(335,962,925)</u> |
| Net position of governmental activities | <u>\$ 785,713,570</u> |

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

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2025**

| | Major Governmental Funds | | | | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|--------------------------|
| | General Fund | Capital Projects | Road Maintenance | Consolidated Grants | Debt Service | | |
| Revenues | | | | | | | |
| Taxes: | | | | | | | |
| Real estate and personal property taxes | \$217,063,026 | \$- | \$- | \$- | \$- | \$3,078,933 | \$220,141,959 |
| Other local taxes | 67,078,989 | - | - | - | - | - | 67,078,989 |
| Intergovernmental: | | | | | | | |
| Revenue from the Commonwealth | 25,664,885 | 32,820,208 | 33,184,876 | 2,028,681 | - | 615,531 | 94,314,181 |
| Revenue from the federal government | 6,580,365 | 2,277,741 | - | 12,001,164 | - | 1,461,269 | 22,320,539 |
| Permits, privilege fees and regulatory licenses | 1,892,286 | - | 582,375 | - | - | - | 2,474,661 |
| Fines and forfeitures | 6,223,539 | - | 247,568 | - | - | - | 6,471,107 |
| Revenue from use of money and property | 14,933,113 | - | 450,565 | 1,619,803 | 300,581 | 796,470 | 18,100,532 |
| Charges for services | 4,965,856 | - | 964,356 | 13,306 | - | 728,807 | 6,672,325 |
| Miscellaneous | 1,568,112 | 14,489,310 | 34,763 | 582,396 | - | 53,666 | 16,728,247 |
| Total revenues | 345,970,171 | 49,587,259 | 35,464,503 | 16,245,350 | 300,581 | 6,734,676 | 454,302,540 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government administration | 26,229,943 | 3,483,992 | - | 1,950 | - | 919,960 | 30,635,845 |
| Judicial administration | 12,116,305 | - | - | 1,133,248 | - | - | 13,249,553 |
| Public safety | 101,823,636 | 14,178,655 | - | 2,715,823 | - | - | 118,718,114 |
| Public works | 1,427,538 | 52,537,957 | 32,015,194 | 69,882 | - | 208,446 | 86,259,017 |
| Transportation | - | - | - | - | - | 3,213,136 | 3,213,136 |
| Health and welfare | 18,615,367 | - | - | 4,409,780 | - | - | 23,025,147 |
| Education | 74,342,362 | 28,674,323 | - | - | - | - | 103,016,685 |
| Parks, recreation and cultural | 16,673,549 | 14,848,747 | - | 141,302 | - | - | 31,663,598 |
| Community development | 8,587,516 | - | - | 1,451,886 | - | - | 10,039,402 |
| Nondepartmental | 464,332 | - | - | - | - | - | 464,332 |
| Debt service: | | | | | | | |
| Principal | 151,046 | - | - | - | 22,784,496 | - | 22,935,542 |
| Bond issuance costs | - | - | - | - | 442,620 | - | 442,620 |
| Interest and other charges | - | - | - | - | 10,462,346 | - | 10,462,346 |
| Total expenditures | 260,431,594 | 113,723,674 | 32,015,194 | 9,923,871 | 33,689,462 | 4,341,542 | 454,125,337 |
| Excess (deficiency) of revenues over/ (under) expenditures | 85,538,577 | (64,136,415) | 3,449,309 | 6,321,479 | (33,388,881) | 2,393,134 | 177,203 |
| Other financing sources (uses) | | | | | | | |
| Transfers from other funds | 10,205,687 | 25,686,971 | - | 561,921 | 32,941,937 | 598,450 | 69,994,966 |
| Transfers to other funds | (56,788,651) | - | (9,100,911) | - | - | (1,914,892) | (67,804,454) |
| Premiums on bonds issued | - | 196,859 | - | - | 389,585 | - | 586,444 |
| General obligation bonds issued | - | 10,040,000 | - | - | - | - | 10,040,000 |
| Lease obligations issued | 397,064 | - | - | - | - | - | 397,064 |
| Total other financing sources (uses) | (46,185,900) | 35,923,830 | (9,100,911) | 561,921 | 33,331,522 | (1,316,442) | 13,214,020 |
| Net change in fund balances | 39,352,677 | (28,212,585) | (5,651,602) | 6,883,400 | (57,359) | 1,076,692 | 13,391,223 |
| Fund balances at July 1 | 202,863,503 | 115,451,041 | 18,781,380 | 3,567,863 | 594,736 | 10,671,266 | 351,929,789 |
| Restatements | (1,598,311) | - | - | (44,898) | - | - | (1,643,209) |
| Fund balances at July 1, as restated | 201,265,192 | 115,451,041 | 18,781,380 | 3,522,965 | 594,736 | 10,671,266 | 350,286,580 |
| Fund balances at June 30 | \$240,617,869 | \$87,238,456 | \$13,129,778 | \$10,406,365 | \$537,377 | \$11,747,958 | \$363,677,803 |

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

Exhibit 4

**Reconciliation of the Statement of Revenues, Expenditures, and Changes In
Fund Balances of Governmental Funds to the Statement of Activities
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 | \$ 13,391,223 |
| <p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expenses.</p> | |
| Capital outlay expenditures | 123,935,311 |
| Depreciation expense | |
| Net of \$3,878,396 depreciation expense recognized through Internal Service Funds | (19,204,337) |
| Miscellaneous transactions involving donations and disposals of capital assets | (3,511,530) |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p> | |
| Unavailable revenues | (498,632) |
| Lease revenue paid in form of leasehold improvements | (306,901) |
| Arbitrage interest earned | (4,831,558) |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the 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.</p> | |
| Principal repayment and payments to escrow agent | 23,332,606 |
| Proceeds from issuance of new debt and long term obligations | (11,023,508) |
| Amortization of deferred loss on refunding | (385,287) |
| Amortization of bond premiums | 2,005,727 |
| | 13,929,538 |
| Record the net flow of resources in the current year related to the Pension Plan | 2,049,240 |
| Record the net flow of resources in the current year related to the OPEB City trust fund | 2,498,570 |
| Record the net flow of resources in the current year related to the state OPEB plans | (775,409) |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | |
| Accrued interest payable | 258,241 |
| Change in compensated absences | (1,386,195) |
| <p>The internal service funds are used by management to charge the costs of information technology, fleet management and insurance to the individual funds. The change in net position of the internal service funds are reported with governmental activities.</p> | |
| | 3,192,057 |
| Change in net position of governmental activities | <u>\$ 128,739,618</u> |

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

**Statement of Net Position
Proprietary Funds
June 30, 2025**

| | Business-type Activities - Enterprise Funds | | | Total Governmental Activities - Internal Service Funds |
|---|---|---------------------------|------------------------|--|
| | Major Funds | | | |
| | Utility Fund | Nonmajor Enterprise Funds | Total Enterprise Funds | |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 60,760,500 | \$ 25,989,641 | \$ 86,750,141 | \$ 36,845,128 |
| Accounts receivable (net of allowance for uncollectibles) | 10,025,504 | 1,096,169 | 11,121,673 | 149,711 |
| Lease receivables | - | - | - | 868,878 |
| Inventories | 460,860 | - | 460,860 | 538,067 |
| Total current assets | <u>71,246,864</u> | <u>27,085,810</u> | <u>98,332,674</u> | <u>38,401,784</u> |
| Noncurrent assets | | | | |
| Cash and cash equivalents, restricted | 6,409,544 | 13,848,196 | 20,257,740 | 412,048 |
| Net OPEB asset medical plan | 1,109,503 | 799,306 | 1,908,809 | 534,719 |
| Capital assets | | | | |
| Assets not being depreciated | 33,440,561 | 7,804,288 | 41,244,849 | 1,341,147 |
| Assets being depreciated, net | 419,801,867 | 4,225,268 | 424,027,135 | 18,376,003 |
| Total noncurrent assets | <u>460,761,475</u> | <u>26,677,058</u> | <u>487,438,533</u> | <u>20,663,917</u> |
| Total assets | <u>532,008,339</u> | <u>53,762,868</u> | <u>585,771,207</u> | <u>59,065,701</u> |
| Deferred outflows of resources | | | | |
| Pension plan | 1,947,694 | 1,403,919 | 3,351,613 | 1,164,932 |
| Opeb medical plan | 844,078 | 608,522 | 1,452,600 | 412,223 |
| Opeb state plans | 76,414 | 54,837 | 131,251 | 44,808 |
| Deferred charge on refunding | 18,597,907 | - | 18,597,907 | - |
| Total deferred outflows of resources | <u>21,466,093</u> | <u>2,067,278</u> | <u>23,533,371</u> | <u>1,621,963</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | 3,197,620 | 2,075,545 | 5,273,165 | 1,254,210 |
| Accrued payroll and related liabilities | 240,851 | 183,335 | 424,186 | 196,824 |
| Accrued interest payable | 2,888,112 | 146,658 | 3,034,770 | 39,375 |
| Customer deposits | 21,000 | - | 21,000 | - |
| Compensated absences | 605,615 | 364,302 | 969,917 | 307,130 |
| Claims payable | - | - | - | 2,941,927 |
| Subscriptions payable | - | - | - | 112,836 |
| Leases payable, current portion | 914,109 | - | 914,109 | 559,436 |
| Bonds payable, current portion | 9,005,000 | 15,000 | 9,020,000 | 1,130,000 |
| Revenue bonds payable, current portion | 6,070,000 | - | 6,070,000 | - |
| Direct borrowing, current portion | 825,000 | 492,000 | 1,317,000 | - |
| Total current liabilities | <u>23,767,307</u> | <u>3,276,840</u> | <u>27,044,147</u> | <u>6,541,738</u> |
| Noncurrent liabilities | | | | |
| Arbitrage liability | 379,469 | 350,493 | 729,962 | 16,763 |
| Claims payable | - | - | - | 3,518,591 |
| Compensated absences | 601,654 | 379,690 | 981,344 | 273,947 |
| Net pension liability | 3,382,546 | 2,248,604 | 5,631,150 | 1,740,666 |
| Net OPEB liability state plans | 279,606 | 185,239 | 464,845 | 148,825 |
| Subscriptions payable | - | - | - | 112,614 |
| Leases payable, less current portion | 890,547 | - | 890,547 | 264,662 |
| Direct borrowing, less current | - | 13,594,000 | 13,594,000 | - |
| Revenue bonds payable, less current | 178,715,000 | - | 178,715,000 | - |
| Bonds payable, less current portion | 128,135,000 | 290,000 | 128,425,000 | 760,000 |
| Bonds premium | 12,630,898 | 597,320 | 13,228,218 | 270,222 |
| Total noncurrent liabilities | <u>325,014,720</u> | <u>17,645,346</u> | <u>342,660,066</u> | <u>7,106,290</u> |
| Total liabilities | <u>348,782,027</u> | <u>20,922,186</u> | <u>369,704,213</u> | <u>13,648,028</u> |
| Deferred inflows of resources | | | | |
| Leases | - | - | - | 775,962 |
| Pension plan | 807,212 | 567,242 | 1,374,454 | 434,005 |
| Opeb medical plan | 1,327,224 | 956,836 | 2,284,060 | 648,179 |
| Opeb state plans | 51,475 | 36,592 | 88,067 | 28,901 |
| Total deferred inflows of resources | <u>2,185,911</u> | <u>1,560,670</u> | <u>3,746,581</u> | <u>1,887,047</u> |
| Net position | | | | |
| Net investment in capital assets | 134,341,737 | 10,889,432 | 145,231,169 | 16,919,429 |
| Restricted | | | | |
| Capital projects | - | - | - | 211,972 |
| Operating reserves | 3,187,583 | - | 3,187,583 | - |
| OPEB | 1,109,503 | 799,306 | 1,908,809 | 534,719 |
| Unrestricted | 63,867,671 | 21,658,552 | 85,526,223 | 27,486,469 |
| Total net position | <u>\$ 202,506,494</u> | <u>\$ 33,347,290</u> | <u>\$ 235,853,784</u> | <u>\$ 45,152,589</u> |

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

Exhibit 6

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

| | Business-type Activities - Enterprise Funds | | | Total Governmental Activities - Internal Service Funds |
|---|---|------------------------------|---------------------------|--|
| | Major Funds | | | |
| | Utility Fund | Nonmajor Enterprise Funds | Total Enterprise Funds | |
| Operating revenues | | | | |
| Charges for services | \$ 65,003,261 | \$ 19,630,004 | \$ 84,633,265 | \$ 52,114,580 |
| Lease | 48,940 | - | 48,940 | 54,412 |
| Other | 173,123 | 3,010,456 | 3,183,579 | 1,201,032 |
| Total operating revenues | <u>65,225,324</u> | <u>22,640,460</u> | <u>87,865,784</u> | <u>53,370,024</u> |
| Operating expenses | | | | |
| Personnel services | 8,792,883 | 6,182,198 | 14,975,081 | 5,400,584 |
| Contractual services | 619,421 | 6,109,222 | 6,728,643 | 9,217,148 |
| Administration | 4,376,314 | 3,423,629 | 7,799,943 | 1,278,800 |
| Supplies | 1,468,614 | 297,460 | 1,766,074 | 75,459 |
| Repairs and maintenance | 1,498,983 | 35,891 | 1,534,874 | 1,068,067 |
| Utilities | 1,711,129 | 71,770 | 1,782,899 | 436,463 |
| Computers and equipment | - | - | - | 757,024 |
| Vehicle and power equipment - fuel | - | - | - | 1,816,568 |
| Vehicle and power equipment - supplies | - | - | - | 3,904,782 |
| Self-insured claims | - | - | - | 20,164,772 |
| Insurance | - | - | - | 2,666,615 |
| Bulk-water purchases | 9,375,802 | - | 9,375,802 | - |
| Depreciation and amortization | 16,850,193 | 163,040 | 17,013,233 | 3,878,396 |
| Short term rentals | 119,049 | 89,296 | 208,345 | 83,902 |
| Other charges | 720,272 | 114,992 | 835,264 | 347,816 |
| Total operating expenses | <u>45,532,660</u> | <u>16,487,498</u> | <u>62,020,158</u> | <u>51,096,396</u> |
| Operating income (loss) | <u>19,692,664</u> | <u>6,152,962</u> | <u>25,845,626</u> | <u>2,273,628</u> |
| Nonoperating revenues (expenses) | | | | |
| Investment earnings | 2,577,351 | 1,326,468 | 3,903,819 | 1,615,818 |
| Interest expense and other charges | (10,356,720) | (697,268) | (11,053,988) | (47,277) |
| Infrastructure contributions | (41,909) | - | (41,909) | - |
| Loss on disposal of capital assets | - | - | - | (10,051) |
| Total nonoperating revenues (expenses) | <u>(7,821,278)</u> | <u>629,200</u> | <u>(7,192,078)</u> | <u>1,558,490</u> |
| Income (loss) before transfers and capital contributions | <u>11,871,386</u> | <u>6,782,162</u> | <u>18,653,548</u> | <u>3,832,118</u> |
| Capital contributions and transfers | | | | |
| Capital grants and contributions | 4,148,197 | - | 4,148,197 | - |
| Transfers to other funds | (847,721) | (702,730) | (1,550,451) | (640,061) |
| Total capital contributions and transfers | <u>3,300,476</u> | <u>(702,730)</u> | <u>2,597,746</u> | <u>(640,061)</u> |
| Changes in net position | <u>15,171,862</u> | <u>6,079,432</u> | <u>21,251,294</u> | <u>3,192,057</u> |
| Total net position at July 1 | 187,867,949 | 27,612,545 | 215,480,494 | 42,189,118 |
| Restatements | (533,317) | (344,687) | (878,004) | (228,586) |
| Total net position at July 1, as restated | 187,334,632 | 27,267,858 | 214,602,490 | 41,960,532 |
| Total net position at June 30 | <u>\$ 202,506,494</u> | <u>\$ 33,347,290</u> | <u>\$ 235,853,784</u> | <u>\$ 45,152,589</u> |

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

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2025**

| | Business-type Activities - Enterprise Funds | | | Total Governmental Activities - Internal Service Funds |
|---|--|--|-----------------------------------|---|
| | Major Funds | | Total Enterprise Funds | |
| | Utility Fund | Nonmajor Enterprise Funds | | |
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 63,191,098 | \$ 22,515,630 | \$ 85,706,728 | \$ 53,367,595 |
| Payment to suppliers | (21,985,795) | (8,580,992) | (30,566,787) | (41,229,933) |
| Payments to employees | (9,161,221) | (6,458,972) | (15,620,193) | (5,644,350) |
| Net cash flows provided by (used in) operating activities | <u>32,044,082</u> | <u>7,475,666</u> | <u>39,519,748</u> | <u>6,493,312</u> |
| Cash flows from noncapital financing activities: | | | | |
| Transfers to other funds | (847,721) | (702,730) | (1,550,451) | (640,061) |
| Net cash flows provided by (used in) noncapital financing activities | <u>(847,721)</u> | <u>(702,730)</u> | <u>(1,550,451)</u> | <u>(640,061)</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition and construction of capital assets | (14,422,015) | (6,027,770) | (20,449,785) | (4,631,639) |
| Proceeds from sale of assets | - | - | - | (10,051) |
| Proceeds from issuance of debt | - | 4,795,000 | 4,795,000 | - |
| Principal paid on capital debt, net | (16,788,755) | (571,827) | (17,360,582) | (2,020,712) |
| Proceeds from capital grants | 4,106,288 | - | 4,106,288 | - |
| Interest and other charges paid on capital debt | (9,741,205) | (82,580) | (9,823,785) | 200,445 |
| Net cash flows provided by (used in) capital and related financing activities | <u>(36,845,687)</u> | <u>(1,887,177)</u> | <u>(38,732,864)</u> | <u>(6,461,957)</u> |
| Cash flows from investing activities: | | | | |
| Interest received | 2,956,820 | 1,676,961 | 4,633,781 | 1,632,583 |
| Net cash flows provided by (used in) investing activities | <u>2,956,820</u> | <u>1,676,961</u> | <u>4,633,781</u> | <u>1,632,583</u> |
| Net change in cash and cash equivalents | <u>(2,692,506)</u> | <u>6,562,720</u> | <u>3,870,214</u> | <u>1,023,877</u> |
| Beginning, July 1 | 69,862,550 | 33,275,117 | 103,137,667 | 36,233,299 |
| Ending, June 30 | <u>\$ 67,170,044</u> | <u>\$ 39,837,837</u> | <u>\$ 107,007,881</u> | <u>\$ 37,257,176</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ 19,692,664 | \$ 6,152,962 | \$ 25,845,626 | \$ 2,273,628 |
| Adjustments to reconcile operating income to cash provided by operating activities: | | | | |
| Depreciation and amortization | 16,850,193 | 163,040 | 17,013,233 | 3,878,396 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in: | | | | |
| Receivables | (1,990,336) | (124,830) | (2,115,166) | (755,490) |
| Inventories | (102,776) | - | (102,776) | - |
| Increase (decrease) in: | | | | |
| Accounts payable and accrued liabilities | (1,993,436) | 1,561,266 | (432,170) | 781,822 |
| Accrued payroll and related liabilities | (360,836) | (276,772) | (637,608) | (243,767) |
| Estimated claims payable | - | - | - | 558,723 |
| Unearned revenue | (51,391) | - | (51,391) | - |
| Total adjustments | <u>12,351,418</u> | <u>1,322,704</u> | <u>13,674,122</u> | <u>4,219,684</u> |
| Net cash flows from operating activities | <u>\$ 32,044,082</u> | <u>\$ 7,475,666</u> | <u>\$ 39,519,748</u> | <u>\$ 6,493,312</u> |
| Reconciliation of cash and investments: | | | | |
| Cash and investments | | | | |
| Unrestricted | \$ 60,760,500 | \$ 25,989,641 | \$ 86,750,141 | \$ 36,845,128 |
| Restricted | 6,409,544 | 13,848,196 | 20,257,740 | 412,048 |
| Total cash and cash equivalents | <u>\$ 67,170,044</u> | <u>\$ 39,837,837</u> | <u>\$ 107,007,881</u> | <u>\$ 37,257,176</u> |

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

Exhibit 8

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025**

| | <u>OPEB Trust Fund</u> | <u>Custodial Funds</u> |
|--|------------------------|------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 59,979,871 | \$ 160,678 |
| Total assets | <u>59,979,871</u> | <u>160,678</u> |
| Liabilities | | |
| Accounts payable | - | 10,393 |
| Amounts held for others | - | 30,764 |
| Total liabilities | <u>-</u> | <u>41,157</u> |
| Net position | | |
| Restricted for: | | |
| Individual, organizations, and other governments | 59,979,871 | 119,521 |
| Total net position | <u>\$ 59,979,871</u> | <u>\$ 119,521</u> |

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

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2025**

| | <u>OPEB Trust Fund</u> | <u>Custodial Funds</u> |
|---------------------------------|------------------------|------------------------|
| Additions | | |
| Gain on investments | \$ 4,874,525 | \$ - |
| Permits and fees | 3 | 51,052 |
| Miscellaneous revenue | - | 35,925 |
| Total additions | <u>4,874,528</u> | <u>86,977</u> |
| Deductions | | |
| Administrative fees | 39,635 | - |
| Special welfare agency payments | - | 35,925 |
| Payments to other governments | - | 49,944 |
| Total deductions | <u>39,635</u> | <u>85,869</u> |
| Change in net position | 4,834,893 | 1,108 |
| Net position at July 1 | 55,144,978 | 118,413 |
| Net position at June 30 | <u>\$ 59,979,871</u> | <u>\$ 119,521</u> |

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





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Notes to the Basic Financial Statements



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note I. Nature of operations and summary of significant accounting policies

The financial statements of the City of Suffolk, Virginia (the “City”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) in the United States of America as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City’s more significant accounting policies are described below.

A. Reporting Entity

The City was formed on January 1, 1974, by the merger of the former Cities of Suffolk and Nansemond. The City of Nansemond was previously formed by the merger of the County of Nansemond and the Towns of Whaleyville and Holland. The City is a political subdivision of the Commonwealth of Virginia operating under the council-manager form of government. The elected Mayor and seven-member City Council, vested with the legislative powers, appoints the City Manager, who is the executive and administrative head of the City’s government.

The City provides a full range of services to include the following: public safety (police and fire), education, community development (planning and zoning), water treatment and distribution, sewage collection, refuse collection, maintenance of highways, streets and infrastructure, stormwater management, transit, recreational activities, cultural events, social services, and library, among other services.

The accompanying financial statements present the City and its component units, entities for which the City is financially accountable. Blended component units, although legally separate entities, are in substance part of the City’s operations and, as such, are included in the reporting entity. The City’s discretely presented component units are reported in separate columns in the City’s financial statements in order to emphasize that they are legally separate from the City.

Included within the reporting entity are:

City of Suffolk Public Schools (the “School Board”)

The City of Suffolk Public Schools (the “School Board”) is responsible for elementary and secondary education within the City. Management of the School Board is composed of seven members popularly elected to a four year term. The School Board is fiscally dependent upon the City because the City Council approves the annual budget of the School Board, levies the necessary taxes to finance operations and approves the borrowing of money and issuance of debt. The School Board does not issue separate financial statements, as such, they have been included in these statements.

Economic Development Authority of the City of Suffolk (the “EDA”)

The Economic Development Authority of the City of Suffolk (the “EDA”) was established under the Industrial Development and Revenue Bond Act - *Code of Virginia*. A separate board appointed by the City Council governs the EDA. The EDA is authorized to acquire, own, lease, and dispose of properties, and to conduct related activities to promote industry and develop trade by inducing manufacturing, industrial, governmental, and commercial enterprises to locate or to remain in the City. The City makes significant contributions to the EDA relating to the property the EDA develops and markets. Separate audited financial statements may be obtained from the EDA by contacting the EDA’s Deputy Secretary/Treasurer, at P.O. Box 1858, Suffolk, Virginia 23439.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of operations and summary of significant accounting policies (Continued)

Not included within the reporting entity are:

Jointly Governed Organization**Western Tidewater Water Authority (the “Water Authority”)**

The Western Tidewater Water Authority (the “Water Authority”) was created March 18, 1998, by the City Council and the Board of Supervisors of the County of Isle of Wight, Virginia (the “County”) pursuant to the Virginia Water and Sewer Authorities Act, Chapter 51, Title 15.2, *Code of Virginia*. The members of the Water Authority Board representing both the City and the County have equal voting interests. The Water Authority was formed for the purpose of acquiring, financing, constructing, leasing, operating, and maintaining facilities for the production, impoundment, treatment, and transmission of potable and non-potable water. The City is not obligated to pay the principal or interest on notes or any other liabilities of the Authority and has no financial interest in the Authority. Separate audited financial statements can be obtained by contacting the City Finance Director at the City of Suffolk at 442 West Washington St., Suffolk, Virginia 23434.

Western Tidewater Regional Jail Authority (the “Jail Authority”)

The Western Tidewater Regional Jail Authority (the “Jail Authority”) was created as a political subdivision of the Commonwealth of Virginia jointly through an agreement dated November 1, 1989, among the Cities of Suffolk and Franklin, and the County of Isle of Wight (the member jurisdictions) under the Jail Authority Act, Code of the Commonwealth of Virginia. The member jurisdictions are responsible for a percentage of the annual operating costs of the jail based on the jail population. The Jail Authority has the responsibility to finance the acquisition, construction, equipping, and maintenance of a regional jail facility to operate for the benefit of the member jurisdictions.

Historically, notes issued by the Jail Authority are limited obligations payable solely from revenues received from the member jurisdictions. The City has not been obligated to pay the principal or interest on the notes or any other liability of the Jail Authority and has no financial interest in the Authority beyond its annual contribution. However, during 2014, the member jurisdictions pledged to pay its pro rata share of any debt service on the issuance of the Authority’s 2014 bonds. Separate financial statements can be obtained by contacting the Superintendent of Jail Authority at 2402 Godwin Blvd., Suffolk, Virginia 23434.

Southeastern Public Service Authority of Virginia (the “PSA”)

The Southeastern Public Service Authority of Virginia (the “PSA”) is a special purpose government entity engaged in business-type activities with no component units and was created for solid waste disposal. The members of the PSA are the Cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach and the Counties of Isle of Wight and Southampton.

In fiscal year 2018, each member jurisdiction signed a new use and support agreement with the PSA and have agreed to deliver, or cause to be delivered, 100% of all municipal solid waste collected by the municipality, excluding certain classifications of waste such as recyclables, yard waste and storm debris. The City has also signed a host agreement that details the amount that the City will receive in host fees related to the waste delivered to the landfill located within the City limits from the PSA. Separate audited financial statements can be obtained by contacting the Chief Financial Officer at 723 Woodlake Drive, Chesapeake, VA 23320.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of operations and summary of significant accounting policies (Continued)**Related Organization****Suffolk Redevelopment and Housing Authority (the “SRHA”)**

The Suffolk Redevelopment and Housing Authority (the “SRHA”) administers public housing and redevelopment activities in the City. It applies, receives, and invests its own funds and formulates and approves its own budget. City Council is responsible for appointing members of the Board of SRHA, but the City’s accountability does not extend beyond making such appointments. SRHA does not have a significant operational or financial relationship with the City. Separate financial statements can be obtained by contacting the SRHA Executive Director at 530 E. Pinner Street, Suffolk, Virginia 23434.

B. Government-wide and Fund Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities that report information on all of the non-fiduciary activities of the Primary Government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental activities, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *Primary Government* is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

The Statement of Net Position offers information on the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly associated with program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the financial statements. Governmental funds are reported using the financial *resources measurement focus*.

The government-wide financial statements are reported using the economic *resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and the expenses are recorded when a liability is incurred, regardless of the timing related cash flows. Property taxes are recognized as revenue when the tax is levied.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation Governmental Fund Types:

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 45 days of the end of the current period.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectable amounts. Property taxes not collected within 45 days after year-end are reflected as deferred inflows

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of operations and summary of significant accounting policies (Continued)

of resources - unavailable revenues taxes. Sales and utility taxes, which are collected by the Commonwealth or utilities and subsequently remitted to the City, are recognized as revenues and receivable upon collection, which is generally one or two months preceding receipt by the City. Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, state, and other grants for the purpose of funding specific expenditures, are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Revenues from general-purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when the City receives cash.

Amounts reported as *program revenues* include charges to customers or applicants for goods, services, or privileges provided, operating grants and contributions, and capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and contributions not restricted to specific programs and other revenues not meeting the definition of program revenues.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this rule include: (1) accumulated unpaid vacation leave, sick leave, and other employee amounts (e.g., other postemployment benefits), which are recognized when paid, and (2) principal and interest payments on general long-term debt, both of which are recognized when due.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's proprietary funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City presents the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City, which accounts for all financial resources not accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

Road Maintenance Fund - accounts for revenue and expenditures related to maintaining roadways City wide. Revenues are derived from the state and from the sale of service to other funds.

Consolidated Grants Fund - accounts for revenue and expenditures related to grants received from various federal and state granting agencies.

Debt Service Fund - accounts for the accumulation of resources that are restricted, committed, or assigned to the expenditure for principal and interest on the general long-term debt of the City, with the exception of the debt in the proprietary funds, and compensated absences.

The City presents the following non-major governmental funds:

Special Revenue Funds - account for proceeds of specific revenue sources restricted or committed to expenditure for a specific purpose other than debt service or capital projects. These funds consist of the Suffolk Taxing District, Downtown Business Overlay District, Law Library, Route 17 Taxing District, Transit, Cemetery, and Aviation.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of operations and summary of significant accounting policies (Continued)**Proprietary Fund Types:**

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The proprietary funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income. Proprietary funds consist of enterprise and internal service funds.

Proprietary funds distinguish *operating revenues* and expense from *non-operating items*. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the Utility Fund, Stormwater Utility Fund, Refuse Fund and the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the operating definition are reported as non-operating revenues and expenses.

The City presents the following major enterprise fund:

Utility Fund - accounts for the provision of water and sewer services. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, billing, collections, capital financing and related debt service, and capital assets.

The City presents the following non-major enterprise funds:

Stormwater Utility Fund - accounts for the maintenance and improvements to the City's stormwater infrastructure. All activities necessary to provide such services are funded by charges to citizens and are accounted for in this fund. The City's mosquito control activities are also accounted for in this fund.

Refuse Fund - accounts for the provision of refuse and waste management services. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, billing, and collections.

Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the City on a cost-reimbursement basis. The Internal Service Funds are included in governmental activities for government-wide reporting purposes.

The City has the following internal service funds:

Information Technology Fund - accounts for technology infrastructure and allocated costs to the various departments or agencies using the service.

Fleet Management Fund - accounts for, on a cost-reimbursement basis, the financing of vehicles and related maintenance, repairs and fuel costs and allocates those costs to the various departments or agencies using the equipment.

Risk Management Fund - accounts for the funding and payment of auto, personal liability, general liability, health insurance, and workers' compensation claims against the City exclusive of the School Board employees. Charges to other funds are based on estimated claims for the year.

Fiduciary Fund Types:

The City and School Board each have the following fiduciary funds:

OPEB Trust Fund - accounts for activities related to other postemployment benefits (OPEB). This fund accumulates resources for health insurance for retired employees.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of operations and summary of significant accounting policies (Continued)

Custodial Funds - Custodial Funds accounts for assets held by the City as an agent for individuals, private organization, and other governments.

Special Welfare Fund - accounts for receipt of welfare checks and foster children support checks from the state and payments made on behalf of individuals.

Commonwealth of Virginia Fund - accounts for monies collected by the City on behalf of the Commonwealth of Virginia.

D. Stewardship, Compliance, and Accountability

The provisions of the Code of Virginia shall control the preparation, consideration, adoption, and execution of the budget of the City. The City Charter requires the budget to be balanced with planned expenditures equal to revenue estimates. The City will prepare and annually update a long range (5 year) financial forecast model utilizing trend indicators and projections of annual operating revenues, expenditures, capital improvements, and related debt service and operating costs as well as fund balance levels. The City Manager, through the Budget and Finance division of the Finance Department, will exercise appropriate fiscal management as necessary to live within the limits of the adopted budget.

Financial Policies

The City's Finance Committee (the "Committee") is empowered by City Council to implement and establish various financial policies. The Committee meets on a quarterly basis to manage and review financial activities and to ensure compliance with established policies. Members of the Committee include those individuals stipulated by ordinance adopted by City Council.

It is the City's policy to fund current expenditures with current revenues and the City's mission is to strive to maintain a diversified and stable revenue stream to protect from problematic fluctuations in any single revenue source and provide stability to ongoing services. The City's unassigned fund balance in the General Fund will be maintained to provide the City with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing.

E. Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand, money market funds, certificates of deposit, and investments with maturities of three months or less.

F. Investments

Investments are reported at fair value. Interest income on investments is allocated to the appropriate funds based upon the average monthly cash balance of each fund. Interest income is accrued as earned.

G. Receivables

Receivables are shown net of an allowance for uncollectable amounts calculated by management using historical collection data, specific account analysis, and management's judgment.

H. Inventories and Prepaid Items

Inventories of materials and supplies and fuel are recorded at cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed (consumption method) on a first in, first out basis.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note I. Nature of operations and summary of significant accounting policies (Continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Leases Receivable

The City is a lessor for non-cancellable lease. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is recognized as revenue over the life of the lease term.

J. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the proprietary funds and in the government-wide financial statements to the extent the City's capitalization threshold is met.

Buildings, improvements, machinery and equipment, intangible, and infrastructure capital outlays are recorded as capital assets and depreciated over their useful lives on a straight-line basis in both the proprietary fund's and the government-wide statements.

The City's capitalization policy threshold is \$5,000. All capital assets are valued at historical costs or estimated historical cost if actual cost was not available. Donated assets are valued at their estimated acquisition value on the date donated.

The right to use assets are initially measured as an amount equal to the initial measurement of the related lease liability. The right to use assets are amortized on a straight line basis over the life of the related arrangement.

The estimated useful lives of capital assets are as follows:

| | |
|--|--------------------|
| <i>Buildings</i> | <i>40 years</i> |
| <i>Improvements other than buildings</i> | <i>15-75 years</i> |
| <i>Infrastructure</i> | <i>5-50 years</i> |
| <i>Machinery and equipment</i> | <i>3-50 years</i> |
| <i>Intangibles</i> | <i>5-10 years</i> |

Maintenance, repairs, and minor equipment less than \$5,000 are expended/expensed when incurred. Costs that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, or equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is recorded.

K. Unearned Revenues

Grants and entitlements received before the eligibility requirements are met have been recorded as unearned revenues. Unearned revenues in the government-wide statements also consists of lease payments credited for future years relating to certified capital improvements at the golf course.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of operations and summary of significant accounting policies (Continued)**L. Deferred Outflows of Resources**

Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The City's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt. The related deferred outflow is being recognized as an expense over the remaining life of the refunded debt. Deferred outflows of resources for pensions and OPEB related activities may result from changes in actuarial assumptions, differences between expected and actual experience, pension investment returns that exceed projected earnings, changes in proportionate share and contributions made subsequent to the measurement date. Changes in actuarial assumptions other than investment related are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. Contributions made subsequent to the measurement date are expensed in the following year.

M. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. Deferred inflows of resources, under the modified accrual basis of accounting, can consist of revenues which are received in advance, but are applicable to a future period, and will not be recognized until the period they become available. In governmental funds' financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenues. Deferred inflows for pensions and OPEB related activities may result from changes in actuarial assumptions, differences between the expected and actual experience, investment results and changes in proportionate share. Changes in actuarial assumptions not related to investment activity are deferred and amortized over the remaining service life of all participants and investment experience results are deferred and amortized over a closed five-year period.

Unavailable revenues in the governmental funds consists of monies that are measurable but not available for use during the current period. Property taxes receivable at June 30 but not collected within 45 days after that date, are reported as unavailable revenues in the governmental funds' financial statements. Unavailable revenues arise when assets are recognized before revenue recognition criteria can be satisfied and also when assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period.

Deferred inflows of resources recorded related to leases are recorded at the initiation of the lease in the amount equal to the initial recording of the lease receivable. The deferred inflow of resources are recognized on a straight-line basis over the term of the lease.

N. Compensated Absences

City and School Board employees are granted vacation and sick pay in varying amounts based on years of service. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at specific rates. The cost of accumulated vacation and sick pay expected to be paid from future expendable resources is accounted for as a liability in the government-wide statements and proprietary fund statements.

For governmental fund types, the amount of accumulated unpaid vacation leave is recorded as a liability of the respective fund only if it has matured, for example, as a result of employee retirement or resignation. For proprietary funds, the cost of vacation and sick leave is accrued as a liability for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash. The City considers historical use of paid leave expected to be used within the next year to determine the current and non-current portions of the compensated absences liability.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of operations and summary of significant accounting policies (Continued)

O. Long-Term Liabilities

In the government-wide and proprietary funds’ financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate Statement of Net Position. Bonds payable are reported net of the applicable bond premium or discount. Related bond issuance costs are expensed when incurred.

In the governmental funds’ financial statements, bond premiums, discounts, and bond issuance costs, are expensed when incurred. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Pension Plan

For the 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 fiduciary net position of the City’s retirement benefits and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the Virginia Retirement System (the “VRS”). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. VRS Sponsored OPEB Programs

Group Life Insurance (GLI)

The VRS GLI Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI OPEB’s net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Line of Duty Act Program (LODA)

The LODA is a multiple-employer, cost-sharing plan. The LODA 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 LODA 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 LODA Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the LODA Program OPEB, and LODA Program OPEB expense, information about the fiduciary net position of the VRS LODA Program OPEB Plan and the additions to/deductions from the VRS LODA 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.

Virginia Local Disability Program (VLDP)

The VRS VLDP is a multiple-employer, cost-sharing plan. For purposes of measuring the VLDP OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB,

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of operations and summary of significant accounting policies (Continued)

and the Teacher Employee VLDP OPEB expense, information about the fiduciary net position of the VRS VLDP and the additions to/deductions from the VLDP 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.

Teacher Employee Health Insurance Credit Program (THIC)

The VRS HIC Program is a multiple-employer, cost-sharing plan. The THIC 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 THIC 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 THIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the THIC Program OPEB expense, information about the fiduciary net position of the VRS THIC Program; and the additions to/deductions from the VRS THIC 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.

Non-Teacher Employee Health Insurance Credit Program (NTHIC)

The VRS NTHIC Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired school board non-teacher employees. The NTHIC 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 NTHIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the NTHIC Program OPEB, and the NTHIC Program OPEB expense, information about the fiduciary net position of the VRS NTHIC Program; and the additions to/deductions from the VRS Teacher Employee HIC 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.

R. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, long-term receivables.

Restricted fund balance - Restricted funds are either externally imposed (such as debt covenants, grantor, contributors or other governments) or are imposed by law (constitutionally or enabling legislations).

Committed fund balance - The City's committed funds include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision making authority - City Council. Formal Council action includes the annual adoption of the City's Budget Ordinance for the subsequent year, Council Ordinances appropriating funds and/or resources, and budget amendments to carry forward appropriations that were encumbered but unexpended at fiscal year-end. The same action of council is required to uncommit.

Assigned fund balance - Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed, in accordance with the City's financial policies. Intent can be stipulated by the governing body, or by designees with authority to assign such as the Finance Committee, or by the City Manager.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Nature of operations and summary of significant accounting policies (Continued)

Unassigned fund balance - this is the residual classification of the General Fund. Only the General Fund can report a positive "unassigned fund balance". Other governmental funds may report a negative balance in this classification.

General fund unassigned fund balance target - the ratio of General Fund unassigned fund balance as a percentage of budgeted governmental funds expenditures (net of the General Fund contribution to schools, transfer to other governmental funds, and capital projects fund expenditures) plus budgeted expenditures in the School operating and food service funds indicates the ability of the City to cope with unexpected financial problems or emergencies. The larger the general fund unassigned fund balance, the greater the City's ability to cope with financial emergencies and fluctuations in revenue cycles.

The City has a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget, using the formula stated above. The City also has a policy that any excess amounts over the 20% will be dedicated to a budget stabilization fund, until that reaches 2% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance.

The budget stabilization fund is established by City Council and will be added to as necessary each year with excess fund balance to maintain 2% of the budgeted revenue; the stabilization fund can be spent with approval of council. As of June 30, 2025, the balance is \$13,232,283.

The City considers restricted fund balance to be spent when expenditures are incurred for purposes for which restricted and any other fund balance classification is available unless prohibited by legal documents or contracts. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, the City considers committed fund balance to be spent first, followed by assigned fund balance, and lastly unassigned fund balance.

The School Board currently does not have a policy regarding whether to first apply restricted or other resources when expenditures are incurred.

S. Net Position

Net position in the government-wide and proprietary financial statements represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, and is classified as net investment in capital assets, restricted, or unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Restricted net position is reported when there are assets and deferred outflows of resources, net of related liabilities and deferred inflows of resources, that have limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

T. Component Unit-School Board Capital Asset and Debt Presentation

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction, or improvement of its capital assets. That responsibility lies with the City to issue the debt on behalf of the School Board. However, the Code of Virginia requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintaining the assets. During the construction of the School Board assets, they are reflected in the City's construction in progress balance.

In the Statement of Net Position, this scenario presents a dilemma for the City. Debt issued on behalf of the School Board is reported as a liability of the Primary Government, thereby reducing the net position of the City. The corresponding capital assets are reported as assets of the component unit - School Board (title holder), thereby increasing its net position.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Deposits and Investments**Deposits**

Deposits with banks are covered by the Federal Deposit Insurance Corporation (the "FDIC") and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

The City's investments are subject to credit risk, concentration of credit risk, and interest rate risk as described below. The City's investments are not subject to custodial risk or foreign currency risk.

Credit Risk

Credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. If a credit quality disclosure is required and the investment is unrated, the disclosure should indicate that fact.

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (the "World Bank"), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (the "LGIP"), and the State Non-Arbitrage Program (the "SNAP").

The City's policy emphasizes the use of securities of high credit quality and marketability, and follows statute, but does not specify minimum credit ratings.

The Virginia Pooled OPEB Trust Fund's investments are not restricted to fixed-income securities but rather are commingled across sectors and include investments in fixed-income securities, equity securities, and real assets. Credit quality disclosure is not required for the Virginia Pooled OPEB Trust Fund.

Interest Rate Risk

Interest rate risk is the risk that change in interest rates will adversely affect the fair value of an investment.

The City Treasurer's policy states that the investment portfolio shall be designed to attain a market rate of return, taking into account investment risk constraints and liquidity needs.

The portfolio shall be structured so that securities mature concurrent with estimated cash needs and remain sufficiently liquid to meet anticipated operating requirements. Investment of current operating funds shall have maturities of no longer than 24 months.

Interest rate risk does not apply to the SNAP pooled investments. Investments held in the Virginia Pooled OPEB Trust Fund are not restricted to fixed-income securities but rather are commingled across sectors and include investments in fixed-income securities, equity securities and real assets. Interest rate disclosures for the Virginia Pooled Trust fund is not required.

External Investment Pool

The SNAP is an open-end management investment company registered with the Securities and Exchange Commission (the "SEC"). The fair value of the positions in the SNAP is the same as the net asset value of the pool shares.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. Investments in external investment pools are excluded from the concentration of credit risk disclosure requirements. 100% of the City’s investments at June 30 were with SNAP. These investments were not considered by management to represent a risk to the City.

Fair Value Disclosures

Fair value disclosures related to the Virginia Pooled OPEB Trust Fund are as follows:

Portfolio I: The fair value of portfolio I is determined using the NAV per share of the investments. Portfolio I is an external investment pool and is constructed to achieve an expected rate of return of approximately 7.5%. This objective is achieved by weighting the asset allocation more heavily towards equities and real assets, an allocation that tends to have greater market volatility than a portfolio weighted more heavily towards fixed income. The portfolio includes investments diversified across fixed-income, equities, and real assets. Participant redemptions may be made to pay authorized OPEB expenses. Participant withdrawals are redeemable quarterly and require a ninety-day written notice.

Portfolio II: The fair value of Portfolio II is determined using the NAV per share of investments. Portfolio II is an external investment pool and is constructed to achieve an expected rate of return of approximately 6.0% and to experience less volatility by allocating a greater weight to fixed-income investments than equity investments. The portfolio includes investments diversified across fixed-income, equities, and real assets. Participant redemptions may be made to pay authorized OPEB expenses. Participant withdrawals are redeemable quarterly and require a ninety-day written notice.

Restricted Cash

The City has restricted cash as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Primary Government</u> |
|--|------------------------------------|-------------------------------------|---------------------------|
| Unspent debt proceeds | \$ 59,112,166 | \$ 17,070,157 | \$ 76,182,323 |
| Cemetery | 971,323 | - | 971,323 |
| Escrow/bond interest/customer deposits | 14,612,891 | - | 14,612,891 |
| Other external purposes | 12,758,432 | 3,187,583 | 15,946,015 |
| Total | <u>\$ 87,454,812</u> | <u>\$ 20,257,740</u> | <u>\$ 107,712,552</u> |

Cash and Cash Equivalents

| | <u>Component Units</u> | | |
|---------------------------------------|---------------------------|----------------------|---|
| | <u>Primary Government</u> | <u>School Board</u> | <u>Economic Development Authority</u> |
| Deposits and Investments: | | | |
| SNAP | \$ 76,182,323 | \$ - | \$ - |
| Deposits | 451,709,825 | 34,899,110 | 6,983,000 |
| | <u>\$ 527,892,148</u> | <u>\$ 34,899,110</u> | <u>\$ 6,983,000</u> |
| Statement of Net Position: | | | |
| Cash and cash equivalents | 420,179,596 | 34,899,110 | 4,817,016 |
| Cash and cash equivalents, restricted | 107,712,552 | - | 2,165,992 |
| Total | <u>\$ 527,892,148</u> | <u>\$ 34,899,110</u> | <u>\$ 6,983,008</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Receivables

Receivables are as follows:

| | Governmental Activities | | | | | | Total |
|----------------------------|-------------------------|---------------------|------------------|--------------------------|------------------------------|------------------------|----------------------|
| | General | Capital Projects | Road Maintenance | Consolidated Grants Fund | Non-Major Governmental Funds | Internal Service Funds | |
| Taxes | \$ 13,628,372 | \$ - | \$ - | \$ - | \$ 17,825 | \$ - | \$ 13,646,197 |
| Accounts | 5,190,584 | - | 43,387 | 1,155,031 | 137,223 | 149,711 | 6,675,936 |
| Due from other governments | 2,520,160 | 7,557,598 | - | 3,699,090 | - | - | 13,776,848 |
| Leases | 4,229,931 | - | - | - | 355,195 | 868,878 | 5,454,004 |
| Subtotal | 25,569,047 | 7,557,598 | 43,387 | 4,854,121 | 510,243 | 1,018,589 | 39,552,985 |
| Less Allowance | (9,302,412) | - | - | - | (6,379) | - | (9,308,791) |
| Receivables, net | <u>\$ 16,266,635</u> | <u>\$ 7,557,598</u> | <u>\$ 43,387</u> | <u>\$ 4,854,121</u> | <u>\$ 503,864</u> | <u>\$ 1,018,589</u> | <u>\$ 30,244,194</u> |

| | Business-type Activities | | | Component Unit - School Board |
|------------------|--------------------------|----------------------------|----------------------|-------------------------------|
| | Utilities | Non-Major Enterprise Funds | Total | |
| Accounts | \$ 10,407,869 | \$ 1,723,539 | \$ 12,131,408 | \$ 506,368 |
| Less Allowance | (382,365) | (627,370) | (1,009,735) | - |
| Receivables, net | <u>\$ 10,025,504</u> | <u>\$ 1,096,169</u> | <u>\$ 11,121,673</u> | <u>\$ 506,368</u> |

Allowances for Uncollectible Accounts

The City calculates its allowances for uncollectible receivables using historical collection data and specific account analysis. The receivables shown on the Statement of Net Position are presented net of the following allowances for doubtful accounts:

| | Governmental Activities | Business-type Activities |
|---|-------------------------|--------------------------|
| General Fund - Taxes receivable | \$ 7,903,122 | \$ - |
| General Fund - EMS receivable | 1,399,290 | - |
| Non-major Funds - Taxes receivable | 6,379 | - |
| Utility Fund - Accounts receivable | - | 382,365 |
| Non-major Proprietary Funds - Accounts receivable | - | 627,370 |
| | <u>\$ 9,308,791</u> | <u>\$ 1,009,735</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Receivables (Continued)

Property Taxes – Property taxes are levied as of January 1 for personal property for the current calendar year and as of July 1 for real estate for the current year, based on the assessed value the related property as of the date. The City’s legal right to collect property taxes attaches each year when the rates are approved and the taxes are assessed. Real estate taxes are collectible twice a year, on December 5 and June 5. Personal property taxes are due on December 5. Amounts not collected within 45 days after the end of the fiscal year are reflected as unearned revenues in the General Fund. A lien is created when the real estate taxes are levied and, after three years, it becomes enforceable by judicial sale of the property.

City as a Lessor – Leases and Public Private Partnership Receivable:

The City has recorded over seventy (70) leases where the City is a lessor, ranging in terms from 5-20 years. The revenues are received for leasing airport hangars, a Golf Course property, farmland, and communications antenna space. The discount rate for all leases is based on the average of the City’s Municipal Market Data (MMD) rate. The discount rates assigned to each lease is the average MMD rate from 7/1/2023 – 02/01/2024 and the number of years of the lease. The lease is measured at the present value of future minimum lease payments expected to be received during the lease term at a discount rate equal to the average MMD rate for the City. At June 30, 2025, the City recorded a receivable related to leases and a public private partnership in the amount of \$5,454,004 with a corresponding deferred inflow of resources in the amount of \$6,464,303. The City also received donated land improvements in conjunction with its Public Private Partnership. The City will recognize revenue related to the lease payments and land improvements over the remaining term of the lease agreement which is currently expected to end in 2035.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Due from Other Government

Due from other governments in the fund statements are as follows:

Primary Government:

| | <u>General</u> | <u>Capital Projects</u> | <u>Consolidated Grants</u> | <u>Total</u> |
|------------------------------------|---------------------|-----------------------------|--------------------------------|----------------------|
| Commonwealth of Virginia: | | | | |
| State sales tax | \$ 1,570,588 | \$ - | \$ - | \$ 1,570,588 |
| Communication sales tax | 188,868 | - | - | 188,868 |
| Various other state aid and grants | 222,781 | 1,180,848 | 1,979,908 | 3,383,537 |
| | <u>1,982,237</u> | <u>1,180,848</u> | <u>1,979,908</u> | <u>5,142,993</u> |
| Federal Government: | | | | |
| Various grants | 537,923 | 6,376,750 | 1,719,182 | 8,633,855 |
| | <u>537,923</u> | <u>6,376,750</u> | <u>1,719,182</u> | <u>8,633,855</u> |
| Total due from other governments | <u>\$ 2,520,160</u> | <u>\$ 7,557,598</u> | <u>\$ 3,699,090</u> | <u>\$ 13,776,848</u> |

Component Unit - School Board:

| | <u>Total</u> |
|---|---------------------|
| Commonwealth of Virginia: | |
| State technology | \$ 27,200 |
| Dual Enrollment | 1,002 |
| Security Equipment Grant | 218,328 |
| Sales tax | 1,931,641 |
| | <u>2,178,171</u> |
| Federal Government: | |
| School improvement grant | 171,780 |
| Title I | 1,101,774 |
| Title II | 179,792 |
| Title III | 10,093 |
| Title IV-A | 41,581 |
| Title VI-B | 473,486 |
| USDA reimbursement meals | 1,114,481 |
| Various grants | 421,319 |
| | <u>3,514,306</u> |
| Local | <u>30,672</u> |
| Total due from other governments | <u>\$ 5,723,149</u> |



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 5. Interfund Transactions

| | Transfers In | | | | | Transfers Out |
|------------------------------|----------------------|----------------------|---------------------|----------------------|-----------------------------|----------------------|
| | General Fund | Capital Projects | Consolidated Grants | Debt Service | Nonmajor Governmental Funds | |
| General fund | \$ - | \$ 24,391,738 | \$ 561,921 | \$ 31,236,542 | \$ 598,450 | \$ 56,788,651 |
| Road Maintenance | 7,757,572 | 8,530 | - | 1,334,809 | - | 9,100,911 |
| Non-major Governmental Funds | 257,603 | 1,286,703 | - | 370,586 | - | 1,914,892 |
| Utility Fund | 847,721 | - | - | - | - | 847,721 |
| Non-major enterprise funds | 702,730 | - | - | - | - | 702,730 |
| Internal service funds | 640,061 | - | - | - | - | 640,061 |
| Total | <u>\$ 10,205,687</u> | <u>\$ 25,686,971</u> | <u>\$ 561,921</u> | <u>\$ 32,941,937</u> | <u>\$ 598,450</u> | <u>\$ 69,994,966</u> |

Transfers are used to (1) move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Note 6. Transactions between Primary Government and Component Units

Significant Transactions of the City and Component Unit - School Board

Certain transactions between the City and School Board are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements.

1. The School Board can neither levy taxes nor incur debt under Virginia Law. Therefore, the City issues debt “on behalf” of the School Board. The debt obligation is recorded as a liability of the City. The proceeds from the debt issued “on behalf” of the School Board are recorded in the City’s General Fund. This fund then accounts for capital expenditures relating to major school construction projects.
2. Debt service payments for school related bonded debt are reported as part of the City in the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund.
3. If all economic resources associated with school activities were reported with the School Board, its total expenditures would be as follows:

| | |
|---|-----------------------|
| Expenditures of School Board - Component Unit | \$ 228,895,572 |
| Repayment of School Board debt | <u>11,653,944</u> |
| | <u>\$ 240,549,516</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 7. Capital Assets

The following is a summary of governmental activities' capital asset activity:

| | Governmental Activities | | | Ending Balance |
|---|-------------------------|-----------------------|----------------------|-----------------------|
| | Beginning Balance | Increases | Decreases | |
| Capital assets, non-depreciable: | | | | |
| Land and improvements ⁽¹⁾ | \$ 25,173,661 | \$ 807,252 | \$ - | \$ 25,980,913 |
| Construction in progress ⁽²⁾ | 246,840,797 | 112,870,951 | 13,194,996 | 346,516,752 |
| Total capital asset, non-depreciable | <u>272,014,458</u> | <u>113,678,203</u> | <u>13,194,996</u> | <u>372,497,665</u> |
| Capital assets, depreciable: | | | | |
| Buildings | 134,310,281 | 56,351 | - | 134,366,632 |
| Infrastructure | 451,816,380 | 5,553,986 | - | 457,370,366 |
| Improvements other than buildings | 71,402,769 | 160,429 | - | 71,563,198 |
| Machinery and equipment | 130,786,571 | 15,939,282 | 2,864,637 | 143,861,216 |
| Right-to-use leased assets | | | | |
| Land | 1,602,300 | | 224,189 | 1,378,111 |
| Buildings | 18,381,462 | 397,064 | - | 18,778,526 |
| Machinery and equipment | 7,850,812 | - | - | 7,850,812 |
| Right-to-use subscription assets | 636,512 | 81,978 | - | 718,490 |
| Intangibles | 7,796,137 | 1,729,225 | - | 9,525,362 |
| Total capital asset, depreciable | <u>824,583,224</u> | <u>23,918,315</u> | <u>3,088,826</u> | <u>845,412,713</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings | 50,979,351 | 3,048,657 | - | 54,028,008 |
| Infrastructure | 250,432,996 | 7,901,255 | - | 258,334,251 |
| Improvements other than buildings | 23,799,035 | 2,393,836 | - | 26,192,871 |
| Machinery and equipment | 94,975,258 | 6,400,624 | 2,529,946 | 98,845,936 |
| Right-to-use leased assets | | | | |
| Land | 1,461,789 | 13,551 | 14,471 | 1,460,869 |
| Buildings | 2,440,909 | 1,051,696 | - | 3,492,605 |
| Machinery and equipment | 3,920,532 | 1,543,929 | 1,198,306 | 4,266,155 |
| Right-to-use subscription assets | 295,097 | 160,333 | - | 455,430 |
| Intangibles | 4,192,763 | 568,852 | - | 4,761,615 |
| Total accumulated depreciation/amortization | <u>432,497,730</u> | <u>23,082,733</u> | <u>3,742,723</u> | <u>451,837,740</u> |
| Total capital assets, depreciable, net | <u>392,085,494</u> | <u>835,582</u> | <u>(653,897)</u> | <u>393,574,973</u> |
| Governmental activities capital assets, net | <u>\$ 664,099,952</u> | <u>\$ 114,513,785</u> | <u>\$ 12,541,099</u> | <u>\$ 766,072,638</u> |

⁽¹⁾ Increases in Land and land improvements includes donated land improvements.

⁽²⁾ Decreases in Construction in progress includes assets the City no longer holds title to.

The following is a summary of depreciation expense charged to various functions:

| | |
|---------------------------------|----------------------|
| Governmental Activities: | |
| General government | \$ 3,574,278 |
| Judicial administration | 40,146 |
| Public safety | 3,201,573 |
| Public works | 11,863,190 |
| Community development | 1,050,665 |
| Parks, recreation, and cultural | 3,352,881 |
| | <u>\$ 23,082,733</u> |

Governmental activities includes depreciation of \$2,677,816 for the Fleet Maintenance fund, \$47,748 for the Risk Management fund, and \$1,152,832 for Information Technology fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 7. Capital Assets (Continued)

The following is a summary of Business-type Activities capital asset activity:

| | Business-type Activities | | | Ending Balance |
|---|--------------------------|----------------------|----------------------|-----------------------|
| | Beginning Balance | Increases | Decreases | |
| Capital assets, non-depreciable: | | | | |
| Land and improvements | \$ 4,675,235 | \$ 17,902 | \$ - | \$ 4,693,137 |
| Construction in progress | 22,763,946 | 17,050,065 | 3,262,299 | 36,551,712 |
| Total capital asset, non-depreciable | <u>27,439,181</u> | <u>17,067,967</u> | <u>3,262,299</u> | <u>41,244,849</u> |
| Capital Assets, Depreciable: | | | | |
| Buildings | 109,451,123 | 1,254,647 | 400,000 | 110,305,770 |
| Infrastructure | 2,653,062 | - | - | 2,653,062 |
| Improvements other than buildings | 440,346,130 | 13,107,083 | 9,515,401 | 443,937,812 |
| Machinery and equipment | 127,708,318 | 3,634,620 | 1,579,556 | 129,763,382 |
| Right-to-use leased assets | | | | |
| Machinery and equipment | 5,538,451 | - | 97,691 | 5,440,760 |
| Intangibles | 19,383,005 | - | - | 19,383,005 |
| Total capital asset, depreciable | <u>705,080,089</u> | <u>17,996,350</u> | <u>11,592,648</u> | <u>711,483,791</u> |
| Less Accumulated Depreciation/Amortization for: | | | | |
| Buildings | 39,948,311 | 2,414,417 | - | 42,362,728 |
| Infrastructure | 4,160 | 35,046 | - | 39,206 |
| Improvements other than buildings | 146,558,782 | 8,700,551 | - | 155,259,333 |
| Machinery and equipment | 66,894,104 | 4,631,870 | 142,726 | 71,383,248 |
| Right-to-use leased assets | | | | |
| Machinery and equipment | 2,759,568 | 942,646 | 97,690 | 3,604,524 |
| Intangibles | 14,518,914 | 288,703 | - | 14,807,617 |
| Accumulated Depreciation/Amortization, Net | <u>270,683,839</u> | <u>17,013,233</u> | <u>240,416</u> | <u>287,456,656</u> |
| Capital Assets, Depreciable, Net | <u>434,396,250</u> | <u>983,117</u> | <u>11,352,232</u> | <u>424,027,135</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 461,835,431</u> | <u>\$ 18,051,084</u> | <u>\$ 14,614,531</u> | <u>\$ 465,271,984</u> |

The following is a summary of Component Unit – School Board capital asset activity:

| | Component Unit - School Board | | | Ending Balance |
|---|-------------------------------|-----------------------|------------------|-----------------------|
| | Beginning Balance | Increases | Decreases | |
| Capital Assets, Non-Depreciable: | | | | |
| Land | \$ 6,387,523 | \$ - | \$ - | \$ 6,387,523 |
| Total Capital Assets, Non-Depreciable | <u>6,387,523</u> | <u>-</u> | <u>-</u> | <u>6,387,523</u> |
| Capital Assets, Depreciable: | | | | |
| Buildings | 260,089,762 | - | 412,600 | 259,677,162 |
| Improvements other than buildings | 23,219,167 | - | 26,600 | 23,192,567 |
| Machinery and equipment | 68,215,393 | 3,826,869 | 9,042,362 | 62,999,900 |
| Total Capital Assets, Depreciable | <u>351,524,322</u> | <u>3,826,869</u> | <u>9,481,562</u> | <u>345,869,629</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | 129,875,105 | 5,030,717 | 387,412 | 134,518,410 |
| Improvements other than buildings | 15,068,490 | 675,812 | 26,600 | 15,717,702 |
| Machinery and equipment | 52,591,360 | 4,765,606 | 8,992,631 | 48,364,335 |
| Total Accumulated Depreciation | <u>197,534,955</u> | <u>10,472,135</u> | <u>9,406,643</u> | <u>198,600,447</u> |
| Totals Capital Assets, Depreciable | <u>153,989,367</u> | <u>(6,645,266)</u> | <u>74,919</u> | <u>147,269,182</u> |
| Component Unit - School Board Capital Assets, Net | <u>\$ 160,376,890</u> | <u>\$ (6,645,266)</u> | <u>\$ 74,919</u> | <u>\$ 153,656,705</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 8. Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Portion of Balance</u> |
|----------------------------------|------------------------------|----------------------|----------------------|---------------------------|---------------------------------------|
| Governmental Activities: | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation bonds | \$ 292,349,497 | \$ 10,040,000 | \$ 23,449,497 | \$ 278,940,000 | \$ 24,140,000 |
| Direct borrowing | 2,920,000 | - | 415,000 | 2,505,000 | 415,000 |
| Bond premiums | 17,255,850 | 586,444 | 1,735,505 | 16,106,789 | 1,730,059 |
| | <u>312,525,347</u> | <u>10,626,444</u> | <u>25,600,002</u> | <u>297,551,789</u> | <u>26,285,059</u> |
| Lease liabilities | 18,983,045 | 397,064 | 1,453,388 | 17,926,721 | 1,990,414 |
| Subscription liabilities | 260,882 | | 35,432 | 225,450 | 112,836 |
| Compensated absences payable* | 16,886,767 | 1,417,487 | - | 18,304,254 | 8,187,870 |
| Claims payable | 5,901,794 | 558,724 | - | 6,460,518 | 2,941,927 |
| Arbitrage payable | 914,000 | 4,848,321 | - | 5,762,321 | - |
| Net pension liability | 40,080,709 | 34,219,023 | 34,078,690 | 40,221,042 | - |
| Net OPEB liability state plans | 14,161,430 | 12,948,966 | 12,128,780 | 14,981,616 | - |
| | <u>97,188,627</u> | <u>54,389,585</u> | <u>47,696,290</u> | <u>103,881,922</u> | <u>13,233,047</u> |
| Total governmental activities | <u>\$ 409,713,974</u> | <u>\$ 65,016,029</u> | <u>\$ 73,296,292</u> | <u>\$ 401,433,711</u> | <u>\$ 39,518,106</u> |
| Business-Type Activities: | | | | | |
| Bonds and notes payable: | | | | | |
| General obligation bonds | \$ 146,285,503 | \$ - | \$ 8,840,503 | 137,445,000 | \$ 9,020,000 |
| Revenue bonds | 190,401,000 | - | 5,616,000 | 184,785,000 | 6,070,000 |
| Direct borrowing | 11,456,000 | 4,795,000 | 1,340,000 | 14,911,000 | 1,317,000 |
| Bond premiums | 13,675,621 | - | 447,403 | 13,228,218 | 447,403 |
| | <u>361,818,124</u> | <u>4,795,000</u> | <u>16,243,906</u> | <u>350,369,218</u> | <u>16,854,403</u> |
| Lease liabilities | 2,812,188 | 109,144 | 1,116,676 | 1,804,656 | 914,109 |
| Compensated absences payable* | 1,862,225 | 89,036 | - | 1,951,261 | 969,917 |
| Arbitrage payable | - | 729,962 | - | 729,962 | - |
| Net pension liability | 5,605,527 | 5,154,103 | 5,128,480 | 5,631,150 | - |
| Net OPEB liability state plans | 507,853 | 228,304 | 271,312 | 464,845 | - |
| | <u>507,853</u> | <u>228,304</u> | <u>271,312</u> | <u>464,845</u> | <u>-</u> |
| Total business-type activities | <u>\$ 372,605,917</u> | <u>\$ 11,105,549</u> | <u>\$ 22,760,374</u> | <u>\$ 360,951,092</u> | <u>\$ 18,738,429</u> |

*Beginning balances adjusted for GASB 101 Compensated Absences implementation

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 8. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows:

| | <u>Issue Date</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Authorized and Issued</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|---|-------------------|-----------------------|----------------------|------------------------------|--------------------------------|---------------------------------|
| Bonds Payable: | | | | | | |
| Direct borrowing | | | | | | |
| 2011 VPSA Local School Bond | 12/15/11 | 06/30/31 | 4.97 | 7,500,000 | 2,505,000 | - |
| General Obligation | | | | | | |
| 2015 Public Improvement and Refunding Bonds | 07/08/15 | 02/01/35 | 2.00-5.00 | 41,170,000 | 4,415,000 | - |
| 2016 Public Improvement and Refunding Bonds | 07/14/16 | 02/01/36 | 1.50-5.00 | 51,085,000 | 31,060,000 | - |
| 2016 Taxable Refunding Bonds | 07/14/16 | 02/01/35 | 1.10-4.00 | 25,745,000 | 13,615,000 | - |
| 2017A Public Improvement and Refunding Bonds | 07/27/17 | 02/01/42 | 3.125-5.00 | 69,775,000 | 20,320,000 | 31,290,000 |
| 2017B Taxable Refunding Bonds | 07/27/17 | 02/01/32 | 2.25-3.36 | 20,245,000 | - | 18,265,000 |
| 2018 Public Improvement Bonds | 08/14/18 | 02/01/38 | 2.95 - 5.00 | 18,530,000 | 14,225,000 | - |
| 2019 Public Improvement Bonds | 09/26/19 | 02/01/40 | 2.50 - 5.00 | 21,705,000 | 16,620,000 | 305,000 |
| 2019B Taxable Refunding Bonds | 09/26/19 | 02/01/33 | 1.87 - 2.76 | 52,335,000 | 21,355,000 | 15,870,000 |
| 2020A Public Improvement Bonds | 09/15/20 | 02/01/41 | 1.125 - 5.00 | 25,635,000 | 20,765,000 | - |
| 2020AB Public Improvement and Refunding bonds | 09/15/20 | 02/01/42 | 0.18 - 2.41 | 115,800,000 | 28,770,000 | 70,820,000 |
| 2021A Public Improvement Bonds | 10/05/21 | 02/01/42 | 1.625 - 5.00 | 27,305,000 | 25,210,000 | - |
| 2021AB Public Improvement and Refunding Bonds | 10/05/21 | 02/01/35 | 0.10 - 2.00 | 18,970,000 | 16,805,000 | 895,000 |
| 2022 Public Improvement Bonds | 08/24/22 | 02/01/43 | 4.00 - 5.00 | 27,735,000 | 26,785,000 | - |
| 2023 Public Improvement Bonds | 10/17/23 | 06/30/44 | 4.38 - 5.00 | 28,955,000 | 28,955,000 | - |
| 2024 Public Improvement Bonds | 9/18/24 | 02/01/45 | 4.31 | 10,040,000 | 10,040,000 | - |
| 2024 Literary Loan | | | | 25,000,000 * | | |
| Total general obligation bonds | | | | | <u>281,445,000</u> | <u>137,445,000</u> |

*Authorized debt pending issuance

Details of long-term indebtedness are as follows (continued):

| | <u>Issue Date</u> | <u>Final Maturity</u> | <u>Interest Rate</u> | <u>Authorized and Issued</u> | <u>Business-Type Activities</u> |
|---------------------------------------|-------------------|-----------------------|----------------------|------------------------------|---------------------------------|
| Bonds Payable: | | | | | |
| Pledged Revenue Bonds: | | | | | |
| 2015B VRA Revenue and Refunding Bonds | 11/18/15 | 10/01/45 | 3.12-5.12 | 81,125,000 | 31,455,000 |
| 2016C VRA Revenue and Refunding Bonds | 11/16/16 | 10/21/43 | 2.12-5.12 | 92,795,000 | 74,660,000 |
| 2017C VRA Revenue Bonds | 11/01/17 | 10/01/42 | 3.012-5.125 | 14,355,000 | 12,330,000 |
| 2019 VRA Refunding Bonds (a) | 08/08/19 | 10/01/25 | 1.88 | 4,854,000 | 825,000 |
| 2020 VRA Revenue Bonds | 07/22/20 | 10/01/46 | 2.125 - 5.125 | 14,020,000 | 12,705,000 |
| 2020 VRA Refunding Bonds | 10/27/20 | 10/01/45 | 0.374 - 2.954 | 41,585,000 | 38,980,000 |
| 2021 VRA Refunding Bonds | 11/17/21 | 10/01/37 | 1.485 - 2.818 | 15,190,000 | 14,655,000 |
| Pledged Stormwater Revenue Bonds: | | | | | |
| 2022 Stormwater Revenue Bonds | 08/23/22 | 11/01/41 | 3.39 | 4,955,000 | 4,571,000 |
| 2023 Stormwater Revenue Bonds | 11/15/23 | 04/01/44 | 4.429-5.125 | 4,865,000 | 4,720,000 |
| 2024 Stormwater Revenue Bonds | 11/19/24 | 04/01/42 | 5.125 | 4,795,000 | 4,795,000 |
| Total pledged revenue bonds | | | | | <u>\$ 199,696,000</u> |

(a) Indicates the bond is a direct placement or borrowing

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 8. Long-Term Liabilities

The annual requirements to amortize long-term debt and related interest as follows:

| Year(s) Ending June 30, | Governmental Activities | | | |
|-------------------------|--------------------------|----------------------|--|---------------------|
| | General Obligation Bonds | | Bonds from direct borrowings or placements | |
| | Principal | Interest | Principal | Interest |
| 2026 | \$ 24,140,000 | \$ 8,759,055 | \$ 415,000 | \$ 318,750 |
| 2027 | 24,185,000 | 7,628,407 | 415,000 | 318,750 |
| 2028 | 24,125,000 | 6,877,708 | 415,000 | 318,750 |
| 2029 | 20,435,000 | 6,144,529 | 420,000 | 318,750 |
| 2030 | 20,085,000 | 5,493,165 | 420,000 | 318,750 |
| 2031-2035 | 92,435,000 | 18,597,258 | 420,000 | 159,375 |
| 2036-2040 | 50,910,000 | 7,826,488 | - | - |
| 2041-2044 | 22,625,000 | 1,659,525 | - | - |
| | <u>\$ 278,940,000</u> | <u>\$ 62,986,135</u> | <u>\$ 2,505,000</u> | <u>\$ 1,753,125</u> |

| Business-type Activities: Year(s) Ending June 30, | Business-type Activities | | | | | |
|--|---------------------------|----------------------|-----------------------|----------------------|-------------------------------------|---------------------|
| | General Obligations Bonds | | Revenue Bonds | | Revenue Bonds from Direct Placement | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2026 | 9,020,000 | 3,221,113 | 6,070,000 | 6,167,828 | 1,317,000 | 616,663 |
| 2027 | 9,235,000 | 3,033,958 | 7,210,000 | 5,882,894 | 519,000 | 586,567 |
| 2028 | 8,195,000 | 2,818,290 | 8,505,000 | 5,590,730 | 541,000 | 563,091 |
| 2029 | 8,810,000 | 2,654,700 | 8,385,000 | 5,308,030 | 569,000 | 538,464 |
| 2030 | 9,010,000 | 2,479,458 | 8,650,000 | 5,026,712 | 592,000 | 512,669 |
| 2031-2035 | 46,745,000 | 16,740,198 | 47,075,000 | 14,035,865 | 3,398,000 | 2,131,742 |
| 2036-2040 | 37,500,000 | 11,509,398 | 66,505,000 | 4,572,055 | 4,236,000 | 1,286,166 |
| 2041-2045 | 8,930,000 | 999,834 | 29,345,000 | 1,619,870 | 3,739,000 | 342,375 |
| 2046-2050 | - | - | 3,040,000 | 58,797 | - | - |
| | <u>\$ 137,445,000</u> | <u>\$ 43,456,949</u> | <u>\$ 184,785,000</u> | <u>\$ 48,262,781</u> | <u>\$ 14,911,000</u> | <u>\$ 6,577,737</u> |

School Board Long-Term Liabilities:

Following is a summary of changes in noncurrent liabilities of the School Board for the year ended June 30, 2025:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------------|-----------------------|---------------------|-----------------------|-----------------------|---------------------|
| Component Unit - School Board | | | | | |
| Other postemployment benefits, net | \$ 16,768,684 | \$ - | \$ (878,319) | \$ 15,890,365 | \$ - |
| Net pension liability | 93,792,839 | - | (5,435,501) | 88,357,338 | - |
| Compensated absences | 15,001,719 | 1,857,456 | - | 16,859,175 | 7,634,023 |
| Total School Board activities | <u>\$ 125,563,242</u> | <u>\$ 1,857,456</u> | <u>\$ (6,313,820)</u> | <u>\$ 121,106,878</u> | <u>\$ 7,634,023</u> |

Pledge-Revenue Bond Restrictions:

The City's Utility fund has outstanding obligations with VRA for which revenue has been pledged to secure the obligations. The net revenues of the Utility Fund have been pledged to meet the debt service requirement of these bonds. The bonds have been issued to finance the capital improvements and construction of the water

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 8. Long-Term Liabilities (Continued)

and sewer systems. The total amount remaining debt service to be paid over the life of these VRA bonds is \$248,353,914 through 2047.

In accordance with the master trust indenture, the revenue covenant has been met for the pledged-revenue bonds. Net revenues are required to be no less than greater of (i) the sum of 1.5 times senior debt service and 1.0 times subordinate debt service for the fiscal year (ii) net revenues are not less than 1.0 times the funding requirements for transfers from the revenue fund to the bond fund, the parity debt service fund, the debt service reserve fund, the subordinate debt service fund, the repair and replacement reserve fund, and the rate stabilization fund. This coverage ratio for the current year is 2.95, which exceeds the requirement. Furthermore, there has been no occurrence of any condition or event which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default within the terms of the master trust indenture.

The City's Stormwater fund has outstanding revenue bonds for which revenue has been pledged to secure the obligations. The net revenues of the Stormwater Fund have been pledged to meet the debt service requirement of these bonds. The bonds have been issued to finance the capital improvements of the Stormwater Utility system. The total amount remaining debt service to be paid over the life of these revenue bonds is \$20,655,983 through 2046.

In accordance with the master trust indenture, the revenue covenant has been met for the pledged-revenue bonds. Net revenues are required to be no less than greater of (i) the sum of 1.5 times senior debt service and 1.0 times subordinate debt service for the fiscal year (ii) net revenues are not less than 1.0 times the funding requirements for transfers from the revenue fund to the bond fund, the parity debt service fund, the debt service reserve fund, the subordinate debt service fund, the repair and replacement reserve fund, and the rate stabilization fund. This coverage ratio for the current year is 14.44, which exceeds the requirement. Furthermore, there has been no occurrence of any condition or event which constitutes, or which, with notice or lapse of time, or both, would constitute an event of default within the terms of the master trust indenture.

General Obligation Bonds and the Legal Debt Limit:

General Fund revenues are used to pay all general long-term liabilities. The City retains the liability for the portion of general obligation bonds issued to fund capital projects of the School Board.

The General Fund has a contingent liability for repayment of the general obligation bonds outstanding in the Utility Fund, from which repayment is anticipated, should the Utility Fund be unable to do so. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

The Commonwealth of Virginia imposes a legal limit of 10% of the assessed valuation of taxable real property on the amount of general obligation borrowing which may be outstanding by the City. The City has independently set a lower debt limit of 7% of the assessed valuation. As of June 30, 2025, the City's aggregate general obligation indebtedness is approximately \$1.29 billion less than the Commonwealth's limit and \$768.5 million less than the City's independent limit.

Direct Borrowings or Placements:

The City has outstanding bonds from direct borrowings and placement related to governmental activities and Business-type activities of \$2,505,000 and \$14,911,000 respectively. The full faith and credit of the City's or the pledged revenue of the Utility or Stormwater fund secure all of the bonds from direct borrowings. A portion of the direct borrowing bonds in the amount of \$2,505,000 are bonds issued with the Virginia Public School Authority (VPSA). These VPSA bonds contain 1) a provision that if a default exists the governor of the State of Virginia may intercept other state aid to the City to pay the bonds and 2) a clause that allows the lender to require redemption in whole or part if it is necessary to maintain the bonds as qualified tax credit bonds, the lender may, with 90 days

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 8. Long-Term Liabilities (Continued)

written notice require redemption if there are amendments to the applicable tax section or there is a reduction or elimination of the refundable credit received by the lender.

Commonwealth of Virginia Literary Fund—Authorized Literary Loan (Undrawn)

2024 Literary Loan (\$25M Authorized)

In February 2023, the City adopted a resolution approving an application to the Commonwealth of Virginia’s Literary Fund and providing initial authorization for the issuance of general obligation bonds by the City of Suffolk, Virginia, as evidence of a loan from the Literary Fund in an amount up to \$25 million to finance the design, acquisition, construction, and equipping of a replacement facility for John F. Kennedy Middle School and to pay related costs.

As of June 30, 2025, no funds had been drawn under this authorization; therefore, no liability is recorded in the financial statements. Final authorization and issuance of the bonds will require a public hearing and City Council approval through the adoption of a subsequent ordinance in accordance with the Virginia Public Finance Act.

The City incurs and reports the related debt for school capital projects; the School Division is a component unit and does not issue debt.

Prior Year Defeasances:

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City’s financial statements. At June 30, 2025, the balance of these defeased bonds was \$47,220,000.

Lease Liability:

The City has entered into various agreements to lease certain equipment, buildings, office space and land. The lease agreements have been recorded at the present value of the expected lease payments as of the date of each lease inception. The agreements have varying contractual dates.

The discount rate is based on the average of the City’s Municipal Market Data (MMD) rate. The discount rate assigned to each lease is the average MMD rate at the time of lease signing and the number of years of the lease.

The detail for the City’s lease agreements are contained below:

| Lease Classification | End Dates | Number of Individual Leases |
|-----------------------------|-----------------------------------|------------------------------------|
| Buildings | 6/30/2035 & 5/31/2044, 12/21/2028 | 3 |
| Land | 6/30/2026 & 6/30/2025 | 2 |
| Copiers | 2/28/2025, 4/30/2025, 6/30/2025 | 325 |
| Generators | Various Through 2032 | 68 |
| Public Safety Equipment | 8/31/2026 & 6/30/2026 | 2 |
| Mailing Equipment | Various through 2026 | 6 |
| Buildings | 6/30/2035 & 5/31/2044 | 2 |
| Land | 6/30/2026 | 2 |



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 8. Long-Term Liabilities (Continued)

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|----------------------|---------------------|----------------------|
| 2026 | 1,990,414 | 315,379 | 2,305,793 |
| 2027 | 1,870,158 | 279,951 | 2,150,109 |
| 2028 | 1,810,962 | 250,243 | 2,061,205 |
| 2029 | 1,555,840 | 227,156 | 1,782,996 |
| 2030 | 1,251,743 | 208,480 | 1,460,223 |
| 2030-2035 | 4,940,510 | 814,948 | 5,755,458 |
| 2036-2040 | 3,868,363 | 458,087 | 4,326,450 |
| 2041-2045 | 2,443,387 | 92,312 | 2,535,699 |
| | <u>\$ 19,731,377</u> | <u>\$ 2,646,556</u> | <u>\$ 22,377,933</u> |

Subscription Liabilities:

The City has entered into various agreements for subscription based information technology agreements (SBITA) that have been recorded at the present value of the expected subscription payments as of the date of inception. The agreements have varying contractual dates.

The discount rate is based on the average of the City’s Municipal Market Data (MMD) rate. The discount rate assigned to each lease is the average MMD rate at the time of signing and the number of years of the agreement.

The City has seven SBITA agreements, these agreements are for a variety of applications that serve the City. The details of these agreements are as follows:

| Agreement description/purpose | End Dates |
|--------------------------------------|------------------|
| Public Safety | 6/14/2026 |
| Lease Tracking | 1/31/2028 |
| Time and Attendance | 3/31/2028 |
| IT Servers | 6/30/2026 |
| Public Safety and Communication | 6/30/2026 |
| Public Safety Equipment Support | 8/31/2026 |
| Grant Tracking | 10/13/2028 |

| <u>Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|-----------------|-------------------|
| 2026 | 112,836 | 3,202 | 116,038 |
| 2027 | 71,421 | 1,537 | 72,958 |
| 2028 | 39,904 | 246 | 40,150 |
| 2029 | 1,288 | 7 | 1,295 |
| | <u>\$ 225,450</u> | <u>\$ 4,992</u> | <u>\$ 230,442</u> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan**Plan Description:**

The City and School Board contribute to the VRS, a qualified defined benefit retirement plan to provide pension benefits for all permanent full-time general and public safety employees of the City and the Schools. The VRS is an agent-multiple employer defined benefit plan (City and School Board) and a cost-sharing multiple employer plan (School Board) administered by VRS.

Benefits Provided:

All full-time, salaried permanent (professional) employees are automatically enrolled in VRS upon employment. Benefits vest after five years of service credit, and are eligible to retire with an unreduced or reduced benefit when they meet the age and service requirements of the plan. Members can earn one month of service credit for each month they are employed and contributions are deposited into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan. The VRS also provided Death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of that report may be obtained from the VRS website at <http://www.varetire.org/Pdf/publications/2023-Annual-Report.pdf> or obtained by writing to the Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

The System administers different benefit structures (called plans) for the City and School Board employees: Plan 1, Plan 2, and the Hybrid Retirement Plan ("Hybrid") each of these have different provisions with a specific eligibility and benefit structure. See Table below for details.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

Benefit Terms, and Contribution Requirements

| Plan 1 | Plan 2 | Hybrid |
|---|--|--|
| Description (Employees Covered): | Description (Employees Covered): | Description (Employees Covered): |
| <p>Plan 1 is a defined benefit plan. The benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of July 1, 2013.</p> | <p>Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010 or their membership dates is before July 1, 2010 and they were not vested as of January 1, 2013.</p> | <p>The Hybrid Plan combines the features of a defined benefit and a defined contribution plan. Members hired on or after January 1, 2014 are on this plan, as well as any eligible Plan 1 or Plan 2 members who opted into the plan during the special election period.</p> |
| <p>Non-hazardous duty members were allowed to make an irrevocable decision to opt into the Hybrid plan during a special elections window held January 1 through April 30, 2014.</p> | <p>Eligible members in Plan 2 were allowed to make an irrevocable decision to opt into the Hybrid plan during a special election window held January 1 through April 30, 2014.</p> | <ul style="list-style-type: none"> - The defined benefit is based on the member’s age, creditable service and average final compensation. - 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. |
| Retirement Eligibility: | Retirement Eligibility: | Retirement Eligibility: |
| Normal: | Normal: | Normal: |
| <ul style="list-style-type: none"> - Non-hazardous duty members are eligible for an unreduced benefit at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. - Hazardous duty members are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit, or age 50 with at least 25 years of service credit. | <ul style="list-style-type: none"> - Non-hazardous duty members are eligible for an unreduced benefit at their normal Social Security retirement age with at least 5 years of service credit, or when their combined age and service credit equals 90. - Hazardous duty members’ eligibility is the same as Plan 1. | <ul style="list-style-type: none"> - Defined Benefit Component: members are eligible for an unreduced benefit at their normal Social Security retirement age with at least 5 years of service credit, or when their combined age and service credit equals 90. - Defined Contribution Component: Members are eligible to receive distributions upon leaving employment |
| Early Retirement with reduced benefit: | Early Retirement with reduced benefit: | Early Retirement with reduced benefit: |
| <ul style="list-style-type: none"> - Non-hazardous duty members may retire early with a reduced benefit at age 55 with at least 5 years of service credit, or age 50 with at least 10 years of service credit. - Hazardous duty members may retire early with a reduced benefit at age 50 with at least 5 years of service credit. | <ul style="list-style-type: none"> - Non-hazardous duty members may retire early with a reduced benefit at age 60 with at least 5 years of service credit. - Hazardous duty members’ eligibility is the same as Plan 1. | <ul style="list-style-type: none"> - Defined Benefit Component: Members are eligible for a reduced benefit at age 60 with at least 5 years of creditable service. - Defined Contribution Component: Members are eligible to receive distributions upon leaving employment |
| Vesting: | Vesting: | Vesting: |
| <ul style="list-style-type: none"> - Members become vested when they have at least 5 years of creditable service | | <ul style="list-style-type: none"> - Defined Benefit Component: Same as Plan 1. - Defined Contribution Component: After 2 years a member is 50% vested in employer contributions, after 3 years 75% vested in employer contributions and after 4 years 100% vested. - Members are 100% vested in contributions they make. |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

Benefit Terms, and Contribution Requirements

| Plan 1 | Plan 2 | Hybrid |
|---|---|--|
| <p>Types of Benefits: The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's final compensation multiplied by the member's total service credit at retirement. Members can elect the Basic Benefit, the Survivor Option, a Partial Lump- Sum Option Payment (PLOP) or the Advance Pension Option. If any option other than the basic benefit is selected a retirement reduction factor is applied.</p> | <p>Types of Benefits: Same as Plan 1.</p> | <p>Types of Benefits: Defined Benefit Component: Same as Plan 1. Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the City, plus net investment earnings on those contributions.</p> |
| <p>Elements of the Pension Formula: Average Final Compensation: - The average of the 36 consecutive months of highest compensation as a covered employee.</p> <p>Service Retirement Multiplier: - Non-hazardous duty members is 1.7% - Sheriffs and regional jail superintendents is 1.85% - Hazardous duty members other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.</p> <p>Creditable Service: - Earned for each month employed in a covered position</p> <p>Cost-of-Living Adjustments: - 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 of 5% - Eligible July 1 of the 2nd calendar year of retirement.</p> <p>Contribution Requirements: Employees are required to contribute 5% of their compensation toward the plan, through a pre-tax salary deduction. Beginning July 1, 2012 for members in the plan, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years, the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. All employees will be paying the full 5% by July 1, 2016.</p> <p>The employer makes a separate actuarially determined contribution to VRS for all covered employees.</p> | <p>Elements of the Pension Formula: Average Final Compensation: - The average of the 60 consecutive months of highest compensation as a covered employee.</p> <p>Service Retirement Multiplier: - For service earned, purchased or granted prior to 1/1/13, and hazardous duty members it is the same as Plan1. - For service earned, purchased or granted after 1/1/13 for non-hazardous duty members it is 1.65%</p> <p>Creditable Service: - Same as Plan 1</p> <p>Cost-of-Living Adjustments: - Matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) for a maximum of 3%. Eligibility is the same as Plan 1.</p> <p>Contribution Requirements: Same as Plan 1.</p> | <p>Elements of the Pension Formula: Average Final Compensation: - Same as Plan 2 for the Defined Benefit Component.</p> <p>Service Retirement Multiplier: - Defined Benefit Component: 1.0% - For members who opted into this plan, the retirement multiplier for their previous plan will be used for service credited in those plans.</p> <p>Creditable Service: - Defined Benefit Component: Same as Plan 1</p> <p>Cost-of-Living Adjustments: - Defined Benefit Component: Same as Plan 2 - Eligibility is the same as Plans 1 and 2. - Defined Contribution Component: Not applicable</p> <p>Contribution Requirements: 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.</p> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

| | City | School Board - Non Teacher Plan |
|---|-------|------------------------------------|
| Retirees or beneficiaries currently receiving benefits: | 892 | 230 |
| Inactive Members: | | |
| Vested inactive members | 250 | 47 |
| Non-vested inactive members | 512 | 160 |
| LTD | - | 1 |
| Inactive members active elsewhere in VRS | 481 | 72 |
| Total inactive members | 1,243 | 280 |
| Active Employees: | 1,341 | 330 |
| Total | 3,476 | 840 |

Contributions:

Members and employers are required to contribute to the retirement plans as provided by Title 51.1 of the Code of Virginia (1950), as amended. The member contribution is 5% of compensation contributed by members or employers. The City and School Board are required to contribute the remaining amounts necessary to fund the pension plans using the entry age normal actuarial cost method adopted by the VRS Board of Trustees. The System's actuary computed the amount of contributions to be provided by the City and School Board. The contribution rates for fiscal year 2025 were based on the actuary's valuation as of June 30, 2022. In addition, the actuary computed a separate contribution requirement for the School Board for the teacher cost-sharing pool using the same valuation date.

The City's contractually required contribution rate for the year ended June 30, 2025 was 13.88% of covered employee compensation. This rate was based on 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 employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan for the years ended June 30, 2025 and June 30, 2024, respectively were \$14,360,900 and \$11,866,022.

The School Board's contractually required contribution rate for the Teacher Retirement Plan for the year ended June 30, 2025 was 14.21% of covered employee compensation. This rate was based on actuarially determined rate from an actuarial valuation as of June 30, 2023.

The School Board's (non-teacher plan) contractually required contribution rate for the year ended June 30, 2025 was 5.17% of covered employee compensation. This rate was based on 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 employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of section 51.1-145 of the Code of Virginia, as amended, the contributions were funded at 100% of the actuarial rate for the year ended June 30, 2025. Contributions to the Teacher Retirement pension plan for the years ended June 30, 2025 and June 30, 2024, respectively were \$14,916,263 and \$15,909,644. Contributions to the Non-Teacher pension plan for the years ended June 30, 2025 and June 30, 2024, respectively were \$569,717 and \$379,260. In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Employee Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a nonemployer contribution.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The most recent actuarial valuation to determine the net pension liabilities for the City and School Board was prepared as of June 30, 2023. The total pension liability was determined based on that actuarial valuation using updated actuarial assumptions applied to all periods included in the measurement, and rolled forward to the measurement date of June 30, 2024. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | General City and School Board (nonteacher) Employees | Public Safety Employees | School Board Teacher Retirement Plan Employees |
|--|---|--------------------------------|---|
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Investment Rate of Return, net of pension plan investment expense, including inflation * | 6.75% | 6.75 | 6.75 |
| Inflation | 2.50% | 2.50% | 2.50% |
| Projected Salary Increases | 3.5% - 5.35% | 3.5% - 4.75% | 3.5% - 5.95% |
| Mortality Rates (% of deaths assumed to be service related) | 15% | 45% | N/A |

General City and School Board (non-teacher) employees:

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally, 95% of rates for males; 105% of rates for female 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:

Pub2010 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.

Public Safety Employees:

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.



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. School Board Teacher Retirement Plan employees:

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted Teacher 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:

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. 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 and VRS Board action are as follows:

General City and School Board (non-teacher) Public Safety Employees
Employees:

- | | |
|---|---|
| <ul style="list-style-type: none"> - Update Mortality Rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. - Adjusted retirement to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age. - Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service - No change in disability rates - No change in Line of Duty Disability rates. - No change in discount rate of 6.75% | <ul style="list-style-type: none"> - Updated mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. - Adjusted Retirement Rates to better fit experience and changed final retirement age from 65 to 70. - Decreased withdrawal 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. - No change in disability rates - No change in Line of Duty Disability rates. - No change in discount rate of 6.75% |
|---|---|

School Board Teacher Retirement Plan Employees:

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/ Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

- No change in disability rates.
- No change in discount rate of 6.75%.

Net Pension Liability

The net pension liability (NPL) for the teacher retirement plan is calculated separately for each system and represents that particular system’s total pension liability, less that system’s fiduciary net position. As of June 30, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

| | Teacher Employee Retirement Plan |
|---|---|
| Total Pension Liability | \$ 57,574,610 |
| Plan Fiduciary Net Position | 47,467,405 |
| Employer’s Net Pension Liability | <u>\$ 10,107,205</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 82.45% |

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class (Strategy) | Long-Term 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% |
| MAPS - Multi-Asset Public Strategies | 3.00% | 4.65% | 0.24% |
| PIP - Private Investment Partnership | 1.00% | 8.00% | 0.08% |
| Cash | 2.00% | 3.00% | 0.06% |
| Total | <u>100.00%</u> | | <u>7.07%</u> |
| | Inflation | | 2.50% |
| | Expected arithmetic nominal return** | | <u>9.57%</u> |

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

contribution rate. For the year ended June 30, 2025, the alternate rate was the employer contribution rate used in FY2012 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 the Net Pension Liability

| | City Pension Plan | | |
|--|--------------------------------|------------------------------------|------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| Balances at June 30, 2023 | \$ 411,798,291 | \$ 366,112,055 | \$ 45,686,236 |
| Service Cost | 11,233,054 | - | 11,233,054 |
| Interest | 27,913,187 | - | 27,913,187 |
| Differences between expected and actual experience | 11,857,835 | - | 11,857,835 |
| Contributions - employer | - | 11,434,266 | (11,434,266) |
| Contributions - employee | - | 4,149,434 | (4,149,434) |
| Net investment income | - | 35,473,958 | (35,473,958) |
| Benefit payments including refunds of employee contributions | (19,005,297) | (19,005,297) | - |
| Administrative expenses | - | (226,885) | 226,885 |
| Other changes | - | 7,347 | (7,347) |
| Net Change | <u>31,998,779</u> | <u>31,832,823</u> | <u>165,956</u> |
| Balances at June 30, 2024 | <u>\$ 443,797,070</u> | <u>\$ 397,944,878</u> | <u>\$ 45,852,192</u> |

| | School Board (non-teacher) Plan | | |
|--|--|------------------------------------|--------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Asset |
| Balances at June 30, 2023 | \$ 36,292,578 | \$ 36,399,185 | \$ (106,607) |
| Service Cost | 852,018 | - | 852,018 |
| Interest | 2,438,342 | - | 2,438,342 |
| Differences between expected and actual experience | (97,432) | - | (97,432) |
| Contributions - employer | - | 378,652 | (378,652) |
| Contributions - employee | - | 481,665 | (481,665) |
| Net investment income | - | 3,499,305 | (3,499,305) |
| Benefit payments including refunds of employee contributions | (2,042,026) | (2,042,026) | - |
| Administrative expenses | - | (24,087) | 24,087 |
| Other changes | - | 685 | (685) |
| Net Change | <u>1,150,902</u> | <u>2,294,194</u> | <u>(1,143,292)</u> |
| Balances at June 30, 2024 | <u>\$ 37,443,480</u> | <u>\$ 38,693,379</u> | <u>\$ (1,249,899)</u> |

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

In accordance with the requirements of GAAP, regarding the sensitivity of the net pension liability (rounded) to changes in the discount rate, the table below presents the net pension liability for the City and School Board calculated using the discount rate of 6.75%, as well as what it would be at a discount rate 1.00% lower and 1.00% higher.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

| | 1% Lower (5.75%) | Discount Rate (6.75%) | 1% Higher (7.75%) |
|---|---------------------|--------------------------|----------------------|
| City's net pension liability (Asset) | \$ 104,752,399 | \$ 45,852,192 | \$ (2,576,923) |
| School Board's: | | | |
| (non-teacher) Net Pension Liability (Asset) | 3,171,327 | (1,249,899) | (4,965,596) |
| Teacher Retirement Plan Net Pension Liability | \$ 164,150,616 | \$ 88,357,338 | \$ 26,285,056 |

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

For the year ended June 30, 2025, the City recognized pension expenses of \$11,438,614.

For the year ended June 30, 2025, the School Board (non-teacher) plan recognized pension expense of \$474,775.

At June 30, 2025, the School Board Teacher Retirement Plan reported a liability of \$088,357,338 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 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 Teacher Retirement Plan'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 Teacher Retirement Plan's proportion was 0.94128% as compared to 0.92798% at June 30, 2023.

For the year ended June 30, 2025, School Board's Teacher Retirement plan recognized pension expense of \$8,127,567. Since, for the School Board's Teacher Retirement Plan there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

| | City Pension Plan | | School Board Non-teacher Plan | | School Board Teacher Retirement Plan | |
|---|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------------|-------------------------------|
| | 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 | \$ 12,245,899 | \$ 740,669 | \$ 486,403 | \$ 58,459 | \$ 15,328,752 | \$ 1,819,339 |
| Changes of assumptions | - | - | - | - | 1,603,804 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 10,124,966 | - | 1,016,360 | - | 12,162,441 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | - | - | - | - | 1,924,157 | 1,980,835 |
| Contributions to the plan subsequent to the measurement date | 14,360,900 | - | 569,717 | - | 14,916,263 | - |
| Total | <u>\$ 26,606,799</u> | <u>\$ 10,865,632</u> | <u>\$ 1,056,120</u> | <u>\$ 1,074,819</u> | <u>\$ 33,772,976</u> | <u>\$ 15,962,615</u> |



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

\$14,360,900, \$569,717, and \$14,916,263 reported as deferred outflows of resources related to pensions resulting from the City’s, School Board (non-teacher) plan and School Board’s Teacher Retirement plan (respectively) contributions subsequent to the measurement date will be recognized as a reduction of the respective Net Pension Liability in the year ended June 30, 2026.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Years Ended June 30: | City Pension Plan | School Board (non-teacher) Plan | School Board Teacher Retirement Plan |
|----------------------|-------------------|------------------------------------|---|
| 2026 | \$ (2,878,118) | \$ (446,102) | \$ (5,825,469) |
| 2027 | 7,333,186 | 272,342 | 7,372,509 |
| 2028 | (897,946) | (198,048) | 2,263,714 |
| 2029 | (2,176,858) | (216,608) | (916,656) |
| 2030 | - | - | - |
| Total | \$ 1,380,267 | \$ (588,416) | \$ 2,894,098 |

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS ACFR, which may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits Program – Medical Plan

Plan Description

OPEB Trust

The City has established an irrevocable trust pursuant to Section 15.21544 of the Code of Virginia, as amended for the purpose of accumulating and investing assets to fund the City and School Board Medical Plan OPEB. In order to participate in the Virginia Pooled OPEB Trust Fund, the City has established a local Finance Board to become a Participating Employer in the Trust Fund. The Trust Fund provides administrative, custodial, and investment services to the Participating Employers in the Trust Fund. The OPEB Trust meets the criteria in GASB Statement No. 74 for fiduciary reporting. Plan assets are legally protected from the creditors of the City and School Board and may be used only to provide benefits to plan members and beneficiaries and to pay reasonable administrative costs of the plan.

The Virginia Pooled OPEB Trust Fund is a separate legal entity. The City’s trust interest is reported as a fiduciary fund in the City’s ACFR. The financial statements of the OPEB Trust are prepared in accordance with GASB Statement No. 74, while the City’s employer-level disclosures are prepared in accordance with GASB Statement No. 75. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (“VML”) at P.O. Box 12164, Richmond, Virginia 23241.

OPEB Medical Plan

The City and School Board provide postemployment medical coverage for retired employees through a single employer defined benefit plan. The plan is established under the authority of City Council and the School Board, which may also amend the plan as deemed appropriate.

Participants in the City’s OPEB plans must have attained 15 years and five years of full-time consecutive service. Participants in the School Board’s OPEB plans must have attained 20 years of full-time service. Participants in the City’s and School Board’s OPEB plans must have been enrolled in the group health (City or School Schools) insurance plan for the 24 months prior to their retirement date to be eligible. Coverage ceases at age 65 for the school board employees.

The amount the city contributes towards the retiree’s health insurance will be equal to 50 percent of the current city contribution for the lowest-tier employee-only coverage.

For employees hired prior to July 1, 2017, the city shall make its contribution towards Medicare supplement coverage only for all city retirees who are age 65 or older. The city shall not include a city retiree’s spouse who is age 65 or older in any group health or Medicare supplement insurance program. For employees hired on or after July 1, 2017, the city will not make a contribution towards the retiree’s health insurance when the retiree becomes eligible for Medicare.

Plan Membership

Number of Employees by Class:

| | City | School Board |
|---|--------------|---------------------|
| Inactive members and beneficiaries currently receiving benefits | 163 | 61 |
| Active Employees: | 1,325 | 2,033 |
| Total | <u>1,488</u> | <u>2,094</u> |



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits Program – Medical Plan (Continued)**Contribution Requirements**

The City and School Board establish employer contribution rates for plan participants as part of the budgetary process each year and determines how the plan will be funded each year and whether it will partially fund or fully fund the plan. The City and School Board currently fund postemployments health care benefits on a pay-as-you-go basis and as contributions to their respective Trust Funds.

The annual cost of OPEB is the Actuarially Determined Contribution (ADC). The City and School Board elected to pre-fund OPEB liabilities. The City contributes the ADC, an amount actuarially determined in accordance with GAAP. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over open amortization period not to exceed thirty years. The School Board made no contributions to the plan subsequent to its measurement date.

For the fiscal year ended June 30, 2025, the City contributed \$1,852,159 toward OPEB costs representing claims paid on behalf of retirees, net of premiums paid by retirees. The School Board contributed \$558,621 toward OPEB costs representing claims paid on behalf of retirees.

Plan Investments

The Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board will monitor and evaluate the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective of the fund is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

| Asset Class | Target Allocation |
|-------------------------|--------------------------|
| Domestic Equity | 31.00% |
| International Equity | 13.00% |
| Emerging Markets Equity | 5.00% |
| Long/Short Equity | 6.00% |
| Private Equity | 10.00% |
| Fixed Income | 20.00% |
| Real Estate | 15.00% |
| Total | 100.00% |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits Program – Medical Plan (Continued)

There are no investments in any one organization that represent 5 percent or more of the OPEB Trust’s fiduciary net position.

For the year ended June 30, 2025, and June 30, 2024 the annual money-weighted rate of return on investments, net of investment expense was 9.05% and 9.36% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset for the Plan

The City’s Net OPEB Asset was measured as of its fiscal year end June 30, 2025, based on a valuation date of April 1, 2024. The School Board Net OPEB Asset was measured as of its fiscal year end of December 31, 2024 based on a valuation date of February 1, 2024. Because the fiduciary net position exceeds the total OPEB liability, the City reports a net OPEB Asset. The components of the Plans’ net OPEB Asset were as follows:

| | Net OPEB Asset | |
|---|------------------------|-----------------------|
| | City | School Board |
| Total OPEB liability | \$ 41,740,843 | \$ 14,951,438 |
| Plan fiduciary net position | 55,144,978 | 22,791,561 |
| Net OPEB asset | \$ (13,404,135) | \$ (7,840,123) |
| Fiduciary net position as a percent of total OPEB asset | 132.11% | 152.44% |

Actuarial Assumptions and Other Inputs

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The total OPEB asset for the City as part of the actuarial valuation was performed as of April 1, 2024 for the City and February 1, 2024 for the School Board. The following actuarial assumptions were used for purposes of measuring both the plan’s fiduciary net position (GASB 74) and the employer’s net OPEB asset (GASB 75).

Note 10. Other Postemployment Benefits Program – Medical Plan (Continued)

| | City | School Board |
|--|--|--|
| Investment rate of return | 6.75% | 6.75% |
| Actuarial Cost Method | Entry Age Normal, level percentage of pay. | Entry Age Normal, level percentage of pay. |
| Inflation Rate | 2.50% | 2.50% |
| Projected salary increases | 3.5% - 5.35% | 3.5% - 5.95% |
| Real Wage Growth Rate | 1.00% | 1.00% |
| Health care cost trend rate: | | |
| Initial | 6.00% | 6.00% |
| Ultimate (year of ultimate trend rate) | 3.94% | 4.00% |

Mortality rates were based on amount-weighted Pub-2010 mortality tables with generationally project mortality improvements using Scale MP-2021. Generationally projected healthy and disabled mortality rates reflect differences for males and females, and for general and safety (i.e. enhanced hazardous duty) employment classifications.



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits Program – Medical Plan (Continued)

Discount Rate

The discount rate used to measure the total OPEB asset was 6.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GAAP. The projection’s basis was an actuarial valuation performed as of April 1, 2024 for the City and February 1, 2024 for the School Board. The fiduciary net position projections are based upon the Plan’s financial status on the measurement date, the indicated set of methods and assumptions, and the requirements of GAAP. The long-term expected rate of return on plan investments is 6.75%. The long-term expected rate of return was applied to the periods of projected benefit payments and it is not anticipated that the plan’s assets will be exhausted. The expected municipal bond rate was not applied to determine the discount rate.

Sensitivity of the Total OPEB Asset to Changes in the Discount Rate

The net OPEB asset is shown below as calculated at the current discount rate and current health care cost trend rate as indicated and also calculated using rates 1% lower and 1% higher. The City’s net OPEB asset for the plan was based on a valuation date of April 1, 2024 and rolled forward to a measurement date of June 30, 2025 for the City. The School Board had a valuation date of February 1, 2024 and with a measurement date of December 31, 2024.

| | Net OPEB Asset analysis using discount rate: | | |
|--------------|---|--|--------------------------------|
| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
| City’s Plan | \$ (8,328,648) | \$ (15,290,569) | \$ (20,951,608) |
| School Board | \$ (6,836,257) | \$ (7,840,123) | \$ (8,780,016) |

| | Net OPEB Asset analysis using the health care cost trend rate: | | |
|----------------|---|--|--------------------------------|
| | 1% Decrease (2.94%) | Current Discount Rate (3.94%) | 1% Increase (4.94%) |
| Ultimate Trend | | | |
| City’s Plan | \$ (21,912,115) | \$ (15,290,569) | \$ (6,968,581) |
| School Board | \$ (9,219,202) | \$ (7,840,123) | \$ (6,268,585) |

Sensitivity of the Net OPEB Asset – for the Employer

The net OPEB asset is shown below as calculated at the current discount rate and current health care cost trend rate as shown in the tables below and also as calculated using rates 1% lower and 1% higher.

| | Net OPEB Asset analysis using discount rate: | | |
|--------------|---|--|--------------------------------|
| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
| City’s Plan | \$ (6,779,704) | \$ (13,404,135) | \$ (18,783,246) |
| School Board | \$ (6,836,257) | \$ (7,840,123) | \$ (8,780,016) |

| | Net OPEB Asset analysis using the health care cost trend rate: | | |
|----------------|---|--|--------------------------------|
| | 1% Decrease (3.00%) | Current Discount Rate (4.00%) | 1% Increase (5.00%) |
| Ultimate Trend | | | |
| City’s Plan | \$ (19,363,478) | \$ (13,404,135) | \$ (5,939,345) |

| | 1% Decrease (3.00%) | Current Discount Rate (4.00%) | 1% Increase (5.00%) |
|----------------|--------------------------------|--|--------------------------------|
| Ultimate Trend | | | |
| School Board | \$ (9,219,202) | \$ (7,840,123) | \$ (6,268,585) |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits Program – Medical Plan (Continued)

Changes in Net OPEB Asset

| | City Plan | | |
|--|-----------------------------|------------------------------------|------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Asset |
| Balances at June 30, 2023 | \$ 40,401,010 | \$ 50,407,682 | \$ (10,006,672) |
| Service Cost | 920,508 | - | 920,508 |
| Interest | 2,688,336 | - | 2,688,336 |
| Differences between expected and actual experience | (3,762,680) | - | (3,762,680) |
| Contributions - employer | - | 1,395,187 | (1,395,187) |
| Net investment income | - | 4,737,296 | (4,737,296) |
| Changes in Assumptions | 2,888,856 | - | 2,888,856 |
| Benefit payments including refunds of employee contributions | (1,395,187) | (1,395,187) | - |
| Net Change | 1,339,833 | 4,737,296 | (3,397,463) |
| Balances at June 30, 2024 | <u>\$ 41,740,843</u> | <u>\$ 55,144,978</u> | <u>\$ (13,404,134)</u> |

| | School Board Plan | | |
|--|-----------------------------|------------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Asset |
| Balances at December 31, 2023 | \$ 13,942,067 | \$ 22,438,642 | \$ (8,496,575) |
| Service Cost | 824,971 | - | 824,971 |
| Interest | 916,432 | - | 916,432 |
| Differences between expected and actual experience | (173,411) | - | (173,411) |
| Contributions - employer | - | (1,071,087) | 1,071,087 |
| Net investment income | - | 1,991,205 | (1,991,205) |
| Benefit payments including refunds of employee contributions | (558,621) | (558,621) | - |
| Administrative expenses | - | (8,578) | 8,578 |
| Net Change | 1,009,371 | 352,919 | 656,452 |
| Balances at December 31, 2024 | <u>\$ 14,951,438</u> | <u>\$ 22,791,561</u> | <u>\$ (7,840,123)</u> |



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits Program – Medical Plan (Continued)

The City and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | City | | School Board | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 1,489,866 | \$ 15,792,931 | \$ 919,439 | \$ 2,472,603 |
| Change in assumptions | 6,679,622 | 318,951 | 502,743 | - |
| Net difference between projected and actual earnings on plan investments | 225,067 | - | 478,477 | - |
| Contributions to the plan subsequent to measurement date | 1,852,159 | - | - | - |
| Total | <u>\$ 10,246,714</u> | <u>\$ 16,111,882</u> | <u>\$ 1,900,659</u> | <u>\$ 2,472,603</u> |

Deferred outflows in the amount of \$1,852,159 for the City, related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

| Year Ended June 30: | City OPEB Plan | School Board OPEB Plan |
|---------------------|-----------------------|------------------------|
| 2026 | (1,735,311) | (301,445) |
| 2027 | (532,731) | 446,961 |
| 2028 | (2,678,234) | (477,384) |
| 2029 | (2,541,655) | (211,175) |
| 2030 | (10,940) | (28,901) |
| Thereafter | (218,456) | - |
| | <u>\$ (7,717,327)</u> | <u>\$ (571,944)</u> |

Additional information on changes in net OPEB (Asset) Liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS State Plans**Plan Description****Group Life Insurance Program:**

All full-time, salaried permanent employees of the City and School Board, including the teachers are automatically covered by the VRS GLI Program upon employment. This plan is administered by the VRS, along with pensions and other OPEB 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. Since this is a separate and fully insured program, it is not included as part of the GLI.

Line of Duty Act Program:

All paid employees and volunteers in hazardous duty positions in the City and hazardous duty employees who are covered under the VRS, the State Police Officer's retirement system (SPORS), or the Virginia Law Officers Retirement System (VaLORS) are automatically covered by LODA. VRS is responsible for managing the assets of the program as required by statute. Participating employers made contributions to the program beginning in FY2012. The employer contributions are determined by the VRS actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

Employee Virginia Local Disability Program:

All full-time, salaried permanent (professional) employees of the School Board 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 VLDP. This plan is administered by VRS, along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions 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 employees either through a local plan or through the VLDP.

Teacher and Non-Teacher Employee Health Insurance Credit Programs:

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher and NTHIC Programs. This plan is administered by 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 each of the plans, including eligibility, coverage and benefits are set out in the table below:

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

| Group Life Insurance | Line of Duty Act | Health Insurance Credit Programs | Virginia Local Disability Program |
|---|---|---|---|
| <p>Eligible Employees: GLI was established July 1, 1960, for state employees, teachers and employees of political subdivision that elect the program. Basic group life insurance coverage is automatic upon employment. Coverage ends for employee who leave their position before retirement eligibility or who take a refund of their contributions and interest.</p> | <p>Eligible Employees: Paid employees and volunteers in hazardous duty position in the City and hazardous duty employees who are covered under the VRS, the State Police Officer’s retirement system (SPORS), or the Virginia Law Officers Retirement System (VaLORS) are automatically covered by LODA.</p> | <p>Eligible Employees: THIC: Retired teacher employees who retire with at least 15 years of service credit. Enrolled automatically upon employment if they are full-time permanent professional salaried employees covered under VRS. NTHIC: Full-time permanent salaried employees who are covered under the VRS pension plan.</p> | <p>Eligible Employees: Eligible employees are enrolled automatically upon employment. Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS</p> |
| <p>Benefit Amounts: Natural Death Benefit: equal to the employees’ covered compensation rounded to the next highest thousand then doubled. Accidental Death Benefit: double the natural death benefit Other Benefit Provisions: other benefits provided under specific circumstances, including, accidental dismemberment, safety belt benefit, repatriation benefit, felonious assault and accelerated death benefit option.</p> | <p>Benefit Amounts: Death: A one-time payment made to the beneficiary of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as a direct or proximate result of performing duty as of 1/1/06 or after, or \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than 5 years after retirement. An additional \$20,000 benefit is payable when certain members of the National Guard and U.S Military reserves are killed in action after 10/7/01</p> | <p>Benefit Amounts: THIC: At retirement: Monthly benefit is \$4.00 per year of servers per month with no cap on the benefit amount. Disability retirement: If retire on disability or go on long-term disability under VLDP the benefit is either: (a) \$4.00 per month, multiplied by twice the amount of service credit, or (b) \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</p> | <p>Benefit Amounts: Short-Term Disability: Beginning after a 7 calendar-day waiting period from the first day of disability. Employees are eligible for non-work related coverage after one year of continuous participation with their current employer. During the first 5 years of continuous participation employees are eligible for 60% of their pre-disability income. Once the eligibility period is satisfied employees are eligible for higher income replacement levels.</p> |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

| Benefit Amounts: | Benefit Amounts: | Benefit Amounts: | Benefit Amounts: |
|--|--|---|--|
| The benefit amounts are subject to a reduction factor. The amount reduced by 25% on January 1 following one calendar year of separation, and an additional 25% reduction on each January 1 until it reached 25% of its original value. | Health Insurance: beginning July 1, 2017 the health insurance benefits are managed through the Virginia department of human resource management and modeled after the state employee plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals must continue to meet eligibility requirements as defined by the Act. | NTHIC: At retirement: 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, the monthly benefit is \$45.00 per month. | Long-Term Disability: Begins after 125 workdays of short-term disability. Eligible if member is unable to work at all or less than 20 hours per week. Members will receive 60% of their pre-disability income and will be offset by any worker's compensation benefit. |
| Group Life Insurance | Line of Duty Act | Health Insurance Credit Programs | Virginia Local Disability Program |
| Minimum benefit and COLA: | Program Notes: | Program Notes: | Program Notes: |
| For members with at least 30 years of creditable service there is a minimum benefit set and is increased annually based on the VRS Plan 2 cost of living adjustment. | | The monthly HIC 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 HIC as a retiree. | If the member is aged 60 or older will be eligible for the benefit provided they remain medically eligible. |

Plan Membership – School Board Non-Teacher HIC Single Employer Plan

| | <u>School Board</u> |
|---|---------------------|
| Membership (as of the valuation data) | |
| Number of | |
| Inactive members and beneficiaries currently receiving benefits | 107 |
| Active Employees | 330 |
| Total | <u>437</u> |

Contribution Requirements

Group Life Insurance Program:

The contribution requirements for GLI 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



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

Assembly. The total rate for GLI was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% 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 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, 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 GLI from the City were \$448,459 and \$456,844 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to GLI for the School Board were \$1,375,227 and \$1,493,479 for the years ended June 30, 2025 and June 30, 2024 respectively.

Line of Duty Act Program:

The contribution requirements for 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 LODA for the year ended June 30, 2025 was \$1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 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 program from the City were \$518,665 and \$518,665,448,823 for the years ended June 30, 2025 and June 30, 2024, respectively.

Virginia Local Disability Program:

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 0.47% of covered employee compensation for employees in the VLDP Teacher plan and 0.83% of covered employee compensation for the non-teacher employees covered in the VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VLDP were \$256,510 and \$240,602 for the years ended June 30, 2025 and June 30, 2024, respectively.

Teacher and Non-Teacher Employee Health Insurance Credit Programs:

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 THIC Program and 0.81% for employees in the NTHIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 for the THIC plan and June 30, 2021 for the NTHIC plan. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS THIC Program were \$1,268,262 and \$1,208,608 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions from the school division to the VRS NTHIC program were \$89,259 and \$87,760 for the years ended June 30, 2025 and June 30, 2024, respectively.

GLI, THIC, NTHIC and VLDP:

The long-term expected rate of return on the System's 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 System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

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 estimates of arithmetic real rates of return for each major asset class are summarized below:

| Asset Class (Strategy) | Long-Term Asset Allocation | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return* |
|--------------------------------------|--------------------------------------|--|---|
| Public Equity | 34.00% | 6.14% | 2.09% |
| Fixed Income | 15.00% | 2.56% | 0.38% |
| Credit Strategies | 14.00% | 5.60% | 0.78% |
| Real Assets | 14.00% | 5.02% | 0.70% |
| Private Equity | 16.00% | 9.17% | 1.47% |
| MAPS - Multi-Asset Public Strategies | 4.00% | 4.50% | 0.18% |
| PIP - Private Investment Partnership | 2.00% | 7.18% | 0.14% |
| Cash | 1.00% | 1.20% | 0.01% |
| Total | <u>100.00%</u> | | <u>5.75%</u> |
| | Inflation | | 2.50% |
| | Expected arithmetic nominal return** | | <u>8.25%</u> |

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was 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 2.5%.

LODA:

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 Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

The net OPEB liability (NOL) for the GLI, HIC, LODA and VLDP represents the programs’ total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the four programs are as follows (in thousands):

| | City and School - GLI | City - LODA | School - THIC | School - VLDP |
|---|-----------------------|-------------------|---------------------|---------------|
| Total OPEB liability | \$ 4,196,055 | \$ 398,395 | \$ 1,475,471 | \$ 10,672 |
| Plan fiduciary net position | 3,080,133 | 4,841 | 264,054 | 10,007 |
| Net OPEB Liability | <u>\$ 1,115,922</u> | <u>\$ 393,554</u> | <u>\$ 1,211,417</u> | <u>\$ 665</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 73.41% | 1.22% | 17.90% | 93.77% |

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

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

Actuarial Methods and Assumptions

The total GLI, THIC, NTHIC LODA and VLDP, OPEB liabilities were based on actuarial valuations 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.

| | City and School - GLI | City LODA | School, THIC, NTHIC and VLDP |
|------------------------------|--------------------------|-------------|------------------------------------|
| Investment rate of return | 6.75% | 3.86* | 6.75% |
| Health Care cost trend rate: | | | |
| Under age 65 | n/a | 7.00%-4.75% | n/a |
| Age 65 and older | n/a | 5.25%-4.75% | n/a |
| Inflation Rate | 2.50% | 2.50% | 2.50% |
| Projected salary increases: | | | |
| Locality - general | 3.5% - 5.35% | n/a | 3.5% - 5.35% |
| Locality - hazardous duty | 3.5% - 4.75% | n/a | 3.5% - 4.75% |
| Teachers | 3.5% - 5.95% | n/a | 3.5% - 5.95% |

*LODA: Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

Mortality Rates are as follows for all plans:

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.

Mortality rates - General Employees:

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

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.

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General 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.

Mortality rates - Hazardous Duty and Public Safety Employees:

Pre-Retirement:

Pub-2020 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 rate for males; 105% of rates for females set forward 3 years.

Post-Disablement:

Pub-2010 Amount weighted General Disables 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, 2022 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:

| | General Employees | Teachers | Hazardous Duty Employees |
|---|--|---|---|
| Mortality Rates (Preretirement, postretirement healthy, and disabled) | Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP- 2020 | Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP- 2020 | Update to PUB2010 public sector mortality tables. Increase 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 for Plan1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all. | 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. | Adjusted rates to better fit experience and changed final retirement age from 65 to 70. |



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

| | General Employees | Teachers | Hazardous Duty Employees |
|---|--|---|--|
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service | Adjusted rates to better fit experience at each age and service decrement through 9 years of service | Decreased rates and changed from rates based on service only to better fit experience and to be more consistent with Locals top 10 Hazardous duty. |
| Disability Rates | No change | No change | No change |
| Salary Scale | No change | No change | No change |
| Line of Duty Disability | No change | n/a | No change |
| Discount Rate | No change | No change | No change |
| | LODA: | Public Safety Employees | |
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | | Update to PUB201 public sector mortality tables. Increased disability life expectancy. For future mortality improvements. Replace load with a modified Mortality Improvement scale MP-2020. | |
| | | Adjusted rates to better fit experience and changed final retirement age from 65 to 70. | |
| Retirement 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

Group Life Insurance Program:

The discount rate used to measure the total GLI OPEB 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 guidance 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.

Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

Line of Duty Act Program:

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, 2023, the rate contributed by

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

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.

Virginia Local Disability Program:

The discount rate used to measure the total School Board Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the school division for the VRS VLDP will be subject to the portion of the VRS-Board certified rates that are funded by the Virginia General Assembly. From July 1, 2023 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VLDP 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 long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VLDP OPEB liability.

Teacher and Non-Teacher Employee Health Insurance Credit Program:

The discount rate used to measure the total Teacher and Non-Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions 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 and the member rate. Through the fiscal year ending June 30, 2023 the rate contributed by each school division for the VRS Teacher and Non-Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2023, on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC 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 long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher and Non-Teacher Employee HIC OPEB liability.

| | School Board Non-Teacher HIC | | |
|--|-------------------------------------|------------------------------------|-----------------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net Pension OPEB Liability |
| Balances at June 30, 2024 | \$ 547,755 | \$ 174,784 | \$ 372,971 |
| Service Cost | 8,001 | - | 8,001 |
| Interest | 36,827 | - | 36,827 |
| Differences between expected and actual experience | (41,499) | - | (41,499) |
| Contributions - employer | - | 87,570 | (87,570) |
| Net investment income | - | 20,514 | (20,514) |
| Benefit payments including refunds of employee contributions | (20,344) | (20,344) | - |
| Administrative expenses | - | (318) | 318 |
| Net Change | (17,015) | 87,422 | (104,437) |
| Balances at June 30, 2024 | <u>\$ 530,740</u> | <u>\$ 262,206</u> | <u>\$ 268,534</u> |



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

Sensitivity of the Net OPEB Liability

The following present the employer’s proportionate share of the Net OPEB liabilities using the discount rate for each plan (the current rate shown below) as well as what the NOL would be using a discount rate that is one percentage point lower or one percentage point higher.

| | Net OPEB Liability (asset) analysis using Discount rate: | | |
|----------------|---|--|--------------------------------|
| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
| City - GLI | \$ 5,798,157 | \$ 3,728,407 | \$ 2,671,106 |
| School - GLI | \$ 7,531,652 | \$ 4,843,102 | \$ 3,177,722 |
| School - THIC | \$ 12,258,104 | \$ 10,778,729 | \$ 9,524,824 |
| School - NTHIC | \$ 327,704 | \$ 268,534 | \$ 218,242 |
| School - VLDP | \$ 486 | \$ (61,136) | \$ (114,939) |
| | | | |
| | 1% Decrease (2.97%) | Current Discount Rate (3.97%) | 1% Increase (4.97%) |
| City - LODA | \$ 12,990,373 | \$ 11,718,054 | \$ 10,624,001 |

Because the LODA Program 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 covered employer’s proportionate share of the net LODA OPEB liability using health care trend rate of 7.00% decreasing to 4.75%, 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 (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

| | 1% Decrease (6.00% decreasing to 3.75%) | Medical Trend (7.00% decreasing to 4.75%) | 1% Increase (8.00% decreasing to 5.75%) |
|-------------|--|--|--|
| City - LODA | \$ 9,982,225 | \$ 11,718,054 | \$ 13,847,939 |

OPEB Liabilities, Expenses, Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the City and School Board reported liabilities for the four various OPEB plans in the amount shown in the table on the next page for their proportionate share of the OPEB plans. The OPEB Liabilities were measured as of June 30, 2024 and the total OPEB liabilities used to calculate the Net OPEB Liabilities were determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The City and School Board’s GLI, THIC and VLDP OPEB liabilities were based on the covered employer’s actuarially determined employer contributions to the plans for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers.

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, 2023 relative to the total of the actuarially determined pay-as-you go employer contributions for all participating employers.

At June 30, 2024, the City and School Board’s respective proportions of the various programs as compared to the proportions for June 30, 2023 are shown in the table below.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

| | City - GLI | City - LODA | School - GLI | School - THIC | School - VLDP | School - NTHIC |
|--|--------------|---------------|--------------|---------------|---------------|----------------|
| Net OPEB Liability | \$ 3,728,407 | \$ 11,718,054 | \$ 4,843,102 | \$ 10,778,729 | \$ (61,136) | \$ 268,534 |
| TOTALS FOR CITY AND SCHOOL | \$15,446,461 | | \$15,829,229 | | | |
| 6/30/24 Proportionate share of contributions | 0.33411% | 2.97749% | 0.43400% | 0.93270% | 4.51917% | n/a |
| 6/30/23 Proportionate share of contributions | 0.33820% | 2.64735% | 0.43433% | 0.92149% | 4.35302% | n/a |

For the year ended June 30, 2025, the City and School Board OPEB expense for the various plans as shown below. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee VLDP and LODA Net OPEB expense was related to deferred amounts from changes in proportion.

| OPEB Plan: | OPEB Expense |
|---------------|------------------|
| City - GLI | 56,840 |
| City - LODA | 1,566,776 |
| Total | 1,623,616 |
| School - GLI | 100,583 |
| School - THIC | 748,170 |
| School - VLDP | 184,467 |
| Total | 1,033,220 |

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

For the year ended June 30, 2025, the City and School Board recognized OPEB expense in the amount of (\$1,200,051) and (\$335,284) respectively. The aggregate amount of OPEB Expense for the City and School Board plans, including the local trust and Virginia Retirement System (VRS) plans are as follows:

| | City OPEB Expense | School OPEB Expense |
|----------------------|-------------------|---------------------|
| Local Trust | (1,200,051) | (335,284) |
| VRS Plans: (note 11) | | |
| GLI | 56,840 | 100,583 |
| LODA | 1,566,776 | - |
| HIC | - | 748,170 |
| VLDP | - | 184,467 |
| TOTAL: | 423,565 | 697,936 |



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 11. Other Postemployment Benefits Program – VRS Plans (Continued)

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

| | City - GLI | | City - LODA | | School - NTHIC | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 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 | \$ 588,056 | \$ 91,072 | \$ 407,716 | \$ 2,862,367 | \$ - | \$ 193,416 |
| Net difference between projected and actual earnings on plan investments | - | 314,266 | - | 38,736 | - | 3,178 |
| Changes in assumptions | 21,252 | 184,772 | 2,160,111 | 2,360,072 | 23,482 | - |
| Changes in proportion | 39,929 | 88,634 | 1,710,527 | 648,497 | - | - |
| Employer contribution subsequent to measurement date | 448,459 | - | 518,665 | - | 89,259 | - |
| Total | \$ 1,097,696 | \$ 678,744 | \$ 4,797,019 | \$ 5,909,672 | \$ 112,741 | \$ 196,594 |

| | School Board - GLI | | School Board - THIC | | School Board - VLDP | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 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 | \$ 763,868 | \$ 118,300 | \$ - | \$ 510,670 | \$ 106,265 | \$ 14,842 |
| Net difference between projected and actual earnings on plan investments | - | 408,222 | - | 38,340 | - | 8,173 |
| Changes in assumptions | 27,606 | 240,014 | 185,686 | - | 9,092 | 638 |
| Changes in proportion | 73,252 | 161,759 | 306,385 | 410,503 | 1,726 | 11,757 |
| Employer contribution subsequent to measurement date | 1,375,227 | - | 1,268,262 | - | 256,510 | - |
| Total | \$ 2,239,953 | \$ 928,295 | \$ 1,760,333 | \$ 959,513 | \$ 373,593 | \$ 35,410 |

The amounts shown in the totals earlier reported as deferred outflows of resources related to the OPEB from the City and School Boards contributions subsequent to the measurement date will be recognized as a reduction of the Net 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 OPEB will be recognized in the OPEB expense in future reporting periods as follows:

| | City - GLI | City - LODA | School - GLI | School - THIC plan | School - NTHIC plan | School - VLDP |
|------------|--------------------|-----------------------|--------------------|---------------------|---------------------|------------------|
| 2026 | (186,756) | (107,473) | (253,284) | (113,763) | (55,778) | 4,348 |
| 2027 | 59,373 | (89,186) | 67,678 | (99,483) | (59,594) | 12,440 |
| 2028 | 4,965 | (154,671) | (6,944) | (128,060) | (51,039) | 8,173 |
| 2029 | 42,404 | (186,183) | 54,350 | (110,230) | (6,701) | 7,433 |
| 2030 | 50,506 | (346,557) | 74,631 | (14,184) | - | 9,864 |
| Thereafter | - | (747,247) | - | (1,722) | - | 39,415 |
| | \$ (29,508) | \$ (1,631,317) | \$ (63,569) | \$ (467,442) | \$ (173,112) | \$ 81,673 |

Plan Fiduciary Net Positions

Detailed information about the various programs' Fiduciary Net Position is available in the separately issued VRS 2024 ACFR, which may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218- 2500.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 12. Commitments and Contingencies

Federally Assisted 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 remain 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.

Construction Commitments:

The City has authorized expenditures for capital additions and construction of various governmental, stormwater, grant (ARPA), and utility capital projects. At June 30, 2025, projects expected to be completed at various dates through 2025 had a total unexpended balance of \$81,474,744 (governmental), \$2,244,974 (stormwater), \$1,796,725 (grant – ARPA) and \$10,988,007 (utility).

Encumbrances:

The City has the following encumbrances as of June 30, 2025:

| General Fund | Road Maintenance Fund | Capital Projects Fund | Special Revenue Governmental Funds | Utility Fund | Non-Major Enterprise Fund | Internal Service Funds |
|--------------|-----------------------|-----------------------|------------------------------------|---------------|---------------------------|------------------------|
| \$ 6,422,423 | \$ 3,885,150 | \$ 81,474,774 | \$ 710,304 | \$ 11,547,817 | \$ 3,632,613 | \$ 2,175,112 |

Litigation:

There are various lawsuits pending against the City, one of which have a potential range of loss up to \$1,000,000. There are no significant lawsuits pending against the School Board. These and other claims outstanding against the City and School board, in the opinion of management after consulting with legal counsel, will not materially affect the City or School Board’s financial position.

Note 13. Risk Management

The City and School Board are exposed to various risks of loss related to the following: torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and School Board participate with other localities in a public entity risk pool, the Virginia Municipal League, for their coverage of property damage. The City and School Board pay an annual premium to the pools for its general insurance coverage. The agreement for the formation of the pools provides that the pools will be self-sustaining through member premiums. The City and School Board continue to carry commercial insurance for all other risks of loss.

There have been no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Self-Insurance – City:

The City is self-insured for a portion of its health insurance risks up to \$125,000 per occurrence. An external insurance policy provides coverage over the specified amount up to \$1,000,000 per individual for life.

Claims payable reported in the Risk Management Fund at June 30, 2025 consists of all current self-insured claims payable, including an estimate of incurred but not reportable claims amounting to \$6,460,518, the current portion of which is \$2,941,927. Claims payable for health insurance are based on current enrollment and benefits and historical experience.



NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 13. Risk Management (Continued)

Claims payable for workers’ compensation and property and liability are based on insurance coverage and specific claims, which have presented. Following is a summary of changes in claims payable for the fiscal years ended June 30, 2025 and 2024:

| | Beginning Balance | | Claims and Reserves | | Claim Payments | | Ending Balance |
|------------------------|----------------------|----|------------------------|----|-------------------|----|-------------------|
| Workers’ Compensation | | | | | | | |
| 2025 | \$ 3,499,265 | \$ | 1,835,953 | \$ | 1,366,627 | \$ | 3,968,591 |
| 2024 | \$ 2,968,179 | \$ | 1,365,799 | \$ | 834,713 | \$ | 3,499,265 |
| Property and Liability | | | | | | | |
| 2025 | \$ 882,229 | \$ | 1,218,213 | \$ | 837,266 | \$ | 1,263,177 |
| 2024 | \$ 318,472 | \$ | 1,310,943 | \$ | 747,186 | \$ | 882,229 |
| Health Insurance | | | | | | | |
| 2025 | \$ 1,520,300 | \$ | 19,227,186 | \$ | 19,518,736 | \$ | 1,228,750 |
| 2024 | \$ 948,454 | \$ | 15,373,996 | \$ | 14,802,150 | \$ | 1,520,300 |

Self-Insurance – School Board:

The School Board is self-insured for workers’ compensation benefits. Charges are made to the School Operating, Grants, and Food Service Funds as approved by City Council in the annual operating budgets. Any excess charges are reflected as nonspendable balance for workers’ compensation claims in the School Operating Fund. At June 30, 2025, \$225,000 of fund balance was allocated for purposes of funding future claims.

Claims are paid by a third-party administrator acting on behalf of the School Board under terms of a contractual agreement. Administrative fees are included within the provisions of that agreement. The plan pays all claims up to \$600,000 for each covered accident. Any claims exceeding \$600,000 for each covered accident are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2025, the workers’ compensation benefit obligation consisted of \$713,195 in reported unpaid claims and estimated incurred but not reported claims.

Workers’ Compensation Self-Insurance Coverage – School Board

Changes in the balance of claims liabilities during the years ended June 30, 2025 and 2024, are as follows:

| | Beginning Balance | | Claims and Reserves | | Claim Payments | | Ending Balance |
|-----------------------|----------------------|----|------------------------|----|-------------------|----|-------------------|
| Workers’ Compensation | | | | | | | |
| 2025 | \$ 650,960 | \$ | 775,430 | \$ | 713,195 | \$ | 713,195 |
| 2024 | \$ 627,978 | \$ | 795,165 | \$ | 772,183 | \$ | 650,960 |

Health Insurance Self-Insurance Coverage – School Board

Claims are paid by a third-party administrator acting on behalf of the School Board under terms of a contractual agreement. The plan pays all claims up to \$125,000 for each participant. Any claims exceeding \$125,000 for each participant are paid by specific stop-loss insurance provided by a third-party insurance company. As of June 30, 2025, School Operating Fund prepaids of \$95,000 were held for purposes of funding the School Board’s future claims liabilities. As a result, \$285,122 of the School Operating Fund balance is allocated for payment of future claims liabilities.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 14. Subsequent Events

On September 11, 2025, the City issued \$33,950,000 of authorized Tax-Exempt General Obligation, with maturity dates of February 1, 2046. These bonds were issued to finance capital projects approved in the FY2026 Capital Improvements Plan.

Note 15. Fund Balances

Fund Balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the general fund balance and other governmental funds balance are presented below:

| | General Fund | Capital Projects | Road Maintenance | Consolidated Grants | Debt Service | Nonmajor Governmental Funds |
|-------------------------|----------------|------------------|------------------|---------------------|--------------|-----------------------------|
| Nonspendable: | | | | | | |
| Inventories | \$ 63,762 | \$ - | \$ - | \$ - | \$ - | \$ 98,866 |
| Total Nonspendable | 63,762 | - | - | - | - | 98,866 |
| Restricted for: | | | | | | |
| Public Safety | \$ 1,625,324 | - | - | - | - | - |
| Judicial Administration | 365,511 | - | - | - | - | 336,913 |
| Capital Outlay: | | | | | | |
| Roadway Projects | - | 28,627,163 | - | - | - | - |
| Schools | - | 15,624,218 | - | - | - | - |
| Public Facilities | - | 1,898,376 | - | - | - | - |
| Recreation facilities | - | 8,090,865 | - | - | - | - |
| Public Safety | - | 7,725,742 | - | - | - | - |
| Various Grants | - | - | - | 119,654 | - | - |
| Tax District Services | - | - | - | - | - | 6,467,382 |
| Total Restricted | 1,990,835 | 61,966,364 | - | 119,654 | - | 6,804,295 |
| Committed to: | | | | | | |
| Cemetery | - | - | - | - | - | 971,322 |
| Total Committed | - | - | - | - | - | 971,322 |
| Assigned to: | | | | | | |
| General Government | | | | | | |
| Administration | \$ - | - | - | - | - | 3,873,475 |
| Public Works | - | - | 13,129,778 | - | - | - |
| Capital Projects | 114,470,806 | 25,272,092 | - | - | - | - |
| Debt Service | - | - | - | - | 537,377 | - |
| Various Grants | - | - | - | 10,286,711 | - | - |
| Total Assigned | 114,470,806 | 25,272,092 | 13,129,778 | 10,286,711 | 537,377 | 3,873,475 |
| Unassigned | 124,092,466 | - | - | - | - | - |
| Total Fund Balance | \$ 240,617,869 | \$ 87,238,456 | \$ 13,129,778 | \$ 10,406,365 | \$ 537,377 | \$ 11,747,958 |

The City Council has adopted a financial policy goal that unassigned fund balance should be 20% of the following fiscal years governmental funds budget. The adopted policy also established a budget stabilization fund the policy states that any excess amounts over the 20% will be dedicated to the budget stabilization fund, until that reaches 2.5% of the budgeted revenue and then to a capital reserve fund, both of these reserves are reported as committed fund balance. The amounts in the budget stabilization fund can only be drawn with the approval of City Council in an emergency situation, that would result in increased expenditures over budgeted amount or significant shortfalls in revenue.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 16. Tax Abatement Agreements

As of June 30, 2025, the City provides tax abatement through two programs -- the land use program and the rehabilitated structures program.

The Land use program provides for a reduction in the assessed value for land preservation with property devoted to agricultural, horticultural, forest or open space under Code of Virginia sections 58.1-3229 thru 3230, 58.1-3235 and 58.1-3237 as well as City Ordinance 82-71-77. The property owner must make a 6 year commitment, and must revalidate the use every 6 years. The valuation of the property is determined by the State Land Evaluation Advisory Committee; this process gives the property a reduction in value based on the agricultural use. This reduction in value is used to calculate the real estate tax reduction. If the property owner fails to comply with the requirements of the use, or has a change in use, the property is subject to roll back taxes. This program is considered of significant value to our community by increasing greenspace and preserving the natural resources in our environment.

The rehabilitated structures program provides a partial exemption from real estate taxes for qualifying rehabilitated real estate under Code of Virginia sections 58.1-3220 thru 3221 and City Ordinance 82-481- 482. This program provides a significant value to our community by preserving historical structures and decreasing blight. For qualifying properties, the initial increase in the real estate assessment caused by rehabilitation will be excused for 10 years. Upon receipt of an application the Assessor will determine the base value prior to commencement of the rehabilitation. The credit will remain with the property for the term of the exemption. There are separate requirements for residential and commercial properties to qualify for the program.

- Residential buildings should be at least 25 years old. The improvements need to increase the assessed value by no less than 40 percent. The total square footage of the building shall not be increased by more than 15 percent.
- Commercial/Industrial buildings should be at least 25 years old. The improvements need to increase the assessed value by no less than 60 percent.
- For both Residential and commercial/industrial properties, improvements to vacant land and total replacement of structures are not eligible. In order to be eligible all appropriate building permits must have been acquired and an application for exemption must be filed with the City Assessor.

| Tax Abatement Program | Amount of Taxes Abated | |
|--------------------------|------------------------|------------------------------------|
| | City Wide Real Estate | Downtown Business Overlay District |
| Land Use program | \$ 6,091,196 | \$ - |
| Rehabilitated Structures | \$ 51,807 | \$ 278,803 |

Note 17. Future Accounting Standards

The GASB has issued the following statements, which are not yet effective.

GASB Statement No. 103, *Financial Reporting Model Improvements*, the primary objective of which is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This statement is effective for the fiscal year ending June 30, 2026.

GASB Statement No. 104, *Disclosures of Certain Capital Assets*, the primary objective of which is to provide users of government financial statements with essential information about certain types of capital assets. This statement is effective for the fiscal year ending June 15, 2026.

Management has not yet evaluated the effects, if any, of adopting these standards.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 18. Restatements of Net Position and Fund Balance

Error Corrections

Correction of Due from Component Units

During review of accounts receivable, it was discovered that the amount recorded as Due from Schools was incorrect for the fiscal year ended June 30, 2024. There was a \$1.6 million decrease in Due from Component Units for this correction. The effect of the error correction on fund balance is outlined in the table below.

Correction of Accounts Receivable

During review of the Grants Fund activity, it was discovered that the amount recorded as Accounts Receivable was incorrect for the fiscal year ended June 30, 2024. There was a \$44,898 decrease in Accounts Receivable for this correction. The effect of the error correction on fund balance is outlined in the table below.

Change in accounting principle

Adoption of GASB Statement No. 101, Compensated Absences

The adoption of GASB Statement No. 101 resulted in the restatement of the City’s Statement of Net Position for fiscal year ended June 30, 2024. There was a \$12.6 million increase in the City’s compensated absences liability due to the adoption of this pronouncement. The effect of the change in net position for the primary government is outlined in the tables below for the City and Schools.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

| | Governmental Fund Balances | | Government-Wide Net Position | |
|---|----------------------------|---------------------|------------------------------|--------------------------|
| | General Fund | Consolidated Grants | Governmental Activities | Business-Type Activities |
| 6/30/2024, as previously reported | \$ 202,863,503 | \$ 3,567,863 | \$ 668,683,937 | \$ 215,480,494 |
| Error corrections | | | | |
| Due from Component Unit-Schools | (1,598,311) | - | (1,598,311) | - |
| Accounts Receivable | - | (44,898) | (44,898) | - |
| Change in accounting principle (GASB 101) | - | - | (10,066,776) | (878,004) |
| 6/30/2024, as adjusted or restated | \$ 201,265,192 | \$ 3,522,965 | \$ 656,973,952 | \$ 214,602,490 |

| Net Position | Schools |
|---|---------------|
| 6/30/2024, as previously reported | \$ 86,751,415 |
| Restatement - change in accounting principle (GASB 101) | (11,166,468) |
| 6/30/2024, as restated | \$ 75,584,947 |



Required Supplementary Information



**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
General Fund
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-----------------------|---------------------------------------|
| Revenues | | | | |
| General property taxes | | | | |
| Real estate | \$165,126,233 | \$165,126,233 | \$165,186,004 | \$59,771 |
| Personal property | 36,000,000 | 36,000,000 | 42,134,751 | 6,134,751 |
| Public service corporations | 5,000,000 | 5,000,000 | 5,643,028 | 643,028 |
| Machinery and tools | - | - | 1,592,974 | 1,592,974 |
| Payments in Lieu of Taxes | 3,000 | 3,000 | - | (3,000) |
| Penalties | 1,800,000 | 1,800,000 | 2,506,269 | 706,269 |
| Total general property taxes | <u>207,929,233</u> | <u>207,929,233</u> | <u>217,063,026</u> | <u>9,133,793</u> |
| Other Local Taxes | | | | |
| Sales and use | 17,500,000 | 17,500,000 | 18,964,572 | 1,464,572 |
| Utility tax | 4,800,000 | 4,800,000 | 5,338,259 | 538,259 |
| Communication taxes | 2,000,000 | 2,000,000 | 2,267,692 | 267,692 |
| Business and occupational licenses | 11,500,000 | 11,500,000 | 13,385,196 | 1,885,196 |
| Motor vehicle license | 2,700,000 | 2,700,000 | 2,903,878 | 203,878 |
| Bank stock | 768,872 | 768,872 | 793,612 | 24,740 |
| Recordation | 1,800,000 | 1,800,000 | 2,159,572 | 359,572 |
| Tobacco | 1,600,000 | 1,600,000 | 1,397,435 | (202,565) |
| Lodging | 1,800,000 | 1,800,000 | 2,429,980 | 629,980 |
| Meals | 15,000,000 | 15,000,000 | 17,091,726 | 2,091,726 |
| Admission | 200,000 | 200,000 | 347,067 | 147,067 |
| Total other local taxes | <u>59,668,872</u> | <u>59,668,872</u> | <u>67,078,989</u> | <u>7,410,117</u> |
| Revenue from the Commonwealth | | | | |
| Noncategorical aid | | | | |
| Tax on deeds | 14,492,364 | 14,492,364 | 14,760,139 | 267,775 |
| Total noncategorical aid | <u>14,492,364</u> | <u>14,492,364</u> | <u>14,760,139</u> | <u>267,775</u> |
| Categorical aid | | | | |
| Commonwealth's Attorney | 1,225,673 | 1,225,673 | 1,447,989 | 222,316 |
| Commissioner of the Revenue | 253,810 | 253,810 | 290,701 | 36,891 |
| Treasurer | 306,662 | 306,662 | 290,070 | (16,592) |
| Sheriff | 1,209,916 | 1,209,916 | 1,272,506 | 62,590 |
| Circuit Court Clerk | 705,220 | 708,720 | 845,641 | 136,921 |
| Registrar | 106,071 | 106,071 | 109,996 | 3,925 |
| Total categorical aid | <u>3,807,352</u> | <u>3,810,852</u> | <u>4,256,903</u> | <u>446,051</u> |
| Other categorical aid | | | | |
| Public assistance and welfare administration | 4,992,765 | 4,992,765 | 4,930,258 | (62,507) |
| Parks, recreation and cultural | 242,374 | 242,374 | 266,635 | 24,261 |
| Police | 400,000 | 400,000 | 875,753 | 475,753 |
| Fire and rescue | 518,125 | 518,125 | 575,198 | 57,073 |
| Other | - | - | (1) | (1) |
| Total other categorical aid | <u>6,153,264</u> | <u>6,153,264</u> | <u>6,647,843</u> | <u>494,579</u> |
| Total revenue from the commonwealth | <u>24,452,980</u> | <u>24,456,480</u> | <u>25,664,885</u> | <u>1,208,405</u> |
| Revenue from the federal government | | | | |
| Categorical aid | | | | |
| Public assistance and welfare administration | 5,810,319 | 5,810,319 | 6,437,939 | 627,620 |
| Public Safety | - | - | 121,263 | 121,263 |

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
General Fund
Year Ended June 30, 2025 (continued)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-----------------------|---------------------------------------|
| Parks, recreation and cultural | 20,000 | 20,000 | 21,163 | 1,163 |
| Total categorical aid | 5,830,319 | 5,830,319 | 6,580,365 | 750,046 |
| Total revenue from the federal government | 5,830,319 | 5,830,319 | 6,580,365 | 750,046 |
| Permits, fees, and licenses | | | | |
| Animal license | 25,000 | 25,000 | 18,134 | (6,866) |
| Permits and other licenses | 1,434,800 | 1,434,800 | 1,874,152 | 439,352 |
| Total permits, fees, and licenses | 1,459,800 | 1,459,800 | 1,892,286 | 432,486 |
| Fines and forfeitures | 675,000 | 675,000 | 6,223,539 | 5,548,539 |
| Revenue from use of money and property | | | | |
| Revenue from use of money | 4,000,000 | 4,000,000 | 14,774,122 | 10,774,122 |
| Revenue from use of property | 384,132 | 384,132 | 158,991 | (225,141) |
| Total revenue from use of money and property | 4,384,132 | 4,384,132 | 14,933,113 | 10,548,981 |
| Charges for services | | | | |
| Court costs | 203,787 | 203,787 | 175,805 | (27,982) |
| Commonwealth's Attorney fee | 8,000 | 8,000 | 8,509 | 509 |
| Police and traffic control | 35,000 | 35,000 | 14,604 | (20,396) |
| Charges for fire and rescue service | 3,197,932 | 3,197,932 | 3,354,862 | 156,930 |
| Charges for other protection | 50,000 | 50,000 | 41,778 | (8,222) |
| Charges for parks and recreation | 600,000 | 600,000 | 1,030,386 | 430,386 |
| Charges for library | 15,000 | 15,000 | 12,892 | (2,108) |
| Charges for tourism | 28,000 | 28,000 | 11,075 | (16,925) |
| Charges for planning and community development | 50 | 50 | - | (50) |
| Charges for other services | 332,500 | 332,500 | 315,945 | (16,555) |
| Total charges for services | 4,470,269 | 4,470,269 | 4,965,856 | 495,587 |
| Miscellaneous revenues | | | | |
| Recovered Costs | 1,140,568 | 1,140,568 | 909,603 | (230,965) |
| Miscellaneous | 526,000 | 534,143 | 658,509 | 124,366 |
| Total miscellaneous revenues | 1,666,568 | 1,674,711 | 1,568,112 | (106,599) |
| Total revenues | 310,537,173 | 310,548,816 | 345,970,171 | 35,421,355 |
| Expenditures | | | | |
| General government administration | | | | |
| Legislative | | | | |
| City Council | 797,595 | 797,595 | 790,287 | 7,308 |
| Total legislative | 797,595 | 797,595 | 790,287 | 7,308 |
| General and financial administration | | | | |
| City Manager | 1,654,126 | 1,654,126 | 1,507,700 | 146,426 |
| Budget and strategic planning | 467,366 | 467,366 | 315,337 | 152,029 |
| City Attorney | 1,564,287 | 1,564,287 | 1,519,455 | 44,832 |
| Human Resources | 2,147,774 | 2,147,774 | 1,968,799 | 178,975 |
| Commissioner of the Revenue | 1,569,389 | 1,569,389 | 1,522,381 | 47,008 |
| City Assessor | 2,814,606 | 2,814,606 | 2,693,438 | 121,168 |
| City Treasurer | 2,216,470 | 2,222,470 | 2,222,366 | 104 |
| Finance | 2,439,929 | 2,521,199 | 2,462,362 | 58,837 |
| Purchasing | 510,768 | 518,257 | 494,776 | 23,481 |
| Capital program management | 6,148,581 | 6,156,981 | 5,860,587 | 296,394 |
| Media and community relations | 1,452,303 | 1,611,430 | 1,598,445 | 12,985 |

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
General Fund
Year Ended June 30, 2025 (continued)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|------------------------|---------------------|-----------------------|---------------------------------------|
| Local and regional organizations | 2,091,656 | 2,336,438 | 2,331,749 | 4,689 |
| Total general and financial administration | 25,077,255 | 25,584,323 | 24,497,395 | 1,086,928 |
| Board of Elections | | | | |
| Registrar | 1,313,828 | 1,313,828 | 1,249,142 | 64,686 |
| Total board of elections | 1,313,828 | 1,313,828 | 1,249,142 | 64,686 |
| Total general government administration | 27,188,678 | 27,695,746 | 26,536,824 | 1,158,922 |
| Judicial administration | | | | |
| Courts | | | | |
| Circuit Court | 361,641 | 361,641 | 360,041 | 1,600 |
| District Court | 107,246 | 107,246 | 65,531 | 41,715 |
| Magistrate | 15,075 | 15,075 | 13,084 | 1,991 |
| Juvenile and Domestic Relations Court | 19,039 | 19,039 | 12,819 | 6,220 |
| Juvenile and Domestic Relations Court Service Unit | 1,454,160 | 1,454,160 | 1,109,269 | 344,891 |
| Circuit Court Clerk | 2,158,035 | 2,256,001 | 2,172,920 | 83,081 |
| Sheriff | 4,465,336 | 4,492,336 | 4,491,549 | 787 |
| Commonwealth's Attorney | 4,158,790 | 4,460,437 | 3,891,092 | 569,345 |
| Total courts | 12,739,322 | 13,165,935 | 12,116,305 | 1,049,630 |
| Total judicial administration | 12,739,322 | 13,165,935 | 12,116,305 | 1,049,630 |
| Public safety | | | | |
| Police | 37,182,806 | 37,424,479 | 37,090,409 | 334,070 |
| Communications | 3,463,798 | 3,467,609 | 3,271,215 | 196,394 |
| Property seizure program - Federal | - | 217,241 | - | 217,241 |
| Police E-ticketing | - | 235,309 | 13,050 | 222,259 |
| Confiscation program - State | - | 195,070 | - | 195,070 |
| DARE | - | 2,850 | - | 2,850 |
| Community Safety | - | 9,548,213 | 5,577,422 | 3,970,791 |
| Fire | 48,962,725 | 52,242,773 | 51,820,822 | 421,951 |
| Western Tidewater Regional Jail | 4,280,078 | 4,349,538 | 4,349,538 | - |
| Animal shelter and management | 1,401,328 | 1,501,933 | 1,434,566 | 67,367 |
| Emergency services | 22,627 | 22,627 | 19,148 | 3,479 |
| Total public safety | 95,313,362 | 109,207,642 | 103,576,170 | 5,631,472 |
| Public works | | | | |
| Administration | 1,504,380 | 1,667,771 | 1,501,921 | 165,850 |
| Total public works | 1,504,380 | 1,667,771 | 1,501,921 | 165,850 |
| Health and welfare | | | | |
| Western Tidewater Health Department | 1,300,000 | 1,300,000 | 1,300,000 | - |
| Western Tidewater CSB | 654,686 | 654,686 | 654,686 | - |
| Social Services | 14,290,669 | 14,306,900 | 13,072,376 | 1,234,524 |
| Comprehensive Services Act | 2,867,511 | 3,641,541 | 3,628,229 | 13,312 |
| Total health and welfare | 19,112,866 | 19,903,127 | 18,655,291 | 1,247,836 |
| Education | | | | |
| Contributions to component unit school board | 76,071,903 | 76,095,429 | 74,342,362 | 1,753,067 |
| Total education | 76,071,903 | 76,095,429 | 74,342,362 | 1,753,067 |
| Parks, recreation and cultural | | | | |
| Parks and recreation | 4,002,342 | 4,055,785 | 3,963,403 | 92,382 |
| Parks and recreation maintenance | 4,250,879 | 4,294,600 | 3,980,142 | 314,458 |

Exhibit 10

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
General Fund
Year Ended June 30, 2025 (continued)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------------|---------------------------------------|
| Parks and recreation - recreation | 4,599,179 | 4,598,679 | 4,466,038 | 132,641 |
| Public libraries | 4,690,293 | 4,727,817 | 4,631,078 | 96,739 |
| Total parks, recreation and cultural | <u>17,542,693</u> | <u>17,676,881</u> | <u>17,040,661</u> | <u>636,220</u> |
| Community development | | | | |
| Planning and community development | 7,340,866 | 9,113,273 | 8,280,917 | 832,356 |
| Economic development | 2,918,228 | 4,614,778 | 3,278,320 | 1,336,458 |
| Tourism | 986,223 | 986,223 | 977,572 | 8,651 |
| Cooperative extension service | 87,779 | 87,779 | 83,342 | 4,437 |
| Total community development | <u>11,333,096</u> | <u>14,802,053</u> | <u>12,620,151</u> | <u>2,181,902</u> |
| Nondepartmental | | | | |
| Salary, fringe benefits and insurance | 1,478,773 | 446,773 | 45,634 | 401,139 |
| Other Miscellaneous | 1,300,000 | 233,423 | 418,698 | (185,275) |
| Total nondepartmental | <u>2,778,773</u> | <u>680,196</u> | <u>464,332</u> | <u>215,864</u> |
| Total expenditures | <u>263,585,073</u> | <u>280,894,780</u> | <u>266,854,017</u> | <u>14,040,763</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>46,952,100</u> | <u>29,654,036</u> | <u>79,116,154</u> | <u>49,462,118</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 3,115,171 | 11,477,994 | 10,205,687 | (1,272,307) |
| Transfers out | (57,378,258) | (57,539,228) | (56,788,651) | 750,577 |
| Lease obligations | - | - | 397,064 | 397,064 |
| Fund balance | 7,310,987 | 16,407,198 | - | (16,407,198) |
| Total other financing sources (uses) | <u>(46,952,100)</u> | <u>(29,654,036)</u> | <u>(46,185,900)</u> | <u>(16,531,864)</u> |
| Net change in fund balances | <u>\$-</u> | <u>\$-</u> | <u>\$32,930,254</u> | <u>\$32,930,254</u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$32,930,254 | |
| Encumbrances | | | <u>6,422,423</u> | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u>\$39,352,677</u> | |

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Capital Projects
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|------------------------|---------------------------------------|
| Revenues | | | | |
| Revenue from the Commonwealth | \$7,077,159 | \$11,948,037 | \$32,820,208 | \$20,872,171 |
| Revenue from the federal government | - | 604,880 | 2,277,741 | 1,672,861 |
| Miscellaneous revenues | 967,056 | 13,354,899 | 13,246,098 | (108,801) |
| Grants anticipated | - | 14,804,859 | - | (14,804,859) |
| Fund balance | - | 224,482,353 | 1,243,212 | (223,239,141) |
| Total revenues | <u>8,044,215</u> | <u>265,195,028</u> | <u>49,587,259</u> | <u>(215,607,769)</u> |
| Expenditures | | | | |
| General government administration | 2,855,000 | 7,748,155 | 4,639,153 | 3,109,002 |
| Public safety | 4,185,000 | 27,873,848 | 21,686,587 | 6,187,261 |
| Public works | 21,648,738 | 160,915,163 | 89,695,560 | 71,219,603 |
| Education | 28,575,000 | 59,678,385 | 52,594,664 | 7,083,721 |
| Parks, recreation and cultural | 3,928,089 | 34,447,210 | 26,145,681 | 8,301,529 |
| Transportation | 800,000 | 1,792,108 | 436,803 | 1,355,305 |
| Nondepartmental | 4,778,929 | 24,634,109 | - | 24,634,109 |
| Total expenditures | <u>66,770,756</u> | <u>317,088,978</u> | <u>195,198,448</u> | <u>121,890,530</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(58,726,541)</u> | <u>(51,893,950)</u> | <u>(145,611,189)</u> | <u>(93,717,239)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 23,489,682 | 16,657,092 | 25,686,971 | 9,029,879 |
| General obligation bonds | 35,236,859 | 35,236,859 | 10,040,000 | (25,196,859) |
| Premium on bonds | - | - | 196,859 | 196,859 |
| Total other financing sources (uses) | <u>58,726,541</u> | <u>51,893,951</u> | <u>35,923,830</u> | <u>(15,970,121)</u> |
| Net change in fund balances | <u>\$-</u> | <u>\$1</u> | <u>\$(109,687,359)</u> | <u>\$(109,687,360)</u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$(109,687,359) | |
| Encumbrances | | | 81,474,774 | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u>\$(28,212,585)</u> | |



Exhibit 12

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Road Maintenance Fund
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------------|---------------------------------------|
| Revenues | | | | |
| Revenue from the Commonwealth | \$32,258,475 | \$33,184,881 | \$33,184,876 | \$(5) |
| Permits, fees, and licenses | 420,000 | 420,000 | 582,375 | 162,375 |
| Fines and forfeitures | 250,000 | 250,000 | 247,568 | (2,432) |
| Revenue from use of money and property | 20,000 | 20,000 | 450,565 | 430,565 |
| Charges for services | 1,265,605 | 1,265,605 | 964,356 | (301,249) |
| Miscellaneous revenues | 22,500 | 31,030 | 34,763 | 3,733 |
| Fund balance | 2,495,914 | 12,877,405 | - | (12,877,405) |
| Total revenues | <u>36,732,494</u> | <u>48,048,921</u> | <u>35,464,503</u> | <u>(12,584,418)</u> |
| Expenditures | | | | |
| Public works | 34,730,629 | 37,675,704 | 35,900,344 | 1,775,360 |
| Total expenditures | <u>34,730,629</u> | <u>37,675,704</u> | <u>35,900,344</u> | <u>1,775,360</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>2,001,865</u> | <u>10,373,217</u> | <u>(435,841)</u> | <u>(10,809,058)</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (2,001,865) | (10,373,217) | (9,100,911) | 1,272,306 |
| Total other financing sources (uses) | <u>(2,001,865)</u> | <u>(10,373,217)</u> | <u>(9,100,911)</u> | <u>1,272,306</u> |
| Net change in fund balances | <u>\$-</u> | <u>\$-</u> | <u>\$(9,536,752)</u> | <u>\$(9,536,752)</u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$(9,536,752) | |
| Encumbrances | | | <u>3,885,150</u> | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u>\$(5,651,602)</u> | |

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Consolidated Grants
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------------|---------------------------------------|
| Revenues | | | | |
| Revenue from the Commonwealth | \$- | \$3,838,280 | \$2,028,681 | \$(1,809,599) |
| Revenue from the federal government | - | 25,722,673 | 12,001,164 | (13,721,509) |
| Revenue from use of money and property | - | - | 1,619,803 | 1,619,803 |
| Charges for services | - | 30,000 | 13,306 | (16,694) |
| Miscellaneous revenues | - | 304,833 | 582,396 | 277,563 |
| Fund balance | - | 389,948 | - | (389,948) |
| Total revenues | <u>-</u> | <u>30,285,734</u> | <u>16,245,350</u> | <u>(14,040,384)</u> |
| Expenditures | | | | |
| General government administration | - | 7,950 | 7,950 | - |
| Judicial administration | - | 1,844,095 | 1,177,334 | 666,761 |
| Public safety | - | 6,092,918 | 2,845,945 | 3,246,973 |
| Public works | - | 612,208 | 90,335 | 521,873 |
| Health and welfare | - | 19,448,659 | 15,275,460 | 4,173,199 |
| Parks, recreation and cultural | - | 233,016 | 141,302 | 91,714 |
| Community development | - | 2,608,809 | 1,537,783 | 1,071,026 |
| Nondepartmental | 800,000 | 238,079 | - | 238,079 |
| Total expenditures | <u>800,000</u> | <u>31,085,734</u> | <u>21,076,109</u> | <u>10,009,625</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(800,000)</u> | <u>(800,000)</u> | <u>(4,830,759)</u> | <u>(4,030,759)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 800,000 | 800,000 | 561,921 | (238,079) |
| Total other financing sources (uses) | <u>800,000</u> | <u>800,000</u> | <u>561,921</u> | <u>(238,079)</u> |
| Net change in fund balances | <u>\$-</u> | <u>\$-</u> | <u>\$(4,268,838)</u> | <u>\$(4,268,838)</u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$(4,268,838) | |
| Encumbrances | | | 11,152,238 | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u>\$6,883,400</u> | |



Exhibit 14

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Debt Service Fund
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------------|---------------------------------------|
| Revenues | | | | |
| Revenue from use of money and property | \$- | \$- | \$(4,530,977) | \$(4,530,977) |
| Total revenues | - | - | (4,530,977) | (4,530,977) |
| Expenditures | | | | |
| Debt Service | 34,228,465 | 34,228,465 | 33,575,107 | 653,358 |
| Total expenditures | 34,228,465 | 34,228,465 | 33,575,107 | 653,358 |
| Excess (deficiency) of revenues over (under) expenditures | (34,228,465) | (34,228,465) | (38,106,084) | (3,877,619) |
| Other financing sources (uses) | | | | |
| Transfers in | 34,228,465 | 34,228,465 | 32,941,937 | (1,286,528) |
| Premium on bonds | - | - | 275,229 | 275,229 |
| Total other financing sources (uses) | 34,228,465 | 34,228,465 | 33,217,166 | (1,011,299) |
| Net change in fund balances | \$- | \$- | \$(4,888,918) | \$(4,888,918) |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$(4,888,918) | |
| Encumbrances | | | - | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | \$(4,888,918) | |

Required Supplementary Information
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Ten Fiscal Years

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Pension Liability: | | | | | | | | | | |
| Service cost | \$ 11,233,054 | \$ 10,017,571 | \$ 8,374,519 | \$ 8,280,040 | \$ 8,132,336 | \$ 7,567,281 | \$ 7,533,051 | \$ 7,259,255 | \$ 7,104,813 | \$ 7,018,182 |
| Interest | 27,913,187 | 25,927,892 | 25,051,249 | 22,671,297 | 21,574,861 | 20,613,324 | 19,140,479 | 18,400,909 | 17,359,071 | 16,812,748 |
| Changes in assumptions | - | - | - | 14,289,977 | - | 9,986,163 | - | (690,942) | - | - |
| Differences between expected and actual experience | 11,857,835 | 9,941,153 | (5,678,453) | (2,470,637) | 1,274,360 | 651,344 | 6,884,588 | (2,868,934) | 1,303,368 | (5,841,034) |
| Benefit payments including refunds of employee contributions | (19,005,297) | (16,375,344) | (16,430,793) | (15,342,506) | (14,133,599) | (13,199,609) | (11,835,331) | (11,234,683) | (10,533,021) | (9,837,539) |
| Net Change in Total Pension Liability | 31,998,779 | 29,511,272 | 11,316,522 | 27,428,171 | 16,847,958 | 25,618,503 | 21,722,787 | 10,865,605 | 15,234,231 | 8,152,357 |
| Total pension liability - beginning | 411,798,291 | 382,287,019 | 370,970,497 | 343,542,326 | 326,694,368 | 301,075,865 | 279,353,078 | 268,487,473 | 253,253,242 | 245,100,885 |
| Total pension liability - ending | \$ 443,797,070 | \$ 411,798,291 | \$ 382,287,019 | \$ 370,970,497 | \$ 343,542,326 | \$ 326,694,368 | \$ 301,075,865 | \$ 279,353,078 | \$ 268,487,473 | \$ 253,253,242 |
| Plan Fiduciary Net Position: | | | | | | | | | | |
| Contributions - employer | 11,434,266 | 10,653,472 | 8,744,931 | 8,393,781 | 7,256,065 | 7,031,636 | 7,172,294 | 6,958,618 | 7,519,618 | 7,327,510 |
| Contributions - employee | 4,149,434 | 3,888,274 | 3,524,800 | 3,350,831 | 3,361,141 | 3,260,682 | 3,241,083 | 3,248,534 | 2,962,118 | 2,851,871 |
| Net investment income | 35,473,958 | 22,426,052 | (361,724) | 76,007,281 | 5,284,646 | 17,460,442 | 18,158,127 | 26,854,025 | 3,824,803 | 9,496,953 |
| Benefit payments including refunds of employee contributions | (19,005,297) | (16,375,344) | (16,430,793) | (15,342,506) | (14,133,599) | (13,199,609) | (11,835,331) | (11,234,683) | (10,533,021) | (9,837,539) |
| Administrative expenses | (226,885) | (219,410) | (217,054) | (187,378) | (178,495) | (171,506) | (154,614) | (152,890) | (132,646) | (127,715) |
| Other changes | 7,347 | 7,770 | 8,124 | 7,191 | (6,273) | (11,042) | (16,278) | (24,013) | (1,608) | (2,019) |
| Net Change in Plan Fiduciary Net Position | 31,832,823 | 20,380,814 | (4,731,716) | 72,229,200 | 1,583,485 | 14,370,603 | 16,565,281 | 25,649,591 | 3,639,264 | 9,709,061 |
| Plan fiduciary net position - beginning | 366,112,055 | 345,731,241 | 350,462,957 | 278,233,757 | 276,650,272 | 262,279,669 | 245,714,388 | 220,064,797 | 216,425,533 | 206,716,469 |
| Plan fiduciary net position - ending | 397,944,878 | 366,112,055 | 345,731,241 | 350,462,957 | 278,233,757 | 276,650,272 | 262,279,669 | 245,714,388 | 220,064,797 | 216,425,530 |
| Total net pension liability - beginning | \$ 45,686,236 | \$ 36,555,778 | \$ 20,507,540 | \$ 65,308,569 | \$ 50,044,096 | \$ 38,796,196 | \$ 33,638,690 | \$ 48,422,676 | \$ 36,827,709 | \$ 38,384,416 |
| Total net pension liability - ending | \$ 45,852,192 | \$ 45,686,236 | \$ 36,555,778 | \$ 20,507,540 | \$ 65,308,569 | \$ 50,044,096 | \$ 38,796,196 | \$ 33,638,690 | \$ 48,422,676 | \$ 36,827,712 |
| Plan fiduciary net position as a percentage of total pension liability | 89.67% | 88.91% | 90.44% | 94.47% | 80.99% | 84.68% | 87.11% | 87.96% | 81.96% | 85.46% |
| Covered payroll | \$ 85,577,066 | \$ 79,565,797 | \$ 72,395,220 | \$ 69,212,248 | \$ 69,343,981 | \$ 67,256,705 | \$ 67,302,874 | \$ 64,085,203 | \$ 59,144,296 | \$ 63,639,606 |
| Net pension liability as a percentage of covered payroll | 53.58% | 57.42% | 50.49% | 29.63% | 94.18% | 74.41% | 57.64% | 52.49% | 81.87% | 57.87% |

Per GAAP, Net Pension Liability is reported using the measurement date, which is one year prior to the reporting date.

**Required Supplementary Information
Schedule of Changes in the School Board's (Non-Teacher)
Net Pension Liability (Asset) and Related Ratios
Last Ten Fiscal Years**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Pension Liability: | | | | | | | | | | |
| Service cost | - | 846,978 | 636,507 | 669,620 | 687,145 | 642,823 | 648,762 | 668,468 | 733,174 | 713,970 |
| Interest | - | 2,222,287 | 2,162,362 | 2,025,076 | 1,921,663 | 1,849,648 | 1,742,804 | 1,706,059 | 1,650,099 | 1,537,449 |
| Changes in assumptions | - | - | - | 899,673 | - | 801,043 | - | (209,695) | - | - |
| Differences between expected and actual experience | - | 2,107,743 | (354,739) | (796,573) | 148,865 | (42,381) | 270,296 | (515,637) | (570,559) | 304,251 |
| Benefit payments including refunds of employee contributions | - | (1,920,451) | (1,613,180) | (1,187,694) | (1,263,572) | (1,147,613) | (1,123,413) | (1,125,127) | (901,450) | (991,325) |
| Net Change in Total Pension Liability | - | 3,256,557 | 830,950 | 1,610,102 | 1,494,101 | 2,103,520 | 1,538,449 | 524,068 | 911,264 | 1,564,345 |
| Total pension liability - beginning | 36,292,578 | 33,036,021 | 32,205,071 | 30,594,969 | 29,100,868 | 26,997,348 | 25,458,899 | 24,934,831 | 24,023,567 | 22,459,222 |
| Total pension liability - ending | 36,292,578 | 36,292,578 | 33,036,021 | 32,205,071 | 30,594,969 | 29,100,868 | 26,997,348 | 25,458,899 | 24,934,831 | 24,023,567 |
| Plan Fiduciary Net Position: | | | | | | | | | | |
| Contributions - employer | - | 356,879 | 446,099 | 381,546 | 351,095 | 356,625 | 395,475 | 393,829 | 663,115 | 477,042 |
| Contributions - employee | - | 444,504 | 409,545 | 353,744 | 339,946 | 341,637 | 324,119 | 324,226 | 314,507 | 312,739 |
| Net investment income | - | 2,250,734 | (38,447) | 7,850,056 | 548,651 | 1,823,319 | 1,910,589 | 2,848,179 | 405,924 | 1,014,884 |
| Benefit payments including refunds of employee contributions | - | (1,920,451) | (1,613,180) | (1,187,694) | (1,263,572) | (1,147,613) | (1,123,413) | (1,125,127) | (901,450) | (991,325) |
| Administrative expenses | - | (22,782) | (22,513) | (19,450) | (18,730) | (18,028) | (16,379) | (16,505) | (14,198) | (13,901) |
| Other changes | - | 901 | 829 | 741 | (679) | (1,148) | (1,688) | (2,534) | (171) | (215) |
| Net Change in Plan Fiduciary Net Position | - | 1,109,785 | (817,667) | 7,378,943 | (43,289) | 1,354,792 | 1,488,703 | 2,422,068 | 467,727 | 799,224 |
| Plan fiduciary net position - beginning | 36,399,185 | 35,289,400 | 36,107,067 | 28,728,124 | 28,771,413 | 27,416,621 | 25,927,918 | 23,505,850 | 23,038,123 | 22,238,899 |
| Plan fiduciary net position - ending | 36,399,185 | 36,399,185 | 35,289,400 | 36,107,067 | 28,728,124 | 28,771,413 | 27,416,621 | 25,927,918 | 23,505,850 | 23,038,123 |
| Total net pension liability (asset) - beginning | (106,607) | (2,253,379) | (3,901,996) | 1,866,845 | 329,455 | (419,273) | (469,019) | 1,428,981 | 985,444 | 220,323 |
| Total net pension liability (asset) - ending | (106,607) | (106,607) | (2,253,379) | (3,901,996) | 1,866,845 | 329,455 | (419,273) | (469,019) | 1,428,981 | 985,444 |
| Plan fiduciary net position as a percentage of total pension liability | 100.29% | 100.29% | 106.82% | 112.12% | 93.90% | 98.87% | 101.55% | 101.84% | 94.27% | 95.90% |
| Covered payroll | \$ 10,811,181 | \$ 9,859,115 | \$ 8,968,585 | \$ 7,502,569 | \$ 7,228,784 | \$ 7,179,989 | \$ 6,718,706 | \$ 6,556,134 | \$ 7,303,711 | \$ 6,271,733 |
| Net pension liability (asset) as a percentage of covered payroll | (0.99%) | (1.08%) | (25.13%) | (52.01%) | 25.83% | 4.59% | (6.24%) | (7.15%) | 19.57% | 15.71% |

Per GAAP, Net Pension Liability is reported using the measurement date, which is one year prior to the reporting date.

**Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
School Board Teacher Retirement Plan
Last Ten Fiscal Years**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Employer's proportion of the net pension liability | 0.94128% | 0.92798% | 0.91479% | 0.95117% | 0.94792% | 0.98036% | 0.95078% | 0.95248% | 0.94584% | 0.91814% |
| Employer's proportionate share of the net pension liability | \$ 88,357,338 | \$ 93,792,839 | \$ 87,093,484 | \$ 73,840,253 | \$ 137,947,254 | \$ 129,020,948 | \$ 111,812,000 | \$ 117,136,000 | \$ 132,551,000 | \$ 115,560,000 |
| Employer's covered payroll | \$ 99,927,633 | \$ 91,882,191 | \$ 84,666,483 | \$ 83,522,903 | \$ 82,806,334 | \$ 81,801,705 | \$ 76,657,195 | \$ 73,624,141 | \$ 71,032,824 | \$ 68,193,037 |
| Employer's proportionate share of the net pension liability as a percentage of its covered payroll | 88.42% | 102.08% | 102.87% | 88.41% | 166.59% | 157.72% | 145.86% | 159.10% | 186.61% | 169.46% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.14% | 84.14% | 95.51% | 88.61% | 91.63% | 91.63% | 94.18% | 91.47% | 98.09% | 102.64% |

Note: The amounts presented have a measurement date of the previous fiscal year.



Exhibit 18

**Required Supplementary Information
Schedule of Contributions
Last Ten Fiscal Years**

| | Contractually Required Contribution | Contribution in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|---|--|--|---|---------------------------------------|--|
| City Pension Plan: | | | | | |
| 2016 | \$ 7,662,022 | \$ 8,035,838 | \$ (373,816) | \$ 59,144,296 | 13.59% |
| 2017 | 7,068,598 | 7,030,967 | 37,631 | 64,085,203 | 10.97% |
| 2018 | 423,507 | 7,309,368 | (6,885,861) | 67,302,574 | 10.86% |
| 2019 | 7,243,547 | 7,200,075 | 43,472 | 67,256,705 | 10.71% |
| 2020 | 7,468,347 | 7,462,406 | 5,941 | 69,343,981 | 10.76% |
| 2021 | 8,630,767 | 8,610,229 | 20,538 | 69,212,248 | 12.44% |
| 2022 | 8,992,126 | 8,992,126 | - | 72,395,220 | 12.42% |
| 2023 | 11,027,523 | 11,027,523 | - | 79,565,797 | 13.86% |
| 2024 | 11,866,022 | 11,860,022 | 6,000 | 85,577,066 | 13.86% |
| 2025 | 14,360,900 | 14,360,900 | - | 95,157,733 | 15.09% |
| School Board (non-teacher) Pension Plan: | | | | | |
| 2016 | \$ 701,325 | \$ 701,325 | - | \$ 7,303,711 | 9.60% |
| 2017 | 586,121 | 586,121 | - | 6,556,134 | 8.94% |
| 2018 | 395,660 | 395,660 | - | 6,718,706 | 5.89% |
| 2019 | 356,136 | 356,136 | - | 7,179,989 | 4.96% |
| 2020 | 350,347 | 350,347 | - | 7,228,784 | 4.85% |
| 2021 | 420,144 | 420,144 | - | 7,502,569 | 5.60% |
| 2022 | 444,256 | 444,256 | - | 8,968,585 | 4.95% |
| 2023 | 356,654 | 356,654 | - | 9,859,115 | 3.62% |
| 2024 | 379,260 | 379,260 | - | 10,811,181 | 3.51% |
| 2025 | 569,717 | 569,717 | - | 11,031,193 | 5.16% |
| School Board Teacher Retirement Plan: | | | | | |
| 2016 | \$ 11,533,874 | \$ 11,533,874 | - | \$ 71,032,824 | 16.24% |
| 2017 | 11,760,656 | 11,760,656 | - | 73,624,141 | 15.97% |
| 2018 | 12,290,506 | 12,290,506 | - | 76,657,195 | 16.03% |
| 2019 | 12,543,319 | 12,543,319 | - | 81,801,705 | 15.33% |
| 2020 | 12,616,285 | 12,616,285 | - | 82,806,334 | 15.24% |
| 2021 | 13,881,507 | 13,881,507 | - | 83,522,903 | 16.62% |
| 2022 | 13,650,009 | 13,650,009 | - | 84,666,483 | 16.12% |
| 2023 | 14,811,454 | 14,811,454 | - | 91,882,191 | 16.12% |
| 2024 | 15,909,644 | 15,909,644 | - | 99,927,633 | 15.92% |
| 2025 | 14,916,263 | 14,916,263 | - | 104,821,406 | 14.23% |

**Notes to the Required Supplementary Information
June 30, 2025**

Notes to the Required Supplementary Information related to Pensions

Changes in 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, 2022, 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. Change to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General City and School Board (nonteacher) Employees:

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Lowered retirement rates to better fit experience for Plan1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No change to line of duty disability rates.
- No change to discount rate of 6.75%

Public Safety Employees:

- Updated mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal 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.
- No change to disability rates.
- No change to line of duty disability rates.
- No change to discount rate of 6.75%

School Board Teacher Retirement Plan Employees:

- Update mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted Retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/ Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change in disability rates.
- No change in discount rate of 6.75%



**Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability (Asset)
And Related Ratios – Plan Reporting
City OPEB Medical Plan
Last Nine Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-----------------|-----------------|-----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Total OPEB Liability: | | | | | | | | | |
| Service cost | \$ 1,169,985 | \$ 920,508 | \$ 885,615 | \$ 1,250,647 | \$ 972,561 | \$ 936,260 | \$ 835,242 | \$ 646,056 | \$ 886,026 |
| Interest | 2,859,980 | 2,688,336 | 2,529,533 | 3,143,180 | 3,568,007 | 3,435,345 | 2,976,786 | 2,369,007 | 2,225,368 |
| Difference between expected and actual experience | 770,654 | (3,762,680) | 688,028 | (21,471,616) | (109,112) | (479,096) | 576,876 | 5,564,681 | - |
| Changes in assumptions | - | 2,888,856 | - | 5,714,895 | - | (863,241) | 3,129,118 | 289,822 | - |
| Benefit payments, including refunds of employee contributions | (1,852,159) | (1,395,187) | (1,665,443) | (1,073,690) | (1,242,451) | (1,349,107) | (1,655,212) | (1,454,455) | (1,060,396) |
| Net Change in Total OPEB Liability | 2,948,460 | 1,339,833 | 2,437,733 | (12,436,584) | 3,189,005 | 1,680,161 | 5,862,810 | 7,415,111 | 2,050,998 |
| Total OPEB liability – beginning | 41,740,843 | 40,401,010 | 37,963,277 | 50,399,861 | 47,210,856 | 45,530,695 | 39,667,885 | 32,252,774 | 30,201,776 |
| Total OPEB liability – ending | \$ 44,689,303 | \$ 41,740,843 | \$ 40,401,010 | \$ 37,963,277 | \$ 50,399,861 | \$ 47,210,856 | \$ 45,530,695 | \$ 39,667,885 | \$ 32,252,774 |
| Plan Fiduciary Net Position: | | | | | | | | | |
| Contributions - employer | 1,852,159 | 1,395,187 | 2,394,963 | 1,803,211 | 1,742,451 | 1,349,107 | 1,655,212 | 2,488,905 | 3,340,696 |
| Net investment income | 4,834,894 | 4,737,296 | 3,506,213 | (4,707,020) | 11,551,219 | 1,131,826 | 1,629,195 | 3,045,950 | 3,390,546 |
| Benefit payments, including refunds of employee contributions | (1,852,159) | (1,395,187) | (1,665,443) | (1,073,690) | (1,242,451) | (1,349,107) | (1,655,212) | (1,454,455) | (1,060,396) |
| Administrative fees | - | - | - | - | (36,394) | (33,677) | (32,333) | (31,912) | - |
| Net Change in Plan Fiduciary Net Position | 4,834,894 | 4,737,296 | 4,235,733 | (3,977,499) | 12,014,825 | 1,098,149 | 1,596,862 | 4,048,488 | 5,670,846 |
| Plan fiduciary net position – beginning | 55,144,979 | 50,407,683 | 46,171,950 | 50,149,449 | 38,134,624 | 37,036,475 | 35,439,613 | 31,391,125 | 25,720,279 |
| Plan fiduciary net position – ending | 59,979,873 | 55,144,979 | 50,407,683 | 46,171,950 | 50,149,449 | 38,134,624 | 37,036,475 | 35,439,613 | 31,391,125 |
| Total net OPEB liability (asset) – beginning | \$ (13,404,136) | \$ (10,006,673) | \$ (8,208,673) | \$ 250,412 | \$ 9,076,232 | \$ 8,494,220 | \$ 4,228,272 | \$ 861,649 | \$ 4,481,497 |
| Total net OPEB liability (asset) – ending | \$ (15,290,570) | \$ (13,404,136) | \$ (10,006,673) | \$ (8,208,673) | \$ 250,412 | \$ 9,076,232 | \$ 8,494,220 | \$ 4,228,272 | \$ 861,649 |
| Plan fiduciary net position as a percentage of total OPEB liability | 134.22% | 132.11% | 124.77% | 121.62% | 99.50% | 80.78% | 81.34% | 89.34% | 97.33% |
| Covered payroll | \$ 95,157,733 | \$ 85,577,066 | \$ 78,923,637 | \$ 75,470,202 | \$ 69,886,884 | \$ 69,886,884 | \$ 61,416,353 | \$ 67,302,874 | \$ 58,111,943 |
| Net OPEB liability (asset) as a percentage of covered payroll | (16.07%) | (15.66%) | (12.68%) | (10.88%) | 0.36% | 12.99% | 13.83% | 6.28% | 1.48% |

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, Net OPEB Liability is reported using the measurement date, which is one year prior to the reporting date.

**Required Supplementary Information
Schedule of Changes in the School Boards' Net OPEB Asset
And Related Ratios – Plan Reporting
School Board OPEB Medical Plan
Last Eight Fiscal Years**

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total OPEB Liability: | | | | | | | | |
| Service cost | 824,971 | 381,263 | 366,810 | 532,956 | 474,424 | 458,381 | 456,968 | 518,107 |
| Interest | 916,432 | 759,038 | 727,741 | 869,162 | 1,124,926 | 1,024,964 | 1,034,554 | 1,168,697 |
| Change in benefit terms | - | - | - | - | - | - | - | (391,210) |
| Differences between expected and actual experience | (173,411) | 1,137,344 | (154,315) | (1,920,563) | (4,196,230) | 695,593 | (651,244) | (2,060,226) |
| Change in assumption | - | 707,264 | - | 79,997 | 26,928 | - | 34,634 | 1,303,406 |
| Benefit payments including refunds of employee contributions | (558,621) | (622,884) | (435,346) | (304,691) | (267,861) | (1,435,329) | (588,348) | (1,323,985) |
| Net Change in Total OPEB Liability | 1,009,371 | 2,362,025 | 504,890 | (743,139) | (2,837,813) | 743,609 | 286,564 | (785,211) |
| Total OPEB liability - beginning | 13,942,067 | 11,580,042 | 11,075,152 | 11,818,291 | 14,656,104 | 13,912,495 | 13,625,931 | 14,411,142 |
| Total OPEB liability - ending | 14,951,438 | 13,942,067 | 11,580,042 | 11,075,152 | 11,818,291 | 14,656,104 | 13,912,495 | 13,625,931 |
| Plan Fiduciary Net Position: | | | | | | | | |
| Contributions - employer | (1,071,087) | 622,884 | 435,346 | 304,691 | 267,861 | 1,435,329 | 588,348 | 1,323,985 |
| Net investment income | 1,991,205 | 2,244,818 | (2,858,127) | 3,020,825 | 2,533,238 | 2,823,320 | (699,998) | 2,073,264 |
| Benefit payments including refunds of employee contributions | (558,621) | (622,884) | (435,346) | (304,691) | (267,861) | (1,435,329) | (588,348) | (1,323,985) |
| Administrative expenses | (8,578) | (8,382) | (17,949) | (18,731) | (15,718) | (15,166) | (14,727) | (14,546) |
| Net Change in Plan Fiduciary Net Position | 352,919 | 2,236,436 | (2,876,076) | 3,002,094 | 2,517,520 | 2,808,154 | (714,725) | 2,058,718 |
| Plan fiduciary net position – beginning | 22,438,642 | 20,202,206 | 23,078,282 | 20,076,188 | 17,558,668 | 14,750,514 | 15,465,239 | 13,406,521 |
| Plan fiduciary net position – ending | 22,791,561 | 22,438,642 | 20,202,206 | 23,078,282 | 20,076,188 | 17,558,668 | 14,750,514 | 15,465,239 |
| Total net OPEB asset – beginning | (8,496,575) | (8,622,164) | (12,003,130) | (8,257,897) | (2,902,564) | (838,019) | (1,839,308) | 1,004,621 |
| Total net OPEB asset – ending | (7,840,123) | (8,496,575) | (8,622,164) | (12,003,130) | (8,257,897) | (2,902,564) | (838,019) | (1,839,308) |
| Plan fiduciary net position as a percentage of total OPEB liability | 152.44% | 160.94% | 174.46% | 208.38% | 169.87% | 119.80% | 106.02% | 113.50% |
| Covered payroll | \$111,084,098 | \$102,506,109 | \$ 94,222,692 | \$ 90,628,803 | \$ 84,334,164 | \$ 81,801,705 | \$ 80,618,413 | \$ 79,940,967 |
| Net OPEB asset as a percentage of covered payroll | (7.06%) | (8.29%) | (9.15%) | (13.24%) | (9.79%) | (3.55%) | (1.04%) | (2.30%) |

Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, Net OPEB Liability is reported using the measurement date, which is one year prior to the reporting date.

**Required Supplementary Information
Schedule of Contributions – OPEB Plan
OPEB Medical Plan
Last Ten Fiscal Years**

| | <u>Contractually Required Contribution</u> | <u>Contribution in Relation to Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered Payroll</u> | <u>Contributions as a % of Covered Payroll</u> |
|----------------------|--|--|---|---------------------------------------|--|
| City Plan: | | | | | |
| 2016 | \$ 3,182,500 | \$ 3,501,603 | \$ (319,103) | \$ 58,111,943 | 6.03% |
| 2017 | 1,083,859 | 3,340,696 | (2,256,837) | 58,111,943 | 5.75% |
| 2018 | 734,245 | 2,488,906 | (1,754,661) | 67,302,874 | 3.70% |
| 2019 | 1,330,615 | 1,655,212 | (324,597) | 61,416,353 | 2.70% |
| 2020 | 1,330,615 | 1,349,107 | (18,492) | 69,886,884 | 1.93% |
| 2021 | 1,702,081 | 1,742,451 | (40,370) | 69,886,884 | 2.49% |
| 2022 | 1,702,081 | 1,803,210 | (101,129) | 75,470,202 | 2.39% |
| 2023 | - | 2,394,963 | (2,394,963) | 78,923,637 | 3.03% |
| 2024 | - | 2,748,278 | (2,748,278) | 85,577,086 | 3.21% |
| 2025 | - | 2,750,058 | (2,750,058) | 95,157,733 | 2.89% |
| School Board: | | | | | |
| 2016 | \$ 112,200 | \$ 1,578,887 | \$ (1,466,687) | \$ 55,537,800 | 2.84% |
| 2017 | 613,629 | 1,822,143 | (1,208,514) | 79,940,967 | 2.28% |
| 2018 | 613,629 | 1,063,180 | (449,551) | 80,618,413 | 1.32% |
| 2019 | 588,348 | 1,053,194 | (464,846) | 81,801,705 | 1.29% |
| 2020 | 1,435,329 | 621,810 | 813,519 | 84,334,164 | 0.74% |
| 2021 | - | 267,861 | (267,861) | 90,628,803 | 0.30% |
| 2022 | - | 304,691 | (304,691) | 94,222,692 | 0.32% |
| 2023 | - | 435,346 | (435,346) | 102,506,109 | 0.42% |
| 2024 | - | 622,884 | (622,884) | 111,084,098 | 0.56% |
| 2025 | - | - | - | 116,616,167 | 0.00% |

**Required Supplementary Information
 Schedule of Annual Money Weighted Rate Of
 Return on OPEB Plan Investments
 OPEB Medical Plan
 Last Nine Fiscal Years**

| | <u>City OPEB Trust</u> | <u>School Board OPEB Trust</u> |
|------|------------------------|------------------------------------|
| 2017 | 13.04% | 15.52% |
| 2018 | 9.52% | 9.52% |
| 2019 | 4.67% | 4.67% |
| 2020 | 4.88% | 4.88% |
| 2021 | 30.05% | 30.05% |
| 2022 | (9.28%) | (9.28%) |
| 2023 | 9.76% | 9.76% |
| 2024 | 9.36% | 9.36% |
| 2025 | 9.05% | 9.05% |

Schedule is intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.



**Notes to the Required Supplementary Information
June 30, 2025**

**Notes to the Required Supplementary Information related
to Other Postemployment Benefit Medical Plan**

Changes in Benefit Terms:

There were no changes in the Plan's benefit provisions during the measurement period ending on January 1, 2022.

Changes to assumptions or other inputs

The following changes in assumptions were made for the valuation date of January 1, 2022:

- The discount rate was lowered from 7.5% to 6.75% to be in line with the current VRS assumption.
- The claims assumption was updated to include the most recent plan experience.
- The trend assumption was updated to the most recent table released by the Society of Actuaries.
- The salary scale assumption was updated to match that of the most recent VRS valuation.
- The decrement assumptions were updated to match those used by the most recent VRS valuation.

**Required Supplementary Information
Schedule of Proportionate Share of Net OPEB Liability
Line of Duty Act Program (LODA) for the City
Last Eight Fiscal Years**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Employer's proportion of the net LODA OPEB liability | 2.97749% | 2.64735% | 2.62447% | 2.78220% | 2.75114% | 2.62930% | 2.86170% | 2.76316% |
| Employer's proportionate share of the net LODA OPEB liability | \$ 11,718,054 | \$ 10,613,205 | \$ 9,932,449 | \$ 12,269,269 | \$ 11,522,199 | \$ 9,433,565 | \$ 8,972,000 | \$ 7,261,000 |
| Employer's covered payroll | \$ 36,100,948 | \$ 35,391,248 | \$ 31,137,183 | \$ 27,241,531 | \$ 29,370,754 | \$ 28,324,247 | \$ 24,288,204 | \$ 23,102,737 |
| Employer's proportionate share of the net LODA OPEB liability as a percentage of its covered payroll | 32.46% | 29.99% | 31.90% | 45.04% | 39.23% | 33.31% | 36.94% | 31.43% |
| Plan fiduciary net position as a percentage of the total LODA OPEB liability | 1.22% | 1.31% | 1.87% | 1.68% | 1.02% | 0.79% | 0.60% | 1.30% |

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedule is intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

**Schedule of Proportionate Share of Net OPEB Liability
Group Life Insurance Program (GLI) for the City
Last Eight Fiscal Years**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Employer's proportion of the net GLI OPEB liability | 0.33411% | 0.33820% | 0.33359% | 0.33366% | 0.33753% | 0.34159% | 0.34952% | 0.34781% |
| Employer's proportionate share of the net GLI OPEB liability | \$ 3,728,407 | \$ 4,056,078 | \$ 4,016,745 | \$ 3,918,355 | \$ 5,632,832 | \$ 5,558,578 | \$ 5,308,000 | \$ 5,234,000 |
| Employer's covered payroll | \$ 85,787,744 | \$ 79,663,713 | \$ 72,564,393 | \$ 69,484,722 | \$ 69,692,322 | \$ 66,963,814 | \$ 66,461,255 | \$ 64,154,851 |
| Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll | 4.35% | 5.09% | 5.54% | 5.64% | 8.08% | 8.30% | 7.99% | 8.16% |
| Plan fiduciary net position as a percentage of the total GLI OPEB liability | 73.41% | 69.30% | 67.21% | 67.45% | 52.64% | 52.00% | 51.22% | 48.86% |

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedule is intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Exhibit 25

**Required Supplementary Information
Schedule of Proportionate Share of Net OPEB Liability
Group Life Insurance Program (GLI) for the School Board
Last Eight Fiscal Years**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Employer's proportion of the net GLI OPEB liability | 0.43400% | 0.43433% | 0.43367% | 0.44273% | 0.43943% | 0.45715% | 0.44079% | 0.40934% |
| Employer's proportionate share of the net GLI OPEB liability | \$ 4,843,102 | \$ 5,208,978 | \$ 5,221,805 | \$ 5,154,577 | \$ 7,333,367 | \$ 7,439,047 | \$ 6,695,000 | \$ 6,704,000 |
| Employer's covered payroll | \$ 100,500,589 | \$ 102,306,872 | \$ 94,334,223 | \$ 91,407,110 | \$ 90,437,143 | \$ 89,616,947 | \$ 83,814,437 | \$ 82,175,449 |
| Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll | 4.82% | 5.09% | 5.54% | 5.64% | 8.11% | 8.30% | 7.99% | 8.16% |
| Plan fiduciary net position as a percentage of the total GLI OPEB liability | 69.30% | 69.30% | 67.21% | 67.45% | 52.64% | 52.00% | 51.22% | 48.86% |

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedule is intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Exhibit 26

**Schedule of Proportionate Share of Net OPEB Liability
Health Insurance Credit Plans (THIC) for the School Board – Teachers
Last Eight Fiscal Years**

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Employer's proportion of the net HIC OPEB liability | 0.93270% | 0.92149% | 0.90842% | 0.94441% | 0.94455% | 0.97557% | 0.94832% | 0.95031% |
| Employer's proportionate share of the net HIC OPEB liability | \$ 10,778,729 | \$ 11,163,090 | \$ 11,346,588 | \$ 12,122,156 | \$ 12,321,811 | \$ 12,771,160 | \$ 12,040,000 | \$ 12,056,000 |
| Employer's covered payroll | \$ 99,927,633 | \$ 91,882,191 | \$ 84,666,483 | \$ 83,522,903 | \$ 82,806,334 | \$ 81,827,304 | \$ 76,694,389 | \$ 74,998,650 |
| Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll | 10.79% | 12.15% | 13.40% | 14.51% | 14.88% | 15.61% | 15.70% | 16.07% |
| Plan fiduciary net position as a percentage of the total HIC OPEB liability | 17.90% | 17.90% | 15.08% | 13.15% | 9.95% | 8.97% | 8.08% | 7.04% |

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedule is intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

**Required Supplementary Information
Schedule of Proportionate Share of Net OPEB Liability
Virginia Local Disability Program (VLDP) – School Board Teachers
Last Eight Fiscal Years**

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Employer’s proportion of the net VLDP OPEB liability | 4.51917% | 4.35302% | 4.18720% | 4.07483% | 4.10950% | 4.50925% | 4.37837% | 4.31966% |
| Employer’s proportionate share of the net VLDP OPEB liability | \$ (61,136) | \$ 10,907 | \$ (8,608) | \$ (30,600) | \$ 34,104 | \$ 34,661 | \$ 34,000 | \$ 25,000 |
| Employer’s covered payroll | \$ 33,257,196 | \$ 38,102,735 | \$ 30,691,112 | \$ 25,736,865 | \$ 23,040,664 | \$ 20,626,222 | \$ 15,699,589 | \$ 11,799,069 |
| Employer’s proportionate share of the net VLDP OPEB liability as a percentage of its covered payroll | -0.18% | 0.03% | -0.03% | -0.12% | 0.15% | 0.17% | 0.22% | 0.21% |
| Plan fiduciary net position as a percentage of the total VLDP OPEB liability | 93.78% | 93.78% | 101.57% | 114.46% | 78.28% | 74.12% | 46.18% | 31.96% |

Note: The amounts presented have a measurement date of the previous fiscal year.

Schedule is intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

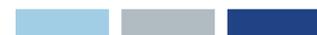


**Required Supplementary Information
Schedule of Contributions – OPEB City VRS Plans
Last Ten Fiscal Years**

| | <u>Contractually Required Contribution</u> | <u>Contribution in Relation to Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered Payroll</u> | <u>Contributions as a % of Covered Payroll</u> |
|--|--|--|---|---------------------------------------|--|
| City Group Life Insurance Program (GLI) | | | | | |
| 2016 | \$ 283,950 | \$ 283,950 | \$ - | \$ 59,156,221 | 0.48% |
| 2017 | 333,605 | 333,605 | - | 64,154,851 | 0.52% |
| 2018 | 345,599 | 345,599 | - | 66,461,255 | 0.52% |
| 2019 | 348,212 | 348,212 | - | 66,963,814 | 0.52% |
| 2020 | 432,439 | 432,439 | - | 69,692,322 | 0.62% |
| 2021 | 375,217 | 375,217 | - | 69,484,722 | 0.54% |
| 2022 | 385,940 | 385,940 | - | 72,564,393 | 0.53% |
| 2023 | 423,066 | 423,066 | - | 79,663,713 | 0.53% |
| 2024 | 456,844 | 456,844 | - | 79,663,713 | 0.57% |
| 2025 | 458,459 | 448,459 | 10,000 | 95,416,904 | 0.47% |
| City Line of Duty Act Program (LODA) | | | | | |
| 2016 | \$ 270,316 | \$ 270,316 | \$ - | \$ 21,832,593 | 1.24% |
| 2017 | 298,011 | 298,011 | - | 23,102,737 | 1.29% |
| 2018 | 304,819 | 304,819 | - | 24,288,204 | 1.26% |
| 2019 | 352,885 | 352,885 | - | 28,324,247 | 1.25% |
| 2020 | 373,881 | 373,881 | - | 29,370,754 | 1.27% |
| 2021 | 383,044 | 383,044 | - | 27,241,531 | 1.41% |
| 2022 | 358,834 | 358,834 | - | 31,137,183 | 1.15% |
| 2023 | 351,318 | 351,318 | - | 35,391,248 | 0.99% |
| 2024 | 448,822 | 448,822 | - | 36,100,948 | 1.41% |
| 2025 | 518,665 | 518,665 | - | 40,659,967 | 1.28% |

**Required Supplementary Information
Schedule of Contributions – OPEB School Board VRS Plans
Last Ten Fiscal Years**

| | <u>Contractually Required Contribution</u> | <u>Contribution in Relation to Contractually Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered Payroll</u> | <u>Contributions as a % of Covered Payroll</u> |
|---|--|--|---|---------------------------------------|--|
| School Board Group Life Insurance Program (GLI) | | | | | |
| 2016 | \$ 386,299 | \$ 386,299 | \$ - | 80,479,145 | 0.48% |
| 2017 | 427,312 | 427,312 | - | 82,175,449 | 0.52% |
| 2018 | 435,835 | 435,835 | - | 83,814,437 | 0.52% |
| 2019 | 466,008 | 466,008 | - | 89,616,947 | 0.52% |
| 2020 | 470,273 | 470,273 | - | 90,437,143 | 0.52% |
| 2021 | 493,598 | 493,598 | - | 91,407,110 | 0.54% |
| 2022 | 509,405 | 509,405 | - | 94,334,223 | 0.54% |
| 2023 | 552,457 | 552,457 | - | 102,306,872 | 0.54% |
| 2024 | 542,703 | 542,703 | - | 100,500,589 | 0.54% |
| 2025 | 1,357,227 | 1,357,227 | - | 105,359,235 | 1.29% |
| School Board Health Insurance Credit Program (THIC) - Teachers | | | | | |
| 2016 | \$ 779,951 | \$ 779,951 | \$ - | 73,580,311 | 1.06% |
| 2017 | 932,485 | 932,485 | - | 74,998,650 | 1.24% |
| 2018 | 943,341 | 943,341 | - | 76,694,389 | 1.23% |
| 2019 | 981,928 | 981,928 | - | 81,827,304 | 1.20% |
| 2020 | 993,676 | 993,676 | - | 82,806,334 | 1.20% |
| 2021 | 1,010,627 | 1,010,627 | - | 83,522,903 | 1.21% |
| 2022 | 1,024,485 | 1,024,485 | - | 84,666,483 | 1.21% |
| 2023 | 1,111,707 | 1,111,707 | - | 91,882,191 | 1.21% |
| 2025 | 1,208,608 | 1,208,608 | - | 99,927,633 | 1.21% |
| 2025 | 1,268,262 | 1,268,262 | - | 104,821,406 | 1.21% |
| School Board Virginia Local Disability Program (VLDP) | | | | | |
| 2016 | \$ 23,681 | \$ 23,681 | \$ - | 7,814,391 | 0.30% |
| 2017 | 38,690 | 38,690 | - | 11,799,069 | 0.33% |
| 2018 | 52,058 | 52,058 | - | 15,699,589 | 0.33% |
| 2019 | 88,363 | 88,363 | - | 20,626,222 | 0.43% |
| 2020 | 101,154 | 101,154 | - | 23,040,664 | 0.44% |
| 2021 | 129,938 | 129,938 | - | 25,736,865 | 0.50% |
| 2022 | 158,126 | 158,126 | - | 30,691,112 | 0.52% |
| 2023 | 197,414 | 197,414 | - | 38,102,735 | 0.52% |
| 2025 | 156,309 | 156,309 | - | 33,257,196 | 0.47% |
| 2025 | 256,510 | 256,510 | - | 46,203,644 | 0.56% |



**Notes to the Required Supplementary Information
June 30, 2025**

Notes to the Required Supplementary Information related to Pensions

Changes in 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, 2022, 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. Change to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General City and School Board GLI plan Employees:

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service.
- No change to disability rates.
- No change in salary scale.
- No change to discount rate.

Public Safety Employees GLI and LODA plans:

- Updated mortality rates to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal 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.
- No change to disability rates.
- No change in salary scale.
- No change to discount rate.

School Board Teacher GLI, HIC and VLDP:

- Updated mortality rates to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement ages from 75 to 80 for all.
- Adjusted rates to better fit experience at each age and service decrement through 9 years of service.
- No change in disability rates
- No change in Discount rate

**Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability
And Related Ratios – Plan Reporting
School Board Non-Teacher HIC Single Employer Plan
Last Five Fiscal Years**

| | 2025 | 2024 | 2022 | 2021 | 2020 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability: | | | | | |
| Service cost | \$ 8,001 | \$ 8,393 | \$ 9,501 | \$ 10,909 | \$ - |
| Interest | 36,827 | 52,976 | 46,945 | 42,022 | - |
| Changes of benefit terms | - | - | - | - | 622,573 |
| Differences between expected and actual experience | (41,499) | (280,480) | (839) | - | - |
| Changes in assumptions | - | - | 51,707 | 17,815 | - |
| Benefit payments including refunds of employee contributions | (20,344) | (19,129) | (14,603) | (35) | - |
| Net Change in Total OPEB Liability | (17,015) | (238,240) | 92,711 | 70,711 | 622,573 |
| Total OPEB liability - beginning | 547,755 | 785,995 | 693,284 | 622,573 | - |
| Total OPEB liability - ending | 530,740 | 547,755 | 785,995 | 693,284 | 622,573 |
| Plan Fiduciary Net Position: | | | | | |
| Contributions - employer | 87,570 | 79,857 | 62,759 | 52,520 | - |
| Net investment income | 20,514 | 9,017 | (1,673) | 6,756 | - |
| Benefit payments including refunds of employee contributions | (20,344) | (19,129) | (14,603) | (35) | - |
| Administrative expenses | (318) | (254) | (201) | (232) | - |
| Other Changes | - | 2 | - | - | - |
| Net Change in Plan Fiduciary Net Position | 87,422 | 69,493 | 46,282 | 59,009 | - |
| Plan fiduciary net position – beginning | 174,784 | 105,291 | 59,009 | - | - |
| Plan fiduciary net position – ending | 262,206 | 174,784 | 105,291 | 59,009 | - |
| Total net OPEB liability – beginning | 372,971 | 680,704 | 634,275 | 622,573 | - |
| Total net OPEB liability – ending | <u>\$ 268,534</u> | <u>\$ 372,971</u> | <u>\$ 680,704</u> | <u>\$ 634,275</u> | <u>\$ 622,573</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 49.40% | 31.91% | 13.40% | 8.51% | 0.00% |
| Covered payroll | \$ 9,859,115 | \$ 9,859,115 | \$ 8,968,585 | \$ 7,502,569 | \$ 7,502,569 |
| Net OPEB liability as a percentage of covered payroll | 2.72% | 3.78% | 7.59% | 8.45% | 8.30% |

Schedules are intended to show information for 10 years. Since 2020 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

Per GAAP, Net OPEB Liability is reported using the measurement date, which is one year prior to the reporting date.



Exhibit 31

**Required Supplementary Information
Schedule of Contributions – School Board Non-Teacher
Health Insurance Credit OPEB Plan
Last Four Fiscal Years**

| | Actuarially Determined Contribution | Contribution in Relation to Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|------|--|--|---|---------------------------------------|--|
| 2021 | \$ 52,518 | \$ 52,518 | \$ - | \$ 7,502,569 | 0.70% |
| 2022 | 62,748 | 62,748 | - | 8,968,585 | 0.70% |
| 2023 | 79,857 | 79,857 | - | 9,859,115 | 0.81% |
| 2024 | 87,760 | 87,760 | - | 10,811,181 | 0.81% |
| 2025 | 89,259 | 89,259 | - | 11,031,193 | 0.81% |

Schedules are intended to show information for 10 years. Since 2021 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

**Notes to the Required Supplementary Information
June 30, 2025**

**Notes to the Required Supplementary Information related to
Other Postemployment Benefit Plans - School Board Non-Teacher
Health Insurance Credit Single Employer State VRS Plan.**

Changes in Benefit Terms:

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

Changes to assumptions or other inputs

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except for 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 and VRS Board action are as follows:

| | |
|---|--|
| Mortality Rates (pre-retirement, postretirement, 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 year of service. |
| Disability rates: | No change. |
| Salary Scale: | No change. |
| Line of Duty Disability: | No change. |
| Discount Rate: | No change. |





Other Supplementary Information



Other Supplementary Information: Non-Major Governmental Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Suffolk Taxing District Fund – accounts for revenues and expenditures related to services provided in the Suffolk Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Suffolk Taxing District. These additional assessments ceased as of July 1, 2007.

Downtown Business Overlay District Fund – accounts for revenues and expenditures related to services provided in the Downtown Business Overlay District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the Downtown Business Overlay District.

Law Library Fund – accounts for the maintenance of a law library. Revenue is derived from court fees.

Route 17 Taxing District Fund – accounts for revenues and expenditures related to services provided in the Route 17 Taxing District. Most revenues are derived from a specific percentage of the annual real estate tax assessments in the route 17 Taxing District.

Cemetery Fund – accounts for monies received from the sale of burial sites, lots, and mausoleum sites, the revenue from which is to be applied to the perpetual care of the City's cemeteries.

Aviation Fund – accounts for revenues generated through use of airport facilities and governmental grant programs to be used solely for expansion, maintenance, and use of city municipal airport.

Transit Fund – accounts for revenues and expenditures associated with the City's bus services. The revenue comes from a combination of state grants and fares collected from the passengers.

**Combining Balance Sheet
Nonmajor Governmental Funds – Special Revenue Funds
June 30, 2025**

| | Downtown Business Overlay District | Law Library | Route 17 Taxing District | Cemetery | Transit | Aviation | Total Nonmajor Governmental Funds |
|--|---|--------------------|-------------------------------------|-------------------|---------------------|---------------------|--|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 408,635 | \$ - | \$ 6,060,374 | \$ - | \$ 3,253,238 | \$ 780,124 | \$ 10,502,371 |
| Cash and investments – restricted | - | 332,607 | - | 971,322 | - | - | 1,303,929 |
| Receivables (net of allowance for uncollectibles): | | | | | | | |
| Property taxes | 907 | - | 10,539 | - | - | - | 11,446 |
| Other receivables | - | 4,306 | - | - | - | 132,917 | 137,223 |
| Lease receivable | - | - | - | - | - | 355,195 | 355,195 |
| Inventories | - | - | - | - | - | 98,866 | 98,866 |
| Total assets | <u>409,542</u> | <u>336,913</u> | <u>6,070,913</u> | <u>971,322</u> | <u>3,253,238</u> | <u>1,367,102</u> | <u>12,409,030</u> |
| Liabilities | | | | | | | |
| Accounts payable and accrued liabilities | 9,772 | - | - | - | 152,636 | 96,487 | 258,895 |
| Accrued payroll and related liabilities | - | - | - | - | 2,453 | 8,786 | 11,239 |
| Unavailable revenues - taxes | 338 | - | 2,963 | - | - | - | 3,301 |
| Deposits | - | - | - | - | - | 18,852 | 18,852 |
| Total liabilities | <u>10,110</u> | <u>-</u> | <u>2,963</u> | <u>-</u> | <u>155,089</u> | <u>124,125</u> | <u>292,287</u> |
| Deferred inflows of resources | | | | | | | |
| Leases | - | - | - | - | - | 368,785 | 368,785 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>368,785</u> | <u>368,785</u> |
| Fund balances | | | | | | | |
| Nonspendable | - | - | - | - | - | 98,866 | 98,866 |
| Restricted | 399,432 | 336,913 | 6,067,950 | - | - | - | 6,804,295 |
| Committed | - | - | - | 971,322 | - | - | 971,322 |
| Assigned | - | - | - | - | 3,098,149 | 775,326 | 3,873,475 |
| Total fund balances | <u>399,432</u> | <u>336,913</u> | <u>6,067,950</u> | <u>971,322</u> | <u>3,098,149</u> | <u>874,192</u> | <u>11,747,958</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 409,542</u> | <u>\$ 336,913</u> | <u>\$ 6,070,913</u> | <u>\$ 971,322</u> | <u>\$ 3,253,238</u> | <u>\$ 1,367,102</u> | <u>\$ 12,409,030</u> |

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds – Special Revenue Funds
Year Ended June 30, 2025**

| | Downtown Business Overlay District | Law Library | Route 17 Taxing District | Cemetery | Transit | Aviation | Total Nonmajor Governmental Funds |
|---|---|--------------------|-------------------------------------|-------------------|---------------------|-------------------|--|
| Revenues | | | | | | | |
| Taxes: | | | | | | | |
| Real estate and personal property taxes | \$ 242,805 | \$ - | \$ 2,836,128 | \$ - | \$ - | \$ - | \$ 3,078,933 |
| Intergovernmental: | | | | | | | |
| Revenue from the Commonwealth | - | - | - | - | 610,936 | 4,595 | 615,531 |
| Revenue from the federal government | - | - | - | - | 1,461,269 | - | 1,461,269 |
| Revenue from use of money and property | 17,931 | 13,744 | 265,938 | 87,949 | 134,616 | 276,292 | 796,470 |
| Charges for services | - | 43,569 | - | - | 62,798 | 622,440 | 728,807 |
| Miscellaneous | - | - | - | 29,868 | 23,798 | - | 53,666 |
| Total revenues | 260,736 | 57,313 | 3,102,066 | 117,817 | 2,293,417 | 903,327 | 6,734,676 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government administration | - | - | - | - | - | 919,960 | 919,960 |
| Public works | 208,446 | - | - | - | - | - | 208,446 |
| Transportation | - | - | - | - | 3,213,136 | - | 3,213,136 |
| Total expenditures | 208,446 | - | - | - | 3,213,136 | 919,960 | 4,341,542 |
| Excess (deficiency) of revenues over/ (under) expenditures | 52,290 | 57,313 | 3,102,066 | 117,817 | (919,719) | (16,633) | 2,393,134 |
| Other financing sources (uses) | | | | | | | |
| Transfers from other funds | - | - | - | - | 418,604 | 179,846 | 598,450 |
| Transfers to other funds | - | - | (1,570,586) | (77,703) | (156,684) | (109,919) | (1,914,892) |
| Total other financing sources (uses) | - | - | (1,570,586) | (77,703) | 261,920 | 69,927 | (1,316,442) |
| Net change in fund balances | 52,290 | 57,313 | 1,531,480 | 40,114 | (657,799) | 53,294 | 1,076,692 |
| Fund balances at July 1 | 347,142 | 279,600 | 4,536,470 | 931,208 | 3,755,948 | 820,898 | 10,671,266 |
| Fund balances at June 30 | \$ 399,432 | \$ 336,913 | \$ 6,067,950 | \$ 971,322 | \$ 3,098,149 | \$ 874,192 | \$ 11,747,958 |



**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Downtown Business Overlay District
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------------|-----------------------------------|
| Revenues | | | | |
| General property taxes | \$228,443 | \$228,443 | \$242,805 | \$14,362 |
| Revenue from use of money and property | - | - | 17,931 | 17,931 |
| Total revenues | <u>228,443</u> | <u>228,443</u> | <u>260,736</u> | <u>32,293</u> |
| Expenditures | | | | |
| Public works | 228,443 | 228,443 | 208,446 | 19,997 |
| Total expenditures | <u>228,443</u> | <u>228,443</u> | <u>208,446</u> | <u>19,997</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | - | 52,290 | 52,290 |
| Net change in fund balances | <u>\$-</u> | <u>\$-</u> | <u>\$52,290</u> | <u>\$52,290</u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$52,290 | |
| Encumbrances | | | - | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u>\$52,290</u> | |

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Law Library
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------------|-----------------------------------|
| Revenues | | | | |
| Revenue from use of money and property | \$- | \$- | \$13,744 | \$13,744 |
| Charges for services | - | - | 43,569 | 43,569 |
| Total revenues | <u>-</u> | <u>-</u> | <u>57,313</u> | <u>57,313</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>57,313</u> | <u>57,313</u> |
| Net change in fund balances | <u>\$-</u> | <u>\$-</u> | <u>\$57,313</u> | <u>\$57,313</u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$57,313 | |
| Encumbrances | | | <u>-</u> | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u>\$57,313</u> | |



**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Route 17 Taxing District
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------------|-----------------------------------|
| Revenues | | | | |
| General property taxes | \$2,675,020 | \$2,675,020 | \$2,836,128 | \$161,108 |
| Revenue from use of money and property | - | - | 265,938 | 265,938 |
| Fund balance | - | 500,000 | - | (500,000) |
| Total revenues | <u>2,675,020</u> | <u>3,175,020</u> | <u>3,102,066</u> | <u>(72,954)</u> |
| Expenditures | | | | |
| Community development | 1,604,434 | 1,604,434 | - | 1,604,434 |
| Total expenditures | <u>1,604,434</u> | <u>1,604,434</u> | <u>-</u> | <u>1,604,434</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,070,586</u> | <u>1,570,586</u> | <u>3,102,066</u> | <u>1,531,480</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (1,070,586) | (1,570,586) | (1,570,586) | - |
| Total other financing sources (uses) | <u>(1,070,586)</u> | <u>(1,570,586)</u> | <u>(1,570,586)</u> | <u>-</u> |
| Net change in fund balances | <u>\$-</u> | <u>\$-</u> | <u>\$1,531,480</u> | <u>\$1,531,480</u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$1,531,480 | |
| Encumbrances | | | - | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u>\$1,531,480</u> | |

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Cemetery
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------------|-----------------------------------|
| Revenues | | | | |
| Revenue from use of money and property | \$- | \$- | \$87,949 | \$87,949 |
| Miscellaneous revenues | - | - | 29,868 | 29,868 |
| Fund balance | - | 78,237 | - | (78,237) |
| Total revenues | <u>-</u> | <u>78,237</u> | <u>117,817</u> | <u>39,580</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>78,237</u> | <u>117,817</u> | <u>39,580</u> |
| Other financing sources (uses) | | | | |
| Transfers out | - | (77,703) | (77,703) | - |
| Total other financing sources (uses) | <u>-</u> | <u>(77,703)</u> | <u>(77,703)</u> | <u>-</u> |
| Net change in fund balances | <u>\$-</u> | <u>\$534</u> | <u>\$40,114</u> | <u>\$39,580</u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$40,114 | |
| Encumbrances | | | <u>-</u> | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u>\$40,114</u> | |



**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Transit
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|-----------------------|-----------------------------------|
| Revenues | | | | |
| Revenue from the Commonwealth | \$664,032 | \$2,230,406 | \$610,936 | \$(1,619,470) |
| Revenue from the federal government | 1,585,194 | 4,915,473 | 1,461,269 | (3,454,204) |
| Revenue from use of money and property | - | - | 134,616 | 134,616 |
| Charges for services | 62,000 | 62,000 | 62,798 | 798 |
| Miscellaneous revenues | 10,000 | 10,000 | 23,798 | 13,798 |
| Fund balance | 450,000 | 627,452 | - | (627,452) |
| Total revenues | <u>2,771,226</u> | <u>7,845,331</u> | <u>2,293,417</u> | <u>(5,551,914)</u> |
| Expenditures | | | | |
| Transportation | 2,973,146 | 8,047,251 | 3,923,440 | 4,123,811 |
| Total expenditures | <u>2,973,146</u> | <u>8,047,251</u> | <u>3,923,440</u> | <u>4,123,811</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(201,920)</u> | <u>(201,920)</u> | <u>(1,630,023)</u> | <u>(1,428,103)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 418,604 | 418,604 | 418,604 | - |
| Transfers out | (216,684) | (216,684) | (156,684) | 60,000 |
| Total other financing sources (uses) | <u>201,920</u> | <u>201,920</u> | <u>261,920</u> | <u>60,000</u> |
| Net change in fund balances | <u>\$-</u> | <u>\$-</u> | <u>\$(1,368,103)</u> | <u>\$(1,368,103)</u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$(1,368,103) | |
| Encumbrances | | | <u>710,304</u> | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u>\$(657,799)</u> | |

**Schedule of Revenues, Expenditures, and Changes
In Fund Balances – Budget and Actual – Budgetary Basis
Aviation
Year Ended June 30, 2025**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|------------------------|-----------------------------------|
| Revenues | | | | |
| Revenue from the Commonwealth | \$- | \$17,457 | \$4,595 | \$(12,862) |
| Revenue from use of money and property | 261,804 | 261,804 | 276,292 | 14,488 |
| Charges for services | 695,000 | 695,000 | 622,440 | (72,560) |
| Total revenues | <u>956,804</u> | <u>974,261</u> | <u>903,327</u> | <u>(70,934)</u> |
| Expenditures | | | | |
| Transportation | 1,005,731 | 1,024,107 | 919,960 | 104,147 |
| Nondepartmental | 30,000 | 20,081 | - | 20,081 |
| Total expenditures | <u>1,035,731</u> | <u>1,044,188</u> | <u>919,960</u> | <u>124,228</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(78,927)</u> | <u>(69,927)</u> | <u>(16,633)</u> | <u>53,294</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 179,846 | 179,846 | 179,846 | - |
| Transfers out | (100,919) | (109,919) | (109,919) | - |
| Total other financing sources (uses) | <u>78,927</u> | <u>69,927</u> | <u>69,927</u> | <u>-</u> |
| Net change in fund balances | <u><u>\$-</u></u> | <u><u>\$-</u></u> | <u><u>\$53,294</u></u> | <u><u>\$53,294</u></u> |
| Reconciliation to Governmental Fund Statement: | | | | |
| Total net change in fund balance | | | \$53,294 | |
| Encumbrances | | | - | |
| Total net change in fund balance per statement of revenues, expenditures and changes in fund balance | | | <u><u>\$53,294</u></u> | |



Other Supplementary Information: Non-Major Proprietary Funds

Enterprise Funds are used to account for:

Stormwater Utility Fund – accounts for the maintenance and improvements to the City’s stormwater infrastructure. All activities necessary to provide such services are funded by charges to citizens and are accounted for in this fund.

Refuse Fund – accounts for the provision of refuse and waste management services. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, billing, and collections.

**Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2025**

| | <u>Stormwater Utility</u> | <u>Refuse</u> | <u>Total Nonmajor Enterprise Funds</u> |
|---|-------------------------------|---------------------|--|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 18,651,052 | \$ 7,338,589 | \$ 25,989,641 |
| Accounts receivable (net of allowance for uncollectibles) | 121,736 | 974,433 | 1,096,169 |
| Total current assets | <u>18,772,788</u> | <u>8,313,022</u> | <u>27,085,810</u> |
| Noncurrent assets | | | |
| Cash and cash equivalents, restricted | 13,848,196 | - | 13,848,196 |
| Net OPEB asset medical plan | 454,645 | 344,661 | 799,306 |
| Capital assets | | | |
| Assets not being depreciated | 7,804,288 | - | 7,804,288 |
| Assets being depreciated, net | 2,971,248 | 1,254,020 | 4,225,268 |
| Total noncurrent assets | <u>25,078,377</u> | <u>1,598,681</u> | <u>26,677,058</u> |
| Total assets | <u>43,851,165</u> | <u>9,911,703</u> | <u>53,762,868</u> |
| Deferred outflows of resources | | | |
| Pension plan | 890,682 | 513,237 | 1,403,919 |
| Opeb medical plan | 346,792 | 261,730 | 608,522 |
| Opeb state plans | 34,886 | 19,951 | 54,837 |
| Total deferred outflows of resources | <u>1,272,360</u> | <u>794,918</u> | <u>2,067,278</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | 1,760,231 | 315,314 | 2,075,545 |
| Accrued payroll and related liabilities | 94,311 | 89,024 | 183,335 |
| Accrued interest payable | 146,658 | - | 146,658 |
| Compensated absences | 232,097 | 132,205 | 364,302 |
| Bonds payable, current portion | 15,000 | - | 15,000 |
| Direct borrowing, current portion | 492,000 | - | 492,000 |
| Total current liabilities | <u>2,740,297</u> | <u>536,543</u> | <u>3,276,840</u> |
| Noncurrent liabilities | | | |
| Arbitrage liability | 350,493 | - | 350,493 |
| Compensated absences | 246,874 | 132,816 | 379,690 |
| Net pension liability | 1,418,138 | 830,466 | 2,248,604 |
| Net OPEB liability state plans | 116,194 | 69,045 | 185,239 |
| Direct borrowing, less current | 13,594,000 | - | 13,594,000 |
| Bonds payable, less current portion | 290,000 | - | 290,000 |
| Bonds premium | 597,320 | - | 597,320 |
| Total noncurrent liabilities | <u>16,613,019</u> | <u>1,032,327</u> | <u>17,645,346</u> |
| Total liabilities | <u>19,353,316</u> | <u>1,568,870</u> | <u>20,922,186</u> |
| Deferred inflows of resources | | | |
| Pension plan | 361,919 | 205,323 | 567,242 |
| Opeb medical plan | 545,294 | 411,542 | 956,836 |
| Opeb state plans | 23,472 | 13,120 | 36,592 |
| Total deferred inflows of resources | <u>930,685</u> | <u>629,985</u> | <u>1,560,670</u> |
| Net position | | | |
| Net investment in capital assets | 9,635,412 | 1,254,020 | 10,889,432 |
| Restricted | | | |
| OPEB | 454,645 | 344,661 | 799,306 |
| Unrestricted | 14,749,467 | 6,909,085 | 21,658,552 |
| Total net position | <u>\$ 24,839,524</u> | <u>\$ 8,507,766</u> | <u>\$ 33,347,290</u> |

Exhibit 41

**Combining Statement of Revenues, Expenses,
and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2025**

| | <u>Stormwater Utility</u> | <u>Refuse</u> | <u>Total Nonmajor Enterprise Funds</u> |
|---|-------------------------------|---------------------|--|
| Operating revenues | | | |
| Charges for services | \$ 9,191,333 | \$ 10,438,671 | \$ 19,630,004 |
| Other | 736,021 | 2,274,435 | 3,010,456 |
| Total operating revenues | <u>9,927,354</u> | <u>12,713,106</u> | <u>22,640,460</u> |
| Operating expenses | | | |
| Personnel services | 3,791,209 | 2,390,989 | 6,182,198 |
| Contractual services | 453,245 | 5,655,977 | 6,109,222 |
| Administration | 1,049,549 | 2,374,080 | 3,423,629 |
| Supplies | 89,556 | 207,904 | 297,460 |
| Repairs and maintenance | 8,482 | 27,409 | 35,891 |
| Utilities | 39,296 | 32,474 | 71,770 |
| Depreciation and amortization | 65,736 | 97,304 | 163,040 |
| Short term rentals | 89,296 | - | 89,296 |
| Other charges | 59,047 | 55,945 | 114,992 |
| Total operating expenses | <u>5,645,416</u> | <u>10,842,082</u> | <u>16,487,498</u> |
| Operating income (loss) | <u>4,281,938</u> | <u>1,871,024</u> | <u>6,152,962</u> |
| Nonoperating revenues (expenses) | | | |
| Investment earnings | 1,047,041 | 279,427 | 1,326,468 |
| Interest expense and other charges | (697,268) | - | (697,268) |
| Total nonoperating revenues (expenses) | <u>349,773</u> | <u>279,427</u> | <u>629,200</u> |
| Income (loss) before transfers and capital contributions | <u>4,631,711</u> | <u>2,150,451</u> | <u>6,782,162</u> |
| Capital contributions and transfers | | | |
| Transfers to other funds | (433,730) | (269,000) | (702,730) |
| Total capital contributions and transfers | <u>(433,730)</u> | <u>(269,000)</u> | <u>(702,730)</u> |
| Changes in net position | 4,197,981 | 1,881,451 | 6,079,432 |
| Total net position at July 1 | 20,867,824 | 6,744,721 | 27,612,545 |
| Restatements | (226,281) | (118,406) | (344,687) |
| Total net position at July 1, as restated | 20,641,543 | 6,626,315 | 27,267,858 |
| Total net position at June 30 | <u>\$ 24,839,524</u> | <u>\$ 8,507,766</u> | <u>\$ 33,347,290</u> |

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2025**

| | <u>Stormwater Utility</u> | <u>Refuse</u> | <u>Total Nonmajor Enterprise Funds</u> |
|---|-------------------------------|---------------------|--|
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ 10,005,500 | \$ 12,510,130 | \$ 22,515,630 |
| Payment to suppliers | (236,132) | (8,344,860) | (8,580,992) |
| Payments to employees | (3,946,238) | (2,512,734) | (6,458,972) |
| Total cash flows from operating activities: | <u>5,823,130</u> | <u>1,652,536</u> | <u>7,475,666</u> |
| Cash flows from noncapital financing activities: | | | |
| Transfers to other funds | (433,730) | (269,000) | (702,730) |
| Total cash flows from noncapital financing activities: | <u>(433,730)</u> | <u>(269,000)</u> | <u>(702,730)</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition and construction of capital assets | (4,677,498) | (1,350,272) | (6,027,770) |
| Proceeds from issuance of debt | 4,795,000 | - | 4,795,000 |
| Principal paid on capital debt, net | (570,767) | (1,060) | (571,827) |
| Interest and other charges paid on capital debt | (82,580) | - | (82,580) |
| Total cash flows from capital and related financing activities: | <u>(535,845)</u> | <u>(1,351,332)</u> | <u>(1,887,177)</u> |
| Cash flows from investing activities: | | | |
| Interest received | 1,397,534 | 279,427 | 1,676,961 |
| Total cash flows from investing activities: | <u>1,397,534</u> | <u>279,427</u> | <u>1,676,961</u> |
| Net change in cash and cash equivalents | 6,251,089 | 311,631 | 6,562,720 |
| Beginning, July 1 | 26,248,159 | 7,026,958 | 33,275,117 |
| Ending, June 30 | <u>\$ 32,499,248</u> | <u>\$ 7,338,589</u> | <u>\$ 39,837,837</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ 4,281,938 | \$ 1,871,024 | \$ 6,152,962 |
| Adjustments to reconcile operating income to cash provided by operating activities: | | | |
| Depreciation and amortization | 65,736 | 97,304 | 163,040 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in: | | | |
| Receivables | 78,147 | (202,977) | (124,830) |
| Increase (decrease) in: | | | |
| Accounts payable and accrued liabilities | 1,552,338 | 8,928 | 1,561,266 |
| Accrued payroll and related liabilities | (155,029) | (121,743) | (276,772) |
| Total adjustments to reconcile operating income to cash provided by operating activities: | <u>1,541,192</u> | <u>(218,488)</u> | <u>1,322,704</u> |
| Total reconciliation of operating income to net cash provided by operating activities: | <u>\$ 5,823,130</u> | <u>\$ 1,652,536</u> | <u>\$ 7,475,666</u> |
| Reconciliation of cash and investments: | | | |
| Cash and investments | | | |
| Unrestricted | \$ 18,651,052 | \$ 7,338,589 | \$ 25,989,641 |
| Restricted | 13,848,196 | - | 13,848,196 |
| Total cash and investments | <u>\$ 32,499,248</u> | <u>\$ 7,338,589</u> | <u>\$ 39,837,837</u> |

Other Supplementary Information: Internal Service Funds

Internal Service Funds are used to account for:

Information Technology Fund – account for technology infrastructure and allocates costs to the various departments or agencies using the service.

Fleet Management Fund – accounts for, on a cost-reimbursement basis, the financing of vehicles and the related maintenance, repairs, and fuel costs and allocates those costs to the various departments or agencies using the equipment.

Risk Management Fund – accounts for the funding and payment of auto, personal liability, general liability, health insurance, and workers' compensation claims against the City exclusive of the School Board employees. Charges to other funds are based on estimated claims for the year.

**Combining Statement of Net Position
Internal Service Funds
June 30, 2025**

| | <u>Information Technology</u> | <u>Fleet Management</u> | <u>Risk Management</u> | <u>Total Internal Service Funds</u> |
|---|-----------------------------------|-----------------------------|----------------------------|---|
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 674,386 | \$ 18,993,450 | \$ 17,177,292 | \$ 36,845,128 |
| Accounts receivable (net of allowance for uncollectibles) | 27,000 | 122,711 | - | 149,711 |
| Lease receivables | 868,878 | - | - | 868,878 |
| Inventories | - | 538,067 | - | 538,067 |
| Total current assets | <u>1,570,264</u> | <u>19,654,228</u> | <u>17,177,292</u> | <u>38,401,784</u> |
| Noncurrent assets | | | | |
| Cash and cash equivalents, restricted | 412,048 | - | - | 412,048 |
| Net OPEB asset medical plan | 271,667 | 187,532 | 75,520 | 534,719 |
| Capital assets | | | | |
| Assets not being depreciated | 1,043,147 | 298,000 | - | 1,341,147 |
| Assets being depreciated, net | 4,740,228 | 12,911,652 | 724,123 | 18,376,003 |
| Total noncurrent assets | <u>6,467,090</u> | <u>13,397,184</u> | <u>799,643</u> | <u>20,663,917</u> |
| Total assets | <u>8,037,354</u> | <u>33,051,412</u> | <u>17,976,935</u> | <u>59,065,701</u> |
| Deferred outflows of resources | | | | |
| Pension plan | 628,640 | 364,325 | 171,967 | 1,164,932 |
| Opeb medical plan | 209,383 | 143,951 | 58,889 | 412,223 |
| Opeb state plans | 24,012 | 14,015 | 6,781 | 44,808 |
| Total deferred outflows of resources | <u>862,035</u> | <u>522,291</u> | <u>237,637</u> | <u>1,621,963</u> |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | 539,578 | 248,694 | 465,938 | 1,254,210 |
| Accrued payroll and related liabilities | 70,585 | 22,278 | 103,961 | 196,824 |
| Accrued interest payable | 39,375 | - | - | 39,375 |
| Compensated absences | 149,463 | 116,739 | 40,928 | 307,130 |
| Claims payable | - | - | 2,941,927 | 2,941,927 |
| Subscriptions payable | 112,836 | - | - | 112,836 |
| Leases payable, current portion | 501,197 | 58,239 | - | 559,436 |
| Bonds payable, current portion | 1,130,000 | - | - | 1,130,000 |
| Total current liabilities | <u>2,543,034</u> | <u>445,950</u> | <u>3,552,754</u> | <u>6,541,738</u> |
| Noncurrent liabilities | | | | |
| Arbitrage liability | 16,763 | - | - | 16,763 |
| Claims payable | - | - | 3,518,591 | 3,518,591 |
| Compensated absences | 116,261 | 98,027 | 59,659 | 273,947 |
| Net pension liability | 854,956 | 613,547 | 272,163 | 1,740,666 |
| Net OPEB liability state plans | 72,662 | 52,859 | 23,304 | 148,825 |
| Subscriptions payable | 112,614 | - | - | 112,614 |
| Leases payable, less current portion | 230,951 | 33,711 | - | 264,662 |
| Bonds payable, less current portion | 760,000 | - | - | 760,000 |
| Bonds premium | 270,222 | - | - | 270,222 |
| Total noncurrent liabilities | <u>2,434,429</u> | <u>798,144</u> | <u>3,873,717</u> | <u>7,106,290</u> |
| Total liabilities | <u>4,977,463</u> | <u>1,244,094</u> | <u>7,426,471</u> | <u>13,648,028</u> |
| Deferred inflows of resources | | | | |
| Leases | 775,962 | - | - | 775,962 |
| Pension plan | 228,323 | 135,192 | 70,490 | 434,005 |
| Opeb medical plan | 329,234 | 226,348 | 92,597 | 648,179 |
| Opeb state plans | 15,389 | 8,970 | 4,542 | 28,901 |
| Total deferred inflows of resources | <u>1,348,908</u> | <u>370,510</u> | <u>167,629</u> | <u>1,887,047</u> |
| Net position | | | | |
| Net investment in capital assets | 3,077,603 | 13,117,703 | 724,123 | 16,919,429 |
| Restricted | | | | |
| Capital projects | 211,972 | - | - | 211,972 |
| OPEB | 271,667 | 187,532 | 75,520 | 534,719 |
| Unrestricted | (988,224) | 18,653,864 | 9,820,829 | 27,486,469 |
| Total net position | <u>\$ 2,573,018</u> | <u>\$ 31,959,099</u> | <u>\$ 10,620,472</u> | <u>\$ 45,152,589</u> |

Exhibit 44

**Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2025**

| | <u>Information Technology</u> | <u>Fleet Management</u> | <u>Risk Management</u> | <u>Total Internal Service Funds</u> |
|---|-----------------------------------|-----------------------------|----------------------------|---|
| Operating revenues | | | | |
| Charges for services | \$ 17,022,421 | \$ 12,555,797 | \$ 22,536,362 | \$ 52,114,580 |
| Lease | 54,412 | - | - | 54,412 |
| Other | 3,228 | 444,520 | 753,284 | 1,201,032 |
| Total operating revenues | <u>17,080,061</u> | <u>13,000,317</u> | <u>23,289,646</u> | <u>53,370,024</u> |
| Operating expenses | | | | |
| Personnel services | 2,879,822 | 1,657,070 | 863,692 | 5,400,584 |
| Contractual services | 9,051,989 | 3,795 | 161,364 | 9,217,148 |
| Administration | 346,466 | 859,182 | 73,152 | 1,278,800 |
| Supplies | 9,312 | 63,366 | 2,781 | 75,459 |
| Repairs and maintenance | 1,007,033 | 61,034 | - | 1,068,067 |
| Utilities | 395,760 | 33,398 | 7,305 | 436,463 |
| Computers and equipment | 757,024 | - | - | 757,024 |
| Vehicle and power equipment - fuel | - | 1,816,568 | - | 1,816,568 |
| Vehicle and power equipment - supplies | - | 3,904,782 | - | 3,904,782 |
| Self-insured claims | - | - | 20,164,772 | 20,164,772 |
| Insurance | - | - | 2,666,615 | 2,666,615 |
| Depreciation and amortization | 1,152,832 | 2,677,816 | 47,748 | 3,878,396 |
| Short term rentals | 61,972 | - | 21,930 | 83,902 |
| Other charges | 60,732 | 38,215 | 248,869 | 347,816 |
| Total operating expenses | <u>15,722,942</u> | <u>11,115,226</u> | <u>24,258,228</u> | <u>51,096,396</u> |
| Operating income (loss) | <u>1,357,119</u> | <u>1,885,091</u> | <u>(968,582)</u> | <u>2,273,628</u> |
| Nonoperating revenues (expenses) | | | | |
| Investment earnings | 39,800 | 834,326 | 741,692 | 1,615,818 |
| Interest expense and other charges | (46,901) | (376) | - | (47,277) |
| Loss on disposal of capital assets | - | (10,051) | - | (10,051) |
| Total nonoperating revenues (expenses) | <u>(7,101)</u> | <u>823,899</u> | <u>741,692</u> | <u>1,558,490</u> |
| Income (loss) before transfers and capital contributions | <u>1,350,018</u> | <u>2,708,990</u> | <u>(226,890)</u> | <u>3,832,118</u> |
| Capital contributions and transfers | | | | |
| Transfers to other funds | (304,382) | (236,661) | (99,018) | (640,061) |
| Total capital contributions and transfers | <u>(304,382)</u> | <u>(236,661)</u> | <u>(99,018)</u> | <u>(640,061)</u> |
| Changes in net position | 1,045,636 | 2,472,329 | (325,908) | 3,192,057 |
| Total net position at July 1 | 1,615,711 | 29,565,459 | 11,007,948 | 42,189,118 |
| Restatements | (88,329) | (78,689) | (61,568) | (228,586) |
| Total net position at July 1, as restated | 1,527,382 | 29,486,770 | 10,946,380 | 41,960,532 |
| Total net position at June 30 | <u>\$ 2,573,018</u> | <u>\$ 31,959,099</u> | <u>\$ 10,620,472</u> | <u>\$ 45,152,589</u> |

**Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2025**

| | <u>Information Technology</u> | <u>Fleet Management</u> | <u>Risk Management</u> | <u>Total Internal Service Funds</u> |
|---|-----------------------------------|-----------------------------|----------------------------|---|
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 17,017,513 | \$ 13,058,795 | \$ 23,291,287 | \$ 53,367,595 |
| Payment to suppliers | (11,988,861) | (6,857,884) | (22,383,188) | (41,229,933) |
| Payments to employees | (3,024,244) | (1,745,104) | (875,002) | (5,644,350) |
| Net cash flows provided by (used in) operating activities | <u>2,004,408</u> | <u>4,455,807</u> | <u>33,097</u> | <u>6,493,312</u> |
| Cash flows from noncapital financing activities: | | | | |
| Transfers to other funds | (304,382) | (236,661) | (99,018) | (640,061) |
| Net cash flows provided by (used in) noncapital financing activities | <u>(304,382)</u> | <u>(236,661)</u> | <u>(99,018)</u> | <u>(640,061)</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition and construction of capital assets | (1,218,230) | (3,285,695) | (127,714) | (4,631,639) |
| Proceeds from sale of assets | - | (10,051) | - | (10,051) |
| Principal paid on capital debt, net | (1,976,462) | (44,250) | - | (2,020,712) |
| Interest and other charges paid on capital debt | 200,821 | (376) | - | 200,445 |
| Net cash flows provided by (used in) capital and related financing activities | <u>(2,993,871)</u> | <u>(3,340,372)</u> | <u>(127,714)</u> | <u>(6,461,957)</u> |
| Cash flows from investing activities: | | | | |
| Interest received | 56,562 | 834,328 | 741,693 | 1,632,583 |
| Net cash flows provided by (used in) investing activities | <u>56,562</u> | <u>834,328</u> | <u>741,693</u> | <u>1,632,583</u> |
| Net change in cash and cash equivalents | <u>(1,237,283)</u> | <u>1,713,102</u> | <u>548,058</u> | <u>1,023,877</u> |
| Beginning, July 1 | 2,323,717 | 17,280,348 | 16,629,234 | 36,233,299 |
| Ending, June 30 | <u>\$ 1,086,434</u> | <u>\$ 18,993,450</u> | <u>\$ 17,177,292</u> | <u>\$ 37,257,176</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ 1,357,119 | \$ 1,885,091 | \$ (968,582) | \$ 2,273,628 |
| Adjustments to reconcile operating income to cash provided by operating activities: | | | | |
| Depreciation and amortization | 1,152,832 | 2,677,816 | 47,748 | 3,878,396 |
| Changes in assets and liabilities: | | | | |
| (Increase) decrease in: | | | | |
| Receivables | (815,610) | 58,479 | 1,641 | (755,490) |
| Increase (decrease) in: | | | | |
| Accounts payable and accrued liabilities | 454,490 | (77,545) | 404,877 | 781,822 |
| Accrued payroll and related liabilities | (144,423) | (88,034) | (11,310) | (243,767) |
| Estimated claims payable | - | - | 558,723 | 558,723 |
| Total adjustments | <u>647,289</u> | <u>2,570,716</u> | <u>1,001,679</u> | <u>4,219,684</u> |
| Net cash flows from operating activities | <u>\$ 2,004,408</u> | <u>\$ 4,455,807</u> | <u>\$ 33,097</u> | <u>\$ 6,493,312</u> |
| Reconciliation of cash and investments: | | | | |
| Cash and investments | | | | |
| Unrestricted | \$ 674,386 | \$ 18,993,450 | \$ 17,177,292 | \$ 36,845,128 |
| Restricted | 412,048 | - | - | 412,048 |
| Total cash and cash equivalents | <u>\$ 1,086,434</u> | <u>\$ 18,993,450</u> | <u>\$ 17,177,292</u> | <u>\$ 37,257,176</u> |

Other Supplementary Information: Custodial Funds

Custodial Funds are used to account for assets held by the City as an agent for private organizations or other governments. Funds in this category include:

Special Welfare Fund – accounts for receipt of welfare checks and foster children support checks from the state and payments made on behalf of individuals.

Commonwealth of Virginia Fund – accounts for monies collected by the City on behalf of the Commonwealth of Virginia.

**Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2025**

| | <u>Special Welfare Fund</u> | <u>Commonwealth of Virginia Fund</u> | <u>Total</u> |
|--|---------------------------------|--|-------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 73,564 | \$ 87,114 | \$ 160,678 |
| Total assets | <u>73,564</u> | <u>87,114</u> | <u>160,678</u> |
| Liabilities | | | |
| Accounts payable | 1,601 | 8,792 | 10,393 |
| Amounts held for others | 30,764 | - | 30,764 |
| Total liabilities | <u>32,365</u> | <u>8,792</u> | <u>41,157</u> |
| Net position | | | |
| Restricted for: | | | |
| Individual, organizations, and other governments | 41,199 | 78,322 | 119,521 |
| Total net position | <u>\$ 41,199</u> | <u>\$ 78,322</u> | <u>\$ 119,521</u> |



Exhibit 47

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
Year Ended June 30, 2025**

| | <u>Special Welfare Fund</u> | <u>Commonwealth of Virginia Fund</u> | <u>Total</u> |
|---------------------------------|---------------------------------|--|-------------------|
| Additions | | | |
| Permits and fees | \$ 51,040 | \$ 12 | \$ 51,052 |
| Miscellaneous revenue | - | 35,925 | 35,925 |
| Total additions | <u>51,040</u> | <u>35,937</u> | <u>86,977</u> |
| Deductions | | | |
| Special welfare agency payments | - | 35,925 | 35,925 |
| Payments to other governments | 49,944 | - | 49,944 |
| Total deductions | <u>49,944</u> | <u>35,925</u> | <u>85,869</u> |
| Change in net position | 1,096 | 12 | 1,108 |
| Net position at July 1 | 40,103 | 78,310 | 118,413 |
| Net position at June 30 | <u>\$ 41,199</u> | <u>\$ 78,322</u> | <u>\$ 119,521</u> |

**Other Supplementary Information:
Discretely Presented Component Unit – City of Suffolk School Board**

School Operating Fund – accounts for revenues and expenditures relating to the operation of the City of Suffolk Public Schools. Revenues are derived from the City’s General Fund and from state and Federal funds.

School Food Service Fund – accounts for revenues and expenditures relating to the operation of school cafeterias. Revenues are derived from state and Federal funds and cafeteria sales.

School Grants Fund – accounts for revenues and expenditures relating to grants received by the school system from Federal and state governments.

OPEB Trust Fund – accounts for the other postemployment benefits (OPEB). This fund accumulates resources for health insurance for retired employees.

Combined School Activity Funds – accounts for the various activity funds of each of the schools. Revenues are derived from school fundraisers, athletic and state event receipts, and School Board allocations.



**Combining Balance Sheet
Discretely Presented Component Unit School Board
June 30, 2025**

| | <u>School Operating Fund</u> | <u>School Grant Funds</u> | <u>School Food Service Fund</u> | <u>School Student Activity Funds</u> | <u>Total School Board</u> |
|--|----------------------------------|-------------------------------|-------------------------------------|--|-------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 32,959,202 | \$ - | \$ 54,860 | \$ 1,885,048 | \$ 34,899,110 |
| Receivables, net | 448,122 | 58,246 | - | - | 506,368 |
| Due from other funds | - | 1,677,100 | - | - | 1,677,100 |
| Due from other governments | 2,223,714 | 2,384,954 | 1,114,481 | - | 5,723,149 |
| Inventories | 288,119 | - | 108,617 | - | 396,736 |
| Prepaid items | 195,000 | - | - | - | 195,000 |
| Total assets | <u>\$ 36,114,157</u> | <u>\$ 4,120,300</u> | <u>\$ 1,277,958</u> | <u>\$ 1,885,048</u> | <u>\$ 43,397,463</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 4,566,224 | \$ 52,004 | \$ 30,047 | \$ - | \$ 4,648,275 |
| Accrued payroll and related liabilities | 20,597,277 | 700,891 | 286,682 | - | 21,584,850 |
| Due to the Primary Government | 1,753,067 | - | - | - | 1,753,067 |
| Due to other funds | 1,677,100 | - | - | - | 1,677,100 |
| Total liabilities | <u>28,593,668</u> | <u>752,895</u> | <u>316,729</u> | <u>-</u> | <u>29,663,292</u> |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Inventories and prepaids | 483,119 | - | 108,617 | - | 591,736 |
| Premiums held for workers' compensation claims | 225,000 | - | - | - | 225,000 |
| Premiums held for health insurance claims | 380,122 | - | - | - | 380,122 |
| Special revenue | - | 3,367,405 | - | 1,885,048 | 5,252,453 |
| Food service | - | - | 852,612 | - | 852,612 |
| Encumbrances | 6,432,248 | - | - | - | 6,432,248 |
| Total fund balances | <u>7,520,489</u> | <u>3,367,405</u> | <u>961,229</u> | <u>1,885,048</u> | <u>13,734,171</u> |
| Total liabilities and fund balance | <u>\$ 36,114,157</u> | <u>\$ 4,120,300</u> | <u>\$ 1,277,958</u> | <u>\$ 1,885,048</u> | <u>\$ 43,397,463</u> |

Reconciliation to the Statement of Net Position (Exhibit 1)

| | |
|---|----------------------|
| Total fund balance - governmental funds | \$ 13,734,171 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | |
| School Board | 153,656,705 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | |
| Compensated absences | (16,859,175) |
| Net pension and OPEB liability (asset) and pension and OPEB deferred inflows and outflows are not due and payable in the current period and, therefore, not reported in the governmental funds: | |
| Net pension asset - Schools | 1,249,899 |
| Net pension liability - Schools | (88,357,338) |
| Deferred outflows - pension | 34,829,096 |
| Deferred inflows - pension | (17,037,434) |
| Net OPEB asset - School Trust | 7,840,123 |
| OPEB Deferred outflows - School Trust | 1,900,659 |
| OPEB Deferred inflows - School Trust | (2,472,603) |
| Net OPEB asset - State Plans | 61,136 |
| Net OPEB liability - State Plans | (15,890,365) |
| OPEB Deferred Outflows - State Plans | 4,486,620 |
| OPEB Deferred Inflows - State Plans | (2,119,812) |
| Net position of governmental activities | <u>\$ 75,021,682</u> |

**Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances
Discretely Presented Component Unit School Board
June 30, 2025**

| | <u>School Operating Fund</u> | <u>School Grant Funds</u> | <u>School Food Service Fund</u> | <u>School Student Activity Funds</u> | <u>Total School Board</u> |
|---|----------------------------------|-------------------------------|-------------------------------------|--|-------------------------------|
| REVENUES | | | | | |
| Revenue from use of money and property | \$ 115,528 | \$ 2,148 | \$ 15,804 | \$ - | \$ 133,480 |
| Charges for services | - | - | 233,886 | - | 233,886 |
| Miscellaneous | 447,608 | 226,580 | 16,921 | 3,263,421 | 3,954,530 |
| Intergovernmental: | | | | | |
| City contribution | 73,579,134 | - | - | - | 73,579,134 |
| Revenue from the Commonwealth | 128,557,669 | 1,357,400 | 286,494 | - | 130,201,563 |
| Revenue from the Federal Government | 960,521 | 10,962,991 | 8,306,202 | - | 20,229,714 |
| Total revenues | <u>203,660,460</u> | <u>12,549,119</u> | <u>8,859,307</u> | <u>3,263,421</u> | <u>228,332,307</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Education | 199,763,178 | 14,726,520 | 10,023,373 | 2,982,445 | 227,495,516 |
| Total expenditures | <u>199,763,178</u> | <u>14,726,520</u> | <u>10,023,373</u> | <u>2,982,445</u> | <u>227,495,516</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,897,282</u> | <u>(2,177,401)</u> | <u>(1,164,066)</u> | <u>280,976</u> | <u>836,791</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 314,533 | - | - | 314,533 |
| Transfers out | (314,533) | - | - | - | (314,533) |
| Total other financing sources (uses), net | <u>(314,533)</u> | <u>314,533</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net changes in fund balances | 3,582,749 | (1,862,868) | (1,164,066) | 280,976 | 836,791 |
| Fund balances at July 1 | 3,937,740 | 5,230,273 | 2,125,295 | 1,604,072 | 12,897,380 |
| Fund balances at June 30 | <u>\$ 7,520,489</u> | <u>\$ 3,367,405</u> | <u>\$ 961,229</u> | <u>\$ 1,885,048</u> | <u>\$ 13,734,171</u> |

Reconciliation to the Statement of Activities (Exhibit 2)

| | |
|---|---------------------|
| Net change in fund balance - governmental funds | \$ 836,791 |
| 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. | |
| Depreciation expense for the School Board | (10,472,135) |
| Capitalized expenditures | 3,826,869 |
| Loss on disposal of capital assets | (74,919) |
| Record the net flow of resources in the current year related to the Pension Plan | 6,849,231 |
| Record the net flow of resources in the current year related to the OPEB School trust | (735,803) |
| Record the net flow of resources in the current year related to the OPEB State plans | 1,064,157 |
| Compensated absences and other postemployment benefits are not due and payable at June 30, and, therefore, are not reported in the fund statements. This amount represents the current year change in those items for the School Board - compensated absences | (1,857,456) |
| Change in net position of governmental activities (Exhibit 2) | <u>\$ (563,265)</u> |

Exhibit 50

**Budgetary Reconciliation Schedule
Discretely Presented Component Unit School Board
Year Ended June 30, 2025**

| | School Operating Fund | | |
|------------------------------|-----------------------|---------------------|---------------------|
| | Total Exhibit 53 | Budget Based Items | Total Exhibit 49 |
| Revenues | \$ 203,660,460 | \$ - | \$ 203,660,460 |
| Total revenues | <u>203,660,460</u> | <u>320,344</u> | <u>203,660,460</u> |
| Expenditures | 199,763,178 | - | 199,763,178 |
| Total other financing uses | <u>314,533</u> | <u>-</u> | <u>314,533</u> |
| Total expenditures | <u>200,077,711</u> | <u>-</u> | <u>200,077,711</u> |
| Net changes in fund balances | <u>\$ 3,582,749</u> | <u>\$ 320,344</u> | <u>\$ 3,582,749</u> |
| | CY encumbrance | \$ 6,432,248 | |
| | PY encumbrance | (6,752,592) | |
| | | <u>\$ (320,344)</u> | |

**Budgetary Reconciliation Schedule
 Governmental Funds – Discretely Presented Component Unit School Board
 Year Ended June 30, 2025**

| | School Grants Fund | | |
|-------------------------------|--------------------|--------------------|------------------|
| | Total Exhibit 54 | Budget Based Items | Total Exhibit 49 |
| Revenues | \$ 12,549,119 | \$ - | \$ - |
| Total other financing sources | 314,533 | - | 314,533 |
| Total revenues | 12,863,652 | - | 314,533 |
| Expenditures | 14,726,520 | - | - |
| Total expenditures | 14,726,520 | - | - |
| Net changes in fund balances | \$ (1,862,868) | \$ - | \$ 314,533 |



Exhibit 52

**Budgetary Reconciliation Schedule
Discretely Presented Component Unit School Board
Year Ended June 30, 2025**

| | School Food Service Fund | | |
|------------------------------|--------------------------|--------------------|------------------|
| | Total Exhibit 55 | Budget Based Items | Total Exhibit 49 |
| Revenues | \$ 8,859,307 | \$ - | \$ - |
| Total revenues | 8,859,307 | - | - |
| Expenditures | 10,023,373 | - | - |
| Total expenditures | 10,023,373 | - | - |
| Net changes in fund balances | <u>\$ (1,164,066)</u> | <u>\$ -</u> | <u>\$ -</u> |

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Non-GAAP Budgetary Basis)
Discretely Presented Component Unit School Board
Year Ended June 30, 2025**

| | School Operating Fund | | | |
|---|-----------------------|-----------------------|---------------------|-------------------------------|
| | Budgeted Amount | | Actual | Variance with Final Budget |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from use of money and property | \$ 35,000 | \$ 35,000 | \$ 115,528 | \$ 80,528 |
| Miscellaneous | 541,880 | 541,880 | 447,608 | (94,272) |
| Intergovernmental: | | | | |
| Contribution from the City of Suffolk | 75,332,201 | 75,332,201 | 73,579,134 | (1,753,067) |
| Revenue from the Commonwealth | 127,026,293 | 128,554,955 | 128,557,669 | 2,714 |
| Revenue from the Federal Government | 1,092,000 | 1,092,000 | 960,521 | (131,479) |
| Total revenues | <u>204,027,374</u> | <u>205,556,036</u> | <u>203,660,460</u> | <u>(1,895,576)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Education | <u>204,027,374</u> | <u>208,547,825</u> | <u>199,763,178</u> | <u>(8,784,647)</u> |
| Total expenditures | <u>204,027,374</u> | <u>208,547,825</u> | <u>199,763,178</u> | <u>(8,784,647)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(2,991,789)</u> | <u>3,897,282</u> | <u>(10,680,223)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (314,533) | 314,533 |
| Total other financing sources (uses), net | <u>-</u> | <u>-</u> | <u>(314,533)</u> | <u>314,533</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ (2,991,789)</u> | <u>\$ 3,582,749</u> | <u>\$ (10,365,690)</u> |



Exhibit 54

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Non-GAAP Budgetary Basis)
Discretely Presented Component Unit School Board
Year Ended June 30, 2025**

| | School Grants Fund | | | Variance with Final Budget |
|---|--------------------|-------------------|-----------------------|-------------------------------|
| | Budgeted Amount | | Actual | |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from use of money and property | \$ - | \$ - | \$ 2,148 | \$ 2,148 |
| Miscellaneous | 1,150,000 | 6,441,084 | 226,580 | (6,214,504) |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth | 10,115,000 | 14,505,236 | 1,357,400 | (13,147,836) |
| Revenue from the Federal Government | 22,955,000 | 13,273,680 | 10,962,991 | (2,310,689) |
| Total revenues | <u>34,220,000</u> | <u>34,220,000</u> | <u>12,549,119</u> | <u>(21,670,881)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Grant expenditures | <u>34,220,000</u> | <u>34,220,000</u> | <u>14,726,520</u> | <u>19,493,480</u> |
| Total expenditures | <u>34,220,000</u> | <u>34,220,000</u> | <u>14,726,520</u> | <u>19,493,480</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>(2,177,401)</u> | <u>(2,177,401)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 314,533 | 314,533 |
| Total other financing sources (uses), net | <u>-</u> | <u>-</u> | <u>314,533</u> | <u>314,533</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,862,868)</u> | <u>\$ (1,862,868)</u> |

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Non-GAAP Budgetary Basis)
Discretely Presented Component Unit School Board
Year Ended June 30, 2025**

| | School Food Service Fund | | | |
|---|--------------------------|---------------------|-----------------------|----------------------------|
| | Budgeted Amount | | Actual | Variance with Final Budget |
| | Original | Final | | |
| REVENUES | | | | |
| Revenue from use of money and property | \$ 53,000 | \$ 53,000 | \$ 15,804 | \$ (37,196) |
| Charges for services | 120,000 | 120,000 | 233,886 | 113,886 |
| Miscellaneous | 2,087,454 | 2,087,454 | 16,921 | (2,070,533) |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth | 216,000 | 216,000 | 286,494 | 70,494 |
| Revenue from the Federal Government | 7,865,100 | 7,865,100 | 8,306,202 | 441,102 |
| Total revenues | <u>10,341,554</u> | <u>10,341,554</u> | <u>8,859,307</u> | <u>(1,482,247)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Food Services | <u>10,341,554</u> | <u>10,626,416</u> | <u>10,023,373</u> | <u>603,043</u> |
| Total expenditures | <u>10,341,554</u> | <u>10,626,416</u> | <u>10,023,373</u> | <u>603,043</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(284,862)</u> | <u>(1,164,066)</u> | <u>(879,204)</u> |
| Net change in fund balances | <u>\$ -</u> | <u>\$ (284,862)</u> | <u>\$ (1,164,066)</u> | <u>\$ (879,204)</u> |



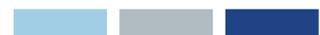
Exhibit 56

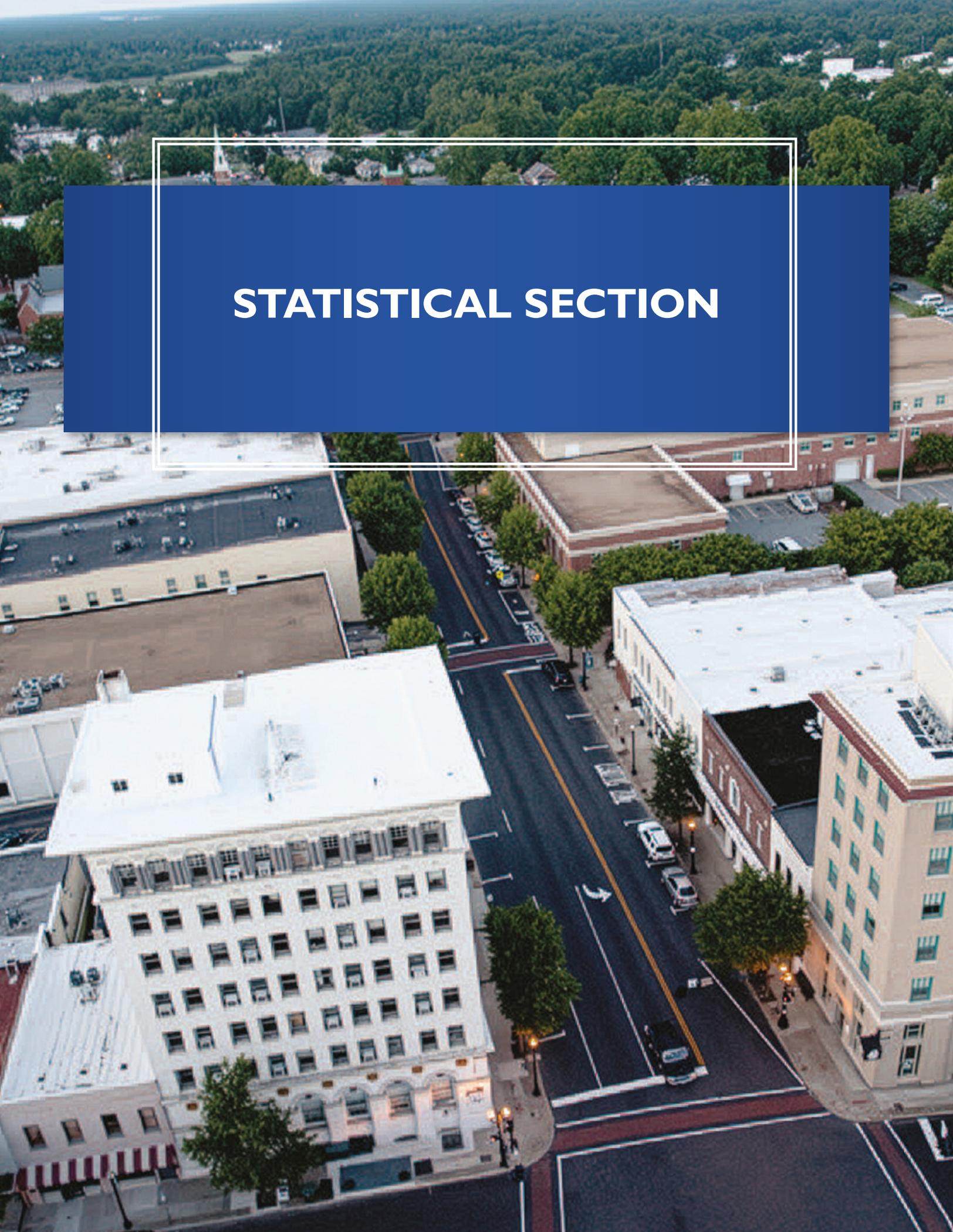
**Statement of Fiduciary Net Position
Discretely Presented Component Unit – School Board
June 30, 2025**

| | <u>OPEB Trust Fund</u> |
|---------------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 23,806,499 |
| Total assets | <u>23,806,499</u> |
| Net Position | |
| Held in trust for OPEB benefits | <u>23,806,499</u> |
| Net position | <u>\$ 23,806,499</u> |

**Statement of Changes in Fiduciary Net Position
Discretely Presented Component Unit – School Board
Year Ended June 30, 2025**

| | School Board |
|----------------------------------|---------------------|
| Additions: | |
| Gain on investments | \$ 305,060 |
| Total additions | 305,060 |
| Deductions: | |
| Administrative fees | 16,452 |
| Total deductions | 16,452 |
| Change in net position | 288,608 |
| Net position - beginning of year | 23,517,891 |
| Net position - end of year | \$ 23,806,499 |



An aerial photograph of a city street scene. A large, multi-story white building with many windows is the central focus. To its right is a street with a red brick building and a white building. The street has a white arrow pointing right. A blue rectangular overlay with a white border is positioned in the upper half of the image, containing the text "STATISTICAL SECTION" in white, bold, sans-serif font. The background shows a dense forest of green trees.

STATISTICAL SECTION

This section of the City's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note to financial statements, and required supplementary information says about the City's overall financial health.

| <u>Contents:</u> | <u>Table</u> |
|---|--------------|
| Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 1-4 |
| Revenue Capacity These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes, as well as revenues from its water and sewer operations. | 5-12 |
| Debt Capacity These tables 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. | 13-15 |
| Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparison over time and with other governments. | 16-17 |
| Operating Information These schedules 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. | 18-20 |

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.



Table 1

**Net Position by Component
Last Ten Fiscal Years**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Governmental Activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 323,431,229 | \$ 318,746,466 | \$ 335,967,276 | \$ 301,764,919 | \$ 312,862,208 | \$ 318,301,547 | \$ 325,875,876 | \$ 344,406,401 | \$ 427,273,581 | \$ 614,513,245 |
| Restricted: | | | | | | | | | | |
| Capital projects | 1,626,277 | 1,934,672 | 618,062 | - | - | - | - | - | - | - |
| Debt Service | 392,424 | 393,352 | 397,267 | - | - | - | - | - | - | - |
| Other Purposes | 2,514,171 | 6,554,243 | 1,071,735 | 1,638,228 | 9,549,799 | 12,168,525 | 28,450,136 | 32,369,348 | 38,211,500 | 83,721,453 |
| Unrestricted | 41,928,355 | 61,188,152 | 66,603,036 | 76,528,512 | 83,422,805 | 86,760,259 | 118,098,831 | 177,245,458 | (67,971,991) | 87,478,872 |
| Total Governmental Activities Net Position | <u>\$ 369,892,456</u> | <u>\$ 388,816,885</u> | <u>\$ 404,657,376</u> | <u>\$ 379,931,659</u> | <u>\$ 405,834,812</u> | <u>\$ 417,230,331</u> | <u>\$ 472,424,843</u> | <u>\$ 554,021,207</u> | <u>\$ 397,513,090</u> | <u>\$ 785,713,570</u> |
| Business-type Activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 116,807,623 | \$ 108,816,928 | \$ 108,549,474 | \$ 104,233,265 | \$ 107,008,077 | \$ 111,034,005 | \$ 128,990,591 | \$ 137,366,371 | \$ 163,995,859 | \$ 145,231,169 |
| Restricted: | | | | | | | | | | |
| Other Purposes | 2,299,048 | 2,911,089 | 2,501,238 | 2,527,027 | 2,583,899 | 2,559,990 | 2,651,628 | 2,832,420 | 4,477,274 | 5,096,392 |
| Unrestricted | 28,611,789 | 38,601,383 | 43,538,079 | 46,309,138 | 45,555,329 | 54,713,620 | 51,720,022 | 54,658,352 | 47,007,361 | 85,526,223 |
| Total Business-type Activities Net Position | <u>\$ 147,718,460</u> | <u>\$ 150,329,400</u> | <u>\$ 154,588,791</u> | <u>\$ 153,069,430</u> | <u>\$ 155,147,305</u> | <u>\$ 168,307,615</u> | <u>\$ 183,362,241</u> | <u>\$ 194,857,143</u> | <u>\$ 215,480,494</u> | <u>\$ 235,853,784</u> |
| Primary Government: | | | | | | | | | | |
| Net investment in capital assets | \$ 440,238,852 | \$ 427,563,394 | \$ 444,516,750 | \$ 405,998,184 | \$ 419,870,285 | \$ 429,335,552 | \$ 454,866,467 | \$ 481,772,772 | \$ 591,269,440 | \$ 759,744,414 |
| Restricted: | | | | | | | | | | |
| Capital Projects | 1,626,277 | 1,934,672 | 618,062 | - | - | - | - | - | - | - |
| Debt Service | 392,424 | 393,352 | 397,267 | - | - | - | - | - | - | - |
| Other Purposes | 4,813,219 | 9,465,332 | 3,572,973 | 4,165,255 | 12,133,698 | 14,728,515 | 31,101,764 | 35,201,768 | 42,688,774 | 88,817,845 |
| Unrestricted | 70,540,144 | 99,789,535 | 110,141,115 | 122,837,650 | 128,978,134 | 141,473,879 | 169,818,853 | 231,903,810 | (20,964,630) | 173,005,095 |
| Total Primary Government Net Position | <u>\$ 517,610,916</u> | <u>\$ 539,146,285</u> | <u>\$ 559,246,167</u> | <u>\$ 533,001,089</u> | <u>\$ 560,982,117</u> | <u>\$ 585,537,946</u> | <u>\$ 655,787,084</u> | <u>\$ 748,878,350</u> | <u>\$ 612,993,584</u> | <u>\$ 1,021,567,354</u> |
| | | -2 | (2) | | | | | | | |

(1) This includes a restatement of Net Position in the Governmental Activities of \$16,444,391 due to a correction of an error and a change in accounting treatment.

(2) Previous years not restated related to the implementation of GASB 75.

Table 2

Changes in Net Position
Last Ten Fiscal Years

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 22,013,103 | \$ 23,932,608 | \$ 17,264,292 | \$ 18,671,840 | \$ 24,148,299 | \$ 39,918,523 | \$ 27,864,340 | \$ 29,364,108 | \$ 36,737,918 | \$ 22,861,398 |
| Judicial | 8,153,863 | 8,867,642 | 8,806,323 | 9,323,342 | 10,446,204 | 10,860,585 | 10,536,210 | 11,073,827 | 12,179,031 | 12,982,921 |
| Public Safety | 49,908,535 | 58,213,081 | 63,472,949 | 63,195,836 | 66,848,213 | 69,025,111 | 72,861,636 | 78,899,315 | 87,344,733 | 101,282,309 |
| Public Works | 38,037,370 | 40,501,580 | 37,224,174 | 39,080,373 | 42,200,323 | 44,417,911 | 61,008,906 | 49,098,480 | 52,940,289 | 23,285,450 |
| Health and Welfare | 11,901,139 | 13,162,760 | 13,044,274 | 13,260,821 | 15,192,043 | 15,114,251 | 14,673,123 | 19,749,753 | 19,449,700 | 22,735,514 |
| Transportation | 960,983 | 1,005,429 | 997,267 | 1,300,636 | 1,511,098 | 1,426,778 | 1,631,135 | 1,750,556 | 2,287,672 | 3,280,901 |
| Education | 53,440,550 | 54,983,835 | 57,818,350 | 60,358,348 | 58,464,243 | 65,531,837 | 65,382,786 | 66,512,206 | 71,669,409 | 103,016,685 |
| Parks, Recreation and Cultural | 10,318,851 | 12,111,876 | 11,737,262 | 12,621,117 | 12,333,012 | 12,100,733 | 12,265,195 | 14,057,260 | 15,993,004 | 11,530,862 |
| Community Development | 8,621,160 | 10,563,461 | 7,323,375 | 6,472,008 | 8,481,703 | 8,205,329 | 9,261,924 | 9,336,334 | 11,045,776 | 10,925,849 |
| Interest on Long-Term Debt | 9,419,498 | 8,849,091 | 9,765,103 | 9,663,773 | 9,095,957 | 8,047,611 | 8,570,572 | 8,858,680 | 8,875,859 | 9,574,395 |
| Total Governmental Activities Expenses | 212,775,052 | 232,191,363 | 227,453,369 | 233,948,094 | 248,721,095 | 274,648,669 | 284,055,827 | 288,700,519 | 318,523,391 | 321,476,284 |
| Business-type Activities: | | | | | | | | | | |
| Utilities | 51,423,536 | 49,295,373 | 52,035,621 | 55,186,848 | 56,508,083 | 56,442,957 | 53,977,360 | 56,493,225 | 57,237,253 | 55,931,287 |
| Refuse collection | 5,718,442 | 5,320,570 | 6,713,015 | 8,458,504 | 9,194,200 | 5,044,152 | 9,419,082 | 10,072,140 | 10,442,002 | 10,842,082 |
| Stormwater management | 4,450,559 | 4,749,518 | 4,912,097 | 4,830,797 | 4,989,456 | 9,566,700 | 5,087,932 | 5,091,000 | 5,445,210 | 6,342,684 |
| Total Business-type Activities Expenses | 61,592,537 | 59,365,461 | 63,660,733 | 68,476,149 | 70,691,739 | 71,053,809 | 68,484,374 | 71,656,365 | 73,124,465 | 73,116,053 |
| Total Primary Government Expenses | \$ 274,367,589 | \$ 291,556,824 | \$ 291,114,102 | \$ 302,424,243 | \$ 319,412,834 | \$ 345,702,478 | \$ 352,540,201 | \$ 360,356,884 | \$ 391,647,856 | \$ 394,592,337 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Administration | \$ 4,887,432 | \$ 4,659,243 | \$ 4,880,782 | \$ 5,035,626 | \$ 4,478,205 | \$ 4,100,866 | \$ 4,527,721 | \$ 4,480,553 | \$ 5,886,906 | \$ 664,218 |
| Judicial Administration | 304,129 | 272,141 | 313,092 | 274,208 | 288,709 | 323,618 | 352,911 | 254,891 | 183,762 | 2,521,512 |
| Public Safety | 1,885,914 | 1,948,166 | 1,836,661 | 2,199,385 | 2,272,912 | 2,337,613 | 2,716,979 | 3,268,111 | 3,070,113 | 11,144,444 |
| Public Works | 899,794 | 990,045 | 988,507 | 1,288,947 | 1,243,877 | 1,318,980 | 1,877,344 | 1,555,254 | 1,321,746 | 39,739,288 |
| Transportation | 67,759 | 76,099 | 71,652 | 87,229 | 68,430 | 5 | 64,817 | 65,326 | 60,045 | - |
| Parks, Recreation and Cultural | 1,108,862 | 1,056,185 | 1,020,013 | 1,009,068 | 727,136 | 284,721 | 759,552 | 921,014 | 782,731 | 1,342,151 |
| Community Development | 70 | 107 | 16,447 | 24,742 | 40,069 | - | - | - | - | 1,660,649 |
| Total Charges for Services | 9,153,960 | 9,001,986 | 9,127,154 | 9,919,205 | 9,119,338 | 8,365,803 | 10,299,324 | 10,545,149 | 11,305,303 | 57,072,262 |
| Operating Grants and Contributions: | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Administration | 1,503,473 | 1,477,767 | 450,386 | 456,759 | 2,355,721 | 12,928,654 | 9,474,000 | 635,285 | 915,473 | 11,010,427 |
| Judicial Administration | 2,047,647 | 2,170,053 | 3,410,191 | 3,318,391 | 2,209,983 | 2,424,511 | 2,437,198 | 3,843,402 | 4,072,324 | 391,544 |
| Public Safety | 1,057,389 | 1,347,604 | 1,145,864 | 1,271,752 | 1,218,376 | 1,416,529 | 4,803,818 | 2,404,123 | 2,212,308 | 3,834,510 |
| Public Works | 22,758,708 | 23,496,157 | 23,395,546 | 24,220,184 | 24,434,363 | 25,076,636 | 28,013,220 | 29,637,125 | 32,475,180 | 35,224 |
| Health and Welfare | 7,598,958 | 8,088,860 | 7,452,411 | 9,237,862 | 8,984,117 | 9,379,042 | 9,481,473 | 11,780,622 | 10,560,612 | - |
| Transportation | 141,002 | 188,364 | 186,942 | 984,425 | 1,571,026 | 1,501,150 | 2,146,421 | 2,273,206 | 1,466,234 | - |
| Education | - | - | - | - | 3,724 | - | - | - | - | - |
| Parks, Recreation and Cultural | 287,351 | 295,998 | 275,996 | 377,344 | 310,848 | 292,180 | 287,343 | 246,906 | 449,720 | 73,920 |
| Community Development | 1,032,855 | 2,725,076 | 1,209,289 | 1,116,646 | 719,004 | 984,074 | 878,525 | 950,140 | 994,996 | 1,429,086 |
| Total Operating Grants and Contributions | 36,427,383 | 39,789,879 | 37,526,625 | 40,983,363 | 41,807,162 | 54,002,776 | 57,521,998 | 51,770,809 | 53,146,847 | 16,774,711 |
| Continued | | | | | | | | | | |
| Capital Grants and Contributions: | | | | | | | | | | |
| General Government | 3,077,758 | 2,548,273 | 4,248,322 | 1,407,912 | 376,848 | 543,372 | 433,763 | 2,586,696 | 313,312 | 185,824 |
| Public Safety | - | - | - | - | - | - | - | - | - | 2,277,238 |

Table 2

**Changes in Net Position
Last Ten Fiscal Years**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Public Works | 5,006,683 | 6,800,136 | 10,824,821 | 6,101,699 | 8,725,657 | 2,469,464 | 24,728,332 | 29,303,248 | 32,451,543 | 32,265,377 |
| Health and Welfare | - | - | - | - | - | - | - | 4,433,808 | 2,303,415 | - |
| Transportation | 49,422 | 50,259 | 59,508 | 40,683 | 62,052 | 324 | 65,360 | 2,419 | 12,721 | - |
| Parks, Recreation and Cultural | 1,028,457 | 1,660 | 414,599 | 23,647 | - | 774,910 | - | - | - | 369,511 |
| Community Development | - | - | 93,400 | - | - | - | - | - | - | - |
| Total Capital Grants and Contributions | 9,162,320 | 9,400,328 | 15,640,650 | 7,573,941 | 9,164,557 | 3,788,070 | 25,227,455 | 36,326,171 | 35,080,991 | 35,097,950 |
| Total Governmental Activities Program Revenues | \$ 54,743,663 | \$ 58,192,193 | \$ 62,294,429 | \$ 58,476,509 | \$ 60,091,057 | \$ 66,156,649 | \$ 93,048,777 | \$ 98,642,129 | \$ 99,533,141 | \$ 108,944,923 |
| | (1) | | | | | | | | | |
| Business-type Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Utility | 46,876,297 | 47,818,262 | 48,999,436 | 51,703,463 | 51,378,596 | 61,760,354 | 58,898,742 | 57,440,756 | 60,907,210 | 65,003,261 |
| Non-major | 11,877,376 | 12,288,034 | 13,765,024 | 13,972,060 | 15,157,707 | 17,077,913 | 19,036,742 | 18,953,331 | 19,763,994 | 19,630,004 |
| Total Charges for Services | 58,753,673 | 60,106,296 | 62,764,460 | 65,675,523 | 66,536,303 | 78,838,267 | 77,935,484 | 76,394,087 | 80,671,204 | 84,633,265 |
| Operating Grants and Contributions: | | | | | | | | | | |
| Utility | - | 88,315 | - | - | - | - | - | - | - | - |
| Total Operating Grants and Contributions | - | 88,315 | - | - | - | - | - | - | - | - |
| Capital Grants and Contributions: | | | | | | | | | | |
| Utility | 3,682,628 | 1,870,646 | 5,483,390 | 579,166 | 4,990,101 | 5,457,474 | 5,269,223 | 2,652,117 | 8,065,954 | 4,148,197 |
| Total Capital Grants and Contributions | 3,682,628 | 1,870,646 | 5,483,390 | 579,166 | 4,990,101 | 5,457,474 | 5,269,223 | 2,652,117 | 8,065,954 | 4,148,197 |
| Total Business-type Activities Program Revenues | \$ 62,436,301 | \$ 62,065,257 | \$ 68,247,850 | \$ 66,254,689 | \$ 71,526,404 | \$ 84,295,741 | \$ 83,204,707 | \$ 79,046,204 | \$ 88,737,158 | \$ 88,781,462 |
| Total Primary Government Program Revenues | \$ 117,179,964 | \$ 120,257,450 | \$ 130,542,279 | \$ 124,731,198 | \$ 131,617,461 | \$ 150,452,390 | \$ 176,253,484 | \$ 177,688,333 | \$ 188,270,299 | \$ 197,726,385 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (158,031,389) | \$ (173,999,170) | \$ (165,158,940) | \$ (175,471,585) | \$ (188,630,038) | \$ (208,492,020) | \$ (191,007,050) | \$ (190,058,390) | \$ (218,990,250) | \$ (212,531,361) |
| Business-type Activities | 843,764 | 2,699,796 | 4,587,117 | (2,221,460) | 834,665 | 13,241,932 | 14,720,333 | 7,389,839 | 15,612,693 | 15,665,409 |
| Total Primary Government Net Expense | \$ (157,187,625) | \$ (171,299,374) | \$ (160,571,823) | \$ (177,693,045) | \$ (187,795,373) | \$ (195,250,088) | \$ (176,286,717) | \$ (182,668,551) | \$ (203,377,557) | \$ (196,865,952) |

Continued

Table 2

**Changes in Net Position
Last Ten Fiscal Years**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | 160,158,953 | 166,579,230 | 173,015,098 | 182,439,367 | 187,808,386 | 199,820,382 | 222,616,258 | 237,483,468 | 272,247,296 | 285,589,257 |
| Grants and Contributions Not Restricted to Specific Programs | 13,545,057 | 13,589,564 | 13,726,367 | 14,011,120 | 14,094,789 | 14,530,452 | 14,422,449 | 14,515,047 | 14,691,756 | 14,760,139 |
| Revenue from use of money and property | 1,374,395 | 1,837,341 | 2,892,413 | 5,524,760 | 4,067,125 | 1,702,489 | 1,735,694 | 11,270,149 | 21,032,372 | 13,399,544 |
| Gain (Loss) on disposal of capital assets | (1,904,854) | - | - | - | - | (2,905,626) | (484,909) | (758,836) | (741,297) | - |
| Capital assets donated to Component Unit | (185,632) | - | - | (57,874,651) | - | - | - | - | - | - |
| Transfers/Miscellaneous | 9,092,746 | 10,917,464 | 7,742,293 | 6,645,272 | 8,562,891 | 6,739,842 | 6,801,975 | 9,144,926 | 26,422,852 | 27,522,039 |
| Total Governmental Activities | 182,080,665 | 192,923,599 | 197,376,171 | 150,745,868 | 214,533,191 | 219,887,539 | 245,091,467 | 271,654,754 | 333,652,979 | 341,270,979 |
| Business-type Activities: | | | | | | | | | | |
| Investment Earnings | 983,001 | 935,690 | 970,727 | 2,020,795 | 1,128,542 | 210,580 | 150,244 | 2,938,084 | 4,728,789 | 3,903,819 |
| Transfers/Miscellaneous | (2,687,252) | (1,024,546) | 121,844 | (1,318,696) | 114,668 | (292,202) | (218,278) | 1,166,979 | 281,869 | 1,682,066 |
| Total Business-type Activities | (1,704,251) | (88,856) | 1,092,571 | 702,099 | 1,243,210 | (81,622) | (68,034) | 4,105,063 | 5,010,658 | 5,585,885 |
| Total Primary Government | \$ 180,376,414 | \$ 192,834,743 | \$ 198,468,742 | \$ 151,447,967 | \$ 215,776,401 | \$ 219,805,917 | \$ 245,023,433 | \$ 275,759,817 | \$ 338,663,637 | \$ 346,856,864 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 24,049,276 | \$ 18,924,429 | \$ 32,217,231 | \$ (24,725,717) | \$ 25,903,153 | \$ 11,395,519 | \$ 54,084,417 | \$ 81,596,364 | \$ 114,662,729 | \$ 128,739,618 |
| Business-type Activities | (860,487) | 2,610,940 | 5,679,688 | (1,519,361) | 2,077,875 | 13,160,310 | 14,652,299 | 11,494,902 | 20,623,351 | 21,251,294 |
| Total Primary Government | \$ 23,188,789 | \$ 21,535,369 | \$ 37,896,919 | \$ (26,245,078) | \$ 27,981,028 | \$ 24,555,829 | \$ 68,736,716 | \$ 93,091,266 | \$ 135,286,080 | \$ 149,990,912 |
| (1) | | | | | | | | | | |

Concluded

Table 3

**Fund Balances of Governmental Funds
Last Ten Fiscal Years**

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2025 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 42,454 | \$ 24,905 | \$ 47,669 | \$ 37,908 | \$ 64,993 | \$ 73,373 | \$ 95,434 | \$ 100,474 | \$ 132,357 | \$ 63,762 |
| Restricted | 668,506 | 1,162,069 | 1,528,879 | 1,552,547 | 1,614,632 | 1,455,994 | 1,401,576 | 1,324,839 | 1,373,625 | 1,990,835 |
| Committed | 6,285,381 | 4,472,517 | 5,920,555 | 6,633,215 | 4,237,613 | 9,022,280 | 25,260,455 | 38,290,681 | 66,624,120 | - |
| Assigned | 701,393 | 425,008 | 2,609,232 | 426,564 | 748,518 | 526,269 | 1,500,527 | 1,862,146 | 2,871,082 | 114,470,806 |
| Unassigned | 48,647,116 | 56,491,224 | 58,392,937 | 65,326,008 | 73,858,094 | 86,344,490 | 81,006,638 | 93,931,500 | 98,014,544 | 124,092,466 |
| Total General Fund | \$ 56,344,850 | \$ 62,575,723 | \$ 68,499,272 | \$ 73,976,242 | \$ 80,523,850 | \$ 97,422,406 | \$ 109,264,630 | \$ 135,509,640 | \$ 169,015,728 | \$ 240,617,869 |
| All Other Governmental Funds: | | | | | | | | | | |
| Nonspendable | \$ 38,309 | \$ 30,776 | \$ 45,654 | \$ 45,654 | \$ 45,654 | \$ 45,654 | \$ 45,654 | \$ 164,694 | \$ 90,766 | \$ 98,866 |
| Restricted | 60,045,985 | 67,568,640 | 63,765,980 | 56,841,100 | 56,027,201 | 65,409,783 | 67,810,242 | 85,261,656 | 99,942,644 | 68,890,313 |
| Committed reported in: | | | | | | | | | | |
| Capital Projects Funds | 1,972,667 | 5,914,066 | 7,319,905 | 10,890,140 | 9,448,361 | 6,777,753 | 10,232,234 | 9,966,324 | 18,443,404 | - |
| Nonmajor Governmental Funds | 2,170,497 | 2,516,047 | 3,498,144 | 2,599,519 | 3,240,732 | 4,436,654 | 5,974,413 | 7,642,579 | 9,105,077 | - |
| Other Governmental Funds | 2,822,872 | 2,148,460 | 99,368 | 95,453 | 492,720 | 492,720 | 492,720 | 492,720 | 643,011 | - |
| Unassigned | (10,951) | (10,945) | (10,818) | (10,819) | (10,819) | (10,819) | (10,819) | (10,819) | (10,819) | - |
| Total All Other Government Funds | \$ 67,039,379 | \$ 78,167,044 | \$ 74,718,233 | \$ 70,461,047 | \$ 69,243,849 | \$ 77,151,745 | \$ 84,544,444 | \$ 103,517,154 | \$ 128,214,083 | \$ 68,989,179 |
| Component Unit (School Board) | | | | | | | | | | |
| Nonspendable | \$ 1,563,699 | \$ 1,134,919 | \$ 1,125,204 | \$ 1,118,041 | \$ 1,222,261 | \$ 1,206,139 | \$ 1,179,061 | \$ 1,201,469 | \$ 1,515,015 | \$ 1,196,858 |
| Committed | 477,237 | 417,309 | 433,862 | 420,990 | 490,778 | 721,628 | - | - | - | - |
| Assigned | 9,091,818 | 7,125,361 | 7,682,280 | 9,170,789 | 10,150,397 | 9,978,500 | 10,977,207 | 11,863,486 | 9,802,013 | 12,537,313 |
| Unassigned | - | 154,815 | - | - | - | - | - | - | - | - |
| Total Component Unit | \$ 11,132,754 | \$ 8,832,404 | \$ 9,241,346 | \$ 10,709,820 | \$ 11,863,436 | \$ 11,906,267 | \$ 12,156,268 | \$ 13,064,955 | \$ 11,317,028 | \$ 13,734,171 |

(1)

(1) FY2015 includes a restatement of fund balance between the General Fund and the other special revenue funds of \$763,185

Table 4

**Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|--------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Revenues | | | | | | | | | | |
| General Property Taxes | 118,076,619 | 123,457,208 | 127,047,858 | 135,696,638 | 141,959,059 | 146,642,458 | 158,483,622 | 178,439,927 | 205,667,941 | 220,141,959 |
| Other Local Taxes | 42,544,952 | 43,202,375 | 45,768,255 | 46,261,507 | 48,737,290 | 53,092,031 | 61,403,956 | 61,187,205 | 65,055,986 | 67,078,989 |
| Licenses, Permits and Fees | 1,589,474 | 1,678,881 | 1,825,728 | 1,723,958 | 2,141,327 | 2,484,061 | 2,811,187 | 2,381,976 | 2,524,133 | 2,474,661 |
| Fines and Forfeitures | 1,042,219 | 983,988 | 1,142,491 | 1,179,110 | 1,012,104 | 1,068,804 | 1,013,613 | 847,986 | 14,395,999 | 6,471,107 |
| Use of Money and Property | 1,289,414 | 1,775,226 | 2,708,976 | 3,965,689 | 3,516,133 | 1,610,402 | 1,648,532 | 10,267,409 | 18,948,928 | 18,100,532 |
| Intergovernmental | 58,698,660 | 62,362,464 | 66,206,954 | 62,089,557 | 64,516,765 | 71,603,311 | 96,690,342 | 101,135,805 | 102,773,013 | 116,634,720 |
| Charges for Services | 5,018,523 | 4,827,273 | 4,770,834 | 5,508,401 | 5,104,191 | 4,743,554 | 6,501,353 | 6,791,496 | 6,036,159 | 6,672,325 |
| Miscellaneous | 2,482,439 | 1,983,706 | 3,794,081 | 2,076,460 | 3,331,856 | 1,269,900 | 1,252,595 | 3,535,587 | 8,242,466 | 16,728,247 |
| Total Revenues | 230,742,300 | 240,271,121 | 253,265,177 | 258,501,320 | 270,318,725 | 282,514,521 | 329,805,200 | 364,587,391 | 423,644,625 | 454,302,540 |
| Expenditures | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Administration | 15,511,299 | 16,302,909 | 17,074,074 | 17,062,724 | 18,200,342 | 28,646,499 | 27,772,839 | 22,829,636 | 25,390,710 | 30,635,845 |
| Judicial Administration | 8,467,689 | 8,896,483 | 9,051,250 | 9,624,709 | 10,133,068 | 10,430,783 | 10,917,499 | 11,454,656 | 12,650,884 | 13,249,553 |
| Public Safety | 50,488,261 | 57,115,046 | 60,265,740 | 62,900,211 | 63,883,434 | 64,154,020 | 72,428,273 | 79,030,097 | 88,045,779 | 118,718,114 |
| Public Works | 23,038,899 | 25,102,596 | 23,998,099 | 22,333,618 | 24,421,117 | 24,658,890 | 25,772,021 | 33,671,378 | 41,063,689 | 86,259,017 |
| Health and Welfare | 12,219,597 | 13,256,252 | 13,319,870 | 13,634,568 | 14,670,632 | 14,580,535 | 14,961,450 | 20,102,737 | 20,100,705 | 23,025,147 |
| Transportation | 1,033,663 | 1,079,339 | 1,090,607 | 1,592,193 | 1,898,154 | 1,420,397 | 2,045,390 | 1,753,973 | 2,352,281 | 3,213,136 |
| Education | 53,435,459 | 54,900,377 | 56,467,515 | 60,353,258 | 58,106,679 | 65,526,746 | 65,377,695 | 66,507,115 | 73,644,025 | 103,016,685 |
| Parks, Recreation and Cultural | 9,835,503 | 10,576,486 | 11,147,634 | 12,281,589 | 11,331,545 | 10,854,151 | 11,558,710 | 13,569,804 | 15,547,330 | 31,663,598 |
| Community Development | 7,948,520 | 9,844,679 | 6,686,201 | 5,846,241 | 7,305,136 | 6,752,880 | 8,302,351 | 8,481,148 | 10,266,245 | 10,039,402 |
| Non-Departmental | 466,002 | 323,725 | 226,481 | 675,842 | 594,989 | 759,119 | 673,338 | 1,356,352 | 46,701 | 464,332 |
| Capital Outlay ⁽³⁾ | 28,950,011 | 46,189,812 | 56,107,239 | 37,532,944 | 30,648,655 | 33,190,478 | 48,026,860 | 49,043,204 | 80,470,626 | - |
| Debt Service: | | | | | | | | | | |
| Other | 446,658 | 720,840 | 323,069 | 245,499 | 582,569 | 409,738 | 506,360 | 470,758 | 684,572 | 442,620 |
| Interest | 10,346,003 | 9,388,267 | 10,319,538 | 10,535,818 | 9,579,925 | 9,519,802 | 8,801,914 | 9,013,974 | 9,191,957 | 10,462,346 |
| Principal | 17,015,462 | 16,781,132 | 15,767,400 | 17,815,620 | 18,118,620 | 18,774,488 | 19,074,488 | 20,809,488 | 21,938,678 | 22,935,542 |
| Total Expenditures | 239,203,026 | 270,477,943 | 281,844,717 | 272,434,834 | 269,474,865 | 289,678,526 | 316,219,188 | 338,094,320 | 401,394,182 | 454,125,337 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (8,460,726) | (30,206,822) | (28,579,540) | (13,933,514) | 843,860 | (7,164,005) | 13,586,012 | 26,493,071 | 22,250,443 | 177,203 |

(Continued)

Table 4

**Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds of Refunding Bonds | 20,176,111 | 47,215,000 | 3,395,000 | 575,000 | 31,345,000 | 36,855,000 | 17,990,000 | - | - | - |
| Proceeds of Bonds Issued | 20,360,000 | 26,380,000 | 26,665,000 | 17,370,000 | 18,965,000 | 22,000,000 | 27,090,000 | 27,735,000 | 30,000,000 | 10,040,000 |
| Premiums on Debt | 3,955,535 | 7,912,562 | 2,313,366 | 1,182,718 | 2,323,802 | 2,163,968 | 2,928,122 | 2,646,705 | 379,629 | 586,444 |
| Transfers In | 37,593,204 | 36,594,695 | 37,425,621 | 39,252,347 | 37,704,027 | 40,940,955 | 39,721,127 | 47,554,804 | 69,553,292 | 69,994,966 |
| Payment to Refunded Bonds Escrow Agent | (22,362,261) | (51,298,280) | (3,734,892) | (600,000) | (31,033,899) | (36,743,990) | (17,754,699) | - | - | - |
| Transfers Out | (33,903,324) | (34,122,417) | (36,264,770) | (38,516,141) | (35,341,338) | (38,817,005) | (38,342,842) | (46,226,563) | (67,483,386) | (67,804,454) |
| Total Other Financing Sources, net | 25,819,265 | 32,681,560 | 29,799,325 | 19,263,924 | 23,962,592 | 26,398,928 | 31,631,708 | 31,709,946 | 32,449,535 | 12,816,956 |
| Net Change in Fund Balance | 17,358,539 | 2,474,738 | 1,219,785 | 5,330,410 | 24,806,452 | 19,234,923 | 45,217,720 | 58,203,017 | 54,699,978 | 12,994,159 |
| Capital outlay ⁽¹⁾ | 31,474,338 | 48,309,227 | 58,064,359 | 39,808,562 | 32,231,862 | 34,373,563 | 52,498,272 | 52,222,998 | 86,704,065 | 86,704,065 |
| Debt Service as a percentage of non-capital expenditures⁽¹⁾ | 13.17% | 11.78% | 11.66% | 12.19% | 11.68% | 11.08% | 10.57% | 10.43% | 9.89% | 9.09% |
| Add'l School Operating & Food Service Expenditures⁽²⁾ | 88,999,257 | 88,031,891 | 90,729,115 | 96,781,541 | 99,580,517 | 102,129,429 | 108,480,077 | 124,478,636 | 222,957,953 | 222,957,953 |
| Debt Service as a percentage of non-capital plus school expenditures⁽²⁾ | 9.22% | 8.44% | 8.29% | 8.61% | 8.22% | 7.92% | 7.49% | 7.27% | 5.79% | 5.66% |

⁽¹⁾ Calculated as the Principal plus Interest shown above divided by the Total Expenditures less Capital Outlay as shown in the Exhibit 4 reconciliation schedule, as defined by GFOA. This ratio may have changed from previous years' presentations.

⁽²⁾ Additional School expenditures are found in the Component Unit section of the ACFR (School Operating and School Food Service Fund expenditures less Contribution revenue from the City). The related ratio is part of bond continuing disclosure requirements.

(Concluded)

Table 5

**Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years**

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Property Tax | \$ 117,651,210 | \$ 123,411,724 | \$ 127,047,858 | \$ 135,696,638 | \$ 141,959,059 | \$ 146,689,685 | \$ 161,212,302 | \$ 176,258,134 | \$ 205,667,941 | \$ 220,141,959 |
| Other Local Taxes: | | | | | | | | | | |
| Sales and Use | 9,904,693 | 10,399,254 | 10,977,388 | 10,421,185 | 12,626,601 | 15,618,307 | 16,370,461 | 18,035,988 | 18,356,678 | 18,964,571 |
| Utility Tax | 4,478,378 | 4,447,778 | 4,839,131 | 4,799,814 | 4,755,918 | 4,864,689 | 5,024,008 | 5,034,466 | 5,076,743 | 5,338,259 |
| Communication Taxes | 3,115,672 | 3,311,375 | 3,212,841 | 3,001,565 | 2,890,793 | 2,627,477 | 2,499,745 | 2,434,071 | 2,306,793 | 2,267,692 |
| Business and | | | | | | | | | | |
| Occupational License | 7,680,254 | 6,891,756 | 7,552,220 | 8,095,262 | 8,412,262 | 9,212,742 | 10,964,624 | 11,819,247 | 13,259,460 | 13,385,196 |
| Motor Vehicle License | 2,449,544 | 2,436,079 | 2,354,440 | 2,472,521 | 2,624,213 | 2,682,701 | 2,709,174 | 2,837,185 | 2,881,656 | 2,903,879 |
| Bank Stock | 564,037 | 629,727 | 675,738 | 691,626 | 582,250 | 706,211 | 747,889 | 768,872 | 795,464 | 793,612 |
| Recordation | 1,466,044 | 1,477,475 | 1,866,957 | 1,697,180 | 2,513,189 | 2,448,497 | 3,279,397 | 1,851,695 | 1,738,684 | 2,159,572 |
| Tobacco | 2,050,259 | 2,069,356 | 1,971,283 | 1,955,756 | 1,920,427 | 2,028,076 | 1,831,481 | 1,849,863 | 1,452,903 | 1,397,435 |
| Lodging | 1,484,031 | 1,706,709 | 1,787,927 | 1,762,778 | 1,470,419 | 1,657,435 | 2,206,627 | 2,067,131 | 2,362,048 | 2,429,980 |
| Meals | 8,996,483 | 9,432,240 | 10,111,438 | 10,996,828 | 10,749,762 | 11,278,549 | 15,592,762 | 14,299,363 | 16,582,151 | 17,091,726 |
| Admission | 318,348 | 365,757 | 418,892 | 366,992 | 191,456 | 6,013 | 177,788 | 227,453 | 243,406 | 347,067 |
| Total | <u>\$ 160,158,953</u> | <u>\$ 166,579,230</u> | <u>\$ 172,816,113</u> | <u>\$ 181,958,145</u> | <u>\$ 190,696,349</u> | <u>\$ 199,820,382</u> | <u>\$ 222,616,258</u> | <u>\$ 237,483,468</u> | <u>\$ 270,723,927</u> | <u>\$ 287,220,948</u> |

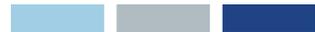


Table 6

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

| Fiscal Year | Real Property | | | | | Personal Property | | | | Total |
|-------------|----------------------|-------------------|------------------|------------------------|----------------|-------------------------|----------------|------------------|----------|-------------------|
| | Assessed Value | | | Estimated Actual Value | City Wide Rate | Assessed Value | | | Tax Rate | Assessed Value |
| | Citizens Property(1) | Public Service(2) | Total | | | Citizens Property(3)(4) | Public Service | Total | | |
| 2016 | \$ 9,012,246,300 | \$ 30,898,516 | \$ 9,043,144,816 | \$ 9,423,596,600 | \$ 1.07 | \$ 941,845,500 | \$ 329,961,909 | \$ 1,271,807,409 | \$ 4.25 | \$ 10,314,952,225 |
| 2017 | 9,234,719,500 | 37,249,670 | 9,271,969,170 | 9,591,955,500 | 1.07 | 985,809,155 | 346,169,603 | 1,331,978,758 | 4.25 | 10,603,947,928 |
| 2018 | 9,536,521,300 | 44,371,412 | 9,580,892,712 | 9,874,324,100 | 1.07 | 1,002,785,230 | 360,467,216 | 1,363,252,446 | 4.25 | 10,944,145,158 |
| 2019 | 9,758,914,800 | 43,055,984 | 9,801,970,784 | 10,211,179,800 | 1.11 | 1,074,774,050 | 370,951,482 | 1,445,725,532 | 4.25 | 11,247,696,316 |
| 2020 | 10,041,879,300 | 43,414,519 | 10,085,293,819 | 10,513,127,400 | 1.11 | 1,178,762,000 | 370,348,948 | 1,549,110,948 | 4.25 | 11,634,404,767 |
| 2021 | 10,550,088,600 | 46,398,554 | 10,596,487,154 | 11,024,342,300 | 1.11 | 1,237,467,530 | 388,395,491 | 1,625,863,021 | 4.25 | 12,222,350,175 |
| 2022 | 11,389,979,300 | 44,111,509 | 11,434,090,809 | 11,865,794,500 | 1.11 | 1,390,991,290 | 390,958,029 | 1,781,949,319 | 4.25 | 13,216,040,128 |
| 2023 | 13,257,772,600 | 45,049,752 | 13,302,822,352 | 13,735,927,200 | 1.09 | 1,566,913,590 | 404,249,850 | 1,971,163,440 | 4.25 | 15,273,985,792 |
| 2024 | 15,730,764,300 | 46,697,648 | 15,777,461,948 | 16,175,311,900 | 1.09 | 1,619,230,360 | 442,554,115 | 2,061,784,475 | 4.25 | 17,839,246,423 |
| 2025 | 16,939,349,400 | 51,799,861 | 16,991,149,261 | 17,373,994,800 | 1.07 | 1,753,533,530 | 526,857,438 | 2,280,390,968 | 4.25 | 19,271,540,229 |

⁽¹⁾ Real property is assessed at 100% of estimated actual value except land use property which approximates 30%. Source: City Assessor's Office

⁽²⁾ Determined by the State Corporation Commission of Virginia.

⁽³⁾ Vehicles are assessed at 100% of clean loan value: recreation vehicles are assessed at 100% of lowest NADA value; and machinery and tools are assessed at 20% of original cost for the first five years and 10% thereafter. Source: City Commissioner of the Revenue's Office.

⁽⁴⁾ In Fiscal Year 2023, a 75% assessment ratio was applied to the value of personal property due to increased market values of cars and trucks. A 90% assessment ratio was applied in Fiscal Year 2024.

Table 7

**Direct Property Tax Rates (per Hundred)(1)
Last Ten Fiscal Years**

| Fiscal Year | Real Property(2) | | | | | | Minimum Total Direct Rate(5) |
|-------------|------------------|--------------------------|------------------------------------|----------------------|------------------------|---------|------------------------------|
| | City Wide | Route 17 Taxing District | Downtown Business Overlay District | Personal Property(3) | Machinery and Tools(4) | | |
| 2016 | \$ 1.07 | \$ 0.24 | \$ 0.11 | \$ 4.25 | \$ 3.15 | \$ 5.28 | |
| 2017 | 1.07 | 0.24 | 0.11 | 4.25 | 3.15 | 5.28 | |
| 2018 | 1.07 | 0.24 | 0.11 | 4.25 | 3.15 | 5.28 | |
| 2019 | 1.11 | 0.24 | 0.11 | 4.25 | 3.15 | 5.28 | |
| 2020 | 1.11 | 0.24 | 0.11 | 4.25 | 3.15 | 5.28 | |
| 2021 | 1.11 | 0.24 | 0.11 | 4.25 | 3.15 | 5.28 | |
| 2022 | 1.11 | 0.24 | 0.11 | 4.25 | 3.15 | 5.28 | |
| 2023 | 1.09 | 0.24 | 0.11 | 4.25 | 3.15 | 5.28 | |
| 2024 | 1.09 | 0.24 | 0.11 | 4.25 | 3.15 | 5.28 | |
| 2025 | 1.09 | 0.24 | 0.11 | 4.25 | 3.15 | 5.28 | |

(1) The City is not a component of any overlapping governments; therefore, it does not share any overlapping tax rates nor debt.
 (2) Real property is assessed at 100% of estimated actual value, except land use property which approximates 30%.
 (3) Vehicles are assessed at 100% of clean loan value per JD Power. In FY 23, a 75% assessment ratio was applied to cars and trucks less than two tons. In FY 2024, a 90% assessment ratio was applied to cars and trucks less than two tons.
 (4) Assessed at 20% of original cost during the first five years of life; 10% thereafter.
 (5) The district tax rates include the City-wide rate. Additionally, districts overlap some properties, resulting in those properties being taxed at the City rate plus the additional rate for each applicable district. Therefore, only the City-wide rate is used with the personal property rate to calculate the Minimum Total Direct Rate.
 (6) In FY 2024, a \$.02 real estate tax relief credit was adopted to provide tax relief to property owners due to a significant increase in real estate assessments.



Table 8

**Principal Property Tax Payers
Current Year and Nine Years Ago**

| | | Real Property | | | |
|--|----------------------------------|-------------------------|---------------------------|------------------------|---------------------------|
| | | 2025 | | 2016 | |
| Taxpayer | Type of Business | Taxable Assessed Value | Percentage of Total City | Taxable Assessed Value | Percentage of Total City |
| | | | Taxable Assessed Value(1) | | Taxable Assessed Value(1) |
| Amazon.com Services Inc | Retail Merchandise | \$ 354,940,700 | 2.10% | | |
| SE VA Suffolk Property Owner LLC | Warehouses | 188,920,900 | 1.12% | | |
| Monroe Lot 8 Owner LLC | Warehouses | 153,416,500 | 0.91% | | |
| Target Corporation | Distribution Warehouse | 102,180,300 | 0.60% | 58,876,200 | 0.65% |
| Suffolk Benton LLC | Mega Warehouse | 99,243,400 | 0.59% | | |
| Coastal Logistics Owner LLC | Mega Warehouse | 93,000,000 | 0.55% | | |
| Q Owner SCVA001 LLC | Mega Warehouse | 90,755,600 | 0.54% | | |
| 2152 LLC | Apartment Complex | 63,326,700 | 0.37% | | |
| BEC Investors, LLC | Apartment Complex | 71,223,800 | 0.42% | | |
| EGP 116 Suffolk, LLC | Joint Military Training Facility | 53,232,400 | 0.31% | | |
| 116 Lakeview Parkway, LLC | Retirement Community | | | 55,578,000 | 0.62% |
| Centerpoint Properties Trust | Real Property Management | | | 51,601,200 | 0.57% |
| QVC of Suffolk Inc. / CVN Distribution | Distribution Warehouse | | | 43,744,200 | 0.49% |
| TowneBank | Financial Institution | | | 40,876,400 | 0.45% |
| The Pergola Group | Apartment Complex | | | 39,380,000 | 0.44% |
| Lake Prince Center, Inc. | Retirement Community | | | 33,599,000 | 0.37% |
| Walmart | Retail Merchandise | | | 31,433,800 | 0.35% |
| Boyd Suffolk GSA, LLC | Joint Military Training Facility | | | 31,320,200 | 0.35% |
| SGP 115 Lake View | Joint Military Training Facility | | | 27,614,500 | 0.31% |
| | | <u>\$ 1,270,240,300</u> | <u>7.50%</u> | <u>\$ 414,023,500</u> | <u>4.59%</u> |
| ⁽¹⁾ Total Assessed Value (does not include public service corporations) | | \$ 16,939,349,400 | | \$ 9,012,246,300 | |

Source: City of Suffolk Assessor's Office

| | | Personal Property | | | |
|---|---------------------------|------------------------|---------------------------|------------------------|---------------------------|
| | | 2025 | | 2016 | |
| Taxpayer | Type of Business | Taxable Assessed Value | Percentage of Total City | Taxable Assessed Value | Percentage of Total City |
| | | | Taxable Assessed Value(2) | | Taxable Assessed Value(2) |
| Amazon.com Services Inc | Retail Merchandise | \$ 49,838,310 | 2.84% | | |
| Ekaterra Tea Manufacturing USA, LLC | Beverage Company | 16,351,070 | 0.93% | | |
| Target Corporation | Distribution Warehouse | 12,755,540 | 0.73% | 3,917,015 | 0.42% |
| Spectrum Southeast LLC/Charter Communications | Cable Products | 9,529,480 | 0.54% | | |
| Solenis LLC/BASF Corporation/CIBA | Chemical Plant | 8,869,510 | 0.51% | | |
| Hormel Foods Corporation | Technology Company | 7,473,410 | 0.43% | | |
| Lockheed Martin Corporation | Technology Company | 7,369,570 | 0.42% | 6,323,605 | 0.67% |
| QVC of Suffolk, LLC | Distribution Warehouse | 5,962,730 | 0.34% | 7,521,535 | 0.80% |
| Birdsong Corporation | Food Processing | 5,956,350 | 0.34% | | |
| Massimo Zanetti Beverage USA | Beverage Company | 5,467,150 | 0.31% | 5,959,760 | 0.63% |
| Unilever/Lipton, Inc. | Beverage Company | | | 25,082,050 | 2.66% |
| Planters/ Kraft Foods | Food Processing | | | 10,908,730 | 1.16% |
| JM Smuckers Company | Beverage Company | | | 5,871,995 | 0.62% |
| Sysco Food Services of Hampton Roads | Food Service Distribution | | | 4,974,590 | 0.53% |
| BASF Corporation | Chemical Plant | | | 4,042,060 | 0.43% |
| Charter Communications | Cable Products | | | 3,072,270 | 0.33% |
| | | <u>\$ 129,573,120</u> | <u>7.39%</u> | <u>\$ 77,673,610</u> | <u>8.25%</u> |
| | | \$ 1,753,533,530 | | \$ 941,845,500 | |

Source: City of Suffolk, Commissioner of Revenue's Office

**Property Tax Levies and Collections
Last Ten Fiscal Years**

| Fiscal Year | Total Tax Levy (1) | Current Tax Collections | Percent of Levy Collected | Tax Collections | | | | Outstanding Delinquent Taxes At End of Fiscal Year(2) | |
|-------------|--------------------|-------------------------|---------------------------|----------------------------|---|-------------|--------------------------|---|--|
| | | | | Delinquent Tax Collections | Delinquent | | Total Tax Collections(2) | | Total Collections as a Percent of the Levy |
| | | | | | As | | | | |
| | | | | | Percent of Outstanding Delinquent Taxes | Total | | | |
| 2016 | 131,208,221 | 128,655,899 | 98.05% | 1,880,684 | 44.26% | 130,536,583 | 99.49% | 4,249,557 | |
| 2017 | 134,647,214 | 132,124,360 | 98.13% | 1,856,687 | 43.57% | 133,981,047 | 99.51% | 4,261,779 | |
| 2018 | 137,308,853 | 134,243,292 | 97.77% | 1,639,344 | 32.58% | 135,882,636 | 98.96% | 5,032,040 | |
| 2019 | 146,769,909 | 143,637,167 | 97.87% | 2,796,009 | 60.97% | 146,433,176 | 99.77% | 4,585,660 | |
| 2020 | 150,738,427 | 147,518,704 | 97.86% | 1,920,465 | 41.63% | 149,439,169 | 99.14% | 4,612,663 | |
| 2021 | 157,939,087 | 154,394,883 | 97.76% | 3,010,123 | 59.28% | 157,405,006 | 99.66% | 5,077,608 | |
| 2022 | 170,525,879 | 166,849,227 | 97.84% | 3,563,113 | 60.15% | 170,412,340 | 99.93% | 5,923,453 | |
| 2023 | 193,627,936 | 189,435,697 | 97.83% | 2,767,297 | 42.15% | 192,202,994 | 99.26% | 6,565,975 | |
| 2024 | 217,994,469 | 213,162,816 | 97.78% | 2,419,958 | 30.94% | 215,582,774 | 98.89% | 7,822,355 | |
| 2025 | 232,658,793 | 227,802,565 | 97.91% | 3,247,090 | 38.56% | 231,049,655 | 99.31% | 8,420,337 | |

Note A: Delinquent real property taxes not collected within three years, a lien is recorded on the property of the collection thereof. Collections in subsequent years represent delinquent accounts collected during the course of that fiscal year for all prior fiscal years.

(1) Beginning in the year ended June 30, 2000, the tax levy includes the Commonwealth’s reimbursement.

(2) Adjusted for collections through August 15.

Source: City Treasurer

Property Tax Levies and Collections

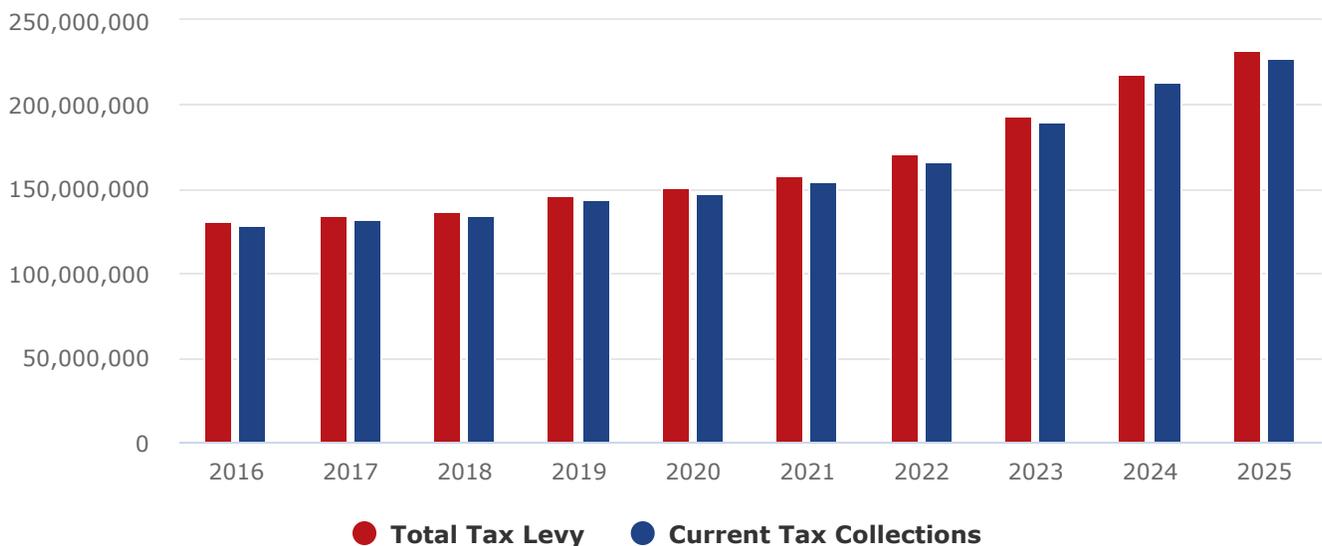


Table 10

**Property Value and Construction
Last Ten Fiscal Years**

| Fiscal Year | Commercial Construction(1) | | Residential Construction(1) | | Real Property Value(2) | | | | Total |
|-------------|----------------------------|---------------|-----------------------------|-------------|------------------------|---------------|--------------|---------------|----------------|
| | Number of Permits | Value | Number of Permits | Value | Residential | Commercial | Agricultural | Nontaxable | |
| 2016 | 152 | 58,345,994 | 691 | 79,256,973 | 6,739,083,100 | 2,023,675,300 | 660,838,200 | 1,026,465,000 | 10,450,061,600 |
| 2017 | 158 | 160,651,157 | 914 | 95,043,903 | 6,868,962,400 | 2,065,945,200 | 657,047,900 | 1,077,730,700 | 10,669,686,200 |
| 2018 | 295 | 739,050,509 | 894 | 106,647,685 | 7,067,095,400 | 2,158,117,900 | 667,451,000 | 1,106,232,700 | 10,998,897,000 |
| 2019 | 256 | 58,233,219 | 866 | 108,747,841 | 7,337,983,600 | 2,203,841,700 | 669,354,500 | 1,107,389,400 | 11,318,569,200 |
| 2020 | 192 | 318,398,197 | 1,067 | 119,255,504 | 7,537,092,200 | 2,239,871,900 | 736,163,300 | 1,117,665,100 | 11,630,792,500 |
| 2021 | 166 | 79,712,825 | 1,644 | 359,505,429 | 7,912,235,000 | 2,387,318,000 | 724,789,300 | 1,103,723,400 | 12,128,065,700 |
| 2022 | 246 | 170,488,979 | 1,760 | 345,748,542 | 8,528,616,800 | 2,651,573,500 | 685,604,200 | 1,107,563,400 | 12,973,357,900 |
| 2023 | 782 | 1,092,802,776 | 5,829 | 181,266,282 | 9,738,276,800 | 3,297,165,000 | 700,485,400 | 1,129,089,900 | 14,865,017,100 |
| 2024 | 290 | 789,441,286 | 1,293 | 177,311,393 | 11,290,604,800 | 4,186,411,600 | 698,295,500 | 1,214,487,400 | 17,389,799,300 |
| 2025 | 215 | 390,455,286 | 1,435 | 188,915,691 | 11,973,306,100 | 4,689,966,600 | 710,722,100 | 1,294,009,100 | 18,668,003,900 |

⁽¹⁾ Department of Planning and Community Development

⁽²⁾ City Assessor's Office, estimated actual value (only residential, commercial, and Agricultural are reflected in Table 6)

Table 11

**Principal Commercial/Industrial Water and Sewer Consumers
Year Ended June 30, 2025**

| Water Consumers | Type of Business | Annual Consumption (Hundred Cubic Feet) | % of Total Annual Consumption(1) |
|-----------------------------------|--------------------------|--|---|
| Western Tidewater Water Authority | Regional Water Supply | 351,260 | 12.26% |
| Western Tidewater Regional Jail | Jail-Regional Facility | 32,083 | 1.12% |
| Sentara/Obici Hospital | Hospital | 31,014 | 1.08% |
| Suffolk Public Schools | Education | 28,892 | 1.01% |
| Wanchese Fish Company | Seafood Processing | 24,674 | 0.86% |
| Planters/Kraft Foods/Hormel | Food Processing | 19,357 | 0.68% |
| Harbour Breeze Apartments | Real Property Management | 18,247 | 0.64% |
| Suffolk Operations LLC | Assisted Living | 14,147 | 0.49% |
| Solenis LLC | Chemical Plant | 12,111 | 0.42% |
| Ekaterra Tea Manufacturing | Beverage Company | 12,052 | 0.42% |
| | | 543,837 | 18.98% |

(1) Total annual consumption (all water customers) 2,865,123

| Sewer Consumers | Type of Business | Annual Consumption (Hundred Cubic Feet) | % of Total Annual Consumption(2) |
|---|--------------------------|--|---|
| Western Tidewater Regional Jail | Jail-Regional Facility | 32,083 | 1.38% |
| Sentara/Obici Hospital | Hospital | 31,014 | 1.34% |
| Suffolk Public Schools | Education | 28,892 | 1.25% |
| Ekaterra Tea Manufacturing | Beverage Company | 28,562 | 1.23% |
| Wanchese Fish Company | Seafood Processing | 24,674 | 1.06% |
| City of Suffolk | Water Production | 21,264 | 0.92% |
| Harbour Breeze Apartments | Real Property Management | 18,247 | 0.79% |
| Suffolk Operations, LLC | Assisted Living | 14,147 | 0.61% |
| SPSA | Waste Solutions | 13,826 | 0.60% |
| Amazon.Com | Distribution Facility | 11,814 | 0.51% |
| | | 224,523 | 9.69% |

(2) Total annual consumption (all sewer customers) 2,317,798

Source: Department of Public Utilities

Table 12

**Water and Sewer Rate Schedule
Last Ten Fiscal Years**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|
| WATER | | | | | | | | | | |
| Water Rate per 100 cubic feet | \$ 8.86 | \$ 9.03 | \$ 9.20 | \$ 9.71 | \$ 9.71 | \$ 9.71 | \$ 10.31 | \$ 10.43 | \$ 10.63 | \$ 10.63 |
| Meter Service Charge (per month) | | | | | | | | | | |
| 5/8 inch meter | 7.00 | 8.40 | 8.40 | 10.00 | 11.25 | 11.25 | 12.75 | 13.25 | 15.25 | 15.25 |
| Water Connection Charge (installed by city) | | | | | | | | | | |
| 5/8 inch meter | 1,100 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Water Connection Charge (installed by developer) | | | | | | | | | | |
| | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Water Availability Charge (residential) | | | | | | | | | | |
| Single Family | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 |
| Water Availability Charge (commercial) | | | | | | | | | | |
| 5/8 inch meter | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 |
| 3/4 inch meter | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 | 5,520 |
| 1 inch meter | 13,520 | 13,520 | 13,520 | 13,250 | 13,250 | 13,250 | 13,250 | 13,250 | 13,520 | 13,520 |
| 1½ inch meter | 26,950 | 26,950 | 26,950 | 26,950 | 26,950 | 26,950 | 26,950 | 26,950 | 26,950 | 26,950 |
| 2 inch meter | 43,120 | 43,120 | 43,120 | 43,120 | 43,120 | 43,120 | 43,120 | 43,120 | 43,120 | 43,120 |
| 3 inch meter | 80,850 | 80,850 | 80,850 | 80,850 | 80,850 | 80,850 | 80,850 | 80,850 | 80,850 | 80,850 |
| 4 inch meter | 134,750 | 134,750 | 134,750 | 134,750 | 134,750 | 134,750 | 134,750 | 134,750 | 134,750 | 134,750 |
| WTWA Wholesale Water Rate | | | | | | | | | | |
| Water Rate (CCF) | 4.67 | 4.56 | 4.55 | 4.76 | 4.84 | 4.84 | 4.84 | 5.09 | 5.00 | 5.00 |
| Fixed Capacity Charge (Per Month) | 204,959 | 222,995 | 202,454 | 197,983 | 199,026 | 200,470 | 176,896 | 172,836 | 176,248 | 176,248 |
| SEWER | | | | | | | | | | |
| Sewer Collection (per 100 cubic feet) | 6.74 | 6.97 | 7.21 | 7.27 | 7.27 | 7.27 | 7.27 | 7.27 | 7.56 | 7.56 |
| Sewer Connection Charge (installed by city) | | | | | | | | | | |
| 4 inch lateral size | 1,450 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 | 1,800 |
| 6 inch lateral size | 2,650 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Sewer Connection Charge (installed by developer) | | | | | | | | | | |
| | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Sewer Availability Charge (residential) | | | | | | | | | | |
| Single Family | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| Sewer Availability Charge (commercial) | | | | | | | | | | |
| 5/8 inch meter | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| 3/4 inch meter | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 | 6,000 |
| 1 inch meter | 14,800 | 14,800 | 14,800 | 14,800 | 14,800 | 14,800 | 14,800 | 14,800 | 14,800 | 14,800 |
| 1½ inch meter | 29,500 | 29,500 | 29,500 | 29,500 | 29,500 | 29,500 | 29,500 | 29,500 | 29,500 | 29,500 |
| 2 inch meter | 47,100 | 47,100 | 47,100 | 47,100 | 47,100 | 47,100 | 47,100 | 47,100 | 47,100 | 47,100 |
| 3 inch meter | 88,100 | 88,100 | 88,100 | 88,100 | 88,100 | 88,100 | 88,100 | 88,100 | 88,100 | 88,100 |
| 4 inch meter | 146,800 | 146,800 | 146,800 | 146,800 | 146,800 | 146,800 | 146,800 | 146,800 | 146,800 | 146,800 |

Source: Department of Public Utilities

Table 13

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year ** | General Obligation Bonds General Gov't (2) | General Obligation Bonds Business-type activities | Literary Bonds | Total General Bonded Debt | Percentage of Estimated Actual Taxable Value of Property (3) | Per Capita (4) | Lease and subscription Liabilities (6) | Section 108 Loan Payable |
|----------------|--|---|----------------|---------------------------|--|----------------|--|--------------------------|
| 2016 | 259,928,278 | 253,567,653 | - | 513,495,931 | 5.45% | 5,679 | 9,183,208 | 2,108,000 |
| 2017 | 276,109,544 | 194,329,673 | - | 470,439,217 | 4.90% | 5,129 | 6,163,199 | 1,915,000 |
| 2018 | 286,010,859 | 191,436,465 | - | 477,447,324 | 4.84% | 5,205 | 3,537,987 | 1,722,000 |
| 2019 | 284,948,761 | 182,347,200 | - | 467,295,961 | 4.58% | 5,050 | 2,057,108 | - |
| 2020 | 287,124,014 | 177,851,721 | - | 464,975,735 | 4.42% | 5,015 | 1,487,534 | - |
| 2021 | 293,516,607 | 174,674,835 | - | 468,191,442 | 4.25% | 4,930 | 1,283,236 | - |
| 2022 | 301,243,843 | 163,989,241 | - | 465,233,084 | 3.87% | 4,783 | 21,644,960 | - |
| 2023 | 307,238,239 | 157,785,846 | - | 465,024,085 | 3.39% | 4,689 | 21,633,330 | - |
| 2024 | 312,525,347 | 146,285,503 | - | 458,810,850 | 2.84% | 4,557 | 19,243,927 | - |
| 2025 | 297,551,789 | 137,445,000 | - | 434,996,789 | 2.50% | 4,241 | 18,152,171 | - |

| Fiscal Year ** | Lease and Lease Liabilities (6) | Senior Revenue Bonds | Presentation only Subordinate: GO Bonds (5) | Total Governmental Activities | Total Business-type Activities | Grand Total | Percentage of Personal Income (4) | Total Per Capita (4) |
|----------------|---------------------------------|----------------------|---|-------------------------------|--------------------------------|-------------|-----------------------------------|----------------------|
| 2016 | 1,166,659 | 117,709,923 | 24,505,000 | 271,219,486 | 372,444,235 | 643,663,721 | 14.88% | 7,118 |
| 2017 | 987,740 | 199,345,172 | 23,840,000 | 284,187,743 | 394,662,585 | 678,850,327 | 15.11% | 7,401 |
| 2018 | 785,452 | 213,022,740 | 700,000 | 291,270,846 | 405,244,657 | 696,515,503 | 14.75% | 7,527 |
| 2019 | 562,671 | 210,667,350 | - | 287,005,869 | 393,577,221 | 680,583,090 | 13.75% | 7,341 |
| 2020 | 454,908 | 207,712,784 | - | 288,611,548 | 386,019,413 | 674,630,961 | 13.63% | 7,190 |
| 2021 | 411,085 | 223,268,539 | - | 294,799,843 | 398,354,459 | 693,154,302 | 14.68% | 7,299 |
| 2022 | 4,133,310 | 219,099,622 | - | 322,888,803 | 387,222,173 | 710,110,976 | 14.24% | 7,330 |
| 2023 | 3,620,860 | 214,908,222 | - | 328,871,569 | 376,314,928 | 705,186,497 | 14.25% | 7,110 |
| 2024 | 2,812,188 | 215,532,621 | - | 331,769,274 | 364,630,312 | 696,399,586 | 11.63% | 6,916 |
| 2025 | 1,804,656 | 212,924,218 | - | 315,703,960 | 352,173,874 | 667,877,834 | 0.00% | 6,511 |

- (1) Details regarding the City's outstanding debt can be found in the notes to the financial statements.
- (2) GO Bonds include Utility GO Bonds (with or without an additional revenue pledge). They exclude the unamortized premiums and deferred amounts for advance refunding. This change required restating previous years' balances.
- (3) See Table 6 for estimated actual taxable value of property data.
- (4) See Table 16 for personal income and population data. The most recent personal income data available from the Bureau of Economic Analysis is 2011 and is used to analyze years 2011 through 2013.
- (5) The subordinate GO bonds are "double-barreled", they have a revenue pledge, but are backed by the City's general obligation. They are presented under Business-type activities, but are actually included in the General Bonded Debt total.
- (6) GASB 87 was implemented for leases in FY2022

*Previous years restated to include Utility GO bond debt in General bonded debt.
 ** Previous years restated to include the related premiums, discounts and adjustments.

Table 14

**Legal Debt Margin
Last Ten Fiscal Years**

| Legal Debt Margin Calculation | City's Financial Policy Goal | City's Legal Debt Limit | Commonwealth's Legal Debt Limit(1) | | | | | | | |
|---|---|------------------------------------|---|-------------|---------------|------------------|---------------|---------------|---------------|---------------|
| Assessed value (as of July 1) - taxable real property, including public service corporations ⁽²⁾ | \$16,939,349,400 | \$16,939,349,400 | \$16,939,349,400 | | | | | | | |
| Adopted and Legal debt limits: | | | | | | | | | | |
| 4% of assessed value (authorized limit adopted by City Council 2010) | \$ 677,573,976 | | | | | | | | | |
| 7% of assessed value (authorized limit imposed by City Charter) | | | \$ 1,185,754,458 | | | | | | | |
| 10% of assessed value (authorized by the Commonwealth for all cities) | | | | | | \$ 1,693,934,940 | | | | |
| Deduct amount of debt applicable to debt limit: | | | | | | | | | | |
| Gross general bonded debt (includes bonds and notes payable) ⁽⁴⁾ | 315,243,984 | 474,620,000 | 474,620,000 | | | | | | | |
| | <u>\$ 362,329,992</u> | <u>\$ 711,134,458</u> | <u>\$ 1,219,314,940</u> | | | | | | | |
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2025 | 2025 |
| City's Legal Debt Margin | | | | | | | | | | |
| Debt Limit | 633,020,137 | 649,037,842 | 670,662,490 | 686,137,955 | 705,970,567 | 741,754,101 | 800,386,357 | 931,197,565 | 1,101,153,501 | 1,185,754,458 |
| Total Net Debt Applicable to Limit* | 456,621,633 | 413,420,487 | 442,666,000 | 434,875,002 | 436,105,000 | 446,880,000 | 441,510,000 | 444,065,002 | 474,620,000 | 474,620,000 |
| Legal Debt Margin | 176,398,504 | 235,617,355 | 227,996,490 | 251,262,953 | 269,865,567 | 294,874,101 | 358,876,357 | 487,132,563 | 626,533,501 | 711,134,458 |
| Total Net Debt Applicable to Limit as percentage of Debt Limit | 72.1% | 63.7% | 66.0% | 63.4% | 61.8% | 60.2% | 55.2% | 47.7% | 43.1% | 40.0% |
| Commonwealth's Legal Debt Margin | | | | | | | | | | |
| Debt Limit | 904,314,482 | 927,196,917 | 958,089,271 | 980,197,078 | 1,008,529,382 | 1,059,648,715 | 1,143,409,081 | 1,330,282,235 | 1,573,076,430 | 1,693,934,940 |
| Total Net Debt Applicable to Limit* | 456,621,633 | 413,420,487 | 442,666,000 | 434,875,002 | 436,105,000 | 446,880,000 | 441,510,000 | 444,065,002 | 474,620,000 | 474,620,000 |
| Legal Debt Margin | 447,692,849 | 513,776,430 | 515,423,271 | 545,322,076 | 572,424,382 | 612,768,715 | 701,899,081 | 886,217,233 | 1,098,456,430 | 1,219,314,940 |
| Total Net Debt Applicable to Limit as percentage of Debt Limit | 50.5% | 44.6% | 46.2% | 44.4% | 43.2% | 42.2% | 38.6% | 33.4% | 30.2% | 28.0% |

⁽¹⁾ Virginia state statute limits bond issuing authority of Virginia cities to 10% of the assessed real estate value. The above calculation includes all debt secured by the full faith and credit of the City (including Utility GO Bonds--with or without an additional revenue pledge, see table 13). Prior fiscal years have been restated in order to accommodate this determination. The calculation excludes the unamortized premiums and deferred amounts for advance refunding, installment purchase contracts, accrued sick and annual leave, landfill liability, and net pension and OPEB obligations.

⁽²⁾ See Table 6 for assessed value of real property data.

⁽³⁾ There are no overlapping or underlying tax jurisdictions.

⁽⁴⁾ The debt applicable to the City's financial policy limit is only the General Obligation bonds and leases that are payable with general government funds, Stormwater and Refuse funds (excluding Utility fund debt) and the General Obligation debt of the City's Economic Development Authority issued to fund the Health and Human Services Buildin

Table 15

**Pledge-Revenue Coverage
Last Ten Fiscal Years**

| Fiscal Year | Gross Revenues(1) | Direct Operating Expenses(2) | Net Revenue Available For Debt Service | Debt Service Requirements(3) | | | Coverage (4) |
|--|-------------------|------------------------------|--|------------------------------|-----------|------------|--------------|
| | | | | Principal | Interest | Total | |
| UTILITY REVENUE BONDS (WATER AND SEWER) | | | | | | | |
| 2015 | 41,928,618 | 19,255,373 | 22,673,245 | 2,135,000 | 5,385,232 | 7,520,232 | 3.01 |
| 2016 | 48,200,503 | 23,090,668 | 25,109,835 | 1,135,000 | 5,158,290 | 6,293,290 | 3.99 |
| 2017 | 49,516,030 | 21,945,068 | 27,570,962 | 1,240,000 | 6,226,515 | 7,466,515 | 3.69 |
| 2018 | 50,195,913 | 21,952,124 | 28,243,789 | 1,820,000 | 8,398,014 | 10,218,014 | 2.76 |
| 2019 | 54,500,177 | 25,205,851 | 29,294,326 | 2,230,000 | 9,061,412 | 11,291,412 | 2.59 |
| 2020 | 53,256,705 | 25,665,502 | 27,591,203 | 2,001,000 | 8,043,368 | 10,044,368 | 2.75 |
| 2021 | 62,511,014 | 25,746,183 | 36,764,831 | 4,597,000 | 7,853,326 | 12,450,326 | 2.95 |
| 2022 | 59,243,844 | 23,752,023 | 35,491,821 | 5,725,000 | 7,282,489 | 13,007,489 | 2.73 |
| 2023 | 59,942,670 | 27,162,864 | 32,779,806 | 6,145,000 | 6,930,484 | 13,075,484 | 2.51 |
| 2025 | 67,802,675 | 28,682,467 | 39,120,208 | 6,370,000 | 6,697,029 | 13,067,029 | 2.99 |

| Fiscal Year | Gross Revenues(1) | Direct Operating Expenses(2) | Net Revenue Available For Debt Service | Debt Service Requirements(3) | | | Coverage (4) |
|---|-------------------|------------------------------|--|------------------------------|----------|---------|--------------|
| | | | | Principal | Interest | Total | |
| UTILITY REVENUE BONDS (STORMWATER) | | | | | | | |
| 2025 | 10,974,395 | 5,579,680 | 5,394,715 | 204,000 | 287,517 | 491,517 | 10.98 |

⁽¹⁾ Gross revenues include operating revenues, miscellaneous revenues, transfers in, interest income and BAB interest subsidy.

⁽²⁾ Operating expenses are exclusive of depreciation, amortization, interest expense, debt issuance costs and loss on disposal of capital assets.

⁽³⁾ Includes principal and interest of revenue debt that falls under the debt covenant requirements of the master indenture and other agreements. (Capitalized interest paid by bond proceeds is excluded from the interest) There were significant changes in debt service requirements from previous years because they now exclude GO-bonded debt.

⁽⁴⁾ The debt service coverage ratio is calculated as Net Revenue Available for Debt Service divided by Total Debt Service Requirements (For the Utility (Water and Sewer) fund the coverage must be over 1.15; since 2009, Suffolk’s financial policy has recommended a target of 1.30, including all non-parity debt which has not been included in this analysis)



Table 16

**Demographic and Economic Statistics
Last Ten Fiscal Years**

| Fiscal Year | Population(1) | Personal Income(2) | | Per Capita Income(2)* | Schools: Average Daily Membership(3) | Unemployment Rate(4) | | | |
|-------------|---------------|--------------------|---------------|-----------------------|--------------------------------------|----------------------|-------------------|---------------|--------|
| | | In Thousands | | | | City of Suffolk | State of Virginia | United States | |
| 2016 | 90,426 | \$ | 4,326,809 | \$ | 48,467 | 13,837 | 4.30% | 4.00% | 5.10% |
| 2017 | 91,722 | | 4,491,916 | | 49,779 | 13,760 | 4.10% | 3.60% | 4.10% |
| 2018 | 92,533 | | 4,723,202 | | 51,798 | 13,630 | 3.10% | 2.90% | 3.60% |
| 2019 | 92,714 | | 4,949,924 | | 53,740 | 13,543 | 3.20% | 2.90% | 3.70% |
| 2020 | 93,825 | | 5,217,894 | | 55,561 | 13,308 | 8.80% | 8.50% | 11.20% |
| 2021 | 94,960 | | 5,705,145 | | 59,309 | 13,357 | 5.00% | 4.50% | 5.90% |
| 2022 | 96,130 | | 5,988,090 | | 60,770 | 12,934 | 4.40% | 3.90% | 5.30% |
| 2023 | 99,179 | | not available | | not available | 13,330 | 3.10% | 2.90% | 3.60% |
| 2024 | 100,690 | | not available | | not available | 13,450 | 3.10% | 2.70% | 4.30% |
| 2025 | 102,572 | | not available | | not available | 13,450 | 3.00% | 2.90% | 4.00% |

(1) Weldon Cooper Center for Public Service

(2) Bureau of Economic Analysis based on calendar year

(3) City of Suffolk Public Schools

(4) Virginia Employment Commission - Area Unemployment Statistics, based on calendar year. 2021 rate as of June 2021

Comparative Unemployment Rates FY 2016 - FY 2025

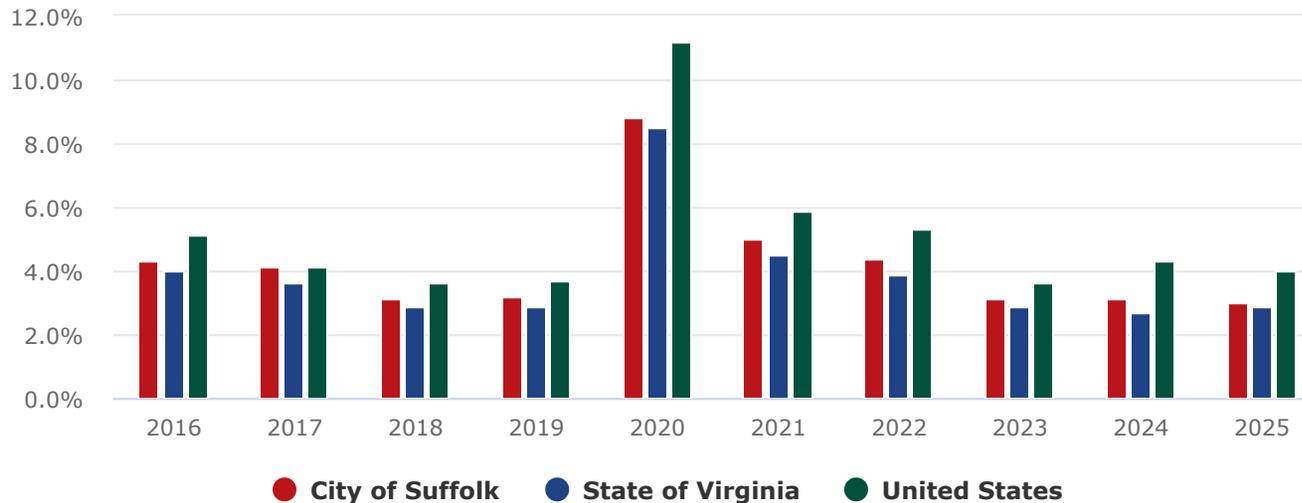


Table 17

**Principal Employers
Current Year and Nine Years Ago**

| Employer | Type of Business | 2025 | |
|---|----------------------------|--------------|-------------------------------------|
| | | Employees | Percentage of Total City Employment |
| Navy Information Dominance Forces Commands (Cyber Force) | ModSim & Technology | 2,250 | 6.13% |
| Sentara Health Systems | Medical | 1,503 | 4.09% |
| Target | Warehousing & Distribution | 1,300 | 3.54% |
| CVN Distribution / QVC, Inc | Warehousing & Distribution | 700 | 1.91% |
| Towne Bank | Banking | 600 | 1.63% |
| J-7 Joint Staff | ModSim & Technology | 550 | 1.50% |
| Wal-Mart Stores | Retail | 336 | 0.91% |
| Hormel/Planters/Kraft Foods | Food Processing | 380 | 1.03% |
| Massimo Zanetti Beverage USA | Beverage Company | 315 | 0.86% |
| Sysco Food Services of Hampton Roads | Food Service Distribution | 275 | 0.75% |
| | | 8,209 | 22.35% |

Total Employment by Industry in City of Suffolk for fiscal year

36,726

| Employer | Type of Business | 2016 | |
|---|----------------------------|--------------|-------------------------------------|
| | | Employees | Percentage of Total City Employment |
| Navy Information Dominance Forces Commands (Cyber Force) | ModSim & Technology | 1,500 | 5.18% |
| Sentara Health Systems | Medical | 1,061 | 3.67% |
| J-7 Joint Staff | ModSim & Technology | 1,200 | 4.15% |
| CVN Distribution / QVC, Inc | Warehousing & Distribution | 620 | 2.14% |
| SYSCO Food Services of Hampton Roads | Food Service Distribution | 350 | 1.21% |
| Wal-Mart Stores | Retail | 450 | 1.56% |
| Planters/Kraft Foods | Food Processing | 350 | 1.21% |
| Unilever/Lipton Inc. | Beverage Company | 300 | 1.04% |
| Towne Bank | Banking | 369 | 1.28% |
| Lakeview Medical Center | Medical | 270 | 0.93% |
| | | 6,470 | 22.36% |

Total Employment by Industry in City of Suffolk for fiscal year

28,935

The Suffolk Public Schools (2,300 employees) and the City of Suffolk (1,479 employees) have not been included to give a clearer reflection of community activity.

Source: Economic Development Department and Virginia Employment Commission



Table 18

**Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years(2)**

| Function/Program | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 20244 | 2025 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Fund: | | | | | | | | | | |
| General Government: | | | | | | | | | | |
| City Council | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 |
| City Manager | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 9 |
| Budget and Strategic Planning | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| City Attorney | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 |
| Human Resources | 7 | 7 | 7 | 7 | 7 | 7 | 10 | 13 | 14 | 14 |
| Commissioner of the Revenue | 12 | 12 | 12 | 12 | 12 | 12 | 13 | 13 | 13 | 14 |
| City Assessor | 17 | 18 | 17 | 17 | 19 | 19 | 21 | 21 | 22 | 22 |
| Treasurer | 16 | 16 | 16 | 16 | 17 | 17 | 17 | 17 | 17 | 17 |
| Finance - Administration and Accounting | 17 | 15 | 16 | 15 | 15 | 15 | 16 | 16 | 16 | 17 |
| Finance - Purchasing | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| Registrar | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 |
| Total | 96 | 96 | 96 | 95 | 98 | 98 | 107 | 112 | 114 | 118 |
| Judicial: | | | | | | | | | | |
| Circuit Court | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| Circuit Court - Clerk's Office | 14 | 14 | 14 | 14 | 15 | 15 | 15 | 16 | 16 | 16 |
| Sheriff | 25 | 25 | 25 | 25 | 25 | 25 | 27 | 28 | 30 | 31 |
| Commonwealth's Attorney | 24 | 24 | 24 | 25 | 26 | 26 | 26 | 26 | 26 | 27 |
| Total | 65 | 65 | 65 | 66 | 68 | 68 | 70 | 72 | 75 | 77 |
| Public Safety: | | | | | | | | | | |
| Police | | | | | | | | | | |
| Administration and Officers | 213 | 213 | 215 | 216 | 227 | 227 | 229 | 233 | 237 | 244 |
| Emergency Communications | 27 | 27 | 28 | 27 | 29 | 29 | 29 | 29 | 30 | 36 |
| Animal Shelter and Management | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 13 |
| Fire | | | | | | | | | | |
| Fire and Rescue | 252 | 252 | 255 | 274 | 274 | 279 | 297 | 316 | 318 | 326 |
| Community Development ⁽⁵⁾ | 26 | 26 | 26 | - | - | - | - | - | - | - |
| Total | 528 | 528 | 534 | 527 | 540 | 545 | 565 | 589 | 596 | 619 |
| Public Works: | | | | | | | | | | |
| Public Works | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 |
| Capital Programs and Facilities | 24 | 24 | 24 | 24 | 25 | 25 | 25 | 27 | 28 | 28 |
| Total | 26 | 26 | 26 | 26 | 28 | 28 | 28 | 30 | 31 | 31 |

Table 18

**Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years(2)**

| Function/Program | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|------|------|------|------|------|------|-------|-------|-------|-------|
| General Fund: | | | | | | | | | | |
| Health and Welfare: | | | | | | | | | | |
| Social Services | 103 | 103 | 103 | 102 | 102 | 102 | 102 | 104 | 107 | 108 |
| Comprehensive Services Act | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| Total | 105 | 105 | 105 | 104 | 104 | 104 | 104 | 106 | 109 | 111 |
| Parks, Recreation and Cultural: | | | | | | | | | | |
| Parks and Recreation | | | | | | | | | | |
| Administration | 4 | 4 | 4 | 13 | 13 | 13 | 13 | 14 | 12 | 12 |
| Office on Youth ⁽⁴⁾ | 2 | 1 | 1 | - | - | - | - | - | - | - |
| Support Services ⁽⁴⁾ | 6 | 7 | 7 | - | - | - | - | - | - | - |
| Parks, Gateway and Facility Maintenance | 19 | 19 | 18 | 22 | 22 | 22 | 22 | 26 | 29 | 29 |
| Grounds Maintenance ⁽³⁾⁽⁴⁾ | 4 | 4 | 4 | - | - | - | - | - | - | - |
| Recreation | 21 | 21 | 22 | 22 | 22 | 22 | 29 | 29 | 32 | 33 |
| Library | 31 | 32 | 32 | 32 | 32 | 32 | 33 | 33 | 33 | 33 |
| Total | 87 | 88 | 88 | 89 | 89 | 89 | 97 | 102 | 106 | 107 |
| Community Development: | | | | | | | | | | |
| Planning | 14 | 15 | 15 | 41 | 44 | 44 | 46 | 51 | 54 | 57 |
| Economic Development | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 7 |
| Tourism | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 4 |
| Media and Community Relations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 8 | 9 |
| Total | 28 | 29 | 29 | 55 | 59 | 59 | 61 | 66 | 71 | 77 |
| Total General Fund | 935 | 937 | 943 | 962 | 986 | 991 | 1,032 | 1,077 | 1,102 | 1,140 |
| Special Revenue Fund: | | | | | | | | | | |
| Transit | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Road Maintenance | | | | | | | | | | |
| Road Maintenance | 100 | 101 | 102 | 102 | 102 | 102 | 105 | 107 | 108 | 108 |
| Traffic Engineering | 24 | 25 | 25 | 25 | 25 | 25 | 26 | 30 | 30 | 30 |
| Aviation Facilities | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Total Special Revenue Fund | 127 | 129 | 131 | 131 | 131 | 130 | 134 | 140 | 141 | 141 |

(Continued)



Table 18

**Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years(2)**

| Function/Program | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Enterprise Fund: | | | | | | | | | | |
| Public Utilities | | | | | | | | | | |
| Administration | 9 | 9 | 8 | 8 | 8 | 8 | 7 | 7 | 7 | 8 |
| Customer Service | 20 | 22 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Line Maintenance | 28 | 28 | 28 | 29 | 29 | 29 | 30 | 30 | 29 | 30 |
| Maintenance | 25 | 25 | 25 | 25 | 26 | 26 | 26 | 26 | 26 | 27 |
| Water Production | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 |
| Engineering | 15 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 15 | 13 |
| Stormwater Utility | | | | | | | | | | |
| Stormwater Utility | 38 | 41 | 40 | 40 | 41 | 41 | 41 | 43 | 45 | 45 |
| Mosquito Control | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 |
| Refuse | 40 | 40 | 42 | 42 | 40 | 40 | 40 | 40 | 40 | 40 |
| Total Enterprise Fund | 210 | 214 | 215 | 216 | 216 | 216 | 216 | 218 | 220 | 222 |
| Internal Service Funds: | | | | | | | | | | |
| Fleet Management | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 22 |
| Information Technology | 25 | 26 | 26 | 26 | 27 | 28 | 29 | 28 | 30 | 32 |
| Risk Management | 6 | 6 | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 9 |
| Total Risk Management | 52 | 53 | 53 | 53 | 54 | 55 | 58 | 57 | 59 | 63 |
| Total | 1,324 | 1,333 | 1,342 | 1,362 | 1,387 | 1,392 | 1,440 | 1,492 | 1,522 | 1,566 |

- (1) Change in methodology of calculating full time employees in this department.
- (2) Data provided by the Budget Office
- (3) In 2015 The grounds maintenance function was moved out of Public Works and placed in Parks and Recreation.
- (4) In 2019 The divisions within Parks and Recreation were consolidated into 3 divisions.
- (5) In 2019 Community Development was combined with the Planning department.

(Concluded)

Table 19

Operating Indicators by Function/Program
Last Ten Fiscal Years

| Function/Program | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|-----------------------|
| General Government: | | | | | | | | | | |
| Building permits issued | 843 | 1,072 | 1,189 | 1,122 | 1,259 | 1,810 | 2,006 | 6,611 | 1,583 | 1,650 |
| Value of permits issued (millions) | \$ 138 | \$ 256 | \$ 846 | \$ 167 | \$ 438 | \$ 439 | \$ 516 | \$ 1,274 | \$ 967 | \$ 579 |
| Number of registered voters | 58,141 | 60,652 | 62,458 | 62,334 | 64,780 | 67,706 | 69,886 | 71,493 | 75,080 | 77,284 |
| Taxable retail sales (millions) | \$ 873 | \$ 896 | \$ 957 | \$ 976 | \$ 1,033 | \$ 1,155 | \$ 1,246 | \$ 1,319 | **Not Available | **Not Available |
| Taxable retail sales per capita | \$ 9,654 | \$ 9,763 | \$ 10,341 | \$ 10,404 | \$ 10,879 | \$ 12,013 | \$ 12,565 | \$ 13,102 | **Not Available | **Not Available |
| Parks, Recreation and Cultural: | | | | | | | | | | |
| Library volumes in collection (thousands) | 827 | 291 | 178 | 168 | 133 | 133 | 143 | 139 | 166 | 185 |
| Circulation (thousands) | 339 | 322 | 304 | 304 | 223 | 216 | 346 | 332 | 374 | 450 |
| Transit | | | | | | | | | | |
| Number of Service days (not including ADA service) | 257 | 257 | 252 | 305 | 308 | 306 | 305 | 307 | 307 | 305 |
| Number of Routes (not including ADA service) | 6 | 6 | 6 | 7 | 7 | 6 | 6 | 3 | 6 | 6 |
| Vehicle Trips (not including ADA service) | 13,856 | 13,825 | 13,589 | 18,602 | 18,791 | 18,663 | 19,979 | 20,181 | 22,455 (1) | 22,727 ⁽¹⁾ |
| Passenger Trips (not including ADA service) | 101,616 | 113,084 | 110,569 | 128,845 | 111,114 | 106,739 | 73,369 | 72,551 | 75,436 (2) | 87,510 ⁽²⁾ |
| Vehicle Trips (ADA Service) | 1,271 | 1,450 | 1,025 | 1,565 | 1,919 | 1,605 | 1,738 | 2,228 | 2,275 (1) | 1,799 ⁽¹⁾ |
| Passenger Trips (ADA Service) | 1,537 | 1,917 | 1,247 | 1,565 | 1,919 | 1,919 | 1,897 | 2,526 | 2,391 (2) | 2,121 ⁽²⁾ |
| Enterprise Fund: | | | | | | | | | | |
| Public Utilities | | | | | | | | | | |
| Customers - Water | 24,868 | 25,237 | 25,576 | 25,936 | 25,952 | 27,037 | 27,550 | 28,037 | 28,486 | 28,956 |
| Customers - Sewer | 21,770 | 22,160 | 22,506 | 22,851 | 23,272 | 23,865 | 24,350 | 24,853 | 25,305 | 25,757 |
| Average daily production (mgd) | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 |
| Treatment Capacity daily (mgd) | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 18 | 18 | 18 |
| Stormwater | | | | | | | | | | |
| Billed customers | 31,470 | 31,752 | 32,126 | 32,866 | 33,179 | 33,652 | 34,188 | 34,957 | 36,189 | 36,191 |
| Refuse collection | | | | | | | | | | |
| Customers | 28,311 | 28,618 | 28,895 | 29,409 | 29,720 | 30,040 | 30,493 | 31,067 | 32,080 | 32,080 |
| Recycled (tons) | 5,878 | 5,821 | 5,511 | 5,842 | 6,075 | 6,085 | 5,472 | 5,503 | **Not Available | 5,443 |

Sources: Various City Departments

** Data is not available as this is shown on a calendar year basis

⁽¹⁾ A vehicle trip is defined as a bus completing the route one time.

⁽²⁾ A Passenger trip is defined as a passenger boarding a bus at one point and disembarking at another. A passenger taking a trip with a transfer in the middle would count as two passenger trips.

Table 20

**Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

| Function/Program | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety: | | | | | | | | | | |
| Police Stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Fire and Rescue Stations | 10 | 10 | 10 | 10 | 10 | 10 | 9 | 9 | 9 | 9 |
| Public Works: | | | | | | | | | | |
| State maintained road miles | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| City maintained road miles | 1,596 | 1,621 | 1,632 | 1,650 | 1,660 | 1,660 | 1,669 | 1,671 | 1,681 | 1,683 |
| Streetlights | 8,657 | 8,913 | 8,988 | 9,136 | 9,217 | 9,288 | 9,571 | 9,890 | 9,790 | 10,789 |
| Bridges and Culverts | 149 | 151 | 151 | 151 | 152 | 151 | 151 | 151 | 151 | 151 |
| Traffic Signals | 98 | 99 | 99 | 100 | 100 | 101 | 102 | 102 | 105 | 105 |
| Education: | | | | | | | | | | |
| Elementary Schools | 12 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Middle Schools | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 |
| High Schools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Alternative Schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Teachers, Principals, and Assistants | 1,383 | 1,380 | 1,380 | 1,464 | 1,410 | 1,422 | 1,444 | 1,456 | 1,495 | 1,505 |
| Average Daily Membership | 13,837 | 13,760 | 13,630 | 13,543 | 13,308 | 13,357 | 12,934 | 13,330 | 13,450 | 13,902 |
| Capacity of Schools | 14,590 | 14,205 | 14,205 | 16,005 | 16,005 | 16,005 | 16,005 | 16,005 | 16,918 | 16,738 |
| Enterprise Fund: | | | | | | | | | | |
| Public Utilities | | | | | | | | | | |
| Miles of Water Main | 475 | 482 | 486 | 487 | 490 | 497 | 501 | 503 | 508 | 514 |
| Miles of Sanitary Sewers | 352 | 355 | 361 | 363 | 367 | 375 | 378 | 380 | 385 | 390 |
| Pump Stations | 146 | 147 | 150 | 150 | 152 | 154 | 154 | 154 | 156 | 157 |
| Storage Tanks | 10 | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 |
| Stormwater Utility Miles of Storm Sewers | 333 | 396 | 407 | 412 | 420 | 428 | 433 | 435 | 444 | 455 |
| Parks, Recreation and Cultural: | | | | | | | | | | |
| Parks and Recreation | | | | | | | | | | |
| Number of major parks and recreation facilities | 50 | 50 | 52 | 52 | 52 | 54 | 56 | 57 | 58 | 58 |
| Acreage of major parks and recreation facilities | 2,042 | 2,092 | 2,118 | 2,118 | 2,118 | 2,111 | 2,216 | 1,928 | 1,930 | 1,930 |
| Library | | | | | | | | | | |
| Number of libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of branch libraries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of bookmobiles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Transit ⁽¹⁾ | | | | | | | | | | |
| Buses | 8 | 9 | 9 | 10 | 14 | 14 | 12 | 12 | 10 | 12 |
| Bus Stops with Shelters | 8 | 8 | 10 | 11 | 11 | 10 | 16 | 16 | 16 | 17 |

Sources: Various City Departments

⁽¹⁾In Fiscal year 2015 The City added a route serving the northern end of the City and one that connects the north and south routes, as well as to HRT in Chesapeake.



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COMPLIANCE SECTION





**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the City Council
City of Suffolk, Virginia
Suffolk, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia (the "Specifications"), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Suffolk, 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, and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and four instances of noncompliance that is required to be reported under the Specifications, which is described in the accompanying schedule of findings and questioned costs as items 2025-002 through 2025-005.

City's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Virginia Beach, Virginia
December 15, 2025



Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the City Council
City of Suffolk, Virginia
Suffolk, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Suffolk, Virginia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2025. The City's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekart LLP

Virginia Beach, Virginia
December 15, 2025

CITY OF SUFFOLK, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Period Ending June 30, 2025

| Federal Grantor/Pass-Through Grantor/Grant Program | Assistance Listing Number (ALN) | Passed Through To Sub-Recipients | Cluster Total | ALN Total | Federal Expenditures | Federal Department Totals |
|---|---------------------------------|----------------------------------|---------------|-----------|----------------------|---------------------------|
| U.S. Department of Agriculture | | | | | | |
| Passed through the VA Department of Agriculture and VA Department of Education | | | | | | |
| Child & Adult Food Program | 10.558 | | | 35,571 | 35,571 | |
| Child Nutrition Cluster | | | | | | |
| School Breakfast Program (SBP) | 10.553 | | | 2,787,641 | 2,787,641 | |
| National School Lunch Program (NSPL) | 10.555 | | | | 5,606,876 | |
| USDA Commodities | 10.555 | | | 6,469,750 | 862,874 | |
| Summer Food Service Program for Children (SFSP) | 10.559 | | | 256,927 | 256,927 | |
| Total Child Nutrition Cluster | | | \$9,514,318 | | | |
| Passed through the VA Department of Social Services | | | | | | |
| SNAP Cluster | | | | | | |
| State Administrative Matching Grants for Supplemental Nutrition Assistance | 10.561 | | | 1,949,254 | 1,949,254 | |
| Total SNAP Cluster | | | \$1,949,254 | | | |
| Total U.S. Department of Agriculture | | | | | | \$11,499,143 |
| U.S. Department of Defense | | | | | | |
| Direct Recipient | | | | | | |
| JROTC Instruction | 12.000 | | | 121,350 | 121,350 | |
| Total U.S. Department of Defense | | | | | | \$121,350 |
| U.S. Department of Housing and Urban Development | | | | | | |
| Direct Recipient | | | | | | |
| CDBG - Entitlement Grants Cluster | | | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | | | 418,641 | |
| Total CDBG - Entitlement Grants Cluster | | | \$418,641 | 418,641 | | |
| Saratoga Place Apartments Project | | 300,000 | | | | |
| Western Tidewater Clinic | | 22,000 | | | | |
| Home Investment Partnerships Program | 14.239 | | | 803,245 | 803,245 | |
| City of Franklin | | 11,233 | | | | |
| Isle of Wight County | | 211,683 | | | | |
| Southampton County | | 36,700 | | | | |
| CHDO | | 87,600 | | | | |
| Total U.S. Department of Housing and Urban Development | | | | | | \$1,221,886 |



CITY OF SUFFOLK, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Period Ending June 30, 2025

| Federal Grantor/Pass-Through Grantor/Grant Program | Assistance Listing Number (ALN) | Passed Through To Sub-Recipients | Cluster Total | ALN Total | Federal Expenditures | Federal Department Totals |
|--|---------------------------------|----------------------------------|--------------------|-----------|----------------------|---------------------------|
| U.S. Department of Justice | | | | | | |
| Direct Recipient | | | | | | |
| Bullet Proof Vest Partnership Program | 16.607 | | | 30,485 | 30,485 | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | | 118,900 | 48,712 | |
| Passed Through VA Department of Criminal Justice Services | | | | | | |
| Violence Against Women Formula Grants | 16.588 | | | 334,579 | 334,579 | |
| COPs Grant | 16.710 | | | 2,248,941 | 2,248,941 | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | | | | 70,188 | |
| Passed Through National Recreation and Park Association, Inc. | | | | | | |
| Mentoring for Youth Affected by Opioid & Other Drug Misuse Program | 16.726 | | | 22,836 | \$22,836 | |
| Total U.S. Department of Justice | | | | | | \$2,755,741 |
| U.S. Department of Transportation | | | | | | |
| Direct Recipient | | | | | | |
| Airport Improvement Program | 20.106 | | | 121,492 | 121,492 | |
| Formula Grants for Rural Areas | 20.509 | | | 192,571 | 1,016 | |
| Federal Transit Cluster | | | | | | |
| Federal Transit Cluster - Urbanized Area Formula Grants Program | 20.507 | | | 1,483,689 | 1,483,689 | |
| Federal Transit Cluster - Grants for Buses & Bus Facilities Program | 20.526 | | | 162,076 | 162,076 | |
| Total Federal Transit Cluster | | | \$1,645,765 | | | |
| Passed Through VA Department of Transportation | | | | | | |
| Bridge Rd. to Lincoln St. UPC #2252 | 20.205 | | | | 250,949 | |
| Citywide Signal System Upgrade UPC #111086 #2244 | 20.205 | | | | 76,443 | |
| Citywide Signal Timings UPC 108983 #2230 | 20.205 | | | | 70,572 | |
| CMAQ Bridge Road Traffic Signal Upgrades UPC #102991 #2199 | 20.205 | | | | 486,094 | |
| CMAQ Nansemond Pkwy/Wilroy Road Overpass UPC #110634 #2198 | 20.205 | | | | 1,776,170 | |
| CMAQ Suffolk Transportation Op. Center UPC #108982 #2231 | 20.205 | | | | 36,497 | |
| Diverging Diamond #120648 #2254 | 20.205 | | | | 574,984 | |
| Downtown Railroad Warning System UPC 111083 #2246 | 20.205 | | | | 313 | |
| Downtown Signal System UPC 111088 #2243 | 20.205 | | | | 84,685 | |
| Freeman Mill Over Spivey Swamp UPC 113699 #2245 | 20.205 | | | | 1,242,755 | |
| Godwin Blvd Improvements #119334 #2255 | 20.205 | | | | 898,456 | |

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Period Ending June 30, 2025

| Federal Grantor/Pass-Through Grantor/Grant Program | Assistance Listing Number (ALN) | Passed Through To Sub-Recipients | Cluster Total | ALN Total | Federal Expenditures | Federal Department Totals |
|--|---------------------------------------|--|------------------|--------------|-------------------------|---------------------------------|
| Great Mill Hwy to Stuart Dr. UPC 121122 #2250 | 20.205 | | | | 234,011 | |
| MP 34.77 to MP 35.77 UPC 121112 #2251 | 20.205 | | | | 268,224 | |
| Pittman Rd over Mill Swamp UPC 113700 #2221 | 20.205 | | | | 1,065,280 | |
| RSTP Suffolk Bypass ITS UPC #102994 Project #2200 | 20.205 | | | | 411,119 | |
| RSTP Suffolk Bypass/Godwin Blvd/Wilroy Rd/Pruden Blvd UPC #111036 #2240 | 20.205 | | | | 887,160 | |
| Rte. 17 Bridge Road Widening UPC #120649 #2256 | 20.205 | | | | 613,754 | |
| Rte 189 to US 58 UPC 121132 #2253 | 20.205 | | | | 194,230 | |
| Rte.58/Holland Rd Corridor Improvements UPC #100937 #3015 | 20.205 | | | | 336,003 | |
| Seaboard Coastline Trail Phase I #115525 #3115 | 20.205 | | | | 130,666 | |
| Seaboard Coastline Trail IIIA #119230 #3116 | 20.205 | | | | 202,569 | |
| Seaboard Coastline Trail IIIB #121109 #3113 | 20.205 | | | | 17,084 | |
| Shoulders Hill Road Reconstruction UPC #69050 #2173 | 20.205 | | | | 10,705,908 | |
| Suffolk Gates over Adams Swamp UPC 121633 #2260 | 20.205 | | | | 129,218 | |
| Whaleyville Blvd to Little Fork UPC 121127 #2248 | 20.205 | | | | 245,260 | |
| Whaleyville Blvd to Mineral Spr. UPC #2249 | 20.205 | | | | 225,133 | |
| Passed Through the Hampton Roads Transportation Planning Organization | | | | | | |
| Metropolitan Transportation Planning Program | 20.505 | | | 21,172,539 | 9,000 | |
| Passed Through the VA Department of Rail and Public Transportation | | | | | | |
| Transit Operations Facility #2233 | 20.509 | | | 191,555 | 191,555 | |
| Total U.S. Department of Transportation | | | | | | \$23,132,366 |
| U.S. Department of Treasury | | | | | | |
| Direct Recipient | | | | | | |
| ARPA | 21.027 | | | | \$4,395,867 | |
| Passed Through VA Department of Criminal Justice Services | | | | | | |
| Law Enforcement Equipment Grant | 21.027 | | | | \$393,006 | |
| School Safety and Security | 21.027 | | | 4,855,624 | 66,750 | |
| Total U.S. Department of Treasury | | | | | | \$4,855,624 |



CITY OF SUFFOLK, VIRGINIA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Period Ending June 30, 2025

| Federal Grantor/Pass-Through Grantor/Grant Program | Assistance Listing Number (ALN) | Passed Through To Sub-Recipients | Cluster Total | ALN Total | Federal Expenditures | Federal Department Totals |
|---|---------------------------------|----------------------------------|---------------|-------------|----------------------|---------------------------|
| U.S. Department of Education | | | | | | |
| Direct Recipient | | | | | | |
| Impact Aid Award #S041B-2015-5303 | 84.041 | | | 397,874 | 397,874 | |
| Passed Through Commonwealth of Virginia | | | | | | |
| School Improvement 1003A | 84.010 | | | | 209,718 | |
| Career and Technical-Basic Grants to States #V048A150046 | 84.048 | | | 312,164 | 312,164 | |
| School Based Mental Health Grant | 84.184 | | | 34,073 | 34,073 | |
| Title III Grant | 84.365 | | | 14,732 | 14,732 | |
| Title II-A #S367A150044 | 84.367 | | | 542,905 | 542,905 | |
| Comprehensive Literacy | 84.371 | | | 43,810 | 43,810 | |
| Title IV-A Grant | 84.424 | | | 457,491 | 457,491 | |
| Cares Act III | 84.425 | | | | 2,205,668 | |
| Cares III Before and After Care | 84.425 | | | 2,215,830 | 10,162 | |
| Title I, Part A Cluster | | | | | | |
| Title I Grants to Local Educational Agencies #S010A150046 | 84.010 | | | 3,687,596 | 3,477,878 | |
| Special Education Cluster (IDEA) | | | | | | |
| Special Education - Grants to States #H027A150107 | 84.027 | | | 3,881,587 | 3,881,587 | |
| Special Education - Preschool Grants #H173A150112 | 84.173 | | | 45,249 | 45,249 | |
| Special Education Cluster Total | | | | | | |
| | | | | \$3,926,836 | | |
| Total U.S. Department of Education | | | | | | \$11,633,312 |
| U.S. Department of Health and Human Services | | | | | | |
| Direct Recipient | | | | | | |
| Medical Assistance Program #1003996083 | 93.778 | | | | 441,297 | |
| Passed Through VA Department of Social Services | | | | | | |
| Medicaid Cluster | | | | | | |
| Medical Assistance Program | 93.778 | | | 2,134,581 | 2,134,581 | |
| Medicaid Cluster Total | | | | \$2,134,581 | | |
| Guardianship Assistance | 93.090 | | | 11,404 | 11,404 | |
| Title IV -E Prevention Program | 93.472 | | | 33,926 | 33,926 | |
| Promoting Safe and Stable Families | 93.556 | | | 19,131 | 19,131 | |
| Temporary Assistance for Needy Families | 93.558 | | | 857,387 | 857,387 | |

CITY OF SUFFOLK, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Period Ending June 30, 2025

| Federal Grantor/Pass-Through Grantor/Grant Program | Assistance Listing Number (ALN) | Passed Through To Sub-Recipients | Cluster Total | ALN Total | Federal Expenditures | Federal Department Totals |
|---|---------------------------------------|--|------------------|--------------|-------------------------|---------------------------------|
| Refugee & Entrant Assistance | 93.566 | | | 1,377 | 1,377 | |
| Low-Income Home Energy Assistance | 93.568 | | | 166,895 | 166,895 | |
| ILP Education & Training | 93.599 | | | 120 | 120 | |
| Child Welfare Services | 93.645 | | | 3,306 | 3,306 | |
| Foster Care - Title IV-E | 93.658 | | | 729,227 | 729,227 | |
| Adoption Assistance | 93.659 | | | 343,038 | 343,038 | |
| Social Service Block Grant | 93.667 | | | 861,342 | 861,342 | |
| Foster Care Independent Living | 93.674 | | | 10,034 | 10,034 | |
| Children’s Health Insurance Program | 93.767 | | | 21,593 | 21,593 | |
| CCDF Cluster | | | | | | |
| Child Care Mandatory & Matching Funds for Child Care Dev Fund | 93.596 | | | 177,463 | 177,463 | |
| CCDF Cluster Total | | | \$177,463 | | | |
| Total U.S. Department of Health and Human Services | | | | | | \$5,370,824 |
| U.S. Department of Homeland Security | | | | | | |
| Direct Recipient | | | | | | |
| Port Security Grant Program | 97.056 | | | 91,906 | 91,906 | |
| SAFER Program | 97.083 | | | 1,606,708 | 1,606,708 | |
| Total U.S. Department of Homeland Security | | | | | | \$1,698,614 |
| Grand Total | | | | | \$62,288,859 | \$62,288,859 |

Note 1: Basis of Accounting

This schedule was prepared on the modified accrual basis of accounting.

Note 2: Nonmonetary Assistance:

Nonmonetary assistance is reported in the Schedule of Federal Awards at the fair market value of the food commodities.

At June 30, 2025, the School Board had USDA food commodities totaling \$862,874 in inventory.

Note 3: Reporting Entity:

The Schedule of Expenditures of Federal Awards reports the expenditures for the City of Suffolk, Virginia and it’s component unit the School Board.

Note 4: De minimis cost rate:

The City did not elect to use the 15% de minimis cost rate.



CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

A. Summary of Auditor’s Results

1. The type of report issued on the basic financial statements: **Unmodified**
2. Significant deficiencies in internal control over financial reporting: **None reported**
3. Material weaknesses in internal control over financial reporting: **Yes**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified**
8. Any audit findings which are required to be reported under Uniform Grant Guidance: **No**
9. The programs tested as major programs were:

| <u>AL Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------|--|
| 10.553/10.555/10.559 | Child Nutrition Cluster |
| 16.710 | Public Safety Partnership and Community Polling Grants |
| 20.205 | Highway Planning and Construction |
| 93.778 | Medicaid Cluster |

10. Dollar threshold used to distinguish between type A and type B programs: \$1,868,666
11. City of Suffolk, Virginia (the “City”) qualified as a low-risk auditee under Uniform Grant Guidance: **Yes**

B. Findings Relating to Financial Statements Reported in Accordance with Government Auditing Standards

Finding: 2025-001

Department: Finance

Type of Finding: Material Weakness

Criteria: The City of Suffolk, Virginia financial activities should be recorded in accordance with accounting principles generally accepted in the United States of America.

Condition: During fiscal year 2025, management discovered that the amount reported for due from the School Board, a discretely-presented component unit, did not agree to the amount reported by the School Board as due to the City.

Cause: During review of the Annual Comprehensive Financial Report the amount due from the School Board was not reviewed to ensure the balances agreed.

Effect: The due from the School Board at June 30, 2024 was overstated by \$1,598,311 in the General Fund and Governmental Activities, which resulted in a restatement of beginning net position/fund balance.

Auditor’s Recommendation: We recommend the City reconcile the due to/due from discretely presented component units during their review of the Annual Comprehensive Financial Report to ensure the balances agree.

Management’s Response: Management agrees with this finding. Management restated beginning net position in the amount of (\$1,598,311) in the FY25 financial statements, as a correction of an error. Management will review the due to/due from component unit amounts to ensure they net to zero.

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

C. Findings and Questioned Costs Relating to Federal Awards

None reported

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Finding: 2025-002 (Repeat Finding – 2024-001)

Department: Suffolk Department of Social Services (“DSS”)

Compliance Requirement: Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the “Specifications”), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Type of Finding: Non-material Noncompliance

Criteria: Section 63.2 of the Code of Virginia requires the Local Department of Social Services (“DSS”) to remove access privileges for terminated users from all systems they were authorized to use within three (3) working days of employment termination.

Condition: While performing our audit procedures to ensure compliance with Section 3-15 of the Specifications, we identified one (1) employee in our sample of three (3) that did not have their access removed within three (3) working days.

Cause: The DSS is responsible for communicating all employee terminations to the Information Technology (“IT”) Department to ensure all system access is promptly removed. They did not properly communicate employee terminations within the required timeframe to remove system access compliantly.

Effect: The City is not in compliance with Section 63.2 of the Code of Virginia and is potentially at risk of terminated employees having access to DSS systems. Additionally, noncompliance may result in action by the Commonwealth of Virginia.

Auditor’s Recommendation: We recommend the City ensure the IT Department is notified of an employee’s termination immediately upon the termination to ensure access is removed in accordance with the prescribed requirements.

Management’s Response: Management agrees with this finding. DSS, the Finance Department, Information Technology Department and Human Resources Management Department experienced turnover this fiscal year. However, each department will review and strengthen the notification process to the IT Department of an employee’s termination immediately upon the employee’s termination to ensure access is removed in accordance with the prescribed requirements.

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding: 2025-003

Department: Suffolk Department of Social Services (“DSS”)

Compliance Requirement: Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the “Specifications”), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Type of Finding: Non-material Noncompliance

Criteria: Section 63.2 of the Code of Virginia requires the Local Department of Social Services (“DSS”) to appoint and train two Local Security Officers (LSOs) to act as the single focal point for access controls.

Condition: While performing our audit procedures to ensure compliance with Section 3-15 of the Specifications, we identified that DSS did not have at least one alternate LSO.

Cause: The DSS is responsible for appointing and training two LSOs to act as the single focal point for access control. They did not properly appoint at least one alternate LSO.

Effect: The City is not in compliance with Section 63.2 of the Code of Virginia and is potentially at risk of for no focal point for access control. Additionally, noncompliance may result in action by the Commonwealth of Virginia.

Auditor’s Recommendation: We recommend the City ensure that DSS appoints an alternate LSO immediately to ensure there will always be a single focal point for access controls in the event the primary LSO is not available.

Management’s Response: Management agrees with this finding. DSS, the Finance Department, Information Technology Department and Human Resources Management Department experienced turnover this fiscal year. However, DSS will appoint at least one alternate LSO and provide training to ensure there is a single focal point for access controls in the event the primary LSO is not available.

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding: 2025-004

Department: Suffolk Department of Social Services (“DSS”)

Compliance Requirement: Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the “Specifications”), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Type of Finding: Non-material Noncompliance

Criteria: Section 63.2 of the Code of Virginia requires the Local Department of Social Services Officer to annually review all employees’ access to each application with the employee’s supervisor to ensure the access is properly aligned with the job responsibilities.

Condition: While performing our audit procedures to ensure compliance with Section 3-15 of the Specifications, we identified nine (9) employees in our sample of eleven (11) that did not have an annual review of access performed.

Cause: The DSS is responsible for annually reviewing all employee’s access to each application to ensure that the access is properly aligned with the job responsibilities. The DSS LSO did not properly review employee’s access within the required timeframe.

Effect: The City is not in compliance with Section 63.2 of the Code of Virginia and is potentially at risk of employees having access to applications that do not align with their job responsibilities.

Auditor’s Recommendation: We recommend the City ensure that the DSS performs annual reviews over employee’s access to each application with the employee’s supervisor to ensure the access is properly aligned with the job responsibilities.

Management’s Response: Management agrees with this finding. DSS failed to perform annual review of access. However, DSS will ensure that the LSO performs an annual review of access for all employees to ensure their access to applications aligns with their job responsibilities.

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Finding: 2025-005

Department: Suffolk Department of Social Services (“DSS”)

Compliance Requirement: Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns* (the “Specifications”), issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Type of Finding: Non-material Noncompliance

Criteria: Section 63.2 of the Code of Virginia requires that the Local Department of Social Services maintains documentation of employees and volunteers have acknowledged reading and understanding the VDSS Acceptable Use Policy.

Condition: While performing our audit procedures to ensure compliance with Section 3-15 of the Specifications, we identified five (5) employees in our sample of eleven (11) that did not have a renewed wet signature for the Acceptable Use Policy.

Cause: The DSS is responsible for ensuring that all employee’s VDSS Acceptable Use Policy be renewed and signed with a wet signature every five years. There were employees who did not properly renew their Acceptable Use Policy within the required timeframe.

Effect: The City is not in compliance with Section 63.2 of the Code of Virginia and is potentially at risk of employees not being in compliance with the VDSS Acceptable Use Policy.

Auditor’s Recommendation: We recommend the City DSS ensures employees renew their Acceptable Use Policy every five years with a wet signature.

Management’s Response: Management agrees with this finding. DSS failed to ensure employees renewed their VDSS Acceptable Use Policy within the timeframe. However, DSS will ensure renewal of the VDSS Acceptable Use Policy will be renewed every five years.

CITY OF SUFFOLK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

E. Status of Prior Year Findings:

Finding 2024-001 – Non-material Noncompliance Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Status: Finding repeated in the current year. See Finding 2025-002

